

**CENTRAL WEBER SEWER
IMPROVEMENT DISTRICT
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED DECEMBER 31, 2021**

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Central Weber Sewer Improvement District, as of and for the year ended December 31, 2021 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 December 31, 2021 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 3-9 and 40-42 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 May 3, 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
May 3, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDING DECEMBER 31, 2021

Introduction

The purpose of this document is to discuss and analyze the financial performance and activities of Central Weber Sewer Improvement District for the year ended December 31, 2021.

The District provides sewer treatment service for approximately 208,520 people with an estimated 71,800 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 nine lift stations. During 2021, the District averaged 30,600,000 gallons of water treated per day. This compares to an average daily flow of 33,000,000 gallons in 2020 and averaged 38,500,000 gallons of water treated per day in 2019. In 2021 drought conditions were extreme 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.

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

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

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING DECEMBER 31, 2021

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 \$11,104,440 during 2021. In addition, the District bonded for the 2021 Series A Bonds with a par value of \$21,000,000 and premiums of \$4,309,996. A portion of the proceeds from the new bonds, \$4,442,990, was used to prepay the 2008 Series B Bonds. This left a net cash balance of \$20,698,026 available for future capital projects.

A total of \$6,562,212 was spent on capital projects in 2021. Major items included the North Area Relief Outfall Sewer at a cost of \$2,467,003 for completion of the project. \$1,192,071 to start the Drying Bed Expansion Project. Engineering costs for the Design of Phase 2 Nutrient Removal was \$1,313,695 and the UV System Design at a cost of \$561,103. The Hooper Pipeline Rehabilitation Project was started at a cost of \$360,162. All of these projects, except the Hooper Pipeline Project, were necessary because of growth within the District.

The District approved a financial plan during 2021. This plan includes fee increases of 10% in budget years 2022 and 2023. It raises property taxes by 19.28% in 2022 and will maintain the property tax rate at 0.000600 in future years. The District will maintain a minimum cash balance on December 31st of each year of \$15,000,000. The minimum debt ratio will be 1.50, including impact fees, and 1.25 ratio without impact fees. 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.

The District approved moving from a calendar year to a fiscal year beginning July 1, 2022. The District will complete the 2022 Calendar Budget on June 30, 2022 as a short six month year. This change will then match the District with most of the entities serviced and provide better budgeting information to those entities.

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CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING DECEMBER 31, 2021

Financial Analysis of the District

Capital Assets

The District spent \$6,562,212 on capital projects and equipment during 2021. \$3,470,339 was spent on construction in progress, \$50,668 was spent on a land purchase, \$141,226 was spent on buildings and structures, \$298,170 was spent on equipment/upgrades for Treatment Facilities, \$2,551,416 was spent on outfall lines, \$12,500 was spent on vehicles, and \$37,893 was spent on equipment.

Annual Depreciation for the year was \$7,383,897 which is an increase of \$456,833 from 2020.

Listed below is a summary of the Capital Assets as of December 31, 2021.

	2021	2020	Increase (Decrease)	% Change
Land	\$ 1,364,714	\$ 1,314,046	\$ 50,668	4%
Buildings & Structure	93,894,465	94,542,414	(647,949)	-1%
Treatment Facilities	50,749,277	45,737,375	5,011,902	11%
Outfall Lines	41,264,962	33,047,050	8,217,912	25%
Equipment	34,303	48,865	(14,562)	-30%
Vehicles	454,170	619,097	(164,927)	-27%
Construction in Progress	3,926,177	17,210,405	(13,284,228)	-77%
Total Assets	<u>\$ 191,688,068</u>	<u>\$ 192,519,252</u>	<u>\$ (831,184)</u>	<u>0%</u>
New Assets	\$ 6,562,212			
Depreciation	(7,383,897)			
Net Disposals	<u>(9,499)</u>			
Net Change	\$ (831,184)			

Debt

At year end the District had \$124,204,556 of outstanding debt including bonds, compensated absences, net pension liability, and premiums and discounts on outstanding bonds. This is an increase of \$12,087,853 and represents the amount of principal paid in 2021 on existing bonds and bonds refunded.

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING DECEMBER 31, 2021

Outstanding Debt at Year End

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Bonds Payable - Zions Bank	\$ 103,750,000	\$ 93,411,000	\$ 10,339,000	11%
Bond Payable - DWQ	5,285,256	5,728,696	(443,440)	-8%
Compensated Absences	233,391	226,524	6,867	3%
Net Pension Liability	90,070	606,110	(516,040)	-85%
Premiums and (Discounts)	<u>14,845,839</u>	<u>12,144,373</u>	<u>2,701,466</u>	<u>22%</u>
Total	<u>\$ 124,204,556</u>	<u>\$ 112,116,703</u>	<u>\$ 12,087,853</u>	<u>11%</u>

Accrued-Compensated Absences represents the total obligation of the District to employees for accrued leave time as of December 31, 2021.

