

TOOELE CITY CORPORATION
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

TOOELE CITY CORPORATION

Table of Contents

	<u>Page</u>
Financial Section	
Independent Auditor's Report	4
Management's Discussion and Analysis	6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	22
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Depot Redevelopment Agency Special Revenue Fund	23
Proprietary Fund Financial Statements:	
Statement of Net Position - Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26
Fiduciary Fund Financial Statements:	
Statement of Net Position - Fiduciary Funds	28
Statement of Changes in Net Position - Fiduciary Funds	29
Notes to Financial Statements	30

TOOELE CITY CORPORATION
Table of Contents (continued)

	<u>Page</u>
Required Supplementary Information:	
Schedule of the Proportionate Share of the Net Pension Liability - Last Ten Fiscal Years	64
Schedule of Contributions - Last Ten Fiscal Years	65
Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability and Related Ratios - Last Ten Fiscal Years	66
Notes to Required Supplementary Information.....	67
Supplemental Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	70
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Special Revenue Funds	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Capital Projects Fund	75
Combining Statement of Net Position - Nonmajor Proprietary Funds	78
Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Proprietary Funds	79
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	80
Combining Statement of Changes in Assets and Liabilities - Agency Fund	81
Compliance Information:	
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	82
Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the State Compliance Audit Guide	84
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	86
Summary of audit results	88
Schedule of Findings and questioned costs	89
Schedule of expenditures of federal awards	90
Notes to the expenditures of federal awards	91



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the general and major special revenue funds thereof, for the year then ended in accordance 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 and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund statements and budgetary schedules of nonmajor funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U. S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, nonmajor fund budgetary schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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, nonmajor fund budgetary schedules and the schedule of expenditures of federal awards 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 our report dated December 1, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's 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.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
December 1, 2021

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2021

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, 2021. 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 \$226,867,534 (*net position*). Of this amount, \$194,207,045 relates to investments in capital assets, net of any related debt. Unrestricted net position is \$13,885,816.
- ◆ As of the close of the current year, the City's governmental funds reported a combined ending fund balance of \$28,988,417, an increase of \$7,209,216 in comparison with the prior year, attributable mainly to higher tax amounts received in the current year as well as the the continued growth of the City compared to the prior year. Approximately 30.83% of the total fund balance amount, or \$8,937,645, is unassigned and available for spending at the government's discretion (unreserved fund balance).
- ◆ The consensus forecast predicts increasing uncertainty and moderation. The emergence of COVID-19 in March 2020 resulted in a serious, short-term shock to the State and local economies. Despite a grim outlook provided at the start of the second quarter of the calendar year, positive signs of recovery have emerged. The double-digit loss projections presented in early spring have largely been avoided. As the year comes to an end, Utah's economy has been named the strongest in the nation.

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 (closed during fiscal year 2020), the Depot Redevelopment Agency, and the Municipal Building Authority of Tooele City Corporation.

Fund Financial Statements

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

Governmental Funds

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

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2021

Governmental Funds (continued)

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Depot Redevelopment Agency, which are considered to be major funds. Data from the other 7 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 proprietary funds which are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains five individual enterprise funds. Information is presented separately in the proprietary funds statement of net position and the proprietary funds statement of revenues, expenses and changes in fund net position for the Water Fund, Sewer Fund, and Garbage Utility Fund, which are considered major funds. Data from the other funds are combined into a single aggregated presentation and classified as nonmajor. Individual data for the nonmajor proprietary funds is provided in the form of combining statements in this report. Proprietary fund financial statements reinforce information provided in the government-wide financial statements.

Fiduciary Funds

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

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) concerning the City's schedule of contributions and schedule of proportionate share of the net pension liability as required by GASB 68, as well as the details of changes in net other postemployment benefits (OPEB) liability and related ratios as required by GASB 75. The combining statements referred to earlier, in connection with nonmajor funds and internal service funds, are presented immediately after the RSI. Also included are budget comparisons for governmental funds other than the General and Redevelopment Agency Funds.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$226,867,534 at the close of the most recent fiscal year.

The largest portion of the City's net position (85.60%) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, infrastructure, water stock, utility plants and equipment), less any related and outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2021**

Tooele City Corporation's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 38,450,082	\$ 31,951,747	\$ 24,428,238	\$ 21,276,840	\$ 62,878,320	\$ 53,228,587
Capital assets	107,395,176	106,300,596	115,775,963	110,926,097	223,171,139	217,226,693
Total assets	<u>145,845,258</u>	<u>138,252,343</u>	<u>140,204,201</u>	<u>132,202,937</u>	<u>286,049,459</u>	<u>270,455,280</u>
Total deferred outflows of resources	2,115,311	2,010,179	229,216	219,195	2,344,527	2,229,374
Liabilities and net position:						
Long-term liabilities	38,285,459	39,803,905	5,452,609	6,011,343	43,738,068	45,815,248
Other liabilities	5,148,273	6,915,461	2,184,311	2,990,148	7,332,584	9,905,609
Total liabilities	<u>43,433,732</u>	<u>46,719,366</u>	<u>7,636,920</u>	<u>9,001,491</u>	<u>51,070,652</u>	<u>55,720,857</u>
Total deferred inflows of resources	10,203,656	9,143,414	252,144	140,568	10,455,800	9,283,982
Net position:						
Net investment in capital assets	84,201,378	81,052,604	110,005,667	104,228,544	194,207,045	185,281,148
Restricted	7,073,322	6,153,156	11,701,351	9,708,533	18,774,673	15,861,689
Unrestricted	3,048,481	(2,806,018)	10,837,335	9,342,996	13,885,816	6,536,978
Total net position	<u>\$ 94,323,181</u>	<u>\$ 84,399,742</u>	<u>\$ 132,544,353</u>	<u>\$ 123,280,073</u>	<u>\$ 226,867,534</u>	<u>\$ 207,679,815</u>

A portion of the City's net position (8.28%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$13,885,816 due to the allocation of net position to the net investment in capital assets.

At the end of the year, Tooele City Corporation is able to report positive balances in all three categories of net position for its business type activities. For governmental activities, net investment in capital assets and restricted net position remain positive. Unrestricted net position is positive for 2021 after being negative in recent years due to the defeasance of bonds that took place in the prior year, and the previous recording of the loss related to the Tooele Associates settlement. The overall increase in net position for June 30, 2021 was a result of increases in property tax and sales taxes revenues as well as the continued growth of the City.

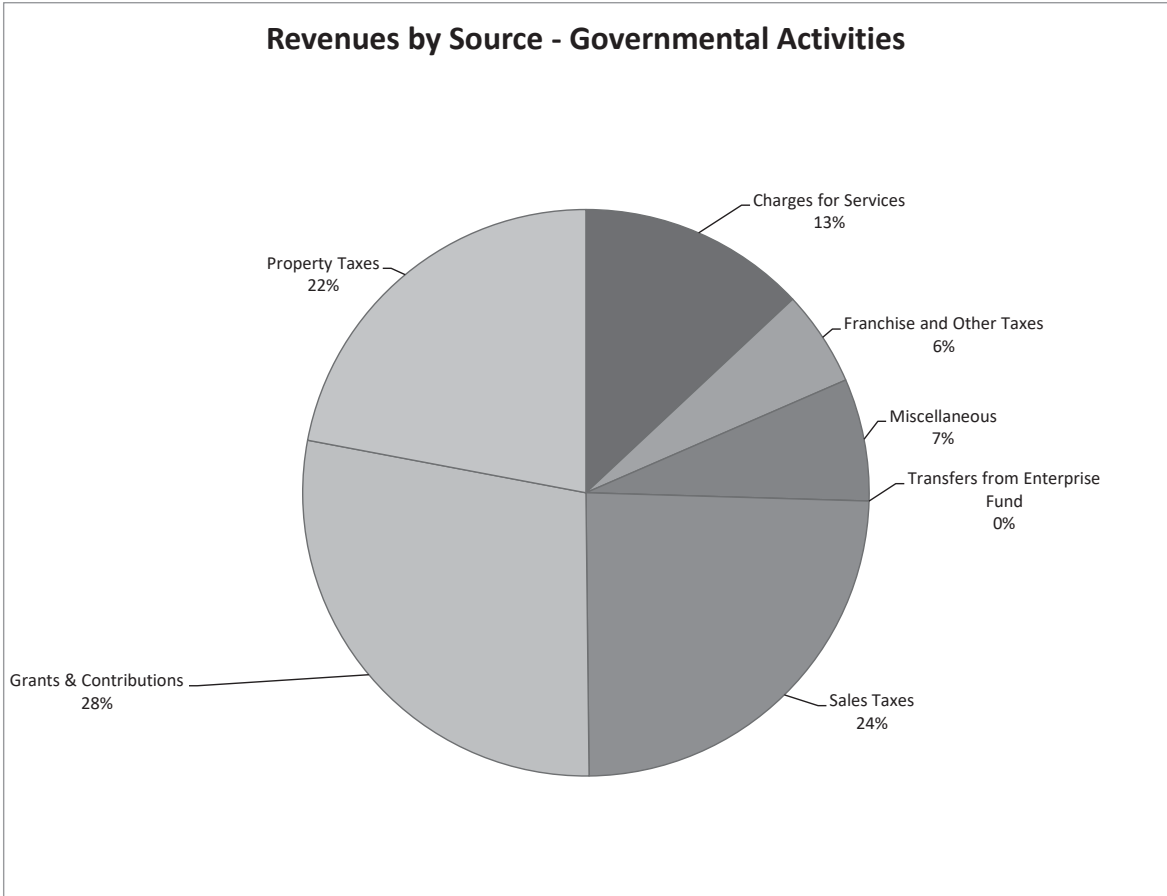
Tooele City Corporation's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 5,364,693	\$ 4,242,132	\$ 10,817,580	\$ 10,023,308	\$ 16,182,273	\$ 14,265,440
Operating grants/contributions	6,311,023	3,663,878	-	-	6,311,023	3,663,878
Capital grants and contributions	5,280,991	4,295,512	4,409,044	2,039,117	9,690,035	6,334,629
General revenues:						
Taxes	21,350,655	19,414,806	-	-	21,350,655	19,414,806
Earnings on investments	117,890	487,190	93,976	391,420	211,866	878,610
Impact fees	1,421,829	676,250	3,276,046	2,241,157	4,697,875	2,917,407
Gain on sale of capital assets	72,794	46,203	34,780	17,138	107,574	63,341
Gain on sale of water rights	-	-	1,056,668	1,409,962	1,056,668	1,409,962
Miscellaneous	1,263,957	856,635	42,326	2,388	1,306,283	859,023
Total revenues	<u>\$ 41,183,832</u>	<u>\$ 33,682,606</u>	<u>\$ 19,730,420</u>	<u>\$ 16,124,490</u>	<u>\$ 60,914,252</u>	<u>\$ 49,807,096</u>

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2021**

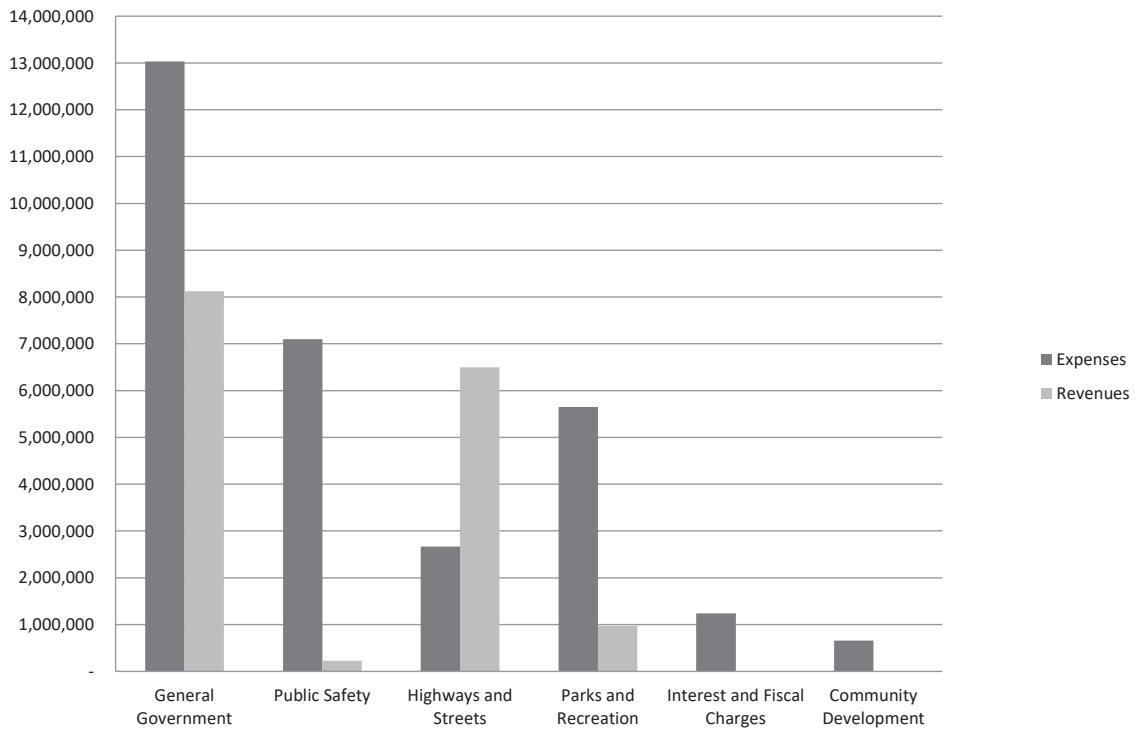
Tooele City Corporation's Changes in Net Position (continued)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Expenses:						
General government	\$ 13,030,159	\$ 10,939,962	\$ -	\$ -	\$ 13,030,159	\$ 10,939,962
Public safety	7,100,385	6,704,757	-	-	7,100,385	6,704,757
Highways and streets	2,671,017	2,351,604	-	-	2,671,017	2,351,604
Parks and recreation	5,646,299	5,475,710	-	-	5,646,299	5,475,710
Community development	661,143	838,214	-	-	661,143	838,214
Interest on debt	1,237,065	1,003,983	-	-	1,237,065	1,003,983
Water	-	-	4,584,480	5,028,525	4,584,480	5,028,525
Sewer	-	-	3,456,906	3,644,769	3,456,906	3,644,769
Solid waste	-	-	1,945,097	1,765,954	1,945,097	1,765,954
Storm water	-	-	362,517	286,219	362,517	286,219
Street light	-	-	117,140	87,445	117,140	87,445
Total expenses	30,346,068	27,314,230	10,466,140	10,812,912	40,812,208	38,127,142
Change in net position before transfers	10,837,764	6,368,376	9,264,280	5,311,578	20,102,044	11,679,954
Transfers	-	2,300,000	-	(2,300,000)	-	-
Increase (decrease) in net position	10,837,764	8,668,376	9,264,280	3,011,578	20,102,044	11,679,954
Net position - beginning	83,485,417	75,731,366	123,280,073	120,268,495	206,765,490	195,999,861
Net position - ending	<u>\$ 94,323,181</u>	<u>\$ 83,485,417</u>	<u>\$ 132,544,353</u>	<u>\$ 123,280,073</u>	<u>\$ 226,867,534</u>	<u>\$ 206,765,490</u>

