



FINANCIAL STATEMENTS

Year Ended December 31, 2016

With Report of

Certified Public Accountants

WASHINGTON COUNTY

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WASHINGTON COUNTY

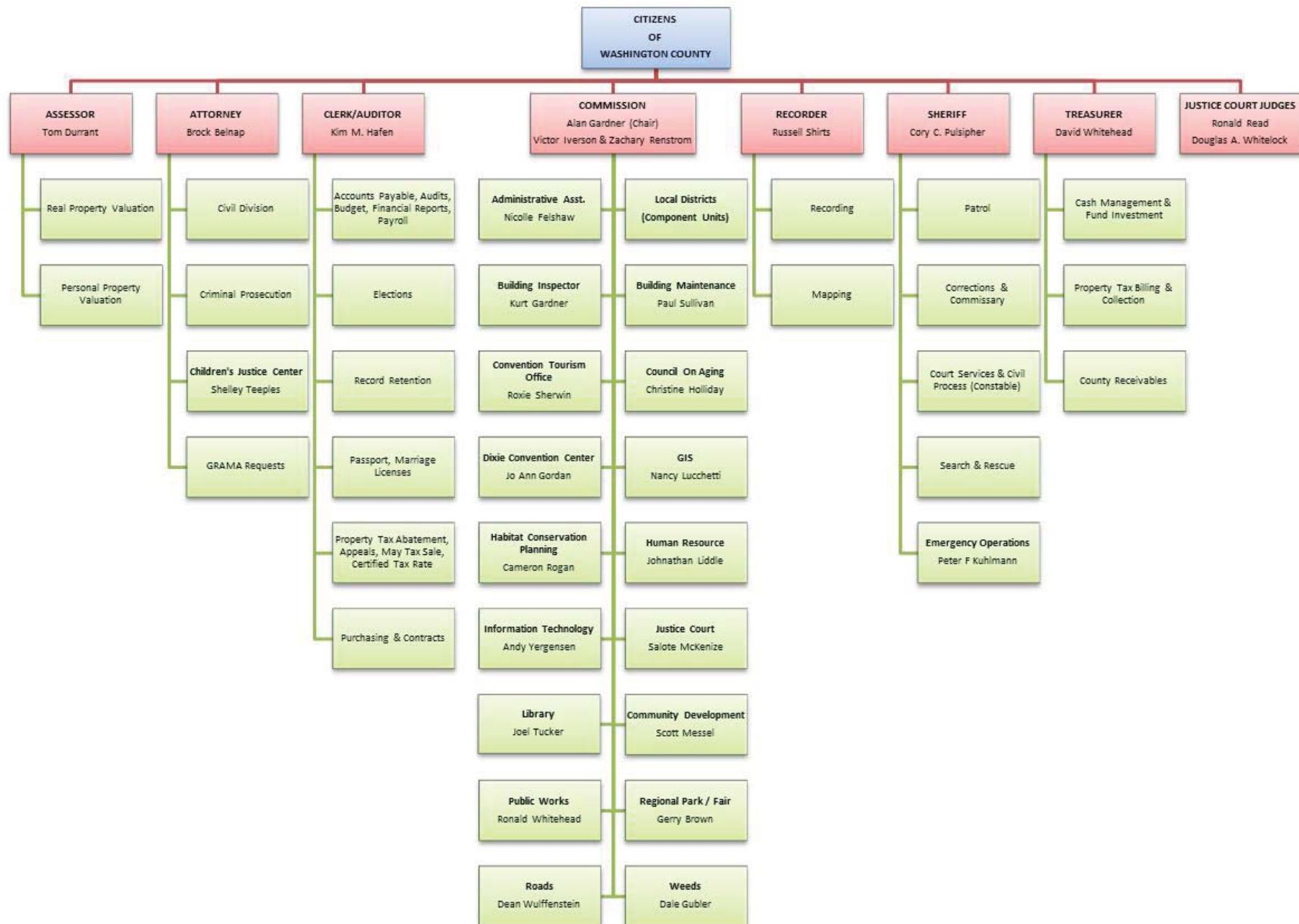
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INTRODUCTORY SECTION

WASHINGTON COUNTY ORGANIZATIONAL CHART

For the Year Ended December 31, 2016



WASHINGTON COUNTY
List of Elected and Appointed Officials
December 31, 2016

ELECTED OFFICIALS

Alan Gardner.....	Commission Chair
Victor Iverson.....	Commissioner
Zachary Renstrom.....	Commissioner
Tom Durrant.....	Assessor
Brock Belnap.....	Attorney
Kim M. Hafen.....	Clerk/Auditor
Russell Shirts.....	Recorder
Cory C. Pulsipher.....	Sheriff
David Whitehead.....	Treasurer
Ronald Read.....	Justice Court Judge
Douglas A. Whitlock.....	Justice Court Judge

OTHER COUNTY APPOINTED OFFICIALS

Nicolle Felshaw.....	County Administrative Assistant
Kurt G. Gardner.....	Building Inspector
Paul E. Sullivan.....	Building Maintenance
Shelly Teebles.	Children's Justice Center
Roxie Sherwin.....	Convention & Tourism Office
Christine Holliday.....	Council On Aging
Jo Ann Gordon.....	Dixie Center
Peter F. Kuhlmann.....	Emergency Operations
Cameron Rogan.....	Habitat Conservation Planning
Johnathan Liddle.....	Human Resources
Andrew Yergensen	Information Technology
Salote McKenize.....	Justice Court
Joel Tucker.....	Library
Scott Messel.....	Community Development
Ronald G. Whitehead.....	Public Works
Gerry T. Brown.....	Regional Park/Fair
Dean Wulffenstein.....	Roads
Dale Gubler.....	Weeds

We express our appreciation to all of the departmental staff throughout the County whose extra time and efforts made this report possible.

FINANCIAL SECTION

Independent Auditors' Report

The Honorable County Commissioners
 Washington County
 St. George, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, Utah (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the major component unit, Southwest Utah Public Health Department, which statements reflect total assets of \$9,880,814 as of December 31, 2016 and total revenues of \$8,366,948 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the previously noted component units in the component unit columns, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, Utah, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, debt service and capital projects fund budgetary comparison statements, combining and individual nonmajor fund budgetary comparison schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The debt service and capital projects fund budgetary comparison statements, and the combining and individual nonmajor fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the debt service and capital projects fund budgetary comparison statements and the combining and individual nonmajor fund budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and other schedules: tax collection agency fund cash receipts and disbursements, statement of taxes charged and collected, and schedule of expenditures of transient room taxes have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



HintonBurdick, PLLC
St. George, Utah
June 27, 2017

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WASHINGTON COUNTY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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, 2016. This report is in conjunction with the County's financial statements that follow this section.

HISTORY AND BACKGROUND OF WASHINGTON COUNTY

Washington County is located in the Southwest corner of the State of Utah with the State of Nevada bordering on the west and the State of Arizona on the South. Washington County was created in 1856 shortly after pioneers settled here in the early 1850's. It is 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 155,000. The population has nearly doubled each of the last three decades! National Parks, State Parks, championship golf, tennis, outdoor sports events, walking and biking trails, snow-free winters and yearlong low humidity all make living here attractive.

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

FINANCIAL HIGHLIGHTS

- Washington County has consistently been one of the highest growth counties in the state. Population growth slowed due to the recession, but the past few years we have seen increase in building permits.
- Sales Tax revenues increased during 2016 from \$7.03 million to \$7.56 million.
- Transient Room Taxes increased during 2016 from \$5.78 million to \$6.81 million.
- Restaurant Taxes increased during 2016 from \$2.7 million to \$2.875 million.
- The County's unemployment rate was 3.3% as compared the National unemployment rate of 4.3%.
- Washington County's General Fund balance remained strong at \$7.7 million.
- Total County assets, excluding component units, exceed total liabilities (net position) by \$91.4 million at the close of the fiscal year. Total net position increased by \$11.8 million.
- Total revenues from all sources, excluding component units, were \$71.61 million
- The total cost of all County programs, excluding component units, was \$59.84 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 Position 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 Position and the Statement of Activities (Government-wide)

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

The statement of net position presents information on all of Washington County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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 tourism and recreation, conservation, 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 are 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 seventeen 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, Assessing and Collecting fund, Travel Board fund, and the Capital Projects fund all of which are considered to be major funds. Data from the other twelve 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 Position. 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 position may serve over time as a useful indicator of an entity's financial position. In the case of Washington County, assets exceeded liabilities by \$91.4 million at the close 2016.

A portion of the County's net position 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 position as well as the County's component unit net position at year-end.

WASHINGTON COUNTY, UTAH Statement of Net Position

	Governmental Activities		Component Unit Activities	
	2016	2015	2016	2015
Current and other assets	\$ 82,999,832	\$ 74,135,689	\$ 44,555,996	\$ 41,559,350
Capital assets	51,196,283	52,619,246	39,912,983	38,725,434
Total assets	134,196,115	126,754,935	84,468,979	80,284,784
Deferred outflows of resources	9,751,828	5,113,234	1,534,058	688,625
Long-term liabilities	43,451,252	42,733,221	10,247,471	11,271,839
Other liabilities	7,217,170	7,719,422	1,594,054	1,458,956
Total liabilities	50,668,422	50,452,643	11,841,525	12,730,795
Deferred inflows of resources	1,860,355	1,769,629	654,103	361,270
Net position:				
Net investment in capital assets	22,583,628	21,118,381	36,592,841	35,173,917
Restricted	38,093,588	32,530,548	10,023,679	4,413,998
Unrestricted	30,741,950	25,996,968	26,890,889	28,293,429
Total net position	<u>\$ 91,419,166</u>	<u>\$ 79,645,897</u>	<u>\$ 73,507,409</u>	<u>\$ 67,881,344</u>

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

WASHINGTON COUNTY, UTAH
Change in Net Position

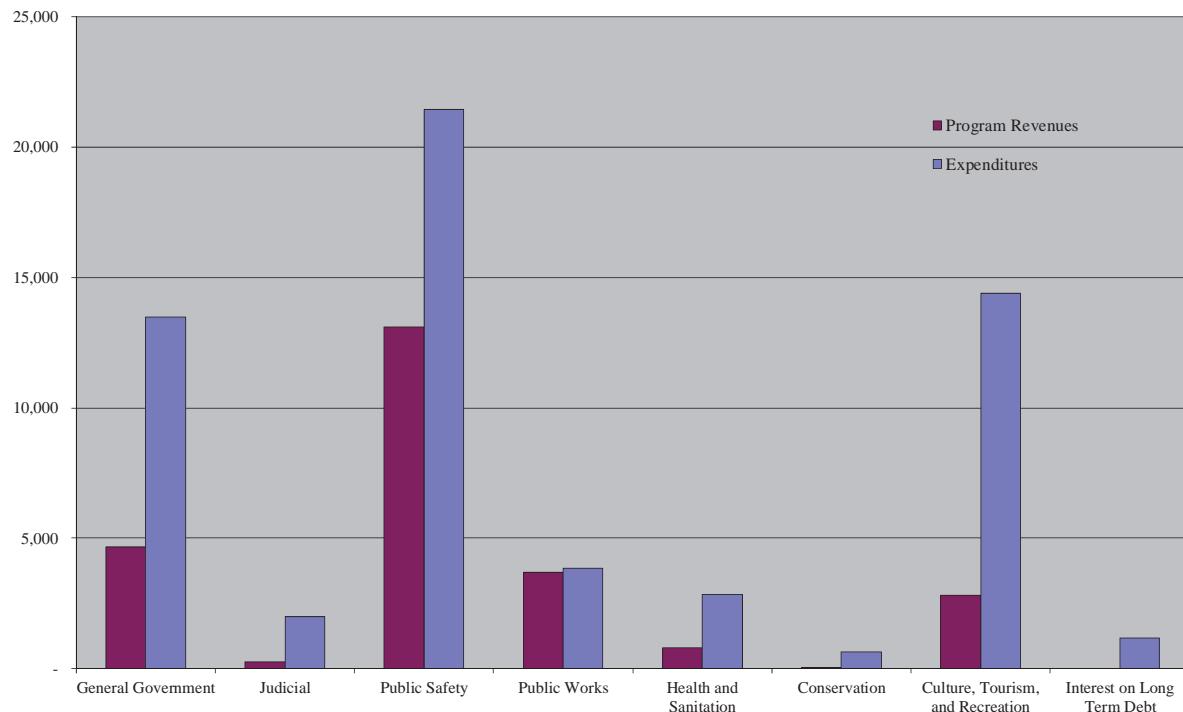
	Governmental Activities		Component Unit Activities	
	2016	2015	2016	2015
Revenues:				
Program revenues:				
Charges for services	\$ 16,916,822	\$ 16,171,187	\$ 18,784,076	\$ 16,875,359
Operating grants and contributions	7,574,825	12,108,304	7,377,947	7,900,955
Capital grants and contributions	885,410	3,311,016	1,906,022	1,258,505
General revenues:				
Taxes	45,652,530	42,795,756	2,035,211	1,994,235
Other	579,096	286,445	411,076	390,095
Total revenues	<u>71,608,683</u>	<u>74,672,708</u>	<u>30,514,332</u>	<u>28,419,149</u>
Expenses:				
General government	13,473,595	12,520,211	-	-
Judicial	1,998,595	1,930,865	-	-
Public safety	21,442,341	19,827,929	3,485,246	3,106,070
Public works	3,863,003	6,247,919	14,071,868	11,833,405
Health and sanitation	2,839,087	2,877,979	7,731,044	7,707,224
Conservation	642,902	780,045	21,635	24,471
Culture, tourism, and recreation	14,394,935	12,664,549	-	-
Interest on long term debt	<u>1,180,956</u>	<u>1,473,148</u>	<u>-</u>	<u>-</u>
Total expenses	<u>59,835,414</u>	<u>58,322,645</u>	<u>25,309,793</u>	<u>22,671,170</u>
Increase in net position	11,773,269	16,350,063	5,204,539	5,747,979
Net position, beginning	79,645,897	71,845,311	67,881,344	63,621,630
Restatement adjustment	-	(8,549,477)	-	-
Prior period adjustment	-	-	421,526	(1,488,265)
Net position, ending	<u>\$ 91,419,166</u>	<u>\$ 79,645,897</u>	<u>\$ 73,507,409</u>	<u>\$ 67,881,344</u>

The cost of all Governmental activities this year was \$59.8 million. As shown on the Statement above, \$16.9 million of this cost was paid for by those who directly benefited from the programs; \$8.5 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 \$25.4 million. General taxes, investment earnings, and other general revenues totaled \$46.2 million.

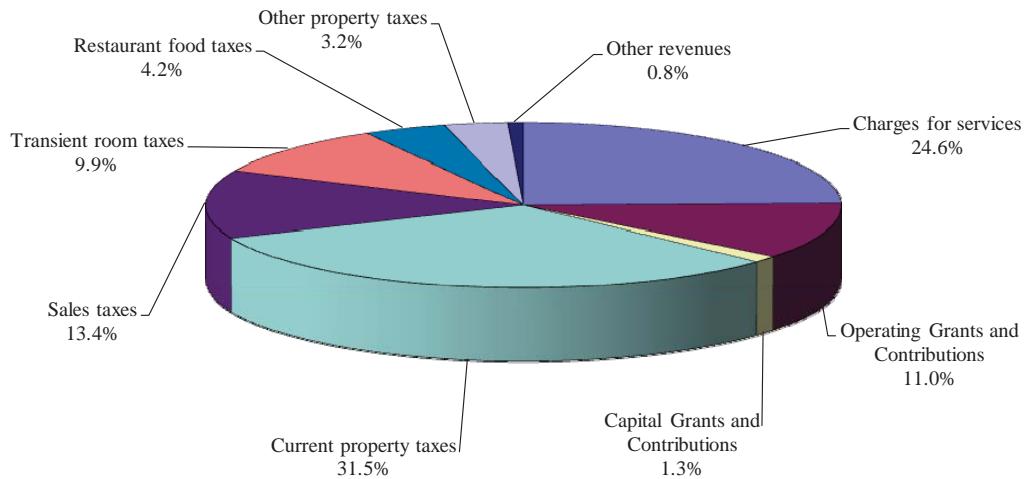
Total resources available during the year to finance operations were \$151.2 million consisting of net position at December 31, 2015 of \$79.6 million, program revenues of 25.4 million and general revenues of \$46.2 million. Total Governmental Activities during the year were \$59.8 million, thus net position increased by \$11.8 million to \$91.4 million.

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 16 to 19) 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 76 to 79.

