

Daggett County

Daggett County, UT

ANNUAL FINANCIAL REPORT

Year The Year Ended December 31, 2012

Daggett County
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December 31, 2012

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AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

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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, 2012, 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 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, 2012, 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.

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 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Daggett County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2013 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

August 9, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Daggett County
Management's Discussion and Analysis
December 31, 2012

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, 2012.

FINANCIAL HIGHLIGHTS

*Total net position for the County as a whole decreased by \$1,016,422.

*Total unrestricted net position for the County as a whole decreased by \$895,452.

*Total net position for governmental activities decreased by \$244,801.

*Total net position for business-type activities decreased by \$771,621.

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, deferred outflows, liabilities, and deferred inflows, with the difference between them 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, 2012

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 County.

Daggett County
Management's Discussion and Analysis
December 31, 2012

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	\$ 6,636,305	6,968,043	210,882	1,133,183	6,847,186	8,101,226
Net capital assets	7,444,455	7,096,213	18,049,226	17,938,427	25,493,681	25,034,640
Total assets	<u>14,080,760</u>	<u>14,064,256</u>	<u>18,260,108</u>	<u>19,071,610</u>	<u>32,340,867</u>	<u>33,135,867</u>
Long-term liabilities	2,516,331	2,599,729	221,000	242,000	2,737,331	2,841,729
Other liabilities	685,517	340,816	18,298	37,179	703,815	377,995
Total liabilities	<u>3,201,849</u>	<u>2,940,544</u>	<u>239,298</u>	<u>279,179</u>	<u>3,441,147</u>	<u>3,219,723</u>
Net position:						
Capital assets, net of debt	4,928,124	4,496,484	17,828,226	17,696,427	22,756,350	22,192,911
Restricted	3,460,045	4,144,454	-	-	3,460,045	4,144,454
Unrestricted	2,490,743	2,482,774	192,584	1,096,004	2,683,326	3,578,778
Total net position	<u>\$ 10,878,911</u>	<u>11,123,712</u>	<u>18,020,810</u>	<u>18,792,431</u>	<u>28,899,721</u>	<u>29,916,143</u>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows exceeded total liabilities and deferred inflows at the close of the year by \$28,899,721, a decrease of \$1,016,422 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 \$2,683,326, which represents a decrease of \$895,452 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, 2012

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	2,745,917	2,622,443	225,011	191,979	2,970,929	2,814,421
Operating grants	1,926,754	1,311,275	6,674	53,851	1,933,428	1,365,126
Capital grants	-	497,383	255,420	47,511	255,420	544,894
General revenues:						
Property taxes	1,161,120	1,163,948	-	-	1,161,120	1,163,948
Sales tax	417,514	372,054	-	-	417,514	372,054
Other taxes	7,613	38,068	-	-	7,613	38,068
Other revenues	384,517	689,647	(25,208)	(75,973)	359,309	613,674
Total revenues	<u>6,643,436</u>	<u>6,694,818</u>	<u>461,897</u>	<u>217,367</u>	<u>7,105,333</u>	<u>6,912,185</u>
Expenses:						
General government	2,530,787	1,878,552	-	-	2,530,787	1,878,552
Public safety	3,017,866	2,809,642	-	-	3,017,866	2,809,642
Public health	134,422	119,469	-	-	134,422	119,469
Highways and improvements	1,852,462	1,402,635	-	-	1,852,462	1,402,635
Parks and recreation	69,930	57,486	-	-	69,930	57,486
Economic development	102,778	102,498	-	-	102,778	102,498
Interest on long-term debt	103,248	84,932	4,232	36,72	107,480	88,603
Enterprise - Dutch John	-	-	303,794	368,183	303,794	368,183
Enterprise - Low income housing	-	-	2,237	-	2,237	-
Total expenses	<u>7,811,493</u>	<u>6,455,214</u>	<u>310,262</u>	<u>371,855</u>	<u>8,121,755</u>	<u>6,827,069</u>
Excess (deficiency) before transfers	<u>(1,168,057)</u>	<u>239,604</u>	<u>151,634</u>	<u>(201,999)</u>	<u>(1,016,422)</u>	<u>85,117</u>
Transfers in (out)	923,256	1,075,000	(923,256)	(1,075,000)	-	-
Change in net position	<u>(244,801)</u>	<u>1,314,604</u>	<u>(771,621)</u>	<u>(1,229,488)</u>	<u>(1,016,422)</u>	<u>85,117</u>

For the County as a whole, total revenues increased by \$193,148 compared to the previous year, while total expenses increased by \$1,294,686. The total net change of \$1,016,422 is, in private sector terms, the net loss for the year which is \$1,101,539 less than the previous year.

Governmental activities revenues of \$6,643,436 is a decrease of \$51,382 from the previous year. Governmental activities expenses of \$7,811,493 is an increase of \$1,356,279 from the previous year. All department spending increased during the year.

Business-type activities revenue of \$461,897 is an increase of \$244,530 from the previous year. Grant revenues increased significantly during the year. Business-type activities expenses of \$310,262 is an increase of \$61,593 from the previous year.

Daggett County
Management's Discussion and Analysis
December 31, 2012

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 \$915,822 reflects an increase of \$198,750 from the previous year. Total revenues increased by \$121,782. Tax revenues, including property taxes and sales taxes increased by \$26,391. Intergovernmental revenue increased by \$44,572. All other revenues increased by \$50,819.

Total expenditures increased by \$126,891. Expenditure changes from the previous year, by department: general government increased by \$82,642; public safety increased by \$119,471; public health increased by \$5,443; streets and highways decreased by \$13,809; and parks and recreation increased by \$204. Capital outlay expenditures decreased by \$88,489. Debt service expenditures increased by \$21,429.

The unassigned fund balance amounts to \$915,822.

Dutch John Fund

The change in net position (net loss) was \$772,543. Before transfers in and out, the net income amounted to \$149,713, compared to the previous year's net loss of \$108,175. During the year, transfers out were made totaling \$1,577,256 and transfers in of \$655,000. The unrestricted net position amounts to \$18,908.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers in and fund balance appropriations, were originally budgeted in the amount of \$2,737,075. This amount was amended in the final budget to \$2,781,178. Actual revenues, excluding transfers in, amounted to \$2,989,627.

Expenditures for the current year, excluding transfers out, were originally budgeted in the amount of \$2,754,016. This amount was amended in the final budget to \$2,794,494. Actual expenditures, excluding transfers out, amounted to \$2,774,877.

Net transfers for the year were originally budgeted for net transfers out of \$247,967. The final net budget for transfers was for a transfer out of \$247,967. Actual net transfers out were made in the amount of \$16,000.

Daggett County
Management's Discussion and Analysis
December 31, 2012

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	\$ 213,218	213,218	12,336,054	12,361,684	12,549,272	12,574,902
Buildings	2,623,495	2,402,818	352,389	373,249	2,975,884	2,776,066
Improvements other than buildings	459,273	486,687	1,603,407	1,603,407	2,062,680	2,090,094
Machinery and equipment	1,553,860	1,490,352	93,858	116,414	1,647,718	1,606,766
Infrastructure	2,392,510	2,062,600	813,930	854,038	3,206,440	2,916,638
Water and sewer systems	-	-	2,835,520	2,629,636	2,835,520	2,629,636
Work in progress	202,099	440,538	14,068	-	216,167	440,538
Totals	<u>\$ 7,444,455</u>	<u>7,096,213</u>	<u>18,049,226</u>	<u>17,938,427</u>	<u>25,493,681</u>	<u>25,034,640</u>

The total amount of capital assets, net of depreciation, of \$25,493,681 is an increase of \$459,041 from the previous year.

