

TOOELE CITY CORPORATION

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2016

TOOELE CITY CORPORATION

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CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

**Honorable Mayor and
Members of the City Council
Tooele City Corporation
Tooele, Utah**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City Corporation (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City Corporation as of June 30, 2016, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, schedule of contributions, postemployment benefit plan - schedule of funding progress, and the related notes to the required supplementary information, as noted on the table of contents, be presented to supplement the basic financial statements. Such information, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Tooele City Corporation's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standard*, we have also issued a report dated December 29, 2016 on our consideration of Tooele City Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Tooele City Corporation's internal control over financial reporting and compliance.

WSRP, LLC

Salt Lake City, Utah
December 29, 2016

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

The following is a discussion and analysis of Tooele City Corporation's (the "City") financial performance and activities for the fiscal year ending June 30, 2016. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview, and analysis should assist the reader to gain a more complete knowledge of the City's financial performance.

Financial Highlights

- ◆ The total government-wide assets of the City exceeded its total government-wide liabilities as of the close of the most recent year by \$191,033,693 (*net position*). Of this amount, \$180,346,783 relates to investments in capital assets, net of any related debt. Unrestricted net position is \$(2,550,061) due to the defeasement of bonds that took place in the current year, and due to the purchases of fixed assets.
- ◆ As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$14,559,807 an decrease of \$1,980,879 in comparison with the prior year, attributable mainly to the defeasement of bonds that took place in the current year. Approximately 20.67% of this total amount, or \$3,009,790, is available for spending at the government's discretion (unreserved fund balance).
- ◆ During the current year, the City recorded a \$1,142,286 increase in general fund revenues primarily from the receipt of \$950,305 as a result of a .25% Tooele County sales tax increase with a municipal share requirement that began April 1, 2016 to be used for transportation expenditures. The amount receivable at year end was \$191,981.
- ◆ At the end of the current year, unassigned fund balance for the general fund was \$3,009,790, or 18.24% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Tooele City Corporation's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the City's assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the difference presented as net position. Net position is reported as one of three categories: invested in capital assets net of related debt; restricted; or unrestricted. Over time, increases or decreases in net position may serve as useful indicators of whether the City's financial position is improving or deteriorating.

The statement of activities presents information showing how the net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event gives rise to the change that occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include balances from not only the City itself (known as the primary government), but also the following blended component units: the Downtown Redevelopment Agency, the Industrial Park Redevelopment Agency, the Depot Redevelopment Agency, and the Municipal Building Authority of Tooele City Corporation.

Fund financial statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Redevelopment Agency-Depot which are considered to be major funds. Data from the other ten governmental funds (nonmajor) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report.

The City adopts an annual appropriated budget for all its fund types. Budgetary comparison statements have been provided for the general fund and major special revenue fund to demonstrate compliance with GASB 34 reporting standards.

Proprietary funds

The City maintains two types of proprietary funds; enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains five individual enterprise funds. During 2016, the Street Light Fund a new Enterprise fund was approved and established by the City. Information is presented separately in the proprietary funds statement of net position and the proprietary funds statement of revenues, expenses and changes in fund net position for the Water Fund and the Sewer Fund, which are considered major funds. Data from the other fund is combined into a single aggregated presentation and classified as nonmajor. Individual data for the nonmajor proprietary funds is provided in the form of combining statements in this report. Proprietary fund financial statements reinforce information provided in the government-wide financial statements.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service fund to account for certain fixed assets purchased by the City and leased to the different departments. These services benefit governmental functions and as such, they have been allocated to governmental activities in the government-wide financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City's fiduciary activities are reported in separate statements of fiduciary net position and statements of changes in fiduciary net position. The City's agency fund is custodial in nature and does not involve a measurement of operational results. Accordingly, it does not present a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Notes to financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the government-wide and individual fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) concerning the City's schedule of contributions and schedule of proportionate share of the net pension liability as required by GASB 68, as well as the City's progress in funding its obligation to provide other post employment benefits (OPEB) to its employees. The combining statements referred to earlier, in connection with nonmajor funds and internal service funds, are presented immediately after the RSI. Also included are budget comparisons for governmental funds other than the General and Redevelopment Agency Funds.

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$191,033,693 at the close of the most recent fiscal year.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Government-wide financial analysis (continued)

The largest portion of the City's net position (94.41%) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, infrastructure, water stock, and utility plants and equipment), less any related and outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Tooele City Corporation's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 19,655,675	\$ 22,112,341	\$ 14,194,225	\$ 12,701,927	\$ 33,849,900	\$ 34,814,268
Capital assets	106,416,499	104,054,298	107,134,221	107,679,663	213,550,720	211,733,961
Other assets	8,075	12,314	34	539	8,109	12,853
Total assets	<u>126,080,249</u>	<u>126,178,953</u>	<u>121,328,480</u>	<u>120,382,129</u>	<u>247,408,729</u>	<u>246,561,082</u>
Total deferred outflows of resources	<u>2,601,472</u>	<u>988,821</u>	<u>356,377</u>	<u>263,415</u>	<u>2,957,849</u>	<u>1,252,236</u>
Liabilities and net position:						
Long-term liabilities	34,971,795	32,153,075	9,429,137	10,758,248	44,400,932	42,911,323
Other liabilities	<u>7,783,192</u>	<u>6,875,572</u>	<u>2,464,094</u>	<u>2,858,881</u>	<u>10,247,286</u>	<u>9,734,453</u>
Total liabilities	<u>42,754,987</u>	<u>39,028,647</u>	<u>11,893,231</u>	<u>13,617,129</u>	<u>54,648,218</u>	<u>52,645,776</u>
Total deferred inflows of resources	<u>4,622,526</u>	<u>4,474,475</u>	<u>62,141</u>	<u>51,731</u>	<u>4,684,667</u>	<u>4,526,206</u>
Net position:						
Net investment in capital assets	83,690,120	85,614,674	96,656,666	95,942,232	180,346,786	181,556,906
Restricted	7,352,709	5,323,648	5,884,262	5,250,987	13,236,971	10,574,635
Unrestricted	<u>(9,738,621)</u>	<u>(7,273,670)</u>	<u>7,188,557</u>	<u>5,783,465</u>	<u>(2,550,064)</u>	<u>(1,490,205)</u>
Total net position	<u>\$ 81,304,208</u>	<u>\$ 83,664,652</u>	<u>\$ 109,729,485</u>	<u>\$ 106,976,684</u>	<u>\$ 191,033,693</u>	<u>\$ 190,641,336</u>

A portion of the City's net position (6.93%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, (\$2,550,061) is negative due to the settlement with Tooele Associates.

At the end of the year, Tooele City Corporation is able to report positive balances in all three categories of net position for its business type activities. For governmental activities, net investment in capital assets and restricted remain positive. Unrestricted net position is negative for 2016 due to the defeasement of bonds that took place in the current year.

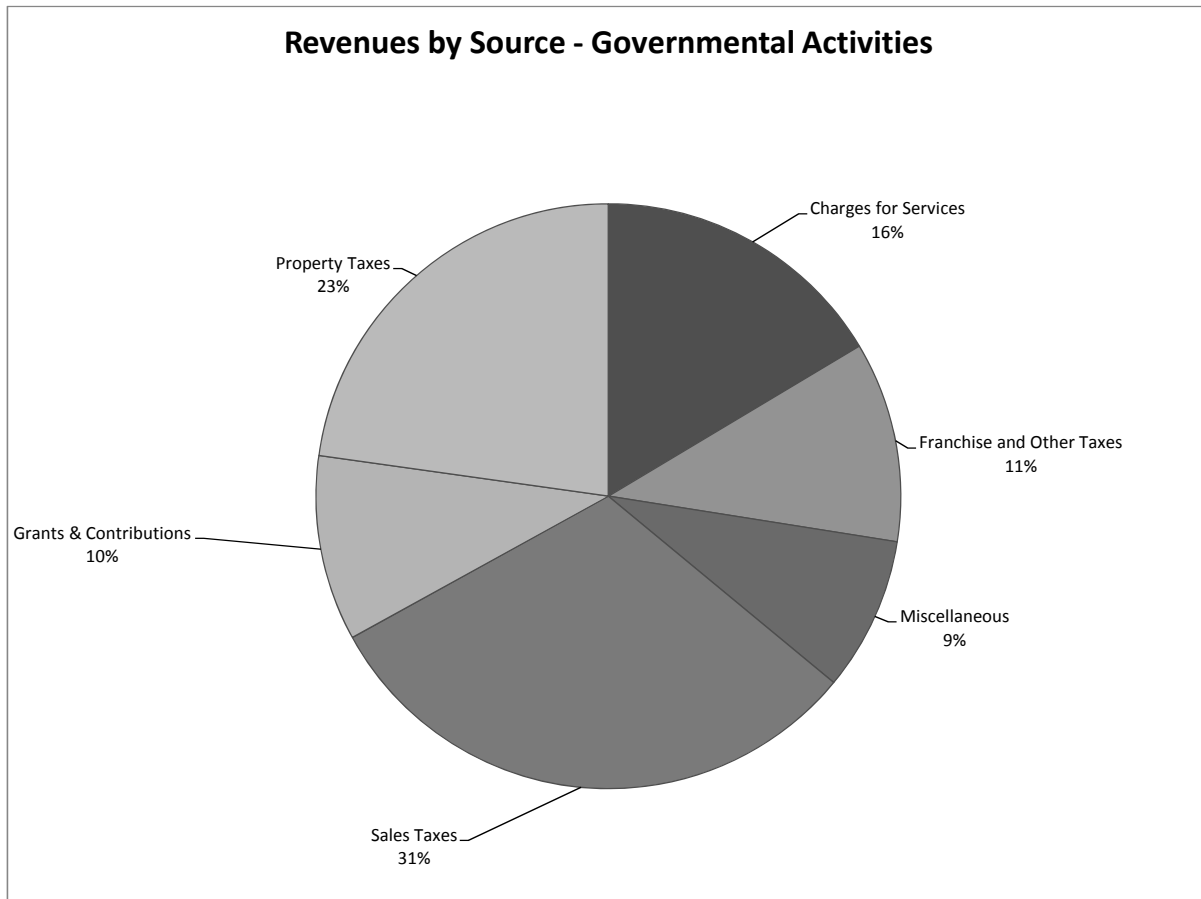
Tooele City Corporation's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 3,385,021	\$ 3,341,419	\$ 8,978,063	\$ 8,580,122	\$ 12,363,084	\$ 11,921,541
Operating grants/contributions	2,112,370	1,880,530	-	-	2,112,370	1,880,530
Capital grants and contributions	759	7,929	855,617	224,443	856,376	232,372
General revenues:						
Taxes	13,354,582	12,022,763	-	-	13,354,582	12,022,763
Earnings on investments	81,782	77,122	82,582	63,899	164,364	141,021
Impact fees	224,729	350,970	826,693	1,213,796	1,051,422	1,564,766
Investment income	2,752	910	-	-	2,752	910
Gain on sale of capital assets	660,908	24,548	7,442	2,189	668,350	26,737
Gain on sale of water rights	-	-	126,247	6,877,812	126,247	6,877,812
Miscellaneous	<u>782,319</u>	<u>421,485</u>	<u>7,462</u>	<u>1,031</u>	<u>789,781</u>	<u>422,516</u>
Total revenues	<u>20,605,222</u>	<u>18,127,676</u>	<u>10,884,106</u>	<u>16,963,292</u>	<u>31,489,328</u>	<u>35,090,968</u>

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

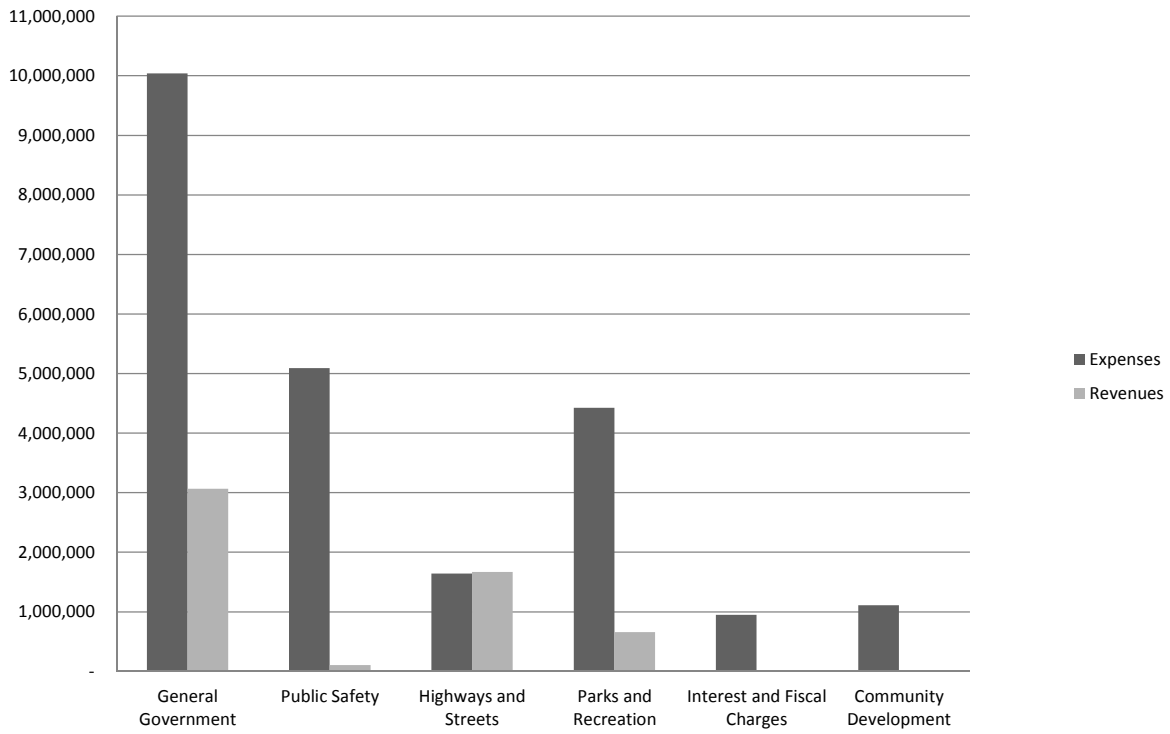
Tooele City Corporation's Changes in Net Position (continued)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Expenses:						
General government	10,039,047	8,568,462	-	-	10,039,047	8,568,462
Public safety	5,091,639	4,945,530	-	-	5,091,639	4,945,530
Highways and streets	1,643,326	1,818,009	-	-	1,643,326	1,818,009
Parks and recreation	4,427,300	4,322,958	-	-	4,427,300	4,322,958
Community development	1,108,585	799,000	-	-	1,108,585	799,000
Interest on debt	949,951	1,183,096	-	-	949,951	1,183,096
Water	-	-	3,709,507	3,721,726	3,709,507	3,721,726
Sewer	-	-	2,796,719	2,867,897	2,796,719	2,867,897
Solid waste	-	-	1,355,847	1,349,500	1,355,847	1,349,500
Storm water	-	-	240,958	173,532	240,958	173,532
Street light	-	-	28,274	-	28,274	-
Total expenses	23,259,848	21,637,055	8,131,305	8,112,655	31,391,153	29,749,710
Contributed net assets	294,182	197,227	-	-	294,182	197,227
Increase (decrease) in net position	(2,360,444)	(3,312,152)	2,752,801	8,850,637	392,357	5,538,485
Net position - beginning	83,664,652	86,976,804	106,976,684	98,126,047	190,641,336	185,102,851
Net position - ending	<u>\$ 81,304,208</u>	<u>\$ 83,664,652</u>	<u>\$ 109,729,485</u>	<u>\$ 106,976,684</u>	<u>\$ 191,033,693</u>	<u>\$ 190,641,336</u>

