

CITY OF ST. GEORGE, UT  
COMPREHENSIVE ANNUAL FINANCIAL  
REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011



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Prepared by Philip R. Peterson, CPA CGFM  
Finance Director

CITY OF ST. GEORGE, UT  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended June 30, 2011

TABLE OF CONTENTS

INTRODUCTORY SECTION

|                             | <u>Page</u> |
|-----------------------------|-------------|
| Letter of Transmittal ..... | 5           |
| City Officials.....         | 10          |
| Organizational Chart.....   | 11          |

FINANCIAL SECTION

|   |    |
|---|----|
| Independent Auditor’s Report.....   | 13 |
| Management’s Discussion and Analysis .....  | 17 |
| Basic Financial Statements:   |    |
| Government-wide Financial Statements:   |    |
| Statement of Net Assets .....   | 31 |
| Statement of Activities.....  | 32 |
| Fund Financial Statements:  |    |
| Balance Sheet - Governmental Funds.....   | 33 |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Governmental Funds .....   | 34 |
| Reconciliation of the Statement of Revenues, Expenditures, and<br>Changes in Fund Balances of Governmental Funds to the<br>Statement of Activities..... | 35 |
| Statement of Revenues, Expenditures, and Changes in Fund<br>Balances - Budget and Actual - General Fund.....  | 36 |
| Statement of Net Assets - Proprietary Funds.....  | 38 |
| Statement of Revenues, Expenses, and Changes in<br>Fund Net Assets - Proprietary Funds .....  | 39 |
| Statement of Cash Flows - Proprietary Funds .....   | 40 |
| Statement of Fiduciary Net Assets - Fiduciary Funds .....   | 41 |
| Statement of Changes in Fiduciary Net Assets - Fiduciary Funds .....  | 42 |
| Notes to Financial Statements.....  | 43 |
| Supplemental Information  |    |
| Combining Balance Sheet - Nonmajor Governmental Funds .....   | 71 |
| Combining Statement of Revenues, Expenditures, and Changes<br>in Fund Balances - Nonmajor Governmental Funds.....                                       | 75 |
| Schedules of Revenues, Expenditures, and Changes in Fund Balances<br>Budget and Actual:   |    |
| Dixie Center Operations - Special Revenue Fund - .....  | 79 |
| Airport PFC Fees - Special Revenue Fund - .....   | 80 |
| Economic Development - Special Revenue Fund - .....   | 81 |
| Transportation Improvement - Special Revenue Fund - .....   | 82 |

|  |     |
|--|-----|
| CDBG Grant Fund - Special Revenue Fund.....                          | 83  |
| Museum Permanent Acquisition -Special Revenue Fund - .....           | 84  |
| Johnson Dino Track Preservation - Special Revenue Fund.....          | 85  |
| Housing Program - Special Revenue Fund.....                          | 86  |
| Ft. Pierce CDA Fund - Special Revenue Fund .....                     | 87  |
| Ft. Pierce EDA Fund - Special Revenue Fund .....                     | 88  |
| Economic Dev Agency #1 - Special Revenue Fund.....                   | 89  |
| Dixie Center EDA - Special Revenue Fund .....                        | 90  |
| SunTran Public Transit - Special Revenue Fund.....                   | 91  |
| Special Assessments - Debt Service Fund -.....                       | 92  |
| Recreation G.O. Bonds - Debt Service Fund -.....                     | 93  |
| Replacement Airport – Debt Service Fund - .....                      | 94  |
| Downtown Redevelopment - Capital Projects Fund - .....               | 95  |
| Park Impact - Capital Projects Fund - .....                          | 96  |
| Streets Impact - Capital Projects Fund - .....                       | 97  |
| Capital Equipment – Capital Projects Fund - .....                    | 98  |
| Drainage Impact - Capital Projects Fund - .....                      | 99  |
| Fire Impact - Capital Projects Fund -.....                           | 100 |
| Police Impact - Capital Projects Fund - .....                        | 101 |
| Street Bond – Capital Projects Fund - .....                          | 102 |
| Public Works Projects - Capital Projects Fund.....                   | 103 |
| 2010 Flood Restoration - Capital Projects Fund - .....               | 104 |
| 2005 Flood Restoration – Capital Projects Fund - .....               | 105 |
| Combining Balance Sheet - Nonmajor Proprietary Funds .....           | 106 |
| Combining Statement of Revenues, Expenses, and Changes in Fund       |     |
| Balances - Nonmajor Proprietary Funds .....                          | 107 |
| Combining Statement of Cash Flows - Nonmajor Proprietary Funds ..... | 108 |
| Capital Assets Used in the Operation of Governmental Funds:          |     |
| Schedule by Source.....  | 109 |
| Schedule by Function and Activity.....                               | 110 |
| Schedule of Changes by Function and Activity.....                    | 111 |

**STATISTICAL SECTION:**

|   |     |
|---|-----|
| Electric Fund - Statistical Analysis.....                                     | 113 |
| Water Fund - Statistical Analysis .....                                       | 114 |
| Net Assets by Component - Last Ten Fiscal Years .....                         | 115 |
| Changes in Net Assets - Last Ten Fiscal Years .....                           | 116 |
| Governmental Activities Tax Revenue by Source- Last Ten Fiscal Years .....    | 118 |
| Fund Balances of Governmental Funds - Last Ten Fiscal Years.....              | 119 |
| Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years....    | 120 |
| Sales Tax Payers by Sector - FY 2011 and FY 2002.....                         | 121 |
| Principal Taxable Properties - FY 2011 and FY 2002.....                       | 122 |
| Assessed Value and Est. Actual Value of Property - Last Ten Fiscal Years..... | 123 |
| Property Tax Rates Direct & Overlapping Governments - Last Ten Fiscal         |     |
| Years .....   | 124 |

|  |     |
|--|-----|
| Property Tax Levies and Collections - Last Ten Fiscal Years.....         | 125 |
| Ratios of Outstanding Debt by Type - Last Ten Fiscal Years .....         | 126 |
| Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years .....  | 127 |
| Direct and Overlapping Governmental Activities Debt.....                 | 128 |
| Legal Debt Margin Information - Last Ten Fiscal Years .....              | 129 |
| Revenue Bond Pledged Revenue Coverage - Last Ten Fiscal Years .....      | 130 |
| Demographic and Economic Statistics - Last Ten Fiscal Years .....        | 131 |
| Principal Employers - FY 2011 and FY 2002 .....                          | 132 |
| Full-Time Government Employees by Function - Last Ten Fiscal Years ..... | 133 |

SINGLE AUDIT SECTION:

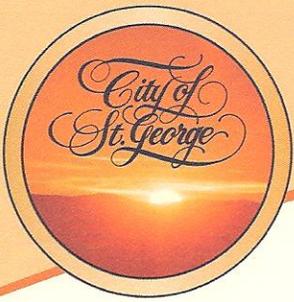
|   |     |
|---|-----|
| Independent Auditor’s Report on Compliance With Laws and Regulations and<br>on Internal Control over Financial Reporting Based on an Audit of Basic<br>Financial Statements Performed in Accordance with <i>Governmental Auditing<br/>Standards</i> ..... | 135 |
| Schedule of Expenditures of Federal Awards.....   | 138 |
| Notes to the Schedule of Expenditures of Federal Awards .....   | 140 |
| Schedule of Findings & Questioned Costs .....   | 141 |
| Independent Auditor’s Report on Compliance with Requirements Applicable to<br>Each Major Program and Internal Control Over Compliance in Accordance with<br>OMB Circular A-133 .....  | 143 |
| Independent Auditor’s Report on State Legal Compliance .....  | 145 |
| Schedule of Findings and Recommendations .....  | 147 |
| Response to Findings and Recommendations.....   | 149 |
| Summary Schedule of Prior Audit Findings.....   | 150 |

CONTINUING DISCLOSURE SECTION:

|   |     |
|---|-----|
| Excise Tax Revenue Bonds - Series 1996 .....                        | 151 |
| General Obligation Parks & Rec Bonds - Series 1996 .....            | 153 |
| Sewer Revenue Bonds - Series 1997A .....                            | 156 |
| Water Utility Revenue Bonds .....                                   | 164 |
| Washington County/St. George Interlocal Agency - Series 1997A ..... | 167 |
| Electric Utility Revenue Bonds .....                                | 168 |

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# *INTRODUCTORY SECTION*



# CITY OF ST. GEORGE

175 East 200 North  
St. George, Utah 84770

October 20, 2011

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, 2011, is presented.

In addition to the fund financial information presented in the City's financial statements, this report 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 which shows the cost of providing government services.

State law requires that all local governments publish within six months of the close of the 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, 2011, 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, 2011, 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, 2011, 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 21<sup>st</sup> century. The 2010 census showed a population of 72,897 which was an increase of 46.78% from the 2000 census.

*“The City of St. George, once regarded as a retirement community, is quickly becoming a mecca for endurance sports, golf and softball. St. George hosts hundreds of sporting events each year, including the Huntsman World Senior Games, the NJCAA national fast pitch softball tournament, and the St. George Marathon, bringing hundreds of millions of dollars to the local economy.” (relocateamerica.com)*

During the fiscal year there were building permits issued for 265 residential units. It represents a decrease of 11.37% which compares with a 39.7% increase for the fiscal year ended June 30, 2010. The total valuation of building permits decreased by 1.25% for the fiscal year in comparison with a 9.56% increase in the fiscal year ended June 30, 2010. The building and construction portion of our economy continues to struggle as numerous foreclosures are still likely in the future and thus somewhat holding down the demand for new construction. The large commercial complex on 1000 East was permitted during the year and did help to boost an otherwise larger decline from happening.

Despite the turndown in the economy, the City and Washington County continue to rank well nationally in many economic and quality of life surveys. CNN Money.com ranked the city in the top 100 small cities as the “Best Places to Live 2010”; Forbes.com ranks the city in the top 25 cities for “Best Places for Business and Careers”; and Fortune also ranks it as one of the “Great Places to Retire”.

*“In fiscal year 2010-2011 the City completed the largest and perhaps the most significant public works project in its history as the new Replacement Airport was*

*opened. Other major projects completed were: (1) purchase of the Tonaquint office building and lease to DXATC; (2) the new Suntran administration building; (3) secured the bid for the NJCAA College World Series for another five years; (4) in conjunction with Washington County, surrounding communities, and the State Sports Commission, hosted the second St. George Ironman Triathlon; (5) survived another major flood event and began putting facilities back with major funding help from FEMA; (6) the 800 MHZ project and began using the new system; (7) construction of the new fire station in the Sun River and Atkinville Interchange area; (8) hired nine new firefighters after receiving a SAFER grant; (9) another successful St. George Marathon with the City's own Aaron Metler as the winner; (10) a new water tank to serve the Sun River and South Block areas; and (11) with help and funding from the State of Utah, a new bridge on Valley View Drive spanning the Santa Clara River." (City Manager's 2012 budget message)*

## **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 with 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 is self-insured up to \$250,000 for general liability, law enforcement liability, and auto liability with excess insurance up to \$25,000. Property is covered by a blanket all risk policy with limits of up to \$315,271,498. Traveler's Insurance administers the property insurance policies above the \$25,000 that the City provides as self-insurance. State's Insurance provides liability coverage of up to \$10 million per occurrence after a \$250,000 self-insured retention.

The City has 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, 2011, 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**

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,



Philip R. Peterson, CPA, CGFM  
Finance Director

**OFFICIALS**  
**CITY OF ST. GEORGE, UTAH**



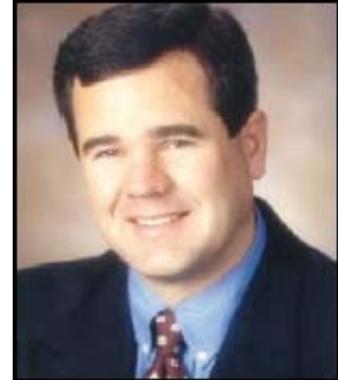
*Mayor Daniel D. McArthur*



*Council Member Gil Almquist*



*Council Member Gloria Shakespeare*



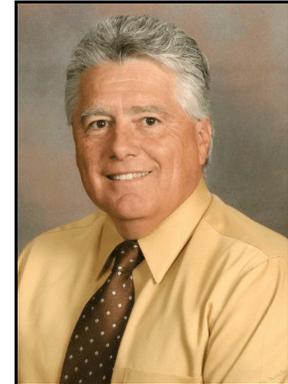
*Council Member Jon Pike*



*Council Member Benjamin Nickle*



*Council Member Gail Bunker*



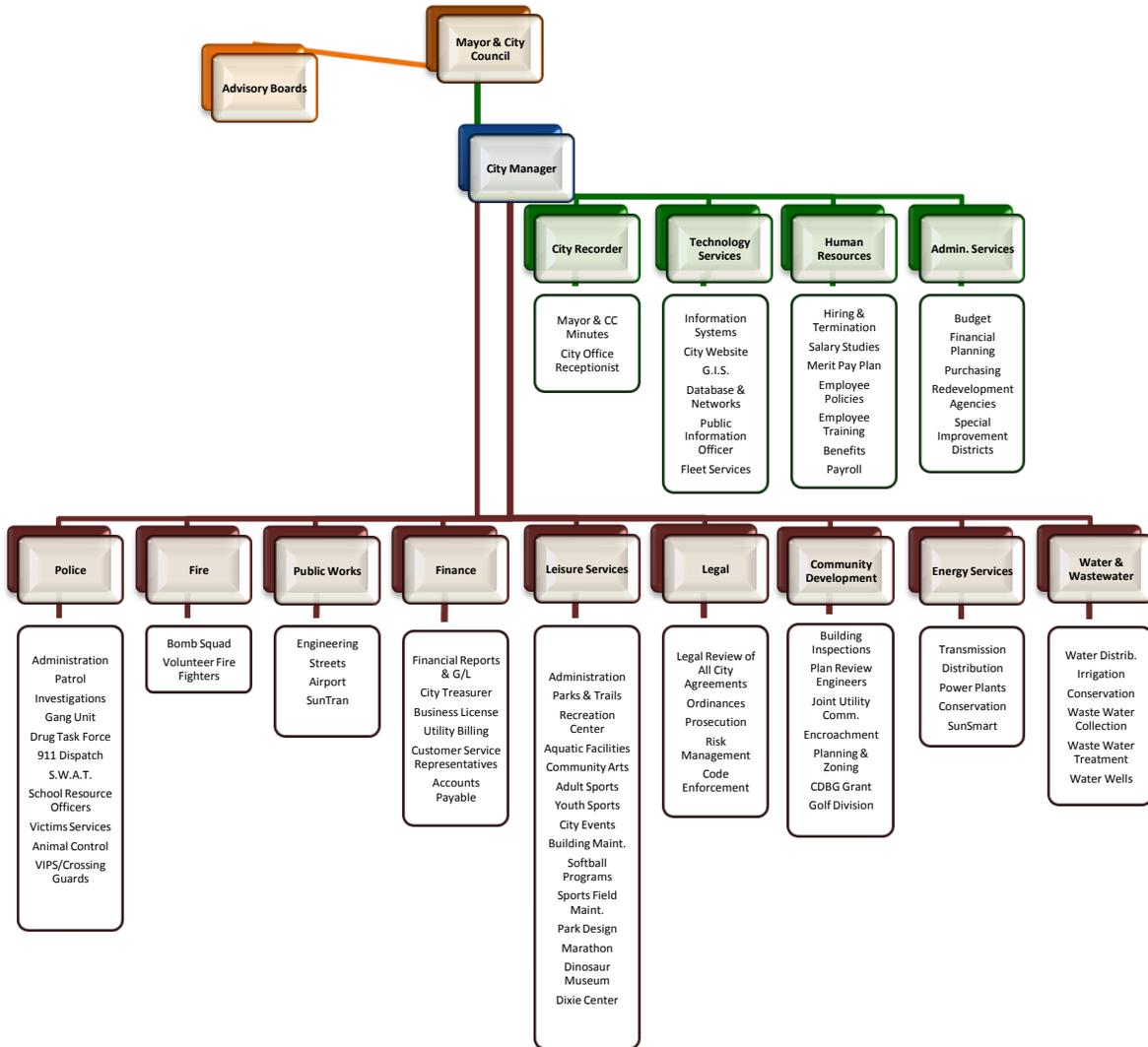
*City Manager Gary S. Esplin*

*Shawn Guzman  
Gay Cragun  
Tiffany LaJoice  
Phillip Solomon  
Barry Barnum  
Marlon Stratton  
Robert Stoker  
Larry H. Bulloch  
Matthew Loo  
Kent Perkins  
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  
Community Development Director  
Leisure Services Director  
Finance Director  
Budget & Financial Planning Manager  
Assistant to the City Manager  
Human Resources Manager*

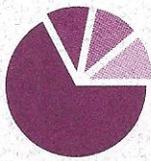
# City of St. George

## Organizational Chart



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## ***FINANCIAL SECTION***



# HINTONBURDICK

HINTON BURDICK HALL & SPILKER PLLC

CPAs & ADVISORS

MEMBERS:

CHAD B. ATKINSON, CPA  
KRIS J. BRAUNBERGER, CPA  
DEAN R. BURDICK, CPA  
ROBERT S. COX, CPA  
TODD B. FELTNER, CPA  
K. MARK FROST, CPA  
BRENT R. HALL, CPA

TODD R. HESS, CPA  
KENNETH A. HINTON, CPA  
MORRIS J. PEACOCK, CPA  
PHILLIP S. PEINE, CPA  
MICHAEL K. SPILKER, CPA  
KEVIN L. STEPHENS, CPA  
MARK E. TICHENOR, CPA

## INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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, 2011, 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, 2011, 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 October 17, 2011, 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 considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. George, Utah's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, continuing disclosure section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or

provide any assurance on them.

*Hinton, Burdick, Hall & Spilker, PLLC*

HINTON, BURDICK, HALL & SPILKER, PLLC  
October 17, 2011

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## 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, 2011. 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 5.42% to \$482,645,900.

Governmental net assets increased by 9.72% while Business-type net assets increased by .44%.

In the Governmental funds, the total increase is \$23,856,996 and is made up of increases in fixed assets net of related debt of \$28,800,566 while the assets other than fixed assets declined by \$4,943,570 as the decline in the economy and the construction of the replacement airport used a good share of the reserves which have been built up over the last few years.

Business-type fund net asset increases were also made up of increases in fixed assets net of related debt of \$3,678,061 while other net assets decreased by \$2,749,128, with the majority of that being the spending of the remaining bond funds which were issued for the construction of the Millcreek Generation expansion project.

The total net assets are \$482,645,900 and are made up of \$414,356,837 in capital assets net of related debt and \$68,289,063 in other net assets.

In the General Fund, revenues exceeded expenditures by \$5,087,355. \$4,200,000 was then transferred to the Economic Development Special Revenue Fund to be used to facilitate economic development projects in the city. The total fund balance of the General Fund represents 12.86% of total budgeted expenditures for the next fiscal year ending 2012, which only was an increase from 11.65% for the prior fiscal year despite the downturn in the economy.

Total long-term liabilities of the City decreased by \$11,010,906. The debt issued this year included \$5,395,000 in G.O. refunding bonds used to call and cancel the remaining Series 1999 and Series 2006 GO bonds, and \$6,120,000 in Water refunding bonds to call and cancel the remaining 2001 Series Water bonds. Both issues were to take advantage of lower interest rates. Please see the later sections regarding capital assets and debt administration for more discussion.

### 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 31 & 32 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 major governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Replacement Airport Capital Projects 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, Drainage Utility, 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, Drainage Utility, and Golf Courses meet the criteria of major fund classification. The Refuse Collection, Municipal Building Authority, Wastewater Collection, and Drainage Utility, 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 \$482,645,900.

By far the largest portion of the City of St. George's net assets (85.85%) 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)

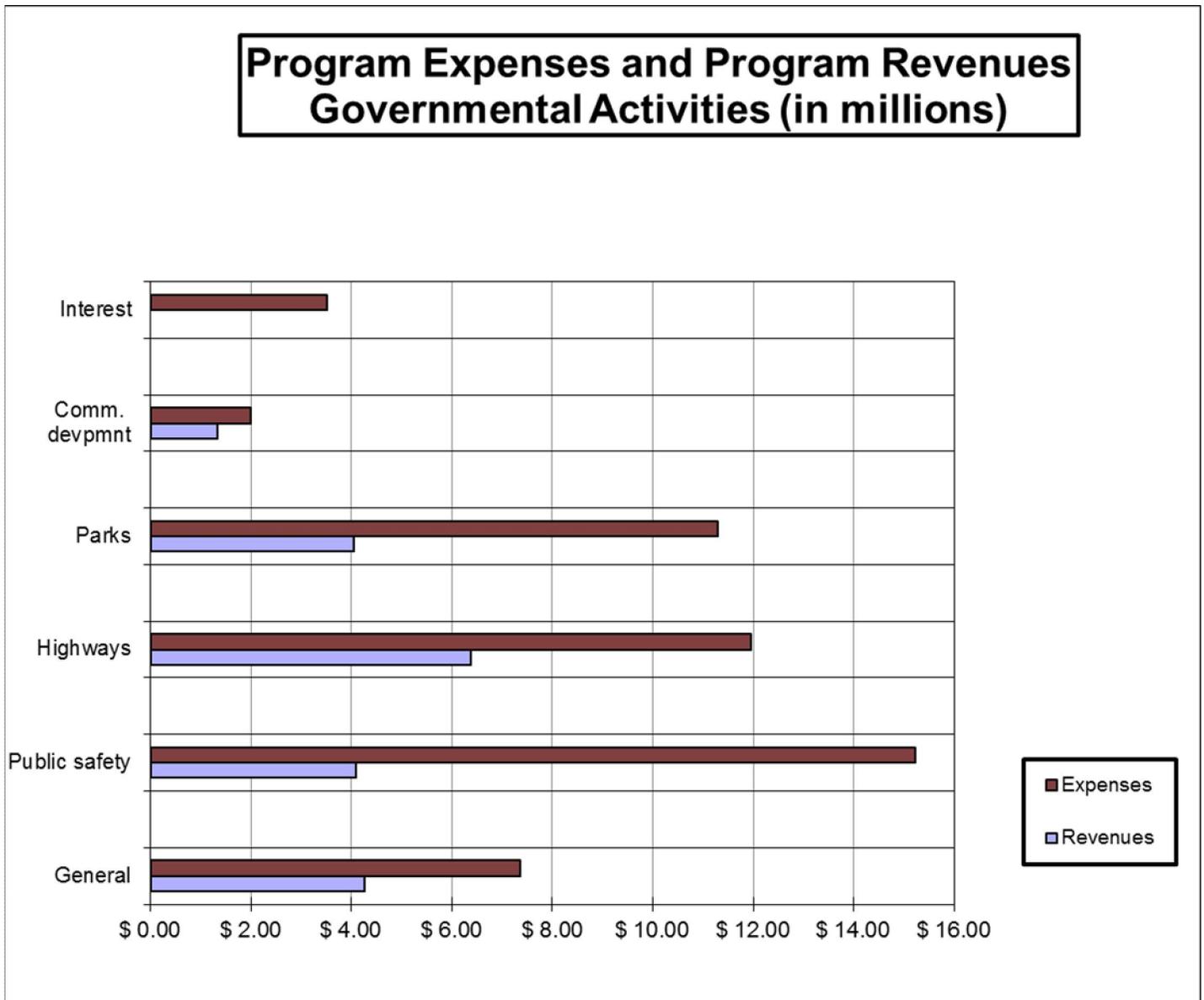
|                            | Governmental<br>Activities |                | Business-type<br>Activities |                |
|----------------------------|----------------------------|----------------|-----------------------------|----------------|
|                            | <u>2011</u>                | <u>2010</u>    | <u>2011</u>                 | <u>2010</u>    |
| Current and other assets   | \$26,237                   | \$ 37,953      | \$60,816                    | \$ 61,308      |
| Capital assets             | <u>319,180</u>             | <u>295,890</u> | <u>278,376</u>              | <u>280,802</u> |
| Total assets               | <u>345,417</u>             | <u>333,843</u> | <u>339,192</u>              | <u>342,110</u> |
| Long-term debt outstanding | 69,569                     | 75,080         | 113,689                     | 119,919        |
| Other liabilities          | <u>6,446</u>               | <u>13,218</u>  | <u>12,259</u>               | <u>9,875</u>   |
| Total liabilities          | <u>76,015</u>              | <u>88,298</u>  | <u>125,948</u>              | <u>129,794</u> |

|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| Net assets:                                | <u>2011</u>      | <u>2010</u>      | <u>2011</u>      | <u>2010</u>      |
| Invested in capital assets,<br>net of debt | 247,131          | 220,811          | 167,225          | 163,547          |
| Restricted                                 | 1,334            | 1,508            | 6,068            | 5,521            |
| Unrestricted                               | <u>20,936</u>    | <u>23,226</u>    | <u>39,951</u>    | <u>43,247</u>    |
| Total net assets                           | <u>\$269,401</u> | <u>\$245,545</u> | <u>\$213,244</u> | <u>\$212,315</u> |

CHANGES IN NET ASSETS (in thousands)

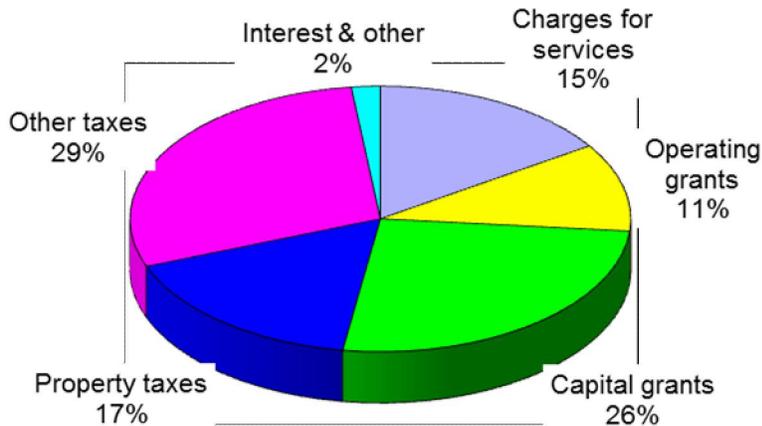
|   | <u>Governmental<br/>Activities</u> |                  | <u>Business-type<br/>Activities</u> |                  |
|---|------------------------------------|------------------|-------------------------------------|------------------|
|   | <u>2011</u>                        | <u>2010</u>      | <u>2011</u>                         | <u>2010</u>      |
| Revenues:                               |                                    |                  |                                     |                  |
| Program revenues:                       |                                    |                  |                                     |                  |
| Charges for services                    | \$11,932                           | \$ 11,408        | \$ 92,115                           | \$ 92,927        |
| Operating grants & contributions        | 8,150                              | 7,664            | 165                                 | 560              |
| Capital grants & contributions          | 19,868                             | 20,795           | -                                   | -                |
| General revenues:                       |                                    |                  |                                     |                  |
| Property taxes                          | 12,707                             | 12,273           |                                     |                  |
| Other taxes                             | 21,972                             | 21,564           |                                     |                  |
| Investment income                       | 258                                | 470              | 149                                 | 378              |
| Other revenues                          | <u>1,156</u>                       | <u>1,584</u>     | <u>2,822</u>                        | <u>2,723</u>     |
| Total revenues                          | <u>76,043</u>                      | <u>75,758</u>    | <u>95,251</u>                       | <u>96,588</u>    |
| Expenses                                |                                    |                  |                                     |                  |
| General government                      | 7,352                              | 9,338            |                                     |                  |
| Public safety                           | 15,229                             | 14,178           |                                     |                  |
| Highways/public improvements            | 11,973                             | 13,200           |                                     |                  |
| Parks & recreation                      | 11,293                             | 11,032           |                                     |                  |
| Community & Econ development            | 2,000                              | 1,470            |                                     |                  |
| Interest on long-term debt              | <u>3,525</u>                       | <u>2,914</u>     |                                     |                  |
| Electric                                |                                    |                  | 59,600                              | 56,351           |
| Water                                   |                                    |                  | 14,779                              | 14,563           |
| Wastewater collection                   |                                    |                  | 7,729                               | 7,774            |
| Wastewater treatment                    |                                    |                  | 5,114                               | 5,059            |
| Golf courses                            |                                    |                  | 4,252                               | 4,299            |
| Municipal building authority            |                                    |                  | 149                                 | 165              |
| Drainage utility                        |                                    |                  | 122                                 | 143              |
| Refuse collection                       |                                    |                  | <u>3,391</u>                        | <u>3,279</u>     |
| Total expenses                          | <u>51,372</u>                      | <u>52,132</u>    | <u>95,136</u>                       | <u>91,633</u>    |
| Increase in net assets before transfers | 24,671                             | 23,626           | 115                                 | 4,955            |
| Transfers                               | <u>( 814)</u>                      | <u>(2,454)</u>   | <u>814</u>                          | <u>2,454</u>     |
| Increase in net assets                  | 23,857                             | 21,172           | 929                                 | 7,409            |
| Net assets beginning                    | <u>245,544</u>                     | <u>224,373</u>   | <u>212,315</u>                      | <u>204,906</u>   |
| Net assets ending                       | <u>\$269,401</u>                   | <u>\$245,545</u> | <u>\$ 213,244</u>                   | <u>\$212,315</u> |

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



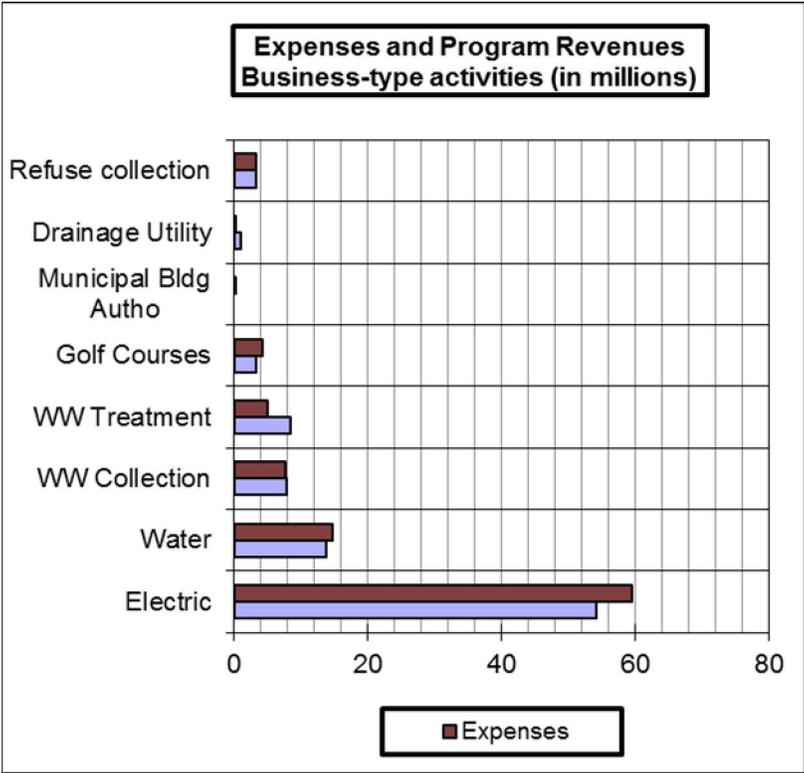
Overall governmental revenues were up in comparison with the prior fiscal year by .10%. Charges for services rebounded some as a result of the slight pickup in the building trades and additional emphasis on recreation activities such as races and tournaments. Sales taxes were able to make a recovery this year as we saw a modest increase of 2.06% compared with a decline of 7.33% in the prior fiscal year. Sales tax is the largest general fund revenue source. The following graph displays the total governmental revenues by source. As a percent of total revenues, they are basically the same with any changes in any particular category not being more than 1%.

## Revenues by Source Governmental Activities

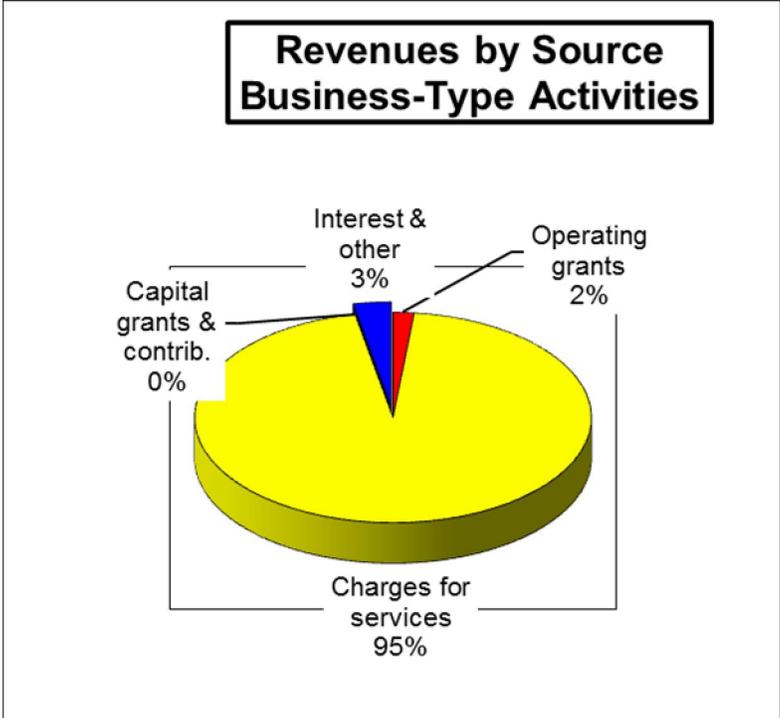


Overall governmental expenditures for all funds decreased by 1.48% when compared with last fiscal year. Highways/public improvements decreased from 25.32% to 23.29% as a result of the reduced construction costs for the replacement airport. General government decreased from 17.91% to 14.32% as a result of reductions in staff and a freeze on major projects and activities. Community & Development Services increased to 3.89% of expenditures compared to 2.82% in the prior fiscal year. Parks and Recreation also increased to 21.99% of expenditures compared with 21.16% in the prior fiscal year. Public Safety increased from 27.2% of expenditures in the prior fiscal year to 29.65% in the current year as the result of the policy decision of the Mayor and City Council to not reduce public safety levels. Nine new firefighters were added during the fiscal year in order to staff the new fire station 8 constructed in the SunRiver area of the City.

Total net assets in business-type activities increased by a modest \$928,933. Total assets decreased by \$2,917,195 with the spending of the remaining bond funds for the construction of the Millcreek generation expansion and because of the operating loss in the energy service fund which decreased the cash reserves in that fund by \$1,763,899. Long-term debt decreased by \$6,406,000. The 2001 Series Water bonds were called and retired during the fiscal year with the issuance of the 2011 Series Water Refunding bonds. The balance of the change was the result of changes to current assets such as cash and receivables and current liabilities such as accounts payable and accruals. The following graphs again reflect the government-wide activities for business-type activities as displayed in the following tables.



As can be seen from the following chart, the majority of revenues in the business-type activities are charges for services at 95%.



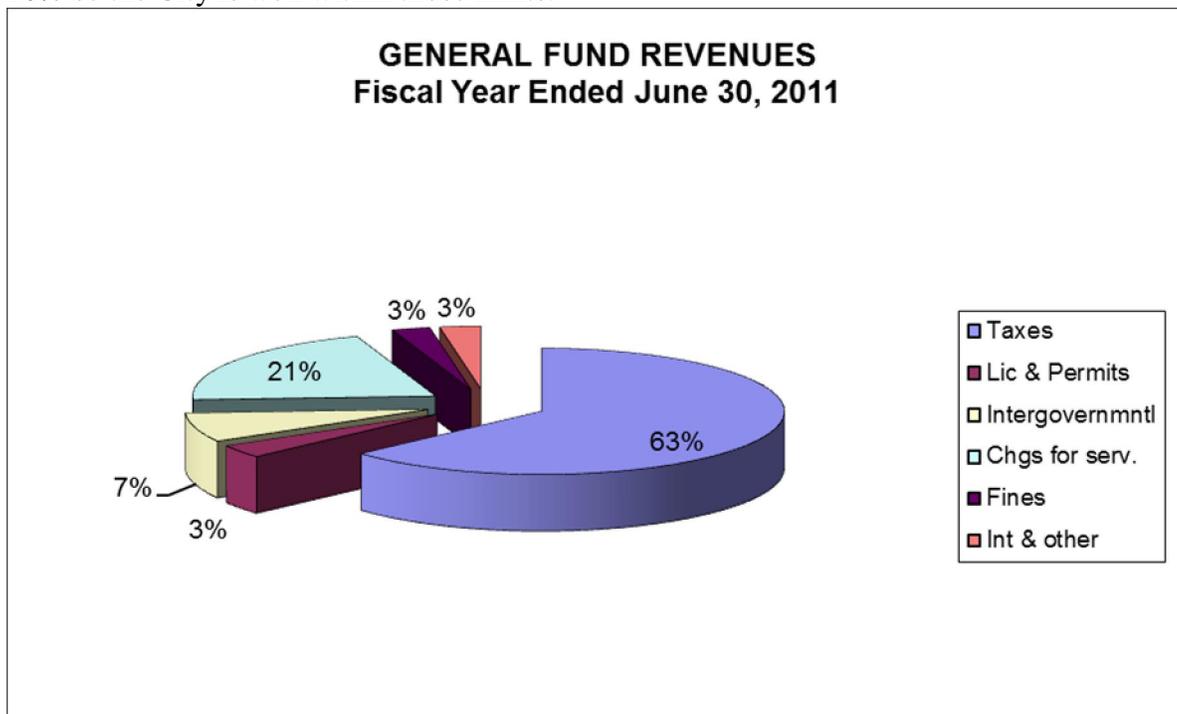
## FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

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.

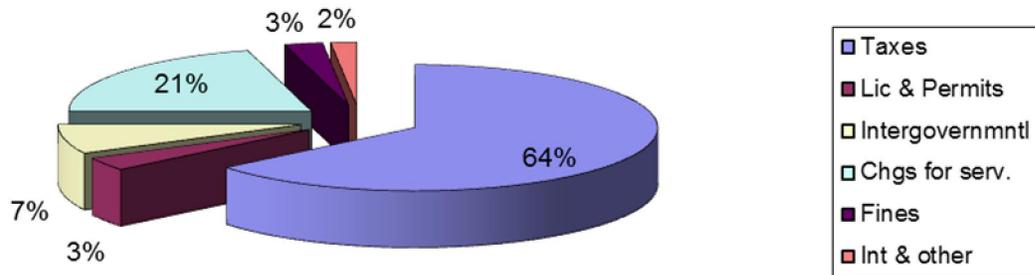
As of June 30, 2011, the City's governmental funds (General, Capital Projects, Debt Service, & Special Revenue) reported combined fund balances of \$22,683,243. This represents a decrease of \$4,406,236 (16.27%) from last year's ending balances. The main reason for this decrease is the continuing construction phase at the replacement airport site. Several federal grants have been received to help with these costs. The FAA issued a letter of intent (LOI) to provide future grants to pay construction costs of the new airport. These grants will be received through 2016 resulting in a need to use current resources until grant funds are received. The City does have sufficient resources in other funds, such as the wastewater treatment fund, to be able to meet these obligations in a timely manner.

### 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. Although revenues exceeded expenditures in the General Fund by just over \$5 million during the year, a large portion of this surplus was transferred to the Economic Development Fund for use in future capital and economic development projects. The General Fund total fund balance increased by \$887,355. An analysis of this total fund balance shows that it represents 12.86% of projected revenues for the new fiscal year which ends June 30, 2012. State laws allows for a maximum fund balance of 18% so the City is well within those limits.



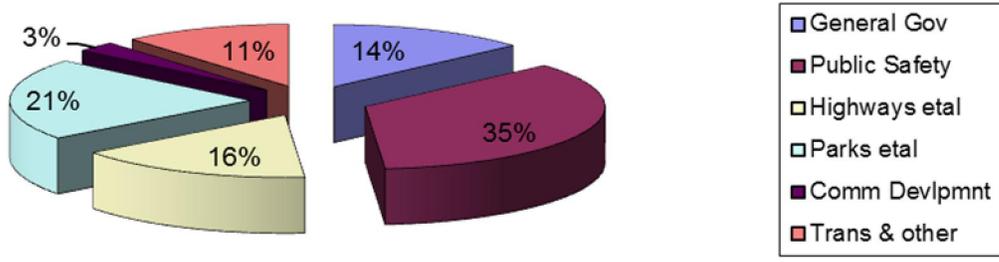
**GENERAL FUND REVENUES  
Fiscal Year Ended June 30, 2010**



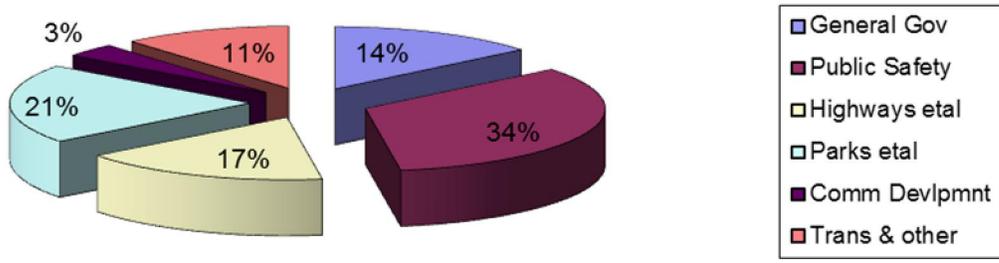
Taxes continue to be the largest source of revenue in the General Fund and represent 63% of total general fund revenues as compared to 64% in the prior fiscal year. The largest element of taxes is sales taxes as it has been for the past several years. It represents 45.2% of total tax revenues and 28.58% of total general fund revenues. This compares with 29.47% for the fiscal year ended June 30, 2010. Overall, tax revenues were up 3.0%. Sales taxes increased 2.01% while franchise taxes were up 1.28%. Property taxes increased 5.81% over last year. Licenses and permits are up 2.21% from last year. The number of residential permits issued this year represents a decrease of 11.37% from the prior year with 265 residential units being permitted as compared with 299 in 2010, 214 in 2009, 451 in 2008, and 1,024 in 2007. The total dollar valuation of building permits was down 1.25%. Intergovernmental revenues were up 3.6% as both state grants and Class “C” road funds increased while federal grants and state liquor funds decreased.

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, all major functions of the city remained basically unchanged from 2010 to 2011 as a percentage of General Fund expenditures. Again this fiscal year all employee wages and benefits were frozen and no merit, cost of living or other increases were made to salaries for the fourth year in a row.

**GENERAL FUND EXPENDITURES  
Fiscal Year Ended June 30, 2011**



**GENERAL FUND EXPENDITURES  
Fiscal Year Ended June 30, 2010**



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 had a net loss of \$5.16 million in comparison with a net loss of \$1.47 million in 2010. While total operating revenues remained basically flat, the City saw an increase in operating costs of \$833,907. The largest increase was in depreciation expense of \$2,231,443 as depreciation began on the Millcreek Gas Turbine expansion. Interest on the \$50 million bond issued for expansion of the Millcreek Generation Facility was expensed rather than capitalized as in the past and thus interest costs on capital debt increased \$2,415,576 for the year. Costs of power for resale and natural gas for generation were down \$1,526,625 for the year. A cooler than normal spring and a warmer than normal winter both teamed to keep sales below what had been projected in purchase models for resources. The spot market was also unfavorable for selling of excess resources. The Water Utility fund net income decreased from \$2.3 million to \$1.5 million, as operating revenues declined again because of the cooler than normal spring and summer and a wetter than normal winter season which reduced consumption. The Wastewater Treatment fund was flat for the year in net income as the difference between 2011 and 2010 was less than \$5,000.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year, the General Fund original budget was amended from an original budget expenditure total of \$40,962,926 to a final budget of \$43,710,353 (6.71%). These increases were made to respond to higher revenues than originally estimated and as a result of this and additional cost savings allowed for a transfer to the economic development fund. This transfer represented 71.88% of the budget increase. Although the City did not experience any layoffs as a result of the continuing decline in the economy, several positions which were vacated through retirement or other forms of voluntary reductions were not filled and the duties were assumed by current employees.

## **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, 2011, amounts to \$597,556,787 (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 3.62% (a 7.87% increase for governmental activities and a .9% decrease for business-type activities).

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

\$21,660,876 for completion of construction of airport improvements, terminal building, and airport fire station at the new airport site.

\$483,181 was spent for completion of construction of the administration building for the SunTran mass transit system within the city.

\$2,497,570 was spent for the purchase of an office building in the Tonaquint Business Park. The building was then leased to Dixie Applied Technology College for replacement of their business offices.



CITY OF ST. GEORGE'S OUTSTANDING DEBT

|   | Governmental<br><u>Activities</u> |                         | Business-type<br><u>Activities</u> |                          |
|---|-----------------------------------|-------------------------|------------------------------------|--------------------------|
|   | <u>2011</u>                       | <u>2010</u>             | <u>2011</u>                        | <u>2010</u>              |
| General obligation bonds                                | \$15,460,000                      | \$ 16,029,000           |                                    |                          |
| Sales tax revenue bonds                                 | 20,910,000                        | 23,660,000              |                                    |                          |
| Excise Revenue bonds                                    | 2,160,000                         | 2,830,000               |                                    |                          |
| WCIA Capital lease bonds                                | 4,217,580                         | 4,680,000               |                                    |                          |
| Federal Subsidy Excise bonds                            | 9,862,000                         | 10,019,000              |                                    |                          |
| Special assessment debt with<br>governmental commitment | <u>662,000</u>                    | <u>1,007,000</u>        |                                    |                          |
| Revenue bonds   |                                   |                         | <u>\$109,883,035</u>               | <u>\$116,289,035</u>     |
| <br>Total outstanding debt                              | <br><u>\$53,271,580</u>           | <br><u>\$58,225,000</u> | <br><u>\$109,883,035</u>           | <br><u>\$116,289,035</u> |

The City's total debt decreased by \$11,359,420 during the fiscal year as the only new debt issued was refunding debt for prior issues.

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<br>Investors<br><u>Service</u> | Standard<br>& Poor's | <u>Fitch</u> |
|--------------------------|--|----------------------|--------------|
| 1997 Recreation GO bonds | Aaa                                    | AAA                  | AAA          |
| 1993 Water Revenue       | Aaa                                    | AAA                  |              |
| Wastewater Revenue       | Aaa                                    | AAA                  |              |
| 2005 Electric Revenue    | Aaa (underlying A3)                    |                      |              |

The City's bond ratings were reviewed and reaffirmed by the rating agencies during this fiscal year.

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 \$217,552,054, 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 \$435,104,108, which again significantly exceeds the outstanding business-type activity debt. Thus the total debt limit is \$652,656,162 while the total outstanding debt less reserves restricted for debt service is \$56,112,651. The resulting debt margin is \$596,543,511. 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 9.7 % for the quarter ended June 2011 compared with a state unemployment rate of 7.4% and a national rate of 9.2% seasonally adjusted. This compares with a rate of 9.6% in 2010. (Source: Utah Dept of Workforce Services)

The General Fund budget for the fiscal year-ending June 30, 2012 reflects a slight increase of .56% from the final budget for the fiscal year-ended June 30, 2011. Because of the continuing slow economy, the city is expecting revenues to remain level with the prior year and so therefore the continuing freeze on employee hiring and wage increases is continuing. Some increases have been made in capital equipment expenditures in order to avoid future difficulties with maintenance costs because of an aging fleet.

