



## Financial Statements

For the Year Ended December 31, 2017

# **Tooele County, Utah**

## **Financial Statements**

**With Auditors' Report Thereon**

**For the Year Ended December 31, 2017**

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## **FINANCIAL SECTION**

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## Independent Auditor's Report

To the Tooele County Commission  
Tooele County, Utah

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele County, Utah (the County) as of and for the year ended December 31, 2017, 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. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the discretely presented component unit.

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.

Except for the matter described in the Basis for Disclaimer of Opinion paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Discretely Presented Component Unit	Disclaimer
Each Major Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### **Basis for Disclaimer of Opinion on the 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 the County's basic financial statements. Tooele County Recreation Special Service District's financial activities are included in the County's basic financial statements as a discretely presented component unit.

### **Disclaimer of Opinion**

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component unit of Tooele County. Accordingly, we do not express an opinion on these financial statements.

### **Unmodified 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 the County, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Notes 1 and 5 to the financial statements, the County has early adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of January 1, 2017. Our opinions are not modified with respect to this matter.

### **Correction of Errors**

As discussed in Note 5 to the financial statements, errors resulting in the misstatement of fund balance and net position as of December 31, 2016 were discovered by management of the County during 2017. Accordingly, fund balance and net position have been restated in the 2017 financial statements now presented to correct the error. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Conditions and Ratings for the County's Road System, Postemployment Benefit Plan – Schedule of Funding Progress, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions, Utah Retirement Systems, and notes to required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which

consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The combining and individual nonmajor fund financial statements, including budgetary comparison schedules, the Statement of Receipts and Disbursements – Treasurer's Collection Account, and the Statement of Taxes Charged, Collected, and Distributed is presented for the purposes of additional analysis and is not a required part of the 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. Because of the significance of the matter described in the Discretely Presented Component Unit paragraph above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the county's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Eide Bailly LLP*

Salt Lake City, Utah  
November 5, 2018

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**Tooele County, Utah**  
**Management Discussion & Analysis**  
**December 31, 2017**

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This discussion of Tooele County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2017. 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 \$139,400,530 (*net position*). Of this amount, \$19,378,422 (*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 \$3,729,842.
- At the close of the current year, the Tooele County governmental funds reported combined ending fund balances of \$29,173,121, an increase of \$6,700,090 in comparison with the prior year. Approximately 49% of the ending fund balance, \$14,150,190 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 \$14,150,190 or 58% of total general fund expenditures.
- Tooele County's total long-term liabilities at the close of 2017 was \$40,174,999. This represents a 0.16% decrease over the prior year, which is attributable to reduction in outstanding principal from debt service payments & other post employment benefits based on independent determinations and increases in pension

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, 2017**

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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, 2017**

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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, 2017**

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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 \$139,400,530 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, 2017**

<b>Tooele County's Net Position</b>						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<i>Assets</i>						
Current and other assets	\$ 34,209,068	28,384,242	5,044,709	4,334,248	39,253,777	32,718,490
Capital assets	111,634,716	111,910,794	32,159,708	34,647,207	143,794,424	146,558,001
Total assets	145,843,784	140,295,036	37,204,417	38,981,455	183,048,201	179,276,491
<i>Deferred Outflows</i>	5,367,993	4,702,069	489,496	451,967	5,857,489	5,154,036
<i>Liabilities</i>						
Long-term liabilities outstanding	36,218,443	24,910,124	2,843,638	1,877,429	39,062,081	26,787,553
Other liabilities	8,646,325	18,969,835	801,049	2,342,258	9,447,374	21,312,093
Total liabilities	44,864,768	43,879,959	3,644,687	4,219,687	48,509,455	48,099,646
<i>Deferred Inflows</i>	921,527	942,968	74,180	85,121	995,707	1,028,089
<i>Net Position</i>						
Net investment in capital assets	106,489,070	83,604,616	30,178,019	30,641,959	136,667,089	114,246,575
Restricted	6,776,111	5,943,782	85,603	88,133	6,861,714	6,031,915
Unrestricted	(7,839,698)	10,625,780	3,711,425	4,398,522	(4,128,273)	15,024,302
Total net position	\$105,425,483	100,174,178	33,975,047	35,128,614	139,400,530	135,302,792

Prior year numbers have not been restated to reflect implementation of GASB 75.

A portion of Tooele County's net position (4.92%) 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 \$19,378,422 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, 2017**

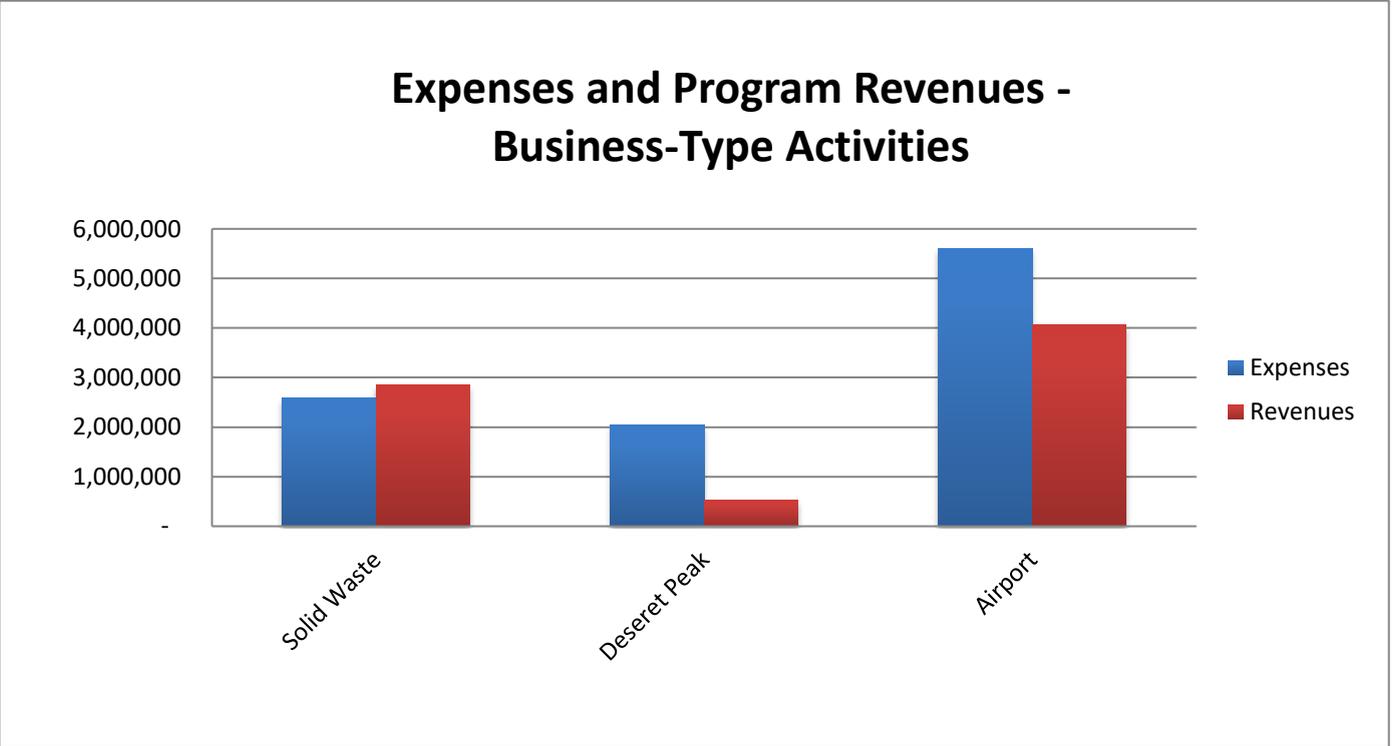
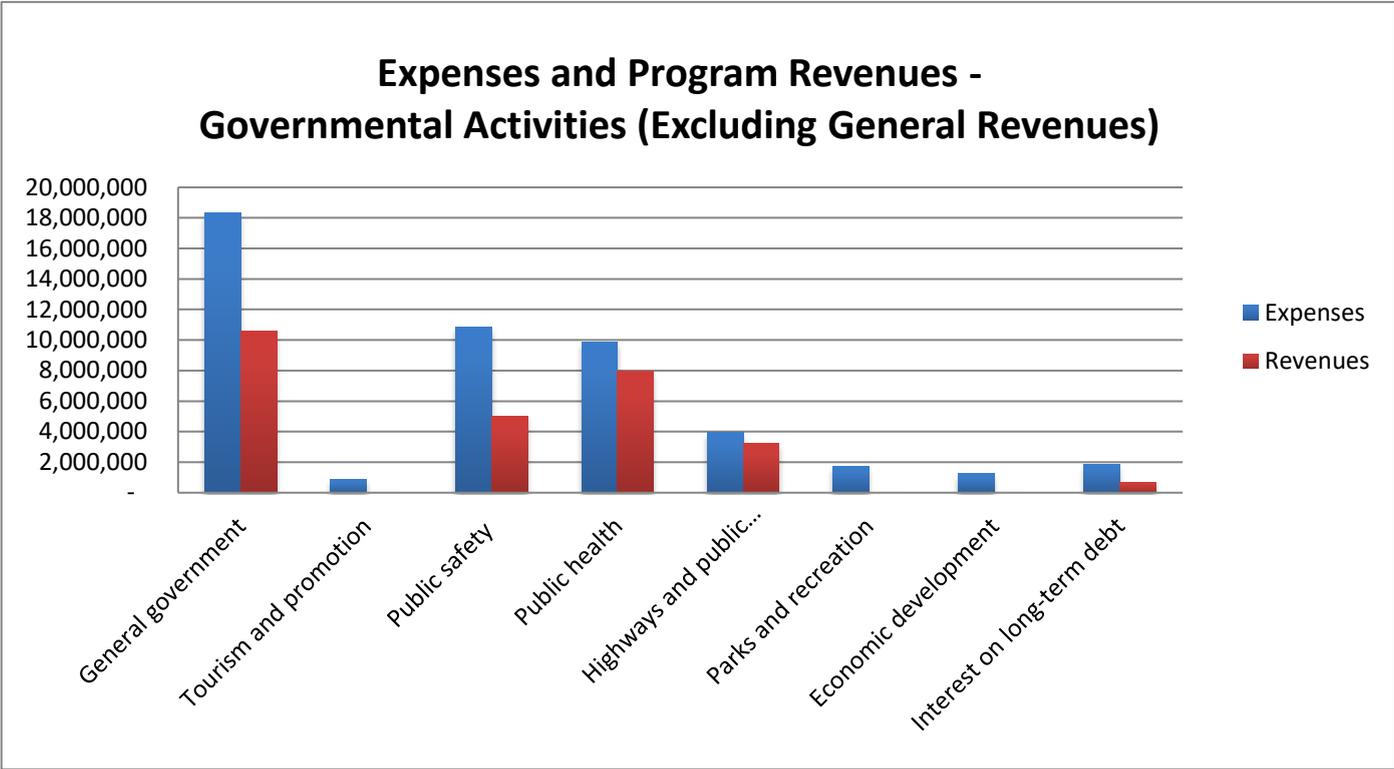
Governmental Activities

Governmental activities increased Tooele County's net position by \$4,920,933 and the Business-type activities decreased net position by \$1,191,091. The net increase in total net position was \$3,729,842. Key elements of this net increase are as follows:

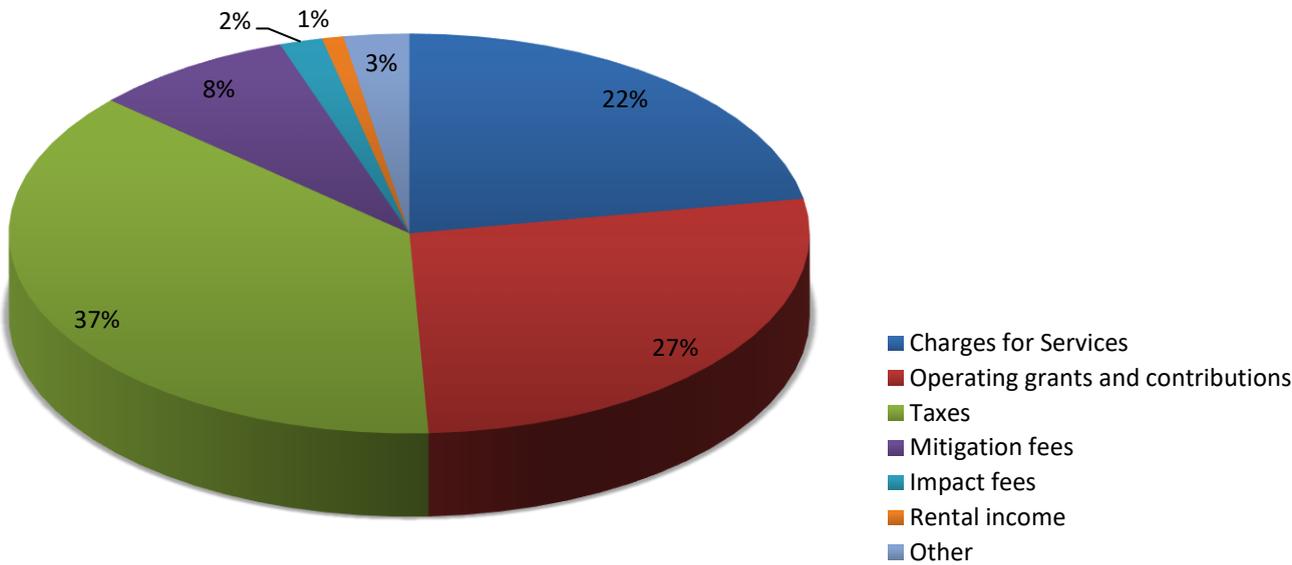
<b>Tooele County's Net Position</b>						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 12,136,429	10,354,729	7,121,453	6,392,535	19,257,882	16,747,264
Operating grants and contributions	14,759,903	15,516,923	-	-	14,759,903	15,516,923
Capital grants and contributions	617,693	2,127,243	330,880	93,558	948,573	2,220,801
General Revenues:						
Taxes	20,403,065	17,795,303	-	-	20,403,065	17,795,303
Earnings on investments	291,142	140,170	89,044	47,831	380,186	188,001
Mitigation fees	4,455,517	5,482,010	-	-	4,455,517	5,482,010
Impact fees	947,748	504,919	-	-	947,748	504,919
Rental income	474,036	477,636	265,149	196,828	739,185	674,464
Gain (loss) on capital assets	(37,697)	80,150	1,545	(14,848)	(36,152)	65,302
Miscellaneous	575,023	91,552	196,712	19,813	771,735	111,365
Total revenues	54,622,859	52,570,635	8,004,783	6,735,717	62,627,642	59,306,352
Expenses:						
General government	18,323,282	15,916,768	-	-	18,323,282	15,916,768
Tourism and promotion	858,677	636,436	-	-	858,677	636,436
Public safety	10,852,588	9,332,506	-	-	10,852,588	9,332,506
Public health	9,852,509	9,166,902	-	-	9,852,509	9,166,902
Highways and public improvement	3,956,222	6,250,375	-	-	3,956,222	6,250,375
Parks and recreation	1,711,413	4,024,139	-	-	1,711,413	4,024,139
Economic development	1,247,466	852,843	-	-	1,247,466	852,843
Interest on long-term debt	1,880,222	1,902,732	86,214	104,726	1,966,436	2,007,458
Solid waste	-	-	2,584,700	2,389,199	2,584,700	2,389,199
Deseret Peak	-	-	1,971,430	1,993,561	1,971,430	1,993,561
Airport	-	-	5,573,077	5,125,563	5,573,077	5,125,563
Total expenses	48,682,379	48,082,701	10,215,421	9,613,049	58,897,800	57,695,750
Change in net position before transfer	5,940,480	4,487,934	(2,210,638)	(2,877,332)	3,729,842	1,610,602
Transfers in (out)	(1,019,547)	(854,597)	1,019,547	854,597	0	-
Change in net position	4,920,933	3,633,337	(1,191,091)	(2,022,735)	3,729,842	1,610,602
Net position - beginning, as adjusted	100,504,550	96,540,840	35,166,138	37,151,349	135,670,688	133,692,189
Net position - ending	\$105,425,483	100,174,177	33,975,047	35,128,614	139,400,530	135,302,791

Prior year numbers have not been restated to reflect implementation of GASB 75.

