

**DAGGETT COUNTY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**DAGGETT COUNTY  
 BASIC FINANCIAL STATEMENTS  
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## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Daggett County  
Manila, Utah 84046

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Daggett County, Utah (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of American require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and pages 55 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the County's basic financial statement. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Daggett County's internal control over financial reporting and compliance.

SMUIN, RICH & MARSING



Price, Utah

July 28, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **INTRODUCTION**

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

### **FINANCIAL HIGHLIGHTS AS OF THE CLOSE OF FY2015**

- In 2015, Daggett County adopted GASB Nos. 68 and 71, which requires the County to report their proportionate share of the unfunded pension liability of the Utah Retirement System. See Notes 6 and 18 for additional information.
- During the year, Daggett County issued \$1,516,000 of General Obligation Refunding Bonds, Series 2015 for the purpose of refunding the County's current outstanding General Obligation Refunding Bonds, Series 2008.
- The government-wide assets and deferred outflow of resources of Daggett County exceeded its liabilities and deferred inflow of resources by \$26,601,772 reflecting a change in net position from operations from the prior period decreasing the total by \$812,874.
- The County's governmental funds reported combined ending fund balances of \$6,054,193 an increase of \$55,546 from operations over the prior year.
- Daggett County had total overall governmental fund revenues and other financing sources of \$7,609,608, which were less than total expenditures and transfers of \$7,554,062 by \$55,546.
- The County's government-wide long-term bond debt decreased \$83,000 during the current year. The County's debt consists of general obligation bonds, revenue bonds and capital leases. The G.O. bonds were issued to construct the Daggett County Jail and the revenue bonds were issued to finance road construction and improvements to be completed by the Flaming Gorge Road and Transportation Special Service District, a component unit of the County. The County entered into one capital lease for the purchase of a vehicle during 2015.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

## **Government-Wide Financial Statements**

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

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

## **Fund Financial Statements**

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

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

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

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

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

## Fund Financial Statements (Continued)

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

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

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

#### Net Position

The County's assets exceeded its liabilities at the close of FY2015 by \$26,601,772. The largest segment of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, furniture, infrastructure), less any related outstanding debt used to acquire those assets. Capital Asset resources are not available for future spending and cannot be liquidated to pay off related liabilities. Resources needed to repay capital-related debt must be provided from other funding sources.

Restricted net position amount to \$1,502,460 and represents resources that are subject to restrictions on how they may be used.

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$ 5,951,273	\$ 6,236,569	\$ 325,365	\$ 337,600	\$ 6,276,638	\$ 6,574,169
Capital assets	19,362,143	18,192,684	4,890,277	4,884,931	24,252,420	23,077,615
Deferred outflow of resources	314,104	321,991	6,541	6,705	320,645	328,696
Total assets & deferred outflow of resources	<u>\$ 25,627,520</u>	<u>\$ 24,751,244</u>	<u>\$ 5,222,183</u>	<u>\$ 5,229,236</u>	<u>\$ 30,849,703</u>	<u>\$ 29,980,480</u>
Current liabilities	\$ 409,995	\$ 416,147	\$ 12,465	\$ 11,737	\$ 422,460	\$ 427,884
Long-term liabilities	3,225,380	2,779,510	22,973	19,917	3,248,353	2,799,427
Deferred inflow of resources		148,308		3,089		151,397
Total liabilities & deferred inflow of resources	<u>\$ 3,635,375</u>	<u>\$ 3,343,965</u>	<u>\$ 35,438</u>	<u>\$ 34,743</u>	<u>\$ 3,670,813</u>	<u>\$ 3,378,708</u>
Net position:						
Net investment in capital assets	\$ 16,969,504	\$ 16,102,232	\$ 4,890,277	\$ 4,884,931	\$ 21,859,781	\$ 20,987,163
Restricted	3,255,529	1,502,460			3,255,529	1,502,460
Unrestricted	1,767,112	3,802,587	296,468	309,562	2,063,580	4,112,149
Total net position	<u>\$ 21,992,145</u>	<u>\$ 21,407,279</u>	<u>\$ 5,186,745</u>	<u>\$ 5,194,493</u>	<u>\$ 27,178,890</u>	<u>\$ 26,601,772</u>

## Changes in Net Position

Daggett County's combined ending net position total \$26,601,772, an overall decrease from operations of \$812,874 compared with last year's ending net position balances.

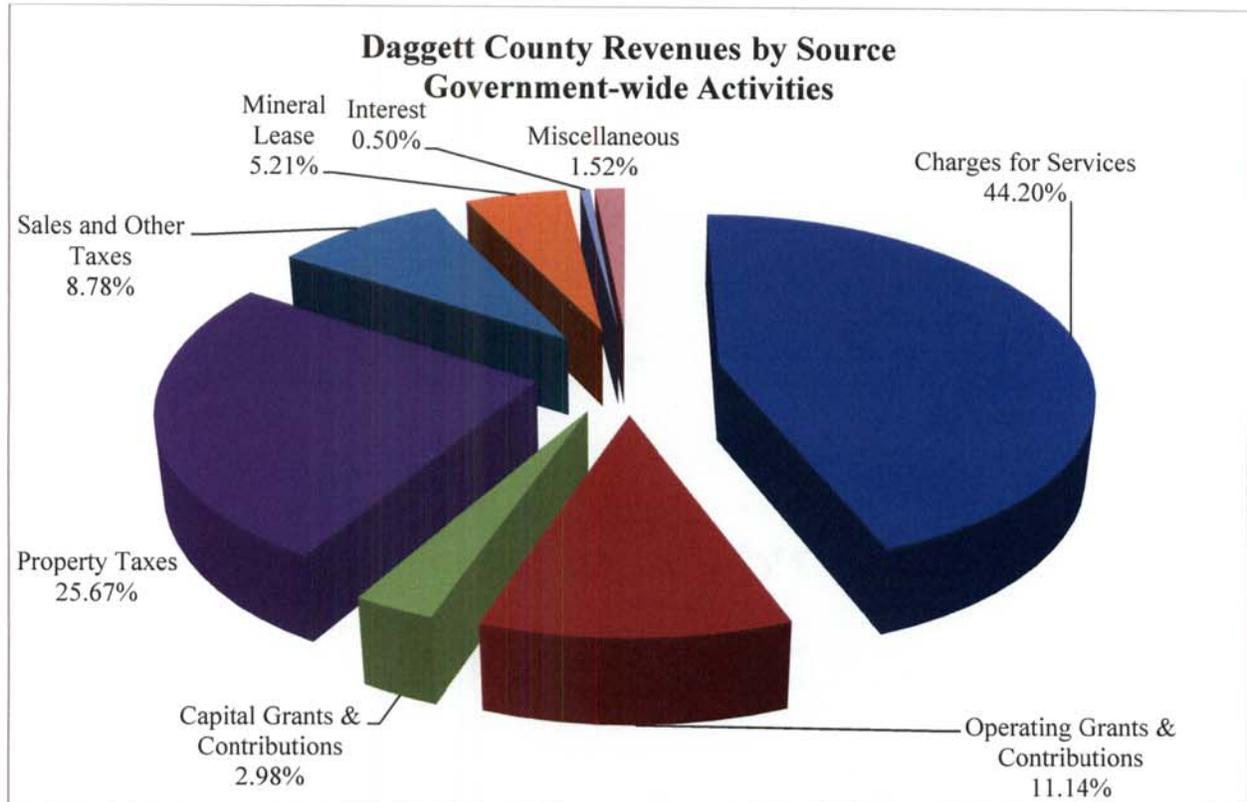
The cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense. The County reported depreciation expense over the past year of \$767,855. The following table summarizes the changes in Daggett County's net position:

**Table 2**  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 2,517,025	\$ 2,353,395	\$ 228,166	\$ 238,648	\$ 2,745,191	\$ 2,592,043
Operating grants and contrib.	543,522	653,318			543,522	653,318
Capital grants and contrib.	4,700	174,644			4,700	174,644
General Revenues:						
Property taxes	1,072,566	1,133,485			1,072,566	1,133,485
Sales taxes	425,363	514,765			425,363	514,765
Other taxes	213,432	237,357			213,432	237,357
PILT	162,792	134,904			162,792	134,904
Mineral lease revenue	519,734	305,801			519,734	305,801
Gains/(loss) on sale of assets	67,217	(350,315)	(25,550)		41,667	(350,315)
Interest	23,727	29,105	136	165	23,863	29,270
Miscellaneous	263,838	88,717	15,873		279,711	88,717
Total revenues	\$ 5,813,916	\$ 5,275,176	\$ 218,625	\$ 238,813	\$ 6,032,541	\$ 5,513,989
<b>Program expenses</b>						
General government	\$ 1,403,885	\$ 1,313,059			\$ 1,403,885	\$ 1,313,059
Public safety	3,376,209	2,987,995			3,376,209	2,987,995
Public health	118,426	182,375			118,426	182,375
Highways and public improve	1,011,267	1,341,325			1,011,267	1,341,325
Parks and recreation	57,677	119,042			57,677	119,042
Economic development	180,546	119,334			180,546	119,334
Interest on long-term debt	73,931	32,668			73,931	32,668
Dutch John			\$ 242,458	\$ 213,999	242,458	213,999
Low income housing			17,545	17,066	17,545	17,066
Total expenses	\$ 6,221,941	\$ 6,095,798	\$ 260,003	\$ 231,065	\$ 6,481,944	\$ 6,326,863
Excess (deficiency) before transfers	\$ (408,025)	\$ (820,622)	\$ (41,378)	\$ 7,748	\$ (449,403)	\$ (812,874)
Transfers						
Change in net position	\$ (408,025)	\$ (820,622)	\$ (41,378)	\$ 7,748	\$ (449,403)	\$ (812,874)
Net position - beg - restated	\$ 9,759,799	\$ 21,992,145	\$ 18,113,270	\$ 5,186,745	\$ 27,873,069	\$ 27,178,890
Prior period adjustment	12,640,371	235,756	(12,885,147)		(244,776)	235,756
Net position - ending	21,992,145	21,407,279	5,186,745	5,194,493	27,178,890	26,601,772
	\$ (408,025)	\$ (820,622)	\$ (41,378)	\$ 7,748	\$ (449,403)	\$ (812,874)

