



**FINANCIAL STATEMENTS**

**Year Ended December 31, 2011**

**With Report of**

**Certified Public Accountants**

**WASHINGTON COUNTY**

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## 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, 2011, 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 83% of the total assets and 59% of total revenues of the aggregate discretely presented component units as of December 31, 2011, 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, 2011, 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 May 21, 2012, 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 56 through 63 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*

Hafen, Buckner, Everett, & Graff, PC  
May 21, 2012

**WASHINGTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2011**

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, 2011. 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 2011 from \$4.9 million to \$5.3 million or 6.9 %.
- Restaurant and Transient Room Taxes increased during 2011 from \$3.4 million to \$3.5 million or 3.9%.
- As of the end of 2011, the County's unemployment rate was 7.3% as compared to the State rate of 6% and the National rate of 8.5%.
- During 2011 the County's General Fund balance increased from \$7 million to 9.4 million. \$2.4 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 \$51.5 million at the close of the fiscal year. Total net assets increased by \$8 million.
- Total revenues from all sources, excluding component units, were \$55 million.
- The total cost of all County programs, excluding component units, was \$50 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 \$51.4 million at the close of the most recent fiscal year. This is an 18% 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.

### Washington County Statement of Net Assets

	Governmental Activities		Component Unit Activities	
	2011	2010	2011	2010
Current and other assets	\$ 47,136,476	\$ 44,898,318	\$ 33,522,736	\$ 31,818,401
Capital assets	60,481,727	59,859,817	37,029,741	35,500,661
Total assets	<u>107,618,203</u>	<u>104,758,135</u>	<u>70,552,477</u>	<u>67,319,062</u>
Long-term liabilities	48,991,970	53,134,348	13,254,866	13,021,345
Other liabilities	7,153,366	8,165,321	2,051,715	1,842,077
Total liabilities	<u>56,145,336</u>	<u>61,299,669</u>	<u>15,306,581</u>	<u>14,863,422</u>
Net assets:				
Invested in capital assets, net of related debt	12,727,380	7,908,719	28,422,514	26,442,237
Restricted	23,114,742	25,786,123	4,266,233	4,221,714
Unrestricted	15,630,745	9,763,624	22,557,149	21,791,689
Total net assets	<u>\$ 51,472,867</u>	<u>\$ 43,458,466</u>	<u>\$ 55,245,896</u>	<u>\$ 52,455,640</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**

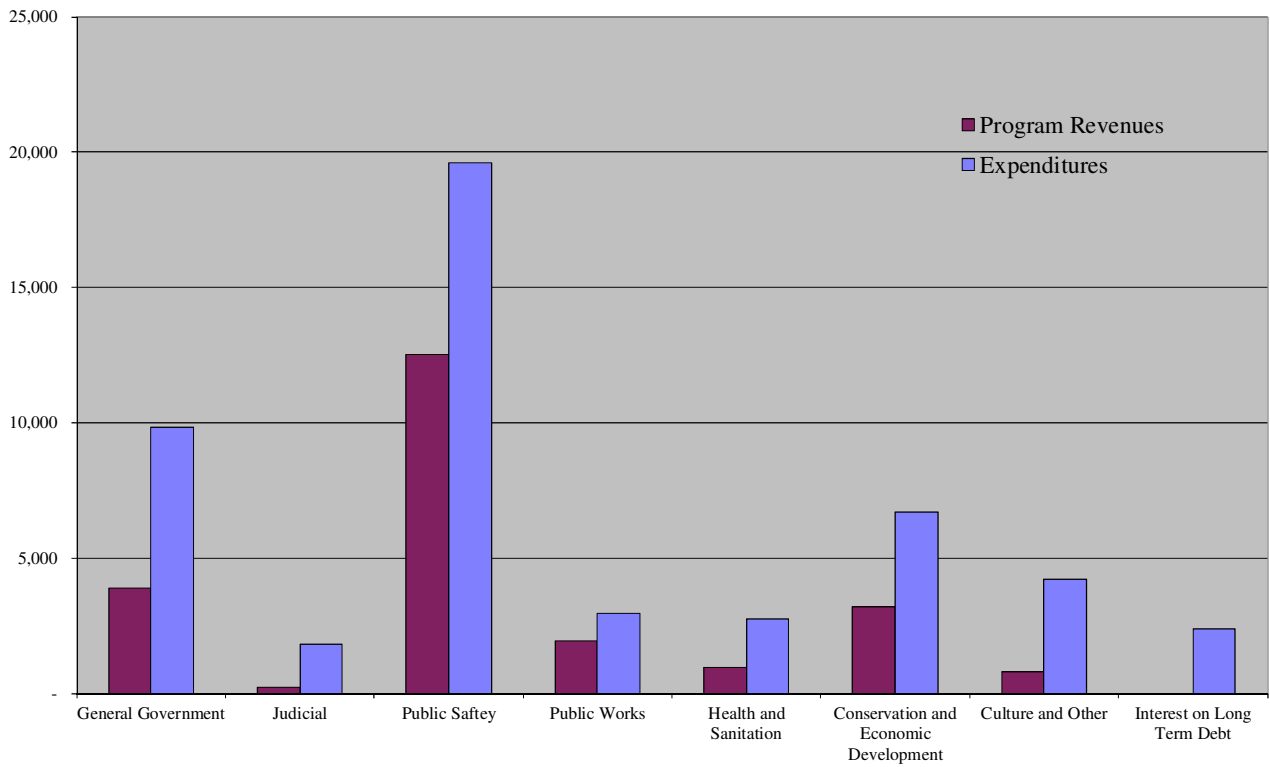
	Governmental Activities		Component Unit Activities	
	2011	2010	2011	2010
Revenues:				
Program revenues:				
Charges for services	\$ 14,443,049	\$ 14,291,185	\$ 13,477,756	\$ 13,579,607
Operating grants and contributions	5,173,112	5,778,318	8,302,550	9,502,887
Capital grants and contributions	3,873,307	2,283,355	1,127,521	403,189
General revenues:				
Taxes	34,620,975	32,566,268	926,551	1,639,719
Other	138,435	118,064	470,041	391,285
Total revenues	<u>58,248,878</u>	<u>55,037,190</u>	<u>24,304,419</u>	<u>25,516,687</u>
Expenses:				
General government	9,822,804	12,214,083	-	-
Judicial	1,805,174	1,793,817	-	-
Public safety	19,602,250	20,736,108	2,495,332	1,576,390
Public works	2,959,198	2,993,666	10,772,811	10,451,400
Health and sanitation	2,757,558	2,691,732	8,373,521	8,505,408
Conservation and economic development	6,691,090	5,674,610	-	-
Culture and other	4,223,196	4,160,391	-	-
Interest on long term debt	2,373,208	2,792,138	-	-
Total expenses	<u>50,234,478</u>	<u>53,056,545</u>	<u>21,641,664</u>	<u>20,533,198</u>
Increase in net assets	8,014,400	1,980,645	2,662,755	4,983,489
Net assets, beginning	43,458,467	41,477,821	52,591,572	47,455,140
Prior period adjustment	-	-	-	17,011
Net assets, ending	<u>\$ 51,472,867</u>	<u>\$ 43,458,466</u>	<u>\$ 55,254,327</u>	<u>\$ 52,455,640</u>

The cost of all Governmental activities this year was \$50 million. As shown on the Statement above, \$14.4 million of this cost was paid for by those who directly benefited from the programs; \$9 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 \$23.5 million. General taxes and investment earnings totaled \$34.8 million.

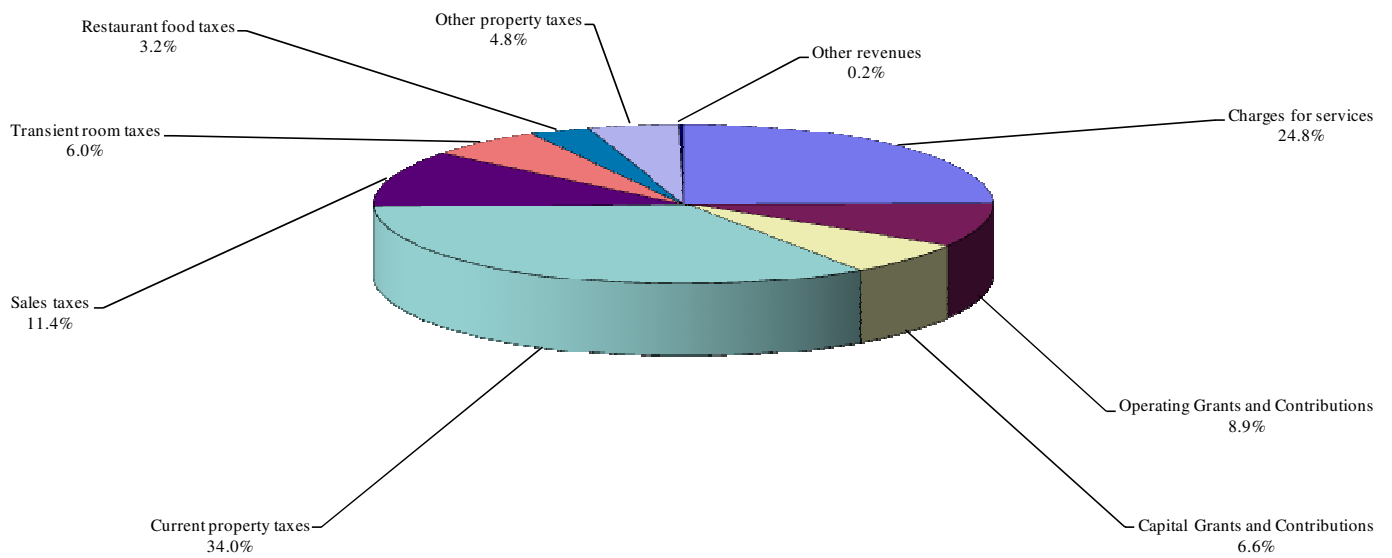
Total resources available during the year to finance operations were \$101.7 million consisting of Net assets at December 31, 2010 of \$43.5 million, program revenues of \$23.5 million and General Revenues of \$34.8 million. Total Governmental Activities during the year were \$50 million; thus Net Assets were increased by \$8 to \$51.5 million. Most of the governmental activities remained consistent from 2010 to 2011 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 70.

For the year ended December 30, 2011, the governmental funds reflect a combined fund balance of \$35,968,844. Of this, \$17,781,518 is not available for expenditure or is restricted and legally segregated for a specific future use. An additional \$3.8 million has been committed to capital projects. The remaining \$14,387,326 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 \$25,034,032 and expenditures, before other financing sources and uses, totaled \$21,635,532. The net increase in fund balance before transfers was \$3,398,500. Transfers from the general fund of \$1,169,336 were made to the debt service fund, Children's Justice Center fund, Council on Aging fund and the Municipal Services fund for 2011.

The 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. Revenues totaled \$6,112,203 while expenditures totaled \$5,184,548 in 2011. (See Page 61)

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 \$441,770 while expenditures totaled \$523,568 in 2011. (See Page 62)

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 remained fairly consistent with the prior year. Revenues and expenditures excluding transfers totaled \$3,826,118 and \$2,622,537 in 2011, respectively. (See Page 63)

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 decreased as expected in 2011 mainly due to the refunding of bonds in 2010. (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 \$760,340 and \$2,493,601 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, 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 \$1,875,330 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 \$577,705. 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 2011, net capital assets of the government activities totaled \$60.48 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 \$53.6 million in governmental type debt. The debt is a liability of the government and amounts to approximately \$388.45 per capita. During the current fiscal year, the County's total debt increased by \$4,451,52. (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 2012 close to the 2011 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.

**FINANCIAL SECTION**

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## **BASIC FINANCIAL STATEMENTS**



**WASHINGTON COUNTY**  
**Statement of Net Assets**  
**December 31, 2011**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Component Units</b>
<b>Assets</b>		
Cash and investments	\$ 10,255,875	\$ 21,849,918
Receivables (net of allowance for uncollectibles)	12,094,237	2,393,156
Prepaid assets	287,000	71,983
Deferred charges	315,621	-
Restricted cash and investments	20,222,243	9,207,679
Note receivable	3,961,500	-
Capital assets not being depreciated	4,325,684	10,686,708
Capital assets being depreciated, net of accumulated depreciation	<u>56,156,043</u>	<u>26,343,033</u>
Total assets	<u>107,618,203</u>	<u>70,552,477</u>
<b>Liabilities</b>		
Accounts payable and other current liabilities	1,981,596	1,496,689
Unearned revenue	89,838	-
Accrued interest payable	467,430	152,485
Noncurrent liabilities:		
Due within one year	4,614,502	402,541
Due in more than one year	<u>48,991,970</u>	<u>13,254,866</u>
Total liabilities	<u>56,145,336</u>	<u>15,306,581</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	12,727,380	28,422,514
Restricted for:		
Capital projects	279,393	-
Class "B" roads	1,607,058	-
Debt Service	5,667,774	-
Other purposes	15,560,517	4,266,233
Unrestricted	<u>15,630,745</u>	<u>22,557,149</u>
Total net assets	<u>\$ 51,472,867</u>	<u>\$ 55,245,896</u>

