



Cache
County
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CACHE COUNTY, UTAH
FINANCIAL STATEMENTS



FOR THE YEAR ENDED DECEMBER 31, 2013

CACHE COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2013

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FOR THE YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Cache County Council
Logan, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cache County, Utah (the County) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Bridgerland Community Ice Arena (a component unit of North Park Interlocal Cooperative), which represent 3 percent, 3 percent, and 6 percent, respectively of the assets, net position, and revenues of the aggregate discretely presented component units of the County. We also did not audit the financial statements of Cache County Emergency Medical Service Authority, which represent 7 percent, 7 percent, and 20 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Bridgerland Community Ice Arena and Cache County Emergency Medical Service Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cache County, Utah as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of

additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Transient Room Taxes and Tourism, Recreation, Cultural and Convention Facilities Taxes is presented for purposes of additional analysis as required by Utah Code section 17-31-5.5(3) and is also not a required part of the basic financial statements. The accompanying Statement of Taxes Charged, Collected, and Disbursed is presented for purposes of additional analysis as required by Utah Code section 59-2-913 and is also not a required part of the basic financial statements. The accompanying Statement of Expenditures of State Awards is presented for purposes of additional analysis as required by the Utah State Compliance Audit Guide and is also not a required part of the basic financial statements.

The supplementary information and the schedules described above 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the supplementary information and the schedules described above 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 11, 2014 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 the County's internal control over financial reporting and compliance.



JONES SIMKINS LLC
Logan, Utah
August 11, 2014

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**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

INTRODUCTION

The following discussion and analysis is presented as an overview of the financial performance of Cache County for the year ended December 31, 2013. Please consider information presented here in context with the financial statements and the notes to the financial statements for a full understanding of the condition of the County.

FINANCIAL HIGHLIGHTS

- The net position of the County decreased by approximately \$618,000 or about 1.1 percent from the prior year. The portion of total net position which represents the amount the County can use to meet ongoing, financial obligations is the unrestricted amount. At the end of the year, this amount was approximately \$6.9 million.
- During the year, the County had net program expenses of approximately \$26.1 million. This compares to last year, when net program expenses were approximately 22.6 million. The total cost of the County's programs was about \$56.6 million and increased approximately \$9.4 million, or about 20.0 percent, from the prior year, primarily related to one-time water projects and related road projects.
- Combined fund balances of the County amounted to about \$29.5 million, a decrease of approximately \$1.8 million or about 5.6 percent, from the prior year. Of the combined total, approximately \$21.9 million, or 74.1 percent, is subject to external restrictions on its use.
- Unassigned fund balance of the General Fund was about \$5.2 million, which amount was approximately 25.4 percent of the total expenditures of the fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to Cache County's basic financial statements, which consist of three main components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-wide Statements

These statements provide a broad overview with a long-term focus of the County's finances as a whole and are prepared using the accrual basis of accounting, similar to private sector businesses.

Statement of Net Position. The statement of net position presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or declining.

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

Both of the government-wide financial statements distinguish between functions that are principally supported by taxes and intergovernmental revenues, called *governmental activities*, and other functions that are intended to recover all or a significant portion of their costs through user fees and charges, called *business-type activities*. The governmental activities of the County include general government, public safety, streets and public improvements, health and welfare, and culture and recreation. The County does not have any business-type activities.

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

The government-wide financial statements include not only the County’s financial information, known as the *primary government*, but also legally separate entities, because the County is financially accountable for them. Financial information for these *component units* is reported separately from the financial information presented for the County. These entities include the Logan-Cache Airport Authority, North Park Interlocal Cooperative, which includes the Bridgerland Community Ice Arena as its own component unit, Bear River Health Department, Cache County Emergency Medical Service Authority, and the Roads Special Service District.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Cache County, like all other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. There are three broad classifications of fund types: governmental, proprietary, and fiduciary. All of the funds of the County can be classified as either a governmental fund or a fiduciary fund.

Governmental funds. Most of the County’s basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide statements. Governmental funds use the modified accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances that are left at the end of the year that are available for future spending. This short-term view of the County’s financial position helps determine whether the County has sufficient resources to cover expenditures for its basic services in the near future.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County’s fiduciary funds are agency funds. These funds are custodial in nature and do not involve measuring results of operations. Accordingly, a statement of fiduciary net position is presented, but a statement of changes in fiduciary net position is not. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the County.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial condition. At the end of 2013, the County’s assets exceeded its liabilities by \$56,790,550, a decline of \$618,135 from the prior year.

Just less than half of the County’s net position, \$27,968,305 or 49.2 percent, reflect its investment in capital assets (e.g. land, construction in process, buildings and improvements, equipment, and infrastructure) less any related, outstanding debt used to acquire

CACHE COUNTY'S NET POSITION			
GOVERNMENTAL ACTIVITIES			
	<u>2013</u>	<u>2012</u>	<u>% Change</u>
ASSETS			
Current and other assets	\$ 38,169,710	\$ 41,675,306	-8.4%
Capital assets, net	<u>36,202,676</u>	<u>35,877,777</u>	0.9%
Total assets	<u>74,372,386</u>	<u>77,553,083</u>	-4.1%
LIABILITIES			
Current liabilities	7,584,445	9,148,127	-17.1%
Long-term liabilities	<u>9,997,391</u>	<u>10,996,271</u>	-9.1%
Total liabilities	<u>17,581,836</u>	<u>20,144,398</u>	-12.7%
NET POSITION			
Net investment in capital assets	27,968,305	26,533,587	5.4%
Restricted	21,888,156	22,734,884	-3.7%
Unrestricted	<u>6,934,089</u>	<u>8,140,214</u>	-14.8%
Total net position	<u>\$ 56,790,550</u>	<u>\$ 57,408,685</u>	-1.1%

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

the assets. The County uses these assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$21,888,156, or 38.5 percent, represents the restricted amount of the County's net position. These assets are restricted because of various contracts and agreements with outside entities, or laws and regulations, which dictate how these resources may be used. The remaining balance of \$6,934,089, or 12.2 percent of net position, may be used to meet the general, ongoing financial obligations of the County.

Governmental Activities

As discussed previously, activities can commonly be divided into either governmental or business-type activities. However, none of the operations of the County meet the definition of business-type activities. Therefore, the entire decrease in net position of \$618,135 from the prior year is attributable to governmental activities.

In total, revenues for the County increased \$6,439,432, or 13.0 percent, from the prior year. The primary reason for the increase is due to the large grants provided to the County by the federal government and other local governmental and private entities for certain water projects in the County.

The first water project related to damage sustained by a canal system that is critical for both agriculture and culinary uses by the County's citizens. The combined contributions of the federal government and other local governmental entities to the County totaled nearly 11.3 million. The project to rebuild the canal system was nearing completion, but still ongoing at the end of 2013.

The other water project went from the early design phase at

the beginning of the year and was under active construction at the end of the year. This project related to repairing and restoring one of the County's rivers after the river banks had sustained heavy flood damage. The federal government contributed more than \$6.3 million for this project, which will continue into the next year. Other changes in program revenues were relatively small in comparison, amounting to a reduction of approximately \$409 thousand from the prior year. Reduced revenue from road maintenance contracts with other entities is the primary reason for the decline.

Modest growth in both property taxes and sales taxes also contributed to the overall increase in revenues. Property tax revenue, the most significant tax revenue source, grew by \$128,933, or 0.9 percent, and totaled \$14,206,939. Sales tax revenue, the second most significant source of tax revenue, grew by \$550,548, or 5.4 percent, and totaled

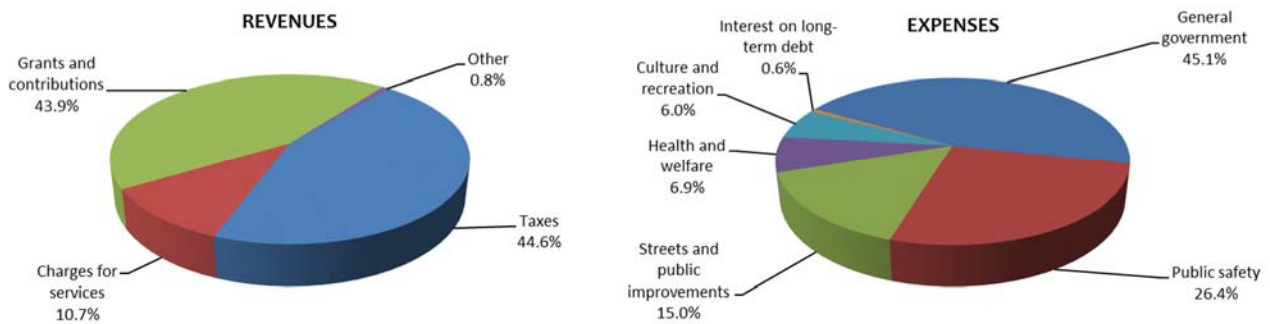
CHANGES IN CACHE COUNTY'S NET POSITION			
GOVERNMENTAL ACTIVITIES			
	<u>2013</u>	<u>2012</u>	<u>% Change</u>
REVENUES			
Program revenues			
Charges for services	\$ 5,979,656	\$ 6,393,611	-6.5%
Operating grants and contributions	6,029,329	6,024,164	0.1%
Capital grants and contributions	18,548,056	12,179,314	52.3%
General revenues			
Property taxes	14,206,939	14,078,006	0.9%
Sales taxes	10,794,923	10,244,375	5.4%
Other general revenues	<u>455,251</u>	<u>655,252</u>	-30.5%
Total revenues	<u>56,014,154</u>	<u>49,574,722</u>	13.0%
EXPENSES			
General government	25,538,820	21,256,968	20.1%
Public safety	14,936,998	14,363,376	4.0%
Streets and public improvements	8,519,326	4,319,087	97.2%
Health and welfare	3,917,647	3,880,315	1.0%
Culture and recreation	3,378,514	2,885,242	17.1%
Interest on long-term debt	<u>340,984</u>	<u>492,248</u>	-30.7%
Total expenses	<u>56,632,289</u>	<u>47,197,236</u>	20.0%
Increase/(decrease) in net position	(618,135)	2,377,486	-126.0%
Net position - January 1	<u>57,408,685</u>	<u>55,031,199</u>	4.3%
Net position - December 31	<u>\$ 56,790,550</u>	<u>\$ 57,408,685</u>	-1.1%

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

\$10,794,923. There was not a tax rate increase, nor were there any new taxes imposed. Both increases are due to economic improvements in the County which lead to new development and higher consumer spending compared to activity in the prior year.

Combined property taxes, sales taxes, and other taxes the County collects create the largest portion of revenues for the County totaling \$25,001,862, or 44.6 percent of all revenues. Grants and contributions, totaling \$24,577,385 or 43.9 percent, also played a key role in financing the County’s operational and capital needs. Charges for services were also a significant portion of total revenues at \$5,979,656 or 10.7 percent.

Total expenses increased for the County by \$9,435,053, or 20.0 percent, over the prior year. The activity with the largest increase was General Government, experiencing an increase of \$4,281,852, or 20.1 percent. As already discussed as part of the analysis of revenue changes, the expenses were dramatically increased this year due to projects related to rebuilding a critical canal system and a river repair and restoration project. The Streets and Public Improvements activity also played a role in the increase, but it is also related to the river project discussed previously. The completed projects were performed on roads that are not owned or maintained by the County and are therefore not capitalized.



Excluding the effects of the water projects discussed previously, public safety services generate the most significant portion of the County’s expenses amounting to \$14,936,998. The most costly programs within the County’s public safety services are the Sheriff Patrol, the Support Services function, and the operation of the County jail. These costs are \$3,780,997, \$2,239,110, and \$6,725,500 respectively. Combined, these three programs account for 22.5 percent of the County’s total expenses, including the water projects. These costs increased by 5.0 percent over the prior year.

The following table shows to what extent the County’s governmental activities relied on program-related revenues to cover program costs. In 2013, these revenues covered \$30,557,041, or 54.0 percent, of total expense through charges for services, grants and contributions. Taxes and other general revenues covered the remaining 46.0 percent of the County’s expenses.

C A C H E C O U N T Y

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

**CACHE COUNTY'S NET PROGRAM COSTS
GOVERNMENTAL ACTIVITIES**

	Program	Less	Net	Program Revenues	
	Expenses	Program	Program	as a Percentage of	
	2013	Revenues	Expenses	Program Expenses	
		2013	2012	2013	2012
ACTIVITIES					
General government	\$ 25,538,820	\$ (20,723,612)	\$ 4,815,208	\$ 6,407,078	81.1% 69.9%
Public safety	14,936,998	(4,707,867)	10,229,131	9,715,022	31.5% 32.4%
Streets and public improv.	8,519,326	(1,788,166)	6,731,160	2,413,742	21.0% 44.1%
Health and welfare	3,917,647	(2,818,465)	1,099,182	1,205,545	71.9% 68.9%
Culture and recreation	3,378,514	(518,931)	2,859,583	2,366,512	15.4% 18.0%
Interest on long-term debt	340,984	-	340,984	492,248	0.0% 0.0%
Total governmental activities	<u>\$ 56,632,289</u>	<u>\$ (30,557,041)</u>	<u>\$ 26,075,248</u>	<u>\$ 22,600,147</u>	<u>54.0%</u> <u>52.1%</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The investment in capital assets, net of accumulated depreciation, of the County for its governmental activities totaled \$36,202,676 at the end of the year. This investment in capital assets includes land, buildings and improvements, equipment, and infrastructure. The total net amount increased over the prior year by \$324,899, or 0.9 percent. A significant portion of that increase was the purchase of land in the amount of \$653,422 for recreational use.

Total capital purchases were approximately \$2.6 million. These increases were largely offset by current depreciation of approximately \$2.3 million.

**CACHE COUNTY'S CAPITAL ASSETS, NET
GOVERNMENTAL ACTIVITIES**

	2013	2012	% Change
Land	\$ 3,130,437	\$ 2,477,015	26.4%
Buildings and improvements	17,841,393	18,353,026	-2.8%
Equipment	5,187,445	4,617,792	12.3%
Infrastructure	10,043,401	10,429,944	-3.7%
Total capital assets, net	<u>\$ 36,202,676</u>	<u>\$ 35,877,777</u>	<u>0.9%</u>

Long-term Debt

Bonded debt outstanding at the end of the year, consisting of revenue bonds, had a balance of \$7,258,771 compared to \$9,344,190 at the prior year end. No additional bonds were issued in 2013, so the reduction represents payment on existing debt, including the full redemption of the 2003 bond series.

The County entered a new capital lease contract during the year for the purchase of land for recreational purposes. Lease payments will be made over five years, with the first payment made in 2014. The County also entered a new capital lease contract during the year for the purchase of new fire vehicles and equipment. Lease payments will be made over four years with the first payment made in 2014.

**CACHE COUNTY'S LONG-TERM DEBT
GOVERNMENTAL ACTIVITIES**

	2013	2012	% Change
Sales tax revenue bonds, net of premiums and refundings	\$ 7,258,771	\$ 9,344,190	-22.3%
Capital leases	975,600	-	100%
Compensated absences	1,763,020	1,652,080	6.7%
Total long-term debt	<u>\$ 9,997,391</u>	<u>\$ 10,996,270</u>	<u>-9.1%</u>

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

In addition to the revenue bonds and capital leases, the County's long-term obligations include an accrual for compensated absences in the amount of \$1,763,020. The preceding table presents changes to long-term obligations relative to the prior year.

FUND FINANCIAL ANALYSIS

As noted earlier, a fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required by law to exist. The County uses fund accounting to ensure and demonstrate compliance with the Uniform Fiscal Procedures Act (Utah Code Title 17 Chapter 36). Other funds are established internally to maintain control over a particular activity, such as capital projects.

Governmental Funds

The focus of the governmental funds of the County is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements of the County. Unassigned fund balance may serve as a useful measure of the County's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited, by external or internal authority, for any particular purpose.

As of December 31, 2013, the combined fund balance of the governmental funds of the County was \$29,547,265, a decrease of \$1,756,916, or 5.6 percent, in comparison with the prior year. Of that fund balance, \$5,167,059, or 17.5 percent, was unassigned and was available for appropriation by the County at its discretion. The remainder of the fund balance was either restricted or assigned and was available for spending subject to specific constraints, or it was in nonspendable form.

The general fund is the principal operating fund of the County. As of December 31, 2013, the unassigned fund balance of the general fund was \$5,167,059. This amount represents 25.4 percent of the total expenditures of the general fund.

**CACHE COUNTY'S FUND BALANCES
GOVERNMENTAL FUNDS**

FUNDS	2013					2012	% Change
	Nonspendable	Restricted	Assigned	Unassigned	Total	Total	
General	\$ 292,268	\$ 850,000	\$ -	\$ 5,167,059	\$ 6,309,327	\$ 8,153,694	-22.6%
Assessing and Collecting	18,065	4,528,719	-	-	4,546,784	4,078,144	11.5%
Municipal Services	-	3,869,286	-	-	3,869,286	4,173,639	-7.3%
Capital Projects	-	7,410,366	888,852	-	8,299,218	9,615,083	-13.7%
Other (Nonmajor)	-	5,229,785	1,292,865	-	6,522,650	5,283,621	23.5%
Total fund balances	<u>\$ 310,333</u>	<u>\$ 21,888,156</u>	<u>\$ 2,181,717</u>	<u>\$ 5,167,059</u>	<u>\$ 29,547,265</u>	<u>\$ 31,304,181</u>	<u>-5.6%</u>

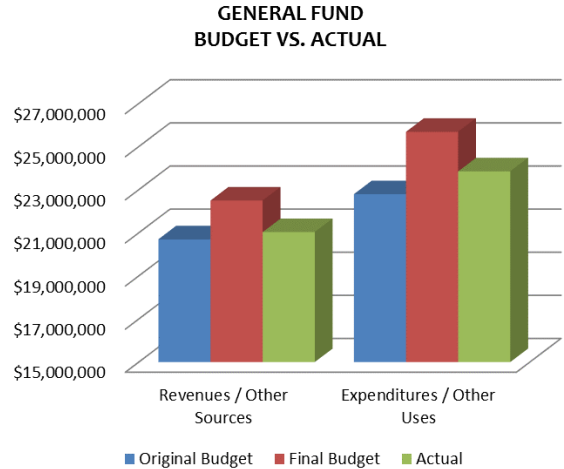
General Fund Budgetary Highlights

The final adopted revenue budget of the general fund increased by \$479,471 over the original budget. The two most significant increases in budgeted revenues resulted from a change in estimates of property tax collection and intergovernmental revenues. The increase for property tax was \$230,000, or 48.0 percent of the total revenue budget increase. The increase for intergovernmental revenue was \$180,941, or 37.7 percent of the total increase.

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Budgeted expenditures increased by \$3,017,102 over the original budget. Some of the most notable increases are as follows:

- The largest increase to the budget was for public safety expenditures. There was \$420,000 appropriated for capital purchase for vehicles and equipment for the Sheriff Patrol and an additional \$287,941 for equipment related to the operations of the County Jail. An additional \$470,600 was appropriated for fire safety equipment.
- The County is working on updating the water development and usage plan for its residents. An additional \$106,050 was appropriated in anticipation of grant funding to update the water master plan.
- The County added \$671,000 to the budget for the purchase of land for future recreational use.



REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the County Finance Department at 179 North Main, Logan, Utah, 84321.

BASIC FINANCIAL STATEMENTS

C A C H E C O U N T Y

**STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2013**

	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Total</u>	
ASSETS			
Cash and cash equivalents.....	\$ 5,930,534	\$ 5,930,534	\$ 5,942,167
Equity in investment pool.....	17,256,984	17,256,984	318,363
Taxes receivable.....	2,990,558	2,990,558	-
Accounts receivable, net.....	405,456	405,456	2,003,858
Accrued interest.....	20,468	20,468	-
Pledges receivable, net.....	-	-	10,656
Due from other governments.....	7,421,166	7,421,166	38,926
Investments.....	3,876,167	3,876,167	499,401
Inventory.....	-	-	232,150
Restricted cash and investments.....	-	-	202
Other assets, net.....	268,377	268,377	11,197
Noncurrent pledges receivable, net.....	-	-	13,477
Capital assets:			
Land.....	3,130,437	3,130,437	1,996,084
Construction in process.....	-	-	302,753
Buildings, improvements and equipment...	44,428,838	44,428,838	31,115,085
Infrastructure.....	15,535,446	15,535,446	-
Accumulated depreciation.....	<u>(26,892,045)</u>	<u>(26,892,045)</u>	<u>(12,190,400)</u>
Total assets.....	<u>\$ 74,372,386</u>	<u>\$ 74,372,386</u>	<u>\$ 30,293,919</u>
LIABILITIES			
Accounts payable and accrued liabilities.....	\$ 6,677,463	\$ 6,677,463	\$ 630,226
Due to other governments.....	548,820	548,820	-
Unearned revenue.....	358,162	358,162	87,562
Long-term liabilities:			
Due within one year.....	1,535,391	1,535,391	240,000
Due in more than one year.....	<u>8,462,000</u>	<u>8,462,000</u>	<u>375,000</u>
Total liabilities.....	<u>17,581,836</u>	<u>17,581,836</u>	<u>1,332,788</u>
NET POSITION			
Net investment in capital assets.....	27,968,305	27,968,305	21,223,522
Restricted for:			
Air pollution control.....	13,422	13,422	-
Ambulance services.....	293,662	293,662	-
Capital projects.....	-	-	242,425
Debt service.....	-	-	202
Election equipment.....	850,000	850,000	-
Health services.....	1,017,494	1,017,494	-
Municipal services.....	1,425,458	1,425,458	-
Parks and recreation.....	4,103,157	4,103,157	-
Property tax administration.....	4,528,719	4,528,719	-
Streets and public improvements.....	9,628,948	9,628,948	-
Other purposes.....	27,296	27,296	381,932
Unrestricted.....	<u>6,934,089</u>	<u>6,934,089</u>	<u>7,113,050</u>
Total net position.....	<u>\$ 56,790,550</u>	<u>\$ 56,790,550</u>	<u>\$ 28,961,131</u>

