

DAGGETT COUNTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2016, 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 59 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial 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 August 21, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Daggett County's internal control over financial reporting and compliance.

SMUIN, RICH & MARSING

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

Price, Utah

August 21, 2017

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

- During the year, Daggett County issued \$640,000 of Taxable Water Revenue Bonds, Series 2016 for the purpose of making improvements to the County's culinary water system.
- The government-wide assets and deferred outflow of resources of Daggett County exceeded its liabilities and deferred inflow of resources by \$27,043,886 reflecting a change in net position from operations from the prior period increasing the total by \$442,114.
- The County's governmental funds reported combined ending fund balances of \$6,047,840 a decrease of \$6,353 from operations over the prior year.
- Daggett County had total overall governmental fund revenues and other financing sources of \$5,647,471 which were less than total expenditures and transfers of \$5,653,824 by \$6,353.
- The County's government-wide long-term bond debt decreased \$237,788 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 two capital leases for the purchase of four vehicles during 2016.

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, the County has financial responsibility for the District, generally accepted 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 FY2016 by \$27,043,886. The largest segment of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, furniture, and 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 \$1,581,117 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	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 6,236,569	\$ 6,294,048	\$ 337,600	\$ 481,760	\$ 6,574,169	\$ 6,775,808
Capital assets	18,192,684	17,824,273	4,884,931	5,906,598	23,077,615	23,730,871
Deferred outflow of resources	321,991	596,488	6,705	12,173	328,696	608,661
Total assets & deferred outflow of resources	\$ 24,751,244	\$ 24,714,809	\$ 5,229,236	\$ 6,400,531	\$ 29,980,480	\$ 31,115,340
Current liabilities	\$ 416,147	\$ 475,250	\$ 11,737	\$ 50,632	\$ 427,884	\$ 525,882
Long-term liabilities	2,779,510	2,696,787	19,917	617,498	2,799,427	3,314,285
Deferred inflow of resources	148,308	226,661	3,089	4,626		231,287
Total liabilities & deferred inflow of resources	\$ 3,343,965	\$ 3,398,698	\$ 34,743	\$ 672,756	\$ 3,227,311	\$ 4,071,454
Net position:						
Net investment in capital assets	\$ 16,102,232	\$ 15,942,759	\$ 4,884,931	\$ 5,287,598	\$ 20,987,163	\$ 21,230,357
Restricted	1,502,460	1,559,247		21,870	1,502,460	1,581,117
Unrestricted	3,802,587	3,814,105	309,562	418,307	4,112,149	4,232,412
Total net position	\$ 21,407,279	\$ 21,316,111	\$ 5,194,493	\$ 5,727,775	\$ 26,601,772	\$ 27,043,886

Changes in Net Position

Daggett County's combined ending net position total is \$27,043,886, an overall increase from operations of \$442,114 compared with last year's ending net position balances.

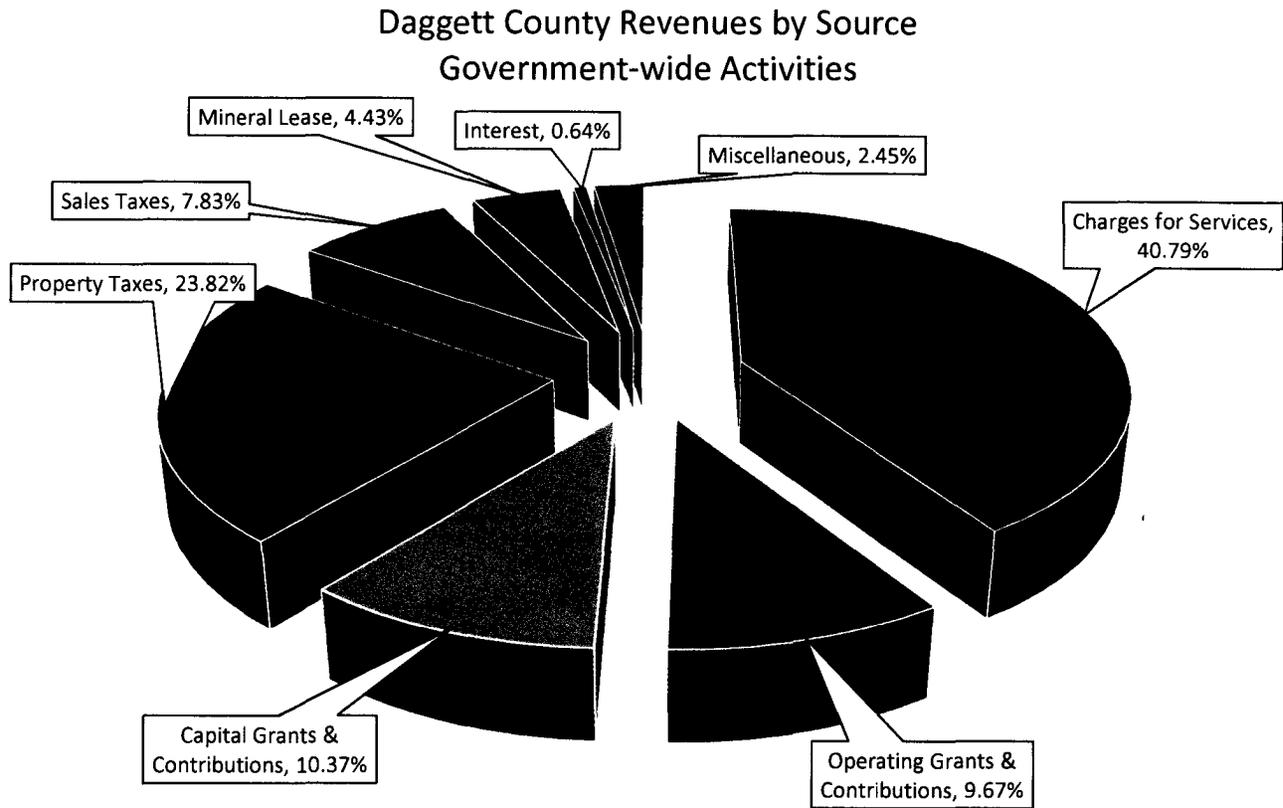
The cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense. The County reported depreciation expense over the past year of \$753,588. The following table summarizes the changes in Daggett County's net position:

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
Revenues						
Program Revenues:						
Charges for services	\$ 2,353,395	\$ 2,318,373	\$ 238,648	\$ 248,630	\$ 2,592,043	\$ 2,567,003
Operating grants and contrib.	653,318	608,908			653,318	608,908
Capital grants and contrib.	174,644	132,876		520,000	174,644	652,876
General Revenues:						
Property taxes	1,133,485	1,033,543			1,133,485	1,033,543
Sales taxes	514,765	492,994			514,765	492,994
Other taxes	237,357	255,340			237,357	255,340
PILT	134,904	210,155			134,904	210,155
Mineral lease revenue	305,801	278,713			305,801	278,713
Gains/(loss) on sale of assets	(350,315)	(30,583)			(350,315)	(30,583)
Interest	29,105	37,874	165	2,562	29,270	40,436
Miscellaneous	88,717	153,936			88,717	153,936
Total revenues	\$ 5,275,176	\$ 5,492,129	\$ 238,813	\$ 771,192	\$ 5,513,989	\$ 6,263,321
Program expenses						
General government	\$ 1,313,059	\$ 1,295,587			\$ 1,313,059	\$ 1,295,587
Public safety	2,987,995	2,871,845			2,987,995	2,871,845
Public health	182,375	176,619			182,375	176,619
Highways and public improve	1,341,325	1,031,218			1,341,325	1,031,218
Parks and recreation	119,042	34,400			119,042	34,400
Economic development	119,334	140,029			119,334	140,029
Interest on long-term debt	32,668	33,599			32,668	33,599
Dutch John			\$ 213,999	\$ 220,835	213,999	220,835
Low income housing			17,066	17,075	17,066	17,075
Total expenses	\$ 6,095,798	\$ 5,583,297	\$ 231,065	\$ 237,910	\$ 6,326,863	\$ 5,821,207
Excess (deficiency) before transfers						
	\$ (820,622)	\$ (91,168)	\$ 7,748	\$ 533,282	\$ (812,874)	\$ 442,114
Change in net position	\$ (820,622)	\$ (91,168)	\$ 7,748	\$ 533,282	\$ (812,874)	\$ 442,114
Net position - beginning	\$ 21,992,145	\$ 21,407,279	\$ 5,186,745	\$ 5,194,493	\$ 27,178,890	\$ 26,601,772
Prior period adjustment	235,756				235,756	
Net position - ending	21,407,279	21,316,111	5,194,493	5,727,775	26,601,772	27,043,886
	\$ (820,622)	\$ (91,168)	\$ 7,748	\$ 533,282	\$ (812,874)	\$ 442,114