Governmental activities capital assets, net of depreciation, of \$7,444,455 is an increase of \$348,242 from the previous year.

Business-type activities capital assets, net of depreciation, of \$18,049,226 is an increase of \$110,799 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, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Daggett County's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
2010 Ford Explorer Lease - Dam	\$ -	17,248
2009 Ford F150 Lease - Sheriff	13,778	20,352
2009 Ford Escape Lease - Dam	-	20,500
2011 Ford Explorer Lease - Dam	20,284	25,959
2011 Ford F-150 Lease - Jail	20,717	26,624
2011 Ford F-150 Lease - Comm	21,235	26,289
2011 Ford F-150 Lease - Sheriff	25,138	31,124
2011 Ford Focus Lease - Comm	12,627	15,634
2012 Ford F-150 Lease - Sheriff	29,549	-
2012 Ford F-150 Lease (2)	59,741	-
2012 Ford F-150 Lease	30,263	-
1998B Jail Bond	71,000	79,000
2008A Mineral Lease Revenue	401,000	434,000
2008B Mineral Lease Revenue	161,000	174,000
2008 Jail Bond	1,650,000	1,729,000
Total governmental	2,516,331	2,599,729
Business-type activities:		
2010 Water Revenue	221,000	242,000
Total business-type	221,000	242,000
Total outstanding debt	\$ 2,737,331	2,841,729

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, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 4,518,609	50,495	4,569,103
Investments	505	-	505
Accounts receivable, net of allowances	106,592	160,387	266,979
Property taxes receivable	367,143	-	367,143
Due from other governments	1,040,524	-	1,040,524
Other assets	32,131	-	32,131
Total current assets	6,065,504	210,882	6,276,385
Non-current assets:			
Restricted cash and cash equivalents	570,801	-	570,801
Capital assets:			
Not being depreciated	415,317	12,350,122	12,765,439
Net of accumulated depreciation	7,029,138	5,699,104	12,728,242
Total non-current assets	8,015,256	18,049,226	26,064,482
Total assets	\$ 14,080,760	18,260,108	32,340,867
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ 481,168	6,619	487,787
Accrued interest payable	6,472	3,100	9,572
Unearned revenue	39,911	-	39,911
Capital lease - current	65,054	-	65,054
General obligation bonds - current	90,000	-	90,000
Revenue bonds - current	46,000	21,000	67,000
Total current liabilities	728,605	30,719	759,324
Non-current liabilities:			
Compensated absences	157,966	8,579	166,545
Capital lease - noncurrent	168,277	-	168,277
General obligation bonds - noncurrent	1,631,000	-	1,631,000
Revenue bonds - noncurrent	516,000	200,000	716,000
Total non-current liabilities	2,473,243	208,579	2,681,823
Total liabilities	3,201,849	239,298	3,441,147
NET POSITION:			
Invested in capital assets, net of related debt	4,928,124	17,828,226	22,756,350
Restricted:			
Class "B" roads	636,767	-	636,767
Capital projects	92,534	-	92,534
Flaming Gorge Roads & Transportation SSD	2,730,744	-	2,730,744
Unrestricted	2,490,743	192,584	2,683,326
Total net position	\$ 10,878,911	18,020,810	28,899,721

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

Daggett County
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

	<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	\$ 2,530,787	716,838	689,804	-	(1,124,145)
Public safety	3,017,866	1,985,334	99,198	-	(933,334)
Public health	134,422	5,708	-	-	(128,714)
Highways and public improvements	1,852,462	-	1,123,799	-	(728,663)
Parks, recreation and public property	69,930	31,535	13,953	-	(24,442)
Community and economic development	102,778	6,503	-	-	(96,275)
Interest on long-term debt	103,248	-	-	-	(103,248)
Total governmental activities	<u>7,811,493</u>	<u>2,745,917</u>	<u>1,926,754</u>	<u>-</u>	<u>(3,138,821)</u>
Business-type activities:					
Enterprise - Dutch John	308,025	220,852	6,674	255,420	174,921
Enterprise - Low income housing	2,237	4,159	-	-	1,922
Total business-type activities	<u>310,262</u>	<u>225,011</u>	<u>6,674</u>	<u>255,420</u>	<u>176,843</u>
Total primary government	<u>\$ 8,121,755</u>	<u>2,970,929</u>	<u>1,933,428</u>	<u>255,420</u>	<u>(2,961,978)</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, 2012

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET ASSETS:			
Net (expense) revenue (from previous page)	<u>\$ (3,138,821)</u>	<u>176,843</u>	<u>(2,961,978)</u>
General revenues:			
Property taxes	1,109,628	-	1,109,628
Sales tax	417,514	-	417,514
Other taxes	7,613	-	7,613
Payment in lieu of taxes	51,491	-	51,491
Unrestricted investment earnings	32,878	422	33,299
Gain on sales of capital assets	61,752	(25,630)	36,122
Miscellaneous	289,888	-	289,888
Transfers in (out)	<u>923,256</u>	<u>(923,256)</u>	<u>-</u>
Total general revenues and transfers	<u>2,894,020</u>	<u>(948,464)</u>	<u>1,945,556</u>
Change in net position	(244,801)	(771,621)	(1,016,422)
Net position - beginning	<u>11,123,712</u>	<u>18,792,431</u>	<u>29,916,143</u>
Net position - ending	<u><u>\$ 10,878,911</u></u>	<u><u>18,020,810</u></u>	<u><u>28,899,721</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, 2012

	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	\$ 358,663	310,998	-	1,615	2,084,696	1,762,637	4,518,609
Investments in stock	505	-	-	-	-	-	505
Accounts receivable (net)	106,038	2,600	-	-	-	7,625	116,263
Property taxes receivable	290,310	-	-	-	-	76,833	367,143
Due from other governments	157,137	192,732	151,792	414,730	87,105	27,357	1,030,853
Due from other funds	27,030	-	-	-	-	-	27,030
Other assets	31,981	-	150	-	-	-	32,131
Restricted cash and cash equivalents	25	-	-	-	570,776	-	570,801
TOTAL ASSETS	\$ 971,689	506,330	151,942	416,344	2,742,577	1,874,453	6,663,335
LIABILITIES							
Accounts payable	\$ 55,867	4,642	32,090	333,450	-	55,120	481,168
Due to other funds	-	-	27,030	-	-	-	27,030
Unearned revenue	-	-	-	-	11,833	28,078	39,911
TOTAL LIABILITIES	55,867	4,642	59,120	333,450	11,833	83,197	548,110
FUND BALANCES:							
Restricted for:							
Class "B" Road	-	501,687	-	-	-	135,079	636,767
Road & Transportation SSD	-	-	-	-	2,730,744	-	2,730,744
Capital Projects	-	-	-	-	-	92,534	92,534
Redevelopment Agency	-	-	-	-	-	(22,334)	(22,334)
Assigned for:							
Special revenue	-	-	92,822	82,895	-	1,585,976	1,761,693
Unassigned	915,822	-	-	-	-	-	915,822
TOTAL FUND BALANCES	915,822	501,687	92,822	82,895	2,730,744	1,791,255	6,115,226
TOTAL LIABILITIES AND FUND BALANCES	\$ 971,689	506,330	151,942	416,344	2,742,577	1,874,453	6,663,335

