
OFFICIAL NOTICE OF BOND SALE

\$11,765,000*

**TOOELE CITY, UTAH
SEWER REVENUE BONDS
SERIES 2026**

**Electronic bids will be received up to 9:30:00a.m.,
Mountain Standard Time, via the PARITY®
electronic bid submission system, on October 20,
2026.**

* Preliminary; subject to change.

OFFICIAL NOTICE OF BOND SALE
(Bond Sale to Be Conducted Electronically)

\$11,765,000*
TOOELE CITY, UTAH
SEWER REVENUE BONDS, SERIES 2026

Bids will be received electronically (as described under “PROCEDURES REGARDING ELECTRONIC BIDDING” below) by Tooele City, Utah (the “*City*”), via the PARITY[®] electronic bid submission system (“*PARITY*[®]”), at 9:30:00a.m., Mountain Standard Time, on October 20, 2026, for the purchase (all or none) of the City’s \$11,765,000 Sewer Revenue Bonds, Series 2026 (the “*Bonds*”). Pursuant to a resolution of the City Council of the City (the “*City Council*”) adopted on September 2, 2026, the City Council has authorized the Mayor or the Finance Director as the designated officer of the City (the “*Designated Officer*”), to review and consider the bids on October 20, 2026.

DESCRIPTION OF BONDS: The Bonds will be dated as of the date of issuance and delivery¹ thereof, will be issuable only as fully-registered bonds in book-entry form, and will be issued in denominations of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity. The Bonds will mature on December 1 of each of the years and in the principal amounts as follows:

<u>Due</u> <u>December 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Due</u> <u>December 1</u>	<u>Principal</u> <u>Amount*</u>
2027	\$350,000	2037	\$580,000
2028	370,000	2038	610,000
2029	390,000	2039	640,000
2030	405,000	2040	670,000
2031	430,000	2041	705,000
2032	450,000	2042	745,000
2033	475,000	2043	780,000
2034	500,000	2044	820,000
2035	525,000	2045	865,000
2036	550,000	2046	905,000

ADJUSTMENT OF PRINCIPAL AMOUNT OF THE BONDS: The City may adjust the amortization schedule by adjusting the amount of principal maturing on one or more maturity dates by the amount necessary to properly size each maturity of the Bonds consistent with then-current market conditions, the amount necessary for the Project, and applicable federal arbitrage regulations. The dollar amount of the price bid by the successful bidder may be changed as described below, but none of the interest rates specified by the successful bidder will change. A successful bidder may not withdraw its bid as a result of any changes made within these limits,

* Preliminary; subject to change.

¹ The anticipated date of delivery of the Bonds is October 28, 2026.

and the 9:30:00 will consider the bid as having been made for the adjusted amount of the Bonds. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (a) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the 9:30:00, by (b) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above.

If the City elects to make such an adjustment, the amount of such adjustment will be allocated to increase or decrease the principal amount of the Bonds maturing on one or more of the maturity dates for the Bonds as described above, all as determined by the Designated Officer, on behalf of the City, with the advice of LRB Public Finance Advisors, Inc., the Municipal Advisor to the City (the "*Municipal Advisor*"). The City expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., Mountain Daylight Time, on the date of sale, of the amount, if any, by which the aggregate principal amount of the Bonds will be adjusted and the corresponding changes to the principal amount of the Bonds maturing on one or more of the above-designated maturity dates for the Bonds. Any such adjustment will be in an amount of \$5,000 or a whole multiple thereof. The City will consider the bid as having been made for the adjusted amount of the Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate to LRB Public Finance Advisors, Inc., the Municipal Advisor (the "*Municipal Advisor*") to the City, via e-mail (jason@lrbfinance.com) within one-half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the Bonds and the amount received from the sale of the Bonds to the public that will be retained by the successful bidder as its compensation.

RATINGS: The City has applied for and received an underlying rating on the Bonds from S&P Global Ratings ("*S&P*"), and the cost of such underlying rating will be paid by the City.

MUNICIPAL BOND INSURANCE: The City has applied to Assured Guaranty Inc. ("*Assured Guaranty*") and Build America Mutual Assurance Company ("*BAM*") for qualification of the Bonds for municipal bond insurance. Bidders may submit bids for the Bonds with or without municipal bond insurance.

If the successful bidder elects to purchase municipal bond insurance, all costs associated with such insurance, including the insurance premium and any additional or incremental rating agency fees attributable to the municipal bond insurance, shall be paid by the successful bidder and shall not be an expense of the City. For the avoidance of doubt, the City shall remain responsible for the cost of the underlying S&P rating on the Bonds.

Information regarding the availability and cost of municipal bond insurance may be obtained directly from Assured Guaranty or BAM. The successful bidder shall promptly notify the City and its Municipal Advisor following the award of the Bonds whether municipal bond insurance will be utilized and, if applicable, identify the insurer and the maturities to be insured.

The failure of a municipal bond insurer to issue a policy following the award of the Bonds shall not relieve the successful bidder of its obligation to accept delivery of and pay for the Bonds in accordance with the terms of its bid.

PURCHASE PRICE: The purchase price bid for the Bonds shall not be less than 98% of the principal amount of the Bonds.

INTEREST RATES: Bidders must specify the rate of interest with respect to each maturity of Bonds. Bidders will be permitted to bid different rates of interest for each separate maturity of Bonds, but:

- (a) the highest interest rate bid for any of the Bonds shall not exceed 5.50% per annum;
- (b) each interest rate specified in any bid must be in a multiple of one-eighth or one-twentieth of one percent (1/8th or 1/20th of 1%) per annum;
- (c) no Bond shall bear more than one rate of interest;
- (d) interest shall be computed from the dated date of a Bond to its stated maturity date at the single interest rate specified in the bid for the Bonds of such maturity;
- (e) the same interest rate shall apply to all Bonds maturing at one time;
- (f) the purchase price must be paid in immediately available funds and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for immediately available funds;
- (g) any premium must be paid in the funds specified for the payment of the Bonds as part of the purchase price;
- (h) there shall be no supplemental interest coupons; and
- (i) interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Interest will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2027.

TRUSTEE, BOND REGISTRAR AND PAYING AGENT; PLACE OF PAYMENT: Zions Bancorporation, National Association, Salt Lake City, Utah, will be the trustee, paying agent and bond registrar for the Bonds. The City may remove any trustee, paying agent and any bond registrar, and any successor thereto, and appoint a successor or successors thereto. So long as the Bonds are outstanding in book-entry form, the principal of and interest on the Bonds will be paid under the standard procedures of The Depository Trust Company (“DTC”).

REDEMPTION PROVISIONS: The Bonds are subject to redemption at the option of the City on December 1, 2036 (the “*First Redemption Date*”), and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as will be selected by the City, upon notice given as provided in the Resolution and described below, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the redemption date. Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

SECURITY; LIMITED OBLIGATIONS: The Bonds are payable from and secured by a pledge and assignment under a General Indenture of Trust dated as of December 1, 1997, as heretofore supplemented and amended (the “*Indenture*”), between the City and Zions Bancorporation, National Association, as trustee (the “*Trustee*”), of Revenues (as defined in the Indenture) of the sewer system of the City (the “*System*”), after payment of Operation and Maintenance Expenses of the System (as defined in the Indenture). Neither the credit nor the taxing power of the City or the State of Utah or any agency, instrumentality, or political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the Bonds. The Bonds are not general obligations of the City or the State of Utah or any agency, instrumentality, or political subdivision thereof. The issuance of the Bonds shall not directly, indirectly, or contingently obligate the City or the State of Utah or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Bonds.

AWARD: Award or rejection of bids will be made by the City, acting through its Designated Officer, on October 20, 2026. The Bonds will be awarded to the responsible bidder offering to pay not less than the purchase price for the Bonds described above and specifying a rate or rates of interest that result in the lowest effective interest rate to the City. The effective interest rate to the City shall be the interest rate per annum determined on a per annum true interest cost (“*TIC*”) basis by discounting the scheduled semiannual debt service payments of the City on the Bonds (based on such rate or rates of interest so bid) to the dated date of the Bonds (based on a 360-day year consisting of twelve 30-day months), compounded semiannually and to the bid price.

PROMPT AWARD: The Designated Officer will take action awarding the Bonds or rejecting all bids not later than 6:00 p.m. Mountain Standard Time on October 20, 2026, unless such time of award is waived by the successful bidder.

NOTIFICATION: The Municipal Advisor, on behalf of the City, will notify the apparent successful bidder by telephone as soon as possible after the Designated Officer’s receipt of bids, that such bidder’s bid appears to be the best bid received which conforms to the requirements of this Official Notice of Bond Sale, subject to verification by the Designated Officer not later than 6:00 p.m. Mountain Standard Time on October 20, 2026.

PROCEDURES REGARDING ELECTRONIC BIDDING: A prospective bidder must communicate its bid for the Bonds electronically via PARITY® on or before 9:30:00a.m., Mountain Standard Time, on October 20, 2026. No bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Official Notice of Bond Sale, the terms of this Official Notice of Bond Sale shall control. For further information about PARITY®, potential bidders may contact LRB Public Finance

Advisors, Inc., the Municipal Advisor, at 41 North Rio Grande, Suite 101, Salt Lake City, Utah 84101, telephone (801) 596-0700, e-mail: jason@lrbfinance.com, or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021.

For purposes of PARITY[®], the time as maintained by PARITY[®] shall constitute the official time.

Each prospective bidder shall be solely responsible to register to bid via PARITY[®] as described above. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access PARITY[®] for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the City nor i-Deal LLC shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the City nor i-Deal LLC shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY[®]. The City is using PARITY[®] as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds.

FORM OF BID: Each bidder is required to transmit electronically via PARITY[®] an unconditional bid specifying the lowest rate or rates of interest and the purchase price, as described under "PURCHASE PRICE" above, at which the bidder will purchase the Bonds. Each bid must be for all the Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the Bonds represented on a TIC basis, as described under "AWARD" above, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by e-mail or facsimile transmission or in any other medium or on any system other than by means of PARITY[®]; *provided, however*, that in the event a prospective bidder cannot access PARITY[®] through no fault of its own, it may so notify the Municipal Advisor by telephone at (801) 596-0700 or by e-mail at jason@lrbfinance.com. Thereafter, it may submit its bid by telephone to the Municipal Advisor at (801) 596-0700, who shall transcribe such bid into written form, or by e-mail to the Municipal Advisor at jason@lrbfinance.com, in either case before 9:30:00a.m., Mountain Standard Time, on October 20, 2026. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by e-mail transmission (as described above), the time as maintained by PARITY[®] shall constitute the official time. Each bid submitted as provided in this paragraph must specify: (a) an offer to purchase not less than all of the Bonds; and (b) the lowest rate or rates of interest and the purchase price, as described under "PURCHASE PRICE" above, at which the bidder will purchase the Bonds. The Municipal Advisor will seal transcribed telephonic bids and e-mail bids for submission to an official of the City. Neither the City nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid or e-mail transmission (whether such failure arises from equipment failure, unavailability of telephone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Municipal Advisor, the apparent successful bidder will provide written confirmation of its bid (by e-mail transmission) to the Municipal Advisor prior to 2:00 p.m., Mountain Standard Time, on October 20, 2026.

RIGHT OF CANCELLATION: The successful bidder shall have the right, at its option, to cancel its obligation to purchase the Bonds if the City shall fail to execute the Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$235,300 (the “*Deposit*”), is required of the successful bidder only. The Deposit shall be payable to the order of the City in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 p.m., Mountain Standard Time, on the date of sale. As an alternative to wiring funds, a bidder may deliver a cashier’s or certified check, payable to the order of the City, with its bid. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The City shall, as security for the faithful performance by the successful bidder of its obligation to take up and pay for the Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder and hold the proceeds of the Deposit of the successful bidder or invest the same (at the City’s risk) in obligations that mature at or before the delivery of the Bonds as described under the caption “MANNER AND TIME OF DELIVERY” below, until disposed of as follows: (a) at such delivery of the Bonds and upon compliance with the successful bidder’s obligation to take up and pay for the Bonds, the full amount of the Deposit held by the City, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the City; and (b) if the successful bidder fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the City as liquidated damages.

SALE RESERVATIONS: The City reserves the right: (a) to waive any irregularity or informality in any bid or in the electronic bidding process; (b) to reject any and all bids for the Bonds; and (c) to resell the Bonds as provided by law.

MANNER AND TIME OF DELIVERY: The successful bidder will be given at least seven (7) business days’ advance notice of the proposed date of the delivery of the Bonds when that date has been determined. It is now estimated that the Bonds will be delivered in book-entry form on or about October 28, 2026. The Bonds will be delivered as a single bond certificate for each maturity of the Bonds, registered in the name of DTC or its nominee. Delivery of the Bonds will be made in Salt Lake City, Utah, except that the successful bidder may at its option and expense designate some other place of delivery, that expense to include travel expenses of two City officials or two representatives of the City and closing expenses. The successful bidder must also agree to pay for the Bonds in federal funds that will be immediately available to the City in Tooele City, Utah, on the day of delivery.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect

thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with terms of the contract of sale. All expenses in relation to the providing of CUSIP numbers for the Bonds shall be paid for by the successful bidder.

TAX-EXEMPT STATUS In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

It is further the opinion of Bond Counsel that under the existing laws of the State of Utah, as presently enacted and construed, interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers; Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

ISSUE PRICE: In order to enable the City to comply with certain requirements of the Code, as amended, the successful bidder will be required to provide a certificate as to the “issue price” of the Bonds in substantially the form attached hereto as Exhibit 1. Each bidder, by submitting its bid, agrees to complete, execute and deliver such certificate, in form and substance satisfactory to Bond Counsel, by the date of delivery of the Bonds, if its bid is accepted by the City. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation or otherwise to ascertain the facts necessary to make such certification. Any questions regarding the certificate should be directed to Farnsworth Johnson PLLC, Bond Counsel, telephone: (801) 510-6303, e-mail: brandon@farnsworthjohnson.com.

For purposes of federal tax issue price regulations, the City expects that the sale of the Bonds will qualify as a competitive sale. In the event that the competitive sale requirements are not satisfied, the City will advise the successful bidder. In that case, the City will treat the first price at which 10% of a maturity of the Bonds is sold to the public as the issue price of that maturity (the “10% Test”). The winning bidder shall advise the City which, if any, maturities of the Bonds satisfy the 10% Test as of the date of sale of the Bonds. The City will not require bidders to comply with the “hold-the-offering-price rule”.

In the event the competitive sale requirements are not satisfied, the successful bidder shall promptly report to the City the price for each maturity of the Bonds for which the 10% Test has been satisfied. This reporting obligation shall continue until the 10% Test has been satisfied for all maturities of the Bonds. If the 10% Test for any maturity of the Bonds has not been satisfied by the date of delivery of the Bonds, the successful bidder shall provide a “date down” certificate

as to the “issue price” after the date of delivery of the Bonds when the 10% Test has been satisfied with respect to such maturity.

LEGAL OPINION AND CLOSING CERTIFICATES: The unqualified approving opinion of Farnsworth Johnson PLLC covering the legality of the Bonds will be furnished to the successful bidder. An opinion of the City Attorney and closing certificates will also be furnished, dated as of the date of delivery of and payment for the Bonds, including a statement that there is no litigation pending or, to the knowledge of the signer thereof, threatened affecting the validity of the Bonds.

DISCLOSURE CERTIFICATE: The closing papers will include a certificate executed by an officer of the City confirming to the successful bidder that, to the best of the knowledge of the signers thereof, and after reasonable investigation: (a) the Preliminary Official Statement (the “*Preliminary Official Statement*”) circulated with respect to the Bonds did not at the time of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (b) the final Official Statement (the “*Official Statement*”) did not as of its date and does not at the time of the delivery of the Bonds contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, should the Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the Official Statement shall relate to the Official Statement as so supplemented or amended.

CONTINUING DISCLOSURE: The City covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “*Undertaking*”) to provide ongoing disclosure about the City for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the “*Rule*”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed upon in writing by the successful bidder. The City has not failed to comply in all material respects with each and every Undertaking previously entered into by it pursuant to the Rule.

The successful bidder’s obligation to purchase the Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Bonds.

DELIVERY OF COPIES OF OFFICIAL STATEMENT: The City shall deliver to the successful bidder on such business day as directed in writing by the successful bidder, which is not earlier than the second business day or later than the seventh business day after the award of the Bonds as described under the caption “AWARD” above, copies of the Official Statement in sufficient quantity, as directed in writing by the successful bidder, to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

After the original issuance and delivery of the Bonds, if any event relating to or affecting the City shall occur as a result of which it is necessary in the opinion of counsel for the successful bidder to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a prospective

purchaser, the City shall, for so long as the successful bidder is obligated by the Rule to deliver an Official Statement to prospective purchasers, forthwith prepare and furnish to the successful bidder such information with respect to itself as the successful bidder deems necessary to amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, in the light of the circumstances existing at the time the Official Statement is delivered to a prospective purchaser.

MUNICIPAL ADVISOR: The City has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the City with respect to preparation for sale of the Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Bonds.

WAIVER OF CONFLICTS: By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the City in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the City in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

ADDITIONAL INFORMATION: For copies of this Official Notice of Bond Sale, the Preliminary Official Statement and information regarding the electronic bidding procedures and other related information, contact Jason W. Burningham (jason@lrbfinance.com), LRB Public Finance Advisors, Inc., 41 North Rio Grande, Suite 101, Salt Lake City, Utah 84101, telephone: (801) 596-0700, fax: (801) 596-2800, the Municipal Advisor. The Preliminary Official Statement (including the Official Notice of Bond Sale) is also available at www.i-dealprospectus.com.

DATED October 9, 2026.

TOOELE CITY, UTAH

By /s/ Maresa Manzione
Mayor

ANNEX 1

CERTIFICATE OF PURCHASER
(COMPETITIVE SALE REQUIREMENTS SATISFIED)

[TO BE DATED THE CLOSING DATE]

The undersigned is an officer of _____ (the “*Purchaser*”), and as such officer I hereby certify as follows:

1. On October 20, 2026 (the “*Sale Date*”) the Purchaser purchased the \$_____ Sewer Revenue Bonds, Series 2026 (the “*Bonds*”) of Tooele City, Utah (the “*Issuer*”) by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Sale” and having its bid accepted by the Issuer. The terms of the purchase have not been modified by the Purchaser since the Sale Date.

2. As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public (defined below) are the prices shown on the inside cover page of the Official Statement, dated October 20, 2026, and related to the Bonds (the “*Expected Offering Prices*”). The Expected Offering Prices are the prices for the maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as *Schedule A* is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds. “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the Purchaser or a related party to the Purchaser.

3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

All terms not defined herein shall have the same meanings as in the tax certificate with respect to the Bonds, to which this Certificate is attached.

Very truly yours,

[PURCHASER]

By _____

Its _____

SCHEDULE A

COPY OF PURCHASER'S BID

NEW ISSUE—Issued in Book-Entry Only Form

Rating: S&P “AA-” (Stable)

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the Series 2026 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2026 Bonds. See “TAX MATTERS” herein for a more complete discussion.

\$11,765,000*
TOOELE CITY, UTAH
SEWER REVENUE BONDS,
SERIES 2026

Dated: Date of Initial Delivery¹

Due: December 1, as shown on the inside cover

The Series 2026 Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2026 Bonds. Purchases of Series 2026 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Owners of the Series 2026 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2026 Bonds. Interest on the Series 2026 Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2027, through Zions Bancorporation, National Association, as Paying Agent, all as more fully described herein. So long as DTC or its nominee is the registered owner of the Series 2026 Bonds, payments of the principal of, premium, if any, and interest on such Series 2026 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See “THE SERIES 2026 BONDS—Book-Entry Only System” herein.

The Series 2026 Bonds are issued for the purpose of (i) financing the cost of improvements (the “Project”) to the sewer system of the City (the “System”) and (ii) paying costs associated with the issuance of the Series 2026 Bonds.

The Series 2026 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2026 BONDS—Redemption” herein.

The Series 2026 Bonds are limited obligations of the City, payable solely from a pledge and assignment of Revenues of the System, after payment of Operation and Maintenance Expenses of the System, and moneys on deposit in the funds and accounts (other than the Rebate Fund and the Repair and Replacement Fund) established in the Indenture between the City and Zions Bancorporation, National Association, as trustee. Neither the credit nor the taxing power of the City or the State of Utah or any agency, instrumentality, or political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the Series 2026 Bonds. The Series 2026 Bonds are not general obligations of the City or the State of Utah or any agency, instrumentality, or political subdivision thereof. The issuance of the Series 2026 Bonds shall not directly, indirectly, or contingently obligate the City or the State of Utah or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Series 2026 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS” herein.

The Bonds will be awarded pursuant to competitive bidding to be held via the PARITY[®] electronic bid submission system on October 20, 2026, as set forth in the Official Notice of Bond Sale (dated October 9, 2026).

LRB Public Finance Advisors, Inc., is acting as Municipal Advisor.



This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

This Official Statement is dated _____, 2026, and the information contained herein speaks only as of that date.

¹ The anticipated date of issuance is October 28, 2026.

* Preliminary; subject to change.

\$11,765,000*
TOOELE CITY, UTAH
SEWER REVENUE BONDS, SERIES 2026

MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS

<u>Due</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2027	\$350,000			
2028	370,000			
2029	390,000			
2030	405,000			
2031	430,000			
2032	450,000			
2033	475,000			
2034	500,000			
2035	525,000			
2036	550,000			
2037	580,000			
2038	610,000			
2039	640,000			
2040	670,000			
2041	705,000			
2042	745,000			
2043	780,000			
2044	820,000			
2045	865,000			
2046	905,000			

[\$ _____ % Term Bond Due December 1, 20____; Price _____%; CUSIP No. _____ **]

* Preliminary; subject to change.

** CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2026 Bonds. None of the City or the Trustee is responsible for the selection or use of such CUSIP numbers, and no representation is made as to its correctness on the Series 2026 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2026 Bonds as a result of various subsequent actions including but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2026 Bonds.

The information set forth herein has been obtained from the City, DTC, and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the City, or in any other information contained herein since the date hereof.

No dealer, broker, salesman or any other person has been authorized by the City to give any information or to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

All inquiries relating to this Official Statement and the offering contemplated herein should be directed to the City or the Municipal Advisor. Prospective investors may obtain additional information from the Municipal Advisor or the City which they may reasonably require in connection with the decision to purchase any of the Series 2026 Bonds.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Forward-looking statements are included in, but not limited to, the Official Statement under the captions “THE PROJECT,” “ESTIMATED SOURCES AND USES OF FUNDS,” and “HISTORICAL OPERATIONS AND PRO FORMA DEBT SERVICE COVERAGE.” The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

THE SERIES 2026 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2026 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The City maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2026 Bonds.

\$11,765,000*
TOOELE CITY, UTAH
SEWER REVENUE BONDS
SERIES 2026

90 North Main Street
Tooele, Utah 84047
(435) 843-2100

MAYOR AND CITY COUNCIL

Maresa Manzione Mayor
Jon Gossett..... Councilmember
Justin Brady Councilmember
Melodi Gochis Councilmember
Ed Hansen..... Councilmember
Dave McCall..... Councilmember

CITY ADMINISTRATION

Matt Johnson..... City Attorney
Shannon Wimmer Finance Director
Shilo Baker City Recorder
Kami Perkins City Treasurer
Nathan Farrer..... Public Works Director

**TRUSTEE, BOND REGISTRAR, AND
PAYING AGENT**

Zions Bancorporation, National Association
One South Main Street, 12th Floor
Salt Lake City, Utah 84133
(801) 844-7517

MUNICIPAL ADVISOR

LRB Public Finance Advisors, Inc.
41 North Rio Grande, Suite 101
Salt Lake City, Utah 84101
(801) 596-0700

BOND AND DISCLOSURE COUNSEL

Farnsworth Johnson PLLC
180 North University Avenue, Suite 260
Provo, Utah 84601
(801) 510-6303

* Preliminary; subject to change.

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\$11,765,000*
TOOELE CITY, UTAH
SEWER REVENUE BONDS
SERIES 2026

INTRODUCTION

This Official Statement, including the cover page, introduction and appendices provides information regarding (i) the issuance and sale by Tooele City, Utah (the “City” or the “Issuer”), a political subdivision of the State of Utah (the “State”), of its \$11,765,000* Sewer Revenue Bonds, Series 2026 (the “Series 2026 Bonds”), initially issued in book-entry form only; (ii) the City; and (iii) the sewer system (the “System”) owned and operated by the City. This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2026 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in “APPENDIX B—COPY OF THE GENERAL INDENTURE.”

See also the following appendices attached hereto which are hereby incorporated herein by reference: APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025; APPENDIX B—COPY OF THE GENERAL INDENTURE; APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND TOOELE COUNTY; APPENDIX C—FORM OF CONTINUING DISCLOSURE UNDERTAKING; APPENDIX D—FORM OF OPINION OF BOND COUNSEL; and APPENDIX E—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM.

The City

The City was incorporated in 1853 and covers an area of approximately 24 square miles within Tooele County, Utah (the “County”). The City is located approximately 34 miles west of Salt Lake City, Utah. The City had 42,270 residents in 2025 according to the estimate of the U.S. Census Bureau. For additional information regarding the City, see “THE CITY”; “FINANCIAL INFORMATION REGARDING THE CITY”; “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR’S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2025”; and “APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND TOOELE COUNTY” herein.

The System

The System consists of consists of approximately 164 miles of 4-inch to 36-inch interceptors and collectors. All of the City’s wastewater is treated by an activated sludge reclamation plant. See “THE PROJECT” and “THE SYSTEM,” herein for additional information.

Authorization and Purpose of the Series 2026 Bonds

The Series 2026 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the “Act”); (ii) resolution of the City adopted on September 2, 2026 (the “Resolution”); (iii) a General Indenture of Trust dated as of December 1, 1997, as heretofore supplemented and amended (the “General Indenture”), between the City and Zions Bancorporation, National Association, as trustee (the “Trustee”); (iv) a Fourth Supplemental Trust Indenture dated as of October 1, 2026 (the “Supplemental Indenture” and together with the General Indenture, the “Indenture”) between the City and the Trustee; and (v) other applicable provisions of law.

* Preliminary; subject to change.

The Series 2026 Bonds are being issued for the purpose of (a) financing the cost of improvements to the System and (b) paying certain costs associated with the issuance of the Series 2026 Bonds.

Security

The Series 2026 Bonds will be payable from and secured solely by a pledge and assignment of the Net Revenues from the System and moneys on deposit in the funds and accounts (other than the Rebate Fund and the Repair and Replacement Fund) held by the Trustee under the Indenture.

The Revenues of the System will be applied to pay the Operation and Maintenance Expenses of the System before being applied to pay principal of and interest on the Series 2026 Bonds. The Series 2026 Bonds will be special limited obligations of the City, payable solely from the Net Revenues of the System.

The Series 2026 Bonds will not be a general obligation of the City, the State or any agency, instrumentality or political subdivision thereof. Neither the faith and credit nor the taxing power of the City, the State or any agency, instrumentality or political subdivision thereof will be assigned or pledged for payment of the Series 2026 Bonds. The City will not mortgage or grant a security interest in the System, the Project, or any portion thereof to secure payment of the Series 2026 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” below.

No debt service reserve fund is being funded with respect to the Series 2026 Bonds.

The City has previously issued and has outstanding its Sewer Revenue Bonds, Series 2010 collectively referred to herein as the “Outstanding Parity Bonds.” As of October 1, 2026, the Outstanding Parity Bonds are outstanding in the aggregate principal amount of \$2,456,000. The Outstanding Parity Bonds were issued pursuant to the terms of the General Indenture and are secured by the Net Revenues on a parity with the Series 2026 Bonds.

The City may issue Additional Bonds payable on a parity with the Series 2026 Bonds and the Outstanding Parity Bonds upon complying with certain requirements set forth in the Indenture. Such Additional Bonds together with the Series 2026 Bonds and the Outstanding Parity Bonds are sometimes collectively referred to herein as the “Bonds.” See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds—Additional Bonds” below.

Redemption Provisions

The Series 2026 Bonds are subject to optional [and mandatory sinking fund] redemption prior to maturity. See “THE SERIES 2026 BONDS—Redemption” below.

Registration, Denominations, Manner of Payment

The Series 2026 Bonds are issuable only as fully-registered Series 2026 Bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository of the Series 2026 Bonds. Purchases of Series 2026 Bonds will be made in book-entry only form, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Series 2026 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2026 Bonds.

So long as Cede & Co. is the registered Owner of the Series 2026 Bonds, as nominee of DTC, references herein and in the Indenture to the bondowners or registered Owners of the Series 2026 Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2026 Bonds.

Principal of and interest on the Series 2026 Bonds (interest payable June 1 and December 1 of each year, commencing June 1, 2027) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners of the Series 2026 Bonds, initially Cede & Co., as nominee of DTC. See “THE SERIES 2026 BONDS—Book Entry Only System” below.

Transfer or Exchange

Except as described under “THE SERIES 2026 BONDS—Book-Entry Only System” below, in all cases in which the privilege of exchanging or transferring the Series 2026 Bonds is exercised, the City shall execute, and the Bond Registrar shall authenticate and deliver, the Series 2026 Bonds in accordance with the provisions of the Indenture. For every such exchange or transfer of the Series 2026 Bonds, the City or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer of the Series 2026 Bonds, but may impose no other charge therefor.

The Bond Registrar, shall not be required to transfer or exchange any Series 2026 Bond (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date; (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto; (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Series 2026 Bonds for redemption, to and including the date of such mailing; or (iv) at any time following the mailing of notice calling such Series 2026 Bond for redemption.

Tax-Exempt Status

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the Series 2026 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2026 Bonds. See “TAX MATTERS” in this Official Statement. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2026 Bonds.

Conditions of Delivery, Anticipated Date, Manner, and Place of Delivery

The authorization and issuance of the Series 2026 Bonds are subject to the approval of Farnsworth Johnson PLLC, Bond Counsel to the City. Certain legal matters will be passed on for the City by the City Attorney. LRB Public Finance Advisors, Inc. has served as municipal advisor to the City in connection with the issuance of the Series 2026 Bonds. See “LEGAL MATTERS” below. It is expected that the Series 2026 Bonds in book-entry form will be available for delivery on or about October 28, 2026.

Basic Documentation

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the City, the System, the Series 2026 Bonds, and the Indenture are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to such document, and references herein to the Series 2026 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the information with respect thereto included in the aforementioned document, copies of which are available for inspection at the principal office of the Trustee on or after the delivery of the Series 2026 Bonds. During the period of the offering of the Series 2026 Bonds, copies of the form of such document will be available from the “Contact Persons” as indicated below. Also see “APPENDIX B—COPY OF THE GENERAL INDENTURE” below.

Public Sale/Electronic Bid

The Bonds will be awarded pursuant to competitive bidding to be held via the PARITY® electronic bid submission system on October 20, 2026, as set forth in the Official Notice of Bond Sale (dated October 9, 2026).

Contact Persons

The chief contact person for the City concerning the Series 2026 Bonds is:

Shannon Wimmer
Finance Director
Tooele City
90 N. Main Street
Tooele, Utah 84074
Telephone: (435) 843-2150
shannonw@tooelecity.gov

Additional requests for information may be directed to the City's Municipal Advisor as follows:

Jason Burningham
Principal
LRB Public Finance Advisors, Inc.
41 North Rio Grande, Suite 101
Salt Lake City, Utah 84101
Telephone: (801) 596-0700
jason@lrbbfinance.com

THE SERIES 2026 BONDS

General

The Series 2026 Bonds are dated the date of their initial delivery and, except as otherwise provided in the Indenture, shall bear interest from said date. Interest on the Series 2026 Bonds will be payable semiannually on June 1 and December 1 of each year commencing June 1, 2027. Interest on the Series 2026 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2026 Bonds will be issued as fully registered Series 2026 Bonds, initially in book-entry form, in denominations of \$5,000 or any integral multiple thereof, not exceeding the amount of each maturity.

The Series 2026 Bonds shall bear interest at the rates and shall mature annually in each of the years as set forth inside the front cover of this Official Statement.

The Series 2026 Bonds are special limited obligations of the City, payable solely from the Net Revenues, moneys, securities, and funds pledged therefor in the Indenture. Neither the credit nor the taxing power of the City, the State or any agency, instrumentality, or political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the Series 2026 Bonds. The Series 2026 Bonds are not general obligations of the City or the State or any agency, instrumentality, or political subdivision thereof. The issuance of the Series 2026 Bonds shall not directly, indirectly, or contingently obligate the City or the State or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Series 2026 Bonds.

Interest on the Series 2026 Bonds will be paid on each Interest Payment Date to the registered owner thereof (initially DTC) who is the registered owner at the close of business on the Regular Record Date for such interest, which shall be the fifteenth day (whether or not a business day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner of any Series 2026 Bonds on such Regular Record Date, and may be paid to the registered owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof to be given to such registered owner not less than ten days prior to such Special Record Date. The principal of and premium, if any, on the Series 2026 Bonds are payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee. Interest shall be paid by check or draft mailed on each Interest Payment Date to the registered owner (initially DTC) of each of the Series 2026 Bonds as the name and address of such registered owner appear on the record date in the Register.

Redemption

Optional Redemption. The Series 2026 Bonds maturing on or after December 1, 2037, are subject to redemption prior to maturity at the option of the City in whole or in part on any Business Day on and after December 1, 2036, at the redemption price of 100% of the principal amount of the Series 2026 Bonds to be redeemed plus accrued interest to the date of redemption (but without premium).

[Mandatory Sinking Fund Redemption. The Series 2026 Bonds maturing on December 1, 20____, are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date on the dates and in the principal amounts as follows:

Mandatory Sinking Fund
Redemption Date
(December 1)

Mandatory Sinking Fund
Redemption Amount

* Final Maturity Date

Upon redemption of any Series 2026 Bonds maturing on December 1, 20____ other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts for the Series 2026 Bonds maturing on December 1, 20____, in such order of mandatory sinking fund date as shall be directed by the City.]

Notice of Redemption. In the event any of the Series 2026 Bonds are called for redemption as aforesaid, notice thereof identifying the Series 2026 Bonds to be redeemed will be given by the Trustee, by mailing a copy of the redemption notice by registered or certified mail not less than 30 nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Series 2026 Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2026 Bond with respect to which no such failure has occurred. Any notice mailed as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice. After the notice shall have been given, the City shall deposit with, or otherwise make available to, the Trustee the funds required for the redemption of the Series 2026 Bonds to be redeemed, including accrued interest to the redemption date, at least five days before the date fixed for such redemption. All Series 2026 Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit with the Trustee at that time.

If at the time of mailing of any notice of redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Series 2026 Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business five days prior to the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

Selection for Redemption. If fewer than all the Series 2026 Bonds are to be redeemed, the particular Series 2026 Bonds or portions of Series 2026 Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. In case any Series 2026 Bond shall be redeemed in part only, upon the presentation of such Series 2026 Bond for such partial redemption the City shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the City, a Bond or Bonds of the same series, interest rate, and maturity, in aggregate principal amount equal to the unredeemed portion of such Series 2026 Bond. The portion of any Series 2026 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof and in selecting portions of such Series 2026 Bonds for redemption, each such Series 2026 Bond shall be treated as representing that number of Series 2026 Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Series 2026 Bonds by \$5,000.

Book-Entry Only System

The Series 2026 Bonds originally will be issued solely in book-entry form to The Depository Trust Company (“DTC”) or its nominee, Cede & Co., to be held in DTC’s book-entry only system. So long as such Series 2026 Bonds are held in the book-entry only system, DTC or its nominee will be the registered owner or Holder of such Series 2026 Bonds for all purposes of the Indenture, the Series 2026 Bonds and this Official Statement. Purchases of beneficial ownership interests in the Series 2026 Bonds may be made in the denominations described above. For a description of the book-entry system for the Series 2026 Bonds, see “APPENDIX E—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM.”

THE PROJECT

A portion of the proceeds of the Series 2026 Bonds will be used to finance the cost of improvements to the System (the “Project”). The Project primarily consists of upgrades to the City’s water reclamation facility’s biosolids processing infrastructure and UV disinfection system. The biosolids improvements are designed to increase the facility’s ability to remove moisture and produce Class A biosolids that can be beneficially land applied, which will reduce the cost of biosolids disposal and potentially recapture a portion of treatment costs through the beneficial use of the finished product. Additional upgrades will increase drying efficiency and production.

The project also includes replacement of the water reclamation facility’s obsolete UV disinfection system with a more effective process for treating effluent prior to discharge to the treatment ponds. The reclaimed water is subsequently used for irrigation at the City’s Overlake Golf Course.

The ultimate objective of the City’s long-term capital improvement plan for the System is to achieve a total treatment capacity of 6.8 million gallons per day (MGD). The Project is not intended to fully achieve this capacity; rather, it is designed to provide a cost-effective interim solution to alleviate existing process pressures and facilitate the management of increasing wastewater flows. By expanding backend process capacity as described above, the existing facility will be equipped to accept and treat higher influent flows without requiring immediate expansion of the oxidation ditch capacity. The City anticipates that these improvements will optimize the facility’s existing 3.4 MGD capacity sufficiently to meet projected community demands for approximately ten years, thereby deferring more capital-intensive upgrades to a future period.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the Series 2026 Bonds are estimated to be as follows:

Sources of Funds

Par Amount of Series 2026 Bonds	\$
[Net] Reoffering Premium.....	
City Contribution (Sewer Impact Fees).....	5,000,000
Total Sources	<u>\$</u>

Uses of Funds

Deposit to Series 2026 Acquisition/Construction Account.....	\$
Costs of Issuance ⁽¹⁾	
Total Uses	<u>\$</u>

⁽¹⁾ Includes purchaser’s discount, legal and Trustee fees and expenses, and other costs incurred in connection with the issuance of the Series 2026 Bonds.

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DEBT SERVICE SCHEDULE

The following table sets forth the debt service requirements of the Series 2026 Bonds and the Outstanding Parity Bonds. Amounts have been rounded.

Fiscal <u>Year</u>	Series 2026 Bonds		Total Principal and Interest	Outstanding	Fiscal <u>Total</u>
	<u>Principal</u> *	<u>Interest</u>		Parity Bonds ⁽¹⁾	
2027	—			\$271,838.00	
2028	\$350,000			274,988.00	
2029	370,000			277,874.75	
2030	390,000			281,498.25	
2031	405,000			284,829.25	
2032	430,000			288,867.75	
2033	450,000			292,584.50	
2034	475,000			296,979.50	
2035	500,000			301,023.50	
2036	525,000			306,716.50	
2037	550,000			—	
2038	580,000			—	
2039	610,000			—	
2040	640,000			—	
2041	670,000			—	
2042	705,000			—	
2043	745,000			—	
2044	780,000			—	
2045	820,000			—	
2046	865,000			—	
2047	905,000			—	
Total	<u>\$11,765,000*</u>			<u>\$2,877,200.0</u>	
				<u>0</u>	

⁽¹⁾ Includes principal and interest.

* Preliminary; subject to change.

(Source: The Municipal Advisor.)