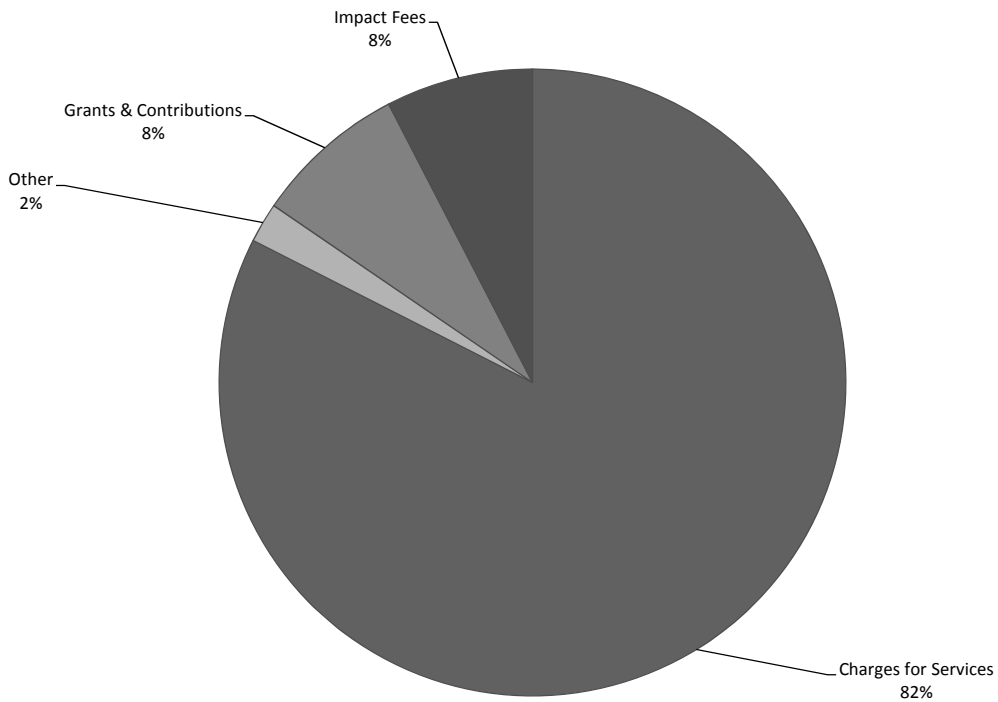


**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

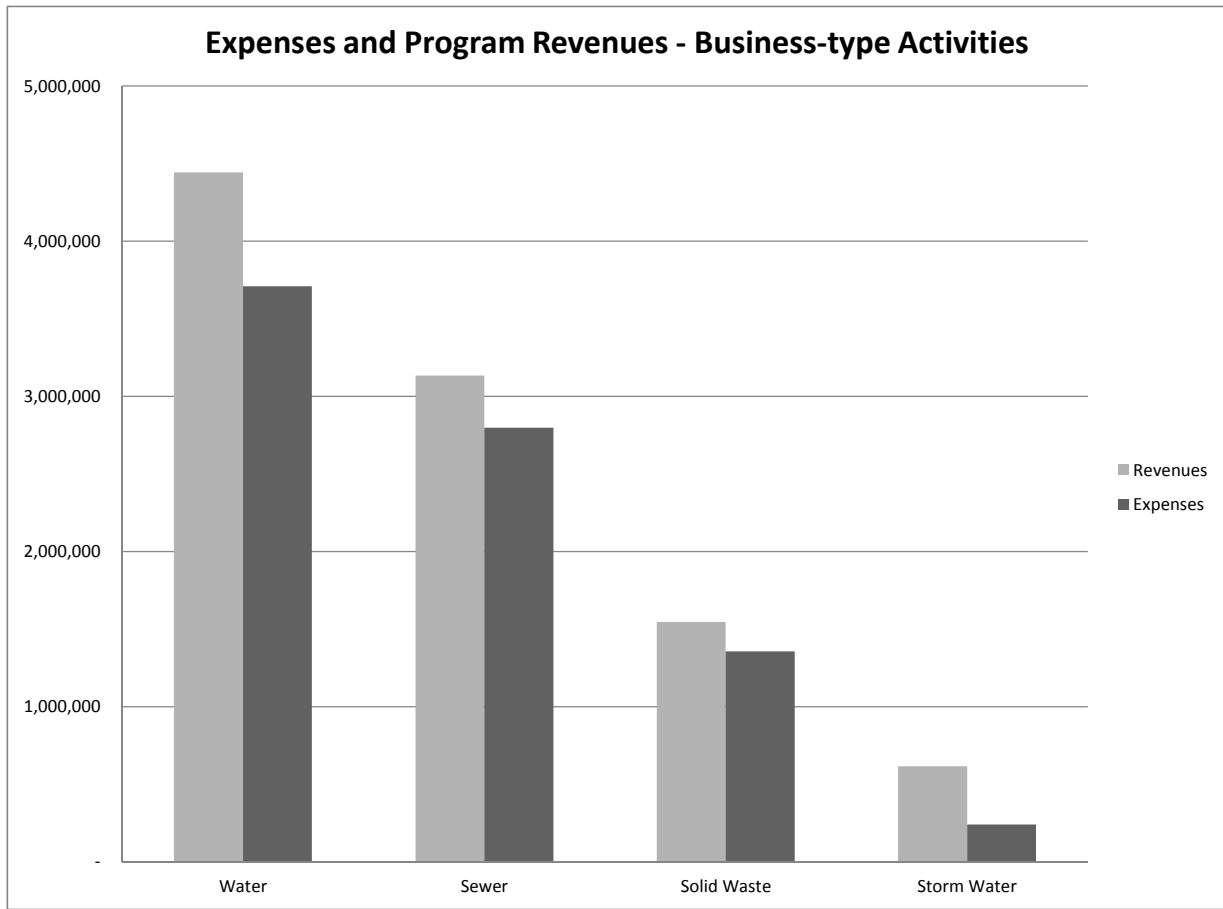
Expenses and Program Revenues - Governmental Activities



Revenues by Source - Business-type Activities



**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**



Key Principal Highlights:

- ◆ Charges for services increased by \$441,543 compared to the prior year due to the City receiving approximately \$94,000 from charges to customers for the new Street Light fund, with additional increases attributable to more customers for the proprietary fund activities.
- ◆ Operating grants and contributions increased by \$231,840 compared to the prior year due primarily to the City receiving approximately \$81,000 more from the Department of Transportation for the Road C allotment, and approximately \$103,000 more from the Code enforcement fund as this fund had a full year of operations as of June 30, 2016.
- ◆ Capital grants and contributions increased by \$624,004 due mainly to a decrease in contributions received from developers.
- ◆ Taxes increased by \$1,331,819 due to a increase in the certified tax rate and the assessment and collection of property taxes.

Generally, increases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, committed, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2016, the City's governmental funds reported a combined ending fund balance of \$14,559,807, a decrease of \$1,980,879 from the prior year. A balance of \$7,207,098 (49.50%) is available for spending at the government's discretion; however, \$4,197,308 has been assigned by the City's Budget Officer for subsequent years' capital expenditures and other uses, leaving an unassigned amount of \$3,009,790. The remaining \$7,352,709 of fund balance is not available for new spending because it is non-spendable in form of legally restricted by parties outside the financial reporting entity for 1) public safety expenditures of \$1,176,403, 2) park development of \$1,033,463, 3) recreation and arts programs of \$1,344,459, 4) debt service of \$1,774,904 and 5) road construction, maintenance and preservation of \$2,023,480.

The General Fund is the major operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund, and negative fund balance of the Code Enforcement Fund was \$3,009,790. As a measure of the General Fund's liquidity, it may be useful to compare this amount to total fund expenditures of \$16,503,494 (18.24% or 67 calendar days). The fund balance of the City's General Fund increased \$80,713 during the current fiscal year. This represents a 2.48% change in fund balance. The decrease consisted of 1) a 11.64% increase in revenues of \$1,575,441 offset by a 6.07% increase in expenditures of \$944,442, 2) a \$298,343 increase in proceeds from the sale of capital assets, 3) an increase of \$1,614,091 in transfers in from the capital projects fund to pay the required debt service payment on the Tooele Associates lawsuit, and 4) the \$3,259,373 decrease in closing out last year's fund balance.

Proprietary funds

Unrestricted net position of the Water and Sewer funds (both major funds) at the end of the year were \$418,071, \$1,773,216, respectively. The increase in total net position was \$1,413,434, \$670,783, for these same funds, respectively, after the effect of any special items. The increase in net position for the Water Fund is the result of higher water sales and contributions, and sale of water rights combined with lower operating costs. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was amended from an original revenues budget of \$13,645,950 to a final budget of \$13,753,150, an increase of \$107,200. These increases can be briefly summarized as follows:

\$4,400 increase in miscellaneous revenues.

\$102,800 increase in intergovernmental revenues and charges for services from other City funds.

The General Fund's original budget was also amended for increased expenses in the amount of \$69,323.

Capital Assets and Debt Administration

Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$180,346,783. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, and infrastructure, offset by applicable amounts of long-term debt. The total increase in the City's net investment in capital assets for governmental and business-type activities for the current year was a result of purchases of fixed assets exceeding accumulated depreciation in the amount of in the amount of \$1,816,759.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Capital Assets (continued)

Major capital asset events during the current year include the following:

- ◆ Improvements other than buildings additions of \$1,612,202, and transfers of \$2,011,101.
- ◆ Machinery and equipment additions of \$175,998, and deletions of \$14,195.
- ◆ Automobile and truck purchases of \$1,198,165, and deletions of fully depreciated assets of \$167,158.
- ◆ Office furniture and equipment additions of \$50,045.
- ◆ Infrastructure additions of \$639,163 from acquisitions and contributions.
- ◆ Depreciation of infrastructure assets of \$4,273,108.

Tooele City Corporation's Capital Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Investment in water stock	\$ -	\$ -	\$ 93,184	\$ 93,184	\$ 93,184	\$ 93,184
Land	12,241,048	6,508,605	3,579,749	3,579,749	15,820,797	10,088,354
Infrastructure	76,459,583	80,186,218	4,774,523	4,681,833	81,234,106	84,868,051
Buildings	8,742,146	9,042,580	2,913,593	3,060,551	11,655,739	12,103,131
Construction in progress	-	-	2,907,486	4,918,587	2,907,486	4,918,587
Equipment under capital lease, net	890,012	43,400	-	-	890,012	43,400
Improvements other than buildings	6,500,272	6,686,628	54,981,564	53,422,905	61,481,836	60,109,533
Machinery and equipment	344,198	326,932	319,051	325,343	663,249	652,275
Automobiles and trucks	1,167,371	1,180,102	89,739	122,179	1,257,110	1,302,281
Office furniture and equipment	71,869	79,833	-	-	71,869	79,833
Water rights	-	-	37,475,332	37,475,332	37,475,332	37,475,332
Total	<u>\$ 106,416,499</u>	<u>\$ 104,054,298</u>	<u>\$ 107,134,221</u>	<u>\$ 107,679,663</u>	<u>\$ 213,550,720</u>	<u>\$ 211,733,961</u>

Additional information on the City's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the current year, the City had total debt outstanding of \$48,014,555. The debt consists of the following:

Tooele City Corporation's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenue bonds payable	\$ 22,469,000	\$ 18,429,000	\$ 10,643,000	\$ 11,934,000	\$ 33,112,000	\$ 30,363,000
Net OPEB obligations	1,305,109	1,160,317	57,673	51,275	1,362,782	1,211,592
Net pension liability	3,551,715	2,707,411	397,092	302,919	3,948,807	3,010,330
Obligations under capital leases	814,701	46,845	-	-	814,701	46,845
Grantsville legal Settlement	1,956,500	2,022,720	-	-	1,956,500	2,022,720
Tooele associates legal settlement	10,852,958	12,209,577	-	-	10,852,958	12,209,577
Compensated absences	479,971	462,371	50,464	63,973	530,435	526,344
Deferred amounts:						
Unamortized bond premiums	439,972	508,710	-	-	439,972	508,710
Loss on defeasance	(889,348)	(376,872)	(165,445)	(196,569)	(1,054,793)	(573,441)
Total	<u>\$ 40,980,578</u>	<u>\$ 37,170,079</u>	<u>\$ 10,982,784</u>	<u>\$ 12,155,598</u>	<u>\$ 51,963,362</u>	<u>\$ 49,325,677</u>

State statutes limit the amount of debt a City may issue to 4 percent of its total taxable property within its jurisdiction. The City may incur a larger indebtedness for the purpose of supplying the City with water, sewer, or electricity when such public works are owned and controlled by the City. The current debt limitation for Tooele City Corporation is \$48,729,246 for all general obligation bonds. As of June 30, 2016 and 2015 the City recorded a loss of defeasance of bonds in the amount of \$889,348 and \$573,441, respectively, which is recorded as a deferred outflow of resources in the accompanying statement of net position.

Additional information on Tooele City Corporation's long-term debt can be found in the notes to the financial statements.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Economic Factors and Next Year's Budgets and Rates

- ♦ Economic activity in the region has seen considerable improvement compared to prior years, which is consistent with other regions within the state. The City has seen growth in new home construction, existing home sales and commercial and retail sales.
- ♦ The 2017 budget was projected with an estimated growth in sales tax based on the outlook of a recovering economy, and the proportionate share of distribution that the City receives based on population.
- ♦ The 2017 budget includes payments towards the legal settlement with Tooele Associates, which has a debt payment schedule through 2023.

All of the above factors were considered in preparing the City's budget for the 2015-2016 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Tooele City Corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Tooele City Finance Director, 90 North Main Street, P.O. Box 89, Tooele, Utah, 84074-0089.

BASIC FINANCIAL STATEMENTS

TOOELE CITY CORPORATION
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,923,734	\$ 11,648,804	\$ 18,572,538
Receivables:			
Accounts, net	18,391	978,399	996,790
Assessments	64,105	-	64,105
Taxes	5,434,354	-	5,434,354
Loans receivable	5,707	-	5,707
Developer contributions receivable	504,045	360,115	864,160
Other	75,836	-	75,836
Restricted assets:			
Cash and cash equivalents	6,629,503	1,206,907	7,836,410
Noncurrent assets:			
Net pension asset	8,075	34	8,109
Capital assets not being depreciated	12,241,048	44,055,751	56,296,799
Capital assets being depreciated, net	94,175,451	63,078,470	157,253,921
TOTAL ASSETS	126,080,249	121,328,480	247,408,729
Deferred outflows of resources:			
Deferred charge on bond refunding	889,348	165,445	1,054,793
Deferred outflows related to pensions	1,712,124	190,932	1,903,056
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,601,472	356,377	2,957,849
LIABILITIES			
Accounts payable	299,429	254,861	554,290
Accrued liabilities	418,840	35,654	454,494
Accrued interest payable	166,792	161,053	327,845
Unearned revenue	-	80,048	80,048
Customer deposits	-	213,386	213,386
Long-term liabilities:			
Net pension liability	3,551,715	397,092	3,948,807
Due or payable within one year	3,346,416	1,322,000	4,668,416
Due or payable after one year	34,971,795	9,429,137	44,400,932
TOTAL LIABILITIES	42,754,987	11,893,231	54,648,218
Deferred inflows of resources:			
Unavailable revenue - property taxes	4,065,298	-	4,065,298
Deferred inflows related to pensions	557,228	62,141	619,369
TOTAL DEFERRED INFLOWS OF RESOURCES	4,622,526	62,141	4,684,667
NET POSITION			
Net investment in capital assets	83,690,120	96,656,666	180,346,786
Restricted for:			
Public safety	1,176,403	-	1,176,403
Park development	1,033,463	-	1,033,463
Recreation and arts	1,344,459	-	1,344,459
Debt service	1,774,904	1,206,907	2,981,811
Roads	2,023,480	-	2,023,480
Impact fees	-	4,677,355	4,677,355
Unrestricted	(9,738,621)	7,188,557	(2,550,064)
TOTAL NET POSITION	\$ 81,304,208	\$ 109,729,485	\$ 191,033,693

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

TOOELE CITY CORPORATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 10,039,047	\$ 2,629,396	\$ 438,411	\$ 759	\$ (6,970,481)	\$ -	\$ (6,970,481)
Public safety	5,091,639	104,758	-	-	(4,986,881)	-	(4,986,881)
Highways and streets	1,643,326	-	1,667,828	-	24,502	-	24,502
Parks and recreation	4,427,300	650,867	6,131	-	(3,770,302)	-	(3,770,302)
Community development	1,108,585	-	-	-	(1,108,585)	-	(1,108,585)
Interest and fiscal charges	949,951	-	-	-	(949,951)	-	(949,951)
Total governmental activities	<u>23,259,848</u>	<u>3,385,021</u>	<u>2,112,370</u>	<u>759</u>	<u>(17,761,698)</u>	<u>-</u>	<u>(17,761,698)</u>
Business-type activities:							
Water	3,709,507	3,931,428	-	512,632	-	734,553	734,553
Sewer	2,796,719	2,936,045	-	198,270	-	337,596	337,596
Solid waste	1,355,847	1,545,582	-	-	-	189,735	189,735
Storm water	240,958	471,117	-	144,715	-	374,874	374,874
Street light	28,274	93,891	-	-	-	65,617	65,617
Total business-type activities	<u>8,131,305</u>	<u>8,978,063</u>	<u>-</u>	<u>855,617</u>	<u>-</u>	<u>1,702,375</u>	<u>1,702,375</u>
Total primary government	<u>\$ 31,391,153</u>	<u>\$ 12,363,084</u>	<u>\$ 2,112,370</u>	<u>\$ 856,376</u>	<u>(17,761,698)</u>	<u>1,702,375</u>	<u>(16,059,323)</u>
General revenue:							
Taxes:							
Property taxes					4,691,876	-	4,691,876
Sales taxes					6,382,882	-	6,382,882
Franchise taxes					1,903,526	-	1,903,526
Other taxes					376,298	-	376,298
Earnings on investments					81,782	82,582	164,364
Impact fees, net					224,729	826,693	1,051,422
Investment income					2,752	-	2,752
Gain on sale of capital assets					660,908	7,442	668,350
Gain on sale / transfer of water rights					-	126,247	126,247
Miscellaneous					782,319	7,462	789,781
Total general revenues and special items					<u>15,107,072</u>	<u>1,050,426</u>	<u>16,157,498</u>
Contributed net assets					<u>294,182</u>	<u>-</u>	<u>294,182</u>
Change in net position					(2,360,444)	2,752,801	392,357
Net position, beginning					<u>83,664,652</u>	<u>106,976,684</u>	<u>190,641,336</u>
Net position, ending					<u>\$ 81,304,208</u>	<u>\$ 109,729,485</u>	<u>\$ 191,033,693</u>