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 YEAR ENDING DECEMBER 31, 2021

Net Position

A summary of the Net Position is listed below. The summary lists the balances for 2021 and 2020. It includes a column showing the increase or decrease between the two years.

	Net Position			
	2021	2020	Increase (Decrease)	% Change
ASSETS				
Current Assets	\$ 47,543,293	\$ 41,185,305	\$ 6,357,988	15%
Noncurrent Restricted Cash & Investments	27,489,537	7,212,712	20,276,825	281%
Capital Assets	191,688,068	192,519,252	(831,184)	0%
Total Assets	266,720,898	240,917,269	25,803,629	11%
Deferred Outflows of Resources	2,624,113	2,914,486	(290,373)	-10%
Total Assets & Deferred Outflows	269,345,011	243,831,755	25,513,256	10%
LIABILITIES				
Current Liabilities	9,315,755	8,931,413	384,342	4%
Noncurrent Liabilities:	118,032,416	106,605,263	11,427,153	11%
Total Liabilities	127,348,171	115,536,676	11,811,495	10%
Deferred Inflows of Resources	638,399	334,462	303,937	91%
Total Liabilities & Deferred Inflows	127,986,570	115,871,138	12,115,432	10%
NET POSITION				
Net Investment in Capital Assets	88,180,136	80,292,069	7,888,067	10%
Restricted	27,489,537	7,212,712	20,276,825	281%
Unrestricted	25,688,768	40,455,836	(14,767,068)	-37%
Total Net Position	\$ 141,358,441	\$ 127,960,617	\$ 13,397,824	10%

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 December 31, 2021.

During 2021, total assets and deferred outflows increased by \$25,513,256 and liabilities and deferred inflows increased by \$12,115,432. District noncurrent assets had an increase of \$20,276,825 and included a \$12,402,376 increase in net depreciable assets and a net decrease of \$13,233,560 in non-depreciable assets. Current assets increased by \$6,357,988 mainly because of changes in the PTIF account.

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING DECEMBER 31, 2021

Net Position, Continued

Current liabilities increased \$384,342 which includes a decrease in accounts payable of \$415,417 and an increase in the current portion of long-term debt of \$660,700. Noncurrent Liabilities increased \$11,427,153 and includes an increase to non-current bonds payable of \$11,936,326.

Change in Net Position

This report compares revenues and expenses between 2021 and 2020 fiscal years. The report concludes by showing the increase or decrease in net position.

	Change in Net Position			
	2021	2020	Increase (Decrease)	% Change
<u>Revenues</u>				
Property Taxes & Vehicle Fees	\$ 9,439,875	\$ 8,907,727	\$ 532,148	6%
RDA Property Taxes	341,480	347,514	(6,034)	-2%
Charges for Services	13,841,325	13,475,061	366,264	3%
Sewer Impact Fees	6,863,156	5,734,849	1,128,307	20%
Investment Earnings	52,057	525,536	(473,479)	-90%
Rentals	12,208	12,008	200	2%
Gain on Sale of Assets	6,111	-	6,111	100%
Miscellaneous	57,831	28,472	29,359	103%
Total Revenues	30,614,043	29,031,167	1,582,876	5%
<u>Expenses</u>				
Payroll & Benefits	3,326,066	3,662,897	(336,831)	-9%
Utilities & Services	1,598,495	1,509,537	88,958	6%
Depreciation & Amortization	7,383,897	6,927,064	456,833	7%
Operation & Maintenance	1,214,616	1,219,419	(4,803)	0%
Pretreatment	318,242	317,262	980	0%
Interest Expense	3,030,629	2,935,430	95,199	3%
Contribution to Other Governments	341,480	347,514	(6,034)	-2%
Other Expenses	2,794	2,611	183	7%
Total Expenses	17,216,219	16,921,734	294,485	2%
Change in Net Position	13,397,824	12,109,433	1,288,391	11%
Net Position-Beginning of Year	127,960,617	115,851,184	12,109,433	10%
Net Position-End of Year	\$ 141,358,441	\$ 127,960,617	\$ 13,397,824	10%

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING DECEMBER 31, 2021

Total revenues increased by \$1,582,876 during 2021. The major increases were \$532,148 from property taxes & vehicle fees, \$366,264 in charges for services, and \$1,128,307 in sewer impact fees.

Total expenses increased by \$294,485. A major increase in expenses was \$456,833 for depreciation expense, and a significant decrease in payroll and benefits was \$336,831. Expense for interest payments on bonds was \$3,030,629.

Economic Factors and Next Year’s Budget

As of December 31, 2021, demand for new homes and business growth continues to increase. The Utah economy is one of the best in the nation with great diversity. Utah’s population growth between the 2010 and 2020 census was the highest percentage in the nation. The District seemed unaffected by COVID-19 during 2021.

As of December 31, 2021, the District had a balance of \$45,598,683 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. The 2023 Fiscal Tentative Budget for Capital Projects is \$49,064,000 which include major treatment plant and collection system projects.