Government Wide Activities

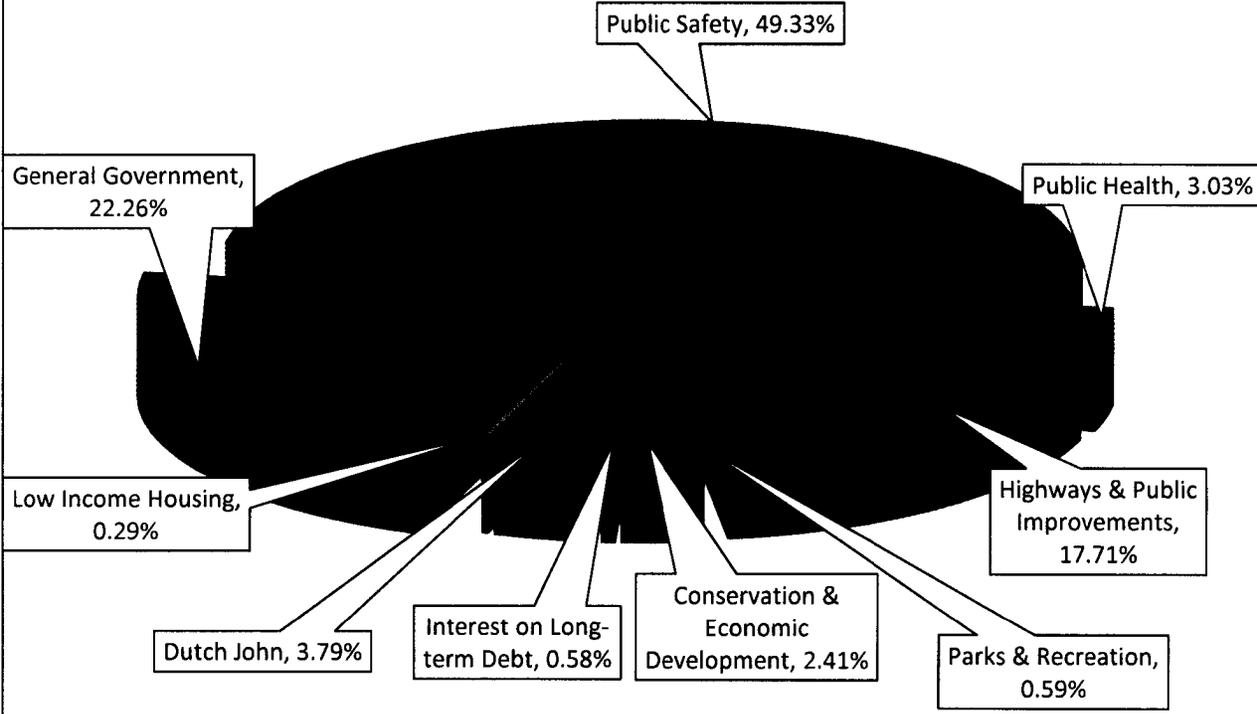
Sources of revenues for the County's government-wide activities are comprised of the items listed below and total \$6,293,904.



Charges for services constitute the largest source of Daggett County revenues at 40.79%. Property taxes are the second largest source of revenues at 23.82%. Capital grants and contributions represent 10.37%, operating grants and contributions represent 9.67%, mineral lease revenue represents 4.43% and sales tax represent 7.83% of the total revenue for the year.

The cost of all activities for FY 2016 was \$5,821,207. The following chart represents expenses by the County's largest functions.

Daggett County Expense by Function



General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final amended budget of \$895,958 can be briefly summarized as follows:

- \$ 64,493 decrease in general government
- \$ 744,305 decrease in public safety
- \$ 30,840 increase in highways and public improvements
- \$ 118,000 decrease in debt service principal & interest

Capital Asset and Debt Administration

Capital Assets

Daggett County's investment in capital assets for all activities as of December 31, 2016 amounted to \$23,730,871. 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	
	2015	2016	2015	2016	2015	2016
Land	\$ 8,723,541	\$ 8,723,541	\$ 1,753,928	\$ 1,753,928	\$ 10,477,469	\$ 10,477,469
Water rights	886,462	886,462			886,462	886,462
Buildings	2,708,122	2,572,802	10,134	9,202	2,718,256	2,582,004
Improvements other than buildings	2,002,210	2,134,835	2,680,474	2,638,798	4,682,684	4,773,633
Equipment	1,390,653	1,301,819	39,434	33,866	1,430,087	1,335,685
Infrastructure	2,338,908	2,194,519	321,627	309,197	2,660,535	2,503,716
Work in process	142,788	10,295	79,334	1,161,607	222,122	1,171,902
Total	\$ 18,192,684	\$ 17,824,273	\$ 4,884,931	\$ 5,906,598	\$ 23,077,615	\$ 23,730,871

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 \$1,341,000.

During the 2016 year, the component unit Flaming Gorge Roads & Transportation Special Service District has outstanding Mineral Lease Revenue Bonds of \$378,000.

During the 2016 year, the County issued Taxable Revenue Bonds, Series 2016 in the amount of \$640,000 for improvements to their culinary water system. At December 31, 2016, their outstanding balance was \$619,000.

Long-Term Debt (Continued)

The following table is a summary of Daggett County's gross outstanding long-term debt as of December 31, 2016

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Compensated absences	\$ 123,082	\$ 91,618	\$ 3,314	\$ 50
Net pension liability	797,284	952,975	16,603	19,448
Capital lease payable	211,452	162,514		
GO Bond, Series 1998B	47,000	38,000		
GO Bond, Series 2015	1,408,000	1,303,000		
Revenue Bond, Series 2008A	302,000	269,000		
Revenue Bond, Series 2008B	122,000	109,000		
Revenue Bond, Series 2016				619,000
Total outstanding debt	<u>\$ 3,010,818</u>	<u>\$ 2,926,107</u>	<u>\$ 19,917</u>	<u>\$ 638,498</u>

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

Business-Type Activities

Enterprise Funds are used to report the functions presented as *business-type activities* shown in the above charts and in the government-wide statements. The activity of the Enterprise Funds experienced an 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.

In February of 2017, all state inmates were removed from the county jail facility and, to date, have not returned and it is questionable if they will ever return. This will reduce the County's revenues each year by around \$1,400,000.

Contacting the County's Financial Management

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

DAGGETT COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	PRIMARY GOVERNMENT		
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<u>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>			
Cash and cash equivalents	\$ 2,846,556	\$ 361,477	\$ 3,208,033
Investments in stock	505		505
Accounts receivable - net		23,746	23,746
Property taxes receivable	1,163,169		1,163,169
Due from other governmental units	397,631		397,631
Prepaid expenses	120,634		120,634
Inventory	235,756		235,756
Loan receivable - current		2,916	2,916
Loan subsidy receivable - current		11,399	11,399
Cash and cash equivalents - restricted	1,526,133	21,870	1,548,003
Loan receivable		31,780	31,780
Loan subsidy receivable		28,497	28,497
Net pension asset	3,664	75	3,739
Capital assets (net of accumulated depreciation):			
Land	8,723,541	1,753,928	10,477,469
Water rights	886,462		886,462
Infrastructure	2,194,519	309,197	2,503,716
Buildings	2,572,802	9,202	2,582,004
Improvements other than buildings	2,134,835	2,638,798	4,773,633
Machinery and Equipment	1,301,819	33,866	1,335,685
Work in progress	10,295	1,161,607	1,171,902
 Total assets	 \$ 24,118,321	 \$ 6,388,358	 \$ 30,506,679
 Deferred outflow of resources related to pensions	 \$ 596,488	 \$ 12,173	 \$ 608,661
 Total assets and deferred outflow of resources	 \$ 24,714,809	 \$ 6,400,531	 \$ 31,115,340

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

DAGGETT COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	PRIMARY GOVERNMENT		
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<u>LIABILITIES AND DEFERRED INFLOW OF RESOURCES</u>			
Accounts payable	\$ 142,402	\$ 29,632	\$ 172,034
Accrued liabilities	91,467		91,467
Bond interest payable	3,386		3,386
Unearned revenue	8,675		8,675
Capital lease - current	68,320		68,320
G.O. Bonds payable - current	115,000		115,000
Revenue Bonds payable - current	46,000	21,000	67,000
Capital lease - noncurrent	94,194		94,194
G.O. Bonds payable - noncurrent	1,226,000		1,226,000
Revenue Bonds payable - noncurrent	332,000	598,000	930,000
Compensated absences	91,618	50	91,668
Net pension liability	952,975	19,448	972,423
Total liabilities	\$ 3,172,037	\$ 668,130	\$ 3,840,167
Deferred inflow of resources related to pensions	\$ 226,661	\$ 4,626	\$ 231,287
Total assets and deferred inflow of resources	\$ 3,398,698	\$ 672,756	\$ 4,071,454
<u>NET POSITION</u>			
Net Investment in capital assets	\$ 15,942,759	\$ 5,287,598	\$ 21,230,357
Restricted for:			
Class "B" roads	207,272		207,272
RDA	687,003		687,003
Flaming Gorge Roads & Transportation S.S.D.	48,000		48,000
Forest Reserve	221,656		221,656
Transient Room Tax	135,319		135,319
Homeland Security	2,360		2,360
Assessing and Collecting	191,721		191,721
Trails Fund	64		64
Restaurant Tax	65,852		65,852
Capital project		21,870	21,870
Unrestricted	3,814,105	418,307	4,232,412
Total net position	\$ 21,316,111	\$ 5,727,775	\$ 27,043,886

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

**DAGGETT COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Function/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE & CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary government:							
Governmental activities:							
General government	\$ 1,295,587	\$ 220,084		\$ 10,160	\$ (1,065,343)		\$ (1,065,343)
Public safety	2,871,845	2,091,344	\$ 109,188	37,343	(633,970)		(633,970)
Public health	176,619				(176,619)		(176,619)
Highways and public improvements	1,031,218		477,554	85,373	(468,291)		(468,291)
Parks, recreation and public property	34,400	6,670	1,912		(25,818)		(25,818)
Community and economic development	140,029	275	20,254		(119,500)		(119,500)
Interest on long-term debt	33,599				(33,599)		(33,599)
Total governmental activities	\$ 5,583,297	\$ 2,318,373	\$ 608,908	\$ 132,876	\$ (2,523,140)		\$ (2,523,140)
Business-type activities:							
Enterprise - Dutch John	\$ 220,835	\$ 247,056		\$ 520,000		\$ 546,221	\$ 546,221
Enterprise - Low income housing	17,075	1,574				(15,501)	(15,501)
Total business-type activities	\$ 237,910	\$ 248,630	\$...	\$ 520,000	\$...	\$ 530,720	\$ 530,720
Total primary government	\$ 5,821,207	\$ 2,567,003	\$ 608,908	\$ 652,876	\$ (2,523,140)	\$ 530,720	\$ (1,992,420)
General revenues:							
Property taxes					\$ 1,033,543		\$ 1,033,543
Sales and use taxes					108,122		108,122
County option and Medical Service sales taxes					72,095		72,095
911 Surcharge					7,288		7,288
Restaurant tax revenue					18,925		18,925
Transient room taxes					121,770		121,770
Rural hospital taxes					164,794		164,794
Payment in lieu of taxes					210,155		210,155
Assessing & collecting taxes					255,340		255,340
Mineral lease revenue					278,713		278,713
Unrestricted investment earnings					37,874	\$ 2,562	40,436
Miscellaneous					153,936		153,936
Loss on sale of capital assets					(30,583)		(30,583)
Total general revenues and transfers					\$ 2,431,972	\$ 2,562	\$ 2,434,534
Change in net position					\$ (91,168)	\$ 533,282	\$ 442,114
Net position - beginning					21,407,279	5,194,493	26,601,772
Net position - ending					\$ 21,316,111	\$ 5,727,775	\$ 27,043,886