## **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, 2011**

|   | Governmental<br>Activities | Business-type<br>Activities | Total                 |
|---|----------------------------|-----------------------------|-----------------------|
| <b>ASSETS:</b>  |                            |                             |                       |
| Cash  | \$ 17,442,032              | \$ 39,683,820               | \$ 57,125,852         |
| Restricted cash   |                            | 6,366,417                   | 6,366,417             |
| Accounts receivable (net of allowance<br>for doubtful accounts) | 6,552,468                  | 10,284,445                  | 16,836,914            |
| Inventory   | 113,173                    | 2,428,184                   | 2,541,356             |
| Notes receivable  | 1,621,140                  | 12,978                      | 1,634,118             |
| Internal Balances   | 500,000                    | (500,000)                   |                       |
| Bond discounts  |                            | 2,537,748                   | 2,537,748             |
| Prepaid expenses  | 7,718                      | 2,319                       | 10,037                |
| Capital assets (net of depreciation)                            |                            |                             |                       |
| Land  | 86,217,371                 |                             | 86,217,371            |
| Buildings   | 20,116,726                 |                             | 20,116,726            |
| Improvements  | 44,409,692                 |                             | 44,409,692            |
| Infrastructure  | 159,379,610                |                             | 159,379,610           |
| Machinery & equipment   | 9,056,947                  |                             | 9,056,947             |
| Plant, property, and equipment                                  |                            | 278,376,442                 | 278,376,442           |
| <b>Total assets</b>   | <b>\$ 345,416,876</b>      | <b>\$ 339,192,353</b>       | <b>\$ 684,609,228</b> |
| <b>LIABILITIES:</b>   |                            |                             |                       |
| Accrued liabilities   | \$ 2,271,018               | \$ 10,946,320               | \$ 13,217,338         |
| Construction bonds held   | 178,065                    |                             | 178,065               |
| Deposits payable  |                            | 1,312,898                   | 1,312,898             |
| Deferred compensation   | 1,244,808                  |                             | 1,244,808             |
| Interest payable  | 2,479,691                  |                             | 2,479,691             |
| Unearned revenues   | 272,523                    |                             | 272,523               |
| Notes payable:  |                            |                             |                       |
| Due within one year   | 2,613,270                  |                             | 2,613,270             |
| Due in more than one year                                       | 12,712,893                 |                             | 12,712,893            |
| Bonds payable:  |                            |                             |                       |
| Due within one year   | 4,793,000                  | 6,811,000                   | 11,604,000            |
| Due in more than one year                                       | 44,261,000                 | 103,072,035                 | 147,333,035           |
| Capital leases:   |                            |                             |                       |
| Due within one year   | 256,080                    | 161,345                     | 417,425               |
| Due in more than one year                                       | 3,961,500                  | 800,421                     | 4,761,921             |
| Bond premiums   | 971,502                    | 2,843,960                   | 3,815,462             |
| <b>Total liabilities</b>  | <b>76,015,349</b>          | <b>125,947,979</b>          | <b>201,963,329</b>    |
| <b>NET ASSETS:</b>  |                            |                             |                       |
| Invested in capital assets, net of<br>related debt              | 247,131,409                | 167,225,428                 | 414,356,837           |
| Restricted for:   |                            |                             |                       |
| Unspent bond/impact fees for const.                             | -                          | 803,543                     | 803,543               |
| Debt service  | 1,334,328                  | 5,562,874                   | 6,897,202             |
| Unrestricted  | 20,935,789                 | 39,652,529                  | 60,588,317            |
| <b>Total Net Assets</b>   | <b>\$ 269,401,526</b>      | <b>\$ 213,244,373</b>       | <b>\$ 482,645,900</b> |

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

CITY OF ST. GEORGE, UTAH  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | Program Revenues  |                         |                                     |                                   | Net Governmental<br>Activities | Business-type<br>Activities | Total               |
|---|-------------------|-------------------------|-------------------------------------|-----------------------------------|--------------------------------|-----------------------------|---------------------|
|   | Expenses          | Charges for<br>Services | Operating Grants<br>& Contributions | Capital Grants<br>& Contributions |                                |                             |                     |
| <b>Governmental activities:</b>               |                   |                         |                                     |                                   |                                |                             |                     |
| General government                            | \$ 7,351,947      | \$ 4,257,142            | \$ -                                | \$ -                              | \$ (3,094,805)                 |                             | \$ (3,094,805)      |
| Public Safety                                 | 15,229,301        | 3,142,140               | 946,031                             | 1,051,487                         | (10,089,642)                   |                             | (10,089,642)        |
| Highways & public improvements                | 11,972,570        | 732,573                 | 5,643,539                           | 18,728,288                        | 13,131,830                     |                             | 13,131,830          |
| Parks, recreation & public property           | 11,292,939        | 2,915,269               | 1,130,201                           | 88,160                            | (7,159,310)                    |                             | (7,159,310)         |
| Community & economic development              | 2,000,381         | 884,803                 | 429,851                             |                                   | (685,728)                      |                             | (685,728)           |
| Interest on long-term debt                    | 3,525,167         |                         |                                     |                                   | (3,525,167)                    |                             | (3,525,167)         |
| <b>Total governmental activities</b>          | <b>51,372,305</b> | <b>11,931,926</b>       | <b>8,149,621</b>                    | <b>19,867,934</b>                 | <b>(11,422,821)</b>            | <b>-</b>                    | <b>(11,422,821)</b> |
| <b>Business-type activities:</b>              |                   |                         |                                     |                                   |                                |                             |                     |
| Electric                                      | 59,600,189        | 54,108,719              | 144,464                             |                                   | (5,347,006)                    |                             | (5,347,006)         |
| Water   | 14,778,353        | 13,824,831              | 20,767                              |                                   | (932,755)                      |                             | (932,755)           |
| Regional wastewater treatment                 | 5,114,279         | 8,535,906               |                                     |                                   | 3,421,627                      |                             | 3,421,627           |
| Wastewater collection                         | 7,729,040         | 7,963,409               |                                     |                                   | 234,368                        |                             | 234,368             |
| Golf courses                                  | 4,251,966         | 3,283,012               |                                     |                                   | (968,955)                      |                             | (968,955)           |
| Municipal bldg authority                      | 149,192           | -                       |                                     |                                   | (149,192)                      |                             | (149,192)           |
| Drainage Utility                              | 121,902           | 992,307                 |                                     |                                   | 870,406                        |                             | 870,406             |
| Solid waste                                   | 3,391,247         | 3,407,168               |                                     |                                   | 15,921                         |                             | 15,921              |
| <b>Total business-type activities</b>         | <b>95,136,169</b> | <b>92,115,351</b>       | <b>165,231</b>                      | <b>-</b>                          | <b>(2,855,588)</b>             | <b>-</b>                    | <b>(2,855,588)</b>  |
| <b>General Revenues:</b>                      |                   |                         |                                     |                                   |                                |                             |                     |
| <b>Taxes:</b>                                 |                   |                         |                                     |                                   |                                |                             |                     |
| Property taxes levied for general purposes    |                   |                         |                                     |                                   | 10,315,059                     |                             | 10,315,059          |
| Property taxes levied for debt service        |                   |                         |                                     |                                   | 2,391,847                      |                             | 2,391,847           |
| Franchise taxes                               |                   |                         |                                     |                                   | 6,165,138                      |                             | 6,165,138           |
| General sales taxes & highway sales taxes     |                   |                         |                                     |                                   | 15,806,491                     |                             | 15,806,491          |
| Business licenses                             |                   |                         |                                     |                                   | 683,068                        |                             | 683,068             |
| Investment income                             |                   |                         |                                     |                                   | 258,028                        | 149,121                     | 407,149             |
| Lease payments                                |                   |                         |                                     |                                   | (105,993)                      |                             | (105,993)           |
| Gain on sale of assets                        |                   |                         |                                     |                                   | 434,470                        |                             | 434,470             |
| Rents & concessions                           |                   |                         |                                     |                                   | 51,985                         | 2,563,114                   | 2,615,098           |
| Miscellaneous                                 |                   |                         |                                     |                                   | 93,392                         | 258,615                     | 352,006             |
| Transfers                                     |                   |                         |                                     |                                   | (813,669)                      | 813,669                     | -                   |
| <b>Total general revenues &amp; transfers</b> |                   |                         |                                     |                                   | <b>35,279,817</b>              | <b>3,784,518</b>            | <b>39,064,335</b>   |
| <b>Change in net assets</b>                   |                   |                         |                                     |                                   | <b>23,856,996</b>              | <b>928,930</b>              | <b>24,785,926</b>   |
| Net assets - beginning                        |                   |                         |                                     |                                   | 245,544,533                    | 212,315,440                 | 457,859,973         |
| Net assets - ending                           |                   |                         |                                     |                                   | \$ 269,401,529                 | \$ 213,244,370              | \$ 482,645,899      |

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, 2011

| <b>ASSETS</b>        | <u>General</u>      | <u>Replacement Airport<br/>Capital Proj. Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|----------------------|---------------------|---|---|---|
| Cash                 | \$ 1,746,858        | \$ (20,229,077)                                   | \$ 35,293,520                           | \$ 16,811,301                           |
| Accounts receivable  | 3,070,277           | 488,354   | 2,993,837                               | 6,552,468                               |
| Prepaid items        | 7,718               |   |   | 7,718                                   |
| Inventory            | 113,173             |   |   | 113,173                                 |
| Notes receivable     | 1,621,140           |   |   | 1,621,140                               |
| Due from other funds | 500,000             | 35,969  | 348,069                                 | 884,038                                 |
| <b>Total assets</b>  | <b>\$ 7,059,165</b> | <b>\$ (19,704,755)</b>                            | <b>\$ 38,635,426</b>                    | <b>\$ 25,989,837</b>                    |

**LIABILITIES AND FUND BALANCE**

|   |                     |                        |                      |                     |
|---|---------------------|------------------------|----------------------|---------------------|
| <b>Liabilities:</b>                       |                     |                        |                      |                     |
| Construction bonds held                   | \$ 178,065          | \$ -                   | \$ -                 | \$ 178,065          |
| Due to other funds                        | -                   |                        | 384,038              | 384,038             |
| Accrued liabilities                       | 1,187,916           | 84,581                 | 992,830              | 2,265,327           |
| Deferred revenues                         | 49,409              | -                      | 223,114              | 272,523             |
| <b>Total liabilities</b>                  | <b>1,415,389</b>    | <b>84,581</b>          | <b>1,599,982</b>     | <b>3,099,953</b>    |
| <b>Fund Balance:</b>                      |                     |                        |                      |                     |
| <b>Nonspendable:</b>                      |                     |                        |                      |                     |
| Inventories & prepaids                    | 120,891             |                        |                      | 120,891             |
| Noncurrent receivables                    | 2,121,140           |                        |                      | 2,121,140           |
| <b>Restricted for:</b>                    |                     |                        |                      |                     |
| Public safety programs                    | 105,866             |                        | -                    | 105,866             |
| Cemetery perpetual care                   | 141,068             |                        |                      | 141,068             |
| Transportation programs                   |                     |                        | 11,687,114           | 11,687,114          |
| Housing & community development           |                     |                        | 505,208              | 505,208             |
| Parks construction & development          |                     |                        | 1,252,157            | 1,252,157           |
| Special revenue funds                     |                     |                        | 414,660              | 414,660             |
| Debt service fund                         |                     |                        | 1,334,327            | 1,334,327           |
| Capital projects fund                     |                     |                        | 2,773,948            | 2,773,948           |
| <b>Assigned to:</b>                       |                     |                        |                      |                     |
| Special revenue funds                     |                     |                        | 2,572,013            | 2,572,013           |
| Capital projects fund                     |                     |                        | 17,362,834           | 17,362,834          |
| <b>Unassigned:</b>                        | <b>3,154,811</b>    | <b>(19,789,336)</b>    | <b>(866,817)</b>     | <b>(17,501,342)</b> |
| <b>Total fund balance</b>                 | <b>5,643,776</b>    | <b>(19,789,336)</b>    | <b>37,035,444</b>    | <b>22,889,885</b>   |
| <b>Total liabilities and fund balance</b> | <b>\$ 7,059,165</b> | <b>\$ (19,704,755)</b> | <b>\$ 38,635,426</b> |                     |

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.                                     | 319,180,345  |
| 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. | (73,293,744) |
| Fund balance in Self-Insurance internal service fund  | 625,040      |

**\$ 269,401,526**

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  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|  | General             | Replacement Airport<br>Capital Proj. Fund | Non-major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---|------------------------------------|--------------------------------|
| <b>Revenues:</b>   |                     |   |                                    |                                |
| Taxes & special assessments                                  | \$ 26,964,263       | \$ -                                      | \$8,626,260                        | \$ 35,590,522                  |
| Licenses and permits   | 1,423,821           |   | -                                  | 1,423,821                      |
| Intergovernmental  | 3,170,062           | 15,884,243                                | 4,504,694                          | 23,559,000                     |
| Charges for services   | 8,808,926           |   | 40,417                             | 8,849,343                      |
| Fines & forfeitures  | 1,081,108           |   | -                                  | 1,081,108                      |
| Investment income  | 164,324             | -   | 91,785                             | 256,109                        |
| Rents & concessions  | 30,213              |   | 21,771                             | 51,985                         |
| Miscellaneous  | 82,590              |   | 10,802                             | 93,392                         |
| Contributions from other sources                             | 139,335             |   |                                    | 139,335                        |
| Capital development fees                                     | -                   |   | 1,479,092                          | 1,479,092                      |
| <b>Total revenues</b>  | <b>41,864,643</b>   | <b>15,884,243</b>                         | <b>14,774,821</b>                  | <b>72,523,706</b>              |
| <b>Expenditures:</b>   |                     |   |                                    |                                |
| <b>Current:</b>  |                     |   |                                    |                                |
| General government   | 5,601,325           |   | 192,758                            | 5,794,084                      |
| Public safety  | 14,707,869          |   | 1,087                              | 14,708,957                     |
| Highways & public improvements                               | 6,687,773           | 22,222                                    | 2,780,493                          | 9,490,489                      |
| Parks, recreation & public property                          | 8,888,809           |   | 749,159                            | 9,637,969                      |
| Community & economic development                             | 1,110,749           |   | 857,588                            | 1,968,337                      |
| Capital outlay   | -                   | 21,629,139                                | 8,795,506                          | 30,424,645                     |
| Debt service   |                     |   |                                    |                                |
| Capital leases   | 55,993              |   | 50,000                             | 105,993                        |
| Principal  | -                   |   | 10,411,398                         | 10,411,398                     |
| Interest & admin charges                                     | -                   |   | 2,697,287                          | 2,697,287                      |
| <b>Total expenditures</b>                                    | <b>37,052,519</b>   | <b>21,651,362</b>                         | <b>26,535,278</b>                  | <b>85,239,158</b>              |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>4,812,124</b>    | <b>(5,767,119)</b>                        | <b>(11,760,457)</b>                | <b>(12,715,452)</b>            |
| <b>Other financing sources (uses):</b>                       |                     |   |                                    |                                |
| Transfers in   | 708,823             | 835,584                                   | 9,413,594                          | 10,958,001                     |
| Transfers out  | (4,667,000)         | (38,000)                                  | (6,509,569)                        | (11,214,569)                   |
| Contributions from private sources                           |                     |   | 808,551                            | 808,551                        |
| Proceeds from sale of capital assets                         | 33,408              |   | 401,062                            | 434,470                        |
| Contributions from other governments                         |                     | 712,677                                   | 1,146,495                          | 1,859,172                      |
| Proceeds of refunding bonds                                  |                     |   | 5,395,000                          | 5,395,000                      |
| Premium on refunding bonds                                   |                     |   | -                                  | 275,233                        |
| <b>Total other financing sources<br/>(uses)</b>              | <b>(3,924,769)</b>  | <b>1,510,261</b>                          | <b>10,930,365</b>                  | <b>8,515,858</b>               |
| <b>Net change in fund balances</b>                           | <b>887,355</b>      | <b>(4,256,857)</b>                        | <b>(830,092)</b>                   | <b>(4,199,594)</b>             |
| <b>Fund balances, beginning of year,</b>                     | <b>4,756,422</b>    | <b>(15,532,480)</b>                       | <b>37,865,538</b>                  | <b>27,089,480</b>              |
| <b>Fund balances, end of year</b>                            | <b>\$ 5,643,777</b> | <b>\$ (19,789,337)</b>                    | <b>\$ 37,035,447</b>               | <b>\$ 22,889,886</b>           |

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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds \$ (4,199,594)

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. 23,289,930

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 11,081,397

Bond premiums are revenues in the governmental funds in the year of issuance, but amortization of the liability in the government-wide statement of net assets reduces interest expense in the government-wide statement of activities (275,233)  
99,467

Issuance of long-term debt is a revenue in the governmental funds, but the proceeds increases long-term liabilities in the statement of net assets. (5,395,000)

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. (821,985)

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. 77,754

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. 256

Change in net assets of governmental activities \$ 23,856,992

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS     |                      | ACTUAL               | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE (NEGATIVE) |
|---|----------------------|----------------------|----------------------|--|
|   | ORIGINAL             | FINAL                |                      |  |
| <b>REVENUES:</b>                                    |                      |                      |                      |  |
| <b>Taxes:</b>                                       |                      |                      |                      |  |
| General property taxes                              | \$ 8,450,000         | \$ 8,450,000         | \$ 8,034,101         | \$ (415,899)   |
| Prior year's delinquent taxes                       | 200,000              | 570,000              | 587,203              | 17,203   |
| General sales & use taxes                           | 11,300,000           | 12,100,000           | 12,177,820           | 77,820   |
| Franchise taxes                                     | 6,000,000            | 6,100,000            | 6,165,138            | 65,138   |
| <b>Total taxes</b>                                  | <b>25,950,000</b>    | <b>27,220,000</b>    | <b>26,964,263</b>    | <b>(255,737)</b>                                     |
| <b>Licenses &amp; permits:</b>                      |                      |                      |                      |  |
| Business licenses & permits                         | 661,000              | 661,000              | 683,068              | 22,068   |
| Non-business licenses & permits                     | 731,000              | 731,000              | 740,753              | 9,753  |
| <b>Total licenses &amp; permits</b>                 | <b>1,392,000</b>     | <b>1,392,000</b>     | <b>1,423,821</b>     | <b>31,821</b>  |
| <b>Intergovernmental revenues:</b>                  |                      |                      |                      |  |
| Federal grants                                      | 200,000              | 490,889              | 580,312              | 89,423   |
| State grants  | 125,000              | 224,475              | 106,977              | (117,498)  |
| Class "C" roads                                     | 2,300,000            | 2,360,000            | 2,377,843            | 17,843   |
| State liquor allotment                              | 122,500              | 122,500              | 104,930              | (17,570)   |
| <b>Total intergovernmental revenues</b>             | <b>2,747,500</b>     | <b>3,197,864</b>     | <b>3,170,062</b>     | <b>(27,802)</b>                                      |
| <b>Charges for services:</b>                        |                      |                      |                      |  |
| Enterprise funds                                    | 3,736,000            | 3,736,000            | 3,736,000            | -  |
| Public safety                                       | 2,076,627            | 2,106,627            | 2,061,032            | (45,595)   |
| Parks & public property                             | 122,000              | 122,000              | 144,050              | 22,050   |
| Cemetery  | 193,500              | 193,500              | 202,895              | 9,395  |
| Recreation  | 2,012,150            | 2,157,650            | 2,130,746            | (26,904)   |
| Airport   | 550,000              | 550,000              | 499,123              | (50,877)   |
| Reuse Center  | 22,000               | 37,000               | 35,080               | (1,920)  |
| <b>Total charges for services</b>                   | <b>8,712,277</b>     | <b>8,902,777</b>     | <b>8,808,926</b>     | <b>(93,851)</b>                                      |
| <b>Fines &amp; forfeitures:</b>                     |                      |                      |                      |  |
| Court fines & bail forfeitures                      | 964,000              | 1,081,000            | 1,081,108            | 108  |
| <b>Miscellaneous:</b>                               |                      |                      |                      |  |
| Interest  | 200,000              | 200,000              | 164,324              | (35,676)   |
| Rents & concessions                                 | 32,000               | 32,000               | 30,213               | (1,787)  |
| Other   | 60,100               | 70,100               | 82,590               | 12,490   |
| <b>Total miscellaneous</b>                          | <b>292,100</b>       | <b>302,100</b>       | <b>277,128</b>       | <b>(24,972)</b>                                      |
| <b>Total revenues</b>                               | <b>40,057,877</b>    | <b>42,095,741</b>    | <b>41,725,307</b>    | <b>(370,434)</b>                                     |
| <b>Other Financing Sources :</b>                    |                      |                      |                      |  |
| Sales of capital assets                             | 20,000               | 40,000               | 33,408               | (6,592)  |
| Contributions from others                           | 100,000              | 176,250              | 139,335              | (36,915)   |
| Appropriated fund balance                           | -                    | 557,913              | -                    | (557,913)  |
| Transfers from other funds                          | 724,550              | 779,950              | 708,823              | (71,127)   |
| <b>Total Other Financing Sources :</b>              | <b>844,550</b>       | <b>1,554,113</b>     | <b>881,566</b>       | <b>(672,547)</b>                                     |
| <b>Total revenues &amp; Other Financing Sources</b> | <b>\$ 40,902,427</b> | <b>\$ 43,649,854</b> | <b>\$ 42,606,874</b> | <b>\$ (1,042,980)</b>                                |

(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)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| EXPENDITURES:  | BUDGETED AMOUNTS    |                     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE (NEGATIVE) |
|--|---------------------|---------------------|---------------------|--|
|  | ORIGINAL            | FINAL               |                     |  |
| <b>General government:</b>                           |                     |                     |                     |  |
| City Council   | \$ 642,055          | \$ 642,055          | \$ 519,147          | \$ 122,908   |
| City Manager   | 247,218             | 247,218             | 236,180             | 11,038   |
| Human Resources                                      | 355,966             | 355,966             | 350,410             | 5,556  |
| Administrative Services                              | 402,458             | 402,458             | 388,886             | 13,572   |
| Finance  | 1,397,925           | 1,397,925           | 1,366,717           | 31,208   |
| Technology Services                                  | 1,021,918           | 1,021,918           | 1,004,639           | 17,279   |
| Legal  | 1,000,501           | 1,038,801           | 1,000,920           | 37,881   |
| Elections  | -                   | -                   | -                   | -  |
| Economic Development Administration                  | 830,410             | 830,410             | 734,426             | 95,984   |
| <b>Total general government</b>                      | <b>5,898,451</b>    | <b>5,936,751</b>    | <b>5,601,325</b>    | <b>335,426</b>                                       |
| <b>Public Safety:</b>                                |                     |                     |                     |  |
| Police   | 9,679,867           | 10,021,955          | 9,884,573           | 137,382  |
| Drug Task Force                                      | 194,900             | 254,500             | 146,211             | 108,289  |
| Dispatch Center                                      | 2,036,128           | 2,093,003           | 1,940,787           | 152,216  |
| Fire   | 3,116,226           | 3,127,527           | 2,736,298           | 391,229  |
| <b>Total public safety</b>                           | <b>15,027,121</b>   | <b>15,496,985</b>   | <b>14,707,869</b>   | <b>789,116</b>                                       |
| <b>Highways &amp; public improvements:</b>           |                     |                     |                     |  |
| Flood Control  | -                   | -                   | -                   | -  |
| Public Works Administration                          | 360,387             | 360,387             | 249,193             | 111,194  |
| Streets  | 4,021,369           | 4,021,369           | 4,001,025           | 20,344   |
| Fleet Maintenance                                    | 933,198             | 933,198             | 884,552             | 48,646   |
| Engineering  | 1,160,881           | 1,160,881           | 957,990             | 202,891  |
| Airport  | 552,540             | 582,540             | 595,014             | (12,474)   |
| <b>Total highways &amp; improvements</b>             | <b>7,028,375</b>    | <b>7,058,375</b>    | <b>6,687,773</b>    | <b>370,602</b>                                       |
| <b>Parks, Recreation &amp; Public Property:</b>      |                     |                     |                     |  |
| Building Maintenance                                 | 992,390             | 992,390             | 972,116             | 20,274   |
| Parks and open spaces                                | 3,497,807           | 3,617,518           | 3,542,043           | 75,475   |
| Recreation & cultural arts                           | 4,074,859           | 4,189,559           | 4,078,816           | 110,743  |
| Cemetery   | 335,399             | 335,399             | 295,834             | 39,565   |
| <b>Total parks, recreation &amp; public property</b> | <b>8,900,455</b>    | <b>9,134,866</b>    | <b>8,888,809</b>    | <b>246,057</b>                                       |
| <b>Community development</b>                         | <b>1,360,383</b>    | <b>1,360,383</b>    | <b>1,110,749</b>    | <b>249,634</b>                                       |
| <b>Debt service: Capital leases</b>                  | <b>55,993</b>       | <b>55,993</b>       | <b>55,993</b>       | <b>-</b>   |
| <b>Total expenditures</b>                            | <b>38,270,778</b>   | <b>39,043,353</b>   | <b>37,052,519</b>   | <b>1,990,834</b>                                     |
| <b>OTHER FINANCING USES</b>                          |                     |                     |                     |  |
| Contributions to other funds                         | 2,692,148           | 4,667,000           | 4,667,000           | -  |
| <b>TOTAL EXPENDITURES &amp; OTHER USES</b>           | <b>40,962,926</b>   | <b>43,710,353</b>   | <b>41,719,519</b>   | <b>1,990,834</b>                                     |
| <b>Net change in fund balance</b>                    | <b>(60,499)</b>     | <b>(60,499)</b>     | <b>887,355</b>      | <b>\$ 947,854</b>                                    |
| <b>Fund Balance at beginning of year</b>             | <b>4,756,422</b>    | <b>4,756,422</b>    | <b>4,756,422</b>    |  |
| <b>Fund Balance at end of year</b>                   | <b>\$ 4,695,923</b> | <b>\$ 4,695,923</b> | <b>\$ 5,643,777</b> |  |

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, 2011

|  | Business-type Activities - Enterprise Funds |                      |                       |                               | TOTALS<br>2011        | Governmental<br>Activities<br>Internal<br>Service Fund |
|--|---|----------------------|-----------------------|-------------------------------|-----------------------|--|
|  | ELECTRIC<br>UTILITIES                       | WATER<br>UTILITIES   | WASTEWTR<br>TREATMENT | Non-Major<br>Enterprise Funds |                       |  |
| <b>ASSETS</b>  |   |                      |                       |                               |                       |  |
| Current assets:  |   |                      |                       |                               |                       |  |
| Cash   | \$ 6,220,551                                | \$ (539,510)         | \$ 32,350,548         | \$ 1,652,231                  | \$ 39,683,820         | \$ 630,731   |
| Restricted cash  | -   | 3,228,193            | 2,334,681             | 803,543                       | 6,366,417             | -  |
| Accts. receivable (net of<br>allowance for uncollectibles<br>of \$1,348,178) | 9,768,023                                   | 81,965               | 389,072               | 45,386                        | 10,284,445            | -  |
| Inventory  | 1,840,282                                   | 587,902              | -                     | -                             | 2,428,184             | -  |
| Due from other funds   | -   | -                    | -                     | -                             | -                     | -  |
| Note receivable  | -   | -                    | -                     | 12,978                        | 12,978                | -  |
| Bond discounts & insurance   | 1,545,906                                   | 645,535              | 240,542               | 105,766                       | 2,537,748             | -  |
| Prepaid expenses   | 1,160                                       | 1,160                | -                     | -                             | 2,319                 | -  |
| <b>Total current assets</b>  | <b>19,375,921</b>                           | <b>4,005,243</b>     | <b>35,314,843</b>     | <b>2,619,904</b>              | <b>61,315,911</b>     | <b>630,731</b>   |
| Capital assets<br>net of accumulated depreciation                            | 98,743,093                                  | 98,718,172           | 55,174,992            | 25,740,185                    | 278,376,442           | -  |
| <b>TOTAL ASSETS</b>  | <b>118,119,013</b>                          | <b>102,723,415</b>   | <b>90,489,835</b>     | <b>28,360,089</b>             | <b>339,692,353</b>    | <b>630,731</b>   |
| <b>LIABILITIES</b>   |   |                      |                       |                               |                       |  |
| Current liabilities:   |   |                      |                       |                               |                       |  |
| Accrued liabilities  | 7,410,426                                   | 2,027,052            | 644,891               | 863,950                       | 10,946,320            | 5,691  |
| Capital leases   | -   | -                    | -                     | 961,766                       | 961,766               | -  |
| Due to other funds (short-term)  | -   | -                    | -                     | -                             | -                     | -  |
| Deposits payable   | 1,312,898                                   | -                    | -                     | -                             | 1,312,898             | -  |
| <b>Total current liabilities</b>   | <b>8,723,324</b>                            | <b>2,027,052</b>     | <b>644,891</b>        | <b>1,825,717</b>              | <b>13,220,984</b>     | <b>5,691</b>   |
| Long-term liabilities:   |   |                      |                       |                               |                       |  |
| Bonds payable - long term  | 62,610,000                                  | 39,507,513           | 6,963,522             | 802,000                       | 109,883,035           | -  |
| Bond premiums  | 635,931                                     | 2,060,766            | 147,263               | -                             | 2,843,960             | -  |
| Due to other funds (long-term)   | -   | -                    | -                     | 500,000                       | 500,000               | -  |
| <b>Total long-term liabilities</b>   | <b>63,245,931</b>                           | <b>41,568,279</b>    | <b>7,110,785</b>      | <b>1,302,000</b>              | <b>113,226,996</b>    | <b>-</b>   |
| <b>Total liabilities</b>   | <b>71,969,256</b>                           | <b>43,595,332</b>    | <b>7,755,676</b>      | <b>3,127,717</b>              | <b>126,447,980</b>    | <b>5,691</b>   |
| <b>NET ASSETS</b>  |   |                      |                       |                               |                       |  |
| Invested in capital assets,<br>net of related debt                           | 37,043,067                                  | 57,795,428           | 48,304,749            | 24,082,184                    | 167,225,428           | -  |
| Restricted   | -   | 3,228,193            | 2,334,681             | 803,543                       | 6,366,417             | -  |
| Unrestricted   | 9,106,690                                   | (1,895,537)          | 32,094,729            | 346,645                       | 39,652,528            | 625,040  |
| <b>Total net assets</b>  | <b>\$ 46,149,757</b>                        | <b>\$ 59,128,084</b> | <b>\$ 82,734,159</b>  | <b>\$ 25,232,373</b>          | <b>\$ 213,244,373</b> | <b>\$ 625,040</b>                                      |

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|  | Business-type Activities - Enterprise Funds |                      |                       |                               | TOTALS<br>2011        | Governmental<br>Activities<br>Internal<br>Service Fund |
|--|---|----------------------|-----------------------|-------------------------------|-----------------------|--|
|  | ELECTRIC<br>UTILITIES                       | WATER<br>UTILITIES   | WASTEWTR<br>TREATMENT | Non-Major<br>Enterprise Funds |                       |  |
| <b>OPERATING REVENUES:</b>                   |   |                      |                       |                               |                       |  |
| Charges for services                         | \$ 51,663,285                               | \$ 13,235,565        | \$ 7,870,955          | \$ 15,389,279                 | \$ 88,159,084         | \$ 521,142   |
| Other operating revenues                     | 2,445,434                                   | 589,265              | 664,951               | 256,617                       | 3,956,267             |  |
| <b>Total operating revenues</b>              | <b>54,108,719</b>                           | <b>13,824,831</b>    | <b>8,535,906</b>      | <b>15,645,896</b>             | <b>92,115,351</b>     | <b>\$ 521,142</b>                                      |
| <b>OPERATING EXPENSES:</b>                   |   |                      |                       |                               |                       |  |
| Electricity purchased                        | 38,833,578                                  |                      | 409,983               |                               | 39,243,561            |  |
| Natural gas purchased                        | 3,499,843                                   |                      |                       |                               | 3,499,843             |  |
| Water purchased                              |   | 4,530,742            |                       |                               | 4,530,742             |  |
| Salary and wages                             | 3,207,560                                   | 2,133,783            | 929,639               | 1,930,930                     | 8,201,912             |  |
| Supplies                                     | 888,178                                     | -                    | -                     | 415,642                       | 1,303,820             |  |
| Service vehicle expense                      | 141,120                                     | 185,811              | 54,508                | 111,872                       | 493,311               |  |
| Equipment rental                             | -   | 38,717               | 2,684                 | 3,758                         | 45,159                |  |
| Depreciation                                 | 6,261,468                                   | 2,976,691            | 1,471,464             | 1,144,507                     | 11,854,131            |  |
| Payroll tax & employee benefits              | 1,213,615                                   | 911,802              | 394,731               | 802,711                       | 3,322,859             |  |
| Office & dept. supplies                      | 82,995                                      | 250,818              | 49,558                | 143,783                       | 527,155               |  |
| Professional services                        | 350,185                                     | 193,648              | 166,092               | 556,549                       | 1,266,474             | 544  |
| R. & M. - equipment                          | 393,528                                     | 766,380              | 552,387               | 71,284                        | 1,783,580             |  |
| R. & M. - buildings and grounds              | 18,089                                      | 22,481               | 24,514                | 737,323                       | 802,406               |  |
| Insurance & surety bonds                     | 141,315                                     | 66,653               | 58,897                | 49,126                        | 315,990               |  |
| Travel                                       | 44,520                                      | 17,318               | 10,023                | 4,684                         | 76,545                |  |
| Miscellaneous                                | 1,469                                       | 598                  |                       |                               | 2,067                 |  |
| Interest expense                             | 24,235                                      |                      |                       |                               | 24,235                |  |
| Subscriptions & memberships                  | 53,544                                      | 15,207               | 821                   | 3,376                         | 72,948                |  |
| Lease payments                               |   |                      |                       |                               | -                     |  |
| Claims paid                                  |   |                      |                       |                               |                       | 247,401  |
| Insurance premiums                           |   |                      |                       |                               |                       | 274,860  |
| Contract labor                               |   |                      |                       | 8,923,255                     | 8,923,255             |  |
| Billing & administration                     | 1,400,000                                   | 975,000              | 650,000               | 711,000                       | 3,736,000             |  |
| <b>Total operating expenses</b>              | <b>56,555,241</b>                           | <b>13,085,648</b>    | <b>4,775,302</b>      | <b>15,609,799</b>             | <b>90,025,990</b>     | <b>522,805</b>   |
| <b>Operating income (loss)</b>               | <b>(2,446,522)</b>                          | <b>739,182</b>       | <b>3,760,604</b>      | <b>36,097</b>                 | <b>2,089,362</b>      | <b>(1,663)</b>   |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>     |   |                      |                       |                               |                       |  |
| Interest income                              | 22,604                                      | 12,438               | 101,043               | 13,036                        | 149,121               | 1,919  |
| Rent   | -   | 2,422,091            | 6,000                 | 135,023                       | 2,563,114             |  |
| Miscellaneous income                         | 163,576                                     |                      | 66,613                | 28,427                        | 258,615               | -  |
| Federal grants                               | 144,464                                     | 20,767               | -                     |                               | 165,231               |  |
| Loss on bond refinancing                     | -   |                      | (112,198)             | -                             | (112,198)             |  |
| Interest charges                             | (3,044,949)                                 | (1,692,704)          | (226,779)             | (33,549)                      | (4,997,981)           |  |
| <b>Total non-operating revenue (expense)</b> | <b>(2,714,305)</b>                          | <b>762,591</b>       | <b>(165,321)</b>      | <b>142,937</b>                | <b>(1,974,098)</b>    | <b>1,919</b>   |
| <b>Income before transfers</b>               | <b>(5,160,827)</b>                          | <b>1,501,773</b>     | <b>3,595,283</b>      | <b>179,034</b>                | <b>115,264</b>        | <b>256</b>   |
| Transfers (to) from other funds              |   | 35,528               |                       | 778,142                       | 813,670               |  |
| <b>Change in Net Assets</b>                  | <b>(5,160,827)</b>                          | <b>1,537,301</b>     | <b>3,595,283</b>      | <b>957,176</b>                | <b>928,934</b>        | <b>256</b>   |
| Total net assets - beginning                 | 51,310,584                                  | 57,590,784           | 79,138,878            | 24,275,198                    | 212,315,444           | 624,783  |
| <b>Total net assets - ending</b>             | <b>\$ 46,149,757</b>                        | <b>\$ 59,128,085</b> | <b>\$ 82,734,161</b>  | <b>\$ 25,232,374</b>          | <b>\$ 213,244,378</b> | <b>\$ 625,039</b>                                      |

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

CITY OF ST. GEORGE, UTAH

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | Business-type Activities - Enterprise Funds |                    |                       |                               |                | Governmental                           |
|---|---|--------------------|-----------------------|-------------------------------|----------------|--|
|   | ELECTRIC<br>UTILITIES                       | WATER<br>UTILITIES | WASTEWTR<br>TREATMENT | Non-Major<br>Enterprise Funds | TOTALS<br>2011 | Activities<br>Internal<br>Service Fund |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |                    |                       |                               |                |  |
| Receipts from customers and users   | \$ 55,420,986                               | \$ 13,948,701      | \$ 8,616,479          | 15,683,354                    | \$ 93,669,520  | \$ -                                   |
| Receipts from interfund services provided   |   |                    |                       |                               |                | 521,142                                |
| Payments to suppliers   | (43,645,383)                                | (7,147,054)        | (1,521,387)           | (11,742,135)                  | (64,055,959)   |  |
| Payments to employees   | (4,421,175)                                 | (3,045,585)        | (1,324,370)           | (2,733,641)                   | (11,524,770)   |  |
| Payments for interfund services used  |   |                    |                       |                               |                | (551,670)                              |
| Net cash provided (used) by operating activities  | 7,354,429                                   | 3,756,062          | 5,770,721             | 1,207,578                     | 18,088,791     | (30,528)                               |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |   |                    |                       |                               |                |  |
| Rents received  |   | 2,422,091          | 6,000                 | 135,023                       | 2,563,114      |  |
| Miscellaneous non-operating income  | 163,576                                     |                    | 66,613                | 28,427                        | 258,615        |  |
| Economic development transfer   |   | 35,528             |                       | 778,142                       | 813,670        |  |
| Net cash provided (used) by noncapital and related financing activities                           | 163,576                                     | 2,457,618          | 72,613                | 941,592                       | 3,635,398      | -                                      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                   |   |                    |                       |                               |                |  |
| Proceeds from capital debt  |   | 6,120,000          | -                     |                               | 6,120,000      |  |
| Purchases of capital assets   | (4,795,893)                                 | (3,125,491)        | (577,133)             | (929,594)                     | (9,428,111)    |  |
| Principal paid on capital debt  | (1,570,000)                                 | (8,785,000)        | (2,079,000)           | (92,000)                      | (12,526,000)   |  |
| Interest paid on capital debt   | (3,044,949)                                 | (1,692,704)        | (226,779)             | (33,549)                      | (4,997,981)    |  |
| Capital lease principal payments  |   | -                  |                       | 418,844                       | 418,844        |  |
| Loss on bond refinancing  |   | -                  | (112,199)             |                               | (112,199)      |  |
| Premium on bonds issued   | (38,131)                                    | (131,719)          | (73,631)              |                               | (243,481)      |  |
| Federal grants  | 144,464                                     | 20,767             | -                     |                               | 165,231        |  |
| Net cash provided (used) by capital and related financing activities                              | (9,304,509)                                 | (7,594,147)        | (3,068,742)           | (636,299)                     | (20,603,697)   | -                                      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |   |                    |                       |                               |                |  |
| Interest received   | 22,604                                      | 12,438             | 101,043               | 13,036                        | 149,121        | 1,919                                  |
| Net increase (decrease) in cash and cash equivalents  | (1,763,900)                                 | (1,368,029)        | 2,875,636             | 1,525,907                     | 1,269,614      | (28,609)                               |
| Cash and equivalents including restricted cash of \$6,068,165 at beginning of year                | 7,984,447                                   | 4,056,710          | 31,809,594            | 929,870                       | 44,780,621     | 659,339                                |
| Cash and equivalents including restricted cash of \$6,366,417 at end of year                      | \$ 6,220,547                                | \$ 2,688,681       | \$ 34,685,230         | \$ 2,455,777                  | \$ 46,050,235  | \$ 630,730                             |
| <b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>    |   |                    |                       |                               |                |  |
| Operating income (loss) (after transfers)   | (2,446,522)                                 | 739,182            | 3,760,604             | 36,097                        | 2,089,362      | (1,663)                                |
| Adjustments to reconcile net income from operations to net cash provided by operating activities: |   |                    |                       |                               |                |  |
| Depreciation  | 6,261,468                                   | 2,976,691          | 1,471,464             | 1,144,507                     | 11,854,131     |  |
| Changes in assets & liabilities:  |   |                    |                       |                               |                |  |
| Decrease (increase) in receivables  | 1,312,267                                   | 123,915            | 80,573                | 33,750                        | 1,550,505      |  |
| Decrease (increase) in inventory  | 142,116                                     | (62,007)           |                       |                               | 80,109         |  |
| Decrease (increase) in discounts  | 65,876                                      | (101,226)          | 150,863               | 11,044                        | 126,557        |  |
| Decrease (increase) in note receivable  |   |                    |                       | 3,708                         | 3,708          |  |
| Decrease (increase) in prepaid exp.   | (45)  | (45)               | -                     |                               | (90)           | 6,557                                  |
| Increase (decrease) in deposits   | 16,784                                      |                    |                       |                               | 16,784         |  |
| Increase (decrease) in accruals   | 2,002,483                                   | 79,551             | 307,217               | (21,528)                      | 2,367,723      | (35,422)                               |
| Total adjustments   | 9,800,949                                   | 3,016,879          | 2,010,117             | 1,171,481                     | 15,999,427     | (28,865)                               |
| Net cash provided by operating activities:  | \$ 7,354,428                                | \$ 3,756,061       | \$ 5,770,721          | \$ 1,207,578                  | \$ 18,088,789  | \$ (30,528)                            |

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, 2011**

|  | <b>PENSION<br/>TRUST<br/>*****</b> |
|--|------------------------------------|
| <b>ASSETS</b>  |                                    |
| Restricted cash and investments                          | <b>\$ 15,515,729</b>               |
| Total Assets   | <b>15,515,729</b>                  |
| <b>LIABILITIES</b>                                       |                                    |
| Liabilities:   |                                    |
| Accrued liabilities                                      | -                                  |
| Total liabilities  | -                                  |
| <b>NET ASSETS</b>  |                                    |
| Held in trust for pension benefits<br>and other purposes | <b>\$ 15,515,729</b>               |

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 FISCAL YEAR ENDED JUNE 30, 2011**

|   |    | <b>PENSION<br/>TRUST</b> |
|---|----|--------------------------|
| *****                                     |    |                          |
| <b>ADDITIONS</b>                          |    |                          |
| Retirement contributions                  | \$ | 478,922                  |
| Life insurance contributions              |    | 1,820                    |
| Certificate sales                         |    | -                        |
| Net increase in fair value of investments |    | 2,130,522                |
| Citizen donations                         |    | -                        |
|   |    | <hr/>                    |
| Total additions                           |    | <u>2,611,264</u>         |
| <b>DEDUCTIONS</b>                         |    |                          |
| Administrative & general                  |    | 149                      |
| Life insurance premiums                   |    | 1,820                    |
| Retirement withdrawals                    |    | 846,158                  |
|   |    | <hr/>                    |
| Total deductions                          |    | <u>848,126</u>           |
| <br>                                      |    |                          |
| Change in net assets                      |    | 1,763,138                |
| <br>                                      |    |                          |
| Net assets - beginning of year            |    | <u>13,752,592</u>        |
| <br>                                      |    |                          |
| Net assets - end of year                  | \$ | <u><u>15,515,730</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, 2011

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 expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than as expenditures 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 other major governmental fund is the Replacement Airport Capital Project 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. A Fiduciary fund is 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. When both committed, assigned, or unassigned resources are available for use, it is the City's policy to use committed resources first, followed by assigned resources and then unassigned resources as they are needed.

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

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

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

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

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

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

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

**Committed fund balance** can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the City Council. A resolution, ordinance or vote by the City Council is required to

establish, modify or rescind a fund balance commitment.

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

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

#### 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, 2011 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. At June 30, 2011 this amount was \$1,348,178.

##### 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 costs 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   | \$417,107,896         |
| Accumulated depreciation | <u>(97,927,551)</u>   |
| Total difference         | \$ <u>319,180,345</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, 2011 were:

|   |              |
|---|--------------|
| 2009 Sales Tax Revenue Bonds                  | \$18,750,000 |
| 2005 Sales Tax Revenue Bonds                  | 2,160,000    |
| Excise tax bonds                              | 2,160,000    |
| Parks and recreation general obligation bonds | 15,460,000   |

|  |                      |
|--|----------------------|
| Special assessment bonds                       | 662,000              |
| 2009 Airport TRCC Bonds                        | 9,862,000            |
| Capital lease                                  | 4,217,580            |
| Note payable to McArthur                       | 111,819              |
| Note Payable to SITLA for new airport property | 12,923,030           |
| SIB Loan payable to UDOT for infrastructure    | 2,291,314            |
| Interest payable on long-term debt             | 2,479,691            |
| Unamortized premiums on bonds issued           | 971,502              |
| Compensated absences                           | <u>1,244,808</u>     |
| Total  | <u>\$ 73,293,744</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         | \$30,849,457         |
| Depreciation expense       | <u>(7,559,527)</u>   |
| Net difference as reported | <u>\$ 23,289,930</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 1<sup>st</sup>. 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 22<sup>nd</sup>, 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 \$2,747,427 or 6.71% of the original budget. These increases were made to respond to the better revenues and additional cost cutting which the City did to further respond to the declining economy. Although the City did not experience any layoffs as a result of the continuing decline in the economy, several positions which were vacated thru retirement or other forms of voluntary reductions were not filled and the duties assumed by current employees. These cost saving steps resulted in a larger surplus than originally budgeted and the budget was amended to make additional transfers of this surplus to the economic development fund. The amount of this transfer was \$1,974,852 or 71.88% of the total budget increase.
- 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 on a monthly basis. The July tax remittance is accrued as receivable at June 30<sup>th</sup> year end. Taxes are levied and are due and payable on November 1<sup>st</sup> and delinquent after November 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup>.

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 30<sup>th</sup>.

C. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2011, the 2005 Flood Restoration Fund expenditures exceeded appropriations by \$544.

D. Deficit fund equity

At June 30, 2011 the Future Airport Capital Project fund, the Dixie Center operations fund, the CDBG fund, the Refuse Collection Fund, the Fire Impact Fund, the 2010 Flood Restoration Fund and the Police Impact Fund all had a deficit fund balance. In all but the Future Airport Capital Project fund, it is anticipated that the deficits will be eliminated this year thru increased revenues or spending cuts. The Future Airport project is a multi-year project which will result in deficits for the next few years as the sale of the current airport location, and several of the federal reimbursement grants will not be received until after the completion of the project. Other funds in the City are being used to pay for these costs until they are reimbursed in the future. The most notable fund is the Wastewater Treatment fund which is advancing the cash necessary to meet all current obligations of the capital project fund.

**IV. Detailed Notes for All Funds**

A. Cash and investments

At June 30, 2011, the City had the following cash & investments:

| <u>Investment Type</u>                     | <u>Fair Value</u>    | <u>Percentage</u> |
|--|----------------------|-------------------|
| U.S. Treasuries                            | \$3,418,294          | 4.33%             |
| State Treasurer's investment pool          | 49,258,537           | 62.35%            |
| Bank certificates of deposit               | 4,409,458            | 5.58%             |
| Bank demand deposits (checking & saving)   | 6,405,979            | 8.11%             |
| Insurance company contracts (pension plan) | <u>15,515,729</u>    | <u>19.63%</u>     |
| Total fair value                           | <u>\$ 79,007,997</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, 2011, the weighted average of maturities was 72.78 days. Further information on the state treasurer's investment pool is available on the Utah State Treasurer's website at [www.treasurer.state.ut.us](http://www.treasurer.state.ut.us) or by telephone at 801-538-1042.

#### *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, 2011, excluding the UPTIF, the City had investments with The Village Bank which exceeded five percent but less than the 20%, as allowed by policy with a total of 7.43% of our total investments.

#### *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, 2011, \$72,895,856 (92.26%) of the City's portfolio balance of \$79,007,997 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. Interest accrues 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, 2011, the unpaid principal and interest totaled \$1,621,140.

