



CITY OF ST. GEORGE, UT COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2006



MILLCREEK POWER PLANT PIC NO 3

Prepared by City of St. George Finance Department
Philip R. Peterson, CPA CGFM
Finance Director

CITY OF ST. GEORGE, UT
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2006

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	5
City Officials	11
Organizational Chart	12
 FINANCIAL SECTION	
Independent Auditor’s Report	13
Management’s Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	29
Statement of Activities	30
Fund Financial Statements:	
Balance Sheet - Governmental Funds	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	34
Statement of Net Assets - Proprietary Funds	36
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	37
Statement of Cash Flows - Proprietary Funds	38
Statement of Fiduciary Net Assets - Fiduciary Funds	39
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	40
Notes to Financial Statements	41
Required Supplementary Information	
Schedule of Impact Fee Receipts & Uses	67
Supplemental Information	
Combining Balance Sheet - Nonmajor Governmental Funds	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	73
Schedules of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual:	
Dixie Center Operations - Special Revenue Fund -	75

Airport PFC Fees - Special Revenue Fund -	76
Economic Development - Special Revenue Fund -	77
Transportation Improvement - Special Revenue Fund -	78
CDBG Grant Fund - Special Revenue Fund	79
Museum Permanent Acquisition -Special Revenue Fund -	80
Ft. Pierce EDA Fund - Special Revenue Fund	81
SunTran Public Transit - Special Revenue Fund	82
Special Assessments - Debt Service Fund -	83
Recreation G.O. Bonds - Debt Service Fund -	84
Capital Equipment - Capital Projects Fund -	85
Downtown Redevelopment - Capital Projects Fund -	86
Park Impact - Capital Projects Fund -	87
Streets Impact - Capital Projects Fund -	88
Johnson Dino Track Preservation - Capital Projects Fund -	89
Drainage Impact - Capital Projects Fund -	90
Fire Impact - Capital Projects Fund -	91
Police Impact - Capital Projects Fund -	92
Public Works Capital Projects - Capital Projects Fund -	93
Recreation Bonds - Capital Projects Fund -	94
2005 Flood Restoration - Capital Projects Fund -	95
Replacement Airport - Capital Projects Fund	96
Combining Balance Sheet - Nonmajor Proprietary Funds	97
Combining Statement of Revenues, Expenses, and Changes in Fund Balances - Nonmajor Proprietary Funds	98
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	99
Capital Assets Used in the Operation of Governmental Funds: Schedule by Source	100
Schedule by Function and Activity	101
Schedule of Changes by Function and Activity	102

STATISTICAL SECTION:

Electric Fund - Statistical Analysis	103
Water Fund - Statistical Analysis	104
Net Assets by Component - Last Ten Fiscal Years	105
Changes in Net Assets - Last Ten Fiscal Years	106
Governmental Activities Tax Revenue by Source- Last Ten Fiscal Years . . .	108
Fund Balances of Governmental Funds - Last Ten Fiscal Years	109
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years .	110
Principal Sales Tax Locations - FY 2006 and FY 1997	111
Assessed Value and Est. Actual Value of Property - Last Ten Fiscal Years ..	112
Property Tax Rates Direct & Overlapping Governments - Last Ten Fiscal Years	113
Property Tax Levies and Collections - Last Ten Fiscal Years	114

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	115
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	116
Direct and Overlapping Governmental Activities Debt	117
Legal Debt Margin Information - Last Ten Fiscal Years	118
Revenue Bond Pledged Revenue Coverage - Last Ten Fiscal Years	119
Demographic and Economic Statistics - Last Ten Fiscal Years	120
Principal Employers - FY 2006 and FY 1997	121
Full-Time Government Employees by Function - Last Ten Fiscal Years	122

SINGLE AUDIT SECTION:

Independent Auditor’s Report on Compliance With Laws and Regulations and on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	123
Schedule of Expenditures of Federal Awards	126
Notes to the Schedule of Expenditures of Federal Awards	128
Schedule of Findings & Questioned Costs	129
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	132
Independent Auditor’s Report on State Legal Compliance	134
Schedule of Findings and Recommendations	136
Response to Findings and Recommendations	139
Summary Schedule of Prior Audit Findings	140

CONTINUING DISCLOSURE SECTION:

Excise Tax Revenue Bonds - Series 1996	141
General Obligation Parks & Rec Bonds - Series 1996	143
Sewer Revenue Bonds - Series 1997A	146
Water Utility Revenue Bonds	154
Washington County/St. George Interlocal Agency - Series 1997A	157
Municipal Building Authority Lease Revenue Refunding - 1998A	158
Electric Utility Revenue Bonds	159

THIS PAGE LEFT BLANK INTENTIONALLY



October 1, 2006

To the Honorable Mayor, Members of the City Council,
Citizens of the City of St. George

It is with great pleasure that the Comprehensive Annual Financial Report (CAFR) for the City of St. George for the year ended June 30, 2006, is presented.

In addition to the fund financial information presented in the City's financial statements, this report now includes government-wide financial statements. The government-wide financial statements include a Statement of Net Assets that provides the total net assets of the City including all capital assets (including infrastructure) and the Statement of Activities that shows the cost of providing government services. A major change in this report is several changes to the statistical section of the CAFR as a result of the implementation of new accounting standards governing the presentation of statistical data.

State law requires that all local governments publish within six months of the close of its fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed Certified Public Accountants. This Comprehensive Annual Financial Report is hereby issued and submitted to you for the fiscal year ended June 30, 2006, in accordance with these requirements.

This report consists of management's representations concerning the finances of the City of St. George. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control framework that is designed to both protect the assets of the City from loss, theft, or misuse and to allow for the compiling of sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal control procedures have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

The City of St. George's financial statements have been audited by Hinton, Burdick, Hall, & Spilker PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of

St. George for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of St. George's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The comprehensive annual financial report is presented in five sections:

1. ***The Introductory Section***, which is unaudited, includes this letter of transmittal and the City's organization chart.
2. ***The Financial Section***, which includes the MD&A, the basic financial statements, and the independent auditor's report on the financial statements.
3. ***The Statistical Section***, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.
4. ***The Single Audit Section***, which includes all reports and schedules necessary in order for the City to comply with the Single Audit Act and U.S. Office of Management and Budget Circular A-128, Audits of State and Local Governments.
5. ***The Continuing Disclosure Section***, which includes various schedules necessary to meet the continuing disclosure requirements of various bond issues which the City has undertaken.

The financial reporting entity (the City) includes all funds of the primary government (i.e., the City of St. George as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The Downtown Redevelopment Agency component unit is reported in the statements as a capital projects fund while the Municipal Building Authority is reported as an enterprise fund.

State statutes detail the functions to be performed by State municipalities. Title 10 of the Utah Code generally sets out laws to provide for the incorporation, organization, and classification of cities and towns in proportion to population. The City of St. George is organized under general law and governed by a mayor and five city council members elected at large for staggered four-year terms. The Mayor presides over all meetings but casts no vote in

the City Council except in the case of a tie. The City Manager is responsible for the day-to-day operations of the City as it's chief operating officer. Department Heads are full-time employees of the City and are responsible for day-to-day operations within the policy framework of the governing body. They report to the Mayor, City Manager, and the City Council.

The principal powers and duties of municipalities are to maintain law and order, abate nuisances, guard public health and sanitation, promote recreation, provide fire protection, and construct and maintain streets, sidewalks, waterworks and sewers. Municipalities also regulate commercial and residential development within their boundaries by means of zoning ordinances, building codes and licensing procedures.

ECONOMIC CONDITION AND OUTLOOK

The City of St. George, incorporated in 1862, is the county seat of Washington County, which county is located in the extreme southwest corner of the state of Utah. It is nestled in a picturesque valley surrounded by impressive sandstone cliffs. The backdrop is breathtaking with blue skies, clean air, and a friendly business environment which attracts over 2 million international visitors annually. The desert climate promotes year round recreation and leisure activities, which includes eight championship golf courses. Washington County is one of the fastest growing areas in Utah and the country and is expected to remain so well into the 21st century. The 2000 census showed a population of 49,663 which was an increase of 74.24% from the 1990 census.

In a recent report published by USA Today, Utah is the 5th fastest growing state and is expected to be so through at least 2010. Washington County continues to be one of Utah's fastest growing counties. In recent figures relating to net in-migration to Utah, Washington County accounts for over 50% of all net in-migration to the entire state. "With this said no one expects to see any slowdown of population growth or demand for commercial or residential building in all of southern Utah." "Washington County has been discovered." (Commerce CRG)

The St George area is also a great place to work, with plenty of employment opportunities. Along with four-year course offerings at Dixie State College, job opportunities continue to expand as more high-tech industries locate here. This has provided more diversity in the local job market from what has traditionally been a service-oriented industry. In fact, St. George has the highest job growth rate for all Utah cities at 10.7 percent according to a Federal Deposit Insurance Corporation report. The employment growth is not all in retail either. A lot of jobs can be found in construction, manufacturing, and health care. Every major industry is creating employment, making relocation here all the more appealing. (Kimberly Johnson, Business Consultant, Department of Workforce Services)

During the fiscal year there were building permits issued for over 1,500 residential units. It represents a decrease of over 28% from the prior year's number of units. However, total construction value decreased on 3% as many commercial projects were permitted and also the value of residential construction increased by 17% per unit.

The City continues work on the financial planning, land acquisition, and other issues related to the construction of a new regional airport within the City. A setback was encountered with a court ruling which ruled that the City must conduct an environmental study concerning the impact of the airport on the natural quiet of Zion National Park. During the year the City completed this study and shortly after the end of the fiscal year a record of decision was issued which has cleared the way for construction of the airport.

The City issued \$17,280,000 in Electric Revenue Bonds for the construction of an electric generating facility, including related land and building structures. The facility will consist of a building large enough to house one natural gas-fired simple-cycle power generator and enough additional capacity to house an additional generator set. The facility has an anticipated nominal output of 39.1 megawatts and the power produced will be used primarily during peak demand periods (approx. May thru September). The facility will also serve as a hedge against spot market price exposure to the Energy Services Fund. During the 2006 fiscal year the project was completed and began generating electricity in May.

In connection with Washington County School District and Washington County, the City began to plan for the construction of a downtown plaza and waterwalk in the center of historic St. George. The County is in the process of constructing a new library on a corner of city property. The architecture of the building will be in the historic sandstone similar to the St. George City Arts Center, the Woodward School, the L.D.S. Tabernacle, and Washington County School District office building on the same block.

The City completed construction of the \$1.2 million, 16,000 sq. foot Dinosaur Interpretive Center at the St. George Dinosaur Discovery Site at Johnson Farm. The site features the largest and best collection of dinosaur swim tracks in the world as well as many raised three-toed dinosaur footprints and the only known imprint of a dinosaur resting on its haunches or squatting.

CASH MANAGEMENT

The Utah Money Management Act (MM Act) governs the investment of all public funds held by public treasurers in the state. It establishes criteria for the investment of public funds with an emphasis on safety, liquidity, yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The MM Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, approved government agency securities, and investments in corporate securities carrying “top credit ratings.”

The law requires all securities to be delivered versus payment to the Treasurer’s safekeeping bank. It also requires diversification of investments. The City is currently

complying will all of the provisions of the MM Act for all City operating funds. A significant portion of the City's funds are invested in the Utah Public Treasurer's Investment Fund (PTIF).

All deposits are held either by the City, its agent, or a financial institution's trust department in the City's name. All of the City's investments held during the year, and at year-end, are classified in the category of lowest credit risk as defined by the Government Accounting Standards Board.

RISK MANAGEMENT

The City has organized a Safety/Risk Management Committee consisting of safety representatives from each of the City's departments. The responsibilities of the committee include:

- (1) Establish City-wide safety rules, policies, and training programs.
- (2) Review, investigate, and act upon safety matters referred by the City Manager, Department Heads, and employees.
- (3) Perform safety inspections and make periodic reviews for adherence to safety requirements.
- (4) Educate and train employees to understand and follow safety rules and procedures.

As part of an over-all risk management effort, the City has also established a Claims Committee to review controversial or large dollar claims. This committee consists of the Director of Administrative Services, Risk Manager, City Manager, City Attorney, Human Resource Manager, and the department head whose area of speciality is most closely related to the claim.

The City has also established an "Incident Report Form" to facilitate the timely reporting of employee, third party, or property related incidents that could result in financial expenditures.

PENSION BENEFITS PROVIDED

During the fiscal year ended June 30, 2006, the City participated in two separate retirement systems. One system is maintained by the Utah State Retirement Board which covers City, County, and State employees in the State of Utah. Those contributions above the State required rates are invested in a separate defined contribution plan administered by the International City Managers Association retirement trust.

ACKNOWLEDGMENTS

In May of 2006, Director of Administrative Services Joe Vincent retired after 27 years

of service with the City of St. George. Joe lead the way in the movement of the City to a computer based accounting system in the City in the early 1980's and through the years was a vital part of the management team for the City. He service is greatly appreciated and his warmth and friendship will be missed by all of us that have had the pleasure of working with him over those 27 years.

The preparation of this financial report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and our independent auditors, Hinton, Burdick, Hall, & Spilker. My thanks also to the City Manager, City Treasurer, Manager of Budget and Financial Planning, Mayor and members of the City Council for their support and dedication to maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Philip R. Peterson".

Philip R. Peterson, CPA, CGFM
Finance Director

INTRODUCTORY SECTION

OFFICIALS
CITY OF ST. GEORGE, UTAH



Mayor Daniel D. McArthur



Council Member Suzanne Allen



Council Member Larry Gardner



Council Member Robert Whatcott



Council Member Rod Orton



Council Member Gail Bunker



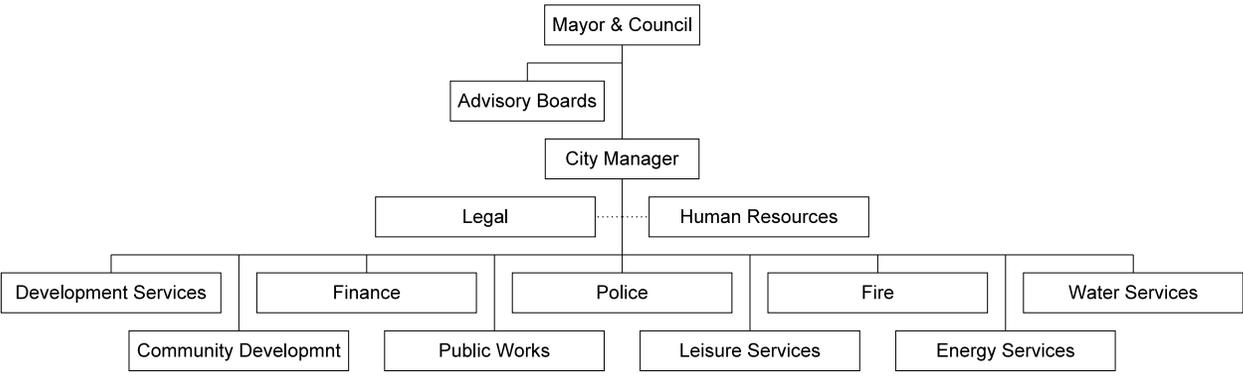
City Manager Gary S Esplin

Shawn Guzman
Gay Cragun
Tiffany LaJoice
Phillip Solomon
Barry Barnum
Marlon Stratton
Robert Stoker
Larry H. Bulloch
Matthew Loo
Kent Perkins
Robert Nicholson
Philip R. Peterson
Deanna Brklacich

Marc Mortensen
Judith Mayfield

City Attorney
City Recorder
City Treasurer
Energy Services Director
Water Services Director
Chief of Police
Fire Chief
Public Works Director
Development Services Director
Leisure Services Director
Community Development Director
Finance Director
Budget & Financial Planning
Manager
Assistant to the City Manager
Human Resources Manager

City of St. George, Ut Organization Chart



FINANCIAL SECTION



**INDEPENDENT AUDITORS' OPINION
ON BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

MEMBERS:
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
BRENT R. HALL
KENNETH A. HINTON
MORRIS J. PEACOCK
MICHAEL K. SPILKER
MARK E. TICHENOR

The Honorable Mayor and
City Council
St. George, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. George, Utah, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of St. George's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

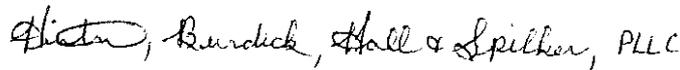
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. George, Utah, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2006 on our consideration of the City of St. George'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 15-28, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. George, Utah's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory, continuing disclosure, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



HINTON, BURDICK, HALL & SPILKER, PLLC
September 29, 2006

H:\Share\StGeorgeCity\2006 Audit\UndAud.opn.doc

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of St. George, we offer readers of the City of St. George's financial statements this narrative overview and analysis of the financial activities of the City of St. George for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The total net assets of the City of St. George increased 16.16% to \$299,489,440. Governmental net assets increased by 15.74% while Business-type net assets increased by 16.54%.
In the Governmental funds, the increase is made up of increases in fixed assets net of related debt at 65.01% of the increase while the remaining 34.99% is made of primarily cash and receivables.
Business-type fund net asset increases were also primarily made up of increases in net assets net of related debt increasing by 24.15% while other net assets actually declined by 7.61% as many of the unspent bond funds for the Energy Services gas-turbine project and the Quail Creek treatment plant expansion were reduced.
- The total net assets are \$299,489,440 and are made up of \$209,447,554 in capital assets net of related debt and \$90,041,886 in other net assets.
- In the General Fund, revenues exceeded expenditures by \$6,413,624. \$6,000,000 was then transferred to other funds including the Capital Equipment Capital Projects Fund to be used to fund additional capital projects. The total fund balance of the General Fund represents 11.35% of total budgeted expenditures for the next fiscal year ending fy2007.
- Total long-term liabilities of the City decreased by \$6,964,945 as this fiscal year showed no issuance of long-term debt.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the City of St. George's basic financial statements. The City of St. George's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

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

- *The statement of net assets* presents information on all of the City of St. George's

assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of St. George is improving or deteriorating. However, you will also need to consider other nonfinancial factors.

- *The statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the City of St. George 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 (business-type activities).

The government-wide financial statements can be found on pages 29 & 30 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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. The City of St. George also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental funds - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental fund (as determined by generally accepted accounting principles) is the General Fund. The balance of the governmental funds are determined to be nonmajor and are included in the combining statements within this report.

- Proprietary funds - The City of St. George maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type

activities in the government-wide financial statements. The City of St. George uses enterprise funds to account for its Electric Utility, Water Utility, Wastewater Collection Utility, Wastewater Treatment Utility, Municipal Building Authority, Refuse Collection, and Golf Courses. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of St. George's various functions. The City uses an internal service fund for providing self-insurance above that amount carried with commercial insurance companies. Because this service primarily benefits governmental activities, they have been included with governmental activities in the government-wide financial statements.

As determined by generally accepted accounting principles, all enterprise funds except for Refuse Collection, Municipal Building Authority, Wastewater Collection and Golf Courses meet the criteria of major fund classification. The Refuse Collection, Municipal Building Authority, Wastewater Collection and Golf Courses funds are classified as nonmajor and are included in the combining statements within this report.

- Fiduciary funds - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting method used for these funds is much like that used for proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of St. George, assets exceed liabilities by \$299,489,440.

By far the largest portion of the City of St. George's net assets (69.94%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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, since the capital assets themselves cannot be used to liquidate these liabilities.

STATEMENT OF NET ASSETS (in thousands)

	Governmental Activities		Business-type Activities	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$57,586	\$ 53,865	\$49,261	\$ 52,840
Capital assets	<u>130,333</u>	<u>119,731</u>	<u>218,095</u>	<u>200,208</u>
Total assets	187,919	173,596	267,356	253,048

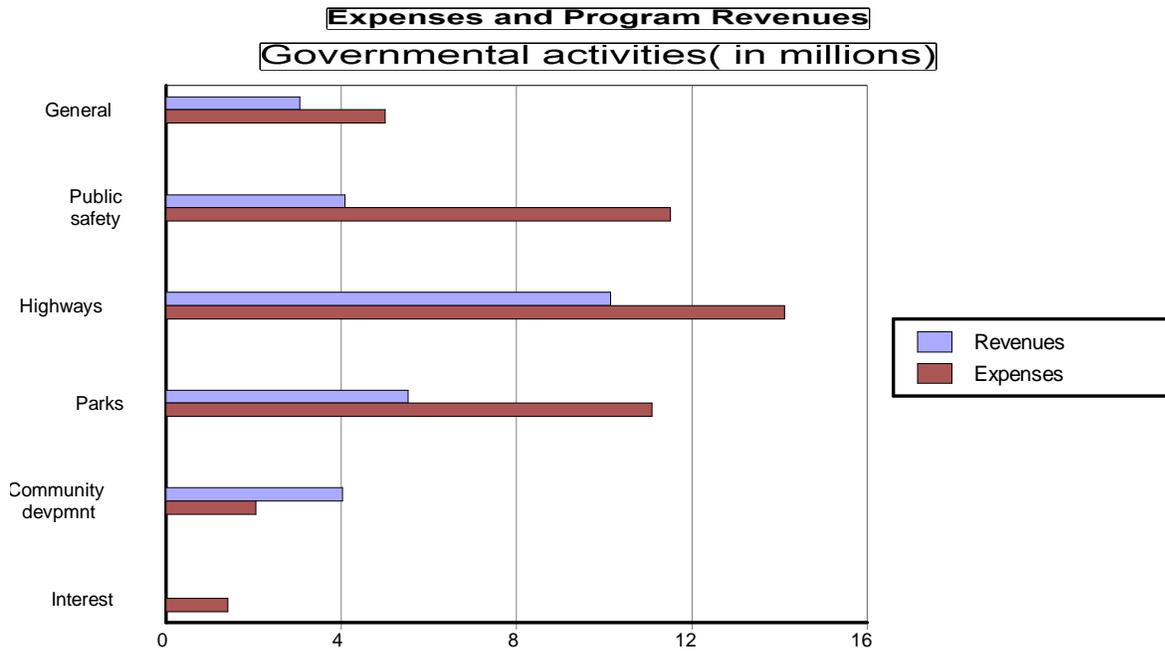
Long-term debt outstanding	35,321	42,567	91,459	103,565
Other liabilities	<u>12,714</u>	<u>10,082</u>	<u>16,291</u>	<u>12,524</u>
Total liabilities	48,035	52,649	107,750	116,089
Net assets:				
Invested in capital assets, net of debt	89,465	77,190	119,982	96,644
Restricted	7,307	7,340	4,857	16,169
Unrestricted	<u>43,111</u>	<u>36,417</u>	<u>34,767</u>	<u>24,146</u>
Total net assets	<u>\$139,884</u>	<u>\$120,947</u>	<u>\$159,606</u>	<u>\$136,959</u>

CHANGES IN NET ASSETS (in thousands)

	Governmental Activities		Business-type Activities	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:				
Program revenues:				
Charges for services	\$12,390	\$ 11,363	\$ 89,326	\$ 84,220
Operating grants & contributions	9,000	10,710	-	791
Capital grants & contributions	5,457	2,462	5,500	-
General revenues:				
Property taxes	8,574	7,987		
Other taxes	25,156	21,121		
Investment income	1,890	1,077	1,828	958
Other revenues	<u>953</u>	<u>751</u>	<u>3,322</u>	<u>590</u>
Total revenues	<u>63,420</u>	<u>55,471</u>	<u>99,976</u>	<u>86,559</u>
Expenses:				
General government	5,004	2,205		
Public safety	11,497	10,357		
Highways/public improvements	14,096	17,231		
Parks & recreation	11,087	12,167		
Community & econ development	2,058	1,957		
Interest on long-term debt	<u>1,411</u>	<u>1,122</u>		
Electric			44,254	38,667
Water			13,161	10,455
Wastewater collection			7,250	7,021
Wastewater treatment			4,174	4,083
Golf courses			4,637	4,624
Municipal building authority			371	435
Refuse collection			<u>2,812</u>	<u>2,560</u>
Total expenses	<u>45,153</u>	<u>45,039</u>	<u>76,659</u>	<u>67,845</u>
Increase in net assets before transfers	18,267	10,432	23,317	18,714

Transfers	<u>670</u>	<u>1,864</u>	<u>(670)</u>	<u>(1,864)</u>
Increase in net assets	18,937	12,296	22,647	16,850
Net assets beginning	<u>120,947</u>	<u>108,651</u>	<u>136,959</u>	<u>120,109</u>
Net assets ending	<u>\$139,884</u>	<u>\$120,947</u>	<u>\$ 159,606</u>	<u>\$136,959</u>

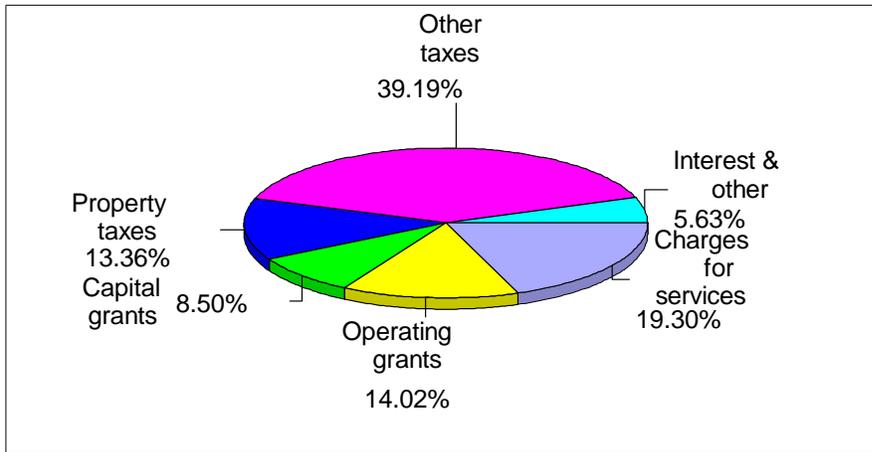
The following graphs display the government-wide activities for governmental activities reflected in the above tables.



Overall governmental revenues were up 14.51%. Property taxes declined from 14.02% of revenues to 13.36% while other taxes increased from 37.08% to 39.19%. The largest part of this increase was sales taxes increased by 20.62%. Capital grants increased slightly from 8.04% to 8.50%. while operating grants declined from 18.80% to 14.02% as several federal grants to the police department completed their cycle. With the rise in interest rates there was also a significant increase in this revenue source from 2.11% to 5.63% of total revenues. Charges for services remained largely unchanged at just over 19% of total revenues. The following graph displays the total governmental revenues by source.

Revenues by Source

Governmental activities

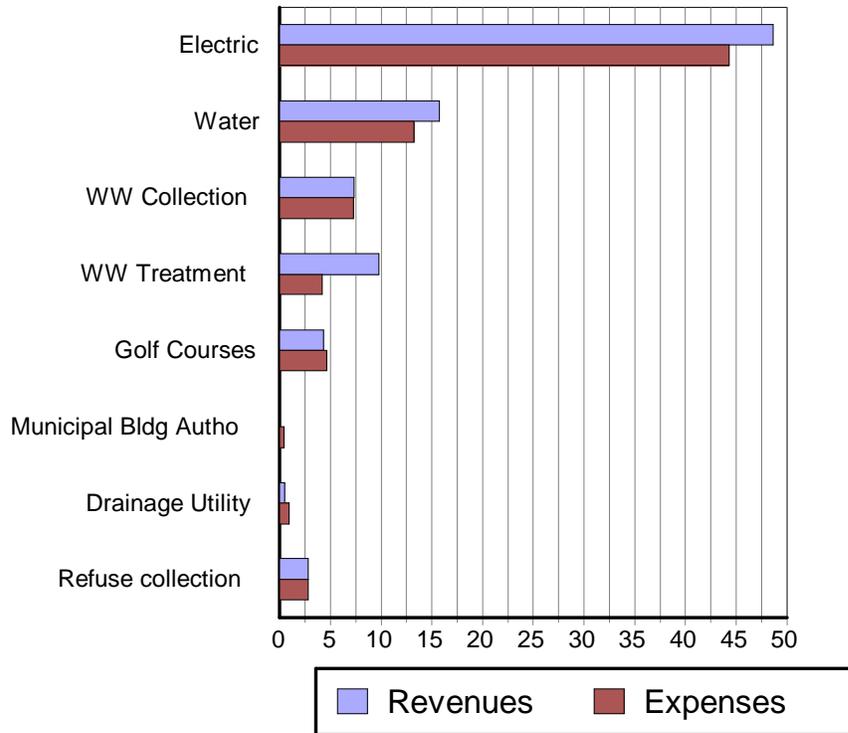


Overall governmental expenditures for all funds increased by only 2/10 of 1% when compared with last fiscal year. Highways/public improvements decreased from 37.5% to 31.2% with the completion of several large projects in the prior fiscal year. General government increased from 5.0% to 11.1% as many new items were included in the budget this year including new divisions in the General Fund for Marketing, Technology Services, and Development Services. The CDBG activity was also increased significantly as was the City participation in economic incentives thru the Economic Development Fund at Ft. Pierce Industrial Park. Community & Development Services remained fairly steady at 4.6% of expenditures compared to 4.3% in the prior fiscal year. Parks and Recreation also remained fairly constant at 24.6% of expenditures compared with 26.6% in the prior fiscal year. Public Safety also remained fairly constant at 25.47% of expenditures in comparison with 23% in the prior fiscal year.

Total net assets in business-type activities increased by \$22,646,358. The largest part of this increase is reflected in the completion of the expansion of the Quail Creek water treatment plant and the gas-turbine generating facility built by the Energy Services Utility fund. In addition, a grant was received from the Bureau of Indian Affairs for the construction of a reuse project for wastewater effluent which will be sold to the Shivwitts band of the Paiute Tribe as well as used on several other large irrigation projects throughout the City. A large portion of the proceeds were spent for the completion of the first phases of this project. Once the project is completed and accepted by the Tribe, the City will also receive additional funding for the operation and maintenance of the system. The following graphs again reflect the government-wide activities for business-type activities as displayed in the following tables.

Expenses and Program Revenues

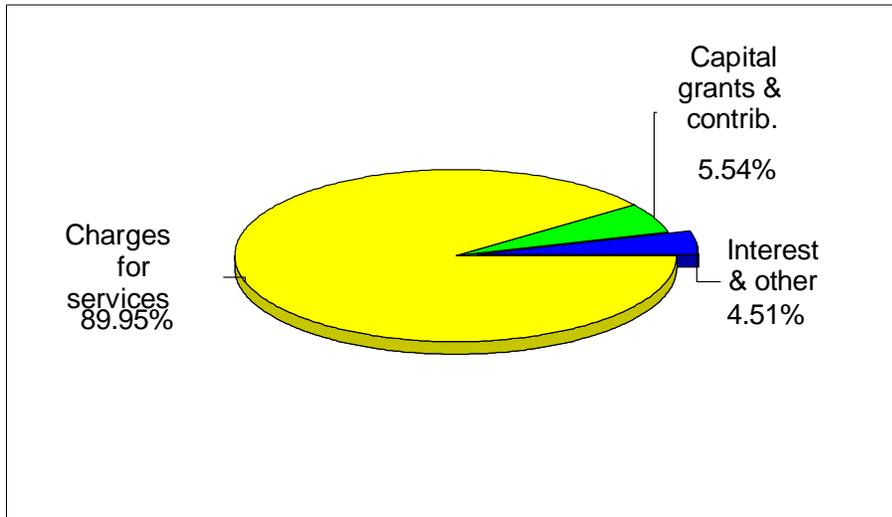
Business-type activities (in millions)



As can be seen from the following chart, the majority of revenues in the business-type activities is in charges for services with almost 90% of the revenues as compared with 97% in the prior fiscal year. The large increase in grants is a result of the grant for the reuse project mentioned above and the interest and other income also increase to 4.5% as compared to 1.8% in the prior year as a result of the increasing interest rates available on investments.

Revenues by Source

Business-type activities



FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

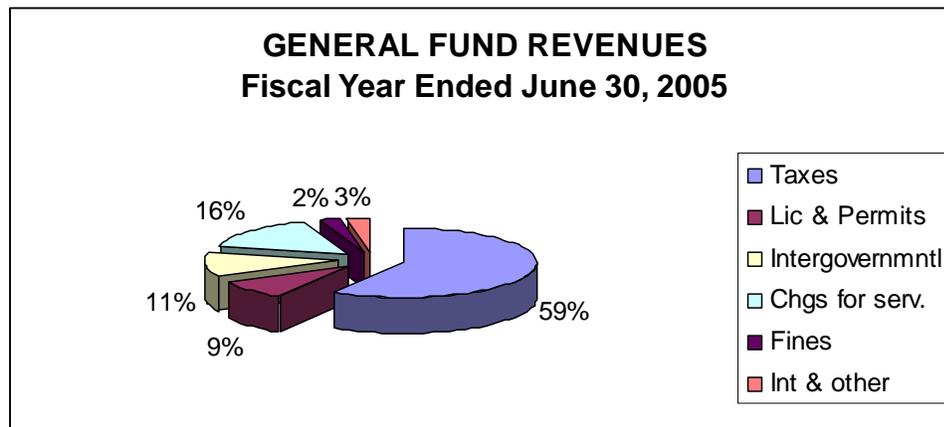
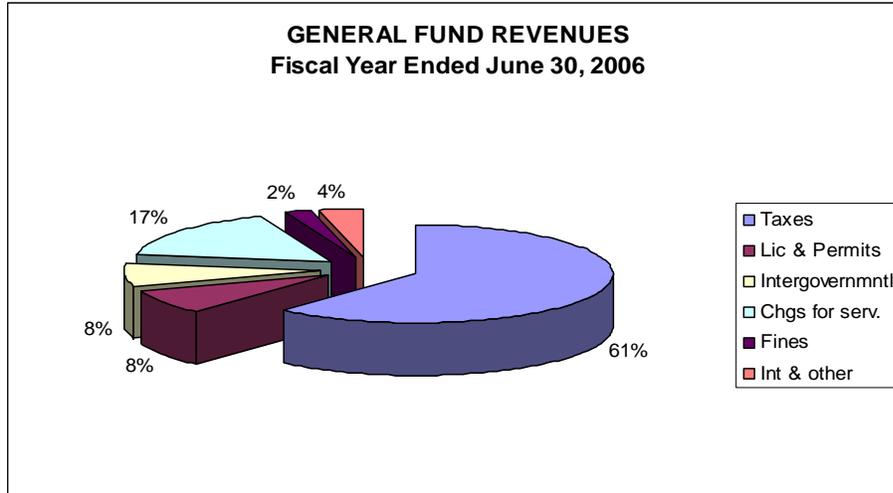
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

As of the June 30, 2006, the City's governmental funds (General, Capital Projects, Debt Service, & Special Revenue) reported combined fund balances of \$51,243,794. This represents an increase of \$6,577,952 (14.73%) from last year's ending balances. This was the result of revenues increasing significantly for sales taxes and franchise taxes as well as interest earnings and charges for services. New development fees were in place for the entire fiscal year which led to much of the increase in charges for services. This resulted in the General Fund being able to transfer \$6 million to the Capital Equipment and Economic Development Funds which are also governmental funds.

