

TOOELE CITY CORPORATION
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019, 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, 2019, 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 27, 2019 on our consideration of Tooele City Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

WSRP, LLC

Salt Lake City, Utah

December 27, 2019

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

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, 2019. 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 \$195,999,861 (*net position*). Of this amount, \$168,620,752 relates to investments in capital assets, net of any related debt. Unrestricted net position is \$2,199,717.
- ◆ As of the close of the current year, the City's governmental funds reported a combined ending fund balance of \$26,064,846, an increase of \$13,231,743 in comparison with the prior year, attributable mainly to the tax rate increase of 82% in the current year compared to the certified tax rate in the prior year. Approximately 15.27% of this total amount, or \$3,978,885, is unassigned and available for spending at the government's discretion (unreserved fund balance).
- ◆ During the current year the City issued a new bond in the amount of \$9,000,000 to fund the construction of the new police station.
- ◆ During 2019, the City also sold land from the Capital Projects Fund to an unrelated party. Proceeds from the sale were in the amount of \$1,070,000, and resulted in a gain of \$1,070,000. The City also sold land from the RDA FUND to an unrelated party. Proceeds from the sale were in the amount of \$3,925,915, and resulted in a loss of \$1,806,528. The City also sold land from the Water Fund to an unrelated party. Proceeds from this sale were in the amount of \$1,204,191 and which resulted in a gain of \$554,191.

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.

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.

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

Governmental Funds (continued)

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. During 2019 the City decided to close the code enforcement fund reducing the number of other governmental funds (nonmajor) to 7. Data from the other 7 governmental funds (nonmajor) are combined into a single, aggregated presentation. During 2019 the City decided to close the code enforcement fund. 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, and Sewer 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. During 2019 the City decided to close the internal service fund.

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 \$195,999,861 at the close of the most recent fiscal year.

The largest portion of the City's net position (86.03%) 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.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

Tooele City Corporation's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 35,295,372	\$ 18,829,091	\$ 22,751,076	\$ 18,079,965	\$ 58,046,448	\$ 36,909,056
Capital assets	95,902,871	101,361,504	106,651,943	107,590,550	202,554,814	208,952,054
Other assets	-	8,027	-	196	-	8,223
Total assets	<u>131,198,243</u>	<u>120,198,622</u>	<u>129,403,019</u>	<u>125,670,711</u>	<u>260,601,262</u>	<u>245,869,333</u>
Total deferred outflows of resources	<u>2,958,420</u>	<u>2,965,849</u>	<u>329,816</u>	<u>344,763</u>	<u>3,288,236</u>	<u>3,310,612</u>
Liabilities and net position:						
Long-term liabilities	42,056,645	34,628,005	6,585,489	7,134,368	48,642,134	41,762,373
Other liabilities	8,508,051	5,712,934	2,849,890	2,350,278	11,357,941	8,063,212
Total liabilities	<u>50,564,696</u>	<u>40,340,939</u>	<u>9,435,379</u>	<u>9,484,646</u>	<u>60,000,075</u>	<u>49,825,585</u>
Total deferred inflows of resources	<u>7,860,601</u>	<u>6,768,672</u>	<u>28,961</u>	<u>206,206</u>	<u>7,889,562</u>	<u>6,974,878</u>
Net position:						
Net investment in capital assets	68,841,915	81,800,065	99,778,837	99,737,747	168,620,752	181,537,812
Restricted	16,136,471	8,849,147	9,042,921	7,221,321	25,179,392	16,070,468
Unrestricted	<u>(9,247,020)</u>	<u>(14,594,352)</u>	<u>11,446,737</u>	<u>9,365,554</u>	<u>2,199,717</u>	<u>(5,228,798)</u>
Total net position	<u>\$ 75,731,366</u>	<u>\$ 76,054,860</u>	<u>\$ 120,268,495</u>	<u>\$ 116,324,622</u>	<u>\$ 195,999,861</u>	<u>\$ 192,379,482</u>

A portion of the City's net position (12.85%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$2,199,717 due to the allocation of net position to the net investment in capital assets.

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 positive for 2019 due to the defeasance of bonds that took place in the prior year, and previous recording of the loss related to the Tooele Associates settlement, and increase in the long-term liabilities in the current year.

Tooele City Corporation's Changes in Net Position

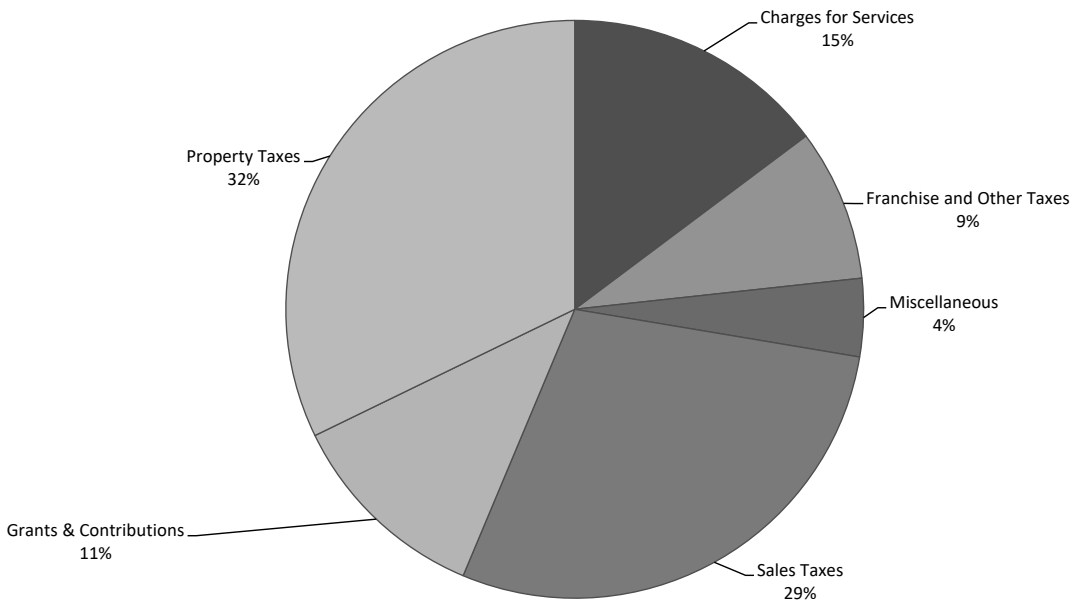
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,810,634	\$ 3,267,574	\$ 9,828,391	\$ 9,783,607	\$ 13,639,025	\$ 13,051,181
Operating grants/contributions	2,437,455	2,263,739	-	-	2,437,455	2,263,739
Capital grants and contributions	525,772	977,254	657,438	1,066,096	1,183,210	2,043,350
General revenues:						
Taxes	17,899,688	14,949,409	-	-	17,899,688	14,949,409
Earnings on investments	417,687	174,746	502,429	238,175	920,116	412,921
Impact fees	687,377	317,564	1,826,728	977,159	2,514,105	1,294,723
Investment income	-	5,496	-	-	-	5,496
Gain on sale of capital assets	-	131,411	559,302	234,037	559,302	365,448
Gain on sale of water rights	-	-	653,790	397,436	653,790	397,436
Miscellaneous	693,641	645,054	25,986	20,370	719,627	665,424
Total revenues	<u>\$ 26,472,254</u>	<u>\$ 22,732,247</u>	<u>\$ 14,054,064</u>	<u>\$ 12,716,880</u>	<u>\$ 40,526,318</u>	<u>\$ 35,449,127</u>

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

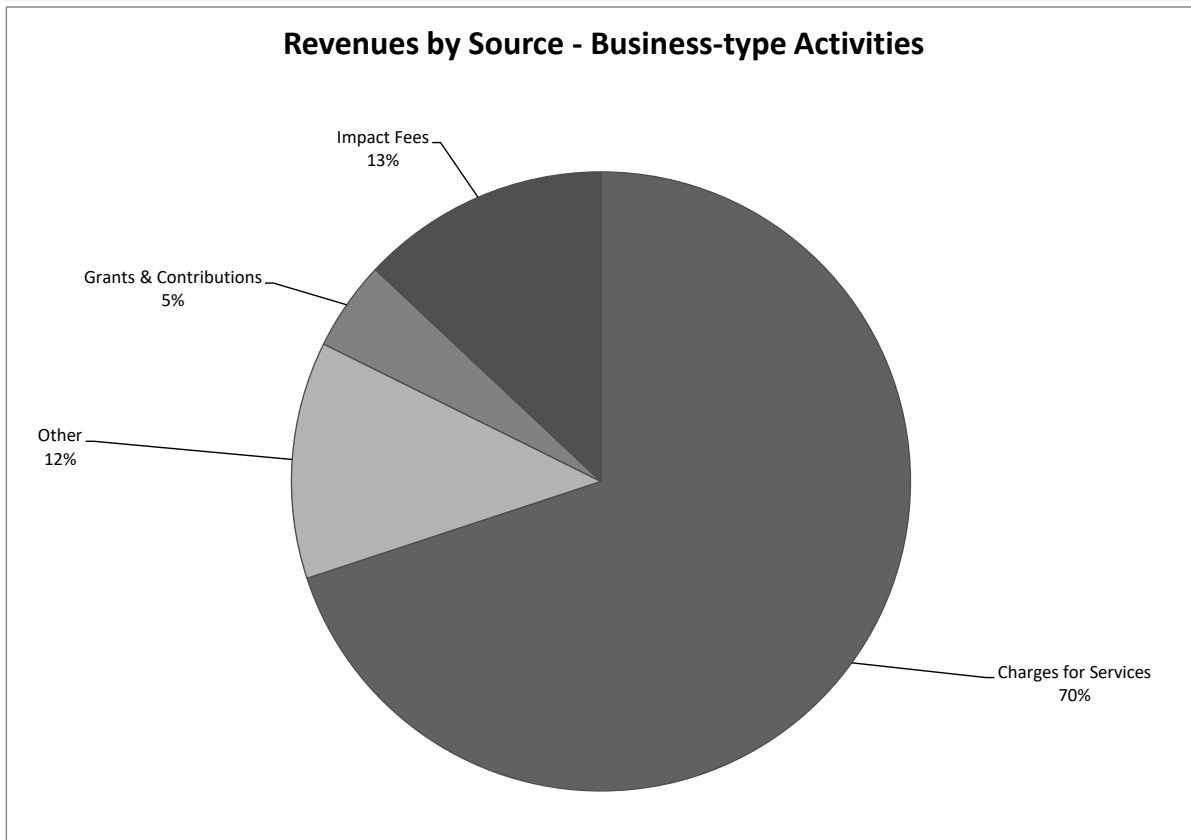
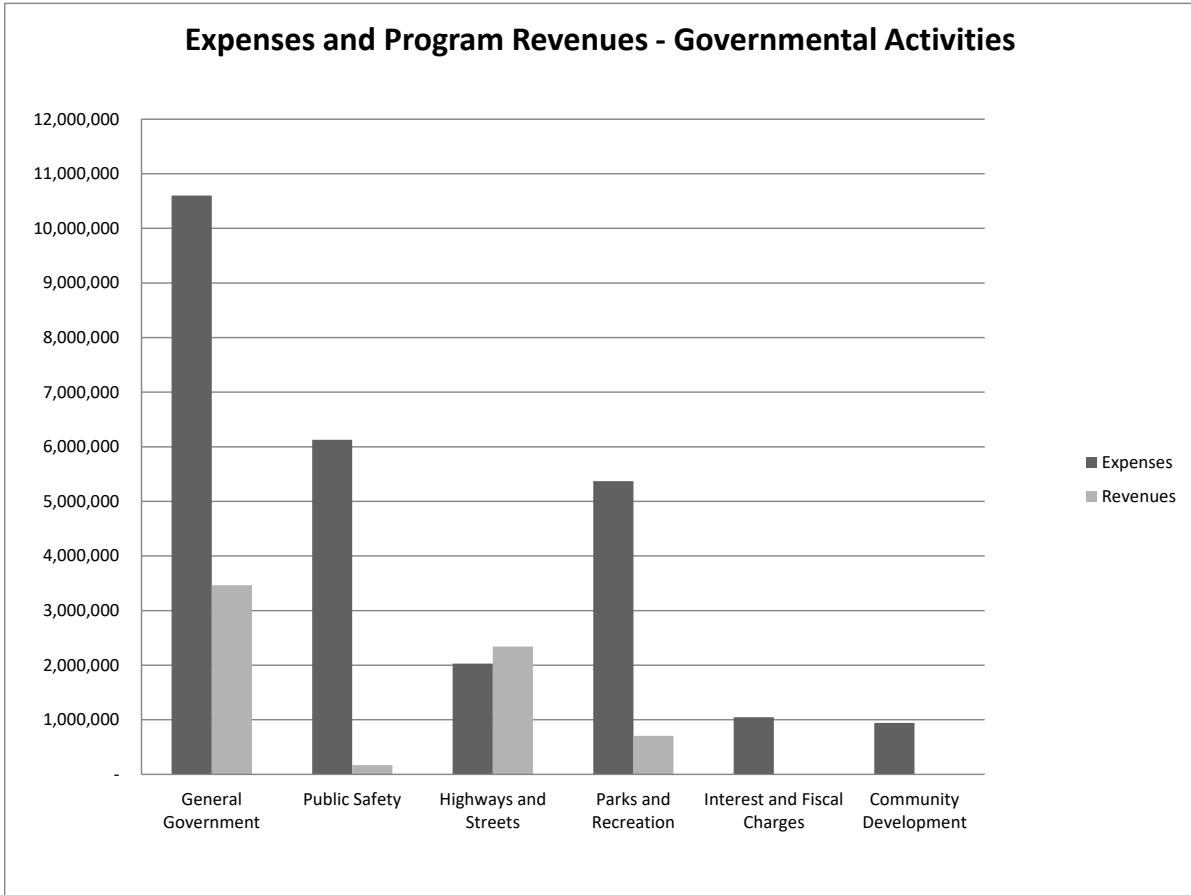
Tooele City Corporation's Changes in Net Position (continued)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Expenses:						
General government	\$ 10,602,421	\$ 10,565,066	\$ -	\$ -	\$ 10,602,421	\$ 10,565,066
Public safety	6,128,780	5,797,097	-	-	6,128,780	5,797,097
Highways and streets	2,028,240	1,831,173	-	-	2,028,240	1,831,173
Parks and recreation	5,370,680	4,653,022	-	-	5,370,680	4,653,022
Loss on disposal	672,791	-	-	-	672,791	-
Community development	944,963	296,750	-	-	944,963	296,750
Interest on debt	1,047,873	1,098,053	-	-	1,047,873	1,098,053
Water	-	-	5,226,003	4,303,201	5,226,003	4,303,201
Sewer	-	-	2,920,605	2,855,580	2,920,605	2,855,580
Solid waste	-	-	1,711,093	1,601,572	1,711,093	1,601,572
Storm water	-	-	212,775	189,756	212,775	189,756
Street light	-	-	39,715	121,075	39,715	121,075
Total expenses	26,795,748	24,241,161	10,110,191	9,071,184	36,905,939	33,312,345
Increase (decrease) in net position	(323,494)	(1,508,914)	3,943,873	3,645,696	3,620,379	2,136,782
Net position - beginning	76,054,860	77,563,774	116,324,622	112,678,926	192,379,482	190,242,700
Net position - ending	<u>\$ 75,731,366</u>	<u>\$ 76,054,860</u>	<u>\$ 120,268,495</u>	<u>\$ 116,324,622</u>	<u>\$ 195,999,861</u>	<u>\$ 192,379,482</u>