The accompanying notes are an integral part of the financial statements

**WASHINGTON COUNTY**  
**Statement of Activities**  
**For the Year Ended December 31, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
					Governmental Activities	Total	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 9,822,804	\$ 2,948,371	\$ 104,264	\$ 841,953	\$ (5,928,216)	\$ (5,928,216)	\$ -
Judicial	1,805,174	235,990	-	-	(1,569,184)	(1,569,184)	-
Public safety	19,602,250	8,417,097	3,445,346	659,412	(7,080,395)	(7,080,395)	-
Public works	2,959,198	355,374	1,321,878	254,464	(1,027,482)	(1,027,482)	-
Health and sanitation	2,757,558	721,444	226,564	-	(1,809,550)	(1,809,550)	-
Conservation & economic development	6,691,090	993,303	72,885	2,117,478	(3,507,424)	(3,507,424)	-
Culture and other	4,223,196	771,470	2,175	-	(3,449,551)	(3,449,551)	-
Interest on long-term debt	2,373,208	-	-	-	(2,373,208)	(2,373,208)	-
Total primary government	<u>\$ 50,234,478</u>	<u>\$ 14,443,049</u>	<u>\$ 5,173,112</u>	<u>\$ 3,873,307</u>	<u>(26,745,010)</u>	<u>(26,745,010)</u>	<u>-</u>
<b>Component units:</b>							
Public safety	\$ 2,495,332	\$ 1,181,195	\$ 54,520	\$ 101,457	-	-	(1,158,160)
Public works	10,772,811	10,909,664	342,222	715,745	-	-	1,194,820
Health and sanitation	8,373,521	1,381,348	7,905,808	-	-	-	913,635
Conservation & economic development	8,431	5,549	-	310,319	-	-	307,437
Total component units	<u>\$ 21,650,095</u>	<u>\$ 13,477,756</u>	<u>\$ 8,302,550</u>	<u>\$ 1,127,521</u>	<u>-</u>	<u>-</u>	<u>1,257,732</u>
General revenues:							
Current property taxes					19,802,810	19,802,810	814,341
Sales taxes					6,612,161	6,612,161	-
Transient room taxes					3,520,106	3,520,106	-
Restaurant food taxes					1,888,713	1,888,713	-
Other property taxes					2,797,185	2,797,185	112,210
Unrestricted investment earnings					138,435	138,435	149,990
Other revenues					-	-	320,051
Total general revenues and transfers					<u>34,759,410</u>	<u>34,759,410</u>	<u>1,396,592</u>
Change in net assets					8,014,400	8,014,400	2,654,324
Net assets - beginning					43,458,467	43,458,467	52,591,572
Prior period adjustment					-	-	-
Net assets - ending					<u>\$ 51,472,867</u>	<u>\$ 51,472,867</u>	<u>\$ 55,245,896</u>

The accompanying notes are an integral part of the financial statements

**WASHINGTON COUNTY**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2011**

	General Fund	Debt Service	Special Revenue	
			Assessing and Collecting	Habitat Conservation
<b>Assets</b>				
Cash and investments	\$ 4,925,443	\$ -	\$ -	\$ -
Property taxes receivable	3,208,387	699,606	1,525,127	-
Assessments receivable	-	3,553,335	-	-
Due from other governments	582,806	20,925	-	95,650
Due from other funds	160,120	-	-	-
Other receivables	-	-	-	-
Prepaid assets	5,000	-	-	-
Restricted cash and investments	1,426,870	5,528,140	352,965	4,662,164
Total assets	<u>\$ 10,308,626</u>	<u>\$ 9,802,006</u>	<u>1,878,092</u>	<u>\$ 4,757,814</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	598,767	3,906	76,831	5,063
Accrued liabilities	167,275	-	22,122	2,424
Due to other funds	-	-	-	-
Unearned revenue	89,838	3,553,335	-	-
Total liabilities	<u>855,880</u>	<u>3,557,241</u>	<u>98,953</u>	<u>7,487</u>
Fund balances:				
Nonspendable: Prepaid assets	5,000	-	-	-
Restricted for:				
Class "B" roads	1,607,058	-	-	-
Debt service fund	-	2,108,689	-	-
Other purposes	-	-	-	4,750,327
Committed to capital projects	3,800,000	-	-	-
Assigned to debt service	-	3,370,672	-	-
Assigned to special revenue funds	-	-	1,779,139	-
Unassigned	4,040,689	765,404	-	-
Total fund balances	<u>9,452,747</u>	<u>6,244,765</u>	<u>1,779,139</u>	<u>4,750,327</u>
Total liabilities and fund balances	<u>\$ 10,308,627</u>	<u>\$ 9,802,006</u>	<u>\$ 1,878,092</u>	<u>\$ 4,757,814</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

<u>Special Revenue</u>		Other	Total
<u>Travel</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Board</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
\$ -	\$ -	\$ 3,690,172	\$ 8,615,615
-	-	879,846	6,312,966
-	-	1,574	3,554,909
390,080	-	1,083,772	2,173,233
-	-	-	160,120
-	10,456	-	10,456
-	-	-	5,000
4,907,962	275,054	3,069,088	20,222,243
<u>\$ 5,298,042</u>	<u>\$ 285,510</u>	<u>\$ 8,724,452</u>	<u>\$ 41,054,542</u>
154,795	6,117	187,287	1,032,766
3,862	-	48,206	243,889
-	-	160,120	160,120
5,750	-	-	3,648,923
<u>164,407</u>	<u>6,117</u>	<u>395,613</u>	<u>5,085,698</u>
-	-	-	5,000
-	-	-	1,607,058
-	-	-	2,108,689
5,133,635	279,393	3,897,416	14,060,771
-	-	-	3,800,000
-	-	-	3,370,672
-	-	4,431,422	6,210,561
-	-	-	4,806,093
<u>5,133,635</u>	<u>279,393</u>	<u>8,328,838</u>	<u>35,968,844</u>
<u>\$ 5,298,042</u>	<u>\$ 285,510</u>	<u>\$ 8,724,451</u>	
			3,961,500
			60,481,727
			3,559,085
			(53,758,281)
			<u>1,259,992</u>
			<u>\$ 51,472,867</u>

**WASHINGTON COUNTY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2011**

	General Fund	Debt Service	Special Revenue	
			Assessing and Collecting	Habitat Conservation
<b>Revenues</b>				
Taxes	\$ 15,864,468	\$ 2,837,984	\$ 6,111,203	\$ -
Licenses and permits	24,260	-	-	-
Intergovernmental	5,340,543	294,210	-	414,525
Charges for services	1,664,557	-	-	-
Fines and forfeitures	1,089,105	-	-	-
Interest	51,607	6,860	-	23,498
Sub-lease revenue	-	-	-	-
Other revenue	999,492	1,319,500	1,000	3,747
<b>Total revenues</b>	<b>25,034,032</b>	<b>4,458,554</b>	<b>6,112,203</b>	<b>441,770</b>
<b>Expenditures</b>				
Current:				-
General government	3,780,036	6,142	5,184,548	-
Judicial	1,657,086	-	-	-
Public Safety	12,731,381	-	-	-
Public Works	1,979,867	-	-	-
Health and Sanitation	1,176,785	-	-	-
Conservation & Economic Development	190,300	-	-	523,568
Culture and other	91,427	-	-	-
Matching Funds & contributions	28,650	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	3,499,000	-	-
Interest	-	1,756,194	-	-
<b>Total expenditures</b>	<b>21,635,532</b>	<b>5,261,336</b>	<b>5,184,548</b>	<b>523,568</b>
Excess revenues over (under) expenditures	3,398,500	(802,782)	927,655	(81,798)
<b>Other financing sources (uses)</b>				
Transfers in	133,600	682,286	-	-
Transfers out	(1,169,336)	-	(64,523)	-
<b>Total other financing sources and uses</b>	<b>(1,035,736)</b>	<b>682,286</b>	<b>(64,523)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>2,362,764</b>	<b>(120,496)</b>	<b>863,132</b>	<b>(81,798)</b>
Fund balances - beginning of year	7,089,983	6,365,261	916,007	4,832,125
Fund balances - end of year	<b>\$ 9,452,747</b>	<b>\$ 6,244,765</b>	<b>\$ 1,779,139</b>	<b>\$ 4,750,327</b>

The accompanying notes are an integral part of the financial statements

<u>Special Revenue</u>		<u>Other</u>	<u>Total</u>
<u>Travel</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Board</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
\$ 3,520,106	\$ -	\$ 6,190,405	\$ 34,524,166
-	-	82,190	106,450
-	752,287	7,255,545	14,057,110
-	-	462,587	2,127,144
-	-	92,918	1,182,023
20,876	8,053	27,541	138,435
-	-	461,679	461,679
285,136	-	173,908	2,782,783
<u>3,826,118</u>	<u>760,340</u>	<u>14,746,773</u>	<u>55,379,790</u>
-	-	310,990	9,281,716
-	-	-	1,657,086
-	-	3,910,951	16,642,332
-	-	349,645	2,329,512
-	-	1,319,214	2,495,999
2,100,825	-	3,461,006	6,275,699
-	-	3,142,200	3,233,627
-	-	-	28,650
-	2,493,601	-	2,493,601
288,300	-	727,701	4,515,001
233,412	-	587,431	2,577,037
<u>2,622,537</u>	<u>2,493,601</u>	<u>13,809,138</u>	<u>51,530,260</u>
<u>1,203,581</u>	<u>(1,733,261)</u>	<u>937,635</u>	<u>3,849,530</u>
200,000	23,000	1,228,573	2,267,459
(700,000)	-	(333,600)	(2,267,459)
<u>(500,000)</u>	<u>23,000</u>	<u>894,973</u>	<u>-</u>
703,581	(1,710,261)	1,832,608	3,849,530
4,430,054	1,989,654	6,496,230	32,119,314
<u>\$ 5,133,635</u>	<u>\$ 279,393</u>	<u>\$ 8,328,838</u>	<u>\$ 35,968,844</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, 2011**

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

Net changes in fund balances - total governmental funds	\$ 3,849,530
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 capital outlays exceeded depreciation in the current period.	698,340
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.	(76,431)
Donations of capital assets do not provide current financial resources and, therefore, are not reported as revenues/expenditures in governmental funds.	(1,065,036)
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.	(256,080)
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.	4,535,646
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.	36,477
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>291,954</u>
Change in net assets of governmental activities	<u><u>\$ 8,014,400</u></u>

The accompanying notes are an integral part of the financial statements

**WASHINGTON COUNTY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2011**

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	<u>Internal Service Fund</u>
<b>Assets:</b>	
Cash	\$ 1,640,260
Accounts receivable	42,673
Prepaid expenses	<u>282,000</u>
Total Assets	<u>1,964,933</u>
<b>Liabilities:</b>	
Accounts payable	<u>704,941</u>
Total Liabilities	<u>704,941</u>
<b>Net Assets:</b>	
Unrestricted	<u>1,259,992</u>
Total Net Assets	<u><u>\$ 1,259,992</u></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, 2011**

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	<u>Internal Service Fund</u>
<b>Operating Revenues</b>	
Charges for services	
County contributions	\$ 3,691,427
Employee contributions	<u>789,646</u>
Total operating revenues	<u>4,481,073</u>
<b>Operating Expenses</b>	
Claims expense	3,763,171
Premium expense	<u>425,948</u>
Total operating expenses	<u>4,189,119</u>
Operating income	291,954
<b>Net assets, beginning of the year</b>	<u>968,038</u>
<b>Net assets, end of the year</b>	<u><u>\$ 1,259,992</u></u>

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, 2011**

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	Internal Service Fund
<b>Cash Flows From Operating Activities:</b>	
Cash received from customers, service fees	\$ 4,506,580
Cash paid to suppliers	(4,402,680)
Cash flows from operating activities	103,900
<b>Net Change in Cash and Cash Equivalents</b>	103,900
Cash and cash equivalents including restricted cash, beginning of year	1,536,360
Cash and cash equivalents including restricted cash, end of year	\$ 1,640,260
Reconciliation of operating income (loss) to cash flows from operating activities:	
Net operating income (loss)	\$ 291,954
Adjustments to reconcile net income (loss) to cash flows from operating activities:	
Changes in operating assets and liabilities	
(Increase)/Decrease in receivables	25,507
(Increase)/Decrease in prepaid expenses	(282,000)
Increase/(Decrease) in accounts payable	68,439
Net cash flows from operating activities	\$ 103,900

The accompanying notes are an integral part of the financial statements

**WASHINGTON COUNTY**  
**Combined Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2011**

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	Agency Funds
<b>Assets</b>	
Cash and investments	\$ 36,837,339
Property taxes receivable	1,248,838
Total Assets	\$ 38,086,177
<b>Liabilities</b>	
Deposits held in trust	\$ 5,783,069
Due to taxing districts	27,112,744
Due to Washington County General Fund	2,230,997
Due to Assessing & Collecting Fund	1,526,076
Due to other funds	1,433,291
Total Liabilities	\$ 38,086,177
<b>Net Assets</b>	
Held in trust for individuals, organizations, and other governments	\$ -

The accompanying notes are an integral part of the financial statements

**WASHINGTON COUNTY**  
**Combining Statement of Net Assets**  
**Component Units**  
**December 31, 2011**

	Southwest Utah Public Health Dept.	Ash Creek SSD	Washington County Solid Waste SSD	Nonmajor Component Units	Total Component Units
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 2,531,681	\$ 5,482,956	\$ 10,812,171	\$ 3,023,110	\$ 21,849,918
Property Taxes Receivable	-	-	-	-	-
Taxes Receivable	-	-	-	-	-
Due from other governments	560,746	-	-	70,782	631,528
Due from other sources	-	730,634	711,446	319,548	1,761,628
Prepaid assets	44,427	-	-	27,556	71,983
Total current assets	<u>3,136,854</u>	<u>6,213,590</u>	<u>11,523,617</u>	<u>3,440,996</u>	<u>24,315,057</u>
Noncurrent assets:					
Deferred charges	-	-	-	-	-
Restricted cash and investments	141,900	3,224,600	5,443,189	397,990	9,207,679
Capital assets not being depreciated	-	9,569,931	57,000	1,059,777	10,686,708
Capital assets being depreciated, net of accumulated depreciation	5,443,472	8,950,891	4,475,576	7,473,094	26,343,033
Total noncurrent assets	<u>5,585,372</u>	<u>21,745,422</u>	<u>9,975,765</u>	<u>8,930,861</u>	<u>46,237,420</u>
Total assets	<u>\$ 8,722,226</u>	<u>\$ 27,959,012</u>	<u>\$ 21,499,382</u>	<u>\$ 12,371,857</u>	<u>\$ 70,552,477</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 87,824	\$ 227,299	\$ 706,248	\$ 278,502	\$ 1,299,873
Accrued liabilities	58,724	19,746	4,414	113,932	196,816
Compensated absences	166,624	88,408	57,825	14,056	326,913
Accrued interest payable	79,854	67,063	-	5,568	152,485
Total current liabilities	<u>393,026</u>	<u>402,516</u>	<u>768,487</u>	<u>412,058</u>	<u>1,976,087</u>
Noncurrent liabilities:					
Due within one year	103,000	149,000	-	150,541	402,541
Due in more than one year	3,018,000	1,680,000	5,036,600	3,193,353	12,927,953
Total noncurrent liabilities	<u>3,121,000</u>	<u>1,829,000</u>	<u>5,036,600</u>	<u>3,343,894</u>	<u>13,330,494</u>
Total liabilities	<u>3,514,026</u>	<u>2,231,516</u>	<u>5,805,087</u>	<u>3,755,952</u>	<u>15,306,581</u>
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	2,322,472	16,691,823	4,532,576	4,875,643	28,422,514
Restricted	141,900	3,303,299	406,589	414,445	4,266,233
Unrestricted	2,743,828	5,732,374	10,755,130	3,325,817	22,557,149
Total net assets	<u>\$ 5,208,200</u>	<u>\$ 25,727,496</u>	<u>\$ 15,694,295</u>	<u>\$ 8,615,905</u>	<u>\$ 55,245,896</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, 2011**

