

**CENTRAL WEBER SEWER  
IMPROVEMENT DISTRICT  
BASIC FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**

**TABLE OF CONTENTS**

**BASIC FINANCIAL STATEMENTS:**

Independent Auditor’s Report ..... 1-2

Management’s Discussion & Analysis..... 3-10

Statement of Net Position – Proprietary Funds ..... 11-12

Statement of Revenues, Expenses, and Changes in Fund Net Position –  
Proprietary Funds ..... 13

Statement of Cash Flows – Proprietary Funds ..... 14-15

Notes to Financial Statements ..... 16-41

**REQUIRED SUPPLEMENTARY INFORMATION:**

Schedule of the Proportionate Share of the Net Pension Liability ..... 42

Schedule of Contributions ..... 43

Notes to the Required Supplementary Information..... 44

**AUDITOR’S REPORTS:**

Independent Auditor’s Report in Accordance with the  
State Compliance Audit Guide on Compliance with General  
State Compliance Requirements and Internal Control  
Over Compliance..... 45-46

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* ..... 47-48



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Management of  
Central Weber Sewer Improvement District  
2618 West Pioneer Road  
Ogden, UT 84404

### **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 six months ended June 30, 2022 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, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the six months 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 the 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.

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 Central Weber Sewer Improvement District internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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, the schedule of the proportionate share of the net pension liability, the schedule of contributions, and the notes to the required supplementary information on pages 3-10 and 42-44 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 7, 2022 on our consideration of the 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 7, 2022

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDING JUNE 30, 2022**

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**Introduction**

The purpose of this document is to discuss and analyze the financial performance and activities of Central Weber Sewer Improvement District for the six months ended June 30, 2022. The District changed from a calendar year ending on December 31st to a fiscal year ending on June 30th. The purpose of the change was to match the District with most of the entities serviced and provide better budgeting information to those entities. This audit report is for a six-month short year beginning January 1, 2022 and ending June 30, 2022. State law required the District to approve a 12 month budget and then announce a change to the short fiscal year. The financial statements contain six months of actual revenues and expenses.

The District provides sewer treatment service for approximately 216,534 people with an estimated 73,550 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 61 miles of outfall sewer lines and eight lift stations. During 2022 (six-month period), the District averaged 29,000,000 gallons of water treated per day. This compares to an average daily flow of 30,600,000 gallons in 2021 and 33,000,000 gallons of water treated per day in 2020. Drought conditions remain a large concern in Northern Utah.

**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.

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDING JUNE 30, 2022**

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**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.

**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 \$5,590,000 during 2022.

A total of \$2,645,553 was spent on capital projects in 2022. Of that total amount, \$1,242,398 was spent on engineering design for the Nutrient Removal & UV System Project and the Hooper Pipeline Rehab Phase II Project, plus work completed on the Master Plan and Facilities Evaluation. Major items of construction included \$872,665 for the Hooper Pipeline Rehab Phase 1 Project, \$200,615 to rebuild Belt Press #1, and \$58,231 for a new roof on the lab building.

The District approved a financial plan during 2021. This plan included fee increases of 10% in budget year 2022 and raises the certified tax rate to 0.000600. Both of these items were completed. The purpose of this plan is to help maintain the District’s “AA” bond rating and to pay a portion of future capital expenditures with cash.

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**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDING JUNE 30, 2022**

**Financial Analysis of the District**

***Capital Assets***

The District spent \$2,645,553 on capital projects and equipment during 2022. \$2,262,475 was spent on construction in progress, and \$1,765,869 was spent on treatment and facilities including a transfer out of construction in progress for \$1,382,791.

Depreciation for the six months was \$3,692,023 which is a decrease of \$3,691,874 from 2021.

Listed below is a summary of the Capital Assets as of June 30, 2022.

	<u>2022</u>	<u>December 31, 2021</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Land	\$ 1,364,714	\$ 1,364,714	\$ -	0%
Buildings & Structure	92,593,276	93,894,465	(1,301,189)	-1%
Treatment Facilities	50,798,250	50,749,277	48,973	0%
Outfall Lines	40,674,108	41,264,962	(590,854)	-1%
Equipment	28,728	34,303	(5,575)	-16%
Vehicles	376,661	454,170	(77,509)	-17%
Construction in Progress	<u>4,805,861</u>	<u>3,926,177</u>	<u>879,684</u>	<u>22%</u>
<b>Total Assets</b>	<u><u>\$ 190,641,598</u></u>	<u><u>\$ 191,688,068</u></u>	<u><u>\$ (1,046,470)</u></u>	<u><u>-1%</u></u>
New Assets	\$ 2,645,553			
Depreciation	(3,692,023)			
Net Disposals	<u>-</u>			
Net Change	\$ (1,046,470)			

***Debt***

At the six months ended, the District had \$117,532,173 of outstanding debt including bonds, compensated absences, net pension liability, and premiums and discounts on outstanding bonds. This is a decrease of \$6,672,383 and represents the amount of principal paid in 2022 on existing bonds and bonds refunded.



