

**TOOELE CITY CORPORATION**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

# TOOELE CITY CORPORATION

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CERTIFIED PUBLIC  
ACCOUNTANTS AND  
BUSINESS ADVISORS

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City Corporation (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City Corporation as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-14, budgetary comparison information on pages 22-24 and 65-73, and certain pension information on pages 58-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2017 on our consideration of Tooele City Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

WSRP, LLC

Salt Lake City, Utah  
December 20, 2017

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017**

The following is a discussion and analysis of Tooele City Corporation's (the "City") financial performance and activities for the fiscal year ending June 30, 2017. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview, and analysis should assist the reader to gain a more complete knowledge of the City's financial performance.

### Financial Highlights

- ♦ The total government-wide assets of the City exceeded its total government-wide liabilities as of the close of the most recent year by \$191,668,726 (*net position*). Of this amount, \$181,058,440 relates to investments in capital assets, net of any related debt. Unrestricted net position is \$(4,190,060) due to the purchases of fixed assets, issuance of new bonds and payment of the Tooele Associates obligation.
- ♦ As of the close of the current year, the City's governmental funds reported a combined ending fund balance of \$13,671,161, a decrease of \$888,646 in comparison with the prior year, attributable mainly to the defeasement of bonds that took place in the current year. Approximately 18.44% of this total amount, or \$2,517,390, is available for spending at the government's discretion (unreserved fund balance).
- ♦ At the end of the current year, unassigned fund balance for the general fund was \$2,517,390, or 16.11% of total general fund expenditures.

### Overview of the Financial Statements

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

### Government-wide financial statements

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

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

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

The government-wide financial statements include balances from not only the City itself (known as the primary government), but also the following blended component units: the Downtown Redevelopment Agency, the Industrial Park Redevelopment Agency, the Depot Redevelopment Agency, and the Municipal Building Authority of Tooele City Corporation. During the fiscal year ended June 30, 2017, the City closed the Industrial Park Redevelopment Agency Fund.

### Fund financial statements

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

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017**

### Governmental funds

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

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

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

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

### Proprietary funds

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

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

### Fiduciary funds

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

### Notes to financial statements

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

### Other information

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

### Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$191,668,726 at the close of the most recent fiscal year.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

*Government-wide financial analysis (continued)*

The largest portion of the City's net position (94.46%) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, infrastructure, water stock, utility plants and equipment), less any related and outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**Tooele City Corporation's Net Position**

|   | Governmental Activities |                      | Business-Type Activities |                       | Total Primary Government |                       |
|---|-------------------------|----------------------|--------------------------|-----------------------|--------------------------|-----------------------|
|   | 2017                    | 2016                 | 2017                     | 2016                  | 2017                     | 2016                  |
| <b>Assets:</b>                          |                         |                      |                          |                       |                          |                       |
| Current and other assets                | \$ 19,994,280           | \$ 19,655,675        | \$ 15,731,163            | \$ 14,194,225         | \$ 35,725,443            | \$ 33,849,900         |
| Capital assets                          | 103,928,844             | 106,416,499          | 107,483,910              | 107,134,221           | 211,412,754              | 213,550,720           |
| Other assets                            | 6,086                   | 8,075                | -                        | 34                    | 6,086                    | 8,109                 |
| Total assets                            | <u>123,929,210</u>      | <u>126,080,249</u>   | <u>123,215,073</u>       | <u>121,328,480</u>    | <u>247,144,283</u>       | <u>247,408,729</u>    |
| Total deferred outflows<br>of resources | <u>2,856,981</u>        | <u>2,601,472</u>     | <u>362,354</u>           | <u>356,377</u>        | <u>3,219,335</u>         | <u>2,957,849</u>      |
| <b>Liabilities and net position:</b>    |                         |                      |                          |                       |                          |                       |
| Long-term liabilities                   | 35,248,821              | 34,971,795           | 8,075,927                | 9,429,137             | 43,324,748               | 44,400,932            |
| Other liabilities                       | 6,916,296               | 7,783,192            | 2,683,792                | 2,464,094             | 9,600,088                | 10,247,286            |
| Total liabilities                       | <u>42,165,117</u>       | <u>42,754,987</u>    | <u>10,759,719</u>        | <u>11,893,231</u>     | <u>52,924,836</u>        | <u>54,648,218</u>     |
| Total deferred inflows<br>of resources  | <u>5,691,623</u>        | <u>4,622,526</u>     | <u>78,433</u>            | <u>62,141</u>         | <u>5,770,056</u>         | <u>4,684,667</u>      |
| <b>Net position:</b>                    |                         |                      |                          |                       |                          |                       |
| Net investment in capital assets        | 82,761,209              | 83,690,120           | 98,297,231               | 96,656,666            | 181,058,440              | 180,346,786           |
| Restricted                              | 8,166,713               | 7,352,709            | 6,633,633                | 5,884,262             | 14,800,346               | 13,236,971            |
| Unrestricted                            | <u>(11,998,471)</u>     | <u>(9,738,621)</u>   | <u>7,808,411</u>         | <u>7,188,557</u>      | <u>(4,190,060)</u>       | <u>(2,550,064)</u>    |
| Total net position                      | <u>\$ 78,929,451</u>    | <u>\$ 81,304,208</u> | <u>\$ 112,739,275</u>    | <u>\$ 109,729,485</u> | <u>\$ 191,668,726</u>    | <u>\$ 191,033,693</u> |

A portion of the City's net position (7.72%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, (\$4,190,060) is negative due to the settlement with Tooele Associates.

At the end of the year, Tooele City Corporation is able to report positive balances in all three categories of net position for its business type activities. For governmental activities, net investment in capital assets and restricted net position remain positive. Unrestricted net position is negative for 2017 due to the defeasement of bonds that took place in the prior year, and previous recording of the loss related to the Tooele Associates settlement.

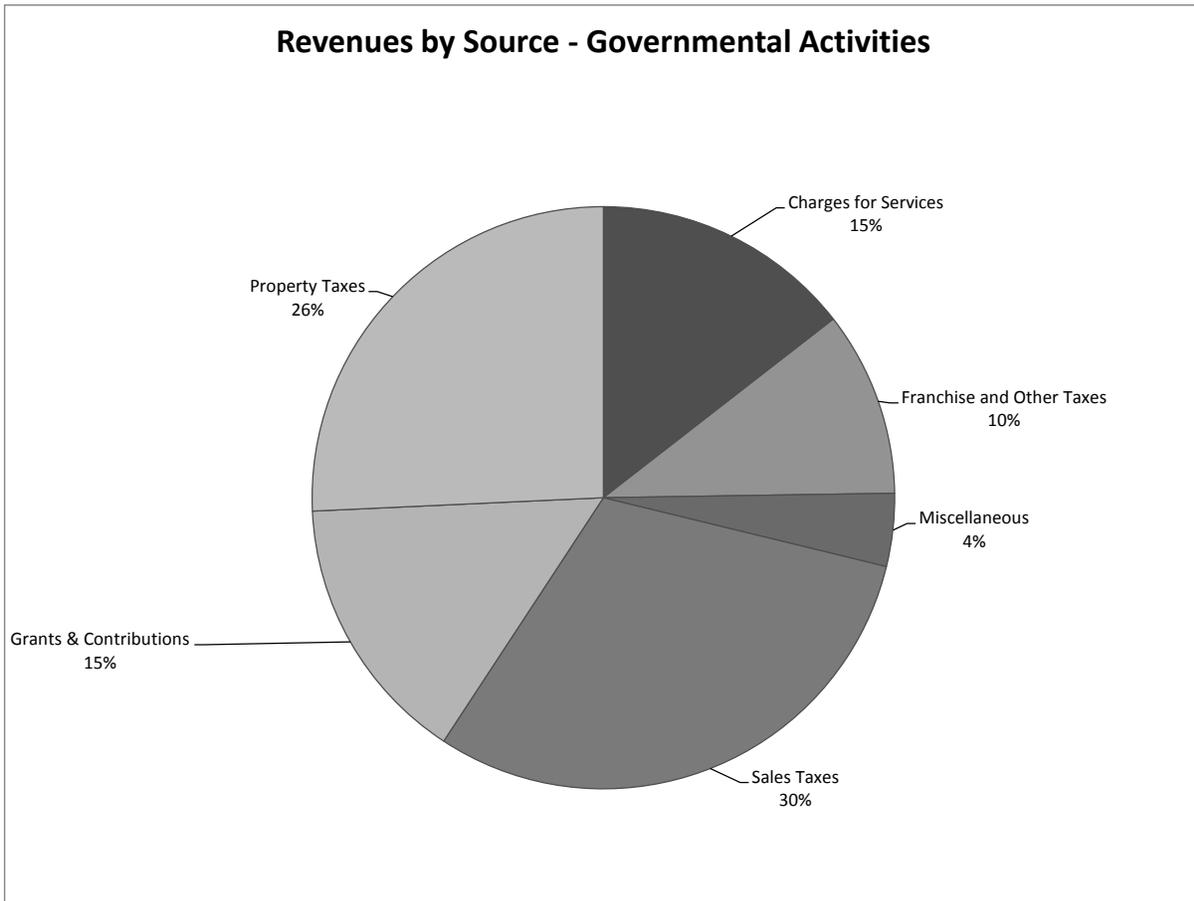
**Tooele City Corporation's Changes in Net Position**

|                                  | Governmental Activities |                   | Business-Type Activities |                   | Total Primary Government |                   |
|----------------------------------|-------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|
|                                  | 2017                    | 2016              | 2017                     | 2016              | 2017                     | 2016              |
| <b>Revenues:</b>                 |                         |                   |                          |                   |                          |                   |
| <b>Program revenues:</b>         |                         |                   |                          |                   |                          |                   |
| Charges for services             | \$ 3,166,434            | \$ 3,385,021      | \$ 9,471,077             | \$ 8,978,063      | \$ 12,637,511            | \$ 12,363,084     |
| Operating grants/contributions   | 2,281,097               | 2,112,370         | -                        | -                 | 2,281,097                | 2,112,370         |
| Capital grants and contributions | 1,005,597               | 759               | 827,728                  | 855,617           | 1,833,325                | 856,376           |
| <b>General revenues:</b>         |                         |                   |                          |                   |                          |                   |
| Taxes                            | 14,526,720              | 13,354,582        | -                        | -                 | 14,526,720               | 13,354,582        |
| Earnings on investments          | 122,096                 | 81,782            | 138,371                  | 82,582            | 260,467                  | 164,364           |
| Impact fees                      | 239,577                 | 224,729           | 901,817                  | 826,693           | 1,141,394                | 1,051,422         |
| Investment income                | 3,036                   | 2,752             | -                        | -                 | 3,036                    | 2,752             |
| Gain on sale of capital assets   | 14,752                  | 660,908           | 8,818                    | 7,442             | 23,570                   | 668,350           |
| Gain on sale of water rights     | -                       | -                 | 166,788                  | 126,247           | 166,788                  | 126,247           |
| Miscellaneous                    | 505,458                 | 782,319           | 60,259                   | 7,462             | 565,717                  | 789,781           |
| Total revenues                   | <u>21,864,767</u>       | <u>20,605,222</u> | <u>11,574,858</u>        | <u>10,884,106</u> | <u>33,439,625</u>        | <u>31,489,328</u> |

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

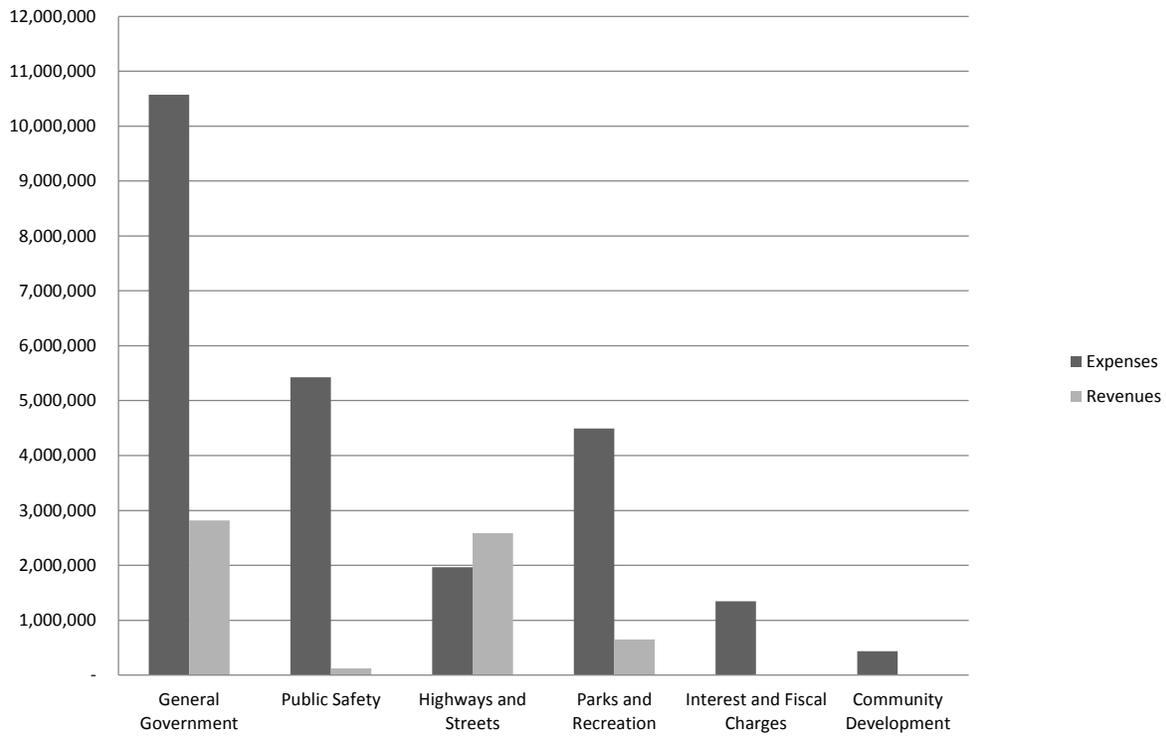
**Tooele City Corporation's Changes in Net Position (continued)**

|                                     | Governmental Activities |               | Business-Type Activities |                | Total Primary Government |                |
|-------------------------------------|-------------------------|---------------|--------------------------|----------------|--------------------------|----------------|
|                                     | 2017                    | 2016          | 2017                     | 2016           | 2017                     | 2016           |
| Expenses:                           |                         |               |                          |                |                          |                |
| General government                  | 10,572,142              | 10,039,047    | -                        | -              | 10,572,142               | 10,039,047     |
| Public safety                       | 5,427,691               | 5,091,639     | -                        | -              | 5,427,691                | 5,091,639      |
| Highways and streets                | 1,966,605               | 1,643,326     | -                        | -              | 1,966,605                | 1,643,326      |
| Parks and recreation                | 4,493,640               | 4,427,300     | -                        | -              | 4,493,640                | 4,427,300      |
| Community development               | 434,500                 | 1,108,585     | -                        | -              | 434,500                  | 1,108,585      |
| Interest on debt                    | 1,344,946               | 949,951       | -                        | -              | 1,344,946                | 949,951        |
| Water                               | -                       | -             | 3,999,078                | 3,709,507      | 3,999,078                | 3,709,507      |
| Sewer                               | -                       | -             | 2,776,739                | 2,796,719      | 2,776,739                | 2,796,719      |
| Solid waste                         | -                       | -             | 1,426,905                | 1,355,847      | 1,426,905                | 1,355,847      |
| Storm water                         | -                       | -             | 174,654                  | 240,958        | 174,654                  | 240,958        |
| Street light                        | -                       | -             | 187,692                  | 28,274         | 187,692                  | 28,274         |
| Total expenses                      | 24,239,524              | 23,259,848    | 8,565,068                | 8,131,305      | 32,804,592               | 31,391,153     |
| Contributed net assets              | -                       | 294,182       | -                        | -              | -                        | 294,182        |
| Increase (decrease) in net position | (2,374,757)             | (2,360,444)   | 3,009,790                | 2,752,801      | 635,033                  | 392,357        |
| Net position - beginning            | 81,304,208              | 83,664,652    | 109,729,485              | 106,976,684    | 191,033,693              | 190,641,336    |
| Net position - ending               | \$ 78,929,451           | \$ 81,304,208 | \$ 112,739,275           | \$ 109,729,485 | \$ 191,668,726           | \$ 191,033,693 |

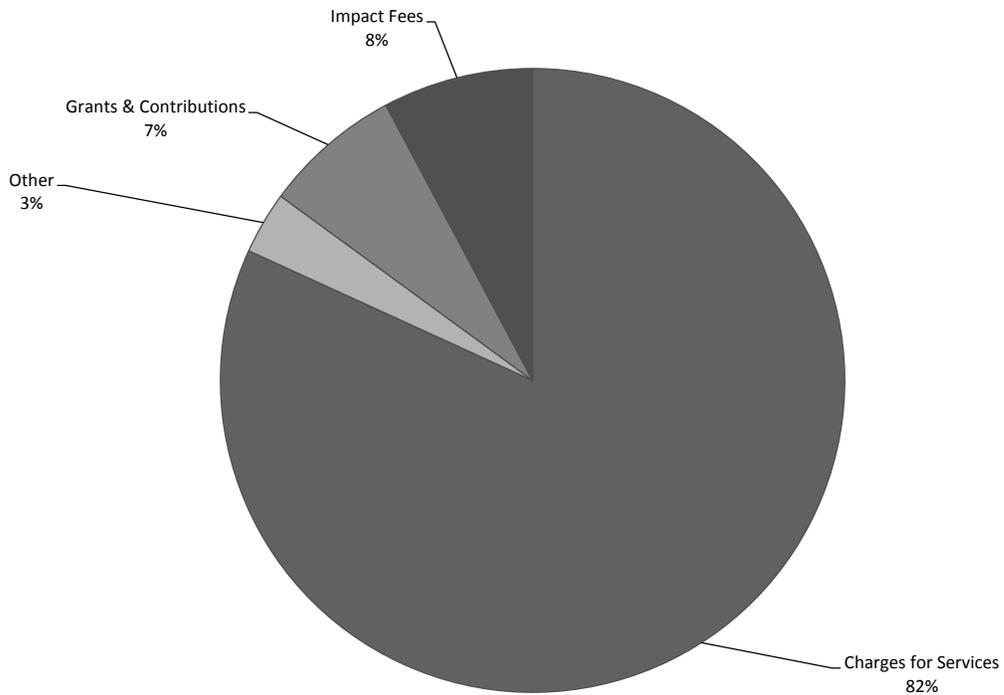


**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

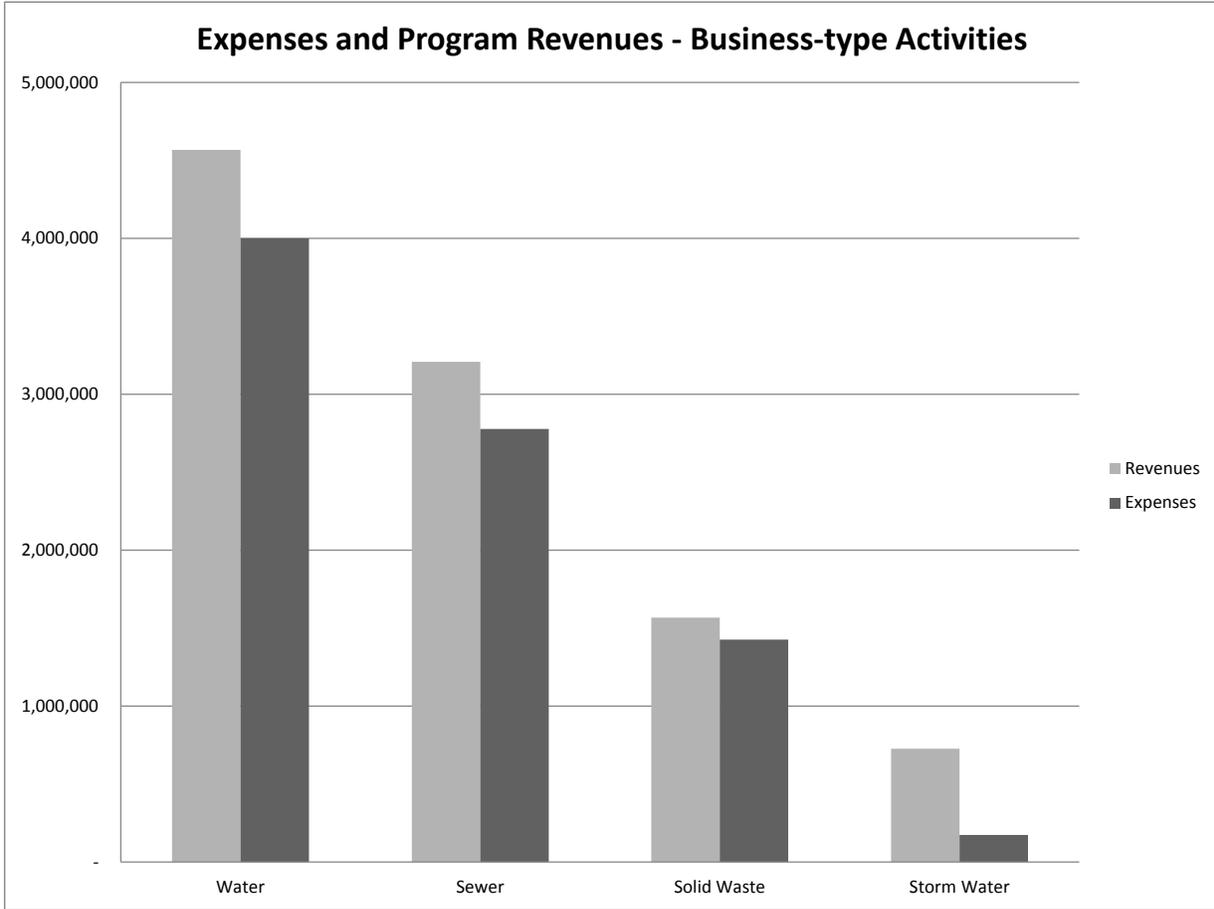
**Expenses and Program Revenues - Governmental Activities**



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



**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**



**Key Principal Highlights:**

- ◆ Charges for services increased by \$274,427 compared to the prior year due to the City receiving approximately \$228,217 from charges to customers for the new Street Light fund established during 2016, with additional increases attributable to more customers for the proprietary fund activities.
- ◆ Operating grants and contributions increased by \$168,727 compared to the prior year due primarily to the City receiving approximately \$208,000 more from the Department of Transportation for the Road C allotment, offset by lower contributions received from other granting agencies as of June 30, 2017.
- ◆ Capital grants and contributions increased by \$976,949 due mainly to a increases in contributions received from developers as a result of improving economic conditions and more construction projects being accepted.
- ◆ Taxes increased by \$1,172,138 due to a increase in the certified tax rate and the assessment and collection of property taxes.

