

# Kimball & Roberts

A Professional Corporation  
Certified Public Accountants  
176 North Main • P.O. Box 663  
Richfield, Utah 84701

## FINDING AND RECOMMENDATION

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

### **Material Weakness Finding**

2015-1 Misappropriation of Public Funds:

During the audit of the financial statements of Kane County for the year ended December 31, 2015, we noted that the Kane County Treasurer was under investigation for misappropriation of public funds. This investigation was being done by the Office of the Utah State Auditor. The Office of the Utah State Auditor has issued a schedule of findings regarding internal controls that were overridden by the Treasurer resulting in the misappropriation of funds.

### **Resolution of Material Weakness**

The Kane County Commissioners have responded to these findings and have implemented policies and procedures to mitigate the weaknesses in internal controls in the Treasurer's office.

This report is intended solely for the information and use of management, County Commission and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Kimball & Roberts, PC*

Certified Public Accountants

June 29, 2016  
Richfield, Utah

**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	-
	<hr/>
Total Expenditures	<u><u>\$ 1,822,211</u></u>

**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	-
	<hr/>
Total Expenditures	<u><u>\$ 88,579</u></u>

### Report on Internal Control Over Compliance

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

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

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

*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.

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INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE STATE COMPLIANCE  
AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS;  
COMPLIANCE FOR EACH MAJOR PROGRAM; INTERNAL CONTROL OVER COMPLIANCE;  
AND SCHEDULE OF EXPENDITURES OF STATE AWARDS

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

## **Report on Compliance with General State Compliance Requirements and for Each Major State Program**

We have audited Kane County's compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the County or each of its major state programs for the year ended December 31, 2015.

General state compliance requirements were tested for the year ended December 31, 2015, in the following areas:

Budgetary Compliance	Restricted Taxes
Fund Balance	Transient Room Tax and Tourism Taxes
Justice Courts	Open and Public Meetings Act
Utah Retirement Systems	Statement of Taxes Charged, Collected & Disbursed

The County received state funding from the following program classified as a major program for the year ended December 31, 2015:

B & C Road Fund (Department of Transportation)

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the County's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the and *State Compliance Audit Guide*.

**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

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

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-type activities of Kane County, a governmental fund, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Kane County's financial statements, and have issued our report thereon dated June 29, 2016.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Kane 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kane County's internal control. Accordingly, we do not express an opinion on the effectiveness of Kane County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Finding and Recommendation as item 2015-1 to be a material weakness in internal control over financial reporting.

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

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## **COMPLIANCE SECTION**

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is used to assist in formatting for easier reading)

<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
<u>4,697</u>	<u>-</u>	<u>112,495</u>	<u>924,464</u>	<u>862,053</u>	<u>62,411</u>
<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>

**KANE COUNTY  
TAX COLLECTION TRUST FUND  
CASH RECEIPTS AND DISBURSEMENTS  
For The Year Ended December 31, 2015**

	Treasurer's Balance December 31, 2014	Tax Collection Receipts	Current Taxes Apportioned	Fee-In-Lieu Apportioned
<b>Tax Collection Accounts:</b>				
Current Years Taxes	\$ -	\$ 12,848,782	\$ (12,848,782)	\$ -
Fee-In-Lieu	-	975,133	-	(975,133)
Motor Carrier and Interest	-	77,013	-	-
Redemption of Prior Years Taxes	-	1,967,528	-	-
Circuit Breaker and Motor Carrier School	-	-	-	-
Unapportioned Tax Collections - VCE	114,726	106,426	-	-
Penalty and Interest	-	2,947	-	-
Other Miscellaneous	843	2,048	-	-
Prepayments	27,731	21,386	(27,731)	-
Other Adjustments	-	(2,761)	-	-
Refunds	10,397	14,409	-	-
<b>Total Collections</b>	<b>153,697</b>	<b>16,012,911</b>	<b>(12,876,513)</b>	<b>(975,133)</b>
<b>Taxing Units:</b>				
County General Fund	-	-	3,351,173	294,328
State Assessing and Collecting	15,049	-	12,446	1,247
Local Assessing and Collecting	-	-	585,235	51,373
Health	-	-	391,008	34,541
Library	-	-	56,038	5,964
Kane County School District	283,056	-	5,787,158	474,874
<b>Cities and Towns:</b>				
Alton	381	-	17,174	1,700
Glendale	2,861	-	32,665	2,948
Kanab	8,602	-	399,633	35,225
Orderville	3,902	-	74,952	6,567
Big Water	6,250	-	100,773	7,846
<b>Special Service Districts:</b>				
Cedar Mountain Fire District	28,298	-	358,670	-
Cedar Mountain Snow Removal	23,036	-	315,210	-
West Kane County SSD#1	24,236	-	336,448	-
Glen Canyon Water	7,287	-	54,603	-
Glen Canyon Fire	-	-	-	-
East Zions SSD - Fire	1,190	-	36,438	-
East Zions SSD - Water	2,882	-	60,304	-
Canyonlands Improvement District	42	-	181,634	-
Long Valley Sewer	-	-	-	-
Church Wells Water	465	-	7,720	-
Church Wells SSD	239	-	3,945	389
Kane Co. Water Conservancy Dist.	35,855	-	713,286	58,131
<b>Total Due Taxing Units</b>	<b>443,631</b>	<b>-</b>	<b>12,876,513</b>	<b>975,133</b>
<b>Grand Totals</b>	<b>\$ 597,328</b>	<b>\$ 16,012,911</b>	<b>\$ -</b>	<b>\$ -</b>