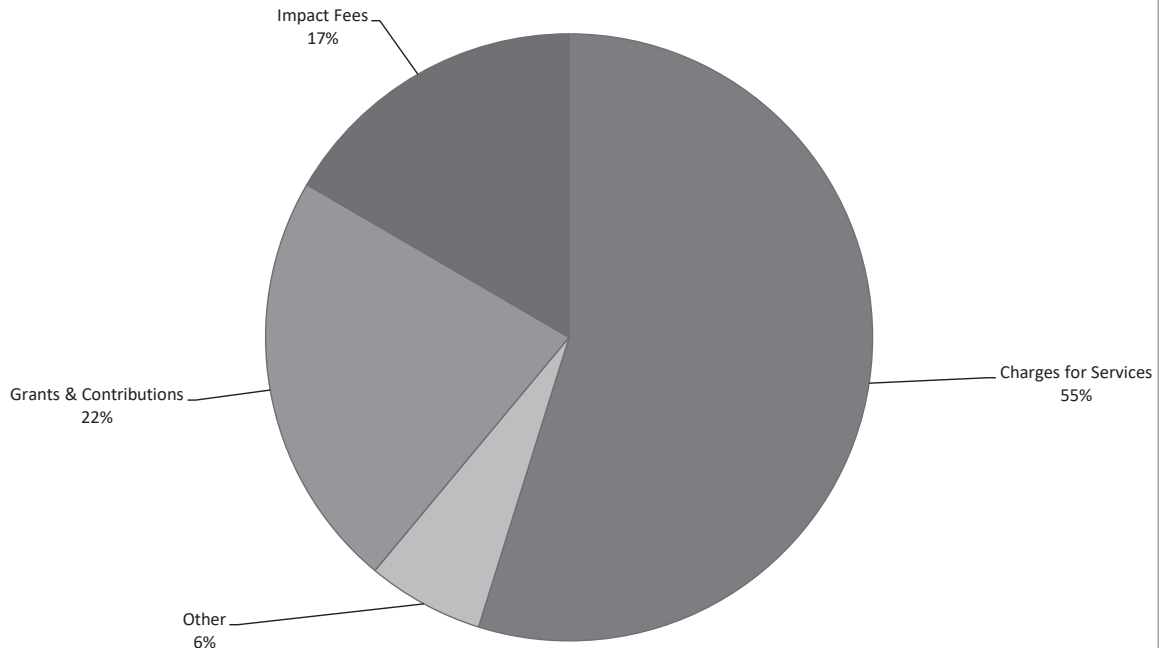


**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2021**

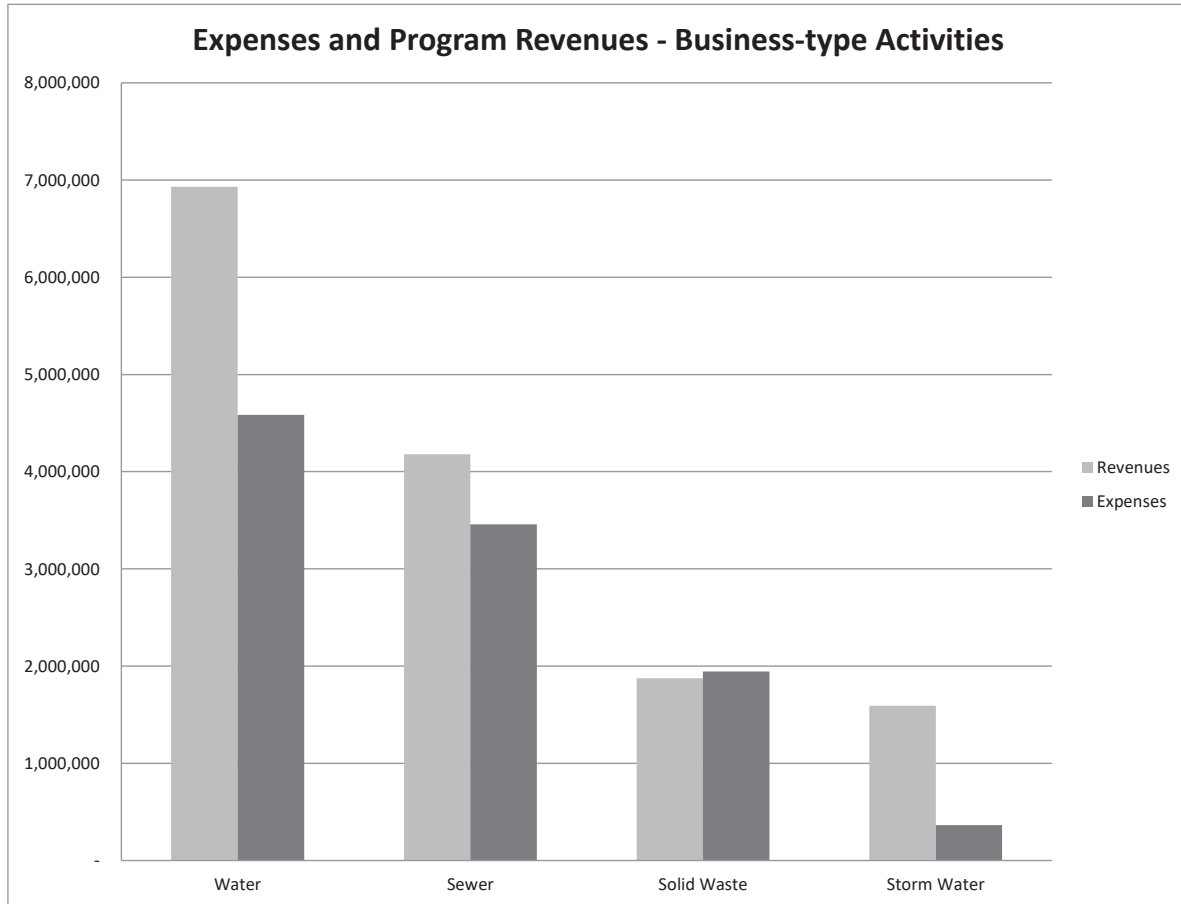
Expenses and Program Revenues - Governmental Activities



Revenues by Source - Business-type Activities



**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2021**



Key Principal Highlights:

- ◆ Charges for services increased by \$1,916,833 compared to the prior year. The increase was primarily due to the City having new customers due to economic growth during fiscal year 2021.
- ◆ Capital grants and contributions increased by \$3,355,406 due mainly to the City receiving CARES Act federal grants (intergovernmental revenue) for assistance in the COVID-19 health pandemic. The actual CARES Act federal award amount for Fiscal year end 2021 was \$2,011,431. The City spent the CARES Act award as of June 30, 2021.
- ◆ Taxes increased by \$1,935,849 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, 2021

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, 2021, the City's governmental funds reported a combined ending fund balance of \$28,988,417, an increase of \$7,209,216 from the prior year, and primarily attributable to the continued growth of the City and increased tax revenues. A balance of \$21,915,095 (75.60%) is available for spending at the government's discretion; however, \$12,977,450 has been assigned by the City's Budget Officer for subsequent years' capital expenditures and other uses, leaving an unassigned amount of \$8,937,645. The remaining \$7,073,322 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) recreation and arts programs of \$535,055, 2) debt service of \$3,883,188, 3) road construction, maintenance and preservation of \$2,655,079.

The General Fund is the major operating fund of the City. As a measure of the General Fund's liquidity, it may be useful to compare the amount of unassigned fund balance to total fund expenditures of \$22,171,849 (40.31% or 130 calendar days). The fund balance of the City's General Fund increased \$3,129,471, during the current fiscal year. This represents a 48.44% change in fund balance. The increase consisted of 1) total revenues exceeding expenses by \$1,609,369, representing an improvement of 71.84% compared to the prior year as a result of an increase in the taxes and intergovernmental grants received from the CARES Act federal grant, 2) a 24.86% increase in revenues of \$5,685,167 offset by a 15.75% increase in expenditures of \$3,017,476, and 3) a \$26,591 increase in proceeds from the sale of capital assets compared to the prior year.

Proprietary Funds

Unrestricted net position of the Water fund, Sewer fund, and Garbage Utility fund (major funds) at the end of the year were \$4,593,479, \$3,103,775, and \$195,218 respectively. The increase (decrease) in total net position was \$5,676,111, \$1,881,779 and \$(67,291), respectively. The increase in net position for the Water fund is the result of higher impact fees, the sale of water rights and additional contributions from the developers. The increase in net position for the Sewer fund is the result of increased impact fees. The decrease in net position reported in the Garbage Utility fund is the result of higher contract expenses in the current year compared to the prior year.

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was amended from an original revenues budget of \$19,421,337 to a final budget of \$21,886,854, an increase of \$2,465,517. These increases can be briefly summarized as follows:

- \$750,000 in tax revenue.
- \$59,814 in interfund charges
- \$1,651,778 in intergovernmental revenue.
- \$2,425 in charges for services from other City funds.
- \$1,500 in miscellaneous revenues

The General Fund's original budget was also amended for increased expenses in the amount of \$4,280,114.

Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$110,005,667. 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. The Company added the new police station assets to its net investment in capital assets during the year ended June 30, 2021.

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2021**

Capital Assets (continued)

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

- ◆ Improvements other than buildings additions of \$3,624,082.
- ◆ Machinery and equipment additions of \$518,895.
- ◆ Automobile and truck purchases of \$971,746.
- ◆ Office furniture and equipment additions of \$70,424.
- ◆ Infrastructure additions of \$7,738,530 from acquisitions and contributions.
- ◆ Depreciation of infrastructure assets of \$4,897,705.

Tooele City Corporation's Capital Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Investment in water stock	\$ -	\$ -	\$ 93,184	\$ 93,184	\$ 93,184	\$ 93,184
Land	6,420,801	6,420,801	2,833,937	2,692,508	9,254,738	9,113,309
Infrastructure	71,783,828	70,596,466	9,987,258	8,333,795	81,771,086	78,930,261
Buildings	17,298,282	17,766,235	3,195,670	2,329,796	20,493,952	20,096,031
Construction in progress	-	-	5,037,229	3,919,506	5,037,229	3,919,506
Equipment under capital lease, net	825,398	890,137	-	-	825,398	890,137
Improvements	7,156,176	6,951,044	55,407,558	54,393,545	62,563,734	61,344,589
Machinery and equipment	1,185,587	1,215,640	1,078,685	859,588	2,264,272	2,075,228
Automobiles and trucks	2,292,309	1,863,983	686,762	757,573	2,979,071	2,621,556
Office furniture and equipment	432,795	596,290	(19,652)	71,270	413,143	667,560
Water rights	-	-	37,475,332	37,475,332	37,475,332	37,475,332
Total	\$ 107,395,176	\$ 106,300,596	\$ 115,775,963	\$ 110,926,097	\$ 223,171,139	\$ 217,226,693

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 \$47,067,447. The debt consists of the following:

Tooele City Corporation's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenue bonds payable	\$ 34,141,000	\$ 36,140,000	\$ 5,828,000	\$ 6,400,000	\$ 39,969,000	\$ 42,540,000
Net OPEB obligations	3,479,691	2,852,869	153,767	126,068	3,633,458	2,978,937
Net pension liability	898,611	2,695,704	132,473	329,934	1,031,084	3,025,638
Obligations under capital leases	359,989	514,049	-	-	359,989	514,049
Grantsville legal settlement	1,599,420	1,674,420	-	-	1,599,420	1,674,420
Compensated absences	666,399	601,610	61,842	57,275	728,241	658,885
Deferred amounts:						
Unamortized bond premiums	298,043	326,428	-	-	298,043	326,428
Unamortized bond discounts	(25,662)	(28,136)	-	-	(25,662)	(28,136)
Loss on defeasance	(468,422)	(552,607)	(57,704)	(70,294)	(526,126)	(622,901)
Total	\$ 40,949,069	\$ 44,224,337	\$ 6,118,378	\$ 6,842,983	\$ 47,067,447	\$ 51,067,320

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 \$75,698,255 for all general obligation bonds. As of June 30, 2021 and 2020 the City recorded a loss of defeasance of bonds in the amount of \$526,126 and \$622,901, 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, 2021

Economic Factors and Next Year's Budgets and Rates

- ♦ Tooele County and Tooele City are continuing to see rapid growth in both new construction and sale of existing homes. Home values are continuing to increase. Retail sales also continue to increase over the prior years. Fiscal year 2021 was a record year as far as building permits issued with the highest amount of building permits issued in over a decade and this trend is expected to continue into fiscal year 2022.
- ♦ The 2022 budget was projected with an estimated increase in sales tax consistent with the growth seen over the past few years that is expected to continue thru 2023 with caution also taken for the unknown.
- ♦ The City has continued to support businesses with resources to assist them in identifying ways to deliver goods and services in the current environment. Because of the economic investment and foundation built by the City over the last several years, the changes forced on us by COVID-19 have provided an opportunity for innovation and continued development.

All of the above factors were considered in preparing the City's budget for the 2022-2023 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, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 16,840,521	\$ 22,352,867	\$ 39,193,388
Receivables:			
Accounts, net	-	1,163,469	1,163,469
Assessments	115,078	-	115,078
Taxes	9,906,732	-	9,906,732
Loans receivable	7,046	-	7,046
Developer contributions receivable	618,823	-	618,823
Other	49,862	-	49,862
Restricted cash and cash equivalents	10,912,020	911,902	11,823,922
NONCURRENT ASSETS			
Capital assets not being depreciated	6,420,801	45,439,682	51,860,483
Capital assets being depreciated, net	100,974,375	70,336,281	171,310,656
TOTAL ASSETS	145,845,258	140,204,201	286,049,459
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	468,422	57,704	526,126
Deferred outflows related to OPEB	374,261	16,538	390,799
Deferred outflows related to pensions	1,272,628	154,974	1,427,602
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,115,311	229,216	2,344,527
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	1,190,773	1,027,100	2,217,873
Accrued liabilities	583,187	-	583,187
Accrued interest payable	242,280	106,444	348,724
Unearned revenue	-	111,084	111,084
Customer deposits	-	216,210	216,210
Other noncurrent liabilities, due or payable within one year	2,233,422	591,000	2,824,422
LONG-TERM LIABILITIES			
Net pension liability	898,611	132,473	1,031,084
Due or payable in more than one year	38,285,459	5,452,609	43,738,068
TOTAL LIABILITIES	43,433,732	7,636,920	51,070,652
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	7,687,705	-	7,687,705
Deferred inflows related to OPEB	132,248	5,844	138,092
Deferred inflows related to pensions	2,383,703	246,300	2,630,003
TOTAL DEFERRED INFLOWS OF RESOURCES	10,203,656	252,144	10,455,800
NET POSITION			
Net investment in capital assets	84,201,378	110,005,667	194,207,045
Restricted for:			
Recreation and arts	535,055	-	535,055
Debt service	3,883,188	911,902	4,795,090
Roads	2,655,079	-	2,655,079
Impact fees	-	10,789,449	10,789,449
Unrestricted	3,048,481	10,837,335	13,885,816
TOTAL NET POSITION (AS RESTATED, SEE NOTE 19)	\$ 94,323,181	\$ 132,544,353	\$ 226,867,534

