

TOOELE CITY CORPORATION

**Financial Statements
and
Independent Auditor's Report**

June 30, 2010

TOOELE CITY CORPORATION

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Government Fund Financial Statements:	
Balance Sheet	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Depot Redevelopment Agency	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - 1000 North Road Project	18
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Project	19
Proprietary Fund Financial Statements:	
Statement of Net Assets - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22

TOOELE CITY CORPORATION

Table of Contents (continued)

	<u>Page</u>
Fiduciary Fund Financial Statements:	
Statement of Net Assets - Fiduciary Funds	23
Statement of Changes in Net Assets - Fiduciary Funds	24
Notes to Basic Financial Statements	25
Required Supplementary Information:	
Information about Infrastructure Assets Reported using the Modified Approach	47
Postemployment Benefit Plan - Schedule of Funding Progress	51
Other Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor - Special Revenue Funds	54
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor - Debt Service Fund	59
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor - Capital Projects Funds	60
Combining Statement of Net Assets - Non-Major Proprietary Funds	62
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Non-Major Proprietary Funds	63
Combining Statement of Cash Flows - Non-Major Proprietary Funds	64
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	65
Report on Legal Compliance Applicable to Utah State Laws and Regulations	66
Schedule of Findings - Compliance - State of Utah	68
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69



Haynie &
Company

Certified Public Accountants (a professional corporation)

1785 West Printers Row Salt Lake City, Utah 84119 (801) 972-4800 Fax (801) 972-8941

INDEPENDENT AUDITOR'S REPORT

The 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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund, Depot Redevelopment Agency Fund, 1000 North Road Project Fund and Capital Project Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2011 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, and 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2-9 and the required supplementary information on pages 47-51, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Salt Lake City, Utah
February 11, 2011



Associate Office At
5974 S. Fashion Pointe Dr. Suite 200
South Ogden, UT 84403
(801) 479-4800
Fax (801) 479-8941

Associate Office At
1221 West Mineral Avenue Suite 202
Littleton, CO 80120-4544
(303) 734-4800
Fax (303) 795-3356

Associate Office At
4910 Campus Drive
Newport Beach, CA 92660-2119
(949) 724-1880
Fax (949) 724-1889

Tooele City Corporation

Management's Discussion and Analysis

For the Year Ended June 30, 2010

This discussion of Tooele City's financial performance provides an overview of the City's financial activities for the year ending June 30, 2010. This report is in conjunction with the City's financial statements.

Financial Highlights

- ◆ The total government-wide assets of Tooele City exceeded its total government-wide liabilities as of the close of the most recent year by \$184,806,232 (*net assets*). Of this amount, \$5,681,547 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net assets increased by \$5,784,481. The general fund revenues were less than the adopted budgeted amounts, and the expenditures were less than the adopted budgeted amounts.
- ◆ At the close of the current year, the Tooele City governmental funds reported combined ending fund balances of \$19,951,003, a increase of \$32,285 in comparison with the prior year. Approximately 13.64% of this total amount, \$2,722,083, is available for spending at the government's discretion (*unreserved fund balance*).
- ◆ At the end of the current year, unreserved fund balance for the general fund was \$2,722,083, or 22.48% of total general fund expenditures.
- ◆ Tooele City's total debt decreased by \$882,973 during the current year.

Overview of the Financial Statements

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

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Tooele 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two presented as net assets. Net assets are reported as one of three categories: invested in capital assets, net of related debt; restricted; or unrestricted. Restricted net assets are further classified as either net assets restricted by enabling legislation or net assets that are otherwise restricted. Over time, increases or decrease in net assets 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include not only the City itself (known as the primary government), but also blended component units: the Downtown Redevelopment Agency, the Industrial Park Redevelopment Agency, the Depot Redevelopment Agency, and the Municipal Building Authority of Tooele City. Financial information for the component units is reported separately from the financial information presented for the primary government.

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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Tooele City Corporation
Management's Discussion and Analysis
For the Year Ended June 30, 2010

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 on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Tooele City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Depot, Redevelopment Agency, Debt Service Fund, and 1000 North Road Project Fund which are considered to be major funds. Data from the other seven governmental funds (non-major) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Tooele City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Proprietary funds

When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Tooele City uses enterprise funds to account for its Water Utility, Sewer Utility, Solid Waste Utility, and Storm Water Utility activities.

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 assets and statements of changes in fiduciary net assets. The City's agency fund is custodial in nature and does not involve measurement of results of operations. Accordingly, it does not present a statement of changes in fiduciary net assets. 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 provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Tooele City.

Tooele City Corporation
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tooele City, assets exceeded liabilities by \$184,806,232 at the close of the most recent fiscal year.

The largest portion of Tooele City's net assets (82.27%) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, infrastructure, water stock, and utility plants and equipment), less any related debt used to acquire those assets that is still outstanding. Tooele City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Tooele City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Tooele City's Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and other assets	\$ 25,258,595	\$ 24,823,468	\$ 13,935,953	\$ 15,005,288	\$ 39,194,548	\$ 39,828,756
Capital assets	121,855,880	118,545,556	62,453,440	60,143,009	184,309,320	178,688,565
Other assets	176,466	183,607	314,274	428,792	490,740	612,399
Total assets	147,290,941	143,552,631	76,703,667	75,577,089	223,994,608	219,129,720
Liabilities and net assets:						
Long-term debt and obligations	18,945,463	18,885,835	12,966,555	13,883,135	31,912,018	32,768,970
Other liabilities	5,565,580	5,792,292	1,710,778	1,833,619	7,276,358	7,625,911
Total liabilities	24,511,043	24,678,127	14,677,333	15,716,754	39,188,376	40,394,881
Net assets:						
Invested in capital assets, net of related debt	103,494,133	99,297,280	48,540,034	45,431,399	152,034,167	144,728,679
Restricted	17,223,925	19,003,984	9,866,593	10,045,668	27,090,518	29,049,652
Unrestricted - designated	-	-	-	-	-	-
Unrestricted	2,061,840	573,240	3,619,707	4,383,268	5,681,547	4,956,508
Total net assets	\$ 122,779,898	\$ 118,874,504	\$ 62,026,334	\$ 59,860,335	\$ 184,806,232	\$ 178,734,839

A portion of Tooele City's net assets (14.66%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$5,681,547, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Tooele City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior year.

Governmental activities

Governmental activities increased Tooele City's net assets by \$3,596,422. Key elements of this increase are as follows:

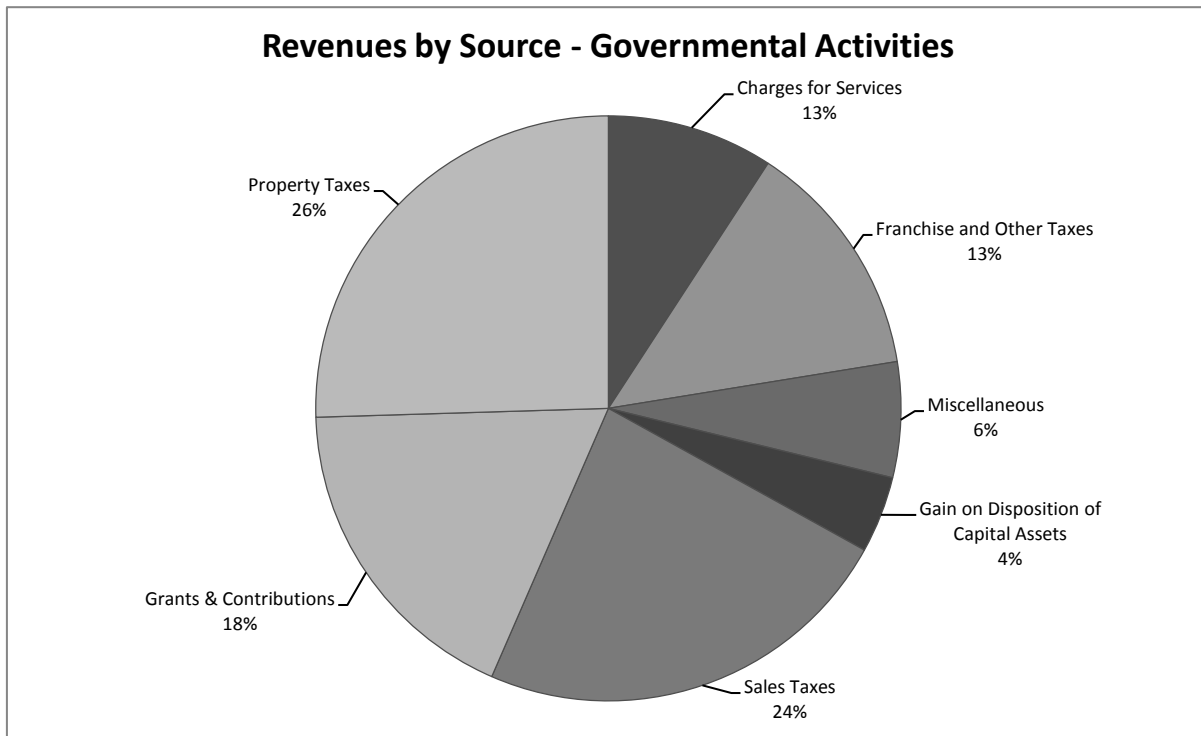
Tooele City's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 1,586,306	\$ 2,451,384	\$ 8,113,088	\$ 8,383,810	\$ 9,699,394	\$ 10,835,194
Operating grants and contributions	1,964,995	249,864	-	-	1,964,995	249,864
Capital grants and contributions	1,138,793	2,675,594	515,541	1,099,981	1,654,334	3,775,575
General revenues:						
Property taxes	10,735,292	10,333,530	-	-	10,735,292	10,333,530
Earnings on investments	194,585	418,617	87,393	256,132	281,978	674,749
Impact fees	332,745	-	834,219	668,362	1,166,964	668,362
Gain on sale of capital assets	730,751	422,440	76,150	293,790	806,901	716,230
Miscellaneous	572,568	1,086,348	90	22,156	572,658	1,108,504
Total revenues	\$ 17,256,035	\$ 17,637,777	\$ 9,626,481	\$ 10,724,231	\$ 26,882,516	\$ 28,362,008

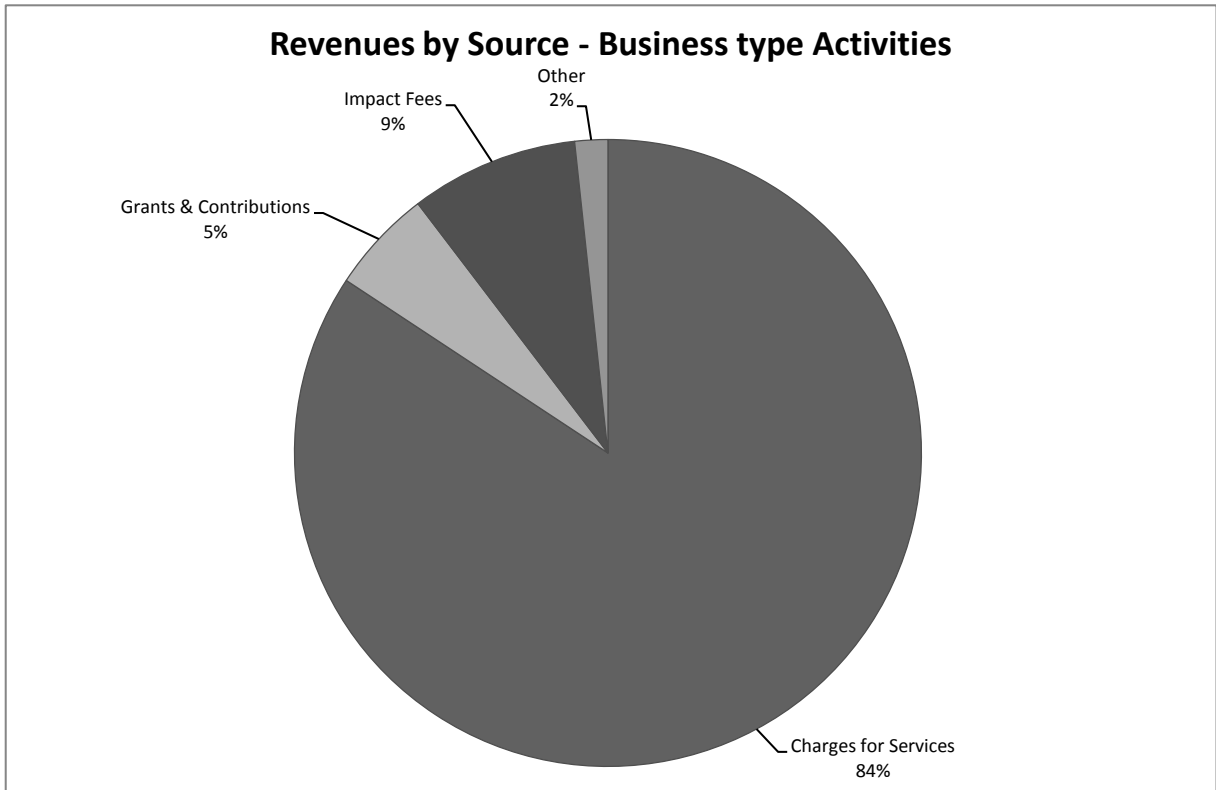
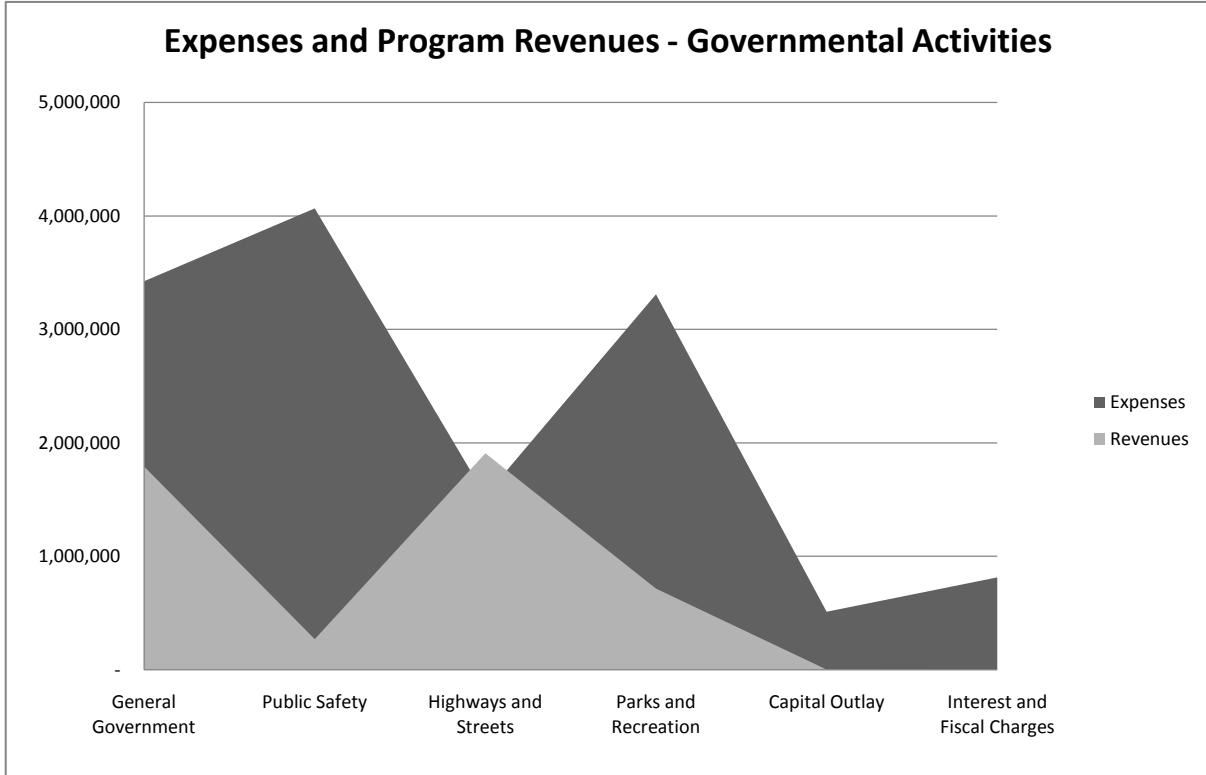
Tooele City Corporation
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Tooele City's Changes in Net Assets (continued)