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

C A C H E C O U N T Y

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
					Governmental Activities	Total	
Primary government:							
Governmental activities:							
General government.....	\$ 25,538,820	\$ 1,378,958	\$ 992,285	\$ 18,352,369	\$ (4,815,208)	\$ (4,815,208)	\$ -
Public safety.....	14,936,998	3,711,802	996,065	-	(10,229,131)	(10,229,131)	-
Streets and public improvements...	8,519,326	435,562	1,349,604	3,000	(6,731,160)	(6,731,160)	-
Health and welfare.....	3,917,647	93,811	2,574,654	150,000	(1,099,182)	(1,099,182)	-
Culture and recreation.....	3,378,514	359,523	116,721	42,687	(2,859,583)	(2,859,583)	-
Interest on long-term debt.....	340,984	-	-	-	(340,984)	(340,984)	-
Total governmental activities.....	<u>56,632,289</u>	<u>5,979,656</u>	<u>6,029,329</u>	<u>18,548,056</u>	<u>(26,075,248)</u>	<u>(26,075,248)</u>	-
Total primary government.....	<u>\$ 56,632,289</u>	<u>\$ 5,979,656</u>	<u>\$ 6,029,329</u>	<u>\$ 18,548,056</u>	<u>(26,075,248)</u>	<u>(26,075,248)</u>	-
Component Units:							
Airport Authority.....	\$ 975,724	\$ 92,201	\$ 160,000	\$ 1,305,355	-	-	581,832
North Park Interlocal Cooperative.....	852,375	474,843	395,826	-	-	-	18,294
Bear River Health Department.....	9,126,371	2,668,945	6,959,637	-	-	-	502,211
CCEMS Authority.....	2,901,423	2,500,929	503,943	-	-	-	103,449
Roads Special Service District.....	-	-	210,815	-	-	-	210,815
Total component units.....	<u>\$ 13,855,893</u>	<u>\$ 5,736,918</u>	<u>\$ 8,230,221</u>	<u>\$ 1,305,355</u>	-	-	1,416,601
General revenues:							
Property taxes.....					14,206,939	14,206,939	-
Sales and use taxes.....					10,794,923	10,794,923	-
Interest and investment income.....					158,464	158,464	38,517
Gain (Loss) on sale of assets.....					(53)	(53)	8,045
Miscellaneous income.....					296,840	296,840	6,021
Total general revenues.....					<u>25,457,113</u>	<u>25,457,113</u>	<u>52,583</u>
Changes in net assets.....					(618,135)	(618,135)	1,469,184
Net position - January 1.....					<u>57,408,685</u>	<u>57,408,685</u>	<u>27,491,947</u>
Net position - December 31.....					<u>\$ 56,790,550</u>	<u>\$ 56,790,550</u>	<u>\$ 28,961,131</u>

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

C A C H E C O U N T Y

**BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2013**

	Special Revenue					Nonmajor Governmental Funds	Total Governmental Funds
	General	Assessing and Collecting	Municipal Services	Mental Health	Capital Projects		
ASSETS							
Cash and cash equivalents.....	\$ 4,298,062	\$ 1,273,507	\$ 21,200	\$ -	\$ -	\$ 337,765	\$ 5,930,534
Equity in investment pool.....	-	3,236,381	2,379,691	23,742	5,863,822	5,753,348	17,256,984
Interfund receivable - investment pool.....	-	-	1,171,251	-	-	-	1,171,251
Taxes receivable.....	1,525,641	215,000	136,400	-	572,454	541,063	2,990,558
Accounts receivable.....	17,309	-	201	-	387,946	-	405,456
Accrued interest.....	15,983	3,512	-	-	-	973	20,468
Due from other governments.....	379,154	25,780	293,664	525,078	6,066,501	130,989	7,421,166
Investments.....	3,876,167	-	-	-	-	-	3,876,167
Other assets.....	250,312	18,065	-	-	-	-	268,377
Total assets.....	<u>\$ 10,362,628</u>	<u>\$ 4,772,245</u>	<u>\$ 4,002,407</u>	<u>\$ 548,820</u>	<u>\$ 12,890,723</u>	<u>\$ 6,764,138</u>	<u>\$ 39,340,961</u>
LIABILITIES							
Interfund payable - investment pool.....	\$ 1,133,621	\$ -	\$ -	\$ -	\$ -	\$ 37,630	\$ 1,171,251
Accounts payable and accrued liabilities.....	1,803,818	10,461	133,121	-	4,591,505	138,558	6,677,463
Due to other governments.....	-	-	-	548,820	-	-	548,820
Unearned revenues.....	<u>356,862</u>	-	-	-	-	<u>1,300</u>	<u>358,162</u>
Total liabilities.....	<u>3,294,301</u>	<u>10,461</u>	<u>133,121</u>	<u>548,820</u>	<u>4,591,505</u>	<u>177,488</u>	<u>8,755,696</u>
DEFERRED INFLOWS OF RESOURCES							
Delinquent property taxes	<u>\$ 759,000</u>	<u>\$ 215,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,000</u>	<u>\$ 1,038,000</u>
Total deferred inflows of resources.....	<u>759,000</u>	<u>215,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,000</u>	<u>1,038,000</u>
FUND BALANCES							
Nonspendable.....	292,268	18,065	-	-	-	-	310,333
Restricted for:							
Air pollution control.....	-	-	-	-	-	13,422	13,422
Ambulance services.....	-	-	-	-	-	293,662	293,662
Election equipment.....	850,000	-	-	-	-	-	850,000
Health services.....	-	-	-	-	-	1,017,494	1,017,494
Municipal services.....	-	-	1,425,458	-	-	-	1,425,458
Parks and recreation.....	-	-	225,246	-	-	3,877,911	4,103,157
Property tax administration.....	-	4,528,719	-	-	-	-	4,528,719
Streets and public improvements.....	-	-	2,218,582	-	7,410,366	-	9,628,948
Other purposes.....	-	-	-	-	-	27,296	27,296
Assigned to:							
Capital projects.....	-	-	-	-	888,852	-	888,852
Debt service.....	-	-	-	-	-	998,354	998,354
Health and welfare.....	-	-	-	-	-	294,511	294,511
Unassigned.....	<u>5,167,059</u>	-	-	-	-	-	<u>5,167,059</u>
Total fund balances.....	<u>6,309,327</u>	<u>4,546,784</u>	<u>3,869,286</u>	<u>-</u>	<u>8,299,218</u>	<u>6,522,650</u>	<u>29,547,265</u>
Total liabilities, deferred inflows of resources and fund balances.....	<u>\$ 10,362,628</u>	<u>\$ 4,772,245</u>	<u>\$ 4,002,407</u>	<u>\$ 548,820</u>	<u>\$ 12,890,723</u>	<u>\$ 6,764,138</u>	<u>\$ 39,340,961</u>

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

C A C H E C O U N T Y

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2013**

Total Fund Balance - Governmental Funds..... \$ 29,547,265

Amounts reported for governmental activities in the Statement of Net Position are different for the following reasons:

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

Land.....	3,130,437	
Buildings, improvements and equipment.....	44,428,838	
Infrastructure.....	15,535,446	
Accumulated depreciation.....	<u>(26,892,045)</u>	
		36,202,676

Because the focus of governmental funds is on short-term financing, some revenues are not available to pay for current-period expenditures and are therefore recorded as deferred inflows of resources in the funds.

Delinquent property taxes.....	<u>1,038,000</u>	
		1,038,000

Long-term liabilities and related accrued interest are not due and payable in the current period and are therefore not reported in the funds.

Bonds payable.....	(7,255,000)	
Unamortized bond premiums.....	(3,771)	
Capital leases.....	(975,600)	
Compensated absences.....	<u>(1,763,020)</u>	
		<u>(9,997,391)</u>

Net Position - Governmental Activities..... \$ 56,790,550

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

C A C H E C O U N T Y

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Special Revenue					Nonmajor Governmental Funds	Total Governmental Funds
	General	Assessing and Collecting	Municipal Services	Mental Health	Capital Projects		
REVENUES							
Taxes:							
Property.....	\$ 10,487,824	\$ 3,039,744	\$ -	\$ -	\$ -	\$ 864,369	\$ 14,391,937
Sales and use.....	4,213,711	-	757,109	-	3,039,163	2,784,940	10,794,923
	14,701,535	3,039,744	757,109	-	3,039,163	3,649,309	25,186,860
Other revenues:							
Intergovernmental.....	578,917	-	2,015,925	2,219,209	15,259,024	1,215,986	21,289,061
Charges for services.....	4,466,425	402,148	570,963	-	-	121,058	5,560,594
Licenses and permits.....	29,250	-	269,860	-	-	-	299,110
Fines and forfeitures.....	119,952	-	-	-	-	-	119,952
Interest and investment income.....	142,730	2,674	12,293	-	-	767	158,464
Rental income.....	201,626	-	-	-	-	-	201,626
Public contributions.....	54,826	-	-	-	3,069,811	13,687	3,138,324
Miscellaneous revenues.....	73,864	3,516	8,521	-	-	9,313	95,214
Total revenues.....	<u>20,369,125</u>	<u>3,448,082</u>	<u>3,634,671</u>	<u>2,219,209</u>	<u>21,367,998</u>	<u>5,010,120</u>	<u>56,049,205</u>
EXPENDITURES							
General government.....	5,624,790	2,979,442	361,468	-	16,996,438	24,060	25,986,198
Public safety.....	13,602,212	-	881,645	-	-	710,980	15,194,837
Streets and public improvements.....	-	-	2,187,604	-	5,704,425	-	7,892,029
Health and welfare.....	269,632	-	-	2,219,209	-	1,397,764	3,886,605
Culture and recreation.....	824,656	-	75,103	-	-	2,496,309	3,396,068
Debt service principal.....	-	-	-	-	-	2,085,000	2,085,000
Debt service interest.....	-	-	-	-	-	340,984	340,984
Total expenditures.....	<u>20,321,290</u>	<u>2,979,442</u>	<u>3,505,820</u>	<u>2,219,209</u>	<u>22,700,863</u>	<u>7,055,097</u>	<u>58,781,721</u>
Revenues over (under) expenditures.....	47,835	468,640	128,851	-	(1,332,865)	(2,044,977)	(2,732,516)
OTHER FINANCING SOURCES (USES)							
Capital leases.....	975,600	-	-	-	-	-	975,600
Transfers in.....	663,414	-	18,333	-	17,000	3,607,415	4,306,162
Transfers out.....	(3,531,216)	-	(451,537)	-	-	(323,409)	(4,306,162)
Total other financing sources (uses).....	<u>(1,892,202)</u>	<u>-</u>	<u>(433,204)</u>	<u>-</u>	<u>17,000</u>	<u>3,284,006</u>	<u>975,600</u>
Net change in fund balances.....	(1,844,367)	468,640	(304,353)	-	(1,315,865)	1,239,029	(1,756,916)
Fund balances - January 1.....	<u>8,153,694</u>	<u>4,078,144</u>	<u>4,173,639</u>	<u>-</u>	<u>9,615,083</u>	<u>5,283,621</u>	<u>31,304,181</u>
Fund balances - December 31.....	<u>\$ 6,309,327</u>	<u>\$ 4,546,784</u>	<u>\$ 3,869,286</u>	<u>\$ -</u>	<u>\$ 8,299,218</u>	<u>\$ 6,522,650</u>	<u>\$ 29,547,265</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Net Changes in Fund Balances - Total Governmental Funds..... \$ (1,756,916)

Amounts reported for governmental activities in the Statement of Activities are different for the following reasons:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In addition, donated capital assets are not recognized in governmental funds, but are recognized as revenue on the statement of activities. In the current year, these amounts were as follows:

Donated capital assets.....	150,000	
Capital outlay.....	2,447,706	
Depreciation expense.....	<u>(2,272,754)</u>	
		324,952

In the Statement of Activities, only the gain or loss on the sale of assets is reported, whereas in governmental funds, the proceeds from the sales increase financial resources. Changes in net assets differ from changes in fund balance by the book value of assets..... (53)

The issuance of long-term debt, such as capital leases, provides current financial resources to governmental funds and is reported as a financing source. However, long-term debt has no effect on Net Position. Long-term debt was issued in the current year for the following amount:

Capital lease.....	(975,600)
--------------------	-----------

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts were as follows:

Payments of bond principal.....	2,085,000
---------------------------------	-----------

Revenues in the Statement of Activities that do not provide current financial resources are recorded as deferred inflows of resources and not reported as revenues in governmental funds. Year over year changes in the amount deferred can result in an increase or decrease in revenues compared to the amount reported in the statement of activities..... (184,998)

Some transactions reported in the Statement of Activities do not result in the receipt or require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. The activities consist of the following:

Bond premium amortization.....	419	
Increase in compensated absences liability.....	<u>(110,939)</u>	
		<u>(110,520)</u>

Change in Net Position of Governmental Activities..... \$ (618,135)

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents.....	\$ 24,944,503
Equity in investment pool.....	211,377
Taxes receivable.....	<u>829,615</u>
Total assets.....	<u>\$ 25,985,495</u>
LIABILITIES	
Due to other taxing units.....	\$ 25,061,759
Due to employees.....	15,623
Refunds payable.....	696,736
Other payables.....	<u>211,377</u>
Total liabilities.....	<u>\$ 25,985,495</u>

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

C A C H E C O U N T Y

**COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
AS OF DECEMBER 31, 2013**

	Airport Authority	North Park Interlocal Cooperative	Bear River Health Department	CCEMS Authority	Roads Special Service District	Total
ASSETS						
Cash and cash equivalents.....	\$ -	\$ 296,484	\$ 4,613,462	\$ 752,912	\$ 279,309	\$ 5,942,167
Equity in investment pool.....	318,363	-	-	-	-	318,363
Accounts receivable, net.....	5,897	12,766	1,365,745	619,450	-	2,003,858
Pledges receivable, net.....	-	10,656	-	-	-	10,656
Due from other governments.....	38,926	-	-	-	-	38,926
Investments.....	-	499,401	-	-	-	499,401
Inventory.....	-	4,114	228,036	-	-	232,150
Restricted cash and investments.....	-	202	-	-	-	202
Other assets.....	-	11,197	-	-	-	11,197
Noncurrent pledges receivable, net.....	-	13,477	-	-	-	13,477
Capital assets:						
Land.....	1,289,262	-	706,822	-	-	1,996,084
Construction in process.....	-	-	302,753	-	-	302,753
Buildings, improvements and equipment.....	15,557,721	4,927,140	9,235,100	1,395,124	-	31,115,085
Accumulated depreciation.....	(5,746,102)	(1,480,329)	(4,239,853)	(724,116)	-	(12,190,400)
Total assets.....	<u>11,464,067</u>	<u>4,295,108</u>	<u>12,212,065</u>	<u>2,043,370</u>	<u>279,309</u>	<u>30,293,919</u>
LIABILITIES						
Accounts payable and accrued liabilities.....	70,584	24,796	495,679	39,167	-	630,226
Unearned revenue.....	87,562	-	-	-	-	87,562
Noncurrent liabilities:						
Due within one year.....	-	-	240,000	-	-	240,000
Due in more than one year.....	-	-	375,000	-	-	375,000
Total liabilities.....	<u>158,146</u>	<u>24,796</u>	<u>1,110,679</u>	<u>39,167</u>	<u>-</u>	<u>1,332,788</u>
NET POSITION						
Net investment in capital assets.....	11,100,881	3,446,811	6,004,822	671,008	-	21,223,522
Restricted for:						
Capital projects.....	-	242,425	-	-	-	242,425
Debt service.....	-	202	-	-	-	202
Other purposes.....	-	381,932	-	-	-	381,932
Unrestricted.....	<u>205,040</u>	<u>198,942</u>	<u>5,096,564</u>	<u>1,333,195</u>	<u>279,309</u>	<u>7,113,050</u>
Total net position.....	<u>\$ 11,305,921</u>	<u>\$ 4,270,312</u>	<u>\$ 11,101,386</u>	<u>\$ 2,004,203</u>	<u>\$ 279,309</u>	<u>\$ 28,961,131</u>

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

C A C H E C O U N T Y

**COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Airport Authority</u>	<u>North Park Interlocal Cooperative</u>	<u>Bear River Health Department</u>	<u>CCEMS Authority</u>	<u>Roads Special Service District</u>	<u>Total</u>
Expenses.....	\$ 975,724	\$ 852,375	\$ 9,126,371	\$ 2,901,423	\$ -	\$ 13,855,893
Program revenues						
Charges for services.....	92,201	474,843	2,668,945	2,500,929	-	5,736,918
Operating grants and contributions.....	160,000	395,826	6,959,637	503,943	210,815	8,230,221
Capital grants and contributions.....	<u>1,305,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,305,355</u>
Total program revenues.....	<u>1,557,556</u>	<u>870,669</u>	<u>9,628,582</u>	<u>3,004,872</u>	<u>210,815</u>	<u>15,272,494</u>
Net revenues	<u>581,832</u>	<u>18,294</u>	<u>502,211</u>	<u>103,449</u>	<u>210,815</u>	<u>1,416,601</u>
General revenues						
Interest income.....	2,145	11,007	17,702	6,327	1,336	38,517
Gain on sale of assets.....	2,500	-	5,545	-	-	8,045
Miscellaneous income.....	<u>-</u>	<u>-</u>	<u>1,264</u>	<u>4,757</u>	<u>-</u>	<u>6,021</u>
Total general revenues.....	<u>4,645</u>	<u>11,007</u>	<u>24,511</u>	<u>11,084</u>	<u>1,336</u>	<u>52,583</u>
Change in net assets.....	586,477	29,301	526,722	114,533	212,151	1,469,184
Net position - beginning.....	<u>10,719,444</u>	<u>4,241,011</u>	<u>10,574,664</u>	<u>1,889,670</u>	<u>67,158</u>	<u>27,491,947</u>
Net position - ending.....	<u>\$ 11,305,921</u>	<u>\$ 4,270,312</u>	<u>\$ 11,101,386</u>	<u>\$ 2,004,203</u>	<u>\$ 279,309</u>	<u>\$ 28,961,131</u>

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

**NOTES TO THE
FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cache County (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the County are described below.

A. Financial Reporting Entity

Cache County operates under a County Council/County Executive form of government. A brief description of this form of government follows:

1. The powers and duties of the government are divided between an elected seven-member County Council and an elected County Executive.
2. The County Council exercises legislative and policy making powers and is composed of seven members elected for four-year terms from different geographical districts in the County on a population basis.
3. The County Executive exercises administrative powers and fiscal control of the County and may exercise a veto upon legislative actions of the County Council which in turn may be overridden by the affirmative vote of five council members. The Executive is elected to a four-year term in a County-wide election.

As required by GAAP, these financial statements present Cache County, the primary government, and its component units. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units.

As defined by GASB, component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A

component unit may be a government organization, a nonprofit corporation, or a for-profit corporation.

Based on the foregoing definition and additional guidance from GASB, the financial statements of the following organizations are included in the reporting entity either as blended component units, reported within the funds of the County, or as discretely presented component units, reported outside the funds of the County in a separate column.

Blended component units

Cache County Municipal Building Authority (MBA) – The MBA is a nonprofit corporation established to administer the sale of bonds and related construction and remodeling projects of the County. The Governing Board of the MBA is comprised of the County Council.

Cache County Special Service District #1 (SSD) – SSD is organized under Utah law as a separate public corporation to provide garbage collection services to the citizens of the County. The County Council has appointed itself as the Board of Trustees for the District. SSD collects fees from citizens in the unincorporated areas of the County and has contracted with the City of Logan to provide garbage collection services for citizens of the County. It pays any uncollected fees to Logan City. SSD's operations are immaterial and therefore are accounted for in the Municipal Services Fund, a special revenue fund which is reported as a major governmental fund in the financial statements.

Cache County Fire Protection District (FPD) – FPD is organized as a separate public corporation under Utah law to provide fire protection to the citizens residing in the County. The County Council appoints the Board of Directors for FPD and has appointed two council members and the County Executive to the board. Distributions are made to local governments to provide fire protection services in their communities. The County also purchases and provides firefighting equipment for FPD. The revenues and expenses of FPD are immaterial and are reported in the Municipal Services Fund.

Community Foundation – The Community Foundation is a nonprofit corporation established to receive contributions to benefit certain community projects. The officers of the Community Foundation are members of the County Council, the County Auditor,

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

and the County Executive. The Community Foundation is reported as a nonmajor governmental fund of the County. This component unit is currently inactive.

Discretely Presented Component Units

Logan-Cache Airport Authority – The Airport Authority has been organized as a separate corporate body under Utah law to facilitate the construction and operation of a public airport. The Board of Directors is appointed equally by the County Council and the Municipal Council of the City of Logan. The Airport Authority does not issue separate financial statements.

North Park Interlocal Cooperative (NPIC) – NPIC was organized to facilitate the construction and operation of a recreational ice arena facility and to finance the costs. The cooperative members are Cache County, the City of Logan, the City of North Logan, and the City of Hyde Park. NPIC is a separate legal entity created in accordance with Utah Law. Cache County appoints 3 board members and each city appoints 2 board members. NPIC receives funding from an allocation of Restaurant Tax collections from Cache County and from dedicated sales tax collections from the other members and cities within the county limits. The County has entered into agreements to account for the dedicated sales tax collections. NPIC could be included in the financial statements of another member; however, the County has elected to include NPIC as a component unit. NPIC does not issue separate financial statements.

NPIC includes the financial statements of Bridgerland Community Ice Arena, Inc. (BCIA), which operates as a nonprofit organization for the purpose of raising money for the construction, maintenance, and operation of the ice arena owned by NPIC. NPIC evaluated BCIA in accordance with applicable GASB statements and determined that BCIA is a component unit of NPIC. BCIA’s primary sources of funding are user fees and donations. BCIA’s fiscal year ends June 30, of each year. BCIA issues separate financial statements, which can be obtained at 2825 North 200 East, North Logan, Utah, 84341.

Bear River Health Department (BRHD) – BRHD was organized to provide public health services, as allowed by state law, to Cache County, Box Elder County, and Rich County. BRHD is a separate legal entity created in accordance with Utah law and it issues separate

financial statements which can be obtained at 655 East 1300 North, Logan, Utah, 84341.

Cache County Emergency Medical Service Authority (CCEMS) – CCEMS is a jointly governed program by contractual agreement of the Office of the Cache County EMS Coordinator and the ambulance program of the City of Logan Fire Department. CCEMS operates under a 7-member governing board with the following composition: 2 members of the City of Logan Municipal Council, 2 members of the Cache County Council, 1 member appointed by the City of Logan Municipal Council, the Cache County Executive, 1 member appointed by the other 6 members with a minimum of 4 votes approving the appointment. CCEMS provides ambulance services to Cache County residents. CCEMS issues separate financial statements which can be obtained at 199 North Main, Logan, Utah, 84321.

Cache County Roads Special Service District (RSSD) – RSSD has been organized as a separate corporate body under Utah law. Directors of the board are appointed by the County Council and RSSD receives mineral lease revenues from the State of Utah which are dedicated for the improvement of roads within the district. RSSD does not issue separate financial statements.

The Logan-Cache Airport Authority, The Roads Special Service District, NPIC and CCEMS have their books and records maintained by the County.

Interlocal Agreements

Cache County has fiduciary responsibilities for the following interlocal agreements and their activities are accounted for as nonmajor governmental funds.

Cache Valley Visitors Bureau – The Visitors Bureau is operated under an agreement between Cache County and Rich County to promote tourism to the common region.

County Planner – The County Planner is operated under an agreement between Cache County and various cities of the County to provide planning and economic development services.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

activities) report information on all of the non-fiduciary activities of the County and its component units. Primary government activities are distinguished between *governmental activities* and *business-type activities*. However, there are currently no County activities that meet the definition of business-type activities.

