



CACHE COUNTY, UTAH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

CACHE COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2016

	Page
FINANCIAL SECTION	
Independent Auditors’ Report.....	3
Management Discussion and Analysis.....	7
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	15
Statement of Activities.....	16
Fund Financial Statements	
Governmental Funds	
Balance Sheet	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Fiduciary Funds	
Statement of Net Position	21
Component Units	
Combining Statement of Net Position	22
Combining Statement of Activities	23
Notes to the Financial Statements	25
Required Supplementary Information	
Budgetary Comparison Schedules	
General Fund.....	47
Assessing and Collecting Fund	49
Municipal Services Fund.....	50
Mental Health Fund	52
Schedule of the Proportionate Share of the Net Pension Liability – Primary Government	53
Schedule of the Proportionate Share of the Net Pension Liability – Component Units.....	55
Schedule of Contributions – Primary Government.....	57
Schedule of Contributions – Component Units	58
Notes to the Required Supplementary Information	59
Supplementary Information	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	61
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	62
Budgetary Comparison Schedules	
CDRA Fund	63
Health Fund	64
Visitor’s Bureau Fund.....	65
Council on Aging Fund	66
Restaurant Tax Fund.....	67
Children’s Justice Center Fund	68
RAPZ Tax Fund	69
Ambulance Fund.....	70
Debt Service Fund.....	71
Combining Statement of Fiduciary Net Position – Agency Funds.....	72

	Page
Component Units	
North Park Interlocal Cooperative	
Combining Statement of Net Position	75
Combining Statement of Activities	76
SINGLE AUDIT REPORTS	
Schedule of Expenditures of Federal Awards	78
Notes to the Schedule of Expenditures of Federal Awards	84
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	85
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	87
Schedule of Findings and Questioned Costs	89
Summary Schedule of Prior Year Audit Findings	92
Corrective Action Plan	93
STATE COMPLIANCE REPORTS	
Independent Auditors’ Report as Required by the State Compliance Audit Guide on Compliance with General State Compliance Requirements and on Internal Control over Compliance.....	95



Certified Public Accountants

www.jones-simkins.com

Logan Office:

1011 West 400 North, Suite 100
Logan, UT 84323-0747
Phone: (435) 752-1510 • (877) 752-1510
Fax: (435) 752-4878

Salt Lake City Office:

6715 South 1300 East, Suite 250
Salt Lake City, UT 84121
Phone: (801) 561-6026
Fax: (801) 561-2023

INDEPENDENT AUDITORS' REPORT

To the Cache County Council
Logan, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cache County, Utah (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Bridgerland Community Ice Arena (a component unit of North Park Interlocal Cooperative), which represent 4 percent, 4 percent, and 5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units of the County. We also did not audit the financial statements of Cache County Emergency Medical Service Authority, which represent 12 percent, 11 percent, and 21 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Bridgerland Community Ice Arena and Cache County Emergency Medical Service Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information and accompanying notes as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements. The accompanying schedule of expenditures of transient room taxes and tourism, recreation, cultural and convention facilities taxes is presented for purposes of additional analysis as required by Utah Code section 17-31-5.5(3) and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.



JONES SIMKINS LLC
Logan, Utah
June 27, 2017

This page intentionally left blank.

INTRODUCTION

The following discussion and analysis is presented as an overview of the financial performance of Cache County for the year ended December 31, 2016. Please consider information presented here in context with the financial statements and the notes to the financial statements for a full understanding of the condition of the County.

FINANCIAL HIGHLIGHTS

- The net position of the County increased by approximately \$3.2 million or about 5.8 percent over the prior year. The portion of total net position which represents the amount the County can use to meet ongoing, financial obligations is the unrestricted amount. At the end of the year, this amount was approximately \$3.7 million, or 6.2 percent of total net position.
- During the year, the County had net program expenses of approximately \$26.9 million. This compares to last year, when net program expenses were approximately 24.6 million. The total cost of the County's programs was about \$41.6 million and increased approximately \$2.5 million, or about 6.3 percent, from the prior year.
- Combined fund balances of the County amounted to about \$35.6 million, an increase of approximately \$3.0 million or about 9.2 percent, from the prior year. Of the combined total, approximately \$26.8 million, or 75.4 percent, is subject to external restrictions on its use.
- Unassigned fund balance of the General Fund was about \$6.2 million, which amount was approximately 26.9 percent of the total expenditures of the fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to Cache County's basic financial statements, which consist of three main components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-wide Statements

These statements provide a broad overview with a long-term focus of the County's finances as a whole and are prepared using the accrual basis of accounting, similar to private sector businesses.

Statement of Net Position. The statement of net position presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or declining.

Statement of Activities. The statement of activities presents information showing how the County's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

Both of the government-wide financial statements distinguish between functions that are principally supported by taxes and intergovernmental revenues, called *governmental activities*, and other functions that are intended to recover all or a significant portion of their costs through user fees and charges, called *business-type activities*. The governmental activities of the County include general government, public safety, streets and public improvements, health and welfare, and culture and recreation. The County does not have any business-type activities.

The government-wide financial statements include not only the County's financial information, known as the *primary government*, but also some legally separate entities, because the County is financially accountable for them. Financial information for these *component units* is reported separately from the financial information presented for the County. These

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

entities include the Logan-Cache Airport Authority, North Park Interlocal Cooperative, which includes the Bridgerland Community Ice Arena as its own component unit, Bear River Health Department, Cache County Emergency Medical Service Authority, and the Roads Special Service District.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Cache County, like all other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. There are three broad classifications of fund types: governmental, proprietary, and fiduciary. All of the funds of the County can be classified as either a governmental fund or a fiduciary fund.

Governmental funds. Most of the County’s basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide statements. Governmental funds use the modified accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances that are left at the end of the year that are available for future spending. This short-term view of the County’s financial position helps determine whether the County has sufficient resources to cover expenditures for its basic services in the near future.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County’s fiduciary funds are agency funds. These funds are custodial in nature and do not involve measuring results of operations. Accordingly, a statement of fiduciary net position is presented, but a statement of changes in fiduciary net position is not. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the County.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial condition. At the end of 2016, the County’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$58,553,577, an increase of \$3,191,650 from the prior year.

Just under half of the County’s net position, \$27,987,391 or 47.8 percent, reflect its investment in capital assets (e.g. land, construction in process, buildings and improvements, equipment, and infrastructure) less any related, outstanding debt used to acquire the assets. The County uses these assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County’s investment in capital assets is

CACHE COUNTY'S NET POSITION			
GOVERNMENTAL ACTIVITIES			
	<u>2016</u>	<u>2015</u>	<u>% Change</u>
ASSETS			
Current and other assets	\$ 41,035,169	\$ 37,236,221	10.2%
Capital assets, net	34,712,975	35,316,540	-1.7%
Non-current assets	<u>37,720</u>	<u>73,996</u>	<u>-49.0%</u>
Total assets	<u>75,785,864</u>	<u>72,626,757</u>	<u>4.3%</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	<u>5,841,476</u>	<u>2,797,188</u>	<u>108.8%</u>
LIABILITIES			
Current liabilities	4,382,962	3,743,619	17.1%
Long-term liabilities	<u>17,382,500</u>	<u>15,098,154</u>	<u>15.1%</u>
Total liabilities	<u>21,765,462</u>	<u>18,841,773</u>	<u>15.5%</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	<u>1,308,301</u>	<u>1,220,245</u>	<u>7.2%</u>
NET POSITION			
Net investment in capital assets	27,987,391	28,327,477	-1.2%
Restricted	26,830,352	24,241,099	10.7%
Unrestricted	<u>3,735,834</u>	<u>2,793,351</u>	<u>33.7%</u>
Total net position	<u>\$ 58,553,577</u>	<u>\$ 55,361,927</u>	<u>5.8%</u>

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$26,830,352, or 45.8 percent, represents the restricted amount of the County’s net position. These assets are restricted because of various contracts and agreements with outside entities, or laws and regulations, which dictate how these resources may be used. The remaining balance of \$3,735,834, or 6.4 percent of net position, may be used to meet the general, ongoing financial obligations of the County.



Governmental Activities

As discussed previously, activities can commonly be divided into either governmental or business-type activities. However, none of the operations of the County meet the definition of business-type activities. Therefore, the entire increase in net position of \$3,191,650 from the prior year is attributable to governmental activities.

In total, revenues for the County increased \$1,380,174, or 3.2 percent, from the prior year. The primary reason for the increase is due to increases in property and sales taxes and operating grants and contributions.

Property tax revenue, representing 37.7 percent of all revenue, is the County’s most significant revenue source. In 2016, property tax revenue increased over the prior year by \$846,024, or 5.3 percent, and totaled \$16,890,055. Sales tax revenue, also a significant source of revenue for the County, accounts for 28.5 percent of all revenue. In 2016, it grew by \$519,437, or 4.2 percent, and totaled \$12,765,589.

There was a property tax rate increase for 2016 of 4.75 percent. There were not any other new taxes imposed. The property tax increase was mainly due to the tax rate increase and the sales tax increase was due to economic improvements in the County which led to new development and higher consumer spending compared to activity in the prior year.

In 2016, charges for services had a slight decrease from the prior year of \$12,829, or 0.2 percent. In 2016, operating grants and contributions increased over the prior year by \$210,768, or 2.9 percent. This increase was due to additional state grant monies for various road service projects and Mental Health Services.

CHANGES IN CACHE COUNTY'S NET POSITION
GOVERNMENTAL ACTIVITIES

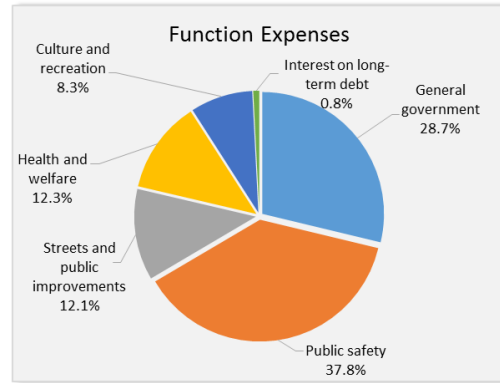
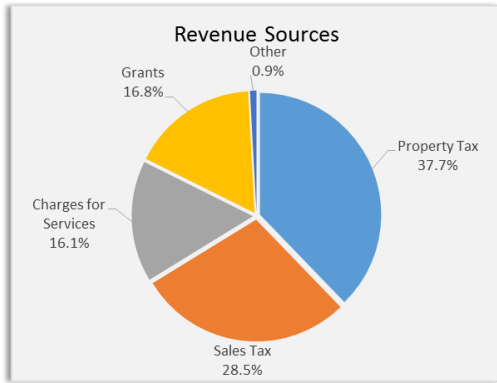
	<u>2016</u>	<u>2015</u>	<u>% Change</u>
REVENUES			
Program revenues			
Charges for services	\$ 7,191,410	\$ 7,204,239	-0.2%
Operating grants and contributions	7,411,856	7,201,088	2.9%
Capital grants and contributions	106,000	38,000	178.9%
General revenues			
Property taxes	16,890,055	16,044,031	5.3%
Sales taxes	12,765,589	12,246,152	4.2%
Other general revenues	388,188	639,414	-39.3%
Total revenues	<u>44,753,098</u>	<u>43,372,924</u>	<u>3.2%</u>
EXPENSES			
General government	11,950,638	10,147,306	17.8%
Public safety	15,701,955	15,128,491	3.8%
Streets and public improvements	5,037,400	4,915,119	2.5%
Health and welfare	5,095,041	5,011,572	1.7%
Culture and recreation	3,441,725	3,583,036	-3.9%
Interest on long-term debt	334,689	307,569	8.8%
Total expenses	<u>41,561,448</u>	<u>39,093,093</u>	<u>6.3%</u>
Change in net position	3,191,650	4,279,831	-25.4%
Net position - January 1	<u>55,361,927</u>	<u>51,082,096</u>	<u>8.4%</u>
Net position - December 31	<u>\$ 58,553,577</u>	<u>\$ 55,361,927</u>	<u>5.8%</u>

Taxes collected by the County create the largest portion of revenues for the County totaling \$29,655,644, or 66.2 percent of all revenues. Grants and contributions, totaling \$7,517,856 or 16.8 percent, also played a key role in financing the County’s operational and capital needs. Charges for services were also a significant portion of total revenues at \$7,191,410 or 16.1 percent.

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

Total expenses increased for the County by \$2,468,355, or 6.3 percent, from the prior year. The activity with the largest increase was General Government, experiencing an increase of \$1,803,332, or 17.8 percent. The primary reasons for the total increase in County expenditures were related to pension related expenses of about \$400,000 (see note 6), new employees to help support the growing demand of County services of about \$500,000, election costs due to the presidential election of about \$225,000, an increase in attorney fees related to public defender costs of about \$175,000, lease payments for two new capital leases of about \$175,000 (see note 5), and other smaller projects of about \$275,000.



Public safety services generate the most significant portion of the County’s expenses amounting to \$15,701,955, or 37.8 percent of total expenses. The most costly programs within the County’s public safety services are the Sheriff Patrol, the Support Services function, and the operation of the County jail, with program costs of \$4,922,410, \$2,028,842, and \$7,173,495, respectively. Combined, these three programs account for 34.0 percent of the County’s total expenses. These costs increased by 9.1 percent from the prior year.

The following table shows to what extent the County’s governmental activities relied on program-related revenues to cover program costs. In 2016, these revenues covered \$14,709,266, or 35.4 percent, of total expenses through charges for services, grants and contributions. Taxes and other general revenues covered the remaining 64.6 percent of the County’s expenses.

CACHE COUNTY'S NET PROGRAM COSTS

GOVERNMENTAL ACTIVITIES

ACTIVITIES	Program Expenses	Less Program Revenues	Net Program Expenses		Program Revenues as a Percentage of Program Expenses	
	2016	2016	2016	2015	2016	2015
General government	\$ 11,950,638	\$ (3,554,858)	\$ 8,395,780	\$ 7,020,630	29.7%	30.8%
Public safety	15,701,955	(4,760,391)	10,941,564	9,958,782	30.3%	34.2%
Streets and public improvements	5,037,400	(2,140,002)	2,897,398	2,775,906	42.5%	43.5%
Health and welfare	5,095,041	(3,623,891)	1,471,150	1,486,535	71.1%	70.3%
Culture and recreation	3,441,725	(630,124)	2,811,601	3,100,344	18.3%	13.5%
Interest on long-term debt	334,689	-	334,689	307,569	0.0%	0.0%
Total governmental activities	<u>\$ 41,561,448</u>	<u>\$ (14,709,266)</u>	<u>\$ 26,852,182</u>	<u>\$ 24,649,766</u>	<u>35.4%</u>	<u>36.9%</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The investment in capital assets, net of accumulated depreciation, of the County for its governmental activities totaled \$34,712,975 at the end of the year. This investment in capital assets includes land, construction in process, buildings and improvements, equipment, and infrastructure. The total net amount decreased over the prior year by \$603,565, or 1.7 percent. No individually significant additions to capital assets were made during the year, but there were a significant amount of disposals during the year due to a complete review of capital assets. The decrease represents additional depreciation of approximately \$2.4 million, capital expenditures of approximately \$2.7 million, and net disposals of approximately \$900 thousand.

CACHE COUNTY'S CAPITAL ASSETS, NET			
GOVERNMENTAL ACTIVITIES			
	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Land	\$ 3,056,634	\$ 3,056,634	0.0%
Construction in process	234,123	163,892	42.9%
Buildings and improvements	17,146,546	17,098,420	0.3%
Equipment	5,620,545	5,906,215	-4.8%
Infrastructure	<u>8,655,127</u>	<u>9,091,379</u>	<u>-4.8%</u>
Total capital assets, net	<u>\$ 34,712,975</u>	<u>\$ 35,316,540</u>	<u>-1.7%</u>

Long-term Debt

Bonded debt outstanding at the end of the year, consisting of revenue bonds, had a balance of \$5,750,000 compared to \$6,437,933 at the prior year end. These bonds were issued in order to refinance debt related to the 2002 construction of the County Administration Building. The bonds were refinanced in the current year to obtain a better interest rate. No additional bonds were issued in 2016, so the change represents payment on existing debt. Capital leases at the end of the year totaled \$975,584 compared to \$551,130 at the prior year end. There were two new leases entered into during the year making a total of four leases outstanding at the end of the year. One is for the purchase of land for recreational purposes, the second one is for the purchase of new fire vehicles and equipment, the third one is for the purchase of patrol vehicles, and the last one is for the purchase of a computer storage system. In addition to the revenue bonds and capital leases, the County's long-term obligations include an accrual for compensated absences in the amount of \$2,083,259. The adjoining table presents changes to long-term obligations relative to the prior year.