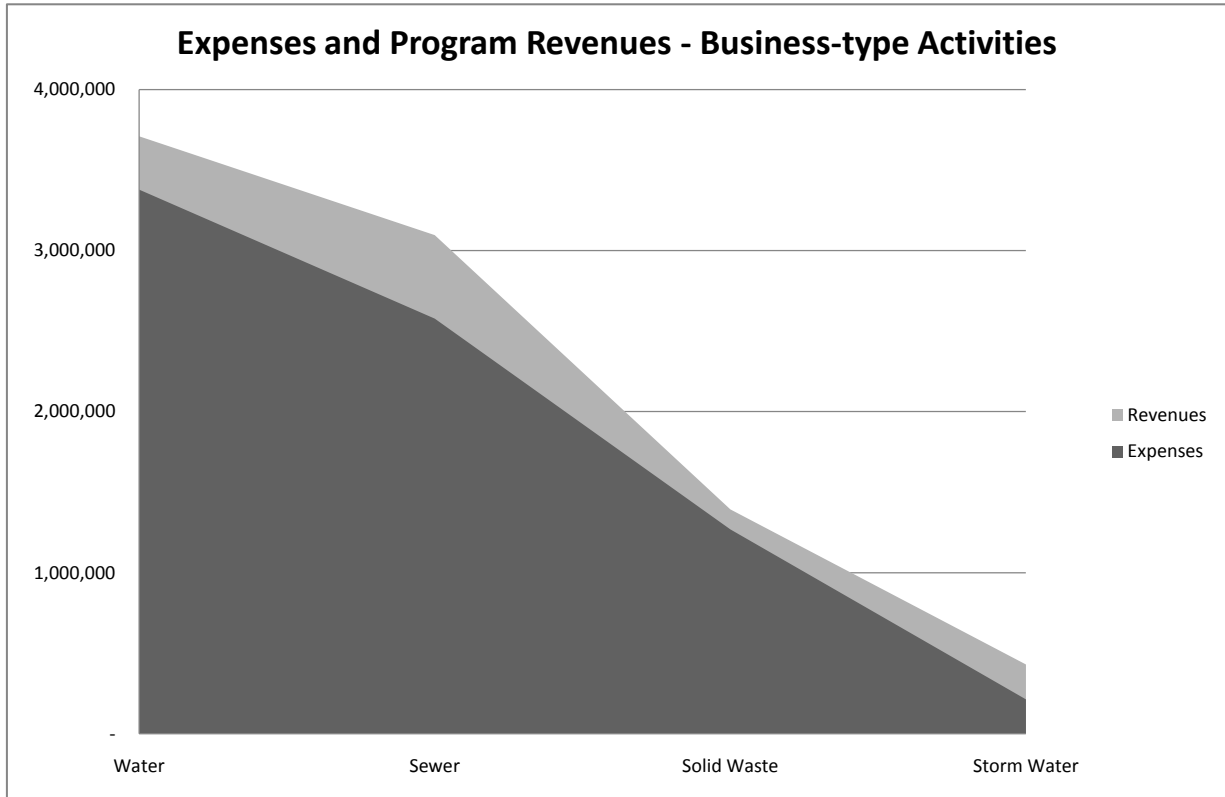
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Expenses:						
General government	\$ 3,423,860	\$ 6,134,776	\$ -	\$ -	\$ 3,423,860	\$ 6,134,776
Public safety	4,065,256	4,234,043	-	-	4,065,256	4,234,043
Highways and streets	1,534,656	3,789,464	-	-	1,534,656	3,789,464
Parks and recreation	3,308,553	3,278,617	-	-	3,308,553	3,278,617
Capital outlay	512,364	96,193	-	-	512,364	96,193
Interest on debt	814,924	737,559	-	-	814,924	737,559
Water	-	-	3,378,411	3,362,479	3,378,411	3,362,479
Sewer	-	-	2,577,559	2,811,346	2,577,559	2,811,346
Solid waste	-	-	1,268,909	1,280,602	1,268,909	1,280,602
Storm water	-	-	213,543	175,746	213,543	175,746
Total expenses	<u>13,659,613</u>	<u>18,270,652</u>	<u>7,438,422</u>	<u>7,630,173</u>	<u>21,098,035</u>	<u>25,900,825</u>
Transfers	-	-	-	-	-	-
Increase (decrease) in net assets	3,596,422	(632,875)	2,188,059	3,094,058	5,784,481	2,461,183
Net assets - beginning	118,874,504	119,507,379	59,860,335	56,766,277	178,734,839	176,273,656
Prior period adjustment	308,972	-	(22,060)	-	286,912	-
Net assets - beginning, as restated	<u>119,183,476</u>	<u>119,507,379</u>	<u>59,838,275</u>	<u>56,766,277</u>	<u>179,021,751</u>	<u>176,273,656</u>
Net assets - ending	<u>\$ 122,779,898</u>	<u>\$ 118,874,504</u>	<u>\$ 62,026,334</u>	<u>\$ 59,860,335</u>	<u>\$ 184,806,232</u>	<u>\$ 178,734,839</u>



Tooele City Corporation
Management's Discussion and Analysis
For the Year Ended June 30, 2010



Tooele City Corporation
Management's Discussion and Analysis
For the Year Ended June 30, 2010



- ◆ Charges for services decreased by \$1,135,800.
- ◆ Operating grants increased by \$1,715,131
- ◆ Capital grants and contributions decreased by \$2,121,241 due mainly to a decrease in water line grant funding and road funding.
- ◆ Property taxes increased by \$401,762 due to a increase in assessing and collecting of property taxes.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

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

Tooele City Corporation
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Governmental funds

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

At the end of the year, Tooele City's governmental funds reported combined ending fund balances of \$19,951,003, an increase of \$32,285 in comparison with the prior year. Approximately 13.64% of this amount, \$2,722,083, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) for the General Fund Prepaids, \$4,995, 2) to the Depot Redevelopment Agency Fund, \$5,083,643, 3) to the 1000 North Road Project Fund, \$771,023, 4) to Capital Project Fund purposes, \$5,443,165, and 5) to other nonmajor fund purposes, \$5,926,094.

The general fund is the major operating fund of Tooele City. At the end of the current year, unreserved fund balance of the general fund was \$2,722,083, while total fund balance reached \$2,727,078. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22.48% of total general fund expenditures, while total fund balance represents 22.52% of that same amount.

General Fund Budgetary Highlights

Significant differences between the original budget and the final actual budget can be briefly summarized as follows:

- ◆ Increases from the original budget to the actual budget of \$5,002,895 from capital outlays, \$5,000,000 in operating transfers for the Capital Projects Fund.
- ◆ Increase from the original budget to the actual budget of \$6,500,000 in operating transfers out for the Depot Redevelopment Agency Fund.
- ◆ Increase from the original budget to the actual budget of \$89,871 for total revenues, \$337,368 for total expenditures and \$1,061,728 in other financing sources (uses) including transfers for a net difference of \$814,231 for the General Fund.

Capital Asset and Debt Administration

Capital assets

Tooele City's investment in capital assets for its governmental activities, as of June 30, 2010, amounts to \$103,494,133 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, and infrastructure (roads, rights-of-way, curb and gutter, sidewalks, underpasses, storm drains, and street lights). The increase in Tooele City's investment in capital assets for governmental and business activities for the current year was \$7,305,488.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its paving system (streets). Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- ◆ The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- ◆ The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

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

- ◆ Building additions of \$727,522, and no deletions.
- ◆ Improvements other than buildings additions of \$1,924,832.
- ◆ Machinery and equipment additions of \$175,390, and no deletions.
- ◆ Automobile and truck purchases of \$46,638, and deletions of \$39,967.
- ◆ Office furniture and equipment additions of \$20,736.
- ◆ Infrastructure additions of \$3,423,634 from acquisitions and contributions.

Tooele City Corporation
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Tooele City's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Investment in water stock	\$ -	\$ -	\$ 93,184	\$ -	\$ 93,184	\$ -
Land	3,518,912	3,127,825	2,484,884	979,360	6,003,796	4,107,185
Infrastructure	99,400,636	95,477,883	-	-	99,400,636	95,477,883
Buildings	10,818,848	11,182,671	3,223,961	2,608,621	14,042,809	13,791,292
Construction in progress	-	-	2,893,946	3,517,277	2,893,946	3,517,277
Improvements other than buildings	6,240,603	6,458,148	48,175,109	47,340,575	54,415,712	53,798,723
Machinery and equipment	551,071	637,524	285,072	361,916	836,143	999,440
Automobiles and trucks	1,280,067	1,536,766	150,300	185,348	1,430,367	1,722,114
Office furniture and equipment	45,743	124,739	1,164	4,092	46,907	128,831
Water rights	-	-	5,145,820	5,145,820	5,145,820	5,145,820
Total	<u>\$ 121,855,880</u>	<u>\$ 118,545,556</u>	<u>\$ 62,453,440</u>	<u>\$ 60,143,009</u>	<u>\$ 184,309,320</u>	<u>\$ 178,688,565</u>

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

Long-term debt

At the end of the current year, Tooele City had total debt outstanding of \$32,860,000. The debt represents general obligation bonds, revenue bonds, notes payable, and leases payable.

Tooele City's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenue bonds payable	\$ 18,343,000	\$ 19,141,000	\$ 13,767,000	\$ 14,655,000	\$ 32,110,000	\$ 33,796,000
Unamortized premiums	18,747	19,255	53,222	56,610	71,969	75,865
Long-term debt	750,000	750,000	-	-	750,000	750,000
Obligation under capital leases	-	88,021	-	-	-	88,021
Net OPEB obligations	253,223	123,223	11,190	-	264,413	123,223
Compensated absences	402,493	400,357	61,143	59,525	463,636	459,882
Total	<u>\$ 19,767,463</u>	<u>\$ 20,521,856</u>	<u>\$ 13,892,555</u>	<u>\$ 14,771,135</u>	<u>\$ 33,660,018</u>	<u>\$ 35,292,991</u>

State statutes limit the amount of debt a City may issue to 4 percent of its total fair market value of taxable property in 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 is \$48,672,850.

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

Economic Factors and Next Year's Budgets and Rates

All of the above factors were considered in preparing the City's budget for the 2010-2011 year.

Requests for Information

This financial report is designed to provide a general overview of Tooele City'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 Assets
June 30, 2010

Assets:	Governmental Activities	Business-Type Activities	Total
Cash and investments			
Pooled cash and investments	\$ 477,211	\$ 10,143,467	\$ 10,620,678
Restricted cash and investments	20,209,939	2,757,686	22,967,625
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):			
Accounts	4,774	1,034,800	1,039,574
Assessments	59,297	-	59,297
Taxes	3,254,251	-	3,254,251
Interest receivable	43,240	-	43,240
Intergovernmental receivable	440,639	-	440,639
Due from fiduciary funds	150	-	150
Other	14,099	-	14,099
Prepaid expenses	4,995	-	4,995
Note receivable	750,000	-	750,000
Bond issuance costs, net of accumulated amortization	176,466	314,274	490,740
Capital assets:			
Land, infrastructure, and construction in progress	102,919,548	7,723,888	110,643,436
Buildings, improvements, equipment and other depreciable assets, net of accumulated depreciation	<u>18,936,332</u>	<u>54,729,552</u>	<u>73,665,884</u>
Total assets	<u>147,290,941</u>	<u>76,703,667</u>	<u>223,994,608</u>
Liabilities:			
Accounts payable	2,048,281	397,645	2,445,926
Accrued liabilities	373,714	9,334	383,048
Accrued interest payable	185,988	172,663	358,651
Deferred revenue	2,135,597	-	2,135,597
Customer deposits	-	205,136	205,136
Long-term liabilities:			
Portion due or payable within one year	822,000	926,000	1,748,000
Portion due or payable after one year	<u>18,945,463</u>	<u>12,966,555</u>	<u>31,912,018</u>
Total liabilities	<u>24,511,043</u>	<u>14,677,333</u>	<u>39,188,376</u>
Net assets:			
Invested in capital assets, net of related debt	103,494,133	48,540,034	152,034,167
Restricted for:			
Future development - special projects	3,440,596	-	3,440,596
Future development - capital projects	13,161,679	-	13,161,679
Debt service	621,650	-	621,650
Public facilities development	-	9,866,593	9,866,593
Unrestricted	<u>2,061,840</u>	<u>3,619,707</u>	<u>5,681,547</u>
Total net assets	<u>\$ 122,779,898</u>	<u>\$ 62,026,334</u>	<u>\$ 184,806,232</u>

See accompanying notes to financial statements

TOOELE CITY CORPORATION
Statement of Activities
For the Year Ended June 30, 2010

Functions	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets Governmental Activities	Net (Expense) Revenues and Changes in Net Assets Business-Type Activities	Total
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions			
Governmental activities:							
General government	\$ 3,423,860	\$ 599,341	\$ 529,309	\$ 662,998	\$ (1,632,212)	\$ -	\$ (1,632,212)
Public safety	4,065,256	270,872	-	-	(3,794,384)	-	(3,794,384)
Highways and streets	1,534,656	-	1,435,686	472,510	373,540	-	373,540
Parks and recreation	3,308,553	716,093	-	-	(2,592,460)	-	(2,592,460)
Capital outlay	512,364	-	-	3,285	(509,079)	-	(509,079)
Interest and fiscal charges	814,924	-	-	-	(814,924)	-	(814,924)
Total governmental activities	13,659,613	1,586,306	1,964,995	1,138,793	(8,969,519)	-	(8,969,519)
Business-type activities:							
Water	3,378,411	3,540,905	-	168,523	-	331,017	331,017
Sewer	2,577,559	2,748,868	-	347,018	-	518,327	518,327
Solid Waste	1,268,909	1,393,075	-	-	-	124,166	124,166
Storm Water	213,543	430,240	-	-	-	216,697	216,697
Total business-type activities	7,438,422	8,113,088	-	515,541	-	1,190,207	1,190,207
Total City	\$ 21,098,035	\$ 9,699,394	\$ 1,964,995	\$ 1,654,334	(8,969,519)	1,190,207	(7,779,312)
General Revenue:							
Property taxes					4,397,393	-	4,397,393
Sales Taxes					4,052,141	-	4,052,141
Franchise taxes					1,483,586	-	1,483,586
Other taxes					802,172	-	802,172
Earnings on investments					194,585	87,393	281,978
Impact fees					332,745	834,219	1,166,964
Gain on disposition of capital assets					730,751	76,150	806,901
Miscellaneous					572,568	90	572,658
Transfers in (out)					-	-	-
Total general revenues and transfers					12,565,941	997,852	13,563,793
Change in net assets					3,596,422	2,188,059	5,784,481
Net assets - beginning as restated					<u>119,183,476</u>	<u>59,838,275</u>	<u>179,021,751</u>
Net assets - ending					\$ 122,779,898	\$ 62,026,334	\$ 184,806,232