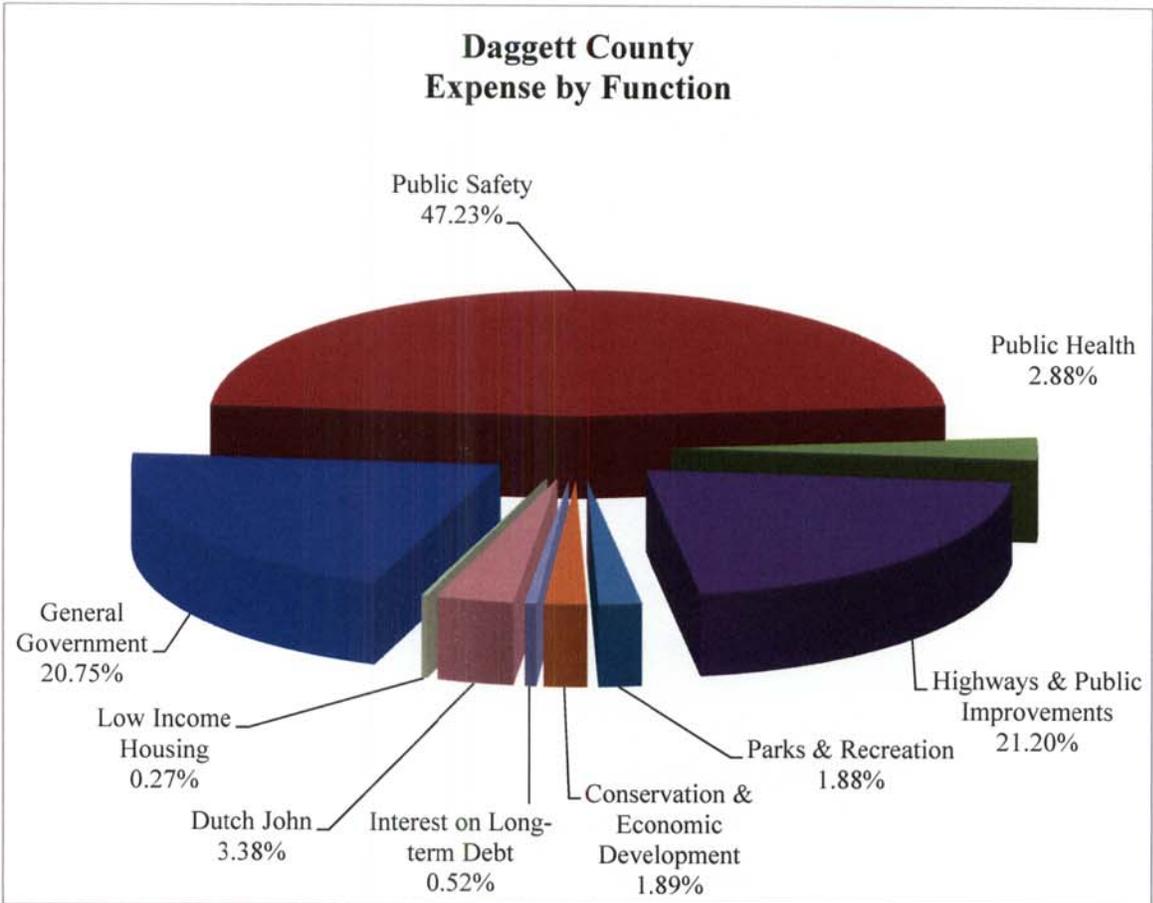
### Government Wide Activities

Sources of revenues for the County's government-wide activities are comprised of the items listed below and total \$5,864,304.



Charges for services constitute the largest source of Daggett County revenues at 44.20%. Property taxes are the second largest source of revenues at 25.67%. Operating grants and contributions represent 11.14%, mineral lease revenue represents 5.21% and sales tax represent 8.78% of the total revenue for the year.

The cost of all activities for FY 2015 was \$6,326,863. The following chart represents expenses by the County's largest functions.



### General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final amended budget of \$130,400 can be briefly summarized as follows:

- \$ 25,380 increase in general government
- \$ 45,600 increase in public safety
- \$ 1,620 increase in public health
- \$ 54,700 increase in highways and public improvements
- \$ 3,100 increase in parks and recreation

## Capital Asset and Debt Administration

### Capital Assets

Daggett County's investment in capital assets for all activities as of December 31, 2015 amounted to \$23,077,615. Capital asset investments include land, right of ways, water rights, buildings, improvements other than buildings and equipment. Roads, highways, and bridges are incorporated in the infrastructure, as summarized below:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Land	\$ 9,476,350	\$ 8,723,541	\$ 1,753,928	\$ 1,753,928	\$ 11,230,278	\$ 10,477,469
Water rights	886,462	886,462			886,462	886,462
Buildings	2,843,443	2,708,122	11,066	10,134	2,854,509	2,718,256
Improvements other than buildings	2,073,094	2,002,210	2,732,156	2,680,474	4,805,250	4,682,684
Equipment	1,599,497	1,390,653	45,002	39,434	1,644,499	1,430,087
Infrastructure	2,483,297	2,338,908	334,058	321,627	2,817,355	2,660,535
Work in process		142,788	14,067	79,334	14,067	222,122
<b>Total</b>	<b>\$ 19,362,143</b>	<b>\$ 18,192,684</b>	<b>\$ 4,890,277</b>	<b>\$ 4,884,931</b>	<b>\$ 24,252,420</b>	<b>\$ 23,077,615</b>

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

### Long-Term Debt

The Jail Fund accounts for resources obtained and used for the payment of principal and interest on long-term obligations and on general obligation bonds, and for operations of jail, which are funded through inmate fees. Although the Jail is accumulating funds to make debt payments the bonds are general obligation debt. The amount of debt a governmental entity may issue is limited to 2 percent of its total fair market value of taxable property. Daggett County currently has general obligation debt of \$1,455,000.

During the 2015 year the component unit, Flaming Gorge Roads & Transportation Special Service District has outstanding Mineral Lease Revenue Bonds of \$424,000.

**Long-Term Debt (Continued)**

The following table is a summary of Daggett County’s gross outstanding long-term debt as of December 31, 2015

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Compensated absences	\$ 123,082	\$ 125,327	\$ 3,314	\$ 1,808
Capital lease payable	211,452	291,139		
GO Bond, Series 1998B	47,000	55,000		
GO Bond, Series 2008		1,483,000		
GO Bond, Series 2015	1,408,000			
Revenue Bond, Series 2008A	302,000	335,000		
Revenue Bond, Series 2008B	122,000	135,000		
<b>Total outstanding debt</b>	<b>\$ 2,213,534</b>	<b>\$ 2,424,466</b>	<b>\$ 3,314</b>	<b>\$ 1,808</b>

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

**Business-Type Activities**

Enterprise Funds are used to report the functions presented as *business-type activities* shown in the above charts and in the government-wide statements. The activity of the Enterprise Funds experienced a small increase in net position during the year due to an increase in revenues and decrease in expenditures. The fund financial statements provide more detail and additional information for the County’s Enterprise Funds.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

On June 12,2016, the Bureau of Reclamation did not renew their contract with Daggett County to provide around the clock security services for the Flaming Gorge Dam, power plant and visitor center. This will reduce the County's revenues each year by around \$634,000.00.

**Contacting the County’s Financial Management**

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

**DAGGETT COUNTY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

	<u>PRIMARY GOVERNMENT</u>		
	<u>GOVERN- MENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>			
Cash and cash equivalents	\$ 3,213,347	\$ 218,088	\$ 3,431,435
Investments in stock	505		505
Accounts receivable - net	120,489	22,101	142,590
Property taxes receivable	1,217,717		1,217,717
Due from other governmental units	395,083		395,083
Prepaid expenses	92,444	2,495	94,939
Inventory	235,756		235,756
Loan receivable - current		2,675	2,675
Loan subsidy receivable - current		17,066	17,066
Cash and cash equivalents - restricted	959,662		959,662
Loan receivable		35,246	35,246
Loan subsidy receivable		39,896	39,896
Net pension asset	1,566	33	1,599
Capital assets (net of accumulated depreciation):			
Land	8,723,541	1,753,928	10,477,469
Water rights	886,462		886,462
Infrastructure	2,338,908	321,627	2,660,535
Buildings	2,708,122	10,134	2,718,256
Improvements other than buildings	2,002,210	2,680,474	4,682,684
Machinery and Equipment	1,390,653	39,434	1,430,087
Work in progress	142,788	79,334	222,122
	<u>\$ 24,429,253</u>	<u>\$ 5,222,531</u>	<u>\$ 29,651,784</u>
Deferred outflow of resources related to pensions	<u>\$ 321,991</u>	<u>\$ 6,705</u>	<u>\$ 328,696</u>
	<u>\$ 24,751,244</u>	<u>\$ 5,229,236</u>	<u>\$ 29,980,480</u>

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

DAGGETT COUNTY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015

	PRIMARY GOVERNMENT		
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<u>LIABILITIES AND DEFERRED INFLOW OF RESOURCES</u>			
Accounts payable	\$ 172,135	\$ 11,737	\$ 183,872
Bond interest payable	4,029		4,029
Capital lease - current	71,308		71,308
Bond payable - current	160,000		160,000
Unearned revenue	8,675		8,675
Capital lease - noncurrent	140,144		140,144
Bonds payable - noncurrent	1,719,000		1,719,000
Compensated absences	123,082	3,314	126,396
Net pension liability	797,284	16,603	813,887
Total liabilities	\$ 3,195,657	\$ 31,654	\$ 3,227,311
Deferred inflow of resources related to pensions	\$ 148,308	\$ 3,089	\$ 151,397
Total assets and deferred outflow of resources	\$ 3,343,965	\$ 34,743	\$ 3,378,708
<u>NET POSITION</u>			
Net Investment in capital assets	\$ 16,102,232	\$ 4,884,931	\$ 20,987,163
Restricted for:			
Class "B" roads	305,928		305,928
RDA	654,939		654,939
Flaming Gorge Roads & Transportation S.S.D.	48,000		48,000
Forest Reserve	160,210		160,210
Transient Room Tax	122,775		122,775
Homeland Security	2,360		2,360
Assessing and Collecting	146,900		146,900
Trails Fund	934		934
Restaurant Tax	60,414		60,414
Unrestricted	3,802,587	309,562	4,112,149
Total net position	\$ 21,407,279	\$ 5,194,493	\$ 26,601,772

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

**DAGGETT COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	PROGRAM REVENUES			NET (EXPENSE) REVENUE & CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	TOTAL
<b>Function/Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 1,313,059	\$ 209,298	\$	\$ 62,602	\$ (1,103,761)	\$	\$ (1,103,761)
Public safety	2,987,995	2,131,710	70,419		(723,264)		(723,264)
Public health	182,375				(182,375)		(182,375)
Highways and public improvements	1,341,325	12,387	533,585	112,042	(695,698)		(695,698)
Parks, recreation and public property	119,042		42,706		(63,949)		(63,949)
Community and economic development	119,334		6,608		(112,726)		(112,726)
Interest on long-term debt	32,668				(32,668)		(32,668)
<b>Total governmental activities</b>	<b>\$ 6,095,798</b>	<b>\$ 2,353,395</b>	<b>\$ 653,318</b>	<b>\$ 174,644</b>	<b>\$ (2,914,441)</b>	<b>\$</b>	<b>\$ (2,914,441)</b>
Business-type activities:							
Enterprise - Dutch John	\$ 213,999	\$ 236,675			\$	\$ 22,676	\$ 22,676
Enterprise - Low income housing	17,066	1,973			(15,093)		(15,093)
<b>Total business-type activities</b>	<b>\$ 231,065</b>	<b>\$ 238,648</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 7,583</b>	<b>\$ 7,583</b>
<b>Total primary government</b>	<b>\$ 6,326,863</b>	<b>\$ 2,592,043</b>	<b>\$ 653,318</b>	<b>\$ 174,644</b>	<b>\$ (2,914,441)</b>	<b>\$ 7,583</b>	<b>\$ (2,906,858)</b>
<b>General revenues:</b>							
Property taxes					\$ 1,133,485	\$	\$ 1,133,485
Sales and use taxes					137,060		137,060
County option and Medical Service sales taxes					76,942		76,942
911 Surcharge					7,730		7,730
Restaurant tax revenue					21,200		21,200
Transient room taxes					92,458		92,458
Rural hospital taxes					179,375		179,375
Payment in lieu of taxes					134,904		134,904
Assessing & collecting taxes					237,357		237,357
Mineral lease revenue					305,801		305,801
Unrestricted investment earnings					29,105	\$ 165	29,270
Miscellaneous					88,717		88,717
Loss on sale of capital assets					(350,315)		(350,315)
<b>Total general revenues and transfers</b>					<b>\$ 2,093,819</b>	<b>\$ 165</b>	<b>\$ 2,093,984</b>
Change in net position					\$ (820,622)	\$ 7,748	\$ (812,874)
Net position - beginning - as restated					21,992,145	5,186,745	27,178,890
Prior period adjustment					235,756		235,756
<b>Net position - ending</b>					<b>\$ 21,407,279</b>	<b>\$ 5,194,493</b>	<b>\$ 26,601,772</b>