#### D. Capital assets

Capital asset activity for the year ended June 30, 2011 was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|-------------------|------------------|---------------------------|
| Governmental activities:                    |                              |                   |                  |                           |
| Capital assets not being depreciated:       |                              |                   |                  |                           |
| Land  | \$82,825,345                 | 3,392,026         | _____            | 86,217,371                |
| Capital assets being depreciated:           |                              |                   |                  |                           |
| Buildings                                   | 29,575,420                   | 2,187,266         |                  | 31,762,686                |
| Improvements                                | 63,705,526                   | 531,410           |                  | 64,236,936                |
| Infrastructure                              | 186,796,825                  | 23,255,194        |                  | 210,052,019               |
| Equipment, etc                              | <u>23,355,323</u>            | <u>1,483,561</u>  | _____            | <u>24,838,884</u>         |
| Total capital assets being depreciated      | <u>303,433,094</u>           | <u>27,457,431</u> | _____            | <u>330,890,525</u>        |
| Less accum. depreciation for:               |                              |                   |                  |                           |
| Buildings                                   | 10,689,383                   | 956,578           |                  | 11,645,961                |
| Improvements                                | 17,695,527                   | 2,131,717         |                  | 19,827,244                |
| Infrastructure                              | 47,666,183                   | 3,006,225         |                  | 50,672,408                |
| Equipment etc                               | <u>14,316,930</u>            | <u>1,465,008</u>  | _____            | <u>15,781,938</u>         |
| Total accum. depreciation                   | <u>90,368,023</u>            | <u>7,559,528</u>  | _____            | <u>97,927,551</u>         |
| Total capital assets being depreciated, net | <u>213,065,071</u>           | <u>19,897,903</u> | _____            | <u>232,962,974</u>        |

|  |                              |                     |                  |                           |
|--|------------------------------|---------------------|------------------|---------------------------|
| Governmental activities<br>capital assets, net | <u>\$295,890,416</u>         | <u>\$23,289,929</u> | <u>\$</u>        | <u>\$319,180,345</u>      |
|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
| Business-type activities:                      |                              |                     |                  |                           |
| Capital assets not being depreciated:          |                              |                     |                  |                           |
| Land   | <u>30,561,922</u>            |                     |                  | <u>30,561,922</u>         |
| Capital assets being depreciated:              |                              |                     |                  |                           |
| Buildings and systems                          | 319,085,676                  | 7,995,614           |                  | 327,081,290               |
| Improvements                                   | 17,943,607                   | 22,134              |                  | 17,965,741                |
| Machinery & Equipment                          | <u>19,349,193</u>            | <u>1,410,365</u>    |                  | <u>20,759,558</u>         |
| Total capital assets being<br>depreciated      | <u>356,378,476</u>           | <u>9,428,112</u>    |                  | <u>365,806,588</u>        |
| Less accum. depreciation for:                  |                              |                     |                  |                           |
| Buildings and systems                          | 84,669,937                   | 9,767,904           |                  | 94,437,841                |
| Improvements                                   | 5,843,000                    | 690,180             |                  | 6,533,180                 |
| Machinery & Equipment                          | <u>15,625,001</u>            | <u>1,396,046</u>    |                  | <u>17,021,047</u>         |
| Total accum. Depreciation                      | <u>106,137,938</u>           | <u>11,854,130</u>   |                  | <u>117,992,068</u>        |
| Total capital assets being<br>depreciated, net | <u>250,240,538</u>           | <u>(2,426,018)</u>  |                  | <u>247,814,520</u>        |
| Business-type activities<br>net capital assets | <u>\$280,802,460</u>         | <u>(2,426,018)</u>  |                  | <u>\$278,376,442</u>      |

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

|   |                     |
|---|---------------------|
| Governmental activities:                              |                     |
| General government                                    | \$1,116,716         |
| Public safety   | 743,314             |
| Highways, streets, etc.                               | 3,803,227           |
| Parks, recreations, etc.                              | 1,859,720           |
| Community development                                 | <u>36,550</u>       |
| Total depreciation expense - governmental activities  | <u>\$7,559,527</u>  |
| Business-type activities:                             |                     |
| Municipal building authority                          | \$ 98,336           |
| Water utility   | 2,976,691           |
| Wastewater collection                                 | 447,778             |
| Electric utility                                      | 6,261,468           |
| Golf courses  | 598,394             |
| Regional wastewater treatment                         | <u>1,471,463</u>    |
| Total depreciation expense - business-type activities | <u>\$11,854,130</u> |

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, 2011, interfund balances due to or from other funds was as follows:

| <u>Receivable Fund</u>            | <u>Payable Fund</u>         | <u>Amount</u>    |
|-----------------------------------|-----------------------------|------------------|
| Capital Equip. Capital Proj. Fund | Special Assmnt Debt Service | \$308,667        |
| Public Works Capital Project Fund | Street Bond Cap Proj Fund   | 39,402           |
| Replacement Airport Fund          | Street Bond Cap Proj Fund   | 35,969           |
| General Fund                      | Golf Course Fund            | 500,000          |
|                                   |                             | <u>\$884,038</u> |

The amount receivable in the Capital Equipment Capital Projects Fund represents an interfund loan to the Special Assessment Debt Service Fund for working capital purposes. The amounts receivable in the Public Works Capital Project Fund and the Replacement Airport Fund represent year-end timing differences between when reimbursable expenses were incurred and actually paid in the next fiscal year. The General Fund receivable from the Golf Course Fund again is a working capital loan to help with cash flow in the golf course fund.

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, 2011 were as follows:

| <u>Fund Transferring Out</u>   | <u>Fund Receiving Transfer</u> | <u>Amount</u> |
|--------------------------------|--------------------------------|---------------|
| General Fund                   | Dixie Center Operations        | \$ 467,000    |
|                                | Economic Development           | 4,200,000     |
|                                | Public Works Cap. Projects     | 500,000       |
|                                | Golf Course Fund               | 1,000,000     |
| Economic Development Fund      | SunTran Public Transit Fund    | 350,000       |
| Transportation Improvement     | Public Works Capital Proj.     | 214,825       |
|                                | Street Bond Cap. Proj. Fund    | 1,905,000     |
|                                | General Fund                   | 70,000        |
| Recreation Bond Debt Service   | Park Impact Fund               | 217,673       |
| Airport PFC Fund               | Replacement Airport            | 275,000       |
| Capital Equipment Fund         | General Fund                   | 300,000       |
| Street Bond Capital Proj. Fund | Replacement Airport            | 560,584       |
|                                | Public Works Capital Proj.     | 63,627        |

| <u>Fund Transferring Out</u>                   | <u>Fund Receiving Transfer</u> | <u>Amount</u>        |
|--|--------------------------------|----------------------|
| Park Impact Fund                               | General Fund                   | 40,000               |
| Drainage Impact Fund                           | Public Works Capital Proj.     | 36,554               |
| Drainage Utility Fund                          | Public Works Capital Proj.     | 136,859              |
|  | General Fund                   | 85,000               |
| CDBG Special Revenue Fund                      | General Fund                   | 60,797               |
| CDBG Special Revenue Fund                      | Water Utility                  | 35,528               |
| Ft. Pierce EDA Fund                            | Housing Program Fund           | 108,767*             |
|  | General Fund                   | 19,000               |
|  | Street Bond Cap Proj Fund      | 192,500              |
| EDA #1 Fund                                    | Housing Program Fund           | 59,768*              |
|  | General Fund                   | 10,000               |
|  | Street Bond Cap Proj Fund      | 215,000              |
| Dixie Center EDA Fund                          | General Fund                   | 8,925                |
|  | Street Bond Cap Proj Fund      | 371,500              |
| Ft. Pierce CDA Fund                            | General Fund                   | 20,000               |
|  | Street Bond Cap Proj Fund      | 350,000              |
| Replacement Airport Fund                       | General Fund                   | 38,000               |
| Street Impact Fund                             | Public Works Capital Proj.     | <u>24,521</u>        |
|  | Total Interfund Transfers      | <u>\$ 11,936,428</u> |
| Total Interfund Transfers - Governmental Funds |                                | 11,714,569           |
| Total Interfund Transfers - Enterprise Funds   |                                | 221,859              |

These interfund transfers represent the participation by various funds in large capital projects throughout the City which are funded from multiple resources and from numerous funds and also to account for the payment of debt service with with similar circumstances.

\*The transfers from the EDA funds to the Housing Program Fund are transfers of property tax increments received in the EDA funds but which are restricted as to use by the Olean Walker housing program within the State of Utah. The Housing Program Fund is thus accounted for as a special revenue fund because of the restrictions upon the funds use.

#### F. Long-term debt

##### General Obligation Bonds

- 1) 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. In December of 2006 the City advance refunded \$4,925,000 of the 1999 G O bonds due after August 1, 2012. These bonds totaled \$5,140,000. On July 30, 2010, the City issued the Series 2010 General Obligation Refunding Bonds in a total amount of \$5,395,000. The bonds were issued to take advantage of lower interest rates. The bonds were used to pay and cancel the Series 1999 GO bonds on August 30, 2010 and also the Series 2006 GO bonds on August 30, 2010. The total debt service on the new debt is \$7,600,276 in comparison with \$7,856,921 on the old debt for a cash flow savings of \$256,645 over the life of the bond. This represents a net present value savings of \$227,350.

General obligation bonds are direct obligations of the City and pledge the full faith and credit of the City. The 2004 G O Refunding bonds totaling \$11,645,000 were issued with annual installments of \$430,000 to \$1,420,000 thru August 1, 2021. The 2010 G O Refunding bonds totaling \$5,395,000 were issued with annual installments of \$70,000 to \$1,805,000 thru August 1, 2023.

General obligation bonds currently outstanding at June 30, 2011 are as follows:

Governmental activities:

|                              | <u>Interest rates</u> | <u>Amount</u>       |
|------------------------------|-----------------------|---------------------|
| 2004 G.O. Parks & Recreation | 2.50% to 5.00%        | \$ 10,065,000       |
| 2010 G.O. Parks & Recreation | 2% to 4%              | <u>5,395,000</u>    |
|                              |                       | <u>\$15,460,000</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 \$400,000 to \$870,000 thru June 15, 2015. At June 30, 2011 the outstanding balance of this issue was as follows:

Governmental activities:

|                              | <u>Interest rates</u> | <u>Amount</u>      |
|------------------------------|-----------------------|--------------------|
| 2005 Sales Tax Revenue bonds | 3.90%                 | <u>\$2,160,000</u> |

In the 2009 fiscal year, the City issued refunding sales tax revenue bonds totaling \$22,485,000 for the purpose of refunding the 2007 Sales Tax Revenue bonds totaling \$23,065,000 in order to take advantage of lower interest rates. The bonds are due in annual installments of \$2,425,000 to \$2,980,000 per year from November 1, 2009 thru November 1, 2017. They have an interest rate of 2.50% to 5.053%.

Governmental activities:

|                              | <u>Interest rates</u> | <u>Amount</u>       |
|------------------------------|-----------------------|---------------------|
| 2009 Sales Tax Revenue bonds | 2.50% to 5.053%       | <u>\$18,750,000</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 2004, 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 \$5,000,000 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 being repaid in annual installments of \$690,000 to \$750,000 thru December 1, 2013. At June 30, 2011, the debt balance was as follows:

Governmental activities:

|                               | <u>Interest rates</u> | <u>Amount</u>      |
|-------------------------------|-----------------------|--------------------|
| 2004 Excise Tax Revenue bonds | 4.25% to 4.38%        | <u>\$2,160,000</u> |

Total City reflected General Obligation Debt \$38,530,000

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

(In thousands of dollars)

| <u>Year Ended</u><br><u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u>   |
|-------------------------------------|------------------|-----------------|-----------------|
| 2012                                | \$ 4,230         | \$ 1,396        | \$ 5,626        |
| 2013                                | 4,405            | 1,260           | 5,665           |
| 2014                                | 4,610            | 1,096           | 5,706           |
| 2015                                | 4,450            | 937             | 5,387           |
| 2016                                | 3,740            | 781             | 4,521           |
| 2017-2024                           | <u>17,095</u>    | <u>2,271</u>    | <u>19,366</u>   |
| Totals                              | <u>\$38,530</u>  | <u>\$ 7,741</u> | <u>\$46,271</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, 2011, the various issues outstanding are as follows:

(amounts in thousands)

| <u>District</u> | <u>Original Issue</u> | <u>Annual principal</u>       | <u>Interest rates</u> | <u>Final Due Date</u> | <u>Amount</u> |
|-----------------|-----------------------|-------------------------------|-----------------------|-----------------------|---------------|
| 99-4            | 1,109                 | \$111                         | 3.9% to 4%            | 11/1/12               | \$222         |
| 99-1            | 989                   | \$99                          | 3.95% to 4.1%         | 2/1/13                | 198           |
| 99-3            | 1,077                 | \$107                         | 4.2% to 4.35%         | 6/1/13                | 214           |
| 2000-1          | 228                   | \$28                          | 5.15%                 | 6/1/12                | <u>28</u>     |
|                 |                       | Total special assessment debt |                       |                       | <u>\$ 662</u> |

Annual debt service requirements to maturity for special assessment bonds are as follows:  
(in thousands of dollars)

| <u>Year Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|---------------------------|------------------|-----------------|---------------|
| 2012                      | \$ 345           | \$ 27           | \$ 372        |
| 2013                      | <u>317</u>       | <u>13</u>       | <u>330</u>    |
| Totals                    | <u>\$ 662</u>    | <u>\$ 40</u>    | <u>\$ 702</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, 2011, is \$66,200.

On December 15, 2009, the City issued additional bonds for the construction of the replacement airport. These bonds were issued in two series. The 2009A Excise Tax Revenue Bonds (Federally taxable-issuer subsidy Build America Bonds) totaled \$3,504,000 dollars and have an interest rate of 7.95% and are due June 1, 2010 thru December 1, 2021 in amounts ranging from \$218,000 per year to \$381,000. The federal subsidy rate on the bonds is 35% of the interest paid by the issuer (ie: the City). At June 30, 2011 the balance of this bond issue is \$3,139,000. The 2009B Excise Tax Revenue Bonds (Federally taxable-issuer subsidy Recovery Zone Bonds) totaled \$6,723,000 and have an interest rate of 7.95% and are due December 1, 2021 thru June 1, 2024 in amounts ranging from \$91,000 to a balloon payment on June 11, 2024 of \$5,794,000. The federal subsidy rate on the bonds is 45% of the interest paid by the issuer (ie: the City). At June 30, 2011, the balance of this bond issue is the original issue amount of \$6,723,000.

Annual debt service requirements to maturity for these bonds are as follows:  
(in thousands of dollars)

| Year Ended<br><u>June 30</u> | <u>Principal</u> | Gross<br><u>Interest</u> | Interest<br><u>Subsidy</u> | Net<br><u>Totals</u> |
|------------------------------|------------------|--------------------------|----------------------------|----------------------|
| 2012                         | \$218            | \$780                    | \$326                      | \$672                |
| 2013                         | 246              | 762                      | 320                        | 688                  |
| 2014                         | 265              | 742                      | 313                        | 694                  |
| 2015                         | 281              | 721                      | 306                        | 696                  |
| 2016                         | 295              | 698                      | 296                        | 697                  |
| 2017-2024                    | <u>8,557</u>     | <u>4,613</u>             | <u>2,035</u>               | <u>11,135</u>        |
|                              | <u>\$ 9,862</u>  | <u>\$8,316</u>           | <u>\$3,596</u>             | <u>\$14,582</u>      |

The City has entered into an inter-local agreement with Washington County for the sharing of TRCC (convention, resort, etal.) taxes which will be the revenue source for the repayment of these bonds. The agreement guarantees an allocation of \$700,000 annually from the county.

#### 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, 2011 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               | \$75 to \$100           | 4.35% to 4.7%         | 9/1/17                | \$ 605           |
| 2000 Woodward              | <u>350</u>            | \$17 to \$23            | 2.5%                  | 4/1/21                | <u>197</u>       |
| Total Municipal Bldg       | <u>6,620</u>          |                         |                       |                       | <u>802</u>       |
| 1987B Water                | \$1,274               | due 1/1/13              | 0.00%                 | 1/1/13                | \$ 1,274         |
| 2003 Water                 | 12,325                | \$960 to \$1215         | 3.125% -5.25%         | 7/1/16                | 6,470            |
| 2011 Water                 | 6,120                 | \$45 to \$830           | 2% to 3%              | 6/1/20                | 6,120            |
| 2004 Water                 | <u>31,000</u>         | \$525 to \$2,425        | 4.0% to 5%            | 7/1/25                | <u>25,535</u>    |
| Total Water Utility        | <u>50,719</u>         |                         |                       |                       | <u>39,399</u>    |
| 1993B Sewer                | 4,000                 | \$257 to \$275          | 3.5%                  | 6/15/14               | 797              |
| 1997B Sewer                | 12,000                | \$1172                  | 1.0%                  | 6/15/12               | 1,172            |
| 2004 Sewer                 | <u>7,015</u>          | \$740 to \$935          | 4% to 5%              | 7/1/16                | <u>4,995</u>     |
| Total Wastewater Treatment | <u>23,015</u>         |                         |                       |                       | <u>6,964</u>     |
| 2005 Electric Rev          | \$17,280              | \$720 to \$3,305        | 3.5% to 5%            | 6/01/25               | \$ 13,485        |
| 2008 Electric Rev          | <u>50,000</u>         | \$925 to \$3,190        | 4.0% to 5%            | 6/01/38               | <u>49,125</u>    |
| Total Electric             | <u>\$67,280</u>       |                         |                       |                       | <u>\$ 62,610</u> |

Total Business-type  
activities \$147,634 \$109,775

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

| Year Ended<br><u>June 30</u> | <u>Principal</u>  | <u>Interest</u> | <u>Totals</u>    |
|------------------------------|-------------------|-----------------|------------------|
| 2012                         | \$ 6,811          | \$ 5,049        | \$11,860         |
| 2013                         | 5,707             | 4,802           | 10,509           |
| 2014                         | 6,053             | 4,614           | 10,667           |
| 2015                         | 6,049             | 4,356           | 10,405           |
| 2016                         | 6,319             | 4,077           | 10,396           |
| 2017-2021                    | 24,306            | 16,677          | 40,983           |
| 2022-2026                    | 24,865            | 10,978          | 35,843           |
| 2027-2031                    | 10,295            | 6,437           | 16,732           |
| 2032-2036                    | 13,145            | 3,593           | 16,738           |
| 2037-2038                    | <u>6,225</u>      | <u>471</u>      | <u>6,696</u>     |
| Totals                       | <u>\$ 109,775</u> | <u>\$61,054</u> | <u>\$170,829</u> |

In the current fiscal year, the City issued the 2011 Series Water Refunding Bonds to pay and cancel the 2001 Series Water Bonds. The total bonds issued were \$6,120,000 with a reoffering premium of \$76,539. The proceeds of these bonds were then used to redeem the 2001 bonds on the due date of June 1, 2011. The issue was made to take advantage of lower interest rates. The total cash flows over the life of the new debt is \$7,699,060 in comparison with \$8,481,644 for a savings of \$782,584. This represents a net present value savings of \$544,139 after costs of issue.

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, 2011, 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 |
| 1999 MBA Crosby bonds             | 841,000    |
| 1999 G O Parks & Recreation bonds | 4,925,000  |
| 2007 Sales Tax Revenue bonds      | 23,065,000 |

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows: (in thousands)

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance</u> | <u>Due in<br/>OneYr</u> |
|--|------------------------------|------------------|-------------------|---------------------------|-------------------------|
| <b>Governmental activities:</b>                            |                              |                  |                   |                           |                         |
| Bonds payable:   |                              |                  |                   |                           |                         |
| G.O. Bonds   | \$ 16,029                    | \$ 5,395         | \$( 5,964)        | \$15,460                  | \$ 700                  |
| Sales Tax Bonds  | 23,660                       | -                | (2,750)           | 20,910                    | 2,840                   |
| Excise Bonds   | 2,830                        | -                | ( 670)            | 2,160                     | 690                     |
| Federal Subsidy bonds                                      | 10,019                       | -                | ( 157)            | 9,862                     | 218                     |
| Special assessment<br>debt with governmental<br>commitment | <u>1,007</u>                 | <u>-</u>         | <u>( 345)</u>     | <u>662</u>                | <u>345</u>              |
| Total bonds payable  | <u>53,545</u>                | <u>5,395</u>     | <u>( 9,886)</u>   | <u>49,054</u>             | <u>4,793</u>            |

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u>  | <u>Ending<br/>Balance</u> | <u>Due in<br/>OneYr</u> |
|--|------------------------------|------------------|--------------------|---------------------------|-------------------------|
| McArthur note                                  | 129                          | -                | (17)               | 112                       | 18                      |
| SITLA Note payable                             | 12,923                       | -                | -                  | 12,923                    | 1,850                   |
| UDOT SIB loan                                  | 3,021                        | -                | ( 730)             | 2,291                     | 745                     |
| WICA lease                                     | 4,680                        | -                | ( 462)             | 4,218                     | 256                     |
| Interest payable                               | 1,658                        | 1,867            | ( 1,045)           | 2,480                     |                         |
| Unamortized premiums                           | 796                          | 275              | ( 99)              | 971                       |                         |
| Vacation payable                               | <u>1,323</u>                 | <u>-</u>         | <u>( 78)</u>       | <u>1,245</u>              | <u>-</u>                |
| Governmental activity<br>long-term liabilities | <u>\$78,075</u>              | <u>\$ 7,537</u>  | <u>\$( 12,317)</u> | <u>\$73,294</u>           | <u>\$7,662</u>          |

**Business-type activities:**

|  |                  |                |                    |                  |                |
|--|------------------|----------------|--------------------|------------------|----------------|
| Bonds payable:                               |                  |                |                    |                  |                |
| Revenue bonds                                | \$116,181        | \$6,120        | \$(12,526)         | \$109,775        | 6,811          |
| Capital leases                               | <u>543</u>       | <u>697</u>     | <u>( 278)</u>      | <u>962</u>       | <u>161</u>     |
| Total business-type<br>long-term liabilities | <u>\$116,724</u> | <u>\$6,817</u> | <u>\$( 12,804)</u> | <u>\$110,737</u> | <u>\$6,972</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 \$1,348,246. Accumulated depreciation on this equipment totals \$390,781.

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, 2011.

| <u>Fiscal year ended</u>          | <u>Golf Carts</u> |
|-----------------------------------|-------------------|
| June 30, 2012                     | \$204,144         |
| June 30, 2013                     | 204,144           |
| June 30, 2014                     | 204,144           |
| June 30, 2015                     | 319,144           |
| June 30, 2016                     | <u>164,000</u>    |
| Total payments                    | 1,095,576         |
| Less amount representing interest | <u>( 133,810)</u> |
| Present value of lease payments   | <u>\$ 961,766</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>Payments</u> |
|---|-----------------|
| June 30, 2012   | \$ 452          |
| June 30, 2013   | 453             |
| June 30, 2014   | 459             |
| June 30, 2015   | 465             |
| June 30, 2016   | 469             |
| 2017-2021   | 2,311           |
| 2022-2023   | <u>952</u>      |
| Total remaining minimum lease payments                | 5,561           |
| Less amount representing interest                     | <u>(1,343)</u>  |
| Present value of net remaining minimum lease payments | <u>\$4,218</u>  |

For the fiscal year ended June 30, 2011 expenditures were payments for O&M of \$651,699 and debt service payments of \$677,204.

#### H. Segment information

The City Municipal Building Authority issued revenue bonds for the construction of 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 (Police Impact Fund and General Fund) for the repayment of principal and interest on the bonds. Summary financial information for the municipal building authority is presented below.

#### **CONDENSED STATEMENT OF NET ASSETS**

|   | <u>MBA</u>         |
|---|--------------------|
| Assets:                                       |                    |
| Cash and investments                          | \$230,498          |
| Other assets (prepaids & deferred bond costs) | 66,266             |
| Capital assets                                | 10,770,124         |
| Less depreciation                             | <u>(1,283,524)</u> |
| Total assets                                  | <u>9,783,364</u>   |
| Liabilities:                                  |                    |
| Accrued liabilities                           | 10,487             |
| Due to other funds                            | -                  |
| Noncurrent liabilities                        | <u>802,000</u>     |

|             |  |                    |
|-------------|--|--------------------|
|             | Total liabilities                              | <u>812,487</u>     |
| Net assets: |  |                    |
|             | Invested in capital assets net of related debt | 8,750,866          |
|             | Restricted                                     | -                  |
|             | Unrestricted                                   | <u>220,011</u>     |
|             | Total net assets                               | <u>\$8,970,877</u> |

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

|                                  |                    |
|----------------------------------|--------------------|
|                                  | <u>MBA</u>         |
| Charges for services             | \$ -               |
| Depreciation expense             | ( 98,336)          |
| Other operating expenses         | <u>( 17,308)</u>   |
| Operating income(loss)           | <u>(115,644)</u>   |
| Nonoperating revenues (expenses) |                    |
| Interest income                  | 501                |
| Rental income                    | 128,343            |
| Miscellaneous income             | -                  |
| Interest expense                 | <u>( 33,549)</u>   |
| Change in net assets             | <u>( 20,348)</u>   |
| Beginning net assets             | <u>8,991,225</u>   |
| Ending net assets                | <u>\$8,970,878</u> |

**CONDENSED STATEMENT OF CASH FLOWS**

|  |                  |
|--|------------------|
|  | <u>MBA</u>       |
| Net cash provided (used) by:             |                  |
| Operating activities                     | \$ ( 7,444)      |
| Noncapital financing activities          | 128,343          |
| Capital and related financing activities | ( 125,549)       |
| Investing activities                     | <u>501</u>       |
| Net increase (decrease)                  | <u>( 4,149)</u>  |
| Beginning cash & cash equivalents        | <u>234,647</u>   |
| Ending cash & cash equivalents (deficit) | <u>\$230,498</u> |

***V. Other information***

**A. Risk management**

The City, effective July 1, 1991, is self-insured up to \$250,000 for general liability, law enforcement liability, and auto liability with excess insurance up to \$25,000. Property is covered by a blanket all risk policy with limits of up to \$241,112,583. Traveler's Insurance administers the insurance policies above what the City provides as self-insurance.

|  | <u>6/30/11</u>    | <u>6/30/10</u>   |
|--|-------------------|------------------|
| Unpaid claims beginning of fiscal year | \$ 41,113         | \$ 10,151        |
| Incurred claims                        | 247,401           | 269,859          |
| Claim payments                         | <u>( 282,823)</u> | <u>(238,897)</u> |
| Unpaid claims, end of fiscal year      | <u>\$ 5,691</u>   | <u>\$ 41,113</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 an 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 \$5,729,443 during the fiscal year ended June 30, 2011.

#### 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 for 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, 2011, there had been twenty-five series of Industrial Revenue Bonds

issued. The aggregate principal amount payable could not be determined; however, their original issue amounts totaled \$77.8 million.

E. Commitments/subsequent events

- 1) On August 20, 2009, the City Council authorized issuance of up to \$6 million in Water Revenue bonds for construction of treatment facilities. The City is still evaluating whether the bonds will actually be issued or if other steps can be taken to delay the necessity of building the additional treatment facilities.
- 2) On October 11, 2011, the City issued \$2,228,000 in Sales Tax Refunding Bonds for the purposes of refunding the 2005 Sales Tax Revenue Bonds. The 2005 bonds were then called and cancelled in full. The refunding was to take advantage of lower interest rates and resulted in a net present value savings of \$73,421. The new bonds are on the same schedule as the refunded bonds, and will be paid in full on June 15, 2015.

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 \$1,103,951
- 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 \$2,160,000
- 4) The actual amount expended for:
  - A) acquisition of property \$605,800
  - B) site improvements or preparation costs \$32,500
  - C) installation of public utilities or other public improvements \$296,212
  - D) administrative costs of the agency \$7,039
  - E) debt service payments \$499,840

G. 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. During the current fiscal year, the City paid the following for the employees; 6.0% to the Contributory and 15.05% 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, 9.36% to the Contributory, 13.37% to the Noncontributory, 26.13% to the Public Safety Noncontributory, and 1.72% to the Firefighter's system. 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, 2011, 2010, and 2009 respectively were; for the Contributory System, \$28,242, \$44,460, and \$44,409; for the Noncontributory System, \$2,366,650, \$2,145,534, and \$2,221,866; for the Public Safety Noncontributory, \$1,270,953, \$1,132,733, and \$1,107,653; and for the Firefighters System, \$204,343, \$142,955, and \$140,013 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 .69% for non-exempt employees covered by the Contributory, 2.68% for non-exempt employees covered by the Non-contributory, and 16.05% for department heads exempt from the State Systems. The contributions to the plan totaled \$480,742 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.

## ***SUPPLEMENTAL DATA***

City of St. George, UT  
 Non-Major Governmental Funds  
 Combining Balance Sheet  
 June 30, 2011

Special Revenue Funds

| Assets   | <u>Dixie Center Ops</u> | <u>Airport<br/>PFC Fees</u> | <u>Economic<br/>Development</u> | <u>Transportation<br/>Improvement</u> | <u>CDBG<br/>Grant Fund</u> | <u>Museum<br/>Acquis. Fund</u> | <u>Johnson Farm<br/>Dinosaur Tracks</u> |
|--|-------------------------|-----------------------------|---------------------------------|---------------------------------------|----------------------------|--------------------------------|---|
| Cash and investments                           | \$ (204,877)            | \$ 38,936                   | \$ 2,476,087                    | \$ 2,900,587                          | \$ (84)                    | \$ 20,653                      | \$ 75,273                               |
| Receivables:                                   |                         |                             |                                 |                                       |                            |                                |   |
| Accounts                                       | 176,253                 | 14,650                      |                                 | 656,139                               | 13,366                     |                                |   |
| Due from other funds                           |                         |                             |                                 |                                       |                            |                                |   |
| <b>Total assets</b>                            | <b>\$ (28,624)</b>      | <b>\$ 53,586</b>            | <b>\$ 2,476,087</b>             | <b>\$ 3,556,727</b>                   | <b>\$ 13,282</b>           | <b>\$ 20,653</b>               | <b>\$ 75,273</b>                        |
| <b>Liabilities and Fund Balances</b>           |                         |                             |                                 |                                       |                            |                                |   |
| Liabilities:                                   |                         |                             |                                 |                                       |                            |                                |   |
| Accounts payable                               | \$ 13,261               | \$ -                        | \$ -                            | \$ -                                  | \$ 13,366                  | \$ -                           | \$ -                                    |
| Deferred revenues                              |                         |                             |                                 |                                       |                            |                                |   |
| Due to other funds                             |                         |                             |                                 |                                       |                            |                                |   |
| <b>Total liabilities</b>                       | <b>13,261</b>           |                             | <b>-</b>                        | <b>-</b>                              | <b>13,366</b>              | <b>-</b>                       | <b>-</b>                                |
| Fund balances:                                 |                         |                             |                                 |                                       |                            |                                |   |
| Restricted for:                                |                         |                             |                                 |                                       |                            |                                |   |
| Public safety programs                         |                         |                             |                                 |                                       |                            |                                |   |
| Transportation programs                        |                         | 53,586                      |                                 | 3,556,727                             |                            |                                |   |
| Housing & comm. Devlpmnt                       |                         |                             |                                 |                                       |                            |                                |   |
| Parks construction & devlpmnt                  |                         |                             |                                 |                                       |                            |                                |   |
| Special revenue funds                          |                         |                             |                                 |                                       |                            |                                |   |
| Debt service funds                             |                         |                             |                                 |                                       |                            |                                |   |
| Capital project funds                          |                         |                             |                                 |                                       |                            |                                |   |
| Assigned to:                                   |                         |                             |                                 |                                       |                            |                                |   |
| Special revenue funds                          |                         |                             | 2,476,087                       |                                       |                            | 20,653                         | 75,273                                  |
| Capital project funds                          |                         |                             |                                 |                                       |                            |                                |   |
| Unassigned                                     | (41,884)                |                             |                                 |                                       | (84)                       |                                |   |
| <b>Total fund balances</b>                     | <b>(41,884)</b>         | <b>53,586</b>               | <b>2,476,087</b>                | <b>3,556,727</b>                      | <b>(84)</b>                | <b>20,653</b>                  | <b>75,273</b>                           |
| <b>Total liabilities<br/>and fund balances</b> | <b>\$ (28,624)</b>      | <b>\$ 53,586</b>            | <b>\$ 2,476,087</b>             | <b>\$ 3,556,727</b>                   | <b>\$ 13,282</b>           | <b>\$ 20,653</b>               | <b>\$ 75,273</b>                        |

(continued)

City of St. George, UT  
 Non-Major Governmental Funds  
 Combining Balance Sheet  
 June 30, 2011  
 (continued)

Special Revenue Funds

| Assets   | <u>Affordable<br/>Housing Program</u> | <u>Ft. Pierce<br/>CDA Fund</u> | <u>Ft Pierce<br/>EDA Fund</u> | <u>Econ Devlpmnt<br/>Agencv #1</u> | <u>Dixie Center<br/>Area EDA Fund</u> | <u>SunTran<br/>Public Transit</u> |
|--|---------------------------------------|--------------------------------|-------------------------------|------------------------------------|---------------------------------------|-----------------------------------|
| Cash and investments                           | \$ 506,608                            | \$ 242,461                     | \$ (2,044)                    | \$ 91,138                          | \$ 90,715                             | \$ 468,476                        |
| Receivables:                                   |                                       |                                |                               |                                    |                                       |                                   |
| Accounts                                       |                                       | 102                            | 99,122                        | 56,500                             | 152                                   | 350,464                           |
| Due from other funds                           |                                       |                                |                               |                                    |                                       |                                   |
| <b>Total assets</b>                            | <b>\$ 506,608</b>                     | <b>\$ 242,562</b>              | <b>\$ 97,078</b>              | <b>\$ 147,638</b>                  | <b>\$ 90,867</b>                      | <b>\$ 818,940</b>                 |
| <b>Liabilities and Fund Balances</b>           |                                       |                                |                               |                                    |                                       |                                   |
| Liabilities:                                   |                                       |                                |                               |                                    |                                       |                                   |
| Accounts payable                               | \$ 1,400                              | \$ 163,486                     | \$ -                          | \$ -                               | \$ -                                  | \$ 50,368                         |
| Deferred revenues                              |                                       |                                |                               |                                    |                                       |                                   |
| Due to other funds                             |                                       |                                |                               |                                    |                                       |                                   |
| <b>Total liabilities</b>                       | <b>1,400</b>                          | <b>163,486</b>                 | <b>-</b>                      | <b>-</b>                           | <b>-</b>                              | <b>50,368</b>                     |
| Fund balances:                                 |                                       |                                |                               |                                    |                                       |                                   |
| Restricted for:                                |                                       |                                |                               |                                    |                                       |                                   |
| Public safety programs                         |                                       |                                |                               |                                    |                                       |                                   |
| Transportation programs                        |                                       |                                |                               |                                    |                                       | 768,572                           |
| Housing & comm. Devlpmnt                       | 505,208                               |                                |                               |                                    |                                       |                                   |
| Parks construction & devlpmnt                  |                                       |                                |                               |                                    |                                       |                                   |
| Special revenue funds                          |                                       | 79,077                         | 97,078                        | 147,638                            | 90,867                                |                                   |
| Debt service funds                             |                                       |                                |                               |                                    |                                       |                                   |
| Capital project funds                          |                                       |                                |                               |                                    |                                       |                                   |
| Assigned to:                                   |                                       |                                |                               |                                    |                                       |                                   |
| Special revenue funds                          |                                       |                                |                               |                                    |                                       |                                   |
| Capital project funds                          |                                       |                                |                               |                                    |                                       |                                   |
| Unassigned                                     |                                       |                                |                               |                                    |                                       |                                   |
| <b>Total fund balances</b>                     | <b>505,208</b>                        | <b>79,077</b>                  | <b>97,078</b>                 | <b>147,638</b>                     | <b>90,867</b>                         | <b>768,572</b>                    |
| <b>Total liabilities<br/>and fund balances</b> | <b>\$ 506,608</b>                     | <b>\$ 242,562</b>              | <b>\$ 97,078</b>              | <b>\$ 147,638</b>                  | <b>\$ 90,867</b>                      | <b>\$ 818,940</b>                 |

(continued)

City of St. George, UT  
 Non-Major Governmental Funds  
 Combining Balance Sheet  
 June 30, 2011  
 (continued)

| Assets                                     | Debt Service        |                      |                   | Capital Projects Funds |                     |                     |                      |                     |
|--|---------------------|----------------------|-------------------|------------------------|---------------------|---------------------|----------------------|---------------------|
|  | Special Assessments | Recreation Bond D.S. | Airport Bond D.S. | Downtown RDA           | Park Impact         | Street Impact       | Capital Equipment    | Drainage Impact     |
| Cash and investments                       | \$ 365,654          | \$ 255,510           | \$ 352,694        | \$ 544,079             | \$ 1,294,118        | \$ 1,980,489        | \$ 16,704,157        | \$ 2,231,547        |
| Receivables:                               |                     |                      |                   |                        |                     |                     |                      |                     |
| Accounts                                   | 892,250             |                      |                   | 7,103                  | 3,645               | -                   | 516,777              | -                   |
| Due from other funds                       | -                   |                      |                   | -                      | -                   | -                   | 308,667              | -                   |
| <b>Total assets</b>                        | <b>\$ 1,257,904</b> | <b>\$ 255,510</b>    | <b>\$ 352,694</b> | <b>\$ 551,182</b>      | <b>\$ 1,297,763</b> | <b>\$ 1,980,489</b> | <b>\$ 17,529,602</b> | <b>\$ 2,231,547</b> |
| <b>Liabilities and Fund Balances</b>       |                     |                      |                   |                        |                     |                     |                      |                     |
| Liabilities:                               |                     |                      |                   |                        |                     |                     |                      |                     |
| Accounts payable                           | \$ -                | \$ -                 | \$ -              | \$ 8,780               | \$ 45,606           | \$ 19               | \$ 459,619           | \$ -                |
| Deferred revenues                          | 223,114             |                      |                   | -                      | -                   | -                   |                      | -                   |
| Due to other funds                         | 308,667             |                      |                   | -                      | -                   | -                   |                      | -                   |
| <b>Total liabilities</b>                   | <b>531,781</b>      | <b>-</b>             | <b>-</b>          | <b>8,780</b>           | <b>45,606</b>       | <b>19</b>           | <b>459,619</b>       | <b>-</b>            |
| Fund balances:                             |                     |                      |                   |                        |                     |                     |                      |                     |
| Restricted for:                            |                     |                      |                   |                        |                     |                     |                      |                     |
| Public safety programs                     |                     |                      |                   |                        |                     |                     |                      |                     |
| Transportation programs                    |                     |                      |                   |                        |                     | 1,980,469           |                      |                     |
| Housing & comm. Devlpmnt                   |                     |                      |                   |                        |                     |                     |                      |                     |
| Parks construction & devlpmnt              |                     |                      |                   |                        | 1,252,157           |                     |                      |                     |
| Special revenue funds                      |                     |                      |                   | -                      | -                   | -                   |                      | -                   |
| Debt service funds                         | 726,123             | 255,510              | 352,694           | -                      | -                   | -                   |                      | -                   |
| Capital project funds                      |                     |                      |                   | 542,401                |                     |                     |                      | 2,231,547           |
| Assigned to:                               |                     |                      |                   |                        |                     |                     |                      |                     |
| Special revenue funds                      |                     |                      |                   |                        |                     |                     | 17,069,983           |                     |
| Capital project funds                      |                     |                      |                   |                        |                     |                     |                      |                     |
| Unassigned                                 |                     |                      |                   |                        |                     |                     |                      |                     |
| <b>Total fund balances</b>                 | <b>726,123</b>      | <b>255,510</b>       | <b>352,694</b>    | <b>542,401</b>         | <b>1,252,157</b>    | <b>1,980,469</b>    | <b>17,069,983</b>    | <b>2,231,547</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 1,257,904</b> | <b>\$ 255,510</b>    | <b>\$ 352,694</b> | <b>\$ 551,182</b>      | <b>\$ 1,297,763</b> | <b>\$ 1,980,489</b> | <b>\$ 17,529,602</b> | <b>\$ 2,231,547</b> |

(continued)

**City of St. George, UT  
Non-Major Governmental Funds  
Combining Balance Sheet  
June 30, 2011**

**Capital Projects Funds**

| Assets                                     | <u>Fire Dept<br/>Impact</u> | <u>Police<br/>Impact</u> | <u>Street Bonds<br/>Capital Proj.</u> | <u>Public Works<br/>Cap. Proj.</u> | <u>2010 Flood<br/>Reconstruction</u> | <u>2005 Flood<br/>Reconstruction</u> | <u>Totals</u>        |
|--|-----------------------------|--------------------------|---------------------------------------|------------------------------------|--------------------------------------|--------------------------------------|----------------------|
| Cash and investments                       | \$ (290,003)                | \$ (29,442)              | \$ 5,403,130                          | \$ 47,534                          | \$ (353,370)                         | \$ 83,493                            | \$ 35,293,520        |
| Receivables:                               |                             |                          |                                       |                                    |                                      |                                      |                      |
| Accounts                                   | -                           | -                        |                                       | 207,313                            |                                      | 1                                    | 2,993,837            |
| Due from other funds                       | -                           | -                        |                                       | 39,402                             | -                                    | -                                    | 348,069              |
| <b>Total assets</b>                        | <b>\$ (290,003)</b>         | <b>\$ (29,442)</b>       | <b>\$ 5,403,130</b>                   | <b>\$ 294,249</b>                  | <b>\$ (353,370)</b>                  | <b>\$ 83,494</b>                     | <b>\$ 38,635,426</b> |
| <b>Liabilities and Fund Balances</b>       |                             |                          |                                       |                                    |                                      |                                      |                      |
| Liabilities:                               |                             |                          |                                       |                                    |                                      |                                      |                      |
| Accounts payable                           | \$ 95,439                   | \$ -                     | \$ -                                  | \$ 84,891                          | \$ 56,596                            | \$ -                                 | \$ 992,830           |
| Deferred revenues                          | -                           | -                        | -                                     |                                    | -                                    | -                                    | 223,114              |
| Due to other funds                         | -                           | -                        | 75,371                                |                                    | -                                    | -                                    | 384,038              |
| <b>Total liabilities</b>                   | <b>95,439</b>               | <b>-</b>                 | <b>75,371</b>                         | <b>84,891</b>                      | <b>56,596</b>                        | <b>-</b>                             | <b>1,599,982</b>     |
| Fund balances:                             |                             |                          |                                       |                                    |                                      |                                      |                      |
| Restricted for:                            |                             |                          |                                       |                                    |                                      |                                      |                      |
| Public safety programs                     |                             |                          |                                       |                                    |                                      |                                      | -                    |
| Transportation programs                    |                             |                          | 5,327,759                             |                                    |                                      |                                      | 11,687,114           |
| Housing & comm. Devlpmnt                   |                             |                          |                                       |                                    |                                      |                                      | 505,208              |
| Parks construction & devlpmnt              |                             |                          |                                       |                                    |                                      |                                      | 1,252,157            |
| Special revenue funds                      | -                           | -                        | -                                     |                                    | -                                    | -                                    | 414,660              |
| Debt service funds                         | -                           | -                        | -                                     |                                    | -                                    | -                                    | 1,334,327            |
| Capital project funds                      |                             |                          |                                       |                                    |                                      |                                      | 2,773,948            |
| Assigned to:                               |                             |                          |                                       |                                    |                                      |                                      |                      |
| Special revenue funds                      |                             |                          |                                       |                                    |                                      |                                      | 2,572,013            |
| Capital project funds                      |                             |                          |                                       | 209,358                            |                                      | 83,494                               | 17,362,834           |
| Unassigned                                 | (385,441)                   | (29,442)                 |                                       |                                    | (409,966)                            |                                      | (866,817)            |
| <b>Total fund balances</b>                 | <b>(385,441)</b>            | <b>(29,442)</b>          | <b>5,327,759</b>                      | <b>209,358</b>                     | <b>(409,966)</b>                     | <b>83,494</b>                        | <b>37,035,444</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ (290,003)</b>         | <b>\$ (29,442)</b>       | <b>\$ 5,403,130</b>                   | <b>\$ 294,249</b>                  | <b>\$ (353,370)</b>                  | <b>\$ 83,494</b>                     | <b>\$ 38,635,426</b> |

CITY OF ST. GEORGE, UT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Special Revenue Funds

|  | Dixie Center<br>Operations | Airport<br>PFC Fees | Economic<br>Development | Transportation<br>Improvement | CDBG<br>Grant Fund | Museum<br>Acquis Fund | Johnson Farm<br>Dinosaur Tracks |
|--|----------------------------|---------------------|-------------------------|-------------------------------|--------------------|-----------------------|---------------------------------|
| <b>Revenues:</b>   |                            |                     |                         |                               |                    |                       |                                 |
| Taxes & fees   | \$ 409,090                 | \$ 176,084          | \$ -                    | \$ 3,628,672                  | \$ -               | \$ 32,590             | \$ 1                            |
| Assessments  |                            |                     |                         |                               |                    |                       |                                 |
| Intergovernmental  |                            |                     |                         |                               | 429,851            |                       |                                 |
| Investment income  | 7                          | 655                 | 3,708                   | 10,453                        | 16                 | 205                   | 237                             |
| Capital development fees   |                            |                     |                         |                               |                    |                       |                                 |
| Charges for services   |                            |                     |                         |                               |                    |                       | 613                             |
| Rents & royalties  |                            |                     | 14,583                  |                               |                    |                       |                                 |
| Other  | 802                        |                     |                         |                               | 10,000             |                       |                                 |
| <b>Total revenues</b>  | <b>409,898</b>             | <b>176,740</b>      | <b>18,292</b>           | <b>3,639,125</b>              | <b>439,867</b>     | <b>32,795</b>         | <b>851</b>                      |
| <b>Expenditures:</b>   |                            |                     |                         |                               |                    |                       |                                 |
| Current:   |                            |                     |                         |                               |                    |                       |                                 |
| General government   |                            |                     | 4,999                   |                               | 2,490              |                       |                                 |
| Public Safety  |                            |                     |                         |                               |                    |                       |                                 |
| Highways & improvements  |                            | 544                 |                         | 24,488                        |                    |                       |                                 |
| Parks, recreation etc  | 651,699                    |                     |                         |                               |                    | 544                   | 337                             |
| Community & Econ Developmnt                                      |                            |                     |                         |                               | 340,821            |                       |                                 |
| Lease payments   | -                          |                     |                         |                               |                    |                       |                                 |
| Debt service:  |                            |                     |                         |                               |                    |                       |                                 |
| Principal on long-term debt                                      | 461,900                    |                     |                         |                               |                    |                       |                                 |
| Interest on long-term debt                                       | 215,304                    |                     |                         |                               |                    |                       |                                 |
| Capital outlay:  |                            |                     | 2,497,570               | -                             | -                  | 74,900                |                                 |
| <b>Total expenditures</b>  | <b>1,328,903</b>           | <b>544</b>          | <b>2,502,569</b>        | <b>24,488</b>                 | <b>343,312</b>     | <b>75,444</b>         | <b>337</b>                      |
| <b>Excess (deficiency) of<br/>revenues over<br/>expenditures</b> | <b>(919,005)</b>           | <b>176,196</b>      | <b>(2,484,277)</b>      | <b>3,614,637</b>              | <b>96,555</b>      | <b>(42,649)</b>       | <b>514</b>                      |
| <b>Other financing sources (uses):</b>                           |                            |                     |                         |                               |                    |                       |                                 |
| Transfers in   | 467,000                    |                     | 4,200,000               | -                             |                    |                       |                                 |
| Transfers out  |                            | (275,000)           | (1,000,000)             | (2,539,825)                   | (96,325)           |                       |                                 |
| Proceeds of refunding bonds                                      |                            |                     |                         |                               |                    |                       |                                 |
| Premium on refunding bonds                                       |                            |                     |                         |                               |                    |                       |                                 |
| Property sales   | 1,980                      |                     | 399,082                 |                               |                    |                       |                                 |
| Contributions from private sources                               |                            |                     |                         |                               |                    |                       | -                               |
| Contributions from other governmnts                              | 446,495                    |                     |                         |                               |                    |                       |                                 |
| <b>Total other financing sources (uses)</b>                      | <b>915,475</b>             | <b>(275,000)</b>    | <b>3,599,082</b>        | <b>(2,539,825)</b>            | <b>(96,325)</b>    | <b>-</b>              | <b>-</b>                        |
| <b>Net change in fund balances</b>                               | <b>(3,530)</b>             | <b>(98,804)</b>     | <b>1,114,805</b>        | <b>1,074,811</b>              | <b>230</b>         | <b>(42,649)</b>       | <b>514</b>                      |
| <b>Fund balances, beginning<br/>of year</b>                      | <b>(38,354)</b>            | <b>152,390</b>      | <b>1,361,282</b>        | <b>2,481,915</b>              | <b>(315)</b>       | <b>63,301</b>         | <b>74,758</b>                   |
| <b>Fund balances, end of year</b>                                | <b>(\$41,884)</b>          | <b>\$53,586</b>     | <b>\$2,476,087</b>      | <b>\$3,556,726</b>            | <b>(\$85)</b>      | <b>\$20,652</b>       | <b>\$75,272</b>                 |