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

**Financial Analysis of the Government's Funds**

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

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017**

### Governmental funds

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

As of June 30, 2017, the City's governmental funds reported a combined ending fund balance of \$13,677,161, a decrease of \$888,646 from the prior year. A balance of \$5,504,448 (40.26%) is available for spending at the government's discretion; however, \$2,987,058 has been assigned by the City's Budget Officer for subsequent years' capital expenditures and other uses, leaving an unassigned amount of \$2,517,390. The remaining \$8,166,713 of fund balance is not available for new spending because it is non-spendable in form of legally restricted by parties outside the financial reporting entity for 1) public safety expenditures of \$1,202,296, 2) park development of \$1,160,965, 3) recreation and arts programs of \$1,564,414, 4) debt service of \$2,457,354, 5) road construction, maintenance and preservation of \$1,774,694, 6) code enforcement activities of \$6,990.

The General Fund is the major operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,517,390. As a measure of the General Fund's liquidity, it may be useful to compare this amount to total fund expenditures of \$15,627,141 (16.11% or 59 calendar days). The fund balance of the City's General Fund decreased \$501,893 during the current fiscal year. This represents a 15.02% change in fund balance. The decrease consisted of 1) a .21% decrease in revenues of \$31,003 offset by a 5.31% increase in expenditures of \$876,353, 2) a \$308,139 decrease in proceeds from the sale of capital assets, 3) a decrease of \$1,433,498 in transfers in from other funds compared to the prior year as a result of the City paying the Tooele Associates settlement in full, and 4) the \$80,713 increase in closing out last year's fund balance.

### Proprietary funds

Unrestricted net position of the Water and Sewer funds (both major funds) at the end of the year were \$410,753, \$2,042,946, respectively. The increase in total net position was \$1,354,175, \$808,040, for these same funds, respectively, after the effect of any special items. The increase in net position for the Water Fund is the result of higher water sales and contributions, and sale of water rights combined with lower operating costs. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### General fund budgetary highlights

During the fiscal year, the General Fund's original budget was amended from an original revenues budget of \$13,541,393 to a final budget of \$14,832,558, an increase of \$1,291,165. These increases can be briefly summarized as follows:

\$1,200,000 in tax revenue.

\$66,065 increase in intergovernmental revenue.

\$25,100 increase in intergovernmental revenues and charges for services from other City funds.

The General Fund's original budget was also amended for increased expenses in the amount of \$1,325,633.

### Capital assets and debt administration

#### Capital assets

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$181,058,440. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, and infrastructure, offset by applicable amounts of long-term debt. The total increase in the City's net investment in capital assets for governmental and business-type activities for the current year was a result of the City continuing to make payments on their debt obligations.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

Capital assets (continued)

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

- ◆ Improvements other than buildings additions of \$1,956,723, and deletions of \$18,782.
- ◆ Machinery and equipment additions of \$324,072.
- ◆ Automobile and truck purchases of \$362,709, and deletions of fully depreciated assets of \$157,450.
- ◆ Office furniture and equipment additions of \$50,402.
- ◆ Infrastructure additions of \$2,709,138 from acquisitions and contributions, and deletions of \$321,042.
- ◆ Depreciation of infrastructure assets of \$4,302,441.

**Tooele City Corporation's Capital Assets**

|                                    | Governmental Activities |                       | Business-Type Activities |                       | Total Primary Government |                       |
|------------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|
|                                    | 2017                    | 2016                  | 2017                     | 2016                  | 2017                     | 2016                  |
| Investment in water stock          | \$ -                    | \$ -                  | \$ 93,184                | \$ 93,184             | \$ 93,184                | \$ 93,184             |
| Land                               | 12,241,048              | 12,241,048            | 3,579,749                | 3,579,749             | 15,820,797               | 15,820,797            |
| Infrastructure                     | 74,372,177              | 76,459,583            | 5,268,626                | 4,774,523             | 79,640,803               | 81,234,106            |
| Buildings                          | 8,526,333               | 8,742,146             | 2,766,635                | 2,913,593             | 11,292,968               | 11,655,739            |
| Construction in progress           | -                       | -                     | 2,911,745                | 2,907,486             | 2,911,745                | 2,907,486             |
| Equipment under capital lease, net | 827,556                 | 890,012               | -                        | -                     | 827,556                  | 890,012               |
| Improvements                       | 6,299,113               | 6,500,272             | 54,862,471               | 54,981,564            | 61,161,584               | 61,481,836            |
| Machinery and equipment            | 425,906                 | 344,198               | 390,801                  | 319,051               | 816,707                  | 663,249               |
| Automobiles and trucks             | 1,164,471               | 1,167,371             | 135,367                  | 89,739                | 1,299,838                | 1,257,110             |
| Office furniture and equipment     | 72,240                  | 71,869                | -                        | -                     | 72,240                   | 71,869                |
| Water rights                       | -                       | -                     | 37,475,332               | 37,475,332            | 37,475,332               | 37,475,332            |
| <b>Total</b>                       | <b>\$ 103,928,844</b>   | <b>\$ 106,416,499</b> | <b>\$ 107,483,910</b>    | <b>\$ 107,134,221</b> | <b>\$ 211,412,754</b>    | <b>\$ 213,550,720</b> |

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

Long-term debt

At the end of the current year, the City had total debt outstanding of \$49,958,123. The debt consists of the following:

**Tooele City Corporation's Outstanding Debt**

|                                    | Governmental Activities |                      | Business-Type Activities |                      | Total Primary Government |                      |
|------------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|
|                                    | 2017                    | 2016                 | 2017                     | 2016                 | 2017                     | 2016                 |
| Revenue bonds payable              | \$ 32,258,000           | \$ 22,469,000        | \$ 9,321,000             | \$ 10,643,000        | \$ 41,579,000            | \$ 33,112,000        |
| Net OPEB obligations               | 1,422,981               | 1,305,109            | 62,882                   | 57,673               | 1,485,863                | 1,362,782            |
| Net pension liability              | 3,908,618               | 3,551,715            | 436,572                  | 397,092              | 4,345,190                | 3,948,807            |
| Obligations under capital leases   | 688,845                 | 814,701              | -                        | -                    | 688,845                  | 814,701              |
| Grantsville legal Settlement       | 1,888,560               | 1,956,500            | -                        | -                    | 1,888,560                | 1,956,500            |
| Tooele associates legal settlement | -                       | 10,852,958           | -                        | -                    | -                        | 10,852,958           |
| Compensated absences               | 477,157                 | 479,971              | 57,045                   | 50,464               | 534,202                  | 530,435              |
| Deferred amounts:                  |                         |                      |                          |                      |                          |                      |
| Unamortized bond premiums          | 411,586                 | 439,972              | -                        | -                    | 411,586                  | 439,972              |
| Unamortized bond discounts         | (35,639)                | -                    | -                        | -                    | (35,639)                 | -                    |
| Loss on defeasance                 | (805,163)               | (889,348)            | (134,321)                | (165,445)            | (939,484)                | (1,054,793)          |
| <b>Total</b>                       | <b>\$ 40,214,945</b>    | <b>\$ 40,980,578</b> | <b>\$ 9,743,178</b>      | <b>\$ 10,982,784</b> | <b>\$ 49,958,123</b>     | <b>\$ 51,963,362</b> |

State statutes limit the amount of debt a City may issue to 4 percent of its total taxable property within its jurisdiction. The City may incur a larger indebtedness for the purpose of supplying the City with water, sewer, or electricity when such public works are owned and controlled by the City. The current debt limitation for Tooele City Corporation is \$54,757,631 for all general obligation bonds. As of June 30, 2017 and 2016 the City recorded a loss of defeasance of bonds in the amount of \$939,484 and \$1,054,793, respectively, which is recorded as a deferred outflow of resources in the accompanying statement of net position. Additional information on Tooele City Corporation's long-term debt can be found in the notes to the financial statements.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

Economic factors and next year's budgets and rates

- ◆ Economic activity in the region has seen considerable improvement compared to prior years, which is consistent with other regions within the state. The City has seen growth in new home construction, existing home sales and commercial and retail sales.
- ◆ The 2018 budget was projected with an estimated growth in sales tax based on the outlook of a recovering economy, and the proportionate share of distribution that the City receives based on population.

All of the above factors were considered in preparing the City's budget for the 2017-2018 fiscal year.

Requests for information

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

## **BASIC FINANCIAL STATEMENTS**

**TOOELE CITY CORPORATION**  
**STATEMENT OF NET POSITION**

June 30, 2017

|  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>          |
|--|------------------------------------|-------------------------------------|-----------------------|
| <b>ASSETS</b>  |                                    |                                     |                       |
| <b>CURRENT ASSETS</b>  |                                    |                                     |                       |
| Cash and cash equivalents                                    | \$ 5,342,367                       | \$ 13,495,942                       | \$ 18,838,309         |
| Receivables:   |                                    |                                     |                       |
| Accounts, net  | 871                                | 1,014,916                           | 1,015,787             |
| Assessments  | 74,438                             | -                                   | 74,438                |
| Taxes  | 6,506,676                          | -                                   | 6,506,676             |
| Developer contributions receivable                           | 468,322                            | -                                   | 468,322               |
| Other  | 110,750                            | -                                   | 110,750               |
| Restricted cash and cash equivalents                         | 7,490,856                          | 1,220,305                           | 8,711,161             |
| <b>NONCURRENT ASSETS</b>                                     |                                    |                                     |                       |
| Net pension asset  | 6,086                              | -                                   | 6,086                 |
| Capital assets not being depreciated                         | 12,241,048                         | 44,060,010                          | 56,301,058            |
| Capital assets being depreciated, net                        | 91,687,796                         | 63,423,900                          | 155,111,696           |
| <b>TOTAL ASSETS</b>  | <b>123,929,210</b>                 | <b>123,215,073</b>                  | <b>247,144,283</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                        |                                    |                                     |                       |
| Deferred charge on bond refunding                            | 805,163                            | 134,321                             | 939,484               |
| Deferred outflows related to pensions                        | 2,051,818                          | 228,033                             | 2,279,851             |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                  | <b>2,856,981</b>                   | <b>362,354</b>                      | <b>3,219,335</b>      |
| <b>LIABILITIES</b>   |                                    |                                     |                       |
| <b>CURRENT LIABILITIES</b>                                   |                                    |                                     |                       |
| Accounts payable   | 618,176                            | 448,203                             | 1,066,379             |
| Accrued liabilities  | 340,991                            | -                                   | 340,991               |
| Accrued interest payable                                     | 185,842                            | 146,538                             | 332,380               |
| Unearned revenue   | -                                  | 74,529                              | 74,529                |
| Customer deposits  | -                                  | 212,950                             | 212,950               |
| Other noncurrent liabilities, due or payable within one year | 1,862,669                          | 1,365,000                           | 3,227,669             |
| <b>LONG-TERM LIABILITIES</b>                                 |                                    |                                     |                       |
| Net pension liability  | 3,908,618                          | 436,572                             | 4,345,190             |
| Due or payable in more than one year                         | 35,248,821                         | 8,075,927                           | 43,324,748            |
| <b>TOTAL LIABILITIES</b>                                     | <b>42,165,117</b>                  | <b>10,759,719</b>                   | <b>52,924,836</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                         |                                    |                                     |                       |
| Unavailable revenue - property taxes                         | 4,987,114                          | -                                   | 4,987,114             |
| Deferred inflows related to pensions                         | 704,509                            | 78,433                              | 782,942               |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                   | <b>5,691,623</b>                   | <b>78,433</b>                       | <b>5,770,056</b>      |
| <b>NET POSITION</b>  |                                    |                                     |                       |
| Net investment in capital assets                             | 82,761,209                         | 98,297,231                          | 181,058,440           |
| Restricted for:  |                                    |                                     |                       |
| Public safety  | 1,202,296                          | -                                   | 1,202,296             |
| Park development   | 1,160,965                          | -                                   | 1,160,965             |
| Recreation and arts  | 1,564,414                          | -                                   | 1,564,414             |
| Debt service   | 2,457,354                          | 1,220,305                           | 3,677,659             |
| Roads  | 1,774,694                          | -                                   | 1,774,694             |
| Code enforcement   | 6,990                              | -                                   | 6,990                 |
| Impact fees  | -                                  | 5,413,328                           | 5,413,328             |
| Unrestricted   | (11,998,471)                       | 7,808,411                           | (4,190,060)           |
| <b>TOTAL NET POSITION</b>                                    | <b>\$ 78,929,451</b>               | <b>\$ 112,739,275</b>               | <b>\$ 191,668,726</b> |

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

**TOOELE CITY CORPORATION**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2017

| Functions/Programs                      | Expenses             | Program Revenues     |                                    |                                  | Net (Expense) Revenues and Changes in Net Assets |                          |                       |
|---|----------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|-----------------------|
|   |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                          | Business-type Activities | Total                 |
| <b>Governmental activities:</b>         |                      |                      |                                    |                                  |  |                          |                       |
| General government                      | \$ 10,572,142        | \$ 2,391,913         | \$ 404,866                         | \$ 20,060                        | \$ (7,755,303)                                   | \$ -                     | \$ (7,755,303)        |
| Public safety                           | 5,427,691            | 124,222              | -                                  | -                                | (5,303,469)                                      | -                        | (5,303,469)           |
| Highways and streets                    | 1,966,605            | -                    | 1,876,231                          | 707,299                          | 616,925  | -                        | 616,925               |
| Parks and recreation                    | 4,493,640            | 650,299              | -                                  | -                                | (3,843,341)                                      | -                        | (3,843,341)           |
| Community development                   | 434,500              | -                    | -                                  | 278,238                          | (156,262)  | -                        | (156,262)             |
| Interest and fiscal charges             | 1,344,946            | -                    | -                                  | -                                | (1,344,946)                                      | -                        | (1,344,946)           |
| <b>Total governmental activities</b>    | <u>24,239,524</u>    | <u>3,166,434</u>     | <u>2,281,097</u>                   | <u>1,005,597</u>                 | <u>(17,786,396)</u>                              | <u>-</u>                 | <u>(17,786,396)</u>   |
| <b>Business-type activities:</b>        |                      |                      |                                    |                                  |  |                          |                       |
| Water                                   | 3,999,078            | 4,211,487            | -                                  | 356,530                          | -  | 568,939                  | 568,939               |
| Sewer                                   | 2,776,739            | 2,984,785            | -                                  | 222,532                          | -  | 430,578                  | 430,578               |
| Solid waste                             | 1,426,905            | 1,567,953            | -                                  | -                                | -  | 141,048                  | 141,048               |
| Storm water                             | 174,654              | 478,635              | -                                  | 248,666                          | -  | 552,647                  | 552,647               |
| Street light                            | 187,692              | 228,217              | -                                  | -                                | -  | 40,525                   | 40,525                |
| <b>Total business-type activities</b>   | <u>8,565,068</u>     | <u>9,471,077</u>     | <u>-</u>                           | <u>827,728</u>                   | <u>-</u>   | <u>1,733,737</u>         | <u>1,733,737</u>      |
| <b>Total primary government</b>         | <u>\$ 32,804,592</u> | <u>\$ 12,637,511</u> | <u>\$ 2,281,097</u>                | <u>\$ 1,833,325</u>              | <u>(17,786,396)</u>                              | <u>1,733,737</u>         | <u>(16,052,659)</u>   |
| General revenue:                        |                      |                      |                                    |                                  |  |                          |                       |
| Taxes:                                  |                      |                      |                                    |                                  |  |                          |                       |
| Property taxes                          |                      |                      |                                    |                                  | 5,626,137  | -                        | 5,626,137             |
| Sales taxes                             |                      |                      |                                    |                                  | 6,654,266  | -                        | 6,654,266             |
| Franchise taxes                         |                      |                      |                                    |                                  | 1,880,468  | -                        | 1,880,468             |
| Other taxes                             |                      |                      |                                    |                                  | 365,849  | -                        | 365,849               |
| Earnings on investments                 |                      |                      |                                    |                                  | 122,096  | 138,371                  | 260,467               |
| Impact fees, net                        |                      |                      |                                    |                                  | 239,577  | 901,817                  | 1,141,394             |
| Investment income                       |                      |                      |                                    |                                  | 3,036  | -                        | 3,036                 |
| Gain on sale of capital assets          |                      |                      |                                    |                                  | 14,752   | 8,818                    | 23,570                |
| Gain on sale / transfer of water rights |                      |                      |                                    |                                  | -  | 166,788                  | 166,788               |
| Miscellaneous                           |                      |                      |                                    |                                  | 505,458  | 60,259                   | 565,717               |
| <b>Total general revenues</b>           |                      |                      |                                    |                                  | <u>15,411,639</u>                                | <u>1,276,053</u>         | <u>16,687,692</u>     |
| Change in net position                  |                      |                      |                                    |                                  | (2,374,757)                                      | 3,009,790                | 635,033               |
| <b>Net position, beginning</b>          |                      |                      |                                    |                                  | <u>81,304,208</u>                                | <u>109,729,485</u>       | <u>191,033,693</u>    |
| <b>Net position, ending</b>             |                      |                      |                                    |                                  | <u>\$ 78,929,451</u>                             | <u>\$ 112,739,275</u>    | <u>\$ 191,668,726</u> |

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

**TOOELE CITY CORPORATION**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2017**

|  | <b>General<br/>Fund</b> | <b>Depot<br/>Redevelopment<br/>Agency</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|---|----------------------------------|---|---|
| <b>ASSETS</b>  |                         |   |                                  |   |   |
| Cash and cash equivalents  | \$ 1,537,926            | \$ 1,240,037                              | \$ 1,063,508                     | \$ 1,124,058                            | \$ 4,965,529                            |
| Receivables:   |                         |   |                                  |   |   |
| Accounts   | 871                     | -   | -                                | -                                       | 871                                     |
| Assessments  | -                       | -   | -                                | 74,438                                  | 74,438                                  |
| Taxes  | 4,036,676               | 2,380,000                                 | -                                | 90,000                                  | 6,506,676                               |
| Intergovernmental receivable   | 48,937                  | -   | -                                | 419,385                                 | 468,322                                 |
| Other  | 105,354                 | -   | -                                | 5,396                                   | 110,750                                 |
| Due from other funds   | 262,108                 | 150,718                                   | -                                | 412,174                                 | 825,000                                 |
| Restricted cash and investments  | 164,630                 | 990,393                                   | 91,715                           | 6,244,118                               | 7,490,856                               |
| TOTAL ASSETS   | <u>\$ 6,156,502</u>     | <u>\$ 4,761,148</u>                       | <u>\$ 1,155,223</u>              | <u>\$ 8,369,569</u>                     | <u>\$ 20,442,442</u>                    |
| <b>LIABILITIES</b>   |                         |   |                                  |   |   |
| Accounts payable   | \$ 460,093              | \$ 31,018                                 | \$ -                             | \$ 127,065                              | \$ 618,176                              |
| Accrued liabilities  | 340,991                 | -   | -                                | -                                       | 340,991                                 |
| Due to other funds   | -                       | -   | 825,000                          | -                                       | 825,000                                 |
| TOTAL LIABILITIES  | <u>801,084</u>          | <u>31,018</u>                             | <u>825,000</u>                   | <u>127,065</u>                          | <u>1,784,167</u>                        |
| <b>DEFERRED INFLOWS<br/>OF RESOURCES</b>                                 |                         |   |                                  |   |   |
| Unavailable revenue - property taxes                                     | 2,517,114               | 2,380,000                                 | -                                | 90,000                                  | 4,987,114                               |
| DEFERRED INFLOWS<br>OF RESOURCES   | <u>2,517,114</u>        | <u>2,380,000</u>                          | <u>-</u>                         | <u>90,000</u>                           | <u>4,987,114</u>                        |
| <b>FUND BALANCES</b>   |                         |   |                                  |   |   |
| Restricted   |                         |   |                                  |   |   |
| Public safety  | -                       | -   | -                                | 1,202,296                               | 1,202,296                               |
| Park development   | -                       | -   | -                                | 1,160,965                               | 1,160,965                               |
| Recreation and arts  | -                       | -   | -                                | 1,564,414                               | 1,564,414                               |
| Debt service   | 164,630                 | 990,393                                   | 91,715                           | 1,210,616                               | 2,457,354                               |
| Roads  | -                       | -   | -                                | 1,774,694                               | 1,774,694                               |
| Code enforcement   | -                       | -   | -                                | 6,990                                   | 6,990                                   |
| Assigned   |                         |   |                                  |   |   |
| Capital projects   | 156,284                 | -   | -                                | 1,232,529                               | 1,388,813                               |
| Redevelopment agency projects  | -                       | 1,359,737                                 | -                                | -                                       | 1,359,737                               |
| Debt service fund  | -                       | -   | 238,508                          | -                                       | 238,508                                 |
| Unassigned   | 2,517,390               | -   | -                                | -                                       | 2,517,390                               |
| TOTAL FUND BALANCES  | <u>2,838,304</u>        | <u>2,350,130</u>                          | <u>330,223</u>                   | <u>8,152,504</u>                        | <u>13,671,161</u>                       |
| TOTAL LIABILITIES, DEFERRED<br>INFLOWS OF RESOURCES AND<br>FUND BALANCES | <u>\$ 6,156,502</u>     | <u>\$ 4,761,148</u>                       | <u>\$ 1,155,223</u>              | <u>\$ 8,369,569</u>                     | <u>\$ 20,442,442</u>                    |

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

**TOOELE CITY CORPORATION**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2017**

Total Fund Balances - Governmental Funds \$ 13,671,161

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the individual funds. 103,928,844

The net pension asset resulting from pension assets exceeding pension liabilities is not an available resource and, therefore, is not reported in the funds. 6,086

Deferred outflows of resources coming from deferred charges on refunding of long-term debt are amortized to expense over the life of the outstanding debt in the statement of activities, and are not reported in the funds. 805,163

Deferred outflows of resources associated with the net pension liability and asset is not an available resource and, therefore, is not reported in the funds. 2,051,818

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of those internal service funds that primarily benefit governmental entities are included with governmental activities in the statement of net position. 376,838

Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds. (185,842)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. All liabilities net of premiums are reported in the statement of net position. Those liabilities consist of:

|  |              |
|--|--------------|
| General obligation bonds, net of unamortized deferrals of premiums and discounts | (32,633,947) |
| Obligations under capital leases   | (688,845)    |
| Grantsville legal settlement liability   | (1,888,560)  |
| Net pension liability  | (3,908,618)  |
| Compensated absences payable   | (477,157)    |
| Net OPEB obligations   | (1,422,981)  |

Deferred inflows of resources associated with the net pension liability are not due and payable in the current period and therefore are not recorded in the funds. (704,509)

Total Net Position - Government Activities \$ 78,929,451

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

**TOOELE CITY CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

|  | <b>General<br/>Fund</b> | <b>Depot<br/>Redevelopment<br/>Agency</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|---|----------------------------------|---|---|
| <b>REVENUES</b>  |                         |   |                                  |   |   |
| Taxes  | \$ 11,672,133           | \$ 2,383,039                              | \$ -                             | \$ 471,548                              | \$ 14,526,720                           |
| Licenses and permits   | 365,327                 | -   | -                                | 32,078                                  | 397,405                                 |
| Intergovernmental and grants   | 346,866                 | 58,000                                    | -                                | 1,876,231                               | 2,281,097                               |
| Charges for services   | 2,342,138               | -   | -                                | -                                       | 2,342,138                               |
| Fines and forfeitures  | 71,746                  | -   | -                                | -                                       | 71,746                                  |
| Interest income  | 24,327                  | 18,504                                    | 748                              | 78,517                                  | 122,096                                 |
| Impact fees  | -                       | -   | -                                | 282,559                                 | 282,559                                 |
| Interfund charges  | 232,683                 | -   | -                                | -                                       | 232,683                                 |
| Miscellaneous revenues   | 19,364                  | -   | -                                | 16,943                                  | 36,307                                  |
| Rental income  | -                       | -   | -                                | 530,112                                 | 530,112                                 |
| <b>TOTAL REVENUES</b>  | <b>15,074,584</b>       | <b>2,459,543</b>                          | <b>748</b>                       | <b>3,287,988</b>                        | <b>20,822,863</b>                       |
| <b>EXPENDITURES</b>  |                         |   |                                  |   |   |
| General government   | 4,598,008               | 669,783                                   | -                                | 197,313                                 | 5,465,104                               |
| Public safety  | 5,015,937               | -   | -                                | 56,907                                  | 5,072,844                               |
| Highways and streets   | 1,569,511               | -   | -                                | 331,803                                 | 1,901,314                               |
| Parks and recreation   | 4,276,481               | -   | -                                | -                                       | 4,276,481                               |
| Community development  | -                       | 434,500                                   | -                                | -                                       | 434,500                                 |
| Capital outlay:  |                         |   |                                  |   |   |
| Capital projects   | 167,204                 | -   | -                                | 1,584,745                               | 1,751,949                               |
| Debt service:  |                         |   |                                  |   |   |
| Principal - bonds and notes  | -                       | 254,940                                   | 12,226,959                       | -                                       | 12,481,899                              |
| Principal - capital lease  | -                       | 62,928                                    | -                                | 62,928                                  | 125,856                                 |
| Interest   | -                       | 220,459                                   | 1,037,295                        | 12,343                                  | 1,270,097                               |
| Bond issuance costs and trustee fees                                 | -                       | 1,850                                     | 271,445                          | -                                       | 273,295                                 |
| <b>TOTAL EXPENDITURES</b>  | <b>15,627,141</b>       | <b>1,644,460</b>                          | <b>13,535,699</b>                | <b>2,246,039</b>                        | <b>33,053,339</b>                       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>(552,557)</b>        | <b>815,083</b>                            | <b>(13,534,951)</b>              | <b>1,041,949</b>                        | <b>(12,230,476)</b>                     |
| <b>OTHER FINANCING SOURCES<br/>(USES) INCLUDING TRANSFERS</b>        |                         |   |                                  |   |   |
| Operating transfers in   | 180,593                 | -   | 2,186,803                        | -                                       | 2,367,396                               |
| Operating transfers (out)  | (164,630)               | (399,504)                                 | -                                | (1,803,262)                             | (2,367,396)                             |
| Private contributions  | 20,060                  | -   | -                                | -                                       | 20,060                                  |
| Proceeds on sale of assets   | 14,752                  | -   | -                                | -                                       | 14,752                                  |
| Issuance of debt   | -                       | -   | 11,350,000                       | -                                       | 11,350,000                              |
| Refunded impact fees   | -                       | -   | -                                | (42,982)                                | (42,982)                                |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES) INCLUDING TRANSFERS</b>  | <b>50,775</b>           | <b>(399,504)</b>                          | <b>13,536,803</b>                | <b>(1,846,244)</b>                      | <b>11,341,830</b>                       |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | <b>(501,782)</b>        | <b>415,579</b>                            | <b>1,852</b>                     | <b>(804,295)</b>                        | <b>(888,646)</b>                        |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>                               | <b>3,340,086</b>        | <b>1,934,551</b>                          | <b>328,371</b>                   | <b>8,956,799</b>                        | <b>14,559,807</b>                       |
| <b>FUND BALANCE, END OF YEAR</b>                                     | <b>\$ 2,838,304</b>     | <b>\$ 2,350,130</b>                       | <b>\$ 330,223</b>                | <b>\$ 8,152,504</b>                     | <b>\$ 13,671,161</b>                    |

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

**TOOELE CITY CORPORATION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2017**

Net Change in Fund Balances - Total Governmental Funds \$ (888,646)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. This is the amount by which capital outlays exceeded depreciation expense in the current period. (2,440,160)

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

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

|  |              |
|--|--------------|
| Accrued interest on bonds                        | (19,051)     |
| Principal retirement - bonds                     | 1,561,001    |
| Bond proceeds                                    | (11,350,000) |
| Principal retirement - Tooele Associated lawsuit | 10,852,958   |
| Principal retirement - Grantsville note          | 67,940       |
| Principal retirement - capital lease obligations | 125,856      |
| Issuance of bond premium                         | 35,639       |
| Amortization of bond premiums                    | 28,386       |
| Amortization of bond refunding                   | (84,185)     |

The net revenue of certain activities of internal service funds is reported within the governmental activities. 17,042

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. 2,814

In the statement of activities, the current year's pension contributions from January to June are removed from pension expense and shown on the statement of net position as deferred outflows of resources - pensions. The Governmental Funds do not adjust pension contribution expense. (166,479)

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. (117,872)

Change in Net Position of Governmental Activities \$ (2,374,757)

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

**TOOELE CITY CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance</u>                          |
|--|-------------------------|---------------------|---------------------|--|
|  | <u>Original</u>         | <u>Final</u>        |                     | <u>Favorable</u><br><u>(Unfavorable)</u> |
| <b>REVENUES</b>  |                         |                     |                     |  |
| Taxes  | \$ 10,320,798           | \$ 11,520,798       | \$ 11,672,133       | \$ 151,335                               |
| Licenses and permits   | 288,000                 | 288,000             | 365,327             | 77,327                                   |
| Intergovernmental revenues   | 264,600                 | 330,665             | 346,866             | 16,201                                   |
| Charges for services   | 2,338,512               | 2,338,512           | 2,342,138           | 3,626                                    |
| Fines and forfeitures  | 89,200                  | 89,200              | 71,746              | (17,454)                                 |
| Interest income  | 17,500                  | 17,500              | 24,327              | 6,827                                    |
| Interfund charges  | 207,683                 | 232,783             | 232,683             | (100)                                    |
| Miscellaneous revenues   | 14,750                  | 14,750              | 19,364              | 4,614                                    |
| Rental income  | 350                     | 350                 | -                   | (350)                                    |
| <b>TOTAL REVENUES</b>  | <u>13,541,393</u>       | <u>14,832,558</u>   | <u>15,074,584</u>   | <u>242,026</u>                           |
| <b>EXPENDITURES</b>  |                         |                     |                     |  |
| General government   | 3,627,458               | 4,846,758           | 4,598,008           | 248,750                                  |
| Public safety  | 5,118,457               | 5,171,800           | 5,015,937           | 155,863                                  |
| Highways and streets   | 1,818,635               | 1,818,800           | 1,569,511           | 249,289                                  |
| Parks and recreation   | 4,488,516               | 4,532,741           | 4,276,481           | 256,260                                  |
| Capital outlay   | 122,300                 | 167,900             | 167,204             | 696                                      |
| Debt service:  |                         |                     |                     |  |
| Principal payment on long-term debt                                  | 1,356,620               | 1,319,620           | -                   | 1,319,620                                |
| Interest on debt   | 233,978                 | 233,978             | -                   | 233,978                                  |
| <b>TOTAL EXPENDITURES</b>  | <u>16,765,964</u>       | <u>18,091,597</u>   | <u>15,627,141</u>   | <u>2,464,456</u>                         |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(3,224,571)</u>      | <u>(3,259,039)</u>  | <u>(552,557)</u>    | <u>2,706,482</u>                         |
| <b>OTHER FINANCING SOURCES<br/>(USES) INCLUDING TRANSFERS</b>        |                         |                     |                     |  |
| Operating transfers in   | 1,560,791               | 1,560,791           | 180,593             | (1,380,198)                              |
| Operating transfers (out)  | (164,650)               | (164,650)           | (164,630)           | 20                                       |
| Private contributions  | -                       | 12,768              | 20,060              | 7,292                                    |
| Proceeds on sale of assets   | 15,000                  | 15,000              | 14,752              | (248)                                    |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES) INCLUDING TRANSFERS</b>  | <u>1,411,141</u>        | <u>1,423,909</u>    | <u>50,775</u>       | <u>(1,373,134)</u>                       |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | <u>(1,813,430)</u>      | <u>(1,835,130)</u>  | <u>(501,782)</u>    | <u>1,333,348</u>                         |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>                               | <u>3,340,086</u>        | <u>3,340,086</u>    | <u>3,340,086</u>    | <u>-</u>                                 |
| <b>FUND BALANCE, END OF YEAR</b>                                     | <u>\$ 1,526,656</u>     | <u>\$ 1,504,956</u> | <u>\$ 2,838,304</u> | <u>\$ 1,333,348</u>                      |

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

**TOOELE CITY CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - DEPOT REDEVELOPMENT AGENCY**  
**SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2017**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <b>Variance</b>                    |
|---|-------------------------|---------------------|---------------------|------------------------------------|
|   | <u>Original</u>         | <u>Final</u>        |                     | <b>Favorable<br/>(Unfavorable)</b> |
| <b>REVENUES</b>                                   |                         |                     |                     |                                    |
| Taxes   | \$ 2,000,000            | \$ 2,000,000        | \$ 2,383,039        | \$ 383,039                         |
| Intergovernmental and grants                      | 125,000                 | 125,000             | 58,000              | (67,000)                           |
| Interest income                                   | 15,000                  | 15,000              | 18,504              | 3,504                              |
| TOTAL REVENUES                                    | <u>2,140,000</u>        | <u>2,140,000</u>    | <u>2,459,543</u>    | <u>319,543</u>                     |
| <b>EXPENDITURES</b>                               |                         |                     |                     |                                    |
| General government                                | 767,672                 | 772,700             | 669,783             | 102,917                            |
| Community development                             | 705,000                 | 705,000             | 434,500             | 270,500                            |
| Debt service:                                     |                         |                     |                     |                                    |
| Principal - notes                                 | 254,940                 | 254,940             | 254,940             | -                                  |
| Principal - capital lease                         | 62,928                  | 62,928              | 62,928              | -                                  |
| Interest  | 220,459                 | 220,459             | 220,459             | -                                  |
| Bond issuance costs and trustee fees              | 1,600                   | 1,600               | 1,850               | (250)                              |
| TOTAL EXPENDITURES                                | <u>2,012,599</u>        | <u>2,017,627</u>    | <u>1,644,460</u>    | <u>373,167</u>                     |
| EXCESS OF REVENUES<br>OVER EXPENDITURES           | <u>127,401</u>          | <u>122,373</u>      | <u>815,083</u>      | <u>692,710</u>                     |
| <b>OTHER FINANCING</b>                            |                         |                     |                     |                                    |
| <b>USES INCLUDING TRANSFERS</b>                   |                         |                     |                     |                                    |
| Operating transfers out                           | (399,504)               | (399,504)           | (399,504)           | -                                  |
| TOTAL OTHER FINANCING<br>USES INCLUDING TRANSFERS | <u>(399,504)</u>        | <u>(399,504)</u>    | <u>(399,504)</u>    | <u>-</u>                           |
| NET CHANGE IN FUND BALANCES                       | (272,103)               | (277,131)           | 415,579             | 692,710                            |
| FUND BALANCE, BEGINNING OF YEAR                   | <u>1,934,551</u>        | <u>1,934,551</u>    | <u>1,934,551</u>    | <u>-</u>                           |
| FUND BALANCE, END OF YEAR                         | <u>\$ 1,662,448</u>     | <u>\$ 1,657,420</u> | <u>\$ 2,350,130</u> | <u>\$ 692,710</u>                  |

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

**TOOELE CITY CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2017**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance</u>                          |
|---|-------------------------|---------------------|---------------------|--|
|   | <u>Original</u>         | <u>Final</u>        |                     | <u>Favorable</u><br><u>(Unfavorable)</u> |
| <b>REVENUES</b>   |                         |                     |                     |  |
| Interest income   | \$ -                    | \$ -                | \$ 748              | \$ 748                                   |
| TOTAL REVENUES  | <u>-</u>                | <u>-</u>            | <u>748</u>          | <u>748</u>                               |
| <b>EXPENDITURES</b>   |                         |                     |                     |  |
| Debt service:   |                         |                     |                     |  |
| Principal retirement  | 1,609,000               | 12,461,958          | 12,226,959          | 234,999                                  |
| Interest on long-term debt                                    | 704,109                 | 1,226,181           | 1,037,295           | 188,886                                  |
| Bond issuance costs and trustee fees                          | 8,800                   | 274,400             | 271,445             | 2,955                                    |
| TOTAL EXPENDITURES  | <u>2,321,909</u>        | <u>13,962,539</u>   | <u>13,535,699</u>   | <u>426,840</u>                           |
| DEFICIENCY OF REVENUES<br>UNDER EXPENDITURES                  | <u>(2,321,909)</u>      | <u>(13,962,539)</u> | <u>(13,534,951)</u> | <u>427,588</u>                           |
| <b>OTHER FINANCING SOURCES<br/>(USES) INCLUDING TRANSFERS</b> |                         |                     |                     |  |
| Operating transfers in  | 2,321,909               | 2,612,539           | 2,186,803           | (425,736)                                |
| Issuance of debt  | -                       | 11,350,000          | 11,350,000          | -  |
| TOTAL OTHER FINANCING SOURCES<br>(USES) INCLUDING TRANSFERS   | <u>2,321,909</u>        | <u>13,962,539</u>   | <u>13,536,803</u>   | <u>(425,736)</u>                         |
| NET CHANGE IN FUND BALANCES                                   | -                       | -                   | 1,852               | 1,852                                    |
| FUND BALANCE, BEGINNING OF YEAR                               | <u>328,371</u>          | <u>328,371</u>      | <u>328,371</u>      | <u>-</u>                                 |
| FUND BALANCE, END OF YEAR                                     | <u>\$ 328,371</u>       | <u>\$ 328,371</u>   | <u>\$ 330,223</u>   | <u>\$ 1,852</u>                          |

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

**TOOELE CITY CORPORATION**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2017**

|  | <b>Business-type Activities - Enterprise Funds</b> |                      |   |                                       | <b>Governmental<br/>Activities</b>   |
|--|--|----------------------|---|---------------------------------------|--------------------------------------|
|  | <b>Water</b>                                       | <b>Sewer</b>         | <b>Nonmajor<br/>Enterprise<br/>Fund</b> | <b>Total<br/>Enterprise<br/>Funds</b> | <b>Internal<br/>Service<br/>Fund</b> |
|  |  |                      |   |                                       |                                      |
| <b>ASSETS</b>                                      |  |                      |   |                                       |                                      |
| <b>CURRENT ASSETS</b>                              |  |                      |   |                                       |                                      |
| Cash and cash equivalents                          | \$ 4,469,099                                       | \$ 3,596,871         | \$ 5,429,972                            | \$ 13,495,942                         | \$ 376,838                           |
| Accounts receivable, net of allowance              | 434,630  | 325,368              | 254,918                                 | 1,014,916                             | -                                    |
| Restricted cash and cash equivalents               | 325,747  | 894,558              | -                                       | 1,220,305                             | -                                    |
| TOTAL CURRENT ASSETS                               | <u>5,229,476</u>                                   | <u>4,816,797</u>     | <u>5,684,890</u>                        | <u>15,731,163</u>                     | <u>376,838</u>                       |
| <b>NONCURRENT ASSETS</b>                           |  |                      |   |                                       |                                      |
| Capital assets not being depreciated:              |  |                      |   |                                       |                                      |
| Investment in water stock                          | 93,184   | -                    | -                                       | 93,184                                | -                                    |
| Land   | 2,998,182  | 301,500              | 280,067                                 | 3,579,749                             | -                                    |
| Water rights                                       | 37,475,332   | -                    | -                                       | 37,475,332                            | -                                    |
| Capital assets being depreciated:                  |  |                      |   |                                       |                                      |
| Infrastructure                                     | -  | -                    | 5,988,069                               | 5,988,069                             | -                                    |
| Construction in progress                           | 4,259.00   | 2,907,486            | -                                       | 2,911,745                             | -                                    |
| Buildings  | 3,505,868  | 2,724,514            | -                                       | 6,230,382                             | -                                    |
| Improvements other than buildings                  | 48,119,976   | 39,715,586           | -                                       | 87,835,562                            | -                                    |
| Office, furniture & fixtures                       | 25,481   | 49,120               | -                                       | 74,601                                | 65,525                               |
| Machinery and equipment                            | 2,820,880  | 338,294              | -                                       | 3,159,174                             | 80,640                               |
| Autos and trucks                                   | 430,961  | 532,204              | 23,000                                  | 986,165                               | 149,249                              |
| Accumulated depreciation                           | (22,156,808)                                       | (17,961,535)         | (731,710)                               | (40,850,053)                          | (234,957)                            |
| NET CAPITAL ASSETS                                 | <u>73,317,315</u>                                  | <u>28,607,169</u>    | <u>5,559,426</u>                        | <u>107,483,910</u>                    | <u>60,457</u>                        |
| TOTAL NONCURRENT ASSETS                            | <u>73,317,315</u>                                  | <u>28,607,169</u>    | <u>5,559,426</u>                        | <u>107,483,910</u>                    | <u>60,457</u>                        |
| TOTAL ASSETS                                       | <u>78,546,791</u>                                  | <u>33,423,966</u>    | <u>11,244,316</u>                       | <u>123,215,073</u>                    | <u>437,295</u>                       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |  |                      |   |                                       |                                      |
| Deferred charge on bond refunding                  | 108,064  | 26,257               | -                                       | 134,321                               | -                                    |
| Deferred outflows of resources related to pensions | 120,724  | 107,309              | -                                       | 228,033                               | -                                    |
| TOTAL DEFERRED OUTFLOWS<br>OF RESOURCES            | <u>228,788</u>                                     | <u>133,566</u>       | <u>-</u>                                | <u>362,354</u>                        | <u>-</u>                             |
| <b>LIABILITIES</b>                                 |  |                      |   |                                       |                                      |
| <b>CURRENT LIABILITIES</b>                         |  |                      |   |                                       |                                      |
| Accounts payable                                   | 95,889   | 22,136               | 330,178                                 | 448,203                               | -                                    |
| Accrued liabilities                                | -  | -                    | -                                       | -                                     | -                                    |
| Accrued interest                                   | 30,830   | 115,708              | -                                       | 146,538                               | -                                    |
| Deferred revenue                                   | 74,529   | -                    | -                                       | 74,529                                | -                                    |
| Customer deposits                                  | 212,950  | -                    | -                                       | 212,950                               | -                                    |
| Revenue bonds payable - current                    | 392,000  | 973,000              | -                                       | 1,365,000                             | -                                    |
| TOTAL CURRENT LIABILITIES                          | <u>806,198</u>                                     | <u>1,110,844</u>     | <u>330,178</u>                          | <u>2,247,220</u>                      | <u>-</u>                             |
| <b>NONCURRENT LIABILITIES</b>                      |  |                      |   |                                       |                                      |
| Net pension liability                              | 231,126  | 205,446              | -                                       | 436,572                               | -                                    |
| Compensated absences                               | 26,711   | 30,334               | -                                       | 57,045                                | -                                    |
| Net OPEB obligation                                | 32,471   | 30,411               | -                                       | 62,882                                | -                                    |
| Revenue bonds payable - long-term                  | 3,586,000  | 4,370,000            | -                                       | 7,956,000                             | -                                    |
| TOTAL NONCURRENT LIABILITIES                       | <u>3,876,308</u>                                   | <u>4,636,191</u>     | <u>-</u>                                | <u>8,512,499</u>                      | <u>-</u>                             |
| TOTAL LIABILITIES                                  | <u>4,682,506</u>                                   | <u>5,747,035</u>     | <u>330,178</u>                          | <u>10,759,719</u>                     | <u>-</u>                             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |  |                      |   |                                       |                                      |
| Deferred inflows of resources related to pensions  | 41,523   | 36,910               | -                                       | 78,433                                | -                                    |
| <b>NET POSITION</b>                                |  |                      |   |                                       |                                      |
| Net investment in capital assets                   | 69,447,379   | 23,290,426           | 5,559,426                               | 98,297,231                            | 60,457                               |
| Unrestricted                                       | 410,753  | 2,042,946            | 5,354,712                               | 7,808,411                             | 376,838                              |
| Restricted for:                                    |  |                      |   |                                       |                                      |
| Impact fees  | 3,867,671  | 1,545,657            | -                                       | 5,413,328                             | -                                    |
| Debt service                                       | 325,747  | 894,558              | -                                       | 1,220,305                             | -                                    |
| TOTAL NET POSITION                                 | <u>\$ 74,051,550</u>                               | <u>\$ 27,773,587</u> | <u>\$ 10,914,138</u>                    | <u>\$ 112,739,275</u>                 | <u>\$ 437,295</u>                    |