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>

**KANE COUNTY  
COUNTY TREASURER  
STATEMENT OF TAXES CHARGED, COLLECTED, AND DISBURSED  
CURRENT AND PRIOR YEARS  
December 31, 2015**

TAXING UNITS	Current Years Taxes				
	Taxes Charged	Treasurer's Relief			Total Treasurer's Relief
		Unpaid Taxes	Abatements	Other	
County Funds:					
General	\$ 3,792,694	\$ 435,611	\$ 16,224	\$(10,314)	\$ 441,521
State Assessing/Collecting	14,347	1,647	61	193	1,901
Local Assessing/Collecting	666,485	76,554	2,851	1,845	81,250
Health	445,558	51,175	1,906	1,469	54,550
Library	63,598	7,284	271	5	7,560
Total County Funds	<u>4,982,682</u>	<u>572,271</u>	<u>21,313</u>	<u>(6,802)</u>	<u>586,782</u>
Kane County School District	<u>6,607,321</u>	<u>759,619</u>	<u>28,309</u>	<u>32,235</u>	<u>820,163</u>
Cities and Towns:					
Alton	21,006	3,850	140	(158)	3,832
Glendale	38,318	4,807	520	326	5,653
Kanab	439,573	30,434	4,816	4,690	39,940
Orderville	81,147	4,762	914	519	6,195
Big Water	129,800	27,131	628	1,268	29,027
Total Towns	<u>709,844</u>	<u>70,984</u>	<u>7,018</u>	<u>6,645</u>	<u>84,647</u>
Special Service Districts:					
Cedar Mountain Fire District	405,025	46,185	-	170	46,355
Cedar Mountain Snow Removal	345,920	30,480	-	230	30,710
Western Kane County SSD #1	384,800	46,902	-	1,450	48,352
Glen Canyon Water	73,152	18,549	-	-	18,549
Glen Canyon Fire	-	-	-	-	-
East Zions SSD - Fire	50,000	13,562	-	-	13,562
East Zions SSD - Water	78,000	17,696	-	-	17,696
Canyonlands Improvement Dist.	181,634	-	-	-	-
Church Wells Water	9,575	1,855	-	-	1,855
Church Wells SSD	4,582	587	45	5	637
Kane County Water Conserv. Dist.	808,788	89,154	3,321	3,027	95,502
Total Special Service Districts	<u>2,341,476</u>	<u>264,970</u>	<u>3,366</u>	<u>4,882</u>	<u>273,218</u>
<b>GRAND TOTALS</b>	<u><u>\$14,641,323</u></u>	<u><u>\$1,667,844</u></u>	<u><u>\$ 60,006</u></u>	<u><u>\$ 36,960</u></u>	<u><u>\$1,764,810</u></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
<b>County Funds:</b>									
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
<b>Total County Funds</b>					<u>4,877,225</u>			<u>105,457</u>	<u>4,982,682</u>
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
<b>Cities and Towns:</b>									
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
<b>Total Towns</b>					<u>689,327</u>			<u>20,517</u>	<u>709,843</u>
<b>Special Service Districts:</b>									
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
<b>Total Special Service Dist.</b>					<u>2,325,837</u>			<u>15,660</u>	<u>2,341,697</u>
<b>GRAND TOTALS</b>					<u>\$ 14,370,409</u>			<u>\$ 271,134</u>	<u>\$ 14,641,543</u>

**KANE COUNTY  
TREASURER'S TAX COLLECTION TRUST FUND  
BALANCE SHEET  
December 31, 2015**

**Assets:**

Cash In Checking	\$ 921,923
Cash In Checking	<u>60,006</u>
Total Assets	<u><u>\$ 981,929</u></u>

**Liabilities:**

Collections Payable	\$ 92,035
Due to Taxing Units	<u>889,894</u>
Total Liabilities	<u><u>\$ 981,929</u></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
<u>61,618</u>	<u>1,471</u>	<u>511,396</u>	<u>88,301</u>	<u>728,756</u>	<u>98,790</u>	<u>665,620</u>	<u>1,440</u>	<u>391,460</u>	<u>-</u>	<u>4,647,596</u>
<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**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended December 31, 2015**

	Assessing and Collecting	Narcotics Strike Force	Narcotics Strike Force GRA	Narcotics Strike Force Discretion	Enhanced 911	County Fair	Economic Development	1% Restaurant Tax	Victims Advocate
<b>Revenues:</b>									
Property Taxes	\$ 861,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1% Restaurant Tax	-	-	-	-	-	-	-	195,986	-
Intergovernmental Revenue	16,989	58,000	76,471	5,014	-	-	-	-	10,717
Charges for Services	73,933	-	-	-	59,833	-	-	-	-
Interest	5,197	-	-	359	1,041	-	-	3,053	-
Miscellaneous	2,048	-	-	21,161	-	3,682	-	-	-
<b>Total Revenues</b>	<b>959,967</b>	<b>58,000</b>	<b>76,471</b>	<b>26,534</b>	<b>60,874</b>	<b>3,682</b>	<b>-</b>	<b>199,039</b>	<b>10,717</b>
<b>Expenditures:</b>									
Current:									
General Government	1,249,730	-	-	-	-	-	-	-	-
Public Safety	-	176,593	66,169	28,966	59,545	-	-	-	-
County Promotion	-	-	-	-	-	30,306	27,224	77,760	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	13,000	-
Interest	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,249,730</b>	<b>176,593</b>	<b>66,169</b>	<b>28,966</b>	<b>59,545</b>	<b>30,306</b>	<b>27,224</b>	<b>90,760</b>	<b>-</b>
Excess Revenues Over (Under) Expenditures	(289,763)	(118,593)	10,302	(2,432)	1,329	(26,624)	(27,224)	108,279	10,717
<b>Other Financing</b>									
<b>Sources (Uses):</b>									
Transfers In	339,324	196,707	-	-	-	33,000	40,000	-	-
Transfers (Out)	-	(58,420)	-	-	-	-	-	-	-
<b>Total Other Financing</b>	<b>339,324</b>	<b>138,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,000</b>	<b>40,000</b>	<b>-</b>	<b>-</b>
Net Change In Fund Balance	49,561	19,694	10,302	(2,432)	1,329	6,376	12,776	108,279	10,717
Fund Balance - Beginning	900,245	57,155	11,800	58,287	169,045	27,990	322,476	489,152	62,594
Fund Balance - Ending	<u>\$ 949,806</u>	<u>\$ 76,849</u>	<u>\$ 22,102</u>	<u>\$ 55,855</u>	<u>\$ 170,374</u>	<u>\$ 34,366</u>	<u>\$ 335,252</u>	<u>\$ 597,431</u>	<u>\$ 73,311</u>