"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, 2015**

	GENERAL FUND	JAIL	FLAMING GORGE ROADS AND TRANSPORTATION SPECIAL SERVICE DISTRICT	RURAL HOSPITAL TAX	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash and cash equivalents			\$ 2,448,309	\$ 561,725	\$ 722,848	\$ 3,732,882
Restricted cash and cash equivalents	\$ 25		48,000		911,637	959,662
Investments in stock	505					505
Accounts receivable (net)	3,701	\$ 116,788				120,489
Property taxes receivable	883,341	147,152			187,224	1,217,717
Due from other governments	185,108		57,651		152,324	395,083
Inventory			235,756			235,756
Prepaid expenses	92,444					92,444
<b>Total assets</b>	<b>\$ 1,165,124</b>	<b>\$ 263,940</b>	<b>\$ 2,789,716</b>	<b>\$ 561,725</b>	<b>\$ 1,974,033</b>	<b>\$ 6,754,538</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Cash deficit	\$ 270,625	\$ 148,444			\$ 100,466	\$ 519,535
Accounts payable	16,560	16,677		\$ 103,428	35,470	172,135
Unearned revenue					8,675	8,675
<b>Total liabilities</b>	<b>\$ 287,185</b>	<b>\$ 165,121</b>	<b>\$ ...</b>	<b>\$ 103,428</b>	<b>\$ 144,611</b>	<b>\$ 700,345</b>
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Inventory			\$ 235,756			\$ 235,756
Prepays	\$ 92,444					92,444
<b>Restricted for:</b>						
Class "B" Road					\$ 305,928	305,928
Flaming Gorge Roads & Transportation S.S.D.			48,000			48,000
Redevelopment Agency					654,939	654,939
Forest Reserve					160,210	160,210
Transient Room Tax					122,775	122,775
Homeland Security					2,360	2,360
Assessing and Collecting					146,900	146,900
Trails fund					934	934
Restaurant Tax					60,414	60,414
<b>Assigned for:</b>						
Special Revenue		\$ 98,819		\$ 458,297	310,510	867,626
Capital Projects			2,100,290		64,452	2,164,742
Debt Service			395,592			395,592
Unassigned	785,495		10,078			795,573
<b>Total fund balances</b>	<b>\$ 877,939</b>	<b>\$ 98,819</b>	<b>\$ 2,789,716</b>	<b>\$ 458,297</b>	<b>\$ 1,829,422</b>	<b>\$ 6,054,193</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,165,124</b>	<b>\$ 263,940</b>	<b>\$ 2,789,716</b>	<b>\$ 561,725</b>	<b>\$ 1,974,033</b>	<b>\$ 6,754,538</b>

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

**DAGGETT COUNTY  
RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

Total fund balances - governmental fund types: \$ 6,054,193

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

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

Land	\$	8,723,541	
Water rights		886,462	
Infrastructure		2,338,908	
Buildings		2,708,122	
Improvements other than buildings		2,002,210	
Equipment		1,390,653	
Work in progress		<u>142,788</u>	
Total			18,192,684

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

Bond interest payable	\$	(4,029)	
Capital lease - current portion		(71,308)	
Capital lease - due in more than one year		(140,144)	
Bonds payable - current portion		(160,000)	
Bonds payable - due in more than one year		(1,719,000)	
Net pension liability		(797,284)	
Deferred inflows of resources related to pensions		(148,308)	
Deferred outflows of resources related to pensions		321,991	
Compensated absences		<u>(123,082)</u>	
Total			(2,841,164)

The net pension asset is not an available resource, therefore, is not reported in the governmental funds

1,566

Net position of government activities

\$ 21,407,279

"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, 2015**

	GENERAL FUND	JAIL	FLAMING GORGE ROADS AND TRANSPORTATION SPECIAL SERVICE DISTRICT	RURAL HOSPITAL TAX	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>						
Taxes	\$ 1,191,200	\$ 164,017		\$ 179,375	\$ 351,015	\$ 1,885,607
Licenses and permits	41,682					41,682
Intergovernmental revenues	375,236		\$ 255,928		637,503	1,268,667
Charges for services	831,324	1,287,856			152,140	2,271,320
Fines and forfeitures	40,393					40,393
Interest income	14,363		12,002		2,740	29,105
Miscellaneous revenues	50,379	2,461	214		463,723	516,777
<b>Total revenues</b>	<b>\$ 2,544,577</b>	<b>\$ 1,454,334</b>	<b>\$ 268,144</b>	<b>\$ 179,375</b>	<b>\$ 1,607,121</b>	<b>\$ 6,053,551</b>
<b>EXPENDITURES:</b>						
General government	\$ 932,914				\$ 338,542	\$ 1,271,456
Public safety	1,291,716	\$ 1,399,376			196,078	2,887,170
Public health	13,684			\$ 147,260		160,944
Highways and public improvements	176,819		\$ 622,331		472,375	1,271,525
Parks, recreation, and public property	5,408				101,892	107,300
Community and economic development					119,629	119,629
Debt service:						
Principal retirement	55,879	1,599,000	46,000			1,700,879
Interest and fiscal charges	4,178	30,981				35,159
<b>Total expenditures</b>	<b>\$ 2,480,598</b>	<b>\$ 3,029,357</b>	<b>\$ 668,331</b>	<b>\$ 147,260</b>	<b>\$ 1,228,516</b>	<b>\$ 7,554,062</b>
Excess revenues over (under) expenditures	\$ 63,979	\$ (1,575,023)	\$ (400,187)	\$ 32,115	\$ 378,605	\$ (1,500,511)
<b>OTHER FINANCING SOURCES (USES):</b>						
Capital lease financing	\$ 40,057					\$ 40,057
Refunding bonds		\$ 1,516,000				1,516,000
Transfers in	87,894	135,000				222,894
Transfers out					\$ (222,894)	(222,894)
<b>Total other financing sources (uses)</b>	<b>\$ 127,951</b>	<b>\$ 1,651,000</b>	<b>\$ ...</b>	<b>\$ ...</b>	<b>\$ (222,894)</b>	<b>\$ 1,556,057</b>
Excess of revenues and other sources over (under) expenditures and other uses	\$ 191,930	\$ 75,977	\$ (400,187)	\$ 32,115	\$ 155,711	\$ 55,546
FUND BALANCES - beginning of year	686,009	22,842	2,954,147	426,182	1,673,711	5,762,891
Prior period adjustment			235,756			235,756
<b>FUND BALANCES - end of year</b>	<b>\$ 877,939</b>	<b>\$ 98,819</b>	<b>\$ 2,789,716</b>	<b>\$ 458,297</b>	<b>\$ 1,829,422</b>	<b>\$ 6,054,193</b>

"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, 2015**

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

Net changes in fund balances - total governmental funds	\$	55,546
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$697,242) exceeds capital outlays (\$329,966) in the period.		(367,276)
In the statement of activities, only the loss on the sale of the capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the capital assets sold.		(746,711)
Governmental funds report bond proceeds as an other financing source, while repayment of the bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due, but in the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. The following amounts are the net effect of these differences in the treatment of the long-term debt and related items.		
Lease financing	\$	(40,057)
General obligation refunding bond proceeds		(1,516,000)
Repayment of bond principal		1,599,000
Change in bond interest expense		(2,491)
Repayment of capital leases		<u>119,744</u>
Total		160,196
Governmental funds do not accrue net pension assets or liabilities. In the statement of activities the net effect of reporting pension activity reduced pension expense.		79,868
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (Compensated Absences)		<u>(2,245)</u>
Change in net position of governmental activities	\$	<u><u>(820,622)</u></u>

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

**DAGGETT COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	DUTCH JOHN ENTERPRISE	NON-MAJOR LOW INCOME HOUSING	TOTAL BTAs
<u>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>			
Current assets:			
Cash and cash equivalents	\$ 206,762	\$ 11,326	\$ 218,088
Accounts receivable (net)	22,101		22,101
Loan receivable - current		2,675	2,675
Loan subsidy receivable - current		17,066	17,066
Prepays	2,495		2,495
	\$ 231,358	\$ 31,067	\$ 262,425
Noncurrent assets:			
Loan receivable		\$ 35,246	\$ 35,246
Loan subsidy receivable		39,896	39,896
Net pension asset	\$ 33		33
Capital Assets:			
Land	1,753,928		1,753,928
Infrastructure	372,927		372,927
Buildings	13,978		13,978
Improvements	2,964,995		2,964,995
Machinery and equipment	65,971		65,971
Work in progress	79,334		79,334
Less accumulated depreciation	(366,202)		(366,202)
	\$ 4,884,964	\$ 75,142	\$ 4,960,106
Total noncurrent assets	\$ 4,884,964	\$ 75,142	\$ 4,960,106
Total assets	\$ 5,116,322	\$ 106,209	\$ 5,222,531
Deferred outflow of resources:			
Deferred outflow - related to pensions	\$ 6,705		\$ 6,705
Total deferred outflow of resources	\$ 6,705	\$ ...	\$ 6,705
Total assets and deferred outflow of resources	\$ 5,123,027	\$ 106,209	\$ 5,229,236

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

DAGGETT COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	DUTCH JOHN ENTERPRISE	NON-MAJOR LOW INCOME HOUSING	TOTAL BTAs
<u>LIABILITIES AND DEFERRED INFLOW OF RESOURCES</u>			
Current Liabilities:			
Accounts payable	\$ 11,737		\$ 11,737
Total current liabilities	\$ 11,737	\$ ...	\$ 11,737
Noncurrent Liabilities:			
Compensated absences	\$ 3,314		\$ 3,314
Net pension liability	16,603		16,603
Total noncurrent liabilities	\$ 19,917	\$ ...	\$ 19,917
Total liabilities	\$ 31,654	\$ ...	\$ 31,654
Deferred inflow of resources:			
Deferred inflow - related to pensions	\$ 3,089		\$ 3,089
Total deferred inflow of resources	\$ 3,089	\$ ...	\$ 3,089
Total liabilities and deferred inflow of resources	\$ 34,743	\$ ...	\$ 34,743
<u>NET POSITION</u>			
Net Position			
Net Investment in capital assets	\$ 4,884,931		\$ 4,884,931
Unrestricted	203,353	\$ 106,209	309,562
Total net position	\$ 5,088,284	\$ 106,209	\$ 5,194,493

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

**DAGGETT COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS		
	DUTCH JOHN ENTERPRISE	NON-MAJOR LOW INCOME HOUSING	TOTAL BTAs
Operating Revenues:			
Charges for services	\$ 236,675	\$ 1,973	\$ 238,648
Total operating revenues	<u>\$ 236,675</u>	<u>\$ 1,973</u>	<u>\$ 238,648</u>
Operating Expenses:			
Salaries, wages and benefits	\$ 53,484		\$ 53,484
Administration costs	7,000		7,000
Insurance	4,333		4,333
Repairs & Maintenance	919		919
Supplies	1,286		1,286
Contractual services	7,771		7,771
Utilities	14,696		14,696
Miscellaneous	363		363
Travel	855		855
Water Treatment & Distribution	13,644		13,644
Sewer Treatment & Collection	3,098		3,098
Garbage Collection	35,937		35,937
Amortization		\$ 17,066	17,066
Depreciation	70,613		70,613
Total operating expenses	<u>\$ 213,999</u>	<u>\$ 17,066</u>	<u>\$ 231,065</u>
Operating income (loss)	<u>\$ 22,676</u>	<u>\$ (15,093)</u>	<u>\$ 7,583</u>
Nonoperating Revenues (Expenses):			
Interest income	\$ 165		\$ 165
Total nonoperating revenues (expenses)	<u>\$ 165</u>	<u>\$ ...</u>	<u>\$ 165</u>
Change in net position	\$ 22,841	\$ (15,093)	\$ 7,748
Total net position - beginning - as restated	<u>5,065,443</u>	<u>121,302</u>	<u>5,186,745</u>
Total net position - ending	<u>\$ 5,088,284</u>	<u>\$ 106,209</u>	<u>\$ 5,194,493</u>