CACHE COUNTY'S LONG-TERM DEBT			
GOVERNMENTAL ACTIVITIES			
	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Sales tax revenue bonds, net of premiums and refundings	\$ 5,750,000	\$ 6,437,933	-10.7%
Capital leases	975,584	551,130	77.0%
Compensated absences	<u>2,083,259</u>	<u>1,983,293</u>	<u>5.0%</u>
Total long-term debt	<u>\$ 8,808,843</u>	<u>\$ 8,972,356</u>	<u>-1.8%</u>

FUND FINANCIAL ANALYSIS

As noted earlier, a fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required by law to exist. The County uses fund accounting to ensure and demonstrate compliance with the Uniform Fiscal Procedures Act (Utah Code Title 17 Chapter 36). Other funds are established internally to maintain control over a particular activity, such as capital projects.

Governmental Funds

The focus of the governmental funds of the County is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements of the County. Unassigned fund balance may serve as a useful measure of the County's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited, by external or internal authority, for any particular purpose.

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

As of December 31, 2016, the combined fund balance of the governmental funds of the County was \$35,598,316, an increase of \$2,989,714, or 9.2 percent, in comparison with the prior year. Of that fund balance, \$6,211,085, or 17.4 percent, was unassigned and was available for appropriation by the County at its discretion. The remainder of the fund balance was either restricted or assigned and was available for spending subject to specific constraints, or it was in nonspendable form.

The general fund is the principal operating fund of the County. As of December 31, 2016, the unassigned fund balance of the general fund was \$6,211,085. This amount represents 26.9 percent of the total expenditures of the general fund.

CACHE COUNTY'S FUND BALANCES

GOVERNMENTAL FUNDS

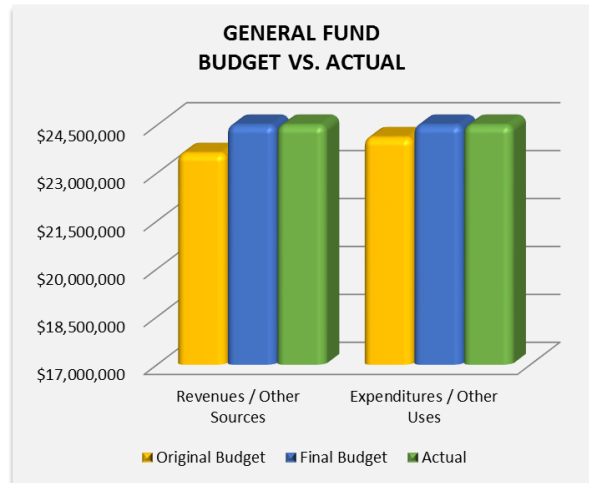
FUNDS	2016				Total	2015	% Change
	Nonspendable	Restricted	Assigned	Unassigned		Total	
General	\$ 108,767	\$ 250,000	\$ -	\$ 6,211,085	\$ 6,569,852	\$ 6,687,234	-1.8%
Assessing and Collecting	-	5,046,911	-	-	5,046,911	4,960,433	1.7%
Municipal Services	40,000	4,700,980	-	-	4,740,980	4,318,533	9.8%
Capital Projects	-	9,671,137	657,139	-	10,328,276	8,163,878	26.5%
Other (Nonmajor)	4,875	7,161,324	1,746,098	-	8,912,297	8,478,524	5.1%
Total fund balances	<u>\$ 153,642</u>	<u>\$ 26,830,352</u>	<u>\$ 2,403,237</u>	<u>\$ 6,211,085</u>	<u>\$ 35,598,316</u>	<u>\$ 32,608,602</u>	<u>9.2%</u>

General Fund Budgetary Highlights

The final adopted revenue budget of the general fund increased by \$915,588 over the original budget. The two most significant increases in budgeted revenues resulted from a change in property tax revenues and for intergovernmental revenues. The increase for property taxes was \$578,696, or 63.2 percent of the total revenue budget increase. The increase for intergovernmental revenues was \$164,712, or 18.0 percent of the total increase.

Budgeted expenditures increased by \$1,512,632 over the original budget. Some of the most notable increases are as follows:

- The function with the largest increase to the budget was general government, increasing by \$972,190. Within this increase, there was \$550,000 appropriated for RDA agreements. An additional \$100,000 was appropriated for public defender fees.
- Facility improvements at the County Fairgrounds accounted for another \$331,371 increase to the budget. These improvements are part of an ongoing effort to update the facilities and serve additional members of the community.



REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the County Executive's office at 199 North Main, or the County Finance department at 179 North Main, Logan, Utah, 84321.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2016

	Primary Government		Component Units
	Governmental Activities	Total	
ASSETS			
Cash and cash equivalents	\$ 5,018,778	\$ 5,018,778	\$ 9,368,579
Equity in investment pool	30,660,103	30,660,103	352,501
Taxes receivable	3,151,857	3,151,857	-
Accounts receivable, net	432,365	432,365	2,055,416
Interest receivable	17,577	17,577	-
Pledges receivable, net	-	-	92,853
Due from other governments	1,599,502	1,599,502	269,836
Investments	-	-	772,803
Inventory	-	-	237,804
Restricted cash and investments	1,345	1,345	-
Other assets, net	153,642	153,642	10,449
Capital assets:			
Land	3,056,634	3,056,634	1,862,945
Construction in process	234,123	234,123	239,555
Buildings, improvements and equipment	40,922,871	40,922,871	34,640,777
Infrastructure	15,780,535	15,780,535	-
Accumulated depreciation	(25,281,188)	(25,281,188)	(16,647,652)
Net pension asset	37,720	37,720	317
Total assets	<u>75,785,864</u>	<u>75,785,864</u>	<u>33,256,183</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	<u>5,841,476</u>	<u>5,841,476</u>	<u>1,774,517</u>
Total deferred outflows of resources	<u>5,841,476</u>	<u>5,841,476</u>	<u>1,774,517</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,774,447	\$ 2,774,447	\$ 1,115,990
Due to other governments	1,350,230	1,350,230	728,181
Unearned revenue	258,285	258,285	67,882
Long-term liabilities:			
Due within one year	2,747,590	2,747,590	278,000
Due in more than one year	6,061,253	6,061,253	417,000
Net pension liability	<u>8,573,657</u>	<u>8,573,657</u>	<u>2,512,836</u>
Total liabilities	<u>21,765,462</u>	<u>21,765,462</u>	<u>5,119,889</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	<u>1,308,301</u>	<u>1,308,301</u>	<u>264,793</u>
Total deferred inflows of resources	<u>1,308,301</u>	<u>1,308,301</u>	<u>264,793</u>
NET POSITION			
Net investment in capital assets	27,987,391	27,987,391	19,856,070
Restricted for:			
Air pollution control	275,368	275,368	-
Ambulance services	154,529	154,529	-
Capital projects	-	-	979
Election equipment	250,000	250,000	-
Health services	1,129,197	1,129,197	-
Municipal services	2,417,210	2,417,210	-
Parks and recreation	5,834,036	5,834,036	-
Property tax administration	5,046,911	5,046,911	-
Streets and public improvements	11,703,423	11,703,423	-
Debt service	1,345	1,345	-
Other purposes	18,333	18,333	551,971
Unrestricted	<u>3,735,834</u>	<u>3,735,834</u>	<u>9,236,998</u>
Total net position	<u>\$ 58,553,577</u>	<u>\$ 58,553,577</u>	<u>\$ 29,646,018</u>

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

CACHE COUNTY

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
					Governmental Activities	Total	
Primary government:							
Governmental activities:							
General government	\$ 11,950,638	\$ 2,172,122	\$ 1,282,736	\$ 100,000	\$ (8,395,780)	\$ (8,395,780)	\$ -
Public safety	15,701,955	3,630,557	1,129,834	-	(10,941,564)	(10,941,564)	-
Streets and public improvements	5,037,400	516,507	1,617,495	6,000	(2,897,398)	(2,897,398)	-
Health and welfare	5,095,041	359,044	3,264,847	-	(1,471,150)	(1,471,150)	-
Culture and recreation	3,441,725	513,180	116,944	-	(2,811,601)	(2,811,601)	-
Interest on long-term debt	334,689	-	-	-	(334,689)	(334,689)	-
Total governmental activities	<u>41,561,448</u>	<u>7,191,410</u>	<u>7,411,856</u>	<u>106,000</u>	<u>(26,852,182)</u>	<u>(26,852,182)</u>	<u>-</u>
Total primary government	<u>\$ 41,561,448</u>	<u>\$ 7,191,410</u>	<u>\$ 7,411,856</u>	<u>\$ 106,000</u>	<u>(26,852,182)</u>	<u>(26,852,182)</u>	<u>-</u>
Component Units:							
Airport Authority	\$ 1,014,190	\$ 123,793	\$ 160,000	\$ 1,149,862	-	-	419,465
North Park Interlocal Cooperative	910,055	565,182	412,557	-	-	-	67,684
Bear River Health Department	12,446,785	2,587,131	8,587,762	35,000	-	-	(1,236,892)
CCEMS Authority	3,381,906	3,498,425	484,414	-	-	-	600,933
Roads Special Service District	189,500	-	187,350	-	-	-	(2,150)
Total component units	<u>\$ 17,942,436</u>	<u>\$ 6,774,531</u>	<u>\$ 9,832,083</u>	<u>\$ 1,184,862</u>	<u>-</u>	<u>-</u>	<u>(150,960)</u>
General revenues:							
Property taxes					16,890,055	16,890,055	-
Sales and use taxes					12,765,589	12,765,589	-
Interest and investment income					208,681	208,681	187,929
Insurance recoveries					271,891	271,891	175,434
Gain (loss) on sale of assets					(330,109)	(330,109)	9,100
Miscellaneous income					237,725	237,725	1,333,137
Total general revenues					<u>30,043,832</u>	<u>30,043,832</u>	<u>1,705,600</u>
Changes in net position					3,191,650	3,191,650	1,554,640
Net position - January 1					<u>55,361,927</u>	<u>55,361,927</u>	<u>28,091,378</u>
Net position - December 31					<u>\$ 58,553,577</u>	<u>\$ 58,553,577</u>	<u>\$ 29,646,018</u>

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

GOVERNMENTAL FUNDS
BALANCE SHEET

	Special Revenue					Nonmajor Governmental Funds	Total Governmental Funds
	General	Assessing and Collecting	Municipal Services	Mental Health	Capital Projects		
ASSETS							
Cash and cash equivalents	\$ 3,557,598	\$ 907,659	\$ 40,245	\$ -	\$ -	\$ 513,276	\$ 5,018,778
Equity in investment pool	3,842,521	4,154,837	4,149,314	937,482	9,633,057	7,942,892	30,660,103
Interfund receivable - investment pool	-	-	63,937	-	-	-	63,937
Taxes receivable	1,508,464	145,000	159,357	-	697,221	641,815	3,151,857
Accounts receivable	93,585	1,750	336,925	-	-	105	432,365
Interest receivable	17,577	-	-	-	-	-	17,577
Due from other governments	510,510	26,802	381,830	412,748	-	267,612	1,599,502
Restricted cash and investments	-	-	-	-	-	1,345	1,345
Other assets	108,767	-	40,000	-	-	4,875	153,642
Total assets	<u>\$ 9,639,022</u>	<u>\$ 5,236,048</u>	<u>\$ 5,171,608</u>	<u>\$ 1,350,230</u>	<u>\$10,330,278</u>	<u>\$ 9,371,920</u>	<u>\$ 41,099,106</u>
LIABILITIES							
Interfund payable - investment pool	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,937	\$ 63,937
Accounts payable and accrued liabilities	2,217,885	44,137	158,737	-	2,002	351,686	2,774,447
Due to other governments	-	-	-	1,350,230	-	-	1,350,230
Unearned revenues	258,285	-	-	-	-	-	258,285
Total liabilities	<u>2,476,170</u>	<u>44,137</u>	<u>158,737</u>	<u>1,350,230</u>	<u>2,002</u>	<u>415,623</u>	<u>4,446,899</u>
DEFERRED INFLOWS OF RESOURCES							
Delinquent property taxes	\$ 593,000	\$ 145,000	\$ -	\$ -	\$ -	\$ 44,000	\$ 782,000
Proceeds from insurance recoveries	-	-	271,891	-	-	-	271,891
Total deferred inflows of resources	<u>593,000</u>	<u>145,000</u>	<u>271,891</u>	<u>-</u>	<u>-</u>	<u>44,000</u>	<u>1,053,891</u>
FUND BALANCES							
Nonspendable	108,767	-	40,000	-	-	4,875	153,642
Restricted for:							
Air pollution control	-	-	-	-	-	275,368	275,368
Ambulance services	-	-	-	-	-	154,529	154,529
Election equipment	250,000	-	-	-	-	-	250,000
Health services	-	-	-	-	-	1,129,197	1,129,197
Municipal services	-	-	2,417,210	-	-	-	2,417,210
Parks and recreation	-	-	251,484	-	-	5,582,552	5,834,036
Property tax administration	-	5,046,911	-	-	-	-	5,046,911
Streets and public improvements	-	-	2,032,286	-	9,671,137	-	11,703,423
Debt service	-	-	-	-	-	1,345	1,345
Other purposes	-	-	-	-	-	18,333	18,333
Assigned to:							
Capital projects	-	-	-	-	657,139	-	657,139
Debt service	-	-	-	-	-	1,456,196	1,456,196
Health and welfare	-	-	-	-	-	289,902	289,902
Unassigned	6,211,085	-	-	-	-	-	6,211,085
Total fund balances	<u>6,569,852</u>	<u>5,046,911</u>	<u>4,740,980</u>	<u>-</u>	<u>10,328,276</u>	<u>8,912,297</u>	<u>35,598,316</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,639,022</u>	<u>\$ 5,236,048</u>	<u>\$ 5,171,608</u>	<u>\$ 1,350,230</u>	<u>\$10,330,278</u>	<u>\$ 9,371,920</u>	<u>\$ 41,099,106</u>

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

**RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

CACHE COUNTY

AS OF DECEMBER 31, 2016

Total Fund Balance - Governmental Funds \$ 35,598,316

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

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

Land	3,056,634	
Construction in process	234,123	
Buildings, improvements and equipment	40,922,871	
Infrastructure	15,780,535	
Accumulated depreciation	<u>(25,281,188)</u>	
		34,712,975

Because the focus of governmental funds is on short-term financing, some revenues will not be available to pay for current-period expenditures and are therefore recorded as deferred inflows of resources in the funds.

Delinquent property taxes		782,000
Proceeds from insurance recoveries		271,891

Long-term liabilities and related transactions are not due and payable in the current period and are therefore not reported in the funds.

Bonds payable	(5,750,000)	
Capital leases	(975,584)	
Compensated absences	<u>(2,083,259)</u>	
		(8,808,843)

The net pension asset, net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions are not reported in the funds.