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, 2012

	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	\$ 811,641	-	178,985	-	-	170,493	1,161,120
Sales	197,357	-	-	-	-	220,157	417,514
Other taxes	7,613	-	-	-	-	-	7,613
Licenses and permits	28,220	-	-	-	-	-	28,220
Intergovernmental revenues	235,457	431,753	-	497,575	586,424	175,545	1,926,754
Charges for services	1,343,258	-	1,140,997	50	-	154,669	2,638,974
Fines and forfeitures	78,723	-	-	-	-	-	78,723
Interest	6,921	-	736	8,685	16,210	326	32,878
Miscellaneous revenue	98,913	20,730	520	150,940	366	18,419	289,888
Total revenues	2,808,104	452,483	1,321,237	657,250	603,000	739,610	6,581,684
EXPENDITURES:							
Current:							
General government	1,066,236	-	-	1,043,097	-	333,035	2,442,368
Public safety	1,386,674	-	1,325,629	-	-	111,992	2,824,295
Public health	14,510	-	-	-	-	100,437	114,948
Highways and public improvements	33,188	368,342	-	2,994	1,028,756	208,802	1,642,081
Parks, recreation and public property	2,381	-	-	1,631	-	58,117	62,130
Community and economic development	-	-	-	-	-	99,287	99,287
Capital outlay	178,817	146,238	91,154	429,351	-	1,466	847,025
Debt service:							
Principal	-	-	87,000	-	46,000	-	133,000
Capital lease	93,071	-	5,907	-	-	-	98,978
Interest	-	-	77,398	-	-	-	77,398
Total expenditures	2,774,877	514,580	1,587,088	1,477,073	1,074,756	913,135	8,341,509
Excess (Deficiency) of Revenues over (Under) Expenditures	33,227	(62,097)	(265,851)	(819,822)	(471,756)	(173,526)	(1,759,825)
Other Financing Sources and (Uses):							
Capital lease financing	148,581	-	-	-	-	-	148,581
Sale of fixed assets	32,942	-	-	-	-	28,810	61,752
Transfers in	60,000	-	150,000	1,577,256	-	27,000	1,814,256
Transfers (out)	(76,000)	-	-	(755,000)	-	(60,000)	(891,000)
Total other financing sources and (uses)	165,523	-	150,000	822,256	-	(4,190)	1,133,589
Net Change in Fund Balances	198,750	(62,097)	(115,851)	2,433	(471,756)	(177,716)	(626,236)
Fund balances - beginning of year	717,072	563,785	208,672	80,461	3,202,500	1,968,971	6,741,462
Fund balances - end of year	\$ 915,822	501,687	92,822	82,895	2,730,744	1,791,255	6,115,226

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, 2012

Total Fund Balances for Governmental Funds	<u>\$ 6,115,226</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	14,609,587
Less accumulated depreciation	<u>(7,165,131)</u>
Net capital assets	<u>7,444,455</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>(2,516,331)</u>
Interest accrued but not yet paid on long-term debt	<u>(6,472)</u>
Compensated absences	<u>(157,966)</u>
Total Net Assets of Governmental Activities	<u><u>\$ 10,878,911</u></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, 2012

Net Change in Fund Balances - Total Governmental Funds **\$ (626,236)**

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

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.

Capital outlays	847,025
Depreciation expense	<u>(498,783)</u>
Net	<u><u>348,242</u></u>

Debt proceeds are reported as financing sources in government funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities.

Debt issued - capital leases	<u>(148,581)</u>
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Long-term debt principal repayments	<u>231,978</u>
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Accrued interest and unamortized bond issue costs for long-term debt are not reported as expenditures for the current period, while they are recorded in the statement of activities.

Change in accrued interest	(453)
Change in unamortized bond issue costs	<u>(25,397)</u>

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.

Change in compensated absence liability	<u>(24,354)</u>
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Change in Net Assets of Governmental Activities **\$ (244,801)**

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

Daggett County
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2012

	Dutch John Enterprise	Low Income Housing	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 49,573	922	50,495
Accounts receivable, net	(12,367)	172,754	160,387
Due from other governments	-	-	-
Total current assets	<u>37,206</u>	<u>173,676</u>	<u>210,882</u>
Non-current assets:			
Capital assets:			
Not being depreciated	12,350,122	-	12,350,122
Net of accumulated depreciation	5,699,104	-	5,699,104
Total non-current assets	<u>18,049,226</u>	<u>-</u>	<u>18,049,226</u>
Total assets	<u>\$ 18,086,432</u>	<u>173,676</u>	<u>18,260,108</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 6,619	-	6,619
Accrued interest payable	3,100	-	3,100
Revenue bonds - current	21,000	-	21,000
Total current liabilities	<u>30,719</u>	<u>-</u>	<u>30,719</u>
Non-current liabilities:			
Compensated absences	8,579	-	8,579
Revenue bonds - noncurrent	200,000	-	200,000
Total non-current liabilities	<u>208,579</u>	<u>-</u>	<u>208,579</u>
Total liabilities	<u>239,298</u>	<u>-</u>	<u>239,298</u>
NET POSITION:			
Invested in capital assets, net of related debt	17,828,226	-	17,828,226
Unrestricted	18,908	173,676	192,584
Total net position	<u>17,847,134</u>	<u>173,676</u>	<u>18,020,810</u>
Total liabilities and net position	<u>\$ 18,086,432</u>	<u>173,676</u>	<u>18,260,108</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 FUNDS
December 31, 2012

	Dutch John Enterprise	Low Income Housing	Total
Operating income:			
Charges for sales and service	\$ 182,938	4,159	187,097
Other operating income	37,914	-	37,914
Total operating revenue	<u>220,852</u>	<u>4,159</u>	<u>225,011</u>
Operating expenses:			
Personnel services	59,706	-	59,706
Utilities	63,240	-	63,240
Repair & maintenance	39,106	-	39,106
Other supplies & expenses	7,120	2,237	9,357
Insurance expense	3,905	-	3,905
Depreciation expense	130,717	-	130,717
Total operating expense	<u>303,794</u>	<u>2,237</u>	<u>306,031</u>
Net operating income (loss)	<u>(82,941)</u>	<u>1,922</u>	<u>(81,019)</u>
Non-operating income (expense):			
Grant revenue	262,094	-	262,094
Interest income	422	-	422
Interest on long-term debt	(4,232)	-	(4,232)
Gain (loss) on retirement of assets	(25,630)	-	(25,630)
Total non-operating income (expense)	<u>232,654</u>	<u>-</u>	<u>232,654</u>
Income (loss) before transfers and capital contributions	<u>149,713</u>	<u>1,922</u>	<u>151,634</u>
Transfers in	655,000	-	655,000
Transfers (out)	(1,577,256)	(1,000)	(1,578,256)
Change in net assets	(772,543)	922	(771,621)
Net assets, beginning	18,619,677	172,754	18,792,431
Net assets, ending	<u>\$ 17,847,134</u>	<u>173,676</u>	<u>18,020,810</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, 2012

