

KANE COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Kane County
Kanab, Utah 84741

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kane County, as of and for the calendar year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's financial statements as listed in the table of contents. These financial statements are the responsibility of Kane County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Kane County Human Resource Special Service District, which represents 82 percent of the assets and 91 percent of the revenues of the component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Kane County Human Resource Special Service District, is based on the report of the other auditors.

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

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

**KANE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

This discussion of Kane County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2015. This report is in conjunction with the County's financial statements.

All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The purpose of the County is to provide general services to its residents which includes 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 assets of Kane County exceeded its liabilities as of the close of the most recent year by \$44,075 (*net position*). Of this amount, \$ 9,550 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The government's total net position increased by \$853. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the General Fund.
- * At the close of the current year, the Kane County governmental funds reported combined ending fund balances of \$16,312, an increase of \$703 in comparison with the prior year. Approximately 29 percent of this total amount, \$4,591 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 \$4,591, or 88 percent of total General Fund expenditures.
- * Kane County's total debt decreased by a net amount of \$672 during the current year.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of Kane 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 Kane County is improving or deteriorating.

Kane County maintains twenty-one 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, Class B Road, Public Safety Facility, Transient Room Tax, and Capital Improvement Funds, all of which are considered to be major funds. Data from the other sixteen 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.

Kane County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the General Fund and major special revenue funds to demonstrate compliance with those budgets.

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Kane County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Notes To The 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 Kane County.

The combining statements referred to earlier in connection with non-major governmental funds 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 Kane County, assets exceeded liabilities by \$44,075 at the close of the most recent fiscal year.

By far the largest portion of Kane County's net position (68 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. Kane County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Kane 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.

Governmental activities increased Kane County's net position by \$853. Key elements of this increase follows:

Kane County's Changes in Net Position

	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>
Revenues:			
Program Revenues:			
Charges For Services	\$ 6,305	\$ 7,629	\$ (1,324)
Operating Grants and Contributions	1,868	1,531	337
General Revenues:			
Property Taxes	6,072	6,994	(922)
Other Taxes	4,430	2,445	1,985
Other Miscellaneous Revenues	1,297	234	1,063
Gain (Loss) on Sale of Fixed Assets	(426)	(324)	(102)
Unrestricted Investment Earnings	190	217	(27)
Transfers In	510	1,569	(1,059)
Total Revenues	<u>20,246</u>	<u>20,295</u>	<u>(49)</u>
Expenses:			
General Government	7,595	7,322	273
Public Safety	4,873	4,909	(36)
Public Health	386	388	(2)
Highways and Public Improvements	2,532	1,777	755
Parks and Recreation	35	37	(2)
Economic Development/County Promotion	1,568	1,212	356
Interest on Long-Term Debt	248	297	(49)
Transfers Out	2,156	3,530	(1,374)
Total Expenses	<u>19,393</u>	<u>19,472</u>	<u>(79)</u>
Increase in Net Position	853	823	30
Net Position - Beginning, Restated	<u>43,221</u>	<u>44,473</u>	<u>(1,252)</u>
Net Position - Ending	<u>\$ 44,074</u>	<u>\$ 45,296</u>	<u>\$ (1,222)</u>

Kane County's Capital Assets

(net of depreciation)

	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>
Land	\$ 1,206	\$ 1,206	\$ -
Infrastructure	10,811	10,811	-
Rights of Way	6,570	6,570	-
Buildings	19,230	20,102	(872)
Equipment	1,344	1,372	(28)
Construction In Progress	<u>22</u>	<u>-</u>	<u>22</u>
Total	<u>\$ 39,183</u>	<u>\$ 40,061</u>	<u>\$ (878)</u>

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

Long-Term Debt

At the end of the current year, Kane County had total bonded debt outstanding of \$9,356. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Kane County's Outstanding Debt

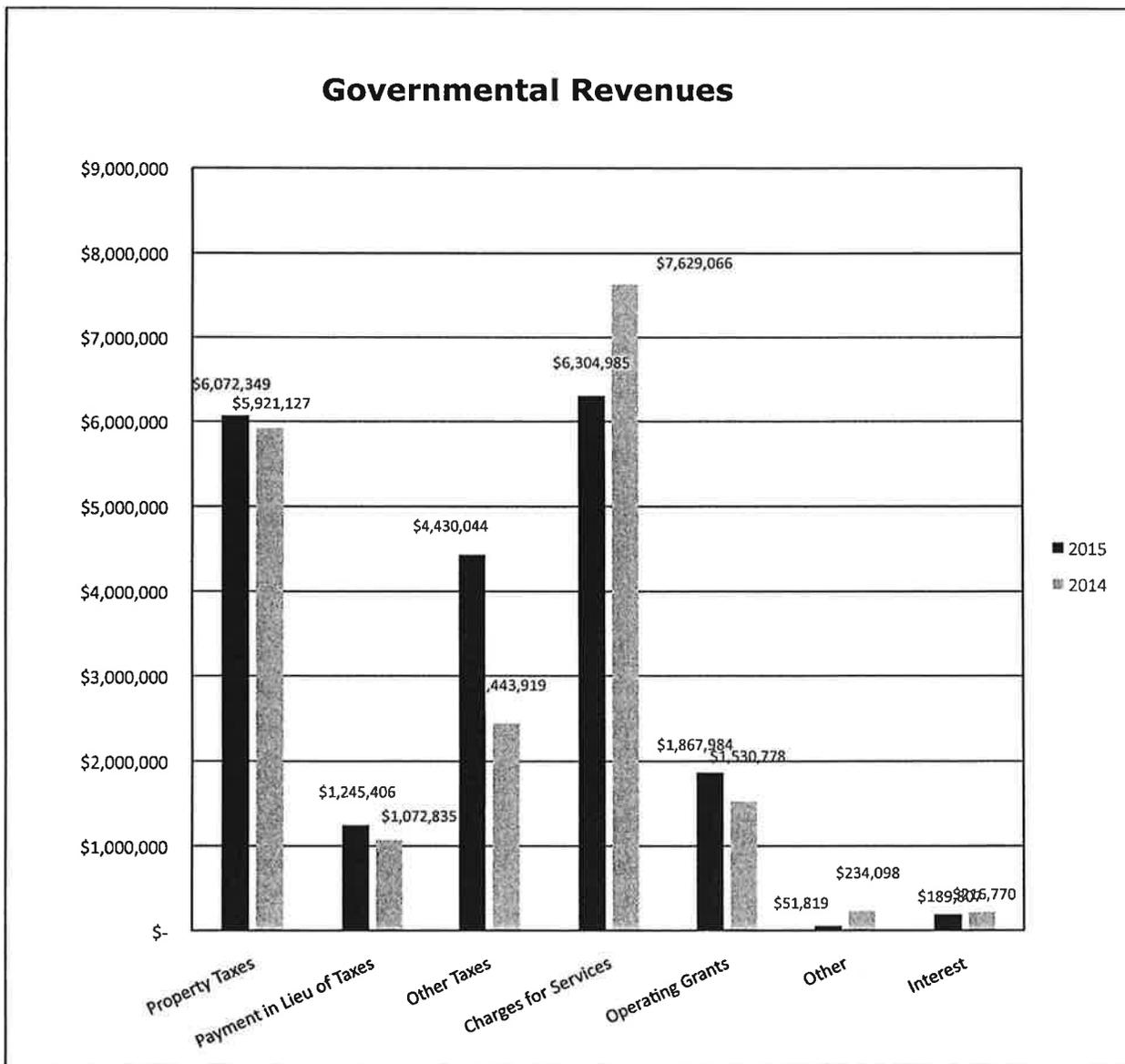
	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>
Health Care Revenue Bonds	\$ 503	\$ 538	\$ (35)
Emergency Services Revenue Bonds	172	185	(13)
Community Impact Loan - Assessment Bonds	477	639	(162)
Public Safety Revenue Bonds - CIB	7,500	7,500	-
Public Safety Revenue Bonds - USDA	516	972	(456)
Lease Revenue Bonds	<u>188</u>	<u>194</u>	<u>(6)</u>
Total	<u>\$ 9,356</u>	<u>\$ 10,028</u>	<u>\$ (672)</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 percent of its total fair market value of taxable property in the County. Kane County has no general obligation debt outstanding. General Obligation Bonds are debts that are secured by taxing real and personal property for the payments. Revenue Bonds are debts secured by a determined and allocated revenue source outside of property taxes.