GENERAL FUND

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses, are accounted for in this fund. While revenues exceeded expenditures in the General Fund by over \$6 million during the year, a large portion of the surplus was transferred almost in total to the Capital Equipment Capital Projects Fund and the Economic Development Fund for use in future capital and economic development projects. Thus

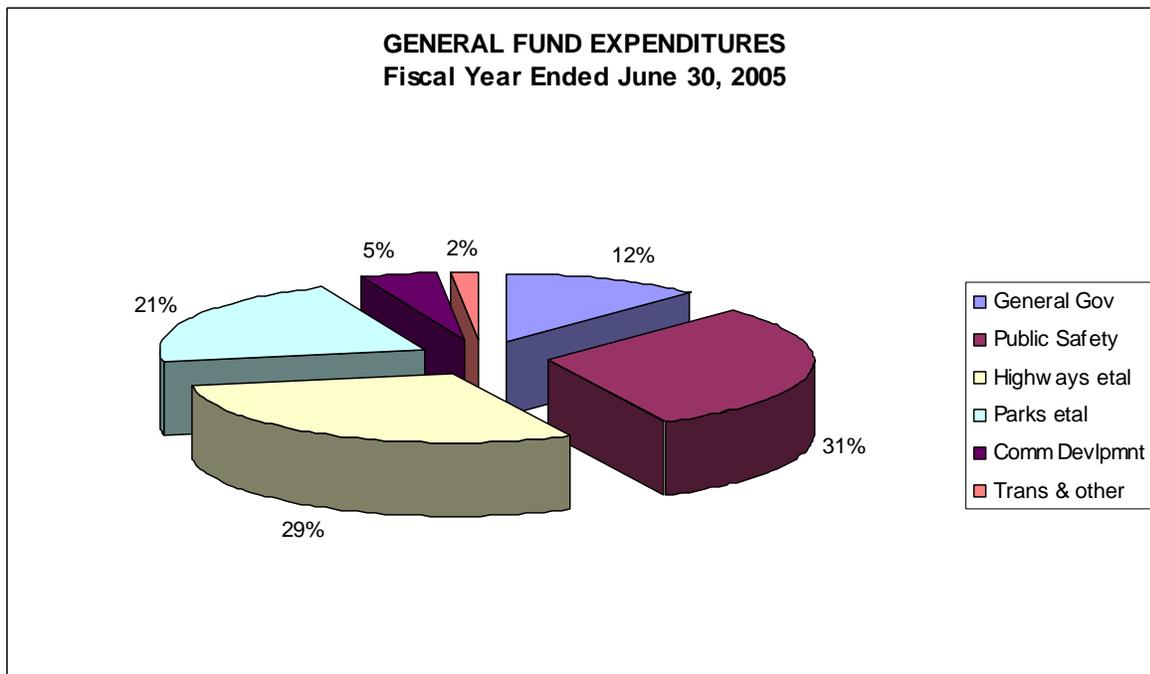
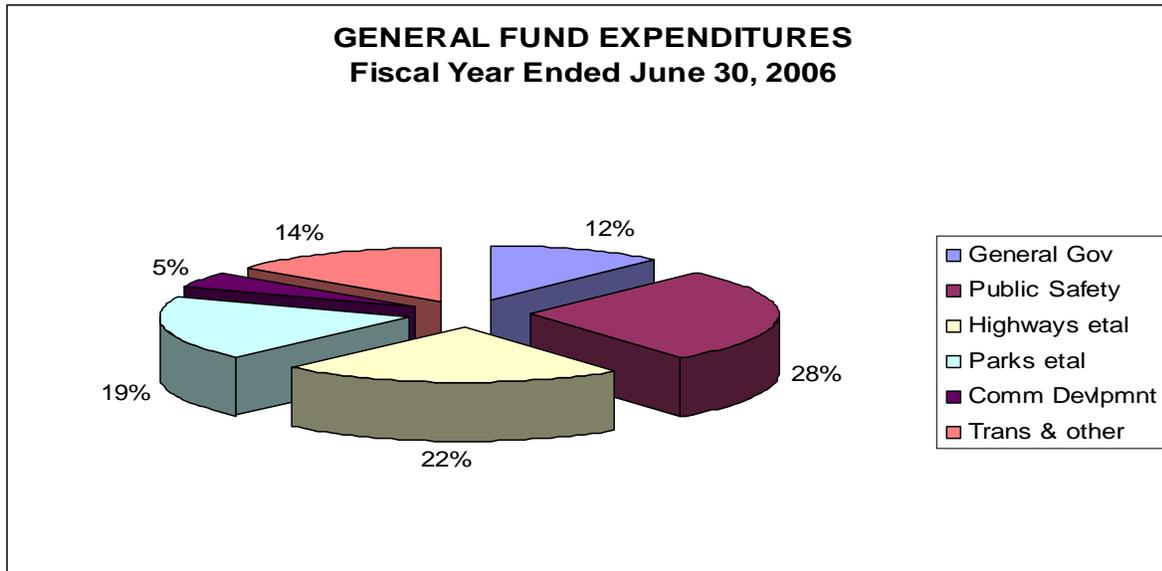
the General Fund total fund balance increased by just \$413,624. An analysis of this total fund balance shows that it represents just over 11.35% of projected revenues for the new fiscal year which ends June 30, 2007. State laws allows for a maximum fund balance of 18% so the City is well within those limits.



Taxes continue to be the largest source of revenue in the General Fund and represent 61% of total general fund revenues. The largest element of taxes is sales taxes as it has been for the last several years. It represents 55.64% of total tax revenues and represents 34.31% of total general fund revenues. This compares with 30.65% in the prior fiscal year ended June 30, 2005. Licenses and permits are down slightly from last year as the number of building permits which have been issued is down in comparison to the last year. The number of residential permits issued this year represent a decrease of over 26% from the prior year with 1539 residential units being permitted as compared with 2093 in 2005. The total dollar evaluation of building permits was only down 2.6% however as the evaluations for commercial and industrial projects increased by over 31%. Intergovernmental revenues were down slightly as the airport grants were down

and also some public safety grants to the police department are no longer available in the federal budget.

The following graphs display the expenditures in the General Fund by function for the past two fiscal years. As can be seen by reviewing these graphs, most expenditures are close to maintaining the same percentage of expenditures over the two years. The large decrease in highways etal is because of the renovation of the airport taxiway as previously mentioned.



As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provides the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

The Electric Utility fund net income is up approximately \$800,000 on an increase of 9.8% in total revenues. This was the first year that bond payments were made on the bonds which were issued last year. The Water Utility fund had a decrease of net income over almost \$2 million because of a decrease in impact fees over \$1 million which led to a small 1.4% increase in total revenues. The Quail Creek Water Treatment Plant was leased to the Washington County Water Conservancy District beginning in April, with the District paying rent equal to the annual debt service on the outstanding bonds for the plant's construction and expansion. The Wastewater Treatment fund saw a decrease of less than 1% in net income as total revenues were also down less than 1%. As with the Water Utility impact fees were also down in the Wastewater Treatment Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund original budget was amended from an original budget expenditure total of \$39,056,500 to a final budget of \$44,306,419 (13.44%). These increases were made to take advantage of revenues being better than originally anticipated. The largest increase was to allow for the transfers of surplus revenues from the General Fund to the Capital Equipment Capital Projects fund and the Economic Development Special Revenue fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - The City of St. George's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$348,428,586 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, etc.), and machinery and equipment. The total increase in the City's investment in fixed assets for the current year was 8.9% (a 8.9 % increase for governmental activities and a 8.9 % increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- \$71,620 was spent to complete the museum project at the Johnson Farm Dinosaur Site.
- Several projects were completed and others started in the parks and recreation area. These included the Slick Rock Park, the Seegmiller Historical Park, and Shadow Mountain Park where expenditures exceeded \$186,000. In addition, \$3,335,164 was spent on construction of Little Valley Park, \$215,359 for renovation and improvements to Bloomington Park, and \$360,897 for construction of the Middleton Wash Trail.

- \$925,000 for the feasibility studies and environmental assessments for the new airport site.
- Almost \$2 million was spent in the 2005 Flood Restoration Fund to pay for rehabilitation and cleanup of various areas as a result of the January 2005 flooding.
- \$816,481 to complete the City participation in the downtown parking structure as a part of the renovation and revitalization of downtown.
- \$611,601 was spent for site preparation and participation in the new Washington County Library site in the downtown area and the first steps towards completion of the Town Square and Water Walk.
- \$168,528 completed the construction of the transfer station on 700 South for the SunTran bus system within the City.
- \$55,497 was spent to participate with Washington County in the construction of a community center on the site of the existing senior citizen center.
- \$664,655 was spent by the City for additional modifications and landscaping related to the reconstruction of St. George Boulevard as well as \$742,318 for renovation of Snow Canyon Parkway.
- Approximately \$800,000 was spent to acquire and equip a new state of the art ladder truck for the fire department.
- \$4,956,555 in the Water Utility for construction of wells, pipeline, and other improvements to the distribution system.
- \$3,089,426 was spent in the Electric Utility for expansion and improvements to the distribution system and \$3,031,639 in bond funds and electric system revenues for the completion of construction of a gas-fired turbine generator facility to better allow for load management during peak usage periods. The plant was completed and operational in May of 2006.

CITY OF ST. GEORGE'S CAPITAL ASSETS
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 22,398,601	\$ 21,775,422		
Buildings	16,832,588	16,218,247		

Improvements	34,892,405	31,287,501		
Infrastructure	48,700,796	44,403,193		
Machinery & equipment	7,508,834	6,046,350		
Plant, prop.& equipment			<u>\$218,095,362</u>	<u>\$200,208,109</u>
Total	<u>\$130,333,224</u>	<u>\$119,730,713</u>	<u>\$218,095,362</u>	<u>\$200,208,109</u>

Additional information on the City's capital assets can be found in the footnotes to this financial report and also the supplemental section.

Long-term debt - At June 30, 2006, the City had total bonded debt outstanding of \$129,982,720. Of this amount \$33,408,720 is considered to be general obligation debt and backed by the full faith and credit of the City; \$3,480,000 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment; and the remainder of \$93,094,000 is debt which is secured solely by specific revenue sources (i.e., revenue bonds).

CITY OF ST. GEORGE'S OUTSTANDING DEBT

	Governmental		Business-type	
	Activities		Activities	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation bonds	\$17,695,000	\$ 18,015,000		
Sales tax revenue bonds	4,210,000	4,210,000		
Excise Revenue bonds	5,285,000	5,850,000		
WCIA Capital lease bonds	6,218,720	6,481,260		
Special assessment debt with governmental commitment	<u>3,480,000</u>	<u>4,080,000</u>		
Revenue bonds			<u>\$93,094,000</u>	<u>\$98,387,000</u>
Total outstanding debt	<u>\$36,888,720</u>	<u>\$38,636,260</u>	<u>\$93,094,000</u>	<u>\$98,387,000</u>

The City's total debt decreased by \$7,040,540 during the fiscal year as no bonds were issued during the year.

The City's bonds continue to have the same ratings which they have carried for the past several years. These ratings are as follows:

	Moody's	Standards	Fitch
	Investors	& Poors	
	<u>Service</u>	<u></u>	<u></u>
1997 Recreation GO bonds	Aaa	AAA	AAA
1993 Water Revenue	Aaa	AAA	
Wastewater Revenue	Aaa	AAA	
2005 Electric Revenue	Aaa (underlying A3)		

State statutes limit the amount of general obligation debt a governmental entity may issue to 4%

of its total taxable value. The current limitation for the City is \$167,851,554, which is significantly in excess of the City's outstanding general obligation debt. In addition, state statute allows for an additional 4% to be used for water, sewer, or electrical projects thus resulting in a debt limit of 8% of total taxable value. The current limitation for these water, sewer and electrical projects is thus \$335,703,107, which again significantly exceeds the outstanding business-type activity debt. Thus total debt limit is \$503,554,661 while the total outstanding debt less reserves restricted for debt service is \$81,933,000. The resulting debt margin is \$421,621,661. The statistical section has additional information on debt margin and demonstrates the calculation of this margin for the current fiscal year.

Additional information on the outstanding debt obligations of the City can be found in the footnotes to this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Washington County (of which St. George is the largest City) was 2.4 % compared with a state unemployment rate of 3.1% and a national rate of 4.6% seasonally adjusted at December. This compares with a rate of 3.5% in 2005. (Source: Utah Dept of Workforce Services)
- The General Fund budget for the fiscal year-ending June 30, 2007 reflects a decrease of 3.34% from the final budget for the fiscal year-ended June 30, 2006. The largest part of this decrease is the result of the final year-end transfers in 2006 which were made to the capital projects and the economic development funds.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of St. George's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

City of St. George, Finance Director, 175 E 200 N, St. George, UT 84770.

CITY OF ST. GEORGE, UTAH
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 48,649,332	\$ 22,755,003	\$ 71,404,335
Restricted cash		14,399,719	14,399,719
Accounts receivable (net of allowance for doubtful accounts)	7,626,368	7,856,513	15,482,881
Inventory	57,398	2,337,570	2,394,968
Notes receivable	714,220		714,220
Internal Balances	500,000	(500,000)	
Bond discounts		2,321,714	2,321,714
Prepaid expenses	38,062	90,228	128,290
Capital assets (net of depreciation)			
Land	22,398,601		22,398,601
Buildings	16,832,588		16,832,588
Improvements	34,892,405		34,892,405
Infrastructure	48,700,796		48,700,796
Machinery & equipment	7,508,834		7,508,834
Plant, property, and equipment		218,095,362	218,095,362
Total assets	\$ 187,918,604	\$ 267,356,108	\$ 455,274,712
LIABILITIES:			
Accrued liabilities	\$ 3,718,994	\$ 8,334,858	\$ 12,053,852
Construction bonds held	155,527		155,527
Deposits payable		1,302,527	1,302,527
Deferred compensation	914,979		914,979
Interest payable	435,758		435,758
Unearned revenues	1,941,599		1,941,599
Notes payable:			
Due within one year	3,779,200		3,779,200
Due in more than one year	200,000		200,000
Bonds payable:			
Due within one year	2,111,000	6,337,000	8,448,000
Due in more than one year	28,559,000	86,756,235	115,315,235
Capital leases:			
Due within one year	298,300	317,000	615,300
Due in more than one year	5,920,420	540,067	6,460,487
Bond premiums	-	4,162,810	4,162,810
Total liabilities	48,034,777	107,750,496	155,785,272
NET ASSETS:			
Invested in capital assets, net of related debt	93,444,504	119,982,250	213,426,754
Restricted for:			
Unspent bond/impact fees for const.	3,613,694	9,514,956	13,128,650
Debt service	3,693,619	4,884,763	8,578,382
Unrestricted	39,132,010	25,223,643	64,355,653
Total Net Assets	\$ 139,883,827	\$ 159,605,612	\$ 299,489,440

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

CITY OF ST. GEORGE, UTAH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	Program Revenues				Net Governmental Activities	Business-type Activities	Total
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions			
Governmental activities:							
General government	\$ 5,003,466	\$ 3,063,250	\$ -	\$ -	\$ (1,940,216)		\$ (1,940,216)
Public Safety	11,497,263	2,338,491	1,748,350		\$ (7,410,422)		(7,410,422)
Highways & public improvements	14,095,574	569,953	4,969,758	4,600,764	\$ (3,955,099)		(3,955,099)
Parks, recreation & public property	11,086,673	2,733,220	1,936,530	856,290	\$ (5,560,633)		(5,560,633)
Community & economic development	2,058,271	3,684,759	345,612		\$ 1,972,100		1,972,100
Interest on long-term debt	1,411,252				\$ (1,411,252)		(1,411,252)
Total governmental activities	45,152,500	12,389,673	9,000,250	5,457,054	(18,305,523)	-	(18,305,523)
Business-type activities:							
Electric	44,254,372	48,604,517				4,350,145	4,350,145
Water	13,161,030	15,682,625				2,521,595	2,521,595
Regional wastewater treatment	4,174,274	9,762,867	-	5,500,000		11,088,593	11,088,593
Wastewater collection	7,250,231	7,256,324				6,093	6,093
Golf courses	4,636,676	4,339,617				(297,059)	(297,059)
Municipal bldg authority	370,793	-				(370,793)	(370,793)
Drainage Utility	513	868,626				868,113	868,113
Solid waste	2,812,247	2,811,909				(338)	(338)
Total business-type activities	76,660,137	89,326,485	-	5,500,000		18,166,348	18,166,348
General Revenues:							
Taxes:							
Property taxes levied for general purposes					6,519,822		6,519,822
Property taxes levied for debt service					2,054,134		2,054,134
Franchise taxes					5,838,960		5,838,960
General sales taxes & highway sales taxes					19,316,867		19,316,867
Business licenses					532,360		532,360
Investment income					1,889,678	1,827,981	3,717,659
Lease payments					(197,284)		(197,284)
Gain on sale of assets					387,972		387,972
Rents & concessions					34,713	838,702	873,415
Miscellaneous					194,864	2,483,427	2,678,291
Transfers					670,100	(670,100)	-
Total general revenues & transfers					37,242,186	4,480,010	41,722,196
Change in net assets					18,936,664	22,646,358	41,583,022
Net assets - beginning					120,947,165	136,959,254	257,906,419
Net assets - ending					\$ 139,883,829	\$ 159,605,612	\$ 299,489,441

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

CITY OF ST. GEORGE, UT
GOVERNMENTAL FUNDS TYPE
BALANCE SHEET
 JUNE 30, 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 2,636,637	\$ 45,481,077	\$ 48,117,714
Accounts receivable	3,310,617	4,315,752	7,626,368
Prepaid items	38,062		38,062
Inventory	57,398		57,398
Notes receivable	714,220		714,220
Due from other funds	500,000	388,645	888,645
Total assets	\$ 7,256,933	\$ 50,185,474	\$ 57,442,407
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Construction bonds held	\$ 155,527		\$ 155,527
Due to other funds	388,645	-	388,645
Accrued liabilities	1,832,593	1,880,249	3,712,842
Deferred revenues	13,102	1,928,497	1,941,599
Total liabilities	2,389,867	3,808,746	6,198,613
Fund Balance:			
Reserved for Special revenue funds		8,335,881	8,335,881
Reserved for Debt service fund		3,693,619	3,693,619
Reserved for Capital projects fund		34,347,227	34,347,227
Reserved for Police Seizures	68,477		68,477
Reserved for Notes receivable	714,220		714,220
Reserved for Perpetual Care	180,696		180,696
Unreserved - undesignated	3,903,674		3,903,674
Total fund balance	4,867,067	46,376,728	51,243,795
Total liabilities and fund balance	\$ 7,256,934	\$ 50,185,474	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			130,333,224
Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.			(42,218,657)
Fund balance in Self-Insurance internal service fund			525,466
			\$ 139,883,828

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

CITY OF ST. GEORGE, UT
GOVERNMENTAL FUNDS TYPE
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes & special assessments	\$ 26,466,660	\$9,226,644	\$ 35,693,304
Licenses and permits	3,544,685	-	3,544,685
Intergovernmental	3,257,244	4,218,610	7,475,854
Charges for services	7,136,562	-	7,136,562
Fines & forfeitures	928,299	-	928,299
Investment income	797,245	1,070,999	1,868,244
Rents & concessions	34,713	-	34,713
Miscellaneous	183,860	11,094	194,954
Contributions from other sources	300,031	-	300,031
Capital development fees	-	4,121,533	4,121,533
	<hr/>	<hr/>	<hr/>
Total revenues	42,649,298	18,648,880	61,298,178
Expenditures:			
Current:			
General government	4,894,699	2,405,209	7,299,908
Public safety	12,023,185	-	12,023,185
Highways & public improvements	9,505,136	-	9,505,136
Parks, recreation & public property	8,068,262	-	8,068,262
Community & economic development	1,967,056	-	1,967,056
Capital outlay	-	16,945,391	16,945,391
Debt service			
Capital leases	53,284	144,000	197,284
Principal	-	1,188,278	1,188,278
Interest & admin charges	-	1,461,811	1,461,811
	<hr/>	<hr/>	<hr/>
Total expenditures	36,511,622	22,144,688	58,656,310
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>	<hr/>
	6,137,676	(3,495,808)	2,641,868
Other financing sources (uses):			
Transfers in	172,000	13,623,000	13,795,000
Transfers out	(6,000,000)	(5,767,900)	(11,767,900)
Contributions from private sources	-	393,220	393,220
Proceeds from sale of capital assets	103,872	284,100	387,972
Contributions from other governments	-	785,106	785,106
Premiums on bonds sold	-	-	-
Issuance of notes/bonds/leases	-	342,687	342,687
Total other financing sources (uses)	<hr/>	<hr/>	<hr/>
	(5,724,128)	9,660,213	3,936,086
Net change in fund balances	413,548	6,164,405	6,577,954
Fund balances, beginning of year,	<hr/>	<hr/>	<hr/>
	4,453,519	40,212,323	44,665,842
Fund balances, end of year	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 4,867,067	\$ 46,376,728	\$ 51,243,796

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

CITY OF ST. GEORGE, UT
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds \$ 6,577,954

Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of revenues, expenditures, and changes in fund balance because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 10,602,511

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,772,540

Accrued Interest for Long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. 36,692

Compensated absences 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. (112,963)

Internal service funds are used by management to charge the costs of self-insurance to individual funds. The net revenue of these activities of internal service funds is reported with governmental activities. 59,929

Change in net assets of governmental activities \$ 18,936,663

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

CITY OF ST. GEORGE, UTAH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Taxes:				
General property taxes	\$ 7,100,000	\$ 7,100,000	\$ 5,761,793	\$ (1,338,207)
Prior year's delinquent taxes	500,000	500,000	138,662	(361,338)
General sales & use taxes	12,500,000	14,100,000	14,727,245	627,245
Franchise taxes	5,000,000	5,500,000	5,838,960	338,960
Total taxes	25,100,000	27,200,000	26,466,660	(733,340)
Licenses & permits:				
Business licenses & permits	450,000	520,000	532,360	12,360
Non-business licenses & permits	2,515,000	2,739,692	3,012,325	272,633
Total licenses & permits	2,965,000	3,259,692	3,544,685	284,993
Intergovernmental revenues:				
Federal grants	1,400,000	1,508,000	1,161,895	(346,105)
State grants	60,000	60,000	70,844	10,844
Class "C" roads	1,900,000	1,900,000	1,980,256	80,256
State liquor allotment	35,000	35,000	44,248	9,248
Total intergovernmental revenues	3,395,000	3,503,000	3,257,244	(245,756)
Charges for services:				
Enterprise funds	2,675,500	2,675,500	2,675,500	-
Public safety	1,230,000	1,240,000	1,410,191	170,191
Parks & public property	300,000	525,000	672,435	147,435
Cemetery	215,000	269,500	303,518	34,018
Recreation	1,397,000	1,437,000	1,623,333	186,333
Airport	225,000	375,000	412,197	37,197
Irrigation & Reuse Center	45,000	45,000	39,388	(5,612)
Total charges for services	6,087,500	6,567,000	7,136,562	569,562
Fines & forfeitures:				
Court fines & bail forfeitures	950,000	950,000	928,299	(21,701)
Miscellaneous:				
Interest	250,000	600,000	797,245	197,245
Rents & concessions	-	-	34,713	34,713
Other	110,000	314,080	183,860	(130,220)
Total miscellaneous	360,000	914,080	1,015,818	101,738
Total revenues	38,857,500	42,393,772	42,349,267	(44,505)
Other Financing Sources :				
Sales of capital assets	20,000	20,000	103,872	83,872
Contributions from other entities	-	-	300,031	300,031
Appropriated fund balance	17,500	1,755,647	-	(1,755,647)
Transfers from other funds	179,000	189,000	172,000	(17,000)
Total Other Financing Sources :	216,500	1,964,647	575,903	(1,388,744)
Total revenues & Other Financing Sources	\$ 39,074,000	\$ 44,358,419	\$ 42,925,170	\$ (1,433,249)

(continued)

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

CITY OF ST. GEORGE, UTAH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(continued)
YEAR ENDED JUNE 30, 2006

EXPENDITURES:	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
General government:				
City Council	\$ 634,868	\$ 634,868	\$ 630,290	\$ 4,578
City Manager	325,944	325,944	325,655	289
Human Resources	287,693	287,693	239,425	48,268
Marketing	143,231	143,231	123,764	19,467
Administrative Services	451,452	502,452	479,274	23,178
Finance	1,393,452	1,393,452	1,365,438	28,014
Technology Services	778,891	778,891	722,158	56,733
Legal	784,482	784,482	718,420	66,062
Elections	38,000	53,000	47,141	5,859
Economic Development Administration	181,915	306,607	243,135	63,472
Total general government	<u>5,019,928</u>	<u>5,210,620</u>	<u>4,894,699</u>	<u>315,921</u>
Public Safety:				
Police	7,782,996	7,893,355	7,838,260	55,095
Drug Task Force	161,984	201,984	111,998	89,986
Dispatch Center	1,536,905	1,536,905	1,340,253	196,652
Fire	2,733,673	2,913,395	2,732,674	180,721
Total public safety	<u>12,215,558</u>	<u>12,545,639</u>	<u>12,023,185</u>	<u>522,454</u>
Highways & public improvements:				
Flood Control	612,000	839,000	792,509	46,491
Public Works Administration	499,978	499,978	486,189	13,789
Streets	4,306,521	4,346,521	4,324,301	22,220
Automotive	781,063	781,063	805,090	(24,027)
Engineering	1,798,991	1,798,991	1,561,500	237,491
Airport	1,732,933	1,732,933	1,535,547	197,386
Total highways & improvements	<u>9,731,486</u>	<u>9,998,486</u>	<u>9,505,136</u>	<u>493,350</u>
Parks, Recreation & Public Property:				
Building Maintenance	862,106	872,106	837,059	35,047
Parks and open spaces	3,164,009	3,164,009	2,939,254	224,755
Recreation & cultural arts	3,877,022	4,113,922	3,967,438	146,484
Cemetery	338,914	358,914	324,512	34,402
Total parks, recreation & public property	<u>8,242,051</u>	<u>8,508,951</u>	<u>8,068,262</u>	<u>440,689</u>
Community development	1,811,939	2,036,939	1,967,056	69,883
Debt service: Capital leases	53,284	53,284	53,284	-
Total expenditures	<u>37,074,246</u>	<u>38,353,919</u>	<u>36,511,622</u>	<u>1,842,297</u>
OTHER FINANCING USES				
Contributions to other funds	1,999,754	6,000,000	6,000,000	-
TOTAL EXPENDITURES & OTHER USES	<u>39,074,000</u>	<u>44,353,919</u>	<u>42,511,622</u>	<u>1,842,297</u>
Net change in fund balance	-	4,500	413,548	<u>\$ 409,048</u>
Fund Balance at beginning of year	<u>4,453,519</u>	<u>4,453,519</u>	<u>4,453,519</u>	
Fund Balance at end of year	<u>\$ 4,453,519</u>	<u>\$ 4,458,019</u>	<u>\$ 4,867,067</u>	

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

CITY OF ST. GEORGE, UTAH

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2006

ASSETS	Business-type Activities - Enterprise Funds				TOTALS 2006	Governmental Activities Internal Service Fund
	ELECTRIC UTILITIES	WATER UTILITIES	WASTEWTR TREATMENT	Non-Major Enterprise Funds		
Current assets:						
Cash	\$ 3,868,122	\$ 3,226,718	\$ 16,445,296	\$ (785,132)	\$ 22,755,003	\$ 531,618
Restricted cash	5,041,873	4,856,639	2,913,122	1,588,085	14,399,719	
Accts. receivable (net of allowance for uncollectibles of \$933,087)	7,582,406	250,829	10,200	13,078	7,856,513	
Inventory	1,871,667	465,903			2,337,570	
Due from other funds						
Note receivable				644,561	644,561	
Bond discounts & insurance	340,172	775,432	1,029,257	176,853	2,321,714	
Prepaid expenses	90,228	-	-		90,228	-
Total current assets	18,794,468	9,575,520	20,397,874	1,637,445	50,405,307	531,618
Capital assets net of accumulated depreciation	44,605,417	96,035,591	51,207,866	26,246,488	218,095,362	-
TOTAL ASSETS	63,399,885	105,611,111	71,605,741	27,883,932	268,500,669	531,618
LIABILITIES						
Current liabilities:						
Accrued liabilities	4,499,267	1,781,911	663,319	1,390,361	8,334,858	6,152
Capital leases				857,067	857,067	
Due to other funds (short-term)						
Deposits payable	1,302,527				1,302,527	
Total current liabilities	5,801,794	1,781,911	663,319	2,247,428	10,494,451	6,152
Long-term liabilities:						
Bonds payable - long term	16,710,000	51,458,713	18,025,522	6,899,000	93,093,235	
Bond premiums	575,271	3,025,517	562,021		4,162,810	
Due to other funds (long-term)		-	-	1,144,561	1,144,561	
Total long-term liabilities	17,285,271	54,484,230	18,587,543	8,043,561	98,400,606	-
Total liabilities	23,087,065	56,266,141	19,250,862	10,290,989	108,895,057	6,152
NET ASSETS						
Invested in capital assets, net of related debt	27,320,146	41,551,361	32,620,323	18,490,420	119,982,250	-
Restricted	5,041,873	4,856,639	2,913,122	1,588,085	14,399,719	-
Unrestricted	7,950,802	2,936,970	16,821,434	(2,485,562)	25,223,644	525,466
Total net assets	\$ 40,312,820	\$ 49,344,969	\$ 52,354,879	\$ 17,592,944	\$ 159,605,612	\$ 525,466

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

CITY OF ST. GEORGE, UTAH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Funds				TOTALS 2006	Governmental Activities Internal Service Fund
	ELECTRIC UTILITIES	WATER UTILITIES	WASTEWTR TREATMENT	Non-Major Enterprise Funds		
OPERATING REVENUES:						
Charges for services	\$ 44,196,505	\$ 11,613,585	\$ 7,100,084	\$ 14,823,134	\$ 77,733,308	\$ 387,750
Other operating revenues	4,408,012	4,069,040	2,662,784	453,342	11,593,177	
Total operating revenues	48,604,517	15,682,625	9,762,867	15,276,476	89,326,485	\$ 387,750
OPERATING EXPENSES:						
Electricity purchased	32,530,927		318,776		32,849,703	
Natural gas purchased	1,503,365				1,503,365	
Water purchased		1,122,563			1,122,563	
Salary and wages	2,925,315	2,204,221	782,939	1,922,014	7,834,489	
Supplies	212,793	-	-	426,106	638,900	
Service vehicle expense	173,404	136,520	67,376	173,047	550,347	
Equipment rental	7,500	21,205	1,505	248,309	278,518	
Depreciation	2,976,888	2,367,220	872,333	834,366	7,050,807	
Bad debts	219,205	57,475	-	48,114	324,794	
Payroll tax & employee benefits	1,072,626	886,429	315,273	739,725	3,014,054	
Office & dept. supplies	87,417	2,963,452	51,978	120,725	3,223,572	
Professional services	308,474	99,239	200,418	547,093	1,155,223	513
R. & M. - equipment	463,845	318,499	387,124	143,315	1,312,783	
R. & M. - buildings and grounds	17,284	7,285	16,012	736,211	776,791	
Insurance & surety bonds	92,839	93,822	59,785	64,440	310,886	
Travel	58,536	65,468	18,127	11,761	153,891	
Miscellaneous	5,065	2,067			7,132	
Interest expense	37,041				37,041	
Subscriptions & memberships	25,458	2,214	1,205	12,732	41,609	
Lease payments					-	
Claims paid						80,983
Insurance premiums						267,757
Contract labor				8,183,066	8,183,066	
Billing & administration	1,007,000	671,000	485,000	512,500	2,675,500	
Total operating expenses	43,724,982	11,018,679	3,577,849	14,723,524	73,045,033	349,254
Operating income (loss)	4,879,535	4,663,946	6,185,018	552,952	16,281,452	38,496
NON-OPERATING REVENUES (EXPENSES)						
Interest income	454,638	433,269	848,763	91,311	1,827,981	21,434
Rent	-	322,470	-	516,232	838,702	
Miscellaneous income	1,979,362	156,845	290,853	56,367	2,483,427	-
Federal grants	-	-	5,500,000		5,500,000	
Loss on bond refinancing	-	-	(112,198)	-	(112,198)	
Interest charges	(529,391)	(2,142,352)	(484,227)	(346,936)	(3,502,905)	
Total non-operating revenue (expense)	1,904,609	(1,229,767)	6,043,191	316,974	7,035,007	21,434
Income before transfers	6,784,145	3,434,179	12,228,209	869,926	23,316,458	59,930
Contributions						
Transfers (to) from other funds				(670,100)	(670,100)	
Change in Net Assets	6,784,145	3,434,179	12,228,209	199,826	22,646,358	59,930
Total net assets - beginning	33,528,676	45,910,791	40,126,670	17,393,118	136,959,255	465,536
Total net assets - ending	\$ 40,312,821	\$ 49,344,970	\$ 52,354,879	\$ 17,592,944	\$ 159,605,613	\$ 525,466