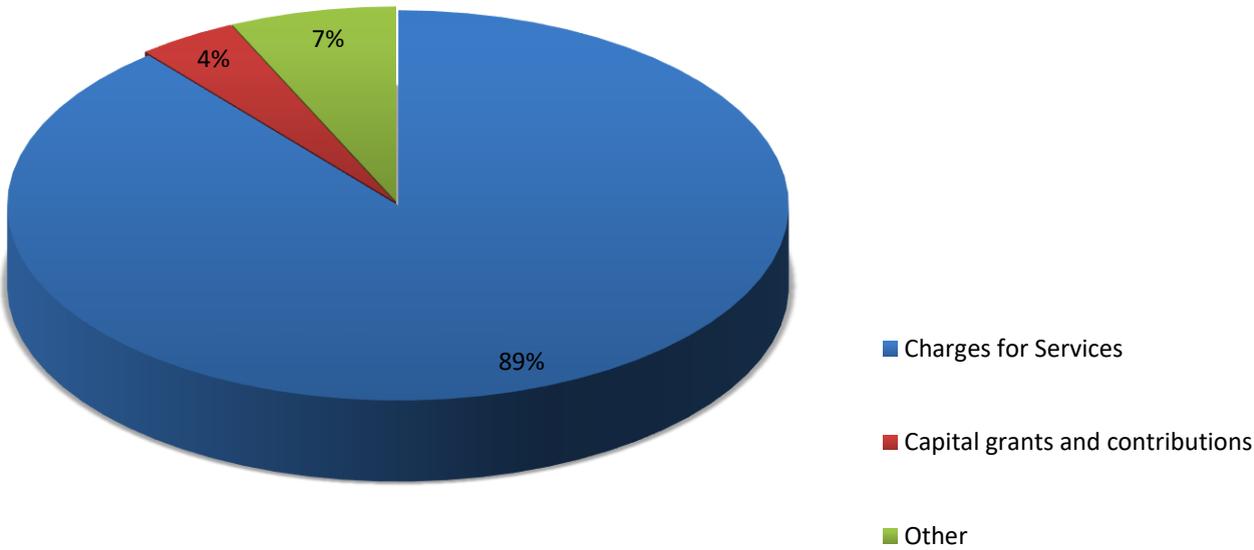
**Tooele County, Utah**  
**Management Discussion & Analysis - continued**  
**December 31, 2017**



**Revenues by Source - Governmental Activities**



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



**Tooele County, Utah**  
**Management Discussion & Analysis - continued**  
**December 31, 2017**

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Governmental Activities

- Charges for governmental services increased by \$1,781,700.
- Governmental operating grants decreased by \$757,020.
- Tax revenues had a net increase of \$2,607,762 consisting of:
  - Property taxes \$ 1,262,036
  - Sales taxes 789,627
  - Transient room taxes 38,408
  - Restaurant taxes 14,787
  - Mass transit taxes 495,890
  - Franchise taxes 7,014
- Mitigations fees decreased by \$1,026,493.
- Rental income decreased by \$3,600.
- Miscellaneous revenues increased by \$483,471.

Business-type Activities

Business-type activities net position decreased by \$1,191,091, a 3.40% decrease. Key elements of this increase are as follows:

- Solid Waste revenues totaled \$2,919,739, an increase of \$166,783. Solid Waste expenses totaled \$2,584,700, including depreciation of \$103,930 for an increase of \$195,501.
- Deseret Peak revenues totaled \$535,087, an increase of \$16,068. Deseret Peak expenses totaled \$2,033,513, including depreciation of \$962,249 for a decrease of \$7,783.
- Airport revenues and grants totaled \$4,549,957, a increase of \$1,086,215. Airport expenses totaled \$5,621,339, including depreciation of \$1,979,278 for a increase of \$459,287.

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, 2017**

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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 \$29,173,120, an increase of \$6,700,090 in comparison with the prior year. Approximately 48% of this amount, \$14,150,190, 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 \$8,246,819. The remainder of the fund balance is restricted and is limited as to where it may be spent:

Debt	\$ 863,174
Capital improvements	197,980
Transient/restaurant room	2,126,206
Corridor preservation	2,779,359
E911 Dispatch	414,087
Public Safety	359,455
Other	35,850
	<u>\$ 6,776,111</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 \$15,158,007, of which \$14,150,190 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 58.36% 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 \$3,711,425. 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, 2017**

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General Fund Budgetary Highlights

Actual revenues of \$31,061,790 were more than final budgeted revenues by \$1,765,963 or 5.69%. Intergovernmental revenues, charges for services, mitigation fees, and rental income were above management's projections.

The final adopted budget for General Fund expenditures was \$28,244,458 in 2017, which is \$2,508,965 more than the 2017 original adopted budget.

Expenditures in 2017 were \$25,795,666, or approximately 8.54% less than the final adopted budget of \$28,244,458. Over-expended amounts occurred in the conservation and economic development due to lack of budget for community development block grants.

Capital Asset and Debt Administration

Capital Assets

Tooele County's investment in capital assets for its governmental activities, as of December 31, 2017, was \$111,634,716 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture, fixtures, and equipment, and infrastructure, which includes roads, highways, and bridges. The total decrease in Tooele County's investment in capital assets for the current year was \$276,078, 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 \$396,550.
- The Deseret Peak Fund added \$4,288 in vehicles and equipment.
- The Solid Waste Fund added \$175,576 in vehicles and equipment.
- Governmental activities added \$1,394,531 in vehicles and equipment. The Governmental activities also reported \$149,159 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, 2017**

<b>Tooele County's Capital Assets</b>						
(net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 26,570,720	26,570,720	1,759,620	1,759,620	28,330,340	28,330,340
Buildings and improvements	35,775,133	36,866,378	28,752,987	31,553,621	64,528,120	68,419,999
Construction in progress	3,465,856	5,072,671	396,550	-	3,862,406	5,072,671
Furniture, fixtures, and equipment	2,594,789	1,928,781	1,250,549	1,333,965	3,845,338	3,262,746
Infrastructure	43,228,218	41,472,244	-	-	43,228,218	41,472,244
Total	<u>\$111,634,716</u>	<u>111,910,794</u>	<u>32,159,706</u>	<u>34,647,206</u>	<u>143,794,422</u>	<u>146,558,000</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 \$40,174,999. The debt represents lease revenue bonds, sales tax revenue bonds, and capital leases.

<b>Tooele County's Outstanding Debt</b>						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Lease revenue bonds	\$ 22,910,485	23,369,504	464,939	574,878	23,375,424	23,944,382
Sales tax revenue bonds	1,316,250	1,540,620	1,516,750	1,767,380	2,833,000	3,308,000
Compensated absences	1,112,918	1,085,028	-	-	1,112,918	1,085,028
Net pension liability	7,762,105	7,024,333	727,110	652,339	8,489,215	7,676,672
Total post employment benefit obligation	4,229,603	3,768,919	134,839	424,685	4,364,442	4,193,604
Total	<u>\$ 37,331,361</u>	<u>36,788,404</u>	<u>2,843,638</u>	<u>3,419,282</u>	<u>40,174,999</u>	<u>40,207,686</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, 2017**

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Economic Factors and Next Year's Budgets and Rates

The County's elected and appointed officials considered many factors when setting the fiscal year 2018's budget, tax rates, and fees that will be charged for the business type activities. The County will see a budget and tax rate increase for 2018 with the major causes being a need to upgrade and improve the Countys' roads and other capital improvements.

Requests for Information

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

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## **BASIC FINANCIAL STATEMENTS**

**Tooele County, Utah**  
**Statement of Net Position**  
December 31, 2017

	<b>Primary Government</b>			(unaudited) <b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>Tooele County Recreation SSD</b>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 17,832,063	3,585,701	21,417,764	163,524
Restricted cash	6,730,670	691,355	7,422,025	-
Accounts receivable - net	9,368,346	767,653	10,135,999	-
Prepays	258,295	-	258,295	-
Inventory	14,728	-	14,728	-
Net pension asset	4,966	-	4,966	-
Capital assets not being depreciated				
Land, roads and construction in process	73,264,794	2,156,170	75,420,964	-
Capital assets, net of accumulated depreciation				
Buildings, improvements, equipment, and other	38,369,922	30,003,538	68,373,460	-
<b>Total assets</b>	<b>145,843,784</b>	<b>37,204,417</b>	<b>183,048,201</b>	<b>163,524</b>
<b><u>Deferred Outflows of Resources</u></b>				
OPEB outflows	431,990	13,820	445,810	-
Pension outflows	4,936,003	475,676	5,411,679	-
<b>Total deferred outflows of resources</b>	<b>5,367,993</b>	<b>489,496</b>	<b>5,857,489</b>	<b>-</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	3,000,801	389,846	3,390,647	-
Accrued interest payable	57,000	15,451	72,451	-
Accrued landfill closure costs	-	395,752	395,752	-
Unearned revenue	50,000	-	50,000	-
Compensated absences - current	789,355	-	789,355	-
UMC payable	4,425,606	-	4,425,606	-
Compensated absences - noncurrent	323,563	-	323,563	-
Noncurrent liabilities				
Due within one year	720,040	369,808	1,089,848	-
Due in more than one year				
Bonds	23,506,695	1,611,881	25,118,576	-
Net pension liability	7,762,105	727,110	8,489,215	-
Total OPEB obligation	4,229,603	134,839	4,364,442	-
<b>Total liabilities</b>	<b>\$ 44,864,768</b>	<b>3,644,687</b>	<b>48,509,455</b>	<b>-</b>

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

**Tooele County, Utah**  
**Statement of Net Position - continued**  
December 31, 2017

	<b>Primary Government</b>			(unaudited) <b>Component</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>Tooele County Recreation SSD</b>
<b><u>Deferred Inflows of Resources</u></b>				
OPEB inflows	\$ 126,427	4,045	130,472	-
Pension inflows	795,100	70,135	865,235	-
Total deferred inflows of resources	921,527	74,180	995,707	-
<b><u>Net Position</u></b>				
Net investment in capital assets	106,489,070	30,178,019	136,667,089	-
Restricted for				
Debt	863,174	50,067	913,241	-
Capital improvements	197,980	-	197,980	-
Transient room	2,126,206	-	2,126,206	-
Corridor Preservation	2,779,359	-	2,779,359	-
E911	414,087	-	414,087	-
Public safety	359,455	-	359,455	-
Landfill closure	-	35,536	35,536	-
Other	35,850	-	35,850	-
Unrestricted	(7,839,698)	3,711,425	(4,128,273)	163,524
Total net position	<u>\$ 105,425,483</u>	<u>33,975,047</u>	<u>139,400,530</u>	<u>163,524</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, 2017**

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)
					Governmental Activities	Business-type Activities	Total	Component Unit Tooele County Recreation SSD
<b>Primary government</b>								
Governmental activities								
General government	\$ 16,773,282	6,574,391	4,014,432	-	(6,184,459)	-	(6,184,459)	-
Tourism and promotion	858,677	-	-	-	(858,677)	-	(858,677)	-
Public safety	10,852,588	3,504,858	1,514,230	-	(5,833,500)	-	(5,833,500)	-
Public health	9,852,509	1,986,785	5,965,898	-	(1,899,826)	-	(1,899,826)	-
Highways and public improvements	3,956,222	60,395	2,563,110	617,693	(715,024)	-	(715,024)	-
Parks and recreation	1,711,413	10,000	-	-	(1,701,413)	-	(1,701,413)	-
Conservation and economic development	1,247,466	-	-	-	(1,247,466)	-	(1,247,466)	-
Interest on long-term debt	1,880,222	-	702,233	-	(1,177,989)	-	(1,177,989)	-
Total governmental activities	<u>47,132,379</u>	<u>12,136,429</u>	<u>14,759,903</u>	<u>617,693</u>	<u>(19,618,354)</u>	<u>-</u>	<u>(19,618,354)</u>	<u>-</u>
Business-type activities								
Solid waste	2,584,700	2,855,657	-	-	-	270,957	270,957	-
Deseret Peak	1,971,430	531,832	-	-	-	(1,439,598)	(1,439,598)	-
Airport	5,573,077	3,733,964	-	330,880	-	(1,508,233)	(1,508,233)	-
Total business-type activities	<u>10,129,207</u>	<u>7,121,453</u>	<u>-</u>	<u>330,880</u>	<u>-</u>	<u>(2,676,874)</u>	<u>(2,676,874)</u>	<u>-</u>
Total primary government	<u>\$ 57,261,586</u>	<u>19,257,882</u>	<u>14,759,903</u>	<u>948,573</u>	<u>(19,618,354)</u>	<u>(2,676,874)</u>	<u>(22,295,228)</u>	<u>-</u>
<b>Component unit</b>								
Tooele County Recreation SSD	\$ 87,693	-	146,423	-	-	-	-	58,730
Total component units	<u>\$ 87,693</u>	<u>-</u>	<u>146,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,730</u>
General revenues								
Property taxes					12,200,691	-	12,200,691	-
General sales and use tax					6,048,425	-	6,048,425	-
Transient room tax					444,396	-	444,396	-
Restaurant tax					587,318	-	587,318	-
Mass transit tax					1,083,480	-	1,083,480	-
Franchise taxes					38,755	-	38,755	-
Impact fees					947,748	-	947,748	-
Mitigation fees					4,455,517	-	4,455,517	-
Rental income					474,036	265,149	739,185	-
Miscellaneous					575,023	196,712	771,735	-
Net interest earnings (expense)					291,142	2,830	293,972	79
Sale of capital assets					(37,697)	1,545	(36,152)	-
Settlement					(1,550,000)	-	(1,550,000)	-
Transfers					(1,019,547)	1,019,547	0	-
Total general revenues and transfers					<u>24,539,287</u>	<u>1,485,783</u>	<u>26,025,070</u>	<u>79</u>
Change in net position					4,920,933	(1,191,091)	3,729,842	58,809
Net position - beginning, as restated					100,504,550	35,166,138	135,670,688	104,715
Net position - ending					<u>\$ 105,425,483</u>	<u>33,975,047</u>	<u>139,400,530</u>	<u>163,524</u>

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

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**Tooele County, Utah**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2017**

