

**TOOELE CITY CORPORATION**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

# TOOELE CITY CORPORATION

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CERTIFIED PUBLIC  
ACCOUNTANTS AND  
BUSINESS ADVISORS

## **INDEPENDENT AUDITOR'S 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, 2018, 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 opinions 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 from 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, 2018, and the respective changes in financial position 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, budgetary comparison information, and certain pension information, as listed in 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 opinions on the financial statements that collectively comprise Tooele City Corporation's basic financial statements. The combining and individual nonmajor fund financial statements, including the 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, including the budgetary comparison schedules, as listed as supplemental information in the table of contents, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2018 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 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 the City's internal control over financial reporting and compliance.

WSRP, LLC

Salt Lake City, Utah  
December 21, 2018

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018**

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, 2018. 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 \$192,379,482 (net position). Of this amount, \$181,537,812 relates to investments in capital assets, net of any related debt. Unrestricted net position is (\$5,228,798).
- ◆ As of June 30, 2018, there was a prior period adjustment in the amount of \$1,426,026 made as a result of the City implementing GASB Statement no.75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which the City adopted effective July 1, 2017. This statement replaces GASB 45 and GASB 57. This statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.
- ◆ As of the close of the current year, the City's governmental funds reported a combined ending fund balance of \$12,833,103, a decrease of \$838,058 in comparison with the prior year, attributable mainly to debt service payments required throughout the year. Approximately 17.73% of the ending fund balance, or \$2,275,657, is available for spending at the government's discretion (unreserved fund balance).
- ◆ At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,275,657, or 13.99% 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 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, 2018**

### 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 eleven 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, the Depot Redevelopment Agency, and Debt Service Fund, which are considered to be major funds. Data from the other eight 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. 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, Sewer Fund, and Garbage Utility Fund, which are considered major funds. Data from the other funds are 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 details of changes in net other postemployment benefits (OPEB) liability and related ratios as required by GASB 75. 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 \$192,379,482 at the close of the most recent fiscal year.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

*Government-wide financial analysis (continued)*

The largest portion of the City's net position (94.36%) 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, 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	
	2018	2017 (As Restated)	2018	2017 (As Restated)	2018	2017 (As Restated)
<b>Assets:</b>						
Current and other assets	\$ 18,829,091	\$ 19,994,280	\$ 18,079,965	\$ 15,731,163	\$ 36,909,056	\$ 35,725,443
Capital assets	101,361,504	103,928,844	107,590,550	107,483,910	208,952,054	211,412,754
Other assets	8,027	6,086	196	-	8,223	6,086
Total assets	<u>120,198,622</u>	<u>123,929,210</u>	<u>125,670,711</u>	<u>123,215,073</u>	<u>245,869,333</u>	<u>247,144,283</u>
Deferred outflows of resources	<u>2,965,849</u>	<u>2,873,544</u>	<u>344,763</u>	<u>363,087</u>	<u>3,310,612</u>	<u>3,236,631</u>
<b>Liabilities and net position:</b>						
Long-term liabilities	34,628,005	36,494,728	7,134,368	8,130,984	41,762,373	44,625,712
Other liabilities	5,712,934	6,916,296	2,350,278	2,683,792	8,063,212	9,600,088
Total liabilities	<u>40,340,939</u>	<u>43,411,024</u>	<u>9,484,646</u>	<u>10,814,776</u>	<u>49,825,585</u>	<u>54,225,800</u>
Deferred inflows of resources	<u>6,768,672</u>	<u>5,827,956</u>	<u>206,206</u>	<u>84,458</u>	<u>6,974,878</u>	<u>5,912,414</u>
<b>Net position:</b>						
Net investment in capital assets	81,800,065	82,761,209	99,737,747	98,297,231	181,537,812	181,058,440
Restricted	8,849,147	8,166,713	7,221,321	6,633,633	16,070,468	14,800,346
Unrestricted	<u>(14,594,352)</u>	<u>(13,364,148)</u>	<u>9,365,554</u>	<u>7,748,062</u>	<u>(5,228,798)</u>	<u>(5,616,086)</u>
Total net position	<u>\$ 76,054,860</u>	<u>\$ 77,563,774</u>	<u>\$ 116,324,622</u>	<u>\$ 112,678,926</u>	<u>\$ 192,379,482</u>	<u>\$ 190,242,700</u>

A portion of the City's net position, \$16,070,468, represents resources that are subject to external restrictions on how they may be used.

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 net position remain positive. Unrestricted net position is negative for 2018 due to the defeasement of bonds that took place in the prior year, and previous recording of the loss related to the Tooele Associates settlement.

**Tooele City Corporation's Changes in Net Position**

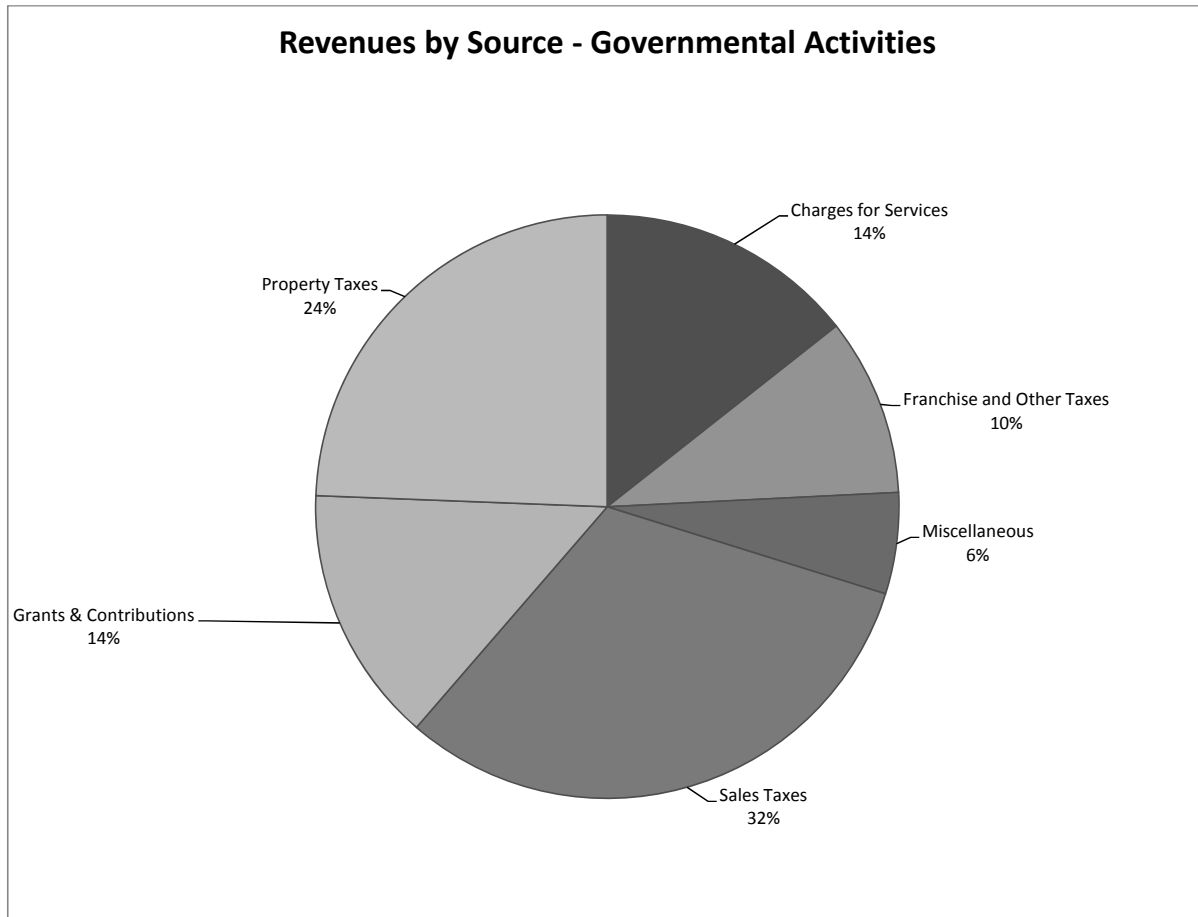
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017 (As Restated)	2018	2017 (As Restated)	2018	2017 (As Restated)
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 3,267,574	\$ 3,166,434	\$ 9,783,607	\$ 9,471,077	\$ 13,051,181	\$ 12,637,511
Operating grants/contributions	2,263,739	2,281,097	-	-	2,263,739	2,281,097
Capital grants and contributions	977,254	1,005,597	1,066,096	827,728	2,043,350	1,833,325
<b>General revenues:</b>						
Taxes	14,949,409	14,526,720	-	-	14,949,409	14,526,720
Earnings on investments	174,746	122,096	238,175	138,371	412,921	260,467
Impact fees	317,564	239,577	977,159	901,817	1,294,723	1,141,394
Investment income	5,496	3,036	-	-	5,496	3,036
Gain on sale of capital assets	131,411	14,752	234,037	8,818	365,448	23,570
Gain on sale of water rights	-	-	397,436	166,788	397,436	166,788
Miscellaneous	<u>645,054</u>	<u>505,458</u>	<u>20,370</u>	<u>60,259</u>	<u>665,424</u>	<u>565,717</u>
Total revenues	<u>22,732,247</u>	<u>21,864,767</u>	<u>12,716,880</u>	<u>11,574,858</u>	<u>35,449,127</u>	<u>33,439,625</u>



**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

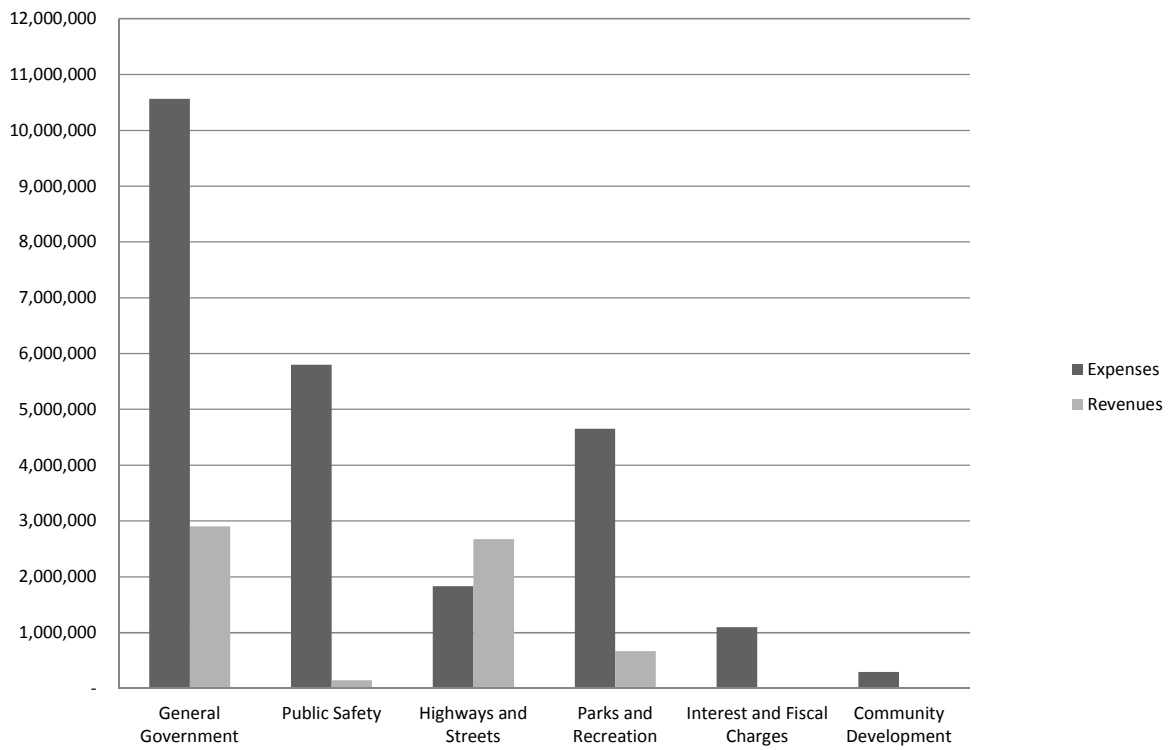
**Tooele City Corporation's Changes in Net Position (continued)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017 (As Restated)	2018	2017 (As Restated)	2018	2017 (As Restated)
<b>Expenses:</b>						
General government	10,565,066	11,937,819	-	-	10,565,066	11,937,819
Public safety	5,797,097	5,427,691	-	-	5,797,097	5,427,691
Highways and streets	1,831,173	1,966,605	-	-	1,831,173	1,966,605
Parks and recreation	4,653,022	4,493,640	-	-	4,653,022	4,493,640
Community development	296,750	434,500	-	-	296,750	434,500
Interest on debt	1,098,053	1,344,946	-	-	1,098,053	1,344,946
Water	-	-	4,303,201	4,030,241	4,303,201	4,030,241
Sewer	-	-	2,855,580	2,805,925	2,855,580	2,805,925
Solid waste	-	-	1,601,572	1,426,905	1,601,572	1,426,905
Storm water	-	-	189,756	174,654	189,756	174,654
Street light	-	-	121,075	187,692	121,075	187,692
<b>Total expenses</b>	<b>24,241,161</b>	<b>25,605,201</b>	<b>9,071,184</b>	<b>8,625,417</b>	<b>33,312,345</b>	<b>34,230,618</b>
Increase (decrease) in net position	(1,508,914)	(3,740,434)	3,645,696	2,949,441	2,136,782	(790,993)
Net position - beginning (restated)	77,563,774	81,304,208	112,678,926	109,729,485	190,242,700	191,033,693
Net position - ending	<u>\$ 76,054,860</u>	<u>\$ 77,563,774</u>	<u>\$ 116,324,622</u>	<u>\$ 112,678,926</u>	<u>\$ 192,379,482</u>	<u>\$ 190,242,700</u>