	Dutch John Enterprise	Low Income Housing	Total
Cash flows from operating activities:			
Cash received from customers - service	\$ 254,292	4,159	258,451
Cash paid to suppliers	(131,959)	(2,237)	(134,196)
Cash paid to employees	(59,706)	-	(59,706)
Net cash provided (used) in operating activities	<u>62,627</u>	<u>1,922</u>	<u>64,549</u>
Cash flows from noncapital financing activities:			
Net interfund activity	(922,256)	(1,000)	(923,256)
Net cash provided (used) in noncapital financing activities	<u>(922,256)</u>	<u>(1,000)</u>	<u>(923,256)</u>
Cash flows from capital and related financing activities:			
Cash received from capital grants	262,094	-	262,094
Cash payments for capital assets	(267,146)	-	(267,146)
Cash payments for long-term debt principal	(21,000)	-	(21,000)
Cash payments for long-term debt interest	(4,525)	-	(4,525)
Net cash provided (used) in capital and related financing activities	<u>(30,577)</u>	<u>-</u>	<u>(30,577)</u>
Cash flows from investing activities:			
Cash received from interest earned	422	-	422
Net cash provided (used) in investing activities	<u>422</u>	<u>-</u>	<u>422</u>
Net increase (decrease) in cash	(889,784)	922	(888,862)
Cash balance, beginning	939,357	-	939,357
Cash balance, ending	<u>\$ 49,573</u>	<u>922</u>	<u>50,495</u>
Cash reported on the statement of net position:			
Cash and cash equivalents	\$ 49,573	922	50,495
Non-current restricted cash	-	-	-
Total cash and cash equivalents	<u>\$ 49,573</u>	<u>922</u>	<u>50,495</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, 2012

**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)	\$ (82,941)	1,922	(81,019)
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	130,717	-	130,717
Changes in assets and liabilities:			
(Increase) decrease in receivables	33,439	-	33,439
Increase (decrease) in payables	<u>(18,588)</u>	<u>-</u>	<u>(18,588)</u>
Net cash provided (used) in operating activities	<u>\$ 62,627</u>	<u>1,922</u>	<u>64,549</u>

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

Daggett County
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2012

	<u>EMT Fundraising</u>	<u>Court Fines</u>	<u>Bail</u>	<u>Total Trust Fund</u>	<u>Agency Fund</u>
ASSETS:					
Cash and cash equivalents	\$ 1,200	20,978	13,393	35,571	-
Total assets	<u>1,200</u>	<u>20,978</u>	<u>13,393</u>	<u>35,571</u>	<u>-</u>
LIABILITIES:					
Accounts payable	\$ -	5,666	-	5,666	-
Due taxing units	-	-	-	-	-
Total liabilities	<u>-</u>	<u>5,666</u>	<u>-</u>	<u>5,666</u>	<u>-</u>
NET ASSETS:					
Restricted	1,200	15,312	13,393	29,905	-
Total liabilities and net assets	<u>\$ 1,200</u>	<u>20,978</u>	<u>13,393</u>	<u>35,571</u>	<u>-</u>

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

Daggett County
**STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS - FIDUCIARY FUNDS**
 For the Year Ended December 31, 2012

	EMT Fundraising	Court Fines	Bail	Total Trust Fund
Operating income:				
Charges for services	\$ -	7,297	9,436	16,733
Fines and fees	-	60,172	-	60,172
Other revenues	-	15,735	-	15,735
Total operating revenues	<u>-</u>	<u>83,204</u>	<u>9,436</u>	<u>92,640</u>
Operating expenses:				
Public safety	-	-	8,854	8,854
Payments to other governments	-	81,544	-	81,544
Miscellaneous	-	737	-	737
Total operating expenses	<u>-</u>	<u>82,281</u>	<u>8,854</u>	<u>91,135</u>
Change in net assets	<u>-</u>	<u>923</u>	<u>582</u>	<u>1,505</u>
Net assets - beginning	<u>1,200</u>	<u>14,389</u>	<u>12,811</u>	<u>28,400</u>
Net assets - ending	<u>\$ 1,200</u>	<u>15,312</u>	<u>13,393</u>	<u>29,905</u>

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

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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 position and the statement of changes in net position 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, 2012

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 restricted, committed, assigned and unassigned resources are available for use, it is the County's policy to use restricted resources first, then committed, assigned and unassigned 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, 2012

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, 2012

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. All receivables are considered collectible. No allowance accounts are maintained. Property tax and intergovernmental receivables are considered collectible.

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 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, 2012

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 position. 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. Bond issuance costs are reported as expenses.

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 \$157,966 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:

Invested in capital assets, net of related debt - 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, 2012

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 "invested in capital assets, net of related debt."

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, 2012

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, 2012 consist of the following:

	<u>Fair Value</u>
Demand deposits - checking	\$ 2,981,191
Investments in stock	505
Deposits - PTIF	2,158,208
Total cash	\$ 5,139,904

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

Cash and cash equivalents (current)	\$ 4,569,103
Restricted cash and cash equivalents (non-current)	570,801
Total cash and cash equivalents	\$ 5,139,904

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

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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 Country 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, 2012, \$250,000 of the County's demand and bank trust deposits are covered by FDIC insurance; \$4,889,904 is uninsured and uncollateralized; \$2,158,208 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	\$ 367,143	-	367,143
Intergovernmental	1,040,524	-	1,040,524
Customers	116,263	221,990	338,253
Total receivables	\$ 1,523,930	221,990	1,745,920

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights	\$ 213,218	-	-	213,218
Construction in progress	440,538	526,467	764,906	202,099
Total capital assets, not being depreciated	653,756	526,467	764,906	415,317
Capital assets, being depreciated:				
Buildings	4,023,841	323,500	-	4,347,341
Improvements other than buildings	809,579	-	-	809,579
Machinery and equipment	2,882,309	322,797	26,212	3,178,893
Infrastructure	5,419,289	439,167	-	5,858,456
Total capital assets, being depreciated	13,135,018	1,085,464	26,212	14,194,270
Less accumulated depreciation for:				
Buildings	1,621,023	102,822	-	1,723,846
Improvements other than buildings	322,892	27,415	-	350,307
Machinery and equipment	1,391,957	259,289	26,212	1,625,033
Infrastructure	3,356,689	109,257	-	3,465,946
Total accumulated depreciation	6,692,561	498,783	26,212	7,165,131
Total capital assets being depreciated, net	6,442,457	586,681	-	7,029,138
Governmental activities capital assets, net	\$ 7,096,213	1,113,148	764,906	7,444,455

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

Governmental activities:	
General government	\$ 64,065
Public health	19,474
Public safety	193,571
Highways and public improvements	210,381
Parks, recreation and public property	7,800
Economic development	3,491
Total	\$ 498,783

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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	\$ 12,361,684	-	25,630	12,336,054
Construction in progress	-	14,068	-	14,068
Total capital assets, not being depreciated	12,361,684	14,068	25,630	12,350,122
Capital assets, being depreciated:				
Buildings	582,606	-	-	582,606
Improvements other than buildings	4,315,324	253,078	-	4,568,402
Machinery and equipment	493,166	-	-	493,166
Infrastructure	1,203,255	-	-	1,203,255
Total capital assets, being depreciated	6,594,350	253,078	-	6,847,428
Less accumulated depreciation for:				
Buildings	209,357	20,860	-	230,217
Improvements other than buildings	82,281	47,194	-	129,475
Machinery and equipment	376,752	22,555	-	399,307
Infrastructure	349,217	40,108	-	389,325
Total accumulated depreciation	1,017,607	130,717	-	1,148,324
Total capital assets being depreciated, net	5,576,743	122,361	-	5,699,104
Business-type activities capital assets, net	\$ 17,938,427	136,429	25,630	18,049,226