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, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 13,030,159	\$ 4,165,124	\$ 3,931,260	\$ 26,314	\$ (4,907,461)	\$ -	\$ (4,907,461)
Public safety	7,100,385	230,000	-	-	(6,870,385)	-	(6,870,385)
Highways and streets	2,671,017	-	2,379,763	4,116,794	3,825,540	-	3,825,540
Parks and recreation	5,646,299	969,569	-	-	(4,676,730)	-	(4,676,730)
Community development	661,143	-	-	1,137,883	476,740	-	476,740
Interest and fiscal charges	1,237,065	-	-	-	(1,237,065)	-	(1,237,065)
Total governmental activities	30,346,068	5,364,693	6,311,023	5,280,991	(13,389,361)	-	(13,389,361)
Business-type activities:							
Water	4,584,480	5,044,667	-	1,886,026	-	2,346,213	2,346,213
Sewer	3,456,906	3,134,044	-	1,044,529	-	721,667	721,667
Solid waste	1,945,097	1,876,606	-	-	-	(68,491)	(68,491)
Storm water	362,517	518,398	-	1,072,075	-	1,227,956	1,227,956
Street light	117,140	243,865	-	406,414	-	533,139	533,139
Total business-type activities	10,466,140	10,817,580	-	4,409,044	-	4,760,484	4,760,484
Total primary government	\$ 40,812,208	\$ 16,182,273	\$ 6,311,023	\$ 9,690,035	(13,389,361)	4,760,484	(8,628,877)
General revenue:							
Taxes:							
Property taxes					9,072,813	-	9,072,813
Sales taxes					10,030,378	-	10,030,378
Franchise taxes					2,167,299	-	2,167,299
Other taxes					80,165	-	80,165
Earnings on investments					117,890	93,976	211,866
Impact fees, net					1,421,829	3,276,046	4,697,875
Gain on sale of capital assets					72,794	34,780	107,574
Gain on sale / transfer of water rights					-	1,056,668	1,056,668
Miscellaneous					1,263,957	42,326	1,306,283
Total general revenues					24,227,125	4,503,796	28,730,921
Change in net position					10,837,764	9,264,280	20,102,044
Net position, beginning					84,399,742	123,280,073	207,679,815
Prior period adjustment (see note 19)					(914,325)	-	(914,325)
Net position, ending					\$ 94,323,181	\$ 132,544,353	\$ 226,867,534

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

TOOELE CITY CORPORATION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Depot Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,715,000	\$ 5,382,317	\$ 3,743,204	\$ 16,840,521
Receivables:				
Accounts	-	-	-	-
Assessments	-	-	115,078	115,078
Taxes	7,666,732	2,240,000	-	9,906,732
Loans receivable	-	7,046	-	7,046
Intergovernmental receivable	113,494	-	505,329	618,823
Other	49,862	-	-	49,862
Due from other funds	240,856	101,357	396,487	738,700
Restricted cash and investments	652,483	1,029,854	9,229,683	10,912,020
TOTAL ASSETS	\$ 16,438,427	\$ 8,760,574	\$ 13,989,781	\$ 39,188,782
LIABILITIES				
Accounts payable	\$ 817,733	\$ 4,219	\$ 368,821	1,190,773
Accrued liabilities	582,861	-	326	583,187
Due to other funds	-	-	738,700	738,700
TOTAL LIABILITIES	1,400,594	4,219	1,107,847	2,512,660
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	5,447,705	2,240,000	-	7,687,705
DEFERRED INFLOWS OF RESOURCES	5,447,705	2,240,000	-	7,687,705
FUND BALANCES				
Restricted				
Recreation and arts	-	-	535,055	535,055
Debt service	652,483	1,029,854	2,200,851	3,883,188
Roads	-	-	2,655,079	2,655,079
Assigned				
Capital projects	-	-	7,490,949	7,490,949
Redevelopment agency projects	-	5,486,501	-	5,486,501
Unassigned	8,937,645	-	-	8,937,645
TOTAL FUND BALANCES	9,590,128	6,516,355	12,881,934	28,988,417
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 16,438,427	\$ 8,760,574	\$ 13,989,781	\$ 39,188,782

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, 2021

Total Fund Balances - Governmental Funds	\$ 28,988,417
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.	107,395,176
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.	468,422
Deferred outflows of resources associated with the net pension liability and asset is not an available resource and, therefore, is not reported in the funds.	1,272,628
Deferred outflows of resources associated with OPEB is not an available resource and, therefore, is not reported in the funds.	374,261
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(242,280)
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	(34,413,381)
Obligations under capital leases	(359,989)
Grantsville legal settlement liability	(1,599,420)
Net pension liability	(898,611)
Compensated absences payable	(666,399)
Net OPEB obligations	(3,479,691)
Deferred inflows of resources associated with OPEB are not due and payable in the current period and therefore are not recorded in the funds.	(132,249)
Deferred inflows of resources associated with the net pension liability are not due and payable in the current period and therefore are not recorded in the funds.	<u>(2,383,703)</u>
Total Net Position - Government Activities	<u>\$ 94,323,181</u>

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

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year ended June 30, 2021

	General Fund	Depot Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 18,498,341	\$ 2,238,146	\$ 614,168	\$ 21,350,655
Licenses and permits	1,128,294	-	-	1,128,294
Intergovernmental and grants	3,931,260	-	2,379,763	6,311,023
Charges for services	4,540,256	-	-	4,540,256
Fines and forfeitures	96,182	-	-	96,182
Interest income	43,319	34,955	39,616	117,890
Impact fees	-	-	1,510,717	1,510,717
Interfund charges	293,578	-	-	293,578
Miscellaneous revenues	21,815	-	17,666	39,481
Rental income	-	-	530,859	530,859
TOTAL REVENUES	<u>28,553,045</u>	<u>2,273,101</u>	<u>5,092,789</u>	<u>35,918,935</u>
EXPENDITURES				
General government	7,594,558	273,236	260,793	8,128,587
Public safety	6,450,106	-	-	6,450,106
Highways and streets	2,064,636	-	377,564	2,442,200
Parks and recreation	5,316,762	-	-	5,316,762
Community development	-	661,143	-	661,143
Capital outlay:				
Capital projects	687,964	-	1,647,570	2,335,534
Principal - bonds and notes	-	279,000	1,795,000	2,074,000
Principal - capital lease	48,612	70,909	87,073	206,594
Interest	9,211	162,094	929,158	1,100,463
Bond issuance costs and trustee fees	-	1,850	2,700	4,550
TOTAL EXPENDITURES	<u>22,171,849</u>	<u>1,448,232</u>	<u>5,099,858</u>	<u>28,719,939</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,381,196</u>	<u>824,869</u>	<u>(7,069)</u>	<u>7,198,996</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS				
Operating transfers in	33,500	-	5,648,617	5,682,117
Operating transfers (out)	(3,384,333)	(400,210)	(1,897,574)	(5,682,117)
Private contributions	26,314	-	-	26,314
Proceeds on sale of assets	72,794	-	-	72,794
Refunded impact fees	-	-	(88,888)	(88,888)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>(3,251,725)</u>	<u>(400,210)</u>	<u>3,662,155</u>	<u>10,220</u>
NET CHANGE IN FUND BALANCES	3,129,471	424,659	3,655,086	7,209,216
FUND BALANCE, BEGINNING OF YEAR (AS RESTATED, SEE NOTE 19)	<u>6,460,657</u>	<u>6,091,696</u>	<u>9,226,848</u>	<u>21,779,201</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,590,128</u>	<u>\$ 6,516,355</u>	<u>\$ 12,881,934</u>	<u>\$ 28,988,417</u>

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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 7,209,216

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. 1,094,580

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	(80,802)
Principal retirement - bonds	1,999,000
Principal retirement - Grantsville note	75,000
Principal retirement - capital lease obligations	154,060
Amortization of bond premiums, net discounts	25,911
Amortization of bond refunding	(84,185)

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. (64,789)

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. 753,594

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. (243,821)

Change in Net Position of Governmental Activities \$ 10,837,764

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Taxes	\$ 14,832,277	\$ 15,582,277	\$ 18,498,341	\$ 2,916,064
Licenses and permits	403,000	403,000	1,128,294	725,294
Intergovernmental revenues	417,000	2,068,778	3,931,260	1,862,482
Charges for services	3,073,800	3,076,225	4,540,256	1,464,031
Fines and forfeitures	88,000	88,000	96,182	8,182
Interest income	100,000	100,000	43,319	(56,681)
Interfund charges	474,260	534,074	293,578	(240,496)
Miscellaneous revenues	32,500	34,000	21,815	(12,185)
Rental income	500	500	-	(500)
TOTAL REVENUES	<u>19,421,337</u>	<u>21,886,854</u>	<u>28,553,045</u>	<u>6,666,191</u>
EXPENDITURES				
General government	5,159,019	8,292,824	7,594,558	698,266
Public safety	6,514,680	6,592,363	6,450,106	142,257
Highways and streets	2,337,827	2,812,386	2,064,636	747,750
Parks and recreation	5,042,361	5,515,381	5,316,762	198,619
Capital outlay	416,350	537,397	687,964	(150,567)
Debt service:				
Principal - capital lease	49,682	49,682	48,612	1,070
Interest	8,141	8,141	9,211	(1,070)
TOTAL EXPENDITURES	<u>19,528,060</u>	<u>23,808,174</u>	<u>22,171,849</u>	<u>1,636,325</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(106,723)</u>	<u>(1,921,320)</u>	<u>6,381,196</u>	<u>8,302,516</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS				
Operating transfers in	-	-	33,500	33,500
Operating transfers (out)	(1,084,333)	(3,384,333)	(3,384,333)	-
Private contributions	-	33,723	26,314	(7,409)
Proceeds on sale of assets	21,000	44,797	72,794	27,997
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	<u>(1,063,333)</u>	<u>(3,305,813)</u>	<u>(3,251,725)</u>	<u>54,088</u>
NET CHANGE IN FUND BALANCES	<u>(1,170,056)</u>	<u>(5,227,133)</u>	<u>3,129,471</u>	<u>8,356,604</u>
FUND BALANCE, BEGINNING OF YEAR (AS RESTATED, SEE NOTE 19)	<u>6,460,657</u>	<u>6,460,657</u>	<u>6,460,657</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,290,601</u>	<u>\$ 1,233,524</u>	<u>\$ 9,590,128</u>	<u>\$ 8,356,604</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Taxes	\$ 2,030,000	\$ 2,030,000	\$ 2,238,146	\$ 208,146
Interest income	45,000	45,000	34,955	(10,045)
TOTAL REVENUES	<u>2,075,000</u>	<u>2,075,000</u>	<u>2,273,101</u>	<u>198,101</u>
EXPENDITURES				
General government	1,086,477	1,086,477	273,236	813,241
Community development	750,000	750,000	661,143	88,857
Debt service:				
Principal - notes	320,700	320,700	279,000	41,700
Principal - capital lease	75,271	75,271	70,909	4,362
Interest	141,885	141,885	162,094	(20,209)
Bond issuance costs and trustee fees	1,850	1,850	1,850	-
TOTAL EXPENDITURES	<u>2,376,183</u>	<u>2,376,183</u>	<u>1,448,232</u>	<u>927,951</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(301,183)</u>	<u>(301,183)</u>	<u>824,869</u>	<u>1,126,052</u>
OTHER FINANCING				
USES INCLUDING TRANSFERS				
Operating transfers out	(400,210)	(400,210)	(400,210)	-
TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	<u>(400,210)</u>	<u>(400,210)</u>	<u>(400,210)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(701,393)	(701,393)	424,659	1,126,052
FUND BALANCE, BEGINNING OF YEAR	6,091,696	6,091,696	6,091,696	-
FUND BALANCE, END OF YEAR	<u>\$ 5,390,303</u>	<u>\$ 5,390,303</u>	<u>\$ 6,516,355</u>	<u>\$ 1,126,052</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, 2021

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Garbage Utility	Nonmajor Enterprise Fund	Total Enterprise Funds
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 10,966,647	\$ 8,139,908	\$ 249,336	\$ 2,996,976	\$ 22,352,867
Accounts receivable, net of allowance	561,133	325,325	197,267	79,744	1,163,469
Restricted cash and cash equivalents	347,733	564,169	-	-	911,902
TOTAL CURRENT ASSETS	11,875,513	9,029,402	446,603	3,076,720	24,428,238
NONCURRENT ASSETS					
Capital assets not being depreciated:					
Investment in water stock	93,184	-	-	-	93,184
Land	2,298,207	301,500	-	234,230	2,833,937
Water rights	37,475,332	-	-	-	37,475,332
Capital assets being depreciated:					
Infrastructure	-	-	-	11,495,931	11,495,931
Construction in progress	2,105,693	2,931,536	-	-	5,037,229
Buildings	4,105,184	3,151,416	3,220	-	7,259,820
Improvements other than buildings	54,697,332	41,884,543	-	-	96,581,875
Office, furniture & fixtures	25,481	49,120	-	-	74,601
Machinery and equipment	3,848,651	431,329	-	79,557	4,359,537
Autos and trucks	627,478	1,069,260	23,000	25,893	1,745,631
Accumulated depreciation	(27,527,922)	(22,097,544)	(23,007)	(1,532,641)	(51,181,114)
NET CAPITAL ASSETS	77,748,620	27,721,160	3,213	10,302,970	115,775,963
TOTAL NONCURRENT ASSETS	77,748,620	27,721,160	3,213	10,302,970	115,775,963
TOTAL ASSETS	89,624,133	36,750,562	449,816	13,379,690	140,204,201
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on bond refunding	57,704	-	-	-	57,704
Deferred outflows related to OPEB	8,540	7,998	-	-	16,538
Deferred outflows related to pensions	87,074	67,900	-	-	154,974
TOTAL DEFERRED OUTFLOWS	153,318	75,898	-	-	229,216
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	271,297	372,561	251,385	131,857	1,027,100
Accrued interest	18,158	88,286	-	-	106,444
Deferred revenue	111,084	-	-	-	111,084
Customer deposits	216,210	-	-	-	216,210
Revenue bonds payable - current	438,000	153,000	-	-	591,000
TOTAL CURRENT LIABILITIES	1,054,749	613,847	251,385	131,857	2,051,838
NONCURRENT LIABILITIES					
Net pension liability	58,987	73,486	-	-	132,473
Compensated absences	31,984	29,858	-	-	61,842
Net OPEB obligation	79,402	74,365	-	-	153,767
Revenue bonds payable - long-term	1,905,000	3,332,000	-	-	5,237,000
TOTAL NONCURRENT LIABILITIES	2,075,373	3,509,709	-	-	5,585,082
TOTAL LIABILITIES	3,130,122	4,123,556	251,385	131,857	7,636,920
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to OPEB	3,018	2,826	-	-	5,844
Deferred inflows related to pensions	137,383	108,917	-	-	246,300
TOTAL DEFERRED INFLOWS	140,401	111,743	-	-	252,144
NET POSITION					
Net investment in capital assets	75,463,324	24,236,160	3,213	10,302,970	110,005,667
Unrestricted	4,593,479	3,103,775	195,218	2,944,863	10,837,335
Restricted for:					
Impact fees	6,102,392	4,687,057	-	-	10,789,449
Debt service	347,733	564,169	-	-	911,902
TOTAL NET POSITION	\$ 86,506,928	\$ 32,591,161	\$ 198,431	\$ 13,247,833	\$ 132,544,353

