



Sand Hollow Reservoir

CITY OF ST. GEORGE, UT

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Prepared by Philip R. Peterson, CPA
Finance Director

CITY OF ST. GEORGE, UT
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2003

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INTRODUCTORY SECTION

October 31, 2003



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, 2003, 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.

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, 2003, 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, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of St. George's financial statements for the fiscal year ended June 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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 1,380 residential units. It represents an increase of over 33% from the prior year's number of units. When the issuance of the permit last year for the new hospital is eliminated the increase in evaluation is up 46% over last year. When the hospital is included, the value of construction is up over 5%. 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. During the year 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. completed construction on a 158,000-square foot, \$40 million ice cream processing manufacturing facility that began processing and making ice cream shortly after the year end. The plant is located within the Ft. Pierce Industrial Park and is expected to eventually create up to 70 jobs.

A number of highway and street projects were completed and others began during the fiscal year. Included in these were the reconstruction of Highland Drive, the construction of the new bridge on Dixie Drive south, the completion of the Black Ridge SID, and the Little Valley SID. The Community Development Department also completed the update to the City master plan during the year.

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 began operating the system in January, 2003 as a separate special revenue 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.

An existing building was purchased in the Millcreek Industrial Park as a replacement for the Parks division maintenance building. Construction began on Fire Station #7 in the Dixie Downs area which will also serve as a secondary dispatch center for the police department. Funding was requested from the county, state, and federal governments to assist in the preservation of the dinosaur tracks found at the Johnson farm. Subsequent to

year-end a build/design contract was approved for construction of a building to house these unique items on site.

Proactive steps were taken with a reorganization of the water & energy departments and with a much more active approach to our purchasing for power for resale, the Electric Utility enterprise fund was able to reverse the trend of the of the last couple of years and significantly reduce the amount of losses during the current fiscal year.

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, 2003, 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.

AWARDS & ACKNOWLEDGEMENTS

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

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

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. George,
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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



Mayor Daniel D. McArthur



Council Member Sharon L. Isom



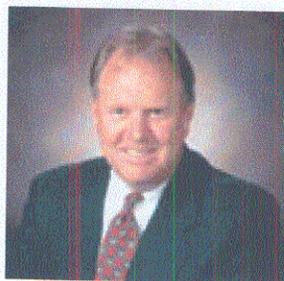
Council Member
Suzanne Allen



Council Member Larry Gardner



Council Member Robert Whatcott



Council Member Rod Orton

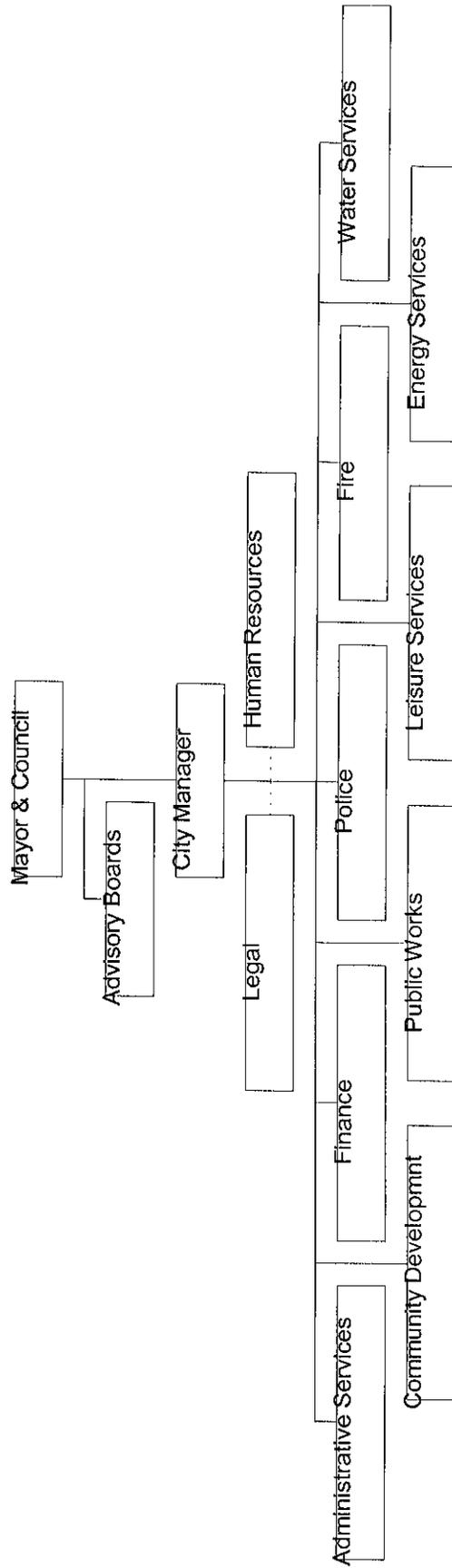


City Manager
Gary S. Esplin

*Shawn Guzman
Gay Cragun
Deanna C. Evans
Phillip Solomon
Barry Barnum
Marlon Stratton
Robert Stoker
Larry H. Bulloch
Joseph C. Vincent
Kent Perkins
Robert Nicholson
Philip R. Peterson*

*City Attorney
City Recorder
City Treasurer
Energy Services Director
Water Services Director
Chief of Police
Fire Chief
Public Works Director
Director of Administrative Services
Leisure Services Director
Community Development Director
Finance Director*

City of St. George, Ut Organization Chart



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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, 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, 2003, which collectively comprise 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. George, Utah, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof 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 18, 2003 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 17-30, 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 18, 2003

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, 2003. 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 9.38% to \$199,433,204.
- The total net assets of \$199,433,204 is made up of \$144,487,569 in capital assets net of related debt and \$54,945,635 in other net assets.
- In the General Fund, revenues exceeded expenditures by \$3,230,885. \$2,482,195 was then transferred to other funds including the Capital Equipment Capital Projects Fund to be used to fund additional capital projects. The total fund balance of the General Fund represents 13.7% of total budgeted expenditures for the next fiscal year ending fy2004.
- Total long-term liabilities of the City was reduced \$1,619,831
- Business-type activities total net assets increased \$8,857,918 or 9.26%.

REPORTING THE CITY AS A WHOLE

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

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

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

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

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

The government-wide financial statements can be found on pages 31 & 32 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

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

The 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 and Golf Courses meet the criteria of major fund classification. The Refuse 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 \$199,433,204.

By far the largest portion of the City of St. George's net assets (72.44%) 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	
	2003	2002	2003	2002
Current and other assets	\$44,441	\$ 36,153	\$29,308	\$ 24,748
Capital assets	<u>91,220</u>	<u>84,552</u>	<u>150,283</u>	<u>144,004</u>
Total assets	135,661	120,705	179,591	168,752
Long-term debt outstanding	33,866	30,519	63,149	67,077
Other liabilities	<u>6,833</u>	<u>3,467</u>	<u>11,971</u>	<u>6,062</u>
Total liabilities	40,699	33,986	75,120	73,139

Net assets:

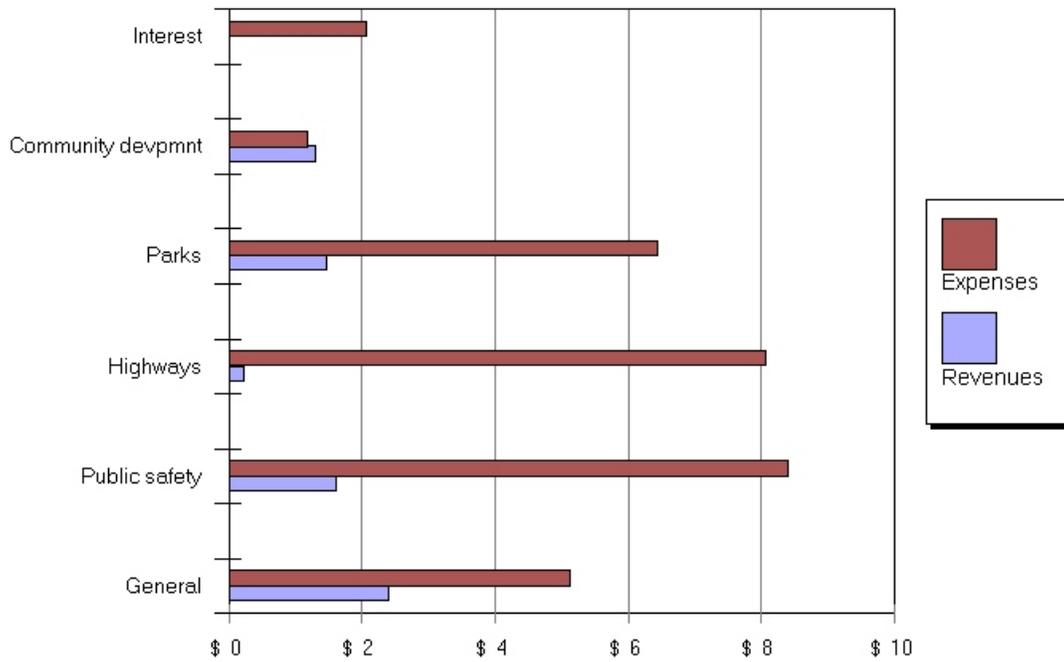
Invested in capital assets, net of debt	57,354	54,034	87,134	76,985
Restricted	35,096	30,420	6,737	6,163
Unrestricted	<u>2,512</u>	<u>2,265</u>	<u>10,600</u>	<u>12,465</u>
Total net assets	<u>\$94,962</u>	<u>\$86,719</u>	<u>\$104,471</u>	<u>\$ 95,613</u>

CHANGES IN NET ASSETS (in thousands)

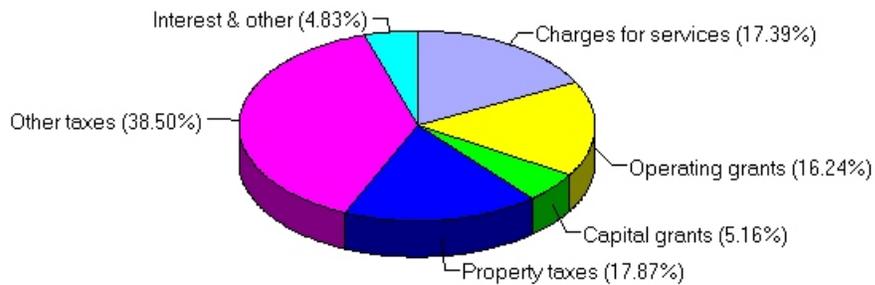
	Governmental Activities		Business-type Activities	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues:				
Program revenues:				
Charges for services	\$ 7,027	\$ 6,267	\$ 68,934	\$ 62,424
Operating grants & contributions	6,526	5,145	19	13
Capital grants & contributions	2,073	2,536	-	69
General revenues:				
Property taxes	7,181	6,678		
Other taxes	15,467	15,380		
Investment income	1,020	1,142	378	794
Other revenues	<u>922</u>	<u>17</u>	<u>233</u>	<u>1,302</u>
Total revenues	<u>40,216</u>	<u>37,165</u>	<u>69,564</u>	<u>64,602</u>
Expenses:				
General government	5,129	4,462		
Public safety	8,395	7,445		
Highways/public improvements	8,076	7,927		
Parks & recreation	6,453	5,791		
Community & econ development	1,171	990		
Interest on long-term debt	<u>2,053</u>	<u>2,145</u>		
Electric			36,461	41,519
Water			7,792	6,672
Wastewater collection			6,098	5,825
Wastewater treatment			4,257	4,222
Golf courses			4,077	4,104
Municipal building authority			488	519
Refuse collection			<u>2,229</u>	<u>2,125</u>
Total expenses	<u>31,277</u>	<u>28,760</u>	<u>61,402</u>	<u>64,986</u>
Increase in net assets before transfers	8,939	8,405	8,162	(384)
Transfers	<u>(696)</u>	<u>(363)</u>	<u>696</u>	<u>363</u>
Increase in net assets	8,242	8,042	8,858	(21)
Net assets beginning	<u>86,719</u>	<u>78,677</u>	<u>95,613</u>	<u>95,634</u>
Net assets ending	<u>\$ 94,962</u>	<u>\$ 86,719</u>	<u>\$104,471</u>	<u>\$ 95,613</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

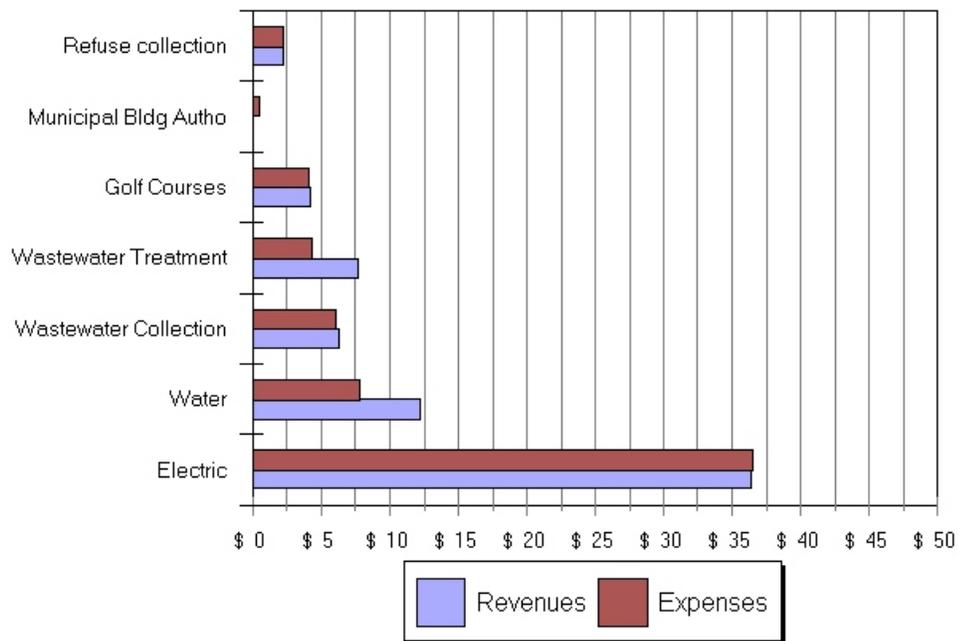


Primarily because of the sale of a parcel of city property, the amount of interest and other revenues increased from 3.11% of revenues to 4.83%. Charges for services remained essentially the same as last year, while capital grants decreased from 7.28% to 5.16% and other taxes decreased from 41.26% to 38.5%. This is mainly the result of the elimination of the temporary cost recovery charge during the prior year which was eliminated during the 2003 fiscal year. Operating grants increased from 13.58% to 16.24% primarily because of the grants for airport security which funded the placement of police officers at the airport. Overall governmental revenues were up 8.1%.

Although all expenditure categories in the governmental activities saw increases except for interest on long-term debt, all remained fairly constant as a percentage of total expenditures. Highways/public improvements declined from 27.6% to 25.8% for the only item changing by more than 1%. As an individual category general government increased 14.95%; public safety increased 12.76%; highways/public improvements increased 1.88%; parks & recreation increased 11.43%; and community development increased 18.28%. Overall governmental expenditures for all funds increased by 8.75%.

