

DAGGETT COUNTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

**DAGGETT COUNTY
 BASIC FINANCIAL STATEMENTS
 TABLE OF CONTENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

		<u>PAGE</u>
<u>OPINION</u>	Independent Auditors' Report	1-3
<u>MD&A</u>	Management's Discussion and Analysis	4-11
 <u>BASIC FINANCIAL STATEMENTS</u>		
Government-wide Financial Statements:		
EXHIBIT 1	Statement of Net Position	12
EXHIBIT 2	Statement of Activities	13
Governmental Fund Financial Statements:		
EXHIBIT 3	Balance Sheet - Governmental Funds	14
EXHIBIT 4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
EXHIBIT 5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
EXHIBIT 6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Fund Financial Statements:		
EXHIBIT 7	Statement of Net Position - Proprietary Funds	18
EXHIBIT 8	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	19
EXHIBIT 9	Statement of Cash Flows - Proprietary Funds	20
Fiduciary Fund Financial Statements:		
EXHIBIT 10	Statement of Fiduciary Net Position - Fiduciary Funds	21
EXHIBIT 11	Statement of Revenues, Expenses, and Changes in Fund Net Position - Fiduciary Funds	22
	Notes to the Financial Statements	23-48

**DAGGETT COUNTY
 BASIC FINANCIAL STATEMENTS
 TABLE OF CONTENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

		<u>PAGE</u>
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>		
SCHEDULE 1	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	49
SCHEDULE 2	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Jail Fund	50
SCHEDULE 3	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Flaming Gorge Roads & Transportation Special Service District	51
SCHEDULE 4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Dutch John Town	52
SCHEDULE 5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Rural Hospital Tax Fund	53
 <u>SUPPLEMENTARY INFORMATION</u>		
Combining Fund Statements and Schedules:		
SCHEDULE 6	Combining Balance Sheet - Nonmajor Governmental Funds	54-56
SCHEDULE 7	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	57-59
SCHEDULE 8	Schedule of Current Taxes Levied, Collected and Treasurer's Relief	60
 <u>SUPPLEMENTAL STATE COMPLIANCE</u>		
	Independent Auditor's Report on Compliance in Accordance with the State of Utah Legal Compliance Audit Guide	61-63

DAGGETT COUNTY
BASIC FINANCIAL STATEMENTS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>PAGE</u>
<u>AUDITORS' REPORTS AND SUPPLEMENTARY SCHEDULES ACCORDING TO SINGLE AUDIT ACT AND GOVERNMENT AUDIT STANDARDS</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	64-65
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	66-67
Schedule of Findings and Questioned Costs	68-70
SCHEDULE 9 Schedule of Expenditures of Federal Awards	71-72
Notes to Schedule of Expenditures of Federal Awards	73
Summary Schedule of Prior Audit Findings	74

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INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Daggett County
Manila, Utah 84046

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Daggett County, Utah (the County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County'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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of American require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and pages 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 August 27, 2015, 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 Daggett County's internal control over financial reporting and compliance.

SMUIN, RICH & MARSING

A handwritten signature in black ink that reads "Smuin, Rich & Marsing". The signature is written in a cursive, flowing style.

Price, Utah

August 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This Management's Discussion and Analysis (MD&A) of Daggett County's financial performance is designed to assist readers in understanding the County's basic financial statements, the relationship of different types of statements, and the significant differences in the information they provide. The MD&A will identify changes in the County's ability to address the next and subsequent year's financial needs, based on currently known facts and is best understood if read in conjunction with Daggett County's basic financial statements.

FINANCIAL HIGHLIGHTS AS OF THE CLOSE OF FY2014

- The government-wide assets of Daggett County exceeded its liabilities by \$27,895,410 reflecting a change in net position from the prior period decreasing the total by \$449,403. The cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense. The County reported depreciation expense for FY2014 in the amount of \$715,139.
- The County's governmental funds reported combined ending fund balances of \$5,762,891 a decrease of \$144,596 over the prior year.
- Daggett County had total overall governmental fund revenues and other financing sources of \$6,061,031, which were less than total expenditures and transfers of \$6,205,627 by \$144,596.
- The County's government-wide long-term bond debt decreased \$155,670 from calendar year 2013. The County's debt consists of general obligation bonds, revenue bonds and capital leases. The G.O. bonds were issued to construct the Daggett County Jail and the revenue bonds were issued to finance road construction and improvements to be completed by the Flaming Gorge Road and Transportation Special Service District, a component unit of the county. The County entered into three capital leases for the purchase of vehicles during 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

Daggett County's financial statements focus on both the County as a whole (government-wide), and on the major individual funds. "Funds" are resources segregated for the purposes of implementing specific activities in accordance with special regulations, restrictions, or limitations. Both government-wide and fund perspectives allow users to address relevant questions and understand changes in financial conditions. The structure of the financial statements is presented in the following pages of the MD&A.

The MD&A is intended to be an introduction to Daggett County's basic financial statements. The basic financial statements are comprised of three components, including government-wide financial statements, fund financial statements, and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed so that all governmental and business-type activities are reported in columns, which add to a total for the primary government. The Statement of Net Position provides bottom line results of the County's activities as a whole and presents a longer-term view of the County's finances. The Statement of Net Position and the Statement of Activities report information about Daggett County and its activities to reflect the financial position. These two statements divide the County into three kinds of activities:

- Governmental activities – Most of the County's basic services including general administration are reported here. Property taxes, fees, and state and federal grants finance most of these activities.
- Business-type activities – The County charges fees to residents of Dutch John to cover the cost of services provided to maintain water and sewer facilities at Dutch John. The County also builds and sales low income housing.
- Component Units – The County includes separate legal entities in its report – Flaming Gorge Roads and Transportation Special Service District is a legally separate entity independent from the County. Since the District provides services only to Daggett County residents and the County has financial responsibility for the District, generally accept accounting principles require the District's financial statements to be rolled up into Daggett County's financial statements.

Fund Financial Statements

Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide detailed information that focus on the most significant funds rather than the County as a whole. Major funds are separately reported to control and manage money and to show that legal responsibilities are met for certain taxes, grants and other designated funds. Daggett County uses the following types of funds:

Governmental Funds – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Daggett County has the following governmental funds – General, Special Revenue and Capital Projects. The services accounted for in the General Fund include general government, public safety, judicial, public health, highway and public improvements, recreation and economic development.

Proprietary Funds – Consist of enterprise fund activities used to account for operations that are financed and operated in a manner similar to private businesses. Daggett County has two enterprise funds – Dutch John operating fund, which is used to account for the financial activities of the area formerly known as the Dutch John recreational area and the Low Income Housing fund which is used to account for the construction costs and sale of low income housing.

Fiduciary Funds – Fiduciary funds are used to account for resources held by Daggett County in a trustee capacity or as an agent for the benefit of other individuals, governmental units or other funds. Fiduciary funds are not reflected in the government-wide financial statements, as the resources of those funds are not available to support the County's activities.

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

Fund Financial Statements (Continued)

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

The combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information.

FINANCIAL ANALYSIS OF DAGGETT COUNTY, UTAH: GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The County's assets exceeded its liabilities at the close of FY2014 by \$27,895,410. The largest segment of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, furniture, infrastructure), less any related outstanding debt used to acquire those assets. Capital Asset resources are not available for future spending and cannot be liquidated to pay off related liabilities. Resources needed to repay capital-related debt must be provided from other funding sources.

Restricted net position amount to \$3,255,529 and represents resources that are subject to restrictions on how they may be used.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$ 6,054,418	\$ 5,950,952	\$ 307,500	\$ 325,358	\$ 6,361,918	\$ 6,276,310
Capital assets, net	7,218,180	19,362,143	17,836,368	4,890,277	25,054,548	24,252,420
Total assets	\$ 13,272,598	\$ 25,313,095	\$ 18,143,868	\$ 5,215,635	\$ 31,416,466	\$ 30,528,730
Current liabilities	\$ 356,078	\$ 409,995	\$ 15,981	\$ 12,465	\$ 372,059	\$ 422,460
Long-term liabilities	2,454,818	2,209,052		1,808	2,454,818	2,210,860
Total liabilities	\$ 2,810,896	\$ 2,619,047	\$ 15,981	\$ 14,273	\$ 2,826,877	\$ 2,633,320
Net position:						
Investment in capital assets, net of debt	\$ 4,763,362	\$ 16,969,504	\$ 17,836,368	\$ 4,890,277	\$ 22,599,730	\$ 21,859,781
Restricted	3,327,884	3,255,529			3,327,884	3,255,529
Unrestricted	2,370,456	2,469,015	291,519	311,085	2,661,975	2,780,100
Total net position	\$ 10,461,702	\$ 22,694,048	\$ 18,127,887	\$ 5,201,362	\$ 28,589,589	\$ 27,895,410

Changes in Net Position

Daggett County's combined ending net position total \$27,895,410, an overall decrease of \$694,179 compared with last year's ending net position balances.

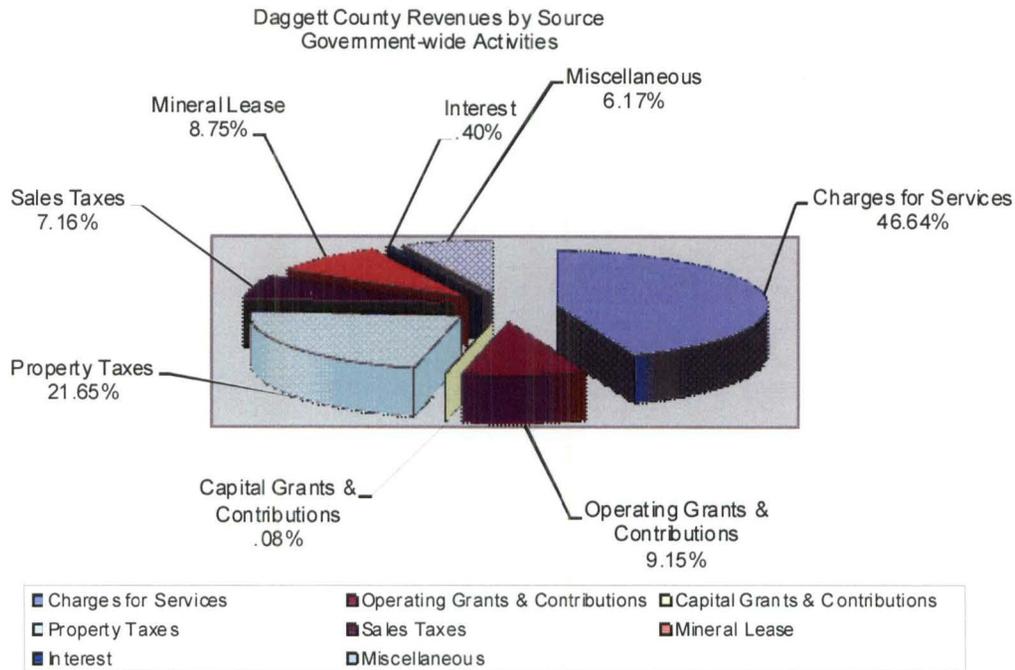
The cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense. The County reported depreciation expense over the past year of \$715,139. The following table summarizes the changes in Daggett County's net position:

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Revenues						
Program Revenues:						
Charges for services	\$ 2,431,137	\$ 2,517,025	\$ 217,853	\$ 228,166	\$ 2,648,990	\$ 2,745,191
Operating grants and contrib.	1,686,773	543,522			1,686,773	543,522
Capital grants and contrib.	1,727	4,700			1,727	4,700
General Revenues:						
Property taxes	1,261,238	1,072,566			1,261,238	1,072,566
Sales taxes	466,107	425,363			466,107	425,363
Other taxes	8,137	213,432			8,137	213,432
PILT	50,388	162,792			50,388	162,792
Mineral lease revenue		519,734				519,734
Gains/(loss) on sale of assets	(12,623)	67,217	(99,240)	(25,550)	(111,863)	41,667
Interest	22,826	23,727	147	136	22,973	23,863
Miscellaneous	191,533	263,838	12,599	15,873	204,132	279,711
Total revenues	\$ 6,107,243	\$ 5,813,916	\$ 131,359	\$ 218,625	\$ 6,238,602	\$ 6,032,541
Program expenses						
General government	\$ 1,617,066	\$ 1,403,885			\$ 1,617,066	\$ 1,403,885
Public safety	3,049,620	3,376,209			3,049,620	3,376,209
Public health	135,790	118,426			135,790	118,426
Highways and public improve	1,194,449	1,011,267			1,194,449	1,011,267
Parks and recreation	61,577	57,677			61,577	57,677
Economic development	92,536	180,546			92,536	180,546
Interest on long-term debt	76,414	73,931			76,414	73,931
Dutch John			321,282	242,458	321,282	242,458
Low income housing				17,545		17,545
Total expenses	\$ 6,227,452	\$ 6,221,941	\$ 321,282	\$ 260,003	\$ 6,548,734	\$ 6,481,944
Excess (deficiency) before transfers						
	\$ (120,209)	\$ (408,025)	\$ (189,923)	\$ (41,378)	\$ (310,132)	\$ (449,403)
Transfers						
	(297,000)		297,000			
Change in net assets	\$ (417,209)	\$ (408,025)	\$ 107,077	\$ (41,378)	\$ (310,132)	\$ (449,403)
Net assets - beginning						
	\$ 10,878,911	\$ 10,461,702	\$ 18,020,810	\$ 18,127,887	\$ 28,899,721	\$ 28,589,589
Prior period adjustment						
		12,640,371		(12,885,147)		(244,776)
Net assets - ending						
	10,461,702	22,694,048	18,127,887	5,201,362	28,589,589	27,895,410
	\$ (417,209)	\$ (408,025)	\$ 107,077	\$ (41,378)	\$ (310,132)	\$ (449,403)