(continued)

CITY OF ST. GEORGE, UT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(continued)

|  | Special Revenue Funds         |                        |                       |                            |                               |                           |
|--|-------------------------------|------------------------|-----------------------|----------------------------|-------------------------------|---------------------------|
|  | Affordable<br>Housing Program | Ft. Pierce<br>CDA Fund | Ft Pierce<br>EDA Fund | Econ Devlpmnt<br>Agency #1 | Dixie Center<br>Area EDA Fund | SunTran<br>Public Transit |
| <b>Revenues:</b>   |                               |                        |                       |                            |                               |                           |
| Taxes & fees   | \$ -                          | \$ 582,025             | \$ 543,837            | \$ 298,841                 | \$ 269,052                    | \$ 158,565                |
| Assessments  |                               |                        |                       |                            |                               |                           |
| Intergovernmental  |                               |                        |                       |                            |                               | 1,416,896                 |
| Investment income  | 1,400                         | 835                    | 299                   | 679                        | 945                           |                           |
| Capital development fees                                 |                               |                        |                       |                            |                               |                           |
| Charges for services                                     |                               |                        |                       |                            |                               |                           |
| Rents & royalties  |                               |                        |                       |                            |                               |                           |
| Other  |                               |                        |                       |                            |                               | -                         |
| <b>Total revenues</b>                                    | <b>1,400</b>                  | <b>582,860</b>         | <b>544,135</b>        | <b>299,520</b>             | <b>269,997</b>                | <b>1,575,461</b>          |
| <b>Expenditures:</b>                                     |                               |                        |                       |                            |                               |                           |
| <b>Current:</b>  |                               |                        |                       |                            |                               |                           |
| General government                                       |                               | 544                    | 544                   | 544                        | 544                           |                           |
| Public Safety  |                               |                        |                       |                            |                               |                           |
| Highways & improvements                                  |                               |                        |                       |                            |                               | 1,064,477                 |
| Parks, recreation etc                                    |                               |                        |                       |                            |                               |                           |
| Community & Econ Developmnt                              | 51,784                        | 311,555                | 153,429               | -                          | -                             |                           |
| Lease payments   |                               |                        |                       |                            |                               |                           |
| <b>Debt service:</b>                                     |                               |                        |                       |                            |                               |                           |
| Principal on long-term debt                              |                               |                        |                       |                            |                               |                           |
| Interest on long-term debt                               |                               |                        |                       |                            |                               |                           |
| Capital outlay:  | 160,962                       | -                      |                       |                            | -                             | 535,447                   |
| <b>Total expenditures</b>                                | <b>212,746</b>                | <b>312,098</b>         | <b>153,972</b>        | <b>544</b>                 | <b>544</b>                    | <b>1,599,924</b>          |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(211,346)</b>              | <b>270,761</b>         | <b>390,163</b>        | <b>298,977</b>             | <b>269,454</b>                | <b>(24,463)</b>           |
| <b>Other financing sources (uses):</b>                   |                               |                        |                       |                            |                               |                           |
| Transfers in   | 168,535                       |                        |                       |                            | -                             | 350,000                   |
| Transfers out  |                               | (370,000)              | (320,267)             | (284,768)                  | (380,425)                     |                           |
| Proceeds of refunding bonds                              |                               |                        |                       |                            |                               |                           |
| Premium on refunding bonds                               |                               |                        |                       |                            |                               |                           |
| Property sales   |                               |                        |                       |                            |                               |                           |
| Contributions from private sources                       |                               |                        |                       |                            |                               |                           |
| Contributions from other governmnts                      |                               |                        |                       |                            |                               |                           |
| <b>Total other financing sources (uses)</b>              | <b>168,535</b>                | <b>(370,000)</b>       | <b>(320,267)</b>      | <b>(284,768)</b>           | <b>(380,425)</b>              | <b>350,000</b>            |
| <b>Net change in fund balances</b>                       | <b>(42,811)</b>               | <b>(99,239)</b>        | <b>69,896</b>         | <b>14,209</b>              | <b>(110,971)</b>              | <b>325,537</b>            |
| <b>Fund balances, beginning of year</b>                  | <b>548,019</b>                | <b>178,316</b>         | <b>27,183</b>         | <b>133,430</b>             | <b>201,839</b>                | <b>443,036</b>            |
| <b>Fund balances, end of year</b>                        | <b>\$505,208</b>              | <b>\$79,077</b>        | <b>\$97,079</b>       | <b>\$147,639</b>           | <b>\$90,868</b>               | <b>\$768,573</b>          |

(continued)

CITY OF ST. GEORGE, UT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(continued)

|  | Debt Service        |                      |                   | Capital Projects Funds |                    |                    |                     |                    |
|--|---------------------|----------------------|-------------------|------------------------|--------------------|--------------------|---------------------|--------------------|
|  | Special Assessments | Recreation Bond D.S. | Airport Bond D.S. | Downtown RDA           | Park Impact        | Street Impact      | Capital Equipment   | Drainage Impact    |
| <b>Revenues:</b>   |                     |                      |                   |                        |                    |                    |                     |                    |
| Taxes  | \$ -                | \$ 1,287,896         | \$ -              | \$ 1,103,951           | \$ -               | \$ -               | \$ -                | \$ -               |
| Assessments  | 135,657             |                      |                   | -                      | -                  | -                  |                     | -                  |
| Intergovernmental  |                     |                      | 331,141           | -                      | 87,600             | -                  | 1,868,544           | -                  |
| Investment income  | 21,720              | 157                  | 480               | 2,767                  | 3,495              | 5,448              |                     | 6,865              |
| Capital development fees                                 |                     |                      |                   | -                      | 683,706            | 457,161            |                     | 184,413            |
| Charges for services                                     |                     |                      |                   |                        |                    |                    | 39,804              |                    |
| Rents & royalties  |                     | -                    | -                 | -                      | -                  | -                  | 7,188               | -                  |
| Other  |                     |                      |                   | -                      | -                  | -                  |                     | -                  |
| <b>Total revenues</b>                                    | <b>157,376</b>      | <b>1,288,053</b>     | <b>331,622</b>    | <b>1,106,718</b>       | <b>774,800</b>     | <b>462,609</b>     | <b>1,915,536</b>    | <b>191,278</b>     |
| <b>Expenditures:</b>                                     |                     |                      |                   |                        |                    |                    |                     |                    |
| <b>Current:</b>  |                     |                      |                   |                        |                    |                    |                     |                    |
| General government                                       | 29,946              |                      |                   | 7,039                  |                    |                    | 146,111             |                    |
| Public Safety  |                     |                      |                   |                        |                    |                    |                     |                    |
| Highways & improvements                                  |                     |                      | 1,800             |                        |                    | 33,197             |                     | 544                |
| Parks, recreation etc                                    |                     | 93,839               |                   |                        | 2,741              |                    |                     |                    |
| Community & Econ Developmnt                              |                     |                      |                   | -                      |                    |                    |                     |                    |
| Lease payments   |                     |                      |                   |                        |                    |                    |                     |                    |
| <b>Debt service:</b>                                     |                     |                      |                   |                        |                    |                    |                     |                    |
| Principal on long-term debt                              | 345,000             | 5,964,000            | 157,000           | 400,000                |                    |                    |                     |                    |
| Interest on long-term debt                               | 41,034              | 676,770              | 793,410           | 99,840                 |                    |                    |                     |                    |
| Capital outlay:  | -                   | -                    | -                 | 934,512                | 425,467            |                    | 2,005,795           | -                  |
| <b>Total expenditures</b>                                | <b>415,980</b>      | <b>6,734,609</b>     | <b>952,210</b>    | <b>1,441,390</b>       | <b>428,208</b>     | <b>33,197</b>      | <b>2,151,906</b>    | <b>544</b>         |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(258,603)</b>    | <b>(5,446,556)</b>   | <b>(620,588)</b>  | <b>(334,672)</b>       | <b>346,592</b>     | <b>429,412</b>     | <b>(236,370)</b>    | <b>190,735</b>     |
| <b>Other financing sources (uses):</b>                   |                     |                      |                   |                        |                    |                    |                     |                    |
| Transfers in   |                     |                      |                   | -                      | 217,673            | -                  |                     | -                  |
| Transfers out  |                     | (217,673)            | -                 | -                      | (40,000)           | (24,521)           | (300,000)           | (36,554)           |
| Proceeds of refunding bonds                              |                     | 5,395,000            |                   |                        |                    |                    |                     |                    |
| Premium on refunding bonds                               |                     | 275,233              | -                 |                        | -                  | -                  |                     | -                  |
| Property sales   |                     |                      |                   |                        |                    |                    |                     |                    |
| Contributions from private sources                       |                     |                      |                   |                        | 560                |                    |                     |                    |
| Contributions from other governmnts                      |                     |                      | 700,000           |                        |                    |                    |                     |                    |
| <b>Total other financing sources (uses)</b>              | <b>-</b>            | <b>5,452,560</b>     | <b>700,000</b>    | <b>-</b>               | <b>178,233</b>     | <b>(24,521)</b>    | <b>(300,000)</b>    | <b>(36,554)</b>    |
| <b>Net change in fund balances</b>                       | <b>(258,603)</b>    | <b>6,004</b>         | <b>79,412</b>     | <b>(334,672)</b>       | <b>524,825</b>     | <b>404,891</b>     | <b>(536,370)</b>    | <b>154,180</b>     |
| <b>Fund balances, beginning of year</b>                  | <b>984,725</b>      | <b>249,507</b>       | <b>273,283</b>    | <b>877,075</b>         | <b>727,332</b>     | <b>1,575,578</b>   | <b>17,606,353</b>   | <b>2,077,366</b>   |
| <b>Fund balances, end of year</b>                        | <b>\$726,122</b>    | <b>\$255,511</b>     | <b>\$352,695</b>  | <b>\$542,403</b>       | <b>\$1,252,157</b> | <b>\$1,980,469</b> | <b>\$17,069,983</b> | <b>\$2,231,546</b> |

(continued)

CITY OF ST. GEORGE, UT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Capital Projects Funds

|  | Fire Dept<br>Impact | Police<br>Impact  | Street Bonds<br>Cap. Proj. | Public Works<br>Cap. Proj. | 2010 Flood<br>Reconstruction | 2005 Flood<br>Reconstruction | Total               |
|--|---------------------|-------------------|----------------------------|----------------------------|------------------------------|------------------------------|---------------------|
| <b>Revenues:</b>   |                     |                   |                            |                            |                              |                              |                     |
| Taxes  | \$ -                | \$ -              | \$ -                       | \$ -                       | \$ -                         | \$ -                         | \$ 8,490,603        |
| Assessments  | -                   | -                 | -                          | -                          | -                            | -                            | 135,657             |
| Intergovernmental  | -                   | -                 | -                          | -                          | 370,663                      | -                            | 4,504,694           |
| Investment income  | 1,752               | -                 | 29,661                     | -                          | -                            | -                            | 91,785              |
| Capital development fees                                 | 106,485             | 47,326            | -                          | -                          | -                            | -                            | 1,479,092           |
| Charges for services                                     | -                   | -                 | -                          | -                          | -                            | -                            | 40,417              |
| Rents & royalties  | -                   | -                 | -                          | -                          | -                            | -                            | 21,771              |
| Other  | -                   | -                 | -                          | -                          | -                            | -                            | 10,802              |
| <b>Total revenues</b>                                    | <b>108,237</b>      | <b>47,326</b>     | <b>29,661</b>              | <b>-</b>                   | <b>370,663</b>               | <b>-</b>                     | <b>14,774,821</b>   |
| <b>Expenditures:</b>                                     |                     |                   |                            |                            |                              |                              |                     |
| <b>Current:</b>  |                     |                   |                            |                            |                              |                              |                     |
| General government                                       | -                   | -                 | -                          | -                          | -                            | -                            | 192,758             |
| Public Safety  | 544                 | 544               | -                          | -                          | -                            | -                            | 1,087               |
| Highways & improvements                                  | -                   | -                 | 3,594                      | 870,678                    | 780,629                      | 544                          | 2,780,493           |
| Parks, recreation etc                                    | -                   | -                 | -                          | -                          | -                            | -                            | 749,159             |
| Community & Econ Developmnt                              | -                   | -                 | -                          | -                          | -                            | -                            | 857,588             |
| Lease payments   | -                   | 50,000            | -                          | -                          | -                            | -                            | 50,000              |
| <b>Debt service:</b>                                     |                     |                   |                            |                            |                              |                              |                     |
| Principal on long-term debt                              | -                   | -                 | 2,350,000                  | 733,498                    | -                            | -                            | 10,411,398          |
| Interest on long-term debt                               | -                   | -                 | 682,813                    | 188,116                    | -                            | -                            | 2,697,287           |
| <b>Capital outlay:</b>                                   | <b>1,697,695</b>    | <b>-</b>          | <b>-</b>                   | <b>463,157</b>             | <b>-</b>                     | <b>-</b>                     | <b>8,795,506</b>    |
| <b>Total expenditures</b>                                | <b>1,698,239</b>    | <b>50,544</b>     | <b>3,036,406</b>           | <b>2,255,449</b>           | <b>780,629</b>               | <b>544</b>                   | <b>26,535,278</b>   |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(1,590,002)</b>  | <b>(3,217)</b>    | <b>(3,006,745)</b>         | <b>(2,255,449)</b>         | <b>(409,966)</b>             | <b>(544)</b>                 | <b>(11,760,457)</b> |
| <b>Other financing sources (uses):</b>                   |                     |                   |                            |                            |                              |                              |                     |
| Transfers in   | -                   | -                 | 3,034,000                  | 976,386                    | -                            | -                            | 9,413,594           |
| Transfers out  | -                   | -                 | (624,211)                  | -                          | -                            | -                            | (6,509,569)         |
| Proceeds of refunding bonds                              | -                   | -                 | -                          | -                          | -                            | -                            | 5,395,000           |
| Premium on refunding bonds                               | -                   | -                 | -                          | -                          | -                            | -                            | 275,233             |
| Property sales   | -                   | -                 | -                          | -                          | -                            | -                            | 401,062             |
| Contributions from private sources                       | -                   | -                 | -                          | 807,991                    | -                            | -                            | 808,551             |
| Contributions from other governmnts                      | -                   | -                 | -                          | -                          | -                            | -                            | 1,146,495           |
| <b>Total other financing sources (uses)</b>              | <b>-</b>            | <b>-</b>          | <b>2,409,789</b>           | <b>1,784,376</b>           | <b>-</b>                     | <b>-</b>                     | <b>10,930,365</b>   |
| <b>Net change in fund balances</b>                       | <b>(1,590,002)</b>  | <b>(3,217)</b>    | <b>(596,956)</b>           | <b>(471,072)</b>           | <b>(409,966)</b>             | <b>(544)</b>                 | <b>(830,092)</b>    |
| <b>Fund balances, beginning of year</b>                  | <b>1,204,561</b>    | <b>(26,224)</b>   | <b>5,924,715</b>           | <b>680,430</b>             | <b>-</b>                     | <b>84,037</b>                | <b>37,865,538</b>   |
| <b>Fund balances, end of year</b>                        | <b>(\$385,441)</b>  | <b>(\$29,441)</b> | <b>\$5,327,759</b>         | <b>\$209,358</b>           | <b>(\$409,966)</b>           | <b>\$83,493</b>              | <b>\$37,035,447</b> |

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | <u>BUDGETED AMOUNTS</u> |                    | <u>VARIANCE WITH<br/>FINAL BUDGET</u> |                            |
|---|-------------------------|--------------------|---------------------------------------|----------------------------|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>       | <u>ACTUAL</u>                         | <u>POSITIVE (NEGATIVE)</u> |
| <b>REVENUES:</b>  |                         |                    |                                       |                            |
| Business license innkeeper fees   | \$ 375,000              | \$ 375,000         | \$ 409,090                            | \$ 34,090                  |
| Interest income   | -                       | -                  | 7                                     | 7                          |
| Miscellaneous revenues  |                         |                    | 802                                   | 802                        |
| <b>Total revenues</b>   | <u>375,000</u>          | <u>375,000</u>     | <u>409,898</u>                        | <u>34,898</u>              |
| <b>EXPENDITURES:</b>  |                         |                    |                                       |                            |
| <b>Current:</b>   |                         |                    |                                       |                            |
| Parks, recreation, etc.   | 753,532                 | 753,532            | 651,699                               | 101,833                    |
| <b>Debt service:</b>  |                         |                    |                                       |                            |
| Principal   | 461,900                 | 461,900            | 461,900                               | -                          |
| Interest  | 217,945                 | 217,945            | 215,304                               | 2,641                      |
| Capital outlay:   |                         |                    | -                                     | -                          |
| <b>Total expenditures</b>   | <u>1,433,377</u>        | <u>1,433,377</u>   | <u>1,328,903</u>                      | <u>104,474</u>             |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>                  | <u>(1,058,377)</u>      | <u>(1,058,377)</u> | <u>(919,005)</u>                      | <u>139,372</u>             |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                         |                    |                                       |                            |
| Contributions from other governments  | 535,332                 | 535,332            | 446,495                               | (88,837)                   |
| Proceeds from property sales  | -                       | -                  | 1,980                                 | 1,980                      |
| Transfers from other funds  | 467,000                 | 467,000            | 467,000                               | -                          |
| <b>Total other financing sources(uses)</b>  | <u>1,002,332</u>        | <u>1,002,332</u>   | <u>915,475</u>                        | <u>(86,857)</u>            |
| <b>EXCESS OF REVENUES OVER EXPENDITURES<br/>&amp; OTHER FINANCING SOURCES (USES):</b> | <u>(56,045)</u>         | <u>(56,045)</u>    | <u>(3,530)</u>                        | <u>\$ 52,515</u>           |
| Fund balance at beginning of year   | <u>(38,354)</u>         | <u>(38,354)</u>    | <u>(38,354)</u>                       |                            |
| Fund balance at end of year   | <u>\$ (94,399)</u>      | <u>\$ (94,399)</u> | <u>\$ (41,884)</u>                    |                            |

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | <u>BUDGETED AMOUNTS</u> |                  | <u>VARIANCE WITH<br/>FINAL BUDGET</u> |                            |
|---|-------------------------|------------------|---------------------------------------|----------------------------|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>     | <u>ACTUAL</u>                         | <u>POSITIVE (NEGATIVE)</u> |
| <b>REVENUES:</b>  |                         |                  |                                       |                            |
| Passenger facility charges  | \$ 140,000              | \$ 140,000       | \$ 176,084                            | \$ 36,084                  |
| Interest income   | 3,000                   | 3,000            | 655                                   | (2,345)                    |
| <b>Total revenues</b>   | <b>143,000</b>          | <b>143,000</b>   | <b>176,740</b>                        | <b>33,740</b>              |
| <b>EXPENDITURES:</b>  |                         |                  |                                       |                            |
| Current:  |                         |                  |                                       |                            |
| Highways & public improvements  | 1,000                   | 1,000            | 544                                   | 456                        |
| Capital projects:   |                         |                  |                                       |                            |
| Improvements  |                         |                  |                                       |                            |
| Property purchases  | -                       | -                | -                                     | -                          |
| Equipment purchases   | -                       | -                | -                                     | -                          |
| <b>Total expenditures</b>   | <b>1,000</b>            | <b>1,000</b>     | <b>544</b>                            | <b>456</b>                 |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>                | <b>142,000</b>          | <b>142,000</b>   | <b>176,196</b>                        | <b>34,196</b>              |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                         |                  |                                       |                            |
| Transfers to other funds  | (275,000)               | (275,000)        | (275,000)                             | -                          |
| Appropriated fund balance   | -                       | -                | -                                     | -                          |
| <b>Total other financing sources (uses):</b>  | <b>(275,000)</b>        | <b>(275,000)</b> | <b>(275,000)</b>                      | <b>-</b>                   |
| <b>EXCESS OF REVENUES OVER EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES):</b> | <b>(133,000)</b>        | <b>(133,000)</b> | <b>(98,804)</b>                       | <b>\$34,196</b>            |
| Fund balance at beginning of year   | 152,390                 | 152,390          | 152,390                               |                            |
| Fund balance at end of year   | <b>\$ 19,390</b>        | <b>\$ 19,390</b> | <b>\$ 53,586</b>                      |                            |

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

|   | <u>BUDGETED AMOUNTS</u> |                     | <u>ACTUAL</u>       | <u>VARIANCE WITH</u>       |
|---|-------------------------|---------------------|---------------------|----------------------------|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>        |                     | <u>FINAL BUDGET</u>        |
|   |                         |                     |                     | <u>POSITIVE (NEGATIVE)</u> |
| <b>REVENUES:</b>  |                         |                     |                     |                            |
| Interest income   | \$ 5,000                | \$ 5,000            | \$ 3,708            | \$ (1,292)                 |
| Rent  |                         | 30,000              | 14,583              | (15,417)                   |
| Intergovernmental revenues  |                         |                     |                     |                            |
| <b>Total revenues</b>   | <u>5,000</u>            | <u>35,000</u>       | <u>18,292</u>       | <u>(16,708)</u>            |
| <b>EXPENDITURES:</b>  |                         |                     |                     |                            |
| <b>Current:</b>   |                         |                     |                     |                            |
| General government  | 50,000                  | 50,000              | 4,999               | 45,001                     |
| <b>Capital projects:</b>  |                         |                     |                     |                            |
| Land purchases  |                         | 2,500,000           | 2,497,570           | 2,430                      |
| Improvements  |                         | -                   |                     |                            |
| <b>Total expenditures</b>   | <u>50,000</u>           | <u>2,550,000</u>    | <u>2,502,569</u>    | <u>47,431</u>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>                  | <u>(45,000)</u>         | <u>(2,515,000)</u>  | <u>(2,484,277)</u>  | <u>30,723</u>              |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                         |                     |                     |                            |
| Appropriated fund balance   | -                       | (730,000)           |                     | 730,000                    |
| Sale of property  |                         | 400,000             | 399,082             | (918)                      |
| Transfers from other funds  |                         | 3,800,000           | 4,200,000           | 400,000                    |
| Transfers to other funds  | -                       | (1,000,000)         | (1,000,000)         | -                          |
| <b>Total other financing sources(uses)</b>  | <u>-</u>                | <u>2,470,000</u>    | <u>3,599,082</u>    | <u>1,129,082</u>           |
| <b>EXCESS OF REVENUES OVER EXPENDITURES<br/>&amp; OTHER FINANCING SOURCES (USES):</b> | <u>(45,000)</u>         | <u>(45,000)</u>     | <u>1,114,805</u>    | <u>\$ 1,159,805</u>        |
| Fund balance at beginning of year   | <u>1,361,282</u>        | <u>1,361,282</u>    | <u>1,361,282</u>    |                            |
| Fund balance at end of year   | <u>\$ 1,316,282</u>     | <u>\$ 1,316,282</u> | <u>\$ 2,476,087</u> |                            |

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS   |                    | ACTUAL             | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE (NEGATIVE) |
|---|--------------------|--------------------|--------------------|--|
|   | ORIGINAL           | FINAL              |                    |  |
| <b>REVENUES:</b>  |                    |                    |                    |  |
| Highway sales taxes   | \$ 3,425,000       | \$ 3,425,000       | \$ 3,628,672       | \$ 203,672   |
| Interest income   | 40,000             | 40,000             | 10,453             | (29,547)   |
| <b>Total revenues</b>   | <b>3,465,000</b>   | <b>3,465,000</b>   | <b>3,639,125</b>   | <b>174,125</b>                                       |
| <b>EXPENDITURES:</b>  |                    |                    |                    |  |
| Current:  |                    |                    |                    |  |
| Highways and public improvements  | 10,000             | 39,000             | 24,488             | 14,512   |
| Capital projects:   |                    |                    |                    |  |
| Improvements  | -                  | -                  | -                  | -  |
| <b>Total expenditures</b>   | <b>10,000</b>      | <b>39,000</b>      | <b>24,488</b>      | <b>14,512</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>                | <b>3,455,000</b>   | <b>3,426,000</b>   | <b>3,614,637</b>   | <b>188,637</b>                                       |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                    |                    |                    |  |
| Transfers to other funds  | (5,250,000)        | (5,250,000)        | (2,539,825)        | 2,710,175  |
| Appropriated fund balance   | -                  | 29,000             | -                  | (29,000)   |
| <b>Total other financing sources(uses)</b>  | <b>(5,250,000)</b> | <b>(5,221,000)</b> | <b>(2,539,825)</b> | <b>2,681,175</b>                                     |
| <b>EXCESS OF REVENUES OVER EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES):</b> | <b>(1,795,000)</b> | <b>(1,795,000)</b> | <b>1,074,811</b>   | <b>\$ 2,869,811</b>                                  |
| Fund balance at beginning of year   | 2,481,916          | 2,481,916          | 2,481,916          |  |
| Fund balance at end of year   | \$ 686,916         | \$ 686,916         | \$ 3,556,727       |  |

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS |                | ACTUAL         | VARIANCE WITH       |
|---|------------------|----------------|----------------|---------------------|
|   | ORIGINAL         | FINAL          |                | FINAL BUDGET        |
|   |                  |                |                | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                  |                |                |                     |
| Intergovernmental revenues  | \$ 639,626       | \$ 639,626     | \$ 429,851     | \$ (209,775)        |
| Other income  |                  | -              | 10,000         | 10,000              |
| Interest income   | 100              | 100            | 16             | (84)                |
| <b>Total revenues</b>   | <b>639,726</b>   | <b>639,726</b> | <b>439,867</b> | <b>(199,859)</b>    |
| <b>EXPENDITURES:</b>  |                  |                |                |                     |
| Current:  |                  |                |                |                     |
| General government  | 5,000            | 5,000          | 2,490          | 2,510               |
| Community & economic development  | 383,907          | 383,907        | 340,821        | 43,086              |
| Capital projects:   |                  |                |                |                     |
| Improvements  | -                | -              | -              | -                   |
| <b>Total expenditures</b>   | <b>388,907</b>   | <b>388,907</b> | <b>343,311</b> | <b>45,596</b>       |
| <b>Excess (Deficiency) of expenditures over revenues</b>                  | <b>250,819</b>   | <b>250,819</b> | <b>96,556</b>  | <b>(154,263)</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>                                    |                  |                |                |                     |
| Appropriated fund balance   | -                | -              | -              | -                   |
| Bonds sold  |                  |                |                |                     |
| Transfer to other funds   | (250,719)        | (250,719)      | (96,325)       | 154,394             |
| <b>EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b> | <b>100</b>       | <b>100</b>     | <b>231</b>     | <b>\$ 131</b>       |
| Fund balance at beginning of year   | (315)            | (315)          | (315)          |                     |
| Fund balance at end of year   | \$ (215)         | \$ (215)       | \$ (84)        |                     |

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

|   | <u>BUDGETED AMOUNTS</u> |                  | <u>ACTUAL</u>    | <u>VARIANCE WITH</u>       |
|---|-------------------------|------------------|------------------|----------------------------|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>     |                  | <u>FINAL BUDGET</u>        |
|   |                         |                  |                  | <u>POSITIVE (NEGATIVE)</u> |
| <b>REVENUES:</b>  |                         |                  |                  |                            |
| Fees and donations  | \$ 16,000               | \$ 16,000        | \$ 32,590        | \$ 16,590                  |
| Interest income   | 500                     | 500              | 205              | (295)                      |
| <b>Total revenues</b>   | <b>16,500</b>           | <b>16,500</b>    | <b>32,795</b>    | <b>16,295</b>              |
| <b>EXPENDITURES:</b>  |                         |                  |                  |                            |
| <b>Current:</b>   |                         |                  |                  |                            |
| General government  |                         |                  |                  |                            |
| Parks, recreation, etc.   | 600                     | 600              | 544              | 56                         |
| <b>Capital projects:</b>  |                         |                  |                  |                            |
| Improvements  | 15,000                  | 75,000           | 74,900           | 100                        |
| <b>Total expenditures</b>   | <b>15,600</b>           | <b>75,600</b>    | <b>75,444</b>    | <b>156</b>                 |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>                | <b>900</b>              | <b>(59,100)</b>  | <b>(42,649)</b>  | <b>16,451</b>              |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                         |                  |                  |                            |
| Transfers to other funds  | -                       | -                | -                | -                          |
| Appropriated fund balance   | -                       | 60,000           | -                | (60,000)                   |
| <b>Total other financing sources(uses)</b>  | <b>-</b>                | <b>60,000</b>    | <b>-</b>         | <b>(60,000)</b>            |
| <b>EXCESS OF REVENUES OVER EXPENDITURES AND<br/>OTHER FINANCING SOURCES (USES):</b> | <b>900</b>              | <b>900</b>       | <b>(42,649)</b>  | <b>\$ (43,549)</b>         |
| Fund balance at beginning of year   | 63,301                  | 63,301           | 63,301           |                            |
| Fund balance at end of year   | <b>\$ 64,201</b>        | <b>\$ 64,201</b> | <b>\$ 20,652</b> |                            |

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS |                  | VARIANCE WITH<br>FINAL BUDGET |                     |
|---|------------------|------------------|-------------------------------|---------------------|
|   | ORIGINAL         | FINAL            | ACTUAL                        | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                  |                  |                               |                     |
| Admission fees  | \$ -             | \$ -             | \$ 1                          | \$ 1                |
| Other revenues  | -                | -                | 613                           | 613                 |
| Investment income   | -                | -                | 237                           | 237                 |
|   | <u>-</u>         | <u>-</u>         | <u>851</u>                    | <u>851</u>          |
| <b>EXPENDITURES:</b>  |                  |                  |                               |                     |
| Current   |                  |                  |                               |                     |
| Parks, recreation, etc.   | -                | 1,000            | 337                           | 663                 |
| Capital projects:   |                  |                  |                               |                     |
| Improvements  | -                | -                | -                             | -                   |
|   | <u>-</u>         | <u>1,000</u>     | <u>337</u>                    | <u>663</u>          |
| Total expenditures  | -                | 1,000            | 337                           | 663                 |
| Excess (Deficiency) of expenditures<br>over revenues                          | -                | (1,000)          | 514                           | 1,514               |
| <b>OTHER FINANCING SOURCES:</b>   |                  |                  |                               |                     |
| Appropriated fund balance   | -                | 1,000            | -                             | (1,000)             |
| Contributions from private sources  | -                | -                | -                             | -                   |
| Transfers from other funds  | -                | -                | -                             | -                   |
|   | <u>-</u>         | <u>1,000</u>     | <u>-</u>                      | <u>(1,000)</u>      |
| Total other financing sources:  | -                | 1,000            | -                             | (1,000)             |
| <b>EXCESS(DEFICIENCY) OF REVENUES AND OTHER<br/>SOURCES OVER EXPENDITURES</b> | -                | -                | 514                           | \$ 514              |
| <br>  |                  |                  |                               |                     |
| Fund balance at beginning of year   | <u>74,758</u>    | <u>74,758</u>    | <u>74,758</u>                 |                     |
| Fund balance at end of year   | <u>\$ 74,758</u> | <u>\$ 74,758</u> | <u>\$ 75,272</u>              |                     |

CITY OF ST. GEORGE, UTAH

HOUSING PROGRAMS - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS  |                   | VARIANCE WITH<br>FINAL BUDGET |                     |
|---|-------------------|-------------------|-------------------------------|---------------------|
|   | ORIGINAL          | FINAL             | ACTUAL                        | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                   |                   |                               |                     |
| Charges for services  | \$ -              | \$ -              | \$ -                          | \$ -                |
| Interest income   | 3,000             | 3,000             | 1,400                         | (1,600)             |
| <b>Total revenues</b>   | <b>3,000</b>      | <b>3,000</b>      | <b>1,400</b>                  | <b>(1,600)</b>      |
| <b>EXPENDITURES:</b>  |                   |                   |                               |                     |
| Current:  |                   |                   |                               |                     |
| Community and economic improvements   | 15,000            | 32,000            | 51,784                        | (19,784)            |
| Land Purchases  | -                 | 468,000           | 160,962                       | 307,038             |
| Building Construction   | -                 | -                 | -                             | -                   |
| <b>Total expenditures</b>   | <b>15,000</b>     | <b>500,000</b>    | <b>212,746</b>                | <b>287,254</b>      |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                        | <b>(12,000)</b>   | <b>(497,000)</b>  | <b>(211,346)</b>              | <b>285,654</b>      |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                   |                   |                               |                     |
| Transfers from other funds  | 190,000           | 196,000           | 168,535                       | (27,465)            |
| Appropriated fund balance   | -                 | 479,000           | -                             | (479,000)           |
| <b>Total other financing sources (uses):</b>  | <b>190,000</b>    | <b>675,000</b>    | <b>168,535</b>                | <b>(506,465)</b>    |
| <b>EXCESS OF REVENUES OVER EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES):</b> | <b>178,000</b>    | <b>178,000</b>    | <b>(42,811)</b>               | <b>\$ (220,811)</b> |
| Fund balance at beginning of year   | 548,019           | 548,019           | 548,019                       |                     |
| Fund balance at end of year   | <u>\$ 726,019</u> | <u>\$ 726,019</u> | <u>\$ 505,208</u>             |                     |

CITY OF ST. GEORGE, UTAH

FT. PIERCE CDA - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS  |                   | VARIANCE WITH<br>FINAL BUDGET |                     |
|---|-------------------|-------------------|-------------------------------|---------------------|
|   | ORIGINAL          | FINAL             | ACTUAL                        | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                   |                   |                               |                     |
| Economic development taxes  | \$ 900,000        | \$ 900,000        | \$ 582,025                    | \$ (317,975)        |
| Interest income   | 5,000             | 5,000             | 835                           | (4,165)             |
| <b>Total revenues</b>   | <b>905,000</b>    | <b>905,000</b>    | <b>582,860</b>                | <b>(322,140)</b>    |
| <b>EXPENDITURES:</b>  |                   |                   |                               |                     |
| Current:  |                   |                   |                               |                     |
| General government  | 1,000             | 1,000             | 544                           | 456                 |
| Community & Economic development  | 315,000           | 315,000           | 311,555                       | 3,445               |
| Capital Outlay:   |                   |                   |                               |                     |
| Improvements  | 25,000            | 25,000            |                               | 25,000              |
| <b>Total expenditures</b>   | <b>341,000</b>    | <b>341,000</b>    | <b>312,098</b>                | <b>28,902</b>       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                        | <b>564,000</b>    | <b>564,000</b>    | <b>270,761</b>                | <b>(293,239)</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                   |                   |                               |                     |
| Transfers to other funds  | (375,375)         | (375,375)         | (370,000)                     | 5,375               |
| Appropriated fund balance   |                   |                   | -                             | -                   |
| <b>Total other financing sources (uses):</b>  | <b>(375,375)</b>  | <b>(375,375)</b>  | <b>(370,000)</b>              | <b>5,375</b>        |
| <b>EXCESS OF REVENUES OVER EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES):</b> | <b>188,625</b>    | <b>188,625</b>    | <b>(99,239)</b>               | <b>\$ (287,864)</b> |
| Fund balance at beginning of year   | 178,316           | 178,316           | 178,316                       |                     |
| Fund balance at end of year   | <b>\$ 366,941</b> | <b>\$ 366,941</b> | <b>\$ 79,077</b>              |                     |

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

|   | <u>BUDGETED AMOUNTS</u> |                   | <u>ACTUAL</u>    | <u>VARIANCE WITH</u>       |
|---|-------------------------|-------------------|------------------|----------------------------|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>      |                  | <u>FINAL BUDGET</u>        |
|   |                         |                   |                  | <u>POSITIVE (NEGATIVE)</u> |
| <b>REVENUES:</b>  |                         |                   |                  |                            |
| Economic development taxes  | \$ 800,000              | \$ 830,000        | \$ 543,837       | \$ (286,163)               |
| Interest income   | 5,000                   | 5,000             | 299              | (4,701)                    |
| <b>Total revenues</b>   | <b>805,000</b>          | <b>835,000</b>    | <b>544,135</b>   | <b>(290,865)</b>           |
| <b>EXPENDITURES:</b>  |                         |                   |                  |                            |
| Current:  |                         |                   |                  |                            |
| Professional & technical services   | 1,000                   | 1,000             | 544              | 456                        |
| Community & economic development  | 275,000                 | 295,000           | 153,429          | 141,571                    |
| Housing programs  | -                       | -                 | -                | -                          |
| <b>Total expenditures</b>   | <b>276,000</b>          | <b>296,000</b>    | <b>153,972</b>   | <b>142,028</b>             |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>                | <b>529,000</b>          | <b>539,000</b>    | <b>390,163</b>   | <b>(148,837)</b>           |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                         |                   |                  |                            |
| Appropriated fund balance   | -                       | -                 | -                | -                          |
| Transfers to other funds  | (333,500)               | (343,500)         | (320,267)        | 23,233                     |
| <b>Total other financing sources (uses):</b>  | <b>(333,500)</b>        | <b>(343,500)</b>  | <b>(320,267)</b> | <b>23,233</b>              |
| <b>EXCESS OF REVENUES OVER EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES):</b> | <b>195,500</b>          | <b>195,500</b>    | <b>69,896</b>    | <b>\$ (125,604)</b>        |
| Fund balance at beginning of year   | 27,183                  | 27,183            | 27,183           |                            |
| Fund balance at end of year   | <b>\$ 222,683</b>       | <b>\$ 222,683</b> | <b>\$ 97,079</b> |                            |

CITY OF ST. GEORGE, UT  
 ECONOMIC DEVELOPMENT AGENCY #1 - SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS  |                   | VARIANCE WITH<br>FINAL BUDGET |                     |
|---|-------------------|-------------------|-------------------------------|---------------------|
|   | ORIGINAL          | FINAL             | ACTUAL                        | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                   |                   |                               |                     |
| Economic development taxes  | \$ 550,000        | \$ 550,000        | \$ 298,841                    | \$ (251,159)        |
| Interest income   | 2,000             | 2,000             | 679                           | (1,321)             |
| <b>Total revenues</b>   | <b>552,000</b>    | <b>552,000</b>    | <b>299,520</b>                | <b>(252,480)</b>    |
| <b>EXPENDITURES:</b>  |                   |                   |                               |                     |
| Current:  |                   |                   |                               |                     |
| General government  | 1,000             | 1,000             | 544                           | 456                 |
| Community & economic development  | 13,500            | 13,500            | -                             | 13,500              |
| Housing programs  | -                 | -                 | -                             | -                   |
| <b>Total expenditures</b>   | <b>14,500</b>     | <b>14,500</b>     | <b>544</b>                    | <b>13,956</b>       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>                | <b>537,500</b>    | <b>537,500</b>    | <b>298,977</b>                | <b>(238,523)</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                   |                   |                               |                     |
| Appropriated fund balance   | -                 | -                 | -                             | -                   |
| Transfers to other funds  | (297,250)         | (297,250)         | (284,768)                     | 12,482              |
| <b>Total other financing sources (uses):</b>  | <b>(297,250)</b>  | <b>(297,250)</b>  | <b>(284,768)</b>              | <b>12,482</b>       |
| <b>EXCESS OF REVENUES OVER EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES):</b> | <b>240,250</b>    | <b>240,250</b>    | <b>14,209</b>                 | <b>\$ (226,041)</b> |
| Fund balance at beginning of year   | 133,430           | 133,430           | 133,430                       |                     |
| Fund balance at end of year   | <b>\$ 373,680</b> | <b>\$ 373,680</b> | <b>\$ 147,639</b>             |                     |

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS  |                   | VARIANCE WITH<br>FINAL BUDGET |                     |
|---|-------------------|-------------------|-------------------------------|---------------------|
|   | ORIGINAL          | FINAL             | ACTUAL                        | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                   |                   |                               |                     |
| Economic development taxes  | \$ 400,000        | \$ 400,000        | \$ 269,052                    | \$ (130,948)        |
| Interest income   | 5,000             | 5,000             | 945                           | (4,055)             |
| <b>Total revenues</b>   | <b>405,000</b>    | <b>405,000</b>    | <b>269,997</b>                | <b>(135,003)</b>    |
| <b>EXPENDITURES:</b>  |                   |                   |                               |                     |
| Current:  |                   |                   |                               |                     |
| Professional & technical fees   | 1,000             | 1,000             | 544                           | 456                 |
| Community & economic development  | -                 | -                 |                               |                     |
| Capital outlay:   | -                 | -                 | -                             | -                   |
| <b>Total expenditures</b>   | <b>1,000</b>      | <b>1,000</b>      | <b>544</b>                    | <b>456</b>          |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>                | <b>404,000</b>    | <b>404,000</b>    | <b>269,454</b>                | <b>(134,546)</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                   |                   |                               |                     |
| Transfers to other funds  | (380,425)         | (380,425)         | (380,425)                     | -                   |
| Transfers from other funds  |                   |                   | -                             | -                   |
| <b>Total other financing sources (uses):</b>  | <b>(380,425)</b>  | <b>(380,425)</b>  | <b>(380,425)</b>              | <b>-</b>            |
| <b>EXCESS OF REVENUES OVER EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES):</b> | <b>23,575</b>     | <b>23,575</b>     | <b>(110,971)</b>              | <b>\$ (134,546)</b> |
| Fund balance at beginning of year   | 201,839           | 201,839           | 201,839                       |                     |
| Fund balance at end of year   | <b>\$ 225,414</b> | <b>\$ 225,414</b> | <b>\$ 90,868</b>              |                     |

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS  |                   | ACTUAL            | VARIANCE WITH       |
|---|-------------------|-------------------|-------------------|---------------------|
|   | ORIGINAL          | FINAL             |                   | FINAL BUDGET        |
|   |                   |                   |                   | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                   |                   |                   |                     |
| Transit fares   | \$ 120,000        | \$ 120,000        | \$ 151,165        | \$ 31,165           |
| Intergovernmental revenues  | 933,796           | 1,212,796         | 1,416,896         | 204,100             |
| Advertising fees  | 30,000            | 30,000            | 7,400             | (22,600)            |
| <b>Total revenues</b>   | <b>1,083,796</b>  | <b>1,362,796</b>  | <b>1,575,461</b>  | <b>212,665</b>      |
| <b>EXPENDITURES:</b>  |                   |                   |                   |                     |
| Current:  |                   |                   |                   |                     |
| Highways & public improvements  | 988,174           | 1,072,174         | 1,064,477         | 7,697               |
| Capital projects:   |                   |                   |                   |                     |
| Improvements  | 415,925           | 652,925           | 535,447           | 117,478             |
| <b>Total expenditures</b>   | <b>1,404,099</b>  | <b>1,725,099</b>  | <b>1,599,924</b>  | <b>125,175</b>      |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>                | <b>(320,303)</b>  | <b>(362,303)</b>  | <b>(24,463)</b>   | <b>337,840</b>      |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                   |                   |                   |                     |
| Transfers to other funds  | -                 | -                 |                   | -                   |
| Appropriated fund balance   | -                 | 42,000            |                   | (42,000)            |
| Transfers from other funds  | 350,000           | 350,000           | 350,000           | -                   |
| <b>Total other financing sources(uses)</b>  | <b>350,000</b>    | <b>392,000</b>    | <b>350,000</b>    | <b>(42,000)</b>     |
| <b>EXCESS OF REVENUES OVER EXPENDITURES AND<br/>OTHER FINANCING SOURCES (USES):</b> | <b>29,697</b>     | <b>29,697</b>     | <b>325,537</b>    | <b>\$ 295,840</b>   |
| Fund balance at beginning of year   | 443,037           | 443,037           | 443,037           |                     |
| Fund balance at end of year   | <b>\$ 472,734</b> | <b>\$ 472,734</b> | <b>\$ 768,574</b> |                     |

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

|   | <u>BUDGETED AMOUNTS</u> |                   | <u>ACTUAL</u>     | <u>VARIANCE WITH</u>       |
|---|-------------------------|-------------------|-------------------|----------------------------|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>      |                   | <u>FINAL BUDGET</u>        |
|   |                         |                   |                   | <u>POSITIVE (NEGATIVE)</u> |
| <b>REVENUES:</b>  |                         |                   |                   |                            |
| Special assessments collected   | \$ 150,000              | \$ 150,000        | \$ 135,657        | \$ (14,343)                |
| Miscellaneous revenues  |                         |                   |                   |                            |
| Interest income   | <u>10,000</u>           | <u>10,000</u>     | <u>21,720</u>     | <u>11,720</u>              |
| <b>Total revenues</b>   | <u>160,000</u>          | <u>160,000</u>    | <u>157,376</u>    | <u>(2,624)</u>             |
| <b>EXPENDITURES:</b>  |                         |                   |                   |                            |
| <b>General:</b>   |                         |                   |                   |                            |
| General government  | 12,000                  | 37,000            | 29,946            | 7,054                      |
| <b>Debt service:</b>  |                         |                   |                   |                            |
| Principal   | 345,000                 | 345,000           | 345,000           | -                          |
| Interest & other charges  | <u>41,054</u>           | <u>41,054</u>     | <u>41,034</u>     | <u>20</u>                  |
| <b>Total expenditures</b>   | <u>398,054</u>          | <u>423,054</u>    | <u>415,980</u>    | <u>7,074</u>               |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b>                | <b>(238,054)</b>        | <b>(263,054)</b>  | <b>(258,603)</b>  | <b>4,451</b>               |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                         |                   |                   |                            |
| <b>Transfers to other funds</b>   |                         |                   |                   |                            |
| Appropriated fund balance   | -                       | 25,000            | -                 | (25,000)                   |
| <b>Total other financing sources (uses):</b>  | <u>-</u>                | <u>25,000</u>     | <u>-</u>          | <u>(25,000)</u>            |
| <b>EXCESS OF REVENUES OVER EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES):</b> | <b>(238,054)</b>        | <b>(238,054)</b>  | <b>(258,603)</b>  | <b><u>(\$20,549)</u></b>   |
| <b>Fund balance at beginning of year</b>  | <u>984,725</u>          | <u>984,725</u>    | <u>984,725</u>    |                            |
| <b>Fund balance at end of year</b>  | <u>\$ 746,671</u>       | <u>\$ 746,671</u> | <u>\$ 726,122</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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS  |                    | ACTUAL             | VARIANCE WITH       |
|---|-------------------|--------------------|--------------------|---------------------|
|   | ORIGINAL          | FINAL              |                    | FINAL BUDGET        |
|   |                   |                    |                    | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                   |                    |                    |                     |
| Current property taxes  | \$ 1,287,896      | \$ 1,287,896       | \$ 1,287,896       | \$ -                |
| Interest income   | 500               | 500                | 157                | (343)               |
| <b>Total revenues</b>   | <b>1,288,396</b>  | <b>1,288,396</b>   | <b>1,288,053</b>   | <b>(343)</b>        |
| <b>EXPENDITURES:</b>  |                   |                    |                    |                     |
| <b>General:</b>   |                   |                    |                    |                     |
| Parks, recreation, etc.   | 3,500             | 103,500            | 93,839             | 9,661               |
| <b>Debt service:</b>  |                   |                    |                    |                     |
| Principal   | 621,000           | 5,964,000          | 5,964,000          |                     |
| Interest & other charges  | 666,896           | 676,896            | 676,770            | 126                 |
| <b>Total expenditures</b>   | <b>1,291,396</b>  | <b>6,744,396</b>   | <b>6,734,609</b>   | <b>9,787</b>        |
| <b>Excess (deficiency) of revenues over (under) expenditures</b>                | <b>(3,000)</b>    | <b>(5,456,000)</b> | <b>(5,446,556)</b> | <b>9,444</b>        |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                   |                    |                    |                     |
| Transfers to other funds  |                   | (218,000)          | (217,673)          | 327                 |
| Proceeds of refunding bonds   |                   | 5,395,000          | 5,395,000          | -                   |
| Premium on refunding bonds  | -                 | 276,000            | 275,233            | (767)               |
| Loss on bond refunding  |                   |                    | -                  | -                   |
| <b>Total other financing sources (uses):</b>                                    | <b>-</b>          | <b>5,453,000</b>   | <b>5,452,560</b>   | <b>(440)</b>        |
| <b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):</b> | <b>(3,000)</b>    | <b>(3,000)</b>     | <b>6,004</b>       | <b>\$9,004</b>      |
| <b>Fund balance at beginning of year</b>  | <b>249,507</b>    | <b>249,507</b>     | <b>249,507</b>     |                     |
| <b>Fund balance at end of year</b>  | <b>\$ 246,507</b> | <b>\$ 246,507</b>  | <b>\$ 255,511</b>  |                     |

