

Daggett County

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2013

Daggett County
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 December 31, 2013

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Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Independent Auditors' Report

Daggett County Commissioners
Manila, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Daggett County, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which 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 did not audit the financial statements of the Flaming Gorge Roads & Transportation Special Service District, which represent 42 percent of the fund balance assets and 7 percent of fund revenues of Daggett County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Daggett County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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 Daggett County, as of December 31, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3-11 and budgetary information on pages 48-51 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.

Schedule of Expenditures of Federal Awards and Combining with Individual Nonmajor Statements

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Daggett County's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards (as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The schedules of taxes current taxes levied and transient room tax have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2014 on our consideration of Daggett 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.

Aycock, Miles & Associates, CPAs

September 17, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Daggett County
Management's Discussion and Analysis
December 31, 2013

As management of Daggett County (the County), we offer readers of the County's financial statements this narrative overview and analysis of financial activities of the County for the fiscal year ended December 31, 2013.

FINANCIAL HIGHLIGHTS

- *Total net position for the County as a whole decreased by \$310,132.
- *Total unrestricted net position for the County as a whole decreased by \$21,352.
- *Total net position for governmental activities decreased by \$417,209.
- *Total net position for business-type activities increased by \$107,078.

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Daggett County. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the County available to cover any remaining costs of the functions or programs.

Daggett County
Management's Discussion and Analysis
December 31, 2013

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains five major governmental funds, the General Fund, Class B Road Fund, Jail Fund, Dutch John Town Fund, and Flaming Gorge Road & Transportation Special Service District Fund.

The County adopts an annual appropriated budget for its major funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for these funds.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds. The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses two enterprise funds to account for the operations of the Dutch John and Low Income Housing activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the County.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

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

Daggett County
Management's Discussion and Analysis
December 31, 2013

FINANCIAL ANALYSIS

Daggett County's Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 6,054,418	6,636,305	307,500	210,882	6,361,918	6,847,186
Net capital assets	7,218,180	7,444,455	17,836,368	18,049,226	25,054,548	25,493,681
Total assets	<u>13,272,598</u>	<u>14,080,760</u>	<u>18,143,868</u>	<u>18,260,108</u>	<u>31,416,466</u>	<u>32,340,867</u>
Long-term liabilities	2,454,818	2,516,331	-	221,000	2,454,818	2,737,331
Other liabilities	356,079	685,517	15,981	18,298	372,059	703,815
Total liabilities	<u>2,810,896</u>	<u>3,201,849</u>	<u>15,981</u>	<u>239,298</u>	<u>2,826,877</u>	<u>3,441,147</u>
Net position:						
Net investment in capital assets	4,763,362	4,928,124	17,836,368	17,828,226	22,599,731	22,756,350
Restricted	3,327,884	3,460,045	-	-	3,327,884	3,460,045
Unrestricted	2,370,455	2,490,743	291,519	192,584	2,661,974	2,683,326
Total net position	<u>\$ 10,461,702</u>	<u>10,878,911</u>	<u>18,127,888</u>	<u>18,020,810</u>	<u>28,589,589</u>	<u>28,899,721</u>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities at the close of the year by \$28,589,589, a decrease of \$310,132 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$2,661,974, which represents a decrease of \$21,352 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Daggett County
Management's Discussion and Analysis
December 31, 2013

FINANCIAL ANALYSIS (continued)

Daggett County's Change in Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	\$ 2,431,137	2,745,917	217,853	225,011	2,648,989	2,970,929
Operating grants	1,686,773	1,926,754	-	6,674	1,686,773	1,933,428
Capital grants	1,727	-	-	255,420	1,727	255,420
General revenues:						
Property taxes	1,311,626	1,161,120	-	-	1,311,626	1,161,120
Sales tax	466,107	417,514	-	-	466,107	417,514
Other taxes	8,137	7,613	-	-	8,137	7,613
Other revenues	201,737	384,517	(86,494)	(25,208)	115,242	359,309
Total revenues	<u>6,107,243</u>	<u>6,643,436</u>	<u>131,358</u>	<u>461,897</u>	<u>6,238,601</u>	<u>7,105,333</u>
Expenses:						
General government	1,617,066	2,530,787	-	-	1,617,066	2,530,787
Public safety	3,049,620	3,017,866	-	-	3,049,620	3,017,866
Public health	135,790	134,422	-	-	135,790	134,422
Highways and improvements	1,194,449	1,852,462	-	-	1,194,449	1,852,462
Parks and recreation	61,577	69,930	-	-	61,577	69,930
Economic development	92,536	102,778	-	-	92,536	102,778
Interest on long-term debt	76,414	103,248	3,703	4,232	80,117	107,480
Enterprise - Dutch John	-	-	317,578	303,794	317,578	303,794
Enterprise - Low income housing	-	-	-	2,237	-	2,237
Total expenses	<u>6,227,452</u>	<u>7,811,493</u>	<u>321,281</u>	<u>310,262</u>	<u>6,548,733</u>	<u>8,121,755</u>
Excess (deficiency) before transfers	<u>(120,209)</u>	<u>(1,168,057)</u>	<u>(189,922)</u>	<u>151,634</u>	<u>(310,132)</u>	<u>(1,016,422)</u>
Transfers in (out)	(297,000)	923,256	297,000	(923,256)	-	-
Change in net position	<u><u>\$ (417,209)</u></u>	<u><u>(244,801)</u></u>	<u><u>107,078</u></u>	<u><u>(771,621)</u></u>	<u><u>(310,132)</u></u>	<u><u>(1,016,422)</u></u>

For the County as a whole, total revenues decreased by \$866,732 compared to the previous year, while total expenses decreased by \$1,573,022. The total net change of \$310,132 is, in private sector terms, the net loss for the year which is \$706,290 less than the previous year's net loss.

Governmental activities revenues of \$6,107,243 is a decrease of \$536,193 from the previous year. This decrease is primarily due to a decrease in grant revenues. Governmental activities expenses of \$6,227,452 is a decrease of \$1,584,041 from the previous year. The significant decreases were in general government and highways and improvements.

Business-type activities revenue of \$131,358 is a decrease of \$330,539 from the previous year. Grant revenues decreased compared to the previous year. Business-type activities expenses of \$321,281 is an increase of \$11,019 from the previous year.

Daggett County
Management's Discussion and Analysis
December 31, 2013

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the more significant changes in fund balances and fund net assets and any restrictions on those amounts is described below:

General Fund

The fund balance of \$937,120 reflects an increase of \$21,297 from the previous year. Total revenues increased by \$166,041. Tax revenues, including property taxes and sales taxes increased by \$100,697. Intergovernmental revenue decreased by \$13,259. Charges for services decreased by \$371,543. Capital lease financing and sale of fixed assets increased by \$98,104 and \$74,620, respectively. All other revenues decreased by \$54,660.

Total expenditures decreased by \$43,089. Expenditure changes from the previous year, by department: general government decreased by \$142,202; public safety decreased by \$31,314; public health increased by \$3,841; streets and highways decreased by \$7,147; and parks and recreation increased by \$1,883. Capital outlay expenditures increased by \$70,259. Debt service expenditures increased by \$61,591.

The unassigned fund balance amounts to \$937,120.

Dutch John Enterprise Fund

The change in net position (net income) was \$105,534. Before transfers in, the net loss amounted to \$194,466, compared to the previous year's net income of \$149,713. During the year, transfers in were made in the amount of \$300,000. The unrestricted net position amounts to \$116,300.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$2,881,765. This amount was amended in the final budget to \$2,513,385. Actual revenues, excluding transfers, amounted to \$2,823,585.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$2,604,195. This amount was amended in the final budget to \$2,504,563. Actual expenditures amounted to \$2,731,788.

Net transfers for the year were originally budgeted for net transfers in of \$277,570. The final net budget for transfers was for a transfer out of \$8,822. Actual net transfers out were made in the amount of \$70,500.

Daggett County
Management's Discussion and Analysis
December 31, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION

Daggett County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Net Capital Assets:						
Land and water rights	\$ 215,063	213,218	12,239,941	12,336,054	12,455,004	12,549,272
Buildings	2,672,300	2,623,495	304,435	352,389	2,976,734	2,975,884
Improvements other than buildings	431,858	459,273	-	-	431,858	459,273
Machinery and equipment	1,622,099	1,553,860	73,315	93,858	1,695,414	1,647,718
Infrastructure	-	-	773,822	813,930	773,822	813,930
Water and sewer systems	-	-	4,387,245	4,438,927	4,387,245	4,438,927
Work in progress	6,163	202,099	57,611	14,068	63,774	216,167
Totals	<u>\$ 4,947,483</u>	<u>5,051,945</u>	<u>17,836,368</u>	<u>18,049,226</u>	<u>22,783,851</u>	<u>23,101,171</u>

The total amount of capital assets, net of depreciation, of \$22,783,851 is a decrease of \$317,320 from the previous year.