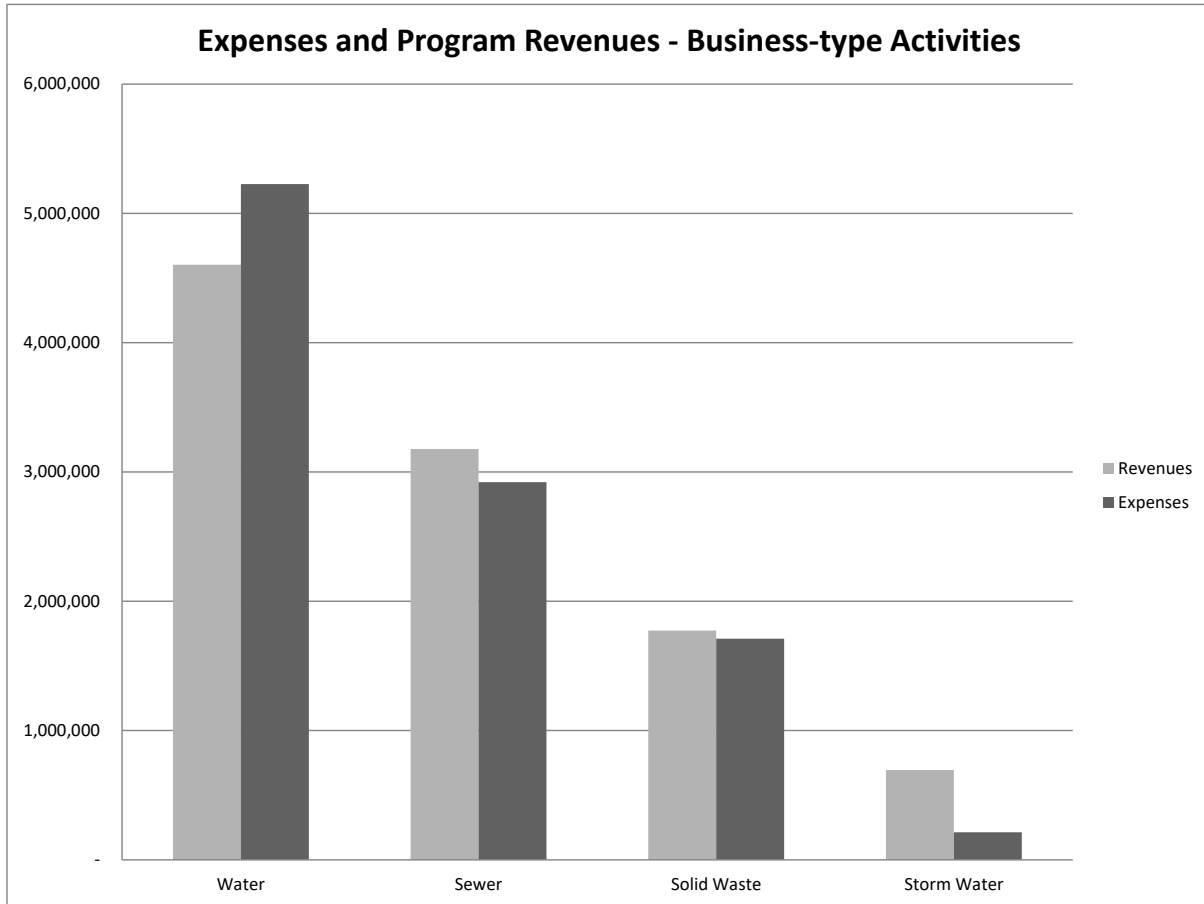
Revenues by Source - Governmental Activities



**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**



**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**



Key Principal Highlights:

- ◆ Charges for services increased by \$587,844 compared to the prior year. The increase was primarily due to the City receiving \$494,992 from additional charges to customers for services provided by the fund activities.
- ◆ Capital grants and contributions decreased by \$860,140 due mainly to a decrease in contributions received from developers as a result of less construction projects being accepted in the current year.
- ◆ Taxes increased by \$2,950,279 due to an 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, 2019

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, 2019, the City's governmental funds reported a combined ending fund balance of \$26,064,846, an increase of \$13,231,743 from the prior year. A balance of \$9,928,375 (38.09%) is available for spending at the government's discretion; however, \$5,949,490 has been assigned by the City's Budget Officer for subsequent years' capital expenditures and other uses, leaving an unassigned amount of \$3,978,885. The remaining \$16,136,471 of fund balance is not available for new spending because it is non-spendable in form of legally restricted by parties outside the financial reporting entity for 1) public safety expenditures of \$8,202,247, 2) park development of \$1,800,852, 3) recreation and arts programs of \$1,234,900, 4) debt service of \$3,300,036, 5) road construction, maintenance and preservation of \$1,598,436.

The General Fund is the major operating fund of the City. As a measure of the General Fund's liquidity, it may be useful to compare the amount of unassigned fund balance to total fund expenditures of \$17,474,435 (22.77% or 83 calendar days). The fund balance of the City's General Fund increased \$1,547,090, during the current fiscal year. This represents a 59.58% change in fund balance. The increase consisted of 1) total revenues exceeding expenses by \$2,078,823, representing an improvement of 1,071% compared to the prior year as a result of an increase in the taxes, 2) a 21.84% increase in revenues of \$3,505,488 offset by a 7.46% increase in expenditures of \$1,212,567, 3) a \$77,743 decrease in proceeds from the sale of capital assets compared to the prior year.

Proprietary Funds

Unrestricted net position of the Water fund and Sewer fund (major funds) at the end of the year were \$2,363,797 and \$3,158,326 respectively. The increase in total net position was \$1,939,288 and \$1,124,946, respectively. The increase in net position for the Water Fund is the result of higher impact fees, the sale of water rights and gain on the sale of property plant and equipment. 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 \$18,216,527 to a final budget of \$18,476,073, an increase of \$259,546. These increases can be briefly summarized as follows:

- \$215,000 in tax revenue.
- \$20,700 increase in intergovernmental revenue.
- \$23,846 in miscellaneous revenues

The General Fund's original budget was also amended for increased expenses in the amount of \$106,481.

Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$99,778,837. 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, 2019, the City sold three pieces of property to third parties. As a result of the three properties sold combined with the other sales made during the year, the City recognized a combined loss on the sale of capital assets in the amount of \$113,489.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

Capital Assets (continued)

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

- ◆ Improvements other than buildings additions of \$1,396,625, and deletions of \$9,086.
- ◆ Machinery and equipment additions of \$585,598.
- ◆ Automobile and truck purchases of \$292,012, and deletions of fully depreciated assets of \$67,904.
- ◆ Office furniture and equipment additions of \$90,523 and deletions of \$23,563.
- ◆ Infrastructure additions of \$2,608,457 from acquisitions and contributions.
- ◆ Depreciation of infrastructure assets of \$4,538,138.

Tooele City Corporation's Capital Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Investment in water stock	\$ -	\$ -	\$ 93,184	\$ 93,184	\$ 93,184	\$ 93,184
Land	6,420,801	11,793,244	2,689,045	3,339,045	9,109,846	15,132,289
Infrastructure	70,191,917	72,818,385	6,614,810	5,918,023	76,806,727	78,736,408
Buildings	10,601,740	8,187,583	2,476,886	2,624,029	13,078,626	10,811,612
Construction in progress	-	-	2,907,486	2,907,486	2,907,486	2,907,486
Equipment under capital lease, net	1,007,784	849,767	-	-	1,007,784	849,767
Improvements	6,114,899	6,166,911	53,712,882	54,612,302	59,827,781	60,779,213
Machinery and equipment	695,170	446,471	550,274	468,849	1,245,444	915,320
Automobiles and trucks	731,539	990,330	132,044	152,300	863,583	1,142,630
Office furniture and equipment	139,021	108,813	-	-	139,021	108,813
Water rights	-	-	37,475,332	37,475,332	37,475,332	37,475,332
Total	\$ 95,902,871	\$ 101,361,504	\$ 106,651,943	\$ 107,590,550	\$ 202,554,814	\$ 208,952,054

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 \$55,592,904. The debt consists of the following:

Tooele City Corporation's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenue bonds payable	\$ 37,889,000	\$ 30,595,000	\$ 6,956,000	\$ 7,956,000	\$ 44,845,000	\$ 38,551,000
Net OPEB obligations	2,865,119	2,682,244	126,610	118,529	2,991,729	2,800,773
Net pension liability	4,571,102	2,730,354	511,787	317,659	5,082,889	3,048,013
Obligations under capital leases	714,553	627,337	-	-	714,553	627,337
Grantsville legal Settlement	1,747,520	1,818,900	-	-	1,747,520	1,818,900
Compensated absences	547,820	494,311	58,879	59,839	606,699	554,150
Deferred amounts:						
Unamortized bond premiums	354,814	383,200	-	-	354,814	383,200
Unamortized bond discounts	(30,624)	(33,125)	-	-	(30,624)	(33,125)
Loss on defeasance	(636,792)	(720,978)	(82,884)	(103,197)	(719,676)	(824,175)
Total	\$ 48,022,512	\$ 38,577,243	\$ 7,570,392	\$ 8,348,830	\$ 55,592,904	\$ 46,926,073

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 \$62,279,546 for all general obligation bonds. As of June 30, 2019 and 2018 the City recorded a loss of defeasance of bonds in the amount of \$719,676 and \$824,175, 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, 2019**

Economic Factors and Next Year's Budgets and Rates

- ◆ Tooele County and Tooele City are continuing to see rapid growth in both new construction and sale of existing homes. Home values are continuing to increase. Retail sales also continue to increase over the prior years.
- ◆ The 2020 budget was projected with an estimated increase in sales tax consistent with the growth seen over the past few years that is expected to continue thru 2020 with caution also taken for the unknown but expected changes to sales tax by the State of Utah.