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

Business-type activities:	
Dutch John	\$ 130,717
Total	\$ 130,717

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3-D. Long-term debt

	Original Principal	% Rate	12/31/2011	Additions	Reductions	12/31/2012	Due Within One Year
Governmental activities:							
2010 Ford Explorer (Dam) Lease Matures 4/15/2014	\$ 33,609	4.36	\$ 17,248	-	17,248	-	-
2009 Ford F150 Lease - Sheriff Matures 5/9/2014	20,352	3.17	20,352	-	6,573	13,778	6,782
2009 Ford Escape Lease - Dam Matures 6/5/2014	20,500	3.17	20,500	-	20,500	-	-
2011 Ford Explorer - Dam Matures 10/25/2015	32,572	3.64	25,959	-	5,675	20,284	6,459
2011 Ford F-150 Lease - Jail Matures 10/25/2015	33,507	3.64	26,624	-	5,907	20,717	6,722
2011 Ford F-150 Lease - Comm Matures 12/20/2015	32,200	3.26	26,289	-	5,054	21,235	6,850
2011 Ford F-150 Lease - Sheriff Matures 12/20/2015	38,124	3.26	31,124	-	5,986	25,138	8,113
2011 Ford Focus Lease - Comm Matures 12/20/2015	19,150	3.26	15,634	-	3,007	12,627	4,075
2012 Ford F-150 Lease Sheriff Matures 3/1/2016	37,013	3.10	-	37,013	7,465	29,549	6,549
6/1/2012 Equipment Lease Purchase Matures 6/1/2016	73,940	2.44	-	73,940	14,199	59,741	12,741
8/21/2012 Equipment lease purchase Matures 8/21/2016	37,627	1.99	-	37,627	7,365	30,263	6,763
Jail 1998 B Matures 6/30/2020	150,000	3.00	79,000	-	8,000	71,000	8,000
2008A Mineral Lease Revenue Matures 4/1/2024	500,000	-	434,000	-	33,000	401,000	33,000
2008B Mineral Lease Revenue Matures 4/1/2024	200,000	-	174,000	-	13,000	161,000	13,000
Series 2008 Jail Matures 12/15/2027	2,031,000	4.32	1,729,000	-	79,000	1,650,000	82,000
Total governmental activity long-term liabilities			<u>\$2,599,730</u>	<u>148,580</u>	<u>231,979</u>	<u>2,516,332</u>	<u>201,054</u>

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3-D. Long-term debt (continued)

Debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2013	\$ 201,054	80,014	281,068
2014	209,720	74,801	284,522
2015	207,621	69,240	276,861
2016	177,936	63,633	241,569
2017	150,000	58,937	208,937
2018 - 2022	804,000	227,506	1,031,506
2023 - 2027	766,000	95,329	861,329
Total	\$2,516,331	669,459	3,185,791

	Original Principal	%	12/31/2011	Additions	Reductions	12/31/2012	Due Within One Year
<u>Business-type activities:</u>							
2010 Water Revenue Matures 4/1/2040	\$ 263,000	1.87	\$ 242,000	-	21,000	221,000	21,000
Total business-type activity long-term liabilities			\$242,000	-	21,000	221,000	21,000

Revenue bond debt service requirements to maturity for business-type activities are as follows:

	Principal	Interest	Total
2013	\$ 21,000	4,132	25,132
2014	21,000	3,740	24,740
2015	5,000	3,347	8,347
2016	6,000	3,253	9,253
2017	6,000	3,141	9,141
2018 - 2022	30,000	14,023	44,023
2023 - 2027	33,000	11,163	44,163
2028 - 2032	35,000	7,945	42,945
2033 - 2037	39,000	4,560	43,560
2038 - 2040	25,000	952	25,952
Total	\$221,000	56,256	277,256

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3-D. Long-term debt (continued)

Other long-term liabilities:

	<u>Beginning</u>	<u>Increase (Decrease)</u>	<u>Ending</u>
Compensated absences:			
Governmental	\$ 133,612	24,354	157,966
Business-type	8,579	-	8,579
Total	\$ 142,191	24,354	166,545

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:

	<u>Governmental Activities</u>
Vehicles	\$ 326,122
Less: Accumulated Depreciation	(53,308)
Net assets	\$ 272,814

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 were as follows:

<u>Years Ending December 31,</u>	
2013	\$ 71,882
2014	65,585
2015	68,369
2016	32,731
Total minimum lease payments	238,568
Less: amount representing interest	(15,236)
Present value of minimum lease payments	\$ 223,331

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3-E. Interfund receivables, payables, and transfers

Due to/from other funds:

	Payable Funds:
	Jail Fund
<u>Receivable Funds:</u>	
General Fund	\$ 27,030
Total	\$ 27,030

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 Town	Rural Hospital Tax	Dutch John Enterprise	Low Income Housing	
<u>Transfers In:</u>						
General	\$ -	-	60,000	-	-	60,000
Jail	50,000	100,000	-	-	-	150,000
Economic development	-	-	-	-	1,000	1,000
Museum	2,000	-	-	-	-	2,000
Dutch John Town	-	-	-	1,577,256	-	1,577,256
Search & rescue	1,000	-	-	-	-	1,000
Geo Info System	2,000	-	-	-	-	2,000
Capital Projects	21,000	-	-	-	-	21,000
Dutch John Enterprise	-	655,000	-	-	-	655,000
Total	\$ 76,000	755,000	60,000	1,577,256	1,000	2,469,256

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, 2012

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 21012 - June 2012</u>			
Contributory System:			
Local Governmental Division Tier 2	N/A	N/A	11.920%
Noncontributory System:			
Local Governmental Division Tier 1	N/A	N/A	13.770%
Public Safety System:			
Other Division A Contributory Tier 1	N/A	12.290%	15.780%
Other Division A Contributory Tier 2	N/A	N/A	18.790%
Other Div A Noncontributory Tier1 Jul-Dec	N/A	N/A	27.070%
 <u>July 2012 - December 2012</u>			
Contributory System:			
Local Governmental Division Tier 2	N/A	N/A	12.740%
Noncontributory System:			
Local Governmental Division Tier 1	N/A	N/A	16.040%
Public Safety System:			
Other Division A Contributory	N/A	12.290%	19.080%
Other Division A Contributory	N/A	N/A	19.250%
Other Division A Noncontributory	N/A	N/A	27.070%
Other Division A Noncontributory	N/A	N/A	30.450%

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

4-B. Employee pension and other benefit plans (continued)

Contributions to the respective systems for December 31, 2012, 2011 and 2010 were as follows:

Year Ended	Employer paid Employee paid contributions	for employee contributions	Employer contributions	Salary subject to retirement contributions
Contributory System:				
Local Governmental Division				
2012	0.00	0.00	6,497	78,512
Noncontributory System:				
Local Governmental Division Tier 1				
2012	0.00	0.00	127,536	960,304
2011	0.00	0.00	110,219	942,623
2010	0.00	0.00	93,526	747,398
Public Safety System:				
Other Division A Contributory Tier 1				
2012	0.00	14,152	20,067	214,117
2011	0.00	13,506	16,843	206,926
2010	0.00	18,290	20,337	148,824
Other Division A Contributory				
2012	0.00	0.00	431	3,878
Other Division A Noncontributory Tier 1				
2012	0.00	0.00	115,495	402,863
2011	0.00	0.00	91,316	343,060
2010	0.00	0.00	82,516	333,515
Defined Contribution System:				
457 Plan				
2012	2,600	0.00		
2011	4,051	0.00		
2010	260	0.00		
401(k) Plan				
2012	37,447	50,708		
2011	35,586	53,641		
2010	35,013	79,662		
Roth IRA Plan				
2012	2,340	0.00		
2011	2,340	0.00		
2010	1,040	0.00		

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

4-C. Contigent Liabilities

Litigation

Daggett County has no pending lawsuits and/or notice of claims as of December 31, 2012.