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.

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
1.801.731.3011

BASIC FINANCIAL STATEMENTS

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

	<u>2021</u>	<u>2020 Memo Only</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
ASSETS				
<u>CURRENT ASSETS:</u>				
Checking - Bank of Utah	\$ 713,332	\$ 870,929	\$ (157,597)	-18%
Public Treasurers' Investment Fund (PTIF)	45,598,683	39,481,637	6,117,046	15%
Petty Cash	200	200	-	0%
Owner's Escrow - House Rental	250	250	-	0%
Accounts Receivable	1,167,474	751,757	415,717	55%
Prepaid Expenses	63,354	80,532	(17,178)	-21%
Total Current Assets	<u>47,543,293</u>	<u>41,185,305</u>	<u>6,357,988</u>	<u>15%</u>
<u>NONCURRENT ASSETS:</u>				
Restricted Cash- Zion's Bond Reserves	27,107,787	6,830,962	20,276,825	297%
Restricted Cash- PTIF Bond Reserves	381,750	381,750	-	0%
Net Pension Asset	-	-	-	-
Capital Assets				
Land	1,364,714	1,314,046	50,668	4%
Construction in Progress	3,926,177	17,210,405	(13,284,228)	-77%
Net Depreciable Assets	<u>186,397,177</u>	<u>173,994,801</u>	<u>12,402,376</u>	<u>7%</u>
Total Noncurrent Assets	<u>219,177,605</u>	<u>199,731,964</u>	<u>19,445,641</u>	<u>10%</u>
Total Assets	<u>266,720,898</u>	<u>240,917,269</u>	<u>25,803,629</u>	<u>11%</u>
Deferred Outflows of Resources	<u>2,624,113</u>	<u>2,914,486</u>	<u>(290,373)</u>	<u>-10%</u>
Total Assets & Deferred Outflows	<u>\$ 269,345,011</u>	<u>\$ 243,831,755</u>	<u>\$ 25,513,256</u>	<u>10%</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 DECEMBER 31, 2021

	<u>2021</u>	<u>2020 Memo Only</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
LIABILITIES				
<u>CURRENT LIABILITIES:</u>				
Accounts Payable - General	\$ 1,455,685	\$ 1,871,102	(415,417)	-22%
Accrued Expenses	63,085	57,264	5,821	100%
Accrued Interest	1,624,845	1,491,607	133,238	9%
Current Portion Long Term Debt	6,172,140	5,511,440	660,700	12%
Total Current Liabilities	<u>9,315,755</u>	<u>8,931,413</u>	<u>384,342</u>	<u>4%</u>
<u>NONCURRENT LIABILITIES:</u>				
Accrued - Compensated Absences	233,391	226,524	6,867	3%
Net Pension Liability	90,070	606,110	(516,040)	-85%
Bonds Payable - Zions	113,005,839	100,487,373	12,518,466	12%
Bonds Payable - DWQ	4,703,116	5,285,256	(582,140.00)	-11%
Total Noncurrent Liabilities	<u>118,032,416</u>	<u>106,605,263</u>	<u>11,427,153</u>	<u>11%</u>
Total Liabilities	<u>127,348,171</u>	<u>115,536,676</u>	<u>11,811,495</u>	<u>10%</u>
Deferred Inflows of Resources - Pensions	638,399	334,462	303,937	91%
Total Liabilities & Deferred Inflows	<u>127,986,570</u>	<u>115,871,138</u>	<u>12,115,432</u>	<u>10%</u>
NET POSITION				
Net Investment in Capital Assets	88,180,136	80,292,069	7,888,067	10%
Restricted for Bond Reserves	27,489,537	7,212,712	20,276,825	281%
Unrestricted	25,688,768	40,455,836	(14,767,068)	-37%
Total Net Position	<u>\$ 141,358,441</u>	<u>\$ 127,960,617</u>	<u>\$ 13,397,824</u>	<u>10%</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 YEAR ENDED DECEMBER 31, 2021