**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDING JUNE 30, 2022**

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**Outstanding Debt at Year End**

	2022	December 31, 2021	Increase (Decrease)	% Change
Bonds Payable - Zions Bank	\$ 98,160,000	\$ 103,750,000	\$ (5,590,000)	-5%
Bond Payable - DWQ	5,285,256	5,285,256	-	0%
Compensated Absences	245,997	233,391	12,606	5%
Net Pension Liability	-	90,070	(90,070)	-100%
Premiums and (Discounts)	13,840,920	14,845,839	(1,004,919)	-7%
Total	<u>\$ 117,532,173</u>	<u>\$ 124,204,556</u>	<u>\$ (6,672,383)</u>	<u>-5%</u>

Accrued compensated absences represents the total obligation of the District to employees for accrued leave time as of June 30, 2022.

For more detail about the outstanding bonds, see note 6 in the footnotes to the financial statements.

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**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDING JUNE 30, 2022**

***Net Position***

A summary of the Net Position is listed below. The summary lists the balances for 2022 and 2021. It includes a column showing the increase or decrease between the six months ending June 30, 2022 and the year ended December 31, 2021.

<b>Net Position</b>				
	<u>2022</u>	<u>December 31, 2021</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>ASSETS</b>				
Current Assets	\$ 58,361,874	\$ 47,543,293	\$ 10,818,581	23%
Noncurrent Restricted Cash & Investments	24,305,812	27,489,537	(3,183,725)	-12%
Net Pension Asset	920,856	-	920,856	100%
Capital Assets	190,641,598	191,688,068	(1,046,470)	-1%
Total Assets	<u>274,230,140</u>	<u>266,720,898</u>	<u>7,509,242</u>	<u>3%</u>
Deferred Outflows of Resources	2,363,930	2,624,113	(260,183)	-10%
Total Assets & Deferred Outflows	<u>276,594,070</u>	<u>269,345,011</u>	<u>7,249,059</u>	<u>3%</u>
<b>LIABILITIES</b>				
Current Liabilities	8,618,292	9,315,755	(697,463)	-7%
Noncurrent Liabilities:	111,020,033	118,032,416	(7,012,383)	-6%
Total Liabilities	<u>119,638,325</u>	<u>127,348,171</u>	<u>(7,709,846)</u>	<u>-6%</u>
Deferred Inflows of Resources	11,706,877	638,399	11,068,478	101%
Total Liabilities & Deferred Inflows	<u>131,345,202</u>	<u>127,986,570</u>	<u>3,358,632</u>	<u>195%</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	93,967,146	88,180,136	5,787,010	7%
Restricted	24,305,812	27,489,537	(3,183,725)	-12%
Unrestricted	26,975,910	25,688,768	1,287,142	5%
Total Net Position	<u>\$ 145,248,868</u>	<u>\$ 141,358,441</u>	<u>\$ 3,890,427</u>	<u>3%</u>

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, 2022.

During 2022, total assets and deferred outflows increased by \$6,328,203 and liabilities and deferred inflows increased by \$3,358,632. District noncurrent assets had a decrease of \$3,309,339 and included a \$1,926,154 decrease in net depreciable assets and a net increase of \$879,684 in non-depreciable assets. Current assets increased by \$10,818,581 mainly because of deferred property taxes recorded.

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDING JUNE 30, 2022**

***Net Position, Continued***

Current liabilities decreased \$697,463 which includes a decrease in accounts payable of \$1,007,169 and an increase in the current portion of long-term debt of \$340,000. Noncurrent Liabilities decreased \$7,012,383 and includes a decrease to non-current bonds payable of \$6,934,919.

***Change in Net Position***

This report compares revenues and expenses between the six months ending June 30, 2022 and the year ended December 31, 2021. The report concludes by showing the increase or decrease in net position.

	<b>Change in Net Position</b>			
	2022	December 31, 2021	Increase (Decrease)	% Change
<u>Revenues</u>				
Property Taxes & Vehicle Fees	\$ 1,202,440	\$ 9,439,875	\$ (8,237,435)	-87%
RDA Property Taxes	-	341,480	(341,480)	-100%
Charges for Services	6,815,952	13,841,325	(7,025,373)	-51%
Sewer Impact Fees	4,378,395	6,863,156	(2,484,761)	-36%
Investment Earnings	215,846	52,057	163,789	315%
Rentals	4,350	12,208	(7,858)	-64%
Gain on Sale of Assets	-	6,111	(6,111)	100%
Miscellaneous	41,348	57,831	(16,483)	-29%
Total Revenues	12,658,331	30,614,043	(17,955,712)	-59%
<u>Expenses</u>				
Payroll & Benefits	1,709,711	3,326,066	(1,616,355)	-49%
Utilities & Services	891,425	1,598,495	(707,070)	-44%
Depreciation & Amortization	3,692,023	7,383,897	(3,691,874)	-50%
Operation & Maintenance	868,182	1,214,616	(346,434)	-29%
Pretreatment	171,627	318,242	(146,615)	-46%
Interest Expense	1,433,100	3,030,629	(1,597,529)	-53%
Contribution to Other Governments	-	341,480	(341,480)	-100%
Other Expenses	1,836	2,794	(958)	-34%
Total Expenses	8,767,904	17,216,219	(8,448,315)	-49%
Change in Net Position	3,890,427	13,397,824	(9,507,397)	-71%
Net Position-Beginning of Year	141,358,441	127,960,617	13,397,824	10%
Net Position-End of Year	\$ 145,248,868	\$ 141,358,441	\$ 3,890,427	3%

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDING JUNE 30, 2022**

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Total revenues decreased by \$17,955,712 or 59% during 2022. The major decreases were \$8,237,435 or 87% from property taxes & vehicle fees, \$7,025,373 or 51% in charges for services, and \$2,484,373 or 36% in sewer impact fees and were due mainly to a six-month presentation compared to twelve-months in the prior year.