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

CITY OF ST. GEORGE, UTAH

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	ELECTRIC UTILITIES	WATER UTILITIES	WASTEWTR TREATMENT	Non-Major Enterprise Funds	TOTALS 2006	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 46,838,923	\$ 15,446,926	\$ 9,963,598	\$ 15,263,398	\$ 87,512,844	\$ -
Receipts from interfund services provided						387,750
Payments to suppliers	(39,364,258)	(7,417,405)	(1,378,530)	(10,490,098)	(58,650,291)	
Payments to employees	(3,997,941)	(3,090,650)	(1,098,213)	(2,661,739)	(10,848,543)	
Payments for interfund services used						(345,254)
Net cash provided by operating activities	<u>3,476,723</u>	<u>4,938,871</u>	<u>7,486,855</u>	<u>2,111,561</u>	<u>18,014,011</u>	<u>42,496</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Rents received		322,470	-	516,232	838,702	
Miscellaneous non-operating income	1,979,362	156,845	290,853	56,367	2,483,427	
Economic development transfer				(670,100)	(670,100)	
Net cash provided (used) by noncapital and related financing activities	<u>1,979,362</u>	<u>479,315</u>	<u>290,853</u>	<u>(97,501)</u>	<u>2,652,029</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	-	-	-	-	-	-
Purchases of capital assets	(6,848,754)	(5,738,250)	(9,562,359)	(2,870,861)	(25,020,224)	
Principal paid on capital debt	(570,000)	(840,000)	(2,916,750)	(957,000)	(5,283,750)	
Interest paid on capital debt	(529,391)	(2,142,352)	(484,227)	(346,936)	(3,502,905)	
Capital lease proceeds				645,406	645,406	
Capital lease principal payments		(120,605)		(251,293)	(371,898)	
Loss on bond refinancing		-	(112,198)		(112,198)	
Premium on bonds issued	(30,278)	(208,258)	(120,233)		(358,769)	
Federal grants	-	-	5,500,000		5,500,000	
Net cash provided (used) by capital and related financing activities	<u>(7,978,423)</u>	<u>(9,049,465)</u>	<u>(7,695,767)</u>	<u>(3,780,684)</u>	<u>(28,504,338)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	454,638	433,269	848,763	91,311	1,827,981	21,434
Net increase (decrease) in cash and cash equivalents	(2,067,699)	(3,198,009)	930,704	(1,675,313)	(6,010,318)	63,930
Cash and equivalents at beginning of year	10,977,693	11,281,366	18,427,714	2,478,266	43,165,039	467,687
Cash and equivalents at end of year	<u>\$ 8,909,994</u>	<u>\$ 8,083,357</u>	<u>\$ 19,358,418</u>	<u>\$ 802,953</u>	<u>\$ 37,154,721</u>	<u>\$ 531,617</u>
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss) (after transfers)	4,879,535	4,663,946	6,185,018	552,952	16,281,452	38,496
Adjustments to reconcile net income from operations to net cash provided by operating activities:						
Depreciation	2,976,888	2,367,220	872,333	834,366	7,050,807	
Changes in assets & liabilities:						
Decrease (increase) in receivables	(1,765,594)	(235,699)	200,730	(13,078)	(1,813,641)	
Decrease (increase) in inventory	(611,627)	(162,271)			(773,898)	
Decrease (increase) in discounts	17,904	57,780	185,264	20,086	281,034	
Decrease (increase) in prepaid exp.	(90,228)	2,830	-	(37,283)	(124,681)	
Decrease (increase) in leases payable	-	-	-	-	-	
Increase (decrease) in deposits	135,168				135,168	
Increase (decrease) in interfund pay.	-	-			-	
Increase (decrease) in accruals	(2,065,323)	(1,754,936)	43,510	754,519	(3,022,230)	4,000
Total adjustments	<u>(1,402,812)</u>	<u>274,924</u>	<u>1,301,837</u>	<u>1,558,610</u>	<u>1,732,559</u>	<u>4,000</u>
Net cash provided by operating activities:	<u>\$ 3,476,723</u>	<u>\$ 4,938,870</u>	<u>\$ 7,486,855</u>	<u>\$ 2,111,562</u>	<u>\$ 18,014,011</u>	<u>\$ 42,496</u>

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

CITY OF ST. GEORGE, UTAH
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2006

	PENSION TRUST *****
<u>ASSETS</u>	
Restricted cash and investments	<u>\$ 14,702,355</u>
Total Assets	<u>14,702,355</u>
<u>LIABILITIES</u>	
Liabilities:	
Accrued liabilities	<u>-</u>
Total liabilities	<u>-</u>
 NET ASSETS	
Held in trust for pension benefits and other purposes	<u><u>\$ 14,702,355</u></u>

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

CITY OF ST. GEORGE, UTAH
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

		PENSION TRUST *****
ADDITIONS		
Retirement contributions	\$	1,333,629
Life insurance contributions		23,643
Certificate sales		-
Net increase in fair value of investments		944,542
Citizen donations		-
		<hr/>
Total additions		<u>2,301,813</u>
DEDUCTIONS		
Administrative & general		31
Life insurance premiums		23,643
Retirement withdrawals		633,081
Transfers to other government agencies		-
		<hr/>
Total deductions		<u>656,755</u>
Change in net assets		1,645,058
Net assets - beginning of year		<u>13,057,297</u>
Net assets - end of year	\$	<u><u>14,702,355</u></u>

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

CITY OF ST. GEORGE, UT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2006

I. *Summary of significant accounting policies*

A. Reporting entity

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The City of St. George (City) was incorporated January 17, 1862. The City operates under a Council-Mayor-Manager form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The board of directors for the Downtown Redevelopment Agency is the Mayor and City Council. As a result, the Downtown Redevelopment Fund is a component unit and is accounted for as a Capital Projects fund.

B. Government-wide and fund financial statements

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

given function or segment are off-set by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues to be available if they are collected within 60 days of the end of the current fiscal year. 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.

Sales taxes, franchise taxes, innkeeper taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the

portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The Electric Utility accounts for the activities of the City's electric distribution operations.

The Water Utility accounts for the activities of the City's water production, treatment, and distribution operations.

The Wastewater Treatment fund accounts for the operation and maintenance of the regional wastewater treatment plant which also services Ivins, Santa Clara, and Washington with the City being the operator.

Additionally, the City reports the following fund types:

An Internal Service fund to account for the self-insurance activities of the various funds throughout the City. Fiduciary funds are maintained for the activities of the Pension Trust fund which accounts for the activities of the City's defined contribution plan.

Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.

As a general rule internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated from the government-wide financial statements except for the net amount of transfers between governmental and business-type activities, which are reported as transfers - internal activities. Exceptions to this general rule are payments to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The effect of interfund services between funds is not eliminated in the statement of activities.

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 are charges to customers for sales and services. Operating expenses for enterprise funds and 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.

When both restricted and unrestricted assets are available for use, it is the City's policy to use restricted assets first, then unrestricted assets as they are needed but reserves the right to be selective in the use of such restricted assets that best fit City needs.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's investment pool, and other investments as allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Pool operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". In the City Electric, Water, Wastewater Collection, and Refuse Collection funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2006 were estimated based on July billings and are included in the operating revenues and accounts receivable at year-end. An allowance for uncollectible accounts is recorded as bad debt expense equal to 1/2 of 1% of revenues in the Electric, Water, Wastewater Collection, and Refuse Collection enterprise funds.

3. Inventories and prepaid items

Inventories of materials and supplies in the Electric and Water Funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis (FIFO). Inventory in the General Fund is primarily supplies in the automotive division which are expended on a consumption basis. This inventory is likewise accounted for on a FIFO basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. 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 activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Building and improvements	10 to 100 years
Infrastructure	15 to 100 years
Machinery and equipment	7 to 30 years

5. Compensated absences

For governmental funds amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. In accordance with GAAP, no liability or expense/expenditure is recorded for non-vesting accumulating rights to receive sick pay benefits.

6. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as

bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Restricted assets

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes and unexpended impact fees.

II. Reconciliation of government-wide and fund financial statements

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

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

Capital related items:

When capital assets (property, plant, & equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$196,132,007
Accumulated depreciation	<u>(65,798,783)</u>
Total difference	\$ <u>130,333,224</u>

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2006 were:

2005 Sales Tax Revenue Bonds	\$ 4,210,000
Excise tax bonds	5,285,000
Parks and recreation general obligation bonds	17,695,000
Special assessment bonds	3,480,000

Capital lease	6,218,720
Note payable to McArthur	175,000
Utah House Bill HB240	3,704,200
Interest payable on long-term debt	435,758
Compensated absences	<u>914,979</u>
Total difference	<u>\$42,118,657</u>

B. Explanation of differences between governmental fund operating statements and the statement of net activities.

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

Net Capital outlay	\$17,320,331
Depreciation expense	<u>(6,717,820)</u>
Net difference as reported	\$ <u>10,602,511</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds. Control is maintained at the function level (i.e., general government, public safety, highways & improvements, parks & public property, etc.). All appropriations lapse at fiscal year end.

The City Council observes the following procedures in establishing the budgetary data reflected in the fund financial statements:

- 1) Prior to the first meeting in May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them. Budgets are prepared for all City funds including proprietary funds.
- 2) Public hearings are conducted to obtain taxpayer comments.

3) Prior to June 22nd, the budget is legally enacted through passage of an ordinance.

4) The City Manager is authorized to transfer budgeted amounts within function levels; however, to transfer budgeted amounts between function levels requires City Council approval. Any revisions that alter the total expenditures of any fund must be approved through a public hearing by the City Council and can be made at any time during the fiscal year. The General Fund budget was increased by \$5,249,919 or 13.44% of the original budget. The largest amounts of the increase were to transfer to the Capital Equipment Fund \$3,421,147, and to the Economic Development Fund \$1,000,000 of the anticipated General Fund surplus revenues for the year which were then allocated to various capital and economic development projects. This increase was for \$4,421,147 or 84.21% of the total budgeted increase. The balance of the increase was for unanticipated expenditures and to take advantage of additional revenues which were received.

5) Although Utah State law requires the initial preparation of budgets for all City funds (both governmental & proprietary), it only requires the reporting of actual versus budgets for the General Fund and Major Special Revenue funds.

B. Tax Revenues

Property taxes are collected by the Washington County Treasurer and remitted to the City in two to three installments in July, December, and a final settlement in the first quarter of the calendar year. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes beyond that which was received within 60 days after fiscal year end has not been made, as the amounts are not deemed to be material.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are generally remitted on a monthly basis. Again an accrual has been made for all fees due and payable to the City at June 30th.

The Innkeeper business license fee is collected at 1% of transient room rentals at motels, hotels, and R.V. parks. It is remitted to the City on a quarterly basis. Again an accrual has been made for all fees due and payable to the City at June 30th.

C. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2006, the Museum Collection Acquisition Special Revenue Fund expenditures exceeded appropriations by \$513; the Recreation G.O. Bond Debt Service Fund expenditures exceeded appropriations by \$938; the Capital Equipment Capital Projects Fund expenditures exceeded appropriations by \$73,815; and the Park Impact Capital Projects Fund expenditures exceeded appropriations by \$19,740.

D. Deficit fund equity

At June 30, 2006 the 2005 Flood Reconstruction Fund and the Future Airport Capital Project fund had deficit fund balances. In both cases the funds are capital projects funds and year-end payables exceeded available assets. In both cases, the deficits should be eliminated during the 2007 fiscal year thru additional revenues or transfers from other funds.

IV. Detailed Notes for All Funds

A. Cash and investments

At June 30, 2006, the City had the following cash & investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage</u>
U.S. Treasuries	\$ 1,942	.00%
State Treasurer's investment pool	73,491,463	73.12%
Bank certificates of deposit	9,373,559	9.33%
Bank demand deposits (checking & saving)	2,937,089	2.92%
Insurance company contracts (pension plan)	<u>14,702,355</u>	<u>14.63%</u>
Total fair value	<u>\$100,506,408</u>	<u>100.00%</u>

Interest Rate Risk

In accordance with the City's Investment Policy, the City will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so securities mature to meet cash requirements for ongoing operations; and by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. At June 30, 2006, the weighted average of maturities was 68.76 days.

Credit Risk

The City's Investment Policy and the Utah State Money Management Act (the Act) limits investments in commercial paper and corporate bonds to be rated by two nationally recognized statistical rating organizations (NRSROs), one of which must be Moody's Investors Service or Standard & Poor's. It is the City's policy to limit its investments in

these investment types to “first tier” investments with ratings of “A” or higher as issued by NRSROs. Investments in U.S. Government guaranteed securities are exempt from a rating requirement, as are investments in the Utah Public Treasurer’s Investment Fund (UPTIF).

Concentration of Credit Risk

The City’s Investment Policy and the Act are explicit in how the City will diversify its investments by issuer. Diversification of investments with a single institution (issuer) must comply with applicable rules of the Act, specifically:

- No more than 20% of funds may be invested in any one permitted qualified out-of-state depository institution
- No more than 10% of the total portfolio with a single Commercial Paper or Corporate Notes issuer if the portfolio is \$10,000,000 or less
- No more than \$1,000,000 in a single Commercial Paper or Corporate Notes issuer if the portfolio is greater than \$10,000,000 but less than \$20,000,000
- No more than 5% of the total portfolio with a single Commercial Paper or Corporate Notes issuer if the portfolio is \$20,000,000 or more
- May not exceed the maximum amount of funds allowed to be held by any qualified depository as reported quarterly by the State Council

Further, for issuers which are not covered by rules or statute, the City will restrict its investments to no more than 20% with a single issuer with the exception of funds invested with the UPTIF, U.S. Treasury securities, or funds held in trust (i.e. construction, sinking, or reserve bond funds, etc.).

As of June 30, 2006, excluding the UPTIF, the City had one issuer in which the total investments exceeded five percent:

- SunFirst Bank at 5.69%

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s Investment policy requires that no more than 25% of the investment portfolio may be invested in Certificates of Deposit. The policy is not specific as to deposits held for general operating cash flows.

As of June 30, 2006, \$12,164,757, (13.81%) of the City’s portfolio balance of \$88,107,176 was exposed to custodial credit risk - deposits, because it was uninsured and uncollateralized.

B. Deposits

Enterprise fund deposits are deposits the City requires from residential renters and any business receiving a utility connection. The deposit is returnable after 3 years for residential and 2 years for business customers upon proof of good credit performance.

C. Notes receivable

In the General Fund, an economic incentive note has been written with the developers of the Ft. Pierce Business Park. The agreement states that the Ft. Pierce Business Park, LC., may borrow up to \$1,200,000 from the City. Interest will accrue at 5 1/2%. Interest was capitalized thru December 31, 1999, and thereafter has been due quarterly beginning April 1, 2000. In addition, for each lot sold, the developers will remit to the City from each closing 12% of the net sales proceeds to be applied to the note. At June 30, 2006, the unpaid principal and interest totaled \$714,220.

D. Capital assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$21,775,422	623,179	_____	<u>22,398,601</u>
Capital assets being depreciated:				
Buildings	22,727,914	1,358,641		24,086,555
Improvements	40,696,960	4,761,271		45,458,231
Infrastructure	79,527,797	7,990,746		87,518,543
Equipment, etc	<u>14,362,815</u>	<u>2,612,229</u>	<u>304,967</u>	<u>16,670,077</u>
Total capital assets being depreciated	<u>157,315,485</u>	<u>16,722,887</u>	<u>304,967</u>	<u>173,733,405</u>
Less accum. depreciation for:				
Buildings	6,509,666	744,300		7,253,966
Improvements	9,409,458	1,156,368		10,565,826
Infrastructure	35,124,604	3,693,143		38,817,747
Equipment etc	<u>8,316,466</u>	<u>1,124,008</u>	<u>279,231</u>	<u>9,161,243</u>
Total accum. depreciation	<u>59,360,194</u>	<u>6,717,820</u>	<u>279,231</u>	<u>65,798,783</u>
Total capital assets being depreciated, net	<u>97,955,291</u>	<u>10,005,067</u>	<u>25,736</u>	<u>107,934,622</u>

Governmental activities capital assets, net	<u>\$119,730,713</u>	<u>\$10,628,246</u>	<u>\$ 25,736</u>	<u>\$130,333,223</u>
--	----------------------	---------------------	------------------	----------------------

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	<u>30,514,480</u>	<u>47,442</u>	<u> </u>	<u>30,5561,922</u>
Capital assets being depreciated:				
Buildings and systems	213,952,689	20,565,074		234,517,763
Improvements	7,051,477	1,570,972		8,622,449
Machinery & Equipment	<u>12,717,480</u>	<u>2,754,571</u>	<u>140,372</u>	<u>15,331,679</u>
Total capital assets being depreciated	<u>233,721,646</u>	<u>24,890,617</u>	<u>140,372</u>	<u>258,471,891</u>
Less accum. depreciation for:				
Buildings and systems	50,682,597	6,046,776		56,729,373
Improvements	3,521,397	269,790		3,791,187
Machinery & Equipment	<u>9,824,019</u>	<u>734,241</u>	<u>140,372</u>	<u>10,417,888</u>
Total accum. depreciation	<u>64,028,013</u>	<u>7,050,807</u>	<u>140,372</u>	<u>70,938,448</u>
Total capital assets being depreciated, net	<u>169,693,633</u>	<u>17,839,808</u>	<u> </u>	<u>187,533,441</u>
Business-type activities net capital assets	<u>\$200,208,112</u>	<u>17,887,250</u>	<u> </u>	<u>\$218,095,362</u>

In the government-wide financial statements depreciation was charged as follows by program or activity:

Governmental activities:	
General government	\$ 441,954
Public safety	603,221
Highways, streets, etc.	4,267,028
Parks, recreations, etc.	1,266,236
Community development	<u>139,380</u>

Total depreciation expense - governmental activities	<u>\$6,717,820</u>
--	--------------------

Business-type activities:	
Municipal building authority	\$ 98,336
Water utility	2,367,220
Wastewater collection	225,080
Electric utility	2,976,888
Golf courses	510,950

Regional wastewater treatment 872,333

Total depreciation expense - business-type activities \$ 7,050,807

The City has followed the procedure of capitalizing large purchases of poles, transformers, pipes, etc. in the electric and water enterprise funds. Many of these materials are not used immediately upon purchase, but rather kept on hand in case of an emergency need. Upon inspection of these supplies, it was deemed to be more accurate to classify these assets as inventory rather than to capitalize them. Thus, an inventory count was performed and an appropriate amount of the fixed assets were classified as inventory.

E. Interfund receivables, payables, and transfers

At June 30, 2006, interfund balances due to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Assessment Debt Service	General Fund	\$388,645
General Fund	Golf Course Fund	500,000
Wastewater Collection	Golf Course Fund	<u>644,561</u>
		<u>\$1,533,206</u>

The Golf Course Fund has borrowed a total of \$1,900,000 from the Wastewater Collection Fund for the purchase of the Southgate Golf Course. The loan is being repaid through monthly installments of \$13,153.33 which includes principal and interest. The interest rate is calculated each year on November 1st and is equal to the average interest rate earned on City deposits invested in the state treasurer's investment pool for the prior twelve months.

In addition to the above amounts which will be repaid by the respective funds, transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2006 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General Fund	Dixie Center Operations	\$ 467,000
	Public Works Capital Proj.	1,290,000
	Economic Development	1,000,000
	Capital Equip Cap. Projects	4,508,000
	Replacement Airport Fund	25,000
	Economic Development Fund	Muni Bldg Authority 319,900
	Transportation Improvmnt	SunTran Public Transit Fund 175,000
	Transportation Improvmnt	Public Works Capital Proj. 3,143,000
	Park Impact Fund	General Fund 40,000
	Street Impact Fund	Public Works Capital Proj. 1,250,000

Drainage Impact Fund	Public Works Capital Proj.	840,000
Wastewater Collection Fund	Public Works Capital Proj.	82,000
Drainage Utility Fund	General Fund	65,000
Drainage Utility Fund	Capital Equip. Capital Proj.	100,000
Drainage Utility Fund	Public Works Capital Proj.	<u>743,000</u>
	Total Interfund Transfers	<u>\$ 14,047,900</u>

Total Interfund Transfers - Governmental Funds	13,377,800
Total Interfund Transfers - Enterprise Funds	670,100

F. Long-term debt

General Obligation Bonds

The City has issued general obligation bonds to provide funds for the acquisition and construction of major parks and recreation capital facilities throughout the City. In a special election in 1996, the citizens authorized the issuance of up to \$18 million in general obligation bonds. In January of 1997, the first installment of such bonds were issued for \$12 million. In January of 1999, the balance of \$6 million was issued. In fiscal year 2004, the City advance refunded \$10,880,000 of the 1997 G O bonds due after August 1, 2007. These bonds totaled \$11,645,000.

General obligation bonds are direct obligations of the City and pledge the full faith and credit of the City. The first installment of 1997 G.O. bonds are due in installments ranging from \$185,000 to \$255,000 thru August 1, 2007. The second installment of 1999 G.O. bonds are due in installments ranging from \$55,000 to \$1,820,000 thru August 1, 2023. The 2004 G O Refunding bonds totaling \$11,645,000 were issued with annual installments of \$95,000 to \$1,420,000 thru August 1, 2021.

General obligation bonds currently outstanding at June 30, 2006 are as follows:

Governmental activities:

	<u>Interest rates</u>	<u>Amount</u>
1997 G.O. Parks & Recreation	7.875% to 8.00%	\$ 440,000
1999 G.O. Parks & Recreation	4.50% to 7.50%	5,705,000
2004 G.O. Parks & Recreation	2.00% to 5.00%	<u>11,550,000</u>
		<u>\$17,695,000</u>

In addition, the City Downtown Redevelopment Agency has issued sales tax revenue bonds which were used for the refurbishing of a portion of the downtown part of the City. Such bonds are treated as general obligation debt by the City as they are guaranteed by the assessment and collection of property taxes in accordance with the redevelopment laws of the State of Utah. The bonds issued total \$4,210,000 and are due in installments of \$355,000 to \$870,000 thru June 15, 2015. At June 30, 2006 the outstanding balance of

this issue was as follows:

Governmental activities:

	<u>Interest rates</u>	<u>Amount</u>
2005 Sales Tax Revenue bonds	5.48%	<u>\$4,210,000</u>

The City has another debt which it treats as general obligation type debt because of the nature of the debt and the revenues being used to fund the related debt service. In addition, in 1996, the City issued Excise Tax revenue bonds which are secured by the collection of Class “C” road funds in the General Fund. Such bonds were originally issued for \$3,880,000 and were used for the construction of major capital asset facilities throughout the City in accordance with the allowed uses of Class “C” road funds as mandated by the State of Utah. The bonds are have a final installment of \$485,000 due December 1, 2006. During the 2004 fiscal year an additional \$5,000,00 in Excise Tax revenue bonds were issued and will be paid from the same revenue sources. The bonds are being repaid in annual installments of \$100,000 to \$750,000 thru December 1, 2013. At June 30, 2006, these debt balances are as follows:

Governmental activities:

	<u>Interest rates</u>	<u>Amount</u>
1996 Excise Tax Revenue bonds	4.95%	\$ 485,000
2004 Excise Tax Revenue bonds	2.50% to 4.38%	<u>4,800,000</u>
		<u>\$5,285,000</u>

Total City reflected General Obligation Debt \$27,190,000

Annual debt service requirements to maturity for the above reflected general obligation debt is as follows:

(In thousands of dollars)

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$1,495	\$ 1,153	\$ 2,648
2008	1,390	1,084	2,474
2009	1,490	1,027	2,517
2010	1,580	973	2,553
2011	1,675	914	2,589
2012-2021	14,715	5,461	20,176
2022-2024	<u>4,845</u>	<u>387</u>	<u>5,232</u>
Totals	<u>\$27,190</u>	<u>\$10,999</u>	<u>\$38,189</u>

The City over the past several years has created several special assessment districts in which various improvements (i.e.; streets, curb & gutter, sidewalk, etc) have been constructed and bonds issued for the construction costs. These bonds are being repaid from assessments against those property owners which have received the benefit of such

construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City provides the resources necessary to cover such deficit until further collection efforts can be taken to provide the necessary funds. At June 30, 2006, the various issues outstanding are as follows:

<u>District</u>	<u>Original Issue</u>	(amounts in thousands)		<u>Final Due</u>	
		<u>Annual principal</u>	<u>Interest rates</u>	<u>Date</u>	<u>Amount</u>
97-1	\$ 265	\$30 to \$33	5.20%	8/1/08	\$ 94
96-1	221	\$26 to \$27	5.15%	4/1/08	53
97-2	1,651	\$177 to \$210	5.85% to 5.95%	11/1/09	772
98-1	400	\$43 to \$51	5.7% to 5.8%	12/15/09	187
99-4	1,109	\$111	2.8% to 4%	11/1/12	777
99-1	989	\$99	3.1% to 4.1%	2/1/13	693
99-3	1,077	\$107 to \$108	2.95% to 4.35%	6/1/13	754
2000-1	228	\$22 to \$28	4.65% to 5.15%	6/1/12	<u>150</u>
Total special assessment debt					<u>\$3,480</u>

Annual debt service requirements to maturity for special assessment bonds are as follows:

(in thousands of dollars)			
<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>June 30</u>			
2007	\$ 616	\$ 153	\$ 769
2008	631	126	757
2009	621	98	719
2010	605	70	675
2011	345	41	386
2012-2013	<u>662</u>	<u>40</u>	<u>702</u>
Totals	<u>\$ 3,480</u>	<u>\$ 528</u>	<u>\$ 4,008</u>

In connection with several districts, property owners against whom an assessment have been levied have, in a few cases, either gone bankrupt or breached their obligation to make installments as they come due. Most of these are collectible, and even where bankruptcy has occurred, the property affected by the levy should be available for foreclosure. As required by state law, a guarantee fund has been established within the special assessment debt service fund. The law requires that a tax rate of .00002 be charged to all general property taxpayers until sufficient funds are accumulated in the guarantee fund to meet statutory requirements. The requirements are that 25% of the remaining outstanding bond principal for bonds issued prior to 1987 and 10% of the remaining outstanding bond principal for bonds issued after that date. The required and maintained balance at June 30, 2006, is \$348,000.

Revenue bonds

The City has also issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds. Revenue bonds outstanding at June 30, 2006 by issue are as follows: (in thousands)

<u>Bond Descrip.</u>	<u>Original Issue</u>	<u>Annual principal</u>	<u>Interest rates</u>	<u>Final Due Date</u>	<u>Amount</u>
1998A MBA	\$6,270	\$155 to \$395	4% to 4.7%	9/1/17	\$ 3,675
1998A MBA Holt	400	\$46 to \$53	7%	10/1/08	149
1999 MBACrosby	2,250	\$244 to \$299	7%	7/15/09	1,085
2000 Woodward	<u>350</u>	\$16 to \$23	2.5%	4/1/21	<u>279</u>
Total Municipal Bldg	<u>9,270</u>				<u>5,188</u>
1987B Water	\$1,274	due 1/1/13	0.00%	1/1/13	\$ 1,274
2003 Water	12,325	\$805 to \$1215	2.5% to 5.25%	6/1/16	10,780
2001 Water	8,670	\$55 to \$1,650	4.1% to 5%	6/1/20	8,405
2004 Water	<u>31,000</u>	\$525 to \$2,425	1.75% to 5%	7/1/25	<u>31,000</u>
Total Water Utility	<u>53,269</u>				<u>51,459</u>
1988A Sewer	\$1,450	\$72 to \$73	0.00%	6/15/08	\$ 145
2003 Sewer	3,385	\$820 to \$875	2.5% to 4%	7/1/07	1,695
1993B Sewer	4,000	\$216 to \$275	3.5%	6/15/14	1,955
1997A Sewer	14,280	\$735	4.85%	6/15/07	735
1997B Sewer	12,000	\$980 to \$1172	1.0%	6/15/12	6,437
1997C Sewer	44	due 6/15/17	0.00%	6/15/17	44
2004 Sewer	<u>7,015</u>	\$650 to \$935	4.00% to 5.0%	7/1/16	<u>7,015</u>
Total Wastewater Treatment	<u>42,174</u>				<u>18,026</u>
2004 Golf Course	\$ 407	due 4/1/2010	4.05%	4/1/10	\$ 407
2003 Golf Course	<u>2,840</u>	\$418 to \$452	3.95%	4/01/09	<u>1,304</u>
	<u>\$3,247</u>				<u>\$ 1,711</u>
2005 Electric Rev	<u>\$17,280</u>	\$600 to \$3,305	3.5% to 5%	6/01/25	<u>\$16,710</u>
Total Business-type activities	<u>\$125,240</u>				<u>\$93,094</u>

Revenue bond debt service requirements to maturity are as follows: (in thousands)

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 6,337	\$ 3,925	\$10,262
2008	6,193	3,698	9,891
2009	6,162	3,489	9,651
2010	6,277	3,264	9,541
2011	5,841	3,026	8,867
2012-2016	27,014	11,869	38,883
2017-2021	19,530	6,233	25,763
2022-2026	<u>15,740</u>	<u>2,038</u>	<u>17,778</u>
Totals	<u>\$93,094</u>	<u>\$37,542</u>	<u>\$130,636</u>

In prior years, the City defeased certain outstanding bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements. At June 30, 2006, the following outstanding bonds are considered defeased:

1986A Water Revenue Bonds	\$6,195,000
1986B Water Revenue Bonds	5,170,000
1991 Water Revenue Bonds	5,670,000
1995A Water Revenue Bonds	8,010,000
1987A Subordinated Water bonds	1,785,000
1996A Municipal Building Authority bonds	2,829,000
1996B Municipal Building Authority bonds	2,042,000
1996C Municipal Building Authority bonds	1,066,000
1997 G O Parks & Recreation bonds	10,880,000
1997A Sewer Revenue bonds	10,400,000
1993 Sewer Revenue bonds	4,115,000
2000 Golf Course Revenue bonds	2,633,552
1993 Water Revenue bonds	13,575,000

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2006 was as follows: (in thousands)

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due in</u> <u>OneYr</u>
Governmental activities:					
Bonds payable:					
G.O. Bonds	\$18,015	\$ -	\$(320)	\$17,695	\$ 370
Sales Tax Bonds	4,210	-	-	4,210	540
Excise Bonds	5,850	-	(565)	5,285	585

Special assessment

debt with governmental commitment	<u>4,080</u>	<u>-</u>	<u>(600)</u>	<u>3,480</u>	<u>616</u>
Total bonds payable	32,155	-	(1,485)	30,670	2,111
Sampson note	100	-	-	100	50
McArthur note	200	-	(25)	175	25
State of Utah	3,704	-	-	3,704	3,704
WICA lease	6,481	-	(263)	6,218	298
Vacation payable	<u>802</u>	<u>113</u>	<u>(-)</u>	<u>915</u>	<u>915</u>
Governmental activity long-term liabilities	<u>\$43,442</u>	<u>\$ 113</u>	<u>\$(1,773)</u>	<u>\$41,782</u>	<u>\$7,103</u>

Business-type activities:

Bonds payable:					
Revenue bonds	\$98,377	-	\$(5,284)	\$ 93,093	6,337
Capital leases	<u>666</u>	<u>645</u>	<u>(454)</u>	<u>857</u>	<u>317</u>
Total business-type long-term liabilities	<u>\$99,043</u>	<u>\$ 645</u>	<u>\$(5,738)</u>	<u>\$93,950</u>	<u>\$6,654</u>

G. Leases payable

The City has entered into a lease agreement as lessee for financing the acquisition of golf carts, mowers, and tractors in the golf course fund. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms for a nominal \$1 payment) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception and is being depreciated in the golf course fund. The value of the equipment is \$1,388,492.

The following is a schedule of future minimum lease payments under such capital leases, and the present value of net minimum lease payments at June 30, 2006.

<u>Fiscal year ended</u>	<u>Golf Carts</u>	<u>Equipment</u>
June 30, 2007	\$101,825	\$215,032
June 30, 2008	101,825	151,785
June 30, 2009	<u>101,825</u>	<u>185,565</u>
Total payments	305,475	552,382
Less amount representing interest	<u>(15,344)</u>	<u>(57,053)</u>
Present value of lease payments	<u>\$290,131</u>	<u>\$ 495,329</u>

Washington County/St. George City Interlocal Agency

The Washington County/St. George City Interlocal Agency (the Agency) or WCIA was formed on January 6, 1997 by Washington County and St. George City pursuant to the Utah Interlocal Co-operation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as

amended. The Agency's purpose is to provide for the acquisition, construction, equipping and operation and maintenance of recreational, tourist, cultural and convention facilities. The interlocal agreement terminates after 30 years or such later date upon which all bonds of the Agency and other contractual obligations have been retired, but in no event later than 50 years after January 6, 1997.