	2021	2020 Memo Only	Increase (Decrease)	% Change
REVENUES				
Property Taxes	\$ 8,649,874	\$ 8,183,128	\$ 466,746	6%
Redemptions	227,133	198,412	28,721	14%
Fee in Lieu - Vehicles	562,868	526,187	36,681	7%
RDA Property Taxes	341,480	347,514	(6,034)	-2%
Treatment Fees - Cities	12,554,008	12,308,000	246,008	2%
Treatment Fees - District	373,672	357,590	16,082	4%
Treatment Fees - Bona Vista	290,117	256,568	33,549	13%
Treatment Fees - Septic Hauler	86,515	93,984	(7,469)	-8%
Treatment Fees - Surcharges	162,170	118,568	43,602	37%
Lagoon Management	31,949	16,023	15,926	99%
Pretreatment Fees - Cities	273,000	256,922	16,078	6%
Pretreatment Fees - Inspection	69,894	67,406	2,488	4%
Total Operating Revenues	23,622,680	22,730,302	892,378	4%
EXPENSES				
Payroll & Benefits	3,326,066	3,662,897	(336,831)	-9%
Utilities & Services	1,598,495	1,509,537	88,958	6%
Depreciation & Amortization	7,383,897	6,927,064	456,833	7%
Operation & Maintenance	1,214,616	1,219,419	(4,803)	0%
Pretreatment	318,242	317,262	980	0%
Total Operating Expenses	13,841,316	13,636,179	205,137	2%
Net Operating Income	9,781,364	9,094,123	687,241	8%
NON-OPERATING REVENUES (EXPENSES)				
Sewer Impact Fees	6,863,156	5,734,849	1,128,307	20%
Contribution to Other Governments	(341,480)	(347,514)	6,034	-2%
Interest Revenue	156,098	472,560	(316,462)	-67%
Bond Interest	38,959	52,976	(14,017)	-26%
Rental Income	12,208	12,008	200	2%
Rental Expense	(2,794)	(2,611)	(183)	7%
Gain on Sale of Assets	6,111	-	6,111	0%
Miscellaneous	57,831	28,472	29,359	103%
Bond Issuance Costs	(143,000)	-	(143,000)	100%
Interest Expense	(3,030,629)	(2,935,430)	(95,199)	3%
Total Non-Operating Revenues	3,616,460	3,015,310	601,150	20%
Change in Net Position	13,397,824	12,109,433	1,288,391	11%
Net Position - Beginning of Year	127,960,617	115,851,184	12,109,433	10%
Net Position - End of Year	\$ 141,358,441	\$ 127,960,617	\$ 13,397,824	10%

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

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020 Memo Only
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from intergovernmental revenue - property taxes	\$ 9,574,375	\$ 8,887,553
Receipts from customers and users	13,632,588	13,888,365
Payments to employees	(3,543,797)	(3,683,084)
Payments to suppliers	(3,529,592)	(1,845,647)
Net cash provided (used) by operating activities	<u>16,133,574</u>	<u>17,247,187</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contribution to other governments	<u>(341,480)</u>	<u>(347,514)</u>
Net cash provided (used) by noncapital financing activities	<u>(341,480)</u>	<u>(347,514)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Other non-operating income	57,831	28,474
Impact fees	6,863,156	5,734,849
Proceeds from the sale of assets	15,610	-
Purchases of capital assets	(3,091,873)	(2,862,762)
Acquisition and construction of capital assets	(3,470,339)	(14,130,162)
Interest paid	(4,151,242)	(4,320,089)
Proceeds from issuance of debt	25,121,006	-
Principal paid on capital debt	<u>(11,104,440)</u>	<u>(6,296,440)</u>
Net cash provided (used) by capital and related financing activities	<u>10,239,709</u>	<u>(21,846,130)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Rental income	12,208	12,008
Rental expense	(2,794)	(2,611)
Interest and dividends	<u>195,057</u>	<u>525,536</u>
Net cash provided (used) by investing activities	<u>204,471</u>	<u>534,933</u>
Net increase (decrease) in cash and cash equivalents	26,236,274	(4,411,524)
Balances - beginning of the year	<u>47,565,728</u>	<u>51,977,252</u>
Balances - end of the year	<u><u>\$ 73,802,002</u></u>	<u><u>\$ 47,565,728</u></u>
Cash, including time deposits	\$ 46,312,465	\$ 40,353,016
Restricted cash, including time deposits	<u>27,489,537</u>	<u>7,212,712</u>
Total cash and cash equivalents, end of year	<u><u>\$ 73,802,002</u></u>	<u><u>\$ 47,565,728</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 YEAR ENDED DECEMBER 31, 2021

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

	2021	2020 Memo Only
Operating income (loss)	\$ 9,781,364	\$ 9,094,123
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization expense	7,383,897	6,927,064
(Increase) decrease in prepaid expenses	17,178	(40,561)
(Increase) decrease in accounts receivable	(550,217)	65,790
(Increase) decrease in intergovernmental receivables	134,500	(20,174)
Increase (decrease) in accounts payable	(1,033,670)	1,944,867
(Increase) decrease in capital accounts payable	618,253	(703,735)
Increase (decrease) in accrued expenses	5,821	57,264
Increase (decrease) in compensated absences payable	6,867	(67,111)
Increase (decrease) in net pension liability	(230,419)	(10,340)
Total adjustments	6,352,210	8,153,064
Net cash provided by operating activities	\$ 16,133,574	\$ 17,247,187

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

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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
DECEMBER 31, 2021

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
DECEMBER 31, 2021**

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
DECEMBER 31, 2021

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

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.

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

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Use of Estimates (Continued)

assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. 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 participates in the Utah Retirement Systems and has deferred inflows of resources associated with differences between expected and actual experience and changes in assumptions.

