

**NORTH TOOELE FIRE PROTECTION
SERVICE DISTRICT**

FINANCIAL STATEMENTS

Year Ended December 31, 2021

NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT

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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

Opinion

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, 2021, 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, 2021, 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 Opinion

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

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 one year after the date that the financial statements are issued.

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 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, 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 on pages four through nine and the pension schedules on pages 32 through 34 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 May 25, 2022 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 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 North Tooele Fire Protection Service District's internal control over financial reporting and compliance.

Squire & Company, PC

Salt Lake City, Utah
May 25, 2022

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, 2021.

Financial Highlights

- The assets of North Tooele Fire Protection Service District exceeded its liabilities at the close of the most recent fiscal year by \$5,743,864 (net position). Of this amount, \$1,706,859 (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 \$2,403,275. Approximately 43% of this total amount, \$1,036,921, is unassigned and available for spending at the government's discretion. Additionally, approximately 14% of this total, \$334,140, is assigned to capital projects.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,036,921, or 69% of total general fund expenditures.

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 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 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 exceeded liabilities by \$5,743,864 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, buildings, improvements, 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

	Governmental Activities	
	2021	2020
Current and other assets	\$ 2,835,119	\$ 2,503,098
Capital assets	3,021,325	3,075,612
Total assets	<u>5,856,444</u>	<u>5,578,710</u>
Total deferred outflows of resources	<u>79,201</u>	<u>51,636</u>
Other liabilities	<u>114,304</u>	<u>144,665</u>
Total deferred inflows of resources	<u>77,477</u>	<u>29,710</u>
Net position:		
Net investment in capital assets	3,021,325	3,075,612
Restricted	1,015,680	885,192
Unrestricted	<u>1,706,859</u>	<u>1,495,167</u>
Total net position	<u>\$ 5,743,864</u>	<u>\$ 5,455,971</u>

A portion of North Tooele Fire Protection Service District's net position (\$1,015,680) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,706,859 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 increased the District’s net position by \$287,893 in 2021, compared to an increase of \$215,613 in 2020. Property tax revenue increased by approximately \$116,000 from 2020 to 2021. Total public safety expenses increased by approximately \$58,000. Revenues increased primarily due to the increase in property taxes. The increase in public safety expenses is related to converting one employee from part-time to full-time and hiring one additional employee.

Changes in Net Position

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 168,138	\$ 192,504
Operating grants and contributions	328,816	155,151
General revenues:		
Property taxes	1,494,620	1,378,336
Gain on sale of capital assets	-	134,552
Unrestricted investment earnings	1,724	2,886
Total revenues	1,993,298	1,863,429
Expenses:		
Public safety	1,696,124	1,637,945
Economic development	9,281	9,721
Interest on long-term debt	-	150
Total expenses	1,705,405	1,647,816
Increase in net position	287,893	215,613
Net position - beginning	5,455,971	5,240,358
Net position - ending	\$ 5,743,864	\$ 5,455,971

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, unreserved 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 \$2,403,275. Approximately 43% of this total amount, or \$1,036,921, constitutes *unassigned fund balance*, which is available for spending at the government’s

discretion. Additionally, approximately 14% of the total, \$334,160, constitutes *assigned fund balance* which has been assigned to capital projects. Finally, approximately 42% of the total, \$1,015,680, 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.

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 \$1,036,921, which is approximately 98% of total general fund balance of \$1,053,455.

The fund balance of North Tooele Fire Protection Service District's general fund decreased by \$1,086 during the current year. The capital projects fund balance increased by \$102,177. The decrease in the general fund balance results mainly from an increase in salary expense. The increase in salary expense is primarily due to costs of fighting the California and Montana fires. Reimbursement for these fires was not received during the year and is expected during 2022. The increase in the capital projects fund balance resulted primarily from interfund transfers from the general fund.