Total expenses decreased by \$8,448,315 or 49%. A major decrease in expenses was \$3,691,874 or 50% of depreciation expense, \$1,616,355 or 49% in payroll and benefits, and \$1,597,529 or 53% in interest expense. and a significant decrease in payroll and benefits was \$336,831. These decreases were mainly due to a six-month presentation compared to twelve-months in the prior year.

**Economic Factors and Next Year’s Budget**

US News & World Report ranked Utah’s economy #1 in the Nation for 2022. The report stated Utah’s Business Environment ranked #8, Employment #2 and Growth #3. The state has a very diverse economy and the future looks bright.

As of June 30, 2022, the District had a balance of \$46,329,532 deposited with the Utah Public Treasurer’s Investment Fund. The money will be used to pay for continuing and new capital projects during 2022 and 2023 along with maintaining a minimum cash balance of \$15,000,000 as of June 30th of each year as approved in 2021. In addition, the District has \$20,752,958 of available funds from the 2021 Series A Bonds available for capital projects. The 2023 Fiscal Approved Budget for Capital Projects is \$49,064,000, 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 August of 2022 the Board approved a bid for pipe lining 11,188 feet of 48-inch gravity sewer pipe and rehabilitation and coating of 20 manholes in the Hooper area at a cost of \$7,014,056. An engineering services task order for the pipe project was approved at a cost not to exceed \$154,854 with the engineering firm Brown & Caldwell.

These are the two major projects starting in 2022. The pipe project should be finished in 2023. The Phase II Expansion and UV Project are estimated to be completed in 2025. The large Phase II Expansion Project started a little later than expected and will likely reduce the amount spent on this project in 2022.

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 water quality nutrient standards at higher loads. The District’s Master Plan will be implemented in three phases of construction which were started in 2020 and over the next 20 years will replace older technology with nutrient removal technology, while maintaining the older facilities for use as a wet weather facility for mechanical removal. The District also has plans to increase hydraulic capacity of its collection system through a sequence of rehabilitation or replacement of pipelines.

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING JUNE 30, 2022**

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**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: John Cardon  
2618 W. Pioneer Road  
Ogden, UT 84404  
[john@centralweber.com](mailto:john@centralweber.com)  
1.801.731.3011

# **BASIC FINANCIAL STATEMENTS**

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2022**

	<b>2022</b>	<b>December 31, 2021 Memo Only</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
<b>ASSETS</b>				
<u>CURRENT ASSETS:</u>				
Checking - Bank of Utah	\$ 1,220,094	\$ 713,332	\$ 506,762	71%
Public Treasurers' Investment Fund (PTIF)	46,329,532	45,598,683	730,849	2%
Petty Cash	200	200	-	0%
Owner's Escrow - House Rental	250	250	-	0%
Accounts Receivable	10,786,682	1,167,474	9,619,208	824%
Prepaid Expenses	25,116	63,354	(38,238)	-60%
Total Current Assets	<u>58,361,874</u>	<u>47,543,293</u>	<u>10,818,581</u>	<u>23%</u>
<u>NONCURRENT ASSETS:</u>				
Restricted Cash- Zion's Bond Reserves	23,924,062	27,107,787	(3,183,725)	-12%
Restricted Cash- PTIF Bond Reserves	381,750	381,750	-	0%
Net Pension Asset	920,856	-	920,856	-
Capital Assets				
Land	1,364,714	1,364,714	-	0%
Construction in Progress	4,805,861	3,926,177	879,684	22%
Net Depreciable Assets	184,471,023	186,397,177	(1,926,154)	-1%
Total Noncurrent Assets	<u>215,868,266</u>	<u>219,177,605</u>	<u>(3,309,339)</u>	<u>-2%</u>
Total Assets	<u>274,230,140</u>	<u>266,720,898</u>	<u>7,509,242</u>	<u>3%</u>
Deferred Outflows of Resources	<u>2,363,930</u>	<u>2,624,113</u>	<u>(260,183)</u>	<u>-10%</u>
Total Assets & Deferred Outflows	<u>\$ 276,594,070</u>	<u>\$ 269,345,011</u>	<u>\$ 7,249,059</u>	<u>3%</u>

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, 2022**

	<b>2022</b>	<b>December 31, 2021 Memo Only</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
<b>LIABILITIES</b>				
<u>CURRENT LIABILITIES:</u>				
Accounts Payable - General	\$ 448,516	\$ 1,455,685	(1,007,169)	-69%
Accrued Expenses	174,961	63,085	111,876	177%
Accrued Interest	1,482,675	1,624,845	(142,170)	-9%
Current Portion Long Term Debt	6,512,140	6,172,140	340,000	6%
Total Current Liabilities	<u>8,618,292</u>	<u>9,315,755</u>	<u>(697,463)</u>	<u>-7%</u>
<u>NONCURRENT LIABILITIES:</u>				
Accrued - Compensated Absences	245,997	233,391	12,606	5%
Net Pension Liability	-	90,070	(90,070)	-100%
Bonds Payable - Zions	106,070,920	113,005,839	(6,934,919)	-6%
Bonds Payable - DWQ	4,703,116	4,703,116	-	0%
Total Noncurrent Liabilities	<u>111,020,033</u>	<u>118,032,416</u>	<u>(7,012,383)</u>	<u>-6%</u>
Total Liabilities	<u>119,638,325</u>	<u>127,348,171</u>	<u>(7,709,846)</u>	<u>-6%</u>
Deferred Inflows of Resources - Pensions	1,282,930	638,399	644,531.00	101%
Deferred Inflows of Resources - Property Taxes	10,423,947	-	10,423,947	100%
Total Liabilities & Deferred Inflows	<u>131,345,202</u>	<u>127,986,570</u>	<u>3,358,632</u>	<u>195%</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	93,967,146	88,180,136	5,787,010	7%
Restricted for Bond Reserves	24,305,812	27,489,537	(3,183,725)	-12%
Unrestricted	26,975,910	25,688,768	1,287,142	5%
Total Net Position	<u>\$ 145,248,868</u>	<u>\$ 141,358,441</u>	<u>\$ 3,890,427</u>	<u>3%</u>

