

**NORTH TOOELE FIRE PROTECTION  
SERVICE DISTRICT**

FINANCIAL STATEMENTS

Year Ended December 31, 2023

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NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT

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Year Ended December 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
North Tooele Fire Protection Service District  
Stansbury Park, Utah

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of North Tooele Fire Protection Service District (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of North Tooele Fire Protection Service District, as of December 31, 2023, and the respective changes in its financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Tooele Fire Protection Service District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Tooele Fire Protection Service District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 North Tooele Fire Protection Service District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Tooele Fire Protection Service District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension schedules 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024 on our consideration of North Tooele Fire Protection Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Tooele Fire Protection Service District's internal control over financial reporting and compliance.

Salt Lake City, Utah  
June 20, 2024

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## Management's Discussion and Analysis

As management of North Tooele Fire Protection Service District, we offer readers of the North Tooele Fire Protection Service District financial statements this narrative overview and analysis of the financial activities of North Tooele Fire Protection Service District for the year ended December 31, 2023.

### **Financial Highlights**

- The assets and deferred outflows of resources of North Tooele Fire Protection Service District exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$5,768,371 (net position). Of this amount, \$1,514,555 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, North Tooele Fire Protection Service District's governmental funds reported combined ending fund balances of \$2,465,096. Approximately 49% of this total amount, \$1,215,739, is unassigned and available for spending at the government's discretion. Additionally, approximately 11% of this total, \$135,333, is assigned to capital projects.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,215,739, or 56% of total general fund expenditures.
- Construction in progress (CIP) projects completed during 2023 include the purchase of new brush truck and fire engine apparatus. CIP projects pending include the Lake Point Fire Station expansion, Stansbury Park Fire Station remodel, and construction of the new Arrowhead Fire Station.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to North Tooele Fire Protection Service District's basic financial statements. North Tooele Fire Protection Service District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The statement of net position presents information on all of North Tooele Fire Protection Service District's assets, deferred outflow of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of North Tooele Fire Protection Service District 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.

Both of the government-wide financial statements distinguish functions of North Tooele Fire Protection Service District that are principally supported by intergovernmental revenues (governmental activities).

The governmental activities of North Tooele Fire Protection Service District include fire-fighting services.

***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. North Tooele Fire Protection Service District, like any other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Both of the funds of North Tooele Fire Protection Service District can be grouped in one category: governmental funds.

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

North Tooele Fire Protection Service District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund, which are considered to be major funds.

North Tooele Fire Protection Service District adopts an annual appropriated budget for all its fund types. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

***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.

### **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 North Tooele Fire Protection Service District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,768,371 at the close of the most recent year.

A portion of North Tooele Fire Protection Service District’s net position (53%) reflects its investment in capital assets (e.g., land, construction in progress, water rights, buildings, machinery and equipment, and vehicles). North Tooele Fire Protection Service District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Net Position  
December 31, 2023 and 2022**

	Governmental Activities	
	2023	2022
Current and other assets	\$ 2,864,831	\$ 2,658,294
Capital assets	3,717,729	3,772,850
Total assets	6,582,560	6,431,144
Total deferred outflows of resources	179,738	121,656
Current and other liabilities	368,846	245,593
Long-term liabilities	612,076	-
Total liabilities	980,922	245,593
Total deferred inflows of resources	13,005	171,309
Net position:		
Investment in capital assets	3,067,729	3,772,850
Restricted	1,186,087	413,413
Unrestricted	1,514,555	1,949,635
Total net position	\$ 5,768,371	\$ 6,135,898

A portion of North Tooele Fire Protection Service District’s net position (\$1,092,244) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,514,555 is unrestricted and may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current year, North Tooele Fire Protection Service District is able to report positive balances in all three categories of net position.

**Governmental activities.** Governmental activities decreased the District’s net position by (\$367,527) in 2023, compared to an increase of \$198,539 in 2022. Property tax revenue decreased by approximately \$231,000 from 2022 to 2023, offset by increases in operating grants and contributions of approximately \$49,000. Total public safety expenses increased by approximately \$331,000. The increase in public safety expenses is related to hiring three additional full-time administrative employees and increased costs related to repairs and maintenance of an aging fleet.

**Changes in Net Position  
Years Ended December 31, 2023 and 2022**

	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 120,490	\$ 189,441
Operating grants and contributions	111,582	62,511
General revenues:		
Property taxes	1,822,951	2,053,909
Unrestricted investment earnings	19,341	4,935
Total revenues	2,074,364	2,310,796
Expenses:		
Public safety	2,411,984	2,082,561
Economic development	29,907	29,696
Total expenses	2,441,891	2,112,257
Increase (decrease) in net position	(367,527)	198,539
Net position - beginning	6,135,898	5,937,359
Net position - ending	\$ 5,768,371	\$ 6,135,898

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

As noted earlier, North Tooele Fire Protection Service District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of North Tooele Fire Protection Service District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing North Tooele Fire Protection Service District'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.

As of the end of the current year, North Tooele Fire Protection Service District's governmental funds reported combined ending fund balances of \$2,465,096. Approximately 49% of this total amount, or \$1,215,739, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Additionally, approximately 6% of the total, \$135,333, constitutes *assigned fund balance* which has been assigned to capital projects. Also, approximately 44% of the total, \$1,092,244, is *restricted fund balance* to indicate that it is not available for new spending because it has already been restricted for allowable public safety capital expenditures. Finally, approximately 1% of the total, \$21,780 is nonspendable fund balance.