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

**TOOELE CITY CORPORATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

|   | <b>Business-type Activities - Enterprise Funds</b> |                      |   |                                       | <b>Governmental<br/>Activities</b>   |
|---|--|----------------------|---|---------------------------------------|--------------------------------------|
|   | <b>Water</b>                                       | <b>Sewer</b>         | <b>Nonmajor<br/>Enterprise<br/>Fund</b> | <b>Total<br/>Enterprise<br/>Funds</b> | <b>Internal<br/>Service<br/>Fund</b> |
|   | <u>Water</u>                                       | <u>Sewer</u>         | <u>Nonmajor<br/>Enterprise<br/>Fund</u> | <u>Total<br/>Enterprise<br/>Funds</u> | <u>Internal<br/>Service<br/>Fund</u> |
| <b>OPERATING REVENUES</b>                     |  |                      |   |                                       |                                      |
| Charges for services                          | \$ 4,123,551                                       | \$ 2,984,445         | \$ 2,274,805                            | \$ 9,382,801                          | \$ 61,501                            |
| Connection fees                               | 87,936   | 340                  | -                                       | 88,276                                | -                                    |
| Miscellaneous                                 | 370  | -                    | 59,889                                  | 60,259                                | -                                    |
| <b>TOTAL OPERATING REVENUES</b>               | <u>4,211,857</u>                                   | <u>2,984,785</u>     | <u>2,334,694</u>                        | <u>9,531,336</u>                      | <u>61,501</u>                        |
| <b>OPERATING EXPENSES</b>                     |  |                      |   |                                       |                                      |
| Personal services                             | 577,404  | 530,683              | 482,935                                 | 1,591,022                             | -                                    |
| Contracted services                           | 440,000  | 236,100              | 879,965                                 | 1,556,065                             | -                                    |
| Operations and maintenance                    | 1,506,626  | 563,664              | 258,310                                 | 2,328,600                             | -                                    |
| Utilities                                     | 12,907   | 252,060              | -                                       | 264,967                               | -                                    |
| Administration                                | 15,224   | -                    | 23,523                                  | 38,747                                | -                                    |
| Depreciation                                  | 1,306,590  | 1,010,291            | 144,518                                 | 2,461,399                             | 47,495                               |
| <b>TOTAL OPERATING EXPENSES</b>               | <u>3,858,751</u>                                   | <u>2,592,798</u>     | <u>1,789,251</u>                        | <u>8,240,800</u>                      | <u>47,495</u>                        |
| <b>OPERATING INCOME</b>                       | <u>353,106</u>                                     | <u>391,987</u>       | <u>545,443</u>                          | <u>1,290,536</u>                      | <u>14,006</u>                        |
| <b>NON-OPERATING REVENUES<br/>(EXPENSES):</b> |  |                      |   |                                       |                                      |
| Interest income                               | 46,061   | 42,181               | 50,129                                  | 138,371                               | 3,036                                |
| Interest expense and fiscal charges           | (140,327)  | (183,941)            | -                                       | (324,268)                             | -                                    |
| Gain from sale of capital assets              | 5,481  | -                    | 3,337                                   | 8,818                                 | -                                    |
| Sale / transfer of water rights               | 166,788  | -                    | -                                       | 166,788                               | -                                    |
| Impact fees                                   | 566,536  | 335,281              | -                                       | 901,817                               | -                                    |
| <b>TOTAL NON-OPERATING REVENUES</b>           | <u>644,539</u>                                     | <u>193,521</u>       | <u>53,466</u>                           | <u>891,526</u>                        | <u>3,036</u>                         |
| Contributed from developers                   | 356,530  | 222,532              | 248,666                                 | 827,728                               | -                                    |
| <b>CHANGE IN NET POSITION</b>                 | <u>1,354,175</u>                                   | <u>808,040</u>       | <u>847,575</u>                          | <u>3,009,790</u>                      | <u>17,042</u>                        |
| <b>NET POSITION - BEGINNING OF YEAR</b>       | <u>72,697,375</u>                                  | <u>26,965,547</u>    | <u>10,066,563</u>                       | <u>109,729,485</u>                    | <u>420,253</u>                       |
| <b>NET POSITION - END OF YEAR</b>             | <u>\$ 74,051,550</u>                               | <u>\$ 27,773,587</u> | <u>\$ 10,914,138</u>                    | <u>\$ 112,739,275</u>                 | <u>\$ 437,295</u>                    |

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

**TOOELE CITY CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

|   | <b>Business-type Activities - Enterprise Funds</b> |                     |                                 |                               | <b>Governmental Activities</b> |
|---|--|---------------------|---------------------------------|-------------------------------|--------------------------------|
|   | <b>Water</b>                                       | <b>Sewer</b>        | <b>Nonmajor Enterprise Fund</b> | <b>Total Enterprise Funds</b> | <b>Internal Service Fund</b>   |
|   |  |                     |                                 |                               |                                |
| <b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>                 |  |                     |                                 |                               |                                |
| Receipts from customers and users                                   | \$ 4,192,701                                       | \$ 2,975,436        | \$ 2,260,468                    | \$ 9,428,605                  | \$ 61,501                      |
| Receipts from other governments                                     | 360,115  | -                   | -                               | 360,115                       |                                |
| Receipts of miscellaneous income                                    | 370  | -                   | 59,889                          | 60,259                        | -                              |
| Payments to employees   | (564,812)  | (519,361)           | (482,935)                       | (1,567,108)                   | -                              |
| Payments to contractors   | (40,000)   | (26,100)            | (753,754)                       | (819,854)                     | -                              |
| Payments for operations and maintenance                             | (1,513,040)  | (625,950)           | (65,299)                        | (2,204,289)                   | -                              |
| Payment for interfund services provided                             | (400,000)  | (210,000)           | (125,000)                       | (735,000)                     | -                              |
| Payments for utilities  | (12,907)   | (252,060)           | -                               | (264,967)                     | -                              |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                    | <b>2,022,427</b>                                   | <b>1,341,965</b>    | <b>893,369</b>                  | <b>4,257,761</b>              | <b>61,501</b>                  |
| <b>CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES:</b> |  |                     |                                 |                               |                                |
| Payments for purchase of capital assets                             | (1,554,742)  | (43,263)            | (385,355)                       | (1,983,360)                   | -                              |
| Proceeds from sale of capital assets                                | 5,481  | -                   | 3,337                           | 8,818                         | -                              |
| Proceeds from sale / transfer of water rights                       | 166,788  | -                   | -                               | 166,788                       | -                              |
| Deferred defeasance costs   | 12,590   | 18,534              | -                               | 31,124                        | -                              |
| Payments of bond principal  | (377,000)  | (945,000)           | -                               | (1,322,000)                   | -                              |
| Interest paid on bonds  | (143,249)  | (195,534)           | -                               | (338,783)                     | -                              |
| Impact fees collected   | 566,536  | 335,281             | -                               | 901,817                       | -                              |
| <b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>    | <b>(1,323,596)</b>                                 | <b>(829,982)</b>    | <b>(382,018)</b>                | <b>(2,535,596)</b>            | <b>-</b>                       |
| <b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:</b>                 |  |                     |                                 |                               |                                |
| Interest received on investments                                    | 46,061   | 42,181              | 50,129                          | 138,371                       | 3,036                          |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>                    | <b>46,061</b>                                      | <b>42,181</b>       | <b>50,129</b>                   | <b>138,371</b>                | <b>3,036</b>                   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                    | <b>744,892</b>                                     | <b>554,164</b>      | <b>561,480</b>                  | <b>1,860,536</b>              | <b>64,537</b>                  |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>                | <b>4,049,954</b>                                   | <b>3,937,265</b>    | <b>4,868,492</b>                | <b>12,855,711</b>             | <b>312,301</b>                 |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                      | <b>\$ 4,794,846</b>                                | <b>\$ 4,491,429</b> | <b>\$ 5,429,972</b>             | <b>\$ 14,716,247</b>          | <b>\$ 376,838</b>              |

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

**TOOELE CITY CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2017**

|   | <b>Business-type Activities - Enterprise Funds</b> |                            |                                 |                               | <b>Governmental Activities</b> |
|---|--|----------------------------|---------------------------------|-------------------------------|--------------------------------|
|   | <b>Water</b>                                       | <b>Sewer</b>               | <b>Nonmajor Enterprise Fund</b> | <b>Total Enterprise Funds</b> | <b>Internal Service Fund</b>   |
| <b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>                                     |  |                            |                                 |                               |                                |
| Operating income  | \$ 353,106   | \$ 391,987                 | \$ 545,443                      | \$ 1,290,536                  | \$ 14,006                      |
| Adjustments to reconcile operating income to net cash provided by operating activities: |  |                            |                                 |                               |                                |
| Depreciation and amortization   | 1,306,590  | 1,010,291                  | 144,518                         | 2,461,399                     | 47,495                         |
| Changes in assets and liabilities:  |  |                            |                                 |                               |                                |
| Accounts receivable   | (12,831)   | (9,349)                    | (14,337)                        | (36,517)                      | -                              |
| Developer contributions receivable  | 360,115  | -                          | -                               | 360,115                       | -                              |
| Accounts payable  | 25,617   | (50,020)                   | 217,745                         | 193,342                       | -                              |
| Accrued liabilities   | (18,706)   | (16,948)                   | -                               | (35,654)                      | -                              |
| Compensated absences  | 1,899  | 4,682                      | -                               | 6,581                         | -                              |
| OPEB obligation   | 2,690  | 2,519                      | -                               | 5,209                         | -                              |
| Deferred revenue  | (5,519)  | -                          | -                               | (5,519)                       | -                              |
| Customer deposits   | (436)  | -                          | -                               | (436)                         | -                              |
| Net pension asset   | 18   | 16                         | -                               | 34                            | -                              |
| Deferred outflows of resources related to pensions                                      | (19,642)   | (17,459)                   | -                               | (37,101)                      | -                              |
| Deferred inflows of resources related to pensions                                       | 8,625  | 18,579                     | -                               | 27,204                        | -                              |
| Net pension liability   | 20,901   | 7,667                      | -                               | 28,568                        | -                              |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <b><u>\$ 2,022,427</u></b>                         | <b><u>\$ 1,341,965</u></b> | <b><u>\$ 893,369</u></b>        | <b><u>\$ 4,257,761</u></b>    | <b><u>\$ 61,501</u></b>        |
| <b>REPRESENTED ON THE BALANCE SHEET AS:</b>   |  |                            |                                 |                               |                                |
| Cash - unrestricted   | \$ 4,469,099                                       | \$ 3,596,871               | \$ 5,429,972                    | \$ 13,495,942                 | \$ 376,838                     |
| Cash - restricted   | 325,747  | 894,558                    | -                               | 1,220,305                     | -                              |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <b><u>\$ 4,794,846</u></b>                         | <b><u>\$ 4,491,429</u></b> | <b><u>\$ 5,429,972</u></b>      | <b><u>\$ 14,716,247</u></b>   | <b><u>\$ 376,838</u></b>       |
| <b>SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:</b>            |  |                            |                                 |                               |                                |
| Contributed capital assets from developers  | \$ 356,530   | \$ 222,532                 | \$ 248,666                      | \$ 827,728                    | \$ -                           |

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

**TOOELE CITY CORPORATION**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**June 30, 2017**

|  | <b>Pension<br/>Trust</b> | <b>Agency<br/>Fund</b> |
|--|--------------------------|------------------------|
| <b>ASSETS</b>  |                          |                        |
| Cash and cash equivalents                                    | \$ 687,281               | \$ 419,229             |
| TOTAL ASSETS   | \$ 687,281               | \$ 419,229             |
| <b>LIABILITIES</b>   |                          |                        |
| Accounts payable   | \$ -                     | \$ 1,228               |
| Other liabilities  | -                        | 418,001                |
| TOTAL LIABILITIES  | -                        | \$ 419,229             |
| <b>NET POSITION</b>  |                          |                        |
| Held in trust for fire department pension and other purposes | 687,281                  |                        |
| TOTAL NET POSITION   | \$ 687,281               |                        |

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

**TOOELE CITY CORPORATION**  
**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

|   | <u>Pension<br/>Trust</u> |
|---|--------------------------|
| <b>ADDITIONS</b>                        |                          |
| Contributions:                          |                          |
| Employer                                | \$ 76,112                |
| Investment earnings:                    |                          |
| Interest income                         | 8,039                    |
| <b>TOTAL ADDITIONS</b>                  | <u>84,151</u>            |
| <br><b>DEDUCTIONS</b>                   |                          |
| Benefits                                | 26,685                   |
| Administrative expenses                 | 12,347                   |
| <b>TOTAL DEDUCTIONS</b>                 | <u>39,032</u>            |
| <b>CHANGE IN NET POSITION</b>           | 45,119                   |
| <b>NET POSITION - BEGINNING OF YEAR</b> | <u>642,162</u>           |
| <b>NET POSITION - END OF YEAR</b>       | <u>\$ 687,281</u>        |

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

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ending June 30 , 2017**

**1. THE REPORTING ENTITY**

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

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

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

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

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

The Industrial Park Redevelopment Agency was created by the City during fiscal year 1987. The Agency uses tax increment financing to support redevelopment projects within the City. The Agency is governed by the City's Mayor and City Council. Because the Agency's governing body is the same as that of the City, the financial data is included in the reporting entity using the blended method. During the fiscal year ended June 30, 2017, the City closed the Industrial Park Redevelopment Agency Fund and moved the remaining fund balance to the general fund in the form of a transfer.

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

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

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide Financial Statements

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

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

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

Government Fund Financial Statements

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

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

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

The City reports the following funds:

*(1) Governmental Fund Types*

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

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

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Fund Financial Statements (continued)

*(1) Governmental Fund Types (continued)*

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

*(2) Proprietary Fund Type*

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

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

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

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

*(3) Fiduciary Fund Type*

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

Use of Restricted Funds

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

Modified Accrual

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

Budgetary Procedures and Budgetary Accounting

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

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Restricted Cash

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

Interfund Transactions

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

Deferred Outflows/Inflows of Resources

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

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (continued)

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

Long-Term Obligations

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

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

Compensated Absences

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

Use of Estimates

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

Taxes and Other Significant Revenues

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

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

Property tax revenues are recognized when they become measurable and available. Available includes those property taxes collected from the taxpayers by the County Treasurer by June 30 of each year. Amounts that are measurable but not available are recorded as deferred inflows of resources. An accrual was made for property taxes receivable and an offsetting unavailable revenue amount were recorded at June 30, 2017.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes and Other Significant Revenues (continued)

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

Fund equity

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

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

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

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

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

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

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

Minimum Fund Balance

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Subsequent Events

The City evaluated all events or transactions that occurred after June 30, 2017 through December 20, 2017, the date these financials were available to be issued. During this period, the City did not have any material recognizable subsequent events.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

3. DEPOSITS AND INVESTMENTS

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

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

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

*Certificates of deposit investments* - Certificates of deposit held for investment that are not debt securities are included in "Investments." Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as short-term. Certificates of deposit with remaining maturities greater than one year are classified as long-term. All certificates of deposit are measured at their principal balance plus any accrued interest. There were no certificates of deposit investments at June 30, 2017.

*Custodial credit risk - deposits* is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council. At June 30, 2017, \$1,000,000 of the City's bank balances of \$28,822,072 was insured and collateralized.

*Custodial credit risk - investments* is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2017, \$811,123 of the City's \$1,061,123 high yield savings investments were exposed to custodial credit risk because they were uninsured and uncollateralized.

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

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

*Interest rate risk* is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City's policy for managing interest rate risk is to comply with the Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

3. DEPOSITS AND INVESTMENTS (CONTINUED)

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses (net of administration fees) of the PTIF are allocated based upon the City's' average daily balances. As of June 30, 2017, the fair value per share factor for investments in the PTIF was 1.00471926. This resulted in a fair value adjustment for the current year of \$105,738.

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

Following are the City's cash on hand, on deposit, and investments at June 30, 2017:

|   | Fair Value           | Carrying<br>Amount   | Credit<br>Rating (1) | Weighted<br>Average Years<br>to Maturity<br>(2) |
|---|----------------------|----------------------|----------------------|---|
| Cash on hand and on deposit:                    |                      |                      |                      |   |
| Cash on hand                                    | \$ 3,235             | \$ 3,235             | N/A                  | N/A   |
| Cash on deposit                                 | 5,080,319            | 5,080,319            | N/A                  | N/A   |
| High yield savings account                      | 1,061,123            | 1,061,123            | N/A                  | N/A   |
| Utah State Treasurer's investment pool accounts | 22,511,303           | 22,405,565           | N/A                  | N/A   |
| TOTAL CASH ON HAND AND DEPOSIT                  | <u>\$ 28,655,980</u> | <u>\$ 28,550,242</u> |                      |   |

(1) Ratings are provided, where applicable, to indicate associated credit risk. N/A indicates not applicable.

(2) Interest rate risk is estimated using the weighted average years to maturity.

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

|  | Fair Value           |
|--|----------------------|
| Statement of net position:                         |                      |
| Cash and cash equivalents                          | \$ 18,838,309        |
| Restricted cash and cash equivalents               | 8,711,161            |
| Fiduciary funds:                                   |                      |
| Restricted cash and cash equivalents, pension fund | 687,281              |
| Restricted cash and cash equivalents, agency trust | 419,229              |
| FAIR VALUE OF CASH ON HAND AND DEPOSIT             | <u>\$ 28,655,980</u> |

Fair value measurement

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

The City has the following recurring fair value measurements as of June 30, 2017:

- Temporary investment funds (PTIF) of \$ 22,511,303 are valued using significant observable inputs (Level 2 inputs). The inputs use the application of the June 30, 2017 fair value as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

There were no changes in the valuation techniques used to determine the fair value of these financial instruments during the fiscal year ended June 30, 2017.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

4. INTANGIBLE ASSETS

The Water Fund maintains intangible assets consisting of water stocks. These intangible assets are stated at cost and are included in property and equipment of the City, consistent with GASB 51. As of June 30, 2017, the costs of these water stocks were as follows:

|                                  | Shares<br>Owned | Cost             |
|----------------------------------|-----------------|------------------|
| Middle Canyon Water Company      | 461.5           | \$ 15,034        |
| Settlement Canyon Water Company  | 711.0           | 78,150           |
| <b>INVESTMENT IN WATER STOCK</b> |                 | <b>\$ 93,184</b> |

5. RESTRICTED ASSETS

As of June 30, 2017, certain of the City's cash and cash equivalents are restricted for the following purposes:

| Funds and Purpose                                 | Restricted<br>Amount |
|---|----------------------|
| General Fund for debt service payments            | \$ 164,630           |
| Depot Redevelopment Agency Fund:                  |                      |
| Debt service payments                             | 990,393              |
| Debt Service Fund:                                |                      |
| Debt service payments                             | 91,715               |
| Water Fund:                                       |                      |
| Funds held by trustee for debt service            | 325,747              |
| Sewer Fund:                                       |                      |
| Funds held by trustee for debt service            | 894,558              |
| Other Nonmajor Funds:                             |                      |
| Construction, debt service and other uses         | 6,244,118            |
| Pension and Agency Fund's:                        |                      |
| Held in trust for fire department and others      | 1,106,510            |
| <b>Total restricted cash and cash equivalents</b> | <b>\$ 9,817,671</b>  |

6. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The City estimates allowances for doubtful accounts for proprietary funds based off management experience and historical collection rates. The allowance for doubtful accounts at June 30, 2017 is as follows:

| Funds                              | Allowance        |
|------------------------------------|------------------|
| Water fund - major enterprise fund | \$ 22,405        |
| Sewer fund - major enterprise fund | 10,792           |
| Nonmajor enterprise funds          | 6,485            |
|                                    | <b>\$ 39,682</b> |

7. INTERFUND PAYABLES AND RECEIVABLES

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

Funds which had overdrawn their share of pooled cash and the offsetting funds as of June 30, 2017 were as follows:

| Receivable Fund       | Payable Fund      | Amount            |
|-----------------------|-------------------|-------------------|
| General Fund          | Debt Service Fund | \$ 262,108        |
| Park Improvements     | Debt Service Fund | 18,863            |
| Depot RDA Fund        | Debt Service Fund | 150,718           |
| Road C Maintenance    | Debt Service Fund | 283,666           |
| Capital Projects Fund | Debt Service Fund | 109,645           |
|                       | <b>Total</b>      | <b>\$ 825,000</b> |

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

8. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017 is as follows:

|   | Balance at<br>June 30, 2016 | Increases      | Decreases | Balance at<br>June 30, 2017 |
|---|-----------------------------|----------------|-----------|-----------------------------|
| Governmental activities:                    |                             |                |           |                             |
| Capital assets not being depreciated:       |                             |                |           |                             |
| Land  | \$ 12,241,048               | \$ -           | \$ -      | \$ 12,241,048               |
| Total capital assets not being depreciated  | 12,241,048                  | -              | -         | 12,241,048                  |
| Capital assets being depreciated:           |                             |                |           |                             |
| Buildings                                   | 16,099,176                  | 141,271        | -         | 16,240,447                  |
| Improvements other than buildings           | 11,234,146                  | 19,543         | -         | 11,253,689                  |
| Office furniture and equipment              | 1,356,708                   | 50,402         | -         | 1,407,110                   |
| Machinery and equipment                     | 2,715,107                   | 174,968        | -         | 2,890,075                   |
| Automobiles and trucks                      | 5,794,369                   | 276,185        | (136,876) | 5,933,678                   |
| Infrastructure                              | 96,424,282                  | 2,075,117      | (321,042) | 98,178,357                  |
| Total capital assets being depreciated      | 133,623,788                 | 2,737,486      | (457,918) | 135,903,356                 |
| Less accumulated depreciation for:          |                             |                |           |                             |
| Buildings                                   | (7,357,030)                 | (357,084)      | -         | (7,714,114)                 |
| Improvements other than buildings           | (4,733,874)                 | (220,702)      | -         | (4,954,576)                 |
| Office furniture and equipment              | (1,284,839)                 | (50,031)       | -         | (1,334,870)                 |
| Machinery and equipment                     | (2,370,909)                 | (93,260)       | -         | (2,464,169)                 |
| Automobiles and trucks                      | (3,736,986)                 | (341,541)      | 136,876   | (3,941,651)                 |
| Infrastructure                              | (19,964,699)                | (4,162,523)    | 321,042   | (23,806,180)                |
| Total accumulated depreciation              | (39,448,337)                | (5,225,141)    | 457,918   | (44,215,560)                |
| Total capital assets being depreciated, net | 94,175,451                  | (2,487,655)    | -         | 91,687,796                  |
| Governmental activities capital assets, net | \$ 106,416,499              | \$ (2,487,655) | \$ -      | \$ 103,928,844              |