	Southwest Utah Public Health Dept.	Ash Creek SSD	Washington County Solid Waste SSD	Nonmajor Component Units	Total Component Units
<b>Expenses:</b>					
Public safety:					
Fire and emergency services	\$ -	\$ -	\$ -	\$ 2,495,332	\$ 2,495,332
Public works					
Sewer services	-	1,976,090	-	-	1,976,090
Solid waste services	-	-	8,315,769	-	8,315,769
Water services	-	-	-	480,952	480,952
Health and sanitation					
Health services	8,373,521	-	-	-	8,373,521
Mosquito abatement	-	-	-	-	-
Conservation & economic development	-	-	-	8,431	8,431
Total expenses	<u>8,373,521</u>	<u>1,976,090</u>	<u>8,315,769</u>	<u>2,984,715</u>	<u>21,650,095</u>
<b>Program revenues:</b>					
Charges for services	1,381,348	2,176,278	8,361,882	1,558,248	13,477,756
Operating grants and contributions	7,905,808	-	-	396,742	8,302,550
Capital grants and contributions	-	696,864	-	430,657	1,127,521
Net (expense) revenue	<u>913,635</u>	<u>897,052</u>	<u>46,113</u>	<u>(599,068)</u>	<u>1,257,732</u>
<b>General revenues:</b>					
Property taxes	-	-	-	814,341	814,341
Sales taxes	-	-	-	-	-
Other taxes	-	-	-	112,210	112,210
Unrestricted investment earnings	6,531	47,207	75,962	20,290	149,990
Miscellaneous	143,466	145,516	(5,100)	36,169	320,051
Debt Proceeds	-	-	-	-	-
Total general revenues and transfers	<u>149,997</u>	<u>192,723</u>	<u>70,862</u>	<u>983,010</u>	<u>1,396,592</u>
Change in net assets	1,063,632	1,089,775	116,975	383,942	2,654,324
Total net assets - beginning	4,144,568	24,637,721	15,577,320	8,231,963	52,591,572
Prior period adjustment	-	-	-	-	-
Total net assets - ending	<u>\$ 5,208,200</u>	<u>\$ 25,727,496</u>	<u>\$ 15,694,295</u>	<u>\$ 8,615,905</u>	<u>\$ 55,245,896</u>

The accompanying notes are an integral part of the financial statements

**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

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

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**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, 2011**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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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 District issued separate audited financial statements dated June 22, 2012.

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 dated June 18, 2012.

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 27, 2012.

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 May 23, 2012.

The Hurricane Valley Fire Special Service District (Non-major General Fund) - The District provides fire protection to the communities of Hurricane, La Verkin, Toquerville, Virgin and unincorporated areas of western Washington county, funded through property taxes, user fees and other revenues. The District issued separate audited financial statements dated June 27, 2012.

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. The District issued separate audited financial statements dated March 5, 2012.

**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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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.

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.



**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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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 2011, the County provided \$343,656 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 2011 the County contributed \$15,000 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, 2011**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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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, 2011**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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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 **Assessing and Collection Special Revenue Fund** is used to account for funds raised by levies on property taxes that are legally restricted to expenditure for the County's function of assessing, collecting, and distribution property taxes.

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 and Grants.

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, 2011**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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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, 2011**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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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, 2011**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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**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.

**Net Assets and Fund Equity**

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

Equity is classified in the government-wide financial statements and in the proprietary fund financial statements as net assets and is displayed in three components as follows:

**Invested in capital assets, net of related debt** represents capital assets, net of accumulated depreciation and reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets.

**Restricted net assets** are net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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**Unrestricted net assets** are all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Equity is classified in the governmental fund financial statements as fund balance and is further classified as nonspendable, restricted, committed, assigned or unassigned as follows:

**Nonspendable fund balance** cannot be spent because it is either (1) not in spendable form, or (2) legally or contractually required to be maintained intact.

**Restricted fund balance** is fund balance with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Committed fund balance** can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority, the County Commission. A resolution, ordinance or vote by the County Commission is required to establish, modify or rescind a fund balance commitment.

**Assigned fund balance** is constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The County Auditor is authorized to assign amounts to a specific purpose in accordance with the County’s budget policy.

**Unassigned fund balance** is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

**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	32,823,000
Less: Deferred charge for issuance costs (to be amortized)	(315,621)
Less: Deferred charge on refunding (to be amortized)	(1,361,745)
Net unamortized premiums	1,106,712
Capital leases payable	15,690,501
Special assessment debt payable	3,773,000
Compensated absences	1,575,004
Accrued interest payable	<u>467,430</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 53,758,281</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	\$ 4,078,828
Depreciation expense	<u>(3,380,488)</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>\$ 698,340</u></u>



**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

**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:

Principal repayments:		
Bonds payable	\$	3,370,000
Capital leases		<u>1,165,646</u>
Net adjustment to increase <i>net changes in fund balances</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>		<u><u>\$ 4,535,646</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	\$	(32,617)
Accrued interest		151,909
Amortization of bond premiums		100,610
Amortization of deferred charge on refunding and bond issuance costs		<u>(183,425)</u>
Net adjustment to decrease <i>net changes in fund balances</i> - <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>		<u><u>\$ 36,477</u></u>

**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

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**NOTE 3. Stewardship, Compliance and Accountability**

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**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, 2011, 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, 2011**

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**NOTE 4. Deposits and Investments**

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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, 2011, \$3,395,310 of the County's bank balance of \$4,407,632 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, 2011, \$10,494,629 of the Washington County Solid Waste Special Service District bank balance of \$11,340,446 and none of Ash Creek Special Service District bank balance of \$245,331 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, 2011**

**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, 2011 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	\$ 62,349,564	\$62,349,564	\$ -	\$ -	\$ -

**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, 2011**

**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, 2011 the County had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Local Government Pooled Investment Fund	\$ 62,349,564	\$ -	\$ -	\$ -	\$ 62,349,564
<b>Total Fair Value</b>	<b>\$ 62,349,564</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 62,349,564</b>

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	\$ 8,462,225	Unrated
Wash. County Solid Waste Special Svc. Dist. No. 1	\$ 6,703,324	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, 2011. These monies were distributed to the various County funds in January 2011 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 2011, 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, 2012.

**Notes receivable** that are shown on the Statement of Net Assets include \$3,961,500 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, 2011**

**NOTE 6. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of December 31, 2011, is as follows:

	<b>Due from Other Funds reported in:</b>	
<b>Due to Other Funds reported in:</b>	General Fund	Total
Nonmajor Special Revenue Funds:		
Grants Fund	\$ 160,120	\$ 160,120
Total Interfund Balances	\$ 160,120	\$ 160,120

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, 2011 are shown in the following table:

	<b>Transfers out reported in:</b>					
	General Fund	Travel Board	Assessing and Collecting	Nonmajor Special Revenue Funds		Total
				Municipal Services Fund	Recreation Fund	
<b>Transfers in reported in:</b>						
General Fund	\$ -	\$ -	\$ -	\$ 133,600	\$ -	\$ 133,600
Debt Service Fund	682,286	-	-	-	-	682,286
Travel Board Fund	-	-	-	-	200,000	200,000
Capital Projects Fund	-	-	23,000	-	-	23,000
Nonmajor Special Revenue Funds:						
Municipal Service Fund	-	-	41,523	-	-	41,523
Children's Justice Center Fund	17,050	-	-	-	-	17,050
Council on Aging Fund	470,000	-	-	-	-	470,000
Recreation Fund	-	700,000	-	-	-	700,000
Total Transfers	\$ 1,169,336	\$ 700,000	\$ 64,523	\$ 133,600	\$ 200,000	\$ 2,267,459

**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, 2011. These monies were distributed in January of 2012 and thereafter.

**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 8. Capital Assets**

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

<b>Governmental Activities:</b>	<b>Balance</b>			<b>Balance</b>
	<b>12/31/2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>12/31/2011</b>
Capital assets, not being depreciated:				
Land	\$ 4,325,684	\$ -	\$ -	\$ 4,325,684
Total capital assets, not being depreciated:	<u>4,325,684</u>	<u>-</u>	<u>-</u>	<u>4,325,684</u>
Capital assets, being depreciated:				
Buildings and improvements	48,066,152	3,719,773	-	51,785,925
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	5,137,288	174,992	(227,937)	5,084,343
Equipment	7,847,926	168,481	(640,879)	7,375,528
Furniture and fixtures	721,678	15,582	-	737,260
Bridges, Towers, Trails	4,708,978	-	-	4,708,978
Streets and sidewalks	26,473,463	-	-	26,473,463
Total capital assets, being depreciated:	<u>111,893,693</u>	<u>4,078,828</u>	<u>(868,816)</u>	<u>115,103,705</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,973,049)	(1,544,691)	-	(12,517,740)
Convention Center	(4,457,859)	(316,535)	-	(4,774,394)
Regional Park	(1,565,717)	(120,197)	-	(1,685,914)
Museum	(819,075)	(58,458)	-	(877,533)
Autos and trucks	(3,922,872)	(486,918)	226,640	(4,183,150)
Equipment	(5,474,599)	(639,058)	565,745	(5,547,912)
Furniture and fixtures	(417,549)	(57,590)	-	(475,139)
Bridges, Towers, Trails	(2,434,928)	(145,417)	-	(2,580,345)
Streets and sidewalks	(26,293,911)	(11,624)	-	(26,305,535)
Total accumulated depreciation	<u>(56,359,559)</u>	<u>(3,380,488)</u>	<u>792,385</u>	<u>(58,947,662)</u>
Total capital assets, being depreciated, net	<u>55,534,134</u>	<u>698,340</u>	<u>(76,431)</u>	<u>56,156,043</u>
Governmental activities capital assets, net	<u>\$ 59,859,818</u>	<u>\$ 698,340</u>	<u>\$ (76,431)</u>	<u>\$ 60,481,727</u>

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

<b>Governmental Activities:</b>	
General government	\$ 940,890
Public safety	940,648
Public works	415,252
Health and sanitation	192,029
Conservation and economic development	241,136
Other	<u>650,533</u>
Total depreciation expense - governmental activities	<u>\$ 3,380,488</u>

**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 9. Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended December 31, 2011.

<b>Governmental activities:</b>	Balance			Balance	Current
<b>General Obligation:</b>	12/31/2010	Additions	Retirements	12/31/2011	Portion
Refunding G.O. bonds					
Series 2004 Refunding G.O. bonds	\$ 4,745,000	\$ -	\$ (600,000)	\$ 4,145,000	\$ 630,000
Series 2010 Refunding G.O. bonds	8,960,000	-	(60,000)	8,900,000	25,000
Less deferred amounts on refunding	(1,513,862)	-	152,117	(1,361,745)	-
Series 2004B G.O. bonds	2,635,000	-	(335,000)	2,300,000	350,000
Series 2002 G.O. bonds	1,365,000	-	(440,000)	925,000	455,000
Series 2007 G.O. bonds	4,570,000	-	(205,000)	4,365,000	215,000
Net unamortized premiums	1,207,322	-	(100,610)	1,106,712	-
Capital leases (Convention)	14,000,000	-	(750,000)	13,250,000	745,000
Capital leases (Museum)	466,000	-	(40,000)	426,000	41,000
Capital leases (Land)	2,082,999	-	(226,000)	1,856,999	235,000
Capital leases (Vehicles)	307,148	-	(149,646)	157,502	157,502
Accrued Compensated Absences	1,542,387	32,617	-	1,575,004	261,000
<b>Total General Obligation</b>	<b>40,366,994</b>	<b>32,617</b>	<b>(2,754,139)</b>	<b>37,645,472</b>	<b>3,114,502</b>
<b>Revenue Obligation:</b>					
Sales tax revenue bonds, series 2006	7,795,000	-	(170,000)	7,625,000	180,000
MBA lease revenue bonds, series 2006	783,000	-	(22,000)	761,000	22,000
MBA lease revenue bonds, series 2010	2,950,000	-	-	2,950,000	94,000
MBA refunding lease bonds, series 2010	961,000	-	(109,000)	852,000	115,000
<b>Total Revenue Obligation</b>	<b>12,489,000</b>	<b>-</b>	<b>(301,000)</b>	<b>12,188,000</b>	<b>411,000</b>
<b>Special Assessment Debt with Government Commitment:</b>					
SID No. 2002-1 - Diamond Valley	41,000	-	-	41,000	27,000
SID No. 2004-1 - Dixie Springs	5,161,000	-	(1,429,000)	3,732,000	1,062,000
<b>Total Special Assessment</b>	<b>5,202,000</b>	<b>-</b>	<b>(1,429,000)</b>	<b>3,773,000</b>	<b>1,089,000</b>
<b>Total Governmental activity long-term liabilities</b>	<b>\$ 58,057,994</b>	<b>\$ 32,617</b>	<b>\$ (4,484,139)</b>	<b>\$ 53,606,472</b>	<b>\$ 4,614,502</b>



**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 9. Long-Term Debt (Continued)**

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

Period Ending December 31	Principal	Interest	Total
2012	\$ 3,175,000	\$ 1,604,916	\$ 4,779,916
2013	3,304,000	1,453,140	4,757,140
2014	3,443,000	1,291,873	4,734,873
2015	2,607,000	1,140,890	3,747,890
2016	2,389,000	1,051,675	3,440,675
2017-2021	9,792,000	3,993,764	13,785,764
2022-2026	6,500,000	1,863,035	8,363,035
2027-2031	2,971,000	913,038	3,884,038
2032-2036	2,415,000	319,953	2,734,953
	<u>\$ 36,596,000</u>	<u>\$ 13,632,284</u>	<u>\$ 50,228,284</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 15 regarding conduit debt obligations outstanding and related lease receivables.