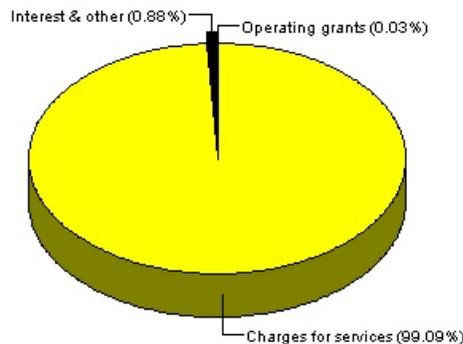
Total net assets in business-type activities increased by \$8,857,918. A large portion of this is because of the electric utility improving from a loss of over \$8.6 million in 2002 to a loss of only \$30,000 during 2003. The following graphs again reflect the government-wide activities for business-type 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 99% of the revenues as compared to 96.63% in fy 2002 and with interest earnings of less than 1% as compared to 3% in 2002. 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, 2003, the City's governmental funds (General, Capital Projects, Debt Service, & Special Revenue) reported combined fund balances of \$38,394,857. This represents an increase of \$4,967,327 (14.86%) 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

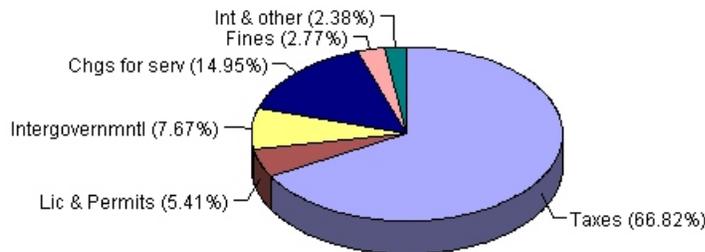
matching of revenues and expenses, are accounted for in this fund. While revenues exceeded expenditures in the General Fund by over \$3.2 million during the year, a large portion of the surplus was transferred almost in total to the Capital Equipment Capital Projects Fund for use in future capital projects. Thus the General Fund total fund balance increased by just \$748,691. An analysis of this total fund balance shows that it represents just over 13.7% of projected revenues for the new fiscal year which ends June 30, 2004. 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 64.05% of total general fund revenues. The largest element of taxes is sales taxes as it has been for the last several years. It represents 50.43% of total tax revenues and represents 32.37 of total general fund revenues. This compares with 35.78% in the prior fiscal year ended June 30, 2002.

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

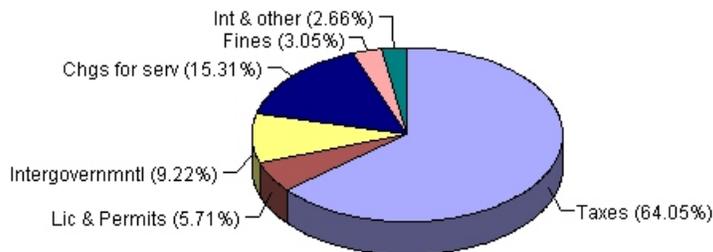
General Fund Revenues

Fiscal Year Ended 6/30/02



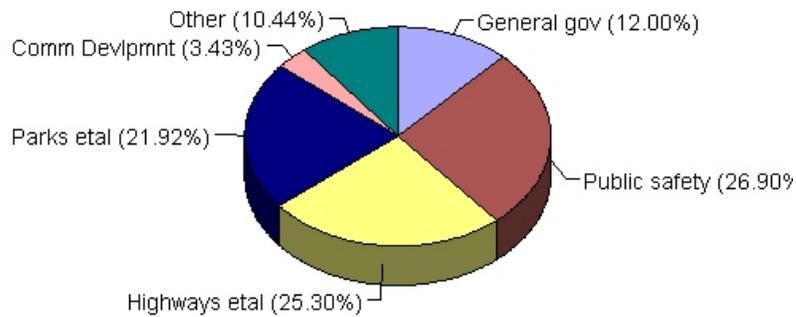
General Fund Revenues

Fiscal Year Ended 6/30/03

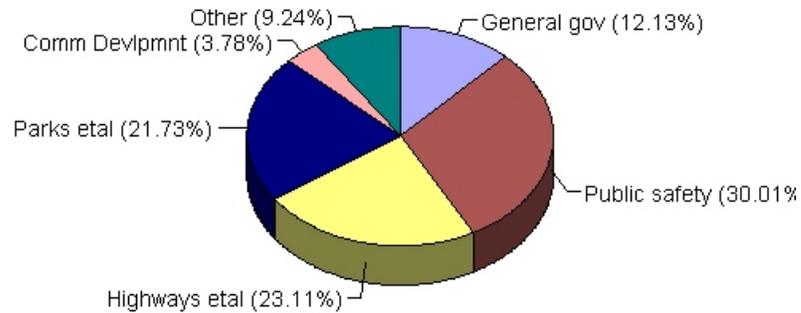


The following graphs display the expenditures in the General Fund by function for the past two fiscal years. As can be seen by reviewing these graphs, most expenditures are close to maintaining the same percentage of expenditures over the two years. The only exception is public safety which increased from 26.9% to 30.01%.

General Fund Expenditures Fiscal Year Ended 6/30/02



General Fund Expenditures Fiscal Year Ended 6/30/03



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 was able to make a major turnaround in it's operations during the year by a combination of the rate increase passed in February of 2002 and a more concerted effort to manage the cost of power purchased for sale to our citizens/customers. Total operating revenues in the utility increased by 11.68% during the year and the cost of power purchased declined by 12.48%. The net result was that the utility went from a loss of \$8.675 million in 2002 to a loss of just under \$31,000 for 2003. The Water Utility fund had a reduction of 18.52% in it's net income with 64.42% of that reduction (\$565,492) being the result of an economic loss on the refunding of prior bonds. In the long-term the bonds will serve to reduce the overall interest expense on the debt and also reduce the cash flow necessary for debt service. The Wastewater Treatment fund saw an increase of 14.21% in it's net income as revenues increased over 9.6% from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund original budget was amended from an original budget expenditure total of \$27,030,000 to a final budget of \$29,776,637 (10.16%). 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, 2003, amounts to \$241,503,227 (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 5.8% (a 7.9 % increase for governmental activities and a 4.4 % increase for business-type activities).

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

- \$697,984 for purchase of property in the Little Valley area of the city to be used for parks and recreation purposes.
- \$246,677 for the purchase of property for the police department pistol range.

- \$946,192 for the purchase and renovation of an existing building in the Millcreek Industrial park for use as the parks division maintenance facility.
- \$315,351 for the purchase of property near the replacement airport site.
- \$355,840 for the purchase of a new fire engine to be used in fire station #7 when it is completed.
- \$142,485 for completion of the Bloomington roundabout.
- \$803,173 for the beginning of the Highland Drive reconstruction project. This project will be completed during the 2004 fiscal year.
- \$465,918 for various park improvements in the city included over \$400,000 for the completion of the The Springs Park.
- \$125,792 for construction of the SunTran office building and improvements to the fleet services building to accommodate the city acquiring the transit operation.
- \$2,079,996 for the construction of the Dixie Drive bridge and extension of Dixie Drive.
- \$279,068 for construction of the roundabout and Main & Tabernacle streets in the center of town.
- \$329,991 for the airport feasibility study for the replacement airport and \$36,468 to begin the environmental impact study necessary.
- \$649,987 in the Water Utility for construction of wells, pipeline, and power lines in the Gunlock wells field area. \$946,867 was spent to begin the process of expansion of the Quail Creek water treatment plant. \$613,905 was spent on the planning and construction of the water reuse line, and \$5,523,576 was spent to acquire the right of ways, water rights, etc. necessary for the completion of the water line extension by the Washington Co Water Conservancy District to provide Quail Creek water to the west side of the City.
- \$1,241,269 was spent in the Electric Utility for expansion and improvements to the distribution system and another \$560,800 was spent for improvements and construction of substations throughout the City.

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

	Governmental		Business-type	
	Activities		Activities	
	2003	2002	2003	2002
Land	\$ 15,573,315	\$ 12,508,261		
Buildings	14,000,914	13,598,792		
Improvements	29,251,671	28,972,884		
Infrastructure	27,080,590	24,514,164		
Machinery & equipment	5,313,823	5,271,617		
Plant, prop.& equipment			\$150,282,914	\$144,003,553
Total	<u>\$ 91,220,313</u>	<u>\$ 84,552,362</u>	<u>\$150,282,914</u>	<u>\$144,003,553</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, 2003, the City had total bonded debt outstanding of \$95,606,000. Of this amount \$28,290,000 is considered to be general obligation debt and backed by the full faith and credit of the City; \$5,613,000 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 \$61,703,000 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	
	2003	2002	2003	2002
General obligation bonds	\$17,425,000	\$ 17,520,000		
Downtown RDA bonds	442,000	623,000		
Excise Revenue bonds		1,810,000	2,210,000	
Pace & Randall note	-	25,000		
WCIA Capital lease bonds	8,613,000	7,046,940		
Special assessment debt with governmental commitment	<u>5,613,000</u>	<u>3,027,000</u>		
Revenue bonds			\$61,703,000	\$66,553,000
Total outstanding debt	<u>\$33,903,000</u>	<u>\$30,451,940</u>	<u>\$61,703,000</u>	<u>\$66,553,000</u>

The City's total debt decreased by \$1,398,940 during the fiscal year.

- The City issued \$3,176,000 in special assessment bonds.

- The City issued \$1,726,000 in WCIA lease revenue bonds.
- The City issued \$12,325,000 in water revenue refunding bonds.
- The City issued \$3,385,000 in sewer revenue refunding 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 <u>Service</u>	Standards & Poors	<u>Fitch</u>
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 \$112,246,531, 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 \$224,493,061, 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 4.1 % compared with a state unemployment rate of 5.1% and a national rate of 6.1%. This compares with a rate of 3.7% in 2002. (Source: Utah Dept of Workforce Services)
- The General Fund budget for the fiscal year-ending June 30, 2004 reflects an increase of 4.85% over the final budget for the fiscal year-ended June 30, 2003. The largest part of this increase is for additional capital improvements at the existing airport as well as the purchase of a fire and rescue vehicle at the airport per new FAA regulations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of St. George's

finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

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

CITY OF ST. GEORGE, UTAH
STATEMENT OF NET ASSETS
JUNE 30, 2003

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 28,498,567	\$ 14,185,184	\$ 42,683,750
Restricted cash		6,737,724	6,737,724
Accounts receivable (net of allowance for doubtful accounts)	9,121,036	5,519,040	14,640,076
Inventory	48,483	1,721,519	1,770,001
Notes receivable	949,668	35,210	984,877
Interfund receivables	5,287,414		
Bond discounts		1,106,628	1,106,628
Prepaid expenses	535,649	2,830	538,479
Capital assets (net of depreciation)			
Land	15,573,315		15,573,315
Buildings	14,000,914		14,000,914
Improvements	29,251,671		29,251,671
Infrastructure	27,080,590		27,080,590
Machinery & equipment	5,313,823		5,313,823
Plant, property, and equipment		150,282,914	150,282,914
 Total assets	 \$ 135,661,129	 \$ 179,591,049	 \$ 309,964,764
LIABILITIES:			
Accrued liabilities	\$ 1,259,743	\$ 5,749,754	\$ 7,009,497
Construction bonds held	361,189		361,189
Deposits payable		933,500	933,500
Interfund payables	-	5,287,414	
Deferred compensation	643,188		643,188
Interest payable	529,415		529,415
Deferred income	4,039,114		4,039,114
Bonds payable:			
Due within one year	1,505,199	3,279,000	4,784,199
Due in more than one year	23,785,000	58,423,985	82,208,985
Capital leases	8,576,280	362,507	8,938,787
Bond premiums	-	1,083,686	1,083,686
 Total liabilities	 40,699,128	 75,119,845	 110,531,559
NET ASSETS:			
Invested in capital assets, net of related debt	57,353,833	87,133,736	144,487,569
Restricted for:			
Debt service	2,798,183	6,737,724	9,535,907
Public safety	28,368		28,368
Notes receivable in governmental funds	949,668		949,668
Other purposes	31,319,467		31,319,467
Unrestricted	2,512,482	10,599,744	13,112,226
 Total Net Assets	 \$ 94,962,001	 \$ 104,471,204	 \$ 199,433,204

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, 2003

	Program Revenues				Net Governmental Activities	Business-type Activities	Total
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions			
Governmental activities:							
General government	\$ 5,129,421	\$ 2,437,048	\$ -	\$ -	\$ (2,692,373)		\$ (2,692,373)
Public Safety	8,394,853	1,617,529	841,720	88,795	(5,846,809)		(5,846,809)
Highways & public improvements	8,075,680	221,191	3,734,048	1,984,604	(2,135,838)		(2,135,838)
Parks, recreation & public property	6,452,697	1,463,255	1,692,275	-	(3,297,166)		(3,297,166)
Community & economic development	1,171,405	1,287,583	258,106		374,284		374,284
Interest on long-term debt	2,052,996				(2,052,996)		(2,052,996)
Total governmental activities	<u>31,277,053</u>	<u>7,026,606</u>	<u>6,526,149</u>	<u>2,073,399</u>	<u>(15,650,898)</u>	<u>-</u>	<u>(15,650,898)</u>
Business-type activities:							
Electric	36,461,192	36,361,434				(99,758)	(99,758)
Water	7,792,048	12,190,945				4,398,897	4,398,897
Wastewater collection	6,098,242	6,222,462				124,220	124,220
Regional wastewater treatment	4,256,839	7,676,278	3,000			3,422,439	3,422,439
Golf courses	4,076,795	4,219,398	15,789			158,392	158,392
Municipal bldg authority	488,345	-	-			(488,345)	(488,345)
Solid waste	2,228,373	2,264,004				35,631	35,631
Total business-type activities	<u>61,401,835</u>	<u>68,934,521</u>	<u>18,789</u>	<u>-</u>	<u>-</u>	<u>7,551,475</u>	<u>7,551,475</u>
General Revenues:							
Taxes:							
Property taxes levied for general purposes					5,514,458		5,514,458
Property taxes levied for debt service					1,666,373		1,666,373
Franchise taxes					3,524,528		3,524,528
General sales taxes & highway sales taxes					11,942,395		11,942,395
Business licenses					378,225		378,225
Investment income					1,019,568	377,645	1,397,213
Lease payments					(348,850)	666,384	317,534
Gain on sale of assets					705,575		705,575
Rents & concessions					18,340		18,340
Miscellaneous					168,802	125,236	294,038
Loss on bond refinancings					-	(558,427)	(558,427)
Transfers					(695,605)	695,605	-
Total general revenues & transfers					<u>23,893,808</u>	<u>1,306,443</u>	<u>25,200,251</u>
Change in net assets					<u>8,242,910</u>	<u>8,857,918</u>	<u>17,100,828</u>
Net assets - beginning					<u>86,719,091</u>	<u>95,613,284</u>	<u>182,332,375</u>
Net assets - ending					<u>\$ 94,962,001</u>	<u>\$ 104,471,202</u>	<u>\$ 199,433,203</u>

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, 2003

<u>ASSETS</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$ 1,710,536	\$ 26,613,977	\$ 28,324,513
Accounts receivable	2,058,334	7,062,702	9,121,036
Prepaid expenses	314,670		314,670
Inventory	48,483		48,483
Notes receivable	949,668		949,668
Due from other funds	500,000	5,499,714	5,999,714
 Total assets	 <u>\$ 5,581,690</u>	 <u>\$ 39,176,392</u>	 <u>\$ 44,758,082</u>