Governmental activities capital assets, net of depreciation, of \$4,947,483 is a decrease of \$104,462 from the previous year.

Business-type activities capital assets, net of depreciation, of \$17,836,368 is a decrease of \$212,858 from the previous year.

Additional information regarding capital assets may be found in the notes to financial statements.

Daggett County
Management's Discussion and Analysis
December 31, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Daggett County's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
2009 Ford F150 Lease - Sheriff	\$ -	13,778
2011 Ford Explorer - Dam	-	20,284
2011 Ford F-150 Lease - Jail	-	20,717
2011 Ford F-150 Lease - Comm	-	21,235
2011 Ford F-150 Lease - Sheriff	-	25,138
2011 Ford Focus Lease - Comm	-	12,627
2012 Ford F-150 Lease Sheriff	23,000	29,549
2012 Equipment Lease 1	47,000	59,741
2012 Equipment Lease 2	23,500	30,263
2013 F-150 Explorer (Sheriff)	55,640	-
2013 Ford F1-50 (Sheriff)	31,600	-
2014 Ford Explorer (Dam)	25,884	-
2013 Ford F-150 (Police)	41,093	-
2014 Explorer (County)	31,272	-
2014 F-150 (County)	28,828	-
1998B Jail Bond	63,000	71,000
2008A Mineral Lease Revenue	388,000	401,000
2008B Mineral Lease Revenue	128,000	161,000
2008 Jail Bond	1,568,000	1,650,000
Total governmental	2,454,818	2,516,331
Business-type activities:		
2010 Water Revenue	-	221,000
Total business-type	-	221,000
Total outstanding debt	\$ 2,454,818	2,737,331

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the County are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Daggett County's finances for all those with an interest in the County's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Keri Pallesen, Daggett County Recorder/Auditor, P.O. Box 219, Manila, Utah 84046.

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BASIC FINANCIAL STATEMENTS

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Daggett County
STATEMENT OF NET POSITION
December 31, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 4,426,942	122,263	4,549,205
Investments	505	-	505
Accounts receivable, net of allowances	150,945	185,237	336,183
Property taxes receivable	304,166	-	304,166
Due from other governments	627,477	-	627,477
Other assets	16,030	-	16,030
Total current assets	5,526,066	307,500	5,833,566
Non-current assets:			
Restricted cash and cash equivalents	528,352	-	528,352
Capital assets:			
Not being depreciated	221,226	12,297,552	12,518,778
Net of accumulated depreciation	6,996,954	5,538,816	12,535,770
Total non-current assets	7,746,532	17,836,368	25,582,900
Total assets	\$ 13,272,598	18,143,868	31,416,466
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 118,854	7,402	126,255
Accrued interest payable	5,308	-	5,308
Unearned revenues	28,078	-	28,078
Capital lease - current	92,465	-	92,465
General obligation bonds - current	93,000	-	93,000
Revenue bonds - current	46,000	-	46,000
Total current liabilities	383,704	7,402	391,106
Non-current liabilities:			
Compensated absences	203,839	8,579	212,418
Capital leases - noncurrent	215,353	-	215,353
General obligations bonds - noncurrent	1,538,000	-	1,538,000
Revenue bonds - noncurrent	470,000	-	470,000
Total non-current liabilities	2,427,192	8,579	2,435,771
Total liabilities	2,810,896	15,981	2,826,877
NET POSITION:			
Net investment in capital assets	4,763,362	17,836,368	22,599,731
Restricted:			
Class "B" roads	657,954	-	657,954
Capital projects	60,636	-	60,636
Flaming Gorge Roads & Transportation SSD	2,609,294	-	2,609,294
Unrestricted	2,370,455	291,519	2,661,974
Total net position	10,461,702	18,127,888	28,589,589
Total liabilities and net position	\$ 13,272,598	18,143,868	31,416,466

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

Daggett County
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue (To Next Page)</u>
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
General government	\$ 1,617,066	249,826	613,645	1,727	(751,867)
Public safety	3,049,620	2,136,689	95,319	-	(817,612)
Public health	135,790	12,576	-	-	(123,214)
Highways and public improvements	1,194,449	50	962,267	-	(232,132)
Parks, recreation and public property	61,577	31,795	15,541	-	(14,241)
Community and economic development	92,536	200	-	-	(92,336)
Interest on long-term debt	76,414	-	-	-	(76,414)
Total governmental activities	<u>6,227,452</u>	<u>2,431,137</u>	<u>1,686,773</u>	<u>1,727</u>	<u>(2,107,816)</u>
Business-type activities:					
Enterprise - Dutch John	321,281	213,309	-	-	(107,971)
Enterprise - Low income housing	-	4,543	-	-	4,543
Total business-type activities	<u>321,281</u>	<u>217,853</u>	<u>-</u>	<u>-</u>	<u>(103,428)</u>
Total primary government	<u>\$ 6,548,733</u>	<u>2,648,989</u>	<u>1,686,773</u>	<u>1,727</u>	<u>(2,211,244)</u>

(continued on next page)

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

Daggett County
STATEMENT OF ACTIVITIES (continued)
For the Year Ended December 31, 2013

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET ASSETS:			
Net (expense) revenue (from previous page)	<u>\$ (2,107,816)</u>	<u>(103,428)</u>	<u>(2,211,244)</u>
General revenues:			
Property taxes	1,261,238	-	1,261,238
Sales tax	466,107	-	466,107
Other taxes	8,137	-	8,137
Payment in lieu of taxes	50,388	-	50,388
Unrestricted investment earnings	22,826	147	22,973
Gain on sales of capital assets	(12,623)	(99,240)	(111,863)
Miscellaneous	191,533	12,599	204,132
Transfers in (out)	<u>(297,000)</u>	<u>297,000</u>	<u>-</u>
Total general revenues and transfers	<u>1,690,607</u>	<u>210,506</u>	<u>1,901,112</u>
Change in net position	(417,209)	107,078	(310,132)
Net position - beginning	<u>10,878,911</u>	<u>18,020,810</u>	<u>28,899,721</u>
Net position - ending	<u><u>\$ 10,461,702</u></u>	<u><u>18,127,888</u></u>	<u><u>28,589,589</u></u>

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, 2013

	General Fund	Class B Roads	Jail Fund	Dutch John Town Fund	Flaming Gorge Roads and Transportation Special Service District	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 238,431	309,104	-	381,620	1,987,405	1,510,382	4,426,942
Investments in stock	505	-	-	-	-	-	505
Accounts receivable (net)	149,740	-	-	-	-	1,206	150,945
Property taxes receivable	159,801	-	62,931	-	-	81,434	304,166
Due from other governments	194,316	158,596	112,768	4,757	114,507	42,532	627,477
Due from other funds	215,881	-	-	-	-	-	215,881
Other assets	15,880	-	150	-	-	-	16,030
Restricted cash and cash equivalents	25	-	-	-	528,327	-	528,352
TOTAL ASSETS	\$ 974,579	467,700	175,849	386,377	2,630,239	1,635,554	6,270,299
LIABILITIES							
Accounts payable	\$ 37,460	8,148	4,924	3,138	20,945	44,239	118,854
Due to other funds	-	-	215,881	-	-	-	215,881
Unearned revenue	-	-	-	-	-	28,078	28,078
TOTAL LIABILITIES	37,460	8,148	220,805	3,138	20,945	72,317	362,812
FUND BALANCES:							
Restricted for:							
Class "B" Road	-	459,553	-	-	-	198,401	657,954
Roads & Transportation SSD	-	-	-	-	2,609,294	-	2,609,294
Capital Projects	-	-	-	-	-	60,636	60,636
Redevelopment Agency	-	-	-	-	-	(25,377)	(25,377)
Assigned for:							
Special revenue	-	-	(44,956)	383,239	-	1,329,577	1,667,860
Unassigned	937,120	-	-	-	-	-	937,120
TOTAL FUND BALANCES	937,120	459,553	(44,956)	383,239	2,609,294	1,563,237	5,907,486
TOTAL LIABILITIES AND FUND BALANCES	\$ 974,579	467,700	175,849	386,377	2,630,239	1,635,554	6,261,187

