



FINANCIAL STATEMENTS

Year Ended December 31, 2010

With Report of

Certified Public Accountants

WASHINGTON COUNTY

Table of Contents

FINANCIAL SECTION:

Independent Auditors' Report	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Assets – Proprietary Funds	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Proprietary Funds.....	20
Statement of Cash Flows – Proprietary Funds.....	21
Statement of Fiduciary Net Assets – Fiduciary Funds.....	22
Component Unit Financial Statements:	
Combining Statement of Net Assets – Component Units.....	23
Combining Statement of Activities – Component Units	24
Notes to the Financial Statements	25
Required Supplementary Information:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund (Detailed).....	56
Habitat Conservation Plan Special Revenue Fund	60
Travel Board Special Revenue Fund.....	61

WASHINGTON COUNTY

Table of Contents
(Continued)

Supplementary Information:

Major Governmental Funds:

Schedules of Revenues, Expenditures, and Changes in Fund

Balances – Budget and Actual:

Debt Service Fund..... 65

Capital Projects Fund 66

Combining and Individual Fund Financial Statements:

Combining Balance Sheet – Non-major Governmental Funds..... 68

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Non-major Governmental Funds 70

Schedules of Revenues, Expenditures, and Changes in Fund

Balances – Budget and Actual

Special Revenue Funds 72

Combining Statement of Changes in Assets and Liabilities -

All Trust and Agency Funds 81

Other Schedules:

Tax Collection Agency Fund – Cash Receipts and Disbursements 84

Statement of Taxes Charged and Collected..... 86

Schedule of Expenditures of Transient Room Taxes..... 90

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS:

Report on Compliance and on Internal Control over Financial Reporting..... 91

Report on Compliance with State Fiscal Laws 93

Findings and Recommendations 95

Responses to Findings and Recommendations 96

INDEPENDENT AUDITOR'S REPORT

County Commission
Washington County
St. George, Utah

We have audited the accompanying 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 Washington County, as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Washington County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following component units, Ash Creek Special Service District (SSD), Washington County Solid Waste SSD, Rockville/Springdale Fire Protection District, Angell Springs SSD, Dixie Deer SSD, Dammeron Valley SSD, Gunlock SSD, Leeds Area SSD, New Harmony Valley SSD, Northwest SSD, Pine Valley SSD, Southwestern SSD, Specially Funded Transportation SSD, and Hurricane Valley Fire SSD, which statements reflect 88% of the total assets and 59% of total revenues of the aggregate discretely presented component units as of December 31, 2010, and for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the previously noted component units in the component unit columns, is based on the reports of other auditors.

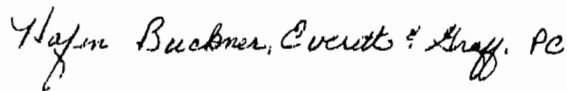
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Washington County, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also issued our report dated July 11, 2011, on our consideration of Washington 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, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 55 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washington County's financial statements as a whole. The supplementary combining and individual nonmajor fund financial statements, and the other schedules listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements as a whole.



Hafen, Buckner, Everett, & Graff, PC
July 11, 2011

**WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010**

The following is a discussion and analysis of Washington County's financial performance and provides an overview of the County's activities for the year ending December 31, 2010. This report is in conjunction with the County's financial statements that follow this section.

HISTORY AND BACKGROUND OF WASHINGTON COUNTY

Washington County was created in 1856 shortly after pioneers settled here in the early 1850's. It has been known as Utah's Dixie because of mild winter weather and the fact that cotton was raised here in the early days of its existence. Not a lot of growth took place for the first 100 years. In the mid 1960's the county's population was about 10,000. Today, it is over 138,000. The population has nearly doubled each of the last three decades! Championship golf, tennis, outdoor sports events, walking and biking trails, snow-free winters and year long low humidity all make living here attractive.

The purpose of the County is to provide general services to its residents which include general government, judicial, public safety, health and sanitation, conservation and economic development, culture, and public works. Additional services provided to residents in the unincorporated areas include road maintenance, building, planning, and zoning issues, plus fire control.

FINANCIAL HIGHLIGHTS

- Washington County has consistently been one of the highest growth counties in the state; however, population growth has slowed due to current economic conditions this past year.
- Sales tax revenues increased during 2010 from \$4.94 million to \$4.99 million or .96 %.
- Restaurant and Transient Room Taxes increased during 2010 from \$4.7 million to \$5.1 million or 8.19 %.
- As of the end of 2010, the County's unemployment rate was 9.7% as compared to the State rate of 7.5% and the National rate of 9.4%. Both the County and State rates have gotten worse during the first several months of 2010. The County and the State both have one of the best labor and business climates in the western United States; however, along with the rest of the country job growth has declined in the past year.
- During 2010 the County's General Fund balance increased from \$5 million to 7 million. \$5.2 million of the General Fund balances are reserved or designated for future capital project needs.
- Total County assets, excluding component units, exceed total liabilities (net assets) by \$43.5 million at the close of the fiscal year. Total net assets increased by \$1.98 million.
- Total revenues from all sources, excluding component units, were \$55 million.
- The total cost of all County programs, excluding component units, was \$53 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the County as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. (3) Notes to the financial statements.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities (Government-wide)

The government-wide financial statements are designed to provide readers with a broad overview of Washington County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Washington County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Washington County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave or personal time off).

Both of the government-wide financial statements distinguish functions of Washington County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Washington County include general government, judicial, public safety, health and sanitation, culture, conservation and economic development, and public works.

The government-wide financial statements include not only Washington County itself (known as the primary government, but also many legally separate special districts for which Washington County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Reporting the County's Most Significant Funds

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. Washington County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Washington County can be divided into two major types of funds, governmental and proprietary. These two types of funds use different accounting approaches as explained below.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Washington County maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Debt Service fund, Travel Board fund, Habitat Conservation fund, and the Capital Projects fund all of which are considered to be major funds. Data from the other eight Governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and individual budget-to-actual reports.

Washington County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for each fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the governmental fund financial statements.

Proprietary Funds

The internal service fund accounts for the County's self-funded health insurance services provided to other funds and departments on a cost reimbursement basis. All of the other proprietary funds of the County are in the form of component units. Each of the component units of the county prepare their own financial statements but are summarized in Washington County's presentation because of their financial accountability. The basic, but not the only, criterion for including a component unit within the reporting entity is whether or not the County exercises significant influence over the component unit. Significant influence or accountability is based primarily on operational or financial relationships with the County.

Notes to the Financial Statements

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

Other Information

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

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for certain amounts held on behalf of developers, donations for a specific purpose and others. These fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. The County is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the County's other financial statements because the assets cannot be used to finance operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net assets may serve over time as a useful indicator of an entity's financial position. In the case of Washington County, assets exceeded liabilities by \$43.5 million at the close of the most recent fiscal year. This is a 6.4% increase over the previous year.

A portion of the County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any outstanding debt used to acquire those assets that is still outstanding. Washington County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Washington County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

A listing of the County's component units is included at footnote 1 of the financial statements.

The following table summarizes the County's governmental and business-type net assets as well as the County's component unit net assets at year-end.

	Governmental Activities		Component Unit Activities	
	2010	2009	2010	2009
Current and other assets	\$ 44,898,318	\$ 40,270,956	\$ 31,818,401	\$ 28,584,836
Capital assets	59,859,817	62,985,308	35,500,661	33,261,706
Total assets	<u>104,758,135</u>	<u>103,256,264</u>	<u>67,319,062</u>	<u>61,846,542</u>
Long-term liabilities	53,134,348	53,736,650	13,021,345	13,107,977
Other liabilities	8,165,321	8,041,793	1,842,077	1,290,479
Total liabilities	<u>61,299,669</u>	<u>61,778,443</u>	<u>14,863,422</u>	<u>14,398,456</u>
Net assets:				
Invested in capital assets, net of related debt	7,908,719	11,641,488	26,442,237	24,417,129
Restricted	25,786,123	22,591,175	4,221,714	8,632,552
Unrestricted	9,763,624	7,245,158	21,791,689	14,398,405
Total net assets	<u>\$ 43,458,466</u>	<u>\$ 41,477,821</u>	<u>\$ 52,455,640</u>	<u>\$ 47,448,086</u>

The County's programs include: General Government, Judicial, Public Safety, Public Works, Health and Sanitation, Conservation and Economic Development, and Culture. Each program's revenues and expenditures are presented below.

**Washington County
Changes in Net Assets**

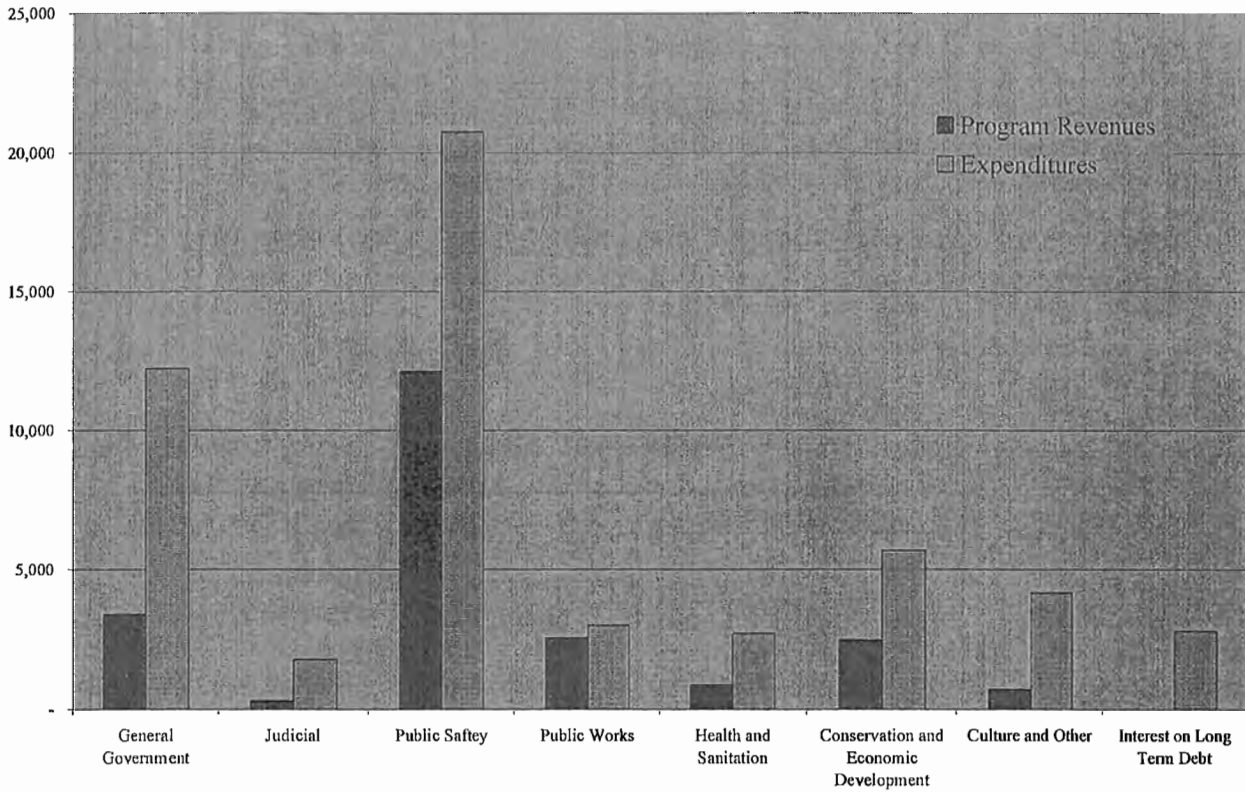
	Governmental Activities		Component Unit Activities	
	2010	2009	2010	2009
Revenues:				
Program revenues:				
Charges for services	\$ 14,291,185	\$ 13,649,735	\$ 12,646,405	\$ 12,008,988
Operating grants and contributions	5,778,318	5,431,302	9,502,887	7,876,201
Capital grants and contributions	2,283,355	3,445,153	388,661	106,824
General revenues:				
Taxes	32,566,268	30,623,466	1,639,719	449,114
Other	118,064	195,429	391,285	621,076
Total revenues	<u>55,037,190</u>	<u>53,345,085</u>	<u>24,568,957</u>	<u>21,062,203</u>
Expenses:				
General government	12,214,083	15,158,915	-	-
Judicial	1,793,817	1,643,710	-	-
Public safety	20,736,108	17,143,496	1,576,390	882,152
Public works	2,993,666	4,032,100	10,451,400	9,744,656
Health and sanitation	2,691,732	2,643,364	8,505,408	8,209,155
Conservation and economic development	5,674,610	6,322,370	-	-
Culture and other	4,160,391	3,629,567	-	-
Interest on long term debt	2,792,138	2,836,668	-	-
Total expenses	<u>53,056,545</u>	<u>53,410,190</u>	<u>20,533,198</u>	<u>18,835,963</u>
Increase in net assets	1,980,645	(65,105)	4,035,759	2,226,240
Net assets, beginning	41,477,821	41,542,926	47,455,140	45,221,846
Prior period adjustment	-	-	17,011	-
Net assets, ending	<u>\$ 43,458,466</u>	<u>\$ 41,477,821</u>	<u>\$ 51,507,910</u>	<u>\$ 47,448,086</u>

The cost of all Governmental activities this year was \$53 million. As shown on the Statement above, \$14.3 million of this cost was paid for by those who directly benefited from the programs; \$8 million was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$22.35 million. General taxes and investment earnings totaled \$32.68 million.

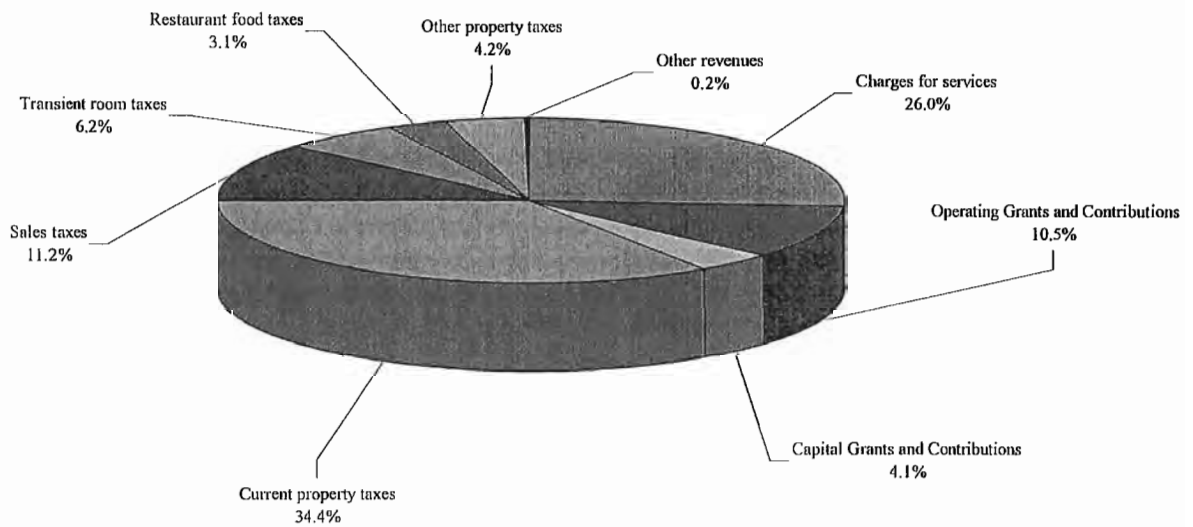
Total resources available during the year to finance operations were \$96.5 million consisting of Net assets at December 31, 2009 of \$41.47 million, program revenues of \$22.35 million and General Revenues of \$32.68 million. Total Governmental Activities during the year were \$53 million; thus Net Assets were increased by \$1.98 to \$43.45 million. Most of the governmental activities remained consistent from 2009 to 2010 with some changes between programs such as conservation and economic development and culture and other due to the timing of projects and their completion dates.

The following graphs compare program revenues with program expenditures and provide a breakdown of revenues by source for governmental activities:

**Program Revenues and Expenditures - Governmental Activities
Primary Government (in Thousands)**



**Revenue By Source - Governmental Activities
Primary Government**



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

Governmental funds

The focus of the County's governmental fund financial statements (pages 14 to 18) is to provide information on near-term inflows, outflows, and balances of spendable resources. All major governmental funds are discretely presented in these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds are reported on pages 68 to 71.

For the year ended December 30, 2010, the governmental funds reflect a combined fund balance of \$32,119,314. Of this, \$20,245,995 is reserved because it is not available for expenditure or is legally segregated for a specific future use. The remaining \$11,873,319 is classified as "Unreserved". This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year.

The General fund is the principal operating fund of the County and accounts for many functions of the government, including general administrative services, judicial, public safety, public works, health and sanitation, conservation and economic development, culture and other. General fund revenues and expenditures remained fairly consistent with the prior year. Revenues totaled \$23,140,440 and expenditures, before other financing sources and uses, totaled \$21,018,153. The net increase in fund balance before transfers was \$2,122,287. A transfer from the general fund of \$1,189,000 was made to the debt service fund, Children's Justice Center fund, Council on Aging fund and the Municipal Services fund for 2010.