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS    |                   | ACTUAL            | VARIANCE WITH       |
|---|---------------------|-------------------|-------------------|---------------------|
|   | ORIGINAL            | FINAL             |                   | FINAL BUDGET        |
|   |                     |                   |                   | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                     |                   |                   |                     |
| Tax rebates on bonds  | \$ 331,141          | \$ 331,141        | \$ 331,141        | \$ -                |
| Interest income   | -                   | -                 | 480               | 480                 |
| <b>Total revenues</b>   | <b>331,141</b>      | <b>331,141</b>    | <b>331,621</b>    | <b>480</b>          |
| <b>EXPENDITURES:</b>  |                     |                   |                   |                     |
| <b>General:</b>   |                     |                   |                   |                     |
| Highways and public improvements  | -                   | 2,000             | 1,800             | 200                 |
| <b>Debt service:</b>  |                     |                   |                   |                     |
| Principal   | -                   | 157,000           | 157,000           |                     |
| Interest & other charges  | -                   | 793,410           | 793,410           | -                   |
| <b>Total expenditures</b>   | <b>-</b>            | <b>952,410</b>    | <b>952,210</b>    | <b>200</b>          |
| <b>Excess (deficiency) of revenues over (under) expenditures</b>                | <b>331,141</b>      | <b>(621,269)</b>  | <b>(620,589)</b>  | <b>680</b>          |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                     |                   |                   |                     |
| Transfers to other funds  |                     |                   |                   |                     |
| Contributions from other governments  | 700,000             | 700,000           | 700,000           | -                   |
| Appropriated fund balances  | -                   | 1,000             | -                 | (1,000)             |
| Loss on bond refunding  |                     |                   | -                 | -                   |
| <b>Total other financing sources (uses):</b>                                    | <b>700,000</b>      | <b>701,000</b>    | <b>700,000</b>    | <b>(1,000)</b>      |
| <b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):</b> | <b>1,031,141</b>    | <b>79,731</b>     | <b>79,411</b>     | <b>(\$320)</b>      |
| <b>Fund balance at beginning of year</b>  | <b>273,282</b>      | <b>273,282</b>    | <b>273,282</b>    |                     |
| <b>Fund balance at end of year</b>  | <b>\$ 1,304,423</b> | <b>\$ 353,013</b> | <b>\$ 352,693</b> |                     |

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, 2011

|   | BUDGETED AMOUNTS |                  | ACTUAL           | VARIANCE WITH       |
|---|------------------|------------------|------------------|---------------------|
|   | ORIGINAL         | FINAL            |                  | FINAL BUDGET        |
|   |                  |                  |                  | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                  |                  |                  |                     |
| Redevelopment taxes                                     | \$ 1,050,000     | \$ 1,050,000     | \$ 1,103,951     | \$ 53,951           |
| Miscellaneous   |                  |                  |                  |                     |
| Interest income   | 10,000           | 10,000           | 2,767            | (7,233)             |
| <b>Total revenues</b>                                   | <b>1,060,000</b> | <b>1,060,000</b> | <b>1,106,718</b> | <b>46,718</b>       |
| <b>EXPENDITURES:</b>                                    |                  |                  |                  |                     |
| <b>Current:</b>   |                  |                  |                  |                     |
| General government                                      | 23,500           | 23,500           | 7,039            | 16,461              |
| <b>Capital projects:</b>                                |                  |                  |                  |                     |
| Improvements  | 5,000            | 328,250          | 302,711          | 25,539              |
| Land purchases  | -                | 599,300          | 599,299          | 1                   |
| Equipment purchases                                     |                  | 32,500           | 32,500           | -                   |
| <b>Debt service:</b>                                    |                  |                  |                  |                     |
| Bond principal  | 400,000          | 400,000          | 400,000          | -                   |
| Interest  | 99,840           | 99,840           | 99,840           | -                   |
| Lease payments  | -                | -                | -                | -                   |
| <b>Total expenditures</b>                               | <b>528,340</b>   | <b>1,483,390</b> | <b>1,441,389</b> | <b>42,001</b>       |
| Excess (deficiency) revenues over (under) expenditures: | 531,660          | (423,390)        | (334,671)        | 88,719              |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                  |                  |                  |                     |
| Appropriated fund balance                               | -                | 955,050          | -                | (955,050)           |
| Transfers to other funds                                |                  |                  |                  |                     |
| <b>Total other financing sources (uses)</b>             | <b>-</b>         | <b>955,050</b>   | <b>-</b>         | <b>(955,050)</b>    |
| <b>EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>531,660</b>   | <b>531,660</b>   | <b>(334,671)</b> | <b>\$ (866,331)</b> |
| Fund balance at beginning of year                       | 877,074          | 877,074          | 877,074          |                     |
| Fund balance at end of year                             | \$ 1,408,734     | \$ 1,408,734     | \$ 542,403       |                     |

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, 2011

|  | BUDGETED AMOUNTS  |                   | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE (NEGATIVE) |
|--|-------------------|-------------------|---------------------|--|
|  | ORIGINAL          | FINAL             |                     |  |
| <b>REVENUES:</b>   |                   |                   |                     |  |
| Capital development fees   | \$ 750,000        | \$ 770,000        | \$ 683,706          | \$ (86,294)  |
| Intergovernmental  | 252,300           | 252,300           | 87,600              | (164,700)  |
| Interest income  | 2,000             | 2,000             | 3,495               | 1,495  |
| <b>Total revenues</b>  | <b>1,004,300</b>  | <b>1,024,300</b>  | <b>774,800</b>      | <b>(249,500)</b>                                     |
| <b>EXPENDITURES:</b>   |                   |                   |                     |  |
| Current:   |                   |                   |                     |  |
| Parks, recreation, etc   | 6,250             | 6,250             | 2,741               | 3,509  |
| Capital projects:  |                   |                   |                     |  |
| Improvements   | 961,500           | 1,235,222         | 425,467             | 809,755  |
| Property purchases   |                   |                   | -                   | -  |
| Debt service:  |                   |                   |                     |  |
| Principal  | -                 | -                 | -                   | -  |
| Interest   | -                 | -                 | -                   | -  |
| <b>Total expenditures</b>  | <b>967,750</b>    | <b>1,241,472</b>  | <b>428,208</b>      | <b>813,264</b>                                       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                     | <b>36,550</b>     | <b>(217,172)</b>  | <b>346,592</b>      | <b>563,764</b>                                       |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                   |                   |                     |  |
| Transfers from other funds   | 85,000            | 303,000           | 217,673             | (85,327)   |
| Transfers to other funds   | (40,000)          | (40,000)          | (40,000)            | -  |
| Contributions from private sources   |                   |                   | 560                 | 560  |
| Appropriated fund balance  | -                 | 35,722            | -                   | (35,722)   |
| <b>Total other financing sources (uses):</b>                                     | <b>45,000</b>     | <b>298,722</b>    | <b>178,233</b>      | <b>(120,489)</b>                                     |
| <b>EXCESS REVENUES OVER EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES):</b> | <b>81,550</b>     | <b>81,550</b>     | <b>524,825</b>      | <b>\$443,275</b>                                     |
| Fund balance at beginning of year  | 727,331           | 727,331           | 727,331             |  |
| <b>Fund balance at end of year</b>   | <b>\$ 808,881</b> | <b>\$ 808,881</b> | <b>\$ 1,252,156</b> |  |

**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, 2011**

|   | <u>BUDGETED AMOUNTS</u> |                   | <u>ACTUAL</u>       | <u>VARIANCE WITH</u> |
|---|-------------------------|-------------------|---------------------|----------------------|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>      |                     | <u>FINAL BUDGET</u>  |
| <b>REVENUES:</b>  |                         |                   |                     |                      |
| Capital development fees  | \$ 260,000              | \$ 260,000        | \$ 457,161          | \$ 197,161           |
| Interest income   | 20,000                  | 20,000            | 5,448               | (14,552)             |
| <b>Total revenues</b>   | <b>280,000</b>          | <b>280,000</b>    | <b>462,609</b>      | <b>182,609</b>       |
| <b>EXPENDITURES:</b>  |                         |                   |                     |                      |
| Current:  |                         |                   |                     |                      |
| Highways and public improvements  | 15,000                  | 15,000            | 33,197              | (18,197)             |
| Capital projects:   |                         |                   |                     |                      |
| Improvements  | 100,000                 | 100,000           | -                   | 100,000              |
| <b>Total expenditures</b>   | <b>115,000</b>          | <b>115,000</b>    | <b>33,197</b>       | <b>81,803</b>        |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>                        | <b>165,000</b>          | <b>165,000</b>    | <b>429,412</b>      | <b>264,412</b>       |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                         |                   |                     |                      |
| Appropriated fund balance   | -                       | -                 | -                   | -                    |
| Transfers to other funds  | (780,000)               | (780,000)         | (24,521)            | 755,479              |
| <b>Total other financing sources (uses):</b>                                    | <b>(780,000)</b>        | <b>(780,000)</b>  | <b>(24,521)</b>     | <b>755,479</b>       |
| <b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):</b> | <b>(615,000)</b>        | <b>(615,000)</b>  | <b>404,891</b>      | <b>\$ 1,019,891</b>  |
| Fund balance at beginning of year   | 1,575,578               | 1,575,578         | 1,575,578           |                      |
| Fund balance at end of year   | <b>\$ 960,578</b>       | <b>\$ 960,578</b> | <b>\$ 1,980,469</b> |                      |

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS |                  | ACTUAL           | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE (NEGATIVE) |
|---|------------------|------------------|------------------|--|
|   | ORIGINAL         | FINAL            |                  |  |
| <b>REVENUES:</b>  |                  |                  |                  |  |
| Intergovernmental   | \$ 1,150,000     | \$ 1,967,057     | \$ 1,868,544     | \$ (98,513)  |
| Charges for services  | 12,000           | 12,000           | 39,804           | 27,804   |
| Rents & royalties   | 40,000           | 40,000           | 7,188            | (32,812)   |
| <b>Total revenues</b>   | <b>1,202,000</b> | <b>2,019,057</b> | <b>1,915,536</b> | <b>(103,521)</b>                                     |
| <b>EXPENDITURES:</b>  |                  |                  |                  |  |
| Current:  |                  |                  |                  |  |
| General government  | 4,000            | 70,500           | 146,111          | (75,611)   |
| Capital projects:   |                  |                  |                  |  |
| Improvements  | 1293700          | 2723239          | 2,005,795        | 717,444  |
| Property purchases  |                  |                  |                  |  |
| <b>Total expenditures</b>   | <b>1,297,700</b> | <b>2,793,739</b> | <b>2,151,906</b> | <b>641,833</b>                                       |
| Excess (Deficiency) of expenditures<br>over revenues                          | (95,700)         | (774,682)        | (236,370)        | 538,312  |
| <b>OTHER FINANCING SOURCES:</b>   |                  |                  |                  |  |
| Transfers from other funds  | 2,225,148        |                  |                  |  |
| Transfers to other funds  | (800,000)        | (817,400)        | (300,000)        | 517,400  |
| Appropriated fund balance   |                  | 2,921,530        |                  | (2,921,530)  |
| Contributions from other governments  |                  |                  | -                | -  |
| <b>Total other financing sources (uses):</b>                                  | <b>1,425,148</b> | <b>2,104,130</b> | <b>(300,000)</b> | <b>(2,404,130)</b>                                   |
| <b>EXCESS(DEFICIENCY) OF REVENUES AND OTHER<br/>SOURCES OVER EXPENDITURES</b> | <b>1,329,448</b> | <b>1,329,448</b> | <b>(536,370)</b> | <b>(1,865,818)</b>                                   |
| Fund balance at beginning of year   | 17,606,353       | 17,606,353       | 17,606,353       |  |
| Fund balance at end of year   | \$ 18,935,801    | \$ 18,935,801    | \$ 17,069,983    |  |

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, 2011

|   | BUDGETED AMOUNTS   |                    | ACTUAL          | VARIANCE WITH       |
|---|--------------------|--------------------|-----------------|---------------------|
|   | ORIGINAL           | FINAL              |                 | FINAL BUDGET        |
|   |                    |                    |                 | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                    |                    |                 |                     |
| Capital development fees  | \$ 175,000         | \$ 175,000         | \$ 184,413      | \$ 9,413            |
| Interest income   | 20,000             | 20,000             | 6,865           | (13,135)            |
| <b>Total revenues</b>   | <b>195,000</b>     | <b>195,000</b>     | <b>191,278</b>  | <b>(3,722)</b>      |
| <b>EXPENDITURES:</b>  |                    |                    |                 |                     |
| Current:  |                    |                    |                 |                     |
| Highways & public improvements  | 15,000             | 15,000             | 544             | 14,456              |
| Capital projects:   |                    |                    |                 |                     |
| Land purchases  | -                  | -                  | -               | -                   |
| Improvements  | -                  | -                  | -               | -                   |
| <b>Total expenditures</b>   | <b>15,000</b>      | <b>15,000</b>      | <b>544</b>      | <b>14,456</b>       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                        | <b>180,000</b>     | <b>180,000</b>     | <b>190,734</b>  | <b>10,734</b>       |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                    |                    |                 |                     |
| Transfers to other funds  | (2,100,000)        | (2,100,000)        | (36,554)        | 2,063,446           |
| Transfers from other funds  | -                  | -                  | -               | -                   |
| Appropriated fund balance   | -                  | -                  | -               | -                   |
| <b>Total other financing sources(uses)</b>  | <b>(2,100,000)</b> | <b>(2,100,000)</b> | <b>(36,554)</b> | <b>2,063,446</b>    |
| <b>EXCESS OF REVENUES OVER EXPENDITURES AND<br/>OTHER FINANCING SOURCES (USES):</b> | <b>(1,920,000)</b> | <b>(1,920,000)</b> | <b>154,180</b>  | <b>\$ 2,074,180</b> |
| Fund balance at beginning of year   | 2,077,365          | 2,077,365          | 2,077,365       |                     |
| Fund balance at end of year   | \$ 157,365         | \$ 157,365         | \$ 2,231,545    |                     |

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, 2011

|   | BUDGETED AMOUNTS   |                    | ACTUAL             | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE (NEGATIVE) |
|---|--------------------|--------------------|--------------------|--|
|   | ORIGINAL           | FINAL              |                    |  |
| <b>REVENUES:</b>  |                    |                    |                    |  |
| Capital development fees  | \$ 80,000          | \$ 80,000          | \$ 106,485         | \$ 26,485  |
| Interest income   | 5,000              | 5,000              | 1,752              | (3,248)  |
| <b>Total revenues</b>   | <b>85,000</b>      | <b>85,000</b>      | <b>108,237</b>     | <b>23,237</b>  |
| <b>EXPENDITURES:</b>  |                    |                    |                    |  |
| Current:  |                    |                    |                    |  |
| Public safety   | 1,000              | 1,000              | 544                | 456  |
| Capital Projects:   |                    |                    |                    |  |
| Building Construction   | 1,355,000          | 1,855,000          | 1,697,695          | 157,305  |
| <b>Total expenditures</b>   | <b>1,356,000</b>   | <b>1,856,000</b>   | <b>1,698,239</b>   | <b>157,761</b>                                       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                        | <b>(1,271,000)</b> | <b>(1,771,000)</b> | <b>(1,590,002)</b> | <b>180,998</b>                                       |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                    |                    |                    |  |
| Transfers from other funds  | 500,000            | 500,000            | -                  | (500,000)  |
| Appropriated fund balance   | -                  | 500,000            | -                  | (500,000)  |
| <b>Total other financing sources (uses):</b>  | <b>500,000</b>     | <b>1,000,000</b>   | <b>-</b>           | <b>(1,000,000)</b>                                   |
| <b>EXCESS OF REVENUES OVER EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES):</b> | <b>(771,000)</b>   | <b>(771,000)</b>   | <b>(1,590,002)</b> | <b>\$ (819,002)</b>                                  |
| Fund balance at beginning of year   | 1,204,561          | 1,204,561          | 1,204,561          |  |
| Fund balance at end of year   | \$ 433,561         | \$ 433,561         | \$ (385,441)       |  |

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, 2011

|   | BUDGETED AMOUNTS |               | VARIANCE WITH<br>FINAL BUDGET |                     |
|---|------------------|---------------|-------------------------------|---------------------|
|   | ORIGINAL         | FINAL         | ACTUAL                        | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                  |               |                               |                     |
| Capital development fees  | \$ 60,000        | \$ 60,000     | \$ 47,326                     | \$ (12,674)         |
| Interest income   | -                | -             | -                             | -                   |
| <b>Total revenues</b>   | <b>60,000</b>    | <b>60,000</b> | <b>47,326</b>                 | <b>(12,674)</b>     |
| <b>EXPENDITURES:</b>  |                  |               |                               |                     |
| Current:  |                  |               |                               |                     |
| General government  | 1,000            | 1,000         | 544                           | 456                 |
| Lease payments  | 50,000           | 50,000        | 50,000                        | -                   |
| <b>Total expenditures</b>   | <b>51,000</b>    | <b>51,000</b> | <b>50,544</b>                 | <b>456</b>          |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                        | <b>9,000</b>     | <b>9,000</b>  | <b>(3,217)</b>                | <b>(12,217)</b>     |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                  |               |                               |                     |
| Transfers from other funds  | -                | -             | -                             | -                   |
| Appropriated fund balance   | -                | -             | -                             | -                   |
| <b>Total other financing sources (uses):</b>  | <b>-</b>         | <b>-</b>      | <b>-</b>                      | <b>-</b>            |
| <b>EXCESS OF REVENUES OVER EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES):</b> | <b>9,000</b>     | <b>9,000</b>  | <b>(3,217)</b>                | <b>\$ (12,217)</b>  |
| Fund balance at beginning of year   | (26,224)         | (26,224)      | (26,224)                      |                     |
| Fund balance at end of year   | \$ (17,224)      | \$ (17,224)   | \$ (29,441)                   |                     |

CITY OF ST. GEORGE, UTAH  
STREET BOND - CAPITAL PROJECT FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|  | BUDGETED AMOUNTS   |                    | VARIANCE WITH<br>FINAL BUDGET |                     |
|--|--------------------|--------------------|-------------------------------|---------------------|
|  | ORIGINAL           | FINAL              | ACTUAL                        | POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>   |                    |                    |                               |                     |
| Interest earnings  | \$ 150,000         | \$ 150,000         | \$ 29,661                     | \$ (120,339)        |
| Property sales   | -                  | -                  | -                             | -                   |
| Sundry revenues  | -                  | -                  | -                             | -                   |
| <b>Total revenues</b>  | <b>150,000</b>     | <b>150,000</b>     | <b>29,661</b>                 | <b>(120,339)</b>    |
| <b>EXPENDITURES:</b>   |                    |                    |                               |                     |
| <b>Current:</b>  |                    |                    |                               |                     |
| Highways & public improvements   | 4,000              | 4,000              | 3,594                         | 406                 |
| <b>Debt Service:</b>   |                    |                    |                               |                     |
| Principal payments   | 2,350,000          | 2,350,000          | 2,350,000                     | -                   |
| Interest payments  | 682,813            | 682,813            | 682,813                       | -                   |
| <b>Total expenditures</b>  | <b>3,036,813</b>   | <b>3,036,813</b>   | <b>3,036,407</b>              | <b>406</b>          |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>EXPENDITURES</b>                     | <b>(2,886,813)</b> | <b>(2,886,813)</b> | <b>(3,006,746)</b>            | <b>(119,933)</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                    |                    |                               |                     |
| Operating transfers in   | 3,034,000          | 3,034,000          | 3,034,000                     | -                   |
| Transfers to other funds   | (4,782,491)        | (4,782,491)        | (624,211)                     | 4,158,280           |
| Contributions from private sources   | -                  | -                  | -                             | -                   |
| Contributions from other governments   | -                  | -                  | -                             | -                   |
| Appropriated fund balance  | -                  | -                  | -                             | -                   |
| <b>Total other financing sources (uses)</b>                                      | <b>(1,748,491)</b> | <b>(1,748,491)</b> | <b>2,409,789</b>              | <b>4,158,280</b>    |
| <b>EXCESS OF REVENUES AND OTHER<br/>SOURCES OVER EXPENDITURES AND OTHER USES</b> | <b>(4,635,304)</b> | <b>(4,635,304)</b> | <b>(596,957)</b>              | <b>\$ 4,038,347</b> |
| <b>Fund balance at beginning of year</b>   | <b>5,924,715</b>   | <b>5,924,715</b>   | <b>5,924,715</b>              |                     |
| <b>Fund balance at end of year</b>   | <b>\$1,289,411</b> | <b>\$1,289,411</b> | <b>\$5,327,758</b>            |                     |

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, 2011

|   | BUDGETED AMOUNTS    |                     | VARIANCE WITH<br>FINAL BUDGET |                           |
|---|---------------------|---------------------|-------------------------------|---------------------------|
|   | ORIGINAL            | FINAL               | ACTUAL                        | POSITIVE (NEGATIVE)       |
| <b>REVENUES:</b>  |                     |                     |                               |                           |
| Interest income   | \$ 5,000            | \$ 5,000            | \$ -                          | \$ (5,000)                |
| Other income  | -                   | -                   | -                             | -                         |
| Total revenues  | <u>5,000</u>        | <u>5,000</u>        | <u>-</u>                      | <u>(5,000)</u>            |
| <b>EXPENDITURES:</b>  |                     |                     |                               |                           |
| Current:  |                     |                     |                               |                           |
| Highways and public improvements  | 2,645,260           | 2,645,260           | 870,678                       | 1,774,582                 |
| Capital projects:   |                     |                     |                               |                           |
| Improvements  | 7,769,282           | 7,769,282           | 463,157                       | 7,306,125                 |
| Debt service:   |                     |                     |                               |                           |
| Principal payments  | 644,874             | 644,874             | 733,498                       | (88,624)                  |
| Interest expense  | 188,117             | 188,117             | 188,116                       | 1                         |
| Total expenditures  | <u>11,247,533</u>   | <u>11,247,533</u>   | <u>2,255,449</u>              | <u>8,992,084</u>          |
| Excess (Deficiency) of expenditures<br>over revenues                          | <u>(11,242,533)</u> | <u>(11,242,533)</u> | <u>(2,255,449)</u>            | <u>8,987,084</u>          |
| <b>OTHER FINANCING SOURCES:</b>   |                     |                     |                               |                           |
| Transfers to other funds  | 9,974,282           | 9,974,282           | 976,386                       | (8,997,896)               |
| Contributions from private sources  | 807,991             | 807,991             | 807,991                       | -                         |
| Total other Financing Sources   | <u>10,782,273</u>   | <u>10,782,273</u>   | <u>1,784,377</u>              | <u>(8,997,896)</u>        |
| <b>EXCESS(DEFICIENCY) OF REVENUES<br/>AND OTHER SOURCES OVER EXPENDITURES</b> | <b>(460,260)</b>    | <b>(460,260)</b>    | <b>(471,072)</b>              | <b>\$ <u>(10,812)</u></b> |
| Fund balance at beginning of year   | <u>680,430</u>      | <u>680,430</u>      | <u>680,430</u>                |                           |
| Fund balance at end of year   | <u>\$ 220,170</u>   | <u>\$ 220,170</u>   | <u>\$ 209,358</u>             |                           |

CITY OF ST. GEORGE, UTAH

2010 FLOOD RESTORATION - CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | BUDGETED AMOUNTS |                  | VARIANCE WITH       |                                     |
|---|------------------|------------------|---------------------|-------------------------------------|
|   | ORIGINAL         | FINAL            | ACTUAL              | FINAL BUDGET<br>POSITIVE (NEGATIVE) |
| <b>REVENUES:</b>  |                  |                  |                     |                                     |
| Intergovernmental revenues  | \$ -             | \$ 1,000,000     | \$ 370,663          | \$ (629,337)                        |
| Interest income   |                  |                  | -                   | -                                   |
| <b>Total revenues</b>   | <b>-</b>         | <b>1,000,000</b> | <b>370,663</b>      | <b>(629,337)</b>                    |
| <b>EXPENDITURES:</b>  |                  |                  |                     |                                     |
| Professional & technical fees   |                  |                  | -                   | -                                   |
| Highways and public improvements  | -                | 1,000,000        | 780,629             | 219,371                             |
| <b>Total expenditures</b>   | <b>-</b>         | <b>1,000,000</b> | <b>780,629</b>      | <b>219,371</b>                      |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                        | <b>-</b>         | <b>-</b>         | <b>(409,966)</b>    | <b>(409,966)</b>                    |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                  |                  |                     |                                     |
| Transfers from other funds  | -                | -                | -                   | -                                   |
| Sale of bonds   | -                | -                | -                   | -                                   |
| <b>Total other financing sources (uses):</b>  | <b>-</b>         | <b>-</b>         | <b>-</b>            | <b>-</b>                            |
| <b>EXCESS OF REVENUES OVER EXPENDITURES AND<br/>OTHER FINANCING SOURCES (USES):</b> | <b>-</b>         | <b>-</b>         | <b>(409,966)</b>    | <b>\$ (409,966)</b>                 |
| Fund balance at beginning of year   | -                | -                | -                   |                                     |
| <b>Fund balance at end of year</b>  | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ (409,966)</b> |                                     |

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, 2011

|   | <u>BUDGETED AMOUNTS</u> |                         | <u>VARIANCE WITH<br/>FINAL BUDGET</u> |                            |
|---|-------------------------|-------------------------|---------------------------------------|----------------------------|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>            | <u>ACTUAL</u>                         | <u>POSITIVE (NEGATIVE)</u> |
| <b>REVENUES:</b>  |                         |                         |                                       |                            |
| Intergovernmental   | \$ -                    | \$ -                    | \$ -                                  | \$ -                       |
| Interest income   |                         |                         |                                       |                            |
| Other income  |                         |                         |                                       |                            |
|   | <hr/>                   |                         | <hr/>                                 |                            |
| Total revenues  | -                       | -                       | -                                     | -                          |
| <b>EXPENDITURES:</b>  |                         |                         |                                       |                            |
| Current:  |                         |                         |                                       |                            |
| Highways and public improvements  |                         |                         | 544                                   | (544)                      |
| Capital projects:   |                         |                         |                                       |                            |
| Improvements  | -                       | -                       | -                                     | -                          |
| Property purchases  |                         |                         |                                       |                            |
|   | <hr/>                   |                         | <hr/>                                 |                            |
| Total expenditures  | -                       | -                       | 544                                   | (544)                      |
| Excess (Deficiency) of expenditures<br>over revenues                          | -                       | -                       | (544)                                 | (544)                      |
| <b>OTHER FINANCING SOURCES:</b>   |                         |                         |                                       |                            |
| Transfers to other funds  |                         |                         |                                       | -                          |
| Appropriated fund balance   | -                       | -                       | -                                     | -                          |
|   | <hr/>                   |                         | <hr/>                                 |                            |
| <b>EXCESS(DEFICIENCY) OF REVENUES<br/>AND OTHER SOURCES OVER EXPENDITURES</b> | -                       | -                       | (544)                                 | <u><u>\$ (544)</u></u>     |
| Fund balance at beginning of year   | 84,037                  | 84,037                  | 84,037                                |                            |
| Fund balance at end of year   | <u><u>\$ 84,037</u></u> | <u><u>\$ 84,037</u></u> | <u><u>\$ 83,493</u></u>               |                            |

City of St. George, UT  
 NonMajor Proprietary Funds  
 Combining Statement of Net Assets  
 June 30, 2011

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                            | \$ 250,974               | \$ 230,498                          | \$ 3,420,057            | \$ 95,900                    | \$ (2,345,198)      | \$ 1,652,231           |
| Restricted cash                                 |                          |                                     |                         | 803,543                      |                     | 803,543                |
| Accounts Receivable                             |                          |                                     |                         | 45,386                       |                     | 45,386                 |
| Notes Receivable                                |                          |                                     |                         | 12,978                       |                     | 12,978                 |
| Furniture, Fixtures, & equip                    |                          | 10,770,124                          |                         | 11,531,005                   | 18,210,034          | 40,511,163             |
| Less depreciation                               |                          | (1,283,524)                         |                         | (6,293,894)                  | (7,193,561)         | (14,770,979)           |
| Prepaid expenses                                |                          | 66,266                              |                         |                              | 39,500              | 105,766                |
| Total assets                                    | <u>250,974</u>           | <u>9,783,364</u>                    | <u>3,420,057</u>        | <u>6,194,919</u>             | <u>8,710,776</u>    | <u>28,360,089</u>      |
| <br>  |                          |                                     |                         |                              |                     |                        |
| <u>Liabilities</u>                              |                          |                                     |                         |                              |                     |                        |
| <b>Liabilities:</b>                             |                          |                                     |                         |                              |                     |                        |
| Accrued liabilities                             | \$ 268,830               | \$ 10,487                           | \$ 6,662                | \$ 73,620                    | 504,352             | 863,950                |
| Due to other funds                              |                          |                                     |                         |                              | 500,000             | 500,000                |
| Leases payable                                  |                          |                                     |                         |                              | 961,766             | 961,766                |
| Bonds payable                                   |                          | 802,000                             |                         |                              | -                   | 802,000                |
| Total liabilities                               | <u>268,830</u>           | <u>812,487</u>                      | <u>6,662</u>            | <u>73,620</u>                | <u>1,966,118</u>    | <u>3,127,717</u>       |
| <br>  |                          |                                     |                         |                              |                     |                        |
| <b>Net Assets</b>                               |                          |                                     |                         |                              |                     |                        |
| Invested in capital assets, net of related debt |                          | 8,750,866                           | -                       | 5,237,111                    | 10,094,208          | 24,082,184             |
| Restricted for impact fee construction          |                          |                                     |                         | 803,543                      | -                   | 803,543                |
| Unrestricted                                    | (17,856)                 | 220,011                             | 3,413,395               | 80,645                       | (3,349,549)         | 346,645                |
| Total Net Assets                                | <u>\$ (17,856)</u>       | <u>\$ 8,970,877</u>                 | <u>\$ 3,413,395</u>     | <u>\$ 6,121,299</u>          | <u>\$ 6,744,658</u> | <u>\$ 25,232,373</u>   |

City of St. George, UT  
 NonMajor Proprietary Funds  
 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 For the Fiscal Year Ended June 30, 2011

|  | Business-type Activities<br>Enterprise Funds |                                 |                     |                          |                     | Total<br>Non-Major   |
|--|--|---------------------------------|---------------------|--------------------------|---------------------|----------------------|
|  | Refuse Collection                            | Municipal<br>Building Authority | Drainage Utility    | Wastewater<br>Collection | Golf<br>Courses     |                      |
| <b>OPERATING REVENUES:</b>                   |  |                                 |                     |                          |                     |                      |
| Charges for services                         | \$ 3,407,168                                 | \$ -                            | \$ 992,307          | \$ 7,706,792             | \$ 3,283,012        | 15,389,279           |
| Other operating revenues                     |  |                                 |                     | 256,617                  |                     | 256,617              |
| <b>Total operating revenues</b>              | <b>3,407,168</b>                             | <b>-</b>                        | <b>992,307</b>      | <b>7,963,409</b>         | <b>3,283,012</b>    | <b>15,645,896</b>    |
| <b>OPERATING EXPENSES:</b>                   |  |                                 |                     |                          |                     |                      |
| Salary and wages                             |  |                                 |                     | 622,646                  | 1,308,283           | 1,930,930            |
| Supplies                                     |  |                                 |                     | 16,870                   | 398,772             | 415,642              |
| Service vehicle expense                      |  |                                 |                     | 86,881                   | 24,991              | 111,872              |
| Equipment rental                             |  |                                 |                     | 240                      | 3,518               | 3,758                |
| Depreciation                                 |  | 98,336                          |                     | 447,778                  | 598,394             | 1,144,507            |
| Payroll tax & employee benefits              |  |                                 |                     | 269,190                  | 533,521             | 802,711              |
| Office & dept. supplies                      | 10,214                                       |                                 | 2,963               | 31,692                   | 98,915              | 143,783              |
| Professional services                        | 544  | 17,308                          | 6,061               | 8,547                    | 524,090             | 556,549              |
| R. & M. - equipment                          |  |                                 |                     | 36,787                   | 34,497              | 71,284               |
| R. & M. - buildings and grounds              |  |                                 | 36,878              | 6,852                    | 693,593             | 737,323              |
| Insurance & surety bonds                     |  |                                 |                     | 16,618                   | 32,508              | 49,126               |
| Travel                                       |  |                                 |                     | 4,684                    |                     | 4,684                |
| Subscriptions & memberships                  |  |                                 |                     | 2,491                    | 885                 | 3,376                |
| Contract labor                               | 3,195,490                                    |                                 |                     | 5,727,765                |                     | 8,923,255            |
| Billing & administration                     | 185,000                                      |                                 | 76,000              | 450,000                  |                     | 711,000              |
| <b>Total operating expenses</b>              | <b>3,391,247</b>                             | <b>115,644</b>                  | <b>121,902</b>      | <b>7,729,040</b>         | <b>4,251,966</b>    | <b>15,609,799</b>    |
| <b>Operating income (loss)</b>               | <b>15,921</b>                                | <b>(115,644)</b>                | <b>870,406</b>      | <b>234,368</b>           | <b>(968,955)</b>    | <b>36,097</b>        |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>     |  |                                 |                     |                          |                     |                      |
| Interest income                              |  | 501                             | 10,346              | 2,189                    |                     | 13,036               |
| Rent   |  | 128,343                         |                     |                          | 6,680               | 135,023              |
| Miscellaneous income                         |  |                                 |                     | 647                      | 27,780              | 28,427               |
| Interest charges                             |  | (33,549)                        |                     |                          | -                   | (33,549)             |
| <b>Total non-operating revenue (expense)</b> | <b>-</b>                                     | <b>95,295</b>                   | <b>10,346</b>       | <b>2,836</b>             | <b>34,460</b>       | <b>142,937</b>       |
| <b>Income before transfers</b>               | <b>15,921</b>                                | <b>(20,348)</b>                 | <b>880,751</b>      | <b>237,205</b>           | <b>(934,495)</b>    | <b>179,034</b>       |
| <b>Transfers (to) from other funds</b>       |  | <b>-</b>                        | <b>(221,858)</b>    | <b>-</b>                 | <b>1,000,000</b>    | <b>778,142</b>       |
| <b>Changes in Net Assets</b>                 | <b>15,921</b>                                | <b>(20,348)</b>                 | <b>658,893</b>      | <b>237,205</b>           | <b>65,505</b>       | <b>957,176</b>       |
| <b>Total Net Assets - beginning of year</b>  | <b>(33,778)</b>                              | <b>8,991,226</b>                | <b>2,754,502</b>    | <b>5,884,095</b>         | <b>6,679,152</b>    | <b>24,275,197</b>    |
| <b>Total Net Assets - end of year</b>        | <b>\$ (17,857)</b>                           | <b>\$ 8,970,878</b>             | <b>\$ 3,413,395</b> | <b>\$ 6,121,300</b>      | <b>\$ 6,744,657</b> | <b>\$ 25,232,373</b> |

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Business-type Activities - Enterprise Funds

|   | <u>REFUSE<br/>COLLECTION</u> | <u>MUNICIPAL<br/>BUILDING AUTHORITY</u> | <u>DRAINAGE<br/>UTILITY</u> | <u>WASTEWATER<br/>COLLECTION</u> | <u>GOLF<br/>COURSES</u> | <u>TOTAL<br/>NON-MAJOR</u> |
|---|------------------------------|---|-----------------------------|----------------------------------|-------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                              |   |                             |                                  |                         |                            |
| Receipts from customers and users   | \$ 3,407,168                 | \$ -                                    | \$ 992,307                  | \$ 8,000,867                     | \$ 3,283,012            | \$ 15,683,354              |
| Payments to suppliers   | (3,386,187)                  | (7,444)                                 | (115,240)                   | (6,384,971)                      | (1,848,293)             | (11,742,135)               |
| Payments to employees   | -                            | -                                       | -                           | (891,836)                        | (1,841,805)             | (2,733,641)                |
| Net cash provided by operating activities   | <u>20,981</u>                | <u>(7,444)</u>                          | <u>877,068</u>              | <u>724,060</u>                   | <u>(407,086)</u>        | <u>1,207,578</u>           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |                              |   |                             |                                  |                         |                            |
| Rents received  |                              | 128,343                                 |                             |                                  | 6,680                   | 135,023                    |
| Miscellaneous non-operating income  |                              |   |                             | 647                              | 27,780                  | 28,427                     |
| Economic development transfer   |                              | -                                       | (221,858)                   | -                                | 1,000,000               | 778,142                    |
| Net cash provided (used) by noncapital and related financing activities                           | <u>-</u>                     | <u>128,343</u>                          | <u>(221,858)</u>            | <u>647</u>                       | <u>1,034,460</u>        | <u>941,592</u>             |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                   |                              |   |                             |                                  |                         |                            |
| Purchases of capital assets   |                              |   |                             | (232,650)                        | (696,944)               | (929,594)                  |
| Principal paid on capital debt  |                              | (92,000)                                |                             |                                  | -                       | (92,000)                   |
| Interest paid on capital debt   |                              | (33,549)                                |                             |                                  | -                       | (33,549)                   |
| Proceeds from capital leases  |                              |   |                             |                                  | 418,844                 | 418,844                    |
| Net cash provided (used) by capital and related financing activities                              | <u>-</u>                     | <u>(125,549)</u>                        | <u>-</u>                    | <u>(232,650)</u>                 | <u>(278,100)</u>        | <u>(636,299)</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                              |   |                             |                                  |                         |                            |
| Interest received   | -                            | 501                                     | 10,346                      | 2,189                            | -                       | 13,036                     |
| Net increase (decrease) in cash and cash equivalents  | <u>20,981</u>                | <u>(4,149)</u>                          | <u>665,555</u>              | <u>494,246</u>                   | <u>349,274</u>          | <u>1,525,907</u>           |
| Cash and equivalents including restricted cash of \$546,926 at beginning of year                  | 229,993                      | 234,647                                 | 2,754,502                   | 405,200                          | (2,694,472)             | 929,870                    |
| Cash and equivalents including restricted cash of \$803,543 at end of year                        | <u>\$ 250,974</u>            | <u>\$ 230,498</u>                       | <u>\$ 3,420,057</u>         | <u>\$ 899,446</u>                | <u>\$ (2,345,198)</u>   | <u>\$ 2,455,777</u>        |
| <b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>    |                              |   |                             |                                  |                         |                            |
| Operating income (loss)   | \$ 15,921                    | \$ (115,644)                            | \$ 870,406                  | \$ 234,368                       | \$ (968,955)            | \$ 36,097                  |
| Adjustments to reconcile net income from operations to net cash provided by operating activities: |                              |   |                             |                                  |                         |                            |
| Depreciation  | -                            | 98,336                                  | -                           | 447,778                          | 598,394                 | 1,144,507                  |
| Changes in assets & liabilities:  |                              |   |                             |                                  |                         |                            |
| Decrease (increase) in receivables  |                              |   |                             | 33,750                           |                         | 33,750                     |
| Decrease (increase) in note receivable  |                              |   |                             | 3,708                            |                         | 3,708                      |
| Decrease (increase) in discounts  |                              | 11,044                                  |                             |                                  |                         | 11,044                     |
| Increase (decrease) in accruals   | 5,060                        | (1,181)                                 | 6,662                       | 4,456                            | (36,525)                | (21,528)                   |
| Total adjustments   | <u>5,060</u>                 | <u>108,199</u>                          | <u>6,662</u>                | <u>489,692</u>                   | <u>561,869</u>          | <u>1,171,481</u>           |
| Net cash provided by operating activities:  | <u>\$ 20,981</u>             | <u>\$ (7,445)</u>                       | <u>\$ 877,068</u>           | <u>\$ 724,060</u>                | <u>\$ (407,086)</u>     | <u>\$ 1,207,578</u>        |

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

**JUNE 30, 2011**

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

|   |                           |
|---|---------------------------|
| Land  | \$ 86,217,371             |
| Buildings                                   | 31,762,687                |
| Improvements                                | 64,236,936                |
| Infrastructure assets                       | 210,052,019               |
| Equipment                                   | <u>24,838,884</u>         |
| <br>Total Governmental Funds Capital Assets | <br><u>\$ 417,107,896</u> |

**INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:**

|   |                           |
|---|---------------------------|
| <b>Capital Projects Funds:</b>              |                           |
| General Fund                                | \$ 101,877,606            |
| Dinosaur Museum Funds                       | 71,620                    |
| Economic Development Fund                   | 2,497,570                 |
| Downtown Redevelopment revenues             | 11,639,111                |
| WCIA - (Dixie Center interlocal agency)     | 10,207,697                |
| Recreation General Obligation bonds         | 17,991,801                |
| Capital equipment fund                      | 30,523,871                |
| Public Works Capital projects fund          | 34,241,975                |
| Replacement Airport capital projects fund   | 146,305,190               |
| Industrial Park fund                        | 2,401,462                 |
| Sewer Impact fund                           | 245,866                   |
| Park Impact fund                            | 19,501,414                |
| Fire Impact fund                            | 3,296,542                 |
| Drainage Impact fund                        | 1,069,844                 |
| Special Assessment fund                     | 23,602,452                |
| Street Impact fund                          | 1,683,809                 |
| Dixie Center EDA fund                       | 1,308,347                 |
| Transportation improvement fund             | 4,915,250                 |
| SunTran Public Transit fund                 | 3,348,708                 |
| Art Permanent Collection Fund               | 88,630                    |
| Police Seizures Fund                        | 85,827                    |
| Airport PFC fund                            | 22,049                    |
| Housing Improvement Fund                    | <u>181,256</u>            |
| <br>Total Governmental Funds Capital Assets | <br><u>\$ 417,107,896</u> |

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

JUNE 30, 2011

| FUNCTION AND ACTIVITY   | TOTAL                 | LAND                 | BUILDINGS            | IMPROVEMENTS         | INFRASTRUCTURE        | EQUIPMENT            |
|---|-----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| <b>GENERAL GOVERNMENT:</b>  |                       |                      |                      |                      |                       |                      |
| Gen. government bldgs.  | \$ 21,441,022         | \$ 17,094,371        | \$ 3,151,937         | \$ 1,194,714         | \$ -                  | \$ -                 |
| WCIA (Dixie Center)   | 10,255,803            | 1,774,067            | 8,481,736            | -                    | -                     | -                    |
| Downtown Redevelopment  | 13,134,767            | 2,480,452            | 2,340,059            | 8,314,256            | -                     | -                    |
| Community development (Industrial Park)                                 | 1,626,676             | 162,489              | -                    | 1,464,187            | -                     | -                    |
| Administration  | 1,750,274             | -                    | -                    | -                    | -                     | 1,750,274            |
| <b>Total general government</b>   | <b>48,208,542</b>     | <b>21,511,379</b>    | <b>13,973,732</b>    | <b>10,973,157</b>    | <b>-</b>              | <b>1,750,274</b>     |
| <b>PUBLIC SAFETY:</b>   |                       |                      |                      |                      |                       |                      |
| Police protection   | 8,108,912             | -                    | 82,589               | 168,531              | -                     | 7,857,792            |
| Fire protection   | 8,961,846             | 613,048              | 4,342,620            | 86,490               | -                     | 3,919,688            |
| <b>Total public safety</b>  | <b>17,070,758</b>     | <b>613,048</b>       | <b>4,425,209</b>     | <b>255,021</b>       | <b>-</b>              | <b>11,777,480</b>    |
| <b>PUBLIC WORKS:</b>  | <b>288,494,825</b>    | <b>55,960,915</b>    | <b>5,964,215</b>     | <b>8,884,294</b>     | <b>209,906,867</b>    | <b>7,778,534</b>     |
| <b>PARKS, RECREATION, &amp;<br/>PUBLIC PROPERTY:</b>                    | <b>63,333,771</b>     | <b>8,132,029</b>     | <b>7,399,530</b>     | <b>44,124,464</b>    | <b>145,152</b>        | <b>3,532,596</b>     |
| <b>Total governmental fund capital assets<br/>allocated to function</b> | <b>\$ 417,107,896</b> | <b>\$ 86,217,371</b> | <b>\$ 31,762,686</b> | <b>\$ 64,236,936</b> | <b>\$ 210,052,019</b> | <b>\$ 24,838,884</b> |

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| FUNCTION AND ACTIVITY                            | GOVERNMENTAL FUNDS CAPITAL ASSETS |                      |             | GOVERNMENTAL FUNDS CAPITAL ASSETS |
|--|-----------------------------------|----------------------|-------------|-----------------------------------|
|  | JULY 1, 2010                      | ADDITIONS            | DELETIONS   | JUNE 30, 2011                     |
| <b>GENERAL GOVERNMENT:</b>                       |                                   |                      |             |                                   |
| Gen. government bldgs.                           | \$ 18,229,308                     | \$ 3,211,714         | -           | \$ 21,441,022                     |
| WCIA - Dixie Center                              | 10,255,803                        | -                    | -           | 10,255,803                        |
| Downtown Redevelopment                           | 13,061,855                        | 72,912               | -           | 13,134,767                        |
| Industrial Park                                  | 1,626,676                         | -                    | -           | 1,626,676                         |
| Administration                                   | 1,425,855                         | 324,419              | -           | 1,750,274                         |
|  | <u>44,599,497</u>                 | <u>3,609,045</u>     | -           | <u>48,208,542</u>                 |
| <b>PUBLIC SAFETY:</b>                            |                                   |                      |             |                                   |
| Police protection                                | 7,232,964                         | 875,948              | -           | 8,108,912                         |
| Fire protection                                  | 7,264,153                         | 1,697,693            | -           | 8,961,846                         |
|  | <u>14,497,117</u>                 | <u>2,573,641</u>     | -           | <u>17,070,758</u>                 |
| <b>PUBLIC WORKS:</b>                             |                                   |                      |             |                                   |
|  | 264,669,981                       | 23,824,844           | -           | 288,494,825                       |
| <b>PARKS, RECREATION, &amp; PUBLIC PROPERTY:</b> |                                   |                      |             |                                   |
|  | 62,491,844                        | 841,927              | -           | 63,333,771                        |
| <b>TOTAL GOVERNMENTAL FUND CAPITAL ASSETS</b>    | <u>\$ 386,258,439</u>             | <u>\$ 30,849,457</u> | <u>\$ -</u> | <u>\$ 417,107,896</u>             |