Net pension asset	37,720	
Deferred outflow of resources - pensions	5,841,476	
Net pension liability	(8,573,657)	
Deferred inflow of resources - pensions	<u>(1,308,301)</u>	
		<u>(4,002,762)</u>

Net Position - Governmental Activities **\$ 58,553,577**

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

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

CACHE COUNTY

YEAR ENDED DECEMBER 31, 2016

	<u>Special Revenue</u>					<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Assessing and Collecting</u>	<u>Municipal Services</u>	<u>Mental Health</u>	<u>Capital Projects</u>		
REVENUES							
Taxes:							
Property	\$ 12,903,382	\$ 3,098,537	\$ -	\$ -	\$ -	\$ 990,136	\$ 16,992,055
Sales and use	4,887,562	-	824,043	-	3,616,590	3,437,394	12,765,589
	17,790,944	3,098,537	824,043	-	3,616,590	4,427,530	29,757,644
Other revenues:							
Intergovernmental	674,471	-	2,340,958	2,944,866	-	1,466,118	7,426,413
Charges for services	4,489,993	459,742	1,001,465	-	-	392,535	6,343,735
Licenses and permits	41,940	-	693,646	-	-	-	735,586
Fines and forfeitures	112,089	-	-	-	-	-	112,089
Interest and investment income	206,180	-	-	-	-	2,501	208,681
Rental income	175,287	-	-	-	-	-	175,287
Public contributions	69,210	-	-	-	-	22,233	91,443
Miscellaneous revenues	159,394	3,500	158,640	-	-	5,589	327,123
Total revenues	<u>23,719,508</u>	<u>3,561,779</u>	<u>5,018,752</u>	<u>2,944,866</u>	<u>3,616,590</u>	<u>6,316,506</u>	<u>45,178,001</u>
EXPENDITURES							
General government	7,265,227	3,475,301	1,056,070	-	2,002	292,127	12,090,727
Public safety	14,576,221	-	672,102	-	-	1,327,171	16,575,494
Streets and public improvements	-	-	3,545,917	-	1,250,190	-	4,796,107
Health and welfare	358,862	-	-	2,944,866	-	1,784,031	5,087,759
Culture and recreation	895,963	-	210,382	-	-	2,369,861	3,476,206
Debt service principal	-	-	-	-	-	1,032,833	1,032,833
Debt service interest	-	-	-	-	-	334,689	334,689
Total expenditures	<u>23,096,273</u>	<u>3,475,301</u>	<u>5,484,471</u>	<u>2,944,866</u>	<u>1,252,192</u>	<u>7,140,712</u>	<u>43,393,815</u>
Revenues over (under) expenditures	623,235	86,478	(465,719)	-	2,364,398	(824,206)	1,784,186
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	156,165	-	103,193	-	-	-	259,358
Capital leases	816,170	-	-	-	-	-	816,170
Refinancing bond proceeds	-	-	-	-	-	5,779,000	5,779,000
Payoff of 2007 series bond	-	-	-	-	-	(5,649,000)	(5,649,000)
Transfers in	199,353	-	784,973	-	-	1,487,305	2,471,631
Transfers out	(1,912,305)	-	-	-	(200,000)	(359,326)	(2,471,631)
Total other financing sources (uses)	<u>(740,617)</u>	<u>-</u>	<u>888,166</u>	<u>-</u>	<u>(200,000)</u>	<u>1,257,979</u>	<u>1,205,528</u>
Net change in fund balances	(117,382)	86,478	422,447	-	2,164,398	433,773	2,989,714
Fund balances - January 1	6,687,234	4,960,433	4,318,533	-	8,163,878	8,478,524	32,608,602
Fund balances - December 31	<u>\$ 6,569,852</u>	<u>\$ 5,046,911</u>	<u>\$ 4,740,980</u>	<u>\$ -</u>	<u>\$ 10,328,276</u>	<u>\$ 8,912,297</u>	<u>\$ 35,598,316</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS**

CACHE COUNTY

TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

Net Changes in Fund Balances - Total Governmental Funds \$ 2,989,714

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In addition, donated capital assets are not recognized in governmental funds, but are recognized as revenue on the statement of activities. In the current year, these amounts were as follows:

Capital outlay	2,662,377	
Depreciation expense	<u>(2,411,788)</u>	250,589

In the Statement of Activities, only the gain or loss on the sale of assets is reported, whereas in governmental funds, the proceeds from the sales increase financial resources. Assets differ from changes in fund balance by the book value of assets. (854,154)

The issuance of long-term debt, such as capital leases, provides current financial resources to governmental funds and is reported as a financing source. However, long-term debt has no effect on Net Position. Long-term debt was issued in the current year for the following

Capital lease	(816,170)	
Bonds issued	<u>(5,779,000)</u>	(6,595,170)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts were as follows:

Payments of bond principal	6,464,000	
Payments of capital lease principal	<u>391,716</u>	6,855,716

Revenues in the Statement of Activities that do not provide current financial resources are recorded as deferred inflows of resources and not reported as revenues in governmental funds. Changes in the amount deferred can result in an increase or decrease in revenues compared to the amount reported in the statement of activities. 169,891

Some transactions reported in the Statement of Activities do not result in the receipt of, or require the use of current financial resources, and therefore are not reported as revenues or expenditures in governmental funds. The activities consist of the following:

Bond premium amortization	2,933	
Increase in compensated absences liability	<u>(99,966)</u>	(97,033)

The net effect of transactions involving net pension asset and liability, deferred outflows and inflows of resources related to pension, nonemployer contributions, and pension expense and benefit is to increase net position.

Change in net pension asset	(36,276)	
Change in deferred outflow of resources related to pensions	3,044,288	
Change in net pension liability	(2,447,859)	
Change in deferred inflow of resources related to pensions	<u>(88,056)</u>	472,097

Change in Net Position of Governmental Activities \$ 3,191,650

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

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 21,172,969
Equity in investment pool	268,741
Taxes receivable	<u>1,473,112</u>
Total assets	<u>\$ 22,914,822</u>
LIABILITIES	
Due to other taxing units	\$ 22,303,207
Due to employees	7,796
Refunds payable	335,078
Other payables	<u>268,741</u>
Total liabilities	<u>\$ 22,914,822</u>

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

	Airport Authority	North Park Interlocal Cooperative	Bear River Health Department	CCEMS Authority	Roads Special Service District	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ 288,489	\$ 6,516,173	\$ 2,451,680	\$ 112,237	\$ 9,368,579
Equity in investment pool	352,501	-	-	-	-	352,501
Accounts receivable, net	10,539	14,034	1,119,627	911,216	-	2,055,416
Pledges receivable, net	-	92,853	-	-	-	92,853
Due from other governments	269,836	-	-	-	-	269,836
Investments	-	772,803	-	-	-	772,803
Inventory	-	8,631	229,173	-	-	237,804
Other assets	150	10,299	-	-	-	10,449
Capital assets:						
Land	1,289,262	-	573,683	-	-	1,862,945
Construction in process	239,555	-	-	-	-	239,555
Buildings, improvements and equipment	17,228,749	4,967,554	10,415,918	2,028,556	-	34,640,777
Accumulated depreciation	(8,109,066)	(1,887,199)	(5,219,472)	(1,431,915)	-	(16,647,652)
Net pension asset	-	-	317	-	-	317
Total assets	<u>11,281,526</u>	<u>4,267,464</u>	<u>13,635,419</u>	<u>3,959,537</u>	<u>112,237</u>	<u>33,256,183</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pensions	24,299	-	1,750,218	-	-	1,774,517
Total deferred outflows of resources	<u>24,299</u>	<u>-</u>	<u>1,750,218</u>	<u>-</u>	<u>-</u>	<u>1,774,517</u>
LIABILITIES						
Accounts payable and accrued liabilities	106,670	17,275	920,646	71,399	-	1,115,990
Due to other governments	-	-	62,118	665,063	1,000	728,181
Unearned revenue	67,882	-	-	-	-	67,882
Noncurrent liabilities:						
Due within one year	-	-	278,000	-	-	278,000
Due in more than one year	-	-	417,000	-	-	417,000
Net pension liability	37,980	-	2,474,856	-	-	2,512,836
Total liabilities	<u>212,532</u>	<u>17,275</u>	<u>4,152,620</u>	<u>736,462</u>	<u>1,000</u>	<u>5,119,889</u>
DEFERRED INFLOWS OF RESOURCES						
Pensions	3,795	-	260,998	-	-	264,793
Total deferred inflows of resources	<u>3,795</u>	<u>-</u>	<u>260,998</u>	<u>-</u>	<u>-</u>	<u>264,793</u>
NET POSITION						
Net investment in capital assets	10,408,945	3,080,355	5,770,129	596,641	-	19,856,070
Restricted for:						
Capital projects	-	979	-	-	-	979
Debt service	-	-	-	-	-	-
Other purposes	-	551,971	-	-	-	551,971
Unrestricted	680,553	616,884	5,201,890	2,626,434	111,237	9,236,998
Total net position	<u>\$ 11,089,498</u>	<u>\$ 4,250,189</u>	<u>\$ 10,972,019</u>	<u>\$ 3,223,075</u>	<u>\$ 111,237</u>	<u>\$ 29,646,018</u>

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

	<u>Airport Authority</u>	<u>North Park Interlocal Cooperative</u>	<u>Bear River Health Department</u>	<u>CCEMS Authority</u>	<u>Roads Special Service District</u>	<u>Total</u>
Expenses	\$ 1,014,190	\$ 910,055	\$ 12,446,785	\$ 3,381,906	\$ 189,500	\$ 17,942,436
Program revenues						
Charges for services	123,793	565,182	2,587,131	3,498,425	-	6,774,531
Operating grants and contributions	160,000	412,557	8,587,762	484,414	187,350	9,832,083
Capital grants and contributions	<u>1,149,862</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>1,184,862</u>
Total program revenues	<u>1,433,655</u>	<u>977,739</u>	<u>11,209,893</u>	<u>3,982,839</u>	<u>187,350</u>	<u>17,791,476</u>
Net revenues (expenses)	<u>419,465</u>	<u>67,684</u>	<u>(1,236,892)</u>	<u>600,933</u>	<u>(2,150)</u>	<u>(150,960)</u>
General revenues						
Insurance recoveries	-	-	175,434	-	-	175,434
Interest income	-	23,026	142,514	19,325	3,064	187,929
Gain on sale of assets	-	-	9,100	-	-	9,100
Miscellaneous income	<u>-</u>	<u>-</u>	<u>1,333,137</u>	<u>-</u>	<u>-</u>	<u>1,333,137</u>
Total general revenues	<u>-</u>	<u>23,026</u>	<u>1,660,185</u>	<u>19,325</u>	<u>3,064</u>	<u>1,705,600</u>
Change in net position	419,465	90,710	423,293	620,258	914	1,554,640
Net position - beginning	<u>10,670,033</u>	<u>4,159,479</u>	<u>10,548,726</u>	<u>2,602,817</u>	<u>110,323</u>	<u>28,091,378</u>
Net position - ending	<u>\$ 11,089,498</u>	<u>\$ 4,250,189</u>	<u>\$ 10,972,019</u>	<u>\$ 3,223,075</u>	<u>\$ 111,237</u>	<u>\$ 29,646,018</u>

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

**NOTES TO THE
FINANCIAL STATEMENT**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cache County (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the County are described below.

A. Financial Reporting Entity

Cache County operates under a County Council/County Executive form of government. A brief description of this form of government follows:

1. The powers and duties of the government are divided between an elected seven-member County Council and an elected County Executive.
2. The County Council exercises legislative and policy making powers and is composed of seven members elected for four-year terms from different geographical districts in the County on a population basis.
3. The County Executive exercises administrative powers and fiscal control of the County and may exercise a veto upon legislative actions of the County Council which in turn may be overridden by the affirmative vote of five council members. The Executive is elected to a four-year term in a County-wide election.

As required by GAAP, these financial statements present Cache County, the primary government, and its component units. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units.

As defined by GASB, component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A component unit may be a government organization, a nonprofit corporation, or a for-profit corporation.

Based on the foregoing definition and additional guidance from GASB, the financial statements of the following organizations are included in the reporting entity either as blended component units, reported within the funds of the County, or as discretely presented component units, reported outside the funds of the County in a separate column.

Blended component units

Cache County Municipal Building Authority (MBA) – The MBA is a nonprofit corporation established to administer the sale of bonds and related construction projects of the County. The Governing Board of the MBA is comprised of the County Council. Currently, MBA is inactive.

Cache County Special Service District #1 (SSD) – SSD is organized under Utah law as a separate public corporation to provide garbage collection services to the citizens of the County. The County Council has appointed itself as the Board of Trustees for the District. SSD collects fees from citizens in the unincorporated areas of the County and has contracted with the City of Logan to provide garbage collection services for citizens of the County. It pays any uncollected fees to Logan City. SSD's operations are immaterial and therefore are accounted for in the Municipal Services Fund, a special revenue fund which is reported as a major governmental fund in the financial statements.

Cache County Fire Protection District (FPD) – FPD is organized as a separate public corporation under Utah law to provide fire protection to the citizens residing in the County. The County Council appoints the Board of Directors for FPD and has appointed two council members and the County Executive to the board. Distributions are made to local governments to provide fire protection services in their communities. The County also purchases and provides firefighting equipment for FPD. The revenues and expenses of FPD are immaterial and are reported in the Municipal Services Fund.

Community Foundation – The Community Foundation is a nonprofit corporation established to receive contributions to benefit certain community projects. The officers of the Community Foundation are members of the County Council, the County Clerk-Auditor, and the County Executive. The Community Foundation is reported as a nonmajor governmental fund of the County. This component unit is currently inactive.

Discretely Presented Component Units

Logan-Cache Airport Authority – The Airport Authority has been organized as a separate corporate body under Utah

law to facilitate the construction and operation of a public airport. The Board of Directors is appointed equally by the County Council and the Municipal Council of the City of Logan. The Airport Authority does not issue separate financial statements.

North Park Interlocal Cooperative (NPIC) – NPIC was organized to facilitate the construction and operation of a recreational ice arena facility and to finance the costs. The cooperative members are Cache County, the City of Logan, the City of North Logan, and the City of Hyde Park. NPIC is a separate legal entity created in accordance with Utah Law. Cache County appoints 3 board members and each city appoints 2 board members. NPIC could be included in the financial statements of another member; however, the County has elected to include NPIC as a component unit. NPIC does not issue separate financial statements.

NPIC includes the financial statements of Bridgerland Community Ice Arena, Inc. (BCIA), which operates as a nonprofit organization for the purpose of raising money for the construction, maintenance, and operation of the ice arena owned by NPIC. NPIC evaluated BCIA in accordance with GASB statement 39 and determined that BCIA is a component unit of NPIC. BCIA's primary sources of funding are user fees and donations, including an allocation of Restaurant Tax from the County. BCIA's fiscal year ends June 30, of each year. BCIA issues separate financial statements, which can be obtained at 2825 North 200 East, North Logan, Utah, 84341.

Bear River Health Department (BRHD) – BRHD was organized to provide public health services, as allowed by state law, to residents of Cache County, Box Elder County, and Rich County. BRHD is a separate legal entity created in accordance with Utah law and it issues separate financial statements which can be obtained at 655 East 1300 North, Logan, Utah, 84341.

Cache County Emergency Medical Service Authority (CEEMS) – CEEMS is a jointly governed program by contractual agreement of the Office of the Cache County EMS Coordinator and the ambulance program of the City of Logan Fire Department. CEEMS operates under a 7-member governing board with the following composition: 2 members of the City of Logan Municipal Council, 2 members of the Cache County Council, 1 member appointed by the City of Logan Municipal Council, the Cache County Executive, 1 member appointed by the other 6 members with a minimum of 4 votes approving the appointment. CEEMS provides ambulance services to Cache County residents. CEEMS issues separate financial

statements which can be obtained at 179 North Main, Suite 202, Logan, Utah, 84321.

Cache County Roads Special Service District (RSSD) – RSSD has been organized as a separate corporate body under Utah law. Directors of the board are appointed by the County Council and RSSD receives mineral lease revenues from the State of Utah which are dedicated for the improvement of roads within the district. RSSD does not issue separate financial statements.

The Logan-Cache Airport Authority, NPIC, CEEMS and RSSD have their books and records maintained by the County.

Interlocal Agreement

Cache County has fiduciary responsibilities for the following interlocal agreement and the activities are accounted for as nonmajor governmental funds.

Cache Valley Visitors Bureau – The Visitors Bureau is operated under an agreement between Cache County and Rich County to promote tourism to the common region.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the County and its component units. Primary government activities are distinguished between *governmental activities* and *business-type activities*. However, there are currently no County activities that meet the definition of business-type activities.

Governmental activities are usually financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the reporting entities' non-fiduciary assets and liabilities, with the difference reported as net position. Net position is restricted when constraints placed upon it are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function.

Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The County's accounting system is organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the government establishes for accountability purposes in accordance with statutes, laws, regulations, restrictions or specific purposes.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. For governmental funds, the emphasis is on major individual funds with each displayed as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

C. Measurement Focus, Basis of Accounting, and Statement Presentation

Government-wide Financial Statements

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

Governmental Fund Financial Statements

Governmental funds are reported using the *current resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses, fees-in-lieu of taxes, and interest associated with the current fiscal

period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Property taxes and fees-in-lieu of taxes associated with future periods are deferred. Grants are usually reimbursable grants and are thus recognized as revenue at the time the related expenditures are made. All other revenue items are considered to be measurable and available only when the County receives cash. Expenditures are generally recorded when a liability is incurred as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

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

Major Funds

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

The Assessing and Collecting Fund is a special revenue fund used to report expenditures related to the assessing and collecting of property taxes which are funded through a special tax at the state and local level.

The Municipal Services Fund is a special revenue fund used to report the municipal-type services provided by the County to residents living in unincorporated areas of the County.

The Mental Health Fund is a special revenue fund used to report the expenditures of state provided funding for mental health services in the Mental Health Authority jurisdiction, comprising Cache, Box Elder, and Rich counties.

The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities or other capital assets.

Nonmajor Funds

The County's nonmajor governmental funds include other special revenue funds and a debt service fund. The nonmajor special revenue funds account for specific revenue sources that are restricted or committed to

expenditures for specified purposes. Examples of restricted, committed, or assigned revenue sources include certain taxes, federal and state grants, and user fees. The debt service fund accounts for resources used for the payment of principal and interest on long-term debt.

Fiduciary Fund Financial Statements

The fiduciary funds account for assets held by the County in a trustee capacity or as an agent for other individuals or organizations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following fiduciary funds are reported:

Agency Funds – Agency funds are used to account for assets held by the County as an agent for other governmental units, other organizations, or individuals. These assets include tax collections, refundable fees, and employee withholdings.