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, 2013

	General Fund	Class B Roads	Jail Fund	Dutch John Town Fund	Flaming Gorge Roads and Transportation Special Service District	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes:							
Property	\$ 902,029	-	177,883	-	-	231,714	1,311,626
Sales	207,142	-	-	-	-	258,965	466,107
Other taxes	8,137	-	-	-	-	-	8,137
Licenses and permits	42,796	-	-	-	-	-	42,796
Intergovernmental revenues	222,198	410,818	-	429,443	438,247	187,793	1,688,500
Charges for services	971,715	50	1,213,144	-	-	153,828	2,338,737
Fines and forfeitures	49,603	-	-	-	-	-	49,603
Interest	5,678	-	-	1,166	10,704	5,279	22,826
Miscellaneous revenue	60,040	23,768	21,402	22,522	464	63,336	191,533
Total revenues	2,469,338	434,635	1,412,429	453,132	449,415	900,915	6,119,866
EXPENDITURES:							
Current:							
General government	924,034	-	-	138,720	-	430,635	1,493,390
Public safety	1,355,360	-	1,351,382	243	-	137,357	2,844,341
Public health	18,351	-	-	-	-	97,964	116,316
Highways and public improvements	26,041	376,306	-	9,784	524,865	20,125	957,121
Parks, recreation and public property	4,264	-	-	2,945	-	46,568	53,777
Community and economic development	-	-	-	-	-	90,791	90,791
Capital outlay	249,076	100,464	73,710	1,096	-	19,994	444,339
Debt service:							
Principal	-	-	90,000	-	46,000	-	136,000
Capital lease	151,482	-	20,717	-	-	-	172,199
Interest	3,180	-	74,398	-	-	-	77,578
Total expenditures	2,731,788	476,770	1,610,207	152,788	570,865	843,434	6,385,852
Excess (Deficiency) of Revenues over (Under) Expenditures	(262,450)	(42,135)	(197,777)	300,344	(121,450)	57,481	(265,986)
Other Financing Sources and (Uses):							
Capital lease financing	246,685	-	-	-	-	-	246,685
Sale of fixed assets	107,562	-	-	-	-	1,000	108,562
Transfers in	-	-	60,000	-	-	63,500	123,500
Transfers (out)	(70,500)	-	-	-	-	(350,000)	(420,500)
Total other financing sources and (uses)	283,747	-	60,000	-	-	(285,500)	58,247
Net Change in Fund Balances	21,297	(42,135)	(137,777)	300,344	(121,450)	(228,019)	(207,739)
Fund balances - beginning of year	915,822	501,687	92,822	82,895	2,730,744	1,791,255	6,115,226
Fund balances - end of year	\$ 937,120	459,553	(44,956)	383,239	2,609,294	1,563,237	5,907,486

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 ASSETS**
 December 31, 2013

Total Fund Balances for Governmental Funds	<u>\$ 5,907,486</u>
<p>Total net assets reported for governmental activities in the statement is different because:</p>	
<p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.</p>	
Capital assets, at cost	14,642,861
Less accumulated depreciation	<u>(7,424,682)</u>
Net capital assets	<u>7,218,180</u>
<p>Long-term liabilities, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.</p>	
General long-term debt	<u>(2,454,818)</u>
Interest accrued but not yet paid on long-term debt	<u>(5,308)</u>
Compensated absences	<u>(203,839)</u>
Total Net Assets of Governmental Activities	<u>\$ 10,461,701</u>

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, 2013

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (207,739)</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.</p>	
Capital outlays	444,339
Depreciation expense	<u>(549,430)</u>
Net	<u>(105,091)</u>
<p>Cost of retired assets sold is not reported in government fund statements, while it is reported in the statement of activities.</p>	
Book cost of assets retired	<u>(121,184)</u>
<p>Bond proceeds are reported as financing sources in government funds. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities.</p>	
Debt issued - capital leases	<u>(246,685)</u>
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Long-term debt principal repayments	<u>308,199</u>
<p>Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.</p>	
Change in accrued interest	<u>1,164</u>
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.</p>	
Change in compensated absence liability	<u>(45,873)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (417,209)</u></u>

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

Daggett County
STATEMENT OF NET POSITION - PROPRIETARY FUND
December 31, 2013

	<u>Dutch John Enterprise</u>	<u>Low Income Housing</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 119,798	2,465	122,263
Accounts receivable, net	<u>12,483</u>	<u>172,754</u>	<u>185,237</u>
Total current assets	<u>132,281</u>	<u>175,219</u>	<u>307,500</u>
Non-current assets:			
Capital assets:			
Not being depreciated	12,297,552	-	12,297,552
Net of accumulated depreciation	<u>5,538,816</u>	<u>-</u>	<u>5,538,816</u>
Total non-current assets	<u>17,836,368</u>	<u>-</u>	<u>17,836,368</u>
Total assets	<u>\$ 17,968,649</u>	<u>175,219</u>	<u>18,143,868</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	<u>\$ 7,402</u>	<u>-</u>	<u>7,402</u>
Total current liabilities	<u>7,402</u>	<u>-</u>	<u>7,402</u>
Non-current liabilities:			
Compensated absences	<u>8,579</u>	<u>-</u>	<u>8,579</u>
Total non-current liabilities	<u>8,579</u>	<u>-</u>	<u>8,579</u>
Total liabilities	<u>15,981</u>	<u>-</u>	<u>15,981</u>
NET POSTION:			
Net investment in capital assets	17,836,368	-	17,836,368
Unrestricted	<u>116,300</u>	<u>175,219</u>	<u>291,519</u>
Total net position	<u>17,952,668</u>	<u>175,219</u>	<u>18,127,888</u>
Total liabilities and net position	<u>\$ 17,968,649</u>	<u>175,219</u>	<u>18,143,868</u>

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

Daggett County
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND
December 31, 2013

	Dutch John Enterprise	Low Income Housing	Total
Operating income:			
Charges for sales and service	\$ 162,331	4,543	166,874
Other operating income	50,979	-	50,979
Total operating revenue	<u>213,309</u>	<u>4,543</u>	<u>217,853</u>
Operating expenses:			
Personnel services	56,591	-	56,591
Utilities	59,140	-	59,140
Repair & maintenance	47,287	-	47,287
Other supplies & expenses	9,965	-	9,965
Insurance expense	3,835	-	3,835
Depreciation expense	132,161	-	132,161
Total operating expense	<u>317,578</u>	<u>-</u>	<u>317,578</u>
Net operating income (loss)	<u>(104,269)</u>	<u>4,543</u>	<u>(99,725)</u>
Non-operating income (expense):			
Other contributions	12,599	-	12,599
Interest income	147	-	147
Interest on long-term debt	(3,703)	-	(3,703)
Gain (loss) on retirement of assets	(99,240)	-	(99,240)
Total non-operating income (expense)	<u>(90,197)</u>	<u>-</u>	<u>(90,197)</u>
Income (loss) before transfers and capital contributions	<u>(194,466)</u>	<u>4,543</u>	<u>(189,922)</u>
Transfers in	300,000	-	300,000
Transfers (out)	-	(3,000)	(3,000)
Change in net position	105,534	1,543	107,078
Net position, beginning	17,847,134	173,676	18,020,810
Net assets, ending	<u>\$ 17,952,668</u>	<u>175,219</u>	<u>18,127,888</u>

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

Daggett County
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013

	Dutch John Enterprise	Low Income Housing	Total
Cash flows from operating activities:			
Cash received from customers - service	\$ 188,459	4,543	193,002
Cash paid to suppliers	(128,043)	-	(128,043)
Cash paid to employees	(56,591)	-	(56,591)
Net cash provided (used) in operating activities	<u>3,825</u>	<u>4,543</u>	<u>8,368</u>
Cash flows from noncapital financing activities:			
Miscellaneous contributions	12,599	-	12,599
Net interfund activity	300,000	(3,000)	297,000
Net cash provided (used) in noncapital financing activities	<u>312,599</u>	<u>(3,000)</u>	<u>309,599</u>
Cash flows from capital and related financing activities:			
Cash payments for capital assets	(18,544)	-	(18,544)
Cash payments for long-term debt principal	(221,000)	-	(221,000)
Cash payments for long-term debt interest	(6,803)	-	(6,803)
Net cash provided (used) in capital and related financing activities	<u>(246,346)</u>	<u>-</u>	<u>(246,346)</u>
Cash flows from investing activities:			
Cash received from interest earned	147	-	147
Net cash provided (used) in investing activities	<u>147</u>	<u>-</u>	<u>147</u>
Net increase (decrease) in cash	70,225	1,543	71,768
Cash balance, beginning	49,573	922	50,495
Cash balance, ending	<u>\$ 119,798</u>	<u>2,465</u>	<u>122,263</u>
Cash reported on the balance sheet:			
Cash and cash equivalents	\$ 119,798	2,465	122,263
Non-current restricted cash	-	-	-
Total cash and cash equivalents	<u>\$ 119,798</u>	<u>2,465</u>	<u>122,263</u>