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# *STATISTICAL SECTION*

CITY OF ST. GEORGE, UTAH

ELECTRIC FUND

STATISTICAL ANALYSIS

JUNE 30, 2011

Year Ended June 30,  
2011                      2010

Production Cost Analysis:

|                          |                     |                     |
|--------------------------|---------------------|---------------------|
| Kilowatt hours generated | 53,196,590          | 57,493,375          |
| Kilowatt hours purchased | <u>714,089,434</u>  | <u>792,943,699</u>  |
| Total Kilowatt Hours     | <u>767,286,024</u>  | <u>850,437,074</u>  |
| <br>                     |                     |                     |
| Total Operating Costs    | <u>\$53,338,723</u> | <u>\$55,947,038</u> |
| Cost per Kilowatt Hour   | <u>\$ .06952</u>    | <u>\$ .06579</u>    |

Summary of Kilowatt Hours and Costs for previous period

| <u>YEAR</u> | <u>KILOWATT HOURS</u> | <u>COST PER<br/>KILOWATT HOUR</u> |
|-------------|-----------------------|-----------------------------------|
| 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                            |
| 2007        | 654,854,223           | .07269                            |
| 2008        | 663,553,033           | .07242                            |
| 2009        | 795,155,258           | .06779                            |
| 2010        | 850,437,074           | .06579                            |
| 2011        | 767,286,024           | .06952                            |

Average Revenue Analysis:

|   | <u>2011</u>        | <u>2010</u>        |
|---|--------------------|--------------------|
| Kilowatt Hours billed                   | 727,143,532        | 812,815,439        |
| Unbilled Hours-line loss, street lights | <u>40,142,492</u>  | <u>37,621,635</u>  |
| Total Kilowatt Hours                    | <u>767,286,024</u> | <u>850,437,074</u> |
| <br>                                    |                    |                    |
| Total Revenue Billed                    | \$51,544,089       | \$52,366,649       |
| Number of Customers                     | 27,618             | 26,856             |
| Average monthly billing                 | \$155.53           | \$162.49           |
|   | 2,194 KWh          | 2,522 KWh          |

CITY OF ST. GEORGE, UTAH

WATER FUND

STATISTICAL ANALYSIS

JUNE 30, 2011

|   | <u>Year Ended June 30,</u> |               |
|---|----------------------------|---------------|
|   | <u>2011</u>                | <u>2010</u>   |
| Production cost analysis:                       |                            |               |
| Number of gallons billed                        | 9,636,077,289              | 9,686,438,431 |
| Expense of operations *                         | \$14,778,352               | \$14,631,517  |
| Cost per billed gallon                          | \$ .001534                 | \$ .001511    |
| Average Revenue Analysis:                       |                            |               |
| Number of metered customers                     | 21,401                     | 21,039        |
| Water usage billed                              | \$13,567,803               | \$14,141,513  |
| Average monthly billing per<br>metered customer | \$52.83                    | \$56.01       |

\* includes interest charges

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

|  | FISCAL YEAR       |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2002              | 2003              | 2004              | 2005              | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              |
| Governmental activities:                         |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets, net of related debt  | \$ 54,034         | \$ 57,354         | \$ 64,316         | \$ 77,190         | \$ 89,565         | \$ 109,818        | \$ 129,100        | \$ 184,237        | \$ 220,811        | \$ 249,625        |
| Restricted                                       | 2,918             | 3,776             | 3,375             | 7,340             | 7,308             | 4,549             | 2,487             | 1,884             | 1,508             | 1,334             |
| Unrestricted                                     | 29,767            | 33,832            | 40,960            | 36,417            | 43,111            | 43,165            | 58,600            | 38,253            | 23,226            | 18,456            |
| <b>Total governmental activities net assets</b>  | <b>\$ 86,719</b>  | <b>\$ 94,962</b>  | <b>\$ 108,651</b> | <b>\$ 120,947</b> | <b>\$ 139,984</b> | <b>\$ 157,532</b> | <b>\$ 190,187</b> | <b>\$ 224,374</b> | <b>\$ 245,545</b> | <b>\$ 269,415</b> |
| Business-type activities:                        |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets, net of related debt  | \$ 76,985         | \$ 87,134         | \$ 71,589         | \$ 96,644         | \$ 119,982        | \$ 133,387        | \$ 154,740        | \$ 141,070        | \$ 163,547        | \$ 167,225        |
| Restricted                                       | 6,163             | 6,737             | 30,873            | 16,168            | 4,857             | 7,642             | 12,945            | 30,571            | 6,068             | 6,068             |
| Unrestricted                                     | 12,465            | 10,600            | 17,647            | 24,147            | 34,767            | 33,596            | 30,382            | 33,265            | 42,700            | 39,951            |
| <b>Total business-type activities net assets</b> | <b>\$ 95,613</b>  | <b>\$ 104,471</b> | <b>\$ 120,109</b> | <b>\$ 136,959</b> | <b>\$ 159,606</b> | <b>\$ 174,625</b> | <b>\$ 198,067</b> | <b>\$ 204,906</b> | <b>\$ 212,315</b> | <b>\$ 213,244</b> |
| Primary government:                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets, net of related debt  | \$ 131,019        | \$ 144,488        | \$ 135,905        | \$ 173,834        | \$ 209,547        | \$ 243,205        | \$ 283,840        | \$ 325,307        | \$ 384,358        | \$ 416,850        |
| Restricted                                       | 9,081             | 10,513            | 34,248            | 23,508            | 12,165            | 12,191            | 15,432            | 32,455            | 7,576             | 7,402             |
| Unrestricted                                     | 42,232            | 44,432            | 58,607            | 60,564            | 77,878            | 76,761            | 88,982            | 71,518            | 65,926            | 58,407            |
| <b>Total primary government net assets</b>       | <b>\$ 182,332</b> | <b>\$ 199,433</b> | <b>\$ 228,760</b> | <b>\$ 257,906</b> | <b>\$ 299,590</b> | <b>\$ 332,157</b> | <b>\$ 388,254</b> | <b>\$ 429,280</b> | <b>\$ 457,860</b> | <b>\$ 482,659</b> |

\*\*

\*\* 2009 Governmental activities net assets invested in capital assets restated for prior period over depreciation of fixed assets in fiscal year 2010

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

|  | FISCAL YEAR      |                  |                   |                   |                   |                   |                   |                   |                   |                   |
|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | <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>       | <u>2011</u>       |
| <b>EXPENSES:</b>                               |                  |                  |                   |                   |                   |                   |                   |                   |                   |                   |
| Governmental activities:                       |                  |                  |                   |                   |                   |                   |                   |                   |                   |                   |
| General government                             | \$ 4,462         | \$ 5,129         | \$ 3,491          | \$ 2,205          | \$ 5,004          | \$ 4,433          | \$ 5,935          | \$ 8,877          | \$ 9,338          | \$ 7,352          |
| Public safety                                  | 7,445            | 8,395            | 9,521             | 10,357            | 11,497            | 13,824            | 14,885            | 14,726            | 14,178            | 15,229            |
| Highways & public improvements                 | 7,927            | 8,076            | 10,419            | 17,231            | 14,096            | 14,814            | 14,887            | 17,516            | 13,200            | 11,959            |
| Parks, recreation, & public property           | 5,792            | 6,453            | 9,592             | 12,167            | 11,087            | 13,525            | 14,607            | 11,175            | 11,032            | 11,293            |
| Community & economic development               | 990              | 1,171            | 1,446             | 1,957             | 2,058             | 2,359             | 2,544             | 1,700             | 1,470             | 2,000             |
| Interest on long-term debt                     | 2,145            | 2,053            | 1,653             | 1,122             | 1,411             | 1,480             | 1,776             | 2,800             | 2,914             | 3,525             |
| Total governmental activities expenses:        | <u>28,761</u>    | <u>31,277</u>    | <u>36,122</u>     | <u>45,039</u>     | <u>45,153</u>     | <u>50,435</u>     | <u>54,634</u>     | <u>56,794</u>     | <u>52,132</u>     | <u>51,358</u>     |
| Business-type activities:                      |                  |                  |                   |                   |                   |                   |                   |                   |                   |                   |
| Energy services                                | 41,519           | 36,461           | 38,654            | 38,667            | 44,254            | 48,304            | 48,734            | 54,554            | 56,351            | 59,600            |
| Water services                                 | 6,672            | 7,792            | 8,323             | 10,455            | 13,161            | 15,383            | 15,756            | 15,026            | 14,563            | 14,779            |
| Wastewater collection                          | 5,825            | 6,098            | 6,527             | 7,021             | 7,250             | 7,876             | 7,599             | 8,043             | 7,774             | 7,729             |
| Regional wastewater treatment                  | 4,222            | 4,257            | 4,006             | 4,083             | 4,174             | 4,878             | 5,015             | 5,058             | 5,059             | 5,114             |
| Golf courses                                   | 4,104            | 4,077            | 4,206             | 4,624             | 4,637             | 5,224             | 5,181             | 4,989             | 4,299             | 4,252             |
| Municipal building authority                   | 518              | 488              | 440               | 435               | 371               | 352               | 265               | 250               | 165               | 149               |
| Solid waste                                    | 2,125            | 2,229            | 2,379             | 2,560             | 2,812             | 3,104             | 3,075             | 3,178             | 3,279             | 3,391             |
| Drainage utility                               |                  |                  |                   |                   | 1                 | 6                 | 16                | 4                 | 143               | 122               |
| Total business-type activities expenses:       | <u>64,985</u>    | <u>61,402</u>    | <u>64,535</u>     | <u>67,845</u>     | <u>76,660</u>     | <u>85,127</u>     | <u>85,641</u>     | <u>91,102</u>     | <u>91,633</u>     | <u>95,136</u>     |
| Total primary government expenses              | <u>\$ 93,746</u> | <u>\$ 92,679</u> | <u>\$ 100,657</u> | <u>\$ 112,884</u> | <u>\$ 121,813</u> | <u>\$ 135,562</u> | <u>\$ 140,275</u> | <u>\$ 147,896</u> | <u>\$ 143,765</u> | <u>\$ 146,494</u> |
| <b>PROGRAM REVENUES:</b>                       |                  |                  |                   |                   |                   |                   |                   |                   |                   |                   |
| Governmental activities:                       |                  |                  |                   |                   |                   |                   |                   |                   |                   |                   |
| Charges for services:                          |                  |                  |                   |                   |                   |                   |                   |                   |                   |                   |
| General government                             | \$ 2,325         | \$ 2,437         | \$ 2,568          | \$ 3,054          | \$ 3,063          | \$ 3,496          | \$ 3,872          | \$ 3,871          | \$ 4,158          | \$ 4,257          |
| Public safety                                  | 1,232            | 1,618            | 1,966             | 2,220             | 2,338             | 2,815             | 2,810             | 2,874             | 3,100             | 3,142             |
| Highways & public improvements                 | 212              | 221              | 293               | 319               | 570               | 680               | 627               | 549               | 488               | 733               |
| Parks, recreation, & public property           | 1,347            | 1,463            | 2,071             | 2,114             | 2,733             | 2,501             | 2,587             | 2,514             | 2,855             | 2,915             |
| Community & economic development               | 1,151            | 1,288            | 2,648             | 3,656             | 3,685             | 3,238             | 2,019             | 1,105             | 808               | 885               |
| Operating grants & contributions               | 5,145            | 6,526            | 7,971             | 10,710            | 9,000             | 8,043             | 9,601             | 7,324             | 7,663             | 8,150             |
| Capital grants & contributions                 | 2,536            | 2,073            | 4,720             | 2,462             | 5,457             | 8,355             | 22,538            | 31,062            | 20,794            | 19,868            |
| Total governmental activities program revenues | <u>13,948</u>    | <u>15,626</u>    | <u>22,237</u>     | <u>24,535</u>     | <u>26,846</u>     | <u>29,128</u>     | <u>44,054</u>     | <u>49,299</u>     | <u>39,866</u>     | <u>39,950</u>     |
| Business-type activities:                      |                  |                  |                   |                   |                   |                   |                   |                   |                   |                   |
| Charges for services:                          |                  |                  |                   |                   |                   |                   |                   |                   |                   |                   |
| Energy services                                | 32,559           | 36,361           | 40,359            | 44,253            | 48,604            | 52,688            | 54,091            | 54,102            | 53,859            | 54,109            |
| Water services                                 | 10,850           | 12,191           | 14,639            | 15,463            | 15,682            | 15,167            | 15,506            | 14,745            | 14,772            | 13,825            |
| Wastewater collection                          | 5,830            | 6,222            | 6,706             | 7,246             | 7,256             | 7,966             | 7,967             | 7,866             | 7,900             | 7,963             |
| Regional wastewater treatment                  | 7,002            | 7,676            | 8,710             | 9,841             | 9,763             | 9,297             | 8,283             | 8,232             | 8,403             | 8,536             |

|   |           |           |            |            |            |            |            |            |            |            |
|---|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|
| Golf courses                                    | 4,057     | 4,219     | 4,242      | 3,957      | 4,340      | 4,597      | 4,750      | 4,013      | 3,763      | 3,283      |
| Municipal building authority                    |           |           |            |            |            |            |            |            |            |            |
| Solid waste                                     | 2,126     | 2,264     | 2,435      | 2,624      | 2,812      | 2,969      | 3,078      | 3,095      | 3,246      | 3,407      |
| Drainage utility                                |           |           | 819        | 837        | 869        | 906        | 955        | 973        | 983        | 992        |
| Operating grants & contributions                | 13        | 19        | 695        | 791        |            |            | 9,571      | 7          | 560        | 165        |
| Capital grants & contributions                  | 69        |           | 1,072      |            | 5,500      | -          | -          | -          | -          | -          |
| Total business-type activities program revenues | 62,506    | 68,952    | 79,677     | 85,012     | 94,826     | 93,590     | 104,201    | 93,033     | 93,486     | 92,280     |
| Total primary government program revenues       | \$ 76,454 | \$ 84,578 | \$ 101,914 | \$ 109,547 | \$ 121,672 | \$ 122,718 | \$ 148,255 | \$ 142,332 | \$ 133,352 | \$ 132,230 |

|                                      |             |             |             |             |             |             |             |            |             |             |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|
| Net (expense) / revenue              |             |             |             |             |             |             |             |            |             |             |
| Governmental activities              | \$ (14,813) | \$ (15,651) | \$ (13,885) | \$ (20,504) | \$ (18,307) | \$ (21,307) | \$ (10,580) | \$ (7,495) | \$ (12,266) | \$ (11,408) |
| Business-type activities             | (2,479)     | 7,550       | 15,142      | 17,167      | 18,166      | 8,463       | 18,560      | 1,931      | 1,853       | (2,856)     |
| Total primary government net expense | \$ (17,292) | \$ (8,101)  | \$ 1,257    | \$ (3,337)  | \$ (141)    | \$ (12,844) | \$ 7,980    | \$ (5,564) | \$ (10,413) | \$ (14,264) |

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

Governmental activities:

Taxes

|                                     |          |          |          |          |          |          |          |          |           |           |
|-------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| Property taxes for general purposes | \$ 5,056 | \$ 5,514 | \$ 6,545 | \$ 6,327 | \$ 6,520 | \$ 7,532 | \$ 8,887 | \$ 9,158 | \$ 10,118 | \$ 10,315 |
| Property taxes for debt service     | 1,622    | 1,666    | 1,779    | 1,660    | 2,054    | 2,329    | 2,446    | 2,050    | 2,155     | 2,392     |
| Franchise taxes                     | 3,246    | 3,525    | 3,887    | 5,086    | 5,839    | 6,035    | 6,541    | 6,319    | 6,087     | 6,165     |
| General sales & highway sales taxes | 12,134   | 11,942   | 13,584   | 16,035   | 19,317   | 20,447   | 19,768   | 16,678   | 15,477    | 15,806    |

|                        |       |       |       |       |       |         |       |       |         |       |
|------------------------|-------|-------|-------|-------|-------|---------|-------|-------|---------|-------|
| Business licenses      | 358   | 378   | 409   | 468   | 532   | 639     | 628   | 630   | 712     | 683   |
| Investment income      | 1,142 | 1,020 | 845   | 1,077 | 1,889 | 2,458   | 2,312 | 1,211 | 470     | 258   |
| Lease payments         | (621) | (348) | (373) | (466) | (97)  | (193)   | (175) | (175) | (164)   | (106) |
| Gain on sale of assets | 151   | 706   | 17    | 650   | 388   | 1,333   | 2,187 | 28    | 812     | 435   |
| Rents and concessions  | 14    | 18    | 60    | 30    | 35    | 33      | 30    | 25    | 34      | 52    |
| Miscellaneous          | 116   | 169   | 535   | 68    | 195   | 45      | 327   | 143   | 189     | 93    |
| Transfers              | (363) | (696) | 208   | 1,864 | 670   | (1,703) | 283   | (291) | (2,454) | (814) |

|                               |        |        |        |        |        |        |        |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total governmental activities | 22,855 | 23,894 | 27,496 | 32,799 | 37,342 | 38,955 | 43,234 | 35,776 | 33,436 | 35,279 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

Business-type activities:

|                   |     |       |       |         |       |       |       |       |       |       |
|-------------------|-----|-------|-------|---------|-------|-------|-------|-------|-------|-------|
| Investment income | 794 | 378   | 395   | 958     | 1,828 | 1,992 | 1,976 | 1,562 | 378   | 149   |
| Lease payments    | 624 | 666   |       |         | 839   | 2,448 | 2,448 | 2,597 | 2,294 | 2,563 |
| Miscellaneous     | 677 | (434) | 309   | 590     | 2,483 | 413   | 740   | 459   | 429   | 259   |
| Transfers         | 363 | 696   | (208) | (1,864) | (670) | 1,703 | (283) | 291   | 2,454 | 814   |

|                                |       |       |     |       |       |       |       |       |       |       |
|--------------------------------|-------|-------|-----|-------|-------|-------|-------|-------|-------|-------|
| Total business-type activities | 2,458 | 1,306 | 496 | (316) | 4,480 | 6,556 | 4,881 | 4,909 | 5,555 | 3,785 |
|--------------------------------|-------|-------|-----|-------|-------|-------|-------|-------|-------|-------|

|                          |           |           |           |           |           |           |           |           |           |           |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total primary government | \$ 25,313 | \$ 25,200 | \$ 27,992 | \$ 32,483 | \$ 41,822 | \$ 45,511 | \$ 48,115 | \$ 40,685 | \$ 38,991 | \$ 39,064 |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

**CHANGE IN NET ASSETS**

|                          |          |           |           |           |           |           |           |           |           |           |
|--------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Governmental activities  | \$ 8,042 | \$ 8,243  | \$ 13,611 | \$ 12,295 | \$ 19,035 | \$ 17,648 | \$ 32,654 | \$ 28,281 | \$ 21,170 | \$ 23,871 |
| Business-type activities | (21)     | 8,856     | 15,638    | 16,851    | 22,646    | 15,019    | 23,441    | 6,840     | 7,408     | 929       |
| Total primary government | \$ 8,021 | \$ 17,099 | \$ 29,249 | \$ 29,146 | \$ 41,681 | \$ 32,667 | \$ 56,095 | \$ 35,121 | \$ 28,578 | \$ 24,800 |

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><br><u>Year</u> | <u>General</u><br><u>Property Tax</u> | <u>Debt Serv</u><br><u>Property Tax</u> | <u>General Sales &amp;</u><br><u>Highway Sales Tax</u> | <u>Franchise</u><br><u>Tax</u> | <u>Total</u> |
|------------------------------|---------------------------------------|---|--|--------------------------------|--------------|
| 2002 (1)                     | \$ 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       |
| 2007                         | 7,532                                 | 2,329                                   | 20,447   | 6,035                          | 36,343       |
| 2008                         | 8,887                                 | 2,446                                   | 19,768   | 6,541                          | 37,642       |
| 2009                         | 9,158                                 | 2,050                                   | 16,678   | 6,319                          | 34,205       |
| 2010                         | 10,118                                | 2,155                                   | 6,087  | 15,477                         | 33,837       |
| 2011                         | 10,315                                | 2,392                                   | 6,165  | 15,806                         | 34,678       |

118

(1) 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      |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                    | <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>      | <u>2011</u>      |
| General fund                       |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Reserved for police seizures       | \$ 23            | \$ 28            | \$ 40            | \$ 90            | \$ 67            | \$ 103           | \$ 119           | \$ 70            | \$ 83            | \$ 106           |
| Reserved for notes receivable      | 498              | 950              | 595              | 343              | 714              | 1,501            | 1,618            | 1,626            | 1,621            | 1,621            |
| Reserved for perpetual care        | 30               | 78               | 126              | 139              | 181              | 236              | 318              | 148              | 161              | 141              |
| Unreserved                         | 3,007            | 3,299            | 3,629            | 3,881            | 3,905            | 3,009            | 2,852            | 2,912            | 2,891            | 3,776            |
| Total general fund                 | <u>\$ 3,558</u>  | <u>\$ 4,355</u>  | <u>\$ 4,390</u>  | <u>\$ 4,453</u>  | <u>\$ 4,867</u>  | <u>\$ 4,849</u>  | <u>\$ 4,907</u>  | <u>\$ 4,756</u>  | <u>\$ 4,756</u>  | <u>\$ 5,644</u>  |
|                                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 119 All other governmental funds   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Reserved                           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Unreserved, reported in:           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Special revenue funds              | 5,390            | 4,915            | 6,848            | 6,144            | 8,336            | 10,343           | 10,224           | 6,476            | 5,627            | 7,829            |
| Debt service funds                 | 2,397            | 2,798            | 3,086            | 3,218            | 3,694            | 3,045            | 23,520           | 1,884            | 1,507            | 1,334            |
| Capital projects funds             | 22,112           | 26,404           | 17,581           | 24,271           | 34,347           | 30,456           | 23,743           | 28,608           | 15,199           | 8,083            |
| Total all other governmental funds | <u>\$ 29,899</u> | <u>\$ 34,117</u> | <u>\$ 27,515</u> | <u>\$ 33,633</u> | <u>\$ 46,377</u> | <u>\$ 43,844</u> | <u>\$ 57,487</u> | <u>\$ 36,968</u> | <u>\$ 22,333</u> | <u>\$ 17,246</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   |                 |                 |                 |                 |                   |                  |                    |                    |                   |
|--|---------------|-----------------|-----------------|-----------------|-----------------|-------------------|------------------|--------------------|--------------------|-------------------|
|  | 2002          | 2003            | 2004            | 2005            | 2006            | 2007              | 2008             | 2009               | 2010               | 2011              |
| <b>REVENUES:</b>   |               |                 |                 |                 |                 |                   |                  |                    |                    |                   |
| Taxes & special assessments                              | \$ 22,837     | \$ 23,845       | \$ 27,674       | \$ 30,274       | \$ 35,693       | \$ 37,306         | \$ 38,668        | \$ 35,155          | \$ 34,689          | \$ 35,591         |
| Licenses & permits                                       | 1,448         | 1,619           | 2,861           | 3,656           | 3,545           | 3,190             | 2,271            | 1,622              | 1,393              | 1,424             |
| Intergovernmental  | 2,383         | 3,526           | 4,501           | 10,197          | 7,476           | 7,165             | 23,004           | 35,906             | 23,089             | 23,559            |
| Charges for services                                     | 4,000         | 4,425           | 5,071           | 6,176           | 7,137           | 8,001             | 8,236            | 7,762              | 8,473              | 8,849             |
| Fines & forfeitures                                      | 740           | 863             | 1,076           | 987             | 928             | 1,018             | 851              | 856                | 1,035              | 1,081             |
| Investment income  | 1,129         | 1,013           | 840             | 1,067           | 1,868           | 2,431             | 2,283            | 1,202              | 467                | 256               |
| Rents & concessions                                      | 14            | 18              | 60              | 30              | 35              | 33                | 30               | 26                 | 34                 | 52                |
| Miscellaneous  | 219           | 196             | 576             | 325             | 195             | 145               | 329              | 143                | 195                | 94                |
| Contributions from other sources                         |               | 318             | 2,350           | 558             | 300             | 66                | 71               | 138                | 96                 | 139               |
| Capital development fees                                 | 2,685         | 3,577           | 4,290           | 5,030           | 4,121           | 3,144             | 3,283            | 1,551              | 1,324              | 1,479             |
| <b>Total revenues</b>                                    | <b>35,455</b> | <b>39,400</b>   | <b>49,299</b>   | <b>58,300</b>   | <b>61,298</b>   | <b>62,499</b>     | <b>79,026</b>    | <b>84,361</b>      | <b>70,795</b>      | <b>72,524</b>     |
| <b>EXPENDITURES:</b>                                     |               |                 |                 |                 |                 |                   |                  |                    |                    |                   |
| General government                                       | 3,619         | 4,205           | 4,940           | 5,773           | 7,300           | 8,271             | 8,688            | 8,239              | 7,614              | 5,794             |
| Public safety  | 7,197         | 8,301           | 9,269           | 10,355          | 12,023          | 13,933            | 15,283           | 14,043             | 13,647             | 14,709            |
| Highways & public improvements                           | 6,768         | 6,394           | 7,356           | 10,021          | 9,505           | 8,070             | 8,289            | 12,761             | 6,852              | 9,491             |
| Parks, recreation, & public property                     | 5,864         | 6,012           | 6,447           | 7,334           | 8,068           | 8,610             | 9,885            | 8,770              | 8,422              | 9,638             |
| Community & economic development                         | 918           | 1,045           | 1,230           | 1,638           | 1,967           | 2,155             | 3,025            | 2,879              | 3,325              | 1,968             |
| Capital outlay   | 9,341         | 9,482           | 14,896          | 28,823          | 16,946          | 22,955            | 51,536           | 57,264             | 50,496             | 30,425            |
| Debt service   |               |                 |                 |                 |                 |                   |                  |                    |                    |                   |
| Capital leases   | 621           | 349             | 373             | 466             | 197             | 193               | 175              | 175                | 164                | 106               |
| Principal  | 983           | 1,069           | 13,668          | 1,441           | 1,188           | 6,849             | 1,814            | 26,666             | 5,733              | 10,411            |
| Interest & other admin charges                           | 1,513         | 1,427           | 1,694           | 1,251           | 1,462           | 1,411             | 1,301            | 2,558              | 2,207              | 2,697             |
| <b>Total expenditures</b>                                | <b>36,824</b> | <b>38,284</b>   | <b>59,873</b>   | <b>67,102</b>   | <b>58,656</b>   | <b>72,447</b>     | <b>99,996</b>    | <b>133,355</b>     | <b>98,460</b>      | <b>85,239</b>     |
| Excess of revenues over (under) expend.                  | (1,369)       | 1,116           | (10,574)        | (8,802)         | 2,642           | (9,948)           | (20,970)         | (48,994)           | (27,665)           | (12,715)          |
| <b>OTHER FINANCING SOURCES (USES):</b>                   |               |                 |                 |                 |                 |                   |                  |                    |                    |                   |
| Transfers in   | 7,299         | 8,052           | 15,774          | 14,701          | 13,795          | 13,364            | 21,312           | 16,816             | 26,264             | 10,958            |
| Transfers out  | (7,045)       | (8,048)         | (14,698)        | (11,797)        | (11,768)        | (14,458)          | (20,380)         | (16,264)           | (28,168)           | (11,214)          |
| Contributions from private sources                       | 321           |                 | 69              | 128             | 393             | 947               | 846              | 65                 | 808                | 808               |
| Contributions from other governments                     |               |                 |                 |                 | 785             | 1,040             | 5,951            | 572                | 3,087              | 1,859             |
| Proceeds from sale of capital assets                     | 32            | 671             | 17              | 650             | 388             | 1,333             | 2,186            | 28                 | 812                | 434               |
| Loss on bond refinancing                                 |               |                 | (1,074)         |                 |                 | (93)              | -                | -                  | -                  | -                 |
| Premiums on bonds sold                                   |               |                 | 643             |                 |                 |                   |                  |                    |                    | 275               |
| Issuance of notes/bonds/ or leases                       | 1,660         | 3,176           | 16,645          | 4,510           | 343             | 5,265             | 24,755           | 27,107             | 10,227             | 5,395             |
| <b>Total other financing sources (uses)</b>              | <b>2,267</b>  | <b>3,851</b>    | <b>17,376</b>   | <b>8,192</b>    | <b>3,936</b>    | <b>7,398</b>      | <b>34,670</b>    | <b>28,324</b>      | <b>13,030</b>      | <b>8,515</b>      |
| <b>Net change in fund balance</b>                        | <b>\$ 898</b> | <b>\$ 4,967</b> | <b>\$ 6,802</b> | <b>\$ (610)</b> | <b>\$ 6,578</b> | <b>\$ (2,550)</b> | <b>\$ 13,700</b> | <b>\$ (20,670)</b> | <b>\$ (14,635)</b> | <b>\$ (4,200)</b> |
| Debt service as a percentage of non-capital expenditures |               |                 |                 |                 |                 |                   |                  |                    |                    |                   |
|  | 12.79%        | 10.96%          | 53.81%          | 8.99%           | 7.33%           | 17.08%            | 6.79%            | 38.41%             | 16.90%             | 24.11%            |
|  |               |                 | (1)             |                 |                 |                   |                  | (2)                |                    | (3)               |
| (1) 1997 Parks & Rec GO Bonds refunded                   |               |                 |                 |                 |                 |                   |                  |                    |                    |                   |
| (2) 2007 Sales Tax bonds refunded                        |               |                 |                 |                 |                 |                   |                  |                    |                    |                   |
| (3) 2006 GO Tax bonds refunded                           |               |                 |                 |                 |                 |                   |                  |                    |                    |                   |

CITY OF ST. GEORGE, UTAH  
 SALES TAX PAYERS BY SECTOR  
 JUNE 30, 2011  
 (amounts expressed in thousands)

| 2011    |                                 |                               |                  | 2002    |                                 |                               |                  |
|---------|---------------------------------|-------------------------------|------------------|---------|---------------------------------|-------------------------------|------------------|
| Ranking | Category                        | Direct Point of Sales Dollars | Percent of Sales | Ranking | Category                        | Direct Point of Sales Dollars | Percent of Sales |
| 1       | Retail - Gen Merchandise        | \$ 254,225,883                | 20.12%           | 2       | Retail - Gen Merchandise        | \$ 165,337,807                | 16.76%           |
| 2       | Retail - Motor vehicles         | 165,848,815                   | 13.13%           | 1       | Retail - Motor vehicles         | 170,789,190                   | 17.31%           |
| 3       | Retail - Eating & drinking      | 119,954,567                   | 9.49%            | 5       | Retail - Eating & drinking      | 73,571,550                    | 7.46%            |
| 4       | Retail - Food stores            | 107,120,109                   | 8.48%            | 3       | Retail - Food stores            | 87,960,391                    | 8.92%            |
| 5       | Retail - Miscellaneous          | 88,191,431                    | 6.98%            | 7       | Retail - Miscellaneous          | 62,050,973                    | 6.29%            |
| 6       | Retail - Bldg & Gardening       | 75,293,789                    | 5.96%            | 4       | Retail - Bldg & Gardening       | 76,705,778                    | 7.78%            |
| 7       | Retail - Apparel & Accessories  | 64,410,526                    | 5.10%            | 10      | Retail - Apparel & Accessories  | 36,502,295                    | 3.70%            |
| 8       | Retail - Furniture              | 53,894,740                    | 4.27%            | 8       | Retail - Furniture              | 50,726,626                    | 5.14%            |
| 9       | Wholesale - Durable goods       | 48,294,979                    | 3.82%            | 6       | Wholesale - Durable goods       | 68,443,584                    | 6.94%            |
| 10      | Services - Hotel & Lodging      | 44,142,454                    | 3.49%            | 12      | Services - Hotel & Lodging      | 27,029,299                    | 2.74%            |
| 11      | Services - Auto & repair        | 40,528,669                    | 3.21%            | 11      | Services - Auto & repair        | 32,579,391                    | 3.30%            |
| 12      | Electric & Gas                  | 36,250,000                    | 2.87%            | N/A     | Electric & Gas                  |                               | 0.00%            |
| 13      | Construction                    | 32,047,169                    | 2.54%            | 15      | Construction                    | 12,209,405                    | 1.24%            |
| 14      | Manufacturing                   | 20,068,790                    | 1.59%            | 13      | Manufacturing                   | 21,018,232                    | 2.13%            |
| 15      | Services - Amusement & rec      | 19,492,370                    | 1.54%            | 14      | Services - Amusement & rec      | 12,791,486                    | 1.30%            |
| 16      | Prior-period payments & refunds | 19,481,675                    | 1.54%            | 21      | Prior-period payments & refunds | 3,625,004                     | 0.37%            |
| 17      | Services - Business             | 14,738,049                    | 1.17%            | 16      | Services - Business             | 11,069,087                    | 1.12%            |
| 18      | Wholesale - Nondurables         | 14,430,310                    | 1.14%            | 17      | Wholesale - Nondurables         | 6,930,843                     | 0.70%            |
| 19      | Communications                  | 13,917,944                    | 1.10%            | 23      | Communications                  | 2,391,369                     | 0.24%            |
| 20      | Services - Personal             | 7,323,451                     | 0.58%            | 18      | Services - Personal             | 5,324,616                     | 0.54%            |
| 21      | Services - Health               | 6,623,322                     | 0.52%            | 19      | Services - Health               | 5,052,440                     | 0.51%            |
| 22      | Transportation                  | 4,158,263                     | 0.33%            | 25      | Transportation                  | 802,271                       | 0.08%            |
| 23      | Agric Forestry & Fishing        | 3,884,473                     | 0.31%            | 20      | Agric Forestry & Fishing        | 3,967,135                     | 0.40%            |
| 24      | Public Administration           | 3,500,000                     | 0.28%            | N/A     | Public Administration           |                               | 0.00%            |
| 25      | Services - Education            | 3,000,846                     | 0.24%            | 22      | Services - Education            | 3,599,269                     | 0.36%            |
| 26      | Finance, Ins. & Real Estate     | 1,453,763                     | 0.12%            | 24      | Finance, Ins. & Real Estate     | 2,333,811                     | 0.24%            |
| 27      | Mining                          | 1,250,000                     | 0.10%            |         | Mining                          |                               | 0.00%            |
| 28      | Nondisclosable\Nonclassifiable  | 6,000                         | 0.00%            | 9       | Nondisclosable\Nonclassifiable  | 43,598,135                    | 4.42%            |
| 29      | Occasional Retail sales         | 6,000                         | 0.00%            | 26      | Occasional Retail sales         | 24,722                        | 0.00%            |
|         |                                 | <u>\$ 1,263,538,387</u>       |                  |         |                                 | <u>\$ 986,434,709</u>         |                  |

Source: Utah State Tax Commission statistical reports for calendar year ended December 31, 2010 and December 31, 2002.

CITY OF ST. GEORGE, UTAH  
 PRINCIPAL TAXABLE PROPERTIES  
 JUNE 30, 2011  
 (amounts expressed in thousands)

2011

2002

| <u>NAME</u>                    | <u>TYPE OF BUSINESS</u>  | <u>TAXABLE VALUE</u>  | <u>% OF TOTAL</u> |
|--------------------------------|--------------------------|-----------------------|-------------------|
| IHC HEALTH SERVICES INC        | MEDICAL PROVIDER         | \$ 33,562,640         | 0.63%             |
| WELLS DAIRY INC                | ICE CREAM PRODUCT MANUF. | 28,922,544            | 0.55%             |
| SKYWEST AIRLINES               | REGIONAL AIRLINE         | 24,854,516            | 0.47%             |
| BAJA BROADBAND                 | BROADBAND COMMUNICATIONS | 23,320,273            | 0.44%             |
| GENERAL GROWTH PROPERTIES      | LAND DEVELOPMENT         | 22,605,480            | 0.43%             |
| SUBURBAN LAND RESERVE, INC     | LAND DEVELOPMENT         | 21,121,295            | 0.40%             |
| TRAVELLER/STONECLIFF LC        | LAND DEVELOPMENT         | 16,734,405            | 0.32%             |
| DIXIE ESCALANTE RURAL ELECTRIC | ELECTRICAL COOPERATIVE   | 15,538,153            | 0.29%             |
| QUESTAR GAS                    | NATURAL GAS PROVIDER     | 14,610,849            | 0.28%             |
| INLAND WESTERN ST GEORGE LC    | LAND DEVELOPMENT         | 14,381,640            | 0.27%             |
|                                |                          | <u>\$ 215,651,795</u> | <u>4.07%</u>      |

| <u>NAME</u>                 | <u>TYPE OF BUSINESS</u> | <u>TAXABLE VALUE</u>  | <u>% OF TOTAL</u> |
|-----------------------------|-------------------------|-----------------------|-------------------|
| PRICE DEVELOPMENT           | REGIONAL SHOPPING MALL  | \$ 30,950,000         | 1.21%             |
| LESTER WITTWER INVESTMENTS  | PROPERTY INVESTMENTS    | 16,287,290            | 0.64%             |
| IHC HOSPITALS               | MEDICAL PROVIDER        | 11,201,850            | 0.44%             |
| ZION FACTORY STORES HOLDING | STRIP SHOPPING MALL     | 11,193,920            | 0.44%             |
| COSTCO WHOLESALE            | WHOLESALE SHOPPING CLUB | 10,035,980            | 0.39%             |
| ZION FACTORY STORES II      | STRIP SHOPPING MALL     | 9,983,040             | 0.39%             |
| RIMROCK MARKETPLACE         | PROPERTY INVESTMENTS    | 7,715,195             | 0.30%             |
| HARMON'S                    | GROCERY STORE COMPLEX   | 7,524,335             | 0.29%             |
| A & M INVESTMENTS           | PROPERTY INVESTMENTS    | 7,182,335             | 0.28%             |
| SNOW CANYON DEVELOPMENT     | PROPERTY INVESTMENTS    | 6,338,805             | 0.25%             |
|                             |                         | <u>\$ 118,412,750</u> | <u>4.63%</u>      |

Source: Washington County Information Technology Services

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

| Fiscal<br>Year<br>Ended<br>June 30 | Real Property                      |  |                                   |                               | Commercial<br>Attached<br>Personal<br>Property | Less<br>Adjustments<br>to Taxable Value | Total<br>Taxable<br>Value | Estimated<br>Actual<br>Value | Taxable<br>Value as a<br>Percentage of<br>Actual Value |
|------------------------------------|------------------------------------|--|-----------------------------------|-------------------------------|--|---|---------------------------|------------------------------|--|
|                                    | Primary<br>Residential<br>Property | Non-Primary<br>Residential<br>Property | Commercial<br>& Other<br>Property | State<br>Assessed<br>Property |  |   |                           |                              |  |
| 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%   |
| 2007                               | 2,820,877                          | 1,256,276                              | 1,334,676                         | 89,785                        |  | -                                       | 5,501,614                 | 8,021,906                    | 68.58%   |
| 2008                               | 3,397,861                          | 1,735,621                              | 1,497,991                         | 130,172                       |  | -                                       | 6,761,645                 | 9,594,120                    | 70.48%   |
| 2009                               | 3,418,978                          | 2,015,720                              | 1,656,614                         | 234,970                       |  | -                                       | 7,326,282                 | 10,425,903                   | 70.27%   |
| 2010                               | 2,827,569                          | 1,592,024                              | 1,468,398                         | 123,395                       |  | -                                       | 6,011,386                 | 8,549,831                    | 70.31%   |
| 2011                               | 2,402,908                          | 1,394,831                              | 1,384,311                         | 122,478                       |  | -                                       | 5,304,528                 | 7,497,089                    | 70.75%   |

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

| Fiscal<br>Year | City of St. George |                         |                       | Washington County         |                           |                                |                             |                         | Washington Co School District |                              |                         | (1)<br>Special<br>Districts | Direct &<br>Overlapping<br>Rates |
|----------------|--------------------|-------------------------|-----------------------|---------------------------|---------------------------|--------------------------------|-----------------------------|-------------------------|-------------------------------|------------------------------|-------------------------|-----------------------------|----------------------------------|
|                | Operating<br>Rate  | Debt<br>Service<br>Rate | Total<br>City<br>Rate | County<br>Library<br>Rate | County<br>General<br>Rate | County<br>G.O.<br>Bond<br>Rate | Assess<br>& Collect<br>Rate | Total<br>County<br>Rate | Local<br>School Fund<br>Rate  | State<br>School Fund<br>Rate | Total<br>School<br>Rate |                             |                                  |
|                |                    |                         |                       |                           |                           |                                |                             |                         |                               |                              |                         |                             |                                  |
| 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                         |
| 2007           | 0.001126           | 0.000210                | 0.001336              | 0.000216                  | 0.000514                  | 0.000235                       | 0.000257                    | 0.001222                | 0.004085                      | 0.001515                     | 0.005600                | 0.000816                    | 0.008974                         |
| 2008           | 0.001026           | 0.000191                | 0.001217              | 0.000195                  | 0.000464                  | 0.000186                       | 0.000421                    | 0.001266                | 0.004344                      | 0.001311                     | 0.005655                | 0.000716                    | 0.008854                         |
| 2009           | 0.001015           | 0.000191                | 0.001206              | 0.000194                  | 0.000564                  | 0.000200                       | 0.000421                    | 0.001379                | 0.004326                      | 0.001311                     | 0.005637                | 0.000701                    | 0.008923                         |
| 2010           | 0.001313           | 0.000191                | 0.001504              | 0.000239                  | 0.000695                  | 0.000246                       | 0.000507                    | 0.001687                | 0.005608                      | 0.001311                     | 0.006919                | 0.000863                    | 0.010973                         |
| 2011           | 0.001559           | 0.000191                | 0.001750              | 0.000280                  | 0.000816                  | 0.000284                       | 0.000591                    | 0.001971                | 0.006493                      | 0.001311                     | 0.007804                | 0.001001                    | 0.012526                         |

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

| Fiscal Year<br>Ended<br>June 30 | Total Tax<br>Levy for<br>Fiscal Year | Collected with the<br>fiscal year of the levy |           | Collections of<br>Prior Years | Total Collections to Date |           |
|---------------------------------|--------------------------------------|---|-----------|-------------------------------|---------------------------|-----------|
|                                 |                                      | Amount  | % of Levy |                               | Amount                    | % of Levy |
| 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%   |
| 2007                            | 7,515                                | 7,412   | 98.63%    | 120                           | 7,532                     | 100.23%   |
| 2008                            | 8,382                                | 7,538   | 89.93%    | 105                           | 7,643                     | 91.18%    |
| 2009                            | 9,016                                | 7,714   | 85.56%    | 129                           | 7,843                     | 86.99%    |
| 2010                            | 9,170                                | 7,875   | 85.88%    | 272                           | 8,147                     | 88.84%    |
| 2011                            | 9,446                                | 8,034   | 85.05%    | 587                           | 8,621                     | 91.27%    |

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 |                          |            |
| 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      |
| 2007        | 17,540                   | 3,670               | 4,700            | 2,864                    | -              | 15,104                   | 49,579      | 16,110         | 3,786     | 1,293             | 918            | 115,564                  | 1,541      |
| 2008        | 17,105                   | 28,070              | 4,100            | 2,233                    | 42             | 12,973                   | 47,169      | 15,490         | 3,450     | 859               | 1,142          | 132,633                  | 1,591      |
| 2009        | 16,595                   | 25,430              | 3,475            | 1,612                    | -              | 11,042                   | 44,664      | 68,845         | 3,101     | 407               | 702            | 175,873                  | 2,069      |
| 2010        | 16,029                   | 23,660              | 2,830            | 1,007                    | -              | 9,043                    | 42,064      | 64,180         | 894       | -                 | 543            | 160,250                  | 1,919      |
| 2011        | 15,460                   | 20,910              | 2,160            | 662                      | -              | 6,964                    | 39,399      | 62,610         | 802       | -                 | 962            | 149,929                  | 2,054      |

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

| Fiscal<br>year | General<br>Obligation<br><u>Bonds</u> | Less: Amounts<br>Available in Debt<br><u>Service Funds</u> | <u>Total</u> | Percentage of<br>Estimated<br>Actual Taxable<br>Value of<br><u>Property</u> |    | Per<br><u>Capita</u> |
|----------------|---------------------------------------|--|--------------|---|----|----------------------|
|                |                                       |  |              |   |    |                      |
| 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                  |
| 2007           | 17,540                                | -  | 17,540       | 0.4307%   |    | 234                  |
| 2008           | 17,105                                | -  | 17,105       | 0.2492%   |    | 205                  |
| 2009           | 16,595                                | -  | 16,595       | 0.2265%   |    | 195                  |
| 2010           | 16,029                                | -  | 16,029       | 0.2666%   |    | 192                  |
| 2011           | 15,460                                | -  | 15,460       | 0.2843%   |    | 212                  |

CITY OF ST. GEORGE, UTAH  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF JUNE 30, 2011  
 (amounts expressed in thousands)

| <u>Governmental Unit</u>                | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable</u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|---|-----------------------------|--|--|
| Washington County                       | \$ 22,275                   | 54.53%   | \$ 12,147  |
| Washington County School District       | 245,374                     | 54.53%   | 133,802  |
| Washington County Water Conservancy     | 4,745                       | 54.53%   | 2,587  |
| Washington County/St George City (WCIA) | <u>14,000</u>               | 38.00%   | 5,320  |
| sub-total overlapping debt              | 286,394                     |  | 153,856  |
| City of St. George direct debt          | 15,460                      |  | 15,460   |
| Total direct & overlapping debt         | <u><u>\$ 301,854</u></u>    |  | <u><u>\$ 169,316</u></u>                               |

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

|   | FISCAL YEAR       |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | <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>       | <u>2011</u>       |
| Debt limit  | \$ 306,841        | \$ 336,740        | \$ 371,978        | \$ 410,848        | \$ 503,555        | \$ 669,296        | \$ 823,545        | \$ 896,826        | \$ 721,366        | \$ 652,656        |
| Total net debt applicable to limit                                      | 71,093            | 64,969            | 97,894            | 85,060            | 81,933            | 74,318            | 71,218            | 64,594            | 64,594            | 56,112            |
| Legal debt margin   | <u>\$ 235,748</u> | <u>\$ 271,771</u> | <u>\$ 274,084</u> | <u>\$ 325,788</u> | <u>\$ 421,622</u> | <u>\$ 594,978</u> | <u>\$ 752,327</u> | <u>\$ 832,232</u> | <u>\$ 656,772</u> | <u>\$ 596,544</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |

**Legal Debt Margin Calculation for Fiscal Year 2011**

|  |                   |
|--|-------------------|
| Taxable value                                | \$ 5,438,801      |
| Debt limit:                                  |                   |
| General obligation 4%                        | \$ 217,552        |
| Water & Sewer 8%                             | 435,104           |
| Total debt limit                             | <u>\$ 652,656</u> |
| Debt applicable to limit:                    |                   |
| General obligation bonds                     | \$ 15,460         |
| less: amt set aside for<br>repayment of debt | (256)             |
| Water & sewer bonds                          | 46,471            |
| less: amt set aside for<br>repayment of debt | (5,563)           |
| Total net debt applicable to limit           | <u>56,112</u>     |
| Legal debt margin                            | <u>\$ 596,544</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 |          | Coverage | Water Charges and other | Less: Operating Expenses | Net Available Revenues | Debt Service |          | Coverage |
|             |   |                          |                        | Principal    | Interest |          |                         |                          |                        | Principal    | Interest |          |
| 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     |
| 2007        | 10,217  | 3,216                    | 7,001                  | 2,922        | 415      | 2.10     | 17,399                  | 10,670                   | 6,729                  | 1,880        | 2,094    | 1.69     |
| 2008        | 9,355   | 3,308                    | 6,047                  | 2,131        | 374      | 2.41     | 17,628                  | 10,846                   | 6,782                  | 2,410        | 2,027    | 1.53     |
| 2009        | 8,726   | 3,294                    | 5,432                  | 1,931        | 330      | 2.40     | 16,973                  | 10,164                   | 6,809                  | 2,515        | 1,935    | 1.53     |
| 2010        | 8,547   | 3,312                    | 5,235                  | 1,999        | 281      | 2.30     | 16,959                  | 9,862                    | 7,097                  | 2,610        | 1,820    | 1.60     |
| 2011        | 8,536   | 3,304                    | 5,232                  | 2,079        | 227      | 2.27     | 16,247                  | 10,109                   | 6,138                  | 2,665        | 1,693    | 1.41     |

| Fiscal Year | Golf Course Revenue Bonds |                          |                        |              |          |          | Energy Services Revenue Bonds |                          |                        |              |          |          |
|-------------|---------------------------|--------------------------|------------------------|--------------|----------|----------|-------------------------------|--------------------------|------------------------|--------------|----------|----------|
|             | Golf Charges and other    | Less: Operating Expenses | Net Available Revenues | Debt Service |          | Coverage | Energy Charges and other      | Less: Operating Expenses | Net Available Revenues | Debt Service |          | Coverage |
|             |                           |                          |                        | Principal    | Interest |          |                               |                          |                        | Principal    | Interest |          |
| 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     |
| 2007        | 4,642                     | 4,533                    | 109                    | 418          | 69       | 0.22     | 53,623                        | 44,291                   | 9,332                  | 600          | 703      | 7.16     |
| 2008        | 4,840                     | 4,444                    | 396                    | 434          | 61       | 0.80     | 55,241                        | 44,842                   | 10,399                 | 620          | 682      | 7.99     |
| 2009        | 4,158                     | 4,299                    | (141)                  | 452          | 38       |          | 55,201                        | 49,921                   | 5,280                  | 645          | 3,047    | 1.43     |
| 2010        | 3,806                     | 3,674                    | 132                    | 407          | 10       |          | 55,102                        | 51,917                   | 3,185                  | 665          | 3,023    | 1.05     |
| 2011        | 3,283                     | 3,654                    | (371)                  |              |          |          | 54,295                        | 50,294                   | 4,001                  | 1,570        | 3,045    |          |

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

| Fiscal Year | Population | (1)<br>Personal Income<br>(amts expressed in millions) | (1)<br>Per Capita Personal income | Median Age | (2)<br>School Enrollment | (1)<br>Unemployment Rate |
|-------------|------------|--|-----------------------------------|------------|--------------------------|--------------------------|
| 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     | 3,223.6  | 25,439                            |            | 23,189                   | 2.4                      |
| 2007        | 75,000     | 3,558.0  | 26,892                            | 31         | 24,352                   | 2.9                      |
| 2008        | 83,364     | 3,658.0  | 26,964                            |            | 25,295                   | 4.9                      |
| 2009        | 85,000     | 3,595.0  | 26,147                            |            | 25,775                   | 7.3                      |
| 2010        | 83,500     | not available  | not available                     | 32.5       | 25,202                   | 9.6                      |
| 2011        | 82,000     | not available  | not available                     |            | not available            | 10.1                     |

(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

2011

2002

| <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             | 2,000-2,999      | 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   | Red Cliffs Mall                       | 300-500          | Shopping mall      |
| Skywest Airlines                      | 500-999          | Air Transportation | City of St. George                    | 300-400          | Local Government   |
| Federal Government                    | 500-999          | Federal Government | 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

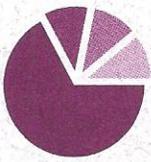
| FUNCTION                         | FISCAL YEAR |             |             |             |             |             |             |             |             |             |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                  | <u>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> | <u>2011</u> |
| General government               | 45          | 45          | 48          | 48          | 64          | 50          | 51          | 52          | 50          | 64          |
| Community & development services | 12          | 12          | 16          | 21          | 24          | 39          | 39          | 29          | 27          | 21          |
| Public Safety                    |             |             |             |             |             |             |             |             |             |             |
| Police                           |             |             |             |             |             |             |             |             |             |             |
| Officers                         | 74          | 76          | 80          | 83          | 89          | 93          | 97          | 103         | 103         | 103         |
| Reserves                         | 8           | 8           | 8           | 8           | 8           | 4           | 4           |             |             |             |
| Civilians                        | 17          | 24          | 26          | 28          | 30          | 37          | 39          | 39          | 39          | 40          |
| Fire                             |             |             |             |             |             |             |             |             |             |             |
| Firefighters & officers          | 8           | 8           | 9           | 15          | 19          | 22          | 22          | 23          | 23          | 31          |
| Volunteers firefighters          | 51          | 51          | 51          | 51          | 55          | 64          | 64          | 64          | 64          | 64          |
| Civilians                        |             |             |             |             | 1           | 1           | 1           | 1           | 1           | 1           |
| Highways & streets               |             |             |             |             |             |             |             |             |             |             |
| Engineering & Administration     | 19          | 20          | 21          | 21          | 24          | 22          | 25          | 22          | 17          | 14          |
| Maintenance                      | 23          | 25          | 26          | 28          | 28          | 31          | 32          | 32          | 32          | 32          |
| Fleet maintenance (1)            | 10          | 10          | 10          | 11          | 11          | 12          | 13          | 13          | 13          | 0           |
| Culture & recreation             |             |             |             |             |             |             |             |             |             |             |
| Recreation                       | 10          | 10          | 10          | 12          | 14          | 12          | 14          | 14          | 14          | 14          |
| Parks & design                   | 22          | 25          | 25          | 29          | 34          | 39          | 41          | 42          | 42          | 42          |
| Building maintenance             | 3           | 3           | 4           | 6           | 6           | 7           | 11          | 10          | 9           | 10          |
| Dixie Center                     |             | 6           | 8           | 8           | 9           | 9           | 9           | 12          | 12          | 12          |
| Administration & others          | 10          | 10          | 10          | 9           | 9           | 8           | 8           | 6           | 6           | 6           |
| Water services                   | 32          | 33          | 44          | 48          | 52          | 54          | 54          | 49          | 49          | 49          |
| Wastewater collections           | 14          | 15          | 17          | 16          | 17          | 19          | 19          | 19          | 17          | 17          |
| Energy services                  | 50          | 53          | 46          | 49          | 49          | 53          | 56          | 51          | 52          | 52          |
| Golf courses                     | 33          | 33          | 33          | 33          | 33          | 33          | 33          | 34          | 31          | 31          |
| Wastewater treatment             | 20          | 17          | 18          | 18          | 18          | 21          | 21          | 19          | 20          | 20          |
| Public transit                   |             |             | 2           | 2           | 11          | 15          | 15          | 14          | 14          | 15          |
| <b>Total</b>                     | <b>461</b>  | <b>484</b>  | <b>512</b>  | <b>544</b>  | <b>605</b>  | <b>645</b>  | <b>668</b>  | <b>648</b>  | <b>635</b>  | <b>638</b>  |

133

(1) moved to General government in 2011 fiscal year

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***SINGLE AUDIT SECTION***



# HINTONBURDICK

HINTON BURDICK HALL & SPILKER PLLC

CPAs & ADVISORS

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MARK E. TICHENOR, CPA

**Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and  
Members of the City Council  
St. George City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. George City, Utah, as of and for the year ended June 30, 2011, which collectively comprise St. George City's basic financial statements, and have issued our report thereon dated October 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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

We noted certain matters that we reported to management of the City in the accompanying schedule of findings and recommendations, dated October 17, 2011.