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 city 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 December 31, 2021, \$990,643 of the District’s bank balances of \$1,240,643 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.

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

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 December 31, 2021, the District had the following recurring fair value measurements.

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 45,980,433	\$ -	\$ 45,980,433	\$ -
PTIF Investments held at Zions Bank	27,107,787	-	27,107,787	-
Total debt securities	\$ 73,088,220	\$ -	\$ 73,088,220	\$ -

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 December 31, 2021 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 December 31, 2021, 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	45,980,433	45,980,433	-	-	-
PTIF Investments held at Zions Bank	27,107,787	27,107,787	-	-	-
	73,088,220	73,088,220	-	-	-

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
DECEMBER 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2021 the District's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	45,980,433	-	-	-	45,980,433
PTIF Investments held at Zions Bank	27,107,787	-	-	-	27,107,787
	73,088,220	-	-	-	73,088,220

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	\$ 713,332
Petty cash	200
Owner's Escrow	250
PTIF investment	45,980,433
PTIF held at Zions Bank	27,107,787
Total cash and investments	<u>\$ 73,802,002</u>

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

Checking - Bank of Utah	\$ 713,332
Public Treasurers' Investment Fund	45,598,683
Petty Cash	200
Owner's Escrow - House Rental	250
Restricted Cash - Zion's Bond Reserves	27,107,787
Restricted Cash - PTIF Bond Reserves	381,750
Total cash and investments	<u>\$ 73,802,002</u>

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021, was as follows:

BUSINESS-TYPE ACTIVITIES	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Nondepreciable Assets				
Land	\$ 1,314,046	\$ 50,668	\$ -	\$ 1,364,714
Construction in progress	17,210,405	3,470,339	(16,754,567)	3,926,177
Total nondepreciable assets	18,524,451	3,521,007	(16,754,567)	5,290,891
Depreciable Assets				
Buildings and structures	124,794,957	1,963,930	(117,250)	126,641,637
Treatment facilities	93,432,603	8,381,085	-	101,813,688
Outfall lines	49,716,747	9,400,364	-	59,117,111
Equipment	1,006,608	12,500	(23,024)	996,084
Vehicles	2,140,826	37,893	(40,821)	2,137,898
Total depreciable assets	271,091,741	19,795,772	(181,095)	290,706,418
Less Accumulated Depreciation				
Buildings and structures	(30,252,544)	(2,602,379)	107,751	(32,747,172)
Treatment facilities	(47,695,226)	(3,369,185)	-	(51,064,411)
Outfall lines	(16,669,700)	(1,182,449)	-	(17,852,149)
Equipment	(957,743)	(27,062)	23,024	(961,781)
Vehicles	(1,521,727)	(202,822)	40,821	(1,683,728)
Total accumulated depreciation	(97,096,940)	(7,383,897)	171,596	(104,309,241)
Net depreciable assets	173,994,801	12,411,875	(9,499)	186,397,177
Business-type activities - net	<u>\$ 192,519,252</u>	<u>\$ 15,932,882</u>	<u>\$ (16,764,066)</u>	<u>\$ 191,688,068</u>

Depreciation Expense:

December 31, 2021	<u>\$ 7,383,897</u>
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NOTE 4 – ACCOUNTS RECEIVABLE

Receivables at December 31, 2021 consist of the following:

Property taxes	\$ 669,497
Customers	129,171
Intergovernmental	368,806
	<u>\$ 1,167,474</u>

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 \$549,331.

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 December 31, 2021 is \$1,910,409.

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 December 31, 2021 is \$118,383.

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 December 31, 2021 is \$45,990.

NOTE 6 – LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2021, was as follows:

Description	Outstanding 12/31/2020	Additions	Subtractions	Outstanding 12/31/2021	Current Portion
Series 2000 \$10,180,000	\$ 5,728,696	\$ -	\$ (443,440)	\$ 5,285,256	\$ 582,140
Series 2008-B \$10,000,000	6,086,000	-	(6,086,000)	-	-
Series 2017-A \$32,360,000	32,360,000	-	(1,840,000)	30,520,000	1,925,000
Series 2017-C \$32,980,000	31,390,000	-	(1,655,000)	29,735,000	1,715,000
Series 2019-A \$23,575,000	23,575,000	-	(1,080,000)	22,495,000	1,135,000
Series 2021-A \$21,000,000	-	21,000,000	-	21,000,000	815,000
Premium 2017-A	4,872,717	-	(734,387)	4,138,330	-
Premium 2017-C	3,613,015	-	(446,736)	3,166,279	-
Premium 2019-A	3,658,641	-	(427,407)	3,231,234	-
Premium 2021-A	-	4,309,996	-	4,309,996	-
	<u>111,284,069</u>	<u>25,309,996</u>	<u>(12,712,970)</u>	<u>123,881,095</u>	<u>6,172,140</u>
Compensated absences	226,524	6,867	-	233,391	-
Net pension liability	<u>606,110</u>	<u>-</u>	<u>(516,040)</u>	<u>90,070</u>	<u>-</u>
	<u>\$ 112,116,703</u>	<u>\$ 25,316,863</u>	<u>\$ (13,229,010)</u>	<u>\$ 124,204,556</u>	<u>\$ 6,172,140</u>