LIABILITIES AND FUND BALANCE

Liabilities:			
Construction bonds held	\$ 361,189		\$ 361,189
Due to other funds	388,645	323,655	712,300
Accrued liabilities	554,650	695,973	1,250,623
Deferred revenues	-	4,039,114	4,039,114
 Total liabilities	 <u>1,304,484</u>	 <u>5,058,742</u>	 <u>6,363,226</u>
Fund Balance:			
Reserved in Special revenue funds		4,915,362	4,915,362
Reserved for Debt service fund		2,798,183	2,798,183
Reserved for Capital projects fund		26,404,105	26,404,105
Reserved for Police Seizures	28,368		28,368
Reserved for Notes receivable	949,668		949,668
Unreserved - undesignated	3,299,171		3,299,171
 Total fund balance	 <u>4,277,206</u>	 <u>34,117,651</u>	 <u>38,394,857</u>
 Total liabilities and fund balance	 <u>\$ 5,581,690</u>	 <u>\$ 39,176,392</u>	

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.	91,220,313
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.	(35,039,082)
Fund balance in Self-Insurance internal service fund	385,913

\$ 94,962,001

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, 2003

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes & special assessments	\$ 18,236,344	\$5,608,193	\$ 23,844,536
Licenses and permits	1,618,604	-	1,618,604
Intergovernmental	2,614,535	911,946	3,526,480
Charges for services	4,424,868	-	4,424,868
Fines & forfeitures	862,990	-	862,990
Investment income	355,482	657,664	1,013,147
Rents & concessions	18,340	-	18,340
Miscellaneous	161,046	34,982	196,027
Contributions from other sources	49,313	269,317	318,630
Capital development fees	-	3,576,677	3,576,677
	<u>28,341,522</u>	<u>11,058,778</u>	<u>39,400,301</u>
Expenditures:			
Current:			
General government	3,355,450	849,345	4,204,795
Public safety	8,301,077	-	8,301,077
Highways & public improvements	6,394,111	-	6,394,111
Parks, recreation & public property	6,012,287	-	6,012,287
Community & economic development	1,044,881	-	1,044,881
Capital outlay	-	9,482,332	9,482,332
Debt service			
Capital leases	72,892	275,958	348,850
Principal	-	1,068,650	1,068,650
Interest & admin charges	-	1,427,181	1,427,181
	<u>25,180,698</u>	<u>13,103,466</u>	<u>38,284,164</u>
Excess (deficiency) of revenues over expenditures	<u>3,160,824</u>	<u>(2,044,688)</u>	<u>1,116,137</u>
Other financing sources (uses):			
Transfers in	-	8,052,500	8,052,500
Transfers out	(2,482,195)	(5,565,910)	(8,048,105)
Proceeds from sale of capital assets	70,061	600,532	670,594
Proceeds from notes/bonds/leases	-	3,176,199	3,176,199
Total other financing sources (uses)	<u>(2,412,134)</u>	<u>6,263,322</u>	<u>3,851,188</u>
Net change in fund balances	748,691	4,218,634	4,967,325
Fund balances, beginning of year,	<u>3,528,516</u>	<u>29,899,016</u>	<u>33,427,532</u>
Fund balances, end of year	<u>\$ 4,277,207</u>	<u>\$ 34,117,650</u>	<u>\$ 38,394,857</u>

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, 2003

Net change in fund balances - total governmental funds \$ 4,967,325

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 6,667,951

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,553,759

Issuance of long-term debt provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net assets. (4,902,160)

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. (11,334)

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. (43,664)

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. 11,033

Change in net assets of governmental activities \$ 8,242,910

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
General property taxes	\$ 5,100,000	\$ 5,165,000	\$ 5,159,945	\$ (5,055)
Prior year's delinquent taxes	250,000	250,000	354,513	104,513
General sales & use taxes	9,200,000	9,200,000	9,197,358	(2,642)
Franchise taxes	3,750,000	3,750,000	3,524,528	(225,472)
Total taxes	18,300,000	18,365,000	18,236,344	(128,656)
Licenses & permits:				
Business licenses & permits	350,000	350,000	378,225	28,225
Non-business licenses & permits	765,000	849,800	1,240,379	390,579
Total licenses & permits	1,115,000	1,199,800	1,618,604	418,804
Intergovernmental revenues:				
Federal grants	354,000	724,192	622,061	(102,131)
State grants	-	45,585	128,796	83,211
Class "C" roads	1,700,000	1,700,000	1,857,785	157,785
State liquor allotment	25,000	25,000	5,893	(19,107)
Total intergovernmental revenues	2,079,000	2,494,777	2,614,535	119,758
Charges for services:				
Enterprise funds	1,957,700	1,957,700	1,957,700	-
Public safety	622,000	622,000	754,539	132,539
Parks & public property	35,000	35,000	47,205	12,205
Cemetery	120,000	120,000	127,815	7,815
Recreation	1,247,000	1,317,000	1,335,440	18,440
Airport	175,000	190,000	142,002	(47,998)
Irrigation & Reuse Center	32,000	32,000	60,168	28,168
Total charges for services	4,188,700	4,273,700	4,424,868	151,168
Fines & forfeitures:				
Court fines & bail forfeitures	850,000	850,000	862,990	12,990
Miscellaneous:				
Interest	350,000	350,000	355,482	5,482
Rents & concessions	-	-	18,340	18,340
Other	75,000	75,000	161,046	86,046
Total miscellaneous	425,000	425,000	534,868	109,868
Total revenues	26,957,700	27,608,277	28,292,209	683,932
Other Financing Sources :				
Sales of capital assets	30,000	30,000	70,061	40,061
Capital leases	-	-	-	-
Contributions from other entities	-	53,530	49,313	(4,217)
Appropriated fund balance	-	2,000,000	-	(2,000,000)
Transfers from other funds	42,300	84,830	-	(84,830)
Total Other Financing Sources :	72,300	2,168,360	119,375	(2,048,985)
Total revenues & Other Financing Sources	\$ 27,030,000	\$ 29,776,637	\$ 28,411,583	\$ (1,365,054)

(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, 2003

EXPENDITURES:	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
General government:				
City Council	\$ 606,862	\$ 606,862	\$ 560,268	\$ 46,594
City Manager	291,938	291,938	270,821	21,117
Human Resources	325,439	325,439	311,933	13,506
Administrative Services	729,000	729,000	684,303	44,697
Finance	1,024,531	1,024,531	1,014,479	10,052
Legal	516,383	516,383	513,647	2,736
Total general government	<u>3,494,153</u>	<u>3,494,153</u>	<u>3,355,450</u>	<u>138,703</u>
Public Safety:				
Police	5,612,953	5,994,570	5,916,333	78,237
Drug Task Force	142,364	302,364	245,208	57,156
Dispatch Center	885,001	885,001	841,231	43,770
Fire	1,375,990	1,375,990	1,298,305	77,685
Total public safety	<u>8,016,308</u>	<u>8,557,925</u>	<u>8,301,077</u>	<u>256,848</u>
Highways & public improvements:				
Flood Control	367,000	387,000	335,930	51,070
Public Works Administration	488,044	488,044	425,887	62,157
Streets	3,526,306	3,641,306	3,409,665	231,641
Automotive	646,962	677,962	648,175	29,787
Engineering	1,138,578	1,168,578	1,136,568	32,010
Airport	361,751	401,751	356,742	45,009
Irrigation	79,510	79,510	81,142	(1,632)
Total highways & improvements	<u>6,608,151</u>	<u>6,844,151</u>	<u>6,394,111</u>	<u>450,040</u>
Parks, Recreation & Public Property:				
Building Maintenance	538,907	628,907	529,086	99,821
Parks and open spaces	2,238,631	2,238,631	2,054,320	184,311
Recreation & cultural arts	3,450,812	3,520,812	3,220,663	300,149
Cemetery	239,893	239,893	208,216	31,677
Total parks, recreation & public property	<u>6,468,243</u>	<u>6,628,243</u>	<u>6,012,287</u>	<u>615,956</u>
Community & economic development	<u>1,017,562</u>	<u>1,131,362</u>	<u>1,044,881</u>	<u>86,481</u>
Debt service: Capital leases	<u>72,892</u>	<u>72,892</u>	<u>72,892</u>	<u>-</u>
Total expenditures	<u>25,677,309</u>	<u>26,728,726</u>	<u>25,180,698</u>	<u>1,548,028</u>
OTHER FINANCING USES				
Contributions to other funds	<u>1,352,691</u>	<u>3,047,911</u>	<u>2,482,195</u>	<u>565,716</u>
TOTAL EXPENDITURES & OTHER USES	<u>27,030,000</u>	<u>29,776,637</u>	<u>27,662,893</u>	<u>2,113,744</u>
Net change in fund balance	-	-	748,691	\$ <u>748,691</u>
Fund Balance at beginning of year	<u>3,528,516</u>	<u>3,528,516</u>	<u>3,528,516</u>	
Fund Balance at end of year	<u>\$ 3,528,516</u>	<u>\$ 3,528,516</u>	<u>\$ 4,277,207</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, 2003

ASSETS	Business-type Activities - Enterprise Funds						TOTALS 2003	Governmental Activities Internal Service Fund
	ELECTRIC UTILITIES	WATER UTILITIES	WASTEWTR TREATMENT	MUNI-BLDG AUTHORITY	WASTEWTR COLLECTION	Non-Major Enterprise Funds		
Current assets:								
Cash	\$ -	\$ -	\$ 10,316,427	\$ 187,360	\$ 3,065,467	\$ 615,930	\$ 14,185,184	\$ 174,054
Restricted cash	-	540,865	6,196,327	100	-	433	6,737,724	-
Accts. receivable (net of allowance for uncollectibles of \$656,522)	5,509,355	8,905	780	-	-	-	5,519,040	-
Inventory	1,500,691	220,828	-	-	-	-	1,721,519	-
Due from other funds	968,674	-	-	-	-	-	968,674	-
Note receivable	35,210	-	-	-	-	-	35,210	-
Bond discounts & insurance	-	518,097	388,703	154,620	-	45,208	1,106,628	-
Prepaid expenses	-	2,830	-	-	-	-	2,830	220,979
Total current assets	8,013,930	1,291,525	16,902,237	342,079	3,065,467	661,571	30,276,809	395,033
Capital assets net of accumulated depreciation	23,479,664	62,268,218	40,460,513	10,305,343	2,203,328	11,565,847	150,282,914	-
TOTAL ASSETS	31,493,595	63,559,743	57,362,750	10,647,422	5,268,796	12,227,418	180,559,723	395,033
LIABILITIES								
Current liabilities:								
Accrued liabilities	3,839,030	1,208,315	100,404	191,556	58,693	351,757	5,749,754	9,121
Capital leases	-	303,980	-	-	-	58,527	362,507	-
Due to other funds (short-term)	920,811	3,866,603	-	-	-	-	4,787,414	-
Deposits payable	933,500	-	-	-	-	-	933,500	-
Total current liabilities	5,693,340	5,378,898	100,404	191,556	58,693	410,284	11,833,174	9,121
Long-term liabilities:								
Bonds payable - long term	-	23,858,713	28,170,272	7,146,000	-	2,528,000	61,702,985	-
Bond premiums	-	956,187	127,499	-	-	-	1,083,686	-
Due to other funds (long-term)	-	-	-	-	-	1,468,674	1,468,674	-
Total long-term liabilities	-	24,814,900	28,297,771	7,146,000	-	3,996,674	64,255,345	-
Total liabilities	5,693,340	30,193,798	28,398,175	7,337,556	58,693	4,406,958	76,088,520	9,121
NET ASSETS								
Invested in capital assets, net of related debt	23,479,664	37,149,339	12,162,742	3,159,343	2,203,328	8,979,321	87,133,736	-
Restricted	-	540,865	6,196,327	100	-	433	6,737,724	-
Unrestricted	2,320,590	(4,324,258)	10,605,507	150,424	3,006,775	(1,159,293)	10,599,744	385,913
Total net assets	\$ 25,800,254	\$ 33,365,945	\$ 28,964,575	\$ 3,309,866	\$ 5,210,103	\$ 7,820,461	\$ 104,471,205	\$ 385,913

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, 2003

	Business-type Activities - Enterprise Funds						TOTALS 2003	Governmental
	ELECTRIC UTILITIES	WATER UTILITIES	WASTEWTR TREATMENT	MUNI-BLDG AUTHORITY	WASTEWTR COLLECTION	Non-Major Enterprise Funds		Activities Internal Service Fund
OPERATING REVENUES:								
Charges for services	\$ 33,554,656	\$ 9,232,571	\$ 5,908,858	\$ -	\$ 5,860,842	\$ 6,483,402	\$ 61,040,329	\$ 479,236
Other operating revenues	2,806,778	2,958,375	1,767,419	-	361,620	-	7,894,192	
Total operating revenues	36,361,434	12,190,945	7,676,278	-	6,222,462	6,483,402	68,934,521	\$ 479,236
OPERATING EXPENSES:								
Electricity purchased	29,738,567	-	365,088	-	-	-	30,103,654	
Water purchased	-	700,260	-	-	-	-	700,260	
Salary and wages	2,149,882	1,400,210	693,080	-	452,066	1,166,525	5,861,763	
Supplies	251,377	-	-	-	39,414	307,648	598,438	
Service vehicle expense	81,491	80,488	47,561	-	35,450	19,473	264,463	
Equipment rental	20	18,139	1,931	-	791	298,555	319,435	
Depreciation	1,899,531	1,469,881	905,669	114,364	223,739	360,262	4,973,446	
Bad debts	162,498	45,879	-	-	29,287	11,309	248,973	
Payroll tax & employee benefits	794,667	552,031	274,582	-	193,285	412,515	2,227,081	
Office & dept. supplies	91,749	764,625	51,447	-	7,414	95,197	1,010,432	
Professional services	94,732	142,323	218,433	13,390	-	531,526	1,000,403	23,533
R. & M. - equipment	234,629	693,600	196,594	-	67,256	67,866	1,259,945	
R. & M. - buildings and grounds	28,820	6,471	35,498	-	2,769	633,964	707,522	
Insurance & surety bonds	71,737	62,438	41,911	-	22,519	31,961	230,566	
Travel	35,756	26,285	7,517	-	11,697	5,381	86,635	
Miscellaneous	251	(126)	-	-	-	-	125	
Interest expense	59,596	-	-	-	-	-	59,596	
Subscriptions & memberships	13,091	3,484	269	-	732	7,770	25,346	
Lease payments	-	-	-	-	-	-	-	
Claims paid	-	-	-	-	-	-	-	44,667
Insurance premiums	-	-	-	-	-	-	-	414,180
Contract labor	-	-	-	-	4,728,824	2,116,523	6,845,347	
Billing & administration	752,800	501,900	320,000	-	283,000	100,000	1,957,700	
Total operating expenses	36,461,192	6,467,886	3,159,581	127,754	6,098,242	6,166,475	58,481,130	482,380
Operating income (loss)	(99,758)	5,723,059	4,516,697	(127,754)	124,220	316,928	10,453,391	(3,144)
NON-OPERATING REVENUES (EXPENSES)								
Interest income	43,438	19,055	243,136	7,362	60,177	4,478	377,645	6,421
Rent	-	-	3,000	666,384	-	15,789	685,172	
Miscellaneous income	25,432	10,000	42,321	-	924	46,560	125,236	7,756
Loss on bond refinancing	-	(565,492)	7,065	-	-	-	(558,427)	
Interest charges	-	(1,324,162)	(1,097,258)	(360,591)	-	(138,694)	(2,920,705)	
Total non-operating revenue (expense)	68,870	(1,860,598)	(801,737)	313,154	61,101	(71,868)	(2,291,078)	14,177
Income before transfers	(30,889)	3,862,461	3,714,960	185,400	185,321	245,060	8,162,313	11,033
Contributions	-	-	-	-	-	-	-	
Transfers to/from other funds	-	-	-	695,605	-	-	695,605	
Change in Net Assets	(30,889)	3,862,461	3,714,960	881,005	185,321	245,060	8,857,918	11,033
Total net assets - beginning	25,831,143	29,503,485	25,249,614	2,428,862	5,024,782	7,575,401	95,613,287	374,880
Total net assets - ending	\$ 25,800,254	\$ 33,365,946	\$ 28,964,574	\$ 3,309,867	\$ 5,210,103	\$ 7,820,461	\$ 104,471,205	\$ 385,913