Recreation	Reimbursed Grant	Capital Replacement	Drug Court	Municipal Building Authority	AERO Division	Vermillion Cliffs	Events/Volunteer Center	Senior Citizens	Hospital	Total Nonmajor 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
<u>431</u>	<u>-</u>	<u>-</u>	<u>5,107</u>	<u>-</u>	<u>209</u>	<u>-</u>	<u>20,099</u>	<u>9,168</u>	<u>115,515</u>	<u>291,771</u>
-	-	-	117,997	561,192	-	476,750	-	-	-	2,151,861
<u>91,680</u>	<u>4,455</u>	<u>513,405</u>	<u>-</u>	<u>420,768</u>	<u>105,918</u>	<u>22,180</u>	<u>26,347</u>	<u>329,909</u>	<u>-</u>	<u>2,834,086</u>
<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>
<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>

**KANE COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2015**

	Assessing and Collecting	Narcotics Strike Force	Narcotics Strike Force GRA	Narcotics Strike Force Discretion	Enhanced 911	County Fair	Economic Development	1% Restaurant Tax	Victims Advocate
<b>ASSETS</b>									
Cash	\$ 1,053,224	\$ 90,662	\$ 13,132	\$ 57,441	\$ 183,966	\$ 34,366	\$ 336,575	\$ 599,611	\$ 76,207
Assessments Receivable	-	-	-	-	-	-	-	-	-
Due From Other Government Units	-	-	11,404	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 1,053,224</u></b>	<b><u>\$ 90,662</u></b>	<b><u>\$ 24,536</u></b>	<b><u>\$ 57,441</u></b>	<b><u>\$ 183,966</u></b>	<b><u>\$ 34,366</u></b>	<b><u>\$ 336,575</u></b>	<b><u>\$ 599,611</u></b>	<b><u>\$ 76,207</u></b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts Payable	\$ 74,945	\$ -	\$ 2,097	\$ 1,485	\$ 13,592	\$ -	\$ 1,323	\$ 2,180	\$ -
Accrued Liabilities	28,473	13,813	337	101	-	-	-	-	2,896
<b>Total Liabilities</b>	<b><u>103,418</u></b>	<b><u>13,813</u></b>	<b><u>2,434</u></b>	<b><u>1,586</u></b>	<b><u>13,592</u></b>	<b><u>-</u></b>	<b><u>1,323</u></b>	<b><u>2,180</u></b>	<b><u>2,896</u></b>
Fund Balances:									
Restricted, Reported in:									
Special Revenue Funds	-	76,849	22,102	55,855	170,374	-	-	597,431	73,311
Assigned, Reported in:									
Special Revenue Funds	<u>949,806</u>	-	-	-	-	34,366	335,252	-	-
<b>Total Fund Balances</b>	<b><u>949,806</u></b>	<b><u>76,849</u></b>	<b><u>22,102</u></b>	<b><u>55,855</u></b>	<b><u>170,374</u></b>	<b><u>34,366</u></b>	<b><u>335,252</u></b>	<b><u>597,431</u></b>	<b><u>73,311</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,053,224</u></b>	<b><u>\$ 90,662</u></b>	<b><u>\$ 24,536</u></b>	<b><u>\$ 57,441</u></b>	<b><u>\$ 183,966</u></b>	<b><u>\$ 34,366</u></b>	<b><u>\$ 336,575</u></b>	<b><u>\$ 599,611</u></b>	<b><u>\$ 76,207</u></b>

**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.

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

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Assessing and Collecting Fund:**

This fund is used to account for the cost of assessing and collecting by the County.

**Narcotics Task Force Funds:**

These fund are used to account for the activities of the narcotics task force in the County. These funds are restricted for providing law enforcement activities regarding illegal drug us in the County.

**E-911 Fund:**

This fund is used to account for money collected on telephone bills for providing 911 emergency services in the County.

**County Fair Fund:**

This fund receives money collected and expended for the County Fair.

**Economic Development Fund:**

This fund is used to account for funds used to promote economic development in the County.

**Restaurant 1% Tax Fund:**

This fund is used to construct public facilities in the County and to pay the indebtedness related to the cost of those facilities. This fund collects restaurant tax money to make the debt service payments.

**Victims Advocate Fund:**

This fund receives money to be used to victims of crimes within the County.

**Recreation Fund:**

This fund accounts for recreation activities in the County.

**Grants and Reimbursements Fund:**

This fund accounts for special grants and reimbursements received by the County.