The Habitat Conservation fund is used to account for revenue sources that are legally restricted to expenditure for habitat conservation and capital improvements. Habitat Conservation fund revenues and expenditures remained fairly consistent with the prior year. Revenues totaled \$349,180 while expenditures totaled \$600,341 in 2010. (See Page 60)

The Travel Board fund is used to account for transient room tax revenues used to promote travel within the County and assist the Washington County/St George Interlocal Agency. Travel Board fund revenues increased 14% and expenditures increased 12% from the prior year. Revenues and expenditures excluding transfers totaled \$3,862,454 and \$2,776,651 in 2010, respectively. (See Page 61)

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment. Expenditures increased as expected in 2010 mainly due to the refunding of bonds. (See Page 65)

The Capital Projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The Capital Projects fund reported \$257,176 and \$2,668,541 in capital outlay. (See Page 66)

The non-major funds of the County consist of the following special revenue funds: Municipal Service, Flood Damage, Children's Justice Center, Library, Assessing and Collecting, Council on Aging, Recreation, and Grants. The non-major funds are combined into one column on the governmental fund statements. (See Pages 68 to 79 for nonmajor combining and individual fund statements)

General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$862,667 higher than actual expenditures. The budget to actual variance in appropriations was the result of various departments slightly over and under and due to estimates in contingency anticipated for miscellaneous services and supplies which were not expended. Actual revenues were more than the final budget by \$8,960. Budget amendments and supplemental appropriations were made during the year to prevent budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the County are those assets that are used in performance of County functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of 2010, net capital assets of the government activities totaled \$59.86 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 8 to the financial statements.)

Debt

At year-end, the County had \$58 million in governmental type debt. The debt is a liability of the government and amounts to approximately \$419.94 per capita. During the current fiscal year, the County's total debt increased by \$110,344 mostly as a result of refunding bonds. (See note 9 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The County uses a conservative approach during the budgeting process in an effort to maintain a healthy fund balance. With the current economic condition of the County, management has proposed to budget revenues and expenditures for 2011 close to the 2010 actual results. The County has strongly maintained that no tax increases are to occur in the County without public input. The County budgets are closely monitored by Administration.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Washington County Auditor at 197 East Tabernacle, St. George, UT 84770.

BASIC FINANCIAL STATEMENTS

WASHINGTON COUNTY
Statement of Net Assets
December 31, 2010

	Primary Government	
	Governmental Activities	Component Units
Assets		
Cash and investments	\$ 7,769,105	\$ 20,133,029
Receivables (net of allowance for uncollectibles)	11,557,028	2,671,612
Prepaid assets	-	96,545
Deferred charges	346,929	-
Restricted cash and investments	21,007,676	8,917,215
Note receivable	4,217,580	-
Capital assets not being depreciated	4,325,683	10,127,392
Capital assets being depreciated, net of accumulated depreciation	55,534,134	25,373,269
Total assets	104,758,135	67,319,062
Liabilities		
Accounts payable and other current liabilities	2,466,287	1,366,809
Unearned revenue	156,049	-
Accrued interest payable	619,339	162,479
Noncurrent liabilities:		
Due within one year	4,923,646	312,789
Due in more than one year	53,134,348	13,021,345
Total liabilities	61,299,669	14,863,422
Net Assets		
Invested in capital assets, net of related debt	7,908,719	26,442,237
Restricted for:		
Capital projects	1,989,654	-
Class "B" roads	1,484,220	-
Debt Service	9,154,119	-
Other purposes	13,158,130	4,221,714
Unrestricted	9,763,624	21,791,689
Total net assets	\$ 43,458,466	\$ 52,455,640

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Statement of Activities
For the Year Ended December 31, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government		Component Units
			Grants and Contributions	Contributions		Governmental Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 12,214,083	\$ 3,016,064	\$ 87,275	\$ 275,714	\$ (8,835,030)	\$ (8,835,030)	\$ -	
Judicial	1,793,817	244,916	46,476	-	(1,502,425)	(1,502,425)	-	
Public safety	20,736,108	8,351,843	3,465,586	298,862	(8,619,817)	(8,619,817)	-	
Public works	2,993,666	286,378	1,804,189	445,551	(457,548)	(457,548)	-	
Health and sanitation	2,691,732	700,237	173,303	-	(1,818,192)	(1,818,192)	-	
Conservation & economic development	5,674,610	992,987	198,875	1,263,228	(3,219,520)	(3,219,520)	-	
Culture and other	4,160,391	698,760	2,614	-	(3,459,017)	(3,459,017)	-	
Interest on long-term debt	2,792,138	-	-	-	(2,792,138)	(2,792,138)	-	
Total governmental activities	53,056,545	14,291,185	5,778,318	2,283,355	(30,703,687)	(30,703,687)	-	
Total primary government	\$ 53,056,545	\$ 14,291,185	\$ 5,778,318	\$ 2,283,355	(30,703,687)	(30,703,687)	-	
Component units:								
Public safety	\$ 1,576,390	\$ 409,293	\$ 48,281	\$ 68,382	-	-	(1,050,434)	
Public works	10,451,400	10,704,015	954,063	320,279	-	-	1,526,957	
Health and sanitation	8,505,408	1,533,097	8,500,543	-	-	-	1,528,232	
Total component units	\$ 20,533,198	\$ 12,646,405	\$ 9,502,887	\$ 388,661	-	-	2,004,755	
General revenues:								
Current property taxes					18,955,264	18,955,264	1,533,046	
Sales taxes					6,179,807	6,179,807	-	
Transient room taxes					3,387,840	3,387,840	-	
Restaurant food taxes					1,727,928	1,727,928	-	
Other property taxes					2,315,429	2,315,429	106,673	
Unrestricted investment earnings					118,064	118,064	156,155	
Gain on the sale of assets					-	-	-	
Other revenues					-	-	235,130	
Total general revenues and transfers					32,684,332	32,684,332	2,031,004	
Change in net assets					1,980,645	1,980,645	4,035,759	
Net assets - beginning					41,477,821	41,477,821	47,455,140	
Prior period adjustment					-	-	17,011	
Net assets - ending					\$ 43,458,466	\$ 43,458,466	\$ 51,507,910	

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Balance Sheet
Governmental Funds
December 31, 2010

	General Fund	Debt Service	Special Revenue	
			Habitat Conservation	Travel Board
Assets				
Cash and investments	\$ 3,107,761	\$ -	\$ 100	\$ 35
Property taxes receivable	2,471,676	499,370	-	-
Assessments receivable	-	4,626,247	-	-
Due from other governments	727,699	-	92,582	319,988
Due from other funds	320,431	-	-	-
Other receivables	-	-	-	-
Prepaid assets	-	-	-	-
Notes receivable	-	-	-	-
Restricted cash and investments	1,273,488	5,866,763	4,747,170	4,191,841
Total assets	<u>\$ 7,901,055</u>	<u>\$ 10,992,380</u>	<u>\$ 4,839,852</u>	<u>\$ 4,511,864</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	302,048	872	4,489	74,944
Accrued liabilities	361,026	-	3,238	4,366
Due to other funds	-	-	-	-
Unearned revenue	147,998	4,626,247	-	2,500
Total liabilities	<u>811,072</u>	<u>4,627,119</u>	<u>7,727</u>	<u>81,810</u>
Fund balances:				
Reserved for:				
Class "B" roads	1,484,220	-	-	-
Debt service fund	-	4,529,998	-	-
Other purposes	-	-	4,832,125	4,430,054
Unreserved, designated for subsequent year	-	1,028,238	-	-
Unreserved, designated for capital projects	3,800,000	-	-	-
Unreserved, undesignated	1,805,763	807,025	-	-
Unreserved, undesignated, reported in nonmajor:				
Special revenue funds	-	-	-	-
Total fund balances	<u>7,089,983</u>	<u>6,365,261</u>	<u>4,832,125</u>	<u>4,430,054</u>
Total liabilities and fund balances	<u>\$ 7,901,055</u>	<u>\$ 10,992,380</u>	<u>\$ 4,839,852</u>	<u>\$ 4,511,864</u>

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

- Some receivables are not available in the current period and therefore are not reported in the funds.
- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Revenues considered unearned and not reported in the funds
- Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.
- Assets and liabilities of the internal service fund included in governmental activities.

Net assets of governmental activities

The accompanying notes are an integral part of the financial statements

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,124,849	\$ 6,232,745
-	1,711,253	4,682,299
-	-	4,626,247
-	1,040,033	2,180,302
-	-	320,431
-	-	-
-	-	-
-	-	-
<u>2,576,753</u>	<u>2,351,661</u>	<u>21,007,676</u>
<u>\$ 2,576,753</u>	<u>\$ 8,227,796</u>	<u>\$ 39,049,700</u>

587,099	418,555	1,388,007
-	73,148	441,778
-	320,431	320,431
-	3,425	4,780,170
<u>587,099</u>	<u>815,559</u>	<u>6,930,386</u>

-	-	1,484,220
-	-	4,529,998
1,989,654	2,979,944	14,231,777
-	-	1,028,238
-	-	3,800,000
-	-	2,612,788
-	4,432,293	4,432,293
<u>1,989,654</u>	<u>7,412,237</u>	<u>32,119,314</u>
<u>\$ 2,576,753</u>	<u>\$ 8,227,796</u>	

4,217,580

59,859,817

4,624,121

(58,330,404)

968,038

\$ 43,458,466

WASHINGTON COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General Fund	Debt Service	Special Revenue	
			Habitat Conservation	Travel Board
Revenues				
Taxes	\$ 14,258,671	\$ 2,850,973	\$ -	\$ 3,387,840
Licenses and permits	20,930	-	-	-
Intergovernmental	5,810,955	294,290	272,542	-
Charges for services	1,086,560	-	-	-
Fines and forfeitures	1,089,680	-	-	-
Interest	39,028	8,599	22,284	16,126
Sub-lease revenue	-	-	-	-
Other revenue	834,616	1,435,237	54,354	458,488
Total revenues	<u>23,140,440</u>	<u>4,589,099</u>	<u>349,180</u>	<u>3,862,454</u>
Expenditures				
Current:			-	-
General government	3,205,308	52,317	-	-
Judicial	1,643,966	-	-	-
Public Safety	12,819,500	-	-	-
Public Works	1,891,312	-	-	-
Health and Sanitation	1,141,422	-	-	-
Conservation & Economic Development	184,551	-	600,341	2,224,104
Culture and other	97,519	-	-	-
Matching Funds & contributions	34,575	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	13,293,293	-	285,012
Interest	-	1,950,345	-	267,535
Total expenditures	<u>21,018,153</u>	<u>15,295,955</u>	<u>600,341</u>	<u>2,776,651</u>
Excess revenues over (under) expenditures	<u>2,122,287</u>	<u>(10,706,856)</u>	<u>(251,161)</u>	<u>1,085,803</u>
Other financing sources (uses)				
Transfers in	644,743	685,800	-	200,000
Transfers out	(1,189,000)	-	-	(700,000)
Bond Issue Costs	-	(122,235)	-	-
Debt proceeds	497,312	-	-	-
Refunding bond proceeds	-	11,250,557	-	-
Total other financing sources and uses	<u>(46,945)</u>	<u>11,814,122</u>	<u>-</u>	<u>(500,000)</u>
Net change in fund balances	2,075,342	1,107,266	(251,161)	585,803
Fund balances - beginning of year	5,014,641	5,257,995	5,083,286	3,844,251
Fund balances - end of year	<u>\$ 7,089,983</u>	<u>\$ 6,365,261</u>	<u>\$ 4,832,125</u>	<u>\$ 4,430,054</u>

The accompanying notes are an integral part of the financial statements

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$11,963,205	\$ 32,460,689
-	71,075	92,005
245,073	5,887,428	12,510,288
-	1,166,788	2,253,348
-	79,705	1,169,385
12,103	19,924	118,064
-	688,231	688,231
-	179,839	2,962,534
<u>257,176</u>	<u>20,056,195</u>	<u>52,254,544</u>
-	6,420,637	9,678,262
-	-	1,643,966
-	3,582,821	16,402,321
-	351,343	2,242,655
-	1,282,592	2,424,014
-	1,316,869	4,325,865
-	2,972,170	3,069,689
-	-	34,575
2,668,541	-	2,668,541
-	1,564,988	15,143,293
-	604,702	2,822,582
<u>2,668,541</u>	<u>18,096,122</u>	<u>60,455,763</u>
<u>(2,411,365)</u>	<u>1,960,073</u>	<u>(8,201,219)</u>
-	1,491,110	3,021,653
-	(1,132,653)	(3,021,653)
-	-	(122,235)
2,950,000	-	3,447,312
-	-	11,250,557
<u>2,950,000</u>	<u>358,457</u>	<u>14,575,634</u>
538,635	2,318,530	6,374,415
<u>1,451,019</u>	<u>5,093,707</u>	<u>25,744,899</u>
<u>\$ 1,989,654</u>	<u>\$ 7,412,237</u>	<u>\$ 32,119,314</u>

WASHINGTON COUNTY
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To The Statement of Activities
For the Year Ended December 31, 2010

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

Net changes in fund balances - total governmental funds	\$ 6,374,415
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(2,720,690)
The statement of activities only reports the loss on the sale of capital assets. In the governmental funds, only the proceeds from the sale are reported. This is the difference between the net book value of the capital assets sold and the proceeds.	(404,801)
Donations of capital assets do not provide current financial resources and, therefore, are not reported as revenues/expenditures in governmental funds.	(989,686)
Sub-lease revenues reported in the funds that provide current financial resources are reported as a reduction of notes receivable in the statement of net assets.	(461,900)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(62,147)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(104,645)
Internal service funds are used by management to charge costs of certain activities to individual funds. This amount represents the net revenue (expense) of the internal service fund reported as governmental activities	<u>350,099</u>
Change in net assets of governmental activities	<u><u>\$ 1,980,645</u></u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Statement of Net Assets
Proprietary Funds
December 31, 2010

	<u>Internal Service Fund</u>
Assets:	
Cash	\$ 1,536,360
Accounts receivable	<u>68,180</u>
Total Assets	<u>1,604,540</u>
 Liabilities:	
Accounts payable	636,502
Due to other funds	<u>-</u>
Total Liabilities	<u>636,502</u>
 Net Assets:	
Unrestricted	<u>968,038</u>
Total Net Assets	<u>\$ 968,038</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2010

	Internal Service Fund
Operating Revenues	
Charges for services	
County contributions	\$ 3,775,360
Employee contributions	784,522
Total operating revenues	4,559,882
Operating Expenses	
Claims expense	3,467,171
Premium expense	742,612
Total operating expenses	4,209,783
Operating income	350,099
Net assets, beginning of the year	617,939
Net assets, end of the year	\$ 968,038

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

	Internal Service Fund
Cash Flows From Operating Activities:	
Cash received from customers, service fees	\$ 4,582,246
Cash paid to suppliers	(4,241,530)
Cash flows from operating activities	340,716
Net Change in Cash and Cash Equivalents	340,716
Cash and cash equivalents including restricted cash, beginning of year	1,195,644
Cash and cash equivalents including restricted cash, end of year	\$ 1,536,360
Reconciliation of operating income (loss) to cash flows from operating activities:	
Net operating income (loss)	\$ 350,099
Adjustments to reconcile net income (loss) to cash flows from operating activities:	
Changes in operating assets and liabilities	
(Increase)/Decrease in receivables	22,364
Increase/(Decrease) in accounts payable	(31,747)
Net cash flows from operating activities	\$ 340,716

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combined Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 27,607,099
Property taxes receivable	<u>780,472</u>
Total Assets	<u>\$ 28,387,571</u>
Liabilities	
Deposits held in trust	\$ 4,359,290
Due to taxing districts	20,377,898
Due to Washington County General Fund	1,597,026
Due to Assessing & Collecting Fund	1,057,256
Due to other funds	<u>996,101</u>
Total Liabilities	<u>\$ 28,387,571</u>
Net Assets	
Held in trust for individuals, organizations, and other governments	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combining Statement of Net Assets
Component Units
December 31, 2010

	Southwest Utah Public Health Dept.	Ash Creek SSD	Washington County Solid Waste SSD	Nonmajor Component Units	Total Component Units
Assets					
Current assets:					
Cash and investments	\$ 2,050,419	\$ 4,828,576	\$ 11,078,237	\$ 2,175,797	\$ 20,133,029
Property Taxes Receivable	-	-	-	387,141	387,141
Taxes Receivable	-	-	-	-	-
Due from other governments	361,269	-	-	247,009	608,278
Due from other sources	-	356,071	711,102	609,020	1,676,193
Prepaid assets	37,062	-	-	59,483	96,545
Total current assets	<u>2,448,750</u>	<u>5,184,647</u>	<u>11,789,339</u>	<u>3,478,450</u>	<u>22,901,186</u>
Noncurrent assets:					
Deferred charges	-	-	-	-	-
Restricted cash and investments	106,425	3,093,347	5,330,972	386,471	8,917,215
Capital assets not being depreciated	-	9,354,334	59,300	713,758	10,127,392
Capital assets being depreciated, net of accumulated depreciation	<u>5,252,291</u>	<u>9,154,196</u>	<u>3,717,196</u>	<u>7,249,586</u>	<u>25,373,269</u>
Total noncurrent assets	<u>5,358,716</u>	<u>21,601,877</u>	<u>9,107,468</u>	<u>8,349,815</u>	<u>44,417,876</u>
Total assets	<u>\$ 7,807,466</u>	<u>\$ 26,786,524</u>	<u>\$ 20,896,807</u>	<u>\$ 11,828,265</u>	<u>\$ 67,319,062</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 44,641	\$ 4,763	\$ 635,122	\$ 385,468	\$ 1,069,994
Accrued liabilities	138,491	23,197	2,810	132,317	296,815
Compensated absences	173,829	75,500	45,443	22,514	317,286
Accrued interest payable	84,937	72,343	-	5,199	162,479
Total current liabilities	<u>441,898</u>	<u>175,803</u>	<u>683,375</u>	<u>545,498</u>	<u>1,846,574</u>
Noncurrent liabilities:					
Due within one year	100,000	144,000	-	68,789	312,789
Due in more than one year	3,121,000	1,829,000	4,636,112	3,117,947	12,704,059
Total noncurrent liabilities	<u>3,221,000</u>	<u>1,973,000</u>	<u>4,636,112</u>	<u>3,186,736</u>	<u>13,016,848</u>
Total liabilities	<u>3,662,898</u>	<u>2,148,803</u>	<u>5,319,487</u>	<u>3,732,234</u>	<u>14,863,422</u>
Net Assets:					
Invested in capital assets, net of related debt	2,031,291	16,535,530	3,776,496	4,098,920	26,442,237
Restricted	106,425	3,021,004	694,860	399,425	4,221,714
Unrestricted	<u>2,006,852</u>	<u>5,081,187</u>	<u>11,105,964</u>	<u>3,597,686</u>	<u>21,791,689</u>
Total net assets	<u>\$ 4,144,568</u>	<u>\$ 24,637,721</u>	<u>\$ 15,577,320</u>	<u>\$ 8,096,031</u>	<u>\$ 52,455,640</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2010

