

CITY OF ST. GEORGE, UT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2002





CITY OF ST. GEORGE, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Prepared by: Finance Department
Philip R. Peterson, CPA, CGFM
Finance Director

CITY OF ST. GEORGE, UT
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2002

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INTRODUCTORY SECTION

October 28, 2002



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

It is with great pleasure that the Comprehensive Annual Financial Report (CAFR) for the City of St. George for the year ended June 30, 2002, is presented.

In addition to the fund financial information presented in the City's financial statements, this report now includes government-wide financial statements. The government-wide financial statements include a Statement of Net Assets that provides the total net assets of the City including all capital assets (including infrastructure) and the Statement of Activities that shows the cost of providing government services. The City has taken a leadership role in implementing these new accounting standards. Although not required until the fiscal year ending 2003, it is hoped that by implementing earlier, the financial reports will be more widely used and provide relevant information for all users.

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. This Comprehensive Annual Financial Report is hereby issued and submitted to you for the fiscal year ended June 30, 2002, in accordance with these requirements.

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

The City of St. George's financial statements have been audited by Kemp, Burdick,

Hinton, & Hall, LC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of St. George for the fiscal year ended June 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of St. George's financial statements for the fiscal year ended June 30, 2002, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

The comprehensive annual financial report is presented in five sections:

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

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

State statutes detail the functions to be performed by State municipalities. Title 10 of the Utah Code generally sets out laws to provide for the incorporation, organization, and

classification of cities and towns in proportion to population. Cities of the third class, such as the City, are those with fewer than 60,000 and more than 800 inhabitants. State law allows cities of the third class to choose government either by mayor and city council or by mayor, city council, and city manager. The City of St. George is organized under general law and governed by a mayor and five city council members elected at large for staggered four-year terms. The Mayor presides over all meetings but casts no vote in the City Council except in the case of a tie. The City Manager is responsible for the day-to-day operations of the City as it's chief operating officer. Department heads are full-time employees of the City and are responsible for day-to-day operations within the policy framework of the governing body. They report to the Mayor, City Manager, and the City Council.

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

ECONOMIC CONDITION AND OUTLOOK

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

St. George, the county's largest city, lies along Interstate 15 with a host of smaller communities that make up Utah's Dixie. The advantages of the county's position along one of the nation's key east-west routes between California and established destination points such as Salt Lake City, Denver, and Albuquerque is making Washington County one of the nation's fastest growing communities. The scenic area not only provides easy access to major markets of the western United States, it has become a destination point for countless people and businesses looking for a better way of life and more fruitful atmosphere for growth and prosperity. By the end of the decade, the St. George-Zion National Park areas of Washington County were rated among the best communities in the country to retire by Rand-McNally, Prentice Hall, Money, and the American Association of Retired People. (Washington County, a spectacular environment for business growth)

During the fiscal year there were building permits issued for over 1,000 residential units. This is the largest year in terms of residential units since 1997. It represents an increase of over 25% from the prior year's number of units. This along with the issuance of the building permit

for the construction of the new Dixie Regional Medical Center hospital complex, resulted in an increase in the value of building permits issued increasing almost 45% from last year's figures. The new hospital campus will greatly expand the types of medical services available in the City (i.e., open-heart surgery, neurosurgery, etc.) and expand the hospital's role as a regional provider of medical services to much of Southwest Utah.

Some of the major accomplishments and projects which were begun during the fiscal year are as follows:

The City continues work on the financial planning, land acquisition, and other issues related to the construction of a new regional airport within the City. A setback was encountered with a court ruling which ruled that the City must conduct an environmental study concerning the impact of the airport on the natural quiet of Zion National Park. Subsequent to year-end the City authorized and began the work of accomplishing such a study. It is anticipated that the project may be delayed somewhat, but it is hoped that it will not be a substantial delay.

Wells' Dairy Inc. has broken ground on a 158,000-square foot, \$40 million ice cream processing manufacturing facility that is expected to be operating in June of 2003. The plant is located within the Ft. Pierce Industrial Park and is expected to eventually create up to 70 jobs.

The City completed work on the traffic control roundabout at the Bloomington Interchange of I-15 and the Super Wal-Mart opened at that location in January.

The City completed the major rebuilding of 3050 East street which allowed for relocation of major utility lines within the area and expanded the traffic carrying capacity of that road.

The Mayor & City Council agreed to assume the community transit system which has been operating within the City for the last few years but to reduce the service and consolidate it into a more efficient and economical system. In the past the system has been run by the Five County Association of Governments with an annual operating subsidy provided by the City. The City will begin operating the system in January, 2003 as a separate enterprise fund within the City.

Work was begun, along with the Washington County Water Conservancy District, on construction of a major water pipeline which will bring water from the Quail Creek Reservoir and the existing water treatment plant to the west side of the City. The treatment plant will then be expanded and increase the amount of culinary water available within the City.

CASH MANAGEMENT

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

The law requires all securities to be delivered versus payment to the Treasurer’s safekeeping bank. It also requires diversification of investments. The City is currently complying with all of the provisions of the MM Act for all City operating funds. A significant portion of the City’s funds are invested in the Utah Public Treasurer’s Investment Fund (PTIF).

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

RISK MANAGEMENT

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

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

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

The City has also established an “Incident Report Form” to facilitate the timely reporting

of employee, third party, or property related incidents that could result in financial expenditures.

PENSION BENEFITS PROVIDED

During the fiscal year ended June 30, 2002, the City participated in two separate retirement systems. One system is maintained by the Utah State Retirement Board which covers City, County, and State employees in the State of Utah. Those contributions above the State required rates are invested in a separate defined contribution plan administered by the International City Managers Association retirement trust.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

Philip R. Peterson, CPA
Finance Director

OFFICIALS
CITY OF ST. GEORGE, UTAH



Mayor Daniel D. McArthur



Council Member Sharon L. Isom



Council Member
Suzanne Allen



Council Member Larry Gardner



Council Member Robert
Whatcott



Council Member Rod Orton

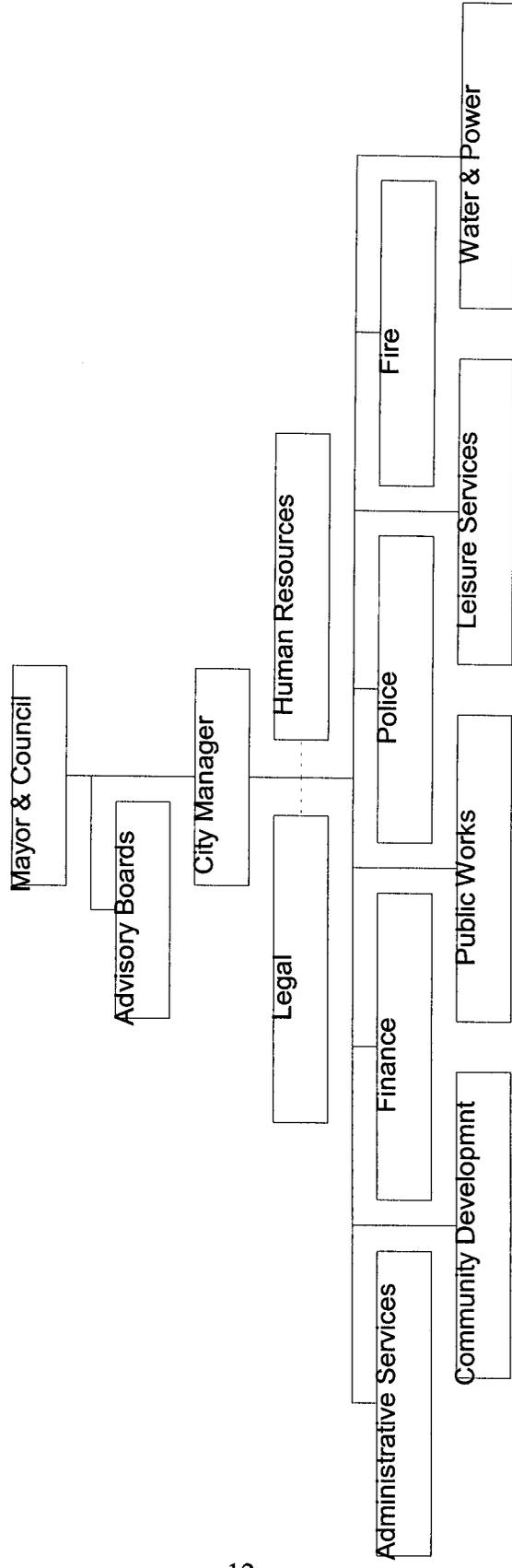


City Manager
Gary S. Esplin

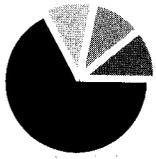
*Ronald Read
Gay Cragun
Deanna C. Evans
Wayne M. McArthur
Marlon Stratton
Robert Stoker
Larry H. Bulloch
Joseph C. Vincent
Kent Perkins
Robert Nicholson
Philip R. Peterson
J. Ross Hurst
Brad Rich
Dr. Max Rose
Marge Shakespeare
Craig Hammer*

*City Attorney
City Recorder
City Treasurer
Water & Power Director
Chief of Police
Fire Chief
Public Works Director
Director of Administrative Services
Leisure Services Director
Community Development Director
Finance Director
Water & Power Board Chairman
Water & Power Board
Water & Power Board
Water & Power Board
Water & Power Board*

City of St. George, Ut Organization Chart



FINANCIAL SECTION



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

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

The Honorable Mayor and
City Council
St. George, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. George, Utah, as of and for the year ended June 30, 2002, which collectively compromise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of St. George's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of St. George, Utah, as of June 30, 2002, and the results of its operations and the cash flows of its business type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2002 on our consideration of the City of St. George's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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

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the results of our audit.

The Management's Discussion and Analysis on pages 15-28, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual fund schedules listed in the Table of Contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of St. George, Utah. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory, continuing disclosure and statistical sections of this report and therefore express no opinion thereon.

Kemp, Burdick, Hinton & Hall, L.C.

KEMP, BURDICK, HINTON & HALL, L.C.
September 13, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of St. George, we offer readers of the City of St. George's financial statements this narrative overview and analysis of the financial activities of the City of St. George for the fiscal year ended June 30, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The total net assets of the City of St. George increased 4.6% to \$182,332,372.
- The total net assets of \$182,332,372 is made up of \$131,019,738 in capital assets net of related debt and \$51,312,634 in other net assets.
- In the General Fund, revenues exceeded expenditures by \$2,340,519. This amount was then transferred to the Capital Equipment Capital Projects Fund to be used to fund additional capital projects. The total fund balance of the General Fund represents 13% of total budgeted expenditures for the next fiscal year ending fy2003.
- Total long-term liabilities of the City was reduced \$4,366,000.
- Business-type activities total net assets decreased slightly \$20,801.

REPORTING THE CITY AS A WHOLE

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

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

- *The statement of net assets* presents information on all of the City of St. George's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of St. George is improving or deteriorating. However, you will also need to consider other nonfinancial factors.
- *The statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the

timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the City of St. George that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of St. George also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

- Proprietary funds - The City of St. George maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of St. George uses enterprise funds to account for its Electric Utility, Water Utility, Wastewater Collection Utility, Wastewater Treatment Utility, Municipal Building Authority, Refuse Collection, and Golf Courses. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of St. George's various functions. The City uses an internal service fund for providing self-insurance above that amount carried with

commercial insurance companies. Because this service primarily benefits governmental activities, they have been included with governmental activities in the government-wide financial statements.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of St. George, assets exceed liabilities by \$182,332,372.

By far the largest portion of the City of St. George's net assets (71.86%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATEMENT OF NET ASSETS (in thousands)

	Governmental Activities		Business-type Activities	
	2002	2001	2002	2001
Current and other assets	\$36,153	\$ 34,910	\$24,748	\$ 33,713
Capital assets	<u>84,552</u>	<u>77,460</u>	<u>144,004</u>	<u>139,602</u>
Total assets	120,705	112,370	168,752	173,315
Long-term debt outstanding	30,519	31,676	67,077	71,429
Other liabilities	<u>3,467</u>	<u>2,017</u>	<u>6,062</u>	<u>6,252</u>
Total liabilities	33,986	33,693	73,139	77,681

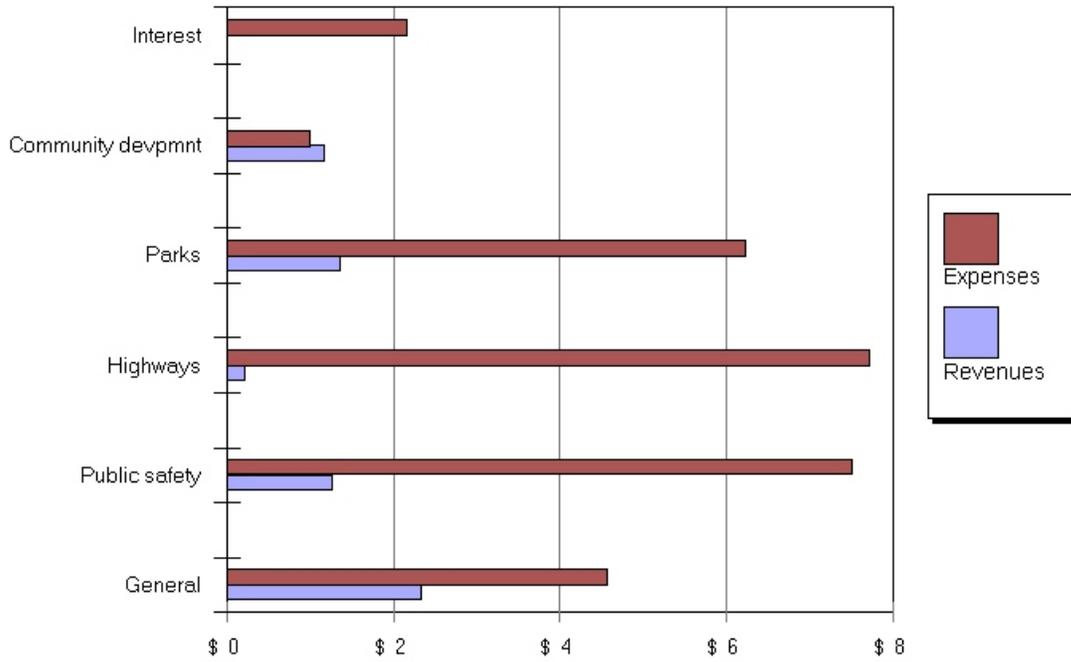
Net assets:				
Invested in capital assets,				
net of debt	54,034	46,857	76,985	68,172
Restricted	30,420	29,732	6,163	-
Unrestricted	<u>2,265</u>	<u>2,088</u>	<u>12,465</u>	<u>27,462</u>
Total net assets	<u>\$86,719</u>	<u>\$78,677</u>	<u>\$95,613</u>	<u>\$ 95,634</u>

CHANGES IN NET ASSETS (in thousands)

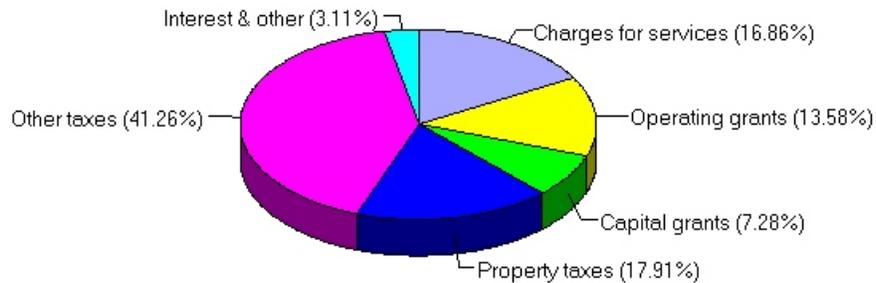
	Governmental Activities		Business-type Activities	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenues:				
Program revenues:				
Charges for services	\$ 6,267	\$ 5,824	\$ 62,424	\$ 55,250
Operating grants & contributions	5,145	4,730	13	15
Capital grants & contributions	2,536	1,533	69	674
General revenues:				
Property taxes	6,678	6,412		
Other taxes	15,380	13,754		
Investment income	1,142	2,191	794	2,031
Other revenues	<u>17</u>	<u>(33)</u>	<u>1,302</u>	<u>533</u>
Total revenues	<u>37,165</u>	<u>34,411</u>	<u>64,602</u>	<u>58,503</u>
Expenses:				
General government	4,462	3,954		
Public safety	7,445	7,573		
Highways/public improvements	7,927	8,989		
Parks & recreation	5,791	6,552		
Community & econ development	990	950		
Interest on long-term debt	<u>2,145</u>	<u>2,120</u>		
Electric			41,519	36,944
Water			6,672	6,454
Wastewater collection			5,825	5,690
Wastewater treatment			4,222	4,239
Golf courses			4,104	3,965
Municipal building authority			519	531
Refuse collection			<u>2,125</u>	<u>2,039</u>
Total expenses	<u>28,760</u>	<u>30,139</u>	<u>64,986</u>	<u>59,861</u>
Increase in net assets before transfers	8,405	4,272	(384)	(1,358)
Transfers	<u>(363)</u>	<u>(305)</u>	<u>363</u>	<u>305</u>
Increase in net assets	8,042	3,967	(21)	(1,053)
Net assets beginning	<u>78,677</u>	<u>74,710</u>	<u>95,634</u>	<u>96,687</u>
Net assets ending	<u>\$ 86,719</u>	<u>\$ 78,677</u>	<u>\$ 95,613</u>	<u>\$ 95,634</u>

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

Expenses and Program Revenues Governmental activities(in millions)



Revenues by Source Governmental activities

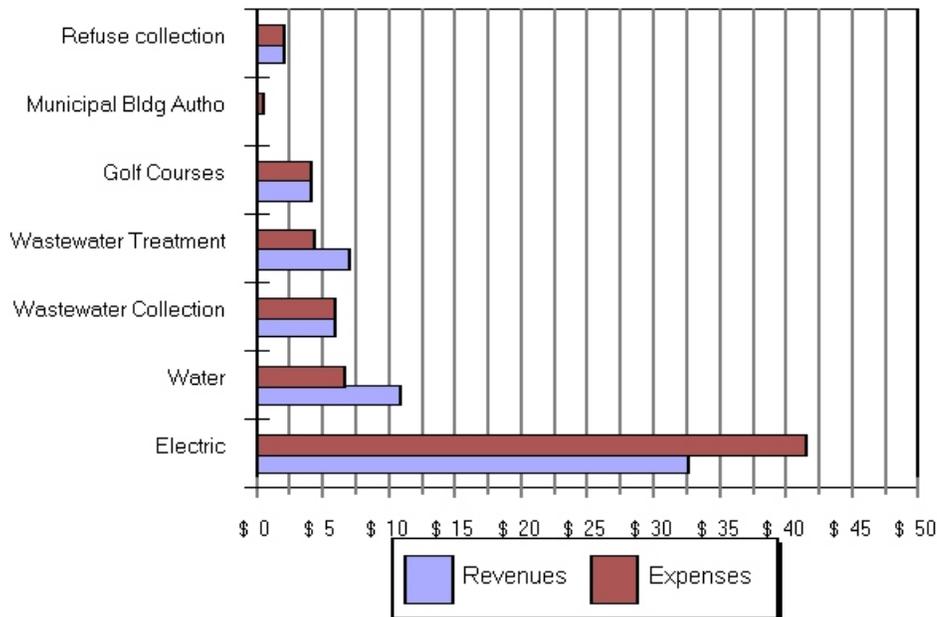


Because of falling interest rates the amount of interest and other revenues decreased from 6.27% of revenues to 3.11%. Charges for services and operating grants remained essentially the same as last year, while capital grants increased from 4.46% to 7.28% and other taxes increased from 39.93% to 41.26%. This is partially the result of rate increases in the electric utility resulting in increased revenues and thus higher franchise fees to the General Fund.

The largest changes in expenditures were for the general government increasing 15.4% over a year ago as a result of higher costs in the legal department of the General Fund and increased costs in the Dixie Center Operations fund with the change in management at the Dixie Center. With the completion of a couple of the larger capital projects the highway & streets expenditures declined by 14%. All others remained essentially constant.

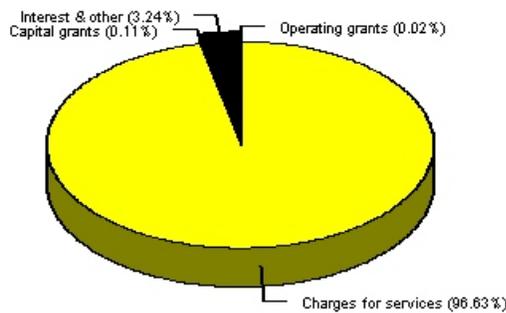
Because of the large operating loss in the Electric Utility, the business-type activities actually saw a decrease in net assets during the fiscal year ended June 30, 2002. Total net assets in business-type activities declined by just over \$20 thousand while the operating loss in the Electric Utility was over \$8.6 million. The following graphs again reflect the government-wide activities for business-type activities as displayed in the above tables.

Expenses and Program Revenues
Business-type activities (in millions)



As can be seen from the following chart, the majority of revenues in the business-type activities is in charges for services with over 96.6% of the revenues as compared to 94% in fy 2001 and with interest earnings of over 3% as compared to 4%. The City has never had a policy of obtaining grants (either capital or operating) for the operations of business-type activities.

Revenues by Source Business-type activities



FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

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

As of the June 30, 2002, the City's governmental funds (General, Capital Projects, Debt Service, & Special Revenue) reported combined fund balances of \$33,427,530. This represents an increase of \$898,097 (2.76%) over last year's ending balances.

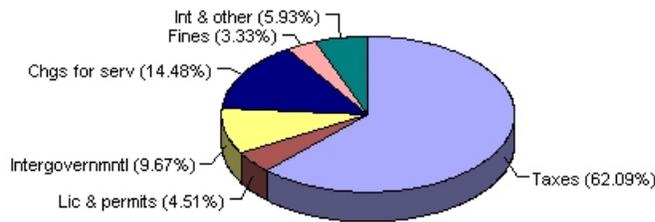
The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses, are accounted for in this fund. While revenues exceeded expenditures in the General Fund by over \$2.3 million during the year, the surplus was transferred almost in total to the Capital Equipment Capital Projects Fund for use in future capital projects. Thus the General Fund total fund balance remained basically constant with last year. An analysis of this total fund balance shows that it represents just over 13% of projected revenues for the new fiscal year which ends June 30, 2003. State laws allows for a maximum

fund balance of 18% so the City is well within those limits.

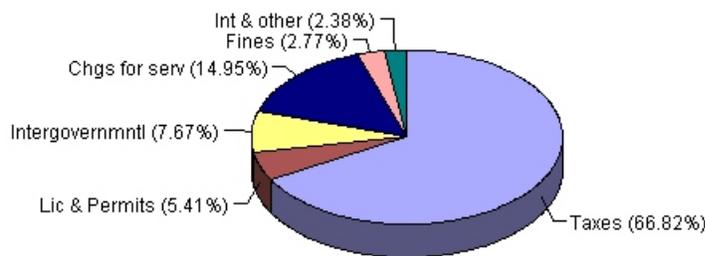
Taxes continue to be the largest source of revenue in the General Fund and represent 66.8% of total general fund revenues. The largest element of taxes is sales taxes as it has been for the last several years. It represents 53.5% of total tax revenues and represents 35.78 of total general fund revenues. This compares with 32.9% in the prior fiscal year ended June 30, 2001.