**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 9. Long-Term Debt (Continued)**

Bonds payable at December 31, 2011, 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.	\$ 4,145,000
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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.	925,000
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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.	2,300,000
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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.	4,365,000
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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.	8,900,000
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**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.	3,732,000
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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
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**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.	7,625,000
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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.	761,000
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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
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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.	<u>852,000</u>
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Total Bonds Payable	<u>\$36,596,000</u>
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**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

**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 o the net minimum lease payments:

Year Ending December 31	Vehicle Lease
2012	\$ 165,770
Total remaining minimum lease payments	165,770
Less amount representing interest	(8,268)
Present value of net remaining minimum lease payments	\$ 157,502

**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, 2011**

**NOTE 9. Long-Term Debt (Continued)**

Fiscal Period Ending December 31	St. George City Share	County Share	Total
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	260,149	959,659	1,219,808
2017-2021	1,631,073	5,698,927	7,330,000
2022	559,240	1,423,520	1,982,760
Total remaining minimum lease payments	3,377,378	11,405,287	14,782,665
Less amount representing interest Present value of net remaining minimum lease payments	337,378	1,195,287	1,532,665
	<u>\$ 3,040,000</u>	<u>\$ 10,210,000</u>	<u>\$ 13,250,000</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, 2011**

**NOTE 9. Long-Term Debt (Continued)**

Fiscal Period Ending December 31	St. George City Share	County Share	Total
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	21,592	35,228	56,820
2017-2020	84,436	137,764	222,200
Total remaining minimum lease payments	191,447	312,358	503,805
Less amount representing interest Present value of net remaining minimum lease payments	29,567	48,238	77,805
	\$ 161,880	\$ 264,120	\$ 426,000

**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, 2011**

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**NOTE 9. Long-Term Debt (Continued)**

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Fiscal Period Ending December 31	St. George City Share	County Share	Total
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	117,747	192,113	309,860
2017-2019	291,257	475,207	766,464
<hr/>			
Total remaining minimum lease payments	879,939	1,435,685	2,315,624
Less amount representing interest	174,279	284,345	458,624
Present value of net remaining minimum lease payments	<u>\$ 705,660</u>	<u>\$ 1,151,340</u>	<u>\$ 1,857,000</u>

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, 2011**

**NOTE 10. 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 13.77% of their annual covered salary. In the Public Safety Retirement System for employers in division A, members are required to contribute 12.29% of their salary (all or part may be paid by the employer for the employee) and the County is required to contribute 15.78% of their annual salary and 26.13 to 27.07% 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 2011 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:	2011	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Local Governmental Division	2010	0.00	0.00	0.00	0.00
	2009	0.00	0.00	0.00	0.00
Noncontributory System	2010	N/A	N/A	\$ 1,320,284	\$ 9,878,207
Local Governmental Division	2009	N/A	N/A	1,251,738	10,007,324
	2008	N/A	N/A	1,211,205	10,405,889
Public Safety System:	2011	\$ 0.00	\$ 12,722	\$ 15,826	\$ 103,515
Other Division A Contributory	2010	0.00	13,594	15,115	110,614
	2009	0.00	18,795	17,941	152,934

**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 10. Defined Benefit Pension Plan (Continued)**

Required contributions and amounts received for the 2011 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	2011	N/A	N/A	\$ 1,586,31	\$ 6,172,976
	2010	N/A	N/A	1,422,210	5,748,349
	2009	N/A	N/A	1,334,893	5,812,070
Defined Contribution System:					
457 Plan	2011	\$ 50,728	\$ 0.00	N/A	N/A
	2010	44,292	0.00	N/A	N/A
	2009	55,549	0.00	N/A	N/A
401(k) Plan	2011	\$ 380,271	\$ 30,717	N/A	N/A
	2010	385,932	126,980	N/A	N/A
	2009	377,223	238,792	N/A	N/A
IRA Plans	2011	\$ 35,390	\$ 0.00	N/A	N/A
	2010	36,790	0.00	N/A	N/A
	2009	20,130	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	2011	N/A	N/A	\$ *	
	2010	N/A	N/A	1,886	
	2009	N/A	N/A	10,538	
Local Governmental- Noncontributory	2011	N/A	N/A	\$ *	
	2010	N/A	N/A	301,370	
	2009	N/A	N/A	274,301	
401(k) Contributions	2011	\$ *	\$ *	N/A	N/A
	2010	103,206	91,607	N/A	N/A
	2009	109,156	84,219	N/A	N/A
IRA Plans	2011	\$ *	\$ 0.00	N/A	N/A
	2010	0.00	0.00	N/A	N/A
	2009	850	0.00	N/A	N/A

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

\* 2011 information was not available as of the issuance date of this financial statements.



**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 10. 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	2011	0	0	0	0
	2010	0	0	0	0
	2009	0	0	0	0
Local Governmental- Noncontributory	2011	N/A	N/A	\$ 80,150	\$ 590,444
	2010	N/A	N/A	72,706	535,980
	2009	N/A	N/A	63,769	547,745
457 Contributions	2011	\$ 6,682	0	N/A	
	2010	7,095	0	N/A	
	2009	7,456	0	N/A	
401(k) Contributions	2011	\$ 2,182	\$ 2,538	N/A	
	2010	2,062	7,614	N/A	
	2009	2,228	7,438	N/A	

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

**NOTE 11. 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, 2011**

**NOTE 11. 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.

	12/31/2011
Unpaid claims beginning of year	\$ -
Incurred claims	3,797,055
Claim payments	(3,797,055)
Unpaid claims, end of year	\$ -

**NOTE 12. 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.

**Washington County/St. George City Interlocal Agreement:**

The County has entered into an interlocal cooperation agreement with St. George City. Under the terms of the agreement the County is to remit to St. George City \$700,000 a year from taxes collected on short-term leases and rental of motor vehicles and restaurant sales. St. George City is required to use those funds to make debt payments on bonds issued to fund the construction of the St. George Municipal Airport.

**WASHINGTON COUNTY**  
**Notes to the Financial Statements**  
**December 31, 2011**

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**NOTE 13. Contingencies**

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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 effect on the County's financial condition.

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**NOTE 14. Component Unit Disclosures**

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

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**NOTE 15. Conduit Debt Obligations**

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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, 2011, the principal amount outstanding on the bonds was \$3,217,000, \$255,000 and \$523,000.

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**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 **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 distribution property taxes.
- 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, 2011**

<b>REVENUES:</b>	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
<b>Taxes:</b>				
Current Property Taxes	\$ 7,373,823	\$ 7,558,500	\$ 7,640,789	\$ 82,289
Fee in lieu Taxes	800,000	1,150,000	1,267,049	117,049
Prior Years Delinquent Taxes	480,000	682,000	762,690	80,690
County Sales & Use Taxes	5,000,000	5,250,000	5,339,255	89,255
Penalties & Interest	450,000	675,000	854,685	179,685
Total Taxes	14,103,823	\$15,315,500	15,864,468	548,968
<b>Licenses, Permits:</b>				
Marriage Licenses	22,000	22,000	24,260	2,260
<b>Intergovernmental:</b>				
Class "B" Roads	1,315,000	1,315,000	1,321,878	6,878
Prison Reimbursement	3,235,000	3,405,000	3,550,318	145,318
Bailiff/Security Reimbursement	320,000	460,000	468,347	8,347
Total Intergovernmental	4,870,000	5,180,000	5,340,543	160,543
<b>Charges for Services:</b>				
Clerk's Fees	60,000	60,000	48,456	(11,544)
Data Processing Fees	70,000	70,000	84,277	14,277
Jail Commissary, Phone and Medical	460,000	460,000	404,948	(55,052)
Recorder's Fees	-	650,000	648,179	(1,821)
State Medical Reimbursements	11,000	19,000	19,147	147
Prisoner Industry and Other	433,750	487,750	440,997	(46,753)
Fuel Revenue - Other Departments	19,000	19,000	18,553	(447)
Total Charges for Services	1,053,750	1,765,750	1,664,557	(101,193)
<b>Fines and Forfeitures:</b>				
Court and Precinct Fines	1,126,000	1,126,000	1,089,105	(36,895)
Total Fines and Forfeitures	1,126,000	1,126,000	1,089,105	(36,895)
<b>Other Revenues:</b>				
Interest Revenue	25,000	25,000	51,607	26,607
Rent-Property	706,077	706,077	680,244	(25,833)
Sale of Property, Material & Supplies	13,000	13,000	13,580	580
Noxious Weed Revenue	7,000	7,000	5,878	(1,122)
Vending Revenue	-	-	1,265	1,265
Xerox Revenue	1,500	21,500	31,774	10,274
Other	274,500	274,500	266,751	(7,749)
Total Other Revenues	1,027,077	1,047,077	1,051,099	4,022
<b>TOTAL REVENUES</b>	<b>\$ 22,202,650</b>	<b>\$ 24,456,327</b>	<b>\$ 25,034,032</b>	<b>\$ 577,705</b>

(continued)

**WASHINGTON COUNTY**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Continued)**  
**For the Year Ended December 31, 2011**

<b>EXPENDITURES:</b>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>GENERAL GOVERNMENT</b>				
<b>Commission:</b>				
Salaries	\$ 262,175	\$ 314,735	\$ 314,278	\$ 457
Employee Benefits	165,400	165,400	161,457	3,943
Services, Supplies and Other	87,000	87,000	68,731	18,269
Capital Outlay	5,000	5,000	265	4,735
	<u>519,575</u>	<u>572,135</u>	<u>544,731</u>	<u>27,404</u>
<b>Human Resource:</b>				
Salaries	139,445	154,530	157,646	(3,116)
Employee Benefits	84,500	84,500	73,830	10,670
Services, Supplies and Other	31,500	29,500	28,319	1,181
Capital Outlay	1,000	3,000	2,108	892
	<u>256,445</u>	<u>271,530</u>	<u>261,903</u>	<u>9,627</u>
<b>Info Tech Services:</b>				
Salaries	4,960	36,376	23,673	12,703
Employee Benefits	64,620	75,092	65,340	9,752
Services, Supplies and Other	164,620	114,792	82,886	31,906
Capital Outlay	20,900	20,900	31,884	(10,984)
	<u>255,100</u>	<u>247,160</u>	<u>203,783</u>	<u>43,377</u>
<b>Clerk/Auditor:</b>				
Salaries	205,235	321,477	316,613	4,864
Employee Benefits	97,101	146,919	138,624	8,295
Services, Supplies and Other	68,800	68,800	73,727	(4,927)
Capital Outlay	2,500	2,500	2,257	243
	<u>373,636</u>	<u>539,696</u>	<u>531,221</u>	<u>8,475</u>
<b>Recorder:</b>				
Salaries	-	55,824	44,015	11,809
Employee Benefits	-	31,196	12,885	18,311
Services, Supplies and Other	-	40,400	24,064	16,336
Capital Outlay	-	8,000	19,726	(11,726)
	<u>-</u>	<u>135,420</u>	<u>100,690</u>	<u>34,730</u>
<b>Attorney:</b>				
Salaries	950,612	1,159,956	1,103,031	56,925
Employee Benefits	559,300	559,300	552,177	7,123
Services, Supplies and Other	135,140	135,140	115,875	19,265
Capital Outlay	29,700	29,700	34,303	(4,603)
	<u>1,674,752</u>	<u>1,884,096</u>	<u>1,805,386</u>	<u>78,710</u>
<b>Non-Departmental:</b>				
Services, Supplies and Other	57,000	65,000	64,245	755
Insurance - Buildings and Vehicles	211,000	211,000	210,948	52
	<u>268,000</u>	<u>276,000</u>	<u>275,193</u>	<u>807</u>
<b>Elections:</b>				
Services, Supplies and Other	73,000	73,000	55,702	17,298
Capital Outlay	3,000	3,000	1,427	1,573
	<u>76,000</u>	<u>76,000</u>	<u>57,129</u>	<u>18,871</u>
Total General Government	<u>3,423,508</u>	<u>4,002,037</u>	<u>3,780,036</u>	<u>187,271</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, 2011**

<b>EXPENDITURES (Continued):</b>	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
<b>JUDICIAL</b>				
<b>Justice of the Peace:</b>				
Salaries	633,300	633,300	612,605	20,695
Employee Benefits	271,600	271,600	265,002	6,598
Services and Supplies	63,000	63,000	62,110	890
Capital Outlay	9,000	9,000	6,403	2,597
	976,900	976,900	946,120	30,780
<b>Public Defender:</b>				
Services, Supplies and Other	697,059	706,059	710,966	(4,907)
Total Judicial	1,673,959	1,682,959	1,657,086	25,873
<b>PUBLIC SAFETY</b>				
<b>Public Safety/County Jail:</b>				
Salaries	7,488,100	7,488,100	7,565,658	(77,558)
Employee Benefits	3,978,300	3,913,500	3,936,226	(22,726)
Services, Supplies and Other	788,570	902,870	1,013,153	(110,283)
Capital Outlay	161,928	212,428	216,344	(3,916)
	12,416,898	12,516,898	12,731,381	(214,483)
Total Public Safety	12,416,898	12,516,898	12,731,381	(214,483)
<b>PUBLIC WORKS</b>				
<b>Maintenance:</b>				
Motor Pool	12,000	15,000	14,771	229
County Buildings Maintenance	336,345	395,475	399,312	(3,837)
	348,345	410,475	414,083	(3,608)
<b>Weed Control:</b>				
Salaries	50,200	50,200	52,040	(1,840)
Employee Benefits	24,300	24,300	24,534	(234)
Services, Supplies and Other	53,100	53,100	44,477	8,623
Capital Outlay	6,000	6,000	-	6,000
	133,600	133,600	121,051	12,549
<b>B&amp;C Roads:</b>				
Salaries	532,800	532,800	547,195	(14,395)
Employee Benefits	260,400	260,400	263,231	(2,831)
Services, Supplies and Other	827,300	827,300	611,268	216,032
Capital Outlay	53,000	53,000	23,039	29,961
	1,673,500	1,673,500	1,444,733	228,767
Total Public Works	2,155,445	2,217,575	1,979,867	237,708