All of the above factors were considered in preparing the City's budget for the 2019-2020 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, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 8,601,420	\$ 20,875,252	\$ 29,476,672
Receivables:			
Accounts, net	3,227	988,051	991,278
Assessments	78,096	-	78,096
Taxes	9,111,814	-	9,111,814
Developer contributions receivable	493,279	-	493,279
Other	62,391	-	62,391
Restricted cash and cash equivalents	16,945,145	887,773	17,832,918
NONCURRENT ASSETS			
Capital assets not being depreciated	6,420,801	43,165,047	49,585,848
Capital assets being depreciated, net	89,482,070	63,486,896	152,968,966
TOTAL ASSETS	131,198,243	129,403,019	260,601,262
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	636,792	82,884	719,676
Deferred outflows related to OPEB	103,445	4,572	108,017
Deferred outflows related to pensions	2,218,183	242,360	2,460,543
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,958,420	329,816	3,288,236
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	1,320,863	1,355,824	2,676,687
Accrued liabilities	411,911	-	411,911
Accrued interest payable	172,618	120,233	292,851
Unearned revenue	-	104,006	104,006
Customer deposits	-	202,040	202,040
Other noncurrent liabilities, due or payable within one year	2,031,557	556,000	2,587,557
LONG-TERM LIABILITIES			
Net pension liability	4,571,102	511,787	5,082,889
Due or payable in more than one year	42,056,645	6,585,489	48,642,134
TOTAL LIABILITIES	50,564,696	9,435,379	60,000,075
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	7,497,752	-	7,497,752
Deferred inflows related to OPEB	129,473	5,721	135,194
Deferred inflows related to pensions	233,376	23,240	256,616
TOTAL DEFERRED INFLOWS OF RESOURCES	7,860,601	28,961	7,889,562
NET POSITION			
Net investment in capital assets	68,841,915	99,778,837	168,620,752
Restricted for:			
Public safety	8,202,247	-	8,202,247
Park development	1,800,852	-	1,800,852
Recreation and arts	1,234,900	-	1,234,900
Debt service	3,300,036	887,772	4,187,808
Roads	1,598,436	-	1,598,436
Impact fees	-	8,155,149	8,155,149
Unrestricted	(9,247,020)	11,446,737	2,199,717
TOTAL NET POSITION	\$ 75,731,366	\$ 120,268,495	\$ 195,999,861

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, 2019

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	\$ 10,602,421	\$ 2,976,730	\$ 424,416	\$ 62,225	\$ (7,139,050)	\$ -	\$ (7,139,050)
Public safety	6,128,780	170,045	-	-	(5,958,735)	-	(5,958,735)
Highways and streets	2,028,240	-	1,972,723	367,721	312,204	-	312,204
Parks and recreation	5,370,680	663,859	40,316	-	(4,666,505)	-	(4,666,505)
Community development	944,963	-	-	95,826	(849,137)	-	(849,137)
Interest and fiscal charges	1,047,873	-	-	-	(1,047,873)	-	(1,047,873)
Total governmental activities	<u>26,122,957</u>	<u>3,810,634</u>	<u>2,437,455</u>	<u>525,772</u>	<u>(19,349,096)</u>	<u>-</u>	<u>(19,349,096)</u>
Business-type activities:							
Water	5,226,003	4,329,182	-	274,389	-	(622,432)	(622,432)
Sewer	2,920,605	2,997,066	-	181,426	-	257,887	257,887
Solid waste	1,711,093	1,774,373	-	-	-	63,280	63,280
Storm water	212,775	493,474	-	201,623	-	482,322	482,322
Street light	39,715	234,296	-	-	-	194,581	194,581
Total business-type activities	<u>10,110,191</u>	<u>9,828,391</u>	<u>-</u>	<u>657,438</u>	<u>-</u>	<u>375,638</u>	<u>375,638</u>
Total primary government	<u>\$ 36,233,148</u>	<u>\$ 13,639,025</u>	<u>\$ 2,437,455</u>	<u>\$ 1,183,210</u>	<u>(19,349,096)</u>	<u>375,638</u>	<u>(18,973,458)</u>
General revenue:							
Taxes:							
Property taxes					8,306,825	-	8,306,825
Sales taxes					7,397,854	-	7,397,854
Franchise taxes					1,840,779	-	1,840,779
Other taxes					354,230	-	354,230
Earnings on investments					417,687	502,429	920,116
Impact fees, net					687,377	1,826,728	2,514,105
Gain on sale/loss on disposal of capital assets					(672,791)	559,302	(113,489)
Gain on sale / transfer of water rights					-	653,790	653,790
Miscellaneous					693,641	25,986	719,627
Total general revenues					<u>19,025,602</u>	<u>3,568,235</u>	<u>22,593,837</u>
Change in net position					(323,494)	3,943,873	3,620,379
Net position, beginning					<u>76,054,860</u>	<u>116,324,622</u>	<u>192,379,482</u>
Net position, ending					<u>\$ 75,731,366</u>	<u>\$ 120,268,495</u>	<u>\$ 195,999,861</u>

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

TOOELE CITY CORPORATION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Depot Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,066,245	\$ 4,607,002	\$ 9	\$ 928,164	\$ 8,601,420
Receivables:					
Accounts	3,047	-	-	180	3,227
Assessments	-	-	-	78,096	78,096
Taxes	6,701,814	2,290,000	-	120,000	9,111,814
Intergovernmental receivable	80,739	-	-	412,540	493,279
Other	57,909	-	-	4,482	62,391
Due from other funds	165,000	170,000	-	2,061,778	2,396,778
Restricted cash and investments	<u>165,056</u>	<u>1,020,368</u>	<u>10,421,343</u>	<u>5,338,378</u>	<u>16,945,145</u>
TOTAL ASSETS	<u>\$ 10,239,810</u>	<u>\$ 8,087,370</u>	<u>\$ 10,421,352</u>	<u>\$ 8,943,618</u>	<u>\$ 37,692,150</u>
LIABILITIES					
Accounts payable	\$ 596,206	\$ 1,948	\$ -	\$ 722,709	\$ 1,320,863
Accrued liabilities	411,911	-	-	-	411,911
Due to other funds	-	-	<u>2,121,778</u>	<u>275,000</u>	<u>2,396,778</u>
TOTAL LIABILITIES	<u>1,008,117</u>	<u>1,948</u>	<u>2,121,778</u>	<u>997,709</u>	<u>4,129,552</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	<u>5,087,752</u>	<u>2,290,000</u>	<u>-</u>	<u>120,000</u>	<u>7,497,752</u>
DEFERRED INFLOWS OF RESOURCES	<u>5,087,752</u>	<u>2,290,000</u>	<u>-</u>	<u>120,000</u>	<u>7,497,752</u>
FUND BALANCES					
Restricted					
Public safety	-	-	7,520,685	681,562	8,202,247
Park development	-	-	-	1,800,852	1,800,852
Recreation and arts	-	-	-	1,234,900	1,234,900
Debt service	165,056	1,020,368	778,889	1,335,723	3,300,036
Roads	-	-	-	1,598,436	1,598,436
Assigned					
Capital projects	-	-	-	1,141,048	1,141,048
Redevelopment agency projects	-	4,775,054	-	33,388	4,808,442
Unassigned	<u>3,978,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,978,885</u>
TOTAL FUND BALANCES	<u>4,143,941</u>	<u>5,795,422</u>	<u>8,299,574</u>	<u>7,825,909</u>	<u>26,064,846</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 10,239,810</u>	<u>\$ 8,087,370</u>	<u>\$ 10,421,352</u>	<u>\$ 8,943,618</u>	<u>\$ 37,692,150</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, 2019

Total Fund Balances - Governmental Funds	\$ 26,064,846
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.	95,902,871
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.	636,792
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.	2,218,183
Deferred outflows of resources associated with OPEB is not an available resource and, therefore, is not reported in the funds.	103,445
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(172,618)
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	(38,213,190)
Obligations under capital leases	(714,553)
Grantsville legal settlement liability	(1,747,520)
Net pension liability	(4,571,102)
Compensated absences payable	(547,820)
Net OPEB obligations	(2,865,119)
Deferred inflows of resources associated with OPEB are not due and payable in the current period and therefore are not recorded in the funds.	(129,473)
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.	<u>(233,376)</u>
Total Net Position - Government Activities	<u>\$ 75,731,366</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, 2019

	General Fund	Depot Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 15,075,331	\$ 2,288,116	\$ -	\$ 536,241	\$ 17,899,688
Licenses and permits	437,522	-	-	-	437,522
Intergovernmental and grants	424,416	-	-	2,013,039	2,437,455
Charges for services	2,996,246	-	-	-	2,996,246
Fines and forfeitures	166,571	-	-	-	166,571
Interest income	106,965	96,784	9,823	204,115	417,687
Grants	-	-	-	10,000	10,000
Impact fees	-	-	-	726,515	726,515
Interfund charges	280,000	-	-	-	280,000
Miscellaneous revenues	66,207	-	-	23,341	89,548
Rental income	-	-	-	534,388	534,388
TOTAL REVENUES	19,553,258	2,384,900	9,823	4,047,639	25,995,620
EXPENDITURES					
General government	4,668,882	370,873	-	260,038	5,299,793
Public safety	5,807,384	-	-	-	5,807,384
Highways and streets	1,794,141	-	-	127,905	1,922,046
Parks and recreation	5,112,426	-	-	-	5,112,426
Community development	-	944,963	-	-	944,963
Capital outlay:					
Capital projects	91,602	360,000	-	4,642,250	5,093,852
Debt service:					
Principal - bonds and notes	-	264,000	1,513,000	-	1,777,000
Principal - capital lease	-	66,799	-	92,099	158,898
Interest	-	206,432	782,535	12,436	1,001,403
Bond issuance costs and trustee fees	-	1,850	122,228	-	124,078
TOTAL EXPENDITURES	17,474,435	2,214,917	2,417,763	5,134,728	27,241,843
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,078,823	169,983	(2,407,940)	(1,087,089)	(1,246,223)
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS					
Operating transfers in	-	-	2,736,836	1,798,365	4,535,201
Operating transfers (out)	(618,535)	(398,226)	(1,361,778)	(1,751,435)	(4,129,974)
Private contributions	52,225	-	-	-	52,225
Proceeds on sale of assets	34,577	3,925,915	-	1,099,160	5,059,652
Issuance of debt	-	-	9,000,000	-	9,000,000
Refunded impact fees	-	-	-	(39,138)	(39,138)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	(531,733)	3,527,689	10,375,058	1,106,952	14,477,966
NET CHANGE IN FUND BALANCES	1,547,090	3,697,672	7,967,118	19,863	13,231,743
FUND BALANCE, BEGINNING OF YEAR	2,596,851	2,097,750	332,456	7,806,046	12,833,103
FUND BALANCE, END OF YEAR	\$ 4,143,941	\$ 5,795,422	\$ 8,299,574	\$ 7,825,909	\$ 26,064,846

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, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 13,231,743

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. 49,627

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. (5,732,443)

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	9,330
Principal retirement - bonds	1,705,620
Bond proceeds	(9,000,000)
Principal retirement - Grantsville note	71,380
Principal retirement - capital lease obligations	158,896
Amortization of bond premiums	25,885
Amortization of bond refunding	(84,186)

The net revenue of certain activities of internal service funds is reported within the governmental activities. (427,155)

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. (53,130)

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. (176,620)

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. (102,441)

Change in Net Position of Governmental Activities \$ (323,494)