"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, 2016**

	GENERAL FUND	JAIL	FLAMING GORGE ROADS AND TRANSPORTATION SPECIAL SERVICE DISTRICT	DAGGETT COUNTY REDEVELOPMENT AGENCY	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	\$ 25,434		\$ 2,345,562		\$ 615,446	\$ 2,986,442
Restricted cash and cash equivalents	33		48,000	\$ 679,907	798,193	1,526,133
Investments in stock	505					505
Property taxes receivable	844,270	138,823			180,076	1,163,169
Due from other governments	71,575	122,876	61,433	15,771	125,976	397,631
Inventory			235,756			235,756
Prepaid expenses	112,384				8,250	120,634
Total assets	\$ 1,054,201	\$ 261,699	\$ 2,690,751	\$ 695,678	\$ 1,727,941	\$ 6,430,270
LIABILITIES AND FUND BALANCES						
Liabilities:						
Cash deficit		\$ 104,957			\$ 34,929	\$ 139,886
Accounts payable	\$ 34,308	18,075			90,019	142,402
Accrued liabilities	91,467					91,467
Unearned revenue				\$ 8,675		8,675
Total liabilities	\$ 125,775	\$ 123,032	\$...	\$ 8,675	\$ 124,948	\$ 382,430
Fund balances:						
Nonspendable:						
Inventory			\$ 235,756			\$ 235,756
Prepays	\$ 112,384				\$ 8,250	120,634
Restricted for:						
Class "B" Road					207,272	207,272
Flaming Gorge Roads & Transportation S.S.D.			48,000			48,000
Redevelopment Agency				\$ 687,003		687,003
Forest Reserve					221,656	221,656
Transient Room Tax					127,069	127,069
Homeland Security					2,360	2,360
Assessing and Collecting					191,721	191,721
Trails fund					64	64
Restaurant Tax					65,852	65,852
Assigned for:						
Special Revenue		\$ 138,667			713,906	852,573
Capital Projects			2,040,601		64,843	2,105,444
Debt Service			356,026			356,026
Unassigned	816,042		10,368			826,410
Total fund balances	\$ 928,426	\$ 138,667	\$ 2,690,751	\$ 687,003	\$ 1,594,743	\$ 6,047,840
Total liabilities and fund balances	\$ 1,054,201	\$ 261,699	\$ 2,690,751	\$ 695,678	\$ 1,719,691	\$ 6,430,270

"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, 2016**

Total fund balances - governmental fund types: \$ 6,047,840

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		2,194,519	
Buildings		2,572,802	
Improvements other than buildings		2,134,835	
Equipment		1,301,819	
Work in progress		<u>10,295</u>	
Total			17,824,273

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	\$	(3,386)	
Capital lease - current portion		(68,320)	
Capital lease - due in more than one year		(94,194)	
G.O. bonds payable - current portion		(115,000)	
G.O. bonds payable - due in more than one year		(1,226,000)	
Revenue bonds payable - current portion		(46,000)	
Revenue bonds payable - due in more than one year		(332,000)	
Net pension liability		(952,975)	
Deferred inflows of resources related to pensions		(226,661)	
Deferred outflows of resources related to pensions		596,488	
Compensated absences		<u>(91,618)</u>	
Total			(2,559,666)

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

3,664

Net position of government activities

\$ 21,316,111

"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, 2016

	GENERAL FUND	JAIL	FLAMING GORGE ROADS AND TRANSPORTATION SPECIAL SERVICE DISTRICT	DAGGETT COUNTY REDEVELOPMENT AGENCY	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Taxes	\$ 1,123,414	\$ 171,500			\$ 560,830	\$ 1,855,744
Licenses and permits	40,872					40,872
Intergovernmental revenues	339,219		\$ 199,291		618,904	1,157,414
Charges for services	191,443	1,437,196		\$ 29,436	595,280	2,253,355
Fines and forfeitures	19,297					19,297
Interest income	16,087		17,361	3,249	1,177	37,874
Miscellaneous revenues	41,022	102	234		74,132	115,490
Total revenues	\$ 1,771,354	\$ 1,608,798	\$ 216,886	\$ 32,685	\$ 1,850,323	\$ 5,480,046
EXPENDITURES:						
General government	\$ 961,231				\$ 284,293	\$ 1,245,524
Public safety	743,526	\$ 1,421,753			717,460	2,882,739
Public health	9,269				154,371	163,640
Highways and public improvements	45,444		\$ 269,851		612,430	927,725
Parks, recreation, and public property	705				21,432	22,137
Community and economic development				\$ 621	139,408	140,029
Debt service:						
Principal retirement	49,683	114,000	46,000		28,105	237,788
Interest and fiscal charges	670	33,197			375	34,242
Total expenditures	\$ 1,810,528	\$ 1,568,950	\$ 315,851	\$ 621	\$ 1,957,874	\$ 5,653,824
Excess revenues over (under) expenditures	\$ (39,174)	\$ 39,848	\$ (98,965)	\$ 32,064	\$ (107,551)	\$ (173,778)
OTHER FINANCING SOURCES (USES):						
Capital lease financing	\$ 132,199				\$ 35,226	\$ 167,425
Transfers in	6,500				42,538	49,038
Transfers out	(49,038)					(49,038)
Total other financing sources (uses)	\$ 89,661	\$...	\$...	\$...	\$ 77,764	\$ 167,425
Excess of revenues and other sources over (under) expenditures and other uses	\$ 50,487	\$ 39,848	\$ (98,965)	\$ 32,064	\$ (29,787)	\$ (6,353)
FUND BALANCES - beginning of year	877,939	98,819	2,789,716	654,939	1,632,780	6,054,193
FUND BALANCES - end of year	\$ 928,426	\$ 138,667	\$ 2,690,751	\$ 687,003	\$ 1,602,993	\$ 6,047,840

"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, 2016**

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

Net changes in fund balances - total governmental funds \$ (6,353)

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 (\$682,645) exceeds capital outlays (\$440,726) in the period. (241,919)

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. 12,083

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	\$	(167,425)	
Repayment of bond principal		160,000	
Change in bond interest expense		643	
Repayment of capital leases		<u>77,788</u>	
Total			71,006

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. 42,551

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) 31,464

Change in net position of governmental activities \$ (91,168)

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

DAGGETT COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	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	\$ 345,361	\$ 16,116	\$ 361,477
Accounts receivable (net)	23,746		23,746
Loan receivable - current		2,916	2,916
Loan subsidy receivable - current		11,399	11,399
	\$ 369,107	\$ 30,431	\$ 399,538
Noncurrent assets:			
Loan receivable		\$ 31,780	\$ 31,780
Loan subsidy receivable		28,497	28,497
Net pension asset	\$ 75		75
Restricted cash and cash equivalents	21,870		21,870
Capital Assets:			
Land	1,753,928		1,753,928
Infrastructure	372,927		372,927
Buildings	13,978		13,978
Improvements	2,975,331		2,975,331
Machinery and equipment	65,971		65,971
Work in progress	1,161,607		1,161,607
Less accumulated depreciation	(437,144)		(437,144)
	\$ 5,928,543	\$ 60,277	\$ 5,988,820
Total noncurrent assets	\$ 5,928,543	\$ 60,277	\$ 5,988,820
Total assets	\$ 6,297,650	\$ 90,708	\$ 6,388,358
Deferred outflow of resources:			
Deferred outflow - related to pensions	\$ 12,173		\$ 12,173
	\$ 12,173	\$...	\$ 12,173
Total deferred outflow of resources	\$ 12,173	\$...	\$ 12,173
Total assets and deferred outflow of resources	\$ 6,309,823	\$ 90,708	\$ 6,400,531

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

DAGGETT COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	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	\$ 29,632		\$ 29,632
Current portion - long-term debt	21,000		21,000
Total current liabilities	\$ 50,632	\$...	\$ 50,632
Noncurrent Liabilities:			
Compensated absences	\$ 50		\$ 50
Net pension liability	19,448		19,448
Revenue bonds payable	598,000		598,000
Total noncurrent liabilities	\$ 617,498	\$...	\$ 617,498
Total liabilities	\$ 668,130	\$...	\$ 668,130
Deferred inflow of resources:			
Deferred inflow- related to pensions	\$ 4,626		\$ 4,626
Total deferred inflow of resources	\$ 4,626	\$...	\$ 4,626
Total liabilities and deferred inflow of resources	\$ 672,756	\$...	\$ 672,756
<u>NET POSITION</u>			
Net Position			
Net Investment in capital assets	\$ 5,287,598		\$ 5,287,598
Restricted	21,870		21,870
Unrestricted	327,599	\$ 90,708	418,307
Total net position	\$ 5,637,067	\$ 90,708	\$ 5,727,775

"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, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS		
	DUTCH JOHN ENTERPRISE	NON-MAJOR LOW INCOME HOUSING	TOTAL BTAs
Operating Revenues:			
Charges for services	\$ 247,056	\$ 1,574	\$ 248,630
Total operating revenues	<u>\$ 247,056</u>	<u>\$ 1,574</u>	<u>\$ 248,630</u>
Operating Expenses:			
Salaries, wages and benefits	\$ 54,236		\$ 54,236
Administration costs	8,750		8,750
Insurance	5,834		5,834
Repairs & Maintenance	15,884	\$ 9	15,893
Supplies	1,166		1,166
Contractual services	996		996
Utilities	21,986		21,986
Miscellaneous	798		798
Travel	1,984		1,984
Fuel	1,816		1,816
Water Treatment & Distribution	13,601		13,601
Sewer Treatment & Collection	1,853		1,853
Garbage Collection	11,556		11,556
Bad debt expense	9,432		9,432
Amortization		17,066	17,066
Depreciation	70,943		70,943
Total operating expenses	<u>\$ 220,835</u>	<u>\$ 17,075</u>	<u>\$ 237,910</u>
Operating income (loss)	<u>\$ 26,221</u>	<u>\$ (15,501)</u>	<u>\$ 10,720</u>
Nonoperating Revenues (Expenses):			
Interest income	\$ 2,562		\$ 2,562
Grants	520,000		520,000
Total nonoperating revenues (expenses)	<u>\$ 522,562</u>	<u>\$...</u>	<u>\$ 522,562</u>
Change in net position	\$ 548,783	\$ (15,501)	\$ 533,282
Total net position - beginning	<u>5,088,284</u>	<u>106,209</u>	<u>5,194,493</u>
Total net position - ending	<u>\$ 5,637,067</u>	<u>\$ 90,708</u>	<u>\$ 5,727,775</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, 2016