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

**DAGGETT COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	DUTCH JOHN ENTERPRISE	NON-MAJOR LOW INCOME HOUSING	TOTAL BTA's
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 232,790	\$ 4,740	\$ 237,530
Cash payments to suppliers	(93,125)		(93,125)
Cash payments to employees	(53,641)		(53,641)
Net cash provided (used) by operating activities	<u>\$ 86,024</u>	<u>\$ 4,740</u>	<u>\$ 90,764</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition of capital assets	\$ (65,267)		\$ (65,267)
Net cash provided (used) by capital and related financing activities	<u>\$ (65,267)</u>	<u>\$ ...</u>	<u>\$ (65,267)</u>
Cash Flows From Investing Activities:			
Interest and dividends received	\$ 165		\$ 165
Net cash provided (used) by investing activities	<u>\$ 165</u>	<u>\$ ...</u>	<u>\$ 165</u>
Net increase (decrease) in cash and cash equivalents	\$ 20,922	\$ 4,740	\$ 25,662
Cash and cash equivalents, January 1	<u>185,840</u>	<u>6,586</u>	<u>192,426</u>
Cash and cash equivalents, December 31	<u>\$ 206,762</u>	<u>\$ 11,326</u>	<u>\$ 218,088</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 22,676	\$ (15,093)	\$ 7,583
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 70,613		\$ 70,613
Amortization		\$ 17,066	17,066
(Increase) Decrease in accounts receivable	(3,885)		(3,885)
(Increase) Decrease in prepaid expenses	(2,495)		(2,495)
(Increase) Decrease in note receivable		2,767	2,767
(Increase) Decrease in net pension asset	(26)		(26)
(Increase) Decrease in deferred outflow of resources	(164)		(164)
Increase (Decrease) in accounts payable	(728)		(728)
Increase (Decrease) in compensated absences	1,506		1,506
Increase (Decrease) in net pension liabilities	(4,562)		(4,562)
Increase (Decrease) in deferred inflows of resources	3,089		3,089
Total adjustments	<u>\$ 63,348</u>	<u>\$ 19,833</u>	<u>\$ 83,181</u>
Net cash provided (used) by operating activities	<u>\$ 86,024</u>	<u>\$ 4,740</u>	<u>\$ 90,764</u>
Noncash Investing, Capital and Financing Activities:			
The Low Income Housing Fund reduced the payment subsidy receivable by \$17,066.			

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**DAGGETT COUNTY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2015**

	<u>EMT FUNDRAISING</u>	<u>COURT FINES</u>	<u>BAIL</u>	<u>TOTAL TRUST FUND</u>	<u>AGENCY FUND</u>
<u>ASSETS</u>					
Cash & cash equivalents	\$ 1,200	\$ 7,885	\$ 9,088	\$ 18,173	\$ 2,685,367
Total assets	<u>\$ 1,200</u>	<u>\$ 7,885</u>	<u>\$ 9,088</u>	<u>\$ 18,173</u>	<u>\$ 2,685,367</u>
<u>LIABILITIES</u>					
Accounts payable		\$ 2,173		\$ 2,173	
Due taxing units					\$ 2,685,367
Total liabilities	<u>\$ ...</u>	<u>\$ 2,173</u>	<u>\$ ...</u>	<u>\$ 2,173</u>	<u>\$ 2,685,367</u>
<u>NET POSITION</u>					
Restricted	\$ 1,200	\$ 5,712	\$ 9,088	\$ 16,000	
Total net position	<u>\$ 1,200</u>	<u>\$ 5,712</u>	<u>\$ 9,088</u>	<u>\$ 16,000</u>	<u>\$ ...</u>

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**DAGGETT COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>EMT FUNDRAISING</u>	<u>COURT FINES</u>	<u>BAIL</u>	<u>TOTAL TRUST FUND</u>
Additions:				
Charges for services		\$ 5,107	\$ 2,200	\$ 7,307
Fines and fees		25,582	655	26,237
Other revenues		2,910		2,910
	<u>\$ ...</u>	<u>\$ 33,599</u>	<u>\$ 2,855</u>	<u>\$ 36,454</u>
Deductions:				
Public safety			\$ 3,817	\$ 3,817
Payments to other governments		\$ 43,822		43,822
	<u>\$ ...</u>	<u>\$ 43,822</u>	<u>\$ 3,817</u>	<u>\$ 47,639</u>
Change in net position		\$ (10,223)	\$ (962)	\$ (11,185)
Total net position - beginning	<u>\$ 1,200</u>	<u>15,935</u>	<u>10,050</u>	<u>27,185</u>
Total net position - ending	<u>\$ 1,200</u>	<u>\$ 5,712</u>	<u>\$ 9,088</u>	<u>\$ 16,000</u>

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

**DAGGETT COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

**A. Reporting Entity**

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

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

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

A. **Reporting Entity (Continued)**

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

**Blended Component Units**

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

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

**Related Organizations**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

The county reports the following major proprietary funds:

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

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

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

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

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

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

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

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

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

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

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

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

**D. Budgetary Data**

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

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

**E. Cash and Cash Equivalents and Investments**

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

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

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

**F. Compensated Absences**

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

Accrued unpaid vacation pay and other employee benefit amounts, which vest to the employee in the government-wide financial statements for governmental activities total \$123,082 and for proprietary funds total \$3,314.

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

**G. Long-Term Obligations**

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

**H. Capital Assets**

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

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

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

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

**I. Net Position/Fund Balances**

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

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

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

**J. Pensions**

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

2. **CAPITAL ASSETS**

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

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
<b>Primary Government</b>				
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 9,476,350		\$ 752,809	\$ 8,723,541
Rights of Way	886,462			886,462
Work in Progress		\$ 142,788		142,788
Total capital assets not being depreciated	<u>\$ 10,362,812</u>	<u>\$ 142,788</u>	<u>\$ 752,809</u>	<u>\$ 9,752,791</u>
Capital assets being depreciated:				
Buildings	\$ 5,019,663			\$ 5,019,663
Improvements other than buildings	2,482,994	\$ 12,459		2,495,453
Machinery and equipment	3,772,341	214,776	\$ 177,852	3,809,265
Infrastructure	6,618,776			6,618,776
Total capital assets being depreciated	<u>\$ 17,893,774</u>	<u>\$ 227,235</u>	<u>\$ 177,852</u>	<u>\$ 17,943,157</u>
Less accumulated depreciation for:				
Buildings	\$ 2,176,220	\$ 135,321		\$ 2,311,541
Improvements other than buildings	409,900	83,343		493,243
Machinery and equipment	2,172,844	334,189	\$ 88,421	2,418,612
Infrastructure	4,135,479	144,389		4,279,868
Total accumulated depreciation	<u>\$ 8,894,443</u>	<u>\$ 697,242</u>	<u>\$ 88,421</u>	<u>\$ 9,503,264</u>
Total capital assets, being depreciated, net	<u>\$ 8,999,331</u>	<u>\$ (470,007)</u>	<u>\$ 89,431</u>	<u>\$ 8,439,893</u>
Governmental activities capital assets, net	<u>\$ 19,362,143</u>	<u>\$ (327,219)</u>	<u>\$ 842,240</u>	<u>\$ 18,192,684</u>

2. **CAPITAL ASSETS (Continued)**

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,753,928			\$ 1,753,928
Construction in progress	14,067	\$ 65,267		79,334
Total capital assets not being depreciated	<u>\$ 1,767,995</u>	<u>\$ 65,267</u>	<u>\$ ...</u>	<u>\$ 1,833,262</u>
Capital assets being depreciated:				
Buildings	\$ 13,978			\$ 13,978
Improvements other than buildings	2,964,995			2,964,995
Machinery and equipment	65,971			65,971
Infrastructure	372,927			372,927
Total capital assets being depreciated	<u>\$ 3,417,871</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$ 3,417,871</u>
Less accumulated depreciation for:				
Buildings	\$ 2,912	\$ 932		\$ 3,844
Improvements other than buildings	232,839	51,682		284,521
Machinery and equipment	20,969	5,568		26,537
Infrastructure	38,869	12,431		51,300
Total accumulated depreciation	<u>\$ 295,589</u>	<u>\$ 70,613</u>	<u>\$ ...</u>	<u>\$ 366,202</u>
Total capital assets, being depreciated, net	<u>\$ 3,122,282</u>	<u>\$ (70,613)</u>	<u>\$ ...</u>	<u>\$ 3,051,669</u>
Business-type activities capital assets, net	<u>\$ 4,890,277</u>	<u>\$ (5,346)</u>	<u>\$ ...</u>	<u>\$ 4,884,931</u>
Depreciation expense was charged to functions/programs of the primary government as follows:				
Governmental activities:				
General government			\$ 74,307	
Public safety			239,910	
Public health			21,431	
Highways and public improvements			349,778	
Parks and recreation			11,816	
Total depreciation expense - governmental activities			<u>\$ 697,242</u>	
Business-type activities:				
Enterprise - Dutch John			<u>\$ 70,613</u>	
Total depreciation expense - Business-Type Activities			<u>\$ 70,613</u>	
Total depreciation expense			<u><u>\$ 767,855</u></u>	

3. **LONG-TERM DEBT**

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 231,308	\$ 36,344	\$ 267,652
2017	231,645	33,524	265,169
2018	225,167	30,303	255,470
2019	173,332	26,897	200,229
2020	170,000	24,222	194,222
2021-2025	795,000	74,896	869,896
2026-2027	264,000	8,178	272,178
	<u>\$ 2,090,452</u>	<u>\$ 234,364</u>	<u>\$ 2,324,816</u>

**General Obligation Bonds** – General Obligation Bonds payable at December 31, 2015, with their outstanding balances, are comprised of the following individual issues:

Governmental Activities:

General Obligation Bonds, Series 2015 in the amount of \$1,516,000, issued on January 15, 2015. Annual principal payments are due each December 15, and range from \$108,000 to \$392,000. Interest payments are due each June 15 and December 15 and range from \$1,370 to \$15,670. The purpose for issuing the bonds was to refinance the General Obligation Refunding Bonds, Series 2008, which was originally issued to refund the General Obligation Bonds, Series 1998 which were used to acquire, construct, improve or renovate one or more public buildings and other public facilities for public safety including jail facilities along with equipment and furnishings. The loan bears a variable interest rate ranging from 0.66% to 2.883%.