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, 2003

	Business-type Activities - Enterprise Funds						TOTALS 2003	Governmental Activities Internal Service Fund
	ELECTRIC UTILITIES	WATER UTILITIES	WASTEWTR TREATMENT	MUNI-BLDG AUTHORITY	WASTEWTR COLLECTION	Non-Major Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 37,295,591	\$ 16,194,624	\$ 7,824,703	\$ -	\$ 6,222,462	\$ 6,483,402	\$ 74,020,782	\$ -
Receipts from interfund services provided								479,236
Payments to suppliers	(30,450,294)	(1,709,428)	(1,249,410)	(18,042)	(5,189,122)	(4,117,211)	(42,733,508)	
Payments to employees	(2,944,549)	(1,952,241)	(967,663)	-	(645,351)	(1,579,040)	(8,088,844)	
Payments for interfund services used								(281,596)
Net cash provided by operating activities	3,900,748	12,532,955	5,607,630	(18,042)	387,989	787,151	23,198,431	197,640
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Rents received			3,000	666,384		15,789	685,173	
Miscellaneous non-operating income	25,432	10,000	42,321		924	46,560	125,237	7,756
Economic development transfer				695,605		-	695,605	
Net cash provided (used) by noncapital and related financing activities	25,432	10,000	45,321	1,361,989	924	62,348	1,506,014	7,756
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from capital debt		12,325,000	3,385,000	-		2,840,000	18,550,000	
Purchases of capital assets	(1,894,628)	(8,335,541)	(96,669)	(553,827)	(329,476)	(42,666)	(11,252,807)	
Principal paid on capital debt		(14,000,000)	(5,844,000)	(610,000)	-	(3,122,117)	(23,576,117)	
Interest paid on capital debt		(1,324,162)	(1,097,258)	(360,591)	-	(138,694)	(2,920,705)	
Capital lease principal payments		(92,476)			-	(68,766)	(161,242)	
Loss on bond refinancing		(565,492)	7,065		-		(558,427)	
Premium on bonds issued		956,187	127,499				1,083,686	
Net cash provided (used) by capital and related financing activities	(1,894,628)	(11,036,484)	(3,518,363)	(1,524,418)	(329,476)	(532,243)	(18,835,612)	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received	43,438	19,055	243,136	7,362	60,177	4,478	377,645	6,421
Net increase (decrease) in cash and cash equivalents	2,074,991	1,525,526	2,377,723	(173,109)	119,614	321,734	6,246,479	211,817
Cash and equivalents at beginning of year	(2,074,991)	(984,662)	14,135,031	360,570	2,945,853	294,628	14,676,429	(37,763)
Cash and equivalents at end of year	\$ (0)	\$ 540,864	\$ 16,512,754	\$ 187,461	\$ 3,065,467	\$ 616,362	\$ 20,922,908	\$ 174,054
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income (loss)	(99,758)	5,723,059	4,516,697	(127,754)	124,220	316,928	10,453,391	(3,144)
Adjustments to reconcile net income from operations to net cash provided by operating activities:								
Depreciation	1,899,531	1,469,881	905,669	114,364	223,739	360,262	4,973,446	
Changes in assets & liabilities:								
Decrease (increase) in receivables	(113,219)	137,076	148,425				172,282	
Decrease (increase) in inventory	61,851	8,728					70,579	
Decrease (increase) in interfund rec.	114,729						114,729	
Decrease (increase) in discounts		330,879	(24,414)	11,044		(2,355)	315,154	
Decrease (increase) in prepaid exp.			33,885				33,885	192,294
Decrease (increase) in note rec.	11,836						11,836	
Increase (decrease) in deposits	40,197						40,197	
Increase (decrease) in interfund pay.	920,811	3,866,603					4,787,414	
Increase (decrease) in accruals	1,064,771	996,729	27,368	(15,696)	40,030	112,317	2,225,519	8,491
Total adjustments	4,000,507	6,809,896	1,090,933	109,712	263,769	470,224	12,745,041	200,785
Net cash provided by operating activities:	\$ 3,900,749	\$ 12,532,955	\$ 5,607,630	\$ (18,042)	\$ 387,989	\$ 787,151	\$ 23,198,432	\$ 197,641

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, 2003

	PERPETUAL CARE PRIVATE-PURPOSE TRUST FUND *****	PENSION TRUST *****	MINI GRAN PRIX FUNDRAISER *****	TOTALS 2003 *****
<u>ASSETS</u>				
Restricted cash and investments	\$ 78,196	\$ 10,545,677	\$ -	\$ 10,623,874
Total Assets	<u>78,196</u>	<u>10,545,677</u>		<u>10,623,874</u>
<u>LIABILITIES</u>				
Liabilities:				
Accrued liabilities	-	-		-
Total liabilities	<u>-</u>	<u>-</u>		<u>-</u>
<u>NET ASSETS</u>				
Held in trust for pension benefits and other purposes	<u>\$ 78,196</u>	<u>\$ 10,545,677</u>	<u>\$ -</u>	<u>\$ 10,623,874</u>

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

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

FOR THE YEAR ENDED JUNE 30, 2003

	PERPETUAL CARE PRIVATE-PURPOSE TRUST FUND *****	PENSION TRUST *****	MINI GRAN PRIX FUNDRAISER *****	TOTALS 2003 *****
ADDITIONS				
Retirement contributions	\$ -	\$ 1,005,321	\$ -	\$ 1,005,321
Life insurance contributions	-	25,647		25,647
Certificate sales	47,751	-		47,751
Net decrease in fair value of investments	-	187,666		187,666
Citizen donations	-	-	-	-
Total additions	47,751	1,218,635	-	1,266,385
DEDUCTIONS				
Administrative & general	-	-	1,491	1,491
Life insurance premiums	-	25,647		25,647
Retirement withdrawals	-	230,391		230,391
Transfers to other governmnt agencies	-	-	-	-
Total deductions	-	256,037	1,491	257,528
 Change in net assets	 47,751	 962,597	 (1,491)	 1,008,857
Net assets - beginning of year	30,445	9,583,080	1,491	9,615,016
Net assets - end of year	\$ 78,196	\$ 10,545,677	\$ -	\$ 10,623,873

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, 2003

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 board of directors for the Downtown Redevelopment Agency is the Mayor & City Council. As a result, the Downtown Redevelopment Fund is a component unit and is accounted for as a Capital Projects fund.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the 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, 2003 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	\$138,878,786
Accumulated depreciation	<u>(47,658,472)</u>
Total difference	<u>\$ 91,220,313</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, 2003 were:

Downtown Redevelopment bonds	\$ 442,000
Excise tax bonds	1,810,000
Parks and recreation general obligation bonds	17,425,000
Special assessment bonds	5,613,199
Capital lease	8,576,280
Interest payable on long-term debt	529,415

Compensated absences	<u>643,188</u>
Total difference	<u>\$35,039,082</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	\$12,029,721
Depreciation expense	<u>(5,361,770)</u>
Net difference as reported	\$ <u>6,667,951</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 \$2,746,637 or 10.16% 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 \$2,000,000 or 72.82% 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, 2003, the Dixie Center Operations Special Revenue Fund expenditures exceeded appropriations by \$3,504.

D. Deficit fund equity

The SunTran Public Transit - Special Revenue Fund has a deficit balance of \$252,379. The City began operating the transit system in January of 2003 and this represents the initial startup costs for the system. It is anticipated that some federal grants may be received in the future to help eliminate this deficit.

The Dixie Center Operations - Special Revenue Fund has a deficit balance of \$1,294. This will be made up during the 2004 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, 2003. Investments are governed by the Utah Money Management Act. At June 30, 2003, the carrying amount of the City's demand deposits was \$4,934,157 and the bank balance was \$5,747,849. Of the bank balance \$489,891 was covered by federal depository insurance and \$5,257,958 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	Fair Value
	1	2	3		
U.S. Treasury Fund	\$6,581,405			\$6,581,405	\$6,581,405
Insurance Co. Investment Contracts				10,545,677	10,545,677
Investment in: Treasurer's investment pool				37,984,010	37,984,010
Total cash investments				55,111,092	55,111,092
Cash & time deposits				4,934,157	4,934,157
Total cash and temporary investments				\$60,045,248	\$60,045,248

Several funds have a cash deficit position in the pooled cash of the city. These deficits have been recorded as due to other funds in the individual funds and recorded as due from other funds in the Capital Equipment Capital Projects fund. Such deficits were as

follows:

Dixie Center Operations Special Revenue Fund	\$ 73,010
Water Utility Enterprise Fund	3,866,603
Electric Utility Enterprise Fund	920,811
SunTran Public Transit Special Revenue Fund	<u>250,645</u>

Total \$5,111,069

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

The Economic Development Special Revenue Fund has one note receivable for the purchase of a lot in the Millcreek Industrial Park and one note receivable 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%	\$ 8,747
Dale Jones Irrevocable Trust - interest due monthly at 7%. balance due on July 1, 2003.	<u>404,492</u>
	<u>\$ 413,239</u>

Subsequent to year-end the \$404,492 due on July 1, 2003 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, 2003, the unpaid principal and interest totaled \$949,668.

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, 2003, the balance was \$35,210.

D. Capital assets

Capital asset activity for the year ended June 30, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$12,508,261	3,595,807	530,752	15,573,315
Capital assets being depreciated:				
Buildings	18,189,005	998,279		19,187,284
Improvements	35,307,901	1,272,778		36,580,679
Infrastructure	50,122,663	5,759,600		55,882,263
Equipment, etc	10,721,234	1,645,463	711,452	11,655,245
Total capital assets being depreciated	<u>114,340,803</u>	<u>9,676,120</u>	<u>711,452</u>	<u>123,305,471</u>
Less accum. depreciation for:				
Buildings	4,590,168	596,201		5,186,369
Improvements	6,335,017	993,991		7,329,008
Infrastructure	25,921,901	2,879,773		28,801,674
Equipment etc	5,449,617	891,804		6,341,421
Total accum. depreciation	<u>42,296,702</u>	<u>5,361,769</u>		<u>47,658,471</u>
Total capital assets being depreciated, net	<u>72,044,101</u>	<u>4,314,351</u>	<u>711,452</u>	<u>75,647,000</u>
Governmental activities capital assets, net	<u>\$84,552,362</u>	<u>\$7,910,158</u>	<u>\$1,242,204</u>	<u>\$91,220,316</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	30,359,514	85,391		30,444,905
Capital assets being depreciated:				
Buildings and systems	144,925,377	10,574,774		155,500,151
Improvements	6,196,645	302,628		6,499,273
Machinery & Equipment	10,714,428	335,190	129,073	10,920,545
Total capital assets being depreciated	<u>161,836,450</u>	<u>11,212,592</u>	<u>129,073</u>	<u>172,919,969</u>

Less accum. depreciation for:				
Buildings and systems	37,569,130	4,071,460		41,640,590
Improvements	2,704,148	277,176		2,981,324
Machinery & Equipment	<u>7,919,133</u>	<u>624,809</u>	83,897	<u>8,460,044</u>
Total accum. depreciation	<u>48,192,411</u>	<u>4,973,445</u>	<u>83,897</u>	<u>53,081,958</u>
Total capital assets being depreciated, net	<u>113,644,039</u>	<u>6,239,147</u>	<u>45,176</u>	<u>119,838,011</u>

Business-type activities net capital assets	<u>\$144,003,554</u>	<u>6,324,538</u>	<u>(45,176)</u>	<u>\$150,282,916</u>
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In the government-wide financial statements depreciation was charged as follows by program or activity:

Governmental activities:

General government	\$ 494,627
Public safety	435,699
Highways, streets, etc.	3,329,112
Parks, recreations, etc.	1,030,383
Community development	<u>71,949</u>

Total depreciation expense - governmental activities \$5,361,770

Business-type activities:

Municipal building authority	\$ 114,364
Water utility	1,469,881
Wastewater collection	223,739
Electric utility	1,899,531
Golf courses	360,262
Regional wastewater treatment	<u>905,669</u>

Total depreciation expense - business-type activities \$4,973,446

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

In addition to the cash deficits referred to above, at June 30, 2003, interfund balances due

to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Assessment Debt Service	General Fund	\$388,645
General Fund	Golf Course Fund	500,000
Electric Utility	Golf Course Fund	<u>968,674</u>
		<u>\$1,857,319</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, 2003 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General Fund	Dixie Center Operations	\$ 427,000
	Muni Bldg Authority	55,195
	Public Works Capital Proj.	700,000
	Capital Equip Cap. Projects	2,000,000
Economic Development Fund	Muni Bldg Authority	640,410
Transportation Improvmnt	SunTran Public Transit Fund	128,500
Transportation Improvmnt	Public Works Capital Proj.	2,420,000
Capital Equipment Cap. Proj.	Economic Development Fund	1,000,000
Drainage Impact Fund	Public Works Capital Proj.	545,000
Street Impact Capital Proj. Fund	Public Works Capital Proj.	700,000
Downtown RDA Capital Proj.	Public Works Capital Proj.	<u>132,000</u>
	Total Interfund Transfers	<u>\$ 8,748,105</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, 2003 are as follows:

Governmental activities:

	<u>Interest rates</u>	<u>Amount</u>
1997 G.O. Parks & Recreation	5.10% to 8.00%	\$11,520,000
1999 G.O. Parks & Recreation	4.50% to 7.50%	<u>5,905,000</u>
		<u>\$17,425,000</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 \$68,000 to \$141,000 thru June 1, 2005. At June 30, 2003 the outstanding balances of such issues was a follows:

Governmental activities:

	<u>Interest rates</u>	<u>Amount</u>
1995A Downtown Redevelopment	5.45%	\$233,000
1995B Downtown Redevelopment	5.48%	<u>209,000</u>
		<u>\$442,000</u>

The City has another debt which it treats as general obligation type debt because of the nature of the debt and the revenues being used to fund the related debt service. In addition, in 1996, the City issued Excise Tax revenue bonds which are secured by the collection of Class "C" road funds in the General Fund. Such bonds were originally issued for \$3,880,000 and were used for the construction of major capital asset facilities throughout the City in accordance with the allowed uses of Class "C" road funds as mandated by the State of Utah. The bonds are being repaid in annual installments of \$420,000 to \$485,000 thru December 1, 2006. At June 30, 2003, this debts balance is as follows:

Governmental activities:

	<u>Interest rates</u>	<u>Amount</u>
1996 Excise Tax Revenue bonds	4.60% to 4.95%	<u>\$1,810,000</u>

Total City reflected General Obligation Debt \$19,677,000

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>
2004	\$ 746	\$ 1,048	\$ 1,794
2005	866	1,006	1,872
2006	690	956	1,646
2007	760	912	1,672
2008	335	877	1,212
2009-2013	2,605	4,002	6,607
2014-2018	4,580	3,047	7,627
2019-2023	7,275	1,457	8,732
2024	<u>1,820</u>	<u>45</u>	<u>1,865</u>
Totals	<u>\$19,677</u>	<u>\$13,350</u>	<u>\$33,027</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, 2003, the various issues outstanding are as follows:

(amounts in thousands)

<u>District</u>	<u>Original</u> <u>Issue</u>	<u>Annual</u> <u>principal</u>	<u>Interest</u> <u>rates</u>	<u>Final Due</u> <u>Date</u>	<u>Amount</u>
97-1	\$ 265	\$26 to \$33	5.1% to 5.20%	8/1/08	\$ 175
93-1	1,872	\$188	6.85% to 6.95%	12/1/04	376
96-1	221	\$23 to \$27	5.1% to 5.15%	4/1/08	125
97-2	1,651	\$150 to \$210	5.7% to 5.95%	11/1/09	1,247
98-1	400	\$36 to \$51	5.55% to 5.8%	12/15/09	302
99-4	1,109	\$110 to \$111		11/1/12	1,109
99-1	989	\$98 to \$99	1.95% to 4.1%	2/1/13	989
99-3	1,077	\$107 to \$108	1.85% to 4.35%	6/1/13	1,077
2000-1	228	\$20 to \$28	3.70% to 5.15%	6/1/12	<u>212</u>
		Total special assessment debt			<u>\$5,613</u>

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

(in thousands of dollars)

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2004	\$ 759	\$ 245	\$ 1,004
2005	774	212	986
2006	600	177	777
2007	616	153	769
2008	631	126	757
2009-2013	<u>2,233</u>	<u>249</u>	<u>2,482</u>
Totals	\$ <u>5,613</u>	<u>\$1,162</u>	\$ <u>6,775</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, 2003, is \$561,320.