This report is intended solely for the information and use of management, the City Council, Mayor, federal awarding agencies and pass-through entities and the Utah State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Hinton, Burdick, Hall & Spilker, PLLC*

HINTON, BURDICK, HALL & SPILKER, PLLC  
October 17, 2011

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**ST. GEORGE CITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title  | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|---|---------------------------|--|-------------------------|
| <b>U.S. Department of Justice:</b>  |                           |  |                         |
| Victims of Crime Act  | 16.575                    |  | \$45,048                |
| Bulletproof Vest Partnership Grant<br>Program   | 16.607                    |  | 9,697                   |
| Edward Byrne Memorial Justice<br>Assistance Grant Program   | 16.738                    |  | 38,118                  |
| Edward Byrne Memorial<br>Formula Grant Program  | 16.579                    |  | <u>117,500</u>          |
| <i>Total U.S. Department of Justice</i>   |                           |  | <u>210,363</u>          |
| <b>U.S. Department of Transportation:</b>   |                           |  |                         |
| Federal Aviation Administration:<br>Airport Improvements Program  | 20.106                    |  | 15,825,808              |
| Small Community Air Service<br>Development Program  | 20.930                    |  | 58,435                  |
| Federal Highway Administration:<br>Recreational Trails Program  | 20.219                    |  | 123,816                 |
| Federal Transportation Administration:<br>Federal Transit Formula Grant Program                                 | 20.507                    |  | 740,299                 |
| ARRA--Federal Transit Formula<br>Grant Program  | 20.507                    |  | 672,914                 |
| Federal Transit Capital Investment<br>Grants Program  | 20.500                    |  | <u>3,683</u>            |
| <i>Total U.S. Department of Transportation</i>  |                           |  | <u>17,424,955</u>       |
| <b>Executive Office of the President, Office of<br/>National Drug Control Policy:</b>                           |                           |  |                         |
| High Intensity Drug Trafficking Area  | 07.000                    |  | <u>118,829</u>          |
| <b>U.S. Department of Homeland Security:</b>  |                           |  |                         |
| Federal Emergency Management Agency<br>Staffing for Adequate Fire & Emergency<br>Response (SAFER) Grant Program | 97.083                    |  | 212,399                 |

|   |        |                   |                     |
|---|--------|-------------------|---------------------|
| Disaster Grants-Public Assistance Program   | 97.036 |                   | 370,663             |
| Homeland Security Grant Program   | 97.067 |                   | 12,523              |
| Emergency Management Performance Grant Program  | 97.042 |                   | <u>6,000</u>        |
| <i>Total U.S. Department of Homeland Security</i>   |        |                   | <u>601,585</u>      |
| <b>U.S. Department of the Interior:</b>   |        |                   |                     |
| Water Conservation Field Services Grant Program   | 15.530 |                   | <u>20,767</u>       |
| <b>U.S. Department of Energy:</b>   |        |                   |                     |
| ARRA--Energy Efficiency and Conservation Block Grant Program  | 81.128 |                   | <u>144,464</u>      |
| <b>U.S. Department of Housing &amp; Urban Development:</b>  |        |                   |                     |
| Community Development Block Grants/Entitlement Grants Program   | 14.218 |                   | <u>429,851</u>      |
| <b>National Endowment for the Humanities:</b>   |        |                   |                     |
| Promotion of the Humanities Pulic Program   | 45.164 |                   | <u>1,000</u>        |
| <b>U.S. Department of Commerce:</b>   |        |                   |                     |
| <b>Passed through Utah Dept. of Homeland Security:</b>  |        |                   |                     |
| National Telecommunications and Information Administration:<br>Public Safety Interoperable Communications Grant Program | 11.555 | 2007-HLS-PSIC-004 | <u>1,051,487</u>    |
| <b>Total Expenditures of Federal Awards</b>   |        |                   | <u>\$20,003,301</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, 2011**

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Note 1. Basis of Presentation

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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.

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Note 2. Sub-recipients

---

St. George City provided federal awards (CDBG funds) to the following sub-recipients:

|  |           |
|--|-----------|
| Five County Association of Governments | \$295,444 |
| The TURN Center                        | \$8,298   |

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**ST. GEORGE CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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
- Significant deficiencies 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
- Significant deficiencies identified? \_\_\_yes        x   none reported

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 OMB Circular A-133? \_\_\_yes        x   no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program</u>                     |
|-----------------------|--|
| 20.106                | Airport Improvements Program                       |
| 20.507                | Federal Transit Formula Program                    |
| 20.500                | Federal Transit Capital Investment Program         |
| 11.555                | Public Safety Interoperable Communications Program |

**ST. GEORGE CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

---

Section I – Summary of Auditor’s Results (Continued)

---

Dollar threshold used to distinguish between  
type A and type B programs:

\$ 600,099

Auditee qualified as low-risk auditee?

yes       no

---

Section II – Financial Statement Findings

---

No matters were reported.

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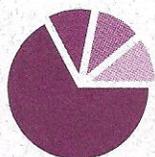
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Section III – Federal Award Findings and Questioned Costs

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No matters or questioned costs were reported.

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 St. George City, Utah's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of St. George City's major federal programs for the year ended June 30, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

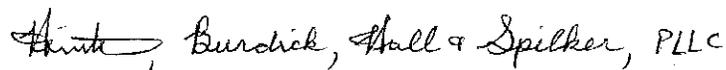
#### Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of St. George City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

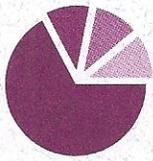
This report is intended solely for the information and use of the mayor, city council, management, others within the City, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



HINTON, BURDICK, HALL & SPILKER PLLC

October 17, 2011

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# HINTONBURDICK

HINTON BURDICK HALL & SPILKER PLLC

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## Independent Auditors' Report on Compliance In Accordance With the *State of Utah Legal Compliance Audit Guide*

The Honorable Mayor and  
Members of the City Council  
St. George City, Utah

We have audited the City of St. George's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2011. The general compliance requirements applicable to the City are identified as follows:

- |                                |                                 |
|--------------------------------|---------------------------------|
| Public Debt                    | B & C Road Funds                |
| Cash Management                | Other General Issues            |
| Purchasing Requirements        | Uniform Building Code Standards |
| Budgetary Compliance           | Impact Fees                     |
| Truth in Taxation and Property | Asset Forfeiture                |
| Tax Limitations                | URS Compliance                  |
| Liquor Law Enforcement         | Fund Balance                    |

The City received the following major State assistance programs from the State of Utah:

- B & C Road Funds (Department of Transportation)
- Liquor Law Enforcement (State Tax Commission)

Compliance with the requirements referred to above is the responsibility of the City's management. 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. An audit includes examining, on a test basis, evidence about the 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 on the City's compliance with those requirements.

In our opinion, St. George City, Utah, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2011. However, the results of our audit procedures disclosed other instances of non-compliance with those requirements, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in our accompanying schedule of findings and recommendations, dated October 17, 2011, as items 1, 2 and 3.

Management's written response to the findings identified in our audit is attached. We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Office of the Utah State Auditor, and awarding and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

*Hinton, Burdick, Hall & Spilker, PLLC*

HINTON, BURDICK, HALL & SPILKER, PLLC  
October 17, 2011

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# HINTONBURDICK

HINTON BURDICK HALL & SPILKER PLLC

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KEVIN L. STEPHENS, CPA  
MARK E. TICHENOR, CPA

## SCHEDULE OF FINDINGS AND RECOMMENDATIONS

October 17, 2011

St. George City Officials  
St. George, Utah 84770

Dear Sirs:

During our audit of the funds of St. George City for the fiscal year 2010 - 2011, we found several 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 or fund 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 has several funds that had a deficit fund balance at June 30, 2011.

October 17, 2011

Page 2

Recommendation

We follow the recommendation of the State Auditor's office by suggesting the City budget in fiscal year 2011-2012 to eliminate the fund deficit in these funds.

3. Finding-Advertisement for B & C Road Project

Utah Code, Section 72-6-108 states an advertisement for bids on B and C Roads shall be published in a newspaper of general circulation in the county in which such work is to be performed at least once a week for three consecutive weeks. Documentation of the necessary advertisement for the Chip Seal Aggregate Project was not found.

Recommendation

We recognize that this instance of noncompliance is isolated. However, we recommend that the City's personnel always comply with the advertisement requirements for B & C Road Projects with a cost exceeding \$125,000.

This letter is intended solely for the use of the mayor, city council and management.

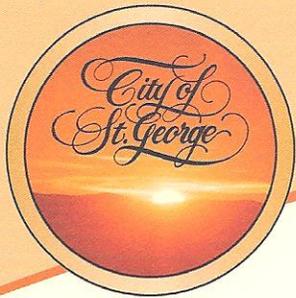
It has been a pleasure to once again be of service to the City this past year. Observations we made during the audit evidence the fact that you are carefully trying to comply with federal and state laws and to fulfill your stewardship to the citizens of St. George. We wish to thank you for your diligent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

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  
October 17, 2011

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## CITY OF ST. GEORGE

175 East 200 North  
St. George, Utah 84770

October 20, 2011

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

From: Philip R. Peterson, CPA CGFM  
Finance Director

Subject: Schedule of Findings and Recommendations  
Fiscal year audit ended June 30, 2011

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. The Replacement Airport is the largest capital project ever undertaken by the City and is a multi-year capital project. While every attempt is made to stay within budget and not have deficits in the early years, they are not unexpected and when the project is completed within the next two to three years, the fund will not have a deficit. The other funds which had deficits are minor in amount and are a result of the slowdown in the economy. As things recover, it is expected that these funds will be replenished and if not, transfers or loans from other funds will be made to eliminate any deficits.

3. Our purchasing division and the department making the purchase will do a better job of monitoring and making sure that all requirements are complied with in the future.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2011

Unfortunately, the finds and recommendations which were commented on in the June 30, 2010 fiscal year are the exact same ones as found in the current fiscal year ended June 30, 2011. Every attempt is made to correct findings from prior fiscal years but sometimes such attempts are not always as successful as you work towards.

***CONTINUING DISCLOSURE SECTION***

City of St. George, UT  
 Continuing Disclosure - Excise Tax Revenue Bonds, Series 1996  
 Fiscal Year Ended June 30, 2011

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<br>Year 2006 | Fiscal<br>Year 2007 | Fiscal<br>Year 2008 | Fiscal<br>Year 2009 | Fiscal<br>Year 2010 |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Motor Fuel Tax                  | \$ 240,432          | \$ 254,696          | \$ 250,716          | \$ 235,481          | \$ 243,389          |
| Special Fuel Tax                | 102,194             | 111,410             | 114,602             | 101,367             | 94,843              |
| Motor Vehicle Registration Fees | 32,046              | 34,293              | 35,366              | 34,917              | 33,447              |
| Proportional Registration Fees  | 12,421              | 14,772              | 14,202              | 14,114              | 14,617              |
| Temporary Permits               | 313                 | 401                 | 523                 | 492                 | 387                 |
| Special Transportation Permits  | 7,333               | 7,780               | 8,093               | 8,235               | 8,753               |
| Highway Use Permits             | 8,384               | 9,108               | 9,102               | 9,194               | 9,375               |
| Motor Vehicle Control Fees      | 5,012               | 5,302               | 5,294               | 4,552               | 4,091               |
|                                 | <u>\$ 408,135</u>   | <u>\$ 437,762</u>   | <u>\$ 437,898</u>   | <u>\$ 408,352</u>   | <u>\$ 408,902</u>   |

Source: "Annual Statistical Summary", Utah Department of Transportation, December 2010

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<br>Year | St. George<br>Allocations | Total B & C Road<br>Fund Allocations | St. George<br>Percentage |
|----------------|---------------------------|--------------------------------------|--------------------------|
| 2006           | \$ 1,980,256              | \$ 114,089,482                       | 1.74%                    |
| 2007           | 2,219,074                 | 115,835,239                          | 1.92%                    |
| 2008           | 2,411,190                 | 124,415,351                          | 1.94%                    |
| 2009           | 2,291,988                 | 127,804,942                          | 1.79%                    |
| 2010           | 2,300,091                 | 118,460,536                          | 1.94%                    |
| 2011           | 2,377,843                 | 119,094,348                          | 2.00%                    |

(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, 2011

**TABLE 3 - CALCULATION OF ESTIMATED DEBT SERVICE COVERAGE**

| Bond Year | Project Class C<br>Road Fund Allocation |   | 1996 Bonds | 2004 Bonds | Total D.S. | Coverage |
|-----------|---|---|------------|------------|------------|----------|
| 2006      | \$ 1,980,256                            | 1 | \$ 500,284 | \$ 277,800 | \$ 778,084 | 2.55     |
| 2007      | 2,219,074                               | 1 | 497,004    | 275,300    | 772,304    | 2.87     |
| 2008      | 2,411,190                               | 1 |            | 765,425    | 765,425    | 3.15     |
| 2009      | 2,291,988                               | 1 |            | 772,425    | 772,425    | 2.97     |
| 2010      | 2,300,091                               | 1 |            | 772,569    | 772,569    | 2.98     |
| 2011      | 2,377,843                               | 2 |            | 775,363    | 775,363    | 3.07     |
| 2012      | 2,449,178                               | 2 |            | 768,975    | 768,975    | 3.18     |
| 2013      | 2,522,654                               | 2 |            | 768,562    | 768,562    | 3.28     |
| 2014      | 2,598,333                               | 2 |            | 766,406    | 766,406    | 3.39     |
| 2014      | 2,676,283                               | 2 |            | 766,406    | 766,406    | 3.49     |

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<br>Construction and<br>Maintenance<br>Expenditures | C" Road<br>Fund<br>Portion | Contribution<br>from the<br>City's<br>General Fund | General<br>Fund Monies<br>as a %<br>of Total |
|-------------|---|----------------------------|--|--|
| 2011        | \$ 3,600,987  | \$ 2,377,843               | \$ 1,223,144                                       | 33.97%                                       |
| 2010        | 3,986,863   | 2,300,091                  | 1,686,772  | 42.31%                                       |
| 2009        | 4,266,739   | 2,291,988                  | 1,974,751  | 46.28%                                       |
| 2008        | 4,776,084   | 2,411,190                  | 2,364,894  | 49.52%                                       |
| 2007        | 4,634,877   | 2,219,074                  | 2,415,803  | 52.12%                                       |
| 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%                                       |

(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, 2011

**Comparative Property Tax Rates Within Washington County**

| <u>Tax Levying Entity</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Hurricane                 | 0.002523    | 0.002492    | 0.00201     | 0.001965    | 0.002061    |
| Ivins                     | 0.001990    | 0.001736    | 0.001389    | 0.00137     | 0.001413    |
| LaVerkin                  | 0.002676    | 0.001945    | 0.001629    | 0.001197    | 0.001486    |
| St. George City           | 0.001750    | 0.001504    | 0.001206    | 0.001217    | 0.001336    |
| Washington City           | 0.001625    | 0.001393    | 0.001124    | 0.001089    | 0.001308    |

(Source: Washington County Auditor)

## DEBT STRUCTURE

### *Outstanding General Obligation Indebtedness*

| <u>Series</u> | <u>Purpose</u>       | <u>Original<br/>Amount</u> | <u>Final<br/>Maturity<br/>Date</u> | <u>Current<br/>Balance<br/>Outstanding</u> |
|---------------|----------------------|----------------------------|------------------------------------|--|
| 2004          | Parks and Recreation | 11,645,000                 | August 1, 2021                     | 10,065,000                                 |
| 2010          | Parks and Recreation | 5,395,000                  | August 1, 2023                     | 5,395,000                                  |

### *Outstanding Tax Increment Bond Indebtedness*

| <u>Series</u> | <u>Purpose</u> | <u>Original<br/>Amount</u> | <u>Final<br/>Maturity<br/>Date</u> | <u>Current<br/>Balance<br/>Outstanding</u> |
|---------------|----------------|----------------------------|------------------------------------|--|
| 2005          | Sales tax rev. | \$4,210,000                | June 15, 2015                      | \$2,160,000                                |
| 2009          | Sales tax rev. | 22,485,000                 | Nov. 1, 2017                       | 18,750,000                                 |

### *Outstanding Revenue Indebtedness*

| <u>Series</u> | <u>Purpose</u>      | <u>Original<br/>Amount</u> | <u>Final<br/>Maturity<br/>Date</u> | <u>Current<br/>Balance<br/>Outstanding</u> |
|---------------|---------------------|----------------------------|------------------------------------|--|
| 1987B         | Subordinated Water  | \$1,273,713                | January 1, 2013                    | \$ 1,273,713                               |
| 2003          | Water Refunding     | \$12,325,000               | June 1, 2016                       | \$ 6,470,000                               |
| 1994          | Wastewater          | \$4,000,000                | June 15, 2014                      | \$ 797,000                                 |
| 2004          | Excise Tax Revenue  | \$5,000,000                | December 1, 2013                   | \$ 2,160,000                               |
| 1997B         | Sewer               | \$12,000,000               | June 15, 2012                      | \$ 1,172,000                               |
| 2011          | Water Refunding     | \$6,120,000                | June 1, 2020                       | \$ 6,120,000                               |
| 2004          | Water               | \$31,000,000               | July 1, 2025                       | \$ 25,535,000                              |
| 2004          | Sewer               | \$7,015,000                | July 1, 2016                       | \$ 4,995,000                               |
| 2005          | Electric Revenue    | \$17,280,000               | June 1, 2025                       | \$ 13,485,000                              |
| 2008          | Electric Revenue    | \$50,000,000               | June 1, 2038                       | \$ 49,125,000                              |
| 2009A         | Build America Bonds | \$3,504,000                | December 1, 2021                   | \$ 3,139,000                               |
| 2009B         | Recovery Zone Bonds | \$6,723,000                | June 1, 2024                       | \$ 6,723,000                               |

### *Outstanding Lease Purchase Indebtedness*

| <u>Series</u> | <u>Purpose</u> | <u>Original<br/>Amount</u> | <u>Final<br/>Maturity<br/>Date</u> | <u>Current<br/>Balance<br/>Outstanding</u> |
|---------------|----------------|----------------------------|------------------------------------|--|
| 1999A         | MBA Refunding  | \$6,270,000                | September 1, 2017                  | \$ 605,000                                 |
| 2000          | MBA Woodward   | \$350,000                  | April 1, 2021                      | \$ 197,000                                 |

### *Outstanding Special Assessment Indebtedness*

| <u>Series</u> | <u>Purpose</u> | <u>Original<br/>Amount</u> | <u>Final<br/>Maturity<br/>Date</u> | <u>Current<br/>Balance<br/>Outstanding</u> |
|---------------|----------------|----------------------------|------------------------------------|--|
| 2002          | SID2000-1      | \$228,000                  | June 1, 2012                       | \$ 28,000                                  |
| 2002          | SID 99-4       | \$1,109,000                | November 1, 2012                   | \$ 222,000                                 |
| 2003          | SID 99-1       | \$989,000                  | February 1, 2013                   | \$ 198,000                                 |
| 2003          | SID 99-3       | \$1,077,000                | June 1, 2013                       | \$ 214,000                                 |

**Debt Ratios**

Direct General Obligation Debt is .27% of 2009 Taxable Value.

Total Direct and Overlapping General Obligation Debt is 5.01% of 2009 Taxable Value

Per Capita Direct General Obligation Debt is \$192 based on the estimated population of 83,500.

Per Capita Direct and Overlapping General Obligation Debt is \$3,643 based on estimated population.

City of St. George, UT  
 Continuing Disclosure - 1997A Sewer Revenue Bonds  
 Fiscal Year Ended June 30, 2011

Table 1 - Sewer Fees by Fiscal Year per Entity

| Entity              | -----Fiscal Year Ended June 30----- |                     |                     |                     |                     |
|---------------------|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                     | 2011                                | 2010                | 2009                | 2008                | 2007                |
| City of St. George  | \$ 5,727,765                        | \$ 5,669,907        | \$ 5,618,856        | \$ 5,354,009        | \$ 5,628,693        |
| Washington City     | 1,353,479                           | 1,338,761           | 1,189,794           | 1,218,104           | 1,221,440           |
| City of Santa Clara | 325,983                             | 322,579             | 322,722             | 345,145             | 351,852             |
| Town of Ivins       | 463,729                             | 458,921             | 449,986             | 441,455             | 388,587             |
|                     | <u>\$ 7,870,956</u>                 | <u>\$ 7,790,168</u> | <u>\$ 7,581,358</u> | <u>\$ 7,358,713</u> | <u>\$ 7,590,572</u> |

(Source: The City)

Table 2 - Sewer Connections by Fiscal Year per Entity

| Entity              | -----Fiscal Year Ended June 30----- |               |               |               |               |
|---------------------|-------------------------------------|---------------|---------------|---------------|---------------|
|                     | 2011                                | 2010          | 2009          | 2008          | 2007          |
| City of St. George  | 33,379                              | 33,041        | 32,744        | 31,201        | 32,573        |
| Washington City     | 7,887                               | 7,802         | 6,933         | 7,099         | 7,068         |
| City of Santa Clara | 1,900                               | 1,880         | 1,881         | 2,011         | 2,036         |
| Town of Ivins       | 2,702                               | 2,674         | 2,622         | 2,572         | 2,249         |
|                     | <u>45,868</u>                       | <u>45,397</u> | <u>44,180</u> | <u>42,883</u> | <u>43,926</u> |

City of St. George, UT  
 Continuing Disclosure - 1997A Sewer Revenue Bonds  
 Fiscal Year Ended June 30, 2011

Enterprise Fund - Wastewater Collection  
 Balance Sheet

|  | -----Fiscal Year Ended June 30----- |                     |                     |                     |                     |
|--|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2011                                | 2010                | 2009                | 2008                | 2007                |
| <b>Assets:</b>                             |                                     |                     |                     |                     |                     |
| <b>Current Assets:</b>                     |                                     |                     |                     |                     |                     |
| Cash                                       | \$ 899,443                          | \$ 405,198          | \$ (363,632)        | \$ 525,940          | \$ 963,747          |
| Accts Rec./Due from other funds            | 58,364                              | 95,822              | 294,865             | 410,267             | 506,902             |
| <b>Total current assets</b>                | <b>957,807</b>                      | <b>501,020</b>      | <b>(68,767)</b>     | <b>936,207</b>      | <b>1,470,649</b>    |
| Property Plant & Equipment                 | 11,531,005                          | 11,298,355          | 11,268,226          | 10,084,852          | 8,737,922           |
| Accumulated depreciation                   | (6,293,894)                         | (5,846,117)         | (5,389,316)         | (4,927,561)         | (4,511,847)         |
| <b>Net property, plant &amp; equipment</b> | <b>5,237,111</b>                    | <b>5,452,238</b>    | <b>5,878,910</b>    | <b>5,157,291</b>    | <b>4,226,075</b>    |
| <b>Total Assets</b>                        | <b>\$ 6,194,918</b>                 | <b>\$ 5,953,258</b> | <b>\$ 5,810,143</b> | <b>\$ 6,093,498</b> | <b>\$ 5,696,724</b> |
| <b>Liabilities and fund equity:</b>        |                                     |                     |                     |                     |                     |
| <b>Current Liabilities:</b>                |                                     |                     |                     |                     |                     |
| Accrued liabilities                        | \$ 73,620                           | \$ 69,164           | \$ 74,888           | \$ 195,932          | \$ 207,730          |
| <b>Total current liabilities</b>           | <b>73,620</b>                       | <b>69,164</b>       | <b>74,888</b>       | <b>195,932</b>      | <b>207,730</b>      |
| <b>Total Liabilities</b>                   | <b>73,620</b>                       | <b>69,164</b>       | <b>74,888</b>       | <b>195,932</b>      | <b>207,730</b>      |
| <b>Fund Equity:</b>                        |                                     |                     |                     |                     |                     |
| <b>Contributed capital:</b>                |                                     |                     |                     |                     |                     |
| 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           |
| <b>Total contributions</b>                 | <b>2,051,824</b>                    | <b>2,051,824</b>    | <b>2,051,824</b>    | <b>2,051,824</b>    | <b>2,051,824</b>    |
| <b>Retained Earnings:</b>                  |                                     |                     |                     |                     |                     |
| Unreserved/unrestricted                    | 4,069,474                           | 3,832,270           | 3,683,431           | 3,845,742           | 3,437,170           |
| <b>Total retained earnings</b>             | <b>4,069,474</b>                    | <b>3,832,270</b>    | <b>3,683,431</b>    | <b>3,845,742</b>    | <b>3,437,170</b>    |
| <b>Total fund equity</b>                   | <b>6,121,298</b>                    | <b>5,884,094</b>    | <b>5,735,255</b>    | <b>5,897,566</b>    | <b>5,488,994</b>    |
| <b>Total liabilities and equity</b>        | <b>\$ 6,194,918</b>                 | <b>\$ 5,953,258</b> | <b>\$ 5,810,143</b> | <b>\$ 6,093,498</b> | <b>\$ 5,696,724</b> |

City of St. George, UT  
Continuing Disclosure - 1997A Sewer Revenue Bonds  
Fiscal Year Ended June 30, 2011

Enterprise Fund - Wastewater Treatment  
Balance Sheet

|  | -----Fiscal Year Ended June 30----- |                      |                      |                      |                      |
|--|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2011                                | 2010                 | 2009                 | 2008                 | 2007                 |
| <b>Assets:</b>                             |                                     |                      |                      |                      |                      |
| <b>Current Assets:</b>                     |                                     |                      |                      |                      |                      |
| Cash                                       | \$ 32,350,548                       | \$ 29,502,267        | \$ 27,870,765        | \$ 26,003,300        | \$ 15,498,092        |
| Restricted cash                            | 2,334,681                           | 2,307,326            | 2,341,142            | 2,473,706            | 3,076,964            |
| Accounts receivable                        | 389,072                             | 469,645              | 227,567              | 520,435              | 584,920              |
| Bond discounts & insurance                 | 240,542                             | 391,405              | 542,268              | 693,131              | 843,994              |
| Prepaid expenses                           | -                                   | -                    | -                    | -                    | -                    |
| <b>Total current assets</b>                | <b>35,314,843</b>                   | <b>32,670,643</b>    | <b>30,981,742</b>    | <b>29,690,572</b>    | <b>20,003,970</b>    |
| Property Plant & Equipment                 | 71,146,346                          | 70,569,214           | 69,436,387           | 68,130,495           | 64,346,318           |
| Accumulated depreciation                   | (15,971,354)                        | (14,499,890)         | (13,146,255)         | (11,825,310)         | (10,604,157)         |
| <b>Net property, plant &amp; equipment</b> | <b>55,174,992</b>                   | <b>56,069,324</b>    | <b>56,290,132</b>    | <b>56,305,185</b>    | <b>53,742,161</b>    |
| <b>Total Assets</b>                        | <b>\$ 90,489,835</b>                | <b>\$ 88,739,967</b> | <b>\$ 87,271,874</b> | <b>\$ 85,995,757</b> | <b>\$ 73,746,131</b> |
| <b>Liabilities and fund equity:</b>        |                                     |                      |                      |                      |                      |
| <b>Current Liabilities:</b>                |                                     |                      |                      |                      |                      |
| Accrued liabilities                        | \$ 644,891                          | \$ 337,674           | \$ 397,098           | \$ 897,482           | \$ 395,103           |
| Due to other funds                         | -                                   | -                    | -                    | -                    | -                    |
| <b>Total current liabilities</b>           | <b>644,891</b>                      | <b>337,674</b>       | <b>397,098</b>       | <b>897,482</b>       | <b>395,103</b>       |
| Bonds payable                              | 7,110,785                           | 9,263,417            | 11,336,048           | 13,340,679           | 15,545,311           |
| <b>Total Liabilities</b>                   | <b>7,755,676</b>                    | <b>9,601,091</b>     | <b>11,733,146</b>    | <b>14,238,161</b>    | <b>15,940,414</b>    |
| <b>Fund Equity:</b>                        |                                     |                      |                      |                      |                      |
| <b>Contributed capital:</b>                |                                     |                      |                      |                      |                      |
| Subdivisions                               | -                                   | -                    | -                    | -                    | -                    |
| Government agencies                        | 2,761,568                           | 2,761,568            | 2,761,568            | 2,761,568            | 2,761,568            |
| <b>Total contributions</b>                 | <b>2,761,568</b>                    | <b>2,761,568</b>     | <b>2,761,568</b>     | <b>2,761,568</b>     | <b>2,761,568</b>     |
| <b>Retained Earnings:</b>                  |                                     |                      |                      |                      |                      |
| Restricted for bond retirement             | 2,334,681                           | 2,307,326            | 2,341,142            | 2,473,706            | 3,076,964            |
| Unreserved/unrestricted                    | 77,637,910                          | 74,069,982           | 70,436,018           | 66,522,322           | 51,967,185           |
| <b>Total retained earnings</b>             | <b>79,972,591</b>                   | <b>76,377,308</b>    | <b>72,777,160</b>    | <b>68,996,028</b>    | <b>55,044,149</b>    |
| <b>Total fund equity</b>                   | <b>82,734,159</b>                   | <b>79,138,876</b>    | <b>75,538,728</b>    | <b>71,757,596</b>    | <b>57,805,717</b>    |
| <b>Total liabilities and equity</b>        | <b>\$ 90,489,835</b>                | <b>\$ 88,739,967</b> | <b>\$ 87,271,874</b> | <b>\$ 85,995,757</b> | <b>\$ 73,746,131</b> |

City of St. George, UT  
Continuing Disclosure - 1997A Sewer Revenue Bonds  
Fiscal Year Ended June 30, 2011

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

|  | -----Fiscal Year Ended June 30----- |                  |                  |                  |                  |
|--|-------------------------------------|------------------|------------------|------------------|------------------|
|  | 2011                                | 2010             | 2009             | 2008             | 2007             |
| Operating revenues:                          |                                     |                  |                  |                  |                  |
| Charges for services                         | \$ 7,706,792                        | \$ 7,628,073     | \$ 7,592,357     | \$ 7,473,604     | \$ 7,086,317     |
| Impact and connection fees                   |                                     |                  |                  | -                | -                |
| Other operating revenues                     | 256,617                             | 272,305          | 273,158          | 493,044          | 880,112          |
| <b>Total operating revenues</b>              | <b>7,963,409</b>                    | <b>7,900,378</b> | <b>7,865,515</b> | <b>7,966,648</b> | <b>7,966,429</b> |
| Operating expenses:                          |                                     |                  |                  |                  |                  |
| Salary & Wages                               | 622,646                             | 656,092          | 777,911          | 746,897          | 654,669          |
| Deprecation                                  | 447,778                             | 456,801          | 461,755          | 415,714          | 373,773          |
| Bad debts                                    | -                                   | -                | 37,918           | 35,389           | 35,439           |
| Payroll tax & employee benefits              | 269,190                             | 291,060          | 350,400          | 337,351          | 284,352          |
| Office & department supplies                 | 51,292                              | 39,067           | 70,227           | 50,387           | 135,296          |
| Professional services                        | 8,547                               | 7,056            | 12,869           | 14,864           | 10,856           |
| Repair & maintenance - equipment             | 123,668                             | 110,653          | 138,128          | 95,177           | 120,656          |
| Repair & maintenance - bldg & grounds        | 6,852                               | 3,210            | 6,751            | 6,639            | 23,490           |
| Insurance & surety bonds                     | 16,618                              | 14,113           | 19,083           | 30,048           | 89,093           |
| Travel                                       | 4,684                               | 6,171            | 28,919           | 12,443           | 19,836           |
| Contract labor                               | 5,727,765                           | 5,669,907        | 5,618,856        | 5,354,009        | 5,628,693        |
| Billing and administration                   | 450,000                             | 520,000          | 520,000          | 500,000          | 500,000          |
| <b>Total operating expenses</b>              | <b>7,729,040</b>                    | <b>7,774,130</b> | <b>8,042,817</b> | <b>7,598,918</b> | <b>7,876,153</b> |
| Operating income (loss)                      | 234,369                             | 126,248          | (177,302)        | 367,730          | 90,276           |
| Non-operating revenues (expenses)            |                                     |                  |                  |                  |                  |
| Interest income                              | 2,189                               | 2,853            | 14,991           | 54,660           | 53,163           |
| Miscellaneous income                         | 647                                 | 19,739           | -                | 6,182            | 41,100           |
| <b>Total non-operating revenue (expense)</b> | <b>2,836</b>                        | <b>22,592</b>    | <b>14,991</b>    | <b>60,842</b>    | <b>94,263</b>    |
| Net Income                                   | 237,205                             | 148,840          | (162,311)        | 428,572          | 184,539          |
| Transfers to other funds                     | -                                   | -                | -                | (20,000)         | -                |
| Retained earnings at beginning of year       | 3,832,271                           | 3,683,431        | 3,845,742        | 3,437,170        | 3,252,631        |
| <b>Retained earnings at end of year</b>      | <b>4,069,476</b>                    | <b>3,832,271</b> | <b>3,683,431</b> | <b>3,845,742</b> | <b>3,437,170</b> |

City of St. George, UT  
Continuing Disclosure - 1997A Sewer Revenue Bonds  
Fiscal Year Ended June 30, 2011

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

|  | -----Fiscal Year Ended June 30----- |                      |                      |                      |                      |
|--|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2011                                | 2010                 | 2009                 | 2008                 | 2007                 |
| Operating revenues:                          |                                     |                      |                      |                      |                      |
| Charges for services                         | \$ 7,870,955                        | \$ 7,790,169         | \$ 7,693,995         | \$ 7,358,714         | \$ 7,590,572         |
| Impact and connection fees                   | -                                   | -                    | -                    | -                    | -                    |
| Other operating revenues                     | 664,951                             | 612,617              | 537,913              | 924,306              | 1,706,879            |
| <b>Total operating revenues</b>              | <b>8,535,906</b>                    | <b>8,402,786</b>     | <b>8,231,908</b>     | <b>8,283,020</b>     | <b>9,297,451</b>     |
| Operating expenses:                          |                                     |                      |                      |                      |                      |
| Salary & Wages                               | 929,639                             | 986,605              | 963,028              | 966,345              | 894,364              |
| Supplies                                     | 409,983                             | 434,843              | 482,448              | 439,033              | 523,667              |
| Equipment rental                             | 2,684                               | 1,899                | 2,681                | 2,582                | 2,155                |
| Deprecation                                  | 1,471,464                           | 1,353,635            | 1,320,946            | 1,221,153            | 1,134,846            |
| Payroll tax & employee benefits              | 394,731                             | 402,842              | 404,254              | 425,680              | 398,110              |
| Office & department supplies                 | 50,379                              | 33,277               | 51,121               | 43,863               | 65,568               |
| Professional services                        | 166,092                             | 282,606              | 285,770              | 185,618              | 163,267              |
| Repair & maintenance - equipment             | 606,895                             | 571,247              | 492,567              | 616,277              | 565,042              |
| Repair & maintenance - bldg & grounds        | 24,514                              | 14,736               | 5,922                | 15,860               | 13,974               |
| Insurance & surety bonds                     | 58,897                              | 57,801               | 78,998               | 84,073               | 78,460               |
| Travel                                       | 10,023                              | 6,697                | 7,693                | 8,331                | 11,320               |
| Billing and administration                   | 650,000                             | 520,000              | 520,000              | 520,000              | 500,000              |
| <b>Total operating expenses</b>              | <b>4,775,301</b>                    | <b>4,666,188</b>     | <b>4,615,428</b>     | <b>4,528,815</b>     | <b>4,350,773</b>     |
| Operating income (loss)                      | 3,760,605                           | 3,736,598            | 3,616,480            | 3,754,205            | 4,946,678            |
| Non-operating revenues (expenses)            |                                     |                      |                      |                      |                      |
| Interest income                              | 101,043                             | 194,257              | 541,032              | 1,106,143            | 948,703              |
| Miscellaneous income                         | 72,613                              | 62,578               | 65,678               | 77,830               | 82,717               |
| Interest charges                             | (338,977)                           | (393,285)            | (442,060)            | (486,301)            | (527,259)            |
| <b>Total non-operating revenue (expense)</b> | <b>(165,321)</b>                    | <b>(136,450)</b>     | <b>164,650</b>       | <b>697,672</b>       | <b>504,161</b>       |
| Net Income                                   | 3,595,284                           | 3,600,148            | 3,781,130            | 4,451,877            | 5,450,839            |
| Transfers to other funds                     | -                                   | -                    | -                    | -                    | -                    |
| Federal grants                               | -                                   | -                    | -                    | 9,500,000            | -                    |
| Retained earnings at beginning of year       | 76,377,308                          | 72,777,160           | 68,996,030           | 55,044,153           | 49,593,314           |
| <b>Retained earnings at end of year</b>      | <b>\$ 79,972,592</b>                | <b>\$ 76,377,308</b> | <b>\$ 72,777,160</b> | <b>\$ 68,996,030</b> | <b>\$ 55,044,153</b> |

City of St. George, UT  
 Continuing Disclosure - 1997A Sewer Revenue Bonds  
 Fiscal Year Ended June 30, 2011

Balance Sheet- General Fund

|   | -----Fiscal Year Ended June 30----- |                     |                     |                     |                     |
|---|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2011                                | 2010                | 2009                | 2008                | 2007                |
| <b>Assets and other debits:</b>                     |                                     |                     |                     |                     |                     |
| Cash  | \$ 1,746,858                        | \$ 2,651,528        | \$ 1,581,337        | \$ 1,567,343        | \$ 889,350          |
| Accounts receivable (net of allowance)              | 3,070,277                           | 2,845,560           | 2,729,081           | 3,141,364           | 3,549,850           |
| Inventory   | 113,173                             | 92,317              | 97,671              | 93,322              | 76,772              |
| Due from other funds                                | 500,000                             | 500,000             | 500,000             | 500,000             | 500,000             |
| Prepaid items                                       | 7,718                               | 72,758              | 436,078             | 487,500             | 88,773              |
| Notes receivable                                    | 1,621,140                           | 1,621,109           | 1,626,532           | 1,618,215           | 1,501,469           |
| <b>Total assets and other debits</b>                | <b>\$ 7,059,166</b>                 | <b>\$ 7,783,272</b> | <b>\$ 6,970,699</b> | <b>\$ 7,407,744</b> | <b>\$ 6,606,214</b> |
| <b>Liabilities:</b>                                 |                                     |                     |                     |                     |                     |
| Accrued liabilities                                 | \$ 1,187,916                        | \$ 2,419,677        | \$ 1,616,511        | \$ 1,912,161        | \$ 1,183,184        |
| Construction bonds held                             | 178,065                             | 176,206             | 173,044             | 170,271             | 163,272             |
| Due to other funds                                  | -                                   | 388,645             | 388,645             | 388,645             | 388,645             |
| Deferred revenues                                   | 49,409                              | 42,322              | 36,179              | 29,491              | 22,198              |
| <b>Total liabilities</b>                            | <b>1,415,390</b>                    | <b>3,026,850</b>    | <b>2,214,379</b>    | <b>2,500,568</b>    | <b>1,757,299</b>    |
| <b>Fund equity and other credits:</b>               |                                     |                     |                     |                     |                     |
| <b>Fund Balances:</b>                               |                                     |                     |                     |                     |                     |
| Reserved by statute                                 | 246,934                             | 244,405             | 217,799             | 396,718             | 338,785             |
| Reserved for notes receivable                       | 1,621,140                           | 1,621,109           | 1,626,532           | 1,618,215           | 1,501,469           |
| Unreserved - undesignated                           | 3,775,702                           | 2,890,908           | 2,911,989           | 2,892,242           | 3,008,661           |
| <b>Total fund equity and other credits</b>          | <b>5,643,776</b>                    | <b>4,756,422</b>    | <b>4,756,320</b>    | <b>4,907,175</b>    | <b>4,848,915</b>    |
| <b>Total Liabilities, Equity, and other credits</b> | <b>\$ 7,059,166</b>                 | <b>\$ 7,783,272</b> | <b>\$ 6,970,699</b> | <b>\$ 7,407,743</b> | <b>\$ 6,606,214</b> |