General Fund Budgetary Highlights

During the year, budgeted expenditures exceeded actual expenditures by \$53,953. There was also a decrease in appropriations of \$58,784 between the original and final amended budget. The difference between budgeted and actual expenditures resulted from conservative budgeting in each category of public safety expenditures. The decrease in appropriations between the original and final amended budget is due mainly to supply chain shortages of planned equipment purchases during the COVID-19 public health emergency.

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, 2021 amounts to \$3,021,325 (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 \$146,211.

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

- Extrication Equipment

Capital Assets Net of Depreciation

	Governmental Activities	
	2021	2020
Land	\$ 240,778	\$ 240,778
Buildings	1,884,376	1,969,191
Machinery and equipment	178,772	177,022
Vehicles	595,648	678,321
Water rights	10,300	10,300
Construction in progress	111,451	-
Total	<u>\$ 3,021,325</u>	<u>\$ 3,075,612</u>

Additional information on North Tooele Fire Protection Service District’s capital assets can be found in Note 4.

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.

BASIC FINANCIAL STATEMENTS

NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT
STATEMENT OF NET POSITION

December 31, 2021

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 1,308,354
Taxes receivable	120,386
Intergovernmental receivable	275,311
Prepays	16,534
Restricted assets:	
Cash and cash equivalents	987,583
Intergovernmental receivable	29,675
Capital assets not being depreciated:	
Land	240,778
Water rights	10,300
Construction in progress	111,451
Capital assets being depreciated, net of accumulated depreciation:	
Buildings	1,884,376
Machinery and equipment	178,772
Vehicles	595,648
Net pension asset	97,276
Total assets	<u>5,856,444</u>
 Deferred outflows of resources relating to pensions	 79,201
Liabilities:	
Accounts payable and accrued liabilities	59,257
Noncurrent liabilities due within one year	48,369
Net pension liability	6,678
Total liabilities	<u>114,304</u>
 Deferred inflows of resources relating to pensions	 77,477
Net position:	
Net investment in capital assets	3,021,325
Restricted for capital improvements	1,015,680
Unrestricted	1,706,859
Total net position	<u>\$ 5,743,864</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, 2021

Activities / Functions	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Public safety	\$ 1,696,124	\$ 168,138	\$ 328,816	\$ -	\$ (1,199,170)
Economic development	9,281	-	-	-	(9,281)
Total governmental activities	<u>\$ 1,705,405</u>	<u>\$ 168,138</u>	<u>\$ 328,816</u>	<u>\$ -</u>	<u>(1,208,451)</u>
General revenues:					
Property taxes					1,494,620
Unrestricted investment earnings					<u>1,724</u>
Total general revenues					<u>1,496,344</u>
Change in net position					287,893
Net position - beginning					<u>5,455,971</u>
Net position - ending					<u>\$ 5,743,864</u>

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

NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 1,100,185	\$ 208,169	\$ 1,308,354
Taxes receivable	120,386	-	120,386
Due from other funds	-	125,795	125,795
Prepaid expenses	16,534	-	16,534
Cash and cash equivalents - restricted	-	987,583	987,583
Intergovernmental receivable - restricted	-	29,675	29,675
Total assets	<u>\$ 1,237,105</u>	<u>\$ 1,351,222</u>	<u>\$ 2,588,327</u>
Liabilities and Fund Balances:			
Accounts payable and accrued liabilities	\$ 57,855	\$ 1,402	\$ 59,257
Due to other funds	125,795	-	125,795
Total liabilities	<u>183,650</u>	<u>1,402</u>	<u>185,052</u>
Fund Balances:			
Nonspendable - prepaid expenses	16,534	-	16,534
Restricted for public safety	-	1,015,680	1,015,680
Assigned to capital projects	-	334,140	334,140
Unassigned	1,036,921	-	1,036,921
Total fund balances	<u>1,053,455</u>	<u>1,349,820</u>	<u>2,403,275</u>
Total liabilities and fund balances	<u>\$ 1,237,105</u>	<u>\$ 1,351,222</u>	<u>\$ 2,588,327</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, 2021