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, 2003 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	3.8% to 4.7%	9/1/17	\$ 4,825
1998A MBA Holt	400	\$38 to \$53	7%	10/1/08	271
1999 MBACrosby	2,250	\$200 to \$299	7%	7/15/09	1,727
2000 Woodward	<u>350</u>	\$14 to \$23	2.5%	4/1/21	<u>323</u>
Total Municipal Bldg	<u>9,270</u>				<u>7,146</u>
1987B Water	\$1,274	due 1/1/13	0.00%	1/1/13	\$1,274
2003 Water	12,325	\$760 to \$1215	2.5% to 5.25%	6/1/16	12,325
1995A Water	12,000	\$390 to \$460	4.9% to 5.6%	6/1/07	1,690
2001 Water	<u>8,670</u>	\$55 to \$1,650	3.8% to 5%	6/1/20	<u>8,570</u>
Total Water Utility	<u>34,269</u>				<u>23,859</u>

1988A Sewer	\$1,450	\$72 to \$73	0.00%	6/15/08	\$ 363
1988B Sewer	130	due 6/15/08	0.00%	6/15/08	129
2003 Sewer	3,385	\$820 to \$875	2.5% to 4%	7/1/07	3,385
1993B Sewer	4,000	\$195 to \$275	3.5%	6/15/14	2,561
1997A Sewer	14,280	\$640 to \$1215	4.65% to 5.38%	6/15/17	12,510
1997B Sewer	12,000	\$883 to \$1172	1.0%	6/15/12	9,178
1997C Sewer	<u>44</u>	due 6/15/17	0.00%	6/15/17	<u>44</u>
Total Wastewater Treatment	<u>35,289</u>				<u>28,170</u>
2003 Golf Course	<u>2,840</u>	\$396 to \$452	3.95%	4/01/09	<u>2,528</u>
Total Business-type activities	<u>\$81,668</u>				<u>\$61,703</u>

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

Year Ended	Principal	Interest	Totals
<u>June 30</u>			
2004	\$ 3,279	\$ 2,212	\$ 5,491
2005	5,099	2,230	7,329
2006	5,014	2,065	7,079
2007	5,177	1,899	7,076
2008	5,432	1,718	7,150
2009-2013	21,171	6,121	27,292
2014-2018	13,930	2,287	16,217
2019-2021	<u>2,601</u>	<u>133</u>	<u>2,734</u>
Totals	<u>\$61,703</u>	<u>\$18,665</u>	<u>\$80,368</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, 2003, 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

During the current fiscal year the City current refunded the 1993 Sewer Bonds with a balance of \$4,115,000, the 1999 and 2000 Golf Course bonds with a balance of \$2,633,552, and the 1993 Water Bonds with a balance of \$13,575,000. These refundings were completed to take advantage of lower interest rates and thus lower the total debt service over the life of the bonds. The old sewer bonds had an interest rate of 5.25% to 5.5% while the new bonds have an interest rate of 2.5% to 4%. The prior water bonds had an interest rate of 5.1% to 5.4% while the new bonds have a rate of 2.5% to 5.25%. The prior golf course bonds had an interest rate of 4.95% to 6% while the new bonds have a rate of 3.95%.

The cash flow savings and economic gain (loss) from the current refundings is as follows:

	<u>Cash Flow Savings</u>	<u>Economic Gain (Loss)</u>
Water Fund	\$2,585,164	\$2,310,848
Sewer Treatment	1,044,617	1,070,904
Golf Course	(174,569)	(94,469)

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2003 was as follows: (in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in OneYr</u>
Governmental activities:					
Bonds payable:					
G.O. Bonds	\$17,520	\$ -	\$(95)	\$17,425	\$ 135
RDA Bonds	623	-	(181)	442	191
Excise Bonds	2,210	-	(400)	1,810	420
Special assessment debt with governmental commitment	<u>3,027</u>	<u>3,176</u>	<u>(590)</u>	<u>5,613</u>	<u>759</u>
Total bonds payable	23,380	3,176	(1,266)	25,290	1,505
Notes payable	25	-	(25)		
Leases payable	66	-	(60)	6	6
WCIA Lease	7,047	1,726	(242)	8,571	
Vacation payable	<u>599</u>	<u>44</u>	<u>-</u>	<u>643</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$31,117</u>	<u>\$4,946</u>	<u>\$(1,553)</u>	<u>\$34,510</u>	<u>\$1,521</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$66,553	\$18,550	\$(23,400)	\$61,703	3,279
Capital leases	<u>524</u>	<u>-</u>	<u>(161)</u>	<u>363</u>	<u>111</u>
Total business-type long-term liabilities	<u>\$67,077</u>	<u>\$15,710</u>	<u>\$(20,721)</u>	<u>\$62,066</u>	<u>\$3,390</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, 2003, \$52,058 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, 2003.

<u>Fiscal year ended</u>	<u>Business-type activity</u>
June 30, 2004	\$110,872
June 30, 2005	110,872
June 30, 2006	<u>110,872</u>
	332,616
Less amount representing interest	<u>(28,636)</u>
Present value of lease payments	<u>\$303,980</u>

The City has entered into lease agreements as lessee for financing the acquisition of a postage meter for the general fund. This lease agreement qualifies 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 the capital lease, and the present value of net minimum lease payments at June 30, 2003. The value of the postage meter is \$23,760.

<u>Fiscal year ended</u>	<u>Total governmental activities</u>
June 30, 2004	\$6,024
Less amount representing interest	<u>(84)</u>
Present value of lease payments	<u>\$ 5,940</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>	<u>Land Purchase</u>
June 30, 2004	\$474,232	\$ 123,348	\$ 63,397
June 30, 2005	484,553	123,454	63,221
June 30, 2006	498,621	123,394	63,221
June 30, 2007	521,111	123,171	63,221
June 30, 2008	527,094	122,406	136,510
2009-2013	2,232,032	612,262	679,811
2014-2018	1,659,875	609,392	678,867
2019-2023	2,088,553	383,770	677,260
2024	-	-	<u>135,327</u>
Total remaining minimum lease payments	\$8,486,071	\$2,221,197	\$2,560,835
Less amount representing interest	<u>(2,991,071)</u>	<u>(871,817)</u>	<u>(834,875)</u>
Present value of net remaining minimum lease payments	<u>\$5,495,000</u>	<u>\$1,349,380</u>	<u>\$1,725,960</u>

For the fiscal year ended June 30, 2003 expenditures were payments for O&M of \$517,830 and debt service payments of \$427,956.

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	\$	342,946
Other assets (deferred bond costs)		45,208
Capital assets	\$14,571,909	
Less depreciation	(3,006,061)	<u>11,565,848</u>
Total assets		<u>11,954,002</u>

Liabilities:

Accrued liabilities	171,694
Due to other funds	1,468,674
Noncurrent liabilities	<u>2,586,527</u>
Total liabilities	<u>4,226,895</u>

Net assets:

Invested in capital assets net of related debt	8,979,321
Restricted	433
Unrestricted	<u>(1,252,647)</u>
Total net assets	<u>\$7,727,107</u>

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

Golf course charges	\$4,219,398
Depreciation expense	(360,262)
Other operating expenses	<u>(3,577,839)</u>
Operating income	<u>281,297</u>
Nonoperating revenues (expenses)	
Interest income	4,478
Rental income	15,789
Miscellaneous income	46,560
Interest expense	<u>(138,694)</u>
Change in net assets	209,429

Beginning net assets	<u>7,517,678</u>
Ending net assets	<u>\$ 7,727,107</u>

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:	
Operating activities	\$ 571,458
Noncapital financing activities	62,348
Capital and related financing activities	(532,243)
Investing activities	<u>4,478</u>
Net increase (decrease)	106,041
Beginning cash & cash equivalents	<u>236,905</u>
Ending cash & cash equivalents (deficit)	<u>\$ 342,946</u>

V. Other information

A. Risk management

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

	<u>6/30/03</u>	<u>6/30/02</u>
Unpaid claims beginning of fiscal year	\$ 630	\$ -
Incurred claims	53,158	107,090
Claim payments	<u>(44,667)</u>	<u>(106,460)</u>
Unpaid claims, end of fiscal year	<u>\$ 9,121</u>	<u>\$ 630</u>

B. Contingent liabilities

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

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

C. Jointly governed organization

The City, in conjunction with 38 other governmental entities that provide for the purchase and transmission of electrical services, created the Utah Association of Municipal Power System (UAMPS). UAMPS owns interest in various power generation entities as well as 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 \$27,806,184 during the fiscal year ended June 30, 2003.

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, 2003, 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.

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		\$1,409,800	
Interest income		<u>53,063</u>	
Total revenues			\$1,462,863
Expenditures:			
Professional fees		541	
Debt service		10,000	
Capital outlay		<u>667,046</u>	
Total expenditures			(677,587)
Increase in fund balance			785,276
Beginning fund balance			<u>2,463,994</u>
Ending fund balance			<u>\$ 3,249,270</u>
2) Street Impact Capital Projects Fund			
Revenues: Impact fees collected		\$864,315	
Interest income		<u>16,748</u>	
Total revenues			\$881,062
Expenditures:			
Capital transfers		700,000	
Professional fees		<u>541</u>	
Total expenditures			(700,541)
Increase in fund balance			180,521
Beginning fund balance			<u>587,671</u>
Ending fund balance			<u>\$ 768,192</u>
3) Drainage Impact Capital Projects Fund			
Revenues: Impact fees collected		\$498,365	
Interest income		<u>7,698</u>	
Total revenues			\$506,063
Expenditures:			
Professional fees		5,708	
Capital transfers		545,000	
Capital outlay		<u>4,062</u>	
Total expenditures			(554,770)

	Decrease in fund balance	(48,707)	
	Beginning fund balance	<u>242,378</u>	
	Ending fund balance	<u><u>\$ 193,671</u></u>	
4) Fire Department Impact Capital Projects Fund			
	Revenues: Impact fees collected	\$253,162	
	Interest income	<u>13,537</u>	
	Total revenues		\$266,699
	Expenditures:		
	Professional fees	541	
	Building construction	<u>52,087</u>	
	Total expenditures		(52,628)
	Increase in fund balance		214,071
	Beginning fund balance	<u>592,304</u>	
	Ending fund balance	<u><u>\$ 806,374</u></u>	
5) Police Department Impact Capital Projects Fund			
	Revenues: Impact fees collected	\$ 64,287	
	Interest income	<u>293</u>	
	Total revenues		\$ 64,580
	Expenditures:		
	Professional fees	541	
	Lease payments	<u>85,000</u>	
	Total expenditures		(85,541)
	Decrease in fund balance		(20,961)
	Beginning fund balance	<u>27,256</u>	
	Ending fund balance	<u><u>\$ 6,295</u></u>	
6) Water Utility Enterprise Fund			
	Revenues: Impact fees collected	\$2,659,827	
	Interest income	<u>-</u>	
	Total revenues		\$2,659,827
	Expenditures:		
	1995A Bond debt service	\$ 482,995	
	Capital outlay	<u>2,000,000</u>	
	Total expenditures		(2,482,995)
	Increase in fund balance		176,832
	Beginning fund balance	<u>(13,019,338)</u>	
	Ending fund balance	<u><u>\$(12,842,506)</u></u>	
7) Wastewater Collection Enterprise Fund			
	Revenues: Impact fees collected	\$361,620	

	Interest income	<u>-</u>	
	Total revenues		\$361,620
Expenditures:			
	Capital outlay	<u>\$223,739</u>	
	Total expenditures		<u>(223,739)</u>
	Increase in fund balance		137,881
	Beginning fund balance		<u>62,309</u>
	Ending fund balance		<u>\$ 200,190</u>
8) Electric Utility Enterprise Fund			
	Revenues: Impact fees collected	\$1,719,684	
	Interest income	<u>-</u>	
	Total revenues		\$1,719,684
Expenditures:			
	Capital outlay	<u>\$ 947,314</u>	
	Total expenditures		<u>(947,314)</u>
	Increase in fund balance		772,370
	Beginning fund balance		<u>(2,183,834)</u>
	Ending fund balance		<u>\$(1,411 464)</u>
9) Wastewater Treatment Enterprise Fund			
	Revenues: Impact fees collected	\$1,752,481	
	Interest income	<u>14,938</u>	
	Total revenues		\$1,767,419
Expenditures:			
	Debt service	\$3,000,000	
	Capital outlay	<u>-</u>	
	Total expenditures		<u>(3,000,000)</u>
	Decrease in fund balance		(1,232,581)
	Beginning fund balance		<u>(8,072,987)</u>
	Ending fund balance		<u>\$(9,305,568)</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 \$615,000.
- 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 \$233,000

B) 1995B Serial bonds \$209,000

4) The actual amount expended for:

A) acquisition of property \$0

B) site improvements or preparation costs \$25,729

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

D) administrative costs of the agency \$2,272

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 7.82% 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, 4.68% to the Contributory, 8.69% to the Noncontributory, and 13.89% 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, 2003, 2002, and 2001 respectively were; for the Contributory System, \$34,313, \$33,900, and \$42,935; for the Noncontributory System, \$981,576, \$827,977, and \$955,695; for the Public Safety Noncontributory, \$397,595, \$362,367, and \$420,211; and for the Firefighters System, \$293,288, \$21,538, and \$30,484 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 5.37% for non-exempt employees covered by the Contributory, 7.36% for non-exempt employees covered by the Non-contributory, 8.23% for Firefighters covered by the Contributory, 2.16% 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 \$1,030,968 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, 2003