	Southwest Utah Public Health Dept.	Ash Creek SSD	Washington County Solid Waste SSD	Nonmajor Component Units	Total Component Units
Expenses:					
Public safety:					
Fire and emergency services	\$ -	\$ -	\$ -	\$ 1,576,390	\$ 1,576,390
Public works					
Sewer services	-	1,972,282	-	-	1,972,282
Solid waste services	-	-	7,924,041	-	7,924,041
Water services	-	-	-	555,077	555,077
Health and sanitation					
Health services	8,505,408	-	-	-	8,505,408
Mosquito abatement	-	-	-	-	-
Total expenses	<u>8,505,408</u>	<u>1,972,282</u>	<u>7,924,041</u>	<u>2,131,467</u>	<u>20,533,198</u>
Program revenues:					
Charges for services	1,533,097	2,193,742	8,130,267	1,722,501	13,579,607
Operating grants and contributions	8,500,543	-	-	1,002,344	9,502,887
Capital grants and contributions	-	288,088	-	115,101	403,189
Net (expense) revenue	<u>1,528,232</u>	<u>509,548</u>	<u>206,226</u>	<u>708,479</u>	<u>2,952,485</u>
General revenues:					
Property taxes	-	-	-	1,533,046	1,533,046
Sales taxes	-	-	-	-	-
Other taxes	-	-	-	106,673	106,673
Unrestricted investment earnings	3,276	40,843	96,720	15,316	156,155
Miscellaneous	110,154	88,041	6,684	30,251	235,130
Debt Proceeds	-	-	-	-	-
Total general revenues and transfers	<u>113,430</u>	<u>128,884</u>	<u>103,404</u>	<u>1,685,286</u>	<u>2,031,004</u>
Change in net assets	1,641,662	638,432	309,630	2,393,765	4,983,489
Total net assets - beginning	2,502,906	23,999,289	15,267,690	5,685,255	47,455,140
Prior period adjustment	-	-	-	17,011	17,011
Total net assets - ending	<u>\$ 4,144,568</u>	<u>\$ 24,637,721</u>	<u>\$ 15,577,320</u>	<u>\$ 8,096,031</u>	<u>\$ 52,455,640</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 1. **Summary of Significant Accounting Policies**

General

The County is a political subdivision of the State of Utah with a County Commission comprised of three commissioners elected at large. The financial statements of Washington County (the County) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are described below.

Reporting Entity

For financial reporting purposes, the County has included all funds, and account groups. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationships with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is whether or not the County exercises significant influence over the potential component unit. Significant influence or accountability is based primarily on operational or financial relationships with the County.

The accompanying financial statements include all activities of Washington County (the primary government) and its component units. Blended component units, although legally separate entities, are in substance, part of the government's operations. Data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County.

The following **blended component unit** transactions are blended into the audit report issued by the County. No separate audit report is issued:

The Municipal Building Authority of Washington County, Utah (the Authority) was formally recognized by the State of Utah as a incorporated entity in 1998. The Authority was formed for the purpose of accomplishing the public purposes for which Washington County exists by acquiring, improving, or extending one or more projects and financing the cost of such projects on behalf of Washington County. The Authority is governed by a board of trustees comprised of the elected officials of Washington County.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 1. Summary of Significant Accounting Policies (Continued)

The following **discretely presented component units** had separately issued audited financial statements:

Southwest Utah Public Health Department (Major Special Revenue Fund) - The Department provides health related services to the citizens and government units in Washington, Iron, Kane, Beaver, and Garfield counties. The department is funded by state and federal financial assistance, county contributions and charges for services. The Department issued separate audited financial statements dated June 11, 2010.

Ash Creek Special Service District (Major Enterprise Fund) - The District provides sewer service to the communities of Hurricane, LaVerkin and Toquerville and is funded mainly through user fees. The District was created by the County under the Utah Special Service District Act. The District issued separate audited financial statements June 14, 2010.

Washington County Solid Waste Special Service District No. 1 (Major Enterprise Fund) - The District provides solid waste disposal service to the residents of the various municipalities within the County and to the unincorporated areas of the County. The District is funded entirely by charges for services. The County appoints one of twenty board members and provides no financial support to the District. The district issued separate audited financial statements dated April 28, 2010.

Rockville/Springdale Fire Protection District (Non-major Enterprise Fund) - The District provides fire protection to the communities of Rockville and Springdale, Utah and is funded mainly through user fees. The District issued separate audited financial statements dated June 10, 2010.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 1. Summary of Significant Accounting Policies (Continued)

The following **discretely presented component units** did not have separately issued audited financial statements. All of the following were created by the County under the Utah Special Service District Act:

Angell Springs Special Service District (Non-major Enterprise Fund) - The District provides water for the Angell Springs Subdivision and is funded through user fees and grants and loans.

Dixie Deer Special Service District (Non-major Enterprise Fund) - The District provides water, sewer services and fire protection to the Dixie Deer Estates and is funded through user fees.

Dammeron Valley Special Service District (Non-major Enterprise Fund) - The District provides water and other services to the community of Dammeron Valley funded through user fees and other revenues.

Gunlock Special Service District (Non-major Enterprise Fund) - The District provides water, street lights and park services to the community of Gunlock funded through user fees and other revenues.

Leeds Area Special Service District (Non-major General Fund) - The District provides fire protection and ambulatory services to the community of Leads, Utah funded through user fees and other revenues.

New Harmony Valley Special Service District (Non-major General Fund) – The District provides fire protection for the community of New Harmony and the surrounding area funded through user fees and other revenues.

Northwestern Special Service District (Non-major Enterprise Fund) - The District provides fire protection to the community of Veyo, Gunlock, Central and Brookside, Utah funded through user fees and other revenues.

Pine Valley Special Service District (Non-major Enterprise Fund) - The District provides water for the Pine Valley area and is funded through user fees.

Southwestern Special Service District (Non-major General Fund) - The District provides fire protection to the communities of Winchester Hills and Diamond Valley funded through user fees and other revenues.

Specially Funded Transportation Special Service District (Non-major General Fund) - The District provides road maintenance on county roads.

The Hurricane Valley Fire Special Service District (Non-major General Fund) - The District provides fire protection to the communities of Hurricane, La Virkin, Toquerville, Virgin and unincorporated areas of western Washington county, funded through property taxes, user fees and other revenues.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 1. Summary of Significant Accounting Policies (Continued)

A **related organization** for which the County is accountable because it appoints a voting majority of the board, but is not financially accountable based on the previously mentioned criteria is:

Washington County Water Conservancy District.

Organizations which are considered as **jointly governed organizations** based on the criteria set forth by the GASB are as follows:

Southwest Behavioral Health Center - the Center provides mental health and drug and alcohol services to the five counties of southwestern Utah. One of the County's commissioners serves on the center's authority board. The Center is funded through state and federal government grants and contracts, fees for services and contributions from the five counties served. In 2010, the County provided \$351,059 in funding to the Center. The County does not retain an ongoing financial interest or responsibility in the Center.

Five County Association of Governments - The Association provides various services to the various governmental and educational units in the five counties of southwestern Utah. One of the County's commissioners serves on the steering committee of the association. The Association is funded through state and federal government grants and contracts and through contributions from the participating entities. In 2010 the County contributed \$15,775 to the Association. The County does not retain an ongoing financial interest or responsibility in the Association.

Washington County/St. George Interlocal Agency (WCIA) - The Agency constructs, operates and maintains convention and regional park facilities for the County and St. George City (the City). Two of the County's commissioners serve on the Agency's governing body along with two representatives appointed by the City along with an at-large member appointed by the WCIA. The County leases the convention center and regional park facilities from the WCIA and subleases an undivided 38% interest in the convention center to the City. See Long-Term Debt footnote for additional disclosures.

Southwestern Mosquito Abatement District – The District provides mosquito abatement and control services for Washington County and the municipalities of Enterprise, Hildale, Hurricane, Ivins, LaVerkin, Leeds, New Harmony, Rockville, Santa Clara, St. George, Toquerville, Virgin and Washington City funded by tax revenues.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 1. Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets is capitalized as assets in the government-wide financial statements, rather than as an expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of a related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, room taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 1. Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

The **General Fund** is used to account for all financial resources applicable to the general operations of County government which are not accounted for in other funds. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

The **Debt Service funds** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

The **Habitat Conservation Plan Special Revenue Fund** is used to account for revenue sources that are legally restricted to expenditure for habitat conservation and capital improvements.

The **Travel Board** is used to account for transient room tax revenues used to promote travel within the County and assist the Washington County/St. George Interlocal Agency.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.

The County's **non-major governmental funds** account for specific revenue sources that are legally restricted to expenditures for specific purposes. Non-major funds are the Municipal Services, Library, Council on Aging, Recreation, Flood Damage, Children's Justice Center, Grants and Assessing and Collecting.

The County reports the following fiduciary funds:

Agency Funds account for assets held by the County as an agent for individuals, private organizations and other governmental units. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Additionally, the County reports the following fund type:

The Internal Service Fund accounts for the self-funded health insurance services provided to other funds and departments, on a cost reimbursement basis.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 1. Summary of Significant Accounting Policies (Continued)

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The County's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, obligations of the U. S. Government and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from other funds." The County does not have any trade accounts receivable, all other receivables are deemed collectible and an allowance for uncollectible accounts is deemed immaterial and has not been recorded. Component Unit proprietary fund receivables are recorded net of allowances as determined by each respective component unit.

Property Taxes

The property taxes of Washington County are levied, collected, and distributed by the County as required by Utah State law. Utah statutes established the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by June 22. By July 22, the County Auditor is to mail notices of assessed value and tax changes to property owners. A taxpayer may then petition the County Board of Equalization on specified dates in August for a revision of the assessed value.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 1. Summary of Significant Accounting Policies (Continued)

Approved changes in assessed value are made by the County Auditor by November 1, who also delivers the completed assessment rolls to the County Treasurer on that same date. September 1, is the approximate levy date with a due date of November 30. Delinquent taxes are subject to 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15, of the following year, these delinquent taxes, including penalties, are subject to an interest charge at a rate equal to the federal discount rate plus 6%; the interest period is from January 1 until date paid. If in May of the fifth year, the taxes remain delinquent, the County will advertise and sell the property at a tax sale. As of January 1, all unpaid property taxes are considered to have liens against the property.

Inventories

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the County as assets with an individual cost of more than \$10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Treatment facilities and improvements	40 years
Machinery and equipment	7 to 10 years
Storm drains and inlets	40 years
Streets and sidewalks	20 years
Signs	40 years

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

The estimated current portion of the liability for vested vacation and sick leave benefits attributable to the County's governmental funds is recorded as an expenditure and liability in the respective funds. The long-term portion is recorded in the General Long-Term Debt Account Group. The amounts attributable to proprietary funds are charged to expense and a corresponding liability in the applicable fund.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds payable	34,764,000
Less: Deferred charge for issuance costs (to be amortized)	(346,929)
Less: Deferred charge on refunding (to be amortized)	(1,513,862)
Net unamortized premiums	1,207,322
Capital leases payable	16,856,147
Special assessment debt payable	5,202,000
Compensated absences	1,542,387
Accrued interest payable	<u>619,339</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 58,330,404</u></u>

Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 890,514
Depreciation expense	<u>(3,611,204)</u>
Net adjustment to decrease <i>net changes in fund balance -- total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (2,720,690)</u></u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Another element of that reconciliation states that “issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (8,960,000)
Issuance of lease revenue bonds	(3,911,000)
Premiums on bonds issued	(1,207,322)
Issuance of capital leases	(497,312)
Principal repayments:	
Bonds payable	11,971,000
Capital leases	1,340,164
Deferred amount on refunding	<u>1,202,323</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	
	<u><u>\$ (62,147)</u></u>

Another element of the reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The detail of this difference is as follows:

Compensated absences	\$ 3,726
Accrued interest	(25,140)
Amortization of deferred charge on refunding and bond issuance costs	<u>(83,231)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	
	<u><u>\$ (104,645)</u></u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 3. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the County. The use of budgets and monitoring of equity status facilitate the County's compliance with legal requirements.

The County uses the following procedures to establish, modify and control the budgetary data presented in the financial statements.

The County Commission adopts a budget for all of the County's funds except trust and agency funds. The Boards of the component units adopt their own budgets independent of the County. All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year. During the current fiscal year there were amendments to the budget. Procedures followed for amending the budgets were in accordance with State laws.

All Governmental Fund budgets are maintained on the modified accrual basis of accounting.

The actual results of operations are presented in accordance with GAAP.

Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual reports beginning on page 55 present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended December 31, 2010, if any.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 4. 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 under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

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

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The County does not have a formal policy for custodial credit risk. As of December 31, 2010, \$1,069,079 of the County's bank balance of \$2,094,027 was exposed to custodial credit risk because it was uninsured and uncollateralized. No deposits are collateralized, nor is it required by state statute.

As of December 31, 2010, \$9,052,814 of the Washington County Solid Waste Special Service District bank balance of \$9,797,388 and none of Ash Creek Special Service District bank balance of \$90,764 was exposed to custodial credit risk because it was uninsured and uncollateralized

The County Treasurer by statute is also the treasurer of the Southwest Utah Public Health Department (Health Department), which is a discretely presented component unit of the County. The Health department's cash and investments are reported in the County's Agency Fund and are pooled with the County's and deposited and invested in accordance with the policies of the County.

Investments

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

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 4. Deposits and Investments (Continued)

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

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

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended.

The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gain or losses on investments.

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

As of December 31, 2010 the County had the following investments and maturities:

Investment Type	Fair Value	Investments Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Local Government Pooled Investment Fund	\$ 56,598,008	\$ 56,598,008	\$ -	\$ -	\$ -

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State’s Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 4. Deposits and Investments (Continued)

Credit risk

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

At December 31, 2010 the County had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Local Government Pooled Investment Fund	\$ 56,598,008	\$ -	\$ -	\$ -	\$ 56,598,008
Total Fair Value	\$ 56,598,008	\$ -	\$ -	\$ -	\$ 56,598,008

Significant investments of discretely presented **component units** are all with the State Treasurer's Investment Pool which are categorized the same as the County PTIF above and are as follows:

	Carrying Amount	Quality Rating
Ash Creek Special Service District	\$ 7,848,580	Unrated
Wash. County Solid Waste Special Svc. Dist. No. 1	\$ 6,665,170	Unrated

NOTE 5. Receivables

Property taxes receivable in the governmental funds represent property taxes collected by the County and held in the Treasurer's Trust Fund at December 31, 2010. These monies were distributed to the various County funds in January 2010 and thereafter. Amounts not distributed within 60 days of year-end are reported as deferred revenue in the funds. Assessing and Collecting receivables are also included in taxes receivable. The County is allowed by state statute to set a tax rate to cover the costs of assessing and collecting property taxes. For 2010, the County's combined tax rate for assessing and collecting was .000591. Property taxes receivable that are shown in the Trust Funds represent accruals for property taxes collected by the County subsequent to year end through January 15, 2010.

Notes receivable that are shown on the Statement of Net Assets include \$4,217,580 receivable from St. George City for payments due on the Convention Center, Convention Center Land and the Museum subleases. See Note 9 also.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 6. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2010, is as follows:

	Due from Other Funds reported in:	
	General Fund	Total
Due to Other Funds reported in:		
Nonmajor Special Revenue Funds:		
Children's Justic Center Fund	\$ 64,373	\$ 64,373
Grants Fund	183,350	183,350
Assessing and Collecting Fund	72,708	72,708
Total Interfund Balances	\$ 320,431	\$ 320,431

Transfers between funds occur primarily to finance programs accounted for in one fund with resources collected in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2010 are shown in the following table:

	Transfers out reported in:						Total
	General Fund	Travel Board	Nonmajor Special Revenue Funds				
	General Fund	Travel Board	Municipal Services Fund	Flood Damage	Assessing and Collecting	Recreation Fund	Total
Transfers in reported in:							
General Fund	\$ -	\$ -	\$ 111,200	\$ 533,543	\$ -	\$ -	\$ 644,743
Debt Service Fund	685,800	-	-	-	-	-	685,800
Travel Board Fund	-	-	-	-	-	200,000	200,000
Nonmajor Special Revenue Funds:							
Municipal Service Fund	-	-	-	250,000	37,910	-	287,910
Children's Justic Center Fund	33,200	-	-	-	-	-	33,200
Council on Aging Fund	470,000	-	-	-	-	-	470,000
Recreation Fund	-	700,000	-	-	-	-	700,000
Total Transfers	\$ 1,189,000	\$ 700,000	\$ 111,200	\$ 783,543	\$ 37,910	\$ 200,000	\$ 3,021,653

NOTE 7. Due to Taxing Districts

Due to taxing districts shown in the combined statement of fiduciary net assets represents property taxes collected by the County for the various taxing districts in the County and held in the treasurer's Trust Fund at December 31, 2010. These monies were distributed in January of 2011 and thereafter.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 8. Capital Assets

The following table summarizes the changes to capital assets during the year.