Government Wide Activities

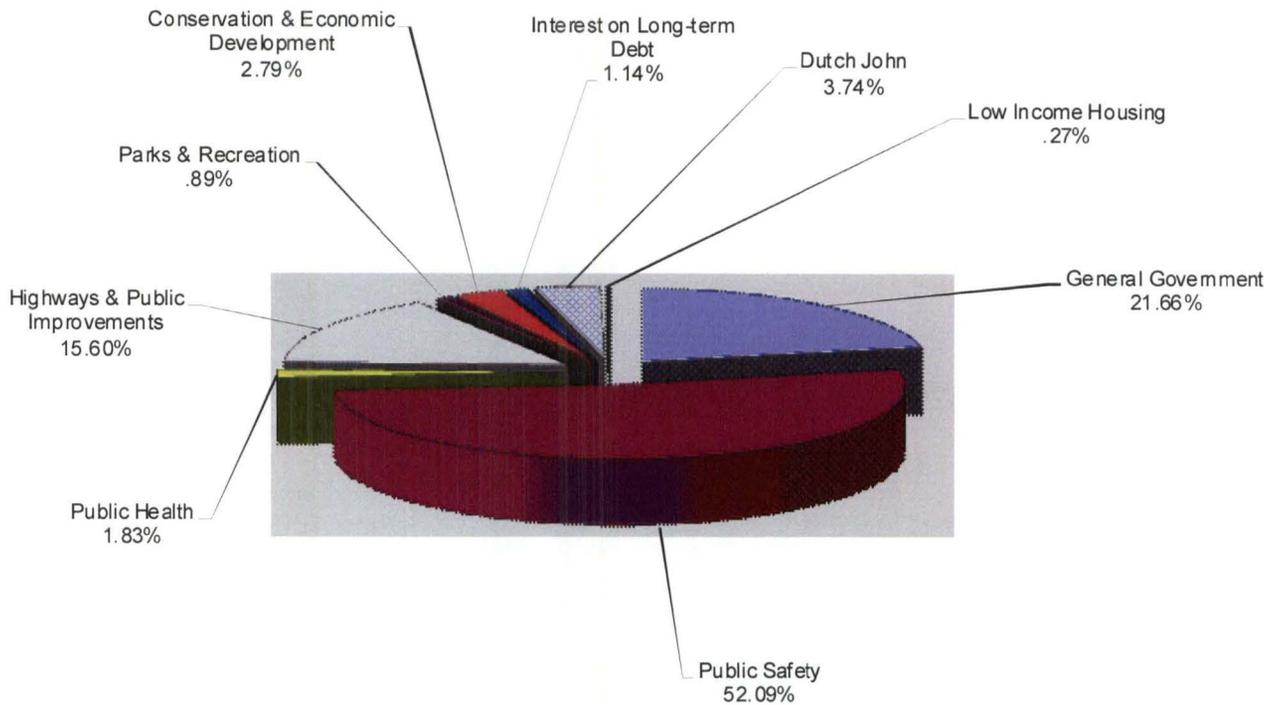
Sources of revenues for the County's government-wide activities are comprised of the items listed below and total \$6,032,541.



Charges for services constitute the largest source of Daggett County revenues at 46.64%. Property taxes are the second largest source of revenues at 21.65%. Operating grants and contributions represent 9.15%, mineral lease revenue represents 8.75% and sales tax represent 7.16% of the total revenue for the year.

The cost of all activities for FY 2014 was \$6,481,944. The following chart represents expenses by the County's largest functions.

Daggett County Expenses by Function



General Government	Public Safety	Public Health
Highways & Public Improvements	Parks & Recreation	Conservation & Economic Development
Interest on Long-term Debt	Dutch John	Low Income Housing

General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final amended budget of \$3,048,307 can be briefly summarized as follows:

- \$ 80,232 increase in general government
- \$ 155,833 increase in public safety
- \$ 15,500 increase in highways and public improvements
- \$ 95,500 increase in debt service
- \$ 120,529 increase in transfers out

Capital Asset and Debt Administration

Capital Assets

Daggett County's investment in capital assets for all activities as of December 31, 2014 amounted to \$24,252,420. Capital asset investments include land, right of ways, water rights, buildings, improvements other than buildings and equipment. Roads, highways, and bridges are incorporated in the infrastructure, as summarized below:

Table 3
Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Land	\$ 215,063	\$ 9,476,350	\$ 12,239,941	\$ 1,753,928	\$ 12,455,004	\$ 11,230,278
Water rights		886,462				886,462
Buildings	2,672,300	2,843,443	304,434	11,066	2,976,734	2,854,509
Improvements other than buildings	431,858	2,073,094	4,387,223	2,732,156	4,819,081	4,805,250
Equipment	1,622,099	1,599,497	73,315	45,002	1,695,414	1,644,499
Infrastructure	2,270,697	2,483,297	773,822	334,058	3,044,519	2,817,355
Work in process	6,163		57,611	14,067	20,230	14,067
Total	\$ 7,218,180	\$ 19,362,143	\$ 17,836,346	\$ 4,890,277	\$ 25,010,982	\$ 24,252,420

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

Long-Term Debt

The Jail Fund accounts for resources obtained and used for the payment of principal and interest on long-term obligations and on general obligation bonds, and for operations of jail, which are funded through inmate fees. Although the Jail is accumulating funds to make debt payments the bonds are general obligation debt. The amount of debt a governmental entity may issue is limited to 2 percent of its total fair market value of taxable property. Daggett County currently has general obligation debt of \$1,538,000.

During the 2015 year the component unit, Flaming Gorge Roads & Transportation Special Service District has outstanding Mineral Lease Revenue Bonds of \$470,000.

Long-Term Debt (Continued)

The following table is a summary of Daggett County's gross outstanding long-term debt as of December 31, 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Compensated absences	\$ 125,327	\$ 203,839	\$ 1,808	\$ 8,579
Capital lease payable	291,139	307,818		
GO Bond, Series 1998B	55,000	63,000		
GO Bond, Series 2008	1,483,000	1,568,000		
Revenue Bond, Series 2008A	335,000	368,000		
Revenue Bond, Series 2008B	135,000	148,000		
Total outstanding debt	<u>\$ 2,424,466</u>	<u>\$ 2,658,657</u>	<u>\$ 1,808</u>	<u>\$ 8,579</u>

More detailed information about the County's long-term liabilities is available in the notes to the financial statements.

Business-Type Activities

Enterprise Funds are used to report the functions presented as *business-type activities* shown in the above charts and in the government-wide statements. The activity of the Enterprise Fund experienced a decrease in net position due to grant revenues received, interest income and charges for water and sewer services. The fund financial statements provide more detail and additional information for the County's Enterprise Fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Daggett County paid off the 2008 revenue bonds but are in the process of acquiring new revenue bonds for a project to replace a water tank in Dutch John. It is anticipated that the total project budget will be \$1,020,000. Also, the Town of Dutch John was officially certified by the Lieutenant Governor's office on July 29th, so from August 1, 2015 forward, the Town will be receiving their portion of sales tax which will reduce revenue for the County. It is also anticipated that expenditures will be reduced with this incorporation, but exactly how much and which expenditures is yet to be negotiated. Regardless, the incorporation of Dutch John will have an economic impact on the County.

Contacting the County's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and show accountability for the money it receives. If you have questions about this report or need additional financial information, contact Keri Pallesen, Daggett County Auditor/Recorder, P.O. Box 219, Manila, Utah 84046 or kpallesen@daggettcountry.org.

DAGGETT COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	PRIMARY GOVERNMENT		
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,250,659	\$ 192,426	\$ 4,443,085
Investments in stock	505		505
Accounts receivable - net	8,029	132,932	140,961
Property taxes receivable	417,954		417,954
Due from other governmental units	371,415		371,415
Prepaid expenses	117,062		117,062
Cash and cash equivalents - restricted	785,328		785,328
Capital assets (net of accumulated depreciation):			
Land	9,476,350	1,753,928	11,230,278
Water rights	886,462		886,462
Infrastructure	2,483,297	334,058	2,817,355
Buildings	2,843,443	11,066	2,854,509
Improvements other than buildings	2,073,094	2,732,156	4,805,250
Equipment	1,599,497	45,002	1,644,499
Work in progress		14,067	14,067
	\$ 25,313,095	\$ 5,215,635	\$ 30,528,730
<u>LIABILITIES</u>			
Accounts payable	\$ 157,062	\$ 12,465	\$ 169,527
Accrued liabilities	22,324		22,324
Unearned revenue	8,675		8,675
Bond interest payable	6,520		6,520
Capital lease - current	73,414		73,414
Bond payable - current	142,000		142,000
Capital lease - noncurrent	217,725		217,725
Bonds payable - noncurrent	1,866,000		1,866,000
Compensated absences	125,327	1,808	127,135
	\$ 2,619,047	\$ 14,273	\$ 2,633,320
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	\$ 16,969,504	\$ 4,890,277	\$ 21,859,781
Restricted for:			
Class "B" roads	274,276		274,276
RDA	497,106		497,106
Flaming Gorge Roads & Transportation S.S.D.	2,484,147		2,484,147
Unrestricted	2,469,015	311,085	2,780,100
	\$ 22,694,048	\$ 5,201,362	\$ 27,895,410

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

DAGGETT COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Function/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary government:							
Governmental activities:							
General government	\$ 1,403,885	\$ 232,568		\$ 4,700	\$ (1,166,617)		\$ (1,166,617)
Public safety	3,376,209	2,264,070	\$ 92,791		(1,019,348)		(1,019,348)
Public health	118,426		25,660		(92,766)		(92,766)
Highways and public improvements	1,011,267		400,431		(610,836)		(610,836)
Parks, recreation and public property	57,677	20,387	5,114		(32,176)		(32,176)
Community and economic development	180,546		19,526		(161,020)		(161,020)
Interest on long-term debt	73,931				(73,931)		(73,931)
Total governmental activities	\$ 6,221,941	\$ 2,517,025	\$ 543,522	\$ 4,700	\$ (3,156,694)		\$ (3,156,694)
Business-type activities:							
Enterprise - Dutch John	\$ 242,458	\$ 241,937				\$ (521)	\$ (521)
Enterprise - Low income housing	17,545	2,102				(15,443)	(15,443)
Total business-type activities	\$ 260,003	\$ 244,039	\$...	\$...	\$...	\$ (15,964)	\$ (15,964)
Total primary government	\$ 6,481,944	\$ 2,761,064	\$ 543,522	\$ 4,700	\$ (3,156,694)	\$ (15,964)	\$ (3,172,658)
General revenues:							
Property taxes					\$ 1,072,566		\$ 1,072,566
Sales and use taxes					112,480		112,480
County option and Medical Service sales taxes					41,627		41,627
911 Surcharge					8,454		8,454
Restaurant tax revenue					20,458		20,458
Transient room taxes					78,995		78,995
Rural hospital taxes					163,349		163,349
Payment in lieu of taxes					162,792		162,792
Assessing & collecting taxes					213,432		213,432
Mineral lease revenue					519,734		519,734
Unrestricted investment earnings					23,727	\$ 136	23,863
Gain on sale of capital assets					67,217	(25,550)	41,667
Miscellaneous					263,838		263,838
Total general revenues and transfers					\$ 2,748,669	\$ (25,414)	\$ 2,723,255
Change in net assets					\$ (408,025)	\$ (41,378)	\$ (449,403)
Net position - beginning					10,461,702	18,127,887	28,589,589
Prior period adjustment					12,640,371	(12,885,147)	(244,776)
Net position - ending					\$ 22,694,048	\$ 5,201,362	\$ 27,895,410

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

**DAGGETT COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	GENERAL FUND	JAIL	FLAMING GORGE ROADS AND TRANSPORTATION SPECIAL SERVICE DISTRICT	DUTCH JOHN TOWN	RURAL HOSPITAL TAX	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>							
Cash and cash equivalents	\$ 284,644		\$ 2,787,245	\$ 319,527	\$ 459,315	\$ 530,059	\$ 4,380,790
Restricted cash and cash equivalents	25		48,000			737,303	785,328
Investments in stock	505						505
Accounts receivable (net)	1,429	\$ 75		6,350		175	8,029
Property taxes receivable	294,346	57,937				65,671	417,954
Due from other governments	79,925	107,662	118,902	3,720		61,206	371,415
Prepaid expenses	117,062						117,062
Total assets	\$ 777,936	\$ 165,674	\$ 2,954,147	\$ 329,597	\$ 459,315	\$ 1,394,414	\$ 6,081,083
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Cash deficit		\$ 130,131					\$ 130,131
Accounts payable	\$ 69,603	12,701		\$ 19,706	\$ 33,133	\$ 21,919	157,062
Accrued liabilities	22,324						22,324
Unearned revenue						8,675	8,675
Total liabilities	\$ 91,927	\$ 142,832	\$...	\$ 19,706	\$ 33,133	\$ 30,594	\$ 318,192
Fund balances:							
Nonspendable:							
Prepays	\$ 117,062						\$ 117,062
Restricted for:							
Class "B" Road						\$ 274,276	274,276
Flaming Gorge Roads & Transportation S.S.D.			\$ 48,000				48,000
Redevelopment Agency						497,106	497,106
Assigned for:							
Special Revenue		\$ 22,842		\$ 309,891	\$ 426,182	539,848	1,298,763
Capital Projects			2,458,673			52,590	2,511,263
Debt Service			437,610				437,610
Unassigned	568,947		9,864				578,811
Total fund balances	\$ 686,009	\$ 22,842	\$ 2,954,147	\$ 309,891	\$ 426,182	\$ 1,363,820	\$ 5,762,891
Total liabilities and fund balances	\$ 777,936	\$ 165,674	\$ 2,954,147	\$ 329,597	\$ 459,315	\$ 1,394,414	\$ 6,081,083

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

**DAGGETT COUNTY
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014**

Total fund balances - governmental fund types: \$ 5,762,891

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 19,362,143

Land	\$	9,476,350
Water rights		886,462
Infrastructure		2,483,297
Buildings		2,843,443
Improvements other than buildings		2,073,094
Equipment		<u>1,599,497</u>
Total	\$	<u>19,362,143</u>

Long-term liabilities, including capital leases and bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (2,430,986)

Bond interest payable	\$	(6,520)
Capital lease - current portion		(73,414)
Capital lease - due in more than one year		(217,725)
Bonds payable - current portion		(142,000)
Bonds payable - due in more than one year		(1,866,000)
Compensated absences		<u>(125,327)</u>
Total	\$	<u>(2,430,986)</u>