The general fund is the chief operating fund of North Tooele Fire Protection Service District. At the end of the current year, unassigned fund balance of the general fund was \$1,215,739, which is approximately 98% of total general fund balance of \$1,237,519.

The fund balance of North Tooele Fire Protection Service District’s general fund increased by \$18,906 during the current year. The capital projects fund balance increased by \$369,367. The increase in the general fund balance results mainly from the increases in awarded grant funding. The increase in the capital projects fund balance resulted primarily from the purchase of capital assets.

**General Fund Budgetary Highlights**

During the year, budgeted expenditures were more than actual expenditures by \$21,338. There was also a decrease in appropriations of \$113,971 between the original and final amended budget. The decrease in appropriations between the original and final amended budget resulted from conservative budgeting in each category of public safety expenditures and adjustments made based on actual expenditures at the time of the budget review.

**Capital Asset and Debt Administration**

**Capital assets.** North Tooele Fire Protection Service District’s investment in capital assets for its governmental activities as of December 31, 2023 amounts to \$3,717,729 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, vehicles, water rights, and construction in progress. The net decrease in North Tooele Fire Protection Service District’s investment in capital assets for the current year was \$55,121.

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

- Purchase of a new Zoll defibrillators
- Purchase of a Wildland Simtable
- Completion of Brush Truck CIP
- Completion of new Rosenbauer Fire Engine CIP
- Surplus of Four Station MAKO Cascade System
- Surplus of one Lifepak defibrillator

**Capital Assets  
December 31, 2023 and 2022  
(net of depreciation)**

	Governmental Activities	
	2023	2022
Land	\$ 240,778	\$ 240,778
Buildings	1,761,397	1,848,734
Machinery and equipment	280,067	204,263
Vehicles	1,230,248	545,567
Water rights	8,500	8,500
Construction in progress	196,739	925,008
Total	\$ 3,717,729	\$ 3,772,850

Additional information on North Tooele Fire Protection Service District’s capital assets can be found in Note 3.

**Long-term debt.** At the end of the current year, the District had total debt of \$650,000. The debt represents a lease/purchase agreement entered into during the current year.

**Long-Term Debt  
December 31, 2023 and 2022**

	Governmental Activities	
	2023	2022
Lease	\$ 650,000	\$ -
Total	\$ 650,000	\$ -

Additional information on North Tooele Fire Protection Service District’s long-term debt can be found in Note 5.

**Requests for Information**

This financial report is designed to provide a general overview of North Tooele Fire Protection Service District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Administrator, 179 Country Club, Stansbury Park, UT 84074.

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**BASIC FINANCIAL STATEMENTS**

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT**  
**STATEMENT OF NET POSITION**  
December 31, 2023

	Governmental Activities
<b>Assets:</b>	
Cash and cash equivalents	\$ 1,291,632
Taxes receivable	295,091
Intergovernmental receivable	69,667
Prepays	21,780
Restricted assets:	
Cash and cash equivalents	1,064,516
Intergovernmental receivable	28,302
Capital assets not being depreciated:	
Land	240,778
Water rights	8,500
Construction in progress	196,739
Capital assets being depreciated, net of accumulated depreciation:	
Buildings	1,761,397
Machinery and equipment	280,067
Vehicles	1,230,248
Net pension asset	93,843
Total assets	<u>6,582,560</u>
<b>Deferred outflows of resources relating to pensions</b>	179,738
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	220,075
Noncurrent liabilities due within one year	148,771
Noncurrent liabilities due in more than one year	612,076
Total liabilities	<u>980,922</u>
<b>Deferred inflows of resources relating to pensions</b>	13,005
<b>Net position:</b>	
Investment in capital assets	3,067,729
Restricted for:	
Capital improvements	1,092,244
Net pension asset	93,843
Unrestricted	1,514,555
Total net position	<u><u>\$ 5,768,371</u></u>

The accompanying notes are an integral part of these financial statements.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2023

Activities / Functions	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
Public safety	\$ 2,411,984	\$ 120,490	\$ 111,582	\$ (2,179,912)
Economic development	29,907	-	-	(29,907)
Total governmental activities	<u>\$ 2,441,891</u>	<u>\$ 120,490</u>	<u>\$ 111,582</u>	<u>(2,209,819)</u>
General revenues:				
Property taxes				1,822,951
Unrestricted investment earnings				19,341
Total general revenues				<u>1,842,292</u>
Change in net position				(367,527)
<b>Net position - beginning</b>				<u>6,135,898</u>
<b>Net position - ending</b>				<u>\$ 5,768,371</u>

The accompanying notes are an integral part of these financial statements.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