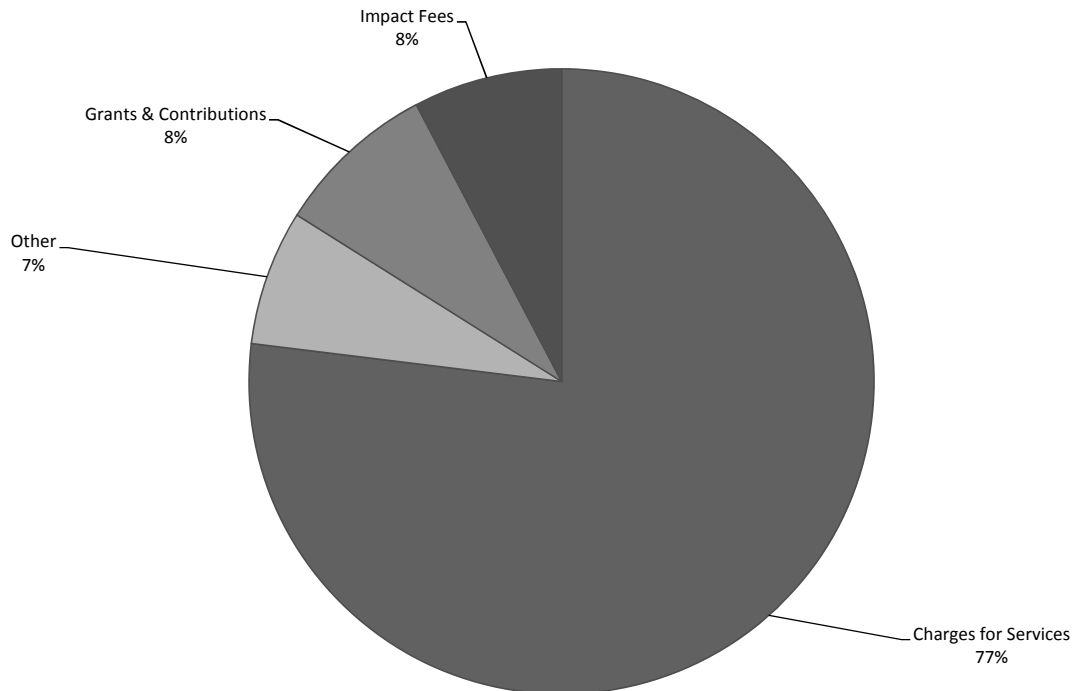


**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

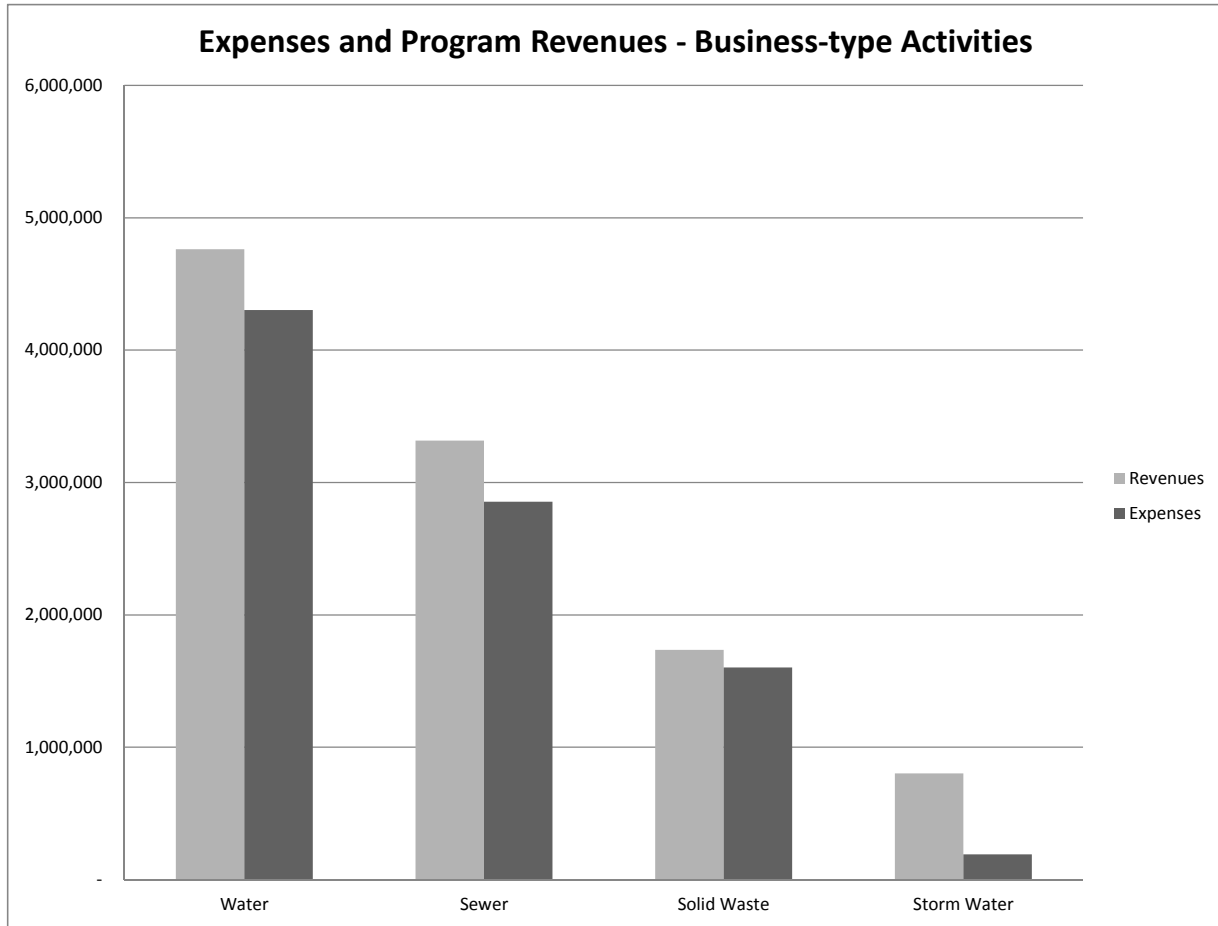
**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Business-type Activities**



**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**



**Key Principal Highlights:**

- ◆ Charges for services increased by \$413,670 compared to the prior year. The increase was primarily due to the City receiving \$168,495 from connection and collection fees from the garbage utility fund, with additional increases attributable to more customers from the fund activities.
- ◆ Capital grants and contributions increased by \$210,025 due to an increase in contributions received from developers as a result of improving economic conditions and more construction projects being accepted.
- ◆ Taxes increased by \$422,689 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, 2018**

### 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, 2018, the City's governmental funds reported a combined ending fund balance of \$12,833,103, a decrease of \$838,058 from the prior year. A balance of \$3,983,956 (31.04%) is available for spending at the government's discretion; however, \$1,708,299 has been assigned by the City's Budget Officer for subsequent years' capital expenditures and other uses, leaving an unassigned amount of \$2,275,657. The remaining \$8,849,147 of fund balance is not available for new spending as those amounts are legally restricted for 1) public safety expenditures of \$1,173,917, 2) park development of \$1,426,906, 3) recreation and arts programs of \$1,739,041, 4) debt service of \$2,848,275, 5) road construction, maintenance and preservation of \$1,652,728, and, 6) code enforcement activities of \$8,280.

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 was \$2,275,657. As a measure of the General Fund's liquidity, it may be useful to compare this amount to total fund expenditures of \$16,261,868 (13.99% or 51 calendar days). The fund balance of the City's General Fund decreased \$241,453 during the current fiscal year. This represents a 8.51% change in fund balance. The decrease consisted of 1) total expenses exceeding revenues by 214,098, representing an improvement of 55.33% compared to the prior year, 2) a 6.46% increase in revenues of \$973,186 offset by a 4.06% increase in expenditures of \$634,727, 3) a \$97,568 increase in proceeds from the sale of capital assets compared to the prior year, and, 4) a decrease of \$180,593 in transfers in from other funds compared to the prior year.

### Proprietary funds

Unrestricted net position of the Water, Sewer and Garbage Utility funds (major funds) at the end of the year were \$1,232,249, \$2,396,144, and \$2,390,084 respectively. The increase in total net position was \$1,782,037, \$885,713, and \$167,452 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 \$15,263,804 to a final budget of \$15,375,649, an increase of \$111,845. These increases can be briefly summarized as follows:

\$87,658 in tax revenue.

\$18,787 increase in intergovernmental revenue.

The General Fund's original budget was also amended for increased expenses in the amount of \$131,845.

### Capital assets

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$181,537,812. 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 the City continuing to make payments on their debt obligations. During the year ended June 30, 2018, the City sold 2 pieces of property to third parties. This, with the other sales made during the year resulted in a gain on sale of fixed assets in the amount of \$365,448.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

Capital assets (continued)

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

- ◆ Land additions of \$66,600, and land sales of \$755,108, which represents the book value of the land sold.
- ◆ Improvements other than buildings additions of \$1,928,042, and deletions of \$258,093.
- ◆ Machinery and equipment additions of \$321,125.
- ◆ Automobile and truck purchases of \$269,402, and deletions of fully depreciated assets of \$58,400.
- ◆ Office furniture and equipment additions of \$85,921, which included the addition of two new capital leases during the year.
- ◆ Infrastructure additions of \$3,505,150 from acquisitions and contributions, and deletions of \$740,866.
- ◆ Depreciation of infrastructure assets of \$4,409,545.

**Tooele City Corporation's Capital Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
		(As Restated)		(As Restated)		(As Restated)
Investment in water stock	\$ -	\$ -	\$ 93,184	\$ 93,184	\$ 93,184	\$ 93,184
Land	11,793,244	12,241,048	3,339,045	3,579,749	15,132,289	15,820,797
Infrastructure	72,818,385	74,372,177	5,918,023	5,268,626	78,736,408	79,640,803
Buildings	8,187,583	8,526,333	2,624,029	2,766,635	10,811,612	11,292,968
Construction in progress	-	-	2,907,486	2,911,745	2,907,486	2,911,745
Equipment under capital lease, net	849,767	827,556	-	-	849,767	827,556
Improvements	6,166,911	6,299,113	54,612,302	54,862,471	60,779,213	61,161,584
Machinery and equipment	446,471	425,906	468,849	390,801	915,320	816,707
Automobiles and trucks	990,330	1,164,471	152,300	135,367	1,142,630	1,299,838
Office furniture and equipment	108,813	72,240	-	-	108,813	72,240
Water rights	-	-	37,475,332	37,475,332	37,475,332	37,475,332
<b>Total</b>	<b>\$ 101,361,504</b>	<b>\$ 103,928,844</b>	<b>\$ 107,590,550</b>	<b>\$ 107,483,910</b>	<b>\$ 208,952,054</b>	<b>\$ 211,412,754</b>

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 \$46,926,073. The debt consists of the following:

**Tooele City Corporation's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
		(As Restated)		(As Restated)		(As Restated)
Revenue bonds payable	\$ 30,595,000	\$ 32,258,000	\$ 7,956,000	\$ 9,321,000	\$ 38,551,000	\$ 41,579,000
Net OPEB obligations	2,682,244	2,668,888	118,529	117,939	2,800,773	2,786,827
Net pension liability	2,730,354	3,908,618	317,659	436,572	3,048,013	4,345,190
Obligations under capital leases	627,337	688,845	-	-	627,337	688,845
Grantsville legal Settlement	1,818,900	1,888,560	-	-	1,818,900	1,888,560
Compensated absences	494,311	477,157	59,839	57,045	554,150	534,202
Deferred amounts:						
Unamortized bond premiums	383,200	411,586	-	-	383,200	411,586
Unamortized bond discounts	(33,125)	(35,639)	-	-	(33,125)	(35,639)
Loss on defeasance	(720,978)	(805,163)	(103,197)	(134,321)	(824,175)	(939,484)
<b>Total</b>	<b>\$ 38,577,243</b>	<b>\$ 41,460,852</b>	<b>\$ 8,348,830</b>	<b>\$ 9,798,235</b>	<b>\$ 46,926,073</b>	<b>\$ 51,259,087</b>

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 \$58,933,016 for all general obligation bonds. As of June 30, 2018 and 2017 the City recorded a loss of defeasance of bonds in the amount of \$824,175 and \$939,484, 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, 2018**

Economic factors and next year's budgets and rates

- ◆ Economic activity in the region has seen 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 2019 budget was projected with an estimated growth in sales tax based on the projected growth in the economy, and the proportionate share of distribution that the City receives based on population.