\$1,408,000

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

\$ 47,000

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

**Mineral Lease Revenue Bonds** – Mineral Lease Revenue Bonds payable at December 31, 2015, with their outstanding balances, are comprised of the following individual issues:

Governmental Activities:

Parity Mineral Lease Revenue Bonds, Series 2008A in the amount of \$500,000 were issued on April 1, 2008. Annual principal payments are due each April 1 beginning in 2010, and range from \$33,000 to \$34,000. The County entered into this agreement through its component unit Flaming Gorge Roads & Transportation Special Service District for the purpose of financing the cost of constructing improvements to certain roads within the boundaries of the District. The loan bears no interest. \$ 302,000

Parity Mineral Lease Revenue Bonds, Series 2008B in the amount of \$200,000 were issued on April 1, 2008. Annual principal payments are due each April 1 beginning in 2010, and range from \$13,000 to \$14,000. The County entered into this agreement through its component unit Flaming Gorge Road & Transportation Special Service District for the purpose of financing the cost of constructing improvements to certain roads within the boundaries of the District. The loan bears no interest. \$ 122,000

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 1,538,000	\$ 1,516,000	\$ 1,599,000	\$ 1,455,000	\$ 114,000
Revenue bonds	470,000		46,000	424,000	46,000
Capital leases	291,139	40,057	119,744	211,452	71,308
Compensated Absences	125,327		2,245	123,082	
Net pension liability	1,016,329	95,059	314,104	797,284	
Governmental activity long-term liabilities	<u>\$ 3,440,795</u>	<u>\$ 1,651,116</u>	<u>\$ 2,081,093</u>	<u>\$ 3,010,818</u>	<u>\$ 231,308</u>
<b>Business-type activities:</b>					
Compensated Absences	\$ 1,808	\$ 1,506		\$ 3,314	
Net pension liability	21,164	1,980	6,541	16,603	
Business-type activities long-term liabilities	<u>\$ 22,972</u>	<u>\$ 3,486</u>	<u>\$ 6,541</u>	<u>\$ 19,917</u>	<u>\$ ...</u>

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

**Governmental Activity Debt**

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

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1, 2016	\$ 9,000	\$ 1,410	\$ 10,410
July 1, 2017	9,000	1,140	10,140
July 1, 2018	9,000	870	9,870
July 1, 2019	10,000	600	10,600
July 1, 2020	10,000	300	10,300
Total	<u>\$ 47,000</u>	<u>\$ 4,320</u>	<u>\$ 51,320</u>

On January 15, 2015, the County issued General Obligation Refunding Bonds Series 2015 in the principal amount of \$1,516,000 together with a variable interest per annum. The bonds begin accruing interest on the unpaid balance of the principal on January 15, 2015 with interest payments due on June 15 and December 15, beginning 2015. The interest and principal become payable beginning on December 15, 2015 and mature on December 15, 2027. The purpose for issuing the bonds was to refinance the General Obligation Refunding Bonds, Series 2008, which was originally issued to refund the General Obligation Bonds, Series 1998 which were used to acquire, construct, improve or renovate one or more public buildings and other public facilities for public safety including jail facilities along with equipment and furnishings. The repayment schedule is as follows:

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

**Governmental Activity Debt (Continued)**

Principal Payment Date	Principal	Interest	Total
June 15, 2016		\$ 15,314	\$ 15,314
December 15, 2016	\$ 105,000	15,314	120,314
June 15, 2017		14,761	14,761
December 15, 2017	106,000	14,761	120,761
June 15, 2018		14,003	14,003
December 15, 2018	108,000	14,003	122,003
June 15, 2019		13,068	13,068
December 15, 2019	110,000	13,068	123,068
June 15, 2020		11,961	11,961
December 15, 2020	112,000	11,961	123,961
June 15, 2021		10,686	10,686
December 15, 2021	114,000	10,686	124,686
June 15, 2022		9,231	9,231
December 15, 2022	117,000	9,231	126,231
June 15, 2023		7,612	7,612
December 15, 2023	120,000	7,612	127,612
June 15, 2024		5,882	5,882
December 15, 2024	124,000	5,882	129,882
June 15, 2025		4,038	4,038
December 15, 2025	128,000	4,038	132,038
June 15, 2026		2,719	2,719
December 15, 2026	131,000	2,719	133,719
June 15, 2027		1,370	1,370
December 15, 2027	133,000	1,370	134,370
	<u>\$ 1,408,000</u>	<u>\$ 221,290</u>	<u>\$ 1,629,290</u>

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

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

**Governmental Activity Debt (Continued)**

Principal Payment Date	Principal	Interest	Total
April 1, 2016	\$ 33,000		\$ 33,000
April 1, 2017	33,000		33,000
April 1, 2018	33,000		33,000
April 1, 2019	33,000		33,000
April 1, 2020	34,000		34,000
April 1, 2021	34,000		34,000
April 1, 2022	34,000		34,000
April 1, 2023	34,000		34,000
April 1, 2024	34,000		34,000
Total	<u>\$ 302,000</u>	<u>\$ ...</u>	<u>\$ 302,000</u>

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

Principal Payment Date	Principal	Interest	Total
April 1, 2016	\$ 13,000		\$ 13,000
April 1, 2017	13,000		13,000
April 1, 2018	13,000		13,000
April 1, 2019	13,000		13,000
April 1, 2020	14,000		14,000
April 1, 2021	14,000		14,000
April 1, 2022	14,000		14,000
April 1, 2023	14,000		14,000
April 1, 2024	14,000		14,000
Total	<u>\$ 122,000</u>	<u>\$ ...</u>	<u>\$ 122,000</u>

4. **CAPITAL LEASES**

Primary Government

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

	<u>Governmental Activities</u>
Equipment	\$ 288,227
Less: Accumulated Depreciation	<u>(85,848)</u>
Net assets	<u>\$ 202,379</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015 were as follows:

<u>Years Ending December 31,</u>	<u>Governmental Activities</u>
2016	\$ 75,614
2017	73,507
2018	63,593
2019	<u>7,494</u>
Total minimum lease payments	\$ 220,208
Less: amount representing interest	<u>(8,756)</u>
Present value of minimum lease payments	<u><u>\$ 211,452</u></u>

## 5. DEPOSITS AND INVESTMENTS

Deposits and investing for the County are governed by the Utah Money Management Act (Utah Code, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

The District follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a "qualified depository".

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

The County maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Income from the investment of pooled cash is allocated based on each fund's portion of the pool. In addition, cash and investments are separately held by individual funds.

### *Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. At December 31, 2015, the County's bank balance of cash on deposit was \$6,586; of this amount \$6,586 was insured.

### **Investments**

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

Statutes authorize the County to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, and Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

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

As of December 31, 2015, the County had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More than 10
Repurchase agreements State of Utah Public Treasurer's Investment Fund	\$ 702,246	\$ 702,246			
	1,213,095	1,213,095			
Total Investments	<u>\$ 1,915,341</u>	<u>\$ 1,915,341</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$ ...</u>

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County manages this risk in part by investing in the Utah Public Treasurers Investment Fund. The County also manages its exposure to fair value loss arising from increasing interest rates by complying with the State’s Money Management Act. Section 51-7-11 of the Act, which requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptance, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County has not adopted a formal policy with regards to credit risk on investments but the County informally follows the policy for reducing its exposure to credit risk by complying with the State’s Money Management Act as previously discussed.

At December 31, 2015, the County had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Repurchase agreements State of Utah Public Treasurer's Investment Fund	\$ 702,246				\$ 702,246
	1,213,095				1,213,095
Total Investments	<u>\$ 1,915,341</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$ 1,915,341</u>

## 5. DEPOSITS AND INVESTMENTS (Continued)

### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's informal policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. No more than 5% of all funds may be invested in securities of a corporation that has been in continuous operation for less than three years. No more than 5% of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentrations in certain types of investments. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

### *Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. As of December 31, 2015, the County had \$1,213,095 invested in the Public Treasurer's Investment Fund and was held by them.

## 6. PENSION PLANS

### *General Information about the Pension Plan*

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

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

**6. PENSION PLANS (Continued)**

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

**Summary of Benefits by System**

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

\*with actuarial reductions

\*\*All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

6. **PENSION PLANS (Continued)**

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

**Utah State Retirement Systems**

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.910%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement System			
23 - Other Division A Contributory Tier 1	N/A	12.290%	22.750%
43 - Other Division A Noncontributory Tier 1	N/A	N/A	34.040%
122 - Other Division A Contributory Tier 2	N/A	N/A	22.500%

**Pension Assets, Liabilities, Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2014, the County reported a net pension asset of \$1,599 and a net pension liability of \$813,887.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.0869202%		\$ 377,428
Public Safety System	0.3470621%		436,459
Tier 2 Public Employees System	0.0256455%	\$ 777	
Tier 2 Public Safety and Firefighter System	0.0555378%	822	
Total Net Pension Asset/Liability		<u>\$ 1,599</u>	<u>\$ 813,887</u>

6. **PENSION PLANS (Continued)**

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

For the year ended December 31, 2014, the County recognized pension expense of \$227,263. At December 31, 2014, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 27	\$ 55,652
Changes in assumptions		95,745
Net difference between projected and actual earnings on pension plan investments	19,095	
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	<u>309,574</u>	
Total	<u>\$ 328,696</u>	<u>\$ 151,397</u>

\$309,574 was reported as deferred outflows of resources related to pensions results from contributions made by the County prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2015	\$ (37,122)
2016	(37,122)
2017	(37,122)
2018	(20,025)
2019	(138)
Thereafter	(742)

6. **PENSION PLANS (Continued)**

Actuarial assumptions - The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.50 - 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

**Retired Member Mortality**

Class of Member

**Educators**

Men EDUM (90%)

Women EDUF(100%)

**Public Safety and Firefighters**

Men RP 2000mWC (100%)

Women EDUF (120%)

**Local Government, Public Employees**

Men RP 2000mWC (100%)

Women EDUF (120%)

*EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage*

*RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage*

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period ending - December 31, 2013.

6. **PENSION PLANS (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
		Inflation	2.75%
	Expected arithmetic nominal return		<u>7.98%</u>

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

Discount rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one-percentage point higher (8.50 percent) than the current rate:

**6. PENSION PLANS (Continued)**

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
<b>Proportionate Share of</b>			
Net Pension (Asset) / Liability	\$ 2,018,857	\$ 812,288	\$ (179,078)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

**Pension Beginning and Ending Values**

GASB 68 schedule	Beginning values			Ending values		
	NPL/(NPA)	Asset	Liability	NPL/(NPA)	Asset	Liability
Noncontributory	\$ 469,066		\$ 469,066	\$ 377,428		\$ 377,428
Contributory						
Public Safety	568,273		568,273	436,459		436,459
Firefighters						
Governors & Legislators						
Tier 2 Public employees	154		154	(777)	\$ 777	
Tier 2 Public safety & Firefighter	(328)	\$ 328		(822)	822	
<b>Total</b>	<b>\$ 1,037,165</b>	<b>\$ 328</b>	<b>\$ 1,037,493</b>	<b>\$ 812,288</b>	<b>\$ 1,599</b>	<b>\$ 813,887</b>

**7. CONTINGENT LIABILITIES**

Litigation

Daggett County has no pending lawsuits and/or notice of claim filed subsequent to December 31, 2015.

Closure and Post-Closure Cost Landfills

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

**8. PROPERTY TAX CALENDAR**

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

**9. RISK MANAGEMENT**

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

**10. RECEIVABLES**

Receivables as of December 31, 2015, for Daggett County's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Jail Fund	Flaming Gorge Roads and Transportation SS District	Dutch John Proprietary Fund	Nonmajor Govt Funds	Total
Receivables:						
Taxes	\$ 883,341	\$ 147,152			\$ 187,224	\$ 1,217,717
Accounts	3,701	116,788		\$ 28,210		148,699
Due from other governments	185,108		\$ 57,651		152,324	395,083
Gross receivables	\$ 1,072,150	\$ 263,940	\$ 57,651	\$ 28,210	\$ 339,548	\$ 1,761,499
Less: Allowance for uncollectible accounts				(6,109)		(6,109)
Net receivables	<u>\$ 1,072,150</u>	<u>\$ 263,940</u>	<u>\$ 57,651</u>	<u>\$ 22,101</u>	<u>\$ 339,548</u>	<u>\$ 1,755,390</u>

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

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

\$305,928 has been reserved in the “B” Road Fund for the purpose of maintaining, improving, repairing or replacement of “B” roads in Daggett County.