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 SIX MONTHS ENDED JUNE 30, 2022**

	<u>2022</u>	<u>December 31, 2021 Memo Only</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>REVENUES</b>				
Property Taxes	\$ 784,409	\$ 8,649,874	\$ (7,865,465)	-91%
Redemptions	137,965	227,133	(89,168)	-39%
Fee in Lieu - Vehicles	280,066	562,868	(282,802)	-50%
RDA Property Taxes	-	341,480	(341,480)	-100%
Treatment Fees - Cities	6,277,004	12,554,008	(6,277,004)	-50%
Treatment Fees - District	218,485	373,672	(155,187)	-42%
Treatment Fees - Bona Vista	128,612	290,117	(161,505)	-56%
Treatment Fees - Septic Hauler	40,952	86,515	(45,563)	-53%
Treatment Fees - Surcharges	111,960	162,170	(50,210)	-31%
Lagoon Management	5,103	31,949	(26,846)	-84%
Pretreatment Fees - Cities	-	273,000	(273,000)	-100%
Pretreatment Fees - Inspection	33,836	69,894	(36,058)	-52%
Total Operating Revenues	<u>8,018,392</u>	<u>23,622,680</u>	<u>(15,604,288)</u>	<u>-66%</u>
<b>EXPENSES</b>				
Payroll & Benefits	1,709,711	3,326,066	(1,616,355)	-49%
Utilities & Services	891,425	1,598,495	(707,070)	-44%
Depreciation & Amortization	3,692,023	7,383,897	(3,691,874)	-50%
Operation & Maintenance	868,182	1,214,616	(346,434)	-29%
Pretreatment	171,627	318,242	(146,615)	-46%
Contribution to Other Governments	-	341,480	(341,480)	-100%
Total Operating Expenses	<u>7,332,968</u>	<u>14,182,796</u>	<u>(6,849,828)</u>	<u>-317%</u>
Net Operating Income	<u>685,424</u>	<u>9,439,884</u>	<u>(8,754,460)</u>	<u>-93%</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Sewer Impact Fees	4,378,395	6,863,156	(2,484,761)	-36%
Interest Revenue	151,179	156,098	(4,919)	-3%
Bond Interest	64,667	38,959	25,708	66%
Rental Income	4,350	12,208	(7,858)	-64%
Rental Expense	(1,836)	(2,794)	958	-34%
Gain on Sale of Assets	-	6,111	(6,111)	0%
Miscellaneous	41,348	57,831	(16,483)	-29%
Bond Issuance Costs	-	(143,000)	143,000	100%
Interest Expense	(1,433,100)	(3,030,629)	1,597,529	-53%
Total Non-Operating Revenues	<u>3,205,003</u>	<u>3,957,940</u>	<u>(752,937)</u>	<u>-19%</u>
Change in Net Position	3,890,427	13,397,824	(9,507,397)	-71%
Net Position - Beginning of Year	<u>141,358,441</u>	<u>127,960,617</u>	<u>13,397,824</u>	<u>10%</u>
Net Position - End of Year	<u>\$ 145,248,868</u>	<u>\$ 141,358,441</u>	<u>\$ 3,890,427</u>	<u>3%</u>

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

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022**

	<b>2022</b>	<b>December 31, 2021 Memo Only</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from intergovernmental revenue - property taxes	\$ 1,564,250	\$ 9,574,375
Receipts from customers and users	7,258,881	13,632,588
Payments to employees	(1,854,426)	(3,543,797)
Payments to suppliers	(2,900,163)	(3,529,592)
Net cash provided (used) by operating activities	<u>4,068,542</u>	<u>16,133,574</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Contribution to other governments	-	(341,480)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(341,480)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Other non-operating income	41,348	57,831
Impact fees	4,378,395	6,863,156
Proceeds from the sale of assets	-	15,610.00
Purchases of capital assets	(1,765,869)	(3,091,873)
Acquisition and construction of capital assets	(879,684)	(3,470,339)
Interest paid	(2,417,206)	(4,151,242)
Proceeds from issuance of debt	-	25,121,006
Principal paid on capital debt	(5,590,000)	(11,104,440)
Net cash provided (used) by capital and related financing activities	<u>(6,233,016)</u>	<u>10,239,709</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Rental income	4,350	12,208
Rental expense	(1,836)	(2,794)
Interest and dividends	215,846	195,057
Net cash provided (used) by investing activities	<u>218,360</u>	<u>204,471</u>
Net increase (decrease) in cash and cash equivalents	(1,946,114)	26,236,274
Balances - beginning of the year	73,802,002	47,565,728
<b>Balances - end of the year</b>	<u><u>\$ 71,855,888</u></u>	<u><u>\$ 73,802,002</u></u>
Cash, including time deposits	\$ 47,550,076	\$ 46,312,465
Restricted cash, including time deposits	<u>24,305,812</u>	<u>27,489,537</u>
<b>Total cash and cash equivalents, end of year</b>	<u><u>\$ 71,855,888</u></u>	<u><u>\$ 73,802,002</u></u>