Assets	Special Revenue Funds					Debt Service Funds	
	<u>Dixie Center Ops</u>	<u>Airport PFC Fees</u>	<u>Economic Development</u>	<u>Transportation Improvement</u>	<u>SunTran Public Transit</u>	<u>Recreation Bonds</u>	<u>Special Assessments</u>
Cash and investments	\$ -	\$ 459,450	\$ 1,197,575	\$ 2,591,676	\$ 100	\$ 287,730	\$ 303,402
Receivables:							
Accounts	71,716		413,239	511,246	-	-	5,857,520
Due from other funds	-	-	-	-	-	-	388,645
Total assets	\$ 71,716	\$ 459,450	\$ 1,610,814	\$ 3,102,922	\$ 100	\$ 287,730	\$ 6,549,567
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 4,150	\$ 1,835	\$ -	\$ -
Deferred revenues	-	-	-	-	-	-	4,039,114
Due to other funds	73,010	-	-	-	250,645	-	-
Total liabilities	73,010	-	-	4,150	252,479	-	4,039,114
Fund balances:							
Reserved, reported in:							
Special revenue funds	(1,294)	459,450	1,610,814	3,098,772	(252,379)	-	-
Debt service funds	-	-	-	-	-	287,730	2,510,453
Capital project funds	-	-	-	-	-	-	-
Total fund balances	(1,294)	459,450	1,610,814	3,098,772	(252,379)	287,730	2,510,453
Total liabilities and fund balances	\$ 71,716	\$ 459,450	\$ 1,610,814	\$ 3,102,922	\$ 100	\$ 287,730	\$ 6,549,567

(continued)

City of St. George, UT
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2003
 (continued)

Capital Projects Funds													
Assets	Capital Equipment	Downtown RDA	Park Impact	Street Impact	Special Assessment Constructn	Drainage Impact	Fire Dept Impact	Police Impact	Streets Bond	Recreation Bonds	Public Works Capital Proj.	Future Airport Capital Proj.	Totals
Cash and investments	\$ 4,307,731	\$ 784,443	\$ 3,253,656	\$ 728,193	\$ -	\$ 195,243	\$ 806,374	\$ 6,295	\$ 4	\$ 1,748,558	\$ 9,937,120	\$ 6,427	\$ 26,613,977
Receivables:													
Accounts	-	-	-	40,000	-	-	-	-	-	-	168,980	-	7,062,702
Advances to other funds	5,111,069	-	-	-	-	-	-	-	-	-	-	-	5,499,714
Total assets	\$ 9,418,799	\$ 784,443	\$ 3,253,656	\$ 768,193	\$ -	\$ 195,243	\$ 806,374	\$ 6,295	\$ 4	\$ 1,748,558	\$ 10,106,100	\$ 6,427	\$ 39,176,392
Liabilities and Fund Balances													
Liabilities:													
Accounts payable	\$ 18,981	\$ 3,225	\$ 4,386	\$ -	\$ -	\$ 1,572	\$ -	\$ -	\$ -	\$ 2,164	\$ 658,883	\$ 778	\$ 695,973
Deferred revenues	-	-	-	-	-	-	-	-	-	-	-	-	4,039,114
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-	323,655
Total liabilities	18,981	3,225	4,386	-	-	1,572	-	-	-	2,164	658,883	778	5,058,742
Fund balances:													
Reserved, reported in:													
Special revenue funds	-	-	-	-	-	-	-	-	-	-	-	-	4,915,362
Debt service funds	-	-	-	-	-	-	-	-	-	-	-	-	2,798,183
Capital project funds	9,399,819	781,218	3,249,270	768,193	-	193,671	806,374	6,295	4	1,746,395	9,447,217	5,650	26,404,105
Total fund balances	9,399,819	781,218	3,249,270	768,193	-	193,671	806,374	6,295	4	1,746,395	9,447,217	5,650	34,117,651
Total liabilities and and fund balances	\$ 9,418,799	\$ 784,443	\$ 3,253,656	\$ 768,193	\$ -	\$ 195,243	\$ 806,374	\$ 6,295	\$ 4	\$ 1,748,558	\$ 10,106,100	\$ 6,427	\$ 39,176,392

CITY OF ST. GEORGE, UT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2003

	Special Revenue Funds					Debt Service Funds	
	Dixie Center Operations	Airport PFC Fees	Economic Development	Transportation Improvement	SunTran Public Transit	Recreation Bonds	Special Assessments
Revenues:							
Taxes & fees	\$ 258,106	\$ 26,836	\$ -	\$ 2,745,037	\$ 19,021	\$ 1,051,373	\$ -
Assessments	-	-	-	-	-	-	892,819
Intergovernmental	-	-	-	-	-	-	-
Investment income	-	8,700	29,110	76,607	-	381	284,545
Capital development fees	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	258,106	35,535	29,110	2,821,645	19,021	1,051,754	1,177,364
Expenditures:							
Current:							
General government	517,830	541	2,148	62,075	217,846	1,341	8,825
Public Safety							
Highways & improvements							
Parks, recreation etc							
Community & Econ Developmnt							
Lease payments	-						
Debt service:							
Principal on long-term debt	171,400					95,000	590,524
Interest on long-term debt	256,556					954,423	177,894
Capital outlay:							
			-	863,401	182,055	-	-
Total expenditures	945,786	541	2,148	925,476	399,901	1,050,763	777,242
Excess (deficiency) of revenues over expenditures	(687,680)	34,994	26,962	1,896,169	(380,880)	990	400,122
Other financing sources (uses):							
Transfers in	427,000	-	1,000,000	-	128,500	-	-
Transfers out	-	-	(640,410)	(2,548,500)	-	-	-
Bonds sold							
Property sales							
Contributions from private sources							
Contributions from other governmnts	269,317						
Capital Leases	-						
Notes payable	-						
Total other financing sources (uses)	696,317	-	359,590	(2,548,500)	128,500	-	-
Net change in fund balances	8,637	34,994	386,552	(652,331)	(252,380)	990	400,122
Fund balances, beginning of year	(9,931)	424,456	1,224,262	3,751,103	-	286,740	2,110,332
Fund balances, end of year	(\$1,294)	\$459,450	\$1,610,814	\$3,098,772	(\$252,380)	\$287,730	\$2,510,454

(continued)

CITY OF ST. GEORGE, UT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2003
(continued)

	Capital Projects Funds												Total
	Capital Equipment	Downtown RDA	Park Impact	Street Impact	Special Assessment Constructn	Drainage Impact	Fire Dept Impact	Police Impact	Streets Bond	Recreation Bonds	Public Works Capital Proj.	Future Airport Capital Proj.	
Revenues:													
Taxes	\$ -	\$ 615,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,715,374
Assessments	-	-	-	-	-	-	-	-	-	-	-	-	892,819
Intergovernmental	504,961	-	-	-	-	-	-	-	-	-	12,253	394,731	911,946
Investment income	-	14,290	53,063	16,748	-	7,698	13,537	293	-	37,139	115,555	-	657,664
Capital development fees	-	-	1,409,800	864,315	486,748	498,365	253,162	64,287	-	-	-	-	3,576,677
Other	24,000	-	-	-	-	-	-	-	-	-	10,982	-	34,982
Total revenues	528,961	629,290	1,462,863	881,062	486,748	506,063	266,699	64,580	-	37,139	138,791	394,731	10,789,461
Expenditures:													
Current:													
General government	541	2,272	541	541	-	5,708	541	541	-	27,513	541	-	849,345
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Highways & improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks, recreation etc	-	-	-	-	-	-	-	-	-	-	-	-	-
Community & Econ Developmnt	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease payments	-	190,958	-	-	-	-	-	85,000	-	-	-	-	275,958
Debt service:													
Principal on long-term debt	-	206,000	5,727	-	-	-	-	-	-	-	-	-	1,068,650
Interest on long-term debt	-	34,036	4,273	-	-	-	-	-	-	-	-	-	1,427,181
Capital outlay:	2,634,671	25,729	667,046	-	126,774	4,062	52,087	-	-	470,705	4,066,721	389,081	9,482,332
Total expenditures	2,635,212	458,994	677,587	541	126,774	9,770	52,628	85,541	-	498,218	4,067,262	389,081	13,103,466
Excess (deficiency) of revenues over expenditures	(2,106,251)	170,296	785,276	880,521	359,974	496,293	214,071	(20,961)	-	(461,079)	(3,928,472)	5,650	(2,314,005)
Other financing sources (uses):													
Transfers in	2,000,000	-	-	-	-	-	-	-	-	-	4,497,000	-	8,052,500
Transfers out	(1,000,000)	(132,000)	-	(700,000)	-	(545,000)	-	-	-	-	-	-	(5,565,910)
Bonds sold	-	-	-	-	3,176,199	-	-	-	-	-	-	-	3,176,199
Property sales	600,532	-	-	-	-	-	-	-	-	-	-	-	600,532
Contributions from private sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions from other governmnts	-	-	-	-	-	-	-	-	-	-	-	-	269,317
Capital leases	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,600,532	(132,000)	-	(700,000)	3,176,199	(545,000)	-	-	-	-	4,497,000	-	6,532,639
Net change in fund balances	(505,718)	38,296	785,276	180,521	3,536,173	(48,707)	214,071	(20,961)	-	(461,079)	568,528	5,650	4,218,634
Fund balances, beginning of year	9,905,538	742,922	2,463,994	587,671	(3,536,173)	242,378	592,303	27,256	4	2,207,474	8,878,689	-	29,899,018
Fund balances, end of year	\$9,399,820	\$781,218	\$3,249,270	\$768,192	(\$0)	\$193,671	\$806,374	\$6,295	\$4	\$1,746,395	\$9,447,217	\$5,650	\$34,117,652

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Business license innkeeper fees	\$ 245,000	\$ 245,000	\$ 258,106	\$ 13,106
Interest income	500	500	-	(500)
Total revenues	245,500	245,500	258,106	12,606
EXPENDITURES:				
Current:				
General government	420,008	480,008	517,830	(37,822)
Rental payments	25,000	25,000	-	25,000
Debt service:				
Principal	160,000	160,000	171,400	(11,400)
Interest	277,274	277,274	256,556	20,718
Capital outlay:				
Total expenditures	882,282	942,282	945,786	(3,504)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(636,782)	(696,782)	(687,680)	9,102
OTHER FINANCING SOURCES (USES):				
Contributions from other governments	204,000	264,000	269,317	5,317
Capital leases received	-	-	-	-
Transfers from other funds	427,000	427,000	427,000	-
Total other financing sources(uses)	631,000	691,000	696,317	5,317
EXCESS OF REVENUES OVER EXPENDITURES & OTHER FINANCING SOURCES (USES):	(5,782)	(5,782)	8,637	\$ 14,419
Fund balance at beginning of year	(9,931)	(9,931)	(9,931)	
Fund balance at end of year	<u>\$ (15,713)</u>	<u>\$ (15,713)</u>	<u>\$ (1,294)</u>	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Passenger facility charges	\$ 120,000	\$ 120,000	\$ 26,836	\$ (93,164)
Interest income	10,000	10,000	8,700	(1,300)
Total revenues	130,000	130,000	35,535	(94,465)
EXPENDITURES:				
Current:				
General government	-	-	541	(541)
Capital projects:				
Improvements				
Property purchases	585,000	585,000	-	585,000
Equipment purchases	-	140,000		140,000
Total expenditures	585,000	725,000	541	724,459
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(455,000)	(595,000)	34,994	\$ 629,994
Appropriated fund balance		140,000	-	
Fund balance at beginning of year	424,456	424,456	424,456	
Fund balance at end of year	\$ (30,544)	\$ (30,544)	\$ 459,450	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Interest income	\$ 50,000	\$ 50,000	\$ 29,110	\$ (20,890)
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>29,110</u>	<u>(20,890)</u>
EXPENDITURES:				
Current:				
General government	1,000	2,500	2,148	352
Capital projects:				
Property purchases	-	-	-	-
Total expenditures	<u>1,000</u>	<u>2,500</u>	<u>2,148</u>	<u>352</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>49,000</u>	<u>47,500</u>	<u>26,962</u>	<u>(20,538)</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	-	322,000		(322,000)
Transfers from other funds			1,000,000	1,000,000
Transfers to other funds	(319,910)	(640,410)	(640,410)	-
Total other financing sources(uses)	<u>(319,910)</u>	<u>(318,410)</u>	<u>359,590</u>	<u>678,000</u>
EXCESS OF REVENUES OVER EXPENDITURES & OTHER FINANCING SOURCES (USES):	(270,910)	(270,910)	386,552	<u>\$ 657,462</u>
Fund balance at beginning of year	<u>1,224,262</u>	<u>1,224,262</u>	<u>1,224,262</u>	
Fund balance at end of year	<u>\$ 953,352</u>	<u>\$ 953,352</u>	<u>\$ 1,610,814</u>	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Highway sales taxes	\$ 2,600,000	\$ 2,600,000	\$ 2,745,037	\$ 145,037
Interest income	130,000	130,000	76,607	(53,393)
Total revenues	2,730,000	2,730,000	2,821,645	91,645
EXPENDITURES:				
Current:				
General government	351,000	222,500	62,075	160,425
Capital projects:				
Improvements	300,000	3,480,056	863,401	2,616,655
Total expenditures	651,000	3,702,556	925,476	2,777,080
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,079,000	(972,556)	1,896,169	2,868,725
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(2,420,000)	(3,514,500)	(2,548,500)	966,000
Appropriated fund balance	-	4,146,056	-	(4,146,056)
Total other financing sources(uses)	(2,420,000)	631,556	(2,548,500)	(3,180,056)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	(341,000)	(341,000)	(652,331)	\$ (311,331)
Fund balance at beginning of year	3,751,103	3,751,103	3,751,103	
Fund balance at end of year	\$ 3,410,103	\$ 3,410,103	\$ 3,098,772	