For the year ended December 31, 2016, the governmental funds reflect a combined fund balance of \$76,025,038, as reported on page 16 to 17. Of this, \$38,061,767 is not available for expenditure or is restricted and legally segregated for a specific future use. An additional \$11.8 million has been committed to capital projects. The remaining \$26,125,615 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, culture, tourism and recreation. General fund revenues and expenditures increased slightly from the prior year. Revenues totaled \$27,836,090 and expenditures, before other financing sources and uses, totaled \$23,707,668. The net increase in fund balance before transfers was \$4,128,422. Transfers from the general fund of \$4,193,956 were made to the Debt Service fund, Children's Justice Center fund, Council on Aging fund and the Capital Projects fund for 2016. (See Page 18)

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. Two refunding of bonds transpired in 2016 with the net effect increase to fund balance of \$226,265. (See Page 18)

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 \$6,778,043 while expenditures totaled \$6,012,288 in 2016. (See Page 19)

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. Revenues and expenditures excluding transfers totaled \$6,997,647 and \$4,304,652 in 2016, respectively. (See Page 19)

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. There was minimal activity in 2016. The fund reported \$111,053 in revenue, and \$540,481 in expenditures before transfers. (See Page 19)

The non-major funds of the County consist of the following special revenue funds: Class "B" Roads, Municipal Services, Flood Damage, Children's Justice Center, Library, Habitat Conservation, Council on Aging, Recreation, Grants, RAP Tax, Sports & Outdoor Recreation, and Corridor Preservation. The non-

major funds are combined into one column on the governmental fund statements. (See Pages 76 to 91 for nonmajor combining and individual fund statements)

General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end, including transfers, lowered the fund balance by \$65,534 to a fund balance of \$7,727,438. The budget to actual variance in appropriations was the result of various departments slightly over, 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 \$1,588,842. 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. (See Pages 66 to 69)

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 2016, net capital assets of the government activities totaled \$51.2 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 \$47.2 million in governmental type debt. The debt is a liability of the government and amounts to approximately \$300.25 per capita. During the current fiscal year, the County's total debt had a net increase of \$637,030. (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 2017 close to the 2016 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. www.washco.utah.gov

BASIC FINANCIAL STATEMENTS

WASHINGTON COUNTY
Statement of Net Position
December 31, 2016

	Primary Government Governmental Activities	Component Units
Assets		
Cash and investments	\$ 66,723,442	\$ 29,822,770
Receivables (net of allowance for uncollectibles)	8,219,821	2,762,226
Inventory	-	20,067
Prepaid assets	570,290	93,533
Restricted cash and investments	4,965,861	11,768,841
Noncurrent receivables	-	65,814
Note receivable	2,501,107	-
Net pension asset	19,311	22,745
Capital assets not being depreciated	4,651,706	12,677,414
Capital assets being depreciated, net of accumulated depreciation	<u>46,544,577</u>	<u>27,235,569</u>
Total assets	<u>134,196,115</u>	<u>84,468,979</u>
Deferred Outflows of Resources		
Deferred charge on refunding	1,059,173	-
Deferred outflows related to pensions	<u>8,692,655</u>	<u>1,534,058</u>
Total deferred outflows of resources	<u>9,751,828</u>	<u>1,534,058</u>
Liabilities		
Accounts payable and other current liabilities	3,048,211	1,350,796
Unearned revenue	181,608	-
Accrued interest payable	247,352	32,347
Noncurrent liabilities:		
Due within one year	3,739,999	210,911
Due in more than one year	<u>43,451,252</u>	<u>10,247,471</u>
Total liabilities	<u>50,668,422</u>	<u>11,841,525</u>
Deferred Inflows of Resources		
Billings for future period revenues	-	305,734
Deferred inflows related to pensions	<u>1,860,355</u>	<u>348,369</u>
Total deferred inflows of resources	<u>1,860,355</u>	<u>654,103</u>
Net Position		
Net investment in capital assets	22,583,628	36,592,841
Restricted for:		
Class "B" roads	2,100,117	-
Debt Service	234,840	-
Public works	9,166,744	-
Health and sanitation	475,681	-
Conservation	6,318,766	-
Culture, tourism, and recreation	19,522,004	-
Other purposes	275,436	10,023,679
Unrestricted	<u>30,741,950</u>	<u>26,890,889</u>
Total net position	<u>\$ 91,419,166</u>	<u>\$ 73,507,409</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Statement of Activities
For the Year Ended December 31, 2016

Functions/Programs							Net (Expense) Revenue			and Changes in Net Position			
			Program Revenues										
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Total	Component Units						
Primary government:													
Governmental activities:													
General government	\$ 13,473,595	\$ 4,091,797	\$ 551,975	\$ 23,000	\$ (8,806,823)	\$ (8,806,823)	\$ -						
Judicial	1,998,595	253,876	-	-	(1,744,719)	(1,744,719)	-						
Public safety	21,442,341	9,215,959	3,461,663	424,638	(8,340,081)	(8,340,081)	-						
Public works	3,863,003	295,754	3,262,623	138,920	(165,706)	(165,706)	-						
Health and sanitation	2,839,087	615,003	182,225	-	(2,041,859)	(2,041,859)	-						
Conservation	642,902	178,595	71,823	(203,703)	(596,187)	(596,187)	-						
Culture, tourism, and recreation	14,394,935	2,265,838	44,516	502,555	(11,582,026)	(11,582,026)	-						
Interest on long-term debt	1,180,956	-	-	-	(1,180,956)	(1,180,956)	-						
Total governmental activities	<u>59,835,414</u>	<u>16,916,822</u>	<u>7,574,825</u>	<u>885,410</u>	<u>(34,458,357)</u>	<u>(34,458,357)</u>	<u>-</u>						
Total primary government	<u>\$ 59,835,414</u>	<u>\$ 16,916,822</u>	<u>\$ 7,574,825</u>	<u>\$ 885,410</u>	<u>(34,458,357)</u>	<u>(34,458,357)</u>	<u>-</u>						
Component units:													
Public safety	\$ 3,485,246	\$ 1,795,346	\$ 421,367	\$ 241,178	-	-	(1,027,355)						
Public works	14,071,868	15,329,984	272,346	1,664,844	-	-	3,195,306						
Health and sanitation	7,731,044	1,644,080	6,671,827	-	-	-	584,863						
Conservation & economic development	21,635	14,666	12,407	-	-	-	5,438						
Total component units	<u>\$ 25,309,793</u>	<u>\$ 18,784,076</u>	<u>\$ 7,377,947</u>	<u>\$ 1,906,022</u>	<u>-</u>	<u>-</u>	<u>2,758,252</u>						
General revenues:													
Current property taxes					21,712,613	21,712,613	1,916,675						
Sales taxes					9,249,811	9,249,811	-						
Transient room taxes					6,817,255	6,817,255	-						
Restaurant food taxes					2,875,048	2,875,048	-						
RAP taxes					2,787,490	2,787,490	-						
Other property taxes					2,210,313	2,210,313	118,536						
Unrestricted investment earnings					556,685	556,685	240,681						
Gain on the sale of assets					22,411	22,411	5,197						
Other revenues					-	-	165,198						
Total general revenues and transfers					<u>46,231,626</u>	<u>46,231,626</u>	<u>2,446,287</u>						
Change in net position					<u>11,773,269</u>	<u>11,773,269</u>	<u>5,204,539</u>						
Net position - beginning					<u>79,645,897</u>	<u>79,645,897</u>	<u>67,881,344</u>						
Prior period adjustment					-	-	421,526						
Net position - ending					<u>\$ 91,419,166</u>	<u>\$ 91,419,166</u>	<u>\$ 73,507,409</u>						

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Debt Service
Assets		
Cash and investments	\$ 5,500,758	\$ -
Property taxes receivable	2,750,789	406,920
Assessments receivable	-	7,840
Due from other governments	392,091	-
Other receivables	15,339	-
Prepaid assets	5,779	-
Restricted cash and investments	-	4,940,861
Total assets	<u>\$ 8,664,756</u>	<u>\$ 5,355,621</u>
Liabilities		
Accounts payable	397,119	-
Accrued liabilities	359,591	-
Unearned revenue	180,608	-
Total liabilities	<u>937,318</u>	<u>-</u>
Deferred Inflows of Resources		
Unavailable revenue - special assessments	-	7,840
Total deferred inflows of resources	<u>-</u>	<u>7,840</u>
Fund balances		
Nonspendable: Prepaid assets	5,779	-
Restricted for:		
Class "B" roads	-	-
Debt service fund	-	227,000
Public works	-	-
Health and sanitation	-	-
Conservation	-	-
Culture, tourism, and recreation	-	-
Other purposes	-	-
Committed to capital projects	-	-
Assigned to debt service	-	5,120,781
Assigned to special revenue funds	-	-
Assigned to capital projects	-	-
Unassigned	7,721,659	-
Total fund balances	<u>7,727,438</u>	<u>5,347,781</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,664,756</u>	<u>\$ 5,355,621</u>

The accompanying notes are an integral part of the financial statements

Special Revenue		Other Governmental Funds		Total Governmental Funds
Assessing and Collecting	Travel Board	Capital Projects		
\$ 5,252,792	\$ 11,175,477	\$ 12,316,132	\$ 31,188,897	\$ 65,434,056
955,532	-	-	636,002	4,749,243
-	-	-	-	7,840
-	764,543	-	2,157,096	3,313,730
-	-	-	20,714	36,053
-	-	-	50,511	56,290
-	-	-	25,000	4,965,861
<u>\$ 6,208,324</u>	<u>\$ 11,940,020</u>	<u>\$ 12,316,132</u>	<u>\$ 34,078,220</u>	<u>\$ 78,563,073</u>
33,111	417,418	3,481	879,251	1,730,380
50,088	10,939	-	197,589	618,207
-	1,000	-	-	181,608
<u>83,199</u>	<u>429,357</u>	<u>3,481</u>	<u>1,076,840</u>	<u>2,530,195</u>
-	-	-	-	7,840
-	-	-	-	7,840
-	-	-	50,511	56,290
-	-	-	2,100,117	2,100,117
-	-	-	-	227,000
-	-	-	9,166,744	9,166,744
-	-	-	475,681	475,681
-	-	-	6,318,766	6,318,766
-	11,510,663	-	7,987,360	19,498,023
-	-	-	275,436	275,436
-	-	11,837,656	-	11,837,656
-	-	-	-	5,120,781
6,125,125	-	-	6,626,765	12,751,890
-	-	474,995	-	474,995
-	-	-	-	7,721,659
<u>6,125,125</u>	<u>11,510,663</u>	<u>12,312,651</u>	<u>33,001,380</u>	<u>76,025,038</u>
<u>\$ 6,208,324</u>	<u>\$ 11,940,020</u>	<u>\$ 12,316,132</u>	<u>\$ 34,078,220</u>	<u>\$ 78,563,073</u>

WASHINGTON COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Debt Service
Revenues		
Taxes	\$ 18,763,972	\$ 2,480,625
Licenses and permits	28,350	-
Intergovernmental	4,843,857	67,598
Charges for services	1,971,388	-
Fines and forfeitures	1,005,529	-
Interest	93,774	1,625
Sub-lease revenue	-	-
Other revenue	<u>1,129,220</u>	<u>1,787</u>
Total revenues	<u><u>27,836,090</u></u>	<u><u>2,551,635</u></u>
Expenditures		
Current:		
General government	4,879,181	221,549
Judicial	1,849,696	-
Public Safety	14,721,967	-
Public Works	477,089	-
Health and Sanitation	1,444,245	-
Conservation	-	-
Culture, tourism, and recreation	277,704	-
Matching Funds & contributions	57,786	-
Capital outlay	-	-
Debt service:		
Principal	-	1,915,000
Interest	<u> </u>	<u> </u> 835,435
Total expenditures	<u><u>23,707,668</u></u>	<u><u>2,971,984</u></u>
Excess revenues over (under) expenditures	<u><u>4,128,422</u></u>	<u><u>(420,349)</u></u>
Other financing sources (uses)		
Transfers in	-	508,856
Transfers out	(4,193,956)	-
Payments to refunded bond escrow	-	(9,796,790)
Refunding bond proceeds	<u> </u>	<u> </u> 9,934,548
Total other financing sources and uses	<u><u>(4,193,956)</u></u>	<u><u>646,614</u></u>
Net change in fund balances	(65,534)	226,265
Fund balances - beginning of year	7,792,972	5,121,516
Fund balances - end of year	<u><u>\$ 7,727,438</u></u>	<u><u>\$ 5,347,781</u></u>

The accompanying notes are an integral part of the financial statements

Special Revenue		Other Governmental Funds		Total Governmental Funds
Assessing and Collecting	Travel Board	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 6,708,938	\$ 6,817,255	\$ -	\$ 11,181,614	\$ 45,952,404
-	-	-	152,669	181,019
-	-	23,000	9,440,686	14,375,141
39,250	-	-	764,552	2,775,190
-	-	-	87,138	1,092,667
29,655	92,538	88,053	251,040	556,685
-	-	-	502,555	502,555
200	87,854	-	323,399	1,542,460
6,778,043	6,997,647	111,053	22,703,653	66,978,121
 - 6,012,288				
-	-	-	342,229	11,455,247
-	-	-	-	1,849,696
-	-	-	4,133,486	18,855,453
-	-	-	2,980,689	3,457,778
-	-	-	1,218,141	2,662,386
-	-	-	600,984	600,984
-	3,736,491	-	9,279,382	13,293,577
-	-	-	-	57,786
-	-	540,481	-	540,481
-	472,000	-	1,216,000	3,603,000
-	96,161	-	224,635	1,156,231
6,012,288	4,304,652	540,481	19,995,546	57,532,619
765,755	2,692,995	(429,428)	2,708,107	9,445,502
 - 200,000				
-	(1,300,550)	-	2,080,500	5,789,356
-	-	-	(294,850)	(5,789,356)
-	-	-	-	(9,796,790)
-	-	-	-	9,934,548
-	(1,100,550)	3,000,000	1,785,650	137,758
765,755	1,592,445	2,570,572	4,493,757	9,583,260
5,359,370	9,918,218	9,742,079	28,507,623	66,441,778
\$ 6,125,125	\$ 11,510,663	\$ 12,312,651	\$ 33,001,380	\$ 76,025,038

WASHINGTON COUNTY
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2016

Total governmental fund balances	\$ 76,025,038
Amounts reported for governmental activities in the statement of net position are different because:	
Some receivables are not available in the current period and therefore are not reported in the funds.	2,501,107
Net pension asset is not an available resource and, therefore, is not reported in the funds.	19,311
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Governmental capital assets	\$ 122,362,967
Accumulated depreciation	<u>(71,166,684)</u>
	51,196,283
Revenues considered unearned and not reported in the funds	7,840
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.	
Bonds payable	(19,846,000)
Less: Deferred charge on refunding (to be amortized)	1,059,173
Net unamortized premiums	(1,663,209)
Capital leases payable	(10,663,726)
Compensated absenses	(1,672,649)
Net pension liability	(13,345,667)
Accrued interest payable	<u>(247,352)</u>
	(46,379,430)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	
Deferred outflows	8,692,655
Deferred inflows	<u>(1,860,355)</u>
	6,832,300
Assets and liabilities of the internal service fund included in governmental activities.	<u>1,216,717</u>
Total net position of governmental activities	<u>\$ 91,419,166</u>

The accompanying notes are an integral part of the financial statements

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, 2016

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

Net changes in fund balances - total governmental funds	\$ 9,583,260
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.	
Capital outlay	\$ 1,705,022
Depreciation expense	<u>(3,126,880)</u>
	(1,421,858)
The statement of activities only reports the gain or loss on the sale of capital assets. In the governmental funds, only the proceeds from the sale are reported.	(1,105)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of current year payments on assessments.	(1,657)
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 position.	(436,805)
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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Issuance of general obligation bonds	(2,880,000)
Issuance of lease revenue bonds	(5,995,000)
Premiums on bonds issued	(1,059,548)
Principal payments on bonds payable	1,872,000
Payments to refunded bond escrow	9,796,790
Principal payments on capital leases	1,688,501
Amortization of bond premiums	100,610
Amortization of deferred charge on refunding	<u>(198,338)</u>
	3,325,015
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability is measured a year before the County's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the Statement of Activities.	
Pension contributions	4,221,788
Pension expense	<u>(3,550,630)</u>
	671,158
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(85,307)
Accrued interest	<u>47,904</u>
	(37,403)
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>92,664</u>
Change in net position of governmental activities	<u>\$ 11,773,269</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Statement of Net Position
Proprietary Funds
December 31, 2016