December 31, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,291,632	\$ -	\$ 1,291,632
Taxes receivable	295,091	-	295,091
Other receivable	69,667	-	69,667
Due from other funds	-	250,000	250,000
Prepaid expenses	21,780	-	21,780
Cash and cash equivalents - restricted	-	1,064,516	1,064,516
Intergovernmental receivable - restricted	-	28,302	28,302
Total assets	<u>\$ 1,678,170</u>	<u>\$ 1,342,818</u>	<u>\$ 3,020,988</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 104,834	\$ 115,241	\$ 220,075
Due to other funds	250,000	-	250,000
Total liabilities	<u>\$ 354,834</u>	<u>\$ 115,241</u>	<u>\$ 470,075</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable property tax revenue	85,817	-	85,817
<b>Fund Balances:</b>			
Nonspendable - prepaid expenses	21,780	-	21,780
Restricted for public safety	-	1,092,244	1,092,244
Assigned to capital projects	-	135,333	135,333
Unassigned	1,215,739	-	1,215,739
Total fund balances	<u>1,237,519</u>	<u>1,227,577</u>	<u>2,465,096</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,678,170</u>	<u>\$ 1,342,818</u>	<u>\$ 3,020,988</u>

The accompanying notes are an integral part of these financial statements.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

December 31, 2023

**Total fund balance - governmental funds** \$ 2,465,096

Total net position reported for governmental activities in the statement of net position is different because:

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

Land	240,778	
Water rights	8,500	
Construction in progress	196,739	
Buildings, net of \$1,527,664 accumulated depreciatio	1,761,397	
Machinery and equipment, net of \$391,854 accumulated depreciatio	280,067	
Vehicles, net of \$1,371,281 accumulated depreciatio	<u>1,230,248</u>	3,717,729

Net pension asset, net pension liability, and related deferred outflows and inflows are not available resources payable in the current period and, therefore, are not reported in the funds. These balances at consist of:

Net pension asset	93,843	
Net pension liability	(13,178)	
Deferred outflows of resources related to pension:	179,738	
Deferred inflows of resources related to pension:	<u>(13,005)</u>	247,398

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.

Unavailable property tax revenue		85,817
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Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. All liabilities - both current and long-term portions - are reported in the statement of net position. These balance consist of:

Lease liability	(650,000)	
Accrued compensated absences	<u>(97,669)</u>	<u>(747,669)</u>

**Total net position - governmental activities** \$ 5,768,371

The accompanying notes are an integral part of these financial statements.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended December 31, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues:</b>			
Property taxes	\$ 1,902,688	\$ -	\$ 1,902,688
Intergovernmental	107,320	-	107,320
Investment earnings	4,709	14,632	19,341
Miscellaneous	18,059	-	18,059
Impact fees	-	82,431	82,431
Total revenues	<u>2,032,776</u>	<u>97,063</u>	<u>2,129,839</u>
<b>Expenditures:</b>			
Current:			
Public safety	2,155,963	1,601	2,157,564
Economic development	29,907	-	29,907
Capital Outlay	-	189,095	189,095
Total expenditures	<u>2,185,870</u>	<u>190,696</u>	<u>2,376,566</u>
Deficiency of revenues under expenditures	(153,094)	(93,633)	(246,727)
<b>Other financing sources (uses):</b>			
Proceeds from issuance of lease	-	650,000	650,000
Debt finance cost	-	(15,000)	(15,000)
Transfers	172,000	(172,000)	-
Total Other financing sources (uses):	<u>172,000</u>	<u>463,000</u>	<u>635,000</u>
Net change in fund balances	18,906	369,367	388,273
<b>Fund balances - beginning</b>	<u>1,218,613</u>	<u>858,210</u>	<u>2,076,823</u>
<b>Fund balances - ending</b>	<u>\$ 1,237,519</u>	<u>\$ 1,227,577</u>	<u>\$ 2,465,096</u>

The accompanying notes are an integral part of these financial statements.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

Year Ended December 31, 2023

<b>Net change in fund balances - total governmental funds</b>		\$ 388,273
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	190,595	
Depreciation expense	<u>(245,716)</u>	(55,121)
Revenues that are recorded in the statement of activities but do not provide current financial resources in governmental funds.		24,262
Certain property tax revenues that are collected several months after the District's fiscal year end are not considered available revenues in the governmental funds and are, instead, counted as deferred inflows of resources at year end. They are however, recorded as revenues in the statement of activities.		(79,737)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
Issuance of lease		(650,000)
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.		
Pension expense	43,747	
Compensated absences	<u>(38,951)</u>	<u>4,796</u>
<b>Change in net position of governmental activities</b>		<u>\$ (367,527)</u>

The accompanying notes are an integral part of these financial statements.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 2,123,994	\$ 2,181,286	\$ 1,902,688	\$ (278,598)
Intergovernmental	180,000	128,000	107,320	(20,680)
Investment earnings	500	3,000	4,709	1,709
Miscellaneous	10,500	12,100	18,059	5,959
<b>Total revenues</b>	<b>2,314,994</b>	<b>2,324,386</b>	<b>2,032,776</b>	<b>(291,610)</b>
<b>Expenditures:</b>				
Current:				
Public safety:				
Wages and payroll taxes	1,732,099	1,581,054	1,597,121	(16,067)
Insurance	63,207	76,143	68,071	8,072
Repairs and maintenance	118,000	118,500	110,878	7,622
Supplies	80,000	92,250	95,552	(3,302)
Utilities and fuel	63,613	74,413	75,741	(1,328)
Other	161,260	145,473	137,812	7,661
Equipment	94,000	89,375	70,788	18,587
Economic development	9,000	30,000	29,907	93
<b>Total expenditures</b>	<b>2,321,179</b>	<b>2,207,208</b>	<b>2,185,870</b>	<b>21,338</b>
Excess (deficiency) of revenues over (under) expenditures	(6,185)	117,178	(153,094)	(270,272)
<b>Other Financing Uses:</b>				
Transfers, net	(43,815)	172,000	172,000	-
<b>Net change in fund balances</b>	<b>(50,000)</b>	<b>289,178</b>	<b>18,906</b>	<b>(270,272)</b>
<b>Fund Balances - Beginning</b>	<b>1,218,613</b>	<b>1,218,613</b>	<b>1,218,613</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,168,613</b>	<b>\$ 1,507,791</b>	<b>\$ 1,237,519</b>	<b>\$ (270,272)</b>

The accompanying notes are an integral part of these financial statements.

