



## Financial Statements

For the Year Ended December 31, 2018



# **Tooele County, Utah**

## **Financial Statements**

**With Auditors' Report Thereon**

**For the Year Ended December 31, 2018**

This page intentionally left blank.

**Tooele County, Utah**  
**Table of Contents**  
**For the Year Ended December 31, 2018**

<b>Financial Section</b>	
Independent Auditor's Report	5
Management Discussion & Analysis	7
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	22
Statement of Activities	24
<b>Fund Financial Statements</b>	
Balance Sheet - Governmental Funds	26
Balance Sheet Reconciliation to Statement of Net Position	28
Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Governmental Funds	30
Statement of Changes Reconciliation to Statement of Activities	32
Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Budget and Actual - General Fund	33
Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Budget and Actual - Human Services	34
Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Budget and Actual - Public Health	35
Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Budget and Actual - Road Maintenance	36
Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Budget and Actual - Municipal Services Fund	37
Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Budget and Actual - Municipal Building Authority	38
Statement of Net Position - Proprietary Funds	40
Statement of Revenues, Expenses, and Changes	
in Net Position - Proprietary Funds	42
Statement of Cash Flows - Proprietary Funds	43
Statement of Fiduciary Assets and Liabilities - Fiduciary Fund Types	44
Notes to Financial Statements	46
<b>Required Supplementary Information (Unaudited)</b>	
Schedule of Condition and Ratings for the County's Road System	91
Schedule of Changes in Total OPEB Liability and Related Ratios	94
Schedule of the Proportionate Share of the Net Pension Liability	95
Schedule of Contributions - Utah Retirement Systems	96
Notes to Required Supplementary Information	98
<b>Supplementary Information</b>	
Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Budget and Actual - Capital Projects General	100
Combining Balance Sheet - Nonmajor Governmental Funds	102
Combining Statement of Revenues, Expenditures, and Changes	
in Fund Balance - Nonmajor Governmental Funds	103

**Tooele County, Utah**  
**Table of Contents**  
**For the Year Ended December 31, 2018**

---

Supplementary Information - continued

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -	
Aging and Adult Services	104
Transient Room Tax	105
Transportation Fund	106
Redevelopment Agency	107
Debt Service	108
Combining Statement of Net Position - Internal Service Funds	109
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds	110
Combining Statement of Cash Flows - Internal Service Funds	111
Combining Statement of Fiduciary Assets & Liabilities - Agency Fund Types	112
Combining Statement of Changes in Fiduciary Assets and Liabilities - Agency Fund Types	113
Statement of Receipts and Disbursements - Treasurer's Collection Account	114
Statement of Taxes Charged, Collected, and Distributed	116

Other Reports

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 <i>Government Auditing Standards</i>	119
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by <i>Uniform Guidance</i>	121
Schedule of Expenditures of Federal Awards	123
Notes to Schedule of Expenditures of Federal Awards	125
Schedule of Findings and Questioned Costs	126
Independent Auditor's Report In Accordance With The <i>State Compliance Audit Guide</i> on:	
Compliance with General State Compliance Requirements	
Internal Control Over Compliance	129
State Legal Compliance - Schedule of Findings and Recommendations	131

## **FINANCIAL SECTION**

This page intentionally left blank.

## INDEPENDENT AUDITOR'S REPORT

To the Tooele County Commission  
Tooele County, Utah

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tooele County, Utah (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Correction of Errors***

As discussed in Note 5 to the financial statements, errors resulting in the misstatement of fund balance and net position as of December 31, 2017 were discovered by management of the County during 2018. Accordingly, fund balance and net position have been restated in the 2018 financial statements now presented to correct the error. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, Schedule of Conditions and Ratings for the County’s Road System, Postemployment Benefit Plan – Schedule of Funding Progress, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions, Utah Retirement Systems, and notes to 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*

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The combining and individual nonmajor fund financial statements, including budgetary comparison schedules, the Statement of Receipts and Disbursements – Treasurer’s Collection Account, and the Statement of Taxes Charged, Collected, and Distributed are presented for the purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) 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.

Such information has been subjected to the auditing 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 supplementary information described in the previous paragraph 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 June 18, 2019, on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 County’s internal control over financial reporting and compliance.



Larson & Company, PC  
Spanish Fork, Utah  
June 18, 2019

# Tooele County, Utah

## Management Discussion & Analysis

### December 31, 2018

---

This discussion of Tooele County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2018. This report is in conjunction with the County's financial statements.

The purpose of the County is to provide general services to its residents, which include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

#### Financial Highlights

- The government-wide assets of Tooele County exceeded its liabilities as of the close of the most recent year by \$141,834,951 (*net position*). Typically a portion of this amount (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted Net Position for Tooele County is (\$11,199,665).
- The government's total government-wide net position increased by \$4,727,293.
- At the close of the current year, the Tooele County governmental funds reported combined ending fund balances of \$67,683,359, an increase of \$15,574,940 in comparison with the prior year. Approximately 38% of the ending fund balance, \$25,704,472 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current year, unassigned fund balance for the general fund was \$25,704,472 or 101% of total general fund expenditures.
- Tooele County's total long-term liabilities at the close of 2018 was \$59,678,425. This represents a 5.86% decrease over the prior year, which is attributable to reduction in outstanding principal from debt service payments & other post employment benefits based on independent determinations and increases in pension related items.

#### Overview of the Financial Statements

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

**Tooele County, Utah**  
**Management Discussion & Analysis - continued**  
**December 31, 2018**

---

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Tooele County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Tooele County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of Tooele County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Tooele County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Tooele County include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. The business-type activities of Tooele County include the recreation complex, the solid waste operation, and the airport.

The government-wide financial statements include not only Tooele County itself (known as the primary government), but also a legally separate special service district for recreation, for which Tooele County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

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

**Tooele County, Utah**  
**Management Discussion & Analysis - continued**  
**December 31, 2018**

---

Governmental Funds

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

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

Tooele County maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the human services fund, the public health fund, the road maintenance fund, and the municipal services fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

Tooele County maintains three types of proprietary funds--enterprise funds and two types of Internal Service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Tooele County uses enterprise funds to account for its recreation complex, landfill, and airport operations. *Internal Service* funds are presented as *governmental activities* in the government-wide financial statements and are used to account for the central stores and service equipment operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Deseret Peak, Solid Waste, and Airport, which are all considered to be major Proprietary funds of Tooele County.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

**Tooele County, Utah**  
**Management Discussion & Analysis - continued**  
**December 31, 2018**

---

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the county government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Tooele County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. However, the County reports only agency funds, for which the accounting does not present results of operations.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

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

The combining statements referred to earlier in connection with non-major governmental funds and the enterprise fund is presented immediately following the required supplementary information.

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 Tooele County, assets exceeded liabilities by \$141,834,951 at the close of the most recent fiscal year.

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

**Tooele County, Utah**  
**Management Discussion & Analysis - continued**  
**December 31, 2018**

	<b>Tooele County's Net Position</b>					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<i>Assets</i>						
Current and other assets	\$ 73,818,646	55,452,676	5,495,096	5,044,709	79,313,742	60,497,385
Capital assets	95,759,879	111,753,987	30,022,231	32,159,708	125,782,110	143,913,695
Total assets	<u>169,578,525</u>	<u>167,206,663</u>	<u>35,517,327</u>	<u>37,204,417</u>	<u>205,095,852</u>	<u>204,411,080</u>
<i>Deferred Outflows</i>	<u>4,871,955</u>	<u>5,367,993</u>	<u>462,186</u>	<u>489,496</u>	<u>5,334,141</u>	<u>5,857,489</u>
<i>Liabilities</i>						
Long-term liabilities outstanding	56,315,097	57,743,443	2,250,143	2,843,638	58,565,240	60,587,081
Other liabilities	5,810,025	10,777,074	668,883	801,049	6,478,908	11,578,123
Total liabilities	<u>62,125,122</u>	<u>68,520,517</u>	<u>2,919,026</u>	<u>3,644,687</u>	<u>65,044,148</u>	<u>72,165,204</u>
<i>Deferred Inflows</i>	<u>3,275,520</u>	<u>921,527</u>	<u>275,374</u>	<u>74,180</u>	<u>3,550,894</u>	<u>995,707</u>
<i>Net Position</i>						
Net investment in capital assets	94,974,128	104,196,200	28,410,307	30,178,019	123,384,435	134,374,219
Restricted	29,570,358	6,776,111	79,822	85,603	29,650,180	6,861,714
Unrestricted	<u>(15,494,649)</u>	<u>(7,839,698)</u>	<u>4,294,984</u>	<u>3,711,425</u>	<u>(11,199,665)</u>	<u>(4,128,273)</u>
Total net position	<u>\$ 109,049,837</u>	<u>103,132,613</u>	<u>32,785,113</u>	<u>33,975,047</u>	<u>141,834,950</u>	<u>137,107,660</u>

Prior year numbers have not been restated to reflect proper reporting of capital assets and long-term liabilities. See Note 5.

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

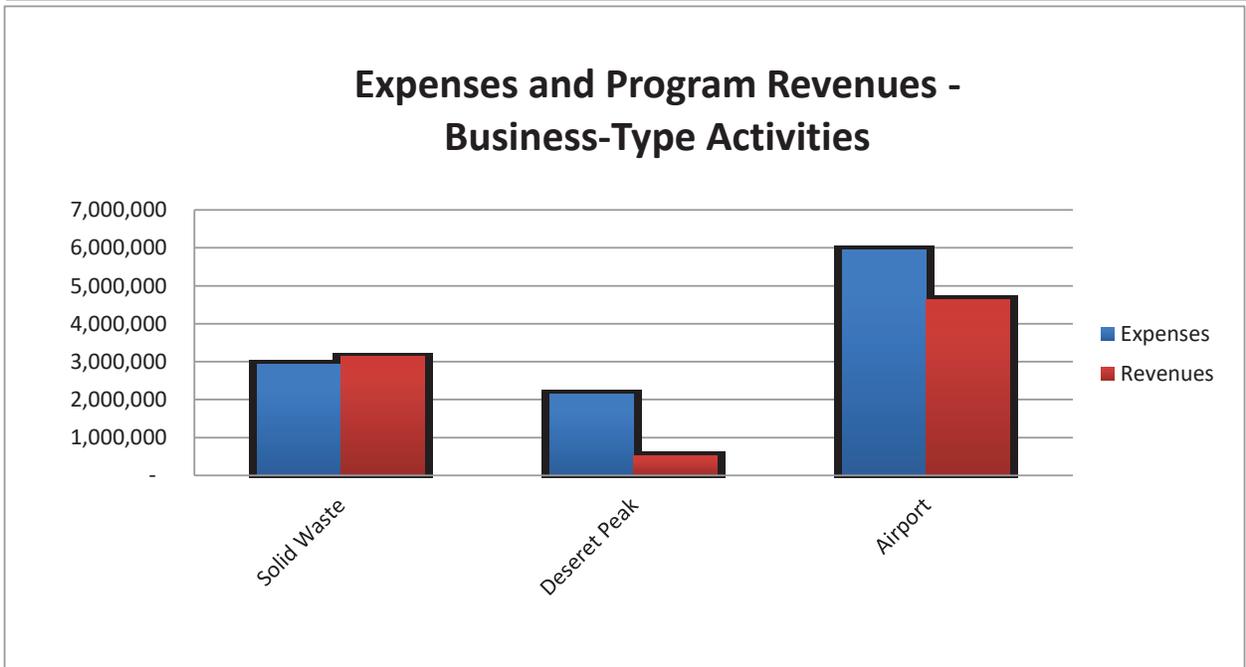
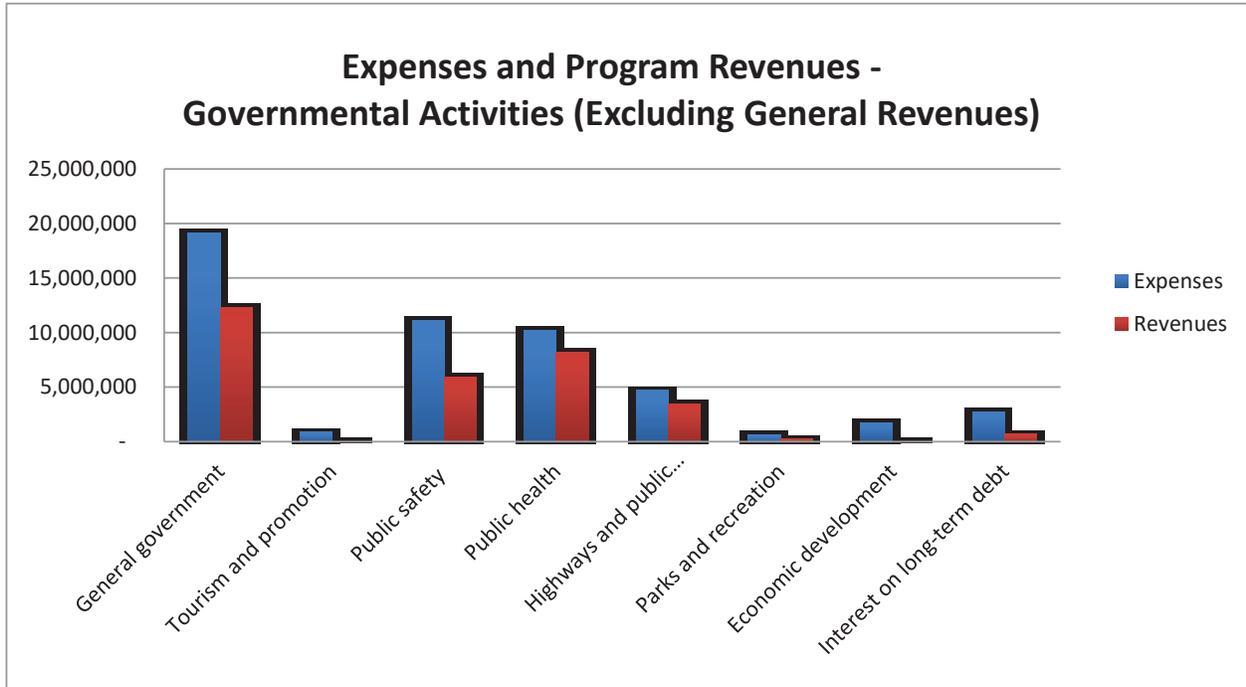
**Tooele County, Utah**  
**Management Discussion & Analysis - continued**  
**December 31, 2018**

Governmental Activities

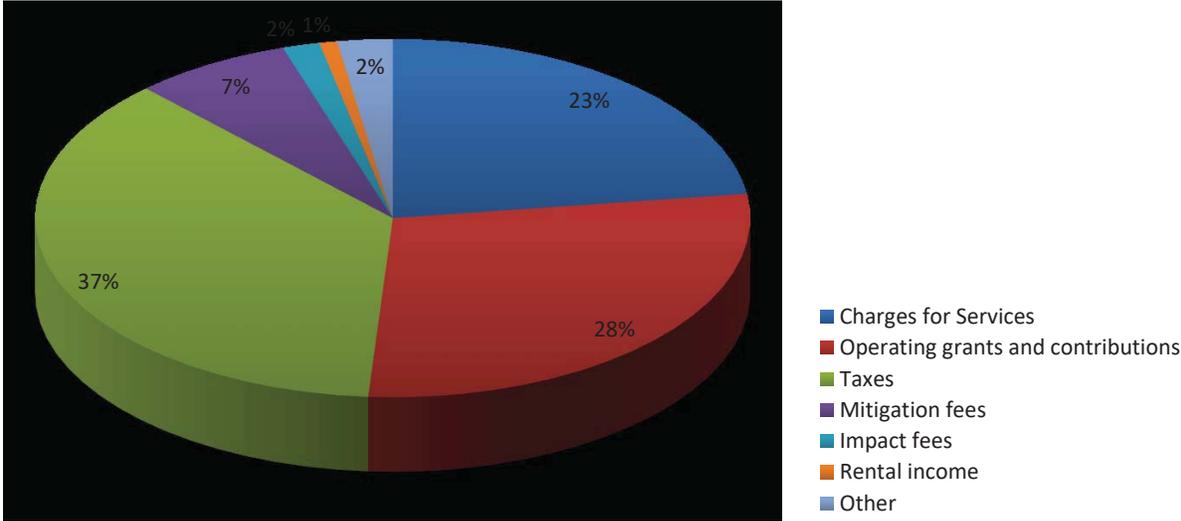
Governmental activities increased Tooele County's net position by \$5,917,266 and the Business-type activities decreased net position by \$1,189,933. The net increase in total net position was \$4,727,293. Key elements of this net increase are as follows:

Tooele County's Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 13,307,873	12,136,429	8,147,244	7,121,453	21,455,117	19,257,882
Operating grants and contributions	16,479,749	14,759,903	-	-	16,479,749	14,759,903
Capital grants and contributions	1,094,426	617,693	142,432	330,880	1,236,858	948,573
General Revenues:						
Taxes	21,445,709	20,403,065	-	-	21,445,709	20,403,065
Earnings on investments	1,087,276	291,142	92,917	89,044	1,180,193	380,186
Mitigation fees	4,161,289	4,455,517	-	-	4,161,289	4,455,517
Impact fees	977,752	947,748	-	-	977,752	947,748
Rental income	465,290	474,036	250,522	265,149	715,812	739,185
Gain (loss) on capital assets	(1,206,986)	(37,697)	(10,515)	1,545	(1,217,501)	(36,152)
Miscellaneous	482,078	575,023	15,547	196,712	497,625	771,735
Total revenues	58,294,456	54,622,859	8,638,147	8,004,783	66,932,603	62,627,642
Expenses:						
General government	19,113,279	20,616,153	-	-	19,113,279	20,616,153
Tourism and promotion	861,512	858,677	-	-	861,512	858,677
Public safety	11,149,471	10,852,588	-	-	11,149,471	10,852,588
Public health	10,186,680	9,852,509	-	-	10,186,680	9,852,509
Highways and public improvement	4,696,886	3,956,222	-	-	4,696,886	3,956,222
Parks and recreation	651,253	1,711,413	-	-	651,253	1,711,413
Economic development	1,750,471	1,247,466	-	-	1,750,471	1,247,466
Interest on long-term debt	2,761,256	1,880,222	62,421	86,214	2,823,677	1,966,436
Solid waste	-	-	2,928,658	2,584,700	2,928,658	2,584,700
Deseret Peak	-	-	2,103,682	1,971,430	2,103,682	1,971,430
Airport	-	-	5,939,742	5,573,077	5,939,742	5,573,077
Total expenses	51,170,808	50,975,250	11,034,503	10,215,421	62,205,311	61,190,671
Change in net position before transfer	7,123,648	3,647,609	(2,396,356)	(2,210,638)	4,727,292	1,436,971
Transfers in (out)	(1,206,423)	(1,019,547)	1,206,423	1,019,547	(0)	-
Change in net position	5,917,225	2,628,062	(1,189,933)	(1,191,091)	4,727,292	1,436,971
Net position - beginning, as adjusted	103,132,612	100,504,550	33,975,046	35,166,138	137,107,658	135,670,688
Net position - ending	\$109,049,837	103,132,612	32,785,113	33,975,047	141,834,950	137,107,659

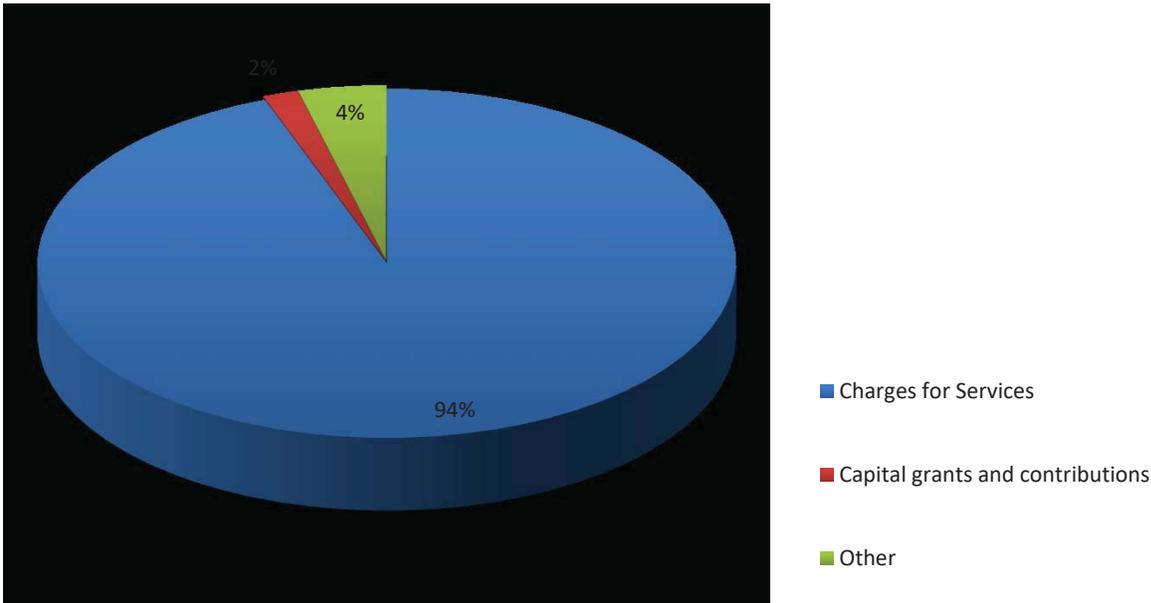
Prior year numbers have not been restated to reflect proper reporting of capital assets and long-term liabilities. See Note 5.