See accompanying notes to financial statements

TOOELE CITY CORPORATION

Balance Sheet
Governmental Funds
June 30, 2010

	Major Special		Major Capital Project			
	Revenue Fund		Funds		Nonmajor	Total
	General	Depot Redevelop. Agency	1000 North Road Project	Capital Project	Governmental Funds	Governmental Funds
Assets:						
Cash and investments						
Pooled cash and investments	\$ 477,211	\$ -	\$ -	\$ -	\$ -	\$ 477,211
Restricted cash and investments	-	11,596,157	2,487,117	467,340	5,659,325	20,209,939
Receivables:						
Accounts	4,774	-	-	-	-	4,774
Assessments	-	-	-	-	59,297	59,297
Taxes	3,254,251	-	-	-	-	3,254,251
Interest receivable	-	-	-	-	43,240	43,240
Intergovernmental receivable	138,421	-	-	-	302,218	440,639
Other	14,099	-	-	-	-	14,099
Prepaid expenses	4,995	-	-	-	-	4,995
Due from other funds	6,543,650	-	-	5,000,000	-	11,543,650
Total assets	\$ 10,437,401	\$ 11,596,157	\$ 2,487,117	\$ 5,467,340	\$ 6,064,080	\$ 36,052,095
Liabilities and fund balances:						
Liabilities:						
Accounts payable	\$ 201,211	\$ 12,514	\$ 1,715,094	\$ 24,175	\$ 95,287	\$ 2,048,281
Accrued liabilities	373,515	-	-	-	199	373,714
Due to other funds	5,000,000	6,500,000	1,000	-	42,500	11,543,500
Deferred revenue	2,135,597	-	-	-	-	2,135,597
Total liabilities	7,710,323	6,512,514	1,716,094	24,175	137,986	16,101,092
Fund balances:						
Reserved for:						
Prepays	4,995	-	-	-	-	4,995
Future development - special projects	-	-	-	-	3,440,596	3,440,596
Future development - capital projects	-	5,083,643	771,023	5,443,165	1,863,848	13,161,679
Debt service	-	-	-	-	621,650	621,650
Unreserved						
General fund	2,722,083	-	-	-	-	2,722,083
Total fund balances	2,727,078	5,083,643	771,023	5,443,165	5,926,094	19,951,003
Total liabilities and fund balances	\$ 10,437,401	\$ 11,596,157	\$ 2,487,117	\$ 5,467,340	\$ 6,064,080	\$ 36,052,095

See accompanying notes to financial statements

TOOELE CITY CORPORATION
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010

Total Fund Balances - Governmental Funds \$ 19,951,003

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 3,518,912	
Infrastructure	99,400,636	
Buildings, net of accumulated depreciation of \$5,178,734	10,818,848	
Improvements other than buildings, net of accumulated depreciation of \$3,496,891	6,240,603	
Machinery and equipment, net of accumulated depreciation of \$1,965,134	551,071	
Automobiles and trucks, net of accumulated depreciation of \$2,800,157	1,280,067	
Office furniture and equipment, net of accumulated depreciation of \$1,101,715	45,743	121,855,880

Bond issuance costs are reported as current expenditures at the fund level, but are deferred and amortized over the life of the bonds in the statement of net assets. 176,466

Note receivable on statement of net assets not reported in the funds as a financial resource. 750,000

Interest on long-term debt is not accrued in the governmental funds, but is recognized as an expenditure when due. Accrued interest for long-term debt is: (185,988)

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 assets.

General obligation bonds, net of unamortized deferrals of	(18,361,747)	
Obligations under capital leases	-	
Note payable	(750,000)	
Compensated absences payable	(402,493)	
Net OPEB obligations	(253,223)	(19,767,463)

Total Net Assets - Government Activities \$ 122,779,898

TOOELE CITY CORPORATION
Statement revenues, expenditures, and changes in fund balances
Governmental funds
For year ended June 30, 2010

	Major Special		Major Capital Project Funds		Nonmajor Governmental Funds	Total Governmental Funds
	Revenue Fund	Redevelop.	1000 North	Capital		
	General	Agency - Depot	Road Project	Projects		
REVENUES:						
Taxes	\$ 8,942,434	\$ 1,248,272	\$ -	\$ -	\$ 544,586	\$ 10,735,292
Licenses and permits	287,974	-	-	-	-	287,974
Intergovernmental and grant revenue	529,309	-	-	3,285	1,435,686	1,968,280
Charges for services	1,004,436	-	-	-	-	1,004,436
Fines and forfeitures	104,994	-	-	-	-	104,994
Interest income	10,547	68,380	19,394	2,663	93,601	194,585
Impact fees	-	-	-	-	332,745	332,745
Interfund charges	1,712,970	-	-	-	-	1,712,970
Miscellaneous revenues	19,117	-	-	-	160,483	179,600
Rental income	18,185	-	-	-	563,685	581,870
Total revenues	<u>12,629,966</u>	<u>1,316,652</u>	<u>19,394</u>	<u>5,948</u>	<u>3,130,786</u>	<u>17,102,746</u>
EXPENDITURES:						
Current:						
General government	3,404,416	361,926	-	-	52,473	3,818,815
Public safety	3,824,379	-	-	-	-	3,824,379
Highways and streets	1,280,664	-	-	-	358,984	1,639,648
Parks and recreation	3,009,422	-	-	-	-	3,009,422
Capital outlay	590,039	891,121	2,448,776	25,735	608,904	4,564,575
Principal retirement	-	-	-	-	798,000	798,000
Interest and fiscal charges	-	-	-	-	809,371	809,371
Total expenditures	<u>12,108,920</u>	<u>1,253,047</u>	<u>2,448,776</u>	<u>25,735</u>	<u>2,627,732</u>	<u>18,464,210</u>
Excess (deficiency) of revenues over (under) expenditures	<u>521,046</u>	<u>63,605</u>	<u>(2,429,382)</u>	<u>(19,787)</u>	<u>503,054</u>	<u>(1,361,464)</u>
Other financing sources (uses) including transfers:						
Operating transfers in	6,500,000	-	-	5,000,000	1,600,617	13,100,617
Operating transfers (out)	(5,223,208)	(6,543,580)	-	-	(1,333,829)	(13,100,617)
Private contributions	-	625,000	-	37,252	746	662,998
Proceeds from sale of property	12,608	718,143	-	-	-	730,751
Total other financing sources (uses) including transfers:	<u>1,289,400</u>	<u>(5,200,437)</u>	<u>-</u>	<u>5,037,252</u>	<u>267,534</u>	<u>1,393,749</u>
Net change in fund balances	1,810,446	(5,136,832)	(2,429,382)	5,017,465	770,588	32,285
Fund balances, beginning of year, as restated	<u>916,632</u>	<u>10,220,475</u>	<u>3,200,405</u>	<u>425,700</u>	<u>5,155,506</u>	<u>19,918,718</u>
Fund balances, end of year	<u>\$ 2,727,078</u>	<u>\$ 5,083,643</u>	<u>\$ 771,023</u>	<u>\$ 5,443,165</u>	<u>\$ 5,926,094</u>	<u>\$ 19,951,003</u>

TOOELE CITY
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ 32,285

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives. 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.

Capital outlays	\$ 3,564,706	
Proceeds from sales of capital assets, net of interfund sale	(730,751)	
Gain on sale of capital assets	730,751	
Donations of capital assets (infrastructure) from developers	472,510	
Depreciation expense	<u>(1,226,012)</u>	2,811,204

Bond proceeds provide current financial resources to governmental funds by issuing debt which increased long-term liabilities in the statement of net assets. 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	\$ 5,681	
Principal retirement - bonds	798,000	
Principal retirement - lease obligations	88,021	
Amortization of bond premiums	508	
Amortization of bond issuance costs	<u>(7,141)</u>	885,069

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. (2,136)

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. (130,000)

Change in Net Assets of Governmental Activities **\$ 3,596,422**

TOOELE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 8,915,500	\$ 8,915,500	\$ 8,942,434	\$ 26,934
Licenses and permits	276,500	276,500	287,974	11,474
Intergovernmental revenues	327,931	403,692	529,309	125,617
Charges for services	973,300	983,300	1,004,436	21,136
Fines and forfeitures	98,550	98,550	104,994	6,444
Interest income	40,000	40,000	10,547	(29,453)
Interfund charges	1,728,095	1,732,205	1,712,970	(19,235)
Miscellaneous revenues	20,100	20,100	19,117	(983)
Rental income	20,000	20,000	18,185	(1,815)
Total revenues	<u>12,399,976</u>	<u>12,489,847</u>	<u>12,629,966</u>	<u>140,119</u>
Expenditures:				
General government	3,412,448	3,652,448	3,404,416	248,032
Public safety	4,077,613	4,156,066	3,824,379	331,687
Highways and streets	1,472,685	1,527,685	1,280,664	247,021
Parks and recreation	3,230,998	3,244,913	3,009,422	235,491
Capital outlay	680,761	630,761	590,039	40,722
Total expenditures	<u>12,874,505</u>	<u>13,211,873</u>	<u>12,108,920</u>	<u>1,102,953</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(474,529)</u>	<u>(722,026)</u>	<u>521,046</u>	<u>1,243,072</u>
Other financing sources (uses) including transfers:				
Operating transfers in	-	6,500,000	6,500,000	-
Operating transfers (out)	223,207	(5,223,207)	(5,223,208)	(1)
Proceeds on sale of assets	13,600	21,742	12,608	(9,134)
Total other financing sources (uses) including transfers:	<u>236,807</u>	<u>1,298,535</u>	<u>1,289,400</u>	<u>(9,135)</u>
Net change in fund balance	<u>(237,722)</u>	<u>576,509</u>	<u>1,810,446</u>	<u>1,233,937</u>
Fund balance, beginning of year - as restated	<u>916,632</u>	<u>916,632</u>	<u>916,632</u>	<u>-</u>
Fund balance, end of year	<u>\$ 678,910</u>	<u>\$ 1,493,141</u>	<u>\$ 2,727,078</u>	<u>\$ 1,233,937</u>

TOOELE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Depot Redevelopment Agency
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,248,272	\$ (251,728)
Interest income	150,000	150,000	68,380	(81,620)
Total revenues	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,316,652</u>	<u>(333,348)</u>
Expenditures:				
General government	543,533	543,533	361,926	181,607
Other improvements	1,550,047	1,550,047	891,121	658,926
Total expenditures	<u>2,093,580</u>	<u>2,093,580</u>	<u>1,253,047</u>	<u>840,533</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(443,580)</u>	<u>(443,580)</u>	<u>63,605</u>	<u>507,185</u>
Other financing sources (uses) including transfers:				
Operating transfers (out)	-	(6,500,000)	(6,543,580)	(43,580)
Private contributions	-	-	625,000	625,000
Proceeds on sale of assets	-	-	718,143	718,143
Total other financing sources (uses) including transfers:	<u>-</u>	<u>(6,500,000)</u>	<u>(5,200,437)</u>	<u>1,299,563</u>
Net change in fund balance	(443,580)	(6,943,580)	(5,136,832)	1,806,748
Fund balance, beginning of year	<u>10,220,475</u>	<u>10,220,475</u>	<u>10,220,475</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,776,895</u>	<u>\$ 3,276,895</u>	<u>\$ 5,083,643</u>	<u>\$ 1,806,748</u>

TOOELE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - 1000 North Road Project
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:				
Interest income	\$ -	\$ -	\$ 19,394	\$ 19,394
Grants	3,500,000	3,500,000	-	(3,500,000)
Intergovernmental revenue	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>(5,000,000)</u>
Total revenues	<u>8,500,000</u>	<u>8,500,000</u>	<u>19,394</u>	<u>(8,480,606)</u>
Expenditures:				
Capital outlays	<u>8,500,000</u>	<u>8,500,000</u>	<u>2,448,776</u>	<u>6,051,224</u>
Total expenditures	<u>8,500,000</u>	<u>8,500,000</u>	<u>2,448,776</u>	<u>6,051,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(2,429,382)</u>	<u>(2,429,382)</u>
Other financing sources (uses) including transfers:				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Proceeds on sale of assets	-	-	-	-
Proceeds issuance of long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) including transfers:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(2,429,382)	(2,429,382)
Fund balance, beginning of year	<u>3,200,405</u>	<u>3,200,405</u>	<u>3,200,405</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,200,405</u>	<u>\$ 3,200,405</u>	<u>\$ 771,023</u>	<u>\$ (2,429,382)</u>

TOOELE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Project
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 3,285	\$ 3,285	\$ 3,285	\$ -
Interest income	<u>5,000</u>	<u>5,000</u>	<u>2,663</u>	<u>(2,337)</u>
Total revenues	<u>8,285</u>	<u>8,285</u>	<u>5,948</u>	<u>(2,337)</u>
Expenditures:				
Capital outlays	<u>403,500</u>	<u>5,405,785</u>	<u>25,735</u>	<u>5,380,050</u>
Total expenditures	<u>403,500</u>	<u>5,405,785</u>	<u>25,735</u>	<u>5,380,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(395,215)</u>	<u>(5,397,500)</u>	<u>(19,787)</u>	<u>5,377,713</u>
Other financing sources (uses) including transfers:				
Operating transfers in	-	5,000,000	5,000,000	-
Operating transfers (out)	-	-	-	-
Other private contributions	-	2,500	37,252	34,752
Proceeds on sale of assets	-	-	-	-
Proceeds issuance of long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) including transfers:	<u>-</u>	<u>5,002,500</u>	<u>5,037,252</u>	<u>34,752</u>
Net change in fund balance	(395,215)	(395,000)	5,017,465	5,412,465
Fund balance, beginning of year	<u>425,700</u>	<u>425,700</u>	<u>425,700</u>	<u>-</u>
Fund balance, end of year	<u>\$ 30,485</u>	<u>\$ 30,700</u>	<u>\$ 5,443,165</u>	<u>\$ 5,412,465</u>

TOOELE CITY CORPORATION
Statement of Net Assets - Proprietary Funds
June 30, 2010

