

**CITY OF BOUNTIFUL
BOUNTIFUL, UTAH**

**FINANCIAL STATEMENTS
Using the GASB 34 Model**

For The Year Ended June 30, 2003

Together With Independent Auditor's Report

**CITY OF BOUNTIFUL
TABLE OF CONTENTS
For The Year Ended June 30, 2003**

	<u>Page</u>
Introductory Section:	
Transmittal Letter	i-iii
Principal Officials	iv
Organizational Chart	v
Certificate of Achievement for Excellence in Financial Reporting	vi
Financial Section:	
Independent Auditor's Report	1-2
Management's Discussion and Analysis.....	3-13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Redevelopment Agency Special Revenue Fund	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Municipal Building Authority Special Revenue Fund	22
Statement of Net Assets – Proprietary Funds	23-24

**CITY OF BOUNTIFUL
TABLE OF CONTENTS (Continued)
For The Year Ended June 30, 2003**

	<u>Page</u>
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	25-26
Statement of Cash Flows – Proprietary Funds.....	27-28
Notes to Financial Statements	29-55
Supplemental Information:	
Combining and Individual Fund Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	57
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Debt Service Fund	58
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Capital Projects Fund	59
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Landfill Closure Special Revenue Fund	60
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Perpetual Care Permanent Fund.....	61
Combining Statement of Net Assets – Nonmajor Proprietary Funds	62-63
Combining Statement of Revenues, Expenses and Changes in Net Assets – Nonmajor Proprietary Funds.....	64
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	65-66
Combining Statement of Net Assets – Internal Service Funds	67
Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds	68
Combining Statement of Cash Flows – Internal Service Funds.....	69

**CITY OF BOUNTIFUL
TABLE OF CONTENTS (Continued)
For The Year Ended June 30, 2003**

	<u>Page</u>
Statistical Section:	
General Governmental Expenditures by Function.....	70
General Governmental Revenues by Source.....	71
Tax Revenue by Source	72
Property Tax Levies and Collections	73
Assessed and Estimated Actual Value of Taxable Property	74
Property Tax Rates – All Direct Overlapping Governments	75
Special Assessment Collections	76
Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita	77
Computation of Legal Debt Margin	78
Computation of Direct and Overlapping Debt.....	79
Ratio of Annual Debt Service Expenditures for General Bonded Debt to General Expenditures	80
Revenue Bond Coverage	81
Demographic Statistics	82
Property Value and Construction.....	83
Principal Property Taxpayers.....	84
Miscellaneous Statistics.....	85

INTRODUCTORY SECTION

November 13, 2003

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, 2003.

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, 2003 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, 2003, 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, administrative services).

The City limits cover an area of 13.46 square miles. The City's estimated population for 2003 is 43,076 with a potential for approximately 45,000 residents at build-out within four 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 is approximately sixty-eight days. The average yield on the last day of the fiscal year was 1.75%, although the average yield for the entire year was 2.09%. 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, 2002. 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, 2003**

ELECTED OFFICIALS

Joe L. Johnson
Barbara Holt
R. Fred Moss
John S. Pitt
J. Gordon Thomas
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

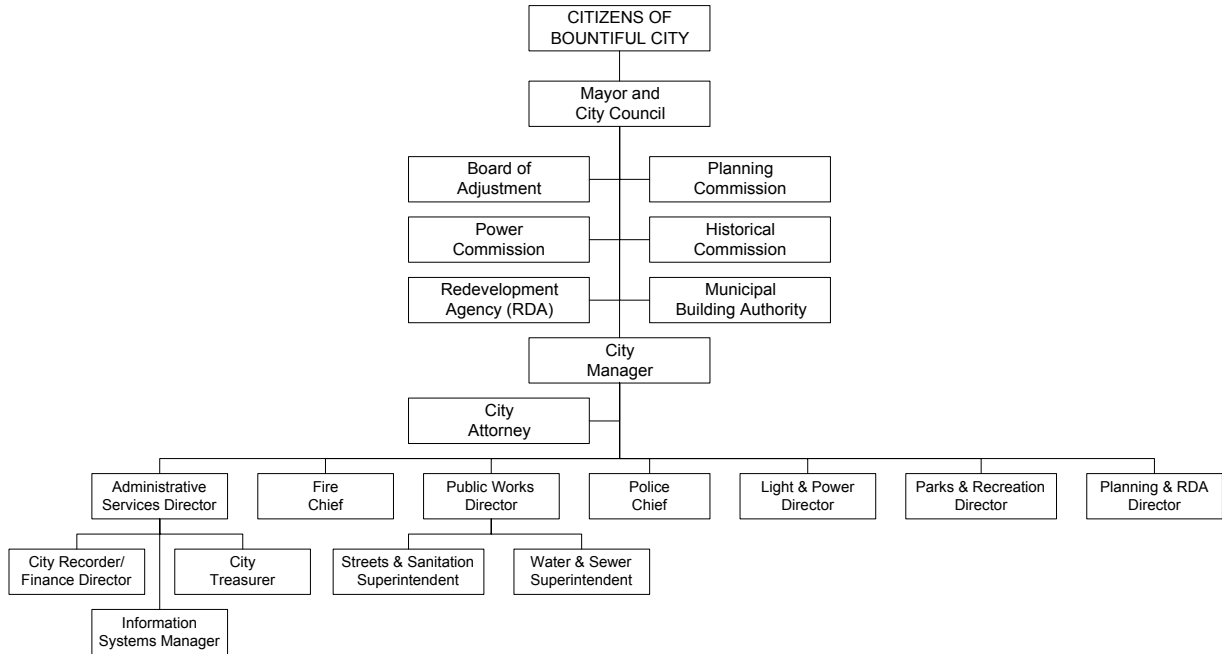
City Recorder & Finance Director
City Treasurer

DEPARTMENT HEADS

Terry Thompson
Blaine K. Gehring, AICP
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 & Sewer Superintendent

**CITY OF BOUNTIFUL
ORGANIZATIONAL CHART
June 30, 2003**



FINANCIAL SECTION



Jensen & Keddington, P.C.
Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA

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, 2003, 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, 2003, 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.

As described in Note 1, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of June 30, 2003.

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 November 13, 2003 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 and individual 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.

November 13, 2003

CITY OF BOUNTIFUL MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2003

As management of the City of Bountiful, we offer 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, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. In this first year of GASB 34 implementation, prior year data has not been converted to the same format and thus is not available. This discussion will contain comparative analysis in future years when prior year information is available.

Financial Highlights

- The assets of the City of Bountiful exceeded its liabilities at June 30, 2003 by \$181,499,125. Of this amount, unrestricted net assets of \$61,451,813 may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net assets increased by \$1,360,503 over the prior year. Of this amount \$1,750,884 was associated with governmental and (\$390,381) 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 \$30,411,425, an increase of \$9,878,003 in comparison with the prior year. Of this amount, \$2,017,363 is unreserved and available for spending. Of the remaining \$28,394,062, \$8,219,596 has been reserved due to legal restrictions involving parties outside the financial reporting entity and \$20,174,466 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 \$2,114,778, or 18.34% of total general fund expenditures.
- The City of Bountiful's total debt obligations increased by the net of \$6,210,655. The increase was mostly attributable to issuance of Municipal Building Authority Lease Revenue Bonds in the amount of \$3,790,000 and Special Assessment Bonds in the amount of \$2,710,000 with the difference between years due to reduction in previously existing debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Bountiful's basic financial statements. The City of Bountiful's basic financial statements 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. The government-wide financial 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.

**CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003**

The statement of activities presents information showing how the City'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.

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 that is 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. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of 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 City'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 2003 budget.

**CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003**

Proprietary funds. The City of Bountiful maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City 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, Light and Power Fund and Landfill Fund, which are considered major funds. Data from the other six funds are combined into a single, aggregated presentation. Individual fund data for 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. Fiduciary 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 Fund, Redevelopment Agency Fund and Municipal Building Authority Fund.

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, 2003, the City's assets exceeded liabilities by \$181,499,125. By far the largest portion of the City's net assets (61.27%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. 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, 2003**

City of Bountiful's Net Assets

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 40,730,199	\$ 37,419,261	\$ 78,149,460
Capital assets	70,994,806	49,421,303	120,416,109
Total assets	\$ 111,725,005	\$ 86,840,564	\$ 198,565,569
Long-term liabilities outstanding	\$ 9,687,506	\$ 0	\$ 9,687,506
Other liabilities	4,164,591	3,214,347	7,378,938
Total liabilities	\$ 13,852,097	\$ 3,214,347	\$ 17,066,444
Net assets:			
Investment in capital assets, net of related debt	\$ 61,785,831	\$ 49,421,303	\$ 111,207,134
Restricted	8,282,356	557,822	8,840,178
Unrestricted	27,804,721	33,647,092	61,451,813
Total net assets	\$ 97,872,908	\$ 83,626,217	\$ 181,499,125

An additional portion of the net assets \$8,840,178 (4.87%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$61,451,813 (33.86%) may be used to meet the City'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, 2003**

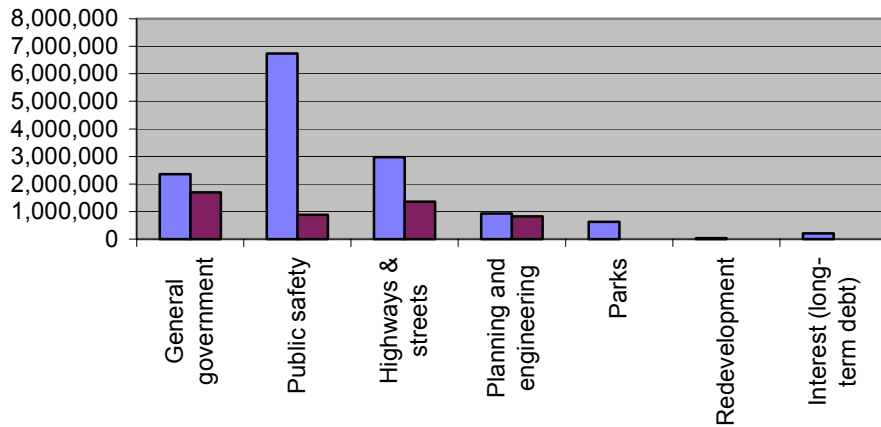
City of Bountiful's Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 3,324,538	\$ 25,881,551	\$ 29,206,089
Operating grants and contributions	1,437,913		1,437,913
Capital grants and contributions		1,192,746	1,192,746
General revenues:			
Property taxes	2,872,344		2,872,344
Other taxes	6,810,365	241,682	7,052,047
Grants and contributions not restricted to specific programs			
Other	(408,456)	(470,684)	(879,140)
Total revenues	14,036,704	26,845,295	40,881,999
Expenses:			
General government	2,355,754		2,355,754
Public safety	6,739,630		6,739,630
Highways and streets	2,973,489		2,973,489
Planning and engineering	929,609		929,609
Parks	621,543		621,543
Redevelopment	40,586		40,586
Interest on long-term debt	203,374		203,374
Water		2,097,791	2,097,791
Light and Power		17,671,515	17,671,515
Landfill		844,780	844,780
Storm Water		755,070	755,070
Sewer		951,187	951,187
Golf Course		1,108,974	1,108,974
Recreation		1,411,958	1,411,958
Sanitation		610,181	610,181
Cemetery		206,055	206,055
Total expenses	13,863,985	25,657,511	39,521,496
Increase in net assets before transfers	172,719	1,187,784	1,360,503
Transfers	1,578,165	(1,578,165)	0
Increase (decrease) in net assets	1,750,884	(390,381)	1,360,503
Net assets July 1, 2002	96,122,024	84,016,598	180,138,622
Net assets June 30, 2003	<u>\$ 97,872,908</u>	<u>\$ 83,626,217</u>	<u>\$ 181,499,125</u>