All of the above factors were considered in preparing the City's budget for the 2018-2019 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, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 3,718,785	\$ 15,963,372	\$ 19,682,157
Receivables:			
Accounts, net	3,299	1,051,888	1,055,187
Assessments	80,501	-	80,501
Taxes	6,350,914	-	6,350,914
Developer contributions receivable	397,534	-	397,534
Other	65,738	-	65,738
Restricted cash and cash equivalents	8,212,320	1,064,705	9,277,025
<b>NONCURRENT ASSETS</b>			
Net pension asset	8,027	196	8,223
Capital assets not being depreciated	11,793,244	43,815,047	55,608,291
Capital assets being depreciated, net	89,568,260	63,775,503	153,343,763
<b>TOTAL ASSETS</b>	<b>120,198,622</b>	<b>125,670,711</b>	<b>245,869,333</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on bond refunding	720,978	103,197	824,175
Deferred outflows related to OPEB	14,722	651	15,373
Deferred outflows related to pensions	2,230,149	240,915	2,471,064
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,965,849</b>	<b>344,763</b>	<b>3,310,612</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	528,434	608,735	1,137,169
Accrued liabilities	332,336	-	332,336
Accrued interest payable	181,948	131,528	313,476
Unearned revenue	-	92,286	92,286
Customer deposits	-	200,070	200,070
Other noncurrent liabilities, due or payable within one year	1,939,862	1,000,000	2,939,862
<b>LONG-TERM LIABILITIES</b>			
Net pension liability	2,730,354	317,659	3,048,013
Due or payable in more than one year	34,628,005	7,134,368	41,762,373
<b>TOTAL LIABILITIES</b>	<b>40,340,939</b>	<b>9,484,646</b>	<b>49,825,585</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	4,729,991	-	4,729,991
Deferred inflows related to OPEB	121,184	5,355	126,539
Deferred inflows related to pensions	1,917,497	200,851	2,118,348
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>6,768,672</b>	<b>206,206</b>	<b>6,974,878</b>
<b>NET POSITION</b>			
Net investment in capital assets	81,800,065	99,737,747	181,537,812
Restricted for:			
Public safety	1,173,917	-	1,173,917
Park development	1,426,906	-	1,426,906
Recreation and arts	1,739,041	-	1,739,041
Debt service	2,848,275	1,064,705	3,912,980
Roads	1,652,728	-	1,652,728
Code enforcement	8,280	-	8,280
Impact fees	-	6,156,616	6,156,616
Unrestricted	(14,594,352)	9,365,554	(5,228,798)
<b>TOTAL NET POSITION</b>	<b>\$ 76,054,860</b>	<b>\$ 116,324,622</b>	<b>\$ 192,379,482</b>

*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, 2018**

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	\$ 10,565,066	\$ 2,481,738	\$ 397,999	\$ 25,235	\$ (7,660,094)	\$ -	\$ (7,660,094)
Public safety	5,797,097	145,236	-	-	(5,651,861)	-	(5,651,861)
Highways and streets	1,831,173	-	1,836,341	840,357	845,525	-	845,525
Parks and recreation	4,653,022	640,600	29,399	-	(3,983,023)	-	(3,983,023)
Community development	296,750	-	-	111,662	(185,088)	-	(185,088)
Interest and fiscal charges	1,098,053	-	-	-	(1,098,053)	-	(1,098,053)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>24,241,161</b>	<b>3,267,574</b>	<b>2,263,739</b>	<b>977,254</b>	<b>(17,732,594)</b>	<b>-</b>	<b>(17,732,594)</b>
Business-type activities:							
Water	4,303,201	4,309,742	-	453,448	-	459,989	459,989
Sewer	2,855,580	3,019,088	-	298,231	-	461,739	461,739
Solid waste	1,601,572	1,736,448	-	-	-	134,876	134,876
Storm water	189,756	487,356	-	314,417	-	612,017	612,017
Street light	121,075	230,973	-	-	-	109,898	109,898
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>9,071,184</b>	<b>9,783,607</b>	<b>-</b>	<b>1,066,096</b>	<b>-</b>	<b>1,778,519</b>	<b>1,778,519</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 33,312,345</b>	<b>\$ 13,051,181</b>	<b>\$ 2,263,739</b>	<b>\$ 2,043,350</b>	<b>(17,732,594)</b>	<b>1,778,519</b>	<b>(15,954,075)</b>
General revenue:							
Taxes:							
Property taxes					5,546,304	-	5,546,304
Sales taxes					7,164,133	-	7,164,133
Franchise taxes					1,901,810	-	1,901,810
Other taxes					337,162	-	337,162
Earnings on investments					174,746	238,175	412,921
Impact fees, net					317,564	977,159	1,294,723
Investment income					5,496	-	5,496
Gain on sale of capital assets					131,411	234,037	365,448
Gain on sale / transfer of water rights					-	397,436	397,436
Miscellaneous					645,054	20,370	665,424
Total general revenues					16,223,680	1,867,177	18,090,857
CHANGE IN NET POSITION					(1,508,914)	3,645,696	2,136,782
NET POSITION, BEGINNING					78,929,451	112,739,275	191,668,726
PRIOR PERIOD ADJUSTMENT (NOTE 19)					(1,365,677)	(60,349)	(1,426,026)
NET POSITION, ENDING					\$ 76,054,860	\$ 116,324,622	\$ 192,379,482

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

**TOOELE CITY CORPORATION**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2018**

	<b>General Fund</b>	<b>Depot Redevelopment Agency</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,204,436	\$ 979,005	\$ 750,000	\$ 380,117	\$ 3,313,558
Receivables:					
Accounts	3,299	-	-	-	3,299
Assessments	-	-	-	80,501	80,501
Taxes	4,178,925	2,080,000	-	91,989	6,350,914
Intergovernmental receivable	40,857	8,515	-	348,162	397,534
Other	60,798	-	-	4,940	65,738
Due from other funds	254,617	129,908	-	365,475	750,000
Restricted cash and investments	164,910	1,018,438	332,456	6,696,516	8,212,320
TOTAL ASSETS	<u>\$ 5,907,842</u>	<u>\$ 4,215,866</u>	<u>\$ 1,082,456</u>	<u>\$ 7,967,700</u>	<u>\$ 19,173,864</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 418,664	\$ 38,116	\$ -	\$ 71,654	\$ 528,434
Accrued liabilities	332,336	-	-	-	332,336
Due to other funds	-	-	750,000	-	750,000
TOTAL LIABILITIES	<u>751,000</u>	<u>38,116</u>	<u>750,000</u>	<u>71,654</u>	<u>1,610,770</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	2,559,991	2,080,000	-	90,000	4,729,991
DEFERRED INFLOWS OF RESOURCES	<u>2,559,991</u>	<u>2,080,000</u>	<u>-</u>	<u>90,000</u>	<u>4,729,991</u>
<b>FUND BALANCES</b>					
Restricted					
Public safety	-	-	-	1,173,917	1,173,917
Park development	-	-	-	1,426,906	1,426,906
Recreation and arts	-	-	-	1,739,041	1,739,041
Debt service	164,910	1,018,438	332,456	1,332,471	2,848,275
Roads	-	-	-	1,652,728	1,652,728
Code enforcement	-	-	-	8,280	8,280
Assigned					
Capital projects	156,284	-	-	472,703	628,987
Redevelopment agency projects	-	1,079,312	-	-	1,079,312
Unassigned	2,275,657	-	-	-	2,275,657
TOTAL FUND BALANCES	<u>2,596,851</u>	<u>2,097,750</u>	<u>332,456</u>	<u>7,806,046</u>	<u>12,833,103</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,907,842</u>	<u>\$ 4,215,866</u>	<u>\$ 1,082,456</u>	<u>\$ 7,967,700</u>	<u>\$ 19,173,864</u>

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

**TOOELE CITY CORPORATION**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2018**

Total Fund Balances - Governmental Funds	\$ 12,833,103
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the individual funds.	101,361,504
The net pension asset resulting from pension assets exceeding pension liabilities is not an available resource and, therefore, is not reported in the funds.	8,027
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, and are not reported in the funds.	720,978
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.	2,230,149
Deferred outflows of resources associated with OPEB is not an available resource and, therefore, is not reported in the funds.	14,722
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.	405,227
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(181,948)
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	(30,945,075)
Obligations under capital leases	(627,337)
Grantsville legal settlement liability	(1,818,900)
Net pension liability	(2,730,354)
Compensated absences payable	(494,311)
Net OPEB obligations	(2,682,244)
Deferred inflows of resources associated with OPEB are not due and payable in the current period and therefore are not recorded in the funds.	(121,184)
Deferred inflows of resources associated with the net pension liability are not due and payable in the current period and therefore are not recorded in the funds.	(1,917,497)
Total Net Position - Government Activities	<u>\$ 76,054,860</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, 2018**

	<b>General Fund</b>	<b>Depot Redevelopment Agency</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 12,365,091	\$ 2,079,309	\$ -	\$ 505,009	\$ 14,949,409
Licenses and permits	324,865	-	-	87,678	412,543
Intergovernmental and grants	389,484	8,515	-	1,865,740	2,263,739
Charges for services	2,433,698	-	-	-	2,433,698
Fines and forfeitures	125,295	-	-	-	125,295
Interest income	38,566	31,201	4,085	100,894	174,746
Impact fees	-	-	-	327,926	327,926
Interfund charges	280,540	-	-	-	280,540
Miscellaneous revenues	89,631	-	-	17,585	107,216
Rental income	600	-	-	529,843	530,443
<b>TOTAL REVENUES</b>	<b>16,047,770</b>	<b>2,119,025</b>	<b>4,085</b>	<b>3,434,675</b>	<b>21,605,555</b>
<b>EXPENDITURES</b>					
General government	4,858,940	842,650	-	291,772	5,993,362
Public safety	5,363,484	-	-	87,586	5,451,070
Highways and streets	1,544,343	-	-	189,658	1,734,001
Parks and recreation	4,418,078	-	-	-	4,418,078
Community development	-	296,750	-	-	296,750
Capital outlay:					
Capital projects	77,023	650,325	-	1,533,500	2,260,848
Debt service:					
Principal - bonds and notes	-	258,660	1,474,000	-	1,732,660
Principal - capital lease	-	64,835	-	94,099	158,934
Interest	-	214,254	821,458	10,436	1,046,148
Bond issuance costs and trustee fees	-	1,850	10,600	-	12,450
<b>TOTAL EXPENDITURES</b>	<b>16,261,868</b>	<b>2,329,324</b>	<b>2,306,058</b>	<b>2,207,051</b>	<b>23,104,301</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(214,098)</b>	<b>(210,299)</b>	<b>(2,301,973)</b>	<b>1,227,624</b>	<b>(1,498,746)</b>
<b>OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS</b>					
Operating transfers in	-	-	2,304,206	-	2,304,206
Operating transfers (out)	(164,910)	(399,118)	-	(1,740,178)	(2,304,206)
Private contributions	25,235	-	-	-	25,235
Proceeds on sale of assets	112,320	357,037	-	176,458	645,815
Refunded impact fees	-	-	-	(10,362)	(10,362)
<b>TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS</b>	<b>(27,355)</b>	<b>(42,081)</b>	<b>2,304,206</b>	<b>(1,574,082)</b>	<b>660,688</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(241,453)</b>	<b>(252,380)</b>	<b>2,233</b>	<b>(346,458)</b>	<b>(838,058)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>2,838,304</b>	<b>2,350,130</b>	<b>330,223</b>	<b>8,152,504</b>	<b>13,671,161</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,596,851</b>	<b>\$ 2,097,750</b>	<b>\$ 332,456</b>	<b>\$ 7,806,046</b>	<b>\$ 12,833,103</b>

*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, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ (838,058)

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

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. (2,111,833)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) including the adjustments to determine the gains on sales of fixed assets. (514,404)

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	3,894
Principal retirement - bonds	1,663,000
Principal retirement - Grantsville note	69,660
Principal retirement - capital lease obligations	158,934
Amortization of bond discount	(2,514)
Amortization of bond premiums	28,386
Amortization of bond refunding	(84,185)

The net revenue of certain activities of internal service funds is reported within the governmental activities. (10,140)

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. (17,154)

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. 145,548

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. (48)

Change in Net Position of Governmental Activities \$ (1,508,914)