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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	\$ 6,172,140
Bonds Payable - Zions	113,005,839
Bonds Payable - DWQ	<u>4,703,116</u>
	<u>123,881,095</u>
Accrued - Compensated Absences	233,391
Net Pension Liability	<u>90,070</u>
	<u><u>\$ 124,204,556</u></u>

For the year ended December 31, 2021, \$3,030,629 in interest was charged to expense. No interest was capitalized in 2021.

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 December 31, 2021, \$10,180,000 has been issued and \$5,285,256 is outstanding. The annual requirement to amortize this debt is as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Total</u>
2022	\$ 582,140	\$ 582,140
2023	599,604	599,604
2024	617,592	617,592
2025	636,120	636,120
2026	655,204	655,204
2027-2030	<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 2008 B Bonds – On February 11, 2008, the District Trustees authorized the issuance of interest-bearing sewer revenue bonds in an amount not to exceed \$10,050,000. These bonds were not issued until 2009. The purpose of the bond issue was to defray a portion of the cost of plant expansion, treatment facilities, and related improvements. During the year, principal payments of \$6,086,000, a portion of which were made using the proceeds of the Series 2001 A Bonds, leaving a balance as of December 31, 2021 of \$0.

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 – LONG-TERM DEBT (CONTINUED)

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 December 31, 2021, \$32,360,000 had been issued and \$30,520,000 is outstanding. The annual requirement to amortize this debt is as follows:

December 31,	Principal	Interest	Total
2022	\$ 1,925,000	\$ 1,330,175	\$ 3,255,175
2023	2,025,000	1,231,425	3,256,425
2024	2,130,000	1,127,550	3,257,550
2025	2,240,000	1,018,300	3,258,300
2026	2,355,000	903,425	3,258,425
2027-2031	13,585,000	2,709,075	16,294,075
2032-2033	6,260,000	252,800	6,512,800
	<u>\$ 30,520,000</u>	<u>\$ 8,572,750</u>	<u>\$ 39,092,750</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 December 31, 2021, \$32,980,000 had been issued and \$29,735,000 is outstanding. The annual requirement to amortize this debt is as follows:

December 31,	Principal	Interest	Total
2022	\$ 1,715,000	\$ 1,316,300	\$ 3,031,300
2023	1,775,000	1,255,075	3,030,075
2024	1,855,000	1,173,200	3,028,200
2025	1,950,000	1,078,075	3,028,075
2026	2,050,000	978,075	3,028,075
2027-2031	11,895,000	3,257,413	15,152,413
2032-2034	8,495,000	593,175	9,088,175
	<u>\$ 29,735,000</u>	<u>\$ 9,651,313</u>	<u>\$ 39,386,313</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 refund the 2010C Bonds in the amount of \$26,795,000. As of December 31, 2021, \$23,575,000 had been issued and \$22,495,000 is outstanding. The annual requirement to amortize this debt is as follows:

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 – LONG-TERM DEBT (CONTINUED)

December 31,	Principal	Interest	Total
2022	\$ 1,135,000	\$ 1,096,375	\$ 2,231,375
2023	1,200,000	1,038,000	2,238,000
2024	1,255,000	976,625	2,231,625
2025	1,320,000	912,250	2,232,250
2026	1,390,000	844,500	2,234,500
2027-2031	8,095,000	3,077,625	11,172,625
2032-2035	8,100,000	835,000	8,935,000
	<u>\$ 22,495,000</u>	<u>\$ 8,780,375</u>	<u>\$ 31,275,375</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 December 31, 2021, \$21,000,000 had been issued and \$21,000,000 is outstanding. The annual requirement to amortize this debt is as follows:

December 31,	Principal	Interest	Total
2022	\$ 815,000	\$ 898,368	\$ 1,713,368
2023	930,000	788,800	1,718,800
2024	965,000	750,900	1,715,900
2025	1,005,000	711,500	1,716,500
2026	1,040,000	670,600	1,710,600
2027-2031	5,925,000	2,674,900	8,599,900
2032-2036	4,635,000	1,615,100	6,250,100
2037-2041	5,685,000	586,500	6,271,500
	<u>\$ 21,000,000</u>	<u>\$ 8,696,668</u>	<u>\$ 29,696,668</u>

Compensated Absences – This amount represents the accumulated unpaid vacation and compensatory time which would be paid if employees had terminated employment at December 31, 2021. The balance in this account at December 31, 2021 was \$233,391.

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 10th day of each subsequent month, the District is required to reserve one-twelfth (1/12) of the annual principal payment due on the sewer revenue

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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. As the annual bond payment is made in December, the balance in this account at December 31, 2021 was \$0.