The Agency's governing board consists of five members, two appointed by the Board of Washington County commissioners, two members appointed by the St. George City council and one member elected by the four Agency board members. Each member is entitled to one vote; however, budgeting and financing is not effective until approved by the Board of Commissioners and City Council. The Agency is considered a joint building or finance authority, as per GASB's Codification, Section J50.109. The Agency's separate financial statements are available by calling 435-628-7003.

The City subleases an undivided 38% interest in the convention center facilities from Washington County, which has a master lease for rental of the facilities owned by the Agency. The County will make base lease payments to the Agency equal to the Agency's bond payments over a period of 25 years. The County will receive from the City sublease payments totaling \$10,179,096 over the 25 year period with annual payments ranging from \$304,057 to \$578,188. The Agency's right and interest in the facilities will be transferred to Washington 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 discharge of the lien on the Indenture.

The lease is considered a capital lease based on GASB's Codification, Section L.20.119-122 and FASB's Statement 13. The following is an annual schedule of future minimum lease payments and St. George City's sublease payments:(in thousands)

<u>Fiscal year ended</u>	<u>Prin.</u>	<u>Int.</u>	<u>Total</u>
June 30, 2007	\$246	\$ 389	\$635
June 30, 2008	346	375	721
June 30, 2009	373	359	732
June 30, 2010	405	342	747
June 30, 2011	437	321	758
2012-2016	2141	1309	3450
2017-2021	2857	704	3561
2022-2023	<u>1345</u>	<u>72</u>	<u>1417</u>
Total remaining minimum lease payments	8150	3871	12021
Less amount representing interest	<u>-</u>	<u>(3871)</u>	<u>(3871)</u>
Present value of net remaining minimum lease payments	<u>\$8150</u>	<u>\$0</u>	<u>\$8150</u>

For the fiscal year ended June 30, 2006 expenditures were payments for O&M of \$608,581 and debt service payments of \$543,632.

H. Segment information

The City issued revenue bonds to finance the purchase of the Sunbrook Golf Course and also for the construction of the Sunbrook Golf Course clubhouse. Investors in the revenue bonds rely solely on the revenue generated by the golf courses for repayment of principal and interest on the bonds. The City Municipal Building Authority also issued revenue bonds for the construction of the Sunbrook Club House, the police department building, the Museum & Opera House. Investors in the revenue bonds rely solely on the revenues generated by rents charged to other city funds (Golf Course, Police Impact Fund, Downtown RDA, and General Fund) for the repayment of principal and interest on the bonds. Summary financial information for the golf courses and the municipal building authority is presented below.

CONDENSED STATEMENT OF NET ASSETS

	<u>Golf Courses</u>	<u>MBA</u>
Assets:		
Cash and investments	\$(1,078,789)	\$236,449
Other assets (deferred bond costs)	55,366	121,487
Capital assets	16,700,709	10,770,124
Less depreciation	<u>(4,436,073)</u>	<u>(791,845)</u>
Total assets	<u>11,241,213</u>	<u>10,336,214</u>
Liabilities:		
Accrued liabilities	501,408	131,261
Due to other funds	1,144,561	-
Noncurrent liabilities	<u>2,568,067</u>	<u>5,188,000</u>
Total liabilities	<u>4,214,036</u>	<u>5,319,261</u>
Net assets:		
Invested in capital assets net of related debt	9,696,569	4,790,279
Restricted	-	-
Unrestricted	<u>(2,669,392)</u>	<u>226,675</u>
Total net assets	<u>\$7,027,177</u>	<u>\$5,016,954</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	<u>Golf Courses</u>	<u>MBA</u>
Charges for services	\$4,339,617	\$ -
Depreciation expense	(510,950)	(98,336)
Other operating expenses	<u>(4,037,882)</u>	<u>(13,365)</u>

Operating income(loss)	<u>(209,215)</u>	<u>(111,700)</u>
Nonoperating revenues (expenses)		
Interest income	-	3,238
Rental income	21,574	494,658
Miscellaneous income	55,287	-
Transfers from other funds	-	319,900
Interest expense	<u>(87,843)</u>	<u>(259,093)</u>
Change in net assets	(220,198)	447,003
Beginning net assets	<u>7,247,375</u>	<u>4,569,950</u>
Ending net assets	<u>\$ 7,027,177</u>	<u>\$5,016,954</u>

CONDENSED STATEMENT OF CASH FLOWS

	<u>Golf Courses</u>	<u>MBA</u>
Net cash provided (used) by:		
Operating activities	\$ 407,987	\$ (21,795)
Noncapital financing activities	76,861	814,558
Capital and related financing activities	(1,134,277)	(795,093)
Investing activities	-	<u>3,238</u>
Net increase (decrease)	<u>(649,430)</u>	909
Beginning cash & cash equivalents	<u>(429,359)</u>	<u>235,540</u>
Ending cash & cash equivalents (deficit)	<u>\$(1,078,789)</u>	<u>\$236,449</u>

V. Other information

A. Risk management

The City, effective July 1, 1991, is self-insured up to \$50,000 for general liability, law enforcement liability, and auto liability with excess insurance up to \$10,000,000. Property is covered by a blanket all risk policy with limits of up to \$83,687,846. Royal and SunAlliance administers the insurance policies above what the City provides as self-insurance.

	<u>6/30/06</u>	<u>6/30/05</u>
Unpaid claims beginning of fiscal year	\$ 2,152	\$ 70
Incurred claims	84,983	73,483
Claim payments	<u>(80,983)</u>	<u>(71,401)</u>
Unpaid claims, end of fiscal year	<u>\$ 6,152</u>	<u>\$ 2,152</u>

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims,

including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City. A contingent liability of less than \$250,000 is estimated to be possible.

C. Jointly governed organization

The City, in conjunction with 38 other governmental entities that provide for the purchase and transmission of electrical services, created the Utah Association of Municipal Power System (UAMPS). UAMPS owns interest in various power generation entities as well as coordinates the purchase of additional power on the open spot-market. The UAMPS board is comprised of one member from each participating entity (dependent on the particular projects which an entity elects to participate in). Except for minimum purchase requirements, no participant has any obligation, entitlement, or residual interest. The City's electrical utility fund purchased power totaling \$15,296,276 during the fiscal year ended June 30, 2006.

D. Conduit debt obligations

From time to time, the City has issued Industrial Revenue Bonds (IRBs) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2006, there had been twenty-three series of Industrial Revenue Bonds issued. The aggregate principal amount payable could not be determined; however, their original issue amounts totaled \$59.8 million.

E. Commitments/subsequent events

1) The City has entered into an agreement with Washington County School District for the possible additional purchase of property from the district. The agreements are subject to appropriation of the needed funds in the applicable years of purchase. The terms of the agreement are as follows:

A) On or before July 31, 2007, the City will make a payment of \$818,300 to the

school district. At such time, the school district shall convey to the City by warranty deed marketable fee simple title a total of 2.42 acres within Block 17, Plat "A", of the St. George City survey.

F. Downtown Redevelopment Fund required disclosures

In accordance with Section 17A-2-12117(3), the City's redevelopment agency (a component unit which is included as a capital project fund in this financial report) is required to disclose the following information:

- 1) The tax increment collected by the agency for each project area.
 - A) The Downtown Redevelopment agency for the City is one project area.
The total tax increment collected was \$908,734.
- 2) The amount of tax increment paid to any taxing agency pursuant to Section 17A-2-1258.
 - A) No amounts were paid to others.
- 3) The outstanding principal of bonds and other loans incurred to finance projects in the area.
 - A) 2005 Sales Tax Revenue bonds \$4,210,000.
- 4) The actual amount expended for:
 - A) acquisition of property \$0
 - B) site improvements or preparation costs \$1,428,082
 - C) installation of public utilities or other public improvements \$0
 - D) administrative costs of the agency \$3,291

H. Employee retirement systems and pension plans

Defined Benefit Pension Plan

The City of St. George contributes to the Local Government Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with Social Security coverage, Firefighters Retirement System which are for employers with Social Security coverage; all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living allowances and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the state legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the

Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with Social Security coverage, and Firefighters Retirement System which are for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 S, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy: Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong; 6.0% to the Contributory and 8.61% to the Firefighter's Retirement Systems respectively. The City of St. George is required to contribute a percent of covered salary to the respective systems, 7.08% to the Contributory, 11.09% to the Noncontributory, and 19.34% to the Public Safety Noncontributory. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The City of St. George contributions to the various systems for the years ending June 30, 2006, 2005, and 2004 respectively were; for the Contributory System, \$45,339, \$44,020, and \$38,506; for the Noncontributory System, \$1,741,453, \$1,552,794, and \$1,208,046; for the Public Safety Noncontributory, \$694,378, \$630,925, and \$515,476; and for the Firefighters System, \$66,703, \$49,881, and \$33,836 respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plan

The City also provides pension benefits for all its full-time employees through a defined contribution plan administered by ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The contribution rates established by the City Council are 2.97% for non-exempt employees covered by the Contributory, 4.96% for non-exempt employees covered by the Non-contributory, 7.44% for Firefighters covered by the Contributory systems of the State Systems referred to above and 16.05% for department heads exempt from the State Systems. The contributions to the plan totaled \$1,357,272 which represents all required contributions. Because it is a defined contribution plan, all amounts are vested and there is no unfunded liability.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with

Internal Revenue Code 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. The City of St. George has adopted Governmental Accounting Standards Board Statement 32 (GASB No. 32), “Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans”. This has resulted in the reporting of the 457 Plans as a “Trust Fund” rather than previously as an “Agency Fund”. Now all of the assets and income of the 457 Plan are held in trust for the exclusive benefit of the participants or their beneficiaries rather than the assets of the City. The plan is invested with and administered by the Utah State Retirement Systems and the ICMA.

SCHEDULE OF IMPACT FEES RECEIVED, SPENT, AND ENDING BALANCES
SINCE ADOPTION THRU FISCAL YEAR ENDED JUNE 30, 2006

NOTE: The City has adopted an impact fee schedule which has the entire City as the development area. What this means is that fees collected on building permits can be used for eligible expenditures as determined in the impact fee study anywhere in the City as determined by the Mayor & City Council in the annual budget process. Fees are currently collected at 75% of the maximum allowable fee as determined by an impact fee study conducted by an independent consultant. Fees are spent on a first in/first out (FIFO) basis and any cancelled building permits on which fees have been paid are refunded with interest.

PARK IMPACT FUND						
FISCAL YEAR	Revenues	Interest	Professional Services	Capital Outlay	Debt Service	Accumulated Balance
1981	\$ 13,100	\$ -	\$ -	\$ -	\$ -	\$ 13,100
1982	55,728		300	25,000		43,528
1983	71,225		226	5,000		109,527
1984	171,229		5,566	5,000		270,190
1985	249,975		2,582	218,098		299,485
1986	535,500	37,368	180	171,414		700,759
1987	124,330	34,505	180	601,659		257,755
1988	64,600	16,400	16,259	106,967		215,529
1989	49,900		232	89,005		176,192
1990	106,250		469	92,870		189,103
1991	113,969		4,333	129,254		169,485
1992	134,825		14,675	200,769		88,866
1993	266,300		31,509	238,830		84,827
1994	322,625		707	174,447		232,298
1995	1,006,650		105,204	163,462	37,789	932,493
1996	1,018,350	34,915	62,160	1,412,495	37,783	473,320
1997	891,540	16,442	30,138	957,598	386,841	6,725
1998	748,700	7,943	34,564	245,710	195,742	287,352
1999	855,010	24,411	64,358	188,388	195,968	718,059
2000	754,412	30,144	20,777	265,282	482,785	733,771
2001	829,610	62,056	394	224,100		1,400,943
2002	1,057,950	57,460	632	51,727		2,463,994
2003	1,409,800	53,063	541	667,046	10,000	3,249,270
2004	1,975,942	63,113	450	645,123	5,000	4,637,752
2005	2,261,850	116,486	177,872	1,085,217	5,000	5,747,999
2006	1,665,027	242,944	55,213	3,561,467	6,082	4,033,208

STREET IMPACT FUND						
FISCAL YEAR	Revenues	Interest	Professional Services	Capital Outlay	Debt Service	Accumulated Balance
1981	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1982						
1983						
1984						
1985						
1986	87,000					87,000
1987	211,300		180	47,514		250,606
1988	116,700		225	212,538		154,543
1989	126,900		232	78,771		202,440
1990	209,800		296	120,614		291,330
1991	202,048		233	127,820		365,325
1992	224,475		289	196,295		393,216
1993	261,700		261	282,555		372,100
1994	511,800		297	586,687		296,916
1995	765,132		369	289,742		771,937
1996	691,328	43,132	18,025	617,349		871,023
1997	619,798	61,904	5,950	277,725		1,269,050
1998	503,740	50,622	388	809,806		1,013,218
1999	542,252	50,497	390	1,091,448		514,129
2000	506,543	23,096	390	1,145,304		(101,926)
2001	587,940	630	394	600,000		(113,750)
2002	696,361	5,572	514			587,669
2003	864,315	16,748	541	700,000		768,191
2004	1,204,931	9,650	449	1,535,000		447,323
2005	1,387,582	23,669	464	265,613		1,592,497
2006	1,099,964	67,192	4,096	1,250,000		1,505,557

First Year

67

DRAINAGE IMPACT FUND						
FISCAL YEAR	Revenues	Interest	Professional Services	Capital Outlay	Debt Service	Accumulated Balance
1994	9,450					9,450
1995	311,112		369	13,832		306,361
1996	428,313	24,454	495	128,281		630,352
1997	384,920	41,872	443	198,687		858,014
1998	358,185	49,433	389	73,201		1,192,042
1999	334,978	66,267	705	295,009		1,297,573
2000	330,178	71,708	390	426,013		1,273,056
2001	553,615	57,398	4,289	1,173,451		706,329
2002	455,680	21,340	12,386	928,585		242,378
2003	498,365	7,698	5,708	549,062		193,671
2004	685,549	6,749	2,701	200,000		683,268
2005	871,387	16,609	3,257	870,000		698,007
2006	885,179	34,096	9,365	840,000		767,917

FIRE DEPARTMENT IMPACT FUND						
FISCAL YEAR	Revenues	Interest	Professional Services	Capital Outlay	Debt Service	Accumulated Balance
1994	5,400					5,400
1995	168,272		369			173,303
1996	183,923	14,310	495			371,041
1997	158,053	20,411	443	223,733		325,329
1998	161,333	19,321	25,829	45,068		435,086
1999	158,680	14,584	390	355,128		252,832
2000	161,386	18,040	390	68,579		363,289
2001	193,967	23,659	394	96,712		483,809
2002	223,400	15,600	514	129,992		592,303
2003	253,162	13,537	541	52,087		806,374
2004	335,428	4,005	450	1,051,116		94,241
2005	395,190	7,068	464			496,035
2006	347,724	28,766	4,096			868,429

First Year

POLICE DEPARTMENT IMPACT FUND

FISCAL YEAR	Revenues	Interest	Professional Services	Capital Outlay	Debt Service	Accumulated Balance
1994	450					450
1995	33,782		369			33,863
1996	63,878	3,521	495			100,767
1997	56,894	7,197	443			164,415
1998	52,283	8,941	388		150,000	75,251
1999	43,182	3,644	390		125,000	(3,313)
2000	46,301		390		50,000	(7,402)
2001	85,616	1,050	395		39,500	39,369
2002	62,780	622	514		75,000	27,257
2003	64,287	293	541		85,000	6,296
2004	88,721	85	450		85,000	9,652
2005	114,062	620	464		85,000	38,870
2006	123,639	1,586	4,096		125,000	34,999

First Year

WASTEWATER COLLECTION IMPACT FUND

FISCAL YEAR	Revenues	Interest	Professional Services	Capital Outlay	Debt Service	Accumulated Balance
1981	\$ 128,965	\$ -	\$ -	\$ -	\$ -	\$ 128,965
1982	81,728	1,779	300	124,231		87,941
1983	177,338	1,620	226	29,139		237,534
1984	280,714	360	165			518,443
1985	478,887	100	182	20,612		976,636
1986	849,820	30,048	180	101,024		1,755,300
1987	482,300			2,237,600		-
1988	212,760			212,760		-
1989	308,224			308,224		-
1990	395,100			395,100		-
1991	459,517			459,517		-
1992	525,855			525,855		-
1993	703,750			703,750		-
1994	1,192,213			1,192,213		-
1995	1,146,575			1,146,575		-
1996	876,775	25,409			1,248,143	(345,959)
1997	492,475	34,581		233,014	553,827	(605,744)
1998	208,380	17,194		130,727		(510,897)
1999	228,860	5,440				(276,597)
2000	213,180					(63,417)
2001	241,495			310,060		(131,982)
2002	295,570			101,279		62,309
2003	361,620			223,739		200,190
2004	515,424			176,308		539,306
2005	595,177			313,528		820,955
2006	453,342		3,583	815,874		454,840

ELECTRIC UTILITY IMPACT FUND

FISCAL YEAR	Revenues	Interest	Professional Services	Capital Outlay	Debt Service	Accumulated Balance
1981	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1982						-
1983						-
1984						-
1985						-
1986	781,433			3,254,683		(2,473,250)
1987	628,479			3,014,538		(4,859,309)
1988	434,754			344,292		(4,768,847)
1989	540,595			644,435		(4,872,687)
1990	683,429			1,627,001		(5,816,259)
1991	700,621					(5,115,638)
1992	988,869					(4,126,769)
1993	1,105,811			1,105,811		(4,126,769)
1994	1,889,495					(2,237,274)
1995	3,099,875			862,601		-
1996	1,514,693	47,102		1,776,735		(214,940)
1997	1,139,980	62,820		1,578,833		(590,973)
1998	1,199,225	61,275		1,936,684		(1,267,157)
1999	967,325	32,326		2,173,520		(2,441,026)
2000	1,007,410	947		1,692,170		(3,124,839)
2001	1,250,215			743,055		(2,617,679)
2002	1,427,748			993,903		(2,183,834)
2003	1,719,684			947,314		(1,411,464)
2004	2,446,567			1,587,669		(552,566)
2005	2,916,771			2,603,883		(239,678)
2006	2,675,739		3,583	966,183	1,099,391	366,904

First Year

REGIONAL WASTEWATER TREATMENT IMPACT FUND						
FISCAL YEAR	Revenues	Interest	Professional Services	Capital Outlay	Debt Service	Accumulated Balance
1986						
1987						
1988						
1989						
1990						
1991						
1992						
1993						
1994						
1995						
1996						
1997	410,766	6,881			775,359	(357,712) First Year
1998	1,058,282	35,109			1,939,900	(1,204,221)
1999	904,893	29,065			2,029,395	(2,299,658)
2000	1,173,928	300			2,444,305	(3,569,735)
2001	1,112,969				3,527,340	(5,984,106)
2002	1,459,773				3,548,654	(8,072,987)
2003	1,752,481	14,938			3,000,000	(9,305,568)
2004	2,447,521			416,808	2,683,377	(9,958,232)
2005	3,047,417			169,983	3,197,042	(10,277,840)
2006	2,662,784		3,583	1,912,196	1,733,750	(11,264,585)

WATER UTILITY IMPACT FUND						
FISCAL YEAR	Revenues	Interest	Professional Services	Capital Outlay	Debt Service	Accumulated Balance
1986	1,093,433			1,613,125		(519,692) First Year
1987	601,876			354,769		(272,585)
1988	329,158			443,282		(386,709)
1989	358,277			167,096		(195,528)
1990	509,985			368,371		(53,914)
1991	673,387			619,473		-
1992	682,740			682,740		-
1993	827,610			827,610		-
1994	1,362,716			1,362,716		-
1995	1,258,983			1,258,983		-
1996	715,870	21,003		739,319	420,241	(422,687)
1997	844,222	34,809		1,425,839	947,405	(1,916,900)
1998	1,007,281	48,748		1,835,700	945,225	(3,641,796)
1999	1,080,246	28,793		2,205,066	947,325	(5,685,148)
2000	1,037,843			2,009,422	943,465	(7,600,192)
2001	1,273,460			3,051,440	943,840	(10,322,012)
2002	1,628,828			3,846,474	479,680	(13,019,338)
2003	2,659,827			2,000,000	482,995	(12,842,506)
2004	3,823,731			1,820,850	479,995	(11,319,620)
2005	4,537,600				2,501,105	(9,283,125)
2006	3,510,670		3,583	534,465	1,474,200	(7,784,703)

THIS PAGE LEFT BLANK INTENTIONALLY

SUPPLEMENTAL DATA

**City of St. George, UT
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2006**

Assets	Special Revenue Funds								Debt Service	
	<u>Dixie Center Ops</u>	<u>Airport PFC Fees</u>	<u>Economic Development</u>	<u>Transportation Improvement</u>	<u>CDBG Grant Fund</u>	<u>Museum Acquis. Fund</u>	<u>Ft Pierce EDA Fund</u>	<u>SunTran Public Transit</u>	<u>Special Assessments</u>	<u>Recreation Bond D.S.</u>
Cash and investments	\$ (191,837)	\$ 670,809	\$ 3,692,421	\$ 2,824,005	\$ 103,595	\$ 10,112	\$ 195,184	\$ 40,991	\$ 2,033,993	\$ 364,228
Receivables:										
Accounts	195,741			845,610				7,760	1,758,292	
Due from other funds									388,645	
Total assets	\$ 3,904	\$ 670,809	\$ 3,692,421	\$ 3,669,616	\$ 103,595	\$ 10,112	\$ 195,184	\$ 48,751	\$ 4,180,930	\$ 364,228
Liabilities and Fund Balances										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ 24,583	\$ 24,140	\$ -	\$ -	\$ 9,786	\$ -	\$ -
Deferred revenues									851,539	
Due to other funds										
Total liabilities				24,583	24,140			9,786	851,539	
Fund balances:										
Reserved, reported in:										
Special revenue funds	3,904	670,809	3,692,421	3,645,032	79,455	10,112	195,184	38,965		
Debt service funds									3,329,391	364,228
Capital project funds										
Total fund balances	3,904	670,809	3,692,421	3,645,032	79,455	10,112	195,184	38,965	3,329,391	364,228
Total liabilities and fund balances	\$ 3,904	\$ 670,809	\$ 3,692,421	\$ 3,669,616	\$ 103,595	\$ 10,112	\$ 195,184	\$ 48,751	\$ 4,180,930	\$ 364,228

(continued)

City of St. George, UT
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2006
(continued)

Capital Projects Funds

Assets	<u>Capital Equipment</u>	<u>Downtown RDA</u>	<u>Park Impact</u>	<u>Street Impact</u>	<u>Johnson Dino Track Fund</u>	<u>Drainage Impact</u>	<u>Fire Dept Impact</u>	<u>Police Impact</u>	<u>Public Works Cap. Proj. Fund</u>	<u>Recreation Bonds</u>	<u>2005 Flood Reconstruction</u>	<u>Future Airport Capital Proj.</u>	<u>Totals</u>
Cash and investments	\$ 14,581,661	\$ 3,881,293	\$ 4,891,108	\$ 1,503,557	\$ 79,690	\$ 767,917	\$ 868,429	\$ 34,999	\$ 8,971,170	\$ 555,223	\$ 471,179	\$ (868,652)	\$ 45,481,077
Receivables:													
Accounts	-	-	-	2,000	-	-	-	-	288,012	-	467,847	750,490	4,315,752
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	388,645
Total assets	\$ 14,581,661	\$ 3,881,293	\$ 4,891,108	\$ 1,505,557	\$ 79,690	\$ 767,917	\$ 868,429	\$ 34,999	\$ 9,259,183	\$ 555,223	\$ 939,026	\$ (118,162)	\$ 50,185,474
Liabilities and Fund Balances													
Liabilities:													
Accounts payable	\$ 108,676	\$ 34,747	\$ 857,900	\$ -	\$ 3,012	\$ -	\$ -	\$ -	\$ 738,279	\$ 63,224	\$ 2,160	\$ 13,742	\$ 1,880,321
Deferred revenues	-	-	-	-	-	-	-	-	-	-	1,076,958	-	1,928,497
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	108,676	34,747	857,900	-	3,012	-	-	-	738,279	63,224	1,079,118	13,742	3,808,818
Fund balances:													
Reserved, reported in:													
Special revenue funds	-	-	-	-	-	-	-	-	-	-	-	-	8,335,881
Debt service funds	-	-	-	-	-	-	-	-	-	-	-	-	3,693,619
Capital project funds	14,472,985	3,846,546	4,033,208	1,505,557	76,678	767,917	868,429	34,999	8,520,903	492,000	(140,092)	(131,904)	34,347,227
Total fund balances	14,472,985	3,846,546	4,033,208	1,505,557	76,678	767,917	868,429	34,999	8,520,903	492,000	(140,092)	(131,904)	46,376,728
Total liabilities and and fund balances	\$ 14,581,661	\$ 3,881,293	\$ 4,891,108	\$ 1,505,557	\$ 79,690	\$ 767,917	\$ 868,429	\$ 34,999	\$ 9,259,183	\$ 555,223	\$ 939,026	\$ (118,162)	\$ 50,185,546

CITY OF ST. GEORGE, UT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2006

	Special Revenue Funds								Debt Service	
	Dixie Center Operations	Airport PFC Fees	Economic Development	Transportation Improvement	CDBG Grant Fund	Museum Acquis Fund	Ft Pierce EDA Fund	SunTran Public Transit	Special Assessments	Recreation Bond D.S.
Revenues:										
Taxes & fees	\$ 380,119	\$ 201,543	\$ -	\$ 4,589,622	\$ -	\$ 7,659	\$ 619,366	\$ 118,279	\$ -	\$ 1,145,400
Assessments									1,255,921	
Intergovernmental					345,612			802,815		
Investment income		22,740	101,305	105,293	2,983	589	7,934			244
Capital development fees										
Other							90			
Total revenues	380,119	224,283	101,305	4,694,915	348,595	8,249	627,301	921,184	1,255,921	1,145,644
Expenditures:										
Current:										
General government	589,581	513	513	171,799	269,140	513	569,898	604,182	2,495	3,938
Public Safety										
Highways & improvements										
Parks, recreation etc										
Community & Econ Developmnt										
Lease payments	19,000									
Debt service:										
Principal on long-term debt	262,540								600,000	320,000
Interest on long-term debt	281,092								176,686	822,440
Capital outlay:			-	175,110	-	10,000		675,124	-	-
Total expenditures	1,152,213	513	513	346,909	269,140	10,513	569,898	1,279,306	779,180	1,146,378
Excess (deficiency) or revenues over expenditures	(772,094)	223,770	100,792	4,348,006	79,455	(2,265)	57,403	(358,123)	476,741	(735)
Other financing sources (uses):										
Transfers in	467,000		1,000,000					175,000		
Transfers out			(319,900)	(3,318,000)						
Capital debt (notes & bonds)										
Premiums on bonds sold										
Property sales										
Contributions from private sources				239,660						
Contributions from other governmnts	271,503									
Capital Leases										
Notes payable										
Total other financing sources (uses)	738,503		680,100	(3,078,340)				175,000		
Net change in fund balances	(33,591)	223,770	780,892	1,269,666	79,455	(2,265)	57,403	(183,123)	476,741	(735)
Fund balances, beginning of year	37,495	447,039	2,911,529	2,375,366	-	12,377	137,781	222,088	2,852,650	364,963
Fund balances, end of year	\$3,904	\$670,809	\$3,692,421	\$3,645,032	\$79,455	\$10,112	\$195,184	\$38,965	\$3,329,391	\$364,228

(continued)

CITY OF ST. GEORGE, UT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2006
(continued)

Capital Projects Funds

	Capital Equipment	Downtown RDA	Park Impact	Street Impact	Johnson Dino Tracks	Drainage Impact	Fire Dept Impact	Police Impact	Public Works Cap. Proj. Fund	Recreation Bonds	2005 Flood Reconstruction	Future Airport Capital Proj.	Total
Revenues:													
Taxes	\$ -	\$ 908,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,970,723
Assessments	-	-	-	-	-	-	-	-	-	-	-	-	1,255,921
Intergovernmental	-	-	-	-	-	-	-	-	-	-	2,259,979	810,204	4,218,610
Investment income	-	168,884	242,944	67,192	2,374	34,096	28,766	1,586	281,980	2,088	-	-	1,070,999
Capital development fees	-	-	1,665,027	1,099,964	-	885,179	347,724	123,639	-	-	-	-	4,121,533
Other	-	-	-	-	-	-	-	-	11,004	-	-	-	11,094
Total revenues	-	1,077,618	1,907,971	1,167,156	2,374	919,275	376,491	125,225	292,984	2,088	2,259,979	810,204	18,648,880
Expenditures:													
Current:													
General government	513	3,291	55,213	4,096	100,651	9,365	4,096	4,096	4,720	4,947	-	1,647	2,405,209
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Highways & improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks, recreation etc	-	-	-	-	-	-	-	-	-	-	-	-	-
Community & Econ Developmnt	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease payments	-	-	-	-	-	-	-	125,000	-	-	-	-	144,000
Debt service:													
Principal on long-term debt	-	-	5,738	-	-	-	-	-	-	-	-	-	74
Interest on long-term debt	-	167,383	344	-	-	-	-	-	13,867	-	-	-	1,188,278
Capital outlay:	1,688,324	1,428,082	3,864,153	-	75,326	-	-	-	5,716,056	556,644	1,833,200	923,372	16,945,391
Total expenditures	1,688,837	1,598,756	3,925,448	4,096	175,977	9,365	4,096	129,096	5,734,643	561,591	1,833,200	925,019	22,144,762
Excess (deficiency) of revenues over expenditures	(1,688,837)	(521,138)	(2,017,477)	1,163,060	(173,603)	909,910	372,395	(3,871)	(5,441,658)	(559,503)	426,779	(114,815)	(3,495,882)
Other financing sources (uses):													
Transfers in	4,608,000	-	-	-	-	-	-	-	7,348,000	-	-	25,000	13,623,000
Transfers out	-	-	(40,000)	(1,250,000)	-	(840,000)	-	-	-	-	-	-	(5,767,900)
Capital debt (notes & bonds)	-	-	-	-	-	-	-	-	-	-	-	-	-
Premiums on bonds sold	-	-	-	-	-	-	-	-	-	-	-	-	-
Property sales	284,100	-	-	-	-	-	-	-	-	-	-	-	284,100
Contributions from private sources	-	-	-	-	118,560	-	-	-	35,000	-	-	-	393,220
Contributions from other governmnts	-	-	-	-	-	-	-	-	-	513,603	-	-	785,106
Capital leases	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	342,687	-	-	-	-	-	-	-	-	-	342,687
Total other financing sources (uses)	4,892,100	-	302,687	(1,250,000)	118,560	(840,000)	-	-	7,383,000	513,603	-	25,000	9,660,213
Net change in fund balances	3,203,263	(521,138)	(1,714,790)	(86,940)	(55,043)	69,910	372,395	(3,871)	1,941,342	(45,900)	426,779	(89,815)	6,164,331
Fund balances, beginning of year													
	11,269,723	4,367,684	5,747,998	1,592,497	131,721	698,007	496,034	38,870	6,579,561	537,900	(566,871)	(42,089)	40,212,323
Fund balances, end of year													
	\$14,472,986	\$3,846,546	\$4,033,208	\$1,505,557	\$76,678	\$767,917	\$868,429	\$34,999	\$8,520,903	\$492,000	(\$140,092)	(\$131,904)	\$46,376,654

CITY OF ST. GEORGE, UT
DIXIE CENTER OPERATIONS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Business license innkeeper fees	\$ 324,000	\$ 349,000	\$ 380,119	\$ 31,119
Interest income	-	-	-	-
Total revenues	324,000	349,000	380,119	31,119
EXPENDITURES:				
Current:				
General government	573,215	598,215	589,581	8,634
Rental payments	19,000	19,000	19,000	-
Debt service:				
Principal	262,000	262,000	262,540	(540)
Interest	301,000	301,000	281,092	19,908
Capital outlay:	-	-	-	-
Total expenditures	1,155,215	1,180,215	1,152,213	28,002
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(831,215)	(831,215)	(772,094)	59,121
OTHER FINANCING SOURCES (USES):				
Contributions from other governments	363,000	363,000	271,503	(91,497)
Appropriated fund balance	1,215	1,215	-	(1,215)
Transfers from other funds	467,000	467,000	467,000	-
Total other financing sources(uses)	831,215	831,215	738,503	(92,712)
EXCESS OF REVENUES OVER EXPENDITURES & OTHER FINANCING SOURCES (USES):	-	-	(33,591)	\$ (33,591)
Fund balance at beginning of year	37,494	37,494	37,494	
Fund balance at end of year	\$ 37,494	\$ 37,494	\$ 3,903	

CITY OF ST. GEORGE, UT
 AIRPORT PFC FEES - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Passenger facility charges	\$ 185,000	\$ 185,000	\$ 201,543	\$ 16,543
Interest income	9,000	9,000	22,740	13,740
Total revenues	194,000	194,000	224,283	30,283
EXPENDITURES:				
Current:				
General government	-	-	513	(513)
Capital projects:				
Improvements				
Property purchases	-	-	-	-
Equipment purchases	-	-	-	-
Total expenditures	-	-	513	(513)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	194,000	194,000	223,770	29,770
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(526,316)	(526,316)		526,316
Appropriated fund balance	332,316	332,316	-	(332,316)
Total other financing sources (uses):	(194,000)	(194,000)	-	194,000
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	-	-	223,770	\$223,770
Fund balance at beginning of year	447,039	447,039	447,039	
Fund balance at end of year	\$ 447,039	\$ 447,039	\$ 670,809	

