

**CITY OF BOUNTIFUL  
BOUNTIFUL, UTAH**

**FINANCIAL STATEMENTS  
Using the GASB 34 Model**

**For The Year Ended June 30, 2004**

**Together With Independent Auditor's Report**

**CITY OF BOUNTIFUL  
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For The Year Ended June 30, 2004**

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## **INTRODUCTORY SECTION**

October 4, 2004

To the Mayor, City Council and Citizens of Bountiful City,

State law requires that all local governments publish within six months of the close of each 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. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Bountiful for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of the City of Bountiful. 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 of the City of Bountiful has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Bountiful's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Bountiful's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Bountiful's financial statements have been audited by Jensen & Keddington, P.C., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Bountiful for the fiscal year ended June 30, 2004 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 Bountiful's financial statements for the fiscal year ended June 30, 2004, 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.

GAAP 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 MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the government**

The City of Bountiful was incorporated December 14, 1892 under the laws of the Territory of Utah. The City is governed using a manager form of government. The City Manager is the chief administrative and budget officer of the City. The Mayor is part of a six member elected body (five City Council Members) that develops policy and enacts local laws. The Mayor and Council Members are each elected for a four year term to serve the citizens at large. The terms of office are staggered every two years (three council

seats in one year and two council seats and mayor in the next election). The Council is organized into committees over the functional areas/departments of the City typically comprised of three elected officials each. The City Manager and department directors comprise the Executive Management Team that operate the City day-to-day and recommend priorities to the Mayor and City Council.

The City provides the following services: public safety (police and fire), parks and recreation (parks, cemetery, pool, ice arena, recreation programs and golf), public works (engineering, planning and streets), public utilities (electricity, water, sewer, sanitation, landfill and storm water), and general government (executive, legal, and administrative services).

The City limits cover an area of 13.46 square miles. The City's estimated population for 2004 is 43,323 with a potential for approximately 45,000 residents at build-out within three to five years.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered in the specific environment within which the City of Bountiful operates.

**Local economy.** Bountiful is located in south Davis County and serves as a center for business activity within the south Davis County area. The City is host to a large regional hospital, major retail providers, car dealerships and professional firms.

**Long-term financial planning.** Bountiful prides itself in conservative financial management and prudent financial planning. The City maintains a pay-as-you-go financing mechanism for the majority of capital facility needs but also utilizes the debt markets as market conditions become favorable and need arises. The City prepares and regularly updates its ten-year capital improvement plan to ensure that capital needs are identified and funded. Operating budgets are reviewed extensively and balanced annually with conservatively estimated revenues.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in U.S. Treasury and Agency securities and high grade corporate debt in addition to certificates of deposit. Investments are made in compliance with the City's investment policy which models State law. This policy has been adopted by resolution of the City Council and certified by the Association of Public Treasurers of the United States and Canada, and the policy is updated periodically. Information regarding the types, amounts and risks of investments held are contained in the footnotes in note 2. The investment maturities can range from one day to 3 years. The average maturity on the majority of the portfolio is approximately fifty-five days. The average yield on the last day of the fiscal year was 1.67%, although the average yield for the entire year was 1.60%. Yields and amounts include increases in fair value during the current year. However, increases in fair value do not necessarily represent trends that will continue or cash that will be available. It is not always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

**Risk management.** Bountiful is self-insured for general liability and workers' compensation and internal service funds have been established to assist with administration of these two insurance programs. Resources have been accumulated in these two funds for payment of claims. In addition, safety programs and other measures to reduce loss have been implemented. The City has insurance policies covering errors and omissions, property (buildings and contents), and excess liability.

**Pension and other post-employment benefits.** The City participates in the State of Utah Retirement Systems for all full-time permanent employees. The City also provides deferred compensation plans under IRS code sections 401(k) and 457. These plans are administered by outside managers and administrators on behalf of the City and its employees.

## **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bountiful for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We appreciate all who contributed in any way toward the preparation of this comprehensive annual financial report. Their assistance has enabled us to bring together all of the data necessary to complete the report. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the departments which comprise Administrative Services. In particular we express appreciation to Ralph T. Hill, Jr., CPA who, as Deputy City Recorder and Assistant Finance Director, played a key role in the preparation and production of this report. Recognition and thanks also go to Mark O. McRae, City Treasurer, and Alan M. West, Information Systems Manager, for their efforts and support during the audit and throughout the year.

Most importantly, we express our sincere thanks and appreciation to Mayor Joe Johnson, members of the City Council and City Manager Tom Hardy for the many hours they spend in helping to run the City organization and to maintain the quality of life enjoyed by citizens of this great community.

Sincerely,

Galen D. Rasmussen, MPA, CPA  
Administrative Services Director

Kim J. Coleman, CPA  
Finance Director & City Recorder



**CITY OF BOUNTIFUL  
PRINCIPAL OFFICIALS  
June 30, 2004**

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**ELECTED OFFICIALS**

Joe L. Johnson  
Richard Higginson  
Barbara Holt  
R. Fred Moss  
John S. Pitt  
Tom Tolman

Mayor  
City Council Member  
City Council Member  
City Council Member  
City Council Member  
City Council Member

**EXECUTIVE BUDGETARY AND LEGAL OFFICIALS**

Thomas R. Hardy  
Russell L. Mahan  
Galen D. Rasmussen, CPA

City Manager  
City Attorney  
Administrative Services Director

**STATUTORY APPOINTED OFFICIALS**

Kim J. Coleman, CPA  
Mark O. McRae, CMFA

City Recorder & Finance Director  
City Treasurer

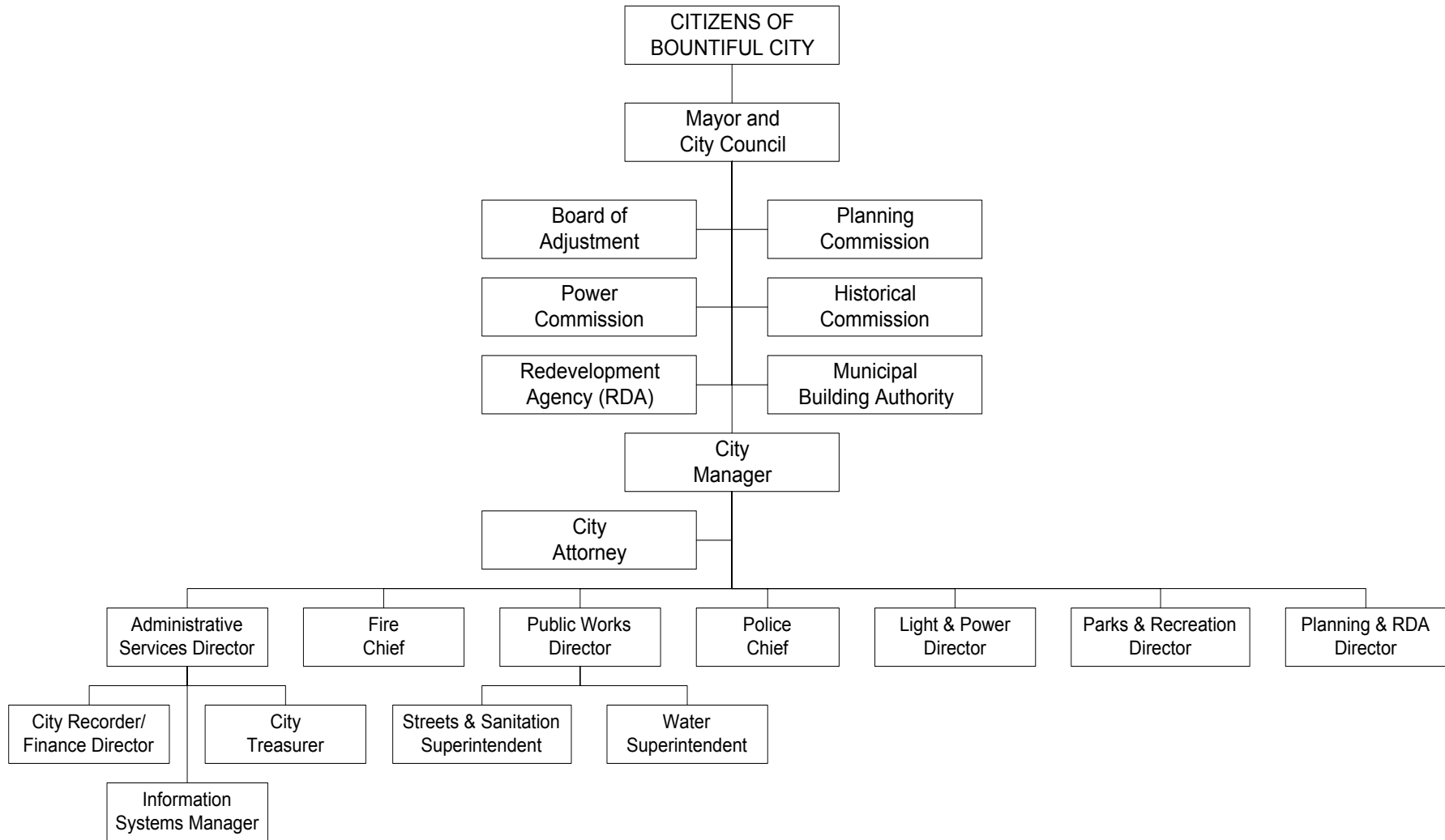
**DEPARTMENT HEADS**

Terry Thompson  
Aric A. Jensen  
E. Neal Jenkins  
George Sumner  
Clifford C. Michaelis  
Paul C. Rapp  
Paul C. Rowland, PE/LS  
Alan M. West  
David M. Wilding, PE

Streets & Sanitation Superintendent  
Planning & Redevelopment Director  
Parks & Recreation Director  
Fire Chief  
Light & Power Director  
Police Chief  
Public Works Director  
Information Systems Manager  
Water Superintendent

**CITY OF BOUNTIFUL  
ORGANIZATIONAL CHART  
June 30, 2004**

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of City Council  
City of Bountiful  
Bountiful, 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 Bountiful as of and for the year ended June 30, 2004, 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 Bountiful's management. Our responsibility is to express an opinion 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 *Governmental 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 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 opinion.

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 Bountiful as of June 30, 2004, and the respective changes in financial position, and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 4, 2004 on our consideration of the City of Bountiful's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Bountiful financial statements. The introductory section, supplementary information, as listed in the table of contents, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

October 4, 2004

## **CITY OF BOUNTIFUL MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2004**

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As management of the City of Bountiful, we offer to readers of the City of Bountiful's financial statements this narrative overview and analysis of the financial activities of the City of Bountiful for the fiscal year ended June 30, 2004. 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 assets of the City of Bountiful exceeded its liabilities at June 30, 2004 by \$181,289,585. Of this amount, unrestricted net assets of \$61,009,641 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net assets decreased by \$209,540 from the prior year. Of this amount \$4,331,078 was associated with governmental and (\$4,540,618) with business-type activities.
- As of the close of the current fiscal year, the City of Bountiful's governmental funds reported combined ending fund balances of \$26,207,706, a decrease of \$4,203,719 in comparison with the prior year. Of this amount, \$2,048,024 is unreserved and available for spending. Of the remaining \$24,159,773, \$2,768,485 has been reserved due to legal restrictions involving parties outside the financial reporting entity and \$21,391,197 has been designated for specific future uses by the City Council.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,083,648, or 16.87% of total general fund expenditures.
- The City of Bountiful's bonded debt obligations decreased by the net of \$243,000. The decrease was attributable to principal payments on the existing Municipal Building Authority Lease Revenue Bonds in the amount of \$173,000 and Special Assessment Bonds in the amount of \$70,000.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Bountiful's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** These statements are designed to provide readers with a broad overview of the City of Bountiful's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City'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 is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**CITY OF BOUNTIFUL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For The Year Ended June 30, 2004**

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Both of the government-wide financial statements distinguish functions of the City 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 governmental activities of the City of Bountiful include general government, public safety, highways and streets, planning and engineering, parks, and redevelopment. The business-type activities of the City include water, light and power, landfill, storm water, sewer, golf, recreation, sanitation and cemetery.

The government-wide financial statements include not only the City of Bountiful itself (known as the primary government), but also a legally separate Redevelopment Agency and Municipal Building Authority which are both component units of the City. Financial information for these component units is reported entirely within the primary government report. A separate set of financial statements is also prepared for the Redevelopment Agency.

**Fund financial statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bountiful can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Redevelopment Agency Fund and Municipal Building Authority Fund, which are considered major funds. Data from the other four funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Bountiful adopts a one-year budget for its General Fund, Redevelopment Agency Fund and Municipal Building Authority Fund. A budgetary comparison statement has been provided for each of the aforementioned funds to demonstrate compliance with the fiscal year 2004 budget.

**Proprietary funds.** The City of Bountiful maintains two different types of proprietary funds, namely enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains nine individual enterprise funds. Information is presented separately in the proprietary statement of net assets and the proprietary statement of revenues, expenses and changes in fund net assets for the Water Fund, Sewer Fund, Light and Power Fund and the Landfill Fund, which are considered major funds. Data from the other five funds are combined into a single aggregated presentation. Individual fund data for

**CITY OF BOUNTIFUL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For The Year Ended June 30, 2004**

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each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City of Bountiful uses internal service funds to account for its workers compensation and risk management activities. Because these services benefit both governmental and business-type functions, they have been allocated to both governmental activities and business-type activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the 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 used for fiduciary funds is much like that used for proprietary funds.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. The combining statements referred to earlier in connection with non-major funds and internal service funds are presented immediately after the basic financial statements. Also included are budget comparisons for governmental funds other than the General, Redevelopment Agency, and Municipal Building Authority Funds.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2004, the City's assets exceeded liabilities by \$181,289,585. By far the largest portion of the City's net assets (63.86%) reflects its investment in capital assets, less any related debt, which is still outstanding, used to acquire those assets. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in 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.



**CITY OF BOUNTIFUL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For The Year Ended June 30, 2004**

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**City of Bountiful's Net Assets**

	Governmental Activities	Business-type Activities	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Current and other assets	\$ 37,950,805	\$ 37,466,646	\$ 75,417,451
Capital assets	79,436,115	45,308,841	124,744,956
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	117,386,920	82,775,487	200,162,407
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Long-term liabilities outstanding	9,508,402	-	9,508,402
Other liabilities	5,674,532	3,689,888	9,364,420
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	15,182,934	3,689,888	18,872,822
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net assets:			
Invested in capital assets, net of related debt	70,459,760	45,308,841	115,768,601
Restricted	3,953,520	557,822	4,511,342
Unrestricted	27,790,706	33,218,936	61,009,642
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total net assets	<u>\$ 102,203,986</u>	<u>\$ 79,085,599</u>	<u>\$ 181,289,585</u>

An additional portion of the net assets, \$4,511,343 (2.49%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$61,009,641 (33.65%), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**CITY OF BOUNTIFUL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For The Year Ended June 30, 2004**

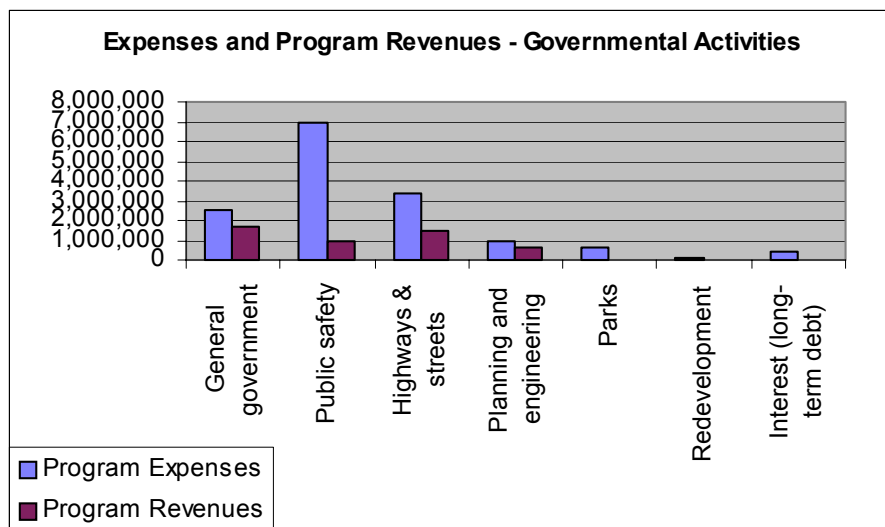
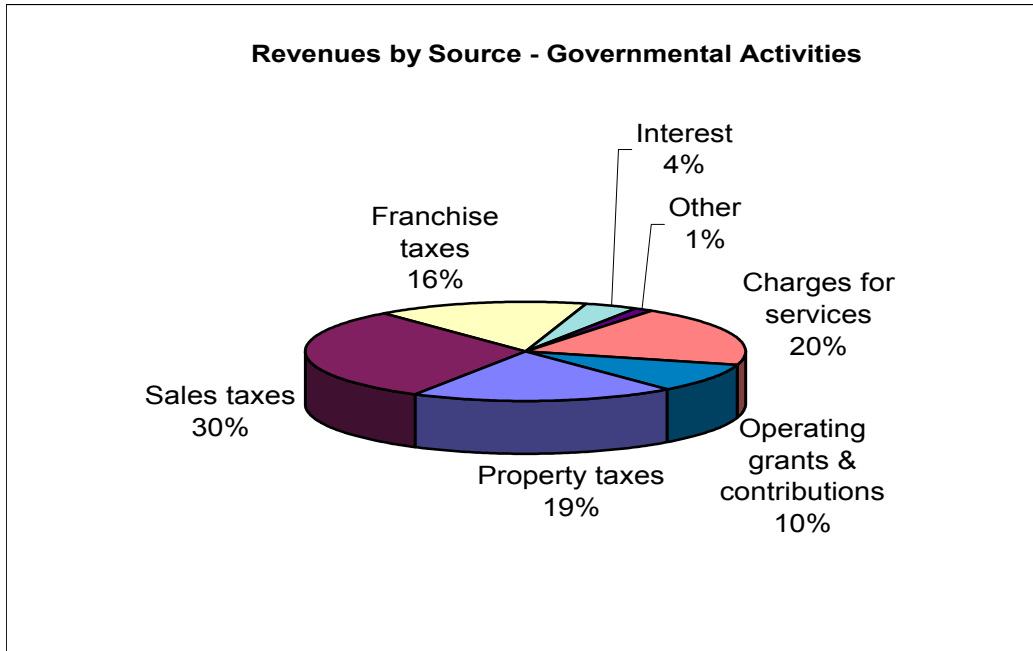
**City of Bountiful's Changes in Net Assets**

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 3,127,555	\$ 26,955,564	\$ 30,083,119
Operating grants and contributions	1,528,072	-	1,528,072
Capital grants and contributions	100,000	502,610	602,610
General revenues:			
Property taxes	3,089,777	-	3,089,777
Other taxes	7,402,183	-	7,402,183
Other	856,600	385,667	1,242,267
<b>Total revenues</b>	<b>16,104,187</b>	<b>27,843,841</b>	<b>43,948,028</b>
Expenses:			-
General government	2,558,680	-	2,558,680
Public safety	6,996,107	-	6,996,107
Highways and streets	3,345,738	-	3,345,738
Planning and engineering	943,017	-	943,017
Parks	652,659	-	652,659
Redevelopment	115,585	-	115,585
Interest on long-term debt	405,936	-	405,936
Water	-	2,306,064	2,306,064
Sewer	-	698,890	698,890
Light and Power	-	19,638,313	19,638,313
Landfill	-	819,334	819,334
Storm Water	-	798,324	798,324
Golf Course	-	1,067,225	1,067,225
Recreation	-	1,441,275	1,441,275
Sanitation	-	649,385	649,385
Cemetery	-	261,099	261,099
<b>Total expenses</b>	<b>15,017,722</b>	<b>27,679,909</b>	<b>42,697,631</b>
Increase in net assets before transfers	1,086,465	163,932	1,250,397
Transfers	1,582,914	(1,582,914)	-
Loss on disposal of segment of business	-	(3,121,636)	(3,121,636)
Increase (Decrease) in net assets	2,669,379	(4,540,618)	(1,871,239)
Net assets - July 1, 2003	97,872,908	83,626,217	181,499,125
Prior period adjustment to capital assets	1,661,699	-	1,661,699
Net assets - June 30, 2004	<b>\$ 102,203,986</b>	<b>\$ 79,085,599</b>	<b>\$ 181,289,585</b>

**CITY OF BOUNTIFUL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For The Year Ended June 30, 2004**

**Governmental activities.** Governmental activities increased the City's net assets by \$4,331,078. When combined with the \$4,540,618 decrease in net assets from business-type activities, overall net assets decreased by \$209,540 or 0.11%. The graphs presented below, and on the next page, reflect regular operating revenues only and not the effects of special one-time items or transfers.