Net position of government activities \$ 22,694,048

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

DAGGETT COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	GENERAL FUND	JAIL	FLAMING GORGE ROADS AND TRANSPORTATION SPECIAL SERVICE DISTRICT	DUTCH JOHN TOWN	RURAL HOSPITAL TAX	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Taxes	\$ 1,059,185	\$ 175,941			\$ 163,349	\$ 312,886	\$ 1,711,361
Licenses and permits	39,666						39,666
Intergovernmental revenues	255,532		\$ 529,706	\$ 23,835		421,675	1,230,748
Charges for services	1,018,133	1,309,597		54,950		116,742	2,499,422
Fines and forfeitures	29,654						29,654
Interest income	11,408		10,060	601		1,658	23,727
Other revenues	245,277	715				123,611	369,603
Total revenues	\$ 2,658,855	\$ 1,486,253	\$ 539,766	\$ 79,386	\$ 163,349	\$ 976,572	\$ 5,904,181
EXPENDITURES:							
General government	\$ 977,894			\$ 114,685		\$ 265,268	\$ 1,357,847
Public safety	1,788,942	\$ 1,410,232				140,077	3,339,251
Public health	4,306				\$ 94,646		98,952
Highways and public improvements	43,247		\$ 148,913	38,049		658,440	888,649
Parks, recreation, and public property	264					45,210	45,474
Community and economic development						183,271	183,271
Debt service:							
Principal retirement	80,464	93,000	46,000				219,464
Interest and fiscal charges	2,360	70,359					72,719
Total expenditures	\$ 2,897,477	\$ 1,573,591	\$ 194,913	\$ 152,734	\$ 94,646	\$ 1,292,266	\$ 6,205,627
Excess revenues over (under) expenditures	\$ (238,622)	\$ (87,338)	\$ 344,853	\$ (73,348)	\$ 68,703	\$ (315,694)	\$ (301,446)
OTHER FINANCING SOURCES (USES):							
Capital lease financing	\$ 156,850						\$ 156,850
Transfers in	16,027	\$ 155,136				\$ 24,203	195,366
Transfers out	(185,366)				\$ (10,000)		(195,366)
Total other financing sources (uses)	\$ (12,489)	\$ 155,136	\$...	\$...	\$ (10,000)	\$ 24,203	\$ 156,850
Excess of revenues and other sources over (under) expenditures and other uses	\$ (251,111)	\$ 67,798	\$ 344,853	\$ (73,348)	\$ 58,703	\$ (291,491)	\$ (144,596)
FUND BALANCES - beginning of year	937,120	(44,956)	2,609,294	383,239	367,479	1,655,311	5,907,487
FUND BALANCES - end of year	\$ 686,009	\$ 22,842	\$ 2,954,147	\$ 309,891	\$ 426,182	\$ 1,363,820	\$ 5,762,891

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

DAGGETT COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

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

Net changes in fund balances - total governmental funds \$ (144,596)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

General government	\$	11,757	
Highways and public improvements		159,651	
Public safety		150,623	
Capital outlay		<u>6,163</u>	
Total assets shown as expenditures		\$ 328,194	
Less: depreciation		<u>(641,271)</u>	
Difference between expenditure and depreciation			(313,077)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets

Gain on sale of capital assets	\$	<u>(89,829)</u>	
Net change in capital asset transactions			(89,829)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. 60,965

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (Compensated Absences) 78,512

Change in net position of governmental activities \$ (408,025)

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

**DAGGETT COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	DUTCH JOHN ENTERPRISE	NON-MAJOR LOW INCOME HOUSING	TOTAL BTAs
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 185,840	\$ 6,586	\$ 192,426
Accounts receivable (net)	18,216	114,716	132,932
Total current assets	\$ 204,056	\$ 121,302	\$ 325,358
Capital Assets:			
Land	\$ 1,753,928		\$ 1,753,928
Infrastructure	372,927		372,927
Buildings	13,978		13,978
Improvements	2,964,995		2,964,995
Machinery and equipment	65,971		65,971
Work in progress	14,067		14,067
Less accumulated depreciation	(295,589)		(295,589)
Total capital assets	\$ 4,890,277	\$...	\$ 4,890,277
Total assets	\$ 5,094,333	\$ 121,302	\$ 5,215,635
<u>LIABILITIES AND NET POSITION</u>			
Current Liabilities:			
Accounts payable	\$ 12,465		\$ 12,465
Total current liabilities	\$ 12,465	\$...	\$ 12,465
Noncurrent Liabilities:			
Compensated absences	\$ 1,808		\$ 1,808
Total noncurrent liabilities	\$ 1,808	\$...	\$ 1,808
Total liabilities	\$ 14,273	\$...	\$ 14,273
Net Position			
Investment in capital assets, net of related debt	\$ 4,890,277		\$ 4,890,277
Unrestricted	189,783	\$ 121,302	311,085
Total net position	\$ 5,080,060	\$ 121,302	\$ 5,201,362

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

DAGGETT COUNTY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS		
	DUTCH JOHN ENTERPRISE	NON-MAJOR LOW INCOME HOUSING	TOTAL BTAs
Operating Revenues:			
Charges for services	\$ 226,064	\$ 2,102	\$ 228,166
Other revenue	15,873		15,873
Total operating revenues	<u>\$ 241,937</u>	<u>\$ 2,102</u>	<u>\$ 244,039</u>
Operating Expenses:			
Salaries, wages and benefits	\$ 44,329		\$ 44,329
Administration costs	7,500		7,500
Insurance	3,369		3,369
Repairs & Maintenance	3,637	\$ 479	4,116
Supplies	1,257		1,257
Contractual services	5,057		5,057
Utilities	17,466		17,466
Miscellaneous	3,793		3,793
Travel	2,875		2,875
Water treatment & Distribution	38,480		38,480
Sewer Treatment & Collection	3,602		3,602
Garbage Collection	34,116		34,116
Bad debt expense	3,109		3,109
Amortization		17,066	17,066
Depreciation	73,868		73,868
Total operating expenses	<u>\$ 242,458</u>	<u>\$ 17,545</u>	<u>\$ 260,003</u>
Operating income (loss)	<u>\$ (521)</u>	<u>\$ (15,443)</u>	<u>\$ (15,964)</u>
Nonoperating Revenues (Expenses):			
Interest income	\$ 136		\$ 136
Loss of sale of capital assets	(25,550)		(25,550)
Total nonoperating revenues (expenses)	<u>\$ (25,414)</u>	<u>\$...</u>	<u>\$ (25,414)</u>
Change in net position	<u>\$ (25,935)</u>	<u>\$ (15,443)</u>	<u>\$ (41,378)</u>
Total net position - beginning	17,952,668	175,219	18,127,887
Prior period adjustment	(12,846,673)	(38,474)	(12,885,147)
Total net position - ending	<u>\$ 5,080,060</u>	<u>\$ 121,302</u>	<u>\$ 5,201,362</u>

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

**DAGGETT COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	DUTCH JOHN ENTERPRISE	NON-MAJOR LOW INCOME HOUSING	TOTAL BTA's
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 236,204	\$ 4,600	\$ 240,804
Cash payments to suppliers	(119,198)	(479)	(119,677)
Cash payments to employees	(51,100)		(51,100)
Net cash provided (used) by operating activities	<u>\$ 65,906</u>	<u>\$ 4,121</u>	<u>\$ 70,027</u>
Cash Flows From Investing Activities:			
Interest and dividends received	\$ 136		\$ 136
Net cash provided (used) by investing activities	<u>\$ 136</u>	<u>\$...</u>	<u>\$ 136</u>
Net increase (decrease) in cash and cash equivalents	\$ 66,042	\$ 4,121	\$ 70,163
Cash and cash equivalents, January 1	119,798	2,465	122,263
Cash and cash equivalents, December 31	<u>\$ 185,840</u>	<u>\$ 6,586</u>	<u>\$ 192,426</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (521)	\$ (15,443)	\$ (15,964)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 73,868		\$ 73,868
Amortization expense		\$ 17,066	17,066
(Increase) Decrease in accounts receivable	(5,733)	2,498	(3,235)
Increase (Decrease) in accounts payable	5,063		5,063
Increase (Decrease) in compensated absences	(6,771)		(6,771)
Total adjustments	<u>\$ 66,427</u>	<u>\$ 19,564</u>	<u>\$ 85,991</u>
Net cash provided (used) by operating activities	<u>\$ 65,906</u>	<u>\$ 4,121</u>	<u>\$ 70,027</u>

Noncash Investing, Capital and Financing Activities:

During the year ended December 31, 2014, the County reported the transfer of net capital assets from the Dutch John Enterprise to the Dutch John Redevelopment Agency (a governmental fund) in the net amount of \$12,640,371. The County's Dutch John Enterprise Fund also removed capital assets in the net amount of \$206,302 for capital assets recorded on their financial records, which had been disposed of several years earlier.

The Low Income Housing Fund reduced the payment subsidy receivable by \$38,474 to reflect the change, which should have been recorded in prior years.

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

DAGGETT COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	<u>EMT FUNDRAISING</u>	<u>COURT FINES</u>	<u>BAIL</u>	<u>TOTAL TRUST FUND</u>	<u>AGENCY FUND</u>
<u>ASSETS</u>					
Cash & cash equivalents	\$ 1,200	\$ 17,752	\$ 10,050	\$ 29,002	\$ 903,574
Total assets	<u>\$ 1,200</u>	<u>\$ 17,752</u>	<u>\$ 10,050</u>	<u>\$ 29,002</u>	<u>\$ 903,574</u>
<u>LIABILITIES</u>					
Accounts payable		\$ 1,817		\$ 1,817	
Due taxing units					\$ 903,574
Total liabilities	<u>\$...</u>	<u>\$ 1,817</u>	<u>\$...</u>	<u>\$ 1,817</u>	<u>\$ 903,574</u>
<u>NET POSITION</u>					
Restricted	\$ 1,200	\$ 15,935	\$ 10,050	\$ 27,185	
Total net position	<u>\$ 1,200</u>	<u>\$ 15,935</u>	<u>\$ 10,050</u>	<u>\$ 27,185</u>	<u>\$...</u>

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

DAGGETT COUNTY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>EMT FUNDRAISING</u>	<u>COURT FINES</u>	<u>BAIL</u>	<u>TOTAL TRUST FUND</u>
Operating revenues:				
Charges for services		\$ 6,532	\$ 2,640	\$ 9,172
Fines and fees		23,571	220	23,791
Other revenues		14,506		14,506
		<hr/>		<hr/>
Total operating revenues	\$...	\$ 44,609	\$ 2,860	\$ 47,469
		<hr/>		<hr/>
Operating expenses:				
Public safety			\$ 4,178	\$ 4,178
Payments to other governments		\$ 44,136		44,136
		<hr/>		<hr/>
Total operating expenses	\$...	\$ 44,136	\$ 4,178	\$ 48,314
		<hr/>		<hr/>
Change in net position		\$ 473	\$ (1,318)	\$ (845)
		<hr/>		<hr/>
Total net position - beginning	\$ 1,200	15,462	11,368	28,030
		<hr/>		<hr/>
Total net position - ending	\$ 1,200	\$ 15,935	\$ 10,050	\$ 27,185
		<hr/> <hr/>		<hr/> <hr/>

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

DAGGETT COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, (as amended by GASB Statement 37) Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:
 - A Management's Discussion and Analysis (MD&A) providing an analysis of the County's overall financial position and results of operations.
 - Financial statements prepared using full-accrual accounting for all the County's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

A. Reporting Entity

Daggett County, Utah (the County) operates under a three-member County Commission form of government. The County provides the following services: Countywide services, such as those provided by elected officials (including assessing and collecting property taxes for all taxing districts in the County), health and human services to the unincorporated areas, such as fire and police protection, developmental services, streets, highways, planning and zoning, animal services and justice courts.

For financial reporting purposes, Daggett County has included all funds, organizations, account groups, agencies, boards and commissions. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific burdens on the County.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. **Reporting Entity (Continued)**

As required by generally accepted accounting principles, these financial statements present the County (Primary Government) and its component units. Flaming Gorge Roads & Transportation Special Service District a blending component unit is included in the County's reporting entity because of the significance of its operational or financial relationships with the County. Complete financial statements as noted below, can be obtained from their respective administrative offices in Manila, Utah.

Blended Component Units

This component unit is an entity, which is legally separate from the County, but is so intertwined with County that it is, in substance, the same as the County and is reported as part of the County and blended into the appropriate funds.

Flaming Gorge Road and Transportation Special Service District – The District was created by the adoption of a resolution establishing a service district. The District has been established as a separate body politic and corporate. The County appointed the board governing the District. The District was created for the purpose of building, maintaining or improving roads within the District's boundaries. The District was audited and their report was issued under separate cover. An audit report can be obtained from their administrative office in Manila, Utah.

Related Organizations

Daggett County Water and Sewer District - The District was created for the greatest beneficial use of water within the County. The County appoints the directors of the District.

B. **Government-Wide and Fund Financial Accounting**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods and services and sales of land.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses can include certain indirect costs (administrative overhead charges) that are automatically allocated to the various functions.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Government-Wide and Fund Financial Accounting (Continued)**

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 items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (non-major) funds.

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental-Wide and Proprietary Financial Statements -The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statement, rather than as another financing source. Amounts paid to reduce long-term debt of the County are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include accumulated unpaid compensated absences and principal and interest on general long-term debt which are recognized when due.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The County reports the following major governmental funds:

- General Fund – The General Fund accounts for all activities not accounted for by other funds of the County. The principal source of revenue for this fund is taxes.
- Jail Fund – The Jail Fund is used to account for revenues and expenditures used to cover the cost of operating the Daggett County Jail facility.
- Flaming Gorge Road and Transportation Special Service District – The District was created for the purpose of receiving mineral lease money and using these fund to construct, improve and repair County roads for the benefit for the citizens of the County.
- Dutch John Town – The Dutch John fund is used to account for revenues and expenditures used to operate the town of Dutch John.
- Rural Hospital Tax Fund - The Rural Hospital Tax Fund is used to account for revenues and expenses used to subsidize the medical clinic and EMS.

The County’s non-major governmental funds include other special revenue funds and capital project funds. The non-major special revenue funds account for specific revenue sources that are legally restricted to expenditures, for specified purposes. The capital project funds accounts for resources obtained and used for the acquisition, construction or improvement of certain capital facilities. Such resources are derived principally from proceeds of debt instruments and operating transfers from the County’s General Fund.