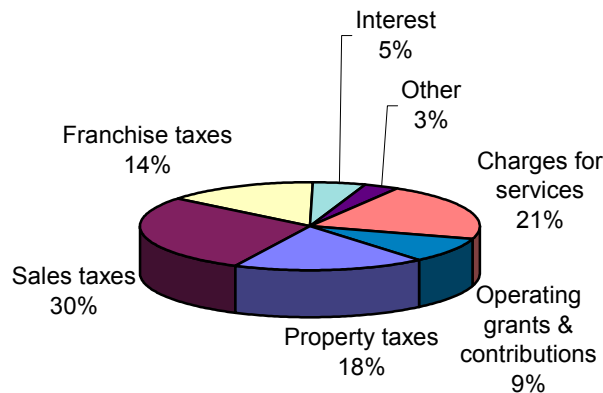
**CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003**

Governmental activities. Governmental activities increased the City's net assets by \$1,750,884. When combined with the \$390,381 decrease in net assets from business-type activities, overall net assets increased by \$1,360,503 or 0.76%. As referenced earlier in this document, in this first year of GASB 34 implementation, prior year data has not been converted to the same format, and thus is not available. This discussion will contain comparative analysis in future years when prior year information is available. The graphs presented below contain regular operating revenues only and not the effects of special one-time items or transfers.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

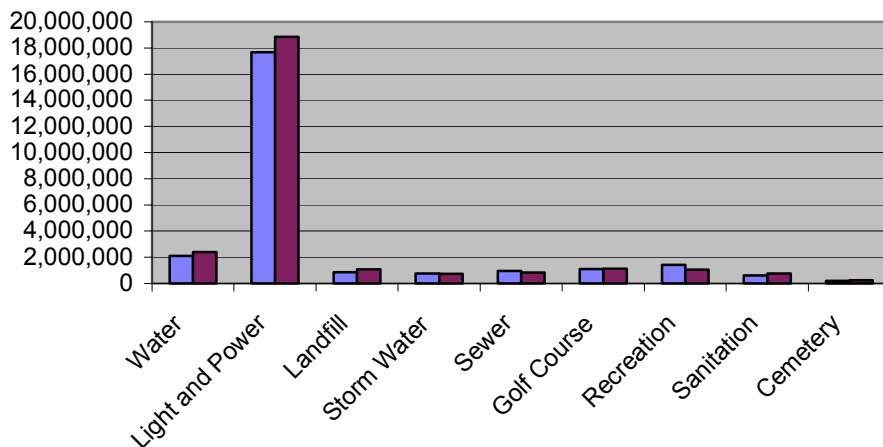


**CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003**

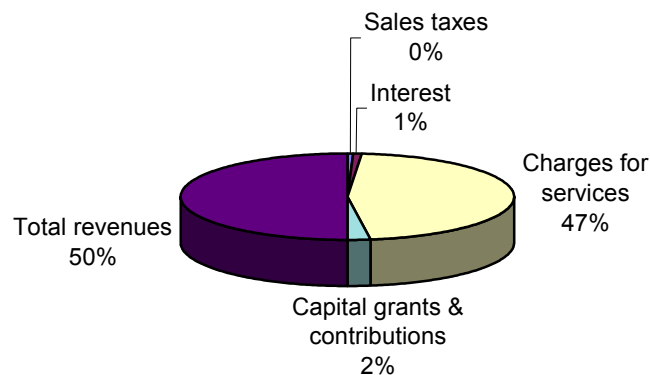
Business-type activities. Business-type activities decreased the City's net assets by \$390,381. When combined with the \$1,750,884 that governmental activities added to net assets, overall net assets increased by \$1,363,503. The graphs presented below contain regular operating revenues only and not the effects of special one-time items or transfers. Key elements contributing to the decrease in the business-type activities are as follows:

- Operating revenues from all funds decreased a total of \$1,081,010. The biggest single contributor to the decrease was from \$533,026 less in connection and servicing fees from developers due to less construction activity.
- In preparing for conversion to new GASB standards, and revised capitalization policies of the City, \$950,724 in fixed assets were deleted from the fixed asset accounting records of the City.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



**CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003**

Financial Analysis of the Government's 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 the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. 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, 2003 the City's governmental funds reported combined ending fund balances of \$30,411,425 an increase of \$9,878,003 in comparison to the prior year. Of this amount, \$22,191,829 (72.97%) is unreserved fund balance, which is available for spending at the government's discretion. Of the unreserved fund balance, \$20,174,466 has been designated by the City Council for subsequent years' capital expenditures and other uses leaving an unreserved undesignated amount of \$2,017,363. 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 and related debt service (\$6,638,582), 2) future landfill closure costs (\$640,892), and 3) perpetual care of the City's cemetery (\$940,122).

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 \$2,114,778, 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) General Fund balance represents 18.34% of total General Fund expenditures. The fund balance of the City's General Fund increased by \$761,153 during the current fiscal year. Contributing to this increase in fund balance was a \$1,511,364 (16.53%) increase in general fund revenues and a \$767,261 (7.13%) increase in expenditures and a resulting net deficiency of \$880,056. \$1,915,318 was transferred in from the Light and Power Fund to cover operating costs and \$274,109 was transferred out to the Recreation Fund to cover operating costs of that fund.

The Redevelopment Agency Fund has a total fund balance of \$4,041,248, all of which is unreserved but designated. The Municipal Building Authority Fund has a total fund balance of \$4,106,058, of which \$4,088,695 is reserved for construction projects and \$17,363 is unreserved and undesignated.

Proprietary funds. The City's proprietary 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 \$6,661,247, \$13,148,910 and \$5,644,732 respectively. The total increase (decrease) was \$159,403, (\$737,403) and \$332,670 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 \$1,056,690 which can be briefly summarized as follows:

- \$1,005,000 for reclassification of expenditures from capital to operating pursuant to changes in capitalization policies.
- \$51,690 for additional personnel costs, most of which related to a FEMA grant in the Fire Department.

**CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003**

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2003 amounts to \$120,416,109 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, service lines, vehicles and equipment, and street lights along with 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 \$38,801,276 (a 131.70% increase for governmental activities and a 3.05% decrease for business-type activities). It should be noted that this change, as it relates to governmental activities, is somewhat distorted in this first year of conversion to GASB 34 since depreciation is not included in the beginning balances. Major capital asset events during the current fiscal year included the following:

- \$1,702,049 in deletions of fixed assets in governmental activities due to changes made in the City's capitalization policy and in preparation for conversion to GASB 34.
- \$950,724 in deletions of fixed assets in business-type activities due to changes made in the City's capitalization policy and in preparation for conversion to GASB 34.
- \$41,122,506 in additions to fixed assets in governmental activities (primarily infrastructure) due to changes imposed by GASB 34.
- \$351,844 in additions to fixed assets in business-type activities due to changes in estimates and measurements from changes in capitalization policy and conversion to GASB 34.

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

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
	<u>2003</u>	<u>2003</u>	<u>2003</u>
Land	\$ 45,756,153	\$ 2,402,436	\$ 48,158,589
Infrastructure	13,989,572	28,165,616	42,155,188
Buildings	7,508,805	5,591,429	13,100,234
Improvements other than buildings	1,657,628	4,046,814	5,704,442
Machinery and equipment	1,077,991	8,848,497	9,926,488
Furniture and fixtures	479,119	23,311	502,430
Construction in progress	525,538	343,200	868,738
	<u>525,538</u>	<u>343,200</u>	<u>868,738</u>
Total assets	<u>\$ 70,994,806</u>	<u>\$ 49,421,303</u>	<u>\$ 120,416,109</u>

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

**CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003**

Long-term debt. At the end of the current fiscal year, the City had \$9,390,000 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 Debt

	Governmental Activities	Business-type Activities	Total
Lease revenue bonds	\$ 6,680,000	\$	\$ 6,680,000
Special assessment bonds	2,710,000		2,710,000
Total	<u>\$ 9,390,000</u>	<u>\$ 0</u>	<u>\$ 9,390,000</u>

The City's total bonded debt increased by \$6,336,000 during the current fiscal year, mostly attributable to a \$3,790,000 lease revenue bond and \$2,710,000 special improvement bond applicable to improvements made in the Renaissance Towne Center, a major economic development project comprised of mixed commercial and retail uses. Additional information on the City's long-term debt can be found in Note 9 on pages 42 to 44 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. Bi-weekly 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 measures began emerging over the last two to three years. Budgets for fiscal year 2003 were developed based upon the following assumptions.

- **The overall economic forecast** assumed that the remainder of 2002 and the first six months of 2003 would exhibit uncertainty and softness in the national, regional and local economy. Indicators, including housing starts and commercial construction, were projected at lower levels than in 2003. Retail sales and personal income were projected to increase but at lower rates than in the last few years.
- **The debt market** was projected to be favorable during 2002. Reduced interest rates and demand for municipal tax exempt debt provided a strong market for City debt issues. The City used to its benefit in issuance of debt for economic development in the Renaissance Towne Center project, which is a mixed use development in the central portion of the City.
- **Development activity.** Fiscal year 2003 was a good year in Bountiful's history for development activity measured in value and permit fees. Development activity in Bountiful was projected to level off below the fiscal year 2002 level with lower levels in both housing starts and commercial development expected.

**CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003**

- **Taxable sales**, which are shared by the State of Utah with cities, were projected to remain nearly flat due to overall economic factors.
- **Cost indicators** for Bountiful were assumed within the forecast to include modest increases in operating costs for 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 in prior years because of regional and national price increases. The City projected that those increases would be offset by aggressive cost containment in all departments. Health care rate increases of twenty percent were common in many industries, but Bountiful was able to hold them to under 10 percent.
- **Enterprise fund rates and regional cooperation initiatives.** The fiscal year 2003 budget includes no rate increases for any of the City's enterprise operations. The Mayor, City Council and City Manager are pursuing the creation of a regional recreation complex that would serve the citizens of Bountiful as well as surrounding communities. The complex would be funded by Bountiful and the surrounding communities.

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 request 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, 2003

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 23,174,179	\$ 19,737,707	\$ 42,911,886
Receivables:			
Taxes	3,473,835		3,473,835
Accounts, net	537,586	2,937,600	3,475,186
Interest	12,588	10,351	22,939
Other	3,693		3,693
Investments	3,198,147	2,574,352	5,772,499
Inventories		1,499,189	1,499,189
Internal balances	41,032	(41,032)	0
Prepays		183,708	183,708
Restricted assets:			
Cash and cash equivalents and investments	8,849,044	557,822	9,406,866
Capital assets:			
Land, land rights, and water rights	45,756,153	2,402,436	48,158,589
Buildings, wells, and reservoirs	13,680,189	12,402,841	26,083,030
Improvements other than buildings	3,437,121	5,957,948	9,395,069
Transmission, distribution and collection systems		60,280,551	60,280,551
Machinery and equipment	6,911,765	20,446,269	27,358,034
Furniture and fixtures	1,463,516	67,186	1,530,702
Infrastructure	25,741,566		25,741,566
Construction in progress	525,539	343,200	868,739
Accumulated depreciation	(26,521,043)	(52,479,128)	(79,000,171)
Notes receivable	651,990	208,010	860,000
Real estate inventory held for resale	788,105		788,105
Investment in power projects		9,751,554	9,751,554
Total Assets	\$ 111,725,005	\$ 86,840,564	\$ 198,565,569
Liabilities:			
Accounts payable	\$ 461,724	\$ 1,524,375	\$ 1,986,099
Accrued liabilities	468,996	1,239,699	1,708,695
Accrued interest payable	56,000		56,000
Deferred revenue	2,480,684	250,221	2,730,905
Developer and customer deposits	697,187	200,052	897,239
Noncurrent liabilities:			
Due within one year	243,000		243,000
Due in more than one year	9,444,506		9,444,506
Total Liabilities	13,852,097	3,214,347	17,066,444
Net Assets:			
Invested in capital assets, net of related debt	61,785,831	49,421,303	111,207,134
Restricted for:			
Perpetual care	940,122		940,122
Landfill closure	640,892	557,822	1,198,714
Debt Service	263,544		263,544
Future development	5,996,037		5,996,037
Insurance deposit	441,761		441,761
Unrestricted	27,804,721	33,647,092	61,451,813
Total Net Assets	97,872,908	83,626,217	181,499,125
Total Liabilities and Net Assets	\$ 111,725,005	\$ 86,840,564	\$ 198,565,569