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The City prepared the projections above (the “*Forecasts*”) based on the assumptions of the City. The Forecasts constitute “forward-looking” statements of the type described in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although the City believes that the assumptions upon which the Forecasts are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. All phases of the operations of the City involve risks and uncertainties, many of which are outside of the City’s control and any one of which, or a combination of which, could materially affect the City’s results with respect to its operations.

NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE SCHOOL WILL REALIZE REVENUES IN AMOUNTS SUFFICIENT TO MAKE ALL REQUIRED DEBT SERVICE PAYMENTS ON THE SERIES 2026 BONDS. THE REALIZATION OF FUTURE REVENUES DEPENDS ON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN “BONDHOLDERS’ RISKS”, AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Series 2026 Bonds will be payable from and secured solely by a pledge and assignment of the Net Revenues from the System and moneys on deposit in the funds and accounts (other than the Rebate Fund and the Repair and Replacement Fund) held by the Trustee under the Indenture. The Series 2026 Bonds will be special limited obligations of the City, payable solely from the Net Revenues of the System. Neither the credit nor the taxing power of the City or the State or any agency, instrumentality, or political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the Series 2026 Bonds. The Series 2026 Bonds are not general obligations of the City, the State or any agency, instrumentality, or political subdivision thereof. The issuance of the Series 2026 Bonds shall not directly, indirectly, or contingently obligate the City or the State or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Series 2026 Bonds.

No Debt Service Reserve Fund

No Debt Service Reserve Fund will be funded with respect to the Series 2026 Bonds.

Rate Covenant

The City covenants in the Indenture that while any of the principal and interest payments on the Series 2026 Bonds are outstanding, or any Reserve Instrument Repayment Obligations are outstanding, the rates and fees for all services supplied by the System to the City and to its inhabitants and to all customers of the City with respect to the System within or without the boundaries of the City will be sufficient (i) to pay the System’s Operation and Maintenance Expenses and (ii) to provide for each Bond Fund Year Net Revenues in an amount not less than 120% of the Aggregate Annual Debt Service Requirement for the forthcoming Bond Fund Year, plus an amount sufficient to fund the Debt Service Reserve Fund in the time, rate and manner specified in the Indenture, or if a Reserve Instrument shall be in effect with respect to any outstanding Bonds, the Reserve Instrument Repayment Obligations which the City anticipates will be due and payable for the forthcoming Bond Fund Year, provided that such rates must be reasonable rates for the type, kind, and character of the services rendered. The City agrees that should its annual financial statement made in accordance with the provisions of the Indenture disclose that during the period covered by such financial statement the Net Revenues were not at least equal to the above requirement, the City shall request that a Qualified Engineer make recommendations as to the revision of the rates, charges and fees and that the City on the basis of such recommendations will revise the schedule of rates, charges and fees insofar as is practicable and further revise Operation and Maintenance Expenses so as to produce the necessary Net Revenues as required in the Indenture.

Flow of Funds

All Revenues shall be deposited in the Revenue Fund and shall be accounted for by the City separate and apart from all other moneys of the City.

As a first charge and lien on the Revenues, the City shall cause to be paid from the Revenue Fund from time to time as the City shall determine, all Operation and Maintenance Expenses of the System as the same become due and payable, and thereupon such expenses shall be promptly paid.

So long as any Bonds are Outstanding, as a second charge and lien on the Revenues after payment of Operation and Maintenance Expenses, i.e., from the Net Revenues, the City shall, at least fifteen days before each Interest Payment Date, transfer from the Revenue Fund to the Trustee for and deposit into the Bond Fund an amount equal to:

(i) the interest falling due on the Bonds on the next succeeding Interest Payment Date established for the Bonds (provided, however, that so long as there are moneys representing capitalized interest on deposit with the Trustee to pay interest on the Bonds next coming due, the City need not transfer moneys to the Trustee to pay interest on the Bonds); plus

(ii) the Principal and premium, if any, falling due on the next succeeding Interest Payment Date established for the Bonds; plus

(iii) the Sinking Fund Installment, if any, falling due on the next succeeding Interest Payment Date, the sum of which shall be sufficient, when added to the existing balance in the Bond Fund, to pay the Principal of, premium, if any, and interest on the Bonds promptly on each such Interest Payment Date as the same become due and payable.

As a third charge and lien on the Net Revenues (on a parity basis), the City shall make the following transfers to the Trustee on or before the fifteenth day of each month of each year:

(i) To the extent the Debt Service Reserve Requirement, if any, is not funded with a Reserve Instrument or Instruments, (A) to the account(s) in the Debt Service Reserve Fund any amounts required hereby and by any Supplemental Indenture to accumulate therein the applicable Debt Service Reserve Requirement with respect to each Series of Bonds at the times and in the amounts provided herein and in any Supplemental Indenture and (B) if moneys shall have been withdrawn from an account in the Debt Service Reserve Fund or any account in the Debt Service Reserve Fund is at any time funded in an amount less than the applicable Debt Service Reserve Requirement, moneys sufficient in amount to restore such account(s) within one Year with twelve substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement); or a ratable portion (based on the amount to be transferred pursuant to (ii) below) of remaining Net Revenues if less than the full amount necessary; and

(ii) Equally and ratably to the account(s) of the Reserve Instrument Fund, with respect to all Reserve Instruments which are in effect, such amount or a ratable portion (based on the amount to be transferred pursuant to (i) above) if less than the full amount necessary, that is required to be paid, on or before the next such monthly transfer or deposit of Net Revenues into the Reserve Instrument Fund, to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement, other than Reserve Instrument Costs, to cause the Reserve Instrument Coverage to equal the Reserve Instrument Limit within one Year from any draw date under the Reserve Instrument.

As a fourth charge and lien on the Net Revenues, the City shall deposit in the Repair and Replacement Fund any amount required hereby and by any Supplemental Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding from time to time, the City shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Net Revenues of the System after payments required above have been made until there is on deposit in the Repair and Replacement Fund an amount

equal to the Repair and Replacement Reserve Requirement. This provision is not intended to limit, and shall not limit, the right of the City to deposit additional moneys in the Repair and Replacement Fund from time to time as the City may determine.

The Net Revenues remaining after the foregoing deposits and transfers and not required to be used for remedying any deficiencies in payments previously made into the funds established in the Indenture, may be used at any time for any of the following:

- (i) redemption of Bonds;
- (ii) refinancing, refunding, or advance refunding of any Bonds;
- (iii) deposit to the Rate Stabilization Fund; or
- (iv) any other lawful purpose.

Outstanding Parity Bonds

The City issued the Outstanding Parity Bonds to finance improvements to the System. As of October 1, 2026, the Outstanding Parity Bonds are outstanding in the aggregate principal amount of \$2,456,000. The Outstanding Parity Bonds were issued pursuant to the terms of the General Indenture and are secured by Net Revenues on a parity with the Series 2026 Bonds.

Additional Bonds

No additional indebtedness, Bonds or notes of the City payable on a priority to the pledge of Net Revenues for the payment of the Series 2026 Bonds and the Outstanding Parity Bonds shall be created or incurred without the prior written consent of the owners of 100% of the Outstanding Bonds. In addition, no Additional Bonds or other indebtedness, Bonds or notes of the City payable on a parity with the Series 2026 Bonds and the Outstanding Parity Bonds out of Net Revenues shall be created or incurred, unless the requirements of the Indenture have been satisfied. See “APPENDIX B—COPY OF THE GENERAL INDENTURE—The Bonds” for a list of the various requirements that need to be satisfied. The City currently has no plans to issue Additional Bonds within the next three years, but reserves the right to do so as its capital and debt structuring needs require.

TOOELE CITY

General

The City was incorporated in 1853 and covers an area of approximately 24 square miles within Tooele County. The City is located approximately 34 miles west of Salt Lake City, Utah. The U.S. Census Bureau estimated the City’s 2025 population to be 42,270.

Form of Government

The City is the only city in the State administered under a “home rule charter” created under the State Constitution, organized under the Council-Mayor form of government. The Mayor functions as both the chief executive officer and the city manager. The City is governed by the Mayor and the City Council consisting of five persons, elected at large by voters in the City. A measure of continuity is provided in the City Council by the election of the councilmembers to four year overlapping terms. Duties of the councilmembers include the responsibility for all City affairs in general. The City Council must approve and may revise the budget of any City department or elected official. The City Council serves as the legislative body of the City and appropriates funds for the various City functions. The City Council is the tax levying body, determining the necessary City property tax levy each year. The City Council also licenses and regulates businesses, exhibitions, and recreation within the City area.

Department heads are full-time employees of the City and responsible for day-to-day operations within the policy framework of the governing body. They report to the Mayor and City Council.

Current members serving as Mayor, City Council and officers of the City and their respective years of service to the City are as follows:

<u>Office</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Term</u>
Mayor	Maresa Manzione	5 ¹	January 2030
Councilmember	Jon Gossett	1	January 2030
Councilmember	Justin Brady	7	January 2028
Councilmember	Melodi Gochis	7	January 2028
Councilmember	Ed Hansen	7	January 2028
Councilmember	Dave McCall	17	January 2030
Finance Director	Shannon Wimmer	6 ²	Appointed
City Recorder	Shilo Baker	1 ²	Appointed
City Treasurer / Human Resources	Kami Perkins	28	Appointed
Public Works Director	Nathan Farrer	1 ³	Appointed
City Attorney	Matt Johnson	1 ²	Appointed

1 Mrs. Manzione has served as Mayor since January 5, 2026.

2 Years of service as directors; each has additional years of service to the City.

3 Director (March 2026-Present); Assistant Director (August 2025-March 2026)

The principal powers and duties of Utah municipalities are to maintain law and order, abate nuisances, guard public health and sanitation, promote recreation, provide fire protection, and construct and maintain streets, sidewalks, waterworks, and sewers. Municipalities also regulate commercial and residential development within their boundaries by means of zoning ordinances, building codes and licensing procedures.

The City provides police, fire/rescue, and emergency services; building, planning and zoning services; public parks and recreation services including trail amenities and services; library services; culinary water; solid waste removal and disposal services; stormwater and sewer utilities; cemetery services; wastewater treatment services; and an 18-hole golf course.

Employee Workforce and Retirement System

The City employs approximately 173 full-time, 12 part-time employees and 131 seasonal/temporary employees. The City is a member of the Utah State Retirement Systems and participates in a deferred compensation plan. See “APPENDIX A— TOOELE CITY, UTAH AUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025—Notes to the Financial Statements—Note 4: Detailed Notes for All Funds, Employee Retirement Systems and Pension Plans” herein.

The City records a liability and expense equal to its proportionate share of the collective net pension liability and expense of the Systems. More information can be found in Note 10, “Retirement Plan,” of the City’s audited financial statements. See “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR’S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2025.”

Other Post-Employment Benefits

The City reports that it does not have any post-employment benefit liabilities.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The City is a member agency in the Utah Local Government Insurance

Trust (the “Trust”), a public entity risk pool to manage its risk of loss. The City pays an annual premium to the Trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums. As of June 30, 2025, there was one outstanding, but in process claim. The City had no claim settlements during the three years ending June 30, 2025, which exceeded its insurance coverage. See “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR’S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2025—Notes to the Financial Statements. 4. Detailed Notes for All Funds, *Risk Management*” herein.

Investment of Funds

Investment of Operating Funds. *The Utah Money Management Act.* The Utah Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended (the “Money Management Act” or “MM Act”), governs the investment of all public funds held by public treasurers in the State. It establishes criteria for investment of public funds with an emphasis on safety, liquidity, yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The Money Management Act provides a limited list of approved investments including qualified in-state and permitted out-of-state financial institutions, approved government agency securities and investments in corporate securities carrying “top credit ratings.” The Money Management Act also provides for pre-qualification of broker dealers by requiring that broker dealers agree in writing to comply with the Money Management Act and certify that they have read and understand the Money Management Act. The Money Management Act establishes the Money Management Council (the “Money Management Council” or “MM Council”) to exercise oversight of public deposits and investments. The law requires all securities to be delivered versus payment to the public treasurer’s safekeeping bank. It requires diversification of investments, especially in securities of corporate issuers. Not more than 5% of the portfolio may be invested with any one issuer. Investments in mortgage pools and mortgage derivatives or any security making unscheduled periodic principal payments are prohibited. The Money Management Act also defines the State’s prudent investor rules. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The City is currently complying with all of the provisions of the MM Act for all City operating funds. As of fiscal year end June 30, 2025, approximately 98.5% of City investments are invested in the Utah Public Treasurers’ Investment Fund (“PTIF”), as discussed below. The remaining funds are held by Moreton Asset Management, LLC, as third-party custodian in certificates of deposit, money market mutual funds, and other investments.

The Utah Public Treasurers’ Investment Fund. The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. The PTIF invests to ensure safety of principal, liquidity and a competitive rate of return. All moneys transferred to the PTIF are promptly invested in securities authorized by the MM Act. Safekeeping and audit controls for all investments owned by the PTIF must comply with the MM Act.

All investments in the PTIF must comply with the MM Act and rules of the MM Council. The PTIF invests only in securities authorized by the MM Act including time certificates of deposit, top-rated commercial paper and corporate notes, treasuries and certain agencies of the U.S. Government. The maximum weighted average adjusted life of the portfolio, by policy, is not to exceed 90 days. The maximum final maturity of any security purchased by the PTIF is limited to three years, except that a maximum maturity of five years is allowed for treasury or agency securities whose rate adjusts at least annually.

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. All securities purchased are delivered via payment to the custody of the State Treasurer or the State Treasurer’s safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the U.S. Government. These short-term securities must be rated “first tier” (“A1,” “P1,” for short-term investments and “A” or better for long-term investments) by two nationally recognized statistical rating organizations, one of which must be Moody’s or S&P. These securities

represent limited risks to governmental institutions investing with the PTIF. Variable rate securities in the PTIF must have an index or rate formula that has a correlation of at least 94% of the effective Federal Funds rate.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the MM Council and is audited by the State Auditor. The PTIF itself is not rated.

As with the PTIF, all investments managed by Moreton Asset Management must comply with the MM Act and rules of the MM Council. Securities in the City's portfolio are registered in the name of the City, are held by a third-party custodian, and include corporate bonds, U.S. government bonds, and Agency bonds. The maximum final maturity of any security purchased does not exceed five years. Securities purchased are coordinated to mature with ongoing cash expenditures of the city. Nationally recognized credit rating agencies have ratings issued on the investments that range from AA+ to BBB+.

See "APPENDIX A— AUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025—Notes to the Financial Statements—4. Detailed Notes for All Funds, *Cash and Investments*."

THE SYSTEM

The Sewer Facilities

General. The System consists of approximately 164 miles of 4-inch to 36-inch interceptors and collectors. All of the City's wastewater is treated by an activated sludge reclamation plant. The wastewater plant has the capacity to treat flows up to 3.4 MGD. The wastewater plant is currently operating at 85% of its rated capacity. The City has enough treatment capacity for the immediate future but is undertaking projects to expand its capacity up to approximately 6.8 MGD within the next 3-10 years.

Service Connections. The following table sets forth the actual number of service connections and flows to the Sewer Facilities for the years shown:

CUSTOMER TYPES	2021	2022	2023	2024	2025	PERCENT CHANGE FROM PRIOR YEAR
Residential	9,924	10,657	11,037	11,433	11,920	4.26
Multiple Units (Accts.)	262	267	277	282	287	1.77
Commercial	412	423	439	458	487	6.33
Churches	32	32	32	36	36	0
Schools	34	34	34	33	35	6.06
Government	64	65	64	77	86	11.69
Total Connections	10,728	11,478	11,883	12,319	12,851	3.6

(Source: The City.)

Major Users of the Sewer Facilities. The following table sets forth the largest users of the Sewer Facilities and the approximate revenues derived by the City from sewer services to those users for the fiscal year 2025:

ENTITY	ENTITY TYPE	REVENUES	PERCENT OF TOTAL
Carlisle Syntec	Industrial	106,114.84	1.79%
Tooele Gateway Apartments	MU	103,770.08	1.75%
Grandview Trailer Park	MU	72,905.60	1.23%
Mountain West Medical	Commercial	41,584.24	.70%
Overpass Point Trailer Park	MU	37,953.04	.64%
Vorwaller Mobile Home Park	MU	36,427.20	.62%
Detroit Diesel	Industrial	33,570.64	.57%
Prowash Shammy Shack	Commercial	28,905.04	.49%
Tooele County Jail	Government	27,882.64	.47%
Tooele Army Dept	MU	24,058.80	.41%
Sub-Total of Largest Sewer Customers		513,172.12	8.67%
City's Total Sewer Revenues		5,918,162.00	100%

Source: The City.

Average Daily Flow. The following table sets forth the average daily flow on a calendar year basis for the years below:

YEAR	AVERAGE DAILY FLOW ⁽¹⁾
2021	2.226 MGD
2022	1.972 MGD
2023	2.663 MGD
2024	2.799 MGD
2025	2.670 MGD

YEAR	AVERAGE DAILY FLOW ⁽¹⁾
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Source: The City

Sewer Facilities Rates. A summary of the sewer rates is shown below.

BASE RATES	RATE/FEE
Rate Code 301 (All Other Users)	\$ 12.68
Rate Code 302 (Grandview)	1,584.84
Rate Code 304 (Vorwaller Trailer Court)	570.54
Rate Code 305 (Vorwaller Mobile Home Park)	760.73
Rate Code 306 (Tooele Army Depot)	48.90
Usage Rate Adjustments (All Users)	\$3.62
Average Monthly Charge Until a Rate is Established	\$48.88

Source: The City.

Sewer Connection Fees. The City charges a \$170.00 fee for sewer connections. Where connections involve main sewer lines installed at the City's expense without an assessment to the property, an additional charge representing the user's assessment shall be charged at the time of connection based upon the property owner's frontage.

Sewer Impact Fees. The City collects a sanitary sewer impact fee from any applicant seeking a building permit, in the amount of \$4,731.00 per Equivalent Residential Unit. The City reserves the right to assess an adjusted impact fee that more closely matches the true impact that building or land use will have upon the City's wastewater system.

Recent and Projected Sewer Rate Increases (Decreases) for FY 2024-2029. The Tooele City Council adopted a new ordinance, effective June 1, 2024, with the following rate increases:

BASE INCREASE	50.00%	15.00%	5.00%	5.00%	5.00%	
USAGE INCREASE	50.00%	15.00%	5.00%	5.00%	5.00%	
BASE RATE ADJUSTMENTS	2024	2025	2026	2027	2028	2029
Rate Code 301 (All Other Users)	\$ 7.00	\$ 10.50	\$ 12.08	\$ 12.68	\$ 13.31	\$ 13.98
Rate Code 302 (Grandview)	875.00	1,312.50	1,509.38	1,584.84	1,664.09	1,747.29
Rate Code 304 (Vorwaller Trailer Court)	315.00	472.50	543.38	570.54	599.07	629.02
Rate Code 305 (Vorwaller Mobile Home Park)	420.00	630.00	724.50	760.73	798.76	838.70
Rate Code 306 (Tooele Army Depot)	27.00	40.50	46.58	48.90	51.35	53.92
USAGE RATE ADJUSTMENTS						
All Users	\$2.00	\$3.00	\$3.45	\$3.62	\$3.80	\$3.99

Comparative Rates. The following are sewer rates for other cities located in the same metropolitan district as the City:

RATE COMPARISON – 8,000 GALLONS USED			
City	Base Rate	\$ / 1,000 Gallons	Total Monthly Bill
Bountiful	\$27.00	\$0.00	\$27.00
Syracuse	31.82	0.00	31.82
Springville	27.80	1.65	41.00
Tooele	12.68	3.62	41.64
Spanish Fork	31.10	3.67	60.46
Pleasant Grove	35.15	4.60	71.95
Clearfield	42.47	0.00	42.47
Kaysville	43.50	0.00	43.50

Connection, Billing and Collection Procedures

The City’s Department of Utilities, administered through the Finance Department, provides monthly billing for water, sewer, garbage, street lighting, and storm water services, with optional residential recycling. Statements are issued monthly and payments are due on the 15th. The City's billing structure includes recurring monthly base charges, providing a predictable revenue component independent of consumption. Established billing and customer notification procedures support timely payment and consistent management of accounts receivable.

The City maintains a structured delinquency and collection process. Past-due balances are identified on monthly statements, with additional courtesy notification provided when appropriate. Accounts with balances remaining unpaid more than 30 days after the original due date are subject to service disconnection. Prior to disconnection, customers may satisfy the delinquency or enter into a defined three-month payment agreement. Once disconnected for nonpayment, the outstanding balance generally must be paid in full before service is restored. This established process provides the City with a consistent mechanism to encourage timely payment, minimize delinquent accounts, and protect the reliability of utility revenues.

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HISTORICAL OPERATIONS AND PRO FORMA DEBT SERVICE COVERAGE

The following table sets forth the historical and pro forma operations of the System and the projected debt service coverage for the Series 2026 Bonds and the Outstanding Parity Bonds with regard to the System for the fiscal years ending June 30 shown below:

	HISTORIC					Unaudited	PROJECTED				
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Operational Revenues											
Charges for services	3,132,384	3,321,118	3,465,646	3,786,153	5,525,999	6,271,564	6,710,573	7,180,314	7,682,936	7,836,594	7,993,326
Connection and collection fees	1,660	1,870	1,020	1,700	3,400	3,740	3,815	3,891	3,969	4,048	4,129
Miscellaneous	-	-	-	32,667	27,625	41,825	42,662	43,515	44,385	45,273	46,178
Total Operational Revenues	3,134,044	3,322,988	3,466,666	3,820,520	5,557,024	6,317,129	6,757,050	7,227,719	7,731,290	7,885,915	8,043,634
Percent Increase/Decrease	-	6%	4%	9%	31%	12%	7.00%	7.00%	7.00%	2.00%	2.00%
Operational Expenses											
Personal services	644,138	642,272	880,318	1,121,797	1,197,738	1,720,425	1,840,854	1,969,714	2,107,594	2,255,126	2,412,984
Contracted services	222,500	240,500	240,500	254,963	247,626	370,809	396,766	424,539	454,257	486,055	520,079
Operations and maintenance	1,081,824	1,250,126	1,339,673	1,408,812	1,613,570	1,366,809	1,462,485	1,564,859	1,674,399	1,791,607	1,917,020
Utilities	323,456	299,419	435,039	420,124	406,377	443,004	474,014	507,195	542,698	580,687	621,335
Total Operational Expenses	2,271,918	2,432,317	2,895,530	3,205,696	3,465,311	3,901,046	4,174,119	4,466,307	4,778,949	5,113,475	5,471,419
Percent Increase/Decrease	0.00%	6.59%	16.00%	9.68%	7.49%	11.17%	7.00%	7.00%	7.00%	7.00%	7.00%
Non-Operational Revenues & Expenses											
Interest income	35,644	22,597	257,256	276,907	369,764	597,216	250,000	250,000	250,000	250,000	250,000
Impact fees	1,089,688	1,372,268	956,993	1,923,356	1,960,218	2,130,080	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Non-Operational Revenues & Expenses	1,125,332	1,394,865	1,214,249	2,200,263	2,329,982	2,727,296	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Percent Increase/Decrease	-	19%	-15%	45%	6%	15%	-56%	0%	0%	0%	0%
Total Revenue Available For Debt Service	1,987,458	2,285,536	1,785,385	2,815,087	4,421,695	5,143,379	4,332,931	4,511,412	4,702,341	4,522,440	4,322,215
Total Revenue Available For Debt Service (w/out Impact Fees)	897,770	913,268	828,392	891,731	2,461,477	3,013,299	2,832,931	3,011,412	3,202,341	3,022,440	2,822,215
Debt Service											
Series 2010 (Taxable BAB)	309,825	309,940	309,740	310,225	310,350	310,115	310,520	310,520	310,115	310,305	310,045
Sewer Revenue Bonds, Series 2026	-	-	-	-	-	-	348,048	929,500	931,500	932,500	927,625
Total Debt Service	309,825	309,940	309,740	310,225	310,350	310,115	658,568	1,240,020	1,241,615	1,242,805	1,237,670
Debt Service Coverage	6.41	7.37	5.76	9.07	14.25	16.59	6.58	3.64	3.79	3.64	3.49
Debt Service Coverage (without Impact Fees)	2.90	2.95	2.67	2.87	7.93	9.72	4.30	2.43	2.58	2.43	2.28
Unrestricted Cash - Sewer Fund	3,103,775	5,079,593	4,882,684	3,419,208	3,653,897	7,550,368	-	-	-	-	-
Restricted Cash - Impact Fees	4,687,057	5,819,770	6,306,010	4,780,766	4,322,297	3,993,350	-	-	-	-	-
Total Cash (Liquidity)	7,790,832	10,899,363	11,188,694	8,199,974	7,976,194	11,543,718	-	-	-	-	-
Day of Cash on Hand	1,252	1,636	1,410	934	840	1,080	-	-	-	-	-

* Preliminary; subject to change.
(Source: The City and the Municipal Advisor.)

DEBT STRUCTURE OF THE CITY

Outstanding Municipal Debt of the City (as of September 1, 2026)

Government Activity Bonds

SERIES	TYPE	PURPOSE	ORIGINAL AMOUNT	MATURITY	OUTSTANDING AMOUNT
2024	Municipal Building Authority	Project Finance	\$8,500,000	11/01/54	\$8,190,000
2019	Lease Revenue Bonds	Project Finance	9,000,000	02/01/50	7,691,000
2016	Sales Tax Revenue Bonds	Legal Settlement	11,350,000	12/01/36	9,905,000
2015	Franchise Tax Revenue Bonds	Project Finance	4,508,000	11/01/27	776,000
2011	Tooele RDA Settlement	Legal Settlement	<u>2,150,000</u>	10/01/37	<u>1,197,120</u>
Total			\$35,508,000		\$27,759,120

Business Activity Bonds

SERIES	TYPE	PURPOSE	ORIGINAL AMOUNT	MATURITY	OUTSTANDING AMOUNT
2026 ¹	Sewer Revenue Bonds	Project Finance	\$11,765,000	06/01/47	\$11,765,000
2010	Sewer Revenue	Project Finance	<u>4,600,000</u>	09/01/36	<u>2,456,000</u>
Total			\$16,365,000		\$14,221,000

¹ Preliminary; subject to change

Other Obligations

The City doesn't have any other debt or obligations that are not described above or in its audited financial statements.

Future Debt Plans

The City does not anticipate any additional debt issuance over the next few years.

No Defaulted Bonds

The City has never failed to pay principal and interest when due on its outstanding bonded indebtedness or any other obligations nor has it ever failed to appropriate moneys with respect to its lease obligations.

FINANCIAL INFORMATION REGARDING THE CITY

Fund Structure; Accounting Basis

The City prepares its government-wide financial statements based on proprietary fund accounting. All assets, liabilities and equity are recorded on the City's balance sheet using full accrual accounting. All capital assets, including infrastructure, are capitalized and depreciated. Equity is comprised of contributed capital and retained earnings. The City prepares its governmental funds financial statements based on current financial resources measurement focus and the modified accrual basis of accounting.

In proprietary funds, revenues and expenses are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred.

Budget and Appropriation Process

The budget and appropriation process of the City is governed by State law (the "Fiscal Procedures Act"). Pursuant to the Fiscal Procedures Act, the budget officer of the City is required to prepare budgets for the proprietary fund. The budget is to provide a complete financial plan for the budget (ensuing fiscal) year. The budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures.

On or before the first regularly scheduled meeting of the City Council in May of each year, the budget officer is required to submit to the Council the tentative budget for the fiscal year commencing July 1. Various actual and estimated budget data are required to be set forth in the tentative budget. The budget officer may revise the budget requests submitted by the heads of City departments, but must file these submissions with the Council together with the tentative budget. The budget officer is required to estimate in the tentative budget the available revenue from non-property tax sources and the revenue from general property taxes. The tentative budget is then tentatively adopted by the Council, with any amendments or revisions that the Council deems advisable prior to the public hearing on the tentative budget. If the tax rate in the proposed budget exceeds the "certified tax rate," the Council shall comply with the Property Tax Act, Chapter 2, Title 59, Utah Code Annotated 1953, as amended (the "Property Tax Act") in adopting the budget. After public notice and hearing the tentative budget is adopted by the Council, subject to further amendment or revisions by the Council prior to adoption of the final budget.

On or before June 30 in each year or, in the case of a property tax increase under the Property Tax Act, September 1, the final budget is adopted by the Council. The adopted final budget is subject to amendment by the Council during the fiscal year. Public notice and hearing are required in order to increase the budget total.

The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the Board for the succeeding tax year.

Adoption of Ad Valorem Tax Levy. State law requires that the governing body of each taxing entity shall, before June 22 of each year, or, in the case of a property tax increase under the Property Tax Act, September 1, adopt a final tax rate for the taxing entity. The governing body shall report the rate and levy, and any other information prescribed by rules of the county commission for the preparation, review, and certification of the rate, to the county auditor of the county in which the taxing entity is located. Therefore, if the City's proposed budget includes a tax rate which exceeds the certified tax rate, the City is required to follow strict rules established by the Property Tax Act. The rules include publishing several public notices of its intent, coordinating the date and time of the public hearing regarding the tax increase with Tooele County, and delaying final adoption of the budget until such time as the new tax rate has been adopted.

Financial Records and Statements

The City utilizes a computerized financial accounting system which includes a system of budgetary controls. The City has also empowered the City Manager to maintain control by major categories within departments. Controls are such that a requisition will not be entered into the purchasing system unless the appropriated funds are available.

The Finance Director checks for sufficient funds prior to the purchase order being issued and again before the payment check.

Management Discussion and Analysis

In connection with the preparation of its audited financial statements for the fiscal year ended June 30, 2025, the City prepared a management's discussion and analysis of operations. Such management's discussion and analysis was included as part of the City's audit report for the fiscal year ended June 30, 2025, and is included in APPENDIX A hereto.

Five-Year Financial Summaries

The summaries contained herein were extracted from the City's audited annual financial reports for the fiscal years ended June 30, 2021, through June 30, 2025. The summaries are unaudited.

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TOOELE CITY
Statement of Net Position
(This summary has not been audited.)

TOOELE CITY CORPORATION - STATEMENT OF NET POSITION					
Governmental Activities only Fiscal years 2021-2025					
	2021	2022	2023	2024	2025
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	16,840,521	22,067,178	20,650,179	28,360,124	32,154,236
Receivables:					
Accounts, net	-	25,337	5,308	6,045	117
Assessments	115,078	124,028	121,591	124,787	140,209
Taxes	9,906,732	11,486,820	13,425,324	14,763,865	16,187,387
Loans receivable	7,046	3,005	2,540	556	
Developer contributions receivable	618,823	726,436	825,210	576,130	729,795
Other	49,862	9,810	99,164	308,637	351,232
Prepaid expenses			1,046,238	1,019,107	
Restricted cash and cash equivalents	10,912,020	11,632,259	15,716,097	17,543,237	12,738,203
NONCURRENT ASSETS					
Net pension asset			33,600	61,441	45,933
Capital assets not being depreciated	6,420,801	5,714,218	6,013,463	6,227,414	6,557,414
Capital assets being depreciated, net	100,974,375	100,626,363	104,437,635	109,678,024	121,505,669
TOTAL ASSETS	145,845,258	155,347,958	162,376,349	178,669,367	190,410,195
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on bond refunding	468,422	384,237	300,052	215,119	141,197
Deferred outflows related to OPEB	374,261	956,308	939,977	848,875	876,097
Deferred outflows related to pensions	1,272,628	1,661,519	2,340,718	3,194,471	3,307,001
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,115,311	3,002,064	3,580,747	4,258,465	4,324,295

LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	1,190,773	1,271,579	1,398,633	1,689,950	3,946,283	
Accrued liabilities	583,187	709,364	429,338	510,807	134,294	
Accrued interest payable	242,280	229,314	195,791	348,046	928,268	
Unearned revenue	-	-	-	-	-	
Customer deposits	-	-	-	-	-	
Financed equipment obligation	-	-	-	-	-	
Other noncurrent liabilities, due or payable within one year	2,233,422	2,140,396	1,984,476	1,486,097	1,620,000	
LONG-TERM LIABILITIES						
Net pension liability	898,611			2,541,375	3,194,475	
Due or payable in more than one year	38,285,459	35,055,637	29,636,732	32,720,920	31,586,796	
TOTAL LIABILITIES	43,433,732	39,406,290	35,672,890	39,297,195	41,410,116	
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	7,687,705	9,220,100	11,271,652	12,368,328	13,366,377	
Deferred inflows related to OPEB	132,248	662,396	555,299	897,255	724,361	
Deferred inflows related to pensions	2,383,703	4,979,253	71,411	110,479	84,662	
TOTAL DEFERRED INFLOWS OF RESOURCES	10,203,656	14,861,749	11,898,362	13,376,062	14,175,400	
NET POSITION						
Net investment in capital assets	84,201,378	74,128,127	83,920,255	86,424,919	102,313,090	
Restricted for:						
Recreation and arts	535,055	248,937	684,308	515,380	350,687	
Debt service	3,883,188	3,668,219	7,171,565	6,854,058	2,410,518	
Roads	2,655,079	3,603,464	3,337,277	6,216,963	6,560,248	
Impact fees	-	-	-	-	-	
Unrestricted	3,048,481	22,433,236	23,272,439	30,243,255	27,514,431	
TOTAL NET POSITION (AS RESTATED, SEE NOTE 19)	94,323,181	104,081,983				
TOTAL NET POSITION			118,385,844	130,254,575	139,148,974	

(Source: This summary of financial information has been taken from the City's audited financial statements for the years 2021-2025. This summary has not been audited.)

TOOELE CITY
Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds—General Fund
(This summary has not been audited.)

TOOELE CITY CORPORATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS — GENERAL FUND

Fiscal Years Ended June 30, 2021–2025

	2021	2022	2023	2024	2025
REVENUES					
Taxes	18,498,341	20,044,608	22,086,232	23,368,347	24,197,677
Licenses and permits	1,128,294	1,245,001	884,959	1,273,806	1,232,769
Intergovernmental and grants	3,931,260	2,966,900	2,668,794	855,166	677,627
Charges for services	4,540,256	4,304,477	3,948,908	4,486,039	5,103,186
Fines and forfeitures	96,182	114,308	144,317	157,538	151,596
Interest income	43,319	53,862	558,979	686,670	593,582
Grants	-	-	-	-	-
Impact fees	-	-	-	-	-
Interfund charges	293,578	463,022	856,455	978,628	1,040,676
Miscellaneous revenues	21,815	16,063	73,940	59,500	65,551
Rental income	-	320	650	920	920
TOTAL REVENUES	28,553,045	29,208,561	31,223,234	31,866,614	33,063,584
EXPENDITURES					
General government	7,594,558	7,025,719	7,889,832	6,832,752	7,466,695
Public safety	6,450,106	7,144,746	7,864,915	8,675,363	9,571,228
Highways and streets	2,064,636	2,085,997	2,540,800	2,748,595	2,878,502
Parks and recreation	5,316,762	5,948,998	6,750,391	7,286,765	7,989,239
Community development	-	-	-	-	-
Capital outlay:					
Capital projects	687,964	813,101	471,120	564,931	437,003

Debt service:					
Principal - bonds and notes	-	-	-	-	-
Principal - capital lease	48,612	48,486	52,005	-	-
Interest	9,211	8,822	6,334	-	-
Bond issuance costs and trustee fees	-	-	-	-	-
TOTAL EXPENDITURES	22,171,849	23,075,869	25,575,397	26,108,406	28,342,667
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	6,381,196	6,132,692	5,647,837	5,758,208	4,720,917
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS					
Operating transfers in	33,500	-	30,000	-	-
Operating transfers (out)	(3,384,333)	(5,679,390)	(5,547,747)	(4,986,111)	(3,819,501)
Private contributions	26,314	145,715	58,283	51,186	113,834
Proceeds on sale of assets	72,794	706,042	72,935	645,133	21,474
Issuance of debt				-	
Refunded impact fees	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	(3,251,725)	(4,827,633)	(5,386,529)	(4,289,792)	(3,684,193)
NET CHANGE IN FUND BALANCES	3,129,471	1,305,059	261,308	1,468,416	1,036,724
FUND BALANCE, BEGINNING OF YEAR (AS RESTATED, SEE NOTE 19)	6,460,657				
FUND BALANCE, BEGINNING OF YEAR		9,590,128	10,895,187	11,156,495	12,624,911
FUND BALANCE, END OF YEAR	9,590,128	10,895,187	11,156,495	12,624,911	13,661,635

(Source: This summary of financial information has been taken from the City's audited financial statements for the years 2021-2025. This summary has not been audited.)

BONDHOLDERS' RISKS

The purchase of the Series 2026 Bonds involves certain investment risks that are discussed throughout this Official Statement. No prospective purchaser of the Series 2026 Bonds should make a decision to purchase any of the Series 2026 Bonds without first reading and considering the entire Official Statement, including all Appendices, and making an independent evaluation of all such information. Certain of those investment risks are described below. The list of risks described below is not intended to be definitive or exhaustive and the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General

The Series 2026 Bonds are payable from and secured by a pledge and assignment of Net Revenues from the System and moneys on deposit in the funds and accounts held by the Trustee under the Indenture other than the Rebate Fund and the Repair and Replacement Fund). Future economic and other conditions, the demand for water and sewer services within the City and the surrounding areas, economic and employment trends and events, demographic changes, changes in governmental regulations and policies and other factors may adversely affect the future financial condition of the System, and, consequently, the availability of Net Revenues. No assurance can be made that the Net Revenues of the System will be realized by the City in amounts sufficient to pay debt service on the Series 2026 Bonds when due.

Operation of the System

In order for the City to make timely payment of the principal and interest requirements of the Series 2026 Bonds and to meet its other obligations under the Indenture, it will be necessary for the City to manage, operate and maintain the System in an efficient and economical manner that is consistent with prudent utility practice. The operation of the System is subject to the requirements of various governmental rules and regulations and the System must be operated in compliance with these requirements. In the event that the System is not operated or is not capable of operation as required by the provisions of such governmental rules and regulations, the City may be subject to certain penalties.

The City believes that the System will be operated in a manner that will allow it to pay Operation and Maintenance Expenses for the System, as well as debt service on the Series 2026 Bonds and the Outstanding Parity Bonds.

To the extent the System develops operational problems, rates for the System may need to be increased to produce sufficient Revenue unless other sources of funds are obtained. In the event that Revenues need to be increased for the continued operation of the System (and to pay debt service on the Series 2026 Bonds), it may be necessary to increase rates for the System. Although the City has the ability to establish rates without prior approval from another governmental entity, the City may decide not to make any rate increases due to political feasibility or other concerns.

Destruction of the System

The Indenture requires that the City, in its operation of the System, maintain insurance in such amounts and to such extent as is normally carried by other entities operating public utilities of the same size and type. In the event of any loss or damage, the Indenture requires that the proceeds of any insurance shall be used first for the purpose of restoring or replacing the property lost or damaged. Any remainder is to be paid into the Bond Fund. However, there can be no assurance that the proceeds of such insurance will be sufficient to restore or replace the lost or damaged property.

Damage to or destruction of the System may prevent the City from providing service to some or all of its customers. In such event, the Net Revenues may decrease.

Climate Change

Climate change caused by human activities may have adverse effects on the System and on the Water System in particular. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity,

climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the System is difficult to predict, but it could be significant and it could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change or by changing the business and activities of City customers. The City considers the potential effects of climate change in its planning.