	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	\$ 245,411	\$ 4,799	\$ 250,210
Cash payments to suppliers	(75,266)	(9)	(75,275)
Cash payments to employees	(58,628)		(58,628)
Net cash provided (used) by operating activities	<u>\$ 111,517</u>	<u>\$ 4,790</u>	<u>\$ 116,307</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition of capital assets	\$ (1,092,610)		\$ (1,092,610)
Principal paid on revenue bonds	(21,000)		(21,000)
Bond proceeds	640,000		640,000
Grants received	520,000		520,000
Net cash provided (used) by capital and related financing activities	<u>\$ 46,390</u>	<u>\$...</u>	<u>\$ 46,390</u>
Cash Flows From Investing Activities:			
Interest and dividends received	\$ 2,562		\$ 2,562
Net cash provided (used) by investing activities	<u>\$ 2,562</u>	<u>\$...</u>	<u>\$ 2,562</u>
Net increase (decrease) in cash and cash equivalents	\$ 160,469	\$ 4,790	\$ 165,259
Cash and cash equivalents, January 1	206,762	11,326	218,088
Cash and cash equivalents, December 31	<u>\$ 367,231</u>	<u>\$ 16,116</u>	<u>\$ 383,347</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 26,221	\$ (15,501)	\$ 10,720
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 70,943		\$ 70,943
Amortization		\$ 17,066	17,066
(Increase) Decrease in accounts receivable	(1,645)		(1,645)
(Increase) Decrease in prepaid expenses	2,495		2,495
(Increase) Decrease in note receivable		3,225	3,225
(Increase) Decrease in net pension asset	(42)		(42)
(Increase) Decrease in deferred outflow of resources	(5,468)		(5,468)
Increase (Decrease) in accounts payable	17,895		17,895
Increase (Decrease) in compensated absences	(3,264)		(3,264)
Increase (Decrease) in net pension liabilities	2,845		2,845
Increase (Decrease) in deferred inflows of resources	1,537		1,537
Total adjustments	<u>\$ 85,296</u>	<u>\$ 20,291</u>	<u>\$ 105,587</u>
Net cash provided (used) by operating activities	<u>\$ 111,517</u>	<u>\$ 4,790</u>	<u>\$ 116,307</u>

Noncash Investing, Capital and Financing Activities:

The Low Income Housing Fund reduced the payment subsidy receivable by \$17,066.

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

DAGGETT COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016

	<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	\$ 9,012	\$ 11,828	\$ 22,040	\$ 2,601,180
Total assets	<u>\$ 1,200</u>	<u>\$ 9,012</u>	<u>\$ 11,828</u>	<u>\$ 22,040</u>	<u>\$ 2,601,180</u>
<u>LIABILITIES</u>					
Accounts payable		\$ 3,250		\$ 3,250	
Due taxing units					\$ 2,601,180
Total liabilities	<u>\$...</u>	<u>\$ 3,250</u>	<u>\$...</u>	<u>\$ 3,250</u>	<u>\$ 2,601,180</u>
<u>NET POSITION</u>					
Restricted	\$ 1,200	\$ 5,762	\$ 11,828	\$ 18,790	
Total net position	<u><u>\$ 1,200</u></u>	<u><u>\$ 5,762</u></u>	<u><u>\$ 11,828</u></u>	<u><u>\$ 18,790</u></u>	<u><u>\$...</u></u>

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

DAGGETT COUNTY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	EMT FUNDRAISING	COURT FINES	BAIL	TOTAL TRUST FUND
Additions:				
Charges for services		\$ 3,122	\$ 6,130	\$ 9,252
Fines and fees		15,767	66	15,833
Other revenues		2,545		2,545
Total operating revenues	\$...	\$ 21,434	\$ 6,196	\$ 27,630
Deductions:				
Public safety			\$ 3,456	\$ 3,456
Payments to other governments		\$ 21,384		21,384
Total operating expenses	\$...	\$ 21,384	\$ 3,456	\$ 24,840
Change in net position		\$ 50	\$ 2,740	\$ 2,790
Total net position - beginning	\$ 1,200	5,712	9,088	16,000
Total net position - ending	\$ 1,200	\$ 5,762	\$ 11,828	\$ 18,790

"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, 2016

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 the County that it is, in substance, the same as the County and is reported as part of the County and blended into the appropriate funds.

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.

Daggett County Redevelopment Agency – The Daggett County Redevelopment Agency is included in this report as the Redevelopment Agency (RDA), a special revenue fund, which is a component unit, blended in the County's financial statements. Although the RDA is clearly established as a separate entity under state law, it is included due to financial accountability and the extensive oversight provided by the County. Members of the County Commission serve as the Board of Directors of the RDA.

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 funds to construct, improve and repair County roads for the benefit for the citizens of the County.
- Daggett County Redevelopment Agency Fund - The Redevelopment Agency Fund, is a special revenue fund that is used to account for revenues and expenses used to promote tourism and improvement of related facilities.

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 account 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 include 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 statements 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 cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

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

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 \$91,618 and for proprietary funds total \$50.

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

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

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.

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.

K. Deferred outflows/inflows of resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

2. **CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Primary Government				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,723,541			\$ 8,723,541
Rights of Way	886,462			886,462
Work in Progress	142,788		\$ 132,493	10,295
Total capital assets not being depreciated	<u>\$ 9,752,791</u>	<u>\$...</u>	<u>\$ 132,493</u>	<u>\$ 9,620,298</u>
Capital assets being depreciated:				
Buildings	\$ 5,019,663			\$ 5,019,663
Improvements other than buildings	2,495,453	\$ 222,749		2,718,202
Machinery and equipment	3,809,265	350,470	\$ 315,640	3,844,095
Infrastructure	6,618,776			6,618,776
Total capital assets being depreciated	<u>\$ 17,943,157</u>	<u>\$ 573,219</u>	<u>\$ 315,640</u>	<u>\$ 18,200,736</u>
Less accumulated depreciation for:				
Buildings	\$ 2,311,541	\$ 135,320		\$ 2,446,861
Improvements other than buildings	493,243	90,124		583,367
Machinery and equipment	2,418,612	312,812	\$ 189,148	2,542,276
Infrastructure	4,279,868	144,389		4,424,257
Total accumulated depreciation	<u>\$ 9,503,264</u>	<u>\$ 682,645</u>	<u>\$ 189,148</u>	<u>\$ 9,996,761</u>
Total capital assets, being depreciated, net	<u>\$ 8,439,893</u>	<u>\$ (109,426)</u>	<u>\$ 126,492</u>	<u>\$ 8,203,975</u>
Governmental activities capital assets, net	<u>\$ 18,192,684</u>	<u>\$ (109,426)</u>	<u>\$ 258,985</u>	<u>\$ 17,824,273</u>

2. **CAPITAL ASSETS (Continued)**

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,753,928			\$ 1,753,928
Construction in progress	79,334	\$ 1,082,273		1,161,607
Total capital assets not being depreciated	<u>\$ 1,833,262</u>	<u>\$ 1,082,273</u>	<u>\$...</u>	<u>\$ 2,915,535</u>
Capital assets being depreciated:				
Buildings	\$ 13,978			\$ 13,978
Improvements other than buildings	2,964,994	\$ 10,337		2,975,331
Machinery and equipment	65,971			65,971
Infrastructure	372,927			372,927
Total capital assets being depreciated	<u>\$ 3,417,870</u>	<u>\$ 10,337</u>	<u>\$...</u>	<u>\$ 3,428,207</u>
Less accumulated depreciation for:				
Buildings	\$ 3,844	\$ 932		\$ 4,776
Improvements other than buildings	284,520	52,013		336,533
Machinery and equipment	26,537	5,568		32,105
Infrastructure	51,300	12,430		63,730
Total accumulated depreciation	<u>\$ 366,201</u>	<u>\$ 70,943</u>	<u>\$...</u>	<u>\$ 437,144</u>
Total capital assets, being depreciated, net	<u>\$ 3,051,669</u>	<u>\$ (60,606)</u>	<u>\$...</u>	<u>\$ 2,991,063</u>
Business-type activities capital assets, net	<u>\$ 4,884,931</u>	<u>\$ 1,021,667</u>	<u>\$...</u>	<u>\$ 5,906,598</u>
Depreciation expense was charged to functions/programs of the primary government as follows:				
Governmental activities:				
General government			\$ 74,389	
Public safety			215,263	
Public health			19,474	
Highways and public improvements			362,442	
Parks and recreation			11,077	
Total depreciation expense - governmental activities			<u>\$ 682,645</u>	
Business-type activities:				
Enterprise - Dutch John			\$ 70,943	
Total depreciation expense - Business-Type Activities			<u>\$ 70,943</u>	
Total depreciation expense			<u>\$ 753,588</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			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 229,320	\$ 34,735	\$ 264,055	\$ 21,000		\$ 21,000
2018	201,856	31,084	232,940	21,000		21,000
2019	197,049	28,055	225,104	21,000		21,000
2020	194,289	24,807	219,096	21,000		21,000
2021	162,000	21,372	183,372	21,000		21,000
2022-2026	897,000	58,963	955,963	105,000		105,000
2027-2031		2,740	2,740	108,000		108,000
2032-2036				107,000		107,000
2037-2041				108,000		108,000
2042-2045				86,000		86,000
	<u>\$ 1,881,514</u>	<u>\$ 201,756</u>	<u>\$ 2,083,270</u>	<u>\$ 619,000</u>	<u>\$...</u>	<u>\$ 619,000</u>

General Obligation Bonds – General Obligation Bonds payable at December 31, 2016, 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%.