For the year ended June 30, 2017, depreciation expense was charged to functions of the City as follows:

|   |              |
|---|--------------|
| Governmental activities:                            |              |
| General government                                  | \$ 4,635,339 |
| Public safety                                       | 307,352      |
| Highways and streets                                | 65,291       |
| Parks and recreation                                | 217,159      |
| Total depreciation expense, governmental activities | \$ 5,225,141 |

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

8. CAPITAL ASSETS (CONTINUED)

The Enterprise Funds' capital assets consist of the following at June 30, 2017:

|   | Balance at<br>June 30, 2016 | Increases          | Decreases       | Balance at<br>June 30, 2017 |
|---|-----------------------------|--------------------|-----------------|-----------------------------|
| Business-type activities                    |                             |                    |                 |                             |
| Capital assets not being depreciated:       |                             |                    |                 |                             |
| Investment in water stock                   | \$ 93,184                   | \$ -               | \$ -            | \$ 93,184                   |
| Land  | 3,579,749                   | -                  | -               | 3,579,749                   |
| Water rights                                | 37,475,332                  | -                  | -               | 37,475,332                  |
| Construction in progress                    | 2,907,486                   | 4,259              | -               | 2,911,745                   |
| Total capital assets not being depreciated  | <u>44,055,751</u>           | <u>4,259</u>       | <u>-</u>        | <u>44,060,010</u>           |
| Capital assets, being depreciated:          |                             |                    |                 |                             |
| Buildings                                   | 6,230,382                   | -                  | -               | 6,230,382                   |
| Improvements other than buildings           | 85,917,164                  | 1,937,180          | (18,782)        | 87,835,562                  |
| Office furniture and fixtures               | 74,601                      | -                  | -               | 74,601                      |
| Machinery and equipment                     | 3,010,070                   | 149,104            | -               | 3,159,174                   |
| Automobiles and trucks                      | 920,215                     | 86,524             | (20,574)        | 986,165                     |
| Infrastructure                              | 5,354,048                   | 634,021            | -               | 5,988,069                   |
| Total capital assets being depreciated      | <u>101,506,480</u>          | <u>2,806,829</u>   | <u>(39,356)</u> | <u>104,273,953</u>          |
| Less accumulated depreciation for:          |                             |                    |                 |                             |
| Buildings                                   | (3,316,789)                 | (146,958)          | -               | (3,463,747)                 |
| Improvements other than buildings           | (30,935,600)                | (2,056,273)        | 18,782          | (32,973,091)                |
| Office furniture & fixtures                 | (74,601)                    | -                  | -               | (74,601)                    |
| Machinery and equipment                     | (2,691,019)                 | (77,354)           | -               | (2,768,373)                 |
| Automobiles and trucks                      | (830,476)                   | (40,896)           | 20,574          | (850,798)                   |
| Infrastructure                              | (579,525)                   | (139,918)          | -               | (719,443)                   |
| Total accumulated depreciation              | <u>(38,428,010)</u>         | <u>(2,461,399)</u> | <u>39,356</u>   | <u>(40,850,053)</u>         |
| Total capital assets being depreciated, net | <u>63,078,470</u>           | <u>345,430</u>     | <u>-</u>        | <u>63,423,900</u>           |
| Business-type activities, net               | <u>\$ 107,134,221</u>       | <u>\$ 349,689</u>  | <u>\$ -</u>     | <u>\$ 107,483,910</u>       |

For the year ended June 30, 2017, depreciation expense was charged to business-type activities of the City as follows:

|  |                     |
|--|---------------------|
| Business-type activities:                            |                     |
| Water fund   | \$ 1,306,590        |
| Sewer fund   | 1,010,291           |
| Garbage utility fund                                 | 4,600               |
| Storm water fund                                     | 139,539             |
| Street light fund                                    | <u>379</u>          |
| Total depreciation expense, business-type activities | <u>\$ 2,461,399</u> |

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

9. LONG-TERM DEBT

The following is a summary of transactions affecting long-term liabilities for the year ended June 30, 2017:

|                                    | Balance at<br>June 30, 2016 | Additions            | Reductions &<br>Deletions | Balance at<br>June 30, 2017 | Due Within One<br>Year |
|------------------------------------|-----------------------------|----------------------|---------------------------|-----------------------------|------------------------|
| <b>Governmental Activities:</b>    |                             |                      |                           |                             |                        |
| Revenue bonds payable              | \$ 22,469,000               | \$ 11,350,000        | \$ (1,561,000)            | \$ 32,258,000               | \$ 1,663,000           |
| Net OPEB obligations               | 1,305,109                   | 117,872              | -                         | 1,422,981                   | -                      |
| Net pension liability              | 3,551,715                   | 356,903              | -                         | 3,908,618                   | -                      |
| Obligations under capital leases   | 814,701                     | -                    | (125,856)                 | 688,845                     | 129,669                |
| Grantsville legal settlement       | 1,956,500                   | -                    | (67,940)                  | 1,888,560                   | 70,000                 |
| Tooele Associates legal settlement | 10,852,958                  | -                    | (10,852,958)              | -                           | -                      |
| Compensated absences               | 479,971                     | -                    | (2,814)                   | 477,157                     | -                      |
| <b>Deferred amounts:</b>           |                             |                      |                           |                             |                        |
| Unamortized bond premiums          | 439,972                     | -                    | (28,386)                  | 411,586                     | -                      |
| Unamortized bond discounts         | -                           | (35,639)             | -                         | (35,639)                    | -                      |
| Loss on defeasance*                | (889,348)                   | -                    | 84,185                    | (805,163)                   | -                      |
| liabilities                        | <u>\$ 40,980,578</u>        | <u>\$ 11,789,136</u> | <u>\$ (12,554,769)</u>    | <u>\$ 40,214,945</u>        | <u>\$ 1,862,669</u>    |
|                                    | Balance at<br>June 30, 2016 | Additions            | Reductions &<br>Deletions | Balance at<br>June 30, 2017 | Due Within One<br>Year |
| <b>Business-type Activities:</b>   |                             |                      |                           |                             |                        |
| Revenue bonds payable              | \$ 10,643,000               | \$ -                 | \$ (1,322,000)            | \$ 9,321,000                | \$ 1,365,000           |
| Net OPEB obligations               | 57,673                      | 5,209                | -                         | 62,882                      | -                      |
| Net pension liability              | 397,092                     | 39,480               | -                         | 436,572                     | -                      |
| Compensated absences               | 50,464                      | 6,581                | -                         | 57,045                      | -                      |
| <b>Deferred amounts:</b>           |                             |                      |                           |                             |                        |
| Loss on defeasance*                | (165,445)                   | -                    | 31,124                    | (134,321)                   | -                      |
| liabilities                        | <u>\$ 10,982,784</u>        | <u>\$ 51,270</u>     | <u>\$ (1,290,876)</u>     | <u>\$ 9,743,178</u>         | <u>\$ 1,365,000</u>    |

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

| <u>Government-type Activities:</u>   | Current<br>Outstanding<br>Balances |
|--|------------------------------------|
| On January 5, 2012, the City issued \$9,400,000 in Sales Tax Refunding Bonds (Series 2012) at interest rates from 2.00% to 5.00% with a final maturity date of October 1, 2031. Principal payments are due annually with interest payments due on April 1 and October 1 of each year. The bonds were issued to partially advance refund the 2002 Sales Tax Revenue Bonds and to pay the costs of issuing the Series 2012 bonds. The total principal and interest remaining on the defeased bonds was \$4,595,000. The 2012 bonds maturing before October 1, 2022 are not subject to redemption at the option of the City. The 2012 bonds maturing on or after October 1, 2022 are subject to optional redemption in whole or in part on or after October 1, 2021 at the option of the City at a redemption price equal to 100% of the principal amount of the Series 2012 Bonds to be redeemed plus accrued interest up to the date of redemption. The Series 2012 Bonds maturing on October 1, 2031 are subject to mandatory sinking fund redemption at a price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption. | \$ 7,660,000                       |
| On August 27, 2015, the City issued \$4,778,000 in Sales Tax Revenue Refunding Bonds (Series 2015) at an interest rate of 2.060% with a final maturity date of December 1, 2024. Principal payments are due annually with interest payments due on June 1st and December 1st, beginning December 1, 2015. The bonds were issued to advance refund the 2005 Lease Revenue Refunding Bonds and to pay the costs of issuing the 2015 bonds. This advance refunding was undertaken to reduce the total debt service payments by approximately \$326,621 over a 9 year period, and resulted in an overall economic gain of \$294,894. The deferred loss of \$91,512 is being amortized over what would have been the remaining life of the series 2005 bonds.   | 3,915,000                          |

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

9. LONG-TERM DEBT (CONTINUED)

|   | <u>Current<br/>Outstanding<br/>Balances</u> |
|---|---|
| <u>Government-type Activities (continued):</u>  |   |
| In October 2005, Tooele City issued Sales Tax Revenue Bonds Series 2005 in the amount of \$1,730,000 with an original interest rate of 3.80%. The bonds mature on October 1, 2020, with principal payments due annually on October 1, and interest payments due on April 1 and October 1 of each year.  | 559,000                                     |
| On August 15, 2015, the City issued \$4,508,000 in Franchise Tax Revenue Refunding Bonds (Series 2015) at an interest rate of 2.296% with a final maturity date of November 1, 2027. Principal payments are due annually with interest payments due on May 1st and November 1st beginning November 1, 2015. The bonds were issued to advance refund the 2008 Franchise Tax Revenue Bonds and to pay the costs of issuing the 2015 bonds. This advance refunding was undertaken to reduce the total debt service payments by approximately \$273,172 over a 14-year period, and resulted in an overall economic gain of \$232,290. The deferred loss of \$498,198 is being amortized over the life of the Series 2015 Franchise Tax Revenue Refunding Bonds.   | 3,877,000                                   |
| On July 28, 2016, the City issued \$11,350,000 in Sales Tax Revenue Bonds, (Series 2016) at interest rates ranging from 2.32% to 3.40%, with a final maturity at December 1, 2036. Principle payments are due annually with interest payments due on December 1 and June 1 of each year. The proceeds from the bond issuance were used to pay the remaining balance of the Tooele Associates legal settlement during fiscal year end 2017, where \$10,852,958 was paid to principle and \$233,042 was paid to interest.   | 11,350,000                                  |
| On October 16, 2015, the City issued \$5,084,000 in Franchise Tax Revenue Bonds (Series 2015B) at interest rates from 1.32% to 4.48% with a final maturity date of November 1, 2035. Principal payments are due annually with interest payments due on May 1st and November 1st, beginning May 1, 2016.   | 4,897,000                                   |
| Total governmental activities - bonds   | <u>\$ 32,258,000</u>                        |
| During 2001, the City was served a complaint from two neighboring cities regarding the acquisition of closed portions of the Tooele Army Depot by the Redevelopment Agency of Tooele City. The complaint alleged that military closure and properties are to benefit the entire community, not just Tooele City. Tooele City responded that its actions were entirely lawful, consistent with military closure law, and did in fact benefit the entire community through economic development and job creation. The lawsuit was settled as of the fiscal year ended June 30, 2011. Terms of the settlement included the Redevelopment Agency paying \$100,000 to the neighboring cities as well as agreeing to pay a significant portion of the debt service (principal and interest) on a 25-year, \$2,500,000 bond for the City of Grantsville to be used in the construction of a library building. The original liability due from the Redevelopment Agency totaled \$2,150,000. The settlement agreement requires the Redevelopment Agency to additionally pay interest in the amount of 2.5% per annum on the liability. The annual payments due from the settlement agreement began on October 1, 2013 and continue through October 1, 2037. These payments are included in "administrative costs of the agency" in note 17. | \$ 1,888,560                                |
| Total governmental activities - Grantsville Legal Settlement  | <u>\$ 1,888,560</u>                         |
| During a prior year the City was sued by a real estate developer, Tooele Associates, for breach of contract. Judgment was entered against Tooele City on November 9, 2013 in the amount of \$20,718,202, including interest at 2.15% per annum. The first installment payment was due August 7, 2014 with annual payments thereafter on July 31st through 2023. The first payment also included a payment of initial water certificates in the amount of \$6,768,750, which were conveyed to the plaintiff during 2015, satisfying this portion of the debt in full. During the fiscal year 2017, the City used the bond proceeds from the 2016 Sales Tax Revenue Bonds discussed above to settle the remaining liability balance.  | \$ -  |
| Total governmental activities - Tooele Associates Legal Settlement  | <u>\$ -</u>                                 |

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

9. LONG-TERM DEBT (CONTINUED)

| <u>Business-type activities:</u>  | <u>Current<br/>Outstanding<br/>Balances</u> |
|---|---|
| On September 30, 2011, the City issued \$5,680,000 in Sewer Revenue Refunding Bonds (Series 2011) at an interest rate of 2.50% with a final maturity date of February 1, 2019. Principal payments are due annually with interest payments due on February 1 and August 1 of each year. The bonds were issued to partially advance refund the 1997 Sewer Revenue Bonds Series 1997B and the Tooele City Sewer Bonds Series 2001A as well as to pay the costs of issuing the Series 2011 bonds. The total principal and interest remaining on the defeased bonds was \$6,094,175. The 2011 bonds maturing before February 1, 2018 are not subject to redemption at the option of the City. The Series 2011 bonds maturing on or after February 1, 2018 are subject to optional redemption, in whole, on or after February 1, 2017 at the option of the City at a redemption price equal to 100% of the principal amount of the Series 2011 Bonds to be redeemed plus accrued interest up to the date of redemption. | \$ 1,308,000                                |
| In December 2010, Tooele City issued Sewer Revenue C.I.B. Bonds Series 2010 in the amount of \$4,600,000 with original interest rates of 4.50%. The bonds mature on September 1, 2036, with interest-only payments beginning September 1, 2011, and both principal and interest payments due annually on September 1 for the remainder of the bond term.  | 4,035,000                                   |
| On October 5, 2011, the City issued \$5,753,000 in Water Revenue Refunding Bonds (Series 2011) at an interest rate of 3.10% with a final maturity date of April 1, 2026. Principal payments are due annually with interest payments due on April 1 and October 1 of each year. The bonds were issued to partially advance refund the 2006 Water Revenue Refunding Bonds and to pay the costs of issuing the Series 2011 bonds. The total principal and interest remaining on the defeased bonds was \$6,278,952. The 2011 bonds maturing before October 1, 2020 are not subject to redemption at the option of the City. The 2011 bonds maturing between October 1, 2020 and September 30, 2021 are subject to optional redemption at 102% of par. The 2011 bonds maturing between October 1, 2021 and September 30, 2022 are subject to optional redemption at 101% of par. Commencing October 1, 2022, the Bonds will be subject to redemption at par value.  | <u>3,978,000</u>                            |
| Total business-type activities - bonds  | <u>\$ 9,321,000</u>                         |

The debt service requirements on bonds and long-term debt at June 30, 2017 are as follows:

| Year Ending June 30, | <u>Governmental Activities - Bonds</u> |                     | <u>Business-type Activities - Bonds</u> |                     |
|----------------------|--|---------------------|---|---------------------|
|                      | <u>Principal</u>                       | <u>Interest</u>     | <u>Principal</u>                        | <u>Interest</u>     |
| 2018                 | \$ 1,663,000                           | \$ 977,711          | \$ 1,365,000                            | \$ 328,247          |
| 2019                 | 1,706,000                              | 935,020             | 1,000,000                               | 291,145             |
| 2020                 | 1,749,000                              | 890,282             | 556,000                                 | 261,996             |
| 2021                 | 1,794,000                              | 840,599             | 572,000                                 | 242,661             |
| 2022                 | 1,745,000                              | 788,066             | 591,000                                 | 222,669             |
| 2023-2027            | 12,493,000                             | 3,092,821           | 2,781,000                               | 794,604             |
| 2028-2032            | 6,203,000                              | 1,671,862           | 1,093,000                               | 458,505             |
| 2033-2037            | 4,905,000                              | 507,566             | 1,363,000                               | 189,495             |
| <b>TOTAL DEBT</b>    | <u>32,258,000</u>                      | <u>\$ 9,703,927</u> | 9,321,000                               | <u>\$ 2,789,322</u> |
| Unamortized premiums | 411,586                                |                     | -                                       |                     |
| Loss on defeasance   | <u>(805,163)</u>                       |                     | <u>(134,321)</u>                        |                     |
| <b>TOTAL</b>         | <u>\$ 31,864,423</u>                   |                     | <u>\$ 9,186,679</u>                     |                     |

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

9. LONG-TERM DEBT (CONTINUED)

| Year Ending June 30, | Governmental Activities -<br>Grantsville Legal Settlement |                   |
|----------------------|---|-------------------|
|                      | Principal   | Interest          |
| 2018                 | \$ 70,000   | \$ 47,225         |
| 2019                 | 71,000  | 45,475            |
| 2020                 | 73,000  | 43,700            |
| 2021                 | 75,000  | 41,875            |
| 2022                 | 77,000  | 40,000            |
| 2023-2027            | 413,000   | 170,250           |
| 2028-2032            | 467,000   | 115,950           |
| 2033-2037            | 529,000   | 54,550            |
| 2038-2042            | 113,560   | 2,850             |
| <b>TOTAL DEBT</b>    | <b>\$ 1,888,560</b>                                       | <b>\$ 561,875</b> |

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

10. PRIOR-YEAR DEFEASANCE OF DEBT

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liability for the defeased bonds are not included in the financial statements of the reporting entity. At June 30, 2016, bonds totaling \$33,859,000 from the City are considered defeased. The deferred charge on refunding reported in the government-wide statement of net position and proprietary funds under deferred outflows of resources results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is accreted over the shorter of the life of the refunded or refunding debt. As of June 30, 2017, the City had deferred outflows of resources related to refunding of debt in the amount of \$939,484.

11. CAPITAL LEASES

The City has entered into a capital lease agreement for a fire truck and related equipment which will become the property of the City when the terms of the lease agreement are met. The capital lease will continue through October 1, 2021. The following is a schedule, by year, of future minimum lease payments required on the lease as of June 30, 2017.

| <b>Fiscal Year</b><br><b>Ending June 30,</b>      | <b>Governmental</b><br><b>Activities</b> |
|---|--|
| 2018  | \$ 150,541                               |
| 2019  | 150,541                                  |
| 2020  | 150,541                                  |
| 2021  | 150,541                                  |
| 2022  | 150,541                                  |
| Total minimum lease payments                      | 752,705                                  |
| Less amounts representing interest                | (63,860)                                 |
| Present value of net minimum lease payments       | 688,845                                  |
| Less current portion of capital lease obligations | (129,669)                                |
| Capital lease obligations net current portion     | <u>\$ 559,176</u>                        |

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

11. CAPITAL LEASES (CONTINUED)

Equipment and related accumulated depreciation under capital leases are included under capital assets in the Governmental Activities and as of June 30, 2017, are as follows:

|                                    |                   |
|------------------------------------|-------------------|
| Equipment under capital lease      | \$ 936,855        |
| Less accumulated depreciation      | <u>(109,299)</u>  |
| Equipment under capital lease, net | <u>\$ 827,556</u> |

12. DEFERRED INFLOW OF RESOURCES-UNAVAILABLE PROPERTY TAXES

Property taxes in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable on November 30. Since the property tax to be levied on October 1, 2017 is not expected to be received within 60 days after the year ended June 30, 2017, the City records unearned revenues of the estimated amount of the total property tax.

13. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017 are as follows:

|                            | <b>Transfers out</b>           |                    |                              |                                  |                     |
|----------------------------|--------------------------------|--------------------|------------------------------|----------------------------------|---------------------|
|                            | <b>Depot<br/>Redevelopment</b> |                    | <b>Debt Service<br/>Fund</b> | <b>Nonmajor<br/>Governmental</b> |                     |
|                            | <b>General Fund</b>            | <b>Agency Fund</b> |                              | <b>Funds</b>                     | <b>Transfers In</b> |
| General Fund               | \$ -                           | \$ -               | \$ -                         | \$ 180,593                       | \$ 180,593          |
| Debt Service Fund          | 164,630                        | 399,504            | -                            | 1,622,669                        | 2,186,803           |
| <b>Total Transfers out</b> | <b>\$ 164,630</b>              | <b>\$ 399,504</b>  | <b>\$ -</b>                  | <b>\$ 1,803,262</b>              | <b>\$ 2,367,396</b> |

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

14. RETIREMENT PLANS

*General Information About the Pension Plan*

Plan Description

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

Defined Benefit Plans

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

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

14. RETIREMENT PLANS (CONTINUED)

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

*Summary of Benefits by System*

| System                                      | Final Average Salary | Years of Service Required and/or Age Eligible for Benefit                                       | Benefit Percent Per Year of Service                                 | COLA**                                      |
|---|----------------------|---|---|---|
| Noncontributory System                      | Highest 3 years      | 30 years any age<br>25 years any age*<br>20 years age 60*<br>10 years age 62*<br>4 years age 65 | 2.0% per year all years   | Up to 4%                                    |
| Contributory System                         | Highest 5 years      | 30 years any age<br>25 years any age*<br>20 years age 60*<br>10 years age 62*<br>4 years age 65 | 1.25% per year to June 1975;<br>2.00% per year July 1975 to present | Up to 4%                                    |
| Public Safety System                        | Highest 3 years      | 20 years any age<br>10 years age 60<br>4 years age 65   | 2.5% per year up to 20 years;<br>2.0% per year over 20 years        | Up to 2.5% to 4%<br>Depending upon Employer |
| Tier 2 Public Employees System              | Highest 5 years      | 35 years any age<br>20 years age 60*<br>10 years age 62*<br>4 years age 65                      | 1.5% per year all years   | Up to 2.5%                                  |
| Tier 2 Public Safety and Firefighter System | Highest 5 years      | 25 years any age<br>20 years age 60*<br>10 years age 62*<br>4 years age 65                      | 1.5% per year all years   | Up to 2.5%                                  |

\* with actuarial reductions

\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions

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

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

14. RETIREMENT PLAN (CONTINUED)

Contributions (continued)

Contribution rates as of June 30, 2017 are as follows:

| <u>Utah Retirement Systems</u>         | <u>Employee</u> | <u>Employer</u> | <u>Employer 401(k)</u> |
|--|-----------------|-----------------|------------------------|
| Contributory System:                   |                 |                 |                        |
| 11 Local Government Division - Tier 1  | 6.00%           | 14.46%          | N/A                    |
| 111 Local Government Division - Tier 2 | N/A             | 14.91%          | 1.78%                  |
| Noncontributory System:                |                 |                 |                        |
| 15 Local Government Division - Tier 1  | N/A             | 18.47%          | N/A                    |
| Public Safety Systems:                 |                 |                 |                        |
| Contributory                           |                 |                 |                        |
| 122 Tier 2 DB Hybrid Public Safety     | N/A             | 22.50%          | 1.33%                  |
| Noncontributory                        |                 |                 |                        |
| 43 Other Div A with 2.5% COLA          | N/A             | 34.04%          | N/A                    |
| Tier 2 DC Only                         |                 |                 |                        |
| 211 Local Government                   | N/A             | 6.69%           | 10.00%                 |
| 222 Public Safety                      | N/A             | 11.83%          | 12.00%                 |

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

For fiscal year ended June 30, 2017, the employer and employee contributions to the Systems were as follows:

| <u>System</u>                                  | <u>Employer Contributions</u> | <u>Employee Contributions</u> |
|--|-------------------------------|-------------------------------|
| Noncontributory System                         | \$ 558,245                    | N/A                           |
| Contributory System                            | 6,338                         | -                             |
| Public Safety System                           | 382,943                       | -                             |
| Tier 2 Public Employees System                 | 148,291                       | -                             |
| Tier 2 Public Safety and Firefighter           | 150,547                       | -                             |
| Tier 2 DC Only System                          | 12,352                        | N/A                           |
| Tier 2 DC Public Safety and Firefighter System | 2,351                         | N/A                           |
| <b>TOTAL CONTRIBUTIONS</b>                     | <b>\$ 1,261,067</b>           | <b>\$ -</b>                   |

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

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

At June 30, 2017, we reported a net pension asset of \$6,086 and a net pension liability of \$4,345,190. These balances are broken out by system as follows:

| <u>System</u>                               | <u>(Measurement Date): December 31, 2016</u> |                       |                     | Proportionate Share | Change (Decrease) |
|---|--|-----------------------|---------------------|---------------------|-------------------|
|   | Net Pension Asset                            | Net Pension Liability | Proportionate Share | December 31, 2015   |                   |
| Noncontributory System                      | \$ -   | \$ 2,468,677          | 0.3844558%          | 0.3975560%          | -0.0131002%       |
| Contributory System                         | -  | 67,462                | 0.2056053%          | 0.1227386%          | 0.0828667%        |
| Public Safety System                        | -  | 1,796,856             | 0.8854666%          | 0.9004734%          | -0.0150068%       |
| Tier 2 Public Employees System              | -  | 12,195                | 0.1093276%          | 0.0918855%          | 0.0174421%        |
| Tier 2 Public Safety and Firefighter System | 6,086  | -                     | 0.7010886%          | 0.5412317%          | 0.1598569%        |
|   | <b>\$ 6,086</b>                              | <b>\$ 4,345,190</b>   |                     |                     |                   |

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

14. RETIREMENT PLAN (CONTINUED)

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

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June, 30, 2017 the City recognized pension expense of \$1,446,482.

At June, 30, 2017 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ 58,119                            | \$ 223,635                          |
| Changes in assumptions   | 658,363                              | 144,842                             |
| Net difference between projected and actual earnings on pension plan investments                     | 966,527                              | 284,019                             |
| Changes in proportion and differences between contributions and proportionate share of contributions | 10,873                               | 130,446                             |
| Contributions subsequent to the measurement date   | 585,969                              | -                                   |
| <b>TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES</b>                                     | <b>\$ 2,279,851</b>                  | <b>\$ 782,942</b>                   |

Deferred outflows of \$585,969 were reported as resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2016.

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

| Year Ended<br>December 31, | Deferred Outflows<br>(Inflows) of<br>Resources |
|----------------------------|--|
| 2017                       | \$ 247,263                                     |
| 2018                       | 293,668  |
| 2019                       | 393,196  |
| 2020                       | (35,384)                                       |
| 2021                       | 931  |
| Thereafter                 | 11,266   |

Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation:                | 2.60 percent  |
| Salary increases          | 3.35 - 10.35 percent, average, including inflation                        |
| Investment rate of return | 7.20 percent, net of pension plan investment expense, including inflation |

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

Actuarial Assumptions (continued)

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries. The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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

| Asset Class               | Expected Return Arithmetic Basis |                                    |  |
|---------------------------|----------------------------------|------------------------------------|--|
|                           | Target Asset<br>Allocation       | Real Return<br>Arithmetic<br>Basis | Long-Term Expected<br>Portfolio Real<br>Rate of Return |
| Equity securities         | 40%                              | 7.06%                              | 2.82%  |
| Debt securities           | 20%                              | 0.80%                              | 0.16%  |
| Real assets               | 13%                              | 5.10%                              | 0.66%  |
| Private equity            | 9%                               | 11.30%                             | 1.02%  |
| Absolute return           | 18%                              | 3.15%                              | 0.57%  |
| Cash and cash equivalents | 0%                               | 0.00%                              | 0.00%  |
| TOTAL                     | 100%                             |                                    | 5.23%  |
|                           |                                  | INFLATION                          | 2.60%  |
|                           |                                  | EXPECTED ARITHMETIC NOMINAL RETURN | 7.83%  |

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

| System                                      | 1%<br>Decrease<br>(6.20%) | Discount<br>Rate<br>(7.20%) | 1%<br>Increase<br>(8.20%) |
|---|---------------------------|-----------------------------|---------------------------|
| Noncontributory System                      | \$ 5,113,466              | \$ 2,468,677                | \$ 261,745                |
| Contributory System                         | 162,403                   | 67,461                      | (12,517)                  |
| Public Safety System                        | 3,737,054                 | 1,796,856                   | 219,740                   |
| Tier 2 Public Employees System              | 83,010                    | 12,195                      | (41,677)                  |
| Tier 2 Public Safety and Firefighter System | 42,579                    | (6,086)                     | (43,483)                  |
| TOTAL                                       | \$ 9,138,512              | \$ 4,339,103                | \$ 383,808                |

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

14. RETIREMENT PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

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

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

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

|                        | 2017       | 2016       | 2015      |
|------------------------|------------|------------|-----------|
| 401(k) Plan            |            |            |           |
| Employer Contributions | \$ 135,251 | \$ 106,710 | \$ 45,880 |
| Employee Contributions | 76,331     | 68,709     | 38,432    |
| Roth IRA Plan          |            |            |           |
| Employer Contributions | N/A        | N/A        | N/A       |
| Employee Contributions | 22,119     | 21,926     | 19,714    |
| Traditional IRA        |            |            |           |
| Employer Contributions | N/A        | N/A        | N/A       |
| Employee Contributions | 2,080      | 4,101      | 3,171     |

15. EMPLOYEE BENEFIT PLANS

Volunteer Firefighters' Length of Service Award Plan - The City offers a non-contributory pension plan for volunteer firefighters. The provisions of this Plan apply only to individuals who are or who become Volunteer Firefighters for Tooele City and who provides qualified services without compensation on or after the Effective date of July 1, 2002. Originally, the Plan was funded by the City and administered by a third party. During 2000, the City assumed administration of the Plan as a non-qualified pension trust. Custodial accounts and contracts maintained by the City to provide funding for the Plan may be treated collectively as the Trust if so elected by the City. All assets of the Trust shall remain the sole property of the City and shall be used exclusively to provide the benefits payable under this Plan, subject only to claims of general creditors of the City. Volunteer Retirement benefits are paid at retirement after age sixty-five, at \$5 per month per year of service for life, and are subject to a vesting schedule. The present value for a Plan year of the retirement benefit shall not exceed the sum of \$3,000 per Volunteer. Pension contributions for the years ended June 30, 2017, 2016, and 2015 were \$76,112, \$76,112, and \$76,112, respectively. This pension plan does not issue a stand-alone financial report as the results of operations are included in the fiduciary funds found in this report.

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

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

15. EMPLOYEE BENEFIT PLANS (CONTINUED)

Volunteer Firefighters' Length of Service Award Plan (Continued) - Every two years, an independent actuary calculates the annual contribution requirement. The last actuarial valuation was performed on July 1, 2016 and included the following methods and assumptions:

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

As of the date of the actuarial report, the value of the assets held by the City totaled \$706,688.

401(K) Plans - The City provides 401(k) plans for all eligible employees. Employees are enrolled in one of two plans: (1) Tooele City Employees' 401(k) Plan managed by John Hancock; or, (2) Utah State Retirement System 401(k) Plan. The Tooele City Employees' 401(k) Plan is available to full-time employees who are 18 or older and have completed six months of continuous employment. Employees become fully vested in the Plan at the conclusion of four years of employment. Employees enrolled in the Tooele City Employees' 401(k) Plan prior to June 30, 2011 were permitted to remain in that plan. Employees enrolling in a 401(k) plan on or after July 1, 2011 may elect to enroll in the Utah Retirement 401(k) Plan. Vesting is immediate in the Utah Retirement 401(k) Plan. Employees may voluntarily contribute to their 401(k) Plan in an amount not to exceed limitations established by the Internal Revenue Service. The City may make contributions at the discretion of the City Council. The City approved a 1% discretionary contribution to the 401(k) plans for fiscal year 2016, with a beginning pay date of September 4, 2015 (effective date set to allow for enrollment). The 401(k) discretionary City contributions was \$119,903 and \$47,476, respectively, as of June 30, 2017 and 2016. Salaries subject to contributions were \$6,444,804 and \$4,782,591, respectively, as of June 30, 2017 and 2016. The City made no discretionary contributions to the 401(k) plans for the year ended June 30, 2015. These figures do not include City Council Equalization, URS Exempt, and Post-retired Rehires employees whose benefit payments are reflected below.

City Council Equalization Benefit - In 2014 the City council approved an equalization benefit calculation for part-time elected officials who would be members of the Tier 2 retirement plan. Under the Tier 2 plan, part-time elected officials are not eligible for retirement. To eliminate this inequity among part-time elected officials, the City makes the equivalent contribution to a URS 401k account for these elected officials equal to what is paid on behalf of other part-time elected officials in the Tier 1 plan. Contributions made for the years ended June 30, 2017, 2016 and 2015 were \$7,090, \$7,368, and \$6,119, respectively.

URS Exempt Elected and Appointed Officials - Tooele City makes contributions to one of the two 401(k) Plans offered by Tooele City in lieu of URS pension premiums as permitted by law, for eligible elected or appointed employees who decline participation in the URS pension system. City and employee contributions to the plans for the years ending June 30, 2017, 2016, and 2015 were \$64,116, \$60,806, and \$54,394, respectively. Salaries subject to contributions were \$334,857, \$252,150, and \$235,150, respectively, for the same years.

URS Post-retired Rehired Employees - Tooele City makes contributions to the Utah State Retirement System 401(k) plan in lieu of URS pension premiums as permitted by law, for post-retired rehired employees hired prior to June 30, 2010. These employees may make voluntarily contributions to the Tooele City Employees' 401(k) Plan managed by John Hancock (excludes loan repayments). These employees are not able to receive discretionary 401(k) contributions per URS post-retired rehire laws. City and employee contributions to the plans the years ending June 30, 2017, 2016 and 2015 were \$41,253, \$55,150, and \$54,437, respectively. Salaries subject to contributions were \$258,768, \$250,636, and \$236,690, respectively, for the same years.

Traditional IRA - The City provides a Defined Contribution System Traditional IRA Plan for all eligible employees. Employee contributions to the plan for the years ending June 30, 2017, 2016 and 2015 were \$2,080, \$4,101, and \$3,171, respectively.

Roth IRA - The City provides a Defined Contribution System Roth IRA Plan for all eligible employees. Employee contributions to the plan for the years ending June 30, 2017, 2016 and 2015 were \$34,133, \$21,926, and \$19,714, respectively.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

16. OTHER POSTEMPLOYMENT BENEFITS

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

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

The City's annual other postemployment benefit (OPEB) costs (expense) is calculated based on the City's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the year ended June 30, 2017, the City's annual OPEB cost (expense) was \$123,081. The following table shows the components of the City's net annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Three-year trend information is as follows:

| <u>For the fiscal years ended June 30,</u>             | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         |
|--|---------------------|---------------------|---------------------|
| Annual required contribution                           | \$ 228,273          | \$ 216,452          | \$ 209,000          |
| Net OPEB obligation amortization adjustment to the ARC | 353                 | 314                 | 275                 |
| Annual OPEB cost                                       | 228,626             | 216,766             | 209,275             |
| Contributions made                                     | (105,545)           | (65,576)            | (60,719)            |
| Increase in net OPEB obligation                        | 123,081             | 151,190             | 148,556             |
| Net OPEB obligation beginning of year                  | 1,362,782           | 1,211,592           | 1,063,036           |
| Net OPEB obligation end of year                        | <u>\$ 1,485,863</u> | <u>\$ 1,362,782</u> | <u>\$ 1,211,592</u> |

The funded status of the plan as of July 1, 2016, the date of the latest actuarial valuation, is as follows:

| <u>As of July 1,</u>                              | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|---|---------------------|---------------------|---------------------|
| Actuarial accrued liability (AAL)                 | \$ 2,272,621        | \$ 2,037,583        | \$ 1,935,169        |
| Actuarial value of plan assets                    | -                   | -                   | -                   |
| Unfunded actuarial accrued liability (UAAL)       | <u>\$ 2,272,621</u> | <u>\$ 2,037,583</u> | <u>\$ 1,935,169</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0%                  | 0%                  | 0%                  |
| Annual covered payroll (active plan members)      | \$ 6,284,698        | \$ 5,929,987        | \$ 5,757,269        |
| UAAL as percentage of annual covered payroll      | 36.16%              | 34.36%              | 33.61%              |

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 post employment benefit plan 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, 2017 and looking forward, the schedule will eventually provide multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

16. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

In the June 30, 2017 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% unfunded discount rate and an annual healthcare costs trend rate of 8.00% initially, reduced by decrements of .50% for the following 2 years and .25% for the next 8 years. Covered payroll included a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advanced funded its obligations. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll over an open thirty year period.

**Actuarial Assumptions**

|                         |   |
|-------------------------|---|
| Actuarial cost method   | Projected Unit Credit with linear proration to decrement. |
| Discount rate           | 4.00%   |
| Inflation rate          | 3.00% per year  |
| Salary scale            | 3.00% per year (for amortization purposes only)           |
| Amortization            | Level % of pay over thirty years based on an open group.  |
| Health care trend rates | 8.00% for FYE 2018  |
|                         | 7.50% for FYE 2019  |
|                         | 7.00% for FYE 2020  |
|                         | 6.75% for FYE 2021  |
|                         | 6.50% for FYE 2022  |
|                         | 6.25% for FYE 2023  |
|                         | 6.00% for FYE 2024  |
|                         | 5.75% for FYE 2025  |
|                         | 5.50% for FYE 2026  |
|                         | 5.25% for FYE 2027  |
|                         | 5.00% for FYE 2028+                                       |

17. REDEVELOPMENT AGENCIES

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

- A. The collections of tax increment revenue by Redevelopment Agencies as of June 30, 2017 are as follows:

| <u>Project Area</u> | <u>Amount</u>       |
|---------------------|---------------------|
| Depot               | \$ 2,383,039        |
| Downtown            | 87,066              |
| Total               | <u>\$ 2,470,105</u> |

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

| <u>Project Area</u> | <u>Acquisition of<br/>Property</u> | <u>Improvement<br/>or Preparation<br/>Costs</u> | <u>Public Utilities<br/>or Other Public<br/>Improvements</u> | <u>Administrative<br/>Costs of the<br/>Agency</u> |
|---------------------|------------------------------------|---|--|---|
| Depot RDA           | \$ 4,500                           | \$ 280,000                                      | \$ 150,000   | \$ 1,209,960                                      |
| Total               | <u>\$ 4,500</u>                    | <u>\$ 280,000</u>                               | <u>\$ 150,000</u>  | <u>\$ 1,209,960</u>                               |

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

18. LITIGATION AND SPECIAL ITEMS

Sod Farm Case

Tooele City had leased a 1,783-acre City-owned agricultural property located near Vernon, Utah (the "Property"), to a private sod farmer ("Plaintiff") since the City's acquisition in 1991, pursuant to a lease entitled Vernon Ranch Management Agreement and Grazing Lease ("Agreement"). On November 20, 2012, Tooele City, through outside legal counsel, provided written notice that the Agreement had terminated under its terms on December 31, 2007. On January 18, 2013, Tooele City, through counsel, provided written notice of no-cause termination of the Agreement, as an alternative termination to the November 20, 2012 notice of expiration. On May 8, 2013 Tooele City filed a complaint (1) seeking a Declaratory judgment regarding the termination of the Agreement and (2) for Unlawful Detainer. The Plaintiff filed a counterclaim seeking damages under the Agreement for value of the Plaintiff's sod crop.

The case was tried to a jury on December 1-2 and 7-9, 2016. Prior to trial, the judge made several rulings that limited the scope of the case, as follows. First, the judge ruled that all revenues earned by the Plaintiff from the Property during the year 2013 would be an offset in the City's favor against any amounts found due by the jury at trial. Second, the judge ruled that immature sod has no market value. Third, the judge ruled that the City legally terminated the Agreement, and that the Plaintiff could not pursue a claim against the City for breach of an implied covenant of good faith and fair dealing, or, put another way, the Plaintiff could not pursue a claim of bad faith. Fourth, the judge ruled that an underground pipe installed and later removed by the Plaintiff had become a fixture to the Property owned by the City. These pre-trial rulings reduced the value of the Plaintiff's claims from more than \$3 million to less than \$300,000. Despite the judge's pre-trial rulings, however, the jury returned a net verdict in favor of the Plaintiff and against the City in the amount of \$2,631,154. The jury verdict is not a judgment and does not represent a current or future obligation of the City at this point in time. The City believes that the verdict violates the law of the case and is unlawful. The City challenged the verdict through post-trial motions for judgment notwithstanding the verdict (JNOV) and for new trial. The City also brought motions for trebled damages and attorney fees. The motions were heard on October 26, 2017. The City anticipates a ruling on the motions prior to the end of the calendar year. At some future date, the court will enter a judgment for some party in some amount. Depending on the terms and conditions of that judgment, appeals by one or both parties are possible.

Tooele Associates Settlement

As discussed in Note 9 above, during a previous year, the City was sued by a real estate developer, Tooele Associates for breach of contract. During fiscal year 2017, the City issued bonds in the amount of \$11,350,000 and used the proceeds to settle the liability to Tooele Associates in full.

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

19. RECLASSIFICATIONS AND ADJUSTMENTS

During the current year the Debt Service Fund met the criteria to be classified as a major governmental fund. The Debt Service Fund's beginning fund balance of \$328,371 as of July 1, 2016 has been reclassified from a nonmajor to a major governmental fund.

A summary of the reclassification is as follows:

|   | <b>Governmental Funds</b> |                           |
|---|---------------------------|---------------------------|
|   | <b>Major<br/>Funds</b>    | <b>Nonmajor<br/>Funds</b> |
| Fund balances as originally stated July 1, 2016 | \$ 5,274,637              | \$ 9,285,170              |
| Adjustment from nonmajor to major fund          | 328,371                   | (328,371)                 |
| Fund balances as restated - July 1, 2016        | \$ 5,603,008              | \$ 8,956,799              |

**TOOELE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2017**

20. **NEGATIVE UNRESTRICTED NET POSITION**

Due to the settlement with Tooele Associates described in Note 9, unrestricted net position reported in the government wide statement of net position was negative as of June 30, 2017. Without this settlement liability, unrestricted net assets would have been \$6,662,898. During 2017, the City paid the obligation to Tooele Associates in full.

21. **COMMITMENTS AND CONTINGENCIES**

As of June 30, 2017, it was determined that negative cash balances being carried by the debt service fund in the amount of \$825,000 is recoverable under the current operating agreements.

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

22. **RISK MANAGEMENT**

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

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

23. **RECENT ACCOUNTING PRONOUNCEMENTS**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which supersedes Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended and Statement No. 57 *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This statement establishes new accounting and financial reporting requirements for OPEB plans and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. Statement 75 is effective for fiscal years beginning after June 15, 2017 and early application is encouraged. The City is currently evaluating the impact of this statement on the financial statements when implemented but since the City no longer provides other post employment benefits besides pensions the new standard implementation is expected to have little impact on the financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements 67, 68, and 73*. The state addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (Plan member) contribution requirements. Statement 82 is effective for fiscal years beginning after June 15, 2017 and early application is encouraged. The City is evaluating the impact of these statements on the financial statements when implemented.

The City has also implemented GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, and GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* during the current year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOOELE CITY CORPORATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -**  
**LAST TEN FISCAL YEARS\* REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2017**

|  | <b>Noncontributory<br/>Retirement<br/>System</b> | <b>Contributory<br/>Retirement<br/>System</b> | <b>Public Safety<br/>System</b> | <b>Tier 2 Public<br/>Employees<br/>Retirement<br/>System</b> | <b>Tier 2 Public<br/>Safety and<br/>Firefighter<br/>System<br/>Retirement</b> |
|--|--|---|---------------------------------|--|---|
| Proportion of the net pension liability (asset)  |  |   |                                 |  |   |
| For year ending December 31, 2016  | 0.3844558%                                       | 0.2056053%                                    | 0.8854666%                      | 0.1093276%   | 0.7010886%  |
| For year ending December 31, 2015  | 0.3975560%                                       | 0.1227386%                                    | 0.9004734%                      | 0.9188550%   | 0.5412317%  |
| For year ending December 31, 2014  | 0.3969544%                                       | 0.2018151%                                    | 0.9768338%                      | 0.1046091%   | 0.6545410%  |
| Proportionate share of the net pension liability (asset)   |  |   |                                 |  |   |
| For year ending December 31, 2016  | \$ 2,468,677                                     | \$ 67,461                                     | \$ 1,796,856                    | \$ 12,195  | \$ (6,086)  |
| For year ending December 31, 2015  | 2,249,565  | 86,267  | 1,612,974                       | (201)  | (7,908)   |
| For year ending December 31, 2014  | 1,723,669  | 58,212  | 1,228,450                       | (3,170)  | (9,683)   |
| Covered employee payroll   |  |   |                                 |  |   |
| For year ending December 31, 2016  | \$ 3,346,208                                     | \$ 49,333                                     | \$ 1,249,196                    | \$ 896,577   | \$ 579,253  |
| For year ending December 31, 2015  | 3,424,604  | 52,298  | 1,335,678                       | 593,586  | 322,087   |
| For year ending December 31, 2014  | 3,436,676  | 107,866                                       | 1,461,239                       | 513,414  | 270,535   |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll |  |   |                                 |  |   |
| For year ending December 31, 2016  | 73.78%   | 136.75%                                       | 143.84%                         | 1.36%  | -1.05%  |
| For year ending December 31, 2015  | 65.69%   | 164.95%                                       | 120.76%                         | -0.03%   | -2.46%  |
| For year ending December 31, 2014  | 50.20%   | 54.00%  | 84.10%                          | -0.60%   | -3.60%  |
| Plan fiduciary net position as a percentage of its covered-employee payroll                              |  |   |                                 |  |   |
| For year ending December 31, 2016  | 87.30%   | 92.90%  | 86.50%                          | 95.10%   | 103.60%   |
| For year ending December 31, 2015  | 87.80%   | 85.70%  | 87.10%                          | 100.20%  | 110.70%   |
| For year ending December 31, 2014  | 90.20%   | 94.00%  | 90.50%                          | 103.50%  | 120.50%   |

\* In accordance with paragraph 81.a of GASB 68, employers are required to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will continue to be built prospectively.