# **NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

North Tooele Fire Protection Service District was organized on October 6, 1987. The District provides fire protection services to four communities in Tooele County. The District operates under a Board of Trustees, consisting of five members. Effective March 13, 2014, the District was reorganized from a special service district to a local district.

#### **Reporting Entity**

In evaluating how to define North Tooele Fire Protection Service District (the District) for financial reporting purposes, management has considered all potential component units. The decision of whether or not to include a potential component unit by the reporting entity is made by applying the criteria set forth in GASB statement No. 14. The basic, but not the only criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other considerations include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service, which considers whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. A third criterion used is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The District has no potential component units that meet the criteria set forth above. The financial statements of the District include all fund types required to be included within the financial statements under government accounting and reporting standards.

#### **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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are generally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applications that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

## **NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS**

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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.

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.

Property taxes 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government'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 *capital projects fund* accounts for the resources required for major capital improvements of the District.

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

### **Reconciliation of Government-wide and Fund Financial Statements**

Governmental funds use the *current financial resources measurement focus* and the *modified accrual basis of accounting*, while the government-wide financial statements use the *economic resources measurement focus* and the *accrual basis of accounting*. As a result, there are important differences between the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expense/expenditures reported on the fund financial statements and the government-wide financial statements. For example, many long-term assets and liabilities are excluded from the fund balance sheet but are included in the entity-wide financial statements. As a result, there must be reconciliation between the two statements to explain the differences. A reconciliation is included as part of the fund financial statements.

### **Budgetary Procedures and Budgetary Accounting**

Budgetary procedures for the District have been established by the Uniform Fiscal Procedures Act adopted by the State of Utah, which requires the legal adoption of a budget for all funds. Furthermore, in accordance with state law, all appropriations, except capital projects fund appropriations, lapse at the end of the budget year; accordingly, no encumbrances are recorded. The basis of accounting applied to each fund budget is the same basis as the related fund's financial statements.

A formal budget has been adopted and used as a control device during the year.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

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**Deposits and Investments**

The District’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.

**Interfund Transactions**

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered and for short-term interfund loans or transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Restricted Cash and Cash Equivalents**

Certain resources are classified as restricted cash and cash equivalents on the statement of net position and the balance sheet because their use is limited by loan agreements or restricted by state law.

**Capital Assets**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

In the government-wide financial statements, fixed assets are treated as capital assets. Capital assets include land, construction in progress, water rights, buildings, machinery and equipment, and vehicles. 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 two years. 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Machinery and equipment	5-15
Vehicles	10-20

**Compensated Absences**

All paid time off is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Employees can carry-over paid time off up to the maximum amount of 416 hours for permanent full-time administrative employees or 696 hours for permanent full-time firefighters. When employees terminate, they are paid for accrued and unused paid time off.

## **NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS**

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### **Fund Balance**

In the fund financial statements, governmental funds report a hierarchy of fund balance classifications (nonspendable, restricted, committed, assigned, and unassigned) based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Board of Trustees is the highest level of decision-making authority and has the ability to establish (and modify or rescind) fund balance commitments by formal resolution. The authority to assign fund balance to be used for a specific purpose is delegated to the District Chief.

Restricted amounts are considered to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed, assigned, and then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

### **Property Tax Revenues**

Property taxes are levied on January 1<sup>st</sup> based on the assessed value of property as listed on the previous May 31<sup>st</sup>. Assessed values are an approximation of market value. An evaluation of all real property must be made every year by the county assessor. Property taxes are delinquent after November 30<sup>th</sup>. The District's tax rate for 2023 was .000591. The District appropriates the entire amount to fire protection. There is no statutory maximum for the reduction of general obligation bonds.

### **Pensions**

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

### **Deferred Outflows/Inflows of Resources**

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

### **Estimates**

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

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2 – DEPOSITS AND INVESTMENTS**

Deposits and investments for local government are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, “the Act”) and by rules of the Utah Money Management Council (“the Council”). Following are discussions of the District’s exposure to various risks related to its cash management activities.

**Deposits**

	<u>Bank Balances</u>	<u>Book Balances</u>
Cash on deposit	<u>\$ 2,117,537</u>	<u>\$ 2,101,171</u>

*Custodial Credit Risk* – Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be recovered. The District’s policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the District to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2023, \$1,867,537 of the District’s bank balance of \$2,117,537 was uninsured and uncollateralized.

**Investments**

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

The District is authorized to invest in the Utah Public Treasurer’s Investment fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants’ average daily balance. The District’s investment in the PTIF is unrated.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

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As of December 31, 2023, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
State of Utah Public Treasurer's Investment Fund	\$ 254,977	\$ 254,977	\$ -	\$ -	\$ -

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limited the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the District’s investments are noted above.