\$1,303,000

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%.

\$ 38,000

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

Mineral Lease Revenue Bonds – Mineral Lease Revenue Bonds payable at December 31, 2016, 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. \$ 269,000

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. \$ 109,000

Business-Type Activities:

Water Revenue Bonds – Water Revenue Bonds payable at December 31, 2016, with their outstanding balances, are comprised of the following individual issues:

Taxable Water Revenue Bonds, Series 2016 in the amount of \$640,000 were issued in February 2016. Annual principal payments are due each November 1 beginning in 2016, and range from \$21,000 to \$22,000. The County entered into this agreement for the purpose of financing the cost of constructing improvements to the County's drinking water system. The loan bears no interest. \$ 619,000

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

Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 1,455,000		\$ 114,000	\$ 1,341,000	\$ 115,000
Revenue bonds	424,000		46,000	378,000	46,000
Capital leases	211,452	\$ 168,525	217,463	162,514	68,320
Compensated Absences	123,082		31,464	91,618	
Net pension liability	797,284	155,691		952,975	
Governmental activity long-term liabilities	<u>\$ 3,010,818</u>	<u>\$ 324,216</u>	<u>\$ 408,927</u>	<u>\$ 2,926,107</u>	<u>\$ 229,320</u>
Business-type activities:					
Revenue Bonds		\$ 640,000	\$ 21,000	\$ 619,000	\$ 21,000
Compensated Absences	\$ 3,314		3,264	50	
Net pension liability	16,603	2,845		19,448	
Business-type activities long-term liabilities	<u>\$ 19,917</u>	<u>\$ 642,845</u>	<u>\$ 24,264</u>	<u>\$ 638,498</u>	<u>\$ 21,000</u>

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:

Payment Date	Principal	Interest	Total
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>\$ 38,000</u>	<u>\$ 2,910</u>	<u>\$ 40,910</u>

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

Governmental Activity Debt (Continued)

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 rate 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:

Principal Payment Date	Principal	Interest	Total
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>\$ 1,303,000</u>	<u>\$ 190,662</u>	<u>\$ 1,493,662</u>

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

Governmental Activity Debt (Continued)

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:

Principal Payment Date	Principal	Interest	Total
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>\$ 269,000</u>	<u>\$...</u>	<u>\$ 269,000</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, 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>\$ 109,000</u>	<u>\$...</u>	<u>\$ 109,000</u>

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

Business-Type Activity Debt

Taxable Water Revenue Bonds, Series 2016 in the amount of \$640,000 were issued in February 2016. Annual principal payments are due each November 1 beginning in 2016, and range from \$21,000 to \$22,000. The County entered into this agreement for the purpose of financing the cost of constructing improvements to the Dutch John's drinking water system. The loan bears no interest. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2017	\$ 21,000		\$ 21,000
November 1, 2018	21,000		21,000
November 1, 2019	21,000		21,000
November 1, 2020	21,000		21,000
November 1, 2021	21,000		21,000
November 1, 2022	21,000		21,000
November 1, 2023	21,000		21,000
November 1, 2024	21,000		21,000
November 1, 2025	21,000		21,000
November 1, 2026	21,000		21,000
November 1, 2027	22,000		22,000
November 1, 2028	21,000		21,000
November 1, 2029	22,000		22,000
November 1, 2030	21,000		21,000
November 1, 2031	22,000		22,000
November 1, 2032	21,000		21,000
November 1, 2033	22,000		22,000
November 1, 2034	21,000		21,000
November 1, 2035	22,000		22,000
November 1, 2036	21,000		21,000
November 1, 2037	22,000		22,000
November 1, 2038	21,000		21,000
November 1, 2039	22,000		22,000
November 1, 2040	21,000		21,000
November 1, 2041	22,000		22,000
November 1, 2042	21,000		21,000
November 1, 2043	22,000		22,000
November 1, 2044	21,000		21,000
November 1, 2045	22,000		22,000
Total	<u>\$ 619,000</u>	<u>\$...</u>	<u>\$ 619,000</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	\$ 247,536
Less: Accumulated Depreciation	<u>52,361</u>
Net assets	<u>\$ 299,897</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016 were as follows:

<u>Years Ending December 31,</u>	<u>Governmental Activities</u>
2017	\$ 72,392
2018	41,063
2019	32,368
2020	<u>24,874</u>
Total minimum lease payments	\$ 170,697
Less: amount representing interest	<u>(8,183)</u>
Present value of minimum lease payments	<u>\$ 162,514</u>

5. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. At December 31, 2016, the County's bank balance of cash on deposit was \$9,659 of this amount \$9,659 was insured.

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

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

The 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, bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by the U.S. Government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management 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 and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, Chapter 7). 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

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

Fair Value of Investments

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

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

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

<u>Investment by Fair Value Level</u>	<u>Fair Value Measurements Using</u>			
	<u>12/31/16</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Securities				
Repurchase Agreements	\$ 1,185,240		\$ 1,185,240	
State of Utah Public				
Treasurer's Investment Fund	1,251,692		1,251,692	
	<u>\$ 2,436,932</u>	<u>\$...</u>	<u>\$ 2,436,932</u>	<u>\$...</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- Utah Public Treasurers' Investment Fund: application of the December 31, 2016 fair value factor, as calculated by the Utah State Treasurer, to the County's average daily balance in the Fund; and
- Money Market, Bond and Equity Mutual Funds: published fair value per share (unit) for each fund.

Debt securities classified in Level 3 are valued using consensus pricing.

At December 31, 2016, the County had no investments valued that used the net asset valuation method.

2. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptance, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of December 31, 2016, the County's investments had the following 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	\$ 1,185,240	\$ 1,185,240			
	<u>1,251,692</u>	<u>1,251,692</u>			
Total Investments	<u>\$ 2,436,932</u>	<u>\$ 2,436,932</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's policy for reducing its exposure to credit risk to comply with the State's Money Management Act, as previously discussed.

At December 31, 2016, 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	\$ 1,185,240				\$ 1,185,240
	<u>1,251,692</u>				<u>1,251,692</u>
Total Investments	<u>\$ 2,436,932</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 2,436,932</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. 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, 2016, the County had \$1,251,692 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:

Defined Benefit Plans

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

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 Utah State Retirement 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.

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 age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% 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	1.50% 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 no 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 Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2016 are as follows:

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
Contributory System			
111 Local Government Div - Tier 2	N/A	14.91	1.78
Noncontributory System			
15 Local Governmental Div - Tier 1	N/A	18.47	N/A
Public Safety System			
Contributory			
23 Other div A with 2.5% COLA	12.29	22.75	N/A
122 Tier 2 DB Hybrid Public Safety	N/A	22.50	1.33
Noncontributory			
43 Other Div A with 2.5% COLA	N/A	34.04	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69	10.00
222 Public Safety	N/A	11.83	12.00

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

6. **PENSION PLANS (Continued)**

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 113,185	N/A
Public Safety System	108,341	-
Tier 2 Public Employees System	14,407	-
Tier 2 Public Safety and Firefighter	42,236	-
Tier 2 DC Only System	7,518	N/A
Total Contributions	\$ 285,687	\$ -

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

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

At December 31, 2016, we reported a net pension asset of \$3,739 and a net pension liability of \$972,423.

	(Measurement Date): December 31, 2015				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2014	Change (Decrease)
	Noncontributory System	\$0	\$446,468	0.0789024%	0.0869202%
Public Safety System	\$0	\$525,955	0.2936244%	0.3470621%	(0.0534377)%
Tier 2 Public Employees System	\$51	\$0	0.0232503%	0.0256455%	(0.0023952)%
Tier 2 Public Safety and Firefighter	\$3,688	\$0	0.2524283%	0.0555378%	0.1968905 %
	\$3,739	\$972,423			

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

For the year ended December 31, 2016, we recognized pension expense of \$242,007.

6. **PENSION PLANS (Continued)**

At December 31, 2016 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 640	\$ 75,059
Changes in assumptions	-	60,650
Net difference between projected and actual earnings on pension plan investments	321,511	-
Changes in proportion and differences between contributions and proportionate share of contributions	824	95,578
Contributions subsequent to the measurement date	285,686	-
	<hr/>	<hr/>
Total	<u>\$ 608,661</u>	<u>\$ 231,287</u>

\$285,686 reported as deferred outflows of resources related to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015.

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>Net Deferred Outflows (Inflows) of Resources</u>
2016	\$ 3,704
2017	3,704
2018	18,198
2019	68,340
2020	(254)
Thereafter	(1,997)

6. **PENSION PLANS (Continued)**

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

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

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

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

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

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

6. **PENSION PLANS (Continued)**

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

Discount rate: The discount rate used to measure the total pension liability 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. The discount rate does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 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 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$ 943,343	\$ 446,468	\$ 31,677
Public Safety System	1,113,751	525,955	47,381
Tier 2 Public Employees System	9,308	(51)	(7,144)
Tier 2 Public Safety and Firefighter	6,269	(3,688)	(11,334)
Total	\$ 2,072,671	\$ 968,684	\$ 60,580

Pension plan fiduciary net position: Detailed information about the pension plans fiduciary net position is available in the separately issued URS financial report.

6. **PENSION PLANS (Continued)**

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

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

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

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

	2016	2015	2014
401(k) Plan			
Employer Contributions	\$ 41,561	\$ 40,795	\$ 40,516
Employee Contributions	47,571	47,006	37,523
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	\$ -	\$ 400	\$ 2,600
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 3,720	\$ 5,560	\$ 4,410
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 180	\$ 260	-

7. **CONTINGENT LIABILITIES**

Litigation

Daggett County has no pending lawsuits and/or notice of claim filed subsequent to December 31, 2016.