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

Daggett County
STATEMENT OF CASH FLOWS (continued)
For the Year Ended December 31, 2013

**Reconciliation of Operating Income to Net
Cash Provided (Used) in Operating Activities:**

	<u>Dutch John Enterprise</u>	<u>Low Income Housing</u>	<u>Total</u>
Net operating income (expense)	\$ (104,269)	4,543	(99,725)
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	132,161	-	132,161
Changes in assets and liabilities:			
(Increase) decrease in receivables	(24,850)	-	(24,850)
Increase (decrease) in payables	<u>783</u>	<u>-</u>	<u>783</u>
Net cash provided (used) in operating activities	<u><u>\$ 3,825</u></u>	<u><u>4,543</u></u>	<u><u>8,368</u></u>

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

Daggett County
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2013

	EMT Fundraising	Court Fines	Bail	Total Trust Fund
ASSETS:				
Cash and cash equivalents	\$ 1,200	16,528	11,368	29,096
Total assets	1,200	16,528	11,368	29,096
LIABILITIES:				
Accounts payable	-	1,066	-	1,066
Total liabilities	-	1,066	-	1,066
NET POSITION:				
Restricted	1,200	15,462	11,368	28,030
Total liabilities and net position	\$ 1,200	16,528	11,368	29,096

Daggett County
**STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FIDUCIARY FUNDS**
 For the Year Ended December 31, 2013

	EMT Fundraising	Court Fines	Bail	Total Trust Fund
Operating income:				
Charges for services	\$ -	5,762	1,120	6,882
Fines and fees	-	35,595	131	35,726
Other revenues	-	5,548	-	5,548
Total operating income	-	46,905	1,251	48,156
Operating expenses:				
Public safety	-	-	3,276	3,276
Payments to other governments	-	46,360	-	46,360
Miscellaneous	-	395	-	395
Total operating expenses	-	46,755	3,276	50,031
Change in net position	-	150	(2,025)	(1,875)
Net position - beginning	1,200	15,312	13,393	29,905
Net position - ending	\$ 1,200	15,462	11,368	28,030

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Daggett County (the County) operates under a three-member County commission form of government. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable.

Blended Component Units

Flaming Gorge Roads & Transportation Special Service 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 is so intertwined with the 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. 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.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net assets and the statement of changes in net assets report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund 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 and charges for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, 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 statement.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the County are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to County departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Policy regarding use of restricted resources

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1-D. Fund types and major funds

Governmental funds

The County reports the following major governmental funds:

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

The *Class "B" Road Fund* is used to account for the activities of maintaining the County's class B roads.

The *Jail Fund* is used to account for activities of operating the Daggett County Jail facility.

The *Dutch John Town Fund* is used to account for the activities of the Dutch John Town.

The *Flaming Gorge Road and Transportation Special Service District Fund* is used to account for the receiving of mineral lease money and using these funds to construct, improve, and repair County roads for the benefit for the citizens of the County.

The County's non-major governmental funds include other special revenue funds and capital projects funds. The non-major special revenue funds account for specific revenue sources that are legally restricted to expenditures, for specified purposes. The capital projects funds account for resources obtained and used for the acquisition, construction or improvement of certain capital facilities.

Proprietary funds

The County reports the following major proprietary funds:

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 fund received from the sale of land and expenditures used for infrastructure improvements.

The *Low Income Housing Fund* is used to account for the construction costs and sale of low income housing.

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 the Treasurer's Tax Collection fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results operations.

Trust Funds - The County has the following trust funds, Search and Rescue, EMT Fundraising, Court Fines, and Bail Fund, which it manages in a trustee capacity.

1-E. Assets, Liabilities, and Net Position or Equity

1-E-1. Deposit and Investments

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the County are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 2.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-2. Cash and Cash Equivalents

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.

1-E-3. Receivables and Payables

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either *due to or due from other funds*.

Property taxes are assessed and collected by Daggett County. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

1-E-4. Restricted Net Position

At times, the County may have funds set aside that are legally restricted or their use is limited by certain covenants. Restricted resources are applied first when eligible expenses are incurred.

1-E-5. Inventories and Prepaid items

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

1-E-6. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Daggett County
NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

1-E. Assets, Liabilities, and Net Position or Equity (continued)

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20-40
Improvements	15-20
Infrastructure	40-50
Vehicles and equipment	5-10

1-E-7. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

1-E-8. Compensated Absences

It is the County's policy to permit employees to accumulated 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 \$203,839 and for proprietary funds total \$8,579.

1-E-9. Fund Equity

Government-wide Financial Statements

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

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

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1-E. Assets, Liabilities, and Net Position or Equity (continued)

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

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

Fund Financial Statements

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

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

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

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority-the County Commission. A vote by the County Commission members is required to establish and modify or rescind a fund balance commitment.

Assigned fund balance - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The County Commission is authorized to assign amounts to a specific purpose in accordance with the County's policy.

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

Proprietary fund equity is classified the same as in the government-wide statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

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

Daggett County
NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

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

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of December 31, 2013 consist of the following:

	<u>Fair Value</u>
Demand deposits - checking	\$ 3,896,279
Investments in stock	505
Deposits - PTIF	1,209,869
Total cash	\$ 5,106,653

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Fiduciary cash	\$ 29,096
Cash and cash equivalents (current)	4,549,205
Restricted cash and cash equivalents (non-current)	528,352
Total cash and cash equivalents	\$ 5,106,653

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 31.

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

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3-A. Deposits and investments (continued)

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The County maintains monies not immediately needed for expenditure in PTIF accounts.

Deposit and Investment Risk

The County maintains no investment policy containing any specific provisions intended to limit the County's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The County's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the County are available immediately.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At December 31, 2013, \$250,000 of the County's demand and bank trust deposits are covered by FDIC insurance; \$3,646,279 is uninsured and uncollateralized; \$1,209,869 is deposited in PTIF.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of credit risk

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

3-B. Receivables

Accounts receivable are shown on the financial statements as follows:

	Governmental Activities	Business-type Activities	Total
Property taxes	\$ 304,166	-	304,166
Intergovernmental	627,477	-	627,477
Customers	150,945	246,840	397,786
Total receivables	1,082,588	246,840	1,329,428
Allowance for uncollectibles	-	(61,603)	(61,603)
Net receivables	\$ 1,082,588	185,237	1,267,826

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights	\$ 213,218	1,845	-	215,063
Construction in progress	202,099	68,179	264,115	6,163
Total capital assets, not being depreciated	<u>415,317</u>	<u>70,124</u>	<u>264,115</u>	<u>221,226</u>
Capital assets, being depreciated:				
Buildings	4,347,341	161,430	-	4,508,771
Improvements other than buildings	809,579	-	-	809,579
Machinery and equipment	3,178,893	477,000	411,064	3,244,829
Infrastructure	5,858,456	-	-	5,858,456
Total capital assets, being depreciated	<u>14,194,270</u>	<u>638,431</u>	<u>411,064</u>	<u>14,421,636</u>
Less accumulated depreciation for:				
Buildings	1,723,846	112,626	-	1,836,471
Improvements other than buildings	350,307	27,415	-	377,721
Machinery and equipment	1,625,033	287,577	289,880	1,622,730
Infrastructure	3,465,946	121,813	-	3,587,759
Total accumulated depreciation	<u>7,165,131</u>	<u>549,430</u>	<u>289,880</u>	<u>7,424,682</u>
Total capital assets being depreciated, net	<u>7,029,138</u>	<u>89,000</u>	<u>121,184</u>	<u>6,996,954</u>
Governmental activities capital assets, net	<u>\$ 7,444,455</u>	<u>159,124</u>	<u>385,299</u>	<u>7,218,180</u>

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

Governmental activities:	
General government	\$ 77,803
Public health	19,474
Public safety	205,279
Highways and public improvements	237,328
Parks, recreation and public property	7,800
Economic development	1,745
Total	<u>\$ 549,430</u>

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3-C. Capital assets (continued)