**Expenses and Program Revenues - Governmental Activities**

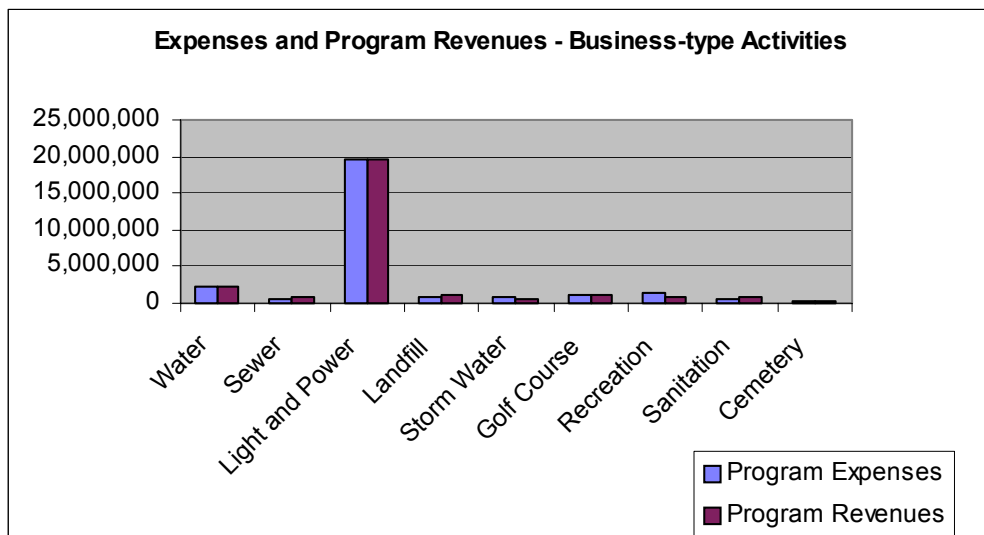
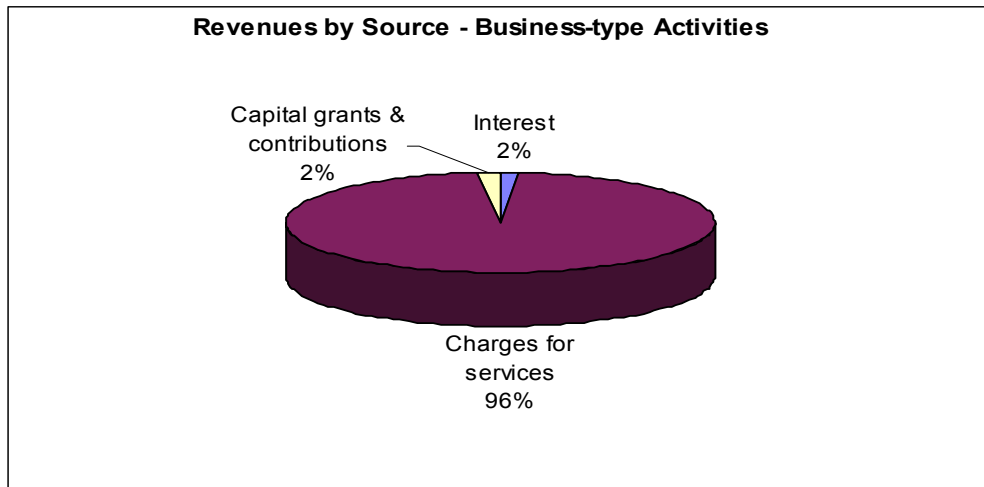


**CITY OF BOUNTIFUL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For The Year Ended June 30, 2004**

**Business-type activities.** Business-type activities decreased the City's net assets by \$4,540,618. When combined with the \$4,331,078 that governmental activities added to net assets, overall net assets decreased by \$209,540. The graphs presented below, and on the next page, contain regular operating revenues only and not the effects of special one-time items or transfers. Key elements contributing to the decrease in the net assets of business-type activities are as follows:

- Operating revenues from all funds increased a total of \$998,546. The biggest single contributor to the increase was \$867,529 additional electric metered sales to customers based on a combination of rate increases, demand for services and seasonal weather effects.
- During the fiscal year, the City disposed of its Sewer Fund assets, liabilities and operations through a transfer to the South Davis Sewer District. This action resulted in the recognition of a \$3,121,636 loss on disposal in the financial statements.

**Expenses and Program Revenues - Business-type Activities**



**CITY OF BOUNTIFUL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For The Year Ended June 30, 2004**

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**Financial Analysis of the Governments' Funds**

As noted earlier, the City of Bountiful uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds.** The purpose of these 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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2004, the City's governmental funds reported combined ending fund balances of \$26,207,706 a decrease of \$4,203,719 in comparison to the prior year. Of this amount, \$23,439,221 (89.44%) is unreserved fund balance, which is available for spending at the government's discretion. Of the unreserved fund balance, \$21,391,197 has been designated by the City Council for subsequent years capital expenditures and other uses, leaving an unreserved undesignated amount of \$2,048,024. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) contracted construction (\$237,135), 2) future landfill closure costs (\$650,694), 3) perpetual care of the City's cemetery (\$984,628) and 4) debt service (\$896,028).

The General Fund is the City's chief operating fund. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,083,648, which comprises the total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved (and total) fund balance represents 16.87% of total General Fund expenditures. The fund balance of the City's General Fund decreased by \$31,130 during the current fiscal year. Contributing to this decrease was a \$140,454 (1.32%) decrease in General Fund revenues and a \$815,767 (7.07%) increase in expenditures, resulting in an overall net deficiency of \$1,836,277. \$2,019,422 was transferred in from the Light and Power Fund to cover operating costs, \$73,992 was received from the sale of fixed assets, and \$288,267 was transferred out to the Recreation Fund to cover operating costs of that fund.

The Redevelopment Agency Fund has a total fund balance of \$4,687,677, all of which is unreserved but designated. The Municipal Building Authority Fund has a total fund balance of \$631,087, of which only \$92 is unreserved and undesignated.

**Proprietary funds.** These funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water, Light and Power, and Landfill funds at the end of the year were \$9,662,870, \$12,330,642 and \$6,030,423 respectively. The total increase (decrease) was \$3,001,623, (\$818,268) and \$385,691 for those same funds, respectively, after the effect of any special items. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

The final General Fund budget was greater than the original budget by \$70,000, due to additional personnel costs of \$60,000 in the Police department and \$10,000 in the Engineering department.

**CITY OF BOUNTIFUL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For The Year Ended June 30, 2004**

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**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities at June 30, 2004 amounts to \$124,744,956 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, service lines, vehicles and equipment, furniture and fixtures, street lights, sidewalks, curb and gutter, roads and similar infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was \$4,328,847 (an 11.89% increase equaling \$8,441,309 for governmental activities and a 8.32% decrease equaling \$4,112,462 for business-type activities). Major capital asset events during the current fiscal year included the following:

- \$7,612,306 in additions of fixed assets in governmental activities due to the additional cost, \$4,920,459, of constructing site improvements and a parking structure, owned by the City and the Municipal Building Authority, and the additional cost, \$2,691,847, of constructing a new fire station.
- \$2,756,320 in deletions (net of accumulated depreciation) of fixed assets in business-type activities related to the disposal of the sewer system as noted earlier.

**City of Bountiful's Capital Assets  
(Net of depreciation)**

	Governmental Activities	Business-type Activities	Total
Land	\$ 45,993,863	\$ 2,403,436	\$ 48,397,299
Infrastructure	13,674,506	24,709,971	38,384,477
Buildings	6,983,794	5,305,342	12,289,136
Improvements other than buildings	1,872,370	4,081,067	5,953,437
Machinery & Equipment	1,691,600	8,297,650	9,989,250
Furniture & Fixtures	770,502	18,129	788,631
Construction in progress	8,449,480	493,246	8,942,726
Total	<u>\$ 79,436,115</u>	<u>\$ 45,308,841</u>	<u>\$ 124,744,956</u>

Additional information on the City's capital assets can be found in note 6 on pages 40 to 41 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had \$9,147,000 in outstanding bonded debt consisting of lease revenue bonds and special assessment bonds. All of the bonded debt was secured by specific revenue sources.

**City of Bountiful's Outstanding Bonded Debt**

	Governmental Activities	Business-type Activities	Total
Lease revenue bonds	\$ 6,507,000	\$ -	\$ 6,507,000
Special assessment bonds	2,640,000	-	2,640,000
Total	<u>\$ 9,147,000</u>	<u>\$ -</u>	<u>\$ 9,147,000</u>

**CITY OF BOUNTIFUL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For The Year Ended June 30, 2004**

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The City's total bonded debt decreased by \$243,000 during the current fiscal year, attributable to scheduled repayment of the debt. Additional information on the City's long-term debt can be found in note 9 on pages 42 to 45 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The City reviews national and regional economic forecasts and also performs its own management analysis as a component in the process of developing the one-year operating and capital budgets of the City. The assumptions in the analysis are reviewed with the City Council as background for decisions about revenue projections and cost allocations. Semi-monthly and monthly reports are transmitted to the City Council and provide both budget and actual information for tracking the financial activities of the City during the year.

After several years of sustained economic growth in Bountiful and the surrounding regions, a leveling in key indicators began emerging over the last two to three years. Budgets for fiscal year 2005 were developed based upon the following assumptions.

- **The overall economic forecast** assumed that the remainder of fiscal year 2004, and most of fiscal year 2005, would exhibit some uncertainty, rebuilding and softness in the national, regional and local economies. Indicators, including housing starts and commercial construction, were projected to be flat along with retail sales and personal income.
- **Development activity** in fiscal year 2004 was modest from a historical standpoint of Bountiful's development activity measured in value and permit fees. Development activity in Bountiful during fiscal year 2005 was again projected to continue a general trend toward leveling off to a "maintenance mode." Focus in future years will likely be placed more on existing developments such as the Renaissance Towne Centre and main street areas of the city.
- **Taxable sales**, which are shared by the State of Utah with cities, were projected to remain nearly flat due to overall economic factors. However, recent national legislation toward a "Streamlined Sales Tax" was targeted to provide uniform rates and collection methods by states and localities. This legislation should allow Bountiful, and other taxing entities, to capture uncollected sales tax monies from Internet, catalog and other remote vendors.
- **Cost indicators** for Bountiful were assumed within the forecast to include modest increases in operating costs for personnel services, energy and general goods and services used by City departments. Energy costs and health care costs were deemed as "watch areas" for City budget development, and assumed to increase at a much higher rate than the general level of inflation due to national trends. The City projected that increases in energy and health care costs would be offset by aggressive cost containment in all departments. Health care rate increases of 20 percent were common in many industries, but Bountiful was able to hold them to under 10 percent.
- **Enterprise fund rates and activity** in the fiscal year 2005 budget included a 10 percent increase in both power and water rates to compensate for increasing service delivery costs. As mentioned in the notes to the accompanying financial statements, during fiscal year 2004 the City divested itself of its sewer operation, transferring that operation to the South Davis Sewer District.

**CITY OF BOUNTIFUL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For The Year Ended June 30, 2004**

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- **Regional cooperation initiatives.** A regional recreation district was formed in June 2004. It will serve the citizens of Bountiful as well as surrounding communities. A new recreation complex will be constructed during calendar years 2005 and 2006 in Bountiful City near the site of the existing City-owned recreation center. Funding for the district will be provided by citizens of Bountiful and the surrounding communities.

The South Davis Metro Fire Agency (Agency) was formed in October 2004. This Agency will provide fire and emergency medical services to the citizens of Bountiful and several surrounding communities. Bountiful's fire department personnel will be terminated by the City as of December 31, 2004, and will become employees of the Agency. The Agency will have full access to, and use of, the department's assets. However, the City will retain ownership of those assets until the Agency receives its taxing authority status. Until that time, each municipality participating in the Agency will share proportionately in the Agency's operating expenses.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Bountiful's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Director or the Finance Director, City of Bountiful, 790 South 100 East, P.O. Box 369, Bountiful, Utah 84011-0369.



## **BASIC FINANCIAL STATEMENTS**

**CITY OF BOUNTIFUL**  
**STATEMENT OF NET ASSETS**  
**June 30, 2004**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 17,316,438	\$ 14,329,960	\$ 31,646,398
Receivables:			
Taxes	3,523,329		3,523,329
Accounts, net	623,351	3,329,036	3,952,387
Interest	26,543	19,881	46,424
Investments	10,034,483	7,633,182	17,667,665
Inventories	-	1,668,463	1,668,463
Internal balances	143,425	(143,425)	-
Prepays	-	125,164	125,164
Restricted assets:			
Cash and cash equivalents and investments	4,848,990	557,822	5,406,812
Capital assets, net:			
Land, land rights, and water rights	45,993,863	2,403,436	48,397,299
Buildings, wells, and reservoirs	6,983,794	5,305,342	12,289,136
Improvements other than buildings	1,872,370	4,081,067	5,953,437
Transmission, distribution and collection systems	-	24,709,971	24,709,971
Machinery and equipment	1,691,600	8,297,650	9,989,250
Furniture and fixtures	770,502	18,129	788,631
Infrastructure	13,674,506	-	13,674,506
Construction in progress	8,449,480	493,246	8,942,726
Notes receivable	646,141	195,010	841,151
Real estate inventory held for resale	788,105	-	788,105
Investment in power projects	-	9,751,553	9,751,553
<b>Total Assets</b>	<b>\$ 117,386,920</b>	<b>\$ 82,775,487</b>	<b>\$ 200,162,407</b>
<b>Liabilities:</b>			
Accounts payable	\$ 933,415	\$ 2,048,235	\$ 2,981,650
Accrued liabilities	604,369	1,254,026	1,858,395
Accrued interest payable	63,675	-	63,675
Deferred revenue	2,440,803	213,856	2,654,659
Developer and customer deposits	736,801	173,771	910,572
Liabilities payable from restricted assets	895,469	-	895,469
Noncurrent liabilities:			
Due within one year	521,000	-	521,000
Due in more than one year	8,987,402	-	8,987,402
<b>Total Liabilities</b>	<b>15,182,934</b>	<b>3,689,888</b>	<b>18,872,822</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	70,459,760	45,308,841	115,768,601
Restricted for:			
Perpetual care	983,707	-	983,707
Landfill closure	650,694	557,822	1,208,516
Debt Service	894,726	-	894,726
Future development	941,476	-	941,476
Insurance deposit	445,501	-	445,501
Flex plan	37,417	-	37,417
Unrestricted	27,790,705	33,218,936	61,009,641
<b>Total Net Assets</b>	<b>102,203,986</b>	<b>79,085,599</b>	<b>181,289,585</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 117,386,920</b>	<b>\$ 82,775,487</b>	<b>\$ 200,162,407</b>