Cybersecurity

The risk of cyberattacks against commercial enterprises, including those operated for a governmental purpose, has become more prevalent in recent years. A cyberattack could cause the informational systems of the City to be compromised and could limit operational capacity, for short or extended lengths of time and could bring about the release of sensitive and private information. Additionally, other potential negative consequences include data loss or compromise, diversion of resources to prevent future incidences and reputational damage. To date, the City has not been the subject of a successful materially adverse cyberattack.

The City maintains a proactive, multi-layered cybersecurity and technology risk management program designed to protect municipal financial assets, sensitive information, and the continuity of essential public services. The City combines formal cybersecurity policies, employee training, technical safeguards, insurance coverage, and established incident response and business continuity procedures to reduce operational and financial risks associated with cybersecurity threats. The City maintains cybersecurity insurance to provide financial protection in the event of a significant cyber incident, including potential data breaches, ransomware, business interruption, and system restoration costs. In addition, employees receive ongoing cybersecurity awareness training and phishing simulations, supported by formal IT security and acceptable-use policies. The City's Incident Response, Disaster Recovery, and Business Continuity plans are reviewed regularly to support preparedness and the continued delivery of critical municipal services in the event of a disruption. From a technology and infrastructure perspective, the City utilizes multiple layers of protection, including multi-factor authentication, endpoint detection and response, security monitoring, regular system patching, network segmentation, and systematic replacement of aging technology. Critical municipal data is backed up through off-site and cloud-based systems to provide redundancy and support timely recovery following a system failure or cyber event. These measures, combined with ongoing investments in technology and employee awareness, are intended to strengthen the City's overall resilience and protect its ability to provide essential services and meet its financial obligations.

The City believes it has made all reasonable efforts to ensure that any such attack is not successful and that the information systems of the City are secure. However, there can be no assurance that a cyberattack will not occur in a manner resulting in damage to the City's information systems or other challenges.

LEGAL MATTERS

General

All legal matters incident to the authorization and issuance of the Series 2026 Bonds are subject to the approval of Farnsworth Johnson PLLC, Bond Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney. A copy of the opinion of Bond Counsel in substantially the form set forth in APPENDIX D of this Official Statement will be made available upon request from the Trustee.

Absence of Litigation

A non-litigation opinion is expected to be provided by the City Attorney, dated the date of closing, stating, among other things that there is no action, suit, proceeding, inquiry, or any other litigation or investigation at law or in equity, before or by any court, public board or body, which is pending or threatened, challenging the creation, organization, or existence of the City; or the titles of its officers to their respective offices; or seeking to restrain or enjoin the issuance, sale, or delivery of the Series 2026 Bonds; or for the purpose of restraining or enjoining the levy and collection of taxes, Revenues, or assessments by the City; or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2026 Bonds are issued; or the validity of the Series 2026 Bonds or the issuance thereof.

TAX MATTERS

FEDERAL INCOME TAXATION

In the opinion of Farnsworth Johnson PLLC (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). In the further opinion of Bond Counsel, interest on the Series 2026 Bonds is not a specific preference item for purposes of the federal individual alternative minimum taxes. Bond Counsel expects to deliver an opinion at the time of issuance of the Series 2026 Bonds substantially in the form set forth in “APPENDIX C – PROPOSED FORM OF OPINION OF BOND COUNSEL” hereto.

To the extent the issue price of any maturity of the Series 2026 Bonds is less than the amount to be paid at maturity of such Series 2026 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2026 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2026 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2026 Bonds is the first price at which a substantial amount of such maturity of the Series 2026 Bonds is sold to the public (excluding Series 2026 Bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2026 Bonds accrues daily over the term to maturity of such Series 2026 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2026 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2026 Bonds. Beneficial Owners of the Series 2026 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2026 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2026 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2026 Bonds is sold to the public.

Series 2026 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Series 2026 Bonds”) will be treated as having amortizable Series 2026 Bond premium. No deduction is allowable for the amortizable Series 2026 Bond premium in the case of Series 2026 Bonds, like the Premium Series 2026 Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Series 2026 Bond, will be reduced by the amount of amortizable Series 2026 Bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Series 2026 Bonds should consult their own tax advisors with respect to the proper treatment of amortizable Series 2026 Bond premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2026 Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Series 2026 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2026 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2026 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2026 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2026 Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2026 Bonds may otherwise affect a Beneficial Owner’s federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial

Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Series 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2026 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2026 Bonds ends with the issuance of the Series 2026 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the Series 2026 Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the Beneficial Owners) other than the City and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Series 2026 Bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2026 Bonds for audit, or the course or result of such audit, or an audit of Series 2026 Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2026 Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

UTAH INCOME TAXATION

In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the Series 2026 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Series 2026 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

MUNICIPAL ADVISOR

The City has entered into an agreement with LRB Public Finance Advisors, Inc. (the "Municipal Advisor") whereunder the Municipal Advisor provides financial recommendations and guidance to the City with respect to timing of sale, bond market conditions, costs of issuance and other factors relating to the sale of the Series 2026 Bonds. The Municipal Advisor has read and participated in the drafting of certain provisions of this Official Statement. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of the Official Statement or any other matters related to the Official Statement. Municipal Advisor fees are contingent upon the sale and delivery of the Series 2026 Bonds.

BOND RATINGS

As of the date of this Official Statement, the Series 2026 Bonds have been rated "AA-/Stable" by S&P Global Ratings ("S&P").

Any explanation of the significance of the ratings may only be obtained from the rating service furnishing the same. There is no assurance that the ratings given will be maintained for any period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2026 Bonds.

CONTINUING DISCLOSURE

The City has undertaken for the benefit of the Owners and the beneficial owners of the Series 2026 Bonds to provide certain annual financial information and operating data and to provide notice of certain material events to certain repositories to make the determinations required by Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). See “APPENDIX C—FORM OF CONTINUING DISCLOSURE AGREEMENT” attached hereto and incorporated herein by reference for a form of the Continuing Disclosure Agreement that will be executed and delivered by the City.

A failure by the City to comply with the undertaking will not constitute a default under the Indenture and beneficial owners of the Series 2026 Bonds are limited to the remedies described in the Continuing Disclosure Agreement. A failure by the City to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2026 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2026 Bonds and their market price.

There have been no instances in the previous five years in which the City has failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. See “APPENDIX C—FORM OF CONTINUING DISCLOSURE AGREEMENT” for the information to be provided, the events which will be noticed on an occurrence basis and the other terms of the Continuing Disclosure Agreement, including termination, amendment and remedies.

MISCELLANEOUS

Independent Accountants

The financial statements for the year ended June 30, 2025, included in this Official Statement, have been audited by Larson & Company PC (“Auditor”), independent auditors, as set forth in its report in APPENDIX A to this Official Statement. The Auditor has not been asked to consent to the use of its name and audited financial statements in this Official Statement or to perform any procedures in connection with the issuance of the Series 2026 Bonds.

Additional Information

All quotations contained herein from and summaries and explanations of the Utah Constitution, statutes, programs, laws of the State, court decisions, and the Indenture do not purport to be complete, and reference is made to said Constitution, statutes, programs, laws, court decisions, and the Indenture for full and complete statements of their respective provisions.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, is intended as such and not as representations of fact.

This Preliminary Official Statement is in a form “deemed final” by the City for purposes of Rule 15(c)(2)-12 of the Securities and Exchange Commission.

The appendices attached hereto are an integral part of this Official Statement, and should be read in conjunction with the foregoing material.

The delivery of the Official Statement has been duly authorized by the City.

TOOELE CITY, UTAH

APPENDIX A

**AUDITED BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

TOOELE CITY CORPORATION
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

TOOELE CITY CORPORATION

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TOOELE CITY CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
Tooele City
Tooele, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City, Utah as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Tooele City'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, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and Major Special Revenue Funds for the year 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* (GAS), 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 Tooele City 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

Tooele City's 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 Tooele City's ability to continue as a going concern for twelve months beyond the financial statement issuance 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 opinions. 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 GAS 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 GAS, 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 Tooele City'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 Tooele City'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 other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2025 on our consideration of Tooele City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Tooele City's internal control over financial reporting and compliance.

Larson & Company, PC

Larson & Company, PC
Spanish Fork, Utah

November 21, 2025

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2025

The following is a discussion and analysis of Tooele City Corporation's (the "City") financial performance and activities for the fiscal year ending June 30, 2025. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview, and analysis should assist the reader to gain a more complete knowledge of the City's financial performance.

Financial Highlights

- ♦ The total government-wide assets of the City exceeded its total government-wide liabilities as of the close of the most recent year by \$312,545,462 (*net position*). Of this amount, \$247,948,176 relates to investments in capital assets, net of any related debt. Unrestricted net position is \$39,794,623.
- ♦ As of the close of the current year, the City's governmental funds reported a combined ending fund balance of \$44,854,225, a decrease of \$3,279,178 in comparison with the prior year, mostly attributable to the completion of major capital projects including the construction of Fire Station #3. Approximately 29.46% of the total fund balance amount, or \$13,215,709, is unassigned and available for spending at the government's discretion (unreserved fund balance).

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

The government-wide financial statements include balances from not only the City itself (known as the primary government), but also the following blended component units: the Depot Redevelopment Agency and the Municipal Building Authority of Tooele City Corporation.

Fund Financial Statements

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

Governmental Funds

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

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2025

Governmental Funds (continued)

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Depot Redevelopment Agency, which are considered to be major funds. Data from the other 7 governmental funds (nonmajor) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report.

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$312,545,462 at the close of the most recent fiscal year.

The largest portion of the City's net position (79%) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, infrastructure, water stock, utility plants and equipment), less any related and outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2025

Tooele City Corporation's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 62,301,179	\$62,702,488	\$ 29,353,058	\$25,227,518	\$ 91,654,237	\$ 87,930,006
Capital assets	128,063,083	115,905,438	149,008,292	140,979,252	277,071,375	256,884,690
Other assets	45,933	61,441	5,046	6,750	50,979	68,191
Total assets	<u>190,410,195</u>	<u>178,669,367</u>	<u>178,366,396</u>	<u>166,213,520</u>	<u>368,776,591</u>	<u>344,882,887</u>
Total deferred outflows of resources	<u>4,324,295</u>	<u>4,258,465</u>	<u>409,428</u>	<u>408,448</u>	<u>4,733,723</u>	<u>4,666,913</u>
Liabilities and net position:						
Long-term liabilities	31,586,796	32,720,920	2,858,359	3,510,773	34,445,155	36,231,693
Other liabilities	9,823,320	6,576,275	2,479,670	2,089,179	12,302,990	8,665,454
Total liabilities	<u>41,410,116</u>	<u>39,297,195</u>	<u>5,338,029</u>	<u>5,599,952</u>	<u>46,748,145</u>	<u>44,897,147</u>
Total deferred inflows of resources	<u>14,175,400</u>	<u>13,376,062</u>	<u>41,307</u>	<u>51,784</u>	<u>14,216,707</u>	<u>13,427,846</u>
Net position:						
Net investment in capital assets	102,313,090	86,424,919	145,635,086	136,923,157	247,948,176	223,348,076
Restricted	9,321,453	13,586,401	15,481,210	13,325,878	24,802,663	26,912,279
Unrestricted	<u>27,514,431</u>	<u>30,243,255</u>	<u>12,280,192</u>	<u>10,721,197</u>	<u>39,794,623</u>	<u>40,964,452</u>
Total net position	<u>\$ 139,148,974</u>	<u>\$ 130,254,575</u>	<u>\$ 173,396,488</u>	<u>\$ 160,970,232</u>	<u>\$ 312,545,462</u>	<u>\$ 291,224,807</u>

A portion of the City's net position (7.94%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$39,794,623 due to the allocation of net position to the net investment in capital assets.

At the end of the year, Tooele City Corporation is able to report positive balances in all three categories of net position for its business type activities. For governmental activities, net investment in capital assets, restricted net position and unrestricted net position remain positive. The overall increase in net position for June 30, 2025 was a result of increases in property tax and sales taxes revenues as well as the continued growth of the City.

Tooele City Corporation's Changes in Net Position

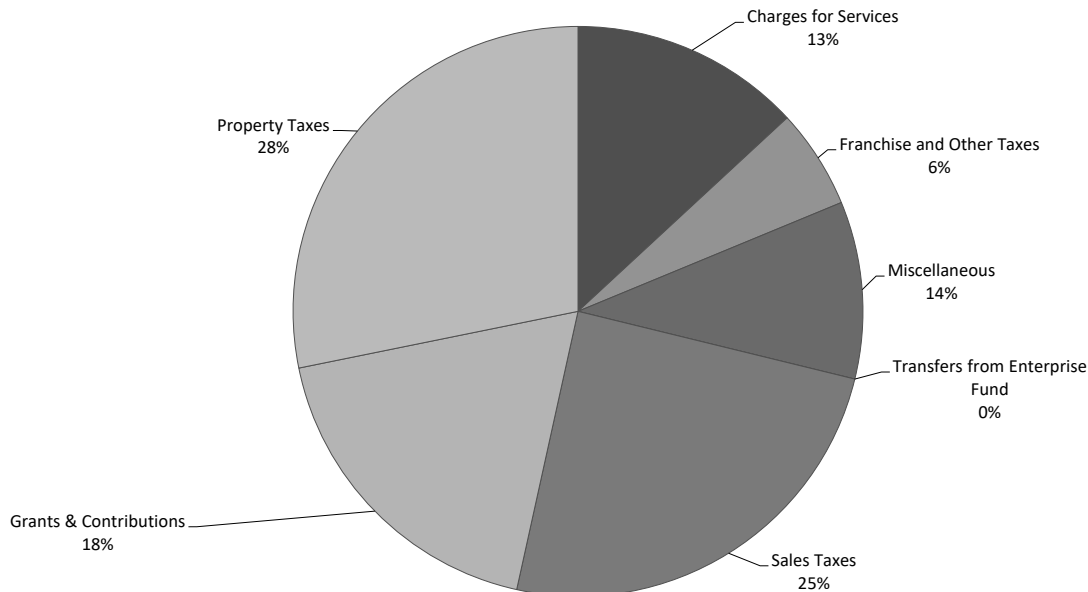
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 6,679,231	\$5,997,628	\$ 15,011,156	\$11,806,306	\$ 21,690,387	\$ 17,803,934
Operating grants/contributions	5,448,676	5,502,499	23,638	858,362	5,472,314	6,360,861
Capital grants and contributions	3,898,570	1,557,368	5,856,602	1,645,296	9,755,172	3,202,664
General revenues:						
Taxes	29,782,767	28,309,248	-	-	29,782,767	28,309,248
Earnings on investments	2,323,233	2,958,222	1,074,788	749,195	3,398,021	3,707,417
Impact fees	1,345,605	1,688,585	4,896,184	5,706,134	6,241,789	7,394,719
Gain on sale of capital assets	21,474	733,221	-	3,257	21,474	736,478
Gain on sale of water rights	-	-	224,497	731,933	224,497	731,933
Miscellaneous	1,479,713	1,511,622	54,227	120,365	1,533,940	1,631,987
Total revenues	<u>\$ 50,979,269</u>	<u>\$ 48,258,393</u>	<u>\$ 27,141,092</u>	<u>\$ 21,620,848</u>	<u>\$ 78,120,361</u>	<u>\$ 69,879,241</u>

Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2025

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

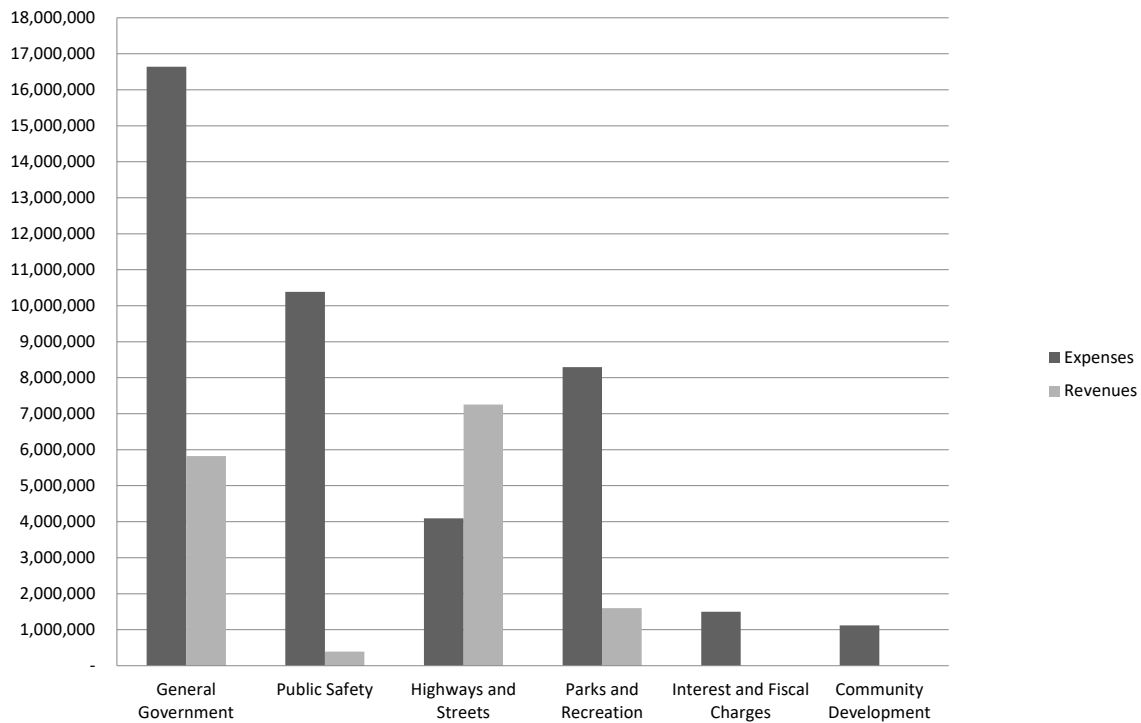
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Expenses:						
General government	\$ 16,688,384	\$ 13,487,164	\$ -	\$ -	\$ 16,688,384	\$ 13,487,164
Public safety	10,388,326	9,239,472	-	-	10,388,326	9,239,472
Highways and streets	4,091,415	3,314,068	-	-	4,091,415	3,314,068
Parks and recreation	8,295,791	7,700,301	-	-	8,295,791	7,700,301
Loss on disposal	-	-	-	-	-	-
Community development	1,119,033	1,302,112	-	-	1,119,033	1,302,112
Interest on debt	1,501,921	1,016,525	-	-	1,501,921	1,016,525
Loss on legal settlement	-	-	-	-	-	-
Water	-	-	6,255,139	5,375,825	6,255,139	5,375,825
Sewer	-	-	4,940,661	4,548,100	4,940,661	4,548,100
Solid waste	-	-	2,470,162	2,502,797	2,470,162	2,502,797
Storm water	-	-	692,985	642,009	692,985	642,009
Street light	-	-	355,889	258,062	355,889	258,062
Total expenses	<u>42,084,870</u>	<u>36,059,642</u>	<u>14,714,836</u>	<u>13,326,793</u>	<u>56,799,706</u>	<u>49,386,435</u>
Change in net position before transfers	8,894,399	12,198,751	12,426,256	8,294,055	21,320,655	20,492,806
Transfers	-	(330,020)	-	330,020	-	-
Increase in net position	8,894,399	11,868,731	12,426,256	8,624,075	21,320,655	20,492,806
Net position - beginning	<u>130,254,575</u>	<u>118,385,844</u>	<u>160,970,232</u>	<u>152,346,157</u>	<u>291,224,807</u>	<u>270,732,001</u>
Net position - ending	<u>\$ 139,148,974</u>	<u>\$ 130,254,575</u>	<u>\$ 173,396,488</u>	<u>\$ 160,970,232</u>	<u>\$ 312,545,462</u>	<u>\$ 291,224,807</u>

Revenues by Source - Governmental Activities

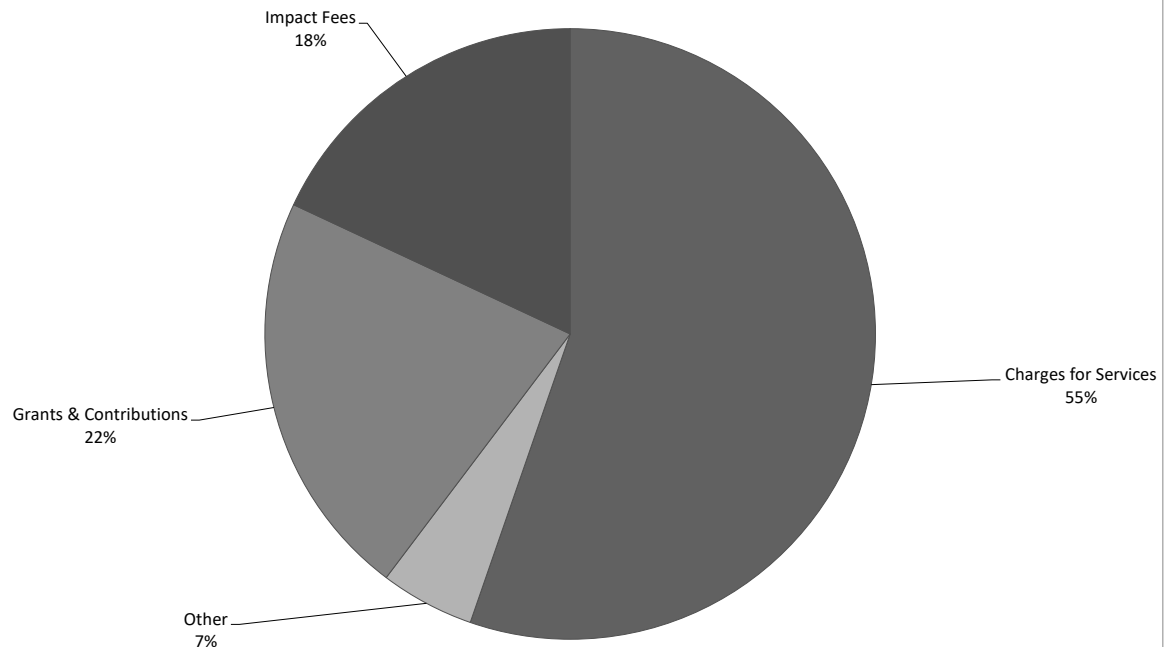


**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2025**

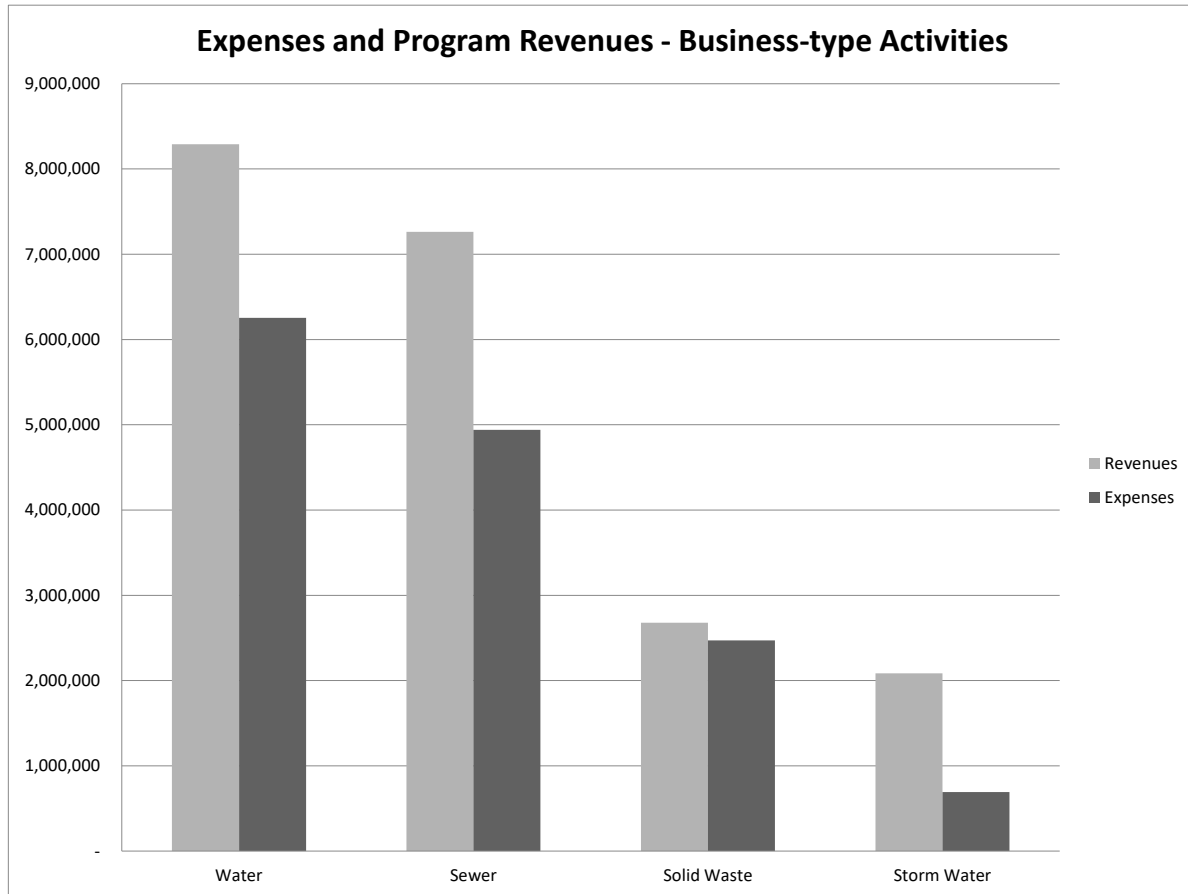
Expenses and Program Revenues - Governmental Activities



Revenues by Source - Business-type Activities



**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2025**



Key Principal Highlights:

- ♦ Charges for services increased by \$3,886,453 compared to the prior year. The increase was primarily due to utility rate increases implemented during the fiscal year and increases in commercial building permits and reviews.
- ♦ Capital grants and contributions decreased by \$6,552,508 due to the closeout of federal grants and a reduction in contributions from private sources.
- ♦ Taxes increased by \$1,473,519 due to an increase in the certified tax rate and the assessment and collection of property taxes.

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

Financial Analysis of the Government's Funds

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

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2025

Governmental Funds

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

As of June 30, 2025, the City's governmental funds reported a combined ending fund balance of \$44,854,225, a decrease of \$3,279,178 from the prior year, and primarily attributable to the completion of major capital projects including the construction of Fire Station #3. A balance of \$35,532,772 (79.22%) is available for spending at the government's discretion; however, \$22,317,063 has been assigned by the City's Budget Officer for subsequent years' capital expenditures and other uses, leaving an unassigned amount of \$13,215,709. The remaining \$9,321,453 of fund balance is not available for new spending because it is non-spendable in form or legally restricted by parties outside the financial reporting entity for 1) recreation and arts programs of \$350,687, 2) debt service of \$2,410,518, 3) road construction, maintenance and preservation of \$6,560,248.

The General Fund is the major operating fund of the City. As a measure of the General Fund's liquidity, it may be useful to compare the amount of unassigned fund balance to total fund expenditures of \$28,293,835 (46.71% or 170 calendar days). The fund balance of the City's General Fund increased by \$1,036,724 to \$12,624,911, during the current fiscal year. This represents an 8.21% change in fund balance. The increase consisted of total revenues exceeding expenses by \$4,720,917 due to an increase in the taxes received and commercial growth in the city.

Proprietary Funds

Unrestricted net position of the Water fund, Sewer fund, and Garbage Utility fund (major funds) at the end of the year were \$6,106,005, \$3,653,897, and \$284,413 respectively. The increase in total net position was \$5,758,942, \$4,681,010 and \$175,076, respectively. The increase in net position for the Water and Sewer funds is the result of higher impact fees, additional contributions from the developers and an increase in rates during fiscal year 2025. The decrease in net position for the Garbage Utility fund is the result of higher costs and while rates were increased it was late in the fiscal year without sufficient time to recognize the rate increases.

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was amended from an original revenues budget of \$30,407,452 to a final budget of \$30,582,528, an increase of \$175,076. These increases can be briefly summarized as follows:

- \$0 in tax revenue.
- \$76,834 in interfund charges
- \$8,242 in intergovernmental revenue.
- \$90,000 in charges for services from other City funds.

The General Fund's original budget was also amended for increased expenses in the amount of \$619,096.

Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounts to \$145,635,086. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, and infrastructure, offset by applicable amounts of long-term debt. The total increase in the City's net investment in capital assets for governmental and business-type activities for the current year was a result of the City continuing to make payments on their debt obligations as well as continued acquisition of assets due to growth and the needs of the City.

Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2025

Capital Assets (continued)

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

- ♦ Buildings additions of \$11,138,772.
- ♦ Improvements other than buildings additions of \$17,604,581.
- ♦ Machinery and equipment additions of \$1,023,418.
- ♦ Automobile and truck purchases of \$1,650,656.
- ♦ Office furniture and equipment additions of \$30,253.
- ♦ Infrastructure additions of \$9,641,231 from acquisitions and contributions.
- ♦ Depreciation of infrastructure assets of \$5,680,334.

Tooele City Corporation's Capital Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Investment in water stock	\$ -	\$ -	\$ 93,184	\$ 93,184	\$ 93,184	\$ 93,184
Land	6,557,414	6,227,414	2,833,937	2,833,937	9,391,351	9,061,351
Infrastructure	73,031,977	70,494,761	15,618,168	14,194,487	88,650,145	84,689,248
Buildings	29,913,937	23,822,034	14,354,031	10,452,495	44,267,968	34,274,529
Construction in progress	-	-	2,966,376	12,845,337	2,966,376	12,845,337
Equipment under capital lease, net	825,398	825,398	-	-	825,398	825,398
Improvements	13,012,649	10,595,816	70,535,623	58,221,958	83,548,272	68,817,774
Machinery and equipment	1,493,388	1,596,111	3,284,908	3,004,034	4,778,296	4,600,145
Automobiles and trucks	3,171,601	2,289,688	547,533	559,288	3,719,134	2,848,976
Office furniture and equipment	56,719	54,216	-	-	56,719	54,216
Water rights	-	-	38,774,532	38,774,532	38,774,532	38,774,532
Total	<u>\$ 128,063,083</u>	<u>\$ 115,905,438</u>	<u>\$ 149,008,292</u>	<u>\$ 140,979,252</u>	<u>\$ 277,071,375</u>	<u>\$ 256,884,690</u>

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

Long-Term Debt

At the end of the current year, the City had total debt outstanding of \$40,195,641. The debt consists of the following:

Tooele City Corporation's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenue bonds payable	\$ 28,250,000	\$ 29,490,000	\$ 3,326,000	\$ 3,986,000	\$ 31,576,000	\$ 33,476,000
Net OPEB obligations	2,672,638	2,323,094	118,100	102,654	2,790,738	2,425,748
Net pension liability	3,194,475	2,541,375	351,002	279,241	3,545,477	2,820,616
Financed equipment obligation	-	11,097	54,550	105,234	54,550	116,331
Grantsville legal settlement	1,280,420	1,363,420	-	-	1,280,420	1,363,420
Compensated absences	835,192	824,865	93,259	82,119	928,451	906,984
Deferred amounts:						
Unamortized bond premiums	184,503	212,888	-	-	184,503	212,888
Unamortized bond discounts	(15,957)	(18,347)	-	-	(15,957)	(18,347)
Loss on defeasance	(141,197)	(215,119)	(7,344)	(19,934)	(148,541)	(235,053)
Total	<u>\$ 36,260,074</u>	<u>\$ 36,533,273</u>	<u>\$ 3,935,567</u>	<u>\$ 4,535,314</u>	<u>\$ 40,195,641</u>	<u>\$ 41,068,587</u>

State statutes limit the amount of debt a City may issue to 4 percent of its total taxable property within its jurisdiction. The City may incur a larger indebtedness for the purpose of supplying the City with water, sewer, or electricity when such public works are owned and controlled by the City. The current debt limitation for Tooele City Corporation is \$156,251,760 for all general obligation bonds. As of June 30, 2025 and 2024 the City recorded a loss of defeasance of bonds in the amount of \$148,541 and \$235,053, respectively, which is recorded as a deferred outflow of resources in the accompanying statement of net position. Additional information on Tooele City Corporation's long-term debt can be found in the notes to the financial statements.

Management's Discussion and Analysis

For the Fiscal Year ended June 30, 2025

Economic Factors and Next Year's Budgets and Rates

- ♦ Residential growth is starting to slow down in Tooele City. Building permits have decreased as well as other construction and growth related fees. Taxes, such as sales tax, are starting to see slowing with less growth compared to prior years.
- ♦ The 2026 budget was projected with a conservative increase in sales tax, franchise tax and other taxes as the growth in these areas has slowed and projected to remain slower for fiscal year 2026.
- ♦ The City has planned its FY2026 budget with caution and will review the market often to watch for an increase in downturns in sales tax and property values both of which are possible during the year.

All of the above factors were considered in preparing the City's budget for the 2025-2026 fiscal year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOOELE CITY CORPORATION
STATEMENT OF NET POSITION

June 30, 2025

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 32,154,236	\$ 26,730,643	\$ 58,884,879
Receivables:			
Accounts, net	117	1,537,009	1,537,126
Assessments	140,209	-	140,209
Taxes	16,187,387	-	16,187,387
Developer contributions receivable	729,795	-	729,795
Other	351,232	-	351,232
Restricted cash and cash equivalents	12,738,203	1,085,406	13,823,609
NONCURRENT ASSETS			
Net pension asset	45,933	5,046	50,979
Capital assets not being depreciated	6,557,414	44,668,029	51,225,443
Capital assets being depreciated, net	121,505,669	104,340,263	225,845,932
TOTAL ASSETS	<u>190,410,195</u>	<u>178,366,396</u>	<u>368,776,591</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	141,197	7,344	148,541
Deferred outflows related to OPEB	876,097	38,716	914,813
Deferred outflows related to pensions	3,307,001	363,368	3,670,369
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,324,295</u>	<u>409,428</u>	<u>4,733,723</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	3,946,283	970,420	4,916,703
Accrued liabilities	134,294	-	134,294
Accrued interest payable	928,268	78,973	1,007,241
Unearned revenue	-	100,985	100,985
Customer deposits	-	244,740	244,740
Financed equipment obligation	-	54,550	54,550
Other noncurrent liabilities, due or payable within one year	1,620,000	679,000	2,299,000
LONG-TERM LIABILITIES			
Net pension liability	3,194,475	351,002	3,545,477
Due or payable in more than one year	31,586,796	2,858,359	34,445,155
TOTAL LIABILITIES	<u>41,410,116</u>	<u>5,338,029</u>	<u>46,748,145</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	13,366,377	-	13,366,377
Deferred inflows related to OPEB	724,361	32,005	756,366
Deferred inflows related to pensions	84,662	9,302	93,964
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>14,175,400</u>	<u>41,307</u>	<u>14,216,707</u>
NET POSITION			
Net investment in capital assets	102,313,090	145,635,086	247,948,176
Restricted for:			
Recreation and arts	350,687	-	350,687
Debt service	2,410,518	1,046,672	3,457,190
Roads	6,560,248	-	6,560,248
Impact fees	-	14,434,538	14,434,538
Unrestricted	27,514,431	12,280,192	39,794,623
TOTAL NET POSITION	<u>\$ 139,148,974</u>	<u>\$ 173,396,488</u>	<u>\$ 312,545,462</u>

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

TOOELE CITY CORPORATION
STATEMENT OF ACTIVITIES
For the Fiscal Year ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 16,688,384	\$ 4,689,236	\$ 996,533	\$ 137,834	\$ (10,864,781)	\$ -	\$ (10,864,781)
Public safety	10,388,326	392,677	-	-	(9,995,649)	-	(9,995,649)
Highways and streets	4,091,415	-	4,452,143	2,801,548	3,162,276	-	3,162,276
Parks and recreation	8,295,791	1,597,318	-	-	(6,698,473)	-	(6,698,473)
Community development	1,119,033	-	-	959,188	(159,845)	-	(159,845)
Interest and fiscal charges	1,501,921	-	-	-	(1,501,921)	-	(1,501,921)
Total governmental activities	<u>42,084,870</u>	<u>6,679,231</u>	<u>5,448,676</u>	<u>3,898,570</u>	<u>(26,058,393)</u>	<u>-</u>	<u>(26,058,393)</u>
Business-type activities:							
Water	6,255,139	5,737,558	23,638	2,528,712	-	2,034,769	2,034,769
Sewer	4,940,661	5,529,399	-	1,734,665	-	2,323,403	2,323,403
Solid waste	2,470,162	2,678,893	-	-	-	208,731	208,731
Storm water	692,985	679,546	-	1,405,611	-	1,392,172	1,392,172
Street light	355,889	385,760	-	187,614	-	217,485	217,485
Total business-type activities	<u>14,714,836</u>	<u>15,011,156</u>	<u>23,638</u>	<u>5,856,602</u>	<u>-</u>	<u>6,176,560</u>	<u>6,176,560</u>
Total primary government	<u>\$ 56,799,706</u>	<u>\$ 21,690,387</u>	<u>\$ 5,472,314</u>	<u>\$ 9,755,172</u>	<u>(26,058,393)</u>	<u>6,176,560</u>	<u>(19,881,833)</u>
General revenue:							
Taxes:							
Property taxes					14,357,920	-	14,357,920
Sales taxes					12,547,387	-	12,547,387
Franchise taxes					2,757,292	-	2,757,292
Other taxes					120,168	-	120,168
Earnings on investments					2,323,233	1,074,788	3,398,021
Impact fees, net					1,345,605	4,896,184	6,241,789
Gain on sale of capital assets					21,474	-	21,474
Gain on sale / transfer of water rights					-	224,497	224,497
Miscellaneous					1,479,713	54,227	1,533,940
Total general revenues					<u>34,952,792</u>	<u>6,249,696</u>	<u>41,202,488</u>
Change in net position					8,894,399	12,426,256	21,320,655
Net position, beginning					<u>130,254,575</u>	<u>160,970,232</u>	<u>291,224,807</u>
Net position, ending					<u>\$ 139,148,974</u>	<u>\$ 173,396,488</u>	<u>\$ 312,545,462</u>

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

TOOELE CITY CORPORATION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Depot Redevelopment Agency	Class "C" Road Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 11,094,080	\$ 9,738,729	\$ -	\$ 10,087,718	\$ 1,233,709	\$ 32,154,236
Receivables:						
Accounts	117	-	-	-	-	117
Assessments	-	-	-	-	140,209	140,209
Taxes	11,967,387	4,220,000	-	-	-	16,187,387
Intergovernmental receivable	112,710	-	617,085	-	-	729,795
Other	351,232	-	-	-	-	351,232
Restricted cash and investments	445,926	40,987	6,651,109	-	5,600,181	12,738,203
TOTAL ASSETS	<u>\$ 23,971,452</u>	<u>\$ 13,999,716</u>	<u>\$ 7,268,194</u>	<u>\$ 10,087,718</u>	<u>\$ 6,974,099</u>	<u>\$ 62,301,179</u>
LIABILITIES						
Accounts payable	\$ 1,029,146	\$ 394,386	\$ 351,022	\$ 782,432	\$ 1,389,297	3,946,283
Accrued liabilities	134,294	-	-	-	-	134,294
TOTAL LIABILITIES	<u>1,163,440</u>	<u>394,386</u>	<u>351,022</u>	<u>782,432</u>	<u>1,389,297</u>	<u>4,080,577</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	9,146,377	4,220,000	-	-	-	13,366,377
DEFERRED INFLOWS OF RESOURCES	<u>9,146,377</u>	<u>4,220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,366,377</u>
FUND BALANCES						
Restricted						
Recreation and arts	-	-	-	-	350,687	350,687
Debt service	445,926	40,987	361,561	-	1,562,044	2,410,518
Roads	-	-	6,555,611	-	4,637	6,560,248
Assigned						
Capital projects	-	-	-	9,305,286	3,401,532	12,706,818
Redevelopment agency projects	-	9,344,343	-	-	-	9,344,343
Debt service fund	-	-	-	-	265,902	265,902
Unassigned	13,215,709	-	-	-	-	13,215,709
TOTAL FUND BALANCES	<u>13,661,635</u>	<u>9,385,330</u>	<u>6,917,172</u>	<u>9,305,286</u>	<u>5,584,802</u>	<u>44,854,225</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 23,971,452</u>	<u>\$ 13,999,716</u>	<u>\$ 7,268,194</u>	<u>\$ 10,087,718</u>	<u>\$ 6,974,099</u>	<u>\$ 62,301,179</u>

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

TOOELE CITY CORPORATION
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total Fund Balances - Governmental Funds	\$ 44,854,225
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the individual funds.	128,063,083
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The net pension asset resulting from pension assets exceeding pension liabilities is not an available resource and, therefore, is not reported in the funds.	45,933
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Deferred outflows of resources coming from deferred charges on refunding of long-term debt are amortized to expense over the life of the outstanding debt in the statement of activities, and are not reported in the funds.	141,197
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Deferred outflows of resources associated with the net pension liability and asset is not an available resource and, therefore, is not reported in the funds.	3,307,001
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Deferred outflows of resources associated with OPEB is not an available resource and, therefore, is not reported in the funds.	876,097
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Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(928,268)
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Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. All liabilities net of premiums are reported in the statement of net position. Those liabilities consist of:

General obligation bonds, net of unamortized deferrals of premiums and discounts	(28,418,546)
Obligations under capital leases	-
Grantsville legal settlement liability	(1,280,420)
Net pension liability	(3,194,475)
Compensated absences payable	(835,192)
Net OPEB obligations	(2,672,638)

Deferred inflows of resources associated with OPEB are not due and payable in the current period and therefore are not recorded in the funds.	(724,361)
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Deferred inflows of resources associated with the net pension liability are not due and payable in the current period and therefore are not recorded in the funds.	(84,662)
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Total Net Position - Government Activities	<u>\$ 139,148,974</u>
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The notes to the financial statements are an integral part of this statement.