Capital asset activity for business-type activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and water shares	\$ 12,336,054	-	96,113	12,239,941
Construction in progress	14,068	43,544	-	57,611
Total capital assets, not being depreciated	<u>12,350,122</u>	<u>43,544</u>	<u>96,113</u>	<u>12,297,552</u>
Capital assets, being depreciated:				
Buildings	582,606	-	46,448	536,158
Improvements other than buildings	4,568,402	-	-	4,568,402
Machinery and equipment	493,166	-	11,000	482,166
Infrastructure	1,203,255	-	-	1,203,255
Total capital assets, being depreciated	<u>6,847,428</u>	<u>-</u>	<u>57,448</u>	<u>6,789,980</u>
Less accumulated depreciation for:				
Buildings	230,217	19,827	18,321	231,724
Improvements other than buildings	129,475	51,704	-	181,179
Machinery and equipment	399,307	20,544	11,000	408,851
Infrastructure	389,325	40,108	-	429,433
Total accumulated depreciation	<u>1,148,324</u>	<u>132,183</u>	<u>29,321</u>	<u>1,251,186</u>
Total capital assets being depreciated, net	<u>5,699,104</u>	<u>(132,183)</u>	<u>28,127</u>	<u>5,538,794</u>
Business-type activities capital assets, net	<u>\$ 18,049,226</u>	<u>(88,639)</u>	<u>124,240</u>	<u>17,836,346</u>

Depreciation expense was charged to functions/programs of the primary government business-type activities as follows:

Business-type activities:	
Water	<u>\$ 132,161</u>
Total	<u>\$ 132,161</u>

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3-D. Long-term debt

	Original Principal	% Rate	12/31/2012	Additions	Reductions	12/31/2013	Due Within One Year
<u>Governmental activities:</u>							
2009 Ford F150 Lease - Sheriff Matures 5/9/2014	\$ 20,352	3.17	\$ 13,778	-	13,778	-	-
2011 Ford Explorer - Dam Matures 10/25/2015	32,572	3.64	20,284	-	20,284	-	-
2011 Ford F-150 Lease - Jail Matures 10/25/2015	33,507	3.64	20,717	-	20,717	-	-
2011 Ford F-150 Lease - Comm Matures 12/20/2015	32,200	3.26	21,235	-	21,235	-	-
2011 Ford F-150 Lease - Sheriff Matures 12/20/2015	38,124	3.26	25,138	-	25,138	-	-
2011 Ford Focus Lease - Comm Matures 12/20/2015	19,150	3.26	12,627	-	12,627	-	-
2012 Ford F-150 Lease Sheriff Matures 3/1/2016	37,013	3.10	29,549	-	6,549	23,000	23,000
6/1/2012 Equipment Lease Purchase Matures 6/1/2016	73,940	2.44	59,741	-	12,741	47,000	15,291
8/21/2012 Equipment lease purchase Matures 8/21/2016	37,627	1.99	30,263	-	6,763	23,500	7,680
2013 F-150 - Explorer (Sheriff) 5/21 Matures 5/21/2017	70,403	2.02	-	70,403	14,764	55,640	13,640
2013 Ford F-150 (Sheriff) 12/11 Matures 12/11/2017	40,874	2.15	-	40,874	9,274	31,600	8,595
2014 Ford Explorer (Dam) 12/11 Matures 12/11/2017	34,214	2.15	-	34,214	8,330	25,884	7,773
2013 Ford F-150 (Police) S.O. 1/14 Matures 1/14/2018	41,093	2.12	-	41,093	-	41,093	6,695
2014 Explorer (County) N/D 1/14 Matures 1/14/2018	31,272	2.12	-	31,272	-	31,272	5,095
2014 F-150 (County) Comm 1/14 Matures 1/14/2018	28,828	2.12	-	28,828	-	28,828	4,697
Jail 1998 B Matures 6/30/2020	150,000	3.00	71,000	-	8,000	63,000	8,000
2008A Mineral Lease Revenue Matures 4/1/2024	500,000	-	401,000	-	33,000	368,000	33,000
2008B Mineral Lease Revenue Matures 4/1/2024	200,000	-	161,000	-	13,000	148,000	13,000
Series 2008 Jail Matures 12/15/2027	2,031,000	4.32	1,650,000	-	82,000	1,568,000	85,000
Total governmental activity long-term liabilities			<u>\$2,516,332</u>	<u>246,684</u>	<u>308,200</u>	<u>2,454,817</u>	<u>231,466</u>

Daggett County
NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

3-D. Long-term debt (continued)

Bond debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2014	\$ 231,465	75,351	306,816
2015	207,323	71,109	278,431
2016	220,586	66,039	286,625
2017	201,614	60,526	262,140
2018	177,830	55,286	233,116
2019 - 2023	820,000	203,408	1,023,408
2024 - 2027	596,000	64,646	660,646
Total	\$2,454,818	596,365	3,051,182

	Original Principal	%	12/31/2012	Additions	Reductions	12/31/2013	Due Within One Year
<u>Business-type activities:</u>							
2010 Water Revenue Matures 4/1/2040	\$ 263,000	1.87	\$ 221,000	-	221,000	-	-
Total business-type activity long-term liabilities			\$221,000	-	221,000	-	-

The 2010 Water Revenues bonds were retired in full during the year.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3-D. Long-term debt (continued)

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensate absences:			
Governmental	\$ 157,966	45,873	203,839
Business-type	8,579	-	8,579
Total	\$ 166,545	45,873	212,418

Capital Leases:

Daggett County has entered into lease agreements as a lessee for financing the acquisition of the vehicles for Public Safety functions. 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 through capital leases are as follows:

	Governmental Activities
Vehicles	\$ 295,265
Less: Accumulated Depreciation	(33,146)
Total assets	\$ 262,119

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013 are as follows:

Years Ending <u>December 31,</u>	
2014	\$ 97,354
2015	69,940
2016	77,788
2017	53,203
2018	24,335
Total minimum lease payments	322,620
Less: amount representing interest	(14,803)
Present value of minimum lease payments	\$ 307,817

Daggett County
NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

3-E. Interfund receivables, payables, and transfers

Due to/from other funds:

	Payable Funds:
	Jail Fund
<u>Receivable Funds:</u>	
General Fund	\$ 215,881
Total	\$ 215,881

Amounts represent the result of transactions occurring between funds that are representative of lending/borrowing arrangements due to overdrafts in the payable funds.

Interfund transfers:

	Transfers Out:			
	General Fund	Dutch John Financing	Low Income Housing	
<u>Transfers In:</u>				
Jail	\$ 60,000	-	-	60,000
Capital Projects - Election	500	-	-	500
Capital Projects - Computer	10,000	-	-	10,000
Economic Development	-	50,000	3,000	53,000
Dutch John Enterprise	-	300,000	-	300,000
Total	\$ 70,500	350,000	3,000	423,500

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The County is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

4-B. Employee pension and other benefit plans

Plan Description:

The County contributes to the Local Government Contributory System, Local Governmental Noncontributory System, Public Safety Contributory System and the Public Safety Noncontributory System for employers with (without) Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs 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 Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

The Funding Policy for the retirement systems is as follows:

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>
<u>January 2013 - June 2013</u>			
Contributory System:			
Local Governmental Division Tier 2	N/A	N/A	14.050%
Noncontributory System:			
Local Governmental Division Tier 1	N/A	N/A	16.040%
Public Safety System:			
Other Division A Contributory Tier 1	N/A	12.290%	19.080%
Other Division A Contributory Tier 2	N/A	N/A	20.930%
Other Div A Noncontributory Tier1 Jul-Dec	N/A	N/A	30.450%
<u>July 2013 - December 2013</u>			
Contributory System:			
Local Governmental Division Tier 2	N/A	N/A	13.990%
Noncontributory System:			
Local Governmental Division Tier 1	N/A	N/A	17.290%
Public Safety System:			
Other Division A Contributory	N/A	12.290%	20.830%
Other Division A Contributory	N/A	N/A	20.850%
Other Division A Noncontributory	N/A	N/A	30.450%
Other Division A Noncontributory	N/A	N/A	32.140%

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

Contributions to the respective systems for December 31, 2013, 2012 and 2011 were as follows:

Year Ended	<u>Employee paid contributions</u>	<u>Employer paid for employee contributions</u>	<u>Employer contributions</u>	<u>Salary subject to retirement contributions</u>
Contributory System:				
Local Governmental Division				
2013	0.00	0.00	7,768	91,044
2012	0.00	0.00	6,497	78,512
Noncontributory System:				
Local Governmental Division Tier 1				
2013	0.00	0.00	135,783	878,063
2012	0.00	0.00	127,536	960,304
2011	0.00	0.00	110,219	942,623
Public Safety System:				
Other Division A Contributory Tier 1				
2013	0.00	14,127	22,939	214,078
2012	0.00	14,152	20,067	214,117
2011	0.00	13,506	16,843	206,926
Other Division A Contributory				
2013	0.00	0.00	3,655	33,038
2012	0.00	0.00	431	3,878
Other Division A Noncontributory Tier 1				
2013	0.00	0.00	132,190	438,294
2012	0.00	0.00	115,495	402,863
2011	0.00	0.00	91,316	343,060
Defined Contribution System:				
457 Plan				
2013	2,600	0.00		
2012	2,600	0.00		
2011	4,051	0.00		
401(k) Plan				
2013	39,291	43,570		
2012	37,447	50,708		
2011	35,586	53,641		
Roth IRA Plan				
2013	2,340	0.00		
2012	2,340	0.00		
2011	2,340	0.00		

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

4-C. Contingent Liabilities

Litigation

Daggett County has no pending lawsuits and/or notice of claims as of December 31, 2013.

