



Financial Statements

For the Year Ended December 31, 2016

Tooele County, Utah

Financial Statements

With Auditors' Report Thereon

For the Year Ended December 31, 2016

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Tooele County, Utah
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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable County Commission
Tooele County, Utah

**Report on the Financial
Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele County, Utah, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Discretely Presented Component Unit

The financial statements of Tooele County Recreation Special Service District have not been audited, and we were not engaged to audit Tooele County Recreation Special Service District financial statements as part of our audit of Tooele County, Utah's basic financial statements. Tooele County Recreation Special Service District's financial activities are included in Tooele County, Utah's basic financial statements as a discretely presented component unit. 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele County, Utah as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the information about infrastructure assets reported using the modified approach, other postemployment benefit plan - schedule of funding progress, pension related information, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tooele County, Utah's basic financial statements. The combining and individual nonmajor fund financial statements, combining internal service fund financial statements, Statement of Receipts and Disbursements, and the Schedule of Taxes Charged, Collected, and Distributed are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2017, on our consideration of Tooele County, Utah'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 the 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 County, Utah's internal control over financial reporting and compliance.

Ulrich & Associates, P.C.

Ogden, UT
June 15, 2017

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Tooele County, Utah
Management Discussion & Analysis
December 31, 2016

This discussion of Tooele County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2016. This report is in conjunction with the County's financial statements.

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

Financial Highlights

- The government-wide assets of Tooele County exceeded its liabilities as of the close of the most recent year by \$116,165,603 (*net position*). Of this amount, \$13,714,935 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total government-wide net position increased by \$2,739,117.
- At the close of the current year, the Tooele County governmental funds reported combined ending fund balances of \$19,739,579, an increase of \$2,375,258 in comparison with the prior year. Approximately 52% of the ending fund balance, \$10,329,952 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current year, unassigned fund balance for the general fund was \$10,329,952 or 44% of total general fund expenditures.
- Tooele County's total long-term liabilities at the close of 2016 was \$40,207,686. This represents a 3% increase over the prior year, which is attributable to reduction in outstanding principal from debt service payments & other post employment benefits based on independent determinations and increases in pension related items.

Overview of the Financial Statements

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

Tooele County, Utah
Management Discussion & Analysis - continued
December 31, 2016

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

Tooele County, Utah
Management Discussion & Analysis - continued
December 31, 2016

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

Tooele County, Utah
Management Discussion & Analysis - continued
December 31, 2016

Fiduciary Funds

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

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

Notes to Financial Statements

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

Other Information

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Tooele County, assets exceeded liabilities by \$116,165,603 at the close of the most recent fiscal year.

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

Tooele County, Utah
Management Discussion & Analysis - continued
December 31, 2016

	Tooele County's Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<i>Assets</i>						
Current and other assets	\$ 24,947,629	22,040,796	4,334,248	4,864,069	29,281,877	26,904,865
Capital assets	92,910,794	91,469,786	34,647,207	36,829,790	127,558,001	128,299,576
Total assets	<u>117,858,423</u>	<u>113,510,582</u>	<u>38,981,455</u>	<u>41,693,859</u>	<u>156,839,878</u>	<u>155,204,441</u>
<i>Deferred Outflows</i>	<u>4,702,069</u>	<u>2,286,644</u>	<u>451,967</u>	<u>203,532</u>	<u>5,154,036</u>	<u>2,490,176</u>
<i>Liabilities</i>						
Long-term liabilities outstanding	24,910,124	25,720,963	1,974,059	1,664,074	26,884,183	27,385,037
Other liabilities	15,573,781	12,958,423	2,342,258	2,704,738	17,916,039	15,663,161
Total liabilities	<u>40,483,905</u>	<u>38,679,386</u>	<u>4,316,317</u>	<u>4,368,812</u>	<u>44,800,222</u>	<u>43,048,198</u>
<i>Deferred Inflows</i>	<u>942,968</u>	<u>857,130</u>	<u>85,121</u>	<u>76,292</u>	<u>1,028,089</u>	<u>933,422</u>
<i>Net Position</i>						
Net investment in capital assets	68,000,670	65,748,823	30,545,329	30,970,865	98,545,999	96,719,688
Restricted	3,816,536	4,766,735	88,133	324,984	3,904,669	5,091,719
Unrestricted	<u>9,316,413</u>	<u>5,745,152</u>	<u>4,398,522</u>	<u>6,156,438</u>	<u>13,714,935</u>	<u>11,901,590</u>
Total net position	<u>\$ 81,133,619</u>	<u>76,260,710</u>	<u>35,031,984</u>	<u>37,452,287</u>	<u>116,165,603</u>	<u>113,712,997</u>

A portion of Tooele County's net position (3.36%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$13,714,935 may be used to meet the government's ongoing obligations to citizens and creditors.

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

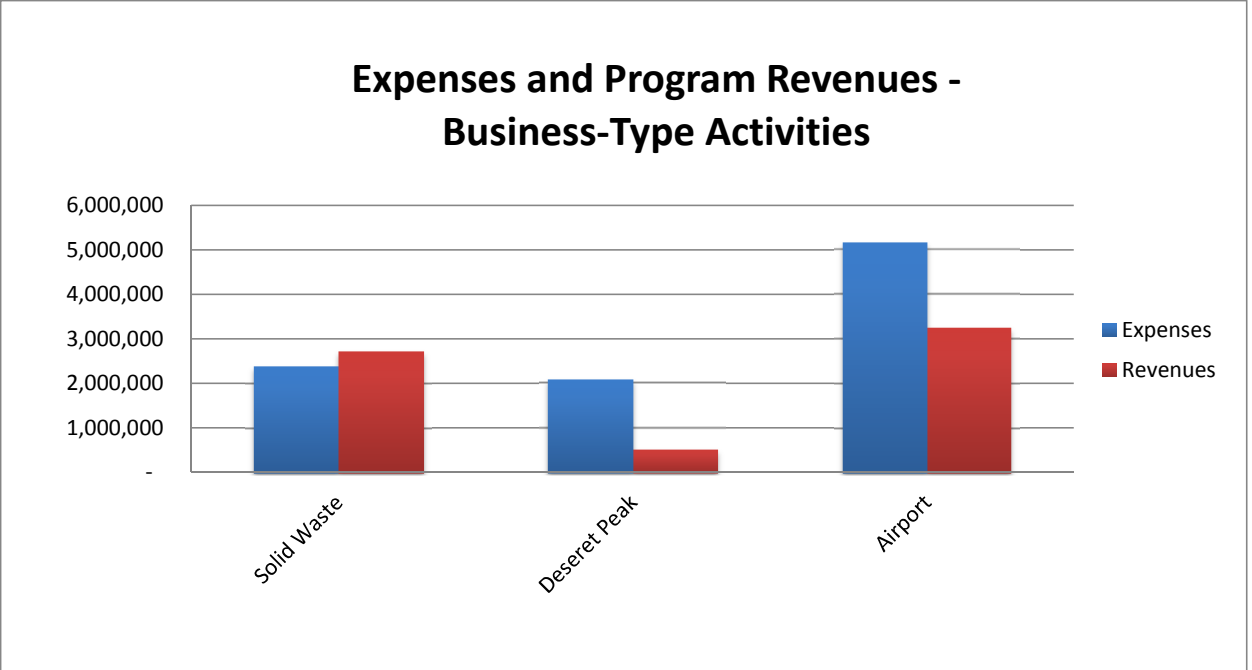
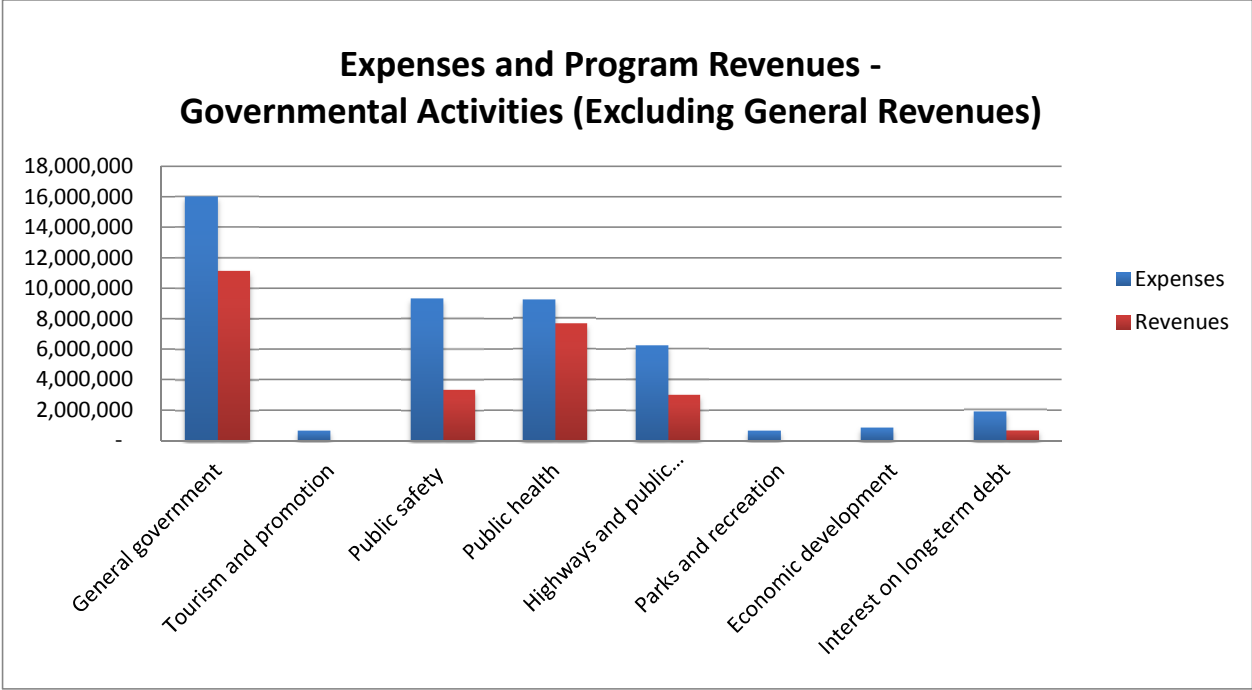
Tooele County, Utah
Management Discussion & Analysis - continued
December 31, 2016

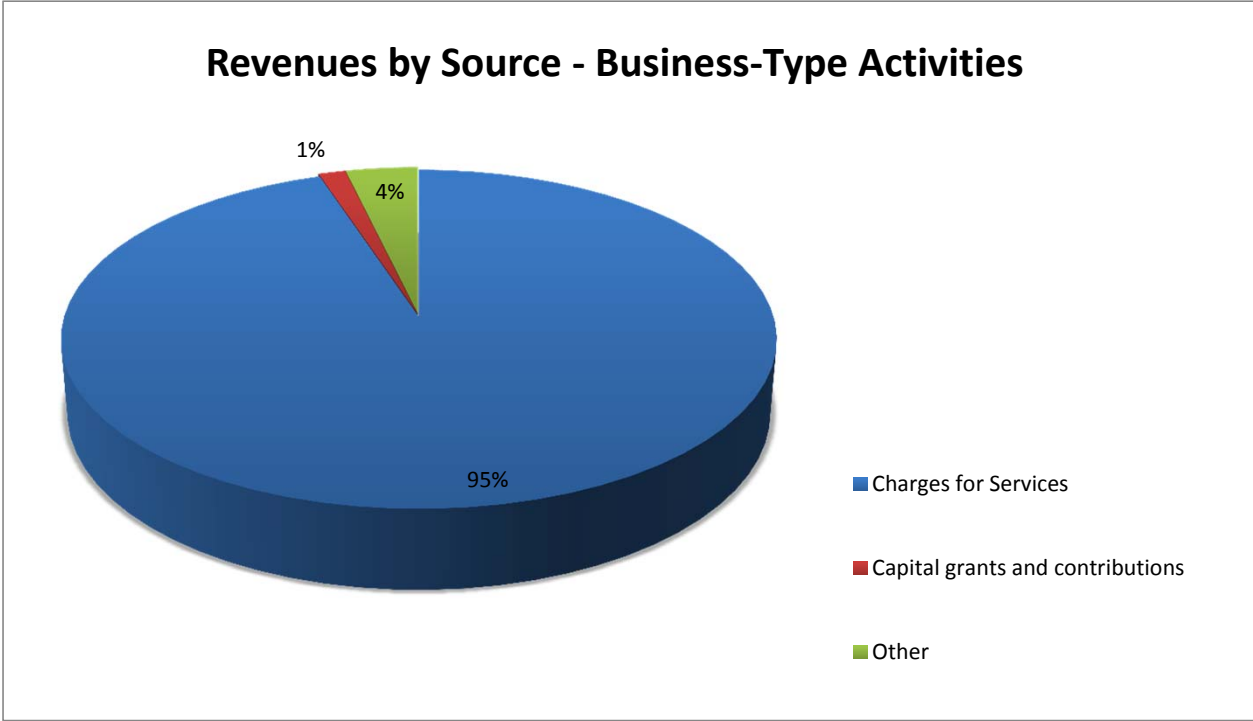
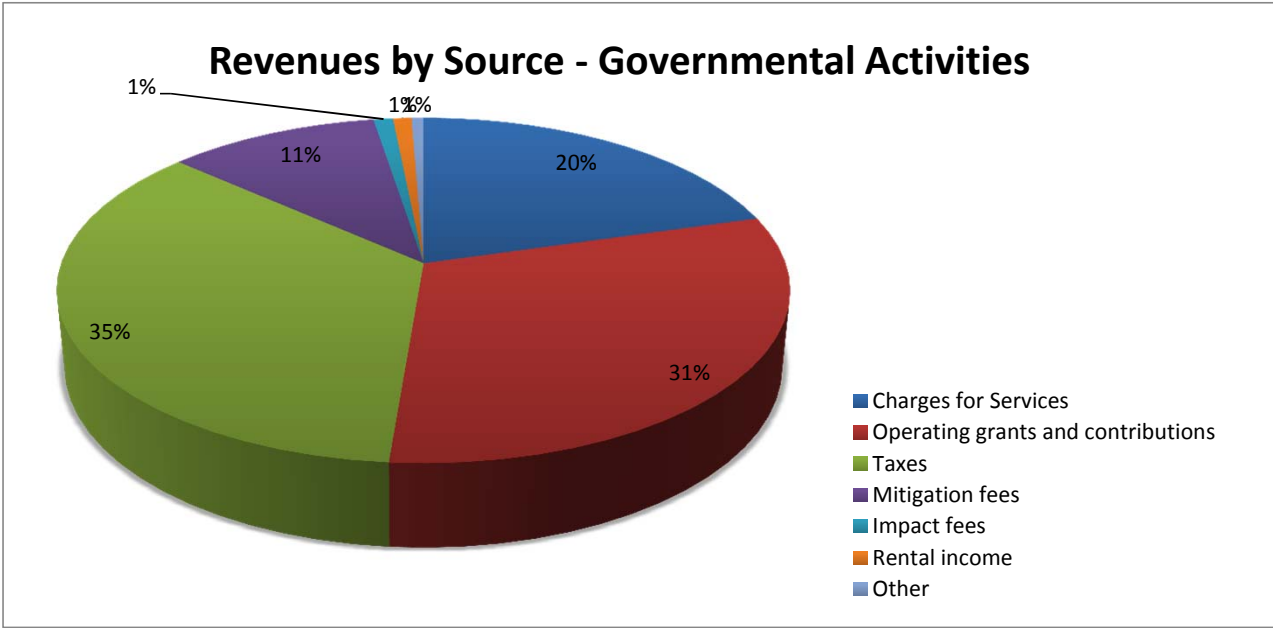
Governmental Activities