Total fund balance - governmental funds	\$ 2,403,275
Amounts reported for governmental activities in the statement of net position are different because:	
Other assets are not available to pay for current period expenditures and, therefore, are not reported as revenue in the funds.	275,311
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	3,021,325
Net pension asset, net pension liability, and related deferred outflows and inflows are not available resources or payable in the current period and, therefore, are not reported in the funds.	92,322
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	<u>(48,369)</u>
Total net position - governmental activities	<u><u>\$ 5,743,864</u></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
GOVERNMENTAL FUNDS
Year Ended December 31, 2021

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Property taxes	\$ 1,494,620	\$ -	\$ 1,494,620
Intergovernmental	139,485	-	139,485
Investment earnings	333	1,391	1,724
Miscellaneous	3,238	-	3,238
Impact fees	-	144,900	144,900
Total revenues	<u>1,637,676</u>	<u>146,291</u>	<u>1,783,967</u>
Expenditures:			
Current:			
Public safety	1,503,686	15,643	1,519,329
Economic development	9,281	-	9,281
Capital Outlay	-	154,266	154,266
Total expenditures	<u>1,512,967</u>	<u>169,909</u>	<u>1,682,876</u>
Excess (deficiency) of revenues over (under) expenditures	124,709	(23,618)	101,091
Other financing sources (uses):			
Transfers	<u>(125,795)</u>	<u>125,795</u>	<u>-</u>
Total other financing sources (uses)	<u>(125,795)</u>	<u>125,795</u>	<u>-</u>
Net change in fund balances	(1,086)	102,177	101,091
Fund balances - beginning	<u>1,054,541</u>	<u>1,247,643</u>	<u>2,302,184</u>
Fund balances - ending	<u>\$ 1,053,455</u>	<u>\$ 1,349,820</u>	<u>\$ 2,403,275</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, 2021

Net change in fund balances - total governmental funds \$ 101,091

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 depreciation expense exceeded capital outlays in the current period. (54,287)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 209,331

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. 31,758

Change in net position of governmental activities \$ 287,893

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,437,504	\$ 1,508,715	\$ 1,494,620	\$ (14,095)
Intergovernmental	80,000	145,000	139,485	(5,515)
Investment earnings	200	500	333	(167)
Miscellaneous	8,000	3,500	3,238	(262)
Total revenues	1,525,704	1,657,715	1,637,676	(20,039)
Expenditures:				
Current:				
Public safety:				
Wages and payroll taxes	1,003,125	1,076,400	1,102,165	(25,765)
Insurance	59,587	61,000	51,052	9,948
Repairs and maintenance	93,000	116,000	109,451	6,549
Supplies	78,500	68,500	49,016	19,484
Utilities and fuel	49,000	55,000	54,232	768
Other	291,492	87,220	81,361	5,859
Equipment	42,000	93,800	56,409	37,391
Economic development	9,000	9,000	9,281	(281)
Total expenditures	1,625,704	1,566,920	1,512,967	53,953
Excess (deficiency) of revenues over (under) expenditures	(100,000)	90,795	124,709	(33,914)
Other Financing Uses:				
Transfers, net	-	(125,795)	(125,795)	-
Total other financing uses	-	(125,795)	(125,795)	-
Net Change in Fund Balances	(100,000)	(35,000)	(1,086)	(33,914)
Fund Balances - Beginning	1,054,541	1,054,541	1,054,541	-
Fund Balances - Ending	\$ 954,541	\$ 1,019,541	\$ 1,053,455	\$ (33,914)

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

NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

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

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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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, liabilities, 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.

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT
NOTES TO THE 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.

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, 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

NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

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.

Fund Equity

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 1st based on the assessed value of property as listed on the previous May 31st. 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 30th. The District's tax rate for 2021 was .000685. 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.