Governmental Activities:	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
Capital assets, not being depreciated:				
Land	\$ 4,500,044	\$ -	\$ (174,361)	\$ 4,325,684
Total capital assets, not being depreciated:	<u>4,500,044</u>	<u>-</u>	<u>(174,361)</u>	<u>4,325,684</u>
Capital assets, being depreciated:				
Buildings and improvements	48,149,325	28,748	(111,921)	48,066,152
Convention Center	12,344,835	-	-	12,344,835
Regional Park	4,313,510	-	-	4,313,510
Museum	2,279,863	-	-	2,279,863
Autos and trucks	4,991,233	603,790	(457,735)	5,137,288
Equipment	8,426,180	238,340	(816,594)	7,847,926
Furniture and fixtures	721,678	-	-	721,678
Bridges, Towers, Trails	4,689,342	19,636	-	4,708,978
Streets and sidewalks	26,473,463	-	-	26,473,463
Total capital assets, being depreciated:	<u>112,389,429</u>	<u>890,514</u>	<u>(1,386,250)</u>	<u>111,893,694</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,508,299)	(1,475,476)	10,726	(10,973,049)
Convention Center	(4,141,324)	(316,535)	-	(4,457,859)
Regional Park	(1,442,965)	(122,752)	-	(1,565,717)
Museum	(760,617)	(58,458)	-	(819,075)
Autos and trucks	(3,823,301)	(556,984)	457,413	(3,922,872)
Equipment	(5,309,329)	(852,941)	687,671	(5,474,599)
Furniture and fixtures	(346,041)	(71,508)	-	(417,549)
Bridges, Towers, Trails	(2,290,002)	(144,926)	-	(2,434,928)
Streets and sidewalks	(26,282,287)	(11,624)	-	(26,293,911)
Total accumulated depreciation	<u>(53,904,165)</u>	<u>(3,611,204)</u>	<u>1,155,810</u>	<u>(56,359,559)</u>
Total capital assets, being depreciated, net	<u>58,485,264</u>	<u>(2,720,690)</u>	<u>(230,440)</u>	<u>55,534,135</u>
Governmental activities capital assets, net	<u>\$ 62,985,309</u>	<u>\$(2,720,690)</u>	<u>\$ (404,801)</u>	<u>\$ 59,859,819</u>

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

Governmental Activities:	
General government	\$ 916,371
Public safety	1,081,165
Judicial	2,978
Public works	464,630
Health and sanitation	200,760
Conservation and economic development	249,999
Other	695,301
Total depreciation expense - governmental activities	<u>\$ 3,611,204</u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 9. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2010.

Governmental activities:	Balance			Balance	Current
General Obligation:	12/31/2009	Additions	Retirements	12/31/2010	Portion
Refunding G.O. bonds					
Series 2004 Refunding G.O. bonds	\$ 5,335,000	\$ -	\$ (590,000)	\$ 4,745,000	\$ 600,000
Series 2010 Refunding G.O. bonds	-	8,960,000	-	8,960,000	600,000
Less deferred amounts					
on refunding	(363,462)	(1,202,323)	51,923	(1,513,862)	-
Series 2004B G.O. bonds	6,560,000	-	(3,925,000)	2,635,000	335,000
Series 2002 G.O. bonds	7,155,000	-	(5,790,000)	1,365,000	440,000
Series 2007 G.O. bonds	4,765,000	-	(195,000)	4,570,000	205,000
Net unamortized premiums	-	1,207,322	-	1,207,322	-
Capital leases (Convention)	14,895,000	-	(895,000)	14,000,000	750,000
Capital leases (Museum)	504,000	-	(38,000)	466,000	40,000
Capital leases (Land)	2,299,999	-	(217,000)	2,082,999	226,000
Capital leases (Vehicles)	-	497,312	(190,164)	307,148	149,646
Accrued Compensated Absences	1,546,113	-	(3,726)	1,542,387	261,000
Total General Obligation	<u>42,696,650</u>	<u>9,462,311</u>	<u>(11,791,967)</u>	<u>40,366,994</u>	<u>3,606,646</u>
Revenue Obligation:					
Sales tax revenue bonds, series 2006	7,960,000	-	(165,000)	7,795,000	170,000
MBA lease revenue bonds, series 2006	804,000	-	(21,000)	783,000	22,000
MBA lease revenue bonds, series 2010	-	2,950,000	-	2,950,000	-
MBA refunding lease bonds, series 2010	-	961,000	-	961,000	109,000
Lease revenue bonds	1,285,000	-	(1,285,000)	-	-
Total Revenue Obligation	<u>10,049,000</u>	<u>3,911,000</u>	<u>(1,471,000)</u>	<u>12,489,000</u>	<u>301,000</u>
Special Assessment Debt with					
Government Commitment:					
SID No. 2002-1 - Diamond Valley	41,000	-	-	41,000	26,000
SID No. 2004-1 - Dixie Springs	5,161,000	-	-	5,161,000	990,000
Total Special Assessment	<u>5,202,000</u>	<u>-</u>	<u>-</u>	<u>5,202,000</u>	<u>1,016,000</u>
Total Governmental activity					
long-term liabilities	<u>\$ 57,947,650</u>	<u>\$ 13,373,311</u>	<u>\$ (13,262,967)</u>	<u>\$ 58,057,994</u>	<u>\$ 4,923,646</u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 9. Long-Term Debt (Continued)

Debt service requirements to maturity for bonds payable are as follows:

Period Ending December 31	Principal	Interest	Total
2011	\$ 2,957,000	\$ 2,009,679	\$ 4,966,679
2012	3,163,000	2,047,741	5,210,741
2013	3,290,000	1,897,885	5,187,885
2014	3,443,000	1,471,873	4,914,873
2015	3,046,000	1,320,890	4,366,890
2016-2020	10,263,000	4,635,845	14,898,845
2021-2025	7,512,000	2,191,180	9,703,180
2026-2030	3,229,000	1,042,916	4,271,916
2031-2035	2,540,000	428,998	2,968,998
2036	523,000	22,526	545,526
	<u>\$ 39,966,000</u>	<u>\$ 17,069,533</u>	<u>\$ 57,035,533</u>

The County issued \$7,330,000 of general obligation refunding bonds in 2004 to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of the Public Safety G.O. Bonds. As a result, \$6,655,000 of the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$675,000. This amount is being netted against the new debt and amortized over the remaining life of the new debt, which is the same life as the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$386,069 and resulted in an economic gain of \$299,354.

The County issued \$8,960,000 of general obligation refunding bonds in 2010 to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$8,965,000 of general obligation bonds. As a result, \$6,655,000 of the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$1,202,322. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$452,486 and resulted in an economic gain of \$375,969.

In addition, the county issued \$961,000 of lease revenue refunding bonds for the current refunding of \$1,170,000 of lease revenue bonds. The refunding was undertaken to reduce total debt service payment over the next eight year by \$358,666 and resulted in an economic gain of \$52,244.

See note 16 regarding conduit debt obligations outstanding and related lease receivables.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 9. Long-Term Debt (Continued)

Bonds payable at December 31, 2010, consist of the following:

General Obligation:

Refunding G. O. Bonds Series 2004 for the purpose of refunding Public Safety Bonds, Series 1997, payable in amounts ranging from \$327,570 to \$798,800 including interest ranging from 2% to 5%, maturing December 1, 2017. \$ 4,745,000

G. O. Bonds Series 2002 for the purpose of constructing and/or remodeling libraries within the County, payable in amounts ranging from \$355,000 to \$715,000 plus interest ranging from 2% to 5%, maturing October 1, 2022. 1,365,000

G. O. Bonds Series 2004B for the purpose of constructing and/or remodeling libraries and the Senior Center within the County, payable in amounts ranging from \$619,750 to \$624,750 including interest ranging from 3% to 5%, maturing October 1, 2024. 2,635,000

G. O. Bonds Series 2007 for the purpose of paying for civic improvements including remodeling, constructing and expanding libraries, payable in amounts ranging from \$90,000 to \$385,000 including interest ranging from 4% to 4.25%, maturing April 1, 2026. 4,570,000

Refunding G. O. Bonds Series 2010 for the purpose of partially refunding Library Bonds Series 2002 and Series 2004B, payable in amounts ranging from \$25,000 to \$1,225,000 plus interest ranging from 2% to 5%, maturing October 1, 2024. 8,960,000

Special Assessment:

Dixie Springs SID No. 2004-1 Special Assessment Bonds, Series 2005, payable in annual installments ranging from \$1,404,268 to \$1,405,185 including interest at 7.25%, maturing June 1, 2015. 5,161,000

Diamond Valley SID No. 2002-1 Special Assessment Bonds, Series 2003, payable in annual installments ranging from \$28,218 to \$29,731 including interest ranging from 2.0% to 4.5%, maturing May 1, 2013. 41,000

Revenue Obligation:

Sales Tax Revenue Bonds, Series 2006, for the purpose of paying costs of building acquisitions and improvements, payable in amounts ranging from \$115,000 to \$485,000 plus interest ranging from 4% to 4.5%, maturing September 1, 2036. 7,795,000

MBA Lease Revenue Bonds, Series 2006B, for \$865,000 for the expansion of the Hurricane Senior Center, payable in amounts ranging from \$20,000 to \$39,000 plus interest at 2.5%, maturing January 1, 2037. 783,000

MBA Lease Revenue Bonds, Series 2010, for the purpose of paying the cost of building acquisitions and improvements, payable in amounts ranging from \$94,000 to \$217,000 plus interest at 4.5%, maturing September 15, 2031. 2,950,000

Lease Revenue Bonds, Series 2010, for the purpose of refunding MBA Lease Revenue Bonds Series 1998, payable in amounts ranging from \$109,000 to \$135,000 plus interest ranging from 1.5% to 4%, maturing June 15, 2018. 961,000

Total Bonds Payable \$39,966,000

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 9. Long-Term Debt (Continued)

Capital Leases Payable:

The County has entered into a lease agreement which is considered a capital lease in accordance with Financial Accounting Standards Board statement number 13.

The following is an annual schedule of future minimum lease payments with a interest rate of 5.25% together with the present value of the net minimum lease payments:

Year Ending December 31	Vehicle Lease
2011	\$ 165,771
2012	165,770
Total remaining minimum lease payments	331,541
Less amount representing interest	(24,393)
Present value of net remaining minimum lease payments	\$ 307,148

Capital Leases (Agency):

Convention Center and Regional Park:

The Washington County/St. George City Interlocal Agency (the Agency) and Washington County entered into a direct financing lease agreement, dated November 1, 1997, for the lease of the convention facilities constructed by the Agency. The lease term commenced on the date of delivery of the Series 1998A Bonds and ended December 31, 1998; however, the lease term has been continued, and may be continued, solely at the option of the County, beyond the first "renewal term" and for 24 consecutive additional renewal terms thereafter each of one year in duration (except that the final renewal term shall commence January 1, 2022 and end on December 31, 2022). The County pays base rentals which correspond with the debt service on the Agency's \$20,290,000 Lease Revenue Bonds.

The County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's convention center facilities. The Agency will receive from the City sublease payments totaling \$10,179,096 over the 25 year period with annual payments ranging from \$304,057 to \$578,188.

The Agency's right and interest in the facilities will be transferred to the County and St. George City upon payment by the County and the City of the then applicable purchase option price, or all the base rentals, or upon the discharge of the lien on the Indenture. The lease is considered a capital lease based on GASB's *Codification*, Section L20.119-122 and FASB's Statement 13. The following is an annual schedule of future minimum lease payments and St. George City's sublease payments:

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 9. Long-Term Debt (Continued)

Fiscal Period Ending December 31	St. George City Share	County Share	County Regional Park	Total
2011	\$ 203,608	\$ -	\$ 781,592	\$ 985,200
2012	214,301	753,299	-	967,600
2013	225,837	809,248	-	1,035,085
2014	237,753	853,471	-	1,091,224
2015	249,025	907,163	-	1,156,188
2016-2020	1,522,897	5,387,607	-	6,910,504
2021-2022	927,565	2,694,499	-	3,622,064
Total remaining minimum lease payments	3,580,986	11,405,287	781,592	15,767,865
Less amount representing interest Present value of net remaining minimum lease payments	385,986	1,195,287	186,592	1,767,865
	<u>\$ 3,195,000</u>	<u>\$ 10,210,000</u>	<u>\$ 595,000</u>	<u>\$ 14,000,000</u>

Museum:

The Agency and Washington County entered into a direct financing lease agreement, dated May 15, 2000, for the lease of the natural museum facilities constructed by the Agency. The museum (approximately 20,000 square feet) was built as an addition to the Dixie Center. The lease term commenced on the date of delivery of the Series 2000 Bonds and ended December 31, 2000; however, the lease term has been continued, and may be continued, solely at the option of the County, beyond the first "renewal term" and for 19 consecutive additional renewal terms thereafter each of one year in duration (except that the final renewal term shall commence January 1, 2020 and end on December 31, 2020). The County pays base rentals which correspond with the debt service on the Agency's \$2,968,000 Series 2000A&B and \$800,000 Series 2000C Lease Revenue Bonds. However, during 2004, the Agency received a prepayment on the lease from the Rosenbruch Foundation which was used to pay off the Series 2000A&B Bonds in full. Thus, the County's remaining lease payments will correspond to the remaining balance of the Series 2000C Bond.

Washington County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's natural museum facilities. The Agency will receive from the City sublease payments totaling \$2,516,582 over the 20 year period with annual payments ranging from \$55,140 to \$56,970. However, due to the Series 2000A&B Bond payoff mentioned above, the payments remaining on the City sub-lease will be limited to the portion applicable to the Series 2000C Bond.

The Agency's right and interest in the facilities will be transferred to the County and St. George City upon payment by the County and the City of the then applicable purchase option price, or all the base rentals, or upon the discharge of the lien on the remaining Indenture. The lease is considered a capital lease based on GASB's *Codification*, Section L20.119-122 and FASB's Statement 13. The following is an annual schedule of future minimum lease payments and St. George City's sublease payments:

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 9. Long-Term Debt (Continued)

Fiscal Period Ending December 31	St. George City Share	County Share	Total
2011	\$ 21,398	\$ 34,912	\$ 56,310
2012	21,246	34,664	55,910
2013	21,461	35,014	56,475
2014	21,269	34,701	55,970
2015	21,443	34,987	56,430
2016-2020	106,028	172,992	279,020
Total remaining minimum lease payments	212,845	347,270	560,115
Less amount representing interest	35,765	58,350	94,115
Present value of net remaining minimum lease payments	<u>\$ 177,080</u>	<u>\$ 288,920</u>	<u>\$ 466,000</u>

Convention Center Land:

The Washington County/St. George City Interlocal Agency (the Agency) and Washington County entered into a direct financing lease agreement, dated April 30, 2004, for the lease of approximately 8.9 acres of land adjacent to the Convention Center. The lease term commenced on the date of delivery of the Series 2003 Bonds and ended December 1, 2004; however, the lease term has been continued, and may be continued, solely at the option of the County, beyond the first "renewal term" and for 20 consecutive additional renewal terms thereafter each of one year in duration (except that the final renewal term shall commence January 1, 2023 and end on December 31, 2023). The County pays base rentals which correspond with the debt service on the Agency's \$3,049,000 Lease Revenue Bonds.

The County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's convention center land and facilities. The Agency will receive from the City sublease payments over the 20 year period with annual payments of approximately \$117,500.

The Agency's right and interest in the facilities will be transferred to the County and St. George City upon payment by the County and the City of the then applicable purchase option price, or all the base rentals, or upon the discharge of the lien on the Indenture. The lease is considered a capital lease based on GASB's *Codification*, Section L20.119-122 and FASB's Statement 13. The following is an annual schedule of future minimum lease payments and St. George City's sublease payments:

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 9. Long-Term Debt (Continued)

Fiscal Period Ending December 31	St. George City Share	County Share	Total
2011	\$ 117,898	\$ 192,360	\$ 310,258
2012	117,668	191,984	309,652
2013	117,539	191,773	309,312
2014	117,863	192,303	310,166
2015	117,865	192,305	310,170
2016-2019	409,004	667,320	1,076,324
Total remaining minimum lease payments	997,837	1,628,045	2,625,882
Less amount representing interest	206,297	336,586	542,883
Present value of net remaining minimum lease payments	\$ 791,540	\$ 1,291,459	\$ 2,082,999

Washington County and St. George City have entered into a sub-lease agreement with the Rosenbruch Foundation, Inc. (DBA World Wildlife Heritage Foundation), whereby the Rosenbruch Foundation has leased a 100% undivided interest in the Agency's natural museum facilities. The sub-lease requires that the Rosenbruch Foundation, Inc., as sub-lessee, pay all museum sublease rentals directly to the Trustee and that such payments are assigned by the County and the City to the Trustee for the benefit of the bond holders. In the event the Rosenbruch Foundation, Inc. fails to pay all or any portion of the museum sub-lease rentals, the County and the City are obligated to pay all base rentals, subject to nonappropriation. However, Jim and MaryAnn Rosenbruch, as individuals, have executed a guaranty agreement whereby they guarantee payment of all museum sub-lease payments.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 10. Reserved and Designated Fund Equity

Reservations and designations are used to indicate that a portion of the fund balance is not available for appropriation or expenditure, or is legally segregated for a specific future use. At December 31, 2010, the County's reserved and designated fund equity balances are as follows:

General Fund:	
Reserved for B & C Road Funds	<u>\$ 1,484,220</u>
Designated for Capital Projects	<u>\$ 3,800,000</u>
Special Revenue Fund:	
Library	\$ 25,000
Children's Justice Center	28,403
Habitat Conservation Plan	4,832,125
Council on Aging	211,231
Travel Board/Transient Room Tax	4,430,054
Recreation/Restaurant Tax	1,226,390
Flood Damage	1,374,512
Miscellaneous Grants	<u>114,408</u>
	<u>\$12,242,123</u>
Debt Service Fund:	
General Obligation Bond	\$ 2,081,680
Special Assessment Bonds	<u>2,448,318</u>
	<u>\$ 4,529,998</u>
Public Safety Bond (designated)	\$ 921,791
Lease Revenue Bond (designated)	<u>106,447</u>
	<u>\$ 1,028,238</u>
Capital Projects Fund:	
Bond Construction Funds	<u>\$ 1,989,654</u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 11. Defined Benefit Pension Plan

Plan Description

Washington County contributes to the Local Governmental Noncontributory retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah state Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 800-365-8772.