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, 2021

	Business-type Activities - Enterprise Funds				Total Enterprise Funds
	Water	Sewer	Garbage Utility	Nonmajor Enterprise Fund	
OPERATING REVENUES					
Charges for services	\$ 4,813,869	\$ 3,132,384	\$ 1,680,505	\$ 762,263	\$ 10,389,021
Connection and collection fees	230,798	1,660	196,101	-	428,559
Miscellaneous	42,326	-	-	-	42,326
TOTAL OPERATING REVENUES	5,086,993	3,134,044	1,876,606	762,263	10,859,906
OPERATING EXPENSES					
Personal services	667,944	644,138	514,712	-	1,826,794
Contracted services	432,500	222,500	1,310,258	25,000	1,990,258
Operations and maintenance	1,857,734	1,081,824	120,119	144,265	3,203,942
Utilities	10,859	323,456	-	-	334,315
Administration	15,110	-	1	48,174	63,285
Depreciation	1,510,316	1,077,601	7	262,218	2,850,142
TOTAL OPERATING EXPENSES	4,494,463	3,349,519	1,945,097	479,657	10,268,736
OPERATING INCOME	592,530	(215,475)	(68,491)	282,606	591,170
NON-OPERATING REVENUES					
(EXPENSES):					
Interest income	44,546	35,644	1,200	12,586	93,976
Interest expense and fiscal charges	(90,017)	(107,387)	-	-	(197,404)
Gain from sale of capital assets	-	34,780	-	-	34,780
Sale / transfer of water rights	1,056,668	-	-	-	1,056,668
Impact fees	2,186,358	1,089,688	-	-	3,276,046
TOTAL NON-OPERATING REVENUES	3,197,555	1,052,725	1,200	12,586	4,264,066
Contributed from developers	1,886,026	1,044,529	-	1,478,489	4,409,044
CHANGE IN NET POSITION	5,676,111	1,881,779	(67,291)	1,773,681	9,264,280
NET POSITION - BEGINNING OF YEAR	80,830,817	30,709,382	265,722	11,474,152	123,280,073
NET POSITION - END OF YEAR	\$ 86,506,928	\$ 32,591,161	\$ 198,431	\$ 13,247,833	\$ 132,544,353

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, 2021

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Garbage Utility	Nonmajor Enterprise Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 5,046,887	\$ 3,100,997	\$ 1,855,742	\$ 754,637	\$ 10,758,263
Receipts of miscellaneous income	42,326	-	-	-	42,326
Payments to employees	(720,045)	(672,834)	(514,712)	-	(1,907,591)
Payments to contractors	-	(12,500)	(1,285,258)	-	(1,297,758)
Payments for operations and maintenance	(2,672,494)	(1,151,710)	(11,167)	(70,037)	(3,905,408)
Payment for interfund services provided	(432,500)	(210,000)	(25,000)	(25,000)	(692,500)
Payments for utilities	(10,859)	(323,456)	-	-	(334,315)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,253,315</u>	<u>730,497</u>	<u>19,605</u>	<u>659,600</u>	<u>2,663,017</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Payments for purchase of capital assets	(2,251,820)	(588,518)	(3,220)	(447,403)	(3,290,961)
Proceeds from sale of capital assets	-	34,780	-	-	34,780
Proceeds from sale / transfer of water rights	1,056,668	-	-	-	1,056,668
Deferred defeasance costs	12,590	-	-	-	12,590
Payments of bond principal	(425,000)	(147,000)	-	-	(572,000)
Interest paid on bonds	(93,311)	(111,113)	-	-	(204,424)
Impact fees collected	2,186,358	1,089,688	-	-	3,276,046
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>485,485</u>	<u>277,837</u>	<u>(3,220)</u>	<u>(447,403)</u>	<u>312,699</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received on investments	44,546	35,644	1,200	12,586	93,976
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>44,546</u>	<u>35,644</u>	<u>1,200</u>	<u>12,586</u>	<u>93,976</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,783,346	1,043,978	17,585	224,783	3,069,692
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>9,531,034</u>	<u>7,660,099</u>	<u>231,751</u>	<u>2,772,193</u>	<u>20,195,077</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 11,314,380</u>	<u>\$ 8,704,077</u>	<u>\$ 249,336</u>	<u>\$ 2,996,976</u>	<u>\$ 23,264,769</u>

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

TOOELE CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
For the Fiscal Year ended June 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>				
	<u>Water</u>	<u>Sewer</u>	<u>Garbage Utility</u>	<u>Nonmajor Enterprise Fund</u>	<u>Total Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$ 592,530	\$ (215,475)	\$ (68,491)	\$ 282,606	\$ 591,170
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	1,510,316	1,077,601	7	262,218	2,850,142
Changes in assets and liabilities:					
Accounts receivable	(20,169)	(33,047)	(20,864)	(7,626)	(81,706)
Accounts payable	(801,201)	(72,902)	108,953	122,402	(642,748)
Compensated absences	1,551	3,016	-	-	4,567
OPEB obligation	14,303	13,396	-	-	27,699
Deferred outflows of resources - OPEB	(2,417)	(2,263)	-	-	(4,680)
Deferred inflows of resources - OPEB	(6,322)	(5,922)	-	-	(12,244)
Deferred revenue	13,079	-	-	-	13,079
Customer deposits	9,310	-	-	-	9,310
Deferred outflows of resources - pensions	(14,522)	(3,409)	-	-	(17,931)
Deferred inflows of resources - pensions	72,541	51,279	-	-	123,820
Net pension liability	(115,684)	(81,777)	-	-	(197,461)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,253,315</u>	<u>\$ 730,497</u>	<u>\$ 19,605</u>	<u>\$ 659,600</u>	<u>\$ 2,663,017</u>
REPRESENTED ON THE BALANCE SHEET AS:					
Cash - unrestricted	\$ 10,966,647	\$ 8,139,908	\$ 249,336	\$ 2,996,976	\$ 22,352,867
Cash - restricted	<u>347,733</u>	<u>564,169</u>	<u>-</u>	<u>-</u>	<u>911,902</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 11,314,380</u>	<u>\$ 8,704,077</u>	<u>\$ 249,336</u>	<u>\$ 2,996,976</u>	<u>\$ 23,264,769</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:					
Contributed capital assets from developers	<u>\$ 1,886,026</u>	<u>\$ 1,044,529</u>	<u>\$ -</u>	<u>\$ 1,478,489</u>	<u>\$ 4,409,044</u>

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

TOOELE CITY CORPORATION
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
June 30, 2021

	<u>Pension Trust</u>	<u>Agency Fund</u>
ASSETS		
Restricted cash and cash equivalents	\$ 890,118	\$ 2,663,207
TOTAL ASSETS	<u>\$ 890,118</u>	<u>\$ 2,663,207</u>
LIABILITIES		
Accounts payable	\$ -	\$ 22,553
Other liabilities	-	<u>2,640,654</u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 2,663,207</u>
NET POSITION		
Held in trust for fire department pension and other purposes	<u>890,118</u>	
TOTAL NET POSITION	<u>\$ 890,118</u>	

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

TOOELE CITY CORPORATION
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
For the Fiscal Year ended June 30, 2021

	<u>Pension Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 70,779
Investment earnings:	
Interest income	<u>4,776</u>
TOTAL ADDITIONS	<u>75,555</u>
 DEDUCTIONS	
Benefits	<u>37,475</u>
TOTAL DEDUCTIONS	<u>37,475</u>
CHANGE IN NET POSITION	38,080
NET POSITION - BEGINNING OF YEAR	<u>852,038</u>
NET POSITION - END OF YEAR	<u>\$ 890,118</u>

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

1. THE REPORTING ENTITY

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

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

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

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

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

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

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

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.

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, 2021

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, Municipal Building Authority Fund, Par Tax Fund,, and the Depot Redevelopment Agency Fund.

- d. *Debt Service Fund* - The debt service fund is used to account for resources that will be used to service general long-term debt, other than those payable from enterprise funds.

(2) *Proprietary Fund Type*

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

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

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

(3) *Fiduciary Fund Type*

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

Use of Restricted Funds

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

Modified Accrual

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

Budgetary Procedures and Budgetary Accounting

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Restricted Cash

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

Interfund Transactions

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

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (continued)

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

Long-Term Obligations

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

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

Compensated Absences

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

Use of Estimates

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

Taxes and Other Significant Revenues

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

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

Property tax revenues are recognized when they become measurable and available. Available includes those property taxes collected from the taxpayers by the County Treasurer by June 30 of each year. Amounts that are measurable but not available are recorded as deferred inflows of resources. An accrual was made for property taxes receivable and an offsetting unavailable revenue amount were recorded at June 30, 2021.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

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.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

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, 2021.

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, 2021, \$1,000,000 of the City's bank balances of \$53,143,623 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, 2021, \$969,972 of the City's \$969,972 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, 2021

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, 2021, the fair value per share factor for investments in the PTIF was 1.00335237. This resulted in a fair value adjustment for the current year of \$74,344.

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, 2021:

	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Years to Maturity (2)</u>
Cash on hand and on deposit:				
Cash on hand	\$ 3,335	\$ 3,335	N/A	N/A
Cash on deposit	5,571,738	5,571,738	N/A	N/A
High yield savings account	-	-	N/A	N/A
Utah State Treasurer's investment pool accounts	<u>48,995,562</u>	<u>48,831,859</u>	N/A	N/A
TOTAL CASH ON HAND AND DEPOSIT	<u>\$ 54,570,635</u>	<u>\$ 54,406,932</u>		

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

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

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

	<u>Fair Value</u>
Statement of net position:	
Cash and cash equivalents	\$ 39,193,388
Restricted cash and cash equivalents	11,823,922
Fiduciary funds:	
Restricted cash and cash equivalents, pension fund	890,118
Restricted cash and cash equivalents, agency trust	<u>2,663,207</u>
FAIR VALUE OF CASH ON HAND AND DEPOSIT	<u>\$ 54,570,635</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, 2021:

- Temporary investment funds (PTIF) of \$48,995,562 are valued using significant observable inputs (Level 2 inputs). The inputs use the application of the June 30, 2021 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, 2021.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

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, 2021, the costs of these water stocks were as follows:

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

5. RESTRICTED ASSETS

As of June 30, 2021, certain of the City's cash and cash equivalents are restricted for the following purposes:

Funds and Purpose	Restricted Amount
General Fund for debt service payments	\$ 652,483
Depot Redevelopment Agency Fund:	
Debt service payments	1,029,854
Water Fund:	
Funds held by trustee for debt service	347,733
Sewer Fund:	
Funds held by trustee for debt service	564,169
Other Nonmajor Funds:	
Construction, debt service and other uses	9,229,683
Pension and Agency Fund's:	
Held in trust for fire department and others	3,553,325
Total restricted cash and cash equivalents	\$ 15,377,247

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, 2021 is as follows:

Funds	Allowance
Water fund - major enterprise fund	\$ 2,780
Sewer fund - major enterprise fund	8,056
Garbage Utility Fund - major enterprise fund	4,153
Nonmajor enterprise funds	1,378
	\$ 16,367

7. INTERFUND PAYABLES AND RECEIVABLES

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

7. INTERFUND PAYABLES AND RECEIVABLES (CONTINUED)

Funds which had overdrawn their share of pooled cash and the offsetting funds as of June 30, 2021 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 240,856
Park Improvements	Debt Service Fund	12,663
Depot RDA Fund	Debt Service Fund	101,357
Road C Maintenance	Debt Service Fund	168,244
Public Safety Capital Projects	Debt Service Fund	47,373
Municipal Building Fund	Debt Service Fund	168,207
	Total	<u>\$ 738,700</u>

8. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2021 is as follows:

	<u>Balance at June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2021</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,420,801	\$ -	\$ -	\$ 6,420,801
Total capital assets not being depreciated	<u>6,420,801</u>	<u>-</u>	<u>-</u>	<u>6,420,801</u>
Capital assets being depreciated:				
Buildings	26,647,851	143,934	-	26,791,785
Improvements other than buildings	12,584,417	461,725	-	13,046,142
Office furniture and equipment	2,100,544	70,424	-	2,170,968
Machinery and equipment	4,215,271	188,211	(2,609)	4,400,873
Automobiles and trucks	7,696,978	945,853	(607,194)	8,035,637
Infrastructure	106,731,048	5,838,531	-	112,569,579
Total capital assets being depreciated	<u>159,976,109</u>	<u>7,648,678</u>	<u>(609,803)</u>	<u>167,014,984</u>
Less accumulated depreciation for:				
Buildings	(8,881,616)	(611,887)	-	(9,493,503)
Improvements other than buildings	(5,633,373)	(256,593)	-	(5,889,966)
Office furniture and equipment	(1,504,254)	(233,919)	-	(1,738,173)
Machinery and equipment	(2,999,631)	(218,264)	2,609	(3,215,286)
Automobiles and trucks	(4,942,858)	(551,809)	576,737	(4,917,930)
Infrastructure	<u>(36,134,582)</u>	<u>(4,651,169)</u>	<u>-</u>	<u>(40,785,751)</u>
Total accumulated depreciation	<u>(60,096,314)</u>	<u>(6,523,641)</u>	<u>579,346</u>	<u>(66,040,609)</u>
Total capital assets being depreciated, net	<u>99,879,795</u>	<u>1,125,037</u>	<u>(30,457)</u>	<u>100,974,375</u>
Governmental activities capital assets, net	<u>\$ 106,300,596</u>	<u>\$ 1,125,037</u>	<u>\$ (30,457)</u>	<u>\$ 107,395,176</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

8. CAPITAL ASSETS (CONTINUED)

For the year ended June 30, 2020, depreciation expense was charged to functions of the City as follows:

Governmental activities:	
General government	\$ 5,315,008
Public safety	650,279
Highways and streets	228,817
Parks and recreation	<u>329,537</u>
Total depreciation expense, governmental activities	<u>\$ 6,523,641</u>

The Enterprise Funds' capital assets consist of the following at June 30, 2021:

	<u>Balance at June 30, 2020</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Balance at June 30, 2021</u>
Business-type activities				
Capital assets not being depreciated:				
Investment in water stock	\$ 93,184	\$ -	\$ -	\$ 93,184
Land	2,692,508	141,429	-	2,833,937
Water rights	37,475,332	-	-	37,475,332
Construction in progress	<u>3,919,506</u>	<u>1,117,723</u>	-	<u>5,037,229</u>
Total capital assets not being depreciated	<u>44,180,530</u>	<u>1,259,152</u>	-	<u>45,439,682</u>
Capital assets, being depreciated:				
Buildings	6,237,897	1,021,923	-	7,259,820
Improvements other than buildings	93,419,518	3,162,357	-	96,581,875
Office furniture and fixtures	154,158	-	(79,557)	74,601
Machinery and equipment	3,955,193	330,684	73,660	4,359,537
Automobiles and trucks	1,762,973	25,893	(43,235)	1,745,631
Infrastructure	<u>9,595,932</u>	<u>1,899,999</u>	-	<u>11,495,931</u>
Total capital assets being depreciated	<u>115,125,671</u>	<u>6,440,856</u>	<u>(49,132)</u>	<u>121,517,395</u>
Less accumulated depreciation for:				
Buildings	(3,908,101)	(156,049)	-	(4,064,150)
Improvements other than buildings	(39,025,973)	(2,148,344)	-	(41,174,317)
Office furniture & fixtures	(82,888)	-	(11,365)	(94,253)
Machinery and equipment	(3,095,605)	(202,509)	17,262	(3,280,852)
Automobiles and trucks	(1,005,400)	(96,704)	43,235	(1,058,869)
Infrastructure	<u>(1,262,137)</u>	<u>(246,536)</u>	-	<u>(1,508,673)</u>
Total accumulated depreciation	<u>(48,380,104)</u>	<u>(2,850,142)</u>	<u>49,132</u>	<u>(51,181,114)</u>
Total capital assets being depreciated, net	<u>66,745,567</u>	<u>3,590,714</u>	-	<u>70,336,281</u>
Business-type activities, net	<u>\$ 110,926,097</u>	<u>\$ 4,849,866</u>	<u>\$ -</u>	<u>\$ 115,775,963</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