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

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.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “net pension asset, net pension liability, and related deferred outflows and inflows are not available resources or payable in the current period and, therefore, are not reported in the funds”. The details of this \$92,322 difference are as follows:

Net pension asset	\$ 97,276
Deferred outflows of resources relating to pensions	79,201
Net pension liability	(6,678)
Deferred inflows of resources relating to pensions	<u>(77,477)</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ 92,322</u>

“Long-term liabilities are not due and payable in the current period and therefore and not reported in the funds.” The details of this \$48,369 difference are as follows:

Intergovernmental receivable	<u>\$ 275,311</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ 275,311</u>

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

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide 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 *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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”. The details of this \$54,287 difference are as follows:

Capital outlay	\$ 146,211
Depreciation expense	<u>(200,498)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (54,287)</u>

Another element of that 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 the governmental funds.” The details of this \$31,758 difference are as follows:

Accrued net pension	\$ 24,998
Compensated absences	<u>6,760</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 31,758</u>

NOTE 3 – 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>\$ 2,131,015</u>	<u>\$ 2,075,446</u>

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

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, 2021, \$1,881,015 of the District’s bank balance of \$2,131,015 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.

As of December 31, 2021, 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	\$ 220,491	\$ 220,491	\$ -	\$ -	\$ -

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.

NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 240,778	\$ -	\$ -	\$ 240,778
Water rights	10,300	-	-	10,300
Construction in progress	-	111,451	-	111,451
Total capital assets not being depreciated	<u>251,078</u>	<u>111,451</u>	<u>-</u>	<u>362,529</u>
Capital assets being depreciated:				
Buildings	3,238,597	-	-	3,238,597
Machinery and equipment	489,664	34,760	-	524,424
Vehicles	1,872,305	-	-	1,872,305
Total capital assets being depreciated	<u>5,600,566</u>	<u>34,760</u>	<u>-</u>	<u>5,635,326</u>
Less accumulated depreciation for:				
Buildings	(1,269,406)	(84,815)	-	(1,354,221)
Machinery and equipment	(312,642)	(33,010)	-	(345,652)
Vehicles	(1,193,984)	(82,673)	-	(1,276,657)
Total accumulated depreciation	<u>(2,776,032)</u>	<u>(200,498)</u>	<u>-</u>	<u>(2,976,530)</u>
Total capital assets being depreciated, net	<u>2,824,534</u>	<u>(165,738)</u>	<u>-</u>	<u>2,658,796</u>
Capital assets, net	<u>\$ 3,075,612</u>	<u>\$ (54,287)</u>	<u>\$ -</u>	<u>\$ 3,021,325</u>

NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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

Public safety	\$ 200,498
Total depreciation expense	<u>\$ 200,498</u>

NOTE 5 – LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021 included an increase to compensated absences in the amount of \$7,262 to arrive at the ending balance of \$48,369.

NOTE 6 – INTERFUND TRANSFERS

During the year ended December 31, 2021, the District transferred \$125,795 from the general fund to the capital projects fund for future capital project expenditures.

NOTE 7 – RETIREMENT SYSTEMS AND PENSION PLANS

Description of Plans

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

Defined Benefit Plans

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the 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.

NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website: 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 2.50% 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.

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 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 cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

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

Contribution rates as of December 31, 2021 are as follows:

	<u>Employee Paid</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
Contributory System			
111 - Local Government Div - Tier 2	N/A	16.07%	0.62%
Noncontributory System			
15 - Local Government Div - Tier 1	N/A	18.47%	N/A
Firefighters Retirement System			
31 - Other Division A	15.05%	4.61%	N/A
132 - Tier 2 DB Hybrid Firefighters	2.27%	14.08%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%
232 - Firefighters	N/A	0.08%	14.00%

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

For fiscal year ended December 31, 2021, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Firefighters System	\$ 5,729	\$ 18,703
Tier 2 Public Employees System	4,716	-
Tier 2 Public Safety and Firefighter	27,856	4,491
Tier 2 DC Only System	278	N/A
Tier 2 DC Public Safety and Firefighter System	57	N/A
Total contributions	<u>\$ 38,636</u>	<u>\$ 23,194</u>

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

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

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

At December 31, 2021, the District reported a net pension asset of \$97,276 and a net pension liability of \$6,678.