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

**CITY OF BOUNTIFUL
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2003**

Functions/Programs	Expenses	Programs Revenue		Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Government Activities:						
General governmental	\$ 2,355,754	\$ 1,699,322	\$	\$	\$ (656,432)	\$ (656,432)
Public safety	6,739,630	797,285	81,504	(5,860,841)		(5,860,841)
Highways and streets	2,973,489		1,356,409	(1,617,080)		(1,617,080)
Planning and engineering	929,609	827,931		(101,678)		(101,678)
Parks	621,543			(621,543)		(621,543)
Redevelopment	40,586			(40,586)		(40,586)
Interest on long-term debt	203,374			(203,374)		(203,374)
Total Governmental Activities	13,863,985	3,324,538	1,437,913	0	(9,101,534)	0
Business-type Activities:						
Water	2,097,791	1,836,458		551,074	289,741	289,741
Light and Power	17,671,515	18,519,535		322,748	1,170,768	1,170,768
Landfill	844,780	908,355		169,198	232,773	232,773
Storm Water	755,070	674,835		66,008	(14,227)	(14,227)
Sewer	951,187	758,032		83,718	(109,437)	(109,437)
Golf Course	1,108,974	1,127,153			18,179	18,179
Recreation	1,411,958	1,043,849			(368,109)	(368,109)
Sanitation	610,181	765,774			155,593	155,593
Cemetery	206,055	247,560			41,505	41,505
Total Business-type Activities	25,657,511	25,881,551	0	1,192,746	0	1,416,786
Total Government	\$ 39,521,496	\$ 29,206,089	\$ 1,437,913	\$ 1,192,746	\$ (9,101,534)	\$ 1,416,786
General Revenues:						
Property taxes				\$ 2,872,344	\$	\$ 2,872,344
Sales taxes				4,528,974	241,682	4,770,656
Franchise taxes				2,281,391		2,281,391
Interest on investments				761,354	482,858	1,244,212
Other				528,134		528,134
Gain (loss) on sale of capital assets				4,105	(2,818)	1,287
Special items				(1,702,049)	(950,724)	(2,652,773)
Transfers				1,578,165	(1,578,165)	0
Total General Revenues				10,852,418	(1,807,167)	9,045,251
Changes in Net Assets				1,750,884	(390,381)	1,360,503
Net Assets, Beginning				96,122,024	84,016,598	180,138,622
Net Assets, Ending				\$ 97,872,908	\$ 83,626,217	\$ 181,499,125

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

**CITY OF BOUNTIFUL
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2003**

	General	Redevelopment Agency	Municipal Building Authority	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 1,619,328	\$ 2,856,007	\$ 15,250	\$ 14,190,498	\$ 18,681,083
Receivables:					
Taxes	2,913,233	560,602			3,473,835
Accounts - net	533,070				533,070
Interest	1,409	1,603	8	7,084	10,104
Other				3,693	3,693
Investments	223,423	394,307	2,105	1,959,172	2,579,007
Real estate inventory held for resale		788,105			788,105
Notes receivable		651,990			651,990
Restricted assets:					
Cash and cash equivalents and investments			4,279,021	4,128,262	8,407,283
Total Assets	\$ 5,290,463	\$ 5,252,614	\$ 4,296,384	\$ 20,288,709	\$ 35,128,170
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 164,630	\$ 320	\$ 180,810	\$ 75,999	\$ 421,759
Accrued liabilities	428,718	203	9,516	28,437	466,874
Developer and customer deposits	697,187				697,187
Deferred revenues	1,885,150	1,210,843		34,932	3,130,925
Total Liabilities	3,175,685	1,211,366	190,326	139,368	4,716,745
Fund Balances:					
Reserved for:					
Construction			4,088,695	2,286,342	6,375,037
Landfill closure				640,892	640,892
Perpetual care				940,122	940,122
Debt Service				263,544	263,544
Designated Unreserved, reported in:					
Capital Projects				16,018,441	16,018,441
General Fund	114,778				114,778
Redevelopment Agency		4,041,248			4,041,248
Unreserved, reported in:					
General Fund	2,000,000				2,000,000
Municipal Building Authority			17,363		17,363
Total Fund Balances	2,114,778	4,041,248	4,106,058	20,149,341	30,411,425
Total Liabilities and Fund Balances	\$ 5,290,463	\$ 5,252,614	\$ 4,296,384	\$ 20,288,709	\$ 35,128,170

The accompanying notes are an integral part of the financial statements.

**CITY OF BOUNTIFUL
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
June 30, 2003**

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

Total fund balance - governmental funds	\$ 30,411,425
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	70,994,806
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.	5,559,942
Long-term liabilities are not due and payable in the current period and therefore are not recorded in the funds.	(9,743,506)
Deferred income related to the RDA notes receivable is not recorded as such in the statement of net assets	<u>650,241</u>
Total net assets - governmental activities	<u><u>\$ 97,872,908</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF BOUNTIFUL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2003**

	General	Redevelopment Agency	Municipal Building Authority	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 6,052,484	\$ 560,602	\$	\$ 3,069,623	\$ 9,682,709
Licenses and permits	899,922				899,922
Intergovernmental revenues	1,437,913	68,674			1,506,587
Charges for services	1,894,955		307,347	107,873	2,310,175
Fines and forfeitures	102,338				102,338
Interest on investments	198,144	109,286	3,602	330,101	641,133
Miscellaneous	67,477	135,168		57,380	260,025
Total Revenues	10,653,233	873,730	310,949	3,564,977	15,402,889
Expenditures:					
Current:					
General government	2,182,048				2,182,048
Public safety	5,869,759				5,869,759
Highways and streets	2,105,411				2,105,411
Planning and engineering	903,685				903,685
Parks	472,386				472,386
Redevelopment		28,325			28,325
Debt service:					
Principal			164,000		164,000
Interest			147,374		147,374
Bond issuance costs			152,929	121,135	274,064
Capital outlay		119,946	190,326	1,647,292	1,957,564
Total Expenditures	11,533,289	148,271	654,629	1,768,427	14,104,616
Excess (deficiency) of Revenues Over (Under) Expenditures	(880,056)	725,459	(343,680)	1,796,550	1,298,273
Other Financing Sources (Uses):					
Transfer in	1,915,318		379,000	263,523	2,557,841
Transfer out	(274,109)	(379,000)		(326,567)	(979,676)
Contributions				346,706	346,706
Sale of bonds			3,883,039	2,710,000	6,593,039
Sale of assets				61,820	61,820
Total Other Financing Sources and uses	1,641,209	(379,000)	4,262,039	3,055,482	8,579,730
Net Change in Fund Balances	761,153	346,459	3,918,359	4,852,032	9,878,003
Fund Balance, Beginning	1,353,625	3,694,789	187,699	15,297,309	20,533,422
Fund Balance, Ending	\$ 2,114,778	\$ 4,041,248	\$ 4,106,058	\$ 20,149,341	\$ 30,411,425

The accompanying notes are an integral part of the financial statements.

**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, 2003**

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

Net change in fund balances - total governmental funds	\$ 9,878,003
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.	(1,906,550)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net assets.	1,884,708
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net assets.	164,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expense is reported when due.	(56,000)
The effect of the sale and disposal of capital assets.	(1,759,764)
The long term portion of accrued leave is does not require the use of current financial resources and therefore is not recorded as an expenditure in the Governmental Funds.	(55,680)
The net revenue of certain activities of internal service funds is reported within the governmental activities.	56,309
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.	(135,167)
Proceeds from issuance of bonds is recorded as income in the Governmental Funds. However, the issuance of bonds is recorded as a liability in the statement of net assets.	<u>(6,318,975)</u>
Change in net assets of governmental activities	<u>\$ 1,750,884</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BOUNTIFUL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For The Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
Revenues:				
Taxes	\$ 5,957,331	\$ 6,962,021	\$ 6,052,484	\$ (909,537)
Licenses and permits	451,000	451,000	899,922	448,922
Intergovernmental revenues	1,339,000	1,391,000	1,437,913	46,913
Charges for services	1,747,856	1,747,856	1,894,955	147,099
Fines and forfeitures	100,000	100,000	102,338	2,338
Interest on investments	61,800	61,800	198,144	136,344
Miscellaneous	70,000	70,000	67,477	(2,523)
Total Revenues	9,726,987	10,783,677	10,653,233	(130,444)
Expenditures:				
Current:				
General government:				
Legislative	418,962	418,962	311,300	107,662
Legal	240,013	240,013	224,562	15,451
Executive	220,255	220,255	210,943	9,312
Information systems	344,403	368,093	356,338	11,755
Administrative	503,095	503,095	476,537	26,558
Treasury	489,551	490,551	463,317	27,234
Government buildings	145,599	145,599	139,051	6,548
Public safety:				
Police	4,048,550	4,091,550	4,014,671	76,879
Fire	1,822,887	1,903,887	1,855,088	48,799
Highways and streets	1,787,923	2,618,923	2,105,411	513,512
Planning and engineering:				
Planning	226,362	226,362	213,943	12,419
Engineering	654,018	680,018	689,742	(9,724)
Parks	451,260	502,260	472,386	29,874
Total Expenditures	11,352,878	12,409,568	11,533,289	876,279
Excess of Revenues Over (Under) Expenditures	(1,625,891)	(1,625,891)	(880,056)	745,835
Other Financing Sources (Uses):				
Transfer in	1,900,000	1,900,000	1,915,318	15,318
Transfer out	(274,109)	(274,109)	(274,109)	0
Total Other Financing Sources	1,625,891	1,625,891	1,641,209	15,318
Net Change in Fund Balance	\$ 0	\$ 0	\$ 761,153	\$ 761,153
Fund Balance, Beginning			1,353,625	
Fund Balance, Ending			\$ 2,114,778	

The accompanying notes are an integral part of the financial statements.

**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, 2003**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
Revenues:				
Taxes	\$ 695,706	\$ 695,706	\$ 560,602	\$ (135,104)
Intergovernmental revenues	66,000	66,000	68,674	2,674
Interest on investments	104,675	104,675	109,286	4,611
Miscellaneous	762,092	762,092	135,168	(626,924)
Total Revenues	1,628,473	1,628,473	873,730	(754,743)
Expenditures:				
Current:				
Redevelopment	35,331	35,331	28,325	7,006
Capital outlay	1,593,142	1,593,142	119,946	1,473,196
Total Expenditures	1,628,473	1,628,473	148,271	1,480,202
Excess of Revenues Over (Under) Expenditures			725,459	725,459
Other Financing Sources (Uses):				
Transfer out			(379,000)	(379,000)
Total Other Financing Sources	0	0	(379,000)	(379,000)
Net Change in Fund Balance	\$ 0	\$ 0	\$ 346,459	\$ 346,459
Fund Balance, Beginning			3,694,789	
Fund Balance, Ending			\$ 4,041,248	

The accompanying notes are an integral part of the financial statements.

**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, 2003**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
Revenues:				
Charges for services	\$	\$ 331,336	\$ 307,347	\$ (23,989)
Interest on investments		5,629	3,602	(2,027)
Total Revenues	0	336,965	310,949	(26,016)
Expenditures:				
Debt service:				
Principal		164,000	164,000	0
Interest		172,965	147,374	25,591
Bond issuance costs		199,000	152,929	46,071
Capital outlay			190,326	(190,326)
Total Expenditures	0	535,965	654,629	(118,664)
Excess of Revenues Over (Under) Expenditures	0	(199,000)	(343,680)	(144,680)
Other Financing Sources (Uses):				
Transfer in			379,000	379,000
Sale of bonds		199,000	3,883,039	3,684,039
Total Other Financing Sources	0	199,000	4,262,039	4,063,039
Net Change in Fund Balance	\$ 0	\$ 0	\$ 3,918,359	\$ 3,918,359
Fund Balance, Beginning			187,699	
Fund Balance, Ending			\$ 4,106,058	

The accompanying notes are an integral part of the financial statements.