The following charts display General Fund revenues as a percent of total revenues for the past two years.

General Fund Revenues Fiscal Year Ended 6/30/01



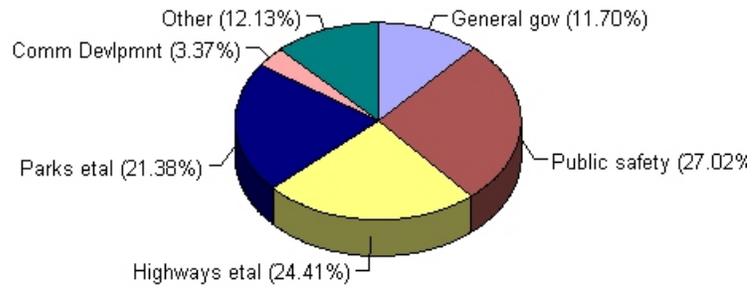
General Fund Revenues Fiscal Year Ended 6/30/02



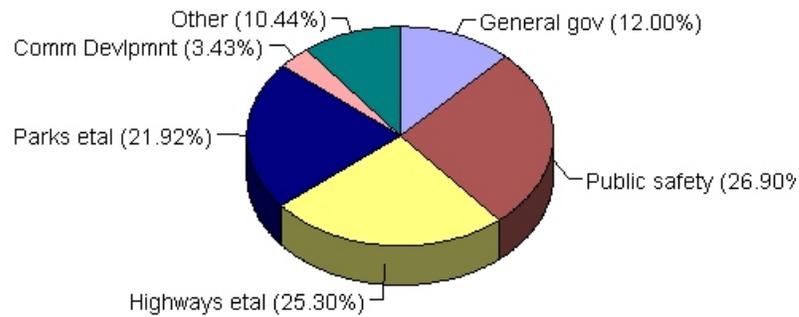
The following graphs display the expenditures in the General Fund by function for the past two

fiscal years. As can be seen by reviewing these graphs, most expenditures are close to maintaining the same percentage of expenditures over the two years.

General Fund Expenditures Fiscal Year Ended 6/30/01



General Fund Expenditures Fiscal Year Ended 6/30/02



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

The Electric Utility fund purchases power and also generates some power internally for sale to our citizens/customers. The utility has experienced the same type of cost increases for power which several utilities have experienced over the last couple of years. Power costs for resale increased by 20.2% while operating revenues increased by only 19%. Total costs increased over \$4.5 million and 12.38%. The net loss for the fiscal year ended June 30, 2002 totaled \$8.7 million compared to a net loss of \$8.7 million for the fiscal year ended June 30, 2001.

Effective February 15, 2002, an increase of just 40% in electric rates charged to our customers was passed by the Mayor & City Council. In addition an increase of 51% was implemented on the electrical impact fees. At the same time, the Council also approved an increase in water rates and also water impact fees.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund original budget was amended from an original budget expenditure total of \$29,896,250 to a final budget of \$34,102,164 (14.07%). These increases were made to take advantage of revenues being better than originally anticipated. The largest increase was to allow for the transfer of surplus revenues from the General Fund to the Capital Equipment Capital Projects fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - The City of St. George's investment in capital assets for its governmental and business-type activities as of June 30, 2001, amounts to \$228,250,401 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, etc.), and machinery and equipment. The total increase in the City's investment in fixed assets for the current year was 4.2% (a 9 % increase for governmental activities and a 3 % increase for business-type activities).

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

- \$172,000 for the purchase of property near the dinosaur track discovery at Sheldon Johnson's farm to help with the preservation of this unique discovery.
- \$84,000 for the purchase of property and the planning for the building of fire station #7 in the Dixie Downs area of the City.

- \$579,000 for various runway, parking lot and terminal building improvements at the municipal airport, some of which were necessitated by the increased security measures implemented at all airports after 9/11/02.
- \$1,111,000 for construction of streets, curb & gutter and other improvements in connection with a major rebuilding/improvement of 3050 East Street.
- \$430,000 for construction of the round-about at the new Walmart location in Bloomington, \$132,000 for the reconstruction of Man-O-War bridge, and \$506,000 for the completion of River Road phase I improvements..
- \$142,000 for continuing improvements to the historic Arts Center.
- \$623,000 for the Bloomington Ranches SID project, \$955,000 for the Blackridge SID project, and \$939,000 for the Little Valley SID project.
- The Skate Park and Tonaquint Tennis Complex were both completed with expenditures of \$150,000 for the Skate Park and \$55,000 for the Tennis Complex.
- \$420,000 for improvements to and a new well for the Water Utility in the Snow Canyon area as well as \$424,000 for new wells and improvements in the Gunlock area.
- \$2,552,000 for improvements and extension of distribution lines in the Water Utility.
- \$399,000 for improvements in pressurized irrigation systems in the Water Utility.
- \$212,000 for purchase of a new combination cleaning machine in the Wastewater Collection fund.
- \$475,000 for improvements to the historic Woodward School building which was purchased from the school district during the 2001 fiscal year.
- \$2,020,000 for continuing construction of the Ivins Outfall line and other improvements in the Wastewater Treatment fund.
- \$979,000 for improvements and additions to the distribution system in the Electric Utility fund.

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

	Governmental		Business-type	
	Activities		Activities	
	2002	2001	2002	2001
Land	\$ 11,889,391	\$ 11,463,739		
Buildings	13,598,792	12,505,900		
Improvements	28,972,884	28,339,226		
Infrastructure	24,514,164	19,934,749		
Machinery & equipment	5,271,617	5,216,662		
Plant, prop.& equipment			\$144,003,553	\$139,601,521
Total	<u>\$ 84,246,848</u>	<u>\$ 77,460,276</u>	<u>\$144,003,553</u>	<u>\$139,601,521</u>

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

Long-term debt - At June 30, 2002, the City had total bonded debt outstanding of \$97,004,940. Of this amount \$27,424,940 is considered to be general obligation debt and backed by the full faith and credit of the City; \$3,027,000 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment; and the remainder of \$66,553,000 is debt which is secured solely by specific revenue sources (i.e., revenue bonds).

CITY OF ST. GEORGE'S OUTSTANDING DEBT

	Governmental		Business-type	
	Activities		Activities	
	2002	2001	2002	2001
General obligation bonds	\$17,520,000	\$ 17,580,000		
Downtown RDA bonds	623,000	794,000		
Excise Revenue bonds	2,210,000	2,595,000		
Pace & Randall note	25,000	50,000		
WCIA Capital lease bonds	7,046,940	6,101,000		
Special assessment debt with governmental commitment	<u>3,027,000</u>	<u>3,361,000</u>		
Revenue bonds			\$66,553,000	\$70,945,000
Total outstanding debt	<u>\$30,451,940</u>	<u>\$30,481,000</u>	<u>\$66,553,000</u>	<u>\$70,945,000</u>

The City's total debt decreased by \$4,421,060 during the fiscal year.

- The City issued \$228,000 in special assessment bonds.

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

	Moody's Investors Service	Standards & Poors	Fitch
1997 Recreation GO bonds	Aaa	AAA	AAA
1993 Water Revenue	Aaa	AAA	
Wastewater Revenue	Aaa	AAA	

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$102,280,426, which is significantly in excess of the City's outstanding general obligation debt. In addition, state statute allows for an additional 4% to be used for water, sewer, or electrical projects thus resulting in a debt limit of 8% of total taxable value. The current limitation for these water, sewer and electrical projects is thus \$204,560,852, which again significantly exceeds the outstanding business-type activity debt.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Washington County (of which St. George is the largest City) was 3.7 % compared with a state unemployment rate of 5.2% and a national rate of 5.9%. This compares with a rate of 3.6% in 2001. (Source: Utah Dept of Workforce Services)
- The General Fund budget for the fiscal year-ending June 30, 2003 reflects a decrease of 20% over the final budget for the fiscal year-ended June 30, 2002. This is a result of the budget for the replacement airport being moved into a separate capital projects fund and also a no growth budget philosophy adopted by the Mayor & Council because of questions on the economy and the resulting effect on revenues.

REQUESTS FOR INFORMATION

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

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

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CITY OF ST. GEORGE, UTAH
STATEMENT OF NET ASSETS
JUNE 30, 2002

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 28,573,534	\$ 8,513,725	\$ 37,087,258
Restricted cash		6,162,703	6,162,703
Accounts receivable (net of allowance for doubtful accounts)	6,066,706	5,691,323	11,758,029
Inventory	38,566	1,792,098	1,830,664
Notes receivable	498,345	47,046	545,392
Interfund receivables	561,839	1,083,403	1,645,242
Bond discounts		1,421,782	1,421,782
Prepaid expenses	413,273	36,716	449,989
Capital assets (net of depreciation)			
Land	12,508,261		12,508,261
Buildings	13,598,837		13,598,837
Improvements	28,972,884		28,972,884
Infrastructure	24,200,762		24,200,762
Machinery & equipment	5,271,617		5,271,617
Plant, property, and equipment		144,003,553	144,003,553
 Total assets	 \$ 120,704,623	 \$ 168,752,348	 \$ 289,456,971
LIABILITIES:			
Accrued liabilities	\$ 542,654	\$ 3,524,235	\$ 4,066,889
Construction bonds held	158,107		158,107
Deposits payable		893,303	893,303
Interfund payables	-	1,645,242	1,645,242
Deferred compensation	599,524		599,524
Interest payable	518,081		518,081
Bonds payable:			
Due within one year	1,291,524		1,291,524
Due in more than one year	22,114,000	66,552,537	88,666,537
Capital leases	7,112,555	523,746	7,636,301
Deferred income	1,649,092		1,649,092
Total liabilities	33,985,537	73,139,063	107,124,600
NET ASSETS:			
Invested in capital assets, net of related debt	54,034,282	76,985,456	131,019,738
Restricted for:			
Debt service	2,397,072	6,162,703	8,559,775
Public safety	22,933		22,933
Notes receivable in governmntal funds	498,345		498,345
Other purposes	27,501,943		27,501,943
Unrestricted	2,264,512	12,465,126	14,729,638
Total Net Assets	\$ 86,719,086	\$ 95,613,286	\$ 182,332,372

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

CITY OF ST. GEORGE, UTAH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002

	Program Revenues				Total	
	Expenses	Charges for Services & Contributions	Operating Grants & Contributions	Capital Grants & Contributions		Net Governmental Activities
Governmental activities:						
General government	\$ 4,462,330	\$ 2,325,496	\$ -	\$ 1,531,775	\$ (605,059)	\$ (605,059)
Public Safety	7,445,201	1,231,846	613,292	-	(5,600,063)	(5,600,063)
Highways & public improvements	7,926,936	212,347	3,213,647	844,553	(3,656,389)	(3,656,389)
Parks, recreation & public property	5,791,479	1,347,016	1,069,513	159,637	(3,215,313)	(3,215,313)
Community & economic development	989,828	1,150,673	248,421	-	409,266	409,266
Interest on long-term debt	2,144,937	-	-	-	(2,144,937)	(2,144,937)
Total governmental activities	28,760,710	6,267,378	5,144,873	2,535,965	(14,812,495)	(14,812,495)
Business-type activities:						
Electric	41,518,730	32,558,629	-	-	(8,960,102)	(8,960,102)
Water	6,671,637	10,850,274	-	-	4,178,638	4,178,638
Wastewater collection	5,824,548	5,830,318	-	-	5,770	5,770
Regional wastewater treatment	4,221,631	7,002,153	6,000	-	2,786,522	2,786,522
Golf courses	4,104,107	4,056,466	7,136	69,103	28,597	28,597
Municipal bldg authority	519,483	-	-	-	(519,483)	(519,483)
Solid waste	2,125,371	2,125,985	-	-	615	615
Total business-type activities	64,985,507	62,423,825	13,136	69,103	(2,479,443)	(2,479,443)
General Revenues:						
Taxes:						
Property taxes levied for general purposes					5,056,459	5,056,459
Property taxes levied for debt service					1,621,635	1,621,635
Franchise taxes					3,246,385	3,246,385
General sales taxes & highway sales taxes					12,133,946	12,133,946
Business licenses					357,819	357,819
Investment income					1,141,880	1,936,298
Lease payments					(621,116)	794,418
Gain on sale of assets					150,812	624,197
Rents & concessions					13,649	150,812
Miscellaneous					116,362	13,649
Transfers					(363,190)	676,835
Total general revenues & transfers					22,854,640	793,197
Change in net assets					8,042,145	25,313,280
Net assets - beginning					78,676,941	8,021,342
Net assets - ending					\$ 86,719,086	\$ 174,311,028
					\$ 95,613,284	\$ 182,332,370

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

CITY OF ST. GEORGE, UT
GOVERNMENTAL FUNDS TYPE
BALANCE SHEET
 JUNE 30, 2002

ASSETS	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$ 1,558,372	\$ 27,052,925	\$ 28,611,297
Accounts receivable	1,726,050	4,340,656	6,066,706
Prepaid expenses			
Inventory	38,566		38,566
Notes receivable	498,345		498,345
Due from other funds	500,000	450,484	950,484
Total assets	\$ 4,321,333	\$ 31,844,065	\$ 36,165,398

LIABILITIES AND FUND BALANCE

Liabilities:			
Construction bonds held	\$ 158,107		\$ 158,107
Due to other funds	388,645		388,645
Accrued liabilities	246,065	295,959	542,024
Deferred revenues	-	1,649,092	1,649,092
Total liabilities	792,817	1,945,051	2,737,868
Fund Balance:			
Reserved in Special revenue funds		5,389,890	5,389,890
Reserved for Debt service fund		2,397,071	2,397,071
Reserved for Capital projects fund		22,112,053	22,112,053
Reserved for Police Seizures	22,933		22,933
Reserved for Notes receivable	498,345		498,345
Unreserved - undesignated	3,007,237		3,007,237
Total fund balance	3,528,516	29,899,014	33,427,530
Total liabilities and fund balance	\$ 4,321,333	\$ 31,844,065	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	84,552,361
Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.	(31,635,685)
Fund balance in Self-Insurance internal service fund	374,880
	\$ 86,719,086

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

CITY OF ST. GEORGE, UT
GOVERNMENTAL FUNDS TYPE
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2002

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes & special assessments	\$ 17,874,099	\$4,963,209	\$ 22,837,307
Licenses and permits	1,448,310	-	1,448,310
Intergovernmental	2,052,480	330,717	2,383,197
Charges for services	3,999,759	-	3,999,759
Fines & forfeitures	739,632	-	739,632
Investment income	357,259	772,224	1,129,483
Rents & concessions	13,649	-	13,649
Miscellaneous	100,280	118,239	218,519
Capital development fees	-	2,684,742	2,684,742
	<hr/>	<hr/>	<hr/>
Total revenues	26,585,467	8,869,131	35,454,598
Expenditures:			
Current:			
General government	3,211,163	407,494	3,618,657
Public safety	7,197,215	-	7,197,215
Highways & public improvements	6,767,621	-	6,767,621
Parks, recreation & public property	5,864,233	-	5,864,233
Community & economic development	917,991	-	917,991
Capital outlay	-	9,341,471	9,341,471
Debt service			
Capital leases	80,539	540,577	621,116
Principal	-	983,100	983,100
Interest & admin charges	-	1,512,593	1,512,593
	<hr/>	<hr/>	<hr/>
Total expenditures	24,038,762	12,785,234	36,823,997
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>	<hr/>
	2,546,705	(3,916,104)	(1,369,399)
Other financing sources (uses):			
Transfers in	81,563	7,217,502	7,299,065
Transfers out	(2,711,000)	(4,334,117)	(7,045,117)
Contributions from other sources	50,678	269,935	320,613
Proceeds from sale of capital assets	32,573	-	32,573
Proceeds from notes/bonds/leases	-	1,660,364	1,660,364
Total other financing sources (uses)	<hr/>	<hr/>	<hr/>
	(2,546,186)	4,813,684	2,267,498
Net change in fund balances	519	897,580	898,099
Fund balances, beginning of year,	<hr/>	<hr/>	<hr/>
	3,527,998	29,001,436	32,529,434
Fund balances, end of year	<hr/>	<hr/>	<hr/>
	\$ 3,528,517	\$ 29,899,016	\$ 33,427,533

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

CITY OF ST. GEORGE, UT
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
YEAR ENDED JUNE 30, 2002

Net change in fund balances - total governmental funds	\$	898,099
<p>Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of revenues, expenditures, and changes in fund balance because:</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		7,092,085
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		1,705,944
Issuance of long-term debt provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net assets.		(1,620,464)
Accrued Interest for Long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. This is the net change.		27,976
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change.		(73,473)
Internal service funds are used by management to charge the costs of self-insurance to individual funds. The net revenue of these activities of internal service funds is reported with governmental activities.		11,978
Change in net assets of governmental activities	<u>\$</u>	<u>8,042,145</u>

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

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

YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Taxes:				
General property taxes	\$ 4,850,000	\$ 4,850,000	\$ 4,716,756	\$ (133,244)
Prior year's delinquent taxes	240,000	240,000	339,703	99,703
General sales & use taxes	9,000,000	9,052,000	9,571,255	519,255
Franchise taxes	2,925,000	2,925,000	3,246,385	321,385
Total taxes	17,015,000	17,067,000	17,874,099	807,099
Licenses & permits:				
Business licenses & permits	350,000	350,000	357,819	7,819
Non-business licenses & permits	712,000	712,000	1,090,491	378,491
Total licenses & permits	1,062,000	1,062,000	1,448,310	386,310
Intergovernmental revenues:				
Federal grants	4,372,400	5,036,096	296,005	(4,740,091)
State grants	150,000	190,955	54,196	(136,759)
Class "C" roads	1,650,000	1,650,000	1,686,442	36,442
State liquor allotment	25,000	25,000	15,837	(9,163)
Total intergovernmental revenues	6,197,400	6,902,051	2,052,480	(4,849,571)
Charges for services:				
Enterprise funds	2,008,777	2,360,195	1,888,000	(472,195)
Public safety	459,000	464,418	492,213	27,795
Parks & public property	30,000	30,000	60,183	30,183
Cemetery	119,750	119,750	115,352	(4,398)
Recreation	1,263,100	1,288,600	1,231,663	(56,937)
Airport	150,000	183,345	171,840	(11,505)
Irrigation & Reuse Center	15,000	30,000	40,507	10,507
Total charges for services	4,045,627	4,476,308	3,999,759	(476,549)
Fines & forfeitures:				
Court fines & bail forfeitures	750,000	750,000	739,632	(10,368)
Miscellaneous:				
Interest	750,000	750,000	357,259	(392,741)
Rents & concessions	-	-	13,649	13,649
Other	76,223	76,223	100,280	24,057
Total miscellaneous	826,223	826,223	471,188	(355,035)
Total revenues	29,896,250	31,083,582	26,585,467	(4,498,115)
Other Financing Sources :				
Sales of capital assets	-	-	32,573	32,573
Capital leases	-	-	-	-
Contributions from other entities	-	24,000	50,678	26,678
Appropriated fund balance	-	3,000,000	-	(3,000,000)
Transfers from other funds	-	-	81,563	81,563
Total Other Financing Sources :	-	3,024,000	164,814	(2,859,186)
Total revenues & Other Financing Sources	\$ 29,896,250	\$ 34,107,582	\$ 26,750,280	\$ (7,357,302)

(continued)

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

CITY OF ST. GEORGE, UTAH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(continued)
YEAR ENDED JUNE 30, 2002

EXPENDITURES:	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
General government:				
City Council	\$ 604,154	\$ 616,154	\$ 619,718	\$ (3,564)
City Manager	220,017	220,017	218,263	1,754
Human Resources	294,495	309,495	291,602	17,893
Administrative Services	679,945	679,945	639,121	40,824
Elections	25,000	25,000	11,867	13,133
Finance	980,441	980,441	952,409	28,032
Legal	489,218	489,218	478,184	11,034
Total general government	<u>3,293,270</u>	<u>3,320,270</u>	<u>3,211,163</u>	<u>109,107</u>
Public Safety:				
Police	5,971,898	6,016,073	6,013,334	2,739
Drug Task Force	160,400	374,204	113,082	261,122
Fire	1,116,012	1,130,547	1,070,800	59,747
Total public safety	<u>7,248,310</u>	<u>7,520,824</u>	<u>7,197,215</u>	<u>323,609</u>
Highways & public improvements:				
Flood Control	382,000	407,000	385,528	21,472
Public Works Administration	484,937	484,937	498,569	(13,632)
Streets	3,412,083	3,427,083	3,358,022	69,061
Automotive	640,525	640,525	550,819	89,706
Engineering	1,125,002	1,100,002	987,938	112,065
Airport	4,934,675	5,754,675	893,641	4,861,034
Irrigation	96,847	96,847	93,103	3,744
Total highways & improvements	<u>11,076,069</u>	<u>11,911,069</u>	<u>6,767,621</u>	<u>5,143,448</u>
Parks, Recreation & Public Property:				
Building Maintenance	520,061	546,061	481,818	64,243
Parks and open spaces	2,016,912	2,016,912	1,904,831	112,081
Recreation & cultural arts	3,338,235	3,466,335	3,294,598	171,737
Cemetery	225,461	225,461	182,986	42,475
Total parks, recreation & public property	<u>6,100,669</u>	<u>6,254,769</u>	<u>5,864,233</u>	<u>390,536</u>
Community & economic development	<u>956,805</u>	<u>956,805</u>	<u>917,991</u>	<u>38,814</u>
Debt service: Capital leases	<u>80,539</u>	<u>80,539</u>	<u>80,539</u>	<u>-</u>
Total expenditures	<u>28,755,662</u>	<u>30,044,276</u>	<u>24,038,762</u>	<u>6,005,514</u>
OTHER FINANCING USES				
Contributions to other funds	<u>1,140,588</u>	<u>4,057,888</u>	<u>2,711,000</u>	<u>1,346,888</u>
TOTAL EXPENDITURES & OTHER USES	<u>29,896,250</u>	<u>34,102,164</u>	<u>26,749,762</u>	<u>7,352,402</u>
Net change in fund balance	-	5,418	518	<u>(4,900)</u>
Fund Balance at beginning of year	<u>3,527,998</u>	<u>3,527,998</u>	<u>3,527,998</u>	
Fund Balance at end of year	<u>\$ 3,527,998</u>	<u>\$ 3,533,416</u>	<u>\$ 3,528,516</u>	