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

**Kane County
Governmental Revenues
For The Years Ending December 31, 2015 and 2014**

	2015	2014
Property Taxes	\$ 6,072,349	\$ 5,921,127
Payment in Lieu of Taxes	1,245,406	1,072,835
Other Taxes	4,430,044	2,443,919
Charges for Services	6,304,985	7,629,066
Operating Grants	1,867,984	1,530,778
Other	51,819	234,098
Interest	189,807	216,770
Total Revenues	\$ 20,162,394	\$ 19,048,593



BASIC FINANCIAL STATEMENTS

KANE COUNTY
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2015

	Expenses	Charges for Services	Program Revenues Operating Grants/ Contributions	Capital Grants/ Contributions	Net (Expense) Revenues and and Changes in Net Position
Function/Programs Primary Government:	Primary Governmental Activities				Component Units
Governmental Activities:	Governmental Activities				Units
General Government	\$ 7,594,894	\$ 1,780,763	\$ 197,732	\$ -	\$ -
Public Safety	4,872,523	3,201,920	237,569	-	-
Public Health	385,591	-	-	-	-
Highways and Public Improvements	2,531,646	1,231,790	1,329,362	-	-
Parks and Recreation	35,362	90,512	-	-	-
Economic Development	1,568,445	-	103,321	-	-
Interest on Long-Term Debt	248,109	-	-	-	-
Total Primary Government	17,236,570	6,304,985	1,867,984	-	(9,063,601)
Component Units:					
Western Kane District	799,053	1,109,880	-	-	310,827
Human Resources District	9,931,875	9,091,063	235,812	-	(605,000)
Total Component Units	\$ 10,730,928	\$ 10,200,943	\$ 235,812	\$ -	(294,173)
General Revenues:					
Property Taxes					-
Sales Taxes					1,704,141
Restaurant Tax					-
Transient Room Tax					-
Payment Fee-In-Lieu of Tax					-
Unrestricted Investment Earnings					59,678
Other Unrestricted Revenues					-
Gain (Loss) on Trade-In of Capital Assets					(8,226)
Transfers In (Out)					-
					(1,646,367)
Total General Revenues and Transfers					1,755,593
Change in Net Position					1,461,420
Net Position - Beginning, Restated					19,923,115
Net Position - Ending					\$ 21,384,535

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

KANE COUNTY
GOVERNMENTAL BALANCE SHEET RECONCILIATION TO STATEMENT OF NET POSITION
December 31, 2015

Total Fund Balances - Governmental Fund Types \$ 16,311,881

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	\$ 1,206,421	
Rights of Way	6,569,819	
Infrastructure	10,810,612	
Buildings	19,229,897	
Equipment	1,344,503	
Construction In Progress	<u>21,878</u>	
Total		39,183,130

Net pension asset from the GASB 68 calculation, is not reported in the funds statements and is shown as another asset. 7,915

Deferred Outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements. 1,046,433

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Revenue Bonds Payable	\$ (9,355,050)	
Interest Payable	(2,220,806)	
Net Pension Liability	(406,796)	
Deferred Inflows of Resources Due to Pensions	(92,559)	
Compensated Absences	<u>(399,557)</u>	
Total		<u>(12,474,768)</u>

Net Position of Governmental Activities \$ 44,074,591

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

KANE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2015

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 702,822
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The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown on the fund statements.	344,059
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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:

Capital Outlays	\$ 781,982	
Depreciation Expense	<u>(1,233,932)</u>	
Total		(451,950)

The issuance of long-term debt (e.g., bonds, leases) provide 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:

Payments on Long-Term Debt	\$ 672,381	
Disposition of Fixed Assets	(426,161)	
Increase in Interest Payable	2,193	
Increase in Compensated Absences	<u>9,952</u>	
Total		<u>258,365</u>

Changes In Net Position of Governmental Activities	<u>\$ 853,296</u>
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The notes to the financial statements are an integral part of this statement.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Kane County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended December 31, 2015.

A. Reporting Entity

For financial reporting purposes, Kane County has included all funds. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County's financial statements to be misleading or incomplete. Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include: (1) appointing a voting majority of an organization's governing body; (2) the ability of the County to impose its will on that organization; or (3) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these financial statements present Kane County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component units, that issued separate financial statements, can be obtained from the Kane County Auditor's office.