	<u>Internal Service Fund</u>
Assets:	
Cash	\$ 1,289,386
Accounts receivable	112,955
Prepaid expenses	514,000
Total Assets	<u>1,916,341</u>
Liabilities:	
Accounts payable	699,624
Total Liabilities	<u>699,624</u>
Net Position:	
Unrestricted	1,216,717
Total Net Position	<u>\$ 1,216,717</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	<u>Internal Service Fund</u>
Operating Revenues	
Charges for services	
County contributions	\$ 4,176,029
Employee contributions	<u>970,617</u>
Total operating revenues	<u>5,146,646</u>
Operating Expenses	
Claims expense	4,572,139
Premium expense	<u>481,843</u>
Total operating expenses	<u>5,053,982</u>
Operating income (loss)	92,664
Net position, beginning of the year	<u>1,124,053</u>
Net position, end of the year	<u><u>\$ 1,216,717</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, 2016

	<u>Internal Service Fund</u>
Cash Flows From Operating Activities:	
Cash received from customers, service fees	\$ 5,066,225
Cash paid to suppliers	<u>(5,144,854)</u>
Cash flows from operating activities	<u>(78,629)</u>
Net Change in Cash and Cash Equivalents	(78,629)
Cash and cash equivalents including restricted cash, beginning of year	<u>1,368,015</u>
Cash and cash equivalents including restricted cash, end of year	<u>\$ 1,289,386</u>
Reconciliation of operating income (loss) to cash flows from operating activities:	
Net operating income (loss)	\$ 92,664
Adjustments to reconcile net income (loss) to cash flows from operating activities:	
Depreciation	(80,421)
Changes in operating assets and liabilities	<u>(90,872)</u>
(Increase)/Decrease in receivables	(80,421)
Increase/(Decrease) in accounts payable	<u>(90,872)</u>
Net cash flows from operating activities	<u>\$ (78,629)</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combined Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	Agency Funds
Assets	
Cash and investments	<u>\$ 29,701,125</u>
Total Assets	<u>\$ 29,701,125</u>
Liabilities	
Deposits held in trust	\$ 7,896,869
Due to taxing districts	18,604,843
Due to Washington County General Fund	1,377,822
Due to Assessing & Collecting Fund	955,532
Due to other funds	<u>866,059</u>
Total Liabilities	<u>\$ 29,701,125</u>
Net Position	
Held in trust for individuals, organizations, and other governments	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combining Statement of Net Position
Component Units
December 31, 2016

	Southwest Utah Public Health Dept.	Ash Creek SSD	Washington County Solid Waste SSD	Nonmajor Component Units	Total Component Units
Assets					
Current assets:					
Cash and investments	\$ 4,568,428	\$ 7,689,266	\$ 13,484,960	\$ 4,080,116	\$ 29,822,770
Due from other governments	396,290	-	-	353,394	749,684
Due from other sources	-	445,007	1,028,198	539,337	2,012,542
Inventory	-	13,255	-	6,812	20,067
Prepaid assets	79,432	6,045	-	8,056	93,533
Total current assets	<u>5,044,150</u>	<u>8,153,573</u>	<u>14,513,158</u>	<u>4,987,715</u>	<u>32,698,596</u>
Noncurrent assets:					
Restricted cash and investments	-	5,007,949	5,933,128	827,764	11,768,841
Due from other sources - noncurrent	-	65,814	-	-	65,814
Net pension asset	162	-	19	22,564	22,745
Capital assets not being depreciated	925,000	9,527,645	324,259	1,900,510	12,677,414
Capital assets being depreciated, net of accumulated depreciation	3,911,502	10,707,505	4,896,138	7,720,424	27,235,569
Total noncurrent assets	<u>4,836,664</u>	<u>25,308,913</u>	<u>11,153,544</u>	<u>10,471,262</u>	<u>51,770,383</u>
Total assets	<u>\$ 9,880,814</u>	<u>\$ 33,462,486</u>	<u>\$ 25,666,702</u>	<u>\$ 15,458,977</u>	<u>\$ 84,468,979</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions	<u>850,283</u>	<u>289,491</u>	<u>232,199</u>	<u>162,085</u>	<u>1,534,058</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 30,153	\$ 18,274	\$ 966,171	\$ 67,405	\$ 1,082,003
Accrued liabilities	162,226	20,854	32,111	53,602	268,793
Compensated absences	89,971	58,104	92,685	-	240,760
Accrued interest payable	-	-	-	32,347	32,347
Total current liabilities	<u>282,350</u>	<u>97,232</u>	<u>1,090,967</u>	<u>153,354</u>	<u>1,623,903</u>
Noncurrent liabilities:					
Due within one year	-	-	-	210,911	210,911
Due in more than one year	1,289,695	493,269	4,939,323	3,284,424	10,006,711
Total noncurrent liabilities	<u>1,289,695</u>	<u>493,269</u>	<u>4,939,323</u>	<u>3,495,335</u>	<u>10,217,622</u>
Total liabilities	<u>1,572,045</u>	<u>590,501</u>	<u>6,030,290</u>	<u>3,648,689</u>	<u>11,841,525</u>
Deferred Inflows of Resources					
Billings for future period revenues	-	-	-	305,734	305,734
Deferred inflows related to pensions	<u>190,731</u>	<u>44,582</u>	<u>35,889</u>	<u>77,167</u>	<u>348,369</u>
Total deferred inflows of resources	<u>190,731</u>	<u>44,582</u>	<u>35,889</u>	<u>382,901</u>	<u>654,103</u>
Net Position:					
Net investment in capital assets	4,836,502	20,235,151	5,220,397	6,300,791	36,592,841
Restricted	3,340,000	5,097,158	622,545	963,976	10,023,679
Unrestricted	791,819	7,784,585	13,989,780	4,324,705	26,890,889
Total net position	<u>\$ 8,968,321</u>	<u>\$ 33,116,894</u>	<u>\$ 19,832,722</u>	<u>\$ 11,589,472</u>	<u>\$ 73,507,409</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, 2016

	Southwest Utah Public Health Dept.	Ash Creek SSD	Washington County Solid Waste SSD	Nonmajor Component Units	Total Component Units
Expenses:					
Public safety:					
Fire and emergency services	\$ -	\$ -	\$ -	\$ 3,485,246	\$ 3,485,246
Public works					
Sewer services	-	2,267,116	-	-	2,267,116
Solid waste services	-	-	11,102,662	-	11,102,662
Water services	-	-	-	470,373	470,373
Transportation services	-	-	-	231,717	231,717
Health and sanitation					
Health services	7,731,044	-	-	-	7,731,044
Conservation & economic development	-	-	-	21,635	21,635
Total expenses	<u>7,731,044</u>	<u>2,267,116</u>	<u>11,102,662</u>	<u>4,208,971</u>	<u>25,309,793</u>
Program revenues:					
Charges for services	1,644,080	2,725,696	12,062,833	2,351,467	18,784,076
Operating grants and contributions	6,671,827	9,573	-	696,547	7,377,947
Capital grants and contributions	-	1,642,985	-	263,037	1,906,022
Net (expense) revenue	<u>584,863</u>	<u>2,111,138</u>	<u>960,171</u>	<u>(897,920)</u>	<u>2,758,252</u>
General revenues:					
Property taxes	-	-	-	1,916,675	1,916,675
Other taxes	-	-	-	118,536	118,536
Unrestricted investment earnings	19,373	108,141	85,608	27,559	240,681
Miscellaneous	31,668	108,785	-	24,745	165,198
Gain on sale of assets	-	5,095	102	-	5,197
Total general revenues and transfers	<u>51,041</u>	<u>222,021</u>	<u>85,710</u>	<u>2,087,515</u>	<u>2,446,287</u>
Change in net position	635,904	2,333,159	1,045,881	1,189,595	5,204,539
Total net position - beginning	8,332,417	30,783,735	18,365,315	10,399,877	67,881,344
Prior period adjustment	-	-	421,526	-	421,526
Total net position - ending	<u>\$ 8,968,321</u>	<u>\$ 33,116,894</u>	<u>\$ 19,832,722</u>	<u>\$ 11,589,472</u>	<u>\$ 73,507,409</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 1. Summary of Significant Accounting Policies

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

Washington County, Utah (the County) is a political subdivision of the State of Utah with a County Commission comprised of three commissioners elected at large. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is 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 an 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.

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, 2017.

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 14, 2017.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

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 May 10, 2017.

The Hurricane Valley Fire Special Service District (Non-major General Fund) - The District provides fire protection to the communities of Hurricane, Leeds, LaVerkin, 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 20, 2017.

Rockville/Springdale Fire Protection District (Non-major Enterprise Fund) - The District provides fire protection to the communities of Rockville and Springdale, Utah and is funded mainly through user fees. The District issued separate audited financial statements dated June 5, 2017.

Specially Funded Transportation Special Service District (Non-major General Fund) - The District provides road maintenance on county roads and is funded through federal Secure Rural School Funds. The District issued separate audited financial statements dated February 10, 2017.

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.

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.

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.

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.

North Central Fire Special Service District (Non-major General Fund) - The District provides funding to Enterprise City for fire protection for the surrounding areas around Enterprise. The District has contracted with Enterprise City to help cover costs of fire protection in the outlining areas of the County around Enterprise.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

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 Local District (Non-major Enterprise Fund) - The District provides police protection for the Pine Valley area.

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

Southern Utah Shooting Sports Park Special Service District (Non-major General Fund) – The District operates a shooting range near Hurricane and is funded through user fees and other revenues.

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.

Separately issued financial reports are available for the discretely presented component units. These reports may be obtained by searching the Utah State Auditor's website.

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 2016, the County provided \$522,210 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 2016 the County contributed \$25,000 to the Association. The County does not retain an ongoing financial interest or responsibility in the Association.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

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.

Washington County Flood Control Authority – The Authority provides planning, coordination, and the integration of activities necessary to maintain a comprehensive, cooperative, and continuing multi-agency flood control program in the areas around the cities of St. George, Santa Clara, and Washington.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the County's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the County has several discretely presented component units. The Southwest Utah Public Health Department, the Ash Creek Special Service District, and the Washington County Solid Waste Special Service District No. 1 are considered to be major component units and are shown in separate columns on the Combining Statements of Net Position and Activities. All remaining discretely presented component units are aggregated and reported as nonmajor component units. All component units are aggregated and presented in a single column in the government-wide financial statements.

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

Basis of presentation – fund financial statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

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

The **Debt Service Funds** 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.

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 **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 Class "B" Roads, Municipal Services, Flood Damage, Children's Justice Center, Library, Habitat Conservation, Council on Aging, Recreation, Grants, RAP Tax, Sports and Outdoor Recreation, and Corridor Preservation.

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, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the County.

The internal service fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

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

Activities 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.

Inventories and prepaid items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

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 acquisition 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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The County has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is pension related items reported on the government-wide financial statements. See footnote 10 for more information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: special assessments. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The second is pension related items reported on the government-wide financial statements. See footnote 10 for more information.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Utah Retirement Systems (URS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net position flow assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The County Commission is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The County Auditor is authorized to assign fund balance when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and expenditures/expenses

Program revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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 May 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 and September for a revision of the assessed value.

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. The penalty for delinquent taxes is the greater of 2.5% or \$10 for each parcel. The penalty will be reduced to the greater of 1% or \$10 if all delinquent taxes and the 1% penalty are paid on or before January 31, of the following year. If delinquent taxes are paid after January 31, of the following year interest will be charged beginning January 1, 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%; with a minimum interest rate of 7% and a maximum rate of 11%; 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.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

Compensated absences

For governmental funds, amounts vested or accumulated vacation that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements unless they have matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrued to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are County and employee contributions. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

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 position:

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 20.

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 position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 21.

NOTE 3. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

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

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

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

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

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 3. Stewardship, Compliance and Accountability (Continued)

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 as listed in the table of contents present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended December 31, 2016, 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.

NOTE 4. Deposits and Investments

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

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

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The County does not have a formal policy for custodial credit risk. As of December 31, 2016, \$1,976,624 of the County's bank balance of \$2,560,198 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, 2016, \$11,485,928 of the Washington County Solid Waste Special Service District bank balance of \$12,235,928, \$2,261,972 of the Southwest Utah Public Health Department bank balance of \$2,672,289 and \$434,093 of Ash Creek Special Service District bank balance of \$684,093 was exposed to custodial credit risk because it was uninsured and uncollateralized.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 4. Deposits and Investments (Continued)

Washington County/St. George Interlocal Agency is a jointly governed organization. The organization'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.

The Act authorizes investments in negotiable or nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; the Utah Public Treasurer's Investment Fund; and reciprocal deposits subject to rules of the State Money Management Council.

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, 2016 the County had the following investments, ratings, and maturities:

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 4. Deposits and Investments (Continued)

Investment Type	Fair Value	Credit Rating (1)	Weighted Average Maturity (2)
Local Government Pooled Investment Fund	\$ 97,472,549	N/A	59.04

(1) Ratings are provided where applicable to indicate associated Credit Risk.

N/A indicates not applicable.

(2) Interest Rate Risk is estimated using the weighted average days to maturity.

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.

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.

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
Southwest Utah Public Health Department	\$ 2,056,126	Unrated
Ash Creek Special Service District	\$12,051,436	Unrated
Wash. County Solid Waste Special Svc. Dist. No. 1	\$ 7,265,027	Unrated

Fair value measurements

As noted above, the County holds investments that are measured at fair value on a recurring basis. The County categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The PTIF, as listed above, is valued using significant other observable inputs (Level 2 inputs).

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

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, 2016. These monies were distributed to the various County funds in January 2017 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 2016, the County's combined tax rate for assessing and collecting was .000496. 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, 2017.

Notes receivable that are shown on the Statement of Net Position include \$2,501,107 receivable from St. George City for payments due on the Convention Center, Convention Center Land and the Museum subleases. See Note 9 also.

NOTE 6. Interfund Receivables, Payables and Transfers

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, 2016 are shown in the following table:

Transfers in reported in:	Transfers out reported in:				Total
	General Fund	Travel Board	Recreation Fund	Nonmajor:	
Debt Service Fund	\$ 508,856	\$ -	\$ -	\$ 508,856	
Travel Board Fund	-	-	200,000		200,000
Capital Projects Fund	3,000,000	-	-		3,000,000
Nonmajor Special Revenue Funds:					
Children's Justice Center Fund	38,100	-	-		38,100
Library Fund	112,000				112,000
Council on Aging Fund	535,000	-	-		535,000
Recreation Fund	-	700,000	-		700,000
Sports & Outdoor Rec. Fund	-	600,550	94,850		695,400
Total Transfers	<u>\$ 4,193,956</u>	<u>\$ 1,300,550</u>	<u>\$ 294,850</u>		<u>\$ 5,789,356</u>

No interfund receivables and payables at December 31, 2016.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 7. Due to Taxing Districts

Due to taxing districts shown in the combined statement of fiduciary net position 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, 2016. These monies were distributed in January of 2017 and thereafter.

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WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 8. Capital Assets

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

Governmental Activities:	Balance			Balance
	12/31/2015	Additions	Deletions	12/31/2016
Capital assets, not being depreciated:				
Land	\$ 4,549,422	\$ 25,000	\$ -	\$ 4,574,422
Construction in progress	-	77,284	-	77,284
Total capital assets, not being depreciated:	<u>4,549,422</u>	<u>102,284</u>	<u>-</u>	<u>4,651,706</u>
Capital assets, being depreciated:				
Buildings and improvements	52,151,084	206,766	(46,236)	52,311,614
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	5,049,316	513,762	(262,222)	5,300,856
Equipment	8,593,379	772,624	(559,300)	8,806,703
Furniture and fixtures	842,832	109,586	-	952,418
Bridges, Towers, Trails	4,729,267	-	-	4,729,267
Streets and sidewalks	<u>26,672,195</u>	<u>-</u>	<u>-</u>	<u>26,672,195</u>
Total capital assets, being depreciated:	<u>116,976,281</u>	<u>1,602,738</u>	<u>(867,758)</u>	<u>117,711,261</u>
Less accumulated depreciation for:				
Buildings and improvements	(18,685,093)	(1,599,502)	46,236	(20,238,359)
Convention Center	(6,047,736)	(317,118)	-	(6,364,854)
Regional Park	(2,161,152)	(118,812)	-	(2,279,964)
Museum	(1,111,365)	(58,458)	-	(1,169,823)
Autos and trucks	(4,082,584)	(348,714)	262,222	(4,169,076)
Equipment	(6,630,030)	(473,797)	558,195	(6,545,632)
Furniture and fixtures	(655,772)	(50,356)	-	(706,128)
Bridges, Towers, Trails	(3,164,129)	(138,562)	-	(3,302,691)
Streets and sidewalks	<u>(26,368,596)</u>	<u>(21,561)</u>	<u>-</u>	<u>(26,390,157)</u>
Total accumulated depreciation	<u>(68,906,457)</u>	<u>(3,126,880)</u>	<u>866,653</u>	<u>(71,166,684)</u>
Total capital assets, being depreciated, net	<u>48,069,824</u>	<u>(1,524,142)</u>	<u>(1,105)</u>	<u>46,544,577</u>
Governmental activities capital assets, net	<u>\$ 52,619,246</u>	<u>\$ (1,421,858)</u>	<u>\$ (1,105)</u>	<u>\$ 51,196,283</u>

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

Governmental Activities:

General government	\$ 814,851
Public safety	789,438
Public works	461,498
Health and sanitation	176,396
Culture, tourism, and recreation	883,113
Judicial	1,584
Total depreciation expense - governmental activities	<u>\$ 3,126,880</u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 9. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2016.