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

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

JUNE 30, 2002

ASSETS	Business-type Activities - Enterprise Funds					TOTALS 2002	Governmental Activities Internal Service Fund
	ELECTRIC UTILITIES	WATER UTILITIES	WASTEWTR TREATMENT	MUNI-BLDG AUTHORITY	Non-Major Enterprise Fund		
Current assets:							
Cash	\$ (2,074,991)	\$ (1,373,249)	\$ 9,075,238	\$ (188,069)	\$ 3,074,796	\$ 8,513,725	\$ (37,763)
Restricted cash	-	388,587	5,059,793	548,639	165,685	6,162,703	-
Accts. receivable (net of allowance for uncollectibles of \$627,479)	5,396,136	145,981	149,205	-	-	5,691,323	-
Inventory	1,562,542	229,556	-	-	-	1,792,098	-
Due from other funds	1,083,403	-	-	-	-	1,083,403	-
Note receivable	47,046	-	-	-	-	47,046	-
Bond discounts & insurance	-	848,976	364,289	165,664	42,853	1,421,782	-
Prepaid expenses	-	2,830	33,885	-	-	36,716	413,273
Total current assets	6,014,137	242,681	14,682,411	526,234	3,283,334	24,748,796	375,510
Capital assets net of accumulated depreciation	23,484,568	55,402,558	41,269,511	9,865,880	13,981,035	144,003,553	-
TOTAL ASSETS	29,498,704	55,645,239	55,951,922	10,392,113	17,264,369	168,752,348	375,510
LIABILITIES							
Current liabilities:							
Accrued liabilities	2,774,259	211,586	73,036	207,252	258,103	3,524,235	630
Capital leases	-	396,456	-	-	127,290	523,746	-
Deposits payable	893,303	-	-	-	-	893,303	-
Total current liabilities	3,667,561	608,042	73,036	207,252	385,393	4,941,283	630
Long-term liabilities:							
Bonds payable - long term	-	25,533,713	30,629,272	7,756,000	2,633,552	66,552,537	-
Due to other funds (long-term)	-	-	-	-	1,645,242	1,645,242	-
Total long-term liabilities	-	25,533,713	30,629,272	7,756,000	4,278,794	68,197,779	-
Total liabilities	3,667,561	26,141,755	30,702,308	7,963,252	4,664,187	73,139,063	630
NET ASSETS							
Invested in capital assets, net of related debt	23,484,568	29,472,389	10,640,239	2,109,880	11,220,194	76,927,270	-
Restricted	-	388,587	5,059,793	548,639	165,685	6,162,703	-
Unrestricted	2,346,575	(357,492)	9,549,582	(229,657)	1,214,303	12,523,311	374,880
Total net assets	\$ 25,831,143	\$ 29,503,484	\$ 25,249,614	\$ 2,428,861	\$ 12,600,182	\$ 95,613,284	\$ 374,880

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

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

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2002

	Business-type Activities - Enterprise Funds					TOTALS 2002	Governmental Activities Internal Service Fund
	ELECTRIC UTILITIES	WATER UTILITIES	WASTEWTR TREATMENT	MUNI-BLDG AUTHORITY	Non-Major Enterprise Fund		
OPERATING REVENUES:							
Charges for services	\$ 30,175,128	\$ 8,902,637	\$ 5,542,380	\$ -	\$ 11,717,200	\$ 56,337,345	\$ 437,496
Other operating revenues	2,383,501	1,947,637	1,459,773	-	295,570	6,086,481	
Total operating revenues	32,558,629	10,850,274	7,002,153	-	12,012,770	62,423,825	\$ 437,496
OPERATING EXPENSES:							
Electricity purchased	33,977,987	-	526,888	-	-	34,504,874	
Water purchased	-	497,949	-	-	-	497,949	
Salary and wages	1,986,541	1,216,659	649,346	-	1,557,587	5,410,134	
Supplies	1,089,800	-	-	-	306,791	1,396,591	
Service vehicle expense	255,886	53,990	30,264	-	68,294	408,434	
Equipment rental	122	72,297	1,767	-	303,342	377,528	
Depreciation	1,889,866	1,391,037	877,051	114,364	690,762	4,963,081	
Bad debts	146,311	42,731	-	-	38,233	227,274	
Payroll tax & employee benefits	722,367	470,341	247,274	-	559,952	1,999,934	
Office & dept. supplies	73,011	541,052	43,085	-	87,876	745,024	
Professional services	163,648	197,625	148,222	15,164	513,513	1,038,173	15,686
R. & M. - equipment	204,972	286,128	176,602	-	112,195	779,897	
R. & M. - buildings and grounds	19,234	6,595	34,526	1,840	639,563	701,758	
Insurance & surety bonds	186,671	65,244	41,911	-	44,884	338,710	
Travel	32,577	35,186	11,104	-	22,519	101,386	
Miscellaneous	634	150	-	-	-	784	
Interest expense	22,299	-	-	-	-	22,299	
Subscriptions & memberships	8,804	1,677	939	-	7,571	18,991	
Lease payments	-	-	-	-	-	-	
Claims paid	-	-	-	-	-	-	106,460
Insurance premiums	-	-	-	-	-	-	331,850
Contract labor	-	-	-	-	6,475,740	6,475,740	
Billing & administration	738,000	492,000	275,000	-	383,000	1,888,000	
Total operating expenses	41,518,730	5,370,663	3,063,977	131,368	11,811,824	61,896,562	453,996
Operating income (loss)	(8,960,102)	5,479,611	3,938,176	(131,368)	200,946	527,263	(16,500)
NON-OPERATING REVENUES (EXPENSES)							
Interest income	209,112	30,902	434,980	17,682	101,742	794,418	12,397
Rent	-	-	6,000	624,197	7,136	637,333	
Miscellaneous income	75,649	530,786	31,237	-	39,163	676,835	16,082
Interest charges	-	(1,300,974)	(1,157,654)	(388,115)	(242,203)	(3,088,945)	
Total non-operating revenue (expense)	284,761	(739,286)	(685,437)	253,764	(94,161)	(980,359)	28,479
Income before transfers	(8,675,340)	4,740,325	3,252,739	122,396	106,785	(453,096)	11,979
Contributions	-	-	-	-	69,103	69,103	
Transfers to/from other funds	-	-	-	375,665	(12,475)	363,190	
Change in Net Assets	(8,675,340)	4,740,325	3,252,739	498,061	163,413	(20,803)	11,979
Total net assets - beginning	34,506,483	24,763,160	21,996,875	1,930,801	12,436,770	95,634,089	362,902
Total net assets - ending	\$ 25,831,143	\$ 29,503,485	\$ 25,249,614	\$ 2,428,862	\$ 12,600,183	\$ 95,613,286	\$ 374,881

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

CITY OF ST. GEORGE, UTAH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2002

	Business-type Activities - Enterprise Funds						Governmental Activities Internal Service Fund
	ELECTRIC UTILITIES	WATER UTILITIES	WASTEWTR TREATMENT	MUNI-BLDG AUTHORITY	Non-Major Enterprise Fund	TOTALS 2002	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 33,018,154	\$ 10,704,293	\$ 6,852,948	\$ -	\$ 12,012,770	\$ 62,588,165	\$ -
Receipts from interfund services provided							437,496
Payments to suppliers	(44,133,486)	(2,387,260)	(1,224,732)	(22,710)	(8,923,286)	(56,691,473)	
Payments to employees	(2,708,908)	(1,687,000)	(896,620)		-	(7,410,067)	
Payments for interfund services used							(866,639)
Net cash provided by operating activities	<u>(13,824,239)</u>	<u>6,630,033</u>	<u>4,731,597</u>	<u>(22,710)</u>	<u>971,944</u>	<u>(1,513,376)</u>	<u>(429,143)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Rents received			6,000	624,197	7,136	637,333	
Miscellaneous non-operating income	75,649	530,786	31,237		39,163	676,835	16,082
Economic development transfer				375,665	(12,475)	363,190	
Loan from General Fund					500,000	500,000	
Net cash provided (used) by noncapital and related financing activities	<u>75,649</u>	<u>530,786</u>	<u>37,237</u>	<u>999,862</u>	<u>533,824</u>	<u>2,177,358</u>	<u>16,082</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from capital debt				-	293,121	293,121	
Capital contributions				-		-	
Purchases of capital assets	(1,448,173)	(4,629,426)	(2,234,875)	(474,886)	(674,480)	(9,461,840)	
Principal paid on capital debt		(1,050,000)	(2,391,000)	(595,000)	(516,981)	(4,552,981)	
Interest paid on capital debt		(1,300,974)	(1,157,654)	(388,115)	(242,203)	(3,088,946)	
Capital lease principal payments		(88,375)				(88,375)	
Capital lease interest payments						-	
Deferred gain on bond redemptions						-	
Net cash provided (used) by capital and related financing activities	<u>(1,448,173)</u>	<u>(7,068,775)</u>	<u>(5,783,529)</u>	<u>(1,458,001)</u>	<u>(1,140,543)</u>	<u>(16,899,021)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	209,112	30,902	434,980	17,682	101,742	794,418	12,397
Net increase (decrease) in cash and cash equivalents	(14,987,651)	122,946	(579,716)	(463,167)	466,968	(15,440,621)	(400,664)
Cash and equivalents at beginning of year	7,364,143	(1,107,608)	14,714,747	823,737	2,773,513	24,568,532	362,902
Cash and equivalents at end of year	<u>\$ (7,623,508)</u>	<u>\$ (984,662)</u>	<u>\$ 14,135,031</u>	<u>\$ 360,570</u>	<u>\$ 3,240,481</u>	<u>\$ 9,127,911</u>	<u>\$ (37,762)</u>
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	(8,960,102)	5,479,611	3,938,176	(131,368)	200,946	527,263	(16,500)
Adjustments to reconcile net income from operations to net cash provided by operating activities:							
Depreciation	1,889,866	1,391,037	877,051	114,364	690,762	4,963,081	
Changes in assets & liabilities:							
Decrease (increase) in receivables	345,166	(145,981)	(149,205)			49,980	
Decrease (increase) in inventory	(29,864)	(24,709)				(54,573)	
Decrease (increase) in interfund rec.	99,141					99,141	
Decrease (increase) in discounts		57,292	36,986	11,044	7,142	112,464	
Decrease (increase) in prepaid exp.			32,765			32,765	(413,273)
Decrease (increase) in note rec.	15,219					15,219	
Increase (decrease) in deposits	48,859					48,859	
Increase (decrease) in interfund pay.						-	
Increase (decrease) in accruals	(7,232,525)	(127,218)	(4,176)	(16,750)	73,094	(7,307,575)	630
Total adjustments	<u>(4,864,137)</u>	<u>1,150,421</u>	<u>793,421</u>	<u>108,658</u>	<u>770,998</u>	<u>(2,040,639)</u>	<u>(412,643)</u>
Net cash provided by operating activities:	<u>\$ (13,824,239)</u>	<u>\$ 6,630,033</u>	<u>\$ 4,731,597</u>	<u>\$ (22,710)</u>	<u>\$ 971,944</u>	<u>\$ (1,513,376)</u>	<u>\$ (429,143)</u>

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

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

JUNE 30, 2002

	PERPETUAL CARE PRIVATE-PURPOSE TRUST FUND *****	PENSION TRUST *****	MINI GRAN PRIX FUNDRAISER *****	TOTALS 2002 *****
ASSETS				
Restricted cash and investments	\$ 30,521	\$ 9,583,080	\$ 1,491	\$ 9,615,092
Total Assets	30,521	9,583,080		9,615,092
LIABILITIES				
Liabilities:				
Accrued liabilities	75	-		75
Total liabilities	75	-	-	75
NET ASSETS				
Held in trust for pension benefits and other purposes	\$ 30,446	\$ 9,583,080	\$ 1,491	\$ 9,615,017
	30,446	9,583,080	1,491	9,615,017

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

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

FOR THE YEAR ENDED JUNE 30, 2002

	PERPETUAL CARE PRIVATE-PURPOSE TRUST FUND *****	PENSION TRUST *****	MINI GRAN PRIX FUNDRAISER *****	TOTALS 2002 *****
ADDITIONS				
Retirement contributions	\$ -	\$ 971,717	\$ -	\$ 971,717
Life insurance contributions	-	29,792		29,792
Certificate sales	35,959	-		35,959
Net decrease in fair value of investments	-	(1,012,568)		(1,012,568)
Citizen donations	-	-	13,866	13,866
Total additions	35,959	(11,059)	13,866	38,765
DEDUCTIONS				
Administrative & general	2,000	-		2,000
Life insurance premiums	-	29,792		29,792
Retirement withdrawals	-	545,517		545,517
Transfers to other governmnt agencies	11,563	-	12,375	23,938
Total deductions	13,563	575,309	12,375	601,247
 Change in net assets	 22,396	 (586,368)	 1,491	 (562,482)
Net assets - beginning of year	8,050	10,169,449	-	10,177,499
Net assets - end of year	\$ 30,446	\$ 9,583,081	\$ 1,491	\$ 9,615,017

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

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

JUNE 30, 2002

I. Summary of significant accounting policies

A. Reporting entity

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

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

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

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, innkeeper taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other

revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

The Wastewater Collection fund accounts for the operation and maintenance of the City-owned collection system for wastewater.

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

The Municipal Building Authority fund accounts for the lease-purchase bonds issued for construction of various projects throughout the City that will be owned by the Authority and leased to another fund which will make lease payments equal to the debt service on the related bonds.

Additionally, the City reports the following fund types:

An Internal Service fund to account for the self-insurance activities of the various funds throughout the City. Fiduciary funds are maintained for the activities of the Pension Trust fund which accounts for the activities of the City's defined contribution plan, and for the Perpetual Care fund which accounts for the collection of perpetual care fees used for the financing, operation, and maintenance of the City owned cemeteries.

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 the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". In the City Electric, Water, Wastewater Collection, and Refuse Collection funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2002 were estimated based on July billings and are included in the operating revenues and accounts receivable at year-end. An allowance for uncollectible accounts is recorded as bad debt expense equal to ½ of 1% of revenues in the Electric, Water, Wastewater Collection, and Refuse Collection enterprise funds.

3. Inventories and prepaid items

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

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

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

5. Compensated absences

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

6. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt

proceeds received, are reported as debt service expenditures.

7. Restricted assets

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

II. Reconciliation of government-wide and fund financial statements

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

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

Capital related items:

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

Cost of capital assets	\$126,849,064
Accumulated depreciation	<u>(42,296,702)</u>
Total difference	<u>\$ 84,552,362</u>

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2002 were:

Downtown Redevelopment bonds	\$ 623,000
Excise tax bonds	2,210,000
Parks and recreation general obligation bonds	17,520,000
Special assessment bonds	3,027,524
Note payable	25,000
Capital lease	7,112,555

Interest payable on long-term debt	518,081
Compensated absences	<u>599,524</u>
Total difference	<u>\$31,635,684</u>

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

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

Capital outlay	\$12,126,936
Depreciation expense	<u>(5,034,851)</u>
Net difference as reported	\$ <u>7,092,085</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

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

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

- 1) Prior to the first meeting in May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them. Budgets are prepared for all City funds including proprietary funds.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) Prior to June 22nd, the budget is legally enacted through passage of an

ordinance.

4) The City Manager is authorized to transfer budgeted amounts within function levels; however, to transfer budgeted amounts between function levels requires City Council approval. Any revisions that alter the total expenditures of any fund must be approved through a public hearing by the City Council and can be made at any time during the fiscal year. The General Fund budget was increased by \$4,205,914 or 14.07% of the original budget. The largest amount of the increase was to transfer to the Capital Equipment Fund the anticipated General Fund surplus revenues for the year which were then allocated to various capital projects. This increase was for \$3,000,000 or 71.33% of the total budgeted increase. The balance of the increase was for unanticipated expenditures and to take advantage of additional revenues which were received.

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

B. Tax Revenues

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

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

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

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

C. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2002, the Dixie Center Operations Special Revenue Fund expenditures exceeded appropriations by \$1,544,102. This was the result of an audit adjustment made by the independent auditors to reflect an additional capital lease for the museum complex at the Center. These expenditures were funded by capital lease in this fund. The Economic Development - Special Revenue Fund expenditures exceeded appropriations by \$32,998. The Police Department Impact - Capital Projects Fund expenditures exceeded appropriations by \$14. This was the result of professional fees for the annual audit being more than anticipated.

D. Deficit fund equity

The Special Assessment Construction - Capital Projects Fund has a deficit balance of \$3,536,173. This represents costs paid by the City to fund the construction of various SID projects throughout the City and will be eliminated when the districts are closed and bonds issued to reimburse the City for such costs.

The Dixie Center Operations - Special Revenue Fund has a deficit balance of \$9,931. This will be made up during the 2003 fiscal year by way of additional transfers from either the General Fund or the Economic Development Fund.

IV. Detailed Notes for All Funds

A. Cash and investments

Listed below is a summary of the cash and temporary cash investment portfolio of the City as of June 30, 2002. Investments are governed by the Utah Money Management Act. At June 30, 2002, the carrying amount of the City's demand deposits was \$4,281,995 and the bank balance was \$5,478,229. Of the bank balance \$536,079 was covered by federal depository insurance and \$4,942,150 was uninsured and uncollateralized.

The following table provides information about the credit and market risks associated with the City's temporary cash investments.

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.

	Category			Carrying Amount	Market Value
	1	2	3		
U.S. Treasury Fund	\$6,334,827			\$6,334,827	\$6,334,827
Insurance Co. Investment Contracts				9,583,080	9,583,080
Investment in:					
Treasurer's investment pool				33,044,686	33,044,686
Total cash investments				48,962,593	48,962,593
Cash & time deposits				3,902,459	3,902,459
Total cash and temporary investments				<u>\$52,865,052</u>	<u>\$52,865,052</u>

B. Deposits

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

C. Notes receivable

In the Economic Development Special Revenue Fund is one note for the purchase of a lot in the Millcreek Industrial Park and one note for the sale of an additional piece of city-owned property on contract. The following are the borrowers, general terms, and amounts of such notes.

St. George Truss - installments of \$5,676 due annually January 1 st . Interest at 10%	\$13,112
Dale Jones Irrevocable Trust - interest due monthly at 7%. balance due on July 1, 2003.	<u>405,393</u>
	<u>\$ 418,505</u>

Prior to year-end the \$300,000 due on July 1, 2002 was paid as per the contract.

In the General Fund, an economic incentive note has been written with the developers of the Ft. Pierce Business Park. The agreement states that the Ft. Pierce Business Park, LC., may borrow up to \$1,200,000 from the City. Interest will accrue at 8%. Interest was capitalized thru December 31, 1999, and thereafter has been due quarterly beginning April 1, 2000. In addition, for each lot sold, the developers will remit to the City from each closing 10.88% of the gross sales proceeds to be applied to the note. At June 30, 2002, the unpaid principal and interest totaled \$498,345.

In the Electric Utility Fund, an economic incentive agreement has been entered into with St. George Steel Incorporated. The City made certain improvements to the electrical system at the company's place of business as an incentive to have them remain in the City. Based upon a formula for increased utility usage and other factors, a discounted

utility rate will be calculated each year to apply as payments to the note. Interest will accrue at 8%. At June 30, 2002, the balance was \$47,046.

D. Capital assets

Capital asset activity for the year ended June 30, 2002 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Land	\$11,463,739	1,044,522		\$12,508,261
Buildings	16,547,595	1,641,410		18,189,005
Improvements	33,719,129	1,588,772		35,307,901
Infrastructure	43,150,430	6,972,230		50,122,663
Equipment, etc	<u>9,841,232</u>	<u>880,002</u>		<u>10,721,234</u>
	114,722,125	12,126,936	-	126,849,064
Less accumulated depreciation	<u>(37,261,851)</u>	<u>(5,034,851)</u>	<u>-</u>	<u>(42,296,702)</u>
Net governmental capital assets	<u>\$77,460,276</u>	<u>\$7,092,085</u>	<u>-</u>	<u>\$84,552,362</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Municipal bldg Authority	\$9,853,612	474,885		\$10,328,497
Accum. Depr.	<u>(348,252)</u>	<u>(114,365)</u>		<u>(462,617)</u>
Net	<u>9,505,360</u>	<u>360,520</u>		<u>9,865,880</u>
Water Utility	64,267,588	4,629,427		68,897,015
Accum. Depr.	<u>(12,103,419)</u>	<u>(1,391,038)</u>		<u>(13,494,457)</u>
Net	<u>52,164,169</u>	<u>3,238,389</u>		<u>55,402,558</u>
Wastewater Collection	5,028,432	332,133		5,360,565
Accum. Depr.	<u>(2,968,228)</u>	<u>(294,744)</u>		<u>(3,262,972)</u>
Net	<u>2,060,204</u>	<u>37,389</u>		<u>2,097,593</u>
Electric Utility	44,331,383	1,448,172		45,779,555
Accum. Depr.	<u>(20,405,122)</u>	<u>(1,889,865)</u>		<u>(22,294,987)</u>
Net	<u>23,926,261</u>	<u>(441,693)</u>		<u>23,484,568</u>

Golf Courses	14,719,477	431,867	(622,101)	14,529,243
Accum. Depr.	<u>(2,685,636)</u>	<u>(396,017)</u>	<u>435,854</u>	<u>(2,645,800)</u>
Net	<u>12,033,841</u>	<u>35,850</u>	<u>(186,247)</u>	<u>11,883,443</u>
Regional				
Wastewater	45,066,215	2,234,876		47,301,091
Accum. Depr.	<u>(5,154,529)</u>	<u>(877,050)</u>		<u>(6,031,579)</u>
Net	<u>39,911,686</u>	<u>1,357,826</u>		<u>41,269,512</u>

Business-type activities
net capital assets \$139,601,521 4,588,281 (186,247) \$144,003,554

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

Governmental activities:

General government	\$ 473,167
Public safety	413,787
Highways, streets, etc.	3,116,524
Parks, recreations, etc.	989,857
Community development	<u>41,516</u>

Total depreciation expense - governmental activities \$5,034,851

Business-type activities:

Municipal building authority	\$ 114,364
Water utility	1,391,037
Wastewater collection	294,745
Electric utility	1,889,866
Golf courses	396,017
Regional wastewater treatment	<u>877,051</u>

Total depreciation expense - business-type activities \$4,963,081

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

E. Interfund receivables, payables, and transfers

At June 30, 2002, interfund balances due to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Assessment Debt Service	Golf Course Fund	\$ 61,839
	General Fund	388,645
General Fund	Golf Course Fund	500,000
Electric Utility	Golf Course Fund	<u>1,083,403</u>
		<u>\$2,033,887</u>

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

In addition to the above amounts which will be repaid by the respective funds, transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2002 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General Fund	Dixie Center Operations	\$ 371,000
	Muni Bldg Authority	55,575
	Public Works Capital Proj.	550,000
	Capital Equip Cap. Projects	2,340,000
Economic Development Fund	Muni Bldg Authority	320,090
Transportation Improvmnt	General Fund	70,000
Transportation Improvmnt	Public Works Capital Proj.	2,537,858
Capital Equipment Cap. Proj.	Public Works Capital Proj.	451,000
Drainage Impact Fund	Public Works Capital Proj.	908,678
Fire Impact Capital Proj. Fund	Public Works Capital Proj.	46,491
Wastewater Collection Utility	Public Works Capital Proj.	12,475
Perpetual Care	General Fund	11,563
Police Seizures	General Fund	<u>18,918</u>
	Total Interfund Transfers	<u>\$ 7,693,648</u>

F. Long-term debt

General Obligation Bonds

The City has issued general obligation bonds to provide funds for the acquisition and construction of major parks and recreation capital facilities throughout the City. In a

special election in 1996, the citizens authorized the issuance of up to \$18 million in general obligation bonds. In January of 1997, the first installment of such bonds were issued for \$12 million. In January of 1999, the balance of \$6 million was issued.

General obligation bonds are direct obligations of the City and pledge the full faith and credit of the City. The first installment of 1997 G.O. bonds are due in installments ranging from \$75,000 to \$1,405,000 thru August 1, 2021. The second installment of 1999 G.O. bonds are due in installments ranging from \$35,000 to \$1,820,000 thru August 1, 2023.