(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
<u>HEALTH TRUST FUND</u>				
ASSETS				
Cash	\$ 168,077	\$ 2,160,355	\$ 2,448,390	\$ (119,958)
Accounts Receivable	-	129,857	-	129,857
<b>TOTAL ASSETS</b>	<u>\$ 168,077</u>	<u>\$ 2,290,212</u>	<u>\$ 2,448,390</u>	<u>\$ 9,899</u>
LIABILITIES				
Collections Payable	<u>\$ 168,077</u>	<u>\$ 2,290,212</u>	<u>\$ 2,448,390</u>	<u>\$ 9,899</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
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
<b>TOTAL ASSETS</b>	<u>\$ 1,804,730</u>	<u>\$ 20,148,641</u>	<u>\$ 19,785,093</u>	<u>\$ 2,168,278</u>
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
<b>TOTAL LIABILITIES</b>	<u>\$ 1,804,730</u>	<u>\$ 20,148,641</u>	<u>\$ 19,785,093</u>	<u>\$ 2,168,278</u>

**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
<b>PROPERTY TAX FUND</b>				
<b>ASSETS</b>				
Cash	\$ 597,328	\$ 15,952,905	\$ 15,628,310	\$ 921,923
Taxes Receivable	-	60,006	-	60,006
<b>TOTAL ASSETS</b>	<b>\$ 597,328</b>	<b>\$ 16,012,911</b>	<b>\$ 15,628,310</b>	<b>\$ 981,929</b>
<b>LIABILITIES</b>				
Due to Taxing Units	\$ 443,631	\$ 15,896,187	\$ 15,449,924	\$ 889,894
Collections Payable	153,697	116,724	178,386	92,035
<b>TOTAL LIABILITIES</b>	<b>\$ 597,328</b>	<b>\$ 16,012,911</b>	<b>\$ 15,628,310</b>	<b>\$ 981,929</b>
<b>CLERK'S TRUST FUND</b>				
<b>ASSETS</b>				
Cash	\$ 256,470	\$ 1,346,206	\$ 1,313,559	\$ 289,117
<b>LIABILITIES</b>				
Collections Payable	\$ 256,470	\$ 1,346,206	\$ 1,313,559	\$ 289,117
<b>HRA TRUST FUND</b>				
<b>ASSETS</b>				
Cash	\$ 589,899	\$ 370,134	\$ 294,524	\$ 665,509
<b>LIABILITIES</b>				
Collections Payable	\$ 589,899	\$ 370,134	\$ 294,524	\$ 665,509
<b>DENTAL TRUST FUND</b>				
<b>ASSETS</b>				
Cash	\$ 192,956	\$ 129,178	\$ 100,310	\$ 221,824
<b>LIABILITIES</b>				
Collections Payable	\$ 192,956	\$ 129,178	\$ 100,310	\$ 221,824

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**COMBINING FINANCIAL  
STATEMENTS AND SCHEDULES**

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**KANE COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**UTAH RETIREMENT SYSTEMS**  
**December 31, 2014**

**Other Information Not Required as Part of RSI:**

The information below is not required as part of GASB 38 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1 - December 31, 2015.

Defined Contribution System

	<u>Employee Paid Contributions</u>	<u>Employer Paid Contributions</u>
401(k) Plan*	\$ 1,690	\$ 21,659
457 Plan	\$ 1,560	\$ -
Roth IRA Plan	\$ 1,490	\$ -
Traditional IRA Plan	\$ -	\$ -
HRA Plan	\$ -	\$ -

\*The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

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

	Noncontributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighting System
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.

**KANE COUNTY**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**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>
Proportion of the Net Pension Liability (Asset)	0.2597645%	0.8690061 %	0.1450501%	0.2378825%
Proportionate Share of the Net Pension Liability (Asset)	\$ 1,124,959	\$ 1,092,847	\$ (4,396)	\$ (3,519)
Covered Employee Payroll	\$ 2,014,447	\$ 1,260,790	\$ 711,999	\$ 98,218
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	56.0%	86.7%	-0.6%	-3.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.2%	90.5%	103.5%	120.5%

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

**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	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	
<b>Revenues:</b>				
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>
<b>Expenditures:</b>				
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 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**PUBLIC SAFETY FACILITY 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>	
<b>Revenues:</b>				
Charges for Services	\$3,001,252	\$3,001,252	\$3,025,345	\$ 24,093
Fines and Forfeitures	48,500	48,500	47,037	(1,463)
Miscellaneous	<u>527,500</u>	<u>527,500</u>	<u>530,569</u>	<u>3,069</u>
Total Revenues	<u>3,577,252</u>	<u>3,577,252</u>	<u>3,602,951</u>	<u>25,699</u>
<b>Expenditures:</b>				
General Government	1,624,192	1,624,192	1,491,419	132,773
Public Safety	<u>1,953,060</u>	<u>1,953,060</u>	<u>1,941,002</u>	<u>12,058</u>
Total Expenditures	<u>3,577,252</u>	<u>3,577,252</u>	<u>3,432,421</u>	<u>144,831</u>
Excess Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	170,530	<u>\$ 170,530</u>
Fund Balance - Beginning			<u>1,913,451</u>	
Fund Balance - Ending			<u>\$2,083,981</u>	

**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 <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	
<b>Revenues:</b>				
Intergovernmental	\$2,165,770	\$2,165,770	\$2,557,880	\$ 392,110
Miscellaneous	<u>898,000</u>	<u>898,000</u>	<u>2,965</u>	<u>(895,035)</u>
Total Revenues	<u>3,063,770</u>	<u>3,063,770</u>	<u>2,560,845</u>	<u>(502,925)</u>
<b>Expenditures:</b>				
GIS/Transportation	1,933,380	1,933,380	1,912,899	20,481
County Roads	<u>1,130,390</u>	<u>1,130,390</u>	<u>929,481</u>	<u>200,909</u>
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**  
**GENERAL FUND**