Closure and Post-Closure Cost Landfills

During 2003, Daggett County deeded their 1/2 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 there 1/2 of the landfill. Currently, the County has no responsibility for closure and post-closure costs associated with the landfill.

4-D. Redevelopment Agency Information

The following information relates to the redevelopment agency:

- (a) the tax increment collected by the agency for each project area. The agency received \$35,000 in taxes, collected for the agency by Duchesne County.
- (b) the amount of tax increment paid to any taxing agency. No taxes were paid by the agency to any other agency.
- (c) the outstanding principal amount for bonds issued or other loans incurred to finance costs associated with the project areas. None.
- (d) the actual amount expended for:
 - (i) acquisition of property \$0
 - (ii) site improvement of preparation costs \$0
 - (iii) installation of public utilities or other public improvements \$0
 - (iv) administrative cost of agency \$0

REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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Daggett County
Notes to Required Supplementary Information
December 31, 2013

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are for the County's General Fund, Class "B" Road Fund, Jail Fund, Dutch John Town Fund, and Flaming Gorge Road & Transportation Special Service District Fund.

Budgeting and Budgetary Control

Budgets for these funds are legally required and are prepared and adopted on the modified accrual basis of accounting.

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

Daggett County
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGED IN FUND BALANCES - BUDGET AND ACTUAL
(Unaudited)
For the Year Ended December 31, 2013

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,162,000	1,090,000	1,117,308	27,308
Licenses and permits	27,800	40,800	42,796	1,996
Intergovernmental revenues	235,983	219,983	222,198	2,215
Charges for services	1,361,132	1,031,452	971,715	(59,737)
Fines and forfeitures	66,500	66,500	49,603	(16,897)
Interest	5,000	2,100	5,678	3,578
Miscellaneous revenue	23,350	48,050	60,040	11,990
Total revenues	<u>2,881,765</u>	<u>2,498,885</u>	<u>2,469,338</u>	<u>(29,547)</u>
Expenditures				
General government	1,044,737	953,091	1,020,387	(67,296)
Public health	16,120	19,620	18,351	1,269
Public safety	1,514,738	1,485,838	1,662,745	(176,907)
Highways and public improvements	26,100	43,514	26,041	17,473
Parks and recreation	2,500	2,500	4,264	(1,764)
Total expenditures	<u>2,604,195</u>	<u>2,504,563</u>	<u>2,731,788</u>	<u>(227,225)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>277,570</u>	<u>(5,678)</u>	<u>(262,450)</u>	<u>(256,772)</u>
Other Financing Sources and (Uses)				
Capital lease financing	-	-	246,685	246,685
Sale of fixed assets	-	14,500	107,562	93,062
Transfers in	33,100	61,678	-	(61,678)
Transfers (out)	(310,670)	(70,500)	(70,500)	-
Total Other Financing Sources and (Uses)	<u>(277,570)</u>	<u>5,678</u>	<u>283,747</u>	<u>278,069</u>
Net Change in Fund Balances	-	-	21,297	21,297
Fund Balances - beginning of year	915,822	915,822	915,822	-
Fund Balances - end of year	<u>\$ 915,822</u>	<u>915,822</u>	<u>937,120</u>	<u>21,297</u>

Daggett County
CLASS "B" ROAD FUND
SCHEDULE OF REVENUES, EXPENDITUES AND
CHANGED IN FUND BALANCES - BUDGET AND ACTUAL
(Unaudited)
For the Year Ended December 31, 2013

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental revenues	\$ 375,000	375,000	410,818	35,818
Charges for services	-	-	50	50
Interest	500	500	-	(500)
Miscellaneous revenue	-	-	23,768	23,768
Total revenues	<u>375,500</u>	<u>375,500</u>	<u>434,635</u>	<u>59,135</u>
Expenditures				
Highways and public improvements	567,800	567,800	476,770	91,030
Total expenditures	<u>567,800</u>	<u>567,800</u>	<u>476,770</u>	<u>91,030</u>
Net Change in Fund Balances	(192,300)	(192,300)	(42,135)	150,165
Fund Balance - beginning of year	501,687	501,687	501,687	-
Fund Balance - end of year	<u><u>\$ 309,387</u></u>	<u><u>309,387</u></u>	<u><u>459,553</u></u>	<u><u>150,165</u></u>

Daggett County
JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGED IN FUND BALANCES - BUDGET AND ACTUAL
(Unaudited)
For the Year Ended December 31, 2013

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Property taxes	\$ 163,230	163,230	177,883	14,653
Charges for services	1,199,819	1,274,819	1,213,144	(61,675)
Miscellaneous revenue	-	-	21,402	21,402
Total revenues	<u>1,363,049</u>	<u>1,438,049</u>	<u>1,412,429</u>	<u>(25,620)</u>
Expenditures				
Public safety	1,606,619	1,594,619	1,610,207	(15,588)
Total expenditures	<u>1,606,619</u>	<u>1,594,619</u>	<u>1,610,207</u>	<u>(15,588)</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(243,570)</u>	<u>(156,570)</u>	<u>(197,777)</u>	<u>(41,207)</u>
Other Financing Sources and (Uses)				
Transfers in	243,570	156,570	60,000	(96,570)
Total other financing sources and (uses)	<u>243,570</u>	<u>156,570</u>	<u>60,000</u>	<u>(96,570)</u>
Net Change in Fund Balance	-	-	(137,777)	(137,777)
Fund Balance - beginning of year	92,822	92,822	92,822	-
Fund Balance - end of year	<u>\$ 92,822</u>	<u>92,822</u>	<u>(44,956)</u>	<u>(137,777)</u>

Daggett County
**FLAMING GORGE ROAD & TRANSPORTATION
SPECIAL SERVICE DISTRICT**
**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGED IN FUND BALANCES - BUDGET AND ACTUAL**
(Unaudited)
For the Year Ended December 31, 2013

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental revenues	\$ 0	-	(438,247)	(438,247)
Interest	-	-	(10,704)	(10,704)
Miscellaneous revenues	-	-	(464)	(464)
Total revenues	-	-	(449,415)	(449,415)
Expenditures				
Highways and public improvements	-	-	(570,865)	(570,865)
Total expenditures	-	-	(570,865)	(570,865)
Net Change in Fund Balance	-	-	(121,450)	(121,450)
Fund Balance - beginning of year	2,730,744	2,730,744	2,730,744	-
Fund Balance - end of year	\$ 2,730,744	2,730,744	(2,609,294)	121,450

Daggett County
DUTCH JOHN TOWN FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGED IN FUND BALANCES - BUDGET AND ACTUAL
(Unaudited)
For the Year Ended December 31, 2013

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental revenues	\$ 420,000	420,000	429,443	9,443
Interest	-	-	1,166	1,166
Miscellaneous revenues	14,800	24,800	22,522	(2,278)
Total revenues	<u>434,800</u>	<u>444,800</u>	<u>453,132</u>	<u>8,332</u>
Expenditures				
General government	512,880	192,700	139,816	52,884
Public safety	1,000	1,000	243	757
Highways and public improvements	14,000	14,000	9,784	4,216
Parks, recreation and public property	500	500	2,945	(2,445)
Total expenditures	<u>528,380</u>	<u>208,200</u>	<u>152,788</u>	<u>55,412</u>
Net Change in Fund Balance	<u>(93,580)</u>	<u>236,600</u>	<u>300,344</u>	<u>63,744</u>
Fund Balance - beginning of year	82,895	82,895	82,895	-
Fund Balance - end of year	<u><u>\$ (10,685)</u></u>	<u><u>319,495</u></u>	<u><u>383,239</u></u>	<u><u>63,744</u></u>

SUPPLEMENTARY INFORMATION

Daggett County
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

(Continued on next page)