General obligation bonds currently outstanding at June 30, 2002 are as follows:

Governmental activities:

	<u>Interest rates</u>	<u>Amount</u>
1997 G.O. Parks & Recreation	5.10% to 8.00%	\$11,580,000
1999 G.O. Parks & Recreation	4.50% to 7.50%	<u>5,940,000</u>
		<u>\$17,520,000</u>

In addition, the City Downtown Redevelopment Agency has issued tax increment bonds which were used for the refurbishing of a portion of the downtown part of the City. Such bonds are treated as general obligation debt by the City as they are guaranteed by the assessment and collection of property taxes in accordance with the redevelopment laws of the State of Utah. The bonds were issued in two installments in 1995. The 1995A serial bonds were issued for \$840,000 and are due in annual installments of \$110,000 to \$123,000 thru June 1, 2005 and the 1995B serial bonds were issued for \$835,000 are due in annual installments of \$65,000 to \$141,000 thru June 1, 2005. At June 30, 2002 the outstanding balances of such issues was a follows:

Governmental activities:

	<u>Interest rates</u>	<u>Amount</u>
1995A Downtown Redevelopment	5.45%	\$349,000
1995B Downtown Redevelopment	5.48%	<u>274,000</u>
		<u>\$623,000</u>

The City has two other debts which it treats as general obligation type debt because of the nature of the debt and the revenues being used to fund the related debt service. These two debts are a note payable to Brooks Pace & Bill Randall for the purchase of additional property in the downtown redevelopment district. The original debt was for \$100,000 and is being repaid in installments of \$25,000 per year. In addition, in 1996, the City issued Excise Tax revenue bonds which are secured by the collection of Class "C" road funds in the General Fund. Such bonds were originally issued for \$3,880,000 and were used for the construction of major capital asset facilities throughout the City in accordance with the allowed uses of Class "C" road funds as mandated by the State of

Utah. The bonds are being repaid in annual installments of \$400,000 to \$485,000 thru December 1, 2006. At June 30, 2002, these two debts balances are as follows:

Governmental activities:

	<u>Interest rates</u>	<u>Amount</u>
1996 Excise Tax Revenue bonds	4.50% to 4.95%	\$2,210,000
Note payable to Pace & Randall	0.00%	<u>25,000</u>
		<u>\$2,235,000</u>

Total City reflected General Obligation Debt

\$20,378,000

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

(In thousands of dollars)

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 701	\$ 1,085	\$ 1,786
2004	746	1,048	1,794
2005	866	1,006	1,872
2006	690	956	1,646
2007	760	913	1,673
2008-2012	2,285	4,137	6,422
2013-2017	4,125	3,286	7,411
2018-2022	6,700	1,828	8,528
2023-2024	<u>3,505</u>	<u>179</u>	<u>3,684</u>
Totals	<u>\$20,378</u>	<u>\$14,438</u>	<u>\$34,816</u>

The City over the past several years has created several special assessment districts in which various improvements (i.e.; streets, curb & gutter, sidewalk, etc) have been constructed and bonds issued for the construction costs. These bonds are being repaid from assessments against those property owners which have received the benefit of such construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City provides the resources necessary to cover such deficit until further collection efforts can be taken to provide the necessary funds. At June 30, 2002, the various issues outstanding are as follows:

(amounts in thousands)

<u>District</u>	<u>Original Issue</u>	<u>Annual principal</u>	<u>Interest rates</u>	<u>Final Due Date</u>	<u>Amount</u>
97-1	\$ 265	\$25 to \$33	5.05% to 5.20%	8/1/08	\$ 200

93-1	1,872	\$187 to \$188	6.75% to 6.95%	12/1/04	563
96-1	221	\$21 to \$27	5.5% to 5.15%	4/1/08	146
88-3	1,635	\$165	6%	7/15/02	165
97-2	1,651	\$142 to \$210	5.65% to 5.95%	11/1/09	1,389
98-1	400	\$34 to \$51	5.50% to 5.8%	12/15/09	336
2000-1	228	\$16 to \$28	2.90% to 5.15%	6/1/12	<u>228</u>
Total special assessment debt					<u>\$3,027</u>

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

(in thousands of dollars)

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 590	\$ 176	\$ 766
2004	443	141	584
2005	456	115	571
2006	282	87	369
2007	298	71	369
2008-2012	<u>958</u>	<u>115</u>	<u>1,073</u>
Totals	\$ <u>3,027</u>	\$ <u>705</u>	\$ <u>3,732</u>

In connection with several districts, property owners against whom an assessment have been levied have, in a few cases, either gone bankrupt or breached their obligation to make installments as they come due. Most of these are collectible, and even where bankruptcy has occurred, the property affected by the levy should be available for foreclosure. As required by state law, a guarantee fund has been established within the special assessment debt service fund. The law requires that a tax rate of .00002 be charged to all general property taxpayers until sufficient funds are accumulated in the guarantee fund to meet statutory requirements. The requirements are that 25% of the remaining outstanding bond principal for bonds issued prior to 1987 and 10% of the remaining outstanding bond principal for bonds issued after that date. The required and maintained balance at June 30, 2002, is \$302,752.

Revenue bonds

The City has also issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds. Revenue bonds outstanding at June 30, 2002 by issue are as follows: (in thousands)

<u>Bond Descrip.</u>	<u>Original Issue</u>	<u>Annual principal</u>	<u>Interest rates</u>	<u>Final Due Date</u>	<u>Amount</u>
1998A MBA	\$6,270	\$155 to \$505	3.6% to 4.7%	9/1/17	\$ 5,200
1998A MBA Holt	400	\$35 to \$53	7%	10/1/08	306
1999 MBACrosby	2,250	\$186 to \$299	7%	7/15/09	1,913
2000 Woodward	<u>350</u>	\$14 to \$23	2.5%	4/1/21	<u>337</u>
Total Municipal Bldg	<u>9,270</u>				<u>7,756</u>
1987B Water	\$1,274	due 1/1/13	0.00%		\$1,274
1993 Water	18,525	\$680 to \$1,330	5.0% to 5.4%	6/1/16	13,575
1995A Water	12,000	\$375 to \$460	4.7% to 5.3%	6/1/07	2,065
2001 Water	<u>8,670</u>	\$50 to \$1,650	3.25% to 5%	6/1/20	<u>8,620</u>
Total Water Utility	<u>40,469</u>				<u>25,534</u>
1988A Sewer	\$1,450	\$72 to \$73	0.00%	6/15/08	\$ 435
1988B Sewer	130	due 6/15/08	0.00%	6/15/08	129
1993 Sewer	7,180	\$755 to \$880	5.25% to 5.5%	6/15/07	4,115
1993B Sewer	4,000	\$188 to \$275	3.5%	6/15/14	2,749
1997A Sewer	14,280	\$615 to \$1215	4.45% to 5.38%	6/15/17	13,125
1997B Sewer	12,000	\$854 to \$1172	1.0%	6/15/12	10,032
1997C Sewer	<u>44</u>	due 6/15/17	0.00%	6/15/17	<u>44</u>
Total Wastewater Treatment	<u>39,084</u>				<u>30,629</u>
1994 Golf Course	\$ 4,158	\$399 to \$465	4.95% to 5.5%	4/1/06	\$ 1,734
2000 Golf Course	<u>900</u>	\$282 to \$318	6.0%	4/1/09	<u>900</u>
Total Golf Course	<u>5,058</u>				<u>2,634</u>
Total Business-type activities	<u>\$93,881</u>				<u>\$66,553</u>

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>June 30</u>			
2003	\$ 4,598	\$ 2,681	\$ 7,279
2004	4,814	2,499	7,313
2005	5,126	2,307	7,433
2006	5,088	2,106	7,194
2007	5,076	2,109	7,185
2008-2012	22,027	7,487	29,514
2013-2017	17,047	3,007	20,054
2018-2021	<u>2,776</u>	<u>266</u>	<u>3,042</u>
Totals	<u>\$66,552</u>	<u>\$22,462</u>	<u>\$89,014</u>

In prior years, the City defeased certain outstanding bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements. At June 30, 2002, the following outstanding bonds are considered defeased:

1986A Water Revenue Bonds	\$6,195,000
1986B Water Revenue Bonds	5,170,000
1991 Water Revenue Bonds	5,670,000
1995A Water Revenue Bonds	8,010,000
1987A Subordinated Water bonds	1,785,000
1996A Municipal Building Authority bonds	2,829,000
1996B Municipal Building Authority bonds	2,042,000
1996C Municipal Building Authority bonds	1,066,000

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2002 was as follows: (in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due in OneYr
Governmental activities:					
Bonds payable:					
G.O. Bonds	\$17,580	\$ -	\$(60)	\$17,520	\$ 95
RDA Bonds	794	-	(171)	623	181
Excise Bonds	2,595	-	(385)	2,210	400
Special assessment debt with governmental commitment	<u>3,361</u>	<u>228</u>	<u>(562)</u>	<u>3,027</u>	<u>590</u>
Total bonds payable	24,330	228	(1,178)	23,380	1,266
Notes payable	50	-	(25)	25	25
Leases payable	123	-	(57)	66	66
WCIA Lease	6,101	1,392	(446)	7,047	408
Vacation payable	<u>526</u>	<u>73</u>	<u>-</u>	<u>599</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$31,130</u>	<u>\$1,693</u>	<u>\$(1,706)</u>	<u>\$31,117</u>	<u>\$1,765</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$70,945	\$ -	\$(4,392)	\$66,553	4,598
Capital leases	<u>485</u>	<u>293</u>	<u>(254)</u>	<u>524</u>	<u>111</u>
Total business-type long-term liabilities	<u>\$71,430</u>	<u>\$ 293</u>	<u>\$(4,646)</u>	<u>\$67,077</u>	<u>\$4,709</u>

G. Leases payable

The City has entered into a lease agreement as lessee for financing the acquisition of metron water meters for the water utility. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease terms for a nominal \$1 payment) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception and is being depreciated in the water utility fund. The value of the meters is \$650,721. At June 30, 2002, \$39,566 in depreciation has been taken against them.

The following is a schedule of future minimum lease payments under such capital lease, and the present value of net minimum lease payments at June 30, 2001.

<u>Fiscal year ended</u>	<u>Business-type activity</u>
June 30, 2003	\$110,872
June 30, 2004	110,872
June 30, 2005	110,872
June 30, 2006	<u>110,872</u>
	443,488
Less amount representing interest	<u>(47,032)</u>
Present value of lease payments	<u>\$396,456</u>

The City has entered into lease agreements as lessee for financing the acquisition of a postage meter, street sweeper and a vector truck for the general fund. These lease agreements qualify as a capital lease for accounting purposes (title transfers at the end of the lease term for nominal \$1 payment) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

The following is a schedule of future minimum lease payments under such capital leases, and the present value of net minimum lease payments at June 30, 2002. The value of the postage meter is \$23,760, the street sweeper is \$117,403 and the vector is valued at \$208,172.

<u>Fiscal year ended</u>	<u>Vactor</u>	<u>Sweeper</u>	<u>Postage Meter</u>	<u>Total governmental activities</u>
June 30, 2003	\$37,510	\$19,084	\$6,024	\$62,618
June 30, 2004	-	-	6,024	6,024
	<u>37,510</u>	<u>19,084</u>	<u>12,048</u>	<u>68,642</u>
Less amount representing interest	<u>(1,935)</u>	<u>(924)</u>	<u>(168)</u>	<u>(3,027)</u>
Present value of lease payments	<u>\$35,575</u>	<u>\$18,160</u>	<u>\$11,880</u>	<u>\$ 65,615</u>

Washington County/St. George City Interlocal Agency

The Washington County/St. George City Interlocal Agency (the Agency) or WCIA was formed on January 6, 1997 by Washington County and St. George City pursuant to the Utah Interlocal Co-operation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended. The Agency's purpose is to provide for the acquisition, construction, equipping and operation and maintenance of recreational, tourist, cultural and convention facilities. The interlocal agreement terminates after 30 years or such later date upon which all bonds of the Agency and other contractual obligations have been retired, but in no event later than 50 years after January 6, 1997.

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

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

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

<u>Fiscal year ended</u>	<u>Dixie Center Debt Service</u>	<u>Museum Debt Service</u>
June 30, 2003	\$437,274	\$123,459
June 30, 2004	474,232	123,329
June 30, 2005	484,553	123,422
June 30, 2006	498,621	123,349
Thereafter	7,028,666	1,829,444
Total remaining minimum lease payments	\$8,923,346	\$2,323,003
Less amount representing interest	(3,268,346)	(931,063)
Present value of net remaining minimum lease payments	\$5,655,000	\$1,391,940

For the fiscal year ended June 30, 2002 expenditures were lease payments for O&M of \$316,824 and debt service payments of \$475,329.

H. Segment information

The City issued revenue bonds to finance the purchase of the Sunbrook Golf Course and also for the construction of the Sunbrook Golf Course clubhouse. Investors in the revenue bonds rely solely on the revenue generated by the golf courses for repayment of principal and interest on the bonds. Summary financial information for the golf courses is presented below.

CONDENSED STATEMENT OF NET ASSETS

Assets:

Cash and investments	\$	236,905
Other assets (deferred bond costs)		42,853
Capital assets	\$14,529,243	
Less depreciation	<u>(2,645,800)</u>	<u>11,883,443</u>
Total assets		<u>12,163,201</u>

Liabilities:

Accrued liabilities	239,440
Due to other funds	1,645,242
Noncurrent liabilities	<u>2,760,842</u>
Total liabilities	<u>4,645,524</u>

Net assets:

Invested in capital assets net of related debt	9,122,601
Restricted	165,685
Unrestricted	<u>(1,770,609)</u>
Total net assets	<u>\$7,517,678</u>

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

Golf course charges	\$4,056,466
Depreciation expense	(396,017)
Other operating expenses	<u>(3,465,888)</u>
Operating income	<u>194,561</u>
Nonoperating revenues (expenses)	
Interest income	7,527
Rental income	7,136

Miscellaneous income	39,163
Interest expense	(242,203)
Capital contributions	<u>69,103</u>
Change in net assets	75,288
Beginning net assets	<u>7,442,390</u>
Ending net assets	<u>\$7,517,678</u>

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:	
Operating activities	\$ 667,661
Noncapital financing activities	546,299
Capital and related financing activities	(808,411)
Investing activities	<u>7,527</u>
Net increase (decrease)	413,076
Beginning cash & cash equivalents	<u>(176,172)</u>
Ending cash & cash equivalents (deficit)	<u>\$ 236,904</u>

V. Other information

A. Risk management

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

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

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

C. Jointly governed organization

The City, in conjunction with 38 other governmental entities that provide for the purchase and transmission of electrical services, created the Utah Association of Municipal Power System (UAMPS). UAMPS owns interest in various power generation entities as well as coordinating the purchase of additional power on the open spot-market. The UAMPs board is comprised of one member from each participating entity (dependent on the particular projects which an entity elects to participate in). Except for minimum purchase requirements, no participant has any obligation, entitlement, or residual interest. The City's electrical utility fund purchased power totaling \$33,977,987 during the fiscal year ended June 30, 2002.

D. Conduit debt obligations

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

As of June 30, 2002, there had been twenty-one series of Industrial Revenue Bonds issued. The aggregate principal amount payable could not be determined; however, their original issue amounts totaled \$52.8 million.

E. Commitments/subsequent events

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

A) On or before July 31, 2003, the City will make a payment of \$400,000 to the school district . At such time, the school district shall convey to the City by warranty deed marketable fee simple title a total of .717 acres within Lot 4, block 16, Plat "A", of the St. George City survey.

B) On or before July 31, 2007, the City will make a payment of \$818,300 to the school district. At such time, the school district shall convey to the City by warranty deed marketable fee simple title a total of 2.42 acres within Block 17, Plat "A", of the St. George City survey.

2) Subsequent to year-end the City issued Golf Course Revenue refinancing bonds in the amount of \$2,840,000 for the purpose of refunding the golf course bond issues Series 1994 and Series 2000.

F. Uses of impact fees

The City collects on each building permit issued, various impact fees restricted as to their use. In order to comply with legislation passed by the Utah State legislature, the following disclosures are made as to the revenues collected and disbursements made for the various fees.

1) Park Impact Capital Projects Fund			
Revenues: Impact fees collected	\$1,057,950		
Interest income	<u>57,460</u>		
Total revenues			\$1,115,410
Expenditures:			
Professional fees	632		
Capital outlay	<u>51,727</u>		
Total expenditures			(52,359)
Increase in fund balance			1,063,051
Beginning fund balance			<u>1,400,943</u>
Ending fund balance			<u>\$ 2,463,994</u>
2) Street Impact Capital Projects Fund			
Revenues: Impact fees collected	\$696,361		
Interest income	<u>5,577</u>		
Total revenues			\$701,938
Expenditures:			
Professional fees	<u>514</u>		
Total expenditures			(514)
Increase in fund balance			701,423
Beginning fund balance			<u>(113,752)</u>
Ending fund balance			<u>\$ 587,671</u>
3) Drainage Impact Capital Projects Fund			
Revenues: Impact fees collected	\$455,680		
Interest income	<u>21,340</u>		
Total revenues			\$477,020
Expenditures:			
Professional fees	12,386		
Capital transfers	908,678		
Capital outlay	<u>19,907</u>		
Total expenditures			(940,971)

	Decrease in fund balance	(463,951)	
	Beginning fund balance	<u>706,329</u>	
	Ending fund balance		<u>\$ 242,378</u>
4) Fire Department Impact Capital Projects Fund			
	Revenues: Impact fees collected	\$223,400	
	Interest income	<u>15,600</u>	
	Total revenues		\$239,000
	Expenditures:		
	Professional fees	514	
	Capital Transfer	46,491	
	Capital outlay	<u>83,500</u>	
	Total expenditures		<u>(130,505)</u>
	Increase in fund balance	108,495	
	Beginning fund balance	<u>483,809</u>	
	Ending fund balance		<u>\$ 592,304</u>
5) Police Department Impact Capital Projects Fund			
	Revenues: Impact fees collected	\$ 62,780	
	Interest income	<u>622</u>	
	Total revenues		\$ 63,401
	Expenditures:		
	Professional fees	514	
	Lease payments	<u>75,000</u>	
	Total expenditures		<u>(75,514)</u>
	Decrease in fund balance	(12,113)	
	Beginning fund balance	<u>39,369</u>	
	Ending fund balance		<u>\$ 27,256</u>
6) Water Utility Enterprise Fund			
	Revenues: Impact fees collected	\$1,628,828	
	Interest income	<u>-</u>	
	Total revenues		\$1,628,828
	Expenditures:		
	1995A Bond debt service	\$ 479,680	
	Capital outlay	<u>3,846,474</u>	
	Total expenditures		<u>(4,326,154)</u>
	Decrease in fund balance	(2,697,326)	
	Beginning fund balance	<u>(10,322,012)</u>	
	Ending fund balance		<u>\$(13,019,338)</u>

7) Wastewater Collection Enterprise Fund			
Revenues: Impact fees collected	\$295,570		
Interest income	<u>-</u>		
Total revenues			\$295,570
Expenditures:			
Capital outlay	<u>\$101,279</u>		
Total expenditures			<u>(101,279)</u>
Increase in fund balance			194,291
Beginning fund balance			<u>(131,982)</u>
Ending fund balance			<u>\$ 62,309</u>
8) Electric Utility Enterprise Fund			
Revenues: Impact fees collected	\$1,427,748		
Interest income	<u>-</u>		
Total revenues			\$1,427,748
Expenditures:			
Capital outlay	<u>\$ 993,903</u>		
Total expenditures			<u>(993,903)</u>
Increase in fund balance			433,845
Beginning fund balance			<u>(2,617,679)</u>
Ending fund balance			<u>\$ (2,183,834)</u>
9) Wastewater Treatment Enterprise Fund			
Revenues: Impact fees collected	\$1,459,773		
Interest income	<u>-</u>		
Total revenues			\$1,459,773
Expenditures:			
Debt service	\$3,548,654		
Capital outlay	<u>-</u>		
Total expenditures			<u>(3,548,654)</u>
Decrease in fund balance			(2,088,881)
Beginning fund balance			<u>(5,984,106)</u>
Ending fund balance			<u>\$ (8,072,987)</u>

G. Downtown Redevelopment Fund required disclosures

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

- 1) The tax increment collected by the agency for each project area.
 - A) The Downtown Redevelopment agency for the City is one project area. The total tax increment collected was \$600,000.

2) The amount of tax increment paid to any taxing agency pursuant to Section 17A-2-1258.

A) No amounts were paid to others.

3) The outstanding principal of bonds and other loans incurred to finance projects in the area.

A) 1995A Serial bonds \$349,000

B) 1995B Serial bonds \$274,000

4) The actual amount expended for:

A) acquisition of property \$0

B) site improvements or preparation costs \$14,719

C) installation of public utilities or other public improvements \$0

D) administrative costs of the agency \$33,895

H. Employee retirement systems and pension plans

Defined Benefit Pension Plan

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

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

Funding Policy: Plan members are required to contribute a percent of their covered

salary (all or part may be paid by the employer) to the respective systems to which they belong; 6.0% to the Contributory and 6.77% to the Firefighter's Retirement Systems respectively. The City of St. George is required to contribute a percent of covered salary to the respective systems, 4.19% to the Contributory, 8.20% to the Noncontributory, and 14.08% to the Public Safety Noncontributory. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The City of St. George contributions to the various systems for the years ending June 30, 2002, 2001, and 2000 respectively were; for the Contributory System, \$33,900, \$42,935, and \$46,329; for the Noncontributory System, \$827,977, \$955,695, and \$939,572; for the Public Safety Noncontributory, \$362,367, \$420,211, and \$417,373; and for the Firefighters System, \$21,538, \$30,484, and \$36,489 respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plan

The City also provides pension benefits for all its full-time employees through a defined contribution plan administered by ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The contribution rates established by the City Council are 5.86% for non-exempt employees covered by the Contributory, 7.85% for non-exempt employees covered by the Non-contributory, 9.28% for Firefighters covered by the Contributory, 1.97% for Public Safety Noncontributory systems of the State Systems referred to above and 16.05% for department heads exempt from the State Systems. The contributions to the plan totaled \$1,001,509 which represents all required contributions. Because it is a defined contribution plan, all amounts are vested and there is no unfunded liability.