**TOOELE CITY CORPORATION**  
**SCHEDULE OF CONTRIBUTIONS - LAST TEN FISCAL YEARS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2017**

| System  | As of Fiscal<br>Year Ended<br>June 30, | Actuarial<br>Determined<br>Contributions | Contributions in<br>Relation to the<br>Contractually<br>Required<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Employee<br>Payroll | Contributions as<br>a Percentage of<br>Covered<br>Employee<br>Payroll |
|---|--|--|--|--|--------------------------------|---|
| Noncontributory System                                  | 2014                                   | \$ 596,700                               | \$ 596,700   | \$ -                                   | \$ 3,566,046                   | 16.73%  |
|   | 2015                                   | 601,526                                  | 601,526  | -                                      | 3,413,267                      | 17.62%  |
|   | 2016                                   | 586,831                                  | 586,831  | -                                      | 3,398,845                      | 17.27%  |
|   | 2017                                   | 558,245                                  | 558,245  | -                                      | 3,066,576                      | 18.20%  |
| Contributory System                                     | 2014                                   | \$ 14,118                                | \$ 14,118  | \$ -                                   | \$ 106,308                     | 13.28%  |
|   | 2015                                   | 12,172                                   | 12,172   | -                                      | 85,967                         | 14.16%  |
|   | 2016                                   | 6,942                                    | 6,942  | -                                      | 53,460                         | 12.99%  |
|   | 2017                                   | 6,338                                    | 6,338  | -                                      | 43,833                         | 14.46%  |
| Public Safety System                                    | 2014                                   | \$ 447,864                               | \$ 447,864   | \$ -                                   | \$ 1,489,801                   | 30.06%  |
|   | 2015                                   | 456,664                                  | 456,664  | -                                      | 1,436,266                      | 31.80%  |
|   | 2016                                   | 383,473                                  | 383,473  | -                                      | 1,228,273                      | 31.22%  |
|   | 2017                                   | 382,943                                  | 382,943  | -                                      | 1,144,502                      | 33.46%  |
| Tier 2 Public Employees System*                         | 2014                                   | \$ 49,190                                | \$ 49,190  | \$ -                                   | \$ 351,606                     | 13.99%  |
|   | 2015                                   | 89,612                                   | 89,612   | -                                      | 599,160                        | 14.96%  |
|   | 2016                                   | 103,003                                  | 103,003  | -                                      | 717,215                        | 14.36%  |
|   | 2017                                   | 148,291                                  | 148,291  | -                                      | 995,440                        | 14.90%  |
| Tier 2 Public Safety and<br>Firefighter System*         | 2014                                   | \$ 38,705                                | \$ 38,705  | \$ -                                   | \$ 185,638                     | 20.85%  |
|   | 2015                                   | 68,338                                   | 68,338   | -                                      | 303,053                        | 22.55%  |
|   | 2016                                   | 97,815                                   | 97,815   | -                                      | 447,952                        | 21.84%  |
|   | 2017                                   | 150,547                                  | 150,547  | -                                      | 669,097                        | 22.50%  |
| Tier 2 Public Employees DC<br>Only System*              | 2014                                   | \$ 6,066                                 | \$ 6,066   | \$ -                                   | \$ 81,128                      | 7.48%   |
|   | 2015                                   | 5,844                                    | 5,844  | -                                      | 86,969                         | 6.72%   |
|   | 2016                                   | 10,623                                   | 10,623   | -                                      | 162,571                        | 6.53%   |
|   | 2017                                   | 12,352                                   | 12,352   | -                                      | 184,634                        | 6.69%   |
| Tier 2 Public Safety and<br>Firefighter DC Only System* | 2014                                   | \$ -                                     | \$ -   | \$ -                                   | \$ -                           | 0.00%   |
|   | 2015                                   | -  | -  | -                                      | -                              | 0.00%   |
|   | 2016                                   | 3,878                                    | 3,878  | -                                      | 32,784                         | 11.83%  |
|   | 2017                                   | 2,351                                    | 2,351  | -                                      | 19,875                         | 11.83%  |

\* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

**TOOELE CITY CORPORATION**  
**POSTEMPLOYMENT BENEFIT PLAN - SCHEDULE OF FUNDING PROGRESS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2017**

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets<br/>(a)</b> | <b>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)-<br/>Entry Age<br/>(b)</b> | <b>Unfunded<br/>AAL<br/>(UALL)<br/>(b-a)</b> | <b>Funded<br/>Ration<br/>(a/b)</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>UAAL as a<br/>Percentage<br/>of<br/>Covered<br/>Payroll<br/>((b-a)/c)</b> |
|---|--|---|--|------------------------------------|------------------------------------|--|
| 7/1/2009                                | \$ -   | \$ 2,054,272  | \$ 2,054,272                                 | 0.0%                               | \$ 5,080,125                       | 40.44%   |
| 7/1/2010                                | \$ -   | \$ 2,145,342  | \$ 2,145,342                                 | 0.0%                               | \$ 4,846,496                       | 44.27%   |
| 7/1/2011                                | \$ -   | \$ 2,328,810  | \$ 2,328,810                                 | 0.0%                               | \$ 5,204,545                       | 44.75%   |
| 7/1/2012                                | \$ -   | \$ 2,545,799  | \$ 2,545,799                                 | 0.0%                               | \$ 5,719,611                       | 44.51%   |
| 7/1/2013                                | \$ -   | \$ 2,361,364  | \$ 2,361,364                                 | 0.0%                               | \$ 5,891,199                       | 40.08%   |
| 7/1/2014                                | \$ -   | \$ 1,935,169  | \$ 1,935,169                                 | 0.0%                               | \$ 5,757,269                       | 33.61%   |
| 7/1/2015                                | \$ -   | \$ 2,037,583  | \$ 2,037,583                                 | 0.0%                               | \$ 5,929,987                       | 34.36%   |
| 7/1/2016                                | \$ -   | \$ 2,272,621  | \$ 2,272,621                                 | 0.0%                               | \$ 6,284,698                       | 36.16%   |

**TOOELE CITY CORPORATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2017**

1. CHANGE IN ASSUMPTIONS

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

## **SUPPLEMENTAL INFORMATION**

**TOOELE CITY CORPORATION  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2017**

|  | Special Revenue Funds     |                     |                             |                                    |   | Capital Projects Funds              |                              |                             |  | Totals              |
|--|---------------------------|---------------------|-----------------------------|------------------------------------|---|-------------------------------------|------------------------------|-----------------------------|--|---------------------|
|  | Class "C"<br>Road<br>Fund | Par Tax<br>Fund     | Code<br>Enforcement<br>Fund | Municipal<br>Building<br>Authority | Industrial<br>Park<br>Redevelopment<br>Agency | Downtown<br>Redevelopment<br>Agency | Park<br>Improvements<br>Fund | Capital<br>Projects<br>Fund | Public Safety<br>Capital<br>Projects<br>Fund |                     |
| <b>ASSETS</b>  |                           |                     |                             |                                    |   |                                     |                              |                             |  |                     |
| Cash and cash equivalents  | \$ -                      | \$ -                | \$ -                        | \$ -                               | \$ -  | \$ -                                | \$ 1,174                     | \$ 1,122,884                | \$ -   | \$ 1,124,058        |
| Receivables:   |                           |                     |                             |                                    |   |                                     |                              |                             |  |                     |
| Assessments  | -                         | 74,438              | -                           | -                                  | -   | -                                   | -                            | -                           | -  | 74,438              |
| Taxes  | -                         | -                   | -                           | -                                  | -   | 90,000                              | -                            | -                           | -  | 90,000              |
| Other  | -                         | -                   | -                           | -                                  | -   | 5,396                               | -                            | -                           | -  | 5,396               |
| Intergovernmental receivable   | 419,385                   | -                   | -                           | -                                  | -   | -                                   | -                            | -                           | -  | 419,385             |
| Due from other funds   | 283,666                   | -                   | -                           | -                                  | -   | -                                   | 18,863                       | 109,645                     | -  | 412,174             |
| Restricted cash and cash equivalents                                     | 1,844,300                 | 1,490,107           | 24,500                      | 156,039                            | -   | 44,144                              | 1,192,102                    | 290,630                     | 1,202,296                                    | 6,244,118           |
| <b>TOTAL ASSETS</b>  | <b>\$ 2,547,351</b>       | <b>\$ 1,564,545</b> | <b>\$ 24,500</b>            | <b>\$ 156,039</b>                  | <b>\$ -</b>                                   | <b>\$ 139,540</b>                   | <b>\$ 1,212,139</b>          | <b>\$ 1,523,159</b>         | <b>\$ 1,202,296</b>                          | <b>\$ 8,369,569</b> |
| <b>LIABILITIES</b>   |                           |                     |                             |                                    |   |                                     |                              |                             |  |                     |
| Accounts payable   | \$ 108,250                | \$ 131              | \$ 17,510                   | \$ -                               | \$ -  | \$ -                                | \$ 1,174                     | \$ -                        | \$ -   | \$ 127,065          |
| <b>TOTAL LIABILITIES</b>   | <b>108,250</b>            | <b>131</b>          | <b>17,510</b>               | <b>-</b>                           | <b>-</b>                                      | <b>-</b>                            | <b>1,174</b>                 | <b>-</b>                    | <b>-</b>                                     | <b>127,065</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                           |                     |                             |                                    |   |                                     |                              |                             |  |                     |
| Unavailable revenue - property taxes                                     | -                         | -                   | -                           | -                                  | -   | 90,000                              | -                            | -                           | -  | 90,000              |
| <b>FUND BALANCES</b>   |                           |                     |                             |                                    |   |                                     |                              |                             |  |                     |
| Restricted   |                           |                     |                             |                                    |   |                                     |                              |                             |  |                     |
| Public safety  | -                         | -                   | -                           | -                                  | -   | -                                   | -                            | -                           | 1,202,296                                    | 1,202,296           |
| Park development   | -                         | -                   | -                           | -                                  | -   | -                                   | 1,160,965                    | -                           | -  | 1,160,965           |
| Recreation and arts  | -                         | 1,564,414           | -                           | -                                  | -   | -                                   | -                            | -                           | -  | 1,564,414           |
| Debt service   | 664,407                   | -                   | -                           | 156,039                            | -   | 49,540                              | 50,000                       | 290,630                     | -  | 1,210,616           |
| Roads  | 1,774,694                 | -                   | -                           | -                                  | -   | -                                   | -                            | -                           | -  | 1,774,694           |
| Code enforcement   | -                         | -                   | 6,990                       | -                                  | -   | -                                   | -                            | -                           | -  | 6,990               |
| Assigned   |                           |                     |                             |                                    |   |                                     |                              |                             |  |                     |
| Capital projects   | -                         | -                   | -                           | -                                  | -   | -                                   | -                            | 1,232,529                   | -  | 1,232,529           |
| <b>TOTAL FUND BALANCE</b>  | <b>2,439,101</b>          | <b>1,564,414</b>    | <b>6,990</b>                | <b>156,039</b>                     | <b>-</b>                                      | <b>49,540</b>                       | <b>1,210,965</b>             | <b>1,523,159</b>            | <b>1,202,296</b>                             | <b>8,152,504</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b> | <b>\$ 2,547,351</b>       | <b>\$ 1,564,545</b> | <b>\$ 24,500</b>            | <b>\$ 156,039</b>                  | <b>\$ -</b>                                   | <b>\$ 139,540</b>                   | <b>\$ 1,212,139</b>          | <b>\$ 1,523,159</b>         | <b>\$ 1,202,296</b>                          | <b>\$ 8,369,569</b> |

**TOOELE CITY CORPORATION**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

|  | Special Revenue Funds     |                     |                             |                                    |   | Capital Project Funds               |                              |                             |  | Totals              |
|--|---------------------------|---------------------|-----------------------------|------------------------------------|---|-------------------------------------|------------------------------|-----------------------------|--|---------------------|
|  | Class "C"<br>Road<br>Fund | Par Tax<br>Fund     | Code<br>Enforcement<br>Fund | Municipal<br>Building<br>Authority | Industrial<br>Park<br>Redevelopment<br>Agency | Downtown<br>Redevelopment<br>Agency | Park<br>Improvements<br>Fund | Capital<br>Projects<br>Fund | Public Safety<br>Capital<br>Projects<br>Fund |                     |
| <b>REVENUES</b>  |                           |                     |                             |                                    |   |                                     |                              |                             |  |                     |
| Taxes  | \$ -                      | \$ 384,482          | \$ -                        | \$ -                               | \$ -  | \$ 87,066                           | \$ -                         | \$ -                        | \$ -   | \$ 471,548          |
| Licenses and permits   | -                         | -                   | 32,078                      | -                                  | -   | -                                   | -                            | -                           | -  | 32,078              |
| Intergovernmental revenues   | 1,876,231                 | -                   | -                           | -                                  | -   | -                                   | -                            | -                           | -  | 1,876,231           |
| Interest income  | 21,092                    | 12,839              | 206                         | 1,715                              | -   | 459                                 | 10,715                       | 19,041                      | 12,450                                       | 78,517              |
| Impact fees  | -                         | -                   | -                           | -                                  | -   | -                                   | 238,566                      | -                           | 43,993                                       | 282,559             |
| Miscellaneous revenue  | -                         | 15,880              | 1,063                       | -                                  | -   | -                                   | -                            | -                           | -  | 16,943              |
| Rental income  | -                         | -                   | -                           | 530,112                            | -   | -                                   | -                            | -                           | -  | 530,112             |
| <b>TOTAL REVENUES</b>  | <u>1,897,323</u>          | <u>413,201</u>      | <u>33,347</u>               | <u>531,827</u>                     | <u>-</u>                                      | <u>87,525</u>                       | <u>249,281</u>               | <u>19,041</u>               | <u>56,443</u>                                | <u>3,287,988</u>    |
| <b>EXPENDITURES</b>  |                           |                     |                             |                                    |   |                                     |                              |                             |  |                     |
| General government   | -                         | 163,462             | -                           | 9                                  | -   | -                                   | -                            | 33,842                      | -  | 197,313             |
| Public safety  | -                         | -                   | 56,907                      | -                                  | -   | -                                   | -                            | -                           | -  | 56,907              |
| Highways and streets   | 331,803                   | -                   | -                           | -                                  | -   | -                                   | -                            | -                           | -  | 331,803             |
| Capital outlay   | 1,151,135                 | 29,784              | -                           | -                                  | -   | -                                   | 28,797                       | 375,029                     | -  | 1,584,745           |
| Principal - capital lease  | -                         | -                   | -                           | -                                  | -   | -                                   | -                            | 62,928                      | -  | 62,928              |
| Interest   | -                         | -                   | -                           | -                                  | -   | -                                   | -                            | 12,343                      | -  | 12,343              |
| <b>TOTAL EXPENDITURES</b>  | <u>1,482,938</u>          | <u>193,246</u>      | <u>56,907</u>               | <u>9</u>                           | <u>-</u>                                      | <u>-</u>                            | <u>28,797</u>                | <u>484,142</u>              | <u>-</u>                                     | <u>2,246,039</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>414,385</u>            | <u>219,955</u>      | <u>(23,560)</u>             | <u>531,818</u>                     | <u>-</u>                                      | <u>87,525</u>                       | <u>220,484</u>               | <u>(465,101)</u>            | <u>56,443</u>                                | <u>1,041,949</u>    |
| <b>OTHER FINANCING SOURCES (USES)<br/>INCLUDING TRANSFERS</b>        |                           |                     |                             |                                    |   |                                     |                              |                             |  |                     |
| Operating transfers (out)  | (664,407)                 | -                   | -                           | (530,112)                          | (180,593)                                     | (87,500)                            | (50,000)                     | (290,650)                   | -  | (1,803,262)         |
| Refunded impact fees   | -                         | -                   | -                           | -                                  | -   | -                                   | (42,982)                     | -                           | -  | (42,982)            |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES) INCLUDING TRANSFERS</b>  | <u>(664,407)</u>          | <u>-</u>            | <u>-</u>                    | <u>(530,112)</u>                   | <u>(180,593)</u>                              | <u>(87,500)</u>                     | <u>(92,982)</u>              | <u>(290,650)</u>            | <u>-</u>                                     | <u>(1,846,244)</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | <u>(250,022)</u>          | <u>219,955</u>      | <u>(23,560)</u>             | <u>1,706</u>                       | <u>(180,593)</u>                              | <u>25</u>                           | <u>127,502</u>               | <u>(755,751)</u>            | <u>56,443</u>                                | <u>(804,295)</u>    |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>                               | <u>2,689,123</u>          | <u>1,344,459</u>    | <u>30,550</u>               | <u>154,333</u>                     | <u>180,593</u>                                | <u>49,515</u>                       | <u>1,083,463</u>             | <u>2,278,910</u>            | <u>1,145,853</u>                             | <u>8,956,799</u>    |
| <b>FUND BALANCE, END OF YEAR</b>                                     | <u>\$ 2,439,101</u>       | <u>\$ 1,564,414</u> | <u>\$ 6,990</u>             | <u>\$ 156,039</u>                  | <u>\$ -</u>                                   | <u>\$ 49,540</u>                    | <u>\$ 1,210,965</u>          | <u>\$ 1,523,159</u>         | <u>\$ 1,202,296</u>                          | <u>\$ 8,152,504</u> |

**TOOELE CITY CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL -**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

|  | <b>Par Tax Fund</b> |                     |   |
|--|---------------------|---------------------|---|
|  | <b>Budget</b>       | <b>Actual</b>       | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>REVENUES</b>  |                     |                     |   |
| Taxes  | \$ 375,000          | \$ 384,482          | \$ 9,482  |
| Interest income  | 5,000               | 12,839              | 7,839   |
| Miscellaneous revenues                                       | 20,000              | 15,880              | (4,120)   |
| TOTAL REVENUES   | <u>400,000</u>      | <u>413,201</u>      | <u>13,201</u>                                   |
| <b>EXPENDITURES</b>  |                     |                     |   |
| General government   | 120,000             | 163,462             | (43,462)  |
| Capital outlay   | 280,000             | 29,784              | 250,216   |
| TOTAL EXPENDITURES   | <u>400,000</u>      | <u>193,246</u>      | <u>206,754</u>                                  |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | <u>-</u>            | <u>219,955</u>      | <u>219,955</u>                                  |
| NET CHANGE IN FUND BALANCE                                   | -                   | 219,955             | 219,955   |
| FUND BALANCE, BEGINNING OF YEAR                              | <u>1,344,459</u>    | <u>1,344,459</u>    | <u>-</u>  |
| FUND BALANCE, END OF YEAR                                    | <u>\$ 1,344,459</u> | <u>\$ 1,564,414</u> | <u>\$ 219,955</u>                               |

**TOOELE CITY CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL -**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

| <b>Code Enforcement Fund</b>                                 |               |               |   |
|--|---------------|---------------|---|
|  | <b>Budget</b> | <b>Actual</b> | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>REVENUES</b>  |               |               |   |
| Licenses and permits   | \$ 90,000     | \$ 32,078     | \$ (57,922)                                     |
| Interest income  | -             | 206           | 206   |
| Miscellaneous revenues                                       | -             | 1,063         | 1,063   |
| TOTAL REVENUES   | 90,000        | 33,347        | (56,653)  |
| <b>EXPENDITURES</b>  |               |               |   |
| Public safety  | 90,000        | 56,907        | 33,093  |
| TOTAL EXPENDITURES   | 90,000        | 56,907        | 33,093  |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | -             | (23,560)      | (23,560)  |
| NET CHANGE IN FUND BALANCE                                   | -             | (23,560)      | (23,560)  |
| FUND BALANCE, BEGINNING OF YEAR                              | 30,550        | 30,550        | -   |
| FUND BALANCE, END OF YEAR                                    | \$ 30,550     | \$ 6,990      | \$ (23,560)                                     |

**TOOELE CITY CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL -**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

| <b>Municipal Building Authority</b>                           |                   |                   |   |
|---|-------------------|-------------------|---|
|   | <b>Budget</b>     | <b>Actual</b>     | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>REVENUES</b>   |                   |                   |   |
| Interest income   | \$ 1,650          | \$ 1,715          | \$ 65   |
| Rental income   | <u>530,112</u>    | <u>530,112</u>    | <u>-</u>  |
| TOTAL REVENUES  | <u>531,762</u>    | <u>531,827</u>    | <u>65</u>                                       |
| <b>EXPENDITURES</b>   |                   |                   |   |
| General government  | <u>1,650</u>      | <u>9</u>          | <u>1,641</u>                                    |
| TOTAL EXPENDITURES  | <u>1,650</u>      | <u>9</u>          | <u>1,641</u>                                    |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES  | <u>530,112</u>    | <u>531,818</u>    | <u>1,706</u>                                    |
| <b>OTHER FINANCING SOURCES (USES)<br/>INCLUDING TRANSFERS</b> |                   |                   |   |
| Operating transfers (out)                                     | <u>(530,112)</u>  | <u>(530,112)</u>  | <u>-</u>  |
| TOTAL OTHER FINANCING SOURCES<br>(USES) INCLUDING TRANSFERS   | <u>(530,112)</u>  | <u>(530,112)</u>  | <u>-</u>  |
| NET CHANGE IN FUND BALANCE                                    | -                 | 1,706             | 1,706   |
| FUND BALANCE, BEGINNING OF YEAR                               | <u>154,333</u>    | <u>154,333</u>    | <u>-</u>  |
| FUND BALANCE, END OF YEAR                                     | <u>\$ 154,333</u> | <u>\$ 156,039</u> | <u>\$ 1,706</u>                                 |