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Taxes	\$ 14,371,392	\$ 14,586,392	\$ 15,075,331	\$ 488,939
Licenses and permits	350,000	350,000	437,522	87,522
Intergovernmental revenues	396,910	417,610	424,416	6,806
Charges for services	2,719,925	2,719,925	2,996,246	276,321
Fines and forfeitures	122,000	122,000	166,571	44,571
Interest income	19,000	19,000	106,965	87,965
Interfund charges	220,000	220,000	280,000	60,000
Miscellaneous revenues	16,700	40,546	66,207	25,661
Rental income	600	600	-	(600)
TOTAL REVENUES	<u>18,216,527</u>	<u>18,476,073</u>	<u>19,553,258</u>	<u>1,077,185</u>
EXPENDITURES				
General government	4,995,461	5,049,596	4,668,882	380,714
Public safety	6,088,250	6,057,889	5,807,384	250,505
Highways and streets	1,932,281	1,925,003	1,794,141	130,862
Parks and recreation	5,186,118	5,276,103	5,112,426	163,677
Capital outlay	98,750	98,750	91,602	7,148
TOTAL EXPENDITURES	<u>18,300,860</u>	<u>18,407,341</u>	<u>17,474,435</u>	<u>932,906</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(84,333)</u>	<u>68,732</u>	<u>2,078,823</u>	<u>2,010,091</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS				
Operating transfers in	15,000	15,000	(8,281)	(23,281)
Operating transfers (out)	-	-	(610,254)	(610,254)
Private contributions	-	62,065	52,225	(9,840)
Proceeds on sale of assets	10,000	17,458	34,577	17,119
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>25,000</u>	<u>94,523</u>	<u>(531,733)</u>	<u>(626,256)</u>
NET CHANGE IN FUND BALANCES	<u>(59,333)</u>	<u>163,255</u>	<u>1,547,090</u>	<u>1,383,835</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,596,851</u>	<u>2,596,851</u>	<u>2,596,851</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,537,518</u>	<u>\$ 2,760,106</u>	<u>\$ 4,143,941</u>	<u>\$ 1,383,835</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,288,116	\$ (211,884)
Interest income	25,000	25,000	96,784	71,784
TOTAL REVENUES	<u>2,525,000</u>	<u>2,525,000</u>	<u>2,384,900</u>	<u>(140,100)</u>
EXPENDITURES				
General government	983,823	831,754	370,873	460,881
Community development	825,000	975,000	944,963	30,037
Capital outlay	-	-	360,000	(360,000)
Debt service:				
Principal - notes	264,000	264,000	264,000	-
Principal - capital lease	66,799	66,799	66,799	-
Interest	206,432	206,432	206,432	-
Bond issuance costs and trustee fees	1,850	1,850	1,850	-
TOTAL EXPENDITURES	<u>2,347,904</u>	<u>2,345,835</u>	<u>2,214,917</u>	<u>130,918</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>177,096</u>	<u>179,165</u>	<u>169,983</u>	<u>(9,182)</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS				
Operating transfers out	(398,226)	(398,226)	(398,226)	-
Proceeds on sale of assets	-	-	3,925,915	3,925,915
TOTAL OTHER FINANCING SOURCES USES INCLUDING TRANSFERS	<u>(398,226)</u>	<u>(398,226)</u>	<u>3,527,689</u>	<u>3,925,915</u>
NET CHANGE IN FUND BALANCES	(221,130)	(219,061)	3,697,672	3,916,733
FUND BALANCE, BEGINNING OF YEAR	<u>2,097,750</u>	<u>2,097,750</u>	<u>2,097,750</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,876,620</u>	<u>\$ 1,878,689</u>	<u>\$ 5,795,422</u>	<u>\$ 3,916,733</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, 2019

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable
				(Unfavorable)
REVENUES				
Interest income	\$ -	\$ -	\$ 9,823	\$ 9,823
TOTAL REVENUES	-	-	9,823	9,823
EXPENDITURES				
Debt service:				
Principal retirement	1,870,524	1,870,524	1,513,000	357,524
Interest on long-term debt	881,625	881,625	782,535	99,090
Bond issuance costs trustee fees	12,650	130,187	122,228	7,959
TOTAL EXPENDITURES	2,764,799	2,882,336	2,417,763	464,573
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	(2,764,799)	(2,882,336)	(2,407,940)	474,396
OTHER FINANCING SOURCES				
(USES) INCLUDING TRANSFERS				
Operating transfers in	2,304,206	2,304,206	2,736,836	432,630
Operating transfers (out)	-	(8,882,463)	(1,361,778)	7,520,685
Issuance of debt	-	9,000,000	9,000,000	-
TOTAL OTHER FINANCING SOURCES				
(USES) INCLUDING TRANSFERS	2,304,206	2,421,743	10,375,058	7,953,315
NET CHANGE IN FUND BALANCES	(460,593)	(460,593)	7,967,118	8,427,711
FUND BALANCE, BEGINNING OF YEAR	332,456	332,456	332,456	-
FUND BALANCE, END OF YEAR	\$ (128,137)	\$ (128,137)	\$ 8,299,574	\$ 8,427,711

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

TOOELE CITY CORPORATION
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Fund
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 9,098,734	\$ 5,905,522	\$ 5,870,996	\$ 20,875,252	\$ -
Accounts receivable, net of allowance	351,265	314,469	322,317	988,051	-
Restricted cash and cash equivalents	341,951	545,822	-	887,773	-
TOTAL CURRENT ASSETS	<u>9,791,950</u>	<u>6,765,813</u>	<u>6,193,313</u>	<u>22,751,076</u>	<u>-</u>
NONCURRENT ASSETS					
Capital assets not being depreciated:					
Investment in water stock	93,184	-	-	93,184	-
Land	2,156,778	301,500	230,767	2,689,045	-
Water rights	37,475,332	-	-	37,475,332	-
Capital assets being depreciated:					
Infrastructure	-	-	7,665,546	7,665,546	-
Construction in progress	-	2,907,486	-	2,907,486	-
Buildings	3,513,383	2,724,514	-	6,237,897	-
Improvements other than buildings	50,435,792	40,195,243	-	90,631,035	-
Office, furniture & fixtures	25,481	49,120	-	74,601	-
Machinery and equipment	3,174,172	338,294	-	3,512,466	-
Autos and trucks	442,295	608,315	23,000	1,073,610	-
Accumulated depreciation	(24,639,337)	(19,996,719)	(1,072,203)	(45,708,259)	-
NET CAPITAL ASSETS	<u>72,677,080</u>	<u>27,127,753</u>	<u>6,847,110</u>	<u>106,651,943</u>	<u>-</u>
TOTAL NONCURRENT ASSETS	<u>72,677,080</u>	<u>27,127,753</u>	<u>6,847,110</u>	<u>106,651,943</u>	<u>-</u>
TOTAL ASSETS	<u>82,469,030</u>	<u>33,893,566</u>	<u>13,040,423</u>	<u>129,403,019</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on bond refunding	82,884	-	-	82,884	-
Deferred outflows related to OPEB	2,361	2,211	-	4,572	-
Deferred outflows related to pensions	128,308	114,052	-	242,360	-
TOTAL DEFERRED OUTFLOWS	<u>213,553</u>	<u>116,263</u>	<u>-</u>	<u>329,816</u>	<u>-</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	1,045,969	41,155	268,700	1,355,824	-
Accrued interest	24,676	95,557	-	120,233	-
Deferred revenue	104,006	-	-	104,006	-
Customer deposits	202,040	-	-	202,040	-
Revenue bonds payable - current	416,000	140,000	-	556,000	-
TOTAL CURRENT LIABILITIES	<u>1,792,691</u>	<u>276,712</u>	<u>268,700</u>	<u>2,338,103</u>	<u>-</u>
NONCURRENT LIABILITIES					
Net pension liability	270,946	240,841	-	511,787	-
Compensated absences	28,598	30,281	-	58,879	-
Net OPEB obligation	65,379	61,231	-	126,610	-
Revenue bonds payable - long-term	2,768,000	3,632,000	-	6,400,000	-
TOTAL NONCURRENT LIABILITIES	<u>3,132,923</u>	<u>3,964,353</u>	<u>-</u>	<u>7,097,276</u>	<u>-</u>
TOTAL LIABILITIES	<u>4,925,614</u>	<u>4,241,065</u>	<u>268,700</u>	<u>9,435,379</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to OPEB	2,954	2,767	-	5,721	-
Deferred inflows related to pensions	12,303	10,937	-	23,240	-
TOTAL DEFERRED INFLOWS	<u>15,257</u>	<u>13,704</u>	<u>-</u>	<u>28,961</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	69,575,964	23,355,764	6,847,109	99,778,837	-
Unrestricted	2,363,797	3,158,326	5,924,614	11,446,737	-
Restricted for:					
Impact fees	5,460,000	2,695,149	-	8,155,149	-
Debt service	341,951	545,821	-	887,772	-
TOTAL NET POSITION	<u>\$ 77,741,712</u>	<u>\$ 29,755,060</u>	<u>\$ 12,771,723</u>	<u>\$ 120,268,495</u>	<u>\$ -</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, 2019

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor</u> <u>Enterprise</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>	<u>Internal</u>
					<u>Service</u> <u>Fund</u>
OPERATING REVENUES					
Charges for services	\$ 4,204,256	\$ 2,996,220	\$ 2,323,791	\$ 9,524,267	\$ -
Connection and collection fees	124,926	846	178,352	304,124	-
Miscellaneous	25,986	-	-	25,986	-
TOTAL OPERATING REVENUES	<u>4,355,168</u>	<u>2,997,066</u>	<u>2,502,143</u>	<u>9,854,377</u>	<u>-</u>
OPERATING EXPENSES					
Personal services	722,933	536,867	511,842	1,771,642	-
Contracted services	457,838	243,600	1,113,740	1,815,178	-
Operations and maintenance	1,657,436	731,324	128,583	2,517,343	21,928
Utilities	12,317	253,025	-	265,342	-
Administration	18,648	-	29,103	47,751	-
Depreciation	1,391,312	1,025,995	180,315	2,597,622	-
TOTAL OPERATING EXPENSES	<u>4,260,484</u>	<u>2,790,811</u>	<u>1,963,583</u>	<u>9,014,878</u>	<u>21,928</u>
OPERATING INCOME	<u>94,684</u>	<u>206,255</u>	<u>538,560</u>	<u>839,499</u>	<u>(21,928)</u>
NON-OPERATING REVENUES					
(EXPENSES):					
Interest income	207,977	154,996	139,456	502,429	-
Interest expense and fiscal charges	(965,519)	(129,794)	-	(1,095,313)	-
Transfer out to close fund	-	-	-	-	(405,227)
Gain from sale of capital assets	554,191	5,111	-	559,302	-
Sale / transfer of water rights	653,790	-	-	653,790	-
Impact fees	1,119,776	706,952	-	1,826,728	-
TOTAL NON-OPERATING REVENUES	<u>1,570,215</u>	<u>737,265</u>	<u>139,456</u>	<u>2,446,936</u>	<u>(405,227)</u>
Contributed from developers	274,389	181,426	201,623	657,438	-
CHANGE IN NET POSITION	<u>1,939,288</u>	<u>1,124,946</u>	<u>879,639</u>	<u>3,943,873</u>	<u>(427,155)</u>
NET POSITION - BEGINNING OF YEAR	<u>75,802,424</u>	<u>28,630,114</u>	<u>11,892,084</u>	<u>116,324,622</u>	<u>427,155</u>
NET POSITION - END OF YEAR	<u>\$ 77,741,712</u>	<u>\$ 29,755,060</u>	<u>\$ 12,771,723</u>	<u>\$ 120,268,495</u>	<u>\$ -</u>

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, 2019

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities</u>
	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor Enterprise Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 4,460,187	\$ 3,008,776	\$ 2,436,955	\$ 9,905,918	\$ -
Receipts of miscellaneous income	25,986	-	-	25,986	-
Payments to employees	(712,512)	(527,494)	(511,842)	(1,751,848)	-
Payments to contractors	(25,338)	(33,600)	(988,721)	(1,047,659)	-
Payments for operations and maintenance	(944,832)	(704,935)	(169,217)	(1,818,984)	(21,928)
Payment for interfund services provided	(432,500)	(210,000)	(125,000)	(767,500)	-
Payments for utilities	(12,317)	(253,025)	-	(265,342)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,358,674</u>	<u>1,279,722</u>	<u>642,175</u>	<u>4,280,571</u>	<u>(21,928)</u>
Cash flows provided (used) by noncapital financing activities:					
Transfers out	-	-	-	-	(405,227)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(405,227)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Payments for purchase of capital assets	(952,084)	(28,614)	(670,879)	(1,651,577)	-
Proceeds from sale of capital assets	1,204,191	5,111	-	1,209,302	-
Proceeds from sale / transfer of water rights	653,790	-	-	653,790	-
Deferred defeasance costs	12,590	7,723	-	20,313	-
Payments of bond principal	(402,000)	(598,000)	-	(1,000,000)	-
Interest paid on bonds	(968,635)	(137,973)	-	(1,106,608)	-
Impact fees collected	1,119,776	706,952	-	1,826,728	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>667,628</u>	<u>(44,801)</u>	<u>(670,879)</u>	<u>(48,052)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received on investments	207,977	154,996	139,456	502,429	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>207,977</u>	<u>154,996</u>	<u>139,456</u>	<u>502,429</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,234,279	1,389,917	110,752	4,734,948	(427,155)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>6,206,406</u>	<u>5,061,427</u>	<u>5,760,244</u>	<u>17,028,077</u>	<u>405,227</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 9,440,685</u>	<u>\$ 6,451,344</u>	<u>\$ 5,870,996</u>	<u>\$ 21,763,025</u>	<u>\$ (21,928)</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, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income	\$ 94,684	\$ 206,255	\$ 538,560	\$ 839,499	\$ (21,928)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	1,391,312	1,025,995	180,315	2,597,622	-
Changes in assets and liabilities:					
Accounts receivable	117,315	11,710	(65,188)	63,837	-
Accounts payable	731,573	27,028	(11,512)	747,089	-
Compensated absences	(321)	(639)	-	(960)	-
OPEB obligation	4,173	3,908	-	8,081	-
Deferred outflows of resources - OPEB	(2,025)	(1,896)	-	(3,921)	-
Deferred inflows of resources - OPEB	189	177	-	366	-
Deferred revenue	11,720	-	-	11,720	-
Customer deposits	1,970	-	-	1,970	-
Net pension asset	104	92	-	196	-
Deferred outflows of resources - pensions	(765)	(680)	-	(1,445)	-
Deferred inflows of resources - pensions	(94,029)	(83,582)	-	(177,611)	-
Net pension liability	102,774	91,354	-	194,128	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,358,674</u>	<u>\$ 1,279,722</u>	<u>\$ 642,175</u>	<u>\$ 4,280,571</u>	<u>\$ (21,928)</u>
REPRESENTED ON THE BALANCE SHEET AS:					
Cash - unrestricted	\$ 9,098,734	\$ 5,905,522	\$ 5,870,996	\$ 20,875,252	\$ -
Cash - restricted	341,951	545,822	-	887,773	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 9,440,685</u>	<u>\$ 6,451,344</u>	<u>\$ 5,870,996</u>	<u>\$ 21,763,025</u>	<u>\$ -</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:					
Contributed capital assets from developers	<u>\$ 274,389</u>	<u>\$ 181,426</u>	<u>\$ 201,623</u>	<u>\$ 657,438</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, 2019