	<u>Major Enterprise Funds</u>		<u>Non-Major Enterprise Funds</u>	<u>Totals Enterprise Funds</u>
	<u>Water</u>	<u>Sewer</u>		
Assets:				
Current assets:				
Cash and investments:				
Pooled cash and investments	\$ 7,132,131	\$ 9,626	\$ 3,001,710	\$ 10,143,467
Restricted cash and investments	942,070	1,815,616	-	2,757,686
Receivables:				
Accounts -- net of allowance	412,553	395,566	226,681	1,034,800
Due from other funds	325,000	-	-	325,000
Total current assets	<u>8,811,754</u>	<u>2,220,808</u>	<u>3,228,391</u>	<u>14,260,953</u>
Noncurrent assets:				
Bond issuance costs	209,534	104,740	-	314,274
Capital assets:				
Investment in water stock	93,184	-	-	93,184
Land	2,183,384	301,500	-	2,484,884
Water rights	5,145,820	-	-	5,145,820
Buildings	2,955,634	2,724,514	-	5,680,148
Construction in progress	21,946	2,872,000	-	2,893,946
Improvements other than buildings	35,356,486	33,318,389	-	68,674,875
Furniture, fixtures and equipment	35,523	57,798	-	93,321
Machinery and equipment	2,215,600	339,692	-	2,555,292
Autos and trucks	383,314	506,805	-	890,119
Accumulated depreciation	<u>(14,844,435)</u>	<u>(11,213,714)</u>	<u>-</u>	<u>(26,058,149)</u>
Net capital assets	<u>33,546,456</u>	<u>28,906,984</u>	<u>-</u>	<u>62,453,440</u>
Total noncurrent assets	<u>33,755,990</u>	<u>29,011,724</u>	<u>-</u>	<u>62,767,714</u>
Total assets	<u>\$ 42,567,744</u>	<u>\$ 31,232,532</u>	<u>\$ 3,228,391</u>	<u>\$ 77,028,667</u>
Liabilities:				
Current liabilities:				
Accounts payable	\$ 257,279	\$ 32,269	\$ 108,097	\$ 397,645
Accrued liabilities	4,756	4,578	-	9,334
Accrued interest	77,531	95,132	-	172,663
Liability for compensated absences	33,615	27,528	-	61,143
Customer deposits	205,136	-	-	205,136
Retentions payable	-	-	-	-
Due to other funds	-	325,000	-	325,000
Revenue bonds payable - current	<u>275,000</u>	<u>651,000</u>	<u>-</u>	<u>926,000</u>
Total current liabilities	<u>853,317</u>	<u>1,135,507</u>	<u>108,097</u>	<u>2,096,921</u>
Net OPEB obligation	5,778	5,412	-	11,190
Revenue bonds payable	<u>6,565,000</u>	<u>6,329,222</u>	<u>-</u>	<u>12,894,222</u>
Total noncurrent liabilities	<u>6,570,778</u>	<u>6,334,634</u>	<u>-</u>	<u>12,905,412</u>
Total liabilities	<u>7,424,095</u>	<u>7,470,141</u>	<u>108,097</u>	<u>15,002,333</u>
Net assets:				
Invested in capital assets, net of related debt	26,613,271	21,926,763	-	48,540,034
Unrestricted	1,154,252	(654,839)	3,120,294	3,619,707
Restricted for:				
Impact fees	5,816,711	674,851	-	6,491,562
Water shares	617,344	-	-	617,344
Trust accounts	<u>942,071</u>	<u>1,815,616</u>	<u>-</u>	<u>2,757,687</u>
Total net assets	<u>\$ 35,143,649</u>	<u>\$ 23,762,391</u>	<u>\$ 3,120,294</u>	<u>\$ 62,026,334</u>
Total liabilities and net assets	<u>\$ 42,567,744</u>	<u>\$ 31,232,532</u>	<u>\$ 3,228,391</u>	<u>\$ 77,028,667</u>

TOOELE CITY CORPORATION
Statement of Revenues, Expenses, and Changes in
Fund Net Assets - Proprietary Funds
For the Year Ended June 30, 2010

	<u>Major Enterprise Funds</u>		<u>Nonmajor</u>	<u>Totals</u>
	<u>Water</u>	<u>Sewer</u>	<u>Enterprise</u>	<u>Enterprise</u>
			<u>Funds</u>	<u>Funds</u>
Operating revenues:				
Utility sales	\$ 3,478,808	\$ 2,748,868	\$ 1,823,315	\$ 8,050,991
Connection fees	62,097	-	-	62,097
Miscellaneous	90	-	-	90
Total operating revenues	<u>3,540,995</u>	<u>2,748,868</u>	<u>1,823,315</u>	<u>8,113,178</u>
Operating expenses:				
Personal services	487,804	457,496	537,903	1,483,203
Contracted services	424,959	225,000	654,340	1,304,299
Operations and maintenance	986,392	478,901	260,385	1,725,678
Utilities	7,359	166,829	-	174,188
Administration	53,813	38,750	29,824	122,387
Depreciation	1,090,979	898,712	-	1,989,691
Total operating expenses	<u>3,051,306</u>	<u>2,265,688</u>	<u>1,482,452</u>	<u>6,799,446</u>
Operating income	<u>489,689</u>	<u>483,180</u>	<u>340,863</u>	<u>1,313,732</u>
Non-operating revenues (expenses):				
Interest income	61,842	9,625	15,926	87,393
Interest expense and fiscal charges	(327,105)	(311,871)	-	(638,976)
Sale of fixed assets	71,150	5,000	-	76,150
Impact fees	588,028	246,191	-	834,219
Transfers in (out)	(150,000)	150,000	-	-
Total non-operating revenues (expenses)	<u>243,915</u>	<u>98,945</u>	<u>15,926</u>	<u>358,786</u>
Contributed net assets	<u>168,523</u>	<u>347,018</u>	<u>-</u>	<u>515,541</u>
Increase in net assets	902,127	929,143	356,789	2,188,059
Net assets - beginning of year as restated	<u>34,241,522</u>	<u>22,833,248</u>	<u>2,763,505</u>	<u>59,838,275</u>
Net assets - end of year	<u>\$ 35,143,649</u>	<u>\$ 23,762,391</u>	<u>\$ 3,120,294</u>	<u>\$ 62,026,334</u>

TOOELE CITY CORPORATION
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	<u>Major Enterprise Funds</u>		<u>Nonmajor</u>	<u>Totals</u>
	<u>Water</u>	<u>Sewer</u>	<u>Enterprise</u>	<u>Enterprise</u>
			<u>Funds</u>	<u>Funds</u>
Cash flows provided (used) by operating activities:				
Receipts from customers and users	\$ 3,572,742	\$ 2,800,757	\$ 1,841,041	\$ 8,214,540
Receipts of miscellaneous income	90	-	-	90
Payments to employees	(482,026)	(452,084)	(537,903)	(1,472,013)
Payments to contractors	(24,959)	(14,817)	(529,340)	(569,116)
Payments for operations and maintenance	(830,684)	(478,901)	(260,385)	(1,569,970)
Payment for interfund services provided	(400,000)	(210,000)	(125,000)	(735,000)
Payments for utilities	(7,359)	(166,829)	-	(174,188)
Payments for administration	(68,846)	(121,103)	(28,849)	(218,798)
Net cash provided by operating activities	<u>1,758,958</u>	<u>1,357,023</u>	<u>359,564</u>	<u>3,475,545</u>
Cash flows provided (used) by noncapital financing activities:				
Receipts from other funds	975,000	-	-	975,000
Payments to other funds	-	(975,000)	-	(975,000)
Operating transfers in from (out to) other funds	(150,000)	150,000	-	-
Net cash provided (used) by noncapital financing activities	<u>825,000</u>	<u>(825,000)</u>	<u>-</u>	<u>-</u>
Cash flows provided (used) by capital and related financing activities:				
Purchase of capital assets	(4,184,440)	(27,894)	-	(4,212,334)
Proceeds from sale of capital assets	71,150	5,000	-	76,150
Proceeds from sale of water rights	300,000	-	-	300,000
Payment of bond principal	(265,000)	(626,388)	-	(891,388)
Interest paid	(317,783)	(311,438)	-	(629,221)
Impact fees	588,028	246,191	-	834,219
Net cash used by capital and related financing activities	<u>(3,808,045)</u>	<u>(714,529)</u>	<u>-</u>	<u>(4,522,574)</u>
Cash flows provided by investing activities:				
Interest earned	61,842	9,625	15,926	87,393
Net cash provided by investing activities	<u>61,842</u>	<u>9,625</u>	<u>15,926</u>	<u>87,393</u>
Net increase (decrease) in cash and cash equivalents	(1,162,245)	(172,881)	375,490	(959,636)
Cash and cash equivalents - beginning of year	<u>9,236,446</u>	<u>1,998,123</u>	<u>2,626,220</u>	<u>13,860,789</u>
Cash and cash equivalents - end of year	<u>\$ 8,074,201</u>	<u>\$ 1,825,242</u>	<u>\$ 3,001,710</u>	<u>\$ 12,901,153</u>
Cash flows provided (used) by operating activities:				
Operating income	\$ 489,689	\$ 483,180	\$ 340,863	\$ 1,313,732
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,090,979	898,712	-	1,989,691
Changes in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	18,023	51,889	17,726	87,638
Increase (decrease) in liabilities:				
Accounts payable	155,708	(63,495)	975	93,188
Accrued liabilities	(14,934)	(20,575)	-	(35,509)
Liability for compensated absences	(99)	1,717	-	1,618
OPEB obligation	5,778	5,412	-	11,190
Customer deposits	13,814	-	-	13,814
Retentions payable	-	183	-	183
Net cash provided by operating activities	<u>\$ 1,758,958</u>	<u>\$ 1,357,023</u>	<u>\$ 359,564</u>	<u>\$ 3,475,545</u>
Represented on the balance sheet as:				
Cash - unrestricted	\$ 7,132,131	\$ 9,626	\$ 3,001,710	\$ 10,143,467
Cash - restricted	942,070	1,815,616	-	2,757,686
	<u>\$ 8,074,201</u>	<u>\$ 1,825,242</u>	<u>\$ 3,001,710</u>	<u>\$ 12,901,153</u>
Supplemental disclosures of non-cash financing and investing activities:				
Contributed capital from developers	\$ 168,523	\$ 126,081	\$ -	\$ 294,604
Legal settlement of debt	-	220,937	-	-
Total contributed capital	<u>\$ 168,523</u>	<u>\$ 347,018</u>	<u>\$ -</u>	<u>\$ 294,604</u>

TOOELE CITY CORPORATION
Statement of Net Assets - Fiduciary Funds
June 30, 2010

	Pension Trust	Agency Fund
<u>ASSETS</u>		
Cash and cash equivalents	\$ 476,440	\$ 427,225
Total assets	\$ 476,440	\$ 427,225
<u>LIABILITIES</u>		
Due to other funds	\$ 150	\$ -
Total liabilities	150	-
<u>NET ASSETS</u>		
Held in trust for fire dept. and other	\$ 476,290	\$ 427,225

TOOELE CITY CORPORATION
Statement of Changes in Net Assets - Fiduciary Funds
June 30, 2010

	<u>Pension Trust</u>
Additions:	
Earnings on investments	\$ 3,191
Transfers from general fund	<u>18,600</u>
Total additions	<u>21,791</u>
Deductions:	
Benefits	<u>19,816</u>
Total deductions	<u>19,816</u>
Change in net assets	1,975
Net assets, beginning of year - as restated	<u>474,315</u>
Net assets, end of year	<u><u>\$ 476,290</u></u>

TOOELE CITY CORPORATION

Notes to Basic Financial Statements

1. THE REPORTING ENTITY

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

The City follows the standards promulgated by GASB Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, to define the reporting entity. The financial statements include all operations over which the City is financially accountable. The City is not a participant in any joint venture.

The annual financial report includes the financial activities of the 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, the Municipal Building Authority of Tooele City Corporation, and the Tooele City Firefighters Retirement Annuity Plan (the Plan). 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 the Governmental Accounting Standards Board. The City Council members, in 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 District. Each blended component unit has a June 30 year end and are as follows:

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

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

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

The Municipal Building Authority of Tooele City was created by the City during fiscal year 1995. The Authority uses the proceeds of its tax exempt bonds to finance the construction or acquisition of general capital assets for the City only. The bonds are secured by the 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.

The Tooele City Firefighters Retirement Annuity Plan (the Plan) was created by the City during fiscal year 2000. The Plan is a Pension Trust Fund, administered by the City Council under the terms of the Plan document. Funding is completely the responsibility of the City. 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 Basic Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide Financial Statements

The City Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. 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 Assets. The Statement of Activities presents changes in net assets. 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 Assets 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.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. In addition, the City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

Government 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 assets and changes in net assets presented in the Government-Wide financial statements. The City has presented all major funds that met those qualifications. In addition, the City has presented certain funds, specifically the Redevelopment Agency - Depot Fund, the Debt Service Fund, the Capital Project Funds, and the 1000 North Road Projects Fund as major funds because the City believes the financial position and activities of these funds are significant to the City as a whole.

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 Sheets. 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 that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to 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.

TOOELE CITY CORPORATION
Notes to Basic Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following funds:

(1) *Governmental Fund Type*

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 capital projects funds are the park improvements, 1000 North road project and capital projects.
- c. *Special Revenue Funds* -- The special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds are the class "C" road fund, the municipal building authority fund, guaranty fund, par tax fund, the industrial park RDA, the downtown RDA, and the depot RDA.
- d. *Debt Service Fund* -- The debt service fund is used to accumulate resources for the payment of interest and principal on long-term general obligation debt, other than those payable from enterprise funds.

(2) *Proprietary Fund Type*

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major 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 Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

(3) *Fiduciary Fund Type*

Fiduciary Fund Financial Statements include a Statement of Net Assets. 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 funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

TOOELE CITY CORPORATION
Notes to Basic Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Furthermore, in accordance with state law, all appropriations, except capital projects fund appropriations, lapse at the end of the budget year; accordingly, no encumbrances are recorded. The basis of accounting applied to each fund budget is the same basis as the related funds financial statements. Amendments to budgets, both general and proprietary, were made through legal budget amendment procedures.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash and cash equivalents.

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.

Investment Valuation and Income Recognition

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

Short-Term Interfund Receivables/Payables

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 a year and are classified as "due from or to other funds" on the balance sheet.

TOOELE CITY CORPORATION
Notes to Basic Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets include land, buildings, improvements other than buildings, furniture, fixtures and equipment and infrastructure (roads, bridges, and sidewalks). These assets are reported in the government-wide financial statements in the relevant column on the statement of net assets 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 \$5,000; real property thresholds vary by type of asset. Assets purchased or constructed are recorded at cost or estimated historical cost if actual cost is unavailable. 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:

Assets	Years
Buildings	40
Improvements other than buildings	10-15
Machinery and equipment	7
Automobiles and trucks	5-7
Office furniture and equipment	3-5

The City has adopted an allowable alternative to reporting depreciation for its roads network. Under this alternative method, referred to as the "modified approach," the City must maintain an asset management system and demonstrate that its roads are being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

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, discounts and issuance costs 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 reported as deferred charges.

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.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent management plans that are subject to change. Proprietary funds that have received capital grants or contributions from developers, customers, other governments, or other funds have classified this contributed capital as invested in capital assets, net of related debt. Reserves represent those portions of fund equity not appropriable for expenditure or amounts legally segregated for a specific future use.

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 assets 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 thus 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.

TOOELE CITY CORPORATION

Notes to Basic Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 assessed, levied, and collected by the county governments in the state of Utah. The City Council is authorized by state statute (10-6-133) to levy up to a certified tax rate of .002013 of the taxable value against all real and personal property located within its boundaries. Property taxes become a lien on January 1 and are levied on the first Monday of August. Taxes are due and payable on November 1 and delinquent after November 30 of each year.

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

Property tax revenues are recognized when they become available. Available includes those property taxes collected from the taxpayers by the County Treasurer by June 30 of each year.

Sales taxes are collected by the State Tax Commission and remitted to the City monthly. Franchise fees are collected by telephone, electric and natural gas and cable television companies and remitted to the City periodically.