Component Unit Financial Statements

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component units column of the government-wide financial statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide financial statements. The fiscal years of the component units are the same as the primary government, except for BCIA, a component unit of NPIC, which has a fiscal year ending June 30.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balances

Cash & Cash Equivalents and Investments

Cash and cash equivalents represent petty cash or demand deposits or other liquid investments that are kept in accounts separate from the investment pool of the County.

The County considers all investments with an original maturity of 3 months or less to be cash equivalents. The County follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 541, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of County funds in a “qualified depository.” The Act

defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Equity in Investment Pool

Cash and investments in all funds except the Treasurer’s Tax Agency Fund, certain restricted bond funds, and certain discretely presented component units, is pooled into common accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the investment pool cash accounts has equity therein. An individual fund’s equity in the investment pool is available upon demand and is considered to be a cash equivalent when preparing these financial statements. Negative balances incurred in the investment pool at the end of the year are treated as temporary interfund payables of the deficit fund and as temporary interfund receivables in other funds with positive equity. Investments of the pool are stated at fair value.

Receivables

All trade and property tax receivables are shown net of any allowance for uncollectable amounts. Property taxes are due by November 30 of each year, after which the applicable property is subject to lien and penalties and interest are assessed. At December 31, 2016, all receivables of the County were considered to be fully collectible and no allowance was established. BRHD has estimated that \$334,000 of its accounts receivable were uncollectable. The uncollectable receivables result primarily from services for substance abuse counseling and treatment. The CCEMS Authority has estimated that \$510,000 of its accounts receivable were uncollectable. These uncollectable receivables result from ambulance services.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1 of each year. Taxes are levied on property owners in July and are payable by November 30. The County bills and collects property taxes for all taxing entities within the County through the Treasurer’s Tax Fund (Agency Fund). Collections are periodically

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

distributed to the taxing entities, with final settlement due March 31 of the subsequent year. At the fund level, the County records a receivable and deferred inflow of resources for delinquent taxes, but no allowance for doubtful accounts is made as uncollected taxes are deemed to be substantially collectible or recoverable through foreclosure.

Inventory

Inventory is valued at the lower of cost or market, using the first-in, first-out method. Inventory in the BRHD consists of immunization serum and is valued based on information provided by the donor agency (the State of Utah) or the cost to purchase the serum.

Restricted Assets

Resources set aside for the repayment of the County’s long-term liabilities are classified as restricted assets on the balance sheet when their use is limited by applicable covenants.

Capital Assets

Capital assets which include land, construction in process, buildings, equipment and infrastructure such as roads, bridges, and similar items, are reported in the governmental column or in the component units column of the government-wide Statement of Net Position. Capital assets are defined by the County as assets that cost \$5,000 or more when acquired and have an estimated useful life of greater than one year. Purchased or constructed capital assets are recorded at historical cost. Donated assets are recorded at the estimated fair value on the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements. Associated interest expense is not capitalized.

Buildings, equipment and other depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and other improvements	15 – 40 years
Machinery and equipment	3 – 15 years
Infrastructure	30 – 100 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future

period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County has one item which qualifies for reporting in this category related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of items, which qualify for reporting in this category. Delinquent property taxes and proceeds from insurance recoveries, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is related to pensions.

Pension Related Assets, Liabilities and Deferred Outflows/Inflows of Resources

For purposes of measuring the net pension asset and 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.

Compensated Absences

In the government-wide financial statements, accumulated leave is recorded as a liability and an expense when vested with the employee. In the governmental fund financial statements, vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability of the governmental fund that will pay it.

Long-term Liabilities

In the government-wide Statement of Net Position, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premiums or discounts.

In the fund financial statements governmental funds recognize bond premiums and discounts incurred during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources.

Interfund Transactions

In the government-wide financial statements, interfund transactions have been eliminated to minimize the double counting of internal activity. Interfund receivables and payables have also been eliminated from the government-wide Statement of Net Position.

In the governmental fund financial statements, transfers between funds are used to report flows of cash or other assets between funds without equivalent flows of assets in return or a requirement for repayment. The County's transfers are based on appropriations. Interfund receivables and payables are presented in the appropriate funds and are presented as "due from other funds" or "due to other funds."

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

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

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County Council. These amounts cannot be used for any other purpose unless the County Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have

been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Council; no other body or official has this authority delegated to them. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

E. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. The County does not have a formal policy relating to custodial credit risk. As of December 31, 2016, \$16,018,347 of the County's bank balances of \$16,518,347 was uninsured and uncollateralized.

B. Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

assist in strengthening the banking and credit structure of the State and review the rules adopted by the State of Utah Money Management Act that relate to the deposit and investment of public funds.

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

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

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

two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurers' Investment Fund.

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

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

Fair value of Investments

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

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

At December 31, 2016, the County had the following recurring fair value measurements

Investments by fair value level	Fair Value Measurements Using			
	12/31/2016	Level 1	Level 2	Level 3
Debt Securities				
Corporate Bonds - Govt Funds	1,973,128	1,973,128	-	-
U.S. Agencies - Govt Funds	<u>3,137,666</u>	<u>3,137,666</u>	-	-
Total debt securities	5,110,794	5,110,794	-	-
Total investments	\$ 5,110,794	\$ 5,110,794	\$ -	\$ -

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County’s policy for managing its exposure to fair value loss is to comply with the Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers acceptances, fixed rate

negotiable deposits and fixed rate corporate obligations to 270 day -15 month or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

The County’s investments as of December 31, 2016 are presented as follows:

Investment Type	Fair Value	Investment Maturities (in years)			
		Under 1	1 to 5	6 to 10	Over 10
PTIF Investments - Govt Funds	\$ 14,358,063	\$ 14,358,063	\$ -	\$ -	\$ -
Corporate Bonds - Govt Funds	1,973,128	636,255	1,336,873	-	-
U.S. Agencies - Govt Funds	3,137,666	-	3,137,666	-	-
PTIF Investments - Agency Funds	20,700,088	20,700,088	-	-	-
Total investments	\$ 40,168,945	\$ 35,694,406	\$ 4,474,539	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County’s policy for reducing exposure to credit risk is to

comply with the Money Management Act as previously discussed.

The County’s investment ratings at December 31, 2016 are presented as follows:

Investment Type	Fair Value	Quality Ratings						
		AAA	AA	A+	A	A-	BBB+	Unrated
PTIF Investments - Govt Funds	\$14,358,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$14,358,063
Corporate Bonds - Govt Funds	1,973,128	-	150,444	200,356	652,574	687,741	282,013	-
U.S. Agencies - Govt Funds	3,137,666	3,137,666	-	-	-	-	-	-
PTIF Investments - Agency Funds	20,700,088	-	-	-	-	-	-	20,700,088
Total investments	\$40,168,945	\$3,137,666	\$ 150,444	\$ 200,356	\$ 652,574	\$ 687,741	\$ 282,013	\$35,058,151

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The County’s policy for reducing this risk is to comply with the Rules of the Money Management Council. Rule 17 of the Money Marketing Council limits investments in a single issuer of commercial paper and

corporate obligations to 5 – 10 percent depending upon the total dollar amount held in the portfolio.

Most of the County’s investments at December 31, 2016, were with the PTIF and therefore, are not categorized as to concentration of credit risk. The largest investment in corporate notes, issued by JPMorgan Chase & Co, is \$251,863, or 0.6 percent, which falls within the acceptable percentage range for a single issuer.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy relating to custodial credit risk.

At December 31, 2016, most of the County’s investments were in the PTIF and therefore, not categorized as to custodial credit risk. The corporate notes do have custodial credit risk exposure. The entire \$5,110,794 is held by the counterparty’s trust department or agent in the County’s name. These investments are not covered by depository insurance and are not collateralized.

C. Component Units

All component units follow the applicable laws and regulations of the Utah Money Management Act the same as described above for the County.

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of bank failure, the deposits of the component units may not be returned. The Component units do not have formal policies relating to custodial credit risk. As of December 31, 2016, \$4,677,168 of the bank balances of \$5,597,845 of the component units was uninsured and uncollateralized.

Investments

All component units of the County adhere to the Utah Money Management Act as described previously. As of

December 31, 2016, the BRHD held investments in the PTIF which have a maturity of less than one year. The BCIA held various investments, all of which have maturity dates of greater than three months. The investments consist of fixed income securities with a cost of \$681,926, fair value of \$772,803 and unrealized appreciation of \$90,877. All of BCIA’s investments are classified as Level 2.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2016, there were interfund balances of the investment pool between special revenue funds. The Municipal Services fund had a receivable of \$63,937. That amount was payable by the Children’s Justice Center fund and represents a short-term advance from the County’s cash and investment pool repaid before the end of the next calendar year.

Due to Municipal Services Fund	
Special revenue funds:	
Children's Justice Center fund	\$63,937
Total due	\$ 63,937

During the year, the County made interfund transfers as shown in the schedule below. The most significant portion of transfers between funds was that of the General fund to the Debt Service fund. That transfer was made to finance debt payments for the sales tax revenue bonds. Transfers out from the Restaurant Tax and RAPZ Tax funds were to fund recreational improvements. Transfers out from the General and Capital Projects funds were to finance road projects in the Municipal Service fund. Other transfers were to fund the normal operations of individual funds.

	Transfers out reported in:					Total Transfers In
	General	Capital Projects	CDRA	Restaurant Tax	RAPZ Tax	
Transfers in reported in:						
Major Funds:						
General Fund	\$ -	\$ -	\$ 10,044	\$ 168,500	\$ 20,809	\$ 199,353
Municipal Services Fund	525,000	200,000	-	35,000	24,973	784,973
Nonmajor Funds:						
Visitor's Bureau Fund	-	-	-	100,000	-	100,000
Council on Aging Fund	195,000	-	-	-	-	195,000
Debt Service Fund	1,192,305	-	-	-	-	1,192,305
Total transfers out	\$ 1,912,305	\$ 200,000	\$ 10,044	\$ 303,500	\$ 45,782	\$2,471,631

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 4 – CAPITAL ASSETS

Primary Government

Changes in the County’s capital assets were as follows:

	Balance 1/1/2016	Additions	Reductions	Transfers/ Adjustments	Balance 12/31/2016
Capital assets, nondepreciable					
Land	\$ 3,056,634	\$ -	\$ -	\$ -	\$ 3,056,634
Construction in process	163,892	132,274	-	(62,043)	\$ 234,123
Totals	3,220,526	132,274	-	(62,043)	3,290,757
Capital assets, depreciable					
Buildings	23,100,845	688,456	(49,097)	55,354	23,795,558
Improvements	2,180,118	-	(404,744)	(17,487)	1,757,887
Equipment	20,650,623	1,756,314	(7,037,511)	-	15,369,426
Infrastructure	15,671,026	85,333	-	24,176	15,780,535
Totals	61,602,612	2,530,103	(7,491,352)	62,043	56,703,406
Accumulated depreciation					
Buildings	(7,162,683)	(579,660)	47,331	(464)	(7,695,476)
Improvements	(1,019,860)	(84,939)	392,912	464	(711,423)
Equipment	(14,744,408)	(1,201,428)	6,196,955	-	(9,748,881)
Infrastructure	(6,579,647)	(545,761)	-	-	(7,125,408)
Totals	(29,506,598)	(2,411,788)	6,637,198	-	(25,281,188)
Total capital assets, net	\$ 35,316,540	\$ 250,589	\$ (854,154)	\$ -	\$ 34,712,975

Depreciation expense was charged to the functions of the County as follows:

Function	Amount
General government	\$ 419,833
Public safety	1,021,048
Streets and public improvements	843,689
Health and welfare	42,129
Culture and recreation	85,089
Total depreciation expense	\$ 2,411,788

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

Component Units

Changes in capital assets of component units were as follows:

	Balance 1/1/2016	Additions	Deletions	Transfers/ Adjustments	Balance 12/31/2016
Land	\$ 1,862,945	\$ -	\$ -	\$ -	\$ 1,862,945
Construction in process	-	239,555	-	-	\$ 239,555
Buildings and improvements	27,974,687	1,278,239	-	-	\$ 29,252,926
Equipment and machinery	4,673,049	810,674	(95,872)	-	\$ 5,387,851
Accumulated depreciation	(15,139,664)	(1,603,860)	95,872	-	\$ (16,647,652)
Capital assets, net	\$ 19,371,017	\$ 724,608	\$ -	\$ -	\$ 20,095,625

NOTE 5 – LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Balance 1/1/16	Additions	Reductions	Balance 12/31/16	Due Within One Year
Primary Government					
Sales tax revenue bonds	\$ 6,435,000	\$ 5,779,000	\$ (6,464,000)	\$ 5,750,000	\$ 923,000
Bond Premium	2,933	-	(2,933)	-	-
Total bonds payable	6,437,933	5,779,000	(6,466,933)	5,750,000	923,000
Capital leases	551,130	816,170	(391,716)	975,584	374,590
Compensated absences	1,983,293	1,480,448	(1,380,482)	2,083,259	1,450,000
Total long-term liabilities	\$ 8,972,356	\$ 8,075,618	\$ (8,239,131)	\$ 8,808,843	\$ 2,747,590

Component Units

Compensated absences	\$ 690,000	\$ 390,373	\$ (385,373)	\$ 695,000	\$ 278,000
----------------------	------------	------------	--------------	------------	------------

B. Sales Tax Revenue Bonds

Primary Government

During 2016, the County issued \$5,779,000 Series 2016 sales tax revenue bonds to pay off the Series 2007 sales tax revenue bonds. This will save the County about \$350,000 over the life of the bonds. Sales tax revenue bonds payable at December 31, 2016, were as follows:

Purpose	Series	Maturity Date	Interest Rate %	Original Amount	Balance
Refund - 2007 series	2016	12/15/22	1.42	5,779,000	5,750,000
Total sales tax revenue bonds payable					\$ 5,750,000

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

Year	Sales Tax Revenue Bonds		
	Debt Service Requirements to Maturity		
	Principal	Interest	Total
2017	\$ 923,000	\$ 81,650	\$ 1,004,650
2018	942,000	68,543	1,010,543
2019	955,000	55,167	1,010,167
2020	962,000	41,606	1,003,606
2021	977,000	27,946	1,004,946
2022	991,000	14,072	1,005,072
Total	\$ 5,750,000	\$ 288,984	\$ 6,038,984

C. Capital Leases

Primary Government

The County has four capital leases in the current year. The first capital lease was entered into on June 5, 2013, in the amount of \$437,600 for the purchase of fire fighting vehicles and equipment. Lease payments are due annually on June 5, in the amount of \$113,894, until 2017, with an applicable interest rate of 1.63 percent.

The second capital lease was entered into on June 21, 2013, in the amount of \$538,000 for the purchase of land. Lease payments are due annually on June 21, in the amount of \$113,744, until 2018, with an applicable interest rate of 1.88 percent.

The third capital lease was entered into on June 30, 2016, in the amount of \$729,815 for the purchase of patrol vehicles. Lease payments are due annually on June 30, in the amount of \$154,717, until 2020, with an applicable interest rate of 3.00 percent

The last capital lease was entered into on February 26, 2016, in the amount of \$86,355 for the purchase of a computer storage system. Lease payments are due annually on February 26, in the amount of \$19,167, until 2020, with an applicable interest rate of 5.50 percent.

The aggregate cost of assets under capital lease is \$1,874,945 with accumulated amortization of \$148,251. Amortization expense for fiscal year 2016 was \$73,395.

Year	Debt Service Requirements to Maturity					
	Fire Trucks		Land Purchase		Sheriff Vehicles	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	112,067	1,827	109,585	4,159	137,464	17,253
2018	-	-	111,645	2,099	141,588	13,129
2019	-	-	-	-	145,836	8,881
2020	-	-	-	-	150,211	4,506
Total	\$ 112,067	\$ 1,827	\$ 221,230	\$ 6,258	\$ 575,099	\$ 43,769

Year	Debt Service Requirements to Maturity (continued)			
	Sans Storage		Total	
	Principal	Interest	Principal	Interest
2017	15,474	3,693	374,590	26,932
2018	16,324	2,842	269,557	18,070
2019	17,222	1,945	163,058	10,826
2020	18,168	999	168,379	5,505
Total	\$ 67,188	\$ 9,479	\$ 975,584	\$ 61,333

NOTE 6 – PENSION PLANS

A. Defined Benefit Plans

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems’ defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pensions (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 East 200 South, Salt Lake City, Utah, 84102 or visiting the website: www.urs.org.

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

- Public Employees Noncontributory Retirement System (Noncontributory System);

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

The Tier 2 Public Employees Systems 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 member of the Tier 2 Retirement System.