Discrete Component Units:

These component units are entities which are legally separate from the County, but are financially accountable to the County, or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The County must approve their tax rates and debt. The County could also take away their operating authority and could dissolve the District. Each of these districts was organized under the State of Utah's Statute for Special Service Districts, Section 17A-2-1300. The component units column of the combined financial statements include the financial data of the following entities:

- * Western Kane County Special Service District #1 (Proprietary Fund Type) - This District was organized by the Kane County Commissioners under the laws of the State of Utah. The District operates under a board of directors and provides solid waste and television services to the residents of Kane County. The District was audited by us and the report has been previously issued under separate cover. A copy of the report can be obtained at the Kane County Auditor's office in Kanab, Utah.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, Kane County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The Class B Road Fund receives funding from the State Department of Transportation to be expended on eligible Class B roads in the County.

The Public Safety Facility Fund accounts for the revenue and costs associated with the public safety building.

The Transient Room Tax Fund is used to account for room taxes collected within the County to fund promotion of Kane County.

The Capital Improvement Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The Government also reports the following Other Governmental Funds:

Assessing and Collecting, Narcotics Task Force, Enhanced 911, County Fair, Economic Development, Restaurant Tax, Victims Advocate, Recreation, Grants and Reimbursements, Capital Replacement, Drug Court, Municipal Building Authority, AERO Division, Vermillion Cliffs, Events and Volunteer Center, Council on Aging, and Hospital. These funds account for those revenues that are restricted for certain expenditures.

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer and remitted to the taxing entities within the County. It includes a clerk's trust fund that accounts for monies held by the clerk, as well as an HRA, dental, and health trust which holds monies in the trust for medical HRA accounts, dental funds to pay employee dental costs, and for health insurance.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences:

At year end the County was liable for vacation pay and compensatory time. The liability was computed according to the personnel policy.

Long-Term Obligations:

In the government-wide financial statements, governmental long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Equity Classifications:

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of 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.
- c. Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

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.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the County Auditor and County Commissioners on or before December 15 for the following fiscal year beginning January 1. Estimated revenues and appropriations may be increased or decreased by resolution of the County Commissioners at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the County's budgetary control (the level at which the County's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. The maximum in the General Fund may not exceed 50% of the General Fund's total revenue, or the estimated total revenue from property taxes for the current fiscal period.

Once adopted, the budget may be amended by the County Commissioners without a public hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Commissioners, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one type of item that qualifies for reporting in this category, deferred outflows as relating to pensions as described in Note 16.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. The County deferred inflows as relating to pensions as described Note 16. This amount is deferred and recognized as an inflow of resources in the period in which the amount becomes available.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Component Units:

Cash and investments as of December 31, 2015, consist of the following:

	Fair Value
Demand Deposits	\$ 4,605,154
Investments - PTIF	9,624,450
Total Cash and Investments	\$ 14,229,604

Cash and investments in component units listed above are classified in the accompanying government-wide Statement of Net Position as follows:

Unrestricted	\$ 13,803,395
Restricted	426,209
Total Cash and Investments	\$ 14,229,604

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that County funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - REVENUE RECOGNITION - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent January 15 of the following year.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

NOTE 4 - DUE FROM OTHER GOVERNMENT UNITS

Due from other governmental units is comprised of the following:

Class B Roads	\$	157,464
Public Safety		<u>250,660</u>
Total	\$	<u><u>408,124</u></u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

General Government	\$ 419,963
Public Safety	652,947
Highways and Public Improvements	<u>161,022</u>
Total Depreciation Expense	<u><u>\$ 1,233,932</u></u>

Component Units:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 838,609	\$ 61,975	\$ -	\$ 900,584
Construction In Progress	<u>41,500</u>	<u>43,215</u>	<u>41,828</u>	<u>42,887</u>
Total Capital Assets Not Being Depreciated	<u>880,109</u>	<u>105,190</u>	<u>41,828</u>	<u>943,471</u>
Capital Assets Being Depreciated:				
Buildings	6,037,410	16,878	-	6,054,288
Improvements	416,570	11,298	-	427,868
Equipment	<u>11,031,357</u>	<u>257,294</u>	<u>163,665</u>	<u>11,124,986</u>
Total Capital Assets Being Depreciated	<u>17,485,337</u>	<u>285,470</u>	<u>163,665</u>	<u>17,607,142</u>
Less Accumulated Depreciation For:				
Buildings	3,211,642	250,966	21,920	3,440,688
Improvements	321,296	11,318	-	332,614
Equipment	<u>7,263,600</u>	<u>872,607</u>	<u>164,082</u>	<u>7,972,125</u>
Total Accumulated Depreciation	<u>10,796,538</u>	<u>1,134,891</u>	<u>186,002</u>	<u>11,745,427</u>
Total Capital Assets Being Depreciated (Net)	<u>6,688,799</u>	<u>(849,421)</u>	<u>(22,337)</u>	<u>5,861,715</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 7,568,908</u></u>	<u><u>\$ (744,231)</u></u>	<u><u>\$ 19,491</u></u>	<u><u>\$ 6,805,186</u></u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 6 - LONG-TERM DEBT (CONTINUED)

CIB Lease Revenue Bonds, Series 2010A:

On October 14, 2011, the Kane County Municipal Building Authority issued Lease Revenue Bonds in the amount of \$7,500,000 for the purpose of partially funding a new Public Safety Building and Jail. The bond calls for interest payments which began on July 1st of 2012 at 2.5% interest. The principal payments will begin on July 1st of 2017 until retired as shown below. All three issues, 2010A, B, and C are on a parity, pledging the same collateral equally for all three. The MBA pledged the revenues from the jail facility and the County agreed to pay any amounts needed beyond. The bonds mature July 1, 2035. The following is the proposed schedule of debt service payments to maturity of the Series 2010A \$7,500,000 Bond.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1,			
2016	\$ -	\$ 121,875	\$ 121,875
2017	395,000	121,875	516,875
2018	395,000	115,456	510,456
2019	395,000	109,038	504,038
2020	395,000	102,619	497,619
2021-2025	1,975,000	416,812	2,391,812
2026-2030	1,975,000	256,343	2,231,343
2031-2035	<u>1,970,000</u>	<u>95,874</u>	<u>2,065,874</u>
Total	<u>\$ 7,500,000</u>	<u>\$ 1,339,892</u>	<u>\$ 8,839,892</u>