Change in Accounting Principles

The City has changed its manner of accounting for certain intangible assets that have indefinite useful lives. The City has adopted the requirements of GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, for water rights acquired in prior years. This change is reported as a cumulative effect of a change in accounting principle in the amount of \$93,184 and is reflected as a restatement of beginning net assets invested in capital assets and an increase in capital assets in the Water Utility Enterprise Fund and the business-type activities of the government-wide financial statements. As permitted by GASB Statement No. 51, the financial statements have not been restated for prior year costs associated with these intangible assets as the Statement does not require retroactive reporting for intangible assets considered to have indefinite useful lives.

Comparative Data

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations.

Subsequent Events

On December 14, 2010, the City issued Sewer revenue Bonds, Series 2010 in the amount of \$4,600,000 maturing September 1, 2036 with an average interest rate of 4.50%. The purpose of the bonds is to finance phase 1B of the sewer plant expansion.

The City evaluated all events or transactions that occurred after June 30, 2010 through February 11, 2011, the date these financials were available to be issued. During this period, the City did not have any additional material recognizable subsequent events other than that disclosed above and in note 19.

3. CASH AND CASH EQUIVALENTS

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.

TOOELE CITY CORPORATION
Notes to Basic Financial Statements (continued)

3. CASH AND CASH EQUIVALENTS (continued)

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. At June 30, 2010, \$3,086,838 of the City's bank balances was uninsured and uncollateralized. The market value is equivalent to the below stated carrying amount.

Cash and cash equivalents per books at June 30, 2010, consist of the following:

	Fair Value
Unrestricted:	
General Fund	\$ 477,211
Special Revenue Fund	-
Enterprise Funds	10,143,467
Total unrestricted	\$ 10,620,678
Restricted:	
General Fund	\$ -
Depot Redevelopment Agency	11,596,157
1000 North Road Project Fund	2,487,117
Capital Projects Fund	467,340
Nonmajor Governmental Funds	5,659,325
Enterprise Funds	2,757,686
Pension Trust Fund	476,440
Agency Fund	427,225
Total restricted	23,871,290
Total cash and cash equivalents	\$ 34,491,968

The City's cash and cash equivalents per bank at June 30, 2010, are as follows:

<u>Description of Account</u>	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Insurance or</u>
		<u>Market Value</u>	<u>Surety Bond</u>
Local bank	Checking	\$ 1,572,341	FDIC
	Money Market Sweep	40,362	N/A
Local bank	Certificate of deposit	1,724,135	N/A
	Debt Service Reserve	5,907,972	N/A
Public Treasurer's Investment Fund	Investment Pool	25,448,267	N/A
Balance per bank accounts		34,693,077	
Petty cash		2,380	N/A
Total cash and cash equivalents		\$ 34,695,457	

TOOELE CITY CORPORATION
Notes to Basic Financial Statements (continued)

4. INVESTMENTS

The Money Management Act (the "Act") defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

The City's investment guidelines authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poor's; bankers' acceptances; obligations of the U.S. Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund. All investments held by the City at June 30, 2010 comply with the provisions of the Act.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses - net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is determined on a daily basis and is approximately equal to the value of the pool shares reported on an amortized cost basis. The pool does not include any involuntary participants.

As of June 30, 2010, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Debt service reserve	\$ 5,907,972	\$ -	\$ -	\$ 1,815,616	\$ 4,092,356
Certificates of deposit	1,724,135	1,724,135	-	-	-
State of Utah Public Treasurer's Investment Fund	<u>25,448,267</u>	<u>25,448,267</u>	-	-	-
Total investments	<u>\$ 33,080,374</u>	<u>\$ 27,172,402</u>	<u>\$ -</u>	<u>\$ 1,815,616</u>	<u>\$ 4,092,356</u>

Interest Rate 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.

Custodial Risk

Custodial credit risk for 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 the investment or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. Most of the City's investments at June 30, 2010, were with the Utah Public Treasurer's Investment Fund and therefore, are not categorized as to custodial credit risk.

TOOELE CITY CORPORATION
Notes to Basic Financial Statements (continued)

4. INVESTMENTS (continued)

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City follows the Money Management Act as its policy for reducing exposure to investment credit risk.

As of June 30, 2010, the City had the following investments and quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>BBB-</u>	<u>Unrated</u>
Debt service reserve	\$ 5,907,972	\$ -	\$ 4,092,356	\$ 1,815,616	\$ -
Certificates of deposit	1,724,135	-	1,724,135	-	-
State of Utah Public Treasurer's Investment Fund	<u>25,448,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,448,267</u>
Total investments	<u>\$ 33,080,374</u>	<u>\$ -</u>	<u>\$ 5,816,491</u>	<u>\$ 1,815,616</u>	<u>\$ 25,448,267</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk is to comply with the Rules of the Money Management Council (Council). Rule 17 of the Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The limitations do not apply to securities issued by the U.S. government and its Agencies. Most of the City's investments at June 30, 2010, were with the Utah Public Treasurer's Investment Fund and therefore, are not categorized as to concentration of credit risk

5. 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 (See Note 9) of the City, consistent with GASB 51. As of June 30, 2010, the costs of these water stocks were as follows:

	<u>Shares Owned</u>	<u>Cost</u>
Middle Canyon Water Company	361.5	\$ 15,034
Settlement Canyon Water Company	707.0	<u>78,150</u>
		<u>\$ 93,184</u>

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

6. RESTRICTED ASSETS

Certain of the City's cash and investments are restricted for the following purposes:

Fund and Purpose	Restricted Amount
Depot Redevelopment Agency Fund:	
Economic development for depot	\$ 11,596,157
1000 North Road Project Fund:	
Highway Construction - 1000 north	2,487,117
Capital Projects Fund:	
Capital projects as approved by City Council	467,340
Water Fund:	
Funds held by trustee for debt service	942,070
Sewer Fund:	
Funds held by trustee for debt service	1,815,616
Other Non-major Funds:	
All other funds who have a restricted use	5,659,325
Pension and Agency Fund's	
Held in trust for fire department and others	903,515
Total restricted assets	\$ 23,871,140

7. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts receivable at June 30, 2010 is as follows:

Funds	Allowance
Water fund - major enterprise fund	\$ 130,915
Sewer fund - major enterprise fund	20,653
Nonmajor enterprise funds	12,590
	\$ 164,158

8. LOANS RECEIVABLE

Tooele City loaned money to various businesses located within the Redevelopment Agency area to assist them in renovating certain real property for the economic development of the area in which the City is carrying out a commercial rehabilitation program utilizing tax increment funds. These loans bear interest at three percent and are repayable in monthly installments over various periods of time. The City is able to secure the loans by placing liens or trust deeds on the property in the development area. The balance due on the loans at June 30, 2010 is \$15,115.

On November 14, 2007, the Redevelopment Agency (RDA) agreed to guarantee a loan of a developer in the amount of \$750,000. On December 10, 2008, the developer defaulted on the loan and the Lender demanded the RDA make payments to the Lender under the Guaranty. As such, the RDA entered into a note payable agreement with a financial institution for \$750,000 (See note 9). At that time the RDA entered into an agreement with the developer to repay the note at 7.50% interest per annum with semi-annual interest payments due through 2013. Accrued interest receivable at June 30, 2010 was \$28,125.

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

9. CAPITAL ASSETS

Changes in capital assets for governmental activities are comprised of the following:

	<u>June 30, 2009</u>	<u>Additions & Adjustments</u>	<u>Deletions & Transfers</u>	<u>June 30, 2010</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,127,825	\$ 391,087	\$ -	\$ 3,518,912
Infrastructure	<u>95,977,002</u>	<u>3,423,634</u>	-	<u>99,400,636</u>
Total capital assets, not being depreciated	<u>99,104,827</u>	<u>3,814,721</u>	-	<u>102,919,548</u>
Capital assets, being depreciated:				
Buildings	15,983,154	14,428	-	15,997,582
Improvements other than buildings	9,711,919	25,575	-	9,737,494
Machinery and equipment	2,401,085	115,120	-	2,516,205
Automobiles and trucks	4,073,553	46,638	(39,967)	4,080,224
Office furniture and equipment	<u>1,126,722</u>	<u>20,736</u>	-	<u>1,147,458</u>
Total capital assets, being depreciated	<u>33,296,433</u>	<u>222,497</u>	<u>(39,967)</u>	<u>33,478,963</u>
Accumulated depreciation for:				
Buildings	(4,800,483)	(378,251)	-	(5,178,734)
Improvements other than buildings	(3,253,774)	(243,117)	-	(3,496,891)
Machinery and equipment	(1,763,560)	(201,574)	-	(1,965,134)
Automobiles and trucks	(2,536,787)	(303,337)	39,967	(2,800,157)
Office furniture and equipment	<u>(1,001,982)</u>	<u>(99,733)</u>	-	<u>(1,101,715)</u>
Total accumulated depreciation	<u>(13,356,586)</u>	<u>(1,226,012)</u>	<u>39,967</u>	<u>(14,542,631)</u>
Total capital assets, being depreciated, net	<u>19,939,847</u>	<u>(1,003,515)</u>	-	<u>18,936,332</u>
Governmental activities capital assets, net	<u>\$ 119,044,674</u>	<u>\$ 2,811,206</u>	<u>\$ -</u>	<u>\$ 121,855,880</u>

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

9. CAPITAL ASSETS (continued)

Utility Plants and Equipment

Changes in utility plants and equipment for business type activities are comprised of the following:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2010</u>
Business-type activities					
Water utility plant in service:					
Capital assets, not being depreciated:					
Land	\$ 677,860	\$ 1,505,524	\$ -	\$ -	\$ 2,183,384
Construction in progress	659,761	12,426	-	(650,241)	21,946
Investment in water stock	93,184	-	-	-	93,184
Water rights	<u>5,145,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,145,820</u>
Total capital assets, not being depreciated	<u>6,576,625</u>	<u>1,517,950</u>	<u>-</u>	<u>(650,241)</u>	<u>7,444,334</u>
Capital assets, being depreciated:					
Buildings	2,206,042	713,094	-	36,498	2,955,634
Improvements other than buildings	32,981,092	1,761,651	-	613,743	35,356,486
Machinery and equipment	2,155,330	60,270	-	-	2,215,600
Automobiles and trucks	383,314	-	-	-	383,314
Office equipment	<u>35,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,523</u>
Total capital assets, being depreciated	<u>37,761,301</u>	<u>2,535,015</u>	<u>-</u>	<u>650,241</u>	<u>40,946,557</u>
Accumulated depreciation for:					
Buildings	(435,234)	(98,213)	-	-	(533,447)
Improvements other than buildings	(11,134,066)	(857,654)	-	-	(11,991,720)
Machinery and equipment	(1,838,971)	(119,349)	-	-	(1,958,320)
Automobiles and trucks	(310,812)	(14,612)	-	-	(325,424)
Office equipment	<u>(34,373)</u>	<u>(1,151)</u>	<u>-</u>	<u>-</u>	<u>(35,524)</u>
Total accumulated depreciation	<u>(13,753,456)</u>	<u>(1,090,979)</u>	<u>-</u>	<u>-</u>	<u>(14,844,435)</u>
Total capital assets, being depreciated, net	<u>24,007,845</u>	<u>1,444,036</u>	<u>-</u>	<u>650,241</u>	<u>26,102,122</u>
Water utility plant net assets	<u>\$ 30,584,470</u>	<u>\$ 2,961,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,546,456</u>

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

9. CAPITAL ASSETS (continued)

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2010</u>
Sewer utility plant in service:					
Capital assets, not being depreciated:					
Land	\$ 301,500	\$ -	\$ -	\$ -	\$ 301,500
Construction in progress	<u>2,857,516</u>	<u>16,370</u>	<u>-</u>	<u>(1,886)</u>	<u>2,872,000</u>
Total capital assets, not being depreciated	<u>3,159,016</u>	<u>16,370</u>	<u>-</u>	<u>(1,886)</u>	<u>3,173,500</u>
Capital assets, being depreciated:					
Buildings	2,724,514	-	-	-	2,724,514
Improvements other than buildings	33,178,897	137,606	-	1,886	33,318,389
Machinery and equipment	339,692	-	-	-	339,692
Automobiles and trucks	506,805	-	-	-	506,805
Office equipment	<u>57,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,798</u>
Total capital assets, being depreciated	<u>36,807,706</u>	<u>137,606</u>	<u>-</u>	<u>1,886</u>	<u>36,947,198</u>
Accumulated depreciation for:					
Buildings	(1,886,701)	(36,039)	-	-	(1,922,740)
Improvements other than buildings	(7,685,350)	(822,696)	-	-	(8,508,046)
Machinery and equipment	(294,137)	(17,763)	-	-	(311,900)
Automobiles and trucks	(393,958)	(20,437)	-	-	(414,395)
Office equipment	<u>(54,856)</u>	<u>(1,777)</u>	<u>-</u>	<u>-</u>	<u>(56,633)</u>
Total accumulated depreciation	<u>(10,315,002)</u>	<u>(898,712)</u>	<u>-</u>	<u>-</u>	<u>(11,213,714)</u>
Total capital assets, being depreciated, net	<u>26,492,704</u>	<u>(761,106)</u>	<u>-</u>	<u>1,886</u>	<u>25,733,484</u>
Sewer utility plant net assets	<u>\$ 29,651,720</u>	<u>\$ (744,736)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,906,984</u>

For the year ended June 30, 2010, depreciation expense was charged to functions of the City as follows:

Governmental activities:

General government	\$ 314,995
Public safety	323,036
Highways and streets	72,211
Parks and recreation	515,770
Capital outlay	<u>-</u>
Total depreciation expense, governmental activities	<u>\$ 1,226,012</u>

Business-type activities:

Water Fund	\$ 1,090,979
Sewer Fund	<u>898,712</u>
Total depreciation expense, business-type activities	<u>\$ 1,989,691</u>

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

10. LONG-TERM DEBT

The following is a summary of transactions affecting long-term liabilities for the year ended June 30, 2010:

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions & Deletions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds payable	\$ 19,141,000	\$ -	\$ (798,000)	\$ 18,343,000	\$ 822,000
Unamortized premiums	19,255	-	(508)	18,747	-
Note payable	750,000	-	-	750,000	-
Obligations under capital leases	88,021	-	(88,021)	-	-
Compensated absences	400,357	2,136	-	402,493	-
Net OPEB obligations	123,223	130,000	-	253,223	-
Total governmental long-term liabilities	<u>\$ 20,521,856</u>	<u>\$ 132,136</u>	<u>\$ (886,529)</u>	<u>\$ 19,767,463</u>	<u>\$ 822,000</u>
Business-type activities:					
Revenue bonds payable	\$ 14,655,000	\$ -	\$ (888,000)	\$ 13,767,000	\$ 926,000
Unamortized premiums	56,610	-	(3,388)	53,222	-
Net OPEB obligations	-	11,190	-	11,190	-
Compensated absences	59,525	1,618	-	61,143	-
Total business-type long-term liabilities	<u>\$ 14,771,135</u>	<u>\$ 12,808</u>	<u>\$ (891,388)</u>	<u>\$ 13,892,555</u>	<u>\$ 926,000</u>