	Pension Trust	Agency Fund
ASSETS		
Restricted cash and cash equivalents	\$ 800,963	\$ 893,908
TOTAL ASSETS	\$ 800,963	\$ 893,908
LIABILITIES		
Other liabilities	\$ -	\$ 893,908
TOTAL LIABILITIES	\$ -	\$ 893,908
NET POSITION		
Held in trust for fire department pension and other purposes	800,963	
TOTAL NET POSITION	\$ 800,963	

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, 2019

	<u>Pension Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 70,779
Investment earnings:	
Interest income	<u>22,322</u>
TOTAL ADDITIONS	<u>93,101</u>
 DEDUCTIONS	
Benefits	32,390
Administrative expenses	<u>2,580</u>
TOTAL DEDUCTIONS	<u>34,970</u>
CHANGE IN NET POSITION	58,131
NET POSITION - BEGINNING OF YEAR	<u>742,832</u>
NET POSITION - END OF YEAR	<u>\$ 800,963</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, 2019

1. THE REPORTING ENTITY

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

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

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

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

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

The 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, 2019

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, 2019

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 (closed during 2019), Municipal Building Authority Fund, Par Tax 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.

(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, 2019**

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, 2019

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 in this category, 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, 2019.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

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, 2019 through December 27, 2019, the date these financials were available to be issued. During this period, other than the matters noted in Note 18, the City did not have any material recognizable subsequent events.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

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, 2019.

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, 2019, \$1,000,000 of the City's bank balances of \$40,132,862 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, 2019, \$819,653 of the City's \$1,069,653 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, 2019

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, 2019, the fair value per share factor for investments in the PTIF was 1.00412782. This resulted in a fair value adjustment for the current year of \$139,494.

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, 2019:

	Fair Value	Carrying Amount	Credit Rating (1)	Weighted Average Years to Maturity (2)
Cash on hand and on deposit:				
Cash on hand	\$ 3,335	\$ 3,335	N/A	N/A
Cash on deposit	14,022,625	14,022,625	N/A	N/A
High yield savings account	1,069,653	1,069,653	N/A	N/A
Utah State Treasurer's investment pool accounts	33,908,848	33,769,454	N/A	N/A
TOTAL CASH ON HAND AND DEPOSIT	<u>\$ 49,004,461</u>	<u>\$ 48,865,067</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	\$ 29,476,672
Restricted cash and cash equivalents	17,832,918
Fiduciary funds:	
Restricted cash and cash equivalents, pension fund	800,963
Restricted cash and cash equivalents, agency trust	893,908
FAIR VALUE OF CASH ON HAND AND DEPOSIT	<u>\$ 49,004,461</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, 2019:

- Temporary investment funds (PTIF) of \$ 33,908,848 are valued using significant observable inputs (Level 2 inputs). The inputs use the application of the June 30, 2019 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, 2019.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

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, 2019, the costs of these water stocks were as follows:

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

5. RESTRICTED ASSETS

As of June 30, 2019, certain of the City's cash and cash equivalents are restricted for the following purposes:

Funds and Purpose	Restricted Amount
General Fund for debt service payments	\$ 165,056
Depot Redevelopment Agency Fund:	
Debt service payments	1,020,368
Debt Service Fund:	
Debt service payments	10,421,343
Water Fund:	
Funds held by trustee for debt service	341,951
Sewer Fund:	
Funds held by trustee for debt service	545,822
Other Nonmajor Funds:	
Construction, debt service and other uses	5,338,378
Pension and Agency Fund's:	
Held in trust for fire department and others	1,694,871
Total restricted cash and cash equivalents	\$ 19,527,789

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, 2019 is as follows:

Funds	Allowance
Water fund - major enterprise fund	\$ 11,582
Sewer fund - major enterprise fund	11,653
Garbage Utility Fund - major enterprise fund	5,194
Nonmajor enterprise funds	1,814
	\$ 30,243

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.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

7. INTERFUND PAYABLES AND RECEIVABLES (CONTINUED)

Funds which had overdrawn their share of pooled cash and the offsetting funds as of June 30, 2019 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 165,000
Park Improvements	Debt Service Fund	-
Depot RDA Fund	Debt Service Fund	170,000
Road C Maintenance	Debt Service Fund	265,000
Capital Projects Fund	Public Safety Capital Projects	275,000
Public Safety Capital Projects	Debt Service Fund	1,361,778
Debt Service Fund	Debt Service Fund	160,000
	Total	<u>\$ 2,396,778</u>

8. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

	<u>Balance at June 30, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2019</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,793,244	\$ 360,000	\$ (5,732,443)	\$ 6,420,801
Total capital assets not being depreciated	<u>11,793,244</u>	<u>360,000</u>	<u>(5,732,443)</u>	<u>6,420,801</u>
Capital assets being depreciated:				
Buildings	16,259,663	2,779,310	-	19,038,973
Improvements other than buildings	11,342,771	172,933	-	11,515,704
Office furniture and equipment	1,493,031	90,523	(23,563)	1,559,991
Machinery and equipment	3,041,867	401,391	-	3,443,258
Automobiles and trucks	6,085,849	263,398	(67,904)	6,281,343
Infrastructure	100,137,666	1,735,955	-	101,873,621
Total capital assets being depreciated	<u>138,360,847</u>	<u>5,443,510</u>	<u>(91,467)</u>	<u>143,712,890</u>
Less accumulated depreciation for:				
Buildings	(8,072,080)	(365,153)	-	(8,437,233)
Improvements other than buildings	(5,175,860)	(224,945)	-	(5,400,805)
Office furniture and equipment	(1,384,218)	(60,315)	23,563	(1,420,970)
Machinery and equipment	(2,595,396)	(152,692)	-	(2,748,088)
Automobiles and trucks	(4,245,752)	(364,172)	67,904	(4,542,020)
Infrastructure	(27,319,281)	(4,362,423)	-	(31,681,704)
Total accumulated depreciation	<u>(48,792,587)</u>	<u>(5,529,700)</u>	<u>91,467</u>	<u>(54,230,820)</u>
Total capital assets being depreciated, net	<u>89,568,260</u>	<u>(86,190)</u>	<u>-</u>	<u>89,482,070</u>
Governmental activities capital assets, net	<u>\$ 101,361,504</u>	<u>\$ 273,810</u>	<u>\$ (5,732,443)</u>	<u>\$ 95,902,871</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

8. CAPITAL ASSETS (CONTINUED)

For the year ended June 30, 2019, depreciation expense was charged to functions of the City as follows:

Governmental activities:	
General government	\$ 4,843,856
Public safety	321,396
Highways and streets	106,194
Parks and recreation	<u>258,254</u>
Total depreciation expense, governmental activities	<u>\$ 5,529,700</u>

The Enterprise Funds' capital assets consist of the following at June 30, 2019:

	Balance at June 30, 2018	Increases	Decreases	Balance at June 30, 2019
Business-type activities				
Capital assets not being depreciated:				
Investment in water stock	\$ 93,184	\$ -	\$ -	\$ 93,184
Land	3,339,045	-	(650,000)	2,689,045
Water rights	37,475,332	-	-	37,475,332
Construction in progress	<u>2,907,486</u>	<u>-</u>	<u>-</u>	<u>2,907,486</u>
Total capital assets not being depreciated	<u>43,815,047</u>	<u>-</u>	<u>(650,000)</u>	<u>43,165,047</u>
Capital assets, being depreciated:				
Buildings	6,237,897	-	-	6,237,897
Improvements other than buildings	89,416,429	1,223,692	(9,086)	90,631,035
Office furniture and fixtures	74,601	-	-	74,601
Machinery and equipment	3,328,259	184,207	-	3,512,466
Automobiles and trucks	1,044,996	28,614	-	1,073,610
Infrastructure	<u>6,793,044</u>	<u>872,502</u>	<u>-</u>	<u>7,665,546</u>
Total capital assets being depreciated	<u>106,895,226</u>	<u>2,309,015</u>	<u>(9,086)</u>	<u>109,195,155</u>
Less accumulated depreciation for:				
Buildings	(3,613,868)	(147,143)	-	(3,761,011)
Improvements other than buildings	(34,804,127)	(2,123,112)	9,086	(36,918,153)
Office furniture & fixtures	(74,601)	-	-	(74,601)
Machinery and equipment	(2,859,410)	(102,782)	-	(2,962,192)
Automobiles and trucks	(892,696)	(48,870)	-	(941,566)
Infrastructure	<u>(875,021)</u>	<u>(175,715)</u>	<u>-</u>	<u>(1,050,736)</u>
Total accumulated depreciation	<u>(43,119,723)</u>	<u>(2,597,622)</u>	<u>9,086</u>	<u>(45,708,259)</u>
Total capital assets being depreciated, net	<u>63,775,503</u>	<u>(288,607)</u>	<u>-</u>	<u>63,486,896</u>
Business-type activities, net	<u>\$ 107,590,550</u>	<u>\$ (288,607)</u>	<u>\$ (650,000)</u>	<u>\$ 106,651,943</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

8. CAPITAL ASSETS (CONTINUED)

For the year ended June 30, 2019, depreciation expense was charged to business-type activities of the City as follows:

Business-type activities:	
Water fund	\$ 1,391,312
Sewer fund	1,025,995
Garbage utility fund	4,600
Storm water fund	173,771
Street light fund	<u>1,944</u>
Total depreciation expense, business-type activities	<u>\$ 2,597,622</u>

During 2019, the City also sold land from the Capital Projects Fund to an unrelated party. Proceeds from the sale were in the amount of \$1,070,000, and resulted in a gain of \$1,070,000. The City also sold land from the RDA Fund to an unrelated party. Proceeds from the sale were in the amount of \$3,925,915, and resulted in a loss of \$1,806,528. The City also sold land from the Water Fund to an unrelated party. Proceeds from this sale were in the amount of \$1,204,191 and which resulted in a gain of \$554,191.

9. LONG-TERM DEBT

The following is a summary of transactions affecting long-term liabilities for the year ended June 30, 2019:

	Balance at June 30, 2018	Additions	Reductions & Deletions	Balance at June 30, 2019	Due Within One Year
Governmental Activities:					
Revenue bonds payable	\$ 30,595,000	\$ 9,000,000	\$ (1,706,000)	\$ 37,889,000	\$ 1,749,000
Net OPEB obligations	2,682,244	182,875	-	2,865,119	-
Net pension liability	2,730,354	1,840,748	-	4,571,102	-
Obligations under capital leases	627,337	246,112	(158,896)	714,553	209,557
Grantsville legal settlement	1,818,900	-	(71,380)	1,747,520	73,000
Compensated absences	494,311	53,509	-	547,820	-
Deferred amounts:					
Unamortized bond premiums	383,200	-	(28,386)	354,814	-
Unamortized bond discounts	(33,125)	-	2,501	(30,624)	-
Loss on defeasance*	<u>(720,978)</u>	<u>-</u>	<u>84,186</u>	<u>(636,792)</u>	<u>-</u>
Total governmental long-term liabilities	<u>\$ 38,577,243</u>	<u>\$ 11,323,244</u>	<u>\$ (1,877,975)</u>	<u>\$ 48,022,512</u>	<u>\$ 2,031,557</u>
Business-type Activities:					
Revenue bonds payable	\$ 7,956,000	\$ -	\$ (1,000,000)	\$ 6,956,000	\$ 556,000
Net OPEB obligations	118,529	8,081	-	126,610	-
Net pension liability	317,659	194,128	-	511,787	-
Compensated absences	59,839	-	(960)	58,879	-
Deferred amounts:					
Loss on defeasance*	<u>(103,197)</u>	<u>-</u>	<u>20,313</u>	<u>(82,884)</u>	<u>-</u>
Total business-type long-term liabilities	<u>\$ 8,348,830</u>	<u>\$ 202,209</u>	<u>\$ (980,647)</u>	<u>\$ 7,570,392</u>	<u>\$ 556,000</u>

* Denotes amount that is included in the deferred outflows of resource in the accompanying statement of net position.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

9. LONG-TERM DEBT (CONTINUED)

	Current Outstanding Balances
<p>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.</p>	\$ 6,615,000
<p>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.</p>	2,997,000
<p>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.</p>	290,000
<p>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.</p>	3,242,000
<p>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.</p>	11,230,000
<p>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.</p>	4,515,000
<p>On April 9, 2019, the City issued \$9,000,000 in Lease Revenue Bonds, (Series 2019) at an interest rate of 2.50% with a final maturity date of February 1, 2050. Interest on the bonds is payable annually on each February 1, beginning on February 1, 2021. The Series 2019 Bonds were issued with a final maturity date of February 1, 2050, and are subject to annual Mandatory Sinking Fund redemptions beginning on February 1, 2021.</p>	9,000,000
Total governmental activities - bonds	\$ 37,889,000

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

9. LONG-TERM DEBT (CONTINUED)

Government-type Activities (continued):

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.