Governmental activities increased Tooele County's net position by \$4,761,852 and the Business-type activities decreased net position by \$2,022,735. The net increase in total net position was \$2,739,117. Key elements of this net increase are as follows:

Tooele County's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 10,354,729	8,436,189	6,392,535	6,644,660	16,747,264	15,080,849
Operating grants and contributions	15,516,923	15,709,715	-	-	15,516,923	15,709,715
Capital grants and contributions	-	-	93,558	1,716,286	93,558	1,716,286
General Revenues:						
Taxes	17,795,303	16,201,947	-	-	17,795,303	16,201,947
Earnings on investments	140,170	93,041	47,831	28,384	188,001	121,425
Mitigation fees	5,482,010	5,488,521	-	-	5,482,010	5,488,521
Impact fees	504,919	-	-	-	504,919	-
Rental income	477,636	675,632	196,828	315,979	674,464	991,611
Gain (loss) on capital assets	80,150	-	(14,848)	135,772	65,302	135,772
Miscellaneous	91,552	146,267	19,813	45,842	111,365	192,109
Total revenues	50,443,392	46,751,312	6,735,717	8,886,923	57,179,109	55,638,235
Expenses:						
General government	16,012,451	13,903,027	-	-	16,012,451	13,903,027
Tourism and promotion	636,436	616,188	-	-	636,436	616,188
Public safety	9,332,506	9,247,920	-	-	9,332,506	9,247,920
Public health	9,211,515	8,731,588	-	-	9,211,515	8,731,588
Highways and public improvements	6,250,375	4,381,184	-	-	6,250,375	4,381,184
Parks and recreation	628,085	392,765	-	-	628,085	392,765
Economic development	852,843	540,881	-	-	852,843	540,881
Interest on long-term debt	1,902,732	1,934,558	104,726	109,956	2,007,458	2,044,514
Solid waste	-	-	2,389,199	2,346,983	2,389,199	2,346,983
Deseret Peak	-	-	1,993,561	1,639,481	1,993,561	1,639,481
Airport	-	-	5,125,563	5,414,016	5,125,563	5,414,016
Total expenses	44,826,943	39,748,111	9,613,049	9,510,436	54,439,992	49,258,547
Change in net position before transfers	5,616,449	7,003,201	(2,877,332)	(623,513)	2,739,117	6,379,688
Transfers in (out)	(854,597)	(736,590)	854,597	736,590	-	-
Change in net position	4,761,852	6,266,611	(2,022,735)	113,077	2,739,117	6,379,688
Net position - beginning, as adjusted	76,371,767	69,994,099	37,054,719	37,339,210	113,426,486	107,333,309
Net position - ending	\$ 81,133,619	76,260,710	35,031,984	37,452,287	116,165,603	113,712,997

Tooele County, Utah
Management Discussion & Analysis - continued
December 31, 2016





Tooele County, Utah
Management Discussion & Analysis - continued
December 31, 2016

Governmental Activities

- Charges for governmental services increased by \$1,918,540.
- Governmental operating grants increased by \$2,384,314.
- Tax revenues had a net decrease of \$983,750 consisting of:
 - Property taxes \$ 1,395,176
 - Sales taxes (69,413)
 - Transient room taxes 25,782
 - Restaurant taxes 39,048
 - Mass transit taxes 199,045
 - Franchise taxes 3,718
- Mitigations fees decreased by \$6,511.
- Rental income decreased by \$197,996.
- Miscellaneous revenues decreased by \$54,715.

Business-type Activities

Business-type activities net position decreased by \$2,022,735, a 5.40% decrease. Key elements of this increase are as follows:

- Solid Waste revenues totaled \$2,718,197, an increase of \$60,033. Solid Waste expenses totaled \$2,389,199, including depreciation of \$51,997 for an increase of \$42,216.
- Deseret Peak revenues totaled \$523,176, a increase of \$52,787. Deseret Peak expenses totaled \$1,993,561, including depreciation of \$950,713 for a increase of \$354,080.
- Airport revenues and grants totaled \$3,244,720, a decrease of \$1,987,673. Airport expenses totaled \$5,125,563, including depreciation of \$1,906,765 for a decrease of \$288,453.

Financial Analysis of the Government's Funds

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

Tooele County, Utah
Management Discussion & Analysis - continued
December 31, 2015

Governmental Funds

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

At the end of the year, Tooele County's governmental funds reported combined ending fund balances of \$19,739,579, an increase of \$2,375,258 in comparison with the prior year. Approximately 52% of this amount, \$10,329,952, constitutes unassigned fund balance, which is available for spending at the government's discretion. Other amounts are assigned or committed by each fund in the amount of \$5,593,091. The remainder of the fund balance is restricted and is limited as to where it may be spent:

Debt	\$ 736,463
Transient/restaurant room	1,985,704
E911 Dispatch	725,805
Public Safety	366,651
Other	1,913
	<u>\$ 3,816,536</u>

The general fund is the primary operating fund of Tooele County. At the end of the current year, the fund balance of the general fund was \$11,464,104, of which \$10,329,952 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 44.15% of total general fund expenditures.

Proprietary Funds

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$4,447,515. Other factors concerning the finances of these funds have already been addressed in the discussion of Tooele County's business-type activities.

Tooele County, Utah
Management Discussion & Analysis - continued
December 31, 2016

General Fund Budgetary Highlights

Actual revenues of \$28,743,624 were more than final budgeted revenues by \$1,381,179 or 4.81%. Intergovernmental revenues, charges for services, mitigation fees, and rental income were above management's projections.

The final adopted budget for General Fund expenditures was \$25,068,258 in 2016, which is \$701,590 more than the 2016 original adopted budget.

Expenditures in 2016 were \$23,396,447, or approximately 6.67% less than the final adopted budget of \$25,068,258. Over-expended amounts occurred in the following County departments: conservation and economic development (due to change in reporting of mass transit taxes paid directly to UTA & lack of budget for community development block grants), and other administrative.

Capital Asset and Debt Administration

Capital Assets

Tooele County's investment in capital assets for its governmental activities, as of December 31, 2016, was \$92,910,794 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture, fixtures, and equipment, and infrastructure, which includes roads, highways, and bridges. The total increase in Tooele County's investment in capital assets for the current year was \$1,441,007, net of depreciation.

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

- The Airport Fund added construction in process for a runway extension of \$81,219.
- The Deseret Peak Fund added \$134,239 in vehicles and equipment.
- The Solid Waste Fund added \$528,282 in vehicles and equipment.
- Governmental activities added \$560,062 in vehicles and equipment. The Governmental activities also reported \$2,490,543 in construction in process related to road improvements.

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

Tooele County, Utah
Management Discussion & Analysis - continued
December 31, 2016

Tooele County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 7,570,720	7,570,720	1,759,620	1,759,620	9,330,340	9,330,340
Buildings and improvements	36,866,378	38,064,350	31,553,621	32,809,007	68,419,999	70,873,357
Construction in progress	5,072,671	2,582,128	-	1,394,567	5,072,671	3,976,695
Furniture, fixtures, and equipment	1,928,781	1,780,345	1,333,966	866,596	3,262,747	2,646,941
Infrastructure	41,472,244	41,472,244	-	-	41,472,244	41,472,244
Total	<u>\$ 92,910,794</u>	<u>91,469,787</u>	<u>34,647,207</u>	<u>36,829,790</u>	<u>127,558,001</u>	<u>128,299,577</u>

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

Long-term Debt

At the end of the current year, Tooele County had total debt outstanding of \$40,207,686. The debt represents lease revenue bonds, sales tax revenue bonds, and capital leases.

Tooele County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Lease revenue bonds	\$ 23,369,504	23,813,523	574,878	694,678	23,944,382	24,508,201
Sales tax revenue bonds	1,540,620	1,760,940	1,767,380	2,010,060	3,308,000	3,771,000
Capital leases	-	146,500	-	-	-	146,500
Compensated absences	1,085,028	877,731	-	-	1,085,028	877,731
Net pension liability	7,024,333	5,066,046	652,339	570,138	7,676,672	5,636,184
Net post employment benefit obligation	3,768,919	3,823,712	424,685	420,788	4,193,604	4,244,500
Total	<u>\$ 36,788,404</u>	<u>35,488,452</u>	<u>3,419,282</u>	<u>3,695,664</u>	<u>40,207,686</u>	<u>39,184,116</u>

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

Tooele County, Utah
Management Discussion & Analysis - continued
December 31, 2016

Requests for Information

This financial report is designed to provide a general overview of Tooele County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information such as reports for component units, should be addressed to the Tooele County Clerk/Auditor, 47 South Main Street, Tooele, Utah, 84074.

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BASIC FINANCIAL STATEMENTS

Tooele County, Utah
Statement of Net Position
December 31, 2016

	Primary Government			(unaudited) Component Unit
	Governmental Activities	Business- Type Activities	Total	Tooele County Recreation SSD
<u>Assets</u>				
Cash and cash equivalents	\$ 16,233,023	3,162,940	19,395,963	104,715
Restricted cash	993,358	684,315	1,677,673	-
Accounts receivable - net	7,336,238	448,598	7,784,836	-
Prepays	318,630	38,395	357,025	-
Inventory	14,376	-	14,376	-
Capital lease receivable	43,687	-	43,687	-
Net pension asset	8,317	-	8,317	-
Capital assets not being depreciated				
Land, roads and construction in process	54,115,635	1,759,620	55,875,255	-
Capital assets, net of accumulated depreciation				
Buildings, improvements, equipment, and other	38,795,159	32,887,587	71,682,746	-
Total assets	117,858,423	38,981,455	156,839,878	104,715
<u>Deferred Outflows of Resources</u>				
Pension outflows	4,702,069	451,967	5,154,036	-
Total deferred outflows of resources	4,702,069	451,967	5,154,036	-
<u>Liabilities</u>				
Accounts payable and accrued liabilities	3,585,718	492,869	4,078,587	-
Accrued interest payable	59,783	17,984	77,767	-
Accrued landfill closure costs	-	386,182	386,182	-
Unearned revenue	50,000	-	50,000	-
Compensated absences - current	813,771	-	813,771	-
Net OPEB obligation	3,768,919	424,685	4,193,604	-
Net pension liability	7,024,333	652,339	7,676,672	-
Compensated absences - noncurrent	271,257	-	271,257	-
Noncurrent liabilities				
Due within one year	694,370	303,345	997,715	-
Due in more than one year	24,215,754	2,038,913	26,254,667	-
Total liabilities	\$ 40,483,905	4,316,317	44,800,222	-

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

Tooele County, Utah
Statement of Net Position - continued
December 31, 2016

Deferred Inflows of Resources

Pension inflows	\$ 942,968	85,121	1,028,089	-
Total deferred inflows of resources	<u>942,968</u>	<u>85,121</u>	<u>1,028,089</u>	<u>-</u>

Net Position

Net investment in capital assets	68,000,670	30,545,329	98,545,999	-
Restricted for				
Debt	736,463	48,993	785,456	-
Class B roads	-	-	-	-
Transient room	1,985,704	-	1,985,704	-
E911	725,805	-	725,805	-
Public safety	366,651	-	366,651	-
Landfill closure	-	39,140	39,140	-
Other	1,913	-	1,913	-
Unrestricted	<u>9,316,413</u>	<u>4,398,522</u>	<u>13,714,935</u>	<u>104,715</u>
Total net position	<u>\$ 81,133,619</u>	<u>35,031,984</u>	<u>116,165,603</u>	<u>104,715</u>

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

Tooele County, Utah
Statement of Activities
For the Year Ended December 31, 2016

Function/Programs	Program Revenues				Net (Expense) Revenues & Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			(unaudited) Component Unit
					Governmental Activities	Business-type Activities	Total	Tooele County Recreation SSD
Primary government								
Governmental activities								
General government	\$ 16,012,451	6,135,828	5,009,366	-	(4,867,257)	-	(4,867,257)	-
Tourism and promotion	636,436	-	-	-	(636,436)	-	(636,436)	-
Public safety	9,332,506	2,089,996	1,263,250	-	(5,979,260)	-	(5,979,260)	-
Public health	9,211,515	2,037,041	5,620,988	-	(1,553,486)	-	(1,553,486)	-
Highways and public improvements	6,250,375	91,864	2,912,790	-	(3,245,721)	-	(3,245,721)	-
Culture and recreation	628,085	-	-	-	(628,085)	-	(628,085)	-
Conservation and economic development	852,843	-	-	-	(852,843)	-	(852,843)	-
Interest on long-term debt	1,902,732	-	710,529	-	(1,192,203)	-	(1,192,203)	-
Total governmental activities	44,826,943	10,354,729	15,516,923	-	(18,955,291)	-	(18,955,291)	-
Business-type activities								
Solid waste	2,389,199	2,718,197	-	-	-	328,998	328,998	-
Deseret Peak	1,993,561	523,176	-	-	-	(1,470,385)	(1,470,385)	-
Airport	5,125,563	3,151,162	-	93,558	-	(1,880,843)	(1,880,843)	-
Total business-type activities	9,508,323	6,392,535	-	93,558	-	(3,022,230)	(3,022,230)	-
Total primary government	\$ 54,335,266	16,747,264	15,516,923	93,558	(18,955,291)	(3,022,230)	(21,977,521)	-
Component unit								
Tooele County Recreation SSD	\$ 69,622	-	152,069	-	-	-	-	82,447
Total component units	\$ 69,622	-	152,069	-	-	-	-	82,447
General revenues								
Property taxes					10,938,655	-	10,938,655	-
General sales and use tax					5,258,798	-	5,258,798	-
Transient room tax					405,988	-	405,988	-
Restaurant tax					572,531	-	572,531	-
Mass transit tax					587,590	-	587,590	-
Franchise taxes					31,741	-	31,741	-
Impact fees					504,919	-	504,919	-
Mitigation fees					5,482,010	-	5,482,010	-
Rental income					477,636	196,828	674,464	-
Miscellaneous					91,552	19,813	111,365	-
Net interest earnings (expense)					140,170	(56,895)	83,275	32
Sale of capital assets					80,150	(14,848)	65,302	-
Transfers					(854,597)	854,597	-	-
Total general revenues and transfers					23,717,143	999,495	24,716,638	32
Change in net position					4,761,852	(2,022,735)	2,739,117	82,479
Net position - beginning, as adjusted					76,371,767	37,054,719	113,426,486	22,236
Net position - ending					\$ 81,133,619	35,031,984	116,165,603	104,715

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Tooele County, Utah
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Special Revenue Funds				Capital Projects	Other	Total
		Human Services	Public Health	Road Maintenance	Municipal Services	General	Governmental Funds	Governmental Funds
<u>Assets and Deferred Outflows of Resources</u>								
Cash and cash equivalents	\$ 9,056,317	420,406	2,281,767	-	-	423,452	3,200,820	15,382,762
Restricted cash	-	-	-	256,895	-	-	736,463	993,358
Receivables (net)								
Accounts	5,341,083	143,677	137,030	552,591	-	-	206,810	6,381,191
Taxes	-	-	-	-	955,047	-	-	955,047
Inventory	-	-	-	-	-	-	1,381	1,381
Prepaid items	39,783	278,747	-	100	-	-	-	318,630
Total assets	<u>\$ 14,437,183</u>	<u>842,830</u>	<u>2,418,797</u>	<u>809,586</u>	<u>955,047</u>	<u>423,452</u>	<u>4,145,474</u>	<u>24,032,369</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>								
Liabilities								
Accounts payable	\$ 1,763,821	66,867	24,190	60,097	4,481	21,698	298,073	2,239,227
Accrued liabilities	1,209,258	-	37,430	21,335	-	-	15,126	1,283,149
Checks written in excess of cash	-	-	-	-	720,414	-	-	720,414
Unearned revenue	-	-	-	-	-	50,000	-	50,000
Total liabilities	<u>\$ 2,973,079</u>	<u>66,867</u>	<u>61,620</u>	<u>81,432</u>	<u>724,895</u>	<u>71,698</u>	<u>313,199</u>	<u>4,292,790</u>