*Concentration of Credit Risk* – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District’s policy to reduce this risk is to adhere to the rules of the Money Management Council. The Council’s Rule 17 limits investments in a single issuer of commercial paper and corporate obligations to between five and ten percent depending upon the total dollar amount held in the District’s portfolio at the time of purchase.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 3 – CAPITAL ASSETS**

Capital asset activity was as follows for the year ended December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 240,778	\$ -	\$ -	\$ 240,778
Water rights	8,500	-	-	8,500
Construction in progress	925,008	75,110	(803,379)	196,739
Total capital assets not being depreciated	<u>1,174,286</u>	<u>75,110</u>	<u>(803,379)</u>	<u>446,017</u>
Capital assets being depreciated:				
Buildings	3,289,031	-	-	3,289,031
Machinery and equipment	574,472	115,485	(18,036)	671,921
Vehicles	1,798,151	803,379	-	2,601,530
Total capital assets being depreciated	<u>5,661,654</u>	<u>918,864</u>	<u>(18,036)</u>	<u>6,562,482</u>
Less accumulated depreciation for:				
Buildings	(1,440,297)	(87,337)	-	(1,527,634)
Machinery and equipment	(370,209)	(39,681)	18,036	(391,854)
Vehicles	(1,252,584)	(118,698)	-	(1,371,282)
Total accumulated depreciation	<u>(3,063,090)</u>	<u>(245,716)</u>	<u>18,036</u>	<u>(3,290,770)</u>
Total capital assets being depreciated, net	<u>2,598,564</u>	<u>673,148</u>	<u>-</u>	<u>3,271,712</u>
Capital assets, net	<u>\$ 3,772,850</u>	<u>\$ 748,258</u>	<u>\$ (803,379)</u>	<u>\$ 3,717,729</u>

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

Public safety	<u>\$ 245,716</u>
Total depreciation expense	<u>\$ 245,716</u>

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 4 – LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Lease	\$ -	\$ 650,000	\$ -	\$ 650,000	\$ 51,102
Compensated absences	58,718	102,096	(63,145)	97,669	97,669
Net pension liability	-	13,178	-	13,178	-
Total long-term liabilities	<u>\$ 58,718</u>	<u>\$ 765,274</u>	<u>\$ (63,145)</u>	<u>\$ 760,847</u>	<u>\$ 148,771</u>

Compensated absences in the governmental activities are generally liquidated by the General Fund.

**NOTE 5 – LEASE LIABILITY**

During the current year, the District entered into a lease/purchase agreement as a lessee for financing the remodel of the Stansbury Park station. An initial lease liability was recorded in the amount of \$650,000 during the current year. As of December 31, 2023 the value of the lease liability was \$650,000. The District is required to make annual principal and interest payments of \$85,162. The lease has an interest rate of 5.24%. As of December 31, 2023, \$15,000 of the lease proceeds were used for lease fees. The remaining balance, net of interest earned, is held in escrow in the District's name and is reported as restricted cash in the Statement of Net Position.

The future principal and interest lease payments as of December 31, 2023, were as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 51,102	\$ 34,060	\$ 85,162
2025	53,780	31,382	85,162
2026	56,598	28,564	85,162
2027	59,563	25,598	85,162
2028	62,685	22,477	85,162
2029-2033	366,273	59,537	425,810
Totals	<u>\$ 650,000</u>	<u>\$ 201,620</u>	<u>\$ 851,620</u>

**NOTE 6 – INTERFUND TRANSFERS**

During the year ended December 31, 2023, the District transferred \$250,000 from general fund to the capital projects fund for future capital project expenditures. The District also transferred \$422,000 from the capital projects fund to the general fund.

## **NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS**

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### **NOTE 7 – RETIREMENT SYSTEMS AND PENSION PLANS**

#### **Description of Plans**

Eligible employees are provided with following plans through the Utah Retirement Systems (the URS) administered by the URS:

Defined Benefit Plans (cost-sharing, multiple-employer plans):

- *Public Employees Noncontributory Retirement System* (Tier 1 Noncontributory System)
- *Firefighters Retirement System* (Tier 1 Firefighters System)
- *Tier 2 Public Employees Contributory Retirement System* (Tier 2 Public Employees System)
- *Tier 2 Public Safety and Firefighter Contributory Retirement System* (Tier 2 Public Safety and Firefighters System)

Defined Contribution Plans (individual account plans):

- 401(k) Plan which includes the *Tier 2 Public Employees Defined Contribution Plan* (Tier 2 Defined Contribution Plan)
- 457 Plan and other individual plans

Employees qualify for membership in the retirement systems if a) employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the District as approved by the Utah State Retirement Board, b) the employee is a classified employee whose employment normally requires an average of 20 hours or more per week regardless of benefits, c) the employee is a teacher who teaches half-time or more and receives benefits normally provided by the District as approved by the Utah State Retirement Board, or d) the employee is an appointed officer.

The Tier 2 systems 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 systems, are members of the Tier 2 systems.

The plans are established and governed by the respective sections of Title 49 of the Utah Code. The plans are amended statutorily by the Utah State Legislature. Title 49 provides for the administration of the plans under the direction of the Utah State Retirement Board, whose members are appointed by the Governor.

The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at [www.urs.org](http://www.urs.org).

#### **Benefits Provided**

The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans.