	Special Revenue Funds										
	Forest Service Roads	Dutch John Financing	Economic Development	Transient Room Tax	Museum	Dutch John RDA	Homeland Security	Commissary	Rodeo	Assessing and Collecting	Rural Hospital Tax
Cash and cash equivalents	182,540	522,871	21,634	125,909	18,899	2,700	(12,522)	11,092	8,506	66,887	392,017
Receivables	-	-	66	-	-	-	-	-	600	-	-
Due from other governments	15,862	-	-	4,452	-	-	13,267	241	-	81,434	8,710
TOTAL ASSETS	198,401	522,871	21,699	130,361	18,899	2,700	745	11,334	9,106	148,321	400,727
LIABILITIES											
Accounts payable	-	-	310	112	146	-	-	5,642	1,757	735	33,248
Unearned revenue	-	-	-	-	-	28,078	-	-	-	-	-
TOTAL LIABILITIES	-	-	310	112	146	28,078	-	5,642	1,757	735	33,248
FUND BALANCES											
Restricted for:											
Class "B" roads	198,401	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Redevelopment Agency	-	-	-	-	-	(25,377)	-	-	-	-	-
Assigned	-	522,871	21,389	130,249	18,753	-	745	5,692	7,350	147,586	367,479
TOTAL FUND BALANCES	198,401	522,871	21,389	130,249	18,753	(25,377)	745	5,692	7,350	147,586	367,479
TOTAL LIABILITIES AND FUND BALANCES	198,401	522,871	21,699	130,361	18,899	2,700	745	11,334	9,106	148,321	400,727

Daggett County
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

(Continued from previous page)

	Special Revenue Funds										Total Non-Major Governmental Funds	
	Shooting Range	Burbot Bash	Park	Seath & Rescue	Geo Info System	Predator Control	Ambulance	Election	Computer	Building		Jail
ASSETS												
Cash and cash equivalents	401	574	54,197	22,914	25,099	6,027	1,310	5,175	23,658	20,117	10,377	1,510,382
Receivables	-	-	540	-	-	-	-	-	-	-	-	1,206
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	123,966
TOTAL ASSETS	401	574	54,737	22,914	25,099	6,027	1,310	5,175	23,658	20,117	10,377	1,635,554
LIABILITIES												
Accounts payable	-	1,161	119	1,010	-	-	-	-	-	-	-	44,239
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	28,078
TOTAL LIABILITIES	-	1,161	119	1,010	-	-	-	-	-	-	-	72,317
FUND BALANCES												
Restricted for:												
Class "B" roads	-	-	-	-	-	-	-	-	-	-	-	198,401
Capital projects	-	-	-	-	-	-	1,310	5,175	23,658	20,117	10,377	60,636
Redevelopment Agency	-	-	-	-	-	-	-	-	-	-	-	(25,377)
Assigned	401	(587)	54,618	21,904	25,099	6,027	-	-	-	-	-	1,329,577
TOTAL FUND BALANCES	401	(587)	54,618	21,904	25,099	6,027	1,310	5,175	23,658	20,117	10,377	1,563,237
TOTAL LIABILITIES AND FUND BALANCES	401	574	54,737	22,914	25,099	6,027	1,310	5,175	23,658	20,117	10,377	1,635,554

Daggett County
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**
 For the Year Ended December 31, 2013

(Continued on next page)

	Special Revenue Funds										
	Forest Service Roads	Dutch John Financing	Economic Development	Transient Room Tax	Museum	Dutch John RDA	Homeland Security	Commissary	Rodeo	Assessing and Collecting	Rural Hospital Tax
REVENUES:											
Taxes	\$ 0	-	-	71,935	-	-	-	-	-	231,714	187,030
Intergovernmental	83,446	-	28,060	-	-	-	27,362	-	-	-	-
Charges for services	-	-	13,214	-	2,893	-	-	106,317	27,473	-	-
Interest income	-	3,428	-	1,806	-	45	-	-	-	-	-
Miscellaneous	-	-	-	-	-	675	-	-	13,216	-	-
Total revenues	83,446	3,428	41,274	73,741	2,893	720	27,362	106,317	40,689	231,714	187,030
EXPENDITURES:											
General government	-	-	99,936	1,027	4,576	4,763	-	-	-	242,303	-
Public safety	-	-	-	-	-	-	38,065	99,292	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	97,964
Highways and public improvements	20,125	-	-	-	-	-	-	-	-	-	-
Parks, recreation, and public property	-	-	-	-	-	-	-	-	39,214	-	-
Community and economic development	-	-	641	79,734	-	-	-	-	-	-	-
Total expenditures	20,125	-	100,577	80,762	4,576	4,763	38,065	99,292	39,214	242,303	97,964
Excess (deficiency) of revenues over (under) expenditures	63,322	3,428	(59,303)	(7,021)	(1,683)	(4,043)	(10,703)	7,026	1,475	(10,589)	89,065
Other Financing Sources (Uses):											
Sale of fixed assets	-	-	-	-	-	1,000	-	-	-	-	-
Transfers in	-	-	53,000	-	-	-	-	-	-	-	-
Transfers out	-	(350,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(350,000)	53,000	-	-	1,000	-	-	-	-	-
Net change in fund balances	63,322	(346,572)	(6,303)	(7,021)	(1,683)	(3,043)	(10,703)	7,026	1,475	(10,589)	89,065
Fund Balances - Beginning of year	135,079	869,443	27,692	137,270	20,436	(22,334)	11,448	(1,334)	5,875	158,175	278,413
Fund Balances - End of year	\$ 198,401	522,871	21,389	130,249	18,753	(25,377)	745	5,692	7,350	147,586	367,479

Daggett County
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**
 For the Year Ended December 31, 2013

(Continued from previous page)

	Special Revenue Funds										Capital Projects Fund				Total Non-Major Governmental Funds
	Shooting Range	Burbot Bash	Park	Search and Rescue	Geo Info System	Predator Control	Ambulance	Election	Computer	Building	Jail				
REVENUES															
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	490,679
Intergovernmental	-	4,656	15,541	-	27,000	-	-	-	-	-	-	-	-	-	187,793
Charges for services	200	-	-	3,731	-	-	-	-	-	-	1,727	-	-	-	153,828
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,279
Miscellaneous	-	35,601	100	13,744	-	-	-	-	-	-	-	-	-	-	63,336
Total revenues	200	40,256	15,641	17,475	27,000	-	-	-	-	-	1,727	-	-	-	900,915
EXPENDITURES															
General government	-	30,428	-	18,040	4,233	-	-	-	22,505	2,824	-	-	-	-	430,636
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	137,357
Public health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	97,964
Highways and public improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,125
Parks, recreation and public property	-	-	7,354	-	-	-	-	-	-	-	-	-	-	-	46,568
Community and development	-	10,416	-	-	-	-	-	-	-	-	-	-	-	-	90,791
Capital outlay	-	-	1,198	-	-	-	-	-	14,940	2,010	1,845	-	-	-	19,993
Total expenditures	-	40,844	8,551	18,040	4,233	-	-	-	37,445	4,834	1,845	-	-	-	843,433
Excess (deficiency) of revenues over (under) expenditures	200	(587)	7,090	(565)	22,767	-	-	-	(35,718)	(4,834)	(1,845)	-	-	-	49,982
Other Financing Sources (Uses):															
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
Transfers in	-	-	-	-	-	-	-	500	10,000	-	-	-	-	-	63,500
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(350,000)
Total other financing sources (uses):	-	-	-	-	-	-	-	500	10,000	-	-	-	-	-	(286,500)
Net change in fund balance	200	(587)	7,090	(565)	22,767	-	-	500	(25,718)	(4,834)	(1,845)	-	-	-	(228,019)
Fund balances - beginning of year	201	-	47,528	22,469	2,332	6,027	1,310	4,675	49,376	24,951	12,222	-	-	-	1,791,255
Fund balances - end of year	401	(587)	54,618	21,904	25,099	6,027	1,310	5,175	23,658	20,117	10,377	-	-	-	1,563,237

Daggett County
Treasurer's Statement of Current Taxes Levied and Collected Including Treasurer's Relief
December 31, 2013