USDA Series 2010B and 2010C Revenue Bonds:

In connection with the construction of the Public Safety Building and Jail, the Municipal Building Authority of Kane County has been successful in securing an additional loan from the United States Department of Agriculture. The documents are finalized, the Municipal Building Authority has agreed to issue Lease Revenue Bonds in the amount of \$10,500,000. The Bonds would require interest only payments in 2012 and 2013 at 4%. Beginning March 2013 the bonds would require monthly payments of \$44,385. On final issue, USDA issued two bonds, one for \$9,500,000 and another for \$1,000,000. To date the \$1,000,000 Series 2010C and \$7,771,026 of the Series 2010B Revenue Bonds have been issued. These Bonds are secured by lease agreements with Kane County. The following is the proposed schedule of debt service payments to maturity of the Series 2010B \$9,500,000 Bond:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 1,			
2016	\$ 474,738	\$ 11,983	\$ 486,721
2017	<u>40,910</u>	<u>136</u>	<u>41,046</u>
Total	<u>\$ 515,648</u>	<u>\$ 12,119</u>	<u>\$ 527,767</u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of total long-term debt service to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 690,488	\$ 168,257	\$ 858,745
2017	798,910	151,031	949,941
2018	448,000	135,396	583,396
2019	450,000	127,638	577,638
2020	451,000	119,819	570,819
2021-2025	2,276,000	480,377	2,756,377
2026-2030	2,191,652	279,248	2,470,900
2031-2035	2,017,000	103,474	2,120,474
2036-2038	<u>32,000</u>	<u>1,350</u>	<u>33,350</u>
Total	<u>\$ 9,355,050</u>	<u>\$ 1,566,590</u>	<u>\$ 10,921,640</u>

The following is a schedule of changes in long-term debt:

	<u>Balance December 31, 2014</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance December 31, 2015</u>
Revenue Bonds:				
CIB Health Care Rev. Bonds	\$ 538,000	\$ -	\$ 35,348	\$ 502,652
CIB Lease Revenue Bonds	185,000	-	13,000	172,000
CIB Lease Revenue Bonds	7,500,000	-	-	7,500,000
USDA Revenue Bonds Series 2010 B	971,931	-	456,283	515,648
CIB Lease Revenue Bonds Series 2013	194,000	-	6,000	188,000
Special Improvement Bonds:				
CIB Bonds	<u>638,500</u>	<u>-</u>	<u>161,750</u>	<u>476,750</u>
Total Revenue Bonds	<u>\$10,027,431</u>	<u>\$ -</u>	<u>\$ 672,381</u>	<u>\$ 9,355,050</u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - MUNICIPAL BUILDING AUTHORITY FUND (CONTINUED)

The following is a schedule of changes in the Municipal Building Authority:

Fund Balance - Beginning of Year		\$ 728,756
Revenue:		
Rents Received	\$ 858,551	
Interest	6,722	
Other	<u>121,669</u>	
Total Revenue		986,942
Expenditures:		
Administrative	\$ (1,715)	
Debt Service	<u>(732,023)</u>	
Total Expenditures		<u>(733,738)</u>
Fund Balance - End of Year		<u><u>\$ 981,960</u></u>

NOTE 8 - CLASS B ROAD FUND

The following is a schedule of changes in Class B Roads - Restricted Fund Balance:

Restricted Fund Balance - Beginning of Year		\$ 757,222
Revenues:		
State Allotment	\$ 1,326,090	
Grants and Reimbursements	1,231,790	
Interest	<u>2,965</u>	
Total Revenues		2,560,845
Expenditures:		
Salaries and Fringe Benefits	\$ (484,886)	
Supplies and Maintenance	(160,849)	
GIS/Transportation	(29,215)	
Materials and Contracts	(1,916,297)	
Equipment Purchases	(84,447)	
Transfers Out	(153,527)	
Other	<u>(13,159)</u>	
Total Expenditures		<u>(2,842,380)</u>
Restricted Fund Balance - End of Year		<u><u>\$ 475,687</u></u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 11 - TRANSFERS (CONTINUED)

Transfers were made for the following purposes:

- * The General Fund transferred \$339,324 to Assessing and Collecting, \$196,707 to the Narcotics Task Force, \$11,783 to the Events/Volunteers Fund, \$43,500 to the Drug Court Fund, \$5,000 to the AERO Fund, \$480,000 to the Public Safety Fund, \$910,800 to the Health Trust Fund, \$215,000 the HRA Trust Fund, \$181,249 to the Council On Aging Fund, and \$78,000 to the Dental Trust Fund. All transfers were for operating costs.
- * The Transient Room Tax Fund transferred \$30,000 to the General Fund, \$33,000 to the Fair Fund, \$40,000 to the Economic Development Fund, \$50,000 to the Recreation Fund, \$211,402 to the Volunteer Center Fund, \$118,029 to the Health Insurance Fund, \$28,000 to the HRA Trust Fund, and \$8,565 to the Dental Insurance Fund. Transfers were made for County promotion, recreation and employees insurance purposes.
- * The Class B Road Fund transferred \$119,951 to the Health Trust Fund, \$24,500 to the HRA Trust Fund, and \$89,076 to the Dental Trust Fund. Transfers were made for employees insurance purposes.
- * The Narcotics Strike Force Fund transferred \$44,030 to the Health Trust Fund, \$10,500 to the HRA Trust Fund, and \$3,890 to the Dental Trust Fund. Transfers were made for employees insurance purposes.
- * The Events/Volunteer Fund transferred \$17,136 to the Health Trust Fund, \$3,500 to the HRA Trust Fund, and \$1,297 to the Dental Trust Fund. Transfers were made for employees insurance purposes.
- * The Public Safety Fund transferred \$352,540 to the Health Trust Fund, \$78,000 to the HRA Trust Fund, and \$24,492 to the Dental Trust Fund. Transfers were made for employees insurance purposes.
- * The Council on Aging Fund transferred \$28,076 to the Health Trust Fund, \$7,000 to the HRA Trust Fund, and \$2,600 to the Dental Trust Fund. Transfers were made for employees insurance purposes.

NOTE 12 - 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; injuries to employees; and natural disasters. The County participates in the Utah Counties Insurance Pool (UCIP), a self-funded risk financing pool administered by the Utah Association of Counties. Through the UCIP, the County maintains general liability, errors and omissions, flood, earthquake, newly acquired property, builders risk, unscheduled locations and crime.