Deferred Compensation Plan

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

SUPPLEMENTAL DATA

City of St. George, UT
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2002

	Special Revenue Funds				Debt Service Funds	
	<u>Innkeeper Tax</u>	<u>Airport PFC Fees</u>	<u>Economic Development</u>	<u>Transportation Improvement</u>	<u>Recreation Bonds</u>	<u>Special Assessments</u>
Assets						
Cash and investments	\$ (25,127)	\$ 434,509	\$ 805,757	\$ 3,349,224	\$ 286,740	\$ 135,418
Receivables:						
Accounts	68,594	-	418,505	468,056	-	3,173,521
Advances to other funds	-	-	-	-	-	450,484
Total assets	\$ 43,467	\$ 434,509	\$ 1,224,262	\$ 3,817,280	\$ 286,740	\$ 3,759,423
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ (53,398)	\$ (10,054)	\$ -	\$ (66,177)	\$ -	\$ -
Deferred revenues	-	-	-	-	-	(1,649,092)
Advances from other funds	-	-	-	-	-	-
Total liabilities	(53,398)	(10,054)	-	(66,177)	-	(1,649,092)
Fund balances:						
Reserved, reported in:						
Special revenue funds	9,931	(424,456)	(1,224,262)	(3,751,103)	-	-
Debt service funds	-	-	-	-	(286,740)	(2,110,331)
Capital project funds	-	-	-	-	-	-
Total fund balances	9,931	(424,456)	(1,224,262)	(3,751,103)	(286,740)	(2,110,331)
Total liabilities and fund balances	\$ (43,467)	\$ (434,509)	\$ (1,224,262)	\$ (3,817,280)	\$ (286,740)	\$ (3,759,423)

City of St. George, UT
 Non-Major Governmental Funds
 Combining Balance Sheet
 June 30, 2002
 (continued)

Assets	Capital Projects Funds											Totals
	Capital Equipment	Downtown RDA	Park Impact	Street Impact	Assessment Constructn	Drainage Impact	Fire Dept Impact	Police Impact	Streets Bond	Recreation Bonds	Public Works Capital Proj.	
Cash and investments	\$ 9,934,094	\$ 742,922	\$ 2,463,994	\$ 544,671	\$ (3,521,255)	\$ 245,601	\$ 592,303	\$ 27,256	\$ 4	\$ 2,219,770	\$ 8,817,043	\$ 27,052,925
Receivables:												
Accounts	-	-	-	43,000	-	-	-	-	-	-	168,980	4,340,656
Advances to other funds	-	-	-	-	-	-	-	-	-	-	-	450,484
Total assets	\$ 9,934,094	\$ 742,922	\$ 2,463,994	\$ 587,671	\$ (3,521,255)	\$ 245,601	\$ 592,303	\$ 27,256	\$ 4	\$ 2,219,770	\$ 8,986,022	\$ 31,844,065
Liabilities and Fund Balances												
Liabilities:												
Accounts payable	\$ (28,557)	\$ -	\$ -	\$ -	\$ (14,918)	\$ (3,224)	\$ -	\$ -	\$ -	\$ (12,298)	\$ (107,333)	\$ (295,959)
Deferred revenues	-	-	-	-	-	-	-	-	-	-	-	(1,649,092)
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	(28,557)	-	-	-	(14,918)	(3,224)	-	-	-	(12,298)	(107,333)	(1,945,051)
Fund balances:												
Reserved, reported in:												
Special revenue funds	-	-	-	-	-	-	-	-	-	-	-	(5,389,890)
Debt service funds	-	-	-	-	-	-	-	-	-	-	-	(2,397,071)
Capital project funds	(9,905,537)	(742,922)	(2,463,994)	(587,671)	3,536,173	(242,378)	(592,303)	(27,256)	(4)	(2,207,472)	(8,878,689)	(22,112,053)
Total fund balances	(9,905,537)	(742,922)	(2,463,994)	(587,671)	3,536,173	(242,378)	(592,303)	(27,256)	(4)	(2,207,472)	(8,878,689)	(29,899,014)
Total liabilities and fund balances	\$ (9,934,094)	\$ (742,922)	\$ (2,463,994)	\$ (587,671)	\$ 3,521,255	\$ (245,601)	\$ (592,303)	\$ (27,256)	\$ (4)	\$ (2,219,770)	\$ (8,986,022)	\$ (31,844,065)

CITY OF ST. GEORGE, UT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2002

	Special Revenue Funds				Debt Service Funds	
	Innkeeper Tax	Airport PFC Fees	Economic Development	Transportation Improvement	Recreation Bonds	Special Assessments
Revenues:						
Taxes	\$ 246,130	\$ 116,592	\$ -	\$ 2,562,681	\$ 1,021,635	\$ 416,161
Assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Investment income	376	9,346	48,114	122,686	1,262	169,650
Capital development fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	246,506	125,938	48,114	2,685,377	1,022,897	585,811
Expenditures:						
Current:						
General government	58,589	514	108,498	50,514	1,314	3,243
Public Safety	-	-	-	-	-	-
Highways & improvements	-	-	-	-	-	-
Parks, recreation etc	-	-	-	-	-	-
Community & Econ Developmnt	-	-	-	-	-	-
Lease payments	258,235	-	-	-	-	-
Debt service:						
Principal on long-term debt	165,100	-	-	-	60,000	562,000
Interest on long-term debt	310,229	-	-	-	959,635	199,347
Capital outlay:	1,431,840	-	-	260,095	-	-
Total expenditures	2,223,993	514	108,498	310,609	1,020,949	764,590
Excess (deficiency) of revenues over expenditures	(1,977,487)	125,423	(60,385)	2,374,768	1,948	(178,779)
Other financing sources (uses):						
Transfers in	371,000	-	-	-	-	-
Transfers out	-	-	(320,090)	(2,607,858)	-	-
Bonds sold	-	-	-	-	-	-
Contributions from private sources	99,935	-	-	-	-	-
Contributions from other governments	1,431,840	-	-	-	-	-
Capital Leases	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Total other financing sources (uses)	1,902,775	-	(320,090)	(2,607,858)	-	-
Net change in fund balances	(74,712)	125,423	(380,475)	(233,090)	1,948	(178,779)
Fund balances, beginning of year	64,781	299,033	1,604,737	3,984,193	284,792	2,289,111
Fund balances, end of year	(\$9,931)	\$424,456	\$1,224,262	\$3,751,103	\$286,740	\$2,110,332

CITY OF ST. GEORGE, UT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2002
 (continued)

	Capital Projects Funds											Total
	Capital Equipment	Downtown RDA	Park Impact	Street Impact	Assessment Construct	Drainage Impact	Fire Dept Impact	Police Impact	Streets Bond	Recreation Bonds	Public Works Capital Proj.	
Revenues:												
Taxes	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,547,048
Assessments	-	-	-	-	-	-	-	-	-	-	-	416,161
Intergovernmental	40,000	-	-	-	-	-	-	-	-	99,000	191,717	330,717
Investment income	-	21,145	57,460	5,577	-	21,340	15,600	622	35	73,546	225,467	772,224
Capital development fees	-	-	1,057,950	696,361	188,572	455,680	223,400	62,780	-	-	-	2,684,742
Other	118,239	-	-	-	-	-	-	-	-	-	-	118,239
Total revenues	158,239	621,145	1,115,410	701,938	188,572	477,020	238,999	63,401	35	172,546	417,184	8,869,131
Expenditures:												
Current:												
General government	514	33,895	632	514	514	12,386	514	514	-	40,968	94,368	407,494
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Highways & Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Parks, recreation etc	-	-	-	-	-	-	-	-	-	-	-	-
Community & Econ Development	-	-	-	-	-	-	-	-	-	-	-	-
Lease payments	-	207,342	-	-	-	-	75,000	-	-	-	-	540,577
Debt service:												
Principal on long-term debt	-	196,000	-	-	-	-	-	-	-	-	-	983,100
Interest on long-term debt	-	43,382	-	-	-	-	-	-	-	-	-	1,512,593
Capital outlay:	939,548	14,719	51,727	2,491,400	19,907	83,500	787,883	3,325,358	64,506	828,851	3,419,726	9,341,471
Total expenditures	940,062	495,338	52,359	514	2,491,914	32,293	84,014	75,514	(64,506)	828,851	3,419,726	12,785,234
Excess (deficiency) of revenues over expenditures	(781,823)	125,807	1,063,051	701,423	(2,303,342)	444,727	154,985	(12,113)	64,542	(656,305)	(3,002,542)	(3,916,104)
Other financing sources (uses):												
Transfers in	2,340,000	-	-	-	-	-	-	-	-	-	4,506,502	7,217,502
Transfers out	(451,000)	-	-	-	-	(908,678)	(46,491)	-	-	-	-	(4,334,117)
Bonds sold	-	-	-	-	228,524	-	-	-	-	-	170,000	228,524
Contributions from private sources	-	-	-	-	-	-	-	-	-	-	-	170,000
Contributions from other governments	-	-	-	-	-	-	-	-	-	-	99,935	99,935
Capital leases	-	-	-	-	-	-	-	-	-	-	-	1,431,840
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,889,000	-	-	-	228,524	(908,678)	(46,491)	-	-	-	4,676,502	4,813,684
Net change in fund balances	1,107,177	125,807	1,063,051	701,423	(2,074,819)	(463,951)	108,494	(12,113)	64,542	(656,305)	1,673,960	897,580
Fund balances, beginning of year	8,798,361	617,115	1,400,943	(113,752)	(1,461,355)	706,329	483,809	39,369	(64,538)	2,863,779	7,204,729	29,001,436
Fund balances, end of year	\$9,905,538	\$742,922	\$2,463,994	\$587,671	\$(3,536,174)	\$242,378	\$592,303	\$27,256	\$4	\$2,207,474	\$8,878,689	\$29,899,016

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

YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Business license innkeeper fees	\$ 240,000	\$ 240,000	\$ 246,130	\$ 6,130
Interest income	1,000	1,000	376	(624)
Total revenues	241,000	241,000	246,506	5,506
EXPENDITURES:				
Current:				
General government	500	31,450	58,589	(27,139)
Rental payments	200,000	240,000	258,235	(18,235)
Debt service:				
Principal	125,000	125,000	165,100	(40,100)
Interest	283,441	283,441	310,229	(26,788)
Capital outlay:			1,431,840	(1,431,840)
Total expenditures	608,941	679,891	2,223,993	(1,544,102)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(367,941)	(438,891)	(1,977,487)	(1,538,596)
OTHER FINANCING SOURCES (USES):				
Contributions from other governments		105,550	99,935	(5,615)
Capital leases received	-	-	1,431,840	1,431,840
Transfers from other funds	371,000	371,000	371,000	-
Total other financing sources(uses)	371,000	476,550	1,902,775	1,426,225
EXCESS OF REVENUES OVER EXPENDITURES & OTHER FINANCING SOURCES (USES):	3,059	37,659	(74,712)	(112,371)
Fund balance at beginning of year	64,781	64,781	64,781	
Fund balance at end of year	\$ 67,840	\$ 102,440	\$ (9,931)	

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

YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Passenger facility charges	\$ 125,000	\$ 125,000	\$ 116,592	\$ (8,408)
Interest income	10,000	10,000	9,346	(654)
Total revenues	135,000	135,000	125,938	(9,062)
EXPENDITURES:				
Current:				
General government	-	-	514	(514)
Capital projects:				
Improvements				
Property purchases	300,000	300,000	-	300,000
Debt service:				
Bond principal				
Bond interest				
Total expenditures	300,000	300,000	514	299,486
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(165,000)	(165,000)	125,423	\$ 290,423
Fund balance at beginning of year	299,033	299,033	299,033	
Fund balance at end of year	\$ 134,033	\$ 134,033	\$ 424,456	

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

YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Interest income	\$ 70,000	\$ 70,000	\$ 48,114	\$ (21,886)
Total revenues	70,000	70,000	48,114	(21,886)
EXPENDITURES:				
Current:				
General government	500	75,500	108,498	(32,998)
Capital projects:				
Property purchases	-	-	-	-
Total expenditures	500	75,500	108,498	(32,998)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	69,500	(5,500)	(60,385)	(54,885)
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	-	75,000		(75,000)
Transfers to other funds	(320,090)	(320,090)	(320,090)	-
Total other financing sources(uses)	(320,090)	(245,090)	(320,090)	(75,000)
EXCESS OF REVENUES OVER EXPENDITURES & OTHER FINANCING SOURCES (USES):	(250,590)	(250,590)	(380,475)	(129,885)
Fund balance at beginning of year	1,604,737	1,604,737	1,604,737	
Fund balance at end of year	\$ 1,354,147	\$ 1,354,147	\$ 1,224,262	

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

YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Highway sales taxes	\$ 2,400,000	\$ 2,400,000	\$ 2,562,691	\$ 162,691
Interest income	125,000	125,000	122,686	(2,314)
Total revenues	2,525,000	2,525,000	2,685,377	160,377
EXPENDITURES:				
Current:				
General government	1,000	1,000	50,514	(49,514)
Capital projects:				
Improvements	-	-	260,095	(260,095)
Total expenditures	1,000	1,000	310,609	(309,609)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,524,000	2,524,000	2,374,768	(149,232)
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(2,908,000)	(3,045,858)	(2,607,858)	438,000
Appropriated fund balance	-	137,858	-	(137,858)
Total other financing sources(uses)	(2,908,000)	(2,908,000)	(2,607,858)	300,142
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	(384,000)	(384,000)	(233,090)	\$ 150,910
Fund balance at beginning of year	3,984,193	3,984,193	3,984,193	
Fund balance at end of year	\$ 3,600,193	\$ 3,600,193	\$ 3,751,103	

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

YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Current property taxes	\$ 1,021,635	\$ 1,021,635	\$ 1,021,635	\$ -
Interest income	-	-	1,262	1,262
Total revenues	1,021,635	1,021,635	1,022,897	1,262
EXPENDITURES:				
General:				
General government	2,000	2,000	1,314	686
Debt service:				
Principal	60,000	60,000	60,000	-
Interest & other charges	959,635	959,635	959,635	-
Total expenditures	1,021,635	1,021,635	1,020,949	686
Excess (deficiency) of revenues over (under) expenditures	-	-	1,948	1,948
Fund balance at beginning of year	284,792	284,792	284,792	
Fund balance at end of year	\$ 284,792	\$ 284,792	\$ 286,740	

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

YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Special assessments collected	\$ 562,000	\$ 562,000	\$ 416,161	\$ (145,839)
Interest income	199,824	199,824	169,650	(30,174)
Total revenues	761,824	761,824	585,811	(176,013)
EXPENDITURES:				
General:				
General government	5,000	5,000	3,243	1,757
Debt service:				
Principal	562,000	562,000	562,000	-
Interest & other charges	199,824	199,824	199,347	477
Total expenditures	766,824	766,824	764,590	2,234
Excess (deficiency) of revenues over (under) expenditures	(5,000)	(5,000)	(178,779)	(173,779)
Fund balance at beginning of year	2,289,111	2,289,111	2,289,111	
Fund balance at end of year	\$ 2,284,111	\$ 2,284,111	\$ 2,110,332	

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 40,000	\$ 40,000
Property sales	-	-	-	-
Sundry revenues	-	-	118,239	118,239
Total revenues	-	-	158,239	158,239
EXPENDITURES:				
Current:				
General government	500	500	514	(14)
Capital projects:				
Improvements	865,000	1,390,000	939,548	450,452
Property purchases	-	-	-	-
Total expenditures	865,500	1,390,500	940,062	450,438
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(865,500)	(1,390,500)	(781,823)	608,677
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	2,340,000	2,340,000
Transfers to other funds	(231,000)	(797,000)	(451,000)	346,000
Appropriated fund balance	-	1,091,000	-	(1,091,000)
Total other financing sources (uses)	(231,000)	294,000	1,889,000	1,595,000
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,096,500)	(1,096,500)	1,107,177	2,203,677
Fund balance at beginning of year	8,798,361	8,798,361	8,798,361	
Fund balance at end of year	\$7,701,861	\$7,701,861	\$9,905,538	

CITY OF ST. GEORGE, UT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Redevelopment taxes	\$ 600,000	\$ 600,000	\$ 600,000	\$ -
Miscellaneous				
Interest income	15,000	15,000	21,145	6,145
Total revenues	615,000	615,000	621,145	6,145
EXPENDITURES:				
Current:				
General government	58,275	58,275	33,895	24,380
Capital projects:				
Improvements	135,000	135,000	14,719	120,281
Land purchases	-	-	-	-
Debt service:				
Bond principal	171,000	171,000	196,000	(25,000)
Interest	43,383	43,383	43,382	1
Lease payments	207,342	207,342	207,342	-
Total expenditures	615,000	615,000	495,338	119,662
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	125,807	125,807
Fund balance at beginning of year	617,115	617,115	617,115	
Fund balance at end of year	\$ 617,115	\$ 617,115	\$ 742,922	

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ 775,000	\$ 775,000	\$ 1,057,950	\$ 282,950
Intergovernmental				
Interest income	55,000	55,000	57,460	2,460
Total revenues	830,000	830,000	1,115,410	285,410
EXPENDITURES:				
Current:				
General government	1,000	1,000	632	368
Capital projects:				
Improvements	662,500	662,500	51,727	610,773
Property purchases				
Debt service:				
Principal				
Interest				
Total expenditures	663,500	663,500	52,359	611,141
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	166,500	166,500	1,063,051	896,551
Fund balance at beginning of year	1,400,943	1,400,943	1,400,943	
Fund balance at end of year	\$ 1,567,443	\$ 1,567,443	\$ 2,463,994	

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 696,361	\$ 696,361
Interest income	-	-	5,577	5,577
Total revenues	-	-	701,938	701,938
EXPENDITURES:				
Current:				
General government	1,000	1,000	514	486
Capital projects:				
Improvements	300,000	300,000		300,000
Total expenditures	301,000	301,000	514	300,486
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(301,000)	(301,000)	701,423	1,002,423
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	(301,000)	(301,000)	701,423	1,002,423
Fund balance at beginning of year	(113,752)	(113,752)	(113,752)	
Fund balance at end of year	\$ (414,752)	\$ (414,752)	\$ 587,671	

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 188,572	\$ 188,572
EXPENDITURES:				
Current				
General government			514	(514)
Capital projects:				
Improvements	2,500,000	2,882,000	2,491,400	390,600
Total expenditures	2,500,000	2,882,000	2,491,914	390,086
Excess (Deficiency) of expenditures over revenues	(2,500,000)	(2,882,000)	(2,303,342)	578,658
OTHER FINANCING SOURCES:				
Sale of bonds	5,000,000	5,382,000	228,524	(5,153,476)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	2,500,000	2,500,000	(2,074,819)	(4,574,819)
Fund balance at beginning of year	(1,461,355)	(1,461,355)	(1,461,355)	
Fund balance at end of year	\$ 1,038,645	\$ 1,038,645	\$ (3,536,174)	

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ 575,000	\$ 575,000	\$ 455,680	\$ (119,320)
Interest income	60,000	60,000	21,340	(38,660)
Total revenues	635,000	635,000	477,020	(157,980)
EXPENDITURES:				
Current:				
General government	13,500	13,500	12,386	1,114
Capital projects:				
Land purchases	-	-	-	-
Improvements	310,000	310,000	19,907	290,093
Total expenditures	323,500	323,500	32,293	291,207
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	311,500	311,500	444,727	133,227
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(692,000)	(908,678)	(908,678)	-
Appropriated fund balance	-	216,678	-	(216,678)
Total other financing sources(uses)	(692,000)	(692,000)	(908,678)	(216,678)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	(380,500)	(380,500)	(463,951)	(83,451)
Fund balance at beginning of year	706,329	706,329	706,329	
Fund balance at end of year	\$ 325,829	\$ 325,829	\$ 242,378	

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ 150,000	\$ 150,000	\$ 223,400	\$ 73,400
Interest income	20,000	20,000	15,600	(4,400)
Total revenues	170,000	170,000	238,999	68,999
EXPENDITURES:				
Current:				
General government	500	500	514	(14)
Building Construction	550,000	503,509	83,500	420,009
Total expenditures	550,500	504,009	84,014	419,995
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(380,500)	(334,009)	154,985	488,994
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	(46,491)	(46,491)	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses):	-	(46,491)	(46,491)	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	(380,500)	(380,500)	108,494	488,994
Fund balance at beginning of year	483,809	483,809	483,809	
Fund balance at end of year	\$ 103,309	\$ 103,309	\$ 592,303	

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ 45,000	\$ 45,000	\$ 62,780	\$ 17,780
Interest income	-	-	622	622
Total revenues	45,000	45,000	63,401	18,401
EXPENDITURES:				
Current:				
General government	500	500	514	(14)
Lease payments	75,000	75,000	75,000	-
Total expenditures	75,500	75,500	75,514	(14)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,500)	(30,500)	(12,113)	18,387
Fund balance at beginning of year	39,369	39,369	39,369	
Fund balance at end of year	\$ 8,869	\$ 8,869	\$ 27,256	

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Interest income	\$ -	\$ -	\$ 35	\$ 35
EXPENDITURES:				
Current:				
General government	-	-	-	-
Capital projects:				
Improvements	-	-	(64,506)	64,506
Total expenditures	-	-	(64,506)	64,506
Excess (Deficiency) of expenditures over revenues	-	-	64,542	64,542
OTHER FINANCING SOURCES:				
Transfer to other funds	-	-	-	-
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES				
Fund balance at beginning of year	(64,538)	(64,538)	(64,538)	
Fund balance at end of year	\$ (64,538)	\$ (64,538)	\$ 4	\$ 64,542

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 99,000	\$ 99,000
Interest income	100,000	100,000	73,546	(26,454)
Other income	-	-	-	-
Total revenues	100,000	100,000	172,546	72,546
EXPENDITURES:				
Current:				
General government	32,625	32,625	40,968	(8,343)
Capital projects:				
Improvements	1,053,693	1,761,644	787,883	973,761
Property purchases	-	17,625	-	17,625
Total expenditures	1,086,318	1,811,894	828,851	983,043
Excess (Deficiency) of expenditures over revenues	(986,318)	(1,711,894)	(656,305)	1,055,589
OTHER FINANCING SOURCES:				
Appropriated fund balance	-	725,576	-	(725,576)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(986,318)	(986,318)	(656,305)	330,013
Fund balance at beginning of year	2,863,779	2,863,779	2,863,779	
Fund balance at end of year	\$ 1,877,461	\$ 1,877,461	\$ 2,207,474	

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	BUDGETED AMOUNTS			VARIANCE WITH	
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET	POSITIVE (NEGATIVE)
REVENUES:					
Interest income	\$ 150,000	\$ 150,000	\$ 225,467	\$	75,467
Intergovernmental	-	-	191,717		191,717
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>417,184</u>		<u>267,184</u>
EXPENDITURES:					
Current:					
General government	-	-	94,368		(94,368)
Capital projects:					
Improvements	11,108,400	12,296,997	3,325,358		8,971,639
Property purchases	-	-	-		-
Total expenditures	<u>11,108,400</u>	<u>12,296,997</u>	<u>3,419,726</u>		<u>8,877,271</u>
Excess (Deficiency) of expenditures over revenues	(10,958,400)	(12,146,997)	(3,002,542)		9,144,455
OTHER FINANCING SOURCES:					
Contributions from private sources	170,000	333,968	170,000		(163,968)
Contributions from other governments	-	27,000	-		(27,000)
Appropriated fund balance	-	64,127	-		(64,127)
Transfers from other funds	3,873,000	4,806,502	4,506,502		(300,000)
Total other Financing Sources	<u>4,043,000</u>	<u>5,231,597</u>	<u>4,676,502</u>		<u>(555,095)</u>
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(6,915,400)	(6,915,400)	1,673,960	\$	8,589,360
Fund balance at beginning of year	7,204,729	7,204,729	7,204,729		
Fund balance at end of year	\$ 289,329	\$ 289,329	\$ 8,878,689		

City of St. George, UT
NonMajor Proprietary Funds
Combining Statement of Net Assets
June 30, 2002

Assets	Business-type Activities			
	Enterprise Funds			
	<u>Refuse Collection</u>	<u>Golf Courses</u>	<u>Wastewater Collection</u>	<u>Total Non-Major</u>
Cash and investments	\$ 57,723	\$ 71,220	\$ 2,945,853	\$ 3,074,796
Restricted cash	-	165,685	-	165,685
Furniture, Fixtures, & equip	-	14,529,243	5,360,565	19,889,807
Less depreciation	-	(2,645,800)	(3,262,972)	(5,908,772)
Other assets (deferred bond costs)	-	42,853	-	42,853
Total assets	<u>57,723</u>	<u>12,163,201</u>	<u>5,043,445</u>	<u>17,264,369</u>
Liabilities				
Liabilities:				
Accrued liabilities	-	239,440	18,663	258,103
Due to other funds	-	1,645,242	-	1,645,242
Leases payable	-	127,290	-	127,290
Bonds payable	-	2,633,552	-	2,633,552
Total liabilities	<u>-</u>	<u>4,645,524</u>	<u>18,663</u>	<u>4,664,187</u>
Net Assets				
Invested in capital assets, net of related debt	-	9,122,601	2,097,592	11,220,194
Restricted for debt service	-	165,685	-	165,685
Unrestricted	57,723	(1,770,609)	2,927,190	1,214,304
Total Net Assets	<u>\$ 57,723</u>	<u>\$ 7,517,678</u>	<u>\$ 5,024,782</u>	<u>\$ 12,600,183</u>