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, 2016, 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	Daggett County Redevelop Agency	Flaming Gorge Roads and Transportation SS District	Dutch John Proprietary Fund	Nonmajor Govt Funds	Total
Receivables:							
Taxes	\$ 844,270	\$ 138,823				\$ 180,076	\$ 1,163,169
Accounts					\$ 39,287		39,287
Due from other governments	71,575	122,876	\$ 15,771	\$ 61,433		125,976	397,631
Gross receivables	\$ 915,845	\$ 261,699	\$ 15,771	\$ 61,433	\$ 39,287	\$ 306,052	\$ 1,600,087
Less: Allowance for uncollectible accounts					(15,541)		(15,541)
Net receivables	<u>\$ 915,845</u>	<u>\$ 261,699</u>	<u>\$ 15,771</u>	<u>\$ 61,433</u>	<u>\$ 23,746</u>	<u>\$ 306,052</u>	<u>\$ 1,584,546</u>

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

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

\$207,272 has been reserved in the “B” Road Fund for the purpose of maintaining, improving, repairing or replacement of “B” roads in Daggett County.

\$687,003 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.

\$221,656 has been restricted in the Forest Reserve Fund to be used for the maintenance and improvement of roads within the national forest located in Daggett County.

\$135,319 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.

\$191,721 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.

\$64 has been restricted in the Trails Fund, which was received from a grant to be used for improvement of trails.

\$65,852 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, 2016, the County had an unfavorable variance in the Jail Fund when comparing their budget to actual. See Schedule 2 for more information.

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:			Total Out
	Nonmajor Governmental Funds	Jail Fund	General Fund	
Transfer Out:				
General Fund	\$ 42,538			\$ 42,538
Nonmajor Funds			\$ 6,500	6,500
Total in	<u>\$ 42,538</u>	<u>\$...</u>	<u>\$ 6,500</u>	<u>\$ 49,038</u>

There were several transfer of funds during the year. The Rural Hospital Tax Fund transferred \$6,500 to the general fund. The General Fund transferred \$49,038 to several funds. Of this amount, \$23,000 went to capital project funds to purchase capital assets. There was \$26,038 to the Dam Security Fund to help 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 \$1,548,003

The restricted cash and cash equivalents represent \$33 of petty cash and \$69,870 of money restricted for bond covenants to set up reserve accounts. The County has also restricted \$184,132 in “B” Road Fund to be used for the maintenance and improvement of qualified “B” roads. They have restricted \$679,907 in the Dutch John Redevelopment Agency to be used for allowable expenditures within the County’s boundaries. They have \$611,701 of restricted cash in the Transient Room Tax, Rural Hospital, Assessing and Collecting Funds because of the state restrictions placed upon tax money these funds received. The Homeland Security Funds has \$2,360 of grant restricted funds.

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. **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.

19. **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. The balance outstanding on the defeased G.O Refunding Bonds, Series 2008 was \$1,304,000 at December 31, 2016.

20. **RESTRICTED NET POSITION (ENTERPRISE FUND)**

Daggett County has restricted \$21,870 of resources in the Dutch John Fund. During the year 2016, the Dutch John Fund received a loan and grant to make improvements to the culinary water system. At the end of 2016, there was \$21,870 of unspent grant funds that were restricted for the use on the water project.

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 – Daggett County Redevelopment Agency Fund
- SCHEDULE 5 Schedule of the Proportionate Share of the Net Pension Liability as of December 31, 2015
- SCHEDULE 6 Schedule of Contributions as of December 31, 2016

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, 2016**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 1,133,000	\$ 1,133,000	\$ 1,123,414	\$ (9,586)
Licenses and permits	28,400	28,400	40,872	12,472
Intergovernmental	271,283	310,283	339,219	28,936
Charges for services	1,079,005	248,916	191,443	(57,473)
Fines and forfeitures	27,700	27,700	19,297	(8,403)
Interest income	1,500	1,500	16,087	14,587
Miscellaneous revenues	347,673	40,470	41,022	552
Total revenues	<u>\$ 2,888,561</u>	<u>\$ 1,790,269</u>	<u>\$ 1,771,354</u>	<u>\$ (18,915)</u>
EXPENDITURES				
General government	\$ 1,169,725	\$ 1,105,232	\$ 961,231	\$ 144,001
Public safety	1,543,205	798,900	743,526	55,374
Public health	12,720	12,720	9,269	3,451
Highways and public improvements	26,230	57,070	45,444	11,626
Parks, recreation and public property	5,700	5,700	705	4,995
Debt service - principal	166,000	50,000	49,683	317
Debt service - interest	3,000	1,000	670	330
Total expenditures	<u>\$ 2,926,580</u>	<u>\$ 2,030,622</u>	<u>\$ 1,810,528</u>	<u>\$ 220,094</u>
Excess of revenue over (under) expenditures	<u>\$ (38,019)</u>	<u>\$ (240,353)</u>	<u>\$ (39,174)</u>	<u>\$ 201,179</u>
OTHER FINANCING SOURCES (USES)				
Capital lease financing		\$ 133,000	\$ 132,199	\$ 801
Transfers in	\$ 182,219	156,391	6,500	149,891
Transfers (out)	(144,200)	(49,038)	(49,038)	
Total other financing sources (uses)	<u>\$ 38,019</u>	<u>\$ 240,353</u>	<u>\$ 89,661</u>	<u>\$ 150,692</u>
Excess of revenues and other sources over (under) expenditures and other uses			\$ 50,487	\$ 50,487
Fund balances - beginning of year	<u>\$ 877,939</u>	<u>\$ 877,939</u>	<u>877,939</u>	
Fund balances - end of year	<u>\$ 877,939</u>	<u>\$ 877,939</u>	<u>\$ 928,426</u>	<u>\$ 50,487</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, 2016

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes	\$ 146,038	\$ 146,038	\$ 171,500	\$ 25,462
Charges for services	1,262,000	1,400,000	1,437,196	37,196
Miscellaneous revenues			102	102
Total revenues	<u>\$ 1,408,038</u>	<u>\$ 1,546,038</u>	<u>\$ 1,608,798</u>	<u>\$ 62,760</u>
EXPENDITURES				
Public safety	\$ 1,383,200	\$ 1,400,000	\$ 1,421,753	\$ (21,753)
Debt Service:				
Principal retirement	146,038	146,038	114,000	32,038
Interest and fiscal charges			33,197	(33,197)
Total expenditures	<u>\$ 1,529,238</u>	<u>\$ 1,546,038</u>	<u>\$ 1,568,950</u>	<u>\$ (22,912)</u>
Excess of revenue over (under) expenditures	<u>\$ (121,200)</u>	<u>\$...</u>	<u>\$ 39,848</u>	<u>\$ 39,848</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>\$ 121,200</u>			
Total other financing sources (uses)	<u>\$ 121,200</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>
Excess of revenues and other sources over (under) expenditures and other uses			\$ 39,848	\$ 39,848
Fund balances - beginning of year	<u>\$ 98,819</u>	<u>\$ 98,819</u>	<u>98,819</u>	
Fund balances - end of year	<u>\$ 98,819</u>	<u>\$ 98,819</u>	<u>\$ 138,667</u>	<u>\$ 39,848</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, 2016

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 199,291	\$ (150,709)
Interest income	12,500	19,300	17,361	(1,939)
Miscellaneous income			234	234
	<hr/>		<hr/>	
Total revenues	<u>\$ 362,500</u>	<u>\$ 369,300</u>	<u>\$ 216,886</u>	<u>\$ (152,414)</u>
EXPENDITURES				
Highways and public improvements	\$ 318,765	\$ 318,765	\$ 269,851	\$ 48,914
Debt Service:				
Principal retirement	46,000	46,000	46,000	
	<hr/>		<hr/>	
Total expenditures	<u>\$ 364,765</u>	<u>\$ 364,765</u>	<u>\$ 315,851</u>	<u>\$ 48,914</u>
Excess of revenue over (under) expenditures	<u>\$ (2,265)</u>	<u>\$ 4,535</u>	<u>\$ (98,965)</u>	<u>\$ (103,500)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds				
	<hr/>		<hr/>	
Total other financing sources (uses)	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (2,265)</u>	<u>\$ 4,535</u>	<u>\$ (98,965)</u>	<u>\$ (103,500)</u>
Fund balances - beginning of year	<u>2,789,716</u>	<u>2,789,716</u>	<u>2,789,716</u>	
Fund balances - end of year	<u><u>\$ 2,787,451</u></u>	<u><u>\$ 2,794,251</u></u>	<u><u>\$ 2,690,751</u></u>	<u><u>\$ (103,500)</u></u>

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

DAGGETT COUNTY
RDA DAGGETT COUNTY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Charges for services	\$ 60,000	\$ 60,000	\$ 29,436	\$ (30,564)
Interest income			3,249	3,249
Total revenues	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 32,685</u>	<u>\$ (27,315)</u>
EXPENDITURES				
Community and economic development	\$ 29,000	\$ 29,000	\$ 621	\$ 28,379
Total expenditures	<u>\$ 29,000</u>	<u>\$ 29,000</u>	<u>\$ 621</u>	<u>\$ 28,379</u>
Excess of revenue over (under) expenditures	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 32,064</u>	<u>\$ 1,064</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Total other financing sources (uses)	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 32,064</u>	<u>\$ 1,064</u>
Fund balances - beginning of year	654,939	654,939	654,939	
Fund balances - end of year	<u>\$ 685,939</u>	<u>\$ 685,939</u>	<u>\$ 687,003</u>	<u>\$ 1,064</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, 2015

	Year ended December 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of its covered-employee payroll
Noncontributory Retirement System	2014	0.0869202%	\$377,428	\$754,527	50.00%	90.2
	2015	0.0789024%	446,468	697,498	64.01%	87.8%
Public Safety System	2014	0.3470621%	\$436,459	\$672,303	64.90%	90.5%
	2015	0.2936244%	525,955	536,347	98.06%	87.1%
Tier 2 Public Employees Retirement System	2014	0.0256455%	(\$777)	\$125,936	-0.60%	103.5%
	2015	0.0232503%	(51)	150,181	-0.03%	100.2%
Tier 2 Public Safety and Firefighters Retirement	2014	0.0555378%	(\$822)	\$23,008	-3.60%	120.5%
	2015	0.2524283%	(3,688)	150,300	2.45%	110.7%

* In accordance with paragraph 81.a GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI.

"The accompanying notes are an integral part of these financial statements."