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

System	Final Average Salary	Years of Service Required and/or are Eligible for Benefit	Benefit Percentage 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% or 4% depending upon employer
Firefighter System	Highest 3 Years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% 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.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

As a condition of participation in the System, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when

combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contribution rates as of December 31, 2016 are as follows:

	Employee	Employer	Employer 401(k)
Contributory System			
11 - Local Governmental Division Tier 1	6.00%	14.46%	N/A
111 - Local Governmental Division Tier 2	N/A	14.91%	1.78%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	18.47%	N/A
Public Safety Retirement System			
43 - Other Division A Noncontributory Tier 1	N/A	34.04%	N/A
122 - Tier 2 DB Hybrid Public Safety Contributory	N/A	22.50%	1.33%
Firefighter System			
31 - Other Division A	15.05%	3.89%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	10.75%	1.33%
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%
222 - Public Safety	N/A	11.83%	12.00%
232 - Firefighters	N/A	0.08%	12.00%

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

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

Governmental Activities:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 871,876	N/A
Public Safety System	1,480,551	-
Firefighters System	7,493	-
Tier 2 Public Employees System	170,645	-
Tier 2 Public Safety and Firefighters System	258,588	-
Tier 2 DC Only System	24,956	N/A
Tier 2 DC Public Safety and Firefighters System	21,163	N/A
Total	\$ 2,835,272	\$ -

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

Component Units:

System	Employer Contributions	Employee Contributions
Airport Authority - Noncontributory System	\$ 11,043	N/A
BRHD - Noncontributory System	665,719	N/A
BRHD - Tier 2 Public Employees System	173,649	-
BRHD - Tier 2 DC Only System	10,374	N/A

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

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

Governmental Activities:

At December 31, 2016, the County reported for the primary government a net pension asset of \$37,720 and a net pension liability of \$8,573,657.

	(Measurement Date): December 31, 2015			Proportionate Share December 31, 2014	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$3,135,112	0.5540547%	0.5416136%	0.0129334%
Contributory System	-	-	0.0000000%	0.1861052%	(0.1861052)%
Public Safety Retirement System	-	5,438,545	3.0361706%	2.9582971%	0.0778735%
Firefighter System	12,750	-	0.7039769%	0.7023555%	0.0016214%
Tier 2 Public Employees System	231	-	0.1057798%	0.0995314%	0.0062484%
Tier 2 Public Safety and Firefighter System	24,739	-	1.6932880%	2.0888465%	(0.3955585)%
Total Net Pension Asset / Liability	\$ 37,720	\$8,573,657			

Component Units:

At December 31, 2016, the County reported for component units a net pension asset of \$317 and a net pension liability of \$2,512,836, of which \$37,980 (liability) is related to the Airport Authority and \$317 (asset) and \$2,474,856 (liability) is related to the BRHD.

	Measurement Date: December 31, 2015			Proportionate Share December 31, 2014	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Airport Authority - Noncontributory System	\$ -	\$ 37,980	0.0067123%	0.0066698%	0.0000425%
BRHD - Noncontributory System	-	2,474,856	0.4373706%	0.4216243%	0.0157463%
BRHD - Tier 2 Public Employees System	317	-	0.1450403%	0.1154978%	0.0295425%
Total Net Pension Asset / Liability	\$ 317	\$2,512,836			

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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

Governmental Activities:

For the year ended December 31, 2016, the County recognized for the primary government pension expense of \$2,362,659.

At December 31, 2016, the County reported for the primary government deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,296	\$ 711,908
Changes in assumptions	-	563,190
Net difference between projected and actual earnings on pension plan investments	2,869,739	-
Changes in proportion and differences between contributions and proportionate share of contributions	132,168	33,203
Contributions subsequent to the measurement date	2,835,273	-
Total	\$ 5,841,476	\$ 1,308,301

Deferred outflows of resources related to pensions resulting from County contributions of \$2,835,273, made subsequent to the measurement date will be recognized as a reduction on the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2016	\$ 276,203
2017	302,797
2018	453,620
2019	671,793
2020	(5,529)
Thereafter	(982)
	\$ 1,697,902

Component Units:

For the year ended December 31, 2016, the County recognized for the Airport Authority and BRHD component units pension expense of \$8,089 and \$608,355, respectively.

At December 31, 2016, the County reported for the Airport Authority and BRHD component units deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

	Airport Deferred Outflows of Resources	Airport Deferred Inflows of Resources	BRHD Deferred Outflows of Resources	BRHD Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,676	\$ -	\$ 121,300
Changes in assumptions	-	2,119	-	139,698
Net difference between projected and actual earnings on pension plan investments	12,826	-	843,967	-
Changes in proportion and differences between contributions and proportionate share of contributions	430	-	56,508	-
Contributions subsequent to the measurement date	11,043	-	849,743	-
Total	\$ 24,299	\$ 3,795	\$ 1,750,218	\$ 260,998

Deferred outflows of resources related to pensions resulting from Airport Authority and BRHD contributions of \$11,043 and \$849,743, respectively, made subsequent to the measurement date will be recognized as a reduction in 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,	Airport Net Deferred Outflows (Inflows) of Resources	BRHD Net Deferred Outflows (Inflows) of Resources
2016	\$ 1,539	\$ 147,436
2017	\$ 1,687	147,436
2018	\$ 2,528	149,870
2019	\$ 3,743	199,213
2020	\$ (31)	(835)
Thereafter	\$ (5)	(3,643)
	\$ 9,461	\$ 639,477

Actuarial Assumptions

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

Inflation	2.75 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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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

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 following table:

Asset Class	Expected Return Arithmetic Basis		
	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	100%		5.23%
Inflation			2.75%
Expected arithmetic nominal return			7.98%

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

Discount Rate:

The discount rate used to measure the total pension liability for all plans was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage –point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

Governmental Activities:

Proportionate Share of Net Pension Liability/(Asset)	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$ 6,624,181	\$ 3,135,112	\$ 222,439
Public Safety Retirement System	11,516,544	5,438,545	489,932
Firefighter System	173,557	(12,750)	(164,070)
Tier 2 Public Employees System	42,346	(231)	(32,500)
Tier 2 Public Safety and Firefighter System	42,054	(24,739)	(76,032)
Total Net Pension Liability/(Asset)	\$ 18,398,682	\$ 8,535,937	\$ 439,769

Component Units:

Proportionate Share of Net Pension Liability/(Asset)	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Airport Authority - Noncontributory System	\$ 80,248	\$ 37,980	\$ 2,695
BRHD - Noncontributory System	5,229,124	2,474,856	175,593
BRHD - Tier 2 Public Employees System	58,063	(317)	(44,563)
Total Net Pension Liability/(Asset)	\$ 5,367,435	\$ 2,512,519	\$ 133,725

Pension Plan Fiduciary Net Position:

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

retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

C. Defined Contribution Plans

Governmental Activities:

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantage

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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

	2016	2015	2014
401(K) Plan			
Employer Contributions	169,742	155,797	178,360
Employee Contributions	384,301	385,417	347,079
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	15,512	15,208	18,708
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	63,415	52,277	56,214
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	710	605	-

Component Units:

BRHD also participates in the same Defined Contribution Savings Plans with Utah Retirement Systems. Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended December 31, were as follows:

	2016	2015	2014
401(K) Plan			
Employer Contributions	258,641	248,784	233,552
Employee Contributions	313,590	248,562	131,161
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	49,441	16,448	697
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	37,154	20,993	13,386

NOTE 7 – PUBLIC ENTITY RISK POOL

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters. The County is insured through the Utah Local Governments Trust (ULGT), to manage its risk of loss. The County pays an annual premium to ULGT for its general insurance coverage. In addition, the County has purchased commercial insurance related to airport operations, steam boiler usage, employee performance, and workers' compensation.

As of December 31, 2016, there were no outstanding unpaid claims in excess of insurance coverage. Also, the County had no claim settlements over the past three years that exceeded its insurance coverage.

NOTE 8 – COMMITMENTS & CONTINGENCIES

The County collects sales tax under the Restaurant Tax and RAPZ Tax programs enabled by state legislation and awards funds to various governmental and nonprofit entities. Awards become payable by the County when the conditions of the award are met. At December 31, 2016, there were \$1,541,371 in Restaurant Tax funds and \$924,013 in RAPZ Tax funds that had been awarded but were not payable because applicable conditions had not been met. The County has also committed future Restaurant Tax revenues in the amount of \$278,559 to BCIA for facility improvements over the next three years. The County has also committed future Restaurant Tax revenues related to the land exchange agreement between the County, North Logan, Hyde Park, and Nibley in the amount of \$2,621,770 over the next 8 years.

NOTE 9 – INDUSTRIAL REVENUE BONDS

In 2006 the County issued Industrial Revenue Bonds on behalf of Sunshine Terrace Foundation, Inc. in the amount of \$5,000,000, maturing in 2026. Also in 2006, the County issued \$3,000,000 of Industrial Revenue Bonds on behalf of Lower Foods, Inc. scheduled to mature in 2026. Each of these entities is responsible for all bond payments and neither the County nor its resources are liable for repayment.

NOTE 10 – COMPLIANCE RELATED MATTERS

The CDRA fund exceeded its total expenditure budget by \$19,558. This was due to the actual amount of tax revenue received being higher than the budgeted amount causing the payable being higher as well.

The County did not adopt a budget to receive bond proceeds or to use those proceeds to pay off the existing bond and bond issuance costs. This caused the total expenditures in the Debt Service fund to exceed budget by \$61,472.

NOTE 11 – RELATED PARTY TRANSACTIONS

Primary Government

In addition to the transactions previously described in these notes, the County entered into the following significant transactions with component units:

Airport Authority – The County provided operating funds of \$80,000 based on the budget adopted by the Airport Authority and the agreement with Logan City.

BRHD – The County assessed and collected property taxes in its Health fund and transferred the appropriated amount of property taxes to BRHD to provide operating funds totaling \$821,888. The County also contributed to the substance abuse program and air pollution contract in the amount of \$327,715.

CCEMS – The County provided operating funds of \$475,000 based on the budget adopted by CCEMS and the agreement with Logan City. The County received contract payments for services provided to CCEMS totaling \$649,300. The County also received a contribution from CCEMS of \$70,184 for the new ambulance building being constructed.

RSSD – The County’s Municipal Services fund performed road construction and maintenance services for RSSD, for which RSSD paid a total of \$189,500.

Component Units

Airport Authority – Logan City provided operating funds of \$80,000 based on the budget adopted by the Airport Authority and the agreement with Cache County.

CCEMS – Logan City received contract payments for services provided to CCEMS totaling \$1,933,000.

REQUIRED SUPPLEMENTARY INFORMATION

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Property	\$12,138,728	\$ 12,717,424	\$ 12,903,382	\$ 185,958
Sales and use	<u>4,787,000</u>	<u>4,787,000</u>	<u>4,887,562</u>	<u>100,562</u>
	16,925,728	17,504,424	17,790,944	286,520
Other revenues:				
Intergovernmental revenues	570,937	735,649	674,471	(61,178)
Charges for services	5,429,310	5,543,310	4,489,993	(1,053,317)
Licenses and permits	30,000	30,000	41,940	11,940
Fines and forfeitures	120,000	120,000	112,089	(7,911)
Interest and investment income	155,000	155,000	206,180	51,180
Rental income	133,933	160,433	175,287	14,854
Public contributions	63,000	63,250	69,210	5,960
Miscellaneous revenues	<u>78,000</u>	<u>139,430</u>	<u>159,394</u>	<u>19,964</u>
Total revenues	<u>23,505,908</u>	<u>24,451,496</u>	<u>23,719,508</u>	<u>(731,988)</u>
EXPENDITURES				
General government:				
Council	118,200	118,200	117,158	1,042
Water development	448,708	524,957	386,203	138,754
Public legal assistance	490,000	590,000	582,670	7,330
Executive	148,449	179,219	179,036	183
Finance	427,531	429,531	420,768	8,763
Human resources	187,552	188,402	188,769	(367)
Geographic information systems	87,471	91,521	83,463	8,058
Information technology	796,459	817,669	804,862	12,807
Auditor	19,850	21,271	18,904	2,367
Clerk	183,440	181,040	177,947	3,093
Recorder	154,574	154,574	147,634	6,940
Attorney	1,333,777	1,362,145	1,273,039	89,106
Victim services	340,480	421,442	405,234	16,208
Elections	312,410	367,840	357,465	10,375
Economic development	46,000	46,000	37,250	8,750
USU Ag extension services	164,379	164,379	153,260	11,119
Agricultural promotion	41,380	53,222	49,139	4,083
Miscellaneous and general	682,239	693,677	745,975	(52,298)
Contributions to other units	<u>555,000</u>	<u>1,105,000</u>	<u>1,136,451</u>	<u>(31,451)</u>
	6,537,899	7,510,089	7,265,227	244,862

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public safety:				
Sheriff patrol	3,890,020	3,896,874	4,430,169	(533,295)
Support services	2,168,683	2,278,448	2,028,842	249,606
Search and rescue	172,800	110,800	48,203	62,597
Mounted posse	27,600	27,600	27,515	85
Fire safety	567,957	685,031	554,177	130,854
County jail	7,271,507	7,406,376	7,173,495	232,881
Animal control	93,169	93,169	91,754	1,415
Emergency management	240,312	240,312	222,066	18,246
	<u>14,432,048</u>	<u>14,738,610</u>	<u>14,576,221</u>	<u>162,389</u>
Health and welfare:				
Mental health services	339,015	339,015	293,862	45,153
Welfare services	67,850	67,850	65,000	2,850
	<u>406,865</u>	<u>406,865</u>	<u>358,862</u>	<u>48,003</u>
Culture and recreation:				
Fairgrounds	387,540	726,761	462,051	264,710
TV translator station	13,000	13,000	12,025	975
Library services	150,844	159,268	149,840	9,428
Fair and rodeo	252,936	269,836	250,078	19,758
Demolition derbies	14,800	14,800	21,969	(7,169)
	<u>819,120</u>	<u>1,183,665</u>	<u>895,963</u>	<u>287,702</u>
Total expenditures	<u>22,195,932</u>	<u>23,839,229</u>	<u>23,096,273</u>	<u>742,956</u>
Revenues over expenditures	<u>1,309,976</u>	<u>612,267</u>	<u>623,235</u>	<u>10,968</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	90,000	123,000	156,165	33,165
Capital leases	-	-	816,170	816,170
Transfers in:				
CDRA fund	-	10,044	10,044	-
Recreation fund	-	168,500	168,500	-
RAPZ tax fund	21,480	21,480	20,809	(671)
Total transfers in	21,480	200,024	199,353	(671)
Transfers out:				
Municipal services fund	(525,000)	(525,000)	(525,000)	-
Council on aging fund	(195,000)	(195,000)	(195,000)	-
Debt service fund	(1,192,305)	(1,192,305)	(1,192,305)	-
Total transfers out	(1,912,305)	(1,912,305)	(1,912,305)	-
Total other financing uses	<u>(1,800,825)</u>	<u>(1,589,281)</u>	<u>(740,617)</u>	<u>848,664</u>
Net change in fund balances	(490,849)	(977,014)	(117,382)	859,632
Fund balances - January 1	6,687,234	6,687,234	6,687,234	-
Fund balances - December 31	<u>\$ 6,196,385</u>	<u>\$ 5,710,220</u>	<u>\$ 6,569,852</u>	<u>\$ 859,632</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
ASSESSING AND COLLECTING FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Property	\$ 3,201,201	\$ 3,062,692	\$ 3,098,537	\$ 35,845
Other revenues:				
Charges for services	415,000	415,000	459,742	44,742
Miscellaneous revenues	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Total revenues	<u>3,619,701</u>	<u>3,481,192</u>	<u>3,561,779</u>	<u>80,587</u>
EXPENDITURES				
General government:				
Council	13,133	13,133	13,018	115
Executive	26,197	31,627	31,595	32
Finance	47,503	47,503	46,904	599
Human resources	33,097	33,247	33,312	(65)
Geographic information systems	204,098	213,548	194,748	18,800
Information technology	700,276	709,366	699,709	9,657
Auditor	121,939	130,668	116,115	14,553
Treasurer	267,862	274,112	268,391	5,721
Recorder	103,050	103,050	98,422	4,628
Attorney	131,912	135,370	125,905	9,465
Assessor	1,740,982	1,740,982	1,652,239	88,743
Miscellaneous and general	141,136	147,222	107,259	39,963
Contributions to other units	<u>78,333</u>	<u>78,333</u>	<u>87,684</u>	<u>(9,351)</u>
Total expenditures	<u>3,609,518</u>	<u>3,658,161</u>	<u>3,475,301</u>	<u>182,860</u>
Revenues over (under) expenditures	<u>10,183</u>	<u>(176,969)</u>	<u>86,478</u>	<u>263,447</u>
Net change in fund balances	10,183	(176,969)	86,478	263,447
Fund balances - January 1	<u>4,960,433</u>	<u>4,960,433</u>	<u>4,960,433</u>	<u>-</u>
Fund balances - December 31	<u>\$ 4,970,616</u>	<u>\$ 4,783,464</u>	<u>\$ 5,046,911</u>	<u>\$ 263,447</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL SERVICES FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Sales and use	\$ 857,500	\$ 857,500	\$ 824,043	\$ (33,457)
Other revenues:				
Intergovernmental	2,460,000	2,626,434	2,340,958	(285,476)
Charges for services	775,500	1,128,604	1,001,465	(127,139)
Licenses and permits	520,500	634,500	693,646	59,146
Interest income	-	-	-	-
Miscellaneous revenues	<u>60,000</u>	<u>211,368</u>	<u>158,640</u>	<u>(52,728)</u>
Total revenues	<u>4,673,500</u>	<u>5,458,406</u>	<u>5,018,752</u>	<u>(439,654)</u>
EXPENDITURES				
General government:				
Zoning administration	547,209	600,381	434,342	166,039
Building inspection	506,668	621,488	577,672	43,816
Sanitation and waste collection	36,000	36,000	34,012	1,988
Miscellaneous expenditures	<u>25,000</u>	<u>25,000</u>	<u>10,044</u>	<u>14,956</u>
	1,114,877	1,282,869	1,056,070	226,799
Public safety:				
Sheriff patrol	432,224	427,208	492,241	(65,033)
Fire safety	178,329	178,329	149,277	29,052
Animal control	<u>45,057</u>	<u>45,057</u>	<u>30,584</u>	<u>14,473</u>
	655,610	650,594	672,102	(21,508)
Streets and public improvements:				
Road projects	3,334,649	3,729,644	3,015,602	714,042
Weed eradication	498,650	479,900	476,489	3,411
Storm water management	<u>89,579</u>	<u>104,579</u>	<u>53,826</u>	<u>50,753</u>
	3,922,878	4,314,123	3,545,917	768,206
Culture and recreation:				
Parks and trails	214,249	458,153	191,642	266,511
Eccles Ice Center support	<u>10,000</u>	<u>10,000</u>	<u>18,740</u>	<u>(8,740)</u>
	224,249	468,153	210,382	257,771
Total expenditures	<u>5,917,614</u>	<u>6,715,739</u>	<u>5,484,471</u>	<u>1,231,268</u>
Revenues under expenditures	<u>(1,244,114)</u>	<u>(1,257,333)</u>	<u>(465,719)</u>	<u>791,614</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL SERVICES FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	103,193	103,193
Transfers in:				
General fund	525,000	525,000	525,000	-
Recreation fund	-	35,000	35,000	-
RAPZ tax fund	-	24,973	24,973	-
Capital projects fund	200,000	200,000	200,000	-
Total transfers in	725,000	784,973	784,973	-
Total other financing sources	725,000	784,973	888,166	103,193
Net change in fund balances	(439,114)	(469,856)	422,447	892,303
Fund balances - January 1	4,318,533	4,318,533	4,318,533	-
Fund balances - December 31	<u>\$ 3,879,419</u>	<u>\$ 3,848,677</u>	<u>\$ 4,740,980</u>	<u>\$ 892,303</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
MENTAL HEALTH FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other revenues:				
Intergovernmental	\$ 3,132,833	\$ 3,132,833	\$ 2,944,866	\$ (187,967)
Total revenues	<u>3,132,833</u>	<u>3,132,833</u>	<u>2,944,866</u>	<u>(187,967)</u>
EXPENDITURES				
Health and welfare:				
Mental health services	<u>3,132,833</u>	<u>3,132,833</u>	<u>2,944,866</u>	<u>187,967</u>
Total expenditures	<u>3,132,833</u>	<u>3,132,833</u>	<u>2,944,866</u>	<u>187,967</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CACHE COUNTY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PRIMARY GOVERNMENT
DECEMBER 31, 2015