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 SIX MONTHS ENDED JUNE 30, 2022**

<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>2022</b>	<b>December 31, 2021 Memo Only</b>
Operating income (loss)	\$ 685,424	\$ 9,781,364
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization expense	3,692,023	7,383,897
(Increase) decrease in prepaid expenses	38,238	17,178
(Increase) decrease in accounts receivable	442,929	(550,217)
(Increase) decrease in intergovernmental receivables	(10,062,137)	134,500
Increase (decrease) in deferred inflows - property taxes	10,423,947	-
Increase (decrease) in accounts payable	(1,190,795)	(1,033,670)
Increase (decrease) in capital accounts payable	183,628	618,253
Increase (decrease) in accrued expenses	111,876	5,821
Increase (decrease) in compensated absences payable	12,606	6,867
Increase (decrease) in net pension liability	(269,197)	(230,419)
Total adjustments	3,383,118	6,352,210
Net cash provided by operating activities	\$ 4,068,542	\$ 16,133,574

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

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**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.

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**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.

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**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."

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Net Position/Fund Balances*

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.

**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.

**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. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District’s financial position and operation. The columns are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis.

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. 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.

**K. 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.

**L. 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.

**M. 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 two items that qualify for reporting in this category. They are the differences between expected and actual experience and changes in assumptions as a participant in the Utah Retirement Systems as well as the assessed amount of property taxes as of January 1 of the current year.



**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Change in Fiscal Year**

In 2022, the District changed their fiscal year end date for financial reporting from December 31 to June 30.

**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, 2022, \$902,111 of the District’s bank balances of \$1,220,094 was uninsured and uncollateralized.

**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.

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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.

*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, 2022, the District had the following recurring fair value measurements.

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 47,002,352	\$ -	\$ 47,002,352	\$ -
PTIF Investments held at Zions Bank	23,632,992	-	23,632,992	-
Total debt securities	\$ 70,635,344	\$ -	\$ 70,635,344	\$ -

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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, 2022 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.

As of June 30, 2022, the District's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	47,002,352	47,002,352	-	-	-
PTIF Investments held at Zions Bank	23,632,992	23,632,992	-	-	-
	70,635,344	70,635,344	-	-	-

*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.

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

At June 30, 2022 the District's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	47,002,352	-	-	-	47,002,352
PTIF Investments held at Zions Bank	23,632,992	-	-	-	23,632,992
	70,635,344	-	-	-	70,635,344

*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	\$ 1,220,094
Petty cash	200
Owner's Escrow	250
PTIF investment	47,002,352
PTIF held at Zions Bank	23,632,992
Total cash and investments	\$ 71,855,888

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

Checking - Bank of Utah	\$ 1,220,094
Public Treasurers' Investment Fund	46,329,532
Petty Cash	200
Owner's Escrow - House Rental	250
Restricted Cash - Zion's Bond Reserves	23,924,062
Restricted Cash - PTIF Bond Reserves	381,750
Total cash and investments	\$ 71,855,888

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3 – CAPITAL ASSETS**

The District has no leased assets reported in their proprietary activities. Capital assets activity for the six months ended June 30, 2022, was as follows:

BUSINESS-TYPE ACTIVITIES	Balance December 31, 2021	Additions	Deletions	Balance June 30, 2022
<b>Nondepreciable Assets</b>				
Land	\$ 1,364,714	\$ -	\$ -	\$ 1,364,714
Construction in progress	3,926,177	2,262,475	(1,382,791)	4,805,861
Total nondepreciable assets	<u>5,290,891</u>	<u>2,262,475</u>	<u>(1,382,791)</u>	<u>6,170,575</u>
<b>Depreciable Assets</b>				
Buildings and structures	126,641,637	-	-	126,641,637
Treatment facilities	101,813,688	1,765,869	-	103,579,557
Outfall lines	59,117,111	-	-	59,117,111
Equipment	996,084	-	-	996,084
Vehicles	2,137,898	-	-	2,137,898
Total depreciable assets	<u>290,706,418</u>	<u>1,765,869</u>	<u>-</u>	<u>292,472,287</u>
<b>Less Accumulated Depreciation</b>				
Buildings and structures	(32,747,172)	(1,301,189)	-	(34,048,361)
Treatment facilities	(51,064,411)	(1,716,893)	-	(52,781,304)
Outfall lines	(17,852,149)	(590,859)	-	(18,443,008)
Equipment	(961,781)	(5,575)	-	(967,356)
Vehicles	(1,683,728)	(77,507)	-	(1,761,235)
Total accumulated depreciation	<u>(104,309,241)</u>	<u>(3,692,023)</u>	<u>-</u>	<u>(108,001,264)</u>
Net depreciable assets	<u>186,397,177</u>	<u>(1,926,154)</u>	<u>-</u>	<u>184,471,023</u>
Business-type activities - net	<u>\$ 191,688,068</u>	<u>\$ 336,321</u>	<u>\$ (1,382,791)</u>	<u>\$ 190,641,598</u>

**Depreciation Expense:**

June 30, 2022 \$ 3,692,023

**NOTE 4 – ACCOUNTS RECEIVABLE**

Receivables at June 30, 2022 consist of the following:

Property taxes	\$ 10,522,264
Customers	217,708
Intergovernmental	46,710
	<u>\$ 10,786,682</u>

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5 – 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 \$452,134.