CITY OF ST. GEORGE, UT
 ECONOMIC DEVELOPMENT - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Interest income	\$ 30,000	\$ 30,000	\$ 101,305	\$ 71,305
Miscellaneous income				
Intergovernmental revenues				
Total revenues	30,000	30,000	101,305	71,305
EXPENDITURES:				
Current:				
General government	2,500	2,500	513	1,987
Capital projects:				
Improvements		1,000,000		1,000,000
Total expenditures	2,500	1,002,500	513	1,001,987
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	27,500	(972,500)	100,792	1,073,292
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	-	-		-
Transfers from other funds		1,000,000	1,000,000	-
Transfers to other funds	(319,900)	(319,900)	(319,900)	-
Total other financing sources(uses)	(319,900)	680,100	680,100	-
EXCESS OF REVENUES OVER EXPENDITURES & OTHER FINANCING SOURCES (USES):	(292,400)	(292,400)	780,892	\$ 1,073,292
Fund balance at beginning of year	2,911,529	2,911,529	2,911,529	
Fund balance at end of year	\$ 2,619,129	\$ 2,619,129	\$ 3,692,421	

CITY OF ST. GEORGE, UT
TRANSPORTATION IMPROVEMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Highway sales taxes	\$ 3,600,000	\$ 3,635,000	\$ 4,589,622	\$ 954,622
Contributions from private sources		35,000	239,660	\$ 204,660
Interest income	65,000	65,000	105,293	40,293
Total revenues	<u>3,665,000</u>	<u>3,735,000</u>	<u>4,934,575</u>	<u>1,199,575</u>
EXPENDITURES:				
Current:				
General government	220,000	220,000	171,799	48,201
Capital projects:				
Improvements	175,000	245,000	175,110	69,890
Total expenditures	<u>395,000</u>	<u>465,000</u>	<u>346,909</u>	<u>118,091</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,270,000</u>	<u>3,270,000</u>	<u>4,587,666</u>	<u>1,317,666</u>
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(3,318,000)	(3,318,000)	(3,318,000)	-
Appropriated fund balance	48,000	48,000	-	(48,000)
Total other financing sources(uses)	<u>(3,270,000)</u>	<u>(3,270,000)</u>	<u>(3,318,000)</u>	<u>(48,000)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	-	-	1,269,666	<u>\$ 1,269,666</u>
Fund balance at beginning of year	<u>2,375,366</u>	<u>2,375,366</u>	<u>2,375,366</u>	
Fund balance at end of year	<u>\$ 2,375,366</u>	<u>\$ 2,375,366</u>	<u>\$ 3,645,032</u>	

CITY OF ST. GEORGE, UTAH

CDBG GRANT FUND - SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental revenues	\$ 526,000	\$ 526,000	\$ 345,612	\$ (180,388)
Interest income	-	-	2,983	2,983
Total revenues	526,000	526,000	348,595	(177,405)
EXPENDITURES:				
Current:				
General government	526,000	526,000	269,140	256,860
Capital projects:	-	-	-	-
Improvements	-	-	-	-
Total expenditures	526,000	526,000	269,140	256,860
Excess (Deficiency) of expenditures over revenues	-	-	79,455	79,455
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	-	-	-	-
Bonds sold	-	-	-	-
Transfer to other funds	-	-	-	-
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	-	79,455	\$ 79,455
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 79,455	

CITY OF ST. GEORGE, UT
MUSEUM COLLECTION ACQUISITIONS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Fees and donations	\$ 10,000	\$ 10,000	\$ 7,659	\$ (2,341)
Interest income	-	-	589	589
Total revenues	10,000	10,000	8,249	(1,751)
EXPENDITURES:				
Current:				
General government	-	-	513	(513)
Capital projects:				
Improvements	10,000	10,000	10,000	-
Total expenditures	10,000	10,000	10,513	(513)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(2,265)	(2,265)
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources(uses)	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	-	-	(2,265)	\$ (2,265)
Fund balance at beginning of year	12,377	12,377	12,377	
Fund balance at end of year	<u>\$ 12,377</u>	<u>\$ 12,377</u>	<u>\$ 10,112</u>	

CITY OF ST. GEORGE, UT
 FT PIERCE EDA FUND - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Economic development taxes	\$ 263,848	\$ 625,000	\$ 619,366	\$ (5,634)
Interest income	1,500	1,500	7,934	6,434
Total revenues	265,348	626,500	627,301	801
EXPENDITURES:				
Current:				
Economic incentives	128,446	572,368	569,898	2,470
Housing programs	52,770	100,000	-	100,000
Total expenditures	181,216	672,368	569,898	102,470
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	84,132	(45,868)	57,403	103,271
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	-	130,000	-	(130,000)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	84,132	84,132	57,403	\$ (26,729)
Fund balance at beginning of year	137,780	137,780	137,780	
Fund balance at end of year	\$ 221,912	\$ 221,912	\$ 195,183	

CITY OF ST. GEORGE, UT
 SUNTRAN PUBLIC TRANSIT - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Transit fares	\$ 53,000	\$ 53,000	\$ 88,759	\$ 35,759
Intergovernmental revenues	2,295,161	2,295,161	802,815	(1,492,346)
Miscellaneous revenues	-	-	90	90
Advertising fees	18,000	18,000	29,520	11,520
Total revenues	2,366,161	2,366,161	921,184	(1,444,977)
EXPENDITURES:				
Current:				
General government	783,509	783,509	604,182	179,327
Capital projects:				
Improvements	2,845,569	2,845,569	675,124	2,170,445
Total expenditures	3,629,078	3,629,078	1,279,306	2,349,772
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,262,917)	(1,262,917)	(358,122)	904,795
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	-		-
Appropriated fund balance	550,317	550,317		(550,317)
Transfers from other funds	712,600	712,600	175,000	(537,600)
Total other financing sources(uses)	1,262,917	1,262,917	175,000	(1,087,917)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	-	-	(183,122)	\$ (183,122)
Fund balance at beginning of year	222,088	222,088	222,088	
Fund balance at end of year	\$ 222,088	\$ 222,088	\$ 38,966	

CITY OF ST. GEORGE, UT
SPECIAL ASSESSMENTS - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Special assessments collected	\$ 600,000	\$ 600,000	\$ 1,255,921	\$ 655,921
Miscellaneous revenues	10,000	10,000		\$ (10,000)
Interest income	176,933	176,933	-	(176,933)
Total revenues	786,933	786,933	1,255,921	468,988
EXPENDITURES:				
General:				
General government	10,000	10,000	2,495	7,505
Debt service:				
Principal	600,000	600,000	600,000	-
Interest & other charges	176,933	176,933	176,686	247
Total expenditures	786,933	786,933	779,180	7,753
Excess (deficiency) of revenues over (under) expenditures	-	-	476,741	<u>\$ 476,741</u>
Fund balance at beginning of year	2,852,650	2,852,650	2,852,650	
Fund balance at end of year	<u>\$ 2,852,650</u>	<u>\$ 2,852,650</u>	<u>\$ 3,329,391</u>	

CITY OF ST. GEORGE, UT
RECREATION G.O. BONDS - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Current property taxes	\$ 1,145,400	\$ 1,145,400	\$ 1,145,400	\$ -
Interest income	-	-	244	244
Total revenues	1,145,400	1,145,400	1,145,644	244
EXPENDITURES:				
General:				
General government	3,000	3,000	3,938	(938)
Debt service:				
Principal	320,000	320,000	320,000	-
Interest & other charges	822,440	822,440	822,440	(0)
Total expenditures	1,145,440	1,145,440	1,146,378	(938)
Excess (deficiency) of revenues over (under) expenditures	(40)	(40)	(735)	<u>\$ (695)</u>
Fund balance at beginning of year	364,963	364,963	364,963	
Fund balance at end of year	<u>\$ 364,923</u>	<u>\$ 364,923</u>	<u>\$ 364,228</u>	

CITY OF ST. GEORGE, UTAH

CAPITAL EQUIPMENT - CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Property sales	-	-	284,100	284,100
Sundry revenues	-	-	-	-
Total revenues	-	-	284,100	284,100
EXPENDITURES:				
Current:				
General government	1,000	1,000	513	487
Capital projects:				
Improvements	1,000,000	1,614,022	1,688,324	(74,302)
Property purchases	-	-	-	-
Total expenditures	1,001,000	1,615,022	1,688,837	(73,815)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,001,000)	(1,615,022)	(1,404,737)	210,285
OTHER FINANCING SOURCES (USES):				
Operating transfers in	1,389,754	1,389,754	4,608,000	3,218,246
Transfers to other funds	-	-	-	-
Issue of notes/bonds	-	-	-	-
Appropriated fund balance	-	906,422	-	(906,422)
Total other financing sources (uses)	1,389,754	2,296,176	4,608,000	2,311,824
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	388,754	681,154	3,203,263	\$ 2,522,109
Fund balance at beginning of year	11,269,723	11,269,723	11,269,723	
Fund balance at end of year	<u>\$11,658,477</u>	<u>\$11,950,877</u>	<u>\$14,472,986</u>	

CITY OF ST. GEORGE, UT

DOWNTOWN REDEVELOPMENT - CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Redevelopment taxes	\$ 1,018,084	\$ 1,018,084	\$ 908,734	\$ (109,350)
Miscellaneous				
Interest income	-	-	168,884	168,884
Total revenues	1,018,084	1,018,084	1,077,618	59,534
EXPENDITURES:				
Current:				
General government	600	600	3,291	(2,691)
Capital projects:				
Buildings	4,000,000	4,000,000	1,428,082	2,571,918
Land purchases	-	-	-	-
Debt service:				
Bond principal	841,484	841,484	-	841,484
Interest	176,000	176,000	167,383	8,617
Lease payments	-	-	-	-
Total expenditures	5,018,084	5,018,084	1,598,756	3,419,328
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	4,000,000	4,000,000	-	(4,000,000)
Bonds issued		-	-	-
Total other financing sources (uses)	4,000,000	4,000,000	-	(4,000,000)
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(521,138)	\$ (521,138)
Fund balance at beginning of year	4,367,683	4,367,683	4,367,683	
Fund balance at end of year	\$ 4,367,683	\$ 4,367,683	\$ 3,846,545	

CITY OF ST. GEORGE, UTAH

PARK IMPACT - CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ 2,000,000	\$ 2,000,000	\$ 1,665,027	\$ (334,973)
Contributions from others		342,688	342,687	(1)
Interest income	100,000	100,000	242,944	142,944
Total revenues	2,100,000	2,442,688	2,250,658	(192,030)
EXPENDITURES:				
Current:				
General government	1,500	1,500	55,213	(53,713)
Capital projects:				
Improvements	3,601,000	3,601,000	3,864,153	(263,153)
Property purchases			-	-
Debt service:				
Principal	-	-	5,738	(5,738)
Interest	-	-	344	(344)
Transfers to other funds	40,000	40,000	40,000	-
Total expenditures	3,642,500	3,642,500	3,965,448	(322,948)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,542,500)	(1,199,812)	(1,714,790)	\$ (514,978)
Appropriated fund balance	1,542,500	1,542,500		
Fund balance at beginning of year	5,747,999	5,747,999	5,747,999	
Fund balance at end of year	\$ 5,747,999	\$ 6,090,687	\$ 4,033,209	

CITY OF ST. GEORGE, UTAH

STREET IMPACT - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ 1,300,000	\$ 1,305,000	\$ 1,099,964	\$ (205,036)
Interest income	15,000	15,000	67,192	52,192
Total revenues	<u>1,315,000</u>	<u>1,320,000</u>	<u>1,167,156</u>	<u>(152,844)</u>
EXPENDITURES:				
Current:				
General government	1,000	6,000	4,096	1,904
Capital projects:				
Improvements	-	-	-	-
Total expenditures	<u>1,000</u>	<u>6,000</u>	<u>4,096</u>	<u>1,904</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,314,000	1,314,000	1,163,060	(150,940)
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	64,000	64,000	(86,940)	<u>\$ (150,940)</u>
Fund balance at beginning of year	<u>1,592,498</u>	<u>1,592,498</u>	<u>1,592,498</u>	
Fund balance at end of year	<u>\$ 1,656,498</u>	<u>\$ 1,656,498</u>	<u>\$ 1,505,558</u>	

CITY OF ST. GEORGE, UTAH

JOHNSON DINO TRACK PRESERVATION - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income			2,374	2,374
			<u>2,374</u>	<u>2,374</u>
EXPENDITURES:				
Current				
General government	132,759	132,759	100,651	32,108
Capital projects:				
Improvements	4,570	74,570	75,326	(756)
	<u>137,329</u>	<u>207,329</u>	<u>175,977</u>	<u>31,352</u>
Total expenditures				
Excess (Deficiency) of expenditures over revenues	<u>(137,329)</u>	<u>(207,329)</u>	<u>(173,603)</u>	<u>33,726</u>
OTHER FINANCING SOURCES:				
Contributions from Washington County				-
Contributions from private sources	135,000	135,000	118,560	(16,440)
Transfers from other funds				-
	<u>135,000</u>	<u>135,000</u>	<u>118,560</u>	<u>(16,440)</u>
Total other financing sources:				
Excess(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>(2,329)</u>	<u>(72,329)</u>	<u>(55,043)</u>	<u>\$ 17,286</u>
Appropriated fund balance	2,329	72,329		
Fund balance at beginning of year	<u>131,721</u>	<u>131,721</u>	<u>131,721</u>	
Fund balance at end of year	<u>\$ 129,392</u>	<u>\$ 131,721</u>	<u>\$ 76,678</u>	

CITY OF ST. GEORGE, UTAH

DRAINAGE IMPACT - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ 825,000	\$ 825,000	\$ 885,179	\$ 60,179
Interest income	15,000	15,000	34,096	19,096
Total revenues	840,000	840,000	919,275	79,275
EXPENDITURES:				
Current:				
General government	13,500	13,500	9,365	4,135
Capital projects:				
Land purchases	-	-	-	-
Improvements	-	-	-	-
Total expenditures	13,500	13,500	9,365	4,135
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	826,500	826,500	909,910	83,410
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(840,000)	(840,000)	(840,000)	-
Appropriated fund balance	-	-	-	-
Total other financing sources(uses)	(840,000)	(840,000)	(840,000)	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	(13,500)	(13,500)	69,910	\$ 83,410
Fund balance at beginning of year	698,008	698,008	698,008	
Fund balance at end of year	\$ 684,508	\$ 684,508	\$ 767,918	

CITY OF ST. GEORGE, UTAH

FIRE DEPT IMPACT - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ 375,000	\$ 380,000	\$ 347,724	\$ (32,276)
Interest income	5,000	5,000	28,766	23,766
Total revenues	<u>380,000</u>	<u>385,000</u>	<u>376,491</u>	<u>(8,509)</u>
EXPENDITURES:				
Current:				
General government	550	5,550	4,096	1,454
Building Construction	-	-	-	-
Total expenditures	<u>550</u>	<u>5,550</u>	<u>4,096</u>	<u>1,454</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	379,450	379,450	372,395	(7,055)
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	379,450	379,450	372,395	<u>\$ (7,055)</u>
Fund balance at beginning of year	<u>496,034</u>	<u>496,034</u>	<u>496,034</u>	
Fund balance at end of year	<u>\$ 875,484</u>	<u>\$ 875,484</u>	<u>\$ 868,429</u>	

CITY OF ST. GEORGE, UTAH

POLICE DEPT IMPACT - CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

92

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Charges for services	\$ 105,000	\$ 110,000	\$ 123,639	\$ 13,639
Interest income	400	400	1,586	1,186
Total revenues	105,400	110,400	125,225	14,825
EXPENDITURES:				
Current:				
General government	700	5,700	4,096	1,604
Lease payments	125,000	125,000	125,000	-
Total expenditures	125,700	130,700	129,096	1,604
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,300)	(20,300)	(3,871)	\$ 16,429
Fund balance at beginning of year	38,870	38,870	38,870	
Fund balance at end of year	\$ 18,570	\$ 18,570	\$ 34,999	

CITY OF ST. GEORGE, UTAH

PUBLIC WORKS PROJECTS - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Interest income	\$ 150,000	\$ 150,000	\$ 281,980	\$ 131,980
Other income	-	-	11,004	11,004
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>292,984</u>	<u>142,984</u>
EXPENDITURES:				
Current:				
General government	-	-	4,720	(4,720)
Capital projects:				
Improvements	11,264,277	12,871,277	5,729,922	7,141,355
Property purchases	-	-	-	-
Total expenditures	<u>11,264,277</u>	<u>12,871,277</u>	<u>5,734,643</u>	<u>7,136,634</u>
Excess (Deficiency) of expenditures over revenues	(11,114,277)	(12,721,277)	(5,441,658)	7,279,619
OTHER FINANCING SOURCES:				
Proceeds from notes/bonds	-	-	-	-
Contributions from private sources	-	85,000	35,000	(50,000)
Appropriated fund balance	3,863,277	5,423,277	-	(5,423,277)
Transfers from other funds	7,251,000	7,251,000	7,348,000	97,000
Total other Financing Sources	<u>11,114,277</u>	<u>12,759,277</u>	<u>7,383,000</u>	<u>(5,376,277)</u>
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	38,000	1,941,342	<u>\$ 1,903,342</u>
Fund balance at beginning of year	<u>6,579,561</u>	<u>6,579,561</u>	<u>6,579,561</u>	
Fund balance at end of year	<u>\$ 6,579,561</u>	<u>\$ 6,617,561</u>	<u>\$ 8,520,903</u>	

CITY OF ST. GEORGE, UTAH

RECREATION BOND PROJECTS - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Interest income	10,000	10,000	2,088	(7,912)
Other income				
Total revenues	110,000	110,000	2,088	-107,912
EXPENDITURES:				
Current:				
General government			4,947	(4,947)
Capital projects:				
Improvements	772,000	772,000	556,644	215,356
Property purchases				
Total expenditures	772,000	772,000	561,591	210,409
Excess (Deficiency) of expenditures over revenues	(662,000)	(662,000)	(559,503)	102,497
OTHER FINANCING SOURCES:				
Transfers from other funds	102,000	102,000		(102,000)
Appropriated fund balance	560,000	560,000		(560,000)
Contributions from other governments			513,603	513,603
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	-	(45,900)	(45,900)
Fund balance at beginning of year	537,899	537,899	537,899	
Fund balance at end of year	<u>\$ 537,899</u>	<u>\$ 537,899</u>	<u>\$ 491,999</u>	

CITY OF ST. GEORGE, UTAH

2005 FLOOD RESTORATION - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ 6,500,000	\$ 6,500,000	\$ 2,259,979	\$ (4,240,021)
Interest income				
Other income				
Total revenues	<u>6,500,000</u>	<u>6,500,000</u>	<u>2,259,979</u>	<u>-4,240,021</u>
EXPENDITURES:				
Current:				
General government				
Capital projects:				
Improvements	6,500,000	6,500,000	1,833,200	4,666,800
Property purchases				
Total expenditures	<u>6,500,000</u>	<u>6,500,000</u>	<u>1,833,200</u>	<u>4,666,800</u>
Excess (Deficiency) of expenditures over revenues	-	-	426,779	426,779
OTHER FINANCING SOURCES:				
Transfers from other funds	-	-	-	-
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	-	426,779	<u>\$ 426,779</u>
Fund balance at beginning of year	<u>(566,871)</u>	<u>(566,871)</u>	<u>(566,871)</u>	
Fund balance at end of year	<u>\$ (566,871)</u>	<u>\$ (566,871)</u>	<u>\$ (140,092)</u>	

CITY OF ST. GEORGE, UTAH

REPLACEMENT AIRPORT - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ 14,085,567	\$ 14,085,567	\$ 810,204	\$ (13,275,363)
Interest income	-	-	-	-
Other income	-	-	-	-
Total revenues	14,085,567	14,085,567	810,204	-13,275,363
EXPENDITURES:				
Current:				
General government	500	500	1,647	(1,147)
Capital projects:				
Improvements	4,110,567	4,110,567	923,372	3,187,195
Property purchases	10,526,316	10,526,316		10,526,316
Total expenditures	14,637,383	14,637,383	925,019	13,712,364
Excess (Deficiency) of expenditures over revenues	(551,816)	(551,816)	(114,815)	437,001
OTHER FINANCING SOURCES:				
Transfers from other funds	551,316	551,316	25,000	(526,316)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(500)	(500)	(89,815)	\$ (89,315)
Fund balance at beginning of year	(42,089)	(42,089)	(42,089)	
Fund balance at end of year	<u>\$ (42,589)</u>	<u>\$ (42,589)</u>	<u>\$ (131,904)</u>	

City of St. George, UT
NonMajor Proprietary Funds
Combining Statement of Net Assets
June 30, 2006

Business-type Activities
Enterprise Funds

<u>Assets</u>	<u>Refuse Collection</u>	<u>Municipal Building Authority</u>	<u>Drainage Utility</u>	<u>Wastewater Collection</u>	<u>Golf Courses</u>	<u>Total Non-Major</u>
Cash and investments	\$ 446,034	\$ 236,449	\$ 30,862	\$ (419,689)	\$ (1,078,789)	\$ (785,132)
Restricted cash	-	-	-	1,588,085	-	1,588,085
Accounts Receivable				13,078		13,078
Notes Receivable				644,561		644,561
Furniture, Fixtures, & equip	-	10,770,124	-	8,141,646	16,700,709	35,612,479
Less depreciation	-	(791,845)	-	(4,138,073)	(4,436,073)	(9,365,992)
Other assets (deferred bond costs)	-	121,487	-		55,366	176,853
Total assets	446,034	10,336,214	30,862	5,829,608	11,241,213	27,883,932
Liabilities						
Liabilities:						
Accrued liabilities	\$ 232,537	\$ 131,261	\$ -	\$ 525,154	501,408	1,390,361
Due to other funds					1,144,561	1,144,561
Leases payable					857,067	857,067
Bonds payable		5,188,000			1,711,000	6,899,000
Total liabilities	232,537	5,319,261	-	525,154	4,214,036	10,290,989
Net Assets						
Invested in capital assets, net of related debt	-	4,790,279	-	4,003,573	9,696,569	18,490,420
Restricted for impact fee construction				1,588,085	-	1,588,085
Unrestricted	213,497	226,675	30,862	(287,204)	(2,669,392)	(2,485,562)
Total Net Assets	\$ 213,497	\$ 5,016,954	\$ 30,862	\$ 5,304,454	\$ 7,027,177	\$ 17,592,944

City of St. George, UT
NonMajor Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2006

Business-type Activities
Enterprise Funds

	<u>Refuse Collection</u>	<u>Municipal Building Authority</u>	<u>Drainage Utility</u>	<u>Wastewater Collection</u>	<u>Golf Courses</u>	<u>Total Non-Major</u>
OPERATING REVENUES:						
Charges for services	\$ 2,811,909	\$ -	\$ 868,626	\$ 6,802,983	\$ 4,339,617	14,823,134
Other operating revenues				453,342		453,342
Total operating revenues	<u>2,811,909</u>	<u>-</u>	<u>868,626</u>	<u>7,256,324</u>	<u>4,339,617</u>	<u>15,276,476</u>
OPERATING EXPENSES:						
Salary and wages				576,084	1,345,929	1,922,014
Supplies				22,743	403,363	426,106
Service vehicle expense				64,654	108,393	173,047
Equipment rental				2,147	246,162	248,309
Depreciation		98,336		225,080	510,950	834,366
Bad debts	14,056			34,058		48,114
Payroll tax & employee benefits				244,854	494,871	739,725
Office & dept. supplies				12,515	108,210	120,725
Professional services	513	13,365	513	55,844	476,858	547,093
R. & M. - equipment				65,130	78,185	143,315
R. & M. - buildings and grounds				3,754	732,456	736,211
Insurance & surety bonds				36,519	27,921	64,440
Travel				8,271	3,490	11,761
Subscriptions & memberships				689	12,043	12,732
Contract labor	2,660,178			5,522,889		8,183,066
Claims paid						
Insurance premiums						
Billing & administration	137,500			375,000		512,500
Total operating expenses	<u>2,812,247</u>	<u>111,700</u>	<u>513</u>	<u>7,250,231</u>	<u>4,548,832</u>	<u>14,723,524</u>
Operating income (loss)	<u>(338)</u>	<u>(111,700)</u>	<u>868,113</u>	<u>6,093</u>	<u>(209,215)</u>	<u>552,952</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest income		3,238	7,633	80,439	-	91,311
Rent		494,658			21,574	516,232
Miscellaneous income				1,080	55,287	56,367
Interest charges		(259,093)			(87,843)	(346,936)
Total non-operating revenue (expense)	<u>-</u>	<u>238,804</u>	<u>7,633</u>	<u>81,519</u>	<u>(10,982)</u>	<u>316,974</u>
Income before transfers	<u>(338)</u>	<u>127,103</u>	<u>875,746</u>	<u>87,613</u>	<u>(220,198)</u>	<u>869,926</u>
Transfers (to) from other funds	<u>-</u>	<u>319,900</u>	<u>(908,000)</u>	<u>(82,000)</u>	<u>-</u>	<u>(670,100)</u>
Changes in Net Assets	<u>(338)</u>	<u>447,003</u>	<u>(32,254)</u>	<u>5,613</u>	<u>(220,198)</u>	<u>199,826</u>
Total Net Assets - beginning of year	<u>213,835</u>	<u>4,569,951</u>	<u>63,116</u>	<u>5,298,841</u>	<u>7,247,375</u>	<u>17,393,118</u>
Total Net Assets - end of year	<u>\$ 213,497</u>	<u>\$ 5,016,954</u>	<u>\$ 30,862</u>	<u>\$ 5,304,454</u>	<u>\$ 7,027,177</u>	<u>\$ 17,592,944</u>

**CITY OF ST. GEORGE, UTAH
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED JUNE 30, 2006

Business-type Activities - Enterprise Funds

	<u>REFUSE COLLECTION</u>	<u>MUNICIPAL BUILDING AUTHORITY</u>	<u>DRAINAGE UTILITY</u>	<u>WASTEWATER COLLECTION</u>	<u>GOLF COURSES</u>	<u>TOTAL NON-MAJOR</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 2,811,909	\$ -	\$ 868,626	\$ 7,380,167	\$ 4,202,696	\$ 15,263,398
Payments to suppliers	(2,788,101)	(21,795)	(513)	(5,725,780)	(1,953,909)	(10,490,098)
Payments to employees	-	-	-	(820,938)	(1,840,801)	(2,661,739)
Net cash provided by operating activities	<u>23,808</u>	<u>(21,795)</u>	<u>868,113</u>	<u>833,449</u>	<u>407,987</u>	<u>2,111,562</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Rents received		494,658			21,574	516,232
Miscellaneous non-operating income				1,080	55,287	56,367
Economic development transfer		319,900	(908,000)	(82,000)		(670,100)
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>814,558</u>	<u>(908,000)</u>	<u>(80,920)</u>	<u>76,861</u>	<u>(97,501)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets				(1,851,313)	(1,019,547)	(2,870,860)
Principal paid on capital debt		(536,000)			(421,000)	(957,000)
Interest paid on capital debt		(259,093)			(87,843)	(346,936)
Proceeds from capital leases					645,406	645,406
Capital lease principal payments					(251,293)	(251,293)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(795,093)</u>	<u>-</u>	<u>(1,851,313)</u>	<u>(1,134,277)</u>	<u>(3,780,683)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	-	3,238	7,633	80,439	-	91,311
Net increase (decrease) in cash and cash equivalents	23,808	909	(32,254)	(1,018,344)	(649,430)	(1,675,311)
Cash and equivalents at beginning of year	422,227	235,540	63,116	2,186,740	(429,359)	2,478,264
Cash and equivalents at end of year	<u>\$ 446,035</u>	<u>\$ 236,449</u>	<u>\$ 30,862</u>	<u>\$ 1,168,396</u>	<u>\$ (1,078,789)</u>	<u>\$ 802,953</u>
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (338)	\$ (111,700)	\$ 868,113	\$ 6,093	\$ (209,215)	\$ 552,952
Adjustments to reconcile net income from operations to net cash provided by operating activities:						
Depreciation	-	98,336	-	225,080	510,950	834,366
Changes in assets & liabilities:						
Decrease (increase) in receivables				(13,078)		(13,078)
Decrease (increase) in interfund rec.				136,921		136,921
Decrease (increase) in prepaid assets					(37,283)	(37,283)
Decrease (increase) in discounts		11,044			9,042	20,086
Increase (decrease) in accruals	24,146	(19,474)	-	478,432	271,414	754,518
Increase (decrease) in due to other funds					(136,921)	(136,921)
Total adjustments	<u>24,146</u>	<u>89,906</u>	<u>-</u>	<u>827,355</u>	<u>617,202</u>	<u>1,558,609</u>
Net cash provided by operating activities:	<u>\$ 23,808</u>	<u>\$ (21,795)</u>	<u>\$ 868,113</u>	<u>\$ 833,448</u>	<u>\$ 407,987</u>	<u>\$ 2,111,561</u>

CITY OF ST. GEORGE, UTAH
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE

JUNE 30, 2006

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$	22,398,601
Buildings		24,086,555
Improvements		45,458,231
Infrastructure assets		87,518,543
Equipment		<u>16,670,077</u>
 Total Governmental Funds Capital Assets	 \$	 <u><u>196,132,007</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Projects Funds:

100

General obligation bonds	\$	22,933,458
Federal grants		6,129,652
State grants		633,195
County grants		20,000
WCIA - (Dixie Center interlocal agency)		10,207,697
Downtown Redevelopment revenues		3,944,962
Capital equipment fund		17,768,854
Public Works Capital projects fund		17,758,820
Replacement Airport capital projects fund		1,484,431
Industrial Park fund		2,401,462
Sewer Impact fund		245,866
Park Impact fund		9,995,112
Fire Impact fund		1,966,575
Drainage Impact fund		1,069,844
Special Assessment fund		23,245,453
Street Impact fund		1,650,205
Transportation improvement fund		4,734,846
SunTran Public Transit fund		337,834
Airport PFC fund		307,641
General Fund revenues		<u>69,296,100</u>
 Total Governmental Funds Capital Assets	 \$	 <u><u>196,132,007</u></u>

CITY OF ST. GEORGE, UTAH
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY FUNCTION & ACTIVITY

JUNE 30, 2006

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS	INFRASTRUCTURE	EQUIPMENT
GENERAL GOVERNMENT:						
Gen. government bldgs.	\$ 14,733,342	\$ 10,870,328	\$ 3,086,881	\$ 776,133	\$ -	\$ -
WCIA (Dixie Center)	10,255,803	1,774,067	8,481,736	-	-	-
Downtown Redevelopment	6,439,452	2,480,452	1,878,489	2,080,511	-	-
Community development (Industrial Park)	1,626,676	162,489	-	1,464,187	-	-
Administration	843,781	-	-	-	-	843,781
Total general government	33,899,054	15,287,336	13,447,106	4,320,831	-	843,781
PUBLIC SAFETY:						
Police protection	4,300,395	-	82,589	93,968	-	4,123,838
Fire protection	5,894,313	113,048	2,461,537	72,133	-	3,247,595
Total public safety	10,194,708	113,048	2,544,126	166,101	-	7,371,433
PUBLIC WORKS:	105,244,356	557,709	2,773,178	8,752,478	87,400,621	5,760,370
PARKS, RECREATION, & PUBLIC PROPERTY:	46,793,889	6,440,508	5,322,145	32,218,821	117,922	2,694,493
Total governmental fund capital assets allocated to function	\$ 196,132,007	\$ 22,398,601	\$ 24,086,555	\$ 45,458,231	\$ 87,518,543	\$ 16,670,077

CITY OF ST. GEORGE, UTAH
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

YEAR ENDED JUNE 30, 2006

102

FUNCTION AND ACTIVITY	GOVERNMENTAL FUNDS CAPITAL ASSETS JULY 1, 2005	ADDITIONS	DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2006
GENERAL GOVERNMENT:				
Gen. government bldgs.	\$ 14,336,791	\$ 396,551	\$ -	\$ 14,733,342
WCIA - Dixie Center	10,255,803	-	-	10,255,803
Downtown Redevelopment	5,011,370	1,428,082	-	6,439,452
Industrial Park	1,626,676	-	-	1,626,676
Administration	695,240	148,541	-	843,781
	<u>31,925,880</u>	<u>1,973,174</u>	<u>-</u>	<u>33,899,054</u>
PUBLIC SAFETY:				
Police protection	4,050,836	430,976	181,417	4,300,395
Fire protection	5,103,161	791,152	-	5,894,313
	<u>9,153,997</u>	<u>1,222,128</u>	<u>181,417</u>	<u>10,194,708</u>
PUBLIC WORKS:				
PARKS, RECREATION, & PUBLIC PROPERTY:	96,195,847	9,108,884	60,375	105,244,356
	41,815,184	5,041,880	63,175	46,793,889
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$ 179,090,908</u>	<u>\$ 17,346,066</u>	<u>\$ 304,967</u>	<u>\$ 196,132,007</u>

STATISTICAL SECTION

CITY OF ST. GEORGE, UTAH

ELECTRIC FUND

STATISTICAL ANALYSIS

JUNE 30, 2006

Year Ended June 30,
2006 2005

Production Cost Analysis:

Kilowatt hours generated	23,954,494	3,348,892
Kilowatt hours purchased	<u>587,269,589</u>	<u>556,197,441</u>
Total Kilowatt Hours	<u><u>611,224,083</u></u>	<u><u>559,546,333</u></u>
Total Operating Costs	<u>\$43,724,982</u>	<u>\$38,666,661</u>
Cost per Kilowatt Hour	<u>\$.07154</u>	<u>\$.06910</u>

Summary of Kilowatt Hours and Costs for previous period

<u>YEAR</u>	<u>KILOWATT HOURS</u>	<u>COST PER KILOWATT HOUR</u>
1996	392,034,761	.05297
1997	419,976,185	.05306
1998	426,475,844	.05117
1999	456,043,750	.04957
2000	470,326,067	.05708
2001	494,674,942	.07468
2002	503,732,000	.08242
2003	550,745,668	.06620
2004	557,424,755	.06934
2005	559,546,333	.06910
2006	611,224,083	.07154

	<u>2006</u>	<u>2005</u>
Average Revenue Analysis:		
Kilowatt Hours billed	533,346,412	529,681,600
Unbilled Hours-line loss, street lights	<u>77,877,671</u>	<u>29,864,733</u>
Total Kilowatt Hours	<u><u>611,224,083</u></u>	<u><u>559,546,333</u></u>
Total Revenue Billed	\$44,196,505	\$39,754,876
Number of Customers	25,905	24,326
Average monthly billing	\$142.17	\$136.19

CITY OF ST. GEORGE, UTAH

WATER FUND

STATISTICAL ANALYSIS

JUNE 30, 2006

	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
Production cost analysis:		
Number of gallons billed	8,445,129,804	7,762,960,020
Expense of operations	\$13,161,031	\$10,455,082
Cost per billed gallon	\$.001558	\$.001347
Average Revenue Analysis:		
Number of metered customers	19,194	17,711
Water usage billed	\$11,613,585	\$10,366,313
Average monthly billing per metered customer	\$50.42	\$48.78

CITY OF ST. GEORGE, UTAH
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Governmental activities:										
Invested in capital assets, net of related debt	N/A	N/A	N/A	N/A	\$ 46,857	\$ 54,034	\$ 57,354	\$ 64,316	\$ 77,190	\$ 89,565
Restricted					3,305	2,918	3,776	3,375	7,340	7,308
Unrestricted					28,515	29,767	33,832	40,960	36,417	43,111
Total governmental activities net assets	\$ -	\$ -	\$ -	\$ -	\$ 78,677	\$ 86,719	\$ 94,962	\$ 108,651	\$ 120,947	\$ 139,984
Business-type activities:										
Invested in capital assets, net of related debt					\$ 68,172	\$ 76,985	\$ 87,134	\$ 71,589	\$ 96,644	\$ 119,982
Restricted						6,163	6,737	30,873	16,168	4,857
Unrestricted					27,462	12,465	10,600	17,647	24,147	34,767
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ -	\$ 95,634	\$ 95,613	\$ 104,471	\$ 120,109	\$ 136,959	\$ 159,606
Primary government:										
Invested in capital assets, net of related debt	N/A	N/A	N/A	N/A	\$ 115,029	\$ 131,019	\$ 144,488	\$ 135,905	\$ 173,834	\$ 209,547
Restricted					3,305	9,081	10,513	34,248	23,508	12,165
Unrestricted					55,977	42,232	44,432	58,607	60,564	77,878
Total primary government net assets	N/A	N/A	N/A	N/A	\$ 174,311	\$ 182,332	\$ 199,433	\$ 228,760	\$ 257,906	\$ 299,590

CITY OF ST. GEORGE, UTAH
 CHANGES IN NET ASSETS
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

	FISCAL YEAR									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
EXPENSES:										
Governmental activities:										
General government	N/A	N/A	N/A	N/A	\$ 3,954	\$ 4,462	\$ 5,129	\$ 3,491	\$ 2,205	\$ 5,004
Public safety					7,573	7,445	8,395	9,521	10,357	11,497
Highways & public improvements					8,989	7,927	8,076	10,419	17,231	14,096
Parks, recreation, & public property					6,552	5,792	6,453	9,592	12,167	11,087
Community & economic development					951	990	1,171	1,446	1,957	2,058
Interest on long-term debt					2,120	2,145	2,053	1,653	1,122	1,411
Total governmental activities expenses:					<u>30,139</u>	<u>28,761</u>	<u>31,277</u>	<u>36,122</u>	<u>45,039</u>	<u>45,153</u>
Business-type activities:										
Energy services					36,944	41,519	36,461	38,654	38,667	44,254
Water services					6,453	6,672	7,792	8,323	10,455	13,161
Wastewater collection					5,690	5,825	6,098	6,527	7,021	7,250
Regional wastewater treatment					4,239	4,222	4,257	4,006	4,083	4,174
Golf courses					3,965	4,104	4,077	4,206	4,624	4,637
Municipal building authority					531	518	488	440	435	371
Solid waste					2,039	2,125	2,229	2,379	2,560	2,812
Drainage utility					-					1
Total business-type activities expenses:					<u>59,861</u>	<u>64,985</u>	<u>61,402</u>	<u>64,535</u>	<u>67,845</u>	<u>76,660</u>
Total primary government expenses:					<u>\$ 90,000</u>	<u>\$ 93,746</u>	<u>\$ 92,679</u>	<u>\$ 100,657</u>	<u>\$ 112,884</u>	<u>\$ 121,813</u>
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	N/A	N/A	N/A	N/A	\$ 2,190	\$ 2,325	\$ 2,437	\$ 2,568	\$ 3,054	\$ 3,063
Public safety					1,362	1,232	1,618	1,966	2,220	2,338
Highways & public improvements					182	212	221	293	319	570
Parks, recreation, & public property					1,233	1,347	1,463	2,071	2,114	2,733
Community & economic development					857	1,151	1,288	2,648	3,656	3,685
Operating grants & contributions					4,730	5,145	6,526	7,971	10,710	9,000
Capital grants & contributions					1,533	2,536	2,073	4,720	2,462	5,457
Total governmental activities program revenues					<u>12,087</u>	<u>13,948</u>	<u>15,626</u>	<u>22,237</u>	<u>24,535</u>	<u>26,846</u>
Business-type activities:										
Charges for services:										
Energy services					27,361	32,559	36,361	40,359	44,253	48,604
Water services					9,553	10,850	12,191	14,639	15,463	15,682
Wastewater collection					5,746	5,830	6,222	6,706	7,246	7,256
Regional wastewater treatment					6,561	7,002	7,676	8,710	9,841	9,763
Golf courses					3,992	4,057	4,219	4,242	3,957	4,340

Municipal building authority						
Solid waste	2,036	2,126	2,264	2,435	2,624	2,812
Drainage utility				819	837	869
Operating grants & contributions	15	13	19	695	791	
Capital grants & contributions	674	69		1,072		5,500
Total business-type activities program revenues	55,938	62,506	68,952	79,677	85,012	94,826
Total primary government program revenues	\$ 68,025	\$ 76,454	\$ 84,578	\$ 101,914	\$ 109,547	\$ 121,672

	-----FISCAL YEAR-----									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Net (expense) / revenue										
Governmental activities	N/A	N/A	N/A	N/A	\$ (18,052)	\$ (14,813)	\$ (15,651)	\$ (13,885)	\$ (20,504)	\$ (18,307)
Business-type activities					(3,923)	(2,479)	7,550	15,142	17,167	18,166
Total primary government net expense					\$ (21,975)	\$ (17,292)	\$ (8,101)	\$ 1,257	\$ (3,337)	\$ (141)

**GENERAL REVENUES AND OTHER
CHANGES IN NET ASSETS**

Governmental activities:

Taxes

Property taxes for general purposes	\$ 4,799	\$ 5,056	\$ 5,514	\$ 6,545	\$ 6,327	\$ 6,520
Property taxes for debt service	1,613	1,622	1,666	1,779	1,660	2,054
Franchise taxes	2,780	3,246	3,525	3,887	5,086	5,839
General sales & highway sales taxes	10,974	12,134	11,942	13,584	16,035	19,317

Business licenses	347	358	378	409	468	532
Investment income	2,191	1,142	1,020	845	1,077	1,889
Lease payments	(576)	(621)	(348)	(373)	(466)	(97)
Gain on sale of assets	56	151	706	17	650	388
Rents and concessions	8	14	18	60	30	35
Miscellaneous	133	116	169	535	68	195
Transfers	(306)	(363)	(696)	208	1,864	670
Total governmental activities	22,019	22,855	23,894	27,496	32,799	37,342

Business-type activities:

Investment income	2,031	794	378	395	958	1,828
Lease payments	595	624	666			839
Miscellaneous	(62)	677	(434)	309	590	2,483
Transfers	306	363	696	(208)	(1,864)	(670)
Total business-type activities	2,870	2,458	1,306	496	(316)	4,480
Total primary government	\$ 24,889	\$ 25,313	\$ 25,200	\$ 27,992	\$ 32,483	\$ 41,822

CHANGE IN NET ASSETS

Governmental activities	\$ 3,967	\$ 8,042	\$ 8,243	\$ 13,611	\$ 12,295	\$ 19,035
Business-type activities	(1,053)	(21)	8,856	15,638	16,851	22,646
Total primary government	\$ 2,914	\$ 8,021	\$ 17,099	\$ 29,249	\$ 29,146	\$ 41,681

CITY OF ST. GEORGE, UTAH
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

<u>Fiscal</u> <u>Year</u>	<u>General</u> <u>Property Tax</u>	<u>Debt Serv</u> <u>Property Tax</u>	<u>General Sales &</u> <u>Highway Sales Tax</u>	<u>Franchise</u> <u>Tax</u>	<u>Total</u>
1997	\$ 4,464	\$ 393	\$ 6,602	\$ 1,993	\$ 13,452
1998 (1)	4,770	1,059	6,917	2,190	14,936
1999 (2)	4,389	1,137	8,525	2,305	16,356
2000	4,521	1,477	10,444	2,433	18,875
2001	4,799	1,613	10,974	2,780	20,166
2002 (3)	5,056	1,622	12,134	3,246	22,058
2003	5,514	1,666	11,942	3,525	22,647
2004	6,545	1,779	13,584	3,887	25,795
2005	6,327	1,660	16,035	5,086	29,108
2006	6,520	2,054	19,317	5,839	33,730

108

- (1) first year for property taxes for GO rec bonds
- (2) first year of highway sales taxes
- (3) in the general sales taxes, approximately \$700 thousand dollars was returned from funds used for the 2000 Winter Olympics.

CITY OF ST. GEORGE, UTAH
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund										
Reserved for police seizures	\$ 59	\$ 64	\$ 156	\$ 101	\$ 66	\$ 23	\$ 28	\$ 40	\$ 90	\$ 67
Reserved for notes receivable			425	589	664	498	950	595	343	714
Reserved for perpetual care	159	34	84	4	8	30	78	126	139	181
Unreserved	2,751	2,943	2,491	2,838	2,797	3,007	3,299	3,629	3,881	3,905
Total general fund	<u>\$ 2,969</u>	<u>\$ 3,041</u>	<u>\$ 3,156</u>	<u>\$ 3,532</u>	<u>\$ 3,535</u>	<u>\$ 3,558</u>	<u>\$ 4,355</u>	<u>\$ 4,390</u>	<u>\$ 4,453</u>	<u>\$ 4,867</u>
All other governmental funds										
Reserved										
Unreserved, reported in:										
Special revenue funds	1,062	1,383	2,007	4,463	5,953	5,390	4,915	6,848	6,144	8,336
Debt service funds	3,001	4,009	3,658	3,132	2,574	2,397	2,798	3,086	3,218	3,694
Capital projects funds	20,597	12,194	16,467	19,085	20,475	22,112	26,404	17,581	24,271	34,347
Total all other governmental funds	<u>\$ 24,660</u>	<u>\$ 17,586</u>	<u>\$ 22,132</u>	<u>\$ 26,680</u>	<u>\$ 29,002</u>	<u>\$ 29,899</u>	<u>\$ 34,117</u>	<u>\$ 27,515</u>	<u>\$ 33,633</u>	<u>\$ 46,377</u>

CITY OF ST. GEORGE, UTAH
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
REVENUES:										
Taxes & special assessments	\$ 14,566	\$ 15,978	\$ 17,637	\$ 20,098	\$ 21,013	\$ 22,837	\$ 23,845	\$ 27,674	\$ 30,274	\$ 35,693
Licenses & permits	915	974	1,017	1,075	1,169	1,448	1,619	2,861	3,656	3,545
Intergovernmental	1,087	2,072	2,342	2,370	2,555	2,383	3,526	4,501	10,197	7,476
Charges for services	2,431	2,828	3,597	3,679	3,753	4,000	4,425	5,071	6,176	7,137
Fines & forfeitures	467	397	459	646	863	740	863	1,076	987	928
Investment income	1,323	1,573	1,192	1,775	2,191	1,129	1,013	840	1,067	1,868
Rents & concessions	1	6	34	4	8	14	18	60	30	35
Miscellaneous	51	52	120	68	742	219	196	576	325	195
Contributions from other sources		500	652	302			318	2,350	558	300
Capital development fees	2,111	1,824	1,934	1,795	2,251	2,685	3,577	4,290	5,030	4,121
Total revenues	22,952	26,204	28,984	31,812	34,545	35,455	39,400	49,299	58,300	61,298
EXPENDITURES:										
General government	2,947	2,891	3,332	4,459	3,116	3,619	4,205	4,940	5,773	7,300
Public safety	5,222	6,082	6,347	7,345	7,009	7,197	8,301	9,269	10,355	12,023
Highways & public improvements	4,375	4,890	6,061	5,971	6,332	6,768	6,394	7,356	10,021	9,505
Parks, recreation, & public property	3,482	3,835	4,483	4,502	5,546	5,864	6,012	6,447	7,334	8,068
Community & economic development	271	264	343	330	875	918	1,045	1,230	1,638	1,967
Capital outlay	5,327	13,109	7,826	5,228	5,525	9,341	9,482	14,896	28,823	16,946
Debt service										
Capital leases		343	340	349	576	621	349	373	466	197
Principal	2,170	3,309	1,396	2,186	1,487	983	1,069	13,668	1,441	1,188
Interest & other admin charges	703	1,272	1,127	1,712	1,574	1,513	1,427	1,694	1,251	1,462
Total expenditures	24,497	35,995	31,255	32,082	32,040	36,824	38,284	59,873	67,102	58,656
Excess of revenues over (under) expend.	(1,545)	(9,791)	(2,271)	(270)	2,505	(1,369)	1,116	(10,574)	(8,802)	2,642
OTHER FINANCING SOURCES (USES):										
Transfers in	2,247	3,953	4,004	8,078	10,553	7,299	8,052	15,774	14,701	13,795
Transfers out	(2,247)	(3,427)	(3,930)	(7,850)	(10,813)	(7,045)	(8,048)	(14,698)	(11,797)	(11,768)
Contributions from private sources			88	315		321		69	128	393
Contributions from other governments										785
Proceeds from sale of capital assets	161	2,168	105	2,129	56	32	671	17	650	388
Loss on bond refinancing	(17)							(1,074)		
Premiums on bonds sold								643		
Issuance of notes/bonds/ or leases	16,442	221	6,615	2,075	20	1,660	3,176	16,645	4,510	343
Total other financing sources (uses)	16,586	2,915	6,882	4,747	(184)	2,267	3,851	17,376	8,192	3,936
Net change in fund balance	\$ 15,041	\$ (6,876)	\$ 4,611	\$ 4,477	\$ 2,321	\$ 898	\$ 4,967	\$ 6,802	\$ (610)	\$ 6,578
Debt service as a percentage of non-capital expenditures	17.63%	27.41%	13.92%	18.79%	15.90%	12.79%	10.96%	53.81%	8.99%	7.33%

 1997 Parks & Rec GO Bonds refunded

CITY OF ST. GEORGE, UTAH
 PRINCIPAL SALES TAX LOCATIONS
 JUNE 30, 2006
 (amounts expressed in thousands)

2006					1997				
Business Name	Ranking	Business Type	Total Point of Sales taxes	Percentage of Point of Sales Taxes to Total	Business Name	Ranking	Business Type	Total Point of Sales taxes	Percentage of Point of Sales Taxes to Total
Costco	1	Shoppers club	\$685	4.65%	WalMart	1	Retail store	\$479	7.26%
WalMart	2	Super store	577	3.92%	Albertson's	2	Supermarket	221	3.35%
Sunroc	3	Building supply	480	3.26%	Harmon's	3	Supermarket	213	3.23%
Stephen Wade Auto Center	4	Auto sales	416	2.82%	Smith's Food King	4	Supermarket	208	3.15%
St George Ford	5	Auto sales	340	2.31%	St George Ford	5	Auto sales	205	3.11%
Boulevard Home Furnishings	6	Home furnishings	313	2.13%	St George City	6	Municipal gov inclding electrical utility	197	2.98%
Lowes Home Center	7	Building supply	301	2.04%	Stephen Wade Auto Center	7	Auto sales	186	2.82%
St George City	8	Municipal gov inclding electrical utility	290	1.97%	Anderson Lumber	8	Lumber & Hardware	172	2.61%
Newby Buick Auto Sales	9	Auto sales	285	1.94%	Kmart	9	Retail store	165	2.50%
Super Target	10	Super store	258	1.75%	Lin's	10	Supermarket	161	2.44%
			<u>\$3,945</u>	<u>26.79%</u>				<u>\$2,207</u>	<u>33.43%</u>

CITY OF ST. GEORGE, UTAH
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY
 LAST TEN FISCAL YEARS
 (in thousands of dollars)

Fiscal Year Ended June 30	Real Property				Commercial Attached Personal Property	Less Adjustments to Taxable Value	Total Taxable Value	Estimated Actual Value	Taxable Value as a Percentage of Actual Value
	Primary Residential Property	Non-Primary Residential Property	Commercial & Other Property	State Assessed Property					
1997	\$ 817,806	\$ 341,212	\$ 404,262	\$ 47,446	\$ 8,781	\$ (7,248)	\$ 1,612,259	\$ 2,319,342	69.51%
1998	874,985	433,847	456,360	53,646	18,178	(15,588)	1,821,428	2,574,062	70.76%
1999	949,554	453,438	497,391	54,513	16,618	(4,444)	1,967,070	2,783,411	70.67%
2000	1,058,816	454,420	677,753	64,438	10,196	(36,680)	2,228,943	3,141,008	70.96%
2001	1,162,428	482,240	690,864	67,506	2,404	(15,766)	2,389,676	3,387,224	70.55%
2002	1,237,988	520,897	807,263	84,397	1,165	(23,445)	2,628,265	3,705,599	70.93%
2003	1,370,760	577,959	864,775	102,883	1,212	(18,796)	2,898,793	4,109,661	70.54%
2004	1,459,050	616,981	887,775	101,439	1,155	(27,213)	3,039,187	4,320,220	70.35%
2005	1,616,411	681,916	937,422	99,342		(18,060)	3,317,031	4,716,445	70.33%
2006	2,068,273	877,977	1,037,878	90,651		(2,249)	4,072,530	5,932,597	68.65%

CITY OF ST. GEORGE, UTAH
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of St. George			Overlapping Governments									Direct & Overlapping Rates
	Operating Rate	Debt Service Rate	Total City Rate	Washington County					Washington Co School District			(1) Special Districts	
				County Library Rate	County General Rate	County G.O. Bond Rate	Assess & Collect Rate	Total County Rate	Local School Fund Rate	State School Fund Rate	Total School Rate		
1997	0.001881	0.000377	0.002258	0.000299	0.000826		0.000448	0.001573	0.004317	0.002046	0.006363	0.001212	0.011406
1998	0.001822	0.000366	0.002188	0.000309	0.001046		0.000423	0.001778	0.004981	0.001950	0.006931	0.001200	0.012097
1999	0.001777	0.000356	0.002133	0.000306	0.000665		0.000410	0.001381	0.005227	0.001840	0.007067	0.001025	0.011606
2000	0.001742	0.000349	0.002091	0.000295	0.000598		0.000398	0.001291	0.005108	0.001840	0.006948	0.000900	0.011230
2001	0.001719	0.000345	0.002064	0.000320	0.000977		0.000380	0.001677	0.005085	0.001820	0.006905	0.000874	0.011520
2002	0.001658	0.000335	0.001993	0.000310	0.000929		0.000358	0.001597	0.004933	0.001810	0.006743	0.000815	0.011148
2003	0.001615	0.000324	0.001939	0.000419	0.000943		0.000341	0.001703	0.004925	0.001807	0.006732	0.000942	0.011316
2004	0.001603	0.000322	0.001925	0.000306	0.000729	0.000312	0.000348	0.001695	0.004880	0.001800	0.006680	0.000965	0.011265
2005	0.001535	0.000308	0.001843	0.000302	0.000720	0.000354	0.000345	0.001721	0.004875	0.001800	0.006675	0.000934	0.011173
2006	0.001369	0.000275	0.001644	0.000269	0.000640	0.000315	0.000320	0.001544	0.004411	0.001720	0.006131	0.001035	0.010354

(1) Washington County Water Conservancy District and Dixie Center Special District. Dixie Center levy ended in 1999.

CITY OF ST. GEORGE, UTAH
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected with the fiscal year of the levy		Collections of Prior Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
1997	\$ 4,509	\$ 4,309	95.56%	\$ 155	\$ 4,464	99.00%
1998	4,858	4,569	94.05%	201	4,770	98.19%
1999	4,342	4,077	93.90%	312	4,389	101.08%
2000	4,517	4,224	93.51%	297	4,521	100.09%
2001	5,066	4,529	89.40%	270	4,799	94.73%
2002	5,096	4,717	92.56%	340	5,057	99.23%
2003	5,423	5,160	95.15%	355	5,515	101.70%
2004	5,977	5,622	94.06%	524	6,146	102.83%
2005	6,324	5,890	93.14%	173	6,063	95.87%
2006	6,936	6,907	99.58%	139	7,046	101.59%

CITY OF ST. GEORGE, UTAH
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities					Business-Type Activities						Total Primary Government	Per Capita
	General Obligation Bonds	Tax Increment Bonds	Excise Tax Bonds	Special Assessment Bonds	Capital Leases	Sewer Bonds	Water Bonds	Electric Bonds	MBA Bonds	Golf Course Bonds	Capital Leases		
1997	\$ 12,000	\$ 1,409	\$ 3,880	\$ 5,168	\$ 21	\$ 11,791	\$ 29,714		\$ 6,358	\$ 3,339	\$ 25	\$ 73,705	\$ 1,638
1998	11,800	1,265	3,645	4,337		30,694	28,774		6,181	3,065	14	89,775	1,910
1999	17,700	1,118	3,310	3,573	199	36,558	27,789		8,920	2,757	652	102,576	2,137
2000	17,640	959	2,960	4,573	177	35,316	26,879		8,550	2,432	571	100,057	2,001
2001	17,580	794	2,595	3,361	122	33,020	26,584		8,351	2,990	485	95,882	1,918
2002	17,520	623	2,210	3,027	66	30,629	25,534		7,756	2,634	524	90,523	1,758
2003	17,425	442	1,810	5,613	6	28,170	23,859		7,146	2,528	363	87,362	1,616
2004	18,190	251	6,390	4,854	207	23,634	54,414		6,499	2,132	619	117,190	1,953
2005	18,015	4,210	5,850	4,080	121	20,942	52,299	17,280	5,724	2,132	666	131,319	2,020
2006	17,695	4,210	5,285	3,480	-	18,026	51,459	16,710	5,188	1,711	857	124,621	1,731

CITY OF ST. GEORGE, UTAH
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

Fiscal year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property		Per Capita
1997	\$ 12,000		\$ 12,000	0.7443%	\$	267
1998	11,800	606	11,194	0.6146%		238
1999	17,700	280	17,420	0.8856%		363
2000	17,640	282	17,358	0.7788%		347
2001	17,580	285	17,295	0.7237%		346
2002	17,520	287	17,233	0.6557%		335
2003	17,425	288	17,137	0.5912%		317
2004	18,190	289	17,901	0.5890%		298
2005	18,015	365	17,650	0.5321%		272
2006	17,695	364	17,331	0.4256%		241

CITY OF ST. GEORGE, UTAH
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF JUNE 30, 2006
 (amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Washington County	\$ 1,195	56.23%	\$ 672
Washington County School District	177,764	56.23%	99,957
Washington County Water Conservancy	10,365	56.23%	5,828
Washington County/St George City (WCIA)	<u>21,449</u>	38.00%	8,151
sub-total overlapping debt	210,773		114,608
City of St. George direct debt	17,695		17,695
 Total direct & overlapping debt	 <u><u>\$ 228,468</u></u>		 <u><u>\$ 132,303</u></u>

CITY OF ST. GEORGE, UTAH
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 201,057	\$ 226,126	\$ 244,299	\$ 281,783	\$ 294,557	\$ 306,841	\$ 336,740	\$ 371,978	\$ 410,848	\$ 503,555
Total net debt applicable to limit	59,397	71,374	82,055	80,385	77,254	71,093	64,969	97,894	85,060	81,933
Legal debt margin	<u>\$ 141,660</u>	<u>\$ 154,752</u>	<u>\$ 162,244</u>	<u>\$ 201,398</u>	<u>\$ 217,303</u>	<u>\$ 235,748</u>	<u>\$ 271,771</u>	<u>\$ 274,084</u>	<u>\$ 325,788</u>	<u>\$ 421,622</u>
Total net debt applicable to the limit as a percentage of debt limit										

Legal Debt Margin Calculation for Fiscal Year 2006

Taxable value	<u>\$ 4,196,289</u>
Debt limit:	
General obligation 4%	\$ 167,852
Water & Sewer 8%	<u>335,703</u>
Total debt limit	<u>\$ 503,555</u>
Debt applicable to limit:	
General obligation bonds	\$ 17,695
less: amt set aside for repayment of debt	(364)
Water & sewer bonds	69,485
less: amt set aside for repayment of debt	<u>(4,883)</u>
Total net debt applicable to limit	<u>81,933</u>
Legal debt margin	<u>\$ 421,622</u>

CITY OF ST. GEORGE, UTAH
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)

Fiscal Year	Sewer Revenue Bonds (Regional Treatment Fund)						Water Revenue Bonds					
	Sewer Charges and other	Less: Operating Expenses	Net Available Revenues	Debt Service			Water Charges and other	Less: Operating Expenses	Net Available Revenues	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage
1997	\$ 4,262	\$ 1,273	2,989	\$ 780	\$ 551	2.25	\$ 6,210	\$ 3,440	2,770	\$ 950	\$ 1,568	1.10
1998	6,245	1,635	4,610	821	1,119	2.38	7,303	3,549	3,754	990	1,527	1.49
1999	6,384	1,861	4,523	736	1,293	2.23	8,157	3,295	4,862	1,035	1,473	1.94
2000	7,047	2,041	5,006	1,242	1,278	2.01	9,329	3,474	5,855	910	1,462	2.47
2001	7,497	2,153	5,344	2,296	1,231	1.52	9,620	3,615	6,005	295	1,495	3.35
2002	7,474	2,187	5,287	2,391	1,158	1.49	10,881	3,980	6,901	1,050	1,301	2.94
2003	7,972	2,254	5,718	2,459	1,097	1.61	12,210	4,998	7,212	1,675	1,324	2.40
2004	8,871	2,363	6,508	4,536	662	1.25	14,726	5,242	9,484	445	1,422	5.08
2005	10,374	2,591	7,783	2,692	505	2.43	15,895	6,467	9,428	2,115	2,019	2.28
2006	10,790	2,706	8,084	2,917	484	2.38	16,116	8,651	7,465	840	2,142	2.50

Fiscal Year	Golf Course Revenue Bonds						Energy Services Revenue Bonds					
	Golf Charges and other	Less: Operating Expenses	Net Available Revenues	Debt Service			Energy Charges and other	Less: Operating Expenses	Net Available Revenues	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage
1997	\$ 3,408	\$ 2,341	1,067	\$ 247	\$ 292	1.98	\$ 24,405	\$ 20,706	3,699	\$ -	\$ -	n/a
1998	3,822	2,857	965	274	273	1.76	24,505	20,176	4,329	-	-	n/a
1999	4,234	3,095	1,139	308	252	2.03	23,907	20,869	3,038	-	-	n/a
2000	4,573	3,201	1,372	325	228	2.48	24,937	24,961	(24)	-	-	n/a
2001	4,105	3,405	700	342	204	1.28	28,224	35,156	(6,932)	-	-	n/a
2002	4,110	3,466	644	356	242	1.08	33,466	39,629	(6,163)	-	-	n/a
2003	4,286	3,578	708	282	139	1.68	36,430	34,562	1,868	-	-	n/a
2004	4,357	3,689	668	396	132	1.27	40,195	37,040	3,155	-	-	n/a
2005	3,994	3,993	1	-	98	0.01	44,637	36,630	8,007	-	-	n/a
2006	4,416	4,038	378	421	88	0.74	51,039	40,748	10,291	570	529	9.36

CITY OF ST. GEORGE, UTAH
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	(1) Personal Income (amts expressed in millions)	(1) Per Capita Personal income	<u>Median Age</u>	(2) <u>School Enrollment</u>	(1) <u>Unemployment Rate</u>
1997	45,000	1,392.5	17,082			3.3
1998	47,000	1,529.6	18,029			3.8
1999	48,000	1,613.6	18,327			3.6
2000	50,000	1,751.9	19,202	31.4		3.2
2001	50,000	1,903.4	20,120			3.8
2002	51,500	1,977.8	19,856		18,823	4.5
2003	54,050	2,098.7	20,084		19,617	4.4
2004	60,000	2,377.4	21,530		20,317	3.8
2005	65,000	2,736.4	23,017	30.0	21,584	3.5
2006	72,000	not available	not available		23,189	2.4

(1) Source: Utah Department of Workforce Services
 (information is for Washington County of which St. George is the largest city.)

(2) Source: Utah State Office of Education
 (information is for Washington County of which St. George is the largest city.)

CITY OF ST. GEORGE, UTAH
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

2006

1997

<u>Employer</u>	<u>Employees</u>	<u>Industry</u>	<u>Employer</u>	<u>Employees</u>	<u>Industry</u>
Washington County School District (1)	2,000-2,999	Public Education	Washington County School District (1)	1,000-2000	Public Education
Intermountain Health Care	1,000-1,999	Health Care	Intermountain Health Care	500-700	Health Care
Dixie College	500-999	Higher Education	Dixie College	500-700	Higher Education
City of St. George	500-999	Local Government	City of St. George	300-400	Local Government
Federal Government	250-499	Federal Government	Andrus Trucking	200-300	Trucking
Skywest Airlines	250-499	Air Transportation	Skywest Airlines	200-300	Air Transportation
Washington County	250-499	Local Government	Wal-Mart	200-300	Retail Sales

(1) County-wide

Source: Utah Department of Workforce Services

CITY OF ST. GEORGE, UTAH
 FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

FUNCTION	FISCAL YEAR									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government	33	33	37	37	41	45	45	48	48	64
Community & development services	12	12	12	11	12	12	12	16	21	24
Public Safety										
Police										
Officers	52	56	62	68	71	74	76	80	83	89
Reserves	n/a	n/a	15	15	8	8	8	8	8	8
Civilians	19	19	13	13	15	17	24	26	28	30
Fire										
Firefighters & officers	5	6	8	8	8	8	8	9	15	19
Volunteers firefighters	45	45	51	51	51	51	51	51	51	55
Civilians										1
Highways & streets										
Engineering & Administration	18	18	18	18	19	19	20	21	21	24
Maintenance	20	22	21	22	22	23	25	26	28	28
Fleet maintenance	7	7	7	7	9	10	10	10	11	11
Culture & recreation										
Recreation	7	9	7	8	10	10	10	10	12	14
Parks & design	19	22	21	22	21	22	25	25	29	34
Building maintenance	4	4	4	3	3	3	3	4	6	6
Dixie Center							6	8	8	9
Administration & others	8	9	10	10	10	10	10	10	9	9
Water services	19	22	25	25	29	32	33	44	48	52
Wastewater collections	12	12	12	12	12	14	15	17	16	17
Energy services	53	54	54	53	48	50	53	46	49	49
Golf courses	25	30	25	33	33	33	33	33	33	33
Wastewater treatment	12	12	18	20	20	20	17	18	18	18
Public transit								2	2	11
Total	370	392	420	436	442	461	484	512	544	605

SINGLE AUDIT SECTION



HINTONBURDICK

HINTON BURDICK HALL & SPILKER PLLC

CPAs & ADVISORS

MEMBERS:
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
BRENT R. HALL
KENNETH A. HINTON
MORRIS J. PEACOCK
MICHAEL K. SPILKER
MARK E. TICHENDR

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*

The Honorable Mayor and
City Council
St. George, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. George, Utah, as of and for the year ended June 30, 2006, which collectively comprise the City of St. George, Utah's basic financial statements and have issued our report thereon dated September 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of St. George's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of St. George's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance

Mayor and City Council
September 29, 2006
Page 2

with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of St. George, Utah, in a separate letter dated September 29, 2006.