	<u>Non- Contributory System</u>	<u>Public Safety System</u>	<u>Firefighters System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighter</u>
Proportion of the net pension liability (asset)	0.5540547%	3.3617060%	0.7039769%	0.1057798%	1.6932880%
Proportionate share of the net pension liability (asset)	\$ 3,135,112	5,438,545	(12,750)	(231)	(24,739)
Covered employee payroll	\$ 4,926,247	4,373,454	189,347	683,501	1,007,662
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	63.64%	124.35%	-6.73%	-0.03%	-2.46%
Plan fiduciary net position as a percentage of the total pension liability	87.8%	87.1%	101.0%	100.2%	110.7%

CACHE COUNTY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PRIMARY GOVERNMENT
DECEMBER 31, 2014

	<u>Non- Contributory System</u>	<u>Contributory System</u>	<u>Public Safety System</u>	<u>Firefighters System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighter</u>
Proportion of the net pension liability (asset)	0.5416136%	0.1861052%	2.9582971%	0.7023555%	0.0995314%	2.0888465%
Proportionate share of the net pension liability (asset)	\$ 2,351,813	53,681	3,720,304	(40,079)	(3,016)	(30,901)
Covered employee payroll	\$ 4,900,321	99,506	4,373,979	184,544	488,406	862,851
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.99%	53.95%	85.06%	-21.72%	-0.62%	-3.58%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	94.0%	90.5%	103.5%	103.5%	120.5%

CACHE COUNTY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COMPONENT UNITS
DECEMBER 31, 2015

	Airport Authority Non- Contributory System	BRHD Non- Contributory System	BRHD Tier 2 Public Employees System
Proportion of the net pension liability (asset)	0.0067123%	0.4373706%	0.1450403%
Proportionate share of the net pension liability (asset)	\$ 37,980	2,474,856	(317)
Covered employee payroll	\$ 59,571	3,574,872	937,262
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	63.76%	69.23%	-0.03%
Plan fiduciary net position as a percentage of the total pension liability	87.8%	87.8%	100.2%

CACHE COUNTY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COMPONENT UNITS
DECEMBER 31, 2014

	Airport Authority Non- Contributory System	BRHD Non- Contributory System	BRHD Tier 2 Public Employees System
Proportion of the net pension liability (asset)	0.0066698%	0.4216243%	0.1154978%
Proportionate share of the net pension liability (asset)	\$ 28,962	1,830,792	(3,500)
Covered employee payroll	\$ 58,406	3,548,868	566,083
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.59%	51.59%	-0.62%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	90.2%	103.5%

**CACHE COUNTY
SCHEDULE OF CONTRIBUTIONS
PRIMARY GOVERNMENT
DECEMBER 31, 2016**

	As of fiscal year ended December 31,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll**
Noncontributory System	2014	\$ 813,447	\$ 813,447	\$ -	\$ 4,900,481	16.60%
	2015	845,150	845,150	-	4,923,658	17.17%
	2016	871,876	871,876	-	5,051,275	17.26%
Contributory System	2014	\$ 13,809	\$ 13,809	\$ -	\$ 99,506	13.88%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
Public Safety System	2014	\$ 1,351,728	\$ 1,351,728	\$ -	\$ 4,374,036	30.90%
	2015	1,426,875	1,426,875	-	4,373,495	32.63%
	2016	1,480,551	1,480,551	-	4,546,531	32.56%
Firefighters System	2014	\$ 6,261	\$ 6,261	\$ -	\$ 184,544	3.39%
	2015	7,395	7,395	-	189,347	3.91%
	2016	7,493	7,493	-	190,261	3.94%
Tier 2 Public Employees System*	2014	\$ 72,155	\$ 72,155	\$ -	\$ 498,685	14.47%
	2015	102,582	102,582	-	687,415	14.92%
	2016	170,645	170,645	-	1,144,504	14.91%
Tier 2 Public Safety and Firefighter System*	2014	\$ 188,478	\$ 188,478	\$ -	\$ 867,971	21.71%
	2015	226,841	226,841	-	1,007,003	22.53%
	2016	258,588	258,588	-	1,149,282	22.50%
Tier 2 Public Employees DC Only System*	2014	\$ 7,592	\$ 7,592	\$ -	\$ 121,741	6.24%
	2015	21,401	21,401	-	318,150	6.73%
	2016	24,956	24,956	-	371,876	6.71%
Tier 2 Public Safety and Firefighter DC Only System*	2014	\$ 11,701	\$ 11,701	\$ -	\$ 105,020	11.14%
	2015	17,205	17,205	-	145,434	11.83%
	2016	21,163	21,163	-	178,892	11.83%

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

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

**CACHE COUNTY
SCHEDULE OF CONTRIBUTIONS
COMPONENT UNITS
DECEMBER 31, 2016**

	As of fiscal year ended December 31,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll**
Airport Authority Noncontributory System	2014	\$ 10,483	\$ 10,483	\$ -	\$ 58,406	17.95%
	2015	11,043	11,043	-	59,571	18.54%
	2016	11,043	11,043	-	59,571	18.54%
BRHD Noncontributory System	2014	\$ 622,179	\$ 622,179	\$ -	\$ 3,548,868	17.53%
	2015	646,863	646,863	-	3,574,872	18.09%
	2016	665,719	665,719	-	3,682,885	18.08%
BRHD Tier 2 Public Employees System*	2014	\$ 81,993	\$ 81,993	\$ -	\$ 567,384	14.45%
	2015	139,860	139,860	-	937,262	14.92%
	2016	173,649	173,649	-	1,164,649	14.91%
BRHD Tier 2 Public Employees DC Only System*	2014	\$ 6,367	\$ 6,367	\$ -	\$ 100,358	6.34%
	2015	10,900	10,900	-	162,546	6.71%
	2016	10,374	10,374	-	155,070	6.69%

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

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

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The County is required by state statute and the Uniform Fiscal Procedures Act for Utah Counties to adopt annual budgets for its governmental funds on or before December 15, for the succeeding fiscal year beginning January 1. This budget is shown as the original budget on the budgetary comparison schedules. Final budgets include the original budget amounts plus any amendments made to the budget during the year by the County Council through formal resolution.

The budgets for the County's funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at year end. Project-length financial plans have been adopted for the Capital Projects Fund.

The County complies with the following procedures in establishing the budgetary data reflected in the financial statements:

1. On or before November 1, the County Executive prepares a tentative budget for the next budget year, with the assistance of the County Finance Director.
2. A public hearing is then held on the adoption of the budget.
3. After the public hearing the County Council makes final adjustments to the tentative budget.
4. On or before December 15, the County Council adopts the budget by resolution.
5. Department heads may transfer unexpended budgeted amounts within their departments with approval of the County Council.
6. The County Council may transfer unexpended budgeted amounts from one department to another in the same fund by resolution.
7. Budget appropriations may be increased only after a public hearing has been held and followed by resolution of the County Council.

NOTE 2 – BUDGETED FUND BALANCE

Each fund had a balanced budget in accordance with state law. As allowed by state law, the County Council has authorized the use of unassigned fund balances to provide the necessary resources to balance each fund's budget.

NOTE 3 – ENCUMBRANCES

The County uses encumbrances during the year to recognize the use of appropriations. The County's policy is for all appropriations to lapse at year end. Therefore, there are no encumbrances at year end.

NOTE 4 – SCHEDULE OF CONTRIBUTIONS

Generally accepted accounting standards require the presentation of 10 years of this required supplementary information. Transition provisions in the initial adoption of the accounting standard indicate that information should be presented for as many years as are available. The County determined that is in not practicable to provide information prior to 2014.

NOTE 5 – CHANGE IN ASSUMPTIONS

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.5%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.50% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the preretirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

SUPPLEMENTARY INFORMATION

CACHE COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2016

Special Revenue

	<u>CDRA</u>	<u>Health</u>	<u>Visitor's Bureau</u>	<u>Council on Aging</u>	<u>Restaurant Tax</u>	<u>Children's Justice Center</u>	<u>RAPZ Tax</u>	<u>Ambulance</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS										
Cash and cash equivalents	\$ 262,352	\$ 250,509	\$ 225	\$ 90	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ 513,276
Equity in investment pool	-	1,154,056	924,125	288,163	1,919,583	-	2,146,332	54,437	1,456,196	7,942,892
Taxes receivable	-	44,000	70,475	-	248,461	-	278,879	-	-	641,815
Accounts receivable	-	-	-	-	-	-	-	105	-	105
Due from other governments	-	-	11,095	21,558	-	74,209	-	160,750	-	267,612
Restricted cash and investments	-	-	-	-	-	-	-	-	1,345	1,345
Other assets	-	-	4,875	-	-	-	-	-	-	4,875
Total assets	\$ 262,352	\$1,448,565	\$1,010,795	\$ 309,811	\$2,168,044	\$ 74,309	\$ 2,425,211	\$ 215,292	\$ 1,457,541	\$ 9,371,920
LIABILITIES										
Interfund payable - investment pool	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,937	\$ -	\$ -	\$ -	\$ 63,937
Accounts payable and accrued liabilities	251,857	-	10,391	19,909	4,000	2,534	2,232	60,763	-	351,686
Total liabilities	251,857	-	10,391	19,909	4,000	66,471	2,232	60,763	-	415,623
DEFERRED INFLOWS OF RESOURCES										
Delinquent property taxes	-	44,000	-	-	-	-	-	-	-	44,000
Total deferred inflows of resources	-	44,000	-	-	-	-	-	-	-	44,000
FUND BALANCE										
Nonspendable	-	-	4,875	-	-	-	-	-	-	4,875
Restricted for:										
Air pollution control	-	275,368	-	-	-	-	-	-	-	275,368
Ambulance services	-	-	-	-	-	-	-	154,529	-	154,529
Health services	-	1,129,197	-	-	-	-	-	-	-	1,129,197
Parks and recreation	-	-	995,529	-	2,164,044	-	2,422,979	-	-	5,582,552
Debt service	-	-	-	-	-	-	-	-	1,345	1,345
Other purposes	10,495	-	-	-	-	7,838	-	-	-	18,333
Assigned to:										
Debt service	-	-	-	-	-	-	-	-	1,456,196	1,456,196
Health and welfare	-	-	-	289,902	-	-	-	-	-	289,902
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	10,495	1,404,565	1,000,404	289,902	2,164,044	7,838	2,422,979	154,529	1,457,541	8,912,297
Total liabilities, deferred inflows of resources and fund balances	\$ 262,352	\$1,448,565	\$1,010,795	\$ 309,811	\$2,168,044	\$ 74,309	\$ 2,425,211	\$ 215,292	\$ 1,457,541	\$ 9,371,920