DAGGETT COUNTY
SCHEDULE OF CONTRIBUTIONS
AS OF DECEMBER 31, 2016

	As of fiscal year ended December	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 126,476	\$ 126,476	\$ -	\$ 755,017	16.75%
	2015	114,401	114,401	-	694,007	16.48%
	2016	113,185	113,185	-	692,649	16.34%
Public Safety System	2014	\$ 168,416	\$ 168,416	\$ -	\$ 671,183	25.09%
	2015	135,283	135,283	-	528,791	25.58%
	2016	108,341	108,341	-	422,402	25.65%
Tier 2 Public Employees System*	2014	\$ 18,441	\$ 18,441	\$ -	\$ 125,853	14.65%
	2015	22,351	22,351	-	149,751	14.93%
	2016	14,407	14,407	-	96,626	14.91%
Tier 2 Public Safety and Firefighter System*	2014	\$ 5,052	\$ 5,052	\$ -	\$ 23,008	21.96%
	2015	32,727	32,727	-	145,354	22.52%
	2016	42,236	42,236	-	187,526	22.52%
Tier 2 Public Employees DC Only System*	2014	\$ 2,513	\$ 2,513	\$ -	\$ 40,259	6.24%
	2015	5,072	5,072	-	74,630	6.80%
	2016	7,518	7,518	-	112,375	6.69%
Tier 2 Public Safety and Firefighter DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	108	108	-	914	11.83%
	2016	-	-	-	-	0.00%

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

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

"The accompanying notes are an integral part of these financial statements."

DAGGETT COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

CHANGES IN ASSUMPTIONS:

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

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

DAGGETT COUNTY
Supplementary Information

**DAGGETT COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

SPECIAL REVENUE FUNDS

	CLASS "B" ROADS	FOREST SERVICE ROADS	DAM SECURITY	DUTCH JOHN FIRE DEPT	ECONOMIC DEVELOPMENT	TRANSIENT ROOM TAX	MUSEUM	RURAL HOSPITAL TAX	HOMELAND SECURITY	COMMISSARY
<u>ASSETS</u>										
Cash and cash equivalents		\$ 222,984	\$ 4,617	\$ 3,667	\$ 8,410		\$ 18,195			\$ 7,202
Restricted cash and cash equivalents	\$ 184,132					\$ 127,319		\$ 470,603	\$ 2,360	
Property taxes receivable										
Due from other governmental units	53,468	14,946								18,624
Prepaid expense						8,250				
Total assets	<u>\$ 237,600</u>	<u>\$ 237,930</u>	<u>\$ 4,617</u>	<u>\$ 3,667</u>	<u>\$ 8,410</u>	<u>\$ 135,569</u>	<u>\$ 18,195</u>	<u>\$ 470,603</u>	<u>\$ 2,360</u>	<u>\$ 25,826</u>
<u>LIABILITIES AND FUND BALANCES</u>										
Liabilities:										
Cash deficit										
Accounts payable	\$ 30,328	\$ 16,274			\$ 530	\$ 250		\$ 14,878		\$ 7,321
Total liabilities	<u>\$ 30,328</u>	<u>\$ 16,274</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 530</u>	<u>\$ 250</u>	<u>\$...</u>	<u>\$ 14,878</u>	<u>\$...</u>	<u>\$ 7,321</u>
Fund Balances:										
Nonspendable:										
Inventory						\$ 8,250				
Restricted for:										
Special revenue fund	\$ 207,272	\$ 221,656				127,069			\$ 2,360	
Assigned for:										
Special revenue			\$ 4,617	\$ 3,667	\$ 7,880		\$ 18,195	\$ 455,725		\$ 18,505
Capital projects										
Total fund balances	<u>\$ 207,272</u>	<u>\$ 221,656</u>	<u>\$ 4,617</u>	<u>\$ 3,667</u>	<u>\$ 7,880</u>	<u>\$ 135,319</u>	<u>\$ 18,195</u>	<u>\$ 455,725</u>	<u>\$ 2,360</u>	<u>\$ 18,505</u>
Total liabilities and fund balances	<u>\$ 237,600</u>	<u>\$ 237,930</u>	<u>\$ 4,617</u>	<u>\$ 3,667</u>	<u>\$ 8,410</u>	<u>\$ 135,569</u>	<u>\$ 18,195</u>	<u>\$ 470,603</u>	<u>\$ 2,360</u>	<u>\$ 25,826</u>

**DAGGETT COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	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
<u>ASSETS</u>									
Cash and cash equivalents	\$ 10,808		\$ 401		\$ 400	\$ 66,152	\$ 33,737	\$ 168,496	\$ 4,421
Restricted cash and cash equivalents		\$ 13,779							
Property taxes receivable		180,076							
Due from other governmental units				\$ 298					
Prepaid expense									
Total assets	<u>\$ 10,808</u>	<u>\$ 193,855</u>	<u>\$ 401</u>	<u>\$ 298</u>	<u>\$ 400</u>	<u>\$ 66,152</u>	<u>\$ 33,737</u>	<u>\$ 168,496</u>	<u>\$ 4,421</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Cash deficit				\$ 234					
Accounts payable	\$ 117	2,134				\$ 300	\$ 1,476	\$ 11,353	
Total liabilities	<u>\$ 117</u>	<u>\$ 2,134</u>	<u>\$...</u>	<u>\$ 234</u>	<u>\$...</u>	<u>\$ 300</u>	<u>\$ 1,476</u>	<u>\$ 11,353</u>	<u>\$...</u>
Fund Balances:									
Restricted for:									
Special revenue fund		\$ 191,721		\$ 64		\$ 65,852			
Assigned for:									
Special revenue	\$ 10,691		\$ 401		\$ 400		\$ 32,261	\$ 157,143	\$ 4,421
Capital projects									
Total fund balances	<u>\$ 10,691</u>	<u>\$ 191,721</u>	<u>\$ 401</u>	<u>\$ 64</u>	<u>\$ 400</u>	<u>\$ 65,852</u>	<u>\$ 32,261</u>	<u>\$ 157,143</u>	<u>\$ 4,421</u>
Total liabilities and fund balances	<u>\$ 10,808</u>	<u>\$ 193,855</u>	<u>\$ 401</u>	<u>\$ 298</u>	<u>\$ 400</u>	<u>\$ 66,152</u>	<u>\$ 33,737</u>	<u>\$ 168,496</u>	<u>\$ 4,421</u>

**DAGGETT COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>CAPITAL PROJECTS FUND</u>						TOTAL NONMAJOR GOVERNMENTAL FUNDS
	<u>AMBULANCE</u>	<u>ELECTION</u>	<u>COMPUTER</u>	<u>BUILDING</u>	<u>JAIL</u>	<u>SHOOTING RANGE</u>	
<u>ASSETS</u>							
Cash and cash equivalents	\$ 1,310	\$ 8,175	\$ 15,667	\$ 40,440		\$ 364	\$ 615,446
Restricted cash and cash equivalents							798,193
Property taxes receivable							180,076
Due from other governmental units					\$ 38,640		125,976
Prepaid expense							8,250
Total assets	\$ 1,310	\$ 8,175	\$ 15,667	\$ 40,440	\$ 38,640	\$ 364	\$ 1,727,941
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Cash deficit					\$ 34,695		\$ 34,929
Accounts payable			\$ 5,058				90,019
Total liabilities	\$...	\$...	\$ 5,058	\$...	\$ 34,695	\$...	\$ 124,948
Fund Balances:							
Nonspendable:							
Inventory							\$ 8,250
Restricted for:							
Special revenue fund							815,994
Assigned for:							
Special revenue							713,906
Capital projects	\$ 1,310	\$ 8,175	\$ 10,609	\$ 40,440	\$ 3,945	\$ 364	64,843
Total fund balances	\$ 1,310	\$ 8,175	\$ 10,609	\$ 40,440	\$ 3,945	\$ 364	\$ 1,602,993
Total liabilities and fund balances	\$ 1,310	\$ 8,175	\$ 15,667	\$ 40,440	\$ 38,640	\$ 364	\$ 1,727,941

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

SPECIAL REVENUE FUNDS

	CLASS "B" ROADS	FOREST SERVICE ROADS	DAM SECURITY	DUTCH JOHN FIRE DEPT	ECONOMIC DEVELOPMT	TRANSIENT ROOM TAX	MUSEUM	RURAL HOSPITAL TAX	HOMELAND SECURITY	COMMISSARY
REVENUES:										
Taxes						\$ 121,771		\$ 164,794		
Intergovernmental	\$ 381,932	\$ 87,170			\$ 25,173				\$ 37,343	
Charges for services			\$ 468,244		275					\$ 120,034
Interest Income										
Miscellaneous					3,246		\$ 669			
Total revenues	\$ 381,932	\$ 87,170	\$ 468,244	\$...	\$ 28,694	\$ 121,771	\$ 669	\$ 164,794	\$ 37,343	\$ 120,034
EXPENDITURES:										
General government										
Public safety			\$ 516,037					\$ 6,495	\$ 17,717	\$ 108,876
Public health								154,371		
Highways and public improvements	\$ 480,588	\$ 25,724								
Parks, recreation and public property							\$ 2,161			
Community and economic development					\$ 30,181	\$ 109,227				
Debt service:										
Principal retirement			8,854						19,251	
Interest expense									375	
Total expenditures	\$ 480,588	\$ 25,724	\$ 524,891	\$...	\$ 30,181	\$ 109,227	\$ 2,161	\$ 160,866	\$ 37,343	\$ 108,876
Excess of revenues over (under) expenditures	\$ (98,656)	\$ 61,446	\$ (56,647)	\$...	\$ (1,487)	\$ 12,544	\$ (1,492)	\$ 3,928	\$...	\$ 11,158
Other financing sources (uses):										
Capital lease financing			\$ 35,226							
Transfers in (out)			26,038					\$ (6,500)		
Total other financing sources (uses)	\$...	\$...	\$ 61,264	\$...	\$...	\$...	\$...	\$ (6,500)	\$...	\$...
Excess of revenues and other sources over (under) expenditures and other uses	\$ (98,656)	\$ 61,446	\$ 4,617	\$...	\$ (1,487)	\$ 12,544	\$ (1,492)	\$ (2,572)	\$...	\$ 11,158
Fund Balances - Beginning of year	305,928	160,210		\$ 3,667	9,367	122,775	19,687	458,297	\$ 2,360	7,347
Fund Balances - End of year	\$ 207,272	\$ 221,656	\$ 4,617	\$ 3,667	\$ 7,880	\$ 135,319	\$ 18,195	\$ 455,725	\$ 2,360	\$ 18,505