Government-type activities

<u>Description of Bond Issue</u>	<u>Current Outstanding Balances</u>
In December 2002, Tooele City issued Sales Tax Revenue Bonds Series 2002 in the amount of \$6,635,000 with original interest rates of 2.50% - 4.80%. The bonds mature on January 15, 2027, with principal payments due annually on January 15, (beginning in 2004), and interest payments due on January 15 and July 15 of each year.	\$ 5,300,000
In September 2005, Tooele City issued Lease Revenue Refunding Bonds Series 2005 in the amount of \$7,460,000 with original interest rates of 3.50% - 4.50%. The bonds mature on December 1, 2024, with principal payments due annually on December 1, and interest payments due on June 1 and December 1 of each year.	6,315,000
In October 2005, Tooele City issued Sales Tax Revenue Bonds Series 2005 in the amount of \$1,730,000 with original interest rates 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.	1,358,000
In November 2008, Tooele City issued Franchise Tax Revenue Bonds Series 2008 in the amount of \$5,550,000 with original interest rates of 4.00% - 5.00%. The bonds mature on November 1, 2028, with principal payments due annually on November 1, and interest payments due on May 1 and November 1 of each year.	5,370,000
Total governmental activities - bonds	<u>\$ 18,343,000</u>

<u>Description of Note Payable</u>	<u>Current Outstanding Balances</u>
In December 2009, Tooele City entered into a note payable agreement with a financial institution in the amount of \$750,000 with an original interest rate of 7.50%. The principal portion of the note is payable in full on December 1, 2013, with interest payments due on June 1 and December 1 of each year.	\$ 750,000
Total governmental activities - note payable	<u>\$ 750,000</u>

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

10. LONG-TERM DEBT (continued)

Business-type activities	Current Outstanding Balances
Description of Bond Issue	
In December 1997, Tooele City issued Sewer Revenue Bonds Series 1997B in the amount of \$7,570,000. The bonds carry an interest rate of 3.50% and mature on February 1, 2019 with interest-only payments due on February 1 for the first two years, and both principal and interest payments due on February 1 for the remainder of the bond term.	\$ 4,052,000
In March 2001, Tooele City issued Sewer Revenue Refunding Bonds Series 2001A in the amount of \$4,615,000 with original interest rates of 3.20% - 5.25%. The bonds mature on October 1, 2018, with principal payments due annually on October 1, and interest payments due on April 1 and October 1 of each year.	2,875,000
In October 2006, Tooele City issued Water Revenue Bonds Series 2006A in the amount of \$7,920,000 with original interest rates of 4.534%. The bonds mature on October 1, 2026, with principal payments due annually on October 1, and interest payments due on April 1 and October 1 of each year.	<u>6,840,000</u>
Total business-type activities - bonds	<u>\$ 13,767,000</u>

The debt service requirements on bonds and long-term debt at June 30, 2010 are as follows:

Year Ending June 30	Government Activities - Bonds		Business-type Activities - Bonds		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 822,000	\$ 747,733	\$ 926,000	\$ 581,164	\$ -	\$ 56,250
2012	861,000	716,745	965,000	542,161	-	56,250
2013	885,000	683,006	1,004,000	500,622	-	56,250
2014	909,000	646,941	1,048,000	460,415	750,000	28,125
2015	968,000	608,502	1,093,000	414,494	-	-
2016-2020	5,445,000	2,521,290	5,296,000	1,325,495	-	-
2021-2025	5,713,000	1,340,445	2,370,000	520,277	-	-
2026-2030	<u>2,740,000</u>	<u>317,432</u>	<u>1,065,000</u>	<u>47,948</u>	-	-
Total	<u>\$ 18,343,000</u>	<u>\$ 7,582,094</u>	<u>\$ 13,767,000</u>	<u>\$ 4,392,576</u>	<u>\$ 750,000</u>	<u>\$ 196,875</u>

Special Assessment Debt

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

11. UNEARNED 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, 2010 is not expected to be received within 60 days after the year ended June 30, 2010, the City is required to record a receivable and unearned revenues of the estimated amount of the total property tax to be levied on October 1, 2010,

TOOLE CITY CORPORATION
Notes to Financial Statements (Continued)

12. PRIOR-YEAR DEFEASANCE OF DEBT

In prior years, the City defeased certain general obligations 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 and assets and the liability for the defeased bonds are not included in the financial statements of the reporting entity. At June 30, 2010, bonding totaling \$13,415,000 the City are considered defeased.

13. INTERFUND TRANSFERS

Interfund Transfers are used to move revenues from the fund required to collect them to the fund required to expend them in accordance with statute and budgetary authorization. Additionally, Interfund transfers are used to move unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2010 are as follows:

	Transfers out				
	General Fund	Redevelopment	Capital Project	Nonmajor	Transfers In
		Agency Fund	Fund	Governmental Funds	
General fund	\$ -	\$ 6,500,000	\$ -	\$ -	\$ 6,500,000
Redevelopment agency	-	-	-	-	-
Capital Projects	5,000,000	-	-	-	5,000,000
Nonmajor Governmental	223,208	43,580	-	1,333,829	1,600,617
Total Transfers out	\$ 5,223,208	\$ 6,543,580	\$ -	\$ 1,333,829	\$ 13,100,617

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) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During the year ended June 30, 2010, the City entered into an agreement to sell land from the General Fund to the Redevelopment Agency - Depot Fund in the amount of \$6,500,000 and booked a related due from. The General Fund transferred \$5,000,000 of the proceeds of the land transaction to the Capital Projects Fund and recorded it as due to..

14. INTERFUND RECEIVABLES/PAYABLES

Interfund receivables/payables result from loans between funds. Individual fund receivable/payable balances at June 30, 2010 are presented in the following table:

	Interfund Receivables	Interfund Payables
Government		
General Fund	\$ 6,543,650	\$ 5,000,000
Capital Project Fund	5,000,000	-
Redevelopment Agency - Depot Fund	-	6,500,000
1000 North Road Project Fund	-	1,000
Debt Service Fund	-	42,500
Proprietary		
Water Fund	325,000	-
Sewer Fund	-	325,000
Fiduciary		
Fire Department Trust Fund	-	150
	\$ 11,868,650	\$ 11,868,650

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

15. RETIREMENT PLAN

Plan Description - The City contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, all of which are cost sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems).

Retirement Systems provide refunds, retirement benefits, annual cost of living allowances, and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the state legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office, and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1 (800) 365-8772.

Funding Policy - The City is legally obligated to contribute to the retirement systems as long as they have employees meeting membership requirements. Contributory Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong. Currently, Plan members contribute 6.0%. The City is required to contribute a percent of covered salary to the respective systems, 7.65% to the Contributory, 11.66% to the Noncontributory, and 22.61% to the Public Safety Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

<u>Utah Retirement Systems</u>	<u>Employee Paid</u>	<u>Contribution Rates Employer Paid for Employee</u>	<u>Matching</u>
Contributory System:			
Local Government Division	-	6.00%	7.65%
Noncontributory System:			
Local Government Division	-	-	11.60%
Public Safety System:			
Other Division B Noncontributory	-	-	23.28%

The contributions by the City for the year ended June 30, 2010 were paid by the due dates or within thirty days thereafter and were equal to the required contributions

Three-year trend contributions to the Plan are as follows:

<u>Year Ending June 30</u>	<u>Contributions to Contributory System</u>	<u>Salaries Subject to Contributory Contributions</u>	<u>Noncontributory System Contributions</u>	<u>Salaries Subject to Noncontributory Contributions</u>	<u>Public Safety System Contributions</u>	<u>Salaries Subject to Public Safety Contributions</u>
2008	\$ 23,038	\$ 169,271	\$ 403,719	\$ 3,474,359	\$ 305,601	\$ 1,351,617
2009	22,380	164,437	420,903	3,622,228	335,092	1,482,054
2010	19,737	144,595	415,538	3,581,681	315,130	1,353,849

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

16. EMPLOYEE BENEFIT PLANS

The City offers a non-contributory pension plan for volunteer firefighters. 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. The City continues to contribute \$25 per month per firefighter. Benefits are paid at retirement after age sixty-five, at \$50 per month for life. Pension contributions for the years ended June 30, 2010, 2009, and 2008, were \$21,900, \$20,100, and \$18,600, respectively.

The City provides a 401(k) plan for substantially all employees. The Plan is available to full-time employees who are aged 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 may voluntarily contribute to the 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 made no discretionary contributions to the 401(k) plan during the year ended June 30, 2010.

The City's contributions to the Tooele City Employees' 401(k) Plan for the years ending June 30, 2010, 2009, and 2008 were \$72,877, \$346,576, and \$311,941, respectively. Salaries subject to contributions were \$529,211, \$3,899,266, and \$4,132,247, for the same years.

The City provides a Defined Contribution System Traditional IRA Plan for substantially all employees. Employee contributions to the plan for the years ending June 30, 2010, 2009, and 2008 were \$4,351, \$5,239, and \$4,520, respectively.

The City provides a Defined Contribution System Roth IRA Plan for substantially all employees. Employee contributions to the plan for the years ending June 30, 2010, 2009, and 2008 were \$15,865, \$14,427, and \$11,317, respectively.

17. OTHER POSTEMPLOYMENT BENEFITS

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

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

The City's annual other postemployment benefit (OPEB) costs (expense) is calculated based on the employer's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the year June 30, 2010, the City's annual OPEB cost (expense) was \$253,223. The following table shows the components of the City's net annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

17. OTHER POSTEMPLOYMENT BENEFITS (continued)

	<u>2010</u>	<u>2009</u>
Annual required contribution	\$ 229,567	\$ 218,377
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Net OBEB obligation amortization adjustment to the ARC	<u>14,390</u>	<u>-</u>
Annual OPEB cost (expense)	<u>243,957</u>	<u>218,377</u>
Contributions made	<u>(102,767)</u>	<u>(95,154)</u>
Increase in net OPEB obligation	141,190	123,223
Net OPEB obligation beginning of year	<u>123,223</u>	<u>-</u>
Net OPEB obligation end of year	<u>\$ 264,413</u>	<u>\$ 123,233</u>

The funded status of the plan as of June 30, 2010 is as follows:

Actuarial accrued liability (AAL)	\$ 2,054,272	\$ 1,932,433
Actuarial value of plan assets	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,054,272</u>	<u>\$ 1,932,433</u>
Funded ration (actuarial value of plan assets/AAL)	0%	0%
Annual covered payroll (active plan members)	\$ 5,080,125	\$ 5,237,778
UAAL as percentage of annual covered payroll	40.44%	36.89%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of an occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the financial statements, present the results of OPEB valuations as of June 30, 2010 and looking forward, the schedule will eventually provide multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2009 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4% unfunded discount rate and an annual healthcare costs trend rate of 8% initially, reduced by decrements to an intimate rate of 5.0% after eleven years. Both rates included a 4.5% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded it obligations. The UAAL is being amortized as a level percentage of payroll over an open thirty year period.

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

18. 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, 2010 are as follows:

Project Area	Amount
Depot	\$ 1,248,272
Industrial Park	77,907
Downtown	159,148
Total	\$ 1,485,327

- 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	\$ 96,300	\$ -	\$ 833,902	\$ 315,147
Industrial Park	32,390	-	-	24,458
Downtown	-	-	6,350	37,587
Total	\$ 128,690	\$ -	\$ 840,252	\$ 377,192

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

19. LITIGATION

During 2001, the City was served a complaint from neighboring cities regarding the acquisition of the Tooele Army Depot by the Tooele City Depot RDA. The complaint alleges that military closure and properties are to benefit the entire community, not just the City. Claimants allege the City breached fiduciary duty, breached the contract, and breached the covenant of good faith and fair dealing. The City's legal counsel represents the claims are unfounded and that proper opportunity was given the other cities to participate, as was required. The Utah Supreme Court heard arguments on September 2, 2009. In its May 14, 2010 opinion, the Court dismissed most aspects of the case but remanded the breach of contract claim. The Court found the defendants had alternative standing to sue the City, even though the defendants were not a party to the contract at issue. Trial on the remaining claims is expected in mid-2011. The defendants have yet to quantify its alleged damages. Management believes that the City will prevail in any action. No accrual for potential liability has been accrued in the financial statements. As of the date of this report, the parties are in the final stages of negotiating a settlement of all claims.

The City is a defendant in a legal action with a company regarding a broad range of claims, including breach of contract. The damage claims range from \$15,000,000 to \$24,000,000. The jury awarded net damages of \$20,000,000 to the defendant, but based on internal conflicts within the Special Verdict Form, the Court declared a mistrial. The defendants have obtained permission to file an interlocutory appeal of the mistrial order. Both parties are to file their appellate briefs in anticipation of oral argument in 2011. In another aspect of the case, the City won a motion for summary judgment. The defendants obtained permission to file an interlocutory appeal, the case has been briefed, and the City awaits oral argument before the Court of Appeals. The parties are in the process of filing post-trial motions and appeals. The ultimate liability that might result from the final resolution of the above matters is not presently determinable.

The City is a defendant in a legal action with a company regarding use of an abandoned sewer line in the amount of \$104,592. Cross motions for summary judgment were denied, and the case is awaiting trial. The ultimate liability that might result from the final resolution of this matter is not presently determinable.

The City is a defendant in a legal action with a company regarding alleged overcharging for inspection fees in the amount of \$75,000. The case was tried in March 2008, with a mixed result that Tooele City is appealing. The court awarded no damages to the Plaintiff. The Supreme Court heard oral arguments in May 2010, and on January 11, 2011 upheld Tooele City in all respects and reversed the trial court's invalidation of the City's fee.

The City is a defendant in certain other legal actions pending or in process for miscellaneous 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 cases will not have an adverse material effect on the City's financial statements.

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

20. RECLASSIFICATIONS AND ADJUSTMENTS

During the current year, it was determined that a capital asset addition appropriately recorded in the prior year as an expenditure in the General Fund of \$499,120 was not recorded as a capital asset in the Statement of Net Assets in the prior year. To correct this, the beginning balance of the capital assets, buildings, improvements equipment and other depreciable assets, net of accumulated depreciation has been adjusted. The effect of this correction on net assets in the government wide financial states is reflected below.

During the current year, it was determined the City had guaranteed a loan for an individual in the prior year, who subsequently defaulted on the loan. As a result, the City entered into a loan payable agreement with a financial institution to pay the loan for the individual, the transaction of which was not recorded in the prior year in the amount of \$750,000. At the same time, the City entered into an loan receivable agreement with the individual to repay the corresponding loan back to City, which also was not recorded in the prior year in the amount of \$750,000. To correctly reflect this transaction, the City increased the beginning balance of the long-term debt and loans receivable by \$750,000 in the Statement of Net Assets and reflected below.

During the current year, it was determined that a payroll accrual was not appropriately recorded in prior years totaling \$190,148. To correct this, the beginning net assets/fund balances were restated in the government wide activities, business type activities and governmental funds were restated as follows.

During the current year the Capital Project Fund met the criteria to be classified as a major governmental fund. The Capital Project Fund's fund balance of \$425,700 as of July 1, 2009 has been reclassified from a nonmajor fund to a major governmental fund.

	Government Wide Financial Statements		Governmental funds		
	Governmental Activities	Business-Type Activities	General Fund	Other Major Funds	Non Major Funds
Net assets / fund balances as originally stated July 1, 2009	\$ 118,874,504	\$ 59,860,335	\$ 1,104,882	\$ 13,422,371	\$ 5,581,613
Reclassification Capital Project Fund	-	-	-	425,700	(425,700)
Capital asset additions	499,120	-	-	-	-
Correction of payroll accrual	(190,148)	(22,060)	(188,250)	(1,491)	(407)
Addition of loans receivable	750,000	-	-	-	-
Addition of long-term note payable	(750,000)	-	-	-	-
Net restatement	<u>308,972</u>	<u>(22,060)</u>	<u>(188,250)</u>	<u>424,209</u>	<u>(426,107)</u>
Net assets /fund balances as restated - July 1, 2009	<u>\$ 119,183,476</u>	<u>\$ 59,838,275</u>	<u>\$ 916,632</u>	<u>\$ 13,846,580</u>	<u>\$ 5,155,506</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOOELE CITY CORPORATION
Information About Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2010

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the City has adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the “modified approach,” infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The City capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

In order to use the modified approach, the City is required to:

1. Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
2. Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
3. Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the City.
4. Documenting that the infrastructure assets are being preserved approximately at or above the condition level established by the City.