**Revenues by Source - Governmental Activities**



**Revenues by Source - Business-Type Activities**



**Tooele County, Utah**  
**Management Discussion & Analysis - continued**  
**December 31, 2018**

---

Governmental Activities

- Charges for governmental services increased by \$1,171,444.
- Governmental operating grants increased by \$1,719,846.
- Tax revenues had a net increase of \$1,042,644 consisting of:
  - Property taxes \$ 55,854
  - Sales taxes 452,340
  - Transient room taxes (3,847)
  - Restaurant taxes 40,768
  - Mass transit taxes 489,086
  - Franchise taxes 8,443
- Mitigations fees decreased by \$294,228.
- Rental income decreased by \$8,746.
- Miscellaneous revenues increased by \$92,945.

Business-type Activities

Business-type activities net position decreased by \$1,189,933, a 3.50% decrease. Key elements of this decrease are as follows:

- Solid Waste revenues totaled \$3,197,321, an increase of \$341,664. Solid Waste expenses totaled \$2,928,658, including depreciation of \$144,629 for an increase of \$343,958.
- Deseret Peak revenues totaled \$521,466, a decrease of \$12,066. Deseret Peak expenses totaled \$2,148,913, including depreciation of \$948,051 for an increase of \$115,400.
- Airport revenues and grants totaled \$4,919,360, a increase of \$1,455,618. Airport expenses totaled \$5,974,122, including depreciation of \$1,724,910 for a increase of \$376,914.

Financial Analysis of the Government's Funds

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

**Tooele County, Utah**  
**Management Discussion & Analysis - continued**  
**December 31, 2018**

---

Governmental Funds

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

At the end of the year, Tooele County's governmental funds reported combined ending fund balances of \$67,683,359, an increase of \$15,574,940 in comparison with the prior year. Approximately 38% of this amount, \$25,704,472, constitutes unassigned fund balance, which is available for spending at the government's discretion. Other amounts are assigned or committed by each fund in the amount of \$12,410,184. The remainder of the fund balance is restricted and is limited as to where it may be spent:

Debt	\$ 22,521,080
Capital improvements	261,820
Transient/restaurant room	2,351,305
Corridor preservation	3,538,023
E911 Dispatch	512,182
Public Safety	344,376
Other	41,572
	<u>\$ 29,570,358</u>

The general fund is the primary operating fund of Tooele County. At the end of the current year, the fund balance of the general fund was \$26,869,871, of which \$25,704,472 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 101.28% of total general fund expenditures.

Proprietary Funds

Tooele County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$4,294,984. Other factors concerning the finances of these funds have already been addressed in the discussion of Tooele County's business-type activities.

**Tooele County, Utah**  
**Management Discussion & Analysis - continued**  
**December 31, 2018**

---

General Fund Budgetary Highlights

Actual revenues of \$33,502,175 were more than final budgeted revenues by \$1,057,789 or 3.16%. Intergovernmental revenues, charges for services, mitigation fees, and rental income were above management's projections.

The final adopted budget for General Fund expenditures was \$36,593,907 in 2018, which is \$10,094,502 more than the 2018 original adopted budget.

Expenditures in 2018 were \$34,741,778, or approximately 5.07% less than the final adopted budget of \$1,852,129. Over-expended amounts occurred in the conservation and economic development due to lack of budget for community development block grants.

Capital Asset and Debt Administration

Capital Assets

Tooele County's investment in capital assets for its governmental activities, as of December 31, 2018, was \$95,759,879 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture, fixtures, and equipment, and infrastructure, which includes roads, highways, and bridges. The total decrease in Tooele County's investment in capital assets for the current year was \$15,994,106, net of depreciation.

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

- The Airport Fund added \$314,824 for a runway extension and equipment of \$244,743.
- The Deseret Peak Fund added \$42,486 in vehicles and equipment.
- The Solid Waste Fund added \$330,108 in vehicles and equipment and \$152,223 for construction in progress.
- Governmental activities sold property known as Utah Motorsports Campus for \$18,550,000.
- Governmental activities added \$2,051,140 in vehicles and equipment. The Governmental activities also reported \$2,304,277 in construction in process related to road improvements.

Also, the County has elected to use the modified approach to account for its infrastructure assets, such as roads and bridges. That information can be found in the required supplementary information following the notes to the financial statements.

**Tooele County, Utah**  
**Management Discussion & Analysis - continued**  
**December 31, 2018**

<b>Tooele County's Capital Assets</b>						
(net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 7,570,720	26,570,720	1,759,620	1,759,620	9,330,340	28,330,340
Buildings and improvements	35,157,259	35,775,133	26,564,707	28,752,986	61,721,966	64,528,119
Construction in progress	1,550,528	3,465,855	152,223	396,550	1,702,751	3,862,405
Furniture, fixtures, and equipment	4,033,550	2,714,059	1,545,680	1,260,551	5,579,230	3,974,610
Infrastructure	47,447,822	43,228,218	-	-	47,447,822	43,228,218
Total	<u>\$ 95,759,879</u>	<u>111,753,985</u>	<u>30,022,230</u>	<u>32,169,707</u>	<u>125,782,109</u>	<u>143,923,692</u>

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

Long-term Debt

At the end of the current year, Tooele County had total debt outstanding of \$59,678,425. The debt represents lease revenue bonds, sales tax revenue bonds, and capital leases.

<b>Tooele County's Outstanding Debt</b>						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Lease revenue bonds	\$ 45,580,488	22,910,485	354,134	464,939	45,934,622	23,375,424
Sales tax revenue bonds	1,086,210	1,316,250	1,257,790	1,516,750	2,344,000	2,833,000
Capital leases	182,960	-	-	-	182,960	-
Compensated absences	1,113,185	1,112,918	-	-	1,113,185	1,112,918
Net pension liability	5,666,551	7,762,105	516,686	727,110	6,183,237	8,489,215
Total post employment benefit obligation	3,798,888	4,229,603	121,533	134,839	3,920,421	4,364,442
Total	<u>\$ 57,428,282</u>	<u>37,331,361</u>	<u>2,250,143</u>	<u>2,843,638</u>	<u>59,678,425</u>	<u>40,174,999</u>

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

**Tooele County, Utah**  
**Management Discussion & Analysis - continued**  
**December 31, 2018**

---

Economic Factors and Next Year's Budgets and Rates

The County's elected and appointed officials considered many factors when setting the fiscal year 2019's budget, tax rates, and fees that will be charged for the business type activities. The County will see a budget and tax rate increase for 2019 with the major causes being a need to upgrade and improve the County's roads and other capital improvements.

Requests for Information

This financial report is designed to provide a general overview of Tooele County'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 such as reports for component units, should be addressed to the Tooele County Clerk/Auditor, 47 South Main Street, Tooele, Utah, 84074.

This page intentionally left blank.

## **BASIC FINANCIAL STATEMENTS**

**Tooele County, Utah**  
**Statement of Net Position**  
December 31, 2018

	Primary Government			(unaudited) Component Unit
	Governmental Activities	Business- Type Activities	Total	Tooele County Recreation SSD
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 36,589,200	4,145,441	40,734,641	165,805
Restricted cash	29,486,600	701,593	30,188,193	-
Accounts receivable - net	7,419,299	612,157	8,031,456	-
Due from other governments	-	-	-	-
Prepays	311,514	35,905	347,419	-
Inventory	6,273	-	6,273	-
Net pension asset	5,760	-	5,760	-
Capital assets not being depreciated				
Land, roads and construction in process	56,569,070	1,911,843	58,480,913	-
Capital assets, net of accumulated depreciation				
Buildings, improvements, equipment, and other	39,190,809	28,110,388	67,301,197	-
Total assets	169,578,525	35,517,327	205,095,852	165,805
<b><u>Deferred Outflows of Resources</u></b>				
OPEB outflows	105,356	3,370	108,726	-
Pension outflows	4,766,599	458,816	5,225,415	-
Total deferred outflows of resources	4,871,955	462,186	5,334,141	-
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	4,517,618	245,251	4,762,869	-
Accrued interest payable	129,222	11,861	141,083	-
Accrued landfill closure costs	-	411,771	411,771	-
Unearned revenue	50,000	-	50,000	-
Compensated absences - current	425,113	-	425,113	-
Compensated absences - noncurrent	688,072	-	688,072	-
Noncurrent liabilities				
Due within one year	785,751	278,904	1,064,655	-
Due in more than one year				
Bonds	45,924,228	1,333,020	47,257,248	-
Capital lease	139,679	-	139,679	-
Net pension liability	5,666,551	516,686	6,183,237	-
Total OPEB obligation	3,798,888	121,533	3,920,421	-
Total liabilities	\$ 62,125,122	2,919,026	65,044,148	-

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

**Tooele County, Utah**  
**Statement of Net Position - continued**  
**December 31, 2018**

	<b>Primary Government</b>			(unaudited) <b>Component</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>Tooele County Recreation SSD</b>
<b><u>Deferred Inflows of Resources</u></b>				
OPEB inflows	\$ 645,175	20,641	665,816	-
Pension inflows	2,630,345	254,733	2,885,078	-
Total deferred inflows of resources	<u>3,275,520</u>	<u>275,374</u>	<u>3,550,894</u>	-
<b><u>Net Position</u></b>				
Net investment in capital assets	94,974,128	28,410,307	123,384,435	-
Restricted for				
Debt	22,521,080	49,889	22,570,969	-
Class B roads	-	-	-	-
Capital improvements	261,820	-	261,820	-
Transient room	2,351,305	-	2,351,305	-
Corridor Preservation	3,538,023	-	3,538,023	-
E911	512,182	-	512,182	-
Public safety	344,376	-	344,376	-
Landfill closure	-	29,933	29,933	-
Health services	-	-	-	-
Other	41,572	-	41,572	-
Unrestricted	<u>(15,494,649)</u>	<u>4,294,984</u>	<u>(11,199,665)</u>	<u>165,805</u>
Total net position	<u>\$ 109,049,837</u>	<u>32,785,113</u>	<u>141,834,950</u>	<u>165,805</u>

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

**Tooele County, Utah**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

Function/Programs	Program Revenues				Net (Expense) Revenues & Changes in Net Position (unaudited)			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Tooele County Recreation SSD
<b>Primary government</b>								
Governmental activities								
General government	\$ 19,113,279	6,812,428	5,486,321	-	(6,814,530)	-	(6,814,530)	-
Tourism and promotion	861,512	-	-	-	(861,512)	-	(861,512)	-
Public safety	11,149,471	4,406,345	1,550,307	-	(5,192,819)	-	(5,192,819)	-
Public health	10,186,680	1,785,485	6,452,644	-	(1,948,551)	-	(1,948,551)	-
Highways and public improvements	4,696,886	83,478	2,295,002	1,094,426	(1,223,980)	-	(1,223,980)	-
Parks and recreation	651,253	220,137	-	-	(431,116)	-	(431,116)	-
Conservation and economic development	1,750,471	-	-	-	(1,750,471)	-	(1,750,471)	-
Interest on long-term debt	2,761,256	-	695,475	-	(2,065,781)	-	(2,065,781)	-
Total governmental activities	51,170,808	13,307,873	16,479,749	1,094,426	(20,288,760)	-	(20,288,760)	-
Business-type activities								
Solid waste	2,928,658	3,131,887	-	-	-	203,229	203,229	-
Deseret Peak	2,103,682	525,371	-	-	-	(1,578,311)	(1,578,311)	-
Airport	5,939,742	4,489,986	-	142,432	-	(1,307,324)	(1,307,324)	-
Total business-type activities	10,972,082	8,147,244	-	142,432	-	(2,682,406)	(2,682,406)	-
Total primary government	\$ 62,142,890	21,455,117	16,479,749	1,236,858	(20,288,760)	-	(22,971,166)	-
<b>Component unit</b>								
Tooele County Recreation SSD	\$ 134,645	-	136,932	-	-	-	-	2,287
Total component units	\$ 134,645	-	136,932	-	-	-	-	2,287
General revenues								
Property taxes					12,256,545	-	12,256,545	-
General sales and use tax					6,500,765	-	6,500,765	-
Transient room tax					440,549	-	440,549	-
Restaurant tax					628,086	-	628,086	-
Mass transit tax					1,572,566	-	1,572,566	-
Franchise taxes					47,198	-	47,198	-
Impact fees					977,752	-	977,752	-
Mitigation fees					4,161,289	-	4,161,289	-
Rental income					465,290	250,522	715,812	-
Miscellaneous					482,078	15,547	497,625	-
Net interest earnings (expense)					1,087,276	30,496	1,117,772	-
Sale of capital assets					(1,206,986)	(10,515)	(1,217,501)	-
Transfers					(1,206,423)	1,206,423	(0)	-
Total general revenues and transfers					26,205,985	1,492,473	27,698,458	-
Change in net position					5,917,225	(1,189,933)	4,727,292	2,287
Net position - beginning, as restated					103,132,612	33,975,046	137,107,658	163,518
Net position - ending					\$ 109,049,837	32,785,113	141,834,950	165,805

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

This page intentionally left blank.

**Tooele County, Utah**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2018**

	Special Revenue Funds					Capital Projects			Total Governmental Funds
	General Fund	Human Services	Public Health	Road Maintenance	Municipal Services	Municipal Building Authority	General	Other Governmental Funds	
<b><u>Assets and Deferred Outflows of Resources</u></b>									
Cash and cash equivalents	\$ 24,787,354	97,242	2,967,480	1,093,022	2,181,475	986,328	2,301,460	1,350,686	35,765,047
Restricted cash	1,159,950	-	-	-	-	22,521,080	3,538,023	2,267,547	29,486,600
Receivables (net)									
Accounts	4,356,395	424,409	325,449	672,217	1,314,941	-	-	325,888	7,419,299
Inventory	-	-	-	-	-	-	-	1,381	1,381
Prepaid items	5,449	305,266	600	-	-	-	-	199	311,514
Total assets and deferred outflows of resources	\$ 30,309,148	826,917	3,293,529	1,765,239	3,496,416	23,507,408	5,839,483	3,945,701	72,983,841
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>									
Liabilities									
Accounts payable	\$ 1,376,875	368,775	14,946	150,109	88,836	-	650,546	120,568	2,770,655
Accrued liabilities	1,331,002	-	46,213	25,133	7,721	-	-	21,585	1,431,654
Unearned revenue	-	-	-	-	-	-	50,000	-	50,000
Total liabilities	2,707,877	368,775	61,159	175,242	96,557	-	700,546	142,153	4,252,309

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

**Tooele County, Utah**  
**Balance Sheet - continued**  
**Governmental Funds**  
**December 31, 2018**

	Special Revenue Funds						Capital Projects		Other	Total
	General Fund	Human Services	Public Health	Road Maintenance	Municipal Services	Municipal Building Authority	General	Governmental Funds		
Deferred Inflows of Resources										
Unavailable revenue-property taxes	\$ 731,400	-	74,904	-	241,869	-	-	-	1,048,173	
Total deferred inflows of resources	731,400	-	74,904	-	241,869	-	-	-	1,048,173	
Fund Balances										
Nonspendable	5,449	305,266	600	-	-	-	-	1,580	312,895	
Restricted for										
Debt	-	-	-	-	-	22,521,080	-	-	22,521,080	
Transient room/ restaurant	-	-	-	-	-	-	-	2,351,305	2,351,305	
E911 Dispatch	512,182	-	-	-	-	-	-	-	512,182	
Public Safety	344,376	-	-	-	-	-	-	-	344,376	
Impact fees - parks	261,820	-	-	-	-	-	-	-	261,820	
Corridor Preservation	-	-	-	-	-	-	3,538,023	-	3,538,023	
Other	41,572	-	-	-	-	-	-	-	41,572	
Assigned, reported in										
Special Revenue Funds	-	152,876	3,156,867	1,589,998	3,157,990	-	-	1,053,478	9,111,209	
Debt Service Funds	-	-	-	-	-	986,327	-	397,184	1,383,511	
Capital Projects Funds	-	-	-	-	-	-	1,600,914	-	1,600,914	
Unassigned	25,704,472	-	-	-	-	-	-	-	25,704,472	
Total fund balances	26,869,871	458,142	3,157,467	1,589,998	3,157,990	23,507,407	5,138,937	3,803,547	67,683,359	
Total liabilities, deferred inflows of resources, and fund balances	\$ 30,309,148	826,917	3,293,530	1,765,240	3,496,416	23,507,407	5,839,483	3,945,700	72,983,841	

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

**Tooele County, Utah**  
**Balance Sheet Reconciliation to Statement of Net Position**  
**December 31, 2018**

---

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

Total fund balances - governmental fund types	\$ 67,683,359
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	95,759,879
Internal service funds are used by management to charge the costs of service equipment management to individual funds. The assets and liabilities of the internal service fund are included in governmental funds.	718,352
Internal service funds are used by management to charge the costs of central stores to individual funds. The assets and liabilities of the internal service fund are included in governmental funds.	(204,616)
Long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	1,048,173
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(55,955,309)</u>
Net position of government activities	<u><u>\$ 109,049,838</u></u>

---

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

This page intentionally left blank.