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year ended June 30, 2025

	General Fund	Depot Redevelopment Agency	Class "C" Road Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 24,197,677	\$ 4,760,715	\$ -	\$ -	\$ 824,375	\$ 29,782,767
Licenses and permits	1,232,769	-	-	-	-	1,232,769
Intergovernmental and grants	677,627	318,906	4,452,143	-	-	5,448,676
Charges for services	5,103,186	-	-	-	-	5,103,186
Fines and forfeitures	151,596	-	-	-	-	151,596
Interest income	593,582	377,196	317,511	711,893	323,051	2,323,233
Grants	-	-	-	-	24,000	24,000
Impact fees	-	-	-	-	1,353,509	1,353,509
Interfund charges	1,040,676	-	-	-	-	1,040,676
Miscellaneous revenues	65,551	-	5,545	17,441	6,811	95,348
Rental income	920	-	-	-	534,449	535,369
TOTAL REVENUES	33,063,584	5,456,817	4,775,199	729,334	3,066,195	47,091,129
EXPENDITURES						
General government	7,466,695	2,016,415	-	164,995	442,513	10,090,618
Public safety	9,571,228	-	-	-	-	9,571,228
Highways and streets	2,878,502	-	707,428	-	-	3,585,930
Parks and recreation	7,989,239	-	-	-	-	7,989,239
Community development	-	1,119,033	-	-	-	1,119,033
Capital outlay:						
Capital projects	437,003	208,720	3,668,747	8,721,952	2,887,581	15,924,003
Debt service:						
Principal - bonds and notes	-	83,000	-	-	1,240,000	1,323,000
Principal - capital lease	-	-	-	11,097	-	11,097
Interest	-	34,100	-	170	841,892	876,162
Bond issuance costs and trustee fees	-	-	-	-	7,401	7,401
TOTAL EXPENDITURES	28,342,667	3,461,268	4,376,175	8,898,214	5,419,387	50,497,711
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,720,917	1,995,549	399,024	(8,168,880)	(2,353,192)	(3,406,582)
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS						
Operating transfers in	-	-	-	2,700,000	2,306,498	5,006,498
Operating transfers (out)	(3,819,501)	(40,987)	(361,561)	-	(784,449)	(5,006,498)
Private contributions	113,834	-	-	-	-	113,834
Proceeds on sale of assets	21,474	-	-	-	-	21,474
Refunded impact fees	-	-	-	-	(7,904)	(7,904)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	(3,684,193)	(40,987)	(361,561)	2,700,000	1,514,145	127,404
NET CHANGE IN FUND BALANCES	1,036,724	1,954,562	37,463	(5,468,880)	(839,047)	(3,279,178)
FUND BALANCE, BEGINNING OF YEAR	12,624,911	7,430,768	6,879,709	14,774,166	6,423,849	48,133,403
FUND BALANCE, END OF YEAR	\$ 13,661,635	\$ 9,385,330	\$ 6,917,172	\$ 9,305,286	\$ 5,584,802	\$ 44,854,225

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

TOOELE CITY CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Fiscal Year ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (3,279,178)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. This is the amount by which capital outlays exceeded depreciation expense in the current period. 12,157,645

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

Accrued interest on bonds	(580,222)
Principal retirement - bonds	1,240,000
Principal retirement - Grantsville note	83,000
Principal retirement - capital lease obligations	11,097
Amortization of bond premiums, net discounts	25,995
Amortization of bond refunding	(73,922)

In the statement of activities, certain operating expenses (compensated absences of unpaid vacation time) are recorded as the benefits are earned during the year. In the governmental funds, these obligations are recorded when they mature (when they are paid). The compensated absences obligation increased during the year. (10,327)

In the statement of activities, the current year's pension contributions from January to June are removed from pension expense and shown on the statement of net position as deferred outflows of resources - pensions. The Governmental Funds do not adjust pension contribution expense. (530,261)

The annual other postemployment benefit (OPEB) cost is the amount that is recognized as an expense in the statement of activities whereas in the governmental funds only the amounts paid are recorded as an expenditure. Payments were less than actuarially required amounts during the year. (149,428)

Change in Net Position of Governmental Activities \$ 8,894,399

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

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year ended June 30, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Taxes	\$ 24,238,328	\$ 24,238,328	\$ 24,197,677	\$ (40,651)
Licenses and permits	1,100,000	1,100,000	1,232,769	132,769
Intergovernmental revenues	551,000	559,242	677,627	118,385
Charges for services	3,974,174	4,064,174	5,103,186	1,039,012
Fines and forfeitures	126,000	126,000	151,596	25,596
Interest income	350,000	350,000	593,582	243,582
Interfund charges	-	76,834	1,040,676	963,842
Miscellaneous revenues	26,450	26,450	65,551	39,101
Rental income	41,500	41,500	920	(40,580)
TOTAL REVENUES	30,407,452	30,582,528	33,063,584	2,481,056
EXPENDITURES				
General government	8,145,010	8,283,040	7,466,695	816,345
Public safety	9,899,150	9,893,382	9,571,228	322,154
Highways and streets	3,075,561	3,076,561	2,878,502	198,059
Parks and recreation	7,840,099	8,234,811	7,989,239	245,572
Capital outlay	694,050	785,172	437,003	348,169
TOTAL EXPENDITURES	29,653,870	30,272,966	28,342,667	1,930,299
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>753,582</u>	<u>309,562</u>	<u>4,720,917</u>	<u>4,411,355</u>
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS				
Operating transfers (out)	(2,319,501)	(3,819,501)	(3,819,501)	-
Private contributions	19,000	-	113,834	113,834
Proceeds on sale of assets	-	-	21,474	21,474
(USES) INCLUDING TRANSFERS	(2,300,501)	(3,819,501)	(3,684,193)	135,308
NET CHANGE IN FUND BALANCES	(1,546,919)	(3,509,939)	1,036,724	4,546,663
FUND BALANCE, BEGINNING OF YEAR	12,624,911	12,624,911	12,624,911	-
FUND BALANCE, END OF YEAR	\$ 11,077,992	\$ 9,114,972	\$ 13,661,635	\$ 4,546,663

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

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEPOT REDEVELOPMENT AGENCY
SPECIAL REVENUE FUND
For the Fiscal Year ended June 30, 2025

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable
				(Unfavorable)
REVENUES				
Taxes	\$ 4,300,000	\$ 4,300,000	\$ 4,760,715	\$ 460,715
Intergovernmental and grants	154,528	174,714	318,906	144,192
Interest income	200,100	200,100	377,196	177,096
TOTAL REVENUES	<u>4,654,628</u>	<u>4,674,814</u>	<u>5,456,817</u>	<u>782,003</u>
EXPENDITURES				
General government	855,543	948,043	2,016,415	(1,068,372)
Community development	1,935,000	3,455,186	1,119,033	2,336,153
Capital outlay	208,720	208,720	208,720	-
Debt service:				
Principal - notes	<u>117,125</u>	<u>117,125</u>	<u>83,000</u>	<u>34,125</u>
TOTAL EXPENDITURES	<u>3,116,388</u>	<u>4,729,074</u>	<u>3,461,268</u>	<u>1,267,806</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,538,240</u>	<u>(54,260)</u>	<u>1,995,549</u>	<u>2,049,809</u>
OTHER FINANCING				
USES INCLUDING TRANSFERS				
Operating transfers out	<u>(40,987)</u>	<u>(40,987)</u>	<u>(40,987)</u>	<u>-</u>
TOTAL OTHER FINANCING				
USES INCLUDING TRANSFERS	<u>(40,987)</u>	<u>(40,987)</u>	<u>(40,987)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,497,253	(95,247)	1,954,562	2,049,809
FUND BALANCE, BEGINNING OF YEAR	<u>7,430,768</u>	<u>7,430,768</u>	<u>7,430,768</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,928,021</u>	<u>\$ 7,335,521</u>	<u>\$ 9,385,330</u>	<u>\$ 2,049,809</u>

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

TOOELE CITY CORPORATION
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2025

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Garbage Utility	Nonmajor Enterprise Fund	Total Enterprise Funds
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 16,499,596	\$ 7,791,058	\$ 232,100	\$ 2,207,889	\$ 26,730,643
Accounts receivable, net of allowance	589,644	577,888	252,030	117,447	1,537,009
Restricted cash and cash equivalents	422,788	662,618	-	-	1,085,406
TOTAL CURRENT ASSETS	17,512,028	9,031,564	484,130	2,325,336	29,353,058
NONCURRENT ASSETS					
Net pension asset	2,957	2,089	-	-	5,046
Capital assets not being depreciated:					
Investment in water stock	93,184	-	-	-	93,184
Land	2,298,207	301,500	-	234,230	2,833,937
Water rights	38,774,532	-	-	-	38,774,532
Capital assets being depreciated:					
Infrastructure	-	-	-	18,453,330	18,453,330
Construction in progress	12,740	2,953,636	-	-	2,966,376
Buildings	4,279,180	15,030,114	3,220	-	19,312,514
Improvements other than buildings	73,434,487	47,641,148	-	-	121,075,635
Office, furniture & fixtures	23,377	39,443	-	-	62,820
Machinery and equipment	7,018,037	620,553	-	204,557	7,843,147
Autos and trucks	781,795	884,967	23,000	25,893	1,715,655
Accumulated depreciation	(34,404,272)	(26,741,459)	(23,329)	(2,953,778)	(64,122,838)
NET CAPITAL ASSETS	92,311,267	40,729,902	2,891	15,964,232	149,008,292
TOTAL NONCURRENT ASSETS	92,314,224	40,731,991	2,891	15,964,232	149,013,338
TOTAL ASSETS	109,826,252	49,763,555	487,021	18,289,568	178,366,396
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on bond refunding	7,344	-	-	-	7,344
Deferred outflows related to OPEB	19,992	18,724	-	-	38,716
Deferred outflows related to pensions	212,881	150,487	-	-	363,368
TOTAL DEFERRED OUTFLOWS	240,217	169,211	-	-	409,428
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	430,077	251,167	199,717	89,459	970,420
Accrued interest	7,519	71,454	-	-	78,973
Deferred revenue	100,985	-	-	-	100,985
Customer deposits	244,740	-	-	-	244,740
Financed equipment obligation	-	27,705	-	26,845	54,550
Revenue bonds payable - current	496,000	183,000	-	-	679,000
TOTAL CURRENT LIABILITIES	1,279,321	533,326	199,717	116,304	2,128,668
NONCURRENT LIABILITIES					
Net pension liability	205,638	145,364	-	-	351,002
Compensated absences	38,030	55,229	-	-	93,259
Net OPEB obligation	60,986	57,114	-	-	118,100
Revenue bonds payable - long-term	-	2,647,000	-	-	2,647,000
TOTAL NONCURRENT LIABILITIES	304,654	2,904,707	-	-	3,209,361
TOTAL LIABILITIES	1,583,975	3,438,033	199,717	116,304	5,338,029
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to OPEB	16,531	15,474	-	-	32,005
Deferred inflows related to pensions	5,450	3,852	-	-	9,302
TOTAL DEFERRED INFLOWS	21,981	19,326	-	-	41,307
NET POSITION					
Net investment in capital assets	91,822,611	37,872,197	2,891	15,937,387	145,635,086
Unrestricted	6,106,005	3,653,897	284,413	2,235,877	12,280,192
Restricted for:					
Impact fees	10,112,241	4,322,297	-	-	14,434,538
Debt service	419,656	627,016	-	-	1,046,672
TOTAL NET POSITION	\$ 108,460,513	\$ 46,475,407	\$ 287,304	\$ 18,173,264	\$ 173,396,488

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

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
For the Fiscal Year ended June 30, 2025

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Garbage Utility	Nonmajor Enterprise Fund	Total Enterprise Funds
OPERATING REVENUES					
Charges for services	\$ 5,491,859	\$ 5,525,999	\$ 2,382,858	\$ 1,065,306	\$ 14,466,022
Connection and collection fees	245,699	3,400	296,035	-	545,134
Miscellaneous	26,602	27,625	-	-	54,227
TOTAL OPERATING REVENUES	5,764,160	5,557,024	2,678,893	1,065,306	15,065,383
OPERATING EXPENSES					
Personal services	1,042,958	1,197,738	669,811	-	2,910,507
Contracted services	506,341	247,626	1,546,129	27,822	2,327,918
Operations and maintenance	2,608,805	1,613,570	238,115	503,048	4,963,538
Utilities	20,614	406,377	16,024	-	443,015
Administration	21,947	1	2	102,948	124,898
Depreciation	2,025,178	1,387,084	81	413,828	3,826,171
TOTAL OPERATING EXPENSES	6,225,843	4,852,396	2,470,162	1,047,646	14,596,047
OPERATING INCOME	(461,683)	704,628	208,731	17,660	469,336
NON-OPERATING REVENUES					
(EXPENSES):					
Interest income	537,108	369,764	22,002	145,914	1,074,788
Interest expense and fiscal charges	(29,296)	(88,265)	-	(1,228)	(118,789)
Sale / transfer of water rights	224,497	-	-	-	224,497
Grant revenue	23,638	400,000	-	-	423,638
Impact fees	2,935,966	1,960,218	-	-	4,896,184
TOTAL NON-OPERATING REVENUES	3,691,913	2,641,717	22,002	144,686	6,500,318
Contributed from developers	2,528,712	1,334,665	-	1,593,225	5,456,602
CHANGE IN NET POSITION	5,758,942	4,681,010	230,733	1,755,571	12,426,256
NET POSITION - BEGINNING OF YEAR	102,701,571	41,794,397	56,571	16,417,693	160,970,232
NET POSITION - END OF YEAR	\$ 108,460,513	\$ 46,475,407	\$ 287,304	\$ 18,173,264	\$ 173,396,488

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

TOOELE CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year ended June 30, 2025

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Garbage Utility	Nonmajor Enterprise Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 5,630,534	\$ 5,430,717	\$ 2,676,269	\$ 1,028,332	\$ 14,765,852
Receipts of miscellaneous income	26,602	27,625	-	-	54,227
Payments to employees	(1,005,415)	(1,170,417)	(669,811)	-	(2,845,643)
Payments to contractors	(73,841)	(37,626)	(1,521,129)	-	(1,632,596)
Payments for operations and maintenance	(2,468,891)	(1,469,411)	(234,207)	(543,446)	(4,715,955)
Payment for interfund services provided	(432,500)	(210,000)	(25,000)	(27,822)	(695,322)
Payments for utilities	(20,614)	(406,377)	(16,024)	-	(443,015)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,655,875</u>	<u>2,164,511</u>	<u>210,098</u>	<u>457,064</u>	<u>4,487,548</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Receipts from other funds	<u>23,638</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>423,638</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>23,638</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>423,638</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Payments for purchase of capital assets	(1,422,336)	(4,756,867)	-	(219,406)	(6,398,609)
Cash paid for finance lease	-	(25,342)	-	(25,342)	(50,684)
Proceeds from sale / transfer of water rights	224,497	-	-	-	224,497
Deferred defeasance costs	12,590	-	-	-	12,590
Payments of bond principal	(485,000)	(175,000)	-	-	(660,000)
Interest paid on bonds	(29,296)	(92,683)	-	(1,228)	(123,207)
Impact fees collected	<u>2,935,966</u>	<u>1,960,218</u>	<u>-</u>	<u>-</u>	<u>4,896,184</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>1,236,421</u>	<u>(3,089,674)</u>	<u>-</u>	<u>(245,976)</u>	<u>(2,099,229)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received on investments	<u>537,108</u>	<u>369,764</u>	<u>22,002</u>	<u>145,914</u>	<u>1,074,788</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>537,108</u>	<u>369,764</u>	<u>22,002</u>	<u>145,914</u>	<u>1,074,788</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,453,042	(155,399)	232,100	357,002	3,886,745
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>13,469,342</u>	<u>8,609,075</u>	<u>-</u>	<u>1,850,887</u>	<u>23,929,304</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 16,922,384</u>	<u>\$ 8,453,676</u>	<u>\$ 232,100</u>	<u>\$ 2,207,889</u>	<u>\$ 27,816,049</u>

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

TOOELE CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
For the Fiscal Year ended June 30, 2025

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Garbage Utility	Nonmajor Enterprise Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$ (461,683)	\$ 704,628	\$ 208,731	\$ 17,660	\$ 469,336
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	2,025,178	1,387,084	81	413,828	3,826,171
Changes in assets and liabilities:					
Accounts receivable	(100,515)	(98,682)	(2,624)	(36,974)	(238,795)
Accounts payable	155,028	139,853	3,910	62,550	361,341
Compensated absences	6,833	4,307	-	-	11,140
OPEB obligation	7,976	7,470	-	-	15,446
Deferred outflows of resources - OPEB	(621)	(582)	-	-	(1,203)
Deferred inflows of resources - OPEB	(3,946)	(3,694)	-	-	(7,640)
Deferred revenue	(14,139)	-	-	-	(14,139)
Customer deposits	7,630	-	-	-	7,630
Net pension asset	998	706	-	-	1,704
Deferred outflows of resources - pensions	(7,244)	(5,123)	-	-	(12,367)
Deferred inflows of resources - pensions	(1,662)	(1,175)	-	-	(2,837)
Net pension liability	42,042	29,719	-	-	71,761
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,655,875</u>	<u>\$ 2,164,511</u>	<u>\$ 210,098</u>	<u>\$ 457,064</u>	<u>\$ 4,487,548</u>
REPRESENTED ON THE BALANCE SHEET AS:					
Cash - unrestricted	\$ 16,499,596	\$ 7,791,058	\$ 232,100	\$ 2,207,889	\$ 26,730,643
Cash - restricted	422,788	662,618	-	-	1,085,406
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 16,922,384</u>	<u>\$ 8,453,676</u>	<u>\$ 232,100</u>	<u>\$ 2,207,889</u>	<u>\$ 27,816,049</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:					
Contributed capital assets from developers	<u>\$ 2,528,712</u>	<u>\$ 1,334,665</u>	<u>\$ -</u>	<u>\$ 1,593,225</u>	<u>\$ 5,456,602</u>

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

TOOELE CITY CORPORATION
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
June 30, 2025

	<u>Pension Trust</u>	<u>Custodial Fund</u>
ASSETS		
Restricted cash and cash equivalents	\$ 1,323,162	\$ 3,401,977
TOTAL ASSETS	<u>\$ 1,323,162</u>	<u>\$ 3,401,977</u>
LIABILITIES		
Other liabilities	-	3,401,977
TOTAL LIABILITIES	<u>-</u>	<u>\$ 3,401,977</u>
NET POSITION		
Held in trust for fire department pension and other purposes	<u>1,323,162</u>	
TOTAL NET POSITION	<u>\$ 1,323,162</u>	

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

TOOELE CITY CORPORATION
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
For the Fiscal Year ended June 30, 2025

	Pension Trust
ADDITIONS	
Contributions:	
Employer	\$ 64,636
Investment earnings:	
Interest income	118,460
TOTAL ADDITIONS	<u>183,096</u>
DEDUCTIONS	
Benefits	42,583
Administrative expenses	2,100
TOTAL DEDUCTIONS	<u>44,683</u>
CHANGE IN NET POSITION	138,413
NET POSITION - BEGINNING OF YEAR	<u>1,184,749</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,323,162</u></u>

**STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - CUSTODIAL FUND**
For the Fiscal Year ended June 30, 2025

	Balance at Beginning of the Year	Additions	Deductions	Balance at End of of the Year
ASSETS				
Cash and cash equivalents	\$ 4,496,014	\$ 2,777,561	\$ (3,871,598)	\$ 3,401,977
TOTAL ASSETS	<u>\$ 4,496,014</u>	<u>\$ 2,777,561</u>	<u>\$ (3,871,598)</u>	<u>\$ 3,401,977</u>
LIABILITIES				
Accounts payable	\$ 3,046	\$ 2,820,174	\$ (2,823,220)	\$ -
Refunds payable and others	4,492,968	2,910,499	(4,001,490)	3,401,977
TOTAL LIABILITIES	<u>\$ 4,496,014</u>	<u>\$ 5,730,673</u>	<u>\$ (6,824,710)</u>	<u>\$ 3,401,977</u>

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

1. THE REPORTING ENTITY

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

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

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

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

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

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide Financial Statements

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

Government Fund Financial Statements

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

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

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

The City reports the following funds:

(1) Governmental Fund Types

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

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Fund Financial Statements (continued)

(1) Governmental Fund Types (continued)

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

(2) Proprietary Fund Type

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

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

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

(3) Fiduciary Fund Type

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

Use of Restricted Funds

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

Modified Accrual

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

Budgetary Procedures and Budgetary Accounting

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Restricted Cash

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

Interfund Transactions

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

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (continued)

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

Long-Term Obligations

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

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

Compensated Absences

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

Use of Estimates

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

Taxes and Other Significant Revenues

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

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

Property tax revenues are recognized when they become measurable and available. Available includes those property taxes collected from the taxpayers by the County Treasurer by June 30 of each year. Amounts that are measurable but not available are recorded as deferred inflows of resources. An accrual was made for property taxes receivable and an offsetting unavailable revenue amount were recorded at June 30, 2025.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes and Other Significant Revenues (continued)

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

Fund equity

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

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

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

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

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

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

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

Minimum Fund Balance

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

Pensions

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

3. DEPOSITS AND INVESTMENTS

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

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

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

Certificates of deposit investments - Certificates of deposit held for investment that are not debt securities are included in "Investments." Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as short-term. Certificates of deposit with remaining maturities greater than one year are classified as long-term. All certificates of deposit are measured at their principal balance plus any accrued interest. There were no certificates of deposit investments at June 30, 2025.

Custodial credit risk - deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council. At June 30, 2025, \$1,000,000 of the City's bank balances of \$77,289,522 was insured and collateralized.

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

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

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

3. DEPOSITS AND INVESTMENTS (CONTINUED)

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses (net of administration fees) of the PTIF are allocated based upon the City's' average daily balances. As of June 30, 2025, the fair value per share factor for investments in the PTIF was 1.00198542. This resulted in a fair value adjustment for the current year of \$144,105.

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

Following are the City's cash on hand, on deposit, and investments at June 30, 2025:

	Fair Value	Carrying Amount	Credit Rating (1)	Weighted Average Years to Maturity (2)
Cash on hand and on deposit:				
Cash on hand	\$ 3,185	\$ 3,185	N/A	N/A
Cash on deposit	4,704,945	4,704,945	N/A	N/A
Utah State Treasurer's investment pool accounts	72,725,497	72,581,392	N/A	N/A
TOTAL CASH ON HAND AND DEPOSIT	<u>\$ 77,433,627</u>	<u>\$ 77,289,522</u>		

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

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

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

	Fair Value
Statement of net position:	
Cash and cash equivalents	\$ 58,884,879
Restricted cash and cash equivalents	13,823,609
Fiduciary funds:	
Restricted cash and cash equivalents, pension fund	1,323,162
Restricted cash and cash equivalents, agency trust	3,401,977
FAIR VALUE OF CASH ON HAND AND DEPOSIT	<u>\$ 77,433,627</u>

Fair value measurement

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

The City has the following recurring fair value measurements as of June 30, 2024:

- Temporary investment funds (PTIF) of \$72,725,497 are valued using significant observable inputs (Level 2 inputs). The inputs use the application of the June 30, 2025 fair value as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

There were no changes in the valuation techniques used to determine the fair value of these financial instruments during the fiscal year ended June 30, 2025.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

4. INTANGIBLE ASSETS

The Water Fund maintains intangible assets consisting of water stocks. These intangible assets are stated at cost and are included in property and equipment of the City, consistent with GASB 51. As of June 30, 2025, the costs of these water stocks were as follows:

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

5. RESTRICTED ASSETS

As of June 30, 2025, certain of the City's cash and cash equivalents are restricted for the following purposes:

Funds and Purpose	Restricted Amount
General Fund for debt service payments	\$ 445,926
Depot Redevelopment Agency Fund:	
Debt service payments	40,987
Class "C" Road Fund	
Debt service payments	361,561
Road payments	6,289,548
Water Fund:	
Funds held by trustee for debt service	422,788
Sewer Fund:	
Funds held by trustee for debt service	662,618
Other Nonmajor Funds:	
Construction, debt service and other uses	5,600,181
Pension and Agency Fund's:	
Held in trust for fire department and others	<u>4,725,139</u>
Total restricted cash and cash equivalents	<u>\$ 18,548,748</u>

6. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The City estimates allowances for doubtful accounts for proprietary funds based off management experience and historical collection rates. The allowance for doubtful accounts at June 30, 2025 is as follows:

Funds	Allowance
Water fund - major enterprise fund	\$ 8,751
Sewer fund - major enterprise fund	934
Garbage Utility Fund - major enterprise fund	452
Nonmajor enterprise funds	<u>138</u>
	<u>\$ 10,275</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

7. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2025 is as follows:

	Balance at June 30, 2024	Increases	Decreases/ Reclassifications	Balance at June 30, 2025
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,227,414	\$ 330,000	\$ -	\$ 6,557,414
Total capital assets not being depreciated	<u>6,227,414</u>	<u>330,000</u>	<u>-</u>	<u>6,557,414</u>
Capital assets being depreciated:				
Buildings	35,069,013	6,901,022	-	41,970,035
Improvements other than buildings	17,316,124	2,774,806	-	20,090,930
Office furniture and equipment	2,214,450	30,253	-	2,244,703
Machinery and equipment	5,584,575	232,480	-	5,817,055
Automobiles and trucks	9,447,067	1,587,578	(227,942)	10,806,703
Infrastructure	<u>126,192,874</u>	<u>7,828,600</u>	<u>-</u>	<u>134,021,474</u>
Total capital assets being depreciated	<u>195,824,103</u>	<u>19,354,739</u>	<u>(227,942)</u>	<u>214,950,900</u>
Less accumulated depreciation for:				
Buildings	(11,246,979)	(809,119)	-	(12,056,098)
Improvements other than buildings	(6,720,308)	(357,973)	-	(7,078,281)
Office furniture and equipment	(2,160,234)	(27,750)	-	(2,187,984)
Machinery and equipment	(3,988,464)	(335,203)	-	(4,323,667)
Automobiles and trucks	(6,331,981)	(705,665)	227,942	(6,809,704)
Infrastructure	<u>(55,698,113)</u>	<u>(5,291,384)</u>	<u>-</u>	<u>(60,989,497)</u>
Total accumulated depreciation	<u>(86,146,079)</u>	<u>(7,527,094)</u>	<u>227,942</u>	<u>(93,445,231)</u>
Total capital assets being depreciated, net	<u>109,678,024</u>	<u>11,827,645</u>	<u>-</u>	<u>121,505,669</u>
Governmental activities capital assets, net	<u>\$ 115,905,438</u>	<u>\$ 12,157,645</u>	<u>\$ -</u>	<u>\$ 128,063,083</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

7. CAPITAL ASSETS (CONTINUED)

For the year ended June 30, 2025, depreciation expense was charged to functions of the City as follows:

Governmental activities:

General government	\$ 5,897,959
Public safety	817,098
Highways and streets	306,552
Parks and recreation	<u>505,485</u>
Total depreciation expense, governmental activities	<u>\$ 7,527,094</u>

The Enterprise Funds' capital assets consist of the following at June 30, 2025:

	Balance at June 30, 2024	Increases	Decreases/ Reclassifications	Balance at June 30, 2025
Business-type activities				
Capital assets not being depreciated:				
Investment in water stock	\$ 93,184	\$ -	\$ -	\$ 93,184
Land	2,833,937	-	-	2,833,937
Water rights	38,774,532	-	-	38,774,532
Construction in progress	<u>12,845,337</u>	<u>32,740</u>	<u>(9,911,701)</u>	<u>2,966,376</u>
Total capital assets not being depreciated	<u>54,546,990</u>	<u>32,740</u>	<u>(9,911,701)</u>	<u>44,668,029</u>
Capital assets, being depreciated:				
Buildings	15,074,764	4,237,750	-	19,312,514
Improvements other than buildings	106,245,860	4,918,074	9,911,701	121,075,635
Office furniture and fixtures	62,820	-	-	62,820
Machinery and equipment	7,052,209	790,938	-	7,843,147
Automobiles and trucks	1,652,577	63,078	-	1,715,655
Infrastructure	<u>16,640,699</u>	<u>1,812,631</u>	<u>-</u>	<u>18,453,330</u>
Total capital assets being depreciated	<u>146,728,929</u>	<u>11,822,471</u>	<u>9,911,701</u>	<u>168,463,101</u>
Less accumulated depreciation for:				
Buildings	(4,622,269)	(336,214)	-	(4,958,483)
Improvements other than buildings	(48,023,902)	(2,516,110)	-	(50,540,012)
Office furniture & fixtures	(62,820)	-	-	(62,820)
Machinery and equipment	(4,048,175)	(510,064)	-	(4,558,239)
Automobiles and trucks	(1,093,289)	(74,833)	-	(1,168,122)
Infrastructure	<u>(2,446,212)</u>	<u>(388,950)</u>	<u>-</u>	<u>(2,835,162)</u>
Total accumulated depreciation	<u>(60,296,667)</u>	<u>(3,826,171)</u>	<u>-</u>	<u>(64,122,838)</u>
Total capital assets being depreciated, net	<u>86,432,262</u>	<u>7,996,300</u>	<u>9,911,701</u>	<u>104,340,263</u>
Business-type activities, net	<u>\$ 140,979,252</u>	<u>\$ 8,029,040</u>	<u>\$ -</u>	<u>\$ 149,008,292</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

7. CAPITAL ASSETS (CONTINUED)

For the year ended June 30, 2025, depreciation expense was charged to business-type activities of the City as follows:

Business-type activities:	
Water fund	\$ 2,025,178
Sewer fund	1,387,084
Garbage utility fund	81
Storm water fund	366,084
Street light fund	47,744
Total depreciation expense, business-type activities	<u>\$ 3,826,171</u>

8. LONG-TERM DEBT

The following is a summary of transactions affecting long-term liabilities for the year ended June 30, 2025:

	Balance at June 30, 2024	Additions	Reductions & Deletions	Balance at June 30, 2025	Due Within One Year
Governmental Activities:					
Revenue bonds payable	\$ 29,490,000	\$ -	\$ (1,240,000)	\$ 28,250,000	\$ 1,536,000
Net OPEB obligations	2,323,094	-	349,544	2,672,638	-
Net pension liability	2,541,375	653,100	-	3,194,475	-
Financed equipment obligation	11,097	-	(11,097)	-	-
Grantsville legal settlement	1,363,420	-	(83,000)	1,280,420	84,000
Compensated absences**	824,865	10,327	-	835,192	-
Deferred amounts:					
Unamortized bond premiums	212,888	-	(28,385)	184,503	-
Unamortized bond discounts	(18,347)	-	2,390	(15,957)	-
Loss on defeasance*	(215,119)	-	73,922	(141,197)	-
Total governmental long-term liabilities	<u>\$ 36,533,273</u>	<u>\$ 663,427</u>	<u>\$ (936,626)</u>	<u>\$ 36,260,074</u>	<u>\$ 1,620,000</u>
Business-type Activities:					
Revenue bonds payable	\$ 3,986,000	\$ -	\$ (660,000)	\$ 3,326,000	\$ 679,000
Net OPEB obligations	102,654	-	15,446	118,100	-
Net pension liability	279,241	71,761	-	351,002	-
Financed equipment obligation	105,234	-	(50,684)	54,550	54,550
Compensated absences**	82,119	11,140	-	93,259	-
Deferred amounts:					
Loss on defeasance*	(19,934)	-	12,590	(7,344)	-
Total business-type long-term liabilities	<u>\$ 4,535,314</u>	<u>\$ 82,901</u>	<u>\$ (682,648)</u>	<u>\$ 3,935,567</u>	<u>\$ 733,550</u>

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

** The change in the compensated absences is presented as a net change.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

8. LONG-TERM DEBT (CONTINUED)

	Current Outstanding Balances
<u>Government-type activities:</u>	
On August 15, 2015, the City issued \$4,508,000 in Franchise Tax Revenue Refunding Bonds (Series 2015) at an interest rate of 2.296% with a final maturity date of November 1, 2027. Principal payments are due annually with interest payments due on May 1st and November 1st beginning November 1, 2015. The bonds were issued to advance refund the 2008 Franchise Tax Revenue Bonds and to pay the costs of issuing the 2015 bonds. This advance refunding was undertaken to reduce the total debt service payments by approximately \$273,172 over a 14-year period, and resulted in an overall economic gain of \$232,290. The deferred loss of \$498,198 is being amortized over the life of the Series 2015 Franchise Tax Revenue Refunding Bonds.	\$ 1,152,000
On July 28, 2016, the City issued \$11,350,000 in Sales Tax Revenue Bonds, (Series 2016) at interest rates ranging from 2.32% to 3.40%, with a final maturity at December 1, 2036. Principle payments are due annually with interest payments due on December 1 and June 1 of each year. The proceeds from the bond issuance were used to pay the remaining balance of the Tooele Associates legal settlement during fiscal year end 2017, where \$10,852,958 was paid to principle and \$233,042 was paid to interest.	10,675,000
On April 9, 2019, the City issued \$9,000,000 in Lease Revenue Bonds, (Series 2019) at an interest rate of 2.50% with a final maturity date of February 1, 2050. Interest on the bonds is payable annually on each February 1, beginning on February 1, 2021. The Series 2019 Bonds were issued with a final maturity date of February 1, 2050, and are subject to annual Mandatory Sinking Fund redemptions beginning on February 1, 2021.	7,923,000
On December 8, 2023, the City issued \$8,500,000 in C.I.B bonds, (Series 2024) at an interest rate of 4.00% with a final maturity date of November 1, 2054 Interest on the bonds is payable annually on each October 1, beginning on October 1, 2025. The Series 2024 Bonds were issued with a final maturity date of November 1, 2054. The Bond is subject to redemption at any time prior to maturity, at the election of the Municipal Building Authority of Tooele City, Utah at a price equal to par plus accrued interest to the date of redemption.	8,500,000
Total governmental activities - bonds	\$ 28,250,000

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

8. LONG-TERM DEBT (CONTINUED)

	Current Outstanding Balances
<u>Government-type activities (continued):</u>	
During 2001, the City was served a complaint from two neighboring cities regarding the acquisition of closed portions of the Tooele Army Depot by the Redevelopment Agency of Tooele City. The complaint alleged that military closure and properties are to benefit the entire community, not just Tooele City. Tooele City responded that its actions were entirely lawful, consistent with military closure law, and did in fact benefit the entire community through economic development and job creation. The lawsuit was settled as of the fiscal year ended June 30, 2011. Terms of the settlement included the Redevelopment Agency paying \$100,000 to the neighboring cities as well as agreeing to pay a significant portion of the debt service (principal and interest) on a 25-year, \$2,500,000 bond for the City of Grantsville to be used in the construction of a library building. The original liability due from the Redevelopment Agency totaled \$2,150,000. The settlement agreement requires the Redevelopment Agency to additionally pay interest in the amount of 2.5% per annum on the liability. The annual payments due from the settlement agreement began on October 1, 2013 and continue through October 1, 2037.	\$ 1,280,420
Total governmental activities - Grantsville Legal Settlement	<u>\$ 1,280,420</u>
<u>Business-type activities:</u>	
In December 2010, Tooele City issued Sewer Revenue C.I.B. Bonds Series 2010 in the amount of \$4,600,000 with original interest rates of 4.50%. The bonds mature on September 1, 2036, with interest-only payments beginning September 1, 2011, and both principal and interest payments due annually on September 1 for the remainder of the bond term.	\$ 2,830,000
On October 5, 2011, the City issued \$5,753,000 in Water Revenue Refunding Bonds (Series 2011) at an interest rate of 3.10% with a final maturity date of April 1, 2026. Principal payments are due annually with interest payments due on April 1 and October 1 of each year. The bonds were issued to partially advance refund the 2006 Water Revenue Refunding Bonds and to pay the costs of issuing the Series 2011 bonds. The total principal and interest remaining on the defeased bonds was \$6,278,952. The 2011 bonds maturing before October 1, 2020 are not subject to redemption at the option of the City. The 2011 bonds maturing between October 1, 2020 and September 30, 2021 are subject to optional redemption at 102% of par. The 2011 bonds maturing between October 1, 2021 and September 30, 2022 are subject to optional redemption at 101% of par. Commencing October 1, 2022, the Bonds will be subject to redemption at par value.	496,000
On October 28, 2021, the City entered into a contract to finance the purchase of equipment at an interest rate of 2.335% with a final maturity date of November 25, 2026. Principal and interest payments are due annually on November 25 of each year.	<u>54,550</u>
Total business-type activities - bonds	<u>\$ 3,380,550</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

8. LONG-TERM DEBT (CONTINUED)

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

Future payments for principal and interest are as follows:

Governmental Activities:	Bonds		Bonds from Direct Placements	
	Principal	Interest	Principal	Interest
Year Ending June 30,				
2026	\$ 770,000	\$ 318,194	\$ 766,000	\$ 652,082
2027	775,000	298,687	785,000	621,697
2028	795,000	277,758	808,000	592,161
2029	820,000	255,061	427,000	566,328
2030	840,000	230,735	440,000	544,337
2031-2035	4,615,000	737,167	2,418,000	2,366,180
2036-2040	2,060,000	70,550	2,824,000	1,788,682
2041-2045	-	-	3,303,000	1,304,590
2046-2049	-	-	3,043,000	641,545
2049-2054	-	-	2,761,000	280,370
TOTAL DEBT	<u>\$ 10,675,000</u>	<u>\$ 2,188,152</u>	<u>\$ 17,575,000</u>	<u>\$ 9,357,972</u>
Unamortized premiums	\$ 184,503			
Loss on defeasance	<u>(141,197)</u>			
TOTAL	<u>\$ 28,293,306</u>			

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

8. LONG-TERM DEBT (CONTINUED)

Business-type Activities: Year Ending June 30,	Bonds		Bonds from Direct Placements	
	Principal	Interest	Principal	Interest
2026	\$ -	\$ -	\$ 679,000	\$ 135,038
2027	-	-	191,000	119,115
2028	-	-	200,000	110,520
2029	-	-	209,000	101,520
2030	-	-	218,000	92,115
2031-2035	-	-	715,000	215,685
2036-2037	-	-	1,114,000	128,160
TOTAL DEBT	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,326,000</u>	<u>\$ 902,153</u>
Unamortized premiums	\$ -			
Loss on defeasance	(7,344)			
TOTAL	<u>\$ 3,318,656</u>			

Business-type Activities: Year Ending June 30,	Financed equipment obligation	
	Principal	Interest
2026	\$ 54,550	\$ 1,274
2027	-	-
2028	-	-
2029	-	-
2030	-	-
TOTAL DEBT	<u>\$ 54,550</u>	<u>\$ 1,274</u>

Changes to the City's long-term debt as of June 30, 2025 are as follows:

	Balance at June 30, 2024	Additions	Reductions & Deletions	Balance at June 30, 2025	Due Within One Year
Governmental Activities:					
General bonds	\$ 10,790,000	\$ -	\$ (4,415,000)	\$ 6,375,000	\$ 115,000
Financed equipment obligation	11,097	-	(11,097)	-	-
Bonds from direct placement	11,292,000	-	(1,092,000)	10,200,000	1,421,000
Total governmental long-term liabilities	<u>\$ 22,093,097</u>	<u>\$ -</u>	<u>\$ (5,518,097)</u>	<u>\$ 16,575,000</u>	<u>\$ 1,536,000</u>
Business-type Activities:					
Financed equipment obligation	\$ 105,234	\$ -	\$ (50,684)	\$ 54,550	\$ 54,550
Bonds from direct placement	3,986,000	-	(635,000)	3,351,000	679,000
Total business-type long-term liabilities	<u>\$ 4,091,234</u>	<u>\$ -</u>	<u>\$ (685,684)</u>	<u>\$ 3,405,550</u>	<u>\$ 733,550</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

8. LONG-TERM DEBT (CONTINUED)

Year Ending June 30,	Governmental Activities - Grantsville Legal Settlement	
	Principal	Interest
2026	\$ 84,000	\$ 32,025
2027	87,000	29,925
2028	89,000	27,750
2029	91,000	25,525
2030	94,000	23,250
2031-2035	397,000	69,050
2036-2040	438,420	27,775
TOTAL DEBT	<u>\$ 1,280,420</u>	<u>\$ 235,300</u>

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

9. PRIOR-YEAR DEFEASANCE OF DEBT

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liability for the defeased bonds are not included in the financial statements of the reporting entity. At June 30, 2025, bonds totaling \$11,740,000 from the City are considered defeased. The deferred charge on refunding reported in the government-wide statement of net position and proprietary funds under deferred outflows of resources results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is accreted over the shorter of the life of the refunded or refunding debt. As of June 30, 2025, the City had deferred outflows of resources related to refunding of debt in the amount of \$148,541.