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

Tooele County, Utah
Balance Sheet - continued
Governmental Funds
December 31, 2016

	General Fund	Special Revenue Funds			Municipal Services	Capital Projects	Other Governmental Funds	Total Governmental Funds
		Human Services	Public Health	Road Maintenance		General		
Fund Balances								
Nonspendable	\$ 39,783	278,747	-	-	-	-	-	318,530
Restricted for								
Debt	-	-	-	-	-	-	736,463	736,463
Transient room/ restaurant	-	-	-	-	-	-	1,985,704	1,985,704
E911 Dispatch	725,805	-	-	-	-	-	-	725,805
Public Safety	366,651	-	-	-	-	-	-	366,651
Other	1,913	-	-	-	-	-	-	1,913
Assigned, reported in								
Special Revenue Funds	-	497,216	2,357,177	728,154	230,152	-	565,761	4,378,460
Debt Service Funds	-	-	-	-	-	-	382,158	382,158
Capital Projects Funds	-	-	-	-	-	351,754	162,189	513,943
Unassigned	10,329,952	-	-	-	-	-	-	10,329,952
Total fund balances	11,464,104	775,963	2,357,177	728,154	230,152	351,754	3,832,275	19,739,579
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,437,183	842,830	2,418,797	809,586	955,047	423,452	4,145,474	24,032,369

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

Tooele County, Utah
Balance Sheet Reconciliation to Statement of Net Position
December 31, 2016

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

Total fund balances - governmental fund types	\$ 19,739,579
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	92,910,794
Internal service funds are used by management to charge the costs of service equipment management to individual funds. The assets and liabilities of the internal service fund are included in governmental funds.	1,555,266
Internal service funds are used by management to charge the costs of central stores to individual funds. The assets and liabilities of the internal service fund are included in governmental funds.	(34,938)
Long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	43,687
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(33,080,769)</u>
Net position of government activities	<u><u>\$ 81,133,619</u></u>

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

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Tooele County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Special Revenue Funds			Municipal Services	Capital Projects	Other	Total
		Human Services	Public Health	Road Maintenance		General	Governmental Funds	Governmental Funds
<u>Revenues</u>								
Taxes								
General property taxes	\$ 8,269,059	-	794,447	278,052	1,551,142	-	45,955	10,938,655
Sales taxes	2,298,180	-	-	-	2,960,618	-	-	5,258,798
Transient room tax	-	-	-	-	-	-	405,988	405,988
Restaurant tax	-	-	-	-	-	-	572,531	572,531
Mass transit tax	587,590	-	-	-	-	-	-	587,590
Franchise tax	31,741	-	-	-	-	-	-	31,741
Licenses and permits	38,115	-	-	-	1,128,982	-	-	1,167,097
Intergovernmental	4,482,340	1,850,270	3,067,222	2,683,707	-	1,790,276	1,643,108	15,516,923
Charges for services	6,484,665	-	1,514,981	91,864	18,300	-	522,060	8,631,870
Impact fees	394,490	-	-	-	-	110,429	-	504,919
Fines and forfeitures	555,762	-	-	-	-	-	-	555,762
Interest on investments	33,991	-	18,330	1,278	29,471	10,264	33,769	127,103
Mitigation fees	5,482,010	-	-	-	-	-	-	5,482,010
Lease revenue	-	-	-	-	-	-	1,617,164	1,617,164
Rental income	23,146	-	454,490	-	-	-	-	477,636
Other	62,535	-	-	-	-	46,132	29,017	137,684
Total revenues	28,743,624	1,850,270	5,849,470	3,054,901	5,688,513	1,957,101	4,869,592	52,013,471
<u>Expenditures</u>								
General government	9,834,252	-	-	-	4,871,259	-	6,075	14,711,586
Tourism and promotion	-	-	-	-	-	-	636,436	636,436
Public safety	9,701,822	-	-	-	8,489	-	-	9,710,311
Public health and human services	177,314	1,967,115	5,319,995	-	-	-	1,766,050	9,230,474
Highways and public improvements	352,712	-	-	5,460,515	-	-	-	5,813,227
Parks and recreation	725,539	-	-	-	-	-	-	725,539
Conservation and economic development	852,843	-	-	-	-	-	-	852,843
Other administrative	134,801	-	-	-	-	-	-	134,801

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

Tooele County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances - continued
Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Special Revenue Funds			Municipal Services	Capital Projects	Other	Total
		Human Services	Public Health	Road Maintenance		General	Governmental Funds	Governmental Funds
<u>Expenditures - continued</u>								
Debt Service								
Principle	\$ -	-	-	-	-	-	675,320	675,320
Interest	-	-	-	-	-	-	1,907,420	1,907,420
Bond costs	-	-	-	-	-	-	11,203	11,203
Lease payment	1,617,164	-	-	-	-	-	-	1,617,164
Capital outlay	-	-	-	-	-	2,859,340	-	2,859,340
Total expenditures	<u>23,396,447</u>	<u>1,967,115</u>	<u>5,319,995</u>	<u>5,460,515</u>	<u>4,879,748</u>	<u>2,859,340</u>	<u>5,002,504</u>	<u>48,885,664</u>
Excess revenues over (under) expenditures	<u>5,347,177</u>	<u>(116,845)</u>	<u>529,475</u>	<u>(2,405,614)</u>	<u>808,765</u>	<u>(902,239)</u>	<u>(132,912)</u>	<u>3,127,807</u>
<u>Other Financing Sources (Uses)</u>								
Capital lease	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	73,383	-	-	28,665	-	-	-	102,048
Operating transfers in	50,000	400,000	-	2,429,083	-	175,000	879,185	3,933,268
Operating transfers out	<u>(2,361,782)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>	<u>(426,083)</u>	<u>(4,787,865)</u>
Total other financing sources	<u>(2,238,399)</u>	<u>400,000</u>	<u>-</u>	<u>2,457,748</u>	<u>(2,000,000)</u>	<u>175,000</u>	<u>453,102</u>	<u>(752,549)</u>
Net change in fund balance	3,108,778	283,155	529,475	52,134	(1,191,235)	(727,239)	320,190	2,375,258
Fund balances - beginning of year	<u>8,355,326</u>	<u>492,808</u>	<u>1,827,702</u>	<u>676,020</u>	<u>1,421,387</u>	<u>1,078,993</u>	<u>3,512,085</u>	<u>17,364,321</u>
Fund balances - end of year	<u>\$ 11,464,104</u>	<u>775,963</u>	<u>2,357,177</u>	<u>728,154</u>	<u>230,152</u>	<u>351,754</u>	<u>3,832,275</u>	<u>19,739,579</u>

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

Tooele County, Utah
Statement of Changes Reconciliation to Statement of Activities
For the Year Ended December 31, 2016

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

Net changes in fund balances - total governmental funds	\$ 2,375,258
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,462,905
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(21,898)
Revenues in the statement of revenues, expenditures, and changes in fund balance that provide current financial resources are reported as revenues in the funds, but are reported as a reduction in capital lease receivable in the statement of activities.	(41,369)
The issuance of long-term debt (i.e. bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	826,508
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	207,346
Internal Service Funds are used by management to charge for central stores to individual funds. The net expense of the Internal Service Funds is reported within Governmental Activities.	(39,508)
Internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(7,390)</u>
Change in net position of governmental activities	<u><u>\$ 4,761,852</u></u>

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

Tooele County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 10,908,824	11,082,428	11,186,570	104,142
Licenses and permits	40,000	40,000	38,115	(1,885)
Intergovernmental	3,897,194	4,433,882	4,482,340	48,458
Charges for services	6,777,252	6,601,752	6,484,665	(117,087)
Fines and forfeitures	522,000	522,000	555,762	33,762
Impact fees	210,000	210,000	394,490	184,490
Interest on investments	7,000	7,000	33,991	26,991
Mitigation fees	4,290,000	4,290,000	5,482,010	1,192,010
Rental income	25,000	25,000	23,146	(1,854)
Other	110,000	150,383	62,535	(87,848)
	26,787,270	27,362,445	28,743,624	1,381,179
<u>Expenditures</u>				
General government	9,965,922	10,370,922	9,834,252	536,670
Public safety	10,758,619	10,828,646	9,701,822	1,126,824
Public health and human services	198,296	198,296	177,314	20,982
Highways and public improvements	364,644	403,007	352,712	50,295
Parks and recreation	705,901	842,101	725,539	116,562
Conservation and economic development	698,122	698,122	852,843	(154,721)
Other administrative	58,000	110,000	134,801	(24,801)
Lease payment	1,617,164	1,617,164	1,617,164	-
	24,366,668	25,068,258	23,396,447	1,671,811
Excess of revenues over (under) expenditures	2,420,602	2,294,187	5,347,177	3,052,990
<u>Other Financing Sources (Uses)</u>				
Sale of general capital assets	-	-	73,383	73,383
Operating transfers in	50,000	50,000	50,000	-
Operating transfers out	(2,286,947)	(2,361,782)	(2,361,782)	-
	(2,236,947)	(2,311,782)	(2,238,399)	73,383
Net change in fund balance	183,655	(17,595)	3,108,778	3,126,373
Fund balance, beginning of year	8,355,326	8,355,326	8,355,326	-
Fund balance, end of year	\$ 8,538,981	8,337,731	11,464,104	3,126,373

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

Tooele County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Human Services
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ 1,679,861	1,682,634	1,850,270	167,636
Total revenues	<u>1,679,861</u>	<u>1,682,634</u>	<u>1,850,270</u>	<u>167,636</u>
<u>Expenditures</u>				
Public health and human services	2,079,861	2,082,634	1,967,115	115,519
Total expenditures	<u>2,079,861</u>	<u>2,082,634</u>	<u>1,967,115</u>	<u>115,519</u>
Excess revenues over (under) expenditures	<u>(400,000)</u>	<u>(400,000)</u>	<u>(116,845)</u>	<u>283,155</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	400,000	400,000	400,000	-
Total other financing sources and (uses)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balance	-	-	283,155	283,155
Fund balances - beginning of year	<u>492,808</u>	<u>492,808</u>	<u>492,808</u>	<u>-</u>
Fund balances - end of year	<u>\$ 492,808</u>	<u>492,808</u>	<u>775,963</u>	<u>283,155</u>

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

Tooele County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Public Health
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	\$ 667,000	667,000	794,447	127,447
Intergovernmental	3,135,198	2,913,814	3,067,222	153,408
Charges for services	1,268,669	1,393,746	1,514,981	121,235
Interest on investments	-	-	18,330	18,330
Rental income	454,000	454,000	454,490	490
Total revenues	<u>5,524,867</u>	<u>5,428,560</u>	<u>5,849,470</u>	<u>420,910</u>
<u>Expenditures</u>				
Public health and human services	<u>5,809,467</u>	<u>5,697,565</u>	<u>5,319,995</u>	<u>377,570</u>
Total expenditures	<u>5,809,467</u>	<u>5,697,565</u>	<u>5,319,995</u>	<u>377,570</u>
Excess revenues over (under) expenditures	<u>(284,600)</u>	<u>(269,005)</u>	<u>529,475</u>	<u>798,480</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(284,600)	(269,005)	529,475	798,480
Fund balances - beginning of year	<u>1,827,702</u>	<u>1,827,702</u>	<u>1,827,702</u>	<u>-</u>
Fund balances - end of year	<u>\$ 1,543,102</u>	<u>1,558,697</u>	<u>2,357,177</u>	<u>798,480</u>

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

Tooele County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Road Maintenance
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	\$ 250,000	250,000	278,052	28,052
Intergovernmental	2,930,000	2,940,000	2,683,707	(256,293)
Charges for services	45,000	45,000	91,864	46,864
Interest on investments	-	-	1,278	1,278
Total revenues	<u>3,225,000</u>	<u>3,235,000</u>	<u>3,054,901</u>	<u>(180,099)</u>
<u>Expenditures</u>				
Highway and public improvements	3,660,000	5,670,000	5,460,515	209,485
Total expenditures	<u>3,660,000</u>	<u>5,670,000</u>	<u>5,460,515</u>	<u>209,485</u>
Excess revenues over (under) expenditures	<u>(435,000)</u>	<u>(2,435,000)</u>	<u>(2,405,614)</u>	<u>29,386</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from sale of capital assets	-	-	28,665	28,665
Operating transfers in	435,000	2,435,000	2,429,083	(5,917)
Total other financing sources and (uses)	<u>435,000</u>	<u>2,435,000</u>	<u>2,457,748</u>	<u>22,748</u>
Net change in fund balance	-	-	52,134	52,134
Fund balances - beginning of year	676,020	676,020	676,020	-
Fund balances - end of year	<u>\$ 676,020</u>	<u>676,020</u>	<u>728,154</u>	<u>52,134</u>

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

Tooele County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Municipal Services Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	\$ 4,151,937	4,342,830	4,511,760	168,930
Licenses and permits	601,000	751,000	1,128,982	377,982
Charges for services	5,000	5,000	18,300	13,300
Interest on investments	-	-	29,471	29,471
Total revenues	<u>4,757,937</u>	<u>5,098,830</u>	<u>5,688,513</u>	<u>589,683</u>
<u>Expenditures</u>				
General government	4,732,937	4,908,837	4,871,259	37,578
Public safety	25,000	25,000	8,489	16,511
Total expenditures	<u>4,757,937</u>	<u>4,933,837</u>	<u>4,879,748</u>	<u>54,089</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>164,993</u>	<u>808,765</u>	<u>643,772</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers out	-	(2,163,993)	(2,000,000)	163,993
Total other financing sources and (uses)	<u>-</u>	<u>(2,163,993)</u>	<u>(2,000,000)</u>	<u>163,993</u>
Net change in fund balance	-	(1,999,000)	(1,191,235)	807,765
Fund balances - beginning of year	1,421,387	1,421,387	1,421,387	-
Fund balances - end of year	<u>\$ 1,421,387</u>	<u>(577,613)</u>	<u>230,152</u>	<u>807,765</u>