**Tooele County, Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2018**

	Special Revenue Funds							Capital Projects			Total Governmental Funds
	General Fund	Human Services	Public Health	Road Maintenance	Municipal Services	Municipal Building Authority	General	Other Governmental Funds			
<b>Revenues</b>											
Taxes											
General property taxes	\$ 9,150,750	-	825,929	-	2,173,314	-	-	10,012	-	-	12,160,005
Sales taxes	2,700,689	-	-	631,368	3,168,708	-	-	-	-	-	6,500,765
Transient room tax	-	-	-	-	-	-	-	440,549	-	-	440,549
Restaurant tax	-	-	-	-	-	-	-	628,086	-	-	628,086
Mass transit tax	1,572,566	-	-	-	-	-	-	-	-	-	1,572,566
Franchise tax	47,198	-	-	-	-	-	-	-	-	-	47,198
Licenses and permits	36,395	-	-	-	1,602,084	-	-	-	-	-	1,638,479
Intergovernmental	4,923,996	2,131,071	2,793,555	3,198,672	900,000	695,475	1,094,426	1,836,980	-	-	17,574,175
Charges for services	9,200,731	-	1,691,842	83,478	3,490	-	-	93,643	-	-	11,073,184
Impact fees	473,744	-	-	-	-	-	504,008	-	-	-	977,752
Fines and forfeitures	596,211	-	-	-	-	-	-	-	-	-	596,211
Interest on investments	275,025	7,927	57,200	26,507	46,537	426,565	94,592	77,091	-	-	1,011,444
Mitigation fees	4,161,289	-	-	-	-	-	-	-	-	-	4,161,289
Lease revenue	-	-	-	-	-	1,627,744	-	-	-	-	1,627,744
Rental income	10,800	-	454,490	-	-	-	-	-	-	-	465,290
Other	352,781	-	12,000	83,866	-	-	-	-	-	33,431	482,078
<b>Total revenues</b>	<b>33,502,175</b>	<b>2,138,998</b>	<b>5,835,016</b>	<b>4,023,891</b>	<b>7,894,133</b>	<b>2,749,784</b>	<b>1,693,026</b>	<b>3,119,792</b>	<b>-</b>	<b>-</b>	<b>60,956,815</b>
<b>Expenditures</b>											
General government	9,384,431	-	-	-	6,867,045	-	-	-	-	-	16,251,476
Tourism and promotion	-	-	-	-	-	-	-	861,512	-	-	861,512
Public safety	11,264,725	-	-	-	4,177	-	-	-	-	-	11,268,902
Public health and human services	195,313	2,576,210	5,561,146	-	-	-	-	1,970,456	-	-	10,303,125
Highways and public improvements	417,009	-	-	4,282,531	-	-	-	-	-	-	4,699,540
Parks and recreation	643,253	-	-	-	-	-	-	-	-	-	643,253
Conservation and economic development	1,750,471	-	-	-	-	-	-	-	-	-	1,750,471
Other administrative	95,995	-	-	-	-	-	-	-	-	-	95,995

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

**Tooele County, Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - continued**  
**Governmental Funds**  
**For the Year Ended December 31, 2018**

	Special Revenue Funds					Capital Projects			Total Governmental Funds
	General Fund	Human Services	Public Health	Road Maintenance	Municipal Services	Municipal Building Authority	General	Other Governmental Funds	
<b>Expenditures - continued</b>									
Debt Service									
Principal	\$ -	-	-	-	-	490,000	-	230,040	720,040
Interest	-	-	-	-	-	2,654,176	-	34,858	2,689,034
Bond costs	-	-	-	-	-	3,250	-	4,103	7,353
Lease payment	1,627,744	-	-	-	-	-	-	-	1,627,744
Capital outlay	-	-	-	-	-	-	2,735,848	-	2,735,848
<b>Total expenditures</b>	<b>25,378,941</b>	<b>2,576,210</b>	<b>5,561,146</b>	<b>4,282,531</b>	<b>6,871,222</b>	<b>3,147,426</b>	<b>2,735,848</b>	<b>3,100,969</b>	<b>53,654,293</b>
Excess revenues over (under) expenditures	8,123,234	(437,212)	273,870	(258,640)	1,022,911	(397,642)	(1,042,822)	18,823	7,302,522
<b>Other Financing Sources (Uses)</b>									
Management fee reimbursement	(9,335,120)	-	-	-	-	-	-	-	(9,335,120)
Costs of sale - UMC	(27,717)	-	-	-	-	-	-	-	(27,717)
Proceeds from sale of capital assets	18,550,000	-	-	58,480	-	-	-	-	18,608,480
Proceeds from capital lease	-	-	-	233,197	-	-	-	-	233,197
Operating transfers in	62,253	61,000	-	288,503	450,000	106,577	3,595,000	851,786	5,415,119
Operating transfers out	(5,660,786)	-	-	-	(150,000)	-	(450,000)	(360,756)	(6,621,542)
<b>Total other financing sources</b>	<b>3,588,630</b>	<b>61,000</b>	<b>-</b>	<b>580,180</b>	<b>300,000</b>	<b>106,577</b>	<b>3,145,000</b>	<b>491,030</b>	<b>8,272,417</b>
Net change in fund balance	11,711,864	(376,212)	273,870	321,540	1,322,911	(291,065)	2,102,178	509,853	15,574,939
Fund balances - beginning of year, as restated	15,158,007	834,354	2,883,597	1,268,457	1,835,079	23,798,472	3,036,759	3,293,694	52,108,419
<b>Fund balances - end of year</b>	<b>\$ 26,869,871</b>	<b>458,142</b>	<b>3,157,467</b>	<b>1,589,997</b>	<b>3,157,990</b>	<b>23,507,407</b>	<b>5,138,937</b>	<b>3,803,547</b>	<b>67,683,358</b>

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

**Tooele County, Utah**  
**Statement of Changes Reconciliation to Statement of Activities**  
**For the Year Ended December 31, 2018**

---

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

Net changes in fund balances - total governmental funds	\$ 15,574,939
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,821,360
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(10,480,346)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	96,540
The issuance of long-term debt (i.e. bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	464,858
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(3,045,313)
Internal Service Funds are used by management to charge for central stores to individual funds. The net expense of the Internal Service Funds is reported within Governmental Activities.	(56,294)
Internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(458,520)</u>
Change in net position of governmental activities	<u><u>\$ 5,917,224</u></u>

---

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

**Tooele County, Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Taxes	\$ 11,804,012	12,322,201	13,471,203	1,149,002
Licenses and permits	30,000	35,000	36,395	1,395
Intergovernmental	4,503,949	5,018,104	4,923,996	(94,108)
Charges for services	7,830,781	8,873,981	9,200,731	326,750
Fines and forfeitures	526,000	510,000	596,211	86,211
Impact fees	280,000	475,000	473,744	(1,256)
Interest on investments	20,000	20,000	275,025	255,025
Mitigation fees	4,950,000	4,960,000	4,161,289	(798,711)
Rental income	25,000	10,800	10,800	-
Other	108,000	219,300	352,781	133,481
	30,077,742	32,444,386	33,502,175	1,057,789
<b><u>Expenditures</u></b>				
General government	10,268,677	10,623,619	9,384,431	1,239,188
Public safety	12,091,321	12,311,811	11,264,725	1,047,086
Public health and human services	242,077	242,077	195,313	46,764
Highways and public improvements	465,703	614,653	417,009	197,644
Parks and recreation	774,234	809,234	643,253	165,981
Conservation and economic development	910,532	910,532	1,750,471	(839,939)
Other administrative	91,400	91,400	95,995	(4,595)
Lease payment	1,627,744	1,627,744	1,627,744	-
	26,471,688	27,231,070	25,378,941	1,852,129
Excess of revenues over (under) expenditures	3,606,054	5,213,316	8,123,234	2,909,918
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from sale of capital assets	-	18,552,500	18,550,000	(2,500)
Management fee reimbursement	-	(9,335,120)	(9,335,120)	-
Costs of sale - UMC	-	(27,717)	(27,717)	-
Operating transfers in	10,000	10,000	62,253	52,253
Operating transfers out	(3,086,556)	(5,322,492)	(5,660,786)	(338,294)
	(3,076,556)	3,877,171	3,588,630	(288,541)
Net change in fund balance	529,498	9,090,487	11,711,864	2,621,377
Fund balance, beginning of year	15,158,007	15,158,007	15,158,007	-
Fund balance, end of year	\$ 15,687,505	24,248,494	26,869,871	2,621,377

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

**Tooele County, Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Human Services**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 2,071,558	2,076,161	2,131,071	54,910
Total revenues	<u>2,071,558</u>	<u>2,076,161</u>	<u>2,138,998</u>	<u>62,837</u>
<b><u>Expenditures</u></b>				
Public health and human services	2,132,558	2,137,161	2,576,210	(439,049)
Total expenditures	<u>2,132,558</u>	<u>2,137,161</u>	<u>2,576,210</u>	<u>(439,049)</u>
Excess revenues over (under) expenditures	<u>(61,000)</u>	<u>(61,000)</u>	<u>(437,212)</u>	<u>(376,212)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	61,000	61,000	61,000	-
Total other financing sources and (uses)	<u>61,000</u>	<u>61,000</u>	<u>61,000</u>	<u>-</u>
Net change in fund balance	-	-	(376,212)	(376,212)
Fund balances - beginning of year	<u>834,354</u>	<u>834,354</u>	<u>834,354</u>	<u>-</u>
Fund balances - end of year	<u>\$ 834,354</u>	<u>834,354</u>	<u>458,142</u>	<u>(376,212)</u>

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

**Tooele County, Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Public Health**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 727,313	727,313	825,929	98,616
Intergovernmental	2,816,362	2,871,868	2,793,555	(78,313)
Charges for services	1,507,442	1,507,442	1,691,842	184,400
Interest on investments	-	-	57,200	57,200
Rental income	454,000	454,000	454,490	490
Other	-	12,000	12,000	-
Total revenues	<u>5,505,117</u>	<u>5,572,623</u>	<u>5,835,016</u>	<u>262,393</u>
<b><u>Expenditures</u></b>				
Public health and human services	<u>5,662,282</u>	<u>6,063,349</u>	<u>5,561,146</u>	<u>502,203</u>
Total expenditures	<u>5,662,282</u>	<u>6,063,349</u>	<u>5,561,146</u>	<u>502,203</u>
Excess revenues over (under) expenditures	<u>(157,165)</u>	<u>(490,726)</u>	<u>273,870</u>	<u>764,596</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(157,165)	(490,726)	273,870	764,596
Fund balances - beginning of year	<u>2,883,597</u>	<u>2,883,597</u>	<u>2,883,597</u>	<u>-</u>
Fund balances - end of year	<u>\$ 2,726,432</u>	<u>2,392,871</u>	<u>3,157,467</u>	<u>764,596</u>

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

**Tooele County, Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Road Maintenance**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 420,000	475,000	631,368	156,368
Intergovernmental	2,900,000	2,904,470	3,198,672	294,202
Charges for services	45,000	108,000	83,478	(24,522)
Interest on investments	-	-	26,507	26,507
Other	-	73,866	83,866	10,000
Total revenues	<u>3,365,000</u>	<u>3,561,336</u>	<u>4,023,891</u>	<u>462,555</u>
<b><u>Expenditures</u></b>				
Highway and public improvements	<u>3,731,471</u>	<u>4,078,471</u>	<u>4,282,531</u>	<u>(204,060)</u>
Total expenditures	<u>3,731,471</u>	<u>4,078,471</u>	<u>4,282,531</u>	<u>(204,060)</u>
Excess revenues over (under) expenditures	<u>(366,471)</u>	<u>(517,135)</u>	<u>(258,640)</u>	<u>258,495</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from sale of capital assets	-	58,000	58,480	480
Proceeds from capital lease	-	-	233,197	233,197
Operating transfers in	<u>366,471</u>	<u>459,135</u>	<u>288,503</u>	<u>(170,632)</u>
Total other financing sources and (uses)	<u>366,471</u>	<u>517,135</u>	<u>580,180</u>	<u>63,045</u>
Net change in fund balance	-	-	321,540	321,540
Fund balances - beginning of year	<u>1,268,457</u>	<u>1,268,457</u>	<u>1,268,457</u>	-
Fund balances - end of year	<u>\$ 1,268,457</u>	<u>1,268,457</u>	<u>1,589,997</u>	<u>321,540</u>

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

**Tooele County, Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Municipal Services Fund**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 4,828,037	4,828,037	5,342,022	513,985
Licenses and permits	1,250,750	1,400,750	1,602,084	201,334
Intergovernmental	-	900,000	900,000	-
Charges for services	2,250	2,250	3,490	1,240
Interest on investments	-	-	46,537	46,537
Total revenues	<u>6,081,037</u>	<u>7,131,037</u>	<u>7,894,133</u>	<u>763,096</u>
<b><u>Expenditures</u></b>				
General government	6,050,504	7,120,504	6,867,045	253,459
Public safety	15,000	15,000	4,177	10,823
Total expenditures	<u>6,065,504</u>	<u>7,135,504</u>	<u>6,871,222</u>	<u>264,282</u>
Excess revenues over (under) expenditures	<u>15,533</u>	<u>(4,467)</u>	<u>1,022,911</u>	<u>1,027,378</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	350,000	450,000	450,000	-
Operating transfers out	(150,000)	(150,000)	(150,000)	-
Total other financing sources and (uses)	<u>200,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	215,533	295,533	1,322,911	1,027,378
Fund balances - beginning of year	1,835,079	1,835,079	1,835,079	-
Fund balances - end of year	<u>\$ 2,050,612</u>	<u>2,130,612</u>	<u>3,157,990</u>	<u>1,027,378</u>

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

**Tooele County, Utah**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Municipal Building Authority**  
**For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Intergovernmental	\$ -	371,515	695,475	323,960
Interest on investments	-	-	426,565	426,565
Lease revenue	1,627,744	1,631,485	1,627,744	(3,741)
Total revenues	1,627,744	2,003,000	2,749,784	746,784
<b><u>Expenditures</u></b>				
Debt Service				
Principal	490,000	755,000	490,000	265,000
Interest	1,129,744	1,240,000	2,654,176	(1,414,176)
Bond costs	8,000	8,000	3,250	4,750
Total expenditures	1,627,744	2,003,000	3,147,426	(1,144,426)
Excess revenues over (under) expenditures	-	-	(397,642)	(397,642)
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	-	-	106,577	106,577
Total other financing sources and (uses)	-	-	106,577	106,577
Net change in fund balance	-	-	(291,065)	(291,065)
Fund balances - beginning of year, as restated	23,798,472	23,798,472	23,798,472	-
Fund balances - end of year	\$ 23,798,472	23,798,472	23,507,407	(291,065)

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

This page intentionally left blank.

**Tooele County, Utah**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2018**

	Governmental			
	Business-type Activities			Activities
	Solid Waste Fund	Deseret Peak Fund	Airport Fund	Total Enterprise Funds
<b>Assets</b>				Internal Service Funds
Current assets				
Cash and cash equivalents	\$ 2,376,416	759,890	1,009,135	4,145,441
Restricted cash and cash equivalents	441,704	49,889	210,000	701,593
Accounts receivable - net	416,614	-	195,543	612,157
Inventory	-	-	-	4,892
Prepaid items	50	-	35,855	-
Total current assets	3,234,784	809,779	1,450,533	5,495,096
Noncurrent assets				
Capital assets not being depreciated				
Land, roads, and construction in process	521,268	1,390,575	-	1,911,843
Capital assets being depreciated				
Buildings, improvements, equipment, and other	3,370,662	24,200,182	35,073,820	62,644,664
Less: accumulated depreciation	(2,495,985)	(16,611,826)	(15,426,465)	(34,534,276)
Total noncurrent assets	1,395,945	8,978,931	19,647,355	30,022,231
Total assets	4,630,729	9,788,710	21,097,888	35,517,327
<b>Deferred Outflows of Resources</b>				
OPEB outflows	2,609	-	761	3,370
Pension outflows	186,082	66,195	206,539	458,816
Total deferred outflows of resources	188,691	66,195	207,300	462,186

**Tooele County, Utah**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2018**

	Business-type Activities				Governmental Activities	
	Solid Waste Fund	Deseret Peak Fund		Airport Fund	Total Enterprise Funds	Internal Service Funds
		Fund	Fund			
<b><u>Liabilities</u></b>						
Current liabilities						
Accounts payable and accrued liabilities	\$ 144,950	65,770	34,531	245,251	315,309	48,094
Checks written in excess	-	-	-	-	-	-
Accrued interest payable	-	11,861	-	11,861	-	-
General obligation - current portion	-	267,530	11,374	278,904	-	-
Total current liabilities	144,950	345,161	45,905	536,016	363,403	-
Non-current liabilities						
Landfill closure payable	411,771	-	-	411,771	-	-
Total OPEB obligation	94,090	-	27,443	121,533	-	-
Net pension	204,406	61,235	251,045	516,686	-	-
General obligation bonds	-	990,260	342,760	1,333,020	-	-
Total noncurrent liabilities	710,267	1,051,495	621,248	2,383,010	-	-
Total liabilities	855,217	1,396,656	667,153	2,919,026	363,403	-
<b><u>Deferred Inflows of Resources</u></b>						
OPEB inflows	15,980	-	4,661	20,641	-	-
Pension inflows	109,274	40,518	104,941	254,733	-	-
Total deferred inflows of resources	125,254	40,518	109,602	275,374	-	-
<b><u>Net Position</u></b>						
Net investment in capital assets	1,395,945	7,721,141	19,293,221	28,410,307	1,255,134	-
Restricted	29,933	49,889	-	79,822	-	-
Unrestricted	2,413,071	646,701	1,235,212	4,294,984	513,736	-
Total net position	\$ 3,838,949	8,417,731	20,528,433	32,785,113	1,768,870	-

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

**Tooele County, Utah**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Solid Waste Fund	Deseret Peak Fund	Airport Fund		Internal Service Funds
<b><u>Operating Revenues</u></b>					
Service charges	\$ 3,131,887	525,371	4,489,986	8,147,244	374,545
Rental income	-	-	250,522	250,522	-
Miscellaneous	-	-	15,547	15,547	-
Total operating revenues	3,131,887	525,371	4,756,055	8,413,313	374,545
<b><u>Operating Expenses</u></b>					
Solid waste facility	2,784,029	-	-	2,784,029	-
Deseret Peak	-	1,155,631	-	1,155,631	-
Airport	-	-	4,214,832	4,214,832	-
General and administrative	-	-	-	-	78,144
Depreciation and amortization	144,629	948,051	1,724,910	2,817,590	79,569
Total operating expenses	2,928,658	2,103,682	5,939,742	10,972,082	157,713
Operating income (loss)	203,229	(1,578,311)	(1,183,687)	(2,558,769)	216,832
<b><u>Nonoperating Revenues (Expenses)</u></b>					
Federal and state grants/match	-	-	142,432	142,432	-
Gain (loss) on disposal of capital assets	(4,241)	(6,274)	-	(10,515)	-
Interest expense	-	(45,231)	(17,190)	(62,421)	-
Interest earnings	69,675	2,369	20,873	92,917	19,145
Total nonoperating Revenues (expenses)	65,434	(49,136)	146,115	162,413	19,145
Income before transfers	268,663	(1,627,447)	(1,037,572)	(2,396,356)	235,977
Transfer from other funds	-	1,206,423	-	1,206,423	-
Change in net position	268,663	(421,024)	(1,037,572)	(1,189,933)	235,977
Net position - beginning of year	3,570,286	8,838,755	21,566,005	33,975,046	1,532,893
Net position - end of year	\$ 3,838,949	8,417,731	20,528,433	32,785,113	1,768,870

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

**Tooele County, Utah**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**

	Business-type Activities			Governmental	
	Solid Waste Fund	Deseret Peak Fund	Airport Fund	Internal Service Funds	
<b>Cash Flows From Operating Activities</b>					
Receipts from customers	\$ 3,094,543	525,371	4,948,895	8,568,809	-
Receipts from interfund charges	-	-	-	-	374,545
Payments to suppliers and service providers	(1,794,394)	(780,087)	(3,732,140)	(6,306,621)	42,797
Payments to employees/subcontractors	(906,027)	(324,827)	(776,784)	(2,007,638)	-
Net cash provided (used) by operating activities	394,122	(579,543)	439,971	254,550	417,342
<b>Cash Flows From Noncapital Financing Activities</b>					
Transfers from (to) other funds	-	1,206,423	-	1,206,423	-
Net cash provided (used) by noncapital financing activities	-	1,206,423	-	1,206,423	-
<b>Cash Flows From Capital and Related Financing Activities</b>					
Principal paid on long-term debt	-	(258,960)	(110,805)	(369,765)	-
Interest paid on long-term debt	-	(47,846)	(18,165)	(66,011)	-
Proceeds from capital grants	-	-	142,432	142,432	-
Proceeds from sale of capital assets	-	3,206	-	3,206	-
Purchase of capital assets	(482,331)	(42,028)	(168,957)	(693,316)	(830,360)
Net cash provided (used) by capital and related financing activities	(482,331)	(345,628)	(155,495)	(983,454)	(830,360)
<b>Cash Flows From Investing Activities</b>					
Interest and dividends received	69,675	2,369	20,873	92,917	19,145
Net cash provided (used) by investing activities	69,675	2,369	20,873	92,917	19,145
Net increase (decrease) in cash and cash equivalents	(18,534)	283,621	305,349	570,436	(393,873)
Cash and cash equivalents - beginning	2,836,654	526,158	913,786	4,276,598	1,218,024
Cash and cash equivalents - ending	\$ 2,818,120	809,779	1,219,135	4,847,034	824,151
As reported:					
Cash and cash equivalents	\$ 2,376,416	759,890	1,009,135	4,145,441	872,247
Restricted cash and cash equivalents	441,704	49,889	210,000	701,593	-
Checks written in excess	-	-	-	-	(48,094)
	\$ 2,818,120	809,779	1,219,135	4,847,034	824,153
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>					
Operating income	\$ 203,229	(1,578,311)	(1,183,687)	(2,558,769)	216,832
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	144,629	948,051	1,724,910	2,817,590	79,569
Gain or (loss) on disposal of capital assets	-	-	-	-	-
(Increase) decrease in accounts receivable	(37,344)	-	192,840	155,496	-
(Increase) decrease in inventory	-	-	-	-	8,455
(Increase) decrease in prepaid items	(50)	-	(35,855)	(35,905)	-
Increase (decrease) in accounts payable	61,763	52,386	(258,804)	(144,655)	112,486
Increase (decrease) in landfill payable	16,019	-	-	16,019	-
Increase (decrease) in pension asset/ liabilities	(4,041)	(1,669)	(3,256)	(8,966)	-
Increase (decrease) in OPEB obligations	9,917	-	3,823	13,740	-
Total adjustments	190,893	998,768	1,623,658	2,813,319	200,510
Net cash provided (used) by operating activities	\$ 394,122	(579,543)	439,971	254,550	417,342

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

**Tooele County, Utah**  
**Statement of Fiduciary Assets & Liabilities**  
**Fiduciary Fund Types**  
**For the Year Ended December 31, 2018**

	<u>Total Agency Funds</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 17,358,571
Other receivables	3,115
Total assets	<u>\$ 17,361,686</u>
<b><u>Liabilities</u></b>	
Taxes payable	\$ 16,052,723
Developer bonds payable	678,029
Court bail bonds payable	254,124
Due to other entities	376,810
Total liabilities	<u>\$ 17,361,686</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**Tooele County, Utah**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

---

**Note 1 - Summary of Significant Accounting Policies**

Reporting entity

Tooele County (State of Utah) (the County) was organized on January 31, 1850, under a commission form of government. The County has a total land area of 6,930 square miles and a population of approximately 61,046 residents. The County's major operations include public safety (police and fire), highways and roads, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services. The County's fiscal authority includes responsibility for final approval over budgeting appropriations, for funding deficits and operating deficiencies, disposal of surplus funds, control over the collection and disbursement of funds, and maintenance of title to assets. The financial statements include the various departments, agencies, and other organizational units governed by the County Commission.