\$ 1,747,520

Total governmental activities - Grantsville Legal Settlement \$ 1,747,520

Business-type activities:

Current
Outstanding
Balances

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.

\$ 3,772,000

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.

3,184,000

Total business-type activities - bonds \$ 6,956,000

In accordance with GASB 88, *Certain Disclosures related to Debt, Including Direct Borrowings and Direct Placements*, the City has reported separately below the debt obligations, including direct placements. Direct placements have terms negotiated directly with the investor or lender and are not offered for public sale.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

9. LONG-TERM DEBT (CONTINUED)

Future payments for principal and interest are as follows:

Governmental Activities:	Bonds		Bonds from Direct Placements	
	Principal	Interest	Principal	Interest
Year Ending June 30,				
2020	\$ 605,000	\$ 606,747	\$ 1,144,000	\$ 283,535
2021	625,000	585,880	1,374,000	479,719
2022	690,000	560,924	1,265,000	447,017
2023	720,000	534,446	1,286,000	415,599
2024	755,000	506,794	1,319,000	382,803
2025-2029	5,935,000	1,972,850	6,697,000	1,483,971
2030-2034	5,475,000	957,952	1,346,000	1,028,366
2035-2039	3,040,000	157,250	1,523,000	648,343
2040-2044	-	-	1,723,000	427,225
2045-2049	-	-	1,949,000	200,800
2050	-	-	418,000	10,450
TOTAL DEBT	\$ 17,845,000	\$ 5,882,843	\$ 20,044,000	\$ 5,807,828

Unamortized premiums	354,814
Loss on defeasance	<u>(636,792)</u>
TOTAL	\$ 37,607,022

Business-type Activities:	Bonds		Bonds from Direct Placements	
	Principal	Interest	Principal	Interest
Year Ending June 30,				
2020	\$ -	\$ -	\$ 556,000	\$ 261,996
2021	-	-	572,000	242,661
2022	-	-	591,000	222,669
2023	-	-	616,000	201,927
2024	-	-	635,000	180,405
2025-2029	-	-	1,939,000	624,312
2030-2034	-	-	1,193,000	357,930
2035-2037	-	-	854,000	78,030
TOTAL DEBT	\$ -	\$ -	\$ 6,956,000	\$ 2,169,929

Unamortized premiums	-
Loss on defeasance	<u>(82,884)</u>
TOTAL	\$ 6,873,116

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

9. LONG-TERM DEBT (CONTINUED)

Changes to the City's long-term debt as of June 30, 2019 are as follows:

	Balance at June 30, 2018	Additions	Reductions & Deletions	Balance at June 30, 2019	Due Within One Year
Governmental Activities:					
General bonds	\$ 18,435,000	\$ -	\$ (590,000)	\$ 17,845,000	\$ 605,000
Bonds from direct placement	<u>12,160,000</u>	<u>9,000,000</u>	<u>(1,116,000)</u>	<u>20,044,000</u>	<u>1,144,000</u>
Total governmental long-term liabilities	<u>\$ 30,595,000</u>	<u>\$ 9,000,000</u>	<u>\$ (1,706,000)</u>	<u>\$ 37,889,000</u>	<u>\$ 1,749,000</u>
Business-type Activities:					
Bonds from direct placement	\$ 7,956,000	\$ -	\$ (1,000,000)	\$ 6,956,000	\$ 556,000
Total business-type long-term liabilities	<u>\$ 7,956,000</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ 6,956,000</u>	<u>\$ 556,000</u>

Governmental Activities - Grantsville Legal Settlement		
Year Ending June 30,	Principal	Interest
2019	\$ 73,000	\$ 45,475
2020	75,000	43,700
2021	77,000	41,875
2022	78,000	40,000
2023	81,000	38,075
2024-2029	434,000	159,925
2030-2034	491,000	104,275
2035-2039	<u>438,520</u>	<u>41,325</u>
TOTAL DEBT	<u>\$ 1,747,520</u>	<u>\$ 514,650</u>

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, 2019, bonds totaling \$33,859,000 from the City are considered defeased. The deferred charge on refunding reported in the government-wide statement of net position and proprietary funds under deferred outflows of resources results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is accreted over the shorter of the life of the refunded or refunding debt. As of June 30, 2019, the City had deferred outflows of resources related to refunding of debt in the amount of \$719,676.

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. During 2019 the City also entered into a capital lease agreement for eighty golf carts, which has a purchase option at the end of the lease, and at which time the equipment will transfer title and become property of the City.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

11. CAPITAL LEASES (CONTINUED)

The following is a schedule, by year, of future minimum lease payments required on the leases as of June 30, 2019:

Fiscal Year Ending June 30,	Governmental Activities
2020	\$ 225,846
2021	213,827
2022	196,582
2023	46,041
2024	<u>94,041</u>
Total minimum lease payments	776,337
Less amounts representing interest	<u>(61,784)</u>
Present value of net minimum lease payments	714,553
Less current portion of capital lease obligations	<u>(209,557)</u>
Capital lease obligations net current portion	<u>\$ 504,996</u>

Equipment and related accumulated depreciation under capital leases are included under capital assets in the Governmental Activities and as of June 30, 2019, are as follows:

Equipment under capital lease	\$ 1,280,393
Less accumulated depreciation	<u>(272,609)</u>
Equipment under capital lease, net	<u>\$ 1,007,784</u>

12. DEFERRED INFLOW OF RESOURCES-UNAVAILABLE PROPERTY TAXES

Property taxes in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable on November 30. Since the property tax to be levied on October 1, 2019 is not expected to be received within 60 days after the year ended June 30, 2019, 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, 2019 are as follows:

	Transfers out			
	General Fund	Depot Redevelopment	Nonmajor Governmental	Transfers In
		Agency Fund	Funds	
Debt Service Fund	\$ 618,535	\$ 398,226	\$ 3,518,440	\$ 4,535,201
Total Transfers out	<u>\$ 618,535</u>	<u>\$ 398,226</u>	<u>\$ 3,518,440</u>	<u>\$ 4,535,201</u>

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

14. RETIREMENT PLANS

General Information About the Pension Plan

Plan Description

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

**TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019**

14. RETIREMENT PLANS (CONTINUED)

Defined Benefit Plans

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

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.

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%
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%

*Actuarial reductions are applied.

** 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.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

14. RETIREMENT PLAN (CONTINUED)

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.

Contribution rates as of June 30, 2019 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	15.54%	1.15%
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	23.09%	74.00%
Noncontributory			
43 Other Div A with 2.5% COLA	N/A	34.04%	N/A
Tier 2 DC			
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, 2019, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 572,726	N/A
Contributory System	10	-
Public Safety System	354,990	-
Tier 2 Public Employees System	210,258	-
Tier 2 Public Safety and Firefighter	239,429	-
Tier 2 DC Only System	23,886	N/A
TOTAL CONTRIBUTIONS	\$ 1,401,299	\$ -

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.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

14. RETIREMENT PLAN (CONTINUED)

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

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$5,082,890. These balances are broken out by system as follows:

System	(Measurement Date): December 31, 2018			Proportionate Share December 31, 2017	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 2,789,854	0.3788645%	0.3720852%	0.0067793%
Contributory System	-	-	0.0000000%	0.0893416%	-0.0893416%
Public Safety System	-	2,230,476	0.8670173%	0.8928747%	-0.0258574%
Tier 2 Public Employees System	-	45,403	0.1060123%	0.1124047%	-0.0063924%
Tier 2 Public Safety and Firefighter System	-	17,156	0.6847533%	0.7106312%	-0.0258779%
	<u>\$ -</u>	<u>\$ 5,082,889</u>			

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 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, 2019 the City recognized pension expense of \$1,592,772.

At June, 30, 2019 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	\$ 44,084	\$ 167,589
Changes in assumptions	657,822	1,443
Net difference between projected and actual earnings on pension plan investments	992,318	-
Changes in proportion and differences between contributions and proportionate share of contributions	44,903	87,584
Contributions subsequent to the measurement date	721,416	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 2,460,543</u>	<u>\$ 256,616</u>

Deferred outflows of \$721,416 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, 2018.

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
2019	\$ 656,247
2020	190,571
2021	131,447
2022	471,615
2023	3,219
Thereafter	29,408

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

14. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were developed from 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, 2018, 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%
TOTAL	100%		4.75%
		INFLATION	2.50%
		EXPECTED ARITHMETIC NOMINAL RETURN	7.25%

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

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

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated 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:

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

14. RETIREMENT PLAN (CONTINUED)

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 5,717,694	\$ 2,789,854	\$ 351,736
Public Safety System	4,372,126	2,230,476	491,926
Tier 2 Public Employees System	181,892	45,403	(59,933)
Tier 2 Public Safety and Firefighter System	129,408	17,157	(68,743)
TOTAL	<u>\$ 10,401,120</u>	<u>\$ 5,082,890</u>	<u>\$ 714,986</u>

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

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

	2019	2018	2017
401(k) Plan			
Employer Contributions	\$ 248,584	\$ 156,679	\$ 135,251
Employee Contributions	105,874	88,380	76,331
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	30,026	28,429	22,119
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	8,318	3,420	2,080

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, 2019, 2018, and 2017 were \$70,779, \$70,779, 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.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

15. EMPLOYEE BENEFIT PLANS (CONTINUED)

Volunteer Firefighters' Length of Service Award Plan (Continued) - 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.

Every two years, an independent actuary calculates the annual contribution requirement. The last actuarial valuation was performed on July 1, 2018 and included the following methods and assumptions:

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

As of the date of the actuarial report, the value of the assets held by the City totaled \$771,052.

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 \$197,486, \$107,791 and \$119,903, respectively, as of June 30, 2019, 2018, and 2017. Salaries subject to contributions were \$6,895,629, \$6,696,774, and \$6,444,804, respectively, as of June 30, 2019, 2018 and 2017. 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, 2019, 2018 and 2017 were \$7,404, \$6,945, and \$7,090, 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, 2019, 2018, and 2017 were \$46,389, \$57,124, and \$64,116, respectively. Salaries subject to contributions were \$193,795, \$239,967, and \$334,857, respectively, for the same years.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

15. EMPLOYEE BENEFIT PLANS (CONTINUED)

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, 2019, 2018 and 2017 were \$44,122, \$42,803, and \$41,253, respectively. Salaries subject to contributions were \$276,407, \$269,565, and \$258,768, 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, 2019, 2018 and 2017 were \$8,053, \$3,250, and \$2,080, 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, 2019, 2018 and 2017 were \$48,290, \$43,955, and \$34,133, respectively.