\$654,939 has been reserved in the Redevelopment Agency for the purpose of offering financial incentives to encourage the construction of owner-occupied housing in Dutch John.

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

\$160,210 has been restricted in the Forest Reserve Fund to be used for the maintain and improvement of roads within the national forest located in Daggett County.

\$122,775 has been restricted in the Transient Room Tax Fund to be used for the purpose of promoting tourism and improvement of related facilities.

\$2,360 has been restricted in the Homeland Security fund, which is money received on a grant to be used on equipment and operating expense for security.

\$146,900 has been restricted in the Assessing and Collecting Fund, because of funds that have been received through the imposing a certified tax rate to cover the cost of assessing and collecting tax revenues.

\$934 has been restricted in the Trails Fund, which was received from a grant to be used for improvement of trails.

\$60,414 has been restricted in the Restaurant Tax Fund. These funds are restricted to special uses as outline by the type of tax imposed.

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

12. **USE OF ESTIMATES**

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

13. **BUDGET VARIANCE**

During the year ended December 31, 2015, the County had an unfavorable variance in the Rural Hospital Tax Fund when comparing their budget to actual.

**14. OFF BALANCE SHEET RISK**

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

**15. RECONCILIATION OF INTERFUND TRANSFERS**

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

	Transfers In:			
	Nonmajor Governmental Funds	Jail Fund	General Fund	Total Out
Transfer Out:				
General Fund	\$ 45,000	\$ 135,000		\$ 180,000
Nonmajor Funds			\$ 267,894	267,894
 Total in	<u>\$ 45,000</u>	<u>\$ 135,000</u>	<u>\$ 267,894</u>	<u>\$ 447,894</u>

There were several transfer of funds during the year. The Redevelopment Agency Fund transferred \$267,894 to the general fund to repay money given to this fund for operations in prior periods. The General Fund transferred \$180,000 to several funds. Of this amount \$43,000 went to capital project funds to purchase capital assets. There was \$135,000 to the Jail Fund to help in the operation of the Jail facility due to loss revenues and \$2,000 transferred to the Museum Fund to cover operating costs.

**16. RESTRICTED CASH AND CASH EQUIVALENTS**

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

Cash and cash equivalents – restricted                      \$959,662

The restricted cash and cash equivalents represent \$25 of petty cash and \$48,000 of money restricted for bond covenants to set up reserve accounts. The County has also restricted \$248,023 in "B" Road Fund to be used for the maintenance and improvement of qualified "B" roads. They have restricted \$663,614 in the Dutch John Redevelopment Agency to be used for allowable expenditures within the County's boundaries.

17. **FUND EQUITY**

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

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

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

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

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

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

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

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

18. **RESTATEMENT OF NET POSITION**

In 2015, Daggett County adopted Government Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*.

18. **RESTATEMENT OF NET POSITION (Continued)**

The new standards require the County to recognize a liability in its government-wide and enterprise financial statements for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plans as administered by Utah Retirement Systems) – the collective net pension liability. The County is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. The County contributions to the pension plans subsequent to the measurement date (December 31) of the collective net pension liability also are required to be reported as deferred outflows of resources related to pensions.

The governmental fund financial statements of the County are not affected by these new standards. Pension expenditures in the governmental funds continue to be recognized equal to the total of a) amounts paid by the County to the pension plans and b) the change between the beginning and ending balances of amounts of contributions currently payable to the pensions.

The beginning net position reported in governmental activities in the government-wide financial statements of the County has been restated to reflect the new standards as follows:

Beginning net position, as previously stated	\$ 22,694,048
Net pension asset	321
Net pension liability	(1,016,328)
Deferred outflows of resources related to pensions	<u>314,104</u>
Beginning net position, as restated	<u>\$ 21,992,145</u>

The notes to the basic financial statements now include additional information about the defined benefit pension plans. Also, the County will be presenting in required supplementary information 10-year schedules containing a) the net pension liability and certain related ratios and b) information about statutorily required contributions, contributions to the pension plans, and related ratios. Because this is the first year such information is available, only one year of required supplementary information is presented with these financial statements; information for additional years will be presented in future reports as it becomes available.

**18. RESTATEMENT OF NET POSITION (Continued)**

The beginning net position reported in the following enterprise fund financial statements of the County has been restated to reflect the new standards as follows:

	<u>DUTCH JOHN ENTERPRISE</u>
Beginning net position, as previously stated	\$ 5,201,362
Net pension asset	7
Net pension liability	(21,165)
Deferred outflows of resources related to pensions	<u>6,541</u>
Beginning net position, as restated	<u>\$ 5,186,745</u>

**19. INVENTORY**

Flaming Gorge Roads and Transportation Special Service District, a special revenue fund of Daggett County, has inventory which consists of gravel and road base which is valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**20. PRIOR PERIOD ADJUSTMENTS**

At December 31, 2014, the Flaming Gorge Roads & Transportation Special Service District had expensed road base and chip seal gravel stock piles. However they have not been used which requires a prior period adjustment to be capitalized as inventory.

**21. SUBSEQUENT EVENT**

On June 12, 2016, the Bureau of Reclamation did not renew their contract with Daggett County to provide around the clock security services for the Flaming Gorge Dam, power plant and visitor's center.

**22. CURRENT REFUNDING**

On January 15, 2015 Daggett County issued \$1,516,000 of General Obligation Refunding Bonds, Series 2015 for the purpose of refunding \$1,483,000 of the then outstanding General Obligation Refunding Bonds Series 2008. The 2015 bonds carry an interest rate ranging between 0.660% and 2.975% and will be paid in annual debt service payments over the next 13 years with the final payment being made on December 15, 2027. The refunded 2008 bonds also required annual principal payment, with the final payment due December 15, 2027. As a result of the refunding, the County reduced its cash flow requirements on debt service by \$222,549 over the next 13 years. The County also realized an economic gain (the difference between the present value of debt service payments on the old and new debt) from the refunding of \$186,783.

# **DAGGETT COUNTY**

## **Required Supplementary Information**

- SCHEDULE 1 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund
- SCHEDULE 2 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Jail Fund
- SCHEDULE 3 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Flaming Gorge Roads & Transportation Special Service District
- SCHEDULE 4 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Rural Hospital Tax Fund
- SCHEDULE 5 Schedule of the Proportionate Share of the Net Pension Liability as of December 31, 2014
- SCHEDULE 6 Schedule of Contributions as of December 31, 2014

Notes to the Required Supplementary Information

**DAGGETT COUNTY  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 1,144,500	\$ 1,148,516	\$ 1,191,200	\$ 42,684
Licenses and permits	31,200	31,200	41,682	10,482
Intergovernmental	319,233	362,933	375,236	12,303
Charges for services	1,007,456	963,456	831,324	(132,132)
Fines and forfeitures	30,500	39,500	40,393	893
Interest income	4,000	4,000	14,363	10,363
Other revenues	194,830	129,830	50,379	(79,451)
Total revenues	<u>\$ 2,731,719</u>	<u>\$ 2,679,435</u>	<u>\$ 2,544,577</u>	<u>\$ (134,858)</u>
<b>EXPENDITURES</b>				
General government	\$ 1,021,668	\$ 1,047,048	\$ 932,914	\$ 114,134
Public safety	1,601,049	1,646,649	1,291,716	354,933
Public health	12,620	14,240	13,684	556
Highways and public improvements	152,030	206,730	176,819	29,911
Parks, recreation and public property	3,000	6,100	5,408	692
Debt service - principal	160,300	160,300	55,879	104,421
Debt service - interest	3,000	3,000	4,178	(1,178)
Total expenditures	<u>\$ 2,953,667</u>	<u>\$ 3,084,067</u>	<u>\$ 2,480,598</u>	<u>\$ 603,469</u>
Excess of revenue over (under) expenditures	<u>\$ (221,948)</u>	<u>\$ (404,632)</u>	<u>\$ 63,979</u>	<u>\$ 468,611</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease financing	\$ 150,000	\$ 150,000	\$ 40,057	\$ (109,943)
Transfers (out) in (Net)	71,948	112,894	87,894	(25,000)
Total other financing sources (uses)	<u>\$ 221,948</u>	<u>\$ 262,894</u>	<u>\$ 127,951</u>	<u>\$ (134,943)</u>
Excess of revenues and other sources over (under) expenditures and other uses		\$ (141,738)	\$ 191,930	\$ 333,668
Fund balances - beginning of year	<u>\$ 686,009</u>	<u>686,009</u>	<u>686,009</u>	
Fund balances - end of year	<u>\$ 686,009</u>	<u>\$ 544,271</u>	<u>\$ 877,939</u>	<u>\$ 333,668</u>

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

**DAGGETT COUNTY**  
**JAIL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>				
Taxes	\$ 162,550	\$ 145,943	\$ 164,017	\$ 18,074
Charges for services	1,309,900	1,309,900	1,287,856	(22,044)
Other revenues			2,461	2,461
Total revenues	<u>\$ 1,472,450</u>	<u>\$ 1,455,843</u>	<u>\$ 1,454,334</u>	<u>\$ (1,509)</u>
<b>EXPENDITURES</b>				
Public safety	\$ 1,409,900	\$ 1,477,112	\$ 1,399,376	\$ 77,736
Debt Service:				
Principal retirement	96,000	1,599,000	1,599,000	
Interest and fiscal charges	66,550	30,981	30,981	
Total expenditures	<u>\$ 1,572,450</u>	<u>\$ 3,107,093</u>	<u>\$ 3,029,357</u>	<u>\$ 77,736</u>
Excess of revenue over (under) expenditures	<u>\$ (100,000)</u>	<u>\$ (1,651,250)</u>	<u>\$ (1,575,023)</u>	<u>\$ 76,227</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds		\$ 1,516,250	\$ 1,516,000	\$ 250
Transfers in (out)	\$ 100,000	135,000	135,000	
Total other financing sources (uses)	<u>\$ 100,000</u>	<u>\$ 1,651,250</u>	<u>\$ 1,651,000</u>	<u>\$ 250</u>
Excess of revenues and other sources over (under) expenditures and other uses			\$ 75,977	\$ 75,977
Fund balances - beginning of year	<u>\$ 22,842</u>	<u>\$ 22,842</u>	<u>22,842</u>	
Fund balances - end of year	<u>\$ 22,842</u>	<u>\$ 22,842</u>	<u>\$ 98,819</u>	<u>\$ 75,977</u>

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

**DAGGETT COUNTY**  
**FLAMING GORGE ROADS & TRANSPORTATION**  
**SPECIAL SERVICE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(UNFAVORABLE)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 483,000	\$ 483,000	\$ 255,928	\$ (227,072)
Interest income	11,000	12,211	12,002	(209)
Miscellaneous income			214	214
	<u>\$ 494,000</u>	<u>\$ 495,211</u>	<u>\$ 268,144</u>	<u>\$ (227,067)</u>
<b>EXPENDITURES</b>				
Highways and public improvements	\$ 577,600	\$ 827,600	\$ 622,331	\$ 205,269
Debt Service:				
Principal retirement	46,000	46,000	46,000	
	<u>\$ 623,600</u>	<u>\$ 873,600</u>	<u>\$ 668,331</u>	<u>\$ 205,269</u>
Excess of revenue over (under) expenditures	<u>\$ (129,600)</u>	<u>\$ (378,389)</u>	<u>\$ (400,187)</u>	<u>\$ (21,798)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds				
	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$ ...</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (129,600)</u>	<u>\$ (378,389)</u>	<u>\$ (400,187)</u>	<u>\$ (21,798)</u>
Fund balances - beginning of year	2,954,147	2,954,147	2,954,147	
Prior period adjustment	<u>235,756</u>	<u>235,756</u>	<u>235,756</u>	
Fund balances - end of year	<u>\$ 3,060,303</u>	<u>\$ 2,811,514</u>	<u>\$ 2,789,716</u>	<u>\$ (21,798)</u>