City of St. George, UT
NonMajor Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2002

	Business-type Activities Enterprise Funds			
	<u>Refuse Collection</u>	<u>Golf Courses</u>	<u>Wastewater Collections</u>	<u>Total Non-Major</u>
OPERATING REVENUES:				
Charges for services	\$ 2,125,985	\$ 4,056,466	\$ 5,534,748	11,717,200
Other operating revenues			295,570	295,570
Total operating revenues	2,125,985	4,056,466	5,830,318	12,012,770
OPERATING EXPENSES:				
Salary and wages		1,165,981	391,606	1,557,587
Supplies		266,239	40,552	306,791
Service vehicle expense		27,805	40,489	68,294
Equipment rental		303,334	8	303,342
Depreciation		396,017	294,745	690,762
Bad debts	10,630		27,602	38,233
Payroll tax & employee benefits		396,221	163,731	559,952
Office & dept. supplies		83,539	4,338	87,876
Professional services	514	463,459	49,540	513,513
R. & M. - equipment		83,707	28,488	112,195
R. & M. - buildings and grounds		630,171	9,392	639,563
Insurance & surety bonds		32,507	12,378	44,884
Travel		5,808	16,711	22,519
Subscriptions & memberships		7,117	454	7,571
Contract labor	2,014,226		4,461,514	6,475,740
Claims paid				
Insurance premiums				
Billing & administration	100,000		283,000	383,000
Total operating expenses	2,125,371	3,861,905	5,824,548	11,811,824
Operating income (loss)	615	194,561	5,770	200,946
NON-OPERATING REVENUES (EXPENSES)				
Interest income		7,527	94,215	101,742
Rent		7,136		7,136
Miscellaneous income		39,163		39,163
Interest charges		(242,203)		(242,203)
Total non-operating revenue (expense)	-	(188,376)	94,215	(94,161)
Income before transfers	615	6,185	99,985	106,785
Contributions from private sources		69,103		69,103
Transfers to other funds			(12,475)	(12,475)
Changes in Net Assets	615	75,288	87,510	163,413
Total Net Assets - beginning of year	57,108	7,442,390	4,937,272	12,436,770
Total Net Assets - end of year	\$ 57,723	\$ 7,517,678	\$ 5,024,782	\$ 12,600,183

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

FOR THE YEAR ENDED JUNE 30, 2002

Business-type Activities - Enterprise Funds

	REFUSE COLLECTION	GOLF COURSES	WASTEWATER COLLECTIONS	TOTAL NON-MAJOR
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 2,125,985	\$ 4,056,466	\$ 5,830,318	\$ 12,012,770
Receipts from quasi-external transactions				
Payments to suppliers	(2,125,371)	(1,826,602)	(4,971,313)	(8,923,286)
Payments to employees	-	(1,562,203)	(555,337)	(2,117,540)
Net cash provided by operating activities	<u>615</u>	<u>667,661</u>	<u>303,668</u>	<u>971,944</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Rents received		7,136		7,136
Miscellaneous non-operating income		39,163		39,163
Transfers to other funds		-	(12,475)	(12,475)
Loan from General Fund		500,000		500,000
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>546,299</u>	<u>(12,475)</u>	<u>533,824</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt		293,121		293,121
Purchases of capital assets		(342,348)	(332,132)	(674,480)
Principal paid on capital debt		(516,981)	-	(516,981)
Interest paid on capital debt		(242,203)	-	(242,203)
Capital lease principal payments				
Capital lease interest payments				
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(808,411)</u>	<u>(332,132)</u>	<u>(1,140,543)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	7,527	94,215	101,742
Net increase (decrease) in cash and cash equivalents	615	413,077	53,276	466,968
Cash and equivalents at beginning of year	57,108	(176,172)	2,892,577	2,773,513
Cash and equivalents at end of year	<u>\$ 57,723</u>	<u>\$ 236,905</u>	<u>\$ 2,945,853</u>	<u>\$ 3,240,481</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 615	\$ 194,561	\$ 5,770	\$ 200,946
Adjustments to reconcile net income from operations to net cash provided by operating activities:				
Depreciation	-	396,017	294,745	690,762
Changes in assets & liabilities:				
Increase (decrease) in prepaid assets		7,142	-	7,142
Decrease (increase) in discounts		69,941	3,153	73,094
Increase (decrease) in accruals				
Total adjustments	<u>-</u>	<u>473,100</u>	<u>297,898</u>	<u>770,998</u>
Net cash provided by operating activities:	<u>\$ 615</u>	<u>\$ 667,661</u>	<u>\$ 303,668</u>	<u>\$ 971,944</u>

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

JUNE 30, 2002

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$	12,508,261
Buildings		18,189,005
Improvements		35,307,901
Infrastructure assets		50,122,663
Equipment		<u>10,721,234</u>
Total Governmental Funds Capital Assets		<u>\$ 126,849,064</u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Projects Funds:		
General obligation bonds	\$	21,706,189
Federal grants		5,252,331
State grants		633,195
County grants		20,000
WCIA - (Dixie Center interlocal agency)		8,481,737
Downtown Redevelopment revenues		3,242,982
Capital equipment fund		11,730,379
Industrial Park fund		2,401,462
Sewer Impact fund		245,866
Park Impact fund		5,704,727
Fire Impact fund		863,372
Drainage Impact fund		229,844
Special Assessment fund		22,873,712
Street Impact fund		400,205
Transportation improvement fund		382,486
Airport PFC fund		22,049
General Fund revenues		<u>42,658,528</u>
Total Governmental Funds Capital Assets		<u>\$ 126,849,064</u>

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

JUNE 30, 2002

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS	INFRASTRUCTURE	EQUIPMENT
GENERAL GOVERNMENT:						
Gen. government bldgs.	\$ 6,767,040	\$ 3,764,365	\$ 2,507,646	\$ 495,029	\$ -	\$ -
WCIA (Dixie Center)	10,255,803	1,774,067	8,481,736	-	-	-
Downtown Redevelopment	4,611,370	2,080,452	1,062,008	1,468,910	-	-
Community development (Industrial Park)	1,626,676	162,489	-	1,464,187	-	-
Administration	597,442	-	-	-	-	597,442
Total general government	23,858,331	7,781,373	12,051,390	3,428,126	-	597,442
PUBLIC SAFETY:						
Police protection	3,053,757	-	82,589	93,968	-	2,877,200
Fire protection	3,364,089	113,048	1,358,334	72,133	-	1,820,574
Total public safety	6,417,846	113,048	1,440,923	166,101	-	4,697,774
PUBLIC WORKS: PARKS, RECREATION, & PUBLIC PROPERTY:						
	64,186,130	219,736	2,266,752	8,217,021	50,004,742	3,477,879
	32,386,757	4,394,104	2,429,940	23,496,653	117,921	1,948,139
Total governmental fund capital assets allocated to function	\$ 126,849,064	\$ 12,508,261	\$ 18,189,005	\$ 35,307,901	\$ 50,122,663	\$ 10,721,234

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

YEAR ENDED JUNE 30, 2002

FUNCTION AND ACTIVITY	GOVERNMENTAL FUNDS CAPITAL ASSETS JULY 1, 2001	ADDITIONS	DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2002
GENERAL GOVERNMENT:				
Gen. government bldgs.	\$ 6,680,419	\$ 86,621	-	\$ 6,767,040
WCIA - Dixie Center	8,823,964	1,431,839	-	10,255,803
Downtown Redevelopment	4,566,281	45,089	-	4,611,370
Industrial Park	1,626,676	-	-	1,626,676
Administration	547,470	49,972	-	597,442
	<u>22,244,810</u>	<u>1,613,521</u>	-	<u>23,858,331</u>
PUBLIC SAFETY:				
Police protection	2,760,406	293,351	-	3,053,757
Fire protection	3,200,506	163,583	-	3,364,089
	<u>5,960,912</u>	<u>456,934</u>	-	<u>6,417,846</u>
PUBLIC WORKS: PARKS, RECREATION, & PUBLIC PROPERTY:				
	56,551,061	8,031,709	-	64,582,770
	29,965,339	2,024,778	-	31,990,117
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$ 114,722,122</u>	<u>\$ 12,126,942</u>	-	<u>\$ 126,849,064</u>

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STATISTICAL SECTION

CITY OF ST. GEORGE, UTAH

ELECTRIC FUND

STATISTICAL ANALYSIS

JUNE 30, 2002

Year Ended June 30,
2002 2001

Production Cost Analysis:

Kilowatt hours generated	20,870,723	40,724,094
Kilowatt hours purchased	<u>482,861,277</u>	<u>453,950,848</u>
Total Kilowatt Hours	<u>503,732,000</u>	<u>494,674,942</u>
Total Operating Costs	<u>\$41,518,730</u>	<u>\$36,944,119</u>
Cost per Kilowatt Hour	<u>\$.08242</u>	<u>\$.07468</u>

Summary of Kilowatt Hours and Costs for previous period

<u>YEAR</u>	<u>KILOWATT HOURS</u>	<u>COST PER KILOWATT HOUR</u>
1992	306,815,807	.04488
1993	317,653,622	.05091
1994	346,738,642	.04966
1995	369,089,363	.05412
1996	392,034,761	.05297
1997	419,976,185	.05306
1998	426,475,844	.05117
1999	456,043,750	.04957
2000	470,326,067	.05708
2001	494,674,942	.07468
2002	503,732,000	.08242

2002 2001

Average Revenue Analysis:

Kilowatt Hours billed	467,707,308	457,259,749
Unbilled Hours-line loss, street lights	<u>36,024,692</u>	<u>37,415,193</u>
Total Kilowatt Hours	<u>503,732,000</u>	<u>494,674,942</u>
Total Revenue Billed	\$30,175,128	\$25,283,678
Number of Customers	21,113	20,323
Average monthly billing	\$119.10	\$103.67

CITY OF ST. GEORGE, UTAH

WATER FUND

STATISTICAL ANALYSIS

JUNE 30, 2002

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Production cost analysis:		
Number of gallons billed	7,617,495,925	7,425,823,860
Expense of operations	\$6,671,637	\$6,453,561
Cost per billed gallon	\$.000876	\$.000869
Average Revenue Analysis:		
Number of metered customers	13,596	12,762
Water usage billed	\$8,902,637	\$8,069,746
Average monthly billing per metered customer	\$54.57	\$52.69

TABLE I
CITY OF ST. GEORGE, UTAH
GENERAL GOVERNMENTAL EXPENDITURES AND OTHER USES BY FUNCTION
GENERAL FUND
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	HIGHWAYS & PUBLIC IMPRVMNTS	PARKS RECREATION & PUBLIC PROPERTY	OTHER	TOTAL
1993	\$ 1,849,527	\$ 3,134,908	\$ 3,102,070	\$ 2,003,858	\$ 2,002,997	\$ 12,093,360
1994	1,954,842	3,800,744	4,541,221	2,589,492	1,335,400	14,221,699
1995	4,095,625	4,448,091	4,393,589	2,441,109	2,320,448	17,698,862
1996	2,518,228	4,740,659	4,129,613	3,188,672	1,877,640	16,454,812
1997	2,391,938	5,222,463	4,375,437	3,481,714	2,586,506	18,058,058
1998	2,685,261	6,082,104	4,889,735	3,835,310	2,963,682	20,456,092
1999	3,107,515	6,346,946	6,061,190	4,482,507	2,420,506	22,418,664
2000	3,335,747	7,344,769	5,971,003	4,501,654	2,808,512	23,961,685
2001	3,035,366	7,008,832	6,331,930	5,546,456	4,020,767	25,943,351
2002	3,211,163	7,197,215	6,767,621	5,864,233	3,709,530	26,749,762

Source: St George City audited financial statements

TABLE II
CITY OF ST. GEORGE, UTAH
REVENUES AND OTHER FINANCING SOURCES BY SOURCE
GENERAL FUND
LAST TEN FISCAL YEARS

FISCAL YEAR	TAXES	LICENSES & PERMITS	INTER-GOVERNMENTAL	CHARGES FOR SERVICES	FINES & FORFEITS	INTEREST & OTHER REVENUES	IN LIEU & TRNFRS IN	TOTAL
1993	\$ 8,545,594	\$ 771,204	\$ 1,007,606	\$ 1,744,268	\$ 153,986	\$ 319,153	-	\$ 12,541,811
1994	8,897,521	1,110,195	1,960,964	1,889,557	222,591	536,363	-	14,617,191
1995	9,797,351	1,105,129	1,803,014	2,009,246	218,135	2,001,640	-	16,934,515
1996	11,566,055	999,997	1,018,774	2,430,778	216,661	414,811	-	16,647,076
1997	13,058,793	914,563	1,087,426	2,430,919	466,646	403,289	-	18,361,636
1998	13,877,051	974,139	2,071,624	2,827,836	397,018	504,605	-	20,652,273
1999	14,155,766	1,017,029	2,342,404	3,596,639	459,420	912,142	-	22,483,400
2000	15,087,379	1,074,999	2,363,853	3,679,499	646,262	1,653,766	-	24,505,758
2001	16,117,048	1,169,019	2,506,070	3,752,768	862,925	1,535,521	-	25,943,351
2002	17,874,099	1,448,310	2,052,480	3,999,759	739,632	636,002	-	26,750,282

Source: St George City audited financial statements

TABLE III
CITY OF ST. GEORGE, UTAH
TAX REVENUE BY SOURCE
GENERAL FUND
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL PROPERTY TAXES	GENERAL SALES & USE TAXES	FRANCHISE TAXES	TOTAL TAXES
1993	\$ 2,479,753	\$ 4,743,815	\$ 1,322,026	\$ 8,545,594
1994	2,616,833	4,833,226	1,447,462	8,897,521
1995	2,569,090	5,662,992	1,565,269	9,797,351
1996	3,356,531	6,335,072	1,874,452	11,566,055
1997	4,463,792	6,602,360	1,992,641	13,058,793
1998	4,769,964	6,917,219	2,189,868	13,877,051
1999	4,388,896	7,461,474	2,305,396	14,155,766
2000	4,521,037	8,133,428	2,432,914	15,087,379
2001	4,798,994	8,538,437	2,779,617	16,117,048
2002	5,056,459	9,571,255	3,246,385	17,874,099

Source: St. George City audited financial statements

TABLE IV
CITY OF ST. GEORGE, UTAH
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

FISCAL YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTION (1)	% OF LEVY TO COLLECTN	DELINQNT TAXES	TOTAL TAX COLLECTION	TOTAL AS A % OF LEVY
1993	\$ 2,493,803	\$ 2,345,671	94.06%	\$ 134,082	\$ 2,479,753	99.44%
1994	2,584,171	2,433,255	94.16%	183,578	2,616,833	101.26%
1995	2,552,601	2,442,329	95.68%	126,761	2,569,090	100.65%
1996	3,377,891	3,224,368	95.46%	132,163	3,356,531	99.37%
1997	4,508,681	4,309,075	95.57%	154,717	4,463,792	99.00%
1998	4,858,046	4,568,751	94.05%	201,213	4,769,964	98.19%
1999	4,342,410	4,076,723	93.88%	312,173	4,388,896	101.07%
2000	4,517,406	4,224,226	93.51%	296,811	4,521,037	100.08%
2001	5,066,375	4,529,284	89.40%	269,710	4,798,994	94.72%
2002	5,096,122	4,716,756	92.56%	339,703	5,056,459	99.22%

Source: St. George City audited financial statements
(1) Washington County auditor

TABLE V
CITY OF ST. GEORGE, UTAH
TAXABLE AND MARKET VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

FISCAL YEAR	TAXABLE VALUE	MARKET VALUE	RATIO OF TAXABLE TO MARKET VALUE
1993	\$ 971,376,056	\$ 1,233,024,183	78.78%
1994	1,063,313,701	1,354,585,067	78.50%
1995	1,311,055,379	1,625,967,438	80.63%
1996	1,459,063,750	2,029,085,374	71.91% ***
1997	1,675,477,790	2,310,563,406	72.51% ***
1998	1,884,382,850	2,699,357,487	69.81% ***
1999	2,035,823,012	3,042,482,776	66.91% ***
2000	2,348,189,583	3,384,819,688	69.37% ***
2001	2,454,639,268	3,538,473,790	69.37% ***
2002	2,557,010,645	3,686,046,771	69.37% ***

Source: Washington County auditor

*** taxable value determined by class of property
55% of fair market value of primary residential property
100% of fair market value of non-primary residential property

TABLE VI
CITY OF ST. GEORGE, UTAH
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS

FISCAL YEAR	CURRENT DUE ASSESSMENTS	CURRENT COLLECTIONS	RATIO OF COLLECTIONS TO AMOUNT DUE	TOTAL OUTSTANDING ASSESSMENTS
1993	\$ 2,506,137	\$ 1,828,147	72.90%	\$ 7,650,265
1994	1,051,400	1,033,415	98.30%	6,005,079
1995	1,647,505	1,322,694	80.30%	7,098,120
1996	1,085,000	1,085,929	100.10%	6,012,191
1997	1,062,000	984,972	92.70%	5,027,219
1998	1,052,000	778,882	74.03%	5,297,781
1999	1,012,000	1,031,544	101.93%	4,045,707
2000	1,051,213	743,247	70.70%	4,339,094
2001	845,511	487,025	57.60%	3,722,505
2002	918,151	416,161	45.33%	3,624,005

Source: St George City audited financial statements

TABLE VII
CITY OF ST. GEORGE, UTAH
PROPERTY TAX RATE - ALL DIRECT AND OVERLAPPING GOVERNMENTS
PERCENT OF TAXABLE VALUE
LAST TEN FISCAL YEARS

FISCAL YEAR	ST GEORGE CITY	WASHINGTON COUNTY GEN PURPOSE	WASH. COUNTY LIBRARY	WASH. COUNTY REFUND	WASH. COUNTY SCHL DIST.	WASH. CO WATER CONSERVN	DIXIE CENTER	TOTAL
1993	0.002015	0.001423	0.000333	0.000079	0.008866	0.001000	0.000212	0.013928
1994	0.002079	0.001445	0.000341	0.000020	0.008866	0.001000	0.000212	0.013963
1995	0.001923	0.001377	0.000317	-	0.008414	0.000993	0.000211	0.013235
1996	0.001984	0.001374	0.000322	-	0.007030	0.001000	0.000212	0.011922
1997	0.002258	0.001274	0.000299	-	0.006363	0.001000	0.000212	0.011406
1998	0.002188	0.001469	0.000309	-	0.006931	0.000988	0.000212	0.012097
1999	0.002133	0.001075	0.000306	-	0.007067	0.000966	0.000059	0.011606
2000	0.002091	0.000996	0.000295	-	0.006948	0.000900	-	0.011230
2001	0.002064	0.001357	0.000320	-	0.006905	0.000874	-	0.011520
2002	0.001993	0.001287	0.000310	-	0.006743	0.000815	-	0.011148

Source: Washington County Treasurer

TABLE VIII
CITY OF ST. GEORGE, UTAH
RATIO OF GENERAL BONDED DEBT TO TAXABLE VALUE
AND BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION	TAXABLE VALUE	GENERAL BONDED DEBT	RATIO OF GENERAL BOND DEBT TAXABLE VALUE.	GENERAL BONDED DEBT PER CAPITA
1993	35,000	\$ 971,376,056	\$ 3,305,000	0.34%	94
1994	38,000	1,063,313,701	2,965,000	0.28%	78
1995	38,000	1,311,055,379	4,713,000	0.36%	124
1996	42,000	1,459,063,750	4,153,000	0.28%	99
1997	45,000	1,675,477,790	19,080,000	1.14%	424
1998	47,000	1,884,382,850	16,710,000	0.89%	356
1999	48,000	2,035,823,012	22,128,000	1.09%	461
2000	50,000	2,348,189,583	21,559,000	0.92%	431
2001	50,000	2,454,639,268	21,019,000	0.86%	420
2002	51,500	2,557,010,645	20,378,000	0.80%	396

Source: Washington County auditor

TABLE IX
CITY OF ST. GEORGE, UTAH
COMPUTATION OF LEGAL DEBT MARGIN
YEAR ENDED JUNE 30, 2002

Taxable Value		<u>\$ 2,557,010,645</u>
	<u>General obligation Debt</u>	<u>Water & Sewer Debt</u>
Debt limit 4% of taxable value	\$ 102,280,426	
Debt limit 8% of taxable value		\$ 204,560,852
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 20,378,000	\$ 56,162,985
Less assets restricted to bond retirement	<u>-</u>	<u>(5,448,380)</u>
Total amount of debt applicable to limit	<u>20,378,000</u>	<u>50,714,605</u>
Legal debt margin	<u>\$ 81,902,426</u>	<u>\$ 153,846,247</u>
Total combined legal debt margin		<u>\$ 235,748,672</u>

TABLE X
CITY OF ST. GEORGE, UTAH
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
YEAR ENDED JUNE 30, 2002

<u>GOVERNMENTAL UNIT</u>	<u>BONDED DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO CITY OF ST GEORGE</u>	<u>CITY SHARE OF DEBT</u>
City of St George, UT	\$ 20,378,000	100.00%	\$ 20,378,000
Washington County	\$ 8,640,000	59.00%	5,097,600
Washington Co School District	\$ 117,382,603	59.00%	69,255,736
Washington Co. Water Conservancy	\$ 28,570,000	59.00%	16,856,300
Washington Co/St George City (WCIA)	\$ 23,162,000	38.00%	<u>8,801,560</u>
Total direct & overlapping debt			<u>\$ 120,389,196</u>

Source: Washington County Auditor
Washington County School District
Washington Co. Water Conservancy District

TABLE XI
CITY OF ST. GEORGE, UTAH
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures & Other Uses	Ratio of Debt Service to Total General Expend.
1993	90,000	26,553	116,553	12,093,360	0.96%
1994	95,000	21,423	116,423	14,221,699	0.82%
1995	100,000	15,912	115,912	17,698,862	0.65%
1996	105,000	10,062	115,062	16,454,811	0.70%
1997	65,000	3,868	68,868	18,058,058	0.38%
1998	200,000	701,366	901,366	20,456,092	4.41%
1999	-	-	-	22,418,664	
2000	60,000	954,751	1,014,751	24,976,436	4.06% **
2001	60,000	963,535	1,023,535	26,968,080	3.80% **
2002	60,000	959,635	1,019,635	27,770,711	3.67% **

Source: St George City audited financial statements

** General fund expenditures and recreation debt service fund

TABLE XII
CITY OF ST. GEORGE, UTAH
REVENUE BOND COVERAGE
WATER & WASTEWATER UTILITIES
WATER & WASTEWATER BONDS
LAST TEN FISCAL YEARS