8. CAPITAL ASSETS (CONTINUED)

For the year ended June 30, 2021, depreciation expense was charged to business-type activities of the City as follows:

Business-type activities:

Water fund	\$ 1,510,316
Sewer fund	1,077,601
Garbage utility fund	7
Storm water fund	250,930
Street light fund	<u>11,288</u>
Total depreciation expense, business-type activities	<u><u>\$ 2,850,142</u></u>

9. LONG-TERM DEBT

The following is a summary of transactions affecting long-term liabilities for the year ended June 30, 2021:

	Balance at June 30, 2020	Additions	Reductions & Deletions	Balance at June 30, 2021	Due Within One Year
Governmental Activities:					
Revenue bonds payable	\$ 36,140,000	\$ -	\$ (1,999,000)	\$ 34,141,000	\$ 1,955,000
Net OPEB obligations	2,852,869	626,822	-	3,479,691	-
Net pension liability	2,695,704	-	(1,797,093)	898,611	-
Obligations under capital leases	514,049	-	(154,060)	359,989	201,422
Grantsville legal settlement	1,674,420	-	(75,000)	1,599,420	77,000
Compensated absences	601,610	64,789	-	666,399	-
Deferred amounts:					
Unamortized bond premiums	326,428	-	(28,385)	298,043	-
Unamortized bond discounts	(28,136)	-	2,474	(25,662)	-
Loss on defeasance*	<u>(552,607)</u>	<u>-</u>	<u>84,185</u>	<u>(468,422)</u>	<u>-</u>
Total governmental long-term liabilities	<u>\$ 44,224,337</u>	<u>\$ 691,611</u>	<u>\$ (3,966,879)</u>	<u>\$ 40,949,069</u>	<u>\$ 2,233,422</u>
	Balance at June 30, 2020	Additions	Reductions & Deletions	Balance at June 30, 2021	Due Within One Year
Business-type Activities:					
Revenue bonds payable	\$ 6,400,000	\$ -	\$ (572,000)	\$ 5,828,000	\$ 591,000
Net OPEB obligations	126,068	27,699	-	153,767	-
Net pension liability	329,934	-	(197,461)	132,473	-
Compensated absences	57,275	4,567	-	61,842	-
Deferred amounts:					
Loss on defeasance*	<u>(70,294)</u>	<u>-</u>	<u>12,590</u>	<u>(57,704)</u>	<u>-</u>
Total business-type long-term liabilities	<u>\$ 6,842,983</u>	<u>\$ 32,266</u>	<u>\$ (756,871)</u>	<u>\$ 6,118,378</u>	<u>\$ 591,000</u>

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

9. LONG-TERM DEBT (CONTINUED)

	<u>Current Outstanding Balances</u>
<u>Government-type activities:</u>	
On January 5, 2012, the City issued \$9,400,000 in Sales Tax Refunding Bonds (Series 2012) at interest rates from 2.00% to 5.00% with a final maturity date of October 1, 2031. Principal payments are due annually with interest payments due on April 1 and October 1 of each year. The bonds were issued to partially advance refund the 2002 Sales Tax Revenue Bonds and to pay the costs of issuing the Series 2012 bonds. The total principal and interest remaining on the defeased bonds was \$4,595,000. The 2012 bonds maturing before October 1, 2022 are not subject to redemption at the option of the City. The 2012 bonds maturing on or after October 1, 2022 are subject to optional redemption in whole or in part on or after October 1, 2021 at the option of the City at a redemption price equal to 100% of the principal amount of the Series 2012 Bonds to be redeemed plus accrued interest up to the date of redemption. The Series 2012 Bonds maturing on October 1, 2031 are subject to mandatory sinking fund redemption at a price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption.	\$ 5,505,000
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.	2,041,000
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.	2,577,000
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.	11,110,000
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.	4,113,000
On April 9, 2019, the City issued \$9,000,000 in Lease Revenue Bonds, (Series 2019) at an interest rate of 2.50% with a final maturity date of February 1, 2050. Interest on the bonds is payable annually on each February 1, beginning on February 1, 2021. The Series 2019 Bonds were issued with a final maturity date of February 1, 2050, and are subject to annual Mandatory Sinking Fund redemptions beginning on February 1, 2021.	<u>8,795,000</u>
Total governmental activities - bonds	<u>\$ 34,141,000</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

9. LONG-TERM DEBT (CONTINUED)

	<u>Current Outstanding Balances</u>
<u>Government-type activities (continued):</u>	
<p>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.</p>	\$ 1,599,420
Total governmental activities - Grantsville Legal Settlement	\$ <u>1,599,420</u>
<u>Business-type activities:</u>	
<p>In December 2010, Tooele City issued Sewer Revenue C.I.B. Bonds Series 2010 in the amount of \$4,600,000 with original interest rates of 4.50%. The bonds mature on September 1, 2036, with interest-only payments beginning September 1, 2011, and both principal and interest payments due annually on September 1 for the remainder of the bond term.</p>	\$ 3,632,000
<p>On October 5, 2011, the City issued \$5,753,000 in Water Revenue Refunding Bonds (Series 2011) at an interest rate of 3.10% with a final maturity date of April 1, 2026. Principal payments are due annually with interest payments due on April 1 and October 1 of each year. The bonds were issued to partially advance refund the 2006 Water Revenue Refunding Bonds and to pay the costs of issuing the Series 2011 bonds. The total principal and interest remaining on the defeased bonds was \$6,278,952. The 2011 bonds maturing before October 1, 2020 are not subject to redemption at the option of the City. The 2011 bonds maturing between October 1, 2020 and September 30, 2021 are subject to optional redemption at 102% of par. The 2011 bonds maturing between October 1, 2021 and September 30, 2022 are subject to optional redemption at 101% of par. Commencing October 1, 2022, the Bonds will be subject to redemption at par value.</p>	<u>2,768,000</u>
Total business-type activities - bonds	\$ <u>6,400,000</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

9. LONG-TERM DEBT (CONTINUED)

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

Future payments for principal and interest are as follows:

Governmental Activities:	Bonds		Bonds from Direct Placements	
	Principal	Interest	Principal	Interest
Year Ending June 30,				
2022	\$ 690,000	\$ 560,924	\$ 1,265,000	\$ 447,017
2023	720,000	534,446	1,286,000	415,599
2024	755,000	506,794	1,319,000	382,803
2025	780,000	478,026	1,362,000	348,463
2026	1,460,000	440,044	856,000	318,162
2027-2031	6,055,000	1,558,338	4,997,000	1,276,454
2032-2036	5,110,000	593,879	1,415,000	863,651
2037-2041	1,045,000	17,765	1,600,000	550,250
2042-2045	-	-	1,810,000	340,000
2046-2050	-	-	1,616,000	102,175
TOTAL DEBT	<u>\$ 16,615,000</u>	<u>\$ 4,690,216</u>	<u>\$ 17,526,000</u>	<u>\$ 5,044,574</u>

Unamortized premiums	\$ 298,043
Loss on defeasance	<u>(468,422)</u>
TOTAL	<u>\$ 33,970,621</u>

Business-type Activities:	Bonds		Bonds from Direct Placements	
	Principal	Interest	Principal	Interest
Year Ending June 30,				
2022	\$ -	\$ -	\$ 591,000	\$ 222,669
2023	-	-	616,000	201,927
2024	-	-	635,000	180,405
2025	-	-	660,000	158,119
2026	-	-	679,000	135,038
2027-2031	-	-	1,046,000	505,575
2032-2036	-	-	1,303,000	248,130
2037	-	-	298,000	13,410
TOTAL DEBT	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,828,000</u>	<u>\$ 1,665,273</u>

Unamortized premiums	\$ -
Loss on defeasance	<u>(57,704)</u>
TOTAL	<u>\$ 5,770,296</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

9. LONG-TERM DEBT (CONTINUED)

Changes to the City's long-term debt as of June 30, 2021 are as follows:

	Balance at June 30, 2020	Additions	Reductions & Deletions	Balance at June 30, 2021	Due Within One Year
Governmental Activities:					
General bonds	\$ 17,240,000	\$ -	\$ (625,000)	\$ 16,615,000	\$ 790,000
Bonds from direct placement	<u>18,900,000</u>	<u>-</u>	<u>(1,374,000)</u>	<u>17,526,000</u>	<u>1,165,000</u>
Total governmental long-term liabilities	<u>\$ 36,140,000</u>	<u>\$ -</u>	<u>\$ (1,999,000)</u>	<u>\$ 34,141,000</u>	<u>\$ 1,955,000</u>

	Balance at June 30, 2020	Additions	Reductions & Deletions	Balance at June 30, 2021	Due Within One Year
Business-type Activities:					
Bonds from direct placement	\$ 6,400,000	\$ -	\$ (572,000)	\$ 5,828,000	\$ 591,000
Total business-type long-term liabilities	<u>\$ 6,400,000</u>	<u>\$ -</u>	<u>\$ (572,000)</u>	<u>\$ 5,828,000</u>	<u>\$ 591,000</u>

Governmental Activities - Grantsville Legal Settlement		
Year Ending June 30,	Principal	Interest
2022	\$ 77,000	\$ 40,000
2023	78,000	38,075
2024	81,000	36,125
2025	83,000	34,100
2026	84,000	32,025
2027-2031	456,000	127,350
2032-2036	516,000	67,450
2037-2041	<u>224,720</u>	<u>8,475</u>
TOTAL DEBT	<u>\$ 1,599,720</u>	<u>\$ 383,600</u>

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

10. PRIOR-YEAR DEFEASANCE OF DEBT

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liability for the defeased bonds are not included in the financial statements of the reporting entity. At June 30, 2021, bonds totaling \$11,740,000 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, 2021, the City had deferred outflows of resources related to refunding of debt in the amount of \$526,126.

11. CAPITAL LEASES

The City has entered into a capital lease agreement for a fire truck and related equipment which will become the property of the City when the terms of the lease agreement are met. The capital lease will continue through October 1, 2021. During 2018 the City entered into a capital lease agreement for two lawn mowers which have a bargain purchase option and will become property of the City at the conclusion of the lease term. During 2019 the City also entered into a capital lease agreement for eighty golf carts, which has a purchase option at the end of the lease, and at which time the equipment will transfer title and become property of the City.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

11. CAPITAL LEASES (CONTINUED)

The following is a schedule, by year, of future minimum lease payments required on the leases as of June 30, 2021:

Fiscal Year Ending June 30,	Governmental Activities
2022	\$ 208,364
2023	57,823
2024	57,823
2025	59,776
Total minimum lease payments	383,786
Less amounts representing interest	(23,797)
Present value of net minimum lease payments	359,989
Less current portion of capital lease obligations	(201,422)
Capital lease obligations net current portion	\$ 158,567

Equipment and related accumulated depreciation under capital leases are included under capital assets in the Governmental Activities and as of June 30, 2021, are as follows:

Equipment under capital lease	\$ 1,331,773
Less accumulated depreciation	(506,375)
Equipment under capital lease, net	\$ 825,398

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, 2020 is not expected to be received within 60 days after the year ended June 30, 2021, 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, 2021 are as follows:

	Individual Fund Reconciliation	
	In	Out
Governmental:		
General Fund	\$ 33,500	\$ (3,384,333)
Depot RDA	-	(400,210)
Debt Service Fund	2,916,767	-
Park Capital Projects	-	-
Capital Projects Fund	2,300,000	(33,500)
Public Safety Capital Projects Fund		(187,052)
Class C Road Fund	-	(664,313)
Municipal Building	431,850	(962,709)
Downtown RDA	-	-
Park Improvements	-	(50,000)
Total Governmental	\$ 5,682,117	\$ (5,682,117)

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

13. INTERFUND TRANSFERS (CONTINUED)

Detailed descriptions of the interfund transfers for the year ended June 30, 2021 are as follows:

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

14. RETIREMENT PLANS

General Information About the Pension Plan

Plan Description

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

Defined Benefit Plans

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

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

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

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

**TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021**

14. RETIREMENT PLAN (CONTINUED)

Summary of Benefits by System

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending upon employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year to June 2020 2.00% per year July 2020 to present	Up to 2.5%

*Actuarial reductions are applied.

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

Contribution Rate Summary

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

Contribution rates as of June 30, 2021 are as follows:

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
Contributory System:			
111 Local Government Division - Tier 2	N/A	15.80%	0.89%
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	2.27%	25.83%	N/A
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%	14.00%

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

14. RETIREMENT PLAN (CONTINUED)

For fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 610,262	N/A
Public Safety System	354,178	-
Tier 2 Public Employees System	279,958	-
Tier 2 Public Safety and Firefighter	332,869	29,253
Tier 2 DC Only System	31,829	N/A
Tier 2 DC Public Safety and Firefighter System	5,013	N/A
TOTAL CONTRIBUTIONS	\$ 1,614,109	\$ 29,253

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

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

At June 30, 2021, we reported a net pension asset of \$0 and a net pension liability of \$1,031,084. These balances are broken out by system as follows:

System	(Measurement Date): December 31, 2020			Proportionate Share December 31, 2019	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 206,566	0.4027072%	0.3935393%	0.0091679%
Public Safety System	-	753,351	0.9073879%	0.9045605%	0.0028274%
Tier 2 Public Employees System	-	15,620	0.1086048%	0.1096528%	-0.0010480%
Tier 2 Public Safety and Firefighter System	-	55,547	0.6192932%	0.6952662%	-0.0759730%
	<u>\$ -</u>	<u>\$ 1,031,084</u>			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020, 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, 2021 the City recognized pension expense of \$768,329.

At June, 30, 2021 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 458,885	\$ 7,900
Changes in assumptions	32,667	54,965
Net difference between projected and actual earnings on pension plan investments	-	2,563,004
Changes in proportion and differences between contributions and proportionate share of contributions	117,602	4,136
Contributions subsequent to the measurement date	818,448	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 1,427,602	\$ 2,630,005

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

14. RETIREMENT PLAN (CONTINUED)

\$818,448 reported as deferred outflows of 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, 2020.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (515,389)
2022	\$ (257,075)
2023	\$ (891,455)
2024	\$ (417,968)
2025	\$ 8,126
Thereafter	\$ 52,908

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$219,943.

At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 277,122	\$ -
Changes in assumptions	-	27,020
Net difference between projected and actual earnings on pension plan investments	-	1,508,355
Changes in proportion and differences between contributions and proportionate share of contributions	61,326	-
Contributions subsequent to the measurement date	308,490	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 646,938	\$ 1,535,375

\$308,490 reported as deferred outflows of 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, 2020.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (297,523)
2022	\$ (127,966)
2023	\$ (521,372)
2024	\$ (250,066)
2025	\$ -
Thereafter	\$ -

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

14. RETIREMENT PLAN (CONTINUED)

Contributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$226,627.