	General Fund	Special Revenue Funds			Municipal Services	Capital Projects	Other Governmental Funds	Total Governmental Funds
		Human Services	Public Health	Road Maintenance		General		
<b><u>Assets and Deferred Outflows</u></b>								
<b><u>of Resources</u></b>								
Cash and cash equivalents	\$ 10,879,716	530,295	2,385,424	892,164	277,560	334,152	1,314,728	16,614,039
Restricted cash	1,007,372	-	-	-	-	2,779,359	2,943,939	6,730,670
Receivables (net)								
Accounts	5,906,326	176,830	569,833	547,205	1,866,315	-	301,837	9,368,346
Inventory	-	-	-	-	-	-	1,381	1,381
Prepaid items	445	257,850	-	-	-	-	-	258,295
Total assets and deferred outflows of resources	<u>\$ 17,793,859</u>	<u>964,975</u>	<u>2,955,257</u>	<u>1,439,369</u>	<u>2,143,875</u>	<u>3,113,511</u>	<u>4,561,885</u>	<u>32,972,731</u>
<b><u>Liabilities, Deferred Inflows of</u></b>								
<b><u>Resources and Fund Balances</u></b>								
Liabilities								
Accounts payable	\$ 607,274	110,621	26,019	150,625	165,759	26,752	387,275	1,474,325
Accrued liabilities	1,213,962	20,000	45,643	20,288	6,019	-	17,741	1,323,653
Unearned revenue	-	-	-	-	-	50,000	-	50,000
Total liabilities	<u>\$ 1,821,236</u>	<u>130,621</u>	<u>71,662</u>	<u>170,913</u>	<u>171,778</u>	<u>76,752</u>	<u>405,016</u>	<u>2,847,978</u>

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

**Tooele County, Utah**  
**Balance Sheet - continued**  
**Governmental Funds**  
**December 31, 2017**

	General Fund	Special Revenue Funds				Capital Projects	Other	Total
		Human Services	Public Health	Road Maintenance	Municipal Services	General	Governmental Funds	Governmental Funds
Deferred Inflows of Resources								
Unavailable revenue-								
property taxes	\$ 814,616	-	-	-	137,017	-	-	951,633
Total deferred inflows of resources	814,616	-	-	-	137,017	-	-	951,633
Fund Balances								
Nonspendable	445	257,850	-	-	-	-	1,381	259,676
Restricted for								
Debt	-	-	-	-	-	-	863,174	863,174
Transient room/ restaurant	-	-	-	-	-	-	2,126,206	2,126,206
E911 Dispatch	414,087	-	-	-	-	-	-	414,087
Public Safety	359,455	-	-	-	-	-	-	359,455
Impact fees - parks	197,980	-	-	-	-	-	-	197,980
Corridor Preservation	-	-	-	-	-	2,779,359	-	2,779,359
Other	35,850	-	-	-	-	-	-	35,850
Assigned, reported in								
Special Revenue Funds	-	576,504	2,883,595	1,268,456	1,835,080	-	783,914	7,347,549
Debt Service Funds	-	-	-	-	-	-	382,194	382,194
Capital Projects Funds	-	-	-	-	-	257,400	-	257,400
Unassigned	14,150,190	-	-	-	-	-	-	14,150,190
Total fund balances	15,158,007	834,354	2,883,595	1,268,456	1,835,080	3,036,759	4,156,869	29,173,120
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,793,859	964,975	2,955,257	1,439,369	2,143,875	3,113,511	4,561,885	32,972,731

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, 2017**

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

Total fund balances - governmental fund types	\$ 29,173,120
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	111,634,716
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.	1,176,871
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.	(148,323)
Long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	951,633
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(37,362,535)</u>
Net position of government activities	<u><u>\$ 105,425,482</u></u>

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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, 2017**

	General Fund	Special Revenue Funds			Municipal Services	Capital Projects	Other	Total
		Human Services	Public Health	Road Maintenance		General	Governmental Funds	Governmental Funds
<b><u>Revenues</u></b>								
Taxes								
General property taxes	\$ 8,555,603	-	865,590	-	2,482,756	-	48,272	11,952,221
Sales taxes	2,522,545	-	-	595,838	2,930,042	-	-	6,048,425
Transient room tax	-	-	-	-	-	-	444,396	444,396
Restaurant tax	-	-	-	-	-	-	587,318	587,318
Mass transit tax	1,083,480	-	-	-	-	-	-	1,083,480
Franchise tax	38,755	-	-	-	-	-	-	38,755
Licenses and permits	33,800	-	-	-	1,188,694	-	-	1,222,494
Intergovernmental	4,788,406	1,808,342	2,856,461	3,011,059	49,550	617,693	2,246,085	15,377,596
Charges for services	8,323,741	-	1,874,314	60,395	2,620	-	112,471	10,373,541
Impact fees	480,192	-	-	-	-	467,556	-	947,748
Fines and forfeitures	540,394	-	-	-	-	-	-	540,394
Interest on investments	64,635	-	34,856	2,430	56,039	53,936	51,110	263,006
Mitigation fees	4,455,517	-	-	-	-	-	-	4,455,517
Lease revenue	-	-	-	-	-	-	1,639,533	1,639,533
Rental income	19,546	-	454,490	-	-	-	-	474,036
Other	155,176	-	8,091	54,476	325,000	46,133	32,279	621,155
<b>Total revenues</b>	<b>31,061,790</b>	<b>1,808,342</b>	<b>6,093,802</b>	<b>3,724,198</b>	<b>7,034,701</b>	<b>1,185,318</b>	<b>5,161,464</b>	<b>56,069,615</b>
<b><u>Expenditures</u></b>								
General government	9,219,667	-	-	-	5,738,118	-	-	14,957,785
Tourism and promotion	-	-	-	-	-	-	858,677	858,677
Public safety	10,781,834	-	-	-	9,212	-	-	10,791,046
Public health and human services	183,807	2,149,952	5,611,996	-	-	-	1,826,099	9,771,854
Highways and public improvements	422,143	-	-	3,532,229	-	-	-	3,954,372
Parks and recreation	675,666	-	-	-	-	-	-	675,666
Conservation and economic development	1,247,466	-	-	-	-	-	-	1,247,466
Other administrative	75,550	-	-	-	-	-	-	75,550

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, 2017**

	General Fund	Special Revenue Funds			Municipal Services	Capital Projects	Other	Total
		Human Services	Public Health	Road Maintenance		General	Governmental Funds	Governmental Funds
<b><u>Expenditures - continued</u></b>								
Debt Service								
Principal	\$ -	-	-	-	-	-	694,370	694,370
Interest	-	-	-	-	-	-	1,883,005	1,883,005
Bond costs	-	-	-	-	-	-	8,322	8,322
Lease payment	1,639,533	-	-	-	-	-	-	1,639,533
Capital outlay	-	-	-	-	-	322,192	-	322,192
Total expenditures	24,245,666	2,149,952	5,611,996	3,532,229	5,747,330	322,192	5,270,473	46,879,838
Excess revenues over (under) expenditures	6,816,124	(341,610)	481,806	191,969	1,287,371	863,126	(109,009)	9,189,777
<b><u>Other Financing Sources (Uses)</u></b>								
Settlement	(1,550,000)	-	-	-	-	-	-	(1,550,000)
Proceeds from sale of capital assets	27,085	-	-	52,775	-	-	-	79,860
Operating transfers in	72,457	400,000	-	295,559	467,556	162,189	960,810	2,358,571
Operating transfers out	(2,233,357)	-	-	-	(150,000)	(467,556)	(527,205)	(3,378,118)
Total other financing sources	(3,683,815)	400,000	-	348,334	317,556	(305,367)	433,605	(2,489,687)
Net change in fund balance	3,132,309	58,390	481,806	540,303	1,604,927	557,759	324,596	6,700,090
Fund balances - beginning of year, as restated	12,025,698	775,964	2,401,791	728,154	230,151	2,479,000	3,832,273	22,473,031
Fund balances - end of year	\$ 15,158,007	834,354	2,883,597	1,268,457	1,835,078	3,036,759	4,156,869	29,173,121

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, 2017**

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

Net changes in fund balances - total governmental funds	\$ 6,700,090
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.	(158,521)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(117,557)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	248,470
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.	(43,686)
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.	697,153
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.	(1,913,236)
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.	(113,385)
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>(378,395)</u>
Change in net position of governmental activities	<u><u>\$ 4,920,933</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Taxes	\$ 11,789,554	11,830,254	12,200,383	370,129
Licenses and permits	40,000	40,000	33,800	(6,200)
Intergovernmental	4,488,429	4,726,082	4,788,406	62,324
Charges for services	6,523,258	7,419,291	8,323,741	904,450
Fines and forfeitures	547,000	547,000	540,394	(6,606)
Impact fees	350,000	350,000	480,192	130,192
Interest on investments	7,000	7,000	64,635	57,635
Mitigation fees	4,165,000	4,165,000	4,455,517	290,517
Rental income	25,000	25,000	19,546	(5,454)
Other	110,000	186,200	155,176	(31,024)
Total revenues	<u>28,045,241</u>	<u>29,295,827</u>	<u>31,061,790</u>	<u>1,765,963</u>
<b><u>Expenditures</u></b>				
General government	10,140,416	10,331,416	9,219,667	1,111,749
Public safety	11,104,343	11,689,343	10,781,834	907,509
Public health and human services	217,132	217,132	183,807	33,325
Highways and public improvements	407,504	471,904	422,143	49,761
Parks and recreation	935,153	1,041,186	675,666	365,520
Conservation and economic development	1,194,012	1,206,544	1,247,466	(40,922)
Other administrative	97,400	97,400	75,550	21,850
Lease payment	1,639,533	1,639,533	1,639,533	-
Total expenditures	<u>25,735,493</u>	<u>26,694,458</u>	<u>24,245,666</u>	<u>2,448,792</u>
Excess of revenues over (under) expenditures	<u>2,309,748</u>	<u>2,601,369</u>	<u>6,816,124</u>	<u>4,214,755</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Sale of general capital assets	5,000	10,500	27,085	16,585
Settlement	-	(1,550,000)	(1,550,000)	-
Operating transfers in	50,000	50,000	72,457	22,457
Operating transfers out	(2,605,070)	(3,309,026)	(2,233,357)	1,075,669
Total other financing sources (uses)	<u>(2,550,070)</u>	<u>(4,798,526)</u>	<u>(3,683,815)</u>	<u>1,114,711</u>
Net change in fund balance	(240,322)	(2,197,157)	3,132,309	5,329,466
Fund balance, beginning of year, as restated	<u>12,025,698</u>	<u>12,025,698</u>	<u>12,025,698</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,785,376</u>	<u>9,828,541</u>	<u>15,158,007</u>	<u>5,329,466</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 - Human Services**  
**For the Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 1,676,088	1,697,088	1,808,342	111,254
Total revenues	<u>1,676,088</u>	<u>1,697,088</u>	<u>1,808,342</u>	<u>111,254</u>
<b><u>Expenditures</u></b>				
Public health and human services	2,076,088	2,097,088	2,149,952	(52,864)
Total expenditures	<u>2,076,088</u>	<u>2,097,088</u>	<u>2,149,952</u>	<u>(52,864)</u>
Excess revenues over (under) expenditures	<u>(400,000)</u>	<u>(400,000)</u>	<u>(341,610)</u>	<u>58,390</u>
<b><u>Other Financing Sources (Uses)</u></b>				
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	-	-	58,390	58,390
Fund balances - beginning of year	<u>775,964</u>	<u>775,964</u>	<u>775,964</u>	<u>-</u>
Fund balances - end of year	<u>\$ 775,964</u>	<u>775,964</u>	<u>834,354</u>	<u>58,390</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, 2017**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 709,715	709,715	865,590	155,875
Intergovernmental	2,728,981	2,728,981	2,856,461	127,480
Charges for services	1,569,229	1,569,229	1,874,314	305,085
Interest on investments	-	-	34,856	34,856
Rental income	454,000	454,000	454,490	490
Other	-	-	8,091	8,091
Total revenues	<u>5,461,925</u>	<u>5,461,925</u>	<u>6,093,802</u>	<u>631,877</u>
<b><u>Expenditures</u></b>				
Public health and human services	<u>5,571,927</u>	<u>6,006,925</u>	<u>5,611,996</u>	<u>394,929</u>
Total expenditures	<u>5,571,927</u>	<u>6,006,925</u>	<u>5,611,996</u>	<u>394,929</u>
Excess revenues over (under) expenditures	<u>(110,002)</u>	<u>(545,000)</u>	<u>481,806</u>	<u>1,026,806</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(110,002)	(545,000)	481,806	1,026,806
Fund balances - beginning of year, as restated	<u>2,401,791</u>	<u>2,401,791</u>	<u>2,401,791</u>	<u>-</u>
Fund balances - end of year	<u>\$ 2,291,789</u>	<u>1,856,791</u>	<u>2,883,597</u>	<u>1,026,806</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, 2017**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 200,000	220,000	595,838	375,838
Intergovernmental	2,700,000	2,700,000	3,011,059	311,059
Charges for services	45,000	45,000	60,395	15,395
Interest on investments	-	-	2,430	2,430
Other	-	-	54,476	54,476
Total revenues	<u>2,945,000</u>	<u>2,965,000</u>	<u>3,724,198</u>	<u>759,198</u>
<b><u>Expenditures</u></b>				
Highway and public improvements	3,592,243	3,656,949	3,532,229	124,720
Total expenditures	<u>3,592,243</u>	<u>3,656,949</u>	<u>3,532,229</u>	<u>124,720</u>
Excess revenues over (under) expenditures	<u>(647,243)</u>	<u>(691,949)</u>	191,969	883,918
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from sale of capital assets	-	-	52,775	52,775
Operating transfers in	647,243	691,949	295,559	(396,390)
Total other financing sources and (uses)	<u>647,243</u>	<u>691,949</u>	<u>348,334</u>	<u>(343,615)</u>
Net change in fund balance	-	-	540,303	540,303
Fund balances - beginning of year	728,154	728,154	728,154	-
Fund balances - end of year	<u>\$ 728,154</u>	<u>728,154</u>	<u>1,268,457</u>	<u>540,303</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, 2017**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Taxes	\$ 4,394,987	4,783,661	5,412,798	629,137
Licenses and permits	851,000	1,206,000	1,188,694	(17,306)
Intergovernmental	-	50,000	49,550	(450)
Charges for services	5,000	5,000	2,620	(2,380)
Interest on investments	-	-	56,039	56,039
Other	-	-	325,000	325,000
<b>Total revenues</b>	<b>5,250,987</b>	<b>6,044,661</b>	<b>7,034,701</b>	<b>990,040</b>
<b><u>Expenditures</u></b>				
General government	5,443,757	6,317,257	5,738,118	579,139
Public safety	12,000	12,000	9,212	2,788
<b>Total expenditures</b>	<b>5,455,757</b>	<b>6,329,257</b>	<b>5,747,330</b>	<b>581,927</b>
Excess revenues over (under) expenditures	(204,770)	(284,596)	1,287,371	1,571,967
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	340,000	340,000	467,556	127,556
Operating transfers out	(150,000)	(150,000)	(150,000)	-
<b>Total other financing sources and (uses)</b>	<b>190,000</b>	<b>190,000</b>	<b>317,556</b>	<b>127,556</b>
Net change in fund balance	(14,770)	(94,596)	1,604,927	1,699,523
Fund balances - beginning of year	230,151	230,151	230,151	-
Fund balances - end of year	<u>\$ 215,381</u>	<u>135,555</u>	<u>1,835,078</u>	<u>1,699,523</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, 2017**