10. DEFERRED INFLOW OF RESOURCES-UNAVAILABLE PROPERTY TAXES

Property taxes in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable on November 30. Since the property tax to be levied on October 1, 2021 is not expected to be received within 60 days after the year ended June 30, 2025, the City records unearned revenues of the estimated amount of the total property tax.

11. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2025 are as follows:

	Individual Fund Reconciliation	
	In	Out
Governmental:		
General Fund	\$ -	\$ (3,819,501)
Depot RDA	-	(40,987)
Debt Service Fund	2,306,498	-
Capital Projects Fund	2,700,000	-
Public Safety Capital		
Projects Fund	-	(250,000)
Class C Road Fund	-	(361,561)
Municipal Building	-	(534,449)
Total Governmental	<u>\$ 5,006,498</u>	<u>\$ (5,006,498)</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

11. INTERFUND TRANSFERS (CONTINUED)

Detailed descriptions of the interfund transfers for the year ended June 30, 2025 are as follows:

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

12. RETIREMENT PLANS

General Information About the Pension Plan

Plan Description

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

Defined Benefit Plans

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

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

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

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

12. RETIREMENT PLAN (CONTINUED)

Summary of Benefits by System

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

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

**Actuarial reductions are applied.*

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

Contribution Rate Summary

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

Contribution rates as of June 30, 2025 are as follows:

<u>Utah Retirement Systems</u>	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory System:			
111 Local Government Division - Tier 2	0.70%	15.19%	N/A
Noncontributory System:			
15 Local Government Division - Tier 1	N/A	16.97%	N/A
Public Safety Systems:			
Contributory			
122 Tier 2 DB Hybrid Public Safety	4.73%	25.33%	N/A
Noncontributory			
43 Other Div. A with 2.5% COLA	N/A	33.54%	N/A
Firefighters Retirement System			
31 Other Division A	15.05%	1.61%	N/A
132 Tier 2 DB Hybrid Firefighters	4.73%	14.08%	N/A

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

12. RETIREMENT PLAN (CONTINUED)

Tier 2 DC Only			
211 Local Government	N/A	5.19%	10.00%
222 Public Safety	N/A	11.33%	14.00%
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 June 30, 2025, the employer and employee contributions to the Systems were as follows:

<u>System</u>	Employer Contributions	Employee Contributions
Noncontributory System	\$ 604,190	-
Public Safety System	468,177	-
Firefighters System	2,045	19,128
Tier 2 Public Employees System	585,797	27,083
Tier 2 Public Safety and Firefighter	626,726	120,396
Tier 2 DC Only System	55,897	82
TOTAL CONTRIBUTIONS	<u>\$ 2,342,832</u>	<u>\$ 166,689</u>

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

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

At June 30, 2024, we reported a net pension asset of \$50,979 and a net pension liability of \$3,545,478. These balances are broken out by system as follows:

<u>System</u>	(Measurement Date): December 31, 2024			Proportionate Share	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share	December 31, 2022	
Noncontributory System	\$ -	\$ 1,321,793	0.4168228%	0.3974791%	0.0193437%
Public Safety System	-	1,632,798	1.0552555%	1.0183105%	0.0369450%
Firefighters System	50,979	-	0.2902244%	0.2905525%	-0.0003281%
Tier 2 Public Employees System	-	367,814	0.1233285%	0.1289282%	-0.0055997%
Tier 2 Public Safety and Firefighter System	-	223,072	0.4932087%	0.5079579%	-0.0147492%
	<u>\$ 50,979</u>	<u>\$ 3,545,477</u>			

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June, 30, 2025 the City recognized pension expense of \$2,928,038.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

12. RETIREMENT PLAN (CONTINUED)

At June, 30, 2025 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,310,209	\$ 14,255
Changes in assumptions	361,374	3,540
Net difference between projected and actual earnings on pension plan investments	733,274	-
Changes in proportion and differences between contributions and proportionate share of contributions	91,155	76,169
Contributions subsequent to the measurement date	1,174,357	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 3,670,369</u>	<u>\$ 93,964</u>

\$1,174,357 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, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 1,015,894
2026	1,248,866
2027	(231,688)
2028	5,690
2029	130,197
Thereafter	233,088

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$1,200,824.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 787,599	\$ -
Changes in assumptions	109,337	-
Net difference between projected and actual earnings on pension plan investments	398,145	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	15,398
Contributions subsequent to the measurement date	303,511	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 1,598,592</u>	<u>\$ 15,398</u>

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

12. RETIREMENT PLAN (CONTINUED)

\$303,511 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, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 746,901
2026	723,838
2027	(161,555)
2028	(29,501)
2029	-
Thereafter	-

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

For the year ended June 30, 2025, we recognized pension expense of \$1,015,933.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 172,540	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	282,589	-
Changes in proportion and differences between contributions and proportionate share of contributions	8,137	-
Contributions subsequent to the measurement date	219,044	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 682,310	\$ -

\$219,044 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, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 197,740
2026	401,115
2027	(114,782)
2028	(20,807)
2029	-
Thereafter	-

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

For the year ended June 30, 2025, we recognized pension expense of \$12,900.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

12. RETIREMENT PLAN (CONTINUED)

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,010	\$ -
Changes in assumptions	4,089	-
Net difference between projected and actual earnings on pension plan investments	14,571	-
Changes in proportion and differences between contributions and proportionate share of contributions	136	49,473
Contributions subsequent to the measurement date	1,024	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 75,830	\$ 49,473

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

\$1,024 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, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 3,416
2026	19,039
2027	1,721
2028	1,157
2029	-
Thereafter	-

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

For the year ended June 30, 2025, we recognized pension expense of \$401,379.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 159,009	\$ 2,534
Changes in assumptions	122,845	37
Net difference between projected and actual earnings on pension plan investments	23,509	-
Changes in proportion and differences between contributions and proportionate share of contributions	54,892	4,275
Contributions subsequent to the measurement date	321,174	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 681,429	\$ 6,846

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

12. RETIREMENT PLAN (CONTINUED)

\$321,174 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, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 42,061
2026	65,167
2027	27,951
2028	34,385
2029	81,936
Thereafter	101,910

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$322,802.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 135,052	\$ 11,721
Changes in assumptions	125,103	3,503
Net difference between projected and actual earnings on pension plan investments	14,458	-
Changes in proportion and differences between contributions and proportionate share of contributions	27,989	7,023
Contributions subsequent to the measurement date	329,605	-
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 632,207	\$ 22,247

\$329,605 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, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 25,777
2026	39,706
2027	14,977
2028	20,456
2029	48,262
Thereafter	131,178

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

12. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50 percent
Salary increases	3.5 - 9.5 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	49.00%	0.00%
TOTALS	100%		5.80%
		INFLATION	2.50%
		EXPECTED ARITHMETIC NOMINAL RETURN	8.30%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.85 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.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

12. RETIREMENT PLAN (CONTINUED)

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 6.85 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 (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 5,590,101	\$ 1,321,793	\$ (2,257,935)
Public Safety System	5,016,192	1,632,798	(1,127,998)
Firefighters System	110,944	(50,979)	(183,008)
Tier 2 Public Employees System	1,098,570	367,814	(200,643)
Tier 2 Public Safety and Firefighter System	760,657	223,073	(206,734)
TOTAL	<u>\$ 12,576,464</u>	<u>\$ 3,494,499</u>	<u>\$ (3,976,318)</u>

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

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

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

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

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$ 337,315	\$ 300,801	\$ 252,999
Employee Contributions	\$ 293,021	\$ 234,225	\$ 209,225
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 90,877	\$ 75,605	\$ 65,122
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 14,740	\$ 14,280	\$ 10,005

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

12. RETIREMENT PLAN (CONTINUED)

Volunteer Firefighters' Length of Service Award Plan - The City offers a non-contributory pension plan for volunteer firefighters. The provisions of this Plan apply only to individuals who are or who become Volunteer Firefighters for Tooele City and who provides qualified services without compensation on or after the Effective date of July 1, 2002. Originally, the Plan was funded by the City and administered by a third party. During 2000, the City assumed administration of the Plan as a non-qualified pension trust. Custodial accounts and contracts maintained by the City to provide funding for the Plan may be treated collectively as the Trust if so elected by the City. All assets of the Trust shall remain the sole property of the City and shall be used exclusively to provide the benefits payable under this Plan, subject only to claims of general creditors of the City. Volunteer Retirement benefits are paid at retirement after age sixty-five, at \$5 per month per year of service for life, and are subject to a vesting schedule. The present value for a Plan year of the retirement benefit shall not exceed the sum of \$3,000 per Volunteer. Pension contributions for the years ended June 30, 2025, 2024, and 2023, were \$62,701, \$64,636, and \$62,809, respectively. This pension plan does not issue a stand-alone financial report as the results of operations are included in the fiduciary funds found in this report.

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

13. EMPLOYEE BENEFIT PLANS

Every two years, an independent actuary calculates the annual contribution requirement. The actuarial valuation was performed on July 1, 2024 and included the following methods and assumptions:

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

As of June 30, 2025, the value of the assets held by the City totaled \$1,099,241. On July 1, 2024, the City received an updated valuation report on the Volunteer Firefighter's Length of Service Awarded Program. The inputs and assumptions did not change significantly with the most recent valuation report. As of July 1, 2024, the value of the assets held by the City totaled \$1,028,275.

401(k) Plans - The City provides 401(k) plans for all eligible employees. Employees are enrolled in one of two plans: (1) Tooele City Employees' 401(k) Plan managed by John Hancock; or, (2) Utah State Retirement System 401(k) Plan. The Tooele City Employees' 401(k) Plan is available to full-time employees. Employees become fully vested in the Plan at the conclusion of four years of employment. Employees enrolled in the John Hancock Tooele City Employees' 401(k) Plan prior to June 30, 2011 were permitted to remain in that plan. Employees enrolling in a 401(k) plan on or after July 1, 2011 may elect to enroll in the Utah Retirement 401(k) Plan. Vesting is immediate in the Utah Retirement 401(k) Plan. Employees may voluntarily contribute to their 401(k) Plan in an amount not to exceed limitations established by the Internal Revenue Service. The City may make contributions at the discretion of the City Council. The City approved a 2% discretionary contribution to the 401(k) plans for fiscal year 2016, with a beginning pay date of September 4, 2015 (effective date set to allow for enrollment). The 401(k) discretionary City contributions was \$256,334, \$237,782, and \$217,605, respectively, as of June 30, 2025, 2024, and 2023. Salaries subject to contributions were \$12,795,801, \$11,475,117, and \$10,739,676, respectively, as of June 30, 2025, 2024 and 2023. The City made no discretionary contributions to the 401(k) plans for the year ended June 30, 2025. These figures do not include City Council Equalization, URS Exempt, and Post-retired Rehires employees whose benefit payments are reflected below.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

13. EMPLOYEE BENEFIT PLANS (CONTINUED)

City Council Equalization Benefit - In 2014 the City council approved an equalization benefit calculation for part-time elected officials who would be members of the Tier 2 retirement plan. Under the Tier 2 plan, part-time elected officials are not eligible for retirement. To eliminate this inequity among part-time elected officials, the City makes the equivalent contribution to a URS 401k account for these elected officials equal to what is paid on behalf of other Tier 2 public employees. Contributions made for the years ended June 30, 2025, 2024 and 2023 were \$9,070, \$6,642, and \$7,636, respectively.

URS Exempt Elected and Appointed Officials - Tooele City makes contributions to one of the two 401(k) Plans offered by Tooele City in lieu of URS pension premiums as permitted by law, for eligible elected or appointed employees who decline participation in the URS pension system. City and employee contributions to the plans for the years ending June 30, 2025, 2024, and 2023 were \$21,715, \$38,209, and \$36,386, respectively. Salaries subject to contributions were \$210,959, \$184,117, and \$175,804, respectively, for the same years.

URS Post-retired Rehired Employees - Tooele City makes contributions to the Utah State Retirement System 401(k) plan in lieu of URS pension premiums as permitted by law, for post-retired rehired employees hired prior to June 30, 2010. These employees may make voluntarily contributions to the Tooele City Employees' 401(k) Plan managed by John Hancock (excludes loan repayments). These employees are not able to receive discretionary 401(k) contributions per URS post-retired rehire laws. City and employee contributions to the plans the years ending June 30, 2025, 2024 and 2023 were \$0, \$0, and \$0, respectively. Salaries subject to contributions were \$0, \$0, and \$0, respectively, for the same years.

Traditional IRA - The City provides a Defined Contribution System Traditional IRA Plan for all eligible employees. Employee contributions to the plan for the years ending June 30, 2025, 2024 and 2023 were \$14,740, \$14,280, and \$10,310, respectively.

Roth IRA - The City provides a Defined Contribution System Roth IRA Plan for all eligible employees. Employee contributions to the plan for the years ending June 30, 2025, 2024 and 2023 were \$132,073, \$115,626, and \$121,431, respectively.

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

Funding Policy

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

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

At June 30, 2025, the City reported a net OPEB asset of \$0. The net OPEB asset was measured as of June 30, 2025 by an actuarial valuation using generally accepted actuarial procedures. At June 30, 2025, the reported deferred outflows of resources and deferred inflows of resources related to OPEB are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 678,933	\$ (526,449)
Changes in assumptions	235,880	(229,917)
Net difference between projected and actual earnings in OPEB plan investments for the fiscal year ended June 30, 2025	N/A	N/A
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES	\$ 914,813	\$ (756,366)

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

The balances as of June 30, 2025 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

Fiscal Year Ended June 30,	Net Deferred Outflows (Inflows) of Resources
2026	\$ 41,374
2027	45,258
2028	62,954
2029	8,910
2030	(3,471)
Thereafter	3,422

For the year ended June 30, 2025, the City recognized an actuarially calculated loss of \$250,329.

OPEB Plan Covered Employees

For the year ended June 30, 2025, the City had the following covered employees under the OPEB plan:

Covered Employees	Single-Employer- Health Insurance OPEB Plan	Single-Employer- Life Insurance OPEB Plan
Inactive employees currently receiving benefits	9	59
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	168	161
TOTAL OPEB PLANS COVERED EMPLOYEES	<u>177</u>	<u>220</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Liability measurement method	Valuation date June 30, 2024
Actuarial cost method	Present value of future benefits
Amortization method	Straight-line
Inflation rate	3.25%
Discount rate	4.21%
Asset valuation method	N/A*
Interest rate	4.23%
Health care trend rate	Initial rate of 8.0% decreasing between 0.25% and 0.50% annually to an ultimate rate of 4.5%
Investment rate of return	N/A*
Mortality rates	Developed from the SOA Pub-2010 Mortality Tables using the most recent generational projection scale MP-2021.

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21 percent. Under GASB 75, the discount rate used in valuing OPEB liabilities for unfunded plans as of the measurement date must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). For the current valuation, the discount rate was selected from a range of indices where the range is given as the spread between the lowest and highest rate. The projection of cash flows used to determine the discount rate assumed that there would be employer-paid contributions for retiree health benefits for the next thirty years. The projections include explicit and implicit subsidies.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability

The City's net OPEB Liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The change in total OPEB liability is as follows:

Total OPEB liability at June 30, 2024	\$ 2,425,748
Activity during the year:	
Service cost	153,199
Interest	105,572
Change in assumptions	27,422
Differences between expected and actual experience	222,907
Benefit payments	(144,110)
Net change in total OPEB liability	364,990
TOTAL OPEB LIABILITY AT JUNE 30, 2025	\$ 2,790,738

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

The following presents the OPEB liability as of June 30, 2025, calculated using the discount rate assumed and what it would be using a one-percentage-point higher (5.21%) and one-percentage-point lower (4.21%) than the current discount rate:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
1% decrease in discount rate	\$ 3,054,325	\$ -	\$ 3,054,325
Current discount rate	2,790,742	-	2,790,742
1% increase in discount rate	2,551,186	-	2,551,186

The following presents the net OPEB liability as of June 30, 2025, using the health care trend rates assumed and what it would be using one-percentage-point higher and one-percentage-point lower health care trend rates:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
1% decrease in trend rates	\$ 2,476,211	\$ -	\$ 2,476,211
Current trend rates	2,790,742	-	2,790,742
1% increase in trend rates	3,167,342	-	3,167,342

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of an occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

15. REDEVELOPMENT AGENCIES

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

- A. The collections of tax increment revenue by Redevelopment Agencies as of June 30, 2025 are as follows:

<u>Project Area</u>	<u>Amount</u>
Depot	\$ 4,760,715
Total	<u>\$ 4,760,715</u>

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

<u>Project Area</u>	<u>Acquisition of Property</u>	<u>Site Improvement or Preparation Costs</u>	<u>Installation of Public Utilities or Other Public Improvements</u>	<u>Administrative Costs of the Agency</u>
Depot RDA	\$ 208,720	\$ -	\$ 1,119,033	\$ 2,133,515
Total	<u>\$ 208,720</u>	<u>\$ -</u>	<u>\$ 1,119,033</u>	<u>\$ 2,133,515</u>

16. LITIGATION AND SPECIAL ITEMS

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

TOOELE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the Year ended June 30, 2025

17. RISK MANAGEMENT

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

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

18. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101 Compensated Absences. This standard updates the recognition and measurement guidance for compensated absences to align the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non cash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. GASB 101 also amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). GASB 101 was implemented during the current year and had an immaterial impact on the City's financial statements.

19. SUBSEQUENT EVENTS

The City evaluated all events or transactions that occurred after June 30, 2025 through the date of the audit report, the date these financials were available to be issued. During this period, the City did not have any material recognizable subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

TOOELE CITY CORPORATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
LAST TEN FISCAL YEARS* REQUIRED SUPPLEMENTARY INFORMATION
For the Year ended June 30, 2025

	Noncontributory Retirement System	Contributory Retirement System	Public Safety System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighter Retirement System
Proportion of the net pension liability/(asset):						
For year ending December 31, 2025	0.4168228%	0.0000000%	1.0552555%	0.2902244%	0.1233285%	0.4932087%
For year ending December 31, 2024	0.3974791%	0.0000000%	1.0831050%	0.2905525%	0.1289282%	0.5079579%
For year ending December 31, 2023	0.4082560%	0.0000000%	1.0602273%	0.1435920%	0.1204066%	0.5926319%
For year ending December 31, 2022	0.4108123%	0.0000000%	0.9549828%	0.0000%	0.1056240%	0.6481730%
For year ending December 31, 2021	0.4027072%	0.0000000%	0.9073879%	0.0000%	0.1086048%	0.6192932%
For year ending December 31, 2020	0.3935393%	0.0000000%	0.9045605%	0.0000%	0.1096528%	0.6952662%
For year ending December 31, 2019	0.3788645%	0.0000000%	0.8670173%	0.0000%	0.1060123%	0.6847533%
For year ending December 31, 2018	0.3720852%	0.0893416%	0.8928747%	0.0000%	0.1124047%	0.7106312%
For year ending December 31, 2017	0.3844558%	0.2056053%	0.8854666%	0.0000%	0.1093276%	0.7010886%
For year ending December 31, 2016	0.3975560%	0.1227386%	0.9004734%	0.0000%	0.9188550%	0.5412317%
Proportionate share of the net pension liability/(asset):						
For year ending December 31, 2025	\$ 1,321,793	\$ -	\$ 1,632,798	\$ (50,979)	\$ 367,814	\$ 223,073
For year ending December 31, 2024	\$ 921,979	\$ -	\$ 1,456,351	\$ (68,191)	\$ 250,943	\$ 191,344
For year ending December 31, 2023	\$ 699,240	\$ -	\$ 1,370,953	\$ (37,291)	\$ 131,110	\$ 49,440
For year ending December 31, 2022	\$ (2,352,766)	\$ -	\$ (775,582)	\$ -	\$ (44,704)	\$ (30,569)
For year ending December 31, 2021	\$ 206,566	\$ -	\$ 753,351	\$ -	\$ 15,620	\$ 55,547
For year ending December 31, 2020	\$ 1,483,198	\$ -	\$ 1,452,378	\$ -	\$ 24,662	\$ 65,400
For year ending December 31, 2019	\$ 2,789,854	\$ -	\$ 2,230,476	\$ -	\$ 45,403	\$ 17,157
For year ending December 31, 2018	\$ 1,630,217	\$ 7,270	\$ 1,400,615	\$ -	\$ 9,910	\$ (8,223)
For year ending December 31, 2017	\$ 2,468,677	\$ 67,461	\$ 1,796,856	\$ -	\$ 12,195	\$ (6,086)
For year ending December 31, 2016	\$ 2,249,565	\$ 86,267	\$ 1,612,974	\$ -	\$ (201)	\$ (7,908)
Covered employee payroll						
For year ending December 31, 2025	\$ 3,460,116	\$ -	\$ 1,421,790	\$ 121,224	\$ 3,653,183	\$ 2,251,357
For year ending December 31, 2024	\$ 3,210,754	\$ -	\$ 1,349,330	\$ 110,937	\$ 3,333,252	\$ 1,924,681
For year ending December 31, 2023	\$ 3,337,936	\$ -	\$ 1,289,088	\$ 57,313	\$ 2,622,789	\$ 1,823,402
For year ending December 31, 2022	\$ 3,403,578	\$ -	\$ 1,152,934	\$ -	\$ 1,959,983	\$ 1,446,352
For year ending December 31, 2021	\$ 3,351,215	\$ -	\$ 1,167,105	\$ -	\$ 1,736,603	\$ 1,235,038
For year ending December 31, 2020	\$ 3,335,661	\$ -	\$ 1,169,987	\$ -	\$ 1,523,868	\$ 1,145,962
For year ending December 31, 2019	\$ 3,228,807	\$ -	\$ 1,153,434	\$ -	\$ 1,238,906	\$ 915,698
For year ending December 31, 2018	\$ 3,162,199	\$ 18,129	\$ 1,240,696	\$ -	\$ 1,098,992	\$ 750,015
For year ending December 31, 2017	\$ 3,346,208	\$ 49,333	\$ 1,249,196	\$ -	\$ 896,577	\$ 579,253
For year ending December 31, 2016	\$ 3,424,604	\$ 52,298	\$ 1,335,678	\$ -	\$ 593,586	\$ 322,087
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll:						
For year ending December 31, 2025	38.20%	0.00%	114.84%	-42.05%	10.07%	9.91%
For year ending December 31, 2024	28.72%	0.00%	107.93%	-61.47%	7.53%	9.94%
For year ending December 31, 2023	20.95%	0.00%	106.35%	-65.07%	5.00%	2.71%
For year ending December 31, 2022	-69.13%	0.00%	-67.27%	0.00%	-2.28%	-2.11%
For year ending December 31, 2021	6.16%	0.00%	64.55%	0.0%	0.90%	4.50%
For year ending December 31, 2020	44.46%	0.00%	124.14%	0.0%	1.62%	5.71%
For year ending December 31, 2019	86.41%	0.00%	193.38%	0.0%	3.66%	1.87%
For year ending December 31, 2018	51.55%	40.10%	112.89%	0.0%	0.90%	-1.10%
For year ending December 31, 2017	73.78%	136.75%	143.84%	0.0%	1.36%	-1.05%
For year ending December 31, 2016	65.69%	164.95%	120.76%	0.0%	-0.03%	-2.46%
Plan fiduciary net position as a percentage of the total pension liability:						
For year ending December 31, 2025	96.02%	0.00%	93.30%	104.64%	87.44%	90.10%
For year ending December 31, 2024	96.90%	0.00%	93.44%	106.79%	89.58%	89.10%
For year ending December 31, 2023	97.50%	0.00%	93.60%	108.40%	92.30%	96.40%
For year ending December 31, 2022	108.70%	0.00%	104.20%	0.00%	103.80%	102.80%
For year ending December 31, 2021	99.20%	0.00%	95.50%	0.00%	98.30%	93.10%
For year ending December 31, 2020	93.70%	0.00%	90.90%	0.00%	96.50%	89.60%
For year ending December 31, 2019	87.00%	91.20%	84.70%	0.00%	90.80%	95.60%
For year ending December 31, 2018	91.90%	98.20%	90.20%	0.00%	97.40%	103.00%
For year ending December 31, 2017	87.30%	92.90%	86.50%	0.00%	95.10%	103.60%
For year ending December 31, 2016	87.80%	85.70%	87.10%	0.00%	100.20%	110.70%

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

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

TOOELE CITY CORPORATION
SCHEDULE OF CONTRIBUTIONS - LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION
For the Year ended June 30, 2025

System	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System	2016	\$ 586,831	\$ 586,831	\$ -	\$ 3,398,845	17.27%
	2017	\$ 558,245	\$ 558,245	\$ -	\$ 3,066,576	18.20%
	2018	\$ 571,427	\$ 571,427	\$ -	\$ 3,170,902	18.02%
	2019	\$ 572,726	\$ 572,726	\$ -	\$ 3,256,726	17.59%
	2020	\$ 592,544	\$ 592,544	\$ -	\$ 3,322,470	17.83%
	2021	\$ 610,262	\$ 610,262	\$ -	\$ 3,409,260	17.90%
	2022	\$ 612,431	\$ 612,431	\$ -	\$ 3,345,886	18.30%
	2023	\$ 580,397	\$ 580,397	\$ -	\$ 3,264,520	17.78%
	2024	\$ 590,672	\$ 590,672	\$ -	\$ 3,316,116	17.81%
	2025	\$ 604,190	\$ 604,190	\$ -	\$ 3,588,267	16.84%
Contributory System	2016	\$ 6,942	\$ 6,942	\$ -	\$ 53,460	12.99%
	2017	\$ 6,338	\$ 6,338	\$ -	\$ 43,833	14.46%
	2018	\$ 215	\$ 215	\$ -	\$ 1,671	12.87%
	2019	\$ 10	\$ 10	\$ -	\$ 151	6.62%
	2020	\$ 224	\$ 224	\$ -	\$ 1,515	14.79%
	2021	\$ -	\$ -	\$ -	\$ -	0.00%
	2022	\$ -	\$ -	\$ -	\$ -	0.00%
	2023	\$ -	\$ -	\$ -	\$ -	0.00%
	2024	\$ -	\$ -	\$ -	\$ -	0.00%
	2025	\$ -	\$ -	\$ -	\$ -	0.00%
Firefighters System	2021	\$ -	\$ -	\$ -	\$ -	0.00%
	2022	\$ 803	\$ 803	\$ -	\$ 4,086	19.66%
	2023	\$ 3,845	\$ 3,845	\$ -	\$ 106,517	3.61%
	2024	\$ 4,164	\$ 4,164	\$ -	\$ 115,348	3.61%
	2025	\$ 2,046	\$ 2,046	\$ -	\$ 127,096	1.61%
Public Safety System	2016	\$ 383,473	\$ 383,473	\$ -	\$ 1,228,273	31.22%
	2017	\$ 382,943	\$ 382,943	\$ -	\$ 1,144,502	33.46%
	2018	\$ 393,945	\$ 393,945	\$ -	\$ 1,201,660	32.78%
	2019	\$ 354,990	\$ 354,990	\$ -	\$ 1,122,577	31.62%
	2020	\$ 360,644	\$ 360,644	\$ -	\$ 1,157,272	31.16%
	2021	\$ 354,178	\$ 354,178	\$ -	\$ 1,148,297	30.84%
	2022	\$ 405,573	\$ 405,573	\$ -	\$ 1,195,852	33.91%
	2023	\$ 456,914	\$ 456,914	\$ -	\$ 1,342,286	34.04%
	2024	\$ 466,125	\$ 466,125	\$ -	\$ 1,369,346	34.04%
	2025	\$ 468,177	\$ 468,177	\$ -	\$ 1,395,876	33.54%
Tier 2 Public Employees System*	2016	\$ 103,003	\$ 103,003	\$ -	\$ 717,215	14.36%
	2017	\$ 148,291	\$ 148,291	\$ -	\$ 995,440	14.90%
	2018	\$ 187,817	\$ 187,817	\$ -	\$ 1,243,003	15.11%
	2019	\$ 210,258	\$ 210,258	\$ -	\$ 1,353,032	15.54%
	2020	\$ 261,404	\$ 261,404	\$ -	\$ 1,666,358	15.69%
	2021	\$ 279,958	\$ 279,958	\$ -	\$ 1,771,969	15.80%
	2022	\$ 354,308	\$ 354,308	\$ -	\$ 2,204,780	16.07%
	2023	\$ 495,925	\$ 495,925	\$ -	\$ 3,097,366	16.01%
	2024	\$ 560,115	\$ 560,115	\$ -	\$ 3,493,844	16.03%
	2025	\$ 585,797	\$ 585,797	\$ -	\$ 3,854,810	15.20%
Tier 2 Public Safety and Firefighter System*	2016	\$ 97,815	\$ 97,815	\$ -	\$ 447,952	21.84%
	2017	\$ 150,547	\$ 150,547	\$ -	\$ 669,097	22.50%
	2018	\$ 188,667	\$ 188,667	\$ -	\$ 840,440	22.45%
	2019	\$ 239,429	\$ 239,429	\$ -	\$ 1,028,434	23.28%
	2020	\$ 279,760	\$ 279,760	\$ -	\$ 1,205,532	23.21%
	2021	\$ 332,869	\$ 332,869	\$ -	\$ 1,288,693	25.83%
	2022	\$ 434,486	\$ 434,486	\$ -	\$ 1,682,096	25.83%
	2023	\$ 474,009	\$ 474,009	\$ -	\$ 1,854,625	25.56%
	2024	\$ 522,393	\$ 522,393	\$ -	\$ 2,059,375	25.37%
	2025	\$ 626,726	\$ 626,726	\$ -	\$ 2,545,507	24.62%
Tier 2 Public Employees DC Only System*	2016	\$ 10,623	\$ 10,623	\$ -	\$ 162,571	6.53%
	2017	\$ 12,352	\$ 12,352	\$ -	\$ 184,634	6.69%
	2018	\$ 17,362	\$ 17,362	\$ -	\$ 258,173	6.72%
	2019	\$ 23,886	\$ 23,886	\$ -	\$ 357,044	6.69%
	2020	\$ 24,323	\$ 24,323	\$ -	\$ 363,581	6.69%
	2021	\$ 31,829	\$ 31,829	\$ -	\$ 452,047	7.04%
	2022	\$ 29,878	\$ 29,878	\$ -	\$ 435,973	6.85%
	2023	\$ 42,568	\$ 42,568	\$ -	\$ 687,690	6.19%
	2024	\$ 55,720	\$ 55,720	\$ -	\$ 896,997	6.21%
	2025	\$ 55,897	\$ 55,897	\$ -	\$ 988,857	5.65%
Tier 2 Public Safety and Firefighter DC Only System*	2016	\$ 3,878	\$ 3,878	\$ -	\$ 32,784	11.83%
	2017	\$ 2,351	\$ 2,351	\$ -	\$ 19,875	11.83%
	2018	\$ -	\$ -	\$ -	\$ -	0.00%
	2019	\$ -	\$ -	\$ -	\$ -	0.00%
	2020	\$ 3,554	\$ 3,554	\$ -	\$ 30,044	11.83%
	2021	\$ 5,012	\$ 5,012	\$ -	\$ 42,370	11.83%
	2022	\$ -	\$ -	\$ -	\$ -	0.00%
	2023	\$ -	\$ -	\$ -	\$ -	0.00%
	2024	\$ -	\$ -	\$ -	\$ -	0.00%
	2025	\$ -	\$ -	\$ -	\$ -	0.00%

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

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

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

TOOELE CITY CORPORATION
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)
LIABILITY AND RELATED RATIOS - LAST TEN FISCAL YEARS*
REQUIRED SUPPLEMENTARY INFORMATION
For the Year ended June 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability								
Service cost	\$ 153,199	\$ 132,354	\$ 119,088	\$ 247,136	\$ 199,962	\$ 156,358	\$ 142,922	\$ 149,885
Interest	105,572	116,175	104,351	84,143	83,745	108,195	111,175	103,112
Change of benefit terms	-	-	-	(1,486,779)	-	(3,360)	-	-
Changes in assumptions	27,422	98,962	(8,972)	(447,872)	174,672	214,409	108,074	17,295
Differences between expected and actual experience	222,907	(537,598)	166,042	546,913	257,716	(356,037)	(27,968)	(142,358)
Benefit payments	<u>(144,100)</u>	<u>(128,204)</u>	<u>(136,113)</u>	<u>(77,333)</u>	<u>(61,574)</u>	<u>(132,356)</u>	<u>(143,247)</u>	<u>(113,988)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	<u>\$ 365,000</u>	<u>(318,311)</u>	<u>244,396</u>	<u>(1,133,792)</u>	<u>654,521</u>	<u>(12,791)</u>	<u>190,956</u>	<u>13,946</u>
TOTAL OPEB LIABILITY - BEGINNING	<u>2,425,752</u>	<u>2,744,063</u>	<u>2,499,667</u>	<u>3,633,459</u>	<u>2,978,938</u>	<u>2,991,729</u>	<u>2,800,773</u>	<u>2,786,827</u>
TOTAL OPEB LIABILITY - ENDING (a)	<u>\$ 2,790,752</u>	<u>\$ 2,425,752</u>	<u>\$ 2,744,063</u>	<u>\$ 2,499,667</u>	<u>\$ 3,633,459</u>	<u>\$ 2,978,938</u>	<u>\$ 2,991,729</u>	<u>\$ 2,800,773</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 144,110	\$ 128,204	\$ 136,113	\$ 77,333	\$ 61,574	\$ 132,356	\$ 143,247	\$ 113,988
Benefit payments	<u>(144,110)</u>	<u>(128,204)</u>	<u>(136,113)</u>	<u>(77,333)</u>	<u>(61,574)</u>	<u>(132,356)</u>	<u>(143,247)</u>	<u>(113,988)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FIDUCIARY NET POSITION - BEGINNING	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FIDUCIARY NET POSITION - ENDING (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET OPEB LIABILITY - ENDING (a-b)	<u>\$ 2,790,752</u>	<u>\$ 2,425,752</u>	<u>\$ 2,744,063</u>	<u>\$ 2,499,667</u>	<u>\$ 3,633,459</u>	<u>\$ 2,978,938</u>	<u>\$ 2,991,729</u>	<u>\$ 2,800,773</u>
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 14,556,975	\$ 13,039,853	\$ 12,262,267	\$ 9,083,420	N/A	N/A	N/A	N/A
Net OPEB Liability as a Percentage of Covered Payroll	19.2%	18.6%	22.4%	27.5%	N/A	N/A	N/A	N/A

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

TOOELE CITY CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year ended June 30, 2025

1. CHANGE IN ASSUMPTIONS

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2025 actuarial experience study.