At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 138,662	\$ 729
Changes in assumptions	-	21,426
Net difference between projected and actual earnings on pension plan investments	-	973,491
Changes in proportion and differences between contributions and proportionate share of contributions	23,431	1,027
Contributions subsequent to the measurement date	177,913	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 340,006	\$ 996,673

\$177,913 reported as deferred outflows of 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, 2020.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (203,081)
2022	\$ (119,739)
2023	\$ (350,395)
2024	\$ (161,365)
2025	\$ -
Thereafter	\$ -

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$152,808.

At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,380	\$ 7,153
Changes in assumptions	19,758	568
Net difference between projected and actual earnings on pension plan investments	-	45,659
Changes in proportion and differences between contributions and proportionate share of contributions	23,013	-
Contributions subsequent to the measurement date	158,459	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 215,610	\$ 53,380

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

14. RETIREMENT PLAN (CONTINUED)

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources (continued)

\$158,459 reported as deferred outflows of 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, 2020.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (7,916)
2022	\$ (4,708)
2023	\$ (10,726)
2024	\$ (3,214)
2025	\$ 5,206
Thereafter	\$ 25,128

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$168,950.

At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,722	\$ 18
Changes in assumptions	12,909	5,951
Net difference between projected and actual earnings on pension plan investments	-	35,499
Changes in proportion and differences between contributions and proportionate share of contributions	9,831	3,109
Contributions subsequent to the measurement date	173,586	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 225,048	\$ 44,577

\$173,586 reported as deferred outflows of 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, 2020.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (6,869)
2022	\$ (4,663)
2023	\$ (8,962)
2024	\$ (3,323)
2025	\$ 2,920
Thereafter	\$ 27,780

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

14. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

14. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	37%	6.30%	2.33%
Debt securities	20%	0.00%	0.00%
Real assets	15%	6.19%	0.93%
Private equity	12%	9.50%	1.14%
Absolute return	16%	2.75%	0.44%
Cash and cash equivalents	0%	0.00%	0.00%
TOTALS	100%		4.84%
		INFLATION	2.50%
		EXPECTED ARITHMETIC NOMINAL RETURN	7.34%

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

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

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

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 3,581,237	\$ 206,566	\$ (2,606,730)
Public Safety System	3,180,534	753,351	(1,217,517)
Tier 2 Public Employees System	262,844	15,620	(173,500)
Tier 2 Public Safety and Firefighter System	261,887	55,547	(109,022)
TOTAL	\$ 7,286,502	\$ 1,031,084	\$ (4,106,769)

Pension Plan Fiduciary Net Position

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

14. RETIREMENT PLAN (CONTINUED)

Defined Contribution Savings Plans

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

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

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

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

	2021	2020	2019
401(k) Plan			
Employer Contributions	\$ 281,047	\$ 328,356	\$ 248,584
Employee Contributions	\$ 145,327	\$ 133,903	\$ 105,874
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 51,081	\$ 41,417	\$ 30,026
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 10,243	\$ 10,073	\$ 8,318

**TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021**

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, 2021, 2020, and 2019, were \$69,159, \$69,159, and \$70,779, 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.

Every two years, an independent actuary calculates the annual contribution requirement. The actuarial valuation was performed on July 1, 2020 and included the following methods and assumptions:

Actuarial Assumptions

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

As of June 30, 2021, the value of the assets held by the City totaled \$864,907. On July 1, 2020, the City received an updated valuation report on the Volunteer Firefighter's Length of Service Awarded Program. The inputs and assumptions did not change significantly with the most recent valuation report. As of July 1, 2020, the value of the assets held by the City totaled \$837,273.

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 2% 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 \$156,874, \$155,070, and \$197,486, respectively, as of June 30, 2021, 2020, and 2019. Salaries subject to contributions were \$7,843,684, \$7,753,486, and \$6,895,629, respectively, as of June 30, 2020, 2019 and 2018. 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.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

15. EMPLOYEE BENEFIT PLANS (CONTINUED)

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, 2021, 2020 and 2019 were \$12,825, \$5,489, and \$7,404, 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, 2021, 2020, and 2019 were \$30,156, \$37,645, and \$46,389, respectively. Salaries subject to contributions were \$147,320, \$183,545, and \$193,795, 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, 2021, 2020 and 2019 were \$34,087, \$38,220, and \$44,122, respectively. Salaries subject to contributions were \$188,938, \$221,370, and \$276,407, 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, 2021, 2020 and 2019 were \$10,218, \$10,508, and \$8,053, 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, 2021, 2020 and 2019 were \$76,693, \$64,985, and \$48,290, respectively.

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

Funding Policy

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

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

At June 30, 2021, the City reported a net OPEB asset of \$0. The net OPEB asset was measured as of June 30, 2021 by an actuarial valuation using generally accepted actuarial procedures. At June 30, 2021, the reported deferred outflows of resources and deferred inflows of resources related to OPEB are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 225,501	\$ (353,593)
Changes in assumptions	390,799	-
Net difference between projected and actual earnings in		
OPEB plan investments for the fiscal year ended June 30, 2021	N/A	N/A
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 616,300	\$ (353,593)

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

The balances as of June 30, 2021 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

Fiscal Year Ended June 30,	Net Deferred Outflows (Inflows) of Resources
2022	\$ 32,462
2023	\$ 32,462
2024	\$ 32,462
2025	\$ 32,462
2026	\$ 32,462
Thereafter	\$ 90,394

For the year ended June 30, 2021, the City recognized an actuarially calculated OPEB expense of \$316,169.

OPEB Plan Covered Employees

For the year ended June 30, 2020, the City had the following covered employees under the OPEB plan:

Covered Employees	Single-Employer- Health Insurance OPEB Plan	Single-Employer- Life Insurance OPEB Plan
Inactive employees currently receiving benefits	10	47
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	106	106
TOTAL OPEB PLANS COVERED EMPLOYEES	116	153

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Liability measurement method	Valuation date June 30, 2021
Actuarial cost method	Present value of future benefits
Amortization method	Straight-line
Inflation rate	2.50%
Discount rate	2.19%
Asset valuation method	N/A*
Interest rate	2.81%
Health care trend rate	Initial rate of 8.0% decreasing between 0.25% and 0.50% annually to an ultimate rate of 4.5%
Investment rate of return	N/A*
Mortality rates	Developed from the RPH-2020 Total Dataset Mortality Table using the fully generational scale MP-2020.

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

Discount Rate

The discount rate used to measure the total OPEB liability was 2.19 percent. Under GASB 75, the discount rate used in valuing OPEB liabilities for unfunded plans as of the measurement date must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). For the current valuation, the discount rate was selected from a range of indices where the range is given as the spread between the lowest and highest rate. The projection of cash flows used to determine the discount rate assumed that there would be employer-paid contributions for retiree health benefits for the next thirty years. The projections include explicit and implicit subsidies.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability

The City's net OPEB Liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The change in total OPEB liability is as follows:

Total OPEB liability at June 30, 2020		\$ 2,978,938
Activity during the year:		
Service cost		199,962
Interest		83,745
Change in benefit terms		-
Change in assumptions		174,671
Differences between expected and actual experience		257,716
Benefit payments		<u>(61,574)</u>
Net change in total OPEB liability		<u>654,520</u>
TOTAL OPEB LIABILITY AT JUNE 30, 2021		<u>\$ 3,633,458</u>

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

The following presents the OPEB liability as of June 30, 2021, calculated using the discount rate assumed and what it would be using a one-percentage-point higher (3.19%) and one-percentage-point lower (1.19%) than the current discount rate:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
1% decrease in discount rate	\$ 4,036,865	\$ -	\$ 4,036,865
Current discount rate	\$ 3,633,459	\$ -	\$ 3,633,459
1% increase in discount rate	\$ 3,272,428	\$ -	\$ 3,272,428

The following presents the net OPEB liability as of June 30, 2021, using the health care trend rates assumed and what it would be using one-percentage-point higher and one-percentage-point lower health care trend rates:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
1% decrease in trend rates	\$ 3,159,876	\$ -	\$ 3,159,876
Current trend rates	\$ 3,633,459	\$ -	\$ 3,633,459
1% increase in trend rates	\$ 4,209,415	\$ -	\$ 4,209,415

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.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

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, 2020 are as follows:

Project Area	Amount
Depot	\$ 2,238,146
Total	\$ 2,238,146

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

Project Area	Acquisition of Property	Site Improvement or Preparation Costs	Installation of Public Utilities or Other Public Improvements	Administrative Costs of the Agency
Depot RDA	\$ 11,143	\$ 650,000	\$ -	\$ 787,089
Total	\$ 11,143	\$ 650,000	\$ -	\$ 787,089

18. LITIGATION AND SPECIAL ITEMS

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

Negative Cash Balances

Management considers the negative cash balances being carried by the debt service fund in the amount of \$738,700 are recoverable under the current operating agreements.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

19. RECLASSIFICATIONS AND ADJUSTMENTS

During the current year the two governmental funds no longer met the criteria to be classified as major funds. The Debt Service Fund (\$1,117,046) and the Public Safety Fund (\$359,747) beginning fund balances have been reclassified from a major to a nonmajor governmental fund.

In addition, the City evaluated their treatment of the CARES Act grants and determined that a portion of the grant received was not earned during the fiscal year ended June 30, 2020, but instead was earned during the fiscal year ended June 30, 2021. As a result of this evaluation, the City concluded \$914,325 should have been recorded as deferred revenue during the fiscal year ended June 30, 2020, and as such, the City restated the fund balance and net position to reflect the current year and prior year impact. The grants were earned during the fiscal year ended June 30, 2021. The effect on the statement of revenues, expenditures, and changes in fund balances for the fiscal year ended June 30, 2020 are as follows:

	General Fund	Depot Redevelopment Agency	Debt Service Fund	Public Safety Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Original fund balance, June 30, 2020:	\$ 7,374,982	\$ 6,091,696	\$ 1,117,046	\$ 359,747	\$ 7,750,055	\$ 22,693,526
CARES Act grant	(914,325)	-	-	-	-	(914,325)
Major to nonmajor	-	-	(1,117,046)	(359,747)	1,476,793	-
Fund balances as restated - July 1, 2020	<u>\$ 6,460,657</u>	<u>\$ 6,091,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,226,848</u>	<u>\$ 21,779,201</u>

The effect on net position in the statement of activities for the fiscal year ended June 30, 2020 is as follows:

	Governmental Activities	Business-type Activities	Total
Original net position, June 30, 2020	\$ 84,399,742	\$ 123,280,073	\$ 207,679,815
Adjustment for the CARES Act grant	(914,325)	-	(914,325)
Net position as restated, June 30, 2020	<u>\$ 83,485,417</u>	<u>\$ 123,280,073</u>	<u>\$ 206,765,490</u>

20. RISK MANAGEMENT

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

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

21. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, and earlier adoption is encouraged. The City is currently evaluating the impact of this statement on the financial statements when implemented.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2021

21. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are to 1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and 2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020, and earlier adoption is encouraged. The City is currently evaluating the impact of this statement on the financial statements when implemented.

22. SUBSEQUENT EVENTS

The City evaluated all events or transactions that occurred after June 30, 2021 through December 1, 2021, the date these financials were available to be issued. During this period, the City did not have any material recognizable subsequent events.

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, 2021

	Noncontributory Retirement System	Contributory Retirement System	Public Safety System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighter Retirement System
Proportion of the net pension liability/(asset):					
For year ending December 31, 2020	0.4027072%	0.0000000%	0.9073879%	0.1086048%	0.6192932%
For year ending December 31, 2019	0.3935393%	0.0000000%	0.9045605%	0.1096528%	0.6952662%
For year ending December 31, 2018	0.3788645%	0.0000000%	0.8670173%	0.1060123%	0.6847533%
For year ending December 31, 2017	0.3720852%	0.0893416%	0.8928747%	0.1124047%	0.7106312%
For year ending December 31, 2016	0.3844558%	0.2056053%	0.8854666%	0.1093276%	0.7010886%
For year ending December 31, 2015	0.3975560%	0.1227386%	0.9004734%	0.9188550%	0.5412317%
For year ending December 31, 2014	0.3969544%	0.2018151%	0.9768338%	0.1046091%	0.6545410%
Proportionate share of the net pension liability/(asset):					
For year ending December 31, 2020	\$ 206,566	\$ -	\$ 753,351	\$ 15,620	\$ 55,547
For year ending December 31, 2019	\$ 1,483,198	\$ -	\$ 1,452,378	\$ 24,662	\$ 65,400
For year ending December 31, 2018	\$ 2,789,854	\$ -	\$ 2,230,476	\$ 45,403	\$ 17,157
For year ending December 31, 2017	\$ 1,630,217	\$ 7,270	\$ 1,400,615	\$ 9,910	\$ (8,223)
For year ending December 31, 2016	\$ 2,468,677	\$ 67,461	\$ 1,796,856	\$ 12,195	\$ (6,086)
For year ending December 31, 2015	\$ 2,249,565	\$ 86,267	\$ 1,612,974	\$ (201)	\$ (7,908)
For year ending December 31, 2014	\$ 1,723,669	\$ 58,212	\$ 1,228,450	\$ (3,170)	\$ (9,683)
Covered employee payroll					
For year ending December 31, 2020	\$ 3,351,215	\$ -	\$ 1,167,105	\$ 1,736,603	\$ 1,235,038
For year ending December 31, 2019	\$ 3,335,661	\$ -	\$ 1,169,987	\$ 1,523,868	\$ 1,145,962
For year ending December 31, 2018	\$ 3,228,807	\$ -	\$ 1,153,434	\$ 1,238,906	\$ 915,698
For year ending December 31, 2017	\$ 3,162,199	\$ 18,129	\$ 1,240,696	\$ 1,098,992	\$ 750,015
For year ending December 31, 2016	\$ 3,346,208	\$ 49,333	\$ 1,249,196	\$ 896,577	\$ 579,253
For year ending December 31, 2015	\$ 3,424,604	\$ 52,298	\$ 1,335,678	\$ 593,586	\$ 322,087
For year ending December 31, 2014	\$ 3,436,676	\$ 107,866	\$ 1,461,239	\$ 513,414	\$ 270,535
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll:					
For year ending December 31, 2020	6.16%	0.00%	64.55%	0.90%	4.50%
For year ending December 31, 2019	44.46%	0.00%	124.14%	1.62%	5.71%
For year ending December 31, 2018	86.41%	0.00%	193.38%	3.66%	1.87%
For year ending December 31, 2017	51.55%	40.10%	112.89%	0.90%	-1.10%
For year ending December 31, 2016	73.78%	136.75%	143.84%	1.36%	-1.05%
For year ending December 31, 2015	65.69%	164.95%	120.76%	-0.03%	-2.46%
For year ending December 31, 2014	50.20%	54.00%	84.10%	-0.60%	-3.60%
Plan fiduciary net position as a percentage of the total pension liability:					
For year ending December 31, 2020	99.20%	0.00%	95.50%	98.30%	93.10%
For year ending December 31, 2019	93.70%	0.00%	90.90%	96.50%	89.60%
For year ending December 31, 2018	87.00%	91.20%	84.70%	90.80%	95.60%
For year ending December 31, 2017	91.90%	98.20%	90.20%	97.40%	103.00%
For year ending December 31, 2016	87.30%	92.90%	86.50%	95.10%	103.60%
For year ending December 31, 2015	87.80%	85.70%	87.10%	100.20%	110.70%
For year ending December 31, 2014	90.20%	94.00%	90.50%	103.50%	120.50%