For The Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	
<b>Revenues:</b>				
Property Taxes	\$ 4,869,801	\$ 4,869,801	\$ 5,210,549	\$ 340,748
Sales Tax	800,000	800,000	789,673	(10,327)
Licenses and Permits	162,500	162,500	190,779	28,279
Intergovernmental Revenue	1,239,358	1,239,358	1,226,131	(13,227)
Charges for Services	278,800	278,800	240,760	(38,040)
Fines and Forfeitures	305,000	305,000	296,064	(8,936)
Miscellaneous Revenue	172,000	172,000	52,133	(119,867)
Transfers In	-	-	30,000	30,000
Use of Surplus	647,280	647,280	-	(647,280)
	<u>8,474,739</u>	<u>8,474,739</u>	<u>8,036,089</u>	<u>(438,650)</u>
Total Revenues				
<b>Expenditures:</b>				
General Government	3,220,584	3,220,584	2,795,374	425,210
Public Safety	2,171,337	2,171,337	1,871,789	299,548
Public Health	385,931	385,931	385,591	340
Highways and Public Improvements	87,757	87,757	87,609	148
Parks and Recreation	42,000	42,000	35,362	6,638
County Promotion	45,811	45,811	43,334	2,477
Contributions	53,050	53,050	32,716	20,334
Transfers	2,468,269	2,468,269	2,461,363	6,906
	<u>8,474,739</u>	<u>8,474,739</u>	<u>7,713,138</u>	<u>761,601</u>
Total Expenditures				
Excess Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	322,951	<u>\$ 322,951</u>
Fund Balance - Beginning			<u>4,469,595</u>	
Fund Balance - Ending			<u><u>\$ 4,792,546</u></u>	

**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**  
**CONDITION RATING OF THE COUNTY'S ROAD SYSTEM**  
**For The Year Ended December 31, 2015**

Percentage of Lane-Miles in Good or Better Condition in 2015, 2014, 2013 and 2012 and 2011:

	<u>Paved</u>	<u>Gravel</u>	<u>Dirt (Native)</u>	<u>Bridges</u>	<u>Overall System</u>
2015	93	88	76	100	89
2014	92	87	75	100	89
2013	90	86	75	100	88
2012	91	85	76	100	84
2011	90	80	78	100	81

Percentage of Lane-Miles in Substandard Condition for the last 5 years:

	<u>Paved</u>	<u>Gravel</u>	<u>Dirt (Native)</u>	<u>Bridges</u>	<u>Overall System</u>
2015	6	6	13	0	8
2014	7	7	14	0	9
2013	9	8	14	0	10
2012	6	11	13	0	10
2011	7	10	12	0	10

Comparison of Needed-to-Actual Maintenance/Preservation in 2014, 2013, 2012 and 2011 and 2010 - Roads and Bridges:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Paved:					
Needed	\$ 1,900,000	\$ 2,000,000	\$ 3,000,000	\$ 700,000	\$ 868,000
Actual	1,565,000	991,000	2,925,082	680,000	868,000
Gravel:					
Needed	500,000	550,000	1,200,000	550,000	500,000
Actual	460,000	452,300	1,158,000	525,000	475,000
Dirt (Native):					
Needed	500,000	300,000	800,000	600,000	1,100,000
Actual	400,000	295,700	772,000	575,000	350,000
Overall System:					
Needed	2,900,000	2,850,000	5,000,000	1,850,000	2,468,000
Actual	2,425,000	1,739,000	4,855,082	1,780,000	1,693,000
Difference	<u>\$ 475,000</u>	<u>\$ 1,111,000</u>	<u>\$ 144,918</u>	<u>\$ 70,000</u>	<u>\$ 775,000</u>

The condition of road pavement is measured using the American... (AASHTO) pavement management system, which is based on stress factors found in pavement surfaces. The AASHTO pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good condition (70-100), fair condition (50-69), and substandard condition (less than 50). It is the County's policy to maintain at least 80 percent of its road system at a good or better condition level. No more than 20 percent should be in substandard condition for paved and gravel roads. It is also the County's policy to maintain at least 75 percent of its native road system at a good or better condition level. No more than 25 percent should be in substandard condition for native road system. Condition assessments are determined every year.

This schedule presents the information for the required five years. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for 5 years.

The condition of the County's bridges is determined using its Bridge Management and Inspection Program (BMIP). The bridge condition rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical condition scale ranging from 1.0 (impaired or load restricted) to 7.0 (new). It is the County's policy to keep the number and square footage of deck area of bridges with a condition rating of 1.0 to 1.9 below 1 percent. All bridges are inspected every two years.

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
(UNAUDITED)**

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(This page contains no information and  
is used to assist in formatting for easier reading)

**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	<u>20,171</u>	<u>39,507</u>	<u>59,678</u>
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><u>\$ 4,454,899</u></u>	<u><u>\$ 16,929,636</u></u>	<u><u>\$ 21,384,535</u></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><u>\$ 3,721,899</u></u>	<u><u>\$ 4,229,881</u></u>	<u><u>\$ 7,951,780</u></u>

**KANE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 17 - CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNITS**

Kane County has two component units which are described as follows:

**Proprietary Fund Types:**

Western Kane County Special Service District #1 - The District provides garbage disposal and television signal reception to the residents of Kane County.