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

TOOELE CITY CORPORATION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Depot Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,221,761	\$ 1,359,688	\$ 3,029,984	\$ 6,611,433
Receivables:				
Accounts	11,891	-	6,500	18,391
Assessments	-	-	64,105	64,105
Taxes	3,814,354	1,540,000	80,000	5,434,354
Loans receivable	-	-	5,707	5,707
Intergovernmental receivable	50,766	35,000	418,279	504,045
Other	75,836	-	-	75,836
Due from other funds	47,518	171,864	319,489	538,871
Restricted cash and investments	165,121	399,662	6,064,720	6,629,503
TOTAL ASSETS	<u>\$ 6,387,247</u>	<u>\$ 3,506,214</u>	<u>\$ 9,988,784</u>	<u>\$ 19,882,245</u>
LIABILITIES				
Accounts payable	\$ 188,259	\$ 26,427	\$ 84,743	\$ 299,429
Accrued liabilities	413,604	5,236	-	418,840
Due to other funds	-	-	538,871	538,871
TOTAL LIABILITIES	<u>601,863</u>	<u>31,663</u>	<u>623,614</u>	<u>1,257,140</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>2,445,298</u>	<u>1,540,000</u>	<u>80,000</u>	<u>4,065,298</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,445,298</u>	<u>1,540,000</u>	<u>80,000</u>	<u>4,065,298</u>
FUND BALANCES				
Restricted				
Public safety	-	-	1,176,403	1,176,403
Park development	-	-	1,033,463	1,033,463
Recreation and arts	-	-	1,344,459	1,344,459
Debt service	165,121	399,662	1,210,121	1,774,904
Roads	-	-	2,023,480	2,023,480
Assigned				
Capital projects	165,175	-	1,988,280	2,153,455
Redevelopment agency projects	-	1,534,889	180,593	1,715,482
Debt service fund	-	-	328,371	328,371
Unassigned	<u>3,009,790</u>	<u>-</u>	<u>-</u>	<u>3,009,790</u>
TOTAL FUND BALANCES	<u>3,340,086</u>	<u>1,934,551</u>	<u>9,285,170</u>	<u>14,559,807</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,387,247</u>	<u>\$ 3,506,214</u>	<u>\$ 9,988,784</u>	<u>\$ 19,882,245</u>

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

TOOELE CITY CORPORATION
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENT FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2016

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

Total Fund Balances - Governmental Funds	\$ 14,559,807
Capital assets used in governmental activities are not financial resources and therefore are not reported in the individual funds.	106,416,499
The net pension asset resulting from pension assets exceeding pension liabilities is not an available resource and, therefore, is not reported in the funds.	8,075
Deferred outflows of resources coming from deferred charges on refunding of long-term debt are amortized to expense over the life of the outstanding debt in the statement of activities.	889,348
Deferred outflows of resources associated with the net pension liability and asset is not an available resource and, therefore, is not reported in the funds.	1,712,124
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of those internal service funds that primarily benefit governmental entities are included with governmental activities in the statement of net position.	312,301
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(166,792)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. All liabilities net of premiums are reported in the statement of net position. Those liabilities consist of:	
General obligation bonds, net of unamortized deferrals of premiums and discounts	(22,908,972)
Obligations under capital leases	(814,701)
Grantsville legal settlement liability	(1,956,500)
Tooele Associates legal settlement liability	(10,852,958)
Net pension liability	(3,551,715)
Compensated absences payable	(479,971)
Net OPEB obligations	(1,305,109)
Deferred inflows of resources associated with the net pension liability is not due and payable in the current period and therefore are not recorded in the funds.	<u>(557,228)</u>
Total Net Position - Government Activities	<u>\$ 81,304,208</u>

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

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	General Fund	Depot Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 11,353,706	\$ 1,542,479	\$ 458,397	\$ 13,354,582
Licenses and permits	291,761	-	110,825	402,586
Intergovernmental and grants	313,411	125,000	1,673,959	2,112,370
Charges for services	2,549,763	-	-	2,549,763
Fines and forfeitures	355,310	-	-	355,310
Interest income	19,217	7,067	55,498	81,782
Impact fees	-	-	260,501	260,501
Interfund charges	211,575	-	-	211,575
Miscellaneous revenues	9,924	-	14,499	24,423
Rental income	920	-	561,262	562,182
TOTAL REVENUES	15,105,587	1,674,546	3,134,941	19,915,074
EXPENDITURES				
General government	4,468,172	673,370	247,481	5,389,023
Public safety	4,662,115	-	62,946	4,725,061
Highways and streets	1,570,730	-	9,478	1,580,208
Parks and recreation	4,059,561	-	-	4,059,561
Community development	-	1,108,585	-	1,108,585
Capital outlay:				
Capital projects	128,825	5,732,443	491,872	6,353,140
Debt service:				
Principal - bonds & notes	1,356,619	66,220	1,355,000	2,777,839
Principal - capital lease	-	61,077	107,922	168,999
Interest	257,472	151,414	512,093	920,979
Bond issuance costs and trustee fees	-	83,500	147,574	231,074
TOTAL EXPENDITURES	16,503,494	7,876,609	2,934,366	27,314,469
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,397,907)	(6,202,063)	200,575	(7,399,395)
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS				
Operating transfers in	1,614,091	-	2,154,948	3,769,039
Operating transfers (out)	(459,121)	(399,662)	(2,910,256)	(3,769,039)
Private contributions	759	-	-	759
Proceeds on sale of assets	322,891	338,017	-	660,908
Issuance of debt	-	5,084,000	9,286,000	14,370,000
Redemption of refunded bonds	-	-	(9,577,379)	(9,577,379)
Refunded impact fees	-	-	(35,772)	(35,772)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	1,478,620	5,022,355	(1,082,459)	5,418,516
NET CHANGE IN FUND BALANCES	80,713	(1,179,708)	(881,884)	(1,980,879)
FUND BALANCES, BEGINNING OF YEAR	3,259,373	3,114,259	10,167,054	16,540,686
FUND BALANCES, END OF YEAR	\$ 3,340,086	\$ 1,934,551	\$ 9,285,170	\$ 14,559,807

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

TOOELE CITY CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

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

Net Change in Fund Balances - Total Governmental Funds \$ (1,980,879)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. This is the amount by which capital outlays exceeded depreciation expense in the current period. 1,485,453

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net assets.

Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the statement of net position. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Accrued interest on bonds	(7,809)
Principal retirement - bonds	1,355,000
Bond proceeds	(14,370,000)
Refunding of bonds	9,577,379
Principal retirement - Tooele Associated lawsuit	1,356,619
Principal retirement - Grantsville note	66,220
Principal retirement - capital lease obligations	168,999
Amortization of bond premiums	68,738
Amortization of bond refunding	(89,903)

The net revenue of certain activities of internal service funds is reported within the governmental activities. 4,148

In the statement of activities, certain operating expenses (compensated absences of unpaid vacation time) are recorded as the benefits are earned during the year. In the governmental funds, these obligations are recorded when they mature (when they are paid). The compensated absences obligation increased during the year. (17,600)

In the statement of activities, the current year's pension contributions from January to June are removed from pension expense and shown on the statement of net position as deferred outflows of resources - pensions. The Governmental Funds do not adjust pension contribution expense. 167,983

The annual other postemployment benefit (OPEB) cost is the amount that is recognized as an expense in the statement of activities whereas in the governmental funds only the amounts paid are recorded as an expenditure. Payments were less than actuarially required amounts during the year. (144,792)

Change in Net Position of Governmental Activities \$ (2,360,444)

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

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Taxes	\$ 10,438,000	\$ 10,438,000	\$ 11,353,706	\$ 915,706
Licenses and permits	216,000	216,000	291,761	75,761
Intergovernmental revenues	182,000	284,800	313,411	28,611
Charges for services	2,491,275	2,491,275	2,549,763	58,488
Fines and forfeitures	84,100	84,100	355,310	271,210
Interest income	15,000	15,000	19,217	4,217
Interfund charges	211,575	211,575	211,575	-
Miscellaneous revenues	7,000	11,400	9,924	(1,476)
Rental income	1,000	1,000	920	(80)
TOTAL REVENUES	<u>13,645,950</u>	<u>13,753,150</u>	<u>15,105,587</u>	<u>1,352,437</u>
EXPENDITURES				
General government	3,619,522	3,602,572	4,468,172	(865,600)
Public safety	4,745,210	4,810,810	4,662,115	148,695
Highways and streets	1,784,853	1,784,853	1,570,730	214,123
Parks and recreation	4,389,660	4,401,960	4,059,561	342,399
Capital outlay	63,800	72,173	128,825	(56,652)
Principal payment on long-term debt	1,614,091	1,614,091	1,356,619	257,472
Interest on debt	-	-	257,472	(257,472)
TOTAL EXPENDITURES	<u>16,217,136</u>	<u>16,286,459</u>	<u>16,503,494</u>	<u>(217,035)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,571,186)</u>	<u>(2,533,309)</u>	<u>(1,397,907)</u>	<u>1,135,402</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS				
Operating transfers in	1,614,091	1,614,091	1,614,091	-
Operating transfers (out)	(165,121)	(165,121)	(459,121)	(294,000)
Private contributions	-	-	759	759
Proceeds on sale of assets	5,000	5,000	322,891	317,891
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>1,453,970</u>	<u>1,453,970</u>	<u>1,478,620</u>	<u>24,650</u>
NET CHANGE IN FUND BALANCES	<u>(1,117,216)</u>	<u>(1,079,339)</u>	<u>80,713</u>	<u>1,160,052</u>
FUND BALANCES, BEGINNING OF YEAR	<u>3,259,373</u>	<u>3,259,373</u>	<u>3,259,373</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,142,157</u>	<u>\$ 2,180,034</u>	<u>\$ 3,340,086</u>	<u>\$ 1,160,052</u>

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

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEPOT REDEVELOPMENT AGENCY
SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,542,479	\$ (57,521)
Intergovernmental and grants	-	125,000	125,000	-
Interest income	17,500	17,500	7,067	(10,433)
TOTAL REVENUES	<u>1,617,500</u>	<u>1,742,500</u>	<u>1,674,546</u>	<u>(67,954)</u>
EXPENDITURES				
General government	667,744	733,244	673,370	59,874
Community development	865,000	924,500	1,108,585	(184,085)
Capital projects	-	6,000,000	5,732,443	267,557
Debt service:				
Principal - notes	66,000	66,000	66,220	(220)
Principal - capital lease	61,077	61,077	61,077	-
Interest	74,498	161,363	151,414	9,949
TOTAL EXPENDITURES	<u>1,734,319</u>	<u>7,946,184</u>	<u>7,793,109</u>	<u>153,075</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(116,819)</u>	<u>(6,203,684)</u>	<u>(6,118,563)</u>	<u>85,121</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS				
Operating transfers out	(401,642)	(401,642)	(399,662)	1,980
Proceeds on sale of assets	-	335,834	338,017	2,183
Issuance of debt	-	5,084,000	5,084,000	-
Bond issuance costs	-	(83,500)	(83,500)	-
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>(401,642)</u>	<u>4,934,692</u>	<u>4,938,855</u>	<u>4,163</u>
NET CHANGE IN FUND BALANCES	(518,461)	(1,268,992)	(1,179,708)	89,284
FUND BALANCES, BEGINNING OF YEAR	<u>3,114,259</u>	<u>3,114,259</u>	<u>3,114,259</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,595,798</u>	<u>\$ 1,845,267</u>	<u>\$ 1,934,551</u>	<u>\$ 89,284</u>

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

TOOELE CITY CORPORATION
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,732,825	\$ 3,047,487	\$ 4,868,492	\$ 11,648,804	\$ 312,301
Accounts receivable, net of allowance	421,799	316,019	240,581	978,399	-
Developer contributions receivable	360,115	-	-	360,115	-
Restricted cash and cash equivalents	317,129	889,778	-	1,206,907	-
TOTAL CURRENT ASSETS	<u>4,831,868</u>	<u>4,253,284</u>	<u>5,109,073</u>	<u>14,194,225</u>	<u>312,301</u>
Noncurrent assets:					
Net pension asset	18	16	-	34	-
Capital assets:					
Investment in water stock	93,184	-	-	93,184	-
Land	2,998,182	301,500	280,067	3,579,749	-
Water rights	37,475,332	-	-	37,475,332	-
Infrastructure	-	-	5,354,048	5,354,048	-
Construction in progress	-	2,907,486	-	2,907,486	-
Buildings	3,505,868	2,724,514	-	6,230,382	-
Improvements other than buildings	46,424,111	39,493,053	-	85,917,164	-
Office furniture & fixtures	25,481	49,120	-	74,601	65,525
Machinery and equipment	2,671,776	338,294	-	3,010,070	80,640
Autos and trucks	387,699	509,516	23,000	920,215	149,249
Accumulated depreciation	(20,869,000)	(16,971,818)	(587,192)	(38,428,010)	(187,462)
NET CAPITAL ASSETS	<u>72,712,633</u>	<u>29,351,665</u>	<u>5,069,923</u>	<u>107,134,221</u>	<u>107,952</u>
TOTAL NONCURRENT ASSETS	<u>72,712,651</u>	<u>29,351,681</u>	<u>5,069,923</u>	<u>107,134,255</u>	<u>107,952</u>
TOTAL ASSETS	<u>77,544,519</u>	<u>33,604,965</u>	<u>10,178,996</u>	<u>121,328,480</u>	<u>420,253</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on bond refunding	120,654	44,791	-	165,445	-
Deferred outflows of resources related to pensions	101,082	89,850	-	190,932	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>221,736</u>	<u>134,641</u>	<u>-</u>	<u>356,377</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	70,272	72,156	112,433	254,861	-
Accrued liabilities	18,706	16,948	-	35,654	-
Accrued interest	33,752	127,301	-	161,053	-
Unearned revenue	80,048	-	-	80,048	-
Customer deposits	213,386	-	-	213,386	-
Revenue bonds payable - current	377,000	945,000	-	1,322,000	-
TOTAL CURRENT LIABILITIES	<u>793,164</u>	<u>1,161,405</u>	<u>112,433</u>	<u>2,067,002</u>	<u>-</u>
Noncurrent liabilities:					
Net pension liability	210,225	186,867	-	397,092	-
Compensated absences	24,812	25,652	-	50,464	-
Net OPEB obligation	29,781	27,892	-	57,673	-
Revenue bonds payable - long-term	3,978,000	5,343,000	-	9,321,000	-
TOTAL NONCURRENT LIABILITIES	<u>4,242,818</u>	<u>5,583,411</u>	<u>-</u>	<u>9,826,229</u>	<u>-</u>
TOTAL LIABILITIES	<u>5,035,982</u>	<u>6,744,816</u>	<u>112,433</u>	<u>11,893,231</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	32,898	29,243	-	62,141	-
NET POSITION					
Net investment in capital assets	68,478,287	23,108,456	5,069,923	96,656,666	107,952
Unrestricted	418,701	1,773,216	4,996,640	7,188,557	312,301
Restricted for:					
Impact fees	3,483,258	1,194,097	-	4,677,355	-
Debt service	317,129	889,778	-	1,206,907	-
TOTAL NET POSITION	<u>\$ 72,697,375</u>	<u>\$ 26,965,547</u>	<u>\$ 10,066,563</u>	<u>\$ 109,729,485</u>	<u>\$ 420,253</u>

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

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds				Governmental
					Activities
	Water	Sewer	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 3,837,576	\$ 2,933,977	\$ 2,110,590	\$ 8,882,143	\$ 61,501
Connection fees	93,852	2,068	-	95,920	-
Miscellaneous	50	-	7,412	7,462	-
TOTAL OPERATING REVENUES	3,931,478	2,936,045	2,118,002	8,985,525	61,501
OPERATING EXPENSES					
Personal services	547,952	490,577	496,178	1,534,707	-
Contracted services	439,300	236,000	789,365	1,464,665	-
Operations and maintenance	1,246,614	552,675	157,310	1,956,599	-
Utilities	10,565	291,113	-	301,678	-
Administration	27,751	16,452	44,426	88,629	-
Depreciation	1,285,393	1,003,608	137,800	2,426,801	60,105
TOTAL OPERATING EXPENSES	3,557,575	2,590,425	1,625,079	7,773,079	60,105
OPERATING INCOME	373,903	345,620	492,923	1,212,446	1,396
NON-OPERATING REVENUES					
(EXPENSES):					
Interest income	25,869	25,767	30,946	82,582	2,752
Interest expense and fiscal charges	(151,932)	(206,294)	-	(358,226)	-
Gain from sale of capital assets	782	6,660	-	7,442	-
Sale / transfer of water rights	126,247	-	-	126,247	-
Impact fees	525,933	300,760	-	826,693	-
TOTAL NON-OPERATING REVENUES					
(EXPENSES)	526,899	126,893	30,946	684,738	2,752
Contributed from developers	512,632	198,270	144,715	855,617	-
CHANGE IN NET POSITION	1,413,434	670,783	668,584	2,752,801	4,148
NET POSITION - BEGINNING OF YEAR	71,283,941	26,294,764	9,397,979	106,976,684	416,105
NET POSITION - END OF YEAR	\$ 72,697,375	\$ 26,965,547	\$ 10,066,563	\$ 109,729,485	\$ 420,253