Governmental activities are usually financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the reporting entities' non-fiduciary assets and liabilities, with the difference reported as net position. Net position is restricted when constraints placed upon it are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or program is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The County's accounting system is organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the government establishes for accountability purposes in accordance with statutes, laws, regulations, restrictions or specific purposes.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. For governmental funds, the emphasis is on major individual funds with each displayed as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the component unit financial statements and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property tax revenues are recognized 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 providers have been met.

Governmental Fund Financial Statements

Governmental funds are reported using the *current resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in 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. Property taxes, franchise taxes, licenses, fees-in-lieu of taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Property taxes and fees-in-lieu of taxes associated with future periods are deferred. Grants are usually reimbursable grants and are thus recognized as revenue at the time the related expenditures are made. All other revenue items are considered to be measurable and available only when the County receives cash. Expenditures are generally recorded when a liability is incurred as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

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

Major Funds

The County reports the following major governmental funds:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

The *General Fund* is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Assessing and Collecting Fund* is a special revenue fund used to report expenditures related to the assessing and collecting of property taxes which are funded through a special tax at the state and local level.

The *Municipal Services Fund* is a special revenue fund used to report the municipal-type services provided by the County to residents living in unincorporated areas of the County.

The *Mental Health Fund* is a special revenue fund used to report the expenditures of state provided funding for mental health services in the Mental Health Authority jurisdiction, comprising Cache, Box Elder, and Rich counties.

The *Capital Projects Fund* is used to account for financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities or other capital assets.

Nonmajor Funds

The County's nonmajor governmental funds include other special revenue funds and a debt service fund. The nonmajor special revenue funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes. Examples of restricted, committed, or assigned revenue sources include certain taxes, federal and state grants, and user fees. The debt service fund accounts for resources used for the payment of principal and interest on long-term debt.

Fiduciary Fund Financial Statements

The fiduciary funds account for assets held by the County in a trustee capacity or as an agent for other individuals or organizations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following fiduciary funds are reported:

Agency Funds – Agency funds are used to account for assets held by the County as an agent for other governmental units, other organizations, or individuals.

These funds include tax collections, refundable fees, and employee withholdings.

Component Unit Financial Statements

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component units column of the government-wide financial statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide financial statements. The fiscal years of the component units are the same as the primary government, except for BCIA, a component unit of NPIC, which has a fiscal year ending June 30.

D. Assets, Liabilities, and Net Assets/Fund Balances

Cash and Cash Equivalents

Cash and cash equivalents represent petty cash or demand deposits or other liquid investments that are kept in accounts separate from the investment pool of the County.

The County considers all investments with an original maturity of 3 months or less to be cash equivalents. The County follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 541, Chapter 7) in handling its depository and temporary investment transactions. This law 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 Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Equity in Investment Pool

Cash in all funds except the Treasurer's Tax Agency Fund, certain restricted bond funds, and certain discretely presented component units, is pooled into common accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the investment pool cash accounts has equity therein. An individual fund's equity in the pooled cash accounts is available upon demand and is considered to

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

be a cash equivalent when preparing these financial statements. Negative balances incurred in pooled cash at the end of the year are treated as interfund payables of the deficit fund and as interfund receivables in other funds with positive equity. Investments of the pool are stated at fair value.

Receivables

All trade and property tax receivables are shown net of any allowance for uncollectable amounts. Property taxes are due by November 30 of each year, after which the applicable property is subject to lien and penalties and interest are assessed. At December 31, 2013, all receivables of the County were considered to be fully collectible and no allowance was established. BRHD has estimated that \$225,000 of its accounts receivable were uncollectable. The uncollectable receivables result primarily from services for substance abuse counseling and treatment. The CCEMS Authority has estimated that \$229,000 of its accounts receivable were uncollectable. These uncollectable receivables result from ambulance services.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1 of each year. Taxes are levied on property owners in July and are payable by November 30. The County bills and collects property taxes for all taxing entities within the County through the Treasurer's Tax Fund (Agency Fund). Collections are periodically distributed to the taxing entities, with final settlement due March 31 of the subsequent year. The County records a receivable and deferred revenue for delinquent taxes, but no allowance for doubtful accounts is made as uncollected taxes are deemed to be substantially collectible or recoverable through foreclosure.

Inventory

Inventory is valued at the lower of cost or market, using the first-in, first-out method. Inventory in the BRHD consists of immunization serum and is valued based on information provided by the donor agency (the State of Utah) or the cost to purchase the serum.

Restricted Assets

Resources set aside for the repayment of the County's long-term liabilities are classified as restricted assets on

the balance sheet when their use is limited by applicable covenants.

Capital Assets

Capital assets which include land, buildings, equipment and infrastructure such as roads, bridges, and similar items, are reported in the governmental column or in the component units column of the government-wide Statement of Net Position. Capital assets are defined by the County as assets that cost \$5,000 or more when acquired and have an estimated useful life of greater than one year. Purchased or constructed capital assets are recorded at historical cost or estimated historical costs where historical cost is not available. Donated assets are recorded at the estimated fair value on the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements. Associated interest expense is not capitalized.

Buildings, equipment and other depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and other improvements	15 – 40 years
Machinery and equipment	3 – 15 years
Infrastructure	80 – 100 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position 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 and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Accordingly, the item delinquent property taxes is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

In the government-wide financial statements, accumulated leave is recorded as a liability and an expense when vested with the employee. In the governmental fund financial statements, vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability of the governmental fund that will pay it.

Long-term Liabilities

In the government-wide Statement of Net Position, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premiums or discounts.

In the fund financial statements governmental funds recognize bond premiums and discounts incurred during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources.

Interfund Transactions

In the government-wide financial statements, interfund transactions have been eliminated to minimize the double counting of internal activity. Interfund receivables and payables have also been eliminated from the government-wide Statement of Net Position.

In the governmental fund financial statements, transfers between funds are used to report flows of cash or other assets between funds without equivalent flows of assets in return or a requirement for repayment. The County's transfers are based on appropriations. Interfund receivables and payables are presented in the appropriate funds and are presented as "due from other funds" or "due to other funds."

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County Council. These amounts cannot be used for any other purpose unless the County Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Council; no other body or official has this authority delegated to them. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

available, the County considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

E. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2 – DEPOSITS AND 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 by 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 Money Management Act (Act) requires the depositing of 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 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.

A. 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. The County does not have a formal policy

relating to custodial credit risk. As of December 31, 2013, \$22,772,120 of the County's bank balances of \$23,294,344 was uninsured and uncollateralized.

B. Investments

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie 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; and shares or certificates in a money market mutual fund as defined in the Act.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. 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. The County's investments as of December 31, 2013 are as follows:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
PTIF Investments - Govt Funds	\$ 13,725,088	\$ 13,725,088	\$ -	\$ -	\$ -
Corporate Bonds - Govt Funds	2,279,375	1,708,931	570,444	-	-
U.S. Agencies - Govt Funds	1,596,792	-	1,596,792	-	-
PTIF Investments - Agency Funds	<u>15,516,144</u>	<u>15,516,144</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 33,117,399</u>	<u>\$ 30,950,163</u>	<u>\$ 2,167,236</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's policy for managing its exposure to fair value loss is to comply with the Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers acceptances, fixed rate negotiable deposits and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable

deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

Credit Risk

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

The County's investment ratings at December 31, 2013 are presented below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AA+</u>	<u>A</u>	<u>A-</u>	<u>Unrated</u>
PTIF Investments - Govt Funds	\$ 13,725,088	\$ -	\$ -	\$ -	\$ 13,725,088
Corporate Bonds - Govt Funds	2,279,375	-	188,571	2,090,804	-
U.S. Agencies - Govt Funds	1,596,792	1,596,792	-	-	-
PTIF Investments - Agency Funds	<u>15,516,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,516,144</u>
Total investments	<u>\$ 33,117,399</u>	<u>\$ 1,596,792</u>	<u>\$ 188,571</u>	<u>\$ 2,090,804</u>	<u>\$ 29,241,232</u>

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 policy for reducing this risk is to comply with the Rules of the Money Management Council. Rule 17 limits investments in a single issuer of commercial paper and corporate obligations to 5 - 10 percent depending upon the total dollar amount held in the portfolio.

Most of the County's investments at December 31, 2013, were with the PTIF and therefore, are not

categorized as to concentration of credit risk. The largest investment in corporate notes, issued by Bank of America Corp., is \$1,000,823, or 3.0 percent, which falls within the acceptable percentage range for a single issuer.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

possession of an outside party. The County does not have a formal policy relating to custodial credit risk.

At December 31, 2013, most of the County's investments were in the PTIF and therefore, not categorized as to custodial credit risk. The corporate notes and U.S. Agency investments do have custodial credit risk exposure. The entire \$3,876,167 is held by the counterparty's trust department or agent in the County's name. These investments are not covered by depository insurance and are not collateralized.

C. Component Units

All component units follow the applicable laws and regulations of the Utah Money Management Act the same as described above for the County.

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of bank failure, the deposits of the component units may not be returned. The Component units do not have formal policies relating to custodial credit risk. As of December 31, 2013, \$2,150,134 of the bank balances of \$3,213,516 of the component units was uninsured and uncollateralized.

Investments

All component units of the County adhere to the Utah Money Management Act as described previously. As of December 31, 2013, the Bear River Health Department

and NPIC held investments in the PTIF which have a maturity of less than one year. The BCIA held various investments, all of which have maturity dates of greater than three months. The investments consist of fixed income securities with a cost of \$479,323, fair value of \$499,401 and unrealized appreciation of \$20,078.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2013, there were interfund balances within the investment pool between governmental funds. The Municipal Services fund had a receivable of \$1,171,251. That amount was payable by the General fund in the amount of \$1,133,621 and the Children's Justice Center fund in the amount of \$37,630.

During the year, the County made interfund transfers as shown in the schedule below. The most significant portion of transfers between funds was that of the General fund to the Debt Service fund. That transfer was made to finance debt payments for the sales tax revenue bonds. Transfers out from the recreation and RAPZ Tax funds were to fund recreational improvements. The transfer from the Municipal Building Authority to the General fund was to facilitate the development of a water master plan. Other transfers were to fund the normal operations of individual funds.

	Transfers out reported in:					Total Transfers In
	General	Municipal Services	Municipal Bldg Authority	Recreation	RAPZ Tax	
Transfers in reported in:						
<i>Major Funds:</i>						
General Fund.....	\$ -	\$ 450,000	\$ 53,311	\$ 12,000	\$ 148,103	\$ 663,414
Municipal Services Fund.....	8,338	-	-	-	9,995	18,333
Capital Projects Fund.....	17,000	-	-	-	-	17,000
<i>Nonmajor Funds:</i>						
CDRA Fund.....	40,000	-	-	-	-	40,000
Visitor's Bureau Fund.....	-	-	-	100,000	-	100,000
Council on Aging Fund.....	195,000	-	-	-	-	195,000
Planning and Development Fund.....	-	1,537	-	-	-	1,537
Debt Service Fund.....	3,270,878	-	-	-	-	3,270,878
Total transfers out.....	<u>\$ 3,531,216</u>	<u>\$ 451,537</u>	<u>\$ 53,311</u>	<u>\$ 112,000</u>	<u>\$ 158,098</u>	<u>\$ 4,306,162</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 4 – CAPITAL ASSETS

Primary Government

Changes in the County's capital assets are as follows:

	Balance 1/1/2013	Additions	Reductions	Balance 12/31/2013
<i>Capital assets, nondepreciable</i>				
Land.....	\$ 2,477,015	\$ 653,422	\$ -	\$ 3,130,437
<i>Capital assets, depreciable</i>				
Buildings.....	22,608,814	42,897	-	22,651,711
Improvements.....	1,978,118	89,902	-	2,068,020
Equipment.....	18,165,524	1,658,087	(114,504)	19,709,107
Infrastructure.....	<u>15,382,048</u>	<u>153,398</u>	<u>-</u>	<u>15,535,446</u>
Totals.....	<u>58,134,504</u>	<u>1,944,284</u>	<u>(114,504)</u>	<u>59,964,284</u>
<i>Accumulated depreciation</i>				
Buildings.....	(5,460,883)	(564,562)	-	(6,025,445)
Improvements.....	(773,023)	(79,870)	-	(852,893)
Equipment.....	(13,547,732)	(1,088,381)	114,451	(14,521,662)
Infrastructure.....	<u>(4,952,104)</u>	<u>(539,941)</u>	<u>-</u>	<u>(5,492,045)</u>
Totals.....	<u>(24,733,742)</u>	<u>(2,272,754)</u>	<u>114,451</u>	<u>(26,892,045)</u>
Total capital assets, net.....	<u>\$ 35,877,777</u>	<u>\$ 324,952</u>	<u>\$ (53)</u>	<u>\$ 36,202,676</u>

Depreciation expense was charged to the functions of the County as follows:

General government.....	\$ 423,469
Public safety.....	953,539
Streets and public improvements.....	774,252
Health and welfare.....	30,016
Culture and recreation.....	<u>91,478</u>
Total depreciation expense.....	<u>\$ 2,272,754</u>

Component Units

Changes in capital assets of component units are as follows:

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
Land.....	\$ 1,996,084	\$ -	\$ -	\$ 1,996,084
Construction in process.....	-	302,753	-	302,753
Buildings and improvements.....	26,154,080	669,366	-	26,823,446
Equipment and machinery.....	3,300,732	1,048,647	(57,740)	4,291,639
Accumulated depreciation.....	<u>(10,713,156)</u>	<u>(1,530,384)</u>	<u>53,140</u>	<u>(12,190,400)</u>
Capital assets, net.....	<u>\$ 20,737,740</u>	<u>\$ 490,382</u>	<u>\$ (4,600)</u>	<u>\$ 21,223,522</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 5 – LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

	<u>Balance</u> <u>1/1/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/13</u>	<u>Due Within</u> <u>One Year</u>
Primary Government					
Sales tax revenue bonds.....	\$ 9,340,000	\$ -	\$ (2,085,000)	\$ 7,255,000	\$ 40,000
Bond Premium.....	<u>4,190</u>	<u>-</u>	<u>(419)</u>	<u>3,771</u>	<u>-</u>
Total bonds payable.....	9,344,190	-	(2,085,419)	7,258,771	40,000
Capital leases.....	-	975,600	-	975,600	210,391
Compensated absences.....	<u>1,652,081</u>	<u>1,315,534</u>	<u>(1,204,595)</u>	<u>1,763,020</u>	<u>1,285,000</u>
Total long-term liabilities.....	<u>\$ 10,996,271</u>	<u>\$ 2,291,134</u>	<u>\$ (3,290,014)</u>	<u>\$ 9,997,391</u>	<u>\$ 1,535,391</u>
Component Units					
Compensated absences.....	\$ 565,000	\$ 292,758	\$ (242,758)	\$ 615,000	\$ 240,000

B. Sales Tax Revenue Bonds

Primary Government

Sales tax revenue bonds payable at December 31, 2013, were as follows:

<u>Purpose</u>	<u>Series</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate %</u>	<u>Original</u> <u>Amount</u>	<u>Balance</u>
Advance refund a portion of the 2002 series.....	2007	12/15/22	4.00 - 4.50	7,580,000	7,255,000
Add unamortized premium.....					<u>3,771</u>
Total sales tax revenue bonds payable.....					<u>\$ 7,258,771</u>

Proceeds from the 2003 sales tax revenue bonds were used to expand the construction of the Public Safety Complex. The County retired the remainder of this debt early on June 15, 2013. The total payment included principal of \$2,045,000 and interest of \$43,325.

Proceeds from the 2007 sales tax revenue bonds were used to advance refund a portion of the Series 2002 sales tax revenue bonds.

The advance refunding will save the County \$305,340 over the total life of the bonds and it brought about a net present value benefit of \$230,303.

<u>Year</u>	<u>Sales Tax Revenue Bonds</u> <u>Debt Service Requirements to Maturity</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014.....	\$ 40,000	\$ 291,310	\$ 331,310
2015.....	780,000	289,610	1,069,610
2016.....	815,000	258,410	1,073,410
2017.....	845,000	225,810	1,070,810
2018.....	885,000	192,010	1,077,010
2019.....	920,000	156,610	1,076,610
2020 - 2022....	<u>2,970,000</u>	<u>243,335</u>	<u>3,213,335</u>
Total.....	<u>\$ 7,255,000</u>	<u>\$ 1,657,095</u>	<u>\$ 8,912,095</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

C. Capital Leases

Primary Government

The County entered in to a capital lease on June 5, 2013, in the amount of \$437,600 for the purchase of fire fighting vehicles and equipment. Lease payments are due annually on June 5, in the amount of \$113,894, until 2017, with an applicable interest rate of 1.63 percent.

The County entered in to an additional capital lease on June 21, 2013, in the amount of \$538,000 for the

purchase of land. Lease payments are due annually on June 21, in the amount of \$113,744, until 2018, with an applicable interest rate of 1.88 percent.

The aggregate cost of assets under capital lease is \$975,600 with accumulated amortization of \$17,576. Amortization expense for fiscal year 2013 was \$17,576.

Debt Service Requirements to Maturity

Year	Fire Trucks		Land Purchase		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014.....	\$ 106,761	\$ 7,133	\$ 103,630	\$ 10,114	\$ 210,391	\$ 17,247
2015.....	108,502	5,393	105,577	8,166	214,079	13,559
2016.....	110,270	3,624	107,563	6,181	217,833	9,805
2017.....	112,067	1,827	109,585	4,159	221,652	5,986
2018.....	-	-	111,645	2,099	111,645	2,099
Total	<u>\$ 437,600</u>	<u>\$ 17,977</u>	<u>\$ 538,000</u>	<u>\$ 30,719</u>	<u>\$ 975,600</u>	<u>\$ 48,696</u>

NOTE 6 – PENSION PLANS

A. Defined Benefit Plans

Cache County contributes to a Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System and a Firefighters Retirement System, all of which are defined benefit pension plans. These plans provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes. These plans are administered by the Utah Retirement Systems (URS) and each is a multiple-employer, cost-sharing pension plan, except for the Public Safety Retirement System, which is a mixed agent and cost-sharing, multiple-employer pension plan.

The Utah State Retirement Act in Chapter 49 provides for the benefits and the administration of the URS systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information

for each of the Plans. A copy of the report may be obtained by writing the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah, 84102-2099, or by calling 800-365-8772.

Plan members in the Local Government Contributory Division Tier 1 are required to contribute 6.00 percent of their annual salary (paid by the County) and the County was required to contribute 12.03 percent to 13.28 percent of their annual covered salary. For plan members in the Local Government Noncontributory Division Tier 2, the County was required to contribute 12.74 to 13.99 of their annual salary. In the Local Government Noncontributory Division Tier 1, the County was required to contribute 16.04 percent to 17.29 percent of the eligible employees' annual covered salary. In the Public Safety Noncontributory Division Tier 1, the County was required to contribute 30.45 percent to 32.14 percent of the eligible employees' annual covered salary. For plan members in the Public Safety Contributory Division Tier 2, the County was required to contribute 19.25 percent to 20.85 percent of their annual covered salary. Members in the Firefighters System were required to contribute 15.05 percent of their annual covered salary (paid by the

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

County) and the County was required to contribute 2.66 percent to 2.96 percent of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of URS are authorized by statute and specified by the Board.

The County contributions to URS for the years ended December 31, 2013, 2012 and 2011 were as follows.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
A. Local Governmental - Contributory			
Employer paid for employee contributions.....	\$ 6,691	\$ 7,344	\$ 7,394
Employer contributions.....	51,535	36,655	14,397
B. Local Governmental - Noncontributory			
Employer contributions.....	856,594	761,004	713,070
C. Public Safety - Contributory			
Employer contributions.....	52,297	19,342	225
D. Public Safety - Noncontributory			
Employer contributions.....	1,335,415	1,179,646	1,125,520
E. Firefighters			
Employer paid for employee contributions.....	18,839	18,268	16,775
Employer contributions.....	3,520	1,958	1,165

All contributions by Cache County were paid by the due dates or within 30 days thereafter and were equal to the required contributions for each year.

B. Defined Contribution Plans

The County maintains a qualified cash or deferred compensation plan under section 401(k) of the Internal Revenue Code that is administered by URS. Under the plan, eligible employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. All of the assets and income of the plans are held in trust for the exclusive benefit of the participants or their beneficiaries. Contributions to the plans were as follows:

	<u>Paid by</u>	<u>Employer Paid</u>	<u>Total</u>
	<u>Employee</u>	<u>For Employee</u>	
2013	\$ 371,946	\$ 121,581	\$ 493,527
2012	297,804	261,133	558,937
2011	289,388	372,746	662,134

C. Component Units

Defined Benefit Plans

BRHD also participated in the Local Government Systems retirement plans administered by URS. The required contribution rates are the same as the County's rates. BRHD's contributions to the system for the years ended December 31, 2013, 2012 and 2011 were as follows:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012	2011
A. Local Governmental - Contributory			
Employer paid for employee contributions.....	\$ 349	\$ 1,823	\$ 1,744
Employer contributions.....	30,015	13,152	3,531
B. Local Governmental - Noncontributory			
Employer contributions.....	594,535	546,515	505,414

All contributions by BRHD were paid by the due dates or within 30 days thereafter and were equal to the required contributions for each year.

Defined Contribution Plan

BRHD maintains a qualified cash or deferred compensation plan under section 401(k) of the Internal Revenue Code that is administered by URS. Under the plan, eligible employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. Contributions of \$363,018, \$378,672 and \$391,600 were made to the 401(k) plan during the years ended December 31, 2013, 2012, and 2011, respectively. Of this amount, \$137,675, \$141,491 and \$150,099 was contributed by employees and \$225,343, \$237,181 and \$241,501 was contributed by BRHD on behalf of employees, respectively.

NOTE 7 – PUBLIC ENTITY RISK POOL

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters. The County is insured through the Utah Local Governments Trust (ULGT), to manage its risk of loss. The County pays an annual premium to ULGT for its general insurance coverage. In addition, the County has purchased commercial insurance related to airport operations, steam boiler usage, employee performance, and workers' compensation.

As of December 31, 2013, there were no outstanding unpaid claims in excess of insurance coverage. Also, the County had no claim settlements over the past three years that exceeded its insurance coverage.

NOTE 8 – COMMITMENTS & CONTINGENCIES

The County collects sales tax under the Restaurant Tax and RAPZ Tax programs enabled by state legislation and awards funds to various entities. Awards become

payable by the County when the conditions of the award are met. At December 31, 2013, there were \$605,783 in Restaurant Tax funds and \$687,878 in RAPZ Tax funds that had been awarded but were not payable because applicable conditions had not been met.

The County has also committed future Restaurant Tax revenues to NPIC for 2014 for facility improvements in the amount of \$92,853.