CITY OF BOUNTIFUL
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2003

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise	
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 5,599,539	\$ 1,643,566	\$ 5,557,203	\$ 6,937,399	\$ 19,737,707	\$ 4,493,096
Accounts receivable, net	256,144	2,177,501	101,286	402,669	2,937,600	4,516
Interest receivable	3,784	565	2,296	3,706	10,351	2,485
Due from other funds						
Investments	773,058	226,839	616,912	957,543	2,574,352	619,140
Inventories	137,046	1,273,012		89,131	1,499,189	
Prepaid expenses	47,000	136,708			183,708	
Total Current Assets	<u>6,816,571</u>	<u>5,458,191</u>	<u>6,277,697</u>	<u>8,390,448</u>	<u>26,942,907</u>	<u>5,119,237</u>
Noncurrent Assets:						
Restricted cash and cash equivalents			557,822		557,822	441,761
Capital assets:						
Land, land rights and water rights	438,788	491,016	43,737	1,428,895	2,402,436	
Buildings, wells and reservoirs	5,129,964	2,548,607		4,724,270	12,402,841	
Improvements other than buildings		2,860,476	67,584	3,029,888	5,957,948	
Transmission, distribution and collection systems	12,059,743	30,040,449		18,180,359	60,280,551	
Machinery and equipment	1,584,211	15,173,423	946,585	2,742,050	20,446,269	
Furniture and fixtures	11,342	34,800	12,313	8,731	67,186	
Construction in progress	21,442	106,343	199,942	15,473	343,200	
Accumulated depreciation	(7,346,193)	(28,723,905)	(683,610)	(15,725,420)	(52,479,128)	
Notes receivable				208,010	208,010	
Investments in power projects		9,751,554			9,751,554	
Total Noncurrent Assets	<u>11,899,297</u>	<u>32,282,763</u>	<u>1,144,373</u>	<u>14,612,256</u>	<u>59,938,689</u>	<u>441,761</u>
Total Assets	<u>\$ 18,715,868</u>	<u>\$ 37,740,954</u>	<u>\$ 7,422,070</u>	<u>\$ 23,002,704</u>	<u>\$ 86,881,596</u>	<u>\$ 5,560,998</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BOUNTIFUL
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (Continued)
June 30, 2003

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise	
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 83,321	\$ 1,285,905	\$ 54,447	\$ 100,702	\$ 1,524,375	\$ 39,966
Accrued liabilities	72,003	324,657	578,518	264,521	1,239,699	2,122
Total Current Liabilities	155,324	1,610,562	632,965	365,223	2,764,074	42,088
Noncurrent Liabilities:						
Deferred revenue		250,221			250,221	
Developer and customer deposits		200,052			200,052	
Total Noncurrent Liabilities	0	450,273	0	0	450,273	0
Total Liabilities	155,324	2,060,835	632,965	365,223	3,214,347	42,088
Net Assets:						
Invested in capital assets, net of related debt	11,899,297	22,531,209	586,551	14,404,246	49,421,303	
Restricted for landfill closure			557,822		557,822	
Restricted for insurance deposit						441,761
Unrestricted	6,661,247	13,148,910	5,644,732	8,233,235	33,688,124	5,077,149
Total Net Assets	18,560,544	35,680,119	6,789,105	22,637,481	83,667,249	5,518,910
Total Liabilities and Net Assets	\$ 18,715,868	\$ 37,740,954	\$ 7,422,070	\$ 23,002,704	\$ 86,881,596	\$ 5,560,998

The accompanying notes are an integral part of the financial statements.

CITY OF BOUNTIFUL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
ASSETS – PROPRIETARY FUNDS
For The Year Ended June 30, 2003

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise	
Operating Revenues:						
Charges for services	\$ 1,822,317	\$ 18,410,571	\$ 814,239	\$ 2,231,653	\$ 23,278,780	\$ 471,936
Connection and servicing		49,874		29,733	79,607	
Admissions and lesson fees				1,364,590	1,364,590	
Equipment and facility rents		24,112		576,175	600,287	
Concession and merchandise sales				233,005	233,005	
Sale of cemetery burial plots				177,555	177,555	
Miscellaneous	14,141	34,978	94,116	4,492	147,727	5,355
Total Operating Revenues	1,836,458	18,519,535	908,355	4,617,203	25,881,551	477,291
Operating Expenses:						
Production, collection and source of supplies	131,965	11,390,363			11,522,328	
Transmission, distribution and/or maintenance	1,079,569	2,604,755	623,840	3,081,623	7,389,787	
Cost of concession and merchandise sales				168,115	168,115	
Claims						179,204
General and administrative	443,678	1,886,007	134,804	815,613	3,280,102	403,031
Depreciation and amortization	442,579	1,746,108	86,136	978,074	3,252,897	
Total Operating Expenses	2,097,791	17,627,233	844,780	5,043,425	25,613,229	582,235
Operating Income	(261,333)	892,302	63,575	(426,222)	268,322	(104,944)

The accompanying notes are an integral part of the financial statements.

CITY OF BOUNTIFUL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
ASSETS – PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2003

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise	
Nonoperating Income (Expense):						
Interest income	\$ 154,144	\$ 26,427	\$ 129,895	\$ 172,392	\$ 482,858	\$ 120,220
Interest expense		(3,250)			(3,250)	
Taxes				241,682	241,682	
Contributions/Grants	551,074	322,748	169,198	149,726	1,192,746	
Gain (loss) from retirement of capital assets	(88)			(2,730)	(2,818)	
Transfers in				349,153	349,153	
Transfers out		(1,915,318)		(12,000)	(1,927,318)	
Total Nonoperating Income (Expense)	705,130	(1,569,393)	299,093	898,223	333,053	120,220
Changes in Net Assets	443,797	(677,091)	362,668	472,001	601,375	15,276
Special Item - Deletion of Fixed Assets	(284,394)	(60,312)	(29,998)	(576,020)	(950,724)	
Net Assets, Beginning	18,401,141	36,417,522	6,456,435	22,741,500	84,016,598	5,503,634
Net Assets, Ending	\$ 18,560,544	\$ 35,680,119	\$ 6,789,105	\$ 22,637,481	\$ 83,667,249	\$ 5,518,910

The accompanying notes are an integral part of the financial statements.

CITY OF BOUNTIFUL
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For The Year Ended June 30, 2003

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise	
Cash Flows From Operating Activities:						
Receipts from customers and users	\$ 1,839,775	\$ 18,626,773	\$ 897,955	\$ 4,566,262	\$ 25,930,765	\$ 232,914
Payments to suppliers	(905,821)	(14,720,756)	(478,819)	(2,023,764)	(18,129,160)	(248,975)
Payments to employees and related benefits	(657,070)	(1,052,430)	(241,703)	(2,038,866)	(3,990,069)	(104,428)
Net cash flows from operating activities	<u>276,884</u>	<u>2,853,587</u>	<u>177,433</u>	<u>503,632</u>	<u>3,811,536</u>	<u>(120,489)</u>
Cash Flows From Non-Capital Financing Activities:						
Transfers in				349,153	349,153	
Transfers out		(1,915,318)		(12,000)	(1,927,318)	
Interest Paid		(3,250)			(3,250)	
Taxes received				241,682	241,682	
Grants and contributions received		129,992	169,198		299,190	
Payment of note receivable				13,000	13,000	
Net cash flows from non-capital financing activities	<u>0</u>	<u>(1,788,576)</u>	<u>169,198</u>	<u>591,835</u>	<u>(1,027,543)</u>	<u>0</u>
Cash Flows From Capital and Related Financing Activities:						
Purchase of capital assets	(896,741)	(123,151)	(197,531)	(554,979)	(1,772,402)	
Proceeds from sales of capital assets	7,200			5,026	12,226	
Net cash flows from capital and related financing activities	<u>(889,541)</u>	<u>(123,151)</u>	<u>(197,531)</u>	<u>(549,953)</u>	<u>(1,760,176)</u>	<u>0</u>
Cash Flows From Investing Activities:						
Interest on investments	154,144	26,427	129,895	172,392	482,858	120,220
Sale (purchase) of investments, net	789,758	(226,839)	313,317	845,842	1,722,078	547,419
Net cash flows from investing activities	<u>943,902</u>	<u>(200,412)</u>	<u>443,212</u>	<u>1,018,234</u>	<u>2,204,936</u>	<u>667,639</u>
Net Increase (Decrease) In Cash and Cash Equivalents	331,245	741,448	592,312	1,563,748	3,228,753	547,150
Cash and Cash Equivalents At Beginning Of Year	5,268,294	902,118	5,522,713	5,373,651	17,066,776	4,387,707
Cash and Cash Equivalents At End Of Year	\$ 5,599,539	\$ 1,643,566	\$ 6,115,025	\$ 6,937,399	\$ 20,295,529	\$ 4,934,857

The accompanying notes are an integral part of the financial statements.

CITY OF BOUNTIFUL
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2003

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Totals	
Reconciliation of operating income to net cash flows from operating activities:						
Earnings (loss) from operations	\$ (261,333)	\$ 892,302	\$ 63,575	\$ (426,222)	\$ 268,322	\$ (104,944)
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:						
Depreciation	442,579	1,746,108	86,136	978,074	3,252,897	
Changes in assets and liabilities						
Accounts receivable, net	2,421	(50,429)	(10,211)	(51,895)	(110,114)	(68)
Interest receivable	896	(341)	(189)	954	1,320	620
Inventories	55,944	(117,816)		3,641	(58,231)	
Prepaid expenses	(5,265)	274,590			269,325	
Accounts payable	23,999	(74,424)	36,560	(14,866)	(28,731)	(16,195)
Accrued liabilities	17,643	25,589	1,562	13,946	58,740	98
Customer deposits		(21,395)			(21,395)	
Deferred revenue		179,403			179,403	
Net cash flows from operating activities	<u>\$ 276,884</u>	<u>\$ 2,853,587</u>	<u>\$ 177,433</u>	<u>\$ 503,632</u>	<u>\$ 3,811,536</u>	<u>\$ (120,489)</u>
<u>NonCash financing activities</u>						
Additions/Contributions to fixed assets	\$ 536,116	\$ 192,756	\$	\$ 447,971	\$ 1,176,843	
Special item deletion of fixed assets	333,333	60,312	29,998	757,173	1,180,816	

The accompanying notes are an integral part of the financial statements.

CITY OF BOUNTIFUL NOTES TO FINANCIAL STATEMENTS

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.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City has elected to implement the general provisions of the statement in the current year.

(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 14 pronouncement. 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.

CITY OF BOUNTIFUL NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(A) The Reporting Entity (Continued)

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.

(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.

CITY OF BOUNTIFUL NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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.

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.

CITY OF BOUNTIFUL NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major proprietary funds:

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

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.

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 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 accounts for the 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, Sewer, 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 provisions 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.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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, 2003, 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	10-75
Transmission, distribution, and collection systems	10-75
Machinery and equipment	4-25
Furniture and fixtures	10
Infrastructure	50

CITY OF BOUNTIFUL NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 CPI. 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.

(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.

CITY OF BOUNTIFUL

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Budgets (Continued)

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.

During the year the City had excess expenditures over appropriations in the following departments: Engineering in the amount of \$9,724 and Municipal Building Authority of \$144,680.

(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 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.

CITY OF BOUNTIFUL NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(H) Compensation 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 one day 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 the 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. The proprietary fund's contributed capital represents equity 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.

**CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 CASH AND INVESTMENTS (Continued)

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.

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, 2003 are as follows:

	Category			Cost	Fair Value
	1	2	3		
Cash on deposit	\$ 300,000	\$ 708,412	\$ 7,070,647	\$ 8,079,059	\$ 8,079,059
Certificates of Deposit	100,000	2,752,494		2,852,494	2,852,494
	<u>\$ 400,000</u>	<u>\$ 3,460,906</u>	<u>\$ 7,070,647</u>	<u>\$ 10,931,553</u>	<u>\$ 10,931,553</u>

**CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 CASH AND INVESTMENTS (Continued)

The carrying amount of deposits was \$10,993,059 as of June 30, 2003. 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 SGAS No. 31. The fair value of the position in the external investment pool is equal to the value of the pool shares.