SUPPLEMENTAL INFORMATION

TOOELE CITY CORPORATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	<u>Special Revenue Funds</u>				<u>Capital Projects Funds</u>		
	<u>Par Tax Fund</u>	<u>1000 North CRA Fund</u>	<u>Municipal Building Authority</u>	<u>Debt Service Fund</u>	<u>Park Improvements Fund</u>	<u>Public Safety Capital Projects Fund</u>	<u>Total Governmental Totals</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,233,709	\$ -	\$ 1,233,709
Receivables:							
Assessments	140,209	-	-	-	-	-	140,209
Restricted cash and cash equivalents	366,066	4,637	148,640	1,679,306	2,846,271	555,261	5,600,181
TOTAL ASSETS	<u>\$ 506,275</u>	<u>\$ 4,637</u>	<u>\$ 148,640</u>	<u>\$ 1,679,306</u>	<u>\$ 4,079,980</u>	<u>\$ 555,261</u>	<u>\$ 6,974,099</u>
LIABILITIES							
Accounts payable	\$ 155,588	\$ -	\$ -	\$ -	\$ 1,233,709	\$ -	\$ 1,389,297
TOTAL LIABILITIES	<u>155,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,233,709</u>	<u>-</u>	<u>1,389,297</u>
FUND BALANCES							
Restricted							
Recreation and arts	350,687	-	-	-	-	-	350,687
Debt service	-	-	148,640	1,413,404	-	-	1,562,044
Roads	-	4,637	-	-	-	-	4,637
Assigned							
Capital projects	-	-	-	-	2,846,271	555,261	3,401,532
Debt service	-	-	-	265,902	-	-	265,902
TOTAL FUND BALANCE	<u>350,687</u>	<u>4,637</u>	<u>148,640</u>	<u>1,679,306</u>	<u>2,846,271</u>	<u>555,261</u>	<u>5,584,802</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 506,275</u>	<u>\$ 4,637</u>	<u>\$ 148,640</u>	<u>\$ 1,679,306</u>	<u>\$ 4,079,980</u>	<u>\$ 555,261</u>	<u>\$ 6,974,099</u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year ended June 30, 2025

	Special Revenue Funds				Capital Project Funds		
	Par Tax Fund	1000 North CRA Fund	Municipal Building Authority	Debt Service Fund	Park Improvements Fund	Public Safety Capital Projects Fund	Totals
REVENUES							
Taxes	\$ 731,641	\$ 92,734	\$ -	\$ -	\$ -	\$ -	\$ 824,375
Interest income	13,608	-	7,635	48,697	220,349	32,762	323,051
Grants	24,000	-	-	-	-	-	24,000
Impact fees	-	-	-	-	1,061,468	292,041	1,353,509
Miscellaneous revenue	6,811	-	-	-	-	-	6,811
Rental income	-	-	534,449	-	-	-	534,449
TOTAL REVENUES	776,060	92,734	542,084	48,697	1,281,817	324,803	3,066,195
EXPENDITURES							
General government	354,398	88,097	18	-	-	-	442,513
Capital outlay	586,355	-	-	-	2,086,335	214,891	2,887,581
Debt service:							
Principal - bonds & notes	-	-	-	1,240,000	-	-	1,240,000
Interest	-	-	-	841,892	-	-	841,892
Bond issuance costs and trustee fees	-	-	-	7,401	-	-	7,401
TOTAL EXPENDITURES	940,753	88,097	18	2,089,293	2,086,335	214,891	5,419,387
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(164,693)	4,637	542,066	(2,040,596)	(804,518)	109,912	(2,353,192)
OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS							
Operating transfers in	-	-	-	2,306,498	-	-	2,306,498
Operating transfers (out)	-	-	(534,449)	-	-	(250,000)	(784,449)
Refunded impact fees	-	-	-	-	(7,904)	-	(7,904)
TOTAL OTHER FINANCING SOURCES (USES) INCLUDING TRANSFERS	-	-	(534,449)	2,306,498	(7,904)	(250,000)	1,514,145
NET CHANGE IN FUND BALANCE	(164,693)	4,637	7,617	265,902	(812,422)	(140,088)	(839,047)
FUND BALANCE, BEGINNING OF YEAR	515,380	-	141,023	1,413,404	3,658,693	695,349	6,423,849
FUND BALANCE, END OF YEAR	\$ 350,687	\$ 4,637	\$ 148,640	\$ 1,679,306	\$ 2,846,271	\$ 555,261	\$ 5,584,802

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year ended June 30, 2025

		Par Tax Fund	
		Budget	Actual
			Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 700,000	\$ 731,641	\$ 31,641
Interest income	20,000	13,608	(6,392)
Grants	24,000	24,000	-
Miscellaneous revenues	-	6,811	6,811
TOTAL REVENUES	744,000	776,060	32,060
EXPENDITURES			
General government	599,600	354,398	245,202
Capital outlay	356,500	586,355	(229,855)
TOTAL EXPENDITURES	956,100	940,753	15,347
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(212,100)	(164,693)	47,407
NET CHANGE IN FUND BALANCE	(212,100)	(164,693)	47,407
FUND BALANCE, BEGINNING OF YEAR	515,380	515,380	-
FUND BALANCE, END OF YEAR	\$ 303,280	\$ 350,687	\$ 47,407

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year ended June 30, 2025

		<u>1000 North CRA Fund</u>		
		<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes		\$ 92,735	\$ 92,734	\$ (1)
	TOTAL REVENUES	<u>92,735</u>	<u>92,734</u>	<u>(1)</u>
EXPENDITURES				
General government		<u>92,735</u>	<u>88,097</u>	<u>4,638</u>
	TOTAL EXPENDITURES	<u>92,735</u>	<u>88,097</u>	<u>4,638</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		<u>-</u>	<u>4,637</u>	<u>4,637</u>
NET CHANGE IN FUND BALANCE		<u>-</u>	<u>4,637</u>	<u>4,637</u>
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR		<u><u>\$ -</u></u>	<u><u>\$ 4,637</u></u>	<u><u>\$ 4,637</u></u>

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year ended June 30, 2025

		Municipal Building Authority		
		Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest income		\$ 6,000	\$ 7,635	\$ 1,635
Rental income		1,458,024	534,449	(923,575)
	TOTAL REVENUES	<u>1,464,024</u>	<u>542,084</u>	<u>(921,940)</u>
EXPENDITURES				
General government		<u>100</u>	<u>18</u>	<u>82</u>
	TOTAL EXPENDITURES	<u>100</u>	<u>18</u>	<u>82</u>
	EXCESS OF REVENUES OVER EXPENDITURES	<u>1,463,924</u>	<u>542,066</u>	<u>(921,858)</u>
OTHER FINANCING USES INCLUDING TRANSFERS				
Operating transfers (out)		<u>(1,458,024)</u>	<u>(534,449)</u>	<u>923,575</u>
	TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	<u>(1,458,024)</u>	<u>(534,449)</u>	<u>923,575</u>
	NET CHANGE IN FUND BALANCE	5,900	7,617	1,717
	FUND BALANCE, BEGINNING OF YEAR	<u>141,023</u>	<u>141,023</u>	<u>-</u>
	FUND BALANCE, END OF YEAR	<u>\$ 146,923</u>	<u>\$ 148,640</u>	<u>\$ 1,717</u>

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUND
For the Fiscal Year ended June 30, 2025

		Park Improvements Fund		
		Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest income		\$ 150,000	\$ 220,349	\$ 70,349
Impact fees		975,000	1,061,468	86,468
	TOTAL REVENUES	<u>1,125,000</u>	<u>1,281,817</u>	<u>156,817</u>
EXPENDITURES				
Capital outlay		2,360,000	2,086,335	273,665
	TOTAL EXPENDITURES	<u>2,360,000</u>	<u>2,086,335</u>	<u>273,665</u>
	EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,235,000)</u>	<u>(804,518)</u>	<u>430,482</u>
OTHER FINANCING USES INCLUDING TRANSFERS				
Refunded impact fees		-	(7,904)	(7,904)
	TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	<u>-</u>	<u>(7,904)</u>	<u>(7,904)</u>
	NET CHANGE IN FUND BALANCE	<u>(1,235,000)</u>	<u>(812,422)</u>	<u>422,578</u>
	FUND BALANCE, BEGINNING OF YEAR	<u>3,658,693</u>	<u>3,658,693</u>	<u>-</u>
	FUND BALANCE, END OF YEAR	<u>\$ 2,423,693</u>	<u>\$ 2,846,271</u>	<u>\$ 422,578</u>

TOOELE CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUND
For the Fiscal Year ended June 30, 2025

Public Safety Capital Projects Fund			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ 25,000	\$ 32,762	\$ 7,762
Impact fees	325,000	292,041	(32,959)
TOTAL REVENUES	350,000	324,803	(25,197)
EXPENDITURES			
Capital outlay	405,930	214,891	191,039
TOTAL EXPENDITURES	405,930	214,891	191,039
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(55,930)	109,912	165,842
OTHER FINANCING USES INCLUDING TRANSFERS			
Operating transfers out	(250,000)	(250,000)	-
TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	(250,000)	(250,000)	-
NET CHANGE IN FUND BALANCE	(305,930)	(140,088)	165,842
FUND BALANCE, BEGINNING OF YEAR	695,349	695,349	-
FUND BALANCE, END OF YEAR	\$ 389,419	\$ 555,261	\$ 165,842

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CLASS "C" ROAD FUND
For the Fiscal Year ended June 30, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Intergovernmental and grants	\$ 6,924,723	\$ 7,004,563	\$ 4,452,143	\$ (2,552,420)
Interest income	125,000	125,000	317,511	192,511
Miscellaneous revenues	-	-	5,545	5,545
TOTAL REVENUES	<u>7,049,723</u>	<u>7,129,563</u>	<u>4,775,199</u>	<u>(2,354,364)</u>
EXPENDITURES				
Highways and streets	800,000	579,840	707,428	(127,588)
Capital outlay	<u>6,190,172</u>	<u>7,359,322</u>	<u>3,668,747</u>	<u>3,690,575</u>
TOTAL EXPENDITURES	<u>6,990,172</u>	<u>7,939,162</u>	<u>4,376,175</u>	<u>3,562,987</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>59,551</u>	<u>(809,599)</u>	<u>399,024</u>	<u>1,208,623</u>
OTHER FINANCING USES INCLUDING TRANSFERS				
Operating transfers out	<u>(361,561)</u>	<u>(361,561)</u>	<u>(361,561)</u>	<u>-</u>
Private contributions				
Proceeds on sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Issuance of debt				
TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	<u>(361,561)</u>	<u>(361,561)</u>	<u>(361,561)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(302,010)	(1,171,160)	37,463	1,208,623
FUND BALANCE, BEGINNING OF YEAR	<u>7,430,768</u>	<u>7,430,768</u>	<u>6,879,709</u>	<u>551,059</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,128,758</u>	<u>\$ 6,259,608</u>	<u>\$ 6,917,172</u>	<u>\$ 1,759,682</u>

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

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND
For the Fiscal Year ended June 30, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Interest income	\$ 35,000	\$ 35,000	\$ 48,697	\$ 13,697
TOTAL REVENUES	<u>35,000</u>	<u>35,000</u>	<u>48,697</u>	<u>13,697</u>
EXPENDITURES				
Debt service:				
Principal - notes	1,392,000	1,392,000	1,240,000	152,000
Interest	908,948	908,948	841,892	67,056
Bond issuance costs and trustee fees	5,550	7,400	7,401	(1)
TOTAL EXPENDITURES	<u>2,306,498</u>	<u>2,308,348</u>	<u>2,089,293</u>	<u>219,055</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(2,271,498)</u>	<u>(2,273,348)</u>	<u>(2,040,596)</u>	<u>232,752</u>
OTHER FINANCING				
USES INCLUDING TRANSFERS				
Operating transfers in	<u>2,306,498</u>	<u>2,306,498</u>	<u>2,306,498</u>	<u>-</u>
TOTAL OTHER FINANCING				
USES INCLUDING TRANSFERS	<u>2,306,498</u>	<u>2,306,498</u>	<u>2,306,498</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	35,000	33,150	265,902	232,752
FUND BALANCE, BEGINNING OF YEAR	<u>1,413,404</u>	<u>1,413,404</u>	<u>1,413,404</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,448,404</u>	<u>\$ 1,446,554</u>	<u>\$ 1,679,306</u>	<u>\$ 232,752</u>

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

TOOELE CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
For the Fiscal Year ended June 30, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Interest income	\$ 250,000	\$ 250,000	\$ 711,893	\$ 461,893
Miscellaneous revenues	15,000	15,000	17,441	2,441
TOTAL REVENUES	265,000	265,000	729,334	464,334
EXPENDITURES				
General government	280,500	2,073,472	164,995	1,908,477
Capital outlay	9,210,919	9,886,325	8,721,952	1,164,373
Debt service:				
Principal - capital lease	34,000	34,000	11,097	22,903
Interest	-	-	170	(170)
TOTAL EXPENDITURES	9,525,419	11,993,797	8,898,214	3,095,583
EXCESS OF REVENUES OVER EXPENDITURES	(9,260,419)	(11,728,797)	(8,168,880)	3,559,917
OTHER FINANCING				
USES INCLUDING TRANSFERS				
Operating transfers in	1,200,000	2,700,000	2,700,000	-
Private contributions	3,500	3,500	-	(3,500)
TOTAL OTHER FINANCING USES INCLUDING TRANSFERS	1,203,500	2,703,500	2,700,000	(3,500)
NET CHANGE IN FUND BALANCES	(8,056,919)	(9,025,297)	(5,468,880)	3,556,417
FUND BALANCE, BEGINNING OF YEAR	14,774,166	14,774,166	14,774,166	-
FUND BALANCE, END OF YEAR	\$ 6,717,247	\$ 5,748,869	\$ 9,305,286	\$ 3,556,417

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

TOOELE CITY CORPORATION
COMBINING STATEMENT OF NET POSITION -
NONMAJOR PROPRIETARY FUNDS
June 30, 2025

	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,776,550	\$ 431,339	\$ 2,207,889
Accounts receivable - net of allowance	<u>72,846</u>	<u>44,601</u>	<u>117,447</u>
TOTAL CURRENT ASSETS	<u>1,849,396</u>	<u>475,940</u>	<u>\$ 2,325,336</u>
Noncurrent assets:			
Land	234,230	-	234,230
Infrastructure	16,385,584	2,067,746	18,453,330
Machinery and equipment	204,557	-	204,557
Autos and trucks	25,893	-	25,893
Accumulated depreciation	<u>(2,798,580)</u>	<u>(155,198)</u>	<u>(2,953,778)</u>
TOTAL NONCURRENT ASSETS	<u>14,051,684</u>	<u>1,912,548</u>	<u>15,964,232</u>
TOTAL ASSETS	<u>15,901,080</u>	<u>2,388,488</u>	<u>18,289,568</u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>2,328</u>	<u>87,131</u>	<u>89,459</u>
TOTAL CURRENT LIABILITIES	<u>2,328</u>	<u>87,131</u>	<u>89,459</u>
NONCURRENT LIABILITIES			
Financed equipment obligation	<u>26,845</u>	<u>-</u>	<u>26,845</u>
TOTAL LIABILITIES	<u>29,173</u>	<u>87,131</u>	<u>116,304</u>
NET POSITION			
Net investment in capital assets	14,024,839	1,912,548	15,937,387
Unrestricted	<u>1,847,068</u>	<u>388,809</u>	<u>2,235,877</u>
TOTAL NET POSITION	<u>\$ 15,871,907</u>	<u>\$ 2,301,357</u>	<u>\$ 18,173,264</u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year ended June 30, 2025

	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES			
Charges for services	\$ 679,546	\$ 385,760	\$ 1,065,306
TOTAL OPERATING REVENUES	<u>679,546</u>	<u>385,760</u>	<u>1,065,306</u>
OPERATING EXPENSES			
Contracted services	27,822	-	27,822
Operations and maintenance	246,869	256,179	503,048
Administration	50,982	51,966	102,948
Depreciation	<u>366,084</u>	<u>47,744</u>	<u>413,828</u>
TOTAL OPERATING EXPENSES	<u>691,757</u>	<u>355,889</u>	<u>1,047,646</u>
OPERATING INCOME	<u>(12,211)</u>	<u>29,871</u>	<u>17,660</u>
NON-OPERATING REVENUES			
Interest income	123,397	22,517	145,914
Interest expense	<u>(1,228)</u>	<u>-</u>	<u>(1,228)</u>
TOTAL NON-OPERATING REVENUES	<u>122,169</u>	<u>22,517</u>	<u>144,686</u>
Contributed from developers	<u>1,405,611</u>	<u>187,614</u>	<u>1,593,225</u>
CHANGE IN NET POSITION	1,515,569	240,002	1,755,571
NET POSITION - BEGINNING OF YEAR	<u>14,356,338</u>	<u>2,061,355</u>	<u>16,417,693</u>
NET POSITION - END OF YEAR	<u>\$ 15,871,907</u>	<u>\$ 2,301,357</u>	<u>\$ 18,173,264</u>

TOOELE CITY CORPORATION
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year ended June 30, 2025

	<u>Storm Water</u>	<u>Street Light</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 662,075	\$ 366,257	\$ 1,028,332
Receipts of miscellaneous income	-	-	-
Payments for operations and maintenance	(313,982)	(229,464)	(543,446)
Payment for interfund services provided	<u>(27,822)</u>	<u>-</u>	<u>(27,822)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>320,271</u>	<u>136,793</u>	<u>457,064</u>
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(153,051)	(66,355)	(219,406)
Cash paid for finance lease	<u>(25,342)</u>	<u>-</u>	<u>(25,342)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(179,621)</u>	<u>(66,355)</u>	<u>(245,976)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:			
Interest earned	<u>123,397</u>	<u>22,517</u>	<u>145,914</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>123,397</u>	<u>22,517</u>	<u>145,914</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	264,047	92,955	357,002
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,512,503</u>	<u>338,384</u>	<u>1,850,887</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,776,550</u></u>	<u><u>\$ 431,339</u></u>	<u><u>\$ 2,207,889</u></u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ (12,211)	\$ 29,871	\$ 17,660
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	366,084	47,744	413,828
Changes in assets and liabilities:			
Accounts receivable	(17,471)	(19,503)	(36,974)
Accounts payable	<u>(16,131)</u>	<u>78,681</u>	<u>62,550</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 320,271</u></u>	<u><u>\$ 136,793</u></u>	<u><u>\$ 457,064</u></u>
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:			
Contributed capital assets from developers	<u><u>\$ 1,405,611</u></u>	<u><u>\$ 187,614</u></u>	<u><u>\$ 1,593,225</u></u>

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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***

The Honorable Mayor, and
Members of the City Council
Tooele City, 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 of Tooele City (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 21, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

Purpose of This Report

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

Larson & Company, PC

Spanish Fork, Utah
November 21, 2025

Larson & Company
765 North Main, Spanish Fork, UT 84660
Main: (801) 798-3545 | www.larsco.com



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

Honorable Mayor
Members of the City Council
Tooele City, Utah

Report On Compliance with General State Compliance Requirements

We have audited Tooele City'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 City for year ended June 30, 2025.

State compliance requirements were tested for the year ended June 30, 2025, in the following areas:

Budgetary Compliance
Government Fees
Fraud Risk Assessment

Fund Balance
Restricted Taxes and Related Revenues

Opinion on Compliance

In our opinion, Tooele City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (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 Tooele City 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. Our audit does not provide a legal determination of District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Tooele City's government programs.

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 Tooele City's compliance based on our audit. Reasonable assurance is 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 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 Tooele City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the 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 Tooele City'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 Tooele City'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 Tooele City'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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guide and which is described in the accompanying schedule of findings and recommendations as item 2025-001. Our opinion on compliance is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and recommendations. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 or significant deficiencies, 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 and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.



Larson & Company, PC

Spanish Fork, Utah
November 21, 2025

Current Year Findings

Financial Statement and State Compliance Findings

2025-001 General Fund Balance

Criteria: In accordance with *Utah Code 10-6-116 (2)* “The accumulation of a fund balance in the city general fund may not exceed 35% of the total revenue of the city general fund for the current fiscal period.”

Condition: It was noted in our testing that the general fund balance, consisting of unassigned, assigned, and committed fund balance, exceeded 35% of the general fund revenue for the current fiscal period. The unassigned, assigned, and committed fund balance percentage calculated to roughly 40%.

Cause and Effect: While the City transferred excess funds during the year appropriately to the capital projects fund for future projects, the budget was insufficient in relation to the amount of revenue reported in the general fund. The effect of which is noncompliance with Utah State Code.

Recommendation: It is recommended that Management and Council review the actual revenue reported in the general fund for the current period, budget for and transfer the excess funds reserved for future capital projects into the capital projects fund, or to other governmental funds for which those funds are assigned.

Management response to finding: Management agrees with the finding. Funds assigned for future projects were transferred during the period. However, the general fund collected more funds than were anticipated. This was noted after the period had ended, and an additional transfer of funds was not budgeted for in the amended budget passed prior to year end. These additional funds will be budgeted for and transferred appropriately during fiscal year 2026.

Prior Audit Findings

Financial Statement and State Compliance Findings

None noted

APPENDIX B
COPY OF THE GENERAL INDENTURE

TOOELE CITY, TOOELE COUNTY, UTAH
SEWER REVENUE BONDS

GENERAL INDENTURE OF TRUST

Dated as of December 1, 1997

ZIONS FIRST NATIONAL BANK
as Trustee

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THIS GENERAL INDENTURE OF TRUST, dated as of December 1, 1997, by and between TOOELE CITY, TOOELE COUNTY, UTAH, a political subdivision and body politic duly organized and existing under the Constitution and laws of the State of Utah (the "Issuer"), and ZIONS FIRST NATIONAL BANK, a national bank duly organized and existing under the laws of the United States of America, authorized by law to accept and execute trusts and having its principal office in Salt Lake City, Utah (the "Trustee"),

WITNESSETH:

WHEREAS, the Issuer desires to finance improvements to its existing sewage collection and treatment system (the "System"), including, but not limited to additions, extensions, buildings and other improvements to house and operate said facilities, to refund and retire existing obligations which are secured by the Revenues (as herein defined) of the System, to fund debt service reserves, and to pay issuance expenses to be incurred in connection with the issuance and sale of the Bonds herein authorized and defined; and

WHEREAS, the Issuer intends to obtain Revenues from the System sufficient to pay Operation and Maintenance Expenses of the System as said terms are defined herein as well as debt service on the Bonds; and

WHEREAS, the Revenues, after payment of Operation and Maintenance Expenses of the System (the "Net Revenues"), will not be pledged or hypothecated in any manner or for any purpose at the time of the issuance of the Bonds herein authorized and the Issuer desires to pledge said Net Revenues toward the payment of the principal and interest on said Bonds; and

WHEREAS, pursuant to the Utah Municipal Bond Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (collectively, the "Act"), the Issuer is authorized to issue its bonds payable from a special fund into which the Net Revenues of the Issuer may be pledged.

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

For and in consideration of the premises, the mutual covenants of the Issuer and the Trustee, the purchase from time to time of the Bonds by the Registered Owners thereof and the issuance by Reserve Instrument Providers from time to time of Reserve Instruments, and in order to secure the payment of the principal of and premium, if any, and interest on the Bonds and of all Reserve Instrument Repayment Obligations according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein, in the Bonds and in all Reserve Instrument Agreements, the Issuer does hereby convey, assign and pledge unto the Trustee and unto

the valid and binding legal obligations of the Issuer and to make this First Supplemental Indenture a valid and binding agreement have been done;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH, that to secure the 1997 Bonds and all Additional Bonds issued and Outstanding under the Indenture, the payment of the principal or redemption price thereof and interest thereon, the rights of the Registered Owners of the Bonds and of all Reserve Instrument Providers and the performance of all of the covenants contained in such Bonds and herein, and for and in consideration of the mutual covenants herein contained and of the purchase of such Bonds by the Registered Owners thereof from time to time and the issuance of the Reserve Instrument by the Reserve Instrument Provider, and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the Issuer has executed and delivered this First Supplemental Indenture of Trust; and by these presents does, in confirmation of the General Indenture, as amended and supplemented, hereby sell, assign, transfer, set over and pledge unto Zions First National Bank, as Trustee, its successors and trusts and its assigns forever, to the extent provided in the General Indenture, as amended and supplemented, all right, title and interest of the Issuer in and to (i) the Net Revenues (as defined in the General Indenture), (ii) all moneys in funds and accounts held by the Trustee under the General Indenture and hereunder (except the Wastewater Sales Fund which is pledged solely to the Owners of the 1997B Bonds and the Rebate Fund), and (iii) all other rights granted under the General Indenture and hereinafter granted for the future securing of such Bonds.

TO HAVE AND TO HOLD THE SAME unto the Trustee and its successors in trust hereby created and its and their assigns forever;

IN TRUST, NEVERTHELESS, FIRST, for the equal and ratable benefit and security of all present and future Registered Owners of Bonds without preference, priority, or distinction as to lien or otherwise (except as otherwise specifically provided), of any one Bond over any other Bond, and SECOND, for the equal and proportionate benefit, security and protection of all Reserve Instrument Providers, without privilege, priority or distribution as to the lien or otherwise of any Reserve Instrument Repayment Obligation over any of the others by reason of time of issuance, delivery or expiration thereof or otherwise for any cause whatsoever.

ARTICLE I

DEFINITIONS

Section 1.1. **Definitions.** As used in this Indenture, the following terms shall have the following meanings unless the context otherwise clearly indicates:

"Additional Bonds" means all Bonds issued under this Indenture other than the Initial Bonds.

"Aggregate Annual Debt Service Requirement" means the total principal, interest and premium payments due and payable for any one Bond Fund Year (less capitalized interest and principal payable on any bond anticipation notes) on all Series of Bonds Outstanding or any specified portion thereof.

"Bond Fund" means the Tooele City, Tooele County, Utah Sewer Revenue Bond Fund created in Section 3.3 hereof to be held by the Trustee and administered pursuant to Section 5.3 hereof.

"Bond Fund Year" means the 12-month period beginning July 1 of each year and ending on the next succeeding June 30, except that the first Bond Fund Year shall begin on the date of delivery of the Bonds and shall end on the next succeeding June 30.

"Bondholder," "Bondowner", "Registered Owner" or "Owner" means the registered owner of any Bonds herein authorized.

"Bonds" means Initial Bonds and any Additional Bonds.

"Business Day" means a day on which banking business is transacted, but not including any day on which banks are authorized to be closed in the city in which the Trustee has its principal corporate trust office.

"City Recorder" means the City Recorder of the Issuer or any successor to the duties of such office.

"Code" means the Internal Revenue Code of 1986, as amended.

"Construction Fund" means the Tooele City, Tooele County, Utah Revenue Construction Fund created in Section 3.1 hereof to be held by the Trustee and administered pursuant to Section 5.1 hereof.

"Cost" or "Costs" or "Cost of Completion", or any phrase of similar import, in connection with a Project or with the refunding of any Bonds, means all costs and expenses which are properly chargeable thereto under generally accepted accounting

principles or which are incidental to the financing, acquisition and construction of a Project, or the refunding of any Bonds, including, without limiting the generality of the foregoing:

- (a) amounts payable to contractors and costs incident to the award of contracts;
- (b) cost of labor, facilities and services furnished by the Issuer and its employees or others, materials and supplies purchased by the Issuer or others and permits and licenses obtained by the Issuer or others;
- (c) engineering, architectural, legal, planning, underwriting, accounting and other professional and advisory fees;
- (d) premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same;
- (e) interest expenses, including interest on the Series of Bonds relating to a Project;
- (f) printing, engraving and other expenses of financing, including premiums for municipal bond insurance, fees of financial rating services and fees for issuance of bank letters of credit or similar banking arrangements and costs of issuing the Series of Bonds relating to a Project;
- (g) costs, fees and expenses in connection with the acquisition of real and personal property or rights therein, including premiums for title insurance;
- (h) costs of equipment purchased by the Issuer and necessary to the completion and proper operation of a Project;
- (i) amounts required to repay temporary or bond anticipation loans or notes made to finance the costs of a Project;
- (j) cost of site improvements performed by the Issuer in anticipation of a Project;
- (k) moneys necessary to fund the Funds created under this Indenture;
- (l) costs of the capitalization with proceeds of a Series of Bonds issued hereunder of any operation and maintenance expenses and other working capital appertaining to any facilities to be acquired for a Project and of any interest on a Series of Bonds for any period not exceeding the period estimated by the Issuer to effect the construction of a Project plus one year, as herein provided, of any

discount on bonds or other securities, and of any reserves for the payment of the principal of and interest on a Series of Bonds, of any replacement expenses and of any other cost of issuance of a Series of Bonds or other securities, and Reserve Instrument Costs;

(m) costs of amending any indenture or other instrument authorizing the issuance of or otherwise appertaining to a Series of Bonds;

(n) all other expenses necessary or desirable and appertaining to a Project, as estimated or otherwise ascertained by the Issuer, including costs of contingencies for a Project; and

(o) payment to the Issuer of such amounts, if any, as shall be necessary to reimburse the Issuer in full for advances and payments theretofore made or costs theretofore incurred by the Issuer for any item of Costs.

In the case of any project for refunding or redeeming any bonds or other obligations, "Cost" includes, without limiting the generality of the foregoing, the items listed in (c), (e), (f) and (k) above, advertising and other expenses related to the redemption of such bonds to be redeemed and the redemption price of such bonds (and the accrued interest payable on redemption to the extent not otherwise provided for). Whenever Costs are required to be itemized, such itemization shall, to the extent practicable, correspond with the items listed above.

"Debt Service Reserve Fund" means the Tooele City, Tooele County, Utah Revenue Debt Service Reserve Fund created in Section 3.5 hereof to be held by the Trustee and administered pursuant to Section 5.5 hereof.

"Debt Service Reserve Requirement" for all Bonds issued hereunder means an amount equal to the least of (i) 10% of the proceeds of all Series of Bonds determined on the basis of their initial purchase price to the public, (ii) the maximum Aggregate Annual Debt Service Requirement, and (iii) 120% of the average Aggregate Annual Debt Service Requirement. The Debt Service Reserve Requirement may be funded by a Reserve Instrument as herein provided. Upon the issuance of Additional Bonds or upon any refunding of Bonds issued hereunder the aggregate Debt Service Reserve Requirement for the Bonds then Outstanding and the Additional Bonds, if any, to be so issued shall be determined based upon the Bonds to be Outstanding immediately following the issuance of the Additional Bonds or such refunding.

"Direct Obligations" means (a) cash, (b) Government Obligations, and (c) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G, AAAm, or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.

"Event of Default" means with respect to any default or event of default hereunder any occurrence or event specified in and defined by Section 7.1 hereof.

"Government Obligations" means solely one or more of the following:

- (a) State and Local Government Series issued by the United States Treasury ("SLGS");
- (b) United States Treasury bills, notes and bonds, as traded on the open market;
- (c) Zero Coupon United States Treasury Bonds; and
- (d) Any other direct obligations of or obligations unconditionally guaranteed by, the United States of America (including, without limitation, obligations commonly referred to as "REFCORP strips").

"Gross Proceeds" shall mean with respect to any Series of Bonds the gross proceeds of such Series of Bonds as defined in Section 148(f)(6)(B) of the Code and Section 1.148-1(b) of the Regulations.

"Indenture" means this Indenture of Trust as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms of this Indenture.

"Initial Bonds" means the first Series of Bonds issued under this Indenture.

"Interest Payment Date" means the stated maturity date of an installment of interest on the Bonds.

"Issuer" means Tooele City, Tooele County, Utah and its successors.

"Mayor" means the Mayor of the Issuer or any successor to the duties of such office.

"Moody's" means Moody's Investors Service, Inc.

"Net Revenues" means the Revenues after provision has been made for the payment therefrom of Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means all expenses reasonably incurred in connection with the operation and maintenance of the System, whether incurred by the Issuer or paid to any other municipality or company pursuant to contract or otherwise, necessary to keep the System in efficient operating condition, including cost of audits hereinafter required, payment of promotional and marketing expenses and real

estate brokerage fees, payment of premiums for the insurance hereinafter required, Reserve Instrument Costs and, generally all expenses, exclusive of depreciation, which under generally accepted accounting practices are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the System shall be included.

"Outstanding" or "Bonds Outstanding" means at any date all Bonds which have not been cancelled which have been or are being authenticated and delivered by the Trustee under this Indenture, except:

(a) Any Bond or portion thereof which at the time has been paid or deemed paid pursuant to Article X of this Indenture; and

(b) Any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered hereunder, unless proof satisfactory to the Trustee is presented that such Bond is held by a bona fide holder in due course.

"Owner(s)" or "Registered Owner(s)" means the registered owner(s) of the Bonds according to the registration books of the Issuer maintained by the Trustee as Registrar for the Bonds pursuant to Sections 2.6, 6.5 and 11.5 hereof.

"Paying Agent" means the Trustee, appointed as the initial paying agent for the Bonds pursuant to Sections 6.6 and 11.5 hereof, and any additional or successor paying agent appointed pursuant hereto.

"Project" means the acquisition or construction of additions or improvements to the Issuer's System. The particular Project for each Series of Bonds shall be further described in the Supplemental Indenture which authorizes the issue of said Series of Bonds.

"Qualified Engineer" means any registered or licensed engineer or architect or engineer or firm of such engineers or architects and engineers generally recognized to be qualified in engineering matters relating to construction and maintenance of municipal water systems, appointed and paid by the Issuer, who shall not have any substantial interest, direct or indirect, with the Issuer, and not be connected with the Issuer as an officer or employee of the Issuer, but who may be regularly retained to make annual or other periodic reports to the Issuer.

"Qualified Investments" means any of the following securities:

(i) Direct Obligations;

(ii) Obligations of any of the following federal agencies which obligations represent full faith and credit obligations of the United States of America: the Export-Import Bank of the United States; the Government National

Mortgage Association; the Federal Financing Bank; the Farmer's Home Administration; the Federal Housing Administration; the Maritime Administration; General Services Administration, Small Business Administration; or the Department of Housing and Urban Development (PHA's);

(iii) Money market funds rated "AAAm" or "AAAm-G" or better by S & P;

(iv) Commercial paper which is rated at the time of purchase in the single highest classification, P-1 by Moody's or A-1+ by S & P, and which matures not more than 270 days after the date of purchase;

(v) Bonds, notes or other evidences or indebtedness rated "AAA" by S & P and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(vi) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S & P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(vii) the fund held by the Treasurer for the State of Utah and commonly known as the Utah State Public Treasurer's Investment Fund; and

(viii) Any investments or securities permitted for investment of public funds under the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code Annotated 1953, as amended.

"Rated Obligations" means obligations which at the time of their purchase under the Indenture are rated in either of the two highest long-term debt Rating Categories by a Rating Agency or in its highest short-term debt Rating Category.

"Rating Agency" means Moody's or S & P and their successors and assigns. If either such corporation ceases to act as a securities rating agency, the Issuer may, with the approval of the Trustee, designate any nationally recognized securities rating agency as a replacement.

"Rating Category" or "Rating Categories" mean one or more of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier or otherwise.

"Rebatable Arbitrage" shall mean with respect to any Series of Bonds the amount (determinable as of each Rebate Calculation Date of rebatable arbitrage payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Regulations.

"Rebate Calculation Date" means, with respect to each Series of Bonds, the interest payment date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the Initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last bond for such Series.

"Rebate Fund" means the Tooele City, Tooele County, Utah Revenue Rebate Fund created in Section 3.8 hereof to be held by the Trustee and administered pursuant to Section 5.8 hereof.

"Registrar" means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the initial registrar for the Bonds pursuant to Sections 2.6, 6.5 and 11.5 hereof, and any additional or successor registrar appointed pursuant hereto.

"Regular Record Date" means the fifteenth day (whether or not a Business Day) next preceding each Interest Payment Date.

"Regulations," and all references thereto shall mean and include applicable final, proposed and temporary United States Treasury Regulations promulgated with respect to Sections 103 and 141 through 150 of the Code, including all amendments thereto made hereafter.

"Repair and Replacement Fund" means the Tooele City, Tooele County, Utah Revenue Repair and Replacement Fund created in Section 3.7 hereof to be held by the Trustee and administered pursuant to Section 5.7 hereof.

"Repair and Replacement Reserve Requirement" means the amount or amounts from time to time required under each Supplemental Indenture to be on deposit in the Repair and Replacement Fund.

"Reserve Instrument" means a device or instrument issued by a Reserve Instrument Issuer to satisfy all or any portion of the Debt Service Reserve Requirement. The term "Reserve Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, surety bonds, standby bond purchase agreements, lines of credit and other devices.

"Reserve Instrument Agreement" means any agreement entered into by the Issuer and a Reserve Instrument Provider pursuant to a Supplemental Indenture and providing for the issuance by such Reserve Instrument Provider of a Reserve Instrument.

"Reserve Instrument Costs" means all fees, premiums, expenses and similar costs, other than Reserve Instrument Repayment Obligations, required to be paid to a Reserve Instrument Provider pursuant to a Reserve Instrument Agreement. Each Reserve Instrument Agreement shall specify the fees, premiums, expenses and costs constituting Reserve Instrument Costs.

"Reserve Instrument Coverage" means, as of any date of calculation, the aggregate amount available to be paid to the Trustee pursuant hereto under all Reserve Instruments.

"Reserve Instrument Fund" means the Tooele City, Tooele County, Utah Revenue Reserve Instrument Fund created in Section 3.6 hereof to be held by the Trustee and administered pursuant to Section 5.6 hereof.

"Reserve Instrument Limit" means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into the Debt Service Reserve Fund assuming for purposes of such calculation that the amount initially available under each Reserve Instrument has not been reduced or that the amount initially available under each Reserve Instrument has only been reduced as a result of the payment of principal of the Bonds.

"Reserve Instrument Provider" means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company or other institution issuing a Reserve Instrument.

"Reserve Instrument Repayment Obligations" means, as of any date of calculation and with respect to any Reserve Instrument Agreement, those outstanding amounts payable by the Issuer under such Reserve Instrument Agreement to repay the Reserve Instrument Provider for payments previously made by it pursuant to a Reserve Instrument. There shall not be included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs. Each Reserve Instrument Agreement and the Supplemental Indenture authorizing the execution and delivery of such Reserve Instrument Agreement shall specify the amounts payable under it which, when outstanding, shall constitute Reserve Instrument Repayment Obligations and shall specify the portions of such amounts that are allocable as principal of and as interest on such Reserve Instrument Repayment Obligations.

"Revenue Fund" means the Tooele City, Tooele County, Utah Revenue Fund created in Section 3.2 hereof in the hands of the Issuer to be administered pursuant to Section 5.2 hereof.

"Revenues" means all revenues, fees, including impact fees and connection fees, income, rents and receipts received or earned by the Issuer from or attributable to the ownership and operation of the System, together with all interest earned by and profits derived from the sale of investments in the related funds thereof; provided,

however, that unless otherwise provided by Supplemental Indenture, Revenues shall not include moneys received from the sale of treated wastewater pursuant to a take or pay contract with a private person or entity.

"S & P" means Standard & Poor's Corporation.

"Serial Bonds" means those Bonds other than Term Bonds.

"Series" means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor.

"Sinking Fund Account" means the Tooele City, Tooele County, Utah Revenue Sinking Fund Account of the Bond Fund created in Section 3.4 hereof to be held by the Trustee and administered pursuant to Section 5.4 hereof.