*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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u> <u>Budget</u>
<b>REVENUES</b>				
Taxes	\$ 11,917,614	\$ 12,005,272	\$ 12,365,091	\$ 359,819
Licenses and permits	353,500	353,500	324,865	(28,635)
Intergovernmental revenues	302,315	321,102	389,484	68,382
Charges for services	2,340,575	2,340,575	2,433,698	93,123
Fines and forfeitures	70,700	70,700	125,295	54,595
Interest income	19,000	19,000	38,566	19,566
Interfund charges	245,000	245,000	280,540	35,540
Miscellaneous revenues	14,750	20,150	89,631	69,481
Rental income	350	350	600	250
<b>TOTAL REVENUES</b>	<u>15,263,804</u>	<u>15,375,649</u>	<u>16,047,770</u>	<u>672,121</u>
<b>EXPENDITURES</b>				
General government	4,983,684	5,003,684	4,858,940	144,744
Public safety	5,329,585	5,439,630	5,363,484	76,146
Highways and streets	1,793,384	1,793,384	1,544,343	249,041
Parks and recreation	4,642,491	4,654,291	4,418,078	236,213
Capital outlay	123,910	113,910	77,023	36,887
<b>TOTAL EXPENDITURES</b>	<u>16,873,054</u>	<u>17,004,899</u>	<u>16,261,868</u>	<u>743,031</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,609,250)</u>	<u>(1,629,250)</u>	<u>(214,098)</u>	<u>1,415,152</u>
<b>OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS</b>				
Operating transfers in	300,000	300,000	-	(300,000)
Operating transfers (out)	(164,910)	(164,910)	(164,910)	-
Private contributions	-	20,000	25,235	5,235
Proceeds on sale of assets	10,000	10,000	112,320	102,320
<b>TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS</b>	<u>145,090</u>	<u>165,090</u>	<u>(27,355)</u>	<u>(192,445)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,464,160)</u>	<u>(1,464,160)</u>	<u>(241,453)</u>	<u>1,222,707</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>2,838,304</u>	<u>2,838,304</u>	<u>2,838,304</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,374,144</u>	<u>\$ 1,374,144</u>	<u>\$ 2,596,851</u>	<u>\$ 1,222,707</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 2,400,000	\$ 2,400,000	\$ 2,079,309	\$ (320,691)
Intergovernmental and grants	100,000	100,000	8,515	(91,485)
Interest income	15,000	15,000	31,201	16,201
TOTAL REVENUES	<u>2,515,000</u>	<u>2,515,000</u>	<u>2,119,025</u>	<u>(395,975)</u>
<b>EXPENDITURES</b>				
General government	1,054,339	1,054,339	842,650	211,689
Community development	640,000	840,000	296,750	543,250
Capital projects	-	-	650,325	(650,325)
Debt service:				
Principal - notes	259,000	259,000	258,660	340
Principal - capital lease	64,835	64,835	64,835	-
Interest	213,614	213,614	214,254	(640)
Bond issuance costs and trustee fees	1,850	1,850	1,850	-
TOTAL EXPENDITURES	<u>2,233,638</u>	<u>2,433,638</u>	<u>2,329,324</u>	<u>104,314</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>281,362</u>	<u>81,362</u>	<u>(210,299)</u>	<u>(291,661)</u>
<b>OTHER FINANCING</b>				
<b>USES INCLUDING TRANSFERS</b>				
Operating transfers out	(399,118)	(399,118)	(399,118)	-
Proceeds on sale of assets	-	-	357,037	357,037
TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	<u>(399,118)</u>	<u>(399,118)</u>	<u>(42,081)</u>	<u>357,037</u>
NET CHANGE IN FUND BALANCES	(117,756)	(317,756)	(252,380)	65,376
FUND BALANCE, BEGINNING OF YEAR	<u>2,350,130</u>	<u>2,350,130</u>	<u>2,350,130</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,232,374</u>	<u>\$ 2,032,374</u>	<u>\$ 2,097,750</u>	<u>\$ 65,376</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 BALANCE**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest income	\$ -	\$ 1,850	\$ 4,085	\$ 2,235
TOTAL REVENUES	<u>-</u>	<u>1,850</u>	<u>4,085</u>	<u>2,235</u>
EXPENDITURES				
Debt service:				
Principal retirement	1,474,000	1,474,000	1,474,000	-
Interest on long-term debt	821,458	821,458	821,458	-
Trustee fees	8,750	10,600	10,600	-
TOTAL EXPENDITURES	<u>2,304,208</u>	<u>2,306,058</u>	<u>2,306,058</u>	<u>-</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,304,208)</u>	<u>(2,304,208)</u>	<u>(2,301,973)</u>	<u>2,235</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS				
Operating transfers in	2,304,206	2,304,206	2,304,206	-
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>2,304,206</u>	<u>2,304,206</u>	<u>2,304,206</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2)	(2)	2,233	2,235
FUND BALANCE, BEGINNING OF YEAR	<u>330,223</u>	<u>330,223</u>	<u>330,223</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 330,221</u>	<u>\$ 330,221</u>	<u>\$ 332,456</u>	<u>\$ 2,235</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, 2018**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Garbage Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 5,873,744	\$ 4,329,384	\$ 2,339,097	\$ 3,421,147	\$ 15,963,372	\$ 405,227
Accounts receivable, net of allowance	468,580	326,179	183,346	73,783	1,051,888	-
Restricted cash and cash equivalents	332,662	732,043	-	-	1,064,705	-
TOTAL CURRENT ASSETS	<u>6,674,986</u>	<u>5,387,606</u>	<u>2,522,443</u>	<u>3,494,930</u>	<u>18,079,965</u>	<u>405,227</u>
<b>NONCURRENT ASSETS</b>						
Net pension asset	104	92	-	-	196	-
Capital assets not being depreciated:						
Investment in water stock	93,184	-	-	-	93,184	-
Land	2,806,778	301,500	-	230,767	3,339,045	-
Water rights	37,475,332	-	-	-	37,475,332	-
Capital assets being depreciated:						
Infrastructure	-	-	-	6,793,044	6,793,044	-
Construction in progress	-	2,907,486	-	-	2,907,486	-
Buildings	3,513,383	2,724,514	-	-	6,237,897	-
Improvements other than buildings	49,402,612	40,013,817	-	-	89,416,429	-
Office, furniture & fixtures	25,481	49,120	-	-	74,601	65,525
Machinery and equipment	2,989,965	338,294	-	-	3,328,259	80,640
Autos and trucks	442,295	579,701	23,000	-	1,044,996	149,249
Accumulated depreciation	<u>(23,257,111)</u>	<u>(18,970,724)</u>	<u>(16,867)</u>	<u>(875,021)</u>	<u>(43,119,723)</u>	<u>(273,486)</u>
NET CAPITAL ASSETS	<u>73,491,919</u>	<u>27,943,708</u>	<u>6,133</u>	<u>6,148,790</u>	<u>107,590,550</u>	<u>21,928</u>
TOTAL NONCURRENT ASSETS	<u>73,492,023</u>	<u>27,943,800</u>	<u>6,133</u>	<u>6,148,790</u>	<u>107,590,746</u>	<u>21,928</u>
TOTAL ASSETS	<u>80,167,009</u>	<u>33,331,406</u>	<u>2,528,576</u>	<u>9,643,720</u>	<u>125,670,711</u>	<u>427,155</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on bond refunding	95,474	7,723	-	-	103,197	-
Deferred outflows related to OPEB	336	315	-	-	651	-
Deferred outflows related to pensions	127,543	113,372	-	-	240,915	-
TOTAL DEFERRED OUTFLOWS	<u>223,353</u>	<u>121,410</u>	<u>-</u>	<u>-</u>	<u>344,763</u>	<u>-</u>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	314,396	14,127	132,359	147,853	608,735	-
Accrued interest	27,792	103,736	-	-	131,528	-
Deferred revenue	92,286	-	-	-	92,286	-
Customer deposits	200,070	-	-	-	200,070	-
Revenue bonds payable - current	402,000	598,000	-	-	1,000,000	-
TOTAL CURRENT LIABILITIES	<u>1,036,544</u>	<u>715,863</u>	<u>132,359</u>	<u>147,853</u>	<u>2,032,619</u>	<u>-</u>
<b>NONCURRENT LIABILITIES</b>						
Net pension liability	168,172	149,487	-	-	317,659	-
Compensated absences	28,919	30,920	-	-	59,839	-
Net OPEB obligation	61,206	57,323	-	-	118,529	-
Revenue bonds payable - long-term	3,184,000	3,772,000	-	-	6,956,000	-
TOTAL NONCURRENT LIABILITIES	<u>3,442,297</u>	<u>4,009,730</u>	<u>-</u>	<u>-</u>	<u>7,452,027</u>	<u>-</u>
TOTAL LIABILITIES	<u>4,478,841</u>	<u>4,725,593</u>	<u>132,359</u>	<u>147,853</u>	<u>9,484,646</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to OPEB	2,765	2,590	-	-	5,355	-
Deferred inflows related to pensions	106,332	94,519	-	-	200,851	-
TOTAL DEFERRED INFLOWS	<u>109,097</u>	<u>97,109</u>	<u>-</u>	<u>-</u>	<u>206,206</u>	<u>-</u>
<b>NET POSITION</b>						
Net investment in capital assets	70,001,393	23,581,431	6,133	6,148,790	99,737,747	21,928
Unrestricted	1,232,249	2,396,144	2,390,084	3,347,077	9,365,554	405,227
Restricted for:						
Impact fees	4,236,120	1,920,496	-	-	6,156,616	-
Debt service	332,662	732,043	-	-	1,064,705	-
TOTAL NET POSITION	<u>\$ 75,802,424</u>	<u>\$ 28,630,114</u>	<u>\$ 2,396,217</u>	<u>\$ 9,495,867</u>	<u>\$ 116,324,622</u>	<u>\$ 427,155</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, 2018**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Garbage Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
<b>OPERATING REVENUES</b>						
Charges for services	\$ 4,216,224	\$ 3,018,748	\$ 1,573,371	\$ 718,329	\$ 9,526,672	\$ 22,893
Connection and collection fees	93,518	340	163,077	-	256,935	-
Miscellaneous	20,370	-	-	-	20,370	-
<b>TOTAL OPERATING REVENUES</b>	<b>4,330,112</b>	<b>3,019,088</b>	<b>1,736,448</b>	<b>718,329</b>	<b>9,803,977</b>	<b>22,893</b>
<b>OPERATING EXPENSES</b>						
Personal services	585,565	543,515	491,436	-	1,620,516	-
Contracted services	457,500	243,600	1,042,299	25,000	1,768,399	-
Operations and maintenance	1,738,451	621,912	63,017	104,262	2,527,642	-
Utilities	10,661	262,651	-	-	273,312	-
Administration	24,335	-	220	25,991	50,546	-
Depreciation	1,358,396	1,022,501	4,600	155,578	2,541,075	38,529
<b>TOTAL OPERATING EXPENSES</b>	<b>4,174,908</b>	<b>2,694,179</b>	<b>1,601,572</b>	<b>310,831</b>	<b>8,781,490</b>	<b>38,529</b>
<b>OPERATING INCOME</b>	<b>155,204</b>	<b>324,909</b>	<b>134,876</b>	<b>407,498</b>	<b>1,022,487</b>	<b>(15,636)</b>
<b>NON-OPERATING REVENUES</b>						
<b>(EXPENSES):</b>						
Interest income	84,425	75,510	32,576	45,664	238,175	5,496
Interest expense and fiscal charges	(128,293)	(161,401)	-	-	(289,694)	-
Gain from sale of capital assets	185,718	5,404	-	42,915	234,037	-
Sale / transfer of water rights	397,436	-	-	-	397,436	-
Impact fees	634,099	343,060	-	-	977,159	-
<b>TOTAL NON-OPERATING REVENUES</b>	<b>1,173,385</b>	<b>262,573</b>	<b>32,576</b>	<b>88,579</b>	<b>1,557,113</b>	<b>5,496</b>
Contributed from developers	453,448	298,231	-	314,417	1,066,096	-
<b>CHANGE IN NET POSITION</b>	<b>1,782,037</b>	<b>885,713</b>	<b>167,452</b>	<b>810,494</b>	<b>3,645,696</b>	<b>(10,140)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>74,051,550</b>	<b>27,773,587</b>	<b>2,228,765</b>	<b>8,685,373</b>	<b>112,739,275</b>	<b>437,295</b>
<b>PRIOR PERIOD ADJUSTMENT, NOTE 19</b>	<b>(31,163)</b>	<b>(29,186)</b>	<b>-</b>	<b>-</b>	<b>(60,349)</b>	<b>-</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 75,802,424</b>	<b>\$ 28,630,114</b>	<b>\$ 2,396,217</b>	<b>\$ 9,495,867</b>	<b>\$ 116,324,622</b>	<b>\$ 427,155</b>

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, 2018**

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Water	Sewer	Garbage Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal
						Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users	\$ 4,280,669	\$ 3,018,277	\$ 1,735,355	\$ 717,211	\$ 9,751,512	\$ 22,893
Receipts of miscellaneous income	20,370	-	-	-	20,370	-
Payments to employees	(590,632)	(548,019)	(491,436)	-	(1,630,087)	-
Payments to contractors	(57,500)	(33,600)	(1,017,299)	-	(1,108,399)	-
Payments for operations and maintenance	(1,542,071)	(629,335)	(49,474)	(193,982)	(2,414,862)	-
Payment for interfund services provided	(400,000)	(210,000)	(25,000)	(25,000)	(660,000)	-
Payments for utilities	(10,661)	(262,651)	-	-	(273,312)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,700,175</u>	<u>1,334,672</u>	<u>152,146</u>	<u>498,229</u>	<u>3,685,222</u>	<u>22,893</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Payments for purchase of capital assets	(1,275,215)	(60,809)	-	(490,558)	(1,826,582)	-
Proceeds from sale of capital assets	381,381	5,404	-	92,215	479,000	-
Proceeds from sale / transfer of water rights	397,436	-	-	-	397,436	-
Deferred defeasance costs	12,590	18,534	-	-	31,124	-
Payments of bond principal	(392,000)	(973,000)	-	-	(1,365,000)	-
Interest paid on bonds	(131,331)	(173,373)	-	-	(304,704)	-
Impact fees collected	634,099	343,060	-	-	977,159	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(373,040)</u>	<u>(840,184)</u>	<u>-</u>	<u>(398,343)</u>	<u>(1,611,567)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest received on investments	84,425	75,510	32,576	45,664	238,175	5,496
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>84,425</u>	<u>75,510</u>	<u>32,576</u>	<u>45,664</u>	<u>238,175</u>	<u>5,496</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,411,560	569,998	184,722	145,550	2,311,830	28,389
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,794,846</u>	<u>4,491,429</u>	<u>2,154,375</u>	<u>3,275,597</u>	<u>14,716,247</u>	<u>376,838</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,206,406</u>	<u>\$ 5,061,427</u>	<u>\$ 2,339,097</u>	<u>\$ 3,421,147</u>	<u>\$ 17,028,077</u>	<u>\$ 405,227</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, 2018**

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Water	Sewer	Garbage Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ 155,204	\$ 324,909	\$ 134,876	\$ 407,498	\$ 1,022,487	\$ (15,636)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	1,358,396	1,022,501	4,600	155,578	2,541,075	38,529
Changes in assets and liabilities:						
Accounts receivable	(33,950)	(811)	(1,093)	(1,118)	(36,972)	-
Accounts payable	218,507	(8,009)	13,763	(63,729)	160,532	-
Compensated absences	2,208	586	-	-	2,794	-
OPEB obligation	305	285	-	-	590	-
Deferred outflows of resources - OPEB	42	40	-	-	82	-
Deferred inflows of resources - OPEB	(346)	(324)	-	-	(670)	-
Deferred revenue	17,757	-	-	-	17,757	-
Customer deposits	(12,880)	-	-	-	(12,880)	-
Net pension asset	(104)	(92)	-	-	(196)	-
Deferred outflows of resources - pensions	(6,819)	(6,063)	-	-	(12,882)	-
Deferred inflows of resources - pensions	64,809	57,609	-	-	122,418	-
Net pension liability	(62,954)	(55,959)	-	-	(118,913)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,700,175</u>	<u>\$ 1,334,672</u>	<u>\$ 152,146</u>	<u>\$ 498,229</u>	<u>\$ 3,685,222</u>	<u>\$ 22,893</u>
REPRESENTED ON THE BALANCE SHEET AS						
Cash - unrestricted	\$ 5,873,744	\$ 4,329,384	\$ 2,339,097	\$ 3,421,147	\$ 15,963,372	\$ 405,227
Cash - restricted	<u>332,662</u>	<u>732,043</u>	<u>-</u>	<u>-</u>	<u>1,064,705</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,206,406</u>	<u>\$ 5,061,427</u>	<u>\$ 2,339,097</u>	<u>\$ 3,421,147</u>	<u>\$ 17,028,077</u>	<u>\$ 405,227</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES						
Contributed capital assets from developers	<u>\$ 453,448</u>	<u>\$ 298,231</u>	<u>\$ -</u>	<u>\$ 314,417</u>	<u>\$ 1,066,096</u>	<u>\$ -</u>

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

**TOOELE CITY CORPORATION**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**June 30, 2018**

	<u>Pension Trust</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Restricted cash and cash equivalents	\$ 742,832	\$ 530,672
TOTAL ASSETS	<u>\$ 742,832</u>	<u>\$ 530,672</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ -
Other liabilities	-	530,672
TOTAL LIABILITIES	<u>-</u>	<u>\$ 530,672</u>
<b>NET POSITION</b>		
Held in trust for fire department pension and other purposes	<u>742,832</u>	
TOTAL NET POSITION	<u>\$ 742,832</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, 2018**

	<u>Pension Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 70,779
Investment earnings:	
Interest income	<u>13,398</u>
<b>TOTAL ADDITIONS</b>	<u><u>84,177</u></u>
 <b>DEDUCTIONS</b>	
Benefits	28,625
Administrative expenses	<u>1</u>
<b>TOTAL DEDUCTIONS</b>	<u><u>28,626</u></u>
<b>CHANGE IN NET POSITION</b>	55,551
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>687,281</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 742,832</u></u>

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

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ending June 30 , 2018**

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 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 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**  
**For the year ended June 30, 2018**

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) which 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**  
**For the year ended June 30, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Fund Financial Statements (continued)

*(1) Governmental Fund Types (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 fund's financial statements. Amendments to budgets, both governmental and proprietary, were made through legal budget amendment procedures.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

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.