Blended component units are, in substance, part of the primary government's operations even though are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

*Blended component units* - The following entities are blended in the accompanying general purpose financial statements:

Redevelopment Agency  
Municipal Building Authority

Blending means that component unit balances and transactions are combined with balances and transactions of the primary government. Although legally separate from the County, the above component units are blended because they are governed by a board comprised of the County Commission. The County retains fiscal responsibility for these entities. These entities are reported as special revenue funds.

*Discretely presented component units* - The financial statements include a component unit: Tooele County Recreation Special Service District. The component unit included in this report was selected using positive criteria as defined by the Governmental Accounting Standards Board. The component unit was included due to the County's ability to significantly influence operations, fiscal accountability, and the scope of public service.

Complete financial statements for the component units may be obtained at the entities' administrative offices.

**Note 1 - Summary of Significant Accounting Policies - Continued**

This summary of significant accounting policies of Tooele County is presented to assist in understanding the County's financial statements. The financial statements and notes are representations of County officials who are responsible for their integrity and objectivity. The accounting policies of Tooele County conform to accounting principles generally accepted in the United States of America as applicable to governments and have been consistently applied in the preparation of the financial statements.

**Description of government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**Basis of presentation - government-wide financial statements**

While separate government-wide and fund statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements.

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

**Basis of presentation - fund financial statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statement is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

**Note 1 - Summary of Significant Accounting Policies - Continued**

The County reports the following major governmental funds:

The *general fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *human services fund* is a special revenue fund used to account for grant revenues and expenditures related to services provided for the general welfare of the County's citizens.

The *public health fund* is a special revenue fund used to account for revenues and expenditures related to services provided through the County's health department.

The *road maintenance fund* is a special revenue fund used to account for intergovernmental revenues and expenditures related to the maintenance of roads within the County.

The *municipal services fund* is a special revenue fund used to account for municipal revenues and expenditures related to various departments within the County, including roads and public safety.

The *municipal building authority* - This fund is used to account for the ongoing acquisition, construction, and other replacements related to the County Jail.

The *capital projects* - This fund is used to account for the acquisition and development of various capital projects within the County.

The County reports the following major proprietary funds:

The *solid waste fund* accounts for revenue and expenditures related to the collection of waste and landfill operations within the County.

The *Deseret Peak fund* accounts for revenue and expenditures related to the recreation facility.

The *airport fund* accounts for revenue and expenditures related to the Wendover Airport.

Additionally, the government reports the following fund types:

*Internal service funds* account for service equipment and central stores provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

*Fiduciary funds* include the Criminal Justice Agency Fund, the Treasurer's Tax Fund Agency Fund, and the Special Deposits Agency Fund, which are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

**Note 1 - Summary of Significant Accounting Policies - Continued**

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

**Note 1 - Summary of Significant Accounting Policies - Continued**

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Deposits and investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the County, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Certain resources of the County's governmental funds are set aside for the following: debt, class B roads, capital improvements, transient room, restaurant tax, arts and recreation, tax stability, health services, and payment of landfill closure costs as required by applicable federal and state regulations.

2. Inventories and prepaid items

Inventories of the Internal Service Funds (Central Stores Fund) and of the Special Revenue Funds (Aging and Adult Services Fund) are stated at cost on the first-in, first-out basis. Certain payments to vendors reflect costs applicable to future accounting periods and are included as prepaid items in both the government-wide and fund financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Note 1 - Summary of Significant Accounting Policies - Continued**

3. Receivables and payables

All trade, property, sales, and franchise tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible accounts.

Sales taxes are collected by the State Tax Commission and remitted to the County monthly.

Property taxes are collected by the County Treasurer and remitted to the County shortly after collection. Property taxes are levied based on property values as of January 1 of each year, with liens posted as of the same date. Taxes are due and payable on November 1 and delinquent after 5 pm on November 30 of each year.

4. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year, and for proprietary funds with initial cost of more than \$200. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government 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	10-20
Machinery and equipment	7
Automobiles and trucks	3-7
Office furniture and equipment	3-5

**Note 1 - Summary of Significant Accounting Policies - Continued**

5. 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time.

6. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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 bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 1 - Summary of Significant Accounting Policies - Continued**

7. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

8. Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund balance policies

Government-wide financial statements

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

*Net investment in capital assets* - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* - net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**Note 1 - Summary of Significant Accounting Policies - Continued**

Fund financial statements

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. Descriptions of each follow:

*Nonspendable fund balance* - 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* - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws, regulations, or other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the County Commission. The commitment can only be removed through the same action.

*Assigned fund balance* - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The County Commission has, by resolution, authorized the Auditors' Office to assign fund balance. The commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Assigned fund balance also includes all remaining amounts that are report in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed, or in the General Fund, that are intended to be used for specific purposes.

*Unassigned fund balance* - Residual classification of 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 a specific purpose within the General Fund.

Revenues and expenditures/expenses

1. Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**Note 1 - Summary of Significant Accounting Policies - Continued**

2. Property taxes

Property taxes attach as an enforceable lien on real property on January 1st of each year. Taxes are levied on property owners in July and are payable by November 30th. The County bills and collects property taxes for all taxing entities within the County through the Tax Collection Agency Fund. Collections are periodically distributed to the taxing entities with final settlement due March 31st of the subsequent year. The County records a receivable and deferred revenue for delinquent taxes, but no allowance for doubtful accounts is made as uncollected taxes are deemed to be substantially collectible or recoverable through foreclosure.

3. Compensated absences

The government's policy permits employees to accumulate earned but unused vacation and sick benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The County's policy allows for a maximum of 320 hours to be carried over into the next year that includes vacation and converted sick leave. Sick leave can accumulate a maximum of 320 hours if certain conditions are met. The County pays all unused vacation days upon separation up to the maximum of 320 hours. An employee separating from county service will not be compensated for unused sick leave upon separation.

4. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the transit fund and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 2 - Reconciliation of Government-wide and Fund Financial Statements**

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

*Capital related items:*

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 122,764,519
Accumulated depreciation	<u>(27,004,640)</u>
Total difference	<u>\$ 95,759,879</u>

*Unavailable revenue:*

Long-term assets applicable to the County’s governmental activities are not available to pay for current expenditures and thus are deferred in governmental funds. The statement of net position includes these as revenue.

Property taxes receivable	<u>\$ 1,048,173</u>
---------------------------	---------------------

*Internal service funds:*

Another element of that reconciliation explains that “internal service funds are used by management to charge the costs of equipment and central stores to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of this difference are as follows:

	Service Equipment	Central Stores
Net position of the internal service funds	<u>\$ 718,352</u>	<u>(204,616)</u>

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 2 - Reconciliation of Government-wide and Fund Financial Statements - Continued**

*Long-term debt transactions:*

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net position. Balances at December 31, 2018, were:

Bonds payable	\$ (45,306,210)
Capital lease payable	(182,960)
Discount on issuance	263,534
Premium on issuance	(1,624,022)
Interest payable	(129,222)
Compensated absences	(1,113,185)
Deferred inflow pensions	(2,630,345)
Deferred outflow pension	4,766,599
Net pension liability	(5,666,551)
Net pension asset	5,760
Deferred inflow OPEB	(645,175)
Deferred outflow OPEB	105,356
Total OPEB obligation	<u>(3,798,888)</u>
Total difference	<u>\$ (55,955,309)</u>

B. Explanation of differences between governmental fund operating statements and the statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 5,745,530
Depreciation expense	<u>(1,924,170)</u>
Net difference as reported	<u>\$ 3,821,360</u>

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 2 - Reconciliation of Government-wide and Fund Financial Statements - Continued**

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets sold.

Proceeds from sale of assets	\$ (19,815,466)
UMC payable	9,335,120
Net difference reported	<u><u>\$ (10,480,346)</u></u>

Another element of the reconciliation states that "the issuance of long-term debt (i.e., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this difference are as follows:

Debt issued or incurred	\$ (233,197)
Principal repayments	770,277
Accrued interest	<u>(72,222)</u>
Net difference as reported	<u><u>\$ 464,858</u></u>

Another element of the reconciliation states that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this difference are as follows:

Delinquent property taxes	<u><u>\$ 96,540</u></u>
---------------------------	-------------------------

Another element of the reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

Amortization of bond discount	\$ (10,981)
Amortization of bond premium	67,668
Amortization of negative net pension obligation	91,699
Total OPEB obligation	<u>(414,667)</u>
Compensated absences	(267)
UMC management fee	<u>(2,778,765)</u>
Net difference reported	<u><u>\$ (3,045,313)</u></u>

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 2 - Reconciliation of Government-wide and Fund Financial Statements - Continued**

Another element of the reconciliation states that "Internal service funds are used by management to charge the costs of service equipment and central stores to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this are as follows:

	Service Equipment	Central Stores
Changes in net position	\$ 292,271	(56,294)
Depreciation on fleet assets	79,569	-
Purchased capital assets	(830,360)	-
Loss on disposal of capital assets	-	-
Proceeds from sale of capital assets	-	-
Net difference reported	<u>\$ (458,520)</u>	<u>(56,294)</u>

This section intentionally left blank.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 3 - Stewardship, Compliance, and Accountability**

Budgetary information

Budgets are prepared and adopted, in accordance with State law, by the Tooele County Commission. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budgets must be adopted on or before December 31st for the following fiscal year, beginning January 1. Budgets may be increased by resolution of the Tooele County Commission at any time during the year. A public hearing must be held regarding any proposed increase in a fund's appropriations. Budgets are adopted at departmental levels. Budget amendments are required when excess expenditures occur at the departmental level for the General Fund and at the fund level for all other funds. Appropriations lapse at December 31.

Utah State law states that expenditures being made in excess of those budgeted, is an illegally created debt in violation of the Utah Constitution. As such, the total illegally created deficit should be budgeted to be made up in the following fiscal year. Deficits arising from emergencies are not illegal and may be retired over 5 years.

Excess of expenditures over appropriations

For the year ended December 31, 2018, expenditures exceeded appropriations in the following departments and funds:

<u>General fund - functions</u>		<u>Other funds</u>	
Conservation and economic development	\$ 839,939	Human services	\$ 439,049
Other administration	4,595	Road maintenance	204,060
Transfers out	338,294	Municipal building authority	1,144,426
		Debt service	2,331
		Service equipment	136,517
		Central stores	54,681

Utah State law allows for any unassigned fund balance in excess of 5% of the total revenues of the General Fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the General Fund in an amount equal to 50% of the total estimated revenue of the General Fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the County has one year to determine an appropriate use and then the excess must be included as an available resource in the General Fund budget. For the year ending December 31, 2018, the County is over 50% of the total limit of revenue in the General Fund.

Concentration of credit risk

The County received about 7% of its governmental fund revenue from mitigation fees amounting to \$4,161,289.

**Note 4 - Detailed Notes on all Funds**

*Cash & cash equivalents and investments*

Cash and cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Deposits and investments

*Deposits*

Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be returned to it. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. As of December 31, 2018, \$12,809,819 of the local government's bank balances of \$13,269,819 were uninsured and uncollateralized.

*Investments*

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 County follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of Tooele County funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which 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.

The Money Management Act defines the types of securities authorized as appropriate investments for Tooele County's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, certified investment advisors, or directly with issuers of the investment securities.

**Note 4 - Detailed Notes on all Funds - Continued**

Statutes authorize Tooele County to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers’ Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

*Fair Value of Investments* - Tooele County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

*Level 1:* Valuations based on quoted prices in active markets for identical assets or liabilities that the County has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail any significant degree of judgment. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.;

*Level 2:* Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include: corporate and municipal bonds, and “brokered” or securitized certificates of deposit; and,

*Level 3:* Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 4 - Detailed Notes on all Funds - Continued**

Investments by fair value level	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Debt Securities			
Corporate Bonds	\$ -	1,002,941	-
Agency	1,035,284	-	-
Money Market Mutual Funds	2,074,576	-	-
Utah Public Treasurers'			
Investment Fund	-	72,411,213	-
Total investments measured at fair value	<u>\$ 3,109,860</u>	<u>\$ 73,414,154</u>	<u>-</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

For securities that generally have market prices from multiple sources, it can be difficult to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a “consensus price” or a weighted average price for each security.

Tooele County receives market prices for these securities from a variety of industry standard data providers (e.g., Bloomberg), security master files from large financial institutions, and other third-party sources. Through the help of an investment advisor, Tooele County uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

- U.S. Treasuries, U.S. Agencies: quoted prices for identical securities in markets that are active;

Debt securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers’ Investment Fund: application of the December 31, 2018 fair value factor, as calculated by the Utah State Treasurer, to the Entity’s average daily balance in the Fund.
- Donated real estate: recent appraisals of the real estate's value.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 4 - Detailed Notes on all Funds - Continued**

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management 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 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of December 31, 2018, the County's investments had the following maturities:

Investment Type	Investment Maturities (in years)		
	Fair Value	Less than 1	1-5
Corporate Bonds	\$ 1,002,941	60,365	942,576
Agency	1,035,284	-	1,035,284
Money Market Mutual Funds	2,074,576	-	2,074,576
Utah Public Treasurers' Investment Fund	72,411,213	72,411,213	-
Total	<u>\$ 76,524,014</u>	<u>72,471,578</u>	<u>4,052,436</u>

*Credit risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Tooele County's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At December 31, 2018, Tooele County's investments had the following quality ratings:

Investment Type	Quality Ratings			
	AAA	AA	A	Unrated
Corporate Bonds	\$ -	-	1,002,941	-
Agency	1,035,284	-	-	-
Money Market Mutual Funds	-	-	-	2,074,576
Utah Public Treasurers' Investment Fund	-	-	-	72,411,213
Total	<u>1,035,284</u>	<u>-</u>	<u>1,002,941</u>	<u>74,485,789</u>

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 4 - Detailed Notes on all Funds - Continued**

*Custodial Credit Risk - Investments* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, Tooele County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Tooele County does have a formal policy for custodial credit risk. All investments other than bank deposits or funds invested in the state treasurers fund are to be held by a third party with securities delivered on a delivery vs. purchase basis. As of December 31, 2018, Tooele County safe kept all investments with custodian counterparty Wells Fargo Bank, NA and all investments which was/were held by the counterparty's trust department or agent are registered in Tooele County's name.