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

**CITY OF BOUNTIFUL  
STATEMENT OF NET ACTIVITIES  
For The Year Ended June 30, 2004**

Functions/Programs	Programs Revenue				Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government Activities:							
General governmental	\$ 2,558,680	\$ 1,612,426	\$ -	\$ 100,000	\$ (846,254)	\$ -	\$ (846,254)
Public safety	6,996,107	830,029	74,463	-	(6,091,615)	-	(6,091,615)
Highways and streets	3,345,738	22,918	1,453,609	-	(1,869,211)	-	(1,869,211)
Planning and engineering	943,017	662,182	-	-	(280,835)	-	(280,835)
Parks	652,659	-	-	-	(652,659)	-	(652,659)
Redevelopment	115,585	-	-	-	(115,585)	-	(115,585)
Interest on long-term debt	405,936	-	-	-	(405,936)	-	(405,936)
Total Governmental Activities	<u>15,017,722</u>	<u>3,127,555</u>	<u>1,528,072</u>	<u>100,000</u>	<u>(10,262,095)</u>	<u>-</u>	<u>(10,262,095)</u>
Business-type Activities:							
Water	2,306,064	1,916,585	-	307,053	-	(82,426)	(82,426)
Sewer	698,890	715,330	-	-	-	16,440	16,440
Light and Power	19,638,313	19,488,673	-	140,526	-	(9,114)	(9,114)
Landfill	819,334	1,005,869	-	55,031	-	241,566	241,566
Storm Water	798,324	678,596	-	-	-	(119,728)	(119,728)
Golf Course	1,067,225	1,196,286	-	-	-	129,061	129,061
Recreation	1,441,275	959,488	-	-	-	(481,787)	(481,787)
Sanitation	649,385	775,491	-	-	-	126,106	126,106
Cemetery	261,099	219,246	-	-	-	(41,853)	(41,853)
Total Business-type Activities	<u>27,679,909</u>	<u>26,955,564</u>	<u>-</u>	<u>502,610</u>	<u>-</u>	<u>(221,735)</u>	<u>(221,735)</u>
Total Government	<u>\$ 42,697,631</u>	<u>\$ 30,083,119</u>	<u>\$ 1,528,072</u>	<u>\$ 602,610</u>	<u>\$ (10,262,095)</u>	<u>\$ (221,735)</u>	<u>\$ (10,483,830)</u>
			General Revenues:				
			Property taxes		\$ 3,089,777	\$ -	\$ 3,089,777
			Sales taxes		4,918,313	-	4,918,313
			Franchise taxes		2,483,870	-	2,483,870
			Interest on investments		618,754	418,461	1,037,215
			Other		185,431	-	185,431
			Gain (loss) on sale of capital assets		52,415	(32,794)	19,621
			Transfers		1,582,914	(1,582,914)	-
			Loss on disposal of segment of business		-	(3,121,636)	(3,121,636)
			Total General Revenues		<u>12,931,474</u>	<u>(4,318,883)</u>	<u>8,612,591</u>
			Changes in Net Assets		<u>2,669,379</u>	<u>(4,540,618)</u>	<u>(1,871,239)</u>
			Net Assets, Beginning		<u>97,872,908</u>	<u>83,626,217</u>	<u>181,499,125</u>
			Prior Period Adjustment to Capital Assets		<u>1,661,699</u>	<u>-</u>	<u>1,661,699</u>
			Net Assets, Ending		<u>\$ 102,203,986</u>	<u>\$ 79,085,599</u>	<u>\$ 181,289,585</u>

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

**CITY OF BOUNTIFUL  
BALANCE SHEET – GOVERNMENTAL FUNDS  
June 30, 2004**

	General	Capital Projects	Redevelopment Agency	Municipal Building Authority	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 1,309,557	\$ 10,195,725	\$ 2,469,600	\$ 165,840	\$ 826	\$ 14,141,548
Receivables:						
Taxes	2,480,875	509,533	532,921	-	-	3,523,329
Accounts - net	616,254	-	-	-	-	616,254
Interest	2,824	14,492	3,400	91	921	21,728
Investments	802,123	5,982,987	1,426,656	-	478	8,212,244
Real estate inventory held for resale	-	-	788,105	-	-	788,105
Notes receivable	-	-	646,141	-	-	646,141
Restricted assets:						
Cash and cash equivalents and investments	37,419	1,836,945	-	630,995	1,898,130	4,403,489
<b>Total Assets</b>	<b>\$ 5,249,052</b>	<b>\$ 18,539,682</b>	<b>\$ 5,866,823</b>	<b>\$ 796,926</b>	<b>\$ 1,900,355</b>	<b>\$ 32,352,838</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 145,884	\$ 1,386,902	\$ 84	\$ 3,722	\$ -	\$ 1,536,592
Accrued liabilities	409,769	212,908	-	162,118	-	784,795
Developer and customer deposits	736,801	-	-	-	-	736,801
Deferred revenues	1,872,950	34,932	1,179,062	-	-	3,086,944
<b>Total Liabilities</b>	<b>3,165,404</b>	<b>1,634,742</b>	<b>1,179,146</b>	<b>165,840</b>	<b>-</b>	<b>6,145,132</b>
<b>Fund Balances:</b>						
Reserved for:						
Construction	-	237,135	-	91	-	237,226
Landfill closure	-	-	-	-	650,694	650,694
Perpetual care	-	-	-	-	984,628	984,628
Debt Service	-	-	-	630,995	265,033	896,028
Designated Unreserved, reported in:						
Capital Projects	-	16,667,805	-	-	-	16,667,805
General Fund	35,715	-	-	-	-	35,715
Redevelopment Agency	-	-	4,687,677	-	-	4,687,677
Unreserved, reported in:						
General Fund	2,047,933	-	-	-	-	2,047,933
<b>Total Fund Balances</b>	<b>2,083,648</b>	<b>16,904,940</b>	<b>4,687,677</b>	<b>631,086</b>	<b>1,900,355</b>	<b>26,207,706</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,249,052</b>	<b>\$ 18,539,682</b>	<b>\$ 5,866,823</b>	<b>\$ 796,926</b>	<b>\$ 1,900,355</b>	<b>\$ 32,352,838</b>

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

**CITY OF BOUNTIFUL  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET ASSETS  
June 30, 2004**

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

Total fund balance - governmental funds	\$ 26,207,706
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	77,774,413
Internal service funds are used by management to charge the cost of insurance for workers' compensation and governmental immunity. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	5,486,101
Long-term liabilities are not due and payable in the current period and therefore are not recorded in the funds.	(9,572,074)
Notes receivable related to the RDA are recorded as such in the statement of net assets.	646,141
Prior period adjustment to correct capital assets	<u>1,661,699</u>
Total net assets - governmental activities	<u>\$ 102,203,986</u>

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

**CITY OF BOUNTIFUL  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2004**

	General	Capital Projects	Redevelopment Agency	Municipal Building Authority	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 5,948,546	\$ 3,813,877	\$ 532,921	\$ -	\$ 196,616	\$ 10,491,960
Licenses and permits	752,419	-	-	-	-	752,419
Intergovernmental	1,528,072	100,000	66,166	-	-	1,694,238
Charges for services	1,949,224	25,468	-	308,431	-	2,283,123
Fines and forfeitures	88,090	-	-	-	-	88,090
Interest on investments	155,229	252,733	83,247	14,997	26,508	532,714
Miscellaneous	91,199	3,000	64,100	-	28,988	187,287
<b>Total Revenues</b>	<b>10,512,779</b>	<b>4,195,078</b>	<b>746,434</b>	<b>323,428</b>	<b>252,112</b>	<b>16,029,831</b>
<b>Expenditures:</b>						
Current:						
General government	2,364,815	12,000	-	-	10,745	2,387,560
Public safety	6,073,026	-	-	-	-	6,073,026
Highways and streets	2,453,370	12,100	-	-	-	2,465,470
Planning and engineering	916,338	-	-	-	-	916,338
Parks	493,190	-	-	-	-	493,190
Redevelopment	-	-	163,774	-	-	163,774
Debt service:	-	-	-	-	-	-
Principal	-	-	-	173,000	70,000	243,000
Interest	-	-	-	272,318	115,570	387,888
Bond issuance costs	-	-	-	2,242	-	2,242
Capital outlay	48,317	5,181,509	-	3,528,142	-	8,757,968
<b>Total Expenditures</b>	<b>12,349,056</b>	<b>5,205,609</b>	<b>163,774</b>	<b>3,975,702</b>	<b>196,315</b>	<b>21,890,456</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,836,277)	(1,010,531)	582,660	(3,652,274)	55,797	(5,860,625)
<b>Other Financing Sources (Uses):</b>						
Transfer in	2,019,422	-	63,769	241,071	-	2,324,262
Transfer out	(288,267)	(389,312)	-	(63,769)	-	(741,348)
Sale of capital assets	73,992	-	-	-	-	73,992
<b>Total Other Financing Sources (Uses)</b>	<b>1,805,147</b>	<b>(389,312)</b>	<b>63,769</b>	<b>177,302</b>	<b>-</b>	<b>1,656,906</b>
<b>Net Change in Fund Balances</b>	<b>(31,130)</b>	<b>(1,399,843)</b>	<b>646,429</b>	<b>(3,474,972)</b>	<b>55,797</b>	<b>(4,203,719)</b>
<b>Fund Balance, Beginning</b>	<b>2,114,778</b>	<b>18,304,783</b>	<b>4,041,248</b>	<b>4,106,058</b>	<b>1,844,558</b>	<b>30,411,425</b>
<b>Fund Balance, Ending</b>	<b>\$ 2,083,648</b>	<b>\$ 16,904,940</b>	<b>\$ 4,687,677</b>	<b>\$ 631,086</b>	<b>\$ 1,900,355</b>	<b>\$ 26,207,706</b>

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

**CITY OF BOUNTIFUL  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2004**

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

Net change in fund balances - total governmental funds	\$ (4,203,719)
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(1,956,782)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net assets.	8,757,968
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net assets.	243,000
In the statement of activities, amortization of premiums and costs of issuing of debt is recorded.	(10,373)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expense is reported when due.	(7,675)
The effect of the sale and disposal of capital assets.	(21,576)
The long term portion of accrued leave does not require the use of current financial resources and therefore is not recorded as an expenditure in the Governmental Funds.	(53,523)
The net revenue of certain activities of internal service funds is reported within the governmental activities.	(73,841)
Proceeds from repayment of RDA notes receivable are recorded as revenue in the Governmental Funds. However, the repayment is recorded as a reduction of the loan in the statement of net assets.	(64,100)
Amounts loaned by the RDA are recorded as expenditures in the Governmental Funds. However, the loan is recorded as an asset for the statement of net assets.	<u>60,000</u>
Change in net assets of governmental activities	<u>\$ 2,669,379</u>

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

**CITY OF BOUNTIFUL  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL – GENERAL FUND  
For The Year Ended June 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 7,282,051	\$ 7,352,051	\$ 5,948,546	\$ (1,403,505)
Licenses and permits	456,000	456,000	752,419	296,419
Intergovernmental revenues	1,353,852	1,353,852	1,528,072	174,220
Charges for services	1,874,221	1,874,221	1,949,224	75,003
Fines and forfeitures	100,000	100,000	88,090	(11,910)
Interest on investments	60,875	60,875	155,229	94,354
Miscellaneous	70,000	70,000	91,199	21,199
<b>Total Revenues</b>	<b>11,196,999</b>	<b>11,266,999</b>	<b>10,512,779</b>	<b>(754,220)</b>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative	497,930	497,930	372,287	125,643
Legal	237,570	237,570	230,607	6,963
Executive	215,769	215,769	211,685	4,084
Information systems	416,476	416,476	414,522	1,954
Administrative	517,415	517,415	509,470	7,945
Treasury	505,372	505,372	483,761	21,611
Government buildings	151,812	151,812	142,483	9,329
Public safety:				
Police	4,224,621	4,284,621	4,193,998	90,623
Fire	1,911,886	1,911,886	1,879,028	32,858
Highways and streets	2,677,497	2,677,497	2,453,370	224,127
Planning and engineering:				
Planning	232,377	232,377	228,323	4,054
Engineering	695,347	705,347	688,015	17,332
Parks	506,820	506,820	493,190	13,630
Capital outlay	62,244	62,244	48,317	13,927
<b>Total Expenditures</b>	<b>12,853,136</b>	<b>12,923,136</b>	<b>12,349,056</b>	<b>574,080</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,656,137)	(1,656,137)	(1,836,277)	(180,140)
<b>Other Financing Sources (Uses):</b>				
Transfer in	1,900,000	1,900,000	2,019,422	119,422
Transfer out	(288,267)	(288,267)	(288,267)	-
Sale of capital assets	2,000	2,000	73,992	71,992
<b>Total Other Financing Sources (Uses)</b>	<b>1,613,733</b>	<b>1,613,733</b>	<b>1,805,147</b>	<b>191,414</b>
Net Change in Fund Balance	\$ (42,404)	\$ (42,404)	(31,130)	\$ 11,274
<b>Fund Balance, Beginning</b>			<b>2,114,778</b>	
<b>Fund Balance, Ending</b>			<b>\$ 2,083,648</b>	

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



**CITY OF BOUNTIFUL  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL – REDEVELOPMENT AGENCY SPECIAL  
REVENUE FUND  
For The Year Ended June 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 560,602	\$ 560,602	\$ 532,921	\$ (27,681)
Intergovernmental revenues	68,700	68,700	66,166	(2,534)
Interest on investments	103,531	103,531	83,247	(20,284)
Miscellaneous	42,396	42,396	64,100	21,704
<b>Total Revenues</b>	<b>775,229</b>	<b>775,229</b>	<b>746,434</b>	<b>(28,795)</b>
<b>Expenditures:</b>				
Current:				
Redevelopment	703,083	703,083	163,774	539,309
Capital outlay	572,146	572,146	-	572,146
<b>Total Expenditures</b>	<b>1,275,229</b>	<b>1,275,229</b>	<b>163,774</b>	<b>1,111,455</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500,000)	(500,000)	582,660	1,082,660
<b>Other Financing Sources (Uses):</b>				
Transfer in	-	-	63,769	63,769
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>63,769</b>	<b>63,769</b>
Net Change in Fund Balance	\$ (500,000)	\$ (500,000)	646,429	\$ 1,146,429
<b>Fund Balance, Beginning</b>			<b>4,041,248</b>	
<b>Fund Balance, Ending</b>			<b>\$ 4,687,677</b>	

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

**CITY OF BOUNTIFUL  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL – MUNICIPAL BUILDING AUTHORITY  
SPECIAL REVENUE FUND  
For The Year Ended June 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 314,200	\$ 314,200	\$ 308,431	\$ (5,769)
Interest on investments	34,100	34,100	14,997	(19,103)
Total Revenues	348,300	348,300	323,428	(24,872)
<b>Expenditures:</b>				
Debt service:				
Principal	173,000	173,000	173,000	-
Interest	278,892	278,892	272,318	6,574
Bond issuance costs	-	-	2,242	(2,242)
Capital outlay	3,534,319	3,534,319	3,528,142	6,177
Total Expenditures	3,986,211	3,986,211	3,975,702	10,509
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,637,911)	(3,637,911)	(3,652,274)	(14,363)
<b>Other Financing Sources (Uses):</b>				
Transfer in	-	-	241,071	241,071
Transfer out	-	-	(63,769)	(63,769)
Sale of bonds	3,637,911	3,637,911	-	(3,637,911)
Total Other Financing Sources (Uses)	3,637,911	3,637,911	177,302	(3,460,609)
Net Change in Fund Balance	\$ -	\$ -	(3,474,972)	\$ (3,474,972)
<b>Fund Balance, Beginning</b>			4,106,058	
<b>Fund Balance, Ending</b>			\$ 631,086	

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

**CITY OF BOUNTIFUL**  
**STATEMENT OF NET ASSETS – PROPRIETARY FUNDS**  
**June 30, 2004**

	Business-type Activities - Enterprise Funds					Total Enterprise	Governmental Activities - Internal Service Funds
	Water	Sewer	Light and Power	Landfill	Other Enterprise Funds		
<b>Assets:</b>							
Current Assets:							
Cash and cash equivalents	\$ 5,949,205	\$ -	\$ 541,439	\$ 4,583,545	\$ 3,255,771	\$ 14,329,960	\$ 3,174,890
Accounts receivable, net	333,388	-	2,636,447	38,307	320,894	3,329,036	7,097
Interest receivable	9,041	-	1,227	5,022	4,591	19,881	4,815
Investments	3,436,662	-	312,465	2,004,293	1,879,762	7,633,182	1,822,239
Inventories	208,142	-	1,384,305	-	76,016	1,668,463	-
Prepaid expenses	52,000	-	73,164	-	-	125,164	-
Total Current Assets	<u>9,988,438</u>	<u>-</u>	<u>4,949,047</u>	<u>6,631,167</u>	<u>5,537,034</u>	<u>27,105,686</u>	<u>5,009,041</u>
Noncurrent Assets:							
Restricted cash and cash equivalents	-	-	-	557,822	-	557,822	445,501
Capital assets, net:							
Land, land rights and water rights	449,413	-	492,016	43,737	1,418,270	2,403,436	-
Buildings, wells and reservoirs	3,268,673	-	992,029	-	1,044,640	5,305,342	-
Improvements other than buildings	-	-	1,532,706	272,594	2,275,767	4,081,067	-
Transmission, distribution and collection systems	7,486,331	-	11,456,986	-	5,766,654	24,709,971	-
Machinery and equipment	601,007	-	6,715,313	211,787	769,543	8,297,650	-
Furniture and fixtures	13,717	-	-	4,412	-	18,129	-
Construction in progress	142,592	-	320,654	20,000	10,000	493,246	-
Notes receivable	-	-	-	-	195,010	195,010	-
Investments in power projects	-	-	9,751,553	-	-	9,751,553	-
Total Noncurrent Assets	<u>11,961,733</u>	<u>-</u>	<u>31,261,257</u>	<u>1,110,352</u>	<u>11,479,884</u>	<u>55,813,226</u>	<u>445,501</u>
Total Assets	<u>\$ 21,950,171</u>	<u>\$ -</u>	<u>\$ 36,210,304</u>	<u>\$ 7,741,519</u>	<u>\$ 17,016,918</u>	<u>\$ 82,918,912</u>	<u>\$ 5,454,542</u>

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

**CITY OF BOUNTIFUL**  
**STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (Continued)**  
**June 30, 2004**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water	Sewer	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise	
<b>Liabilities:</b>							
Current Liabilities:							
Accounts payable	\$ 253,248	\$ -	\$ 1,630,426	\$ 19,222	\$ 145,339	\$ 2,048,235	\$ 108,384
Accrued liabilities	72,320	-	351,905	581,522	248,279	1,254,026	3,482
Total Current Liabilities	<u>325,568</u>	<u>-</u>	<u>1,982,331</u>	<u>600,744</u>	<u>393,618</u>	<u>3,302,261</u>	<u>111,866</u>
Noncurrent Liabilities:							
Deferred revenue	-	-	213,856	-	-	213,856	-
Developer and customer deposits	-	-	173,771	-	-	173,771	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>387,627</u>	<u>-</u>	<u>-</u>	<u>387,627</u>	<u>-</u>
Total Liabilities	<u>325,568</u>	<u>-</u>	<u>2,369,958</u>	<u>600,744</u>	<u>393,618</u>	<u>3,689,888</u>	<u>111,866</u>
<b>Net Assets:</b>							
Invested in capital assets, net of related debt	11,961,733	-	21,509,704	552,530	11,284,874	45,308,841	-
Restricted for landfill closure	-	-	-	557,822	-	557,822	-
Restricted for insurance deposit	-	-	-	-	-	-	445,501
Unrestricted	9,662,870	-	12,330,642	6,030,423	5,338,426	33,362,361	4,897,175
Total Net Assets	<u>21,624,603</u>	<u>-</u>	<u>33,840,346</u>	<u>7,140,775</u>	<u>16,623,300</u>	<u>79,229,024</u>	<u>5,342,676</u>
Total Liabilities and Net Assets	<u>\$ 21,950,171</u>	<u>\$ -</u>	<u>\$ 36,210,304</u>	<u>\$ 7,741,519</u>	<u>\$ 17,016,918</u>		<u>\$ 5,454,542</u>
						Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds	(143,425)
						Net assets of business -type activities	<u>\$ 79,085,599</u>