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 statement of net position.

Capital Assets

Capital assets include land, water stock, 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

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (continued)

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 three types of items reported as deferred inflows, including unavailable revenues from property taxes, deferred inflows related to OPEB, 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 and OPEB 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 October. 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 inflows of resources. An accrual was made for property taxes receivable and an offsetting unavailable revenue amount were recorded at June 30, 2018.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

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

The City evaluated all events or transactions that occurred after June 30, 2018 through December 31, 2018, the date these financials were available to be issued. During this period, the City closed the Internal Service fund and moved the assets and liabilities over to Capital Projects fund. Other than this event, the City did not have any additional material recognizable subsequent events.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

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, 2018.

*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, 2018, \$1,000,000 of the City's bank balances of \$30,232,680 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, 2018, \$815,375 of the City's \$1,065,375 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**  
**For the year ended June 30, 2018**

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, 2018, the fair value per share factor for investments in the PTIF was 1.00378796. This resulted in a fair value adjustment for the current year of \$93,356.

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, 2018:

	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	4,426,778	4,426,778	N/A	N/A
High yield savings account	1,065,375	1,065,375	N/A	N/A
Utah State Treasurer's investment pool accounts	<u>24,737,298</u>	<u>24,643,942</u>	N/A	N/A
TOTAL CASH ON HAND AND DEPOSIT	<u>\$ 30,232,686</u>	<u>\$ 30,139,330</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:

	Fair Value
Statement of net position:	
Cash and cash equivalents	\$ 19,682,157
Restricted cash and cash equivalents	9,277,025
Fiduciary funds:	
Restricted cash and cash equivalents, pension fund	742,832
Restricted cash and cash equivalents, agency trust	530,672
FAIR VALUE OF CASH ON HAND AND DEPOSIT	<u>\$ 30,232,686</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, 2018:

- Temporary investment funds (PTIF) of \$ 24,737,298 are valued using significant observable inputs (Level 2 inputs). The inputs use the application of the June 30, 2018 fair value as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

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, 2018.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

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, 2018, 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
<b>INVESTMENT IN WATER STOCK</b>		<b>\$ 93,184</b>

5. RESTRICTED ASSETS

As of June 30, 2018, 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	\$ 164,910
Depot Redevelopment Agency Fund:	
Debt service payments	1,018,438
Debt Service Fund:	
Debt service payments	332,456
Water Fund:	
Funds held by trustee for debt service	332,662
Sewer Fund:	
Funds held by trustee for debt service	732,043
Other Nonmajor Funds:	
Construction, debt service and other uses	6,696,516
Pension and Agency Fund's:	
Held in trust for fire department and others	1,273,504
<b>Total restricted cash and cash equivalents</b>	<b>\$ 10,550,529</b>

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, 2018 is as follows:

Funds	Allowance
Water Fund - major enterprise fund	\$ 19,202
Sewer Fund - major enterprise fund	11,490
Garbage Utility Fund - major enterprise fund	5,212
Nonmajor Enterprise Funds	1,620
	<b>\$ 37,524</b>

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, 2018 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 254,617
Park Improvements	Debt Service Fund	16,275
Depot RDA Fund	Debt Service Fund	129,908
Road C Maintenance	Debt Service Fund	217,520
Capital Projects Fund	Debt Service Fund	131,680
	<b>Total</b>	<b>\$ 750,000</b>

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

8. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	Balance at June 30, 2017	Increases	Decreases	Balance at June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,241,048	\$ 66,600	\$ (514,404)	\$ 11,793,244
Total capital assets not being depreciated	12,241,048	66,600	(514,404)	11,793,244
Capital assets being depreciated:				
Buildings	16,240,447	19,216	-	16,259,663
Improvements other than buildings	11,253,689	89,082	-	11,342,771
Office furniture and equipment	1,407,110	85,921	-	1,493,031
Machinery and equipment	2,890,075	152,040	(248)	3,041,867
Automobiles and trucks	5,933,678	197,259	(45,088)	6,085,849
Infrastructure	98,178,357	2,700,175	(740,866)	100,137,666
Total capital assets being depreciated	135,903,356	3,243,693	(786,202)	138,360,847
Less accumulated depreciation for:				
Buildings	(7,714,114)	(357,966)	-	(8,072,080)
Improvements other than buildings	(4,954,576)	(221,284)	-	(5,175,860)
Office furniture and equipment	(1,334,870)	(49,348)	-	(1,384,218)
Machinery and equipment	(2,464,169)	(131,475)	248	(2,595,396)
Automobiles and trucks	(3,941,651)	(349,189)	45,088	(4,245,752)
Infrastructure	(23,806,180)	(4,253,967)	740,866	(27,319,281)
Total accumulated depreciation	(44,215,560)	(5,363,229)	786,202	(48,792,587)
Total capital assets being depreciated, net	91,687,796	(2,119,536)	-	89,568,260
Governmental activities capital assets, net	\$ 103,928,844	\$ (2,052,936)	\$ (514,404)	\$ 101,361,504

For the year ended June 30, 2018, depreciation expense was charged to functions of the City as follows:

Governmental activities:	
General government	\$ 4,723,615
Public safety	307,498
Highways and streets	97,172
Parks and recreation	234,944
Total depreciation expense, governmental activities	\$ 5,363,229



**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

8. CAPITAL ASSETS (CONTINUED)

The Enterprise Funds' capital assets consist of the following at June 30, 2018:

	Balance at June 30, 2017	Increases	Decreases	Balance at June 30, 2018
Business-type activities				
Capital assets not being depreciated:				
Investment in water stock	\$ 93,184	\$ -	\$ -	\$ 93,184
Land	3,579,749	-	(240,704)	3,339,045
Water rights	37,475,332	-	-	37,475,332
Construction in progress	2,911,745	-	(4,259)	2,907,486
Total capital assets not being depreciated	44,060,010	-	(244,963)	43,815,047
Capital assets, being depreciated:				
Buildings	6,230,382	7,515	-	6,237,897
Improvements other than buildings	87,835,562	1,838,960	(258,093)	89,416,429
Office furniture and fixtures	74,601	-	-	74,601
Machinery and equipment	3,159,174	169,085	-	3,328,259
Automobiles and trucks	986,165	72,143	(13,312)	1,044,996
Infrastructure	5,988,069	804,975	-	6,793,044
Total capital assets being depreciated	104,273,953	2,892,678	(271,405)	106,895,226
Less accumulated depreciation for:				
Buildings	(3,463,747)	(150,121)	-	(3,613,868)
Improvements other than buildings	(32,973,091)	(2,089,129)	258,093	(34,804,127)
Office furniture & fixtures	(74,601)	-	-	(74,601)
Machinery and equipment	(2,768,373)	(91,037)	-	(2,859,410)
Automobiles and trucks	(850,798)	(55,210)	13,312	(892,696)
Infrastructure	(719,443)	(155,578)	-	(875,021)
Total accumulated depreciation	(40,850,053)	(2,541,075)	271,405	(43,119,723)
Total capital assets being depreciated, net	63,423,900	351,603	-	63,775,503
Business-type activities, net	\$ 107,483,910	\$ 351,603	\$ (244,963)	\$ 107,590,550

For the year ended June 30, 2018, depreciation expense was charged to business-type activities of the City as follows:

Business-type activities:	
Water fund	\$ 1,358,396
Sewer fund	1,022,501
Garbage utility fund	4,600
Storm water fund	153,985
Street light fund	1,593
Total depreciation expense, business-type activities	\$ 2,541,075

During January 2018, the City also sold property from the Depot Redevelopment Agency fund to an unrelated party. Proceeds from the sale were in the amount of \$462,161, which resulted in no gain or loss. During March 2018 the City sold additional property to another unrelated party. Proceeds from this sale were in the amount of \$601,000 and resulted in a gain of \$310,995. The gain from the properties sold is included in both the governmental and proprietary funds.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

9. LONG-TERM DEBT

The following is a summary of transactions affecting long-term liabilities for the year ended June 30, 2018:

	Balance at June 30, 2017	Additions	Reductions & Deletions	Balance at June 30, 2018	Due Within One Year
<b>Governmental Activities:</b>					
Revenue bonds payable	\$ 32,258,000	\$ -	\$ (1,663,000)	\$ 30,595,000	\$ 1,706,000
Net OPEB obligations (restated)	2,668,888	13,356	-	2,682,244	-
Net pension liability	3,908,618	-	(1,178,264)	2,730,354	-
Obligations under capital leases	688,845	97,426	(158,934)	627,337	162,862
Grantsville legal settlement	1,888,560	-	(69,660)	1,818,900	71,000
Compensated absences	477,157	17,154	-	494,311	-
Deferred amounts:					
Unamortized bond premiums	411,586	-	(28,386)	383,200	-
Unamortized bond discounts	(35,639)	-	2,514	(33,125)	-
Loss on defeasance*	(805,163)	-	84,185	(720,978)	-
<b>Total governmental long-term liabilities</b>	<b>\$ 41,460,852</b>	<b>\$ 127,936</b>	<b>\$ (3,011,545)</b>	<b>\$ 38,577,243</b>	<b>\$ 1,939,862</b>
	Balance at June 30, 2017	Additions	Reductions & Deletions	Balance at June 30, 2018	Due Within One Year
<b>Business-type Activities:</b>					
Revenue bonds payable	\$ 9,321,000	\$ -	\$ (1,365,000)	\$ 7,956,000	\$ 1,000,000
Net OPEB obligations (restated)	117,939	590	-	118,529	-
Net pension liability	436,572	-	(118,913)	317,659	-
Compensated absences	57,045	2,794	-	59,839	-
Deferred amounts:					
Loss on defeasance*	(134,321)	-	31,124	(103,197)	-
<b>Total business-type long-term liabilities</b>	<b>\$ 9,798,235</b>	<b>\$ 3,384</b>	<b>\$ (1,452,789)</b>	<b>\$ 8,348,830</b>	<b>\$ 1,000,000</b>

\* Denotes amounts that are included in the deferred outflows of resource in the accompanying statement of net position.

<u>Government-type Activities:</u>	<u>Current Outstanding Balances</u>
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.	\$ 7,145,000
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.	3,463,000

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

9. LONG-TERM DEBT (CONTINUED)

	<u>Current Outstanding Balances</u>
<u>Government-type Activities (continued):</u>	
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.	427,000
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.	3,562,000
On July 28, 2016, the City issued \$11,350,000 in Sales Tax Revenue Bonds, (Series 2016) at interest rates ranging from 2.32% to 3.40%, with a final maturity at December 1, 2036. Principle payments are due annually with interest payments due on December 1 and June 1 of each year. The proceeds from the bond issuance were used to pay the remaining balance of the Tooele Associates legal settlement during fiscal year end 2017, where \$10,852,958 was paid to principle and \$233,042 was paid to interest.	11,290,000
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.	4,708,000
Total governmental activities - bonds	<u>\$ 30,595,000</u>
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.	\$ 1,818,900
Total governmental activities - Grantsville Legal Settlement	<u>\$ 1,818,900</u>

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

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>	\$ 464,000
<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>	3,906,000
<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 value.</p>	3,586,000
Total business-type activities - bonds	\$ 7,956,000

The debt service requirements on bonds and long-term debt at June 30, 2018 are as follows:

Year Ending June 30,	Governmental Activities - Bonds		Business-type Activities - Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 1,706,000	\$ 935,020	\$ 1,000,000	\$ 291,145
2020	1,749,000	890,282	556,000	261,996
2021	1,794,000	840,599	572,000	242,661
2022	1,745,000	788,066	591,000	222,669
2023	1,791,000	735,420	616,000	201,927
2024-2028	12,175,000	2,792,080	2,365,000	703,197
2029-2033	5,645,000	1,421,896	1,142,000	409,320
2034-2038	3,990,000	322,853	1,114,000	128,160
TOTAL DEBT	30,595,000	\$ 8,726,216	7,956,000	\$ 2,461,075
Unamortized premiums	383,200		-	
Loss on defeasance	(720,978)		(103,197)	
TOTAL	\$ 30,257,222		\$ 7,852,803	

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

9. LONG-TERM DEBT (CONTINUED)

Year Ending June 30,	Governmental Activities - Grantsville Legal Settlement	
	Principal	Interest
2018	\$ 71,000	\$ 45,475
2019	73,000	43,700
2020	75,000	41,875
2021	77,000	40,000
2022	78,000	38,075
2024-2028	424,000	159,925
2029-2033	479,000	104,275
2034-2038	541,900	41,325
TOTAL DEBT	\$ 1,818,900	\$ 514,650

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, 2018, bonds totaling \$15,495,000 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 accreted over the shorter of the life of the refunded or refunding debt. As of June 30, 2018, the City had deferred outflows of resources related to refunding of debt in the amount of \$824,175.