Kane County Human Resource Special Service District, dba Kane County Hospital - The District provides health care facilities which consists of a hospital, ambulatory care facility, and ambulance service.

Condensed financial statements for the year ended December 31, 2015 are as follows:

**Condensed Statement of Net Position:**

	Western Kane County Special Service District	Kane County Human Resource Special Service District	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Current Assets	\$ 3,417,743	\$ 12,461,061	\$ 15,878,804
Noncurrent Assets:			
Restricted Cash	364,209	-	364,209
Other Noncurrent	203	141,317	141,520
Capital Assets (Net)	<u>1,414,700</u>	<u>5,390,485</u>	<u>6,805,185</u>
<b>Total Assets</b>	<u>5,196,855</u>	<u>17,992,863</u>	<u>23,189,718</u>
Deferred Outflows of Resources	<u>34,721</u>	<u>-</u>	<u>34,721</u>
<b>Total Assets and Deferred Outflows     of Resources</b>	<u><u>\$ 5,231,576</u></u>	<u><u>\$ 17,992,863</u></u>	<u><u>\$ 23,224,439</u></u>
Liabilities:			
Current Liabilities	\$ 242,883	\$ 1,014,144	\$ 1,257,027
Noncurrent Liabilities:			
Other Noncurrent Liabilities	<u>199,649</u>	<u>49,083</u>	<u>248,732</u>
<b>Total Liabilities</b>	<u>442,532</u>	<u>1,063,227</u>	<u>1,505,759</u>
Deferred Inflows of Resources	<u>334,145</u>	<u>-</u>	<u>334,145</u>
Net Position:			
Net Investment in Capital Assets	1,201,077	5,296,980	6,498,057
Restricted	243,554	62,000	305,554
Unrestricted	<u>3,010,268</u>	<u>11,570,656</u>	<u>14,580,924</u>
<b>Net Position</b>	<u>4,454,899</u>	<u>16,929,636</u>	<u>21,384,535</u>
<b>Total Liabilities, Deferred Inflows of     Resources, and Net Position</b>	<u><u>\$ 5,231,576</u></u>	<u><u>\$ 17,992,863</u></u>	<u><u>\$ 23,224,439</u></u>

**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 16 - PENSION PLAN (CONTINUED)**

Expected Return Arithmetic Basis			
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
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 Equivalents	0 %	0.00 %	0.00 %
Totals			5.23 %
			Inflation
			2.75 %
Expected arithmetic nominal return			7.98 %

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

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.50%. 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.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate shown on the following page:

**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)**

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of \$644,908. At December 31, 2014 we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 115	\$ 148,136
Changes in assumptions	-	258,660
Net difference between projected and actual earnings on pension plan investments	52,380	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>993,938</u>	<u>-</u>
Total	<u>\$ 1,046,433</u>	<u>\$ 406,796</u>

\$993,938 was reported as deferred outflows of resources to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. 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,	<u>Deferred Outflows (Inflows) of Resources</u>
2015	\$ (98,103)
2016	\$ (98,103)
2017	\$ (98,103)
2018	\$ (55,058)
2019	\$ (779)
Thereafter	\$ (4,158)

**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)**

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	Cola**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65*	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety, Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years 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.

**Contributions:**

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

**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](http://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 13 - CONTINGENT ASSET**

Kane County is a member of the Utah Counties Indemnity Pool (UCIP). If the UCIP was dissolved by a majority of the entire membership in favor of dissolution, the assets of the Pool not used or needed for the purposes of the Pool, including its contractual obligations, would be distributed as determined by the board, only to Utah counties who are members of the Pool at the time of dissolution. If a County were to withdraw before this time, they would not be entitled to any distribution of funds.

**NOTE 14 - ROUNDING CONVENTION**

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

**NOTE 15 - PRIOR PERIOD ADJUSTMENTS**

The requirement to apply GASB 68 this fiscal year resulted in an adjustment to the prior period net positions. This is due to the required disclosure of a Net Pension Liability, Deferred Outflows and Inflows of Resources and if applicable a Net Pension Asset. The net result to net positions are as follows:

	Governmental Funds
Net Position - Beginning of Period	\$45,295,717
Adjustments Noted Below	(157,109)
GASB 68 Adjustments to Prior Period	(1,917,313)
Net Position - Beginning, Restated	\$43,221,295

**Vermillion Cliffs Special Revenue Fund:**

The adjustment to Vermillion Cliffs Special Revenue Fund fund balance and assessment receivable is due to a misposting of receipts to revenue in 2014 and not to assessment receivable. The prior period revenues in this fund overstated by \$157,109 and assessment receivable was overstated the same amount. This adjustment corrects the beginning balances. It also affects the beginning net position by reducing the net position by \$157,109, as noted above.

	Fund Balance	Assessment Receivable
Balance December 31, 2014	\$ 822,729	\$ 463,645
Prior Period Adjustment	(157,109)	(157,109)
Beginning Balance, Restated	\$ 665,620	\$ 306,536

**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 9 - TRANSIENT ROOM TAX FUND**

The Transient Room Tax Fund of the County accounts for the receipts and disbursements of Transient Room Tax. This tax money is designated to be spent to promote tourism within the County. The tax money is derived from a 4.25% tax on transient room rentals in the County. The restricted fund balance at year end was \$2,168,148.