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

**DAGGETT COUNTY  
RURAL HOSPITAL TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(UNFAVORABLE)</u>
<b>REVENUES</b>				
Taxes	\$ 150,000	\$ 150,000	\$ 179,375	\$ 29,375
Total revenues	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 179,375</u>	<u>\$ 29,375</u>
<b>EXPENDITURES</b>				
Public Health	\$ 105,000	\$ 105,000	\$ 147,260	\$ (42,260)
Total expenditures	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ 147,260</u>	<u>\$ (42,260)</u>
Excess of revenue over (under) expenditures	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 32,115</u>	<u>\$ (12,885)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	\$ (10,000)	\$ (25,000)	\$	\$ 25,000
Total other financing sources (uses)	<u>\$ (10,000)</u>	<u>\$ (25,000)</u>	<u>\$ ...</u>	<u>\$ 25,000</u>
Excess of revenues and other sources over (under) expenditures and other uses	\$ 35,000	\$ 20,000	\$ 32,115	\$ 12,115
Fund balances - beginning of year	<u>426,182</u>	<u>426,182</u>	<u>426,182</u>	<u></u>
Fund balances - end of year	<u><u>\$ 461,182</u></u>	<u><u>\$ 446,182</u></u>	<u><u>\$ 458,297</u></u>	<u><u>\$ 12,115</u></u>

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

**DAGGETT COUNTY**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**AS OF DECEMBER 31, 2014**

	2014			
	Noncontributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)	0.0869202%	0.3470621%	0.0256455%	0.0555378%
Proportionate share of the net pension liability (asset)	\$377,428	\$436,459	(\$777)	(\$822)
Covered employee payroll	\$754,527	\$672,303	\$125,936	\$23,008
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.0%	64.9%	-0.6%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	90.5%	103.5%	120.5%

"The accompanying notes are an integral part of this schedule."

**DAGGETT COUNTY  
SCHEDULE OF CONTRIBUTIONS  
AS OF DECEMBER 31, 2014**

	Noncontributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Contractually required contribution	\$ 136,614	\$ 170,947	\$ 10,581	\$ 2,503
Contributions in relation to the contractually required contribution	(136,614)	(170,947)	(10,581)	(2,503)
Contribution deficiency (excess)	\$ ...	\$ ...	\$ ...	\$ ...
Covered employee payroll	\$ 754,527	\$ 672,303	\$ 125,936	\$ 23,008
Contributions as a percentage of covered-employee payroll**	18.11%	25.43%	8.40%	10.88%

\* Amounts presented were determined as of calendar year January 1 - December 31. Employers will be required to prospectively develop this table in future years to show 10-years of information. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure confirmation.

\*\* Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

"The accompanying notes are an integral part of this schedule."

**DAGGETT COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**Other information that is not required as part of RSI**

This information below is not required as part of GASB 68 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1 - December 31.

**Defined Contribution System**

December 31, 2014

	Employee Paid Contributions	Employer Paid Contributions
401(k) Plan	\$ 37,523	\$ 40,770
457 Plan	2,600	-
Roth IRA Plan	4,410	-
Traditional IRA Plan	-	-
HRA Plan	-	-

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

**DAGGETT COUNTY**  
**Supplementary Information**

DAGGETT COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

		SPECIAL REVENUE FUNDS							
		FOREST SERVICE ROADS	DUTCH JOHN FIRE DEPT	ECONOMIC DEVELOPMENT	TRANSIENT ROOM TAX	MUSEUM	DUTCH JOHN REDEVELOP AGENCY	HOMELAND SECURITY	COMMISSARY
ASSETS									
Cash and cash equivalents	\$ 248,023	\$ 152,072	\$ 3,667	\$ 7,512	\$ 123,436	\$ 19,687	\$ 663,614	\$	\$ 12,780
Restricted cash and cash equivalents									
Property taxes receivable	62,897	15,724		2,000				32,001	
Due from other governmental units									
Total assets	\$ 310,920	\$ 167,796	\$ 3,667	\$ 9,512	\$ 123,436	\$ 19,687	\$ 663,614	\$ 32,001	\$ 12,780
LIABILITIES AND FUND BALANCES									
Liabilities:									
Cash deficit									
Accounts payable	\$ 4,992	\$ 7,586		\$ 145	\$ 661			\$ 29,641	\$ 5,433
Unearned revenue							\$ 8,675		
Total liabilities	\$ 4,992	\$ 7,586	\$	\$ 145	\$ 661	\$	\$ 8,675	\$ 29,641	\$ 5,433
Fund Balances:									
Restricted for:									
Special revenue fund	\$ 305,928	\$ 160,210		\$ 122,775			\$ 654,939	\$ 2,360	
Assigned for:									
Special revenue			\$ 3,667	\$ 9,367		\$ 19,687			\$ 7,347
Capital projects									
Total fund balances	\$ 305,928	\$ 160,210	\$ 3,667	\$ 9,367	\$ 122,775	\$ 19,687	\$ 654,939	\$ 2,360	\$ 7,347
Total liabilities and fund balances	\$ 310,920	\$ 167,796	\$ 3,667	\$ 9,512	\$ 123,436	\$ 19,687	\$ 663,614	\$ 32,001	\$ 12,780

DAGGETT COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

SPECIAL REVENUE FUNDS

	RODEO	ASSESSING AND COLLECTING	SHOOTING RANGE	TRAILS	C.E.R.T.	RESTAURANT TAX PARK	SEARCH AND RESCUE	DUTCH JOHN TOWN	GEO INFO
	\$ 7,165		\$ 401	\$ 400	\$ 60,538	\$ 40,847	\$ 221,377	\$ 6,324	
		\$ 187,224		\$ 39,702					
	\$ 7,165	\$ 187,224	\$ 401	\$ 39,702	\$ 400	\$ 60,538	\$ 40,847	\$ 221,377	\$ 6,324
		\$ 36,057		\$ 34,768		\$ 124	\$ 1,822	\$ 4,250	
		4,267		4,000					
		\$ 40,324	\$ .....	\$ 38,768	\$ .....	\$ 124	\$ 1,822	\$ 4,250	\$ .....
	\$ 7,165	\$ 146,900	\$ 401	\$ 934	\$ 400	\$ 60,414	\$ 39,025	\$ 217,127	\$ 6,324
	\$ 7,165	\$ 146,900	\$ 401	\$ 934	\$ 400	\$ 60,414	\$ 39,025	\$ 217,127	\$ 6,324
	\$ 7,165	\$ 187,224	\$ 401	\$ 39,702	\$ 400	\$ 60,538	\$ 40,847	\$ 221,377	\$ 6,324

ASSETS

Cash and cash equivalents  
Restricted cash and cash equivalents  
Property taxes receivable  
Due from other governmental units

Total assets

LIABILITIES AND FUND BALANCES

Liabilities:

Cash deficit  
Accounts payable  
Unearned revenue

Total liabilities

Fund Balances:

Restricted for:  
Special revenue fund  
Assigned for:  
Special revenue  
Capital projects

Total fund balances

Total liabilities and fund balances

SCHEDULE 7  
(Continued)

DAGGETT COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

		CAPITAL PROJECTS FUND					TOTAL NONMAJOR GOVERNMENTAL FUNDS	
		AMBULANCE	ELECTION	COMPUTER	BUILDING	JAIL	SHOOTING RANGE	
ASSETS								
Cash and cash equivalents		\$ 1,310	\$ 7,175	\$ 14,320	\$ 39,904	\$ 3,779	\$ 154	\$ 722,848
Restricted cash and cash equivalents								911,637
Property taxes receivable								187,224
Due from other governmental units								152,324
Total assets		\$ 1,310	\$ 7,175	\$ 14,320	\$ 39,904	\$ 3,779	\$ 154	\$ 1,974,033
LIABILITIES AND FUND BALANCES								
Liabilities:								
Cash deficit								\$ 100,466
Accounts payable				\$ 2,190				35,470
Unearned revenue								8,675
Total liabilities		\$ ...	\$ ...	\$ 2,190	\$ ...	\$ ...	\$ ...	\$ 144,611
Fund Balances:								
Restricted for:								\$ 1,454,460
Special revenue fund		\$ 1,310	\$ 7,175	\$ 12,130	\$ 39,904	\$ 3,779	\$ 154	310,510
Assigned for:								64,452
Special revenue		\$ 1,310	\$ 7,175	\$ 12,130	\$ 39,904	\$ 3,779	\$ 154	1,829,422
Capital projects		\$ 1,310	\$ 7,175	\$ 14,320	\$ 39,904	\$ 3,779	\$ 154	\$ 1,974,033
Total fund balances		\$ 1,310	\$ 7,175	\$ 14,320	\$ 39,904	\$ 3,779	\$ 154	\$ 1,974,033
Total liabilities and fund balances								

**DAGGETT COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	SPECIAL REVENUE FUNDS									
	CLASS "B" ROADS	FOREST SERVICE ROADS	DUTCH JOHN FIRE DEPT	ECONOMIC DEVELOPMT	TRANSIENT ROOM TAX	MUSEUM	DUTCH JOHN REDEVELOP AGENCY	HOMELAND SECURITY	COMMISSARY	
<b>REVENUES:</b>										
Taxes	\$ 435,762	\$ 82,991		\$ 13,442	\$ 92,458		\$ 28,000	\$ 62,602		\$ 109,097
Intergovernmental					2,000					
Charges for services							2,011			
Interest Income			\$ 2,500	5,941		\$ 2,957	405,600			
Miscellaneous	22,760									
Total revenues	\$ 458,522	\$ 82,991	\$ 2,500	\$ 19,383	\$ 94,458	\$ 2,957	\$ 435,611	\$ 62,602		\$ 109,097
<b>EXPENDITURES:</b>										
General government										
Public safety	\$ 426,870	\$ 27,503				\$ 4,389		\$ 64,173		\$ 103,928
Highways and public improvements										
Parks, recreation and public property				\$ 18,786	\$ 90,959		\$ 9,884			
Community and economic development										
Total expenditures	\$ 426,870	\$ 27,503	\$ .....	\$ 18,786	\$ 90,959	\$ 4,389	\$ 9,884	\$ 64,173		\$ 103,928
Excess of revenues over (under) expenditures	\$ 31,652	\$ 55,488	\$ 2,500	\$ 597	\$ 3,499	\$ (1,432)	\$ 425,727	\$ (1,571)		\$ 5,169
Other financing sources (uses):										
Transfers in (out)						\$ 2,000	\$ (267,894)			
Total other financing sources (uses)	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ 2,000	\$ (267,894)	\$ .....		\$ .....
Excess of revenues and other sources over (under) expenditures and other uses	\$ 31,652	\$ 55,488	\$ 2,500	\$ 597	\$ 3,499	\$ 568	\$ 157,833	\$ (1,571)		\$ 5,169
Fund Balances - Beginning of year	274,276	104,722	1,167	8,770	119,276	19,119	497,106	3,931		2,178
Fund Balances - End of year	\$ 305,928	\$ 160,210	\$ 3,667	\$ 9,367	\$ 122,775	\$ 19,687	\$ 654,939	\$ 2,360		\$ 7,347