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

**CITY OF BOUNTIFUL**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET**  
**ASSETS – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2004**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water	Sewer	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise	
<b>Operating Revenues:</b>							
Charges for services	\$ 1,904,102	\$ 710,330	\$ 19,039,301	\$ 881,379	\$ 1,502,491	\$ 24,037,603	\$ 496,423
Connection and servicing	-	5,000	45,499	-	18,468	68,967	-
Admissions and lesson fees	-	-	-	-	1,362,441	1,362,441	-
Equipment and facility rents	-	-	37,146	-	545,088	582,234	-
Concession and merchandise sales	-	-	-	-	251,239	251,239	-
Sale of cemetery burial plots	-	-	-	-	145,856	145,856	-
Miscellaneous	12,483	-	366,727	124,490	3,524	507,224	1,058
<b>Total Operating Revenues</b>	<b>1,916,585</b>	<b>715,330</b>	<b>19,488,673</b>	<b>1,005,869</b>	<b>3,829,107</b>	<b>26,955,564</b>	<b>497,481</b>
<b>Operating Expenses:</b>							
Production, collection and source of supplies	139,561	-	14,139,935	-	256,627	14,536,123	-
Transmission, distribution and/or maintenance	1,215,279	547,362	1,694,548	592,852	2,166,721	6,216,762	-
Cost of concession and merchandise sales	-	-	-	-	180,386	180,386	-
Claims	-	-	-	-	-	-	326,180
General and administrative	469,174	94,581	2,024,878	141,674	745,796	3,476,103	433,575
Depreciation and amortization	482,050	56,947	1,640,750	84,808	867,778	3,132,333	-
<b>Total Operating Expenses</b>	<b>2,306,064</b>	<b>698,890</b>	<b>19,500,111</b>	<b>819,334</b>	<b>4,217,308</b>	<b>27,541,707</b>	<b>759,755</b>
<b>Operating Income (Loss)</b>	<b>(389,479)</b>	<b>16,440</b>	<b>(11,438)</b>	<b>186,535</b>	<b>(388,201)</b>	<b>(586,143)</b>	<b>(262,274)</b>

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

**CITY OF BOUNTIFUL**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET**  
**ASSETS – PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2004**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water	Sewer	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise	
<b>Nonoperating Income (Expense):</b>							
Interest income	\$ 104,121	\$ 52,196	\$ 75,685	\$ 109,439	\$ 77,020	\$ 418,461	\$ 86,040
Interest expense	-	-	(35,809)	-	-	(35,809)	-
Contributions/Grants	307,053	-	140,526	55,031	-	502,610	-
Gain (loss) from sale of capital assets	(35,744)	-	10,685	665	(8,400)	(32,794)	-
Transfers in	3,078,108	-	-	-	448,508	3,526,616	-
Transfers out	-	(3,078,108)	(2,019,422)	-	(12,000)	(5,109,530)	-
<b>Total Nonoperating Income (Expense)</b>	<b>3,453,538</b>	<b>(3,025,912)</b>	<b>(1,828,335)</b>	<b>165,135</b>	<b>505,128</b>	<b>(730,446)</b>	<b>86,040</b>
<b>Changes in Net Assets Before Loss on Disposal of Segment of Business</b>	<b>3,064,059</b>	<b>(3,009,472)</b>	<b>(1,839,773)</b>	<b>351,670</b>	<b>116,927</b>	<b>(1,316,589)</b>	<b>(176,234)</b>
<b>Loss on Disposal of Segment of Business</b>	<b>-</b>	<b>(3,121,636)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,121,636)</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>3,064,059</b>	<b>(6,131,108)</b>	<b>(1,839,773)</b>	<b>351,670</b>	<b>116,927</b>	<b>(4,438,225)</b>	<b>(176,234)</b>
<b>Net Assets, Beginning</b>	<b>18,560,544</b>	<b>6,131,108</b>	<b>35,680,119</b>	<b>6,789,105</b>	<b>16,506,373</b>		<b>5,518,910</b>
<b>Net Assets, Ending</b>	<b>\$ 21,624,603</b>	<b>\$ -</b>	<b>\$ 33,840,346</b>	<b>\$ 7,140,775</b>	<b>\$ 16,623,300</b>		<b>\$ 5,342,676</b>
						Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds	(102,393)
						Change in net assets of business -type activities	<u>\$ (4,540,618)</u>

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

**CITY OF BOUNTIFUL**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2004**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water	Sewer	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise	
<b>Cash Flows From Operating Activities:</b>							
Receipts from customers and users	\$ 1,834,084	\$ 811,461	\$ 18,966,419	\$ 1,066,122	\$ 3,813,866	\$ 26,491,952	\$ 492,570
Payments to suppliers	(970,266)	(618,830)	(14,838,324)	(515,834)	(1,339,337)	(18,282,591)	(572,066)
Payments to employees and related benefits	(759,600)	(70,111)	(2,697,017)	(250,913)	(1,921,685)	(5,699,326)	(117,911)
Net cash flows from operating activities	104,218	122,520	1,431,078	299,375	552,844	2,510,035	(197,407)
<b>Cash Flows From Non-Capital Financing</b>							
<b>Activities:</b>							
Transfers in	3,040,640	-	-	-	448,508	3,489,148	-
Transfers out	-	(3,040,641)	(2,019,422)	-	(12,000)	(5,072,063)	-
Interest Paid	-	-	(35,809)	-	-	(35,809)	-
Taxes received	-	-	-	-	-	-	-
Grants and contributions received	307,053	-	140,526	55,031	-	502,610	-
Payment of note receivable	-	-	-	-	13,000	13,000	-
Net cash flows from non-capital financing activities	3,347,693	(3,040,641)	(1,914,705)	55,031	449,508	(1,103,114)	-
<b>Cash Flows From Capital and Related Financing</b>							
<b>Activities:</b>							
Purchase of capital assets	(542,762)	(192,325)	(619,244)	(235,105)	(516,599)	(2,106,035)	-
Cash paid out as part of disposal of fund	-	(444,000)	-	-	-	(444,000)	-
Proceeds from sales of capital assets	-	176,470	10,685	184,983	3,600	375,738	-
Net cash flows from capital and related financing activities	(542,762)	(459,855)	(608,559)	(50,122)	(512,999)	(2,174,297)	-
<b>Cash Flows From Investing Activities:</b>							
Interest on investments	104,121	52,196	75,685	109,439	77,020	418,461	86,040
Purchase of investments	(2,749,083)	(1,317,566)	(551,688)	(2,258,487)	(2,066,043)	(8,942,867)	(2,165,589)
Sale of investments	85,479	1,721,028	466,062	871,106	740,360	3,884,035	962,490
Net cash flows from investing activities	(2,559,483)	455,658	(9,941)	(1,277,942)	(1,248,663)	(4,640,371)	(1,117,059)
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	349,666	(2,922,318)	(1,102,127)	(973,658)	(759,310)	(5,407,747)	(1,314,466)
<b>Cash and Cash Equivalents, Beginning</b>	5,599,539	2,922,318	1,643,566	6,115,025	4,015,081	20,295,529	4,934,857
<b>Cash and Cash Equivalents, Ending</b>	\$ 5,949,205	\$ -	\$ 541,439	\$ 5,141,367	\$ 3,255,771	\$ 14,887,782	\$ 3,620,391

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

**CITY OF BOUNTIFUL**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)**  
**For The Year Ended June 30, 2004**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water	Sewer	Light and Power	Landfill	Other Enterprise Funds	Totals	
<b>Reconciliation of operating income to net cash flows from operating activities:</b>							
Earnings (loss) from operations	\$ (389,479)	\$ 16,440	\$ (11,438)	\$ 186,535	\$ (388,201)	\$ (586,143)	\$ (262,274)
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:							
Depreciation	482,050	56,947	1,640,750	84,808	867,778	3,132,333	-
Changes in assets and liabilities							
Accounts receivable, net	(77,244)	94,508	(458,946)	62,979	(12,733)	(391,436)	(2,581)
Interest receivable	(5,257)	1,623	(662)	(2,726)	(2,508)	(9,530)	(2,330)
Inventories	(71,096)	5,542	(111,293)	-	7,573	(169,274)	-
Prepaid expenses	(5,000)	-	63,544	-	-	58,544	-
Accounts payable	169,927	(40,034)	344,521	(35,225)	84,671	523,860	68,418
Accrued liabilities	317	(12,506)	27,248	3,004	(3,736)	14,327	1,360
Customer deposits	-	-	(26,281)	-	-	(26,281)	-
Deferred revenue	-	-	(36,365)	-	-	(36,365)	-
Net cash flows from operating activities	<u>\$ 104,218</u>	<u>\$ 122,520</u>	<u>\$ 1,431,078</u>	<u>\$ 299,375</u>	<u>\$ 552,844</u>	<u>\$ 2,510,035</u>	<u>\$ (197,407)</u>
<b><u>Noncash financing activities</u></b>							
Transfer of assets	\$ 37,467	\$ (37,467)	\$ -	\$ -	\$ -	\$ -	\$ -

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



## CITY OF BOUNTIFUL NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bountiful (the City) was incorporated under the laws of the Territory of Utah in 1892 and operates under a manager form of government and provides services as authorized by its charter.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City are discussed below.

#### (A) The Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB Statement No. 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

#### ***Blended Component Units***

The Bountiful City Redevelopment Agency (RDA) serves all the citizens of the City and is governed by a board comprised of the members of the City Council. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the RDA have been included in the financial reporting entity as a blended component unit. Separate RDA reports can be obtained at 790 South 100 East, Bountiful, Utah 84010.

The Bountiful City Municipal Building Authority (MBA) was created to design, construct and finance the cost of new buildings. The MBA is governed by a board comprised of the members of the City Council. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the MBA have been included in the financial reporting entity as a blended component unit.

## **CITY OF BOUNTIFUL NOTES TO FINANCIAL STATEMENTS (Continued)**

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **(B) Government-Wide and Fund Financial Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general administrative services, public safety, highways and streets, planning and engineering, and parks are classified as governmental activities. The City's water, light and power, landfill, storm water, sewer, golf course, recreation, sanitation, and cemetery services are classified as business-type activities.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund 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 offset 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 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 revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered

**CITY OF BOUNTIFUL**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Sales taxes, franchise 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. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

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 those required to be accounted for in another fund.

The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by Proprietary Funds and Special Revenue Funds).

Special revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and special revenue funds are identical. The City accounts for the Bountiful City Redevelopment Agency and the Municipal Building Authority in special revenue funds.

The City reports the following major proprietary funds:

The Water Fund accounts for the activities of the City's water distribution system.

The Sewer Fund accounts for the activities of the City's sewer collection system.

The Light and Power Fund accounts for the activities of the City's electric power distribution system.

The Landfill Fund accounts for the activities of the City's landfill.

## **CITY OF BOUNTIFUL NOTES TO FINANCIAL STATEMENTS (Continued)**

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund types:

The Debt Service Fund is used to account for resources that will be used to service general long-term debt.

Special revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and special revenue funds are identical. The City accounts for the Landfill Closure Fund in a special revenue fund.

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting city's programs. The City accounts for the Cemetery Perpetual Care Fund in a permanent fund.

Internal service funds are used to account for the central financing of goods or services provided by an internal service fund to various departments of the City on a cost-reimbursement basis. The City currently has two internal service funds. The Workers' Compensation Self-Insurance Fund and the Governmental Immunity Fund account for the City's self-insurance program.

Storm Water and Sanitation Funds account for the provision of these services to the residents of the City. These funds are accounted for as enterprise funds.

Golf Course and Recreation Funds account for the provision of recreation services and facilities for the residents of the City and surrounding area. These funds are accounted for as enterprise funds.

Cemetery Fund accounts for the provision of cemetery services at the City's cemetery. This fund is accounted for as an enterprise fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the City's internal service funds are charges to customers to the system. Operating expenses for enterprise funds and the 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.

## CITY OF BOUNTIFUL NOTES TO FINANCIAL STATEMENTS (Continued)

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The City records utility revenues billed to its customers when meters are read on a monthly basis. Unbilled service accounts receivable have been estimated at June 30, 2004, and are recorded as revenue.

Inventories of materials used in the construction and repair of the transmission, distribution, collection, and treatment systems are valued at the lower of cost or market on a weighted average basis. Supplies inventories, consisting principally of fuel oil, are valued at the lower of cost or market on a first-in, first-out basis.

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 government as assets with an initial, individual cost of more than \$10,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of fixed assets is computed using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings, wells and reservoirs	20-40
Improvements other than buildings	10-50
Transmission, distribution, and collection systems	10-75
Machinery and equipment	4-50
Furniture and fixtures	3-10
Infrastructure	50

The City has estimated the historical cost of certain assets, namely the storm water system of the Storm Water Utility Fund, the water and sewer mains of the respective Water and Sewer Funds, and the transmission and distribution systems and a portion of the plant machinery and equipment of the Light and Power Fund. The city estimated the historical cost of these systems using data obtained from an inventory of the systems, combined with known costs and estimated replacement costs deflated using the Consumer Price Index. The portion of the storm water system cost which was estimated amounted to approximately \$13.4 million. The total estimated historical cost for water mains and sewer mains was approximately \$11.48 million and \$4.25 million, respectively. The estimated historical cost of the transmission and distribution system was approximately \$32 million. The estimated total historical cost of the plant machinery and equipment was approximately \$7 million.

## **CITY OF BOUNTIFUL**

### **NOTES TO FINANCIAL STATEMENTS (Continued)**

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#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Budgets

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations.

Budgets include activities in several different funds, including the General Fund, special revenue funds, Debt Service Fund, permanent fund and enterprise funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held. With the consent of the city manager, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

Budgets for the General Fund, special revenue funds, Debt Service Fund, permanent fund and Capital Projects Fund are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is not practicable, nor appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

(E) Taxes

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget is made subsequent to June 22. All property taxes levied by the City are assessed and collected by Davis County. Taxes are levied as of January 1 and due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount

## **CITY OF BOUNTIFUL**

### **NOTES TO FINANCIAL STATEMENTS (Continued)**

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#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) Taxes (Continued)

of taxes and penalties bears interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by telephone, mobile phone, natural gas, electric utilities, and cable television companies and remitted to the City periodically.

(F) Cash and cash equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

(G) Long-Term Obligations

In the government-wide financial statements and proprietary fund types, 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.

(H) Compensated absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a bi-weekly basis and is fully vested when earned. Accumulated vacation cannot exceed 240 hours at the end of any calendar year and any vacation in excess of this amount is forfeited. At retirement, death, or termination, all unpaid accrued vacation, up to 240 hours, is paid to the employee or his or her beneficiary. Accumulated sick leave is earned at a rate of eight hours per month. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated sick leave paid to employees upon retirement is limited to 20% of accumulated hours or 288 hours, whichever is less. The amount of accumulated leave is accrued when incurred in the government-wide, proprietary fund financial statements. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave. A liability for these amounts is reported in government funds only if they have matured.

(I) Fund equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Contributed capital represents equity

## CITY OF BOUNTIFUL NOTES TO FINANCIAL STATEMENTS (Continued)

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (I) Fund equity (Continued)  
acquired through capital grants and capital contributions from developers, customers or other funds.
- (J) Interfund transactions  
During the course of normal operations, the City has transactions between funds to subsidize operations in certain enterprise funds, to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.
- (K) Estimates and assumptions  
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "investments" which also includes cash accounts that are separately held by several of the City's funds.

**Investment policy** - The City's investment policies are governed by Utah State statutes. City funds are invested only in the following: (1) negotiable or nonnegotiable deposits of qualified depositories (See definition of qualified depository under "Deposits" below); (2) repurchase agreements with qualified depositories or primary reporting dealers, acting as principal for securities of the United States Treasury or other authorized investments, only if these securities are delivered to the custody of the City Treasurer or the City's safekeeping bank or are conducted with a qualified depository; (3) commercial paper which is rated P-1 by Moodys Investor Services or A-1 by Standard and Poor's, Inc., having a remaining term to maturity of 270 days or less; (4) bankers' acceptances that are eligible for discount at a federal reserve bank and which have a remaining term to maturity of 270 days or less; (5) negotiable interest bearing deposits of \$100,000 or more which have a remaining term to maturity of 365 days or less; (6) obligations of the United States Treasury including United States Treasury Bills, United States Treasury Notes, and United States Treasury Bonds; (7) obligations issued or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Home Loan Banks, Federal Farm Credit Banks, Federal National Mortgage Association, Federal Agricultural Mortgage Corporation, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, or Student Loan Marketing Association; (8) the Utah State Treasurer's Investment Fund; and (9) fixed and variable rate corporate obligations that meet criteria under the Utah Money Management Act.

The City did not enter into any reverse repurchase agreements during the year.



**CITY OF BOUNTIFUL  
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 2 CASH AND INVESTMENTS (Continued)

**Deposits** – Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

As required by the GASB, the City's deposits are categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes deposits that are insured or collateralized with securities held by the City or its agent in the City's name. Category 2 includes deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 are deposits which are uninsured and uncollateralized. The category, cost and fair value of the City's deposits (bank balance) at June 30, 2004 are as follows:

	Category			Cost	Fair Value
	1	2	3		
Cash on deposit	\$ 352,421	\$ -	\$ 5,649,022	\$ 6,001,443	\$ 6,001,443
Certificates of Deposit	100,000	2,817,752		2,917,752	2,917,752
	<u>\$ 452,421</u>	<u>\$ 2,817,752</u>	<u>\$ 5,649,022</u>	<u>\$ 8,919,195</u>	<u>\$ 8,919,195</u>

The carrying amount of deposits was \$7,097,893 as of June 30, 2004. The City's sweep account is available to cover checks as they clear the bank. These deposits were made with certified institutions according to the Utah Money Management Act.

**Investments** - The City Treasurer takes physical delivery of securities or may use a qualified depository bank for safekeeping securities or maintain an account with a money center bank for the purpose of settling investment transactions, safekeeping and collecting those investments. Repurchase agreements with qualified depositories are supported by a safekeeping receipt issued by a qualified depository; otherwise, the securities are in the custody of the City Treasurer or the City's safekeeping bank or trust company. Investments in the State Treasurer's Investment Pool are supported by deposit receipts issued by the State Treasurer's Office. The Public Treasurer's Investment Pool is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. The Public Treasurer's Investment Pool operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. All funds pledged or otherwise dedicated to the payment of interest and principal of bonds issued by the City are invested in accordance with terms and borrowing instruments applicable to such bonds.