**NOTE 10 - NARCOTICS STRIKE FORCE FUND**

The Kane County Narcotics Strike Force Fund is a multi-jurisdictional organization created to continue to enhance cooperation between Federal, State, and Local criminal justice agencies and prosecutors in developing better intelligence and successful investigation and prosecution of multi-jurisdictional crimes and their perpetrators. The Strike Force objective is the identification, apprehension and successful prosecution of narcotic conspirators and to enhance recovery of criminal assets. The governing board consists of the following:

- Kane County Sheriff's Office
- Kane County Attorney
- Kanab City Chief of Police
- Orderville Chief of Police
- Utah Department of Investigations
- Iron County Task Force Coordinator
- Strike Force Narcotics Agent

Kane County has no financial benefit or burden as a result of participating in the Narcotics Strike Force Organization. The County is not liable for any debts incurred by the Strike Force.

**NOTE 11 - TRANSFERS**

<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 30,000	\$ 2,461,363
Assessing and Collecting	339,324	-
Class B Road	-	153,527
Narcotics Strike Force	196,707	58,420
County Fair	33,000	-
Economic Development	40,000	-
Recreation	50,000	-
Drug Court	43,500	-
AERO	5,000	-
Public Safety Facility	480,000	455,032
Health Insurance Fund	1,590,562	-
Council on Aging	181,249	37,676
HRA	366,500	-
Dental Insurance	127,920	-
Events/Volunteer	223,185	21,933
Transient Room Tax	-	518,996
	<u>\$ 3,706,947</u>	<u>\$ 3,706,947</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>\$ 981,960</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>\$ 475,687</u>

**KANE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**Compensated Absences - Vacation and Sick Leave**

At December 31, 2015, the County was liable for vacation pay and compensatory time. The liability of \$399,557 was computed according to the personnel policy.

	Balance December 31, 2014	Additions	Deletions	Balance December 31, 2015
Compensated Absences				
Vacation/Sick Leave	<u>\$ 409,509</u>	<u>\$ -</u>	<u>\$ 9,952</u>	<u>\$ 399,557</u>

**Component Units**

Long-Term Debt for the component units consists of the following at December 31, 2015:

	Balance December 31, 2014	Issued	Retired	Balance December 31, 2015
Lease Obligations	<u>\$ 147,110</u>	<u>\$ -</u>	<u>\$ 53,605</u>	<u>\$ 93,505</u>
Total	<u>\$ 147,110</u>	<u>\$ -</u>	<u>\$ 53,605</u>	<u>\$ 93,505</u>

The following is a summary of debt service charges to maturity for component units:

	Principal	Interest	Total
2016	\$ 44,422	\$ 2,689	\$ 47,111
2017	18,335	1,415	19,750
2018	13,444	853	14,297
2019	<u>17,304</u>	<u>305</u>	<u>17,609</u>
Total	<u>\$ 93,505</u>	<u>\$ 5,262</u>	<u>\$ 98,767</u>

**NOTE 7 - MUNICIPAL BUILDING AUTHORITY FUND**

During 1996 the County commissioners established a Municipal Building Authority for the purpose of acquiring, improving or extending improvements, facilities or properties and appurtenances to them which the Board of County Commissioners is authorized or permitted by law to acquire. The Building Authority will issue its bonds, notes or other evidences of indebtedness to acquire funds to pay the costs of such projects. The Authority will be funded initially by receipt of the 1% restaurant tax imposed by the County.

**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	32,000	1,350	33,350
<b>Total</b>	<b><u>\$ 9,355,050</u></b>	<b><u>\$ 1,566,590</u></b>	<b><u>\$ 10,921,640</u></b>

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>
<b>Revenue Bonds:</b>				
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
<b>Special Improvement Bonds:</b>				
CIB Bonds	638,500	-	161,750	476,750
<b>Total Revenue Bonds</b>	<b><u>\$10,027,431</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 672,381</u></b>	<b><u>\$ 9,355,050</u></b>

**KANE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**  
**CIB Lease Revenue Bond, Series 2013:**

During 2013 the County issued Special Improvement District Bonds in the amount of \$200,000 for the purpose of constructing the Kane County North Event Center in Orderville. The bond calls for fixed payments beginning October 1, 2014 and accruing interest at 2.5% until retired. Payments are due October 1 of each year. The bonds mature October 1, 2038. The following is a schedule of debt service to CIB for the Lease Revenue Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 1,			
2016	\$ 6,000	\$ 4,700	\$ 10,700
2017	6,000	4,550	10,550
2018	6,000	4,400	10,400
2019	7,000	4,250	11,250
2020	7,000	4,075	11,075
2021-2025	36,000	17,750	53,750
2026-2030	41,000	13,000	54,000
2031-2035	47,000	7,600	54,600
2036-2038	<u>32,000</u>	<u>1,350</u>	<u>33,350</u>
Total	<u>\$ 188,000</u>	<u>\$ 61,675</u>	<u>\$ 249,675</u>

**Special Improvement District Bonds**

**CIB Lease Revenue Bonds, Series 2010A:**

During 2008 the County issued Special Improvement District Bonds in the amount of \$1,529,441 for the purpose of construction improvement within the County consisting of acquisition, repair and resurfacing of roads in the Vermillion Cliffs Estates Subdivision. The payments are due on April 1st of each year.