(continued)



**WASHINGTON COUNTY**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Continued)**  
**For the Year Ended December 31, 2011**

<b>EXPENDITURES (Continued):</b>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>PUBLIC HEALTH</b>				
<b>Health Services:</b>				
Services, Supplies and Other	<u>1,172,000</u>	<u>1,172,000</u>	<u>1,176,785</u>	<u>(4,785)</u>
Total Public Health	<u>1,172,000</u>	<u>1,172,000</u>	<u>1,176,785</u>	<u>(4,785)</u>
<b>CONSERVATION &amp; DEVELOPMENT</b>				
<b>Agricultural Extension Service:</b>				
Services, Supplies and Other	<u>160,750</u>	<u>160,740</u>	<u>154,442</u>	<u>6,298</u>
Capital Outlay	<u>800</u>	<u>9,810</u>	<u>10,858</u>	<u>(1,048)</u>
	<u>161,550</u>	<u>170,550</u>	<u>165,300</u>	<u>5,250</u>
<b>Contribution to Economic Development Fund:</b>				
Services, Supplies and Other	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total Conservation & Development	<u>186,550</u>	<u>195,550</u>	<u>190,300</u>	<u>5,250</u>
<b>MISCELLANEOUS</b>				
Services, Supplies and Other	<u>281,855</u>	<u>1,725,573</u>	<u>91,427</u>	<u>1,634,146</u>
<b>MATCHING FUNDS &amp; CONTRIBUTIONS</b>				
Contributions	<u>33,000</u>	<u>33,000</u>	<u>28,650</u>	<u>4,350</u>
<b>TOTAL EXPENDITURES</b>	<u>21,343,215</u>	<u>23,545,592</u>	<u>21,635,532</u>	<u>1,875,330</u>
Excess of Revenues Over Expenditures	<u>859,435</u>	<u>910,735</u>	<u>3,398,500</u>	<u>2,453,035</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to Debt Service Fund	<u>(682,286)</u>	<u>(682,286)</u>	<u>(682,286)</u>	<u>-</u>
Transfer to Special Revenue Funds	<u>(487,050)</u>	<u>(487,050)</u>	<u>(487,050)</u>	<u>-</u>
Transfer from Other Funds	<u>434,901</u>	<u>133,600</u>	<u>133,600</u>	<u>-</u>
Total Other Financing Sources (Uses):	<u>(734,435)</u>	<u>(1,035,736)</u>	<u>(1,035,736)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>125,000</u>	<u>(125,001)</u>	<u>2,362,764</u>	<u>2,453,035</u>
Fund Balance, Beginning of Year	<u>7,089,983</u>	<u>7,089,983</u>	<u>7,089,983</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 7,214,983</u>	<u>\$ 6,964,982</u>	<u>\$ 9,452,747</u>	<u>\$ 2,453,035</u>

**WASHINGTON COUNTY**  
**Assessing and Collecting Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Assessing & Collecting Tax	\$ 6,041,456	\$ 5,960,080	\$ 6,082,679	\$ 122,599
Penalties & Interest	15,000	30,000	28,524	(1,476)
Total Taxes	<u>6,056,456</u>	<u>5,990,080</u>	<u>6,111,203</u>	<u>121,123</u>
Recorder's Fees	650,000	-	-	-
Copy Revenue	20,000	-	-	-
Other	-	1,000	1,000	-
Total Revenues	<u>6,726,456</u>	<u>5,991,080</u>	<u>6,112,203</u>	<u>121,123</u>
<b>EXPENDITURES:</b>				
Commission	153,525	100,965	100,965	-
Human Resources	45,255	30,170	30,170	-
Info Tech Services	785,400	733,040	733,040	-
Clerk Auditor	456,665	290,605	290,605	-
Treasurer:				
Salaries	199,900	199,900	198,349	1,551
Employee Benefits	90,600	90,600	87,942	2,658
Services, Supplies and Other	55,550	55,550	54,115	1,435
Capital Outlay	6,500	6,500	900	5,600
Total Treasurer	<u>352,550</u>	<u>352,550</u>	<u>341,306</u>	<u>11,244</u>
Recorder:				
Salaries	435,000	541,680	541,680	-
Employee Benefits	193,700	-	-	-
Services, Supplies and Other	40,400	-	-	-
Capital Outlay	8,000	-	-	-
Recorder:	677,100	541,680	541,680	-
Attorney	418,688	209,344	209,344	-
Assessor:				
Salaries	1,449,200	1,449,200	1,409,315	39,885
Employee Benefits	656,100	656,100	614,285	41,815
Services, Supplies and Other	466,900	466,900	378,751	88,149
Capital Outlay	107,200	107,200	94,557	12,643
Total Assessor	<u>2,679,400</u>	<u>2,679,400</u>	<u>2,496,908</u>	<u>182,492</u>
Administration Building	206,955	147,825	147,825	-
Miscellaneous Contingent	886,395	840,978	292,705	548,273
Total Expenditures	<u>6,661,933</u>	<u>5,926,557</u>	<u>5,184,548</u>	<u>742,009</u>
Excess of Revenues				
Over (Under) Expenditures	64,523	64,523	927,655	863,132
<b>Other Financing Sources (Uses):</b>				
Transfers:				
To Capital Projects Fund	(64,523)	(64,523)	(64,523)	-
<b>Net Change in Fund Balance</b>	-	-	863,132	863,132
Fund Balance, Beginning of Year	916,007	916,007	916,007	-
Fund Balance, End of Year	<u>\$ 916,007</u>	<u>\$ 916,007</u>	<u>\$ 1,779,139</u>	<u>\$ 863,132</u>

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental - HCP Fees	\$ 210,000	\$ 310,000	\$ 414,525	\$ 104,525
Other Revenues:				
Interest Earnings	50,000	10,000	23,498	13,498
Other	5,600	5,600	3,747	(1,853)
Total Revenues	<u>265,600</u>	<u>325,600</u>	<u>441,770</u>	<u>116,170</u>
<b>EXPENDITURES:</b>				
Other Expenditures - HCP:				
Salaries	235,000	235,000	218,718	16,282
Employee Benefits	83,300	83,300	91,432	(8,132)
Services, Supplies and Other	630,237	690,237	212,275	477,962
Capital Outlay	334,000	334,000	1,143	332,857
Total Expenditures	<u>1,282,537</u>	<u>1,342,537</u>	<u>523,568</u>	<u>818,969</u>
<b>Net Change in Fund Balance</b>	(1,016,937)	(1,016,937)	(81,798)	935,139
Fund Balance, Beginning of Year	<u>4,832,125</u>	<u>4,832,125</u>	<u>4,832,125</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,815,188</u></u>	<u><u>\$ 3,815,188</u></u>	<u><u>\$ 4,750,327</u></u>	<u><u>\$ 935,139</u></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, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Tax Revenues:				
Transient Room Taxes	\$ 3,100,000	\$ 3,100,000	\$ 3,520,106	\$ 420,106
Other Revenues:				
Interest Earnings	15,000	15,000	20,876	5,876
Other	305,300	305,300	285,136	(20,164)
Total Revenues	<u>3,420,300</u>	<u>3,420,300</u>	<u>3,826,118</u>	<u>405,818</u>
<b>EXPENDITURES:</b>				
Conservation & Economic Development:				
Convention Center Operations	178,288	178,288	129,369	48,919
Travel Board:				
Salaries	292,600	292,600	288,426	4,174
Employee Benefits	121,900	121,900	119,410	2,490
Services, Supplies and Other	1,779,800	1,779,800	1,541,242	238,558
Capital Outlay	26,000	26,000	22,378	3,622
Debt Service				
Principal	288,300	288,300	288,300	-
Interest	233,412	233,412	233,412	-
Total Expenditures	<u>2,920,300</u>	<u>2,920,300</u>	<u>2,622,537</u>	<u>297,763</u>
Excess of Revenues Over (Under) Expenditures	500,000	500,000	1,203,581	703,581
<b>Other Financing Sources (Uses):</b>				
Transfers:				
From Recreation Special Revenue Fund	200,000	200,000	200,000	-
To Recreation Special Revenue Fund	(700,000)	(700,000)	(700,000)	-
Total Other Financing Sources (Uses):	(500,000)	(500,000)	(500,000)	-
<b>Net Change in Fund Balance</b>	-	-	703,581	703,581
Fund Balance, Beginning of Year	<u>4,430,054</u>	<u>4,430,054</u>	<u>4,430,054</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,430,054</u>	<u>\$ 4,430,054</u>	<u>\$ 5,133,635</u>	<u>\$ 703,581</u>

## 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.

**WASHINGTON COUNTY**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Tax Revenues	\$ 2,558,274	\$ 2,558,274	\$ 2,837,984	\$ 279,710
Other Revenues:				
Intergovernmental Revenues	297,810	297,810	294,210	(3,600)
Assessment Revenues	1,180,000	1,210,000	1,319,500	109,500
Interest Income	-	40,000	6,860	(33,140)
Total Revenues	<u>4,036,084</u>	<u>4,106,084</u>	<u>4,458,554</u>	<u>352,470</u>
<b>EXPENDITURES:</b>				
Bank and Other Fees	10,000	13,500	6,142	7,358
Debt Service:				
Principal, Public Safety Bond	712,000	712,000	712,000	-
Principal, Lease Revenue Bonds	109,000	109,000	109,000	-
Principal, Library Bonds	980,000	1,040,000	1,040,000	-
Principal, Special Assessment Bonds	815,200	1,443,700	1,446,000	(2,300)
Principal, MBA Lease Revenue Bonds	21,000	21,000	22,000	(1,000)
Principal, Sales Tax Revenue Bonds	170,000	170,000	170,000	-
Interest, Public Safety Bond	343,010	343,010	303,919	39,091
Interest, Lease Revenue Bonds	26,130	26,130	26,130	-
Interest, Library Bond	787,999	695,974	681,413	14,561
Interest, Special Assessment Bonds	389,875	389,875	391,159	(1,284)
Interest, MBA Lease Revenue Bonds	20,100	20,100	19,575	525
Interest, Sales Tax Revenue Bond	334,056	334,056	333,998	58
Total Expenditures	<u>4,718,370</u>	<u>5,318,345</u>	<u>5,261,336</u>	<u>57,009</u>
Excess of Revenues Over (Under) Expenditures	<u>(682,286)</u>	<u>(1,212,261)</u>	<u>(802,782)</u>	<u>409,479</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers:				
From General Fund	682,286	682,286	682,286	-
Total Other Financing Sources (Uses):	<u>682,286</u>	<u>682,286</u>	<u>682,286</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	(529,975)	(120,496)	409,479
Fund Balance, Beginning of Year	<u>6,365,261</u>	<u>6,365,261</u>	<u>6,365,261</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,365,261</u>	<u>\$ 5,835,286</u>	<u>\$ 6,244,765</u>	<u>\$ 409,479</u>

**WASHINGTON COUNTY**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 745,000	\$ 752,287	\$ 7,287
Other Revenues:				
Interest Earnings	-	-	8,053	8,053
Total Revenues	-	745,000	760,340	15,340
<b>EXPENDITURES:</b>				
Capital Outlay:				
Buildings	2,000,000	2,745,000	2,493,601	251,399
Equipment	23,000	23,000	-	23,000
Total Expenditures	2,023,000	2,768,000	2,493,601	274,399
Excess of Revenues Over (Under) Expenditures	(2,023,000)	(2,023,000)	(1,733,261)	289,739
<b>Other Financing Sources (Uses):</b>				
Transfer from Assessing & Collecting Fund	23,000	23,000	23,000	-
Total Other Financing Sources (Uses)	23,000	23,000	23,000	-
<b>Net Change in Fund Balance</b>	(2,000,000)	(2,000,000)	(1,710,261)	289,739
Fund Balance, Beginning of Year	1,989,654	1,989,654	1,989,654	-
Fund Balance, End of Year	\$ (10,346)	\$ (10,346)	\$ 279,393	\$ 289,739

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**WASHINGTON COUNTY**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2011**

	Special Revenue Funds				
	Municipal Services	Flood Damage	Children's Justice Center	Library	Council on Aging
<b>ASSETS</b>					
Cash and Investments	\$ 3,026,841	\$ -	\$ 1,162	\$ 562,113	\$ 99,956
Property taxes receivable	146,241	-	-	733,605	-
Assessments receivable		-	-	-	-
Due from other governments	100,904	46,111	44,885	-	191,683
Restricted Cash	-	1,608,525	-	25,000	-
Total assets	<u>3,273,986</u>	<u>1,654,636</u>	<u>46,047</u>	<u>1,320,718</u>	<u>291,639</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	15,397	-	2,048	90,441	40,987
Accrued liabilities	9,971	-	1,418	22,473	11,269
Due to other funds	-	-	-	-	-
Total liabilities	<u>25,368</u>	<u>-</u>	<u>3,466</u>	<u>112,914</u>	<u>52,256</u>
Fund balances:					
Restricted for:					
Other Purposes	-	1,654,636	42,580	25,000	239,383
Assigned	<u>3,248,618</u>	<u>-</u>	<u>-</u>	<u>1,182,804</u>	<u>-</u>
Total fund balances	<u>3,248,618</u>	<u>1,654,636</u>	<u>42,580</u>	<u>1,207,804</u>	<u>239,383</u>
Total liabilities & fund balance	<u>\$ 3,273,986</u>	<u>\$ 1,654,636</u>	<u>\$ 46,046</u>	<u>\$ 1,320,718</u>	<u>\$ 291,639</u>