The City's cash, cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 31. The fair value of the position in the external investment pool is equal to the value of the pool shares.

**CITY OF BOUNTIFUL  
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

**Investments (Continued)**

The City's investments are categorized in the following table to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. The category, cost and fair value of the City's investments at June 30, 2004, are as follows:

	<u>Category</u>			<u>Cost</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Treasury and Federal Agency securities	\$ 13,000,000	\$ -	\$ -	\$ 13,026,221	\$ 12,901,548
Corporate notes	-	2,000,000	-	2,056,340	2,046,200
	<u>\$ 13,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	15,082,561	14,947,748
Investment in Utah State Treasurer's investment pool accounts				<u>32,536,718</u>	<u>32,559,591</u>
Total deposits and investments				<u>\$ 47,619,279</u>	<u>\$ 47,507,339</u>

Components of cash and investments (including interest earning deposits) at June 30, 2004, are as follows:

Cash on hand and on deposit:	
Cash on hand	\$ 3,703
Cash on deposit	4,180,141
Utah State Treasurer's investment pool accounts	32,536,718
Certificates of deposit	2,917,752
U.S. Treasury and Federal Agency securities	13,026,221
Corporate notes	2,056,340
Total cash and investments	<u>\$ 54,720,875</u>

Cash and investments are included in the accompanying combined statement of net assets as follows:

Cash and cash equivalents	\$ 31,646,398
Investments	17,667,665
Restricted cash and cash equivalents and investments	<u>5,406,812</u>
Total cash and investments	<u>\$ 54,720,875</u>

**CITY OF BOUNTIFUL**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 3 ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts receivable at June 30, 2004 for all funds is \$69,520.

NOTE 4 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2004:

Restricted for insurance deposit	\$ 445,501
Restricted for employee flex plan	37,419
Restricted for funds received from other municipalities and held in trust for closure of the sanitary landfill	650,694
Restricted for landfill closure, post-closure and corrective actions	557,822
Restricted for bond payments	894,724
Restricted revenue for future construction	1,836,945
Restricted for cemetery perpetual care	<u>983,707</u>
Total	<u>\$ 5,406,812</u>

NOTE 5 REAL ESTATE INVENTORY HELD FOR RESALE

Real estate inventory held for resale in the enterprise funds represents cemetery plots held for sale by the Cemetery Fund. Real estate inventory in the special revenue fund represents land purchased and held for resale by the Redevelopment Agency.

**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 6 CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2004, is as follows:

	<b>Balance July 1, 2003</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2004</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 45,993,863	\$ -	\$ -	\$ 45,993,863
Construction in progress	539,438	7,952,529	42,487	8,449,480
<b>Total capital assets, not being depreciated</b>	<b>46,533,301</b>	<b>7,952,529</b>	<b>42,487</b>	<b>54,443,343</b>
Capital assets, being depreciated:				
Infrastructure	25,741,566	157,173	-	25,898,739
Buildings	13,680,189	-	-	13,680,189
Improvements other than buildings	3,437,121	139,603	-	3,576,724
Machinery and equipment	6,911,765	510,882	288,064	7,134,583
Furniture and fixtures	1,463,516	40,268	31,838	1,471,946
<b>Total capital assets, being depreciated</b>	<b>51,234,157</b>	<b>847,926</b>	<b>319,902</b>	<b>51,762,181</b>
Less accumulated depreciation for:				
Infrastructure	11,751,993	472,240	-	12,224,233
Buildings	6,096,019	600,376	-	6,696,395
Improvements other than buildings	1,558,456	145,898	-	1,704,354
Machinery and equipment	5,144,681	581,936	283,634	5,442,983
Furniture and fixtures	559,804	156,332	14,692	701,444
<b>Total accumulated depreciation</b>	<b>25,110,953</b>	<b>1,956,782</b>	<b>298,326</b>	<b>26,769,409</b>
<b>Total capital assets, being depreciated, net</b>	<b>26,123,204</b>	<b>(1,108,856)</b>	<b>21,576</b>	<b>24,992,772</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 72,656,505</b>	<b>\$ 8,800,455</b>	<b>\$ 362,389</b>	<b>\$ 79,436,115</b>

Depreciation expense was charged to functions/programs of the primary governmental activities as follows:

<b>Governmental activities:</b>	
General government	\$ 158,415
Public safety	769,092
Highways and public improvements	837,911
Parks and recreation	157,221
Redevelopment Agency	11,811
Planning & engineering	22,332
<b>Total depreciation expense - governmental activities</b>	<b>\$ 1,956,782</b>

**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

NOTE 6 CAPITAL ASSETS (Continued)

The Enterprise Funds' property, plant and equipment consist of the following at June 30, 2004:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land, land rights, and water rights	\$ 2,402,436	\$ 1,000	\$ -	\$ 2,403,436
Construction in progress	343,200	785,848	635,802	493,246
	<u>2,745,636</u>	<u>786,848</u>	<u>635,802</u>	<u>2,896,682</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings, wells and reservoirs	12,402,841	55,304	-	12,458,145
Improvements other than buildings	5,957,948	235,105	-	6,193,053
Transmission, distribution and collection systems	60,280,551	966,209	4,566,197	56,680,563
Machinery and equipment	20,446,269	444,859	442,350	20,448,778
Furniture and fixtures	67,186	-	-	67,186
	<u>99,154,795</u>	<u>1,701,477</u>	<u>5,008,547</u>	<u>95,847,725</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings, wells and reservoirs	6,811,412	341,391	-	7,152,803
Improvements other than buildings	1,911,134	200,852	-	2,111,986
Transmission, distribution and collection systems	32,114,937	1,622,330	1,766,675	31,970,592
Machinery and equipment	11,597,834	962,514	409,220	12,151,128
Furniture and fixtures	43,811	5,246	-	49,057
	<u>52,479,128</u>	<u>3,132,333</u>	<u>2,175,895</u>	<u>53,435,566</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>46,675,667</u>	<u>(1,430,856)</u>	<u>2,832,652</u>	<u>42,412,159</u>
Business-type activities capital assets, net	<u>\$ 49,421,303</u>	<u>\$ (644,008)</u>	<u>\$ 3,468,454</u>	<u>\$ 45,308,841</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

<b>Business-type Activities:</b>	
Water	\$ 482,050
Sewer	56,947
Light and Power	1,640,750
Landfill	84,808
Storm Water	431,950
Golf Course	166,376
Recreation	118,362
Sanitation	135,072
Cemetery	16,018
	<u>3,132,333</u>
Total depreciation expense - business-type activities	<u>\$ 3,132,333</u>

**CITY OF BOUNTIFUL  
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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**NOTE 7 NOTES RECEIVABLE**

The Redevelopment Agency holds four notes receivable from local businesses in the City of Bountiful with balances of \$104,528, \$408,217, \$73,825, and \$59,571 at June 30, 2004. The notes are collateralized by land and buildings and bear interest at 4.75%, 3.50%, 6.00%, and 3.00% respectively. The first note has monthly principal and interest payments aggregating \$1,756 due through January 2005 with a balloon payment of \$93,638 due February 2005. The second note has monthly principal and interest payments aggregating \$4,000 due through June 2009 with a balloon payment of \$224,299 due July 2009. The third note has monthly principal and interest payments aggregating \$1,388 due through July 2004 with a balloon payment of \$73,825, which was paid in September 2004. The fourth note has monthly principal and interest payments aggregating \$579 due through April 2009 with a balloon payment of \$32,243 due May 2009.

**NOTE 8 DEVELOPER AND CUSTOMER DEPOSITS**

General Fund deposits are principally deposits from developers that are held by the City until building projects receive the required City inspections and are in compliance with all City ordinances.

Enterprise fund deposits are customer deposits the City requires from some customers with a poor payment history and from businesses before they receive a utility connection. The deposit is returnable when the residence is vacated by the renter or when the business has established a history of meeting its obligations to the City.

**NOTE 9 LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2004:

	<b>Long-term debt payable at July 1, 2003</b>	<b>Additions</b>	<b>Reductions</b>	<b>Long-term debt payable at June 30, 2004</b>
Lease revenue bonds	\$ 6,680,000	\$ -	\$ 173,000	\$ 6,507,000
Special assessment bonds	2,710,000	-	70,000	2,640,000
Accumulated unpaid vacation and sick leave	478,531	53,516	-	532,047
Plus unamortized premium	93,039	-	3,578	89,461
Less cost of debt issuance	<u>(274,064)</u>	<u>-</u>	<u>(13,958)</u>	<u>(260,106)</u>
Total	<u>\$ 9,687,506</u>	<u>\$ 53,516</u>	<u>\$ 232,620</u>	<u>\$ 9,508,402</u>

Amortization to maturity for each of the bond issues is provided in the following section. The amortization of the accumulated unpaid vacation and sick leave has not been included due to the uncertainty of the amounts and timing of payments.

**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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NOTE 9 LONG-TERM DEBT (Continued)

Municipal Building Authority Lease Revenue Bonds Series 1996

The Municipal Building Authority Lease Revenue Bonds Series 1996 were issued June 1, 1996 by the Municipal Building Authority to construct a Police/Judicial Court Facility next to City Hall. The \$3,685,000 lease revenue bonds are due in semi-annual principal installments of \$90,000 to \$163,000 through March 1, 2015, plus interest at 4.6% to 5.9%, payable semi-annually. The Municipal Building Authority will lease the building to the City, which will in turn sublease portions of the building to the State of Utah. Rental income from the sublease will service the required bond payments. The bonds are subject to an optional redemption in whole or in part after March 1, 2001. In the event the State exercises the redemption option contained in the sublease agreement, the redemption option price will be equivalent to 100% of the principal amount to be redeemed and accrued interest at the date the option is exercised.

The annual debt service requirements to maturity, including principal and interest, for the Series 1996 Lease Revenue Bonds, as of June 30, 2004, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 183,000	\$ 152,899	\$ 335,899
2006	194,000	141,994	335,994
2007	205,000	130,501	335,501
2008	217,000	118,646	335,646
2009	230,000	106,106	336,106
2010-2014	1,366,000	314,953	1,680,953
2015	322,000	13,823	335,823
	<u>\$ 2,717,000</u>	<u>\$ 978,922</u>	<u>\$ 3,695,922</u>

**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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NOTE 9 LONG-TERM DEBT (Continued)

Municipal Building Authority Lease Revenue Bonds Series 2003

The Municipal Building Authority Lease Revenue Bonds Series 2003 were issued June 5, 2003 by the Municipal Building Authority (Authority) to finance the design and construction of a public parking structure. The \$3,790,000 lease revenue bonds, due in annual principal installments of \$190,000 to \$385,000 through June 1, 2016, plus interest at 2.5% to 5.0%, payable semi-annually. The parking structure consists of three stories having approximately 480 parking stalls and will be leased by the Authority to the City under an annually renewable Master Lease Agreement dated May 1, 2003. The City will utilize the parking structure to provide public parking for the Renaissance Towne Centre. The City anticipates making its lease payment from, among other available sources, tax increment generated from the development of the Renaissance Towne Centre pursuant to an agreement between the City and the Redevelopment Agency of Bountiful City dated December 16, 2002.

The annual debt service requirements to maturity, including principal and interest for the Series 2003 Lease Revenue Bonds, as of June 30, 2004, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 190,000	\$ 134,587	\$ 324,587
2006	285,000	129,837	414,837
2007	290,000	122,712	412,712
2008	300,000	115,463	415,463
2009	300,000	106,462	406,462
2010-2014	1,670,000	376,513	2,046,513
2015-2016	755,000	57,000	812,000
	3,790,000	<u>\$ 1,042,574</u>	<u>\$ 4,832,574</u>
Plus unamortized premium	89,461		
Less cost of debt issuance	<u>(147,047)</u>		
Total	<u>\$ 3,732,414</u>		



**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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NOTE 9 LONG-TERM DEBT (Continued)

Special Assessment Bonds Series 2003

The Special Assessment Bonds Series 2003 were issued June 5, 2003 by the City to finance the construction of various road, water, wastewater, sewer, lighting, and public parking improvements benefiting several properties connected to the development of the Renaissance Towne Centre. The \$2,710,000 special assessment bonds are due in annual principal installments of \$148,000 to \$249,000 through June 1, 2018, plus interest at 2.6% to 5.7%, payable annually. These bonds will be repaid from special assessments levied against the benefited property owners.

The annual debt service requirements to maturity, including principal and interest for the Special Assessment Bonds Series 2003 as of June 30, 2004, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 148,000	\$ 115,252	\$ 263,252
2006	152,000	111,463	263,463
2007	156,000	107,131	263,131
2008	161,000	102,171	263,171
2009	166,000	96,648	262,648
2010-2014	935,000	379,624	1,314,624
2015-2018	<u>922,000</u>	<u>129,928</u>	<u>1,051,928</u>
	2,640,000	<u>\$ 1,042,217</u>	<u>\$ 3,682,217</u>
Less cost of debt issuance	<u>(113,059)</u>		
Total	<u>\$ 2,526,941</u>		

NOTE 10 DEFERRED PROPERTY TAXES

In conjunction with the implementation of GASB Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*" the City has accrued property tax receivable and a deferred property tax receivable in the General Fund and Redevelopment Agency in the amounts of \$1,872,950 and \$532,921, respectively.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax levied on October 1, 2004 was not expected to be received within 60 days after the year ended June 30, 2004, the City was required to record a receivable and deferred revenue of the estimated amount of the total property tax to be levied on October 1, 2004.

**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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NOTE 11 DESIGNATED FUND EQUITY

Unreserved fund balances which have designated purposes at June 30, 2004 are as follows:

	General Fund	Redevelopment Agency	Capital Projects
Designated for City beautification	\$ 369	\$ -	\$ -
Designated for computer replacement	35,346	-	-
Designated for redevelopment projects	-	4,687,677	-
Designated for construction projects	-	-	16,667,805
	<u>\$ 35,715</u>	<u>\$ 4,687,677</u>	<u>\$ 16,667,805</u>

NOTE 12 RISK MANAGEMENT

The City is self-insured for general liability claims. The governmental Immunity Fund (an internal service fund) has been established to pay liability claims along with certain City Attorney expenses. The City has an all risk property insurance policy that includes: (1) buildings and content to a policy limit of \$70,029,651 with a \$1,000 deductible, (2) contractors equipment to a policy limit of \$320,000 with a \$2,500 deductible, (3) computer equipment to a policy limit of \$1,115,318 with a \$1,000 deductible, (4) \$10,000,000 in earthquake coverage with a 2% minimum \$100,000 deductible, (5) \$10,000,000 in flood coverage for facilities that are located outside the standard report zone with a 2% minimum \$100,000 deductible, (6) boiler and machine coverage to a policy limit of \$3,500,000 with a \$1,000 deductible. The Treasurer is covered under a \$1,500,000 bond with no deductible. The City also has: (1) public employee dishonesty insurance (an employee blanket bond) with a \$100,000 limit per occurrence and a \$1,000 deductible, (2) police professional coverage to a limit of \$5,000,000 with a \$100,000 deductible, (3) public official errors and omissions coverage to a limit of \$5,000,000 with a \$100,000 deductible, (4) general liability coverage to a limit of \$5,000,000 with a \$250,000 deductible. The City also has excess workers' compensation insurance with statutory limits and a \$300,000 self-insurance retention. The City is self-insured for property loss above the limits and below the deductibles. The operating departments of the General Fund or proprietary funds assume the financial responsibility for risk retained by the City for property damage. There has been no significant change in insurance coverage during the year ended June 30, 2004, nor during the past four fiscal years has the amount of settlements exceeded insurance coverage.

**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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NOTE 12 RISK MANAGEMENT (Continued)

A summary of changes in general liability claims for the years ended June 30, 2004 and 2003, are as follows:

	<b>General Liability Claims</b>
	<u>                    </u>
Balance, July 1, 2002	\$ -
Additions	116,522
Deletions	<u>(104,760)</u>
Balance, June 30, 2003	11,762
Additions	216,292
Deletions	<u>(186,088)</u>
Balance, June 30, 2004	<u>\$ 41,966</u>

The City also has a risk management program for workers' compensation. Premiums are paid to the Workers' Compensation Self-Insurance Fund (an internal service fund) and are available to pay these claims along with certain administrative expenses.

A summary of changes in workers' compensation claims for the years ended June 30, 2004 and 2003, are as follows:

	<b>Workers' Compensation Claims</b>
	<u>                    </u>
Balance, July 1, 2002	\$ 45,519
Additions	62,682
Deletions	<u>(84,778)</u>
Balance, June 30, 2003	23,423
Additions	109,888
Deletions	<u>(67,593)</u>
Balance, June 30, 2004	<u>\$ 65,718</u>

City management believes that possible claims where the loss cannot be reasonably estimated (claims incurred but not reported) are immaterial to the financial statements of the City.

The general liability and workers' compensation claims are included in accounts payable of the Internal Service Funds.

**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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NOTE 13 RETIREMENT PLAN

Cost Sharing Defined Benefits Pension Plans

Plan description: The City contributes to the Local Governmental Contributory Retirement System, the Local Governmental Noncontributory Retirement System, the Firefighters Retirement System, cost-sharing multiple-employer defined benefit pension plans. These plans are administered by the Utah Retirement Systems (the Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds 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 (the 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, the Local Governmental Noncontributory Retirement System, and the Firefighters Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding policy: Plan members in the Local Governmental Contributory Retirement System are required to contribute 6% of their annual covered salary (all of which is paid by the City), and the City is required to contribute 5.61% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 9.62% of members' annual covered salary. In the Firefighters Retirement System, members do not contribute, and the City is required to contribute 8.21% of the members' annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City contributions to the Local Governmental Contributory Retirement System for the years ended June 30, 2004, 2003, and 2002, were \$19,304, \$17,206, and \$16,090 respectively; for the Noncontributory Retirement System, the contributions for the years ended June 30, 2004, 2003, and 2002, were \$575,764, \$493,224, and \$464,211 respectively; and for the Firefighters Retirement System, the contributions for the years ended June 30, 2004, 2003, and 2002, were \$63,593, \$59,119, and \$51,871 respectively. The contributions were equal to the required contributions for each year.