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

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

TOOELE CITY CORPORATION
SCHEDULE OF CONTRIBUTIONS - LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION
For the Year ended June 30, 2021

System	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System	2014	\$ 596,700	\$ 596,700	\$ -	\$ 3,566,046	16.73%
	2015	\$ 601,526	\$ 601,526	\$ -	\$ 3,413,267	17.62%
	2016	\$ 586,831	\$ 586,831	\$ -	\$ 3,398,845	17.27%
	2017	\$ 558,245	\$ 558,245	\$ -	\$ 3,066,576	18.20%
	2018	\$ 571,427	\$ 571,427	\$ -	\$ 3,170,902	18.02%
	2019	\$ 572,726	\$ 572,726	\$ -	\$ 3,256,726	17.59%
	2020	\$ 592,544	\$ 592,544	\$ -	\$ 3,322,470	17.83%
	2021	\$ 610,262	\$ 610,262	\$ -	\$ 3,409,260	17.90%
Contributory System	2014	\$ 14,118	\$ 14,118	\$ -	\$ 106,308	13.28%
	2015	\$ 12,172	\$ 12,172	\$ -	\$ 85,967	14.16%
	2016	\$ 6,942	\$ 6,942	\$ -	\$ 53,460	12.99%
	2017	\$ 6,338	\$ 6,338	\$ -	\$ 43,833	14.46%
	2018	\$ 215	\$ 215	\$ -	\$ 1,671	12.87%
	2019	\$ 10	\$ 10	\$ -	\$ 151	6.62%
	2020	\$ 224	\$ 224	\$ -	\$ 1,515	14.79%
	2021	\$ -	\$ -	\$ -	\$ -	0.00%
Public Safety System	2014	\$ 447,864	\$ 447,864	\$ -	\$ 1,489,801	30.06%
	2015	\$ 456,664	\$ 456,664	\$ -	\$ 1,436,266	31.80%
	2016	\$ 383,473	\$ 383,473	\$ -	\$ 1,228,273	31.22%
	2017	\$ 382,943	\$ 382,943	\$ -	\$ 1,144,502	33.46%
	2018	\$ 393,945	\$ 393,945	\$ -	\$ 1,201,660	32.78%
	2019	\$ 354,990	\$ 354,990	\$ -	\$ 1,122,577	31.62%
	2020	\$ 360,644	\$ 360,644	\$ -	\$ 1,157,272	31.16%
	2021	\$ 354,178	\$ 354,178	\$ -	\$ 1,148,297	30.84%
Tier 2 Public Employees System*	2014	\$ 49,190	\$ 49,190	\$ -	\$ 351,606	13.99%
	2015	\$ 89,612	\$ 89,612	\$ -	\$ 599,160	14.96%
	2016	\$ 103,003	\$ 103,003	\$ -	\$ 717,215	14.36%
	2017	\$ 148,291	\$ 148,291	\$ -	\$ 995,440	14.90%
	2018	\$ 187,817	\$ 187,817	\$ -	\$ 1,243,003	15.11%
	2019	\$ 210,258	\$ 210,258	\$ -	\$ 1,353,032	15.54%
	2020	\$ 261,404	\$ 261,404	\$ -	\$ 1,666,358	15.69%
	2021	\$ 279,958	\$ 279,958	\$ -	\$ 1,771,969	15.80%
Tier 2 Public Safety and Firefighter System*	2014	\$ 38,705	\$ 38,705	\$ -	\$ 185,638	20.85%
	2015	\$ 68,338	\$ 68,338	\$ -	\$ 303,053	22.55%
	2016	\$ 97,815	\$ 97,815	\$ -	\$ 447,952	21.84%
	2017	\$ 150,547	\$ 150,547	\$ -	\$ 669,097	22.50%
	2018	\$ 188,667	\$ 188,667	\$ -	\$ 840,440	22.45%
	2019	\$ 239,429	\$ 239,429	\$ -	\$ 1,028,434	23.28%
	2020	\$ 279,760	\$ 279,760	\$ -	\$ 1,205,532	23.21%
	2021	\$ 332,869	\$ 332,869	\$ -	\$ 1,288,693	25.83%
Tier 2 Public Employees DC Only System*	2014	\$ 6,066	\$ 6,066	\$ -	\$ 81,128	7.48%
	2015	\$ 5,844	\$ 5,844	\$ -	\$ 86,969	6.72%
	2016	\$ 10,623	\$ 10,623	\$ -	\$ 162,571	6.53%
	2017	\$ 12,352	\$ 12,352	\$ -	\$ 184,634	6.69%
	2018	\$ 17,362	\$ 17,362	\$ -	\$ 258,173	6.72%
	2019	\$ 23,886	\$ 23,886	\$ -	\$ 357,044	6.69%
	2020	\$ 24,323	\$ 24,323	\$ -	\$ 363,581	6.69%
	2021	\$ 31,829	\$ 31,829	\$ -	\$ 452,047	7.04%
Tier 2 Public Safety and Firefighter DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	\$ -	\$ -	\$ -	\$ -	0.00%
	2016	\$ 3,878	\$ 3,878	\$ -	\$ 32,784	11.83%
	2017	\$ 2,351	\$ 2,351	\$ -	\$ 19,875	11.83%
	2018	\$ -	\$ -	\$ -	\$ -	0.00%
	2019	\$ -	\$ -	\$ -	\$ -	0.00%
	2020	\$ 3,554	\$ 3,554	\$ -	\$ 30,044	11.83%
	2021	\$ 5,012	\$ 5,012	\$ -	\$ 42,370	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.

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

TOOELE CITY CORPORATION
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)
LIABILITY AND RELATED RATIOS - LAST TEN FISCAL YEARS*
REQUIRED SUPPLEMENTARY INFORMATION
For the Year ended June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability				
Service cost	\$ 199,962	\$ 156,358	\$ 142,922	\$ 149,885
Interest	83,745	108,195	111,175	103,112
Change of benefit terms	-	(3,360)	-	-
Changes in assumptions	174,672	214,409	108,074	17,295
Differences between expected and actual experience	257,716	(356,037)	(27,968)	(142,358)
Benefit payments	<u>(61,574)</u>	<u>(132,356)</u>	<u>(143,247)</u>	<u>(113,988)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	<u>654,521</u>	<u>(12,791)</u>	<u>190,956</u>	<u>13,946</u>
 TOTAL OPEB LIABILITY - BEGINNING	<u>2,978,938</u>	<u>2,991,729</u>	<u>2,800,773</u>	<u>2,786,827</u>
TOTAL OPEB LIABILITY - ENDING (a)	<u>\$ 3,633,459</u>	<u>\$ 2,978,938</u>	<u>\$ 2,991,729</u>	<u>\$ 2,800,773</u>
 Plan Fiduciary Net Position				
Contributions - employer	\$ 61,574	\$ 132,356	\$ 143,247	\$ 113,988
Benefit payments	<u>(61,574)</u>	<u>(132,356)</u>	<u>(143,247)</u>	<u>(113,988)</u>
CHANGE IN PLAN FIDUCIARY NET POSITION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL FIDUCIARY NET POSITION - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FIDUCIARY NET POSITION - ENDING (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 NET OPEB LIABILITY - ENDING (a-b)	<u>\$ 3,633,459</u>	<u>\$ 2,978,938</u>	<u>\$ 2,991,729</u>	<u>\$ 2,800,773</u>
 Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	N/A	N/A	N/A	N/A
Net OPEB Liability as a Percentage of Cov	N/A	N/A	N/A	N/A

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

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

TOOELE CITY CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year ended June 30, 2021

1. CHANGE IN ASSUMPTIONS

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumptions changes, which may be accessed online at newsroom.urs.org under the "Retirement Office" column using the "Reports and Stats" tab.

SUPPLEMENTAL INFORMATION

**TOOELE CITY CORPORATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021**

	Special Revenue Funds				Capital Projects Funds				Totals
	Class "C" Road Fund	Par Tax Fund	Municipal Building Authority	Debt Service Fund	Park Improvements Fund	Capital Projects Fund	Public Safety Capital Projects Fund		
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 13,692	\$ 3,728,696	\$ 816	\$ 3,743,204	
Receivables:									
Assessments	-	115,078	-	-	-	-	-	115,078	
Intergovernmental receivable	505,329	-	-	-	-	-	-	505,329	
Due from other funds	168,244	-	168,207	-	12,663	-	47,373	396,487	
Restricted cash and cash equivalents	2,949,707	465,781	-	2,057,357	3,537,049	-	219,789	9,229,683	
TOTAL ASSETS	\$ 3,623,280	\$ 580,859	\$ 168,207	\$ 2,057,357	\$ 3,563,404	\$ 3,728,696	\$ 267,978	\$ 13,989,781	
LIABILITIES									
Accounts payable	\$ 303,888	\$ 45,804	\$ -	\$ -	\$ 13,692	\$ 4,621	\$ 816	\$ 368,821	
Accrued liabilities	-	-	-	326	-	-	-	326	
Due to other funds	-	-	-	738,700	-	-	-	738,700	
TOTAL LIABILITIES	\$ 303,888	\$ 45,804	\$ -	\$ 739,026	\$ 13,692	\$ 4,621	\$ 816	\$ 1,107,847	
FUND BALANCES									
Restricted	-	535,055	-	-	-	-	-	535,055	
Recreation and arts	-	-	-	-	-	-	-	-	
Debt service	664,313	-	168,207	1,318,331	50,000	-	-	2,200,851	
Roads	2,655,079	-	-	-	-	-	-	2,655,079	
Assigned	-	-	-	-	-	-	-	-	
Capital projects	-	-	-	-	3,499,712	3,724,075	267,162	7,490,949	
TOTAL FUND BALANCE	\$ 3,319,392	\$ 535,055	\$ 168,207	\$ 1,318,331	\$ 3,549,712	\$ 3,724,075	\$ 267,162	\$ 12,881,934	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 3,623,280	\$ 580,859	\$ 168,207	\$ 2,057,357	\$ 3,563,404	\$ 3,728,696	\$ 267,978	\$ 13,989,781	

TOOELE CITY CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year ended June 30, 2021

	Special Revenue Funds				Capital Project Funds				Public Safety Capital Projects Fund	Totals
	Class "C" Road Fund	Par Tax Fund	Municipal Building Authority	Debt Service Fund	Park Improvements Fund	Capital Projects Fund	Public Safety Capital Projects Fund			
REVENUES										
Taxes	\$ -	\$ 614,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 614,168	
Intergovernmental revenues	2,379,763	-	-	-	-	-	-	-	2,379,763	
Interest income	11,494	1,513	918	5,933	11,819	7,304	635	39,616		
Impact fees	-	-	-	-	1,297,898	-	212,819	1,510,717		
Miscellaneous revenue	-	15,664	-	-	-	-	2,002	17,666		
Rental income	-	-	530,859	-	-	-	-	530,859		
TOTAL REVENUES	2,391,257	631,345	531,777	5,933	1,309,717	7,304	215,456	5,092,789		
EXPENDITURES										
General government	-	179,864	11	-	3,197	77,721	-	260,793		
Highways and streets	377,564	-	-	-	-	-	-	377,564		
Capital outlay	871,160	300,986	-	-	20,000	409,706	45,718	1,647,570		
Debt service:										
Principal - bonds & notes	-	-	-	1,795,000	-	-	-	1,795,000		
Principal - capital lease	-	-	-	-	-	16,164	70,909	87,073		
Interest	-	-	-	923,715	-	1,081	4,362	929,158		
Bond issuance costs and trustee fees	-	-	-	2,700	-	-	-	2,700		
TOTAL EXPENDITURES	1,248,724	480,850	11	2,721,415	23,197	504,672	120,989	5,099,858		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,142,533	150,495	531,766	(2,715,482)	1,286,520	(497,368)	94,467	(7,069)		
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS										
Operating transfers in	-	-	431,850	2,916,767	-	2,300,000	-	5,648,617		
Operating transfers (out)	(664,313)	-	(962,709)	-	(50,000)	(33,500)	(187,052)	(1,897,574)		
Refunded impact fees	-	-	-	-	(88,888)	-	-	(88,888)		
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	(664,313)	-	(530,859)	2,916,767	(138,888)	2,266,500	(187,052)	3,662,155		
NET CHANGE IN FUND BALANCE	478,220	150,495	907	201,285	1,147,632	1,769,132	(92,585)	3,655,086		
FUND BALANCE, BEGINNING OF YEAR	2,841,172	384,560	167,300	1,117,046	2,402,080	1,954,943	359,747	9,226,848		
FUND BALANCE, END OF YEAR	\$ 3,319,392	\$ 535,055	\$ 168,207	\$ 1,318,331	\$ 3,549,712	\$ 3,724,075	\$ 267,162	\$ 12,881,934		

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, 2021

	Par Tax Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 390,000	\$ 614,168	\$ 224,168
Interest income	15,000	1,513	(13,487)
Miscellaneous revenues	16,000	15,664	(336)
TOTAL REVENUES	421,000	631,345	210,345
EXPENDITURES			
General government	227,185	179,864	47,321
Capital outlay	479,300	300,986	178,314
TOTAL EXPENDITURES	706,485	480,850	225,635
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(285,485)	150,495	435,980
NET CHANGE IN FUND BALANCE	(285,485)	150,495	435,980
FUND BALANCE, BEGINNING OF YEAR	384,560	384,560	-
FUND BALANCE, END OF YEAR	\$ 99,075	\$ 535,055	\$ 435,980

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, 2021

	<u>Municipal Building Authority</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$ 3,500	\$ 918	\$ (2,582)
Rental income	966,209	530,859	(435,350)
TOTAL REVENUES	<u>969,709</u>	<u>531,777</u>	<u>(437,932)</u>
EXPENDITURES			
General government	3,500	11	3,489
TOTAL EXPENDITURES	<u>3,500</u>	<u>11</u>	<u>3,489</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>966,209</u>	<u>531,766</u>	<u>(434,443)</u>
OTHER FINANCING USES INCLUDING TRANSFERS			
Operating transfers (out)	(962,709)	(530,859)	431,850
TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	<u>(962,709)</u>	<u>(530,859)</u>	<u>431,850</u>
NET CHANGE IN FUND BALANCE	3,500	907	(2,593)
FUND BALANCE, BEGINNING OF YEAR	<u>167,300</u>	<u>167,300</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 170,800</u>	<u>\$ 168,207</u>	<u>\$ (2,593)</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, 2021

		Class "C" Road Fund		
		Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental revenues		\$ 1,670,000	\$ 2,379,763	\$ 709,763
Interest income		35,000	11,494	(23,506)
	TOTAL REVENUES	1,705,000	2,391,257	686,257
EXPENDITURES				
Highways and streets		509,700	377,564	132,136
Capital outlay		1,508,546	871,160	637,386
	TOTAL EXPENDITURES	2,018,246	1,248,724	769,522
	EXCESS OF REVENUES OVER EXPENDITURES	(313,246)	1,142,533	1,455,779
OTHER FINANCING USES INCLUDING TRANSFERS				
Operating transfers out		(664,313)	(664,313)	-
	TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	(664,313)	(664,313)	-
	NET CHANGE IN FUND BALANCE	(977,559)	478,220	1,455,779
	FUND BALANCE, BEGINNING OF YEAR	2,841,172	2,841,172	-
	FUND BALANCE, END OF YEAR	\$ 1,863,613	\$ 3,319,392	\$ 1,455,779