The UCIP does not provide coverage for all risks and hazards, however, the County has obtained coverage for these risks through other commercial carriers for employee accidental death and dismemberment, workers compensation, and surety bond coverage.

Claims have not exceeded coverage in any of the last three calendar years.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 16 - 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, public employee retirement system.

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

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

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

The Utah retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah, 84102 or visiting the website: www.urs.org.

Benefits:

URS provides retirement, disability, and death benefits. Retirement benefits are as shown on the following page.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 16 - PENSION PLAN (CONTINUED)

Utah Retirement Systems

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employee Contribution Rates</u>
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.910%
Noncontributory System:			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement Systems:			
75 - Other Division A Noncontributory Tier 1	N/A	N/A	35.710%
122 - Other Division A Contributory Tier 2	N/A	N/A	23.660%

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

At December 31, 2014, we reported a net pension asset of \$7,915 and a net pension liability of \$2,220,806.

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	0.2597645%	\$ -	\$ 1,127,959
Public Safety System	0.8690061%	-	1,092,847
Tier 2 Public Employees System	0.1450501%	4,396	-
Tier 2 Public Public Safety and Firefighter System	0.2378825%	<u>3,519</u>	<u>-</u>
Total Net Pension Asset/Liability		<u>\$ 7,915</u>	<u>\$ 2,220,806</u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 16 - PENSION PLAN (CONTINUED)

Actuarial Assumptions:

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary Increases	3.50 - 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table on the following page.

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Women EDUF (100%)

Public Safety and Firefighters

Men RP 2000mWC (100%)

Women EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, 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. 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 table on the following page:

**KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued**

NOTE 16 - PENSION PLAN (CONTINUED)

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate Share of Net Pension (Asset)/Liability	\$ 5,512,537	\$ 2,212,891	\$ (499,694)

Pension Plan Fiduciary Net Position:

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

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 17 - CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNITS
Condensed Statement of Revenues, Expenses and Changes in Net Position:

Business-Type Activities:

	Western Kane County Special Service District	Kane County Human Resource Special Service District	Total
Operating Revenue	\$ 1,109,880	\$ 9,091,063	\$ 10,200,943
Operating Expenses:			
Depreciation	(169,034)	(965,857)	(1,134,891)
Other	(642,424)	(8,957,502)	(9,599,926)
Operating Income (Loss)	<u>298,422</u>	<u>(832,296)</u>	<u>(533,874)</u>
Non-Operating Revenues (Expense):			
Other Income (Expense)	12,405	1,861,211	1,873,616
Interest Income	20,171	39,507	59,678
Total Non-Operating Revenues	<u>32,576</u>	<u>1,900,718</u>	<u>1,933,294</u>
Restricted Expendable Net Position			
Capital Contributions	<u>-</u>	<u>62,000</u>	<u>62,000</u>
Change in Net Position	330,998	1,130,422	1,461,420
Net Position - Beginning, Restated	<u>4,123,901</u>	<u>15,799,214</u>	<u>19,923,115</u>
Net Position - Ending	<u>\$ 4,454,899</u>	<u>\$ 16,929,636</u>	<u>\$ 21,384,535</u>

Condensed Statement of Cash Flows:

Cash Flows from Operating Activities	<u>\$ 517,614</u>	<u>\$ 1,991,116</u>	<u>\$ 2,508,730</u>
Cash Flows from Capital and Related Financing Activities	<u>(23,857)</u>	<u>(255,149)</u>	<u>(279,006)</u>
Cash Flows from Financing Activities	<u>-</u>	<u>2,217,696</u>	<u>2,217,696</u>
Cash Flows from Investing Activities	<u>20,171</u>	<u>(4,291,522)</u>	<u>(4,271,351)</u>
Net Change in Cash and Investments	513,928	(337,859)	176,069
Cash and Investments - Beginning of Year	<u>3,207,971</u>	<u>4,567,740</u>	<u>7,775,711</u>
Cash and Investments - End of Year	<u>\$ 3,721,899</u>	<u>\$ 4,229,881</u>	<u>\$ 7,951,780</u>

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

KANE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS
For The Year Ended December 31, 2015

Budgetary Comparison Schedules:

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual presented in this section of the report are for the County's General, Class B Road, Public Safety Facility, and Transient Room Funds.

Budgeting and Budgetary Control:

Budgets for the General, Class B Road, Public Safety Facility, and Transient Room Funds are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the County Commission prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Commission through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Budgetary Compliance:

For the year ended December 31, 2015, spending for all funds and departments of the County was within the approved budgets.

KANE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CLASS B ROAD FUND
For The Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	
Revenues:				
Intergovernmental	\$2,165,770	\$2,165,770	\$2,557,880	\$ 392,110
Miscellaneous	898,000	898,000	2,965	(895,035)
Total Revenues	<u>3,063,770</u>	<u>3,063,770</u>	<u>2,560,845</u>	<u>(502,925)</u>
Expenditures:				
GIS/Transportation	1,933,380	1,933,380	1,912,899	20,481
County Roads	1,130,390	1,130,390	929,481	200,909
Total Expenditures	<u>3,063,770</u>	<u>3,063,770</u>	<u>2,842,380</u>	<u>221,390</u>
Excess Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	(281,535)	<u>\$ (281,535)</u>
Fund Balance - Beginning			<u>757,222</u>	
Fund Balance - Ending			<u>\$ 475,687</u>	

KANE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSIENT ROOM TAX FUND
For The Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	
Revenues:				
Taxes	\$ 1,593,000	\$ 1,593,000	\$ 1,896,438	\$ 303,438
Miscellaneous	<u>1,260,429</u>	<u>1,260,429</u>	<u>124,371</u>	<u>(1,136,058)</u>
Total Revenues	<u>2,853,429</u>	<u>2,853,429</u>	<u>2,020,809</u>	<u>(832,620)</u>
Expenditures:				
General Government	<u>2,853,429</u>	<u>2,853,429</u>	<u>1,830,435</u>	<u>1,022,994</u>
Total Expenditures	<u>2,853,429</u>	<u>2,853,429</u>	<u>1,830,435</u>	<u>1,022,994</u>
Excess Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	190,374	<u>\$ 190,374</u>
Fund Balance - Beginning			<u>1,977,774</u>	
Fund Balance - Ending			<u>\$ 2,168,148</u>	

KANE COUNTY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
December 31, 2014
Last 10 Fiscal Years*

	<u>Noncontributory System</u>	<u>Public Safety System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighting System</u>
Contractually Required Contribution	\$ 408,277	\$ 428,033	\$ 59,844	\$ 10,719
Contributions in Relation to the Contractually Required Contribution	<u>(408,277)</u>	<u>(428,033)</u>	<u>(59,844)</u>	<u>(10,719)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 2,014,447	\$ 1,260,790	\$ 711,999	\$ 98,218
Contributions as a Percentage of Covered-Employee Payroll **	20.27%	33.95%	8.41%	10.91 %

* 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. The schedule above is only for the current year.