Fiscal Year	DIRECT OPERATING REVENUES	NET REVENUE AVAILABLE DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE
			PRINCIPAL	INTEREST	TOTAL	
1993	\$ 6,294,296	\$ 3,510,175	\$ 772,000	\$ 2,009,309	\$ 2,781,309	1.00
1994	7,118,193	4,107,318	813,000	1,481,730	2,294,730	1.31
1995	7,856,095	4,594,906	1,421,211	1,497,124	2,918,335	1.12
1996	8,645,285	5,399,692	1,306,789	1,898,571	3,205,360	1.01
1997	10,472,351	6,124,125	1,730,000	2,118,325	3,848,325	1.13
1998	12,726,943	6,747,987	1,811,000	2,646,017	4,457,017	1.34
1999	13,803,583	6,999,645	1,771,000	2,766,370	4,537,370	1.50
2000	15,577,373	7,615,774	2,152,000	2,740,052	4,892,052	1.63
2001	17,070,967	7,940,496	3,341,478	2,725,606	6,067,084	1.50
2002	17,852,427	8,434,640	3,441,000	2,458,628	5,899,628	1.60

INCLUDES ALL REVENUES AND EXPENSES FOR WATER UTILITY & WASTEWATER TREATMENT FUNDS

Source: City of St George audited financial statements

TABLE XIII
 CITY OF ST. GEORGE, UTAH
 DEMOGRAPHIC STATISTICS

CENSUS POPULATION COUNT:

1910	1,037
1920	2,215
1930	2,434
1940	3,591
1950	4,562
1960	5,130
1970	7,097
1980	11,350
1990	28,502
2000	49,663

AGE DISTRIBUTION OF POPULATION:

	<u>NUMBER</u>	<u>PERCENT</u>
Under 5 years	4,286	8.6%
5 to 9 years	3,688	7.4%
10 to 14 years	3,672	7.4%
15 to 19 years	4,847	9.8%
20 to 24 years	4,377	8.8%
25 to 34 years	5,728	11.5%
35 to 44 years	5,176	10.4%
45 to 54 years	4,443	8.9%
55 to 59 years	1,868	3.8%
60 to 64 years	2,012	4.1%
65 to 74 years	4,866	9.8%
75 to 84 years	3,624	7.3%
85 and over	<u>1,076</u>	<u>2.2%</u>
	<u>49,663</u>	<u>100.0%</u>

Median age 31.4 years

Source: U.S. Census Bureau

TABLE XIV
CITY OF ST. GEORGE, UTAH
PRINCIPAL TAXABLE PROPERTIES
JUNE 30, 2002

NAME	TYPE OF BUSINESS	TAXABLE VALUE	% OF TOTAL
PRICE DEVELOPMENT	REGIONAL SHOPPING MALL	\$ 30,950,000	1.21%
LESTER WITTWER INVESTMENTS	PROPERTY INVESTMENTS	16,287,290	0.64%
IHC HOSPITALS	MEDICAL PROVIDER	11,201,850	0.44%
ZION FACTORY STORES HOLDING CO	STRIP SHOPPING MALL	11,193,920	0.44%
COSTCO WHOLESALE	WHOLESALE SHOPPING CLUB	10,035,980	0.39%
ZION FACTORY STORES III	STRIP SHOPPING MALL	9,983,040	0.39%
RIMROCK MARKETPLACE	PROPERTY INVESTMENTS	7,715,195	0.30%
HARMONS	GROCERY STORE COMPLEX	7,524,335	0.29%
A & M INVESTMENTS	PROPERTY INVESTMENTS	7,182,335	0.28%
SNOW CANYON DEVELOPMENT	PROPERTY INVESTMENTS	6,338,805	0.25%
AH COOMBS LC	PROPERTY INVESTMENTS	5,808,055	0.23%
ALLPRO INC	PROPERTY INVESTMENTS	5,693,925	0.22%
SMITHS FOOD KING	GROCERY STORE COMPLEX	5,684,640	0.22%
WAL-MART INC	SUPER WAL-MART RETAIL STORE	5,594,430	0.22%
SUN RIVER DEVELOPMENT	PROPERTY INVESTMENTS	5,204,530	0.20%
		<u>\$ 146,398,330</u>	5.73%

Source: Washington County Assessor

TABLE XV
CITY OF ST. GEORGE, UTAH
MISCELLANEOUS STATISTICS

JUNE 30, 2002

Date of incorporation	1862			
Form of Government	Mayor-Council-Manager			
Area	70.53 Square miles			
Miles of streets	263			
Fire Protection:				
Number of stations	6			
Number of full-time firemen	8			
Number of volunteer firemen	51			
Police Protection:				
Number of stations	1			
Number of policemen	67			
Number of reserve officers	8			
Education:				
Number of schools:				
High School	3			
Junior High	3			
Elementary	6			
Recreation and Culture:				
Number of parks	22	(total of 387.4 acres)		
Number of libraries	1			
Number of volumes	40,000	(approximately)		
Employees:				
Classified service	342			
Exempt	40			
Part-time	311			
Bldg. permits:				
	<u>#of units</u>		<u>Const value</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Single family residential	615	460	\$83,776,647	\$63,832,500
Condo/townhomes	320	333	31,142,000	28,047,500
Apartments/duplex	92	27	4,767,000	1,421,000
Mobile Home/RV	<u>6</u>	<u>1</u>	81,500	42,000
Commercial/Industrial			24,276,250	37,841,000
Miscellaneous/Additions			6,127,800	5,052,705
Government/Hospital addition			58,240,000	1,474,000
Churches/Additions			1,900,000	5,120,000
Schools			<u>30,000</u>	<u>2,426,000</u>
Totals	<u>1,033</u>	<u>821</u>	<u>\$210,341,197</u>	<u>\$145,256,705</u>

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SINGLE AUDIT SECTION



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

The Honorable Mayor and
City Council
St. George, Utah

We have audited the basic financial statements of the City of St. George, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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Mayor and City Council
September 13, 2002
Page 2

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

While these reports are intended to be used by the specified parties, which include the applicable government regulatory bodies which require the reports, this report restriction does not alter the fact that the audit reports are public documents which, based on Utah laws, must be open to inspection by any interested person.

Kemp, Burdick, Hinton & Hall, L.C.

KEMP, BURDICK, HINTON & HALL, L.C.
September 13, 2002

ST. GEORGE CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice: COPS/Universal Hiring Program	16.710		\$ 111,576
Local Law Enforcement Block Grant	16.592		14,776
Bulletproof Vest Partnership Program	16.607		2,011
Drug Enforcement & System Improvement Formula Grant Program	16.579		<u>48,922</u>
Total U.S. Department of Justice			<u>177,285</u>
Federal Department of Transportation: National Recreation Trails Program	20.219		99,000
Executive Office of the President, Office of National Drug Control Policy: High Intensity Drug Trafficking Area	NONE		<u>118,719</u>
Total Expenditures of Federal Awards			<u>\$ 395,004</u>

The accompanying notes are an integral part of this schedule.

ST. GEORGE CITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

Note 1. Basis of Presentation

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

Note 2. Subrecipients

St. George City provided no federal awards to subrecipients.



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

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

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

Compliance

We have audited the compliance of St. George City with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. St. George City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of St. George City's management. Our responsibility is to express an opinion on St. George City's compliance based on our audit.

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

In our opinion St. George City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

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Internal Control Over Compliance

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

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect St. George City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants.

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

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

While these reports are intended to be used by the specified parties, which include the applicable government regulatory bodies which require the reports, this report restriction does not alter the fact that the audit reports are public documents which, based on Utah laws, must be open to inspection by any interested person.

Kemp, Burdick, Hinton & Hall, L.C.

KEMP, BURDICK, HINTON & HALL, L.C.
September 13, 2002



KEMP BURDICK

KEMP BURDICK HINTON & HALL L.C.

CPA'S & ADVISORS

AN INDEPENDENT MEMBER OF
**BDO
SEIDMAN**
ALLIANCE

Independent Auditors' Report on State Legal Compliance

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

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

We have audited the basic financial statements of the City of St. George, Utah, for the year ended June 30, 2002, and have issued our report thereon dated September 13, 2002. As part of our audit, we have audited the City of St. George's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2002. The City received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)
Utah Geological Survey Grant (Department of Natural Resources)

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

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

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Mayor and City Council
September 13, 2002
Page 2

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

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

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

In our opinion, the City of St. George, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2002.

Kemp, Burdick, Hinton & Hall, L.C.

KEMP, BURDICK, HINTON & HALL, L.C.
St. George, Utah
September 13, 2002



KEMP BURDICK

KEMP BURDICK HINTON & HALL L.C.

CPA'S & ADVISORS

AN INDEPENDENT MEMBER OF
**BDO
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ALLIANCE

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

September 13, 2002

St. George City Officials
St. George, Utah 84770

Dear Sirs:

During our audit of the funds of St. George City for the fiscal year 2001 - 2002, we found a couple of instances of non-compliance with state law. We do not believe these instances to be material; however, we are required to communicate them to you. We recommend that appropriate action be taken to put the City in full compliance with state laws.

1. Finding - Deficit Fund Balance:

Utah Code 10-6-117 dictates that appropriations for expenditures are not to exceed estimated expendable revenue. The State Auditor's office holds the position that any fund deficit is an illegally created debt and should, accordingly, be budgeted to be eliminated immediately. The City's special improvement district construction fund and Dixie Center operations fund had a deficit fund balance at June 30, 2002.

Recommendation

We follow the recommendation of the State Auditor's office by suggesting the City budget in fiscal year 2002-2003 to eliminate the fund deficit in these funds. We commend the City for having fixed a similar problem in last year's street impact and street bonds projects funds.

2. Finding - Budgetary Compliance:

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

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September 13, 2002

Page 2

Recommendation

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

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

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

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

Sincerely,

Kemp, Burdick, Hinton & Hall, L.C.

Kemp, Burdick, Hinton & Hall, LC

November 7, 2002



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

From: Philip R. Peterson, CPA
Finance Director

Subject: Schedule of Findings and Recommendations
Fiscal year audit ended June 30, 2002

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

1. This is a continuing problem because of the way in which we self-fund special assessment construction. As soon as the last SID project is complete and the bonds sold, this fund will be zeroed out. The problem in the Dixie Center Operations fund will hopefully be fixed with the management changes made there and any necessary transfers from the General Fund or Economic Development Fund.

2. We do monitor all budgets closely to assure that they stay within authorized limits. However, sometimes in the capital projects funds (which are typically multi-year projects) it is difficult to determine what the status of such projects will be at year-end. As always we will continue to monitor all budgets and eliminate this types of problems in the future.

CITY OF ST. GEORGE, UTAH
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2002

Finding 1. - Deficit Fund Balance

Condition: This finding related to deficit positions in the Special Assessment Construction Capital Projects Fund, the Street Impact Capital Projects Fund, and the Street Bond Capital Projects Funds.

Recommendations: The auditor recommended that the City budget to eliminate these deficits during the 2001-2002 fiscal year.

Current Status: Because of the City's self funding of special assessment projects the construction fund continues to have a deficit fund balance. The Street Impact Capital Projects Fund deficit was eliminated this year as revenues exceeded expenditures. The Street Bond Capital Projects Fund deficit was eliminated and the fund will now be closed as all bond proceeds have been spent..

Finding 2. - Budgetary Compliance

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

***CONTINUING DISCLOSURE
SECTION***

City of St. George, UT
 Continuing Disclosure - Excise Tax Revenue Bonds, Series 1996
 Fiscal Year Ended June 30, 2002

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

TABLE 1

	Fiscal <u>Year 1997</u>	Fiscal <u>Year 1998</u>	Fiscal <u>Year 1999</u>	Fiscal <u>Year 2000</u>	Fiscal <u>Year 2001</u>
Motor Fuel Tax	\$ 168,414	\$ 217,682	\$ 225,191	\$ 237,574	\$ 229,410
Special Fuel Tax	46,344	72,404	72,067	76,590	80,849
Motor Vehicle Registration Fees	23,975	25,490	24,886	25,848	25,935
Proportional Registration Fees	7,941	9,482	10,627	12,203	11,554
Temporary Permits	401	400	386	372	409
Special Transportation Permits	5,386	5,589	5,756	5,678	5,911
Highway Use Permits	6,569	6,755	6,589	7,325	7,155
Driver License	-	-	-	-	-
Motor Vehicle Control Fees	3,922	4,019	4,123	4,173	4,093
Miscellaneous	2,303	3,075	-	-	-
Interest on Investments	-	-	-	-	-
	<u>\$ 265,255</u>	<u>\$ 344,896</u>	<u>\$ 349,625</u>	<u>\$ 369,763</u>	<u>\$ 365,316</u>

(Source: "Statistical Review of Government in Utah", compiled and published annually by Utah Foundation.)
 "Annual Statistical Summary", Utah Department of Transportation, December 2000

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

TABLE 2 - C ROAD FUND DISTRIBUTION

Fiscal <u>Year</u>	St. George <u>Allocations</u>	Total B & C Road <u>Fund Allocations</u>	St. George <u>Percentage</u>
1997	\$ 749,928	\$ 64,562,973	1.16%
1998	1,326,748	99,285,747	1.34%
1999	1,571,994	104,552,498	1.50%
2000	1,698,549	107,313,227	1.58%
2001	1,736,506	104,976,375	1.65%
2002	1,686,442	106,061,133	1.59%

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

City of St. George, UT
 Continuing Disclosure - Excise Tax Revenue Bonds, Series 1996
 Fiscal Year Ended June 30, 2002

TABLE 3 - CALCULATION OF ESTIMATED DEBT SERVICE COVERAGE

Bond Year	Project Class C Road Fund Allocation		Debt Service	Coverage
2001	\$ 1,736,506	1	\$ 495,864	3.50
2002	1,686,442	1	499,262	3.38
2003	1,737,035	2	496,400	3.50
2004	1,789,146		497,330	3.60
2005	1,842,821		497,010	3.71
2006	1,898,105		500,284	3.79
2007	1,955,048		497,004	3.93

1 - per City of St. George audited financial statements
 2 - growth rate of 3% per year estimated.

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

Fiscal Year	Total Road Construction and Maintenance Expenditures	C" Road Fund Portion	Contribution from the City's General Fund	General Fund Monies as a % of Total
2002	\$ 3,358,022	\$ 1,686,442	\$ 1,671,580	49.78%
2001	3,685,634	1,736,506	1,949,128	52.88%
2000	3,427,740	1,698,549	1,729,191	50.45%
1999	3,643,434	1,571,994	2,071,440	56.85%
1998	3,037,644	1,326,748	1,710,896	56.32%
1997	2,175,789	749,928	1,425,861	65.53%
1996	2,223,540	702,215	1,521,325	68.42%
1995	2,156,737	630,421	1,526,316	70.77%
1994	1,859,517	568,655	1,290,862	69.42%
1993	1,457,221	516,034	941,187	64.59%

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

City of St. George, UT
 Continuing Disclosure - Series 1996 General Obligation Parks & Rec Bonds
 Fiscal Year Ended June 30, 2001

Comparative Property Tax Rates Within Washington County

<u>Tax Levying Entity</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Hurricane	0.002105	0.002187	.002220	.002261	.002298
Ivins	0.002201	0.001551	.001598	.001655	.001638
LaVerkin	0.002029	0.001787	.001777	.001806	.001887
St. George City	0.002064	0.002091	0.002133	.002188	.002258
Washington City	0.002007	0.001623	.001708	.001780	.001771

(Source: Washington County Auditor)

DEBT STRUCTURE

Outstanding General Obligation Indebtedness

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Current Balance Outstanding</u>
1997	Parks and Recreation	\$12,000,000	August 1, 2021	\$11,580,000
1999	Parks and Recreation	6,000,000	August 1, 2023	5,940,000

Outstanding Tax Increment Bond Indebtedness

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Current Balance Outstanding</u>
1995A	Downtown	\$840,000	June 1, 2005	\$349,000
1995B	Downtown	\$835,000	June 1, 2005	\$274,000

Outstanding Revenue Indebtedness

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Current Balance Outstanding</u>
1987B	Subordinated Water	\$1,273,713	January 1, 2013	\$ 1,273,713
1988A	Sewer	\$1,450,200	June 15, 2008	\$ 435,000
1988B	Sewer	\$ 129,750	June 15, 2008	\$ 129,750
1993	Sewer Refunding	\$7,180,000	June 15, 2007	\$ 4,115,000
1993	Water Refunding	\$18,525,000	June 1, 2016	\$13,575,000
1994	Wastewater	\$4,000,000	June 15, 2014	\$ 2,749,000
1994	Golf Refunding	\$4,158,000	April 1, 2006	\$ 1,734,000
1995A	Water Refunding	\$12,000,000	June 1, 2020	\$ 2,065,000
1996	Excise Tax Revenue	\$3,880,000	December 1, 2006	\$ 2,210,000
1997A	Sewer	\$14,280,000	June 15, 2017	\$13,125,000
1997B	Sewer	\$12,000,000	June 15, 2012	\$10,032,000
1997C	Sewer	\$44,000	June 15, 2017	\$ 44,000
2001	Water Refunding	\$8,670,000	June 1, 2020	\$ 8,620,000
2000	Golf appreciation bonds	\$900,000	April 1, 2009	\$ 900,000

Outstanding Lease Purchase Indebtedness

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Current Balance Outstanding</u>
1999A	MBA Refunding	\$6,270,000	September 1, 2017	\$5,200,000
1998	Holt purchase	\$400,000	October 1, 2008	\$ 306,000
1999	Crosby purchase	\$2,250,000	July 15, 2009	\$1,913,000
2000	MBA Woodward	\$350,000	April 1, 2021	\$ 337,000

Outstanding Special Assessment Indebtedness

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Current Balance Outstanding</u>
1992	SID 88-3	\$1,635,000	July 15, 2002	\$ 165,000
1994	SID 93-1	\$1,872,000	December 1, 2004	\$ 563,000

Outstanding Special Assessment Indebtedness (continued)

1997	SID 96-1	\$221,393	April 1, 2008	\$ 146,000
1998	SID 97-1	\$265,212	August 1, 2008	\$ 200,000
1999	SID97-2	\$1,650,826	November 1, 2009	\$1,389,000
2000	SID98-1	\$400,126	December 15, 2009	\$ 336,000
2002	SID2000-1	\$228,000	June 1, 2012	\$ 228,000

Debt Ratios

Direct General Obligation Debt is .80% of 2001 Taxable Value.

Total Direct and Overlapping General Obligation Debt is 4.71% of 2001 Taxable Value

Per Capita Direct General Obligation Debt is \$396 based on the estimated population of 51,500.

Per Capita Direct and Overlapping General Obligation Debt is \$2,338 based on estimated population.

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2002

Table 1 - Sewer Fees by Fiscal Year per Entity

Entity	-----Fiscal Year Ended June 30-----				
	2002	2001	2000	1999	1998
City of St. George	\$ 4,456,064	\$ 4,429,832	\$ 4,139,779	\$ 3,919,644	\$ 3,678,003
Washington City	585,145	543,407	543,933	517,806	453,347
City of Santa Clara	235,106	228,085	218,747	209,581	196,911
Town of Ivins	266,065	246,445	217,917	185,870	156,111
	<u>\$ 5,542,380</u>	<u>\$ 5,447,769</u>	<u>\$ 5,120,376</u>	<u>\$ 4,832,901</u>	<u>\$ 4,484,372</u>

(Source: The City)

Table 2 - Sewer Connections by Fiscal Year per Entity

Entity	-----Fiscal Year Ended June 30-----				
	2002	2001	2000	1999	1998
City of St. George	25,968	25,815	24,521	23,238	21,740
Washington City	3,410	3,167	2,999	2,870	2,643
City of Santa Clara	1,370	1,329	1,293	1,241	1,184
Town of Ivins	1,550	1,436	1,352	1,166	989
	<u>32,298</u>	<u>31,747</u>	<u>30,165</u>	<u>28,515</u>	<u>26,556</u>

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2002

Enterprise Fund - Wastewater Collection
 Balance Sheet

	-----Fiscal Year Ended June 30-----				
	2002	2001	2000	1999	1998
Assets:					
Current Assets:					
Cash	\$ 2,945,853	\$ 2,892,577	\$ 2,661,543	\$ 2,622,309	\$ 3,245,973
Accts Rec./Due from other funds	-	-	-	18,786	626
Total current assets	2,945,853	2,892,577	2,661,543	2,641,095	3,246,599
Property Plant & Equipment	5,360,565	5,028,433	4,718,372	4,614,821	4,503,154
Accumulated depreciation	(3,262,972)	(2,968,228)	(2,653,193)	(2,335,728)	(1,994,335)
Net property, plant & equipment	2,097,593	2,060,205	2,065,179	2,279,093	2,508,819
Total Assets	\$ 5,043,446	\$ 4,952,782	\$ 4,726,722	\$ 4,920,188	\$ 5,755,418
Liabilities and fund equity:					
Current Liabilities:					
Accrued liabilities	\$ 18,663	\$ 15,510	\$ 12,633	\$ 9,719	\$ 21,193
Total current liabilities	18,663	15,510	12,633	9,719	21,193
Total Liabilities	18,663	15,510	12,633	9,719	21,193
Fund Equity:					
Contributed capital:					
Subdivisions	580,629	580,629	580,629	580,629	580,629
Government agencies	1,471,195	1,471,195	1,471,195	1,471,195	1,471,195
Total contributions	2,051,824	2,051,824	2,051,824	2,051,824	2,051,824
Retained Earnings:					
Unreserved/unrestricted	2,972,959	2,885,448	2,662,265	2,858,645	3,682,401
Total retained earnings	2,972,959	2,885,448	2,662,265	2,858,645	3,682,401
Total fund equity	5,024,783	4,937,272	4,714,089	4,910,469	5,734,225
Total liabilities and equity	\$ 5,043,446	\$ 4,952,782	\$ 4,726,722	\$ 4,920,188	\$ 5,755,418

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2002

Enterprise Fund - Wastewater Treatment
 Balance Sheet

	Fiscal Year Ended June 30				
	2002	2001	2000	1999	1998
Assets:					
Current Assets:					
Cash	\$ 9,075,238	\$ 8,460,346	\$ 7,287,391	\$ 4,082,026	\$ 1,975,184
Restricted cash	5,059,793	6,254,401	5,789,175	9,148,404	11,355,971
Accounts receivable	149,205	-	-	-	-
Bond discounts & insurance	364,289	401,275	438,261	475,247	512,234
Prepaid expenses	33,885	66,650	104,120	-	-
Total current assets	14,682,410	15,182,672	13,618,947	13,705,677	13,843,389
Property Plant & Equipment	47,301,091	45,066,216	44,817,154	43,486,418	34,232,024
Accumulated depreciation	(6,031,579)	(5,154,529)	(4,299,167)	(3,447,637)	(2,784,308)
Net property, plant & equipment	41,269,512	39,911,687	40,517,987	40,038,781	31,447,716
Total Assets	\$ 55,951,922	\$ 55,094,359	\$ 54,136,934	\$ 53,744,458	\$ 45,291,105
Liabilities and fund equity:					
Current Liabilities:					
Accrued liabilities	\$ 73,036	\$ 77,212	\$ 81,011	\$ 1,323,170	\$ 1,300,828
Due to other funds	-	-	-	-	-
Total current liabilities	73,036	77,212	81,011	1,323,170	1,300,828
Bonds payable	30,629,272	33,020,272	35,316,750	36,558,750	30,694,750
Total Liabilities	30,702,308	33,097,484	35,397,761	37,881,920	31,995,578
Fund Equity:					
Contributed capital:					
Subdivisions	-	-	-	-	-
Government agencies	2,761,568	2,761,568	2,761,568	2,761,568	2,761,568
Total contributions	2,761,568	2,761,568	2,761,568	2,761,568	2,761,568
Retained Earnings:					
Restricted for bond retirement	5,059,793	6,254,401	5,789,175	9,148,404	4,312,227
Unreserved/unrestricted	17,428,253	12,980,906	10,188,430	3,952,566	6,221,732
Total retained earnings	22,488,046	19,235,307	15,977,605	13,100,970	10,533,959
Total fund equity	25,249,614	21,996,875	18,739,173	15,862,538	13,295,527
Total liabilities and equity	\$ 55,951,922	\$ 55,094,359	\$ 54,136,934	\$ 53,744,458	\$ 45,291,105