**Receivables**

Receivables as of year end for the government's general and enterprise funds are as follows:

	Governmental	Business-type	Total
Accounts, net	\$ 1,962,003	612,157	2,574,160
B & C road	558,070	-	558,070
Property taxes	1,884,374	-	1,884,374
Intergovernmental	3,014,852	-	3,014,852
	<u>\$ 7,419,299</u>	<u>612,157</u>	<u>8,031,456</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Deferred property taxes	\$ 1,048,173	-
Grant drawdowns prior to meeting all eligibility requirements	-	50,000
Total deferred / unearned revenue for governmental funds	<u>\$ 1,048,173</u>	<u>50,000</u>

**Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities as of year end for the government's general and enterprise funds are as follows:

	Governmental	Business-type	Total
Vendors	\$ 2,770,654	542,973	3,313,627
Salaries and benefits	1,431,654	17,587	1,449,241
	<u>\$ 4,202,308</u>	<u>560,560</u>	<u>4,762,868</u>

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 4 - Detailed Notes on all Funds - Continued**

**Capital assets**

Capital asset activity for the year ended December 31, 2018, was as follows:

<b>Primary Government</b>	Beginning			Ending
<i>Governmental activities</i>	Balance	Increases	Decreases	Balance
Capital assets not being depreciated				
Land	\$ 26,570,720	-	(19,000,000)	7,570,720
Infrastructure	43,228,218	4,219,604	-	47,447,822
Construction in process	3,465,855	2,304,277	(4,219,604)	1,550,528
Total capital assets not being depreciated	73,264,793	6,523,881	(23,219,604)	56,569,070
Capital assets being depreciated				
Buildings and improvements	54,480,270	1,390,113	(1,379,500)	54,490,883
Furniture, fixtures, and equipment	12,214,073	2,051,140	(2,560,647)	11,704,566
Total capital assets being depreciated	66,694,343	3,441,253	(3,940,147)	66,195,449
Less accumulated depreciation for				
Buildings and improvements	(18,705,137)	(1,198,521)	570,034	(19,333,624)
Furniture, fixtures, and equipment	(9,500,014)	(725,649)	2,554,647	(7,671,016)
Total accumulated depreciation	(28,205,151)	(1,924,170)	3,124,681	(27,004,640)
Total capital assets, being depreciated, net	38,489,192	1,517,083	(815,466)	39,190,809
Governmental activities capital assets, net	\$ 111,753,985	8,040,964	(24,035,070)	95,759,879
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 1,759,620	-	-	1,759,620
Construction in process	396,550	269,799	(514,126)	152,223
Total capital assets not being depreciated	2,156,170	269,799	(514,126)	1,911,843
Capital assets being depreciated				
Buildings and improvements	57,363,244	314,824	-	57,678,068
Furniture, fixtures, and equipment	5,356,517	617,337	(1,007,258)	4,966,596
Total capital assets being depreciated	62,719,761	932,161	(1,007,258)	62,644,664
Less accumulated depreciation for				
Buildings and improvements	(28,610,258)	(2,503,103)	-	(31,113,361)
Furniture, fixtures, and equipment	(4,095,966)	(314,487)	989,537	(3,420,916)
Total accumulated depreciation	(32,706,224)	(2,817,590)	989,537	(34,534,277)
Total capital assets, being depreciated, net	30,013,537	(1,885,429)	(17,721)	28,110,387
Business-type activities capital assets, net	\$ 32,169,707	(1,615,630)	(531,847)	30,022,230

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 4 - Detailed Notes on all Funds - Continued**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 1,429,084
Public safety	109,805
Highways and streets	286,141
Parks and recreation	849
Public health	98,290
Total depreciation expense - governmental activities	<u>\$ 1,924,169</u>
Business-type activities	
Solid Waste	\$ 144,629
Deseret Peak	948,051
Airport	1,724,910
Total depreciation expense - business activities	<u>\$ 2,817,590</u>

*Interfund transfers*

	Transfers out				Total Transfers In
	General	Capital Projects	Municipal Services	Non major	
<u>Transfers in</u>					
General fund	\$ -	-	-	62,254	62,254
Human Services	61,000	-	-	-	61,000
Road Maintenance	-	-	150,000	138,503	288,503
Municipal Services	-	450,000	-	-	450,000
Municipal Building Authority	106,577	-	-	-	106,577
Capital Projects	3,595,000	-	-	-	3,595,000
Nonmajor	851,786	-	-	-	851,786
Deseret Peak	1,046,423	-	-	160,000	1,206,423
Total transfers out	<u>\$ 5,660,786</u>	<u>450,000</u>	<u>150,000</u>	<u>360,757</u>	<u>6,621,543</u>

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 4 - Detailed Notes on all Funds - Continued**

Lease commitments

Operating leases contain various renewal options, as well as some purchase options. However, due to the nature of the leases, they do not qualify as capital leases and the related assets and liabilities are not recorded. Any escalation clauses, sublease rentals, and contingent rents were considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

Years ending December 31	Future Minimum Lease Commitments - Operating Leases	
	Governmental	Business-type
2019	\$ 22,155	-
2020	22,155	-
<b>Total</b>	<b>44,310</b>	<b>-</b>

Leases, that in substance are purchases, are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed. On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

Capital lease issues at December 31, 2018 consist of the following:

Series	Purpose	Original Amount	Interest Rate Range	Final Maturity Date	Current Outstanding Balance
2018	Finance costs associated with the purchase of road equipment	\$ 233,197	3.90%	2022	\$ 182,960

Capital asset acquired through capital lease for the year ended December 31, 2018, was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities</i>				
I2013 772G Motor Grader	\$ -	233,197	-	233,197
Less accumulated depreciation		(9,717)	-	(9,717)
Governmental activities capital assets, net	\$ -	\$ 223,480	\$ -	\$ 223,480

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 4 - Detailed Notes on all Funds - Continued**

Long-term debt

The following is a summary of transactions affecting long-term liabilities for the year ended December 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities:</i>					
Sales tax revenue bonds	\$ 1,316,250	-	(230,040)	1,086,210	232,470
Lease revenue bonds	23,185,000	-	(490,000)	22,695,000	510,000
Lease revenue bonds	21,525,000	-	-	21,525,000	-
Unamortized discount	(274,515)	-	10,981	(263,534)	-
Unamortized premium	1,691,690	-	(67,668)	1,624,022	-
Capital leases	-	233,197	(50,237)	182,960	43,281
Compensated absences	1,112,918	425,278	(425,011)	1,113,185	425,113
Net pension liability	7,762,105	-	(2,095,554)	5,666,551	-
Total post employment benefit obligation	4,229,603	422,195	(852,910)	3,798,888	-
Total governmental long-term liabilities	60,548,051	1,080,670	(4,200,439)	57,428,282	1,210,864
<i>Business-type activities:</i>					
Lease revenue bonds	100,000	-	(100,000)	-	-
Lease revenue bonds	364,939	-	(10,805)	354,134	11,374
Sales tax revenue bonds	138,000	-	(45,000)	93,000	46,000
Sales tax revenue bonds	1,070,000	-	(160,000)	910,000	167,000
Sales tax revenue bonds	308,750	-	(53,960)	254,790	54,530
Net pension liability	727,110	-	(210,424)	516,686	-
Total post employment benefit obligation	134,839	13,507	(26,813)	121,533	-
Total business-type long-term liabilities	2,843,638	13,507	(607,002)	2,250,143	278,904
Total long-term debt	\$ 63,391,689	1,094,177	(4,807,441)	59,678,425	1,489,768

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 4 - Detailed Notes on all Funds - Continued**

Long-term debt (continued)

Sales tax revenue issues at December 31, 2018 consist of the following:

Series	Purpose	Original Amount	Interest Rate Range	Final Maturity Date	Current Outstanding Balance
2003 A	Finance costs associated with the expansion of the water lines at Deseret Peak	\$ 700,000	1.70%	2020	\$ 93,000
2008	Finance the construction and equipping of the convention facilities at Deseret Peak	2,275,000	4.29%	2023	910,000
2012	Advance refunding bond used to defease other bonds	2,974,000	2.15%	2024	<u>1,341,000</u>
					<u>\$ 2,344,000</u>
			Governmental activities		1,086,210
			Business-type activities		<u>1,257,790</u>
					<u>\$ 2,344,000</u>

Lease revenue issues at December 31, 2018 consist of the following:

Series	Purpose	Original Amount	Interest Rate Range	Final Maturity Date	Current Outstanding Balance
1998 B	Finance the construction of the Airport	500,000	4.75%	2038	\$ 354,134
2010 - ABC	Finance the construction of the jail	25,340,000	4.75 to 8.35%	2042	22,695,000
2017	Refunding bonds - finance the construction of the jail	22,105,000	3.25 to 4.00%	2042	<u>21,525,000</u>
					<u>\$ 44,574,134</u>
			Governmental activities		44,220,000
			Business-type activities		<u>354,134</u>
					<u>\$ 44,574,134</u>

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 4 - Detailed Notes on all Funds - Continued**

Long-term debt (continued)

Debt service requirements of bonds at December 31, 2018 are as follows:

	<b>Governmental Activities</b>					
	Sales tax revenue		Lease revenue		Capital lease	
	Principal	Interest	Principal	Interest	Principal	Interest
Years ending						
December 31						
2019 \$	232,470	20,826	510,000	2,650,649	43,281	6,993
2020	240,570	15,747	530,000	2,619,539	44,932	5,341
2021	180,630	11,225	1,160,000	2,587,209	46,646	3,627
2022	140,940	7,774	1,210,000	2,522,934	48,101	1,848
2023	144,180	4,713	1,270,000	2,449,497	-	-
2024-2028	147,420	1,583	7,360,000	10,981,620	-	-
2029-2033	-	-	9,290,000	8,511,383	-	-
2034-2038	-	-	11,335,000	5,655,253	-	-
2039-2043	-	-	11,555,000	1,959,394	-	-
<b>Total \$</b>	<b>1,086,210</b>	<b>61,868</b>	<b>44,220,000</b>	<b>39,937,478</b>	<b>182,960</b>	<b>17,809</b>

	<b>Business-type Activities</b>			
	Sales tax revenue		Lease revenue	
	Principal	Interest	Principal	Interest
Years ending				
December 31				
2019 \$	267,530	41,922	11,374	16,032
2020	277,430	32,635	11,928	15,452
2021	224,370	23,139	12,508	14,846
2022	222,060	14,372	13,114	14,207
2023	266,400	5,723	13,753	13,540
2024-2028	-	-	79,456	60,344
2029-2033	-	-	100,729	39,071
2034-2038	-	-	111,272	12,302
2039-2043	-	-	-	138
<b>Total \$</b>	<b>1,257,790</b>	<b>117,791</b>	<b>354,134</b>	<b>185,932</b>

**Note 4 - Detailed Notes on all Funds - Continued**

Long-term debt (continued)

*Bond Advance Refunding*

On November 20, 2012, the County issued \$2,974,000 in sales tax revenue refunding bonds with an interest rate of 2.147%. The County issued the bonds to advance refund \$2,837,000 of the outstanding sales tax revenue bonds with interest rates ranging between 1.55% and 5%. As a result, that portion of the sales tax revenue bonds is considered defeased, and the County has removed the liability from its accounts. There is no outstanding principal balance for the defeased bonds. The advance refunding reduced total debt service payments over the term of the debt by \$246,456. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$117,625.

The County issued on December 20, 2017 \$21,525,000 Lease Revenue Crossover Refunding Bonds to refund \$23,655,000 of the 2010A MBA Lease Revenue Bonds. While the 2017 Crossover Refund Bond proceeds have been placed escrow, they are still considered outstanding and the County remains responsible for continuing to pay debt service on both the 2017 Crossover Refunding Bonds and the 2010A MBA Lease Revenue Bonds until the crossover date of December 15, 2020, at which time the refunded 2010A issues will be considered defeased. The advance refunding will reduce total debt service payments over the term of the debt by \$3,398,134. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,170,106.

**Note 5 - Other Information**

General Information about the Pension Plan

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

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

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 5 - Other Information - continued**

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

Summary of Benefits by System

*Benefits Provided:* URS provides retirement, disability, and death benefits. Retirement benefits are as

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**
Non-contributory	Highest 3 years	30 years any age 25 years any age* 20 years any age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory	Highest 5 Years	30 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.25 per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety	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 on the employer
Tier 2 Public Employees	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

\* with actuarial reductions

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

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 5 - Other Information - continued**

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2018 are as follows:

	Employee	Employer	Employer 401(k)
<u>Contributory System</u>			
11 - Local Governmental Division Tier 1	6.000%	14.460%	N/A
111 - Local Governmental Division Tier 2	N/A	15.540%	1.150%
<u>Noncontributory System</u>			
15 - Local Governmental Division Tier 1	N/A	18.470%	N/A
<u>Public Safety Retirement System</u>			
<u>Contributory</u>			
122 - Tier 2 DB Hybrid Public Safety	N/A	23.090%	0.740%
<u>Noncontributory</u>			
43 - Other Division A with 2.5% COLA	N/A	34.040%	N/A
<u>Tier 2 DC Only</u>			
211 - Local Government	N/A	6.690%	10.000%
222 - Public Safety	N/A	11.830%	12.000%

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

For the fiscal year ended December 31, 2018, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 1,211,945	N/A
Contributory System	7,892	3,275
Public Safety System	750,540	-
Tier 2 Public Employees System	488,571	-
Tier 2 Public Safety and Firefighter System	168,726	-
Tier 2 DC Only System	40,753	N/A
Tier 2 DC Public Safety and Firefighter System	19,240	N/A
Total Contributions	<u>\$ 2,687,667</u>	<u>\$ 3,275</u>

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

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 5 - Other Information - continued**

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

At December 31, 2018, we reported a net pension asset of \$5,760 and a net pension liability of \$6,182,161.

	(Measurement Date): December 31, 2017		
	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.8257978%	\$ -	3,618,068
Contributory System	0.2584563%	-	21,032
Public Safety System	1.6054773%	-	2,518,445
Tier 2 Public Employees System	0.2792006%	-	24,616
Tier 2 Public Safety and Firefighters System	0.4977973%	5,760	-
Total Net Pension Asset / Liability		\$ 5,760	6,182,161

	Proportionate Share December 31, 2016	Change (Decrease)
Noncontributory System	0.8117131%	0.0140847%
Contributory System	0.2187864%	0.0396699%
Public Safety System	1.5655414%	0.0399359%
Tier 2 Public Employees System	0.2538839%	0.0253167%
Tier 2 Public Safety and Firefighters System	0.5720758%	-0.0742785%

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2018 we recognized pension expense of \$2,585,203.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 5 - Other Information - continued**

At December 31, 2018, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 84,633	613,864
Changes in assumptions	2,272,720	122,220
Net difference between projected and actual earnings on pension plan investments	-	2,046,180
Changes in proportion and differences between contributions and proportionate share of contributions	180,393	102,814
Contributions subsequent to the measurement date	2,687,668	-
Total	\$ 5,225,414	2,885,078

\$2,687,668 was 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, 2017.

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

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2018	\$ 345,937
2019	490,282
2020	(498,202)
2021	(719,755)
2022	(6,014)
Thereafter	40,421

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

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

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 5 - Other Information - continued**

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	40%	6.15%	2.46%
Debt Securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute Return	16%	2.85%	0.46%
Cash and cash	0%	0.00%	0.00%
Totals	100%		4.75%
Inflation			2.50%
Expected arithmetic nominal return			7.25%

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

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 5 - Other Information - continued**

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

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

<u>System</u>	<u>1% Decrease (5.95%)</u>	<u>Discount Rate (6.95%)</u>	<u>1% Increase (7.95%)</u>
Noncontributory System	\$ 9,784,954	\$ 3,618,068	\$ (1,509,392)
Contributory System	142,596	21,032	(80,940)
Public Safety System	6,345,349	2,518,445	(583,217)
Tier 2 Public Employees System	289,846	24,616	(179,913)
Tier 2 Public Safety and Firefighter	51,007	(5,760)	(49,130)
<b>Total</b>	<b>\$ 16,613,752</b>	<b>\$ 6,176,401</b>	<b>\$ (2,402,592)</b>

\*\*\*Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

**Defined Contribution Savings Plans**

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

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 5 - Other Information - continued**

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

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended December 31, were as follows:

	2018	2017	2016
401(k) Plan			
Employer Contributions	\$ 481,916	\$ 426,658	\$ 348,440
Employee Contributions	\$ 500,126	\$ 457,197	\$ 312,307
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 37,925	\$ 45,156	\$ 46,516
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 35,043	\$ 20,616	\$ 12,531
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 1,070	\$ 1,170	\$ 3,497

This section intentionally left blank.

**Note 5 - Other Information - Continued**

Other Post-employment Benefits

*For employee who retired prior to July 1, 2013*

The County will allow retirees a premium credit to continue enrollment in the insurance program, at one year for every five years of full-time employment with the County as of July 1, 2013.

Employees who retire prior to January 1, 2010 will receive a premium credit to continue enrollment in the insurance program for the retirees and their dependents. Employees retiring on/ after January 1, 2010 and prior to July 1, 2013 will receive paid up service premium credit for the retirees only.

Retirees and their dependents who retired prior to July 1, 2013 and have exhausted their years of service premium credit may continue enrollment under the group policy until they are Medicare eligible by paying 50% of the full cost of the coverage elected. Upon reaching Medicare eligible age, retirees and their dependents who have previously been covered under the group policy are eligible to participate in the County's Medicare Supplement coverage by paying 50% of the total premium for the supplemental coverage if they have used all of their premium credits.

*For employees retiring on/ after July 1, 2013*

Employees who retired on or after July 1, 2013 are eligible for a premium credit waiver benefit upon retirement if they had ten years of service with the County as of July 1, 2013 and qualify for service retirement under URS. The premium credit waiver will be equal to \$2,500 per credit, defined as follows:

- Two credits will be awarded for the first ten years of service with the County prior to July 1, 2013.
- One fifth of a credit will be awarded for every full year in excess of ten years before July 1, 2013.
- Service beyond July 1, 2013 will not accrue toward the premium credit waiver.

Employees will be paid the entire premium waiver credit benefit upon retirement.

*For employees retiring on / after August 31, 2015*

Retirees are allowed to participate in the insurance program for a maximum of five years or until Medicare eligible, and the County will allow a premium credit at one year for every five years of full-time employment with the County as of July 1, 2013. Each premium credit can be used toward single coverage. Dependents may be enrolled in the plan but must pay 100% of the cost. Retirees and their dependents who have exhausted their years of service premium credit may continue enrollment under the group policy by paying 100% of the full cost of coverage elected. If retirees decide to continue participate in the group insurance program, they must forfeit to convert the premium credit to cash, which is \$2,500 per credit.

*Dental*

Retirees are eligible for a 50% dental subsidy until the earlier of five years and Medicare eligibility.

**Note 5 - Other Information - Continued**

Other Post-employment Benefits - Continued

*Measurement Date:* For fiscal year ending December 31, 2018

*Actuarial Valuation Date:* January 1, 2018 with results actuarially projected on a "no-gain/not-loss" basis to get the December 31, 2018 measurement date. Liabilities as of January 1, 2018 are based on an actuarial valuation date of January 1, 2018.

*Discount Rate:* 3.56% as of January 1, 2018 and 4.11% as of December 31, 2018 for accounting disclosure purposes.

*Payroll Growth:* Varies by group. Rates are from the URS valuation for the year ending December 31, 2016. The URS tables include a 3.25% salary inflation rate in addition to the service-based merit table shown below.

<u>Service</u>	<u>Public Safety</u>	<u>General</u>
0	4.00%	5.50%
5	2.50%	2.00%
10	1.80%	1.00%
15	1.00%	0.80%
20	8.00%	0.30%
25+	0.00%	0.00%

*Inflation Rate:* 3.5% per year

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

The County's annual other postemployment benefit (OPEB) costs (expense) is calculated based on the employer's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the year December 31, 2018, the County's annual OPEB cost (expense) is \$140,351. The following table shows the components of the County's net annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's total OPEB obligation.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 5 - Other Information - Continued**

OPEB Expense

*Discount Rate*

Beginning of year	3.56%
End of year	4.11%

Service cost	\$ 89,447
Interest	152,513
Change of benefit terms	-
Projected earnings on OPEB plan investments	-
OPEB plan administrative expenses	-

Current period recognition of deferred outflows/ (inflows) of resources

Differences between expected and actual experience	(94,056)
Changes in assumptions	(7,553)
Net difference between projected and actual earnings on OPEB plan investments	-

Total current period recognition	<u>(101,609)</u>
----------------------------------	------------------

Total OPEB expense	<u><u>\$ 140,351</u></u>
--------------------	--------------------------

Deferred outflows/ (inflows) of resources

Deferred outflows/ (inflows) of resources represents the following items that have not been recognized in the OPEB expense:

- Differences between expected and actual experience of the OPEB plan
- Changes of assumptions
- Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

The initial amortization period for the first two items noted above is based on the average future service to retirement while the difference between the projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 5 - Other Information - Continued**

Other Post-employment Benefits - Continued

<u>December 31, 2018</u>	<u>Initial Balance</u>	<u>Initial Amortization Period</u>	<u>Annual Recognition</u>	<u>Unamortized balance as of December 31, 2018</u>
Differences between expected and actual experience for FYE	\$ (138,276)	7	\$ (19,754)	\$ (118,522)
Changes in assumptions for FYE	\$ (205,083)	7	\$ (29,298)	\$ (175,785)
Net difference between projected and actual earnings in OPEB plan investments for FYE	\$ -	n/a	\$ -	\$ -
			<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
<u>As of fiscal year ending December 31, 2018</u>				
Differences between expected and actual experience			\$ -	(490,030)
Changes in assumptions			108,727	(175,785)
Net difference between projected and actual earnings in OPEB plan investments			n/a	n/a
Total			<u>\$ 108,727</u>	<u>(665,815)</u>

Annual Amortization of Deferred Outflows/ (Inflows)

The balances of December 31, 2018 of the deferred outflows/ (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

2019	\$ (101,609)
2020	(101,609)
2021	(101,609)
2022	(101,609)
2023	(101,609)
Thereafter	<u>(49,047)</u>
	<u>\$ (557,092)</u>

**Note 5 - Other Information - Continued**

Other Post-employment Benefits - Continued

Sensitivity Results

The following presents the total OPEB liability as of December 31, 2018, calculated using the discount rate assumed and what it would be using at 1% higher and 1% lower discount rate.

- The current discount rate is 4.11%.
- The 1% decrease in discount rate would be 3.11%.
- The 1% increase in discount rate would be 5.11%.

As of December 31, 2018

1% decrease	\$ 4,306,997
Discount Rate	\$ 3,920,421
1% increase	\$ 3,588,558

The following presents the total OPEB liability as of December 31, 2018, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 7.50%, decreasing to an ultimate rate of 5.00%.
- The 1% decrease in health care trend rates would assume an initial rate of 6.50%, decreasing to an ultimate rate of 4.00%.
- The 1% increase in health care trend rates would assume an initial rate of 8.50%, increasing to an ultimate rate of 6.00%.