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

**COMBINING FINANCIAL
STATEMENTS AND SCHEDULES**

(Continued)

KANE COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For The Year Ended December 31, 2015

	Balance December 31, 2014	Additions	Deletions	Balance December 31, 2015
HEALTH TRUST FUND				
ASSETS				
Cash	\$ 168,077	\$ 2,160,355	\$ 2,448,390	\$ (119,958)
Accounts Receivable	-	129,857	-	129,857
TOTAL ASSETS	\$ 168,077	\$ 2,290,212	\$ 2,448,390	\$ 9,899
LIABILITIES				
Collections Payable	\$ 168,077	\$ 2,290,212	\$ 2,448,390	\$ 9,899
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 1,804,730	\$ 19,958,778	\$ 19,785,093	\$ 1,978,415
Taxes Receivable	-	60,006	-	60,006
Accounts Receivable	-	129,857	-	129,857
TOTAL ASSETS	\$ 1,804,730	\$ 20,148,641	\$ 19,785,093	\$ 2,168,278
LIABILITIES				
Due to Taxing Units	\$ 443,631	\$ 15,896,187	\$ 15,449,924	\$ 889,894
Collections Payable	1,361,099	4,252,454	4,335,169	1,278,384
TOTAL LIABILITIES	\$ 1,804,730	\$ 20,148,641	\$ 19,785,093	\$ 2,168,278

**KANE COUNTY
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2015**

Capital Replacement Fund:

This fund is accounts for money set aside for the replacement of capital items.

Drug Court Fund:

This fund is accounts for movies designated for drug court expenditures.

Municipal Building Authority Fund:

This fund accounts for the construction of major capital assets, which are then leased to Kane County for County purposes.

AERO Division Fund:

This fund is used to maintain and operate the County airplane.

Vermillion Cliffs Fund:

This fund accounts for the special assessments receipts and disbursements for the vermilion Cliffs Special Assessment District.

Events and Volunteer Center Fund:

This fund accounts for receipts and disbursements to maintain the Events/Volunteer Center.

Council on Aging Fund:

This fund is used to account for money collected and expended on activities for the senior citizens.

Hospital 1% Tax Fund:

These are taxes collected from the State of Utah and paid to Kane County Hospital.

	Reimbursed	Capital	Drug	Municipal	AERO	Vermillion	Events/	Senior		Total
Recreation	Grant	Replacement	Court	Building	Division	Cliffs	Volunteer	Citizens	Hospital	Nonmajor
				Authority			Center			Governmental
										Funds
\$ 92,111	\$ 4,455	\$ 513,405	\$ 123,104	\$ 981,960	\$ 106,127	\$ 338,397	\$ 46,446	\$ 339,077	\$ 115,515	\$ 5,105,781
-	-	-	-	-	-	160,533	-	-	-	160,533
-	-	-	-	-	-	-	-	-	-	11,404
<u>\$ 92,111</u>	<u>\$ 4,455</u>	<u>\$ 513,405</u>	<u>\$ 123,104</u>	<u>\$ 981,960</u>	<u>\$ 106,127</u>	<u>\$ 498,930</u>	<u>\$ 46,446</u>	<u>\$ 339,077</u>	<u>\$ 115,515</u>	<u>\$ 5,277,718</u>
\$ 431	\$ -	\$ -	\$ 5,054	\$ -	\$ 209	\$ -	\$ 19,354	\$ 7,757	\$ 115,515	\$ 243,942
-	-	-	53	-	-	-	745	1,411	-	47,829
431	-	-	5,107	-	209	-	20,099	9,168	115,515	291,771
-	-	-	117,997	561,192	-	476,750	-	-	-	2,151,861
91,680	4,455	513,405	-	420,768	105,918	22,180	26,347	329,909	-	2,834,086
91,680	4,455	513,405	117,997	981,960	105,918	498,930	26,347	329,909	-	4,985,947
<u>\$ 92,111</u>	<u>\$ 4,455</u>	<u>\$ 513,405</u>	<u>\$ 123,104</u>	<u>\$ 981,960</u>	<u>\$ 106,127</u>	<u>\$ 498,930</u>	<u>\$ 46,446</u>	<u>\$ 339,077</u>	<u>\$ 115,515</u>	<u>\$ 5,277,718</u>