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

TOOELE CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities</u>
	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor Enterprise Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 3,461,149	\$ 2,920,144	\$ 2,083,342	\$ 8,464,635	\$ 61,501
Receipts of miscellaneous income	50	-	7,412	7,462	-
Payments to employees	(554,707)	(496,422)	(496,178)	(1,547,307)	-
Payments to contractors	(39,300)	(26,000)	(669,752)	(735,052)	-
Payments for operations and maintenance	(1,749,314)	(527,433)	(186,825)	(2,463,572)	-
Payment for interfund services provided	(400,000)	(210,000)	(125,000)	(735,000)	-
Payments for utilities	(10,565)	(291,113)	-	(301,678)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>707,313</u>	<u>1,369,176</u>	<u>612,999</u>	<u>2,689,488</u>	<u>61,501</u>
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES:					
Payments for purchase of capital assets	(844,340)	(98,859)	(81,175)	(1,024,374)	-
Proceeds from sale of capital assets	-	6,660	-	6,660	-
Proceeds from sale / transfer of water rights	126,247	-	-	126,247	-
Deferred defeasance costs	12,590	18,534	-	31,124	-
Payments of bond principal	(366,000)	(925,000)	-	(1,291,000)	-
Interest paid on bonds	(154,768)	(217,605)	-	(372,373)	-
Impact fees collected	525,933	300,760	-	826,693	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(700,338)</u>	<u>(915,510)</u>	<u>(81,175)</u>	<u>(1,697,023)</u>	<u>-</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:					
Interest received on investments	25,283	25,767	30,946	81,996	2,752
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>25,283</u>	<u>25,767</u>	<u>30,946</u>	<u>81,996</u>	<u>2,752</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	32,258	479,433	562,770	1,074,461	64,253
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,017,696	3,457,832	4,305,722	11,781,250	248,048
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,049,954</u>	<u>\$ 3,937,265</u>	<u>\$ 4,868,492</u>	<u>\$ 12,855,711</u>	<u>\$ 312,301</u>

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

TOOELE CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Fund
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:					
Operating income	\$ 373,903	\$ 345,620	\$ 492,923	\$ 1,212,446	\$ 1,396
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	1,285,393	1,003,608	137,800	2,426,801	60,105
Changes in assets and liabilities:					
Accounts receivable	(97,716)	(15,901)	(27,248)	(140,865)	-
Developer contributions receivable	(360,115)	-	-	(360,115)	-
Prepaid expenses	40,397	42,746	-	83,143	-
Accounts payable	(512,409)	2,183	9,524	(500,702)	-
Accrued liabilities	4,051	3,286	-	7,337	-
Compensated absences	(6,988)	(6,521)	-	(13,509)	-
OPEB obligation	3,304	3,094	-	6,398	-
Deferred revenue	(7,918)	-	-	(7,918)	-
Customer deposits	(4,530)	-	-	(4,530)	-
Net pension asset	267	238	-	505	-
Deferred outflows of resources related to pensions	(65,693)	(58,393)	-	(124,086)	-
Deferred inflows of resources related to pensions	5,511	44,317	-	49,828	-
Net pension liability	49,856	4,899	-	54,755	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 707,313	\$ 1,369,176	\$ 612,999	\$ 2,689,488	\$ 61,501
REPRESENTED ON THE BALANCE SHEET AS:					
Cash - unrestricted	\$ 3,732,825	\$ 3,047,487	\$ 4,868,492	\$ 11,648,804	\$ 312,301
Cash - restricted	317,129	889,778	-	1,206,907	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,049,954	\$ 3,937,265	\$ 4,868,492	\$ 12,855,711	\$ 312,301
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:					
Contributed capital assets from developers	\$ 512,632	\$ 198,270	\$ 144,715	\$ 855,617	\$ -

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

TOOELE CITY CORPORATION
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
June 30, 2016

	<u>Pension Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 642,162	\$ 511,078
TOTAL ASSETS	<u>\$ 642,162</u>	<u>\$ 511,078</u>
LIABILITIES		
Accounts payable	\$ -	\$ 2,974
Other liabilities	-	508,104
TOTAL LIABILITIES	<u>-</u>	<u>\$ 511,078</u>
NET POSITION		
Held in trust for fire department pension and other purposes	<u>642,162</u>	
TOTAL NET POSITION	<u>\$ 642,162</u>	

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

TOOELE CITY CORPORATION
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2016

	<u>Pension Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 76,112
Investment earnings:	
Interest income	<u>4,746</u>
TOTAL ADDITIONS	<u>80,858</u>
 DEDUCTIONS	
Benefits	<u>26,520</u>
TOTAL DEDUCTIONS	<u>26,520</u>
CHANGE IN NET POSITION	54,338
NET POSITION - BEGINNING OF YEAR	<u>587,824</u>
NET POSITION - END OF YEAR	<u><u>\$ 642,162</u></u>

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

TOOELE CITY CORPORATION NOTES TO FINANCIAL STATEMENTS

1. THE REPORTING ENTITY

Tooele City Corporation (the "City") is a municipal corporation and is the only city in Utah administered under a "home rule charter" created under the Constitution of the State of Utah. All other cities and towns in Utah operate under forms of government established by the Legislature. The Charter, which was approved by voters in 1965, allows Tooele City to operate under its own rules of administration. The City Charter can only be changed by approval of the voters in a municipal election. The City operates under a Council-Manager form of government and provides the following services: Public Safety (Police and Fire), Highways and Streets, Wastewater, Water, Public Library, Parks, Public Improvements, Planning and Zoning, and General Administrative Services. The City is governed by an elected mayor and a five-member council.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body, or there is a potential for that organization to provide specific financial benefits or to impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent on the City.

Blended component units, although legally separate entities, are in substance, part of the government's operations. The annual financial report includes the financial activities of Tooele City Corporation (the primary government), and its blended component units, which are the Downtown Redevelopment Agency, the Industrial Park Redevelopment Agency, the Depot Redevelopment Agency, and the Municipal Building Authority of Tooele City Corporation. Financial information for the City and these component units is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by GASB. The City Council members, in a separate session, serve as the governing board of each component unit of the City and, as such, these entities are presented on a blended basis. Separate financial information can be obtained from the City. All blended component units have a June 30 year end and are as follows:

The Downtown Redevelopment Agency was created by the City during fiscal year 1984. The Agency uses tax increment financing to support redevelopment projects within the downtown business district. The Agency is governed by the City's Mayor and City Council. Because the Agency's governing body is the same as that of the City, the financial data is included in the reporting entity using the blended method.

The Industrial Park Redevelopment Agency was created by the City during fiscal year 1987. The Agency uses tax increment financing to support redevelopment projects within the City. The Agency is governed by the City's Mayor and City Council. Because the Agency's governing body is the same as that of the City, the financial data is included in the reporting entity using the blended method.

The Depot Redevelopment Agency was created by the City during fiscal year 1997. The agency uses tax increment financing to support redevelopment projects in the properties granted to the City by the Department of Defense. The Agency is governed by the City's Mayor and City Council. Because the Agency's governing body is the same as that of the City, the financial data is included in the reporting entity using the blended method.

The Municipal Building Authority of Tooele City was created by the City during fiscal year 1995. The Authority uses the proceeds of its tax exempt bonds to finance the construction or acquisition of general capital assets for the City. The bonds are secured by a lease agreement between the Municipal Building Authority, Utah State University, and Tooele City, and will be retired through lease payments. The Municipal Building Authority's fund structure is comprised of a general fund. The Authority is governed by the Mayor and City Council. Because the Agency's governing body is the same as that of the City, the financial data is included in the reporting entity using the blended method.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Government Fund Financial Statements

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

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except for revenues that are subject to accrual (generally received within 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as available for accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The City reports the following funds:

(1) Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

- a. *General Fund* -- The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. *Capital Projects Funds* -- The capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and special revenue funds. The specific capital projects funds are the Park Improvements Fund, Public Safety Capital Projects Fund, and the Capital Projects Fund.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Fund Financial Statements (continued)

- c. *Special Revenue Funds* -- The special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditure for specific purposes other than debt service or capital projects. The special revenue funds are the Class "C" Road Fund, Code Enforcement Fund, Municipal Building Authority Fund, Par Tax Fund, Industrial Park Redevelopment Agency Fund, Downtown Redevelopment Agency Fund, and the Depot Redevelopment Agency Fund.
- d. *Debt Service Fund* -- The debt service fund is used to account for resources that will be used to service general long-term debt, other than those payable from enterprise funds.

(2) *Proprietary Fund Type*

Proprietary Fund Financial Statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

Internal service funds are used to account for the central financing of goods or services provided by an internal service fund to various departments of the City on a cost-reimbursement basis. The City currently has one internal service fund. This fund relates to the purchase and leasing of equipment used by the City's different departments.

(3) *Fiduciary Fund Type*

Fiduciary Fund Financial Statements include a Statement of Net Position. The City's Fiduciary funds represent Pension Trust funds and Agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency and the proprietary funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting.

Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Modified Accrual

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City defined the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be 60 days.

Budgetary Procedures and Budgetary Accounting

Budgetary procedures for the City have been established by the Uniform Fiscal Procedures Act adopted by the State of Utah, which requires a legal adoption of an annual budget for all funds. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed revenues and appropriated fund balance. Furthermore, in accordance with state law, all appropriations, except capital projects fund appropriations, lapse at the end of the budget year. The basis of accounting applied to each fund budget is the same basis as the related funds' financial statements. Amendments to budgets, both governmental and proprietary, were made through legal budget amendment procedures. As of June 30, 2016, the City was over budget for their operating transfers in the General Fund by \$294,000 and the Capital Projects Fund by \$272,000.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as cash and cash equivalents accounts and the restricted cash and cash equivalents accounts.

Restricted Cash

Certain resources set aside for bond repayment are classified as restricted cash on the balance sheet because their use is limited by applicable bond covenants. Other cash accounts are restricted by local ordinance and limitations on their usage.

Inventories

Inventories are recorded at average cost which approximates market. Inventories consist of expendable golfing supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Investment Valuation and Income Recognition

Investments are recorded at fair value determined by reference to published market data for publicly traded securities and through the use of independent valuation services and appraisals for other investments. The net increase in fair value of investments consists of the realized gains and losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains or losses in sales of investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in the fair value of investments reported in the prior years and the current year. Unrealized increase or decrease is computed based on changes in the fair value of investments between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned and includes amortization of discounts and premiums on interest-bearing instruments that were purchased at a discount or premium.

Interfund Transactions

During the course of operations, transactions occur that result in amounts owed to a particular fund by another fund, other than for goods provided or services rendered. These receivables and payables are due within one year and are classified as "due from or to other funds" on the balance sheet.

Capital Assets

Capital assets include land, buildings, improvements other than buildings, furniture, fixtures and equipment and infrastructure (roads, bridges, storm drainage, and sidewalks). These assets are reported in the government-wide financial statements in the relevant column on the statement of net position under governmental or business-type activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$1,000; real property thresholds vary by type of asset. Assets purchased or constructed are recorded at cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

Buildings, improvements, machinery, automobiles, and furniture and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	40
Machinery and equipment	7
Automobiles and trucks	5-15
Office furniture and equipment	3-5
Infrastructure - curb, gutter, sidewalks and streetlights	50
Infrastructure - storm drains and waterlines	40
Infrastructure - roads, bridges, and right of way	20

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items reported in this category, including a deferred charge on refunding and deferred outflows related to pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to pensions arise from differences between expected and actual experience, changes of assumptions, difference between projected and actual earnings, changes in proportionate share and contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position includes 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 periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items reported in this category, including unavailable revenues from property taxes and deferred inflows related to pensions. Unavailable revenues are deferred and recognized as an inflow of resources in the period in which the amounts become available. Deferred inflows related to pensions arise from differences between expected and actual experience, changes of assumptions, difference between projected and actual earnings, changes in proportionate share and contributions subsequent to the measurement date.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statements and the government-wide statements (either governmental activities or business-type activities, as applicable). Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums and discounts. Issuance costs are expensed in the period incurred.

In the governmental fund financial statements, bond premiums, discounts and issuance costs are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Compensated Absences

For governmental funds, amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated unpaid vacation pay of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay, which does not vest, is recorded as an expense in all funds when leave is taken.

Use of Estimates

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

Taxes and Other Significant Revenues

Property tax is levied by the city and collected by the county governments in the State of Utah. The City Council is authorized by state statute (10-6-133) to levy taxes up to a certified rate of the taxable value against all real and personal property located within its boundaries. Property taxes become a lien on January 1 and are levied on the first Monday of August. Taxes are due and payable on November 1 and delinquent after November 30 of each year.

Under state statute, the County Treasurer, acting as a tax collector, must settle and disburse all current tax collections to all taxing units by the end of March following the taxing year. Delinquent taxes are collected throughout the year and disbursed to the taxing units on a quarterly basis.

Property tax revenues are recognized when they become measurable and available. Available includes those property taxes collected from the taxpayers by the County Treasurer by June 30 of each year. Amounts that are measurable but not available are recorded as deferred revenue. An accrual was made for property taxes receivable and an offsetting deferred revenue amount were recorded at June 30, 2016.

**TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes and Other Significant Revenues (continued)

Sales taxes are collected by the State Tax Commission and remitted to the City monthly. Franchise fees are collected by telephone, electric, natural gas, and cable television companies and remitted to the City periodically. Local option sales taxes are collected by the State Tax Commission and remitted to the City and recorded as revenue and then passed on as an expenditure to the Utah Transit Authority.

Fund equity

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned, or Unassigned.

Nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance is reported if (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance classification include those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council and remain binding unless removed in the same manner.

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, as established by the City Council. Assigned fund balance also includes all remaining amounts that are reported in Governmental Funds, other than the General Fund that are not classified as nonspendable, restricted nor committed, or those that are intended to be used for specific purposes.

Unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund balances. Additionally, in other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, the City reports a negative unassigned fund balance for those respective amounts.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balance, such as grant agreements that require a dollar match. Additionally, the City would then use committed, assigned, and lastly unassigned amounts from the restricted fund balance when expending funds.

Minimum Fund Balance

The City follows the State of Utah's minimum fund balance requirement of 5% of total revenues.

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.

Subsequent Events

Subsequent to year end and prior to the issuance of the financials, the City issued a new bond and refunded an existing bond. Details of the bond issuance and refunding are as follows:

New Bonds Issued Subsequent to Year End	Bond Proceeds
2016 Sales Tax Revenue Bonds	\$ 11,350,000

The City evaluated all events or transactions that occurred after June 30, 2016 through December 29, 2016, the date these financials were available to be issued. During this period, the City did not have any material recognizable subsequent events.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits including the portion of the Utah State Treasurer's investment pool that is considered a demand deposit. Investments are stated at fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" which also includes cash accounts that are separately held by several of the City's funds.

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.

Tooele City follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the City's funds in a qualified depository. The Act defines qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and that 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.

Certificates of deposit investments - Certificates of deposit held for investment that are not debt securities are included in "Investments." Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as short-term. Certificates of deposit with remaining maturities greater than one year are classified as long-term. All certificates of deposit are measured at their principal balance plus any accrued interest. There were no certificates of deposit investments at June 30, 2016.

Custodial credit risk - deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council. At June 30, 2016, \$1,000,000 of the City's bank balances of \$26,516,727 was insured and collateralized.

Custodial credit risk - investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2016, \$802,020 of the City's \$1,052,020 high yield savings investments were exposed to custodial credit risk because they were uninsured and uncollateralized.

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

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investments are in the Utah Public Treasurer's Investment Fund, U.S. Treasuries, and qualified institutions. The City's investments have no concentration of credit risk.

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City's policy for managing interest rate risk is to comply with the Money Management Act. Section 51-7-11 of the 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 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. DEPOSITS AND INVESTMENTS (CONTINUED)

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses (net of administration fees) of the PTIF are allocated based upon the City's' average daily balances. As of June 30, 2016, the fair value per share factor for investments in the PTIF was 1.00455704. This resulted in a fair value adjustment for the current year of \$6,559.

In accordance with the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments are stated at their fair value. GASB Statement No. 31 requires that certain investments be reported at fair value and that investment income includes changes in the fair value of these investments. Such changes in fair value are reflected in investment income in the Statement of Revenues, Expenses, and Changes in net position for the Utah State Treasurer's investment pool accounts.

Following are the City's cash on hand, on deposit, and investments at June 30, 2016:

	Fair Value	Carrying Amount	Credit Rating (1)	Weighted Average Years to Maturity (2)
Cash on hand and on deposit:				
Cash on hand	\$ 3,235	\$ 3,235	N/A	N/A
Cash on deposit	3,881,014	3,881,014	N/A	N/A
High yield savings account	1,052,020	1,052,020	N/A	N/A
Utah State Treasurer's investment pool accounts	22,625,919	22,632,478	N/A	N/A
TOTAL CASH ON HAND AND DEPOSIT	<u>\$ 27,562,188</u>	<u>\$ 27,568,747</u>		

- (1) Ratings are provided, where applicable, to indicate associated credit risk. N/A indicates not applicable.
(2) Interest rate risk is estimated using the weighted average years to maturity.

A reconciliation of the fair value of cash on hand and deposit to the financial statements is as follows:

	<u>Fair Value</u>
Statement of net position:	
Cash and cash equivalents	\$ 18,572,538
Restricted cash and cash equivalents	7,836,410
Fiduciary funds:	
Cash and cash equivalents, pension fund	642,162
Cash and cash equivalents, agency trust	511,078
FAIR VALUE OF CASH ON HAND AND DEPOSIT	<u>\$ 27,562,188</u>

Fair value measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2016:

- Temporary investment funds (PTIF) of \$ 3,142,923 are valued using quoted market prices (Level 1 inputs).