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<u>Recreation Fund</u>	<u>Grants Fund</u>	<u>Total Nonmajor Gvtl. Funds</u>
\$ 100	\$ -	\$ 3,690,172
-	-	879,846
-	1,574	1,574
359,131	341,058	1,083,772
<u>1,435,563</u>	<u>-</u>	<u>3,069,088</u>
<u>1,794,794</u>	<u>342,632</u>	<u>8,724,452</u>
14,136	24,278	187,287
3,075	-	48,206
<u>-</u>	<u>160,120</u>	<u>160,120</u>
<u>17,211</u>	<u>184,398</u>	<u>395,613</u>
1,777,583	158,234	3,897,416
<u>-</u>	<u>-</u>	<u>4,431,422</u>
<u>1,777,583</u>	<u>158,234</u>	<u>8,328,838</u>
<u>\$ 1,794,794</u>	<u>\$ 342,632</u>	<u>\$ 8,724,451</u>

**WASHINGTON COUNTY**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2011**

	Special Revenue Funds				
	Municipal Services	Flood Damage	Children's Justice Center	Library	Council on Aging
<b>REVENUES:</b>					
Taxes	\$ 845,286	\$ -	\$ -	\$ 3,126,880	\$ -
Licenses, permits and fees	82,190	-	-	-	-
Intergovernmental	3,030,496	1,879,851	185,299	52,394	875,392
Charges for services	46,628	-	-	-	1,974
Fines and forfeitures	-	-	-	92,918	-
Interest	14,673	7,193	-	792	-
Sub-lease revenue	-	-	-	-	-
Miscellaneous	97,999	-	-	71,884	-
<b>Total</b>	<b>4,117,272</b>	<b>1,887,044</b>	<b>185,299</b>	<b>3,344,868</b>	<b>877,366</b>
<b>EXPENDITURES:</b>					
General Government	310,990	-	-	-	-
Public Safety	2,652,092	-	188,172	-	-
Public Works	349,645	-	-	-	-
Health and Sanitation	-	-	-	-	1,319,214
Conservation and Economic Development	-	1,606,920	-	-	-
Culture and other	77,676	-	-	3,064,524	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total</b>	<b>3,390,403</b>	<b>1,606,920</b>	<b>188,172</b>	<b>3,064,524</b>	<b>1,319,214</b>
Excess of revenues over (under) expenditures	726,869	280,124	(2,873)	280,344	(441,848)
<b>Other financing sources (uses):</b>					
Transfers in	41,523	-	17,050	-	470,000
Transfers out	(133,600)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(92,077)</b>	<b>-</b>	<b>17,050</b>	<b>-</b>	<b>470,000</b>
<b>Net change in fund balances</b>	<b>634,792</b>	<b>280,124</b>	<b>14,177</b>	<b>280,344</b>	<b>28,152</b>
Fund Balances - Beginning	2,613,826	1,374,512	28,403	927,460	211,231
Fund Balances - Ending	<b>\$ 3,248,618</b>	<b>\$ 1,654,636</b>	<b>\$ 42,580</b>	<b>\$ 1,207,804</b>	<b>\$ 239,383</b>

Recreation Fund	Grants Fund	Total Non-major Gvtl. Funds
\$ 2,218,239	\$ -	\$ 6,190,405
-	-	82,190
-	1,232,113	7,255,545
413,985	-	462,587
-	-	92,918
4,883	-	27,541
461,679	-	461,679
4,025	-	173,908
<u>3,102,811</u>	<u>1,232,113</u>	<u>14,746,773</u>
-	-	310,990
-	1,070,687	3,910,951
-	-	349,645
-	-	1,319,214
1,736,486	117,600	3,461,006
-	-	3,142,200
727,701	-	727,701
587,431	-	587,431
<u>3,051,618</u>	<u>1,188,287</u>	<u>13,809,138</u>
<u>51,193</u>	<u>43,826</u>	<u>937,635</u>
700,000	-	1,228,573
(200,000)	-	(333,600)
<u>500,000</u>	<u>-</u>	<u>894,973</u>
551,193	43,826	1,832,608
<u>1,226,390</u>	<u>114,408</u>	<u>6,496,230</u>
<u>\$ 1,777,583</u>	<u>\$ 158,234</u>	<u>\$ 8,328,838</u>

**WASHINGTON COUNTY**  
**Municipal Services Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Sales Tax Revenue	\$ 725,000	\$ 850,000	\$ 845,286	\$ (4,714)
Business Licenses and Building Permits	75,000	85,000	82,190	(2,810)
Intergovernmental Revenue:				
Federal Payments in Lieu of Taxes	2,675,000	2,716,000	2,715,859	(141)
State Mineral Lease	83,000	99,000	104,264	5,264
Sheriff Protection	130,783	140,783	131,475	(9,308)
Federal Public Safety Grant & GIS	82,200	82,200	78,898	(3,302)
Total Intergovernmental	<u>2,970,983</u>	<u>3,037,983</u>	<u>3,030,496</u>	<u>(7,487)</u>
Charges for Services	62,200	65,200	46,628	(18,572)
Other Revenue:				
Interest Earnings	-	-	14,673	14,673
Sale of Land & Equipment	48,000	48,000	-	(48,000)
Liquor Allocation	149,000	149,000	96,809	(52,191)
Miscellaneous	-	-	1,190	1,190
Total Other	<u>197,000</u>	<u>197,000</u>	<u>112,672</u>	<u>(84,328)</u>
Total Revenues	<u>4,030,183</u>	<u>4,235,183</u>	<u>4,117,272</u>	<u>(117,911)</u>
<b>EXPENDITURES:</b>				
General Government:				
Planning & Zoning	184,740	184,740	162,436	22,304
GIS	166,090	166,090	148,554	17,536
Total General Government	<u>350,830</u>	<u>350,830</u>	<u>310,990</u>	<u>39,840</u>
Public Safety:				
Sheriff and Dispatch	2,225,000	2,225,000	2,223,708	1,292
Fire Control	405,000	405,000	188,859	216,141
Building Inspector	280,000	280,000	239,525	40,475
Total Public Safety	<u>2,910,000</u>	<u>2,910,000</u>	<u>2,652,092</u>	<u>257,908</u>
Public Works	561,840	561,840	349,645	212,195
Miscellaneous Contingent	115,413	320,436	77,676	242,760
Total Expenditures	<u>3,938,083</u>	<u>4,143,106</u>	<u>3,390,403</u>	<u>752,703</u>
Excess of Revenues Over (Under) Expenditures	92,100	92,077	726,869	634,792
<b>Other Financing Sources (Uses):</b>				
Transfers:				
From Other Funds	41,500	41,523	41,523	-
To General Fund	(133,600)	(133,600)	(133,600)	-
<b>Net Change in Fund Balance</b>	-	-	634,792	634,792
Fund Balance, Beginning of Year	<u>2,613,826</u>	<u>2,613,826</u>	<u>2,613,826</u>	-
Fund Balance, End of Year	<u>\$ 2,613,826</u>	<u>\$ 2,613,826</u>	<u>\$ 3,248,618</u>	<u>\$ 634,792</u>

**WASHINGTON COUNTY**  
**Flood Damage Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental:				
Federal Revenue	\$ 500,000	\$ 1,910,000	\$ 1,879,851	\$ (30,149)
Total Intergovernmental	500,000	1,910,000	1,879,851	(30,149)
Interest Revenue	-	2,000	7,193	5,193
Total Revenues	500,000	1,912,000	1,887,044	(24,956)
<b>EXPENDITURES:</b>				
Other Expenditures - Flood:				
Payments to Other Governments	-	-	2,222	(2,222)
Services, Supplies and Other	500,000	1,912,000	1,604,698	307,302
Total Expenditures	500,000	1,912,000	1,606,920	305,080
<b>Net Change in Fund Balance</b>	-	-	280,124	280,124
Fund Balance, Beginning of Year	1,374,512	1,374,512	1,374,512	-
Fund Balance, End of Year	\$ 1,374,512	\$ 1,374,512	\$ 1,654,636	\$ 280,124

**WASHINGTON COUNTY**  
**Children's Justice Center Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 190,000	\$ 193,700	\$ 185,299	\$ (8,401)
Total Revenues	<u>190,000</u>	<u>193,700</u>	<u>185,299</u>	<u>(8,401)</u>
<b>EXPENDITURES:</b>				
Public Safety				
AG's Children Justice Center	177,350	177,350	156,976	20,374
VOCA	29,700	28,300	27,558	742
NCA	<u>-</u>	<u>5,100</u>	<u>3,638</u>	<u>1,462</u>
Total Expenditures	<u>207,050</u>	<u>210,750</u>	<u>188,172</u>	<u>22,578</u>
<b>Other Financing Sources (Uses):</b>				
Transfers:				
From General Fund	<u>17,050</u>	<u>17,050</u>	<u>17,050</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	14,177	14,177
Fund Balance, Beginning of Year	<u>28,403</u>	<u>28,403</u>	<u>28,403</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 28,403</u>	<u>\$ 28,403</u>	<u>\$ 42,580</u>	<u>\$ 14,177</u>

**WASHINGTON COUNTY**  
**Library Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Tax Revenues:				
Current Property Taxes	\$ 2,532,965	\$ 2,606,064	\$ 2,634,460	\$ 28,396
Fee Assessed Taxes	195,000	195,000	212,764	17,764
Prior Years Delinquent Taxes	181,750	234,750	266,071	31,321
Penalties & Interest	9,000	12,000	13,585	1,585
Total Taxes	<u>2,918,715</u>	<u>3,047,814</u>	<u>3,126,880</u>	<u>79,066</u>
Intergovernmental Revenue	44,000	53,000	52,394	(606)
Fines and Forfeitures	80,000	90,000	92,918	2,918
Other Revenues:				
Interest Earnings	-	1,000	792	(208)
Xerox Revenue	29,300	32,300	34,578	2,278
Miscellaneous	19,700	18,200	17,936	(264)
Contributions	20,000	20,000	19,370	(630)
Total Other	<u>69,000</u>	<u>71,500</u>	<u>72,676</u>	<u>1,176</u>
Total Revenues	<u>3,111,715</u>	<u>3,262,314</u>	<u>3,344,868</u>	<u>82,554</u>
<b>EXPENDITURES:</b>				
Culture and other expenditures:				
St. George Library	634,800	600,800	611,269	(10,469)
Hurricane Library	402,300	380,800	379,017	1,783
Santa Clara Library	324,500	299,500	295,942	3,558
Springdale Library	123,600	123,600	123,656	(56)
Enterprise Library	97,950	91,950	92,440	(490)
New Harmony Branch	79,100	75,900	75,295	605
Washington City Branch	304,200	282,700	270,673	12,027
Other Branches & Misc. Grants	1,145,265	1,407,064	1,216,232	190,832
Total Expenditures	<u>3,111,715</u>	<u>3,262,314</u>	<u>3,064,524</u>	<u>197,790</u>
<b>Net Change in Fund Balance</b>	-	-	280,344	280,344
Fund Balance, Beginning of Year	<u>927,460</u>	<u>927,460</u>	<u>927,460</u>	-
Fund Balance, End of Year	<u>\$ 927,460</u>	<u>\$ 927,460</u>	<u>\$ 1,207,804</u>	<u>\$ 280,344</u>



**WASHINGTON COUNTY**  
**Council on Aging Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental Revenue:				
Council on Aging Contract	\$ 192,230	\$ 192,230	\$ 197,552	\$ 5,322
Nutrition Contract - St. George	364,740	364,740	378,934	14,194
Nutrition Contract - Hurricane	182,370	182,370	167,874	(14,496)
Nutrition Contract - Enterprise	60,800	60,800	57,587	(3,213)
Miscellaneous - C.O.A.	45,500	56,000	62,324	6,324
Miscellaneous - Transportation	12,000	12,000	11,121	(879)
Charges for services	-	-	1,974	1,974
Total Revenues	<u>857,640</u>	<u>868,140</u>	<u>877,366</u>	<u>9,226</u>
<b>EXPENDITURES:</b>				
Health & Sanitation:				
Council on Aging - General	150,240	150,240	142,312	7,928
Council on Aging - St. George Center	674,520	677,020	697,977	(20,957)
Council on Aging - Hurricane Center	371,750	371,750	340,244	31,506
Council on Aging - Enterprise Center	131,130	139,130	138,681	449
Total Expenditures	<u>1,327,640</u>	<u>1,338,140</u>	<u>1,319,214</u>	<u>18,926</u>
Excess of Revenues Over (Under) Expenditures	(470,000)	(470,000)	(441,848)	28,152
<b>Other Financing Sources (Uses):</b>				
Transfers:				
From General Fund	<u>470,000</u>	<u>470,000</u>	<u>470,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	28,152	28,152
Fund Balance, Beginning of Year	<u>211,231</u>	<u>211,231</u>	<u>211,231</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 211,231</u>	<u>\$ 211,231</u>	<u>\$ 239,383</u>	<u>\$ 28,152</u>

**WASHINGTON COUNTY**  
**Recreation Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Tax Revenues:				
Restaurant Food Tax	\$ 1,700,000	\$ 1,875,000	\$ 1,888,713	\$ 13,713
Leasing Sales Tax	270,000	310,000	329,526	19,526
Total Taxes	1,970,000	2,185,000	2,218,239	33,239
Charges for Services:				
County Fair	76,400	101,400	105,860	4,460
Regional Park	256,000	284,000	308,125	24,125
Total Charges for Services	332,400	385,400	413,985	28,585
Other Revenues:				
Interest Earnings	-	15,000	4,883	(10,117)
Vision Dixie and Other Revenue	2,000	2,000	4,025	2,025
Sub-lease Revenue	-	-	461,679	461,679
Total Revenues	2,304,400	2,587,400	3,102,811	515,411
<b>EXPENDITURES:</b>				
Conservation & Economic Development:				
Regional Park Facility	755,291	968,291	557,894	410,397
County Fair	185,000	225,000	220,260	4,740
Convention Center Operations	381,000	381,000	220,332	160,668
Dixie College Eccles Fine Arts Center	10,000	40,000	38,000	2,000
St. Geroge City Airport Interlocal Agreement	700,000	700,000	700,000	-
Debt Service				
Principal	773,109	773,109	727,701	45,408
Interest	-	-	587,431	(587,431)
Total Expenditures	2,804,400	3,087,400	3,051,618	35,782
Excess of Revenues				
Over (Under) Expenditures	(500,000)	(500,000)	51,193	551,193
<b>Other Financing Sources (Uses):</b>				
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)	-
<b>Net Change in Fund Balance</b>	-	-	551,193	551,193
Fund Balance, Beginning of Year	1,226,390	1,226,390	1,226,390	-
Fund Balance, End of Year	\$ 1,226,390	\$ 1,226,390	\$ 1,777,583	\$ 551,193