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. During 2018 the City also entered into a capital lease agreement for two lawn mowers which have a bargain purchase option and will become property of the City at the conclusion of the lease term. The following is a schedule, by year, of future minimum lease payments required on the leases as of June 30, 2018.

Fiscal Year Ending June 30,	Governmental Activities
2019	\$ 179,805
2020	179,805
2021	167,786
2022	150,541
2023	-
Total minimum lease payments	677,937
Less amounts representing interest	(50,600)
Present value of net minimum lease payments	627,337
Less current portion of capital lease obligations	(162,862)
Capital lease obligations net current portion	\$ 464,475

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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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, 2018, are as follows:

Equipment under capital lease	\$ 1,034,281
Less accumulated depreciation	(184,514)
Equipment under capital lease, net	\$ 849,767

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, 2018 is not expected to be received within 60 days after the year ended June 30, 2018, 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, 2018 are as follows:

	Transfers out				
		Depot Redevelopment	Debt Service Fund	Nonmajor Governmental Funds	Transfers In
	General Fund	Agency Fund			
Debt Service Fund	\$ 164,910	\$ 399,118	\$ -	\$ 1,740,178	\$ 2,304,206
<b>Total Transfers out</b>	<b>\$ 164,910</b>	<b>\$ 399,118</b>	<b>\$ -</b>	<b>\$ 1,740,178</b>	<b>\$ 2,304,206</b>

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. Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Public Employees Contributory Retirement System (Contributory System) are multiple-employer, cost-sharing, retirement systems.
- 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**  
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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 Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://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 upon 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	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% 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.

Contribution Rate Summary

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

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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14. RETIREMENT PLAN (CONTINUED)

Contribution Rate Summary (continued)

Contribution rates as of June 30, 2018 are as follows:

<u>Utah Retirement Systems</u>	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory System:			
111 Local Government Division - Tier 2	N/A	15.11%	1.58%
Noncontributory System:			
15 Local Government Division - Tier 1	N/A	18.47%	N/A
Public Safety Systems:			
Contributory			
122 Tier 2 DB Hybrid Public Safety	N/A	22.57%	1.26%
Noncontributory			
43 Other Div A with 2.5% COLA	N/A	34.04%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%
222 Public Safety	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, 2018, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 571,427	N/A
Contributory System	215	-
Public Safety System	393,945	-
Tier 2 Public Employees System	187,817	-
Tier 2 Public Safety and Firefighter	188,667	-
Tier 2 DC Only System	17,362	N/A
<b>TOTAL CONTRIBUTIONS</b>	<b>\$ 1,359,433</b>	<b>\$ -</b>

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

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

At June 30, 2018, we reported a net pension asset of \$8,223 and a net pension liability of \$3,048,013. These balances are broken out by system as follows:

<u>System</u>	<u>(Measurement Date): December 31, 2017</u>			<u>Proportionate Share December 31, 2016</u>	<u>Change (Decrease)</u>
	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>		
Noncontributory System	\$ -	\$ 1,630,217	0.3720852%	0.3844558%	-0.0123706%
Contributory System	-	7,271	0.0893416%	0.2056053%	-0.1162637%
Public Safety System	-	1,400,615	0.8928747%	0.8854666%	0.0074081%
Tier 2 Public Employees System	-	9,910	0.1124047%	0.1093276%	0.0030771%
Tier 2 Public Safety and Firefighter System	8,223	-	0.7106312%	0.7010886%	0.0095426%
	<b>\$ 8,223</b>	<b>\$ 3,048,013</b>			



**TOOELE CITY CORPORATION**  
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14. RETIREMENT PLAN (CONTINUED)

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

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 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, 2018 the City recognized pension expense of \$1,203,887.

At June, 30, 2018 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	\$ 41,024	\$ 314,497
Changes in assumptions	1,132,666	59,095
Net difference between projected and actual earnings on pension plan investments	617,288	1,615,606
Changes in proportion and differences between contributions and proportionate share of contributions	23,680	129,150
Contributions subsequent to the measurement date	656,406	-
<b>TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 2,471,064</b>	<b>\$ 2,118,348</b>

Deferred outflows of \$656,406 were reported as resources related to pensions and results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2018	\$ 97,671
2019	196,437
2020	(274,141)
2021	(350,354)
2022	(3,203)
Thereafter	29,899

Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50 percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

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, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
<b>TOTAL</b>	<b>100%</b>		<b>4.75%</b>
		<b>INFLATION</b>	<b>2.50%</b>
		<b>EXPECTED ARITHMETIC NOMINAL RETURN</b>	<b>7.25%</b>

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

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 4,408,872	\$ 1,630,217	\$ (680,097)
Contributory System	49,292	7,270	(27,979)
Public Safety System	3,528,921	1,400,615	(324,352)
Tier 2 Public Employees System	116,690	9,910	(72,432)
Tier 2 Public Safety and Firefighter System	72,816	(8,223)	(70,136)
<b>TOTAL</b>	<b>\$ 8,176,591</b>	<b>\$ 3,039,789</b>	<b>\$ (1,174,996)</b>

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

14. RETIREMENT PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

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:

	2018		2017		2016
401(k) Plan					
Employer Contributions	\$ 156,679	\$	135,251	\$	106,710
Employee Contributions	88,380		76,331		68,709
Roth IRA Plan					
Employer Contributions	N/A		N/A		N/A
Employee Contributions	28,429		22,119		21,926
Traditional IRA					
Employer Contributions	N/A		N/A		N/A
Employee Contributions	3,420		2,080		4,101

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, 2018, 2017, and 2016 were \$70,779, \$76,112, and \$76,112, 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**  
**For the year ended June 30, 2018**

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 as of July 1, 2016 and included the following methods and assumptions:

Actuarial Assumptions

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 \$706,688.

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 \$107,791, \$119,903 and \$47,476, respectively, as of June 30, 2018, 2017, and 2016. Salaries subject to contributions were \$6,696,774, \$6,444,804, and \$4,782,591, respectively, as of June 30, 2018, 2017 and 2016. The City made no discretionary contributions to the 401(k) plans for the year ended June 30, 2015. 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, 2018, 2017 and 2016 were \$6,945, \$7,090, and \$7,368, 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, 2018, 2017, and 2016 were \$57,124, \$64,116, and \$60,806, respectively. Salaries subject to contributions were \$239,967, \$334,857, and \$252,150, 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, 2018, 2017 and 2016 were \$42,803, \$41,253, and \$55,150, respectively. Salaries subject to contributions were \$269,565, \$258,768, and \$250,636, 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, 2018, 2017 and 2016 were \$3,250, \$2,080, and \$4,101, 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, 2018, 2017 and 2016 were \$43,955, \$34,133, and \$21,926, respectively.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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 Plan benefits include paying health insurance and life insurance premiums on behalf of City employees after their retirement. 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.

Funding Policy

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.

Net OPEB Asset, Deferred Outflows and Deferred Inflows of Resources Related to OPEB, and OPEB Expense

At June 30, 2018, the City reported a net OPEB asset of \$0. The net OPEB asset was measured as of June 30, 2018 by an actuarial valuation using generally accepted actuarial procedures. At June 30, 2018, the reported deferred outflows of resources and deferred inflows of resources related to OPEB are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 126,540
Changes in assumptions	15,373	-
Net difference between projected and actual earnings in OPEB plan investments for the fiscal year ended June 30, 2018	-	-
<b>TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 15,373</b>	<b>\$ 126,540</b>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2019	\$ (13,896)
2020	(13,896)
2021	(13,896)
2022	(13,896)
2023	(13,896)
Thereafter	(41,687)

For the year ended June 30, 2018, the City recognized an actuarially calculated OPEB expense of \$239,101

OPEB Plan Covered Employees

For the year ended June 30, 2018, the City had the following covered employees under the OPEB plan

Covered Employees	Single-Employer- Health Insurance OPEB Plan	Single-Employer- Life Insurance OPEB Plan
Inactive employees currently receiving benefit	12	39
Inactive employees entitled to but not yet receiving benefit	-	-
Active employees	92	132
<b>TOTAL OPEB PLANS COVERED EMPLOYEES</b>	<b>104</b>	<b>171</b>

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Liability measurement method	Valuation date June 30, 2018
Actuarial cost method	Present value of future benefits
Amortization method	Straight-line
Inflation rate	2.50%
Discount rate	3.87%
Asset valuation method	N/A*
Interest rate	3.69%
Health care trend rate	Initial rate of 8.0% decreasing between 0.25% and 0.50% annually to an ultimate rate of 5.0%
Investment rate of return	N/A*
Mortality rates	Developed from the RPH-2017 Total Dataset Mortality Table using the fully generational scale MP-2017.

\* The City has no actuarial value of assets due to the City's pay-as-you-go accounting.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87 percent. Under GASB 75, the discount rate used in valuing OPEB liabilities for unfunded plans as of the measurement date must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). For the current valuation, the discount rate was selected from a range of indices where the range is given as the spread between the lowest and highest rate. The projection of cash flows used to determine the discount rate assumed that there would be employer-paid contributions for retiree health benefits for the next thirty years. The projections include explicit and implicit subsidies.

Net OPEB Liability

The City's net OPEB Liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The change in total OPEB liability is as follows:

Total OPEB liability at June 30, 2017	\$ 2,786,827
Activity during the year:	
Service cost	149,885
Interest	103,112
Change in assumptions	17,295
Differences between expected and actual experience	(142,358)
Benefit payments	(113,988)
Net change in total OPEB liability	13,946
<b>TOTAL OPEB LIABILITY AT JUNE 30, 2018</b>	<b>\$ 2,800,773</b>

Sensitivity of the NET OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate:

The following presents the OPEB liability as of June 30, 2018, calculated using the discount rate assumed and what it would be using a one-percentage-point higher (4.87%) and one-percentage-point lower (2.87%) than the current discount rate:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
1% decrease in discount rate	\$ 3,104,621	\$ -	\$ 3,104,621
Current discount rate	2,800,773	-	2,800,773
1% increase in discount rate	2,531,802	-	2,531,802

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the NET OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates (Continued)

The following presents the net OPEB liability as of June 30, 2018, using the health care trend rates assumed and what it would be using one-percentage-point higher and one-percentage-point lower health care trend rates:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
1% decrease in trend rates	\$ 2,492,367	\$ -	\$ 2,492,367
Current trend rates	2,800,773	-	2,800,773
1% increase in trend rates	3,171,498	-	3,171,498

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.

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, 2018 are as follows:

<u>Project Area</u>	<u>Amount</u>
Depot	\$ 2,079,309
Downtown	92,624
Total	<u>\$ 2,171,933</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>Site Improvement or Preparation Costs</u>	<u>Installation of Public Utilities or Other Public Improvements</u>	<u>Administrative Costs of the Agency</u>
Depot Redevelopment Agency	\$ 667,075	\$ 280,000	\$ -	\$ 1,382,249
Downtown Redevelopment Agency	-	-	-	4,460
Total	<u>\$ 667,075</u>	<u>\$ 280,000</u>	<u>\$ -</u>	<u>\$ 1,386,709</u>

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

18. COMMITMENTS AND CONTINGENT LIABILITIES

Sod Farm Case

Tooele City had leased a 1,783-acre City-owned agricultural property located near Vernon, Utah (the "Property"), to a private sod farmer ("Plaintiff") since the City's acquisition in 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 the Plaintiff's sod crop.

The case was tried to 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 the Plaintiff from the Property during the year 2013 would be an offset in the City's favor against any amounts found due by the 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 the Plaintiff could not pursue a claim against the City for breach of an implied covenant of good faith and fair dealing, or, put another way, the Plaintiff could not pursue a claim of bad faith. Fourth, the judge ruled that an underground pipe installed and later removed by the Plaintiff had become a fixture to the Property owned by the City. These pre-trial rulings reduced the value of the 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 the Plaintiff and against the City in the amount of \$2,631,154. The jury verdict was not a judgment and did not represent an obligation of the City. The City believed that the verdict violated the law of the case and was unlawful. The City challenged the verdict through post-trial motions for judgment notwithstanding the verdict (JNOV) and for new trial. The City also brought motions for trebled damages and attorney fees. The motions were heard on October 26, 2017. The judge for this trial agreed with the City's motions, threw out the jury verdict, and ordered a new trial. This judge retired and another judge replaced him. By way of a motion for reconsideration brought by the defendant, the new judge overruled the previous judge's ruling regarding offset. The new trial was a bench trial and was held December 5-6, 2018 and resulted in the court ruling that the value of the sod to be paid for by the City was \$1,514,114. The City contests this amount and both parties will be submitting competing proposed judgment forms. The City's total exposure will not be determined until judgment is entered following a hearing that will be held on February 11, 2019. The final judgment will include the \$1.5 million sod value minus amounts previously and to-be awarded to the City for damages, which could range from \$220,891 to \$500,000. Both parties have indicated their intention to appeal the final judgment and the several pre- and post-trial rulings of the court.

In the normal course of operations 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.

Negative Cash Balances

Management considers the negative cash balances being carried by the debt service fund in the amount of \$750,000 are recoverable under the current operating agreements.

Committed Projects

As of June 30, 2018, the City had committed to a waterline improvement and replacement project as well as to a roadway construction and repair project that were both approved during fiscal year 2017 by resolution.

19. RECLASSIFICATIONS AND ADJUSTMENTS

During the current year the Garbage Utility Fund met the criteria to be classified as a major proprietary fund. The Garbage Utility Fund's beginning fund balance of \$328,371 as of July 1, 2017 has been reclassified from a nonmajor to a major proprietary fund.