"Sinking Fund Installment" means the amount of money which is required to be deposited into the Sinking Fund Account in each Bond Fund Year as specified in the Supplemental Indenture authorizing the Bonds of a Series for the retirement of Term Bonds of such Series, if any (whether at maturity or by redemption), and including the redemption premium, if any.

"Special Record Date" means such date as may be fixed for the payment of defaulted interest on the Bonds in accordance with this Indenture.

"State" means the State of Utah.

"Supplemental Indenture" means any indenture between the Issuer and the Trustee entered into pursuant to and in compliance with the provisions of Article IX hereof.

"System" means the Issuer's sewage collection and treatment system, together with any additions, repairs, renewals, replacements, expansions, extensions and improvements to said System, or any part thereof, hereafter acquired or constructed, and together with all lands, easements, interests in land, licenses, water rights and rights of way of the Issuer and all other works, property, structures, equipment of the Issuer and contract rights and other tangible and intangible assets of the Issuer now or hereafter owned or used in connection with, or related to said System.

"Term Bonds" means the Bonds which shall be subject to retirement by operation of mandatory sinking fund redemptions from the Sinking Fund Account.

"Trustee" means Zions First National Bank, One South Main Street, Salt Lake City, Utah 84111, or any successor corporation resulting from or surviving any

consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee hereunder.

"Year" means any consecutive twelve-month period.

Section 1.2. Indenture to Constitute Contract. In consideration of the purchase and acceptance from time to time of any and all of the Bonds authorized to be issued hereunder by the Registered Owners thereof, and the issuance from time to time of any and all Reserve Instruments by Reserve Instrument Providers pursuant hereto, this Indenture shall be deemed to be and shall constitute a contract between the Issuer and the Owners from time to time of the Bonds and the Reserve Instrument Providers; and the pledge made in this Indenture and the covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be, FIRST, for the equal benefit, protection and security of the Owners of any and all of the Bonds all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Indenture, and SECOND, for the equal benefit, protection and security of the Reserve Instrument Providers of any and all of the Reserve Instruments which, regardless of the time or times of their issuance, delivery or termination, shall be of equal rank without preference, priority or distinction of any Reserve Instrument over any other thereof.

Section 1.3. Construction. This Indenture, except where the context by clear implication herein otherwise requires, shall be construed as follows:

(a) The terms "hereby," "hereof," "herein," "hereto," "hereunder", and any similar terms used in this Indenture shall refer to this Indenture in its entirety unless the context clearly indicates otherwise.

(b) Words in the singular number include the plural, and words in the plural include the singular.

(c) Words in the masculine gender include the feminine and the neuter, and when the sense so indicates, words of the neuter gender refer to any gender.

(d) Articles, sections, subsections, paragraphs and subparagraphs mentioned by number, letter, or otherwise, correspond to the respective articles, sections, subsections, paragraphs and subparagraphs hereof so numbered or otherwise so designated.

(e) The titles or leadlines applied to articles, sections and subsections herein are inserted only as a matter of convenience and ease in reference and in no way define, limit or describe the scope or intent of any provisions of this Indenture.

(f) Any securities payable from any Revenues held by the Issuer shall not be deemed to be outstanding for the purpose of consents hereunder or for any other purpose provided herein.

ARTICLE II

THE BONDS

Section 2.1. Authorization of Bonds. There is hereby created for issuance hereunder an issue of Bonds which may, if and when authorized by Supplemental Indenture, be issued in one or more separate Series. Each Series of Bonds shall be authorized by a separate Supplemental Indenture, which shall state the purpose or purposes for which each such Series of Bonds is being issued. The aggregate principal amount of Bonds which may be issued shall not be limited except as provided herein or as may be limited by law provided that the aggregate principal amount of Bonds of each such Series shall not exceed the amount specified in the Supplemental Indenture authorizing each such Series of Bonds.

Section 2.2. Description of Bonds; Payment.

(a) The Bonds of each Series issued under the provisions hereof may be issued only as registered bonds. Unless otherwise specified in the Supplemental Indenture authorizing such Series of Bonds, bonds of each Series shall be in the denomination of One Thousand Dollars (\$1,000) each or any integral multiple thereof, shall be numbered consecutively from R-1 upwards and shall bear interest payable on February 1 and August 1.

(b) The Bonds of each Series issued hereunder shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate permitted by law on the date of initial issuance of Bonds of such Series, and be payable on the days, shall be stated to mature on the days and in the years and shall be subject to redemption prior to their respective maturities, all as set forth in the Supplemental Indenture authorizing such Series of Bonds. The Bonds of each Series shall be designated "Revenue [Refunding] Bonds, 19____ Series _____," in each case inserting the year in which the Bonds are issued and an identifying Series letter.

(c) Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America, as at the respective time of payment, shall be legal tender for payment of public and private debts. Payment of the interest on any Bond shall be made to the person appearing on the Bond registration books of the registrar hereinafter provided for as the Registered Owner thereof by check or draft mailed to the Registered Owner at his address as it appears on such registration books or to owners of \$1,000,000 or more in aggregate principal amount of Bonds (or owners of 100% of an Series then Outstanding) by wire transfer to a bank account designated by the Registered Owner in written instructions furnished to the Trustee. The interest on Bonds so payable, and punctually paid and duly provided for, on any Interest Payment Date will be paid to the person who is the Registered Owner thereof at the close of

business on the Regular Record Date for such interest, which shall be the fifteenth day (whether or not a business day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner of any Bond on such Regular Record Date, and may be paid to the person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof to be given to such Registered Owner not less than ten days prior to such Special Record Date. The principal of and premium, if any, on Bonds are payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee as Paying Agent, except as otherwise provided by Supplemental Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions hereof as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board or otherwise, as may be specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 2.3. Execution; Limited Obligation. The Bonds shall be executed on behalf of the Issuer with the manual or official facsimile signature of its Mayor, countersigned with the manual or official facsimile signature of the City Recorder, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Issuer. In case any officer, the facsimile of whose signature shall appear on the Bonds, shall cease to be such officer before the delivery of such Bonds, such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. The Bonds, together with interest thereon, shall be limited obligations of the Issuer payable solely from the Net Revenues (except to the extent paid out of moneys attributable to the Bond proceeds or other funds created hereunder or the income from the temporary investment thereof).

The Bonds shall be a valid claim of the respective Registered Owners thereof only against the Net Revenues and other moneys in funds and accounts held by the Trustee hereunder (except the Rebate Fund) and the Issuer hereby pledges and assigns the same for the equal and ratable payment of the Bonds, and the Net Revenues shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized herein. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

The provisions of this Section relating to the execution of Bonds may be changed as they apply to the Bonds of any Series by the Supplemental Indenture authorizing such Series of Bonds.

Section 2.4. Authentication and Delivery of Bonds.

(a) The Issuer shall deliver executed Bonds of each Series to the Trustee for authentication. Subject to the satisfaction of the conditions for authentication of Bonds set forth herein, the Trustee shall authenticate such Bonds, and deliver them upon the order of the Issuer to the purchasers thereof upon the payment by the purchasers to the Trustee for the account of the Issuer of the purchase price therefor. Delivery by the Trustee shall be full acquittal to the purchasers for the purchase price of such Bonds, and such purchasers shall be under no obligation to see to the application thereof. The proceeds of the sale of such Bonds shall, however, be disposed of only as provided herein and in the Supplemental Indenture.

(b) No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit hereunder, unless and until a certificate of authentication on such Bond substantially in the form set forth in the Supplemental Indenture authorizing such Bond shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered hereunder. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

(c) Prior to the authentication by the Trustee of each Series of Bonds there shall have been filed with the Trustee:

(i) A copy, duly certified by the City Recorder, of this Indenture (to the extent not theretofore so filed) and the Supplemental Indenture authorizing such Series of Bonds.

(ii) A copy, certified by the City Recorder, of the proceedings of the Issuer's City Council approving the execution and delivery of the instruments specified in Subparagraph (i) above and the execution and delivery of such Series of Bonds, together with a certificate, dated as of the date of authentication of such Series of Bonds, of the City Recorder that such proceedings are still in force and effect without amendments except as shown in such proceedings.

(iii) A request and authorization to the Trustee of the Issuer to authenticate such Series of Bonds in the aggregate principal amount

therein specified and deliver them to purchasers therein identified upon payment to the Trustee, for account of the Issuer, of the sum specified therein.

(iv) An opinion of Bond Counsel dated the date of authentication of such Series of Bonds to the effect that (a) the Issuer has the right and power to authorize the execution and delivery of this Indenture and such Series of Bonds and such execution and delivery has been duly authorized, (b) this Indenture has been duly executed and delivered by the Issuer and is the valid and binding agreement of the Issuer enforceable in accordance with its terms; (c) this Indenture creates the valid pledge which it purports to create of the Net Revenues; and (d) such Series of Bonds have been duly executed and delivered to the Trustee by the Issuer and, upon authentication thereof by the Trustee pursuant hereto and delivery thereof by the Trustee pursuant to the request referred to in Subparagraph (iii), will be valid and binding obligations of the Issuer, entitled to the benefits and security hereof.

Section 2.5. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like date, series, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together in all cases with indemnity satisfactory to the Trustee and the Issuer. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the Trustee may pay the same without surrender thereof upon compliance with the foregoing. The Trustee may charge the Registered Owner of such Bond with its reasonable fees and expenses in this connection. Any Bond issued pursuant to this Section shall be deemed part of the Series of the Bonds in respect of which it was issued and an original additional contractual obligation of the Issuer.

Section 2.6. Registration of Bonds; Persons Treated as Owners. The Issuer shall cause the books for the registration and for the transfer of the Bonds as provided herein to be kept by the Trustee which is hereby constituted and appointed the Registrar of the Issuer with respect to the Bonds, provided, however, that the Issuer may by Supplemental Indenture select a party other than the Trustee to act as Registrar with respect to the Series of Bonds issued under said Supplemental Indenture. Any Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any Bond at the principal corporate trust office of the Trustee, duly endorsed by, or accompanied by a written instrument or

instruments of transfer in form satisfactory to the Trustee and duly executed by, the Registered Owner or his attorney duly authorized in writing, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same Series and the same maturity for a like aggregate principal amount as the Bond surrendered for transfer. Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series and the same maturity. The execution by the Issuer of any Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such Bond. The Issuer and the Trustee shall not be required to transfer or exchange any Bond (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Bond for redemption.

The Issuer, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever, and neither the Issuer, nor the Registrar nor the Paying Agent shall be affected by any notice to the contrary. Payment of or on account of either principal of or interest on any Bond shall be made only to or upon order of the Registered Owner thereof or such person's legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee shall require the payment by the Bondholder requesting exchange or transfer of Bonds of any tax or other governmental charge and by the Issuer of any service charge of the Trustee as Registrar which are required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Bond shall be delivered.

Section 2.7. Redemption Provisions. The Term Bonds of each Series of Bonds shall be subject, to the extent provided in the Supplemental Indenture authorizing each such Series of Bonds, to redemption prior to maturity by operation of Sinking Fund Installments required to be made to the Sinking Fund Account. The Bonds of each Series shall further be subject to redemption prior to maturity at the option of the Issuer at such times and upon such terms as shall be fixed by such Supplemental Indenture. If less than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular units of Bonds, as determined in accordance with Section 2.9 herein, to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee, in its

discretion, may deem proper in order to assure each Registered Owner of Bonds of such Series or maturity a fair opportunity to have their Bond or Bonds or portions thereof selected.

Section 2.8. Notice of Redemption.

(a) In the event any of the Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 2.8. Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, notice of such redemption (i) shall be filed with the paying agent designated for the Bonds being redeemed; and (ii) shall be mailed by first class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption. Such notice shall state the following information:

(i) the complete official name of the Bonds, including Series, to be redeemed, the identification numbers of Bonds and the CUSIP numbers, if any, of the Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Bonds;

(ii) any other descriptive information needed to identify accurately the Bonds being redeemed, including, but not limited to, the Original Issue Date of, and interest rate on, such Bonds;

(iii) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed;

(iv) the date of mailing of redemption notices and the redemption date;

(v) the redemption price;

(vi) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

(vii) the place where such Bonds are to be surrendered for payment of the redemption price, designating the name and address of the redemption agent with the name of a contact person and telephone number.

(b) In addition to the foregoing, further notice of any redemption of Bonds hereunder shall be given by the Trustee, at least two (2) Business Days in advance of the mailed notice to Registered Owners, by registered or certified mail or overnight delivery service, to all registered securities depositories then in the business of holding substantial amounts (as reasonably determined by the Trustee) of obligations of types comprising the Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Bonds. Such further notice shall contain the information required in clause (a) above. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

(c) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(d) If at the time of mailing of any notice of redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business five days prior to the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

(e) A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Bonds or portions thereof redeemed but who failed to deliver Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such registered Owners shall not affect the validity of the proceedings for the redemption of the Bonds.

(f) In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

Section 2.9. Partially Redeemed Fully Registered Bonds. Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, in case any registered Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Issuer shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Issuer, a Bond or Bonds of the same Series, interest rate and maturity, in aggregate principal amount equal to the

unredeemed portion of such registered Bond. Unless otherwise provided by Supplemental Indenture, a portion of any Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bonds by \$5,000.

Section 2.10. Cancellation. All Bonds which have been surrendered for payment, redemption or exchange, and Bonds purchased from any moneys held by the Trustee hereunder or surrendered to the Trustee by the Issuer, shall be cancelled and cremated or otherwise destroyed by the Trustee and shall not be reissued, and a counterpart of the certificate of cremation or other destruction certificate evidencing such cremation or other destruction shall be furnished by the Trustee to the Issuer; provided, however, that one or more new Bonds shall be issued for the unredeemed portion of any Bond without charge to the Registered Owner thereof.

Section 2.11. Nonpresentation of Bonds. Unless otherwise provided by Supplemental Indenture, in the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability to the Registered Owner of such Bond for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part hereunder or on, or with respect to, said Bond. If any Bond shall not be presented for payment within six years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall, to the extent permitted by law, repay to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Registered Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money. The provisions of this Section are subject to the provisions of Title 78, Chapter 44, Utah Code Annotated 1953, as amended.

Section 2.12. Initial Bonds. Subject to the provisions hereof, the Initial Bonds may be authenticated and delivered by the Trustee upon satisfaction of the conditions specified in Section 2.4(c) hereof and any additional conditions specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 2.13. Issuance of Additional Bonds. No additional indebtedness; bonds or notes of the Issuer payable on a priority to the pledge of Net Revenues for the payment of the Bonds herein authorized shall be created or incurred without the prior

written consent of the Owners of 100% of the Outstanding Bonds. In addition, no Additional Bonds or other indebtedness, bonds or notes of the Issuer payable on a parity with the Bonds herein authorized out of Net Revenues shall be created or incurred, unless the following requirements have been met:

(a) The Net Revenues of the System for any Year within the 24-month period immediately preceding the authentication and delivery of the Additional Bonds were at least 120% of the total principal, premium, if any, and interest payments for said Year on all of the Bonds which were then Outstanding, all as verified by an independent accountant in a certification delivered to the Trustee.

(b) In the case of Additional Bonds issued for the purposes set forth in (e)(ii) below, the Issuer shall have delivered to the Trustee a certificate from a Qualified Engineer:

(1) setting forth the Estimated Net Revenues as herein described (assuming, if applicable, the completion of any additions, improvements, extensions, replacements or repairs to the System (collectively, the "Improvements") financed with proceeds of the Additional Bonds) either:

(i) for each of the two Bond Fund Years succeeding the latest estimated date of completion of the Improvements, if proceeds of the Additional Bonds are used to fund interest during the construction period, or

(ii) if (i) is not the case, for the then current Bond Fund Year and each succeeding Bond Fund Year to and including the second Bond Fund Year succeeding the latest estimated date of completion of the Improvements; and

(2) verifying that the Estimated Net Revenues as shown in (1) above for each of such Bond Fund Years are not less than 120% of the Aggregate Annual Debt Service Requirement for each of such Bond Fund Years with respect to all of the Bonds and Additional Bonds which would then be Outstanding (after taking into account any principal reductions resulting from regularly scheduled principal or sinking fund redemption payments) and the Additional Bonds so proposed to be issued.

For purposes of this subsection (b), "Estimated Net Revenues" shall be determined by the Qualified Engineer as follows:

(A) The total Net Revenues of the System for the most recent Year immediately preceding the authentication and delivery of the Additional Bonds in which such information is available to the Issuer shall

be first be determined. For purposes of these calculations, Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Additional Bonds.

(B) Next, the additional Net Revenues, if any, resulting from the Improvements financed with the proceeds of the Additional Bonds will be estimated by the Qualified Engineer for the applicable Bond Fund Years as determined in (b)(1)(i) or (ii) above.

(C) The Estimated Net Revenues will be the sum of the Net Revenues as calculated in (A) above, plus 80% of the estimated additional Net Revenues as calculated in (B) above.

(c) All payments required by this Indenture to be made into the Bond Fund must have been made in full, and there must be in the Debt Service Reserve Fund the full amount required by this Indenture to be accumulated therein at such time.

(d) The proceedings authorizing the Additional Bonds must raise the amount to which the Debt Service Reserve Fund shall be accumulated to an amount no less than the Debt Service Reserve Requirement of all Bonds then outstanding (excluding Bonds which are to be refunded with the proceeds of the Additional Bonds), including the Additional Bonds.

(e) The proceeds of the Additional Bonds must be used (i) to refund Bonds issued hereunder or other obligations of the Issuer (including the funding of necessary reserves and the payment of costs of issuance) or (ii) to make additions, improvements, extensions, replacements or repairs to the System (including the funding of necessary reserves and the payment of costs of issuance).

(f) No Event of Default shall have occurred and be continuing hereunder. This paragraph (f) shall not preclude the issuance of Additional Bonds if (i) the issuance of such Additional Bonds otherwise complies with the provisions hereof and (ii) such Event of Default will cease to continue upon the issuance of the Additional Bonds and the application of the proceeds thereof.

Section 2.14. Temporary Bonds.

(a) Until the definitive Bonds of any Series are prepared, the Issuer may execute, in the same manner as is provided in Section 2.3 hereof, and upon the request of the Issuer, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which

such temporary Bond or Bonds are issued, in denominations authorized by the Issuer, and with such omissions, insertions and variations not inconsistent with this Indenture as may be appropriate to temporary Bonds. The Issuer at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds, for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Registered Owner thereof, deliver in exchange therefor, definitive Bonds, of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant hereto.

(b) If the Issuer shall authorize the issuance of temporary Bonds in more than one denomination, the Registered Owner of any temporary Bond or Bonds may, at his option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount, series and maturity of any other authorized denomination or denominations, and thereupon the Issuer shall execute and the Trustee shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered, shall deliver a temporary Bond or Bonds of like aggregate principal amount, series and maturity in such other authorized denomination or denominations as shall be requested by such Registered Owner.

(c) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

Section 2.15. Form of Bonds. For each Series of Bonds, the text of such Bonds, the Trustee's Authentication Certificate shall be in substantially the forms thereof set forth in the Supplemental Indenture authorizing the issuance of such Bonds, with such omissions, insertions and variations not inconsistent with the terms hereof as may be necessary, desirable, authorized and permitted hereby.

Section 2.16. Covenant Against Creating or Permitting Liens. Except for the pledge of Net Revenues to secure payment of the Bonds hereunder, the Net Revenues are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; provided, however, that nothing contained herein shall prevent the Issuer from issuing, if and to the extent permitted by law, indebtedness having a lien on Net Revenues subordinated to that of the Bonds.

ARTICLE III

CREATION OF FUNDS AND ACCOUNTS

Section 3.1. Creation of Construction Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "Tooele City, Tooele County, Utah Revenue Construction Fund". There is hereby created and ordered established in the custody of the Trustee a separate account within the Construction Fund for each Project to be designated by the name of the applicable Project and, if applicable, a separate account for each Series of Bonds and for all grant moneys to be received by the Issuer for deposit in the Construction Fund. (Said Construction Fund and applicable accounts thereunder are herein defined as the "Construction Fund".)

Section 3.2. Creation of Revenue Fund. There is hereby created and ordered established with the Issuer a revenue fund in the name of the Issuer to be designated "Tooele City, Tooele County, Utah Revenue Fund" (herein defined as the "Revenue Fund"). For accounting purposes, the Revenue Fund may be redesignated by different account names by the Issuer from time to time.

Section 3.3. Creation of Bond Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "Tooele City, Tooele County, Utah Sewer Revenue Bond Fund" (herein defined as the "Bond Fund").

Section 3.4. Creation of Sinking Fund Account. There is hereby created and ordered established in the custody of the Trustee as a separate account within the Bond Fund a special trust fund in the name of the Issuer to be designated "Tooele City, Tooele County, Utah Sinking Fund Account" (herein defined as the "Sinking Fund Account").

Section 3.5. Creation of Debt Service Reserve Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "Tooele City, Tooele County, Utah Revenue Debt Service Reserve Fund" (herein defined as the "Debt Service Reserve Fund"). There is hereby created and ordered established in the custody of the Trustee a separate account within the Debt Service Reserve Fund for each Series of Bonds.

Section 3.6. Creation of Reserve Instrument Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "Tooele City, Tooele County, Utah Revenue Reserve Instrument Fund" (herein defined as the "Reserve Instrument Fund").

Section 3.7. Creation of Repair and Replacement Fund. There is hereby created and ordered established in the custody of the Trustee a special fund in the name of the

Issuer to be designated "Tooele City, Tooele County, Utah Repair and Replacement Fund" (herein defined as the "Repair and Replacement Fund").

Section 3.8. Creation of Rebate Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "Tooele City, Tooele County, Utah Rebate Fund" (herein defined as the "Rebate Fund").

ARTICLE IV**APPLICATION OF BOND PROCEEDS AND OTHER MONEYS**

Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, the proceeds, including accrued interest and premium, if any, received from the sale of each Series of Bonds, shall be applied by the Issuer simultaneously with the delivery of such Bonds by the Trustee to the purchaser thereof, as follows:

- (a) The accrued interest, if any, shall be deposited in the Bond Fund;
- (b) With respect to Additional Bonds, the amount, if any, specified in the Supplemental Indenture authorizing the issuance of such Bonds to be deposited into the Bond Fund;
- (c) The amount, if any, required to make the amount in the Debt Service Reserve Fund after such deposit equal to the Debt Service Reserve Requirement, less the Reserve Instrument Coverage of all Reserve Instruments which are then in effect, shall be deposited into the Debt Service Reserve Fund;
- (d) The balance of the moneys remaining after making all the deposits and payments provided for in Paragraphs (a) through (c), inclusive, shall be paid into the appropriate account in the Construction Fund.

ARTICLE V

USE OF FUNDS

Section 5.1. Use of Construction Fund.

(a) So long as an Event of Default shall not have occurred and be continuing, moneys deposited in the appropriate account in the Construction Fund shall be paid out by the Trustee in order to pay the Cost of a Project, in each case within three business days (or within such longer period as is reasonably required to liquidate investments in the Construction Fund if required to make such payment) after the receipt by the Trustee of a written requisition in substantially the form as Exhibit "A" attached hereto, stating the following:

(i) that the Trustee shall disburse sums in the manner specified by and at the direction of the Issuer to the person or entity designated in such written requisition, and that the amount set forth therein is justly due and owing and constitutes a Cost of a Project based upon audited, itemized claims substantiated in support thereof;

(ii) that the amount remaining in the applicable account in the Construction Fund after such disbursement is made, together with the amount of unencumbered Net Revenues, if any, which the Issuer reasonably estimates will be deposited in the applicable account in the Construction Fund during the period of construction of a Project from the investment of moneys on deposit in the applicable account in the Construction Fund, will, together with any other moneys lawfully available for payment of the Cost of a Project and after payment of the amount requested in said requisition, be sufficient to pay the Cost of Completion for a Project in accordance with the plans and specifications therefor then in effect; it being understood that no moneys from the applicable account in the Construction Fund may be expended unless, after giving effect thereto, the funds remaining in the applicable account in the Construction Fund, together with such other funds and income and lawfully available monies, are sufficient to pay the Cost of Completion for a Project.

(b) Upon receipt of such requisition, the Trustee shall pay the obligation set forth in such requisition out of moneys in the applicable account in the Construction Fund. In making such payments the Trustee may rely upon such requisition.

(c) The Issuer shall deliver to the Trustee, within 90 days after the completion of a Project, a certificate stating:

(i) that such Project has been fully completed in accordance with the plans and specifications therefor, as amended from time to time, and stating the date of completion for such Project; and

(ii) that the Issuer is of the opinion that such Project has been fully paid for and no claim or claims exist against the Issuer or against such Project out of which a lien based on furnishing labor or material exists or might ripen; provided, however, there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the Issuer intends to contest such claim or claims, in which event such claim or claims shall be described to the Trustee.

(d) In the event the certificate filed with the Trustee pursuant to Paragraph (c) above shall state that there is a claim or claims in controversy which create or might ripen into a lien, there shall be filed with the Trustee a similar certificate when and as such claim or claims shall have been fully paid or otherwise discharged.

(e) The Trustee and the Issuer shall keep and maintain adequate records pertaining to each account within the Construction Fund and all disbursements therefrom.

(f) Unless otherwise specified in a Supplemental Indenture, upon completion of a Project and payment of all costs and expenses incident thereto and the filing with the Trustee of documents required by this Section 5.1, any balance remaining in the applicable account in the Construction Fund relating to such Project shall, without further authorization, be deposited in the Bond Fund, to be applied toward the redemption of the Series of Bonds issued to finance such Project or to pay principal and/or interest next falling due with respect to the Bonds.

(g) The Trustee shall, to the extent there are no other available funds held under the Indenture, use the remaining funds in the Construction Fund to pay principal and interest on the Bonds at any time in the event of a payment default hereunder.

Section 5.2. Use of Revenue Fund. All Revenues shall be accounted for and maintained by the Issuer in the Revenue Fund, which fund shall be kept separate and apart from all other accounts of the Issuer and which shall be expended and used by the Issuer only in the manner and order of priority specified below:

(a) As a first charge and lien on the Revenues, the Issuer shall cause to be paid from the Revenue Fund from time to time as the Issuer shall

determine, all Operation and Maintenance Expenses of the System as the same become due and payable, and thereupon such expenses shall be promptly paid.

(b) As a second charge and lien on the Revenues, i.e., from the Net Revenues, the Issuer shall, on or before the first day of each month, transfer and deposit into the Bond Fund, from the Revenue Fund, an amount equal to:

(i) approximately one-sixth of the interest falling due on the Bonds on the next succeeding interest payment date established for the Bonds, provided, however, that in the event that less than six months will transpire prior to the first interest payment date following the issuance of a Series of Bonds, the Issuer shall transfer an amount equal to a fraction the numerator of which is one and the denominator of which is the number of full months to transpire prior to such Interest Payment Date times the amount of interest falling due on the Bonds on the next succeeding interest payment date established for the Bonds (or one-twelfth in the event the Supplemental Indenture provides that interest on the Bonds authorized thereunder is payable annually instead of semiannually); plus

(ii) approximately one-twelfth of the principal and premium and Sinking Fund Installments, if any, falling due on the next succeeding interest payment date established for the Bonds on which principal is due, provided, however, that in the event principal on a Series of Bonds is due on the first Interest Payment Date following the issuance of such Series, the Issuer shall deposit an amount equal to a fraction the numerator of which is one and the denominator of which is the number of full months to transpire prior to such Interest Payment Date times the amount of principal and premium and Sinking Fund Installment, if any, due on such Interest Payment Date; plus

(iii) approximately one-twelfth of the Sinking Fund Installments falling due on the next succeeding Sinking Fund Installment payment date, the sum of which shall be sufficient, when added to the existing balance in the Bond Fund, to pay the principal of, premium, if any, and interest on the Bonds promptly on each such payment date as the same become due and payable.

(In lieu of monthly payments, a Supplemental Indenture may provide for semiannual payments to the Bond Fund, in which case the date of payment to the Trustee of an amount equal to the principal of, premium, if any, and interest falling due on the Bonds on the next succeeding Interest Payment Date shall be not less than fifteen days prior to said Interest Payment Date.)

(c) As a third charge and lien on the Net Revenues, the Issuer shall make the following monthly deposits:

(i) To the extent the Debt Service Reserve Requirement is not funded with a Reserve Instrument or Instruments, to the Debt Service Reserve Fund any amounts required hereby and by any Supplemental Indenture to accumulate therein the Debt Service Reserve Requirement at the times and in the amounts provided herein and in any Supplemental Indenture, or a ratable portion (based on the amount to be transferred pursuant to Subparagraph (ii) of this Paragraph) of remaining Net Revenues if less than the amount necessary. Moneys in the Debt Service Reserve Fund shall be used only to prevent deficiencies in the payment of the principal of or interest on the Bonds resulting from a failure to deposit into the Bond Fund sufficient funds to pay debt service and Sinking Fund Installments on the Bonds. If funds shall have been withdrawn from the Debt Service Reserve Fund to pay debt service or Sinking Fund Installments, the Issuer shall deposit Net Revenues in the Debt Service Reserve Fund sufficient in amount to restore such moneys so withdrawn within one year with twelve (12) substantially equal payments during such one-year period.

(ii) Equally and ratably to the Reserve Instrument Fund, with respect to all Reserve Instruments which are in effect and are expected to continue in effect after the end of such month, such amount of the remaining Net Revenues, or a ratable portion (based on the amount to be transferred pursuant to Subparagraph (i) of this Paragraph) of the amount so remaining if less than the amount necessary, that is required to be paid, on or before the next such monthly transfer or deposit of Net Revenues into the Reserve Instrument Fund, to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement, other than Reserve Instrument Costs, in order to cause the Reserve Instrument Coverage to equal the Reserve Instrument Limit.

(d) As a fourth charge and lien on the Net Revenues, the Issuer shall deposit in the Repair and Replacement Fund any amount required hereby and by any Supplemental Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding (or, after the issuance of Additional Bonds, the amount required to be on deposit therein), from time to time, the Issuer shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Net Revenues of the System after payments required by Paragraphs (a), (b) and (c) above have been made, and other legally available moneys, until there is on deposit in the Repair and Replacement Fund an amount equal to the Repair and Replacement Reserve Requirement. Subject to the provisions of the

following Paragraph, this provision is not intended to limit, and shall not limit, the right of the Issuer to deposit additional moneys in the Repair and Replacement Fund from time to time as the Issuer may determine.

(e) Subject to making the foregoing deposits, the Issuer shall use the balance of the Net Revenues accounted for in the Revenue Fund for:

- (i) redemption of Bonds for cancellation prior to maturity by depositing the same into the Bond Fund;
- (ii) refinancing, refunding, or advance refunding of any Bonds;
- or
- (iii) for any other lawful municipal purpose.

Section 5.3. Use of Bond Fund.

(a) The Trustee shall make deposits, as and when received, as follows:

- (i) the amounts provided for by Paragraphs (a) and (b) of Article IV hereof shall be deposited into the Bond Fund;
- (ii) all moneys payable by the Issuer as specified in Section 5.2(b) hereof shall be deposited into the Bond Fund in the order named;
- (iii) any amount in the Construction Fund which shall be transferred to the Bond Fund to the extent required by Section 5.1(f) hereof upon completion of a Project;
- (iv) all moneys transferred to the Bond Fund from the Debt Service Reserve Fund or from a Reserve Instrument or Instruments then in effect as provided in Section 5.5 hereof; and
- (v) all other moneys received by the Trustee hereunder when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Bond Fund, shall be deposited into the Bond Fund.

(b) Except as provided in Section 7.4 hereof and as provided in this Section and except as otherwise provided by Supplemental Indenture, moneys in the Bond Fund shall be expended solely for the following purposes and in the following order of priority:

(i) the payment of principal of and interest on the Bonds as the same become due; and

(ii) the payment of principal and interest accrued, if any, on the Bonds as the same become due upon redemption prior to maturity and such payments and redemption of Bonds in advance of their maturity shall be accounted for separately by the Trustee from the payments made by the Trustee pursuant to Subparagraph (i) of this Paragraph (b).

The Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of and interest on the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee and any paying agent for the purpose of paying said principal and interest.

(c) After payment in full of the principal of and interest on all Bonds issued hereunder (or after provision has been made for the payment thereof as provided herein so that such Bonds are no longer Outstanding); all outstanding Reserve Instrument Repayment Obligations in accordance with their respective terms; and the fees, charges and expenses of the Trustee, any paying agent and any other amounts required to be paid hereunder and under any Reserve Instrument Agreement; all amounts remaining in the Bond Fund shall be paid to the Issuer.

Section 5.4. Use of Sinking Fund Account.

(a) The Trustee shall apply moneys in the Sinking Fund Account to the retirement of any Term Bonds required to be retired by operation of the Sinking Fund Account under the provisions of and in accordance with the Supplemental Indenture authorizing the issuance of such Term Bonds, either by redemption in accordance with such Supplemental Indenture or, at the direction of the Issuer, purchase of such Term Bonds in the open market prior to the date on which notice of the redemption of such Term Bonds is given pursuant hereto, at a price not to exceed the redemption price of such Term Bonds (plus accrued interest which will be paid from moneys in the Bond Fund other than those in the Sinking Fund Account).

(b) On the maturity date of any Term Bonds, the Trustee shall apply the moneys on hand in the Sinking Fund Account for the payment of the principal of such Term Bonds.

Section 5.5. Use of Debt Service Reserve Fund. Except as otherwise provided in this Section and Section 5.2(c) and subject to the immediately following sentence, moneys in the Debt Service Reserve Fund shall at all times be maintained in an amount not less than the Debt Service Reserve Requirement. In calculating the amount on

deposit in the Debt Service Reserve Fund, the amount of the Reserve Instrument Coverage will be treated as an amount on deposit in the Debt Service Reserve Fund. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify that the incremental increase in the Debt Service Reserve Requirement resulting from the issuance of such Series shall either be (i) deposited immediately upon the issuance and delivery of such Series from (a) proceeds from the sale thereof or from any other legally available source, or (b) by a Reserve Instrument or Instruments, or (c) any combination thereof, or (ii) subject to the prior written consent of all Reserve Instrument Providers of all Reserve Instruments then in effect deposited from available Net Revenues over a period not to exceed five years from the date of such issuance and delivery of such Series in not to exceed 60 equal monthly installments, or (iii) deposited from any combination of (i) and (ii) above. Funds on deposit in the Debt Reserve Fund shall be used to make up any deficiencies in the Bond Fund. If at any time the amount on deposit in the Debt Service Reserve Fund is less than the minimum amount to be maintained therein under this Section, the Issuer, under Section 5.2(c) hereof, is required to make payment, within one year from the date such deficiency arises, directly to the Trustee for deposit into the Debt Service Reserve Fund, the amount of any such deficiency.

In the event funds on deposit in the Debt Service Reserve Fund are needed to make up any deficiencies in the Bond Fund as aforementioned, and there is insufficient cash available in the Debt Service Reserve Fund to make up such deficiency and Reserve Instruments are in effect, the Trustee shall immediately make a demand for payment on all Reserve Instruments, to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof into the Bond Fund. Thereafter, the Issuer shall be obligated to reinstate the Reserve Instrument as provided in Section 5.2(c)(ii) herein.

No Reserve Instrument shall be allowed to expire or terminate unless and until cash has been deposited into the Debt Service Reserve Fund, or a new Reserve Instrument has been issued in place of the expiring or terminating Reserve Instrument, or any combination thereof in an amount or to provide coverage, as the case may be, at least equal to the amount required to be maintained in the Debt Service Reserve Fund.

Funds at any time on deposit in the Debt Service Reserve Fund in excess of the amount required to be maintained therein (taking into account the amount of Reserve Instrument Coverage) may at any time be transferred to the Bond Fund. Moneys held in the Debt Service Reserve Fund shall be invested, at the direction of the Issuer, in Qualified Investments. Qualified Investments in the Debt Service Reserve Fund (which do not include for this purpose the amount of the Reserve Instrument Coverage) shall be evaluated by the Trustee at the beginning of each Bond Year on the basis of cost.

Section 5.6. Use of Reserve Instrument Fund. There shall be paid into the Reserve Instrument Fund the amounts required hereby and by a Supplemental Indenture to be so paid. The amounts in the Reserve Instrument Fund shall, from time to time, be applied by the Trustee on behalf of the Issuer to pay the amounts which are due and

payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

Section 5.7. Use of Repair and Replacement Fund. All moneys in the Repair and Replacement Fund may be drawn on and used by the Issuer for the purpose of (a) paying the cost of unusual or extraordinary maintenance or repairs of the System; (b) paying the costs of any renewals, renovation, improvements, expansion or replacements to the System; and (c) paying the cost of any replacement of lines, equipment and other related facilities, to the extent the same are not paid as part of the ordinary and normal expense of the operation of the System.

Funds shall be deposited monthly from available Net Revenues in such amounts as may be required from time to time by each Supplemental Indenture until the Repair and Replacement Fund has an amount equivalent to the Repair and Replacement Requirement. Any deficiencies below the Repair and Replacement Requirement shall be made up from Net Revenues of the System available for such purposes. Funds at any time on deposit in the Repair and Replacement Fund in excess of the amount required to be maintained therein may, at any time, be transferred to the Issuer for any lawful purpose.

Section 5.8. Use of Rebate Fund.

(a) The Trustee shall establish and thereafter maintain, so long as the Bonds are Outstanding, a Rebate Fund, which shall be held separate and apart from all other funds and accounts established under this Indenture and from all other moneys of the Trustee.

(b) All amounts in the Rebate Fund, including income earned from investment of the fund, shall be held by the Trustee free and clear of the lien of the Indenture. In the event the amount on deposit in the Rebate Fund exceeds the aggregate amount of Rebatable Arbitrage for all series of Bonds, as verified in writing by an independent public accountant or other qualified professional at the time the Rebatable Arbitrage is determined, less amounts of Rebatable Arbitrage theretofore paid to the United States for all series of Bonds, the Trustee shall, upon the Issuer's request, withdraw from the Rebate Fund and pay to the Issuer an amount not to exceed such excess.

(c) The Issuer shall determine the amount of Rebatable Arbitrage and the corresponding Required Rebate Deposit with respect to each Series of Bonds on each applicable Rebate Calculation Date. The Issuer shall retain records of all such determinations until six years after the retirement of the last Bond of a Series to which such records pertain. The Issuer shall deposit into the Rebate Fund the Required Rebate Deposit, if any, with respect to each Series of Bonds (or instruct the Trustee to transfer to the Rebate Fund moneys representing such Required Rebate Deposit from the Funds and Accounts held under the Indenture

other than the Rebate Fund). The Issuer shall instruct the Trustee to withdraw from the Rebate Fund and pay over to the United States Government with respect to each Series of Bonds: (1) not less frequently than once each five years commencing no later than 60 days after the first Rebate Calculation Date for such Series of Bonds and upon each fifth anniversary of such date, an amount which when added to all previous rebate payments made with respect to such Series of Bonds equals 90% of the sum of the Rebatable Arbitrage pertaining to such Series of Bonds plus the amount, if any, of Rebatable Arbitrage theretofore paid to the United States with respect to such Series of Bonds, and (2) not later than 60 days after the retirement of the last Bond of such Series, 100% of the Rebatable Arbitrage with respect to such Series. The determination of Rebatable Arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Issuer from the Rebate Fund pursuant to the Indenture must be verified in writing by an independent public accountant or other qualified professional.