Taxing Unit	Local & State Real Property	Personal Property Value	Current Year Tax Rate	Prior Year Tax Rate	Real Property Tax	Personal Property Tax	Total Tax	Treasurer's Relief				Taxes Collected	Percent Collected	Fees In- Lieu MV	Delinquent/Redemption		Total Collections	
								Unpaid Taxes	Abate- ments	Other	Total Relief				Misc.	Interest/ Penalty		
Daggett County General	268,462,234	2,249,684	0.003200	0.002855	851,880	6,423	858,303	29,658	2,935	(1,836)	30,757	827,547	96.42%	50,388	(449)	19,331	4,763	901,580
Daggett County Bond	268,462,234	2,249,684	0.000628	0.000636	167,181	1,431	168,612	5,820	576	(111)	6,285	162,327	96.27%	11,225	(91)	4,251	171	177,883
Assessing & Collecting:							-				-							-
Local	268,462,234	2,249,684	0.000697	0.000303	185,550	682	186,232	6,460	639	(256)	6,843	179,388	96.33%	5,348	(101)	2,028	85	186,748
State	268,462,234	2,249,684	0.000158	0.000168	42,061	378	42,439	1,464	145	(25)	1,584	40,856	96.27%	2,965	(23)	1,122	47	44,967
School District:							-				-							-
General	268,462,234	2,249,684	0.002908	0.002792	774,145	6,281	780,426	26,952	2,667	(527)	29,092	751,337	96.27%	51,324	(421)	19,382	810	822,432
Basic School Levy	268,462,234	2,249,684	0.001535	0.001651	408,636	3,714	412,350	14,226	1,408	(278)	15,356	396,995	96.28%	27,091	(222)	10,231	428	434,523
Town of Manila	51,278,570	421,345	0.001471	0.001472	74,811	620	75,431	7,161	778	(99)	7,840	67,591	89.61%	7,882	(30)	4,748	171	80,362
Mosquito Abatement	97,105,539	668,544	0.000296	0.000298	28,545	199	28,744	2,080	239	(48)	2,271	26,473	92.10%	3,348	(24)	1,707	71	31,575
Mountain View Service Area	5,263,040	6,565	0.000775	0.000776	4,073	5	4,078	259	-	(4)	255	3,823	93.75%	426	(2)	243	10	4,500
Daggett Water & Sewer	41,925,769	210,544	0.000448	0.000452	18,688	95	18,783	894	125	(53)	966	17,817	94.86%	2,455	(26)	935	40	21,221
Totals					2,555,570	19,828	2,575,398	94,974	9,512	(3,237)	101,249	2,474,154		162,452	(1,389)	63,978	6,596	2,705,791

Note: Amounts based on a tax year of January 15, 2013 to January 15, 2014. Balances may vary from financial statements due to timing differences.
Balances do not include amounts received directly from State Tax Commission, for example, State fee-in-lieu taxes.

Daggett County
SCHEDULE OF TRANSIENT ROOM TAX
For the year ending December 31, 2013

Unexpended transient room tax and restaurant tax, December 31, 2012	\$ 137,269
Revenues:	
Transient room tax revenues	73,741
Expenditures:	
Tourism promotion expenditures	<u>(80,762)</u>
Unexpended transient room tax and restaurant tax, December 31, 2013	<u>\$ 130,248</u>

OTHER REPORTS

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Daggett County Commissioners

We have audited the financial statements of Daggett County as of and for the year ended December 31, 2013, and have issued our report thereon dated September 17, 2014. 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.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

There are other matters that we have reported to management of Daggett County.

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

Aycock, Miles & Associates, CPAs

September 17, 2014

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Daggett County Commissioners

Compliance

We have audited the compliance of Daggett County 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 Daggett County's major federal programs for the year ended December 31, 2013. Daggett County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Daggett County's management. Our responsibility is to express an opinion on Daggett County's compliance based on our audit.

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 Daggett 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. Our audit does not provide a legal determination on Daggett County's compliance with those requirements.

In our opinion, Daggett County complied, in all material respects, with the 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, 2013.

Internal Control Over Compliance

The management of Daggett County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Daggett County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 internal control over compliance.

A deficiency in internal control over compliance 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, 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.

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

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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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Information

This report is intended for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Aycock, Miles & Associates, CPAs

September 17, 2014

Daggett County
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

Federal Department	C.F.D.A. Number	Grantor Agency	Federal Expenditures
<u>Department of Agriculture</u>			
SISK Cooperative Agreement	10.664	USDA	\$ 56,745
Weed Grant	10.unknown	USDA	29,755
Secure Rural Schools, Title III	10.665	State of Utah	17,262
National Forest-Rural Communities	10.670	State of Utah	<u>104,804</u>
Sub-total			208,566
<u>Department of Homeland Security</u>			
Local Emerg. Planning Committee (LEPC)	97.073	State of Utah	<u>2,548</u>
Sub-total			2,548
<u>Department of Justice</u>			
Violence Against Women	16.588	State of Utah	<u>25,714</u>
Sub-total			25,714
<u>Department of Interior</u>			
Bureau of Reclamation, Dutch John Privatization	15.513	Bureau of Reclamation	413,660
Bureau of Reclamation, Dam Security	15.517	Bureau of Reclamation	<u>682,445</u>
Sub-total			<u>1,096,105</u>
		Grand Total	<u><u>\$ 1,332,933</u></u>

Note: The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the County. These expenditures include the disbursement of federal loan proceeds and federal grants. The information in the schedule is presented in accordance with OMB Circular A-133. The schedule is prepared using the same accounting policies and basis of accounting as the County's basic financial statement described in Note 1.

Daggett County
Schedule of Findings and Questioned Costs, Prior and Current
Year Ended December 31, 2013

This report discusses four key areas: 1) a summary of auditor's results, 2) findings related to the financial statements, and 3) findings and questioned costs related to federal awards.

Summary of Auditors' Results

Financial Statement Opinion: The auditor's report expresses an unqualified opinion

Internal Control Over Financial Reporting: No significant deficiencies and no material weaknesses reported

Noncompliance Material to the Financial Statements: No instances of material noncompliance

Major Program Internal Controls: No significant deficiencies or material weaknesses

Opinion on Compliance for Major Programs: Unqualified opinion on major programs

Audit Findings Required to be Disclosed under Section 510(d) of Circular A-133: None

Major Programs Identified: 1) Bureau of Reclamation, CFDA 15.513

Dollar Threshold Used to Determine Type A & B Programs: \$300,000

Low-Risk or High-Risk Qualification: Low risk

Findings Related to Financial Statements

Prior Year Findings: There are no prior year findings in this area.

Current Year Findings: No current year findings related to the financial statements.

Findings and Questioned Costs Related to Federal Awards

Prior Year Findings: There are no prior year findings in this area.

Current Year Findings: No current year findings regarding major programs.

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Independent Auditors' Report on State of Utah Legal Compliance

Honorable County Commissioners of Daggett County

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, 2013.

General state compliance requirements were tested for the year ended December 31, 2013 in the following areas: budgetary compliance, cash management, impact fees, Government Records Access Management Act (GRAMA), County Commission Members.

The County received state funding from the following programs classified as major programs for the year-ended December 31, 2013: Class B road money.

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 the County's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, the Daggett County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the County or on each of its major state programs for the year ended December 31, 2013.

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 2013-1, 2. 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. 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.

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Report On Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedule of Expenditures of State Awards as Required by the State Compliance Audit Guide

We have audited the financial statements of the business-type activities of the County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 17, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State Compliance Audit Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Aycock, Miles & Associates, CPAs

September 17, 2014

Daggett County
Schedule of Findings and Management Responses
Year Ended December 31, 2013

2013-1 *Finding*—Four General fund departments and a Special Revenue fund exceeded the County’s legally adopted budget.

Criteria— The County is required to spend within its annual budget that has been approved and discussed in a required public hearing

Effect—Expenditures exceeding what the County Commission and the public expected.

Recommendation—We recommend that the County Commission carefully review its budget upon being created and then throughout the year, as appropriate, amend the budget when necessary.

Management Response—The County will periodically review the budget through the year and make amendments as necessary.

2013-2 *Finding*—Three special funds carried deficit fund balances in violation of Utah Code.

Criteria— Deficit fund balances are not permitted according to Utah Code.

Effect—Fund activity exceeds available resources.

Recommendation—We recommend that the County Commission budget for appropriate changes so that these funds will no longer carry deficit fund balances.

Management Response—The County will budget accordingly to solve the immediate and underlying issue of exceeding available resources in special revenue funds.

Daggett County
Schedule of Expenditures of Utah State Awards
Year Ended December 31, 2013

State Department	State Expenditures
Class B road allotment	\$ 331,044
Weed Grant	29,755
Secure Rural Schools, Title III	17,262
National Forest-Rural Communities	104,804
Utah Dept. of Correction Sex Offender monitoring	2,548
Search and Rescue grant	10,557
State of Utah Cooperative Marketing Grant	4,666
Economic Development Corp. of Utah	2,500
Economic Development Corp. of Utah	25,000
Cooperative Marketing Grant	<u>560</u>
Total	<u>\$ 528,696</u>