CACHE COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2016

Special Revenue

	<u>CDRA</u>	<u>Health</u>	<u>Visitor's Bureau</u>	<u>Council on Aging</u>	<u>Restaurant Tax</u>	<u>Children's Justice Center</u>	<u>RAPZ Tax</u>	<u>Ambulance</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES										
Taxes:										
Property	\$ 48,564	\$ 941,572	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 990,136
Sales and use	-	-	563,826	-	1,425,047	-	1,448,521	-	-	3,437,394
	<u>48,564</u>	<u>941,572</u>	<u>563,826</u>	<u>-</u>	<u>1,425,047</u>	<u>-</u>	<u>1,448,521</u>	<u>-</u>	<u>-</u>	<u>4,427,530</u>
Other revenues:										
Intergovernmental	213,789	-	58,959	298,648	-	175,238	-	719,484	-	1,466,118
Charges for services	-	273,838	33,491	85,206	-	-	-	-	-	392,535
Interest income	-	-	-	-	-	-	-	-	2,501	2,501
Public contributions	-	-	900	21,333	-	-	-	-	-	22,233
Miscellaneous revenues	-	-	1,520	4,069	-	-	-	-	-	5,589
Total revenues	<u>262,353</u>	<u>1,215,410</u>	<u>658,696</u>	<u>409,256</u>	<u>1,425,047</u>	<u>175,238</u>	<u>1,448,521</u>	<u>719,484</u>	<u>2,501</u>	<u>6,316,506</u>
EXPENDITURES										
General government	251,858	40,269	-	-	-	-	-	-	-	292,127
Public safety	-	-	-	-	-	172,170	-	1,155,001	-	1,327,171
Health and welfare	-	1,149,603	-	634,428	-	-	-	-	-	1,784,031
Culture and recreation	-	-	692,816	-	751,015	-	926,030	-	-	2,369,861
Debt service principal	-	-	-	-	-	-	-	-	1,032,833	1,032,833
Debt service interest	-	-	-	-	-	-	-	-	334,689	334,689
Total expenditures	<u>251,858</u>	<u>1,189,872</u>	<u>692,816</u>	<u>634,428</u>	<u>751,015</u>	<u>172,170</u>	<u>926,030</u>	<u>1,155,001</u>	<u>1,367,522</u>	<u>7,140,712</u>
Revenues over (under) expenditures	10,495	25,538	(34,120)	(225,172)	674,032	3,068	522,491	(435,517)	(1,365,021)	(824,206)
OTHER FINANCING SOURCES (USES)										
Refinancing bond proceeds	-	-	-	-	-	-	-	-	5,779,000	5,779,000
Payoff of 2007 series bond	-	-	-	-	-	-	-	-	(5,649,000)	(5,649,000)
Transfers in	-	-	100,000	195,000	-	-	-	-	1,192,305	1,487,305
Transfers out	(10,044)	-	-	-	(303,500)	-	(45,782)	-	-	(359,326)
Total other financing sources (uses)	<u>(10,044)</u>	<u>-</u>	<u>100,000</u>	<u>195,000</u>	<u>(303,500)</u>	<u>-</u>	<u>(45,782)</u>	<u>-</u>	<u>1,322,305</u>	<u>1,257,979</u>
Net change in fund balances	451	25,538	65,880	(30,172)	370,532	3,068	476,709	(435,517)	(42,716)	433,773
Fund balances - January 1	10,044	1,379,027	934,524	320,074	1,793,512	4,770	1,946,270	590,046	1,500,257	8,478,524
Fund balances - December 31	<u>\$ 10,495</u>	<u>\$ 1,404,565</u>	<u>\$ 1,000,404</u>	<u>\$ 289,902</u>	<u>\$ 2,164,044</u>	<u>\$ 7,838</u>	<u>\$ 2,422,979</u>	<u>\$ 154,529</u>	<u>\$ 1,457,541</u>	<u>\$ 8,912,297</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
CDRA FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ -	\$ 45,000	\$ 48,564	\$ 3,564
Other revenues:				
Intergovernmental	<u>212,861</u>	<u>197,000</u>	<u>213,789</u>	<u>16,789</u>
Total revenues	<u>212,861</u>	<u>242,000</u>	<u>262,353</u>	<u>20,353</u>
EXPENDITURES				
General government:				
Cache County Redevelopment Agency	<u>212,861</u>	<u>232,300</u>	<u>251,858</u>	<u>(19,558)</u>
Total expenditures	<u>212,861</u>	<u>232,300</u>	<u>251,858</u>	<u>(19,558)</u>
Revenues over expenditures	<u>-</u>	<u>9,700</u>	<u>10,495</u>	<u>795</u>
OTHER FINANCING USES				
Transfers out:				
General fund	<u>-</u>	<u>(10,044)</u>	<u>(10,044)</u>	<u>-</u>
Total transfers out	<u>-</u>	<u>(10,044)</u>	<u>(10,044)</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>(10,044)</u>	<u>(10,044)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(344)</u>	<u>451</u>	<u>795</u>
Fund balances - January 1	<u>10,044</u>	<u>10,044</u>	<u>10,044</u>	<u>-</u>
Fund balances - December 31	<u>\$ 10,044</u>	<u>\$ 9,700</u>	<u>\$ 10,495</u>	<u>\$ 795</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
HEALTH FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Property	\$ 883,731	\$ 935,007	\$ 941,572	\$ 6,565
Other revenues:				
Charges for services	<u>260,000</u>	<u>260,000</u>	<u>273,838</u>	<u>13,838</u>
Total revenues	<u>1,143,731</u>	<u>1,195,007</u>	<u>1,215,410</u>	<u>20,403</u>
EXPENDITURES				
General government:				
Contributions to other units	<u>-</u>	<u>50,000</u>	<u>40,269</u>	<u>9,731</u>
	-	50,000	40,269	9,731
Health and welfare:				
Air pollution control	260,000	259,000	255,000	4,000
Bear River Health Department	<u>893,603</u>	<u>894,603</u>	<u>894,603</u>	<u>-</u>
	<u>1,153,603</u>	<u>1,153,603</u>	<u>1,149,603</u>	<u>4,000</u>
Total expenditures	<u>1,153,603</u>	<u>1,203,603</u>	<u>1,189,872</u>	<u>13,731</u>
Revenues over (under) expenditures	<u>(9,872)</u>	<u>(8,596)</u>	<u>25,538</u>	<u>34,134</u>
Net change in fund balances	(9,872)	(8,596)	25,538	34,134
Fund balances - January 1	<u>1,379,027</u>	<u>1,379,027</u>	<u>1,379,027</u>	<u>-</u>
Fund balances - December 31	<u>\$ 1,369,155</u>	<u>\$ 1,370,431</u>	<u>\$ 1,404,565</u>	<u>\$ 34,134</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
VISITOR'S BUREAU FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales and use	\$ 500,000	\$ 500,530	\$ 563,826	\$ 63,296
Other revenues:				
Intergovernmental	-	46,459	58,959	12,500
Charges for services	22,000	22,000	33,491	11,491
Public contributions	-	900	900	-
Miscellaneous revenues	-	12,500	1,520	(10,980)
Total revenues	<u>522,000</u>	<u>582,389</u>	<u>658,696</u>	<u>76,307</u>
EXPENDITURES				
Culture and recreation:				
Cache Valley Visitor's Bureau	<u>504,083</u>	<u>731,974</u>	<u>692,816</u>	<u>39,158</u>
Total expenditures	<u>504,083</u>	<u>731,974</u>	<u>692,816</u>	<u>39,158</u>
Revenues over (under) expenditures	<u>17,917</u>	<u>(149,585)</u>	<u>(34,120)</u>	<u>115,465</u>
OTHER FINANCING SOURCES				
Transfers in:				
Restaurant tax fund	-	<u>100,000</u>	<u>100,000</u>	-
Total other financing sources	-	<u>100,000</u>	<u>100,000</u>	-
Net change in fund balances	17,917	(49,585)	65,880	115,465
Fund balances - January 1	<u>934,524</u>	<u>934,524</u>	<u>934,524</u>	-
Fund balances - December 31	<u>\$ 952,441</u>	<u>\$ 884,939</u>	<u>\$ 1,000,404</u>	<u>\$ 115,465</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
COUNCIL ON AGING FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Other revenues:				
Intergovernmental	\$ 311,244	\$ 411,444	\$ 298,648	\$ (112,796)
Charges for services	85,800	85,800	85,206	(594)
Public contributions	20,000	20,000	21,333	1,333
Miscellaneous revenues	5,300	5,300	4,069	(1,231)
Total revenues	<u>422,344</u>	<u>522,544</u>	<u>409,256</u>	<u>(113,288)</u>
EXPENDITURES				
Health and welfare:				
Nutrition	381,483	453,512	331,895	121,617
Senior center	146,004	169,040	152,720	16,320
Retired service volunteer program	12,938	14,426	14,373	53
Access	117,286	140,321	135,440	4,881
Total expenditures	<u>657,711</u>	<u>777,299</u>	<u>634,428</u>	<u>142,871</u>
Revenues under expenditures	<u>(235,367)</u>	<u>(254,755)</u>	<u>(225,172)</u>	<u>29,583</u>
OTHER FINANCING SOURCES				
Transfers in:				
General fund	195,000	195,000	195,000	-
Total other financing sources	<u>195,000</u>	<u>195,000</u>	<u>195,000</u>	<u>-</u>
Net change in fund balances	(40,367)	(59,755)	(30,172)	29,583
Fund balances - January 1	<u>320,074</u>	<u>320,074</u>	<u>320,074</u>	<u>-</u>
Fund balances - December 31	<u>\$ 279,707</u>	<u>\$ 260,319</u>	<u>\$ 289,902</u>	<u>\$ 29,583</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
RESTAURANT TAX FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales and use	\$ 1,430,000	\$ 1,430,000	\$ 1,425,047	\$ (4,953)
Total revenues	<u>1,430,000</u>	<u>1,430,000</u>	<u>1,425,047</u>	<u>(4,953)</u>
EXPENDITURES				
Culture and recreation:				
Recreation and tourism promotion	1,430,000	1,126,500	751,015	375,485
Total expenditures	<u>1,430,000</u>	<u>1,126,500</u>	<u>751,015</u>	<u>375,485</u>
Revenues over expenditures	<u>-</u>	<u>303,500</u>	<u>674,032</u>	<u>370,532</u>
OTHER FINANCING USES				
Transfers out:				
General fund	-	(168,500)	(168,500)	-
Municipal services fund	-	(35,000)	(35,000)	-
Visitor's bureau fund	-	(100,000)	(100,000)	-
Total other financing uses	<u>-</u>	<u>(303,500)</u>	<u>(303,500)</u>	<u>-</u>
Net change in fund balances	-	-	370,532	370,532
Fund balances - January 1	<u>1,793,512</u>	<u>1,793,512</u>	<u>1,793,512</u>	<u>-</u>
Fund balances - December 31	<u>\$ 1,793,512</u>	<u>\$ 1,793,512</u>	<u>\$ 2,164,044</u>	<u>\$ 370,532</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
CHILDREN'S JUSTICE CENTER FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other revenues:				
Intergovernmental	\$ 185,379	\$ 185,379	\$ 175,238	\$ (10,141)
Total revenues	<u>185,379</u>	<u>185,379</u>	<u>175,238</u>	<u>(10,141)</u>
EXPENDITURES				
Public safety:				
Children's services	185,379	185,379	172,170	13,209
Total expenditures	<u>185,379</u>	<u>185,379</u>	<u>172,170</u>	<u>13,209</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>3,068</u>	<u>3,068</u>
Net change in fund balances	-	-	3,068	3,068
Fund balances - January 1	<u>4,770</u>	<u>4,770</u>	<u>4,770</u>	<u>-</u>
Fund balances - December 31	<u>\$ 4,770</u>	<u>\$ 4,770</u>	<u>\$ 7,838</u>	<u>\$ 3,068</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
RAPZ TAX FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales and use	\$ 1,432,000	\$ 1,421,340	\$ 1,448,521	\$ 27,181
Total revenues	<u>1,432,000</u>	<u>1,421,340</u>	<u>1,448,521</u>	<u>27,181</u>
EXPENDITURES				
Culture and recreation:				
Programs and projects	<u>1,410,520</u>	<u>1,905,437</u>	<u>926,030</u>	<u>979,407</u>
Total expenditures	<u>1,410,520</u>	<u>1,905,437</u>	<u>926,030</u>	<u>979,407</u>
Revenues over (under) expenditures	<u>21,480</u>	<u>(484,097)</u>	<u>522,491</u>	<u>1,006,588</u>
OTHER FINANCING USES				
Transfers out:				
General fund	(21,480)	(21,480)	(20,809)	671
Municipal services fund	<u>-</u>	<u>(24,973)</u>	<u>(24,973)</u>	<u>-</u>
Total other financing uses	<u>(21,480)</u>	<u>(46,453)</u>	<u>(45,782)</u>	<u>671</u>
Net change in fund balances	-	(530,550)	476,709	1,007,259
Fund balances - January 1	<u>1,946,270</u>	<u>1,946,270</u>	<u>1,946,270</u>	<u>-</u>
Fund balances - December 31	<u>\$ 1,946,270</u>	<u>\$ 1,415,720</u>	<u>\$ 2,422,979</u>	<u>\$ 1,007,259</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
AMBULANCE FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other revenues:				
Intergovernmental	\$ 643,000	\$ 719,500	\$ 719,484	\$ (16)
Miscellaneous income	-	-	-	-
Total revenues	<u>643,000</u>	<u>719,500</u>	<u>719,484</u>	<u>(16)</u>
EXPENDITURES				
Public safety:				
Ambulance services	<u>643,000</u>	<u>1,231,740</u>	<u>1,155,001</u>	<u>76,739</u>
Total expenditures	<u>643,000</u>	<u>1,231,740</u>	<u>1,155,001</u>	<u>76,739</u>
Revenues under expenditures	<u>-</u>	<u>(512,240)</u>	<u>(435,517)</u>	<u>76,723</u>
Net change in fund balances	-	(512,240)	(435,517)	76,723
Fund balances - January 1	<u>590,046</u>	<u>590,046</u>	<u>590,046</u>	<u>-</u>
Fund balances - December 31	<u>\$ 590,046</u>	<u>\$ 77,806</u>	<u>\$ 154,529</u>	<u>\$ 76,723</u>

CACHE COUNTY
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other revenues:				
Interest income	\$ -	\$ -	\$ 2,501	\$ 2,501
Total revenues	<u>-</u>	<u>-</u>	<u>2,501</u>	<u>2,501</u>
EXPENDITURES				
Debt service:				
Principal	1,032,833	1,032,833	1,032,833	-
Interest	<u>273,217</u>	<u>273,217</u>	<u>334,689</u>	<u>(61,472)</u>
Total expenditures	<u>1,306,050</u>	<u>1,306,050</u>	<u>1,367,522</u>	<u>(61,472)</u>
Revenues under expenditures	<u>(1,306,050)</u>	<u>(1,306,050)</u>	<u>(1,365,021)</u>	<u>(58,971)</u>
OTHER FINANCING SOURCES (USES)				
Refinancing bond proceeds	-	-	5,779,000	5,779,000
Payoff of 2007 series bond	-	-	(5,649,000)	(5,649,000)
Transfers in:				
General fund	<u>1,192,305</u>	<u>1,192,305</u>	<u>1,192,305</u>	<u>-</u>
Total other financing sources	<u>1,192,305</u>	<u>1,192,305</u>	<u>1,322,305</u>	<u>130,000</u>
Net change in fund balances	(113,745)	(113,745)	(42,716)	71,029
Fund balances - January 1	<u>1,500,257</u>	<u>1,500,257</u>	<u>1,500,257</u>	<u>-</u>
Fund balances - December 31	<u>\$ 1,386,512</u>	<u>\$ 1,386,512</u>	<u>\$ 1,457,541</u>	<u>\$ 71,029</u>

CACHE COUNTY
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
AGENCY FUNDS
AS OF DECEMBER 31, 2016

	<u>Fee Trust Fund</u>	<u>Health Department 125 Plan</u>	<u>Treasurer's Tax Fund</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 7,796	\$ 21,165,173	\$ 21,172,969
Equity in investment pool	268,741	-	-	268,741
Taxes receivable	-	-	1,473,112	1,473,112
Total assets	<u>\$ 268,741</u>	<u>\$ 7,796</u>	<u>\$ 22,638,285</u>	<u>\$ 22,914,822</u>
LIABILITIES				
Due to other taxing units	\$ -	\$ -	\$ 22,303,207	\$ 22,303,207
Due to employees	-	7,796	-	7,796
Refunds payable	-	-	335,078	335,078
Other payables	268,741	-	-	268,741
Total liabilities	<u>\$ 268,741</u>	<u>\$ 7,796</u>	<u>\$ 22,638,285</u>	<u>\$ 22,914,822</u>

This page intentionally left blank.