NOTE 9 – INDUSTRIAL REVENUE BONDS

On October 25, 2006, the County issued Industrial Revenue Bonds on behalf of Sunshine Terrace Foundation, Inc. in the amount of \$5,000,000. Sunshine Terrace is responsible for all bond payments and neither the County nor its resources are liable for repayment. The bonds are scheduled to mature on December 1, 2026.

On December 22, 2006, the County issued \$3,000,000 of Industrial Revenue Bonds on behalf of Lower Foods, Inc. Lower Foods is responsible for all bond payments and neither the County nor its resources are liable for repayment. The bonds are scheduled to mature on December 1, 2026.

NOTE 10 – RELATED PARTY TRANSACTIONS

Primary Government

In addition to the transactions previously described in these notes, the County entered into the following significant transactions with component units:

Airport Authority – The County provided operating funds of \$80,000 based on the budget adopted by the Airport Authority and the agreement with Logan City.

BRHD – The County assessed and collected property taxes in its Health fund and transferred the appropriated amount of property taxes to BRHD to provide operating funds totaling \$747,100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

CCEMS – The County provided operating funds of \$475,000 based on the budget adopted by *CCEMS* and the agreement with Logan City. The County also received contract payments for services provided to *CCEMS* totaling \$581,000.

RSSD – The County’s Municipal Services fund normally performs road construction and maintenance services for *RSSD*, for which *RSSD* pays the County. However, no contract work was performed in 2013.

Component Units

Airport Authority – Logan City provided operating funds of \$80,000 based on the budget adopted by the *Airport Authority* and the agreement with Cache County.

CCEMS – Logan City received contract payments for services provided to *CCEMS* totaling \$1,781,000.

REQUIRED SUPPLEMENTARY INFORMATION

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Property.....	\$ 10,175,089	\$ 10,405,089	\$ 10,487,824	\$ 82,735
Sales and use.....	<u>4,051,235</u>	<u>4,051,235</u>	<u>4,213,711</u>	<u>162,476</u>
	14,226,324	14,456,324	14,701,535	245,211
Other revenues:				
Intergovernmental revenues.....	946,094	1,127,035	578,917	(548,118)
Charges for services.....	4,382,420	4,388,219	4,466,425	78,206
Licenses and permits.....	30,000	30,000	29,250	(750)
Fines and forfeitures.....	145,000	145,000	119,952	(25,048)
Interest and investment income.....	170,000	170,000	142,730	(27,270)
Rental income.....	200,000	200,000	201,626	1,626
Public contributions.....	57,000	57,000	54,826	(2,174)
Miscellaneous revenues.....	<u>75,000</u>	<u>137,731</u>	<u>73,864</u>	<u>(63,867)</u>
Total revenues.....	<u>20,231,838</u>	<u>20,711,309</u>	<u>20,369,125</u>	<u>(342,184)</u>
EXPENDITURES				
General government:				
Council.....	97,060	97,060	94,764	2,296
Water development.....	186,888	292,938	209,102	83,836
Public legal assistance.....	364,861	397,466	342,874	54,592
Executive.....	233,651	233,651	231,229	2,422
Human resources.....	189,737	189,737	178,873	10,864
Geographic information systems.....	67,451	73,451	66,322	7,129
Information technology.....	107,941	115,212	91,277	23,935
Auditor.....	192,190	213,067	201,564	11,503
Clerk.....	158,647	160,662	156,289	4,373
Treasurer.....	21,253	21,253	20,755	498
Recorder.....	184,386	184,386	157,822	26,564
Attorney.....	1,208,677	1,261,452	1,220,631	40,821
Surveyor.....	179,372	189,372	129,668	59,704
Victim services.....	288,439	294,799	284,207	10,592
Elections.....	149,991	179,991	149,096	30,895
Economic development.....	35,000	35,000	35,000	-
USU Ag extension services.....	154,751	154,751	143,659	11,092
Agricultural promotion.....	57,900	97,724	45,828	51,896
Miscellaneous and general.....	584,325	1,366,970	1,300,546	66,424
Contributions to other units.....	<u>763,000</u>	<u>913,000</u>	<u>565,284</u>	<u>347,716</u>
	5,225,520	6,471,942	5,624,790	847,152
Public safety:				
Sheriff patrol.....	3,112,347	3,516,782	3,402,897	113,885
Support services.....	2,140,811	2,346,356	2,239,110	107,246
Search and rescue.....	61,109	84,765	51,271	33,494
Mounted posse.....	28,400	28,400	22,815	5,585
Fire safety.....	428,795	891,766	827,540	64,226
County jail.....	6,689,291	7,037,986	6,725,500	312,486
Animal control.....	87,874	87,873	70,562	17,311
Emergency management.....	<u>239,876</u>	<u>346,314</u>	<u>262,517</u>	<u>83,797</u>
	12,788,503	14,340,242	13,602,212	738,030

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Health and welfare:				
Mental health services.....	185,552	185,552	139,164	46,388
Health services.....	64,760	64,760	64,760	-
Welfare services.....	<u>68,000</u>	<u>68,000</u>	<u>65,708</u>	<u>2,292</u>
	318,312	318,312	269,632	48,680
Culture and recreation:				
Fairgrounds.....	332,398	550,268	438,708	111,560
TV translator station.....	16,800	16,800	12,360	4,440
Library services.....	139,518	140,589	136,395	4,194
Fair and rodeo.....	228,560	228,560	218,247	10,313
Demolition derbies.....	<u>39,000</u>	<u>39,000</u>	<u>18,946</u>	<u>20,054</u>
	<u>756,276</u>	<u>975,217</u>	<u>824,656</u>	<u>150,561</u>
Total expenditures.....	<u>19,088,611</u>	<u>22,105,713</u>	<u>20,321,290</u>	<u>1,784,423</u>
Revenues over (under) expenditures.....	<u>1,143,227</u>	<u>(1,394,404)</u>	<u>47,835</u>	<u>1,442,239</u>
OTHER FINANCING SOURCES (USES)				
Capital leases.....	-	973,600	975,600	2,000
Transfers in:				
Municipal services fund.....	450,000	450,000	450,000	-
Municipal building authority.....	-	53,311	53,311	-
Recreation fund.....	-	159,000	12,000	(147,000)
RAPZ tax fund.....	<u>17,146</u>	<u>147,187</u>	<u>148,103</u>	<u>916</u>
Total transfers in.....	467,146	809,498	663,414	(146,084)
Transfers out:				
Municipal services fund.....	(5,000)	(56,490)	(8,338)	48,152
CDRA fund.....	-	(40,000)	(40,000)	-
Council on aging fund.....	(195,000)	(195,000)	(195,000)	-
Planning and development fund.....	(50,004)	-	-	-
Debt service fund.....	(3,451,878)	(3,270,878)	(3,270,878)	-
Capital projects fund.....	-	(17,000)	(17,000)	-
Total transfers out.....	<u>(3,701,882)</u>	<u>(3,579,368)</u>	<u>(3,531,216)</u>	<u>48,152</u>
Total other financing sources (uses).....	<u>(3,234,736)</u>	<u>(1,796,270)</u>	<u>(1,892,202)</u>	<u>(95,932)</u>
Net change in fund balances.....	(2,091,509)	(3,190,674)	(1,844,367)	1,346,307
Fund balances - January 1.....	<u>8,153,694</u>	<u>8,153,694</u>	<u>8,153,694</u>	-
Fund balances - December 31.....	<u>\$ 6,062,185</u>	<u>\$ 4,963,020</u>	<u>\$ 6,309,327</u>	<u>\$ 1,346,307</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
ASSESSING AND COLLECTING FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Property.....	\$ 2,827,708	\$ 2,833,908	\$ 3,039,744	\$ 205,836
Other revenues:				
Charges for services.....	383,000	383,000	402,148	19,148
Interest income.....	-	-	2,674	2,674
Miscellaneous revenues.....	<u>3,500</u>	<u>3,500</u>	<u>3,516</u>	<u>16</u>
Total revenues.....	<u>3,214,208</u>	<u>3,220,408</u>	<u>3,448,082</u>	<u>227,674</u>
EXPENDITURES				
General government:				
Council.....	10,785	10,785	10,494	291
Executive.....	41,232	41,232	40,499	733
Human resources.....	33,483	33,483	31,566	1,917
Geographic information systems.....	157,385	157,385	154,752	2,633
Information technology.....	611,665	652,870	516,706	136,164
Auditor.....	163,717	179,203	171,702	7,501
Treasurer.....	244,406	244,406	238,677	5,729
Recorder.....	122,924	122,924	105,214	17,710
Attorney.....	119,539	125,036	121,447	3,589
Assessor.....	1,553,417	1,614,257	1,359,102	255,155
Miscellaneous and general.....	108,714	126,288	105,935	20,353
Contributions to other units.....	<u>170,000</u>	<u>170,000</u>	<u>123,348</u>	<u>46,652</u>
Total expenditures.....	<u>3,337,267</u>	<u>3,477,869</u>	<u>2,979,442</u>	<u>498,427</u>
Revenues over (under) expenditures.....	<u>(123,059)</u>	<u>(257,461)</u>	<u>468,640</u>	<u>726,101</u>
Net change in fund balances.....	(123,059)	(257,461)	468,640	726,101
Fund balances - January 1.....	<u>4,078,144</u>	<u>4,078,144</u>	<u>4,078,144</u>	<u>-</u>
Fund balances - December 31.....	<u>\$ 3,955,085</u>	<u>\$ 3,820,683</u>	<u>\$ 4,546,784</u>	<u>\$ 726,101</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
MUNICIPAL SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Sales and use.....	\$ 711,250	\$ 711,250	\$ 757,109	\$ 45,859
Other revenues:				
Intergovernmental.....	1,877,053	1,974,634	2,015,925	41,291
Charges for services.....	544,500	652,121	570,963	(81,158)
Licenses and permits.....	240,300	265,300	269,860	4,560
Interest income.....	25,000	25,000	12,293	(12,707)
Miscellaneous revenues.....	<u>1,100</u>	<u>2,796</u>	<u>8,521</u>	<u>5,725</u>
Total revenues.....	<u>3,399,203</u>	<u>3,631,101</u>	<u>3,634,671</u>	<u>3,570</u>
EXPENDITURES				
General government:				
Zoning administration.....	229,177	322,769	300,052	22,717
Sanitation and waste collection.....	36,000	46,000	44,111	1,889
Miscellaneous expenditures.....	<u>12,500</u>	<u>16,500</u>	<u>17,305</u>	<u>(805)</u>
	277,677	385,269	361,468	23,801
Public safety:				
Sheriff patrol.....	345,816	390,754	378,100	12,654
Fire safety.....	148,522	152,058	151,745	313
Building inspection.....	325,425	338,425	328,279	10,146
Animal control.....	<u>29,291</u>	<u>29,291</u>	<u>23,521</u>	<u>5,770</u>
	849,054	910,528	881,645	28,883
Streets and public improvements:				
Road projects.....	2,766,605	2,831,605	1,969,424	862,181
Weed eradication.....	<u>186,707</u>	<u>222,338</u>	<u>218,180</u>	<u>4,158</u>
	2,953,312	3,053,943	2,187,604	866,339
Culture and recreation:				
Parks and trails.....	95,000	370,941	61,021	309,920
Eccles Ice Center support.....	<u>-</u>	<u>22,000</u>	<u>14,082</u>	<u>7,918</u>
	<u>95,000</u>	<u>392,941</u>	<u>75,103</u>	<u>317,838</u>
Total expenditures.....	<u>4,175,043</u>	<u>4,742,681</u>	<u>3,505,820</u>	<u>1,236,861</u>
Revenues over (under) expenditures.....	<u>(775,840)</u>	<u>(1,111,580)</u>	<u>128,851</u>	<u>1,240,431</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
MUNICIPAL SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General fund.....	5,000	56,490	8,338	(48,152)
Council on aging fund.....	-	1,837	-	(1,837)
RAPZ tax fund.....	-	<u>9,995</u>	<u>9,995</u>	<u>-</u>
Total transfers in.....	5,000	68,322	18,333	(49,989)
Transfers out:				
General fund.....	(450,000)	(450,000)	(450,000)	-
Planning and development fund.....	-	<u>(1,537)</u>	<u>(1,537)</u>	<u>-</u>
Total transfers out.....	<u>(450,000)</u>	<u>(451,537)</u>	<u>(451,537)</u>	<u>-</u>
Total other financing sources (uses)..	<u>(445,000)</u>	<u>(383,215)</u>	<u>(433,204)</u>	<u>(49,989)</u>
Net change in fund balances.....	(1,220,840)	(1,494,795)	(304,353)	1,190,442
Fund balances - January 1.....	<u>4,173,639</u>	<u>4,173,639</u>	<u>4,173,639</u>	<u>-</u>
Fund balances - December 31.....	<u>\$ 2,952,799</u>	<u>\$ 2,678,844</u>	<u>\$ 3,869,286</u>	<u>\$ 1,190,442</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
MENTAL HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Other revenues:				
Intergovernmental.....	\$ 3,000,000	\$ 3,000,000	\$ 2,219,209	\$ (780,791)
Total revenues.....	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,219,209</u>	<u>(780,791)</u>
EXPENDITURES				
Health and welfare:				
Mental health services.....	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,219,209</u>	<u>780,791</u>
Total expenditures.....	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,219,209</u>	<u>780,791</u>
Revenues over expenditures.....	-	-	-	-
Net change in fund balances.....	-	-	-	-
Fund balances - January 1.....	-	-	-	-
Fund balances - December 31.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The County is required by state statute and the Uniform Fiscal Procedures Act for Utah Counties to adopt annual budgets for its governmental funds on or before December 15, for the succeeding fiscal year beginning January 1. This budget is shown as the original budget on the budgetary comparison schedules. Final budgets include the original budget amounts plus any amendments made to the budget during the year by the County Council through formal resolution.

The budgets for the County’s funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at year end. Project-length financial plans have been adopted for the Capital Projects Fund.

The County complies with the following procedures in establishing the budgetary data reflected in the financial statements:

1. On or before November 1, the County Executive prepares a tentative budget for the next budget year, with the assistance of the County Auditor and Finance Director.
2. A public hearing is then held on the adoption of the budget.
3. After the public hearing the County Council makes final adjustments to the tentative budget.

4. On or before December 15, the County Council adopts the budget by resolution.
5. Department heads may transfer unexpended budgeted amounts within their departments with approval of the County Council.
6. The County Council may transfer unexpended budgeted amounts from one department to another in the same fund by resolution.
7. Budget appropriations may be increased only after a public hearing has been held and followed by resolution of the County Council.

NOTE 2 – BUDGETED FUND BALANCE

Each fund had a balanced budget in accordance with state law. As allowed by state law, the County Council has authorized the use of unassigned fund balances to provide the necessary resources to balance each fund’s budget.

NOTE 3 – ENCUMBRANCES

The County uses encumbrances during the year to recognize the use of appropriations. The County’s policy is for all appropriations to lapse at year end. Therefore, there are no encumbrances at year end.

SUPPLEMENTARY INFORMATION

C A C H E C O U N T Y

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2013**

	Special Revenue										Total Nonmajor Governmental Funds	
	Municipal Building	CDRA	Health	Visitor's Bureau	Council on Aging	Recreation	Planning and Development	Children's Justice Center	RAPZ Tax	Ambulance		Debt Service
ASSETS												
Cash and cash equivalents.....	\$ -	\$ -	\$ 337,350	\$ 225	\$ 90	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ 337,765
Equity in investment pool.....	-	15,940	692,593	711,450	232,672	1,119,104	-	-	1,596,953	386,282	998,354	5,753,348
Taxes receivable.....	-	-	64,000	52,286	-	196,161	-	-	228,616	-	-	541,063
Accrued interest.....	-	-	973	-	-	-	-	-	-	-	-	973
Due from other governments.....	-	-	-	4,139	81,712	-	-	41,782	-	3,356	-	130,989
Total assets.....	<u>\$ -</u>	<u>\$ 15,940</u>	<u>\$ 1,094,916</u>	<u>\$ 768,100</u>	<u>\$ 314,474</u>	<u>\$ 1,315,265</u>	<u>\$ -</u>	<u>\$ 41,882</u>	<u>\$ 1,825,569</u>	<u>\$ 389,638</u>	<u>\$ 998,354</u>	<u>\$ 6,764,138</u>
LIABILITIES												
Interfund payable - investment pool.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,630	\$ -	\$ -	\$ -	\$ -	\$ 37,630
Accounts payable and accrued liabilities...	-	-	-	18,607	9,992	4,229	-	1,567	8,187	95,976	-	138,558
Unearned revenues.....	-	-	-	-	1,300	-	-	-	-	-	-	1,300
Total liabilities.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,607</u>	<u>11,292</u>	<u>4,229</u>	<u>-</u>	<u>39,197</u>	<u>8,187</u>	<u>95,976</u>	<u>-</u>	<u>177,488</u>
DEFERRED INFLOWS OF RESOURCES												
Delinquent property taxes.....	\$ -	\$ -	\$ 64,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,000
Total deferred inflows of resources.....	<u>-</u>	<u>-</u>	<u>64,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,000</u>
FUND BALANCE												
Restricted for:												
Air pollution control.....	-	-	13,422	-	-	-	-	-	-	-	-	13,422
Ambulance services.....	-	-	-	-	-	-	-	-	293,662	-	-	293,662
Health services.....	-	-	1,017,494	-	-	-	-	-	-	-	-	1,017,494
Parks and recreation.....	-	-	-	749,493	-	1,311,036	-	-	1,817,382	-	-	3,877,911
Other purposes.....	-	15,940	-	-	8,671	-	-	2,685	-	-	-	27,296
Assigned to:												
Debt service.....	-	-	-	-	-	-	-	-	-	-	998,354	998,354
Health and welfare.....	-	-	-	-	294,511	-	-	-	-	-	-	294,511
Unassigned.....	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances.....	<u>-</u>	<u>15,940</u>	<u>1,030,916</u>	<u>749,493</u>	<u>303,182</u>	<u>1,311,036</u>	<u>-</u>	<u>2,685</u>	<u>1,817,382</u>	<u>293,662</u>	<u>998,354</u>	<u>6,522,650</u>
Total liabilities, deferred inflows of resources and fund balances.....	<u>\$ -</u>	<u>\$ 15,940</u>	<u>\$ 1,094,916</u>	<u>\$ 768,100</u>	<u>\$ 314,474</u>	<u>\$ 1,315,265</u>	<u>\$ -</u>	<u>\$ 41,882</u>	<u>\$ 1,825,569</u>	<u>\$ 389,638</u>	<u>\$ 998,354</u>	<u>\$ 6,764,138</u>