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

Tooele County, Utah
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-type Activities			Governmental Activities	
	Solid Waste Fund	Deseret Peak Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
<u>Assets</u>					
Current assets					
Cash and cash equivalents	\$ 2,327,309	452,512	383,119	3,162,940	1,570,675
Restricted cash and cash equivalents	425,322	48,993	210,000	684,315	-
Accounts receivable - net	356,364	-	92,234	448,598	-
Inventory	-	-	-	-	12,995
Prepaid items	38,395	-	-	38,395	-
Total current assets	<u>3,147,390</u>	<u>501,505</u>	<u>685,353</u>	<u>4,334,248</u>	<u>1,583,670</u>
Noncurrent assets					
Capital assets not being depreciated					
Land, roads, and construction in process	369,045	1,390,575	-	1,759,620	-
Capital assets being depreciated					
Buildings, improvements, equipment, and other	3,691,215	24,352,886	34,504,253	62,548,354	380,992
Less: accumulated depreciation	<u>(3,069,422)</u>	<u>(14,873,067)</u>	<u>(11,718,278)</u>	<u>(29,660,767)</u>	<u>(355,561)</u>
Total noncurrent assets	<u>990,838</u>	<u>10,870,394</u>	<u>22,785,975</u>	<u>34,647,207</u>	<u>25,431</u>
Total assets	<u>\$ 4,138,228</u>	<u>11,371,899</u>	<u>23,471,328</u>	<u>38,981,455</u>	<u>1,609,101</u>
<u>Deferred Outflows of Resources</u>					
Pension outflows	183,782	65,002	203,183	451,967	-
Total deferred outflows of resources	<u>183,782</u>	<u>65,002</u>	<u>203,183</u>	<u>451,967</u>	<u>-</u>
<u>Liabilities</u>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 279,319	185,370	28,180	492,869	63,342
Accrued interest payable	-	17,009	975	17,984	-
General obligation - current portion	-	198,000	105,345	303,345	-
Total current liabilities	<u>279,319</u>	<u>400,379</u>	<u>134,500</u>	<u>814,198</u>	<u>63,342</u>
Non-current liabilities					
Landfill closure payable	386,182	-	-	386,182	-
Net OPEB obligation	132,075	164,716	127,894	424,685	-
Net pension	265,838	85,529	300,972	652,339	-
General obligation bonds	-	1,569,380	469,533	2,038,913	-
Total noncurrent liabilities	<u>784,095</u>	<u>1,819,625</u>	<u>898,399</u>	<u>3,502,119</u>	<u>-</u>
Total liabilities	<u>\$ 1,063,414</u>	<u>2,220,004</u>	<u>1,032,899</u>	<u>4,316,317</u>	<u>63,342</u>
<u>Deferred Inflows of Resources</u>					
Pension inflows	\$ 34,752	10,240	40,129	85,121	-
Total deferred inflows of resources	<u>\$ 34,752</u>	<u>10,240</u>	<u>40,129</u>	<u>85,121</u>	<u>-</u>
<u>Net Position</u>					
Net investment in capital assets	\$ 621,793	7,712,439	22,211,097	30,545,329	25,431
Restricted	39,140	-	-	39,140	-
Unrestricted	<u>2,562,911</u>	<u>1,494,218</u>	<u>390,386</u>	<u>4,447,515</u>	<u>1,520,328</u>
Total net position	<u>\$ 3,223,844</u>	<u>9,206,657</u>	<u>22,601,483</u>	<u>35,031,984</u>	<u>1,545,759</u>

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

Tooele County, Utah
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Solid Waste Fund	Deseret Peak Fund	Airport Fund		Internal Service Funds
<u>Operating Revenues</u>					
Service charges	\$ 2,718,197	523,176	3,151,162	6,392,535	181,365
Rental income	-	-	196,828	196,828	-
Miscellaneous	-	-	19,813	19,813	-
Total operating revenues	2,718,197	523,176	3,367,803	6,609,176	181,365
<u>Operating Expenses</u>					
Solid waste facility	2,337,202	-	-	2,337,202	-
Deseret Peak	-	1,042,848	-	1,042,848	-
Airport	-	-	3,218,798	3,218,798	-
General and administrative	-	-	-	-	222,117
Depreciation and amortization	51,997	950,713	1,906,765	2,909,475	5,052
Total operating expenses	2,389,199	1,993,561	5,125,563	9,508,323	227,169
Operating income (loss)	328,998	(1,470,385)	(1,757,760)	(2,899,147)	(45,804)
<u>Nonoperating Revenues (Expenses)</u>					
Federal and state grants/match	-	-	93,558	93,558	-
Gain (loss) on disposal of capital assets	172	(4,975)	(10,045)	(14,848)	-
Interest expense	-	(77,316)	(27,410)	(104,726)	-
Interest earnings	34,587	818	12,426	47,831	19,285
Total nonoperating Revenues (expenses)	34,759	(81,473)	68,529	21,815	19,285
Income before transfers	363,757	(1,551,858)	(1,689,231)	(2,877,332)	(26,519)
Transfer from other funds	-	854,597	-	854,597	-
Change in net position	363,757	(697,261)	(1,689,231)	(2,022,735)	(26,519)
Net position - beginning of year, as adjusted	2,860,087	9,903,918	24,290,714	37,054,719	1,572,278
Net position - end of year	\$ 3,223,844	9,206,657	22,601,483	35,031,984	1,545,759

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

Tooele County, Utah
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Solid Waste Fund	Deseret Peak Fund	Airport Fund		Internal Service Funds
Cash Flows From Operating Activities					
Receipts from customers	\$ 2,699,558	523,176	3,369,120	6,591,854	-
Receipts from interfund charges	-	-	-	-	181,365
Payments to suppliers and service providers	(1,404,485)	(719,772)	(2,844,504)	(4,968,761)	(211,449)
Payments to employees/subcontractors	(756,431)	(259,789)	(769,847)	(1,786,067)	-
Net cash provided (used) by operating activities	538,642	(456,385)	(245,231)	(162,974)	(30,084)
Cash Flows From Noncapital Financing Activities					
Transfers from (to) other funds	-	854,597	-	854,597	-
Net cash provided (used) by noncapital financing activities	-	854,597	-	854,597	-
Cash Flows From Capital and Related Financing Activities					
Principal paid on capital debt	-	(242,680)	(119,800)	(362,480)	-
Interest paid on capital debt	-	(79,777)	(27,835)	(107,612)	-
Proceeds from landfill closure payable	3,619	-	-	3,619	-
Proceeds from capital grants	-	-	93,558	93,558	-
Proceeds from sale of capital assets	2,000	-	-	2,000	-
Purchase of capital assets	(528,283)	(146,150)	(81,203)	(755,636)	(25,431)
Net cash provided (used) by capital financing activities	(522,664)	(468,607)	(135,280)	(1,126,551)	(25,431)
Cash Flows From Investing Activities					
Interest and dividends received	34,587	818	12,426	47,831	19,285
Net cash provided (used) by investing activities	34,587	818	12,426	47,831	19,285
Net increase (decrease) in cash and cash equivalents	50,565	(69,577)	(368,085)	(387,097)	(36,230)
Cash and cash equivalents - beginning	2,702,066	571,082	961,204	4,234,352	1,606,905
Cash and cash equivalents - ending	\$ 2,752,631	501,505	593,119	3,847,255	1,570,675
As reported:					
Cash and cash equivalents	\$ 2,327,309	452,512	383,119	3,162,940	1,570,675
Restricted cash and cash equivalents	425,322	48,993	210,000	684,315	-
	\$ 2,752,631	501,505	593,119	3,847,255	1,570,675
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income	\$ 328,998	(1,470,385)	(1,757,760)	(2,899,147)	(45,804)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	51,997	950,713	1,906,765	2,909,475	5,052
(Increase) decrease in accounts receivable	(18,639)	-	1,317	(17,322)	-
(Increase) decrease in inventory	-	-	-	-	(2,524)
Increase (decrease) in accounts payable	186,173	72,520	(380,382)	(121,689)	13,192
Increase (decrease) in pension asset/ liabilities	(15,465)	(6,399)	(16,324)	(38,188)	-
Increase (decrease) in OPEB obligation	5,578	(2,834)	1,153	3,897	-
Total adjustments	209,644	1,014,000	1,512,529	2,736,173	15,720
Net cash provided (used) by operating activities	\$ 538,642	(456,385)	(245,231)	(162,974)	(30,084)

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

Tooele County, Utah
Statement of Fiduciary Assets & Liabilities
Fiduciary Fund Types
For the Year Ended December 31, 2016

	<u>Total Agency Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 21,827,397
Other receivables	-
Total assets	<u>\$ 21,827,397</u>
<u>Liabilities</u>	
Taxes payable	\$ 20,446,780
Developer bonds payable	351,590
Court bail bonds payable	644,322
Due to other entities	<u>384,705</u>
Total liabilities	<u>\$ 21,827,397</u>

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

NOTES TO FINANCIAL STATEMENTS

Tooele County, Utah
Notes to Financial Statements
For the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies

Reporting entity

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

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

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

Redevelopment Agency
Municipal Building Authority

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

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

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

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies - Continued

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

Description of government-wide and fund financial statements

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

Basis of presentation - government-wide financial statements

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

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

Basis of presentation - fund financial statements

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

Note 1 - Summary of Significant Accounting Policies - Continued

The County reports the following major governmental funds:

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

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

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

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

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

General Capital Projects - This fund is used to account for the acquisition and development of various capital projects within the County.

The County reports the following major proprietary funds:

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

The *deseret peak fund* accounts for revenue and expenditures related to the recreation facility.

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

Additionally, the government reports the following fund types:

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

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

Note 1 - Summary of Significant Accounting Policies - Continued

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

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

Measurement focus and basis of accounting

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

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

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

Note 1 - Summary of Significant Accounting Policies - Continued

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

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

1. Deposits and investments

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

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

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

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

2. Inventories and prepaid items

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

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

Note 1 - Summary of Significant Accounting Policies - Continued

3. Receivables and payables

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

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

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

4. Capital assets

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

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than building	10-20
Machinery and equipment	7
Automobiles and trucks	3-7
Office furniture and equipment	3-5

Note 1 - Summary of Significant Accounting Policies - Continued

5. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

6. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

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

Note 1 - Summary of Significant Accounting Policies - Continued

7. Net position flow assumption

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

8. Fund balance flow assumptions

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

9. Fund balance policies

Government-wide financial statements

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

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

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

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

Note 1 - Summary of Significant Accounting Policies - Continued

Fund financial statements

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

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

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

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

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

Unassigned fund balance - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

Note 1 - Summary of Significant Accounting Policies - Continued

Revenues and expenditures/expenses

1. Program revenues

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

2. Property taxes

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

3. Compensated absences

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

4. Proprietary funds operating and nonoperating revenues and expenses

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

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

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

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

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

Capital related items:

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

Cost of capital assets	\$ 121,296,531
Accumulated depreciation	<u>(28,385,737)</u>
Total difference	<u><u>\$ 92,910,794</u></u>

Internal service funds:

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

	Service Equipment	Central Stores
Net position of the internal service funds	<u>\$ 1,580,697</u>	<u>(34,938)</u>

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

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

Long-term debt transactions:

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net position. Balances at December 31, 2016, were:

Bonds payable	\$ (25,195,620)
Discount on issuance	285,496
Interest payable	(59,783)
Compensated absences	(1,085,028)
Deferred inflow pensions	(942,968)
Deferred outflow pension	4,702,069
Net pension liability	(7,016,016)
Net OPEB obligation	<u>(3,768,919)</u>
Total difference	<u><u>\$ (33,080,769)</u></u>

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

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

Capital outlay	\$ 3,050,605
Depreciation expense	<u>(1,587,700)</u>
Net difference as reported	<u><u>\$ 1,462,905</u></u>

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

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

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

Principal repayments	\$ 821,820
Accrued interest	4,688
Net difference as reported	<u>\$ 826,508</u>

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

Amortization of bond discount	\$ (10,981)
Amortization of negative net pension obligation	370,831
Net OPEB obligation	54,793
Compensated absences	<u>(207,297)</u>
Net difference reported	<u>\$ 207,346</u>

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

	Service Equipment	Central Stores
Changes in net position	\$ 12,989	(39,508)
Depreciation on fleet assets	5,052	-
Purchased capital assets	<u>(25,431)</u>	<u>-</u>
Net difference reported	<u>\$ (7,390)</u>	<u>(39,508)</u>

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 3 - Stewardship, Compliance, and Accountability

Budgetary information

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

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

Excess of expenditures over appropriations

For the year ended December 31, 2016, expenditures exceeded appropriations in the following departments and funds:

<u>General fund - functions</u>		<u>Other funds</u>	
Conservation and economic development	\$ 154,721	Transportation - transfers out	229,083
Other administrative	24,801	Redevelopment Agency	
		Transfers out	56,075
		Municipal Building Authority	10,855
		Debt Service	10,010

Utah State law allows for any unassigned fund balance in excess of 5% of the total revenues of the General Fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the General Fund in an amount equal to 50% of the total estimated revenue of the General Fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the County has one year to determine an appropriate use and then the excess must be included as an available resource in the General Fund budget. For the year ending December 31, 2016, the County is not over 50% of the total limit of revenue in the General Fund.

Concentration of credit risk

The County received about 11% of its governmental fund revenue from mitigation fees amounting to \$5,482,010.

Note 4 - Detailed Notes on all Funds

Deposits and investments

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. As of December 31, 2016, \$9,358,469 of the local government's bank balances of \$9,818,469 were uninsured and uncollateralized.

Investments

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

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

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

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 4 - Detailed Notes on all Funds - Continued

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

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

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

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

Investments by fair value level	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Debt Securities			
Utah Public Treasurers'			
Investment Fund	\$ -	35,348,423	-
Total investments measured			
at fair value	\$ -	35,348,423	-

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers’ Investment Fund: application of the December 31, 2016 fair value factor, as calculated by the Utah State Treasurer, to the Entity’s average daily balance in the Fund.

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 4 - Detailed Notes on all Funds - Continued

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of December 31, 2016, the County's investments had the following maturities:

Investment Type	Quality Ratings		
	AA	A	Unrated
Utah Public Treasurers' Investment Fund	\$ -	-	35,348,423
Total	\$ -	-	35,348,423

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk - Investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments that are in the possession of an outside party. The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 4 - Detailed Notes on all Funds - Continued

Receivables

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

	Governmental	Business-type	Total
Accounts, net	\$ 1,666,588	448,598	2,115,186
B & C road	454,882	-	454,882
Property taxes	3,535,804	-	3,535,804
Intergovernmental	1,678,964	-	1,678,964
	<u>\$ 7,336,238</u>	<u>448,598</u>	<u>7,784,836</u>

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

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

In 1996 the County entered into an agreement to lease a building to Wendover City. The City occupies 47% of the building. At the conclusion of the lease term, the City will own the building with no further consideration. The City has agreed to pay annual installments of \$46,132 for 21 years towards the purchase price of their portion of the building, \$549,900. The future minimum lease payments for this lease is as follows:

Years ending December 31	Capital lease receivable	
	Principal	Interest
2017	\$ 43,687	2,446
Total	<u>\$ 43,687</u>	<u>2,446</u>

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 4 - Detailed Notes on all Funds - Continued

Capital assets

Capital asset activity for the year ended December 31, 2016, was as follows:

Primary Government	Beginning			Ending
<i>Governmental activities</i>	Balance	Increases	Decreases	Balance
Capital assets not being depreciated				
Land	\$ 7,570,720	-	-	7,570,720
Infrastructure	41,472,244	-	-	41,472,244
Construction in process	2,582,128	2,490,543	-	5,072,671
Total capital assets not being depreciated	51,625,092	2,490,543	-	54,115,635
Capital assets being depreciated				
Buildings and improvements	54,354,135	-	-	54,354,135
Furniture, fixtures, and equipment	12,855,065	560,062	(588,366)	12,826,761
Total capital assets being depreciated	67,209,200	560,062	(588,366)	67,180,896
Less accumulated depreciation for				
Buildings and improvements	(16,289,785)	(1,197,972)	-	(17,487,757)
Furniture, fixtures, and equipment	(11,074,720)	(389,728)	566,468	(10,897,980)
Total accumulated depreciation	(27,364,505)	(1,587,700)	566,468	(28,385,737)
Total capital assets, being depreciated, net	39,844,695	(1,027,638)	(21,898)	38,795,159
Governmental activities capital assets, net	\$ 91,469,787	1,462,905	(21,898)	92,910,794
 <i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 1,759,620	-	-	1,759,620
Construction in process	1,394,567	81,219	(1,475,786)	-
Total capital assets not being depreciated	3,154,187	81,219	(1,475,786)	1,759,620
Capital assets being depreciated				
Buildings and improvements	55,892,050	1,475,785	(4,591)	57,363,244
Furniture, fixtures, and equipment	5,033,096	662,521	(510,507)	5,185,110
Total capital assets being depreciated	60,925,146	2,138,306	(515,098)	62,548,354
Less accumulated depreciation for				
Buildings and improvements	(23,083,043)	(2,731,171)	4,591	(25,809,623)
Furniture, fixtures, and equipment	(4,166,500)	(178,304)	493,660	(3,851,144)
Total accumulated depreciation	(27,249,543)	(2,909,475)	498,251	(29,660,767)
Total capital assets, being depreciated, net	33,675,603	(771,169)	(16,847)	32,887,587
Business-type activities capital assets, net	\$ 36,829,790	(689,950)	(1,492,633)	34,647,207

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 4 - Detailed Notes on all Funds - Continued

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

Governmental activities	
General government	\$ 1,247,129
Public safety	98,237
Highways and streets	214,376
Parks and recreation	6,709
Public health	<u>21,249</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,587,700</u></u>

Business-type activities	
Solid Waste	\$ 51,997
Deseret Peak	950,713
Airport	<u>1,906,765</u>
Total depreciation expense - business activities	<u><u>\$ 2,909,475</u></u>

Contribution of Real Property

In 2015, the Larry H. Miller Group indicated their intension to divest themselves from Miller Motorsports Park in Tooele County. The result of this decision is the end of the land lease with Tooele County and surrender of the real property located on that property. The value of surrendered property is yet to be determined as the nature of the facility is specialized.