There were no changes in the valuation techniques used to determine the fair value of these financial instruments during the fiscal year ended June 30, 2016.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. INTANGIBLE ASSETS

The Water Fund maintains intangible assets consisting of water stocks. These intangible assets are stated at cost and are included in property and equipment of the City, consistent with GASB 51. As of June 30, 2016, the costs of these water stocks were as follows:

	Shares Owned	Cost
Middle Canyon Water Company	461.5	\$ 15,034
Settlement Canyon Water Company	711.0	78,150
INVESTMENT IN WATER STOCK		\$ 93,184

5. RESTRICTED ASSETS

As of June 30, 2016, certain of the City's cash and cash equivalents are restricted for the following purposes:

Funds and Purpose	Restricted Amount
General Fund for debt service payments	\$ 165,121
Depot Redevelopment Agency Fund:	
Debt Service payments	399,662
Water Fund:	
Funds held by trustee for debt service	317,129
Sewer Fund:	
Funds held by trustee for debt service	889,778
Other Nonmajor Funds:	
Construction, debt service and other uses	6,064,720
Pension and Agency Fund's:	
Held in trust for fire department and others	1,153,240
Total restricted cash and cash equivalents	\$ 8,989,650

6. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The City estimates allowances for doubtful accounts for proprietary funds based off management experience and historical collection rates. The allowance for doubtful accounts at June 30, 2016 is as follows:

Funds	Allowance
Water fund - major enterprise fund	\$ 44,377
Sewer fund - major enterprise fund	20,973
Nonmajor enterprise funds	12,367
	\$ 77,717

7. INTERFUND PAYABLES AND RECEIVABLES

Funds which have overdrawn their share of pooled cash show a due to other funds on the balance sheet for the amount of the overdraft. Funds which management selected because of their strong cash position show an offsetting due from other funds on the balance sheet.

Funds which had overdrawn their share of pooled cash and the offsetting funds as of June 30, 2016 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 47,518
Park Improvements	Debt Service Fund	23,851
Depot RDA Fund	Debt Service Fund	171,864
Road C Maintenance	Debt Service Fund	145,639
Municipal Building	Debt Service Fund	149,999
	Total	\$ 538,871

The terms of the repayment of the cash overdraft amounts are discussed in Note 20 - Commitments and Contingencies.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,508,605	\$ 5,732,443	\$ -	\$ 12,241,048
Total capital assets not being depreciated	<u>6,508,605</u>	<u>5,732,443</u>	<u>-</u>	<u>12,241,048</u>
Capital assets being depreciated:				
Buildings	16,041,658	57,518	-	16,099,176
Improvements other than buildings	11,200,505	33,641	-	11,234,146
Office furniture and equipment	1,306,663	50,045	-	1,356,708
Machinery and equipment	2,611,017	104,090	-	2,715,107
Automobiles and trucks	4,748,817	1,193,165	(147,613)	5,794,369
Infrastructure	<u>96,011,009</u>	<u>413,273</u>	<u>-</u>	<u>96,424,282</u>
Total capital assets being depreciated	<u>131,919,669</u>	<u>1,851,732</u>	<u>(147,613)</u>	<u>133,623,788</u>
Less accumulated depreciation for:				
Buildings	(6,999,078)	(357,952)	-	(7,357,030)
Improvements other than buildings	(4,513,877)	(219,997)	-	(4,733,874)
Office furniture and equipment	(1,183,430)	(101,409)	-	(1,284,839)
Machinery and equipment	(2,284,085)	(86,824)	-	(2,370,909)
Automobiles and trucks	(3,568,715)	(315,884)	147,613	(3,736,986)
Infrastructure	<u>(15,824,791)</u>	<u>(4,139,908)</u>	<u>-</u>	<u>(19,964,699)</u>
Total accumulated depreciation	<u>(34,373,976)</u>	<u>(5,221,974)</u>	<u>147,613</u>	<u>(39,448,337)</u>
Total capital assets being depreciated, net	<u>97,545,693</u>	<u>(3,370,242)</u>	<u>-</u>	<u>94,175,451</u>
Governmental activities capital assets, net	<u>\$ 104,054,298</u>	<u>\$ 2,362,201</u>	<u>\$ -</u>	<u>\$ 106,416,499</u>

For the year ended June 30, 2016, depreciation expense was charged to functions of the City as follows:

Governmental Activities:	
General government	\$ 4,485,415
Public safety	306,471
Highways and streets	63,118
Parks and recreation	<u>366,970</u>
Total depreciation expense, governmental activities	<u>\$ 5,221,974</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. CAPITAL ASSETS (CONTINUED)

The Enterprise Funds' property, plant and equipment consist of the following at June 30, 2016:

	Balance at June 30, 2015	Increases	Decreases	Transfers	Balance at June 30, 2016
Business-type Activities					
Capital assets not being depreciated:					
Investment in water stock	\$ 93,184	\$ -	\$ -	\$ -	\$ 93,184
Land	3,579,749	-	-	-	3,579,749
Water rights	37,475,332	-	-	-	37,475,332
Construction in progress	4,918,587	-	-	(2,011,101)	2,907,486
Total capital assets not being depreciated	<u>46,066,852</u>	<u>-</u>	<u>-</u>	<u>(2,011,101)</u>	<u>44,055,751</u>
Capital assets, being depreciated:					
Buildings	6,230,382	-	-	-	6,230,382
Improvements other than buildings	82,327,502	1,578,561	-	2,011,101	85,917,164
Office furniture & fixtures	74,601	-	-	-	74,601
Machinery and equipment	2,952,357	71,908	(14,195)	-	3,010,070
Automobiles and trucks	934,760	5,000	(19,545)	-	920,215
Infrastructure	5,128,158	225,890	-	-	5,354,048
Total capital assets being depreciated	<u>97,647,760</u>	<u>1,881,359</u>	<u>(33,740)</u>	<u>2,011,101</u>	<u>101,506,480</u>
Less accumulated depreciation for:					
Buildings	(3,169,831)	(146,958)	-	-	(3,316,789)
Improvements other than buildings	(28,904,597)	(2,031,003)	-	-	(30,935,600)
Office furniture & fixtures	(74,601)	-	-	-	(74,601)
Machinery and equipment	(2,627,014)	(78,200)	14,195	-	(2,691,019)
Automobiles and trucks	(812,581)	(37,440)	19,545	-	(830,476)
Infrastructure	(446,325)	(133,200)	-	-	(579,525)
Total accumulated depreciation	<u>(36,034,949)</u>	<u>(2,426,801)</u>	<u>33,740</u>	<u>-</u>	<u>(38,428,010)</u>
Total capital assets being depreciated, net	<u>61,612,811</u>	<u>(545,442)</u>	<u>-</u>	<u>2,011,101</u>	<u>63,078,470</u>
Business-type activities, net	<u>\$ 107,679,663</u>	<u>\$ (545,442)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,134,221</u>

For the year ended June 30, 2016, depreciation expense was charged to business-type activities of the City as follows:

Business-type Activities:	
Water fund	\$ 1,285,393
Sewer fund	1,003,608
Garbage utility fund	4,600
Storm water fund	<u>133,200</u>
Total depreciation expense, business-type activities	<u>\$ 2,426,801</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. LONG-TERM DEBT

The following is a summary of transactions affecting long-term liabilities for the year ended June 30, 2016:

	Balance at June 30, 2015	Additions	Reductions & Deletions	Balance at June 30, 2016	Due Within One Year
Governmental Activities:					
Revenue bonds payable	\$ 18,429,000	\$ 14,370,000	\$ (10,330,000)	\$ 22,469,000	\$ 1,796,000
Net OPEB obligations	1,160,317	144,792	-	1,305,109	-
Net pension liability	2,707,411	844,304	-	3,551,715	-
Obligations under capital leases	46,845	936,855	(168,999)	814,701	125,856
Grantsville legal settlement	2,022,720	-	(66,220)	1,956,500	67,940
Tooele Associates legal settlement	12,209,577	-	(1,356,619)	10,852,958	1,356,620
Compensated absences	462,371	17,600	-	479,971	-
Deferred amounts:					
Unamortized bond premiums	508,710	-	(68,738)	439,972	-
Loss on defeasance	(376,872)	(602,379)	89,903	(889,348)	-
Total governmental long-term liabilities	\$ 37,170,079	\$ 15,711,172	\$ (11,900,673)	\$ 40,980,578	\$ 3,346,416
	Balance at June 30, 2015	Additions	Reductions & Deletions	Balance at June 30, 2016	Due Within One Year
Business-type Activities:					
Revenue bonds payable	\$ 11,934,000	\$ -	\$ (1,291,000)	\$ 10,643,000	\$ 1,322,000
Net OPEB obligations	51,275	6,398	-	57,673	-
Net pension liability	302,919	94,173	-	397,092	-
Compensated absences	63,973	-	(13,509)	50,464	-
Deferred amounts:					
Loss on defeasance	(196,569)	-	31,124	(165,445)	-
Total business-type long-term liabilities	\$ 12,155,598	\$ 100,571	\$ (1,273,385)	\$ 10,982,784	\$ 1,322,000
					Current Outstanding Balances

Government-type Activities:

On January 5, 2012, the City issued \$9,400,000 in Sales Tax Refunding Bonds (Series 2012) at interest rates from 2.00% to 5.00% with a final maturity date of October 1, 2031. Principal payments are due annually with interest payments due on April 1 and October 1 of each year. The bonds were issued to partially advance refund the 2002 Sales Tax Revenue Bonds and to pay the costs of issuing the Series 2012 bonds. The total principal and interest remaining on the defeased bonds was \$4,595,000. The 2012 bonds maturing before October 1, 2022 are not subject to redemption at the option of the City. The 2012 bonds maturing on or after October 1, 2022 are subject to optional redemption in whole or in part on or after October 1, 2021 at the option of the City at a redemption price equal to 100% of the principal amount of the Series 2012 Bonds to be redeemed plus accrued interest up to the date of redemption. The Series 2012 Bonds maturing on October 1, 2031 are subject to mandatory sinking fund redemption at a price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption.

\$ 8,160,000

On August 27, 2015, the City issued \$4,778,000 in Sales Tax Revenue Refunding Bonds (Series 2015) at an interest rate of 2.060% with a final maturity date of December 1, 2024. Principal payments are due annually with interest payments due on June 1st and December 1st, beginning December 1, 2015. The bonds were issued to advance refund the 2005 Lease Revenue Refunding Bonds and to pay the costs of issuing the 2015 bonds. This advance refunding was undertaken to reduce the total debt service payments by approximately \$326,621 over a 9 year period, and resulted in an overall economic gain of \$294,894. The deferred loss of \$91,512 is being amortized over what would have been the remaining life of the series 2005 bonds.

4,358,000

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. LONG-TERM DEBT (CONTINUED)

Government-type Activities (continued):

In October 2005, Tooele City issued Sales Tax Revenue Bonds Series 2005 in the amount of \$1,730,000 with an original interest rate of 3.80%. The bonds mature on October 1, 2020, with principal payments due annually on October 1, and interest payments due on April 1 and October 1 of each year. 686,000

On August 15, 2015, the City issued \$4,508,000 in Franchise Tax Revenue Refunding Bonds (Series 2015) at an interest rate of 2.296% with a final maturity date of November 1, 2027. Principal payments are due annually with interest payments due on May 1st and November 1st beginning November 1, 2015. The bonds were issued to advance refund the 2008 Franchise Tax Revenue Bonds and to pay the costs of issuing the 2015 bonds. This advance refunding was undertaken to reduce the total debt service payments by approximately \$273,172 over a 14-year period, and resulted in an overall economic gain of \$232,290. The deferred loss of \$498,198 is being amortized over the life of the Series 2015 Franchise Tax Revenue Refunding Bonds. 4,181,000

On October 16, 2015, the City issued \$5,084,000 in Franchise Tax Revenue Bonds (Series 2015B) at interest rates from 1.32% to 4.48% with a final maturity date of November 1, 2035. Principal payments are due annually with interest payments due on May 1st and November 1st, beginning May 1, 2016. 5,084,000

Total governmental activities - bonds \$ 22,469,000

Description of Grantsville Legal Settlement

During 2001, the City was served a complaint from two neighboring cities regarding the acquisition of closed portions of the Tooele Army Depot by the Redevelopment Agency of Tooele City. The complaint alleged that military closure and properties are to benefit the entire community, not just Tooele City. Tooele City responded that its actions were entirely lawful, consistent with military closure law, and did in fact benefit the entire community through economic development and job creation. The lawsuit was settled as of the fiscal year ended June 30, 2011. Terms of the settlement included the Redevelopment Agency paying \$100,000 to the neighboring cities as well as agreeing to pay a significant portion of the debt service (principal and interest) on a 25-year, \$2,500,000 bond for the City of Grantsville to be used in the construction of a library building. The original liability due from the Redevelopment Agency totaled \$2,150,000. The settlement agreement requires the Redevelopment Agency to additionally pay interest in the amount of 2.5% per annum on the liability. The annual payments due from the settlement agreement began on October 1, 2013 and continue through October 1, 2037. These payments are included in "administrative costs of the agency" in note 17. \$ 1,956,500

Total governmental activities - Grantsville Legal Settlement \$ 1,956,500

Description of Tooele Associates Legal Settlement

During a prior year the City was sued by a real estate developer, Tooele Associates, for breach of contract. Judgment was entered against Tooele City on November 9, 2013, in the amount of \$20,718,202, including interest at 2.15% per annum. The first installment payment is due August 7, 2014 with annual payments thereafter on July 31st through 2023. The first payment also includes a payment of initial water certificates in the amount of \$6,768,750. This amount has been allocated to the water fund as of June 30, 2014 and during 2015, the City conveyed these water certificates to the plaintiff, satisfying this portion of the debt in full. Subsequent to year end, the City issued additional bonds which paid this obligation in full to the Plaintiff. \$ 10,852,958

Total governmental activities - Tooele Associates Legal Settlement \$ 10,852,958

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. LONG-TERM DEBT (CONTINUED)

Business-type Activities:	Current Outstanding Balances
<p>On September 30, 2011, the City issued \$5,680,000 in Sewer Revenue Refunding Bonds (Series 2011) at an interest rate of 2.50% with a final maturity date of February 1, 2019. Principal payments are due annually with interest payments due on February 1 and August 1 of each year. The bonds were issued to partially advance refund the 1997 Sewer Revenue Bonds Series 1997B and the Tooele City Sewer Bonds Series 2001A as well as to pay the costs of issuing the Series 2011 bonds. The total principal and interest remaining on the defeased bonds was \$6,094,175. The 2011 bonds maturing before February 1, 2018 are not subject to redemption at the option of the City. The Series 2011 bonds maturing on or after February 1, 2018 are subject to optional redemption, in whole, on or after February 1, 2017 at the option of the City at a redemption price equal to 100% of the principal amount of the Series 2011 Bonds to be redeemed plus accrued interest up to the date of redemption.</p>	\$ 2,130,000
<p>In December 2010, Tooele City issued Sewer Revenue C.I.B. Bonds Series 2010 in the amount of \$4,600,000 with original interest rates of 4.50%. The bonds mature on September 1, 2036, with interest-only payments beginning September 1, 2011, and both principal and interest payments due annually on September 1 for the remainder of the bond term.</p>	4,158,000
<p>On October 5, 2011, the City issued \$5,753,000 in Water Revenue Refunding Bonds (Series 2011) at an interest rate of 3.10% with a final maturity date of April 1, 2026. Principal payments are due annually with interest payments due on April 1 and October 1 of each year. The bonds were issued to partially advance refund the 2006 Water Revenue Refunding Bonds and to pay the costs of issuing the Series 2011 bonds. The total principal and interest remaining on the defeased bonds was \$6,278,952. The 2011 bonds maturing before October 1, 2020 are not subject to redemption at the option of the City. The 2011 bonds maturing between October 1, 2020 and September 30, 2021 are subject to optional redemption at 102% of par. The 2011 bonds maturing between October 1, 2021 and September 30, 2022 are subject to optional redemption at 101% of par. Commencing October 1, 2022, the Bonds will be subject to redemption at par.</p>	4,355,000
Total business-type activities - bonds	\$ 10,643,000

The debt service requirements on bonds and long-term debt at June 30, 2016 are as follows:

Year Ending June 30,	Governmental Activities - Bonds		Business-type Activities - Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 1,796,000	\$ 861,576	\$ 1,322,000	\$ 364,197
2018	1,853,000	810,564	1,365,000	328,247
2019	1,906,000	756,432	1,000,000	291,145
2020	1,964,000	700,869	556,000	261,996
2021	2,019,000	640,276	572,000	242,661
2022-2026	9,829,000	2,210,772	3,181,000	898,158
2027-2031	2,752,000	736,057	1,046,000	505,575
2032-2036	350,000	136,276	1,303,000	248,130
2037-2041	-	-	298,000	13,410
TOTAL DEBT	22,469,000	\$ 6,852,822	10,643,000	\$ 3,153,519
Unamortized premiums	439,972		-	
Loss on defeasance	(889,348)		(165,445)	
TOTAL	\$ 22,019,624		\$ 10,477,555	

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. LONG-TERM DEBT (CONTINUED)

Year Ending June 30,	Governmental Activities - Grantsville Legal Settlement		Governmental Activities - Legal Liability	
	Principal	Interest	Principal	Interest
2017	\$ 67,940	\$ 48,985	\$ 1,356,620	\$ 233,978
2018	69,660	47,595	1,356,620	204,171
2019	71,380	45,095	1,356,620	175,004
2020	73,100	43,600	1,356,620	145,837
2021	74,820	42,055	1,356,620	116,989
2022-2026	402,480	180,845	4,069,858	174,004
2027-2031	455,800	127,550	-	-
2032-2036	516,000	67,450	-	-
2037-2041	225,320	8,155	-	-
TOTAL DEBT	\$ 1,956,500	\$ 611,330	\$ 10,852,958	\$ 1,049,983

The City is not obligated in any manner for special assessment debt.