**TOOELE CITY CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL -**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

|   |   | <u>Industrial Park Redevelopment Agency</u> |                  |   |
|---|---|---|------------------|---|
|   |   | <u>Budget</u>                               | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
| REVENUES                                |   |   |                  |   |
| Taxes                                   |   | \$ 185,000                                  | \$ -             | \$ (185,000)                                    |
|   | TOTAL REVENUES  | <u>185,000</u>                              | <u>-</u>         | <u>(185,000)</u>                                |
| EXCESS OF REVENUES<br>OVER EXPENDITURES |   |   |                  |   |
|   |   | <u>185,000</u>                              | <u>-</u>         | <u>(185,000)</u>                                |
| OTHER FINANCING SOURCES (USES)          |   |   |                  |   |
| INCLUDING TRANSFERS                     |   |   |                  |   |
| Operating transfers (out)               |   | <u>(185,000)</u>                            | <u>(180,593)</u> | <u>4,407</u>                                    |
|   | TOTAL OTHER FINANCING SOURCES<br>(USES) INCLUDING TRANSFERS | <u>(185,000)</u>                            | <u>(180,593)</u> | <u>4,407</u>                                    |
| NET CHANGE IN FUND BALANCE              |   |   |                  |   |
|   |   | -   | (180,593)        | (180,593)                                       |
| FUND BALANCE, BEGINNING OF YEAR         |   |   |                  |   |
|   |   | <u>180,593</u>                              | <u>180,593</u>   | <u>-</u>  |
| FUND BALANCE, END OF YEAR               |   |   |                  |   |
|   |   | <u>\$ 180,593</u>                           | <u>\$ -</u>      | <u>\$ (180,593)</u>                             |

**TOOELE CITY CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL -**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

| <u>Downtown Redevelopment Agency</u>                        |                  |                  |   |
|---|------------------|------------------|---|
|   | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
| Revenues:   |                  |                  |   |
| Taxes   | \$ 75,000        | \$ 87,066        | \$ 12,066                                       |
| Interest income   | <u>750</u>       | <u>459</u>       | <u>(291)</u>                                    |
| TOTAL REVENUES  | <u>75,750</u>    | <u>87,525</u>    | <u>11,775</u>                                   |
| EXCESS OF REVENUES<br>OVER EXPENDITURES                     | <u>75,750</u>    | <u>87,525</u>    | <u>11,775</u>                                   |
| OTHER FINANCING SOURCES (USES)<br>INCLUDING TRANSFERS       |                  |                  |   |
| Operating transfers (out)                                   | <u>(87,500)</u>  | <u>(87,500)</u>  | <u>-</u>  |
| TOTAL OTHER FINANCING SOURCES<br>(USES) INCLUDING TRANSFERS | <u>(87,500)</u>  | <u>(87,500)</u>  | <u>-</u>  |
| NET CHANGE IN FUND BALANCE                                  | (11,750)         | 25               | 11,775  |
| FUND BALANCE, BEGINNING OF YEAR                             | <u>49,515</u>    | <u>49,515</u>    | <u>-</u>  |
| FUND BALANCE, END OF YEAR                                   | <u>\$ 37,765</u> | <u>\$ 49,540</u> | <u>\$ 11,775</u>                                |

**TOOELE CITY CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL -**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

|   | <u>Class "C" Road Fund</u> |                     |   |
|---|----------------------------|---------------------|---|
|   | <u>Budget</u>              | <u>Actual</u>       | <u>Variance</u><br><u>Favorable</u><br><u>(Unfavorable)</u> |
| <b>REVENUES</b>   |                            |                     |   |
| Intergovernmental revenues  | \$ 2,602,000               | \$ 1,876,231        | \$ (725,769)  |
| Interest income   | 10,000                     | 21,092              | 11,092  |
| TOTAL REVENUES  | <u>2,612,000</u>           | <u>1,897,323</u>    | <u>(714,677)</u>  |
| <b>EXPENDITURES</b>   |                            |                     |   |
| Highways and streets  | 632,593                    | 331,803             | 300,790   |
| Capital outlay  | 1,315,000                  | 1,151,135           | 163,865   |
| TOTAL EXPENDITURES  | <u>1,947,593</u>           | <u>1,482,938</u>    | <u>464,655</u>  |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES        | <u>664,407</u>             | <u>414,385</u>      | <u>(250,022)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b><br><b>INCLUDING TRANSFERS</b> |                            |                     |   |
| Operating transfers out   | (664,407)                  | (664,407)           | -   |
| TOTAL OTHER FINANCING SOURCES<br>(USES) INCLUDING TRANSFERS         | <u>(664,407)</u>           | <u>(664,407)</u>    | <u>-</u>  |
| NET CHANGE IN FUND BALANCE  | -                          | (250,022)           | (250,022)   |
| FUND BALANCE, BEGINNING OF YEAR                                     | <u>2,689,123</u>           | <u>2,689,123</u>    | <u>-</u>  |
| FUND BALANCE, END OF YEAR   | <u>\$ 2,689,123</u>        | <u>\$ 2,439,101</u> | <u>\$ (250,022)</u>   |

**TOOELE CITY CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL -**  
**NONMAJOR CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2017**

|  | <b>Capital Projects Fund</b> |               |   |
|--|------------------------------|---------------|---|
|  | <b>Budget</b>                | <b>Actual</b> | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>REVENUES</b>  |                              |               |   |
| Intergovernmental revenue  | \$ -                         | \$ -          | \$ -  |
| Interest income  | -                            | 19,041        | 19,041  |
| <b>TOTAL REVENUES</b>  | -                            | 19,041        | 19,041  |
| <b>EXPENDITURES</b>  |                              |               |   |
| General government   | -                            | 33,842        | (33,842)  |
| Capital outlay   | 340,000                      | 375,029       | (35,029)  |
| Debt service:  |                              |               |   |
| Principal - capital lease  | 62,928                       | 62,928        | -   |
| Interest   | 12,343                       | 12,343        | -   |
| <b>TOTAL EXPENDITURES</b>  | 415,271                      | 484,142       | (68,871)  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (415,271)                    | (465,101)     | (49,830)  |
| <b>OTHER FINANCING SOURCES<br/>(USES) INCLUDING TRANSFERS</b>        |                              |               |   |
| Operating transfers out  | (1,851,421)                  | (290,650)     | 1,560,771                                       |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES) INCLUDING TRANSFERS</b>  | (1,851,421)                  | (290,650)     | 1,560,771                                       |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | (2,266,692)                  | (755,751)     | 1,510,941                                       |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>                               | 2,278,910                    | 2,278,910     | -   |
| <b>FUND BALANCE, END OF YEAR</b>                                     | \$ 12,218                    | \$ 1,523,159  | \$ 1,510,941                                    |

**TOOELE CITY CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL -**  
**NONMAJOR CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2017**

|   | <b>Park Improvements Fund</b> |               |   |
|---|-------------------------------|---------------|---|
|   | <b>Budget</b>                 | <b>Actual</b> | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>REVENUES</b>   |                               |               |   |
| Interest income   | \$ 5,000                      | \$ 10,715     | \$ 5,715  |
| Impact fees   | 210,000                       | 238,566       | 28,566  |
| TOTAL REVENUES  | 215,000                       | 249,281       | 34,281  |
| <b>EXPENDITURES</b>   |                               |               |   |
| Capital outlay  | 305,000                       | 28,797        | 276,203   |
| TOTAL EXPENDITURES  | 305,000                       | 28,797        | 276,203   |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES  | (90,000)                      | 220,484       | 310,484   |
| <b>OTHER FINANCING SOURCES<br/>(USES) INCLUDING TRANSFERS</b> |                               |               |   |
| Operating transfers out                                       | (50,000)                      | (50,000)      | -   |
| Refunded impact fees  | -                             | (42,982)      | (42,982)  |
| TOTAL OTHER FINANCING SOURCES<br>(USES) INCLUDING TRANSFERS   | (50,000)                      | (92,982)      | (42,982)  |
| NET CHANGE IN FUND BALANCE                                    | (140,000)                     | 127,502       | 267,502   |
| FUND BALANCE, BEGINNING OF YEAR                               | 1,083,463                     | 1,083,463     | -   |
| FUND BALANCE, END OF YEAR                                     | \$ 943,463                    | \$ 1,210,965  | \$ 267,502                                      |

**TOOELE CITY CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL -**  
**NONMAJOR CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2017**

| <u>Public Safety Capital Projects Fund</u>                   |                   |                     |   |
|--|-------------------|---------------------|---|
|  | <u>Budget</u>     | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
| <b>REVENUES</b>  |                   |                     |   |
| Interest income  | \$ 7,400          | \$ 12,450           | \$ 5,050  |
| Impact fees  | <u>62,508</u>     | <u>43,993</u>       | <u>(18,515)</u>                                 |
| TOTAL REVENUES   | <u>69,908</u>     | <u>56,443</u>       | <u>(13,465)</u>                                 |
| <b>EXPENDITURES</b>  |                   |                     |   |
| General government   | 20,000            | -                   | 20,000  |
| Capital outlay   | <u>750,000</u>    | <u>-</u>            | <u>750,000</u>                                  |
| TOTAL EXPENDITURES   | <u>770,000</u>    | <u>-</u>            | <u>770,000</u>                                  |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | <u>(700,092)</u>  | <u>56,443</u>       | <u>756,535</u>                                  |
| NET CHANGE IN FUND BALANCE                                   | (700,092)         | 56,443              | 756,535   |
| FUND BALANCE, BEGINNING OF YEAR                              | <u>1,145,853</u>  | <u>1,145,853</u>    | <u>-</u>  |
| FUND BALANCE, END OF YEAR                                    | <u>\$ 445,761</u> | <u>\$ 1,202,296</u> | <u>\$ 756,535</u>                               |

**TOOELE CITY CORPORATION**  
**COMBINING STATEMENT OF NET POSITION -**  
**NONMAJOR PROPRIETARY FUNDS**

**June 30, 2017**

|  | <u>Garbage<br/>Utility</u> | <u>Storm<br/>Water</u> | <u>Street<br/>Light</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|--|----------------------------|------------------------|-------------------------|--|
| <b>ASSETS</b>                          |                            |                        |                         |  |
| Current assets:                        |                            |                        |                         |  |
| Cash and cash equivalents              | \$ 2,154,375               | \$ 3,262,578           | \$ 13,019               | \$ 5,429,972                                       |
| Accounts receivable - net of allowance | <u>182,253</u>             | <u>51,257</u>          | <u>21,408</u>           | <u>254,918</u>                                     |
| <b>TOTAL CURRENT ASSETS</b>            | <u>2,336,628</u>           | <u>3,313,835</u>       | <u>34,427</u>           | <u>5,684,890</u>                                   |
| Noncurrent assets:                     |                            |                        |                         |  |
| Land                                   | -                          | 280,067                | -                       | 280,067  |
| Infrastructure                         | -                          | 5,912,292              | 75,777                  | 5,988,069  |
| Autos and trucks                       | 23,000                     | -                      | -                       | 23,000   |
| Accumulated depreciation               | <u>(12,267)</u>            | <u>(719,064)</u>       | <u>(379)</u>            | <u>(731,710)</u>                                   |
| <b>TOTAL NONCURRENT ASSETS</b>         | <u>10,733</u>              | <u>5,473,295</u>       | <u>75,398</u>           | <u>5,559,426</u>                                   |
| <b>TOTAL ASSETS</b>                    | <u>2,347,361</u>           | <u>8,787,130</u>       | <u>109,825</u>          | <u>11,244,316</u>                                  |
| <b>LIABILITIES</b>                     |                            |                        |                         |  |
| Current liabilities:                   |                            |                        |                         |  |
| Accounts payable                       | <u>118,596</u>             | <u>211,582</u>         | <u>-</u>                | <u>330,178</u>                                     |
| <b>TOTAL LIABILITIES</b>               | <u>118,596</u>             | <u>211,582</u>         | <u>-</u>                | <u>330,178</u>                                     |
| <b>NET POSITION</b>                    |                            |                        |                         |  |
| Net investment in capital assets       | 10,733                     | 5,473,295              | 75,398                  | 5,559,426  |
| Unrestricted                           | <u>2,218,032</u>           | <u>3,102,253</u>       | <u>34,427</u>           | <u>5,354,712</u>                                   |
| <b>TOTAL NET POSITION</b>              | <u>\$ 2,228,765</u>        | <u>\$ 8,575,548</u>    | <u>\$ 109,825</u>       | <u>\$ 10,914,138</u>                               |

**TOOELE CITY CORPORATION**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - NONMAJOR PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

|  | <u>Garbage<br/>Utility</u> | <u>Storm<br/>Water</u> | <u>Street<br/>Light</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|--|----------------------------|------------------------|-------------------------|--|
| <b>OPERATING REVENUES</b>                    |                            |                        |                         |  |
| Utility sales                                | \$ 1,567,953               | \$ 478,635             | \$ 228,217              | \$ 2,274,805                                       |
| Miscellaneous                                | 59,889                     | -                      | -                       | 59,889   |
| TOTAL OPERATING REVENUES                     | <u>1,627,842</u>           | <u>478,635</u>         | <u>228,217</u>          | <u>2,334,694</u>                                   |
| <b>OPERATING EXPENSES</b>                    |                            |                        |                         |  |
| Personal services                            | 482,935                    | -                      | -                       | 482,935  |
| Contracted services                          | 854,965                    | 25,000                 | -                       | 879,965  |
| Operations and maintenance                   | 85,616                     | 1                      | 172,693                 | 258,310  |
| Administration                               | (1,211)                    | 10,114                 | 14,620                  | 23,523   |
| Depreciation                                 | 4,600                      | 139,539                | 379                     | 144,518  |
| TOTAL OPERATING EXPENSES                     | <u>1,426,905</u>           | <u>174,654</u>         | <u>187,692</u>          | <u>1,789,251</u>                                   |
| OPERATING INCOME                             | <u>200,937</u>             | <u>303,981</u>         | <u>40,525</u>           | <u>545,443</u>                                     |
| <b>NON-OPERATING<br/>REVENUES (EXPENSES)</b> |                            |                        |                         |  |
| Interest income                              | 19,577                     | 30,298                 | 254                     | 50,129   |
| Gain from sale of capital assets             | -                          | -                      | 3,337                   | 3,337  |
| TOTAL NON-OPERATING<br>REVENUES (EXPENSES)   | <u>19,577</u>              | <u>30,298</u>          | <u>3,591</u>            | <u>53,466</u>                                      |
| Contributed from developers                  | -                          | 248,666                | -                       | 248,666  |
| CHANGE IN NET POSITION                       | 220,514                    | 582,945                | 44,116                  | 847,575  |
| NET POSITION - BEGINNING OF YEAR             | <u>2,008,251</u>           | <u>7,992,603</u>       | <u>65,709</u>           | <u>10,066,563</u>                                  |
| NET POSITION - END OF YEAR                   | <u>\$ 2,228,765</u>        | <u>\$ 8,575,548</u>    | <u>\$ 109,825</u>       | <u>\$ 10,914,138</u>                               |

**TOOELE CITY CORPORATION**  
**COMBINING STATEMENT OF CASH FLOWS -**  
**NONMAJOR PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

|  | <u>Garbage<br/>Utility</u> | <u>Storm<br/>Water</u> | <u>Street<br/>Light</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|--|----------------------------|------------------------|-------------------------|--|
| <b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>  |                            |                        |                         |  |
| Receipts from customers and users  | \$ 1,553,744               | \$ 478,815             | \$ 227,909              | \$ 2,260,468                                       |
| Receipts of miscellaneous income   | 59,889                     | -                      | -                       | 59,889   |
| Payments to employees  | (482,935)                  | -                      | -                       | (482,935)  |
| Payments to contractors  | (753,754)                  | -                      | -                       | (753,754)  |
| Payments for operations and maintenance  | (77,512)                   | 199,782                | (187,569)               | (65,299)   |
| Payment for interfund services provided  | (100,000)                  | (25,000)               | -                       | (125,000)  |
| NET CASH PROVIDED BY OPERATING ACTIVITIES  | <u>199,432</u>             | <u>653,597</u>         | <u>40,340</u>           | <u>893,369</u>                                     |
| <b>CASH FLOWS USED BY CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</b>                    |                            |                        |                         |  |
| Purchase of capital assets   | -                          | (309,578)              | (75,777)                | (385,355)  |
| Proceeds from sale of capital assets   | -                          | -                      | 3,337                   | 3,337  |
| NET CASH USED BY CAPITAL AND RELATED<br>FINANCING ACTIVITIES                               | <u>-</u>                   | <u>(309,578)</u>       | <u>(72,440)</u>         | <u>(382,018)</u>                                   |
| <b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:</b>  |                            |                        |                         |  |
| Interest earned  | 19,577                     | 30,298                 | 254                     | 50,129   |
| NET CASH PROVIDED BY INVESTING ACTIVITIES  | <u>19,577</u>              | <u>30,298</u>          | <u>254</u>              | <u>50,129</u>                                      |
| NET INCREASE IN CASH AND CASH EQUIVALENTS  | 219,009                    | 374,317                | (31,846)                | 561,480  |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR  | <u>1,935,366</u>           | <u>2,888,261</u>       | <u>44,865</u>           | <u>4,868,492</u>                                   |
| CASH AND CASH EQUIVALENTS - END OF YEAR  | <u>\$ 2,154,375</u>        | <u>\$ 3,262,578</u>    | <u>\$ 13,019</u>        | <u>\$ 5,429,972</u>                                |
| <b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>  |                            |                        |                         |  |
| Operating income   | \$ 200,937                 | \$ 303,981             | \$ 40,525               | \$ 545,443   |
| Adjustments to reconcile operating income to net<br>cash provided by operating activities: |                            |                        |                         |  |
| Depreciation and amortization  | 4,600                      | 139,539                | 379                     | 144,518  |
| Changes in assets and liabilities:   |                            |                        |                         |  |
| Accounts receivable  | (14,209)                   | 180                    | (308)                   | (14,337)   |
| Accounts payable   | 8,104                      | 209,897                | (256)                   | 217,745  |
| NET CASH PROVIDED BY OPERATING ACTIVITIES  | <u>\$ 199,432</u>          | <u>\$ 653,597</u>      | <u>\$ 40,340</u>        | <u>\$ 893,369</u>                                  |
| <b>SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING<br/>AND INVESTING ACTIVITIES:</b>           |                            |                        |                         |  |
| Contributed capital assets from developers   | <u>\$ -</u>                | <u>\$ 248,666</u>      | <u>\$ -</u>             | <u>\$ 248,666</u>                                  |

**TOOELE CITY CORPORATION**  
**COMBINING STATEMENT OF CHANGES IN ASSETS**  
**AND LIABILITIES - AGENCY FUND**  
**For the Fiscal Year Ended June 30, 2017**

|                            | <u>Balance at<br/>Beginning<br/>of the Year</u> | <u>Additions</u>    | <u>Deductions</u>     | <u>Balance at<br/>End of<br/>of the Year</u> |
|----------------------------|---|---------------------|-----------------------|--|
| <b>ASSETS</b>              |   |                     |                       |  |
| Cash and cash equivalents  | \$ 511,078                                      | \$ 601,190          | \$ (693,039)          | \$ 419,229                                   |
| TOTAL ASSETS               | <u>\$ 511,078</u>                               | <u>\$ 601,190</u>   | <u>\$ (693,039)</u>   | <u>\$ 419,229</u>                            |
| <b>LIABILITIES</b>         |   |                     |                       |  |
| Accounts payable           | \$ 2,974  | \$ 723,190          | \$ (724,936)          | \$ 1,228                                     |
| Refunds payable and others | <u>508,104</u>                                  | <u>637,696</u>      | <u>(727,799)</u>      | <u>418,001</u>                               |
| TOTAL LIABILITIES          | <u>\$ 511,078</u>                               | <u>\$ 1,360,886</u> | <u>\$ (1,452,735)</u> | <u>\$ 419,229</u>                            |



CERTIFIED PUBLIC  
ACCOUNTANTS AND  
BUSINESS ADVISORS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City Corporation (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Tooele City Corporation's basic financial statements, and have issued our report thereon dated December 20, 2017.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

WSRP, LLC

Salt Lake City, Utah  
December 20, 2017



CERTIFIED PUBLIC  
ACCOUNTANTS AND  
BUSINESS ADVISORS

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

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

**Report on Compliance with General State Compliance Requirements**

We have audited Tooele City Corporation's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Tooele City Corporation for the year ended June 30, 2017.

General state compliance requirements were tested for the year ended June 30, 2017 in the following areas:

|                                      |  |
|--------------------------------------|--|
| Budgetary Compliance                 | Open and Public Meetings Act               |
| Fund Balance                         | Public Treasurer's Bond                    |
| Utah Retirement Systems              | Enterprise Fund Transfers, Reimbursements, |
| Restricted Taxes and Related Revenue | Loans, and Services                        |

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on Tooele City Corporation's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about Tooele City Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Tooele City Corporation's compliance with those requirements.

**Opinion on General State Compliance Requirements**

In our opinion, Tooele City Corporation complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2017.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying schedule of findings and recommendations as item 2017-1. Our opinion on compliance is not modified with respect to this matter.

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

## Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

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Salt Lake City, Utah  
December 20, 2017

**TOOELE CITY CORPORATION**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**For the Fiscal Year Ended June 30, 2017**

**STATE/LEGAL COMPLIANCE FINDINGS**

**2017-1 FIDELITY BOND AMOUNTS**

**Finding**

*Utah State Code* section 51-7-15 and Rule 4 of the Utah Money Management Council requires every public treasurer to secure a fidelity bond, based on the previous year's final budgeted gross revenues, which includes all funds collected or handled by the public treasurer. The amount of fidelity bonds required for each public treasurer of the City as of June 30, 2017 is \$1,139,807. During our audit, we noted the City's fidelity bonds were in the amount of \$1,000,000 for each public treasurer.

**Recommendation**

Management should carefully review the amount of each public treasurers fidelity bond to ensure they are insured for the appropriate amount.

**Response - Tooele City Corporation**

We concur with the auditor's finding and will have both fidelity bond amounts increased to the appropriate amount to be in compliance with the *Utah State Code*.