C A C H E C O U N T Y

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Special Revenue										Total Nonmajor Governmental Funds	
	Municipal Building	CDRA	Health	Visitor's Bureau	Council on Aging	Recreation	Planning and Development	Children's Justice Center	RAPZ Tax	Ambulance		Debt Service
REVENUES												
Taxes:												
Property.....	\$ -	\$ -	\$ 864,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 864,369
Sales and use.....	-	-	-	442,814	-	1,126,268	-	-	1,215,858	-	-	2,784,940
	-	-	864,369	442,814	-	1,126,268	-	-	1,215,858	-	-	3,649,309
Other revenues:												
Intergovernmental.....	53,311	-	-	68,225	342,758	-	-	167,336	-	584,356	-	1,215,986
Charges for services.....	-	-	-	27,247	93,811	-	-	-	-	-	-	121,058
Interest income.....	-	-	745	-	-	-	-	-	-	-	22	767
Public contributions.....	-	-	-	1,000	12,687	-	-	-	-	-	-	13,687
Miscellaneous revenues.....	-	-	-	50	9,252	-	-	11	-	-	-	9,313
Total revenues.....	<u>53,311</u>	<u>-</u>	<u>865,114</u>	<u>539,336</u>	<u>458,508</u>	<u>1,126,268</u>	<u>-</u>	<u>167,347</u>	<u>1,215,858</u>	<u>584,356</u>	<u>22</u>	<u>5,010,120</u>
EXPENDITURES												
General government.....	-	24,060	-	-	-	-	-	-	-	-	-	24,060
Public safety.....	-	-	-	-	-	-	-	167,540	-	543,440	-	710,980
Health and welfare.....	-	-	775,100	-	622,664	-	-	-	-	-	-	1,397,764
Culture and recreation.....	-	-	-	548,843	-	994,613	-	-	952,853	-	-	2,496,309
Debt service principal.....	-	-	-	-	-	-	-	-	-	-	2,085,000	2,085,000
Debt service interest.....	-	-	-	-	-	-	-	-	-	-	340,984	340,984
Total expenditures.....	<u>-</u>	<u>24,060</u>	<u>775,100</u>	<u>548,843</u>	<u>622,664</u>	<u>994,613</u>	<u>-</u>	<u>167,540</u>	<u>952,853</u>	<u>543,440</u>	<u>2,425,984</u>	<u>7,055,097</u>
Revenues over (under) expenditures.....	53,311	(24,060)	90,014	(9,507)	(164,156)	131,655	-	(193)	263,005	40,916	(2,425,962)	(2,044,977)
OTHER FINANCING SOURCES (USES)												
Transfers in.....	-	40,000	-	100,000	195,000	-	1,537	-	-	-	3,270,878	3,607,415
Transfers out.....	(53,311)	-	-	-	-	(112,000)	-	-	(158,098)	-	-	(323,409)
Total other financing sources (uses).....	<u>(53,311)</u>	<u>40,000</u>	<u>-</u>	<u>100,000</u>	<u>195,000</u>	<u>(112,000)</u>	<u>1,537</u>	<u>-</u>	<u>(158,098)</u>	<u>-</u>	<u>3,270,878</u>	<u>3,284,006</u>
Net change in fund balances.....	-	15,940	90,014	90,493	30,844	19,655	1,537	(193)	104,907	40,916	844,916	1,239,029
Fund balances - January 1.....	-	-	940,902	659,000	272,338	1,291,381	(1,537)	2,878	1,712,475	252,746	153,438	5,283,621
Fund balances - December 31.....	<u>\$ -</u>	<u>\$ 15,940</u>	<u>\$ 1,030,916</u>	<u>\$ 749,493</u>	<u>\$ 303,182</u>	<u>\$ 1,311,036</u>	<u>\$ -</u>	<u>\$ 2,685</u>	<u>\$ 1,817,382</u>	<u>\$ 293,662</u>	<u>\$ 998,354</u>	<u>\$ 6,523,650</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
MUNICIPAL BUILDING FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Other revenues:				
Intergovernmental revenues.....	\$ -	\$ 53,311	\$ 53,311	\$ -
Total revenues.....	-	53,311	53,311	-
Revenues over (under) expenditures.....	-	53,311	53,311	-
OTHER FINANCING USES				
Transfers out:				
General fund.....	-	(53,311)	(53,311)	-
Total other financing uses.....	-	(53,311)	(53,311)	-
Net change in fund balances.....	-	-	-	-
Fund balances - January 1.....	-	-	-	-
Fund balances - December 31.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
CDRA FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES				
General government:				
Redevelopment Agency.....	\$ -	\$ 40,000	\$ 24,060	\$ 15,940
Total expenditures.....	-	40,000	24,060	15,940
Revenues under expenditures	-	(40,000)	(24,060)	15,940
OTHER FINANCING SOURCES				
Transfers in:				
General fund.....	-	40,000	40,000	-
Total other financing sources.....	-	40,000	40,000	-
Net change in fund balances.....	-	-	15,940	15,940
Fund balances - January 1.....	-	-	-	-
Fund balances - December 31.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,940</u>	<u>\$ 15,940</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Property.....	\$ 853,002	\$ 853,002	\$ 864,369	\$ 11,367
Other revenues:				
Interest income.....	-	-	745	745
Total revenues.....	<u>853,002</u>	<u>853,002</u>	<u>865,114</u>	<u>12,112</u>
EXPENDITURES				
Health and welfare:				
Air pollution control.....	28,000	28,000	28,000	-
Bear River Health Department.....	<u>747,100</u>	<u>747,100</u>	<u>747,100</u>	-
Total expenditures.....	<u>775,100</u>	<u>775,100</u>	<u>775,100</u>	-
Revenues over expenditures.....	<u>77,902</u>	<u>77,902</u>	<u>90,014</u>	<u>12,112</u>
Net change in fund balances.....	77,902	77,902	90,014	12,112
Fund balances - January 1.....	<u>940,902</u>	<u>940,902</u>	<u>940,902</u>	-
Fund balances - December 31.....	<u>\$ 1,018,804</u>	<u>\$ 1,018,804</u>	<u>\$ 1,030,916</u>	<u>\$ 12,112</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
VISITOR'S BUREAU FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Sales and use.....	\$ 399,092	\$ 399,092	\$ 442,814	\$ 43,722
Other revenues:				
Intergovernmental.....	23,454	95,808	68,225	(27,583)
Charges for services.....	30,000	30,000	27,247	(2,753)
Public contributions.....	6,750	6,750	1,000	(5,750)
Miscellaneous revenues.....	-	-	50	50
Total revenues.....	<u>459,296</u>	<u>531,650</u>	<u>539,336</u>	<u>7,686</u>
EXPENDITURES				
Culture and recreation:				
Cache Valley Visitor's Bureau.....	<u>459,296</u>	<u>660,965</u>	<u>548,843</u>	<u>112,122</u>
Total expenditures.....	<u>459,296</u>	<u>660,965</u>	<u>548,843</u>	<u>112,122</u>
Revenues over (under) expenditures.....	-	(129,315)	(9,507)	119,808
OTHER FINANCING SOURCES				
Transfers in:				
Recreation fund.....	-	<u>100,000</u>	<u>100,000</u>	-
Total other financing sources.....	-	<u>100,000</u>	<u>100,000</u>	-
Net change in fund balances.....	-	(29,315)	90,493	119,808
Fund balances - January 1.....	<u>659,000</u>	<u>659,000</u>	<u>659,000</u>	-
Fund balances - December 31.....	<u>\$ 659,000</u>	<u>\$ 629,685</u>	<u>\$ 749,493</u>	<u>\$ 119,808</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
COUNCIL ON AGING FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Other revenues:				
Intergovernmental.....	\$ 352,534	\$ 351,734	\$ 342,758	\$ (8,976)
Charges for services.....	119,200	119,200	93,811	(25,389)
Public contributions.....	10,667	15,667	12,687	(2,980)
Miscellaneous revenues.....	<u>5,100</u>	<u>5,100</u>	<u>9,252</u>	<u>4,152</u>
Total revenues.....	<u>487,501</u>	<u>491,701</u>	<u>458,508</u>	<u>(33,193)</u>
EXPENDITURES				
Health and welfare:				
Nutrition.....	400,176	400,176	348,574	51,602
Senior center.....	136,179	148,922	122,977	25,945
Retired service volunteer program.....	57,250	58,750	47,795	10,955
Access.....	<u>117,032</u>	<u>117,032</u>	<u>103,318</u>	<u>13,714</u>
Total expenditures.....	<u>710,637</u>	<u>724,880</u>	<u>622,664</u>	<u>102,216</u>
Revenues under expenditures.....	<u>(223,136)</u>	<u>(233,179)</u>	<u>(164,156)</u>	<u>69,023</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General fund.....	<u>195,000</u>	<u>195,000</u>	<u>195,000</u>	<u>-</u>
Total transfers in.....	<u>195,000</u>	<u>195,000</u>	<u>195,000</u>	<u>-</u>
Transfers out:				
Municipal services fund.....	<u>(437)</u>	<u>(1,837)</u>	<u>-</u>	<u>1,837</u>
Total transfers out.....	<u>(437)</u>	<u>(1,837)</u>	<u>-</u>	<u>1,837</u>
Total other financing sources (uses).....	<u>194,563</u>	<u>193,163</u>	<u>195,000</u>	<u>1,837</u>
Net change in fund balances.....	(28,573)	(40,016)	30,844	70,860
Fund balances - January 1.....	<u>272,338</u>	<u>272,338</u>	<u>272,338</u>	<u>-</u>
Fund balances - December 31.....	<u>\$ 243,765</u>	<u>\$ 232,322</u>	<u>\$ 303,182</u>	<u>\$ 70,860</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Sales and use.....	\$ 1,173,334	\$ 1,173,334	\$ 1,126,268	\$ (47,066)
Total revenues.....	<u>1,173,334</u>	<u>1,173,334</u>	<u>1,126,268</u>	<u>(47,066)</u>
EXPENDITURES				
Culture and recreation:				
Recreation and tourism promotion.....	1,173,334	1,882,598	994,613	887,985
Total expenditures.....	<u>1,173,334</u>	<u>1,882,598</u>	<u>994,613</u>	<u>887,985</u>
Revenues over (under) expenditures.....	<u>-</u>	<u>(709,264)</u>	<u>131,655</u>	<u>840,919</u>
OTHER FINANCING USES				
Transfers out:				
General fund.....	-	(147,000)	(12,000)	135,000
Visitor's Bureau fund.....	-	(100,000)	(100,000)	-
Total other financing uses.....	<u>-</u>	<u>(247,000)</u>	<u>(112,000)</u>	<u>135,000</u>
Net change in fund balances.....	-	(956,264)	19,655	975,919
Fund balances - January 1.....	<u>1,291,381</u>	<u>1,291,381</u>	<u>1,291,381</u>	<u>-</u>
Fund balances - December 31.....	<u>\$ 1,291,381</u>	<u>\$ 335,117</u>	<u>\$ 1,311,036</u>	<u>\$ 975,919</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
PLANNING AND DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Other Revenues:				
Charges for services.....	\$ 50,004	\$ -	\$ -	\$ -
Total revenues.....	<u>50,004</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
General government:				
Recreation and tourism promotion.....	99,529	-	-	-
Total expenditures.....	<u>99,529</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures.....	<u>(49,525)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES				
Transfers in:				
General fund.....	50,004	-	-	-
Municipal services fund.....	-	1,537	1,537	-
Total other financing sources.....	<u>50,004</u>	<u>1,537</u>	<u>1,537</u>	<u>-</u>
Net change in fund balances.....	479	1,537	1,537	-
Fund balances - January 1.....	<u>(1,537)</u>	<u>(1,537)</u>	<u>(1,537)</u>	<u>-</u>
Fund balances - December 31.....	<u>\$ (1,058)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
CHILDREN'S JUSTICE CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Other revenues:				
Intergovernmental.....	\$ 169,622	\$ 178,715	\$ 167,336	\$ (11,379)
Miscellaneous revenue.....	<u>35,667</u>	<u>18,024</u>	<u>11</u>	<u>(18,013)</u>
Total revenues.....	<u>205,289</u>	<u>196,739</u>	<u>167,347</u>	<u>(29,392)</u>
EXPENDITURES				
Public safety:				
Children's services.....	<u>178,715</u>	<u>178,715</u>	<u>167,540</u>	<u>11,175</u>
Total expenditures.....	<u>178,715</u>	<u>178,715</u>	<u>167,540</u>	<u>11,175</u>
Revenues over (under) expenditures.....	<u>26,574</u>	<u>18,024</u>	<u>(193)</u>	<u>(18,217)</u>
Net change in fund balances.....	26,574	18,024	(193)	(18,217)
Fund balances - January 1.....	<u>2,878</u>	<u>2,878</u>	<u>2,878</u>	<u>-</u>
Fund balances - December 31.....	<u>\$ 29,452</u>	<u>\$ 20,902</u>	<u>\$ 2,685</u>	<u>\$ (18,217)</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
RAPZ TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Sales and use.....	\$ 1,143,081	\$ 1,143,081	\$ 1,215,858	\$ 72,777
Total revenues.....	<u>1,143,081</u>	<u>1,143,081</u>	<u>1,215,858</u>	<u>72,777</u>
EXPENDITURES				
Culture and recreation:				
Programs and projects.....	1,125,935	1,660,444	952,853	707,591
Total expenditures.....	<u>1,125,935</u>	<u>1,660,444</u>	<u>952,853</u>	<u>707,591</u>
Revenues over (under) expenditures.....	<u>17,146</u>	<u>(517,363)</u>	<u>263,005</u>	<u>780,368</u>
OTHER FINANCING USES				
Transfers out:				
General fund.....	(17,146)	(148,103)	(148,103)	-
Municipal services fund.....	-	(9,995)	(9,995)	-
Total other financing uses.....	<u>(17,146)</u>	<u>(158,098)</u>	<u>(158,098)</u>	<u>-</u>
Net change in fund balances.....	-	(675,461)	104,907	780,368
Fund balances - January 1.....	<u>1,712,475</u>	<u>1,712,475</u>	<u>1,712,475</u>	<u>-</u>
Fund balances - December 31.....	<u>\$ 1,712,475</u>	<u>\$ 1,037,014</u>	<u>\$ 1,817,382</u>	<u>\$ 780,368</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
AMBULANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Other revenues:				
Intergovernmental.....	\$ 581,000	\$ 581,000	\$ 584,356	\$ 3,356
Total revenues.....	<u>581,000</u>	<u>581,000</u>	<u>584,356</u>	<u>3,356</u>
EXPENDITURES				
Public safety:				
Ambulance services.....	<u>578,733</u>	<u>578,733</u>	<u>543,440</u>	<u>35,293</u>
Total expenditures.....	<u>578,733</u>	<u>578,733</u>	<u>543,440</u>	<u>35,293</u>
Revenues over expenditures.....	<u>2,267</u>	<u>2,267</u>	<u>40,916</u>	<u>38,649</u>
Net change in fund balances.....	2,267	2,267	40,916	38,649
Fund balances - January 1.....	<u>252,746</u>	<u>252,746</u>	<u>252,746</u>	<u>-</u>
Fund balances - December 31.....	<u>\$ 255,013</u>	<u>\$ 255,013</u>	<u>\$ 293,662</u>	<u>\$ 38,649</u>

C A C H E C O U N T Y

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Other revenues:				
Interest income.....	\$ -	\$ -	\$ 22	\$ 22
Total revenues.....	-	-	22	22
EXPENDITURES				
Debt service:				
Principal.....	2,235,000	2,085,000	2,085,000	-
Interest	349,485	343,485	340,984	2,501
Total expenditures.....	2,584,485	2,428,485	2,425,984	2,501
Revenues under expenditures.....	(2,584,485)	(2,428,485)	(2,425,962)	2,523
OTHER FINANCING SOURCES				
Transfers in:				
General fund.....	3,451,878	3,270,878	3,270,878	-
Total other financing sources.....	3,451,878	3,270,878	3,270,878	-
Net change in fund balances.....	867,393	842,393	844,916	2,523
Fund balances - January 1.....	153,438	153,438	153,438	-
Fund balances - December 31.....	\$ 1,020,831	\$ 995,831	\$ 998,354	\$ 2,523

C A C H E C O U N T Y

**COMBINING SCHEDULE OF FIDUCIARY NET POSITION
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Fee Trust Fund</u>	<u>Health Department 125 Plan</u>	<u>Treasurer's Tax Fund</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and cash equivalents.....	\$ -	\$ 15,623	\$ 24,928,880	\$ 24,944,503
Equity in investment pool.....	211,377	-	-	211,377
Taxes receivable.....	-	-	829,615	829,615
Total assets.....	<u>\$ 211,377</u>	<u>\$ 15,623</u>	<u>\$ 25,758,495</u>	<u>\$ 25,985,495</u>
LIABILITIES				
Due to other taxing units.....	\$ -	\$ -	\$ 25,061,759	\$ 25,061,759
Due to employees.....	-	15,623	-	15,623
Refunds payable.....	-	-	696,736	696,736
Other payables.....	211,377	-	-	211,377
Total liabilities.....	<u>\$ 211,377</u>	<u>\$ 15,623</u>	<u>\$ 25,758,495</u>	<u>\$ 25,985,495</u>

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COMPONENT UNITS

C A C H E C O U N T Y

**COMBINING STATEMENT OF NET POSITION
NORTH PARK INTERLOCAL COOPERATIVE
AS OF DECEMBER 31, 2013**

	2013		
	North Park Interlocal Cooperative	Bridgerland Community Ice Arena	Total
ASSETS			
Cash and cash equivalents.....	\$ 133	\$ 296,351	\$ 296,484
Accounts receivable, net.....	-	12,766	12,766
Pledges receivable, net.....	-	10,656	10,656
Restricted cash and investments.....	202	-	202
Investments.....	-	499,401	499,401
Inventory.....	-	4,114	4,114
Other assets.....	-	11,197	11,197
Noncurrent pledges receivable, net.....	-	13,477	13,477
Capital assets:			
Buildings, improvements and equipment.....	4,516,695	410,445	4,927,140
Accumulated depreciation.....	<u>(1,197,400)</u>	<u>(282,929)</u>	<u>(1,480,329)</u>
Total assets.....	<u>3,319,630</u>	<u>975,478</u>	<u>4,295,108</u>
LIABILITIES			
Accounts payable and accrued liabilities.....	<u>-</u>	<u>24,796</u>	<u>24,796</u>
Total liabilities.....	<u>-</u>	<u>24,796</u>	<u>24,796</u>
NET POSITION			
Net investment in capital assets.....	3,319,295	127,516	3,446,811
Restricted for:			
Capital projects.....	-	242,425	242,425
Debt service.....	202	-	202
Other purposes.....	-	381,932	381,932
Unrestricted.....	<u>133</u>	<u>198,809</u>	<u>198,942</u>
Total net position.....	<u>\$ 3,319,630</u>	<u>\$ 950,682</u>	<u>\$ 4,270,312</u>

C A C H E C O U N T Y

COMBINING STATEMENT OF ACTIVITIES
 NORTH PARK INTERLOCAL COOPERATIVE
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>North Park Interlocal Cooperative</u>	<u>Bridgerland Community Ice Arena</u>	<u>Total</u>
Expenses.....	\$ 114,882	\$ 737,493	\$ 852,375
 Program revenues			
Charges for services.....	-	474,843	474,843
Operating grants and contributions.....	-	<u>395,826</u>	<u>395,826</u>
Total program revenues.....	-	<u>870,669</u>	<u>870,669</u>
Net revenues (expenses).....	<u>(114,882)</u>	<u>133,176</u>	<u>18,294</u>
 General revenues			
Interest income.....	<u>1</u>	<u>11,006</u>	<u>11,007</u>
Total general revenues.....	<u>1</u>	<u>11,006</u>	<u>11,007</u>
Change in net assets.....	(114,881)	144,182	29,301
Net position - beginning.....	<u>3,434,511</u>	<u>806,500</u>	<u>4,241,011</u>
Net position - ending.....	<u>\$ 3,319,630</u>	<u>\$ 950,682</u>	<u>\$ 4,270,312</u>

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CACHE COUNTY
SINGLE AUDIT REPORTS

C A C H E C O U N T Y

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Grant No.</u>	<u>Expenditures</u>
U.S. Department of Agriculture (USDA)			
<i>Direct Program</i>			
Secure Rural Schools-Title I	10.665	FY2012	190,395
Secure Rural Schools-Title III	10.665	FY2012	31,359
NRCS Canal Project - FA	10.923	68-8D43-10-14	8,082,015
NRCS River Restoration TA	10.923	68-8D43-12-12	683,290
NRCS River Restoration FA	10.923	68-8D43-12-13	5,631,738
NRCS Millville Face Fire Exigency Project	10.923	68-8D43-13-67	83,371
<i>Passed through Utah Weed Supervisors Association</i>			
FS-Noxious Weed Control	10.025	201307A	3,000
<i>Passed through Bear River Association of Governments</i>			
Elderly Feeding Program, Cash-In-Lieu (Title III C-1 CIC)	10.550	FY 13-14	19,470
Elderly Feeding Program, Cash-In-Lieu (Title III C-2 CIH)	10.550	FY 12-13	45,961
<i>Passed through Utah Department of Health</i>			
Special Supplemental Food Program for Women, Infants and Children:			
WIC Administrative Costs 2013	10.557	C7	722,554
WIC Administrative Costs 2014	10.557	C7	232,408
WIC Vouchers 2013	10.557	C7	1,988,593
WIC Vouchers 2014	10.557	C7	623,985
Summer Food 2014 (166)	10.559	C6-IV	100
Total USDA			18,338,239
U.S. Environmental Protection Agency (EPA)			
<i>Direct Program</i>			
DEQ Drinking Water 2013 (121)	66.468	130034	5,655
DEQ Drinking Water 2014 (121)	66.468	130034	5,655
DEQ Environmental Services 2013 (115,120,135)	66.605	130034	1,500
DEQ Environmental Services 2014 (115,120,135)	66.605	130034	1,500
Total EPA			14,310

C A C H E C O U N T Y

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Grant No.</u>	<u>Expenditures</u>
U.S. Department of Health & Human Services (HHS)			
<i>Passed through Bear River Association of Governments</i>			
Aging Cluster			
Special Programs for Aging, Title III, Part B	93.044	FY 13-14	40,059
Special Programs for Aging, CMM Title III, Part C1	93.045	FY 12-13	14,964
Special Programs for Aging, CMM Title III, Part C1	93.045	FY 13-14	7,426
Special Programs for Aging, HDM Title III, Part C2	93.045	FY 12-13	54,802
Special Programs for Aging, HDM Title III, Part C2	93.045	FY 13-14	3,328
Special Programs for Aging, IIID PHP	93.045	FY 12-13	693
Health Insurance Counseling	93.779	FY 12-13	308
Health Insurance Counseling	93.779	FY 13-14	935
<i>Passed through State Department of Health</i>			
General Federal Block MHF	93.958	130023 - Amd #1 (12-13)	53,662
General Federal Block MHF	93.958	130023 - Amd #2 (13-14)	51,114
Federal Block Children MHX	93.958	130023 - Amd #1 (12-13)	13,976
Federal Block Children MHX	93.958	130023 - Amd #2 (13-14)	15,500
General Federal Block FRF	93.958	140208 - Amd #1 (12-13)	4,033
General Federal Block FRF	93.958	140208 - Amd #2 (13-14)	4,450
System of Care Expansion and Planning - SOC	93.104	131998 - Amd #1 (12-13)	1,484
NAACHO 2014 (734)	93.008	MRC 13 473	4,000
NAACHO 2014 (735)	93.008	MRC 13 2333	4,000
NAACHO 2014 (736)	93.008	MRC 13 0158	4,000
NAACHO 2014 (736)	93.008	MRC 13 158	7,000
Bioterrorism Grant 2013	93.069	C8-1	168,677
Bioterrorism Grant 2014	93.069	C8-1	181,649
PREP 2013 (118)	93.092	C4-I	29,477
PREP 2014 (118)	93.092	C4-I	43,941
FDA Standards 2013 (118)	93.103	1U18FD004665-01	41,723
FDA Standards 2014 (118)	93.103	5U18FD004665-02	20,357
TB Elimination 2012	93.116	C5-I	5,544
MVP Parent Class (222)	93.136	C3-III	2,204
Immunization 2013 (23)	93.268	C5-V	63,643
Drug Free Communities 2013 (360)	93.276	5H79SP015878-04	47,481
Drug Free Communities 2014 (360)	93.276	5H79SP015878-03	80,697
Cancer Control 2013 (40,41)	93.283	C3-I	24,473
Cancer Control 2014 (40,41)	93.283	C9-I	19,229
Diabetes 2013 (280)	93.283	C3-VI	6,127

C A C H E C O U N T Y

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Grant No.</u>	<u>Expenditures</u>
Tobacco Control Core Capacity Building 2013 (231)	93.283	C3-V	23,036
Tobacco Control Core Capacity Building 2014 (231)	93.283	C10-II	23,111
HAI 2013 (18)	93.521	131616	3,391
HAI 2014 (18)	93.521	131616	2,691
Community Transformation Capacity 2013 (260)	93.531	C3-XX	15,749
Community Transformation Capacity 2014 (260)	93.531	C3-IV	19,132
School Located Vaccination Clinic 2013 (27)	93.539	PPHF	229,170
Outreach to Employer Groups 2013 (20)	93.539	PPHF	5,167
TB Special Populations 2013 (97)	93.566	C5-IV	30,719
Cancer Control 2013 (40,41)	93.744	C3-I	3,720
Cancer Control 2014 (40,41)	93.744	C9-II	3,720
Case Management 2013 (38)	93.778	CI-II	28,446
Case Management 2014 (38)	93.778	CI-II	29,607
CHEC 2013 (44)	93.778	CI-I	19,339
CHEC 2014 (44)	93.778	CI-I	15,195
Healthy Kids Healthy Families 2013 (66)	93.778	CI-V	46,001
Healthy Kids Healthy Families 2014 (66)	93.778	CI-IV	47,421
State Medical Reserve Corp. 2013 (732,733)	93.889	C8-II	3,969
State Medical Reserve Corp. 2014 (732,733)	93.889	C8-II	12,827
Regional Healthcare Preparedness 2013 (730)	93.889	C8-III	91,687
Regional Healthcare Preparedness 2014 (730)	93.889	C8-III	97,091
AIDS/HIV 2013 (16)	93.940	C5-III	5,000
Arthritis 2013 (240)	93.945	C3-IX	5,516
Arthritis 2014 (240)	93.945	C3-V	5,436
Substance Abuse - SAPT Block Grant 2013	93.959	122435	266,722
Substance Abuse - SAPT Block Grant 2014	93.959	122435	445,647
STD Basic 2013 (25)	93.977	C5-II	4,200
Injury Prevention 2013 (218)	93.991	C3-III	8,259
Injury Prevention 2014 (218)	93.991	C3-II	3,193
Preventative Block Grant (Cardio) 2013 (270)	93.991	C3-II	10,609
Preventative Block Grant (Cardio) 2014 (270)	93.991	C3-I	5,226
MCH Community Injury 2013 (216,217)	93.994	C3-III	19,885
MCH Community Injury 2014 (216,217)	93.994	C3-II	25,520
Home Visitation 2013 (61)	93.994	C4-I	9,600
Home Visitation 2014 (61)	93.994	C4-I	9,600