Funding Policy

In the Local Governmental Noncontributory Retirement System the County is required to contribute 13.37% of their annual covered salary. In the Public Safety Retirement System for employers in division A, members are required to contribute 14.86% of their salary (all or part may be paid by the employer for the employee) and the County is required to contribute 11.22% of their annual salary and 23.34 to 26.13% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the systems are authorized by statute and specified by the Board.

The required contributions and amounts received for the 2010 fiscal year and the two previous years are as follows:

<u>System</u>	<u>Year Ended December 31</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Contributory System:	2010	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Local Governmental Division	2009	0.00	0.00	0.00	0.00
	2008	0.00	0.00	0.00	0.00
Noncontributory System	2010	N/A	N/A	\$ 1,251,738	\$ 10,007,324
Local Governmental Division	2009	N/A	N/A	1,211,205	10,405,889
	2008	N/A	N/A	1,270,976	10,937,806
Public Safety System:	2010	\$ 0.00	\$ 13,594	\$ 15,115	\$ 110,614
Other Division A Contributory	2009	0.00	18,795	17,941	152,934
	2008	0.00	21,985	20,071	178,884

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 11. Defined Benefit Pension Plan (Continued)

Required contributions and amounts received for the 2010 fiscal year and the two previous years (continued):

<u>System</u>	<u>Year Ended December 31</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Other Division A Noncontributory	2010	N/A	N/A	\$ 1,422,210	\$ 5,748,349
	2009	N/A	N/A	1,334,893	5,812,070
	2008	N/A	N/A	1,244,095	5,502,403
Defined Contribution System:					
457 Plan	2010	\$ 44,292	\$ 0.00	N/A	N/A
	2009	55,549	0.00	N/A	N/A
	2008	71,936	0.00	N/A	N/A
401(k) Plan	2010	\$ 385,932	\$ 126,980	N/A	N/A
	2009	377,223	238,792	N/A	N/A
	2008	450,823	253,307	N/A	N/A
IRA Plans	2010	\$ 36,790	\$ 0.00	N/A	N/A
	2009	20,130	0.00	N/A	N/A
	2008	18,990	0.00	N/A	N/A

The contributions were equal to the required contributions for each year.

The Southwest Utah District Health Department, and Washington County Solid Waste District No. 1, discretely presented component units of the County, are all members of the Utah Retirement Systems. Participation, eligibility and contribution rates and requirements are the same as the County's.

Health Department

<u>System</u>	<u>Year</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Local Governmental - Contributory	2009	N/A	N/A	\$ 10,538	
	2008	N/A	N/A	10,183	
	2007	N/A	N/A	16,147	
Local Governmental- Noncontributory	2009	N/A	N/A	\$ 274,301	
	2008	N/A	N/A	284,813	
	2007	N/A	N/A	277,203	
401(k) Contributions	2009	\$ 109,156	\$ 84,219	N/A	N/A
	2008	112,162	95,808	N/A	N/A
	2007	106,809	91,180	N/A	N/A
IRA Plans	2009	\$ 850	\$ 0.00	N/A	N/A
	2008	700	0.00	N/A	N/A
	2007	0.00	0.00	N/A	N/A

The contributions were equal to the required contributions for each year.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 11. Defined Benefit Pension Plan (Continued)

Solid Waste District

<u>System</u>	<u>Year</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Local Governmental - Contributory	2010	0	0	0	0
	2009	0	0	0	0
	2008	0	0	0	0
Local Governmental- Noncontributory	2010	N/A	N/A	\$ 72,706	\$ 535,980
	2009	N/A	N/A	63,769	547,745
	2008	N/A	N/A	50,164	431,703
457 Contributions	2010	\$ 7,095	0	N/A	
	2009	7,456	0	N/A	
	2008	6,921	0	N/A	
401(k) Contributions	2010	\$ 2,062	\$ 7,614	N/A	
	2009	2,228	7,438	N/A	
	2008	3,953	5,957	N/A	

The contributions were equal to the required contributions for each year.

NOTE 12. Risk Management

The County is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries individual policies of insurance and joint venture protection agreements with the Utah Association of Counties Insurance Mutual. The County is insured by Utah State Workers Compensation Insurance Fund for potential job-related accidents. There were no significant reductions in insurance coverage from the previous year and the amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 12. Risk Management (Continued)

The County, effective January 1, 2008 is partially self-insured up to \$50,000 per insured for health and prescription drug coverage with excess loss insurance up to \$950,000 provided by Westport Insurance Corporation. Educators Mutual administers the partially self-funded insurance plan. Alternative Risk Solutions, LLC administers the excess loss insurance. The County has an additional aggregating specific deductible liability of \$150,000 and has aggregate excess loss insurance for medical, prescription drugs and dental based on a factor of \$1,040.32 per employee per month.

	<u>12/31/2010</u>
Unpaid claims beginning of year	\$ -
Incurred claims	3,752,574
Claim payments	<u>(3,752,574)</u>
Unpaid claims, end of year	<u>\$ -</u>

NOTE 13. Commitments and Contracts

Washington County/St. George City Interlocal Agency (Agency):

As discussed in Note 9, the County has entered into a direct financing lease with the Agency. Note 9 discloses the base rental payments on the lease. In addition to the base rent payments, the County will pay other costs including trustee fees, maintenance and repairs, utilities, promotion and marketing, taxes, and liability insurance.

St. George City Sub-Lease Agreement:

The County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's convention center facilities. The sub-lease is associated with the County's direct financing lease described at Note 9 and above. The Agency will receive from the City sublease payments totaling \$10,179,096 over the 25 year period with annual payments ranging from \$304,057 to \$578,188 except for the portion of the Museum sublease which was paid in full by the Rosenbruch Foundation in 2003.

NOTE 14. Contingencies

The County is involved in various matters of litigation. It is the opinion of County officials that none of the cases should have a material affect on the County's financial condition.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2010

NOTE 15. Component Unit Disclosures

Additional required disclosures of the component units are included in separately issued audited financial statements as noted in Note 1.

NOTE 16. Conduit Debt Obligations

To provide for the purchase and improvements to an existing building for the Southwest Utah Public Health Department (a component unit of the County), the Municipal Building Authority of Washington County, Utah issued \$3,500,000 Lease Revenue Bonds Series, 2006A. The County leases the property from the Authority and subleases the property to the Southwest Utah Public Health Department.

To provide for the purchase and improvements to an existing building for the Northwestern Special Service District (a component unit of the County), the Municipal Building Authority of Washington County, Utah issued \$300,000 Lease Revenue Bonds Series, 2005. The County leases the property from the Authority and subleases the property to the Northwestern Special Service District.

To provide for the construction of a building for the Southwestern Special Service District (a component unit of the County), the Municipal Building Authority of Washington County, Utah issued \$535,000 Lease Revenue Bonds Series, 2009. The County leases the property from the Authority and subleases the property to the Southwestern Special Service District.

The lease payments coincide with the debt service payments on the bonds. The bonds are payable from and secured by the lease payments and do not constitute a pledge of the faith and credit of the County and have not been reported in the accompanying financial statements. At December 31, 2010, the principal amount outstanding on the bonds was \$3,317,000, \$267,000 and \$535,000.

NOTE 17. Internal Service Fund

In prior year the Health Insurance internal service fund was included in the business type activities on the statement of activities. However, the activities of this fund are primarily governmental in nature. In the current year the Health insurance fund has been included in the governmental activities on the statement of activities rather than the business activities. The governmental activities 2010 beginning net assets of \$41,477,821 on the statement of net activities consists of the governmental activities 2009 governmental activities net assets of \$40,859,822 and the 2009 business type activities net assets of \$617,939.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING FUNDS:

- The **General fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.
- The **Habitat Conservation Plan fund** is used to account for revenue sources that are legally restricted to expenditure for habitat conservation and capital improvements.
- The **Travel Board fund** is used to account for transient room tax revenues used to promote travel within the County and assist the Washington County/St. George Interlocal Agency.

WASHINGTON COUNTY
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Taxes:				
Current Property Taxes	\$ 7,300,000	\$ 7,300,000	\$ 7,185,666	\$ (114,334)
Fee in lieu Taxes	950,000	950,000	743,047	(206,953)
Prior Years Delinquent Taxes	350,000	468,000	641,339	173,339
County Sales & Use Taxes	4,900,000	4,900,000	4,991,842	91,842
Penalties & Interest	400,000	450,000	696,777	246,777
Total Taxes	<u>13,900,000</u>	<u>\$14,068,000</u>	<u>14,258,671</u>	<u>190,671</u>
Licenses, Permits:				
Marriage Licenses	24,000	24,000	20,930	(3,070)
Intergovernmental:				
Class "B" Roads	1,280,000	1,280,000	1,305,263	25,263
Forest Reserve	-	151,000	378,476	227,476
Prison Reimbursement	3,229,740	3,292,740	3,488,399	195,659
FHWA Reimbursement	127,200	127,200	120,450	(6,750)
Bailiff/Security Reimbursement	214,400	419,400	518,218	98,818
Total Intergovernmental	<u>4,851,340</u>	<u>5,270,340</u>	<u>5,810,955</u>	<u>540,615</u>
Charges for Services:				
Clerk's Fees	45,000	65,000	64,434	(566)
Data Processing Fees	75,500	103,000	96,979	(6,021)
Jail Commissary, Phone and Medical	435,000	435,000	468,547	33,547
State Medical Reimbursements	32,000	9,200	8,488	(712)
Prisoner Industry and Other	440,200	428,600	432,023	3,423
Fuel Revenue - Other Departments	20,000	20,000	16,089	(3,911)
Total Charges for Services	<u>1,047,700</u>	<u>1,060,800</u>	<u>1,086,560</u>	<u>25,760</u>
Fines and Forfeitures:				
Court and Precinct Fines	1,152,000	1,141,700	1,089,680	(52,020)
Total Fines and Forfeitures	<u>1,152,000</u>	<u>1,141,700</u>	<u>1,089,680</u>	<u>(52,020)</u>
Other Revenues:				
Interest Revenue	175,500	175,500	39,028	(136,472)
Rent-Property	130,540	573,340	563,302	(10,038)
Sale of Property, Material & Supplies	138,000	108,000	49,215	(58,785)
Noxious Weed Revenue	5,000	5,000	5,695	695
Vending Revenue	-	-	1,109	1,109
Xerox Revenue	3,000	3,000	2,182	(818)
Other	200,000	200,500	213,113	12,613
Total Other Revenues	<u>652,040</u>	<u>1,065,340</u>	<u>873,644</u>	<u>(191,696)</u>
TOTAL REVENUES	<u>\$ 21,627,080</u>	<u>\$ 22,630,180</u>	<u>\$ 23,140,440</u>	<u>\$ 510,260</u>

(continued)

WASHINGTON COUNTY
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2010

EXPENDITURES:	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
GENERAL GOVERNMENT				
Commission:				
Salaries	\$ 267,240	\$ 267,240	\$ 231,704	\$ 35,536
Employee Benefits	181,400	181,400	159,135	22,265
Services, Supplies and Other	94,900	94,900	60,058	34,842
Capital Outlay	5,000	5,000	514	4,486
	548,540	548,540	451,411	97,129
Human Resource:				
Salaries	143,640	143,640	133,902	9,738
Employee Benefits	81,700	81,700	77,928	3,772
Services, Supplies and Other	30,100	30,100	26,139	3,961
Capital Outlay	1,000	1,000	663	337
	256,440	256,440	238,632	17,808
Info Tech Services:				
Salaries	(16,540)	(16,540)	(16,780)	240
Employee Benefits	47,520	47,520	51,684	(4,164)
Services, Supplies and Other	162,870	162,870	127,027	35,843
Capital Outlay	13,950	13,950	12,134	1,816
	207,800	207,800	174,065	33,735
Clerk/Auditor:				
Salaries	214,850	214,850	213,799	1,051
Employee Benefits	96,750	96,750	97,171	(421)
Services, Supplies and Other	66,000	66,000	61,618	4,382
Capital Outlay	-	-	2,620	(2,620)
	377,600	377,600	375,208	2,392
Attorney:				
Salaries	957,380	957,380	930,023	27,357
Employee Benefits	550,300	550,300	538,723	11,577
Services, Supplies and Other	143,500	143,500	111,468	32,032
Capital Outlay	16,100	16,100	794	15,306
	1,667,280	1,667,280	1,581,008	86,272
Non-Departmental:				
Services, Supplies and Other	50,000	50,000	56,352	(6,352)
Insurance - Buildings and Vehicles	271,400	271,400	223,022	48,378
	321,400	321,400	279,374	42,026
Elections:				
Services, Supplies and Other	129,000	129,000	95,025	33,975
Capital Outlay	6,000	6,000	10,585	(4,585)
	135,000	135,000	105,610	29,390
Total General Government	3,514,060	3,514,060	3,205,308	308,752

(continued)

WASHINGTON COUNTY
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2010

EXPENDITURES (Continued):	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
JUDICIAL				
Justice of the Peace:				
Salaries	646,400	646,400	642,125	4,275
Employee Benefits	279,400	279,400	274,664	4,736
Services and Supplies	52,750	52,750	63,354	(10,604)
Capital Outlay	4,000	4,000	10,545	(6,545)
	982,550	982,550	990,688	(8,138)
Public Defender:				
Services, Supplies and Other	656,410	656,410	653,278	3,132
Total Judicial	1,638,960	1,638,960	1,643,966	(5,006)
PUBLIC SAFETY				
Public Safety/County Jail:				
Salaries	7,454,300	7,467,300	7,478,444	(11,144)
Employee Benefits	3,832,200	3,832,200	3,805,555	26,645
Services, Supplies and Other	935,370	985,370	900,956	84,414
Capital Outlay	144,000	144,000	634,545	(490,545)
	12,365,870	12,428,870	12,819,500	(390,630)
Total Public Safety	12,365,870	12,428,870	12,819,500	(390,630)
PUBLIC WORKS				
Maintenance:				
Motor Pool	10,000	14,500	11,992	2,508
County Buildings Maintenance	297,780	297,780	210,615	87,165
	307,780	312,280	222,607	89,673
Weed Control:				
Salaries	48,400	48,400	49,700	(1,300)
Employee Benefits	23,200	23,200	24,292	(1,092)
Services, Supplies and Other	38,600	38,900	42,027	(3,127)
Capital Outlay	1,000	1,000	-	1,000
	111,200	111,500	116,019	(4,519)
B&C Roads:				
Salaries	564,200	564,200	549,974	14,226
Employee Benefits	267,500	267,500	262,428	5,072
Services, Supplies and Other	741,300	892,000	661,138	230,862
Capital Outlay	52,600	52,600	79,146	(26,546)
	1,625,600	1,776,300	1,552,686	223,614
Total Public Works	2,044,580	2,200,080	1,891,312	308,768

(continued)

WASHINGTON COUNTY
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2010

EXPENDITURES (Continued):	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
PUBLIC HEALTH				
Health Services:				
Services, Supplies and Other	1,124,000	1,164,000	1,141,422	22,578
Total Public Health	1,124,000	1,164,000	1,141,422	22,578
CONSERVATION & DEVELOPMENT				
Agricultural Extension Service:				
Services, Supplies and Other	169,750	169,750	158,492	11,258
Capital Outlay	800	800	1,059	(259)
	170,550	170,550	159,551	10,999
Contribution to Economic Development Fund:				
Services, Supplies and Other	25,000	25,000	25,000	-
Total Conservation & Development	195,550	195,550	184,551	10,999
MISCELLANEOUS				
Services, Supplies and Other	185,000	701,300	97,519	603,781
MATCHING FUNDS & CONTRIBUTIONS				
Contributions	38,000	38,000	34,575	3,425
TOTAL EXPENDITURES	21,106,020	21,880,820	21,018,153	862,667
Excess of Revenues Over Expenditures	521,060	749,360	2,122,287	1,372,927
Other Financing Sources (Uses):				
Transfer to Debt Service Fund	(685,800)	(685,800)	(685,800)	-
Transfer to Special Revenue Funds	(503,160)	(503,160)	(503,200)	(40)
Transfer from Other Funds	111,200	384,200	644,743	260,543
Debt proceeds	-	-	497,312	497,312
Total Other Financing Sources (Uses):	(1,077,760)	(804,760)	(46,945)	757,815
Net Change in Fund Balance	(556,700)	(55,400)	2,075,342	2,130,742
Fund Balance, Beginning of Year	5,014,641	5,014,641	5,014,641	-
Fund Balance, End of Year	\$ 4,457,941	\$ 4,959,241	\$ 7,089,983	\$ 2,130,742

WASHINGTON COUNTY
Habitat Conservation Plan Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental - HCP Fees	\$ 450,000	\$ 450,000	\$ 272,542	\$ (177,458)
Other Revenues:				
Interest Earnings	75,000	75,000	22,284	(52,716)
Other	1,500	1,500	54,354	52,854
Total Revenues	<u>526,500</u>	<u>526,500</u>	<u>349,180</u>	<u>(177,320)</u>
EXPENDITURES:				
Other Expenditures - HCP:				
Salaries	231,500	231,500	218,130	13,370
Employee Benefits	85,700	85,700	79,781	5,919
Services, Supplies and Other	793,000	793,000	301,961	491,039
Capital Outlay	82,000	82,000	469	81,531
Total Expenditures	<u>1,192,200</u>	<u>1,192,200</u>	<u>600,341</u>	<u>591,859</u>
Net Change in Fund Balance	(665,700)	(665,700)	(251,161)	414,539
Fund Balance, Beginning of Year	<u>5,083,286</u>	<u>5,083,286</u>	<u>5,083,286</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,417,586</u>	<u>\$ 4,417,586</u>	<u>\$ 4,832,125</u>	<u>\$ 414,539</u>

WASHINGTON COUNTY
Travel Board Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Tax Revenues:				
Transient Room Taxes	\$ 2,900,000	\$ 2,900,000	\$ 3,387,840	\$ 487,840
Other Revenues:				
Interest Earnings	50,000	50,000	16,126	(33,874)
Other	539,000	539,000	458,488	(80,512)
Total Revenues	<u>3,489,000</u>	<u>3,489,000</u>	<u>3,862,454</u>	<u>373,454</u>
EXPENDITURES:				
Conservation & Economic Development:				
Convention Center Operations	700,000	147,453	141,243	6,210
Travel Board:				
Salaries	280,800	280,800	300,414	(19,614)
Employee Benefits	113,000	113,000	110,050	2,950
Services, Supplies and Other	1,891,200	1,891,200	1,667,296	223,904
Capital Outlay	4,000	4,000	5,101	(1,101)
Debt Service				
Principal	-	285,012	285,012	-
Interest	-	267,535	267,535	-
Total Expenditures	<u>2,989,000</u>	<u>2,989,000</u>	<u>2,776,651</u>	<u>212,349</u>
Excess of Revenues Over (Under) Expenditures	500,000	500,000	1,085,803	585,803
Other Financing Sources (Uses):				
Transfers:				
From Recreation Special Revenue Fund	200,000	200,000	200,000	-
To Recreation Special Revenue Fund	<u>(700,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
Net Change in Fund Balance	-	-	585,803	585,803
Fund Balance, Beginning of Year	<u>3,844,251</u>	<u>3,844,251</u>	<u>3,844,251</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,844,251</u>	<u>\$ 3,844,251</u>	<u>\$ 4,430,054</u>	<u>\$ 585,803</u>

This page intentionally left blank

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

BUDGET-TO-ACTUAL

- **Debt Service funds** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.
- **Capital projects funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The General Capital Projects fund is used to account for the construction or expansion of any project not accounted for in the other governmental funds.

NONMAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- **Municipal Services fund** is used to account for sales tax revenues, fees, intergovernmental and other revenues used for providing Engineering and Surveying, GIS, Planning and Zoning, Building Inspection, Sheriff and Fire Control Services.
- **Flood Damage fund** is used to account for revenue sources that are legally restricted to expenditure for flood damage and river bank improvements.
- **Children's Justice Center fund** is used to account for grants and other revenues used to provide services to children and families in crisis.
- **Library fund** is used to account for property taxes and other revenues used to provide and maintain the County libraries.
- **Council on Aging fund** is used to account for grants and other revenues used to provide senior nutrition and other senior citizen programs.
- **Recreation fund** is used to account for fees collected and used for the acquisition and construction of recreation facilities within the County.
- **Miscellaneous Grants fund** is used to account for miscellaneous grants such as CDBG, VOCA, SCAAP, LLEBG and Drug Court.
- **Assessing and Collecting fund** is used to account for funds raised by levies on property taxes that are legally restricted to expenditure for the County's functions of assessing, collecting, and distributing property taxes.

WASHINGTON COUNTY
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Tax Revenues	\$ 2,564,590	\$ 2,846,590	\$ 2,850,973	\$ 4,383
Other Revenues:				
Intergovernmental Revenues	297,930	297,930	294,290	(3,640)
Assessment Revenues	377,910	1,377,910	1,435,237	57,327
Interest Income	-	-	8,599	8,599
Total Revenues	<u>3,240,430</u>	<u>4,522,430</u>	<u>4,589,099</u>	<u>66,669</u>
EXPENDITURES:				
Bank and Other Fees	11,750	20,750	52,317	(31,567)
Debt Service:				
Principal, Public Safety Bond	698,000	698,000	698,000	-
Principal, Lease Revenue Bonds	115,000	115,000	1,285,000	(1,170,000)
Principal, Library Bonds	945,000	945,000	11,112,322	(10,167,322)
Principal, Special Assessment Bonds	12,000	1,012,000	11,971	1,000,029
Principal, MBA Lease Revenue Bonds	21,000	21,000	21,000	-
Principal, Sales Tax Revenue Bonds	165,000	165,000	165,000	-
Interest, Public Safety Bond	364,530	364,530	325,415	39,115
Interest, Lease Revenue Bonds	63,100	63,100	53,071	10,029
Interest, Library Bond	821,610	821,610	821,599	11
Interest, Special Assessment Bonds	389,540	389,540	389,504	36
Interest, MBA Lease Revenue Bonds	20,100	20,100	20,100	-
Interest, Sales Tax Revenue Bond	340,700	340,700	340,656	44
Total Expenditures	<u>3,967,330</u>	<u>4,976,330</u>	<u>15,295,955</u>	<u>(10,319,625)</u>
Excess of Revenues Over (Under) Expenditures	<u>(726,900)</u>	<u>(453,900)</u>	<u>(10,706,856)</u>	<u>(10,252,956)</u>
Other Financing Sources (Uses):				
Operating Transfers:				
From General Fund	685,800	685,800	685,800	-
To General Fund	-	(273,000)	-	273,000
Bond Issue Costs	(5,000)	(5,000)	(122,235)	(117,235)
Debt Proceeds	-	-	-	-
Refunding bond proceeds	-	-	11,250,557	11,250,557
Total Other Financing Sources (Uses):	<u>680,800</u>	<u>407,800</u>	<u>11,814,122</u>	<u>11,406,322</u>
Net Change in Fund Balance	(46,100)	(46,100)	1,107,266	1,153,366
Fund Balance, Beginning of Year	<u>5,257,995</u>	<u>5,257,995</u>	<u>5,257,995</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,211,895</u>	<u>\$ 5,211,895</u>	<u>\$ 6,365,261</u>	<u>\$ 1,153,366</u>

WASHINGTON COUNTY
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$ 4,260,000	\$ 4,260,000	\$ 245,073	\$ (4,014,927)
Other Revenues:				
Interest Earnings	-	-	12,103	12,103
Miscellaneous Revenue	-	-	-	-
Total Revenues	<u>4,260,000</u>	<u>4,260,000</u>	<u>257,176</u>	<u>(4,002,824)</u>
EXPENDITURES:				
Debt Service	-	-	-	-
Capital Outlay:				
Buildings	4,260,000	4,260,000	1,699,522	2,560,478
Equipment	-	-	54,669	(54,669)
Other	-	900,000	914,350	(14,350)
Total Expenditures	<u>4,260,000</u>	<u>5,160,000</u>	<u>2,668,541</u>	<u>2,491,459</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>(900,000)</u>	<u>(2,411,365)</u>	<u>(1,511,365)</u>
Other Financing Sources (Uses):				
Transfer from Assessing & Collecting Fund	-	-	-	-
Bond Issue Costs	-	-	-	-
Debt Proceeds	-	-	2,950,000	2,950,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,950,000</u>	<u>2,950,000</u>
Net Change in Fund Balance	<u>-</u>	<u>(900,000)</u>	<u>538,635</u>	<u>1,438,635</u>
Fund Balance, Beginning of Year	<u>1,451,019</u>	<u>1,451,019</u>	<u>1,451,019</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,451,019</u>	<u>\$ 551,019</u>	<u>\$ 1,989,654</u>	<u>\$ 1,438,635</u>

This page intentionally left blank

WASHINGTON COUNTY
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Special Revenue Funds				
	Municipal Services	Flood Damage	Children's Justice Center	Library	Council on Aging
ASSETS					
Cash and Investments	\$ 2,515,941	\$ -	\$ -	\$ 552,043	\$ 56,765
Property taxes receivable	157,266	-	-	496,731	-
Assessments receivable	-	-	-	-	-
Due from other governments	-	105,759	96,048	-	194,651
Due from other funds	-	-	-	-	-
Restricted Cash	-	1,293,332	-	25,000	-
Total assets	<u>2,673,207</u>	<u>1,399,091</u>	<u>96,048</u>	<u>1,073,774</u>	<u>251,416</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	50,542	24,579	1,460	124,064	34,163
Accrued liabilities	8,839	-	1,812	22,250	6,022
Due to other funds	-	-	64,373	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>59,381</u>	<u>24,579</u>	<u>67,645</u>	<u>146,314</u>	<u>40,185</u>
Fund balances:					
Reserved for:					
Other Purposes	-	1,374,512	28,403	25,000	211,231
Unreserved, undesignated	<u>2,613,826</u>	<u>-</u>	<u>-</u>	<u>902,460</u>	<u>-</u>
Total fund balances	<u>2,613,826</u>	<u>1,374,512</u>	<u>28,403</u>	<u>927,460</u>	<u>211,231</u>
Total liabilities & fund balance	<u>\$ 2,673,207</u>	<u>\$ 1,399,091</u>	<u>\$ 96,048</u>	<u>\$ 1,073,774</u>	<u>\$ 251,416</u>

Special Revenue Funds			Total
Assessing and Collecting	Recreation Fund	Grants Fund	Nonmajor Gvtl. Funds
\$ -	\$ 100	\$ -	\$ 3,124,849
1,057,256	-	-	1,711,253
	-	-	-
	298,662	344,913	1,040,033
	-	-	-
20,319	1,013,010	-	2,351,661
<u>1,077,575</u>	<u>1,311,772</u>	<u>344,913</u>	<u>8,227,796</u>
54,598	81,994	47,155	418,555
30,837	3,388	-	73,148
72,708	-	183,350	320,431
3,425	-	-	3,425
<u>161,568</u>	<u>85,382</u>	<u>230,505</u>	<u>815,559</u>
0	1,226,390	114,408	2,979,944
916,007	-	-	4,432,293
<u>916,007</u>	<u>1,226,390</u>	<u>114,408</u>	<u>7,412,237</u>
<u>\$ 1,077,575</u>	<u>\$ 1,311,772</u>	<u>\$ 344,913</u>	<u>\$ 8,227,796</u>

WASHINGTON COUNTY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	Special Revenue Funds				
	Municipal Services	Flood Damage	Children's Justice Center	Library	Council on Aging
REVENUES:					
Taxes	\$ 793,384	\$ -	\$ -	\$ 2,927,563	\$ -
Licenses, permits and fees	71,075	-	-	-	-
Intergovernmental	2,980,769	1,027,034	173,193	51,823	800,582
Charges for services	62,589	-	-	-	-
Fines and forfeitures	-	-	-	79,705	-
Interest	8,992	8,112	-	-	-
Sub-lease revenue	-	-	-	-	-
Miscellaneous	112,580	-	-	60,513	-
Total	4,029,389	1,035,146	173,193	3,119,604	800,582
EXPENDITURES:					
General Government	309,630	-	-	-	-
Public Safety	2,557,547	-	198,530	-	-
Public Works	351,343	-	-	-	-
Health and Sanitation	-	-	-	-	1,282,592
Conservation and Economic Development	-	268,919	-	-	-
Culture and other	46,511	-	-	2,925,659	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total	3,265,031	268,919	198,530	2,925,659	1,282,592
Excess of revenues over (under) expenditures	764,358	766,227	(25,337)	193,945	(482,010)
Other financing sources (uses):					
Transfers in	287,910	-	33,200	-	470,000
Transfers out	(111,200)	(783,543)	-	-	-
Debt proceeds	-	-	-	-	-
Total other financing sources (uses)	176,710	(783,543)	33,200	-	470,000
Net change in fund balances	941,068	(17,316)	7,863	193,945	(12,010)
Fund Balances - Beginning	1,672,758	1,391,828	20,540	733,515	223,241
Fund Balances - Ending	\$2,613,826	\$1,374,512	\$ 28,403	\$ 927,460	\$ 211,231

Special Revenue Funds			Total
Assessing and Collecting	Recreation Fund	Grants Fund	Non-major Gvtl. Funds
\$ 6,230,769	\$ 2,011,489	\$ -	\$ 11,963,205
-	-	-	71,075
-	-	854,027	5,887,428
724,685	379,514	-	1,166,788
-	-	-	79,705
-	2,820	-	19,924
-	688,231	-	688,231
2,247	4,499	-	179,839
<u>6,957,701</u>	<u>3,086,553</u>	<u>854,027</u>	<u>20,056,195</u>
6,111,007	-	-	6,420,637
-	-	826,744	3,582,821
-	-	-	351,343
-	-	-	1,282,592
-	1,032,140	15,810	1,316,869
-	-	-	2,972,170
-	-	-	-
-	1,564,988	-	1,564,988
-	604,702	-	604,702
<u>6,111,007</u>	<u>3,201,830</u>	<u>842,554</u>	<u>18,096,122</u>
<u>846,694</u>	<u>(115,277)</u>	<u>11,473</u>	<u>1,960,073</u>
-	700,000	-	1,491,110
(37,910)	(200,000)	-	(1,132,653)
-	-	-	-
<u>(37,910)</u>	<u>500,000</u>	<u>-</u>	<u>358,457</u>
808,784	384,723	11,473	2,318,530
107,223	841,667	102,935	5,093,707
<u>\$ 916,007</u>	<u>\$ 1,226,390</u>	<u>\$ 114,408</u>	<u>\$ 7,412,237</u>

WASHINGTON COUNTY
Municipal Services Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Sales Tax Revenue	\$ 700,000	\$ 700,000	\$ 793,384	\$ 93,384
Business Licenses and Building Permits	92,000	72,000	71,075	(925)
Intergovernmental Revenue:				
Federal Payments in Lieu of Taxes	2,600,000	2,695,000	2,694,364	(636)
State Mineral Lease	80,000	86,000	87,387	1,387
Sheriff Protection	120,000	147,000	143,055	(3,945)
Federal Public Safety Grant & GIS	55,000	55,000	55,963	963
Total Intergovernmental	<u>2,855,000</u>	<u>2,983,000</u>	<u>2,980,769</u>	<u>(2,231)</u>
Charges for Services	66,000	62,000	62,589	589
Other Revenue:				
Interest Earnings	20,000	20,000	8,992	(11,008)
Sale of Land & Equipment	75,000	75,000	-	(75,000)
Liquor Allocation	149,000	149,000	105,579	(43,421)
Miscellaneous	-	-	7,001	7,001
Total Other	<u>244,000</u>	<u>244,000</u>	<u>121,572</u>	<u>(122,428)</u>
Total Revenues	<u>3,957,000</u>	<u>4,061,000</u>	<u>4,029,389</u>	<u>(31,611)</u>
EXPENDITURES:				
General Government:				
Planning & Zoning	179,040	179,040	157,020	22,020
GIS	151,620	151,620	152,610	(990)
Total General Government	<u>330,660</u>	<u>330,660</u>	<u>309,630</u>	<u>21,030</u>
Public Safety:				
Sheriff and Dispatch	2,000,000	2,130,000	2,120,370	9,630
Fire Control	455,000	455,000	198,392	256,608
Building Inspector	273,310	273,310	238,785	34,525
Total Public Safety	<u>2,728,310</u>	<u>2,858,310</u>	<u>2,557,547</u>	<u>300,763</u>
Public Works	525,740	525,740	351,343	174,397
Miscellaneous Contingent	347,000	321,000	46,511	274,489
Total Expenditures	<u>3,931,710</u>	<u>4,035,710</u>	<u>3,265,031</u>	<u>770,679</u>
Excess of Revenues				
Over (Under) Expenditures	25,290	25,290	764,358	739,068
Other Financing Sources (Uses):				
Transfers:				
From Other Funds	37,910	37,910	287,910	250,000
To General Fund	(111,200)	(111,200)	(111,200)	-
Net Change in Fund Balance	<u>(48,000)</u>	<u>(48,000)</u>	<u>941,068</u>	<u>989,068</u>
Fund Balance, Beginning of Year	1,672,758	1,672,758	1,672,758	-
Fund Balance, End of Year	<u>\$ 1,624,758</u>	<u>\$ 1,624,758</u>	<u>\$ 2,613,826</u>	<u>\$ 989,068</u>

WASHINGTON COUNTY
Flood Damage Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental:				
Federal Revenue	\$ 200,000	\$ 600,000	\$ 1,027,034	\$ 427,034
Total Intergovernmental	200,000	600,000	1,027,034	427,034
Interest Revenue	-	-	8,112	8,112
Total Revenues	200,000	600,000	1,035,146	435,146
EXPENDITURES:				
Other Expenditures - Flood:				
Payments to Other Governments	-	-	24,581	(24,581)
Services, Supplies and Other	400,000	1,000,000	244,338	755,662
Total Expenditures	400,000	1,000,000	268,919	731,081
Excess of Revenues Over (Under) Expenditures	(200,000)	(400,000)	766,227	1,166,227
Other Financing Sources (Uses):				
Transfers:				
From Municipal Special Revenue Fund	-	-	-	-
To Other Funds	-	-	(783,543)	(783,543)
Net Change in Fund Balance	(200,000)	(400,000)	(17,316)	382,684
Fund Balance, Beginning of Year	1,391,828	1,391,828	1,391,828	-
Fund Balance, End of Year	<u>\$ 1,191,828</u>	<u>\$ 991,828</u>	<u>\$ 1,374,512</u>	<u>\$ 382,684</u>