	Measurement Date: December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	December 31, 2019 Proportionate Share	Change
Noncontributory System	\$ -	\$ 43	0.0000847%	0.0000000%	0.0000847%
Firefighters System	97,276	-	0.3478787%	0.2489233%	0.0989554%
Tier 2 Public Employees System	-	21	0.0001482%	0.0000000%	0.0001482%
Tier 2 Public Safety and Firefighter	-	6,614	0.0556115%	0.0826083%	-0.0269968%
	<u>\$ 97,276</u>	<u>\$ 6,678</u>			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2021, the District recognized pension expense of \$6,099. At December 31, 2021, the District 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 experience	\$ 18,471	\$ 3,933
Changes in assumptions	16,212	1,996
Net difference between projected and actual earnings on pension plan investments	-	63,200
Changes in proportion and differences between contributions and proportionate share of contributions	5,881	8,348
Contributions subsequent to the measurement date	<u>38,637</u>	<u>-</u>
Total	<u>\$ 79,201</u>	<u>\$ 77,477</u>

The \$38,637 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2021	\$ (13,874)
2022	(2,722)
2023	(18,034)
2024	(8,880)
2025	1,079
Thereafter	5,518

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

Actuarial Assumptions

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

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

Mortality rates were 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, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2019.

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

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

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

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

Discount Rate

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

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

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

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory	\$ 753	\$ 43	\$ (548)
Firefighters System	44,192	(97,276)	(211,691)
Tier 2 Public Employees System	359	21	(237)
Tier 2 Public Safety and Firefighter	31,183	6,614	(12,981)
Total	<u>\$ 76,487</u>	<u>\$ (90,598)</u>	<u>\$ (225,457)</u>

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 Contributions 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.

NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

The District 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:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
401(k) Plan			
Employer Contributions	\$ 22,189	\$ 21,662	\$ 20,665
Employee Contributions	1,554	1,415	1,393
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	1,554	1,415	1,393
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	3,500	3,500	3,300
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	3,500	3,500	6,250

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 Six Plan (Calendar) Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tier 1 Noncontributory System:						
District's proportion of the net pension liability (asset)	0.0008470%	0.0000000%	0.0000000%	0.0003655%	0.0000000%	0.0000000%
District's proportionate share of the net pension liability (asset)	\$ 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%	16.9%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	99.2%	0.0%	0.0%	91.9%	87.3%	87.8%
Firefighter System:						
District's proportion of the net pension liability (asset)	0.3478788%	0.2489233%	0.1923381%	0.1946694%	0.1863098%	0.2242620%
District's proportionate share of the net pension liability (asset)	\$ (97,276)	\$ (30,871)	\$ 24,975	\$ (12,158)	\$ (1,469)	\$ (4,062)
District's covered payroll	\$ 195,100	\$ 160,499	\$ 132,745	\$ 126,287	\$ 120,325	\$ 129,723
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-49.9%	-19.2%	18.8%	-9.6%	-1.2%	-3.1%
Plan fiduciary net position as a percentage of the total pension liability	110.5%	105.0%	94.3%	103.0%	100.4%	101.0%
Tier 2 Public Employees Retirement System:						
District's proportion of the net pension liability (asset)	0.0001482%					
District's proportionate share of the net pension liability (asset)	\$ 21					
District's covered payroll	\$ 2,352					
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.9%					
Plan fiduciary net position as a percentage of the total pension liability	98.3%					
Tier 2 Public Safety and Firefighter System:						
District's proportion of the net pension liability (asset)	0.0737386%	0.0556115%	0.0826083%	0.0867906%	0.0606067%	0.0809403%
District's proportionate share of the net pension liability (asset)	\$ 6,614	\$ 5,231	\$ 2,070	\$ (1,004)	\$ (526)	\$ (1,183)
District's covered payroll	\$ 146,265	\$ 91,686	\$ 110,632	\$ 91,589	\$ 50,075	\$ 48,155
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	4.5%	5.7%	1.9%	-1.1%	-1.1%	-2.5%
Plan fiduciary net position as a percentage of the total pension liability	93.1%	89.6%	95.6%	103.0%	103.6%	110.7%