Governmental activities:	Balance			Balance		Current
	12/31/2015	Additions	Retirements	12/31/2016		Portion
General Obligation:						
Refunding G.O. bonds						
Series 2010 Refunding G.O. bonds	\$ 7,830,000	\$ -	\$ (540,000)	\$ 7,290,000	\$ 555,000	
Series 2012 Refunding G.O. bonds	1,525,000	-	(760,000)	765,000	765,000	
Series 2016 Refunding G.O. bonds	-	2,880,000	-	2,880,000	-	
Series 2007 G.O. bonds	3,460,000	-	(3,195,000)	265,000	265,000	
Net unamortized premiums	704,271	266,618	(100,610)	870,279	-	
Capital leases (Convention)	11,706,228	-	(1,365,501)	10,340,727	1,395,000	
Capital leases (Museum)	252,000	-	(48,000)	204,000	48,000	
Capital leases (Land)	393,999	-	(275,000)	118,999	118,999	
Net pension liability	9,682,381	3,663,286	-	13,345,667	-	
Accrued Compensated Absences	1,587,342	85,307	-	1,672,649	261,000	
Total General Obligation	37,141,221	6,895,211	(6,284,111)	37,752,321	3,407,999	
Revenue Obligation:						
Sales tax revenue bonds, series 2006	6,865,000	-	(6,650,000)	215,000	215,000	
Sales tax revenue refunding bonds, series 2016	-	5,995,000	-	5,995,000	-	
Net unamortized premiums	-	792,930	-	792,930	-	
MBA lease revenue bonds, series 2010	2,548,000	-	(112,000)	2,436,000	117,000	
Total Revenue Obligation	9,413,000	6,787,930	(6,762,000)	9,438,930	332,000	
Total Governmental activity long-term liabilities	\$ 46,554,221	\$ 13,683,141	\$ (13,046,111)	\$ 47,191,251	\$ 3,739,999	

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

Period Ending		Principal	Interest	Total
December 31				
2017	\$ 1,917,000	\$ 772,629	\$ 2,689,629	
2018	1,662,000	716,480	2,378,480	
2019	1,733,000	647,240	2,380,240	
2020	1,814,000	574,680	2,388,680	
2021	1,880,000	498,800	2,378,800	
2022-2026	6,189,000	1,530,490	7,719,490	
2027-2031	2,671,000	698,370	3,369,370	
2032-2036	1,980,000	244,000	2,224,000	
	\$ 19,846,000	\$ 5,682,689	\$ 25,528,689	

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 9. Long-Term Debt (Continued)

Current year defeasance of debt

The County issued \$2,880,000 of general obligation refunding bonds in 2016 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 2007 G.O. Bonds. As a result, \$2,945,000 of the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$168,150. This amount is a deferred outflow of resources 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 10 years by \$302,586 and resulted in an economic gain of \$281,215. The amount of defeased debt outstanding at December 31, 2016 is \$2,945,000.

The County issued \$5,995,000 of sales tax refunding bonds in 2016 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 2006 Sales Tax Bonds. As a result, \$6,440,000 of the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$243,640. This amount is a deferred outflow of resources 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 20 years by \$1,238,102 and resulted in an economic loss of \$1,026,927. The amount of defeased debt outstanding at December 31, 2016 is \$6,440,000.

Prior year defeasance of debt

The County issued \$3,105,000 of general obligation refunding bonds in 2012 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 2004 Public Safety G.O. Bonds. As a result, \$2,860,000 of the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$231,108. This amount is a deferred outflow of resources and amortized over the remaining life of the new debt, which is the same life as the refunded debt. The amount of defeased debt outstanding at December 31, 2016 is \$760,000.

See note 15 regarding conduit debt obligations outstanding and related lease receivables.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 9. Long-Term Debt (Continued)

Bonds payable at December 31, 2016, consist of the following:

General Obligation:

G. O. Bonds Series 2007 for the purpose of paying for civic improvements including remodeling, constructing and expanding libraries, payable in amounts ranging from \$240,000 to \$385,000 including interest ranging from 4% to 4.25%, maturing April 1, 2017.

\$ 265,000

Refunding G. O. Bonds Series 2010 for the purpose of partially refunding Library Bonds Series 2002 and Series 2004B, payable in amounts ranging from \$515,000 to \$1,225,000 plus interest ranging from 2% to 5%, maturing October 1, 2024.

7,290,000

Refunding G. O. Bonds Series 2012 for the purpose of refunding Public Safety Bonds, Series 2004, payable in amounts ranging from \$774,180 to \$776,305 including interest ranging from 0.5% to 1.2%, maturing December 1, 2017.

765,000

Refunding G. O. Bonds Series 2016 for the purpose of partially refunding G.O. Bonds, Series 2007, payable in amounts ranging from \$290,000 to \$360,000 including interest ranging from 2.0% to 4.0%, maturing April 1, 2026.

2,880,000

Revenue Obligation:

Sales Tax Revenue Bonds, Series 2006, for the purpose of paying costs of building acquisitions and improvements, payable in amounts ranging from \$200,000 to \$485,000 plus interest ranging from 4% to 4.5%, maturing September 1, 2017.

215,000

Refunding Sales Tax Series 2016 for the purpose of partially refunding Sales Tax Revenue Bonds, Series 2006, payable in amounts ranging from \$230,000 to \$430,000 including interest ranging from 3.0% to 4.0%, maturing September 1, 2036.

5,995,000

MBA Lease Revenue Bonds, Series 2010, for the purpose of paying the cost of building acquisitions and improvements, payable in amounts ranging from \$107,000 to \$217,000 plus interest at 4.5%, maturing September 15, 2031.

2,436,000

Total Bonds Payable

\$ 19,846,000

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 9. Long-Term Debt (Continued)

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 and was amended December 27, 2007, and again on November 27, 2012. The lease term has been continued, and may be continued, solely at the option of the County, beyond the first “renewal term” and for 16 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 \$16,945,000 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 terms of that agreement were changed with the refinancing of the bonds in 2012. Under the new terms, the Agency will receive from the City sublease payments totaling \$3,944,750 over the 10 year period with annual payments ranging from \$292,640 to \$552,460.

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:

Fiscal Period		St. George City Share	County Share	Total
Ending December 31				
2017	\$ 407,958	\$ 1,365,773	\$ 1,773,731	
2018	419,274	1,403,657	1,822,931	
2019	425,024	1,422,907	1,847,931	
2020	429,992	1,439,539	1,869,531	
2021	436,087	1,459,944	1,896,031	
2022	572,966	1,918,192	2,491,158	
Total remaining minimum lease payments	2,691,301	9,010,012	11,701,313	
Less amount representing interest	312,934	1,047,652	1,360,586	
Present value of net remaining minimum lease payments	\$ 2,378,367	\$ 7,962,360	\$ 10,340,727	

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 9. Long-Term Debt (Continued)

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:

Fiscal Period		St. George	County	
Ending	December 31	City Share	Share	Total
2017	\$ 20,953	\$ 34,187	\$ 55,140	
2018	21,075	34,385	55,460	
2019	21,170	34,540	55,710	
2020	21,238	34,652	55,890	
2021	-	-	-	
2022	-	-	-	
Total remaining minimum lease payments		84,436	137,764	222,200
Less amount representing interest		6,916	11,284	18,200
Present value of net remaining minimum lease payments		<u>\$ 77,520</u>	<u>\$ 126,480</u>	<u>\$ 204,000</u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 9. Long-Term Debt (Continued)

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:

Fiscal Period				
Ending		St. George	County	
December 31		City Share	Share	
2017	\$ 47,497	\$ 77,495	\$ 124,992	
2018	-	-	-	
2019	-	-	-	
2020	-	-	-	
2021	-	-	-	
2022	-	-	-	
Total remaining minimum lease payments	47,497	77,495	124,992	
Less amount representing interest	2,277	3,716	5,993	
Present value of net remaining minimum lease payments	<u>\$ 45,220</u>	<u>\$ 73,779</u>	<u>\$ 118,999</u>	

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 9. Long-Term Debt (Continued)

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.

NOTE 10. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

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

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 10. Defined Benefit Pension Plan (Continued)

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final average salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* With actuarial deductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 10. Defined Benefit Pension Plan (Continued)

Utah Retirement Systems

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

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

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 1,699,000	N/A
Public Safety System	1,963,143	-
Tier 2 Public Employees System	283,488	-
Tier 2 Public Safety and Firefighter	238,672	-
Tier 2 DC Only System	32,613	N/A
Tier 2 DC Public Safety and Firefighter System	4,872	N/A
Total Contributions	\$ 4,221,788	\$ -

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

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 10. Defined Benefit Pension Plan (Continued)

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

At December 31, 2016, the County reported a net pension asset of \$19,311 and a net pension liability of \$13,345,667.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	1.0917112%	\$ -	\$ 6,177,433
Public Safety System	4.0018025%	-	7,168,234
Tier 2 Public Employees System	0.1908972%	417	-
Tier 2 Public Safety and Firefighter	1.2931737%	18,894	-
		<u>\$ 19,311</u>	<u>\$ 13,345,667</u>

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

For the year ended December 31, 2016, the County recognized pension expense of \$3,550,632. At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,281	\$ 1,016,582
Changes in assumptions	-	827,897
Net difference between projected and actual earnings on pension plan investments	4,393,493	-
Changes in proportion and differences between contributions and proportional share of contributions	74,093	15,876
Contributions subsequent to the measurement date	4,221,788	-
	<u>\$ 8,692,655</u>	<u>\$ 1,860,355</u>

\$4,221,788 reported as deferred outflows of resources related to pension results from contributions made by the County prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 10. Defined Benefit Pension Plan (Continued)

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2016	\$ 466,888
2017	466,888
2018	664,525
2019	1,019,464
2020	(1,238)
Thereafter	(6,013)

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

Inflation	2.75 Percent
Salary increases	3.50- 10.50 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation

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

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

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

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 10. Defined Benefit Pension Plan (Continued)

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

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

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

System	1% Decrease	Discount Rate	1% Increase
	(6.50%)	(7.50%)	(8.50%)
Noncontributory System	\$ 13,052,302	\$ 6,177,433	\$ 438,295
Public Safety System	15,179,297	7,168,234	645,752
Tier 2 Public Employees System	76,421	(417)	(58,652)
Tier 2 Public Safety and Firefighter	32,117	(18,894)	(58,066)
Total	\$ 28,340,137	\$ 13,326,356	\$ 967,329

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

NOTE 10. Defined Benefit Pension Plan (Continued)

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

Defined Contribution Savings Plans

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

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

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

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

401(k) Plan	2016	2015	2014
Employer Contributions	\$ 140,542	\$ 105,061	\$ 71,211
Employee Contributions	319,300	372,510	406,611
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	74,565	80,276	77,415
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	62,950	47,585	43,385
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	-	-	1,000

The Southwest Utah District Health Department, Ash Creek Special Service District, 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. See each entity's separately issued financial statement for further entity specific information.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2016

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.

The County, effective January 1, 2013 is partially self-insured up to \$135,000 per insured for health and prescription drug coverage, with an additional aggregating deductible of \$200,000. The excess loss insurance is provided by Companion Life Insurance Company and administered by Alternative Risk Solutions LLC. The County also has aggregate excess loss insurance for medical, prescription drugs and dental claims based on a factor of \$1,011.83 per employee per month.

	<u>12/31/2016</u>
Unpaid claims beginning of year	\$ -
Incurred claims	4,814,892
Claim payments	(4,814,892)
Unpaid claims, end of year	<u>\$ -</u>

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.

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, 2016

NOTE 13. Contingencies

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

NOTE 14. Component Unit Disclosures

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

NOTE 15. Conduit Debt Obligations

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.

To provide for the construction of a firehouse for the Southwestern Special Service District (a component unit of the County), the Municipal Building Authority of Washington County, Utah issued \$568,000 Lease Revenue Bonds Series, 2013. The County leases the property from the Authority and subleases the property to the Southwestern Special Service District.

To provide for the construction of a firehouse for the Hurricane Valley Fire Special Service District (a component unit of the County), the Municipal Building Authority of Washington County, Utah issued \$1,000,000 Lease Revenue Bonds Series, 2016. The County leases the property from the Authority and subleases the property to the Hurricane Valley 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, 2016, the principal amount outstanding on the bonds was \$187,000, \$456,000, \$538,000, and \$1,000,000, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY
Schedule of the Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

As of fiscal year ended December 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Noncontributory System					
2015	1.0894576%	\$ 4,730,681	\$ 9,455,509	50.03%	90.2%
2016	1.0917112%	\$ 6,177,433	\$ 9,445,406	65.40%	87.8%
Public Safety System					
2015	3.9374732%	\$ 4,951,700	\$ 5,931,668	83.48%	90.5%
2016	4.0018025%	\$ 7,168,234	\$ 5,923,953	121.00%	87.1%
Tier 2 Public Employees System					
2015	0.1945078%	\$ (5,894)	\$ 954,897	-0.62%	103.5%
2016	0.1908972%	\$ (417)	\$ 1,233,200	-0.03%	100.2%
Tier 2 Public Safety and Firefighter System					
2015	0.9050599%	\$ (13,389)	\$ 374,571	-3.57%	120.5%
2016	1.2931737%	\$ (18,894)	\$ 769,516	-2.46%	110.7%

- In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. The County implemented GASB 68 in 2015. Prior year information is not available.

WASHINGTON COUNTY
Schedule of Contributions
Last 10 Fiscal Years

As of fiscal year ended December 30,	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered- employee payroll
Noncontributory System					
2014	\$ 1,647,982	\$ 1,647,982	-	\$ 9,456,761	17.43%
2015	1,697,032	1,697,032	-	9,445,458	17.97%
2016	1,699,000	1,699,000	-	9,509,197	17.87%
Public Safety System					
2014	\$ 1,893,774	\$ 1,893,774	-	\$ 5,931,668	31.93%
2015	1,961,387	1,961,387	-	5,923,953	33.11%
2016	1,963,143	1,963,143	-	5,830,675	33.67%
Tier 2 Public Employees System*					
2014	\$ 138,422	\$ 138,422	-	\$ 955,015	14.49%
2015	184,883	184,883	-	1,238,763	14.92%
2016	283,488	283,488	-	1,901,334	14.91%
Tier 2 Public Safety and Firefighter System*					
2014	\$ 82,055	\$ 82,055	-	\$ 375,579	21.85%
2015	173,317	173,317	-	769,516	22.52%
2016	238,672	238,672	-	1,060,763	22.50%
Tier 2 Public Employees DC Only System*					
2014	\$ 6,411	\$ 6,411	-	\$ 101,042	6.34%
2015	17,446	17,446	-	260,388	6.70%
2016	32,613	32,613	-	484,094	6.74%
Tier 2 Public Safety and Firefighter DC Only System*					
2014	\$ 4,215	\$ 4,215	-	\$ 38,483	10.95%
2015	7,516	7,516	-	63,534	11.83%
2016	4,872	4,872	-	41,183	11.83%

Paragraph 81.a of GASB 68, requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues. The County implemented GASB 68 in 2015. Prior year information is not available.