As of December 31, 2018

1% decrease	\$ 3,567,691
Discount Rate	\$ 3,920,421
1% increase	\$ 4,335,795

**Note 5 - Other Information - Continued**

Other Post-employment Benefits - Continued

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of an occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of fund progress, shown as required supplementary information following the notes to the financial statements, present the results of OPEB valuations as of December 31, 2018 and looking forward, the schedule provides multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The County is a member of the Utah Local Governments Trust (ULGT), a public entity risk pool currently operating as a common risk management and insurance program for Utah State Governments. The County pays an annual premium to ULGT for its general insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years, except as noted in the special item below.

**Note 5 - Other Information - Continued**

Landfill closure and post closure care costs

State and federal laws and regulations require the County to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

Tooele County owns and maintains three landfill sites located in the Tooele, Utah area. State and federal laws and regulations require the County to place a final cover on its Ibapah, Bauer, and Wendover landfill sites when they stop accepting construction waste and perform certain maintenance and monitoring action at the sites for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date the landfills stop accepting waste, the County reported a liability at December 31, 2018 of \$411,771, which represents the cumulative amount reported to date based on the use percent of the estimated capacity of the landfills. The County will recognize the remaining estimated cost of closure and post closure care of the \$29,933 as the remaining estimated capacity is filled. The amounts are based on what it would cost to perform all post closure care in 2041. The County expects to close the landfill in 2041. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. At December 31, 2018 the County has \$441,704 of investments which are held for these purposes. These are reported as restricted assets on the solid waste proprietary fund statement of net position.

This section intentionally left blank.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 5 - Other Information - Continued**

Special Items

In 2015, the Larry H. Miller Group indicated their intension to divest themselves from Miller Motorsports Park in Tooele County. The result of this decision is the end of the land lease with Tooele County and surrender of the real property located on that property. The value of surrendered property was not determined as of the close of 2017, as the nature of the facility is specialized. Subsequent to the end of the 2017, the property is valued at \$19,000,000 according to the most recent appraisal. As part of the operating agreement entered into in 2016 with Utah Motorsports Campus (UMC is a subsidiary of Mitime Investment Group), the County reduced the sales price of the property by startup fees, management fees (1%), and operating losses incurred prior to the final sale. As of December 31, 2018, the County to reduced the sales price by \$9,335,120.

	2016	2017	2018
January 1st	\$ -	\$ 5,101,953	\$ 6,556,355
Management fee, startup costs, operating losses	3,021,580	932,842	1,500,000
Capital assets	2,080,373	521,560	1,278,765
UMC payable as of December 31st	<u>\$ 5,101,953</u>	<u>\$ 6,556,355</u>	<u>\$ 9,335,120</u>

At the end of 2017, the County incorrectly reported the amounts related to capital asset purchases as a reduction of management fee due to UMC. As a result net position was adjusted to reflect an additional payable amount of \$2,130,749.

In September 2018, the County entered into a yet to be executed agreement to sell the property for \$18,550,000 to Mitime Investment Group pending a 14-day open public comment period. This amount is further reduced by 1% management fees incurred during 2018.

Commitments and Contingencies

The County is a defendant in various lawsuits. For certain of these cases, where it is probable that a claim will be paid, the County has determined that such claims would be covered under the County's insurance policy. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney's Office, the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

**Note 5 - Other Information - Continued**

Prior period adjustments

The County had the following prior period adjustments correcting certain errors identified during the year:

*Municipal Building Authority*

Beginning balance	\$ 863,174
2017 Crossover Refunding Bond proceeds	23,216,690
2017 Crossover Refunding Bond cost of issuance	(281,392)
Beginning balance, as restated	\$ 23,798,472

*Net Position - Governmental Funds*

Beginning balance	\$ 105,425,483
2017 Crossover Refunding Bond proceeds	23,216,690
2017 Crossover Refunding Bonds	(21,525,000)
2017 Crossover Refunding Bond Premium	(1,691,690)
2017 Crossover Refunding Bond cost of issuance	(281,392)
Additional fixed assets identified	119,271
UMC management fee - expense	(2,130,749)
Beginning balance, as restated	\$ 103,132,613

In December 2017 the County issued \$21,525,000 of Crossover Refunding Bonds for the purpose of refinancing the 2010 MBA Leave Revenue Bonds. Terms of the original bonds do not permit the bonds to be defease through refunding until 2020. As such the County issued the crossover bonds to take advantage of lower interest rates. An escrow account was established with the proceeds of the new debt for the purpose of paying the required interest payments for that new debt. The governmental fund financial statements did not reflect this large cash balance of \$22,935,299. Additionally, the government-wide financial statements did not report the escrow cash balance, related debt and bond premium of the refunding bonds.

Net position in the government-wide financial statements was decreased by \$2,130,749 to report adjustment to the subsequent obligation to a management company for 2016 & 2017 management expenses incurred.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2018**

---

Subsequent events

Subsequent events have been evaluated through June 18, 2019, the date that the financial statements were available to be issued. There have been no subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**Tooele County, Utah**  
**Schedule of Condition and Ratings for the County's Road System**  
**For the Year Ended December 31, 2018**

---

As allowed by GASB Statement 34, Tooele County has adopted the modified approach for reporting, where infrastructure assets are not depreciated and maintenance and preservation costs are expensed. The County capitalizes costs related to new construction or major replacements under the modified approach.

Tooele County's entire Asphalt Pavement road network is 379.32 centerline miles of road, or approximately 6.3 million square yards. The purpose of this report is to document how Tooele County has met all the requirements of the modified approach including:

1. Keeping a current inventory of assets,
2. Completing a condition assessment at least once every three years based on an industry standard or measurement scale, and
3. Estimating the annual amount required to maintain and preserve the asset at or above an established level of service.

Tooele County has a program in place to track and manage the Asphalt Pavement road network. This information is updated on a regular basis. The inventory information maintained by the County includes road names, to and from roads, length, width, functional class, and importance.

The road department performs a condition assessment of the entire road network every 3 years. Asphalt pavement distresses are identified and the condition of the road is recorded. The pavement distress identification process is based on the Distress Identification Manual for Long-Term Pavement Performance Projects (SHRP Distress Manual) published by the Strategic Highway Research Program (SHRP), which is the research arm of the Federal Highway Administration.

According to the SHRP Distress Manual, "The Distress Identification Manual for Long-Term Pavement Performance Projects was developed to provide a consistent, uniform basis for collecting distress data for the Long-Term Pavement Performance (LTPP) Program." The manual defines each type of pavement distress including specific distress severity levels. Using this information, Tooele County can determine the condition of each road and give each road a Remaining Service Life (RSL) value.

The years of service that exist in a road without accounting for potential treatments is referred to as remaining service life (RSL). Remaining service life is the value that can be used to express how many years this road will last if there are no treatments applied.

**Tooele County, Utah**  
**Schedule of Condition and Ratings for the County's Road System - continued**  
**For the Year Ended December 31, 2018**

Using the condition information, the County categorizes its roads into Excellent, Good, Fair, and Poor condition. Excellent roads have low severity distresses, require little or no maintenance, and have an RSL of 17-20. Good roads have medium severity distresses, can be preserved for an extended period of time with a surface treatment, and have an RSL of 9-16. Fair roads require rehabilitation such as thick overlay and have an RSL of 5-8. Poor roads require reconstruction and have an RSL of 0-4. The distribution of Tooele County's paved roads is listed below.

<u>Category</u>	<u>RSL</u>	<u>Description</u>
Excellent	17 to 20	New or nearly new pavement which provides a very smooth ride and is mainly free of distress and requires no maintenance.
Good	9 to 16	Pavement that provides an adequate ride and exhibits few, if any, visible signs of distress. Minor maintenance may be needed.
Fair	5 to 8	Surface defects such as cracking, rutting, and raveling affect the ride of the user. Major maintenance is likely needed.
Poor	0 to 4	Roadways have deteriorated to such extent that they need resurfacing, and the ride is noticeably rough. Structural improvements and major maintenance are likely needed.

The service level that will be maintained by the County is an average RSL of 8 or above with less than 30% in the Poor condition category.

There are 832 miles of gravel roads and 237 miles of dirt roads in Tooele County. These roads are maintained so that a passenger car can travel these roads under dry conditions.

*Established Condition Level*

As stated above, it is the County's policy to maintain an average RSL of 8 or above for all roads with less than 30% in the Poor condition category.

**Tooele County, Utah**  
**Schedule of Condition and Ratings for the County's Road System - continued**  
**For the Year Ended December 31, 2018**

*Assessed Conditions*

The following table reports that Average assessment level of all road pavement by category as assessed in 2017, 2014, and 2011.

<u>Category</u>	<u>2017</u>	<u>2014</u>	<u>2011</u>
Excellent	16.2%	5.4%	not available
Good	20.3%	23.5%	not available
Fair	34.4%	38.7%	12.5%
Poor	29.0%	32.5%	28.3%

The following table represents the County's estimated amounts needed to maintain and preserve its road network at or above the established condition levels, as well as the actual amounts expended on road maintenance and preservation for each of the past five reporting periods (in thousands).

<u>Year</u>	<u>Estimated Expenditures</u>	<u>Actual Expenditures</u>
2018	\$ 4,078	\$ 4,283
2017	3,657	3,529
2016	5,670	5,461
2015	4,509	4,417
2014	2,704	2,465

**Tooele County, Utah**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Fiscal Years Ending December 31\***

	2017	2018
<b>Total OPEB Liability</b>		
Total OPEB Liability - beginning of year	\$ 4,794,981	\$ 4,364,442
Service cost	103,389	89,447
Interest	180,096	152,513
Change of benefit terms	-	-
Changes in assumptions	152,217	(205,083)
Differences between expected and actual experience	(520,112)	(138,276)
Benefit payments	(346,129)	(342,622)
Net change in total OPEB liability	(430,539)	(444,021)
Total OPEB liability - end of year	<u>\$ 4,364,442</u>	<u>\$ 3,920,421</u>
<b>Plan fiduciary net position</b>		
Plan fiduciary net position - beginning of year	\$ -	\$ -
Contributions - employer	346,129	342,622
Contributions - retired members	-	-
Net investment income	-	-
Benefit payments	(346,129)	(342,622)
Trust administrative expenses	-	-
Net change in plan fiduciary net position	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position	\$ -	\$ -
Total OPEB liability - end of year	\$ 4,364,442	\$ 3,920,421
Plan fiduciary net position as % of total OPEB liability	0.00%	0.00%
Covered payroll	\$ 12,997,136	\$ 13,419,543
Total OPEB liability as % of covered payroll	33.6%	29.2%

\* In accordance with GASB 75, employers will need to disclose a 10-year history of the Schedule of Changes in Total OPEB Liability and Related Ratios in their RSI. The 10-year schedule will need to be built prospectively.

**Tooele County, Utah**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Utah Retirement Systems**  
**Fiscal Years Ending December 31\***

	2015	2016	2017	2018
<b><u>Noncontributory System</u></b>				
Proportion of the net pension liability (asset)	0.7897345%	0.8338165%	0.8117131%	0.8257978%
Proportionate share of the net pension liability (asset)	\$ 3,429,213	\$ 4,718,139	\$ 5,212,192	\$ 3,618,068
Covered employee payroll	\$ 6,672,074	\$ 6,839,341	\$ 6,692,944	\$ 6,591,588
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	51.40%	68.99%	77.88%	54.89%
Plan fiduciary net position as a percentage of the total pension liability	90.20%	87.80%	87.30%	91.90%
<b><u>Contributory Retirement System</u></b>				
Proportion of the net pension liability (asset)	0.0910461%	0.1188996%	0.2187864%	0.2584563%
Proportionate share of the net pension liability (asset)	\$ 26,262	\$ 83,637	\$ 71,786	\$ 21,032
Covered employee payroll	\$ 48,694	\$ 50,702	\$ 52,496	\$ 52,445
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	53.90%	164.96%	136.75%	40.10%
Plan fiduciary net position as a percentage of the total pension liability	94.00%	85.70%	92.90%	98.20%
<b><u>Public Safety System</u></b>				
Proportion of the net pension liability (asset)	1.6392489%	1.6049646%	1.5655414%	1.6054773%
Proportionate share of the net pension liability (asset)	\$ 2,061,492	\$ 2,874,895	\$ 3,176,916	\$ 2,518,445
Covered employee payroll	\$ 2,705,050	\$ 2,509,565	\$ 2,348,967	\$ 2,460,104
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	76.20%	114.56%	135.25%	102.37%
Plan fiduciary net position as a percentage of the total pension liability	90.50%	87.10%	86.50%	90.20%
<b><u>Tier 2 Public Employees System</u></b>				
Proportion of the net pension liability (asset)	0.1811360%	0.2272923%	0.2538839%	0.2792006%
Proportionate share of the net pension liability (asset)	\$ (5,731)	\$ (496)	\$ 28,321	\$ 24,616
Covered employee payroll	\$ 928,294	\$ 1,468,363	\$ 2,082,056	\$ 2,733,422
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-0.60%	-0.03%	1.36%	0.90%
Plan fiduciary net position as a percentage of the total pension liability	103.50%	100.20%	95.10%	97.40%
<b><u>Tier 2 Public Safety and Firefighters System</u></b>				
Proportion of the net pension liability (asset)	0.2065054%	0.5353200%	0.5720758%	0.4977973%
Proportionate share of the net pension liability (asset)	\$ (3,055)	\$ (7,821)	\$ (4,966)	\$ (5,760)
Covered employee payroll	\$ 85,378	\$ 318,783	\$ 472,657	\$ 525,462
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-3.60%	-2.45%	-1.05%	-1.10%
Plan fiduciary net position as a percentage of the total pension liability	120.50%	110.70%	103.60%	103.00%

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

**Tooele County, Utah**  
**Schedule of Contributions**  
**Utah Retirement Systems**  
**Last 10 Fiscal Years Ending December 31**

	2012	2013	2014	2015	2016	2017	2018
<b><u>Noncontributory System</u></b>							
Contractually required contribution	\$ 1,492,963	1,215,741	1,241,242	1,248,836	1,216,462	1,199,044	1,211,945
Contributions in relation to the contractually required contribution	(1,492,963)	(1,215,741)	(1,241,242)	(1,248,836)	(1,216,462)	(1,199,044)	(1,211,945)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered employee payroll	10,243,234	7,337,695	6,725,074	6,845,530	6,695,518	6,598,007	6,629,771
Contributions as a percentage of covered-employee payroll	14.58%	16.57%	18.46%	18.24%	18.17%	18.17%	18.28%
<b><u>Contributory Retirement System</u></b>							
Contractually required contribution	-	-	-	7,332	7,591	7,584	7,892
Contributions in relation to the contractually required contribution	-	-	-	(7,332)	(7,591)	(7,584)	(7,892)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered employee payroll	-	-	-	50,702	52,496	52,445	54,578
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	14.46%	14.46%	14.46%	14.46%
<b><u>Public Safety System</u></b>							
Contractually required contribution	932,415	828,116	807,420	785,054	751,374	776,872	750,540
Contributions in relation to the contractually required contribution	(932,415)	(828,116)	(807,420)	(785,054)	(751,374)	(776,872)	(750,540)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered employee payroll	3,554,010	2,957,770	2,705,050	2,515,246	2,349,123	2,460,104	2,409,316
Contributions as a percentage of covered-employee payroll	26.24%	28.00%	29.85%	31.21%	31.99%	31.58%	31.15%
<b><u>Tier 2 Public Employees System *</u></b>							
Contractually required contribution	52,712	54,170	87,701	219,796	312,709	411,344	488,571
Contributions in relation to the contractually required contribution	(52,712)	(54,170)	(87,701)	(219,796)	(312,709)	(411,344)	(488,571)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered employee payroll	534,980	508,241	976,988	1,478,296	2,097,200	2,745,808	3,193,649
Contributions as a percentage of covered-employee payroll	9.85%	10.66%	8.98%	14.87%	14.91%	14.98%	15.30%

**Tooele County, Utah**  
**Schedule of Contributions**  
**Utah Retirement Systems**  
**Last 10 Fiscal Years Ending December 31**

	2012	2013	2014	2015	2016	2017	2018
<b><u>Tier 2 Public Safety and Firefighters System *</u></b>							
Contractually required contribution	7,563	5,277	9,305	71,848	107,041	118,962	168,726
Contributions in relation to the contractually required contribution	(7,563)	(5,277)	(9,305)	(71,848)	(107,041)	(118,962)	(168,726)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered employee payroll	69,992	47,755	85,378	319,110	474,271	527,014	740,115
Contributions as a percentage of covered-employee payroll	10.81%	11.05%	10.90%	22.52%	22.57%	22.57%	22.80%
<b><u>Tier Public Employees DC Only System</u></b>							
Contractually required contribution	-	-	-	25,051	31,324	35,438	40,753
Contributions in relation to the contractually required contribution	-	-	-	(25,051)	(31,324)	(35,438)	(40,753)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered employee payroll	-	-	-	376,432	468,652	529,716	609,167
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	6.68%	6.69%	6.69%
<b><u>Tier 2 Public Safety and Firefighter DC Only System *</u></b>							
Contractually required contribution	-	-	-	5,500	10,732	14,653	19,240
Contributions in relation to the contractually required contribution	-	-	-	(5,500)	(10,732)	(14,653)	(19,240)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered employee payroll	-	-	-	46,493	90,720	123,865	160,142
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	11.83%	11.83%	12.01%

Amounts presented were determined as of calendar year January 1 - December 31. Employers will be required to prospectively develop this table in future years to show 10-years of information. Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

\*Contribution 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. Contribution as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

**Tooele County, Utah**  
**Notes to Required Supplementary Information**  
**For the Year Ended December 31, 2018**

---

Changes in Assumptions - Pension Liabilities:

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

## **SUPPLEMENTARY INFORMATION**

**Tooele County, Utah**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Capital Projects General**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Interest on investments	\$ -	-	94,592	94,592
Intergovernmental	-	95,000	1,094,426	999,426
Impact fees	350,000	450,000	504,008	54,008
Total revenues	<u>350,000</u>	<u>545,000</u>	<u>1,693,026</u>	<u>1,148,026</u>
<b><u>Expenditures</u></b>				
Capital outlay	<u>1,300,000</u>	<u>3,790,000</u>	<u>2,735,848</u>	<u>1,054,152</u>
Total expenditures	<u>1,300,000</u>	<u>3,790,000</u>	<u>2,735,848</u>	<u>1,054,152</u>
Excess revenues over (under) expenditures	<u>(950,000)</u>	<u>(3,245,000)</u>	<u>(1,042,822)</u>	<u>2,202,178</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	1,300,000	3,595,000	3,595,000	-
Operating transfers out	<u>(350,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>
Total other financing sources and (uses)	<u>950,000</u>	<u>3,145,000</u>	<u>3,145,000</u>	<u>-</u>
Net change in fund balance	-	(100,000)	2,102,178	2,202,178
Fund balances - beginning of year	<u>3,036,759</u>	<u>3,036,759</u>	<u>3,036,759</u>	<u>-</u>
Fund balances - end of year	<u>\$ 3,036,759</u>	<u>2,936,759</u>	<u>5,138,937</u>	<u>2,202,178</u>

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

**Tooele County, Utah**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2018**

---

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes. Tooele County has the following nonmajor special revenue funds:

*Aging and Adult Services* - This fund is used to account for state funding and charges for services related to the activities assisting the aging citizens of the County.

*Transient room tax* - This fund is used to account for transient room tax revenue and expenditures related to the promotion of tourism in the County.

*Transportation* - This fund is used to account for revenue and expenditures related to transportation in the County.

*Redevelopment Agency* - This fund is used to account for redevelopment agency transactions conducted by the County, including property acquisition, site improvements, preparation costs, installation of public improvements, and administration costs.