Agent Multiple Employer Defined Benefit Pension Plan

Plan description: The City contributes to a Public Safety defined benefit pension plan, for public safety employees, which provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes. Bountiful City is affiliated with the Utah Retirement Systems Public Safety Retirement System, an agent multiple-employer and cost sharing multiple-employer pension plan administered by the Utah Retirement Systems (Systems). The Utah State Retirement 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 Bountiful City Public Safety Retirement System. A copy of the report may be obtained by writing to the Utah Retirement System, 540 E 200 S, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**CITY OF BOUNTIFUL  
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

NOTE 13 RETIREMENT PLAN (Continued)

Agent Multiple Employer Defined Benefit Pension Plan (Continued)

Funding Policy: The City is required to contribute 18.63% of members' annual covered salary in the Noncontributory Division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Annual pension cost: For 2004, the City's Public Safety annual pension cost of \$301,564 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2004 actuarial valuation using the entry age normal cost method. The actuarial assumptions include (a) 8% investment rate of return (net of administrative expenses), (b) assumed projected salary increases of 4.50% (3.50% from inflation, 1.00% from membership growth), and (c) 1.5% cost of living adjustment. Both (a) and (b) include an inflation component of 3.50%. The actuarial value of the City's Public Safety assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a 5-year period. Bountiful City Public Safety unfunded actuarial accrued liability is being amortized over 30 years (closed period) from January 1990 (17 years remaining from January 1, 2004). Amortization payments are designed to remain level as a percent of payroll.

The following illustrates the three year trend analysis of employer contributions for Bountiful City Public Safety:

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage APC Contribution</u>	<u>Net Pension Obligation</u>
June 30, 2004	\$ 301,564	100%	\$ -
June 30, 2003	287,124	100%	-
June 30, 2002	297,599	100%	-

The following illustrates the funding progress for Bountiful City Public Safety:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Liability</u>	<u>Funding Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as % of Covered Payroll</u>
December 31, 2003	\$ 11,809,000	\$ 12,052,000	\$ 243,000	98%	\$ 1,653,000	15%
January 1, 2003	10,958,000	11,170,000	212,000	98%	1,601,000	13%
January 1, 2002	11,148,000	10,484,000	(664,000)	106%	1,518,000	(44%)

**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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NOTE 14 DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS

401(k) defined contribution plans

The City sponsors a defined contribution deferred compensation plan administered by ICMA Retirement Corporation, Mutual of New York, and Western Reserve Life Assurance Company of Ohio under Internal Revenue Code Section 401(k) for City employees covered by the State's contributory and noncontributory retirement plans. The plan, available to all permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City's total payroll in the fiscal year ended June 30, 2004 was \$11,055,613. Of that amount, \$8,544,767 was eligible to participate in the plan. The City participates at rates between 3.09% and 5.08%, depending on the employees' contributions. The rate of City participation can be changed by the City Council. During the year ended June 30, 2004, contributions totaling \$266,979 were made to the plan by employees and \$332,094 by the City.

The City also sponsors a defined contribution deferred compensation plan administered by the Utah Retirement Systems (the Systems) under Internal Revenue Code Section 401(k). The plan, available to all permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. Contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City's total payroll in the fiscal year ended June 30, 2004 was \$11,055,613. Of that amount, \$8,544,767 was eligible to participate in this plan. The City participated at a rate of 19.68%. The rate of City participation can be changed by the City Council. During the year ended June 30, 2004, contributions totaling \$81,855 were made to this plan by employees and \$8,006 by the City.

457 deferred compensation plans

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457, administered by the Systems and ICMA Retirement Corporation. The plans, available to all permanent full-time City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 457 deferred compensation monies are not available to the City or its general creditors. In the City's opinion, the plan does not meet the fiduciary requirements and therefore has not been included in an agency fund, in accordance with GASB Statement No. 32, and is currently held in trust by the City's administrators, the Utah Retirement Systems and ICMA Retirement Corporation.

NOTE 15 POST-RETIREMENT HEALTH CARE BENEFITS

In addition to providing pension benefits through the Systems, the City provides certain health care benefits, as permitted under City ordinance No. 90-6, for retired City employees until the age of 65. All of the City's permanent full-time employees may become eligible for the benefits at the time of retirement if they have 30 years of employment and are at least 55 years old or have 25 years of employment and are at least 60 years old. The City pays the cost of the premiums for single coverage on a pay-as-you-go basis. For the year ended June 30, 2004, the City had fifteen participants eligible to receive benefits and such costs totaled \$59,639. The cost of retirement health care benefits is recognized as an expenditure as premiums are paid.

**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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NOTE 16 LEASES

In 1989, the City entered into a 30-year capital lease agreement with a local business whereby the City leased land held by the City Cemetery Fund to the business. The City has accounted for the land lease using the installment method. The lease agreement has a zero percent implied interest rate. Upon completion of the lease terms ownership of the land may transfer to the business under a bargain purchase option. The note receivable related to the land lease had a balance of \$195,010 as of June 30, 2004.

The future maturities of the note receivable related to the land lease are as follows:

2005	\$ 13,000
2006	13,000
2007	13,000
2008	13,000
2009	13,000
2010-2014	65,000
2015-2019	<u>65,010</u>
Total payments to be received	<u>\$ 195,010</u>

In June 1996, the City entered into an operating lease agreement with the State of Utah whereby the State's Judicial Court will lease portions of the City's Public Safety building. The rental income from this lease will service the City's Lease Revenue Bond payments. The lease is renewable each year at the option of the City through March 2015.

The future minimum rental payments to be received by the City from this operating lease is as follows:

2005	\$ 335,899
2006	335,994
2007	335,501
2008	335,646
2009	336,106
2010-2014	1,680,953
2015	<u>335,823</u>
Total future minimum lease payments	<u>\$ 3,695,922</u>

The City received \$308,431 in rental income from this operating lease for the year ended June 30, 2004.

NOTE 17 COMMITMENTS AND CONTINGENCIES

The City believes that possible contingencies (contingencies incurred but not reported) where the loss cannot be reasonably estimated are immaterial to the financial statements of the City. The City had approximately \$2,284,221 of outstanding construction commitments at June 30, 2004.

The Redevelopment Agency holds a commitment to a developer for 100% of the tax increment generated by certain properties. The City is committed to make the payments through

**CITY OF BOUNTIFUL  
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

NOTE 17 COMMITMENTS AND CONTINGENCIES (Continued)

December 31, 2008 or until the City has paid a total of \$200,000 in tax increment to the developer. The Redevelopment Agency has paid a total of \$85,208 of tax increment through June 30, 2004 related to this commitment.

NOTE 18 INTERGOVERNMENTAL REVENUE

Intergovernmental revenue for the year ended June 30, 2004 consists of the following:

Federal Community Development Block Grant	\$ 100,000	5.72 %
US Justice Department Bullet Proof Vest Partnership Grant	3,321	0.19
Federal Sport Fish Restoration Grant	55,031	3.15
FEMA Fire Protection Grant	26,720	1.53
Utah Class "C" Road allotment	1,453,609	83.10
Utah Liquor Law Enforcement Grant	19,646	1.12
Utah Emergency Medical Services Grant	15,928	0.91
HazMat Emergency Plan Training Grant	1,035	0.05
Davis County Narcotics Strike Force Pass-Through	7,813	0.45
City of Woods Cross RDA Tax Increment	66,166	3.78
	<u>\$ 1,749,269</u>	<u>100.00 %</u>

NOTE 19 OPERATING TRANSFERS RECONCILIATION

The operating transfers among the funds for the year ended June 30, 2004 were as follows:

	<u>In</u>	<u>Out</u>
General Fund	\$ 2,019,422	\$ 288,267
Redevelopment Agency Fund	63,769	-
Municipal Building Authority Fund	241,071	63,769
Capital Projects Fund	-	389,312
Enterprise		
Light and Power Fund	-	2,019,422
Golf Course Fund	-	12,000
Recreation Fund	300,267	-
Storm Water Fund	148,241	-
	<u>\$ 2,772,770</u>	<u>\$ 2,772,770</u>

NOTE 20 LANDFILL CLOSURE

During the year ended June 30, 1990, the City and several surrounding municipalities entered into a settlement agreement (the Agreement) regarding the City's Bay Area Refuse Disposal (BARD) landfill, accounted for in the landfill closure expendable trust fund. The Agreement provided, among other things, that the City drop its civil action against the municipalities for their breach of contract and for their estimated liability under the Comprehensive Environmental Response, Compensation, and Liability Act (the Act). In return, the municipalities contributed amounts estimated to be sufficient to close the BARD and settle the remaining estimated



**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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NOTE 20 LANDFILL CLOSURE (Continued)

liabilities under the Act. As of June 30, 2004, \$650,694 is being held in a trust fund until all claims are settled.

In addition to the funds arising from the settlement, the City has established a specific closure and post-closure reserve in the Landfill Operating Fund, an enterprise fund, in accordance with GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs." State and federal laws and regulations require the City to place a final cover on its BARD landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The estimated liability for these costs is \$986,248 as of June 30, 2004. The City has reported and included in accrued liabilities \$557,822 as landfill closure and post-closure care liability at June 30, 2004 which is based on 50% usage (filled) of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$428,426 as the remaining estimated capacity of the landfill is used. These amounts are based on what it would cost to perform all closure and post-closure care in 2004. The City estimates it will close the landfill in or after the year 2050. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The City is in compliance with these requirements, and, at June 30, 2004, investments of \$2,322,468 (cost and fair value) are held for these purposes. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE 21 INVESTMENTS IN POWER PROJECTS AND RELATED CONTRACTS

On September 26, 1978, the City's Light and Power Fund (the Fund) entered into a 50-year contract with the Intermountain Power Agency (IPA) for the purchase of power. Under the terms of the agreement, the Fund is liable for an agreed-upon purchase amount of approximately 1.3% of production regardless of whether it is used or not. On December 1, 1980, the Fund entered into an excess power sales agreement whereby all power purchased from IPA in excess of the Fund's scheduled amount will be sold to a group of California cities, thus relieving the Fund's excess power purchase liability. The fund has 1.9 megawatts called back for the winter season starting September 25, 2004 and ending March 25, 2005. An additional 13.9 megawatts is called back for the summer season beginning March 25, 2005 through September 25, 2005. The Fund intends to recall an additional 13.9 megawatts for the summer season starting March 25, 2006 through September 25, 2006. This could cost the Fund approximately \$3,467,550 annually.

The Fund has a contract with Western Area Power Administration to provide a prorated share of the actual hydropower capacity from the Salt Lake City Area Integrated Projects. This contract was revised October 1989 and will be in force until September 30, 2024 and supplies about 60% of the Fund's power. The Fund purchased power via this contract totaling \$3,004,851 for the year ended June 30, 2004. For the year ended June 30, 2005, the budgeted amount for this contract is \$3,194,454.

**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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NOTE 21 INVESTMENTS IN POWER PROJECTS AND RELATED CONTRACTS (Continued)

On July 1, 1993, the Fund entered into a power sales agreement with Utah Associated Municipal Power Systems (UAMPS) to purchase a five megawatt interest in the San Juan Unit No. 4 coal-fired power plant from Public Service of New Mexico for the sum of \$5,790,000. Under the terms of this agreement, the Fund is liable for a take-or-pay amount of 1.004% of the plants production. The Fund purchased power via this project totaling \$1,510,229 for the year ended June 30, 2004. For the year ended June 30, 2005, the budgeted amount for operation and maintenance is \$1,511,344.

The Fund through UAMPS purchased an interest in the Craig-Mona 345 kV transmission line. UAMPS owns 15% of the total line and the Fund has a 22.3% entitlement of UAMPS share of the first segment which runs west from Craig, Colorado to the Bonanza Power Plant in northeast Utah. There are no take-or-pay obligations for the purchase of power in this agreement. The Fund is responsible for its share of the O&M costs associated with the line. The Fund paid approximately \$151,537 for O&M for the year ended June 30, 2004 and has budgeted \$85,000 for the year ended June 30, 2005.

Beginning on October 1, 2001, the Fund entered into an agreement with Deseret Power Electric Cooperative to purchase 10 megawatts during on peak and 6 megawatts during off peak. This is a take-or-pay contract which will continue through September 30, 2011. The Fund purchased power from Deseret Power via this contract totaling \$3,426,029 for the year ended June 30, 2004. For year ended June 30, 2005, the budgeted amount for this project is \$3,598,764.

On June 16, 1999, the Fund, along with other members of UAMPS, entered into a Master Firm Power Supply Agreement with UAMPS for the purchase of firm power from the Idaho Power Company which has currently assigned the contact to Sempra Energy. Under the terms of the agreement, the Fund is responsible on a take-or-pay purchase for 10.08% of the total megawatts purchased by UAMPS or approximately 7.5 megawatts through December 2007. The Fund purchased power via this contract totaling approximately \$1,168,767 for the year ended June 30, 2004. The budgeted amount for this contract is \$1,426,504 for the year ended June 30, 2005.

The Fund purchases and sells power from UAMPS and other members through the UAMPS PX system. The Fund is responsible for its budgeted share of UAMPS O&M. In addition to the normal O&M, in March 2002 UAMPS borrowed approximately forty million dollars to cover operating shortfalls from power contracts signed during the 2000 and 2001 power crisis. This note will be repaid from individual members through a cost recovery charge (CRC). The Fund is responsible for approximately \$83,000 a month or 9.0185% of the \$27,359,457 balance as of June 30, 2004. The final CRC payment is scheduled for February 7, 2007. The Fund paid UAMPS approximately \$2,836,982 for the year ended June 30, 2004 for power, O&M, and CRC charges. The budgeted amount for this contract is \$2,746,521 for the year ended June 30, 2005.

**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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NOTE 22 REDEVELOPMENT AGENCY OF THE CITY OF BOUNTIFUL

For the year ended June 30, 2004, the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies for Project Area:

<u>Project Area 1</u>		
District #3	\$	353,111
District #5		92,343
<u>Project Area 2</u>		
District #3		10,615
<u>Project Area 3</u>		
District #3		76,852
		<hr/>
	\$	532,921
		<hr/>
Tax increment paid to other taxing agencies	\$	-
Outstanding loans to finance RDA projects	\$	-
Amounts expended for site improvements and preparation costs	\$	66,166
Amounts expended for administrative costs	\$	97,608

NOTE 23 CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are collateralized by the property financed and are payable solely from payments received on the 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, 2004, there were two series of Industrial Revenue Bonds outstanding, having an outstanding principal balance of \$13,330,000.

NOTE 24 PRIOR PERIOD ADJUSTMENT

During the year, management reevaluated the initial estimates used to capitalize the City's assets for GASB Statement No. 34. Management determined that several adjustments to assets and the related accumulated depreciation were needed to reflect these updated estimates. The beginning capital assets were increased by \$251,609 and the beginning accumulated depreciation was reduced by \$1,410,090.

NOTE 25 DISPOSAL OF SEGMENT OF BUSINESS

During the year the City agreed to transfer the construction, operation and ownership of its sanitary sewer collection system to the South Davis Sewer District. The effective date of the transfer was January 1, 2004. As part of this agreement the city continued to bill its customers for sanitary sewer collection through June 30, 2004. The City kept all revenue billed and existing fund balances accrued in the Sewer Fund through June 30, 2004. In addition, the City transferred to the District \$444,000, which represented its proportional share of a reserve fund

**CITY OF BOUNTIFUL**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

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NOTE 25 DISPOSAL OF SEGMENT OF BUSINESS (Continued)

for replacement of existing infrastructure. Following the transfer, the remaining assets of the Sewer Fund were transferred to the Water Fund.

NOTE 26 SUBSEQUENT EVENTS

A regional recreation district was formed in June 2004. The District will serve the citizens of Bountiful as well as surrounding communities. The complex will be constructed during 2005 and 2006 in Bountiful City near the site of the existing City-owned recreation center. Funding for the District will be provided by citizens of the City of Bountiful and the surrounding communities.

The South Davis Metro Fire Agency (Agency) was formed in October 2004. This Agency will provide fire and emergency medical services to the citizens of Bountiful and several surrounding communities. Bountiful's fire department personnel will be terminated by the City as of December 31, 2004 and become employees of the Agency. The Agency will have full access to, and use of, the fire department's assets. However, the City will retain ownership of those assets until the Agency receives its taxing authority status. Until that time, each municipality participating in the Agency will share proportionately in the Agency's operating expenses based on each municipality's total property tax assessed valuation.