Roads

The City applies the modified approach to the entire asphalt pavement road network consisting of approximately 144 center lane miles that are owned by the City and maintained by the City’s Public Works Department. The goal of the City in conjunction with adopting the modified approach is to develop and provide a cost effective pavement maintenance and rehabilitation program that preserves the City’s investment in its road network and enhances public transportation and safety.

In 2009, the City hired the Utah Local Technical Assistance Program (LTAP) from Utah State University to update their pavement management program. A complete copy of their report entitled "Analysis and Recommendations for Street Network", Summer 2009 is available at the Public Works office for review. Since 2009, City staff have updated the pavement management program using in house resources. The following information is based upon the update effort by City staff.

Inventory of Assets

The LTAP inventory of assets consisted of the following items:

- ◆ Designation of functional classification of each street. The three functional classifications identified included residential, minor, and major. UDOT controls two major streets that run through the City (SR-36 and SR-112). These two streets are maintained by UDOT.
- ◆ GPS technology was utilized to map the centerline of each street and establish a base reference map for purposes of management. Physical features including width, length, surface type, and drainage provisions were collected. Streets were segmented whenever the street changed with respect to physical features, functional class, or intersection.

TOOELE CITY CORPORATION
Information About Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2010

The following table summarizes the City's inventory of street by functional classification:

	Major				
	Arterial	Major Collector	Minor Collector	Residential	Total
Area (yd²)	52,840	368,105	336,462	2,023,964	2,781,371
Percent of Road Network	1.90%	13.23%	12.10%	72.77%	100.00%

Established Condition Level

It is the City's policy to maintain no more than 5% of its roads at a "very poor" condition. Condition assessments are performed by geographic district within the City on approximately one-third of the roads each year, achieving a complete condition assessment at least every three years. Less than 5% of the City's streets are at a "very poor" condition based on the latest condition assessment report.

Condition Assessment

The assessment process utilized by the City, is based upon the Strategic Highway Research Program (SHRP) Distress Manual. This process includes analysis of potholes/utility cuts, rutting, transverse cracking, longitudinal cracking, block cracking, edge cracking, and fatigue (alligator) cracking. The severity and extent of each distress type were also cataloged according to established standards.

Pavement surface conditions were also evaluated for smoothness, drainage rating, and remaining service life (RSL), as shown below:

Distribution of Smoothness Ratings

<u>Rating</u>	<u>Percentage of Street Network</u>
Excellent	24.60%
Good	56.40%
Fair	18.00%
Poor	1.00%

Distribution of Pavement Drainage Ratings

<u>Rating</u>	<u>Percentage of Street Network</u>
Excellent	34.90%
Good	51.40%
Fair	12.40%
Poor	1.30%

TOOELE CITY CORPORATION
Information About Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2010

Distribution of Remaining Service Life (RSL)

<u>RSL</u>	<u>Percentage of Street Network</u>
0	0.30%
1-3	2.60%
4-6	20.10%
7-9	9.80%
10-12	33.80%
13-15	14.50%
16-18	5.20%
19-21	13.70%

The estimated average RSL of the City's asphalt street network is 11.3 years. This average RSL value is similar to many cities surveyed to date by the Utah LTAP Center.

Maintenance and Preservation of the Asset

The pavement preservation program upon which the LTAP report is based is one that maintains an estimated RSL of 10 years, with no more than 3% of the street network in terminal serviceability level (i.e. RSL=0).

LTAP recommends the following paved road funding distribution maintenance program for the years 2010-2012 and 2012-2015:

<u>Pavement Preservation Strategies</u>	<u>Percent of Street Network</u>		<u>Funding Distribution</u>	
	2010-2012	2012-2015	2010-2012	2012-2015
Routing Maintenance	5.00%	6.00%	\$ 36,479	\$ 43,774
Preventive Maintenance	13.00%	7.50%	578,987	323,929
Rehabilitation	8.00%	9.00%	485,602	546,303
Reconstruction	0.25%	0.75%	<u>118,555</u>	<u>355,666</u>
Total	26.25%	23.25%	<u>\$ 1,219,623</u>	<u>\$ 1,269,672</u>

The LTAP has estimated the baseline funding distribution for the four pavement preservation strategies above for the year 2013 through 2019 to be \$1,489,711 per year.

TOOELE CITY CORPORATION
Information About Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2010

Future Maintenance Preservation

Based upon the above distribution, the resulting RSL distribution in 2011 using recommended preservation program estimates is as follows:

Projected Distribution of Remaining Service Life (RSL) 2011

RSL	Percentage of Street Network
0	3.60%
1-3	7.50%
4-6	11.40%
7-9	17.00%
10-12	29.70%
13-15	8.80%
16-18	6.20%
19-21	15.80%

In order to maintain the RSL of the City's street network, the Public Works Department will request that the maintenance budget for future years be maintained at the above estimated value.

Over the last five reporting years, the estimated amounts needed and actual expenditures utilized to maintain and preserve the City's road system are as follows (capital expenditures are not included):

Year	Budget	Expenditures
2010	\$ 1,500,000	\$ 358,984
2009	2,000,000	2,069,878
2008	3,400,290	2,405,296
2007	2,014,226	1,076,368
2006	1,868,967	1,435,961

TOOELE CITY CORPORATION
Postemployment Benefit Plan - Schedule of Funding Progress
For the Year Ended June 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UALL) (b-a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 1,932,433	\$ 1,932,433	0%	\$ 5,237,778	36.89%
7/1/2009	\$ -	\$ 2,054,272	\$ 2,054,272	0%	\$ 5,080,125	40.44%

OTHER INFORMATION

TOOELE CITY CORPORATION
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

	<u>Special Revenue Funds</u>					<u>Capital Projects Funds</u>			<u>Totals</u>
	<u>Class "C" Road Fund</u>	<u>Par Tax Fund</u>	<u>Municipal Building Authority</u>	<u>Industrial Park Redevelopment Agency</u>	<u>Downtown Redevelopment Agency</u>	<u>Debt Service Fund</u>	<u>Park Improvements Fund</u>	<u>Public Safety Capital Projects Fund</u>	
<u>ASSETS</u>									
Assets:									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables:									
Accounts	-	-	-	-	-	-	-	-	-
Assessments	-	59,297	-	-	-	-	-	-	59,297
Taxes	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	43,240	-	-	-	43,240
Other	-	-	-	-	-	-	-	-	-
Intergovernmental receivable	302,218	-	-	-	-	-	-	-	302,218
Prepaid expenses	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Shop inventory	-	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-	-
Restricted assets:									
Cash and cash equivalents	1,875,909	637,298	83,776	37,393	491,213	664,150	797,896	1,071,690	5,659,325
Investments	-	-	-	-	-	-	-	-	-
Total assets	\$ 2,178,127	\$ 696,595	\$ 83,776	\$ 37,393	\$ 534,453	\$ 664,150	\$ 797,896	\$ 1,071,690	\$ 6,064,080
<u>LIABILITIES AND FUND BALANCE</u>									
Liabilities:									
Accounts payable	\$ 74,468	\$ 2,043	\$ -	\$ 4,480	\$ 8,558	\$ -	\$ 5,738	\$ -	\$ 95,287
Accrued liabilities	-	-	-	-	199	-	-	-	199
Liability for compensated absences	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	42,500	-	-	42,500
Deferred revenue	-	-	-	-	-	-	-	-	-
Total liabilities	74,468	2,043	-	4,480	8,757	42,500	5,738	-	137,986
Fund balances:									
Reserved for:									
Prepays	-	-	-	-	-	-	-	-	-
Future development - special revenue funds	2,103,659	694,552	83,776	32,913	525,696	-	-	-	3,440,596
Future development - capital projects	-	-	-	-	-	-	792,158	1,071,690	1,863,848
Debt service	-	-	-	-	-	621,650	-	-	621,650
Total fund balances	2,103,659	694,552	83,776	32,913	525,696	621,650	792,158	1,071,690	5,926,094
Total liabilities and fund balances	\$ 2,178,127	\$ 696,595	\$ 83,776	\$ 37,393	\$ 534,453	\$ 664,150	\$ 797,896	\$ 1,071,690	\$ 6,064,080

TOOELE CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds					Capital Project Funds			Totals
	Class "C" Road Fund	Par Tax Fund	Municipal Building Authority	Industrial Park Redevelopment Agency	Downtown Redevelopment Agency	Debt Service Fund	Park Improvements Fund	Public Safety Capital Projects Fund	
Revenues:									
Taxes	\$ -	\$ 307,531	\$ -	\$ 77,907	\$ 159,148	\$ -	\$ -	\$ -	\$ 544,586
Intergovernmental revenues	1,435,686	-	-	-	-	-	-	-	1,435,686
Interest income	10,290	9,560	803	-	59,120	2,542	3,946	7,340	93,601
Impact fees	-	-	-	-	-	-	269,063	63,682	332,745
Miscellaneous revenue	160,483	-	-	-	-	-	-	-	160,483
Rental income	-	-	563,685	-	-	-	-	-	563,685
Total revenues	<u>1,606,459</u>	<u>317,091</u>	<u>564,488</u>	<u>77,907</u>	<u>218,268</u>	<u>2,542</u>	<u>273,009</u>	<u>71,022</u>	<u>3,130,786</u>
Expenditures:									
General government	(1,042)	-	-	24,296	29,219	-	-	-	52,473
Highways and streets	358,984	-	-	-	-	-	-	-	358,984
Capital outlay	-	177,460	-	32,390	70,968	-	1,685	326,401	608,904
Debt service:									
Principal retirement	-	-	-	-	-	798,000	-	-	798,000
Interest and fiscal charges	-	-	-	174	-	809,197	-	-	809,371
Bond issuance costs	-	-	-	-	-	-	-	-	-
Total expenditures	<u>357,942</u>	<u>177,460</u>	<u>-</u>	<u>56,860</u>	<u>100,187</u>	<u>1,607,197</u>	<u>1,685</u>	<u>326,401</u>	<u>2,627,732</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,248,517</u>	<u>139,631</u>	<u>564,488</u>	<u>21,047</u>	<u>118,081</u>	<u>(1,604,655)</u>	<u>271,324</u>	<u>(255,379)</u>	<u>503,054</u>
Other financing sources (uses) including transfers:									
Operating transfers in	-	-	-	-	-	1,600,617	-	-	1,600,617
Operating transfers (out)	(690,945)	-	(563,684)	-	(29,200)	-	(50,000)	-	(1,333,829)
Private contributions	-	746	-	-	-	-	-	-	746
Proceeds on sale of assets	-	-	-	-	-	-	-	-	-
Donation of assets	-	-	-	-	-	-	-	-	-
Proceeds of issuance of long-term debt	-	-	-	-	-	-	-	-	-
Total other financing sources (uses) including transfers:	<u>(690,945)</u>	<u>746</u>	<u>(563,684)</u>	<u>-</u>	<u>(29,200)</u>	<u>1,600,617</u>	<u>(50,000)</u>	<u>-</u>	<u>267,534</u>
Net change in fund balances	557,572	140,377	804	21,047	88,881	(4,038)	221,324	(255,379)	770,588
Fund balances, beginning of year	1,546,087	554,175	82,972	11,866	436,815	625,688	570,834	1,327,069	5,155,506
Fund balances, end of year	<u>\$ 2,103,659</u>	<u>\$ 694,552</u>	<u>\$ 83,776</u>	<u>\$ 32,913</u>	<u>\$ 525,696</u>	<u>\$ 621,650</u>	<u>\$ 792,158</u>	<u>\$ 1,071,690</u>	<u>\$ 5,926,094</u>

TOOELE CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund balance
Budget and Actual - Special Revenue Funds
For the Year Ended June 30, 2010

	<u>Class "C" Road Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	1,400,000	1,435,686	35,686
Interest income	45,000	10,290	(34,710)
Grants	-	-	-
Miscellaneous revenues	-	160,483	160,483
Rental income	-	-	-
Total Revenues	<u>1,445,000</u>	<u>1,606,459</u>	<u>161,459</u>
Expenditures:			
General government	-	(1,042)	1,042
Highways and streets	1,500,000	358,984	1,141,016
Other improvements	-	-	-
Interest	-	-	-
Total expenditures	<u>1,500,000</u>	<u>357,942</u>	<u>1,142,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(55,000)</u>	<u>1,248,517</u>	<u>1,303,517</u>
Other financing sources (uses) including transfers:			
Operating transfers in	-	-	-
Operating transfers (out)	(690,945)	(690,945)	-
Private contributions	-	-	-
Proceeds on sale of assets	-	-	-
Donation of assets	-	-	-
Proceeds issuance of bonds	-	-	-
Total other financing sources (uses) including transfers:	<u>(690,945)</u>	<u>(690,945)</u>	<u>-</u>
Net change in fund balance	(745,945)	557,572	1,303,517
Fund balance, beginning of year	<u>1,546,087</u>	<u>1,546,087</u>	<u>1,546,087</u>
Fund balance, end of year	<u>\$ 800,142</u>	<u>\$ 2,103,659</u>	<u>\$ 2,849,604</u>

TOOELE CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund balance
Budget and Actual - Special Revenue Funds
For the Year Ended June 30, 2010

	Par Tax Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 291,500	\$ 307,531	\$ 16,031
Intergovernmental revenues	-	-	-
Interest income	3,000	9,560	6,560
Grants	-	-	-
Miscellaneous revenues	-	-	-
Rental income	-	-	-
Total Revenues	<u>294,500</u>	<u>317,091</u>	<u>22,591</u>
Expenditures:			
General government	-	-	-
Highways and streets	-	-	-
Other improvements	530,000	177,460	352,540
Interest	-	-	-
Total expenditures	<u>530,000</u>	<u>177,460</u>	<u>352,540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(235,500)</u>	<u>139,631</u>	<u>375,131</u>
Other financing sources (uses) including transfers:			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Private contributions	-	746	746
Proceeds on sale of assets	-	-	-
Donation of assets	-	-	-
Proceeds issuance of bonds	-	-	-
Total other financing sources (uses) including transfers:	<u>-</u>	<u>746</u>	<u>746</u>
Net change in fund balance	(235,500)	140,377	375,877
Fund balance, beginning of year	<u>554,175</u>	<u>554,175</u>	<u>554,175</u>
Fund balance, end of year	<u>\$ 318,675</u>	<u>\$ 694,552</u>	<u>\$ 930,052</u>

TOOELE CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund balance
Budget and Actual - Special Revenue Funds
For the Year Ended June 30, 2010