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 are 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. Curently, 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 angency for each project area. The agency received \$35,00 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, 2012

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 Council 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, EXPENDITUES AND
CHANGED IN FUND BALANCES - BUDGET AND ACTUAL
(Unaudited)

For the Year Ended December 31, 2012

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 981,000	981,000	1,016,612	35,612
Licenses and permits	32,800	32,800	28,220	(4,580)
Intergovernmental revenues	226,798	226,798	235,457	8,659
Charges for services	1,332,077	1,376,180	1,343,258	(32,922)
Fines and forfeitures	47,000	47,000	78,723	31,723
Interest	3,000	3,000	6,921	3,921
Miscellaneous revenue	58,400	58,400	98,913	40,513
Total revenues	<u>2,681,075</u>	<u>2,725,178</u>	<u>2,808,104</u>	<u>82,926</u>
Expenditures				
General government	1,148,490	1,153,000	1,090,297	62,703
Public safety	1,529,656	1,573,759	1,634,501	(60,742)
Public health	17,620	17,620	14,510	3,110
Highways and public improvements	54,500	46,365	33,188	13,177
Parks and recreation	3,750	3,750	2,381	1,369
Total expenditures	<u>2,754,016</u>	<u>2,794,494</u>	<u>2,774,877</u>	<u>19,617</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(100,541)</u>	<u>(96,916)</u>	<u>33,227</u>	<u>130,143</u>
Other Financing Sources and (Uses)				
Capital lease financing	56,000	56,000	148,581	92,581
Sale of fixed assets	-	-	32,942	32,942
Transfers in	60,000	60,000	60,000	-
Transfers (out)	(307,967)	(305,967)	(76,000)	229,967
Total Other Financing Sources and (Uses)	<u>(191,967)</u>	<u>(189,967)</u>	<u>165,523</u>	<u>355,490</u>
Net Change in Fund Balances	<u>(292,508)</u>	<u>(286,883)</u>	<u>198,750</u>	<u>485,633</u>
Fund Balances - beginning of year	717,072	717,072	717,072	-
Fund Balances - end of year	<u><u>\$ 424,564</u></u>	<u><u>430,189</u></u>	<u><u>915,822</u></u>	<u><u>485,633</u></u>

Daggett County
CLASS "B" ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGED IN FUND BALANCES - BUDGET AND ACTUAL
(Unaudited)
For the Year Ended December 31, 2012

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental revenues	\$ 457,000	457,000	431,753	(25,247)
Miscellaneous revenue	<u>3,000</u>	<u>3,000</u>	<u>20,730</u>	<u>17,730</u>
Total revenues	<u>460,000</u>	<u>460,000</u>	<u>452,483</u>	<u>(7,517)</u>
Expenditures				
Highways and public improvements	<u>679,279</u>	<u>679,279</u>	<u>514,580</u>	<u>164,699</u>
Total expenditures	<u>679,279</u>	<u>679,279</u>	<u>514,580</u>	<u>164,699</u>
Net Change in Fund Balance	(219,279)	(219,279)	(62,097)	157,182
Fund Balance - beginning of year	<u>563,785</u>	<u>563,785</u>	<u>563,785</u>	<u>-</u>
Fund Balance - end of year	<u>\$ 344,506</u>	<u>344,506</u>	<u>501,688</u>	<u>157,182</u>

Daggett County
JAIL FUND
SCHEDULE OF REVENUES, EXPENDITUES AND
CHANGED IN FUND BALANCES - BUDGET AND ACTUAL
(Unaudited)
For the Year Ended December 31, 2012

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Property taxes	163,246	163,246	178,985	15,739
Charges for services	1,159,450	1,159,450	1,140,997	(18,453)
Interest	-	-	736	736
Miscellaneous revenues	-	-	520	520
Total revenues	<u>1,322,696</u>	<u>1,322,696</u>	<u>1,321,237</u>	<u>(1,459)</u>
Expenditures				
Public safety	1,788,063	1,888,063	1,587,088	300,975
Total expenditures	<u>1,788,063</u>	<u>1,888,063</u>	<u>1,587,088</u>	<u>300,975</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(465,367)</u>	<u>(565,367)</u>	<u>(265,851)</u>	<u>299,516</u>
Other Financing Sources and (Use)				
Transfers in	279,967	379,967	150,000	(229,967)
Total other financing sources and (uses)	<u>279,967</u>	<u>379,967</u>	<u>150,000</u>	<u>(229,967)</u>
Net Change in Fund Balance	(185,400)	(185,400)	(115,851)	69,549
Fund Balance - beginning of year	<u>208,672</u>	<u>208,672</u>	<u>208,672</u>	<u>-</u>
Fund Balance - end of year	<u>\$ 23,272</u>	<u>23,272</u>	<u>92,821</u>	<u>69,549</u>

Daggett County
**FLAMING GORGE ROADS & TRANSPORTATION
SPECIAL SERVICE DISTRICT**
**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGED IN FUND BALANCES - BUDGET AND ACTUAL**
(Unaudited)

For the Year Ended December 31, 2012

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental revenues	320,118	497,766	586,424	88,658
Interest	18,700	17,100	16,210	(890)
Miscellaneous	-	40,367	366	(40,001)
Total revenues	<u>338,818</u>	<u>555,233</u>	<u>603,000</u>	<u>47,767</u>
Expenditures				
Highways and public improvements	1,042,003	844,382	1,074,756	(230,374)
Total expenditures	<u>1,042,003</u>	<u>844,382</u>	<u>1,074,756</u>	<u>(230,374)</u>
Net Change in Fund Balance	(703,185)	(289,149)	(471,756)	(182,607)
Fund Balance - beginning of year	3,202,500	3,202,500	3,202,500	-
Fund Balance - end of year	<u>\$ 2,499,315</u>	<u>2,913,351</u>	<u>2,730,744</u>	<u>(182,607)</u>

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, 2012

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental revenues	\$ 590,000	514,000	497,575	(16,425)
Charges for services	-	-	50	50
Interest	7,000	7,000	8,685	1,685
Miscellaneous revenues	20,000	134,000	150,940	16,940
Total revenues	<u>617,000</u>	<u>655,000</u>	<u>657,250</u>	<u>2,250</u>
Expenditures				
General government	653,525	784,250	1,089,508	305,259
Highways and public improvements	231,250	388,200	385,933	(2,267)
Parks, recreation and public property	15,750	1,700	1,631	(69)
Total expenditures	<u>900,525</u>	<u>1,174,150</u>	<u>1,477,073</u>	<u>302,923</u>
Total (Deficiency) of Revenues over (Under) Expenditures	<u>(283,525)</u>	<u>(519,150)</u>	<u>(819,822)</u>	<u>(300,672)</u>
Other Financing Sources and (Uses)				
Transfers in	283,525	-	1,577,256	1,577,256
Transfers (out)	-	(755,000)	(755,000)	-
Total other financing sources and (uses)	<u>283,525</u>	<u>(755,000)</u>	<u>822,256</u>	<u>1,577,256</u>
Net Change in Fund Balance	-	(1,274,150)	2,433	1,276,583
Fund Balance - beginning of year	80,461	80,461	80,461	-
Fund Balance - end of year	<u>\$ 80,461</u>	<u>(1,193,689)</u>	<u>82,895</u>	<u>1,276,583</u>