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

YEAR ENDED JUNE 30, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Transit fares	\$ -	\$ 33,000	\$ 19,021	\$ (13,979)
Intergovernmental revenues	-	330,000	-	(330,000)
Advertising fees	-	28,968	-	(28,968)
Total revenues	-	391,968	19,021	(372,947)
EXPENDITURES:				
Current:				
General government	-	338,468	217,846	120,622
Capital projects:				
Improvements	-	182,000	182,055	(55)
Total expenditures	-	520,468	399,901	120,567
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(128,500)	(380,880)	(252,380)
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	128,500	128,500	-
Total other financing sources(uses)	-	128,500	128,500	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	-	-	(252,380)	\$ (252,380)
Fund balance at beginning of year	-	-	-	
Fund balance at end of year	\$ -	\$ -	\$ (252,380)	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Current property taxes	\$ 1,051,373	\$ 1,051,373	\$ 1,051,373	\$ -
Interest income	-	-	381	381
Total revenues	<u>1,051,373</u>	<u>1,051,373</u>	<u>1,051,754</u>	<u>381</u>
EXPENDITURES:				
General:				
General government	2,000	2,000	1,341	659
Debt service:				
Principal	95,000	95,000	95,000	-
Interest & other charges	954,373	954,373	954,423	(50)
Total expenditures	<u>1,051,373</u>	<u>1,051,373</u>	<u>1,050,763</u>	<u>610</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	990	<u>\$ 990</u>
Fund balance at beginning of year	<u>286,740</u>	<u>286,740</u>	<u>286,740</u>	
Fund balance at end of year	<u>\$ 286,740</u>	<u>\$ 286,740</u>	<u>\$ 287,730</u>	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Special assessments collected	\$ 574,000	\$ 590,525	\$ 892,819	\$ 302,294
Interest income	166,000	183,500	284,545	101,045
Total revenues	740,000	774,025	1,177,364	403,339
EXPENDITURES:				
General:				
General government	5,000	12,000	8,825	3,175
Debt service:				
Principal	574,000	590,525	590,524	1
Interest & other charges	166,000	176,500	177,894	(1,394)
Total expenditures	745,000	779,025	777,242	1,783
Excess (deficiency) of revenues over (under) expenditures	(5,000)	(5,000)	400,122	<u>\$ 405,122</u>
Appropriated fund balance	5,000	5,000		
Fund balance at beginning of year	2,110,332	2,110,332	2,110,332	
Fund balance at end of year	\$ 2,110,332	\$ 2,110,332	\$ 2,510,454	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 504,961	\$ 504,961
Property sales	-	-	-	-
Sundry revenues	-	-	24,000	24,000
Total revenues	-	-	528,961	528,961
EXPENDITURES:				
Current:				
General government	-	-	541	(541)
Capital projects:				
Improvements	1,300,000	2,703,350	2,634,671	68,679
Property purchases	-	-	-	-
Total expenditures	1,300,000	2,703,350	2,635,212	68,138
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,300,000)	(2,703,350)	(2,106,251)	597,099
OTHER FINANCING SOURCES (USES):				
Operating transfers in	1,221,864	1,221,864	2,000,000	778,136
Transfers to other funds	(1,000,000)	(1,000,000)	(1,000,000)	-
Sale of property	-	-	600,532	600,532
Appropriated fund balance	-	1,403,350	-	(1,403,350)
Total other financing sources (uses)	221,864	1,625,214	1,600,532	(24,682)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,078,136)	(1,078,136)	(505,718)	\$ 572,418
Fund balance at beginning of year	9,905,538	9,905,538	9,905,538	
Fund balance at end of year	\$8,827,402	\$8,827,402	\$9,399,820	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Redevelopment taxes	\$ 650,000	\$ 650,000	\$ 615,000	\$ (35,000)
Miscellaneous				
Interest income	14,000	14,000	14,290	290
Total revenues	664,000	664,000	629,290	(34,710)
EXPENDITURES:				
Current:				
General government	40,200	40,200	2,272	37,928
Capital projects:				
Improvements	217,500	217,500	25,729	191,772
Land purchases	-	-		-
Debt service:				
Bond principal	181,000	181,000	206,000	(25,000)
Interest	34,036	34,036	34,036	-
Lease payments	190,958	190,958	190,958	-
Total expenditures	663,694	663,694	458,994	204,700
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Transfers to other funds			(132,000)	(132,000)
Total other financing sources (uses)	-	-	(132,000)	(132,000)
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	306	306	38,296	\$ 37,989
Fund balance at beginning of year	742,922	742,922	742,922	
Fund balance at end of year	\$ 743,228	\$ 743,228	\$ 781,218	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ 1,000,000	\$ 1,000,000	\$ 1,409,800	\$ 409,800
Intergovernmental				
Interest income	50,000	50,000	53,063	3,063
Total revenues	1,050,000	1,050,000	1,462,863	412,863
EXPENDITURES:				
Current:				
General government	1,100	1,100	541	559
Capital projects:				
Improvements	1,430,000	1,430,000	667,046	762,954
Property purchases		200,000		200,000
Debt service:				
Principal	-	-	5,727	(5,727)
Interest	-	-	4,273	(4,273)
Total expenditures	1,431,100	1,631,100	677,587	953,513
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(381,100)	(581,100)	785,276	\$ 1,366,376
Appropriated fund balance		200,000	-	
Fund balance at beginning of year	2,463,994	2,463,994	2,463,994	
Fund balance at end of year	\$ 2,082,894	\$ 2,082,894	\$ 3,249,270	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ 650,000	\$ 650,000	\$ 864,315	\$ 214,315
Interest income	7,500	7,500	16,748	9,248
Total revenues	<u>657,500</u>	<u>657,500</u>	<u>881,062</u>	<u>223,562</u>
EXPENDITURES:				
Current:				
General government	1,000	1,000	541	459
Capital projects:				
Improvements	-	-	-	-
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>541</u>	<u>459</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	656,500	656,500	880,521	224,021
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	<u>(700,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	(43,500)	(43,500)	180,521	<u>\$ 224,021</u>
Fund balance at beginning of year	<u>587,671</u>	<u>587,671</u>	<u>587,671</u>	
Fund balance at end of year	<u>\$ 544,171</u>	<u>\$ 544,171</u>	<u>\$ 768,192</u>	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 486,748	\$ 486,748
EXPENDITURES:				
Current				
General government			-	-
Capital projects:				
Improvements	3,883,000	3,883,000	126,774	3,756,226
Total expenditures	3,883,000	3,883,000	126,774	3,756,226
Excess (Deficiency) of expenditures over revenues	(3,883,000)	(3,883,000)	359,974	4,242,974
OTHER FINANCING SOURCES:				
Sale of bonds	3,900,000	3,900,000	3,176,199	(723,801)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	17,000	17,000	3,536,173	\$ 3,519,173
Fund balance at beginning of year	(3,536,173)	(3,536,173)	(3,536,173)	
Fund balance at end of year	\$ (3,519,173)	\$ (3,519,173)	\$ (0)	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ 460,000	\$ 460,000	\$ 498,365	\$ 38,365
Interest income	15,000	15,000	7,698	(7,302)
Total revenues	<u>475,000</u>	<u>475,000</u>	<u>506,063</u>	<u>31,063</u>
EXPENDITURES:				
Current:				
General government	13,500	13,500	5,708	7,792
Capital projects:				
Land purchases	-	-	-	-
Improvements	-	-	4,062	(4,062)
Total expenditures	<u>13,500</u>	<u>13,500</u>	<u>9,770</u>	<u>3,730</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>461,500</u>	<u>461,500</u>	<u>496,293</u>	<u>34,793</u>
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(545,000)	(545,000)	(545,000)	-
Appropriated fund balance	-	-	-	-
Total other financing sources(uses)	<u>(545,000)</u>	<u>(545,000)</u>	<u>(545,000)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	<u>(83,500)</u>	<u>(83,500)</u>	<u>(48,707)</u>	<u>\$ 34,793</u>
Fund balance at beginning of year	<u>242,378</u>	<u>242,378</u>	<u>242,378</u>	
Fund balance at end of year	<u>\$ 158,878</u>	<u>\$ 158,878</u>	<u>\$ 193,671</u>	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Charges for services	\$ 200,000	\$ 200,000	\$ 253,162	\$ 53,162
Interest income	10,000	10,000	13,537	3,537
Total revenues	210,000	210,000	266,699	56,699
EXPENDITURES:				
Current:				
General government	500	500	541	(41)
Building Construction	650,000	650,000	52,087	597,913
Total expenditures	650,500	650,500	52,628	597,872
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(440,500)	(440,500)	214,071	654,571
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses):	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	(440,500)	(440,500)	214,071	\$ 654,571
Fund balance at beginning of year	592,303	592,303	592,303	
Fund balance at end of year	\$ 151,803	\$ 151,803	\$ 806,374	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for services	\$ 60,000	\$ 60,000	\$ 64,287	\$ 4,287
Interest income	500	500	293	(207)
Total revenues	60,500	60,500	64,580	4,080
EXPENDITURES:				
Current:				
General government	700	700	541	159
Lease payments	85,000	85,000	85,000	-
Total expenditures	85,700	85,700	85,541	159
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,200)	(25,200)	(20,961)	\$ 4,239
Fund balance at beginning of year	27,256	27,256	27,256	
Fund balance at end of year	\$ 2,056	\$ 2,056	\$ 6,295	

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, 2003

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

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ 269,000	\$ 269,000	\$ -	\$ (269,000)
Interest income	30,000	30,000	37,139	7,139
Other income	18,525	18,525	-	(18,525)
Total revenues	317,525	317,525	37,139	-280,386
EXPENDITURES:				
Current:				
General government	32,895	32,895	27,513	5,382
Capital projects:				
Improvements	1,974,498	1,974,498	470,705	1,503,793
Property purchases	53,629	303,629	-	303,629
Total expenditures	2,061,022	2,311,022	498,218	1,812,804
Excess (Deficiency) of expenditures over revenues	(1,743,497)	(1,993,497)	(461,079)	1,532,418
OTHER FINANCING SOURCES:				
Appropriated fund balance	-	250,000		(250,000)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(1,743,497)	(1,743,497)	(461,079)	\$ 1,282,418
Fund balance at beginning of year	2,207,474	2,207,474	2,207,474	
Fund balance at end of year	\$ 463,977	\$ 463,977	\$ 1,746,395	

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, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Interest income	\$ 200,000	\$ 200,000	\$ 115,555	\$ (84,445)
Intergovernmental	-	50,000	12,253	(37,747)
Total revenues	<u>200,000</u>	<u>250,000</u>	<u>127,809</u>	<u>(122,191)</u>
EXPENDITURES:				
Current:				
General government	-	-	541	(541)
Capital projects:				
Improvements	12,302,839	13,098,742	4,066,721	9,032,021
Property purchases	-	-	-	-
Total expenditures	<u>12,302,839</u>	<u>13,098,742</u>	<u>4,067,262</u>	<u>9,031,480</u>
Excess (Deficiency) of expenditures over revenues	(12,102,839)	(12,848,742)	(3,939,454)	8,909,288
OTHER FINANCING SOURCES:				
Contributions from private sources	-	-	10,982	10,982
Contributions from other governments	-	-	-	-
Appropriated fund balance	-	720,903	-	(720,903)
Transfers from other funds	4,365,000	4,390,000	4,497,000	107,000
Total other Financing Sources	<u>4,365,000</u>	<u>5,110,903</u>	<u>4,507,982</u>	<u>(602,921)</u>
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(7,737,839)	(7,737,839)	568,528	<u>\$ 8,306,367</u>
Fund balance at beginning of year	<u>8,878,689</u>	<u>8,878,689</u>	<u>8,878,689</u>	
Fund balance at end of year	<u>\$ 1,140,850</u>	<u>\$ 1,140,850</u>	<u>\$ 9,447,217</u>	

CITY OF ST. GEORGE, UTAH

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ 9,126,000	\$ 9,626,000	\$ 394,731	\$ (9,231,269)
Interest income	14,000	14,000	-	(14,000)
Other income	-	-	-	-
Total revenues	9,140,000	9,640,000	394,731	-9,245,269
EXPENDITURES:				
Current:				
General government	-	-	-	-
Capital projects:				
Improvements	6,001,579	6,501,579	-	6,501,579
Property purchases	4,138,421	4,138,421	389,081	3,749,340
Total expenditures	10,140,000	10,640,000	389,081	10,250,919
Excess (Deficiency) of expenditures over revenues	(1,000,000)	(1,000,000)	5,650	1,005,650
OTHER FINANCING SOURCES:				
Transfers from other funds	1,000,000	1,000,000		(1,000,000)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	-	5,650	\$ 5,650
Fund balance at beginning of year	-	-	-	
Fund balance at end of year	\$ -	\$ -	\$ 5,650	

City of St. George, UT
NonMajor Proprietary Funds
Combining Statement of Net Assets
June 30, 2003

<u>Assets</u>	Business-type Activities		
	Enterprise Funds		
	<u>Refuse Collection</u>	<u>Golf Courses</u>	<u>Total Non-Major</u>
Cash and investments	\$ 273,416	\$ 342,513	\$ 615,930
Restricted cash	-	433	433
Furniture, Fixtures, & equip	-	14,571,909	14,571,909
Less depreciation	-	(3,006,061)	(3,006,061)
Other assets (deferred bond costs)	-	45,208	45,208
Total assets	<u>273,416</u>	<u>11,954,002</u>	<u>12,227,418</u>
Liabilities			
Liabilities:			
Accrued liabilities	\$ 180,063	171,694	351,757
Due to other funds		1,468,674	1,468,674
Leases payable		58,527	58,527
Bonds payable		2,528,000	2,528,000
Total liabilities	<u>180,063</u>	<u>4,226,895</u>	<u>4,406,958</u>
Net Assets			
Invested in capital assets, net of related debt	-	8,979,321	8,979,321
Restricted for debt service		433	433
Unrestricted	93,354	(1,252,647)	(1,159,293)
Total Net Assets	<u>\$ 93,354</u>	<u>\$ 7,727,107</u>	<u>\$ 7,820,460</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, 2003

	Business-type Activities Enterprise Funds		
	<u>Refuse Collection</u>	<u>Golf Courses</u>	<u>Total Non-Major</u>
OPERATING REVENUES:			
Charges for services	\$ 2,264,004	\$ 4,219,398	6,483,402
Other operating revenues			-
Total operating revenues	2,264,004	4,219,398	6,483,402
OPERATING EXPENSES:			
Salary and wages		1,166,525	1,166,525
Supplies		307,648	307,648
Service vehicle expense		19,473	19,473
Equipment rental		298,555	298,555
Depreciation		360,262	360,262
Bad debts	11,309		11,309
Payroll tax & employee benefits		412,515	412,515
Office & dept. supplies		95,197	95,197
Professional services	541	530,985	531,526
R. & M. - equipment		67,866	67,866
R. & M. - buildings and grounds		633,964	633,964
Insurance & surety bonds		31,961	31,961
Travel		5,381	5,381
Subscriptions & memberships		7,770	7,770
Contract labor	2,116,523		2,116,523
Claims paid			
Insurance premiums			
Billing & administration	100,000		100,000
Total operating expenses	2,228,373	3,938,101	6,166,475
Operating income (loss)	35,631	281,297	316,928
NON-OPERATING REVENUES (EXPENSES)			
Interest income		4,478	4,478
Rent		15,789	15,789
Miscellaneous income		46,560	46,560
Interest charges		(138,694)	(138,694)
Total non-operating revenue (expense)	-	(71,868)	(71,868)
Income before transfers	35,631	209,429	245,060
Changes in Net Assets	35,631	209,429	245,060
Total Net Assets - beginning of year	57,723	7,517,678	7,575,401
Total Net Assets - end of year	\$ 93,354	\$ 7,727,107	\$ 7,820,461

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

FOR THE YEAR ENDED JUNE 30, 2003

Business-type Activities - Enterprise Funds

	<u>REFUSE COLLECTION</u>	<u>GOLF COURSES</u>	<u>TOTAL NON-MAJOR</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,264,004	\$ 4,219,398	\$ 6,483,402
Payments to suppliers	(2,048,310)	(2,068,901)	(4,117,211)
Payments to employees	-	(1,579,040)	(1,579,040)
Net cash provided by operating activities	<u>215,694</u>	<u>571,458</u>	<u>787,151</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Rents received		15,789	15,789
Miscellaneous non-operating income		46,560	46,560
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>62,348</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt		2,840,000	2,840,000
Purchases of capital assets		(42,666)	(42,666)
Principal paid on capital debt		(3,122,117)	(3,122,117)
Interest paid on capital debt		(138,694)	(138,694)
Capital lease principal payments		(68,766)	(68,766)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(532,243)</u>	<u>(532,243)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	4,478	4,478
Net increase (decrease) in cash and cash equivalents	215,694	106,041	321,735
Cash and equivalents at beginning of year	57,723	236,905	294,628
Cash and equivalents at end of year	<u>\$ 273,417</u>	<u>\$ 342,946</u>	<u>\$ 616,363</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 35,631	\$ 281,297	\$ 316,928
Adjustments to reconcile net income from operations to net cash provided by operating activities:			
Depreciation	-	360,262	360,262
Changes in assets & liabilities:			
Increase (decrease) in prepaid assets		(2,355)	(2,355)
Decrease (increase) in discounts		(67,746)	112,317
Increase (decrease) in accruals	180,063		
Total adjustments	<u>180,063</u>	<u>290,161</u>	<u>470,224</u>
Net cash provided by operating activities:	<u>\$ 215,694</u>	<u>\$ 571,458</u>	<u>\$ 787,151</u>