(d) The Trustee shall, at least 60 days prior to each Rebate Calculation Date, notify the Issuer of the requirements of this Section. By agreeing to give this notice, the Trustee assumes no responsibility whatsoever for compliance by the Issuer with the requirements of Section 148 of the Code or any successor. The Issuer expressly agrees that (notwithstanding any other provision of the Indenture) any failure of the Trustee to give any such notice, for any reason whatsoever, shall not cause the Trustee to be responsible for any failure of the Issuer to comply with the requirements of said Section 148 or any successor thereof.

(e) The Trustee, on behalf of the Issuer, shall keep and retain, until the date six years after the retirement of the last of the Bonds of each series, records with respect to each series of the Bonds and the investment and expenditure of Gross Proceeds thereof to comply with the aforementioned arbitrage rebate requirements, including without limitation a complete list of all investments and reinvestments of Gross Proceeds of each series of the Bonds. For purposes of the computation required by above, the Trustee shall upon request, furnish to the Issuer all information in the Trustee's control which is necessary for such computations.

(f) The Issuer hereby covenants and agrees that it will not enter, and will not cause the Trustee to enter into, any transaction or cause any transaction to be entered into with respect to the investment of Gross Proceeds of the Bonds, or otherwise, which reduces the amount which may be required to be paid to the United States pursuant to the arbitrage rebate requirements specified hereinabove, because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on each series of the Bonds not been relevant to either party.

(g) The provisions of this Section may be amended or deleted, with respect to any or all series of the Bonds, from this Indenture upon receipt by the Issuer and the Trustee of an opinion of nationally recognized bond counsel that such amendment or deletion will not adversely affect the exclusion from gross income of interest on the Bonds.

Section 5.9. Investment of Funds. Any revenue surpluses or moneys in the Bond Fund, the Construction Fund, the Debt Service Reserve Fund or the Repair and Replacement Fund may, at the discretion and authorization of the Issuer, be invested by the Trustee in Qualified Investments. All moneys in the Rebate Fund may, at the discretion and authorization of the Issuer, be invested by the Trustee in Direct Obligations. Such investments shall be held by the Trustee, and when the Trustee determines it necessary to use the moneys in the Funds for the purposes for which the Funds were created, it shall, at the discretion of the Issuer, liquidate at prevailing market prices as much of the investments as may be necessary and apply the proceeds to such purposes. All income derived from the investment of the Construction Fund, the Bond Fund, the Reserve Instrument Fund, the Repair and Replacement Fund and the Rebate Fund shall be maintained in said respective Funds and disbursed along with the other moneys on deposit therein as herein provided. All income derived from the investment of the Debt Service Reserve Fund shall be disbursed in accordance with Section 5.5 hereof.

In the event the Issuer shall be advised by nationally recognized municipal bond counsel that it is necessary to restrict or limit the yield on the investment of any moneys paid to or held by the Trustee in order to avoid the Bonds, or any Series thereof, being considered "arbitrage bonds" within the meaning of the Code or the Treasury Regulations proposed or promulgated thereunder, or to otherwise preserve the exclusion of interest payable or paid on any Bonds from gross income for federal income tax purposes, the Issuer may require the Trustee to take such steps as it may be advised by such counsel are necessary so to restrict or limit the yield on such investment, irrespective of whether the Trustee shares such opinion, and the Trustee agrees that it will take all such steps as the Issuer may require.

Section 5.10. Trust Funds. All moneys and securities received by the Trustee under the provisions of this Indenture shall be trust funds under the terms hereof and shall not be subject to lien or attachment of any creditor of the State or any political subdivision, body, agency, or instrumentality thereof or of the Issuer and shall not be subject to appropriation by any legislative body or otherwise. Such moneys and securities shall be held in trust and applied in accordance with the provisions hereof. Except as provided otherwise in Section 5.8 hereof, unless and until disbursed pursuant to the terms hereof, all such moneys and securities (and the income therefrom) shall be held by the Trustee as security for payment of the principal, premium, if any, and interest on the Bonds and the fees and expenses of the Trustee payable hereunder.

Section 5.11. Method of Valuation and Frequency of Valuation. In computing the amount in any fund or account, Qualified Investments shall be valued on the basis of a mark-to-market valuation, exclusive of accrued interest. With respect to all funds and accounts, valuation shall occur annually, except in the event of a withdrawal from the Debt Service Reserve Fund, whereupon securities shall be valued immediately after such withdrawal.

ARTICLE VI

GENERAL COVENANTS

Section 6.1. General Covenants. The Issuer hereby covenants and agrees with each and every Registered Owner of the Bonds issued hereunder and Reserve Instrument Provider as follows:

(a) While any of the principal and interest on the Bonds are outstanding and unpaid, or any Reserve Instrument Repayment Obligations are outstanding, the rates including connection fees, for all services supplied by the System to the Issuer and to its inhabitants and to all customers within or without the boundaries of the Issuer, shall be sufficient to pay the Operation and Maintenance Expenses for the System, and to provide Net Revenues for each Bond Fund Year of not less than 120% of the Aggregate Annual Debt Service Requirement for the forthcoming year, plus an amount sufficient to fund the Debt Service Reserve Fund in the time, rate and manner specified herein, or if a Reserve Instrument shall be in effect with respect to any of the Bonds Outstanding, the Reserve Instrument Repayment Obligations which the Issuer anticipates will be due and payable for the forthcoming year; provided, however, that such rates must be reasonable rates for the type, kind and character of the service rendered. There shall be no free service, and such rates shall be charged against all users of the System, including the Issuer. The Issuer agrees that should its annual financial statement made in accordance with the provisions of Section 6.1(d) disclose that during the period covered by such financial statement the Net Revenues were not at least equal to the above requirement, the Issuer shall request that a Qualified Engineer make recommendations as to the revision of the rates, charges and fees and that the Issuer on the basis of such recommendations will revise the schedule of rates, charges and fees insofar as is practicable and further revise Operation and Maintenance Costs so as to produce the necessary Net Revenues as herein required.

(b) The Issuer will maintain the System in good condition and operate the same in an efficient manner.

(c) Each Registered Owner and Reserve Instrument Provider shall have a right, in addition to all other rights afforded it by the laws of the State, to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the Issuer to charge or collect reasonable rates for services supplied by the System sufficient to meet all requirements hereof and of any applicable Reserve Instrument Agreement.

(d) So long as any principal and interest payments of the Bonds are Outstanding, or any Reserve Instrument Repayment Obligations are outstanding, proper books of record and account will be kept by the Issuer separate and apart

from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Each Registered Owner and Reserve Instrument Provider, or any duly authorized agent or agents thereof shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the System. Except as otherwise provided herein, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each Bond Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the System, and that such audit will be available for inspection by each Registered Owner and Reserve Instrument Provider.

All expenses incurred in compiling the information required by this section shall be regarded and paid as an Operation and Maintenance Expense.

Section 6.2. First Lien Bonds; Equality of Liens. The Bonds constitute an irrevocable first lien (but not necessarily an exclusive first lien) upon the Net Revenues. The Issuer covenants that the Bonds and any parity securities hereafter authorized to be issued and from time to time outstanding are equitably and ratably secured by a first lien on the Net Revenues and shall not be entitled to any priority one over the other in the application of the Net Revenues regardless of the time or times of the issuance of the Bonds and any other such securities, it being the intention of the Issuer that there shall be no priority among the Bonds and any such additional parity first lien securities regardless of the fact that they may be actually issued and delivered at different times.

Any assignment or pledge from the Issuer to a Reserve Instrument Provider of (i) proceeds of the issuance and sale of Bonds, (ii) Net Revenues; or (iii) Funds established hereby, including investments, if any, thereof, is and shall be subordinate to the assignment and pledge effected hereby to the Registered Owners of the Bonds.

Section 6.3. Payment of Principal and Interest. The Issuer covenants that it will punctually pay or cause to be paid the principal of and interest on every Bond issued hereunder, and any Reserve Instrument Repayment Obligations, in strict conformity with the terms of the Bonds, this Indenture and any Reserve Instrument Agreement, according to the true intent and meaning hereof and thereof. The principal of and interest on the Bonds and any Reserve Instrument Repayment Obligations are payable solely from the Net Revenues (except to the extent paid out of moneys attributable to Bond proceeds or other funds created hereunder or the income from the temporary investment thereof), which payments are hereby specifically pledged and assigned to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds, this Indenture or any Reserve Instrument Agreement should be considered as pledging any other funds or assets of the Issuer for the payment of the Bonds or any Reserve Instrument Repayment Obligations except for the Net Revenues pledged for such purpose hereunder.

Section 6.4. Performance of Covenants; Issuer. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained herein, and in any and every Bond and Reserve Instrument Agreement executed, authenticated and delivered hereunder. The Issuer represents that it is duly authorized under the Constitution of the State to issue the Bonds authorized hereby and to execute this Indenture, that all actions on its part for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken, and that the Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

Section 6.5. List of Bondholders. The Trustee will keep on file at its principal office a list of the names and addresses of the Registered Owners of all Bonds which are from time to time registered on the registration books in the hands of the Trustee as Registrar for the Bonds. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Issuer or by the Registered Owners (or a designated representative thereof) of 10% or more in principal amount of Bonds then Outstanding, such ownership and the authority of any such designated representative to be evidenced to the reasonable satisfaction of the Trustee.

Section 6.6. Designation of Additional Paying Agents. The Issuer hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate paying agents, if any, and for the making available of funds hereunder, but only to the extent such funds are made available to the Issuer from Bond proceeds or other Funds created hereunder or the income from the temporary investment thereof, for the payment of such of the Bonds as shall be presented when due at the principal corporate trust office of the Trustee, or its successor in trust hereunder, or at the principal corporate trust office of said alternate paying agents.

Section 6.7. Tax Exemption of Bonds. The Issuer recognizes that Section 149(a) of the Code requires bonds to be issued and to remain in fully registered form in order that interest thereon not to be includible in gross income for purposes of federal income taxation under laws in force at the time the bonds are delivered. Bonds issued pursuant to this Indenture, the interest on which is not includible in gross income for federal income tax purposes, are referred to in this Section 6.7 as "tax-exempt Bonds". Pursuant to the provisions thereof, the Issuer agrees that it will not take any action to permit tax-exempt Bonds issued hereunder to be issued in, or converted into, bearer or coupon form, unless the Issuer first receives an opinion from nationally recognized bond counsel that such action will not result in the interest on any Bonds becoming includible in gross income for purposes of federal income taxes then in effect.

The Issuer's Mayor and City Recorder are hereby authorized and directed to execute such certificates as shall be necessary to establish that tax-exempt Bonds issued hereunder are not "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations promulgated or proposed thereunder, including Treasury Regulation

Sections 1.148 1 through 1.148 11, 1.149 and 1.150 1 through 1.150 2 as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Issuer covenants and certifies to and for the benefit of the Registered Owners of such Bonds that no use will be made of the proceeds of the issue and sale of such Bonds, or any funds or accounts of the Issuer which may be deemed to be available proceeds of such Bonds, pursuant to Section 148 of the Code and applicable regulations (proposed or promulgated) which use, if it had been reasonably expected on the date of issuance of such Bonds, would have caused the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. Pursuant to this covenant, the Issuer obligates itself to comply throughout the term of such Bonds with the requirements of Section 148 of the Code and the regulations proposed or promulgated thereunder.

The Issuer further covenants and agrees to and for the benefit of the Registered Owners that the Issuer (i) will not take any action that would cause interest on tax-exempt Bonds issued hereunder to become includible in gross income for purposes of federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the tax-exempt Bonds to become includible in gross income for purposes of federal income taxation and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Bonds in order to preserve the exclusion from gross income for purposes of federal income taxation of interest on such Bonds.

Section 6.8. Expeditious Construction. The Issuer shall complete the acquisition and construction of each Project with all practical dispatch and will cause all construction to be effected in a sound and economical manner.

Section 6.9. Management of System. The Issuer, in order to assure the efficient management and operation of the System and to assure each Registered Owner and Reserve Instrument Issuer from time to time that the System will be operated on sound business principles, will employ competent and experienced management for the System, will use its best efforts to see that the System is at all times operated and maintained in first-class repair and condition and in such manner that the operating efficiency thereof shall be of the highest character.

Section 6.10. Payment of Operation and Maintenance Expenses. Notwithstanding any other provisions hereof, nothing herein shall be construed to prevent the Issuer from (i) paying all or any part of the Operation and Maintenance Expenses from any funds available to the Issuer for such purpose, (ii) depositing any funds available to the Issuer for such purpose in any account in the Bond Fund for the payment of the interest on, premium, if any, or the principal of any Bonds issued under provisions hereof or for the redemption of any such Bonds, or (iii) depositing any funds available to the Issuer for such purpose in the Reserve Instrument Fund for the payment of any amounts payable under any applicable Reserve Instrument Agreement.

Section 6.11. Payment of Taxes. The Issuer covenants that all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon the System or upon any part thereof or upon any income therefrom will be paid when the same shall become due, that no lien or charge upon the System or any part thereof or upon any Revenues thereof, except for the lien and charge thereon created hereunder and securing the Bonds, will be created or permitted to be created ranking equally with or prior to the Bonds (except for the parity lien thereon of Additional Bonds issued from time to time hereunder and under Supplemental Indentures hereto), and that all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or upon the Revenues thereof will be paid or discharged, or adequate provision will be made for the payment or discharge of such claims and demands within 60 days after the same shall accrue; provided, however, that nothing in this Section contained shall require any such lien or charge to be paid or discharged or provision made therefor so long as the validity of such lien or charge shall be contested in good faith and by appropriate legal proceedings.

Section 6.12. Insurance. The Issuer, in its operation of the System, will self-insure or carry insurance, including, but not limited to, workmen's compensation insurance and public liability insurance, in such amounts and to such extent as is normally carried by others operating public utilities of the same type. The cost of such insurance shall be considered an Operation and Maintenance Expense of the System. In the event of loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged. Any remainder shall be paid into the Bond Fund.

Section 6.13. Instruments of Further Assurance. The Issuer and the Trustee mutually covenant that they will, from time to time, each upon the written request of the other, execute and deliver such further instruments and take or cause to be taken such further actions as may be reasonable and as may be required by the other to carry out the purposes hereof; provided, however, that no such instruments or action shall involve any personal liability of the Trustee or members of the governing body of the Issuer or any official thereof.

Section 6.14. Covenant Not to Sell. The Issuer will not sell, lease, mortgage, encumber, or in any manner dispose of the System or any substantial part thereof, including any and all extensions and additions that may be made thereto, until all principal of and interest on the Bonds, and all Reserve Instrument Repayment Obligations, have been paid in full, except that the Issuer may sell any portion of said property which shall have been replaced by other property of at least equal value, or which shall cease to be necessary for the efficient operation of the System, provided, however, that in the event of any sale as aforesaid, the proceeds of such sale shall be paid into the Bond Fund.

Section 6.15. Billing Procedure. The Issuer shall submit a monthly billing for services rendered to persons who are liable for the payment of charges for such services,

and shall require that each such bill be paid in full as a unit, and refuse to permit payment of a portion without payment of the remainder. Any bill not paid within thirty (30) days from the date it is mailed to the customer shall be deemed delinquent. The Issuer hereby agrees that if any bill remains delinquent for more than sixty (60) days, it will initiate proceedings to cause all water service to the user concerned to be cut off immediately.

ARTICLE VII

EVENTS OF DEFAULT; REMEDIES

Section 7.1. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) if payment of any installment of interest on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable, or

(b) if payment of the principal of or the redemption premium, if any, on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any fund hereunder or otherwise; or

(c) if the Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) if an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or custodian for any of the Revenues of the Issuer, or approving a petition filed against the Issuer seeking reorganization of the Issuer under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Issuer shall not be vacated or discharged or stayed on appeal within 30 days after the entry thereof; or

(e) if any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Revenues; or

(f) if (i) the Issuer is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the Issuer, a receiver, trustee or custodian of the Issuer or of the whole or any part of their property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(g) if the Issuer shall file a petition or answer seeking reorganization, relief or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Issuer or of the whole or any substantial part of the property of the Issuer, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control; or

(i) if the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or herein or any Supplemental Indenture hereof on the part of the Issuer to be performed, other than as set forth above in this Section, and such Default shall continue for 30 days after written notice specifying such Event of Default and requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Registered Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding hereunder.

Section 7.2. Remedies; Rights of Registered Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding or to enforce any obligations of the Issuer hereunder.

If an Event of Default shall have occurred, and if requested so to do by Registered Owners of 51% in aggregate principal amount of the Bonds then Outstanding and indemnified as provided in Section 8.1 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Registered Owners.

No remedy by the terms hereof conferred upon or reserved to the Trustee (or to the Registered Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Registered Owners hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Registered Owners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Section 7.3. Right of Registered Owners to Direct Proceedings. Anything herein to the contrary notwithstanding, the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions hereof, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 7.4. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund shall be applied in the following order:

(a) To the payment of the principal of, premium, if any, and interest then due and payable on the Bonds as follows:

(i) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST--To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND--To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions hereof), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(ii) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(iii) To the payment of all obligations then due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amounts of such moneys available for such application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such dates shall cease to accrue.

Section 7.5. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings related thereto and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the Registered Owners of the Outstanding Bonds.

Section 7.6. Rights and Remedies of Registered Owners. Except as provided in the last sentence of this Section, no Registered Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless an Event of Default has occurred of which the Trustee has been notified as provided in Section 8.1(g), or of which by said Section it is deemed to have notice, nor unless also Registered Owners of 51% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 8.1 hereof nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinabove granted, or to institute such action, suit or proceeding in its, his or their own name or names. Such notification, request and offer of indemnity are hereby declared in every case at the

option of the Trustee to be conditions precedent to the execution of the powers and trust hereof, and to any action or cause of action for the enforcement hereof, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Registered Owner of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien hereof by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of all Bonds then Outstanding. Nothing herein contained shall, however, affect or impair the right of any Registered Owner to enforce the covenants of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder held by such Registered Owner at the time, place, from the source and in the manner in said Bonds expressed.

Section 7.7. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right hereunder by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 7.8. Waivers of Events of Default. Subject to Section 8.1(g) hereof, the Trustee may in its discretion waive any Event of Default hereunder and its consequences and shall do so upon the written request of the Registered Owners of (a) a majority in aggregate principal amount of all the Bonds then outstanding in respect of which Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding in the case of any other Event of Default; provided, however, that there shall not be waived (i) any Event of Default in the payment of the principal of any Bonds at the date of maturity specified therein, or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest and all arrears of payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with such Event of Default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 7.9. Cooperation of Issuer. In the case of any Event of Default hereunder, the Issuer shall cooperate with the Trustee and use its best efforts to protect the Registered Owners.

ARTICLE VIII

THE TRUSTEE

Section 8.1. Acceptance of the Trusts. The Trustee accepts the trusts imposed upon it hereby, and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture, but no implied covenants or obligations shall be read into this Indenture against the Trustee.

(a) The Trustee may execute any of the trusts or powers thereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of counsel. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer; but the Trustee may require of the Issuer full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property herein conveyed. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the provisions hereof.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder, except as specifically set forth herein. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant hereto upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Registered Owner of any Bond,

shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchanged therefor or in place thereof.

(e) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by its Mayor and attested by its City Recorder as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in Paragraph (g) of this Section, or of which by said Paragraph it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the City Recorder of the Issuer under its seal to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder, except an Event of Default described in Section 7.1(a) or (b), unless the Trustee shall be specifically notified in writing of such Default by the Issuer or by the Registered Owners of at least 25% in the aggregate principal amount of any Series of the Bonds then Outstanding and all notices or other instruments required hereby to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(h) At any and all reasonable times and upon reasonable prior written notice, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect all books, papers and records of the Issuer pertaining to the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) Notwithstanding anything elsewhere herein contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the

authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview hereof, any showing, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the trustee.

(k) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(l) If any Event of Default hereunder shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it hereby and shall use the same degree of care as a prudent man would exercise or use in the circumstances in the conduct of his own affairs.

(m) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the bondholders, pursuant to the provisions of this Indenture, unless such bondholders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which may be incurred therein or thereby.

Section 8.2. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its services rendered as Trustee hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent and Registrar for the Bonds as hereinabove provided. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the foregoing advances, fees, costs and expenses incurred.

Section 8.3. Notice to Registered Owners if Event of Default Occurs. If an Event of Default occurs of which the Trustee is by Section 8.1(g) hereof required to take notice or if notice of Default be given as in said Section provided, then the Trustee shall give written notice thereof by registered or certified mail to all Registered Owners of all Bonds then Outstanding shown on the registration books of the Bonds kept by the Trustee as Registrar for the Bonds.

Section 8.4. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interest of Registered Owners of the Bonds, the Trustee may intervene on behalf of such Owners and shall do so if requested in writing by the Registered Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 8.5. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed of conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.6. Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving written notice to the Issuer, served personally or by registered mail, and by registered or certified mail to each Reserve Instrument Issuer and Registered Owner of Bonds then Outstanding, and such resignation shall take effect upon the appointment of a successor Trustee by the Registered Owners or by the Issuer as provided in Section 8.8 hereof; provided, however that if no successor Trustee has been appointed within 60 days of the date of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it deems proper and prescribes, appoint a successor Trustee.

Section 8.7. Removal of the Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and the Issuer, and signed by the Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding; provided that such instrument or instruments concurrently appoint a successor Trustee meeting the qualifications set forth herein.

Section 8.8. Appointment of Successor Trustee by Registered Owners; Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer by an instrument executed by its Mayor and attested by

its City Recorder under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Registered Owners in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Registered Owners. Every successor Trustee appointed pursuant to the provisions of this Section or otherwise shall be a trust company or bank in good standing having a reported capital and surplus of not less than \$50,000,000.

Each Reserve Instrument Provider shall be notified immediately upon the resignation or termination of the Trustee and provided with a list of candidates for the office of successor Trustee.

Section 8.9. Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of the successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed and/or recorded by the successor Trustee in each recording office, if any, where the Indenture shall have been filed and/or recorded.

Section 8.10. Trustee Protected in Relying Upon Indenture, Etc. The indentures, opinions, certificates and other instruments provided for herein may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

Section 8.11. Successor Trustee as Trustee of Funds; Paying Agent and Bond Registrar. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of the Construction Fund, Bond Fund, Debt Service Reserve Fund, Reserve Instrument Fund, Rebate Fund and any other Funds provided hereunder and Registrar for the Bonds and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee, Registrar and Paying Agent for the Bonds.

Section 8.12. Trust Estate May Be Vested in Separate or Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation hereunder, and in particular in case of the enforcement of remedies on Event of Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights, or remedies herein granted to the Trustee or hold title to the trust estate, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended hereby to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vested in such separate or co-trustee, but only to the extent necessary to enable the separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request of such trustee or co-trustee, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 8.13. Annual Accounting. The Trustee shall prepare an annual accounting for each Bond Fund Year by the end of the month following each such Bond Fund Year showing in reasonable detail all financial transactions relating to the pledged Revenues during the accounting period and the balance in any funds or accounts created hereby as of the beginning and close of such accounting period, and shall mail the same to the Issuer, and to each Reserve Instrument Issuer requesting the same. The Trustee shall also make available for inspection by any Registered Owner a copy of said annual accounting (with the names and addresses of Registered Owners receiving payment of debt service on the Bonds deleted therefrom) and shall mail the same if requested in writing to do so by Registered Owners of at least 25% in aggregate principal amount of Bonds then Outstanding to the designee of said Owners specified in said written request at the address therein designated. On or before the end of the month following each

Bond Fund Year, the Trustee shall, upon written request, provide to the Issuer and the Issuer's independent auditor representations as to the accuracy of the facts contained in the financial reports that were delivered by the Trustee during the Bond Fund Year just ended.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.1. Supplemental Indentures Not Requiring Consent of Registered Owners or Reserve Instrument Providers. The Issuer and the Trustee may, without the consent of, or notice to, any of the Registered Owners or Reserve Instrument Providers, enter into an indenture or indentures supplemental hereto, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) To provide for the issuance of Additional Bonds in accordance with the provisions of Section 2.13 hereof;
- (b) To cure any ambiguity or formal defect or omission herein;
- (c) To grant to or confer upon the Trustee for the benefit of the Registered Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or any of them which shall not adversely affect the interests of any Reserve Instrument Providers;
- (d) To subject to this Indenture additional Revenues or other revenues, properties, collateral or security; and
- (e) To make any other change hereto which, in the judgment of the Trustee, is not materially prejudicial to the interests of the Registered Owners, the Trustee or any Reserve Instrument Provider.

Section 9.2. Supplemental Indentures Requiring Consent of Registered Owners and Reserve Instrument Providers; Waivers and Consents by Registered Owners. Exclusive of Supplemental Indentures covered by Section 9.1 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Registered Owners of 66 2/3% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to (i) consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein or in any Supplemental Indenture, or (ii) waive or consent to the taking by the Issuer of any action prohibited, or the omission by the Issuer of the taking of any action required, by any of the provisions hereof or of any indenture supplemental hereto; provided, however, that nothing in this Section contained shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bond, without the consent of the Registered Owner of such Bond, or (b) a reduction in the amount or extension of the time of any payment

required by any Fund established hereunder applicable to any Bonds without the consent of the Registered Owners of all the Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Bonds, the Registered Owners of which are required to consent to any such waiver or Supplemental Indenture, or (d) affect the rights of the Registered Owners of less than all Bonds then outstanding, without the consent of the Registered Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken. In addition, no supplement hereto shall modify the rights, duties or immunities of the Trustee, without the written consent of the Trustee. If a Reserve Instrument is in effect with respect to any Series of Bonds Outstanding and if a proposed modification or amendment would affect such Series of Bonds, then, except as provided in the immediately preceding paragraph, neither this Indenture nor any Supplemental Indenture with respect to such Series of Bonds shall be modified or amended at any time without the prior written consent of the related Reserve Instrument Provider.

ARTICLE X

DISCHARGE OF INDENTURE

If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the Registered Owners of the Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee all sums of moneys due or to become due according to the provisions hereof, and to all Reserve Instrument Providers all sums of money due or to become due accordingly to the provisions of any Reserve Instrument Agreements, then these presents and the estate and rights hereby granted shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien hereof, and release, assign and deliver unto the Issuer any and all the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee, held by the Trustee, or otherwise subject to the lien hereof, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds or the payment of amounts pursuant to any Reserve Instrument Agreements.

Any Bond shall be deemed to be paid within the meaning of this Article when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided herein, or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment, or (ii) Government Obligations, maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and any paying agent pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits hereof, except for the purposes of any such payment from such moneys or Government Obligations.

Notwithstanding the foregoing, in the case of Bonds, which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

- (a) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted hereby);
- (b) to instruct the Trustee to call for redemption pursuant hereto any Bonds to be redeemed prior to maturity pursuant to Subparagraph (i) above; and

(c) to instruct the Trustee to mail, as soon as practicable, in the manner prescribed by Article II hereof, a notice to the Registered Owners of such Bonds that the deposit required by this Section has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds as specified in Subparagraph (i) above.

Any moneys so deposited with the Trustee as provided in this Article may at the direction of the Issuer also be invested and reinvested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee pursuant to this Article which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in that fund; provided, however, that before any excess moneys shall be deposited in the Bond Fund, the Trustee shall first obtain a written verification from a certified public accountant that the moneys remaining on deposit with the Trustee and invested in Government Obligations after such transfer to the Bond Fund shall be sufficient in amount to pay principal and interest on the Bonds when due and payable.

No such deposit under this Article shall be made or accepted hereunder and no use made of any such deposit unless the Trustee shall have received an opinion of nationally recognized municipal bond counsel to the effect that such deposit and use would not cause the Bonds to be treated as arbitrage bonds within the meaning of Sections 148 of the Code.

Notwithstanding any provision of any other Article hereof which may be contrary to the provisions of this Article, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest thereon) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or Government Obligations have been so set aside in trust.

Anything in Article VIII hereof to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the Registered Owner of each Bond affected thereby.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Consents, Etc., of Registered Owners. Any consent, request, direction, approval, objection or other instrument required hereby to be executed by the Registered Owners may be in any number of concurrent writings of similar tenor and may be executed by such Registered Owners in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes hereof, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely, the fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

Section 11.2. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person other than the parties hereto, the Registered Owners of the Bonds and the Reserve Instrument Providers, any legal or equitable right, remedy or claim under or in respect hereto or any covenants, conditions and provisions herein contained, this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Registered Owners of the Bonds and the Reserve Instrument Providers as herein provided.

Section 11.3. Severability. If any provision hereof shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections herein contained, shall not affect the remaining portions hereof, or any part thereof.

Section 11.4. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper on the Issuer if the same shall be duly mailed by registered or certified mail addressed to it at 90 North Main, Tooele, Utah 84074, Attention: Mayor, or to such address as the Issuer may from time to time file with the Trustee. It shall be sufficient service of any notice or other paper on the Trustee if the

same shall be duly mailed by registered or certified mail addressed to it at Zions First National Bank, One South Main Street, Salt Lake City, Utah 84111, Attention: Corporate Trust Services, or to such other address as the Trustee may from time to time file with the Issuer.

Section 11.5. Trustee as Paying Agent and Registrar. Trustee is hereby designated and agrees to act as principal Paying Agent and Bond Registrar for and in respect to the Bonds.

Section 11.6. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.7. Applicable Law. This Indenture shall be governed exclusively by the applicable laws of the State.

Section 11.8. Immunity of Officers and Directors. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement herein contained against any past, present or future officer, or other public official, employee, or agent of the Issuer.

Section 11.9. Holidays. If any date for the payment of principal of or interest on the Bonds is a day on which banking institutions in Salt Lake City, Utah are permitted to remain closed throughout (a "Holiday"), then such payment shall be due on the first day thereafter which is not a Holiday and no interest shall accrue for the period between such Holiday and such first day thereafter.

Section 11.10. Effective Date. This Indenture shall become effective immediately.

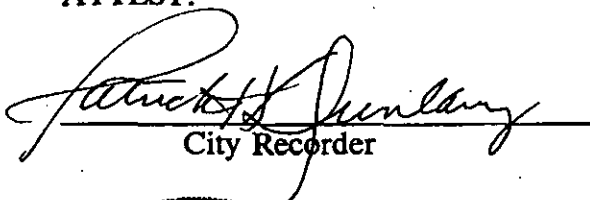
Section 11.11. Compliance with Municipal Bond Act and Refunding Bond Act. It is hereby declared by the Issuer's City Council that it is the intention of the Issuer by the execution of this Indenture to comply in all respects with the provisions of the Utah Municipal Bond Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended.

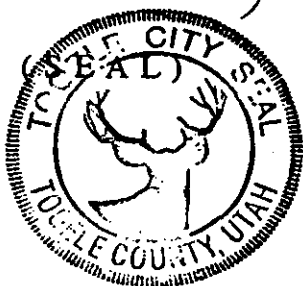
IN WITNESS WHERE, the parties hereto have caused this Indenture to be dated
as of the 1st day of December, 1997.

TOOELE CITY, TOOELE COUNTY,
UTAH, as Issuer

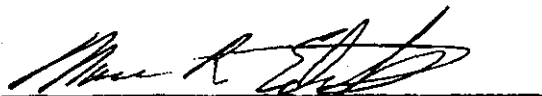

Mayor

ATTEST:


City Recorder



ZIONS FIRST NATIONAL BANK, as
Trustee

By: 

Title: _____

ATTEST:



Title _____



EXHIBIT "A"

FORM OF REQUISITION

Zions First National Bank
Corporate Trust Department
P.O. Box 30880
Salt Lake City, UT 84130

You are hereby authorized to disburse from the Series 1997A Subaccount of the Construction Fund, Account # _____, and/or the Series 1997B Subaccount of the Construction Fund, Account # _____, as follows:

REQUISITION NUMBER: _____

NAME AND ADDRESS OF PAYEE: _____

TOTAL AMOUNT OWING: \$ _____ LESS RETAINED AMOUNT: \$ _____ = DISBURSEMENT AMOUNT: \$ _____

PURPOSE FOR WHICH EXPENSE HAS BEEN INCURRED: _____

It is hereby certified that each obligation, item of cost or expense mentioned herein is justly due and owing and constitutes a Cost of the Project based upon audited, itemized claims substantiated in support thereof and has not been the basis for a previous withdrawal.

It is further certified that the amount remaining in the applicable account in the Construction Fund after this disbursement is made, together with the amount of unencumbered Net Revenues, if any, which the Issuer reasonably estimates will be deposited in the applicable account in the Construction Fund during the period of construction of the Project from the investment of moneys on deposit in the applicable account in the Construction Fund, will, together with any other moneys lawfully available for payment of the Cost of the Project, including moneys on deposit in other accounts within the Construction Fund, and after payment of the amount requested herein, be sufficient to pay the Cost of Completion for the Project in accordance with the plans and specifications therefor then in effect.

The Trustee is hereby authorized to segregate the Retained Amount referenced above, if any, into a special interest-bearing retainage account within the Construction Fund (the "Separate Account"), the interest on which shall accrue for the benefit of the private contractor or subcontractor named above. The Retained Amount and all accrued interest thereon shall be disbursed by the Trustee to the private contractor or subcontractor upon receiving a written authorization signed on behalf of the Issuer. Subsequent retainages from disbursements to or for the benefit of that private contractor or subcontractor may be added to that Separate Account, it being the intention hereof that a single Separate Account shall be created for each private contractor or subcontractor as to which any retainage occurs. Unless the Trustee receives written instructions from Tooele City that the fees of the Trustee relating to the Separate Account are to be paid by the establishment, investment and disbursement of the Separate Account shall be borne by the private contractor or subcontractor and may be withheld by the Trustee from the Separate Account prior to the disbursement thereof; provided, however, that if such fees are borne by the Separate Account, and if the interest earned on the Separate Account is less than the amount of such fees, then the fees withheld from such Separate Account shall not exceed the interest earned and the balance of such fees shall be paid by Tooele City.

DATED: _____, 19 _____

APPROVED:
STATE OF UTAH WATER QUALITY BOARD

Its: _____

By: _____
Title: _____

APPENDIX C

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER PARAGRAPH (b)(5) OF RULE 15c2-12

DATED: _____, 2026

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by Tooele City, Utah (the “*Issuer*”) in connection with the issuance of \$_____ Water Revenue Bonds, Series 2026 (the “*Bonds*”). The Bonds are being issued pursuant to a General Indenture of Trust dated as of December 1, 1997, and a Fourth Supplemental Trust Indenture, dated as of October 1, 2026 (collectively, the “*Indenture*”).

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Issuer covenants and agrees as follows:

Section 1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Issuer as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

Section 2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data described in *Exhibit I*.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited financial statements of the Issuer prepared pursuant to the standards and as described in *Exhibit I*.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

Financial Obligation means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“*Reportable Event*” means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

“*Reportable Events Disclosure*” means dissemination of a notice of a Reportable Event as set forth in Section 5.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Utah.

“*Undertaking*” means the obligations of the Issuer pursuant to Sections 4 and 5.

Section 3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Bonds maturing in each of the following years are as follows:

<u>December 1 of the Year</u>	CUSIP	<u>December 1 of the Year</u>	CUSIP
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	
2032		2042	
2033		2043	
2034		2044	
2035		2045	
2036		2046	

The Final Official Statement relating to the Bonds is dated _____, 2026 (the “*Final Official Statement*”). The Issuer will include the CUSIP Number in all disclosure described in Sections 4 and 5 of this Agreement.

Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

Section 5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all

documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

Section 6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. The Issuer shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Issuer to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

Section 7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Issuer by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or change in the identity, nature, or status of the Issuer, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the Issuer or any other obligated person (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. The Issuer shall give notice to EMMA in a timely manner if this Section is applicable.

Section 9. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event. If the Issuer is changed, the Issuer shall disseminate such information to EMMA.

Section 11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

Section 12. RECORDKEEPING. The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 13. ASSIGNMENT. The Issuer shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

Section 14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

DATED as of the day and year first above written.

TOOELE CITY, UTAH

By _____
Mayor

Address: 90 North Main Street
Tooele, Utah 84047

ATTEST AND COUNTERSIGN:

By _____
City Recorder

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Official Statement under the following captions:

THE SYSTEM

- Service Connections
- Major Users of the Sewer Facilities
- Average Daily Flow

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 200 days after the last day of the Issuer’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared pursuant to generally accepted accounting principles applicable to governmental units in general and Utah cities in particular. Audited Financial Statements will be submitted to EMMA within 30 days after availability to Issuer.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF FARNSWORTH JOHNSON PLLC]

[TO BE DATED CLOSING DATE]

Re: \$ _____
 Tooele City, Utah
 Sewer Revenue Bonds
 Series 2026

We have acted as bond counsel to the Tooele City, Utah (the “*Issuer*”) in connection with the issuance by the City of its \$ _____ Sewer Revenue Bonds, Series 2026 dated the date hereof (the “*Bonds*”). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to a General Indenture of Trust, dated as of December 1, 1997, and a Fourth Supplemental Trust Indenture, dated as of October 1, 2026 (collectively, the “*Indenture*”). The Bonds are being issued under the authority Local Government Bonding Act (the “*Act*”), Chapter 14 of Title 11 of the Utah Code Annotated 1953, as amended (the “*Utah Code*”).

The Bonds and any other bonds, notes or other obligations heretofore or hereafter issued under the Indenture or parity therewith, are payable from the Revenues (as defined in the Indenture), and other moneys and funds pledged pursuant to the Indenture. The Bonds are not secured by ad valorem property taxes levied by the Issuer and are not a general obligation of the Issuer.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

(1) The Issuer has the power under the Act to issue the Bonds and to execute and deliver the Indenture and the proceedings of the City Council of the Issuer referred to above show lawful authority for the issuance of the Bonds and for the execution and delivery of the Indenture.

(2) The Indenture has been duly and lawfully executed and delivered by the Issuer, is in full force and effect and is valid and binding upon the Issuer and enforceable in accordance with its terms (subject to the limitations set forth below), and no other authorization for the Indenture is required.

(3) The Indenture creates the valid pledge which it purports to create of the Revenues, moneys, securities and funds held or set aside under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

(4) The Bonds are valid and binding special obligations of the Issuer, enforceable in accordance with their terms (subject to the limitations set forth below) and the terms of the Indenture and are entitled to the benefits and security of the Indenture and the Act, and the Bonds have been duly and validly authorized and issued in accordance with law and the Indenture. Neither the faith and credit nor the taxing power of the State of Utah (the “*State*”), the Issuer or any other political subdivision is pledged to the payment of the principal or redemption price of, or interest on, the Bonds.

(5) All actions, conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to the sale and issuance of the Bonds by the Issuer have been complied with.

(6) Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the “*Code*”), that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

(7) Interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding the accuracy, adequacy, or completeness of the disclosure document, if any, relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX E

PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds are to be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate is to be issued for each series of the Series 2026 Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has S&P’s rating of AA+. The DTC Rules applicable to its Direct Participants are on file with the Securities and Exchange Commission. The City does not make any representation about such information. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which are to receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2026 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2026 Bonds may wish to ascertain

that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2026 Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners are to be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC nor its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, Series 2026 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2026 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.