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

WASHINGTON COUNTY
Notes to the Required Supplementary Information
For the Year Ended December 31, 2016

Changes in Assumptions:

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

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

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 **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, 2016

REVENUES:	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Current Property Taxes	\$ 8,199,780	\$ 8,705,876	\$ 8,867,283	\$ 161,407
Fee in lieu Taxes	1,135,000	1,135,000	1,114,158	(20,842)
Prior Years Delinquent Taxes	635,000	635,000	505,962	(129,038)
County Sales & Use Taxes	6,800,000	6,800,000	7,561,625	761,625
RDA Taxes	216,037	216,037	167,549	(48,488)
Penalties & Interest	525,000	525,000	547,395	22,395
Total Taxes	<u>17,510,817</u>	<u>18,016,913</u>	<u>18,763,972</u>	<u>747,059</u>
Licenses, Permits:				
Marriage Licenses	26,000	26,000	28,350	2,350
Intergovernmental:				
Prison Reimbursement	3,501,000	3,501,000	3,938,087	437,087
Miscellaneous Reimbursements	349,800	349,800	274,495	(75,305)
Bailiff/Security Reimbursement	568,335	568,335	631,275	62,940
Total Intergovernmental	<u>4,419,135</u>	<u>4,419,135</u>	<u>4,843,857</u>	<u>424,722</u>
Charges for Services:				
Clerk's Fees	100,000	100,000	136,367	36,367
Data Processing Fees	65,000	65,000	88,123	23,123
Jail Commissary, Phone and Medical	420,000	420,000	446,431	26,431
Recorder's Fees	735,000	735,000	842,052	107,052
State Medical Reimbursements	25,000	25,000	15,903	(9,097)
Prisoner Industry and Other	377,000	377,000	442,512	65,512
Total Charges for Services	<u>1,722,000</u>	<u>1,722,000</u>	<u>1,971,388</u>	<u>249,388</u>
Fines and Forfeitures:				
Court and Precinct Fines	1,094,000	1,094,000	1,005,529	(88,471)
Total Fines and Forfeitures	<u>1,094,000</u>	<u>1,094,000</u>	<u>1,005,529</u>	<u>(88,471)</u>
Other Revenues:				
Interest Revenue	-	-	93,774	93,774
Rent-Property	889,200	889,200	889,113	(87)
Sale of Property, Material & Supplies	-	-	19,638	19,638
Vending Revenue	-	-	250	250
Xerox Revenue	25,000	25,000	27,331	2,331
Other	55,000	55,000	192,888	137,888
Total Other Revenues	<u>969,200</u>	<u>969,200</u>	<u>1,222,994</u>	<u>253,794</u>
TOTAL REVENUES	<u>\$25,741,152</u>	<u>\$ 26,247,248</u>	<u>\$ 27,836,090</u>	<u>\$ 1,588,842</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, 2016

EXPENDITURES:	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)		
	Original	Final				
GENERAL GOVERNMENT						
Commission:						
Salaries	\$ 395,312	\$ 395,312	\$ 317,841	\$ 77,471		
Employee Benefits	209,700	209,700	193,795	15,905		
Services, Supplies and Other	62,550	62,550	72,898	(10,348)		
Capital Outlay	5,000	5,000	10,556	(5,556)		
	<u>672,562</u>	<u>672,562</u>	<u>595,090</u>	<u>77,472</u>		
Human Resource:						
Salaries	160,610	160,610	166,983	(6,373)		
Employee Benefits	89,000	89,000	79,833	9,167		
Services, Supplies and Other	50,900	50,900	54,628	(3,728)		
Capital Outlay	4,500	4,500	5,040	(540)		
	<u>305,010</u>	<u>305,010</u>	<u>306,484</u>	<u>(1,474)</u>		
Info Tech Services:						
Salaries	(14,223)	(14,223)	18,367	(32,590)		
Employee Benefits	3,988	3,988	10,619	(6,631)		
Services, Supplies and Other	189,485	189,485	81,744	107,741		
Capital Outlay	68,500	68,500	105,299	(36,799)		
	<u>247,750</u>	<u>247,750</u>	<u>216,029</u>	<u>31,721</u>		
Clerk/Auditor:						
Salaries	349,975	349,975	341,496	8,479		
Employee Benefits	181,247	181,247	160,752	20,495		
Services, Supplies and Other	48,250	48,250	48,669	(419)		
Capital Outlay	17,000	17,000	14,174	2,826		
	<u>596,472</u>	<u>596,472</u>	<u>565,091</u>	<u>31,381</u>		
Recorder:						
Salaries	(32,179)	(32,179)	(21,188)	(10,991)		
Employee Benefits	5,409	5,409	(4,656)	10,065		
Services, Supplies and Other	147,000	147,000	126,419	20,581		
Capital Outlay	7,000	7,000	24,143	(17,143)		
	<u>127,230</u>	<u>127,230</u>	<u>124,718</u>	<u>2,512</u>		
Attorney:						
Salaries	1,701,233	1,701,233	1,605,104	96,129		
Employee Benefits	811,900	811,900	764,946	46,954		
Services, Supplies and Other	145,140	145,140	138,121	7,019		
Capital Outlay	12,500	12,500	26,417	(13,917)		
	<u>2,670,773</u>	<u>2,670,773</u>	<u>2,534,588</u>	<u>136,185</u>		
Non-Departmental:						
Services, Supplies and Other	40,000	45,000	41,850	3,150		
Insurance - Buildings and Vehicles	267,305	267,305	268,288	(983)		
	<u>307,305</u>	<u>312,305</u>	<u>310,138</u>	<u>2,167</u>		
Elections:						
Services, Supplies and Other	207,000	207,000	219,842	(12,842)		
Capital Outlay	-	-	7,201	(7,201)		
	<u>207,000</u>	<u>207,000</u>	<u>227,043</u>	<u>(20,043)</u>		
Total General Government	<u>5,134,102</u>	<u>5,139,102</u>	<u>4,879,181</u>	<u>257,409</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, 2016

EXPENDITURES (Continued):	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
JUDICIAL				
Justice of the Peace:				
Salaries	678,600	678,600	683,221	(4,621)
Employee Benefits	296,300	296,300	293,404	2,896
Services and Supplies	93,500	93,500	79,645	13,855
Capital Outlay	9,000	9,000	4,218	4,782
	<u>1,077,400</u>	<u>1,077,400</u>	<u>1,060,488</u>	<u>16,912</u>
Public Defender:				
Services, Supplies and Other	760,688	790,688	789,208	1,480
	<u>1,838,088</u>	<u>1,868,088</u>	<u>1,849,696</u>	<u>18,392</u>
PUBLIC SAFETY				
Public Safety/County Jail:				
Salaries	8,609,100	8,609,100	8,474,643	134,457
Employee Benefits	5,001,100	5,001,100	4,657,950	343,150
Services, Supplies and Other	1,165,820	1,185,201	1,162,084	23,117
Capital Outlay	413,800	394,419	427,290	(32,871)
	<u>15,189,820</u>	<u>15,189,820</u>	<u>14,721,967</u>	<u>467,853</u>
PUBLIC WORKS				
Maintenance:				
Motor Pool	12,000	15,000	14,287	713
County Buildings Maintenance	<u>470,450</u>	<u>470,450</u>	<u>462,802</u>	<u>7,648</u>
	<u>482,450</u>	<u>485,450</u>	<u>477,089</u>	<u>8,361</u>
PUBLIC HEALTH				
Health Services:				
Services, Supplies and Other	<u>1,430,000</u>	<u>1,455,000</u>	<u>1,444,245</u>	<u>10,755</u>
	<u>1,430,000</u>	<u>1,455,000</u>	<u>1,444,245</u>	<u>10,755</u>
CULTURE, TOURISM, & RECREATION				
Contribution to Economic Development Fund:				
Services, Supplies and Other	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</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, 2016

EXPENDITURES (Continued):	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
MISCELLANEOUS				
Services, Supplies and Other	344,185	830,831	252,704	578,127
MATCHING FUNDS & CONTRIBUTIONS				
Contributions	55,000	60,000	57,786	2,214
TOTAL EXPENDITURES	24,498,645	25,053,291	23,707,668	1,343,111
Excess of Revenues Over Expenditures	1,242,507	1,193,957	4,128,422	2,931,953
Other Financing Sources (Uses):				
Transfer to Debt Service Fund	(508,856)	(508,856)	(508,856)	-
Transfer to Special Revenue Funds	(563,100)	(685,100)	(685,100)	-
Transfer to Capital Projects Fund	-	(2,000,000)	(3,000,000)	(1,000,000)
Total Other Financing Sources (Uses):	(1,071,956)	(3,193,956)	(4,193,956)	(1,000,000)
Net Change in Fund Balance	170,551	(1,999,999)	(65,534)	1,931,953
Fund Balance, Beginning of Year	7,792,972	7,792,972	7,792,972	-
Fund Balance, End of Year	\$ 7,963,523	\$ 5,792,973	\$ 7,727,438	\$ 1,931,953

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, 2016

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Assessing & Collecting Tax	\$ 6,363,521	\$ 6,363,521	\$ 6,690,291	\$ 326,770
Penalties & Interest	18,000	18,000	18,647	647
Total Taxes	<u>6,381,521</u>	<u>6,381,521</u>	<u>6,708,938</u>	<u>327,417</u>
Recorder's Fees	12,000	12,000	39,250	27,250
Interest Income	-	-	29,655	29,655
Other	17,000	17,000	200	(16,800)
Total Revenues	<u>6,410,521</u>	<u>6,410,521</u>	<u>6,778,043</u>	<u>367,522</u>
EXPENDITURES:				
Commission	118,688	118,688	115,576	3,112
Human Resources	33,890	33,890	34,104	(214)
Info Tech Services	923,250	923,250	831,220	92,030
GIS	129,100	129,100	106,757	22,343
Clerk Auditor	321,178	321,178	304,995	16,183
Treasurer:				
Salaries	252,400	252,400	262,908	(10,508)
Employee Benefits	105,100	105,100	107,886	(2,786)
Services, Supplies and Other	67,250	67,250	62,085	5,165
Capital Outlay	7,000	7,000	968	6,032
Total Treasurer	<u>431,750</u>	<u>431,750</u>	<u>433,847</u>	<u>(2,097)</u>
Recorder:				
Salaries	720,970	720,970	712,834	8,136
Attorney	140,567	140,567	133,557	7,010
Assessor:				
Salaries	1,647,200	1,647,200	1,647,805	(605)
Employee Benefits	766,900	766,900	771,597	(4,697)
Services, Supplies and Other	471,600	471,600	387,968	83,632
Capital Outlay	104,500	104,500	96,815	7,685
Total Assessor	<u>2,990,200</u>	<u>2,990,200</u>	<u>2,904,185</u>	<u>86,015</u>
Administration Building	174,150	174,150	171,460	2,690
Miscellaneous Contingent	<u>426,778</u>	<u>426,778</u>	<u>263,753</u>	<u>163,025</u>
Total Expenditures	<u>6,410,521</u>	<u>6,410,521</u>	<u>6,012,288</u>	<u>398,233</u>
Excess of Revenues Over (Under) Expenditures	-	-	765,755	765,755
Fund Balance, Beginning of Year	<u>5,359,370</u>	<u>5,359,370</u>	<u>5,359,370</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,359,370</u>	<u>\$ 5,359,370</u>	<u>\$ 6,125,125</u>	<u>\$ 765,755</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, 2016

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Tax Revenues:				
Transient Room Taxes	\$ 5,500,000	\$ 5,500,000	\$ 6,817,255	1,317,255
Other Revenues:				
Interest Earnings	-	-	92,538	92,538
Other	81,250	81,250	87,854	6,604
Total Revenues	<u>5,581,250</u>	<u>5,581,250</u>	<u>6,997,647</u>	<u>1,416,397</u>
EXPENDITURES:				
Culture, Tourism, and Recreation:				
Convention Center Operations	131,839	131,839	131,839	-
Travel Board:				
Salaries	321,500	321,500	319,918	1,582
Employee Benefits	144,900	144,900	149,043	(4,143)
Services, Supplies and Other	3,274,300	3,274,300	3,103,192	171,108
Capital Outlay	40,000	40,000	32,499	7,501
Debt Service				
Principal	472,000	472,000	472,000	-
Interest	<u>96,161</u>	<u>96,161</u>	<u>96,161</u>	<u>-</u>
Total Expenditures	<u>4,480,700</u>	<u>4,480,700</u>	<u>4,304,652</u>	<u>176,048</u>
Excess of Revenues Over (Under) Expenditures	<u>1,100,550</u>	<u>1,100,550</u>	<u>2,692,995</u>	<u>1,592,445</u>
Other Financing Sources (Uses):				
Transfers:				
From Recreation Special Revenue Fund	200,000	200,000	200,000	-
To Recreation Special Revenue Fund	(700,000)	(700,000)	(700,000)	-
To Sports & Outdoor Recreation Fund	<u>(600,550)</u>	<u>(600,550)</u>	<u>(600,550)</u>	<u>-</u>
Total Other Financing Sources (Uses):	<u>(1,100,550)</u>	<u>(1,100,550)</u>	<u>(1,100,550)</u>	<u>-</u>
Net Change in Fund Balance	-	-	1,592,445	1,592,445
Fund Balance, Beginning of Year	9,918,218	9,918,218	9,918,218	-
Fund Balance, End of Year	<u>\$ 9,918,218</u>	<u>\$ 9,918,218</u>	<u>\$ 11,510,663</u>	<u>\$ 1,592,445</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.

WASHINGTON COUNTY
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Tax Revenues	\$ 2,334,786	\$ 2,334,786	\$ 2,480,625	\$ 145,839
Other Revenues:				
Intergovernmental Revenues	69,360	69,360	67,598	(1,762)
Assessment Revenues	-	-	1,787	1,787
Interest Income	-	-	1,625	1,625
Total Revenues	<u>2,404,146</u>	<u>2,404,146</u>	<u>2,551,635</u>	<u>147,489</u>
EXPENDITURES:				
Bank and Other Fees	76,518	76,518	221,549	(145,031)
Debt Service:				
Principal, Public Safety Bond	774,000	774,000	774,000	-
Principal, Library Bonds	790,000	790,000	790,000	-
Principal, Special Assessment Bonds	14,000	14,000	14,000	-
Principal, MBA Lease Revenue Bonds	127,000	127,000	127,000	-
Principal, Sales Tax Revenue Bonds	210,000	210,000	210,000	-
Interest, Public Safety Bond	22,635	22,635	21,926	709
Interest, Library Bond	507,719	507,719	421,497	86,222
Interest, Special Assessment Bonds	11,450	11,450	11,450	-
Interest, MBA Lease Revenue Bonds	82,824	82,824	83,994	(1,170)
Interest, Sales Tax Revenue Bond	<u>296,856</u>	<u>296,856</u>	<u>296,568</u>	<u>288</u>
Total Expenditures	<u>2,913,002</u>	<u>2,913,002</u>	<u>2,971,984</u>	<u>(58,982)</u>
Excess of Revenues Over (Under) Expenditures	<u>(508,856)</u>	<u>(508,856)</u>	<u>(420,349)</u>	<u>88,507</u>
Other Financing Sources (Uses):				
Operating Transfers:				
From General Fund	508,856	508,856	508,856	-
Payments to refunded bond escrow	-	-	(9,796,790)	(9,796,790)
Refunding bond proceeds	-	-	9,934,548	9,934,548
Total Other Financing Sources (Uses):	<u>508,856</u>	<u>508,856</u>	<u>646,614</u>	<u>137,758</u>
Net Change in Fund Balance	-	-	226,265	226,265
Fund Balance, Beginning of Year	<u>5,121,516</u>	<u>5,121,516</u>	<u>5,121,516</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,121,516</u>	<u>\$ 5,121,516</u>	<u>\$ 5,347,781</u>	<u>\$ 226,265</u>

WASHINGTON COUNTY
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$ -	\$ 23,000	\$ 23,000	\$ -
Other Revenues:				
Interest Earnings	- -	- -	88,053	88,053
Total Revenues	- -	23,000	111,053	88,053
EXPENDITURES:				
Capital Outlay:				
Buildings	- -	475,000	425,596	49,404
Equipment	- -	70,000	68,034	1,966
Other	- -	53,000	46,851	6,149
Total Expenditures	- -	598,000	540,481	57,519
Excess of Revenues Over (Under) Expenditures	- -	(575,000)	(429,428)	145,572
Other Financing Sources (Uses):				
Transfer from General Fund	- -	- -	3,000,000	3,000,000
Total Other Financing Sources (Uses)	- -	- -	3,000,000	3,000,000
Net Change in Fund Balance	- -	(575,000)	2,570,572	3,145,572
Fund Balance, Beginning of Year	<u>9,742,079</u>	<u>9,742,079</u>	<u>9,742,079</u>	-
Fund Balance, End of Year	<u>\$ 9,742,079</u>	<u>\$ 9,167,079</u>	<u>\$ 12,312,651</u>	<u>\$ 3,145,572</u>

SUPPLEMENTARY INFORMATION

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.