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, 2022 is \$1,756,834.

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, 2022 is \$111,587.

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, 2022 is \$43,375.

**NOTE 6 – LONG-TERM DEBT**

Long-term liability activity for the six months ended June 30, 2022, was as follows:

Description	Outstanding 12/31/2021	Additions	Subtractions	Outstanding 6/30/2022	Current Portion
Series 2000 \$10,180,000	\$ 5,285,256	\$ -	\$ -	\$ 5,285,256	\$ 582,140
Series 2017-A \$32,360,000	30,520,000	-	(1,925,000)	28,595,000	2,025,000
Series 2017-C \$32,980,000	29,735,000	-	(1,715,000)	28,020,000	1,775,000
Series 2019-A \$23,575,000	22,495,000	-	(1,135,000)	21,360,000	1,200,000
Series 2021-A \$21,000,000	21,000,000	-	(815,000)	20,185,000	930,000
Premium 2017-A	4,138,330	-	(332,674)	3,805,656	-
Premium 2017-C	3,166,279	-	(220,137)	2,946,142	-
Premium 2019-A	3,231,234	-	(206,958)	3,024,276	-
Premium 2021-A	4,309,996	-	(245,150)	4,064,846	-
	<u>119,571,099</u>	<u>-</u>	<u>(6,594,919)</u>	<u>117,286,176</u>	<u>6,512,140</u>
Compensated absences	233,391	12,606	-	245,997	-
Net pension liability	90,070	-	(90,070)	-	-
	<u>\$ 119,894,560</u>	<u>\$ 12,606</u>	<u>\$ (6,684,989)</u>	<u>\$ 117,532,173</u>	<u>\$ 6,512,140</u>

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 – LONG-TERM DEBT (CONTINUED)**

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	\$ 6,512,140
Bonds Payable - Zions	106,070,920
Bonds Payable - DWQ	<u>4,703,116</u>
	<u>117,286,176</u>
Accrued - Compensated Absences	245,997
Net Pension Liability	<u>-</u>
	<u><u>\$ 117,532,173</u></u>

For the six months ended June 30, 2022, \$1,433,100 in interest was charged to expense. No interest was capitalized in 2022.

**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, 2022, \$10,180,000 has been issued and \$5,285,256 is outstanding. The annual requirement to amortize this debt is as follows:

June 30,	Principal	Total
2023	\$ 582,140	\$ 582,140
2024	599,604	599,604
2025	617,592	617,592
2026	636,120	636,120
2027	655,204	655,204
2028-2031	<u>2,194,596</u>	<u>2,194,596</u>
	<u><u>\$ 5,285,256</u></u>	<u><u>\$ 5,285,256</u></u>

**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, 2022, \$32,360,000 had been issued and \$28,595,000 is outstanding. The annual requirement to amortize this debt is as follows:

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6 – LONG-TERM DEBT (CONTINUED)**

June 30,	Principal	Interest	Total
2023	\$ 2,025,000	\$ 1,282,050	\$ 3,307,050
2024	2,130,000	1,180,800	3,310,800
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
2028-2032	14,180,000	2,412,000	16,592,000
2033	3,190,000	127,600	3,317,600
	<u>\$ 28,595,000</u>	<u>\$ 7,883,550</u>	<u>\$ 36,478,550</u>

**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, 2022, \$32,980,000 had been issued and \$28,020,000 is outstanding. The annual requirement to amortize this debt is as follows:

June 30,	Principal	Interest	Total
2023	\$ 1,775,000	\$ 1,290,575	\$ 3,065,575
2024	1,855,000	1,219,575	3,074,575
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
2028-2032	12,450,000	2,978,675	15,428,675
2033-2034	5,780,000	408,500	6,188,500
	<u>\$ 28,020,000</u>	<u>\$ 8,980,300</u>	<u>\$ 37,000,300</u>

**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, 2022, \$23,575,000 had been issued and \$21,360,000 is outstanding. The annual requirement to amortize this debt is as follows:



**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 – LONG-TERM DEBT (CONTINUED)**

June 30,	Principal	Interest	Total
2023	\$ 1,200,000	\$ 1,068,000	\$ 2,268,000
2024	1,255,000	1,008,000	2,263,000
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
2028-2032	8,510,000	2,875,250	11,385,250
2033-2035	6,225,000	632,500	6,857,500
	<u>\$ 21,360,000</u>	<u>\$ 8,218,000</u>	<u>\$ 29,578,000</u>

**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, 2022, \$21,000,000 had been issued and \$20,185,000 is outstanding. The annual requirement to amortize this debt is as follows:

June 30,	Principal	Interest	Total
2023	\$ 930,000	\$ 807,400	\$ 1,737,400
2024	965,000	770,200	1,735,200
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
2028-2032	5,685,000	2,556,400	8,241,400
2033-2037	4,830,000	1,522,400	6,352,400
2038-2041	4,635,000	472,800	5,107,800
	<u>\$ 20,185,000</u>	<u>\$ 8,202,000</u>	<u>\$ 28,387,000</u>

**Compensated Absences** – This amount represents the accumulated unpaid vacation and compensatory time which would be paid if employees had terminated employment at June 30, 2022. The balance in this account at June 30, 2022 was \$245,997.