10. PRIOR-YEAR DEFEASANCE OF DEBT

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liability for the defeased bonds are not included in the financial statements of the reporting entity. At June 30, 2016, bonds totaling \$33,859,000 from the City are considered defeased. The deferred charge on refunding reported in the government-wide statement of net position and proprietary funds under deferred outflows of resources results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt. As of June 30, 2016, the City had deferred outflows of resources related to refunding of debt in the amount of \$1,054,793.

11. CAPITAL LEASES

The City has entered into a capital lease agreement for a fire truck and related equipment which will become the property of the City when the terms of the lease agreement are met. The capital lease will continue through October 1, 2021. The following is a schedule by year of future minimum lease payments as of June 30, 2016.

Fiscal Year Ending June 30,	Governmental Activities
2017	\$ 150,541
2018	150,541
2019	150,541
2020	150,541
2021	150,541
Thereafter	150,541
Total minimum lease payments	903,246
Less amounts representing interest	(88,545)
Present value of net minimum lease payments	814,701
Less current portion of capital lease obligations	(125,856)
Capital lease obligations net current portion	<u>\$ 688,845</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. CAPITAL LEASES (CONTINUED)

Equipment and related accumulated depreciation under capital leases are included under capital assets in the Governmental Activities and as of June 30, 2016, are as follows:

Equipment under capital lease	\$	936,855
Less accumulated depreciation		<u>(46,843)</u>
Equipment under capital lease, net		<u>\$ 890,012</u>

12. DEFERRED INFLOW OF RESOURCES-UNAVAILABLE PROPERTY TAXES

Property taxes in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable on November 30. Since the property tax to be levied on October 1, 2016 is not expected to be received within 60 days after the year ended June 30, 2016, the City records unearned revenues of the estimated amount of the total property tax.

13. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016 are as follows:

	Transfers out			
	Depot Redevelopment		Nonmajor Governmental	
	General Fund	Agency Fund	Funds	Transfers In
General Fund	\$ -	\$ -	\$ 1,614,091	\$ 1,614,091
Nonmajor Governmental Fund	<u>459,121</u>	<u>399,662</u>	<u>1,296,165</u>	<u>2,154,948</u>
Total Transfers out	<u>\$ 459,121</u>	<u>\$ 399,662</u>	<u>\$ 2,910,256</u>	<u>\$ 3,769,039</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

14. RETIREMENT PLANS

General Information About the Pension Plan

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

Defined Benefit Plans

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

14. RETIREMENT PLANS (CONTINUED)

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.

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%
Contributory System	Highest 5 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% Depending on the Employer
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%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	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 actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions

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.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

14. RETIREMENT PLAN (CONTINUED)

Contributions (continued)

Contribution rates are as follows:

<u>Utah Retirement Systems</u>	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>	<u>Employer rate for 401(k) Plan</u>
Contributory System:				
11-Local Government Division Tier 1	6.00%	N/A	14.46%	N/A
111-Local Government Division Tier 2	N/A	N/A	16.67%	1.78%
Noncontributory System:				
15-Local Government Division Tier 1	N/A	N/A	18.47%	N/A
Public Safety System:				
Contributory				
122-Tier 2 DB Hybrid Public Safety	N/A	N/A	22.50%	1.33%
Noncontributory				
43-Other Div A with 2.5% COLA	N/A	N/A	34.04%	N/A
Tier 2 DC Only				
211-Local Government	N/A	N/A	6.69%	10.00%
222-Public Safety	N/A	N/A	11.83%	12.00%

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

For fiscal year ended June 30, 2016, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 586,831	N/A
Contributory System	6,942	-
Public Safety System	383,473	-
Tier 2 Public Employees System	103,003	-
Tier 2 Public Safety and Firefighter	97,815	-
Tier 2 DC Only System	10,623	N/A
Tier 2 DC Public Safety and Firefighter System	3,878	N/A
TOTAL CONTRIBUTIONS	\$ 1,192,565	\$ -

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.

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

At June 30, 2016, the City reported a net pension asset of \$8,109 and a net pension liability of \$3,948,807. These balances are broken out by system as follows:

<u>System</u>	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	0.3975560%	\$ -	\$ 2,249,566
Contributory System	0.1227386%	-	86,267
Public Safety System	0.9004734%	-	1,612,974
Tier 2 Public Employees System	0.0918855%	201	-
Tier 2 Public Safety and Firefighter System	0.5412317%	7,908	-
TOTAL NET PENSION ASSET/LIABILITY		\$ 8,109	\$ 3,948,807

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

14. RETIREMENT PLAN (CONTINUED)

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2016 the City recognized pension expense of \$1,002,471.

At June 30, 2016 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	\$ 1,373	\$ 275,188
Changes in assumptions	-	235,528
Net difference between projected and actual earnings on pension plan investments	1,308,741	-
Changes in proportion and differences between contributions and proportionate share of contributions	5,728	108,653
Contributions subsequent to the measurement date	587,214	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 1,903,056	\$ 619,369

Deferred outflows of \$587,214 were reported as 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, 2015.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2016	\$ 106,080
2017	121,840
2018	168,834
2019	300,353
2020	(392)
Thereafter	(242)

Actuarial Assumptions

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary Increases	3.50 - 10.50 percent, average, including inflation
Investment Rate of Return	7.50 percent, net of pension plan investment expense, including inflation

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

14. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (continued)

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private Equity	9%	11.30%	1.02%
Absolute Return	18%	3.15%	0.57%
Cash and Cash Equivalents	0%	0.00%	0.00%
TOTALS	100%		5.23%
		INFLATION	2.75%
		EXPECTED ARITHMETIC NOMINAL RETURN	7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50 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. There was no change in the discount rate from the prior measurement date.

Actuarial Assumptions (continued)

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 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$ 4,753,108	\$ 2,249,565	\$ 159,609
Contributory System	151,925	86,267	31,145
Public Safety System	3,415,599	1,612,974	145,305
Tier 2 Public Employees System	36,784	(201)	(28,231)
Tier 2 Public Safety and Firefighter System	13,442	(7,908)	(24,302)
TOTAL	\$ 8,370,858	\$ 3,940,697	\$ 283,526

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

14. RETIREMENT PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

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

- * 401(k) Plan
- * Roth IRA Plan
- * Traditional IRA

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

	2016	2015	2014
401(k) Plan			
Employer Contributions	\$ 106,710	\$ 45,880	\$ 25,756
Employee Contributions	68,709	38,432	26,575
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	21,926	19,714	19,718
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	4,101	3,171	2,088

15. EMPLOYEE BENEFIT PLANS

Volunteer Firefighters' Length of Service Award Plan - The City offers a non-contributory pension plan for volunteer firefighters. The provisions of this Plan apply only to individuals who are or who become Volunteer Firefighters for Tooele City and who provides qualified services without compensation on or after the Effective date of July 1, 2002. Originally, the Plan was funded by the City and administered by a third party. During 2000, the City assumed administration of the Plan as a non-qualified pension trust. Custodial accounts and contracts maintained by the City to provide funding for the Plan may be treated collectively as the Trust if so elected by the City. All assets of the Trust shall remain the sole property of the City and shall be used exclusively to provide the benefits payable under this Plan, subject only to claims of general creditors of the City. Volunteer Retirement benefits are paid at retirement after age sixty-five, at \$5 per month per year of service for life, and are subject to a vesting schedule. The present value for a Plan year of the retirement benefit shall not exceed the sum of \$3,000 per Volunteer. Pension contributions for the years ended June 30, 2016, 2015, and 2014 were \$76,112, \$76,112, and \$73,809, respectively. This pension plan does not issue a stand-alone financial report as the results of operations are included in the fiduciary funds found in this report.

All benefits provided by the Volunteer Firefighters' Length of Service Award Plan shall be unfunded and provided directly from assets and investments of the City. Nevertheless the City may establish or earmark certain funds or accounts for purposes of funding benefits provided by this Plan. Tooele City Corporation has the authority under which the obligations to contribute to the Plan on behalf of the Plan members, employer(s), and other contributing entities are established or may be amended. No contributions are required by the beneficiary of the plan.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

15. EMPLOYEE BENEFIT PLANS (CONTINUED)

Volunteer Firefighters' Length of Service Award Plan (Continued) - Every two years, an independent actuary calculates the annual contribution requirement. The last actuarial valuation was performed on November 11, 2014 and included the following methods and assumptions:

<u>Actuarial Assumptions</u>	
Aggregate Actuarial Cost Method	Projected Unit Credit
Mortality	Pre-Retirement: None Post-Retirement: 1994 Group Annuity, Unisex
Interest Rate:	Pre-Retirement: 2.5% Post-Retirement: 2.5%
Withdrawal Rates:	None
Actuarial Value of Assets:	Market value of assets
Retirement:	It is assumed that all participants will retire on their normal retirement date or immediately, if older.
Changes in Assumptions:	None

As of the date of the actuarial report, the value of the assets held by the City totaled \$605,057.

401(K) Plans - The City provides 401(k) plans for all eligible employees. Employees are enrolled in one of two plans: (1) Tooele City Employees' 401(k) Plan managed by John Hancock; or, (2) Utah State Retirement System 401(k) Plan. The Tooele City Employees' 401(k) Plan is available to full-time employees who are 18 or older and have completed six months of continuous employment. Employees become fully vested in the Plan at the conclusion of four years of employment. Employees enrolled in the Tooele City Employees' 401(k) Plan prior to June 30, 2011 were permitted to remain in that plan. Employees enrolling in a 401(k) plan on or after July 1, 2011 may elect to enroll in the Utah Retirement 401(k) Plan. Vesting is immediate in the Utah Retirement 401(k) Plan. Employees may voluntarily contribute to their 401(k) Plan in an amount not to exceed limitations established by the Internal Revenue Service. The City may make contributions at the discretion of the City Council. The City approved a 1% discretionary contribution to the 401(k) plans for fiscal year 2016, with a beginning pay date of September 4, 2015 (effective date set to allow for enrollment). The 401(k) discretionary City contributions was \$47,476 as of June 30, 2016. Salaries subject to contributions were \$4,782,591 as of June 30, 2016. The City made no discretionary contributions to the 401(k) plans for the years ended June 30, 2015 and 2014. These figures do not include City Council Equalization, URS Exempt, and Post-retired Rehires employees whose benefit payments are reflected below.

City Council Equalization Benefit - In 2014 the City council approved an equalization benefit calculation for part-time elected officials who would be members of the Tier 2 retirement plan. Under the Tier 2 plan, part-time elected officials are not eligible for retirement. To eliminate this inequity among part-time elected officials, the City makes the equivalent contribution to a URS 401k account for these elected officials equal to what is paid on behalf of other part-time elected officials in the Tier 1 plan. Contributions made for the years ended June 30, 2016, 2015 and 2014 were \$7,368, \$6,119 and \$5,391, respectively.

URS Exempt Elected and Appointed Officials - Tooele City makes contributions to one of the two 401(k) Plans offered by Tooele City in lieu of URS pension premiums as permitted by law, for eligible elected or appointed employees who decline participation in the URS pension system. City and employee contributions to the plans for the years ending June 30, 2016, 2015, and 2014 were \$60,806, \$54,394 and \$51,250 respectively. Salaries subject to contributions were \$252,150, \$235,150 and \$237,546, respectively, for the same years.

URS Post-retired Rehired Employees - Tooele City makes contributions to the Utah State Retirement System 401(k) plan in lieu of URS pension premiums as permitted by law, for post-retired rehired employees hired prior to June 30, 2010. These employees may make voluntarily contributions to the Tooele City Employees' 401(k) Plan managed by John Hancock (excludes loan repayments). These employees are not able to receive discretionary 401(k) contributions per URS post-retired rehire laws. City and employee contributions to the plans the years ending June 30, 2016, 2015, and 2014 were \$55,150, \$54,437, and \$53,308, respectively. Salaries subject to contributions were \$250,636, \$236,690 and \$241,969, respectively, for the same years.

Traditional IRA - The City provides a Defined Contribution System Traditional IRA Plan for all eligible employees. Employee contributions to the plan for the years ending June 30, 2016, 2015 and 2014 were \$4,101, \$3,171, and \$2,087, respectively.

Roth IRA - The City provides a Defined Contribution System Roth IRA Plan for all eligible employees. Employee contributions to the plan for the years ending June 30, 2016, 2015 and 2014 were \$21,926, \$19,714, and \$19,718, respectively.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

16. OTHER POSTEMPLOYMENT BENEFITS

In addition to the retirement benefits described above, the City provides postemployment health care and life insurance benefits through a single employer defined benefit plan to all employees who retire from the City and qualify to retire from the Systems. The benefits, benefit levels, employee contributions, and employer contributions are governed by City policy and can be amended at any time. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to maintain and account for the Plan. The Plan does not issue a separate report.

The City currently pays for postemployment benefits on a "pay-as-you-go" basis. Although the City is studying the establishment of a trust that would be used to cumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that "pay-as-you-go" funding will continue.

The City's annual other postemployment benefit (OPEB) costs (expense) is calculated based on the City's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the year ended June 30, 2016, the City's annual OPEB cost (expense) was \$151,190. The following table shows the components of the City's net annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Three-year trend information is as follows:

<u>For the fiscal years ended June 30,</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual required contribution	\$ 216,452	\$ 209,000	\$ 278,731
Net OBEB obligation amortization adjustment to the ARC	314	275	219
Annual OPEB cost	216,766	209,275	278,950
Contributions made	(65,576)	(60,719)	(62,625)
Increase in net OPEB obligation	151,190	148,556	216,325
Net OPEB obligation beginning of year	1,211,592	1,063,036	846,712
Net OPEB obligation end of year	<u>\$ 1,362,782</u>	<u>\$ 1,211,592</u>	<u>\$ 1,063,037</u>

The funded status of the plan as of July 1, 2015, the date of the latest actuarial valuation, is as follows:

<u>As of July 1,</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarial accrued liability (AAL)	\$ 2,037,583	\$ 1,935,169	\$ 2,361,364
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,037,583</u>	<u>\$ 1,935,169</u>	<u>\$ 2,361,364</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%	0%
Annual covered payroll (active plan members)	\$ 5,929,987	\$ 5,757,269	\$ 5,891,199
UAAL as percentage of annual covered payroll	34.36%	33.61%	40.08%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of an occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the financial statements, present the results of OPEB valuations as of June 30, 2016 and looking forward, the schedule will eventually provide multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

16. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% unfunded discount rate and an annual healthcare costs trend rate of 7.50% initially, reduced by decrements of .25% for the following 8 years. Covered payroll included a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligations. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll over an open thirty year period.

	Actuarial Assumptions
Actuarial cost method	Projected Unit Credit with linear proration to decrement.
Discount rate	4.00%
Inflation rate	3.00% per year
Salary scale	3.00% per year (for amortization purposes only)
Amortization	Level % of pay over thirty years based on an open group.
Health Care Trend Rates	7.50% for FYE 2017
	7.00% for FYE 2018
	6.75% for FYE 2019
	6.50% for FYE 2020
	6.25% for FYE 2021
	6.00% for FYE 2022
	5.75% for FYE 2023
	5.50% for FYE 2024
	5.25% for FYE 2025
	5.00% for FYE 2026+

17. REDEVELOPMENT AGENCIES

In accordance with Utah Code Section 17b-4-1305, the City's Redevelopment Agencies are required to disclose the following information:

- A. The collections of tax increment revenue by Redevelopment Agencies as of June 30, 2016 are as follows:

<u>Project Area</u>	<u>Amount</u>
Depot	\$ 1,542,479
Industrial Park	-
Downtown	<u>77,418</u>
Total	<u>\$ 1,619,897</u>

- B. There was no amount of tax increment paid to any taxing agencies pursuant to Section 17B-4-1008 during the year.
 C. The Agencies had no outstanding debt during the year.
 D. The actual amount expended for:

<u>Project Area</u>	<u>Acquisition of Property</u>	<u>Improvement or Preparation Costs</u>	<u>Public Utilities or Other Public Improvements</u>	<u>Administrative Costs of the Agency</u>
Depot	\$ 5,963,443	\$ 650,000	\$ 227,585	\$ 1,035,581
Industrial Park	-	-	-	8,260
Downtown	-	-	-	<u>90,520</u>
Total	<u>\$ 5,963,443</u>	<u>\$ 650,000</u>	<u>\$ 227,585</u>	<u>\$ 1,134,361</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

18. LITIGATION AND SPECIAL ITEMS

Tooele City had leased a City-owned agricultural property located near Vernon, Utah (the "Property"), to a private sod farmer ("Plaintiff") since approximately 1991, pursuant to a lease entitled Vernon Ranch Management Agreement and Grazing Lease ("Agreement"). On November 20, 2012, Tooele City, through outside legal counsel, provided written notice that the Agreement had terminated under its terms on December 31, 2007. On January 18, 2013, Tooele City, through counsel, provided written notice of no-cause termination of the Agreement, as an alternative termination to the November 20, 2012 notice of expiration. On May 8, 2013 Tooele City filed a complaint (1) seeking a Declaratory judgment regarding the termination of the Agreement and (2) for Unlawful Detainer. The Plaintiff filed a counterclaim seeking damages under the Agreement for value of Plaintiff's sod crop. Tooele City negotiated with Plaintiff an agreement for Plaintiff's full and complete exit from the Tooele City property, to be accomplished no later than December 10, 2013.