A summary of the reclassification is as follows

	Proprietary Funds	
	Major Funds	Nonmajor Funds
Fund balances as originally stated July 1, 2017	\$ 101,825,137	\$ 10,914,138
Adjustment from nonmajor to major fund	2,228,765	(2,228,765)
Fund balances as restated - July 1, 2017	\$ 104,053,902	\$ 8,685,373



**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

19. RECLASSIFICATIONS AND ADJUSTMENTS (CONTINUED)

During the year, the City implemented GASB 75, which requires the City to report as a liability the outstanding balance due for Other Postemployment benefits (OPEB) at the end of June 30, 2017. As a result, a prior period adjustment was necessary in the Enterprise Fund statements, and a prior period adjustment was necessary for the Governmental and Business-type activities in the entity-wide statements. Listed below is a schedule of the prior period adjustments:

A summary of the restatement for the implementation of GASB 75 is as follows:

	Net Position at the Beginning of the Year	OPEB Adjustment	Restated Net Position at the Beginning of the Year
Enterprise Funds:			
Water	\$ 74,051,550	\$ (31,163)	\$ 74,020,387
Sewer	27,773,587	(29,186)	27,744,401
Garbage utility	2,228,765	-	2,228,765
Storm water	8,575,548	-	8,575,548
Street light	109,825	-	109,825
TOTAL ENTERPRISE FUNDS	<u>\$ 112,739,275</u>	<u>\$ (60,349)</u>	<u>\$ 112,678,926</u>
Governmental activities	\$ 78,929,451	\$ (1,365,677)	\$ 77,563,774
Business-type activities	<u>112,739,275</u>	<u>(60,349)</u>	<u>112,678,926</u>
TOTAL	<u>\$ 191,668,726</u>	<u>\$ (1,426,026)</u>	<u>\$ 190,242,700</u>

20. NEGATIVE UNRESTRICTED NET POSITION

Due to the settlement with Tooele Associates during 2013, unrestricted net position reported in the government wide statement of net position was negative as of June 30, 2018. Without the Tooele Associates settlement, unrestricted net assets would have been \$8,720,654.

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.

22. RECENT ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments, and how those activities should be reported. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City is currently evaluating the impact of this statement on the financial statements when implemented.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

22. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, and earlier adoption is encouraged. The City is currently evaluating the impact of this statement on the financial statements when implemented.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarified which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018, and earlier adoption is encouraged. The City is currently evaluating the impact of this statement on the financial statements when implemented.

The City implemented GASB 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, and GASB 82, *Pension Issues - An Amendment of GASB Statements 67, 68, and 73* during the current year.

**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, 2018**

	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, 2017	0.3720852%	0.0893416%	0.8928747%	0.1124047%	0.7106312%
For year ending December 31, 2016	0.3844558%	0.2056053%	0.8854666%	0.1093276%	0.7010886%
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, 2017	\$ 1,630,217	\$ 7,270	\$ 1,400,615	\$ 9,910	\$ (8,223)
For year ending December 31, 2016	2,468,677	67,461	1,796,856	12,195	(6,086)
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, 2017	\$ 3,162,199	\$ 18,129	\$ 1,240,696	\$ 1,098,992	\$ 750,015
For year ending December 31, 2016	3,346,208	49,333	1,249,196	896,577	579,253
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, 2017	51.55%	40.10%	112.89%	0.90%	-1.10%
For year ending December 31, 2016	73.78%	136.75%	143.84%	1.36%	-1.05%
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 the total pension liability					
For year ending December 31, 2017	91.90%	98.20%	90.20%	97.40%	103.00%
For year ending December 31, 2016	87.30%	92.90%	86.50%	95.10%	103.60%
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 are required to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will continue 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, 2018**

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%
	2017	558,245	558,245	-	3,066,576	18.20%
	2018	571,427	571,427	-	3,170,902	18.02%
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%
	2017	6,338	6,338	-	43,833	14.46%
	2018	215	215	-	1,671	12.87%
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%
	2017	382,943	382,943	-	1,144,502	33.46%
	2018	393,945	393,945	-	1,201,660	32.78%
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%
	2017	148,291	148,291	-	995,440	14.90%
	2018	187,817	187,817	-	1,243,003	15.11%
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%
	2017	150,547	150,547	-	669,097	22.50%
	2018	188,667	188,667	-	840,440	22.45%
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%
	2017	12,352	12,352	-	184,634	6.69%
	2018	17,362	17,362	-	258,173	6.72%
Tier 2 Public Safety and Firefighter DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	3,878	3,878	-	32,784	11.83%
	2017	2,351	2,351	-	19,875	11.83%
	2018	-	-	-	-	0.00%

\* 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.

*The notes to required supplementary information are an integral part of this schedule.*

**TOOELE CITY CORPORATION**  
**SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**LIABILITY AND RELATED RATIOS - LAST TEN FISCAL YEARS\***  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

	<u>June 30, 2018</u>
Total OPEB Liability	
Service cost	\$ 149,885
Interest	103,112
Change of benefit terms	-
Changes in assumptions	17,295
Differences between expected and actual experience	(142,358)
Benefit payments	<u>(113,988)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	<u>13,946</u>
TOTAL OPEB LIABILITY - BEGINNING	<u>2,786,827</u>
TOTAL OPEB LIABILITY - ENDING (a)	<u><u>\$ 2,800,773</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 113,988
Contributions - active employees	-
Net investment income	-
Benefit payments	(113,988)
Trust administrative expenses	<u>-</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>-</u>
TOTAL FIDUCIARY NET POSITION - BEGINNING	<u>-</u>
TOTAL FIDUCIARY NET POSITION - ENDING (b)	<u><u>\$ -</u></u>
NET OPEB LIABILITY - ENDING (a-b)	<u><u>\$ 2,800,773</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	0.00%
Covered Employee Payroll	N/A
Net OPEB Liability as a Percentage of Covered Payroll	N/A

\* In accordance with paragraph 57.b of GASB 75, employers will need to disclose a 10 year history of the above listed items in their RSI. The 10-year schedule will be built prospectively.

*The notes to required supplementary information are an integral part of this schedule.*

**TOOELE CITY CORPORATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2018**

1. CHANGE IN ASSUMPTIONS

As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

## **SUPPLEMENTAL INFORMATION**



**TOOELE CITY CORPORATION  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2018**

	Special Revenue Funds					Capital Projects Funds			Totals
	Class "C" Road Fund	Par Tax Fund	Code Enforcement Fund	Municipal Building Authority	Downtown Redevelopment Agency	Park Improvements Fund	Capital Projects Fund	Public Safety Capital Projects Fund	
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	\$ 4,786	\$ -	\$ -	\$ 1,450	\$ 373,881	\$ -	\$ 380,117
Receivables:									
Assessments	-	80,501	-	-	-	-	-	-	80,501
Taxes	-	-	1,989	-	90,000	-	-	-	91,989
Other	-	-	-	-	4,940	-	-	-	4,940
Intergovernmental receivable	334,762	-	-	-	-	-	13,400	-	348,162
Due from other funds	217,520	-	-	-	-	16,275	131,680	-	365,475
Restricted cash and cash equivalents	1,769,167	1,675,271	8,280	158,808	45,886	1,460,631	404,556	1,173,917	6,696,516
<b>TOTAL ASSETS</b>	<b>\$ 2,321,449</b>	<b>\$ 1,755,772</b>	<b>\$ 15,055</b>	<b>\$ 158,808</b>	<b>\$ 140,826</b>	<b>\$ 1,478,356</b>	<b>\$ 923,517</b>	<b>\$ 1,173,917</b>	<b>\$ 7,967,700</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 440	\$ 16,731	\$ 6,775	\$ -	\$ -	\$ 1,450	\$ 46,258	\$ -	\$ 71,654
<b>TOTAL LIABILITIES</b>	<b>440</b>	<b>16,731</b>	<b>6,775</b>	<b>-</b>	<b>-</b>	<b>1,450</b>	<b>46,258</b>	<b>-</b>	<b>71,654</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue - property taxes	-	-	-	-	90,000	-	-	-	90,000
<b>FUND BALANCES</b>									
Restricted									
Public safety	-	-	-	-	-	-	-	1,173,917	1,173,917
Park development	-	-	-	-	-	1,426,906	-	-	1,426,906
Recreation and arts	-	1,739,041	-	-	-	-	-	-	1,739,041
Debt service	668,281	-	-	158,808	50,826	50,000	404,556	-	1,332,471
Roads	1,652,728	-	-	-	-	-	-	-	1,652,728
Code enforcement	-	-	8,280	-	-	-	-	-	8,280
Assigned									
Capital projects	-	-	-	-	-	-	472,703	-	472,703
<b>TOTAL FUND BALANCE</b>	<b>2,321,009</b>	<b>1,739,041</b>	<b>8,280</b>	<b>158,808</b>	<b>50,826</b>	<b>1,476,906</b>	<b>877,259</b>	<b>1,173,917</b>	<b>7,806,046</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 2,321,449</b>	<b>\$ 1,755,772</b>	<b>\$ 15,055</b>	<b>\$ 158,808</b>	<b>\$ 140,826</b>	<b>\$ 1,478,356</b>	<b>\$ 923,517</b>	<b>\$ 1,173,917</b>	<b>\$ 7,967,700</b>

**TOOELE CITY CORPORATION**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

	Special Revenue Funds					Capital Project Funds			Totals
	Class "C" Road Fund	Par Tax Fund	Code Enforcement Fund	Municipal Building Authority	Downtown Redevelopment Agency	Park Improvements Fund	Capital Projects Fund	Public Safety Capital Projects Fund	
REVENUES									
Taxes	\$ -	\$ 412,385	\$ -	\$ -	\$ 92,624	\$ -	\$ -	\$ -	\$ 505,009
Licenses and permits	-	-	87,678	-	-	-	-	-	87,678
Intergovernmental revenues	1,836,341	-	-	-	-	-	29,399	-	1,865,740
Interest income	21,832	22,341	98	2,779	622	17,920	18,069	17,233	100,894
Impact fees	-	-	-	-	-	280,664	-	47,262	327,926
Miscellaneous revenue	-	16,485	1,100	-	-	-	-	-	17,585
Rental income	-	-	-	529,843	-	-	-	-	529,843
<b>TOTAL REVENUES</b>	<b>1,858,173</b>	<b>451,211</b>	<b>88,876</b>	<b>532,622</b>	<b>93,246</b>	<b>298,584</b>	<b>47,468</b>	<b>64,495</b>	<b>3,434,675</b>
EXPENDITURES									
General government	-	183,786	-	10	4,460	-	103,516	-	291,772
Public safety	-	-	87,586	-	-	-	-	-	87,586
Highways and streets	189,658	-	-	-	-	-	-	-	189,658
Capital outlay	1,118,326	92,798	-	-	-	66,600	240,276	15,500	1,533,500
Debt service:									
Principal - capital lease	-	-	-	-	-	-	29,264	64,835	94,099
Interest	-	-	-	-	-	-	-	10,436	10,436
<b>TOTAL EXPENDITURES</b>	<b>1,307,984</b>	<b>276,584</b>	<b>87,586</b>	<b>10</b>	<b>4,460</b>	<b>66,600</b>	<b>373,056</b>	<b>90,771</b>	<b>2,207,051</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	550,189	174,627	1,290	532,612	88,786	231,984	(325,588)	(26,276)	1,227,624
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS									
Operating transfers (out)	(668,281)	-	-	(529,843)	(87,500)	(50,000)	(404,554)	-	(1,740,178)
Proceeds on sale of assets	-	-	-	-	-	92,216	84,242	-	176,458
Refunded impact fees	-	-	-	-	-	(8,259)	-	(2,103)	(10,362)
<b>TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS</b>	<b>(668,281)</b>	<b>-</b>	<b>-</b>	<b>(529,843)</b>	<b>(87,500)</b>	<b>33,957</b>	<b>(320,312)</b>	<b>(2,103)</b>	<b>(1,574,082)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(118,092)</b>	<b>174,627</b>	<b>1,290</b>	<b>2,769</b>	<b>1,286</b>	<b>265,941</b>	<b>(645,900)</b>	<b>(28,379)</b>	<b>(346,458)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>2,439,101</b>	<b>1,564,414</b>	<b>6,990</b>	<b>156,039</b>	<b>49,540</b>	<b>1,210,965</b>	<b>1,523,159</b>	<b>1,202,296</b>	<b>8,152,504</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,321,009</b>	<b>\$ 1,739,041</b>	<b>\$ 8,280</b>	<b>\$ 158,808</b>	<b>\$ 50,826</b>	<b>\$ 1,476,906</b>	<b>\$ 877,259</b>	<b>\$ 1,173,917</b>	<b>\$ 7,806,046</b>

**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, 2018**

	<b>Par Tax Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Taxes	\$ 377,000	\$ 412,385	\$ 35,385
Interest income	10,000	22,341	12,341
Miscellaneous revenues	20,000	16,485	(3,515)
TOTAL REVENUES	<u>407,000</u>	<u>451,211</u>	<u>44,211</u>
<b>EXPENDITURES</b>			
General government	257,000	183,786	73,214
Capital outlay	150,000	92,798	57,202
TOTAL EXPENDITURES	<u>407,000</u>	<u>276,584</u>	<u>130,416</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>174,627</u>	<u>174,627</u>
NET CHANGE IN FUND BALANCE	-	174,627	174,627
FUND BALANCE, BEGINNING OF YEAR	<u>1,564,414</u>	<u>1,564,414</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,564,414</u>	<u>\$ 1,739,041</u>	<u>\$ 174,627</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, 2018**