The City's Redevelopment Agency entered into two separate agreements to provide loans, in the amounts of \$350,000 and \$20,000, respectively, to local businesses. The notes are collateralized by land and buildings and both bear interest at 3.00%. Monthly principal and interest payments for the first note aggregate \$3,380, beginning October 2004 and continuing until September 2009 when a balloon payment of \$188,084 is due. Monthly principal and interest payments for the second note aggregate \$193, beginning November 2004 and continuing until October 2009 when a balloon payment of \$10,747 is due.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF BOUNTIFUL  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL – MAJOR CAPITAL PROJECTS FUND  
June 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 2,073,123	\$ 2,073,123	\$ 3,813,877	\$ 1,740,754
Intergovernmental	-	-	100,000	100,000
Charges for services	14,400	14,400	25,468	11,068
Interest on investments	200,000	200,000	252,733	52,733
Miscellaneous	-	-	3,000	3,000
<b>Total Revenues</b>	<b>2,287,523</b>	<b>2,287,523</b>	<b>4,195,078</b>	<b>1,907,555</b>
<b>Expenditures:</b>				
General government	-	-	12,000	(12,000)
Highways and streets	-	-	12,100	(12,100)
Capital outlay	7,638,184	7,638,184	5,181,509	2,456,675
<b>Total Expenditures</b>	<b>7,638,184</b>	<b>7,638,184</b>	<b>5,205,609</b>	<b>2,432,575</b>
Excess (deficiency) of Revenues Over (Under) Expenditures	(5,350,661)	(5,350,661)	(1,010,531)	4,340,130
<b>Other Financing Sources (Uses):</b>				
Transfer out	(148,241)	(148,241)	(389,312)	(241,071)
Contributions	750,000	750,000	-	(750,000)
Sale of bonds	2,316,584	2,316,584	-	(2,316,584)
<b>Total Other Financing Sources (Uses)</b>	<b>2,918,343</b>	<b>2,918,343</b>	<b>(389,312)</b>	<b>(3,307,655)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (2,432,318)</b>	<b>\$ (2,432,318)</b>	<b>(1,399,843)</b>	<b>\$ 1,032,475</b>
<b>Fund Balance, Beginning</b>			<b>18,304,783</b>	
<b>Fund Balance, Ending</b>			<b>\$ 16,904,940</b>	

## **SUPPLEMENTAL INFORMATION**

**CITY OF BOUNTIFUL  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2004**

	Debt Service	Special Revenue Fund Landfill Closure	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 826	\$ -	\$ -	\$ 826
Interest receivable	-	-	921	921
Investments	478	-	-	478
Restricted assets:				
Cash and cash equivalents and investments	263,729	650,694	983,707	1,898,130
<b>Total Assets</b>	<b>\$ 265,033</b>	<b>\$ 650,694</b>	<b>\$ 984,628</b>	<b>\$ 1,900,355</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved for:				
Landfill closure	-	650,694	-	650,694
Perpetual care	-	-	984,628	984,628
Debt service	265,033	-	-	265,033
<b>Total Fund Balances</b>	<b>265,033</b>	<b>650,694</b>	<b>984,628</b>	<b>1,900,355</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 265,033</b>	<b>\$ 650,694</b>	<b>\$ 984,628</b>	<b>\$ 1,900,355</b>



**CITY OF BOUNTIFUL  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2004**

	Debt Service	Special Revenue Fund Landfill Closure	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 196,616	\$ -	\$ -	\$ 196,616
Interest on investments	1,188	9,802	15,518	26,508
Miscellaneous	-	-	28,988	28,988
<b>Total Revenues</b>	<b>197,804</b>	<b>9,802</b>	<b>44,506</b>	<b>252,112</b>
<b>Expenditures:</b>				
General government	10,745	-	-	10,745
Debt service:				
Principal	70,000	-	-	70,000
Interest	115,570	-	-	115,570
<b>Total Expenditures</b>	<b>196,315</b>	<b>-</b>	<b>-</b>	<b>196,315</b>
Excess (deficiency) of Revenues Over (Under) Expenditures	1,489	9,802	44,506	55,797
<b>Other Financing Sources (Uses):</b>				
Transfer in	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,489</b>	<b>9,802</b>	<b>44,506</b>	<b>55,797</b>
<b>Fund Balance, Beginning</b>	<b>263,544</b>	<b>640,892</b>	<b>940,122</b>	<b>1,844,558</b>
<b>Fund Balance, Ending</b>	<b>\$ 265,033</b>	<b>\$ 650,694</b>	<b>\$ 984,628</b>	<b>\$ 1,900,355</b>

**CITY OF BOUNTIFUL  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL – NONMAJOR DEBT SERVICE FUND  
For The Year Ended June 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 173,770	\$ 187,770	\$ 196,616	\$ 8,846
Interest on investments	12,000	12,000	1,188	(10,812)
Total Revenues	<u>185,770</u>	<u>199,770</u>	<u>197,804</u>	<u>(1,966)</u>
<b>Expenditures:</b>				
General government	200	14,200	10,745	(3,455)
Debt service:				
Principal	70,000	70,000	70,000	-
Interest	115,570	115,570	115,570	-
Total Expenditures	<u>185,770</u>	<u>199,770</u>	<u>196,315</u>	<u>(3,455)</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>1,489</u>	<u>1,489</u>
<b>Other Financing Sources (Uses):</b>				
Transfer in	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,489</u>	<u>\$ 1,489</u>
<b>Fund Balance, Beginning</b>			<u>263,544</u>	
<b>Fund Balance, Ending</b>			<u>\$ 265,033</u>	

**CITY OF BOUNTIFUL  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL – NONMAJOR LANDFILL CLOSURE  
SPECIAL REVENUE FUND  
For The Year Ended June 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
<b>Revenues:</b>				
Interest on investments	\$ -	\$ -	\$ 9,802	\$ 9,802
Total Revenues	-	-	9,802	9,802
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	9,802	<u>\$ 9,802</u>
<b>Fund Balance, Beginning</b>			<u>640,892</u>	
<b>Fund Balance, Ending</b>			<u>\$ 650,694</u>	

**CITY OF BOUNTIFUL  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL – NONMAJOR CEMETERY PERPETUAL  
CARE PERMANENT FUND  
For The Year Ended June 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
<b>Revenues:</b>				
Interest on investments	\$ -	\$ -	\$ 15,518	\$ 15,518
Miscellaneous	-	-	28,988	28,988
Total Revenues	-	-	44,506	44,506
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	44,506	<u>\$ 44,506</u>
<b>Fund Balance, Beginning</b>			<u>940,122</u>	
<b>Fund Balance, Ending</b>			<u>\$ 984,628</u>	

**CITY OF BOUNTIFUL  
COMBINING STATEMENT OF NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
June 30, 2004**

	Business-type Activities - Enterprise Funds					Total Nonmajor Enterprise Funds
	Storm Water	Golf Course	Recreation	Sanitation	Cemetery	
<b>Assets:</b>						
Current Assets:						
Cash and cash equivalents	\$ 790,675	\$ 471,698	\$ 585,988	\$ 900,451	\$ 506,959	\$ 3,255,771
Accounts receivable, net	83,898	9,663	19,442	112,541	95,350	320,894
Interest receivable	1,099	601	836	1,302	753	4,591
Investments	456,763	271,973	338,041	520,122	292,863	1,879,762
Inventories	-	59,540	5,875	-	10,601	76,016
<b>Total Current Assets</b>	<b>1,332,435</b>	<b>813,475</b>	<b>950,182</b>	<b>1,534,416</b>	<b>906,526</b>	<b>5,537,034</b>
Noncurrent Assets:						
Capital assets, net:						
Land, land rights and water rights	-	1,034,192	136,927	-	247,151	1,418,270
Buildings, wells and reservoirs	-	320,608	710,510	13,522	-	1,044,640
Improvements other than buildings	-	2,077,373	88,733	5,111	104,550	2,275,767
Transmission, distribution and collection systems	5,766,654	-	-	-	-	5,766,654
Machinery and equipment	110,097	262,727	92,862	265,168	38,689	769,543
Construction in progress	-	10,000	-	-	-	10,000
Notes receivable	-	-	-	-	195,010	195,010
<b>Total Noncurrent Assets</b>	<b>5,876,751</b>	<b>3,704,900</b>	<b>1,029,032</b>	<b>283,801</b>	<b>585,400</b>	<b>11,479,884</b>
<b>Total Assets</b>	<b>\$ 7,209,186</b>	<b>\$ 4,518,375</b>	<b>\$ 1,979,214</b>	<b>\$ 1,818,217</b>	<b>\$ 1,491,926</b>	<b>\$ 17,016,918</b>

**CITY OF BOUNTIFUL  
COMBINING STATEMENT OF NET ASSETS  
NONMAJOR PROPRIETARY FUNDS (Continued)  
June 30, 2004**

	Business-type Activities - Enterprise Funds					
	Storm Water	Golf Course	Recreation	Sanitation	Cemetery	Total Nonmajor Enterprise Funds
<b>Liabilities:</b>						
Current Liabilities:						
Accounts payable	\$ 45,757	\$ 44,490	\$ 53,037	\$ 1,020	\$ 1,035	\$ 145,339
Accrued liabilities	11,591	111,636	81,665	29,321	14,066	248,279
Total Current Liabilities	<u>57,348</u>	<u>156,126</u>	<u>134,702</u>	<u>30,341</u>	<u>15,101</u>	<u>393,618</u>
Total Liabilities	<u>57,348</u>	<u>156,126</u>	<u>134,702</u>	<u>30,341</u>	<u>15,101</u>	<u>393,618</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	5,876,751	3,704,900	1,029,032	283,801	390,390	11,284,874
Unrestricted	1,275,087	657,349	815,480	1,504,075	1,086,435	5,338,426
Total Net Assets	<u>7,151,838</u>	<u>4,362,249</u>	<u>1,844,512</u>	<u>1,787,876</u>	<u>1,476,825</u>	<u>16,623,300</u>
Total Liabilities and Net Assets	<u>\$ 7,209,186</u>	<u>\$ 4,518,375</u>	<u>\$ 1,979,214</u>	<u>\$ 1,818,217</u>	<u>\$ 1,491,926</u>	<u>\$ 17,016,918</u>

**CITY OF BOUNTIFUL**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2004**

	Business-type Activities - Enterprise Funds					
	Storm Water	Golf Course	Recreation	Sanitation	Cemetery	Total Nonmajor Enterprise Funds
<b>Operating Revenues:</b>						
Charges for services	\$ 659,959	\$ -	\$ -	\$ 774,897	\$ 67,635	\$ 1,502,491
Connection and servicing	18,468	-	-	-	-	18,468
Admissions and lesson fees	-	696,835	665,606	-	-	1,362,441
Equipment and facility rents	-	331,818	208,420	-	4,850	545,088
Concession and merchandise sales	-	167,525	83,714	-	-	251,239
Sale of cemetery burial plots	-	-	-	-	145,856	145,856
Miscellaneous	169	108	1,748	594	905	3,524
<b>Total Operating Revenues</b>	<b>678,596</b>	<b>1,196,286</b>	<b>959,488</b>	<b>775,491</b>	<b>219,246</b>	<b>3,829,107</b>
<b>Operating Expenses:</b>						
Production, collection and source of supplies	256,627	-	-	-	-	256,627
Transmission, distribution and/or maintenance	-	637,201	949,974	392,205	187,341	2,166,721
Cost of concession and merchandise sales	-	103,879	76,507	-	-	180,386
General and administrative	109,747	159,769	296,432	122,108	57,740	745,796
Depreciation and amortization	431,950	166,376	118,362	135,072	16,018	867,778
<b>Total Operating Expenses</b>	<b>798,324</b>	<b>1,067,225</b>	<b>1,441,275</b>	<b>649,385</b>	<b>261,099</b>	<b>4,217,308</b>
<b>Operating Income (loss)</b>	<b>(119,728)</b>	<b>129,061</b>	<b>(481,787)</b>	<b>126,106</b>	<b>(41,853)</b>	<b>(388,201)</b>
<b>Nonoperating Income (Expense):</b>						
Interest income	17,255	10,566	14,272	22,055	12,872	77,020
Gain (loss) from sale of capital assets	-	2,600	(12,000)	1,000	-	(8,400)
Transfers in	148,241	-	300,267	-	-	448,508
Transfers out	-	(12,000)	-	-	-	(12,000)
<b>Total Nonoperating Income (Expense)</b>	<b>165,496</b>	<b>1,166</b>	<b>302,539</b>	<b>23,055</b>	<b>12,872</b>	<b>505,128</b>
<b>Changes in Net Assets</b>	<b>45,768</b>	<b>130,227</b>	<b>(179,248)</b>	<b>149,161</b>	<b>(28,981)</b>	<b>116,927</b>
<b>Net Assets, Beginning</b>	<b>7,106,070</b>	<b>4,232,022</b>	<b>2,023,760</b>	<b>1,638,715</b>	<b>1,505,806</b>	<b>16,506,373</b>
<b>Net Assets, Ending</b>	<b>\$ 7,151,838</b>	<b>\$ 4,362,249</b>	<b>\$ 1,844,512</b>	<b>\$ 1,787,876</b>	<b>\$ 1,476,825</b>	<b>\$ 16,623,300</b>

**CITY OF BOUNTIFUL  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
For The Year Ended June 30, 2004**

	Business-type Activities - Enterprise Funds					
	Storm Water	Golf Course	Recreation	Sanitation	Cemetery	Totals
<b>Cash Flows From Operating Activities:</b>						
Receipts from customers and users	\$ 675,853	\$ 1,193,334	\$ 969,980	\$ 757,091	\$ 217,608	\$ 3,813,866
Payments to suppliers	(103,281)	(408,645)	(515,865)	(242,964)	(68,582)	(1,339,337)
Payments to employees and related benefits	(214,828)	(520,400)	(749,986)	(264,110)	(172,361)	(1,921,685)
Net cash flows from operating activities	357,744	264,289	(295,871)	250,017	(23,335)	552,844
<b>Cash Flows From Non-Capital Financing Activities:</b>						
Transfers in	148,241	-	300,267	-	-	448,508
Transfers out	-	(12,000)	-	-	-	(12,000)
Payment of note receivable	-	-	-	-	13,000	13,000
Net cash flows from non-capital financing activities	148,241	(12,000)	300,267	-	13,000	449,508
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Purchase of capital assets	(274,948)	(79,455)	-	(162,196)	-	(516,599)
Proceeds from sales of capital assets	-	2,600	-	1,000	-	3,600
Net cash flows from capital and related financing activities	(274,948)	(76,855)	-	(161,196)	-	(512,999)
<b>Cash Flows From Investing Activities:</b>						
Interest on investments	17,255	10,566	14,272	22,055	12,872	77,020
Purchase of investments	(494,624)	(270,677)	(376,045)	(585,912)	(338,785)	(2,066,043)
Sale of investments	159,071	66,248	147,736	224,661	142,644	740,360
Net cash flows from investing activities	(318,298)	(193,863)	(214,037)	(339,196)	(183,269)	(1,248,663)
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	(87,261)	(18,429)	(209,641)	(250,375)	(193,604)	(759,310)
<b>Cash and Cash Equivalents, Beginning</b>	877,936	490,127	795,629	1,150,826	700,563	4,015,081
<b>Cash and Cash Equivalents, Ending</b>	\$ 790,675	\$ 471,698	\$ 585,988	\$ 900,451	\$ 506,959	\$ 3,255,771



**CITY OF BOUNTIFUL  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS (Continued)  
For The Year Ended June 30, 2004**

	Business-type Activities - Enterprise Funds					Totals
	Storm Water	Golf Course	Recreation	Sanitation	Cemetery	
<b>Reconciliation of operating income to net cash flows from operating activities:</b>						
Earnings (loss) from operations	\$ (119,728)	\$ 129,061	\$ (481,787)	\$ 126,106	\$ (41,853)	\$ (388,201)
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:						
Depreciation	431,950	166,376	118,362	135,072	16,018	867,778
Changes in assets and liabilities						
Accounts receivable, net	(1,989)	(2,599)	10,915	(17,805)	(1,255)	(12,733)
Interest receivable	(754)	(353)	(423)	(595)	(383)	(2,508)
Inventories	-	3,306	2,125	-	2,142	7,573
Accounts payable	45,496	2,990	38,878	257	(2,950)	84,671
Accrued liabilities	2,769	(34,492)	16,059	6,982	4,946	(3,736)
Net cash flows from operating activities	<u>\$ 357,744</u>	<u>\$ 264,289</u>	<u>\$ (295,871)</u>	<u>\$ 250,017</u>	<u>\$ (23,335)</u>	<u>\$ 552,844</u>

**CITY OF BOUNTIFUL  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 June 30, 2004**

	<u>Governmental Immunity</u>	<u>Workers' Compensation Self-Insurance</u>	<u>Total</u>
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 2,369,860	\$ 805,030	\$ 3,174,890
Interest receivable	3,662	1,153	4,815
Investments	1,369,037	453,202	1,822,239
Other receivables	-	7,097	7,097
	<u>3,742,559</u>	<u>1,266,482</u>	<u>5,009,041</u>
Total Current Assets			
Noncurrent Assets:			
Restricted cash and cash equivalents	<u>445,501</u>	<u>-</u>	<u>445,501</u>
	<u>445,501</u>	<u>-</u>	<u>445,501</u>
Total Noncurrent Assets			
	<u>\$ 4,188,060</u>	<u>\$ 1,266,482</u>	<u>\$ 5,454,542</u>
Total Assets			
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	\$ 42,116	\$ 66,268	\$ 108,384
Accrued liabilities	<u>1,765</u>	<u>1,717</u>	<u>3,482</u>
	<u>43,881</u>	<u>67,985</u>	<u>111,866</u>
Total Liabilities			
<b>Net Assets:</b>			
Restricted for insurance deposit	445,501	-	445,501
Unrestricted	<u>3,698,678</u>	<u>1,198,497</u>	<u>4,897,175</u>
	<u>4,144,179</u>	<u>1,198,497</u>	<u>5,342,676</u>
Total Net Assets			
	<u>\$ 4,188,060</u>	<u>\$ 1,266,482</u>	<u>\$ 5,454,542</u>
Total Liabilities and Net Assets			

**CITY OF BOUNTIFUL  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS - INTERNAL SERVICE FUNDS  
For The Year Ended June 30, 2004**

	Governmental Immunity	Workers' Compensation Self-Insurance	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 260,758	\$ 235,665	\$ 496,423
Miscellaneous	1,058	-	1,058
<b>Total Operating Revenues</b>	<u>261,816</u>	<u>235,665</u>	<u>497,481</u>
<b>Operating Expenses:</b>			
Claims	216,292	109,888	326,180
General and administrative	331,006	102,569	433,575
<b>Total Operating Expenses</b>	<u>547,298</u>	<u>212,457</u>	<u>759,755</u>
<b>Operating Income (Loss)</b>	<u>(285,482)</u>	<u>23,208</u>	<u>(262,274)</u>
<b>Nonoperating Income (Expense):</b>			
Interest income	66,795	19,245	86,040
<b>Total Nonoperating Income (Expense)</b>	<u>66,795</u>	<u>19,245</u>	<u>86,040</u>
<b>Changes in Net Assets</b>	(218,687)	42,453	(176,234)
<b>Net Assets, Beginning</b>	<u>4,362,866</u>	<u>1,156,044</u>	<u>5,518,910</u>
<b>Net Assets, Ending</b>	<u>\$ 4,144,179</u>	<u>\$ 1,198,497</u>	<u>\$ 5,342,676</u>

**CITY OF BOUNTIFUL  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For The Year Ended June 30, 2004**

	Governmental Immunity	Workers' Compensation Self-Insurance	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers and users	\$ 260,099	\$ 232,471	\$ 492,570
Payments to suppliers	(459,842)	(112,224)	(572,066)
Payments to employees and related benefits	(61,224)	(56,687)	(117,911)
Net cash flows from operating activities	<u>(260,967)</u>	<u>63,560</u>	<u>(197,407)</u>
<b>Cash Flows From Investing Activities:</b>			
Interest on investments	66,795	19,245	86,040
Purchase of investments	(1,646,879)	(518,710)	(2,165,589)
Sale of investments	755,430	207,060	962,490
Net cash flows from investing activities	<u>(824,654)</u>	<u>(292,405)</u>	<u>(1,117,059)</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	(1,085,621)	(228,845)	(1,314,466)
<b>Cash and Cash Equivalents, Beginning</b>	<u>3,900,982</u>	<u>1,033,875</u>	<u>4,934,857</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 2,815,361</u>	<u>\$ 805,030</u>	<u>\$ 3,620,391</u>
<b>Reconciliation of operating income to net cash flows from operating activities:</b>			
Earnings (loss) from operations	\$ (285,482)	\$ 23,208	\$ (262,274)
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:			
Changes in assets and liabilities			
Accounts receivable, net	-	(2,581)	(2,581)
Interest receivable	(1,717)	(613)	(2,330)
Accounts payable	25,573	42,845	68,418
Accrued liabilities	659	701	1,360
Net cash flows from operating activities	<u>\$ (260,967)</u>	<u>\$ 63,560</u>	<u>\$ (197,407)</u>

## **STATISTICAL SECTION**

**CITY OF BOUNTIFUL  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
Last Ten Fiscal Years**

**Table 1**

<b>Fiscal Year</b>	<b>General Government and Redevelopment</b>	<b>Public Safety</b>	<b>Planning Engineering, Highways, and Streets</b>	<b>Parks</b>	<b>Debt Service</b>	<b>Total</b>
1995	\$ 2,270,668	\$ 4,057,209	\$ 1,936,908	\$ 293,571	\$ 277,227	\$ 8,835,583
1996	1,834,943	4,234,264	1,948,256	324,727	296,229	8,638,419
1997	1,889,656	4,688,627	2,013,333	340,548	424,731	9,356,895
1998	1,954,199	5,018,755	2,128,004	356,504	538,481	9,995,943
1999	3,173,730	5,197,614	2,153,192	359,447	629,904	11,513,887
2000	2,211,539	5,567,989	2,209,275	367,709	649,934	11,006,446
2001	2,150,270	5,835,933	2,424,902	388,056	641,222	11,440,383
2002	2,204,825	5,751,425	2,481,067	430,773	994,175	11,862,265
2003	2,673,574	5,869,759	3,009,096	472,386	311,374	12,336,189
2004	6,563,353	6,073,026	3,369,708	493,190	185,570	16,684,847

(1) Includes General, Redevelopment Agency, Municipal Building Authority, Landfill Closure and Debt Service Funds.