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

Hinton, Burdick, Hall & Spilker, PLLC

HINTON, BURDICK, HALL &, SPILKER, PLLC
September 29, 2006

H:\Shared\StGeorgeCity\2006 Audit\UndAud.Int.doc

THIS PAGE LEFT BLANK INTENTIONALLY

**ST. GEORGE CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Grantor/Pass-Through Grantor/Program of Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice: COPS/Universal Hiring Program	16.710		\$28,969
2003 Homeland Security Grant, Part II, Critical Infrastructure	16.007		90,698
Bulletproof Vest Partnership Program	16.607		1,453
Victims of Crime Act	16.575		41,001
Drug Enforcement & System Improvement Formula Grant Program	16.579		<u>52,033</u>
Total U.S. Department of Justice			<u>214,154</u>
U.S. Department of Transportation: Federal Aviation Administration Airport Improvements Program	20.106		1,823,724
Federal Highway Administration Environmental Streamlining Grant Program	20.205		23,423
Federal Transportation Administration: Urbanized Area Formula Program	20.507		<u>802,815</u>
Total U.S. Department of Transportation			<u>2,649,962</u>
Executive Office of the President, Office of National Drug Control Policy: High Intensity Drug Trafficking Area	NONE		53,815
U.S. Department of Homeland Security: Federal Emergency Management Agency Public Assistant Grant Program	97.036		1,229,316
Emergency Management Performance Grant	97.067		<u>2,000</u>
Total U.S. Department of Homeland Security			1,231,316

Environmental Protection Agency: State & Tribal Assistance Grants	66.606	216,800
Bureau of Indian Affairs	NONE	5,500,000
Housing & Urban Development Agency: Community Development Block Grant/ Entitlement Grants Program	14.218	<u>345,612</u>
Total Expenditures of Federal Awards		<u><u>\$10,211,659</u></u>

The accompanying notes are an integral part of this schedule.

ST. GEORGE CITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of St. George City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB-Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

St. George City provided federal awards to the following sub recipients:

Washington County Council on Aging	\$40,000
Color Country Community Housing	\$38,000
St. George Housing Authority	\$200,000

**ST. GEORGE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness identified?	_____ yes	___x___ no
Reportable conditions identified that are not considered to be material weaknesses?	_____ yes	___x___ none reported
Noncompliance material to financial statements noted?	_____ yes	___x___ no

Federal Awards

Internal control over major programs:

Material weakness identified?	_____ yes	___x___ no
Reportable conditions identified that are not considered to be material weaknesses?	___x___ yes	_____ no

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

___x___ yes	_____ no
-------------	----------

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
20.106	Airport Improvements Program
14.218	CDBG/Entitlement Grants Program
None	Bureau of Indian Affairs

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ___x___ yes _____ no

**ST. GEORGE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Fings and Questioned Costs

Federal Program Title:	Airport Improvements Program
CFDA Number:	20.106
Federal Award Number:	#3-49-0030-19 and #3-49-0060-02
Federal Award Agency:	Federal Aviation Administration
Pass-through Entity:	Utah Division of Aeronautics
FAA Grant \$ expended:	\$1,823,724

During the fiscal year ended June 30, 2006, the City received federal funds for airport improvements through four FAA grants. Of those four grants, two of them had cash management findings. On grant "3-49-0030-19, federal funds were requested and received before funds were expended on all five of the grant reimbursement requests. Some reimbursements were received only a couple of weeks before the funds were expended, but in one instance, the funds were not fully expended for four months.

On grant #3-49-0060-02 only one reimbursement request was made in error. On that reimbursement request, an incorrect reimbursement rate of 95% was used on an expenditure of \$5,100, instead of the correct rate of 90.94%. This error resulted in \$207 of questioned costs. 100% of the 20 Airport Improvement Program's grant reimbursement requests were reviewed, with 6 requests being found with cash management errors; 5 of the errors were found on only one of the four FAA grants.

**ST. GEORGE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

We recommend that the City's airport manager, who oversees the FAA grants, use more care in reviewing and monitoring the grant reimbursement requests prepared by the engineers on the respective projects. We also recommend he discuss the cash management findings with the engineer who was responsible for the five erroneous reimbursement requests on grant

#3-49-0030-19



MEMBERS:
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
BRENT R. HALL
KENNETH A. HINTON
MORRIS J. PEACOCK
MICHAEL K. SPILKER
MARK E. TICHENOR

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor
And City Council
St. George, Utah

Compliance

We have audited the compliance of St. George City with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. St. George City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of St. George City's management. Our responsibility is to express an opinion on St. George City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. George City'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. Our audit does not provide a legal determination of St. George City's compliance with those requirements.

In our opinion St. George City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

Internal Control Over Compliance

The management of St. George City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered St. George City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Hinton, Burdick, Hall & Spilker, PLLC

HINTON, BURDICK, HALL & SPILKER PLLC
September 29, 2006

H:\Share\StGeorgeCity\2006 Audit\IntAud Omb.doc



MEMBERS:
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
BRENT R. HALL
KENNETH A. HINTON
MORRIS J. PEACOCK
MICHAEL K. SPILKER
MARK E. TICHENOR

Independent Auditors' Report on State Legal Compliance

To the Honorable Mayor
and City Council
St. George, Utah

We have audited the basic financial statements of the City of St. George, Utah, for the year ended June 30, 2006, and have issued our report thereon dated September 29, 2006. As part of our audit, we have audited the City of St. George's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)
Disaster Relief Funds

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

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation & Property Tax Limitations
Liquor Law Enforcement
B & C Road Funds
Department of Commerce
Other General Compliance Issues
Impact Fees & Other Development Fees
Asset Forfeitures

Mayor and City Council
September 29, 2006
Page 2

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

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

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

In our opinion, the City of St. George, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

Hinton, Burdick, Hall & Spilker, PLLC

HINTON, BURDICK, HALL & SPILKER, PLLC
September 29, 2006

H:\Shared\StGeorgeCity\2005 Audit\UndAud.Com.doc



MEMBERS:
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
BRENT R. HALL
KENNETH A. HINTON
MORRIS J. PEACOCK
MICHAEL K. SPILKER
MARK E. TICHENOR

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

September 29, 2006

St. George City Officials
St. George, Utah 84770

Dear Sirs:

During our audit of the funds of St. George City for the fiscal year 2005 - 2006, we found a couple of instances of non-compliance with state law. We do not believe these instances to be material; however, we are required to communicate them to you. We recommend that appropriate action be taken to put the City in full compliance with state laws.

1. Finding - Budgetary Compliance:

The Fiscal Procedures Act for Utah Cities requires cities to restrict expenditures to the authorized department budget. The "statement of revenues, expenditures and changes in fund balance - budget and actual" identifies the funds which have over-expended their budget amounts. We recognize that most of the City's funds and departments were in full compliance with this requirement.

Recommendation

We recommend that the City operate within the confines of State law by limiting expenditures or following proper procedures to adjust the departmental/fund budgets.

2. Finding-Deficit Fund Balance:

Utah Code 10-6-117 dictates that appropriations for expenditures are not to exceed estimated expendable revenue. The State Auditor's office holds the position that any fund deficit is an illegally created debt and should be budgeted to be eliminated immediately. The City's Replacement Airport Fund and Flood Reconstruction Fund had a deficit fund balance at June 30, 2006.

Recommendation

We follow the recommendation of the State Auditor's office by suggesting the City budget in fiscal year 2006-2007 to eliminate the fund deficit in these funds.

3. Finding-Cash Handling

The police and recreation departments have not been following the City's cash handling procedures as closely as they should.

Recommendation

We recommend that the personnel handling cash in those departments secure their cash receipts by putting the money held overnight in a safe and that they submit their cash receipts to the City's central treasury in a timely fashion and in accordance with the City's cash handling procedures. Whenever possession of cash changes hands, an appropriate record should be kept.

4. Finding-Federal Cash Management Noncompliance

On two federal airport grants this year, the City received federal reimbursements before the City actually expended the funds. This action is a violation of federal cash management requirements. The City Airport Manager's duties require him to review each grant reimbursement request for full compliance with federal requirements. If this is done properly, such errors should be found and corrected before the reimbursement is requested. When discussing the problem with the airport manager, he indicated that he was too busy to complete that task properly and so he needs an assistant.

Recommendation

We strongly recommend that the City Airport Manager verify full compliance with federal requirements before he allows any grant reimbursement request to be filed with the Federal Aviation Administration.

This letter is intended solely for the use of the City Council and management.

It has been a pleasure to once again be of service to the City this past year. Observations we made during the audit evidence the fact that you are carefully trying to comply with federal and state laws and to fulfill your stewardship to the citizens of St. George. We wish to thank you for your diligent efforts.

September 29, 2006

Page 3

If we can be of additional assistance in any way to further assist you in fulfilling your stewardship, please contact us at any time. We look forward to a continued pleasant professional relationship.

Sincerely,

Hinton, Burdick, Hall & Spilker, PLLC

Hinton, Burdick, Hall & Spilker PLLC

H:\Shared\SI\GeorgeCity2006 Audit\Schedule of Findings and Recommendations.doc



October 1, 2006

To: Mayor and City Council
City Manager
City of St. George

From: Philip R. Peterson, CPA
Finance Director

Subject: Schedule of Findings and Recommendations
Fiscal year audit ended June 30, 2006

The following responses have been made to the audit findings and recommendations of our auditors as they were included in the schedule of findings and recommendations.

1. We do monitor all budgets closely to assure that they stay within authorized limits. We will continue to monitor all budgets and work to eliminate this type of problem in the future.

2. Both funds have been budgeted to eliminate the deficits during the next fiscal year ended June 30, 2007.

3. Both departments are being monitored more closely and a discussion has been held with the responsible parties to eliminate this problem.

4. The auditors have visited with the airport manager and the department has recently hired a part-time individual to help free up time for the airport manager.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2005

Finding 1. - Budgetary Compliance:

Although the budget is monitored closely by management at times there are year-end audit entries and particularly capital projects items which may cause a budgetary compliance problem. The City continues to monitor the budgets in an effort to eliminate this type of thing from happening again.

Finding 2. - Fund Deficits:

Both funds are capital projects funds and thus because they are multi-year funds, they may have deficits in the early years. Both funds are budgeted to eliminate these deficits and it is anticipated that soon they will be.

CONTINUING DISCLOSURE SECTION

City of St. George, UT
 Continuing Disclosure - Excise Tax Revenue Bonds, Series 1996
 Fiscal Year Ended June 30, 2006

Table 1 provides total revenue amounts deposited in the State Transportation Fund from which Class B and C road allocations are made:

TABLE 1

	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005
Motor Fuel Tax	\$ 229,410	\$ 237,925	\$ 236,639	\$ 239,925	\$ 241,597
Special Fuel Tax	80,849	84,406	84,523	86,163	93,964
Motor Vehicle Registration Fees	25,935	27,378	28,359	29,391	30,690
Proportional Registration Fees	11,554	11,665	11,838	11,830	12,122
Temporary Permits	409	401	397	360	336
Special Transportation Permits	5,911	5,831	6,112	5,962	6,609
Highway Use Permits	7,155	7,530	7,557	7,901	8,139
Motor Vehicle Control Fees	4,093	4,166	4,289	4,515	4,757
	<u>\$ 365,316</u>	<u>\$ 379,302</u>	<u>\$ 379,714</u>	<u>\$ 386,047</u>	<u>\$ 398,214</u>

Source: "Annual Statistical Summary", Utah Department of Transportation, December 2005

Table 2 reflects collector and Class "C" Road Funds allocated by the Utah Department of Transportation quarterly to the City for the past five years:

TABLE 2 - C ROAD FUND DISTRIBUTION

Fiscal Year	St. George Allocations	Total B & C Road Fund Allocations	St. George Percentage
2001	\$ 1,736,506	\$ 104,976,375	1.65%
2002	1,686,442	106,061,133	1.59%
2003	1,857,785	115,755,260	1.60%
2004	2,103,013	126,044,713	1.67%
2005	1,932,452	109,358,434	1.77%
2006	1,980,256	114,089,482	1.74%

(Source: Utah Department of Transportation, "Annual Statistical Summary")

City of St. George, UT
 Continuing Disclosure - Excise Tax Revenue Bonds, Series 1996
 Fiscal Year Ended June 30, 2006

TABLE 3 - CALCULATION OF ESTIMATED DEBT SERVICE COVERAGE

Bond Year	Project Class C Road Fund Allocation		1996 Bonds	2004 Bonds	Total D.S.	Coverage
2003	\$ 1,857,785	1	\$ 496,400	\$ -	\$ 496,400	3.74
2004	2,103,013	1	497,330	-	497,330	4.23
2005	1,932,452	2	497,010	280,300	777,310	2.49
2006	1,980,256	2	500,284	277,800	778,084	2.55
2007	2,039,664	2	497,004	275,300	772,304	2.64
2008	2,100,854	2		765,425	765,425	2.74
2009	2,163,879	2		772,425	772,425	2.80
2010	2,228,796	2		772,569	772,569	2.88
2011	2,295,659	2		775,363	775,363	2.96
2012	2,364,529	2		768,975	768,975	3.07
2013	2,435,465	2		768,562	768,562	3.17
2014	2,508,529	2		766,406	766,406	3.27

1 - per City of St. George audited financial statements

2 - growth rate of 3% per year estimated.

TABLE 4 - TEN YEAR HISTORY OF FUNDING SOURCES FOR ROAD CONSTRUCTION AND MAINTENANCE

Fiscal Year	Total Road Construction and Maintenance Expenditures	C" Road Fund Portion	Contribution from the City's General Fund	General Fund Monies as a % of Total
2006	\$ 4,346,521	\$ 1,980,256	\$ 2,366,265	54.44%
2005	4,091,872	1,932,452	2,159,420	52.77%
2004	3,691,389	2,103,013	1,588,376	43.03%
2003	3,409,665	1,857,785	1,551,880	45.51%
2002	3,358,022	1,686,442	1,671,580	49.78%
2001	3,685,634	1,736,506	1,949,128	52.88%
2000	3,427,740	1,698,549	1,729,191	50.45%
1999	3,643,434	1,571,994	2,071,440	56.85%
1998	3,037,644	1,326,748	1,710,896	56.32%
1997	2,175,789	749,928	1,425,861	65.53%

(Source: City of St. George annual financial statements)

City of St. George, UT
 Continuing Disclosure - Series 1996 General Obligation Parks & Rec Bonds
 Fiscal Year Ended June 30, 2005

Comparative Property Tax Rates Within Washington County

<u>Tax Levying Entity</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Hurricane	0.001821	0.002105	0.002139	0.002225	0.002102
Ivins	0.001413	0.001413	0.001413	0.001413	0.001545
LaVerkin	0.001893	0.002105	0.001564	0.001564	0.001610
St. George City	0.001644	0.001843	0.001925	0.001939	0.001993
Washington City	0.001252	0.001405	0.001387	0.001387	0.001397

(Source: Washington County Auditor)

DEBT STRUCTURE

Outstanding General Obligation Indebtedness

Series	Purpose	Original Amount	Final Maturity Date	Current Balance Outstanding
1997	Parks and Recreation	\$12,000,000	August 1, 2007	\$ 440,000
1999	Parks and Recreation	6,000,000	August 1, 2023	5,705,000
2004	Parks and Recreation	11,645,000	August 1, 2021	11,550,000

Outstanding Tax Increment Bond Indebtedness

Series	Purpose	Original Amount	Final Maturity Date	Current Balance Outstanding
2005	Sales tax rev.	\$4,210,000	June 15, 2015	\$4,210,000

Outstanding Revenue Indebtedness

Series	Purpose	Original Amount	Final Maturity Date	Current Balance Outstanding
1987B	Subordinated Water	\$1,273,713	January 1, 2013	\$ 1,273,713
1988A	Sewer	\$1,450,200	June 15, 2008	\$ 145,000
2003	Sewer Refunding	\$3,385,000	July 1, 2007	\$ 1,695,000
2003	Water Refunding	\$12,325,000	June 1, 2016	\$10,780,000
1994	Wastewater	\$4,000,000	June 15, 2014	\$ 1,955,000
2003	Golf Refunding	\$2,840,000	April 1, 2009	\$ 1,304,000
1996	Excise Tax Revenue	\$3,880,000	December 1, 2006	\$ 485,000
2004	Excise Tax Revenue	\$5,000,000	December 1, 2013	\$ 4,800,000
1997A	Sewer	\$14,280,000	June 15, 2007	\$ 735,000
1997B	Sewer	\$12,000,000	June 15, 2012	\$ 6,437,000
1997C	Sewer	\$44,000	June 15, 2017	\$ 44,000
2001	Water Refunding	\$8,670,000	June 1, 2020	\$ 8,405,000
2004	Water	\$31,000,000	July 1, 2025	\$31,000,000
2004	Sewer	\$7,015,000	July 1, 2016	\$ 7,015,000
2004	Golf Refunding	\$407,000	April 1, 2010	\$ 407,000
2005	Electric Revenue	\$17,280,000	June 1, 2025	\$16,710,000

Outstanding Lease Purchase Indebtedness

Series	Purpose	Original Amount	Final Maturity Date	Current Balance Outstanding
1999A	MBA Refunding	\$6,270,000	September 1, 2017	\$3,675,000
1998	Holt purchase	\$400,000	October 1, 2008	\$ 149,000
1999	Crosby purchase	\$2,250,000	July 15, 2009	\$1,085,000
2000	MBA Woodward	\$350,000	April 1, 2021	\$ 279,000

Outstanding Special Assessment Indebtedness

Series	Purpose	Original Amount	Final Maturity Date	Current Balance Outstanding
--------	---------	--------------------	---------------------------	-----------------------------------

Outstanding Special Assessment Indebtedness (continued)

1997	SID 96-1	\$221,393	April 1, 2008	\$ 53,000
1998	SID 97-1	\$265,212	August 1, 2008	\$ 94,000
1999	SID97-2	\$1,650,826	November 1, 2009	\$ 772,000
2000	SID98-1	\$400,126	December 15, 2009	\$ 187,000
2002	SID2000-1	\$228,000	June 1, 2012	\$ 150,000
2002	SID 99-4	\$1,109,000	November 1, 2012	\$ 777,000
2003	SID 99-1	\$989,000	February 1, 2013	\$ 693,000
2003	SID 99-3	\$1,077,000	June 1, 2013	\$ 754,000

Debt Ratios

Direct General Obligation Debt is .42% of 2005 Taxable Value.

Total Direct and Overlapping General Obligation Debt is 5.44% of 2005 Taxable Value

Per Capita Direct General Obligation Debt is \$241 based on the estimated population of 80,000.

Per Capita Direct and Overlapping General Obligation Debt is \$2,856 based on estimated population.

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2006

Table 1 - Sewer Fees by Fiscal Year per Entity

Entity	-----Fiscal Year Ended June 30-----				
	2006	2005	2004	2003	2002
City of St. George	\$ 5,521,616	\$ 5,368,964	\$ 4,995,934	\$ 4,728,824	\$ 4,456,064
Washington City	988,265	845,250	722,627	652,751	585,145
City of Santa Clara	239,996	252,609	237,326	245,460	235,106
Town of Ivins	350,206	326,382	306,391	281,823	266,065
	<u>\$ 7,100,083</u>	<u>\$ 6,793,205</u>	<u>\$ 6,262,278</u>	<u>\$ 5,908,858</u>	<u>\$ 5,542,380</u>

(Source: The City)

Table 2 - Sewer Connections by Fiscal Year per Entity

Entity	-----Fiscal Year Ended June 30-----				
	2006	2005	2004	2003	2002
City of St. George	32,709	31,288	29,928	27,557	25,968
Washington City	5,759	4,926	4,563	3,804	3,410
City of Santa Clara	1,399	1,472	1,545	1,430	1,370
Town of Ivins	2,041	1,902	1,848	1,642	1,550
	<u>41,908</u>	<u>39,588</u>	<u>37,884</u>	<u>34,433</u>	<u>32,298</u>

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2006

Enterprise Fund - Wastewater Collection
 Balance Sheet

	-----Fiscal Year Ended June 30-----				
	2006	2005	2004	2003	2002
Assets:					
Current Assets:					
Cash	\$ 1,168,396	\$ 2,186,740	\$ 2,344,892	\$ 3,065,467	\$ 2,945,853
Accts Rec./Due from other funds	657,639	781,482	844,826	-	-
Total current assets	1,826,035	2,968,222	3,189,718	3,065,467	2,945,853
Property Plant & Equipment	8,141,646	6,290,334	5,976,805	5,690,040	5,360,565
Accumulated depreciation	(4,138,073)	(3,912,993)	(3,687,675)	(3,486,711)	(3,262,972)
Net property, plant & equipment	4,003,573	2,377,341	2,289,130	2,203,329	2,097,593
Total Assets	\$ 5,829,608	\$ 5,345,563	\$ 5,478,848	\$ 5,268,796	\$ 5,043,446
Liabilities and fund equity:					
Current Liabilities:					
Accrued liabilities	\$ 525,154	\$ 46,722	\$ 37,799	\$ 58,693	\$ 18,663
Total current liabilities	525,154	46,722	37,799	58,693	18,663
Total Liabilities	525,154	46,722	37,799	58,693	18,663
Fund Equity:					
Contributed capital:					
Subdivisions	580,629	580,629	580,629	580,629	580,629
Government agencies	1,471,195	1,471,195	1,471,195	1,471,195	1,471,195
Total contributions	2,051,824	2,051,824	2,051,824	2,051,824	2,051,824
Retained Earnings:					
Unreserved/unrestricted	3,252,630	3,247,017	3,389,225	3,158,279	2,972,959
Total retained earnings	3,252,630	3,247,017	3,389,225	3,158,279	2,972,959
Total fund equity	5,304,454	5,298,841	5,441,049	5,210,103	5,024,783
Total liabilities and equity	\$ 5,829,608	\$ 5,345,563	\$ 5,478,848	\$ 5,268,796	\$ 5,043,446

City of St. George, UT
Continuing Disclosure - 1997A Sewer Revenue Bonds
Fiscal Year Ended June 30, 2006

Enterprise Fund - Wastewater Treatment
Balance Sheet

	-----Fiscal Year Ended June 30-----				
	2006	2005	2004	2003	2002
Assets:					
Current Assets:					
Cash	\$ 16,445,296	\$ 14,487,835	\$ 13,935,643	\$ 10,316,427	\$ 9,075,238
Restricted cash	2,913,122	3,939,878	3,447,520	6,196,327	5,059,793
Accounts receivable	10,200	210,930	4,072	780	149,205
Bond discounts & insurance	1,029,257	1,214,521	1,399,784	388,703	364,289
Prepaid expenses	-	-	-	-	33,885
Total current assets	20,397,875	19,853,164	18,787,019	16,902,237	14,682,410
Property Plant & Equipment	60,677,176	51,114,818	47,814,010	47,313,864	47,301,091
Accumulated depreciation	(9,469,310)	(8,596,977)	(7,722,099)	(6,853,351)	(6,031,579)
Net property, plant & equipment	51,207,866	42,517,841	40,091,911	40,460,513	41,269,512
Total Assets	\$ 71,605,741	\$ 62,371,005	\$ 58,878,930	\$ 57,362,750	\$ 55,951,922
Liabilities and fund equity:					
Current Liabilities:					
Accrued liabilities	\$ 663,319	\$ 619,809	\$ 499,902	\$ 100,404	\$ 73,036
Due to other funds	-	-	-	-	-
Total current liabilities	663,319	619,809	499,902	100,404	73,036
Bonds payable	18,587,543	21,624,526	24,436,758	28,297,771	30,629,272
Total Liabilities	19,250,862	22,244,335	24,936,660	28,398,175	30,702,308
Fund Equity:					
Contributed capital:					
Subdivisions	-	-	-	-	-
Government agencies	2,761,568	2,761,568	2,761,568	2,761,568	2,761,568
Total contributions	2,761,568	2,761,568	2,761,568	2,761,568	2,761,568
Retained Earnings:					
Restricted for bond retirement	2,913,122	3,939,878	3,447,520	6,196,327	5,059,793
Unreserved/unrestricted	46,680,189	33,425,224	27,733,182	20,006,680	17,428,253
Total retained earnings	49,593,311	37,365,102	31,180,702	26,203,007	22,488,046
Total fund equity	52,354,879	40,126,670	33,942,270	28,964,575	25,249,614
Total liabilities and equity	\$ 71,605,741	\$ 62,371,005	\$ 58,878,930	\$ 57,362,750	\$ 55,951,922

City of St. George, UT
Continuing Disclosure - 1997A Sewer Revenue Bonds
Fiscal Year Ended June 30, 2006

Enterprise Fund - Wastewater Collection
Statement of Revenues, Expenditures, and Changes in Retained Earnings

	-----Fiscal Year Ended June 30-----				
	2006	2005	2004	2003	2002
Operating revenues:					
Charges for services	\$ 6,802,983	\$ 6,650,564	\$ 6,192,015	\$ 5,860,842	\$ 5,534,748
Impact and connection fees	-	-	-	-	-
Other operating revenues	453,342	595,177	514,424	361,620	295,570
Total operating revenues	7,256,325	7,245,741	6,706,439	6,222,462	5,830,318
Operating expenses:					
Salary & Wages	576,084	528,759	534,280	452,066	391,606
Deprecation	225,080	225,318	200,964	223,739	294,745
Bad debts	34,058	33,222	30,928	29,287	27,602
Payroll tax & employee benefits	244,854	232,898	227,276	193,285	163,731
Office & department supplies	102,748	88,741	85,708	83,800	45,352
Professional services	55,844	72,401	67,873	-	49,540
Repair & maintenance - equipment	65,130	40,378	43,859	67,256	68,977
Repair & maintenance - bldg & grounds	3,754	9,189	10,291	2,769	9,392
Insurance & surety bonds	36,519	50,163	22,849	22,519	12,378
Travel	8,271	11,418	16,725	11,697	16,711
Contract labor	5,522,889	5,368,964	4,995,934	4,728,824	4,461,514
Billing and administration	375,000	360,000	290,000	283,000	283,000
Total operating expenses	7,250,231	7,021,451	6,526,687	6,098,242	5,824,548
Operating income (loss)	6,094	224,290	179,752	124,220	5,770
Non-operating revenues (expenses)					
Interest income	80,439	63,929	51,029	60,177	94,215
Miscellaneous income	1,080	3,344	167	924	-
Total non-operating revenue (expense)	81,519	67,273	51,196	61,101	94,215
Net Income	87,613	291,563	230,948	185,321	99,985
Transfers to other funds	(82,000)	(433,772)	-	-	(12,475)
Retained earnings at beginning of year	3,247,018	3,389,227	3,158,279	2,972,958	2,885,448
Retained earnings at end of year	3,252,631	3,247,018	3,389,227	3,158,279	2,972,958

City of St. George, UT
Continuing Disclosure - 1997A Sewer Revenue Bonds
Fiscal Year Ended June 30, 2006

Enterprise Fund - Wastewater Treatment
Statement of Revenues, Expenditures, and Changes in Retained Earnings

	-----Fiscal Year Ended June 30-----				
	2006	2005	2004	2003	2002
Operating revenues:					
Charges for services	\$ 7,100,084	\$ 6,793,204	\$ 6,262,274	\$ 5,908,858	\$ 5,542,380
Impact and connection fees	-	-	-	-	-
Other operating revenues	2,662,784	3,047,417	2,447,521	1,767,419	1,459,773
Total operating revenues	9,762,868	9,840,621	8,709,795	7,676,277	7,002,153
Operating expenses:					
Salary & Wages	782,939	783,770	742,647	693,080	649,346
Supplies	318,776	372,692	347,022	365,088	526,888
Equipment rental	1,505	3,780	1,124	1,931	1,767
Deprecation	872,333	874,877	868,749	905,669	877,051
Payroll tax & employee benefits	315,273	322,419	298,553	274,582	247,274
Office & department supplies	53,183	67,858	63,206	51,716	44,022
Professional services	200,418	181,420	200,341	218,433	148,222
Repair & maintenance - equipment	454,498	375,241	345,006	244,155	206,866
Repair & maintenance - bldg & grounds	16,012	3,295	953	35,498	34,526
Insurance & surety bonds	59,785	34,746	33,376	41,911	41,911
Travel	18,127	13,770	11,075	7,517	11,104
Billing and administration	485,000	432,000	320,000	320,000	275,000
Total operating expenses	3,577,849	3,465,868	3,232,052	3,159,580	3,063,977
Operating income (loss)	6,185,019	6,374,753	5,477,743	4,516,697	3,938,176
Non-operating revenues (expenses)					
Interest income	848,763	392,043	226,248	243,136	434,980
Miscellaneous income	5,790,853	253,714	47,571	52,386	37,237
Interest charges	(596,425)	(617,240)	(773,867)	(1,097,258)	(1,157,654)
Total non-operating revenue (expense)	6,043,191	28,517	(500,048)	(801,736)	(685,437)
Net Income	12,228,210	6,403,270	4,977,695	3,714,961	3,252,739
Transfers to other funds	-	(218,869)			
Retained earnings at beginning of year	37,365,104	31,180,703	26,203,008	22,488,047	19,235,308
Retained earnings at end of year	\$ 49,593,314	\$ 37,365,104	\$ 31,180,703	\$ 26,203,008	\$ 22,488,047

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2006

Balance Sheet- General Fund

	-----Fiscal Year Ended June 30-----				
	2006	2005	2004	2003	2002
Assets and other debits:					
Cash	\$ 2,636,637	\$ 2,544,357	\$ 1,914,248	\$ 1,710,536	\$ 1,558,372
Accounts receivable (net of allowance)	3,310,617	2,767,095	2,429,767	2,058,334	1,726,050
Inventory	57,398	51,861	52,517	48,483	38,566
Due from other funds	500,000	500,000	500,000	500,000	500,000
Prepaid items	38,062	44,273	313,537	314,670	-
Notes receivable	714,220	343,082	595,088	949,668	498,345
Total assets and other debits	\$ 7,256,934	\$ 6,250,668	\$ 5,805,157	\$ 5,581,691	\$ 4,321,333
Liabilities:					
Accrued liabilities	\$ 1,832,593	\$ 1,259,140	\$ 663,397	\$ 554,650	\$ 246,065
Construction bonds held	155,527	149,363	363,654	361,189	158,107
Due to other funds	388,645	388,645	388,645	388,645	388,645
Deferred revenues	13,102	-	-	-	-
Total liabilities	2,389,867	1,797,148	1,415,696	1,304,484	792,817
Fund equity and other credits:					
Fund Balances:					
Reserved by statute	247,923	229,502	39,609	28,368	22,933
Reserved for notes receivable	714,220	343,082	595,088	949,668	498,345
Unreserved - undesignated	3,904,924	3,880,936	3,754,764	3,299,171	3,007,238
Total fund equity and other credits	4,867,067	4,453,520	4,389,461	4,277,207	3,528,516
Total Liabilities, Equity, and other credits	\$ 7,256,934	\$ 6,250,668	\$ 5,805,157	\$ 5,581,691	\$ 4,321,333

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund Types - General Fund

The following summary was extracted from the City's general purpose financial statements for the fiscal years ended June 30, 2002 through June 30, 2006. The summary has not been audited

	-----Fiscal Year Ended June 30-----				
	2002	2003	2004	2005	2006
REVENUES:					
Taxes and special assessments	\$ 17,874,099	\$ 18,236,344	\$ 20,814,066	\$ 23,357,920	\$ 26,466,660
Licenses and permits	1,448,310	1,618,604	2,861,199	3,656,186	3,544,685
Intergovernmental	2,052,480	2,614,535	2,603,641	4,547,551	3,257,244
Charges for services	4,018,677	4,424,868	5,070,508	6,176,457	7,136,562
Fines and forfeitures	739,632	862,990	1,076,417	987,030	928,299
Miscellaneous	100,280	161,046	128,398	68,251	183,860
Interest income	357,259	355,482	254,389	348,492	797,245
Rents and concessions	13,649	18,340	59,617	30,046	34,713
Proceeds from sale of property	-	-	-	-	-
Total revenues	26,604,386	28,292,209	32,868,235	39,171,933	42,349,268
EXPENDITURES:					
General government	3,211,163	3,355,450	3,682,399	4,153,719	4,894,699
Public safety	7,197,215	8,301,077	9,269,024	10,355,029	12,023,185
Highways and public improvements	6,767,621	6,394,111	7,355,810	10,020,742	9,505,136
Parks, recreation and public prop.	5,864,233	6,012,287	6,446,712	7,333,537	8,068,186
Community and economic development	917,991	1,044,881	1,230,257	1,638,479	1,967,056
Capital projects	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital leases	80,539	72,892	74,984	71,924	53,284
Total expenditures	24,038,762	25,180,698	28,059,186	33,573,430	36,511,546
Excess (deficiency of Revenues over Expenditures)	2,565,624	3,111,511	4,809,049	5,598,503	5,837,722
OTHER FINANCING SOURCES (USES):					
Proceeds of bond sales/capital leases	-	-	-	-	-
Contributions from other entities	50,678	49,313	53,811	74,123	300,031
Operating transfers out	(2,711,000)	(2,482,195)	(5,037,140)	(6,198,669)	(6,000,000)
Operating transfers in	62,645	-	190,907	564,624	172,000
Proceeds from sale of fixed assets	32,573	70,061	17,430	25,480	103,872
Total other financing sources (uses)	(2,565,104)	(2,362,821)	(4,774,992)	(5,534,442)	(5,424,097)
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	520	748,690	34,057	64,061	413,625
Residual equity transfer to PFC Spec Rev Fund	-	-	-	-	-
Unappropriated Fund Balances at the beginning of the year	3,527,998	3,528,518	4,355,403	4,389,458	4,453,443 **
Fund Balances at the end of year	\$ 3,528,518	\$ 4,277,208	\$ 4,389,460	\$ 4,453,519	\$ 4,867,068

** (includes balance in perpetual care fund)

(Source: City Audited Financials. This chart has not been audited.)