C A C H E C O U N T Y

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Grant No.</u>	<u>Expenditures</u>
Maternal & Child Health 2013 (49,56,70,71,74)	93.994	C4-I	45,099
Maternal & Child Health 2014 (49,56,70,71,74)	93.994	C4-I	47,099
Total HHS			2,688,756
U.S. Department of Interior (DOI)			
<i>Direct Program</i>			
BOR Water Master Plan	15.507	R11AP40084	23,534
<i>Passed through the State Division of Wildlife Resources</i>			
Pittman-Robertson Program	15.611	N/A	9,053
Total DOI			32,587
U.S. Department of Justice (DOJ)			
<i>Passed through State Office of the Attorney General</i>			
State Criminal Alien Assistance Program	16.606	2013-AP-BX-0613	10,652
Bulletproof Vest Partnership Program	16.607	DOJ 2009	4,403
Bulletproof Vest Partnership Program	16.607	DOJ 2011	2,099
Victim Assistance Services Grant	16.575	12-VOCA-04	53,390
Victim Assistance Services Grant	16.575	12-VOCA-05	5,615
Victim Assistance Services Grant	16.575	12-VOCA-06	4,073
Victim Assistance Services Grant	16.575	13-VOCA-04	48,757
Victim Assistance Services Grant	16.575	13-VOCA-05	2,472
Victim Assistance Services Grant	16.575	13-VOCA-06	1,845
Violence Against Women Grant - Prosecutions	16.588	12-VAWA-03	19,136
Violence Against Women Grant - Prosecutions	16.588	12-VAWA-04	53,833
UCCJJ Justice Assistance Grant (JAG)	16.738	12A110	5,000
Total DOJ			211,275
U.S. Department of Transportation (DOT)			
<i>Direct Program</i>			
Airport Improvement Project #23 Aircraft Rescue/ARFF	20.106	DOT-FA12NM-1052	576,630
Wildlife Assessment and Management Plan (WHMA)	20.106	DOT-FA12NM-1054	50,851
Construction Taxiway J (Juliet)	20.106	DOT-FA13NM-1046	468,045
<i>Passed through State Department of Transportation</i>			
Logan Canyon Scenic Byway - Projects	20.205	SB-UT08(004)	15,131
CMPO 2013 (114)	20.205	128730	93,230
CMPO 2014 (114)	20.205	128730	69,112

C A C H E C O U N T Y

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Grant No.</u>	<u>Expenditures</u>
<i>Passed through State Office of Highway Safety</i>			
Safe Community 2013 (219,220)	20.600	CP130204	10,019
Safe Community 2014 (219,220)	20.600	CP130204	4,057
Total DOT			1,287,075
The Corporation for National and Community Service (CNCS)			
<i>Direct Program</i>			
Retired Service Volunteer Program	94.002	12SRPUT002 - 7/2013-6/2014	42,078
Total CNCS			42,078
U.S. Department of Homeland Security (DHS)			
<i>Passed through State Department of Public Safety</i>			
2011 HS Grant-State HLS Program Grant Allocation	97.067	DES-2011-SHSP-001	78,363
Emergency Management Performance Grant	97.042	2013 EMPG	34,863
Total DHS			113,226
GRAND TOTAL			\$ 22,727,546

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1 – PURPOSE OF THE SCHEDULE

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements designed to provide expenditure information for each federal program in which the County participated. The schedule is required by the U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

B. CFDA Numbers

The schedule shows the total expenditures for each of the County's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

C. Major Programs

OMB Circular A-133 establishes the levels of expenditures or expenses and other criteria to be used in defining major federal financial assistance. Major programs have been noted on the Schedule of Findings and Questioned Costs in accordance with those definitions.

D. Indirect Costs

The Schedule includes a portion of costs associated with general activities that are allocated to federal financial assistance programs using direct labor as a basis of allocation.

E. WIC Checks

Expenditures are recorded for WIC checks on the schedule based on information provided by the State of Utah Department of Health. The value of WIC checks is excluded from grant revenue and grant expenditures in the financial statements of Bear River Health Department.



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INDEPENDENT AUDITORS' 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

To the Cache County Council
Logan, Utah

We have audited 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cache County, Utah (the County) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 11, 2014. Our report includes a reference to other auditors who audited the financial statements of Bridgerland Community Ice Arena (a component unit of North Park Interlocal Cooperative), and Cache County Emergency Medical Service Authority, as described in our report on the County's financial statements. The financial statements of Bridgerland Community Ice Arena were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 entity'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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 13-01 to be a material weakness.

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Cache County's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JONES SIMKINS LLC
Logan, Utah
August 11, 2014



Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Cache County Council
Logan, Utah

Report on Compliance for Each Major Federal Program

We have audited Cache County, Utah's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



JONES SIMKINS LLC

Logan, Utah

August 11, 2014

CACHE COUNTY
Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

A. Summary of Audit Findings:

1.	Type of report issued	Unmodified
2.	Internal control over financial reporting: Material weaknesses identified: Significant deficiencies identified that were not considered to be material weaknesses:	Yes – One No
3.	Non-compliance material to financial statements noted:	No
4.	Internal control over major programs: Material weaknesses identified: Significant deficiencies identified that were not considered to be material weaknesses:	No None reported
5.	Type of auditors' report issued on compliance for major programs:	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with section 510(d) of Circular A-133:	None
7.	Federal programs tested as major programs	10.923 – Emergency Watershed Protection Program 20.106 – Airport Improvement 93.959 – Substance Abuse Prevention and Treatment
8.	Dollar threshold used to distinguish between Type A and Type B programs:	\$681,826
9.	Auditee qualification as high or low risk	High

CACHE COUNTY
Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

B. Findings related to the financial statements required to be reported in accordance with Government Auditing Standards:

Finding 13-01

Criteria: Internal control standards adopted by the Government Accountability Office (GAO) expect that management or employees, in the normal course of performing their assigned functions, will prevent or detect misstatements in account balances prior to their being reported in the financial statements.

Condition: Across a variety of areas, the County's financial records contained misstatements of account balances.

Cause:

- a) Controls over financial close and reporting were insufficient to prevent misstatements in the presentation of the financial statements.
- b) Delays in the performance of accounting processes were experienced, which contribute to the conditions resulting in misstatements of the County's financial records.
- c) The County employs a limited number of staff qualified to perform certain accounting closing procedures.
- d) Back-up resources are not in place for the performance of certain key accounting processes when primary personnel are absent.

Effect: Auditor-proposed adjustments were made to a variety of account balances. The necessity of these adjustments is evidence of a material weakness in internal controls with respect to the accurate recording, reporting, and disclosure of transactions and balances in accordance with Generally Accepted Accounting Principles.

Recommendation: Management should evaluate the sufficiency of its accounting and financial reporting resources with respect to its expectation for timely accurate accounting and financial reporting.

CACHE COUNTY
Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

- C. Findings and questioned costs related to federal awards required to be reported in accordance with OMB Circular A-133.

None

CACHE COUNTY
Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2013

There were no audit findings in the prior year related to federal awards.

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2013

Cache County respectfully submits the following response for the finding identified in the Schedule of Findings and Questioned Costs in the financial statements audited as of December 31, 2013:

Response to finding 13-01

Management will evaluate controls over financial reporting, including specific procedures, the skill sets of personnel performing procedures and the timing of executing procedures. Management will also evaluate internal control structure to facilitate the performance of key accounting processes when primary personnel are absent. The County Council will consider providing additional resources and personnel to its accounting and financial reporting processes as needed.

STATE COMPLIANCE REPORTS

C A C H E C O U N T Y

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Contract No.</u>	<u>Year of Last Audit</u>	<u>Expenditures</u>
Utah Department of Technology Services			
Cadastral Mapping Grant	140399		\$ 10,000
Utah Division of Water Resources			
Operational Winter Cloud Seeding Program	131760		1,337
Operational Winter Cloud Seeding Program	141690		19,163
Utah Attorney General's Office			
Children's Justice Center	110197 - FY2013		90,536
Children's Justice Center	110197 - FY2014		76,800
Internet Crimes Against Children	FY 2013		5,000
Utah Commission on Criminal & Juvenile Justice			
Liquor Allocation	FY 2012	FY2013	8,863
Liquor Allocation	FY 2013	FY2013	108,221
Utah Department of Agriculture and Food			
Invasive Species Mitigation	130863		8,000
Invasive Species Mitigation	140482		19,000
Utah Department of Transportation			
Class B Allotment	N/A	FY2013	1,643,099
Fog & Crack Seal	139654		66,244
Utah Division of Housing & Community Development			
Community Impact Board Funds	12-0381		12,430
Bear River Assoc of Governments Aging Services			
State Services	2013-2014		36,565
State Transportation	2013-2014		2,986
State Nutrition C-1	2013-2014		3,516
State Nutrition C-2	2013-2014		3,516

C A C H E C O U N T Y

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Contract No.</u>	<u>Year of Last Audit</u>	<u>Expenditures</u>
State Home Delivered Meals	2013-2014		58,431
RSVP	2012-2013		2,705
RSVP	2013-2014		2,715
Social Serv Block Grant	2012-2013		2,300
Utah Department of Health			
MHS (7/1/2012 - 6/30/2013)	130023 Amd #1	FY2012	572,266
MHS (7/1/2013 - 6/30/2014)	130023 Amd #2	FY2012	618,438
MHC (7/1/2012 - 6/30/2013)	130023 Amd #1	FY2012	106,717
MHC (7/1/2013 - 6/30/2014)	130023 Amd #2	FY2012	122,070
MHN (7/1/2012 - 6/30/2013)	130023 Amd #1	FY2012	95,795
MHN (7/1/2013 - 6/30/2014)	130023 Amd #2	FY2012	68,966
EIM (7/1/2012 - 6/30/2013)	130023 Amd #1	FY2012	111,368
EIM (7/1/2013 - 6/30/2014)	130023 Amd #2	FY2012	127,224
Utah Search & Rescue Advisory Board			
Search & Rescue Reimb		FY 2013	32,498
Total State Awards			\$ 4,036,769

C A C H E C O U N T Y

**TREASURER'S TAX FUND
SCHEDULE OF TAXES CHARGED, COLLECTED, AND DISBURSED
FOR THE YEAR ENDED DECEMBER 31, 2013**

Taxing Entities	Year-End Taxable Value	Redevelopment Agency Value	Adjusted Value	Tax Rate (1)	Taxes Charged
Cache County					
General Fund	\$ 5,773,773,372	\$ 307,611,341	\$ 5,466,162,031	0.001687	\$ 9,223,601
Health Fund	5,773,773,372	307,611,341	5,466,162,031	0.000143	782,357
Multi-County Assessing/Coll	5,773,773,372	-	5,773,773,372	0.000159	916,511
County Assessing/Collecting	5,773,773,372	-	5,773,773,372	0.000320	<u>1,849,309</u>
Total Cache County					12,771,778
School Districts					
Cache County	3,627,067,099	70,501,507	3,556,565,592	0.005395	19,186,040
Cache County Statewide	3,627,067,099	70,501,507	3,556,565,592	0.001540	5,478,302
Logan City	2,146,706,274	234,365,505	1,912,340,769	0.006579	12,581,055
Logan City Statewide	2,146,706,274	234,365,505	1,912,340,769	0.001546	<u>2,956,815</u>
Total school districts					40,202,212
Cities and Towns					
Amalga	43,704,144	-	43,704,144	0.000717	31,324
Clarkston	20,743,991	-	20,743,991	0.001695	35,153
Cornish	13,926,071	-	13,926,071	0.002129	29,648
Hyde Park	226,873,721	-	226,873,721	0.001051	238,369
Hyrum	245,971,832	-	245,971,832	0.001724	423,940
Lewiston	97,045,046	-	97,045,046	0.002288	222,039
Logan	2,238,779,463	262,567,647	1,976,211,816	0.002251	4,448,159
Mendon	46,920,908	-	46,920,908	0.001793	84,130
Millville	85,225,017	-	85,225,017	0.000674	57,407
Newton	25,954,452	-	25,954,452	0.001306	33,901
Nibley	212,689,831	-	212,689,831	0.001667	354,566
North Logan	610,243,507	22,136,586	588,106,921	0.001765	1,037,962
Paradise	37,133,577	-	37,133,577	0.001121	41,626
Providence	369,941,838	-	369,941,838	0.001444	534,370
Richmond	94,799,346	-	94,799,346	0.001129	107,064
River Heights	65,363,381	-	65,363,381	0.001367	89,354
Smithfield	414,254,163	22,907,108	391,347,055	0.001705	667,404
Trenton	22,044,714	-	22,044,714	0.000786	17,326
Wellsville	143,047,832	-	143,047,832	0.001179	<u>168,659</u>
Total cities and towns					8,622,401

(1) Represents a blended tax rate comprised of current year tax rate levied on real property and prior year tax rate levied on personal property.

(Continued)

C A C H E C O U N T Y

**TREASURER'S TAX FUND
SCHEDULE OF TAXES CHARGED, COLLECTED, AND DISBURSED (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Taxing Entities	Treasurer's Relief			
	Unpaid Taxes	Abatements	Other	Total
Cache County				
General Fund	\$ 315,903	\$ 63,557	\$ 14,801	\$ 394,261
Health Fund	26,794	5,391	1,256	33,441
Multi-County Assessing/Coll	29,604	5,956	1,396	36,956
County Assessing/Collecting	<u>59,958</u>	<u>12,063</u>	<u>2,809</u>	<u>74,830</u>
Total Cache County	432,259	86,967	20,262	539,488
School Districts				
Cache County	700,793	142,144	12,833	855,770
Cache County Statewide	199,539	40,473	3,685	243,697
Logan City	377,126	74,472	42,040	493,638
Logan City Statewide	<u>88,071</u>	<u>17,392</u>	<u>9,900</u>	<u>115,363</u>
Total school districts	1,365,529	274,481	68,458	1,708,468
Cities and Towns				
Amalga	515	76	6	597
Clarkston	1,341	619	8	1,968
Cornish	540	241	45	826
Hyde Park	13,720	2,230	29	15,979
Hyrum	16,536	5,969	150	22,655
Lewiston	5,525	1,189	82	6,796
Logan	149,307	25,823	14,592	189,722
Mendon	2,090	1,568	12	3,670
Millville	958	352	37	1,347
Newton	859	683	7	1,549
Nibley	20,652	2,785	332	23,769
North Logan	36,345	4,501	266	41,112
Paradise	1,605	849	8	2,462
Providence	11,779	4,325	67	16,171
Richmond	2,285	1,330	99	3,714
River Heights	1,312	953	8	2,273
Smithfield	25,573	6,108	447	32,128
Trenton	293	126	8	427
Wellsville	<u>3,830</u>	<u>2,084</u>	<u>73</u>	<u>5,987</u>
Total cities and towns	295,065	61,811	16,276	373,152

(Continued)

C A C H E C O U N T Y

**TREASURER'S TAX FUND
SCHEDULE OF TAXES CHARGED, COLLECTED, AND DISBURSED (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Taxing Entities	Taxes Collected	Collection Rate	Fee In-Lieu	Misc. Collections / Adjustments	Delinquent Taxes	Interest / Penalties	Total Collected / Disbursed
Cache County							
General Fund	\$ 8,829,340	95.73%	\$ 806,408	\$ 60,615	\$ 465,356	\$ 278,024	\$ 10,439,743
Health Fund	748,916	95.73%	68,460	5,144	39,541	2,173	864,234
Multi-County Assessing/Coll	879,555	95.97%	79,319	6,246	44,214	2,340	1,011,674
County Assessing/Collecting	<u>1,774,479</u>	95.95%	<u>152,972</u>	<u>12,040</u>	<u>87,912</u>	<u>4,806</u>	<u>2,032,209</u>
Total Cache County	12,232,290		1,107,159	84,045	637,023	287,343	14,347,860
School Districts							
Cache County	18,330,270	95.54%	1,862,683	120,145	932,169	50,338	21,295,605
Cache County Statewide	5,234,605	95.55%	562,416	36,299	275,929	14,680	6,123,929
Logan City	12,087,417	96.08%	872,267	89,724	633,897	34,095	13,717,400
Logan City Statewide	<u>2,841,452</u>	96.10%	<u>217,081</u>	<u>22,045</u>	<u>152,175</u>	<u>8,037</u>	<u>3,240,790</u>
Total school districts	38,493,744		3,514,447	268,213	1,994,170	107,150	44,377,724
Cities and Towns							
Amalga	30,727	98.09%	1,753	168	523	19	33,191
Clarkston	33,185	94.40%	5,884	263	1,770	80	41,183
Cornish	28,822	97.21%	1,983	(1,757)	392	12	29,453
Hyde Park	222,390	93.30%	24,207	8,450	14,177	900	270,124
Hyrum	401,285	94.66%	50,880	1,890	33,445	2,515	490,015
Lewiston	215,243	96.94%	16,476	(292)	7,453	343	239,224
Logan	4,258,437	95.73%	302,885	41,796	234,792	12,623	4,850,533
Mendon	80,460	95.64%	12,630	1,501	1,058	29	95,679
Millville	56,060	97.65%	7,063	1,094	836	27	65,080
Newton	32,352	95.43%	4,853	188	742	37	38,172
Nibley	330,797	93.30%	36,519	5,194	32,039	1,493	406,042
North Logan	996,850	96.04%	66,308	19,421	60,176	3,324	1,146,079
Paradise	39,164	94.09%	7,139	290	1,488	58	48,140
Providence	518,199	96.97%	54,856	4,747	30,328	1,592	609,723
Richmond	103,350	96.53%	12,880	(45)	2,943	108	119,236
River Heights	87,081	97.46%	11,321	3,113	1,466	47	103,027
Smithfield	635,276	95.19%	80,973	3,802	23,803	1,343	745,197
Trenton	16,899	97.54%	1,666	(521)	953	33	19,029
Wellsville	<u>162,672</u>	96.45%	<u>28,348</u>	<u>368</u>	<u>7,694</u>	<u>291</u>	<u>199,373</u>
Total cities and towns	8,249,249		728,625	89,672	456,077	24,877	9,548,499

(Continued)

C A C H E C O U N T Y

**TREASURER'S TAX FUND
SCHEDULE OF TAXES CHARGED, COLLECTED, AND DISBURSED (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Taxing Entities	Year-End Taxable Value	Redevelopment Agency Value	Adjusted Value	Tax Rate (1)	Taxes Charged
Special Districts					
College/Young Mosq Abatement	\$ 41,401,885	-	\$ 41,401,885	0.000253	\$ 10,475
Benson Culinary H2o Improve	29,899,913	-	29,899,913	0.000000	-
Powder Mountain	6,664,452	-	6,664,452	0.000455	3,033
Cache Mosquito Abatement	3,391,095,072	45,043,694	3,346,051,378	0.000089	297,955
Cache Valley Transit District	4,597,558,266	-	4,597,558,266	0.000000	-
Total special districts					<u>311,463</u>
Cemetery Districts					
Cornish Cemetery	28,189,383	-	28,189,383	0.000358	10,092
Hyde Park Cemetery	331,365,177	6,047,651	325,317,526	0.000212	68,988
Millville Nibley Cemetery	267,706,409	-	267,706,409	0.000110	29,448
Newton Cemetery	51,608,038	-	51,608,038	0.000205	10,603
Paradise Cemetery	110,203,608	-	110,203,608	0.000101	11,129
Avon Cemetery	129,873,473	-	129,873,473	0.000146	18,907
Richmond Cemetery	186,545,152	-	186,545,152	0.000131	<u>24,458</u>
Total cemetery districts					173,625
Redevelopment Districts					
Cache County	-	(308,228,375)	308,228,375	0.001835	565,629
Logan City Schools	-	(238,675,362)	238,675,362	0.008162	1,948,082
Cache County Schools	-	(69,553,013)	69,553,013	0.006941	482,765
Logan City	-	(263,177,306)	263,177,306	0.002258	594,200
North Logan City	-	(22,136,586)	22,136,586	0.001764	39,051
Smithfield City	-	(22,914,482)	22,914,482	0.001709	39,162
Hyde Park City	-	(6,047,651)	6,047,651	0.000212	1,282
Cache County Mosquito Abate.	-	(45,051,068)	45,051,068	0.000089	<u>4,017</u>
Total redevelopment districts					3,674,188
Non Advelorum Charges					
Drainage #3	-	-	-	1.000000	1,562
Drainage #4	-	-	-	3.000000	4,798
Drainage #5	-	-	-	1.000000	1,693
Drainage #6	-	-	-	0.500000	5,479
Wellsville Mendon H2o	-	-	-	1.000000	212,251
Noxious Weeds	-	-	-	1.000000	1,885
Garbage	-	-	-	1.000000	59,754
Greenbelt Rollback	-	-	-	1.000000	71,293
Logan Special Improve #1	-	-	-	1.000000	18,217
Logan Special Improve #2	-	-	-	1.000000	17,160
Logan Business Improvement	-	-	-	1.000000	23,468
Logan Temple Ave Improvement	-	-	-	1.000000	6,670
Logan 600W 100 S Impr	-	-	-	1.000000	3,481
State Assessed Revision	-	-	-	1.000000	8
Penalty	-	-	-	1.000000	4,273
Delinquent Benson Culinary	-	-	-	1.000000	8,257
Delinquent Wellsville Mendon H2o	-	-	-	1.000000	<u>13,923</u>
Total non advelorum charges					<u>454,172</u>
Total all taxing entities					<u>\$ 66,209,839</u>

(1) Represents a blended tax rate comprised of current year tax rate levied on real property and prior year tax rate levied on personal property.