**NOTE 7 – BOND RESOLUTION COMPLIANCE**

**Series 2000 Sewer Revenue Bonds**

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 10<sup>th</sup> 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

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 – BOND RESOLUTION COMPLIANCE (CONTINUED)**

**Series 2000 Sewer Revenue Bonds (Continued)**

bond. This Bond Account will then be used to make the annual payment. The balance in this account at June 30, 2022 was \$291,070.

- 2) Beginning January 10, 2002, and on or before the 10<sup>th</sup> 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, 2022 was \$254,500.
- 3) Beginning January 10, 2002, and on or before the 10<sup>th</sup> 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, 2022 was \$127,250.

**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 \$2,048,853.

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

	<u>Cash Reserve Reported in Net Assets</u>	<u>Cash Reserve Offset by Debt</u>	<u>Reserve Funded with Insurance Policy</u>
2000 Bonds - Reserve Account	\$ 254,500	\$ -	\$ -
2000 Bonds - Repair & Replacement	127,250	-	-
2000 Bonds - Sinking Fund	291,070		
2017A and C Bonds - Reserve Account	831,181	-	-
2021A Bonds - Reserve Account	20,752,958	-	-
Deposits with Trustee	2,048,853	-	-
	<u>\$ 24,305,812</u>	<u>\$ -</u>	<u>\$ -</u>

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 – 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, 2022, 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, 2022 is as follows:

<b>Coverage</b>	<b>Policy Limits</b>	<b>Insurer</b>	<b>Expiration Date</b>
Blanket buildings and contents	262,073,753	Utah Local Governments Trust	6/30/2022
Earthquake	220,000,000	Utah Local Governments Trust	6/30/2022
Flood	110,000,000	Utah Local Governments Trust	6/30/2022
Business Interruption	100,000,000	Utah Local Governments Trust	6/30/2022
Employment-Related Practices	1,000,000	Utah Local Governments Trust	6/30/2022
Employee Benefits	5,000,000	Utah Local Governments Trust	6/30/2022
General Liability	5,000,000	Utah Local Governments Trust	6/30/2022
Automobile Liability	5,000,000	Utah Local Governments Trust	6/30/2022
Workers Compensation	500,000	Workers Comp Fund	5/31/2022
Public Officials' Errors and Omissions	5,000,000	Utah Local Governments Trust	6/30/2022

**NOTE 9 – LEGAL COMPLIANCE BUDGETS**

The budget for the fiscal year ending June 30, 2022, was approved and adopted by resolution or ordinance dated December 12, 2021. A public hearing, meeting the requirements specified in the Utah Code 11-35-113/114, was held on December 12, 2021. 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.

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 – 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 11 – 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 12 - COMMITMENTS**

The District entered into several construction contracts during the fiscal year for various capital projects. As of June 30, 2022, the District had outstanding construction contracts totaling \$4,038,573 as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed</u>	<u>Remaining</u>
UV System Design	\$ 1,094,360	\$ 951,915	\$ 142,445
Hooper Pipeline Rehabilitation #1	4,334,845	877,843	3,457,002
Nutrient Removal Phase #2	2,600,362	2,161,236	439,126
	<u>\$ 8,029,567</u>	<u>\$ 3,990,994</u>	<u>\$ 4,038,573</u>

**NOTE 13 – 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 six months ending June 30, 2022, tax increment funding reported to the District was \$0.

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 14 – PENSION PLAN**

General Information about the Pension Plan

**Plan Description**

Eligible plan participants are provided with pensions through 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 City, Utah 84102 or visiting the website: [www.urs.org/general/publications](http://www.urs.org/general/publications).

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14 – 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, 2022 as follows:

	Employee	Employer	Employer 401(k)
Contributory System			
111 - Local Government Division Tier 2	N/A	16.07	0.62
Noncontributory System			
15 - Local Government Division Tier 1	N/A	18.47	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69	10.00

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

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 – PENSION PLAN (CONTINUED)**

For fiscal year ended June 30, 2022, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 224,429	N/A
Tier 2 Public Employees System	202,962	-
Total Contributions	\$ 427,391	\$ -

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

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

At June 30, 2022, we reported a net pension asset of \$920,856 and a net pension liability of \$0.

	(Measurement Date): December 31, 2021			Proportionate Share December 31, 2020	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ 894,153	\$ -	0.1561265%	0.1569391%	-0.0008126%
Tier 2 Public Employees System	26,703	-	0.0630928%	0.0665309%	-0.0034381%
	\$ 920,856	\$ -			

The net pension asset and liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021, 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.

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 – PENSION PLAN (CONTINUED)**

At June 30, 2022, we recognized pension expense of (\$47,836). At June 30, 2022, 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	\$ 106,626	\$ 3,441
Changes in assumptions	108,819	6,024
Net difference between projected and actual earnings on pension plan investments	-	1,269,837
Changes in proportion and differences between contributions and proportionate share of contributions	15,323	3,628
Contributions subsequent to the measurement date	221,366	-
Total	\$ 452,134	\$ 1,282,930

\$221,366 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, 2021.