WASHINGTON COUNTY
Children's Justice Center Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental Revenue	172,000	177,000	173,193	(3,807)
Total Revenues	<u>172,000</u>	<u>177,000</u>	<u>173,193</u>	<u>(3,807)</u>
EXPENDITURES:				
Public Safety				
AG's Children Justice Center	171,100	173,100	168,629	4,471
VOCA	28,000	30,000	30,118	(118)
NCA	6,100	7,100	(217)	7,317
Total Expenditures	<u>205,200</u>	<u>210,200</u>	<u>198,530</u>	<u>11,670</u>
Other Financing Sources (Uses):				
Transfers:				
From General Fund	33,200	33,200	33,200	-
Net Change in Fund Balance	-	-	7,863	7,863
Fund Balance, Beginning of Year	20,540	20,540	20,540	-
Fund Balance, End of Year	<u>\$ 20,540</u>	<u>\$ 20,540</u>	<u>\$ 28,403</u>	<u>\$ 7,863</u>

WASHINGTON COUNTY
Library Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Tax Revenues:				
Current Property Taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,478,220	\$ (21,780)
Fee Assessed Taxes	300,000	300,000	213,606	(86,394)
Prior Years Delinquent Taxes	150,000	150,000	224,101	74,101
Penalties & Interest	10,000	10,000	11,636	1,636
Total Taxes	<u>2,960,000</u>	<u>2,960,000</u>	<u>2,927,563</u>	<u>(32,437)</u>
Intergovernmental Revenue	44,000	44,000	51,823	7,823
Fines and Forfeitures	80,000	80,000	79,705	(295)
Other Revenues:				
Xerox Revenue	19,800	19,800	31,825	12,025
Miscellaneous	32,000	32,000	28,688	(3,312)
Total Other	<u>51,800</u>	<u>51,800</u>	<u>60,513</u>	<u>8,713</u>
Total Revenues	<u>3,135,800</u>	<u>3,135,800</u>	<u>3,119,604</u>	<u>(16,196)</u>
EXPENDITURES:				
Culture and other expenditures:				
St. George Library	777,750	777,750	750,751	26,999
Hurricane Library	491,300	491,300	515,435	(24,135)
Santa Clara Library	409,600	409,600	389,295	20,305
Springdale Library	136,880	136,880	117,026	19,854
Enterprise Library	87,870	87,870	92,954	(5,084)
New Harmony Branch	66,100	66,100	76,781	(10,681)
Washington City Branch	329,000	329,000	308,366	20,634
Other Branches & Misc. Grants	837,300	837,300	675,051	162,249
Total Expenditures	<u>3,135,800</u>	<u>3,135,800</u>	<u>2,925,659</u>	<u>210,141</u>
Net Change in Fund Balance	-	-	193,945	193,945
Fund Balance, Beginning of Year	<u>733,515</u>	<u>733,515</u>	<u>733,515</u>	-
Fund Balance, End of Year	<u>\$ 733,515</u>	<u>\$ 733,515</u>	<u>\$ 927,460</u>	<u>\$ 193,945</u>

WASHINGTON COUNTY
Council on Aging Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Intergovernmental Revenue:				
Council on Aging Contract	\$ 169,340	\$ 173,300	\$ 147,726	\$ (25,574)
Nutrition Contract - St. George	370,320	370,330	354,437	(15,893)
Nutrition Contract - Hurricane	185,160	185,170	168,715	(16,455)
Nutrition Contract - Enterprise	61,700	61,720	56,283	(5,437)
Miscellaneous - C.O.A.	45,500	45,500	61,889	16,389
Miscellaneous - Transportation	12,000	11,000	11,532	532
Miscellaneous - Grants	-	-	-	-
Charges for services	-	-	-	-
Total Revenues	<u>844,020</u>	<u>847,020</u>	<u>800,582</u>	<u>(46,438)</u>
EXPENDITURES:				
Health & Sanitation:				
Council on Aging - General	150,420	150,420	148,604	1,816
Council on Aging - St. George Center	669,070	672,070	665,371	6,699
Council on Aging - Hurricane Center	364,380	364,380	350,908	13,472
Council on Aging - Enterprise Center	<u>130,150</u>	<u>130,150</u>	<u>117,709</u>	<u>12,441</u>
Total Expenditures	<u>1,314,020</u>	<u>1,317,020</u>	<u>1,282,592</u>	<u>34,428</u>
Excess of Revenues				
Over (Under) Expenditures	(470,000)	(470,000)	(482,010)	(12,010)
Other Financing Sources (Uses):				
Transfers:				
From General Fund	<u>470,000</u>	<u>470,000</u>	<u>470,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	(12,010)	(12,010)
Fund Balance, Beginning of Year	<u>223,241</u>	<u>223,241</u>	<u>223,241</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 223,241</u>	<u>\$ 223,241</u>	<u>\$ 211,231</u>	<u>\$ (12,010)</u>

WASHINGTON COUNTY
Assessing and Collecting Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Assessing & Collecting Tax	\$ 5,850,000	\$ 6,211,000	\$ 6,206,378	\$ (4,622)
Penalties & Interest	20,000	20,000	24,391	4,391
Total Taxes	<u>5,870,000</u>	<u>6,231,000</u>	<u>6,230,769</u>	<u>(231)</u>
Recorder's Fees	800,000	700,000	700,051	24,685
Copy Revenue	32,000	27,000	24,634	(2,366)
Other	-	2,000	2,247	247
Total Revenues	<u>6,702,000</u>	<u>6,960,000</u>	<u>6,957,701</u>	<u>22,335</u>
EXPENDITURES:				
Commission	163,860	163,860	163,860	-
Human Resources	45,260	45,260	45,260	-
Info Tech Services	824,400	824,400	824,400	-
Clerk Auditor	461,500	461,500	461,500	-
Treasurer:				
Salaries	203,200	203,200	202,845	355
Employee Benefits	84,800	84,800	83,289	1,511
Services, Supplies and Other	54,550	54,550	25,813	28,737
Capital Outlay	6,500	6,500	2,463	4,037
Total Treasurer	<u>349,050</u>	<u>349,050</u>	<u>314,410</u>	<u>34,640</u>
Recorder:				
Salaries	451,000	451,000	442,062	8,938
Employee Benefits	188,600	188,600	187,897	703
Services, Supplies and Other	40,400	40,400	25,525	14,875
Capital Outlay	8,000	8,000	5,197	2,803
Total Recorder	<u>688,000</u>	<u>688,000</u>	<u>660,681</u>	<u>27,319</u>
Attorney	416,820	416,820	416,820	-
Assessor:				
Salaries	1,457,000	1,457,000	1,443,280	13,720
Employee Benefits	606,500	606,500	643,624	(37,124)
Services, Supplies and Other	467,400	467,400	356,665	110,735
Capital Outlay	106,700	106,700	92,186	14,514
Total Assessor	<u>2,637,600</u>	<u>2,637,600</u>	<u>2,535,755</u>	<u>101,845</u>
Administration Building	282,920	282,920	282,920	-
Miscellaneous Contingent	832,590	1,052,680	405,401	647,279
Total Expenditures	<u>6,702,000</u>	<u>6,922,090</u>	<u>6,111,007</u>	<u>811,083</u>
Excess of Revenues Over (Under) Expenditures	-	37,910	846,694	833,418
Other Financing Sources (Uses):				
Transfers:				
To Capital Projects Fund	-	(37,910)	(37,910)	-
Net Change in Fund Balance	-	-	808,784	833,418
Fund Balance, Beginning of Year	<u>107,223</u>	<u>107,223</u>	<u>107,223</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 107,223</u>	<u>\$ 107,223</u>	<u>\$ 916,007</u>	<u>\$ 833,418</u>

WASHINGTON COUNTY
Recreation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Tax Revenues:				
Restaurant Food Tax	\$ 1,635,000	\$ 1,635,000	\$ 1,727,928	\$ 92,928
Leasing Sales Tax	250,000	250,000	283,561	33,561
Total Taxes	1,885,000	1,885,000	2,011,489	126,489
Charges for Services:				
County Fair	89,500	89,500	76,874	(12,626)
Regional Park	242,500	322,500	302,640	(19,860)
Total Charges for Services	332,000	412,000	379,514	(32,486)
Other Revenues:				
Interest Earnings	-	-	2,820	2,820
Vision Dixie and Other Revenue	15,000	15,000	4,499	(10,501)
Sub-lease Revenue	-	-	688,231	688,231
Total Revenues	2,232,000	2,312,000	3,086,553	774,553
EXPENDITURES:				
Conservation & Economic Development:				
Regional Park Facility	854,200	914,200	633,568	280,632
County Fair	177,800	197,800	190,815	6,985
Convention Center Operations	452,200	452,200	199,757	252,443
Dixie College Eccles Fine Arts Center	10,000	10,000	8,000	2,000
Debt Service				
Principal	1,237,800	1,237,800	1,564,988	(327,188)
Interest	-	-	604,702	(604,702)
Total Expenditures	2,732,000	2,812,000	3,201,830	(389,830)
Excess of Revenues				
Over (Under) Expenditures	(500,000)	(500,000)	(115,277)	384,723
Other Financing Sources (Uses):				
Transfers:				
From Travel Board Special Revenue Fund	700,000	700,000	700,000	-
To Travel Board Special Revenue Fund	(200,000)	(200,000)	(200,000)	-
Net Change in Fund Balance	-	-	384,723	384,723
Fund Balance, Beginning of Year	841,667	841,667	841,667	-
Fund Balance, End of Year	\$ 841,667	\$ 841,667	\$ 1,226,390	\$ 384,723

WASHINGTON COUNTY
Miscellaneous Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Intergovernmental Revenues:				
CDBG Grants	\$ -	\$ 31,000	\$ 30,642	\$ (358)
LLEBG/SCAAP	128,180	188,180	145,170	(43,010)
Drug Court	317,000	317,000	317,935	935
WMD and Emergency OPS Grants	968,300	968,300	333,011	(635,289)
Other Grants	-	20,000	27,269	7,269
Total Revenues	<u>1,413,480</u>	<u>1,524,480</u>	<u>854,027</u>	<u>(670,453)</u>
EXPENDITURES:				
Public Safety:				
LLEBG/SCAAP	128,180	188,180	127,453	60,727
WMD - Emergency Operations	968,300	988,300	333,543	654,757
Drug Court	317,000	317,000	365,748	(48,748)
Total Public Safety	<u>1,413,480</u>	<u>1,493,480</u>	<u>826,744</u>	<u>666,736</u>
Conservation & Economic Development:				
CDBG	-	31,000	10,800	20,200
Predator Control	-	-	5,010	(5,010)
Total Conservation & Economic Devel.	<u>-</u>	<u>31,000</u>	<u>15,810</u>	<u>15,190</u>
Total Expenditures	<u>1,413,480</u>	<u>1,524,480</u>	<u>842,554</u>	<u>681,926</u>
Net Change in Fund Balance	-	-	11,473	11,473
Fund Balance, Beginning of Year	<u>102,935</u>	<u>102,935</u>	<u>102,935</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 102,935</u>	<u>\$ 102,935</u>	<u>\$ 114,408</u>	<u>\$ 11,473</u>

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Fiduciary Funds Trust and Agency

Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable, Nonexpendable Trust, Pension Trust, and Agency Funds. Nonexpendable Trust and Pension Trust Funds are accounted for in essentially the same manner as propriety funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

- **Tax Collection Trust fund** is an agency fund which accounts for all collections and disbursements of taxes for the county.
- **Deposit Trust fund** is an agency fund which accounts for miscellaneous court funds, surcharges, 4-H, Treasurer and other custodial accounts.
- **Health Department fund** is used as an agency fund for the Health Department.
- **Economic Development Council fund** is used as an agency fund for the Economic Development Council.

WASHINGTON COUNTY
All Trust and Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2010

	Balance 12/31/2009	Additions	Deductions	Balance 12/31/2010
TAX COLLECTION TRUST FUND:				
Assets:				
Cash & Investments	\$ 43,058,622	\$ 133,621,121	\$ 151,636,803	\$ 25,042,940
Due from Other Governments	-	-	-	-
Property Taxes Receivable	785,684	780,472	785,684	780,472
Total Assets	<u>\$ 43,844,306</u>	<u>\$ 134,401,593</u>	<u>\$ 152,422,487</u>	<u>\$ 25,823,412</u>
Liabilities:				
Deposits Held in Trust	\$ 1,679,644	\$ 525,670	\$ 410,183	1,795,131
Due to Taxing Districts	35,883,468	113,322,075	128,827,645	20,377,898
Due to Washington Co. General Fund	2,624,149	8,460,208	9,487,331	1,597,026
Due to Assessing & Collecting Fund	1,861,627	6,209,733	7,014,104	1,057,256
Due to Other Funds	1,795,418	5,883,907	6,683,224	996,101
Reserve for Refund	-	-	-	-
Total Liabilities	<u>\$ 43,844,306</u>	<u>\$ 134,401,593</u>	<u>\$ 152,422,487</u>	<u>\$ 25,823,412</u>
DEPOSIT FUND:				
Assets:				
Cash & Investments	\$ 868,115	\$ 7,081,095	\$ 7,134,933	\$ 814,277
Other Receivables	-	-	-	-
Total Assets	<u>\$ 868,115</u>	<u>\$ 7,081,095</u>	<u>\$ 7,134,933</u>	<u>\$ 814,277</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 868,115</u>	<u>\$ 7,081,095</u>	<u>\$ 7,134,933</u>	<u>\$ 814,277</u>
HEALTH DEPARTMENT:				
Assets:				
Cash & Investments	\$ 1,982,632	\$ 7,254,234	\$ 7,869,232	\$ 1,367,634
Other Receivables	-	-	-	-
Total Assets	<u>\$ 1,982,632</u>	<u>\$ 7,254,234</u>	<u>\$ 7,869,232</u>	<u>\$ 1,367,634</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 1,982,632</u>	<u>\$ 7,254,234</u>	<u>\$ 7,869,232</u>	<u>\$ 1,367,634</u>
ECONOMIC DEVELOPMENT COUNCIL:				
Assets:				
Cash & Investments	\$ 407,749	\$ 263,982	\$ 289,483	\$ 382,248
Other Receivables	-	-	-	-
Total Assets	<u>\$ 407,749</u>	<u>\$ 263,982</u>	<u>\$ 289,483</u>	<u>\$ 382,248</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 407,749</u>	<u>\$ 263,982</u>	<u>\$ 289,483</u>	<u>\$ 382,248</u>

(Continued)

WASHINGTON COUNTY
All Trust and Agency Funds
Combining Statement of Changes in Assets and Liabilities (Continued)
For the Year Ended December 31, 2010

	Balance 12/31/2009	Additions	Deductions	Balance 12/31/2010
TOTAL - ALL TRUST AND AGENCY FUNDS:				
Assets:				
Cash & Investments	\$ 46,317,118	\$ 148,220,432	\$ 166,930,451	\$ 27,607,099
Due from Other Governments	-	-	-	-
Property Taxes Receivable	785,684	780,472	785,684	780,472
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	-
Total Assets	<u>\$ 47,102,802</u>	<u>\$ 149,000,904</u>	<u>\$ 167,716,135</u>	<u>\$ 28,387,571</u>
Liabilities:				
Deposits Held in Trust	\$ 4,938,140	\$ 15,124,981	\$ 15,703,831	\$ 4,359,290
Due to Taxing Districts	35,883,468	113,322,075	128,827,645	20,377,898
Due to Washington Co. General Fund	2,624,149	8,460,208	9,487,331	1,597,026
Due to Assessing & Collecting Fund	1,861,627	6,209,733	7,014,104	1,057,256
Due to Other Funds	1,795,418	5,883,907	6,683,224	996,101
Reserve for Refund	-	-	-	-
Total Liabilities	<u>\$ 47,102,802</u>	<u>\$ 149,000,904</u>	<u>\$ 167,716,135</u>	<u>\$ 28,387,571</u>

OTHER SCHEDULES

- **Tax Collection Agency Fund – Cash Receipts and Disbursements**
This schedule reports the cash received and disbursed by the County’s Tax Collection Agency Fund during the year. It provides detail for each taxing authority within the County.
- **Statement of Taxes Charged and Collected**
This schedule reports various tax related information including, total taxable value, current tax rates, total taxes charged, and total taxes collected during the year for each taxing authority within the County.
- **Schedule of Expenditures of Transient Room Taxes and Tourism, Recreation, Culture, and Convention Facilities Taxes**
This schedule reports the breakdown of expenditures for Transient Room Taxes and Tourism, Recreation, Culture, and Convention Facilities Taxes by category in accordance with *Utah Code* Section 17-31-5.5(3).