- The **Class “B” Roads fund** is used to account for intergovernmental revenue used for the maintenance and construction of roads.
- **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, Fire Control Services, Maintenance Shop, and Weed Control.
- **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.
- The **Library Fund** is used to account for property taxes and other revenues used to provide and maintain the County libraries.
- The **Habitat Conservation Plan fund** is used to account for revenue sources that are legally restricted to expenditure for habitat conservation and capital improvements.
- **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.
- **RAP Tax fund** is used to account for recreation, arts, and parks taxes collected that are legally restricted to expenditure for cultural and recreational facilities and cultural organizations.
- **Sports & Outdoor Recreation fund** is used to account for sports & outdoor recreations revenues used to promote events and travel within the County.
- **Corridor Preservation fund** is used to account for revenue received from the state to be used for right-of-ways and other related expenditures.

WASHINGTON COUNTY
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds				
	Class "B" Roads	Municipal Services	Flood Damage	Children's Justice Center	Library
ASSETS					
Cash and investments	\$ 1,842,309	\$ 4,190,249	\$ 1,630,729	\$ 36,279	\$ 1,575,293
Property taxes receivable	-	176,863	-	-	459,139
Due from other governments	302,237	143,395	-	63,917	-
Other receivables	5,107	-	-	14,997	-
Prepaid assets	-	-	511	-	50,000
Restricted cash	-	-	-	-	25,000
Total assets	2,149,653	4,510,507	1,631,240	115,193	2,109,432
LIABILITIES					
Accounts payable	31,815	31,003	-	976	85,173
Accrued liabilities	17,721	85,799	-	3,437	46,160
Total liabilities	49,536	116,802	-	4,413	131,333
FUND BALANCES					
Nonspendable: Prepaid assets	-	-	511	-	50,000
Restricted for:					
Class "B" roads	2,100,117	-	-	-	-
Public works	-	-	1,630,729	-	-
Health and sanitation	-	-	-	-	-
Conservation	-	-	-	-	-
Culture, tourism, and recreation	-	-	-	-	-
Other purposes	-	-	-	110,780	-
Assigned	-	4,393,705	-	-	1,928,099
Total fund balances	2,100,117	4,393,705	1,631,240	110,780	1,978,099
Total liabilities & fund balance	\$ 2,149,653	\$ 4,510,507	\$ 1,631,240	\$ 115,193	\$ 2,109,432

Habitat Conservation	Council on Aging	Recreation Fund	Grants Fund	RAP Tax	Sports & Outdoor Rec.	Corridor Preservation	Total Nonmajor Gvtl. Funds
\$ 6,191,998	\$ 411,959	\$ 6,808,689	\$ 385,609	\$ 535,881	\$ 152,735	\$ 7,427,167	31,188,897
-	-	-	-	-	-	-	636,002
260,013	110,241	559,459	108,616	500,370	-	108,848	2,157,096
-	-	-	610	-	-	-	20,714
-	-	-	-	-	-	-	50,511
-	-	-	-	-	-	-	25,000
6,452,011	522,200	7,368,148	494,835	1,036,251	152,735	7,536,015	34,078,220
111,098	33,768	75,275	25,218	463,260	21,665	-	879,251
22,147	12,751	7,258	-	-	2,316	-	197,589
133,245	46,519	82,533	25,218	463,260	23,981	-	1,076,840
-	-	-	-	-	-	-	50,511
-	-	-	-	-	-	-	2,100,117
-	-	-	-	-	-	7,536,015	9,166,744
-	475,681	-	-	-	-	-	475,681
6,318,766	-	-	-	-	-	-	6,318,766
-	-	7,285,615	-	572,991	128,754	-	7,987,360
-	-	-	164,656	-	-	-	275,436
-	-	-	304,961	-	-	-	6,626,765
6,318,766	475,681	7,285,615	469,617	572,991	128,754	7,536,015	33,001,380
\$ 6,452,011	\$ 522,200	\$ 7,368,148	\$ 494,835	\$ 1,036,251	\$ 152,735	\$ 7,536,015	\$ 34,078,220

WASHINGTON COUNTY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds				
	Class "B" Roads	Municipal Services	Flood Damage	Children's Justice Center	Library
REVENUES:					
Taxes	\$ 406,564	\$ 1,036,454	\$ -	\$ -	\$ 3,543,716
Licenses, permits and fees	-	152,669	-	-	-
Intergovernmental	1,812,375	2,902,832	-	228,129	71,823
Charges for services	8,919	284,243	-	-	-
Fines and forfeitures	-	-	-	-	87,138
Interest	14,519	37,640	14,912	-	4,901
Sub-lease revenue	-	-	-	-	-
Miscellaneous	6,445	123,641	-	2,262	76,058
Total	2,248,822	4,537,479	14,912	230,391	3,783,636
EXPENDITURES:					
General Government	-	342,229	-	-	-
Public Safety	-	2,800,053	-	224,965	-
Public Works	1,838,827	1,093,152	-	-	-
Health and Sanitation	-	-	-	-	-
Conservation	-	-	-	-	-
Culture, Tourism, and Recreation	-	-	-	-	3,647,234
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total	1,838,827	4,235,434	-	224,965	3,647,234
Excess of revenues over (under) expenditures	409,995	302,045	14,912	5,426	136,402
Other financing sources (uses):					
Transfers in	-	-	-	38,100	112,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	38,100	112,000
Net change in fund balances	409,995	302,045	14,912	43,526	248,402
Fund Balances - Beginning	1,690,122	4,091,660	1,616,328	67,254	1,729,697
Fund Balances - Ending	\$ 2,100,117	\$ 4,393,705	\$ 1,631,240	\$ 110,780	\$ 1,978,099

Habitat Conservation	Council on Aging	Recreation Fund	Grants Fund	RAP Tax Fund	Sports & Outdoor Rec.	Corridor Preservation	Total Non-major Gvtl. Funds
\$ -	\$ -	\$ 3,407,391	\$ -	\$ 2,787,489	\$ -	\$ -	\$ 11,181,614
-	-	-	-	-	-	-	152,669
1,110,404	718,999	-	1,145,875	-	-	1,450,249	9,440,686
-	3,878	467,512	-	-	-	-	764,552
-	-	-	-	-	-	-	87,138
54,625	3,525	55,635	-	3,370	330	61,583	251,040
-	-	502,555	-	-	-	-	502,555
3,493	-	-	-	-	111,500	-	323,399
1,168,522	726,402	4,433,093	1,145,875	2,790,859	111,830	1,511,832	22,703,653
<hr/>							
-	-	-	-	-	-	-	342,229
-	-	-	1,108,468	-	-	-	4,133,486
-	-	-	-	-	-	48,710	2,980,689
-	1,218,141	-	-	-	-	-	1,218,141
600,984	-	-	-	-	-	-	600,984
-	-	2,377,291	-	2,576,381	678,476	-	9,279,382
-	-	1,216,000	-	-	-	-	1,216,000
-	-	224,635	-	-	-	-	224,635
600,984	1,218,141	3,817,926	1,108,468	2,576,381	678,476	48,710	19,995,546
<hr/>							
567,538	(491,739)	615,167	37,407	214,478	(566,646)	1,463,122	2,708,107
<hr/>							
-	535,000	700,000	-	-	695,400	-	2,080,500
-	-	(294,850)	-	-	-	-	(294,850)
-	535,000	405,150	-	-	695,400	-	1,785,650
567,538	43,261	1,020,317	37,407	214,478	128,754	1,463,122	4,493,757
5,751,228	432,420	6,265,298	432,210	358,513	-	6,072,893	28,507,623
\$ 6,318,766	\$ 475,681	\$ 7,285,615	\$ 469,617	\$ 572,991	\$ 128,754	\$ 7,536,015	\$ 33,001,380

WASHINGTON COUNTY
Class "B" Roads Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Taxes:				
Fee in lieu Taxes	\$ 400,000	\$ 400,000	\$ 406,564	\$ 6,564
Intergovernmental Revenues:				
Class "B" Roads	1,550,000	1,550,000	1,730,688	180,688
Forest Reserve	101,718	101,718	-	(101,718)
FHWA Reimbursement	10,000	10,000	81,687	71,687
Total Intergovernmental Revenues	<u>1,661,718</u>	<u>1,661,718</u>	<u>1,812,375</u>	<u>150,657</u>
Charges for Services:				
Fuel Revenue - Other Departments	<u>18,000</u>	<u>18,000</u>	<u>8,919</u>	<u>(9,081)</u>
Other Revenues:				
Interest Revenue	-	-	14,519	14,519
Other	<u>10,000</u>	<u>10,000</u>	<u>6,445</u>	<u>(3,555)</u>
Total Other Revenues	<u>10,000</u>	<u>10,000</u>	<u>20,964</u>	<u>10,964</u>
Total Revenues	<u>2,089,718</u>	<u>2,089,718</u>	<u>2,248,822</u>	<u>159,104</u>
EXPENDITURES:				
Public Works:				
Salaries	534,100	534,100	540,665	(6,565)
Employee Benefits	278,500	278,500	278,532	(32)
Services, Supplies and Other	780,918	780,918	454,482	326,436
Capital Outlay	863,500	863,500	565,148	298,352
Total Public Works	<u>2,457,018</u>	<u>2,457,018</u>	<u>1,838,827</u>	<u>618,191</u>
Excess of Revenues Over (Under) Expenditures	(367,300)	(367,300)	409,995	777,295
Fund Balance, Beginning of Year	<u>1,690,122</u>	<u>1,690,122</u>	<u>1,690,122</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,322,822</u>	<u>\$ 1,322,822</u>	<u>\$ 2,100,117</u>	<u>\$ 777,295</u>

WASHINGTON COUNTY
Municipal Services Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Sales Tax Revenue	\$ 925,000	\$ 1,000,000	\$ 1,036,454	\$ 36,454
Business Licenses and Building Permits	116,500	116,500	152,669	36,169
Intergovernmental Revenue:				
Federal Payments in Lieu of Taxes	2,500,000	2,500,000	2,542,315	42,315
State Mineral Lease	90,000	90,000	79,407	(10,593)
Sheriff Protection	145,000	145,000	115,061	(29,939)
Federal Public Safety Grant & GIS	125,085	125,085	27,259	(97,826)
Other	1,735,480	1,735,480	138,790	(1,596,690)
Total Intergovernmental	<u>4,595,565</u>	<u>4,595,565</u>	<u>2,902,832</u>	<u>(1,692,733)</u>
Charges for Services	371,020	371,020	284,243	(86,777)
Other Revenue:				
Interest Earnings	-	-	37,640	37,640
Sale of Land & Equipment	80,000	80,000	-	(80,000)
Liquor Allocation	90,000	90,000	106,690	16,690
Miscellaneous	9,000	9,000	16,951	7,951
Total Other	<u>179,000</u>	<u>179,000</u>	<u>161,281</u>	<u>(17,719)</u>
Total Revenues	<u>6,187,085</u>	<u>6,262,085</u>	<u>4,537,479</u>	<u>(1,724,606)</u>
EXPENDITURES:				
General Government:				
Planning & Zonning	137,850	137,850	131,088	6,762
GIS	129,100	129,100	106,398	22,702
Miscellaneous Contingent	132,952	132,952	104,743	28,209
Total General Government	<u>399,902</u>	<u>399,902</u>	<u>342,229</u>	<u>57,673</u>
Public Safety:				
Sheriff and Dispatch	2,150,000	2,150,000	2,150,000	-
Fire Control	162,800	237,800	235,177	2,623
Building Inspector	279,150	279,150	271,514	7,636
Miscellaneous Contingent	146,000	146,000	143,362	2,638
Total Public Safety	<u>2,737,950</u>	<u>2,812,950</u>	<u>2,800,053</u>	<u>12,897</u>
Public Works				
Maintenance shop	331,520	331,520	317,491	14,029
Weed control	164,600	164,600	149,882	14,718
Public works - other	2,553,113	2,553,113	625,779	1,927,334
Total Public Works	<u>3,049,233</u>	<u>3,049,233</u>	<u>1,093,152</u>	<u>1,956,081</u>
Total Expenditures	<u>6,187,085</u>	<u>6,262,085</u>	<u>4,235,434</u>	<u>2,026,651</u>
Excess of Revenues Over (Under) Expenditures	-	-	302,045	302,045
Fund Balance, Beginning of Year	4,091,660	4,091,660	4,091,660	-
Fund Balance, End of Year	<u>\$ 4,091,660</u>	<u>\$ 4,091,660</u>	<u>\$ 4,393,705</u>	<u>\$ 302,045</u>

WASHINGTON COUNTY
Flood Damage Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Intergovernmental:				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
Total Intergovernmental	-	-	-	-
Interest Revenue	-	-	14,912	14,912
Total Revenues	-	-	14,912	14,912
EXPENDITURES:				
Public Works:				
Services, Supplies and Other	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	14,912	14,912
Fund Balance, Beginning of Year	1,616,328	1,616,328	1,616,328	-
Fund Balance, End of Year	<u>\$ 1,616,328</u>	<u>\$ 1,616,328</u>	<u>\$ 1,631,240</u>	<u>\$ 14,912</u>

WASHINGTON COUNTY
Children's Justice Center Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Intergovernmental Revenue	\$ 192,436	\$ 192,436	\$ 228,129	\$ 35,693
Other Revenues:				
Contributions	-	-	2,262	2,262
Total Other	-	-	2,262	2,262
Total Revenues	192,436	192,436	230,391	37,955
EXPENDITURES:				
Public Safety				
AG's Children Justice Center	204,158	214,158	212,084	2,074
VOCA	16,378	16,378	12,881	3,497
Total Expenditures	220,536	230,536	224,965	5,571
Excess of Revenues Over (Under) Expenditures	(28,100)	(38,100)	5,426	43,526
Other Financing Sources (Uses):				
Transfers:				
From General Fund	28,100	38,100	38,100	-
Net Change in Fund Balance	-	-	43,526	43,526
Fund Balance, Beginning of Year	67,254	67,254	67,254	-
Fund Balance, End of Year	\$ 67,254	\$ 67,254	\$ 110,780	\$ 43,526

WASHINGTON COUNTY
Library Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Tax Revenues:				
Current Property Taxes	\$ 2,836,263	\$ 3,016,402	\$ 3,072,325	\$ 55,923
Fee Assessed Taxes	200,000	200,000	229,356	29,356
Prior Years Delinquent Taxes	262,000	152,000	174,926	22,926
RDA Taxes	74,700	74,700	58,025	(16,675)
Penalties & Interest	12,000	12,000	9,084	(2,916)
Total Taxes	<u>3,384,963</u>	<u>3,455,102</u>	<u>3,543,716</u>	<u>88,614</u>
Intergovernmental Revenue	7,000	62,000	71,823	9,823
Fines and Forfeitures	97,000	97,000	87,138	(9,862)
Other Revenues:				
Interest Earnings	-	-	4,901	4,901
Xerox Revenue	38,000	38,000	38,324	324
Miscellaneous	25,000	25,000	15,394	(9,606)
Contributions	22,000	22,000	22,340	340
Total Other	<u>85,000</u>	<u>85,000</u>	<u>80,959</u>	<u>(4,041)</u>
Total Revenues	<u>3,573,963</u>	<u>3,699,102</u>	<u>3,783,636</u>	<u>84,534</u>
EXPENDITURES:				
Culture, Tourism, and Recreation:				
St. George Library	683,400	683,400	687,818	(4,418)
Hurricane Library	356,600	356,600	352,709	3,891
Santa Clara Library	325,700	325,700	329,111	(3,411)
Springdale Library	106,600	106,600	95,631	10,969
Enterprise Library	110,500	110,500	110,690	(190)
New Harmony Library	98,550	98,550	97,976	574
Washington City Library	311,200	311,200	307,799	3,401
Hildale Library	88,250	88,250	38,498	49,752
Other Branches & Misc. Grants	1,623,282	1,860,421	1,568,977	291,444
Other	<u>74,700</u>	<u>74,700</u>	<u>58,025</u>	<u>16,675</u>
Total Expenditures	<u>3,778,782</u>	<u>4,015,921</u>	<u>3,647,234</u>	<u>368,687</u>
Other Financing Sources (Uses):				
Transfers:				
From General Fund	-	112,000	112,000	-
Net Change in Fund Balance	(204,819)	(204,819)	248,402	453,221
Fund Balance, Beginning of Year	1,729,697	1,729,697	1,729,697	-
Fund Balance, End of Year	<u>\$ 1,524,878</u>	<u>\$ 1,524,878</u>	<u>\$ 1,978,099</u>	<u>\$ 453,221</u>