	Reimbursed	Capital	Drug	Municipal	AERO	Vermillion	Events/	Senior		Total
Recreation	Grant	Replacement	Court	Building	Division	Cliffs	Volunteer	Citizens	Hospital	Nonmajor
				Authority			Center			Governmental
										Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 861,800
-	-	-	-	-	-	-	-	-	-	195,986
-	26,290	-	32,182	-	-	-	-	154,281	-	379,944
36,374	-	-	-	-	-	-	40,594	-	1,547,951	1,758,685
597	-	3,006	-	128,277	611	1,343	-	2,441	-	145,925
73	-	-	6,585	858,665	9,789	9,627	-	1,800	-	913,430
<u>37,044</u>	<u>26,290</u>	<u>3,006</u>	<u>38,767</u>	<u>986,942</u>	<u>10,400</u>	<u>10,970</u>	<u>40,594</u>	<u>158,522</u>	<u>1,547,951</u>	<u>4,255,770</u>
-	23,306	-	52,571	1,715	8,272	-	174,825	363,646	1,547,951	3,422,016
-	-	-	-	-	-	-	-	-	-	331,273
56,982	-	-	-	-	-	-	27,043	-	-	219,315
-	-	997	-	-	-	-	15,071	-	-	16,068
-	-	-	-	497,631	-	161,750	-	-	-	672,381
-	-	-	-	234,392	-	15,910	-	-	-	250,302
<u>56,982</u>	<u>23,306</u>	<u>997</u>	<u>52,571</u>	<u>733,738</u>	<u>8,272</u>	<u>177,660</u>	<u>216,939</u>	<u>363,646</u>	<u>1,547,951</u>	<u>4,911,355</u>
<u>(19,938)</u>	<u>2,984</u>	<u>2,009</u>	<u>(13,804)</u>	<u>253,204</u>	<u>2,128</u>	<u>(166,690)</u>	<u>(176,345)</u>	<u>(205,124)</u>	<u>-</u>	<u>(655,585)</u>
50,000	-	-	43,500	-	5,000	-	223,185	181,249	-	1,111,965
-	-	-	-	-	-	-	(21,933)	(37,676)	-	(118,029)
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>43,500</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>201,252</u>	<u>143,573</u>	<u>-</u>	<u>993,936</u>
30,062	2,984	2,009	29,696	253,204	7,128	(166,690)	24,907	(61,551)	-	338,351
61,618	1,471	511,396	88,301	728,756	98,790	665,620	1,440	391,460	-	4,647,596
<u>\$ 91,680</u>	<u>\$ 4,455</u>	<u>\$ 513,405</u>	<u>\$ 117,997</u>	<u>\$ 981,960</u>	<u>\$ 105,918</u>	<u>\$ 498,930</u>	<u>\$ 26,347</u>	<u>\$ 329,909</u>	<u>\$ -</u>	<u>\$ 4,985,947</u>

**KANE COUNTY
COUNTY TREASURER
CURRENT YEAR TAXABLE VALUES
December 31, 2015**

TAXING UNITS	Real Property Values	Centrally Assessed Values	Total Real and Centrally Assessed Values	Total Real and Centrally Assessed Tax Rates	Taxes Charged	Personal Property Values	Personal Property Tax Rates	Personal Property Taxes Charged	Total Taxes Charged
County Funds:									
General	\$ 1,115,195,343	\$ 54,122,370	\$ 1,169,317,713	.003175	\$ 3,712,584	\$ 24,231,842	.003306	\$ 80,110	\$ 3,792,694
State Assessing/Collecting	\$ 1,115,195,343	\$ 54,122,370	\$ 1,169,317,713	.000012	14,032	\$ 24,231,842	.000013	315	14,347
Local Assessing/Collecting	\$ 1,115,195,343	\$ 54,122,370	\$ 1,169,317,713	.000558	652,479	\$ 24,231,842	.000578	14,006	666,485
Health	\$ 1,115,195,343	\$ 54,122,370	\$ 1,169,317,713	.000373	436,156	\$ 24,231,842	.000388	9,402	445,557
Library	\$ 1,115,195,343	\$ 54,122,370	\$ 1,169,317,713	.000053	61,974	\$ 24,231,842	.000067	1,624	63,598
Total County Funds					4,877,225			105,457	4,982,682
Kane County School District	\$ 1,115,195,343	\$ 54,122,370	\$ 1,169,317,713	.005540	6,478,020	\$ 24,231,842	.005336	129,301	6,607,321
Cities and Towns:									
Alton	\$ 6,645,980	\$ 73,735	\$ 6,719,715	.003073	20,650	\$ 112,206	.003171	356	21,005
Glendale	\$ 19,128,194	\$ 427,875	\$ 19,556,069	.001940	37,939	\$ 178,572	.002121	379	38,318
Kanab	\$ 265,679,554	\$ 8,398,351	\$ 274,077,905	.001546	423,724	\$ 10,271,595	.001543	15,849	439,574
Orderville	\$ 34,812,727	\$ 752,757	\$ 35,565,484	.002196	78,102	\$ 1,375,858	.002213	3,045	81,147
Big Water	\$ 31,717,477	\$ 729,422	\$ 32,446,899	.003973	128,912	\$ 229,257	.003874	888	129,800
Total Towns					689,327			20,517	709,843
Special Service Districts:									
Cedar Mountain Fire District	\$ -	\$ -	\$ -	-	405,195	\$ -	-	-	405,195
Cedar Mountain Snow	\$ -	\$ -	\$ -	-	345,920	\$ -	-	-	345,920
Western Kane County SSD	\$ -	\$ -	\$ -	-	384,850	\$ -	-	-	384,850
Glen Canyon Water	\$ -	\$ -	\$ -	-	73,152	\$ -	-	-	73,152
East Zions SSD - Fire	\$ -	\$ -	\$ -	-	50,000	\$ -	-	-	50,000
East Zions SSD - Water	\$ -	\$ -	\$ -	-	78,000	\$ -	-	-	78,000
Canyonlands Improv. District	\$ -	\$ -	\$ -	-	181,634	\$ -	-	-	181,634
Church Wells Water	\$ -	\$ -	\$ -	-	9,575	\$ -	-	-	9,575
Church Wells SSD	\$ 5,714,006	\$ 77,325	\$ 5,791,331	.000785	4,546	\$ 43,857	.000828	36	4,583
Kane County WCD	\$ 1,115,195,343	\$ 54,122,370	\$ 1,169,317,713	.000650	760,057	\$ 24,231,842	.000653	15,823	775,880
Conservancy District	\$ -	\$ -	\$ -	-	32,908	\$ -	-	-	32,908
Total Special Service Dist.					2,325,837			15,860	2,341,697
GRAND TOTALS					\$14,370,409			\$ 271,134	\$ 14,641,543