(Continued)

C A C H E C O U N T Y

**TREASURER'S TAX FUND
SCHEDULE OF TAXES CHARGED, COLLECTED, AND DISBURSED (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Taxing Entities	Treasurer's Relief			
	Unpaid Taxes	Abatements	Other	Total
Special Districts				
College/Young Mosq Abatement	\$ 455	\$ 74	\$ 4	\$ 533
Benson Culinary H2o Improve	-	-	-	-
Powder Mountain	138	-	7	145
Cache Mosquito Abatement	10,389	2,177	201	12,767
Cache Valley Transit District	-	-	-	-
Total special districts	10,982	2,251	212	13,445
Cemetery Districts				
Cornish Cemetery	91	40	53	184
Hyde Park Cemetery	3,850	573	8	4,431
Millville Nibley Cemetery	707	219	40	966
Newton Cemetery	184	121	16	321
Paradise Cemetery	281	96	2	379
Avon Cemetery	1,289	36	3	1,328
Richmond Cemetery	638	168	16	822
Total cemetery districts	7,040	1,253	138	8,431
Redevelopment Districts				
Cache County	-	-	-	-
Logan City Schools	-	-	-	-
Cache County Schools	-	-	-	-
Logan City	-	-	-	-
North Logan City	-	-	-	-
Smithfield City	-	-	-	-
Hyde Park City	-	-	-	-
Cache County Mosquito Abate.	-	-	-	-
Total redevelopment districts	-	-	-	-
Non Advelorum Charges				
Drainage #3	10	-	-	10
Drainage #4	45	-	-	45
Drainage #5	10	-	-	10
Drainage #6	64	-	-	64
Wellsville Mendon H2o	2,526	-	-	2,526
Noxious Weeds	496	-	-	496
Garbage	40,710	-	-	40,710
Greenbelt Rollback	-	-	-	-
Logan Special Improve #1	635	-	-	635
Logan Special Improve #2	-	-	-	-
Logan Business Improvement	5,896	-	-	5,896
Logan Temple Ave Improvement	-	-	-	-
Logan 600W 100 S Impr	620	-	-	620
State Assessed Revision	-	-	-	-
Penalty	-	-	-	-
Delinquent Benson Culinary	2,075	-	-	2,075
Delinquent Wellsville Mendon H2o	1,629	-	-	1,629
Total non advelorum charges	54,716	-	-	54,716
Total all taxing entities	<u>\$ 2,165,591</u>	<u>\$ 426,763</u>	<u>\$ 105,346</u>	<u>\$ 2,697,700</u>

(Continued)

C A C H E C O U N T Y

**TREASURER'S TAX FUND
SCHEDULE OF TAXES CHARGED, COLLECTED, AND DISBURSED (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Taxing Entities	Taxes Collected	Collection Rate	Fee In-Lieu	Misc. Collections / Adjustments	Delinquent Taxes	Interest / Penalties	Total Collected / Disbursed
Special Districts							
College/Young Mosq Abatement	\$ 9,942	94.91%	\$ 443	\$ 25	\$ 376	\$ 19	\$ 10,805
Benson Culinary H2o Improve	-	0.00%	-	-	-	-	-
Powder Mountain	2,888	95.22%	-	17	1,057	111	4,073
Cache Mosquito Abatement	285,188	95.72%	29,098	1,266	14,069	752	330,373
Cache Valley Transit District	-	0.00%	-	-	-	-	-
Total special districts	<u>298,018</u>		<u>29,541</u>	<u>1,308</u>	<u>15,502</u>	<u>882</u>	<u>345,251</u>
Cemetery Districts							
Cornish Cemetery	9,908	98.18%	371	(267)	67	2	10,081
Hyde Park Cemetery	64,557	93.58%	6,242	1,752	4,951	330	77,832
Millville Nibley Cemetery	28,482	96.72%	3,462	541	1,248	64	33,797
Newton Cemetery	10,282	96.97%	426	(540)	64	3	10,235
Paradise Cemetery	10,750	96.59%	818	(375)	485	19	11,697
Avon Cemetery	17,579	92.98%	176	(1,275)	1,140	91	17,711
Richmond Cemetery	<u>23,636</u>	96.64%	<u>1,955</u>	<u>(43)</u>	<u>741</u>	<u>32</u>	<u>26,321</u>
Total cemetery districts	165,194		13,450	(207)	8,696	541	187,674
Redevelopment Districts							
Cache County	565,629	100.00%	-	-	-	-	565,629
Logan City Schools	1,948,082	100.00%	-	-	-	-	1,948,082
Cache County Schools	482,765	100.00%	-	-	-	-	482,765
Logan City	594,200	100.00%	-	-	-	-	594,200
North Logan City	39,051	100.00%	-	-	-	-	39,051
Smithfield City	39,162	100.00%	-	-	-	-	39,162
Hyde Park City	1,282	100.00%	-	-	-	-	1,282
Cache County Mosquito Abate.	<u>4,017</u>	100.00%	-	-	-	-	<u>4,017</u>
Total redevelopment districts	3,674,188		-	-	-	-	3,674,188
Non Advelorum Charges							
Drainage #3	1,552	99.36%	-	-	25	-	1,577
Drainage #4	4,753	99.06%	-	-	45	-	4,798
Drainage #5	1,683	99.41%	-	-	15	-	1,698
Drainage #6	5,415	98.83%	-	-	104	-	5,519
Wellsville Mendon H2o	209,725	98.81%	-	4,560	2,108	-	216,393
Noxious Weeds	1,389	73.68%	-	-	897	-	2,286
Garbage	19,044	31.87%	-	-	12,471	-	31,515
Greenbelt Rollback	71,293	100.00%	-	-	-	-	71,293
Logan Special Improve #1	17,582	96.51%	-	-	-	-	17,582
Logan Special Improve #2	17,160	100.00%	-	-	-	-	17,160
Logan Business Improvement	17,572	74.88%	-	-	609	-	18,181
Logan Temple Ave Improvement	6,670	100.00%	-	-	-	-	6,670
Logan 600W 100 S Impr	2,861	82.19%	-	-	965	-	3,826
State Assessed Revision	8	100.00%	-	-	-	-	8
Penalty	4,273	100.00%	-	-	-	-	4,273
Delinquent Benson Culinary	6,182	74.87%	-	-	293	-	6,475
Delinquent Wellsville Mendon H2o	<u>12,294</u>	88.30%	-	-	-	-	<u>12,294</u>
Total non advelorum charges	<u>399,456</u>		-	<u>4,560</u>	<u>17,532</u>	-	<u>421,548</u>
Total all taxing entities	<u>\$ 63,512,139</u>		<u>\$ 5,393,222</u>	<u>\$ 447,591</u>	<u>\$ 3,129,000</u>	<u>\$ 420,793</u>	<u>\$ 72,902,744</u>

**SCHEDULE OF EXPENDITURES OF TRANSIENT ROOM TAXES
AND TOURISM, RECREATION, CULTURAL, AND CONVENTION FACILITIES TAXES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Transient Room Tax

Establishing and promoting:		
Recreation.....	\$	-
Tourism.....		390,738
Film production.....		-
Conventions.....		-
Acquiring, leasing, constructing, furnishing, or operating:		
Convention meeting rooms.....		-
Exhibit halls.....		-
Visitor information centers.....		52,076
Museums.....		-
Related facilities.....		-
Acquiring or leasing land required for or related to:		
Convention meeting rooms.....		-
Exhibit halls.....		-
Visitor information centers.....		-
Museums.....		-
Related facilities.....		-
Mitigation costs.....		-
Payment of principal, interest, and premiums on bonds.....		-
Total Transient Room Tax Expenditures.....	\$	<u>442,814</u>

Tourism, Recreation, Cultural, and Convention (TRCC) Facilities Taxes

Financing tourism promotion.....	\$	173,744
Development, operation, and maintenance of:		
Airport facilities.....		-
Convention facilities.....		-
Cultural facilities.....		92,673
Recreation facilities.....		728,196
Tourist facilities.....		-
Total TRCC Facilities Tax Expenditures.....	\$	<u>994,613</u>

Reserves and Pledges

Reserves on bonds related to TRT funds.....	\$	-
Pledges as security for evidences of indebtedness related to TRCC.....		-
Total Pledges of TRT and TRCC Taxes.....	\$	<u>-</u>

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INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH THE *STATE COMPLIANCE AUDIT GUIDE* ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS, EACH MAJOR STATE PROGRAM, AND INTERNAL CONTROL OVER COMPLIANCE

To the Cache County Council
Logan, Utah

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

We have audited Cache County, Utah's (the County) compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide* issued by the Office of the Utah State Auditor, that could have a direct and material effect on the County or each of its major state programs for the year ended December 31, 2013.

General state compliance requirements were tested for the year ended December 31, 2013 in the following areas:

- Budgetary Compliance
- Fund Balance
- Transient Room Tax and Tourism, Recreation, Culture, Convention, and Airport Facilities Tax
- Utah Retirement Systems Compliance
- Interlocal Agreement Entities
- Cash Management
- Statement of Taxes Charged, Collected and Disbursed
- Utah Public Finance Website
- Property Tax Administration

The County received state funding from the following programs classified as major programs for the year ended December 31, 2013:

- Class B Road Funds (Department of Transportation)
- Liquor Law Enforcement Funds (Tax Commission)

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on General State Compliance – Property Tax Administration

As described in the accompanying schedule of findings and recommendations, the County did not comply with requirements related to the administration of property taxes (see items SC-13-01 through SC-13-05). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that area.

Qualified Opinion on General State Compliance - Property Tax Administration

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Property Tax Administration for the year ended December 31, 2013.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other General Compliance Areas and Major State Programs for the year ended December 31, 2013.

Other Matters

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and recommendations as items SC-13-01 through SC-13-05 to be material weaknesses.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. 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.

Purpose of This Report

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.



JONES SIMKINS LLC
Logan, Utah
August 11, 2014

CACHE COUNTY
Schedule of Findings and Recommendations – State Compliance
Year Ended December 31, 2013

Finding SC-13-01 – Settlements of Delinquent Property Tax, Penalties and Interest

Criteria:

Acting as an agent for all local governmental entities within its boundaries, the County government is responsible to assess, bill, and collect levied property taxes. In its role as the collecting agent, the County is required by State statute to charge interest and penalties in situations where taxpayers do not remit their tax payments by the established deadlines (known as “delinquencies”).

The County is also granted certain powers to provide relief to taxpayers through a reduction in the amount of the taxes, penalties, or interest owed. The County’s acceptance of an amount less than the full amount due for taxes, penalties or interest is referred to as a “settlement”.

State statutes place procedural requirements and limitations on settlements. The County has also enacted laws to place additional procedures and limitations on the County’s powers to grant settlements. The applicable laws which govern the charging of interest and penalties on delinquencies, and which govern the process of granting settlements are as follows:

Utah Code:

59-2-1331

59-2-1332

59-2-1338

59-2-1346

59-2-1347

Cache County Code:

3.60.010

3.60.040

3.60.050

3.60.070

Within the above sections of the Utah Code and County Code, the responsibilities to review, authorize and process settlements are allocated among the following elected officials:

County Council

County Executive

County Auditor

County Treasurer

Condition:

The volume of all settlements during 2013 was approximately \$60,000. Within this population, some settlements of delinquent taxes and associated penalty and interest charges have been performed without meeting the procedural requirements or obtaining the necessary authorizations mandated under State code

CACHE COUNTY
Schedule of Findings and Recommendations – State Compliance
Year Ended December 31, 2013

and/or County code. Some settlements were performed in violation of the limitations on the types of settlements allowed under County code. Specifically, settlements reflected the following types of non-compliance:

- Settlements were performed without the authorization/approval of the County Council as required by State Code 59-2-1347 and County Code 3.60.050.
- Settlements were performed on tax charges linked to commercial property. County Code 3.60.040 prohibits such settlements. Per this code section, settlements are to be “considered only as to noncommercial residential real property, and shall be limited to the actual residential improvements occupied by the applicant as a dwelling unit, together with not more than one acre of the real property upon which the residential dwelling unit is located”.
- Settlements were performed without obtaining from the taxpayer the application and/or supporting documentation required in Utah Code 59-2-1347 and County Code 3.60.040 and 3.60.050. Instances of missing required documentation included:
 - a. No submitted settlement application form.
 - b. No evidence showing that the taxpayer does not own other real property or other income producing assets which could be liquidated or used as security for a loan to pay the tax obligation.
 - c. No evidence demonstrating applicant has in good faith exhausted all private sector means to arrange for payment of the tax obligation.
 - d. No evidence of a clear and relevant hardship experienced by the taxpayer.
 - e. No submitted tax returns.
 - f. No submitted statements of assets and liabilities.
 - g. No submitted evidence of income and expenditures.
 - h. No submitted description and documentation of assets transferred by the taxpayer to relatives in the three years prior to the filing of the settlement application.
 - i. No written consent signed by lienholders and mortgage holders attached to the property being taxed, acknowledging and consenting to the settlement action.
 - j. No evidence of County Auditor review of the settlement application and all required supporting documentation prior to submission to the County Council for approval.
 - k. No evidence of County Executive review of the settlement application and all required supporting documentation prior to submission to the County Council for approval.
- Under State Code 59-2-1347 and County Code 3.60.050, notice of settlements performed must be posted for public inspection within 10 days of the action and transmitted to the Utah State Tax Commission within 30 days of the action. The notice of action must contain specific required information. Instances of non-compliance included the following:
 - a. No public posting of settlement action.

CACHE COUNTY
Schedule of Findings and Recommendations – State Compliance
Year Ended December 31, 2013

- b. No transmission of settlement information to the Utah State Tax Commission.
 - c. Description the action taken is present, but with no documentation of the reasoning for the Council's decision to approve the action.
- Per County Code 3.60.050, settlements are to be granted only for the most recent tax year before the year in which the settlement is granted (example: if a settlement is granted in 2013, it should only grant relief from taxes, penalties and interest associated with the 2012 tax charges, and not for tax charges associated 2011, 2010, 2009, etc.) Some settlements processed were found to include relief from taxes, penalties and interest associated with multiple prior years beyond the most recent tax year preceding when the settlement was granted.
 - Beginning June 12, 2013, Cache County Ordinance 3.60.070 was enacted allowing for the County Auditor or County Treasurer to approve and perform settlements of smaller amounts of delinquent penalties and interest (up to \$100 for a given property parcel, and up to \$500 for an individual tax payer who owns multiple parcels) after obtaining approval from the County Executive. Some settlements of this nature reflected certain types of non-compliance as follows:
 - a. Lack of evidence of approval for the settlement by the County Treasurer or County Auditor.
 - b. Lack of evidence of approval for the settlement by the County Executive.

Circumstances surrounding the above listed instances of non-compliance include the following:

- During the period from January 1, 2013 to June 11, 2013, certain types of settlements were processed in the County Treasurer's office, which were performed based on instructions given to the Treasurer's office personnel by the County Treasurer and/or County Executive. These settlements were processed without the required application and supporting documentation, and without documented County Council approval.
- During the period from June 12, 2013 to December 31, 2013, certain types of settlements falling within the \$100 per parcel / \$500 per taxpayer thresholds established in County Code 3.60.070 were processed in the County Treasurer's office, which were performed based on verbal instructions given to the Treasurer's office personnel by the County Treasurer and County Executive. These settlements, though they may have been verbally authorized, were not supported by documentation of authorization by the County Treasurer and County Executive.
- Throughout 2013, certain types of settlements were processed in the County Auditor's office, which were performed based on instructions given to the County Auditor's office personnel by the County Auditor and County Executive. These settlements were processed without the required application and supporting documentation, and in some instances without documented County Council approval.

CACHE COUNTY
Schedule of Findings and Recommendations – State Compliance
Year Ended December 31, 2013

- Throughout 2013, certain settlements were processed in the County Auditor’s office in which a settlement was granted for a taxpayer who failed in prior years to file for certain special tax abatement programs available to the elderly, low income, and disabled persons. These settlements provided a waiver of penalties and/or interest, though the special abatement programs listed above do not provide for any such waivers of penalties and interest, nor do they provide for abatements of delinquent taxes from past years.

Cause:

The County elected officials with statutory responsibilities related to property tax settlements appear to have an incomplete or inaccurate understanding of the complex set of State and County laws which regulate property tax settlements. The County has developed over numerous years certain administrative practices with respect to settlements which are in conflict with current law.

Effect:

Certain amounts of property tax, penalty and interest charges were not collected from taxpayers that would have otherwise been collected and distributed among the various local governments within the County. It is unknown whether those settlements that were not presented for approval by the County Council would have been approved if they were presented. The volume of all settlements during 2013 was approximately \$60,000. The volume of all property taxes charged during 2013 was approximately \$61,080,000. The volume of penalties and interest collected during 2013 was approximately \$420,000.

Finding SC-13-02 – Deferrals of Property Tax

Criteria:

Acting as an agent for all local governmental entities within its boundaries, the County government is responsible to assess, bill, and collect levied property taxes. In its role as the collecting agent, the County is required by State statute to collect levied property taxes according to an established set of deadlines. In certain limited circumstances, State statute grants the County powers to provide a temporary postponement of the tax payment deadline for taxpayers who meet specific conditions. These actions are commonly referred to as a “deferral”.

State statutes place procedural requirements and limitations on deferrals. The County has also enacted laws to place additional procedures, and limitations on the County’s powers to grant deferrals. The applicable laws which govern the granting of deferrals are as follows:

Utah Code:
59-2-1346
59-2-1347

CACHE COUNTY
Schedule of Findings and Recommendations – State Compliance
Year Ended December 31, 2013

Cache County Code:

3.60.010

3.60.040

3.60.050

3.60.060

Within the above sections of the Utah Code and County Code, the responsibilities to properly review, authorize and process deferrals are allocated among the following elected officials:

County Council

County Executive

County Auditor

County Treasurer

Condition:

The volume of delinquent taxes associated with the deferrals reviewed and approved by the County Council in 2013 was approximately \$496,000. Within this population, some deferrals of property taxes have been performed without meeting the procedural requirements or obtaining the necessary authorizations mandated under the State Code and/or County Code. Some deferrals were performed in violation of the limitations on the types of deferrals allowed under the County Code. Specifically, deferrals reflected the following types of non-compliance:

- Deferrals were granted without the authorization/approval of the County Council as required by Utah Code 59-2-1347 and County Code 3.60.050.
- Deferrals were granted on tax charges linked to commercial property. County Code 3.60.040 prohibits such deferrals. Per this code section, deferrals are to be “considered only as to noncommercial residential real property, and shall be limited to the actual residential improvements occupied by the applicant as a dwelling unit, together with not more than one acre of the real property upon which the residential dwelling unit is located”.
- Deferrals were granted without obtaining from the taxpayer the application and/or supporting documentation required in Utah Code 59-2-1347 and County Code 3.60.040 and 3.60.050. Instances of missing required documentation included:
 - a. No submitted deferral application form.
 - b. No evidence showing that the taxpayer does not own other real property or other income producing assets which could be liquidated or used as security for a loan to pay the tax obligation.
 - c. No evidence demonstrating applicant has in good faith exhausted all private sector means to arrange for payment of the tax obligation.
 - d. No evidence of a clear and relevant hardship experienced by the taxpayer.

CACHE COUNTY
Schedule of Findings and Recommendations – State Compliance
Year Ended December 31, 2013

- e. No submitted tax returns.
 - f. No submitted statements of assets and liabilities.
 - g. No submitted evidence of income and expenditures.
 - h. No submitted description and documentation of assets transferred by the taxpayer to relatives in the three years prior to the filing of the deferral application.
 - i. No written consent signed by lienholders and mortgage holders attached to the property being taxed, acknowledging and consenting to the deferral action.
 - j. No evidence of County Auditor review of the deferral application and all required supporting documentation prior to submission to the County Council for approval.
 - k. No evidence of County Executive review of the deferral application and all required supporting documentation prior to submission to the County Council for approval.
- Under Utah Code 59-2-1347 and County Code 3.60.050, notice of all deferrals performed must be posted for public inspection within 10 days of the action and transmitted to the Utah State Tax Commission within 30 days of the action. The notice of action must contain specific required information. Instances of non-compliance included the following:
 - a. No public posting of deferral action.
 - b. No transmission of deferral information to the Utah State Tax Commission.
 - c. Description of the action taken is present, but with no documentation of the reasoning for the County Council's decision to approve the action.
 - Per County Code 3.60.050, deferrals are to be granted only for the most recent tax year before the year in which the deferral is granted (example: if a deferral is granted in 2013, it should only grant a deferral of taxes, penalties and interest associated with the 2012 tax charges, and not for tax charges associated 2011, 2010, 2009, etc.). Some deferrals processed were found to include a deferral of taxes, penalties and interest associated with multiple prior years beyond the most recent tax year preceding when the deferral was granted.
 - Per County Code 3.60.060, a deferral of delinquent property taxes, penalties and interest may not be granted in conjunction with a settlement. Some deferrals processed were found to have been granted in connection with a settlement of a portion of the penalties and/or interest owed.
 - Per County Code 3.60.060, a deferral of delinquent property taxes, penalties and interest may only be granted for a period of time that extends no later than December 31 of the year in which the deferral is granted (example: if a deferral is granted on March 15, 2013, the length of the deferral may only extend to December 31, 2013). Some deferrals processed were found to have payment deadlines that extended beyond the statutory maximum by up to an additional 15 months.

CACHE COUNTY
Schedule of Findings and Recommendations – State Compliance
Year Ended December 31, 2013

Circumstances surrounding the above listed instances of non-compliance include the following:

- Instances of deferrals granted that had no supporting documentation were identified by noting occasions where taxpayer payments were received, but applied to the outstanding balance owed in an order that deviates from the order prescribed in Utah Code 59-2-1346. This code section indicates that payments received from taxpayers who owe delinquent taxes, penalties and interest are to be applied “in the following order:
 - a. against the interest and administrative costs accrued on the delinquent tax for the last year included in the delinquent account at the time of payment;
 - b. against the penalty charged on the delinquent tax for the last year included in the delinquent account at the time of payment;
 - c. against the delinquent tax for the last year included in the delinquent account at the time of payment;
 - d. against the interest and administrative costs accrued on the delinquent tax for the next to last year included in the delinquent account at the time of payment;
 - e. and so on until the full amount of the delinquent taxes, penalties, administrative costs, and interest on the unpaid balances are paid within the period of redemption.”

Instances were noted where payments were applied to the outstanding delinquent taxes owed on the “oldest” year first. In circumstances where five years of delinquent taxes are owed on a given taxable parcel, the effect of applying payments to the “oldest” year is that it removes that parcel from the list of parcels that would otherwise be liquidated through a public auction to satisfy the tax obligation, thereby granting a de facto deferral to the taxpayer.

In other instances, deferrals that were connected with a formal application and a formal action taken by the County Council contained specific instructions on the deferral action notice to apply payments to the “oldest” year first. The County has represented that this was done to avoid a difficulty in the property tax database software connected with tracking of delinquent taxes that extend beyond five years.

Cause:

The County elected officials with statutory responsibilities related to property tax deferrals appear to have an inaccurate or incomplete understanding of the complex set of State and County laws which regulate property tax deferrals. The County has developed over numerous years certain administrative practices with respect to deferrals which are in conflict with current law. Limitations in the County’s property tax database software have also incentivized some of these practices in order to avoid the difficulties and time consumption associated with manual tracking of long-outstanding delinquencies.

Effect:

Deferrals that are either unauthorized, or performed in violation of the limitations established in State Code and County Code, have the effect of delaying the collection and distribution of tax revenues to the

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various governmental entities within the County. Most deferrals are performed each year during the month of March for taxpayers who have been delinquent for five consecutive years and are facing the prospect of having their property liquidated through the County's public auction process. Therefore, the effect of non-compliant deferrals is relatively immediate, as the County would otherwise have collected the amounts owed during the scheduled public auction which takes place each year in the month of May or June. The amount of delinquent taxes associated with the deferrals reviewed and approved by the County Council in 2013 was approximately \$496,000. The dollar amount of delinquent payments that were not applied based on the State-established order in 2013 was approximately \$175,000. The volume of property taxes actually collected during 2013 was approximately \$63,512,000.

Finding SC-13-03 – Publication of the List of Tax Delinquencies

Criteria:

Each year, the County is required by State Code to prepare and provide to the public an official listing of tax parcels on which property taxes are delinquent. The listing must contain the following:

- 1) Parcel identification number.
- 2) Name of the individual or entity to which the tax is assessed.
- 3) Amount of delinquent taxes.