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, 2003, are as follows:

	Category			Cost	Fair Value
	1	2	3		
U.S. Treasury and Federal Agency securities	\$ 2,000,000	\$	\$	\$ 2,000,000	\$ 2,021,362
Corporate notes		1,000,000		1,033,740	1,002,100
	<u>\$ 2,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 0</u>	3,033,740	3,023,462
Investment in Utah State Treasurer's investment pool account				44,060,749	44,123,932
Total deposits and investments				<u>\$ 47,094,489</u>	<u>\$ 47,147,394</u>

**CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 CASH AND INVESTMENTS

Components of cash and investments (including interest earning deposits) at June 30, 2003, are as follows:

Cash on hand and on deposit:	
Cash on hand	\$ 3,703
Cash on deposit	8,140,566
Utah State Treasurer's investment pool account	44,060,749
Certificates of deposits	2,852,493
U.S. Treasury and Federal Agency securities	2,000,000
Corporate notes	<u>1,033,740</u>
 Total cash and investments	 <u><u>\$ 58,091,251</u></u>

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

Cash and cash equivalents	\$ 42,911,886
Investments	5,772,499
Restricted cash and cash equivalents and investments	<u>9,406,866</u>
 Total cash and investments	 <u><u>\$ 58,091,251</u></u>

NOTE 3 ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts receivable at June 30, 2003 for all funds is \$52,500.

NOTE 4 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2003:

Restricted for insurance deposit	\$ 441,761
Restricted for funds received from other municipalities and held in trust for closure of the sanitary landfill	640,892
Restricted for landfill closure, post-closure and corrective actions	557,822
Restricted for special assessment bond payment	263,523
Restricted revenue for future construction	6,565,363
Restricted for cemetery perpetual care	<u>937,505</u>
 Total	 <u><u>\$ 9,406,866</u></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 FINANCIAL STATEMENTS**

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2003, is as follows:

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 45,532,946	\$ 223,207	\$	\$ 45,756,153
Capital assets, being depreciated:				
Infrastructure	25,494,715	271,479	24,628	25,741,566
Buildings	13,446,808	524,308	290,927	13,680,189
Improvements other than buildings	3,466,655	491,755	521,289	3,437,121
Machinery and equipment	8,216,984	646,038	1,951,257	6,911,765
Furniture and fixtures	<u>2,110,566</u>	<u>215,465</u>	<u>862,514</u>	<u>1,463,517</u>
Total capital assets, being depreciated	52,735,728	2,149,045	3,650,615	51,234,158
Less accumulated depreciation for:				
Infrastructure	11,301,429	475,192	24,627	11,751,994
Buildings	5,705,964	601,662	136,242	6,171,384
Improvements other than buildings	1,886,632	128,506	235,645	1,779,493
Machinery and equipment	6,396,920	576,305	1,139,451	5,833,774
Furniture and fixtures	<u>1,214,401</u>	<u>124,885</u>	<u>354,888</u>	<u>984,398</u>
Total accumulated depreciation	26,505,346	1,906,550	1,890,853	26,521,043
Total capital assets being depreciated, net	<u>26,230,382</u>	<u>242,495</u>	<u>1,759,762</u>	<u>24,713,115</u>
Governmental activities capital assets, net	<u>\$ 71,763,328</u>	<u>\$ 2,372,252</u>	<u>\$ 3,650,615</u>	<u>\$ 70,469,268</u>

**CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 CAPITAL ASSETS (Continued)

The Enterprise Funds' property, plant and equipment consist of the following at June 30, 2003:

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>
Business Type Activities:				
Capital assets, not being depreciated:				
Land, land rights, and water rights	\$ 2,402,436	\$	\$	\$ 2,402,436
Total capital assets, not being depreciated	<u>2,402,436</u>	<u>0</u>	<u>0</u>	<u>2,402,436</u>
Capital assets, being depreciated:				
Buildings, wells and reservoirs	12,195,168	794,228	586,555	12,402,841
Improvements other than buildings	6,109,026	136,429	287,507	5,957,948
Transmission, distribution and collection systems	59,625,152	724,657	69,258	60,280,551
Machinery and equipment	22,861,214	515,536	2,930,481	20,446,269
Furniture and fixtures	265,941	11,341	210,096	67,186
Construction in progress	13,132	405,315	75,247	343,200
Total capital assets, being depreciated	<u>101,069,633</u>	<u>2,587,506</u>	<u>4,159,144</u>	<u>99,497,995</u>
Less accumulated depreciation for:				
Buildings, wells and reservoirs	6,697,217	418,451	304,256	6,811,412
Improvements other than buildings	1,959,657	131,199	179,722	1,911,134
Transmission, distribution and collection systems	30,422,689	1,726,210	33,964	32,114,935
Machinery and equipment	12,860,332	996,328	2,258,888	11,597,772
Furniture and fixtures	206,319	3,534	165,978	43,875
Total accumulated depreciation	<u>52,146,214</u>	<u>3,275,722</u>	<u>2,942,808</u>	<u>52,479,128</u>
Total capital assets being depreciated, net	<u>48,923,419</u>	<u>(688,216)</u>	<u>1,216,336</u>	<u>47,018,867</u>
Business type activities capital assets, net	<u>\$ 51,325,855</u>	<u>\$ (688,216)</u>	<u>\$ 1,216,336</u>	<u>\$ 49,421,303</u>

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

Governmental activities:	
General government	\$ 156,649
Public safety	759,905
Highways and public improvements	816,020
Parks and recreation	141,513
Redevelopment Agency	11,811
Planning & engineering	<u>20,652</u>
Total depreciation expense - governmental activities	<u>\$ 1,906,550</u>

**CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 NOTES RECEIVABLE

The Redevelopment Agency holds three notes receivable from local businesses in the City of Bountiful with balances of \$118,952, \$439,965, and \$91,317 at June 30, 2003. The notes are collateralized by land and buildings and bear interest at 4.75%, 6.00%, and 6.00% 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 \$3,579 due through May 2004 with a balloon payment of \$426,536 due June 2004; however the term can be extended through June 2009. The third note has monthly principal and interest payments aggregating \$1,388 due through July 2004 with a balloon payment of \$72,806 due August 2004.

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, 2003:

	Long-term debt payable at July 1, 2002	Additions	Reductions	Long-term debt payable at June 30, 2003
Lease revenue bonds	\$ 3,054,000	\$ 3,790,000	\$ 164,000	\$ 6,680,000
Special assessment bonds		2,710,000		2,710,000
Accumulated unpaid vacation and sick leave	422,851	55,680		478,531
Plus unamortized premium		93,039		93,039
Less cost of debt issuance		(274,064)		(274,064)
Total	<u>\$ 3,476,851</u>	<u>\$ 6,374,655</u>	<u>\$ 164,000</u>	<u>\$ 9,687,506</u>

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS

NOTE 9 LONG-TERM DEBT (Continued)

Long-term debt at June 30, 2003, consists of the following:

Municipal Building Authority Lease Revenue Bonds (Lease Revenue Bonds): \$3,685,000 lease revenue bonds due in semi-annual principal installments of \$85,000 to \$163,000 through March 1, 2015, plus interest at 4.6% to 5.9%, payable semi-annually. Funds for repayment will be provided by by sublease rental income from the State of Utah. The bonds are subject to an option redemption in whole or in part. In the event that the option is exercised, 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.	\$ 2,890,000
Municipal Building Authority Lease Revenue Bonds (Lease Revenue Bonds): \$3,790,000 lease revenue bonds, due in semi-annual principal installments of \$190,000 to \$350,000 through June 1, 2016, plus interest at 1.5% to 3.7%, payable semi-annually. Funds for repayment will be provided by sublease rental income.	<u>3,790,000</u>
Total Lease Revenue Bonds	<u>\$ 6,680,000</u>
Special Assessment Bonds: \$2,710,000 special assessment bonds due in annual principal installments of \$70,000 to \$249,000 through June 1, 2018, plus interest at 2.3% to 5.7%, payable annually. Funds for repayment will be provided by special assessment levied on the real estate in the district benefited.	<u>\$ 2,710,000</u>
Accumulated unpaid vacation and sick leave: Long-term portion of accumulated unpaid vacation and sick leave in governmental funds.	<u>\$ 478,531</u>

CITY OF BOUNTIFUL
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9 LONG-TERM DEBT (Continued)

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

Year ending June 30,	Lease Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2004	\$ 173,000	\$ 296,258	\$ 70,000	\$ 115,570
2005	373,000	287,498	148,000	115,252
2006	479,000	271,832	152,000	111,463
2007	495,000	253,214	156,000	107,131
2008	517,000	234,108	161,000	102,170
2009-2013	2,901,000	820,571	898,000	416,233
2014-2018	<u>1,742,000</u>	<u>154,287</u>	<u>1,125,000</u>	<u>189,968</u>
	6,680,000	<u>\$ 2,317,768</u>	2,710,000	<u>\$ 1,157,787</u>
Plus unamortized premium	93,039			
Less cost of debt issuance	<u>(152,929)</u>		<u>(121,135)</u>	
Total	<u>\$ 6,620,110</u>		<u>\$ 2,588,865</u>	

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.

The Lease Revenue Bonds were issued by the Municipal Building Authority to construct a Police/Judicial Court Facility next to City Hall. 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.

NOTE 10 DEFERRED PROPERTY TAXES

In conjunction with the implementation of GASB pronouncement 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 \$1,858,430 and \$560,602, respectively.

CITY OF BOUNTIFUL
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10 DEFERRED PROPERTY TAXES (Continued)

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, 2003 was not expected to be received within 60 days after the year ended June 30, 2003, 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, 2003.

NOTE 11 DESIGNATED FUND EQUITY

Unreserved fund balances which have designated purposes at June 30, 2003 are as follows:

	General Fund	Redevelopment Agency	Capital Projects
Designated for City beautification	\$ 369	\$	\$
Designated for computer replacement	79,662		
Designated for employee benefits	34,747		
Designated for construction projects		4,041,248	16,018,441
	<u>\$ 114,778</u>	<u>\$ 4,041,248</u>	<u>\$ 16,018,441</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 \$69,833,751 with a \$1,000 deductible, (2) contractors equipment to a policy limit of \$320,000 with a \$1,000 deductible, (3) computer equipment to a policy limit of \$665,812 with a \$1,000 deductible, (4) \$10,000,000 in earthquake coverage with a \$50,000 retention, (5) \$10,000,000 in flood coverage for facilities that are located outside the standard report zone with a \$25,000 retention, (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. 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 fiscal year ended June 30, 2003, nor during the past four fiscal years has the amount of settlements exceeded insurance coverage.

CITY OF BOUNTIFUL
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 12 RISK MANAGEMENT (Continued)

A summary of changes in general liability claims for the years ended June 30, 2003 and 2002, are as follows:

	General Liability Claims
	<u> </u>
Balance, July 1, 2001	\$ 85,000
Additions	167,808
Deletions	<u>(252,808)</u>
Balance, June 30, 2002	0
Additions	116,522
Deletions	<u>(104,760)</u>
Balance, June 30, 2003	<u><u>\$ 11,762</u></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, 2003 and 2002, are as follows:

	Workers' Compensation Claims
	<u> </u>
Balance, July 1, 2001	\$ 32,896
Additions	76,975
Deletions	<u>(64,352)</u>
Balance, June 30, 2002	45,519
Additions	62,682
Deletions	<u>(84,778)</u>
Balance, June 30, 2003	<u><u>\$ 23,423</u></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)

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 4.19% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 8.69% of members' annual covered salary. In the Firefighters Retirement System, members do not contribute, and the City is required to contribute 7.82% 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, 2003, 2002, and 2001, were \$17,206, \$16,090, and \$18,451 respectively; for the Noncontributory Retirement System, the contributions for the years ended June 30, 2003, 2002, and 2001, were \$493,224, \$464,211, and \$544,645, respectively; and for the Firefighters Retirement System, the contributions for the years ended June 30, 2003, 2002, and 2001, were \$59,119, \$51,871, and \$72,678, 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 17.41% of members' annual covered salary in the Noncontributory Division. The contribution rates are the actuarial determined rates. The contribution requirements of the system are authorized by statute and specified by the Board.