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, 2019, the City reported a net OPEB asset of \$0. The net OPEB asset was measured as of June 30, 2019 by an actuarial valuation using generally accepted actuarial procedures. At June 30, 2019, 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	\$ -	\$ 135,194
Changes in assumptions	108,017	-
Net difference between projected and actual earnings in OPEB plan investments for the fiscal year ended June 30, 2019	-	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 108,017	\$ 135,194

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
2020	\$ (3,883)
2021	(3,883)
2022	(3,883)
2023	(3,883)
2024	(3,883)
Thereafter	(7,762)

For the year ended June 30, 2019, the City recognized an actuarially calculated OPEB expense of \$250,214.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Plan Covered Employees

For the year ended June 30, 2019, the City had the following covered employees under the OPEB plan:

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 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, 2019
Actuarial cost method	Present value of future benefits
Amortization method	Straight-line
Inflation rate	2.50%
Discount rate	3.51%
Asset valuation method	N/A*
Interest rate	3.97%
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 3.51 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, 2019, 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, 2018	\$ 2,800,773
Activity during the year:	
Service cost	142,922
Interest	111,175
Change in assumptions	108,074
Differences between expected and actual experience	(27,968)
Benefit payments	(143,247)
Net change in total OPEB liability	190,956
TOTAL OPEB LIABILITY AT JUNE 30, 2019	\$ 2,991,729

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

The following presents the OPEB liability as of June 30, 2019, calculated using the discount rate assumed and what it would be using a one-percentage-point higher (4.51%) and one-percentage-point lower (2.51%) 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	\$ 3,317,426	\$ -	\$ 3,317,426
Current discount rate	2,991,729	-	2,991,729
1% increase in discount rate	2,702,611	-	2,702,611

The following presents the net OPEB liability as of June 30, 2019, 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	\$ 2,634,348	\$ -	\$ 2,634,348
Current trend rates	2,991,729	-	2,991,729
1% increase in trend rates	3,423,376	-	3,423,376

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, 2019 are as follows:

Project Area	Amount
Depot	\$ 2,288,116
Downtown	119,604
Total	<u>\$ 2,407,720</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:

Project Area	Acquisition of Property	Site Improvement or Preparation Costs	Installation of Public Utilities or Other Public Improvements	Administrative Costs of the Agency
Depot RDA	\$ 379,963	\$ 650,000	\$ 275,000	\$ 909,954
Total	<u>\$ 379,963</u>	<u>\$ 650,000</u>	<u>\$ 275,000</u>	<u>\$ 909,954</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

18. LITIGATION AND SPECIAL ITEMS

Sod Farm Case

As of June 30, 2019 the sod farm appeal was still pending, however on July 23, 2019 subsequent to year-end the matter was resolved by settlement to which the City paid Aposhian \$840,000. As of June 30, 2019 the City paid \$112,851 toward the settlement. The remaining liability as of June 30, 2019 of \$727,149 is accrued in accounts payable in the water fund on the Statement of Net Position - Proprietary Funds. The court signed the dismissal of the case with prejudice was on October 10, 2019. The City has no further obligations in this matter.

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 \$2,121,778 are recoverable under the current operating agreements.

Committed Projects

As of June 30, 2019, 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 did not meet the criteria to be classified as a major proprietary fund. The Garbage Utility Fund's beginning fund balance of \$2,396,217 as of July 1, 2018 has been reclassified from a major to a nonmajor proprietary fund.

A summary of the reclassification is as follows:

	Proprietary Funds	
	Major Funds	Nonmajor Funds
Fund balances as originally stated July 1, 2018	\$ 106,828,755	\$ 9,495,867
Adjustment from major to nonmajor fund	(2,396,217)	2,396,217
Fund balances as restated - July 1, 2018	\$ 104,432,538	\$ 11,892,084

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

20. 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.

21. 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.

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 June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are to 1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and 2) to simplify accounting for interest cost incurred before the end of a construction period. 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.

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, 2019

	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, 2018	0.3788645%	0.0000000%	0.8670173%	0.1060123%	0.6847533%
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, 2018	\$ 2,789,854	\$ -	\$ 2,230,476	\$ 45,403	\$ 17,157
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, 2018	\$ 3,228,807	\$ -	\$ 1,153,434	\$ 1,238,906	\$ 915,698
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, 2018	86.41%	0.00%	193.38%	3.66%	1.87%
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, 2018	87.00%	91.20%	84.70%	90.80%	95.60%
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, 2019

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%
	2019	572,726	572,726	-	3,256,726	17.59%
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%
	2019	10	10	-	151	6.62%
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%
	2019	354,990	354,990	-	1,122,577	31.62%
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%
	2019	210,258	210,258	-	1,353,032	15.54%
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%
	2019	239,429	239,429	-	1,028,434	23.28%
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%
	2019	23,886	23,886	-	357,044	6.69%
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%
	2019	-	-	-	-	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, 2019

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability		
Service cost	\$ 142,922	\$ 149,885
Interest	111,175	103,112
Changes in assumptions	108,074	17,295
Differences between expected and actual experience	(27,968)	(142,358)
Benefit payments	<u>(143,247)</u>	<u>(113,988)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	<u>190,956</u>	<u>13,946</u>
TOTAL OPEB LIABILITY - BEGINNING	<u>2,800,773</u>	<u>2,786,827</u>
TOTAL OPEB LIABILITY - ENDING (a)	<u><u>\$ 2,991,729</u></u>	<u><u>\$ 2,800,773</u></u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 143,247	\$ 113,988
Benefit payments	<u>(143,247)</u>	<u>(113,988)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>-</u>	<u>-</u>
TOTAL FIDUCIARY NET POSITION - BEGINNING	<u>-</u>	<u>-</u>
TOTAL FIDUCIARY NET POSITION - ENDING (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
NET OPEB LIABILITY - ENDING (a-b)	<u><u>\$ 2,991,729</u></u>	<u><u>\$ 2,800,773</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	0.00%	0.00%
Covered Employee Payroll	N/A	N/A
Net OPEB Liability as a Percentage of Covered Payroll	N/A	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.

TOOELE CITY CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019

1. CHANGE IN ASSUMPTIONS

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

SUPPLEMENTAL INFORMATION

**TOOELE CITY CORPORATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019**

	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	
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,527	\$ 919,637	\$ -	\$ 928,164
Receivables:									
Accounts	-	-	-	-	-	-	180	-	180
Assessments	-	78,096	-	-	-	-	-	-	78,096
Taxes	-	-	-	-	120,000	-	-	-	120,000
Other	-	-	-	-	4,482	-	-	-	4,482
Intergovernmental receivable	402,540	10,000	-	-	-	-	-	-	412,540
Due from other funds	265,000	-	-	160,000	-	-	275,000	1,361,778	2,061,778
Restricted cash and cash equivalents	1,599,328	1,358,154	-	3,631	79,732	1,850,852	402,984	43,697	5,338,378
TOTAL ASSETS	<u>\$ 2,266,868</u>	<u>\$ 1,446,250</u>	<u>\$ -</u>	<u>\$ 163,631</u>	<u>\$ 204,214</u>	<u>\$ 1,859,379</u>	<u>\$ 1,597,801</u>	<u>\$ 1,405,475</u>	<u>\$ 8,943,618</u>
LIABILITIES									
Accounts payable	\$ 330	\$ 211,350	\$ -	\$ -	\$ -	\$ 8,527	\$ 53,589	\$ 448,913	\$ 722,709
Due to other funds	-	-	-	-	-	-	-	275,000	275,000
TOTAL LIABILITIES	<u>330</u>	<u>211,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,527</u>	<u>53,589</u>	<u>723,913</u>	<u>997,709</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue - property taxes	-	-	-	-	120,000	-	-	-	120,000
FUND BALANCES									
Restricted									
Public safety	-	-	-	-	-	-	-	681,562	681,562
Park development	-	-	-	-	-	1,800,852	-	-	1,800,852
Recreation and arts	-	1,234,900	-	-	-	-	-	-	1,234,900
Debt service	668,102	-	-	163,631	50,826	50,000	403,164	-	1,335,723
Roads	1,598,436	-	-	-	-	-	-	-	1,598,436
Assigned									
Capital projects	-	-	-	-	-	-	1,141,048	-	1,141,048
Community projects									
Redevelopment agency projects	-	-	-	-	33,388	-	-	-	33,388
TOTAL FUND BALANCE	<u>2,266,538</u>	<u>1,234,900</u>	<u>-</u>	<u>163,631</u>	<u>84,214</u>	<u>1,850,852</u>	<u>1,544,212</u>	<u>681,562</u>	<u>7,825,909</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 2,266,868</u>	<u>\$ 1,446,250</u>	<u>\$ -</u>	<u>\$ 163,631</u>	<u>\$ 204,214</u>	<u>\$ 1,859,379</u>	<u>\$ 1,597,801</u>	<u>\$ 1,405,475</u>	<u>\$ 8,943,618</u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	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	\$ -	\$ 416,637	\$ -	\$ -	\$ 119,604	\$ -	\$ -	\$ -	\$ 536,241
Intergovernmental revenues	1,972,723	-	-	-	-	-	40,316	-	2,013,039
Interest income	41,221	36,570	-	4,834	1,284	40,832	23,893	55,481	204,115
Grants	-	10,000	-	-	-	-	-	-	10,000
Impact fees	-	-	-	-	-	603,821	-	122,694	726,515
Miscellaneous revenue	-	23,340	1	-	-	-	-	-	23,341
Rental income	-	-	-	534,388	-	-	-	-	534,388
TOTAL REVENUES	<u>2,013,944</u>	<u>486,547</u>	<u>1</u>	<u>539,222</u>	<u>120,888</u>	<u>644,653</u>	<u>64,209</u>	<u>178,175</u>	<u>4,047,639</u>
EXPENDITURES									
General government	-	199,616	-	11	-	-	60,411	-	260,038
Highways and streets	127,905	-	-	-	-	-	-	-	127,905
Capital outlay	1,272,408	791,072	-	-	-	183,859	440,164	1,954,747	4,642,250
Debt service:									
Principal - capital lease	-	-	-	-	-	-	25,299	66,800	92,099
Interest	-	-	-	-	-	-	3,965	8,471	12,436
TOTAL EXPENDITURES	<u>1,400,313</u>	<u>990,688</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>183,859</u>	<u>529,839</u>	<u>2,030,018</u>	<u>5,134,728</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>613,631</u>	<u>(504,141)</u>	<u>1</u>	<u>539,211</u>	<u>120,888</u>	<u>460,794</u>	<u>(465,630)</u>	<u>(1,851,843)</u>	<u>(1,087,089)</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS									
Operating transfers in	-	-	-	-	-	-	436,587	1,361,778	1,798,365
Operating transfers (out)	(668,102)	-	(8,281)	(534,388)	(87,500)	(50,000)	(403,164)	-	(1,751,435)
Proceeds on sale of assets	-	-	-	-	-	-	1,099,160	-	1,099,160
Refunded impact fees	-	-	-	-	-	(36,848)	-	(2,290)	(39,138)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>(668,102)</u>	<u>-</u>	<u>(8,281)</u>	<u>(534,388)</u>	<u>(87,500)</u>	<u>(86,848)</u>	<u>1,132,583</u>	<u>1,359,488</u>	<u>1,106,952</u>
NET CHANGE IN FUND BALANCE	(54,471)	(504,141)	(8,280)	4,823	33,388	373,946	666,953	(492,355)	19,863
FUND BALANCE, BEGINNING OF YEAR	2,321,009	1,739,041	8,280	158,808	50,826	1,476,906	877,259	1,173,917	7,806,046
FUND BALANCE, END OF YEAR	<u>\$ 2,266,538</u>	<u>\$ 1,234,900</u>	<u>\$ -</u>	<u>\$ 163,631</u>	<u>\$ 84,214</u>	<u>\$ 1,850,852</u>	<u>\$ 1,544,212</u>	<u>\$ 681,562</u>	<u>\$ 7,825,909</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, 2019

	Par Tax Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 425,000	\$ 416,637	\$ (8,363)
Interest income	18,000	36,570	18,570
Grants	-	10,000	10,000
Miscellaneous revenues	22,000	23,340	1,340
TOTAL REVENUES	<u>465,000</u>	<u>486,547</u>	<u>21,547</u>
EXPENDITURES			
General government	493,774	199,616	294,158
Capital outlay	791,072	791,072	-
TOTAL EXPENDITURES	<u>1,284,846</u>	<u>990,688</u>	<u>294,158</u>
EXCESS DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(819,846)</u>	<u>(504,141)</u>	<u>315,705</u>
NET CHANGE IN FUND BALANCE	(819,846)	(504,141)	315,705
FUND BALANCE, BEGINNING OF YEAR	<u>1,739,041</u>	<u>1,739,041</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 919,195</u>	<u>\$ 1,234,900</u>	<u>\$ 315,705</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, 2019

	<u>Code Enforcement Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Miscellaneous revenues	\$ 1	\$ 1	\$ -
TOTAL REVENUES	<u>1</u>	<u>1</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1</u>	<u>1</u>	<u>-</u>
Other financing sources (uses) including transfers:			
Operating transfers (out)	(8,281)	\$ (8,281)	\$ -
Total other financing sources (uses) including transfers:	<u>(8,281)</u>	<u>(8,281)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(8,280)	(8,280)	-
FUND BALANCE, BEGINNING OF YEAR	<u>8,280</u>	<u>8,280</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2019

Municipal Building Authority			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ 1,650	\$ 4,834	\$ 3,184
Rental income	534,388	534,388	-
TOTAL REVENUES	536,038	539,222	3,184
EXPENDITURES			
General government	1,650	11	1,639
TOTAL EXPENDITURES	1,650	11	1,639
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	534,388	539,211	4,823
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers (out)	(529,843)	(534,388)	(4,545)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	(529,843)	(534,388)	(4,545)
NET CHANGE IN FUND BALANCE	4,545	4,823	278
FUND BALANCE, BEGINNING OF YEAR	158,808	158,808	-
FUND BALANCE, END OF YEAR	\$ 163,353	\$ 163,631	\$ 278