Proprietary Fund Financial Statements – Proprietary fund types include an enterprise fund used to account for the goods and services provided by the Dutch John Fund to citizens who live in the Dutch John area and an enterprise fund for low income housing projects. The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.

The county reports the following major proprietary funds:

- Dutch John Fund – The Dutch John Fund accounts for the resources collected and expenditures incurred for providing utility services to residents within the Dutch John area. The Dutch John Fund also accounts for funds received from the sale of land and expenditures used for infrastructure improvements.

The County’s non-major governmental funds includes the Low-Income Housing Fund. This fund accounts for the resources collected and expenditures incurred during the construction and subsequent sale of housing to qualified individuals.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Fiduciary Fund Financial Statements – Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other organizations or individuals. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The county has several types of fiduciary funds.

- Agency Funds – Agency Funds are used to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency Funds include Treasurer’s Tax Collection fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.
- Trust Funds – The County has the following trust funds, EMT Fundraising, Court Fines, and Bail Fund, which it manages in a trustee capacity.

Interfund Transactions – Interfund transactions represent transactions between different funds within the County. In general, interfund activity, including internal service fund transactions have been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenditures resulting from such transactions. Interfund services provided and used between different functional categories, however, have not been eliminated from the government-wide financial statement so as not to distort the direct costs and program revenues reported in the various functions concerned.

Transfers between governmental and business-type activities are reported at the net amount in the government-wide Statement of Activities. Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position except for those amounts due between governmental and business-type activities. Such amounts are reported at the net amount as "internal balances" and offset each other to result in a zero balance in the total column.

Program Revenues/Operating Revenues and Expenses From Non-Operating Items – Amounts reported as program revenues include 1) charges for fees, rental, material, supplies, or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations.

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Budgetary Data

Budgets are presented on the modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary funds. Budgets are not adopted for the trust and agency fund. All annual appropriations lapse at fiscal year end. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. A formal budget is adopted for all funds, which require a budget: all general, special revenue, debt service, capital projects, and enterprise funds. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditure for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
2. By November 1, the County Auditor submits to the County Commission a proposed operating budget for the fiscal year for all funds beginning January 1.
3. The County Commission discusses and approves the budget and sets a date for a public hearing on the proposed budget.
4. A public hearing is held to obtain taxpayer comments and the budget is adopted.
5. The County Commission can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing. (The budgets of other funds may be increased after giving public notice.)

E. Cash and Cash Equivalents and Investments

Cash and investment management in the County is administered by the County Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah code. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

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

Statements of cash flow are presented for proprietary funds under the direct method.

G. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation, comp-time and sick pay benefits. An estimate of sick leave liability, comp-time and vacation pay is accrued when incurred in government-wide financial statements and proprietary funds and reported as a liability.

Accrued unpaid vacation pay and other employee benefit amounts, which vest to the employee in the government-wide financial statements for governmental activities total \$125,327 and for proprietary funds total \$1,808.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. **Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

I. **Capital Assets**

Capital assets include land, water rights, right of ways, buildings, improvements other than buildings, machinery and equipment, infrastructure (roads and bridges) and work-in-progress. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Position under governmental or business-type activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life greater than one year and costing at least \$5,000. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as was the case with certain infrastructure), the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

When constructing capital assets, interest expense incurred relating to governmental or proprietary activities is capitalized.

Depreciation of all exhaustible capital assets is charged as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide Statement of Activities. Accumulated depreciation is reported on proprietary fund and government-wide Statement of Net Position. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 years
Improvements	15-20 years
Equipment	5-10 years
Infrastructure	40-50 years

J. **Net Position/Fund Balances**

The difference between assets and liabilities is “Net Position” on the government-wide and proprietary fund financial statements and “Fund Balance” on the governmental fund financial statements. Net position is divided into these categories, investment in capital assets (net of related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, committed, assigned and unassigned.

2. **CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014 was as follows:

Primary Government Governmental activities:	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital assets not being depreciated:				
Land	\$ 111,121	\$ 9,488,070	\$ 122,841	\$ 9,476,350
Rights of Way	103,942	782,520		886,462
Work in Progress	6,163		6,163	
Total capital assets not being depreciated	<u>\$ 221,226</u>	<u>\$ 10,270,590</u>	<u>\$ 129,004</u>	<u>\$ 10,362,812</u>
Capital assets being depreciated:				
Buildings	\$ 4,508,771	\$ 510,892		\$ 5,019,663
Improvements other than buildings	879,587	1,603,407		2,482,994
Machinery and equipment	3,244,829	695,909	\$ 168,397	3,772,341
Infrastructure	5,788,448	830,328		6,618,776
Total capital assets being depreciated	<u>\$ 14,421,635</u>	<u>\$ 3,640,536</u>	<u>\$ 168,397</u>	<u>\$ 17,893,774</u>
Less accumulated depreciation for:				
Buildings	\$ 1,836,471	\$ 339,749		\$ 2,176,220
Improvements other than buildings	380,152	29,748		409,900
Machinery and equipment	1,622,730	658,023	\$ 107,909	2,172,844
Infrastructure	3,585,328	550,151		4,135,479
Total accumulated depreciation	<u>\$ 7,424,681</u>	<u>\$ 1,577,671</u>	<u>\$ 107,909</u>	<u>\$ 8,894,443</u>
Total capital assets, being depreciated, net	<u>\$ 6,996,954</u>	<u>\$ 2,062,865</u>	<u>\$ 60,488</u>	<u>\$ 8,999,331</u>
Governmental activities capital assets, net	<u>\$ 7,218,180</u>	<u>\$ 2,062,865</u>	<u>\$ 60,488</u>	<u>\$ 19,362,143</u>

2. CAPITAL ASSETS (Continued)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 11,457,421		\$ 9,703,493	\$ 1,753,928
Water rights	782,520		782,520	
Construction in progress	57,611		43,544	14,067
Total capital assets not being depreciated	\$ 12,297,552	\$...	\$ 10,529,557	\$ 1,767,995
Capital assets being depreciated:				
Buildings	\$ 536,158		\$ 522,180	\$ 13,978
Improvements other than buildings	4,568,402		1,603,407	2,964,995
Machinery and equipment	482,166	\$ 43,543	459,738	65,971
Infrastructure	1,203,255		830,328	372,927
Total capital assets being depreciated	\$ 6,789,981	\$ 43,543	\$ 3,415,653	\$ 3,417,871
Less accumulated depreciation for:				
Buildings	\$ 231,724	\$ 932	\$ 229,744	\$ 2,912
Improvements other than buildings	181,158	51,681		232,839
Machinery and equipment	408,851	8,824	396,706	20,969
Infrastructure	429,433	12,431	402,995	38,869
Total accumulated depreciation	\$ 1,251,166	\$ 73,868	\$ 1,029,445	\$ 295,589
Total capital assets, being depreciated, net	\$ 5,538,815	\$ (30,325)	\$ 2,386,208	\$ 3,122,282
Business-type activities capital assets, net	\$ 17,836,367	\$ (30,325)	\$ 12,915,765	\$ 4,890,277
Depreciation expense was charged to functions/programs of the primary government as follows:				
Governmental activities:				
General government			\$ 72,228	
Public safety			249,329	
Public health			19,474	
Highways and public improvements			288,037	
Parks and recreation			12,203	
Total depreciation expense - governmental activities			\$ 641,271	
Business-type activities:				
Enterprise - Dutch John			\$ 73,868	
Total depreciation expense - Business-Type Activities			\$ 73,868	
Total depreciation expense			\$ 715,139	

3. LONG-TERM DEBT

Annual debt service requirements to maturity for all bonds and capital leases are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2015	\$ 215,414	\$ 72,678	\$ 288,092
2016	226,546	67,537	294,083
2017	232,186	62,000	294,186
2018	208,993	56,176	265,169
2019	159,000	50,383	209,383
2020-2024	837,000	178,231	1,015,231
2025-2027	420,000	39,440	459,440
	<u>\$ 2,299,139</u>	<u>\$ 526,445</u>	<u>\$ 2,825,584</u>

General Obligation Bonds – General Obligation Bonds payable at December 31, 2014, with their outstanding balances, are comprised of the following individual issues:

Governmental Activities:

General Obligation Bond, Series 2008 in the amount of \$2,031,000, issued on February 1, 2008. Annual principal payments are due each December 15, and range from \$74,000 to \$146,000. Interest payments are due each June 15 and December 15 and range from \$3,395 to \$39,477. The County entered into this agreement for the purpose of refinancing the General Obligation Bond, Series 1998A which was originally issued to finance the cost of acquiring, constructing, improving, or renovating one or more public buildings and other public facilities for public safety including jail facilities along with equipment and furnishings. The loan bears interest in the amount of 4.35%.

\$ 1,483,000

General Obligation Bonds, Series 1998B in the amount of \$150,000, issued on November 4, 1998. Annual principal and interest payments are due each July 1, and range from \$9,580 to \$10,600. The County entered into this agreement for the purpose of financing the cost of constructing, improving, or renovating public facilities and jail complex. The loan bears interest in the amount of 3%.

\$ 55,000

3. **LONG TERM DEBT (Continued)**

Mineral Lease Revenue Bonds – Mineral Lease Revenue Bonds payable at December 31, 2014, with their outstanding balances, are comprised of the following individual issues:

Governmental Activities:

Parity Mineral Lease Revenue Bonds, Series 2008A in the amount of \$500,000 were issued on April 1, 2008. Annual principal payments are due each April 1 beginning in 2010, and range from \$33,000 to \$34,000. The County entered into this agreement through its component unit Flaming Gorge Roads & Transportation Special Service District for the purpose of financing the cost of constructing improvements to certain roads within the boundaries of the District. The loan bears no interest. \$ 335,000

Parity Mineral Lease Revenue Bonds, Series 2008B in the amount of \$200,000 were issued on April 1, 2008. Annual principal payments are due each April 1 beginning in 2010, and range from \$13,000 to \$14,000. The County entered into this agreement through its component unit Flaming Gorge Road & Transportation Special Service District for the purpose of financing the cost of constructing improvements to certain roads within the boundaries of the District. The loan bears no interest. \$ 135,000

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 1,631,000		\$ 93,000	\$ 1,538,000	\$ 96,000
Revenue bonds	516,000		46,000	470,000	46,000
Capital leases	307,817		16,678	291,139	73,414
Compensated Absences	203,839		78,512	125,327	
Governmental activity long-term liabilities	<u>\$ 2,658,656</u>	<u>\$...</u>	<u>\$ 234,190</u>	<u>\$ 2,424,466</u>	<u>\$ 215,414</u>
Business-type activities:					
Compensated Absences	\$ 8,579		\$ 6,771	\$ 1,808	
Business-type activities long-term liabilities	<u>\$ 8,579</u>	<u>\$...</u>	<u>\$ 6,771</u>	<u>\$ 1,808</u>	<u>\$...</u>

3. **LONG-TERM DEBT (Continued)**

Governmental Activity Debt

On November 4, 1998, the County issued General Obligation Bonds Series 1998B in the principal amount of \$150,000 together with interest at 3% per annum. Annual principal and interest payments are due each July 1 and range from \$7,000 to \$10,000. The County entered into this agreement for the purpose of financing the cost of constructing, improving, or renovating public facilities and jail complex. The first payment was due July 1, 2001 and the final payment becomes due July 1, 2020. The repayment schedule is as follow:

Principal Payment Date	Principal	Interest	Total
July 1, 2015	\$ 8,000	\$ 1,650	\$ 9,650
July 1, 2016	9,000	1,410	10,410
July 1, 2017	9,000	1,140	10,140
July 1, 2018	9,000	870	9,870
July 1, 2019	10,000	600	10,600
July 1, 2020	10,000	300	10,300
Total	<u>\$ 55,000</u>	<u>\$ 5,970</u>	<u>\$ 60,970</u>

On February 1, 2008, the County issued General Obligation Refunding Bonds Series 2008 in the principal amount of \$2,031,000 together with interest of 4.35% per annum. The bonds begin accruing interest on the unpaid balance of the principal on February 1, 2008 with interest payments due on June 15 and December 15, beginning 2008. The interest and principal become payable beginning on December 15, 2008 and mature on December 15, 2027. The purpose for issuing the bonds was to refinance the General Obligation Bond, Series 1998A, which was originally issued to acquire, construct, improve or renovate one or more public buildings and other public facilities for public safety including jail facilities along with equipment and furnishings. The repayment schedule is as follows:

3. **LONG-TERM DEBT (Continued)**

Governmental Activity Debt (Continued)

Principal Payment Date	Principal	Interest	Total
June 15, 2015		\$ 32,421	\$ 32,421
December 15, 2015	\$ 88,000	32,421	120,421
June 15, 2016		30,714	30,714
December 15, 2016	91,000	30,714	121,714
June 15, 2017		28,898	28,898
December 15, 2017	95,000	28,898	123,898
June 15, 2018		26,956	26,956
December 15, 2018	99,000	26,956	125,956
June 15, 2019		24,891	24,891
December 15, 2019	103,000	24,891	127,891
June 15, 2020		22,708	22,708
December 15, 2020	108,000	22,708	130,708
June 15, 2021		20,380	20,380
December 15, 2021	112,000	20,380	132,380
June 15, 2022		17,933	17,933
December 15, 2022	117,000	17,933	134,933
June 15, 2023		15,342	15,342
December 15, 2023	122,000	15,341	137,341
June 15, 2024		12,603	12,603
December 15, 2024	128,000	12,603	140,603
June 15, 2025		9,697	9,697
December 15, 2025	134,000	9,697	143,697
June 15, 2026		6,629	6,629
December 15, 2026	140,000	6,628	146,628
June 15, 2027		3,395	3,395
December 15, 2027	146,000	3,394	149,394
	<u>\$ 1,483,000</u>	<u>\$ 505,131</u>	<u>\$ 1,988,131</u>

On April 1, 2008, the component unit Flaming Gorge Road & Transportation Special Service District issued Parity Mineral Lease Revenue Bonds, Series 2008A in the principal amount of \$500,000. The bonds do not bear interest. Annual principal payments are due each April 1 and range in amount from \$33,000 to \$34,000. The District entered into this agreement for the purpose of financing the cost of constructing improvements to certain roads within the boundaries of the District. The repayment schedule is as follows:

3. **LONG-TERM DEBT (Continued)**

Governmental Activity Debt (Continued)

Principal Payment Date	Principal	Interest	Total
April 1, 2015	\$ 33,000		\$ 33,000
April 1, 2016	33,000		33,000
April 1, 2017	33,000		33,000
April 1, 2018	33,000		33,000
April 1, 2019	33,000		33,000
April 1, 2020	34,000		34,000
April 1, 2021	34,000		34,000
April 1, 2022	34,000		34,000
April 1, 2023	34,000		34,000
April 1, 2024	34,000		34,000
Total	<u>\$ 335,000</u>	<u>\$...</u>	<u>\$ 335,000</u>

On April 1, 2008, the component unit Flaming Gorge Road & Transportation Special Service District issued Parity Mineral Lease Revenue Bonds, Series 2008B in the principal amount of \$200,000. The bonds do not bear interest. Annual principal payments are due each April 1 and range in amount from \$13,000 to \$14,000. The District entered into this agreement for the purpose of financing the cost of constructing improvements to certain roads within the boundaries of the District. The repayment schedule is as follows:

Principal Payment Date	Principal	Interest	Total
April 1, 2015	\$ 13,000		\$ 13,000
April 1, 2016	13,000		13,000
April 1, 2017	13,000		13,000
April 1, 2018	13,000		13,000
April 1, 2019	13,000		13,000
April 1, 2020	14,000		14,000
April 1, 2021	14,000		14,000
April 1, 2022	14,000		14,000
April 1, 2023	14,000		14,000
April 1, 2024	14,000		14,000
Total	<u>\$ 135,000</u>	<u>\$...</u>	<u>\$ 135,000</u>

4. CAPITAL LEASES

Primary Government

Daggett County has entered into lease agreements as a lessee for financing the acquisition of vehicles for the Public Safety and General Government functions of the General Fund, a governmental fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 440,483
Less: Accumulated Depreciation	<u>(68,201)</u>
Net assets	<u>\$ 372,282</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 were as follows:

<u>Years Ending December 31,</u>	<u>Governmental Activities</u>
2015	\$ 79,600
2016	85,245
2017	85,251
2018	<u>56,388</u>
Total minimum lease payments	\$ 306,484
Less: amount representing interest	<u>(15,345)</u>
Present value of minimum lease payments	<u>\$ 291,139</u>

5. DEPOSITS AND INVESTMENTS

It is the County's policy to follow the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) (the Act) in handling its depository and investment transactions. The Act creates the Utah Money Management Council (the "Council"), a five-member body, appointed by the Governor of the State, which exercises oversight of public deposits and investments.

The County maintains a cash and investment pool that is used by all funds. Each major fund's portion of this pool, and the aggregate portion of the pool relating to non-major funds, is displayed on the Balance Sheet for Governmental Funds and the Statement of Net Position for proprietary funds, respectively, as "cash and cash equivalents and investments." Total non-fiduciary cash and investments are also reflected on the government-wide Statement of Net Position. The fiduciary fund's portion is found on the Statement of Fiduciary Assets and Liabilities. Income from the investment of the pooled cash is allocated based on each fund's balance in the pool. In addition, cash is separately held by several funds.

Custodial Credit Risk-Deposits

The Act requires the depositing of public funds only in a "qualified depository" or a "permitted depository". A "qualified depository" is a Utah depository institution, which complies with capital ratios and public deposit limits established by rule of the Council and which has been certified by the State Commissioner of Financial Institutions for deposit of public funds. A "permitted depository" is an out-of-state financial institution that meets quality criteria established by rule of the Council. The custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be recovered.

The County's deposits are insured up to \$250,000, per account by the Federal Deposit Insurance Corporation. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Uninsured deposits are not collateralized nor are they required to be by State statute. At December 31, 2014, the bank balance of the County's deposits was \$91,742.

Investments

Investments are recorded at fair value or at cost where there is no material difference from fair value based upon quoted market prices as of December 31, 2014, with the difference between the purchase price and market price being recorded as interest income.

The Act also defines the types of securities allowed as appropriate investments for the County and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories, certified dealers, or directly with the issuer of the securities.

Allowable investments under the Act include:

- Negotiable or nonnegotiable deposits of qualified depositories and permitted depositories.
- Repurchase agreements with qualified depositories or government security dealers certified by the director of the State Division of Securities as meeting quality criteria established by the State Money Management Council.

5. DEPOSITS AND INVESTMENTS (Continued)

- Commercial paper, which is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Service or Standard and Poor’s, which have a remaining term of 270 days or less.
- Bankers’ acceptances, that are eligible for discount at a Federal reserve bank and which have a remaining term of 270 days or less.
- Obligations of the United States Treasury, including bills, notes, and bonds.
- Obligations other than mortgage pools and other mortgage derivative products issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Farm Credit banks, Federal Home Loan banks, Federal National mortgage Association, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Federal Agriculture Mortgage Corporation, and Tennessee Valley Authority.
- Corporate obligations maturing in two years or less, which are rated “A” or higher by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Service or Standard and Poor’s.
- Shares or certificates in money market mutual funds that comply with Rule 2a-7 of the Securities Exchange Commission.
- Utah Public Treasurer’s Investment Fund.

The carrying amount and fair value of the County’s investments at December 31, 2014 is as follows:

<u>Investment Type</u>	Carrying Amount and Fair Value	<u>Investment Maturities (in years)</u>			
		Less Than 1	1-5	6-10	More Than 10
<u>Debt Securities</u>					
Repurchase Agreements	\$ 2,295,799	\$ 2,295,799			
		<u>\$ 2,295,799</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>
<u>Other Investments</u>					
Investments in Utah Public Treasurer's Investment Pool	<u>2,864,990</u>				
Total investments	<u>\$ 5,160,789</u>				

5. DEPOSITS AND INVESTMENTS (Continued)

The Utah Public Treasurer’s Investment Fund (“the Pool”) is a voluntary external Local Government Investment Pool managed by the Utah State Treasurer to improve investment efficiency and yield. These monies are invested in securities permitted by the Act and contain no withdrawal restrictions other than timely notice of intent to withdraw an amount greater than \$2 million. Investment activity of the State Treasurer in the management of the Pool is reviewed monthly by the Council and is audited by the Utah State Auditor. Monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Government and agency securities consist of U.S. Treasury bonds, notes and bills, Federal Home notes and government mutual funds with underlying securities that are U.S. Treasury bonds, notes and bills.

Interest Rate Risk-Investments

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 interest rate risk is to comply with the Utah 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 and bankers’ acceptances to 270 days or less and to 365 days or less for fixed rate negotiable deposits, and fixed rate corporate obligations. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County and Component Units follows the Utah Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The County’s rated debt investments as of December 31, 2014 were rated by Standard and Poor’s and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor’s rating scale.

	<u>Carrying Amount and Fair Value</u>	<u>Quality Rating</u>
<u>Debt Securities</u>		
Investments in Utah Public Treasurer's Investment Pool		Unrated
Repurchase agreements		Unrated

5. **DEPOSITS AND INVESTMENTS (Continued)**

Custodial Credit Risk-Investment

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the County will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County complies with the custody requirements of the Utah Money Management Act and Rules of the Money Management Council. All investment securities are required to be held by the public treasurer, in safekeeping by a bank or trust company, or in a book-entry-only record maintained by a securities depository, in the Federal Book Entry system or in the book-entry records of the issuer of the security in the name of the public entity. All investment securities are held in a qualified depository certified by the Commissioner of Financial Institutions as adhering to the rules of the Utah Money Management Council or in the book entry records of the issuer of the security.

The County's investments at December 31, 2014 were held by the County or in the County's name by the County's custodial banks except for repurchase agreements with qualified depositories totaling \$2,864,990 where the underlying securities were uninsured and held by the investment's counterparty, not in the name of the County.

Concentration of Credit Risk-Investment

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The County's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5% and 10% depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the United States government and its agencies. The County complies with the concentration limits of Rule 17 of the Utah Money Management Act.

6. **PENSION PLANS**

Daggett County contributes to the Local Governmental Contributory, Local Governmental Noncontributory Retirement System, and the Public Safety Contributory Systems, for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with (without) Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-753-7361.

6. **PENSION PLANS (Continued)**

The required contribution rates in effect from January 1 through December 31, 2014 and figured on the covered salary for all eligible employees is as follows

<u>Utah Retirement Systems</u>	<u>Employee Paid</u>	<u>Paid by Employer For Employee</u>	<u>Employer Contribution Rates</u>
<u>January 2014 - June 2014</u>			
Contributory System:			
Local Governmental Division Tier 2	N/A	N/A	15.11%
Noncontributory System:			
Local Governmental Division Tier 1	N/A	N/A	17.29%
Public Safety System:			
Other Division A Contributory Tier 1		12.29%	20.83%
Other Division A Contributory Tier 2			22.77%
Other Div A Noncontributory Tier 1 July-Dec	N/A	N/A	32.14%
 <u>July 2014 - December 2014</u>			
Contributory System:			
Local Governmental Division Tier 2	N/A	N/A	14.94%
Noncontributory System:			
Local Governmental Division Tier 1	N/A	N/A	18.47%
Public Safety System:			
Other Division A Contributory Tier 1	N/A	12.29%	22.75%
Other Division A Contributory Tier 2	N/A	N/A	22.55%
Other Division A Contributory Tier 1	N/A	N/A	32.14%
Other Div A Noncontributory Tier 2	N/A	N/A	34.04%

6. **PENSION PLANS (Continued)**

The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49. The County's contributions for the current year and each of the two preceding years are as follows:

System	Year Ended 12/31	Employee Paid Contributions	Employer Paid For Employee Contributions	Employer Contributions	Salary Subject to Retirement Contributions
Contributory System:					
Local Governmental Division					
	2014			\$ 10,581	\$ 125,936
	2013			7,768	91,044
	2012			6,497	78,512
Noncontributory System:					
Local Governmental Division Tier 1					
	2014			\$ 136,614	\$ 754,527
	2013			135,783	878,063
	2012			127,536	960,304
Public Safety System:					
Other Division A Contributory Tier 1					
	2014		\$ 12,709	\$ 22,421	\$ 204,352
	2013		14,127	22,939	214,078
	2012		14,152	20,067	214,117
Other Division A Contributory					
	2014			\$ 2,503	\$ 23,008
	2013			3,655	33,038
	2012			431	3,878
Other Division A Noncontributory Tier 1					
	2014			\$ 148,526	\$ 467,951
	2013			132,190	438,294
	2012			115,495	402,863
Defined Contribution System:					
457 Plan					
	2014	\$ 2,600			
	2013	2,600			
	2012	2,600			
401 (k) Plan					
	2014	\$ 37,523	\$ 40,770		
	2013	39,291	43,570		
	2012	37,447	50,708		
Roth IRA Plan					
	2014	\$ 4,410			
	2013	2,340			
	2012	2,340			

7. **CONTINGENT LIABILITIES**

Litigation

Daggett County has one pending lawsuit and/or notice of claim filed subsequent to December 31, 2014. On April 27, 2015, the County received a notice of claim contending Tri-County Health Department, Duchesne County, Roosevelt City, and Daggett and Uintah Counties failed to give an individual equal protection of the laws and due process by violating rules, regulations and statutes. The progress of the case has not progressed past the Notice of Claim that was received. Daggett County plans to contest the case vigorously. The outcome is uncertain as of the date of audit but the County feels the likelihood of an unfavorable outcome is extremely low.

Closure and Post-Closure Cost Landfills

During 2003, Daggett County deeded their ½ interest in the landfill to the Town of Manila on the condition the land would continue to be used, operated, and maintained as a public landfill open and available to the residents of the unincorporated area of Daggett County. If the land is not maintained and operated as a public landfill, open and available to the residents of the unincorporated area of Daggett County, the County may re-enter and repossess their ½ of the landfill. Currently, the County has no responsibility for closure and post-closure costs associated with the landfill.

8. **PROPERTY TAX CALENDAR**

The County adopts, by June 22, the proposed tax rates as part of its budget for the current year, which began January 1. If the proposed rates exceed a certified tax rate, a special public hearing must be held before the final rate is adopted. The County Assessor assesses the final tax on property in the County on the prior January 1. The taxes are payable to the county treasurer by the end of November and are remitted to the County by the county treasurer as collected.

9. **BUDGET VARIANCE**

During the year ended December 31, 2014, the County had unfavorable variances when comparing their budget to actual expenditures in the General fund, the Dutch John Town fund, the Commissary fund and the Low Income Housing fund.

10. **RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1992, the County joined together with other counties in the State to form the Utah Association of Counties (UAC), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual premium to UAC for its general insurance coverage. The Agreement for Formation of the UAC provides that UAC will be self-sustaining through member premiums and will reinsure through commercial companies.

11. **OFF BALANCE SHEET RISK**

Daggett County has bank accounts with balances that are nightly invested in repurchase agreements. These repurchase agreements are not insured nor are they collateralized. By maintaining accounts with banks where funds are not insured or collateralized there is a potential loss of these moneys.

12. **FUND BALANCE RESTRICTIONS/NET POSITION RESTRICTIONS**

The County has restricted the following fund balances of governmental funds:

Class "B" Road	\$ 274,276
RDA	497,106
Flaming Gorge Roads & Transportation	48,000

\$274,276 has been reserved in the "B" Road Fund for the purpose of maintaining, improving, repairing or replacement of "B" roads in Daggett County.

\$497,106 has been reserved in the Redevelopment Agency for the purpose of offering financial incentives to encourage the construction of owner-occupied housing in Dutch John.

\$48,000 has been restricted in Daggett County's component unit – Flaming Gorge Roads and Transportation for the purpose of maintaining, improving repairing and/or replacing roads in Daggett County.

The County has also restricted net position in the Government-wide financial statements. The net position restrictions are the same amounts that have been restricted as fund balances in the fund financial statements.