Debt Service Funds

Debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds. Tooele County has the following nonmajor debt service fund:

*Debt Service* - This fund is used to account for principal and interest on bonds used to finance construction in the County.

**Tooele County, Utah**  
**Combining Balance Sheet - Continued**  
**Nonmajor Governmental Funds**  
**December 31, 2018**

	Special Revenue					Total
	Aging and Adult Services	Transient Room Tax	Transportation Fund	Redevelopment Agency	Debt Service	
<b>Assets and Deferred Outflows of Resources</b>						
Cash and cash equivalents	\$ 855,353	-	841	97,855	396,637	1,350,686
Restricted cash	-	2,267,547	-	-	-	2,267,547
Receivables -						
Accounts (net)	161,754	163,587	-	-	547	325,888
Inventory	1,381	-	-	-	-	1,381
Prepaid expenditures	199	-	-	-	-	199
Total assets and deferred outflows of resources	\$ 1,018,687	2,431,134	841	97,855	397,184	3,945,701
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities						
Accounts payable	\$ 40,740	79,828	-	-	-	120,568
Accrued liabilities	21,585	-	-	-	-	21,585
Total liabilities	62,325	79,828	-	-	-	142,153
Fund Balances						
Nonspendable	1,580	-	-	-	-	1,580
Restricted for						
Transient room/ Restaurant tax Assigned	-	2,351,305	-	-	-	2,351,305
Special Revenue Funds	954,782	-	841	97,855	-	1,053,478
Debt Service Funds	-	-	-	-	397,184	397,184
Total fund balances	956,362	2,351,305	841	97,855	397,184	3,803,547
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,018,687	2,431,133	841	97,855	397,184	3,945,700

**Tooele County, Utah**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance - Continued**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2018**

	Special Revenue					Total
	Aging and Adult Services	Transient Room Tax	Transportation Fund	Redevelopment Agency	Debt Service	
<b>Revenues</b>						
Taxes	\$ -	1,068,635	-	10,012	-	1,078,647
Intergovernmental	1,528,018	118,206	190,756	-	-	1,836,980
Charges for services	93,643	-	-	-	-	93,643
Interest on investments	-	59,770	-	-	17,321	77,091
Other	33,431	-	-	-	-	33,431
Total revenues	1,655,092	1,246,611	190,756	10,012	17,321	3,119,792
<b>Expenditures</b>						
Tourism and promotion	-	861,512	-	-	-	861,512
Public health and human services	1,970,456	-	-	-	-	1,970,456
Debt Service						
Principal	-	-	-	-	230,040	230,040
Interest	-	-	-	-	34,858	34,858
Bond costs	-	-	-	-	4,103	4,103
Total expenditures	1,970,456	861,512	-	-	269,001	3,100,969
Excess revenues over (under) expenditures	(315,364)	385,099	190,756	10,012	(251,680)	18,823
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	585,116	-	-	-	266,670	851,786
Operating transfers out	-	(160,000)	(190,756)	(10,000)	-	(360,756)
Total other financing sources (uses)	585,116	(160,000)	(190,756)	(10,000)	266,670	491,030
Net change in fund balance	269,752	225,099	-	12	14,990	509,853
Fund balances - beginning of year, as adjusted	686,610	2,126,206	841	97,843	382,194	3,293,694
Fund balances - end of year	\$ 956,362	2,351,305	841	97,855	397,184	3,803,547

The notes to the financial statements

**Tooele County, Utah**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Aging and Adult Services**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 1,164,000	1,377,000	1,528,018	151,018
Charges for services	116,700	96,300	93,643	(2,657)
Other	35,000	35,000	33,431	(1,569)
Total revenues	<u>1,315,700</u>	<u>1,508,300</u>	<u>1,655,092</u>	<u>146,792</u>
<b><u>Expenditures</u></b>				
Public health and human services	<u>2,016,616</u>	<u>2,093,416</u>	<u>1,970,456</u>	<u>122,960</u>
Total expenditures	<u>2,016,616</u>	<u>2,093,416</u>	<u>1,970,456</u>	<u>122,960</u>
Excess revenues over (under) expenditures	<u>(700,916)</u>	<u>(585,116)</u>	<u>(315,364)</u>	<u>269,752</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	<u>700,916</u>	<u>585,116</u>	<u>585,116</u>	<u>-</u>
Total other financing sources and (uses)	<u>700,916</u>	<u>585,116</u>	<u>585,116</u>	<u>-</u>
Net change in fund balance	-	-	269,752	269,752
Fund balances - beginning of year	<u>686,610</u>	<u>686,610</u>	<u>686,610</u>	<u>-</u>
Fund balances - end of year	<u>\$ 686,610</u>	<u>686,610</u>	<u>956,362</u>	<u>269,752</u>

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

**Tooele County, Utah**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Transient Room Tax**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 890,000	890,000	1,068,635	178,635
Intergovernmental	150,000	150,000	118,206	(31,794)
Interest on investments	-	-	59,770	59,770
Total revenues	<u>1,040,000</u>	<u>1,040,000</u>	<u>1,246,611</u>	<u>206,611</u>
<b><u>Expenditures</u></b>				
Tourism and promotion	934,750	1,354,750	861,512	493,238
Total expenditures	<u>934,750</u>	<u>1,354,750</u>	<u>861,512</u>	<u>493,238</u>
Excess revenues over (under) expenditures	<u>105,250</u>	<u>(314,750)</u>	<u>385,099</u>	<u>699,849</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers out	<u>(147,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	-
Total other financing sources and (uses)	<u>(147,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	-
Net change in fund balance	(41,750)	(474,750)	225,099	699,849
Fund balances - beginning of year	2,126,206	2,126,206	2,126,206	-
Fund balances - end of year	<u>\$ 2,084,456</u>	<u>1,651,456</u>	<u>2,351,305</u>	<u>699,849</u>

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

**Tooele County, Utah**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Transportation Fund**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ -	-	190,756	190,756
Total revenues	-	-	190,756	190,756
<b><u>Expenditures</u></b>				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	190,756	190,756
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers out	-	-	(190,756)	(190,756)
Total other financing sources and (uses)	-	-	(190,756)	(190,756)
Net change in fund balance	-	-	-	-
Fund balances - beginning of year, as adjusted	841	841	841	-
Fund balances - end of year	<u>\$ 841</u>	<u>841</u>	<u>841</u>	<u>-</u>

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

**Tooele County, Utah**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Redevelopment Agency**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ -	45,000	10,012	(34,988)
Other	-	30,000	-	(30,000)
Total revenues	-	75,000	10,012	(64,988)
<b><u>Expenditures</u></b>				
General government	-	40,000	-	40,000
Total expenditures	-	40,000	-	40,000
Excess revenues over (under) expenditures	-	35,000	10,012	(24,988)
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers out	-	(35,000)	(10,000)	25,000
Total other financing sources and (uses)	-	(35,000)	(10,000)	25,000
Net change in fund balance	-	-	12	12
Fund balances - beginning of year	97,843	97,843	97,843	-
Fund balances - end of year	<u>\$ 97,843</u>	<u>97,843</u>	<u>97,855</u>	<u>12</u>

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

**Tooele County, Utah**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Debt Service**  
**For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Interest on investments	\$ -	14,000	17,321	3,321
Total revenues	-	14,000	17,321	3,321
<b><u>Expenditures</u></b>				
Debt Service				
Principal	230,000	244,170	230,040	14,130
Interest	20,000	20,000	34,858	(14,858)
Bond costs	2,500	2,500	4,103	(1,603)
Total expenditures	252,500	266,670	269,001	(2,331)
Excess revenues over (under) expenditures	(252,500)	(252,670)	(251,680)	990
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	252,500	266,670	266,670	-
Total other financing sources and (uses)	252,500	266,670	266,670	-
Net change in fund balance	-	14,000	14,990	990
Fund balances - beginning of year	382,194	382,194	382,194	-
Fund balances - end of year	<u>\$ 382,194</u>	<u>396,194</u>	<u>397,184</u>	<u>990</u>

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

**Tooele County, Utah**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**December 31, 2018**

	Service Equipment	Central Stores	Total
<b><u>Assets</u></b>			
Current assets			
Cash and cash equivalents	\$ 872,247	-	872,247
Inventory	-	4,892	4,892
Total current assets	872,247	4,892	877,139
Noncurrent assets			
Equipment	1,587,578	-	1,587,578
Less: accumulated depreciation	(332,444)	-	(332,444)
Total noncurrent assets	1,255,134	-	1,255,134
Total assets	\$ 2,127,381	4,892	2,132,273
<b><u>Liabilities</u></b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 153,895	161,414	315,309
Checks written in excess of cash	-	48,094	48,094
Total current liabilities	153,895	209,508	363,403
Total liabilities	\$ 153,895	209,508	363,403
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ 1,255,134	-	1,255,134
Unrestricted	718,352	(204,616)	513,736
Total net position	\$ 1,973,486	(204,616)	1,768,870

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

**Tooele County, Utah**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended December 31, 2018**

	Service Equipment	Central Stores	Total
<b><u>Operating Revenues</u></b>			
Assessments	\$ 366,158	8,387	374,545
Total operating revenues	366,158	8,387	374,545
<b><u>Operating Expenses</u></b>			
Maintenance and supplies	13,463	64,681	78,144
Depreciation and amortization	79,569	-	79,569
Total operating expenses	93,032	64,681	157,713
Operating income (loss)	273,126	(56,294)	216,832
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Interest revenue	19,145	-	19,145
Total nonoperating Revenues (expenses)	19,145	-	19,145
Income before transfers	292,271	(56,294)	235,977
Change in net position	292,271	(56,294)	235,977
Net position - beginning of year	1,681,215	(148,322)	1,532,893
Net position - end of year	\$ 1,973,486	(204,616)	1,768,870

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

**Tooele County, Utah**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2018**

	Service Equipment	Central Stores	Total
<b><u>Cash Flows From Operating Activities</u></b>			
Receipts from assessments to businesses and others	\$ 366,158	8,387	374,545
Payments to suppliers	24,607	18,190	42,797
Net cash provided (used) by operating activities	390,765	26,577	417,342
<b><u>Cash Flows From Noncapital Financing Activities</u></b>			
Transfers from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>			
Purchase of capital assets	(830,360)	-	(830,360)
Net cash provided (used) by capital financing activities	(830,360)	-	(830,360)
<b><u>Cash Flows From Investing Activities</u></b>			
Interest and dividends received	19,145	-	19,145
Net cash provided (used) by investing activities	19,145	-	19,145
Net increase (decrease) in cash and cash equivalents	(420,450)	26,577	(393,873)
Cash and cash equivalents - beginning	1,292,696	(74,672)	1,218,024
Cash and cash equivalents - ending	\$ 872,246	(48,095)	824,151

**Reconciliation of Operating Income to Net Cash Provided  
(Used) by Operating Activities**

Operating income	\$ 273,126	(56,294)	216,832
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	79,569	-	79,569
(Increase) decrease in inventory	-	8,455	8,455
Increase (decrease) in accounts payable	38,070	74,416	112,486
Total adjustments	117,639	82,871	200,510
Net cash provided (used) by operating activities	\$ 390,765	26,577	417,342

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

**Tooele County, Utah**  
**Combining Statement of Fiduciary Assets & Liabilities**  
**Agency Fund Types**  
**For the Year Ended December 31, 2018**

	County General Agency Fund	Treasurer's Tax Fund	Total
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 1,305,848	16,052,723	17,358,571
Other receivable	3,115	-	3,115
Total assets	<u>\$ 1,308,963</u>	<u>16,052,723</u>	<u>17,361,686</u>
<b><u>Liabilities</u></b>			
Taxes payable	\$ -	16,052,723	16,052,723
Developer bonds payable	678,029	-	678,029
Court bail bonds payable	254,124	-	254,124
Due to other entities	376,810	-	376,810
Total liabilities	<u>\$ 1,308,963</u>	<u>16,052,723</u>	<u>17,361,686</u>

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

**Tooele County, Utah**  
**Combining Statement of Changes in Fiduciary Assets & Liabilities**  
**Agency Fund Types**  
**For the Year Ended December 31, 2018**

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<b><u>Assets</u></b>				
Cash and cash equivalents - General Agency	\$ 1,549,672	1,447,183	(1,691,007)	1,305,848
Cash and cash equivalents - Treasurer's Tax Fund	30,461,138	68,633,400	(83,041,815)	16,052,723
Other receivable	-	3,115	-	3,115
Total assets	<u>\$ 32,010,810</u>	<u>70,083,698</u>	<u>(84,732,822)</u>	<u>17,361,686</u>
<b><u>Liabilities</u></b>				
Taxes payable - Treasurer's Tax Fund	\$ 30,461,138	68,633,400	(83,041,815)	16,052,723
Developer bonds payable	790,491	252,398	(364,861)	678,028
Court bail bonds/ surcharge payable	285,485	604,429	(635,790)	254,124
Due to other entities	473,695	593,471	(690,356)	376,810
Total liabilities	<u>\$ 32,010,809</u>	<u>70,083,698</u>	<u>(84,732,822)</u>	<u>17,361,685</u>

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

**Tooele County, Utah**  
**Schedule of Receipts and Disbursements - Treasurer's Collection Account**  
**For the Year Ended December 31, 2018**

	Treasurer's Balance December 31, 2017	Collection Receipts	Amounts Apportioned	Distributions	Treasurer's Balance December 31, 2018
<b>Tax Collection Accounts</b>					
Current year taxes & assessments		\$ 59,737,519	(59,737,519)		
Fee in lieu		4,321,737	(4,321,737)		
Redemptions of prior year tax		3,662,340	(3,662,340)		
Penalties, interest, and cost		384,266	(384,266)		
Other collections and refunds		527,538	(527,538)		
Total Collections		<u>68,633,400</u>	<u>(68,633,400)</u>		
County General Fund	3,477,012		7,321,459	9,570,172	1,228,299
County Municipal Fund	1,227,100		2,126,097	2,825,153	528,044
<b>School Districts</b>					
Tooele County - Basic	3,011,426		20,169,673	21,927,989	1,253,110
Tooele County - Local	13,565,549		23,109,842	30,178,672	6,496,719
Tooele County - Charter School	221,054		510,084	633,454	97,684
<b>Assessing and Collecting</b>					
A/C State	21,294		40,972	55,508	6,758
A/C County	972,235		1,968,883	2,589,247	351,871
<b>Cities and Towns</b>					
Tooele City	1,521,418		5,336,720	6,203,644	654,494
Grantsville City	731,019		1,541,923	2,045,569	227,373
Wendover City	38,219		211,455	218,727	30,947
Stockton Town	28,648		104,842	118,729	14,761
Vernon Town	3,864		8,731	10,570	2,025
Ophir Town	(18)		-	(18)	-
Rush Valley Town	16,071		28,353	33,344	11,080
<b>Other Districts</b>					
Lakepoint Improvement District	16,475		23,116	35,262	4,329
Stansbury Park Improvement District	30,645		57,347	84,622	3,370
Tooele Valley Mosquito Abatement District	359,149		716,407	916,036	159,520
Stansbury Greenbelt Service Area	285,465		546,250	803,276	28,439
Stansbury Recreation Service Area	284,038		543,583	799,329	28,292
No. Tooele County Fire Service District	522,325		1,145,061	1,367,857	299,529
Rush Valley Water Conservancy District	8,814		15,135	18,128	5,821
Lakepoint Cemetery and Park Service Area	21,954		48,905	61,551	9,308
No. Tooele City Special Service District	22,332		46,404	65,962	2,774
South Rim Special Service District	4,346		13,967	17,266	1,047
Total Due to Taxing Units	<u>26,390,434</u>		<u>65,635,209</u>	<u>80,580,049</u>	<u>11,445,594</u>

**Tooele County, Utah**  
**Schedule of Receipts and Disbursements -**  
**Treasurer's Collection Account - continued**  
**For the Year Ended December 31, 2018**

	Treasurer's Balance December 31, 2017	Collection Receipts	Amounts Apportioned	Distributions	Treasurer's Balance December 31, 2018
Other					
Tooele City RDA	2,171,933		2,407,720	2,171,933	2,407,720
County General RDA	10,012		10,942	10,012	10,942
School Basic RDA	141,246		-	141,246	-
Woodbury Corporation RDA	190,227		207,894	190,227	207,894
Purple Corporation	239,157		371,635	239,158	371,634
Total Other	<u>2,752,575</u>		<u>2,998,191</u>	<u>2,752,576</u>	<u>2,998,190</u>
Total	29,143,009		68,633,400	83,332,625	14,443,784
Carryover (over/short)	791,827		-	(98,273)	890,100
Prepayments	186,354		-	3,277	183,077
Refunds	339,948		-	(195,814)	535,762
Grand Total	<u>\$ 30,461,138</u>	<u>68,633,400</u>	<u>-</u>	<u>83,041,815</u>	<u>16,052,723</u>

**Tooele County, Utah**  
**Statement of Taxes Charged, Collected, and Distributed**  
**For the 2018 Property Tax Year**

	Year-End Real Property & Centrally Assessed Values			Year-End Personal Property Values			Property Tax Calculation					Total Taxes Charged
	Real Property	Centrally Assessed	Total	Personal Property	Total	Entity Total Adjusted Value	Current Year Tax Rate	Prior Year Tax Rate	Real Property & Centrally Assessed Tax Charged	Personal Property Tax Charged	Total Taxes Charged	
<b>Taxing Units</b>												
<b>County Funds</b>												
General	\$ 3,471,149,160	\$ 777,298,636	\$ 4,248,447,796	\$ 222,727,679	\$ 222,727,679	\$ 4,471,175,475	0.001455	0.001457	\$ 6,181,492	\$ 324,514	\$ 6,506,006	
Health	3,471,149,160	777,298,636	4,248,447,796	222,727,679	222,727,679	4,471,175,475	0.000189	0.000193	802,957	42,986	845,943	
Assessing & collecting	3,471,149,160	777,298,636	4,248,447,796	222,727,679	222,727,679	4,471,175,475	0.000430	0.000440	1,826,833	98,000	1,924,833	
Municipal type service	1,234,803,299	660,841,714	1,895,645,013	78,574,057	78,574,057	1,974,219,070	0.001143	0.001270	2,166,722	99,789	2,266,511	
<b>School Districts</b>												
Tooele County - Basic	3,471,149,160	777,298,636	4,248,447,796	222,727,679	222,727,679	4,471,175,475	0.004680	0.004518	19,882,736	1,006,284	20,889,020	
Tooele County - Local	3,471,149,160	777,298,636	4,248,447,796	222,727,679	222,727,679	4,471,175,475	0.005398	0.004512	22,933,121	1,004,947	23,938,068	
Tooele County - Charter School	3,471,149,160	777,298,636	4,248,447,796	222,727,679	222,727,679	4,471,175,475	0.000121	0.000092	514,062	20,491	534,553	
State Assessing & Collecting	3,471,149,160	777,298,636	4,248,447,796	222,727,679	222,727,679	4,471,175,475	0.000009	0.000010	38,236	2,227	40,463	
<b>Cities and Towns</b>												
Tooele City	1,556,988,638	66,294,116	1,623,282,754	113,781,210	113,781,210	1,737,063,964	0.003334	0.001938	5,412,025	220,508	5,632,533	
Grantsville City	589,311,929	20,329,414	609,641,343	27,470,314	27,470,314	637,111,657	0.002326	0.002542	1,418,026	69,830	1,487,856	
Wendover City	40,123,163	12,011,248	52,134,411	2,655,195	2,655,195	54,789,606	0.003497	0.003638	182,314	9,660	191,974	
Stockton Town	24,596,856	3,926,594	28,523,450	102,801	102,801	28,626,251	0.003705	0.002687	105,679	276	105,955	
Vernon Town	6,921,823	2,040,247	8,962,070	18,156	18,156	8,980,226	0.000838	0.000884	7,510	16	7,526	
Rush Valley Town	18,403,452	11,855,303	30,258,755	125,946	125,946	30,384,701	0.000885	0.000931	26,779	117	26,896	
<b>Other Districts</b>												
Lakepoint Improvement District	120,124,648	11,453,637	131,578,285	4,588,711	4,588,711	136,166,996	0.000148	0.000152	19,474	697	20,171	
Stansbury Park Improvement District	541,650,870	11,013,326	552,664,196	4,300,950	4,300,950	556,965,146	0.000099	0.000104	54,714	447	55,161	
Tooele Valley Mosquito Abatement District	1,693,161,060	375,459,853	2,068,620,913	78,502,155	78,502,155	2,147,123,068	0.000348	0.000338	709,537	26,534	736,071	
Stansbury Greenbelt Service Area	504,976,462	7,685,993	512,662,455	4,056,813	4,056,813	516,719,268	0.001018	0.001055	521,890	4,280	526,170	
Stansbury Recreation Service Area	504,976,462	7,685,993	512,662,455	4,056,813	4,056,813	516,719,268	0.001013	0.001050	519,327	4,260	523,587	
No. Tooele County Fire Service District	1,145,558,194	384,009,714	1,529,567,908	71,240,808	71,240,808	1,600,808,716	0.000751	0.000701	1,148,705	49,940	1,198,645	
Rush Valley Water Conservancy District	78,604,338	132,152,642	210,756,980	2,271,371	2,271,371	213,028,351	0.000073	0.000079	15,385	179	15,564	
Lakepoint Cemetery and Park Service Area	112,414,715	11,207,734	123,622,449	4,321,973	4,321,973	127,944,422	0.000333	0.000340	41,166	1,469	42,635	
No. Tooele City Special Service District	123,925,008	608,320	124,533,328	682,734	682,734	125,216,062	0.000340	0.000328	42,341	224	42,565	
South Rim Special Service District	53,176,426	1,717,940	54,894,366	3,052	3,052	54,897,418	0.000243	0.000203	13,339	1	13,340	
<b>GRAND TOTAL</b>									\$ 64,584,370	\$ 2,987,676	\$ 67,572,046	