Interfund transfers

	Transfers out				Total Transfers In
	General	Road Maintenance	Municipal Services	Non major	
<u>Transfers in</u>					
General fund	\$ -	-	-	50,000	50,000
Human Services	400,000	-	-	-	400,000
Public Health	637,800	-	-	-	637,800
Road Maintenance	200,000	-	2,000,000	229,083	2,429,083
Capital Projects	175,000	-	-	-	175,000
Nonmajor	241,385	-	-	-	241,385
Deseret Peak	707,597	-	-	147,000	854,597
Total transfers out	<u><u>\$ 2,361,782</u></u>	<u>-</u>	<u><u>2,000,000</u></u>	<u><u>426,083</u></u>	<u><u>4,787,865</u></u>

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 4 - Detailed Notes on all Funds - Continued

Long-term debt

The following is a summary of transactions affecting long-term liabilities for the year ended December 31, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities:</i>					
Sales tax revenue bonds	\$ 1,760,940	-	(220,320)	1,540,620	224,370
Lease revenue bonds	24,110,000	-	(455,000)	23,655,000	470,000
Unamortized discount	(296,477)	-	10,981	(285,496)	-
Capital leases	146,500	-	(146,500)	-	-
Compensated absences	877,731	676,694	(469,397)	1,085,028	813,771
Net pension liability	5,066,046	-	1,958,287	7,024,333	-
Net post employment benefit obligation	3,823,712	244,246	(299,039)	3,768,919	-
Total governmental long-term liabilities	35,488,452	920,940	379,012	36,788,404	1,508,141
<i>Business-type activities:</i>					
Lease revenue bonds	280,000	-	(85,000)	195,000	95,000
Lease revenue bonds	385,110	-	(9,866)	375,244	10,345
Lease revenue bonds	29,568	-	(24,934)	4,634	4,634
Sales tax revenue bonds	226,000	-	(44,000)	182,000	44,000
Sales tax revenue bonds	1,371,000	-	(147,000)	1,224,000	154,000
Sales tax revenue bonds	413,060	-	(51,680)	361,380	52,630
Net pension liability	570,138	-	82,201	652,339	-
Net post employment benefit obligation	420,788	27,522	(23,625)	424,685	-
Total business-type long-term liabilities	3,695,664	27,522	(303,904)	3,419,282	360,609
Total long-term debt	\$ 39,184,116	948,462	75,108	40,207,686	1,868,750

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 4 - Detailed Notes on all Funds - Continued

Long-term debt (continued)

Sales tax revenue issues at December 31, 2016 consist of the following:

Series	Purpose	Original Amount	Interest Rate Range	Final Maturity Date	Current Outstanding Balance
2003 A	Finance costs associated with the expansion of the water lines at Deseret Peak	\$ 700,000	1.70%	2020	\$ 182,000
2008	Finance the construction and equipping of the convention facilities at Deseret Peak	2,275,000	4.29%	2023	1,224,000
2012	Advance refunding bond used to defease other bonds	2,974,000	2.15%	2024	1,902,000
					\$ 3,308,000
Governmental activities					1,540,620
Business-type activities					1,767,380
					\$ 3,308,000

Lease revenue issues at December 31, 2016 consist of the following:

Series	Purpose	Original Amount	Interest Rate Range	Final Maturity Date	Current Outstanding Balance
1998 A	Finance the construction of the Airport	\$ 1,200,000	6.00%	2018	\$ 195,000
1998 B	Finance the construction of the Airport	500,000	4.75%	2038	375,244
1998 C	Finance the construction of the Airport	331,800	4.75%	2018	4,634
2010 -	Finance the construction of the ABC jail	25,340,000	4.0 to 8.00%	2042	23,655,000
					\$ 24,229,878
Governmental activities					23,655,000
Business-type activities					574,878
					\$ 24,229,878

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 4 - Detailed Notes on all Funds - Continued

Long-term debt (continued)

Debt service requirements of bonds at December 31, 2016 are as follows:

Governmental Activities					
		Sales tax revenue		Lease revenue	
		Principal	Interest	Principal	Interest
Years ending					
December 31					
2017	\$	224,370	30,668	470,000	1,857,090
2018		230,040	25,790	490,000	1,828,420
2019		232,470	20,826	510,000	1,798,530
2020		240,570	15,747	530,000	1,767,420
2021		180,630	11,225	550,000	1,735,090
2022-2026		432,540	14,070	3,170,000	8,032,864
2027-2031		-	-	4,070,000	6,658,138
2032-2036		-	-	5,190,000	4,854,940
2037-2041		-	-	6,455,000	2,568,880
2042-2046		-	-	2,220,000	488,058
Total		\$ 1,540,620	118,326	23,655,000	31,589,430

Business-type Activities					
		Sales tax revenue		Lease revenue	
		Principal	Interest	Principal	Interest
Years ending					
December 31					
2017	\$	250,630	59,495	109,979	29,345
2018		258,960	50,868	110,848	23,112
2019		267,530	41,922	11,374	16,586
2020		277,430	32,635	11,928	15,452
2021		224,370	23,139	12,508	14,846
2022-2026		488,460	20,095	72,264	67,536
2027-2031		-	-	91,610	48,190
2032-2036		-	-	116,135	23,665
2037-2042		-	-	38,232	1,379
Total		\$ 1,767,380	228,154	574,878	240,111

Note 4 - Detailed Notes on all Funds - Continued

Long-term debt (continued)

Bond Advance Refunding

On November 20, 2012, the County issued \$2,974,000 in sales tax revenue refunding bonds with an interest rate of 2.147%. The County issued the bonds to advance refund \$2,837,000 of the outstanding sales tax revenue bonds with interest rates ranging between 1.55% and 5%. As a result, that portion of the sales tax revenue bonds is considered defeased, and the County has removed the liability from its accounts. There is no outstanding principal balance for the defeased bonds. The advance refunding reduced total debt service payments over the next 12 years by \$246,456. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$117,625.

Note 5 - Other Information

General Information about the Pension Plan

Plan Description

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

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System); are multiple employer, cost sharing, public employees, retirement system.

- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system.

- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System); are multiple employer, cost sharing, public employee retirement systems.

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.

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 5 - Other Information - continued

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

Benefits Provided

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

Summary of Benefits by System

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Non-contributory	Highest 3 years	30 years any age 25 years any age* 20 years any age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory	Highest 5 Years	30 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.25 per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Tier 2 Public Employees	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 5 - Other Information - continued

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS 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 are as follows:

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
Contributory System			
11 - Local Governmental Division Tier 1	6.000%	14.460%	N/A
111 - Local Governmental Division Tier 2	N/A	14.910%	1.780%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	18.470%	N/A
Public Safety Retirement System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety	N/A	22.500%	1.330%
Noncontributory			
43 - Other Division A with 2.5% COLA	N/A	34.040%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.690%	10.000%
222 - Public Safety	N/A	11.830%	12.000%

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

For the fiscal year ended December 31, 2016, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 1,216,462	N/A
Contributory System	7,591	-
Public Safety System	751,374	-
Tier 2 Public Employees System	312,709	-
Tier 2 Public Safety and Firefighter System	107,041	-
Tier 2 DC Only System	31,324	N/A
Tier 2 DC Public Safety and Firefighter System	10,732	N/A
Total Contributions	\$ 2,437,232	\$ -

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 5 - Other Information - continued

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

At December 31, 2016, we reported a net pension asset of \$8,317 and a net pension liability of \$7,676,671.

	<u>Proportionate</u>	<u>Net Pension</u>	<u>Net Pension</u>
Noncontributory System	0.8338165%	\$ -	4,718,139
Contributory System	0.1189963%	-	83,637
Public Safety System	1.6049646%	-	2,874,895
Tier 2 Public Employees System	0.2272923%	496	-
Tier 2 Public Safety and Firefighters Sys	0.5353200%	7,821	-
Total Net Pension Asset / Liability		<u>\$ 8,317</u>	<u>7,676,671</u>

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2016 we recognized pension expense of \$2,028,212.

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 5 - Other Information - continued

At December 31, 2016, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 1,358	523,441
Changes in assumptions	-	459,191
Net difference between projected and actual earnings on pension plan investments	2,552,196	-
Changes in proportion and differences between contributions and proportionate share of	163,251	45,457
Contributions subsequent to the measurement date	2,437,232	-
Total	\$ 5,154,037	1,028,089

\$2,437,232 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2016	\$ 334,490
2017	334,737
2018	416,030
2019	612,717
2020	(1,484)
Thereafter	(7,776)

Actuarial assumptions: The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	3.5 - 10.5%, average, including
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 5 - Other Information - continued

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset	Real Return	Long-Term expected
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute Return	18%	3.15%	0.57%
Cash and cash	0%	0.00%	0.00%
Totals	100%		5.23%
Inflation			2.75%
Expected arithmetic nominal return			7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, and a real return of 4.75% that is net of investment expense.

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 5 - Other Information - continued

Discount Rate

The discount rate used to measure the total pension liability was 7.50 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. There was no change in the discount rate from the prior measurement date.

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

<u>System</u>	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Noncontributory System	\$ 9,968,960	\$ 4,718,139	\$ 334,756
Contributory System	147,293	83,637	30,195
Public Safety System	6,087,815	2,874,895	258,985
Tier 2 Public Employees System	90,990	(496)	(69,834)
Tier 2 Public Safety and Firefighter	13,295	(7,821)	(24,037)
<u>Total</u>	<u>\$ 16,308,353</u>	<u>\$ 7,668,354</u>	<u>\$ 530,065</u>

Pension plan fiduciary net position

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

Defined Contribution Savings Plans

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

Tooele County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2016

Note 5 - Other Information - continued

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

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

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

	2016	2015	2014
401(k) Plan			
Employer Contributions	\$ 348,440	\$ 137,646	\$ 146,191
Employee Contributions	\$ 312,307	\$ 246,899	\$ 240,793
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 46,516	\$ 46,881	\$ 48,885
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 12,531	\$ 15,531	\$ 9,031
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 3,497	\$ -	\$ 365

Risk management

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

Note 5 - Other Information - Continued

Other Post-employment Benefits

In addition to the pension benefits described in Note 5, The County provides postemployment health care and life insurance benefits, through a single employer defined benefit plan, to all eligible employees who retired from the County prior to July 1, 2013. Employees retiring on or after July 1, 2013 are no longer eligible for retiree health insurance coverage. Employees who had at least ten years of service as of July 1, 2013, are eligible for a premium waiver credit upon meeting the Utah Retirement Systems retirement eligibility requirements. The benefits, benefit levels, employee contributions, and employer contributions are governed by County 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 account for the plan. The plan does not issue a separate report.

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

The County's annual other postemployment benefit (OPEB) costs (expense) is calculated based on the employer's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the year December 31, 2016, the County's annual OPEB cost (expense) is \$271,768. The following table shows the components of the County's net annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Annual required contribution	\$ 343,545
Interest on net OPEB obligation	169,780
Adjustment to annual required contribution	<u>(241,557)</u>
Annual OPEB cost (expense)	271,768
Contributions Made	<u>(322,664)</u>
Decrease in net OPEB obligation	(50,896)
Net OPEB obligation beginning of year	<u>4,244,500</u>
Net OPEB obligation end of year	<u><u>\$ 4,193,604</u></u>

Note 5 - Other Information - Continued

Other Post-employment Benefits - Continued

The funded status of the plan as of December 31, 2016 is as follows:

Actuarial accrued liability (AAL)	\$ 4,330,044
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 4,330,044
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	n/a
UAAL as a percentage of covered payroll	n/a

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of an occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of fund progress, shown as required supplementary information following the notes to the financial statements, present the results of OPEB valuations as of December 31, 2016 and looking forward, the schedule will eventually provide multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2016 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4% unfunded discount rate and an annual healthcare costs trend rate of 7.5% initially, decreasing to an ultimate rate of 5.0% after ten years. Both rates included a 3% inflation assumption. The actuarial value of assets was not determined as the County has not advance funded its obligations. The UAAL is being amortized as a level dollar value over fifteen years based on a closed group.

Note 5 - Other Information - Continued

Landfill closure and post closure care costs

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

Tooele County owns and maintains three landfill sites located in the Tooele, Utah area. State and federal laws and regulations require the County to place a final cover on its Ibapah, Bauer, and Wendover landfill sites when they stop accepting construction waste and perform certain maintenance and monitoring action at the sites for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date the landfills stop accepting waste, the County reported a liability at December 31, 2016 of \$386,182, which represents the cumulative amount reported to date based on the use percent of the estimated capacity of the landfills. The County will recognize the remaining estimated cost of closure and post closure care of the \$39,410 as the remaining estimated capacity is filled. The amounts are based on what it would cost to perform all post closure care in 2041. The County expects to close the landfill in 2041. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. At December 31, 2016 the County has \$425,322 of investments which are held for these purposes. These are reported as restricted assets on the solid waste proprietary fund statement of net position.

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Note 5 - Other Information - Continued

Commitments and Contingencies

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

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

Prior period adjustment

The County has decrease net position in the Solid Waste fund by \$160,000 to correct the ending balance of commercial accounts receivable accrued in years prior to 2016. Additionally, net position in the Solid Waste Fund decreased by \$237,000 as a result of an evaluation of landfill closure costs.

Fund balance in the Road Maintenance Fund was increased by \$111,057 to reflect amounts held in trust for 2015 and not transferred to the appropriate fund.

Subsequent events

Subsequent events have been evaluated through June 15, 2017, the date that the financial statements were available to be issued. There have been no subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Tooele County, Utah
Schedule of Condition and Ratings for the County's Road System
For the Year Ended December 31, 2016

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

Tooele County's entire Asphalt Pavement road network is 401.4 centerline miles of road, or approximately 6.3 million square yards. The purpose of this report is to document how Tooele County has met all the requirements of the modified approach including:

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

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

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

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

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

Tooele County, Utah
Schedule of Condition and Ratings for the County's Road System - continued
For the Year Ended December 31, 2016

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

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

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

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

Established Condition Level

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

Tooele County, Utah
Schedule of Condition and Ratings for the County's Road System - continued
For the Year Ended December 31, 2016

Assessed Conditions

The following table reports that Average assessment level of all road pavement, as well as the percentage of roads in the Poor condition category as assessed in 2014, 2011, and 2008.

