

DAVIS COUNTY
INDEPENDENT AUDITORS' REPORT ON
STATE AND LEGAL COMPLIANCE
DECEMBER 31, 2012



Independent Auditors' Report on State and Legal Compliance

Honorable County Commissioners
Davis County
Farmington, Utah

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Davis County, Utah (the County) for the year ended December 31, 2012, and have issued our report thereon dated May 30, 2013, which report was modified as described below. The financial statements of Davis Behavioral Health (a component unit of Davis County) were audited by other auditors, whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for Davis Behavioral Health, is based solely on the reports of such other auditors. As part of our audit, we have audited the County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2012. The County received the following major State assistance programs from the State of Utah.

Mental Health (Department of Human Services)
Substance Abuse (Department of Human Services)
Senior Citizen Programs (Department of Human Services)
Antelope Island Causeway Upgrade (Department of Transportation)

The County also received the following non-major grants which are not required to be audited for specific compliance requirements. (However, these programs were subject to test work as part of the audit of the County's general purpose financial statements.):

Drug Court Grant (Department of Human Services)
DORA (Department of Human Services)
Children's Justice Center (Attorney General's Office)
Weatherization Programs (Department of Community and Culture)
Tobacco Prevention and Control (Department of Health)
Minimum Performance Standards (Department of Health)
Medicaid Waiver Program (Department of Human Services)
Local Health Department Environmental Services (Department of Environmental Health)
Library Lending (State Library Division)
Tobacco Community Collaboration (Department of Health)
Community Library Enhancement Fund (State Library Division)
Family Resource Facilitator (Department of Human Services)
Indoor Clean Air Program (Department of Environmental Health)
Alcohol Related Motor Vehicle Crashes and/or Prescription Drug Abuse (Dept. of Human Services)
TB Control (Department of Health)
Communities That Care Grant (Department of Human Services)
E911 Grant (Utah 911 Committee)
Per Capita Grant Funds (Utah Department of Health)
CHEC Program (Utah Department of Health)
Healthy Child Care Initiative (Utah Department of Health)
Physical Activity Nutrition and Health (PANO) (Utah Department of Health)
Heart Disease and Stroke Prevention (Utah Department of Health)
State Asset Forfeiture Grant (Utah Commission on Criminal Juvenile Justice)

Our audit also included test work of the County's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Liquor Law Enforcement
- Justice Courts Compliance
- B & C Road Funds
- Other General Compliance Issues
- Department of Commerce - Uniform Building Standards
- Statement of Taxes Charged, Collected, and Disbursed
- Assessing and Collecting of Property Taxes
- Transient Room Tax
- Utah Retirement System Compliance
- Fund Balance Compliance

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

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

The results of our audit procedures disclosed instances of noncompliance with the requirements referred to above, which are outlined in the accompanying Schedule of Findings and Questioned Costs.

In our opinion, except for the instances of noncompliance mentioned above, Davis County complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2012.

Christensen, Palmer & Ambrose P.C.

DAVIS COUNTY

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2012

PROGRAM: BUDGETARY COMPLIANCE

FINDING: The County had three departments whose expenditures exceeded appropriations in the final budget.

QUESTIONED COSTS: None

RECOMMENDATION: The County should monitor its expenditures so as to stay within budget appropriations or modify its budget if necessary.

COUNTY'S REPLY: The County will be more cognizant about this and make sure it doesn't happen in departments within the General Fund in the future.

PROGRAM: CLASS B AND C ROAD FUNDS

FINDING: The County did not advertise for three consecutive weeks when advertising for bids on a large road project.

QUESTIONED COSTS: None

RECOMMENDATION: When advertising for bids on road projects, the County should advertise in a newspaper of general circulation at least once a week for three consecutive weeks.

COUNTY'S REPLY: The County Public Works Department will be reminded of statutory requirements to advertise for three consecutive weeks prior to awarding bids and this process will be monitored more closely.

DAVIS COUNTY

Schedule of Expenditures of Tourism Tax Revenues

For the Year Ended December 31, 2012

TRANSIENT ROOM TAX

Establishing and promoting:	
Recreation	\$ -
Tourism	1,047,506
Film production	-
Conventions	-
Acquiring, leasing, construction, furnishing, or operating:	
Convention meeting rooms	-
Exhibit halls	-
Visitor information centers	-
Museums	-
Related facilities	-
Acquiring or leasing land required for or related to:	
Convention meeting rooms	-
Exhibit halls	-
Visitor information centers	-
Museums	-
Related facilities	-
Payment of principal, interest, premiums, and reserves on bonds	<u>-</u>
Total expenditures	<u>\$ 1,047,506</u>

TOURISM, RECREATION, CULTURE, AND CONVENTION FACILITIES TAXES

Financing tourism, promotion	\$ -
Development, operation, and maintenance of:	
Tourist facilities	2,537,392
Recreation facilities	238,765
Cultural facilities	935,436
Pledges as security for evidence of indebtedness	-
Reserves and pledges:	
Reserves on bonds related to TRT funds	-
Pledges as security for evidences of indebtedness related to TRCC	<u>-</u>
Total expenditures	<u>\$ 3,711,593</u>