**Tooele County, Utah**  
**Statement of Taxes Charged, Collected, and Distributed**  
**For the 2018 Property Tax Year**

Taxing Units	Total Taxes Charged		Treasurer's Relief		Net Taxes Collected and Apportioned		Reallocation of Personal Prop		Fee in Lieu		Other Collections		Tax Increment		Refunds Paid		Total Distribution
	Unpaid Taxes	Total	Abatement	Other	Amount	Percent	Personal Prop	Percent	Misc. Collections	Delinquencies Tax	Int/Pen	Paid	Unpaid	Int/Pen	Paid	Unpaid	
County Funds	\$ 6,506,006	\$ 424,940	\$ 115,310		\$ 5,965,756	91.70%	\$ (5,478)	91.70%	\$ 406,703	\$ 378,726	\$ 280,221	\$ 358,236	\$ 247,152	\$ 6,477,496		\$ 247,152	\$ 6,477,496
General	845,943	55,438	14,978		775,527	91.68%	(1,681)	91.68%	52,824	42,119	197	-	32,550	845,963		32,550	845,963
Health	1,924,833	126,187	34,078		1,764,568	91.67%	(8,843)	91.67%	121,168	148,971	-	-	74,136	1,968,883		74,136	1,968,883
Assessing & collecting	2,266,511	182,189	30,621		2,053,701	90.61%	(7,767)	90.61%	104,160	110,079	1,920	15,707	154,102	2,126,097		154,102	2,126,097
Municipal type service																	
School Districts	20,889,020	1,338,306	370,894		19,179,820	91.82%	2,448	91.82%	1,308,320	1,138,447	39,604	918,852	747,766	20,169,673		747,766	20,169,673
Tooele County - Basic	23,938,068	1,536,963	427,796		21,973,309	91.79%	11,349	91.79%	1,509,257	1,289,402	45,718	1,059,821	849,002	23,109,842		849,002	23,109,842
Tooele County - Local	534,553	33,469	9,589		491,495	91.95%	1,512	91.95%	34,036	17,722	-	23,757	14,638	510,084		14,638	510,084
Tooele County - Charter School	40,465	2,692	713		37,058	91.58%	(301)	91.58%	2,533	2,975	-	-	1,680	40,972		1,680	40,972
State Assessing & Collecting																	
Cities and Towns	5,632,533	279,199	125,031		5,228,303	92.82%	18,059	92.82%	416,221	206,567	8,868	534,485	25,042	5,336,720		25,042	5,336,720
Tooele City	1,487,856	61,757	30,115		1,395,984	93.83%	(7,407)	93.83%	125,897	133,830	2,809	43,510	72,760	1,541,923		72,760	1,541,923
Grantsville City	191,974	35,729	-		156,245	81.39%	(670)	81.39%	10,649	41,662	1,267	-	38	211,455		38	211,455
Wendover City	105,955	10,906	4,490		90,559	85.47%	26	85.47%	10,085	4,175	129	-	901	104,842		901	104,842
Stockton Town	7,526	474	158		6,894	91.60%	-	91.60%	1,156	617	26	-	-	8,731		-	8,731
Vernon Town	26,896	1,560	540		24,796	92.19%	(1)	92.19%	2,388	1,080	18	-	67	28,353		67	28,353
Rush Valley Town																	
Other Districts	20,171	1,028	276		18,867	93.54%	(47)	93.54%	1,451	2,737	44	-	23	23,116		23	23,116
Lakepoint Improvement District	55,161	920	1,562		52,679	95.30%	(27)	95.30%	4,672	1,561	34	1,352	297	57,347		297	57,347
Stansbury Park Improvement District	736,071	44,573	13,830		677,668	92.07%	(575)	92.07%	49,457	43,229	58	4,652	54,484	716,407		54,484	716,407
Tooele Valley Mosquito Abatement District	526,170	8,270	15,455		502,445	95.49%	(218)	95.49%	45,054	12,966	315	13,879	3,031	546,250		3,031	546,250
Stansbury Greenbelt Service Area	523,587	8,230	15,379		499,978	95.49%	(218)	95.49%	44,812	12,919	314	13,811	3,016	543,583		3,016	543,583
Stansbury Recreation Service Area	1,198,645	74,112	18,009		1,106,524	92.31%	(25)	92.31%	61,637	64,800	2,509	101,28	90,455	1,145,061		90,455	1,145,061
No. Tooele County Fire Service District	15,564	1,625	193		13,746	88.32%	(23)	88.32%	575	642	9	-	87	15,135		87	15,135
Rush Valley Water Conservancy District	42,635	2,311	569		39,755	93.24%	(91)	93.24%	2,970	5,998	96	-	3	48,905		3	48,905
Lakepoint Cemetery and Park Service Area	42,565	650	1,135		40,780	95.81%	(23)	95.81%	4,505	1,000	13	-	74	46,404		74	46,404
No. Tooele City Special Service District	13,340	456	491		12,393	92.90%	-	92.90%	1,227	316	7	-	27	13,967		27	13,967
South Rim Special Service District																	
<b>GRAND TOTAL</b>	<b>\$ 67,572,046</b>	<b>\$ 4,231,984</b>	<b>\$ 1,231,212</b>	<b>\$ -</b>	<b>\$ 62,108,850</b>		<b>\$ (1)</b>		<b>\$ 4,321,737</b>	<b>\$ 3,662,340</b>	<b>\$ 384,266</b>	<b>\$ 2,998,190</b>	<b>\$ 2,371,331</b>	<b>\$ 65,635,209</b>		<b>\$ 2,371,331</b>	<b>\$ 65,635,209</b>

## **OTHER REPORTS**

**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 Tooele County Commission  
Tooele County  
Tooele, Utah

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tooele County, Utah (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated June 18, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County’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 County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2018-A and 2018-B.

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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County’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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 2018-C.

**Tooele County’s Response to Findings**

The County’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs and schedule of findings and recommendations. The County’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



Larson & Company, PC

Spanish Fork, Utah

June 18, 2019

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

To the County Commission  
Tooele County  
Tooele, Utah

**Report on Compliance for Each Major Federal Program**

We have audited Tooele County’s (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended December 31, 2018. The County’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 the County’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 the County’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 the County’s compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County, 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 December 31, 2018.

**Report on Internal Control over Compliance**

Management of the County, 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 the County’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 the County’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. 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 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

Spanish Fork, Utah

June 18, 2019

**Tooele County, Utah**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Grant Number	Grant Expend- itures	Expenditures to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Utah Department of Human Services				
Title VII, Long-term Care Ombudsman Services for Older	93.042	160425	\$ 3,234	
Title III, PT F, Disease Prevention and Health Promo Serv	93.043	160425	3,015	
Title III, Part B, Grants for Supportive Services and Senio	93.044	160425	42,644	
Title III, Part C, Nutrition Services - HDM	93.045	160425	39,432	
Title III, Part C, Nutrition Services - CMM	93.045	160425	49,974	
Senior Medicare Patrol	93.048	160425	8,000	
Respite Program	93.052	160425	33,264	
Personal Responsibility Education Program	93.092	172700331	60,182	
Transitional Mental Health	93.243	160235	20,198	20,198
Immunizations Program	93.268	172700653	19,204	
Immunization Program - vaccine value	93.268	162700620/172700653	162,502	
Prion Disease Surveillance	93.521	162700397	702	
Alternatives - State	93.667	160425	13,109	
*EPICC - 1305	93.991	162700152	27,246	
*EPICC	93.991	192700379	10,488	
*EPICC - 1422	93.757	162700152	216,811	
*EPICC - 1815	93.757	192700379	2,632	
*EPICC - 1807	93.757	192700379	2,713	
*EPICC - 1817	93.757	192700379	7,280	
Medicaid Waiver Admin	93.778	160504	6,230	
Health Insurance Counseling	93.779	160425	26,750	
Arthritis/Chronic Disease	93.945	162700280	1,470	
SMHS Block Grant	93.958	160236	52,813	52,813
SAPT Block Grant	93.959	160235	353,899	353,899
MCH and Child Injury Prevention	93.994	172700857	14,371	
Passed Through Utah Department of Health				
Public Health Emergency Preparedness - MRC	93.069	172700083	5,000	
Public Health Emergency Preparedness /bioterr.	93.069	182700077	182,692	
City Readiness Initiative	93.069	192700044	76,533	
T.B. Medication Program	93.116	152700356	2,793	
Perscription Drug Overdose	93.136	172700016	54,804	
Abstinence Only Education	93.235	192700516	52,721	
Cancer Control Program - Wise Woman	93.283	162700955	24,492	
Comprehensive Tobacco Program	93.305	162700053	34,010	
Operation Vaporfront	93.305	162700053	8,438	
Public Health Emergency Preparedness - Hepatitis A	93.323	182700730	12,425	
ELC ACA Health Care Associated Infections	93.521	150877	4,563	
Cancer Screening	93.752	162700970	3,960	
LHD=ChEC	93.778	162700981	21,934	
Choice of Health Care Delivery, Consumer Ed. & Assist.	93.778	182700025/192700594	11,393	
TCM Early Childhood Development	93.778	162700095	33,522	
Opiod Crisis Grant	93.788	160235	2,926	
Health Care Preparedness (MRC)	93.889	162700044/182700077	9,150	
HIV Aids Counseling and Education	93.940	182700669	2,300	
STD Control	93.977	152700280	3,764	
MCH and Child Injury Prevention	93.994	182700963	11,349	
Traumatic Brain Injury	93.994	162700944	5,257	
MCH Block Grant	93.994	162700349	45,090	
Total U.S. Department of Health and Human Services			\$ 1,787,279	426,910

**Tooele County, Utah**  
**Schedule of Expenditures of Federal Awards - continued**  
**For the Year Ended December 31, 2018**

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Grant Number	Grant Expend- itures	Expenditures to Subrecipients
U.S Federal Emergency Management Agency Passed Through Utah Department of Public Safety Emergency Management Assistance	97.042		58,708	
Total U.S. Federal Emergency Management Agency			<u>58,708</u>	
U.S. Department of Agriculture / Food and Nutrition Service Passed Through Utah Department of Human Services Elderly Feeding Program, Cash-in-Lieu - CIH	93.053	160425	16,094	
Elderly Feeding Program, Cash-in-Lieu - CIC	93.053	160425	16,094	
Area Plan Administration	93.053	160425	14,565	
Passed Through Utah Department of Health *Women, Infants, and Children	10.557	152700146	463,246	
*Women, Infants, and Children - vouchers	10.557	152700146	775,290	
Total U.S. Department of Agriculture			<u>1,285,289</u>	
U.S. Department of Homeland Security Passed Through Utah Division of Emergency Services and Homeland Security Homeland Security	97.067		20,716	
Total U.S. Department of Homeland Security			<u>20,716</u>	
U.S. Department of Justice Passed Through the Utah Department of Human Services Children's Justice Grants to States	93.643	110199	182,422	
Total U.S. Department of Justice			<u>182,422</u>	
U.S. Department of Interior Invasive and Noxious Plant Management	15.230		142,663	
Secure Rural Schools, Title III	15.234		52,253	
Total U.S. Department of Interior			<u>194,916</u>	
U.S. Federal Aviation Administration / Airports Division Passed Through The State of Utah Terminal	20.106		142,432	
Total U.S. Federal Aviation Administration / Airports Division			<u>142,432</u>	
U.S. Department of Housing and Urban Development Passed Through Utah Division of Housing and Community Development Tooele County Housing Authority /Homeless Prevention	14.228	B-13-DC-49-0001	12,178	
Wasatch Front Regional Council - Pass Through	14.228		54,906	
Total U.S. Department of Housing and Urban Development			<u>67,084</u>	
		Total federal expenditures	<u>\$ 3,738,846</u>	<u>426,910</u>

\* major program

**Tooele County, Utah**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

---

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Tooele County, Utah under programs of the federal government for the year ended December 31, 2018. 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). Because the Schedule presents only a selected portion of the operations of Tooele County, Utah, it is not intended to and does not present the net position, or statement of activities of Tooele County, Utah.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Tooele County, Utah has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued on the governmental activities, business-type activities, each major fund, discretely presented component units, and the aggregate remaining fund information Unmodified

Internal Control over financial reporting:

Material weakness identified Yes

Significant deficiencies identified not considered to be material weaknesses None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weakness identified No

Significant deficiencies identified not considered to be material weaknesses None reported

Type of auditor’s report issued on compliance for major programs Unmodified

Any findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516 No

**Identification of major programs:**

Name of federal program or cluster CFDA Number

Special Supplemental Nutrition Program for Women, Infants, and Children 10.557  
 EPICC 93.757

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as a low-risk auditee? Yes

**Section II – Financial Statement Findings**

---

**2018-A: Material weakness in reconciliation process**

Criteria: Management is responsible for entity level controls over the reconciliation process. This is a critical component of a good internal control structure.

Condition: During our testwork, we noted some sub-ledger accounts were not reconciled to the general ledger at year-end. Reconciliations were not reviewed or approved by management.

Cause: The County did not have control processes in place during 2018 to ensure the preparation, accuracy, review, and approval of account reconciliations in a timely manner.

Effect: There exists a potential for material misstatements in the financial records or financial statements themselves that could go undetected by management. Other potential issues could arise as a result of incorrect financial information caused by the lack of ledger reconciliations.

Recommendation: Best practice internal controls should be identified, implemented, and functioning properly to ensure account balances are reconciled and reviewed frequently throughout the year. This will allow management to have up-to-date and accurate financial information throughout the year, as well as making preparations for the external audit an easier and smoother process.

Management response: Beginning in 2019, sub-ledgers are reconciled monthly and most transactions are charged to accounts at the time they are incurred rather than charged to a general clearing account and allocated later. Asset account are revised semi-annually with the help of departments. Ledgers are reviewed monthly by management and departments to verify accuracy. Commission reviews financial reports at monthly meetings with both the County Auditor and Treasurer present.

**2018-B: Material weakness in journal entry process**

Criteria: Management is responsible for entity level controls over the preparation, review and approval, and posting of journal entries. Journal entries are a normal part of the accounting function, however, each journal entry posted to the financial records should be reviewed for appropriateness and proper documentation.

Condition: It was noted during our review of significant journal entries, that the County did not retain proper documentation and approval of journal entries recorded by County personnel.

Cause: The County does not have a functioning control process for the review and approval of journal entries.

Effect: There exists a potential for material misstatements and/or fraudulent activity in the financial records or financial statements themselves that could go undetected by management.

Recommendation: Best practice internal controls should be identified, implemented, and functioning properly. Internal controls over journal entries should contain at a minimum, a review process of all journal entries made by someone in a management position and is not the same individual as the one recording the journal entry, the journal entry should be accompanied by sufficient documentation to allow others to determine accuracy and appropriateness of the entry.

Management response: Beginning in 2019, management now required standardized documentation for all journal entries. This documentation, at a minimum, is acknowledged by the department head requesting the entry and the Auditor. Entries over \$5,000 appear on the Commission consent agenda and require acknowledgment and approval from the Commission.

---

---

**Section III – Federal Award Findings and Questioned Costs**

---

---

No federal award findings to report.



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

To the County Commission
Tooele County
Tooele, Utah

Report on Compliance

We have audited Tooele County’s (the County) compliance with the following applicable state compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor, for the year ended December 31, 2018.

- Budgetary Compliance
Justice Courts
Restricted Taxes and Related Restricted Revenue
Public Treasurer’s Bond
Statement of Taxes Charged, Collected and Disbursed
Enterprise Fund Transfers, Reimbursements, Loans and Services
Fund Balance
Utah Retirement Systems
Open and Public Meetings Act
Cash Management
Tax Levy Revenue Recognition

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

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

Basis for Qualified Opinion on Budgetary Compliance

As described in the accompanying schedule of findings and recommendation, the County did not comply with requirements regarding Budgetary Compliance where total expenditures by fund should not exceed the amounts appropriated in the final adopted budget (see item 2018-C). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that area.

Qualified Opinion on Budgetary Compliance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2018.

### ***Unmodified Opinion on Each of the Other State Compliance Areas***

In our opinion, the County complied, in all material respects, with the other state compliance requirements referred to above for the year ended December 31, 2018.

### ***Other Matters***

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

### **Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

*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 state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and recommendations as item 2018-C to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and recommendations. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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  
June 18, 2019

---

---

**State Compliance Findings**

---

---

**Current year findings:**

**2018-C: Material weakness in budgetary compliance**

Criteria: *Utah Code 17-36-20* states that “no officer or employee of a county shall make any expenditure or encumbrance in excess of the total appropriation for any department. Any obligation that is contracted by any officer or employee in excess of the total departmental appropriation is the personal obligation of the officer or employee and is unenforceable against the county.

Condition: Expenditures materially exceeded the appropriated budget for multiple funds.

Cause: Multiple transactions were not entered on a timely basis, contracts entered into, and lack of review procedures allowed material excess expenditures over budgeted appropriations.

Effect: The County is not in compliance with budgetary compliance requirements required by the *State Compliance Audit Guide*, and are also not compliance with *Utah State Code*.

Recommendation: We recommend that the County Officials and management work together to implement appropriate internal controls over budgetary compliance. Periodic reviews (recommended monthly) of budget to actual reports should be performed. This will allow for timely and accurate information to be available to County Officials and management as decisions are made, and authorizations of expenditures are approved. We also recommend that County Officials and management update and follow a procurement policy which should dictate the level of authority authorizing transactions, and to allow the County to make appropriate decisions regarding the best value of goods or services received.

Management response: Beginning in 2019, management provides all departments individual access to reporting information that allows them to see their budget status in real time. Management also notifies departments on a quarterly basis of accounts that are in danger of exceeding budgeted appropriations. Departments, management, and governance will work together throughout the year to identify, correct, and prevent any expenditures in excess of budgeted appropriations.

**Prior Year Findings**

**2017-E: Material weakness in budgetary compliance**

Condition: Expenditures exceeded the appropriated budget for multiple funds

Status of finding: see current year state compliance findings.