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, 2007 through June 30, 2011. The summary has not been audited

|  | -----Fiscal Year Ended June 30----- |                     |                     |                     |                     |
|--|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2007                                | 2008                | 2009                | 2010                | 2011                |
| <b>REVENUES:</b>   |                                     |                     |                     |                     |                     |
| Taxes and special assessments  | \$ 28,352,697                       | \$ 29,348,208       | \$ 27,037,298       | \$ 26,166,847       | \$ 26,964,263       |
| Licenses and permits   | 3,190,123                           | 2,270,555           | 1,622,432           | 1,393,101           | 1,423,821           |
| Intergovernmental  | 2,947,720                           | 2,931,939           | 2,718,261           | 3,059,885           | 3,170,062           |
| Charges for services   | 8,001,581                           | 8,235,888           | 7,761,910           | 8,472,802           | 8,808,926           |
| Fines and forfeitures  | 1,017,869                           | 850,868             | 856,218             | 1,034,449           | 1,081,108           |
| Miscellaneous  | 169,837                             | 139,055             | 65,690              | 129,308             | 82,590              |
| Interest income  | 1,080,786                           | 928,850             | 425,197             | 208,978             | 164,324             |
| Rents and concessions  | 32,525                              | 29,946              | 25,474              | 24,871              | 30,213              |
| Proceeds from sale of property   | -                                   | -                   | -                   | -                   | -                   |
| <b>Total revenues</b>  | <u>44,793,138</u>                   | <u>44,735,309</u>   | <u>40,512,480</u>   | <u>40,490,241</u>   | <u>41,725,307</u>   |
| <b>EXPENDITURES:</b>   |                                     |                     |                     |                     |                     |
| General government   | 5,816,649                           | 6,419,183           | 5,991,205           | 5,752,407           | 5,601,325           |
| Public safety  | 13,933,315                          | 15,283,141          | 14,042,927          | 13,647,208          | 14,707,869          |
| Highways and public improvements   | 8,069,622                           | 8,289,325           | 7,344,458           | 6,852,007           | 6,687,773           |
| Parks, recreation and public prop.   | 8,610,122                           | 9,884,604           | 8,738,528           | 8,407,835           | 8,888,809           |
| Community and economic development   | 2,150,028                           | 2,135,149           | 1,661,199           | 1,425,660           | 1,110,749           |
| Capital projects   | -                                   | -                   | -                   | -                   | -                   |
| Debt service:  |                                     |                     |                     |                     |                     |
| Principal  | -                                   | -                   | -                   | -                   | -                   |
| Interest and other charges   | -                                   | -                   | -                   | -                   | -                   |
| Capital leases   | <u>49,084</u>                       | <u>49,729</u>       | <u>50,102</u>       | <u>125,180</u>      | <u>55,993</u>       |
| <b>Total expenditures</b>  | <u>38,628,820</u>                   | <u>42,061,131</u>   | <u>37,828,419</u>   | <u>36,210,297</u>   | <u>37,052,518</u>   |
| <b>Excess (deficiency of Revenues over Expenditures)</b>   | <u>6,164,318</u>                    | <u>2,674,178</u>    | <u>2,684,061</u>    | <u>4,279,944</u>    | <u>4,672,789</u>    |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                                     |                     |                     |                     |                     |
| Proceeds of bond sales/capital leases  | -                                   | -                   | -                   | -                   | -                   |
| Contributions from other entities  | 65,916                              | 71,503              | 137,703             | 96,329              | 139,335             |
| Operating transfers out  | (6,472,000)                         | (3,336,000)         | (3,287,000)         | (4,620,073)         | (4,667,000)         |
| Operating transfers in   | 162,659                             | 531,753             | 286,087             | 240,430             | 708,823             |
| Proceeds from sale of fixed assets   | <u>60,955</u>                       | <u>116,828</u>      | <u>28,294</u>       | <u>3,470</u>        | <u>33,408</u>       |
| <b>Total other financing sources (uses)</b>  | <u>(6,182,470)</u>                  | <u>(2,615,916)</u>  | <u>(2,834,916)</u>  | <u>(4,279,844)</u>  | <u>(3,785,434)</u>  |
| <b>Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b> | <u>(18,152)</u>                     | <u>58,262</u>       | <u>(150,855)</u>    | <u>100</u>          | <u>887,355</u>      |
| Residual equity transfer to PFC Spec Rev Fund  | -                                   | -                   | -                   | -                   | -                   |
| <b>Unappropriated Fund Balances at the beginning of the year</b>                                 | <u>4,867,068</u>                    | <u>4,848,915</u>    | <u>4,907,176</u>    | <u>4,756,321</u>    | <u>4,756,421</u> ** |
| <b>Fund Balances at the end of year</b>  | <u>\$ 4,848,916</u>                 | <u>\$ 4,907,177</u> | <u>\$ 4,756,321</u> | <u>\$ 4,756,421</u> | <u>\$ 5,643,776</u> |

\*\* (includes balance in perpetual care fund)

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

City of St. George, UT  
 Continuing Disclosure - 1997A Sewer Revenue Bonds  
 Fiscal Year Ended June 30, 2010

Historical Summaries of Taxable Values of Property

| Set by County Assessor<br>Locally Assessed       | 2010                    |                | 2009                    |                | 2008                    |                | 2007                    |                | 2006                    |                | 2005                    |                |
|--|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
|  | Taxable Value           | % of T.V.      |
| Residential Real Estate - primary use            | \$ 735,200,585          | 13.86%         | \$ 974,395,000          | 16.21%         | \$ 1,174,033,245        | 16.02%         | \$ 1,184,609,696        | 17.52%         | \$ 815,711,565          | 14.83%         | \$ 474,201,510          | 10.24%         |
| Residential Real Estate - Not primary use        | 748,823,220             | 14.12%         | 961,345,275             | 15.99%         | 1,202,990,960           | 16.42%         | 1,148,362,981           | 16.98%         | 759,257,740             | 13.80%         | 126,237,230             | 2.73%          |
| Commercial and Industrial Real Estate            | 667,116,860             | 12.58%         | 672,900,265             | 11.19%         | 639,417,870             | 8.73%          | 589,163,932             | 8.71%          | 542,992,735             | 9.87%          | 316,812,290             | 6.84%          |
| Agricultural Real Estate - Improved - Not F.A.A. | 33,203,970              | 0.63%          | 31,983,445              | 0.53%          | 43,928,820              | 0.60%          | 50,770,036              | 0.75%          | 42,272,440              | 0.77%          | -                       | 0.00%          |
| Real Estate - Under FAA-Agricultural             | 1,834,700               | 0.03%          | 2,038,570               | 0.03%          | 2,113,915               | 0.03%          | 2,369,365               | 0.04%          | 1,859,735               | 0.03%          | 556,285                 | 0.01%          |
| Unimproved Real Estate - Not F.A.A.              | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | 543,699,090             | 11.74%         |
| <b>Total Real Estate</b>                         | <b>2,186,179,335</b>    | <b>41.21%</b>  | <b>2,642,662,555</b>    | <b>43.96%</b>  | <b>3,062,484,810</b>    | <b>41.80%</b>  | <b>2,975,276,010</b>    | <b>44.00%</b>  | <b>2,162,094,215</b>    | <b>39.30%</b>  | <b>1,461,506,405</b>    | <b>31.56%</b>  |
| Residential Buildings - Primary use              | 1,667,707,345           | 31.44%         | 1,853,174,015           | 30.83%         | 2,244,944,655           | 30.64%         | 2,213,250,891           | 32.73%         | 2,005,165,010           | 36.45%         | 1,601,958,065           | 34.59%         |
| Residential Buildings - Not primary use          | 646,007,400             | 12.18%         | 630,678,410             | 10.49%         | 812,729,370             | 11.09%         | 587,257,794             | 8.69%          | 497,017,970             | 9.03%          | 366,802,925             | 7.92%          |
| Commercial and Industrial Buildings              | 680,038,095             | 12.82%         | 759,143,395             | 12.63%         | 969,031,890             | 13.23%         | 853,832,236             | 12.63%         | 745,120,255             | 13.54%         | 572,387,670             | 12.36%         |
| Agricultural Buildings                           | 2,118,080               | 0.04%          | 2,332,680               | 0.04%          | 2,121,550               | 0.03%          | 1,856,423               | 0.03%          | 2,430,925               | 0.04%          | 2,362,495               | 0.05%          |
| <b>Total Buildings</b>                           | <b>2,995,870,920</b>    | <b>56.48%</b>  | <b>3,245,328,500</b>    | <b>53.99%</b>  | <b>4,028,827,465</b>    | <b>54.99%</b>  | <b>3,656,197,344</b>    | <b>54.07%</b>  | <b>3,249,734,160</b>    | <b>59.07%</b>  | <b>2,543,511,155</b>    | <b>54.92%</b>  |
| <b>Total Real Property</b>                       | <b>5,182,050,255</b>    | <b>97.69%</b>  | <b>5,887,991,055</b>    | <b>97.95%</b>  | <b>7,091,312,275</b>    | <b>96.79%</b>  | <b>6,631,473,354</b>    | <b>98.07%</b>  | <b>5,411,828,375</b>    | <b>98.37%</b>  | <b>4,005,017,560</b>    | <b>86.47%</b>  |
| Fee in Lieu Property                             | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | 57,778,955              | 1.25%          |
| Fee based property                               | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | 291,315,537             | 7.28%          |
| Mobile Homes - Primary residential use           | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | 5,064,988               | 0.11%          |
| Mobile Homes - other use                         | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | 3,732,128               | 0.08%          |
| 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                          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | -                       | 0.00%          | 177,976,389             | 3.84%          |
| <b>Total Personal Property</b>                   | <b>-</b>                | <b>0.00%</b>   | <b>535,867,997</b>      | <b>11.57%</b>  |
| <b>Total Locally Assessed</b>                    | <b>5,182,050,255</b>    | <b>97.69%</b>  | <b>5,887,991,055</b>    | <b>97.95%</b>  | <b>7,091,312,275</b>    | <b>96.79%</b>  | <b>6,631,473,354</b>    | <b>98.07%</b>  | <b>5,411,828,375</b>    | <b>98.37%</b>  | <b>4,540,885,557</b>    | <b>98.04%</b>  |
| <b>Total Centrally Assessed</b>                  | <b>122,477,787</b>      | <b>2.31%</b>   | <b>123,394,584</b>      | <b>2.05%</b>   | <b>234,970,051</b>      | <b>3.21%</b>   | <b>130,171,738</b>      | <b>1.93%</b>   | <b>89,785,275</b>       | <b>1.63%</b>   | <b>90,664,550</b>       | <b>1.96%</b>   |
| <b>Total Taxable Value</b>                       | <b>\$ 5,304,528,042</b> | <b>100.00%</b> | <b>\$ 6,011,385,639</b> | <b>100.00%</b> | <b>\$ 7,326,282,326</b> | <b>100.00%</b> | <b>\$ 6,761,645,092</b> | <b>100.00%</b> | <b>\$ 5,501,613,650</b> | <b>100.00%</b> | <b>\$ 4,631,550,107</b> | <b>100.00%</b> |

(Source: Washington County Information Technology)

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

| FISCAL<br>YEAR<br>ENDING<br>6/30 | WATER<br>SALES<br>REVENUES | OTHER<br>REVENUES (1) | INTEREST<br>INCOME(2) | TOTAL<br>REVENUES | O & M<br>EXPENSE | NET<br>REVENUES | Revenue Bond Debt Service         |                           |                               |  |                           | TOTAL DEBT<br>SERVICE | TOTAL DEBT<br>SERVICE<br>COVERAGE |
|----------------------------------|----------------------------|-----------------------|-----------------------|-------------------|------------------|-----------------|-----------------------------------|---------------------------|-------------------------------|--|---------------------------|-----------------------|-----------------------------------|
|                                  |                            |                       |                       |                   |                  |                 | 2001 Refunding<br>DEBT<br>SERVICE | 1993 BOND<br>DEBT SERVICE | 1995A BOND<br>DEBT<br>SERVICE | 2003 Refunding<br>BOND DEBT<br>SERVICE | 2004 Bond Debt<br>SERVICE |                       |                                   |
| 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                              |
| 2007                             | 12,823,814                 | 2,343,208             | 275,516               | 15,442,538        | 10,669,861       | 4,772,677       | 445,970                           | -                         | -                             | 1,271,513                              | 2,485,400                 | 4,202,883             | 1.14                              |
| 2008                             | 14,377,769                 | 3,063,197             | 186,705               | 17,627,671        | 10,845,779       | 6,781,892       | 540,000                           | -                         | -                             | 1,264,850                              | 2,632,314                 | 4,437,164             | 1.53                              |
| 2009                             | 14,119,193                 | 2,830,321             | 66,297                | 17,015,811        | 10,188,105       | 6,827,706       | 907,604                           | -                         | -                             | 1,252,700                              | 2,280,042                 | 4,440,346             | 1.54                              |
| 2010                             | 14,073,096                 | 2,797,005             | 20,469                | 16,890,570        | 9,793,852        | 7,096,718       | 932,293                           | -                         | -                             | 1,257,537                              | 2,230,240                 | 4,420,070             | 1.61                              |
| 2011                             | 13,235,565                 | 3,011,356             | 12,438                | 16,259,359        | 10,108,957       | 6,150,402       | 932,218                           | -                         | -                             | 1,280,775                              | 2,307,492                 | 4,520,485             | 1.36                              |

(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**

|  | 2011                  | 2010                  | 2009                  | 2008                  | 2007                  | 2006                  | 2005                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                          |                       |                       |                       |                       |                       |                       |                       |
| -                                      |                       |                       |                       |                       |                       |                       |                       |
| <b>Current Assets:</b>                 |                       |                       |                       |                       |                       |                       |                       |
| Cash                                   | \$ (539,510)          | \$ 842,799            | \$ 945,796            | \$ 1,240,894          | \$ 2,294,281          | \$ 3,226,718          | \$ 319,897            |
| Restricted Cash                        | 3,228,193             | 3,213,913             | 3,325,629             | 3,292,054             | 3,228,028             | 4,856,639             | 10,961,469            |
| Accts. Receivable                      | 81,965                | 205,880               | 220,971               | 605,381               | 210,587               | 250,829               | 15,130                |
| Inventory                              | 587,902               | 525,895               | 578,079               | 565,193               | 564,252               | 465,903               | 303,632               |
| Bond Discounts                         | 645,535               | 544,309               | 602,090               | 659,870               | 717,651               | 775,432               | 833,212               |
| Prepaid Expenses                       | 1,160                 | 1,115                 | -                     | -                     | -                     | -                     | 2,830                 |
| <b>Total Current Assets</b>            | <b>4,005,245</b>      | <b>5,333,911</b>      | <b>5,672,565</b>      | <b>6,363,392</b>      | <b>7,014,799</b>      | <b>9,575,521</b>      | <b>12,436,170</b>     |
| <b>Property, Plant &amp; Equipment</b> |                       |                       |                       |                       |                       |                       |                       |
| Improvements                           | 134,032,864           | 130,907,373           | 128,148,411           | 125,122,446           | 122,179,850           | 116,995,177           | 111,256,927           |
| Less Accum. Depr.                      | (35,314,692)          | (32,338,002)          | (29,388,823)          | (26,462,417)          | (23,579,090)          | (20,959,586)          | (18,592,366)          |
| <b>Net prop. plant &amp; equip.</b>    | <b>98,718,172</b>     | <b>98,569,371</b>     | <b>98,759,588</b>     | <b>98,660,029</b>     | <b>98,600,760</b>     | <b>96,035,591</b>     | <b>92,664,561</b>     |
| <b>TOTAL ASSETS</b>                    | <b>\$ 102,723,417</b> | <b>\$ 103,903,282</b> | <b>\$ 104,432,153</b> | <b>\$ 105,023,421</b> | <b>\$ 105,615,559</b> | <b>\$ 105,611,112</b> | <b>\$ 105,100,731</b> |
| <b>LIABILITIES &amp; FUND EQUITY</b>   |                       |                       |                       |                       |                       |                       |                       |
| -                                      |                       |                       |                       |                       |                       |                       |                       |
| <b>Current Liabilities:</b>            |                       |                       |                       |                       |                       |                       |                       |
| Accrued Liabilities                    | \$ 2,027,052          | \$ 1,947,501          | \$ 2,014,549          | \$ 1,941,395          | \$ 1,858,206          | \$ 1,781,911          | \$ 3,536,847          |
| Due to other funds                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| <b>Total Current Liabilities</b>       | <b>2,027,052</b>      | <b>1,947,501</b>      | <b>2,014,549</b>      | <b>1,941,395</b>      | <b>1,858,206</b>      | <b>1,781,911</b>      | <b>3,536,847</b>      |
| <b>Long-Term Liabilities:</b>          |                       |                       |                       |                       |                       |                       |                       |
| Bonds Payable                          | 39,507,513            | 42,172,513            | 44,782,513            | 47,168,713            | 49,578,713            | 51,458,713            | 52,298,713            |
| Bond premiums                          | 2,060,766             | 2,192,485             | 2,400,743             | 2,609,001             | 2,817,259             | 3,025,517             | 3,233,775             |
| Capital leases                         | -                     | -                     | -                     | -                     | -                     | -                     | 120,605               |
| Deferred gain on bond redemption       | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| <b>Total long-term liabilities</b>     | <b>41,568,279</b>     | <b>44,364,998</b>     | <b>47,183,256</b>     | <b>49,777,714</b>     | <b>52,395,972</b>     | <b>54,484,230</b>     | <b>55,653,093</b>     |
| <b>TOTAL LIABILITIES</b>               | <b>43,595,331</b>     | <b>46,312,499</b>     | <b>49,197,805</b>     | <b>51,719,109</b>     | <b>54,254,178</b>     | <b>56,266,141</b>     | <b>59,189,940</b>     |
| <b>FUND EQUITY</b>                     |                       |                       |                       |                       |                       |                       |                       |
| -                                      |                       |                       |                       |                       |                       |                       |                       |
| <b>Contributed Capital:</b>            |                       |                       |                       |                       |                       |                       |                       |
| Subdivisions                           | 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             |
| <b>Total Contributions</b>             | <b>1,893,783</b>      |
| <b>Retained Earnings:</b>              |                       |                       |                       |                       |                       |                       |                       |
| Reserved for bond retirement           | 3,228,193             | 3,213,913             | 3,325,629             | 3,292,054             | 3,228,028             | 4,856,639             | 1,890,678             |
| Unreserved                             | 54,006,110            | 52,483,087            | 50,014,936            | 48,118,475            | 46,239,570            | 42,594,549            | 42,126,329            |
| <b>Total retained earnings</b>         | <b>57,234,303</b>     | <b>55,697,000</b>     | <b>53,340,565</b>     | <b>51,410,529</b>     | <b>49,467,598</b>     | <b>47,451,188</b>     | <b>44,017,007</b>     |
| <b>TOTAL FUND EQUITY</b>               | <b>59,128,086</b>     | <b>57,590,783</b>     | <b>55,234,348</b>     | <b>53,304,312</b>     | <b>51,361,381</b>     | <b>49,344,971</b>     | <b>45,910,790</b>     |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>  | <b>\$ 102,723,417</b> | <b>\$ 103,903,282</b> | <b>\$ 104,432,153</b> | <b>\$ 105,023,421</b> | <b>\$ 105,615,559</b> | <b>\$ 105,611,112</b> | <b>\$ 105,100,730</b> |

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**

|                                     | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 | 2005                 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Operating Revenues:</b>          |                      |                      |                      |                      |                      |                      |                      |
| Charges for services                | \$ 13,235,565        | \$ 14,073,096        | \$ 14,076,339        | \$ 14,377,769        | \$ 12,823,814        | \$ 11,613,585        | \$ 10,366,313        |
| Impact fees & Other                 | 589,265              | 698,906              | 669,037              | 1,128,330            | 2,343,208            | 4,069,040            | 5,096,818            |
| <b>Total operating revenues</b>     | <b>13,824,830</b>    | <b>14,772,002</b>    | <b>14,745,376</b>    | <b>15,506,099</b>    | <b>15,167,022</b>    | <b>15,682,625</b>    | <b>15,463,131</b>    |
| <b>Operating Expenses:</b>          |                      |                      |                      |                      |                      |                      |                      |
| Water purchased                     | 4,530,742            | 4,446,403            | 4,393,712            | 4,216,527            | 4,033,190            | 1,122,563            | 850,278              |
| Salary and Wages                    | 2,133,783            | 2,181,140            | 2,324,846            | 2,384,161            | 2,130,251            | 2,204,221            | 1,905,206            |
| Service vehicle expense             | 185,811              | 150,495              | 168,442              | 201,065              | 149,139              | 136,520              | 109,189              |
| Equipment rental                    | 38,717               | 34,045               | 33,610               | 28,651               | 18,213               | 21,205               | 11,115               |
| Depreciation                        | 2,976,691            | 2,949,178            | 2,926,406            | 2,883,327            | 2,619,504            | 2,367,220            | 1,969,362            |
| Bad debts                           | -                    | -                    | 69,791               | 64,946               | 61,908               | 57,475               | 50,576               |
| Payroll tax & benefits              | 911,802              | 939,302              | 1,007,254            | 1,053,418            | 942,704              | 886,429              | 802,391              |
| Office supplies                     | 250,818              | 165,832              | 180,868              | 387,679              | 2,096,072            | 2,963,452            | 112,863              |
| Professional services               | 193,648              | 250,012              | 170,836              | 174,209              | 158,441              | 99,239               | 151,778              |
| R & M - equipment                   | 788,861              | 548,533              | 811,191              | 1,305,974            | 248,267              | 325,784              | 1,688,726            |
| Insurance & surety bonds            | 66,653               | 57,284               | 78,243               | 84,251               | 81,961               | 93,822               | 109,619              |
| Travel                              | 17,318               | 12,435               | 34,810               | 38,947               | 34,600               | 65,468               | 25,715               |
| Miscellaneous                       | 598                  | 366                  | 1,304                | 816                  | 1,222                | 2,067                | 1,510                |
| Subscriptions                       | 15,207               | 33,005               | 14,205               | 15,135               | 2,361                | 2,214                | 14,308               |
| Billing & administration            | 975,000              | 975,000              | 875,000              | 890,000              | 711,530              | 671,000              | 633,400              |
| <b>Total operating expenses</b>     | <b>13,085,649</b>    | <b>12,743,030</b>    | <b>13,090,518</b>    | <b>13,729,106</b>    | <b>13,289,363</b>    | <b>11,018,679</b>    | <b>8,436,036</b>     |
| <b>Operating income</b>             | <b>739,181</b>       | <b>2,028,972</b>     | <b>1,654,858</b>     | <b>1,776,993</b>     | <b>1,877,659</b>     | <b>4,663,946</b>     | <b>7,027,095</b>     |
| <b>Non-operating Rev. (Exp.):</b>   |                      |                      |                      |                      |                      |                      |                      |
| Interest income                     | 12,438               | 20,469               | 66,297               | 186,706              | 275,516              | 433,269              | 432,366              |
| Rent                                | 2,422,091            | 2,094,739            | 2,091,284            | 1,934,818            | 1,934,818            | 322,470              | -                    |
| Miscellaneous                       | 20,767               | 3,360                | 76,937               | 71,579               | 22,063               | 156,845              | 690                  |
| Loss on bond refunding              | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Interest charges                    | (1,692,704)          | (1,820,070)          | (1,935,346)          | (2,027,164)          | (2,093,642)          | (2,142,352)          | (2,019,046)          |
| <b>Total Non-operating</b>          | <b>762,592</b>       | <b>298,498</b>       | <b>299,172</b>       | <b>165,939</b>       | <b>138,755</b>       | <b>(1,229,768)</b>   | <b>(1,585,990)</b>   |
| <b>Net Income (loss)</b>            | <b>1,501,773</b>     | <b>2,327,470</b>     | <b>1,954,030</b>     | <b>1,942,932</b>     | <b>2,016,414</b>     | <b>3,434,178</b>     | <b>5,441,105</b>     |
| Transfers (to) from other funds     | 35,528               | 28,963               | (23,994)             | -                    | -                    | -                    | (515,939)            |
| Retaining earnings at July 1        | 55,696,999           | 53,340,566           | 51,410,530           | 49,467,598           | 47,451,184           | 44,017,006           | 39,091,840           |
| <b>Retained earnings at June 30</b> | <b>\$ 57,234,300</b> | <b>\$ 55,696,999</b> | <b>\$ 53,340,566</b> | <b>\$ 51,410,530</b> | <b>\$ 49,467,598</b> | <b>\$ 47,451,184</b> | <b>\$ 44,017,006</b> |

Source: City's Comprehensive Annual Financial Reports

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 last ten fiscal years:

| <u>Fiscal Year<br/>Ended June 30</u> | <u>Innkeepers Tax<br/>Revenue</u> |
|--------------------------------------|-----------------------------------|
| 2002                                 | \$246,130                         |
| 2003                                 | 258,106                           |
| 2004                                 | 281,880                           |
| 2005                                 | 309,938                           |
| 2006                                 | 380,119                           |
| 2007                                 | 407,141                           |
| 2008                                 | 402,262                           |
| 2009                                 | 352,890                           |
| 2010                                 | 381,032                           |
| 2011                                 | 409,090                           |

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

| <u>Fiscal Year<br/>June 30</u> | <u>Sales Tax<br/>Revenues</u> | <u>Percent Increase<br/>from prior year</u> |
|--------------------------------|-------------------------------|---|
| 2006                           | \$14,727,245                  | 20.62%                                      |
| 2007                           | 15,666,907                    | 6.38%                                       |
| 2008                           | 15,195,456                    | (3.01%)                                     |
| 2009                           | 12,875,517                    | (15.27%)                                    |
| 2010                           | 11,931,941                    | ( 7.33%)                                    |
| 2011                           | 12,177,820                    | 2.06%                                       |

**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 - 2005 ELECTRIC REVENUE BONDS  
FISCAL YEAR ENDED JUNE 30, 2011

**TABLE I - SYSTEM RATES**

|                           | <u>Customer Charge</u><br><u>(per month)</u> | <u>Energy Charge</u><br><u>(per kWh)</u> | <u>Demand Charge</u><br><u>(per kW)</u> | <u>Average Monthly Bill</u> |
|---------------------------|--|--|---|-----------------------------|
| Residential Service       | \$ 9.80                                      | \$ 0.0681                                |   | \$ 74.16                    |
| Commercial Service        |  |  |   |                             |
| Small General Service     | 8.48   |  |   |                             |
| 0-500 kWh (per kWh)       |  | 0.1172                                   |   | 213.65                      |
| 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  |  |   | 3,453.24                    |
| 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**

|                                    | <u>Average Revenue</u><br><u>\$ per kWh</u> | <u>Average Monthly Bills</u>    |                                 |
|------------------------------------|---|---------------------------------|---------------------------------|
|                                    |   | <u>Summer</u><br><u>May-Oct</u> | <u>Winter</u><br><u>Nov-Apr</u> |
| Residential Service                | \$ 0.0794                                   | \$ 84.71                        | \$ 66.75                        |
| Small Commercial (includes demand) | 0.0957                                      | 233.57                          | 192.13                          |
| Large Commercial (includes demand) | 0.0741                                      | 3,963.42                        | 3,219.26                        |

CITY OF ST. GEORGE, UT  
CONTINUING DISCLOSURE - 2005 ELECTRIC REVENUE BONDS  
FISCAL YEAR ENDED JUNE 30, 2011

TABLE III - Summary of Kilowatt Hours and Production Costs

| <u>Year</u> | <u>kWh</u>  | <u>Cost per kWh</u> |
|-------------|-------------|---------------------|
| 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             |
| 2007        | 654,854,223 | 0.07269             |
| 2008        | 663,553,033 | 0.07242             |
| 2009        | 795,155,258 | 0.06779             |
| 2010        | 850,437,074 | 0.06579             |
| 2011        | 767,286,024 | 0.06952             |

TABLE IV - Ten Largest Customers of the System

| <u>Name</u>   | <u>Type of Business</u> | <u>kWh</u>        | <u>% of City's<br/>Total kWh</u> |
|---|-------------------------|-------------------|----------------------------------|
| Dixie State College                                 | College                 | 14,590,395        | 2.0065%                          |
| IHC Dixie Regional Medical Center (River Rd campus) | Hospital                | 14,403,960        | 1.9809%                          |
| Tonaquint Data Center Inc.                          | Data center             | 8,554,500         | 1.1765%                          |
| Dixie Medical Center (300 E campus)                 | Hospital                | 7,625,400         | 1.0487%                          |
| Quality Park Products                               | Manufacturing           | 6,712,000         | 0.9231%                          |
| Costco Wholesale                                    | Large box store         | 5,587,040         | 0.7684%                          |
| Harmon's City Inc                                   | Grocery store           | 3,860,640         | 0.5309%                          |
| Washington Co Water Conservancy District            | Water agency            | 3,274,560         | 0.4503%                          |
| Lowe's Home Improvement                             | Large box store         | 2,601,920         | 0.3578%                          |
| Albertson's Inc #329                                | Grocery store           | 2,417,700         | 0.3325%                          |
|   |                         | <u>69,628,115</u> | <u>9.5756%</u>                   |

CITY OF ST. GEORGE, UT  
CONTINUING DISCLOSURE - 2005 ELECTRIC REVENUE BONDS  
FISCAL YEAR ENDED JUNE 30, 2011

TABLE V Historical and Projected Operating Results

|  | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Sources of Funds:</b>                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Service Charges/User Fees                | \$ 44,196,505     | \$ 48,831,532     | \$ 51,029,054     | \$ 51,811,239     | \$ 53,015,623     | \$ 52,793,025     | \$ 51,590,528     | \$ 55,774,071     | \$ 58,426,315     | \$ 60,490,750     | \$ 62,161,568     |
| Impact fees                              | 4,408,012         | 3,856,965         | 3,061,865         | 2,290,707         | 843,653           | 1,315,694         | 900,000           | 1,000,000         | 1,000,000         | 1,000,000         | 1,000,000         |
| Total sources of funds                   | <u>48,604,517</u> | <u>52,688,497</u> | <u>54,090,919</u> | <u>54,101,946</u> | <u>53,859,276</u> | <u>54,108,719</u> | <u>52,490,528</u> | <u>56,774,071</u> | <u>59,426,315</u> | <u>61,490,750</u> | <u>63,161,568</u> |
| <b>Uses of Funds:</b>                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Electricity purchased                    | 32,530,927        | 36,099,643        | 35,466,629        | 37,868,364        | 39,785,534        | 38,833,578        | 34,942,621        | 37,184,537        | 38,626,615        | 39,244,603        | 41,162,637        |
| Natural gas purchased                    | 1,503,365         | 2,842,112         | 2,249,351         | 3,498,003         | 4,074,512         | 3,499,843         | 2,498,981         | 4,000,000         | 4,000,000         | 4,500,000         | 4,500,000         |
| Operating costs                          | 6,713,802         | 8,659,222         | 10,335,589        | 8,555,109         | 7,831,263         | 7,960,352         | 8,524,197         | 8,865,164         | 9,219,771         | 9,588,562         | 9,972,104         |
| Total O & M Expenses                     | <u>40,748,094</u> | <u>47,600,977</u> | <u>48,051,569</u> | <u>49,921,476</u> | <u>51,691,309</u> | <u>50,293,773</u> | <u>45,965,799</u> | <u>50,049,701</u> | <u>51,846,386</u> | <u>53,333,165</u> | <u>55,634,741</u> |
| Net Operating Revenues                   | 7,856,423         | 5,087,520         | 6,039,350         | 4,180,470         | 2,167,967         | 3,814,946         | 6,524,729         | 6,724,370         | 7,579,929         | 8,157,585         | 7,526,827         |
| <b>Non-operating Revenues (Expenses)</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Interest income                          | 454,638           | 689,072           | 565,997           | 906,871           | 143,515           | 22,604            | 250,000           | 250,000           | 250,000           | 250,000           | 250,000           |
| Other income                             | 1,979,362         | 245,233           | 583,922           | 191,987           | 873,196           | 308,040           | 450,000           | 450,000           | 450,000           | 450,000           | 450,000           |
| Total Non-operating                      | <u>2,434,000</u>  | <u>934,305</u>    | <u>1,149,919</u>  | <u>1,098,858</u>  | <u>1,016,711</u>  | <u>330,644</u>    | <u>700,000</u>    | <u>700,000</u>    | <u>700,000</u>    | <u>700,000</u>    | <u>700,000</u>    |
| Net Revenues for DS payments             | <u>10,290,423</u> | <u>6,021,825</u>  | <u>7,189,269</u>  | <u>5,279,328</u>  | <u>3,184,678</u>  | <u>4,145,590</u>  | <u>7,224,729</u>  | <u>7,424,370</u>  | <u>8,279,929</u>  | <u>8,857,585</u>  | <u>8,226,827</u>  |
| <b>Outstanding Bonds:</b>                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Series 2005 Bonds                        | 1,129,669         | 1,303,301         | 1,302,244         | 1,337,629         | 1,335,054         | 1,570,000         | 1,645,000         | 1,333,466         | 1,337,041         | 1,338,781         | 1,338,031         |
| Series 2008 Bonds                        | -                 | -                 | -                 | 2,354,199         | 2,448,625         | 3,044,949         | 3,028,091         | 3,351,625         | 3,337,625         | 3,345,125         | 3,350,500         |
| Total debt service payments              | <u>1,129,669</u>  | <u>1,303,301</u>  | <u>1,302,244</u>  | <u>3,691,828</u>  | <u>3,783,679</u>  | <u>4,614,949</u>  | <u>4,673,091</u>  | <u>4,685,091</u>  | <u>4,674,666</u>  | <u>4,683,906</u>  | <u>4,688,531</u>  |
| Projected Debt Service Coverage          | 9.11              | 4.62              | 5.52              | 1.43              | 0.84              | 0.90              | 1.55              | 1.58              | 1.77              | 1.89              | 1.75              |

CITY OF ST. GEORGE, UT  
CONTINUING DISCLOSURE - 2005 ELECTRIC REVENUE BONDS  
FISCAL YEAR ENDED JUNE 30, 2011

TABLE VI Statement of Net Assets

| <u>ASSETS</u>   | <u>2011</u>          | <u>2010</u>          | <u>2009</u>          | <u>2008</u>          | <u>2007</u>          |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Current assets:</b>                                  |                      |                      |                      |                      |                      |
| Cash  | \$ 6,220,551         | \$ 7,984,450         | \$ 7,439,768         | \$ 4,705,962         | \$ 15,209,435        |
| Restricted cash   | -                    | -                    | 24,354,936           | 5,351,469            | 2,264                |
| Accts. receivable (net of allowance for uncollectibles) | 9,768,023            | 11,080,290           | 9,624,040            | 9,765,916            | 7,506,857            |
| Inventory   | 1,840,282            | 1,982,398            | 1,877,049            | 1,866,622            | 2,430,768            |
| Bond discounts & insurance                              | 1,545,906            | 1,611,782            | 1,677,658            | 304,364              | 322,268              |
| Prepaid expenses  | 1,160                | 1,115                | 2,144                | -                    | -                    |
| <b>Total current assets</b>                             | <b>19,375,922</b>    | <b>22,660,035</b>    | <b>44,975,595</b>    | <b>21,994,333</b>    | <b>25,471,592</b>    |
| <b>Capital assets net of accumulated depreciation</b>   | <b>98,743,093</b>    | <b>100,208,668</b>   | <b>84,261,261</b>    | <b>55,436,370</b>    | <b>45,267,696</b>    |
| <b>TOTAL ASSETS</b>                                     | <b>118,119,015</b>   | <b>122,868,703</b>   | <b>129,236,856</b>   | <b>77,430,703</b>    | <b>70,739,288</b>    |
| <b>LIABILITIES</b>                                      |                      |                      |                      |                      |                      |
| <b>Current liabilities:</b>                             |                      |                      |                      |                      |                      |
| Accrued liabilities                                     | 7,410,426            | 5,407,943            | 9,548,663            | 7,815,464            | 7,030,248            |
| Deposits payable  | 1,312,898            | 1,296,114            | 1,345,694            | 1,472,154            | 1,422,701            |
| <b>Total current liabilities</b>                        | <b>8,723,324</b>     | <b>6,704,057</b>     | <b>10,894,357</b>    | <b>9,287,618</b>     | <b>8,452,949</b>     |
| <b>Long-term liabilities:</b>                           |                      |                      |                      |                      |                      |
| Bonds payable - long term                               | 62,610,000           | 64,180,000           | 64,845,000           | 15,490,000           | 16,110,000           |
| Bond premiums   | 635,931              | 674,062              | 712,193              | 514,717              | 544,994              |
| <b>Total long-term liabilities</b>                      | <b>63,245,931</b>    | <b>64,854,062</b>    | <b>65,557,193</b>    | <b>16,004,717</b>    | <b>16,654,994</b>    |
| <b>Total liabilities</b>                                | <b>71,969,255</b>    | <b>71,558,119</b>    | <b>76,451,550</b>    | <b>25,292,335</b>    | <b>25,107,943</b>    |
| <b>NET ASSETS</b>                                       |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt         | 37,043,067           | 36,966,387           | 20,381,725           | 39,736,018           | 28,612,702           |
| Restricted  | -                    | -                    | 24,354,936           | 5,351,469            | 2,264                |
| Unrestricted  | 9,106,690            | 14,344,197           | 8,048,643            | 7,050,882            | 17,016,378           |
| <b>Total net assets</b>                                 | <b>\$ 46,149,757</b> | <b>\$ 51,310,584</b> | <b>\$ 52,785,304</b> | <b>\$ 52,138,369</b> | <b>\$ 45,631,344</b> |

CITY OF ST. GEORGE, UT  
CONTINUING DISCLOSURE - 2005 ELECTRIC REVENUE BONDS  
FISCAL YEAR ENDED JUNE 30, 2011

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

|  | <u>2011</u>          | <u>2010</u>          | <u>2009</u>          | <u>2008</u>          | <u>2007</u>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>OPERATING REVENUES:</b>                   |                      |                      |                      |                      |                      |
| Charges for services                         | \$ 51,663,285        | \$ 52,140,945        | \$ 51,584,369        | \$ 51,269,595        | \$ 48,599,031        |
| Other operating revenues                     | 2,445,434            | 1,718,331            | 2,290,707            | 3,061,865            | 3,856,965            |
| <b>Total operating revenues</b>              | <b>54,108,719</b>    | <b>53,859,276</b>    | <b>53,875,076</b>    | <b>54,331,460</b>    | <b>52,455,996</b>    |
| <b>OPERATING EXPENSES:</b>                   |                      |                      |                      |                      |                      |
| Electricity purchased                        | 38,833,578           | 39,785,534           | 37,868,364           | 33,217,278           | 33,257,531           |
| Natural gas purchased                        | 3,499,843            | 4,074,512            | 3,498,003            | 2,249,351            | 2,842,112            |
| Salary and wages                             | 3,207,560            | 3,349,379            | 3,353,755            | 3,336,321            | 3,133,149            |
| Supplies                                     | 888,178              | 515,160              | 799,088              | 1,448,882            | 914,073              |
| Service vehicle expense                      | 141,120              | 152,988              | 144,937              | 173,493              | 162,693              |
| Equipment rental                             | -                    | -                    | -                    | 362                  | 1,768                |
| Depreciation                                 | 6,261,468            | 4,030,025            | 3,979,778            | 3,209,916            | 3,310,293            |
| Payroll tax & employee benefits              | 1,213,615            | 1,246,966            | 1,252,170            | 1,291,785            | 1,214,349            |
| Office & dept. supplies                      | 82,995               | 69,547               | 72,384               | 106,281              | 104,220              |
| Professional services                        | 350,185              | 264,740              | 558,004              | 498,768              | 466,308              |
| R. & M. - equipment                          | 393,528              | 586,685              | 525,412              | 589,268              | 329,791              |
| R. & M. - buildings and grounds              | 18,089               | 24,112               | 20,255               | 21,311               | 28,617               |
| Insurance & surety bonds                     | 141,315              | 101,186              | 122,585              | 118,084              | 226,821              |
| Travel                                       | 44,520               | 40,163               | 53,715               | 71,528               | 72,852               |
| Miscellaneous                                | 1,469                | 2,689                | 9,312                | 1,759                | 1,714                |
| Interest expense                             | 24,235               | 23,716               | 55,560               | 65,911               | 61,925               |
| Subscriptions & memberships                  | 53,544               | 53,933               | 61,061               | 60,730               | 24,473               |
| Billing & administration                     | 1,400,000            | 1,400,000            | 1,300,000            | 1,350,000            | 1,215,787            |
| <b>Total operating expenses</b>              | <b>56,555,242</b>    | <b>55,721,335</b>    | <b>53,674,383</b>    | <b>47,811,028</b>    | <b>47,368,476</b>    |
| <b>Operating income (loss)</b>               | <b>(2,446,523)</b>   | <b>(1,862,059)</b>   | <b>200,693</b>       | <b>6,520,432</b>     | <b>5,087,520</b>     |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>     |                      |                      |                      |                      |                      |
| Interest income                              | 22,604               | 143,515              | 906,871              | 565,997              | 689,072              |
| Federal grants                               | 144,464              | 557,036              | -                    | -                    | -                    |
| Miscellaneous income                         | 163,576              | 316,160              | 191,987              | 583,922              | 245,233              |
| Loss on bond refinancing                     | -                    | -                    | -                    | -                    | -                    |
| Interest charges                             | (3,044,949)          | (629,373)            | (652,616)            | (682,244)            | (703,301)            |
| <b>Total non-operating revenue (expense)</b> | <b>(2,714,305)</b>   | <b>387,338</b>       | <b>446,242</b>       | <b>467,675</b>       | <b>231,004</b>       |
| <b>Income before transfers</b>               | <b>(5,160,828)</b>   | <b>(1,474,721)</b>   | <b>646,935</b>       | <b>6,988,107</b>     | <b>5,318,524</b>     |
| Contributions                                | -                    | -                    | -                    | -                    | -                    |
| Transfers to/from other funds                | -                    | -                    | -                    | -                    | -                    |
| <b>Change in Net Assets</b>                  | <b>(5,160,828)</b>   | <b>(1,474,721)</b>   | <b>646,935</b>       | <b>6,988,107</b>     | <b>5,318,524</b>     |
| <b>Total net assets - beginning</b>          | <b>51,310,584</b>    | <b>52,785,304</b>    | <b>52,138,369</b>    | <b>45,631,344</b>    | <b>40,312,820</b>    |
| <b>Total net assets - ending</b>             | <b>\$ 46,149,756</b> | <b>\$ 51,310,583</b> | <b>\$ 52,785,304</b> | <b>\$ 52,619,451</b> | <b>\$ 45,631,344</b> |

## Management's Discussion of Operations

### ENERGY RESOURCES

The City saw approximately a 10% decrease in energy sales and relatively no change in peak demand throughout the year (2011 budget year peak 169Mw). The City's Energy portfolio did not change during the fiscal year. The portfolio mix continues to be diverse (coal, hydro, natural gas, diesel and solar) to avoid volatility of any given source. However, the significant decrease in energy sales left the City with a significant amount of surplus energy and natural gas. In addition, the Colorado River Storage Project contract provided additional energy that was not forecasted due to having an exceptional water year, which added to the City's surplus position for the year.

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

### CURRENT SOURCES

|   |                                      |
|---|--------------------------------------|
| <b>Colorado River Storage Project Contract (Hydro) Expires 2024</b> | 19 MW for summer<br>29 MW for winter |
| • Western Replacement Power   | 10-20 MW                             |
| • Western System Power Pool   | 5-10 MW                              |
| <b>Utah Associated Municipal Power (UAMPS)</b>                      |                                      |
| • Pool – contact Sales  | 5-20 MW                              |
| <b>Deseret Generation and Transmission – Contract</b>               |                                      |
| • Bonanza 1 – Coal – Expires 2019                                   | 50 MW                                |
| • Contract Sales (other shafts) – Expires 2024                      | 10-20 MW                             |
| <b>City Owned Generation</b>  |                                      |
| • Red Rock – Diesel   | 14 MW                                |
| • Bloomington – Diesel  | 11 MW                                |
| • Millcreek #1– Natural Gas   | 40 MW                                |
| • Millcreek #2- Natural Gas (completed Construction-2010)           | 40 MW                                |
| <b>Long Term Purchase Contacts</b>                                  |                                      |
| • Jordanelle Hydro (Heber sale) – 50 Year Contract                  | 4 MW                                 |
| <b>Short Term Market Purchases/Sales (1-3 year contracts)</b>       |                                      |
| • Powerex   | 5-15 MW                              |
| • Morgan Stanley  | 5-15 MW                              |
| • Cargill   | 5-15 MW                              |
| • City of Burbank   | 5-15 MW                              |
| • UMPA  | 5-15 MW                              |
| • Black Hills   | 5-15 MW                              |
| • NV Energy   | 5-15 MW                              |
| • Constellation   | 5-15 MW                              |
| <b>Renewable Resources</b>  |                                      |
| • SunSmart Solar  | 250 KW                               |
| • Net Metering  | 100 KW                               |

### NATURAL GAS

- BP Long term gas hedge 20-60% of requirements into 2020.

## **FORECAST**

The City has utilized forecasted and actual data developed by the Energy Services Department (ESD) to determine the energy needs throughout the budget year. 10 years of actual annual energy requirements data is used to assist in forecasting the next budget year energy requirements from a growth view point. Even though the past two budget years data showed decreases in energy requirements or no growth, the ESD still projected the energy requirements for the 2011 budget year to increase at a small percentage (3%) as exhibited historically over the past 10 years.

Once the energy requirement growth percentages are determined, all of the energy resource portfolio data along with other parameters (weather, market conditions and power plant availability) are entered into a complex Monte Carlo Risk Computer Model. The model runs through several iterations and produces a distribution of results, with the “Most Likely Scenario” falling somewhere in the middle of the worst and best result. The ESD then uses the “Most Likely Scenario” energy requirement result to forecast revenues and energy costs for the budget year.

The energy requirement costs and sales revenues from the model are then combined with all other operating expenses of the system (projected to increase 4% per annual for the next five fiscal years) and debt requirements to produce the projected operating results as shown on Table V. The forecasted 2012 budget year does not include any rate adjustment, but the 2013 and 2014 budget years include rate increases of 3% for each year.

While prior to 2002 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. Long-term power purchase contracts and the construction of the City’s Millcreek Gas Generation Facility for peaking power has helped achieve this goal. The City continues to follow an established risk policy which encourages pre-purchase hedges and contracts to meet the forecasted energy requirement 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 can 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. Climate change issues are currently affecting the decisions to build new generation along with other related issues such as the economy

## **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, 2011, approximately 53.02% of the System’s electric sales revenues and 52.41% 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 (169 MW) did not increase this fiscal year due to moderate temperatures and reduced sales. Even though the past three years have resulted in a decrease in energy sales and level peak demand, an analysis of the past 10-years of actual peak and energy data indicate the peak will continue to grow at an average of 3% and energy sales will continue to grow at an average of 3 to 4%.

## **FINANCIAL**

The City represents that the ESD has operated with positive cash flows in fiscal years 2002 through 2009. For fiscal year 2010, the ESD realized a net loss in operations. This loss primarily can be attributed to the economy and low wholesale market values. The ESD had projected more energy sales and higher market values for wholesale surplus sales. The weather was mild throughout the year as well and this resulted in the City having more surplus than forecasted, being sold for a loss. The other operating revenues were less than forecast due to the slow-down in building permits and construction.

Fiscal year 2011 also resulted in having an overall operating loss, even though the ESD adjusted the forecast to include a slight increase in energy sales and the City Council approved a 3% rate increase for the fiscal year. The operating loss can be attributed to the significant decrease in actual energy sales, which left the City with a significant amount of pre-purchased surplus energy. The decrease in sales was primarily due to weather and mild temperatures during the summer months. In addition, the City's Colorado River Storage Project Contract provided additional energy that was not forecasted due to having an exceptional water year, which added to the City's already large surplus position for the year. The additional hydro-electric energy produced and pushed into the wholesale market, drove the wholesale market prices to historical lows for the year. The City was forced to sell most of the energy surplus at a loss. The City also had to absorb some added transmission costs that were not anticipated or forecasted. This added to the overall loss as well.

The City's ESD total net assets also decreased due to the reduction in cash reserves, which were used to offset the operating loss. In addition to the reduction of cash, the depreciation expense went up approximately 2.2 million dollars due to adding the Millcreek Generation Facility asset and other additions to plant. The Millcreek Generation Facility construction was funded with bond proceeds. However, the bond proceeds did not include capitalized interest during construction. The City anticipated paying this amount out of cash reserves. This interest payment was paid during this fiscal year and thus added to the decrease in net assets.

The City expects to produce positive margins in the ESD for the forecasted future years. Rate increases have been included in the future forecast to assure positive cash flows. The City will continue to adhere to a strict risk policy in the management and procurement of energy resources to avoid market volatility.

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