Annual pension cost: For 2003, the City's Public Safety annual pension cost of \$287,124 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2003, 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) 2.5% 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 (20 years remaining from January 1, 2001). 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 Assets (APC)</u>	<u>Percentage APC Contribution</u>	<u>Net Pension Obligation</u>
June 30, 2003	\$ 287,124	100%	\$ 0
June 30, 2002	297,599	100%	0
June 30, 2001	340,762	100%	0

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, 2002	\$ 10,958,000	\$ 11,308,000	\$ 350,000	97%	\$ 1,601,000	22%
January 1, 2002	11,148,000	10,484,000	(664,000)	106%	1,518,000	-44%
January 1, 2001	10,439,000	10,101,000	(338,000)	103%	1,442,000	-23%

CITY OF BOUNTIFUL
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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, 2003 was \$10,779,449. Of that amount, \$7,855,252 was eligible to participate in the plan. The City participates at rates between 4.51% and 6.50%, depending on the employees' contributions. The rate of City participation can be changed by the City Council. During the year ended June 30, 2003, contributions totaling \$285,365 were made to the plan by employees and \$421,461 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, 2003 was \$10,779,449. Of that amount, \$7,855,252 was eligible to participate in this plan. The City currently does not contribute to the plan. The rate of City participation can be changed by the City Council. During the year ended June 30, 2003, contributions totaling \$75,891 were made to this plan by employees.

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. 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 SGAS 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, 2003, the City had fifteen participants eligible to receive benefits and such costs totaled \$50,577. 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)

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 \$208,010 as of June 30, 2003.

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

2004	\$	13,000
2005		13,000
2006		13,000
2007		13,000
2008-2012		65,000
2013-2017		65,000
2018-2019		<u>26,010</u>
Total payments to be received	\$	<u><u>208,010</u></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 from operating leases by the City are as follows:

2004	\$	336,166
2005		335,899
2006		335,994
2007		335,501
2008		335,646
2009-2013		1,680,595
2013-2014		<u>672,287</u>
Total future minimum lease payments to be received from operating leases	\$	<u><u>4,032,088</u></u>

The City received \$307,347 in rental income from operating leases for the year ended June 30, 2003.

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 \$177,337 of outstanding construction commitments at June 30, 2003.

CITY OF BOUNTIFUL
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 17 COMMITMENTS AND CONTINGENCIES (Continued)

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 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 \$67,159 of tax increment through June 30, 2003 related to this commitment.

NOTE 18 INTERGOVERNMENTAL REVENUE

Intergovernmental revenue for the year ended June 30, 2003 consists of the following:

Federal Office of National Drug Control (HIDTA) Grant	\$ 11,382	0.76%
Utah Class "C" road allotment	1,356,409	90.03%
Utah Emergency Medical Services Grant	9,803	0.65%
HazMat Emergency Plan Training Grant	831	0.05%
FEMA Fire Protection Grant	59,488	3.95%
City of Woods Cross RDA Tax Increment	<u>68,674</u>	<u>4.56%</u>
	<u>\$ 1,506,587</u>	<u>100.00%</u>

NOTE 19 OPERATING TRANSFERS RECONCILIATION

The operating transfers among the funds for the year ended June 30, 2003 were as follows:

	<u>In</u>	<u>Out</u>
General Fund	\$ 1,915,318	\$ 274,109
Redevelopment Agency Fund		379,000
Municipal Building Authority Fund	379,000	
Debt Service Fund	263,523	
Capital Projects Fund		326,567
Enterprise		
Light and Power Fund		1,915,318
Golf Course Fund		12,000
Recreation Fund	315,109	
Cemetery Fund	<u>34,044</u>	
	<u>\$ 2,906,994</u>	<u>\$ 2,906,994</u>

CITY OF BOUNTIFUL
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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 liabilities under the Act. As of June 30, 2003, \$640,892 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 SGAS 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, 2003. The City has reported and included in accrued liabilities \$557,822 as landfill closure and post-closure care liability at June 30, 2003 which is based on 49% 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 2003. 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, 2003, investments of \$2,287,481 (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.

CITY OF BOUNTIFUL
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 21 INVESTMENTS IN POWER PROJECTS AND RELATED CONTRACTS

The City participates with other municipalities and agencies in the San Juan and Craig-Mona power projects. The City has met its financial responsibility by funding the anticipated debt service requirements in its initial investment in these projects. Both of these projects were recorded at cost and are included in investments in power projects. Under the terms of the San Juan agreement, the City is liable for an agreed-upon take or pay purchase amount of approximately 1.004% of the plant's production and a share of its O&M costs. For the year ended June 30, 2003, the City purchased power from the San Juan project via this contract totaling \$857,825 and paid \$465,622 in O&M costs. For fiscal 2004, the budgeted amounts for this project include \$1,078,970 in purchased power and \$350,000 in O&M costs. The Craig-Mona agreement stipulates a 22.3% ownership interest in a transmission line to facilitate the transmission of power. There are no take or pay obligations for the purchase of power in this agreement but the City is responsible for its share of the O&M costs associated with the line. For these O&M costs, the City paid \$116,823 for the year ended June 30, 2003, and has budgeted \$85,000 for fiscal 2004.

On July 1, 1993, the City entered into an agreement with Utah Associated Municipal Power Systems (UAMPS) to purchase an interest in the San Juan Unit No. 4 coal-fired power plant (the San Juan Unit) from Public Service of New Mexico. The acquired interest in the San Juan Unit provides the City with a long-term source of power. The City financed the transaction with a loan from the City's Capital Projects Fund in the amount of \$5,790,000. The interest rate of the loan was the interest rate the City would have received by investing the funds, as determined by the Utah State Treasurer's Investment Fund rate. In fiscal year 2001 the Light and Power Fund received an additional advance of \$3,000,000 from the Capital Projects Fund to purchase a natural gas burning power generator. In June 2001, the City Council voted to forgive the \$6,708,456 advance from the Capital Projects Fund in exchange for future street lighting expenditures, which had previously been paid by the City's General Fund. A payment received from the City's General Fund relating to these services was \$384,979 for the year ending June 30, 2001. The debt forgiveness was recorded as a contribution of capital in the Light and Power Fund.

On June 16, 1999, the City, 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. Under the terms of the agreement, the City is responsible on a take or pay purchase for 10.08% of the total megawatts purchased by UAMPS or approximately 7.5 megawatts. The City purchased power via this contract totaling \$892,948 during the fiscal year ended June 30, 2003. The budgeted amount for this contract is \$1,101,976 for fiscal 2004.

On September 28, 1978, the City entered into a 50-year contract with the Intermountain Power Agency (IPA) for the purchase of power. Under the terms of the agreement, the City 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 City entered into an excess power sales agreement whereby all power purchased from IPA in excess of the City's scheduled amount will be sold to a group of California cities, thus relieving the City's excess power purchase liability. The City had 13.9 megawatts called back for the summer season from March 25, 2003 through September 25, 2003. The City has another 13.9 megawatts called back for the summer season starting March 25, 2004 through September 25, 2004 that could cost the City \$3,235,650.

CITY OF BOUNTIFUL
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

The City has a contract with Western Area Power Administration to provide a prorate 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 City's power. The City purchased power via this contract totaling \$3,166,558 during the fiscal year ended June 30, 2003. For fiscal 2004, the budgeted amount for this contract is \$3,228,810.

Beginning on October 1, 2001, the City 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 City purchased power from Deseret Power via this contract totaling \$ 3,855,516 during the fiscal year ended June 30, 2003. For fiscal 2004, the budgeted amount for this project is \$3,529,557.

The City purchases and sells power from UAMPS and other members through UAMPS PX system. The City purchased a net \$219,771 from the UAMPS pool for the fiscal year ended June 30, 2003.

NOTE 22 REDEVELOPMENT AGENCY OF THE CITY OF BOUNTIFUL

For the year ended June 30, 2003, 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	\$	442,704
District #5		103,247
<u>Project Area 2</u>		
District #3		14,651
		<hr/>
	\$	560,602
		<hr/>
Tax increment paid to other taxing agencies	\$	0
Outstanding loans to finance RDA projects	\$	0
Amounts expended for site improvements and preparation costs	\$	119,946
Amounts expended for administrative costs	\$	28,325

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.

CITY OF BOUNTIFUL
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 23 CONDUIT DEBT OBLIGATIONS (Continued)

As of June 30, 2003, there were six series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for four of the series that were issued prior to July 1, 1995, could not be determined; however, their original issued amounts totaled \$9,475,000. The remaining two series were issued subsequent to July 1, 1995, and have an outstanding principal balance of \$13,716,281 as of June 30, 2003.

NOTE 24 SPECIAL ITEMS

During the current fiscal year the City changed its capitalization policy relating to fixed assets. As a result of this change the City incurred a one-time reduction of retained earnings by expending previously capitalized assets. The affected funds and changes in their respective retained earnings are as follows:

General	\$ 1,702,049
Water	284,394
Light and Power	60,312
Landfill	29,998
Storm Drain	188,917
Sewer	18,373
Golf Course	244,627
Recreation	281,956
Sanitation	158,243
Cemetery	61,738

NOTE 25 SUBSEQUENT EVENTS

Subsequent to year-end the City entered into an agreement to transfer the construction, operation, and ownership of its sanitary sewer collection system to South Davis Sewer District. The transfer will be effective January 1, 2004. The City will continue to bill its customers through June 30, 2004 and will be entitled to keep all revenue billed and existing fund balances accrued in its sewer fund through June 30, 2004. The City will transfer to the South Davis Sewer District \$444,000, which represent its proportional share of a reserve fund for replacement of existing infrastructure.

SUPPLEMENTAL INFORMATION

**CITY OF BOUNTIFUL
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2003**

	Debt Service	Capital Projects	Special Revenue Fund Landfill Closure	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
Assets:					
Cash and cash equivalents	\$ 13	\$ 14,190,485	\$	\$	\$ 14,190,498
Receivables:					
Interest	8	6,634		442	7,084
Other		1,518		2,175	3,693
Investments		1,959,172			1,959,172
Restricted assets:					
Cash and cash equivalents and investments	<u>263,523</u>	<u>2,286,342</u>	<u>640,892</u>	<u>937,505</u>	<u>4,128,262</u>
Total Assets	<u>\$ 263,544</u>	<u>\$ 18,444,151</u>	<u>\$ 640,892</u>	<u>\$ 940,122</u>	<u>\$ 20,288,709</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		75,999			75,999
Accrued liabilities		28,437			28,437
Deferred revenues		34,932			34,932
Total Liabilities	<u>0</u>	<u>139,368</u>	<u>0</u>	<u>0</u>	<u>139,368</u>
Fund Balances:					
Reserved for:					
Construction		2,286,342			2,286,342
Landfill closure			640,892		640,892
Perpetual care				940,122	940,122
Debt service	263,544				263,544
Designated Unreserved, reported in:					
Capital projects		<u>16,018,441</u>			<u>16,018,441</u>
Total Fund Balances	<u>263,544</u>	<u>18,304,783</u>	<u>640,892</u>	<u>940,122</u>	<u>20,149,341</u>
Total Liabilities and Fund Balances	<u>\$ 263,544</u>	<u>\$ 18,444,151</u>	<u>\$ 640,892</u>	<u>\$ 940,122</u>	<u>\$ 20,288,709</u>

**CITY OF BOUNTIFUL
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2003**

	Debt Service	Capital Projects	Special Revenue Fund Landfill Closure	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$	\$ 3,069,623	\$	\$	\$ 3,069,623
Charges for services		107,873			107,873
Interest on investments	21	298,406	11,797	19,877	330,101
Miscellaneous		18,777		38,603	57,380
Total Revenues	21	3,494,679	11,797	58,480	3,564,977
Expenditures:					
Debt service:					
Bond issuance costs		121,135			121,135
Capital outlay		1,647,292			1,647,292
Total Expenditures	0	1,768,427	0	0	1,768,427
Excess (deficiency) of Revenues Over (Under) Expenditures	21	1,726,252	11,797	58,480	1,796,550
Other Financing Sources (Uses):					
Transfer in	263,523				263,523
Transfer out		(326,567)			(326,567)
Contributions		346,706			346,706
Sale of Bonds		2,710,000			2,710,000
Sale of assets		61,820			61,820
Total Other Financing Sources and uses	263,523	2,791,959	0	0	3,055,482
Net Change in Fund Balances	263,544	4,518,211	11,797	58,480	4,852,032
Fund Balance, Beginning	0	13,786,572	629,095	881,642	15,297,309
Fund Balance, Ending	\$ 263,544	\$ 18,304,783	\$ 640,892	\$ 940,122	\$ 20,149,341