Retirement benefits are determined from 1.50% to 2.00% of the employee's highest 3 or 5 years of compensation times the employee's years of service depending on the pension plan; benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. If an employee terminates prior to the vesting period, employer contributions and associated earnings for that employee are subject to forfeiture. Forfeitures are used to cover a portion of the plan’s administrative expenses paid by participants. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

**Contributions**

As a condition of participation in the plans, 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 cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

For the year ended December 31, 2023, required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates			District Rates for 401(k) Plan	Totals
	District Contribution *	Amortization of UAAL **	Paid by District for Employee		
Tier 1 Noncontributory System	11.86%	6.11%	-	-	17.97 %
Tier 1 Firefighter System	3.61%	-	15.05%	-	18.66 %
Tier 2 Public Employees System	14.08%	-	2.59%		16.67 %
Tier 2 Public Safety and Firefighter System	9.90%	6.11%	-	0.18%	16.19 %
Tier 2 Public Safety and Firefighter Defined Contribution System	0.08%	6.11%	-	10.00%	16.19 %
Tier 2 Public Employees Defined Contribution System	0.08%	-	-	14.00%	14.08 %

\* District contribution includes 0.08% of covered-employee payroll of the Tier 2 plans for death benefits.

\*\* Required contributions include an additional amount to finance any unfunded actuarial accrued liability in the Tier 1 plans.

Employees can make additional contributions to defined contribution plans subject to limitations.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

Contributions to the plans were as follows for the year ended December 31, 2023:

	<u>District Contributions *</u>	<u>Employee Contributions</u>
Tier 1 Noncontributory System	\$ 2,924	\$ -
Tier 1 Firefighters System	4,794	19,985
Tier 2 Public Employees System	5,497	-
Tier 2 Public Safety and Firefighter System	77,124	14,208
Tier 2 Public Employee Defined Contribution System	49	-
Tier 2 Public Safety and Firefighter Defined Contribution System	72	-
401(k) Plan	29,767	7,108
457 Plan and other individual plans	-	1,971

\* A portion of required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability in the Tier 1 plans.

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

At December 31, 2023, the District reported a net pension asset of \$93,843 and a net pension liability of \$13,178 for the following plans:

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Tier 1 Noncontributory System	\$ -	\$ 2,083
Tier 1 Firefighter System	93,843	-
Tier 2 Public Employees System	-	-
Tier 2 Public Safety and Firefighter System	-	11,095
<b>Total</b>	<u>\$ 93,843</u>	<u>\$ 13,178</u>

The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability (asset) is equal to the ratio of its actual contributions to the total of all employer contributions during the plan year. The following presents the District's proportion (percentage) of the collective net pension liability (asset) at December 31, 2022, and the change in proportion since the prior measurement date for each plan:

	<u>Proportionate Share</u>	
	<u>2022</u>	<u>Change</u>
Tier 1 Noncontributory System	0.0012163 %	0.0000299 %
Tier 1 Firefighter System	0.3613449 %	(0.0114022)%
Tier 2 Public Employees System	0.0000000 %	(0.0015926)%
Tier 2 Public Safety and Firefighter System	0.1329894 %	0.0502579 %

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

The District recognized pension expense for the plans as follows for the year ended December 31, 2023:

	<u>Pension Expense</u>
Defined benefit pension plans:	
Tier 1 Noncontributory System	\$ 2,419
Tier 1 Firefighter System	(28,491)
Tier 2 Public Employees System	39
Tier 2 Public Safety and Firefighter System	<u>48,395</u>
Total	<u>\$ 22,362</u>
Defined contribution plans:	
Tier 2 Defined Contribution Plan	\$ 49
401(k) Plan	<u>29,767</u>
Total	<u>\$ 29,816</u>

At December 31, 2023, the District reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources Related to Pensions</u>				
	<u>Tier 1 Noncontributory System</u>	<u>Tier 1 Firefighter System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighter</u>	<u>Total</u>
Differences between expected and actual experience	\$ 707	\$ 16,559	\$ -	\$ 5,352	\$ 22,618
Changes of assumptions	341	11,664	-	7,017	19,022
Net difference between projected and actual earnings on pension plan investments	1,374	25,107	-	11,511	37,992
Changes in proportion and differences between District contributions and proportionate share of contributions	1,471	2,998	497	4,681	9,647
Contributions subsequent to the measurement date	<u>2,924</u>	<u>4,794</u>	<u>5,546</u>	<u>77,196</u>	<u>90,460</u>
Total	<u>\$ 6,817</u>	<u>\$ 61,122</u>	<u>\$ 6,043</u>	<u>\$ 105,757</u>	<u>\$ 179,739</u>

At December 31, 2023, the District reported deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources Related to Pensions</u>				
	<u>Tier 1 Noncontributory System</u>	<u>Tier 1 Firefighter System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighter</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ 480	\$ -	\$ 3,679	\$ 4,159
Changes of assumptions	8	-	-	1,111	1,119
Changes in proportion and differences between District contributions and proportionate share of contributions	-	7,151	118	458	7,727
Total	<u>\$ 8</u>	<u>\$ 7,631</u>	<u>\$ 118</u>	<u>\$ 5,248</u>	<u>\$ 13,005</u>