	Business-type Activities				Governmental Activities
	Solid Waste Fund	Deseret Peak Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
<b><u>Assets</u></b>					
Current assets					
Cash and cash equivalents	\$ 2,405,366	476,549	703,786	3,585,701	1,292,696
Restricted cash and cash equivalents	431,288	50,067	210,000	691,355	-
Accounts receivable - net	379,270	-	388,383	767,653	-
Inventory	-	-	-	-	13,347
Total current assets	<u>3,215,924</u>	<u>526,616</u>	<u>1,302,169</u>	<u>5,044,709</u>	<u>1,306,043</u>
Noncurrent assets					
Capital assets not being depreciated					
Land, roads, and construction in process	369,045	1,390,575	396,550	2,156,170	-
Capital assets being depreciated					
Buildings, improvements, equipment, and other	3,866,791	24,338,717	34,504,253	62,709,761	832,630
Less: accumulated depreciation	<u>(3,173,352)</u>	<u>(15,835,316)</u>	<u>(13,697,555)</u>	<u>(32,706,223)</u>	<u>(328,286)</u>
Total noncurrent assets	<u>1,062,484</u>	<u>9,893,976</u>	<u>21,203,248</u>	<u>32,159,708</u>	<u>504,344</u>
Total assets	<u>4,278,408</u>	<u>10,420,592</u>	<u>22,505,417</u>	<u>37,204,417</u>	<u>1,810,387</u>
<b><u>Deferred Outflows of Resources</u></b>					
OPEB outflows	10,699	-	3,121	13,820	-
Pension outflows	193,528	69,248	212,900	475,676	-
Total deferred outflows of resources	<u>204,227</u>	<u>69,248</u>	<u>216,021</u>	<u>489,496</u>	<u>-</u>

**Tooele County, Utah**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2017**

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Solid Waste Fund	Deseret Peak Fund	Airport Fund		Internal Service Funds
<b><u>Liabilities</u></b>					
Current liabilities					
Accounts payable and accrued liabilities	83,187	13,384	293,275	389,846	202,823
Checks written in excess	-	-	-	-	74,672
Accrued interest payable	-	14,476	975	15,451	-
General obligation - current portion	-	258,960	110,848	369,808	-
Total current liabilities	83,187	286,820	405,098	775,105	277,495
Non-current liabilities					
Landfill closure payable	395,752	-	-	395,752	-
Total OPEB obligation	105,112	-	29,727	134,839	-
Net pension	296,575	98,919	331,616	727,110	-
General obligation bonds	-	1,257,790	354,091	1,611,881	-
Total noncurrent liabilities	797,439	1,356,709	715,434	2,869,582	-
Total liabilities	880,626	1,643,529	1,120,532	3,644,687	277,495
<b><u>Deferred Inflows of Resources</u></b>					
OPEB inflows	3,131	-	914	4,045	-
Pension inflows	28,592	7,556	33,987	70,135	-
Total deferred inflows of resources	31,723	7,556	34,901	74,180	-
<b><u>Net Position</u></b>					
Net investment in capital assets	1,062,484	8,377,226	20,738,309	30,178,019	504,344
Restricted	35,536	50,067	-	85,603	-
Unrestricted	2,472,266	411,462	827,697	3,711,425	1,028,548
Total net position	\$ 3,570,286	8,838,755	21,566,006	33,975,047	1,532,892

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, 2017**

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Solid Waste Fund	Deseret Peak Fund	Airport Fund		Internal Service Funds
<b><u>Operating Revenues</u></b>					
Service charges	\$ 2,855,657	531,832	3,733,964	7,121,453	161,558
Rental income	-	-	265,149	265,149	-
Miscellaneous	-	1,700	195,012	196,712	-
Total operating revenues	<u>2,855,657</u>	<u>533,532</u>	<u>4,194,125</u>	<u>7,583,314</u>	<u>161,558</u>
<b><u>Operating Expenses</u></b>					
Solid waste facility	2,480,770	-	-	2,480,770	-
Deseret Peak	-	1,009,181	-	1,009,181	-
Airport	-	-	3,593,799	3,593,799	-
General and administrative	-	-	-	-	164,428
Depreciation and amortization	103,930	962,249	1,979,278	3,045,457	21,237
Total operating expenses	<u>2,584,700</u>	<u>1,971,430</u>	<u>5,573,077</u>	<u>10,129,207</u>	<u>185,665</u>
Operating income (loss)	<u>270,957</u>	<u>(1,437,898)</u>	<u>(1,378,952)</u>	<u>(2,545,893)</u>	<u>(24,107)</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>					
Federal and state grants/match	-	-	330,880	330,880	-
Gain (loss) on disposal of capital assets	-	-	1,545	1,545	(25,431)
Interest expense	-	(62,083)	(24,131)	(86,214)	-
Interest earnings	64,082	1,555	23,407	89,044	36,671
Total nonoperating Revenues (expenses)	<u>64,082</u>	<u>(60,528)</u>	<u>331,701</u>	<u>335,255</u>	<u>11,240</u>
Income before transfers	<u>335,039</u>	<u>(1,498,426)</u>	<u>(1,047,251)</u>	<u>(2,210,638)</u>	<u>(12,867)</u>
Transfer from other funds	-	1,019,547	-	1,019,547	-
Change in net position	<u>335,039</u>	<u>(478,879)</u>	<u>(1,047,251)</u>	<u>(1,191,091)</u>	<u>(12,867)</u>
Net position - beginning of year, as restated	<u>3,235,247</u>	<u>9,317,634</u>	<u>22,613,257</u>	<u>35,166,138</u>	<u>1,545,759</u>
Net position - end of year	<u>\$ 3,570,286</u>	<u>8,838,755</u>	<u>21,566,006</u>	<u>33,975,047</u>	<u>1,532,892</u>

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, 2017**

	Business-type Activities			Governmental	
	Solid Waste Fund	Deseret Peak Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
<b>Cash Flows From Operating Activities</b>					
Receipts from customers	\$ 2,832,751	533,532	3,897,976	7,264,259	-
Receipts from interfund charges	-	-	-	-	161,558
Payments to suppliers and service providers	(1,823,026)	(1,023,942)	(2,616,584)	(5,463,552)	(141,124)
Payments to employees/subcontractors	(814,207)	(301,133)	(785,951)	(1,901,291)	-
Net cash provided (used) by operating activities	195,518	(791,543)	495,441	(100,584)	20,434
<b>Cash Flows From Noncapital Financing Activities</b>					
Transfers from (to) other funds	-	1,019,547	-	1,019,547	-
Net cash provided (used) by noncapital financing activities	-	1,019,547	-	1,019,547	-
<b>Cash Flows From Capital and Related Financing Activities</b>					
Principal paid on long-term debt	-	(154,000)	(109,939)	(263,939)	-
Interest paid on long-term debt	-	(64,616)	(24,131)	(88,747)	-
Proceeds from capital grants	-	-	330,880	330,880	-
Proceeds from sale of capital assets	-	18,457	1,545	20,002	-
Purchase of capital assets	(175,577)	(3,945)	(396,536)	(576,058)	(409,756)
Net cash provided (used) by capital and related financing activities	(175,577)	(204,104)	(198,181)	(577,862)	(409,756)
<b>Cash Flows From Investing Activities</b>					
Interest and dividends received	64,082	1,555	23,407	89,044	36,671
Net cash provided (used) by investing activities	64,082	1,555	23,407	89,044	36,671
Net increase (decrease) in cash and cash equivalents	84,023	25,455	320,667	430,145	(352,651)
Cash and cash equivalents - beginning	2,752,631	501,161	593,119	3,846,911	1,570,675
Cash and cash equivalents - ending	\$ 2,836,654	526,616	913,786	4,277,056	1,218,024
As reported:					
Cash and cash equivalents	\$ 2,405,366	476,549	703,786	3,585,701	1,218,024
Restricted cash and cash equivalents	431,288	50,067	210,000	691,355	-
Checks written in excess	-	-	-	-	-
	\$ 2,836,654	526,616	913,786	4,277,056	1,218,024
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>					
Operating income	\$ 270,957	(1,437,898)	(1,378,952)	(2,545,893)	(24,107)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	103,930	962,249	1,979,278	3,045,457	21,237
Gain or (loss) on disposal of capital assets	-	-	-	-	-
(Increase) decrease in accounts receivable	(22,906)	-	(296,149)	(319,055)	-
(Increase) decrease in inventory	-	-	-	-	(352)
(Increase) decrease in prepaid items	38,395	-	-	38,395	-
Increase (decrease) in accounts payable	(196,132)	(171,986)	265,080	(103,038)	23,656
Increase (decrease) in landfill payable	9,570	-	-	9,570	-
Increase (decrease) in pension asset/ liabilities	14,831	6,460	14,785	36,076	-
Increase (decrease) in OPEB obligation	(23,127)	(150,368)	(88,601)	(262,096)	-
Total adjustments	(75,439)	646,355	1,874,393	2,445,309	44,541
Net cash provided (used) by operating activities	\$ 195,518	(791,543)	495,441	(100,584)	20,434

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, 2017**

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	<u>Total Agency Funds</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 32,010,810
Total assets	<u>\$ 32,010,810</u>
<b><u>Liabilities</u></b>	
Taxes payable	\$ 30,461,138
Developer bonds payable	790,492
Court bail bonds payable	285,485
Due to other entities	<u>473,695</u>
Total liabilities	<u>\$ 32,010,810</u>

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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, 2017**

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**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, 2017**

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

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

Description of government-wide and fund financial statements

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

Basis of presentation - government-wide financial statements

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

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

Basis of presentation - fund financial statements

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

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

The County reports the following major governmental funds:

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

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

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

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

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

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

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

6. Long-term obligations

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

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

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

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

7. Net position flow assumption

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

8. Fund balance flow assumptions

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

9. Fund balance policies

Government-wide financial statements

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

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

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

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

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

Fund financial statements

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

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

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

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

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

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

**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.

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

2. Property taxes

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

3. Compensated absences

The government's policy permits employees to accumulate earned but unused vacation and sick benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The County's policy allows for a maximum of 320 hours to be carried over into the next year that includes vacation and converted sick leave. Sick leave can accumulate a maximum of 320 hours if certain conditions are met. The County pays all unused vacation days upon separation up to the maximum of 320 hours. An employee separating

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.

The County has implemented the following new accounting pronouncements:

As of January 1, 2017, the County early adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the Total OPEB Liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position and the additional disclosures required by this standard are disclosed in Note 5.

**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	\$ 139,789,318
Accumulated depreciation	<u>(28,154,602)</u>
Total difference	<u><u>\$ 111,634,716</u></u>

*Unavailable revenue:*

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

Property taxes receivable	<u><u>\$ 951,633</u></u>
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*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><u>\$ 1,681,215</u></u>	<u><u>(148,323)</u></u>

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**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, 2017, were:

Bonds payable	\$ (24,501,250)
Discount on issuance	274,515
Interest payable	(57,000)
Compensated absences	(1,112,918)
Deferred inflow pensions	(795,100)
Deferred outflow pension	4,936,003
Net pension liability	(7,762,105)
Net pension asset	4,966
Deferred inflow OPEB	(126,427)
Deferred outflow OPEB	431,990
Total OPEB obligation	(4,229,603)
UMC payable	<u>(4,425,606)</u>
Total difference	<u>\$ (37,362,535)</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	\$ 1,669,825
Depreciation expense	<u>(1,828,346)</u>
Net difference as reported	<u>\$ (158,521)</u>

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

Net difference reported	<u><u>\$ (117,557)</u></u>
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**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**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	\$ 694,370
Accrued interest	2,783
Net difference as reported	<u>\$ 697,153</u>

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

Delinquent property taxes	<u>\$ 248,470</u>
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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	(359,323)
Total OPEB obligation	(485,491)
Compensated absences	(27,890)
UMC management fee	<u>(1,029,551)</u>
Net difference reported	<u>\$ (1,913,236)</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	\$ 100,518	(113,385)
Depreciation on fleet assets	21,237	-
Purchased capital assets	(525,581)	-
Loss on disposal of capital assets	25,431	-
Net difference reported	<u>\$ (378,395)</u>	<u>(113,385)</u>

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**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, 2017, expenditures exceeded appropriations in the following departments and funds:

<u>General fund - functions</u>		<u>Other funds</u>	
Conservation and economic development	\$ 40,922	Capital Projects - transfers out	\$ 127,556
		Municipal Building Authority	
		Jail - transfers out	162,189
		Municipal Building Authority	333,492
		Debt Service	9,622
		Redevelopment Agency	
		Transfers out	48,272

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, 2017, the County is not over 50% of the total limit of revenue in the General Fund.

Concentration of credit risk

The County received about 8% of its governmental fund revenue from mitigation fees amounting to \$4,455,517.

**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, 2017, \$9,982,732 of the local government's bank balances of \$10,442,732 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, 2017**

**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			
Money Market Mutual Funds	\$ 4,053,763	-	-
Utah Public Treasurers'			
Investment Fund	-	51,778,080	-
Total investments measured			
at fair value	\$ 4,053,763	51,778,080	-

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, 2017 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, 2017**

**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, 2017, the County's investments had the following maturities:

Investment Type	Quality Ratings		
	AA	A	Unrated
Money Market Mutual Funds	\$ -	-	4,053,763
Utah Public Treasurers' Investment Fund	\$ -	-	51,778,080
Total	\$ -	-	55,831,843

*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, 2017**

**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	\$ 876,075	546,672	1,422,747
B & C road	442,300	-	442,300
Property taxes	6,202,088	-	6,202,088
Intergovernmental	1,847,883	220,981	2,068,864
	<u>\$ 9,368,346</u>	<u>767,653</u>	<u>10,135,999</u>

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

	Unavailable	Unearned
Deferred property taxes	\$ 951,633	-
Grant drawdowns prior to meeting all eligibility requirements	-	50,000
Total deferred / unearned revenue for governmental funds	<u>\$ 951,633</u>	<u>50,000</u>

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

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

Capital assets

Capital asset activity for the year ended December 31, 2017, was as follows:

<b>Primary Government</b>	Beginning			Ending
	Balance	Increases	Decreases	Balance
<i>Governmental activities</i>				
Capital assets not being depreciated				
Land	\$ 26,570,720	-	-	26,570,720
Infrastructure	41,472,244	1,755,974	-	43,228,218
Construction in process	5,072,671	149,159	(1,755,974)	3,465,856
Total capital assets not being depreciated	73,115,635	1,905,133	(1,755,974)	73,264,794
Capital assets being depreciated				
Buildings and improvements	54,354,135	126,135	-	54,480,270
Furniture, fixtures, and equipment	12,826,761	1,394,531	(2,177,038)	12,044,254
Total capital assets being depreciated	67,180,896	1,520,666	(2,177,038)	66,524,524
Less accumulated depreciation for				
Buildings and improvements	(17,487,757)	(1,217,380)	-	(18,705,137)
Furniture, fixtures, and equipment	(10,897,980)	(610,966)	2,059,481	(9,449,465)
Total accumulated depreciation	(28,385,737)	(1,828,346)	2,059,481	(28,154,602)
Total capital assets, being depreciated, net	38,795,159	(307,680)	(117,557)	38,369,922
Governmental activities capital assets, net	\$ 111,910,794	1,597,453	(1,873,531)	111,634,716
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 1,759,620	-	-	1,759,620
Construction in process	-	396,550	-	396,550
Total capital assets not being depreciated	1,759,620	396,550	-	2,156,170
Capital assets being depreciated				
Buildings and improvements	57,363,244	-	-	57,363,244
Furniture, fixtures, and equipment	5,185,109	179,864	(18,457)	5,346,516
Total capital assets being depreciated	62,548,353	179,864	(18,457)	62,709,760
Less accumulated depreciation for				
Buildings and improvements	(25,809,623)	(2,800,634)	-	(28,610,257)
Furniture, fixtures, and equipment	(3,851,144)	(244,823)	-	(4,095,967)
Total accumulated depreciation	(29,660,767)	(3,045,457)	-	(32,706,224)
Total capital assets, being depreciated, net	32,887,586	(2,865,593)	(18,457)	30,003,536
Business-type activities capital assets, net	\$ 34,647,206	(2,469,043)	(18,457)	32,159,706