WASHINGTON COUNTY
Habitat Conservation Plan Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Intergovernmental - HCP Fees				
HCP Fees	\$ 675,000	\$ 675,000	\$ 1,110,404	\$ 435,404
Grants	-	-	-	-
Total intergovernmental	<u>675,000</u>	<u>675,000</u>	<u>1,110,404</u>	<u>435,404</u>
Other Revenues:				
Interest Earnings	-	-	54,625	54,625
Other	2,000	2,000	3,493	1,493
Total Revenues	<u>677,000</u>	<u>677,000</u>	<u>1,168,522</u>	<u>491,522</u>
EXPENDITURES:				
Conservation:				
Salaries	270,500	270,500	261,470	9,030
Employee Benefits	87,900	87,900	89,572	(1,672)
Services, Supplies and Other	760,964	760,964	224,452	536,512
Capital Outlay	<u>1,234,000</u>	<u>1,234,000</u>	<u>25,490</u>	<u>1,208,510</u>
Total Expenditures	<u>2,353,364</u>	<u>2,353,364</u>	<u>600,984</u>	<u>1,752,380</u>
Excess of Revenues Over (Under) Expenditures	(1,676,364)	(1,676,364)	567,538	2,243,902
Fund Balance, Beginning of Year	<u>5,751,228</u>	<u>5,751,228</u>	<u>5,751,228</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,074,864</u>	<u>\$ 4,074,864</u>	<u>\$ 6,318,766</u>	<u>\$ 2,243,902</u>

WASHINGTON COUNTY
Council on Aging Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Intergovernmental Revenue:				
Council on Aging Contract	\$ 232,802	\$ 232,802	\$ 165,309	\$ (67,493)
Nutrition Contract	532,067	532,067	500,484	(31,583)
Miscellaneous - C.O.A.	45,370	45,370	43,399	(1,971)
Miscellaneous - Transportation	12,000	12,000	9,807	(2,193)
Other Revenues	-	-	3,878	3,878
Interest Revenue	-	-	3,525	3,525
Total Revenues	822,239	822,239	726,402	(95,837)
EXPENDITURES:				
Health & Sanitation:				
Council on Aging - General	162,500	162,500	160,392	2,108
Council on Aging - St. George Center	961,167	961,167	795,476	165,691
Council on Aging - Hurricane Center	222,300	222,300	193,828	28,472
Council on Aging - Enterprise Center	84,400	84,400	68,445	15,955
Total Expenditures	1,430,367	1,430,367	1,218,141	212,226
Excess of Revenues				
Over (Under) Expenditures	(608,128)	(608,128)	(491,739)	116,389
Other Financing Sources (Uses):				
Transfers:				
From General Fund	535,000	535,000	535,000	-
Net Change in Fund Balance	(73,128)	(73,128)	43,261	116,389
Fund Balance, Beginning of Year	432,420	432,420	432,420	-
Fund Balance, End of Year	\$ 359,292	\$ 359,292	\$ 475,681	\$ 116,389

WASHINGTON COUNTY
Recreation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Tax Revenues:				
Restaurant Food Tax	\$ 2,600,000	\$ 2,600,000	\$ 2,875,048	\$ 275,048
Leasing Sales Tax	410,000	410,000	532,343	122,343
Total Taxes	3,010,000	3,010,000	3,407,391	397,391
Charges for Services:				
County Fair	115,250	115,250	115,679	429
Regional Park	246,000	246,000	351,833	105,833
Total Charges for Services	361,250	361,250	467,512	106,262
Other Revenues:				
Interest Earnings	-	-	55,635	55,635
Sub-lease Revenue	751,358	751,358	502,555	(248,803)
Total Revenues	4,122,608	4,122,608	4,433,093	310,485
EXPENDITURES:				
Culture, Tourism, and Recreation:				
USU Extension	-	170,550	164,924	5,626
Regional Park Facility	1,078,393	947,843	896,581	51,262
County Fair	266,750	266,750	267,144	(394)
Confluence Park	320,000	280,000	13,943	266,057
Southern Utah Shooting Sports Park	80,000	80,000	31,112	48,888
Convention Center Operations	351,400	351,400	225,587	125,813
Dixie College Eccles Fine Arts Center	100,000	100,000	78,000	22,000
St. George City Airport Interlocal Agreement	700,000	700,000	700,000	-
Debt Service				
Principal	1,631,215	1,631,215	1,216,000	415,215
Interest	-	-	224,635	(224,635)
Total Expenditures	4,527,758	4,527,758	3,817,926	709,832
Excess of Revenues Over (Under) Expenditures	(405,150)	(405,150)	615,167	1,020,317
Other Financing Sources (Uses):				
Transfers:				
From Travel Board Special Revenue Fund	700,000	700,000	700,000	-
To Travel Board Special Revenue Fund	(200,000)	(200,000)	(200,000)	-
To Sports & Outdoor Recreation Fund	(94,850)	(94,850)	(94,850)	-
Total Other Financing Sources (Uses)	405,150	405,150	405,150	-
Net Change in Fund Balance	-	-	1,020,317	1,020,317
Fund Balance, Beginning of Year	6,265,298	6,265,298	6,265,298	-
Fund Balance, End of Year	\$ 6,265,298	\$ 6,265,298	\$ 7,285,615	\$ 1,020,317

WASHINGTON COUNTY
Miscellaneous Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Final			
REVENUES:					
Intergovernmental Revenues:					
CDBG Grants	\$ -	\$ 200,000	\$ 200,122	\$ 122	
CPIP Mental Health	-	61,730	86,704	24,974	
LLEBG/SCAAP	-	40,000	17,495	(22,505)	
Drug Court	188,000	188,000	242,919	54,919	
WMD and Emergency OPS Grants	639,602	639,602	477,782	(161,820)	
DEA Eradication	-	35,000	34,400	(600)	
Other Grants	21,000	72,000	86,453	14,453	
Total Revenues	<u>848,602</u>	<u>1,236,332</u>	<u>1,145,875</u>	<u>(90,457)</u>	
EXPENDITURES:					
Public Safety:					
CPIP Mental Health	-	61,730	87,421	(25,691)	
LLEBG/SCAAP	-	40,000	28,277	11,723	
WMD - Emergency Operations	659,602	710,602	555,766	154,836	
DEA Eradication	-	35,000	34,445	555	
Drug Court	188,000	188,000	188,994	(994)	
CDBG	-	200,000	200,122	(122)	
Predator Control	1,000	1,000	2,000	(1,000)	
Other	-	-	11,443	(11,443)	
Total Expenditures	<u>848,602</u>	<u>1,236,332</u>	<u>1,108,468</u>	<u>127,864</u>	
Excess of Revenues Over (Under) Expenditures	-	-	37,407	37,407	
Fund Balance, Beginning of Year	<u>432,210</u>	<u>432,210</u>	<u>432,210</u>	<u>-</u>	
Fund Balance, End of Year	<u>\$ 432,210</u>	<u>\$ 432,210</u>	<u>\$ 469,617</u>	<u>\$ 37,407</u>	

WASHINGTON COUNTY
RAP Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Tax Revenues:				
RAP Taxes	\$ 2,720,000	\$ 3,000,000	\$ 2,787,489	\$ (212,511)
Total Taxes	<u>2,720,000</u>	<u>3,000,000</u>	<u>2,787,489</u>	<u>(212,511)</u>
Other Revenues:				
Interest Earnings	-	-	3,370	3,370
Total Other	<u>-</u>	<u>-</u>	<u>3,370</u>	<u>3,370</u>
Total Revenues	<u>2,720,000</u>	<u>3,000,000</u>	<u>2,790,859</u>	<u>(209,141)</u>
EXPENDITURES:				
Culture, Tourism, and Recreation:				
County expenditures	500,200	551,700	301,308	250,392
Distribution to entities	<u>2,219,800</u>	<u>2,448,300</u>	<u>2,275,073</u>	<u>173,227</u>
Total Expenditures	<u>2,720,000</u>	<u>3,000,000</u>	<u>2,576,381</u>	<u>423,619</u>
Net Change in Fund Balance	-	-	214,478	214,478
Fund Balance, Beginning of Year	358,513	358,513	358,513	-
Fund Balance, End of Year	<u>\$ 358,513</u>	<u>\$ 358,513</u>	<u>\$ 572,991</u>	<u>\$ 214,478</u>

WASHINGTON COUNTY
Sports & Outdoor Recreation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Other Revenues:				
Interest Earnings	\$ -	-	330	330
Other	118,000	118,000	111,500	(6,500)
Total Revenues	<u>118,000</u>	<u>118,000</u>	<u>111,830</u>	<u>(6,170)</u>
EXPENDITURES:				
Culture, Tourism, and Recreation:				
Sports & Outdoor Recreation:				
Salaries	65,300	65,300	70,304	(5,004)
Employee Benefits	32,700	32,700	33,344	(644)
Services, Supplies and Other	712,900	712,900	534,856	178,044
Capital Outlay	2,500	2,500	39,972	(37,472)
Total Expenditures	<u>813,400</u>	<u>813,400</u>	<u>678,476</u>	<u>134,924</u>
Excess of Revenues				
Over (Under) Expenditures	<u>(695,400)</u>	<u>(695,400)</u>	<u>(566,646)</u>	<u>128,754</u>
Other Financing Sources (Uses):				
Transfers:				
From Travel Board Special Revenue Fund	600,550	600,550	600,550	-
From Recreation Special Revenue Fund	94,850	94,850	94,850	-
Total Other Financing Sources (Uses):	<u>695,400</u>	<u>695,400</u>	<u>695,400</u>	<u>-</u>
Net Change in Fund Balance	-	-	128,754	128,754
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,754</u>	<u>\$ 128,754</u>

WASHINGTON COUNTY
Corridor Preservation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Intergovernmental:				
State Revenue	\$ 1,440,000	\$ 1,440,000	\$ 1,450,249	\$ 10,249
Total Intergovernmental	1,440,000	1,440,000	1,450,249	10,249
Interest Revenue	-	-	61,583	61,583
Total Revenues	1,440,000	1,440,000	1,511,832	71,832
EXPENDITURES:				
Public Works:				
Services, Supplies and Other	1,440,000	1,440,000	48,710	1,391,290
Total Expenditures	1,440,000	1,440,000	48,710	1,391,290
Excess of Revenues Over (Under) Expenditures	-	-	1,463,122	1,463,122
Fund Balance, Beginning of Year	6,072,893	6,072,893	6,072,893	-
Fund Balance, End of Year	\$ 6,072,893	\$ 6,072,893	\$ 7,536,015	\$ 1,463,122

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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.
- **Economic Development Council fund** is used as an agency fund for the Economic Development Council.
- **Washington County Interlocal Agency fund** is used as an agency fund for the Washington County Interlocal Agency.
- **Washington County Flood Control Agency fund** is used as an agency fund for the Washington County Flood Control District.

WASHINGTON COUNTY
All Trust and Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2016

	Balance 12/31/2015	Additions	Deductions	Balance 12/31/2016
TAX COLLECTION TRUST FUND:				
Assets:				
Cash & Investments	\$ 19,702,476	\$ 161,221,504	\$ 157,344,933	\$ 23,579,047
Total Assets	<u><u>\$ 19,702,476</u></u>	<u><u>\$ 161,221,504</u></u>	<u><u>\$ 157,344,933</u></u>	<u><u>\$ 23,579,047</u></u>
Liabilities:				
Deposits Held in Trust	\$ 1,733,908	\$ 3,163,128	\$ 3,122,245	\$ 1,774,791
Due to Taxing Districts	15,362,916	134,783,450	131,541,523	18,604,843
Due to Washington Co. General Fund	1,148,629	10,389,237	10,160,044	1,377,822
Due to Assessing & Collecting Fund	764,567	7,083,658	6,892,693	955,532
Due to Other Funds	692,456	5,802,031	5,628,428	866,059
Total Liabilities	<u><u>\$ 19,702,476</u></u>	<u><u>\$ 161,221,504</u></u>	<u><u>\$ 157,344,933</u></u>	<u><u>\$ 23,579,047</u></u>
DEPOSIT FUND:				
Assets:				
Cash & Investments	\$ 1,262,262	\$ 7,774,975	\$ 7,726,826	\$ 1,310,411
Total Assets	<u><u>\$ 1,262,262</u></u>	<u><u>\$ 7,774,975</u></u>	<u><u>\$ 7,726,826</u></u>	<u><u>\$ 1,310,411</u></u>
Liabilities:				
Deposits Held in Trust	\$ 1,262,262	\$ 7,774,975	\$ 7,726,826	\$ 1,310,411
ECONOMIC DEVELOPMENT COUNCIL:				
Assets:				
Cash & Investments	\$ 403,417	\$ 321,988	\$ 284,767	\$ 440,638
Total Assets	<u><u>\$ 403,417</u></u>	<u><u>\$ 321,988</u></u>	<u><u>\$ 284,767</u></u>	<u><u>\$ 440,638</u></u>
Liabilities:				
Deposits Held in Trust	\$ 403,417	\$ 321,988	\$ 284,767	\$ 440,638

(Continued)

WASHINGTON COUNTY
All Trust and Agency Funds
Combining Statement of Changes in Assets and Liabilities (Continued)
For the Year Ended December 31, 2016

	Balance 12/31/2015	Additions	Deductions	Balance 12/31/2016
WASHINGTON COUNTY INTERLOCAL AGENCY:				
Assets:				
Cash & Investments	\$ 2,522,285	\$ 5,925,700	\$ 5,976,473	\$ 2,471,512
Total Assets	<u>\$ 2,522,285</u>	<u>\$ 5,925,700</u>	<u>\$ 5,976,473</u>	<u>\$ 2,471,512</u>
Liabilities:				
Deposits Held in Trust	\$ 2,522,285	\$ 5,925,700	\$ 5,976,473	\$ 2,471,512
WASHINGTON COUNTY FLOOD CONTROL:				
Assets:				
Cash & Investments	\$ 2,015,156	\$ 1,744,283	\$ 1,859,922	\$ 1,899,517
Total Assets	<u>\$ 2,015,156</u>	<u>\$ 1,744,283</u>	<u>\$ 1,859,922</u>	<u>\$ 1,899,517</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 2,015,156</u>	<u>\$ 1,744,283</u>	<u>\$ 1,859,922</u>	<u>\$ 1,899,517</u>
TOTAL - ALL TRUST AND AGENCY FUNDS:				
Assets:				
Cash & Investments	\$ 25,905,596	\$ 176,988,450	\$ 173,192,921	\$ 29,701,125
Total Assets	<u>\$ 25,905,596</u>	<u>\$ 176,988,450</u>	<u>\$ 173,192,921</u>	<u>\$ 29,701,125</u>
Liabilities:				
Deposits Held in Trust	\$ 7,937,028	\$ 18,930,074	\$ 18,970,233	\$ 7,896,869
Due to Taxing Districts	15,362,916	134,783,450	131,541,523	18,604,843
Due to Washington Co. General Fund	1,148,629	10,389,237	10,160,044	1,377,822
Due to Assessing & Collecting Fund	764,567	7,083,658	6,892,693	955,532
Due to Other Funds	692,456	5,802,031	5,628,428	866,059
Total Liabilities	<u>\$ 25,905,596</u>	<u>\$ 176,988,450</u>	<u>\$ 173,192,921</u>	<u>\$ 29,701,125</u>

OTHER SCHEDULES

- **Tax Collection Agency Fund – Cash Receipts and Disbursements**

This schedule reports the cash receipted 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, 2016