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

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The \$90,460 reported as deferred outflows of resources related to pensions results from District contributions subsequent to the measurement date of December 31, 2022 will be recognized as a reduction of the net pension liability (asset) in the year ending December 31, 2024. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Tier 1 Noncontributory System	Tier 1 Firefighter System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter	Total
2022	\$ 1,030	\$ (3,851)	\$ 39	\$ 1,286	\$ (1,497)
2023	192	4,920	39	2,497	7,648
2024	552	14,406	39	3,837	18,834
2025	2,110	33,222	39	7,593	42,964
2026	-	-	39	925	964
Thereafter	-	-	185	7,175	7,360

**Actuarial Assumptions**

The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 9.25%, average, including inflation
Investment rate of return	6.85%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2019. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

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 rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

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	Target Allocation	Long-Term Expected Real Rate of Return
Equity securities	35%	2.30%
Debt securities	20%	0.22%
Real assets	18%	1.03%
Private equity	12%	1.18%
Absolute return	15%	0.44%
Total	100%	

**Discount Rate**

The discount rate used to measure the total pension liability (asset) was 6.85%. 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, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the plans' 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 (asset).

**Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.85%, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
District's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 13,129	\$ 2,083	\$ (7,146)
Tier 1 Firefighter System	74,795	(93,843)	(230,697)
Tier 2 Public Safety and Firefighter System	88,809	11,095	(50,670)
Total	\$ 176,733	\$ (80,665)	\$ (288,513)

**Pension Plan Fiduciary Net Position**

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

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**REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT**  
**Schedules of the District's Proportionate Share of the Net Pension Liability (Asset)**  
**Utah Retirement Systems**  
 Last Nine Plan Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Tier 1 Noncontributory System:</b>									
District's proportion of the net pension liability (asset)	0.0012163%	0.0011864%	0.0008470%	0.0000000%	0.0000000%	0.0003655%	0.0000000%	0.0000000%	0.0000000%
District's proportionate share of the net pension liability (asset)	\$ 2,083	\$ (6,795)	\$ 43	\$ -	\$ -	\$ 1,601	\$ -	\$ -	\$ -
District's covered payroll	-	-	-	-	-	9,480	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	16.9%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	97.5%	108.7%	99.2%	0.0%	0.0%	91.9%	0.0%	0.0%	0.0%
<b>Firefighter System:</b>									
District's proportion of the net pension liability (asset)	0.3613449%	0.3727471%	0.3478788%	0.2489233%	0.1923381%	0.1946694%	0.1863098%	0.2242620%	0.3381740%
District's proportionate share of the net pension liability (asset)	\$ (93,843)	\$ (217,392)	\$ (97,276)	\$ (30,871)	\$ 24,975	\$ (12,158)	\$ (1,469)	\$ (4,062)	\$ (19,294)
District's covered payroll	147,987	226,281	195,100	160,499	132,745	126,287	120,325	129,723	157,050
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(63.4)%	(96.1)%	(49.9)%	(19.2)%	18.8%	(9.6)%	(1.2)%	(3.1)%	(12.3)%
Plan fiduciary net position as a percentage of the total pension liability	108.4%	120.1%	110.5%	105.0%	94.3%	103.0%	100.4%	101.0%	103.5%
<b>Tier 2 Public Employees Retirement System:</b>									
District's proportion of the net pension liability (asset)	0.0000000%	0.0015926%	0.0001482%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%
District's proportionate share of the net pension liability (asset)	\$ -	\$ (674)	\$ 21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	-	29,610	2,352	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.0%	(2.3)%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	0.0%	103.8%	98.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Tier 2 Public Safety and Firefighter System:</b>									
District's proportion of the net pension liability (asset)	0.1329894%	0.0827315%	0.0737386%	0.0556115%	0.0826083%	0.0867906%	0.0606067%	0.0809403%	0.1819572%
District's proportionate share of the net pension liability (asset)	\$ 11,095	\$ (4,181)	\$ 6,614	\$ 5,231	\$ 2,070	\$ (1,004)	\$ (526)	\$ (1,183)	\$ (2,692)
District's covered payroll	409,179	197,843	146,265	91,686	110,632	91,589	50,075	48,155	75,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	2.7%	(2.1)%	4.5%	5.7%	1.9%	(1.1)%	(1.1)%	(2.5)%	(3.6)%
Plan fiduciary net position as a percentage of the total pension liability	96.4%	102.8%	93.1%	89.6%	95.6%	103.0%	103.6%	110.7%	120.5%