**WASHINGTON COUNTY**  
**Miscellaneous Grants Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental Revenues:				
CDBG Grants	\$ 45,700	\$ 77,000	\$ 91,453	\$ 14,453
LLEBG/SCAAP	-	-	28,494	28,494
Drug Court	362,000	362,000	327,500	(34,500)
WMD and Emergency OPS Grants	1,285,909	1,331,609	750,536	(581,073)
Other Grants	26,000	43,000	34,130	(8,870)
Total Revenues	<u>1,719,609</u>	<u>1,813,609</u>	<u>1,232,113</u>	<u>(581,496)</u>
<b>EXPENDITURES:</b>				
Public Safety:				
LLEBG/SCAAP	50,000	112,000	29,414	82,586
WMD - Emergency Operations	1,351,609	1,330,609	791,869	538,740
Drug Court	362,000	362,000	249,404	112,596
Total Public Safety	<u>1,763,609</u>	<u>1,804,609</u>	<u>1,070,687</u>	<u>733,922</u>
Conservation & Economic Development:				
CDBG	-	27,000	114,120	(87,120)
Predator Control	6,000	6,000	3,480	2,520
Total Conservation & Economic Devel.	<u>6,000</u>	<u>33,000</u>	<u>117,600</u>	<u>(84,600)</u>
Total Expenditures	<u>1,769,609</u>	<u>1,837,609</u>	<u>1,188,287</u>	<u>649,322</u>
<b>Net Change in Fund Balance</b>	(50,000)	(24,000)	43,826	67,826
Fund Balance, Beginning of Year	114,408	114,408	114,408	-
Fund Balance (Deficit), End of Year	<u>\$ 64,408</u>	<u>\$ 90,408</u>	<u>\$ 158,234</u>	<u>\$ 67,826</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, 2011**

	Balance 12/31/2010	Additions	Deductions	Balance 12/31/2011
<b>TAX COLLECTION TRUST FUND:</b>				
<b>Assets:</b>				
Cash & Investments	\$ 25,042,940	\$ 139,967,037	\$ 132,074,002	\$ 32,935,975
Due from Other Governments	-	-	-	-
Property Taxes Receivable	780,472	1,248,838	780,472	1,248,838
Total Assets	<u>\$ 25,823,412</u>	<u>\$ 141,215,875</u>	<u>\$ 132,854,474</u>	<u>\$ 34,184,813</u>
<b>Liabilities:</b>				
Deposits Held in Trust	\$ 1,795,131	\$ 393,436	\$ 306,862	1,881,705
Due to Taxing Districts	20,377,898	117,945,473	111,210,627	27,112,744
Due to Washington Co. General Fund	1,597,026	10,005,293	9,371,322	2,230,997
Due to Assessing & Collecting Fund	1,057,256	6,611,255	6,142,435	1,526,076
Due to Other Funds	996,101	6,260,418	5,823,228	1,433,291
Reserve for Refund	-	-	-	-
Total Liabilities	<u>\$ 25,823,412</u>	<u>\$ 141,215,875</u>	<u>\$ 132,854,474</u>	<u>\$ 34,184,813</u>
<b>DEPOSIT FUND:</b>				
<b>Assets:</b>				
Cash & Investments	\$ 814,277	\$ 6,666,207	\$ 6,582,419	\$ 898,065
Other Receivables	-	-	-	-
Total Assets	<u>\$ 814,277</u>	<u>\$ 6,666,207</u>	<u>\$ 6,582,419</u>	<u>\$ 898,065</u>
<b>Liabilities:</b>				
Deposits Held in Trust	<u>\$ 814,277</u>	<u>\$ 6,666,207</u>	<u>\$ 6,582,419</u>	<u>\$ 898,065</u>
<b>HEALTH DEPARTMENT:</b>				
<b>Assets:</b>				
Cash & Investments	\$ 2,184,000	\$ 6,594,698	\$ 6,151,002	\$ 2,627,696
Other Receivables	-	-	-	-
Total Assets	<u>\$ 2,184,000</u>	<u>\$ 6,594,698</u>	<u>\$ 6,151,002</u>	<u>\$ 2,627,696</u>
<b>Liabilities:</b>				
Deposits Held in Trust	<u>\$ 2,184,000</u>	<u>\$ 6,594,698</u>	<u>\$ 6,151,002</u>	<u>\$ 2,627,696</u>
<b>ECONOMIC DEVELOPMENT COUNCIL:</b>				
<b>Assets:</b>				
Cash & Investments	\$ 382,248	\$ 277,044	\$ 283,689	\$ 375,603
Other Receivables	-	-	-	-
Total Assets	<u>\$ 382,248</u>	<u>\$ 277,044</u>	<u>\$ 283,689</u>	<u>\$ 375,603</u>
<b>Liabilities:</b>				
Deposits Held in Trust	<u>\$ 382,248</u>	<u>\$ 277,044</u>	<u>\$ 283,689</u>	<u>\$ 375,603</u>

(Continued)

**WASHINGTON COUNTY**  
**All Trust and Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**For the Year Ended December 31, 2011**

	Balance 12/31/2010	Additions	Deductions	Balance 12/31/2011
<b>TOTAL - ALL TRUST AND AGENCY FUNDS:</b>				
<b>Assets:</b>				
Cash & Investments	\$ 28,423,465	\$ 153,504,986	\$ 145,091,112	\$ 36,837,339
Due from Other Governments	-	-	-	-
Property Taxes Receivable	780,472	1,248,838	780,472	1,248,838
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	-
Total Assets	<u>\$ 29,203,937</u>	<u>\$ 154,753,824</u>	<u>\$ 145,871,584</u>	<u>\$ 38,086,177</u>
<b>Liabilities:</b>				
Deposits Held in Trust	\$ 5,175,656	\$ 13,931,385	\$ 13,323,972	\$ 5,783,069
Due to Taxing Districts	20,377,898	117,945,473	111,210,627	27,112,744
Due to Washington Co. General Fund	1,597,026	10,005,293	9,371,322	2,230,997
Due to Assessing & Collecting Fund	1,057,256	6,611,255	6,142,435	1,526,076
Due to Other Funds	996,101	6,260,418	5,823,228	1,433,291
Reserve for Refund	-	-	-	-
Total Liabilities	<u>\$ 29,203,937</u>	<u>\$ 154,753,824</u>	<u>\$ 145,871,584</u>	<u>\$ 38,086,177</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, 2011**

	Treasurer's Balance 12/31/2010	Tax Collection Receipts	Current Year's Taxes & Interest Apportioned	Prior Year's Taxes & Interest Apportioned	Disburse- ments	Treasurer's Balance 12/31/2011
<b>Tax Collection Amounts:</b>						
Current Taxes	\$ -	\$ 127,032,126	\$ (127,032,126)	\$ -	\$ -	\$ -
Prior Year's Redemptions	-	12,429,004	-	(12,429,004)	-	-
Over Collected & Double Pmts	-	360,517	-	-	360,517	-
Penalties & Interest	-	1,361,309	118,101	(1,479,410)	-	-
Other Collections	1,795,131	393,436	-	-	306,862	1,881,705
<b>Total</b>	<b>\$ 1,795,131</b>	<b>\$ 141,576,392</b>	<b>\$ (126,914,025)</b>	<b>\$ (13,908,414)</b>	<b>\$ 667,379</b>	<b>\$ 1,881,705</b>
<b>Tax Units:</b>						
Library Operating Fund	\$ 496,731		\$ 2,883,952	\$ 287,404	\$ 2,934,482	\$ 733,605
School District	14,638,452		78,826,919	8,110,650	81,661,871	19,914,150
Water Conservancy District	1,699,699		9,514,741	994,868	9,828,042	2,381,266
Assessing & Collecting	1,057,256		6,007,538	603,717	6,142,435	1,526,076
General Fund	1,597,026		8,365,403	1,639,890	9,371,322	2,230,997
County G.O. Bond	499,370		2,797,900	291,162	2,888,746	699,686
Special Service Districts:						
Rockville/Springdale	7,960		49,352	8,584	55,373	10,523
Southwest Mosquito SSD	66,317		373,681	37,401	383,080	94,319
Southwestern SSD	13,368		77,948	10,905	81,380	20,841
Smithsonian SSD	-		-	-	-	-
Leeds Area SSD	24,031		119,749	10,945	125,159	29,566
New Harmony SSD	20,743		81,230	7,771	89,143	20,601
Hurricane Valley Fire District	393,299		354,827	112,245	885,219	(24,848)
Cities & Towns:						
Enterprise	24,301		145,433	11,801	142,934	38,601
Hildale	25,331		88,642	35,443	116,112	33,304
Hurricane	452,637		2,255,253	355,700	2,506,274	557,316
Ivins	170,451		1,195,711	147,090	1,212,083	301,169
LaVerkin	77,507		367,870	80,451	427,966	97,862
Leeds	11,780		56,717	4,094	59,564	13,027
New Harmony	3,856		20,636	1,166	22,303	3,355
St. George	2,269,628		9,743,918	809,694	10,184,817	2,638,423
Santa Clara	91,357		689,147	59,451	652,703	187,252
Springdale	9,583		56,158	11,520	65,944	11,317
Toquerville	17,798		105,241	28,444	123,113	28,370
Virgin	15,372		60,719	25,697	88,326	13,462
Washington	274,932		2,019,870	195,510	1,977,769	512,543
Rockville	6,672		49,655	2,659	45,903	13,083
Apple Valley	13,395		64,699	10,645	70,496	18,243
Coral Canyon SID	49,429		541,116	13,507	405,053	198,999
<b>Total Due Units</b>	<b>\$24,028,281</b>		<b>\$ 126,914,025</b>	<b>\$ 13,908,414</b>	<b>\$ 132,547,612</b>	<b>\$32,303,108</b>
<b>Total</b>	<b>\$25,823,412</b>	<b>\$ 141,576,392</b>			<b>\$ 133,214,991</b>	<b>\$34,184,813</b>



# WASHINGTON COUNTY

## Statement of Taxes Charged and Collected December 31, 2011

### 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	\$ 9,134,349,520	\$ 411,507,574	\$ (168,145,167)	\$ 9,377,711,927	\$ 376,168,098	\$ 9,753,880,025
School District	9,134,349,520	411,507,574	(168,145,167)	9,377,711,927	376,168,098	9,753,880,025
Water Conservancy District	9,134,349,520	411,507,574	(168,145,167)	9,377,711,927	376,168,098	9,753,880,025
Assessing & Collecting:						
Local	9,134,349,520	411,507,574	(168,145,167)	9,377,711,927	376,168,098	9,753,880,025
State	9,134,349,520	411,507,574	(168,145,167)	9,377,711,927	376,168,098	9,753,880,025
General Fund	9,134,349,520	411,507,574	(168,145,167)	9,377,711,927	376,168,098	9,753,880,025
County G.O. Bond	9,134,349,520	411,507,574	(168,145,167)	9,377,711,927	376,168,098	9,753,880,025
Rockville/Springdale	187,145,205	2,378,710	-	189,523,915	4,832,608	194,356,523
Southwest Mosquito SSD	9,134,349,520	411,507,574	(168,145,167)	9,377,711,927	376,168,098	9,753,880,025
Southwestern SSD	97,551,215	2,209,990	-	99,761,205	192,871	99,954,076
Leeds Area SSD	84,016,330	2,937,429	-	86,953,759	751,638	87,705,397
New Harmony Fire	113,295,135	2,443,661	-	115,738,796	256,984	115,995,780
Coral Canyon	179,103,170	553,347	-	179,656,517	2,177,797	181,834,314
Enterprise	52,246,865	1,297,191	-	53,544,056	1,002,821	54,546,877
Hildale	30,032,750	658,469	-	30,691,219	2,200,523	32,891,742
Hurricane	823,865,140	18,492,575	-	842,357,715	61,252,550	903,610,265
Ivins	568,360,820	5,885,301	-	574,246,121	4,254,563	578,500,684
LaVerkin	132,150,640	4,034,161	-	136,184,801	5,501,479	141,686,280
Leeds	62,865,585	1,371,697	-	64,237,282	747,200	64,984,482
New Harmony	12,989,115	472,402	-	13,461,517	100,210	13,561,727
St. George	5,029,534,695	121,753,283	(168,145,167)	4,983,142,811	251,102,929	5,234,245,740
Santa Clara	277,604,505	3,185,848	-	280,790,353	2,092,480	282,882,833
Springdale	155,013,780	1,302,165	-	156,315,945	4,311,198	160,627,143
Toquerville	76,345,250	4,742,852	-	81,088,102	311,639	81,399,741
Virgin	41,911,755	1,390,909	-	43,302,664	556,024	43,858,688
Washington	1,176,934,480	11,887,927	-	1,188,822,407	28,216,319	1,217,038,726
Rockville	32,131,425	1,076,545	-	33,207,970	521,410	33,729,380
Apple Valley	39,864,230	2,089,294	-	41,953,524	153,156	42,106,680
Northwestern SSD	63,736,670	14,765,996	-	78,502,666	623,282	79,125,948
Dixie Deer SSD	27,706,800	855,176	-	28,561,976	24,183	28,586,159
Hurricane Valley SSD	335,271,325	17,467,346	-	352,738,671	6,385,830	359,124,501
North Central Fire SSD	17,190,235	103,984	-	17,294,219	60,730	17,354,949