Historical Summaries of Taxable Values of Property

Set by County Assessor Locally Assessed	2005		2004		2003		2002		2001		2000	
	Taxable Value	% of T.V.										
Residential Real Estate - primary use	\$ 474,201,510	10.24%	\$ 382,106,770	10.02%	\$ 347,369,360	10.01%	\$ 329,728,030	9.98%	\$ 302,830,275	10.42%	\$ 283,690,180	10.24%
Residential Real Estate - Not primary use	126,237,230	2.73%	101,595,425	2.66%	93,224,660	2.69%	83,412,195	2.52%	82,954,805	2.85%	76,584,604	2.76%
Commercial and Industrial Real Estate	316,812,290	6.84%	286,165,460	7.50%	280,126,520	8.07%	270,827,680	8.20%	248,976,980	8.57%	213,237,455	7.69%
Agricultural Real Estate - Improved - Not F.A.A.	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Real Estate - Under FAA-Agricultural	556,285	0.01%	616,345	0.02%	689,260	0.02%	677,015	0.02%	634,145	0.02%	671,160	0.02%
Umimproved Real Estate - Not F.A.A.	543,699,090	11.74%	438,747,895	11.50%	393,123,490	11.33%	400,574,720	12.13%	355,274,635	12.22%	314,813,430	11.36%
Total Real Estate	1,461,506,405	31.56%	1,209,231,895	31.70%	1,114,533,290	32.11%	1,085,219,640	32.85%	990,670,840	34.09%	888,996,829	32.07%
Residential Buildings - Primary use	1,601,958,065	34.59%	1,239,249,480	32.48%	1,115,654,870	32.14%	1,041,283,650	31.52%	938,773,655	32.30%	877,794,562	31.67%
Residential Buildings - Not primary use	366,802,925	7.92%	274,805,495	7.20%	241,211,045	6.95%	210,791,080	6.38%	199,961,465	6.88%	181,393,155	6.54%
Commercial and Industrial Buildings	572,387,670	12.36%	509,739,765	13.36%	471,130,845	13.57%	455,579,300	13.79%	411,252,315	14.15%	369,658,240	13.34%
Agricultural Buildings	2,362,495	0.05%	2,028,070	0.05%	1,874,365	0.05%	1,823,110	0.06%	2,052,585	0.07%	1,922,750	0.07%
Total Buildings	2,543,511,155	54.92%	2,025,822,810	53.10%	1,829,871,125	52.72%	1,709,477,140	51.75%	1,552,040,020	53.40%	1,430,768,707	51.62%
Total Real Property	4,005,017,560	86.47%	3,235,054,705	84.80%	2,944,404,415	84.82%	2,794,696,780	84.59%	2,542,710,860	87.49%	2,319,765,536	83.69%
Fee in Lieu Property	57,778,955	1.25%	50,106,273	1.31%	43,311,289	1.25%	267,613,136	8.10%	157,038,376	5.40%	266,109,267	9.60%
Fee based property	291,315,537	6.29%	261,753,538	-	-	-	-	-	-	-	-	-
Mobile Homes - Primary residential use	5,064,988	0.11%	5,283,331	0.14%	5,956,203	0.17%	6,237,991	0.19%	6,346,327	0.22%	6,167,990	0.22%
Mobile Homes - other use	3,732,128	0.08%	4,214,820	0.11%	4,460,143	0.13%	4,057,102	0.12%	4,033,110	0.14%	3,964,479	0.14%
Commercial and Industrial Property	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Agricultural Machinery	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Trade Fixtures	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Other Personal Property	177,976,389	3.84%	159,211,151	4.17%	371,601,473	10.71%	128,145,238	3.88%	111,712,966	3.84%	108,190,378	3.90%
Total Personal Property	535,867,997	11.57%	480,569,113	12.60%	425,329,108	12.25%	406,053,467	12.29%	279,130,779	9.60%	384,432,114	13.87%
Total Locally Assessed	4,540,885,557	98.04%	3,715,623,818	97.40%	3,369,733,523	97.08%	3,200,750,247	96.89%	2,821,841,639	97.10%	2,704,197,650	97.56%
Total Centrally Assessed	90,664,550	1.96%	99,341,673	2.60%	101,438,950	2.92%	102,882,833	3.11%	84,389,082	2.90%	67,505,746	2.44%
Total Taxable Value	\$ 4,631,550,107	100.00%	\$ 3,814,965,491	100.00%	\$ 3,471,172,473	100.00%	\$ 3,303,633,080	100.00%	\$ 2,906,230,721	100.00%	\$ 2,771,703,396	100.00%

(Source: Washington County Information Technology)

WATER UTILITY FUND
**ACTUAL REVENUES, EXPENSES, AND
 DEBT SERVICE COVERAGE**

Revenue Bond Debt Service

FISCAL YEAR ENDING '6/30	WATER SALES REVENUES	OTHER REVENUES (1)	INTEREST INCOME(2)	TOTAL REVENUES	O & M EXPENSE	NET REVENUES	2001 Refunding DEBT SERVICE	1993 BOND DEBT SERVICE	1995A BOND DEBT SERVICE	2003 Refunding BOND DEBT SERVICE	2004 Bond Debt SERVICE	TOTAL DEBT SERVICE	TOTAL DEBT SERVICE COVERAGE
1999	6,841,327	1,224,462	90,969	8,156,758	3,294,653	4,862,105	-	1,402,404	947,325	-	-	2,349,729	2.07
2000	8,119,704	1,152,668	56,275	9,328,647	3,473,830	5,854,817	-	1,401,644	943,465	-	-	2,345,109	2.50
2001	8,069,746	1,482,915	67,356	9,620,017	3,614,709	6,005,308	192,340	1,403,564	943,840	-	-	2,539,744	2.36
2002	8,902,637	1,947,637	30,902	10,881,176	3,979,626	6,901,550	450,130	1,403,429	943,200	-	-	2,796,759	2.47
2003	9,232,571	2,958,375	19,055	12,210,001	4,998,005	7,211,996	449,280	1,406,179	482,995	-	-	2,338,454	3.08
2004	10,316,867	4,322,025	86,846	14,725,738	5,241,917	9,483,821	452,405	-	479,995	386,292	548,649	1,867,341	5.08
2005	10,366,313	5,096,818	432,366	15,895,497	6,466,674	9,428,823	450,315	-	480,885	1,267,500	1,130,220	3,328,920	2.83
2006	11,613,585	4,069,040	433,269	16,115,894	8,651,459	7,464,435	448,170	-	-	1,271,288	1,474,200	3,193,658	2.34

(1) Other Revenues consist of impact fees and connection fees.

(2) Interest Income consists of interest earnings on various funds and accounts of the System.

**WATER UTILITY ENTERPRISE FUND
BALANCE SHEET**

Fiscal Year Ended June 30

	2006	2005	2004	2003	2002	2001	2000	1999
ASSETS								
-								
Current Assets:								
Cash	\$ 3,226,718	\$ 319,897	\$ -	\$ -	\$ (1,373,249)	\$ (1,610,658)	\$ (1,928,615)	\$ (2,563,135)
Restricted Cash	4,856,639	10,961,469	27,425,337	540,865	388,587	503,051	501,491	488,462
Accts. Receivable	250,829	15,130	173,619	8,905	145,981	-	14,458	253,361
Inventory	465,903	303,632	311,628	220,828	229,556	204,847	193,012	228,701
Bond Discounts	775,432	833,212	890,993	518,097	848,976	906,268	900,761	954,132
Prepaid Expenses	-	2,830	2,830	2,830	2,830	2,831	2,831	2,831
Total Current Assets	9,575,521	12,436,170	28,804,407	1,291,525	242,681	6,339	(316,062)	(635,648)
Property, Plant & Equipment								
Improvements	116,995,177	111,256,927	91,751,547	77,232,555	68,897,015	64,267,588	61,216,149	58,489,364
Less Accum. Depr.	(20,959,586)	(18,592,366)	(16,623,004)	(14,964,337)	(13,494,457)	(12,103,419)	(10,785,726)	(9,535,966)
Net prop. plant & equip.	96,035,591	92,664,561	75,128,543	62,268,218	55,402,558	52,164,169	50,430,423	48,953,398
TOTAL ASSETS	\$ 105,611,112	\$ 105,100,731	\$ 103,932,950	\$ 63,559,743	\$ 55,645,239	\$ 52,170,508	\$ 50,114,361	\$ 48,317,750
LIABILITIES & FUND EQUITY								
-								
Current Liabilities:								
Accrued Liabilities	\$ 1,781,911	\$ 3,536,847	\$ 2,863,701	\$ 1,208,315	\$ 211,586	\$ 338,804	\$ 388,017	\$ 744,945
Due to other funds	-	-	2,006,017	3,866,603	-	-	-	-
Total Current Liabilities	1,781,911	3,536,847	4,869,718	5,074,918	211,586	338,804	388,017	744,945
Long-Term Liabilities:								
Bonds Payable	51,458,713	52,298,713	54,413,713	23,858,713	25,533,713	26,583,713	26,878,713	27,788,713
Bond premiums	3,025,517	3,233,775	3,442,033	956,187	-	-	-	-
Capital leases	-	120,605	221,862	303,980	396,456	484,831	569,288	650,000
Deferred gain on bond redemption	-	-	-	-	-	-	485,496	509,771
Total long-term liabilities	54,484,230	55,653,093	58,077,608	25,118,880	25,930,169	27,068,544	27,933,497	28,948,484
TOTAL LIABILITIES	56,266,141	59,189,940	62,947,326	30,193,798	26,141,755	27,407,348	28,321,514	29,693,429
FUND EQUITY								
-								
Contributed Capital:								
Subdivisions	278,131	278,131	278,131	278,131	278,131	278,131	278,131	278,131
Government Agencies	1,615,652	1,615,652	1,615,652	1,615,652	1,615,652	1,615,652	1,615,652	1,615,652
Total Contributions	1,893,783	1,893,783	1,893,783	1,893,783	1,893,783	1,893,783	1,893,783	1,893,783
Retained Earnings:								
Reserved for bond retirement	4,856,639	1,890,678	1,538,022	540,865	388,587	503,051	501,491	488,462
Unreserved	42,594,549	42,126,329	37,553,819	30,931,297	27,221,114	22,366,326	19,397,573	16,242,076
Total retained earnings	47,451,188	44,017,007	39,091,841	31,472,162	27,609,701	22,869,377	19,899,064	16,730,538
TOTAL FUND EQUITY	49,344,971	45,910,790	40,985,624	33,365,945	29,503,484	24,763,160	21,792,847	18,624,321
TOTAL LIABILITIES & EQUITY	\$ 105,611,112	\$ 105,100,730	\$ 103,932,950	\$ 63,559,743	\$ 55,645,239	\$ 52,170,508	\$ 50,114,361	\$ 48,317,750

Source: City's Comprehensive Annual Financial Reports

WATER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS

Fiscal Year Ended June 30

	2006	2005	2004	2003	2002	2001	2000
Operating Revenues:							
Charges for services	\$ 11,613,585	\$ 10,366,313	\$ 10,316,867	\$ 9,232,571	\$ 8,902,637	\$ 8,069,746	\$ 8,119,704
Impact fees & Other	4,069,040	5,096,818	4,322,025	2,958,374	1,947,637	1,482,915	1,152,668
Total operating revenues	15,682,625	15,463,131	14,638,892	12,190,945	10,850,274	9,552,661	9,272,372
Operating Expenses:							
Water purchased	1,122,563	850,278	662,191	700,260	497,949	566,048	412,168
Salary and Wages	2,204,221	1,905,206	1,695,616	1,400,210	1,216,659	1,092,805	1,002,666
Service vehicle expense	136,520	109,189	92,046	80,488	53,990	55,495	35,572
Equipment rental	21,205	11,115	14,875	18,139	72,297	10,419	16,456
Depreciation	2,367,220	1,969,362	1,658,667	1,469,881	1,391,037	1,317,693	1,249,760
Bad debts	57,475	50,576	51,363	45,879	42,731	40,410	40,132
Payroll tax & benefits	886,429	802,391	690,897	552,031	470,341	433,830	370,695
Office supplies	2,963,452	112,863	130,669	764,625	541,052	40,124	506,418
Professional services	99,239	151,778	120,769	142,323	197,625	112,481	193,896
R & M - equipment	325,784	1,688,726	1,053,676	700,071	292,723	685,497	389,859
Insurance & surety bonds	93,822	109,619	152,772	62,438	65,244	80,152	27,986
Travel	65,468	25,715	36,222	26,285	35,186	12,246	15,369
Miscellaneous	2,067	1,510	655	(128)	150	307	-
Subscriptions	2,214	14,308	8,167	3,484	1,679	2,395	1,813
Billing & administration	671,000	633,400	532,000	501,900	492,000	482,500	460,800
Total operating expenses	11,018,679	8,436,036	6,900,585	6,467,886	5,370,663	4,932,402	4,723,590
Operating income	4,663,946	7,027,095	7,738,307	5,723,059	5,479,611	4,620,259	4,548,782
Non-operating Rev. (Exp.):							
Interest income	433,269	432,366	86,846	19,055	30,902	67,357	56,275
Rent	322,470	-	-	-	-	-	-
Miscellaneous	156,845	690	1,216,866	10,000	530,786	(196,144)	25,179
Loss on bond refunding	-	-	-	(565,492)	-	-	-
Interest charges	(2,142,352)	(2,019,046)	(1,422,341)	(1,324,162)	(1,300,974)	(1,521,159)	(1,461,710)
Total Non-operating	(1,229,768)	(1,585,990)	(118,629)	(1,860,599)	(739,286)	(1,649,946)	(1,380,256)
Net Income (loss)	3,434,178	5,441,105	7,619,678	3,862,460	4,740,325	2,970,313	3,168,526
Transfers to other funds	-	(515,939)	-	-	-	-	-
Retaining earnings at July 1	44,017,006	39,091,840	31,472,162	27,609,702	22,869,377	19,899,064	16,730,538
Retained earnings at June 30	\$ 47,451,184	\$ 44,017,006	\$ 39,091,840	\$ 31,472,162	\$ 27,609,702	\$ 22,869,377	\$ 19,899,064

Source: City's Comprehensive Annual Financial Reports

CITY OF ST. GEORGE, UT
 Continuing Disclosure - 1997A Washington County/St. George Interlocal Agency
 June 30, 2006

Pursuant to the Continuing Disclosure Agreement for the above referenced bonds.

Sublease Rentals

The following table shows the revenues produced from the imposition of the Innkeepers Tax for the years shown:

Fiscal Year Ended June 30	Innkeepers Tax Revenue
1995	\$102,821 (1)
1996	199,404
1997	203,471
1998	219,452
1999	239,049
2000	250,450
2001	244,486
2002	246,130
2003	258,106
2004	281,880
2005	309,938
2006	380,119

(1) Represents collections from January 1, 1995 thru June 30, 1995.

The following table shows the total sales tax revenues collected in the City of St. George for the last five years.

Fiscal Year June 30	Sales Tax Revenues	Percent Increase from prior year
2002	\$9,571,255	12.10%
2003	9,197,358	(3.91%) ***
2004	10,382,991	12.89%
2005	12,209,211	17.59%
2006	14,727,245	20.62%

*** 2002 included \$700,000 return of taxes held out for sponsoring 2002 Winter Olympics. Without this one time money the net increase for 2003 over 2002 was 3.68%.

Tax Revenues by Source (Last ten fiscal years)

See Statistical section of CAFR

Debt Structure

See Statistical section of CAFR

Debt Ratios

See continuing disclosure on 1996 General Obligation Parks and Recreation bonds

Historical Summaries of taxable value

See continuing disclosure on 1997A Sewer Revenue bonds

CITY OF ST. GEORGE, UT
Continuing Disclosure - 1998A Municipal Building Authority Lease Revenue Refunding bonds
June 30, 2006

In accordance with the continuing disclosure agreement for the above referenced bonds;

**ALL DISCLOSURES ARE MADE IN DISCLOSURE DOCUMENTS FOR
PRIOR ISSUES CONTAINED IN THIS REPORT.**

CITY OF ST. GEORGE, UT
CONTINUING DISCLOSURE - 2005 ELECTRIC REVENUE BONDS
FISCAL YEAR ENDED JUNE 30, 2006

TABLE I - SYSTEM RATES

	Customer Charge (per month)	Energy Charge (per kWh)	Demand Charge (per kW)	Average Monthly Bill
Residential Service	\$ 9.80	\$ 0.0681		\$ 70.60
Commercial Service				
Small General Service	8.48			
0-500 kWh (per kWh)		0.1172		213.88
Next 9,500 kWh (per kWh)		0.0639		
Over 10,000 kWh (per kWh)		0.0385		
0-5 kW (per kW)			\$ -	
Over 5 kW (per kW)			7.59	
Large General Service	44.23			3,715.93
0-10,000 kWh (per kWh)		0.0520		
Over 10,000 kWh (per kWh)		0.0385		
0-5 kW (per kW)			-	
Over 5 kW (per kW)			11.21	
Agricultural Service	8.48			
0-500 kWh (per kWh)		0.1172		
Next 9,500 kWh (per kWh)		0.0639		
Over 10,000 kWh (per kWh)		0.0385		

TABLE II - AVERAGE REVENUE FROM RATES

	Average Revenue \$ per kWh	Average Monthly Bills	
		Summer May-Oct	Winter Nov-Apr
Residential Service	\$ 0.0776	\$ 75.96	\$ 65.23
Small Commercial (includes demand)	0.0922	228.14	199.61
Large Commercial (includes demand)	0.0724	4,200.89	3,230.97

CITY OF ST. GEORGE, UT
CONTINUING DISCLOSURE - 2005 ELECTRIC REVENUE BONDS
FISCAL YEAR ENDED JUNE 30, 2006

TABLE III - Summary of Kilowatt Hours and Production Costs

<u>Year</u>	<u>kWh</u>	<u>Cost per kWh</u>
1996	392,034,761	0.05297
1997	419,976,185	0.05306
1998	426,475,844	0.05117
1999	456,043,750	0.04957
2000	470,326,067	0.05708
2001	494,674,942	0.07468
2002	503,732,000	0.08242
2003	550,745,668	0.06620
2004	557,424,755	0.06934
2005	559,564,333	0.06910
2006	611,224,083	0.07154

TABLE IV - Ten Largest Customers of the System

<u>Name</u>	<u>Type of Business</u>	<u>kWh</u>	<u>% of City's Total kWh</u>
Dixie State College	College	12,708,000	2.3827%
Quality Park Products	Manufacturing	8,852,960	1.6599%
Dixie Medical Center	Hospital	6,959,400	1.3049%
Costco Wholesale	Large box store	4,886,080	0.9161%
The Slot Warehouse	Manufacturing	4,460,200	0.8363%
IHC Dixie Regional Medical Center	Hospital	4,277,749	0.8021%
Lowes Home Improvement	Large box store	3,920,480	0.7351%
Harmon's City Inc	Grocery store	3,368,640	0.6316%
IHC Dixie Regional Medical Center	Hospital	3,310,727	0.6207%
IHC Dixie Regional Medical Center	Hospital	3,241,344	0.6077%
		<u>55,985,580</u>	<u>10.5697%</u>

CITY OF ST. GEORGE, UT
CONTINUING DISCLOSURE - 2005 ELECTRIC REVENUE BONDS
FISCAL YEAR ENDED JUNE 30, 2006

TABLE V Historical and Projected Operating Results

	-----HISTORICAL-----					-----PROJECTED-----				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Sources of Funds:										
Service Charges/User Fees	\$ 26,110,665	\$ 31,130,881	\$ 34,641,750	\$ 37,695,191	\$ 39,754,876	\$ 44,196,505	\$ 45,706,230	\$ 45,364,253	\$ 47,354,487	\$ 49,833,217
Impact fees	1,250,215	1,427,748	1,719,684	2,446,567	4,498,132	4,408,012	4,172,736	4,365,478	4,898,066	4,996,028
Total sources of funds	<u>27,360,880</u>	<u>32,558,629</u>	<u>36,361,434</u>	<u>40,141,758</u>	<u>44,253,008</u>	<u>48,604,517</u>	<u>49,878,966</u>	<u>49,729,731</u>	<u>52,252,553</u>	<u>54,829,245</u>
Uses of Funds:										
Electricity purchased	28,264,928	33,977,987	29,738,567	31,583,859	30,317,925	32,530,927	34,100,923	36,621,804	30,780,509	32,948,960
Operating costs	6,890,689	5,651,092	4,823,096	5,456,514	6,311,798	8,217,167	7,541,401	6,807,319	7,079,612	7,362,796
Total O & M Expenses	<u>35,155,617</u>	<u>39,629,079</u>	<u>34,561,663</u>	<u>37,040,373</u>	<u>36,629,723</u>	<u>40,748,094</u>	<u>41,642,324</u>	<u>43,429,123</u>	<u>37,860,121</u>	<u>40,311,756</u>
Net Operating Revenues	(7,794,737)	(7,070,450)	1,799,771	3,101,385	7,623,285	7,856,423	8,236,642	6,300,608	14,392,432	14,517,489
Non-operating Revenues (Expenses)										
Interest income	831,271	831,271	43,438	28,412	62,608	454,638	400,000	138,127	203,348	342,363
Other income	32,248	75,649	25,432	24,452	321,333	1,979,362	125,000	25,000	25,000	25,000
Total Non-operating	<u>863,519</u>	<u>906,920</u>	<u>68,870</u>	<u>52,864</u>	<u>383,941</u>	<u>2,434,000</u>	<u>525,000</u>	<u>163,127</u>	<u>228,348</u>	<u>367,363</u>
Net Revenues for DS payments	<u>(6,931,218)</u>	<u>(6,163,530)</u>	<u>1,868,641</u>	<u>3,154,249</u>	<u>8,007,226</u>	<u>10,290,423</u>	<u>8,761,642</u>	<u>6,463,735</u>	<u>14,620,780</u>	<u>14,884,852</u>
Outstanding Bonds:										
Series 2005 Bonds	-	-	-	-	-	1,129,669	1,335,329	1,334,329	1,337,629	1,335,053
Series 2008 Bonanza project (anticipated)	-	-	-	-	-	-	-	-	6,768,994	6,766,694
Total debt service payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,129,669</u>	<u>1,335,329</u>	<u>1,334,329</u>	<u>8,106,623</u>	<u>8,101,747</u>
Projected Debt Service Coverage	N/A	N/A	N/A	N/A	N/A	9.11	6.56	4.84	1.80	1.84

CITY OF ST. GEORGE, UT
CONTINUING DISCLOSURE - 2005 ELECTRIC REVENUE BONDS
FISCAL YEAR ENDED JUNE 30, 2005

TABLE VI Statement of Net Assets

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
ASSETS					
Current assets:					
Cash	\$ 8,908,066	\$ 9,710,617	\$ 1,692,554	\$ -	\$ (2,074,991)
Restricted cash	1,929	1,267,078	-	-	-
Accts. receivable (net of allowance for uncollectibles)	7,582,406	5,816,812	5,809,699	5,509,355	5,396,136
Inventory	1,871,667	1,260,040	1,477,922	1,500,691	1,562,542
Due from other funds	-	-	-	968,674	1,083,403
Note receivable	-	-	-	35,210	47,046
Bond discounts & insurance	340,172	358,076	-	-	-
Prepaid expenses	90,228	-	-	-	-
Total current assets	<u>18,794,468</u>	<u>18,412,623</u>	<u>8,980,175</u>	<u>8,013,930</u>	<u>6,014,136</u>
Capital assets net of accumulated depreciation	<u>44,605,417</u>	<u>40,733,551</u>	<u>23,180,949</u>	<u>23,479,664</u>	<u>23,484,568</u>
TOTAL ASSETS	<u>63,399,885</u>	<u>59,146,174</u>	<u>32,161,124</u>	<u>31,493,594</u>	<u>29,498,704</u>
LIABILITIES					
Current liabilities:					
Accrued liabilities	4,499,267	6,564,590	3,604,920	3,839,030	2,774,259
Capital leases	-	-	-	-	-
Due to other funds (short-term)	-	-	-	920,811	-
Deposits payable	1,302,527	1,167,359	997,817	933,500	893,303
Total current liabilities	<u>5,801,794</u>	<u>7,731,949</u>	<u>4,602,737</u>	<u>5,693,341</u>	<u>3,667,562</u>
Long-term liabilities:					
Bonds payable - long term	16,710,000	17,280,000	-	-	-
Bond premiums	575,271	605,549	-	-	-
Due to other funds (long-term)	-	-	-	-	-
Total long-term liabilities	<u>17,285,271</u>	<u>17,885,549</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>23,087,065</u>	<u>25,617,498</u>	<u>4,602,737</u>	<u>5,693,341</u>	<u>3,667,562</u>
NET ASSETS					
Invested in capital assets, net of related debt	27,320,146	22,848,002	23,180,949	23,479,664	23,484,568
Restricted	1,929	1,267,078	-	-	-
Unrestricted	12,990,746	9,413,596	4,377,438	2,320,590	2,346,575
Total net assets	<u>\$ 40,312,821</u>	<u>\$ 33,528,676</u>	<u>\$ 27,558,387</u>	<u>\$ 25,800,254</u>	<u>\$ 25,831,143</u>

CITY OF ST. GEORGE, UT
CONTINUING DISCLOSURE - 2005 ELECTRIC REVENUE BONDS
FISCAL YEAR ENDED JUNE 30, 2006

TABLE VII Statement of Revenues, Expenses, and Changes in Fund Net Assets

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
OPERATING REVENUES:					
Charges for services	\$ 44,196,505	\$ 39,754,876	\$ 36,946,003	\$ 33,554,656	\$ 30,175,128
Other operating revenues	4,408,012	4,498,132	3,413,026	2,806,778	2,383,501
Total operating revenues	48,604,517	44,253,008	40,359,029	36,361,434	32,558,629
OPERATING EXPENSES:					
Electricity purchased	32,530,927	30,317,925	31,583,859	29,738,567	33,977,987
Natural gas purchased	1,503,365				
Salary and wages	2,925,315	2,482,803	2,282,556	2,149,882	1,986,541
Supplies	212,793	55,122	222,089	251,377	1,089,800
Service vehicle expense	173,404	141,003	98,057	81,491	255,886
Equipment rental	7,500	2,508	238	20	122
Depreciation	2,976,888	2,036,938	1,963,390	1,899,531	1,889,866
Bad debts	219,205	197,862	180,904	162,498	146,311
Payroll tax & employee benefits	1,072,626	968,694	828,934	794,667	722,367
Office & dept. supplies	87,417	72,197	79,839	91,749	73,011
Professional services	308,474	598,487	147,811	94,732	163,648
R. & M. - equipment	463,845	311,018	206,477	234,629	204,972
R. & M. - buildings and grounds	17,284	25,175	16,765	28,820	19,234
Insurance & surety bonds	92,839	79,355	130,832	71,737	186,671
Travel	58,536	75,220	53,405	35,756	32,577
Miscellaneous	5,065	3,055	210	251	634
Interest expense	37,041	316,730	46,690	59,596	22,299
Subscriptions & memberships	25,458	32,468	13,703	13,091	8,804
Billing & administration	1,007,000	950,100	798,000	752,800	738,000
Total operating expenses	43,724,982	38,666,660	38,653,759	36,461,194	41,518,730
Operating income (loss)	4,879,535	5,586,348	1,705,270	(99,760)	(8,960,101)
NON-OPERATING REVENUES (EXPENSES)					
Interest income	454,638	62,608	28,412	43,438	209,112
Rent	-	-			
Miscellaneous income	1,979,362	321,333	24,452	25,432	75,649
Loss on bond refinancing	-	-			
Interest charges	(529,391)	-			
Total non-operating revenue (expense)	1,904,609	383,941	52,864	68,870	284,761
Income before transfers	6,784,144	5,970,289	1,758,134	(30,890)	(8,675,340)
Contributions	-	-			
Transfers to/from other funds	-	-			
Change in Net Assets	6,784,144	5,970,289	1,758,134	(30,890)	(8,675,340)
Total net assets - beginning	33,528,676	27,558,387	25,800,254	25,831,142	34,506,482
Total net assets - ending	\$ 40,312,820	\$ 33,528,676	\$ 27,558,388	\$ 25,800,252	\$ 25,831,142

Management's Discussion of Operations

The City population continues to grow, which corresponds with increases in energy demand and requirements. The City continues to meet these requirements with a diverse Energy Portfolio to avoid volatility of any given source. The Energy Portfolio is made up of base load coal. Contracts and ownership 30%, Hydro Power contracts and Ownership 21%, ownership of Natural Gas peaking generation 24%, and various market contracts 25%.

The following is a list of the current City Energy Services:

SOURCES

Colorado River Storage Project Contract (Hydro) Expires 2024	19 MW for summer 29 MW for winter
<ul style="list-style-type: none">• Western Replacement Power• Western System Power Pool	
Utah Associated Municipal Power (UAMPS)	
<ul style="list-style-type: none">• Pool – contact Sales• Firm – Idaho (Expires 2007)• Firm Wind• Payson – Gas Generation	22 MW 22 MW 19 MW
Deseret Generation and Transmission	
<ul style="list-style-type: none">• Bonanza 1 – Coal• Bonanza 2 – Future• Contract Sales	50 MW 30 MW 10-20 MW
City Owned Generation	
<ul style="list-style-type: none">• Red Rock – Diesel• Bloomington – Diesel• Millcreek – Natural Gas• Natural Gas (future)	14 MW 11 MW 40 MW 24-40 MW
Long Term Purchase Contacts	
<ul style="list-style-type: none">• Jordanelle Hydro (Heber sale)	4 MW
Short Term Market Purchases (1-3 year contracts)	
<ul style="list-style-type: none">• Powerex• Morgan Stanley	5-15 MW 5-15 MW

FORECAST

For the purposes of the forecast information shown under “Historical and Projected Operating Results: herein, the City has utilized the information developed by the Department for internal forecasting purposes. The Department presently projects that energy sales through the System will continue to show the steady annual increases exhibited over the past three fiscal years. In addition, the Department has included additional expected energy sales through the System from new commercial establishments that are presently under construction or for which building

permits have been applied for, resulting in a projected average annual growth rate in energy sales revenue through the System of approximately 5%. The City anticipates a greater than 50% increase in impact fees effective August 2006.

The Department has projected that all other operating expensed of the System will increase at a rate of approximately 4% per annum for the next five fiscal years. The Department believes that a projected rate of increase of 1 ½% per year is reasonable, based on its continuing efforts to improve its operating efficiency and the management System resource portfolio. The rate increases will be reallocated each budget year and adopted by the City Council if necessary.

While historically the City relied heavily on its ability to purchase on-demand blocks of power on the spot-market to satisfy peak demand on the System, the City has initiated a plan to reduce its spot market exposure to 10% or less and has constructed a 40 MW gas generator for peaking power. The City has established a risk policy which encourages pre-purchase hedges and contracts to meet peak demand rather than rely on the spot market. The City has also adopted a similar risk policy for the purchase of natural gas for the City owned gas generator to avoid the gas market volatility.

Although the Department believes that the forecasts regarding the operation of the System are reasonable for its planning purposes and for purposes for this annual report, a variety of factors will affect such forecasts and no assurance can be given by the City or the Department that such forecasts will, in fact, be realized. The factors that could affect such forecasts include proposed state and federal environmental regulations, costs of purchased power and energy, fuel and other operating costs, economic and demographic conditions in the City, weather and other matters that cannot presently be determined.

HISTORICAL

The City is located in the south west corner of Utah and is a commercial center for the surrounding communities. In addition to its residential customers, the System serves a wide range of commercial establishments. For the fiscal year ended June 30, 2006, approximately 53.96% of the System's electric sales revenues and 53.46% of energy sold through the System were attributable to commercial establishments. The commercial base in the City has contributed to relatively constant growth in electric energy sales through the System. The System peak (168 MW) continues to grow at an average of 5% and energy sales continue to grow at an average of 4%.

FINANCIAL

The dramatic and unprecedented increase in electric energy prices in the Western United States that began in the spring of 2000 (the "Western States Power Crisis") had a significant negative impact on the financial operations of the System. The system experienced an operating loss in the last half of fiscal 2000 and significant operating losses in fiscal years 2001 and 2002. There losses totaled over \$17 million and resulted in a reduction in retained earnings of the System of over \$15 million. The losses were directly attributable to increased purchased power expenses and excessive exposure to the market.

The City has taken a number of steps to restore the financial integrity of the System. *First*, the City increased its electric rates in three ways: (1) effective May 1, 2001, a 50% power cost adjustment was imposed for the peak demand periods in each year from May 1 through September 30; (2) effective February 15, 2002, an across the board increase of 40% was made to all electric rates; and (3) effective February 15, 2002, impact fees (the fees charged to new service connections resulting from new construction) were increased 51%. *Second*, the City cut its budgeted capital expenditures for the System by 50% for fiscal year 2004. *Third*, the management structure of the City's water and power departments was changed to separate management responsibility for the System from that of the water utility and a new Director of Energy Services was appointed. *Fourth*, effective April 2003, a 10% across the board rate increase was approved and July 2005 a 1 ½% across the board rate increase was approved. *Fifth*, the City has instituted various procedures to more actively manage its purchase power expense, including hiring additional power resources schedulers, and has renegotiated certain of its power purchase agreements and has entered into a long-term power purchase contract with Deseret Generation and Transmission (DGT) to further stabilize its long-term power supply costs. The City represents that the System has operated with positive cash flows in fiscal years 2003, 2004, and 2005. It is expected to produce positive margins for the near future years. The City will continue to adhere to a strict risk policy in the management and procurement of energy resources for the System.