	Treasurer's Balance 12/31/2015	Tax Collection Receipts	Current Year's Taxes & Interest Apportioned	Prior Year's Taxes & Interest Apportioned	Disburse- ments	Treasurer's Balance 12/31/2016
Tax Collection Amounts:						
Current Taxes	\$ -	\$ 150,176,322	\$ (150,176,322)	\$ -	\$ -	\$ -
Prior Year's Redemptions	- 6,952,615	-	(6,952,615)	-	-	-
Penalties & Interest	- 929,439	-	(929,439)	-	-	-
Other Collections	1,733,908	3,163,128	-	-	3,122,245	1,774,791
Total	\$ 1,733,908	\$ 161,221,504	\$ (150,176,322)	\$ (7,882,054)	\$ 3,122,245	\$ 1,774,791
Tax Units:						
Library Operating Fund	\$ 372,889	\$ 3,256,951	\$ 161,872	\$ 3,332,573	\$ 459,139	
School District	11,546,060	96,278,477	4,581,430	98,699,254	13,706,713	
Water Conservancy District	1,120,074	9,797,356	492,498	10,030,881	1,379,047	
Assessing & Collecting	764,567	6,774,048	309,610	6,892,693	955,532	
General Fund	1,148,629	9,399,776	989,461	10,160,044	1,377,822	
County G.O. Bond	319,567	2,237,683	145,525	2,295,855	406,920	
Special Service Districts:						
Rockville/Springdale	4,626	53,178	2,938	46,434	14,308	
Southwest Mosquito SSD	63,763	556,063	26,730	568,395	78,161	
Southwestern SSD	6,861	80,310	2,220	81,467	7,924	
New Harmony SSD	16,595	92,545	5,898	101,599	13,439	
Hurricane Valley Fire District	331,309	1,574,735	68,261	1,751,349	222,956	
Coral Canyon SID	70,809	858,200	14,106	851,451	91,664	
North Central Fire SSD	2,168	11,915	402	11,095	3,390	
Cities & Towns:						
Apple Valley	12,674	73,782	21,526	92,096	15,886	
Enterprise	21,666	155,334	12,075	163,327	25,748	
Hildale	26,373	169,539	117,154	271,595	41,471	
Hurricane	194,310	2,130,349	153,346	2,190,219	287,786	
Ivins	112,778	1,412,836	52,915	1,387,777	190,752	
LaVerkin	50,662	389,749	33,334	414,844	58,901	
Leeds	6,729	68,356	1,299	63,002	13,382	
New Harmony	4,091	24,158	2,118	25,576	4,791	
Rockville	11,113	80,989	4,180	76,453	19,829	
St. George	1,427,618	11,110,225	572,295	11,111,156	1,998,982	
Santa Clara	71,305	787,924	18,189	787,578	89,840	
Springdale	4,781	63,013	3,488	54,064	17,218	
Toquerville	18,780	116,516	7,096	128,564	13,828	
Virgin	7,700	51,666	4,272	53,651	9,987	
Washington	230,072	2,570,649	77,816	2,579,697	298,840	
Total Due Units	\$ 17,968,569	\$ 150,176,322	\$ 7,882,054	\$ 154,222,689	\$ 21,804,256	
Total	\$ 19,702,477	\$ 161,221,504		\$ 157,344,934	\$ 23,579,047	

WASHINGTON COUNTY

Statement of Taxes Charged and Collected December 31, 2016

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	\$ 12,612,812,180	\$ 497,220,009	\$ (417,708,144)	\$ 12,692,324,045	\$ 396,290,594	\$ 13,088,614,639
School District	12,612,812,180	497,220,009	(417,708,144)	12,692,324,045	396,290,594	13,088,614,639
Water Conservancy District	12,612,812,180	497,220,009	(417,708,144)	12,692,324,045	396,290,594	13,088,614,639
Assessing & Collecting:						
Local	12,612,812,180	497,220,009		13,110,032,189	396,290,594	13,506,322,783
State	12,612,812,180	497,220,009		13,110,032,189	396,290,594	13,506,322,783
General Fund	12,612,812,180	497,220,009	(417,708,144)	12,692,324,045	396,290,594	13,088,614,639
County G.O. Bond	12,612,812,180	497,220,009	(417,708,144)	12,692,324,045	396,290,594	13,088,614,639
Rockville/Springdale Fire	237,325,535	2,916,050		240,241,585	8,728,850	248,970,435
Southwest Mosquito SSD	12,612,812,180	497,220,009	(417,708,144)	12,692,324,045	396,290,594	13,088,614,639
Southwestern SSD	118,603,165	3,647,067		122,250,232	436,027	122,686,259
New Harmony Fire	122,519,190	4,258,072		126,777,262	73,324	126,850,586
Coral Canyon	282,016,025	1,076,558		283,092,583	1,439,695	284,532,278
Enterprise	60,077,935	1,655,502		61,733,437	753,424	62,486,861
Hildale	38,541,780	1,410,424		39,952,204	5,210,781	45,162,985
Hurricane	1,095,589,325	23,416,575		1,119,005,900	55,764,630	1,174,770,530
Ivins	801,898,620	7,378,227		809,276,847	3,619,090	812,895,937
LaVerkin	158,871,600	5,029,587		163,901,187	5,564,867	169,466,054
Leeds	72,860,590	1,826,896		74,687,486	614,510	75,301,996
New Harmony	14,314,425	964,051		15,278,476	816	15,279,292
St. George	7,072,675,090	155,023,680	(247,925,255)	6,979,773,515	269,871,898	7,249,645,413
Santa Clara	412,706,570	4,140,822		416,847,392	1,740,244	418,587,636
Springdale	200,223,275	1,588,968		201,812,243	8,482,472	210,294,715
Toquerville	92,356,810	5,708,842		98,065,652	823,345	98,888,997
Virgin	45,353,015	1,682,729		47,035,744	466,300	47,502,044
Washington	1,771,246,160	17,077,441		1,788,323,601	26,024,105	1,814,347,706
Rockville	37,102,260	1,327,082		38,429,342	246,378	38,675,720
Apple Valley	43,606,215	3,215,627		46,821,842	181,728	47,003,570
Hurricane Valley SSD	1,596,437,180	46,092,154		1,642,529,334	63,677,539	1,706,206,873
North Central Fire SSD	17,708,490	1,862,225		19,570,715	93,015	19,663,730
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
0.000246	0.000257	\$3,122,312	\$101,847	\$3,224,159
0.007272	0.007495	92,298,580	2,970,198	95,268,778
0.000740	0.000775	9,392,320	307,125	9,699,445
0.000485	0.000509	6,358,366	201,712	6,560,078
0.000011	0.000012	144,210	4,755	148,965
0.000710	0.000743	9,011,550	294,442	9,305,992
0.000169	0.000227	2,145,003	89,958	2,234,961
0.000225	0.000241	54,054	2,104	56,158
0.000042	0.000044	533,078	17,437	550,515
0.000607	0.000632	74,206	276	74,482
0.000716	0.000729	90,773	53	90,826
0.003000	0.003000	849,278	4,319	853,597
0.002356	0.002404	145,444	1,811	147,255
0.006577	0.007466	262,766	38,904	301,670
0.001794	0.001843	2,007,497	102,774	2,110,271
0.001727	0.001783	1,397,621	6,453	1,404,074
0.002261	0.002353	370,581	13,094	383,675
0.000885	0.000892	66,098	548	66,646
0.001519	0.001529	23,208	1	23,209
0.001513	0.001599	10,560,397	431,525	10,991,922
0.001795	0.001893	748,241	3,294	751,535
0.000315	0.000340	63,571	2,884	66,455
0.001147	0.001186	112,481	976	113,457
0.001099	0.001200	51,692	560	52,252
0.001397	0.001446	2,498,288	37,631	2,535,919
0.002231	0.002225	85,736	548	86,284
0.001667	0.001733	78,052	315	78,367
0.000913	0.000950	1,499,629	60,494	1,560,123
0.000601	0.000605	11,762	56	11,818
		\$144,056,794	\$4,696,094	\$148,752,888

(Continued)

WASHINGTON COUNTY

Statement of Taxes Charged and Collected (Continued) December 31, 2016

	TREASURER'S RELIEF				CURRENT YEAR ACTUAL	
	Unpaid Taxes	Abatements	Other	Total Relief	Taxes Collected	Collection Rate
Library Operations	\$ 141,803	\$ 56,246	\$ (1,485)	\$ 196,564	\$3,027,595	93.90%
School District	4,191,860	2,384,084	(806,039)	5,769,905	89,498,873	93.94%
Water Conservancy District	426,565	169,197	(3,735)	592,027	9,107,418	93.90%
Assessing & Collecting:						
Local	279,570	110,893	(2,015)	388,448	6,171,630	94.08%
State	6,340	2,515	142	8,997	139,968	93.96%
General Fund	409,281	162,340	(3,440)	568,181	8,737,811	93.89%
County G.O. Bond	97,418	38,641	18,966	155,025	2,079,936	93.06%
Rockville/Springdale Fire	4,013	408	232	4,653	51,505	91.71%
Southwest Mosquito SSD	24,210	9,602	(201)	33,611	516,904	93.89%
Southwestern SSD	1,772	2,102	(46)	3,828	70,654	94.86%
New Harmony Fire	4,375	1,770	(214)	5,931	84,895	93.47%
Coral Canyon	18,667	9,790	2,785	31,242	822,355	96.34%
Enterprise	7,270	4,096	(1,372)	9,994	137,261	93.21%
Hildale	167,059	634	5,334	173,027	128,643	42.64%
Hurricane	96,497	44,545	(3,774)	137,268	1,973,003	93.50%
Ivins	49,588	28,883	(2,104)	76,367	1,327,707	94.56%
LaVerkin	17,699	15,817	(4,158)	29,358	354,317	92.35%
Leeds	2,165	2,016	(673)	3,508	63,138	94.74%
New Harmony	545	604	(102)	1,047	22,162	95.49%
St. George	447,611	172,953	1,417	621,981	10,369,941	94.34%
Santa Clara	18,429	18,040	(19)	36,450	715,085	95.15%
Springdale	4,589	354	331	5,274	61,181	92.06%
Toquerville	3,465	2,846	513	6,824	106,633	93.99%
Virgin	2,019	2,162	380	4,561	47,691	91.27%
Washington	118,909	42,361	1,479	162,749	2,373,170	93.58%
Rockville	7,283	1,542	83	8,908	77,376	89.68%
Apple Valley	10,511	1,536	(1)	12,046	66,321	84.63%
Hurricane Valley SSD	70,381	36,371	(4,683)	102,069	1,458,054	93.46%
North Central Fire SSD	631	247	(57)	821	10,997	93.05%
Totals	\$ 6,630,525	\$ 3,322,595	(\$802,456)	\$9,150,664	\$139,602,224	

OTHER COLLECTIONS

Fee in Lieu	Miscellaneous Collections	Delinquent Tax Collected	Interest & Penalty Collected
\$ 229,356	\$ 22,138	\$ 152,788	\$ 9,084
6,779,604	654,145	4,326,903	254,527
689,938	66,598	464,537	27,961
452,192	43,649	287,395	16,306
10,258	991	5,657	252
661,965	63,896	442,066	547,395
157,747	15,325	138,490	7,035
1,673	-	2,776	162
39,159	3,780	25,289	1,441
9,656	2	2,085	135
7,650	566	5,641	257
35,845	-	13,310	796
18,073	605	11,283	792
40,896	1,618	111,004	6,150
157,346	10,355	144,477	8,869
85,129	8,390	50,842	2,073
35,432	8,750	31,855	1,479
5,218	-	1,169	130
1,996	-	1,979	139
740,284	62,723	540,439	31,856
72,839	13,300	17,124	1,065
1,832	-	3,292	196
9,883	39	6,606	490
3,975	10	3,272	1,000
197,479	32,697	73,353	4,463
3,613	-	3,975	205
7,461	2,077	20,137	1,389
116,681	8,955	64,496	3,765
918	-	375	27
<u>\$ 10,574,098</u>	<u>\$1,020,609</u>	<u>\$6,952,615</u>	<u>\$929,439</u>

WASHINGTON COUNTY

Schedule of Expenditures of Transient Room Taxes and Tourism, Recreation, Culture and Convention Facilities Taxes December 31, 2016

Transient Room Taxes (TRT):

Establishing and promoting:

Recreation	\$ 874,200
Sports	600,550
Tourism	1,928,261
Film production	97,854
Conventions	705,000
Totals	<u>4,205,865</u>

Acquiring, leasing, construction, furnishing, or operating:

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

Acquiring or leasing land required for or related to:

Convention meeting rooms	-
Exhibit halls	-
Visitor information centers	-
Museums	-
Related facilities	-
Totals	<u>-</u>

Mitigation costs

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

Total expenditures of transient room taxes	<u>\$ 5,605,865</u>
--	---------------------

Tourism, Recreation, Culture, and Convention Facilities (TRCC) and Leasing Sales Tax:

Financing tourism promotion

Development, operation, and maintenance of:

Tourist facilities	\$ 13,943
Recreation facilities	1,993,017
Cultural facilities	200,000
Convention facilities	790,431
Pleiades as security for evidences of indebtedness	-
Total	<u>2,997,391</u>

Total expenditures of tourism, recreation, culture, and convention facilities taxes

<u>\$ 2,997,391</u>

Reserves and Pledges:

	Additions		
	1/1/2016	2016	12/31/2016
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 Auditors' Report on Internal Control over
 Financial Reporting and on Compliance and Other Matters
 Based on an Audit of Financial Statements
 Performed in Accordance with *Government Auditing Standards***

Honorable County Commission
 Washington County
 St. George, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2016, and the related notes to the financial statements, which collectively comprise Washington County's basic financial statements, and have issued our report thereon dated June 27, 2017. Our report includes a reference to other auditors who audited the financial statements of Southwest Utah Public Health Department, as described in our report on Washington County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington County's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HintonBurdick, PLLC

St. George, Utah

June 27, 2017

Independent Auditor's Report In Accordance With the *State Compliance Audit Guide* On:

- **Compliance with General State Compliance Requirements**
- **Internal Control over Compliance**

To the Honorable County Commission
 Washington County
 St. George, Utah

Report On Compliance with General State Compliance Requirements

We have audited Washington County's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Washington County for the year ended December 31, 2016.

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

Budgetary Compliance
 Fund Balance
 Justice Courts
 Utah Retirement Systems
 Restricted Taxes
 Open and Public Meetings Act
 Treasurer's Bond

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above.

Auditor's Responsibility

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

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

Opinion on General State Compliance Requirements

In our opinion, Washington County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Washington County for the year ended December 31, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as item 2016-001. Our opinion on compliance is not modified with respect to these matters.

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

Report On Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.



HintonBurdick, PLLC

St. George, Utah

June 27, 2017

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**Findings and Recommendations
For the Year Ended December 31, 2016**

Honorable County Commission
 Washington County
 St. George, Utah

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. In planning and performing our audit of the financial statements of Washington County for the fiscal year ended December 31, 2016, we noted the following circumstance that, if improved, would strengthen the County's accounting system and control over its assets and State Compliance. This item is discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weaknesses:

None Noted.

COMPLIANCE AND OTHER MATTERS:

Compliance:

2016-001. Budgetary Compliance

Criteria: Utah Code Section 17-36-21 states a county may not make or incur expenditures in excess of total appropriations adopted in the budget.

Condition: During 2016, the County's Debt Service Fund expenditures exceeded budgeted expenditures by \$58,982 and the payments to refunded bond escrow of \$9,796,790 were not budgeted.

Cause: Journal entries to properly record two bond refundings caused the fund expenditures to exceed budgetary limits.

Effect: The County is not in compliance with state budgeting requirements.

Recommendation: We recommend that the County operate within the confines of State law by limiting expenditures or following proper procedures to adjust the fund budgets. We encourage the County to follow procedures to limit expenditures within authorized limits or amend its budget during the year when events arise causing certain funds to exceed the budget.

This report is intended solely for the information and use of the County Commission, management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the County this past year. We would like to express special thanks to all those who assisted us in this year's audit. We invite you to ask questions of us throughout the year and we look forward to a continued professional relationship.

Sincerely,



HintonBurdick, PLLC
St. George, Utah
June 27, 2017



CLERK-AUDITOR | KIM M. HAFEN

June 27, 2017

Management Letter Response

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

In response to the Management Letter written for the 2016 Audit by our independent auditors, HintonBurdick, PLLC, and in compliance with reporting requirements of Utah State Law, the following comments are made.

Compliance Findings:

2016-001-Budgetary Compliance- During 2016, the County's Debt Service Fund expenditures exceeded budgeted expenditures by \$58,982 and the payments to the refunded bond escrow of \$9,796,790 were not budgeted.

Management's Response- Washington County monitors expenses and revenues closely. In our effort to lower liabilities and save our taxpayers money in long term debt, two bonds were refunded during 2016. The County did not recognize the need to journalize the payoff of the old bonds nor the associated bond expenses, because the County made no payments. All of these transactions were handled as part of the refinancing. Our external auditors did recognize the need for the journal entries and we made them. Obviously, we did not budget for these transactions. We will in the future.

Respectfully Submitted,

Kim M Hafen
Washington County Clerk-Auditor