13. **USE OF ESTIMATES**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

14. **RECONCILIATION OF INTERFUND TRANSFERS**

The following provides a reconciliation of all interfund transfers for the County:

	<u>Transfers In:</u>			<u>Total Out</u>
	<u>Nonmajor Governmental Funds</u>	<u>Jail Fund</u>	<u>General Fund</u>	
Transfer Out:				
General Fund	\$ 30,230	\$ 155,136		\$ 185,366
Nonmajor Funds			\$ 6,027	6,027
Rural Hospital Tax			10,000	10,000
 Total in	 <u>\$ 30,230</u>	 <u>\$ 155,136</u>	 <u>\$ 16,027</u>	 <u>\$ 201,393</u>

The principal purpose of the above interfund transfers was to move funds from the General Fund to cover the loss of income in the Jail Fund, to increase money in nonmajor funds and help eliminate some deficit fund balance in other funds. A transfer was also made out of the Rural Hospital Tax Fund.

15. **RESTRICTED CASH AND CASH EQUIVALENTS**

The County has restricted certain cash and cash equivalents in the government-wide and fund financial statements in the following amounts:

Cash and cash equivalents – restricted \$785,328

The restricted cash and cash equivalents represent \$25 of petty cash and \$48,000 of money restricted for bond covenants to set up reserve accounts. The County has also restricted \$231,522 in “B” Road Fund to be used for the maintenance and improvement of qualified “B” roads. They have restricted \$505,781 in the Dutch John Redevelopment Agency to be used for allowable expenditures within the District’s boundaries.

16. **FUND EQUITY**

In February 2009, GASB issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010. Fund balance classification changes apply only to governmental fund types; thus, only fund financial statements are affected.

Nonspendable Fund Balance – Fund balances are reported as nonspendable when they cannot be spent because they are not spendable in form or are legally or contractually required to be maintained intact.

16. **FUND EQUITY (Continued)**

Restricted Fund Balance - Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, or by law through constitutional provisions or enabling legislation.

Committed Fund Balance-Fund balances are reported as committed when the County Commission, the County's highest level of decision-making authority, formally designates the use of resources, by resolution, for a specific purpose. The same formal action must be taken to remove or change the constraints placed on the resources.

Assigned Fund Balance-Fund balances are reported as assigned when the County intends to use funds, which are neither restricted nor committed, for a specific purpose. Additionally, funds in special revenue and capital project funds are by their nature assigned to the purpose of those respective funds. The County Commission is the body which assigns funds for specific uses.

Unassigned Fund Balance-Fund balances in the general fund are reported as unassigned when they are neither restricted, committed nor assigned. They may be used for any governmental purpose. In other governmental funds, the unassigned classification is only used to report a negative fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the unwritten policy and practice of the County to consider restricted amounts to have been spent first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the unwritten policy and practice of the County that committed amounts will be spent first, followed by assigned amounts, and then unassigned amounts.

The County has not adopted a formal policy regarding a minimum fund balance, but follows Utah State law which requires all County's to maintain a minimum general fund balance equal to 5% of total general fund revenues to be maintained and not budgeted.

17. **PRIOR PERIOD ADJUSTMENTS**

In 2010, Daggett County formed a Redevelopment Agency for the purpose of offering financial incentives to encourage the construction of owner-occupied housing in Dutch John. Shortly after they formed the Redevelopment Agency, they transferred the titles of property out of the Dutch John Enterprise Fund into the Redevelopment Agency, which is a governmental fund. These property transfers were never recorded on financial statements, therefore a prior period adjustment of \$12,640,371 was necessary.

In 2011, Daggett County established a Dutch John Town Fund and transferred title of land, infrastructure, improvements, machinery and equipment, and autos and trucks out of the Dutch John Enterprise fund into the governmental fund Dutch John Town. Although titles were transferred, the recording of the transfers were never recorded in the financial statements, therefore a prior period adjustment of \$12,640,371 is required.

17. **PRIOR PERIOD ADJUSTMENTS (Continued)**

In addition to the above, it was also discovered property had been sold in prior years and not recorded as such, therefore a prior period adjustment of \$206,302 is needed to account for the sale and disposal of certain properties.

In the Low Income Housing Fund, a prior period adjustment of \$38,474 was necessary in order to record prior year amortization and waiver of payment subsidy on sales of housing not recorded in the prior years.

DAGGETT COUNTY

Required Supplementary Information

- SCHEDULE 1 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund
- SCHEDULE 2 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Jail Fund
- SCHEDULE 3 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Flaming Gorge Roads & Transportation Special Service District
- SCHEDULE 4 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Dutch John Town
- SCHEDULE 5 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Rural Hospital Tax Fund

**DAGGETT COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes	\$ 1,104,500	\$ 1,104,500	\$ 1,059,185	\$ (45,315)
Licenses and permits	94,200	36,200	39,666	3,466
Intergovernmental	250,383	265,883	255,532	(10,351)
Charges for services	1,040,150	933,150	1,018,133	84,983
Fines and forfeitures	66,900	30,400	29,654	(746)
Interest income	3,300	3,300	11,408	8,108
Other revenues	21,280	249,780	245,277	(4,503)
Total revenues	\$ 2,580,713	\$ 2,623,213	\$ 2,658,855	\$ 35,642
EXPENDITURES				
General government	\$ 935,831	\$ 1,016,063	\$ 977,894	\$ 38,169
Public safety	1,502,616	1,658,449	1,788,942	(130,493)
Public health	9,620	9,620	4,306	5,314
Highways and public improvements	46,980	62,480	43,247	19,233
Parks, recreation and public property	2,500	2,500	264	2,236
Debt service - principal	32,666	126,166	80,464	45,702
Debt service - interest	1,700	3,700	2,360	1,340
Total expenditures	\$ 2,531,913	\$ 2,878,978	\$ 2,897,477	\$ (18,499)
Excess of revenue over (under) expenditures	\$ 48,800	\$ (255,765)	\$ (238,622)	\$ 17,143
OTHER FINANCING SOURCES (USES)				
Capital lease financing		\$ 157,200	\$ 156,850	\$ (350)
Transfers (out) in (Net)	\$ (48,800)	(169,329)	(169,339)	(10)
Total other financing sources (uses)	\$ (48,800)	\$ (12,129)	\$ (12,489)	\$ (360)
Excess of revenues and other sources over (under) expenditures and other uses		\$ (267,894)	\$ (251,111)	\$ 16,783
Fund balances - beginning of year	\$ 937,120	937,120	937,120	
Fund balances - end of year	<u>\$ 937,120</u>	<u>\$ 669,226</u>	<u>\$ 686,009</u>	<u>\$ 16,783</u>

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

DAGGETT COUNTY
JAIL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes	\$ 162,940	\$ 162,940	\$ 175,941	\$ 13,001
Charges for services	1,594,619	1,300,000	1,309,597	9,597
Other revenues			715	715
Total revenues	<u>\$ 1,757,559</u>	<u>\$ 1,462,940</u>	<u>\$ 1,486,253</u>	<u>\$ 23,313</u>
EXPENDITURES				
Public safety	\$ 1,594,619	\$ 1,410,180	\$ 1,410,232	\$ (52)
Debt Service:				
Principal retirement	93,000	93,000	93,000	
Interest and fiscal charges	69,940	69,940	70,359	(419)
Total expenditures	<u>\$ 1,757,559</u>	<u>\$ 1,573,120</u>	<u>\$ 1,573,591</u>	<u>\$ (471)</u>
Excess of revenue over (under) expenditures	<u>\$...</u>	<u>\$ (110,180)</u>	<u>\$ (87,338)</u>	<u>\$ 22,842</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)		\$ 155,136	\$ 155,136	
Total other financing sources (uses)	<u>\$...</u>	<u>\$ 155,136</u>	<u>\$ 155,136</u>	<u>\$...</u>
Excess of revenues and other sources over (under) expenditures and other uses		\$ 44,956	\$ 67,798	\$ 22,842
Fund balances - beginning of year	\$ (44,956)	(44,956)	(44,956)	
Fund balances - end of year	<u>\$ (44,956)</u>	<u>\$...</u>	<u>\$ 22,842</u>	<u>\$ 22,842</u>

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

DAGGETT COUNTY
FLAMING GORGE ROADS & TRANSPORTATION
SPECIAL SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Intergovernmental	\$ 392,000	\$ 519,753	\$ 529,706	\$ 9,953
Interest income	10,700	9,900	10,060	160
Miscellaneous income	20,000	6,373		(6,373)
Total revenues	<u>\$ 422,700</u>	<u>\$ 536,026</u>	<u>\$ 539,766</u>	<u>\$ 3,740</u>
EXPENDITURES				
Highways and public improvements	\$ 734,934	\$ 169,997	\$ 148,913	\$ 21,084
Debt Service:				
Principal retirement	46,000	46,000	46,000	
Total expenditures	<u>\$ 780,934</u>	<u>\$ 215,997</u>	<u>\$ 194,913</u>	<u>\$ 21,084</u>
Excess of revenue over (under) expenditures	<u>\$ (358,234)</u>	<u>\$ 320,029</u>	<u>\$ 344,853</u>	<u>\$ 24,824</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds				
Total other financing sources (uses)	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (358,234)</u>	<u>\$ 320,029</u>	<u>\$ 344,853</u>	<u>\$ 24,824</u>
Fund balances - beginning of year	<u>2,609,294</u>	<u>2,609,294</u>	<u>2,609,294</u>	
Fund balances - end of year	<u><u>\$ 2,251,060</u></u>	<u><u>\$ 2,929,323</u></u>	<u><u>\$ 2,954,147</u></u>	<u><u>\$ 24,824</u></u>

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

**DAGGETT COUNTY
DUTCH JOHN TOWN FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Intergovernmental		\$ 20,000	\$ 23,835	\$ 3,835
Charges for services			3,233	3,233
Interest Income			601	601
Other revenues	\$ 30,500	30,500	51,717	21,217
Total revenues	<u>\$ 30,500</u>	<u>\$ 50,500</u>	<u>\$ 79,386</u>	<u>\$ 28,886</u>
EXPENDITURES				
General government	\$ 219,100	\$ 117,250	\$ 114,685	\$ 2,565
Highways and public works	30,000	23,100	38,049	(14,949)
Parks & recreation	8,000	8,000		8,000
Total expenditures	<u>\$ 257,100</u>	<u>\$ 148,350</u>	<u>\$ 152,734</u>	<u>\$ (4,384)</u>
Excess of revenue over (under) expenditures	<u>\$ (226,600)</u>	<u>\$ (97,850)</u>	<u>\$ (73,348)</u>	<u>\$ 24,502</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Total other financing sources (uses)	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (226,600)</u>	<u>\$ (97,850)</u>	<u>\$ (73,348)</u>	<u>\$ 24,502</u>
Fund balances - beginning of year	<u>383,239</u>	<u>383,239</u>	<u>383,239</u>	
Fund balances - end of year	<u>\$ 156,639</u>	<u>\$ 285,389</u>	<u>\$ 309,891</u>	<u>\$ 24,502</u>

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

DAGGETT COUNTY
RURAL HOSPITAL TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes	\$ 120,000	\$ 120,000	\$ 163,349	\$ 43,349
Total revenues	\$ 120,000	\$ 120,000	\$ 163,349	\$ 43,349
EXPENDITURES				
Public Health	\$ 100,000	\$ 100,000	\$ 94,646	\$ 5,354
Total expenditures	\$ 100,000	\$ 100,000	\$ 94,646	\$ 5,354
Excess of revenue over (under) expenditures	\$ 20,000	\$ 20,000	\$ 68,703	\$ 48,703
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	\$ (20,000)	\$ (20,000)	(10,000)	\$ 10,000
Total other financing sources (uses)	\$ (20,000)	\$ (20,000)	\$ (10,000)	\$ 10,000
Excess of revenues and other sources over (under) expenditures and other uses			\$ 58,703	\$ 58,703
Fund balances - beginning of year	\$ 367,479	\$ 367,479	367,479	
Fund balances - end of year	<u>\$ 367,479</u>	<u>\$ 367,479</u>	<u>\$ 426,182</u>	<u>\$ 58,703</u>

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

DAGGETT COUNTY
Supplementary Information

**DAGGETT COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	SPECIAL REVENUE FUNDS								
	CLASS "B" ROADS	FOREST SERVICE ROADS	DUTCH JOHN FIRE DEPT	ECONOMIC DEVELOPMT	TRANSIENT ROOM TAX	MUSEUM	DUTCH JOHN REDEVELOP AGENCY	HOMELAND SECURITY	COMMISSARY
<u>ASSETS</u>									
Cash and cash equivalents		\$ 92,322	\$ 1,167	\$ 8,855	\$ 127,154	\$ 19,143		\$ 3,931	\$ 2,830
Restricted cash and cash equivalents	\$ 231,522						\$ 505,781		
Accounts receivable									
Property taxes receivable									
Due from other governmental units	45,879	12,400							2,927
Total assets	\$ 277,401	\$ 104,722	\$ 1,167	\$ 8,855	\$ 127,154	\$ 19,143	\$ 505,781	\$ 3,931	\$ 5,757
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ 3,125			\$ 85	\$ 7,878	\$ 24			\$ 3,579
Unearned revenue							\$ 8,675		
Total liabilities	\$ 3,125	\$...	\$...	\$ 85	\$ 7,878	\$ 24	\$ 8,675	\$...	\$ 3,579
Fund Balances:									
Restricted for:									
Class "B" roads	\$ 274,276								
Redevelopment agency							\$ 497,106		
Assigned for:									
Special revenue		\$ 104,722	\$ 1,167	\$ 8,770	\$ 119,276	\$ 19,119		\$ 3,931	\$ 2,178
Capital projects									
Total fund balances	\$ 274,276	\$ 104,722	\$ 1,167	\$ 8,770	\$ 119,276	\$ 19,119	\$ 497,106	\$ 3,931	\$ 2,178
Total liabilities and fund balances	\$ 277,401	\$ 104,722	\$ 1,167	\$ 8,855	\$ 127,154	\$ 19,143	\$ 505,781	\$ 3,931	\$ 5,757