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT**  
**Schedules of District Contributions**  
**Utah Retirement Systems**  
**Last Nine Reporting Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Tier 1 Noncontributory System:</b>									
Contractually required contribution	\$ 2,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627	\$ -	\$ -
Contributions in relation to the contractually required contribution	(2,924)	-	-	-	-	-	(627)	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 16,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,480	\$ -	\$ -
Contributions as a percentage of covered payroll	17.97%	0.00%	0.00%	0.00%	0.00%	0.00%	6.61%	0.00%	0.00%
<b>Firefighter System:</b>									
Contractually required contribution	\$ 4,794	\$ 5,309	\$ 5,729	\$ 5,220	\$ 3,674	\$ 2,549	\$ 2,227	\$ 2,062	\$ 3,014
Contributions in relation to the contractually required contribution	(4,794)	(5,309)	(5,729)	(5,220)	(3,674)	(2,549)	(2,227)	(2,062)	(3,014)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 132,788	\$ 131,187	\$ 226,281	\$ 195,100	\$ 160,499	\$ 132,745	\$ 126,287	\$ 120,325	\$ 157,050
Contributions as a percentage of covered payroll	3.61%	4.05%	2.53%	2.68%	2.29%	1.92%	1.76%	1.71%	1.92%
<b>Tier 2 Public Employees System:</b>									
Contractually required contribution	\$ 5,497	\$ -	\$ 4,716	\$ 372	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(5,497)	-	(4,716)	(372)	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 34,333	\$ -	\$ 29,610	\$ 2,352	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	16.01%	0.00%	15.93%	15.82%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Tier 2 Public Safety and Firefighter System:</b>									
Contractually required contribution	\$ 77,124	\$ 57,613	\$ 27,856	\$ 18,687	\$ 10,414	\$ 12,262	\$ 9,882	\$ 5,383	\$ 8,199
Contributions in relation to the contractually required contribution	(77,124)	(57,613)	(27,856)	(18,687)	(10,414)	(12,262)	(9,882)	(5,383)	(8,199)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 547,756	\$ 409,179	\$ 197,843	\$ 146,652	\$ 91,686	\$ 110,632	\$ 91,589	\$ 50,075	\$ 75,000
Contributions as a percentage of covered payroll	14.08%	14.08%	14.08%	12.74%	11.36%	11.08%	10.79%	10.75%	10.93%
<b>Tier 2 Public Safety and Firefighter DC Only System:</b>									
Contractually required contribution	\$ 72	\$ 60	\$ 57	\$ 54	\$ 52	\$ 51	\$ 48	\$ 47	\$ -
Contributions in relation to the contractually required contribution	(72)	(60)	(57)	(54)	(52)	(51)	(48)	(47)	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 89,964	\$ 75,668	\$ 71,477	\$ 66,796	\$ 65,157	\$ 63,563	\$ 60,154	\$ 58,402	\$ -
Contributions as a percentage of covered payroll	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.00%
<b>Tier 2 Public Employees DC Only System:</b>									
Contractually required contribution	\$ 49	\$ 2,428	\$ 278	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(49)	(2,428)	(278)	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 794	\$ 37,892	\$ 4,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	6.17%	6.41%	6.68%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT**  
**Notes to Required Supplementary Information**

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**NOTE A – CHANGES IN ASSUMPTIONS – UTAH RETIREMENT SYSTEMS**

Amounts reported in plan year 2022 remain unchanged from prior years.

Amounts reported in plan year 2021 reflect the following assumption changes adopted from the January 1, 2021 valuation:

- The investment return assumption was decreased from 6.95% to 6.85%.

Amounts reported in plan year 2020 reflect the following assumption changes adopted from the January 1, 2020 valuation:

- The payroll growth assumption decreased from 3.00% to 2.90%.
- Other assumptions that were modified: retirement rates, termination rates, disability rates, rate of salary increase, and pre and post retirement mortality tables.

Assumptions for plan years 2019 and 2018 remain unchanged from the prior years.

Amounts reported in plan year 2017 reflect the following assumption changes adopted from the January 1, 2017 valuation:

- The investment return assumption was decreased from 7.20% to 6.95%.
- The inflation assumption decreased from 2.60% to 2.50%.
- The life expectancy assumption increased for most groups.
- The wage inflation assumption decreased from 3.35% to 3.25%.
- The payroll growth assumption decreased from 3.10% to 3.00%.

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation assumption decreased from 2.75% to 2.60%.
- Both the payroll growth and wage inflation assumptions were decreased by 0.15%.

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- Other assumptions that were modified: rate of salary increases, post retirement mortality, and certain demographics.

**NOTE B – SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) – UTAH RETIREMENT SYSTEMS**

These schedules only present information for the 2014 and subsequent measurement periods of the plans; prior-year information is not available.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT**  
**Notes to Required Supplementary Information**

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**NOTE C – SCHEDULES OF DISTRICT CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS**

These schedules only present information for the District's 2015 and subsequent reporting periods; prior-year information is not available.

Contributions as a percentage of covered payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. A portion of required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability in the Tier 1 plans.

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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*

Board of Trustees  
North Tooele Fire Protection Service District  
Stansbury Park, 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 and each major fund of North Tooele Fire Protection Service District as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise North Tooele Fire Protection Service District's basic financial statements, and have issued our report thereon dated June 20, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Tooele Fire Protection Service District's internal control over financial reporting (internal control) as a basis for designing 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 North Tooele Fire Protection Service District's internal control. Accordingly, we do not express an opinion on the effectiveness of North Tooele Fire Protection Service District's internal control.

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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.

Salt Lake City, Utah  
June 20, 2024

Independent Auditor's Report on Compliance and Report on Internal Control  
over Compliance as Required by the *State Compliance Audit Guide*

To the Board of Trustees and Management  
North Tooele Fire Protection Service District

**Report on Compliance**

***Opinion***

We have audited North Tooele Fire Protection Service District's (the District's) 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, 2023.

Budgetary Compliance  
Fund Balance  
Fraud Risk Assessment  
Government Fees  
Impact Fees  
Special and Local Service District Board Members

In our opinion, North Tooele Fire Protection Service District complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2023.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *State Compliance Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the *State Compliance Audit Guide* as a whole

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State Compliance Audit Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 state compliance requirement 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 state compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 State Compliance Audit Guide. Accordingly, this report is not suitable for any other purpose.

Salt Lake City, Utah  
June 20, 2024

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