<u>Category</u>	<u>2014</u>	<u>2011</u>	<u>2008</u>
Average Assessment	38.7%	12.5%	9.3%
Poor	32.5%	28.3%	13.2%

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

<u>Year</u>	<u>Estimated Expenditures</u>	<u>Actual Expenditures</u>
2016	\$ 5,670	\$ 5,461
2015	4,509	4,417
2014	2,704	2,465
2013	2,459	2,292
2012	2,964	2,697

Tooele County, Utah
Postemployment Benefit Plan - Schedule of Funding Progress
For the Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UALL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2008	\$ -	\$ 8,255,860	\$ 8,255,860	0%	\$ 12,801,276	64.5%
12/31/2009	-	9,057,199	9,057,199	0%	13,185,314	68.7%
12/31/2010	-	9,458,726	9,458,726	0%	13,301,269	71.1%
12/31/2011	-	9,860,253	9,860,253	0%	13,320,300	74.0%
12/31/2012	-	10,523,213	10,523,213	0%	12,717,747	82.7%
12/31/2013	-	3,269,453	3,269,453	0%	n/a	n/a
12/31/2014	-	3,249,167	3,249,167	0%	n/a	n/a
12/31/2015	-	4,431,828	4,431,828	0%	n/a	n/a
12/31/2016	-	4,330,044	4,330,044	0%	n/a	n/a

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

	2014	2015
<u>Noncontributory System</u>		
Proportion of the net pension liability (asset)	0.7897345%	0.8338165%
Proportionate share of the net pension liability (asset)	\$ 3,429,213	\$ 4,718,139
Covered employee payroll	\$ 6,672,074	\$ 6,839,341
Proportionate share of the net pension liability (asset) as a percentage of its covered	51.40%	68.99%
Plan fiduciary net position as a percentage of the total pension liability	90.20%	87.80%
<u>Contributory Retirement System</u>		
Proportion of the net pension liability (asset)	0.0910461%	0.1188996%
Proportionate share of the net pension liability (asset)	\$ 26,262	\$ 83,637
Covered employee payroll	\$ 48,694	\$ 50,702
Proportionate share of the net pension liability (asset) as a percentage of its covered	53.90%	164.96%
Plan fiduciary net position as a percentage of the total pension liability	94.00%	85.70%
<u>Public Safety System</u>		
Proportion of the net pension liability (asset)	1.6392489%	1.6049646%
Proportionate share of the net pension liability (asset)	\$ 2,061,492	\$ 2,874,895
Covered employee payroll	\$ 2,705,050	\$ 2,509,565
Proportionate share of the net pension liability (asset) as a percentage of its covered	76.20%	114.56%
Plan fiduciary net position as a percentage of the total pension liability	90.50%	87.10%
<u>Tier 2 Public Employees System</u>		
Proportion of the net pension liability (asset)	0.1811360%	0.2272923%
Proportionate share of the net pension liability (asset)	\$ (5,731)	\$ (496)
Covered employee payroll	\$ 928,294	\$ 1,468,363
Proportionate share of the net pension liability (asset) as a percentage of its covered	-0.60%	-0.03%
Plan fiduciary net position as a percentage of the total pension liability	103.50%	100.20%
<u>Tier 2 Public Safety and Firefighters System</u>		
Proportion of the net pension liability (asset)	0.2065054%	0.5353200%
Proportionate share of the net pension liability (asset)	\$ (3,055)	\$ (7,821)
Covered employee payroll	\$ 85,378	\$ 318,783
Proportionate share of the net pension liability (asset) as a percentage of its covered	-3.60%	-2.45%
Plan fiduciary net position as a percentage of the total pension liability	120.50%	110.70%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the employers the fiscal year.

NA Information not available

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

	2012	2013	2014	2015	2016
<u>Noncontributory System</u>					
Contractually required contribution	\$ 1,492,963	1,215,741	1,241,242	1,371,792	1,216,462
Contributions in relation to the contractually required contribution	(1,492,963)	(1,215,741)	(1,241,242)	(1,371,792)	(1,216,462)
Contribution deficiency (excess)	-	-	-	-	-
Covered employee payroll	10,243,234	7,337,695	6,725,074	6,839,341	6,695,518
Contributions as a percentage of covered-employee payroll	14.58%	16.57%	18.46%	20.06%	18.17%
<u>Contributory Retirement System</u>					
Contractually required contribution	-	-	-	7,332	7,591
Contributions in relation to the contractually required contribution	-	-	-	(7,332)	(7,591)
Contribution deficiency (excess)	-	-	-	-	-
Covered employee payroll				50,702	52,496
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	14.46%	14.46%
<u>Public Safety System</u>					
Contractually required contribution	932,415	828,116	807,420	825,881	751,374
Contributions in relation to the contractually required contribution	(932,415)	(828,116)	(807,420)	(825,881)	(751,374)
Contribution deficiency (excess)	-	-	-	-	-
Covered employee payroll	3,554,010	2,957,770	2,705,050	2,509,565	2,349,123
Contributions as a percentage of covered-employee payroll	26.24%	28.00%	29.85%	32.91%	31.99%
<u>Tier 2 Public Employees System</u>					
Contractually required contribution	52,712	54,170	87,701	122,087	312,709
Contributions in relation to the contractually required contribution	(52,712)	(54,170)	(87,701)	(122,087)	(312,709)
Contribution deficiency (excess)	-	-	-	-	-
Covered employee payroll	534,980	508,241	976,988	1,468,363	2,097,200
Contributions as a percentage of covered-employee payroll	9.85%	10.66%	8.98%	8.31%	14.91%
<u>Tier 2 Public Safety and Firefighters System</u>					
Contractually required contribution	7,563	5,277	9,305	34,317	107,041
Contributions in relation to the contractually required contribution	(7,563)	(5,277)	(9,305)	(34,317)	(107,041)
Contribution deficiency (excess)	-	-	-	-	-
Covered employee payroll	69,992	47,755	85,378	318,783	474,271
Contributions as a percentage of covered-employee payroll	10.81%	11.05%	10.90%	10.77%	22.57%
<u>Tier Public Employees DC Only System</u>					
Contractually required contribution	-	-	-	-	31,324
Contributions in relation to the contractually required contribution	-	-	-	-	(31,324)
Contribution deficiency (excess)	-	-	-	-	-
Covered employee payroll	-	-	-	-	468,652
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	6.68%
<u>Tier 2 Public Safety and Firefighter DC Only System</u>					
Contractually required contribution	-	-	-	-	10,732
Contributions in relation to the contractually required contribution	-	-	-	-	(10,732)
Contribution deficiency (excess)	-	-	-	-	-
Covered employee payroll	-	-	-	-	90,720
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	11.83%

* Amounts presented were determined as of calendar year January 1 - December 31. Employers will be required to prospectively develop this table in future years to show 10-years of information.

** Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues

SUPPLEMENTARY INFORMATION

Tooele County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Capital Projects General
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest on investments	\$ -	-	10,264	10,264
Intergovernmental	-	-	1,790,276	1,790,276
Impact fees	-	90,000	110,429	20,429
Other	-	-	46,132	46,132
Total revenues	<u>-</u>	<u>90,000</u>	<u>1,957,101</u>	<u>1,867,101</u>
<u>Expenditures</u>				
Capital outlay	<u>175,000</u>	<u>3,358,058</u>	<u>2,859,340</u>	<u>498,718</u>
Total expenditures	<u>175,000</u>	<u>3,358,058</u>	<u>2,859,340</u>	<u>498,718</u>
Excess revenues over (under) expenditures	<u>(175,000)</u>	<u>(3,268,058)</u>	<u>(902,239)</u>	<u>2,365,819</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	<u>175,000</u>	<u>3,268,058</u>	<u>175,000</u>	<u>(3,093,058)</u>
Total other financing sources and (uses)	<u>175,000</u>	<u>3,268,058</u>	<u>175,000</u>	<u>(3,093,058)</u>
Net change in fund balance	-	-	(727,239)	(727,239)
Fund balances - beginning of year	<u>1,078,993</u>	<u>1,078,993</u>	<u>1,078,993</u>	<u>-</u>
Fund balances - end of year	<u>\$ 1,078,993</u>	<u>1,078,993</u>	<u>351,754</u>	<u>(727,239)</u>

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

Tooele County, Utah
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

Special Revenue Funds

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

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

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

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

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

Municipal Building Authority - This fund is used to account for the lease revenue and payment of principal and interest on bonds used to finance construction in the County.

Debt Service Funds

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

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

Capital Project Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds. Tooele County has the following nonmajor capital projects funds:

MBA Jail - This fund is used to account for the ongoing acquisition, construction, and other replacements related to the County Jail.

Tooele County, Utah
Combining Balance Sheet - Continued
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue				Capital Projects			
	Aging and Adult Services	Transient Room Tax	Transport - ation Fund	Redevelopment Agency	Municipal Building Authority	Debt Service	MBA Jail	Total
<u>Assets and Deferred Outflows of Resources</u>								
Cash and cash equivalents	\$ 451,744	1,865,437	841	97,843	-	622,766	162,189	3,200,820
Restricted cash	-	-	-	-	736,463	-	-	736,463
Receivables -								
Accounts (net)	58,098	148,165	-	-	-	547	-	206,810
Inventory	1,381	-	-	-	-	-	-	1,381
Total assets and deferred outflows of resources	<u>\$ 511,223</u>	<u>2,013,602</u>	<u>841</u>	<u>97,843</u>	<u>736,463</u>	<u>623,313</u>	<u>162,189</u>	<u>4,145,474</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>								
Liabilities								
Accounts payable	\$ 29,020	27,898	-	-	-	241,155	-	298,073
Accrued liabilities	15,126	-	-	-	-	-	-	15,126
Total liabilities	<u>44,146</u>	<u>27,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,155</u>	<u>-</u>	<u>313,199</u>
Fund Balances								
Restricted for								
Debt	-	-	-	-	736,463	-	-	736,463
Transient room/ Restaurant tax	-	1,985,704	-	-	-	-	-	1,985,704
Assigned								
Special Revenue Funds	467,077	-	841	97,843	-	-	-	565,761
Debt Service Funds	-	-	-	-	-	382,158	-	382,158
Capital Projects Funds	-	-	-	-	-	-	162,189	162,189
Total fund balances	<u>467,077</u>	<u>1,985,704</u>	<u>841</u>	<u>97,843</u>	<u>736,463</u>	<u>382,158</u>	<u>162,189</u>	<u>3,832,275</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 511,223</u>	<u>2,013,602</u>	<u>841</u>	<u>97,843</u>	<u>736,463</u>	<u>623,313</u>	<u>162,189</u>	<u>4,145,474</u>

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

Tooele County, Utah
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Continued
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue				Capital Projects			
	Aging and Adult Services	Transient Room Tax	Transport - ation Fund	Redevelopment Agency	Municipal Building Authority	Debt Service	MBA Jail	Total
Revenues								
Taxes	\$ -	978,519	-	45,955	-	-	-	1,024,474
Intergovernmental	703,496	-	229,083	-	710,529	-	-	1,643,108
Charges for services	522,060	-	-	-	-	-	-	522,060
Interest on investments	-	21,800	-	-	-	11,969	-	33,769
Lease revenue	-	-	-	-	1,617,164	-	-	1,617,164
Other	29,017	-	-	-	-	-	-	29,017
Total revenues	1,254,573	1,000,319	229,083	45,955	2,327,693	11,969	-	4,869,592
Expenditures								
General government	-	-	-	6,075	-	-	-	6,075
Tourism and promotion	-	636,436	-	-	-	-	-	636,436
Public health and human services	1,766,050	-	-	-	-	-	-	1,766,050
Debt Service								
Principle	-	-	-	-	455,000	220,320	-	675,320
Interest	-	-	-	-	1,878,548	28,872	-	1,907,420
Bond costs	-	-	-	-	5,000	6,203	-	11,203
Total expenditures	1,766,050	636,436	-	6,075	2,338,548	255,395	-	5,002,504
Excess revenues over (under) expenditures	(511,477)	363,883	229,083	39,880	(10,855)	(243,426)	-	(132,912)
Other Financing Sources (Uses)								
Operating transfers in	637,800	-	-	-	-	241,385	-	879,185
Operating transfers out	-	(147,000)	(229,083)	(50,000)	-	-	-	(426,083)
Total other financing sources (uses)	637,800	(147,000)	(229,083)	(50,000)	-	241,385	-	453,102
Net change in fund balance	126,323	216,883	-	(10,120)	(10,855)	(2,041)	-	320,190
Fund balances - beginning of year	340,754	1,768,821	841	107,963	747,318	384,199	162,189	3,512,085
Fund balances - end of year	\$ 467,077	1,985,704	841	97,843	736,463	382,158	162,189	3,832,275

The notes to the financial statements are an integral part of

Tooele County, Utah
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Aging and Adult Services
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ 609,000	737,000	703,496	(33,504)
Charges for services	507,900	537,900	522,060	(15,840)
Other	35,000	35,000	29,017	(5,983)
Total revenues	<u>1,151,900</u>	<u>1,309,900</u>	<u>1,254,573</u>	<u>(55,327)</u>
<u>Expenditures</u>				
Public health and human services	<u>1,720,865</u>	<u>1,947,700</u>	<u>1,766,050</u>	<u>181,650</u>
Total expenditures	<u>1,720,865</u>	<u>1,947,700</u>	<u>1,766,050</u>	<u>181,650</u>
Excess revenues over (under) expenditures	<u>(568,965)</u>	<u>(637,800)</u>	<u>(511,477)</u>	<u>126,323</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	<u>568,965</u>	<u>637,800</u>	<u>637,800</u>	<u>-</u>
Total other financing sources and (uses)	<u>568,965</u>	<u>637,800</u>	<u>637,800</u>	<u>-</u>
Net change in fund balance	-	-	126,323	126,323
Fund balances - beginning of year	<u>340,754</u>	<u>340,754</u>	<u>340,754</u>	<u>-</u>
Fund balances - end of year	<u>\$ 340,754</u>	<u>340,754</u>	<u>467,077</u>	<u>126,323</u>

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

Tooele County, Utah
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Transient Room Tax
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	\$ 500,000	760,000	978,519	218,519
Interest on investments	-	-	21,800	21,800
Total revenues	<u>500,000</u>	<u>760,000</u>	<u>1,000,319</u>	<u>240,319</u>
<u>Expenditures</u>				
Tourism and promotion	353,000	828,000	636,436	191,564
Total expenditures	<u>353,000</u>	<u>828,000</u>	<u>636,436</u>	<u>191,564</u>
Excess revenues over (under) expenditures	<u>147,000</u>	<u>(68,000)</u>	<u>363,883</u>	<u>431,883</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers out	(147,000)	(147,000)	(147,000)	-
Total other financing sources and (uses)	<u>(147,000)</u>	<u>(147,000)</u>	<u>(147,000)</u>	<u>-</u>
Net change in fund balance	-	(215,000)	216,883	431,883
Fund balances - beginning of year	<u>1,768,821</u>	<u>1,768,821</u>	<u>1,768,821</u>	<u>-</u>
Fund balances - end of year	<u><u>\$ 1,768,821</u></u>	<u><u>1,553,821</u></u>	<u><u>1,985,704</u></u>	<u><u>431,883</u></u>

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

Tooele County, Utah
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Transportation Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ -	-	229,083	229,083
Total revenues	-	-	229,083	229,083
<u>Expenditures</u>				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	229,083	229,083
<u>Other Financing Sources (Uses)</u>				
Operating transfers out	-	-	(229,083)	(229,083)
Total other financing sources and (uses)	-	-	(229,083)	(229,083)
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	841	841	841	-
Fund balances - end of year	<u>\$ 841</u>	<u>841</u>	<u>841</u>	<u>-</u>