**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, 2003**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
Revenues:				
Charges for services	\$ 331,336	\$	\$	\$
Interest on investments	5,629		21	21
Total Revenues	336,965	0	21	21
Expenditures:				
Debt service:				
Principal	164,000			
Interest	172,965			
Total Expenditures	336,965	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	21	21
Other Financing Sources (Uses):				
Transfer in			263,523	263,523
Total Other Financing Sources	0	0	263,523	263,523
Net Change in Fund Balance	\$ 0	\$ 0	\$ 263,544	\$ 263,544
Fund Balance, Beginning			0	
Fund Balance, Ending			\$ 263,544	

**CITY OF BOUNTIFUL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR CAPITAL PROJECTS FUND
For The Year Ended June 30, 2003**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
Revenues:				
Taxes	\$ 3,027,669	\$ 2,381,226	\$ 3,069,623	\$ 688,397
Charges for services	64,400	64,400	107,873	43,473
Interest on investments	225,000	225,000	298,406	73,406
Miscellaneous			18,777	18,777
Total Revenues	3,317,069	2,670,626	3,494,679	824,053
Expenditures:				
Debt service:				
Bond issuance costs		130,000	121,135	8,865
Capital outlay	3,254,025	3,999,582	1,647,292	2,352,290
Total Expenditures	3,254,025	4,129,582	1,768,427	2,361,155
Excess of Revenues Over (Under) Expenditures	63,044	(1,458,956)	1,726,252	3,185,208
Other Financing Sources (Uses):				
Transfer out	(63,044)	(327,044)	(326,567)	477
Contributions		1,392,000	346,706	(1,045,294)
Sale of bonds		394,000	2,710,000	2,316,000
Sale of assets			61,820	61,820
Total Other Financing Sources	(63,044)	1,458,956	2,791,959	1,333,003
Net Change in Fund Balance	\$ 0	\$ 0	\$ 4,518,211	\$ 4,518,211
Fund Balance, Beginning			13,786,572	
Fund Balance, Ending			\$ 18,304,783	

**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, 2003**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
Revenues:				
Interest on investments	\$	\$	\$ 11,797	\$ 11,797
Total Revenues	0	0	11,797	11,797
Net Change in Fund Balance	\$ 0	\$ 0	\$ 11,797	\$ 11,797
Fund Balance, Beginning			629,095	
Fund Balance, Ending			\$ 640,892	

**CITY OF BOUNTIFUL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR PERPETUAL CARE
PERMANENT FUND
For The Year Ended June 30, 2003**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
Revenues:				
Interest on investments	\$	\$	\$ 19,877	\$ 19,877
Miscellaneous			38,603	38,603
Total Revenues	0	0	58,480	58,480
Net Change in Fund Balance	\$ 0	\$ 0	\$ 58,480	\$ 58,480
Fund Balance, Beginning			881,642	
Fund Balance, Ending			\$ 940,122	

**CITY OF BOUNTIFUL
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2003**

	Business-Type Activities - Enterprise Funds						Total Nonmajor Enterprise Funds
	Storm Water	Sewer	Golf Course	Recreation	Sanitation	Cemetery	
Assets:							
Current Assets:							
Cash and cash equivalents	\$ 877,936	\$ 2,922,318	\$ 490,127	\$ 795,629	\$ 1,150,826	\$ 700,563	\$ 6,937,399
Accounts receivable, net	81,909	94,508	7,064	30,357	94,736	94,095	402,669
Interest receivable	345	1,623	248	413	707	370	3,706
Investments	121,210	403,462	67,544	109,733	158,872	96,722	957,543
Inventories		5,542	62,846	8,000		12,743	89,131
Total Current Assets	<u>1,081,400</u>	<u>3,427,453</u>	<u>627,829</u>	<u>944,132</u>	<u>1,405,141</u>	<u>904,493</u>	<u>8,390,448</u>
Noncurrent Assets:							
Capital assets:							
Land, land rights and water rights		10,625	1,034,192	136,927		247,151	1,428,895
Buildings, wells and reservoirs		10,625	1,016,997	3,642,824	20,670	33,154	4,724,270
Improvements other than buildings			2,608,807	198,642	11,464	210,975	3,029,888
Transmission, distribution and collection systems	13,845,864	4,334,495					18,180,359
Machinery and equipment	386,979	251,175	603,613	318,118	1,068,193	113,972	2,742,050
Furniture and fixtures		8,731					8,731
Construction in progress	173	3,300		12,000			15,473
Accumulated depreciation	(8,199,263)	(1,862,756)	(1,471,788)	(3,149,118)	(843,651)	(198,844)	(15,725,420)
Notes receivable						208,010	208,010
Total Noncurrent Assets	<u>6,033,753</u>	<u>2,756,195</u>	<u>3,791,821</u>	<u>1,159,393</u>	<u>256,676</u>	<u>614,418</u>	<u>14,612,256</u>
Total Assets	<u>\$ 7,115,153</u>	<u>\$ 6,183,648</u>	<u>\$ 4,419,650</u>	<u>\$ 2,103,525</u>	<u>\$ 1,661,817</u>	<u>\$ 1,518,911</u>	<u>\$ 23,002,704</u>

**CITY OF BOUNTIFUL
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS (Continued)
 June 30, 2003**

	Storm Water	Sewer	Golf Course	Recreation	Sanitation	Cemetery	Total Nonmajor Enterprise Funds
Liabilities:							
Current Liabilities:							
Accounts payable	\$ 261	\$ 40,034	\$ 41,500	\$ 14,159	\$ 763	\$ 3,985	\$ 100,702
Accrued liabilities	8,822	12,506	146,128	65,606	22,339	9,120	264,521
Total Current Liabilities	<u>9,083</u>	<u>52,540</u>	<u>187,628</u>	<u>79,765</u>	<u>23,102</u>	<u>13,105</u>	<u>365,223</u>
Total Liabilities	<u>9,083</u>	<u>52,540</u>	<u>187,628</u>	<u>79,765</u>	<u>23,102</u>	<u>13,105</u>	<u>365,223</u>
Net Assets:							
Invested in capital assets, net of related debt	6,033,753	2,756,195	3,791,821	1,159,393	256,676	406,408	14,404,246
Unrestricted	<u>1,072,317</u>	<u>3,374,913</u>	<u>440,201</u>	<u>864,367</u>	<u>1,382,039</u>	<u>1,099,398</u>	<u>8,233,235</u>
Total Net Assets	<u>7,106,070</u>	<u>6,131,108</u>	<u>4,232,022</u>	<u>2,023,760</u>	<u>1,638,715</u>	<u>1,505,806</u>	<u>22,637,481</u>
Total Liabilities and Net Assets	<u>\$ 7,115,153</u>	<u>\$ 6,183,648</u>	<u>\$ 4,419,650</u>	<u>\$ 2,103,525</u>	<u>\$ 1,661,817</u>	<u>\$ 1,518,911</u>	<u>\$ 23,002,704</u>

CITY OF BOUNTIFUL
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For The Year Ended June 30, 2003

	Business-Type Activities - Enterprise Funds						Total Nonmajor Enterprise Funds
	Storm Water	Sewer	Golf Course	Recreation	Sanitation	Cemetery	
Operating Revenues:							
Charges for services	\$ 656,080	\$ 746,679	\$	\$	\$ 765,714	\$ 63,180	\$ 2,231,653
Connection and servicing	18,755	10,978					29,733
Admissions and lesson fees			658,752	705,838			1,364,590
Equipment and facility rents			318,255	253,070		4,850	576,175
Concession and merchandise sales			150,081	82,924			233,005
Sale of cemetery burial plots						177,555	177,555
Miscellaneous		375	65	2,017	60	1,975	4,492
Total Operating Revenues	674,835	758,032	1,127,153	1,043,849	765,774	247,560	4,617,203
Operating Expenses:							
Transmission, distribution and/or maintenance	234,196	701,905	687,593	941,056	370,216	146,657	3,081,623
Cost of concession and merchandise sales			95,250	72,865			168,115
General and administrative	96,741	124,132	153,930	272,064	116,336	52,410	815,613
Depreciation and amortization	424,133	125,150	172,201	125,973	123,629	6,988	978,074
Total Operating Expenses	755,070	951,187	1,108,974	1,411,958	610,181	206,055	5,043,425
Operating Income	(80,235)	(193,155)	18,179	(368,109)	155,593	41,505	(426,222)
Nonoperating Income (Expense):							
Interest income	12,436	74,357	12,136	18,293	38,473	16,697	172,392
Taxes	241,682						241,682
Contributions	66,008	83,718					149,726
Gain (loss) from retirement of capital assets		3,150	(5,880)				(2,730)
Transfers in				315,109		34,044	349,153
Transfers out			(12,000)				(12,000)
Total Nonoperating Income (Expense)	320,126	161,225	(5,744)	333,402	38,473	50,741	898,223
Changes in Net Assets	239,891	(31,930)	12,435	(34,707)	194,066	92,246	472,001
Special Item - Deletion of Fixed Assets	188,917	(18,373)	(244,627)	(281,956)	(158,243)	(61,738)	(576,020)
Net Assets, Beginning	6,677,262	6,181,411	4,464,214	2,340,423	1,602,892	1,475,298	22,741,500
Net Assets, Ending	\$ 7,106,070	\$ 6,131,108	\$ 4,232,022	\$ 2,023,760	\$ 1,638,715	\$ 1,505,806	\$ 22,637,481

**CITY OF BOUNTIFUL
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For The Year Ended June 30, 2003**

	Business-Type Activities - Enterprise Funds						
	Storm Water	Sewer	Golf Course	Recreation	Sanitation	Cemetery	Totals
Cash Flows From Operating Activities:							
Receipts from customers and users	\$ 675,969	\$ 760,468	\$ 1,128,608	\$ 1,013,652	\$ 767,356	\$ 220,209	\$ 4,566,262
Payments to suppliers	(159,665)	(684,168)	(362,815)	(535,761)	(227,182)	(54,173)	(2,023,764)
Payments to employees and related benefits	(212,115)	(151,076)	(501,877)	(759,599)	(259,495)	(154,704)	(2,038,866)
Net cash flows from operating activities	304,189	(74,776)	263,916	(281,708)	280,679	11,332	503,632
Cash Flows From Non-Capital Financing Activities:							
Transfers in				315,109		34,044	349,153
Transfers out			(12,000)				(12,000)
Interest Paid							0
Taxes received	241,682						241,682
Grants and contributions received							0
Payment of note receivable						13,000	13,000
Net cash flows from non-capital financing activities	241,682	0	(12,000)	315,109	0	47,044	591,835
Cash Flows From Capital and Related Financing Activities:							
Purchase of capital assets	(145,910)	(22,776)	(175,165)	(12,001)	(146,196)	(52,931)	(554,979)
Proceeds from sales of capital assets		3,526	1,500				5,026
Net cash flows from capital and related financing activities	(145,910)	(19,250)	(173,665)	(12,001)	(146,196)	(52,931)	(549,953)
Cash Flows From Investing Activities:							
Interest on investments	12,436	74,357	12,136	18,293	38,473	16,697	172,392
Sale (purchase) of investments, net	(21,185)	363,394	39,345	89,335	300,064	74,889	845,842
Net cash flows from investing activities	(8,749)	437,751	51,481	107,628	338,537	91,586	1,018,234
Net Increase (Decrease) In Cash and Cash Equivalents	391,212	343,725	129,732	129,028	473,020	97,031	1,563,748
Cash and Cash Equivalents At Beginning Of Year	486,724	2,578,593	360,395	666,601	677,806	603,532	5,373,651
Cash and Cash Equivalents At End Of Year	\$ 877,936	\$ 2,922,318	\$ 490,127	\$ 795,629	\$ 1,150,826	\$ 700,563	\$ 6,937,399