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**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	\$ 1,453,801
Public safety	101,904
Highways and streets	223,259
Parks and recreation	7,002
Public health	<u>42,380</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,828,346</u></u>

Business-type activities	
Solid Waste	\$ 103,930
Deseret Peak	962,249
Airport	<u>1,979,278</u>
Total depreciation expense - business activities	<u><u>\$ 3,045,457</u></u>

*Interfund transfers*

	Transfers out				Total Transfers In
	General	Capital Projects	Municipal Services	Non major	
<u>Transfers in</u>					
General fund	\$ -	-	-	72,457	72,457
Human Services	400,000	-	-	-	400,000
Road Maintenance	-	-	150,000	145,559	295,559
Municipal Services	-	467,556	-	-	467,556
Capital Projects	-	-	-	162,189	162,189
Nonmajor	960,810	-	-	-	960,810
Deseret Peak	872,547	-	-	147,000	1,019,547
Total transfers out	<u><u>\$ 2,233,357</u></u>	<u>467,556</u>	<u>150,000</u>	<u><u>527,205</u></u>	<u><u>3,378,118</u></u>

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**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, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities:</i>					
Sales tax revenue bonds	\$ 1,540,620	-	(224,370)	1,316,250	230,040
Lease revenue bonds	23,655,000	-	(470,000)	23,185,000	490,000
Unamortized discount	(285,496)	-	10,981	(274,515)	-
Compensated absences	1,085,028	797,464	(769,574)	1,112,918	789,355
Net pension liability	7,024,333	737,772	-	7,762,105	-
Total post employment benefit obligation	3,768,919	460,684	(0)	4,229,603	-
Total governmental long-term liabilities	36,788,404	1,995,920	(1,452,963)	37,331,361	1,509,395
<i>Business-type activities:</i>					
Lease revenue bonds	195,000	-	(95,000)	100,000	100,000
Lease revenue bonds	375,244	-	(10,305)	364,939	10,848
Lease revenue bonds	4,634	-	(4,634)	-	-
Sales tax revenue bonds	182,000	-	(44,000)	138,000	45,000
Sales tax revenue bonds	1,224,000	-	(154,000)	1,070,000	160,000
Sales tax revenue bonds	361,380	-	(52,630)	308,750	53,960
Net pension liability	652,339	-	74,771	727,110	-
Total post employment benefit obligation	424,685	13,461	(303,307)	134,839	-
Total business-type long-term liabilities	3,419,282	13,461	(589,105)	2,843,638	369,808
Total long-term debt	\$ 40,207,686	2,009,381	(2,042,068)	40,174,999	1,879,203

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

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

Long-term debt (continued)

Sales tax revenue issues at December 31, 2017 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	\$ 138,000
2008	Finance the construction and equipping of the convention facilities at Deseret Peak	2,275,000	4.29%	2023	1,070,000
2012	Advance refunding bond used to defease other bonds	2,974,000	2.15%	2024	<u>1,625,000</u>
					<u>\$ 2,833,000</u>
			Governmental activities		1,316,250
			Business-type activities		<u>1,516,750</u>
					<u>\$ 2,833,000</u>

Lease revenue issues at December 31, 2017 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	\$ 100,000
1998 B	Finance the construction of the Airport	500,000	4.75%	2038	364,939
2010 -	Finance the construction of the ABC jail	25,340,000	4.75 to 8.35%	2042	<u>23,185,000</u>
					<u>\$ 23,649,939</u>
			Governmental activities		23,185,000
			Business-type activities		<u>464,939</u>
					<u>\$ 23,649,939</u>

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

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

Long-term debt (continued)

Debt service requirements of bonds at December 31, 2017 are as follows:

<b>Governmental Activities</b>					
		Sales tax revenue		Lease revenue	
		Principal	Interest	Principal	Interest
Years ending					
December 31					
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		140,940	7,774	575,000	1,695,215
2023-2027		291,600	6,296	3,330,000	7,792,876
2028-2032		-	-	4,280,000	6,332,539
2033-2037		-	-	5,425,000	4,439,740
2038-2042		-	-	7,495,000	2,039,822
<b>Total</b>		<b>\$ 1,316,250</b>	<b>87,658</b>	<b>23,185,000</b>	<b>29,429,652</b>

<b>Business-type Activities</b>					
		Sales tax revenue		Lease revenue	
		Principal	Interest	Principal	Interest
Years ending					
December 31					
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	16,032
2021		224,370	23,139	12,508	15,452
2022		222,060	14,372	13,114	14,846
2023-2027		266,400	5,723	75,776	64,024
2028-2032		-	-	96,061	43,739
2033-2037		-	-	121,777	18,023
2038-2043		-	-	11,553	138
<b>Total</b>		<b>\$ 1,516,750</b>	<b>168,659</b>	<b>464,939</b>	<b>211,952</b>

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

Long-term debt (continued)

*Bond Advance Refunding*

On November 20, 2012, the County issued \$2,974,000 in sales tax revenue refunding bonds with an interest rate of 2.147%. The County issued the bonds to advance refund \$2,837,000 of the outstanding sales tax revenue bonds with interest rates ranging between 1.55% and 5%. As a result, that portion of the sales tax revenue bonds is considered defeased, and the County has removed the liability from its accounts. There is no outstanding principal balance for the defeased bonds. The advance refunding reduced total debt service payments over the 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) is a multiple employer, cost sharing, retirement system.
- Public Employees Contributory Retirement System (Contributory System); is a multiple employer, cost sharing, retirement system.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employee retirement systems.
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System); is a multiple employer, cost sharing, public employee retirement systems.

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, 2017**

**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 Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

**Summary of Benefits by System**

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

Retirement benefits are as follows:

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

\* with actuarial reductions

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

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**Note 5 - Other Information - continued**

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2017 are as follows:

	Employee	Employer	Employer 401(k)
<b>Contributory System</b>			
11 - Local Governmental Division Tier 1	6.000%	14.460%	N/A
111 - Local Governmental Division Tier 2	N/A	15.110%	1.580%
<b>Noncontributory System</b>			
15 - Local Governmental Division Tier 1	N/A	18.470%	N/A
<b>Public Safety Retirement System</b>			
<b>Contributory</b>			
122 - Tier 2 DB Hybrid Public Safety	N/A	22.570%	1.260%
<b>Noncontributory</b>			
43 - Other Division A with 2.5% COLA	N/A	34.040%	N/A
<b>Tier 2 DC Only</b>			
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, 2017, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 1,199,044	N/A
Contributory System	7,584	-
Public Safety System	776,872	-
Tier 2 Public Employees System	411,344	-
Tier 2 Public Safety and Firefighter System	118,962	-
Tier 2 DC Only System	35,438	N/A
Tier 2 DC Public Safety and Firefighter System	14,653	N/A
<b>Total Contributions</b>	<b>\$ 2,563,897</b>	<b>\$ -</b>

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

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**Note 5 - Other Information - continued**

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

At December 31, 2017, we reported a net pension asset of \$4,966 and a net pension liability of \$8,489,215.

	(Measurement Date): December 31, 2016		
	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.8117131%	\$ -	5,212,192
Contributory System	0.2187864%	-	71,786
Public Safety System	1.5655414%	-	3,176,916
Tier 2 Public Employees System	0.2538839%	-	28,321
Tier 2 Public Safety and Firefighters Sys	0.5720758%	4,966	-
Total Net Pension Asset / Liability		<u>\$ 4,966</u>	<u>8,489,215</u>

	Proportionate Share December 31, 2015	Change (Decrease)
Noncontributory System	0.8338165%	-0.0221034%
Contributory System	0.1189963%	0.0997901%
Public Safety System	1.6049646%	-3.9423200%
Tier 2 Public Employees System	0.2272923%	0.0265916%
Tier 2 Public Safety and Firefighters System	0.5353200%	0.0367558%

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 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, 2017 we recognized pension expense of \$2,956,534.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**Note 5 - Other Information - continued**

At December 31, 2017, 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	\$ 116,885	423,708
Changes in assumptions	1,277,788	283,579
Net difference between projected and actual earnings on pension plan investments	1,322,498	-
Changes in proportion and differences between contributions and proportionate share of contributions	130,611	157,950
Contributions subsequent to the measurement date	2,563,897	-
Total	\$ 5,411,679	865,237

\$2,563,897 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, 2016.

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
2017	\$ 576,627
2018	656,156
2019	797,501
2020	(61,702)
2021	1,124
Thereafter	12,840

Actuarial assumptions: The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.35 - 10.35%, average, including inflation
Investment rate of return	7.20%, net of pension plan investment expense, including inflation

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

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**Note 5 - Other Information - continued**

The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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 portfolio
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			2.60%
Expected arithmetic nominal return			7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, and a real return of 4.60% that is net of investment expense.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**Note 5 - Other Information - continued**

*Discount Rate:* The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

*Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

<u>System</u>	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Noncontributory System	\$ 10,796,215	\$ 5,212,192	\$ 552,630
Contributory System	172,814	71,786	(13,320)
Public Safety System	6,607,265	3,176,916	388,510
Tier 2 Public Employees System	192,769	28,321	(96,783)
Tier 2 Public Safety and Firefighter	34,743	(4,966)	(35,482)
<b>Total</b>	<b>\$ 17,803,806</b>	<b>\$ 8,484,249</b>	<b>\$ 795,555</b>

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

**Defined Contribution Savings Plans**

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

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**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:

	2017	2016	2015
<b>401(k) Plan</b>			
Employer Contributions	\$ 426,658	\$ 348,440	\$ 137,646
Employee Contributions	\$ 457,197	\$ 312,307	\$ 246,899
<b>457 Plan</b>			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 45,156	\$ 46,516	\$ 46,881
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 20,616	\$ 12,531	\$ 15,531
<b>Traditional IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 1,170	\$ 3,497	\$ 2,233

This section intentionally left blank.

**Note 5 - Other Information - Continued**

Other Post-employment Benefits

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

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

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

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

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

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

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

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

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

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

*Dental*

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

**Note 5 - Other Information - Continued**

Other Post-employment Benefits - Continued

*Measurement Date:* For fiscal year ending December 31, 2017

*Actuarial Valuation Date:* December 31, 2017 with no adjustment to the December 31, 2017 measurement date. Results are projected from December 31, 2014 to December 31, 2016 on a no-gain/not-loss basis.

*Discount Rate:* 3.81% as of January 1, 2017 and 3.56% as of December 31, 2017 for accounting disclosure purposes.

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

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

*Inflation Rate:* 3.5% per year

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

The County's annual other postemployment benefit (OPEB) costs (expense) is calculated based on the employer's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the year December 31, 2017, the County's annual OPEB cost (expense) is \$230,928. The following table shows the components of the County's net annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's total OPEB obligation.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**Note 5 - Other Information - Continued**

OPEB Expense

*Discount Rate*

Beginning of year	3.81%
End of year	3.56%
Service cost	\$ 103,389
Interest	180,096
Change of benefit terms	-
Projected earnings on OPEB plan investments	-
OPEB plan administrative expenses	-
Current period recognition of deferred outflows/ (inflows) of resources	
Differences between expected and actual experience	(74,302)
Changes in assumptions	21,745
Net difference between projected and actual earnings on OPEB plan investments	-
Total current period recognition	<u>(52,557)</u>
Total OPEB expense	<u>\$ 230,928</u>

Deferred outflows/ (inflows) of resources

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

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

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

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**Note 5 - Other Information - Continued**

Other Post-employment Benefits - Continued

<u>December 31, 2017</u>	<u>Initial Balance</u>	<u>Initial Amortization Period</u>	<u>Annual Recognition</u>	<u>Unamortized balance as of December 31, 2017</u>
Differences between expected and actual experience for FYE	\$ (520,112)	7	\$ (74,302)	\$ (445,810)
Changes in assumptions for FYE	\$ 152,217	7	\$ 21,745	\$ 130,472
Net difference between projected and actual earnings in OPEB plan investments for FYE	\$ -	n/a	\$ -	\$ -
			<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
<u>As of fiscal year ending December 31, 2017</u>				
Differences between expected and actual experience			\$ (445,810)	-
Changes in assumptions			-	130,472
Net difference between projected and actual earnings in OPEB plan investments			n/a	n/a
Total			<u>\$ (445,810)</u>	<u>130,472</u>

Annual Amortization of Deferred Outflows/ (Inflows)

The balances of December 31, 2017 of the deferred outflows/ (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

2018	\$ (52,557)
2019	(52,557)
2020	(52,557)
2021	(52,557)
2022	(52,557)
Thereafter	<u>(52,553)</u>
	<u>\$ (315,338)</u>

**Note 5 - Other Information - Continued**

Other Post-employment Benefits - Continued

Sensitivity Results

The following presents the total OPEB liability as of December 31, 2017, calculated using the discount rate assumed and what it would be using at 1% higher and 1% lower discount rate.

- The current discount rate is 3.56%.
- The 1% decrease in discount rate would be 2.56%.
- The 1% increase in discount rate would be 4.56%.

As of December 31, 2017

1% decrease	\$ 4,807,035
Discount	\$ 4,364,442
1% increase	\$ 3,987,022

The following presents the total OPEB liability as of December 31, 2017, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 8.00%, decreasing to an ultimate rate of 5.00%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.00%, decreasing to an ultimate rate of 4.00%.
- The 1% increase in health care trend rates would assume an initial rate of 9.00%, increasing to an ultimate rate of 6.00%.

As of December 31, 2017

1% decrease	\$ 4,000,323
Discount	\$ 4,364,442
1% increase	\$ 4,793,455

**Note 5 - Other Information - Continued**

Other Post-employment Benefits - Continued

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of an occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of fund progress, shown as required supplementary information following the notes to the financial statements, present the results of OPEB valuations as of December 31, 2017 and looking forward, the schedule provides multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Risk management

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

**Note 5 - Other Information - Continued**

Landfill closure and post closure care costs

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

Tooele County owns and maintains three landfill sites located in the Tooele, Utah area. State and federal laws and regulations require the County to place a final cover on its Ibapah, Bauer, and Wendover landfill sites when they stop accepting construction waste and perform certain maintenance and monitoring action at the sites for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date the landfills stop accepting waste, the County reported a liability at December 31, 2017 of \$395,752, 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 \$65,273 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, 2017 the County has \$431,288 of investments which are held for these purposes. These are reported as restricted assets on the solid waste proprietary fund statement of net position.

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**Note 5 - Other Information - Continued**

Special Items

A lawsuit was brought against the County by a potential buyer to block the sale of surplus property known as Utah Motor Sports Campus. The County agreed to pay \$1,550,000 to settle the suit in November 2017.

In 2015, the Larry H. Miller Group indicated their intension to divest themselves from Miller Motorsports Park in Tooele County. The result of this decision is the end of the land lease with Tooele County and surrender of the real property located on that property. The value of surrendered property was not determined as of the close of 2017, as the nature of the facility is specialized. Subsequent to the end of the year, the property is valued at \$19,000,000 according to the most recent appraisal. As part of the operating agreement entered into in 2016 with Utah Motorsports Campus (UMC is a subsidiary of Mitime Investment Group), the County will reduce the sales price of the property by startup fees, management fees (1%), and operating losses incurred prior to the final sale. As of December 31, 2017, the County is set to reduce the sales price by \$4,425,606.