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

Tooele County, Utah
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Redevelopment Agency
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	\$ -	-	45,955	45,955
Total revenues	-	-	45,955	45,955
<u>Expenditures</u>				
General government	-	-	6,075	(6,075)
Total expenditures	-	-	6,075	(6,075)
Excess revenues over (under) expenditures	-	-	39,880	39,880
<u>Other Financing Sources (Uses)</u>				
Operating transfers out	-	-	(50,000)	(50,000)
Total other financing sources and (uses)	-	-	(50,000)	(50,000)
Net change in fund balance	-	-	(10,120)	(10,120)
Fund balances - beginning of year	107,963	107,963	107,963	-
Fund balances - end of year	<u>\$ 107,963</u>	<u>107,963</u>	<u>97,843</u>	<u>(10,120)</u>

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

Tooele County, Utah
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Municipal Building Authority
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ 710,529	710,529	710,529	-
Lease revenue	1,617,164	1,617,164	1,617,164	-
Total revenues	<u>2,327,693</u>	<u>2,327,693</u>	<u>2,327,693</u>	<u>-</u>
<u>Expenditures</u>				
Debt Service				
Principal	455,000	455,000	455,000	-
Interest	1,868,693	1,868,693	1,878,548	(9,855)
Bond costs	4,000	4,000	5,000	(1,000)
Total expenditures	<u>2,327,693</u>	<u>2,327,693</u>	<u>2,338,548</u>	<u>(10,855)</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(10,855)</u>	<u>(10,855)</u>
Net change in fund balance	-	-	(10,855)	(10,855)
Fund balances - beginning of year,	<u>747,318</u>	<u>747,318</u>	<u>747,318</u>	<u>-</u>
Fund balances - end of year	<u>\$ 747,318</u>	<u>747,318</u>	<u>736,463</u>	<u>(10,855)</u>

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

Tooele County, Utah
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Debt Service
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest on investments	\$ -	-	11,969	11,969
Total revenues	-	-	11,969	11,969
<u>Expenditures</u>				
Debt Service				
Principal	215,000	225,000	220,320	4,680
Interest	17,885	17,885	28,872	(10,987)
Bond costs	2,500	2,500	6,203	(3,703)
Total expenditures	235,385	245,385	255,395	(10,010)
Excess revenues over (under) expenditures	(235,385)	(245,385)	(243,426)	1,959
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	235,385	241,385	241,385	-
Total other financing sources and (uses)	235,385	241,385	241,385	-
Net change in fund balance	-	(4,000)	(2,041)	1,959
Fund balances - beginning of year	384,199	384,199	384,199	-
Fund balances - end of year	<u>\$ 384,199</u>	<u>380,199</u>	<u>382,158</u>	<u>1,959</u>

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

Tooele County, Utah
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - MBA Jail
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Interest on investments	\$ -	-	-	-
Total revenues	-	-	-	-
<u>Expenditures</u>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	162,189	162,189	162,189	-
Fund balances - end of year	<u>\$ 162,189</u>	<u>162,189</u>	<u>162,189</u>	<u>-</u>

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

Tooele County, Utah
Combining Statement of Net Position
Internal Service Funds
December 31, 2016

	Service Equipment	Central Stores	Total
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 1,555,266	15,409	1,570,675
Inventory	-	12,995	12,995
Total current assets	<u>1,555,266</u>	<u>28,404</u>	<u>1,583,670</u>
Noncurrent assets			
Equipment	380,992	-	380,992
Less: accumulated depreciation	<u>(355,561)</u>	<u>-</u>	<u>(355,561)</u>
Total noncurrent assets	<u>25,431</u>	<u>-</u>	<u>25,431</u>
Total assets	<u><u>1,580,697</u></u>	<u><u>28,404</u></u>	<u><u>1,609,101</u></u>
<u>Liabilities</u>			
Current liabilities			
Accounts payable and accrued liabilities	-	63,342	63,342
Total current liabilities	<u>-</u>	<u>63,342</u>	<u>63,342</u>
Total liabilities	<u>-</u>	<u>63,342</u>	<u>63,342</u>
<u>Net Position</u>			
Net investment in capital assets	25,431	-	25,431
Unrestricted	<u>1,555,266</u>	<u>(34,938)</u>	<u>1,520,328</u>
Total net position	<u>1,580,697</u>	<u>(34,938)</u>	<u>1,545,759</u>
Total liabilities and net position	<u><u>\$ 1,580,697</u></u>	<u><u>28,404</u></u>	<u><u>1,609,101</u></u>

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

Tooele County, Utah
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2016

	Service Equipment	Central Stores	Total
<u>Operating Revenues</u>			
Assessments	\$ 47,374	133,991	181,365
Total operating revenues	47,374	133,991	181,365
<u>Operating Expenses</u>			
Maintenance and supplies	48,342	173,775	222,117
Depreciation and amortization	5,052	-	5,052
Total operating expenses	53,394	173,775	227,169
Operating income (loss)	(6,020)	(39,784)	(45,804)
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	19,009	276	19,285
Total nonoperating Revenues (expenses)	19,009	276	19,285
Income before transfers	12,989	(39,508)	(26,519)
Change in net position	12,989	(39,508)	(26,519)
Net position - beginning of year	1,567,708	4,570	1,572,278
Net position - end of year	<u>\$ 1,580,697</u>	<u>(34,938)</u>	<u>1,545,759</u>

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

Tooele County, Utah
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016

	Service Equipment	Central Stores	Total
<u>Cash Flows From Operating Activities</u>			
Receipts from assessments to businesses and others	\$ 47,374	133,991	181,365
Payments to suppliers	(63,342)	(148,107)	(211,449)
Net cash provided (used) by operating activities	(15,968)	(14,116)	(30,084)
<u>Cash Flows From Noncapital Financing Activities</u>			
Transfers from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
<u>Cash Flows From Capital and Related Financing Activities</u>			
Purchase of capital assets	(25,431)	-	(25,431)
Net cash provided (used) by capital financing activities	(25,431)	-	(25,431)
<u>Cash Flows From Investing Activities</u>			
Interest and dividends received	19,009	276	19,285
Net cash provided (used) by investing activities	19,009	276	19,285
Net increase (decrease) in cash and cash equivalents	(22,390)	(13,840)	(36,230)
Cash and cash equivalents - beginning	1,577,656	29,249	1,606,905
Cash and cash equivalents - ending	\$ 1,555,266	15,409	1,570,675

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

Operating income	\$ (6,020)	(39,784)	(45,804)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	5,052	-	5,052
(Increase) decrease in inventory	-	(2,524)	(2,524)
Increase (decrease) in accounts payable	(15,000)	28,192	13,192
Total adjustments	(9,948)	25,668	15,720
Net cash provided (used) by operating activities	\$ (15,968)	(14,116)	(30,084)

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

Tooele County, Utah
Combining Statement of Fiduciary Assets & Liabilities
Agency Fund Types
For the Year Ended December 31, 2016

	County General Agency Fund	Treasurer's Tax Fund	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 1,380,617	20,446,780	21,827,397
Other receivable	-	-	-
Total assets	<u>\$ 1,380,617</u>	<u>20,446,780</u>	<u>21,827,397</u>
<u>Liabilities</u>			
Taxes payable	\$ -	20,446,780	20,446,780
Developer bonds payable	351,590	-	351,590
Court bail bonds payable	644,322	-	644,322
Due to other entities	384,705	-	384,705
Total liabilities	<u>\$ 1,380,617</u>	<u>20,446,780</u>	<u>21,827,397</u>

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

Tooele County, Utah
Combining Statement of Changes in Fiduciary Assets & Liabilities
Agency Fund Types
For the Year Ended December 31, 2016

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
<u>Assets</u>				
Cash and cash equivalents - General Agency	\$ 1,101,213	2,698,071	(2,418,667)	1,380,617
Cash and cash equivalents - Treasurer's Tax Fund	19,958,619	70,792,575	(70,788,372)	19,962,822
Total assets	<u>\$ 21,059,832</u>	<u>73,490,646</u>	<u>(73,207,039)</u>	<u>21,343,439</u>
<u>Liabilities</u>				
Taxes payable - Treasurer's Tax Fund	\$ 19,958,619	70,792,575	(70,788,372)	19,962,822
Developer bonds payable	243,186	310,486	(202,082)	351,590
Court bail bonds payable	487,734	699,305	(542,717)	644,322
Due to other entities	370,293	1,688,280	(1,673,868)	384,705
Total liabilities	<u>\$ 21,059,832</u>	<u>73,490,646</u>	<u>(73,207,039)</u>	<u>21,343,439</u>

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

Tooele County, Utah
Schedule of Receipts and Disbursements - Treasurer's Collection Account
For the Year Ended December 31, 2016

	Treasurer's Balance December 31, 2015	Collection Receipts	Amounts AppORTioned	Distributions	Treasurer's Balance December 31, 2016
Tax Collection Accounts					
Current year taxes & assessments		\$ 55,790,432	(55,790,432)		
Fee in lieu		3,816,005	(3,816,005)		
Redemptions of prior year tax		2,258,237	(2,258,237)		
Penalties, interest, and cost		177,893	(177,893)		
Other collections and refunds		8,382,877	(8,382,877)		
Total Collections		<u>70,425,444</u>	<u>(70,425,444)</u>		
County General Fund	1,447,247		6,398,412	6,040,328	1,805,331
County Municipal Fund	517,214		1,549,147	1,539,547	526,814
School Districts					
Tooele County - Basic	1,790,254		6,701,391	6,581,144	1,910,501
Tooele County - Local	8,107,650		31,530,958	30,660,619	8,977,989
Assessing and Collecting					
A/C State	11,873		48,971	47,772	13,072
A/C County	688,921		1,919,434	1,934,833	673,522
Cities and Towns					
Tooele City	525,344		2,800,964	2,737,215	589,093
Grantsville City	325,975		1,435,032	1,465,661	295,346
Wendover City	60,697		171,434	195,137	36,994
Stockton Town	12,889		74,376	77,003	10,262
Vernon Town	2,789		8,092	8,615	2,266
Ophir Town	139		536	584	91
Rush Valley Town	13,807		27,402	29,512	11,697
Other Districts					
Lakepoint Improvement District	4,007		15,892	15,452	4,447
Stansbury Park Improvement District	6,487		51,913	54,074	4,326
Tooele Valley Mosquito Abatement District	173,831		654,412	617,007	211,236
Stansbury Greenbelt Service Area	59,100		495,893	514,863	40,130
Stansbury Recreation Service Area	58,915		494,190	513,218	39,887
No. Tooele County Fire Service District	328,991		1,027,908	979,563	377,336
Rush Valley Water Conservancy District	6,748		15,148	15,656	6,240
Lakepoint Cemetery and Park Service Area	9,175		32,886	33,628	8,433
No. Tooele City Special Service District	5,727		35,000	37,561	3,166
South Rim Special Service District	1,109		7,561	7,738	932
Total Due to Taxing Units	<u>14,158,889</u>		<u>55,496,952</u>	<u>54,106,730</u>	<u>15,549,111</u>

Tooele County, Utah
Schedule of Receipts and Disbursements -
Treasurer's Collection Account - continued
For the Year Ended December 31, 2016

	Treasurer's Balance December 31, 2015	Collection Receipts	Amounts Apportioned	Distributions	Treasurer's Balance December 31, 2016
Other					
Tooele City RDA	818,789		3,083,295	3,771,511	130,573
County General RDA	163,129		2,067,537	2,113,783	116,883
School Basic RDA	316,489		1,180,472	1,376,482	120,479
School Local RDA	623,739		4,711,094	4,765,307	569,526
A/C State RDA	953		6,621	6,783	791
A/C County RDA	36,994		258,610	264,675	30,929
Municipal Services RDA	5,350		243,216	242,382	6,184
No. Tooele County Fire Service District RDA	4,241		199,404	198,571	5,074
Tooele Valley Mosquito Abatement District EDP	2,210		97,585	97,315	2,480
Stansbury Park Improvement District RDA	750		1,650	1,552	848
Stansbury Greenbelt Service Area RDA	7,547		16,721	15,654	8,614
Stansbury Recreation Service Area RDA	7,547		16,672	15,635	8,584
Woodbury Corporation RDA	142,370		186,389	142,370	186,389
ATI RDA	3,669,622		2,859,226	3,669,622	2,859,226
Total Other	<u>5,799,730</u>		<u>14,928,492</u>	<u>16,681,642</u>	<u>4,046,580</u>
Total	19,958,619		70,425,444	70,788,372	19,595,691
Other	-		-	-	367,131
Carryover	-		-	-	483,958
Grand Total	<u>\$ 19,958,619</u>	<u>70,425,444</u>	<u>-</u>	<u>70,788,372</u>	<u>20,446,780</u>

Tooele County, Utah
Statement of Taxes Charged, Collected, and Distributed
For the 2016 Property Tax Year

	Year-End Real Property & Centrally Assessed Values			Year-End Personal Property Values			Property Tax Calculation				
	Real Property	Centrally Assessed	Total	Personal Property	Total	Entity Total Adjusted Value	Current Year Tax Rate	Prior Year Tax Rate	Real Property & Centrally Assessed Tax Charged	Personal Property Tax Charged	Total Taxes Charged
Taxing Units											
County Funds											
General	\$ 3,059,584,623	\$ 808,719,748	\$ 3,868,304,371	\$ 422,523,400	\$ 422,523,400	\$ 4,290,827,771	0.001435	0.001476	\$ 5,551,017	\$ 623,645	\$ 6,174,662
Health	3,059,584,623	808,719,748	3,868,304,371	422,523,400	422,523,400	4,290,827,771	0.000190	-	734,978	4	734,982
Assessing & collecting	3,059,584,623	808,719,748	3,868,304,371	422,523,400	422,523,400	4,290,827,771	0.000430	0.000466	1,663,371	196,896	1,860,267
Municipal type service	1,125,232,660	705,399,865	1,830,632,525	284,909,940	284,909,940	2,115,542,465	0.000813	0.000840	1,488,304	239,324	1,727,628
School Districts											
Tooele County - Basic	3,059,584,623	808,719,748	3,868,304,371	422,523,400	422,523,400	4,290,827,771	0.001675	0.001736	6,479,410	733,501	7,212,911
Tooele County - Local	3,059,584,623	808,719,748	3,868,304,371	422,523,400	422,523,400	4,290,827,771	0.007918	0.007857	30,629,235	3,319,767	33,949,002
State Assessing & Collecting	3,059,584,623	808,719,748	3,868,304,371	422,523,400	422,523,400	4,290,827,771	0.000011	0.000012	42,551	5,070	47,621
Cities and Towns											
Tooele City	1,368,940,764	55,517,442	1,424,458,206	118,667,538	118,667,538	1,543,125,744	0.002030	0.002203	2,891,650	261,425	3,153,075
Grantsville City	475,549,055	18,261,095	493,810,150	15,696,092	15,696,092	509,506,242	0.002559	0.002585	1,263,660	40,574	1,304,234
Wendover City	39,351,500	13,171,822	52,523,322	2,817,858	2,817,858	55,341,180	0.003226	0.003245	169,440	9,144	178,584
Stockton Town	21,660,356	3,125,692	24,786,048	178,285	178,285	24,964,333	0.002605	0.002828	64,568	504	65,072
Vernon Town	5,788,616	1,951,175	7,739,791	152,429	152,429	7,892,220	0.000888	0.000894	6,873	136	7,009
Ophir Town	5,750,513	142,916	5,893,429	14,521	14,521	5,907,950	0.000091	0.000089	536	1	537
Rush Valley Town	17,311,159	11,149,741	28,460,900	86,735	86,735	28,547,635	0.000908	0.001055	25,842	92	25,934
Other Districts											
Lakepoint Improvement District	84,967,242	11,116,056	96,083,298	5,490,436	5,490,436	101,573,734	0.000151	0.000154	14,509	846	15,355
Stansbury Park Improvement District	427,214,490	10,552,223	437,766,713	4,977,997	4,977,997	442,744,710	0.000114	0.000120	49,905	597	50,502
Tooele Valley Mosquito Abatement District	1,476,041,409	406,426,245	1,882,467,654	271,187,311	271,187,311	2,153,654,965	0.000326	0.000347	613,684	94,102	707,786
Stansbury Greenbelt Service Area	402,226,676	6,500,909	408,727,585	4,655,995	4,655,995	413,383,580	0.001158	0.001208	473,307	5,624	478,931
Stansbury Recreation Service Area	402,226,676	6,500,909	408,727,585	4,655,995	4,655,995	413,383,580	0.001154	0.001206	471,672	5,615	477,287
No. Tooele County Fire Service District	1,064,238,038	413,516,394	1,477,754,432	278,241,701	278,241,701	1,755,996,133	0.000667	0.000666	985,662	185,309	1,170,971
Rush Valley Water Conservancy District	70,580,265	117,847,302	188,427,567	3,092,316	3,092,316	191,519,883	0.000077	0.000068	14,509	210	14,719
Lakepoint Cemetery and Park Service Area	77,870,094	10,898,411	88,768,505	5,340,900	5,340,900	94,109,405	0.000336	0.000349	29,826	1,864	31,690
No. Tooele City Special Service District	102,957,910	2,073,055	105,030,965	921,176	921,176	105,952,141	0.000327	0.000349	34,345	321	34,666
South Rim Special Service District	33,568,157	1,522,585	35,090,742	41,961	41,961	35,132,703	0.000221	0.000223	7,755	9	7,764
GRAND TOTAL									\$ 53,706,609	\$ 5,724,580	\$ 59,431,189