**CITY OF BOUNTIFUL
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2003**

	Business-Type Activities - Enterprise Funds						Totals
	Storm Water	Sewer	Golf Course	Recreation	Sanitation	Cemetery	
Reconciliation of operating income to net cash flows from operating activities:							
Earnings (loss) from operations	\$ (80,235)	\$ (193,155)	\$ 18,179	\$ (368,109)	\$ 155,593	\$ 41,505	\$ (426,222)
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:							
Depreciation	424,133	125,150	172,201	125,973	123,629	6,988	978,074
Changes in assets and liabilities							
Accounts receivable, net	1,338	1,758	1,354	(30,357)	1,498	(27,486)	(51,895)
Interest receivable	(204)	678	101	160	84	135	954
Inventories		2,796	(3,967)	1,875		2,937	3,641
Accounts payable	(41,333)	30,424	17,707	(7,387)	(1,827)	(12,450)	(14,866)
Accrued liabilities	490	(42,427)	58,341	(3,863)	1,702	(297)	13,946
Net cash flows from operating activities	<u>\$ 304,189</u>	<u>\$ (74,776)</u>	<u>\$ 263,916</u>	<u>\$ (281,708)</u>	<u>\$ 280,679</u>	<u>\$ 11,332</u>	<u>\$ 503,632</u>
NonCash financing activities							
Additions/Contributions to fixed assets	\$ 364,253	\$ 83,718	\$	\$	\$	\$	\$ 447,971
Special item deletion of fixed assets	4,110	18,374	232,752	281,956	158,243	61,738	757,173

**CITY OF BOUNTIFUL
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2003**

	<u>Governmental Immunity</u>	<u>Workers' Compensation Self-Insurance</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 3,459,221	\$ 1,033,875	\$ 4,493,096
Interest receivable	1,945	540	2,485
Investments	477,588	141,552	619,140
Other receivables		4,516	4,516
	<u>3,938,754</u>	<u>1,180,483</u>	<u>5,119,237</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	<u>441,761</u>		<u>441,761</u>
	<u>441,761</u>	<u>0</u>	<u>441,761</u>
	<u>\$ 4,380,515</u>	<u>\$ 1,180,483</u>	<u>\$ 5,560,998</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 16,543	\$ 23,423	\$ 39,966
Accrued liabilities	<u>1,106</u>	<u>1,016</u>	<u>2,122</u>
	<u>17,649</u>	<u>24,439</u>	<u>42,088</u>
Net Assets:			
Restricted for insurance deposit	441,761		441,761
Unrestricted	<u>3,921,105</u>	<u>1,156,044</u>	<u>5,077,149</u>
	<u>4,362,866</u>	<u>1,156,044</u>	<u>5,518,910</u>
	<u>\$ 4,380,515</u>	<u>\$ 1,180,483</u>	<u>\$ 5,560,998</u>

**CITY OF BOUNTIFUL
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 INTERNAL SERVICE FUNDS
 For The Year Ended June 30, 2003**

	Governmental Immunity	Workers' Compensation Self-Insurance	Total
Operating Revenues:			
Charges for services	\$ 244,929	\$ 227,007	\$ 471,936
Miscellaneous	5,355		5,355
Total Operating Revenues	<u>250,284</u>	<u>227,007</u>	<u>477,291</u>
Operating Expenses:			
Claims	116,522	62,682	179,204
General and administrative	314,077	88,954	403,031
Total Operating Expenses	<u>430,599</u>	<u>151,636</u>	<u>582,235</u>
Operating Income	<u>(180,315)</u>	<u>75,371</u>	<u>(104,944)</u>
Nonoperating Income (Expense):			
Interest income	96,195	24,025	120,220
Total Nonoperating Income (Expense)	<u>96,195</u>	<u>24,025</u>	<u>120,220</u>
Changes in Net Assets	(84,120)	99,396	15,276
Net Assets, Beginning	<u>4,446,986</u>	<u>1,056,648</u>	<u>5,503,634</u>
Net Assets, Ending	<u>\$ 4,362,866</u>	<u>\$ 1,156,044</u>	<u>\$ 5,518,910</u>

**CITY OF BOUNTIFUL
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2003**

	Governmental Immunity	Workers' Compensation Self-Insurance	Total
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 5,781	\$ 227,133	\$ 232,914
Payments to suppliers	(128,439)	(120,536)	(248,975)
Payments to employees and related benefits	(51,085)	(53,343)	(104,428)
Net cash flows from operating activities	<u>(173,743)</u>	<u>53,254</u>	<u>(120,489)</u>
Cash Flows From Investing Activities:			
Interest on investments	96,195	24,025	120,220
Sale (purchase) of investments, net	438,910	108,509	547,419
Net cash flows from investing activities	<u>535,105</u>	<u>132,534</u>	<u>667,639</u>
Net Increase (Decrease) In Cash and Cash Equivalents	361,362	185,788	547,150
Cash and Cash Equivalents At Beginning Of Year	<u>3,539,620</u>	<u>848,087</u>	<u>4,387,707</u>
Cash and Cash Equivalents At End Of Year	<u>\$ 3,900,982</u>	<u>\$ 1,033,875</u>	<u>\$ 4,934,857</u>
Reconciliation of operating income to net cash flows from operating activities:			
Earnings (loss) from operations	\$ (180,315)	\$ 75,371	\$ (104,944)
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:			
Changes in assets and liabilities:			
Accounts receivable, net		(68)	(68)
Interest receivable	426	194	620
Accounts payable	6,121	(22,316)	(16,195)
Accrued liabilities	25	73	98
Net cash flows from operating activities	<u>\$ (173,743)</u>	<u>\$ 53,254</u>	<u>\$ (120,489)</u>

STATISTICAL SECTION

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

Table 1

Fiscal Year	General Government and Redevelopment	Public Safety	Planning Engineering, Highways, and Streets	Parks	Debt Service	Total
1994	\$ 1,737,203	\$ 3,751,344	\$ 1,737,597	\$ 279,877	\$ 332,286	\$ 7,838,307
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

(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

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeitures	Interest and Miscellaneous	Total Revenues
1994	\$ 4,595,502	\$ 424,456	\$ 770,595	\$ 936,877	\$ 89,170	\$ 331,740	\$ 7,148,340
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

(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

Fiscal Year	General Property Tax (1)	General Sales and Use Tax (2)	Franchise Tax	Fees in Lieu of Personal Property Tax	Total tax Revenue
1994	\$ 1,572,351	\$ 1,377,205	\$ 1,384,176	\$ 261,770	\$ 4,595,502
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

(1) Includes General and Redevelopment Agency Funds.

(2) Sales tax is also used in the Capital Projects Fund and Storm Drain Fund.
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>
1993-94	\$ 1,574,340	\$ 1,487,588	94.49	\$ 54,010	\$ 1,541,598	97.92
1993-94 RDA	292,523	292,523	100.00	-	292,523	100.00
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

(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)
1994	\$ 876,129		
1995	1,094,578 (3)		
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		

(1) Not determinable. County Assessor cannot readily provide breakdown of assessed value of residential versus commercial property, but from 1989 through 1994 residential property was assessed at 60% of market value, commercial property was assessed at 80% of market value, and personal property was assessed at 100% of market value. From 1995 through 2003, 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.

(3) Assessed values adjusted statewide.

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

Fiscal Year	Davis County School District (2)	Davis County (1)	Weber Basin Water	Mosquito Abatement District	Bountiful Water Sub-conservancy District	South Davis Sewer District	City of Bountiful	Davis County Library	Total Levy for City of Bountiful Residents
1994	0.010325	0.003621	0.000187	0.000078	0.000176	0.000586	0.001621	0.000389	0.016983
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

(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

No current assessments were due or collected in 1994 through 2003.

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

Fiscal Year	Population	Assessed Value (in thousands) (3)	Gross Bonded Debt (2)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	39,737	\$ 876,129	-	-	-	0.00	0.00
1995	40,205	1,094,578 (4)	-	-	-	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

(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.

(4) Assessed values adjusted statewide.

**CITY OF BOUNTIFUL
 COMPUTATION OF LEGAL DEBT MARGIN (In Thousands)
 June 30, 2003**

Table 9

TOTAL ASSESSED VALUE		<u><u>\$ 1,629,182</u></u>
Debt limit - 12% of total assessed value		\$ 195,502
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>
LEGAL DEBT MARGIN		<u><u>\$ 195,502</u></u>

**CITY OF BOUNTIFUL
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2003**

Table 10

	Gross Bonded Debt Outstanding (1)	Percentage Applicable to City of Bountiful	Amount Applicable to City of Bountiful
State of Utah	\$ 1,366,275,000	1.4 %	\$ 19,127,850
Weber Basin Water Conservancy District	39,341,511	6.8	2,675,223
Davis County	6,500,000	12.4	1,131,000
Davis School District	178,670,000	17.4	<u>31,088,580</u>
Overlapping debt			54,022,653
City of Bountiful			<u>-</u>
Total direct and overlapping general obligation debt			<u><u>\$ 54,022,653</u></u>

(1) Source: Davis County Auditor's Office

Note: Amounts reflect general bonded debt only.

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

Table 11

Fiscal Year	Principal	Interest and Fees	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to Total General Expenditures
1994	\$ 45,000	\$ 2,388	\$ 47,388	\$ 7,838,307	0.6
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	-

(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

Fiscal Year	Revenue	Expenses	Net Revenue Available to Debt Service	Principal	Interest	Total	Percentage of Coverage
1994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0 %
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

Census

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

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>	
1994	3	2,898	129	25,077	
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	

(1) Not determinable. County Assessor cannot readily provide breakdown of assessed value of residential versus commercial property, but from 1989 through 1994 residential property was assessed at 60% of market value, commercial property was assessed at 80% of market value, and personal property was assessed at 100% of market value. From 1995 through 2003, 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.

**CITY OF BOUNTIFUL
PRINCIPAL PROPERTY TAXPAYERS
For The Year Ended June 30, 2003**

Table 15

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total</u>
Qwest Communications	Telephone Utility	\$ 20,512,782	1.25 %
Hospital Corporation of Utah	Health Care	16,774,585	1.02
MABEK Company	Department Store	12,098,260	0.74
Bill Olson Investment LTD	Grocery, Drug Store, Service Station	6,494,892	0.39
Town Center, LLC	Shopping Center	5,810,876	0.35
Winegars Shopping Center	Grocery, Drug Store	5,724,145	0.35
Questar	Natural Gas Utility	5,719,174	0.35
Albertson's Inc	Grocery, Drug Store	5,447,548	0.33
J C Penney Properties	Retail Real Estate	4,469,607	0.27
IHC Health Services Inc	Health Care Real Estate	4,039,590	0.25
Total		<u>\$ 87,091,459</u>	<u>5.29 %</u>

**CITY OF BOUNTIFUL
MISCELLANEOUS STATISTICS
June 30, 2003**

Table 16

Date of Incorporation.....	December 14, 1892
Form of government.....	Manager
Area.....	13.46 square miles
Miles of streets	158.35 miles
Number of street lights	2,104
Fire protection:	
Number of stations	2
Number of full-time firemen	19
Number of part-time firemen	29
Police protection:	
Number of stations	1
Number of policemen and officers	33
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	10,457
Municipal water department:	
Number of customers	10,296
Average daily consumption	4,531,659 gallons
Miles of water mains.....	168.25 miles
Sewers:	
Sanitary sewers.....	120.00 miles
Storm sewers:	
Encases.....	71.66 miles
Concrete lined open ditch.....	3.88 miles
Power and light:	
Miles of distribution lines	226.14 miles
Number of customers	15,510
Kilowatt hours sold	281,722,447
Building permits issued	130
Recreation and culture:	
Number of parks.....	19 with 130.87 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	146,486
Number of golf courses	1 (18 holes)
Number of art centers	1
City employees.....	459 (182 full-time)