SUPPLEMENTARY INFORMATION

Daggett County
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

(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
ASSETS										
Cash and cash equivalents	\$ 125,059	862,372	31,555	137,257	20,436	22,859	11,448	2,921	10,739	81,342
Receivables	-	7,071	-	-	-	-	-	-	-	-
Due from other governments	12,914	-	15	3,958	-	-	-	2,986	-	76,833
TOTAL ASSETS	\$ 137,973	869,443	31,570	141,215	20,436	22,859	11,448	5,907	10,739	158,175
LIABILITIES										
Accounts payable	\$ 2,894	-	3,878	3,945	-	17,115	-	7,240	4,864	-
Unearned revenue	-	-	-	-	-	28,078	-	-	-	-
TOTAL LIABILITIES	2,894	-	3,878	3,945	-	45,193	-	7,240	4,864	-
FUND BALANCES										
Restricted for:										
Class "B" roads	135,079	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Redevelopment Agency	-	-	-	-	-	(22,334)	-	-	-	-
Assigned	-	869,443	27,692	137,270	20,436	-	11,448	(1,334)	5,875	158,175
TOTAL FUND BALANCES	135,079	869,443	27,692	137,270	20,436	(22,334)	11,448	(1,334)	5,875	158,175
TOTAL LIABILITIES AND FUND BALANCES	\$ 137,973	869,443	31,570	141,215	20,436	22,859	11,448	5,907	10,739	158,175

Daggett County
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

(Continued from previous page)

	Special Revenue Funds						Capital Projects Fund					Total Non-Major Governmental Funds
	Rural Hospital Tax	Shooting Range	Park	Search & Rescue	Geo Info System	Predator Control	Ambulance	Election	Computer	Building	Jail	
ASSETS												
Cash and cash equivalents	\$ 285,829	201	47,095	22,469	2,332	6,027	1,310	4,675	49,539	24,951	12,222	1,762,638
Receivables	-	-	554	-	-	-	-	-	-	-	-	7,625
Due from other governments	7,484	-	-	-	-	-	-	-	-	-	-	104,190
TOTAL ASSETS	\$ 293,313	201	47,649	22,469	2,332	6,027	1,310	4,675	49,539	24,951	12,222	1,874,453
LIABILITIES												
Accounts payable	\$ 14,900	-	121	-	-	-	-	-	163	-	-	55,120
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	28,078
TOTAL LIABILITIES	14,900	-	121	-	-	-	-	-	163	-	-	83,197
FUND BALANCES												
Restricted for:												
Class "B" roads	-	-	-	-	-	-	-	-	-	-	-	135,079
Capital projects	-	-	-	-	-	-	1,310	4,675	49,376	24,951	12,222	92,534
Redevelopment Agency	-	-	-	-	-	-	-	-	-	-	-	(22,334)
Assigned	278,413	201	47,528	22,469	2,332	6,027	-	-	-	-	-	1,669,173
TOTAL FUND BALANCES	278,413	201	47,528	22,469	2,332	6,027	1,310	4,675	49,376	24,951	12,222	1,791,255
TOTAL LIABILITIES AND FUND BALANCES	\$ 293,313	201	47,649	22,469	2,332	6,027	1,310	4,675	49,539	24,951	12,222	1,874,453

Daggett County
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS**
 For the Year Ended December 31, 2012

(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
REVENUES:										
Taxes	\$ -	-	-	66,211	-	-	-	-	-	170,493
Intergovernmental	79,259	-	57,994	-	-	-	23,019	-	-	-
Charges for services	-	6,278	14,265	-	738	-	-	86,791	26,640	-
Interest income	-	-	-	-	-	326	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	10,799	-
Total revenues	79,259	6,278	72,259	66,211	738	326	23,019	86,791	37,439	170,493
EXPENDITURES:										
General government	-	-	28,651	1,567	4,716	73,099	-	-	-	190,597
Public safety	-	-	-	-	-	-	21,760	90,231	-	-
Public health	-	-	-	-	-	-	-	-	-	-
Highways and public improvements	208,802	-	-	-	-	-	-	-	-	-
Parks, recreation, and public property	-	-	-	-	-	-	-	-	40,124	-
Community development	-	7	17,727	81,529	-	-	-	-	-	-
Capital outlay	-	-	-	1,466	-	-	-	-	-	-
Total expenditures	208,802	7	46,378	84,562	4,716	73,099	21,760	90,231	40,124	190,597
Excess (deficiency) of revenues over (under) expenditures	(129,543)	6,272	25,881	(18,351)	(3,978)	(72,773)	1,259	(3,441)	(2,685)	(20,103)
Other Financing Sources (Uses):										
Sale of fixed assets	-	-	-	-	-	28,810	-	-	-	-
Transfers in	-	-	1,000	-	2,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	1,000	-	2,000	28,810	-	-	-	-
Net change in fund balances	(129,543)	6,272	26,881	(18,351)	(1,978)	(43,963)	1,259	(3,441)	(2,685)	(20,103)
Fund Balances - Beginning of year	264,622	863,172	812	155,621	22,414	21,628	10,189	2,107	8,560	178,278
Fund Balances - End of year	\$ 135,079	869,443	27,692	137,270	20,436	(22,334)	11,448	(1,334)	5,875	158,175

Daggett County
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS**
 For the Year Ended December 31, 2012

(Continued from previous page)

	Special Revenue Funds						Capital Projects Fund					Total Non-Major Governmental Funds
	Rural Hospital Tax	Shooting Range	Park	Search & Rescue	Geo Info System	Predator Control	Ambulance	Election	Computer	Building	Jail	
REVENUES:												
Taxes	\$ 153,946	-	-	-	-	-	-	-	-	-	-	390,651
Intergovernmental	-	-	13,953	-	-	1,320	-	-	-	-	-	175,545
Charges for services	-	225	-	19,732	-	-	-	-	-	-	-	154,669
Interest income	-	-	-	-	-	-	-	-	-	-	-	326
Miscellaneous	-	-	-	7,620	-	-	-	-	-	-	-	18,419
Total revenues	153,946	225	13,953	27,352	-	1,320	-	-	-	-	-	739,610
EXPENDITURES:												
General government	-	-	-	12,261	-	1,760	-	1,325	19,059	-	-	333,034
Public safety	-	-	-	-	-	-	-	-	-	-	-	111,992
Public health	100,437	-	-	-	-	-	-	-	-	-	-	100,437
Highways and public improvements	-	-	-	-	-	-	-	-	-	-	-	208,802
Parks, recreation, and public property	-	-	17,993	-	-	-	-	-	-	-	-	58,117
Community development	-	24	-	-	-	-	-	-	-	-	-	99,287
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	1,466
Total expenditures	100,437	24	17,993	12,261	-	1,760	-	1,325	19,059	-	-	913,135
Excess (deficiency) of revenues over (under) expenditures	53,509	201	(4,040)	15,091	-	(440)	-	(1,325)	(19,059)	-	-	(173,526)
Other Financing Sources (Uses):												
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	28,810
Transfers in	-	-	-	1,000	2,000	-	-	1,000	20,000	-	-	27,000
Transfers out	(60,000)	-	-	-	-	-	-	-	-	-	-	(60,000)
Total other financing sources (uses)	(60,000)	-	-	1,000	2,000	-	-	1,000	20,000	-	-	(4,190)
Net change in fund balances	(6,491)	201	(4,040)	16,091	2,000	(440)	-	(325)	941	-	-	(177,716)
Fund Balances - Beginning of year	284,905	-	51,568	6,378	332	6,467	1,310	5,000	48,435	24,951	12,222	1,968,971
Fund Balances - End of year	\$ 278,413	201	47,528	22,469	2,332	6,027	1,310	4,675	49,376	24,951	12,222	1,791,255