Tooele County, Utah
Statement of Taxes Charged, Collected, and Distributed
For the 2016 Property Tax Year

	Total Taxes Charged	Treasurer's Relief				Net Taxes Collected and Apportioned		Other Collections				Tax Increment Paid	Total Distribution
		Unpaid Taxes	Abatements	Other	Total	Amount	Percent	Fee in Lieu	Misc. Collections	Delinquencies Tax	Int/Pen		
Taxing Units													
County Funds													
General	\$ 6,174,662	\$ 305,318	\$ 111,588	\$ (38,188)	\$ 378,718	\$ 5,795,944	93.87%	\$ 386,589	\$ 14,511	\$ 235,001	\$ 18,328	\$ 810,536	\$ 5,639,837
Health	734,982	40,470	14,775	(5,056)	50,189	684,793	93.17%	51,186	1,921	31,149	2,429	12,903	758,575
Assessing & collecting	1,860,267	91,489	33,437	(11,443)	113,483	1,746,784	93.90%	115,842	4,348	70,418	5,492	23,450	1,919,434
Municipal type service	1,727,628	52,042	17,926	(732)	69,236	1,658,392	95.99%	61,783	(977)	56,148	3,069	229,268	1,549,147
School Districts													
Tooele County - Basic	7,212,911	356,381	130,250	(44,575)	442,056	6,770,855	93.87%	451,245	16,938	274,304	21,394	833,345	6,701,391
Tooele County - Local	33,949,002	1,684,672	615,715	(210,712)	2,089,675	31,859,327	93.84%	2,133,108	80,067	1,296,681	101,132	3,939,357	31,530,958
State Assessing & Collecting	47,621	2,340	856	(293)	2,903	44,718	93.90%	2,963	111	1,801	140	762	48,971
Cities and Towns													
Tooele City	3,153,075	231,591	83,502	1,138	316,231	2,836,844	89.97%	271,283	22,166	136,032	12,628	477,989	2,800,964
Grantsville City	1,304,234	63,203	31,247	(66,774)	27,676	1,276,558	97.88%	121,883	(533)	53,355	5,241	21,472	1,435,032
Wendover City	178,584	19,803	-	148	19,951	158,633	88.83%	10,010	184	10,859	1,150	9,402	171,434
Stockton Town	65,072	5,467	3,171	(44)	8,594	56,478	86.79%	11,373	982	6,381	559	1,397	74,376
Vernon Town	7,009	471	231	-	702	6,307	89.98%	1,285	(4)	441	85	22	8,092
Ophir Town	537	28	21	-	49	488	90.88%	28	9	21	1	11	536
Rush Valley Town	25,934	788	600	(188)	1,200	24,734	95.37%	2,651	65	272	43	363	27,402
Other Districts													
Lakepoint Improvement District	15,355	1,022	233	(40)	1,215	14,140	92.09%	1,110	(549)	1,392	131	332	15,892
Stansbury Park Improvement District	50,502	1,022	1,398	12	2,432	48,070	95.18%	4,801	(9)	1,141	75	2,165	51,913
Tooele Valley Mosquito Abatement District	707,786	22,002	11,383	(8,748)	24,637	683,149	96.52%	40,545	(567)	23,275	1,915	93,905	654,412
Stansbury Greenbelt Service Area	478,931	7,961	13,994	119	22,074	456,857	95.39%	48,069	389	11,575	745	21,742	495,893
Stansbury Recreation Service Area	477,287	7,933	13,945	118	21,996	455,291	95.39%	47,903	388	11,535	742	21,669	494,190
No. Tooele County Fire Service District	1,170,971	27,790	13,522	(422)	40,890	1,130,081	96.51%	47,342	(1,653)	30,391	2,101	180,354	1,027,908
Rush Valley Water Conservancy District	14,719	658	216	(28)	846	13,873	94.25%	714	51	664	40	194	15,148
Lakepoint Cemetery and Park Service Area	31,690	2,274	467	(89)	2,652	29,038	91.63%	2,370	(1,229)	3,073	287	653	32,886
No. Tooele City Special Service District	34,666	1,795	932	114	2,841	31,825	91.80%	1,583	73	1,665	72	218	35,000
South Rim Special Service District	7,764	264	268	(21)	511	7,253	93.42%	339	223	663	94	1,011	7,561
GRAND TOTAL	\$ 59,431,189	\$ 2,926,784	\$ 1,099,677	\$ (385,704)	\$ 3,640,757	\$ 55,790,432		\$ 3,816,005	\$ 136,905	\$ 2,258,237	\$ 177,893	\$ 6,682,520	\$ 55,496,952

OTHER REPORTS

INDEPENDENT AUDITORS' 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 County Commission
Tooele County, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele County, Utah, as of and for the year ended December 31, 2016, which collectively comprise Tooele County, Utah's basic financial statements and have issued our report thereon dated June 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tooele County, Utah's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tooele County, Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of Tooele County, Utah's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Ulrich & Associates, P.C.

Ogden, UT
June 15, 2017

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

The Honorable County Commission
Tooele County, Utah

Report on Compliance for Each Major Federal Program

We have audited Tooele County, Utah's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tooele County, Utah's major federal programs for the year ended December 31, 2016. Tooele County, Utah's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Tooele County, Utah's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tooele County, Utah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Tooele County, Utah's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Tooele County, Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of Tooele County, Utah is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Tooele County, Utah's, internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tooele County, Utah's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Ulrich & Associates, P.C.

Ogden, UT
June 15, 2017

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Tooele County, Utah
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Grant Number	Grant Expend- itures	Expenditures to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Utah Department of Human Services				
Social Services Block Grant	93.667		\$ 54,318	54,318
SAPT Block Grant	93.959	160235	379,036	379,036
SMHS Block Grant	93.958	160236	46,978	46,978
Transitional Mental Health	93.243	160807	62,978	62,978
Title VII, Long-term Care Ombudsman Services for Older Individuals	93.042	160425	2,994	
Title III, PT F, Disease Prevention and Health Promo Services	93.043	160425	3,202	
Title III, Part B, Grants for Supportive Services and Seniors - AAD/PDS	93.044	160425	38,714	
Title III, Part C, Nutrition Services - HDM	93.045	160425	42,512	
Title III, Part C, Nutrition Services - CMM	93.045	160425	57,778	
Senior Medicare Patrol	93.048	160425	2,000	
PHEP - Ebola	93.074	152700474	10,231	
PHHS Boost	93.758	162700420	43,569	
Health Insurance Counseling	93.779	160425	17,750	
Respite Program	93.052	160425	25,950	
Medicaid Waiver HCFA	93.667	160504	17,741	
Medicaid Waiver Admin	93.778	160504	6,040	
Alternatives - State	93.667	160425	25,884	
Passed Through Utah Department of Health				
LHD=ChEC	93.778	16270098	27,315	
Choice of Health Care Delivery, Consumer Ed. & Assist.	93.778	162700524/16270117	21,615	
Cancer Control Program - be wise	93.283	152700527/16270095	19,264	
CDC Cancer Screening	93.283	152700527/16270095	6,352	
Comprehensive Tobacco Program	93.283	162700053	72,419	
Abstinence Only Education	93.235	152700140	53,388	
T.B. Medication Program	93.116	152700356	2,793	
STD Control	93.977	152700280	3,875	
HIV Aids Counseling and Education	93.940	152700290	1,500	
Immunization Program	93.268	162700620	183,202	
Health Care Preparedness (MRC)	93.889	162700260/16270109	8,000	
Public Health Emergency Preparedness /biorterr.	93.069	162700260/16270109	237,592	
City Readiness Initiative	93.069	162700260	78,167	
Arthritis/Chronic Disease	93.945	162700550	3,540	
MCH and Child Injury Prevention	93.994	162700321/162700944	26,195	
MCH Block Grant	93.994	162700349	38,311	
EPICC - 1305	93.991	162700152	46,556	
EPICC - 1422	93.991	162700152	354,917	
Child Adolescence School Health Prenatal to 5 Home Visitations	93.994	140164/152400006	10,654	
ELC ACA Health Care Associated Infections	93.521	152700195/162700397	7,330	
Total U.S. Department of Health and Human Services			2,040,660	543,310

Tooele County, Utah
Schedule of Expenditures of Federal Awards - continued
For the Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Grant Number	Grant Expend- itures	Expenditures to Subrecipients
U.S Federal Emergency Management Agency				
Passed Through Utah Department of Public Safety				
Emergency Management Assistance	97.042		\$ 36,450	
Total U.S. Federal Emergency Management Agency			<u>36,450</u>	
U.S. Department of Agriculture / Food and Nutrition Service				
Passed Through Utah Department of Human Services				
Elderly Feeding Program, Cash-in-Lieu - CIH	10.550	160425	12,154	
Elderly Feeding Program, Cash-in-Lieu - CIC	10.550	160425	21,250	
Area Plan Administration	10.550	160425	15,860	
Passed Through Utah Department of Health				
Women, Infants, and Children	10.557	152700146	470,962	
Women, Infants, and Children - vouchers	10.557	152700146	807,240	
Total U.S. Department of Agriculture			<u>1,327,466</u>	
U.S. Department of Homeland Security				
Passed Through Utah Division of Emergency				
Services and Homeland Security				
HLS WMD Grant	97.067		3,324	
Total U.S. Department of Homeland Security			<u>3,324</u>	
U.S. Department of Justice				
Passed Through the Utah Department of Human Services				
Children's Justice Grants to States	93.643	110199	133,393	
Total U.S. Department of Justice			<u>133,393</u>	
U.S. Department of Interior				
Secure Rural Schools, Title III	15.234		82,047	
Total U.S. Department of Interior			<u>82,047</u>	
U.S. Federal Aviation Administration / Airports Division				
Passed Through The State of Utah				
Runway Extension	20.106	DOT-FA13NM-1079	76,103	
Rehabilitate Taxiway	20.106	DOT-FA15NM-1035	17,455	
Total U.S. Federal Aviation Administration / Airports Division			<u>93,558</u>	
U.S. Department of Housing and Urban Development				
Passed Through Utah Division of Housing				
and Community Development				
Wasatch Front Regional Council - Pass Through	14.228		170,765	
Total U.S. Department of Housing and Urban Development			<u>170,765</u>	
		Total federal expenditures	<u>\$ 3,887,663</u>	<u>543,310</u>

Tooele County, Utah
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Tooele County, Utah under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Tooele County, Utah, it is not intended to and does not present the net position, or statement of activities of Tooele County, Utah.

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

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

Tooele County, Utah
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Summary of Audit Results

Financial Statements:

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
-Material weaknesses identified	_____ Yes	_____ <u>x</u> No
-Significant deficiencies identified that are not considered to be Material weaknesses?	_____ Yes	_____ <u>x</u> No

Federal Awards:

Internal control over major programs:		
-Material weaknesses identified	_____ Yes	_____ <u>x</u> No
-Significant deficiencies identified that are not considered to be Material weaknesses?	_____ Yes	_____ <u>x</u> No

Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with section <i>Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> .	_____ Yes	_____ <u>x</u> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.991	EPICC - 1305 & 1422
93.069	City Readiness Initiative/ Public Health Emergency Preparedness
93.994	MCH Block Grant

The dollar threshold for distinguishing Types A and B programs was \$750,000.

Auditee qualified as low-risk auditee	_____ <u>x</u> Yes	_____ No
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Findings - Financial Statement Audit

None

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**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE
WITH STATE COMPLIANCE AUDIT GUIDE ON:
- COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
- INTERENAL CONTROL OVER COMPLIANCE**

The Honorable County Commission
Tooele County, Utah

Report On Compliance with General State Compliance Requirements

We have audited Tooele County, Utah's compliance with the general compliance requirements described in the *State of Utah Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended December 31, 2016.

General state compliance requirements were tested for the year ended December 31, 2016 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems Compliance
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Treasurer's Bond
- Utah Public Finance
- Website
- Impact Fees

Management's Responsibility

Management is responsible for compliance with the requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of Tooele County's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Tooele County, Utah complied, in all material respects, with the general compliance requirements identified above that could have a direct and material effect on the County or on each of its major state programs for the year ended December 31, 2016.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of Report

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

Ulrich & Associates, P.C.

Ogden, UT

June 15, 2017

Tooele County, Utah
State Legal Compliance - Schedule of Findings and Recommendations
For the Year Ended December 31, 2016

CURRENT YEAR FINDINGS

Statement of Condition - 2016-1

Budgetary Compliance: Various funds exceeded budgeted total fund expenditures at year end.

Criteria

State Law requires that officers or employees of the entity do not incur expenditures or encumbrances in excess of the total appropriation for any fund.

Cause

Because multiple transactions were not entered on a timely basis, adopted budgets were insufficient to cover the needs of the various funds.

Effect

The County is not in compliance with budget requirements.

Recommendation

We recommend that transactions be recorded on a timely basis so that adequate budgets can be prepared in the future.

Response

We concur with the recommendation and will work to improve the recording of transactions on a timely basis in the future.

PRIOR YEAR FINDINGS

Statement of Condition - 2015-1

Budgetary Compliance: Various funds exceeded budgeted total fund expenditures at year end.

Criteria

State Law requires that officers or employees of the entity do not incur expenditures or encumbrances in excess of the total appropriation for any fund.

Cause

Because multiple transactions were not entered on a timely basis, adopted budgets were insufficient to cover the needs of the various funds.

Effect

The County is not in compliance with budget requirements.

Recommendation

We recommend that transactions be recorded on a timely basis so that adequate budgets can be prepared in the future.

Response

We concur with the recommendation and will work to improve the recording of transactions on a timely basis in the future.

Status

Uncorrected, see finding 2016-1.