**DAGGETT COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

SPECIAL REVENUE FUNDS

	RODEO	ASSESSING AND COLLECTING	SHOOTING RANGE	TRAILS	C.E.R.T.	RESTAURANT TAX PARK	SEARCH AND RESCUE	GEO INFO
<u>ASSETS</u>								
Cash and cash equivalents	\$ 4,676	\$ 71,994	\$ 401	\$ 33,297	\$ 400	\$ 61,184	\$ 34,375	\$ 13,945
Restricted cash and cash equivalents								
Accounts receivable	175							
Property taxes receivable		65,671						
Due from other governmental units								
Total assets	<u>\$ 4,851</u>	<u>\$ 137,665</u>	<u>\$ 401</u>	<u>\$ 33,297</u>	<u>\$ 400</u>	<u>\$ 61,184</u>	<u>\$ 34,375</u>	<u>\$ 13,945</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable		\$ 1,687				\$ 2,906	\$ 840	
Unearned revenue								
Total liabilities	<u>\$...</u>	<u>\$ 1,687</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 2,906</u>	<u>\$ 840</u>	<u>\$...</u>
Fund Balances:								
Restricted for:								
Class "B" roads								
Redevelopment agency								
Assigned for:								
Special revenue	\$ 4,851	\$ 135,978	\$ 401	\$ 33,297	\$ 400	\$ 58,278	33,535	\$ 13,945
Capital projects								
Total fund balances	<u>\$ 4,851</u>	<u>\$ 135,978</u>	<u>\$ 401</u>	<u>\$ 33,297</u>	<u>\$ 400</u>	<u>\$ 58,278</u>	<u>\$ 33,535</u>	<u>\$ 13,945</u>
Total liabilities and fund balances	<u>\$ 4,851</u>	<u>\$ 137,665</u>	<u>\$ 401</u>	<u>\$ 33,297</u>	<u>\$ 400</u>	<u>\$ 61,184</u>	<u>\$ 34,375</u>	<u>\$ 13,945</u>

**DAGGETT COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

CAPITAL PROJECTS FUND						TOTAL NONMAJOR GOVERNMENTAL FUNDS
	AMBULANCE	ELECTION	COMPUTER	BUILDING	JAIL	
<u>ASSETS</u>						
Cash and cash equivalents	\$ 1,310	\$ 6,175	\$ 16,619	\$ 19,904	\$ 10,377	\$ 530,059
Restricted cash and cash equivalents						737,303
Accounts receivable						175
Property taxes receivable						65,671
Due from other governmental units						61,206
Total assets	\$ 1,310	\$ 6,175	\$ 16,619	\$ 19,904	\$ 10,377	\$ 1,394,414
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable			\$ 1,795			\$ 21,919
Unearned revenue						8,675
Total liabilities	\$...	\$...	\$ 1,795	\$...	\$...	\$ 30,594
Fund Balances:						
Restricted for:						
Class "B" roads						\$ 274,276
Redevelopment Agency						497,106
Assigned for:						
Special revenue						539,848
Capital projects	\$ 1,310	\$ 6,175	\$ 14,824	\$ 19,904	\$ 10,377	52,590
Total fund balances	\$ 1,310	\$ 6,175	\$ 14,824	\$ 19,904	\$ 10,377	\$ 1,363,820
Total liabilities and fund balances	\$ 1,310	\$ 6,175	\$ 16,619	\$ 19,904	\$ 10,377	\$ 1,394,414

**DAGGETT COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

SPECIAL REVENUE FUNDS										
	CLASS "B" ROADS	FOREST SERVICE ROADS	DUTCH JOHN FIRE DEPT	RDA FINANCING	ECONOMIC DEVELOPMT	TRANSIENT ROOM TAX	MUSEUM	DUTCH JOHN REDEVELOP AGENCY	HOMELAND SECURITY	COMMISSARY
REVENUES:										
Taxes						\$ 78,996				
Intergovernmental	\$ 294,058	\$ 79,467			\$ 19,526				\$ 18,510	
Charges for services										\$ 96,086
Interest Income				\$ 1,087				\$ 571		
Miscellaneous	4,626		\$ 2,500		5,909	1,500	\$ 1,619	48,083		
Total revenues	<u>\$ 298,684</u>	<u>\$ 79,467</u>	<u>\$ 2,500</u>	<u>\$ 1,087</u>	<u>\$ 25,435</u>	<u>\$ 80,496</u>	<u>\$ 1,619</u>	<u>\$ 48,654</u>	<u>\$ 18,510</u>	<u>\$ 96,086</u>
EXPENDITURES:										
General government										
Public safety									\$ 15,324	\$ 99,600
Highways and public improvements	\$ 483,961	\$ 173,146	\$ 1,333							
Parks, recreation and public property							\$ 3,253			
Community and economic development					\$ 49,734	\$ 96,469		\$ 10,129		
Total expenditures	<u>\$ 483,961</u>	<u>\$ 173,146</u>	<u>\$ 1,333</u>	<u>\$...</u>	<u>\$ 49,734</u>	<u>\$ 96,469</u>	<u>\$ 3,253</u>	<u>\$ 10,129</u>	<u>\$ 15,324</u>	<u>\$ 99,600</u>
Excess of revenues over (under) expenditures	<u>\$ (185,277)</u>	<u>\$ (93,679)</u>	<u>\$ 1,167</u>	<u>\$ 1,087</u>	<u>\$ (24,299)</u>	<u>\$ (15,973)</u>	<u>\$ (1,634)</u>	<u>\$ 38,525</u>	<u>\$ 3,186</u>	<u>\$ (3,514)</u>
Other financing sources (uses):										
Transfers in (out)				\$ (523,958)	\$ 11,680	\$ 5,000	\$ 2,000	\$ 483,958		
Total other financing sources (uses)	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ (523,958)</u>	<u>\$ 11,680</u>	<u>\$ 5,000</u>	<u>\$ 2,000</u>	<u>\$ 483,958</u>	<u>\$...</u>	<u>\$...</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (185,277)</u>	<u>\$ (93,679)</u>	<u>\$ 1,167</u>	<u>\$ (522,871)</u>	<u>\$ (12,619)</u>	<u>\$ (10,973)</u>	<u>\$ 366</u>	<u>\$ 522,483</u>	<u>\$ 3,186</u>	<u>\$ (3,514)</u>
Fund Balances - Beginning of year	459,553	198,401		522,871	21,389	130,249	18,753	(25,377)	745	5,692
Fund Balances - End of year	<u>\$ 274,276</u>	<u>\$ 104,722</u>	<u>\$ 1,167</u>	<u>\$...</u>	<u>\$ 8,770</u>	<u>\$ 119,276</u>	<u>\$ 19,119</u>	<u>\$ 497,106</u>	<u>\$ 3,931</u>	<u>\$ 2,178</u>

DAGGETT COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	SPECIAL REVENUE FUNDS									
	RODEO	ASSESSING AND COLLECTING	SHOOTING RANGE	BURBOT BASH	TRAILS	C.E.R.T.	RESTAURANT TAX PARK	SEARCH AND RESCUE	GEO INFO SYSTEM	PREDATOR CONTROL
REVENUES:										
Taxes		\$ 213,432					\$ 20,458			
Intergovernmental				\$ 10,114						
Charges for services	\$ 15,957							\$ 4,699		
Interest Income										
Miscellaneous				26,862		\$ 400		32,085		
Total revenues	\$ 15,957	\$ 213,432	\$...	\$ 36,976	\$...	\$ 400	\$ 20,458	\$ 36,784	\$...	\$...
EXPENDITURES:										
General government		\$ 225,040							\$ 11,154	
Public safety								\$ 25,153		
Highways and public improvements										
Parks, recreation and public property	\$ 18,456				\$ 6,703		\$ 16,798			
Community and economic development				\$ 26,939						
Total expenditures	\$ 18,456	\$ 225,040	\$...	\$ 26,939	\$ 6,703	\$...	\$ 16,798	\$ 25,153	\$ 11,154	\$...
Excess of revenues over (under) expenditures	\$ (2,499)	\$ (11,608)	\$...	\$ 10,037	\$ (6,703)	\$ 400	\$ 3,660	\$ 11,631	\$ (11,154)	\$...
Other financing sources (uses):										
Transfers in (out)				\$ (9,450)	\$ 40,000					\$ (6,027)
Total other financing sources (uses)	\$...	\$...	\$...	\$ (9,450)	\$ 40,000	\$...	\$...	\$...	\$...	\$ (6,027)
Excess of revenues and other sources over (under) expenditures and other uses	\$ (2,499)	\$ (11,608)		\$ 587	\$ 33,297	\$ 400	\$ 3,660	\$ 11,631	\$ (11,154)	\$ (6,027)
Fund Balances - Beginning of year	7,350	147,586	\$ 401	(587)			54,618	21,904	25,099	6,027
Fund Balances - End of year	<u>\$ 4,851</u>	<u>\$ 135,978</u>	<u>\$ 401</u>	<u>\$...</u>	<u>\$ 33,297</u>	<u>\$ 400</u>	<u>\$ 58,278</u>	<u>\$ 33,535</u>	<u>\$ 13,945</u>	<u>\$...</u>

DAGGETT COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>CAPITAL PROJECTS FUND</u>					TOTAL NONMAJOR GOVERNMENTAL FUNDS
	<u>AMBULANCE</u>	<u>ELECTION</u>	<u>COMPUTER</u>	<u>BUILDING</u>	<u>JAIL</u>	
REVENUES:						
Taxes						\$ 312,886
Intergovernmental						421,675
Charges for services						116,742
Interest Income						1,658
Miscellaneous			\$ 27			123,611
Total revenues	\$...	\$...	\$ 27	\$...	\$...	\$ 976,572
EXPENDITURES:						
General government			\$ 28,861	\$ 213		\$ 265,268
Public safety						140,077
Highways and public improvements						658,440
Parks, recreation and public property						45,210
Community and economic development						183,271
Total expenditures	\$...	\$...	\$ 28,861	\$ 213	\$...	\$ 1,292,266
Excess of revenues over (under) expenditures	\$...	\$...	\$ (28,834)	\$...	\$...	\$ (315,694)
Other financing sources (uses):						
Transfers in (out)		\$ 1,000	\$ 20,000			\$ 24,203
Total other financing sources (uses)	\$...	\$ 1,000	\$ 20,000	\$...	\$...	\$ 24,203
Excess of revenues and other sources over (under) expenditures and other uses		\$ 1,000	\$ (8,834)	\$ (213)		\$ (291,491)
Fund Balances - Beginning of year	\$ 1,310	5,175	23,658	20,117	\$ 10,377	1,655,311
Fund Balances - End of year	<u>\$ 1,310</u>	<u>\$ 6,175</u>	<u>\$ 14,824</u>	<u>\$ 19,904</u>	<u>\$ 10,377</u>	<u>\$ 1,363,820</u>

DAGGETT COUNTY
SCHEDULE OF CURRENT TAXES LEVIED, COLLECTED AND TREASURER'S RELIEF
FOR THE 2014 PROPERTY TAX YEAR

TAX UNITS	TOTAL REAL AND CENTRALLY ASSESSED VALUE	CURRENT YEAR REAL/CENTRAL PROPERTY TAX RATE	TOTAL PERSONAL PROPERTY VALUE	PRIOR YEAR PERSONAL PROPERTY TAX RATE	TOTAL REAL AND CENTRALLY ASSESSED TAXES CHARGED	PERSONAL PROPERTY TAXES CHARGED	TOTAL TAXES LEVIED	TREASURER'S RELIEF			TOTAL RELIEF	NET TAXES COLLECTED	PERCENT	OTHER COLLECTIONS		DELINQUENT INTEREST AND PENALTY	
								UNPAID TAXES	ABATEMENTS	OTHER				FEE IN LIEU	MISC. COLLECTION	TAXES	INTEREST AND PENALTY
Daggett County - General	\$ 268,397,105	0.003178	\$ 1,830,840	0.003200	\$ 852,966	\$ 5,859	\$ 858,825	\$ 37,565	\$ 3,507	\$ 418	\$ 41,490	\$ 817,335	0.95%	\$ 54,083	\$ 410	\$ 28,253	\$ 7,365
Daggett County - Bond	268,397,105	0.000622	1,830,840	0.000628	166,943	1,150	168,093	7,506	686	83	8,275	159,818	95.00%	10,614	80	5,746	272
Daggett County State Assessing & Collection	268,397,105	0.000013	1,830,840	0.000158	3,489	289	3,778	780	14	5	799	2,979	0.79%	2,670	20	1,454	59
Daggett County Co Assessing & Collection	268,397,105	0.000680	1,830,840	0.000697	182,510	1,276	183,786	7,500	750	90	8,340	175,446	0.95%	11,780	89	5,419	209
Daggett County School District - General	268,397,105	0.002951	1,830,840	0.002908	792,040	5,324	797,364	35,009	3,257	387	38,653	758,711	0.95%	49,148	373	26,193	1,222
Daggett County School District - Basic	268,397,105	0.001419	1,830,840	0.001535	380,855	2,810	383,666	17,667	1,566	187	19,420	364,246	0.95%	25,943	197	14,057	651
Manila Town	51,365,335	0.001468	469,110	0.001471	75,404	690	76,094	9,700	787		10,487	65,607	0.86%	7,139	36	5,334	169
Daggett Water & Sewer District	42,440,055	0.000449	155,325	0.000448	19,056	70	19,125	1,540	157		1,697	17,428	0.91%	2,331	10	1,337	83
Daggett County Mosquito District	97,767,810	0.000295	637,035	0.000296	28,842	189	29,030	3,049	261		3,310	25,720	89.00%	3,084	14	2,054	95
Daggett County Service Area	5,641,420	0.000748	8,185	0.000775	4,220	6	4,226	165			165	4,061	0.96%	379	2	336	13
Total							<u>\$ 2,523,988</u>	<u>\$ 120,481</u>	<u>\$ 10,985</u>	<u>\$ 1,170</u>	<u>\$ 132,636</u>	<u>\$ 2,391,352</u>		<u>\$ 167,171</u>	<u>\$ 1,231</u>	<u>\$ 90,183</u>	<u>\$ 10,138</u>

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MEMBERS
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UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners
Daggett County
Manila, Utah 84046

RE: Independent Auditor’s Report on Compliance
and on Internal Controls over Compliance
In Accordance with the State of Utah Legal
Compliance Audit Guide

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

We have audited Daggett County’s compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide* issued by the Office of the Utah State Auditor, that could have a direct and material effect on Daggett County or each of its major state programs for the year ended December 31, 2014. General state compliance requirements were tested for the year ended December 31, 2014 in the following areas:

- | | |
|--|-----------------------------------|
| Government Records Access Mgt Act | Statement of Taxes Charged, |
| Cash Management | Collected and Disbursed |
| Nepotism | Justice Courts |
| Budgetary Compliance | Transient Room Tax |
| Assessing & Collecting of Property Tax | Fund Balance Limitation |
| Utah Public Finance Website | Utah Retirement System Compliance |
| Conflicts of Interest | Open and Public Meetings Act |

The County did not have any state funding classified as a major programs during the year ended December 31, 2014:

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the County's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *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 or its major state programs occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Transfer from Utility Enterprise Fund

As described in the accompanying schedule of findings and questions costs, Daggett County did not comply with requirements of Enterprise Fund Transfers, Reimbursements, Loans and Services. In prior years the County legally transferred and deeded capital asset in the amount \$12,640,371 from the Dutch John Enterprise Fund to the Dutch John Redevelopment Agency (a governmental fund), but failed to make the necessary accounting adjustments to move these assets and record them in the correct fund. This has had the effect of over stating assets in the enterprise fund and the Business-Type Activities in the government-wide financial statements. This also had the effect of improper recording of annual depreciation for the same funds and financial statements. See Finding 2014-1. Compliance with such requirements is necessary, in our opinion, for Daggett County to comply with requirements applicable to that area.