**CITY OF BOUNTIFUL  
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
Last Ten Fiscal Years**

**Table 2**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Interest and Miscellaneous</u>	<u>Total Revenues</u>
1995	\$ 4,850,257	\$ 386,758	\$ 779,699	\$ 996,977	\$ 78,495	\$ 353,747	\$ 7,445,933
1996	4,417,879	549,329	802,982	1,062,009	78,059	398,960	7,309,218
1997	4,684,859	466,500	891,550	1,061,736	126,094	410,263	7,641,002
1998	5,068,450	672,688	1,430,885	1,391,063	115,932	498,618	9,177,636
1999	5,241,474	620,468	1,420,041	1,631,673	104,218	638,106	9,655,980
2000	5,364,455	690,729	1,546,707	1,724,733	115,200	574,794	10,016,618
2001	5,782,013	679,710	1,557,195	1,900,737	113,532	756,172	10,789,359
2002	5,387,603	614,790	1,479,029	2,234,197	113,606	484,412	10,313,637
2003	6,613,086	899,922	1,506,587	2,202,302	102,338	525,495	11,849,730
2004	6,678,083	752,419	1,594,238	2,257,655	88,090	464,268	11,834,753

(1) Includes General, Redevelopment Agency, Municipal Building Authority, Landfill Closure and Debt Service Funds.

**CITY OF BOUNTIFUL  
TAX REVENUES BY SOURCE  
Last Ten Fiscal Years**

**Table 3**

<b>Fiscal Year</b>	<b>General Property Tax (1)</b>	<b>General Sales and Use Tax (2)</b>	<b>Franchise Tax</b>	<b>Fees in Lieu of Personal Property Tax</b>	<b>Special Assessment Levies</b>	<b>Total tax Revenue</b>
1995	\$ 1,629,093	\$ 1,522,030	\$ 1,424,348	\$ 274,786	\$ -	\$ 4,850,257
1996	1,664,818	966,219	1,451,600	335,242	-	4,417,879
1997	1,679,118	1,093,377	1,541,989	370,375	-	4,684,859
1998	1,984,283	1,054,350	1,628,126	401,691	-	5,068,450
1999	2,023,132	1,198,623	1,637,717	382,002	-	5,241,474
2000	2,235,106	1,080,203	1,684,171	364,975	-	5,364,455
2001	2,602,762	642,351	2,140,424	396,476	-	5,782,013
2002	2,488,899	220,098	2,337,391	341,217	-	5,387,605
2003	2,503,984	1,459,351	2,281,391	368,360	-	6,613,086
2004	2,489,340	1,104,436	2,483,870	403,821	196,616	6,678,083

(1) Includes General and Redevelopment Agency Funds.

(2) Sales tax is also used in the Capital Projects Fund, and is also used in the Storm Water Fund (2002 and 2003 only). That portion is not reflected in this table.



**CITY OF BOUNTIFUL  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

**Table 4**

<u>Fiscal Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections (2)</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
1994-95	\$ 1,641,908	\$ 1,587,821	96.71	\$ 50,306	\$ 1,638,127	99.77
1994-95 RDA	295,000	295,000	100.00	-	295,000	100.00
1995-96	1,695,232	1,632,086	96.28	35,093	1,667,179	98.35
1995-96 RDA	298,189	298,189	100.00	-	298,189	100.00
1996-97	1,762,818	1,709,114	96.95	55,461	1,764,575	100.10
1996-97 RDA	285,948	285,948	100.00	-	285,948	100.00
1997-98	2,129,116	2,041,936	95.90	48,323	2,090,259	98.17
1997-98 RDA	285,948	285,948	100.00	-	285,948	100.00
1998-99	2,174,506	2,090,435	96.13	70,839	2,161,274	99.39
1998-99 RDA	272,000	272,000	100.00	-	272,000	100.00
1999-00	2,213,173	2,152,410	97.25	84,074	2,236,484	101.05
1999-00 RDA	444,295	413,269	93.02	-	413,269	93.02
2000-01	2,548,960	2,431,777	95.40	78,877	2,510,654	98.50
2000-01 RDA	513,043	513,043	100.00	-	513,043	100.00
2001-02	2,300,699	2,200,837	95.66	92,932	2,293,769	99.70
2001-02 RDA	625,763	625,763	100.00	-	625,763	100.00
2002-03	2,344,741	2,233,201	95.24	66,980	2,300,181	98.10
2002-03 RDA	695,706	560,602	80.58	-	560,602	80.58
2003-04	2,409,170	2,317,429	96.19	106,469	2,423,898	100.61
2003-04 RDA	560,602	532,921	95.06	-	532,921	95.06

(1) This total tax levy includes an adjustment reflecting fees in lieu of personal property tax.

(2) Includes fees in lieu of personal property tax.

Source: Davis County Treasurer's Office.

**CITY OF BOUNTIFUL  
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 Last Ten Fiscal Years**

**Table 5**

<u>Fiscal Year</u>	<u>Assessed Value (in thousands)</u> (2)	<u>Estimated Actual Value (in thousands)</u> (1)	<u>Ratio of Assessed to Estimated Actual Value</u> (1)
1995	\$ 1,094,578		
1996	1,141,230		
1997	1,295,856		
1998	1,399,897		
1999	1,456,564		
2000	1,503,502		
2001	1,622,634		
2002	1,605,530		
2003	1,629,182		
2004	1,675,038		

(1) Not determinable. County Assessor cannot readily provide breakdown of assessed value of residential versus commercial property, but residential property was assessed at 55% of market value, commercial property was assessed at 100% of market value, and personal property was assessed at 100% of market value.

(2) The Assessed Value does not include registered vehicles.

Source: Davis County Assessor's Office.

**CITY OF BOUNTIFUL  
PROPERTY TAX RATES – ALL DIRECT OVERLAPPING GOVERNMENTS  
(Per \$1 of Taxable Value)  
Last Ten Fiscal Years**

**Table 6**

<b>Fiscal Year</b>	<b>Davis County School District (2)</b>	<b>Davis County (1)</b>	<b>Weber Basin Water</b>	<b>Mosquito Abatement District</b>	<b>Bountiful Water Sub-conservancy District</b>	<b>South Davis Sewer District</b>	<b>City of Bountiful</b>	<b>Davis County Library</b>	<b>Total Levy for City of Bountiful Residents</b>
1995	0.010270	0.003410	0.000184	0.000076	0.000174	0.000571	0.001596	0.000382	0.016663
1996	0.008339	0.003013	0.000165	0.000068	0.000142	0.000471	0.001285	0.000335	0.013818
1997	0.007408	0.002848	0.000154	0.000066	0.000137	0.000457	0.001235	0.000321	0.012626
1998	0.007604	0.002648	0.000145	0.000123	0.000126	0.000424	0.001318	0.000298	0.012686
1999	0.007393	0.001833	0.000139	0.000120	0.000123	0.000415	0.001260	0.000292	0.011575
2000	0.007370	0.001769	0.000139	0.000064	0.000122	0.000408	0.001270	0.000285	0.011427
2001	0.007600	0.001664	0.000193	0.000061	0.000143	0.000358	0.001195	0.000431	0.011645
2002	0.007610	0.001650	0.000193	0.000061	0.000150	0.000361	0.001216	0.000431	0.011672
2003	0.007731	0.001954	0.000196	0.000094	0.000152	0.000364	0.001223	0.000434	0.012148
2004	0.007821	0.001948	0.000198	0.000093	0.000153	0.000366	0.001231	0.000432	0.012242

(1) Includes a tax rate for assessing and collecting of property taxes.

(2) Includes state uniform school fund.

Source: Davis County Auditor's Office.

**CITY OF BOUNTIFUL  
SPECIAL ASSESSMENT COLLECTIONS  
Last Ten Fiscal Years**

**Table 7**

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessment Collections</u>
1995	\$ -	\$ -
1996	-	-
1997	-	-
1998	-	-
1999	-	-
2000	-	-
2001	-	-
2002	-	-
2003	-	-
2004	196,616	196,616

Source: Bountiful City Treasurer's Office.

**CITY OF BOUNTIFUL  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
AND NET GENERAL BONDED DEBT PER CAPITA  
Last Ten Fiscal Years**

**Table 8**

<b>Fiscal Year</b>	<b>Population</b>	<b>Assessed Value (in thousands) (3)</b>	<b>Gross Bonded Debt (2)</b>	<b>Debt Service Monies Available</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
1995	40,205	\$ 1,094,578	-	-	-	0.00	0.00
1996	40,320	1,141,230	-	-	-	0.00	0.00
1997	40,750	1,295,856	-	-	-	0.00	0.00
1998	40,119	1,399,897	-	-	-	0.00	0.00
1999	40,427	1,456,564	-	-	-	0.00	0.00
2000	41,301 (1)	1,503,502	-	-	-	0.00	0.00
2001	41,986	1,622,634	-	-	-	0.00	0.00
2002	42,534	1,605,530	-	-	-	0.00	0.00
2003	43,076	1,629,182	-	-	-	0.00	0.00
2004	43,323	1,675,038	-	-	-	0.00	0.00

(1) Population for 2000 was received from the U.S. Census Bureau. Population figures for all other years are estimates.

(2) Includes all long-term general obligation debt.

(3) Assessed Value does not include registered vehicles.

**CITY OF BOUNTIFUL  
 COMPUTATION OF LEGAL DEBT MARGIN (In Thousands)  
 June 30, 2004**

**Table 9**

<b>TOTAL ASSESSED VALUE</b>		<u>\$ 1,675,038</u>
Debt limit - 12% of total assessed value		\$ 201,005
Amount of debt applicable to debt limits		
General Obligation Bonds	\$ -	
Less assets available for payment of principal	<u>-</u>	
Total amount of debt applicable to debt limit		<u>-</u>
<b>LEGAL DEBT MARGIN</b>		<u>\$ 201,005</u>

**CITY OF BOUNTIFUL  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
June 30, 2004**

**Table 10**

	<u>Gross Bonded Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Bountiful</u>	<u>Amount Applicable to City of Bountiful</u>
State of Utah	\$ 1,510,160,000	1.42 %	\$ 21,444,272
Weber Basin Water Conservancy District	37,979,822	6.45	2,449,699
Davis County	3,380,000	16.29	550,602
Davis School District	210,890,000	16.29	<u>34,353,981</u>
Overlapping debt			58,798,554
City of Bountiful			<u>-</u>
Total direct and overlapping general obligation debt			<u>\$ 58,798,554</u>

(1) Amounts reflect general bonded debt only.

Source: Davis County Auditor's Office

**CITY OF BOUNTIFUL  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED  
DEBT TO GENERAL EXPENDITURES  
Last Ten Fiscal Years**

**Table 11**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fees</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1995	-	-	-	\$ 8,835,583	-
1996	-	-	-	8,638,419	-
1997	-	-	-	9,356,895	-
1998	-	-	-	9,995,943	-
1999	-	-	-	11,513,887	-
2000	-	-	-	11,006,446	-
2001	-	-	-	11,440,383	-
2002	-	-	-	11,862,265	-
2003	-	-	-	12,336,189	-
2004	-	-	-	16,684,847	-

(1) Includes General, Redevelopment Agency, Municipal Building Authority, Landfill Closure and Debt Service Funds. These expenditures coincide with those shown on Table 1.



**CITY OF BOUNTIFUL  
REVENUE BOND COVERAGE  
Last Ten Fiscal Years**

**Table 12**

<b>Fiscal Year</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Net Revenue Available to Debt Service</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Percentage of Coverage</b>
1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0 %
1996	-	-	-	-	-	-	0
1997	15,333	-	15,333	-	156,853	156,853	10
1998	232,328	-	232,328	63,000	213,425	276,425	84
1999	338,072	-	338,072	315,000	253,565	568,565	59
2000	339,953	-	339,953	395,000	246,647	641,647	53
2001	343,007	-	343,007	415,000	226,222	641,222	53
2002	312,643	-	312,643	806,000	188,175	994,175	31
2003	310,949	-	310,949	164,000	147,374	311,374	99
2004	323,428	-	323,428	173,000	272,318	445,318	73

**Census**

<u>Year</u>	<u>Population</u>
1920 (1)	2,063
1930 (1)	2,571
1940 (1)	3,357
1950 (1)	6,004
1960 (1)	17,039
1970 (1)	27,853
1980 (1)	32,877
1990 (1)	37,544
2000 (1)	41,301
2001 (2)	41,986
2002 (2)	42,534
2003 (2)	43,076
2004 (2)	43,323

**2000 Age Distribution of Population (1)**

<u>Age</u>	<u>Number</u>	<u>Percent</u>
Under 5 years	3,303	8.00 %
5 to 9 years	3,172	7.68
10 to 14 years	3,441	8.33
15 to 19 years	3,692	8.94
20 to 24 years	3,431	8.31
25 to 34 years	4,659	11.28
35 to 44 years	5,202	12.60
45 to 54 years	4,615	11.17
55 to 59 years	2,006	4.86
60 to 64 years	1,862	4.51
65 to 74 years	3,218	7.79
75 to 84 years	2,049	4.95
85 years and over	651	1.58
	<u>41,301</u>	<u>100.00 %</u>

Median age: 32.5 years

(1) Source: United States Census.

(2) Estimate from Governor's Office of Planning and Budget.

**CITY OF BOUNTIFUL  
PROPERTY VALUE AND CONSTRUCTION  
Last Ten Fiscal Years**

**Table 14**

<u>Fiscal Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>		<u>Property Value (in thousands) (1)</u>
	<u>Number of Units</u>	<u>Value (in thousands)</u>	<u>Number of Units</u>	<u>Value (in thousands)</u>	
1995	4	784	97	20,132	
1996	6	7,375	135	25,656	
1997	21	2,319	201	34,417	
1998	52	17,634	189	25,350	
1999	21	10,413	136	27,500	
2000	58	6,612	126	27,700	
2001	64	8,526	154	34,300	
2002	45	7,779	100	27,605	
2003	60	21,971	193	44,510	
2004	69	6,541	135	37,573	

(1) Not determinable. County Assessor cannot readily provide breakdown of assessed value of residential versus commercial property, but residential property was assessed at 55% of market value, commercial property was assessed at 100% of market value, and personal property was assessed at 100% of market value.

Source: Bountiful City Engineering Department.

**CITY OF BOUNTIFUL  
PRINCIPAL PROPERTY TAX PAYERS  
For the Year Ended June 30, 2004**

**Table 15**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total</u>
Qwest Communications	Telephone Utility	\$ 15,221,451	0.91 %
MABEK Company	Department Store	11,847,900	0.71
Hospital Corporation of Utah	Health Care	10,115,650	0.60
Questar	Natural Gas Utility	5,929,081	0.35
Bill Olson Investment LTD	Grocery, Drug Store, Service Station	4,680,040	0.28
Winegars Shopping Center	Grocery, Drug Store	4,068,740	0.24
IHC Health Services Inc	Health Care Real Estate	4,021,040	0.24
Albertson's Inc	Grocery, Drug Store	3,920,650	0.23
Bountiful Fitness partners	Health Club	3,760,570	0.22
MacDonald-Christensen LLC	Automobile Dealer	3,590,610	0.21
J C Penney Properties	Retail Real Estate	2,897,160	0.17
Town Center, LLC	Shopping Center	2,412,220	0.14
Total		<u>\$ 72,465,112</u>	<u>4.30 %</u>

Source: Davis County Assessor's and Auditor's Offices.

**CITY OF BOUNTIFUL**  
**MISCELLANEOUS STATISTICS**  
**June 30, 2004**

**Table 16**

Date of Incorporation.....	December 14, 1892
Form of government.....	Manager
Area.....	13.46 square miles
Miles of streets.....	159 miles
Number of street lights.....	2,108
Fire protection:	
Number of stations.....	2
Number of full-time firemen.....	19
Number of part-time firemen.....	27
Police protection:	
Number of stations.....	1
Number of policemen and officers.....	34
Number of police reserve officers.....	10
Education:	
Number of high schools.....	2
Number of junior high schools.....	4
Number of elementary schools.....	10
Number of students.....	10,151
Municipal water department:	
Number of customers.....	10,396
Average daily consumption.....	4,576,573 gallons
Miles of water mains.....	168 miles
Storm sewers:	
Encases.....	73 miles
Concrete lined open ditch.....	4 miles
Power and light:	
Miles of distribution lines.....	226 miles
Number of customers.....	15,674
Kilowatt hours sold.....	286,843,005
Building permits issued.....	103
Recreation and culture:	
Number of parks.....	19 with 131 acres
Number of covered picnic areas.....	15
Number of tennis courts.....	21
Number of soccer fields.....	3
Number of ball diamonds.....	10
Number of swimming pools.....	1
Number of ice rinks.....	1
Number of Libraries.....	1 branch operated by county
Number of volumes in library branch.....	155,505
Number of golf courses.....	1 (18 holes)
Number of art centers.....	1
City employees.....	448 (174 full-time)