	Municipal Building Authority		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-
Interest income	-	803	803
Grants	-	-	-
Miscellaneous revenues	-	-	-
Rental income	563,684	563,685	1
Total Revenues	563,684	564,488	804
Expenditures:			
General government	-	-	-
Highways and streets	-	-	-
Other improvements	-	-	-
Interest	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	563,684	564,488	804
Other financing sources (uses) including transfers:			
Operating transfers in	-	-	-
Operating transfers (out)	(563,684)	(563,684)	-
Private contributions	-	-	-
Proceeds on sale of assets	-	-	-
Donation of assets	-	-	-
Proceeds issuance of bonds	-	-	-
Total other financing sources (uses) including transfers:	(563,684)	(563,684)	-
Net change in fund balance	-	804	804
Fund balance, beginning of year	82,972	82,972	82,972
Fund balance, end of year	\$ 82,972	\$ 83,776	\$ 83,776

TOOELE CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund balance
Budget and Actual - Special Revenue Funds
For the Year Ended June 30, 2010

	Industrial Park Redevelopment Agency		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 80,000	\$ 77,907	\$ (2,093)
Intergovernmental revenues	-	-	-
Interest income	-	-	-
Grants	-	-	-
Miscellaneous revenues	-	-	-
Rental income	-	-	-
Total Revenues	80,000	77,907	(2,093)
Expenditures:			
General government	15,000	24,296	(9,296)
Highways and streets	-	-	-
Other improvements	65,000	32,390	32,610
Interest	12	174	(162)
Total expenditures	80,012	56,860	23,152
Excess (deficiency) of revenues over (under) expenditures	(12)	21,047	21,059
Other financing sources (uses) including transfers:			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Private contributions	-	-	-
Proceeds on sale of assets	-	-	-
Donation of assets	-	-	-
Proceeds issuance of bonds	-	-	-
Total other financing sources (uses) including transfers:	-	-	-
Net change in fund balance	(12)	21,047	21,059
Fund balance, beginning of year	11,866	11,866	11,866
Fund balance, end of year	\$ 11,854	\$ 32,913	\$ 32,925

TOOELE CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund balance
Budget and Actual - Special Revenue Funds
For the Year Ended June 30, 2010

	<u>Downtown Redevelopment Agency</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 285,000	\$ 159,148	\$ (125,852)
Intergovernmental revenues	-	-	-
Interest income	10,000	59,120	49,120
Grants	-	-	-
Miscellaneous revenues	-	-	-
Rental income	-	-	-
Total Revenues	<u>295,000</u>	<u>218,268</u>	<u>(76,732)</u>
Expenditures:			
General government	29,200	29,219	(19)
Highways and streets	-	-	-
Other improvements	265,800	70,968	194,832
Interest	-	-	-
Total expenditures	<u>295,000</u>	<u>100,187</u>	<u>194,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>118,081</u>	<u>118,081</u>
Other financing sources (uses) including transfers:			
Operating transfers in	-	-	-
Operating transfers (out)	17,129	(29,200)	(46,329)
Private contributions	-	-	-
Proceeds on sale of assets	-	-	-
Donation of assets	-	-	-
Proceeds issuance of bonds	-	-	-
Total other financing sources (uses) including transfers:	<u>17,129</u>	<u>(29,200)</u>	<u>(46,329)</u>
Net change in fund balance	17,129	88,881	71,752
Fund balance, beginning of year	<u>436,815</u>	<u>436,815</u>	<u>436,815</u>
Fund balance, end of year	<u>\$ 453,944</u>	<u>\$ 525,696</u>	<u>\$ 508,567</u>

TOOELE CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Fiscal Year Ended June 30, 2010

	Debt Service		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Interest income	\$ 2,500	\$ 2,542	\$ 42
Total revenues	<u>2,500</u>	<u>2,542</u>	<u>42</u>
Expenditures:			
Principal retirement	798,000	798,000	-
Interest and fiscal charges	<u>810,217</u>	<u>809,197</u>	<u>1,020</u>
Total expenditures	<u>1,608,217</u>	<u>1,607,197</u>	<u>1,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,605,717)</u>	<u>(1,604,655)</u>	<u>1,062</u>
Other financing sources (uses) including transfers:			
Operating transfers in	1,605,717	1,600,617	(5,100)
Operating transfers (out)	-	-	-
Proceeds on sale of assets	-	-	-
Proceeds of issuance of long-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) including transfers:	<u>1,605,717</u>	<u>1,600,617</u>	<u>(5,100)</u>
Net change in fund balance	-	(4,038)	(4,038)
Fund balance - beginning of year	<u>625,688</u>	<u>625,688</u>	<u>625,688</u>
Fund balance - end of year	<u>\$ 625,688</u>	<u>\$ 621,650</u>	<u>\$ 621,650</u>

TOOELE CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended June 30, 2010

	Park Improvements Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Intergovernmental revenues	\$ -	\$ -	\$ -
Interest income	7,000	3,946	(3,054)
Impact fees	116,875	269,063	152,188
Miscellaneous revenue	-	-	-
Total revenues	<u>123,875</u>	<u>273,009</u>	<u>149,134</u>
Expenditures:			
Other improvements	<u>350,000</u>	<u>1,685</u>	<u>348,315</u>
Total expenditures	<u>350,000</u>	<u>1,685</u>	<u>348,315</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(226,125)</u>	<u>271,324</u>	<u>497,449</u>
Other financing sources (uses) including transfers:			
Operating transfers in	-	-	-
Operating transfers (out)	(50,000)	(50,000)	-
Private contributions	-	-	-
Proceeds on sale of assets	-	-	-
Proceeds of issuance of long-term debt	-	-	-
Total other financing sources (uses) including transfers:	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance	(276,125)	221,324	497,449
Fund balance, beginning of year	<u>570,834</u>	<u>570,834</u>	<u>570,834</u>
Fund balance, end of year	<u>\$ 294,709</u>	<u>\$ 792,158</u>	<u>\$ 1,068,283</u>

TOOELE CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended June 30, 2010

	Public Safety Capital Projects Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Intergovernmental revenues	\$ -	\$ -	\$ -
Interest income	17,000	7,340	(9,660)
Impact fees	19,250	63,682	44,432
Miscellaneous revenue	-	-	-
Total revenues	36,250	71,022	34,772
Expenditures:			
Other improvements	1,367,119	326,401	1,040,718
Total expenditures	1,367,119	326,401	1,040,718
Excess (deficiency) of revenues over (under) expenditures	(1,330,869)	(255,379)	1,075,490
Other financing sources (uses) including transfers:			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Private contributions	-	-	-
Proceeds on sale of assets	-	-	-
Proceeds of issuance of long-term debt	-	-	-
Total other financing sources (uses) including transfers:	-	-	-
Net change in fund balance	(1,330,869)	(255,379)	1,075,490
Fund balance, beginning of year	1,327,069	1,327,069	1,327,069
Fund balance, end of year	\$ (3,800)	\$ 1,071,690	\$ 2,402,559

TOOELE CITY CORPORATION

Combining Statement of Net Assets

Non-Major Proprietary Funds

June 30, 2010

	<u>Garbage Utility</u>	<u>Storm Water</u>	<u>Totals</u>
Assets:			
Cash and cash equivalents	\$ 1,336,364	\$ 1,665,346	\$ 3,001,710
Receivables:			
Accounts - net of allowance	<u>174,107</u>	<u>52,574</u>	<u>226,681</u>
Total assets	<u>1,510,471</u>	<u>1,717,920</u>	<u>3,228,391</u>
Liabilities:			
Accounts payable	<u>108,097</u>	<u>-</u>	<u>108,097</u>
Total liabilities	<u>108,097</u>	<u>-</u>	<u>108,097</u>
Net assets:			
Unrestricted	<u>1,402,374</u>	<u>1,717,920</u>	<u>3,120,294</u>
Total net assets	<u>1,402,374</u>	<u>1,717,920</u>	<u>3,120,294</u>
Total liabilities and net assets	<u>\$ 1,510,471</u>	<u>\$ 1,717,920</u>	<u>\$ 3,228,391</u>

TOOELE CITY CORPORATION
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Non-Major Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	<u>Garbage Utility</u>	<u>Storm Water</u>	<u>Totals</u>
Operating revenues:			
Utility sales	\$ 1,393,075	\$ 430,240	\$ 1,823,315
Total operating revenues	<u>1,393,075</u>	<u>430,240</u>	<u>1,823,315</u>
Operating expenditures:			
Personal services	537,903	-	537,903
Contracted services	629,340	25,000	654,340
Operations and maintenance	85,069	175,316	260,385
Administration	16,597	13,227	29,824
Total operating expenses	<u>1,268,909</u>	<u>213,543</u>	<u>1,482,452</u>
Operating income	<u>124,166</u>	<u>216,697</u>	<u>340,863</u>
Non-operating revenues (expenses):			
Interest income	7,429	8,497	15,926
Total non-operating revenues (expenses)	<u>7,429</u>	<u>8,497</u>	<u>15,926</u>
Change in net assets	131,595	225,194	356,789
Net assets - beginning of year	<u>1,270,779</u>	<u>1,492,726</u>	<u>2,763,505</u>
Net assets - end of year	<u>\$ 1,402,374</u>	<u>\$ 1,717,920</u>	<u>\$ 3,120,294</u>

TOOELE CITY CORPORATION
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Garbage Utility	Storm Water	Totals
Cash flows provided (used) by operating activities:			
Receipts from customers and users	\$ 1,400,746	\$ 440,295	\$ 1,841,041
Payments to employees	(537,903)	-	(537,903)
Payments to contractors	(529,340)	-	(529,340)
Payments for operations and maintenance	(85,069)	(175,316)	(260,385)
Payment for interfund services provided	(100,000)	(25,000)	(125,000)
Payments for utilities	-	-	-
Payments for administration	(12,062)	(16,787)	(28,849)
Net cash provided (used) by operating activities	136,372	223,192	359,564
Cash flows provided (used) by capital and related financing activities:			
Purchase of capital assets	-	-	-
Proceeds from sale of water rights	-	-	-
Proceeds from water resource grant contribution	-	-	-
Proceeds from sale of land	-	-	-
Proceeds from issuance of bonds	-	-	-
Payment of bond principal	-	-	-
Interest paid	-	-	-
Impact fees	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-
Cash flows provided (used) by investing activities:			
Interest earned	7,429	8,497	15,926
Net cash provided (used) by investing activities	7,429	8,497	15,926
Net increase (decrease) in cash and cash equivalents	143,801	231,689	375,490
Cash and cash equivalents -- beginning of year	1,192,563	1,433,657	2,626,220
Cash and cash equivalents -- end of year	\$ 1,336,364	\$ 1,665,346	\$ 3,001,710
Cash flows provided (used) by operating activities:			
Operating income (loss)	\$ 124,166	\$ 216,697	\$ 340,863
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	-	-
Loss on disposal of assets	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	7,671	10,055	17,726
Increase (decrease) in liabilities:			
Accounts payable	4,535	(3,560)	975
Net cash provided (used) by operating activities	136,372	223,192	359,564
Represented on the balance sheet as:			
Cash -- unrestricted	\$ 1,336,364	\$ 1,665,346	\$ 3,001,710
Cash -- restricted	-	-	-
	\$ 1,336,364	\$ 1,665,346	\$ 3,001,710
Supplemental disclosures:			
Contributed capital from developers	\$ -	\$ -	\$ -
Contributed capital from federal grants	-	-	-
Total contributed capital	\$ -	\$ -	\$ -

TOOELE CITY CORPORATION
Combining Statement of Changes in Assets and Liabilities -
All Agency Funds
June 30, 2010

	Balance at Beginning of the Year	Additions	Deductions	Balance at End of of the Year
<u>Director's Trust</u>				
Assets:				
Cash and cash equivalents	\$ 707,887	\$ -	\$ (280,662)	\$ 427,225
Investments	17,269	-	(17,269)	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 725,156	\$ -	\$ (297,931)	\$ 427,225
Liabilities:				
Accounts payable	\$ 725,154	\$ -	\$ (725,154)	\$ -
Due to other governmental units	-	-	-	-
Trust deposits	-	427,225	-	427,225
Total liabilities	\$ 725,154	\$ 427,225	\$ (725,154)	\$ 427,225
 <u>Totals - All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 707,887	\$ -	\$ (280,662)	\$ 427,225
Investments	17,269	-	(17,269)	-
Accounts receivable	-	-	-	-
Taxes receivable	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 725,156	\$ -	\$ (297,931)	\$ 427,225
Liabilities:				
Accounts payable	\$ 725,154	\$ -	\$ (725,154)	\$ -
Due to other funds	-	-	-	-
Due to other governmental units	-	-	-	-
Trust deposits	-	427,225	-	427,225
Total liabilities	\$ 725,154	\$ 427,225	\$ (725,154)	\$ 427,225



**Haynie &
Company**

Certified Public Accountants (a professional corporation)
1785 West Printers Row Salt Lake City, Utah 84119 (801) 972-4800 Fax (801) 972-8941

**REPORT ON LEGAL COMPLIANCE APPLICABLE
TO UTAH STATE LAWS AND REGULATIONS**

The Honorable Mayor and
Members of the City Council
Tooele City Corporation:

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) for the year ended June 30, 2010 and have issued our report thereon dated February 11, 2011. As part of our audit, we have audited **Tooele City Corporation's** compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting, and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's *Legal Compliance Audit Guide* for the year ended June 30, 2010. The City received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

Our audit also included test work on the City's compliance with those general compliance requirements identified in the State of Utah *Legal Compliance Audit Guide*, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Liquor Law Enforcement
B & C Road Funds
Other General Issues
Uniform Building Code Standards
Impact Fees
Asset Forfeitures
Utah Retirement System
Fund Balance

The management of **Tooele City Corporation** is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Our audit does not provide a legal determination on the City's compliance with these requirements



Associate Office At
5974 S. Fashion Pointe Dr. Suite 200
South Ogden, UT 84403
(801) 479-4800
Fax (801) 479-8941

Associate Office At
1221 West Mineral Avenue Suite 202
Littleton, CO 80120-4544
(303) 734-4800
Fax (303) 795-3356

Associate Office At
4910 Campus Drive
Newport Beach, CA 92660-2119
(949) 724-1880
Fax (949) 724-1889

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, **Tooele City Corporation** complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2010.

This report is intended solely for the information and use of management of **Tooele City Corporation** and is not intended to be and should not be used by anyone other than the specified parties. However, the report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Haynie & Co".

Salt Lake City, Utah
February 11, 2011

TOOELE CITY CORPORATION
Schedule of Findings - Compliance - State of Utah
For the Year Ended June 30, 2010

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

The City had funds totaling \$104,996 in expenditures that exceeded the budget. Officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended per *Utah Code* 10-6-123.

The City did not have at least the minimum amount of fidelity bond insurance coverage for the fiscal year ending June 30, 2009. The City had coverage of \$1,000,000 during the year and there should have been coverage of \$1,312,000.



**Haynie &
Company**

Certified Public Accountants (a professional corporation)

1785 West Printers Row Salt Lake City, Utah 84119 (801) 972-4800 Fax (801) 972-8941

**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**

The Honorable Mayor and
Members of the City council

Tooele City Corporation:

We have audited 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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Associate Office At
5974 S. Fashion Pointe Dr. Suite 200
South Ogden, UT 84403
(801) 479-4800
Fax (801) 479-8941

Associate Office At
1221 West Mineral Avenue Suite 202
Littleton, CO 80120-4544
(303) 734-4800
Fax (303) 795-3356

Associate Office At
4910 Campus Drive
Newport Beach, CA 92660-2119
(949) 724-1880
Fax (949) 724-1889

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Mayor, the City Council, others within the entity, the Utah State Auditor, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Haynie & Co".

Salt Lake City, Utah
February 11, 2011