	2016	2017
January 1st	\$ -	\$ 3,396,055
Management fee, startup costs, operating losses	5,476,428	1,551,111
Capital assets	(2,080,373)	(521,560)
UMC payable os of December 31st	<u>\$ 3,396,055</u>	<u>\$ 4,425,606</u>

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

Commitments and Contingencies

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

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

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**Note 5 - Other Information - Continued**

Prior period adjustments

As of January 1, 2017, the County early adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pension in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively remove the prior OPEB liability reported under GASB Statement No. 45, and adopt the provisions of GASB Statement No. 75 to report the beginning total OPEB liability and deferred outflows of resources related to contributions made after the measurement. These adjustments to fund balances and net position are included with the adjustments related to other prior period corrections of errors below.

The County had the following prior period adjustments which included adopting GASB 75 and correcting certain errors identified during the year:

*General Fund*

Beginning balance	\$ 11,464,104
Accounts receivable - revenue	(526,814)
Outstanding checks - expenditure	86,072
Justice court bonds - revenue	275,073
Accounts payable - expenditure	502,182
Cash balance - Café - expenditure	34,243
Cash balance - Commissary - revenue	190,837
Beginning balance, as restated	\$ 12,025,697

*Capital Projects Fund*

Beginning balance	\$ 351,754
Corridor preservation - revenue	2,127,246
Beginning balance, as restated	\$ 2,479,000

*Public Health Fund*

Beginning balance	\$ 2,357,178
Outstanding checks - expenditure	44,613
Beginning balance, as restated	\$ 2,401,791

*Deseret Peak Fund*

Beginning balance	\$ 9,206,656
OPEB Liability - GASB 45	164,716
Total OPEB Liability - GASB 75	(150,368)
Debt - expenditure	96,630
Beginning balance, as restated	\$ 9,317,634

**Tooele County, Utah**  
**Notes to Financial Statements-Continued**  
**For the Year Ended December 31, 2017**

**Note 5 - Other Information - Continued**

Prior period adjustments - continued

*Solid Waste Fund*

Beginning balance	\$ 3,223,844
OPEB Liability - GASB 45	132,075
Total OPEB Liability - GASB 75	<u>(120,672)</u>
Beginning balance, as restated	<u>\$ 3,235,247</u>

*Airport Fund*

Beginning balance	\$ 22,601,483
OPEB Liability - GASB 45	127,894
Total OPEB Liability - GASB 75	<u>(116,121)</u>
Beginning balance, as restated	<u>\$ 22,613,256</u>

*Net Position - Governmental Funds*

Beginning balance	\$ 81,133,619
Fund changes as listed above	2,733,452
OPEB Liability - GASB 45	3,768,919
Total OPEB Liability - GASB 75	<u>(3,438,549)</u>
Property tax receivable - revenue	703,163
Miller Motorsports Park donation - revenue	19,000,000
UMC management fee - expense	<u>(3,396,055)</u>
Beginning balance, as restated	<u>\$100,504,549</u>

*Net Position - Business-Type Activities*

Beginning balance	\$ 35,031,984
Fund changes as listed above	96,630
OPEB Liability - GASB 45	424,685
Total OPEB Liability - GASB 75	<u>(387,161)</u>
Beginning balance, as restated	<u>\$ 35,166,138</u>

*Impact of implementation of GASB 75*

Net Position at December 31, 2016	\$135,302,793
Remove previously reported OPEB Liability previously reported under GASB Statement No. 45	4,193,604
Add Total OPEB Liability under GASB Statement No. 75 at December 31, 2016	<u>(3,825,709)</u>
Net position at January 1, 2017, as restated	<u><u>\$135,670,688</u></u>

**Note 5 - Other Information - Continued**

Prior period adjustments - continued

The County has increased fund balance in the General Fund by \$561,591: to correct accounts receivable incorrectly recorded for 2016 in the amount of (\$526,814), \$86,072 to reflect amount of outstanding check that were reversed, to reflect prior justice court fine revenue held in trust in the amount of \$275,073, to reflect a change in amount due related to state lands and forestry payable for \$502,182, to correct amounts removed from cash in relation to the cafe plan bank account for \$34,243, and to reflect fees collected from inmates for commissary items, but not remitted to the County \$190,837.

Fund balance in the Capital Projects Fund was increased by \$2,127,246 to reflect amounts held for the purpose of corridor preservation.

Fund balance in the Public Health Fund was increased by \$44,613 to reflect amount of outstanding checks that were reversed.

Net position in the Deseret Peak Fund was increase by \$96,630 to correct the balance of long-term debt.

Net position in the government-wide financial statements was increased to reflect delinquent property taxes in the amount of \$703,163.

Net position in the government-wide financial statements was increased by \$15,603,945 to report the value of donated property (Miller Motorsports Park) at \$19,000,000 and the subsequent obligation to a management company for 2016 management expenses incurred \$3,396,055.

Early Adoption of GASB 75 - With the implementation of GASB 75 related to OPEB obligations, net position was decreased by \$367,895 to reflect reporting deferred outflows related to contributions subsequent to the measurement date.

Subsequent events

Subsequent events have been evaluated through November 1, 2018, 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, 2017**

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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 395.96 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, 2017**

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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, 2017**

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*Assessed Conditions*

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

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

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

<u>Year</u>	<u>Estimated Expenditures</u>	<u>Actual Expenditures</u>
2017	\$ 3,657	\$ 3,529
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**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Fiscal Years Ending December 31\***

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

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

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

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

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

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

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

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

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

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

**Tooele County, Utah**  
**Notes to Required Supplementary Information**  
**For the Year Ended December 31, 2017**

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Changes in Assumptions - Pension Liabilities:

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

Other Post-employment Benefits

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

## **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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Interest on investments	\$ -	-	53,936	53,936
Intergovernmental	-	-	617,693	617,693
Impact fees	340,000	340,000	467,556	127,556
Other	-	-	46,133	46,133
Total revenues	<u>340,000</u>	<u>340,000</u>	<u>1,185,318</u>	<u>845,318</u>
<b><u>Expenditures</u></b>				
Capital outlay	761,000	1,861,000	322,192	1,538,808
Total expenditures	<u>761,000</u>	<u>1,861,000</u>	<u>322,192</u>	<u>1,538,808</u>
Excess revenues over (under) expenditures	<u>(421,000)</u>	<u>(1,521,000)</u>	<u>863,126</u>	<u>2,384,126</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	761,000	1,861,000	162,189	(1,698,811)
Operating transfers out	(340,000)	(340,000)	(467,556)	(127,556)
Total other financing sources and (uses)	<u>421,000</u>	<u>1,521,000</u>	<u>(305,367)</u>	<u>(1,826,367)</u>
Net change in fund balance	-	-	557,759	557,759
Fund balances - beginning of year, as restated	<u>2,479,000</u>	<u>2,479,000</u>	<u>2,479,000</u>	<u>-</u>
Fund balances - end of year	<u>\$ 2,479,000</u>	<u>2,479,000</u>	<u>3,036,759</u>	<u>557,759</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, 2017**

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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, 2017**

	Special Revenue				Capital Projects			Total
	Aging and Adult Services	Transient Room Tax	Transportation Fund	Redevelopment Agency	Municipal Building Authority	Debt Service	MBA Jail	
<b><u>Assets and Deferred Outflows of Resources</u></b>								
Cash and cash equivalents	\$ 590,227	-	841	97,843	-	625,817	-	1,314,728
Restricted cash	-	2,080,765	-	-	863,174	-	-	2,943,939
Receivables -								
Accounts (net)	142,469	158,821	-	-	-	547	-	301,837
Inventory	1,381	-	-	-	-	-	-	1,381
Total assets and deferred outflows of resources	<u>\$ 734,077</u>	<u>2,239,586</u>	<u>841</u>	<u>97,843</u>	<u>863,174</u>	<u>626,364</u>	<u>-</u>	<u>4,561,885</u>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>								
Liabilities								
Accounts payable	\$ 29,725	113,380	-	-	-	244,170	-	387,275
Accrued liabilities	17,741	-	-	-	-	-	-	17,741
Total liabilities	<u>47,466</u>	<u>113,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,170</u>	<u>-</u>	<u>405,016</u>
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	1,381
Restricted for								
Debt	-	-	-	-	863,174	-	-	863,174
Transient room/ Restaurant tax	-	2,126,206	-	-	-	-	-	2,126,206
Assigned								
Special Revenue Funds	686,611	-	841	97,843	-	-	-	783,914
Debt Service Funds	-	-	-	-	-	382,194	-	382,194
Capital Projects Funds	-	-	-	-	-	-	-	-
Total fund balances	<u>686,611</u>	<u>2,126,206</u>	<u>841</u>	<u>97,843</u>	<u>863,174</u>	<u>382,194</u>	<u>-</u>	<u>4,156,869</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 734,077</u>	<u>2,239,586</u>	<u>841</u>	<u>97,843</u>	<u>863,174</u>	<u>626,364</u>	<u>-</u>	<u>4,561,885</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, 2017**

	Special Revenue				Capital Projects			Total
	Aging and Adult Services	Transient Room Tax	Transport - ation Fund	Redevelopment Agency	Municipal Building Authority	Debt Service	MBA Jail	
<b>Revenues</b>								
Taxes	\$ -	1,031,714	-	48,272	-	-	-	1,079,986
Intergovernmental	1,301,095	73,013	169,744	-	702,233	-	-	2,246,085
Charges for services	112,471	-	-	-	-	-	-	112,471
Interest on investments	-	41,453	-	-	-	9,657	-	51,110
Lease revenue	-	-	-	-	1,639,533	-	-	1,639,533
Other	32,279	-	-	-	-	-	-	32,279
<b>Total revenues</b>	<b>1,445,845</b>	<b>1,146,180</b>	<b>169,744</b>	<b>48,272</b>	<b>2,341,766</b>	<b>9,657</b>	<b>-</b>	<b>5,161,464</b>
<b>Expenditures</b>								
Tourism and promotion	-	858,677	-	-	-	-	-	858,677
Public health and human services	1,826,099	-	-	-	-	-	-	1,826,099
Debt Service								
Principal	-	-	-	-	470,000	224,370	-	694,370
Interest	-	-	-	-	1,849,075	33,930	-	1,883,005
Bond costs	-	-	-	-	4,500	3,822	-	8,322
<b>Total expenditures</b>	<b>1,826,099</b>	<b>858,677</b>	<b>-</b>	<b>-</b>	<b>2,323,575</b>	<b>262,122</b>	<b>-</b>	<b>5,270,473</b>
Excess revenues over (under) expenditures	(380,254)	287,503	169,744	48,272	18,191	(252,465)	-	(109,009)
<b>Other Financing Sources (Uses)</b>								
Operating transfers in	599,790	-	-	-	108,520	252,500	-	960,810
Operating transfers out	-	(147,000)	(169,744)	(48,272)	-	-	(162,189)	(527,205)
<b>Total other financing sources (uses)</b>	<b>599,790</b>	<b>(147,000)</b>	<b>(169,744)</b>	<b>(48,272)</b>	<b>108,520</b>	<b>252,500</b>	<b>(162,189)</b>	<b>433,605</b>
Net change in fund balance	219,536	140,503	-	-	126,711	35	(162,189)	324,596
Fund balances - beginning of year, as adjusted	467,075	1,985,703	841	97,843	736,463	382,159	162,189	3,832,273
Fund balances - end of year	\$ 686,611	2,126,206	841	97,843	863,174	382,194	-	4,156,869

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 1,155,000	1,155,000	1,301,095	146,095
Charges for services	113,600	113,600	112,471	(1,129)
Other	35,000	35,000	32,279	(2,721)
Total revenues	1,303,600	1,303,600	1,445,845	142,245
<b><u>Expenditures</u></b>				
Public health and human services	1,903,390	1,903,390	1,826,099	77,291
Total expenditures	1,903,390	1,903,390	1,826,099	77,291
Excess revenues over (under) expenditures	(599,790)	(599,790)	(380,254)	219,536
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	599,790	599,790	599,790	-
Total other financing sources and (uses)	599,790	599,790	599,790	-
Net change in fund balance	-	-	219,536	219,536
Fund balances - beginning of year	467,075	467,075	467,075	-
Fund balances - end of year	\$ 467,075	467,075	686,611	219,536

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Taxes	\$ 840,000	840,000	1,031,714	191,714
Intergovernmental	-	-	73,013	73,013
Interest on investments	-	-	41,453	41,453
Total revenues	840,000	840,000	1,146,180	306,180
<b><u>Expenditures</u></b>				
Tourism and promotion	992,000	992,000	858,677	133,323
Total expenditures	992,000	992,000	858,677	133,323
Excess revenues over (under) expenditures	(152,000)	(152,000)	287,503	439,503
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers out	(147,000)	(147,000)	(147,000)	-
Total other financing sources and (uses)	(147,000)	(147,000)	(147,000)	-
Net change in fund balance	(299,000)	(299,000)	140,503	439,503
Fund balances - beginning of year	1,985,703	1,985,703	1,985,703	-
Fund balances - end of year	\$ 1,686,703	1,686,703	2,126,206	439,503

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, 2017**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ -	-	169,744	169,744
Total revenues	-	-	169,744	169,744
<b><u>Expenditures</u></b>				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	169,744	169,744
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers out	-	-	(169,744)	(169,744)
Total other financing sources and (uses)	-	-	(169,744)	(169,744)
Net change in fund balance	-	-	-	-
Fund balances - beginning of year, as adjusted	841	841	841	-
Fund balances - end of year	\$ 841	841	841	-

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, 2017**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ -	-	48,272	48,272
Total revenues	-	-	48,272	48,272
<b><u>Expenditures</u></b>				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	48,272	48,272
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers out	-	-	(48,272)	(48,272)
Total other financing sources and (uses)	-	-	(48,272)	(48,272)
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	97,843	97,843	97,843	-
Fund balances - end of year	<u>\$ 97,843</u>	<u>97,843</u>	<u>97,843</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 - Municipal Building Authority**  
**For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Intergovernmental	\$ -	350,550	702,233	351,683
Lease revenue	1,610,033	1,639,533	1,639,533	-
Total revenues	1,610,033	1,990,083	2,341,766	351,683
<b><u>Expenditures</u></b>				
Debt Service				
Principal	470,000	470,000	470,000	-
Interest	1,136,033	1,512,083	1,849,075	(336,992)
Bond costs	4,000	8,000	4,500	3,500
Total expenditures	1,610,033	1,990,083	2,323,575	(333,492)
Excess revenues over (under) expenditures	-	-	18,191	18,191
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	-	-	108,520	108,520
Total other financing sources and (uses)	-	-	108,520	108,520
Net change in fund balance	-	-	126,711	126,711
Fund balances - beginning of year,	736,463	736,463	736,463	-
Fund balances - end of year	\$ 736,463	736,463	863,174	126,711

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, 2017**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Interest on investments	\$ -	-	9,657	9,657
Total revenues	-	-	9,657	9,657
<b><u>Expenditures</u></b>				
Debt Service				
Principal	230,000	230,000	224,370	5,630
Interest	20,000	20,000	33,930	(13,930)
Bond costs	2,500	2,500	3,822	(1,322)
Total expenditures	252,500	252,500	262,122	(9,622)
Excess revenues over (under) expenditures	(252,500)	(252,500)	(252,465)	35
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	252,500	252,500	252,500	-
Total other financing sources and (uses)	252,500	252,500	252,500	-
Net change in fund balance	-	-	35	35
Fund balances - beginning of year	382,159	382,159	382,159	-
Fund balances - end of year	<u>\$ 382,159</u>	<u>382,159</u>	<u>382,194</u>	<u>35</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Interest on investments	\$ -	-	-	-
Total revenues	-	-	-	-
<b><u>Expenditures</u></b>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	-	-
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(162,189)	(162,189)
Total other financing sources and (uses)	-	-	(162,189)	(162,189)
Net change in fund balance	-	-	(162,189)	(162,189)
Fund balances - beginning of year	162,189	162,189	162,189	-
Fund balances - end of year	\$ 162,189	162,189	-	(162,189)