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

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		\$ 255,340				\$ 18,925			
Intergovernmental				\$ 1,912				\$ 85,374	
Charges for services	\$ 4,434							2,293	
Interest Income								1,177	
Miscellaneous							\$ 21,597	8,553	
Total revenues	\$ 4,434	\$ 255,340	\$...	\$ 1,912	\$...	\$ 18,925	\$ 21,597	\$ 97,397	\$...
EXPENDITURES:									
General government		\$ 210,519						\$ 50,959	\$ 1,903
Public safety							\$ 28,361		
Public health									
Highways and public improvements								106,118	
Parks, recreation and public property	\$ 908			\$ 2,782		\$ 13,487		304	
Community and economic development									
Debt service:									
Principal retirement									
Interest expense									
Total expenditures	\$ 908	\$ 210,519	\$...	\$ 2,782	\$...	\$ 13,487	\$ 28,361	\$ 157,381	\$ 1,903
Excess of revenues over (under) expenditures	\$ 3,526	\$ 44,821	\$...	\$ (870)	\$...	\$ 5,438	\$ (6,764)	\$ (59,984)	\$ (1,903)
Other financing sources (uses):									
Capital lease financing									
Transfers in (out)									
Total other financing sources (uses)	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...
Excess of revenues and other sources over (under) expenditures and other uses	\$ 3,526	\$ 44,821		\$ (870)		\$ 5,438	\$ (6,764)	\$ (59,984)	\$ (1,903)
Fund Balances - Beginning of year	7,165	146,900	\$ 401	934	\$ 400	60,414	39,025	217,127	6,324
Fund Balances - End of year	<u>\$ 10,691</u>	<u>\$ 191,721</u>	<u>\$ 401</u>	<u>\$ 64</u>	<u>\$ 400</u>	<u>\$ 65,852</u>	<u>\$ 32,261</u>	<u>\$ 157,143</u>	<u>\$ 4,421</u>

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

CAPITAL PROJECTS FUND							TOTAL NONMAJOR GOVERNMENTAL FUNDS
AMBULANCE	ELECTION	COMPUTER	BUILDING	JAIL	SHOOTING RANGE		
REVENUES:							
Taxes						\$ 560,830	
Intergovernmental						618,904	
Charges for services						595,280	
Interest Income						1,177	
Miscellaneous		\$ 891	\$ 536	\$ 38,640		74,132	
Total revenues	\$...	\$ 891	\$ 536	\$ 38,640	\$...	\$ 1,850,323	
EXPENDITURES:							
General government		\$ 20,912				\$ 284,293	
Public safety				\$ 39,974		717,460	
Public health						154,371	
Highways and public improvements						612,430	
Parks, recreation and public property					\$ 1,790	21,432	
Community and economic development						139,408	
Debt service:							
Principal retirement						28,105	
Interest expense						375	
Total expenditures	\$...	\$ 20,912	\$...	\$ 39,974	\$ 1,790	\$ 1,957,874	
Excess of revenues over (under) expenditures	\$...	\$ (20,021)	\$ 536	\$ (1,334)	\$ (1,790)	\$ (107,551)	
Other financing sources (uses):							
Capital lease financing						\$ 35,226	
Transfers in (out)	\$ 1,000	\$ 18,500		\$ 1,500	\$ 2,000	42,538	
Total other financing sources (uses)	\$...	\$ 1,000	\$ 18,500	\$...	\$ 1,500	\$ 77,764	
Excess of revenues and other sources over (under) expenditures and other uses	\$...	\$ 1,000	\$ (1,521)	\$ 536	\$ 166	\$ 210	\$ (29,787)
Fund Balances - Beginning of year	\$ 1,310	7,175	12,130	39,904	3,779	154	1,632,780
Fund Balances - End of year	\$ 1,310	\$ 8,175	\$ 10,609	\$ 40,440	\$ 3,945	\$ 364	\$ 1,602,993

DAGGETT COUNTY
SCHEDULE OF CURRENT TAXES LEVIED, COLLECTED AND TREASURER'S RELIEF
FOR THE 2016 PROPERTY TAX YEAR

TAX UNITS	TOTAL REAL AND CENTRALLY ASSESSED VALUE	CURRENT YEAR REAL/CENTRAL PROPERTY TAX RATE	TOTAL PERSONAL PROPERTY VALUE	PRIOR YEAR PERSONAL PROPERTY TAX RATE	TOTAL REAL AND CENTRALLY ASSESSED TAXES CHARGED	PERSONAL PROPERTY TAXES CHARGED	TOTAL TAXES LEVIED	TREASURER'S RELIEF			TOTAL RELIEF	NET TAXES COLLECTED	PERCENT	OTHER COLLECTIONS		DELINQUENT INTEREST AND PENALTY	
								UNPAID TAXES	ABATEMENTS	OTHER				FEE IN LIEU	MISC. COLLECTION	TAXES	AND PENALTY
Daggett County - General	\$ 282,239,484	0.003239	\$ 2,225,737	0.003204	\$ 914,174	\$ 7,131	\$ 921,305	\$ 37,213	\$ 2,747	\$ 80	\$ 40,040	\$ 881,265	95.65%	\$ 51,983	\$ 199	\$ 21,061	\$ 5,069
Daggett County - Bond	282,239,484	0.000533	2,225,737	0.000535	150,434	1,191	151,624	6,124	452	13	6,589	145,035	95.65%	8,680		3,668	162
Daggett County State Assessing & Collection	282,239,484	0.000011	2,225,737	0.000012	3,105	27	3,131	126	9		135	2,996	95.66%	195		175	16
Daggett County Co. Assessing & Collection	282,239,484	0.000692	2,225,737	0.000685	195,310	1,525	196,834	7,950	587	17	8,554	188,280	95.66%	11,114		4,412	174
Daggett County School District - General	282,239,484	0.003056	2,225,737	0.002951	862,524	6,568	869,092	35,110	2,591	71	37,772	831,320	95.65%	49,121		19,455	824
Daggett County School District - Basic	282,239,484	0.001675	2,225,737	0.001736	472,751	3,864	476,615	19,244	1,420	39	20,703	455,912	95.66%	26,923		11,137	462
Manila Town	51,958,873	0.001629	613,560	0.001480	84,641	908	85,549	7,576	811		8,387	77,162	90.20%	6,626		4,849	171
Daggett Water & Sewer District	44,767,202	0.000447	192,425	0.000448	20,011	86	20,097	1,337	107		1,444	18,653	92.82%	2,387		938	32
Daggett County Mosquito District	100,819,654	0.000400	819,330	0.000296	40,328	243	40,570	3,099	295		3,394	37,176	91.63%	3,026		1,626	59
Daggett County Service Area	5,842,367	0.000726	10,320	0.000726	4,242	7	4,249	215			215	4,034	94.94%	392		262	6
Total							\$ 2,769,068	\$ 117,994	\$ 9,019	\$ 220	\$127,233	\$ 2,641,834		\$160,447	\$ 199	\$ 67,583	\$ 6,975

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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, 2016.

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

Restricted Taxes and Related Revenues	Statement of Taxes Charged,
Cash Management	Collected and Disbursed
Treasurer's Bond	Justice Courts
Budgetary Compliance	Open and Public Meetings Act
Fund Balance	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, 2016.

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 2016-2 and in the letter to management as item 2016-3. 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 and letter to management. The County's responses 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 2016-2 and in the letter to management as item 2016-3.

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 cursive script that reads "Smuin, Rich & Marsing". The signature is written in black ink and is positioned below the firm's name.

Price, Utah

August 21, 2017

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UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners
Daggett County
Manila, Utah 84046

RE: Independent Auditor's Report on 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, 2016, and the related notes to the financial statements, which collectively comprise Daggett County's basic financial statements and have issued our report thereon dated August 21, 2017.

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 2016-1.

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 item 2016-2 and in the letter to management as item 2016-3.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses and letter to management. 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

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

Price, Utah

August 21, 2017

DAGGETT COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2016

FINDING 2016-1 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 and tax receivables 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 and taxes 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 by policy as recommended as well as ensure that management monitors those procedures for timeliness and accuracy.

FINDING 2016-2 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, 2016, the County over spent its adopted budget in the Jail 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. 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 the expenditures compared to the approved budget more closely as recommended.

DAGGETT COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 2015-2 EXPENDITURES IN EXCESS OF BUDGET

Finding - The County overspent their Jail Fund.

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- This item remains a finding in the current year. See current year findings.

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Daggett County Council
Daggett County
Manila, Utah 84046

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of accounting procedures and internal controls in connection with our examination of the basic financial statements of Daggett County for the year ended December 31, 2016.

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

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

STATE OF UTAH LEGAL COMPLIANCE

OTHER COMPLIANCE AREAS

2016-3 Open and Public Meetings Act

According to UCA 52-4-104, each member of the governing body is required to attend an annual training on the requirements of the Open and Public Meetings Act.

While performing testing on State Compliance, it was determine that some of the board members did not completed this annual training.

We recommend the County review the requirements for the annual training on Open and Public Meetings Act to ensure that the County is in compliance next year.

Client Response:

The Commission is aware of the requirement and has scheduled a training on the Open and Public Meetings Act for September 6, 2017. Going forward, they will schedule this training annually for the commission meeting held on the fourth week in January.

SUMMARY

We feel the State Compliance issue mentioned above is an area where the County can make changes so as to further improve its internal control structure to safeguard the assets, check the accuracy and reliability of accounting data and be in compliance with State laws.

Sincerely,

SMUIN, RICH & MARSING

A handwritten signature in black ink that reads "Amuin, Rich & Marsing". The signature is written in a cursive style with a large, looping initial 'A' and a long, sweeping tail on the 'g'.

Price, Utah

August 21, 2017