Current Years Taxes		Other Collections				
Taxes Collected	Percent	Fee In Lieu	Motor Vehicle and Interest Collections	Delinquencies		Refunds
				Tax	Interest and Penalty	
\$ 3,351,173	88.36%	\$ 294,328	\$ 24,496	\$ 478,005	\$ 124,273	\$ 749
12,446	86.75%	1,247	92	1,460	70	3
585,235	87.81%	51,373	4,130	83,958	4,920	131
391,008	87.76%	34,541	2,770	55,576	3,220	88
56,038	88.11%	5,964	460	9,445	511	15
<u>4,395,900</u>	<u>88.22%</u>	<u>387,453</u>	<u>31,948</u>	<u>628,444</u>	<u>132,994</u>	<u>986</u>
<u>5,787,158</u>	<u>87.59%</u>	<u>474,874</u>	<u>38,752</u>	<u>765,144</u>	<u>35,407</u>	<u>1,233</u>
17,174	81.76%	1,700	63	3,164	69	-
32,665	85.25%	2,948	89	6,001	367	-
399,633	90.91%	35,225	765	38,119	2,219	353
74,952	92.37%	6,567	279	17,975	1,183	-
100,773	77.64%	7,846	416	31,130	1,462	-
<u>625,197</u>	<u>88.08%</u>	<u>54,286</u>	<u>1,612</u>	<u>96,389</u>	<u>5,300</u>	<u>353</u>
358,670	88.56%	-	-	43,305	1,279	-
315,210	91.12%	-	-	28,383	986	-
336,448	87.43%	-	-	44,201	1,495	-
54,603	74.64%	-	-	20,340	893	-
-	-	-	-	469	113	-
36,438	72.88%	-	-	21,515	184	-
60,304	77.31%	-	-	23,860	122	-
181,634	100.00%	-	-	-	-	-
7,720	80.63%	-	-	1,191	10	-
3,945	86.10%	389	4	411	26	-
713,286	88.19%	58,131	4,697	105,367	6,979	149
<u>2,068,258</u>	<u>88.33%</u>	<u>58,520</u>	<u>4,701</u>	<u>289,042</u>	<u>12,087</u>	<u>149</u>
<u>\$ 12,876,513</u>	<u>87.95%</u>	<u>\$ 975,133</u>	<u>\$ 77,013</u>	<u>\$ 1,779,019</u>	<u>\$ 185,788</u>	<u>\$ 2,721</u>

<u>Motor Carrier and Interest Apportioned</u>	<u>Current Interest Apportioned</u>	<u>Delinquent Taxes Apportioned</u>	<u>Total</u>	<u>Disbursements</u>	<u>Treasurer's Balance December 31, 2015</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
(77,013)	-	-	-	-	-
-	-	(1,967,528)	-	-	-
-	-	-	-	-	-
-	-	-	221,152	150,970	70,182
-	-	-	2,947	2,947	-
-	-	-	2,891	2,891	-
-	-	-	21,386	-	21,386
-	-	-	(2,761)	-	(2,761)
-	-	-	24,806	21,578	3,228
<u>(77,013)</u>	<u>-</u>	<u>(1,967,528)</u>	<u>270,421</u>	<u>178,386</u>	<u>92,035</u>
24,496	-	603,027	4,273,024	4,273,024	-
92	-	1,533	30,367	16,834	13,533
4,130	-	89,009	729,747	729,747	-
2,770	-	58,884	487,203	487,203	-
460	-	9,971	72,433	72,433	-
38,752	-	801,784	7,385,624	6,836,455	549,169
63	-	3,233	22,551	20,398	2,153
89	-	6,368	44,931	42,816	2,115
765	-	40,691	484,916	448,683	36,233
279	-	19,158	104,858	99,559	5,299
416	-	32,592	147,877	132,044	15,833
-	-	44,584	431,552	374,517	57,035
-	-	29,369	367,615	332,402	35,213
-	-	45,696	406,380	353,333	53,047
-	-	21,233	83,123	64,369	18,754
-	-	582	582	582	-
-	-	21,699	59,327	57,930	1,397
-	-	23,982	87,168	86,120	1,048
-	-	-	181,676	146,353	35,323
-	-	-	-	-	-
-	-	1,201	9,386	8,393	993
4	-	437	5,014	4,676	338
4,697	-	112,495	924,464	862,053	62,411
<u>77,013</u>	<u>-</u>	<u>1,967,528</u>	<u>16,339,818</u>	<u>15,449,924</u>	<u>889,894</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$16,610,239</u>	<u>\$15,628,310</u>	<u>\$ 981,929</u>

COMPLIANCE SECTION

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kane 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Kane County in the accompanying *Independent Auditor's Report in Accordance with the State Compliance Audit Guide on Compliance with General State Compliance Requirements; Compliance for Each Major Program; and Internal Control Over Compliance*.

Management's Response to Findings

Kane County's response to the finding identified in our audit is described in the accompanying Finding and Recommendation. We did not audit the County's response and, accordingly, we express no opinion on it.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing or 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.

Kimball & Roberts, PC
Certified Public Accountants

June 29, 2016
Richfield, Utah

Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the County occurred. An audit includes examining, on a test basis, evidence about the 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 with general state compliance requirements and for each major program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on General State Compliance Requirements and Each Major Program

In our opinion, Kane County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the County or on each of its major state programs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described below. Our opinion on compliance is not modified with respect to this matter.

The County's response to the noncompliance findings identified in our audit is described below. The 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.

Finding: State Compliance – Fund Balance

For Counties whose taxable value is less than \$750 million and a population less than 100,000, the unrestricted (committed, assigned, and unassigned) General Fund balance may not exceed 50% of the General Fund's total revenues and the total revenues from property taxes for a current period.

The unrestricted General Fund balance for the County exceeded the amount allowed by \$389,180.

Recommendation:

We recommend that the District reduce its excess fund balance by including the excess in next year's budget or transferring the excess to a capital projects fund for planned capital projects.

County's Response:

The County will budget the excess in next year's budget or move to a capital projects fund for planned capital projects.

KANE COUNTY
SCHEDULE OF TRANSIENT ROOM TAX AND TOURISM TAXES
For The Year Ended December 31, 2015

Transient Room Tax:

Establish and Promoting:	
Recreation	\$ 50,000
Tourism	1,668,199
Film Production	104,012
Conventions	-
Acquiring, Leasing, Construction, Furnishing, or Operating:	
Convention Meeting Rooms	-
Exhibit Halls	-
Visitor Information Centers	-
Museums	-
Related Facilities	-
Acquiring or Leasing Land Required For or Related To:	
Convention Meeting Rooms	-
Exhibit Halls	-
Visitor Information Centers	-
Museums	-
Related Facilities	-
Mitigation Costs:	
Payment of Principal, Interest, Premiums, and Reserves on Bonds	-
Total Expenditures	\$ 1,822,211

Tourism Taxes:

Financing Tourism Promotion	
Development, Operation, and Maintenance of:	
Tourist Facilities	\$ 64,534
Recreation Facilities	24,045
Culture Facilities	-
Airport Facilities	-
Pledges as Security for Evidence of Indebtedness	-
Reserves and Pledges:	
Reserves on Bonds Related to TRT Funds	-
Pledges as Security for Evidences of Indebtedness Related to TRCC	-
Total Expenditures	\$ 88,579