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, 2019

	<u>Downtown Redevelopment Agency</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 87,500	\$ 119,604	\$ 32,104
Interest income	450	1,284	834
TOTAL REVENUES	<u>87,950</u>	<u>120,888</u>	<u>32,938</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>87,950</u>	<u>120,888</u>	<u>32,938</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers (out)	<u>(87,500)</u>	<u>(87,500)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>(87,500)</u>	<u>(87,500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	450	33,388	32,938
FUND BALANCE, BEGINNING OF YEAR	<u>50,826</u>	<u>50,826</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 51,276</u>	<u>\$ 84,214</u>	<u>\$ 32,938</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, 2019

Class "C" Road Fund			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental revenues	\$ 1,960,000	\$ 1,972,723	\$ 12,723
Interest income	23,000	41,221	18,221
TOTAL REVENUES	1,983,000	2,013,944	30,944
EXPENDITURES			
Highways and streets	162,000	127,905	34,095
Capital outlay	1,625,670	1,272,408	353,262
TOTAL EXPENDITURES	1,787,670	1,400,313	387,357
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	195,330	613,631	418,301
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers out	(668,102)	(668,102)	-
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	(668,102)	(668,102)	-
NET CHANGE IN FUND BALANCE	(472,772)	(54,471)	418,301
FUND BALANCE, BEGINNING OF YEAR	2,321,009	2,321,009	-
FUND BALANCE, END OF YEAR	\$ 1,848,237	\$ 2,266,538	\$ 418,301

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, 2019

	Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental revenue	\$ 29,357	\$ 40,316	\$ 10,959
Interest income	15,000	23,893	8,893
TOTAL REVENUES	44,357	64,209	19,852
EXPENDITURES			
General government	190,000	60,411	129,589
Capital outlay	444,848	440,164	4,684
Debt service:			
Principal - capital lease	25,721	25,299	422
Interest	3,965	3,965	-
TOTAL EXPENDITURES	664,534	529,839	134,695
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(620,177)	(465,630)	154,547
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers in	441,360	436,587	(4,773)
Operating transfers out	(403,164)	(403,164)	-
Proceeds on sale of assets	29,600	1,099,160	1,069,560
TOTAL OTHER FINANCING SOURCES INCLUDING TRANSFERS	67,796	1,132,583	1,064,787
NET CHANGE IN FUND BALANCE	(552,381)	666,953	1,219,334
FUND BALANCE, BEGINNING OF YEAR	877,259	877,259	-
FUND BALANCE, END OF YEAR	\$ 324,878	\$ 1,544,212	\$ 1,219,334

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, 2019

Park Improvements Fund			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ 16,000	\$ 40,832	\$ 24,832
Impact fees	275,000	603,821	328,821
TOTAL REVENUES	291,000	644,653	353,653
EXPENDITURES			
Capital outlay	200,000	183,859	16,141
TOTAL EXPENDITURES	200,000	183,859	16,141
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	91,000	460,794	369,794
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers out	(50,000)	(50,000)	-
Refunded impact fees	(10,000)	(36,848)	(26,848)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	(60,000)	(86,848)	(26,848)
NET CHANGE IN FUND BALANCE	31,000	373,946	342,946
FUND BALANCE, BEGINNING OF YEAR	1,476,906	1,476,906	-
FUND BALANCE, END OF YEAR	\$ 1,507,906	\$ 1,850,852	\$ 342,946

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, 2019

	Public Safety Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ 15,000	\$ 55,481	\$ 40,481
Impact fees	40,000	122,694	82,694
TOTAL REVENUES	55,000	178,175	123,175
EXPENDITURES			
Capital outlay	2,000,000	1,954,747	45,253
Debt service:			
Principal - bonds & notes	66,800	66,800	-
Principal - capital lease	8,471	8,471	-
TOTAL EXPENDITURES	2,075,271	2,030,018	45,253
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,020,271)	(1,851,843)	168,428
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS			
Operating transfers in	2,000,000	1,361,778	(638,222)
Refunded impact fees	-	(2,290)	(2,290)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	2,000,000	1,359,488	(640,512)
NET CHANGE IN FUND BALANCE	(20,271)	(492,355)	(472,084)
FUND BALANCE, BEGINNING OF YEAR	1,173,917	1,173,917	-
FUND BALANCE, END OF YEAR	\$ 1,153,646	\$ 681,562	\$ (472,084)

TOOELE CITY CORPORATION
COMBINING STATEMENT OF NET POSITION -
NONMAJOR PROPRIETARY FUNDS
June 30, 2019

	<u>Garbage Utility</u>	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,411,333	\$ 3,244,609	\$ 215,054	\$ 5,870,996
Accounts receivable - net of allowance	<u>247,027</u>	<u>53,363</u>	<u>21,927</u>	<u>322,317</u>
TOTAL CURRENT ASSETS	<u>2,658,360</u>	<u>3,297,972</u>	<u>236,981</u>	<u>6,193,313</u>
Noncurrent assets:				
Land	-	230,767	-	230,767
Infrastructure	-	7,475,598	189,948	7,665,546
Autos and trucks	23,000	-	-	23,000
Accumulated depreciation	<u>(21,467)</u>	<u>(1,046,820)</u>	<u>(3,916)</u>	<u>(1,072,203)</u>
TOTAL NONCURRENT ASSETS	<u>1,533</u>	<u>6,659,545</u>	<u>186,032</u>	<u>6,847,110</u>
TOTAL ASSETS	<u>2,659,893</u>	<u>9,957,517</u>	<u>423,013</u>	<u>13,040,423</u>
LIABILITIES				
Current liabilities:				
Accounts payable	<u>141,737</u>	<u>123,409</u>	<u>3,554</u>	<u>268,700</u>
TOTAL LIABILITIES	<u>141,737</u>	<u>123,409</u>	<u>3,554</u>	<u>268,700</u>
NET POSITION				
Net investment in capital assets	1,533	6,659,544	186,032	6,847,109
Unrestricted	<u>2,516,623</u>	<u>3,174,564</u>	<u>233,427</u>	<u>5,924,614</u>
TOTAL NET POSITION	<u>\$ 2,518,156</u>	<u>\$ 9,834,108</u>	<u>\$ 419,459</u>	<u>\$ 12,771,723</u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2019

	<u>Garbage Utility</u>	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES				
Charges for services	\$ 1,596,021	\$ 493,474	\$ 234,296	\$ 2,323,791
Connection and collection fees	<u>178,352</u>	<u>-</u>	<u>-</u>	<u>178,352</u>
TOTAL OPERATING REVENUES	<u>1,774,373</u>	<u>493,474</u>	<u>234,296</u>	<u>2,502,143</u>
OPERATING EXPENSES				
Personal services	511,842	-	-	511,842
Contracted services	1,088,740	25,000	-	1,113,740
Operations and maintenance	105,930	518	22,135	128,583
Administration	(19)	13,486	15,636	29,103
Depreciation	<u>4,600</u>	<u>173,771</u>	<u>1,944</u>	<u>180,315</u>
TOTAL OPERATING EXPENSES	<u>1,711,093</u>	<u>212,775</u>	<u>39,715</u>	<u>1,963,583</u>
OPERATING INCOME	<u>63,280</u>	<u>280,699</u>	<u>194,581</u>	<u>538,560</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	<u>58,659</u>	<u>76,916</u>	<u>3,881</u>	<u>139,456</u>
TOTAL NON-OPERATING REVENUES	<u>58,659</u>	<u>76,916</u>	<u>3,881</u>	<u>139,456</u>
Contributed from developers	<u>-</u>	<u>201,623</u>	<u>-</u>	<u>201,623</u>
CHANGE IN NET POSITION	121,939	559,238	198,462	879,639
NET POSITION - BEGINNING OF YEAR	<u>2,396,217</u>	<u>9,274,870</u>	<u>220,997</u>	<u>11,892,084</u>
NET POSITION - END OF YEAR	<u>\$ 2,518,156</u>	<u>\$ 9,834,108</u>	<u>\$ 419,459</u>	<u>\$ 12,771,723</u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2019

	<u>Garbage Utility</u>	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,710,692	\$ 492,665	\$ 233,598	\$ 2,436,955
Payments to employees	(511,842)	-	-	(511,842)
Payments to contractors	(988,721)	-	-	(988,721)
Payments for operations and maintenance	(96,552)	(25,458)	(47,207)	(169,217)
Payment for interfund services provided	(100,000)	(25,000)	-	(125,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>13,577</u>	<u>442,207</u>	<u>186,391</u>	<u>642,175</u>
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	-	(568,301)	(102,578)	(670,879)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(568,301)</u>	<u>(102,578)</u>	<u>(670,879)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:				
Interest earned	58,659	76,916	3,881	139,456
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>58,659</u>	<u>76,916</u>	<u>3,881</u>	<u>139,456</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	72,236	(49,178)	87,694	110,752
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,339,097</u>	<u>3,293,787</u>	<u>127,360</u>	<u>5,760,244</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,411,333</u>	<u>\$ 3,244,609</u>	<u>\$ 215,054</u>	<u>\$ 5,870,996</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 63,280	\$ 280,699	\$ 194,581	\$ 538,560
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	4,600	173,771	1,944	180,315
Changes in assets and liabilities:				
Accounts receivable	(63,681)	(809)	(698)	(65,188)
Accounts payable	9,378	(11,454)	(9,436)	(11,512)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 13,577</u>	<u>\$ 442,207</u>	<u>\$ 186,391</u>	<u>\$ 642,175</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:				
Contributed capital assets from developers	\$ -	\$ 201,623	\$ -	\$ 201,623

TOOELE CITY CORPORATION
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUND
For the Fiscal Year Ended June 30, 2019

	<u>Balance at Beginning of the Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of of the Year</u>
ASSETS				
Cash and cash equivalents	\$ 530,672	\$ 1,829,421	\$ (1,466,185)	\$ 893,908
TOTAL ASSETS	<u>\$ 530,672</u>	<u>\$ 1,829,421</u>	<u>\$ (1,466,185)</u>	<u>\$ 893,908</u>
LIABILITIES				
Accounts payable	\$ -	\$ 290,954	\$ (290,954)	\$ -
Refunds payable and others	<u>530,672</u>	<u>1,831,039</u>	<u>(1,467,803)</u>	<u>893,908</u>
TOTAL LIABILITIES	<u>\$ 530,672</u>	<u>\$ 2,121,993</u>	<u>\$ (1,758,757)</u>	<u>\$ 893,908</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, 2019, 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 27, 2019.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and recommendations as item, 2019-1 to be a material weakness.

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. We consider the deficiencies described in the accompany schedule of findings and recommendations as items 2019-2 and 2019-3 to be significant deficiencies.

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 an immaterial instance of noncompliance or other matters that are communicated in a separate letter to those charged with governance.

Tooele City Corporation's Response to Findings

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

Purpose of this Report

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

WSRP, LLC

Salt Lake City, Utah
December 27, 2019



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 state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Tooele City Corporation for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

Budgetary Compliance	Open and Public Meetings Act
Fund Balance	Public Treasurer's Bond
Utah Retirement Systems	Cash Management
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 General State Compliance Requirements

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, 2019.

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 our letter to management dated December 27, 2019 as item 2019-4. 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 our letter to management. 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 our letter to management dated December 27, 2019 as item 2019-4.

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 27, 2019

TOOELE CITY CORPORATION
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2019

MATERIAL WEAKNESS

2019-1 ACCOUNTS RECEIVABLE AND UNEARNED REVENUE - PROPERTY TAXES

Finding

Accounts receivable and unearned revenue from property taxes was not updated to reflect the final certified tax rate adopted by the City, resulting in adjustments during the audit.

Recommendation

We recommend management implement controls to ensure the appropriate certified tax rates are used when calculating the accounts receivable and related unearned revenue from property taxes. This should include supervisory review over the calculations.

Response - Tooele City Corporation

We concur with the auditor's finding and will ensure this is completed as part of year end procedures.

SIGNIFICANT DEFICIENCIES

2019-2 PRIOR YEAR OPEB ADJUSTMENTS

Finding

The prior year OPEB audit adjustments were not posted by the City, resulting in an adjustment to the governmental funds.

Recommendation

Management should implement a financial reporting close review checklist to ensure all audit entries are posted to the City's accounting software at the conclusion of the audit.

Response - Tooele City Corporation

We concur with the auditor's findings and will ensure all entries are posted.

2019-3 APOSHIAN SOD FARM

Finding

In fiscal year 2020, the City settled a lawsuit related to the Aphosian Sod Farm, however the associated liability as of June 30, 2019 had not been recorded.

Recommendation

Management should implement a control to review all legal matters with City attorney. As part of this review, all legal matters that are probable and estimable should be determined in the accounting software of the City.

Response - Tooele City Corporation

We concur with the auditor's findings and will implement a procedure to review legal matters with the City Attorney to determine all legal matters that are probable and estimable are determined in the City's software accounting system.