COMPONENT UNITS

CACHE COUNTY
COMBINING STATEMENT OF NET POSITION
NORTH PARK INTERLOCAL COOPERATIVE
AS OF DECEMBER 31, 2016

	North Park Interlocal Cooperative	Bridgerland Community Ice Arena	Total
ASSETS			
Cash and cash equivalents	\$ 136	\$ 288,353	\$ 288,489
Accounts receivable, net	-	14,034	14,034
Pledges receivable, net	-	92,853	92,853
Restricted cash and investments	-	-	-
Investments	-	772,803	772,803
Inventory	-	8,631	8,631
Other assets	-	10,299	10,299
Noncurrent pledges receivable, net	-	-	-
Capital assets:			
Buildings, improvements and equipment	4,516,695	450,859	4,967,554
Accumulated depreciation	<u>(1,541,673)</u>	<u>(345,526)</u>	<u>(1,887,199)</u>
Total assets	<u>2,975,158</u>	<u>1,292,306</u>	<u>4,267,464</u>
LIABILITIES			
Accounts payable and accrued liabilities	<u>-</u>	<u>17,275</u>	<u>17,275</u>
Total liabilities	<u>-</u>	<u>17,275</u>	<u>17,275</u>
NET POSITION			
Net investment in capital assets	2,975,022	105,333	3,080,355
Restricted for:			
Capital projects	-	979	979
Debt service	-	-	-
Other purposes	-	551,971	551,971
Unrestricted	<u>136</u>	<u>616,748</u>	<u>616,884</u>
Total net position	<u>\$ 2,975,158</u>	<u>\$ 1,275,031</u>	<u>\$ 4,250,189</u>

CACHE COUNTY
COMBINING STATEMENT OF ACTIVITIES
NORTH PARK INTERLOCAL COOPERATIVE
YEAR ENDED DECEMBER 31, 2016

	<u>North Park Interlocal Cooperative</u>	<u>Bridgerland Community Ice Arena</u>	<u>Total</u>
Expenses	\$ 114,632	\$ 795,423	\$ 910,055
Program revenues			
Charges for services	-	565,182	565,182
Operating grants and contributions	-	412,557	412,557
Total program revenues	-	977,739	977,739
Net revenues (expenses)	(114,632)	182,316	67,684
General revenues			
Interest income	1	23,025	23,026
Total general revenues	1	23,025	23,026
Change in net assets	(114,631)	205,341	90,710
Net position - beginning	3,089,789	1,069,690	4,159,479
Net position - ending	<u>\$ 2,975,158</u>	<u>\$ 1,275,031</u>	<u>\$ 4,250,189</u>

CACHE COUNTY
SINGLE AUDIT REPORTS

CACHE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Grant No.</u>	<u>Expenditures</u>
U.S. Department of Agriculture (USDA)			
<i>Direct Program</i>			
Forest Service Schools and Roads Cluster			
Secure Rural Schools-Title I	10.666	FY2016	166,183
Secure Rural Schools-Title III	10.666	FY2016	27,371
Total Forest Service Schools and Roads Cluster			193,554
<i>Passed through Utah Weed Supervisors Association</i>			
2016 EDRR Knapweed Project	10.025	2016	6,000
<i>Passed through Utah Department of Health</i>			
Special Supplemental Food Program for Women, Infants and Children:			
Food Checks 2016	10.557	152700153	1,760,931
Food Checks 2017	10.557	152700153	589,909
Administrative Costs 2016	10.557	152700153	813,630
Administrative Costs 2017	10.557	152700153	259,455
Total USDA			3,623,479
U.S. Environmental Protection Agency (EPA)			
<i>Passed through Utah Division of Environmental Quality</i>			
Drinking Water State Revolving Fund Cluster			
DEQ Drinking Water 2016	66.468	152256	17,001
DEQ Drinking Water 2017	66.468	152256	16,461
Total Drinking Water State Revolving Fund Cluster			33,462
DEQ Environmental Services 2016	66.605	150025	3,000
DEQ Environmental Services 2017	66.605	150025	3,000
Total EPA			39,462

CACHE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Grant No.</u>	<u>Expenditures</u>
U.S. Department of Health & Human Services (HHS)			
<i>Passed through Bear River Association of Governments</i>			
Aging Cluster			
Special Programs for Aging, Title III, Part B	93.044	FY 16-17	45,892
Special Programs for Aging, Title III, Part C1	93.045	FY 15-16	17,904
Special Programs for Aging, Title III, Part C1	93.045	FY 16-17	10,607
Special Programs for Aging, Title IIIC-1 CIC	93.053	FY 16-17	10,204
Special Programs for Aging, HDM Title III, Part C2	93.045	FY 15-16	56,013
Special Programs for Aging, Title IIIC-2 CIH	93.053	FY 15-16	6,593
Special Programs for Aging, Title IIIC-2 CIH	93.053	FY 16-17	20,810
Special Programs for Aging, IIID PHP	93.043	FY 15-16	802
Special Programs for Aging, IIID PHP	93.043	FY 16-17	763
Total Aging Cluster			169,588
Health Insurance Counseling	93.779	FY 15-16	504
Health Insurance Counseling	93.779	FY 16-17	567
MIPPA	93.071	FY 15-16	2,380
MIPPA	93.071	FY 16-17	924
Title XX - Social Services Block Grant	93.667	FY 15-16	4,600
<i>Passed through Utah Department of Health and Human Services</i>			
General Federal Block MHF	93.958	160238-Amd#3(15-16)	50,738
General Federal Block MHF	93.958	160238-Amd#6(16-17)	52,064
Federal Block Children MHX	93.958	160238-Amd#3(15-16)	15,000
Federal Block Children MHX	93.958	160238-Amd#6(16-17)	13,560
General Federal Block FRF	93.958	140208-Amd#2(15-16)	2,972
General Federal Block FRF	93.958	140208-Amd#2(16-17)	4,574
SOC	93.104	160238-Amd#7(16-17)	500
NACCHO 2016	93.008	MRC 16-0158	15,000
Ebola Supplemental 2016	93.074	152700466	36,577
PH & Medical Preparedness 2016	93.069	162700154	114,334
PH & Medical Preparedness 2017	93.069	162700154	207,165
PREP 2016	93.092	152700154	66,780
PREP 2017	93.092	152700154	26,850

CACHE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Grant No.</u>	<u>Expenditures</u>
Cancer Control 2016	93.094	152700577	25,018
Cancer Control 2017	93.094	162700957	16,072
FDA Standards 2016	93.103	5U18FD004665-04	57,501
FDA Standards 2017	93.103	5U18FD004665-05	33,220
TB Control 2016	93.116	152700340	5,187
Immunization 2016	93.268	162700582	75,267
Radon PSE 2016	93.283	152700565	2,419
Tobacco Control 2016	93.305	162700062	18,863
Tobacco Control 2017	93.305	162700062	21,297
Healthcare Associated Infections 2016	93.521	150959	5,372
Meningococcal H Flu 2017	93.521	152700202	2,340
Enhanced Prion Disease Surveillance 2016	93.521	162700401	1,607
Refugee Health TB 2016	93.566	152700271	43,488
STD Disease Intervention Services	93.977	152700274	5,530
EPICC 1422 2016	93.757	152700350	188,789
EPICC 1422 2017	93.757	152700350	204,619
Medicaid Cluster			
Case Management 2016	93.778	162700527	42,855
Case Management 2017	93.778	162701144	32,364
CHEC 2016	93.778	162700283	13,811
CHEC 2017	93.778	162700989	11,313
Healthy Kids Healthy Families 2016	93.778	162700001	47,290
Total Medicaid Cluster			147,633
State Medical Reserve Corp. 2016	93.889	162700154	2,475
State Medical Reserve Corp. 2017	93.889	162701086	18,854
Regional Medical Surge & Prep Coalition 2016	93.889	162700154	68,991
Regional Medical Surge & Prep Coalition 2017	93.889	162701086	95,576
HIV Prevention Counseling & Testing 2016	93.940	152700285	5,000
Arthritis 2016	93.945	162700551	425
EPICC 1305 (CDC 4297 & 4247) 2016	93.945	162700160	4,397
EPICC 1305 (CDC 4297 & 4247) 2017	93.945	162700160	2,675

CACHE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Grant No.</u>	<u>Expenditures</u>
Substance Abuse - SAPT Block Grant 2016	93.959	160048	335,331
Substance Abuse - SAPT Block Grant 2017	93.959	160048	513,428
Substance Abuse - Drug Court 2016	16.585	142223	81,389
Substance Abuse - Partners for Success 2016	93.243	160083	32,490
Substance Abuse - Partners for Success 2017	93.243	160083	32,490
EPICC 1305 (PHS BLOCK 4290) 2016	93.991	162700160	17,800
EPICC 1305 (PHS BLOCK 4290) 2017	93.758	162700160	20,907
Injury Prevention MCH 2016	93.994	162700312	19,727
Injury Prevention MCH 2017	93.994	162700943	33,411
MCH Block Grant 2016	93.994	162700357	55,480
MCH Block Grant 2017	93.994	162700357	54,870
Prenatal To Five Home Visitation MCH 2016	93.994	162700357	9,600
Prenatal To Five Home Visitation MCH 2017	93.994	162700357	9,600
MIEC Home Visitation Grant 2016	93.505	152700297	420,076
MIEC Home Visitation Grant 2017	93.870	152700297	123,483
MIEC TANF Home Visitation Grant 2016	93.558	152700297	25,479
PHHS Block Boost-Suicide and Older Adult Falls 2016	93.758	162700417	30,209
PHHS Block Boost-Suicide and Older Adult Falls 2017	93.758	162700389	23,406
Injury Prevention PBG 2016	93.758	162700312	5,295
Injury Prevention PBG 2017	93.758	162700943	6,364
<i>Passed through State of Utah Office of Lieutenant Governor</i>			
Polling Place Accessibility	93.617	2016	7,349
Total HHS			3,695,476
U.S. Dept of Housing and Urban Development (HUD)			
<i>Passed through the State Department of Community Development</i>			
Community Development Block Grant - NNHC	14.228	16-0259	100,000
Total HUD			100,000

CACHE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Grant No.</u>	<u>Expenditures</u>
U.S. Department of Interior (DOI)			
<i>Passed through the State Division of Wildlife Resources</i>			
Fish and Wildlife Cluster			
Pittman-Robertson Program	15.611	FY2016	9,073
Total Fish and Wildlife Cluster			9,073
<hr/>			
Total DOI			9,073
U.S. Department of Justice (DOJ)			
<i>Passed through State Office of the Attorney General</i>			
State Criminal Alien Assistance Program	16.606	2016-AP-BX-0802	69,088
Victim Assistance Services Grant	16.575	15-VOCA-04	18,940
Victim Assistance Services Grant	16.575	15-VOCA-05	4,064
Victim Assistance Services Grant	16.575	15-VOCA-06	52,851
Victim Assistance Services Grant	16.575	16-VOCA-04	85,912
Victim Assistance Services Grant	16.575	16-VOCA-05	3,918
Violence Against Women Grant - Prosecutions	16.588	15-VAWA-04	80,535
<hr/>			
Total DOJ			315,308
U.S. Department of Transportation (DOT)			
<i>Direct Program</i>			
Construction Taxiway C (Charlie)	20.106	DOT-FA16NM-1052	214,934
<i>Passed through State Department of Transportation</i>			
Highway Planning and Construction Cluster:			
CMPO Emissions 2016	20.205	128730	124,337
CMPO Emissions 2017	20.205	128730	112,768
CMAQ Air Quality Education & Outreach 2016	20.205	158698	23,633
Total Highway Planning and Construction Cluster			260,738

CACHE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Grant No.</u>	<u>Expenditures</u>
<i>Passed through Utah Highway Safety Office</i>			
Highway Safety Cluster			
Highway Safety - Rural Seat Belt 2016	20.600	MOA	7,500
Highway Safety - Rural Seat Belt 2017	20.600	MOA	7,500
Highway Safety - Child Passenger Safety 2016	20.616	MOA	3,500
Highway Safety - Child Passenger Safety 2017	20.616	MOA	3,500
Total Highway Safety Cluster			22,000
Total DOT			497,672
The Corporation for National and Community Service (CNCS)			
<i>Direct Program</i>			
Emergency Management Performance Grant	94.002	14SR159696	13,130
Total CNCS			13,130
U.S. Department of Homeland Security (DHS)			
<i>Passed through State Department of Public Safety</i>			
2016 HMEP Planning Grant	97.039	HM-HMP-0473-15-01-00	786
Emergency Management Performance Grant	97.042	2016 EMPG	36,190
Total DHS			36,976
GRAND TOTAL			\$ 8,330,576

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2016

NOTE 1 – PURPOSE OF THE SCHEDULE

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements designed to provide expenditure information for each federal program in which the County participated. The schedule is required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

B. CFDA Numbers

The schedule shows the total expenditures for each of the County's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the

CFDA is assigned a five-digit program identification number (CFDA number).

C. Major Programs

Uniform Guidance establishes the levels of expenditures or expenses and other criteria to be used in defining major federal financial assistance. Major programs have been noted on the Schedule of Findings and Questioned Costs in accordance with those definitions.

D. Indirect Costs

The Schedule includes a portion of costs associated with general activities that are allocated to federal financial assistance programs using direct labor as a basis of allocation. The County has not elected to use the 10% de minimis indirect cost rate.

E. WIC Checks

Expenditures are recorded for WIC checks on the schedule based on information provided by the State of Utah Department of Health. The value of WIC checks is excluded from grant revenue and grant expenditures in the financial statements of Bear River Health Department.



Certified Public Accountants

www.jones-simkins.com

Logan Office:

1011 West 400 North, Suite 100
Logan, UT 84323-0747
Phone: (435) 752-1510 • (877) 752-1510
Fax: (435) 752-4878

Salt Lake City Office:

6715 South 1300 East, Suite 250
Salt Lake City, UT 84121
Phone: (801) 561-6026
Fax: (801) 561-2023

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

To the Cache County Council
Logan, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cache County, Utah (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 27, 2017. Our report includes a reference to other auditors who audited the financial statements of Bridgerland Community Ice Arena (a component unit of North Park Interlocal Cooperative), and Cache County Emergency Medical Service Authority, as described in our report on the County's financial statements. The financial statements of Bridgerland Community Ice Arena were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Cache County's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JONES SIMKINS LLC
Logan, Utah
June 27, 2017



Certified Public Accountants

www.jones-simkins.com

Logan Office:

1011 West 400 North, Suite 100
Logan, UT 84323-0747
Phone: (435) 752-1510 • (877) 752-1510
Fax: (435) 752-4878

Salt Lake City Office:

6715 South 1300 East, Suite 250
Salt Lake City, UT 84121
Phone: (801) 561-6026
Fax: (801) 561-2023

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

To the Cache County Council
Logan, Utah

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and 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 over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



JONES SIMKINS LLC

Logan, Utah

June 27, 2017

CACHE COUNTY
Schedule of Findings and Questioned Costs
Year Ended December 31, 2016

A. Summary of Audit Findings:

1.	Type of report issued	Unmodified
2.	Internal control over financial reporting: Material weaknesses identified:	No
	Significant deficiencies identified that were not considered to be material weaknesses:	Yes – One
3.	Non-compliance material to financial statements noted:	No
4.	Internal control over major programs: Material weaknesses identified:	No
	Significant deficiencies identified that were not considered to be material weaknesses:	None reported
5.	Type of auditors’ report issued on compliance for major programs:	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a):	None
7.	Federal programs tested as major programs	10.557 – WIC 20.106 – Airport Improvement Program 93.959 – Substance Abuse – SAPT Block Grant
8.	Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
9.	Auditee qualifications as high or low risk:	High

CACHE COUNTY
Schedule of Findings and Questioned Costs
Year Ended December 31, 2016

B. Findings related to the financial statements required to be reported in accordance with Government Auditing Standards:

Finding 2016-001

Condition: Appropriate monitoring controls, although improved, have not been completely established and documented pertaining to the Treasurer's Tax agency fund and the final distribution process.

Criteria: Internal control standards adopted by the United States Government Accountability Office (GAO) require governmental entities to select, develop, and perform ongoing and/or separate evaluations of processes and controls to determine whether all required components of internal control are present and functioning. These evaluations are expected to be performed by an external party with suitable knowledge and understanding of the processes and controls being evaluated.

Cause: Sufficient monitoring controls have not been implemented to ensure that all funds collected by the Treasurer are properly distributed.

Effect: Auditor-proposed adjustments were made to the Treasurer's Tax agency fund trial balance and final distribution amounts.

Recommendation: We recognize that significant improvements have been made to the County Treasurer's processes and controls in 2016. However, based on the results of our audit procedures, we recommend that the Audit Committee ensure that monitoring controls are documented and implemented to the extent necessary to identify and correct errors in the final distribution process. The person assigned to evaluate, monitor, and help improve controls over distributions needs a sufficient understanding of the Treasurer's processes and controls, and monitoring controls and procedures should be clearly documented and reported.

CACHE COUNTY
Schedule of Findings and Questioned Costs
Year Ended December 31, 2016

- C. Findings and questioned costs related to federal awards required to be reported in accordance with the Uniform Guidance.

None

CACHE COUNTY
Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2016

There were no audit findings in the prior year related to federal awards.

CACHE COUNTY
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2016

Cache County respectfully submits the following response for the finding identified in the financial statements audited as of December 31, 2016

Response to finding 2016-001

The County Council and County Executive will work through the Audit Committee to allocate sufficient resources, with appropriate knowledge of the Treasurer's processes and control, to ensure that monitoring controls are implemented as designed, documented and reported.

STATE COMPLIANCE REPORTS



Certified Public Accountants

www.jones-simkins.com

Logan Office:

1011 West 400 North, Suite 100
Logan, UT 84323-0747
Phone: (435) 752-1510 • (877) 752-1510
Fax: (435) 752-4878

Salt Lake City Office:

6715 South 1300 East, Suite 250
Salt Lake City, UT 84121
Phone: (801) 561-6026
Fax: (801) 561-2023

INDEPENDENT AUDITORS' REPORT AS REQUIRED BY THE *STATE COMPLIANCE
AUDIT GUIDE* ON COMPLIANCE WITH GENERAL STATE COMPLIANCE
REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Cache County Council
Logan, Utah

Report on Compliance with General State Compliance Requirements

We have audited Cache County's (the County) compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Office of the Utah State Auditor, that could have a direct and material effect on the County for the year ended December 31, 2016.

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

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes
- Open and Public Meetings Act
- Treasurer's Bond
- Cash Management
- Statement of Taxes Charged, Collected, and Disbursed

Management's Responsibility

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

Auditors' 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 *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a 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. However, our audit does not provide a legal determination of the County's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

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

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 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 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 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 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 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 preceding paragraph 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.

A handwritten signature in cursive script that reads "Jones Simkins LLC".

JONES SIMKINS LLC

Logan, Utah

June 27, 2017