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, 2017**

	Service Equipment	Central Stores	Total
<b><u>Assets</u></b>			
Current assets			
Cash and cash equivalents	\$ 1,292,696	-	1,292,696
Inventory	-	13,347	13,347
Total current assets	<u>1,292,696</u>	<u>13,347</u>	<u>1,306,043</u>
Noncurrent assets			
Equipment	832,630	-	832,630
Less: accumulated depreciation	<u>(328,286)</u>	<u>-</u>	<u>(328,286)</u>
Total noncurrent assets	<u>504,344</u>	<u>-</u>	<u>504,344</u>
Total assets	<u>\$ 1,797,040</u>	<u>13,347</u>	<u>1,810,387</u>
<b><u>Liabilities</u></b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 115,825	86,998	202,823
Checks written in excess of cash	-	74,672	74,672
Total current liabilities	<u>115,825</u>	<u>161,670</u>	<u>277,495</u>
Total liabilities	<u>\$ 115,825</u>	<u>161,670</u>	<u>277,495</u>
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ 504,344	-	504,344
Unrestricted	<u>1,176,871</u>	<u>(148,323)</u>	<u>1,028,548</u>
Total net position	<u>\$ 1,681,215</u>	<u>(148,323)</u>	<u>1,532,892</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, 2017**

	Service Equipment	Central Stores	Total
<b><u>Operating Revenues</u></b>			
Assessments	\$ 129,058	32,500	161,558
Total operating revenues	129,058	32,500	161,558
<b><u>Operating Expenses</u></b>			
Maintenance and supplies	18,018	146,410	164,428
Depreciation and amortization	21,237	-	21,237
Total operating expenses	39,255	146,410	185,665
Operating income (loss)	89,803	(113,910)	(24,107)
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Gain (loss) on disposal of capital assets	(25,431)	-	(25,431)
Interest revenue	36,146	525	36,671
Total nonoperating Revenues (expenses)	10,715	525	11,240
Change in net position	100,518	(113,385)	(12,867)
Net position - beginning of year	1,580,697	(34,938)	1,545,759
Net position - end of year	<u>\$ 1,681,215</u>	<u>(148,323)</u>	<u>1,532,892</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, 2017**

	Service Equipment	Central Stores	Total
<b><u>Cash Flows From Operating Activities</u></b>			
Receipts from assessments to businesses and others	\$ 129,058	32,500	161,558
Payments to suppliers	(18,018)	(123,106)	(141,124)
Net cash provided (used) by operating activities	111,040	(90,606)	20,434
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>			
Purchase of capital assets	(409,756)	-	(409,756)
Net cash provided (used) by capital financing activities	(409,756)	-	(409,756)
<b><u>Cash Flows From Investing Activities</u></b>			
Interest and dividends received	36,146	525	36,671
Net cash provided (used) by investing activities	36,146	525	36,671
Net increase (decrease) in cash and cash equivalents	(262,570)	(90,081)	(352,651)
Cash and cash equivalents - beginning	1,555,266	15,409	1,570,675
Cash and cash equivalents - ending	\$ 1,292,696	(74,672)	1,218,024
<b><u>Reconciliation of Operating Income to Net Cash Provided</u></b>			
<b><u>(Used) by Operating Activities</u></b>			
Operating income	\$ 89,803	(113,910)	(24,107)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	21,237	-	21,237
(Increase) decrease in inventory	-	(352)	(352)
Increase (decrease) in accounts payable	-	23,656	23,656
Total adjustments	21,237	23,304	44,541
Net cash provided (used) by operating activities	\$ 111,040	(90,606)	20,434

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, 2017**

	County General Agency Fund	Treasurer's Tax Fund	Total
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 1,549,672	30,461,138	32,010,810
Total assets	<u>\$ 1,549,672</u>	<u>30,461,138</u>	<u>32,010,810</u>
<b><u>Liabilities</u></b>			
Taxes payable	\$ -	30,461,138	30,461,138
Developer bonds payable	790,492	-	790,492
Court bail bonds payable	285,485	-	285,485
Due to other entities	473,695	-	473,695
Total liabilities	<u>\$ 1,549,672</u>	<u>30,461,138</u>	<u>32,010,810</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, 2017**

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
<b><u>Assets</u></b>				
Cash and cash equivalents - General Agency	\$ 1,380,617	5,516,638	(5,347,584)	1,549,671
Cash and cash equivalents - Treasurer's Tax Fund	20,446,780	60,563,349	(50,548,992)	30,461,138
Total assets	<u>\$ 21,827,397</u>	<u>66,079,987</u>	<u>(55,896,576)</u>	<u>32,010,809</u>
<b><u>Liabilities</u></b>				
Taxes payable - Treasurer's Tax Fund	\$ 20,446,780	60,563,349	(50,548,992)	30,461,138
Developer bonds payable	351,590	866,773	(427,872)	790,491
Court bail bonds payable	644,322	1,332,286	(1,691,123)	285,485
Due to other entities	384,705	3,317,579	(3,228,589)	473,695
Total liabilities	<u>\$ 21,827,397</u>	<u>66,079,987</u>	<u>(55,896,576)</u>	<u>32,010,809</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, 2017**

	Treasurer's Balance December 31, 2016	Collection Receipts	Amounts Apportioned	Distributions	Treasurer's Balance December 31, 2017
<b>Tax Collection Accounts</b>					
Current year taxes & assessments		\$ 54,101,511	(54,101,511)		
Fee in lieu		3,987,772	(3,987,772)		
Redemptions of prior year tax		1,878,721	(1,878,721)		
Penalties, interest, and cost		300,266	(300,266)		
Other collections and refunds		295,079	(295,079)		
Total Collections		<u>60,563,349</u>	<u>(60,563,349)</u>		
County General Fund	1,805,331		7,046,975	5,375,294	3,477,012
County Municipal Fund	526,814		2,455,952	1,755,666	1,227,100
<b>School Districts</b>					
Tooele County - Basic	1,910,501		6,945,304	5,844,379	3,011,426
Tooele County - Local	8,977,989		30,801,324	26,213,764	13,565,549
Tooele County - Charter School	-		381,817	160,763	221,054
<b>Assessing and Collecting</b>					
A/C State	13,072		47,851	39,629	21,294
A/C County	673,522		1,982,865	1,684,152	972,235
<b>Cities and Towns</b>					
Tooele City	589,093		3,007,650	2,075,325	1,521,418
Grantsville City	295,346		1,477,112	1,041,439	731,019
Wendover City	36,994		171,377	170,152	38,219
Stockton Town	10,262		70,977	52,591	28,648
Vernon Town	2,266		8,016	6,418	3,864
Ophir Town	91		-	109	(18)
Rush Valley Town	11,697		27,733	23,359	16,071
<b>Other Districts</b>					
Lakepoint Improvement District	4,447		16,799	4,771	16,475
Stansbury Park Improvement District	4,326		53,515	27,196	30,645
Tooele Valley Mosquito Abatement District	211,236		719,967	572,054	359,149
Stansbury Greenbelt Service Area	40,130		506,194	260,859	285,465
Stansbury Recreation Service Area	39,887		503,804	259,653	284,038
No. Tooele County Fire Service District	377,336		1,144,117	999,128	522,325
Rush Valley Water Conservancy District	6,240		15,191	12,617	8,814
Lakepoint Cemetery and Park Service Area	8,433		34,599	21,078	21,954
No. Tooele City Special Service District	3,166		42,803	23,637	22,332
South Rim Special Service District	932		8,884	5,470	4,346
Total Due to Taxing Units	<u>15,549,111</u>		<u>57,470,827</u>	<u>46,629,504</u>	<u>26,390,434</u>

**Tooele County, Utah**  
**Schedule of Receipts and Disbursements -**  
**Treasurer's Collection Account - continued**  
**For the Year Ended December 31, 2017**

	Treasurer's Balance December 31, 2016	Collection Receipts	Amounts Appportioned	Distributions	Treasurer's Balance December 31, 2017
Other					
Tooele City RDA	130,573		2,171,933	130,573	2,171,933
County General RDA	116,883		10,012	116,883	10,012
School Basic RDA	120,479		141,246	120,479	141,246
School Local RDA	569,526		-	569,526	-
A/C State RDA	791		-	791	-
A/C County RDA	30,929		-	30,929	-
Municipal Services RDA	6,184		-	6,184	-
No. Tooele County Fire Service District RDA	5,074		-	5,074	-
Tooele Valley Mosquito Abatement District EDP	2,480		-	2,480	-
Stansbury Park Improvement District RDA	848		-	848	-
Stansbury Greenbelt Service Area RDA	8,614		-	8,614	-
Stansbury Recreation Service Area RDA	8,584		-	8,584	-
Woodbury Corporation RDA	186,389		190,227	186,389	190,227
Purple Corporation	-		239,157	-	239,157
ATI RDA	2,859,226		-	2,859,226	-
	<u>4,046,580</u>		<u>2,752,575</u>	<u>4,046,580</u>	<u>2,752,575</u>
Total Other					
	<u>4,046,580</u>		<u>2,752,575</u>	<u>4,046,580</u>	<u>2,752,575</u>
Total	19,595,691		60,223,402	50,676,084	29,143,009
Carryover (over/short)	421,600		-	(248,032)	669,632
Personal Property tax holding	-		122,195	-	122,195
Prepayments	77,769		108,585	-	186,354
Refunds	351,720		109,168	120,940	339,948
	<u>351,720</u>		<u>109,168</u>	<u>120,940</u>	<u>339,948</u>
Grand Total	<u>\$ 20,446,780</u>	<u>60,563,349</u>	<u>0</u>	<u>50,548,992</u>	<u>30,461,138</u>

**Tooele County, Utah**  
**Statement of Taxes Charged, Collected, and Distributed**  
**For the 2017 Property Tax Year**

Taxing Units	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	Personal Property Tax Charged	Total Taxes Charged
									& Centrally Assessed Tax Charged		
<b>County Funds</b>											
General	\$ 3,301,945,254	\$ 739,413,401	\$ 4,041,358,655	\$ 216,807,354	\$ 216,807,354	\$ 4,258,166,009	0.001457	0.001435	\$ 5,888,260	\$ 311,119	\$ 6,199,378
Health	3,301,945,254	739,413,401	4,041,358,655	216,807,354	216,807,354	4,258,166,009	0.000193	0.000190	779,982	41,193	821,176
Assessing & collecting	3,301,945,254	739,413,401	4,041,358,655	216,807,354	216,807,354	4,258,166,009	0.000440	0.000430	1,778,198	93,227	1,871,425
Municipal type service	1,223,573,132	637,076,509	1,860,649,641	77,836,891	77,836,891	1,938,486,532	0.001270	0.000813	2,363,025	63,281	2,426,306
<b>School Districts</b>											
Tooele County - Basic	3,301,945,254	739,413,401	4,041,358,655	216,807,354	216,807,354	4,258,166,009	0.001568	0.001675	6,336,850	363,152	6,700,003
Tooele County - Local	3,301,945,254	739,413,401	4,041,358,655	216,807,354	216,807,354	4,258,166,009	0.007462	0.007918	30,156,618	1,716,681	31,873,299
Tooele County - Charter School	3,301,945,254	739,413,401	4,041,358,655	216,807,354	216,807,354	4,258,166,009	0.000092	-	371,805	-	371,805
State Assessing & Collecting	3,301,945,254	739,413,401	4,041,358,655	216,807,354	216,807,354	4,258,166,009	0.000440	0.000011	40,414	2,385	42,798
<b>Cities and Towns</b>											
Tooele City	1,473,325,388	57,157,225	1,530,482,613	116,363,759	116,363,759	1,646,846,372	0.001938	0.002030	2,966,075	236,218	3,202,294
Grantsville City	521,059,926	18,379,326	539,439,252	19,822,418	19,822,418	559,261,670	0.002542	0.002559	1,371,255	50,726	1,421,980
Wendover City	39,382,182	10,176,819	49,559,001	2,654,141	2,654,141	52,213,142	0.003638	0.003226	180,296	8,562	188,858
Stockton Town	21,496,848	3,221,567	24,718,415	71,616	71,616	24,790,031	0.002687	0.002605	66,418	187	66,605
Vernon Town	6,044,162	2,060,741	8,104,903	20,443	20,443	8,125,346	0.000884	0.000888	7,165	18	7,183
Ophir Town	-	-	-	-	-	-	-	-	-	-	-
Rush Valley Town	17,063,616	11,341,214	28,404,830	38,086	38,086	28,442,916	0.000931	0.000908	26,445	35	26,479
<b>Other Districts</b>											
Lakepoint Improvement District	94,572,416	11,116,908	105,689,324	5,295,927	5,295,927	110,985,251	0.000152	0.000151	16,065	800	16,864
Stansbury Park Improvement District	495,289,568	9,939,427	505,228,995	4,476,452	4,476,452	509,705,447	0.000104	0.000114	52,544	510	53,054
Tooele Valley Mosquito Abatement District	1,613,141,511	381,428,607	1,994,570,118	73,422,339	73,422,339	2,067,992,457	0.000338	0.000326	674,165	23,936	698,100
Stansbury Greenbelt Service Area	464,092,938	6,864,627	470,957,565	4,188,925	4,188,925	475,146,490	0.001055	0.001158	496,860	4,851	501,711
Stansbury Recreation Service Area	464,092,938	6,864,627	470,957,565	4,188,925	4,188,925	475,146,490	0.001050	0.001154	494,505	4,834	499,339
No. Tooele County Fire Service District	1,146,953,356	391,317,404	1,538,270,760	73,895,254	73,895,254	1,612,166,014	0.000701	0.000667	1,078,328	49,288	1,127,616
Rush Valley Water Conservancy District	71,778,579	114,908,676	186,687,255	2,154,047	2,154,047	188,841,302	0.000079	0.000077	14,748	166	14,914
Lakepoint Cemetery and Park Service Area	86,940,383	10,893,120	97,833,503	5,137,883	5,137,883	102,971,386	0.000340	0.000336	33,263	1,726	34,990
No. Tooele City Special Service District	115,659,588	535,299	116,194,887	757,305	757,305	116,952,192	0.000328	0.000327	38,112	248	38,360
South Rim Special Service District	42,565,374	1,560,823	44,126,197	908	908	44,127,105	0.000203	0.000221	8,958	0	8,958
<b>GRAND TOTAL</b>									<b>\$ 55,240,353</b>	<b>\$ 2,973,143</b>	<b>\$ 58,213,496</b>

**Tooele County, Utah**  
**Statement of Taxes Charged, Collected, and Distributed**  
**For the 2017 Property Tax Year**