WASHINGTON COUNTY
Tax Collection Agency Fund
Cash Receipts and Disbursements
For the Year Ended December 31, 2010

	Treasurer's Balance 12/31/2009	Tax Collection Receipts	Current Year's Taxes & Interest Apportioned	Prior Year's Taxes & Interest Apportioned	Disburse- ments	Treasurer's Balance 12/31/2010
Tax Collection Amounts:						
Current Taxes	\$ -	\$ 122,688,507	\$ (122,688,507)	\$ -	\$ -	\$ -
Prior Year's Redemptions	-	10,733,071	-	(10,733,071)	-	-
Over Collected & Double Pmts	-	218,361	-	-	218,361	-
Penalties & Interest	-	454,345	(25,836)	(428,509)	-	-
Other Collections	1,679,644	525,670	-	-	410,183	1,795,131
Total	\$ 1,679,644	\$ 134,619,954	\$ (122,714,343)	\$ (11,161,580)	\$ 628,544	\$ 1,795,131
Tax Units:						
Library Operating Fund	\$ 885,155		\$ 2,677,975	\$ 242,002	\$ 3,308,401	\$ 496,731
School District	25,879,753		76,063,185	6,998,413	94,302,899	14,638,452
Water Conservancy District	3,079,951		9,218,961	844,168	11,443,381	1,699,699
Assessing & Collecting	1,861,627		5,695,505	514,228	7,014,104	1,057,256
General Fund	2,624,149		7,767,800	692,408	9,487,331	1,597,026
County G.O. Bond	910,263		2,715,867	248,063	3,374,823	499,370
Special Service Districts:						
Rockville/Springdale	13,454		45,877	2,727	54,098	7,960
Southwest Mosquito SSD	115,049		355,210	30,018	433,960	66,317
Southwestern SSD	28,469		76,965	2,342	94,408	13,368
Smithsonian SSD	-		-	-	-	-
Leeds Area SSD	41,731		117,105	12,015	146,820	24,031
New Harmony SSD	25,006		80,394	9,896	94,553	20,743
Hurricane Valley Fire District	-		1,182,850	83	789,634	393,299
Cities & Towns:						
Enterprise	43,205		137,379	9,298	165,581	24,301
Hildale	23,277		91,659	23,705	113,310	25,331
Hurricane	896,509		2,212,639	270,024	2,926,535	452,637
Ivins	375,946		1,157,080	73,439	1,436,014	170,451
LaVerkin	124,544		357,275	57,367	461,679	77,507
Leeds	18,738		58,241	5,501	70,700	11,780
New Harmony	6,944		21,343	467	24,898	3,856
St. George	3,778,406		9,083,194	848,665	11,440,637	2,269,628
Santa Clara	237,497		679,954	53,341	879,435	91,357
Springdale	15,074		52,688	3,526	61,705	9,583
Toquerville	34,385		103,106	10,004	129,697	17,798
Virgin	16,880		47,895	4,789	54,192	15,372
Washington	730,877		2,005,738	181,808	2,643,491	274,932
Rockville	15,891		48,170	1,378	58,767	6,672
Apple Valley	25,156		64,706	9,693	86,160	13,395
Coral Canyon SID	356,726		595,582	12,212	915,091	49,429
Total Due Units	\$42,164,662		\$ 122,714,343	\$ 11,161,580	\$ 152,012,304	\$24,028,281
Total	\$43,844,306	\$ 134,619,954			\$ 152,640,848	\$25,823,412

This page intentionally left blank

WASHINGTON COUNTY

Statement of Taxes Charged and Collected
December 31, 2010

TAXABLE VALUE OF PROPERTY

	Year-End Value (After BOE)	Centrally - Assessed Value	RDA Value	Adjusted Real & Centrally Assessed Value	Year End Personal Property Value	Total Adjusted Value
Library Operations	\$ 9,446,277,242	\$ 383,204,620	\$ (286,951,505)	\$ 9,542,530,357	\$ 431,545,548	\$ 9,974,075,905
School District	9,446,277,242	383,204,620	(286,951,505)	9,542,530,357	431,545,548	9,974,075,905
Water Conservancy District	9,446,277,242	383,204,620	(286,951,505)	9,542,530,357	431,545,548	9,974,075,905
Assessing & Collecting:						
Local	9,446,277,242	383,204,620	(286,951,505)	9,542,530,357	431,545,548	9,974,075,905
State	9,446,277,242	383,204,620	(286,951,505)	9,542,530,357	431,545,548	9,974,075,905
General Fund	9,446,277,242	383,204,620	(286,951,505)	9,542,530,357	431,545,548	9,974,075,905
County G.O. Bond	9,446,277,242	383,204,620	(286,951,505)	9,542,530,357	431,545,548	9,974,075,905
Rockville/Springdale	189,666,510	2,416,282	-	192,082,792	4,908,959	196,991,751
Southwest Mosquito SSD	9,446,277,242	383,204,620	(286,951,505)	9,542,530,357	431,545,548	9,974,075,905
Southwestern SSD	99,653,105	2,409,061	-	102,062,166	270,148	102,332,314
Leeds Area SSD	86,229,690	2,397,633	-	88,627,323	773,947	89,401,270
New Harmony Fire	114,817,655	2,128,563	-	116,946,218	204,053	117,150,271
Coral Canyon	190,228,715	170,704	-	190,399,419	2,513,197	192,912,616
Enterprise	58,711,655	1,369,055	-	60,080,710	969,463	61,050,173
Hildale	28,665,650	715,684	-	29,381,334	2,971,148	32,352,482
Hurricane	899,046,227	17,667,103	(129,012,370)	787,700,960	68,703,363	856,404,323
Ivins	587,330,360	5,941,832	-	593,272,192	6,117,166	599,389,358
LaVerkin	135,282,560	4,101,341	-	139,383,901	6,830,339	146,214,240
Leeds	66,001,820	1,407,770	-	67,409,590	762,542	68,172,132
New Harmony	13,029,490	487,184	-	13,516,674	73,543	13,590,217
St. George	5,182,050,235	122,477,787	(157,939,135)	5,146,588,887	292,212,456	5,438,801,343
Santa Clara	293,340,930	3,260,681	-	296,601,611	2,461,772	299,063,383
Springdale	157,287,435	1,304,985	-	158,592,420	4,371,729	162,964,149
Toquerville	79,194,530	4,911,614	-	84,106,144	309,393	84,415,537
Virgin	41,826,575	4,201,854	-	46,028,429	417,344	46,445,773
Washington	1,186,982,300	12,261,415	-	1,199,243,715	32,060,609	1,231,304,324
Rockville	32,379,075	1,111,297	-	33,490,372	537,230	34,027,602
Apple Valley	39,024,470	1,519,744	-	40,544,214	184,095	40,728,309
Northwestern SSD	94,056,570	16,338,103	-	110,394,673	1,383,927	111,778,600
Dixie Deer SSD	32,868,355	649,791	-	33,518,146	20,754	33,538,900
Hurricane Valley SSD	1,241,709,627	30,903,684	-	1,272,613,311	-	1,272,613,311

Totals

Current Year Real & Cent. Assessed Tax Rate	Prior Year Personal Property Tax Rate	Total Property Taxes Charged	Personal Property Taxes Charged	Total Taxes Charged
0.000280	0.000239	\$2,671,908	\$103,139	\$2,775,047
0.007804	0.006919	74,469,907	2,985,864	77,455,771
0.000964	0.000832	9,198,999	359,046	9,558,045
0.000429	0.000365	4,093,746	157,514	4,251,260
0.000162	0.000142	1,545,890	61,279	1,607,169
0.000816	0.000695	7,786,711	299,922	8,086,633
0.000284	0.000246	2,710,079	106,160	2,816,239
0.000262	0.000239	50,326	1,173	51,499
0.000037	0.000031	353,074	13,378	366,452
0.000716	0.000581	73,077	157	73,234
0.001353	0.001124	119,913	870	120,783
0.000727	0.000577	85,020	118	85,138
0.003000	0.003000	571,198	7,540	578,738
0.002186	0.002038	131,336	1,976	133,312
0.005662	0.003503	166,357	10,408	176,765
0.002523	0.002492	1,987,370	171,209	2,158,579
0.001990	0.001736	1,180,612	10,619	1,191,231
0.002676	0.001945	372,991	13,285	386,276
0.000881	0.000730	59,388	557	59,945
0.001511	0.001307	20,424	96	20,520
0.001750	0.001504	9,006,531	439,488	9,446,019
0.002201	0.001835	652,820	4,517	657,337
0.000372	0.000341	58,996	1,491	60,487
0.001332	0.001037	112,029	321	112,350
0.001437	0.000858	66,143	358	66,501
0.001625	0.001393	1,948,771	44,660	1,993,431
0.001439	0.001289	48,193	692	48,885
0.001950	0.001438	79,061	265	79,326
0.000000	0.000000	-	-	-
0.000000	0.000000	-	-	-
0.000986	0.000000	1,254,797	-	1,254,797
		<u>\$120,875,667</u>	<u>\$4,796,102</u>	<u>\$125,671,769</u>

(Continued)

WASHINGTON COUNTY

Statement of Taxes Charged and Collected (Continued)
December 31, 2010

	TREASURER'S RELIEF				CURRENT YEAR ACTUAL	
	Unpaid Taxes	Abatements	Other	Total Relief	Taxes Collected	Collection Rate
Library Operations	\$ 248,591	\$ 40,101	\$ 22,492	\$ 311,184	\$2,463,863	88.79%
School District	6,932,452	1,117,680	(689,397)	7,360,735	70,095,036	90.50%
Water Conservancy District	855,996	138,064	82,191	1,076,251	8,481,794	88.74%
Assessing & Collecting:						
Local	380,859	61,440	33,855	476,154	3,775,106	88.80%
State	143,883	23,201	(28,372)	138,712	1,468,457	91.37%
General Fund	724,257	116,866	101,685	942,808	7,143,825	88.34%
County G.O. Bond	252,196	40,674	24,676	317,546	2,498,693	88.72%
Rockville/Springdale	6,836	412	80	7,328	44,171	85.77%
Southwest Mosquito SSD	32,841	5,299	1,396	39,536	326,916	89.21%
Southwestern SSD	6,023	1,502	22	7,547	65,687	89.69%
Leeds Area SSD	11,536	3,000	(158)	14,378	106,405	88.10%
New Harmony Fire	10,560	1,610	(5)	12,165	72,973	85.71%
Coral Canyon	5,441	4,746	1,214	11,401	567,337	98.03%
Enterprise	10,086	2,464	130	12,680	120,632	90.49%
Hildale	119,799	334	(1,879)	118,254	58,511	33.10%
Hurricane	368,145	36,371	(291,768)	112,748	2,045,831	94.78%
Ivins	87,598	22,342	781	110,721	1,080,510	90.71%
LaVerkin	50,231	14,806	4,305	69,342	316,934	82.05%
Leeds	5,163	1,485	159	6,807	53,138	88.64%
New Harmony	1,226	465	(1)	1,690	18,830	91.76%
St. George	720,740	128,386	226,431	1,075,557	8,370,462	88.61%
Santa Clara	42,638	10,493	1,479	54,610	602,727	91.69%
Springdale	9,205	368	54	9,627	50,860	84.08%
Toquerville	15,602	2,513	876	18,991	93,359	83.10%
Virgin	21,749	1,636	(96)	23,289	43,212	64.98%
Washington	126,455	25,908	2,139	154,502	1,838,929	92.25%
Rockville	1,937	840	242	3,019	45,866	93.82%
Apple Valley	21,019	1,221	87	22,327	56,999	71.85%
Northwestern SSD	-	-	-	-	-	-
Dixie Deer SSD	-	-	-	-	-	-
Hurricane Valley SSD	196,447	22,830	(54,851)	164,426	1,090,371	86.90%
Totals	\$ 11,409,511	\$ 1,827,057	(\$562,233)	\$12,674,335	\$112,997,434	

OTHER COLLECTIONS

Fee in Lieu	Miscellaneous Collections	Delinquent Tax Collected	Interest & Penalty Collected
\$ 213,549	\$ 5,052	\$ 232,601	\$ 9,964
5,952,121	140,875	6,728,940	285,501
735,227	17,526	811,198	34,910
327,187	7,257	354,269	14,671
123,556	2,979	140,409	6,078
622,342	14,358	666,586	27,455
216,603	5,170	238,506	10,128
1,696	30	2,632	105
28,219	663	28,806	1,287
11,263	741	2,278	79
10,676	182	11,575	464
7,404	607	9,554	359
28,115	-	11,953	389
16,719	276	8,784	542
33,135	699	22,549	1,169
166,340	5,296	259,428	11,064
76,323	2,275	71,293	2,393
40,269	5,278	55,319	2,120
5,091	39	5,370	143
2,509	-	457	14
710,818	11,319	816,013	34,566
77,089	2,917	51,643	1,836
1,816	40	3,411	127
9,726	74	9,731	294
4,673	-	4,621	178
166,389	417	174,695	7,533
2,294	11	1,306	82
7,694	2,467	9,144	562
-	-	-	-
-	-	-	-
92,230	-	-	332
\$ 9,691,073	\$226,548	\$10,733,071	\$454,345

WASHINGTON COUNTY

**Schedule of Expenditures of Transient Room Taxes and
Tourism, Recreation, Culture and Convention Facilities Taxes
December 31, 2010**

Transient Room Taxes (TRT):

Establishing and promoting:

Recreation	\$ 653,816
Tourism	1,123,122
Film production	36,838
Conventions	269,084
Totals	2,082,860

Acquiring, leasing, construction, furnishing, or operating:

Convention meeting rooms	350,000
Exhibit halls	350,000
Visitor information centers	-
Museums	-
Related facilities	700,000
Totals	1,400,000

Acquiring or leasing land required for or related to:

Convention meeting rooms	-
Exhibit halls	-
Visitor information centers	-
Museums	-
Related facilities	-
Totals	-

Mitigation costs

-

Payment of principal, interest, premiums, and reserves on bonds

-

Total expenditures of transient room taxes \$ 3,482,860

Tourism, Recreation, Culture, and Convention Facilities (TRCC):

Financing tourism promotion -

Development, operation, and maintenance of:

Tourist facilities	\$ -
Recreation facilities	1,088,594
Cultural facilities	-
Convention facilities	639,334
Pledges as security for evidences of indebtedness	-
Total	1,727,928

Total expenditures of tourism, recreation, culture, and
convention facilities taxes \$ 1,727,928

Reserves and Pledges:

	Additions		
	1/1/2010	2010	12/31/2010
Reserves on bonds related to TRT funds	\$ 700,000	\$ -	\$ 700,000
Pledges as security for evidence of indebtedness related to TRCC	\$ -	\$ 700,000	\$ 700,000

HAFEN
BUCKNER
EVERETT
& GRAFF, PC
CERTIFIED PUBLIC ACCOUNTANTS

90 East 200 North
St George UT 84770
fax:(435) 673-6166
(435) 673-6167
hbeg.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

County Commissioners
Washington County

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington County as of and for the year ended December 31, 2010, and have issued our report thereon dated July 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washington County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the course of performing their assigned functions to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Washington County in a separate letter dated July 11, 2011.

This report is intended solely for the information and use of the County Commission, management, and federal awarding and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hafen, Buckner, Everett & Graff, PC

HAFEN, BUCKNER, EVERETT, & GRAFF, PC
July 11, 2011

AUDITORS' REPORT ON STATE LEGAL COMPLIANCE

County Commission
Washington County
St. George, Utah

We have audited the financial statements of Washington County for the year ended December 31, 2010, and have issued our report there on dated July 11, 2011. 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; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit guide for the year ended December 31, 2010. The County received the following major State assistance programs from the State of Utah:

B&C Road Funds
Liquor Law Enforcement
Adult Services – Alternative Program

Our audit also included test work on the County's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local governments in Utah including:

Public Debt	Other Compliance Requirements
Cash Management	Uniform Building Code Standards
Purchasing Requirements	Statement of Taxes Charged, Collected, and Disbursed
Budgetary Compliance	Assessing and Collecting of Property Taxes
Truth in Taxation and Property Tax Limitations	Transient Room Tax
Liquor Law Enforcement	Impact Fees
Justice Courts Compliance	Asset Forfeiture
B&C Road Funds	Utah Retirement Systems Compliance
Special Service and Local Districts	Fund Balance Limitation

The management of the County is responsible for the County's compliance with all compliance requirement 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 accounting 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.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Washington 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, 2010.

Hafen, Buckner, Everett & Graff, PC

HAFEN, BUCKNER, EVERETT & GRAFF, PC
July 11, 2011

LETTER TO MANAGEMENT

County Commission
Washington County

In planning and performing our audit of the financial statements of Washington County (the County), for the year ended December 31, 2010, we noted certain matters for your consideration. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated July 19, 2010, on the financial statements of the County. Also, significant deficiencies and material deficiencies, if any, are included in our reports dated July 19, 2011, in accordance with *Government Auditing Standards* and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Comments from prior years have been addressed and have been or are being resolved. Certain prior year comments are repeated for your consideration.

Expenditures in Excess of Budget

Several departments within the County had expenditures in excess of budgeted amounts which is a violation of Utah State law. We recommend that the County establish procedures which will prevent expenditures in excess of budgeted amounts.

The status of these comments will be reviewed as part of the next audit. We recommend that management establish monitoring policies and procedures to provide the County with reasonable assurance that the County complies with various state and federal program requirements and reports be made periodically to the Board and the Audit Committee to evaluate progress made and additional recommendations for improvement.

Hafen Buckner, Everett & Graff, PC

HAFEN, BUCKNER, EVERETT & GRAFF, PC

July 19, 2011



WASHINGTON COUNTY CLERK/AUDITOR

197 East Tabernacle St George, Utah 84770

Telephone: (435) 634-5712 Fax: (435) 634-5763

E-mail: kim.hafen@washco.utah.gov

Kim M. Hafen
County Clerk/Auditor

August 1, 2011

Management Letter Response

State of Utah
Office of the State Auditor
211 State Capitol
Salt Lake City, UT 84114

Kent Godfrey, CPA
Supervisor, Local Government Division

In response to the Management Letter written for the 2010 Audit by our independent auditors, Hafen Buckner Everett & Graff, PC, and in compliance with reporting requirements of the Utah State law, the following comments are made.

Compliance Findings:

Expenditures in Excess of Budget – Compliance

This issue continues to be a very difficult compliance item. We will continue our practice of opening the budget just prior to year-end. The budget opening takes care of most items. But, it seems that there are always expense items that have not been planned for. We always want to make sure that we process the expenses in the year that they occur. The over-expenditures are relatively small. We will continue to work on this finding. We will discuss it in our meetings with department heads and in our budget preparation meetings.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Kim".

Kim M. Hafen
Washington County Clerk/Auditor

cc: Washington County Commission
Hafen Buckner Everett & Graff, PC