A trial in this matter was scheduled for September and October 2015 and a mediation attempt in September 2015 resulted in a potential settlement in which the Plaintiff agreed to acquire the property for \$3.4 million and to pay for an irrigation water supply. The transaction contemplated in the settlement did not close, and a new trial date was set.

This matter was tried by a jury on December 1-2 and 7-9, 2016. Prior to trial, the judge made several rulings that limited the scope of the case, as follows. First, the judge ruled that all revenues earned by Plaintiff from the Property during the year 2013 would be an offset in the City's favor against any amounts found due by jury at trial. Second, the judge ruled that immature sod has no market value. Third, the judge ruled that the City legally terminated the Agreement, and that Plaintiff could not pursue a claim against the City for breach of an implied covenant of good faith and fair dealing, i.e. the Plaintiff could not pursue a claim of bad faith. Fourth, the judge ruled that an underground pipe installed and later removed by Plaintiff had become a fixture to the Property owned by the City. These pre-trial rulings reduced the value of Plaintiff's claims from more than \$3 million to less than \$300,000. Despite the judge's pre-trial rulings, however, the jury returned a net verdict in favor of Plaintiff and against the City in the amount of \$2,631,154. The jury verdict is not a judgment and does not represent a current or future obligation of the City at this point in time. The City believes that the verdict violates the law of the case and is unlawful. Therefore, the City intends to challenge the verdict through post-trial motions that will be heard throughout fiscal years 2017 and 2018. At some future date, the court will enter a judgment for some party in some amount, both to be determined, likely during fiscal year 2018. Depending on the terms and conditions of the future judgment, appeals by one or both parties are possible. The financial statements do not reflect any adjustments related to this matter, pending a judgment that has not been made as of the date of this report.

On April 14, 2015, the City received a Notice of Claim, from an individual who, while riding his motorcycle, struck a police car and suffered injuries. The police officer's view of the street he was entering was obstructed by a Company's delivery truck parked the wrong way next to the driveway being utilized by the police officer. The individual suffered injuries from the accident, requiring surgery. The City is being represented by outside counsel retained by the City's insurance company. The City's insurance company settled the personal property aspect of the claim regarding the damaged motorcycle. A mediation of the personal injury aspect of this matter was unsuccessful due in large part to the Company's refusal to contribute to a settlement. A jury trial in this matter is currently scheduled to begin on July 28, 2017. Tooele City seeks to apportion any fault with the Company. The August 14, 2015, complaint sought an undisclosed amount of damages, although the Notice of Claim sought \$100,000 in damages, including \$22,408 in medical expenses.

In November 2015, attorneys for an individual filed a Notice of Claim against Tooele City under the Utah Governmental Immunity Act. The Claim sought an undisclosed amount for defamation of character, making false statements, infliction of emotional distress, and other sundry reputation torts. The Claimant refused an early settlement offer of \$12,500. The Notice of Claim was followed by a lawsuit. The matter was defended by outside counsel appointed by the City's insurer. The City's insurance deductible is \$15,000. The insurance company settled the case for \$29,000 in late October 2016.

The City is a named defendant in certain other legal actions pending or in process for miscellaneous unsubstantial claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. City management is of the opinion that the final outcome of the claims will not have an adverse material effect on the City's financial statements.

19. NEGATIVE UNRESTRICTED NET POSITION

Due to the settlement with Tooele Associates described in Note 9, unrestricted net position reported in the government wide statement of net position was negative as of June 30, 2016. Without this settlement liability, unrestricted net assets would have been \$8,302,897. During 2015, the City made cash payments in the amount of \$1,356,619.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

20. COMMITMENTS AND CONTINGENCIES

As of June 30, 2016, it was determined that negative cash balances being carried by nonmajor governmental funds in the amount of \$538,871 are recoverable under the current operating agreements.

21. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Accordingly the City insures against these risks of loss as part of a comprehensive risk management program. To protect the City from general liability exposure, the City purchases commercial excess insurance and property insurance. The City is fully insured for workers compensation.

The City has not incurred claims settlement in excess of insurance coverage for the past three years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

REQUIRED SUPPLEMENTARY INFORMATION

TOOELE CITY CORPORATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
LAST TEN FISCAL YEARS* REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

	Noncontributory Retirement System	Contributory Retirement System	Public Safety System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighter System Retirement
Proportion of the net pension liability (asset)					
For year ending December 31, 2015	0.3975560%	0.1227386%	0.9004734%	0.9188550%	0.5412317%
For year ending December 31, 2014	0.3969544%	0.2018151%	0.9768338%	0.1046091%	0.6545410%
Proportionate share of the net pension liability (asset)					
For year ending December 31, 2015	\$ 2,249,565	\$ 86,267	\$ 1,612,974	\$ (201)	\$ (7,908)
For year ending December 31, 2014	1,723,669	58,212	1,228,450	(3,170)	(9,683)
Covered employee payroll					
For year ending December 31, 2015	\$ 3,424,604	\$ 52,298	\$ 1,335,678	\$ 593,586	\$ 322,087
For year ending December 31, 2014	3,436,676	107,866	1,461,239	513,414	270,535
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll					
For year ending December 31, 2015	65.69%	164.95%	120.76%	-0.03%	-2.46%
For year ending December 31, 2014	50.20%	54.00%	84.10%	-0.60%	-3.60%
Plan fiduciary net position as a percentage of its covered-employee payroll					
For year ending December 31, 2015	87.80%	85.70%	87.10%	100.20%	110.70%
For year ending December 31, 2014	90.20%	94.00%	90.50%	103.50%	120.50%

* 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 10-year schedule will need to be built prospectively. The schedule above provides the current year with prior numbers as available from prior years.

TOOELE CITY CORPORATION
SCHEDULE OF CONTRIBUTIONS - LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

System	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System	2014	\$ 596,700	\$ 596,700	\$ -	\$ 3,566,046	16.73%
	2015	601,526	601,526	-	3,413,267	17.62%
	2016	586,831	586,831	-	3,398,845	17.27%
Contributory System	2014	\$ 14,118	\$ 14,118	\$ -	\$ 106,308	13.28%
	2015	12,172	12,172	-	85,967	14.16%
	2016	6,942	6,942	-	53,460	12.99%
Public Safety System	2014	\$ 447,864	\$ 447,864	\$ -	\$ 1,489,801	30.06%
	2015	456,664	456,664	-	1,436,266	31.80%
	2016	383,473	383,473	-	1,228,273	31.22%
Tier 2 Public Employees System*	2014	\$ 49,190	\$ 49,190	\$ -	\$ 351,606	13.99%
	2015	89,612	89,612	-	599,160	14.96%
	2016	103,003	103,003	-	717,215	14.36%
Tier 2 Public Safety and Firefighter System*	2014	\$ 38,705	\$ 38,705	\$ -	\$ 185,638	20.85%
	2015	68,338	68,338	-	303,053	22.55%
	2016	97,815	97,815	-	447,952	21.84%
Tier 2 Public Employees DC Only System*	2014	\$ 6,066	\$ 6,066	\$ -	\$ 81,128	7.48%
	2015	5,844	5,844	-	86,969	6.72%
	2016	10,623	10,623	-	162,571	6.53%
Tier 2 Public Safety and Firefighter DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	3,878	3,878	-	32,784	11.83%

* 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 employers 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.

TOOELE CITY CORPORATION
POSTEMPLOYMENT BENEFIT PLAN - SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UALL) (b-a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2009	\$ -	\$ 2,054,272	\$ 2,054,272	0.0%	\$ 5,080,125	40.44%
7/1/2010	\$ -	\$ 2,145,342	\$ 2,145,342	0.0%	\$ 4,846,496	44.27%
7/1/2011	\$ -	\$ 2,328,810	\$ 2,328,810	0.0%	\$ 5,204,545	44.75%
7/1/2012	\$ -	\$ 2,545,799	\$ 2,545,799	0.0%	\$ 5,719,611	44.51%
7/1/2013	\$ -	\$ 2,361,364	\$ 2,361,364	0.0%	\$ 5,891,199	40.08%
7/1/2014	\$ -	\$ 1,935,169	\$ 1,935,169	0.0%	\$ 5,757,269	33.61%
7/1/2015	\$ -	\$ 2,037,583	\$ 2,037,583	0.0%	\$ 5,929,987	34.36%

TOOELE CITY CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2016

1. CHANGE IN ASSUMPTIONS

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

SUPPLEMENTAL INFORMATION

**TOOELE CITY CORPORATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016**

	Special Revenue Fund:						Capital Projects Funds:				Totals
	Class "C" Road Fund	Par Tax Fund	Code Enforcement Fund	Municipal Building Authority	Industrial Park Redevelopment Agency	Downtown Redevelopment Agency	Debt Service Fund	Park Improvements Fund	Capital Projects Fund	Public Safety Capital Projects Fund	
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 180,593	\$ -	\$ 867,242	\$ -	\$ 1,982,149	\$ -	\$ 3,029,984
Receivables:											
Accounts	-	6,500	-	-	-	-	-	-	-	-	6,500
Assessments	-	64,105	-	-	-	-	-	-	-	-	64,105
Taxes	-	-	-	-	-	80,000	-	-	-	-	80,000
Loans receivable	-	-	-	-	-	5,707	-	-	-	-	5,707
Intergovernmental receivable	412,148	-	-	-	-	-	-	-	6,131	-	418,279
Due from other funds	145,639	-	-	149,999	-	-	-	23,851	-	-	319,489
Restricted cash and cash equivalents	2,194,233	1,273,854	38,296	4,334	-	51,508	-	1,066,012	290,630	1,145,853	6,064,720
TOTAL ASSETS	\$ 2,752,020	\$ 1,344,459	\$ 38,296	\$ 154,333	\$ 180,593	\$ 137,215	\$ 867,242	\$ 1,089,863	\$ 2,278,910	\$ 1,145,853	\$ 9,988,784
LIABILITIES											
Accounts payable	\$ 62,897	\$ -	\$ 7,746	\$ -	\$ -	\$ 7,700	\$ -	\$ 6,400	\$ -	\$ -	\$ 84,743
Due to other funds	-	-	-	-	-	-	538,871	-	-	-	538,871
TOTAL LIABILITIES	62,897	-	7,746	-	-	7,700	538,871	6,400	-	-	623,614
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - property taxes	-	-	-	-	-	80,000	-	-	-	-	80,000
FUND BALANCES											
Restricted											
Public safety	-	-	30,550	-	-	-	-	-	-	1,145,853	1,176,403
Park development	-	-	-	-	-	-	-	1,033,463	-	-	1,033,463
Recreation and arts	-	1,344,459	-	-	-	-	-	-	-	-	1,344,459
Debt service	665,643	-	-	154,333	-	49,515	-	50,000	290,630	-	1,210,121
Roads	2,023,480	-	-	-	-	-	-	-	-	-	2,023,480
Assigned											
Capital projects	-	-	-	-	-	-	-	-	1,988,280	-	1,988,280
Redevelopment agency projects	-	-	-	-	180,593	-	-	-	-	-	180,593
Debt service	-	-	-	-	-	-	328,371	-	-	-	328,371
TOTAL FUND BALANCES	2,689,123	1,344,459	30,550	154,333	180,593	49,515	328,371	1,083,463	2,278,910	1,145,853	9,285,170
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,752,020	\$ 1,344,459	\$ 38,296	\$ 154,333	\$ 180,593	\$ 137,215	\$ 867,242	\$ 1,089,863	\$ 2,278,910	\$ 1,145,853	\$ 9,988,784

TOOELE CITY CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds						Capital Project Funds				Totals
	Class "C" Road Fund	Par Tax Fund	Code Enforcement Fund	Municipal Building Authority	Industrial Park Redevelopment Agency	Downtown Redevelopment Agency	Debt Service Fund	Park Improvements Fund	Capital Projects Fund	Public Safety Capital Projects Fund	
REVENUES											
Taxes	\$ -	\$ 380,979	\$ -	\$ -	\$ -	\$ 77,418	\$ -	\$ -	\$ -	\$ -	\$ 458,397
Licenses and permits	-	-	110,825	-	-	-	-	-	-	-	110,825
Intergovernmental revenues	1,667,828	-	-	-	-	-	-	6,131	-	-	1,673,959
Interest income	14,503	7,282	211	981	1,224	836	1,476	6,285	15,201	7,499	55,498
Impact fees	-	-	-	-	-	-	-	214,632	-	45,869	260,501
Miscellaneous revenue	-	14,499	-	-	-	-	-	-	-	-	14,499
Rental income	-	-	-	561,262	-	-	-	-	-	-	561,262
TOTAL REVENUES	1,682,331	402,760	111,036	562,243	1,224	78,254	1,476	220,917	21,332	53,368	3,134,941
EXPENDITURES											
General government	-	122,492	-	2,509	8,260	90,520	-	-	23,700	-	247,481
Public safety	-	-	62,946	-	-	-	-	-	-	-	62,946
Highways and streets	9,478	-	-	-	-	-	-	-	-	-	9,478
Capital outlay	119,093	15,975	-	-	-	-	-	10,800	346,004	-	491,872
Debt service:											
Principal - bonds & notes	-	-	-	-	-	-	1,355,000	-	-	-	1,355,000
Principal - capital lease	-	-	-	-	-	-	-	-	107,922	-	107,922
Interest	-	-	-	-	-	-	495,237	-	16,856	-	512,093
Bond issuance costs and trustee fees	-	-	-	-	-	-	147,574	-	-	-	147,574
TOTAL EXPENDITURES	128,571	138,467	62,946	2,509	8,260	90,520	1,997,811	10,800	494,482	-	2,934,366
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,553,760	264,293	48,090	559,734	(7,036)	(12,266)	(1,996,335)	210,117	(473,150)	53,368	200,575
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS											
Operating transfers in	-	-	-	-	-	-	1,860,948	-	294,000	-	2,154,948
Operating transfers (out)	(665,643)	-	-	(493,022)	-	(87,500)	-	(50,000)	(1,614,091)	-	(2,910,256)
Issuance of debt	-	-	-	-	-	-	9,286,000	-	-	-	9,286,000
Redemption of refunded bonds	-	-	-	-	-	-	(9,577,379)	-	-	-	(9,577,379)
Refunded impact fees	-	-	-	-	-	-	-	(35,772)	-	-	(35,772)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	(665,643)	-	-	(493,022)	-	(87,500)	1,569,569	(85,772)	(1,320,091)	-	(1,082,459)
NET CHANGE IN FUND BALANCES	888,117	264,293	48,090	66,712	(7,036)	(99,766)	(426,766)	124,345	(1,793,241)	53,368	(881,884)
FUND BALANCES, BEGINNING OF YEAR	1,801,006	1,080,166	(17,540)	87,621	187,629	149,281	755,137	959,118	4,072,151	1,092,485	10,167,054
FUND BALANCES, END OF YEAR	\$ 2,689,123	\$ 1,344,459	\$ 30,550	\$ 154,333	\$ 180,593	\$ 49,515	\$ 328,371	\$ 1,083,463	\$ 2,278,910	\$ 1,145,853	\$ 9,285,170

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL -
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2016

	Par Tax Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES			
Taxes	\$ 325,000	\$ 380,979	\$ 55,979
Interest income	3,000	7,282	4,282
Miscellaneous revenues	20,000	14,499	(5,501)
TOTAL REVENUES	348,000	402,760	54,760
EXPENDITURES			
General government	114,000	122,492	(8,492)
Capital outlay	236,000	15,975	220,025
TOTAL EXPENDITURES	350,000	138,467	211,533
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,000)	264,293	266,293
NET CHANGE IN FUND BALANCE	(2,000)	264,293	266,293
FUND BALANCE, BEGINNING OF YEAR	1,080,166	1,080,166	-
FUND BALANCE, END OF YEAR	\$ 1,078,166	\$ 1,344,459	\$ 266,293

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL -
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2016

		<u>Code Enforcement Fund</u>		
		<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES				
Licenses and permits		\$ 40,000	\$ 110,825	\$ 70,825
Interest income		-	211	211
	TOTAL REVENUES	<u>40,000</u>	<u>111,036</u>	<u>71,036</u>
EXPENDITURES				
Public safety		40,000	62,946	(22,946)
	TOTAL EXPENDITURES	<u>40,000</u>	<u>62,946</u>	<u>(22,946)</u>
	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>48,090</u>	<u>48,090</u>
	NET CHANGE IN FUND BALANCE	<u>-</u>	<u>48,090</u>	<u>48,090</u>
	FUND BALANCE, BEGINNING OF YEAR	<u>(17,540)</u>	<u>(17,540)</u>	<u>-</u>
	FUND BALANCE, END OF YEAR	<u>\$ (17,540)</u>	<u>\$ 30,550</u>	<u>\$ 48,090</u>

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL -
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2016

	Municipal Building Authority		
	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES			
Interest income	\$ 650	\$ 981	\$ 331
Rental income	561,261	561,262	1
TOTAL REVENUES	561,911	562,243	332
EXPENDITURES			
General government	650	2,509	(1,859)
TOTAL EXPENDITURES	650	2,509	(1,859)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	561,261	559,734	(1,527)
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers (out)	(561,261)	(493,022)	68,239
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	(561,261)	(493,022)	68,239
NET CHANGE IN FUND BALANCE	-	66,712	66,712
FUND BALANCE, BEGINNING OF YEAR	87,621	87,621	-
FUND BALANCE, END OF YEAR	\$ 87,621	\$ 154,333	\$ 66,712