The applicable law which governs the publication of the delinquency list is as follows:

Utah Code:
59-2-1332.5

Within the above section of Utah Code, the responsibility to properly generate and publish the delinquencies list is assigned to the County Treasurer.

Condition:

The County's property tax database software is used to produce the delinquencies list. The software contains a feature that allows the system-generated list of delinquencies to be modified to exclude certain parcels from the list prior to publication. This exclusion feature is designed to remove certain parcels and associated taxpayers from the list when it is proven that an error has occurred and a particular parcel does not in fact have delinquent taxes linked to it. In 2013, 37 taxable parcels were excluded from the published delinquencies list. Within this population, there were exclusions that were appropriate based on correcting clerical errors in the application of tax payments received, or based on last minute payments received prior to publication of the delinquency list. Also within this population, there were some instances in which the exclusion feature was used to remove parcels and associated taxpayers from the list even though an actual delinquency still existed at the time of publication. The above cited section of the Utah Code does not provide any list of exceptions to the requirement to publish a complete list of all delinquencies.

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Circumstances surrounding the above described non-compliance include the following:

- Certain delinquencies were excluded from the published list for reasons that include the following:
 - a. Taxpayers who through clerical error failed to timely pay taxes on one parcel, though they have timely paid taxes on all other parcels owned.
 - b. Taxpayers who did not receive regularly scheduled property tax billing notices due to a change in ownership of the parcel during the year.
 - c. Taxpayers whose mortgage processing service failed to timely remit some or all of the required tax payment.
 - d. Taxpayers who make regularly scheduled payments throughout the year, but whose total payments fall short of the total tax due by a minimal amount.
 - e. Taxpayers who move to a foreign location, and fail to receive regularly scheduled property tax billing notices.
 - f. Taxpayers who are engaged in ongoing negotiations with the County regarding a possible future settlement or deferral of taxes owed.

Cause:

The County has made exclusions from the published list of delinquencies based on an attempt to make practical accommodations for taxpayers with unique circumstances. However, the text of current law does not provide a basis for these accommodations.

Effect:

The County is not fully meeting its statutory responsibility to communicate to the public complete information related to delinquent taxes. In 2013, 37 taxable parcels were excluded from the published delinquency list. The 2013 published delinquency list contained 2,104 taxable parcels.

Finding SC-13-04 – Charging of Penalties on Delinquent Taxes

Criteria:

The County is required by State Code to charge a penalty on taxes unpaid or with payment postmarked after November 30. The formula for the charging of penalties is as follows:

- 1) If the taxpayer pays 100% of the delinquent taxes with a payment postmarked between December 1 and January 31, the associated penalty is the greater of \$10 or 1% of the delinquent taxes due.
- 2) If the taxpayer fails to pay 100% of the delinquent taxes with a payment postmarked by January 31, the associated penalty increases to the greater of \$10 or 2.5% of the delinquent taxes due.

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The applicable law which governs the charging of penalties is as follows:

Utah Code:
59-2-1331

Within the above section of Utah Code, the responsibility to properly charge penalties on delinquent taxes is assigned to the County Treasurer.

Condition:

The County relies on the property tax database software to calculate and charge penalties on delinquent taxes. The software is currently set to charge penalties only if taxes are delinquent as of February 1st (the date the penalty increases to the greater of \$10 or 2.5% of delinquent taxes due). This software design deficiency results in the possibility of undercharging and undercollecting penalties during the two months following the November 30 tax deadline.

Given these circumstances, the Treasurer's office employs certain manual methods for charging penalties during this two-month period:

- The Treasurer's office sends delinquency notices on approximately December 15, which inform taxpayers of the delinquent amount and the formula for calculating the associated penalty (but not the actual calculated penalty amount). Receipt of this notice will induce some taxpayers to send in a payment for delinquent tax and penalty. However, during December and January, when payments are received which do not contain an additional payment for the penalty owed, the payment is still processed by the Treasurer's office as payment in full. The penalty is effectively waived.
- For taxpayers who visit the Treasurer's office in person to deliver their delinquent payments during December and January and ask what their penalty amount is, the Treasurer's office will manually calculate the applicable penalty and have the taxpayer pay both the delinquent tax and the penalty at that time. However, if the taxpayer delivers to the Treasurer's office a payment already filled out for the amount of delinquent tax (and no penalty), the Treasurer's office will generally accept the payment as payment in full and will not pursue additional payment of the penalty from the taxpayer. The penalty is effectively waived.

Cause:

The design deficiency in the property tax database software strongly incentivizes the waiving of penalties during the two months which follow the November 30 tax deadline. As there is no system-based process for the collection of this population of penalties, the Treasurer's office also generally does not inspect the postmark date of payments received during December or January to determine whether a penalty is required to be charged.

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Effect:

Based on the volume of delinquent tax payments received during December and January, and the volume of manually charged penalties that are actually collected by the Treasurer's office during this time period, the estimated range of penalties that were not charged and collected in connection with 2013 property taxes was \$10,000 - \$15,000. Average total collection of penalties and interest was approximately \$221,000 per year for the past five years.

Finding SC-13-05 – Tax Relief Programs for Elderly, Low Income, and Disabled Persons

Criteria:

Acting as an agent for all local governmental entities within its boundaries, the County government is responsible for administering several programs established to provide property tax relief for elderly, low income and disabled persons. Tax relief under these programs is commonly referred to as "abatements". These programs are subject to regulations found in the Utah Code, the County Code, and in the regulations of the Utah State Tax Commission. The applicable laws which govern these abatement programs are as follows:

Utah Code:

59-2-1104

59-2-1105

County Code:

3.60.030

Within the above sections of the Utah Code and County Code, the responsibilities to properly review, authorize and process abatements are allocated to the following elected officials:

County Auditor

County Treasurer

However, for more than 10 years, all review, authorization and processing of abatements has been performed by the County Treasurer without involvement of the County Auditor's office. This reassignment of responsibilities was made for practical limitations related to the County Auditor's office location and staffing levels.

Condition:

The volume of all abatements in 2013 was approximately \$427,000. Within this population, some abatements were authorized and processed outside of the procedural requirements established in the State Code and/or County Code. Specifically, these abatements reflected the following types of non-compliance:

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- 1) Abatements were authorized and processed based on applications that were submitted after the County-established deadline of July 1 (the state-established deadline is September 1, but the County deadline is the more restrictive parameter). Some abatements authorized and processed were based on applications submitted after the State-established deadline of September 1.
- 2) Abatements were authorized and processed based on applications on which the applicant, was unable to fill out and sign, and for which an individual with a legally established power of attorney did not fill out and sign. Signature by the applicant or legal representative is required under the program regulations. Rather, these applications were filled out by the Treasurer's office personnel based on documentation provided by the applicant, and then signed by the Treasurer's office personnel on-behalf of the applicant. The State Code or County Code does not contain language that accommodates this form of proxy signature by the Treasurer's office personnel.

Cause:

The above described instances of non-compliance are based on the County developing administrative practices over numerous years without comparing those practices to current law and program regulations.

Effect:

Though some abatements reflect the above described types of non-compliance, there was no evidence found of abatements issued to applicants that did not qualify for the given program, or abatements in amounts that were calculated incorrectly based on program formulas. Therefore, the only possible effect of the identified non-compliance would be the possibility of rejection by the State of Utah of reimbursement requests for state-funded abatements processed by the County. Such rejection of reimbursement requests for administrative deviations has not occurred in past periods. The volume of all abatements in 2013 was approximately \$427,000.

RECOMMENDATIONS:

- 1) The County Auditor's office personnel should thoroughly review the applicable sections of State Code and County Code and then establish procedures to ensure the following:
 - a. Settlement and deferral applications meet all documentation requirements prior to submission to the County Executive for approval.
 - b. All settlement and deferral actions requested qualify within the established limitations on the types of settlements and deferrals allowed by State Code and County Code.
 - c. The County Auditor provides documentary evidence of the review and approval of the complete application prior to submission to the County Executive for approval.

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- d. All settlement and deferral actions approved and issued by the County Council are posted for public inspection within 10 days of the action, and submitted to the Utah State Tax Commission within 30 days of the action.
 - e. No settlements or deferrals are entered in to the property tax database unless they are supported by the required documentation which includes a taxpayer application, supporting documentation, evidence of application review and approval by the County Auditor and County Executive, and a signed notice of the approved settlement action issued by the County Council
- 2) The County Executive should thoroughly review the applicable sections of State Code and County Code and then establish procedures to ensure the following:
- a. All settlement and deferral applications received from the County Auditor meet all procedural and documentation requirements prior to the County Executive’s review.
 - b. All settlement and deferral actions requested qualify within the established limitations on the types of settlements and deferrals allowed by State Code and County Code.
 - c. The County Executive provides documentary evidence of the review and approval of the complete application prior to submission to the County Council for final approval.
- 3) The County Council should thoroughly review the applicable sections of State Code and County Code and then establish procedures to ensure the following:
- a. All settlement and deferral applications received from the County Executive meet all procedural and documentation requirements prior to the County Council’s review.
 - b. All settlement and deferral actions requested qualify within the established limitations on the types of settlements and deferrals allowed by State Code and County Code.
 - c. Documentation of the County Council’s approved settlement or deferral action contains the required description of the action taken, as well as the County Council’s reasoning for approving the action.
- 4) The County Treasurer’s office should thoroughly review the applicable sections of State Code and County Code and then establish procedures to ensure the following:
- a. No settlements or deferrals are entered in to the property tax database unless they are supported by the required documentation which includes a taxpayer-signed application, all required support documents, evidence of application review and approval by the

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County Auditor and County Executive, and a signed notice of the approved settlement action issued by the County Council.

- b. All payments by taxpayers are properly applied to interest, penalties and taxes in the order prescribed in Utah Code 59-2-1346 (i.e. latest year first, oldest year last).
- c. Publication of the list of property tax delinquencies is complete, with exclusions from the system-generated list made only to correct actual errors.
- d. Each of the computer terminals in the Treasurer's office used for processing payments, settlements, and deferrals has a unique login and password for each member of the Treasurer's office staff, allowing for the review of transactions posted by individual staff members (currently, all such terminals use the same login and password).
- e. No abatements are entered in to the property tax database unless they are supported by the required documentation which includes a taxpayer-signed (or legal representative-signed) application and all required support documents, submitted by the applicant by the filing deadlines established in the State Code and County Code.

With respect to support documents that substantiate the abatement applicant's income, the Treasurer's office should consult with the County Executive, County Auditor, County Attorney, County Council and the Utah State Tax Commission regarding what types of documentation of income should be considered sufficient. Current practices which sometimes involve using a single month's bank statement to establish total annual income should be discussed, and then a consistent policy should be established.

With respect to support documents that substantiate the abatement applicant's ownership of the taxable parcel, the County Treasurer's office should consult with the County Attorney regarding the use of County-provided "Certificate of Retained Life Estate" forms. These forms establish property ownership rights based on references to "oral agreements" as opposed to relying on the documented ownership interests recorded in the parcel abstracts by the County Recorder. A renewed legal review of this form would help ensure compliance with the abatement program regulations.

- 5) With respect to small settlements as defined in County Code 3.060.070 (\$100 or less per parcel / \$500 or less per taxpayer), the County Treasurer, County Auditor and County Executive should establish procedures to ensure the following:
 - a. The County Treasurer or County Auditor has documented the reason for, and the approval of, the small settlement action.
 - b. The County Executive has documented the approval of the small settlement action.

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- 6) The County Information Technology Department should arrange for certain modifications to the property tax database software:
- a. The modules within the property tax database software which are used by the County Auditor's office and County Treasurer's office need the capability of viewing delinquent taxes, penalties, and interest, posting payments, and recording settlement and deferral actions related to delinquencies that originate in years earlier than the most recent five tax years. Having this capability would eliminate the need for manual tracking of delinquencies older than five years, and remove the incentive to record tax payments out of the statutorily established order (i.e. latest year first, oldest year last). Having this capability would improve the handling of bankruptcies, deferrals, properties in litigation, and other unique circumstances.
 - b. The module within the property tax database software which is used by the County Treasurer's office needs the capability to enter written explanations of the reasoning supporting the granting of small settlements (the County Auditor's Office module already has this capability).
 - c. The modules within the property tax database software which are used by the County Treasurer's office and County Auditor's office require a modification to the calculation and charging of penalties. This modification should charge the state-established 1% / \$10 penalty on delinquent taxes as of December 1. The modification should also provide the County Treasurer's office personnel the ability to alter the charged penalty when payments are received after December 1 but were postmarked before December 1. The modification should also provide the County Treasurer's office personnel the ability to alter the amount of the charged penalty when payments are received after February 1 but were postmarked before February 1 (selecting between the 1% / \$10 penalty and the 2.5% / \$10 penalty).
 - d. The modules within the property tax database software which are used by the County Treasurer's office and County Auditor's office require a modification to the calculation of abatements for disabled veterans. Currently, the software calculates the amount of the abatement based on the full taxable value of the parcel owned by the taxpayer. However, the State code dictates that the abatement is to be calculated based on only the value of the primary residence and associated land (not secondary land or buildings). To date, the incorrectly calculated abatements have been manually corrected using a secondary review report to identify problems. However, a direct modification of the abatement formula in the system would provide improved assurance of compliance with the abatement program regulations.

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7) The current content of the County Code should be carefully reviewed with respect to the following issues:

- a. The County Code currently contains limitations on the types of settlements and deferrals allowed, which are more restrictive than the limitations found in the State Code (e.g. prohibitions on settlements and deferrals linked to commercial property). The County Code also currently contains requirements for supporting documentation from applicants which exceed the requirements found in the State Code (e.g. documentary evidence of transfers of assets from the applicant to other relatives for the three year period prior to the settlement or deferral).

The County should engage in a robust public discussion regarding the limitations on settlements and deferrals that should be in place, and the documentation requirements that applicants should be subject to. If changes to these limitations and requirements are deemed to be warranted, the County Council, with the assistance of legal counsel, should record the necessary changes in the County Code.

- b. The County should also review whether deadlines for the filing of applications for abatements in the County Code which differ from the deadlines established in the State Code are either administratively useful or are superfluous and should be eliminated from the County Code.
- c. In connection with the upcoming changes to the structure of the elected offices of County Clerk and County Auditor, and the reassignment of certain duties to the County Finance Department, the County Code should be updated to explicitly define the responsibilities of each office with respect to the initiation, review, authorization, and processing of all types of property tax-related transactions.

During this process of clearly defining responsibilities, the County should consider reassigning certain responsibilities related to abatements from the County Treasurer's office to another County office. Currently, the County Treasurer's office personnel initiate, review, authorize and record abatements. Best practices in internal control would suggest that a separation of duties should exist between the personnel responsible for billing/collection of receivables and the personnel responsible for authorizing any reductions of the amount that is to be collected. As the County Treasurer's office is designated by State statute as the collection agent of the County, proper segregation of duties would be achieved by placing responsibility for abatements (along with settlements and deferrals) in another County office.

Some minimal level of flexibility to perform insignificant write-offs in the County Treasurer's office is necessary for efficient operations. County Code 3.60.070 was enacted during 2013 to achieve this efficiency through authorizing "small settlements" as

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described above. However, renewed discussion about the dollar thresholds (currently \$100 per parcel / \$500 per taxpayer) may be warranted.

- 8) A number of new reports were created by the Information Technology Department to facilitate audit procedures related to property tax compliance. These reports can and should be used by County personnel in future periods to facilitate internal inspections and compliance reviews of the various types of property tax transactions.

**CORRECTIVE ACTION PLAN – STATE COMPLIANCE
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The Cache County Council has reviewed and agrees with each of the findings and recommendations as reported in the *Schedule of State Findings and Recommendations – State Compliance*. The recommendations found in that report are summarized below and are presented with the responses provided by the County.

Recommendation 1: Ensure that all settlement and deferral applications meet all eligibility and documentation requirements prior to submission to the County Executive for approval. Also ensure that actions taken by the County Executive and the County Council are properly tracked, posted for public inspection and submitted to the Utah State Tax Commission according to State and County code.

Action Plan 1: The County Auditor’s Office will make a thorough review of State and County code applicable to settlements and deferrals of delinquent property taxes. Training will be provided, at least annually, to keep a sufficient understanding of current and future laws and procedures.

Action Plan 2: All applications for settlement or deferral of delinquent property taxes will be submitted to the County Auditor’s Office. A review of eligibility and completeness will be made and documented. Applications that are eligible and complete will be forwarded to the County Executive for further review and action.

Action Plan 3: When actions are ordered by the County Council, they will be executed and tracked in the property tax software program by the County Auditor’s Office. The County Auditor’s Office will also ensure compliance with public notice requirements and submission to the State Tax Commission.

Responsibility: County Auditor’s Office

Expected Completion Date: Immediate implementation for all new settlement and deferral applications.

Recommendation 2: Ensure that only eligible and complete applications are submitted to the County Council for consideration.

Action Plan 1: The County Executive Office will make a thorough review of State and County code applicable to settlements and deferrals of delinquent property taxes. Training will be provided, at least annually, to keep a sufficient understanding of current and future laws and procedures.

Action Plan 2: Before applications are presented for consideration to the County Council, the County Executive will review the applications provided by the County Auditor’s Office and verify eligibility and completeness of applicable documentation. When all eligibility criteria have been met and documentation is complete in accordance with State and County code, the County Executive will prepare the applications for presentation to the County Council.

Responsibility: County Executive

Expected Completion Date: Immediate implementation for all new settlement and deferral applications.

Recommendation 3: Ensure that only eligible and complete applications are received from the County Executive for consideration and that all actions taken are documented according to State and County code requirements.

Action Plan 1: The County Council will make a thorough review of State and County code applicable to settlements and deferrals of delinquent property taxes. Training will be provided, at least annually, to keep a sufficient understanding of current and future laws and procedures.

**CORRECTIVE ACTION PLAN – STATE COMPLIANCE
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Action Plan 2: Applications received from the County Executive will be reviewed, prior to formal discussion for possible action, to ensure eligibility and documentation requirements have been met. When all requirements have been met, actions taken by the Council will be recorded in detail and provided to the Auditor's Office for entry into the property tax software and to store the records.

Responsibility: County Council

Expected Completion Date: Immediate implementation for all new settlement and deferral applications.

Recommendation 4: Ensure there is proper authorization, payment application and public disclosure related to delinquent property tax deferrals and settlements. Ensure that all property tax abatement applications meet all eligibility and documentation requirements. Also ensure that access to computers and computer programs is made with unique login credentials.

Action Plan 1: Any adjustments to taxes receivable records will be made in accordance with County code 3.60.070 and other applicable State and County code. Proper documentation regarding authorization and reasons for adjustments will be kept.

Action Plan 2: Tax payments will be applied in the order prescribed in State code 59-2-1346, with the most current tax year first and the oldest tax year last.

Action Plan 3: The delinquent property tax list will be published according to State code. Exclusions will be made only to correct actual errors.

Action Plan 4: Abatements will not be processed without the required documentation, including a signature from the taxpayer or a legal representative. Applications will only be accepted if they are filed by the legal deadline established in State and County code and as advised by the State Tax Commission. Advice from the State Tax Commission will also be sought regarding documentation for evidence of income and ownership of a taxable parcel.

Action Plan 5: Use of computer terminals to record any transaction will be made only with unique user login credentials.

Responsibility: County Treasurer

Expected Completion Date: County code 3.60.070 was amended on May 28, 2013. Implementation began immediately after adoption of the amendment and efforts to improve that process are ongoing. Other action plans will be implemented immediately for all new abatement, settlement and deferral applications.

Recommendation 5: With respect to small settlements as defined in County Code 3.060.070, ensure that approval and the reasons for approval are properly documented.

Action Plan: Reasons for the small settlement transaction will be documented when processed and submitted to the County Executive for approval. The County Executive will document actions taken and instruct others to act accordingly. All settlements will be presented, at least annually, to the County Council for final approval.

Responsibility: County Executive, County Auditor and County Treasurer.

Expected Completion Date: Immediate implementation.

**CORRECTIVE ACTION PLAN – STATE COMPLIANCE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Recommendation 6: Modifications should be made to the County’s property tax software that would improve the recording, maintaining and reporting of transactions. Controls regarding user access should also be improved to correlate with the processes described in previous recommendations and action plans.

Action Plan 1: The Information Technology department will make programming changes to the current property tax software program that will promote compliance with State and County code.

Action Plan 2: The County Council will appoint a qualified member committee to address the property tax software needs of the County going forward. The committee should present a budget estimate and timeline to the County Council that would facilitate the design and implementation of a new tax collection software program. The new program will address flaws in the current system and be able to integrate with the real property CAMA software. It will also provide for complete financial system integration, meaningful internal controls and security features and allow for future growth and programming platform support.

Responsibility: Information Technology Department and County Council

Expected Completion Date: Certain programming changes for the current property tax system will begin immediately and be available for use for the collection of the current property taxes due (no later than November 30, 2014). For the large system replacement-related changes, the County Council should appoint a qualified member committee no later than September 30, 2014, so the committee can make recommendations during the next budget adoption cycle for work to be performed in calendar year 2015.

Recommendation 7: The current content of the County code and related policies should be carefully reviewed and consideration should be given to possible changes that could be made. Criteria for change should include public input, continuity between State code and County code and whether differences are meaningful or useful. Consideration regarding process and segregation of duties should also be made.

Action Plan 1: The County Council will make a thorough review of State and County code applicable to property tax administration, including charges and methods of relief. Training will be provided, at least annually, to keep a sufficient understanding of current and future laws and procedures.

Action Plan 2: The County Council will form a committee to review State and County code applicable to property taxes, with the express purpose of identifying and evaluating differences. The committee will also review the Standards of Practice provided by the State Tax Commission as they are prepared as accepted procedures and guidelines to assist in the successful administration of property tax practices. The committee will make recommendations to resolve differences and to promote meaningful assistance to tax payers.

Action Plan 3: All processing of abatements of current property tax will be transferred to the County Auditor’s Office.

Responsibility: County Council, County Executive, County Treasurer, County Auditor, County Attorney

Expected Completion Date: The committee will be organized prior to November 30, 2014, to allow for a review of procedures to coincide with the current property tax collection.

Recommendation 8: Reports created by the Information Technology Department related to property tax compliance should be used by County personnel in future periods to facilitate internal inspections and compliance reviews of the various types of property tax transactions.

CORRECTIVE ACTION PLAN – STATE COMPLIANCE
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Action Plan 1: Reporting capabilities will be made available to users of the property tax software.

Action Plan 2: The County Audit Committee will use these reports to perform compliance reviews of property tax transactions.

Responsibility: Information Technology Department, County Council

Expected Completion Date: Reporting capabilities have already been programmed and made available to all users of the property tax software. The Audit Committee will develop a process to perform compliance reviews beginning with the current tax cycle.