- 2) Beginning January 10, 2002, and on or before the 10th day of each subsequent month, the District is required to reserve \$3,535 until such time as the aggregate reserve equals \$254,500. This Reserve Account shall be used to fund the sewer revenue bond redemption fund in the event it is in a deficit position. The balance in this account at December 31, 2021 was \$254,500.
- 3) Beginning January 10, 2002, and on or before the 10th day of each subsequent month, the District is required to reserve \$1,767 until such time as the aggregate reserve equals \$127,250. This Emergency Repair and Replacement Account shall be used to make such emergency repairs of, or replacements to, the system to ensure its continued operation. The balance in this account at December 31, 2021 was \$127,250.

Series 2010 A Sewer Revenue Bonds

The Series 2010A Bonds have debt service reserve account with a maximum of \$3,547,950. The debt reserve balance is equal to the lesser of 1) 10% of the aggregate issue price of the related bonds, 2) the maximum annual debt service on the related bonds or 3) 125% of the District's average annual debt service on the related bonds, calculated as of the date of original issuance of the Series 2010A Bonds. This reserve is satisfied through a financial guaranty insurance policy at the time of issuance. As this reserve is not funded with cash deposits, the reserve is not reported on the financial statements.

Series 2010 C Sewer Revenue Bonds

The Series 2010C Bonds have debt service reserve account with a maximum of \$3,045,678. The debt reserve balance is equal to the lesser of 1) 10% of the aggregate issue price of the related bonds, 2) the maximum annual debt service on the related bonds or 3) 125% of the District's average annual debt service on the related bonds, calculated as of the date of original issuance of the Series 2010C Bonds. This reserve is satisfied through a financial guaranty insurance policy at the time of issuance. As this reserve is not funded with cash deposits, the reserve is not reported on the financial statements.

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 \$4,344,709.

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 – BOND RESOLUTION COMPLIANCE (CONTINUED)

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

	Cash Reserve Reported in Net Assets	Cash Reserve Offset by Debt	Reserve Funded with Insurance Policy
2000 Bonds - Reserve Account	\$ 254,500	\$ -	\$ -
2000 Bonds - Repair & Replacement	127,250	-	-
2017A and C Bonds - Reserve Account	2,065,053	-	-
2021A Bonds - Reserve Account	20,698,025	-	-
2010A Bonds - Reserve Account	-	-	3,547,950
2010C Bonds - Reserve Account	-	-	3,045,678
Deposits with Trustee	4,344,709	-	-
	<u>\$ 27,489,537</u>	<u>\$ -</u>	<u>\$ 6,593,628</u>

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 December 31, 2021, 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 December 31, 2021 is as follows:

Coverage	Policy Limits	Insurer	Expiration Date
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

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 – LEGAL COMPLIANCE BUDGETS

The budget for the fiscal year ending December 31, 2021, was approved and adopted by resolution or ordinance dated December 21, 2020. A public hearing, meeting the requirements specified in the Utah Code 11-35-113/114, was held on December 21, 2020. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the enterprise fund. All annual appropriations lapse at fiscal year end. Encumbrance accounting is not used by the District.

NOTE 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.

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12 - COMMITMENTS

The District entered into several construction contracts during the fiscal year for various capital projects. As of December 31, 2021, the District had outstanding construction contracts totaling \$6,243,161 as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed</u>	<u>Remaining</u>
UV System Design	\$ 1,094,360	\$ 561,103	\$ 533,257
North Area Relief Outfall Sewer	8,821,377	8,380,308	441,069
Hooper Pipeline Rehabilitation	4,334,845	112,355	4,222,490
Drying Bed Expansion	1,176,857	1,060,276	116,581
Nutrient Removal Phase #2	2,600,362	1,670,599	929,763
	<u>\$ 18,027,801</u>	<u>\$ 11,784,640</u>	<u>\$ 6,243,161</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 fiscal year ended December 31, 2021, the District provided tax increment funding totaling \$341,480 under these agreements, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 100 percent property tax abatement to North Ogden Redevelopment CBD. The abatement amounted to \$45,457.
- A 100 percent property tax abatement to Ogden City Redevelopment CBD Mall #1. The abatement amounted to \$45,172.
- A 100 percent property tax abatement to Ogden City Redevelopment Fairmount #15. The abatement amounted to \$61,501.
- A 90 percent property tax abatement to Pleasant View Redevelopment Business Park #1. The abatement amounted to \$33,844.

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:

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLAN (CONTINUED)

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.

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.

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLAN (CONTINUED)

Contributions:

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 December 31, 2021 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.

For fiscal year ended December 31, 2021, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 216,316	N/A
Tier 2 Public Employees System	186,726	-
Total Contributions	\$ 403,042	\$ -

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 December 31, 2021, we reported a net pension asset of \$0 and a net pension liability of \$90,070.