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL -
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2016

	<u>Industrial Park Redevelopment Agency</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 67,000	\$ -	\$ (67,000)
Interest income	-	1,224	1,224
TOTAL REVENUES	<u>67,000</u>	<u>1,224</u>	<u>(65,776)</u>
EXPENDITURES			
General government	<u>67,000</u>	<u>8,260</u>	<u>58,740</u>
TOTAL EXPENDITURES	<u>67,000</u>	<u>8,260</u>	<u>58,740</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(7,036)</u>	<u>(7,036)</u>
NET CHANGE IN FUND BALANCE	-	(7,036)	(7,036)
FUND BALANCE, BEGINNING OF YEAR	<u>187,629</u>	<u>187,629</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 187,629</u>	<u>\$ 180,593</u>	<u>\$ (7,036)</u>

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL -
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2016

	<u>Downtown Redevelopment Agency</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 85,000	\$ 77,418	\$ (7,582)
Interest income	500	836	336
TOTAL REVENUES	<u>85,500</u>	<u>78,254</u>	<u>(7,246)</u>
EXPENDITURES			
General government	<u>161,500</u>	<u>90,520</u>	<u>70,980</u>
TOTAL EXPENDITURES	<u>161,500</u>	<u>90,520</u>	<u>70,980</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(76,000)</u>	<u>(12,266)</u>	<u>63,734</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers (out)	<u>(87,500)</u>	<u>(87,500)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>(87,500)</u>	<u>(87,500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(163,500)	(99,766)	63,734
FUND BALANCE, BEGINNING OF YEAR	<u>149,281</u>	<u>149,281</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ (14,219)</u>	<u>\$ 49,515</u>	<u>\$ 63,734</u>

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL -
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2016

	<u>Class "C" Road Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental revenues	\$ 1,600,000	\$ 1,667,828	\$ 67,828
Interest income	<u>6,500</u>	<u>14,503</u>	<u>8,003</u>
TOTAL REVENUES	<u>1,606,500</u>	<u>1,682,331</u>	<u>75,831</u>
EXPENDITURES			
Highways and streets	1,000,000	9,478	990,522
Capital outlay	<u>800,000</u>	<u>119,093</u>	<u>680,907</u>
TOTAL EXPENDITURES	<u>1,800,000</u>	<u>128,571</u>	<u>1,671,429</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(193,500)</u>	<u>1,553,760</u>	<u>1,747,260</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers out	<u>(689,478)</u>	<u>(665,643)</u>	<u>23,835</u>
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>(689,478)</u>	<u>(665,643)</u>	<u>23,835</u>
NET CHANGE IN FUND BALANCES	(882,978)	888,117	1,771,095
FUND BALANCES, BEGINNING OF YEAR	<u>1,801,006</u>	<u>1,801,006</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 918,028</u>	<u>\$ 2,689,123</u>	<u>\$ 1,771,095</u>

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL -
NONMAJOR DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2016

	Debt Service		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ -	\$ 1,476	\$ 1,476
TOTAL REVENUES	-	1,476	1,476
EXPENDITURES			
Principal retirement	1,965,000	1,355,000	610,000
Interest on long-term debt	868,169	495,237	372,932
Bond issuance costs and trustee fees	149,974	147,574	2,400
TOTAL EXPENDITURES	2,983,143	1,997,811	985,332
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,983,143)	(1,996,335)	986,808
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers in	2,843,869	1,860,948	(982,921)
Issuance of debt	4,845,786	9,286,000	4,440,214
Redemption of refunded bonds	(4,706,512)	(9,577,379)	(4,870,867)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	2,983,143	1,569,569	(1,413,574)
NET CHANGE IN FUND BALANCES	-	(426,766)	(426,766)
FUND BALANCES, BEGINNING OF YEAR	755,137	755,137	-
FUND BALANCES, END OF YEAR	\$ 755,137	\$ 328,371	\$ (426,766)

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL -
NONMAJOR CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	<u>Capital Projects Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental revenue	\$ -	\$ 6,131	\$ 6,131
Interest income	-	15,201	15,201
TOTAL REVENUES	<u>-</u>	<u>21,332</u>	<u>21,332</u>
EXPENDITURES			
General government	500,000	23,700	476,300
Capital outlay	1,850,000	346,004	1,503,996
Debt service:			
Principal - capital lease	125,000	107,922	17,078
Interest	<u>20,000</u>	<u>16,856</u>	<u>3,144</u>
TOTAL EXPENDITURES	<u>2,495,000</u>	<u>494,482</u>	<u>2,000,518</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,495,000)</u>	<u>(473,150)</u>	<u>2,021,850</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers in	22,000	294,000	272,000
Operating transfers out	<u>(1,614,091)</u>	<u>(1,614,091)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>(1,592,091)</u>	<u>(1,320,091)</u>	<u>272,000</u>
NET CHANGE IN FUND BALANCES	(4,087,091)	(1,793,241)	2,293,850
FUND BALANCES, BEGINNING OF YEAR	<u>4,072,151</u>	<u>4,072,151</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ (14,940)</u>	<u>\$ 2,278,910</u>	<u>\$ 2,293,850</u>

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL -
NONMAJOR CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

Park Improvements Fund			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ 3,500	\$ 6,285	\$ 2,785
Impact fees	216,800	214,632	(2,168)
TOTAL REVENUES	220,300	220,917	617
EXPENDITURES			
Capital outlay	300,000	10,800	289,200
TOTAL EXPENDITURES	300,000	10,800	289,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(79,700)	210,117	289,817
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers out	(50,000)	(50,000)	-
Refunded impact fees	-	(35,772)	(35,772)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	(50,000)	(85,772)	(35,772)
NET CHANGE IN FUND BALANCES	(129,700)	124,345	254,045
FUND BALANCES, BEGINNING OF YEAR	959,118	959,118	-
FUND BALANCES, END OF YEAR	\$ 829,418	\$ 1,083,463	\$ 254,045

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL -
NONMAJOR CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

		<u>Public Safety Capital Projects Fund</u>		
		<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Interest income		\$ 5,000	\$ 7,499	\$ 2,499
Impact fees		<u>30,409</u>	<u>45,869</u>	<u>15,460</u>
	TOTAL REVENUES	<u>35,409</u>	<u>53,368</u>	<u>17,959</u>
EXPENDITURES				
General government		20,000	-	20,000
Capital outlay		<u>750,000</u>	<u>-</u>	<u>750,000</u>
	TOTAL EXPENDITURES	<u>770,000</u>	<u>-</u>	<u>770,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		<u>(734,591)</u>	<u>53,368</u>	<u>787,959</u>
NET CHANGE IN FUND BALANCES		(734,591)	53,368	787,959
FUND BALANCES, BEGINNING OF YEAR		<u>1,092,485</u>	<u>1,092,485</u>	<u>-</u>
FUND BALANCES, END OF YEAR		<u><u>\$ 357,894</u></u>	<u><u>\$ 1,145,853</u></u>	<u><u>\$ 787,959</u></u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF NET POSITION -
NONMAJOR PROPRIETARY FUNDS
June 30, 2016

	<u>Garbage Utility</u>	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,935,366	\$ 2,888,261	\$ 44,865	\$ 4,868,492
Accounts receivable - net of allowance	168,044	51,437	21,100	240,581
TOTAL CURRENT ASSETS	<u>2,103,410</u>	<u>2,939,698</u>	<u>65,965</u>	<u>5,109,073</u>
Noncurrent assets:				
Land	-	280,067	-	280,067
Infrastructure - storm drainage	-	5,354,048	-	5,354,048
Autos and trucks	23,000	-	-	23,000
Accumulated depreciation	(7,667)	(579,525)	-	(587,192)
TOTAL NONCURRENT ASSETS	<u>15,333</u>	<u>5,054,590</u>	<u>-</u>	<u>5,069,923</u>
TOTAL ASSETS	<u>2,118,743</u>	<u>7,994,288</u>	<u>65,965</u>	<u>10,178,996</u>
LIABILITIES				
Current liabilities:				
Accounts payable	110,492	1,685	256	112,433
TOTAL LIABILITIES	<u>110,492</u>	<u>1,685</u>	<u>256</u>	<u>112,433</u>
NET POSITION				
Net investment in capital assets	15,333	5,054,590	-	5,069,923
Unrestricted	1,992,918	2,938,013	65,709	4,996,640
TOTAL NET POSITION	<u>\$ 2,008,251</u>	<u>\$ 7,992,603</u>	<u>\$ 65,709</u>	<u>\$ 10,066,563</u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

	<u>Garbage Utility</u>	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES				
Utility sales	\$ 1,545,582	\$ 471,117	\$ 93,891	\$ 2,110,590
Miscellaneous	<u>5,646</u>	<u>1,766</u>	<u>-</u>	<u>7,412</u>
TOTAL OPERATING REVENUES	<u>1,551,228</u>	<u>472,883</u>	<u>93,891</u>	<u>2,118,002</u>
OPERATING EXPENSES				
Personal services	496,178	-	-	496,178
Contracted services	764,365	25,000	-	789,365
Operations and maintenance	85,317	51,993	20,000	157,310
Administration	5,387	30,765	8,274	44,426
Depreciation	<u>4,600</u>	<u>133,200</u>	<u>-</u>	<u>137,800</u>
TOTAL OPERATING EXPENSES	<u>1,355,847</u>	<u>240,958</u>	<u>28,274</u>	<u>1,625,079</u>
OPERATING INCOME	<u>195,381</u>	<u>231,925</u>	<u>65,617</u>	<u>492,923</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	<u>12,164</u>	<u>18,690</u>	<u>92</u>	<u>30,946</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>12,164</u>	<u>18,690</u>	<u>92</u>	<u>30,946</u>
Contributed from developers	<u>-</u>	<u>144,715</u>	<u>-</u>	<u>144,715</u>
CHANGE IN NET POSITION	207,545	395,330	65,709	668,584
NET POSITION - BEGINNING OF YEAR	<u>1,800,706</u>	<u>7,597,273</u>	<u>-</u>	<u>9,397,979</u>
NET POSITION - END OF YEAR	<u>\$ 2,008,251</u>	<u>\$ 7,992,603</u>	<u>\$ 65,709</u>	<u>\$ 10,066,563</u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

	<u>Garbage Utility</u>	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,541,881	\$ 468,670	\$ 72,791	\$ 2,083,342
Receipts of miscellaneous income	5,646	1,766	-	7,412
Payments to employees	(496,178)	-	-	(496,178)
Payments to contractors	(669,752)	-	-	(669,752)
Payments for operations and maintenance	(77,734)	(81,073)	(28,018)	(186,825)
Payment for interfund services provided	(100,000)	(25,000)	-	(125,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>203,863</u>	<u>364,363</u>	<u>44,773</u>	<u>612,999</u>
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	-	(81,175)	-	(81,175)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(81,175)</u>	<u>-</u>	<u>(81,175)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:				
Interest earned	12,164	18,690	92	30,946
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>12,164</u>	<u>18,690</u>	<u>92</u>	<u>30,946</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	216,027	301,878	44,865	562,770
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,719,339	2,586,383	-	4,305,722
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,935,366</u>	<u>\$ 2,888,261</u>	<u>\$ 44,865</u>	<u>\$ 4,868,492</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 195,381	\$ 231,925	\$ 65,617	\$ 492,923
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	4,600	133,200	-	137,800
Changes in assets and liabilities:				
Accounts receivable	(3,701)	(2,447)	(21,100)	(27,248)
Accounts payable	7,583	1,685	256	9,524
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 203,863</u>	<u>\$ 364,363</u>	<u>\$ 44,773</u>	<u>\$ 612,999</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:				
Contributed capital assets from developers	<u>\$ -</u>	<u>\$ 144,715</u>	<u>\$ -</u>	<u>\$ 144,715</u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUND
For the Fiscal Year Ended June 30, 2016

	<u>Balance at Beginning of the Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of of the Year</u>
ASSETS				
Cash and cash equivalents	\$ 300,124	\$ 401,599	\$ (190,645)	\$ 511,078
TOTAL ASSETS	<u>\$ 300,124</u>	<u>\$ 401,599</u>	<u>\$ (190,645)</u>	<u>\$ 511,078</u>
LIABILITIES				
Accounts payable	\$ 671	\$ 181,626	\$ (179,323)	\$ 2,974
Refunds payable and others	<u>299,453</u>	<u>401,599</u>	<u>(192,948)</u>	<u>508,104</u>
TOTAL LIABILITIES	<u>\$ 300,124</u>	<u>\$ 583,225</u>	<u>\$ (372,271)</u>	<u>\$ 511,078</u>



CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

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

**Honorable Mavor and
Members of the City Council
Tooele City Corporation
Tooele, Utah**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City Corporation (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Tooele City Corporation's basic financial statements, and have issued our report thereon dated December 29, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, listed as 2016-1, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items 2016-2, 2016-3 and 2016-4.

Tooele City Corporation's Response to Findings

Tooele City Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Tooele City Corporation's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

WSRP, LLC

Salt Lake City, Utah
December 29, 2016



CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

**INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH
THE STATE COMPLIANCE AUDIT GUIDE ON:
COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS, AND
INTERNAL CONTROL OVER COMPLIANCE**

**Honorable Mayor and
Members of the City Council
Tooele City Corporation
Tooele, Utah**

Report on Compliance with General State Compliance Requirements and for Each Major State Program

We have audited Tooele City Corporation's compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Tooele City Corporation or each of its major state programs for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement System
- Enterprise Fund Transfers, Reimbursements, Loans, and Services
- Restricted Taxes and Related Revenue
- Open and Public Meetings Act
- Cash Management
- Impact Fees
- Treasurer's Bond
- Utah Public Finance Website

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Tooele City Corporation's compliance based on our audit of the 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 compliance requirements referred to above that could have a material effect on Tooele City Corporation or its major state programs occurred. An audit includes examining, on a test basis, evidence about Tooele City Corporation'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 with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the Tooele City Corporation's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Tooele City Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Tooele City Corporation or on each of its major state programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings and responses as items 2016-2, 2016-3 and 2016-4. Our opinion on compliance is not modified with respect to these matters.

Tooele City Corporation's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and responses. Tooele City Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program 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 general state or major state program 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 general state or major state program 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 consider deficiencies 2016-2 and 2016-3 as described in the accompanying schedule to be material weaknesses in internal control over compliance.

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.

WSRP, LLC

Salt Lake City, Utah
December 29, 2016

**TOOELE CITY CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2016**

FINDINGS RELATING TO THE BASIC FINANCIAL STATEMENTS

MATERIAL WEAKNESS

2016-1 BOND DEFEASEMENT

Finding

The City defeased the 2008 Franchise Tax Bonds during the current year, however a portion of the amount defeased and held in escrow had not been properly recorded resulting in an adjustment to the Capital Projects fund.

Recommendation

We recommend that management review the bond activity during the year to ensure that all bond transactions have been included and properly recorded.

Response - Tooele City Corporation

We will work more closely with the attorney's involved on future bond defeasements to review bond activity throughout the year and assure amounts for defeasements have been appropriately recorded.

STATE/LEGAL COMPLIANCE FINDINGS

2016-2 ENTERPRISE FUND TRANSFERS, REIMBURSEMENTS, LOANS, AND SERVICE REQUIREMENTS

Finding

GASB Codification 1800.102 - requires a City to quantify or estimate the amount of services provided by an enterprise fund to other funds and charge those funds the same rates as it would charge the City's customers for those services. Meters have been installed on certain of the City's department buildings, but as of June 30, 2016, the City had not completed this project.

Recommendation

The City should continue to install meters on all City department buildings and assure the same rate being charged to its customers is being applied to charges between enterprise and other funds.

Response - Tooele City Corporation

We will continue to work on placing meters on all department buildings and also work to remain in compliance with this requirement.

2016-3 WRITTEN MINUTES OF OPEN MEETINGS - PUBLIC RECORDS - OPEN PUBLIC MEETING ACT.

Finding

Utah State Code 52-4-203 requires the City to post all minutes to the Utah Public Notice website within three business days after approving the written minutes. For the 2 months selected for testing, the written minutes had not been posted to the Utah Public Notice website within three business days.

Recommendation

We recommend the City implement a control to assure the minutes are posted to the Utah Public Notice Website within three days of approval.

Response - Tooele City Corporation

We concur with this recommendation and will implement a control to make sure the minutes are posted to the Utah Public Notice Website as required by the Utah State Code.

TOOELE CITY CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2016

2016-4 EXPENDITURES IN EXCESS OF BUDGETED AMOUNTS

Finding

The City had expenditures in excess of budgeted amounts in the general fund due to the City recording revenues and expenditures related to the sales tax increase with a municipal share requirement that was not budgeted for in the current year. The City did not receive the information to record this transaction until after the budget was finalized and did not update the budget to reflect the adjustment. We also noted expenditures in excess of budgeted amounts for various nonmajor funds.

Recommendation

We recommend that the City obtain the necessary information from the Utah State Tax Commission related to the sales tax with a municipal share requirement in order to include the related amounts in the budget.

Response - Tooele City Corporation

We will work closely with the Utah State Tax Commission to identify pass-through amounts during the budgeting process to assure these amounts are included in the final budget.