Daggett County
 Treasurer's Statement of Current Taxes Levied and Collected Including Treasurer's Relief
 December 31, 2012

Taxing Unit	Treasurer's Relief											Delinquent/Redemption							
	Local & State Real Property	Personal Property Value	Current Year Tax Rate	Prior Year Tax Rate	Real Property Tax	Personal Property Tax	Total Tax	Unpaid Taxes	Abate-ments	Other	Total Relief	Taxes Collected	Percent Collected	Fees In-Lieu	Age-Based	Misc.	Tax	Interest/ Penalty	Total Collections
Daggett County General	260,842,713	2,306,289	0.002855	0.002837	744,706	6,543	751,249	18,020	2,279	1,575	21,874	729,375	97.09%	12,616	38,858	(142)	23,944	5,570	810,221
Daggett County Bond Assessing & Collecting:	260,842,713	2,306,289	0.000636	0.000640	165,896	1,476	167,372	4,014	508	528	5,050	162,322	96.98%	2,846	8,766	(38)	4,920	169	178,985
Local	260,842,713	2,306,289	0.000303	0.000302	79,035	696	79,731	1,912	242	251	2,405	77,327	96.98%	1,343	4,136	(18)	2,498	104	85,390
State	260,842,713	2,306,289	0.000168	0.000172	43,822	397	44,219	1,060	134	140	1,334	42,884	96.98%	765	2,356	(10)	1,359	53	47,407
School District:																			
General	260,842,713	2,306,289	0.002792	0.002792	728,273	6,440	734,713	17,623	2,229	2,314	22,166	712,548	96.98%	12,416	38,241	(167)	23,194	971	787,203
Basic School Levy	260,842,713	2,306,289	0.001651	0.001591	430,651	3,669	434,320	10,421	1,318	1,355	13,094	421,227	96.99%	7,075	21,791	(99)	12,737	510	463,241
Town of Manila	49,607,695	476,895	0.001472	0.000680	73,023	324	73,347	5,480	757	408	6,645	66,702	90.94%	586	3,424	(19)	2,356	98	73,147
Mosquito Abatement	94,000,322	672,055	0.000298	0.000300	28,012	202	28,214	1,675	199	207	2,081	26,133	92.62%	579	3,006	(6)	1,650	66	31,428
Mountain View Service Area	5,150,084	6,565	0.000776	0.000763	3,996	5	4,001	167	-	1	168	3,833	95.80%	48	381	(1)	168	15	4,444
Daggett Water & Sewer	40,976,029	158,505	0.000452	0.000453	18,521	72	18,593	851	69	176	1,096	17,497	94.11%	458	2,099	(3)	965	41	21,057
Totals					2,315,935	19,824	2,335,759	61,223	7,735	6,955	75,913	2,259,848		38,732		(503)	73,791	7,597	2,502,523

Note: Amounts based on a tax year of January 15, 2012 to January 15, 2013. 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, 2012

Unexpended transient room tax and restaurant tax, December 31, 2011	\$ 155,620
Revenues:	
Transient room tax revenues	66,211
Expenditures:	
Tourism promotion expenditures	<u>(84,562)</u>
Unexpended transient room tax and restaurant tax, December 31, 2012	<u>\$ 137,269</u>

OTHER REPORTS



AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2012, and have issued our report thereon dated August 9, 2013. 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

August 9, 2013



AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
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OF CERTIFIED PUBLIC ACCOUNTANTS
and
UTAH ASSOCIATION
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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, 2012. 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, 2012.

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.

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

August 9, 2013

Daggett County
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2012

Federal Department	C.F.D.A. Number	Grantor Agency	Federal Expenditures
<u>Department of Agriculture</u>			
SISK Cooperative Agreement	10.664	USDA	\$ 62,821
Weed Grant	10.unknown	USDA	26,363
Secure Rural Schools, Title III	10.665	State of Utah	24,531
National Forest-Rural Communities	10.670	State of Utah	<u>148,936</u>
Sub-total			262,651
<u>Department of Transportation</u>			
E-911 (Enhanced 911)	20.615	State of Utah	<u>10,455</u>
Sub-total			10,455
<u>Department of Homeland Security</u>			
Emergency Management	97.042	State of Utah	37,373
State Homeland Security Program	97.073	State of Utah	<u>23,019</u>
Sub-total			60,392
<u>Department of Justice</u>			
Justice Assistance Grant (JAG)	16.579	State of Utah	4,858
Bulletproof vest partnership	16.607	Department of Justice	923
Violence Against Women	16.588	State of Utah	<u>26,927</u>
Sub-total			32,708
<u>Department of Interior</u>			
Bureau of Reclamation, Dutch John Privatization	15.513	Bureau of Reclamation	410,856
Bureau of Reclamation, Dam Security	15.517	Bureau of Reclamation	<u>594,087</u>
Sub-total			<u>1,004,943</u>
		Grand Total	<u>\$ 1,371,149</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 District's basic financial statement described in Note 1.

Schedule of Findings and Questioned Costs, Prior and Current

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 15.503

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 four prior year significant deficiencies. Please refer to the accompanying report *Findings and Questioned Costs* items 2010-1, 2, 3, and 4.

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: There are current year findings regarding major programs.



AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

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Independent Auditors' Report on State of Utah Legal Compliance

Honorable County Commissioners of Daggett County

We have audited the general purpose financial statements of Daggett County, Utah, for the year ended December 31, 2012, and have issued our report thereon dated August 9, 2013. As part of our audit, we have audited Daggett County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions as applicable to each of its major State assistance programs as required by the *State of Utah's Legal Compliance Audit Guide* for the year ended December 31, 2012. The County received the following major State assistance programs from the State of Utah:

Class B Road, Liquor Law Enforcement

The County also received the following nonmajor grants which are not required to be audited for specific compliance requirements; however, these programs, if any, were subject to testwork as part of the audit.

Community Impact Board, Utah AGRC Cadastral, Utah Museum, Mineral Lease, Local Emergency Planning, EMS Ambulance

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the *State of Utah's Legal Compliance Audit Guide*:

Debt, Justice Courts, Cash Management, Purchasing, Budget, Property Taxes, Transient Room Tax, B & C Roads, Uniform Building Codes, Impact Fees, Asset Forfeiture, URS Compliance, and Fund Balance

The management of Daggett County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 a material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for my opinion. Our audit does not provide a legal determination on the county's compliance with these requirements.

The results of our audit procedures disclosed no instances of noncompliance with the above requirements.

In our opinion, Daggett County complied, in all material respects, with the general compliance requirements and major assistance requirements identified above for the year ended December 31, 2012.

This report is intended solely for the information and use of management of the County and is not intended to be and should not be used by anyone other than specified parties. However, the report is a matter of public record and its distribution is not limited.

Aycock, Miles & Associates, CPAs

August 9, 2013

Schedule of Findings and Management Responses

2012-1 *Finding*—One General fund department 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.

2012-2 *Finding*— The County does not have a treasurer bond (fidelity bond covering the Treasurer). A bond covering specifically the Treasurer must be obtained according to Utah State law.

Criteria—Utah State Code Section 51-7-15 requires treasurer fidelity bond coverage of 5% of total budgeted revenues.

Effect—The County was exposed to uninsured risk because coverage was less than Utah State law requirements.

Recommendation—We recommend that the County review fiscal year 2012 revenues and obtain appropriate treasurer bond coverage as necessary. See Utah Code 51-7-15.

Management Response— The County will obtain a treasurer bond with sufficient coverage.