The County has created a Special Improvement District to defray the cost and expenses of the improvement district by special assessments to be levied against the property benefited by these improvements. The assessments are in amounts sufficient to enable the County to make the yearly bond payments. The bonds mature April 1, 2017. The following is a schedule of the debt service payments to the CIB for the bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1,			
2016	\$ 165,750	\$ 11,919	\$ 177,669
2017	<u>311,000</u>	<u>7,775</u>	<u>318,775</u>
	<u>\$ 476,750</u>	<u>\$ 19,694</u>	<u>\$ 496,444</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**  
**Revenue Bonds**

Bonded Long-Term Debt for the primary government consists of the following at December 31, 2015:

**Healthcare Revenue Bonds, Series 2008:**

Kane County authorized the issuance of \$700,000 Healthcare Revenue Bonds, Series 2008 for the purpose of financing the construction, installation and equipping of a new building and related improvements adjacent to the Kane County Hospital to house outpatients and other services for the Southwest Behavioral Health Center. The bonds were issued at 3.5% interest per annum with interest commencing November 13, 2008. The first bond principal payment was due October 1, 2010 and matures October 1, 2028. Bonds are secured by a 1% sales tax. The following is a summary of debt service to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 1,			
2016	\$ 31,000	\$ 17,780	\$ 48,780
2017	33,000	16,695	49,695
2018	34,000	15,540	49,540
2019	35,000	14,350	49,350
2020	36,000	13,125	49,125
2021-2025	200,000	45,815	245,815
2026-2028	<u>133,652</u>	<u>9,905</u>	<u>143,557</u>
Total	<u>\$ 502,652</u>	<u>\$ 133,210</u>	<u>\$ 635,862</u>

**Utah Taxable Lease Revenue Bonds, Series 2010 (EMS Building):**

Kane County Municipal Building Authority authorized the issuance of \$250,000 of Utah Taxable Lease Revenue Bonds, Series 2010 for the purpose of financing the cost of the acquisition and construction of a public safety facilities including emergency services facilities and related improvements. The bonds will be repaid with a 20-year maturity. The bond were issued with 0% interest. Payments commenced July 1, 2011. Bonds are secured by a lease agreement with Kane County. The bonds mature on July 1, 2029. The following is a summary of debt service to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1,			
2016	\$ 13,000	\$ -	\$ 13,000
2017	13,000	-	13,000
2018	13,000	-	13,000
2019	13,000	-	13,000
2020	13,000	-	13,000
2021-2025	65,000	-	65,000
2026-2030	<u>42,000</u>	<u>-</u>	<u>42,000</u>
Total	<u>\$ 172,000</u>	<u>\$ -</u>	<u>\$ 172,000</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
<b>Business-Type Activities:</b>				
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 5 - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2015, was as follows:

**Primary Government:**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,206,421	\$ -	\$ -	\$ 1,206,421
Rights of Way	6,569,819	-	-	6,569,819
Infrastructure	10,810,612	-	-	10,810,612
Construction In Progress - CC	<u>-</u>	<u>21,878</u>	<u>-</u>	<u>21,878</u>
 Total Capital Assets Not Being Depreciated	 <u>18,586,852</u>	 <u>21,878</u>	 <u>-</u>	 <u>18,608,730</u>
 Capital Assets Being Depreciated:				
Buildings	27,585,166	-	-	27,585,166
Equipment	<u>4,966,127</u>	<u>760,104</u>	<u>717,461</u>	<u>5,008,770</u>
 Total Capital Assets Being Depreciated	 <u>32,551,293</u>	 <u>760,104</u>	 <u>717,461</u>	 <u>32,593,936</u>
 Less Accumulated Depreciation For:				
Buildings	7,483,190	872,079	-	8,355,269
Equipment	<u>3,593,714</u>	<u>361,853</u>	<u>291,300</u>	<u>3,664,267</u>
 Total Accumulated Depreciation	 <u>11,076,904</u>	 <u>1,233,932</u>	 <u>291,300</u>	 <u>12,019,536</u>
 Total Capital Assets Being Depreciated (Net)	 <u>21,474,389</u>	 <u>(473,828)</u>	 <u>426,161</u>	 <u>20,574,400</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 40,061,241</u>	 <u>\$ (451,950)</u>	 <u>\$ 426,161</u>	 <u>\$ 39,183,130</u>

**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 2 - CASH AND INVESTMENTS (CONTINUED)**

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

**Custodial Credit Risk:**

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 UMMA. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council. As of December 31, 2015, \$2,833,252 of the local government's bank balances of \$3,583,252 were uninsured and uncollateralized.

**Credit Risk:**

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the UMMA.

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.

For the year ended December 31, 2015, the local governments has investments of \$14,197,269 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated. As of December 31, 2015, the government had the following investments and maturities:

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1 - 5
State of Utah PTIF	\$ 14,197,269	\$14,197,269	\$ -
Corporate Bonds	483,656	206,632	277,024
Government Agencies	249,879	-	249,879
US Obligations	250,026	-	250,026
Corporate Floating Rate	35,341	-	35,341
	<u>\$ 15,216,171</u>	<u>\$ 14,403,901</u>	<u>\$ 812,270</u>

**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 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Pensions**

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

**NOTE 2 - CASH AND INVESTMENTS**

The County maintains a cash and investment pool that is available for use by all funds. Each fund types portion of this pool is displayed on the combined balance sheet as "Cash and Investments".

**Deposits:**

At year-end the carrying amount of the County's deposits for the Primary Government was \$3,430,965 and bank balances were \$3,583,252. Of the bank balances, \$750,000 was covered by federal depository insurance. At year-end the carrying amount of the component units was \$4,605,154 and the bank balances were \$4,484,379. Utah state statutes do not require deposits to be collateralized; however, financial institutions must be approved by the State Money Management Council.

**Primary Government:**

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

	Fair Value
Demand Deposits	\$ 3,430,965
Investments	15,216,171
Total Cash and Investments	\$ 18,647,136

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

Governmental Activities - Unrestricted	\$ 11,972,202
Governmental Activities - Restricted	4,696,519
Fiduciary Funds	1,978,415
Total Cash and Investments	\$ 18,647,136

**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.