	(Measurement Date): December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2019	Change (Decrease)
Noncontributory System	\$ -	\$ 80,501	0.1569391%	0.1572941%	-0.0003550%
Tier 2 Public Employees System	-	9,569	0.0665309%	0.0590862%	0.0074447%
	<u>\$ -</u>	<u>\$ 90,070</u>			

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLAN (CONTINUED)

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2021, we recognized pension expense of \$172,685. At December 31, 2021, 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	\$ 116,805	\$ 4,382
Changes in assumptions	12,104	10,878
Net difference between projected and actual earnings on pension plan investments	-	615,791
Changes in proportion and differences between contributions and proportionate share of contributions	17,380	7,348
Contributions subsequent to the measurement date	403,041	-
Total	<u>\$ 549,330</u>	<u>\$ 638,399</u>

\$403,041 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, 2020.

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
2021	\$ (138,770)
2022	(61,268)
2023	(211,139)
2024	(99,428)
2025	3,183
Thereafter	\$ 15,312

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

For the year ended December 31, 2021, we recognized pension expense of \$79,081.

At December 31, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following:

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 107,997	\$ -
Changes in assumptions	-	10,530
Net difference between projected and actual earnings on pension plan investments	-	587,821
Changes in proportion and differences between contributions and proportionate share of contributions	3,394	7,348
Contributions subsequent to the measurement date	216,315	-
Total	<u>\$ 327,706</u>	<u>\$ 605,699</u>

\$216,315 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, 2020.

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
2021	\$ (133,915)
2022	(58,378)
2023	(204,562)
2024	(97,453)
2025	-
Thereafter	\$ -

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

For the year ended December 31, 2021, we recognized pension expense of \$93,604.

At December 31, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,808	\$ 4,382
Changes in assumptions	12,104	348
Net difference between projected and actual earnings on pension plan investments	-	27,970
Changes in proportion and differences between contributions and proportionate share of contributions	13,986	-
Contributions subsequent to the measurement date	186,726	-
Total	<u>\$ 221,624</u>	<u>\$ 32,700</u>

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLAN (CONTINUED)

\$186,726 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, 2020.

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

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2021	\$ (4,855)
2022	(2,890)
2023	(6,577)
2024	(1,975)
2025	3,183
Thereafter	\$ 15,312

Actuarial assumptions:

The total pension liability in the December 31, 2020 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 – 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed 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, 2020 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
DECEMBER 31, 2021

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%	6.30%	2.33%
Debt Securities	20%	0.00%	0.00%
Real Assets	15%	6.19%	0.93%
Private Equity	12%	9.50%	1.14%
Absolute Return	16%	2.75%	0.44%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount Rate:

The discount rate used to measure the total pension liability was 6.95 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 remained unchanged at 6.95 percent.

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 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 1,395,645	\$ 80,501	\$ (1,015,869)
Tier 2 Public Employees System	161,018	9,569	(106,285)
Total	\$ 1,556,663	\$ 90,070	\$ (1,122,154)

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 December 31 were as follows:

<u>401(k) Plan</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer Contributions	\$ 87,030	\$ 115,504	\$ 113,191
Employee Contributions	90,300	95,061	65,466
<u>457 Plan</u>			
Employer Contributions	-	-	-
Employee Contributions	45,205	13,008	10,322
<u>Roth IRA Plan</u>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	28,458	38,606	28,851

NOTE 15 – UPCOMING ACCOUNTING PRONOUNCEMENT

The Governmental Accounting Standards Board (GASB) issued Statement 87, which amends existing accounting standards for lease accounting, including requiring lessees to recognize most leases on the statement of net position and making certain changes to lessor accounting. The new standard is effective for fiscal years beginning after June 15, 2021. The District is currently evaluating the impact the new standard may have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2021
with a measurement date of December 31, 2020
Last 10 fiscal years*

		<u>Noncontributory System</u>	<u>Tier 2 Public Employees System</u>
Proportion of the net pension liability (asset)	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)	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	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)	2021	6.82%	0.90%
as a percentage of its covered-employee payroll	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	2021	99.2%	98.3%
total pension liability	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 7-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
DECEMBER 31, 2021
Last 10 fiscal years**

	As of fiscal year ended December 31,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	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	217,864	217,864	-	1,179,555	18.47%
	2021	216,315	216,315	-	1,171,172	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	167,273	167,273	-	1,063,684	15.73%
	2021	186,726	186,726	-	1,171,501	15.94%

*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.

**CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2021**

Changes in Assumptions

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

AUDITOR'S REPORTS



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

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 year ended December 31, 2021, 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 May 3, 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
May 3, 2022



**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 year ended December 31, 2021.

State compliance requirements were tested for the year ended December 31, 2021 in the following areas:

Budgetary Compliance
Fraud Risk Assessment
Tax Levy Revenue Recognition

Special and Local Service District Board Members

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.

In our opinion, Central Weber Sewer Improvement District complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2021.

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
May 3, 2022