City of St. George, UT
Continuing Disclosure - 1997A Sewer Revenue Bonds
Fiscal Year Ended June 30, 2002

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

	-----Fiscal Year Ended June 30-----				
	2002	2001	2000	1999	1998
Operating revenues:					
Charges for services	\$ 5,534,748	\$ 5,505,002	\$ 4,662,145	\$ 3,985,142	\$ 3,357,626
Impact and connection fees	-	-	-	-	-
Other operating revenues	295,570	241,495	213,180	231,090	215,880
Total operating revenues	5,830,318	5,746,497	4,875,325	4,216,232	3,573,506
Operating expenses:					
Salary & Wages	391,606	349,698	320,351	337,529	329,075
Deprecation	294,745	315,035	317,465	341,393	355,821
Bad debts	27,602	27,543	23,226	19,858	16,716
Payroll tax & employee benefits	163,731	147,090	129,413	136,019	135,363
Office & department supplies	45,352	18,396	37,242	40,743	42,877
Professional services	49,540	5,315	11,501	59,210	17,530
Repair & maintenance - equipment	68,977	97,456	79,432	64,462	114,881
Repair & maintenance - bldg & grounds	9,392	9,900	9,367	7,971	8,892
Insurance & surety bonds	12,378	20,720	11,123	11,990	8,587
Travel	16,711	6,811	8,311	4,488	2,918
Contract labor	4,461,514	4,438,834	4,139,779	3,919,644	3,678,003
Billing and administration	283,000	253,000	257,805	246,500	155,000
Total operating expenses	5,824,548	5,689,798	5,345,015	5,189,807	4,865,663
Operating income (loss)	5,770	56,699	(469,690)	(973,575)	(1,292,157)
Non-operating revenues (expenses)					
Interest income	94,215	166,484	148,022	149,819	162,642
Miscellaneous income	-	-	125,288	-	-
Total non-operating revenue (expense)	94,215	166,484	273,310	149,819	162,642
Net Income	99,985	223,183	(196,380)	(823,756)	(1,129,515)
Transfers to other funds	(12,475)	-	-	-	-
Retained earnings at beginning of year	2,885,448	2,662,265	2,858,645	3,682,401	4,811,916
Retained earnings at end of year	2,972,958	\$2,885,448	\$2,662,265	\$2,858,645	\$3,682,401

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2002

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

	-----Fiscal Year Ended June 30-----				
	2002	2001	2000	1999	1998
Operating revenues:					
Charges for services	\$ 5,542,380	\$ 5,447,769	\$ 5,131,073	\$ 4,832,901	\$ 4,484,372
Impact and connection fees	-	-	-	-	-
Other operating revenues	1,459,773	1,112,969	1,173,928	904,893	1,058,282
Total operating revenues	7,002,153	6,560,738	6,305,001	5,737,794	5,542,654
Operating expenses:					
Salary & Wages	649,346	624,224	569,265	528,024	402,691
Supplies	526,888	461,604	398,618	267,309	334,143
Equipment rental	1,767	2,696	2,018	1,453	2,890
Deprecation	877,051	855,361	851,531	663,329	458,393
Payroll tax & employee benefits	247,274	245,307	215,617	195,488	153,311
Office & department supplies	44,022	54,307	44,793	73,619	110,227
Professional services	148,222	120,441	119,531	130,499	169,501
Repair & maintenance - equipment	206,866	320,458	291,739	412,389	213,176
Repair & maintenance - bldg & grounds	34,526	38,915	3,102	1,438	1,227
Insurance & surety bonds	41,911	29,345	21,151	22,479	20,391
Travel	11,104	10,436	9,736	7,905	7,555
Billing and administration	275,000	245,000	365,083	220,000	220,000
Total operating expenses	3,063,977	3,008,094	2,892,184	2,523,932	2,093,505
Operating income (loss)	3,938,176	3,552,644	3,412,817	3,213,862	3,449,149
Non-operating revenues (expenses)					
Interest income	434,980	890,212	720,676	631,286	701,753
Miscellaneous income	37,237	45,709	21,484	15,258	408
Interest charges	(1,157,654)	(1,230,862)	(1,278,342)	(1,293,395)	(1,118,900)
Total non-operating revenue (expense)	(685,437)	(294,941)	(536,182)	(646,851)	(416,739)
Net Income	3,252,739	3,257,703	2,876,635	2,567,011	3,032,410
Retained earnings at beginning of year	19,235,308	15,977,605	13,100,970	10,533,959	7,501,549
Retained earnings at end of year	\$ 22,488,047	\$ 19,235,308	\$ 15,977,605	\$ 13,100,970	\$ 10,533,959

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2002

Balance Sheet- General Fund

	-----Fiscal Year Ended June 30-----				
	2002	2001	2000	1999	1998
Assets and other debits:					
Cash	\$ 1,558,372	\$ 1,456,868	\$ 1,689,876	\$ 1,581,632	\$ 2,433,452
Accounts receivable (net of allowance)	1,726,050	1,917,791	1,743,314	1,498,658	1,565,238
Inventory	38,566	48,218	49,609	38,443	43,822
Due from other funds	500,000	-	-	28,088	28,088
Prepaid expenses	-	-	-	-	90,000
Notes receivable	498,345	664,352	589,348	424,933	-
Total assets and other debits	\$ 4,321,333	\$ 4,087,229	\$ 4,072,147	\$ 3,571,754	\$ 4,160,600
Liabilities:					
Accrued liabilities	\$ 246,065	\$ 70,806	\$ 61,655	\$ 29,857	\$ 43,972
Construction bonds held	158,107	99,781	93,850	81,875	96,342
Due to other funds	388,645	388,645	388,645	388,645	388,645
Deferred property taxes	-	-	-	-	625,000
Total liabilities	792,817	559,232	544,150	500,377	1,153,959
Fund equity and other credits:					
Fund Balances:					
Reserved by statute	22,933	66,350	101,426	155,674	63,526
Reserved for notes receivable	498,345	664,353	589,348	424,933	-
Unreserved - undesignated	3,007,238	2,797,294	2,837,223	2,490,770	2,943,115
Total fund equity and other credits	3,528,516	3,527,997	3,527,997	3,071,377	3,006,641
Total Liabilities, Equity, and other credits	\$ 4,321,333	\$ 4,087,229	\$ 4,072,147	\$ 3,571,754	\$ 4,160,600

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2002

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

The following summary was extracted from the City's general purpose financial statements for the fiscal years ended June 30, 1998 through June 30, 2002. The summary has not been audited

	Fiscal Year Ended June 30				
	1998	1999	2000	2001	2002
REVENUES:					
Taxes and special assessments	\$ 13,877,051	\$ 14,155,766	\$ 15,087,379	\$ 16,117,048	\$ 17,874,099
Licenses and permits	974,139	1,017,029	1,074,999	1,169,019	1,448,310
Intergovernmental	2,071,624	2,342,404	2,363,853	2,506,070	2,052,480
Charges for services	2,827,836	3,596,639	3,679,499	3,752,768	4,018,677
Fines and forfeitures	397,018	459,420	646,262	862,925	739,632
Miscellaneous	51,793	120,223	64,088	132,945	100,280
Interest income	403,682	391,615	659,455	791,925	357,259
Rents and concessions	5,907	34,331	4,331	7,935	13,649
Proceeds from sale of property	-	-	-	56,477	-
Total revenues	20,609,050	22,117,427	23,579,866	25,397,112	26,604,386
EXPENDITURES:					
General government	2,685,261	3,107,515	3,335,747	3,035,366	3,211,163
Public safety	6,082,104	6,346,946	7,344,769	7,008,832	7,197,215
Highways and public improvements	4,889,735	6,061,190	5,971,003	6,331,930	6,767,621
Parks, recreation and public prop.	3,835,310	4,482,507	4,501,654	5,546,456	5,864,233
Community and economic development	264,213	343,239	329,645	874,723	917,991
Capital projects	-	-	-	-	-
Debt service:					
Principal	200,000	-	-	-	-
Interest and other charges	701,366	-	-	-	-
Capital leases	148,103	54,153	128,673	118,489	80,539
Total expenditures	18,806,092	20,395,550	21,611,491	22,915,796	24,038,762
Excess (deficiency of Revenues over Expenditures)	1,802,958	1,721,877	1,968,375	2,481,316	2,565,624
OTHER FINANCING SOURCES (USES):					
Proceeds of bond sales/capital leases	-	260,600	23,760	-	-
Contributions from other entities	-	-	301,895	-	50,678
Operating transfers out	(1,650,000)	(2,023,114)	(2,350,194)	(3,027,556)	(2,711,000)
Operating transfers in	-	-	571,456	546,240	62,645
Proceeds from sale of fixed assets	43,223	105,373	28,781	-	32,573
Total other financing sources (uses)	(1,606,777)	(1,657,141)	(1,424,302)	(2,481,316)	(2,565,104)
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	196,181	64,736	544,073	-	520
Residual equity transfer to PFC Spec Rev Fund	-	-	(87,453)	-	-
Unappropriated Fund Balances at the beginning of the year	2,810,460	3,006,641	3,071,377	3,527,998	3,527,998
Fund Balances at the end of year	\$ 3,006,641	\$ 3,071,377	\$ 3,527,997	\$ 3,527,998	\$ 3,528,518

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

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2002

Historical Summaries of Taxable Values of Property

Set by County Assessor Locally Assessed	2001		2000		1999		1998		1997	
	Taxable Value	% of T.V.								
Residential Real Estate - primary use	\$ 302,830,275	10.42%	\$ 283,690,180	10.24%	\$ 266,078,900	10.19%	\$ 230,889,336	9.88%	\$ 215,408,580	9.99%
Residential Real Estate - Not primary use	82,954,805	2.85%	76,584,604	2.76%	72,632,090	2.78%	70,520,030	3.02%	60,957,585	2.83%
Commercial and Industrial Real Estate	248,976,980	8.57%	213,237,455	7.69%	206,514,735	7.91%	130,964,286	5.61%	112,677,920	5.23%
Agricultural Real Estate - Improved - Not F.A.A.	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Real Estate - Under FAA-Agricultural	634,145	0.02%	671,160	0.02%	683,855	0.03%	628,365	0.03%	635,725	0.03%
Unimproved Real Estate - Not F.A.A.	355,274,635	12.22%	314,813,430	11.36%	300,249,175	11.50%	267,716,065	11.46%	255,915,915	11.87%
Total Real Estate	990,670,840	34.09%	888,996,829	32.07%	846,158,755	32.41%	700,718,082	29.99%	645,595,725	29.95%
Residential Buildings - Primary use	938,773,655	32.30%	877,794,562	31.67%	791,146,675	30.30%	721,043,835	30.86%	661,524,790	30.69%
Residential Buildings - Not primary use	199,961,465	6.88%	181,393,155	6.54%	163,661,765	6.27%	166,723,660	7.14%	164,863,530	7.65%
Commercial and Industrial Buildings	411,252,315	14.15%	369,658,240	13.34%	353,069,650	13.52%	306,504,355	13.12%	276,731,915	12.84%
Agricultural Buildings	2,052,585	0.07%	1,922,750	0.07%	982,155	0.04%	949,315	0.04%	872,145	0.04%
Total Buildings	1,552,040,020	53.40%	1,430,768,707	51.62%	1,308,860,245	50.13%	1,195,221,165	51.16%	1,103,992,380	51.22%
Total Real Property	2,542,710,860	87.49%	2,319,765,536	83.69%	2,155,019,000	82.53%	1,895,939,247	81.16%	1,749,588,105	81.17%
Fee in Lieu Property	157,038,376	5.40%	266,109,267	9.60%	262,864,082	10.07%	261,322,304	11.19%	241,115,116	11.19%
Mobile Homes - Primary residential use	6,346,327	0.22%	6,167,990	0.22%	6,020,680	0.23%	6,528,694	0.28%	5,289,843	0.25%
Mobile Homes - other use	4,033,110	0.14%	3,964,479	0.14%	4,173,942	0.16%	4,685,367	0.20%	3,911,423	0.18%
Commercial and Industrial Property	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Agricultural Machinery	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Trade Fixtures	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Other Personal Property	111,712,966	3.84%	108,190,378	3.90%	119,247,834	4.57%	107,683,580	4.61%	102,135,193	4.74%
Total Personal Property	279,130,779	9.60%	384,432,114	13.87%	392,306,538	15.02%	380,219,945	16.28%	352,451,575	16.35%
Total Locally Assessed	2,821,841,639	97.10%	2,704,197,650	97.56%	2,547,325,538	97.56%	2,276,159,192	97.43%	2,102,039,680	97.52%
Total Centrally Assessed	84,389,082	2.90%	67,505,746	2.44%	63,728,127	2.44%	59,974,578	2.57%	53,545,685	2.48%
Total Taxable Value	\$ 2,906,230,721	100.00%	\$ 2,771,703,396	100.00%	\$ 2,611,053,665	100.00%	\$ 2,336,133,770	100.00%	\$ 2,155,585,365	100.00%

(Source: The Utah State Tax Commission)

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

Revenue Bond Debt Service

FISCAL YEAR ENDING '6/30	WATER SALES REVENUES	OTHER REVENUES (1)	INTEREST INCOME(2)	TOTAL REVENUES	O & M EXPENSE	NET REVENUES	2001 Refunding		1993 BOND		1987A		1995A BOND		TOTAL DEBT SERVICE COVERAGE
							DEBT SERVICE	DEBT SERVICE	DEBT SERVICE	DEBT SERVICE	DEBT SERVICE	DEBT SERVICE			
1995	3,577,831	1,258,983	155,853	4,992,667	2,655,611	2,337,056	0	1,404,602	0	1,404,602	0	0	0	1,509,602	1.55
1996	4,491,524	849,095	281,225	5,621,844	2,936,721	2,685,123	0	1,402,324	0	1,402,324	0	0	0	1,402,324	1.91
1997	5,037,979	967,802	182,394	6,188,175	3,439,713	2,748,462	0	1,402,524	0	1,402,524	0	0	947,405	2,349,929	1.17
1998	5,873,537	1,310,752	93,807	7,278,096	3,549,117	3,728,979	0	1,405,894	0	1,405,894	0	0	945,225	2,351,119	1.59
1999	6,841,327	1,224,462	90,969	8,156,758	3,294,653	4,862,105	0	1,402,404	0	1,402,404	0	0	947,325	2,349,729	2.07
2000	8,119,704	1,152,668	56,275	9,328,647	3,473,830	5,854,817	0	1,401,644	0	1,401,644	0	0	943,465	2,345,109	2.50
2001	8,069,746	1,482,915	67,356	9,620,017	3,614,709	6,005,308	192,340	1,403,564	0	1,403,564	0	0	943,840	2,539,744	2.36
2002	8,902,637	1,947,637	30,902	10,881,176	3,979,626	6,901,550	450,130	1,403,429	0	1,403,429	0	0	943,200	2,796,759	2.47

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

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

(3) The 1987A Subordinated Bonds were refunded by the 1995A Bonds in 1996 fiscal year.

**WATER UTILITY ENTERPRISE FUND
BALANCE SHEET**

Fiscal Year Ended June 30

ASSETS	2002	2001	2000	1999	1998	1997	1996
Current Assets:							
Cash	(\$1,373,249)	(\$1,610,658)	(\$1,928,615)	(\$2,563,135)	(\$2,557,359)	(\$1,363,803)	(\$867,708)
Restricted Cash	388,587	503,051	501,491	488,462	542,306	294,112	3,920,916
Accts. Receivable	145,981	0	14,458	253,361	125,357	19,631	32,148
Inventory	229,556	204,847	193,012	228,701	163,863	182,998	138,576
Bond Discounts	848,976	906,268	900,761	954,132	1,007,502	1,060,872	1,114,243
Prepaid Expenses	2,830	2,831	2,831	2,831	2,831	2,831	2,831
Total Current Assets	242,681	6,339	-316,062	-635,648	-715,500	196,641	4,341,006
Property, Plant & Equipment							
Improvements	68,897,015	64,267,588	61,216,149	58,489,364	55,054,334	52,660,851	48,205,893
Less Accum. Depr.	(13,494,457)	(12,103,419)	(10,785,726)	(9,535,966)	(8,354,907)	(7,249,542)	(6,257,454)
Net prop. plant & equip.	55,402,558	52,164,169	50,430,423	48,953,398	46,699,427	45,411,309	41,948,439
TOTAL ASSETS	\$55,645,239	\$52,170,508	\$50,114,361	\$48,317,750	\$45,983,927	\$45,607,950	\$46,289,445
LIABILITIES & FUND EQUITY							
Current Liabilities:							
Accrued Liabilities	\$211,586	\$338,804	\$388,017	\$744,945	\$624,236	\$355,661	\$273,514
Total Current Liabilities	211,586	338,804	388,017	744,945	624,236	355,661	273,514
Long-Term Liabilities:							
Bonds Payable	25,533,713	26,583,713	26,878,713	27,788,713	28,823,713	29,813,713	30,763,713
Capital leases	396,456	484,831	569,288	650,000	-	-	-
Deferred gain on bond redemption	-	-	485,496	509,771	534,046	558,320	582,595
Total long-term liabilities	25,930,169	27,068,544	27,933,497	28,948,484	29,357,759	30,372,033	31,346,308
TOTAL LIABILITIES	\$26,141,755	\$27,407,348	\$28,321,514	\$29,693,429	\$29,981,995	\$30,727,694	\$31,619,822
FUND EQUITY							
Contributed Capital:							
Subdivisions	\$278,131	\$278,131	\$278,131	\$278,131	\$203,548	\$203,548	\$203,548
Government Agencies	1,615,652	1,615,652	1,615,652	1,615,652	1,301,095	1,301,095	1,301,095
Total Contributions	1,893,783	1,893,783	1,893,783	1,893,783	1,504,643	1,504,643	1,504,643
Retained Earnings:							
Reserved for bond retirement	388,587	503,051	501,491	488,462	542,306	294,112	3,920,916
Unreserved	27,221,114	22,366,326	19,397,573	16,242,076	13,954,983	13,081,501	9,244,064
Total retained earnings	27,609,701	22,869,377	19,899,064	16,730,538	14,497,289	13,375,613	13,164,980
TOTAL FUND EQUITY	\$29,503,484	\$24,763,160	\$21,792,847	\$18,624,321	\$16,001,932	\$14,880,256	\$14,669,623
TOTAL LIABILITIES & EQUITY	\$55,645,239	\$52,170,508	\$50,114,361	\$48,317,750	\$45,983,927	\$45,607,950	\$46,289,445

Source: City's Comprehensive Annual Financial Reports

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

Fiscal Year Ended June 30

	2002	2001	2000	1999	1998	1997	1996
Operating Revenues:							
Charges for services	\$8,902,637	\$8,069,746	\$8,119,704	\$6,841,327	\$5,873,537	\$5,037,979	\$4,491,524
Impact fees & Other	1,947,637	1,482,915	1,152,668	1,224,462	1,310,752	967,802	849,095
Total operating revenues	10,850,274	9,552,661	9,272,372	8,065,789	7,184,289	6,005,781	5,340,619
Operating Expenses:							
Water purchased	497,949	566,048	412,168	394,026	588,828	561,478	619,348
Salary and Wages	1,216,659	1,092,805	1,002,666	1,048,225	900,022	792,463	730,600
Service vehicle expense	53,990	55,495	35,572	45,350	46,990	43,109	35,481
Equipment rental	72,297	10,419	16,456	4,785	13,185	13,556	12,675
Depreciation	1,391,037	1,317,693	1,249,760	1,181,060	1,105,365	992,087	853,141
Bad debts	42,731	40,410	40,132	33,856	27,975	25,427	21,490
Payroll tax & benefits	470,341	433,830	370,695	392,089	345,910	295,034	276,282
Office supplies	541,052	40,124	506,418	358,145	405,037	348,774	323,033
Professional services	197,625	112,481	193,896	160,587	135,674	166,005	100,329
R & M - equipment	292,723	685,497	389,859	301,912	604,853	726,108	396,067
Insurance & surety bonds	65,244	80,152	27,986	36,377	31,280	35,683	22,647
Travel	35,186	12,246	15,369	15,064	13,022	14,501	8,768
Miscellaneous	150	307	-	7,342	81	52	75
Subscriptions	1,679	2,395	1,813	2,095	2,940	2,523	1,226
Billing & administration	492,000	482,500	460,800	494,800	433,320	415,000	388,700
Total operating expenses	5,370,663	4,932,402	4,723,590	4,475,713	4,654,482	4,431,800	3,789,862
Operating income	5,479,611	4,620,259	4,548,782	3,590,076	2,529,807	1,573,981	1,550,757
Non-operating Rev. (Exp.):							
Interest income	30,902	67,357	56,275	90,969	93,807	182,394	281,225
Miscellaneous	530,786	(196,144)	25,179	25,179	25,179	22,030	0
Interest charges	(1,300,974)	(1,521,159)	(1,461,710)	(1,472,975)	(1,527,117)	(1,567,771)	(1,312,217)
Total Non-operating	(739,286)	(1,649,946)	(1,380,256)	(1,356,827)	(1,408,131)	(1,363,347)	(1,030,992)
Net Income (loss)	4,740,325	2,970,313	3,168,526	2,233,249	1,121,676	210,634	519,765
Retaining earnings at July 1	22,869,377	19,899,064	16,730,538	14,497,289	13,375,613	13,164,979	12,645,214
Retained earnings at June 30	\$27,609,702	\$22,869,377	\$19,899,064	\$16,730,538	\$14,497,289	\$13,375,613	\$13,164,979

Source: City's Comprehensive Annual Financial Reports

CITY OF ST. GEORGE, UT
 Continuing Disclosure - 1997A Washington County/St. George Interlocal Agency
 June 30, 2002

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

Sublease Rentals

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

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Innkeepers Tax</u> <u>Revenue</u>
1995	\$102,821 (1)
1996	199,404
1997	203,471
1998	219,452
1999	239,049
2000	250,450
2001	244,486
2002	246,130

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

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

<u>Fiscal Year</u> <u>June 30</u>	<u>Sales Tax</u> <u>Revenues</u>	<u>Percent Increase</u> <u>from prior year</u>
1998	\$6,917,000	4.8%
1999	7,461,000	7.9%
2000	8,133,000	9.0%
2001	8,538,437	4.99%
2002	9,571,255	12.10%

Tax Revenues by Source (Last ten fiscal years)

See Statistical section of CAFR - Table III

Debt Structure

See Statistical section of CAFR - Tables IX and X

Debt Ratios

See continuing disclosure on 1996 General Obligation Parks and Recreation bonds

Historical Summaries of taxable value

See continuing disclosure on 1997A Sewer Revenue bonds

CITY OF ST. GEORGE, UT
Continuing Disclosure - 1998A Municipal Building Authority Lease Revenue Refunding bonds
June 30, 2002

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

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