Taxing Units	Total Taxes Charged	Treasurer's Relief			Net Taxes Collected and Apportioned		Reallocation of Personal Prop	Other Collections				Tax Increment Paid	Refunds Paid	Total Distribution
		Unpaid Taxes	Abatements	Total	Amount	Percent		Fee in Lieu	Misc. Collections	Delinquencies Tax	Int/Pen			
<b>County Funds</b>														
General	\$ 6,199,378	\$ 333,881	\$ 103,787	\$ 437,667	\$ 5,761,711	92.94%	\$ 17,975	\$ 421,057	\$ 31,171	\$ 203,585	\$ 161,163	\$ 359,551	\$ 50,590	\$ 6,186,520
Health	821,176	44,227	13,748	57,975	763,200	92.94%	(961)	55,786	4,159	26,968	17,197	-	5,894	860,455
Assessing & collecting	1,871,425	100,829	31,343	132,171	1,739,254	92.94%	10,410	127,155	9,622	72,713	39,038	-	15,328	1,982,865
Municipal type service	2,426,306	98,130	25,288	123,418	2,302,888	94.91%	16,679	108,430	23,048	33,690	1,564	15,894	14,454	2,455,952
<b>School Districts</b>														
Tooele County - Basic	6,700,003	359,317	111,693	471,011	6,228,992	92.97%	10,774	453,135	34,166	263,025	11,188	-	55,976	6,945,304
Tooele County - Local	31,873,299	1,709,965	531,541	2,241,506	29,631,793	92.97%	56,679	2,156,436	162,242	926,740	54,314	1,918,378	268,503	30,801,324
Tooele County - Charter School	371,805	21,082	6,553	27,636	344,169	92.57%	10,619	26,587	1,621	-	390	-	1,569	381,817
State Assessing & Collecting	42,798	2,292	712	3,004	39,795	92.98%	(116)	2,890	224	4,595	915	-	452	47,851
<b>Cities and Towns</b>														
Tooele City	3,202,294	190,352	72,229	262,581	2,939,713	91.80%	(639)	272,610	3,039	179,392	7,780	368,060	26,186	3,007,650
Grantsville City	1,421,980	98,306	30,991	129,298	1,292,682	90.91%	30,004	132,624	1,399	76,171	3,581	47,940	11,409	1,477,112
Wendover City	188,858	35,049	-	35,049	153,809	81.44%	734	10,974	1,470	13,587	534	-	9,731	171,377
Stockton Town	66,605	8,285	2,725	11,010	55,595	83.47%	137	9,440	455	5,728	225	-	603	70,977
Vernon Town	7,183	528	164	692	6,491	90.37%	13	1,312	8	232	6	-	46	8,016
Ophir Town	-	-	-	-	-	#DIV/0!	-	-	-	-	-	-	-	-
Rush Valley Town	26,479	1,564	615	2,179	24,301	91.77%	41	2,559	27	947	37	-	179	27,733
<b>Other Districts</b>														
Lakepoint Improvement District	16,864	1,388	224	1,612	15,253	90.44%	1	1,239	15	461	16	-	186	16,799
Stansbury Park Improvement District	53,054	2,167	1,250	3,417	49,637	93.56%	(167)	4,725	51	954	26	1,376	335	53,515
Tooele Valley Mosquito Abatement District	698,100	34,309	11,008	45,316	652,784	93.51%	4,506	46,446	2,837	22,397	641	4,402	5,242	719,967
Stansbury Greenbelt Service Area	501,711	19,974	12,361	32,335	469,376	93.55%	(1,634)	45,766	484	9,008	230	13,961	3,075	506,194
Stansbury Recreation Service Area	499,339	19,880	12,302	32,182	467,157	93.56%	(1,647)	45,550	482	8,992	229	13,897	3,062	503,804
No. Tooele County Fire Service District	1,127,616	40,557	13,505	54,062	1,073,554	95.21%	900	54,761	5,465	24,868	1,084	9,116	7,399	1,144,117
Rush Valley Water Conservancy District	14,914	874	183	1,057	13,857	92.91%	13	670	209	536	14	-	109	15,191
Lakepoint Cemetery and Park Service Area	34,990	3,104	501	3,605	31,384	89.70%	6	2,541	32	1,014	35	-	414	34,599
No. Tooele City Special Service District	38,360	1,714	892	2,607	35,753	93.20%	62	4,352	34	2,880	51	-	328	42,803
South Rim Special Service District	8,958	593	-	593	8,365	93.38%	(24)	726	7	237	7	-	435	8,884
<b>GRAND TOTAL</b>	<b>\$ 58,213,496</b>	<b>\$ 3,128,369</b>	<b>\$ 983,616</b>	<b>\$ 4,111,985</b>	<b>\$ 54,101,511</b>		<b>\$ 154,366</b>	<b>\$ 3,987,772</b>	<b>\$ 282,267</b>	<b>\$ 1,878,721</b>	<b>\$ 300,266</b>	<b>\$ 2,752,574</b>	<b>\$ 481,502</b>	<b>\$ 57,470,827</b>

## **OTHER REPORTS**



**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

The Honorable County Commission  
Tooele County  
Tooele, UT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tooele County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Tooele County’s basic financial statements, and have issued our report thereon dated November 5, 2018, which contained a disclaimer of opinion on the discretely presented component unit.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as findings 2017-A, 2017-B, 2017-C, and 2017-D in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tooele County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Recommendations as item 2017-E.

### **Toole County's Response to Finding**

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

### **Purpose of this Report**

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Tooele County as of and for the year ended December 31, 2017, and have issued our report thereon dated November 5, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Salt Lake City, Utah  
November 5, 2018



**Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

The Honorable County Commission  
Tooele County  
Tooele, UT

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

We have audited Tooele County’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Tooele County’s major federal program for the year ended December 31, 2017. Tooele County’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the compliance for each of Tooele County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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’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’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Tooele County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended December 31, 2017.

## **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 types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tooele County's internal control over compliance.

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

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the basic financial statements of Tooele County as of and for the year ended December 31, 2017, and have issued our report thereon dated November 5, 2018, which contained unmodified opinions on those basic financial statements, except for the matter described in the Basis for Disclaimer of Opinion Paragraph in the accompanying independent auditor's report. We were engaged for the purpose of forming opinions on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Discretely Presented Component Unit paragraph contained within the independent auditor's report discussed above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.



Salt Lake City, Utah  
November 5, 2018

Tooele County  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed Through to Subrecipients
<b><u>U.S. Department of Health and Human Services</u></b>				
Passed Through Utah Department of Human Services				
Title VII, Special Programs for the Aging, Long Term Care	93.042	160425	\$ 3,204	
Title III, Special Programs for the Aging, Disease Prevention and Health Promotion	93.043	160425	3,445	
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	160425	52,405	
Title III, Part C, Nutrition Services - HDM	93.045	160425	52,474	
Title III, Part C, Nutrition Services - CMM	93.045	160425	61,956	
Nutrition Services Incentive Program	93.053	160425	51,539	
<b>Aging Cluster Total</b>			218,374	
Senior Medicare Patrol	93.048	160425	2,351	
Respite Program	93.052	160425	21,566	
Transitional Mental Health	93.243	160807	27,745	27,745
Medicaid Waiver HCFA	93.667	160504	16,187	
Alternatives - State	93.667	160425	32,306	
<b>Social Services Block Grant subtotal</b>			48,493	
Health Insurance Counseling	93.779	160425	17,750	
SMHS Block Grant	93.958	160236	47,052	47,052
SAPT Block Grant	93.959	160235	355,425	355,425
Passed Through Utah Department of Health				
Public Health Emergency Preparedness /bioterr.	93.069	162701094/182700077	176,341	
City Readiness Initiative	93.069	162701094/182700077	63,552	
Public Health Emergency Preparedness - MRC	93.069	172700083	8,000	
Public Health Emergency Preparedness - Zika	93.069	172700083	6,368	
<b>Public Health Emergency Preparedness subtotal</b>			254,261	
T.B. Medication Program	93.116	152700356	2,793	
Abstinence Only Education	93.235	152700140	48,924	
Immunization Program	93.268	162701094/182700077	179,141	
Cancer Control Program - Wise Woman	93.283	162700955	31,133	
CDC Cancer Screening	93.283	162700970	8,652	
Comprehensive Tobacco Program	93.283	162700053	40,953	
<b>Cancer Control subtotal</b>			80,738	
Operation Vaporfront	93.305	162700053/152700195/1 62700397	1,002	
ELC ACA Health Care Associated Infections	93.521	172700308/150877	16,825	

See Notes to Schedule of Expenditures of Federal Awards

(Continued next page)

Tooele County  
Schedule of Expenditures of Federal Awards, continued  
Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed Through to Subrecipients
Medicaid Waiver Admin	93.778	160504	8,392	
Medical Assistance Program	93.778	162700981	25,391	
Medical Assistance Program (Choice of Health Care Delivery, Consumer Ed. & Assist.)	93.778	162701170/182700025	23,175	
Medical Assistance Program (TCM Early Childhood Development)	93.778	16270095	72,908	
<b>Medicaid Cluster Total</b>			129,866	
Domestic Ebola	93.815	162700879	4,750	
Health Care Preparedness (MRC)	93.889	162701094/182700077	8,000	
HIV Aids Counseling and Education	93.940	152700290	1,500	
Arthritis/Chronic Disease	93.945	162700550	6,385	
STD Control	93.977	152700280	3,764	
Preventative Health and Health Services Block Grant	93.991	162700152	316,164	
MCH and Child Injury Prevention	93.994	162700944/ 172700857	10,272	
Traumatic Brain Injury	93.994	162700944	6,227	
MCH Block Grant	93.994	162700349	47,028	
<b>Maternal and Child Health Services Block Grant subtotal</b>			63,527	
Passed Through Utah Department of Human Services Children's Justice Grants to States	93.643	110199	136,139	
<b>Subtotal for U.S. Department of Health and Human Services</b>			1,999,184	430,222
<b><u>U.S. Department of Agriculture / Food and Nutrition Service</u></b>				
Passed Through Utah Department of Health Women, Infants, and Children	10.557	152700146	448,813	
Women, Infants, and Children - vouchers	10.557	152700146	796,769	
<b>Subtotal for Women, Infants, and Children</b>			1,245,582	
<b><u>U.S. Department of Homeland Security</u></b>				
Passed Through Utah Division of Emergency Services and Homeland Security Homeland Security	97.067	N/A	12,736	
<b>Subtotal for U.S. Department of Homeland Security</b>			12,736	
<b><u>U.S. Department of Interior</u></b>				
Invasive and Noxious Plant Management	15.230	N/A	159,069	
Secure Rural Schools, Title III	15.234	N/A	24,185	
<b>Subtotal for U.S. Department of Interior</b>			183,254	

See Notes to Schedule of Expenditures of Federal Awards

(Continued next page)

Tooele County  
Schedule of Expenditures of Federal Awards, continued  
Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed Through to Subrecipients
<b><u>U.S. Federal Aviation Administration / Airports Division</u></b>				
Passed Through State of Utah Airport Improvement Program	20.106	N/A	330,880	
<b>Subtotal for U.S. Federal Aviation Administration / Airports Division</b>			<u>330,880</u>	
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed Through Utah Division of Housing and Community Development and Wasatch Front Regional Council Community Development Block Grant/State's Program and Non- Entitlement Grants in Hawaii	14.228	N/A	40,923	
<b>Subtotal for U.S. Department of Housing and Urban Development</b>			<u>40,923</u>	
<b>TOTAL FEDERAL EXPENDITURES</b>			<b><u>\$ 3,812,559</u></b>	<b><u>430,222</u></b>

See Notes to Schedule of Expenditures of Federal Awards

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Tooele County under programs of the federal government for the year ended December 31, 2017. The information 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 the Tooele County, it is not intended to and does not present the financial position, changes in net assets/net position or cash flows of Tooele County.

**Note B – Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified 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.

**Note C – Indirect Cost Rate**

Tooele County does not draw from indirect administrative expenses and has not elected to use the 10% de minimis cost rate.

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

**FINANCIAL STATEMENTS**

Type of auditor's report issued on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information	Unmodified
Type of auditor's report issued on the discretely presented component unit	Disclaimer
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	Yes

**FEDERAL AWARDS**

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditors’ report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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**2017-A: Material Weakness in Year-end Financial Closing Process**

*Criteria:* Management is responsible for the fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP), including properly recording all period-end adjusting entries.

*Condition:* During the audit, we proposed audit adjustments to Tooele County's financial statements, which if not recorded, would have resulted in a material misstatement of Tooele County's financial statements.

*Cause:* Tooele County does not have an internal control process that is designed to prevent and detect material misstatements in internal control.

*Effect:* There exists a potential for misstatements in the financial statements to go undetected by management.

*Recommendation:* Tooele County should implement internal controls over the financial close process.

*Views of Responsible Officials:* Management agrees with the finding.

**2017-B: Material Weakness in Reconciliation Process**

*Criteria:* Management is responsible for entity level controls over the reconciliation process.

*Condition:* During the audit, we noted that some general ledger accounts were properly reconciled as of year-end. In addition, some reconciliations were not reviewed or approved by management.

*Cause:* Tooele County does not have a formal process to ensure the preparation or accuracy of general ledger account reconciliations.

*Effect:* There exists a potential for misstatements in the financial statements to go undetected by management.

*Recommendation:* Internal controls should exist to ensure all material account balances are reconciled and reviewed prior to the financial statement audit.

*Views of Responsible Officials:* Management agrees with the finding.

### **2017-C: Material Weakness in Journal Entry Process**

Criteria: Management is responsible for entity level controls over the preparation and posting of journal entries.

Condition: During the audit, we noted that Tooele County did not retain documentation supporting certain journal entries recorded by Tooele County personnel. In addition, journal entries were not reviewed or approved by management.

Cause: Tooele County does not have an internal control process for the review and approval of journal entries.

Effect: There exists a potential for misstatements in the financial statements to go undetected by management.

Recommendation: Internal controls should exist to ensure journal entries are reviewed and approved prior to posting.

Views of Responsible Officials: Management agrees with the finding.

### **2017-D: Material Weakness in Cut-Off of Transactions**

Criteria: Management is responsible for ensuring the proper cut-off of transactions.

Condition: During the audit, we proposed audit adjustments to Tooele County's financial statements to accrue transactions at year-end.

Cause: Tooele County does not have an internal control process that is designed to ensure the proper cut-off of transactions.

Effect: There exists a potential for misstatements in the financial statements to go undetected by management.

Recommendation: Tooele County personnel should review transactions near year-end to ensure they are recorded in the proper period.

Views of Responsible Officials: Management agrees with the finding.

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

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No federal award findings to report.



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

The Honorable County Commission  
Tooele County  
Tooele, UT

**Report on Compliance**

We have audited Tooele County’s compliance with the following applicable state compliance requirement described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended December 31, 2017.

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

***Management’s Responsibility***

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

***Auditor’s Responsibility***

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

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

### ***Basis for Qualified Opinion on Budgetary Compliance***

As described in the accompanying schedule of findings and recommendations, Tooele County did not comply with requirements regarding Budgetary Compliance where total expenditures by fund should not exceed the amounts appropriated in the final adopted budget (see item 2017-E). Compliance with such requirements is necessary, in our opinion, for Tooele County to comply with the requirements applicable to that area.

### ***Qualified Opinion on Budgetary Compliance***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraphs, Tooele County complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2017.

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

In our opinion, Tooele County complied, in all material respects, with the other state compliance requirements referred to above for the year ended December 31, 2017.

### ***Other Matters***

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

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

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and recommendations as items 2017-E to be material weaknesses.

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

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

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

A handwritten signature in cursive script that reads "Eric Sully LLP".

Salt Lake City, Utah  
November 5, 2018

**State Compliance Findings**

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**Current Year Findings:**

**2017-E: Material Weakness in Budgetary Compliance**

*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.

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

*Cause:* Multiple transactions were not entered on a timely basis, adopted budgets were insufficient to cover the needs of the various funds.

*Effect:* Tooele County is not in compliance with budgetary requirements.

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

*Views of Responsible Officials:* Management agrees with the finding.

**Prior Year Findings:**

**2016-1: A deficiency in internal controls over Budgetary Compliance**

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

*Status:* Continues to be a deficiency, see 2017-E.