**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
0.000301	0.000280	\$2,822,691	\$105,327	\$2,928,018
0.008227	0.007804	77,150,436	2,935,616	80,086,052
0.000993	0.000964	9,312,068	362,626	9,674,694
0.000455	0.000429	4,266,859	161,376	4,428,235
0.000172	0.000162	1,612,966	60,939	1,673,905
0.000873	0.000816	8,186,749	306,951	8,493,700
0.000292	0.000284	2,738,292	106,832	2,845,124
0.000273	0.000262	51,740	1,266	53,006
0.000039	0.000037	365,731	13,918	379,649
0.000730	0.000716	72,826	138	72,964
0.001404	0.001353	122,083	1,017	123,100
0.000759	0.000727	87,846	187	88,033
0.003000	0.003000	538,970	6,533	545,503
0.002565	0.002186	137,341	2,192	139,533
0.006446	0.005662	197,836	12,459	210,295
0.002754	0.002523	2,319,853	154,540	2,474,393
0.002097	0.001990	1,204,194	8,467	1,212,661
0.002776	0.002676	378,049	14,722	392,771
0.000905	0.000881	58,135	658	58,793
0.001550	0.001511	20,865	151	21,016
0.001857	0.001750	9,253,696	439,430	9,693,126
0.002365	0.002201	664,069	4,606	668,675
0.000380	0.000372	59,400	1,604	61,004
0.001390	0.001332	112,712	415	113,127
0.001628	0.001437	70,497	799	71,296
0.001681	0.001625	1,998,410	45,852	2,044,262
0.001505	0.001439	49,978	750	50,728
0.001939	0.001950	81,348	299	81,647
0.000000	0.000000	-	-	-
0.000000	0.000000	-	-	-
0.001065	0.000986	375,667	6,296	381,963
0.000000	0.000000	-	-	-
		<u>\$124,311,307</u>	<u>\$4,755,966</u>	<u>\$129,067,273</u>

(Continued)

**WASHINGTON COUNTY**

**Statement of Taxes Charged and Collected (Continued)  
December 31, 2011**

	TREASURER'S RELIEF				CURRENT YEAR ACTUAL	
	Unpaid Taxes	Abatements	Other	Total Relief	Taxes Collected	Collection Rate
Library Operations	\$ 166,483	\$ 43,474	\$ 43,485	\$ 253,442	\$2,674,576	91.34%
School District	4,552,297	1,188,240	1,243,580	6,984,117	73,101,935	91.28%
Water Conservancy District	549,732	143,421	158,133	851,286	8,823,408	91.20%
Assessing & Collecting:						
Local	251,734	65,716	67,831	385,281	4,042,954	91.30%
State	95,162	24,843	25,573	145,578	1,528,327	91.30%
General Fund	461,921	126,088	147,603	735,612	7,758,088	91.34%
County G.O. Bond	161,664	42,174	46,686	250,524	2,594,600	91.19%
Rockville/Springdale	3,963	369	1,025	5,357	47,649	89.89%
Southwest Mosquito SSD	21,580	5,633	5,894	33,107	346,542	91.28%
Southwestern SSD	2,146	1,515	1,880	5,541	67,423	92.41%
Leeds Area SSD	6,441	3,027	3,833	13,301	109,799	89.19%
New Harmony Fire	8,150	1,645	4,010	13,805	74,228	84.32%
Coral Canyon	6,526	4,804	19,270	30,600	514,903	94.39%
Enterprise	4,797	2,810	3,685	11,292	128,241	91.91%
Hildale	135,027	362	18,498	153,887	56,408	26.82%
Hurricane	257,586	39,029	96,465	393,080	2,081,313	84.11%
Ivins	32,916	22,119	35,271	90,306	1,122,355	92.55%
LaVerkin	34,719	15,075	12,048	61,842	330,929	84.25%
Leeds	3,366	1,472	1,999	6,837	51,956	88.37%
New Harmony	1,019	700	804	2,523	18,493	87.99%
St. George	485,478	141,123	4,520	631,121	9,062,005	93.49%
Santa Clara	22,636	11,507	21,065	55,208	613,467	91.74%
Springdale	5,283	287	992	6,562	54,442	89.24%
Toquerville	8,520	2,480	6,147	17,147	95,980	84.84%
Virgin	11,379	2,463	1,461	15,303	55,993	78.54%
Washington	89,331	26,854	68,651	184,836	1,859,426	90.96%
Rockville	928	900	1,839	3,667	47,061	92.77%
Apple Valley	20,973	1,203	2,174	24,350	57,297	70.18%
Northwestern SSD	-	-	-	-	-	-
Dixie Deer SSD	-	-	-	-	-	-
Hurricane Valley SSD	34,820	9,351	11,251	55,422	326,541	85.49%
North Central Fire SSD	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 7,436,577</b>	<b>\$ 1,928,684</b>	<b>\$2,055,673</b>	<b>\$11,420,934</b>	<b>\$117,646,339</b>	

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**OTHER COLLECTIONS**

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Fee in Lieu	Miscellaneous Collections	Delinquent Tax Collected	Interest & Penalty Collected
\$ 212,061	\$ 5,787	\$ 272,694	\$ 12,025
5,798,367	158,148	7,696,949	340,318
700,190	19,145	944,076	41,935
320,642	8,652	412,305	17,413
121,207	3,318	161,154	7,253
615,103	16,698	782,194	849,908
205,905	5,626	276,383	12,174
1,751	47	8,245	291
27,487	750	35,508	1,545
10,593	93	10,319	518
10,060	82	10,430	405
7,077	425	7,384	312
26,730	-	12,351	639
17,321	5	11,431	241
32,291	-	33,112	2,274
176,029	14,197	338,766	14,845
74,483	1,288	140,108	5,855
37,273	254	76,969	3,150
4,813	14	3,938	104
2,162	-	1,091	56
691,010	18,514	768,185	32,412
76,296	163	56,531	2,304
1,771	-	11,070	395
9,357	2,769	26,838	1,510
4,782	-	24,084	1,557
162,311	546	184,432	9,211
2,641	260	2,546	66
7,460	8	10,180	407
-	-	-	-
-	-	-	-
28,614	2,307	109,731	2,186
-	-	-	-
<b>\$ 9,385,787</b>	<b>\$259,096</b>	<b>\$12,429,004</b>	<b>\$1,361,309</b>

**WASHINGTON COUNTY**

**Schedule of Expenditures of Transient Room Taxes and  
Tourism, Recreation, Culture and Convention Facilities Taxes  
December 31, 2011**

**Transient Roomn Taxes (TRT):**

Establishing and promoting:		
Recreation	\$	788,204
Tourism		1,057,742
Film production		48,812
Conventions		225,348
Totals		2,120,106
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	\$	3,520,106

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

Financing tourism promotion		-
Development, operation, and maintenance of:		
Tourist facilities	\$	-
Recreation facilities		1,173,785
Cultural faciilities		-
Convention facilities		714,928
Pleades as scurity for evidences of indebtedness		-
Total		1,888,713
Total expenditures of tourism, recreation, culture, and convention facilities taxes	\$	1,888,713

**Reserves and Pledges:**

	1/1/2011	Additions 2011	12/31/2011
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

**OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS**

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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, UT

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unites, each major fund, and the aggregate remaining fund information of Washington County, UT as of and for the year ended December 31, 2011, and have issued our report thereon dated May 21, 2012. 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 deficiency in internal control 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 material deficiency is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to indentify all deficiencies in internal control over financial reporting that might be deficiencies, 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, UT'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 several instances of noncompliance or other matters that we reported to management of Washington County, UT in a separate letter dated May 21, 2012.

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  
May 21, 2012

## 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, 2011, and have issued our report there on dated May 21, 2012. 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, 2011. 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, 2011.

*Hafen Buckner, Everett & Graff, PC*

HAFEN, BUCKNER, EVERETT & GRAFF, PC  
May 21, 2012

## LETTER TO MANAGEMENT

Executive Director and  
Members of the Control Board  
Washington County  
St. George, Utah

In planning and performing our audit of the financial statements of Washington County (the County), for the year ended December 31, 2011, 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 May 21, 2012, on the financial statements of the County. Also, significant deficiencies and material deficiencies, if any, are included in our reports dated May 21, 2012, 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*.

### Prior Year Comments:

#### 2010-1 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.

#### Current Status:

This finding continues to be a problem in 2011. See finding 2011-5 below.

#### Recommendation:

We recommend that the County establish procedures which will prevent expenditures in excess of budget amounts.

### Current Year Comments:

#### 2011-1 Bank Reconciliations:

We noted during testing of the inmate account that the reconciliation included items from 2012 in error.

#### Recommendation:

We recommend that bank reconciliations be made at the bank statement date for an accurate year end bank balance.

#### 2011-2 Journal Entries:

During examination of journal entries it was noted that the County does not have a process in place to review and authorize journal entries.

Recommendation:

We recommend that the County have a second person review and sign off on all journal entries before they are posted.

2011-3 Inadequate Separation of Duties:

We noted that the Deputy Treasurer receives cash and also performs bank reconciliations and has access to initiate journal entries.

Recommendation:

We recommend that the County separate the duties of collecting cash and reconciling bank accounts. We also recommend, as noted above, that all journal entries be reviewed and authorized.

2011-4 Cash Management:

We noted during testing of deposits that not all deposits were made within three business days as required by the State.

Recommendation:

We recommend that the County deposit all funds within three business days as required by the State.

2011-5 Expenditures in Excess of Budget:

We noted during testing of the budget that there were various instances where actual expenditures exceed budgeted expenditures.

Recommendation:

We recommend that the County implement controls to help prevent actual expenditures from exceeding budgeted amounts.

2011-6 Utah Retirement System Compliance employer “pick-up”:

We noted during testing employees who have a portion of their contributions for retirement paid by the County, that there was no documentation as required by the State to show the authorization of employer “pick-up”.

Recommendation:

We recommend that the County annually authorize the payment of a portion of the employees’ contributions for retirement including a formal action in writing adopted by persons authorized to amend the governing laws.

2011-7 Justice Court Revenues:

We noted during testing of Justice Court revenues that the County understated its revenues by \$28,521.89 for the month of May due to a spreadsheet formula error that went undetected.

Recommendation:

We recommend that the County implement adequate controls to review the origination of revenues to ensure that the revenues recorded are accurate.

2011-8 Schedule of Federal Awards (SEFA) errors:

We noted during examination of the County's SEFA that there were two major errors. First, the County included \$327,500.45 of Byrne Formula (Drug Court) monies CFDA #16.579 which was State money, not Federal. Second, the County recorded \$106,599.51 for JAG expenditures but only \$55,697.64 was for 2011 Federal expenditures. The other \$50,901.87 was for 2010 expenditures and should not have been included on the SEFA for 2011. These two errors would have caused the SEFA to be overstated if they went uncorrected.

Recommendation:

We recommend that the County implement adequate controls over Federal money to accurately track and record federal expenditures as required by OMB Circular A-133.

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

May 21, 2012



# 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*

July 9, 2012

## MANAGEMENT LETTER RESPONSE

State of Utah

Office of the State Auditor

211 State Capitol

Salt Lake City, Utah 84114

In response to the Management Letter written for the 2011 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:**

#### Prior Year Comments:

##### 2010-1 Expenditures in Excess of Budget:

This continues to be a difficult compliance item. We will continue to open our budget near year-end and make adjustments as necessary. However, there always seems to be some unanticipated expenses that come up. We will continue to stress the importance of this item in meetings with department heads and in budget preparation meetings. The obvious solution is to adjust the budgets to the point that they cannot be overspent, but we do not believe that is the correct solution.

#### Current Year Comments:

##### 2011-1 Bank Reconciliations:

The bank reconciliations in question on this comment are being performed in the Public Safety department on inmate accounts. The person performing the reconciliation is doing it as of the date of the reconciliation and not as of the date of the bank statement. This becomes an issue at year-end, when the December reconciliation contains items from the first few days of the new year. Our Internal Auditor will assist in correcting this issue.

##### 2011-2 Journal Entries:

We did not have a plan in place to review and authorize journal entries before they are entered into the financial system. Only a handful of people prepare journal entries in the county. We are now having someone other than the preparer, review and approve the journal entries before they are entered into the financial system.

2011-3 Inadequate Separation of Duties:

The County Treasurer's office is seeking to achieve crossed trained employees in the event of unforeseen circumstances arising within their department. As a result, the Chief Deputy Treasurer and the Treasurer will, at times, switch job duties to keep both familiar with the duties of each other. In due course, there have been times when the separation of duties has not been strictly enforced, but for the most part, this separation has been the case. In order to mitigate this situation, the Treasurer will review and approve all journal entries initiated by the Chief Deputy Treasurer, as well as continue to review and approve all reconciliations performed by the same.

2011-4 Cash Management:

During the audit it was noted that three deposits from Public Safety were not made within three business days as required. We will review this issue with ALL departments. We are investigating the three deposits in question to see if there is a system failure. If there is, we will fix it.

2011-5 Expenditures in Excess of Budget:

Please refer to comment for 2010-1.

2011-6 Utah Retirement System Compliance employer "pick-up":

Washington County has one employee that is part of a URS Contributory Retirement Plan. The county is making that contribution as if he were in a non-contributory plan. We did not know that this action needed to be done via a resolution. A resolution to cover this contribution will be part of an upcoming Commission meeting – it will cover FY 2011-2012 and FY 2012-2013. The contributory rates are given on a fiscal year basis.

2011-7 Justice Court Revenues:

In May, 2011 an addition error resulted in Justice Court revenue being understated by \$28,521.89. The money remained in a trust account instead of being moved to the correct revenue account via a journal entry. We have a system in place to verify the Justice Court revenue – but it was just missed. We will continue to monitor our spreadsheets and journal entries closely.

2011-8 Schedule of Federal Awards (SEFA) errors:

Two reporting errors were noted in regards to Federal Awards. The first, we included funds received for Drug Court in our single-audit as Federal money. It should be treated as State money and not included in the single-audit. We were tracking the money but inappropriately treated it as a federal award. Drug Court awards were at one point federal awards. We will no longer track Drug Court awards as Federal funds. The second, in regards to a JAG grant, expenses were recorded in an operating expense account and not in the appropriate grant account. This happened between 2010 and 2011. We noticed the error and fixed it in 2011, but because it affected the previous year (2010), it created an audit issue.

Respectfully Submitted,



Kim M. Hafen  
Washington County Clerk/Auditor

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