Qualified Opinion on Transfer from Utility Enterprise Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Daggett County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the general compliance areas for the year ended December 31, 2014.

Unmodified Opinion on Each of the Other General State Compliance Areas and Major State Programs

In our opinion, Daggett County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other General Compliance Areas and Major State Programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the State Compliance Audit Guide and which are described in the accompanying schedule of findings and recommendations as item 2014-2 and in our letter to management dated August 27, 2015. Our opinion on compliance is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and in our letter to management. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the responses.

Report On Internal Control Over Compliance.

Management of Daggett County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the compliance requirements that could have a direct and material effect on the County or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide,

but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

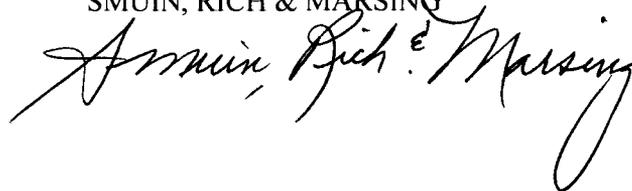
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-1 to be a material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-2 to be a significant deficiency.

The County's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Armin Rich & Marsing". The signature is written in dark ink and is positioned below the firm's name.

Price, Utah

August 27, 2015

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Board of County Commissioners
Daggett County
Manila, Utah 84046

RE: Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance With
Government Auditing Standards

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Daggett County as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Daggett County's basic financial statements and have issued our report thereon dated August 27, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. See Finding 2014-1.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs to be a significant deficiency. See Finding 2014-2.

Compliance and Other Matters

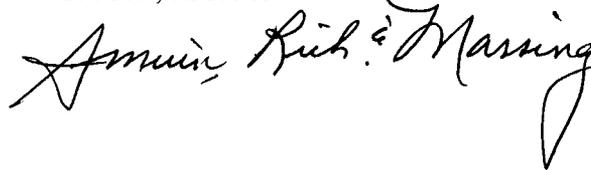
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2014-1 and 2014-2.

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.

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Amuin, Rich & Marsing". The signature is written in black ink and is positioned below the printed name of the firm.

Price, Utah

August 27, 2015

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Board of County Commissioners
Daggett County
Manila, Utah 84046

RE: Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control over
Compliance Required by OMB Circular A-133

Report on Compliance for Each Major Federal Program

We have audited Daggett County's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Daggett County's major federal programs for the year ended December 31, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Daggett 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Daggett County's compliance.

Opinion on Each Major Federal Program

In our opinion, Daggett 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, 2014.

Report on Internal Control Over Compliance

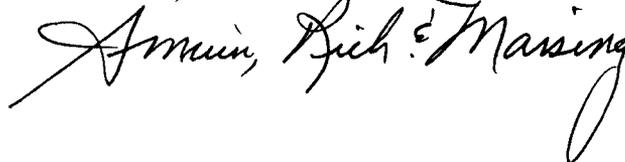
Management of Daggett County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the 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 OMB Circular A-133, 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 Daggett 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

SMUIN, RICH & MARSING



Price, Utah

August 27, 2015

DAGGETT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Daggett County.
2. There was one significant deficiency and one material weakness disclosed in internal control by the audit over the financial statements.
3. There was one instance of noncompliance material to the financial statements of Daggett County disclosed by the audit.
4. There were no significant deficiencies or material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance, for the major federal award programs, for Daggett County expresses an unmodified opinion.
6. The audit of Daggett County's major programs disclosed no audit findings relating to major programs that the auditor is required to report.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
US Bureau of Reclamation – Dam Security	15.517

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Daggett County was determined not to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

There were findings relating to Daggett County's financial statements. These findings were reported in this section of the current audit report. Following the findings, are included the criteria, statement of condition, cause of condition, effect or possible effect of condition, recommendation and the County's response.

FINDING 2014-1 RECONCILIATION OF SIGNIFICANT ACCOUNTS (Significant Deficiency and Material Weakness)

Criteria:

Statement on Auditing Standards No. 115, requires governmental entities to design and implement controls, which allow them to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles.

Statement of Condition:

In some cases, the County failed to perform reconciliation's of significant accounts. Accrued liabilities, prepaid expenses and capital asset subsidiary ledgers have not been accrued or reconciled to the general ledger accounts in a timely or accurate manner. The County also failed to transfer capital assets from an enterprise fund to a governmental fund. Capital assets had been legally titled in the correct fund but financial statements still reflected these assets in the enterprise fund and the related depreciation had continued to be recorded in a fund that did not own the assets.

Cause of Condition:

There has been some change in employees responsible for maintaining, updating and reconciling of subsidiary ledger records. It appears that the County had felt that all transfer of assets had been made when they worked with their software provider.

Effect or Possible Effect of Condition:

Unless accounts have been accrued accurately and significant account balances reconciled to the general ledger accounts, financial statements can be prepared that are not in accordance with generally accepted accounting principles. Material and other misstatements can occur in the financial statements. In fact, it appears that a material misstatement in the Dutch John Enterprise Fund had been shown in prior periods.

Recommendation:

We recommend the County adopt and implement internal controls, which give guidance on who is responsible for recording and processing capital asset purchases, disposals and transfers, prepaid expenses and accrued liabilities and how these transactions are kept track of and reconciled with the County's general ledger. We also recommend that management monitor these procedures to be sure they are performed timely and accurately.

County's Response:

Over the past several year the County had some turnover in employees of the County. This transfers appeared to be during this turnover. Also the County has worked closely with their software provider on fixed assets to make sure that County records on capital assets has been reflected correctly. The County was aware of the transferring of capital assets and correctly transferred the titles of these assets into the correct ownership. The County had worked with their software provider and thought that these transfers had been completed in the financial statements. The County will review their current processes concerning capital assets and make sure internal controls are adopted and implemented so capital assets transactions are properly recorded.

FINDING 2014-2 EXPENDITURES IN EXCESS OF BUDGET

Criteria:

Governmental compliance requirements state that officers and employees of governmental entities shall not incur expenditures or encumbrances in excess of the total budgeted appropriations. The level of compliance is by departments for the General Fund and by fund for the other funds of the County.

Statement of Condition:

During the year ended December 31, 2014, the County over spent its adopted budget in the General Fund function of general government. The County also over spent its adopted budget in the Jail Fund and Dutch John Town Fund.

Cause of Condition:

During the end of the calendar year, the County made expenditures that were not anticipated and did not have adequate time to change the adopted budget. Also part of the over budget occurred because auditors accrued additional accounts payables during the audit process which affected expenditures. Although the County is aware that all expenditures need to be budgeted, some of these expenditures occurred when the County did not have adequate time to amend their current year budget.

Effect or Possible Effect of Condition:

The budget is the legal authorization for the County to spend funds. Citizens of the County could question the allowability of expenditures in excess of the budget, because the public did not authorize or have an opportunity to voice their opinion on the expenditures.

Recommendation:

We recommend the County monitor more closely the expenditures as compared to the approved budget to make sure they are in compliance with budgetary requirements.

County's Response:

The County is aware of the requirements to stay within their adopted budget and will continue to monitor expenditures as compared to the approved budget.

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

DAGGETT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JANUARY 1, 2014	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT DECEMBER 31, 2014
U.S. DEPARTMENT OF AGRICULTURE:							
Direct Program:							
SISK Cooperative Agr.	10.664	10-LE-11040100	\$ 55,648		\$ 55,648	\$ 55,648	
Secure Rural Schools - Title III	10.665		6,172		6,172	6,172	
Total U.S. Department of Agriculture			\$ 61,820	\$...	\$ 61,820	\$ 61,820	\$...
U.S. DEPARTMENT OF THE INTERIOR							
Direct Program:							
Bureau of Reclamation - Dam Security	15.517	R12PC40006	\$ 447,386		\$ 447,386	\$ 447,386 *	
Bureau of Reclamation - Dam Security	15.517	R12PC40006	190,701		190,701	190,701 *	
Total U.S. Department of the Interior			\$ 638,087	\$...	\$ 638,087	\$ 638,087	\$...
U.S. DEPARTMENT OF TRANSPORTATION							
Pass through State Department of Transportation:							
Hazardous Materials Emergency Preparedness	20.703		\$ 3,524	\$...	\$ 3,524	\$ 3,524	\$...
DEPARTMENT OF HEALTH & HUMAN SERVICES							
Voting Access for Individuals with Disabilities							
Grants to States	93.617		\$ 4,700	\$...	\$ 4,700	\$ 4,700	\$...

DAGGETT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JANUARY 1, 2014	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT DECEMBER 31, 2014
U.S. DEPARTMENT OF HOMELAND SECURITY							
Pass through State of Utah:							
State Homeland Security Grant	97.067		\$ 18,510		\$ 18,510	\$ 18,510	
Emergency Management Performance	97.042		22,524		22,524	22,524	
Total U.S. Department of Homeland Security			\$ 41,034	\$...	\$ 41,034	\$ 41,034	\$...
DEPARTMENT OF JUSTICE							
Pass through State of Utah:							
Victims of Crime Act	16.575	13VOCA18	\$ 4,359		\$ 4,359	\$ 4,359	
Victims of Crime Act	16.575	14VOCA18	4,390		4,390	4,390	
VAWA Grant	16.588	13VAWA07	16,912		16,912	16,912	
Total U.S. Department of Justice			\$ 25,661	\$...	\$ 25,661	\$ 25,661	\$...
			\$ 774,826	\$...	\$ 774,826	\$ 774,826	\$...

TOTAL FEDERAL ASSISTANCE

* Major Program

DAGGETT COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Daggett County. The County reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the schedule of expenditures of federal awards.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting for expenses of the County, which is described in Note 1 of the financial statements.

**DAGGETT COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Finding 2013-1 EXPENDITURES IN EXCESS OF BUDGET

Finding - The County overspent four of their funds: The General and Jail Funds.

Criteria - The County is required to spend within its annual budget that which has be approved in the required public hearing.

Effect- Expenditures exceeding what the County Commission have approved.

Follow-up – This item remains a finding for the current year. See current year findings.

Finding 2013-2 DEFICIT FUND BALANCES

Finding - Three special revenue funds carried deficit fund balances which is in violation of Utah State Law.

Criteria - Deficit fund balances are not permitted per Utah State Code.

Effect - Fund activity exceeds available resources.

Follow-up – The County has corrected this finding, no further follow-up deemed necessary.

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

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Price, Utah 84501

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DOUGLAS RASMUSSEN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Daggett County Commission
Daggett County
Manila, Utah 84046

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of accounting procedures and internal controls in connection with our examination of the basic financial statements of Daggett County for the year ended December 31, 2014.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the systems and procedures, this memorandum should not be considered all inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

STATE OF UTAH LEGAL COMPLIANCE

OTHER COMPLIANCE AREAS

Government Records Access Management Act (GRAMA)

As part of the Government Records Access Management Act, each appointed records officer is required to complete the annual online training course provided by the State Archives on the requirements of GRAMA. During our audit it was found that the records officer had not completed the annual online training course provided by State Archives on the GRAMA requirements. We recommend that County personnel review the GRAMA Act and take the necessary steps to receive the online training course provided by the State Archives.

County's Response

The County will review the GRAMA Act to make sure they are familiar with requirements of this Act. Based on the review the County will make any necessary changes to make sure that the County and the County's employee's are in compliance with all of the provisions of the Act.

STATE OF UTAH LEGAL COMPLIANCE (Continued)

Utah Public Finance Website

According to UCA 63A-3-402, each County is required to make the following posting to the Utah Public Finance Website:

- Detail revenue and expense information must be posted quarterly and within one month of the end of the fiscal quarter.
- Employee compensation summary information must be posted within three months after the end of the fiscal year.

We reviewed the website during our auditing procedures to determine that the County had made the required posting. We were unable to find the above required posting,

Recommendations

We recommend that the County comply with the required posting to the Utah Public Finance Website. We also recommend that employees of the County follow-up on the posting of required information to the Utah Public Finance Website to make sure that this information has been received.

County's Response

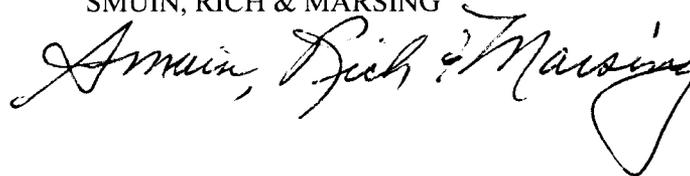
The County realizes the importance of complying with the state law concerning the need to post certain information to the Utah Public Finance Website. The County will make sure that information is posted to the Utah Public Finance Website and that it is actually received as sent by the County.

SUMMARY

We feel the accounting procedures and State Compliance issues mentioned above are some areas where the County can make changes so as to further improve its internal control structure to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

Sincerely,

SMUIN, RICH & MARSING



Price, Utah

August 27, 2015