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
2022	\$ (211,247)
2023	(360,170)
2024	(302,981)
2025	(206,650)
2026	5,169
Thereafter	\$ 23,717

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

For the year ended June 30, 2022, we recognized pension expense of (\$140,572).

At June 30, 2022, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:



**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 – PENSION PLAN (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 93,653	\$ -
Changes in assumptions	83,920	5,772
Net difference between projected and actual earnings on pension plan investments	-	1,203,857
Changes in proportion and differences between contributions and proportionate share of contributions	1,045	3,628
Contributions subsequent to the measurement date	115,148	-
Total	\$ 293,766	\$ 1,213,257

\$115,148 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, 2021.

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
2022	\$ (198,862)
2023	(344,289)
2024	(291,464)
2025	(200,024)
2026	-
Thereafter	\$ -

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

For the year ended June 30, 2022, we recognized pension expense of \$92,736.

At June 30, 2022, 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	\$ 12,973	\$ 3,441
Changes in assumptions	24,899	252
Net difference between projected and actual earnings on pension plan investments	-	65,980
Changes in proportion and differences between contributions and proportionate share of contributions	14,278	-
Contributions subsequent to the measurement date	106,218	-
Total	\$ 158,368	\$ 69,673

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14 – PENSION PLAN (CONTINUED)**

\$106,218 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, 2021.

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
2022	\$ (12,385)
2023	(15,881)
2024	(11,517)
2025	(6,626)
2026	5,169
Thereafter	\$ 23,717

**Actuarial assumptions:**

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 – 9.25 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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:

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 – PENSION PLAN (CONTINUED)**

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	37%	6.58%	2.43%
Debt Securities	20%	-0.28%	-0.06%
Real Assets	15%	5.77%	0.87%
Private Equity	12%	9.85%	1.18%
Absolute Return	16%	2.91%	0.47%
Cash and Cash Equivalents	0%	-1.01%	0.00%
Totals	100%		4.89%
	Inflation		2.50%
	Expected arithmetic nominal return		7.39%

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

**Discount Rate:**

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95 percent to 6.85 percent from the prior measurement date.

**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	\$ 480,813	\$ (894,153)	\$ (2,041,295)
Tier 2 Public Employees System	159,104	(26,703)	(169,364)
Total	\$ 639,917	\$ (920,856)	\$ (2,210,659)

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14 – PENSION PLAN (CONTINUED)**

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

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

<u>401(k) Plan</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer Contributions	\$ 90,846	\$ 98,450	\$ 117,881
Employee Contributions	88,753	100,788	78,138
<u>457 Plan</u>			
Employer Contributions	-	-	-
Employee Contributions	70,871	13,778	12,704
<u>Roth IRA Plan</u>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	35,850	33,778	33,576

**NOTE 15 – SUBSEQUENT EVENTS**

The District entered into several construction contracts after the fiscal year end for various capital projects. As of the audit report date, these additional construction contracts totaled \$100,160,617 as follows:

<u>Project</u>	<u>Vendor</u>	<u>Contract Amount</u>
Phase II Expansion & UV Disinfection System	Gerber Construction	\$ 87,599,747
Phase II Expansion & UV Disinfection System Engineering	Carollo Engineers	5,391,960
Phase II Hooper Pipeline Rehabilitation	C&L Water Solutions, Inc.	7,014,056
Phase II Hooper Pipeline Rehabilitation Engineering	Brown & Caldwell Engineering	154,854
		<u>\$ 100,160,617</u>

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE**

For 2022, Central Weber Sewer District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It 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. The effect of these changes has not had a significant impact on the District’s financial statements, or beginning net position. Therefore, a restatement was not caused by the implementation of this principle.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**UTAH RETIREMENT SYSTEMS**  
**JUNE 30, 2022**  
**with a measurement date of December 31, 2021**  
Last 10 fiscal years\*

		<u>Noncontributory System</u>	<u>Tier 2 Public Employees System</u>	
Proportion of the net pension liability (asset)	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)	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		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	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 a percentage of the total pension liability		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 8-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, 2022  
Last 10 fiscal years\*\***

	<u>As of fiscal year ended June 30,</u>	<u>Actuarial Determined Contributions</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
Noncontributory System	2014	\$ 229,981	\$ 229,981	\$ -	\$ 1,286,332	17.88%
	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%
Tier 2 Public Employees System*	2014	\$ 54,561	\$ 54,561	\$ -	\$ 377,187	14.47%
	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%

\*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.

See accompanying notes to required supplementary information



**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
UTAH RETIREMENT SYSTEMS  
JUNE 30, 2022**

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Changes in Assumptions

The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

# **AUDITOR'S REPORTS**



**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, that could for the six months ended June 30, 2022.

State compliance requirements were tested for the six months ended June 30, 2022 in the following areas:

Budgetary Compliance	Special and Local Service District Board Members
Fraud Risk Assessment	
Tax Levy Revenue Recognition	

***Management’s Responsibility***

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

***Auditor’s Responsibility***

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

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

## ***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 six months ended June 30, 2022.

## **Report On Internal Control Over Compliance**

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

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

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

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

*Child, Richards CPAs & Advisors*

Ogden, Utah  
November 7, 2022



**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 and Management of  
Central Weber Sewer Improvement District  
2618 West Pioneer Road  
Ogden, UT 84404

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 six months ending June 30, 2022, 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 7, 2022.

**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 Matters**

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*.

### **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 7, 2022