		<u>Code Enforcement Fund</u>		
		<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES				
Licenses and permits		\$ 90,000	\$ 87,678	\$ (2,322)
Interest income		-	98	98
Miscellaneous revenues		-	1,100	1,100
	TOTAL REVENUES	<u>90,000</u>	<u>88,876</u>	<u>(1,124)</u>
EXPENDITURES				
Public safety		<u>90,000</u>	<u>87,586</u>	<u>2,414</u>
	TOTAL EXPENDITURES	<u>90,000</u>	<u>87,586</u>	<u>2,414</u>
	EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>1,290</u>	<u>1,290</u>
	NET CHANGE IN FUND BALANCE	-	1,290	1,290
	FUND BALANCE, BEGINNING OF YEAR	<u>6,990</u>	<u>6,990</u>	<u>-</u>
	FUND BALANCE, END OF YEAR	<u>\$ 6,990</u>	<u>\$ 8,280</u>	<u>\$ 1,290</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, 2018**

	<b>Municipal Building Authority</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Interest income	\$ 1,650	\$ 2,779	\$ 1,129
Rental income	529,843	529,843	-
TOTAL REVENUES	531,493	532,622	1,129
<b>EXPENDITURES</b>			
General government	1,650	10	1,640
TOTAL EXPENDITURES	1,650	10	1,640
EXCESS OF REVENUES OVER EXPENDITURES	529,843	532,612	2,769
<b>OTHER FINANCING USES INCLUDING TRANSFERS</b>			
Operating transfers (out)	(529,843)	(529,843)	-
TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	(529,843)	(529,843)	-
NET CHANGE IN FUND BALANCE	-	2,769	2,769
FUND BALANCE, BEGINNING OF YEAR	156,039	156,039	-
FUND BALANCE, END OF YEAR	\$ 156,039	\$ 158,808	\$ 2,769

**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, 2018**

<u>Downtown Redevelopment Agency</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
<b>REVENUES</b>			
Taxes	\$ 92,065	\$ 92,624	\$ 559
Interest income	435	622	187
TOTAL REVENUES	<u>92,500</u>	<u>93,246</u>	<u>746</u>
<b>EXPENDITURES</b>			
General government	5,000	4,460	540
TOTAL EXPENDITURES	<u>5,000</u>	<u>4,460</u>	<u>540</u>
EXCESS OF REVENUES OVER EXPENDITURES	87,500	88,786	1,286
<b>OTHER FINANCING USES INCLUDING TRANSFERS</b>			
Operating transfers (out)	<u>(87,500)</u>	<u>(87,500)</u>	<u>-</u>
TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	<u>(87,500)</u>	<u>(87,500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	1,286	1,286
FUND BALANCE, BEGINNING OF YEAR	<u>49,540</u>	<u>49,540</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 49,540</u>	<u>\$ 50,826</u>	<u>\$ 1,286</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, 2018**

	<b>Class "C" Road Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Intergovernmental revenues	\$ 2,200,000	\$ 1,836,341	\$ (363,659)
Interest income	19,000	21,832	2,832
<b>TOTAL REVENUES</b>	<b>2,219,000</b>	<b>1,858,173</b>	<b>(360,827)</b>
<b>EXPENDITURES</b>			
Highways and streets	285,000	189,658	95,342
Capital outlay	1,315,000	1,118,326	196,674
<b>TOTAL EXPENDITURES</b>	<b>1,600,000</b>	<b>1,307,984</b>	<b>292,016</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>619,000</b>	<b>550,189</b>	<b>(68,811)</b>
<b>OTHER FINANCING USES INCLUDING TRANSFERS</b>			
Operating transfers (out)	(668,281)	(668,281)	-
<b>TOTAL OTHER FINANCING USES INCLUDING TRANSFERS</b>	<b>(668,281)</b>	<b>(668,281)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(49,281)</b>	<b>(118,092)</b>	<b>(68,811)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>2,439,101</b>	<b>2,439,101</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,389,820</b>	<b>\$ 2,321,009</b>	<b>\$ (68,811)</b>

**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, 2018**

	<u>Capital Projects Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
<b>REVENUES</b>			
Intergovernmental revenue	\$ 30,000	\$ 29,399	\$ (601)
Interest income	5,000	18,069	13,069
<b>TOTAL REVENUES</b>	<u>35,000</u>	<u>47,468</u>	<u>12,468</u>
<b>EXPENDITURES</b>			
General government	106,495	103,516	2,979
Capital outlay	375,000	240,276	134,724
Debt service:			
Principal - capital lease	-	29,264	(29,264)
<b>TOTAL EXPENDITURES</b>	<u>481,495</u>	<u>373,056</u>	<u>108,439</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(446,495)	(325,588)	120,907
<b>OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS</b>			
Operating transfers (out)	(704,556)	(404,554)	300,002
Proceeds on sale of assets	-	84,242	84,242
<b>TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS</b>	<u>(704,556)</u>	<u>(320,312)</u>	<u>384,244</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,151,051)	(645,900)	505,151
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,523,159</u>	<u>1,523,159</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 372,108</u>	<u>\$ 877,259</u>	<u>\$ 505,151</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, 2018**

	<u>Park Improvements Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Interest income	\$ 10,000	\$ 17,920	\$ 7,920
Impact fees	225,000	280,664	55,664
TOTAL REVENUES	<u>235,000</u>	<u>298,584</u>	<u>63,584</u>
EXPENDITURES			
Capital outlay	300,000	66,600	233,400
TOTAL EXPENDITURES	<u>300,000</u>	<u>66,600</u>	<u>233,400</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(65,000)	231,984	296,984
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers (out)	(50,000)	(50,000)	-
Proceeds on sale of assets	-	92,216	92,216
Refunded impact fees	(40,000)	(8,259)	31,741
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>(90,000)</u>	<u>33,957</u>	<u>123,957</u>
NET CHANGE IN FUND BALANCE	(155,000)	265,941	420,941
FUND BALANCE, BEGINNING OF YEAR	<u>1,210,965</u>	<u>1,210,965</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,055,965</u>	<u>\$ 1,476,906</u>	<u>\$ 420,941</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, 2018**

	<u>Public Safety Capital Projects Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
<b>REVENUES</b>			
Interest income	\$ 10,500	\$ 17,233	\$ 6,733
Impact fees	45,000	47,262	2,262
TOTAL REVENUES	<u>55,500</u>	<u>64,495</u>	<u>8,995</u>
<b>EXPENDITURES</b>			
General government	25,000	-	25,000
Capital outlay	974,729	15,500	959,229
Debt service:			
Principal - bonds & notes	64,835	64,835	-
Principal - capital lease	10,436	10,436	-
TOTAL EXPENDITURES	<u>1,075,000</u>	<u>90,771</u>	<u>984,229</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,019,500)	(26,276)	993,224
<b>OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS</b>			
Refunded impact fees	-	(2,103)	(2,103)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>-</u>	<u>(2,103)</u>	<u>(2,103)</u>
NET CHANGE IN FUND BALANCE	(1,019,500)	(28,379)	991,121
FUND BALANCE, BEGINNING OF YEAR	<u>1,202,296</u>	<u>1,202,296</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 182,796</u>	<u>\$ 1,173,917</u>	<u>\$ 991,121</u>

**TOOELE CITY CORPORATION**  
**COMBINING STATEMENT OF NET POSITION -**  
**NONMAJOR PROPRIETARY FUNDS**  
**June 30, 2018**

	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,293,787	\$ 127,360	\$ 3,421,147
Accounts receivable - net of allowance	<u>52,554</u>	<u>21,229</u>	<u>73,783</u>
TOTAL CURRENT ASSETS	<u>3,346,341</u>	<u>148,589</u>	<u>3,494,930</u>
Noncurrent assets:			
Land	230,767	-	230,767
Infrastructure	6,705,674	87,370	6,793,044
Autos and trucks	-	-	-
Accumulated depreciation	<u>(873,049)</u>	<u>(1,972)</u>	<u>(875,021)</u>
TOTAL NONCURRENT ASSETS	<u>6,063,392</u>	<u>85,398</u>	<u>6,148,790</u>
TOTAL ASSETS	<u>9,409,733</u>	<u>233,987</u>	<u>9,643,720</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	<u>134,863</u>	<u>12,990</u>	<u>147,853</u>
TOTAL LIABILITIES	<u>134,863</u>	<u>12,990</u>	<u>147,853</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,063,392	85,398	6,148,790
Unrestricted	<u>3,211,478</u>	<u>135,599</u>	<u>3,347,077</u>
TOTAL NET POSITION	<u>\$ 9,274,870</u>	<u>\$ 220,997</u>	<u>\$ 9,495,867</u>

**TOOELE CITY CORPORATION**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - NONMAJOR PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Storm Water</b>	<b>Street Light</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES</b>			
Utility sales	\$ 487,356	\$ 230,973	\$ 718,329
TOTAL OPERATING REVENUES	487,356	230,973	718,329
<b>OPERATING EXPENSES</b>			
Contracted services	25,000	-	25,000
Operations and maintenance	(15)	104,277	104,262
Administration	10,786	15,205	25,991
Depreciation	153,985	1,593	155,578
TOTAL OPERATING EXPENSES	189,756	121,075	310,831
OPERATING INCOME	297,600	109,898	407,498
<b>NON-OPERATING REVENUES</b>			
Interest income	44,390	1,274	45,664
Gain from sale of capital assets	42,915	-	42,915
TOTAL NON-OPERATING REVENUES	87,305	1,274	88,579
Contributed from developers	314,417	-	314,417
CHANGE IN NET POSITION	699,322	111,172	810,494
NET POSITION - BEGINNING OF YEAR	8,575,548	109,825	8,685,373
NET POSITION - END OF YEAR	\$ 9,274,870	\$ 220,997	\$ 9,495,867

**TOOELE CITY CORPORATION**  
**COMBINING STATEMENT OF CASH FLOWS -**  
**NONMAJOR PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 486,059	\$ 231,152	\$ 717,211
Payments for operations and maintenance	(87,490)	(106,492)	(193,982)
Payment for interfund services provided	(25,000)	-	(25,000)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>373,569</u>	<u>124,660</u>	<u>498,229</u>
<b>CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(478,965)	(11,593)	(490,558)
Proceeds from sale of capital assets	92,215	-	92,215
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(386,750)</u>	<u>(11,593)</u>	<u>(398,343)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>			
Interest earned	44,390	1,274	45,664
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>44,390</u>	<u>1,274</u>	<u>45,664</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	31,209	114,341	145,550
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>3,262,578</u>	<u>13,019</u>	<u>3,275,597</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,293,787</u>	<u>\$ 127,360</u>	<u>\$ 3,421,147</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 297,600	\$ 109,898	\$ 407,498
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	153,985	1,593	155,578
Changes in assets and liabilities:			
Accounts receivable	(1,297)	179	(1,118)
Accounts payable	(76,719)	12,990	(63,729)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 373,569</u>	<u>\$ 124,660</u>	<u>\$ 498,229</u>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:</b>			
Contributed capital assets from developers	<u>\$ 314,417</u>	<u>\$ -</u>	<u>\$ 314,417</u>

**TOOELE CITY CORPORATION**  
**COMBINING STATEMENT OF CHANGES IN ASSETS**  
**AND LIABILITIES - AGENCY FUND**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Balance at Beginning of the Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of the Year</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 419,229	\$ 385,801	\$ (274,358)	\$ 530,672
TOTAL ASSETS	<u>\$ 419,229</u>	<u>\$ 385,801</u>	<u>\$ (274,358)</u>	<u>\$ 530,672</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,228	\$ 235,181	\$ (236,409)	\$ -
Refunds payable and others	<u>418,001</u>	<u>385,802</u>	<u>(273,131)</u>	<u>530,672</u>
TOTAL LIABILITIES	<u>\$ 419,229</u>	<u>\$ 620,983</u>	<u>\$ (509,540)</u>	<u>\$ 530,672</u>



CERTIFIED PUBLIC  
ACCOUNTANTS AND  
BUSINESS ADVISORS

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

**Honorable Mayor 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, 2018, and the related notes to the financial statements, which collectively comprise the Tooele City Corporation's basic financial statements, and have issued our report thereon dated December 21, 2018.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The City's financial statements are free of material 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

WSRP, LLC

Salt Lake City, Utah  
December 21, 2018





CERTIFIED PUBLIC  
ACCOUNTANTS AND  
BUSINESS ADVISORS

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

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

**Report on Compliance**

We have audited Tooele City Corporation's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on Tooele City Corporation for the year ended June 30, 2018.

State compliance requirements were tested for the year ended June 30, 2018 in the following areas:

Budgetary Compliance	Open and Public Meetings Act
Fund Balance	Public Treasurer's Bond
Utah Retirement Systems	Impact Fees
Restricted Taxes and Related Revenue	

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on Tooele City Corporation's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about 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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Tooele City Corporation's compliance with those requirements.

**Opinion on Compliance**

In our opinion, Tooele City Corporation complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2018.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying schedule of findings and recommendations as item 2018-1. Our opinion on compliance is not modified with respect to this matter.

Tooele City Corporation's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and recommendations. 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 state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tooele City Corporation's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tooele City Corporation's internal control over compliance.

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

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

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying schedule of findings and recommendations as item 2018-1. Management will implement policies to ensure timely publication of approved minutes.

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 21, 2018

**TOOELE CITY CORPORATION**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**For the Fiscal Year Ended June 30, 2018**

**STATE/LEGAL COMPLIANCE FINDINGS**

**2018-1 Public Notice Posting**

**Finding**

*Utah State Code* section 52-4-203(4)(f) requires that within three days of meeting minutes being approved, the minutes and any public materials distributed at the meeting are posted to the Utah Public Notice Website. During our audit, we noted two instances where the minutes were not posted to the Utah Public Notice Website within three days of being approved.

**Recommendation**

Management should carefully review policies and implement additional procedures to ensure future compliance with, and timely posting of, the approved minutes in accordance with *Utah State Code* section 52-4-203(4)(f).

**Response - Tooele City Corporation**

We concur with the auditor's finding and will implement policies to ensure compliance with the *Utah State Code*.