SCHEDULE 8  
(Continued)

DAGGETT COUNTY  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	SPECIAL REVENUE FUNDS									
	RODEO	ASSESSING AND COLLECTING	SHOOTING RANGE	TRAILS	C.E.R.T.	RESTAURANT TAX PARK	SEARCH AND RESCUE	DUTCH JOHN TOWN	GEO INFO SYSTEM	
REVENUES:										
Taxes		\$ 237,357		\$ 40,706		\$ 21,200				
Intergovernmental										
Charges for services	\$ 5,812						\$ 3,055	\$ 6,176		
Interest Income								729		
Miscellaneous							23,814	151		
Total revenues	\$ 5,812	\$ 237,357	\$ ...	\$ 40,706	\$ ...	\$ 21,200	\$ 26,869	\$ 7,056	\$ ...	
EXPENDITURES:										
General government		\$ 226,435						\$ 81,792	\$ 7,621	
Public safety							\$ 21,379			
Highways and public improvements								18,002		
Parks, recreation and public property	\$ 3,498			\$ 73,069		\$ 19,064		26		
Community and economic development										
Total expenditures	\$ 3,498	\$ 226,435	\$ ...	\$ 73,069	\$ ...	\$ 19,064	\$ 21,379	\$ 99,820	\$ 7,621	
Excess of revenues over (under) expenditures	\$ 2,314	\$ 10,922	\$ ...	\$ (32,363)	\$ ...	\$ 2,136	\$ 5,490	\$ (92,764)	\$ (7,621)	
Other financing sources (uses):										
Transfers in (out)										
Total other financing sources (uses)	\$ ...	\$ ...	\$ ...	\$ ...	\$ ...	\$ ...	\$ ...	\$ ...	\$ ...	
Excess of revenues and other sources over (under) expenditures and other uses	\$ 2,314	\$ 10,922	\$ (32,363)	\$ ...	\$ ...	\$ 2,136	\$ 5,490	\$ (92,764)	\$ (7,621)	
Fund Balances - Beginning of year	4,851	135,978	401	33,297	400	58,278	33,535	309,891	13,945	
Fund Balances - End of year	\$ 7,165	\$ 146,900	\$ 401	\$ 934	\$ 400	\$ 60,414	\$ 39,025	\$ 217,127	\$ 6,324	

**SCHEDULE 8**  
**(Continued)**

**DAGGETT COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	CAPITAL PROJECTS FUND							TOTAL NONMAJOR GOVERNMENTAL FUNDS
	AMBULANCE	ELECTION	COMPUTER	BUILDING	JAIL	SHOOTING RANGE		
<b>REVENUES:</b>								
Taxes							\$	351,015
Intergovernmental								637,503
Charges for services								152,140
Interest Income								2,740
Miscellaneous								463,723
Total revenues	\$ ...	\$ ...	\$ ...	\$ ...	\$ ...	\$ ...	\$	1,607,121
<b>EXPENDITURES:</b>								
General government			\$ 22,694		\$ 6,598		\$	338,542
Public safety								196,078
Highways and public improvements						\$ 1,846		472,375
Parks, recreation and public property								101,892
Community and economic development								119,629
Total expenditures	\$ ...	\$ ...	\$ 22,694	\$ ...	\$ 6,598	\$ 1,846	\$	1,228,516
Excess of revenues over (under) expenditures	\$ ...	\$ ...	\$ (22,694)	\$ ...	\$ (6,598)	\$ (1,846)	\$	378,605
Other financing sources (uses):								
Transfers in (out)	\$ 1,000	\$ 1,000	\$ 20,000	\$ 20,000		\$ 2,000	\$	(222,894)
Total other financing sources (uses)	\$ ...	\$ 1,000	\$ 20,000	\$ 20,000	\$ ...	\$ 2,000	\$	(222,894)
Excess of revenues and other sources over (under) expenditures and other uses	\$	\$ 1,000	\$ (2,694)	\$ 20,000	\$ (6,598)	\$ 154	\$	155,711
Fund Balances - Beginning of year	\$ 1,310	6,175	14,824	19,904	10,377			1,673,711
Fund Balances - End of year	\$ 1,310	\$ 7,175	\$ 12,130	\$ 39,904	\$ 3,779	\$ 154	\$	1,829,422

**DAGGETT COUNTY**  
**SCHEDULE OF CURRENT TAXES LEVIED, COLLECTED AND TREASURER'S RELIEF**  
**FOR THE 2015 PROPERTY TAX YEAR**

TAX UNITS	TOTAL REAL AND CENTRALLY ASSESSED VALUE	CURRENT YEAR REAL/CENTRAL PROPERTY TAX RATE	TOTAL PERSONAL PROPERTY VALUE	PRIOR YEAR PERSONAL PROPERTY TAX RATE	TOTAL REAL AND CENTRALLY ASSESSED TAXES CHARGED	PERSONAL PROPERTY TAXES CHARGED	TREASURER'S RELIEF			TOTAL RELIEF	NET TAXES COLLECTED	PERCENT	OTHER COLLECTIONS		DELINQUENT INTEREST AND PENALTY	
							UNPAID TAXES	ABATEMENTS	OTHER				FEE IN LIEU	MISC COLLECTION		TAXES
Daggett County - General	\$ 282,041,480	0.005204	\$ 1,884,260	0.003178	\$ 903,661	\$ 5,988	\$ 31,130	\$ 2,564	\$ 436	\$ 34,130	\$ 875,519	0.96%	\$ 55,382	\$ 655	\$ 34,275	\$ 10,042
Daggett County - Bond	282,041,480	0.000535	1,884,260	0.000622	150,892	1,172	5,485	428	73	5,986	146,078	0.96%	10,136	104	6,861	351
Daggett County State Assessing & Collection	282,041,480	0.000012	1,884,260	0.000013	3,384	24	3,409	10	1	319	3,090	0.91%	212	2	658	54
Daggett County Co. Assessing & Collection	282,041,480	0.000685	1,884,260	0.000680	193,198	1,281	6,554	548	94	7,196	187,284	0.96%	11,081	134	6,793	308
Daggett County School District - General	282,041,480	0.002951	1,884,260	0.002951	832,304	5,560	28,735	2,362	402	31,499	806,366	0.96%	48,089	576	32,002	1,626
Daggett County School District - Basic	282,041,480	0.001756	1,884,260	0.001419	489,624	2,674	16,248	1,389	237	17,874	474,424	0.96%	23,124	339	16,102	863
Mamila Town	52,550,880	0.001480	466,650	0.001468	77,775	685	8,278	488	69	8,835	69,625	0.89%	8,167	56	8,899	391
Daggett Water & Sewer District	42,881,305	0.000448	165,895	0.000449	19,211	74	1,415	172	15	1,602	17,683	0.92%	3,266	15	1,453	76
Daggett County Mesquite District	99,409,915	0.000296	637,620	0.000295	29,425	188	2,619	211	25	2,855	26,758	0.90%	3,184	22	2,851	144
Daggett County Service Area	5,398,715	0.000771	10,230	0.000748	4,163	8	2	2	2	2	4,169	1.00%	614	3	365	6
<b>Total</b>					<b>\$ 2,721,295</b>		<b>\$ 100,774</b>	<b>\$ 8,172</b>	<b>\$ 1,352</b>	<b>\$ 110,298</b>	<b>\$ 2,610,997</b>		<b>\$ 165,255</b>	<b>\$ 1,906</b>	<b>\$ 110,259</b>	<b>\$ 13,861</b>

**SMUIN, RICH & MARSING**

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

Board of County Commissioners  
Daggett County  
Manila, Utah 84046

RE: Independent Auditor's Report As Required  
By the State Compliance Audit Guide On:  
Compliance with General State Compliance  
Requirements and Internal Control Over Compliance

**Report on Compliance with General State compliance Requirements**

We have audited Daggett County's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Daggett County for the year ended December 31, 2015. General state compliance requirements were tested for the year ended December 31, 2015 in the following areas:

Restricted Taxes and Related Revenues  
Cash Management  
Treasurer's Bond  
Budgetary Compliance  
Fund Balance

Statement of Taxes Charged,  
Collected and Disbursed  
Justice Courts  
Open and Public Meetings Act  
Utah Retirement Systems

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the County's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the State Compliance Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the County occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## **Opinion on General State Compliance Requirements**

In our opinion, Daggett County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the County for the year ended December 31, 2015.

### **Other Matters**

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

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

### **Report On Internal Control Over Compliance.**

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

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

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

However we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and response as item 2015-2.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and response. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

SMUIN, RICH & MARSING

A handwritten signature in black ink, appearing to read "Smuin, Rich & Marsing". The signature is written in a cursive style with a large, sweeping flourish at the end.

Price, Utah

July 28, 2016

# SMUIN, RICH & MARSING

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Board of County Commissioners  
Daggett County  
Manila, Utah 84046

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Daggett County as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Daggett County's basic financial statements and have issued our report thereon dated July 28, 2016.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we considered to be a significant deficiency as item 2015-1.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2015-2.

**County's Response to Findings**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SMUIN, RICH & MARSING



Price, Utah

July 28, 2016

**DAGGETT COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**FINDING 2015-1 RECONCILIATION OF SIGNIFICANT ACCOUNTS (Significant Deficiency)**

**Criteria:**

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

**Statement of Condition:**

In some cases, the County failed to perform reconciliation's of significant accounts. Accrued liabilities, accounts receivable and capital asset subsidiary ledgers have not been accrued or reconciled to the general ledger accounts in a timely or accurate manner.

**Cause of Condition:**

There has been some change in employees responsible for maintaining, updating and reconciling of subsidiary ledger records.

**Effect or Possible Effect of Condition:**

Unless accounts have been accrued accurately and significant account balances reconciled to the general ledger accounts, financial statements can be prepared that are not in accordance with generally accepted accounting principles. Material and other misstatements can occur in the financial statements.

**Recommendation:**

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

**County's Response:**

The County will adopt and implement internal controls including management oversight as well as obtain proper training to ensure the capital asset purchases, disposals and transfers, accounts receivable and accrued liabilities are recorded properly and reconciled with the general ledger.

## **FINDING 2015-2 EXPENDITURES IN EXCESS OF BUDGET**

### **Criteria:**

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

### **Statement of Condition:**

During the year ended December 31, 2015, the County over spent its adopted budget in the Rural Hospital Tax Fund.

### **Cause of Condition:**

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

### **Effect or Possible Effect of Condition:**

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

### **Recommendation:**

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

### **County's Response:**

The County will monitor expenditures compared to approved budget more carefully and only approve payments within the budgeted amounts. In this particular case, the county has notified the vendor under contract for services that billing needs to be done monthly rather than annually or semi-annually which will help the county monitor expenditures more carefully.

**DAGGETT COUNTY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Finding 2015-1 RECONCILIATION OF SIGNIFICANT ACCOUNTS (Significant Deficiency and Material Weakness)**

**Finding** - The County failed to perform reconciliations on significant accounts.

**Criteria** - The County is required to reconcile accounts to the general ledger but failed to do so

**Effect**- Unless accounts are accrued accurately and reconciled to the general ledger, financial statements may be misstated and may not be prepared in accordance with generally accepted accounting principles.

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

**Finding 2014-2 EXPENDITURES IN EXCESS OF BUDGET**

**Finding** - The County overspent three of their funds: The General, Jail and Dutch John Town Funds.

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

**Effect**- Expenditures exceeding what the County Commission have approved.

**Follow-up** – Several of the funds which overspent budgets has been corrected. The County did over spend their budget in the Rural Hospital Tax Fund.