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
NON-MAJOR DEBT SERVICE FUND
For the Fiscal Year ended June 30, 2021

	<u>Debt Service Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$ -	\$ 5,933	\$ 5,933
TOTAL REVENUES	<u>-</u>	<u>5,933</u>	<u>5,933</u>
EXPENDITURES			
Debt service:			
Principal retirement	1,795,000	1,795,000	-
Interest on long-term debt	923,715	923,715	-
Bond issuance costs and trustee fees	11,000	2,700	8,300
TOTAL EXPENDITURES	<u>2,729,715</u>	<u>2,721,415</u>	<u>8,300</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,729,715)</u>	<u>(2,715,482)</u>	<u>14,233</u>
OTHER FINANCING SOURCES INCLUDING TRANSFERS			
Operating transfers in	2,729,715	2,916,767	187,052
TOTAL OTHER FINANCING SOURCES INCLUDING TRANSFERS	<u>2,729,715</u>	<u>2,916,767</u>	<u>187,052</u>
NET CHANGE IN FUND BALANCES	-	201,285	201,285
FUND BALANCE, BEGINNING OF YEAR	<u>1,117,046</u>	<u>1,117,046</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,117,046</u>	<u>\$ 1,318,331</u>	<u>\$ 201,285</u>

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

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, 2021

		Capital Projects Fund		
		Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest income		\$ 40,000	\$ 7,304	\$ (32,696)
	TOTAL REVENUES	40,000	7,304	(32,696)
EXPENDITURES				
General government		12,441	77,721	(65,280)
Capital outlay		1,890,792	409,706	1,481,086
Debt service:				
Principal - capital lease		16,164	16,164	-
Interest		1,081	1,081	-
	TOTAL EXPENDITURES	1,920,478	504,672	1,415,806
	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,880,478)	(497,368)	1,383,110
OTHER FINANCING SOURCES INCLUDING TRANSFERS				
Operating transfers in		2,300,000	2,300,000	-
Operating transfers out		(283,500)	(33,500)	250,000
	TOTAL OTHER FINANCING SOURCES INCLUDING TRANSFERS	2,016,500	2,266,500	250,000
	NET CHANGE IN FUND BALANCE	136,022	1,769,132	1,633,110
	FUND BALANCE, BEGINNING OF YEAR	1,954,943	1,954,943	-
	FUND BALANCE, END OF YEAR	\$ 2,090,965	\$ 3,724,075	\$ 1,633,110

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, 2021

		Park Improvements Fund		
		Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest income		\$ 25,000	\$ 11,819	\$ (13,181)
Impact fees		400,000	1,297,898	897,898
	TOTAL REVENUES	425,000	1,309,717	884,717
EXPENDITURES				
General government		-	3,197	(3,197)
Capital projects				
Capital outlay		1,200,000	20,000	1,180,000
	TOTAL EXPENDITURES	1,200,000	23,197	1,176,803
	EXCESS OF REVENUES OVER EXPENDITURES	(775,000)	1,286,520	2,061,520
OTHER FINANCING USES INCLUDING TRANSFERS				
Operating transfers out		(50,000)	(50,000)	-
Refunded impact fees		-	(88,888)	(88,888)
	TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	(50,000)	(138,888)	(88,888)
	NET CHANGE IN FUND BALANCE	(825,000)	1,147,632	1,972,632
	FUND BALANCE, BEGINNING OF YEAR	2,402,080	2,402,080	-
	FUND BALANCE, END OF YEAR	\$ 1,577,080	\$ 3,549,712	\$ 1,972,632

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, 2021

	<u>Public Safety Capital Projects Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$ 35,000	\$ 635	\$ (34,365)
Impact fees	100,000	212,819	112,819
Miscellaneous revenue	-	2,002	2,002
TOTAL REVENUES	<u>135,000</u>	<u>215,456</u>	<u>80,456</u>
EXPENDITURES			
Capital outlay	440,000	45,718	394,282
Debt service:			
Principal - capital lease	70,909	70,909	-
Interest	4,362	4,362	-
TOTAL EXPENDITURES	<u>515,271</u>	<u>120,989</u>	<u>394,282</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(380,271)</u>	<u>94,467</u>	<u>474,738</u>
OTHER FINANCING USES INCLUDING TRANSFERS			
Operating transfers out	-	(187,052)	(187,052)
TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	<u>-</u>	<u>(187,052)</u>	<u>(187,052)</u>
NET CHANGE IN FUND BALANCE	(380,271)	(92,585)	287,686
FUND BALANCE, BEGINNING OF YEAR	<u>359,747</u>	<u>359,747</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ (20,524)</u>	<u>\$ 267,162</u>	<u>\$ 287,686</u>

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

TOOELE CITY CORPORATION
COMBINING STATEMENT OF NET POSITION -
NONMAJOR PROPRIETARY FUNDS
June 30, 2021

	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,565,466	\$ 431,510	\$ 2,996,976
Accounts receivable - net of allowance	<u>55,302</u>	<u>24,442</u>	<u>79,744</u>
TOTAL CURRENT ASSETS	<u>2,620,768</u>	<u>455,952</u>	<u>3,076,720</u>
Noncurrent assets:			
Land	234,230	-	234,230
Infrastructure	10,511,947	983,984	11,495,931
Machinery and equipment	79,557	-	79,557
Autos and trucks	25,893	-	25,893
Accumulated depreciation	<u>(1,512,565)</u>	<u>(20,076)</u>	<u>(1,532,641)</u>
TOTAL NONCURRENT ASSETS	<u>9,339,062</u>	<u>963,908</u>	<u>10,302,970</u>
TOTAL ASSETS	<u>11,959,830</u>	<u>1,419,860</u>	<u>13,379,690</u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>81,584</u>	<u>50,273</u>	<u>131,857</u>
TOTAL LIABILITIES	<u>81,584</u>	<u>50,273</u>	<u>131,857</u>
NET POSITION			
Net investment in capital assets	9,339,062	963,908	10,302,970
Unrestricted	<u>2,539,184</u>	<u>405,679</u>	<u>2,944,863</u>
TOTAL NET POSITION	<u>\$ 11,878,246</u>	<u>\$ 1,369,587</u>	<u>\$ 13,247,833</u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year ended June 30, 2021

	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES			
Charges for services	\$ 518,398	\$ 243,865	\$ 762,263
TOTAL OPERATING REVENUES	<u>518,398</u>	<u>243,865</u>	<u>762,263</u>
OPERATING EXPENSES			
Contracted services	25,000	-	25,000
Operations and maintenance	54,559	89,706	144,265
Administration	32,028	16,146	48,174
Depreciation	<u>250,930</u>	<u>11,288</u>	<u>262,218</u>
TOTAL OPERATING EXPENSES	<u>362,517</u>	<u>117,140</u>	<u>479,657</u>
OPERATING INCOME	<u>155,881</u>	<u>126,725</u>	<u>282,606</u>
NON-OPERATING REVENUES			
Interest income	<u>10,695</u>	<u>1,891</u>	<u>12,586</u>
TOTAL NON-OPERATING REVENUES	<u>10,695</u>	<u>1,891</u>	<u>12,586</u>
Contributed from developers	<u>1,072,075</u>	<u>406,414</u>	<u>1,478,489</u>
CHANGE IN NET POSITION	1,238,651	535,030	1,773,681
NET POSITION - BEGINNING OF YEAR	<u>10,639,595</u>	<u>834,557</u>	<u>11,474,152</u>
NET POSITION - END OF YEAR	<u>\$ 11,878,246</u>	<u>\$ 1,369,587</u>	<u>\$ 13,247,833</u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year ended June 30, 2021

	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 513,434	\$ 241,203	\$ 754,637
Payments for operations and maintenance	(5,730)	(64,307)	(70,037)
Payment for interfund services provided	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>482,704</u>	<u>176,896</u>	<u>659,600</u>
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	<u>(396,075)</u>	<u>(51,328)</u>	<u>(447,403)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(396,075)</u>	<u>(51,328)</u>	<u>(447,403)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:			
Interest earned	<u>10,695</u>	<u>1,891</u>	<u>12,586</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>10,695</u>	<u>1,891</u>	<u>12,586</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	97,324	127,459	224,783
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,468,142</u>	<u>304,051</u>	<u>2,772,193</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,565,466</u>	<u>\$ 431,510</u>	<u>\$ 2,996,976</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 155,881	\$ 126,725	\$ 282,606
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	250,930	11,288	262,218
Changes in assets and liabilities:			
Accounts receivable	(4,964)	(2,662)	(7,626)
Accounts payable	<u>80,857</u>	<u>41,545</u>	<u>122,402</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 482,704</u>	<u>\$ 176,896</u>	<u>\$ 659,600</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:			
Contributed capital assets from developers	<u>\$ 1,072,075</u>	<u>\$ 406,414</u>	<u>\$ 1,478,489</u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUND
For the Fiscal Year ended June 30, 2021

	<u>Balance at Beginning of the Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of of the Year</u>
ASSETS				
Cash and cash equivalents	\$ 1,562,184	\$ 3,777,149	\$ (2,676,126)	\$ 2,663,207
TOTAL ASSETS	<u>\$ 1,562,184</u>	<u>\$ 3,777,149</u>	<u>\$ (2,676,126)</u>	<u>\$ 2,663,207</u>
LIABILITIES				
Accounts payable	\$ 3,149	\$ 1,735,491	\$ (1,716,087)	\$ 22,553
Refunds payable and others	<u>1,559,035</u>	<u>3,867,749</u>	<u>(2,786,130)</u>	<u>2,640,654</u>
TOTAL LIABILITIES	<u>\$ 1,562,184</u>	<u>\$ 5,603,240</u>	<u>\$ (4,502,217)</u>	<u>\$ 2,663,207</u>

**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**

To the Honorable Mayor and
Members of the City Council
Tooele City, Utah

Mayor and Council Members:

We have audited, in accordance with the 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, Utah (herein referred to as the “City”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 1, 2021.

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 from 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.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
December 1, 2020



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

The Honorable Mayor and
Members of the City Council
Tooele City, Utah

Report on Compliance with General State Compliance Requirements

We have audited Tooele City’ (herein referred to as the “City”) compliance with the applicable general state compliance requirements described in the *State of Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year June 30, 2021.

General state compliance requirements were tested for the year ended June 30, 2021 in the following areas:

- | | |
|------------------------------|---------------------------------------|
| Budgetary Compliance | Restricted Taxes and Related Revenues |
| Fund Balance | Fraud Risk Assessment |
| Governmental Fees | Cash Management |
| Tax Levy Revenue Recognition | Impact Fees |
| Utah Retirement Systems | Public Treasurer’s Bond |
| Open and Public Meetings Act | |

Management’s Responsibility

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

Auditor’s Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Tooele City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the city for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

Report on Internal Control Over Compliance

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

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

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
December 1, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE***

The Honorable Mayor and
Members of the City Council
Tooele City, Utah

Report on Compliance for Each Major Federal Program

We have audited Tooele City, Utah's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tooele City's major federal programs for the year ended June 30, 2021. Tooele City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Tooele City's major federal programs based on our audit of the types of 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tooele City'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 major federal program. However, our audit does not provide a legal determination of Tooele City's compliance.

Opinion on Each Major Federal Program

In our opinion, Tooele City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Tooele City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tooele City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance, which we consider to be material weaknesses.

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

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah

December 1, 2021

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of Tooele City.
2. No reportable conditions related to the audit of the financial statements are reported in the Auditors' Report on Internal Controls and Compliance with Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Tooele City were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award program is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with Uniform Guidance.
5. The independent auditor's report on compliance for the major federal award programs for the Tooele City, expresses an unqualified opinion.
6. The audit disclosed no audit findings that are required to be reported under 2 CFR section 200.516(a).
7. The programs tested as a major program include:

Coronavirus Relief Fund	21.019
-------------------------	--------
8. The threshold for distinguishing Types A and B programs is \$750,000 of federal awards expended.
9. Tooele City was determined not to be a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS

No findings noted during current audit

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted during current audit

SUMMARY OF PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS

2020-1 Fund balance – unrestricted fund balance over limit

Condition: At the end of fiscal year 2020, the unrestricted fund balance of the city's general fund was 29% of the total general fund revenues, which is above the 25% fund balance limit specified by state law.

Criteria: Utah Code Annotated 10-6-116(2) states that the unrestricted fund balance "may not exceed 25% of the total revenue of the city general fund for the current fiscal period."

Status of finding: Utah Code Annotated 10-6-116(2) was changed during the fiscal year, and was effective May 5, 2020. The change in subsection (2) increased the maximum fund balance in the general fund from 25% to 35%. At the end of fiscal year 2021 the city's unrestricted fund balance was 31% which is now in compliance with state law.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted during prior audit

TOOELE CITY CORPORATION
Schedule of Expenditures of Federal Awards
 June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Direct or Pass-Through Grantor's Contract	Program Expenditures
U.S Department of Justice			
Passed through State of Utah- Office for Victims Victims of Crime Act Grant	16.575	15V17069	\$ 34,657
Passed Through Office of Justice Programs Edward Byrne Memorial JAG Grant	16.738	2020-DJ-BX-0448	\$ 14,521
Passed Through UT Comm On Criminal Justice Multi Agency Drug Task Force Grant	16.738	22F15	\$ 66,161
Passed Through FBI FBI Child Exploitation Task Force	16.543		\$ 6,147
Passed through Office of Justice Programs Covid Emergency Grant	16.034	2020-VD-BX-1194	\$ 56,317
Bulletproof vest Partnership Award	16.607	FY 20 Award	\$ 1,080
Total Department of Justice			<u>\$ 178,883</u>
U.S. Department of Homeland Security			
Passed through the State of Utah Department of Public Safety COVID-19 - Disaster Grants-Public Assistance	97.067	DEM-2019-SHSP-00	\$ 16,902
Total U.S. Department of Homeland Security			<u>\$ 16,902</u>
U.S Department of the Treasury			
* Coronavirus Relief Fund	21.019		\$ 2,925,756
Total U.S Department of the Treasury			<u>\$ 2,925,756</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 3,121,541</u></u>

* Denotes a Major Program

TOOELE CITY CORPORATION
Notes to Schedule of Expenditures of Federal Awards
June 30, 2021

1. **GENERAL**

The accompanying schedule of expenditures of federal awards (the schedule) includes the grant activity of Tooele City (the City) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The City reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the schedule of expenditures of federal awards. Because the schedule presents only a selected portion of the operations of Tooele City it is not intended to and does not present the financial position, changes in net position, or cash flows of Tooele City.

2. **BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting for expenditures in governmental fund types and on the accrual basis for expenses in proprietary fund types, which is described in Note 1 to the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

3. **NON-CASH ASSISTANCE**

The City did not receive any non-cash assistance

4. **LOANS OUTSTANDING**

The City has no federal loans outstanding through as of June 30, 2021.

5. **DE MINIMIS INDIRECT COST RATE**

The City has elected not to use the 10% de minimis indirect cost rate.