NORTH TOOLE FIRE PROTECTION SERVICE DISTRICT
Schedules of District Contributions
Utah Retirement Systems
Last Six Reporting (Fiscal) Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tier 1 Noncontributory System:						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ 627	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	(627)	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,480</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	-	-	-	-	6.61%	-
Firefighter System:						
Contractually required contribution	\$ 5,729	\$ 5,220	\$ 3,674	\$ 2,549	\$ 2,227	\$ 2,062
Contributions in relation to the contractually required contribution	(5,729)	(5,220)	(3,674)	(2,549)	(2,227)	(2,062)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 226,281</u>	<u>\$ 195,100</u>	<u>\$ 160,499</u>	<u>\$ 132,745</u>	<u>\$ 126,287</u>	<u>\$ 120,325</u>
Contributions as a percentage of covered payroll	2.53%	2.68%	2.29%	1.92%	1.76%	1.71%
Tier 2 Public Employees System:						
Contractually required contribution	\$ 4,716	\$ 372	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(4,716)	(372)	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 29,610</u>	<u>\$ 2,352</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Contributions as a percentage of covered payroll	15.93%	15.82%	0.00%	0.00%	0.00%	0.00%
Tier 2 Public Safety and Firefighter System:						
Contractually required contribution	\$ 27,856	\$ 18,687	\$ 10,414	\$ 12,262	\$ 9,882	\$ 5,383
Contributions in relation to the contractually required contribution	(27,856)	(18,687)	(10,414)	(12,262)	(9,882)	(5,383)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 197,843</u>	<u>\$ 146,652</u>	<u>\$ 91,686</u>	<u>\$ 110,632</u>	<u>\$ 91,589</u>	<u>\$ 50,075</u>
Contributions as a percentage of covered payroll	14.08%	12.74%	11.36%	11.08%	10.79%	10.75%
Tier 2 Public Safety and Firefighter DC Only System:						
Contractually required contribution	\$ 57	\$ 54	\$ 52	\$ 51	\$ 48	\$ 47
Contributions in relation to the contractually required contribution	(57)	(54)	(52)	(51)	(48)	(47)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 71,477</u>	<u>\$ 66,796</u>	<u>\$ 65,157</u>	<u>\$ 63,563</u>	<u>\$ 60,154</u>	<u>\$ 58,402</u>
Contributions as a percentage of covered payroll	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%

**NORTH TOOELE FIRE PROTECTION SERVICE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE A – SCHEDULES OF THE DISTRICT’S PROPORTIONATE SHARE OF NET PENSION
LIABILITY (ASSETS) – UTAH RETIREMENT SYSTEMS**

These schedules only present information for the 2015 and subsequent measurement periods of the plans; prior-year information is not available.

NOTE B – 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. Also rate changes occur each July 1. A portion of required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability in the Tier 1 plans.

NOTE C – CHANGES IN ASSUMPTIONS – UTAH RETIREMENT SYSTEMS

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In the aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about .50% of the Total Pension Liability as of December 31, 2019, for all systems combined. The Actuarial Experience Study report as of December 31, 2019, provides detailed information regarding those assumption changes, which may be accessed online at newsroom.ors.org under the “retirement Office” column using the “Reports and Stats” tab.

During the year ended December 31, 2020 and as a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.



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, 2021, 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 May 25, 2022.

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) 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 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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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.

Squire & Company, PC

Salt Lake City, Utah
May 25, 2022



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

We have audited North Tooele Fire Protection Service District's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the District for the year ended December 31, 2021.

State compliance requirements were tested for the year ended December 31, 2021 in the following areas:

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Government Fees
- Cash Management
- Tax Levy Revenue Recognition

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Compliance

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, 2021.

Report on Internal Control over Compliance

Management of the District 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 District's internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District'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 state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Squire & Company, PC

Salt Lake City, Utah
May 25, 2022