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

JUNE 30, 2003

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$	15,573,315
Buildings		19,187,284
Improvements		36,580,679
Infrastructure assets		55,882,263
Equipment		<u>11,655,245</u>
 Total Governmental Funds Capital Assets	 \$	 <u><u>138,878,786</u></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)		10,207,697
Downtown Redevelopment revenues		3,242,982
Capital equipment fund		13,757,956
Public Works Capital projects fund		4,338,115
Replacement Airport capital projects fund		389,081
Industrial Park fund		2,401,462
Sewer Impact fund		245,866
Park Impact fund		6,370,646
Fire Impact fund		915,459
Drainage Impact fund		229,844
Special Assessment fund		22,902,766
Street Impact fund		400,205
Transportation improvement fund		1,241,736
SunTran Public Transit fund		169,306
Airport PFC fund		22,049
General Fund revenues		<u>44,431,901</u>
 Total Governmental Funds Capital Assets	 \$	 <u><u>138,878,786</u></u>

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, 2003

FUNCTION AND ACTIVITY	GOVERNMENTAL FUNDS CAPITAL ASSETS JULY 1, 2002	ADDITIONS	DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2003
GENERAL GOVERNMENT:				
Gen. government bldgs.	\$ 6,767,040	\$ 3,154,192	\$ 400,752	\$ 9,520,480
WCIA - Dixie Center	10,255,803	-	-	10,255,803
Downtown Redevelopment	4,611,370	-	-	4,611,370
Industrial Park	1,626,676	-	-	1,626,676
Administration	597,442	26,593	-	624,035
	<u>23,858,331</u>	<u>3,180,785</u>	<u>400,752</u>	<u>26,638,364</u>
PUBLIC SAFETY:				
Police protection	3,053,757	589,746	495,579	3,147,924
Fire protection	3,364,089	537,919	-	3,902,008
	<u>6,417,846</u>	<u>1,127,665</u>	<u>495,579</u>	<u>7,049,932</u>
PUBLIC WORKS:	64,582,770	6,553,810	192,757	70,943,823
PARKS, RECREATION, & PUBLIC PROPERTY:	31,990,117	2,409,666	153,116	34,246,667
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$ 126,849,064</u>	<u>\$ 13,271,926</u>	<u>\$ 1,242,204</u>	<u>\$ 138,878,786</u>

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

JUNE 30, 2003

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS	INFRASTRUCTURE	EQUIPMENT
GENERAL GOVERNMENT:						
Gen. government bldgs.	\$ 9,520,479	\$ 6,517,804	\$ 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	624,035	-	-	-	-	624,035
Total general government	26,638,363	10,534,812	12,051,390	3,428,126	-	624,035
PUBLIC SAFETY:						
Police protection	3,147,924	-	82,589	93,968	-	2,971,367
Fire protection	3,902,008	113,048	1,410,421	72,133	-	2,306,406
Total public safety	7,049,932	113,048	1,493,010	166,101	-	5,277,773
PUBLIC WORKS:	70,943,824	557,709	2,266,752	8,752,478	55,764,342	3,602,543
PARKS, RECREATION, & PUBLIC PROPERTY:	34,246,667	4,367,746	3,376,132	24,233,974	117,921	2,150,894
Total governmental fund capital assets allocated to function	\$ 138,878,786	\$ 15,573,315	\$ 19,187,284	\$ 36,580,679	\$ 55,882,263	\$ 11,655,245

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STATISTICAL SECTION

CITY OF ST. GEORGE, UTAH

ELECTRIC FUND

STATISTICAL ANALYSIS

JUNE 30, 2003

Year Ended June 30,
2003 2002

Production Cost Analysis:

Kilowatt hours generated	9,357,918	20,870,723
Kilowatt hours purchased	<u>541,387,750</u>	<u>482,861,277</u>
Total Kilowatt Hours	<u>550,745,668</u>	<u>503,732,000</u>
Total Operating Costs	<u>\$36,461,192</u>	<u>\$41,518,730</u>
Cost per Kilowatt Hour	<u>\$.06620</u>	<u>\$.08242</u>

Summary of Kilowatt Hours and Costs for previous period

<u>YEAR</u>	<u>KILOWATT HOURS</u>	<u>COST PER KILOWATT HOUR</u>
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
2003	550,745,668	.06620

2003

2002

Average Revenue Analysis:

Kilowatt Hours billed	477,364,769	467,707,308
Unbilled Hours-line loss, street lights	<u>73,380,899</u>	<u>36,024,692</u>
Total Kilowatt Hours	<u>550,745,668</u>	<u>503,732,000</u>
Total Revenue Billed	\$33,554,656	\$30,175,128
Number of Customers	21,680	21,113
Average monthly billing	\$128.98	\$119.10

CITY OF ST. GEORGE, UTAH

WATER FUND

STATISTICAL ANALYSIS

JUNE 30, 2003

	<u>Year Ended June 30,</u>	
	<u>2003</u>	<u>2002</u>
Production cost analysis:		
Number of gallons billed	7,890,345,265	7,617,495,925
Expense of operations	\$7,792,048	\$6,671,637
Cost per billed gallon	\$.000988	\$.000876
Average Revenue Analysis:		
Number of metered customers	14,663	13,596
Water usage billed	\$9,232,571	\$8,902,637
Average monthly billing per metered customer	\$52.47	\$54.57

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
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
2003	3,355,450	8,301,077	6,394,111	6,012,287	3,599,968	27,662,893

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
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
2003	18,236,344	1,618,604	2,614,535	4,424,868	862,990	654,242	-	28,411,583

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
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
2003	5,514,458	9,197,358	3,524,528	18,236,344

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 (1)	CURRENT TAX COLLECTION	% OF LEVY TO COLLECTN	DELINQNT TAXES	TOTAL TAX COLLECTION	TOTAL AS A % OF LEVY
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%
2003	5,422,951	5,159,945	95.15%	354,513	5,514,458	101.69%

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
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% ***
2003	2,806,163,266	4,045,211,561	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
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
2003	1,111,883	892,819	80.30%	5,150,997

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
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
2003	0.001939	0.001284	0.000419	-	0.006732	0.000942	-	0.011316

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
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
2003	54,050	2,806,163,266	19,677,000	0.70%	364

Source: Washington County auditor

TABLE IX
CITY OF ST. GEORGE, UTAH
COMPUTATION OF LEGAL DEBT MARGIN
YEAR ENDED JUNE 30, 2003

Taxable Value		<u>\$ 2,806,163,266</u>
	<u>General obligation Debt</u>	<u>Water & Sewer Debt</u>
Debt limit 4% of taxable value	\$ 112,246,531	
Debt limit 8% of taxable value		\$ 224,493,061
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 19,677,000	\$ 52,028,985
Less assets restricted to bond retirement	<u>-</u>	<u>(6,737,192)</u>
Total amount of debt applicable to limit	<u>19,677,000</u>	<u>45,291,793</u>
Legal debt margin	<u>\$ 92,569,531</u>	<u>\$ 179,201,268</u>
Total combined legal debt margin		<u>\$ 271,770,799</u>

TABLE X
CITY OF ST. GEORGE, UTAH
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
YEAR ENDED JUNE 30, 2003

<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	\$ 19,677,000	100.00%	\$ 19,677,000
Washington County	\$ 9,820,000	56.23%	5,521,786
Washington Co School District	\$ 117,382,603	56.23%	66,004,238
Washington Co. Water Conservancy	\$ 25,675,000	56.23%	14,437,053
Washington Co/St George City (WCIA)	\$ 22,665,526	38.00%	<u>8,612,900</u>
Total direct & overlapping debt			<u>\$ 114,252,976</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.
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% **
2003	95,000	954,423	1,049,423	28,713,656	3.65% **

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	REVENUES	DIRECT OPERATING EXPENSE	NET REVENUE AVAILABLE DEBT SERVICE	-----DEBT SERVICE REQUIREMENTS-----			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
1994	\$ 7,118,193	\$ 4,107,318	\$ 3,010,875	\$ 813,000	\$ 1,481,730	\$ 2,294,730	1.31
1995	7,856,095	4,594,906	3,261,189	1,421,211	1,497,124	2,918,335	1.12
1996	8,645,285	5,399,692	3,245,593	1,306,789	1,898,571	3,205,360	1.01
1997	10,472,351	6,124,125	4,348,226	1,730,000	2,118,325	3,848,325	1.13
1998	12,726,943	6,747,987	5,978,956	1,811,000	2,646,017	4,457,017	1.34
1999	13,803,583	6,999,645	6,803,938	1,771,000	2,766,370	4,537,370	1.50
2000	15,577,373	7,615,774	7,961,599	2,152,000	2,740,052	4,892,052	1.63
2001	17,070,967	7,940,496	9,130,471	3,341,478	2,725,606	6,067,084	1.50
2002	17,852,427	8,434,640	9,417,787	3,441,000	2,458,628	5,899,628	1.60
2003	19,867,223	9,627,467	10,239,756	4,134,000	2,421,420	6,555,420	1.56

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, 2003

NAME	TYPE OF BUSINESS	TAXABLE VALUE	% OF TOTAL
PRICE DEVELOPMENT	REGIONAL SHOPPING MALL	\$ 30,459,520	1.09%
WAL-MART INC	SUPER WAL-MART RETAIL STORE	13,753,260	0.49%
RIMROCK MARKETPLACE	PROPERTY INVESTMENTS	13,364,340	0.48%
IHC HOSPITALS	MEDICAL PROVIDER	12,571,010	0.45%
THE PLANTATIONS AT ST GEORGE	PROPERTY INVESTMENTS	12,253,275	0.44%
ZION FACTORY STORES HOLDING CO	STRIP SHOPPING MALL	11,275,505	0.40%
COSTCO WHOLESALE	WHOLESALE SHOPPING CLUB	10,035,980	0.36%
ZION FACTORY STORES III	STRIP SHOPPING MALL	9,998,695	0.36%
LESTER WITTWER INVESTMENTS	PROPERTY INVESTMENTS	9,721,260	0.35%
TARGET CORP	SUPER TARGET RETAIL STORE	8,972,520	0.32%
AH COOMBS LC	PROPERTY INVESTMENTS	8,358,395	0.30%
WITTWER INC	PROPERTY INVESTMENTS	8,329,930	0.30%
HARMONS	GROCERY STORE COMPLEX	7,524,335	0.27%
A & M INVESTMENTS	PROPERTY INVESTMENTS	<u>7,182,335</u>	0.26%
		<u>\$ 163,800,360</u>	5.84%

Source: Washington County Assessor

TABLE XV
CITY OF ST. GEORGE, UTAH
MISCELLANEOUS STATISTICS
JUNE 30, 2003

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>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Single family residential	749	615	\$107,190,002	\$83,776,647
Condo/townhomes	446	320	48,360,895	31,142,000
Apartments/duplex	185	92	12,245,000	4,767,000
Mobile Home/RV	<u>3</u>	<u>6</u>	63,000	81,500
Commercial/Industrial			45,423,375	24,276,250
Miscellaneous/Additions			5,181,375	6,127,800
Government/Hospital addition			-	58,240,000
Churches/Additions			2,581,000	1,900,000
Schools			<u>687,700</u>	<u>30,000</u>
Totals	<u>1,383</u>	<u>1,033</u>	<u>\$221,732,347</u>	<u>\$210,341,197</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, 2003, and have issued our report thereon dated September 18, 2003. 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 18, 2003
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 18, 2003

ST. GEORGE CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

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		\$ 221,080
Local Law Enforcement Block Grant	16.592		41,292
Bulletproof Vest Partnership Program	16.607		3,618
Victims of Crime Act	16.575		20,506
Drug Enforcement & System Improvement Formula Grant Program	16.579		<u>75,703</u>
Total U.S. Department of Justice			<u>362,199</u>
Federal Department of Transportation: Airport Improvements Program	20.106		424,564
Transportation Security Administration: Airport Security Program	NONE		167,851
Executive Office of the President, Office of National Drug Control Policy: High Intensity Drug Trafficking Area	NONE		56,340
Federal Emergency Management Agency: State & Local All-Hazards Operational Planning	83.562		<u>5,839</u>
Total Expenditures of Federal Awards			<u>\$ 1,016,793</u>

The accompanying notes are an integral part of this schedule.

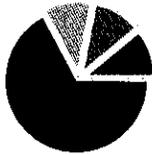
ST. GEORGE CITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

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, 2003. 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, 2003.

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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.

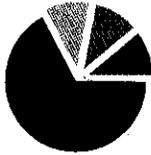
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to 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 8, 2003



Independent Auditors' Report on State Legal Compliance

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

We have audited the basic financial statements of the City of St. George, Utah, for the year ended June 30, 2003, and have issued our report thereon dated September 18, 2003. 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, 2003. 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)

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 18, 2003
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.

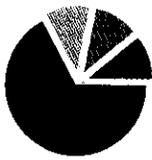
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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, 2003.

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

KEMP, BURDICK, HINTON & HALL, L.C.
September 18, 2003



SCHEDULE OF FINDINGS AND RECOMMENDATIONS

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

September 18, 2003

St. George City Officials
St. George, Utah 84770

Dear Sirs:

During our audit of the funds of St. George City for the fiscal year 2002 - 2003, 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 Suntran Fund and Dixie Center Operations Fund had a deficit fund balance at June 30, 2003.

Recommendation

We follow the recommendation of the State Auditor's office by suggesting the City budget in fiscal year 2003-2004 to eliminate the fund deficit in these funds. We commend the City for having fixed a similar problem last year.

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 one fund which has over-expended its budget amounts. We recognize that this instance is unusual and that most of the City's funds and departments were in full compliance with this requirement.

September 18, 2003.

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.

3. Finding – Cash Deposits

Utah Code Annotated, 1953, as amended, section 51-4-2, requires all public funds to be deposited daily, whenever practical, but no later than three days after receipt. During testwork on cash receipts with the golf courses during the year, we noted that some golf course cash receipts weren't brought to the City office timely and so the City had not made the deposit within three days of the receipt.

Recommendation

We recommend the City consistently follow their policies and procedures to insure cash receipts are deposited within three days of being received.

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, LC

Kemp, Burdick, Hinton & Hall, LC



October 15, 2003

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, 2003

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. The problem in the Dixie Center Operations fund was a result of unanticipated year-end items and will be more closely watched in the future. The deficit in the SunTran Fund is the result of this being the first year of operations and reimbursement funds not being properly applied for and received. The reimbursements have now been applied for and should also be applied for on a more timely basis in the future which should help to eliminate this deficit.

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.

3. The City Treasurer's office works will all outside venues which receive cash to keep them advised of this policy. In this case one of the independent contractor professionals at one of the golf courses failed to follow proper procedures when he was out of town. The Treasurer has developed a cash handler's training program which will be taught throughout the city over the next year or so. This should help in solving this type of problem.

CITY OF ST. GEORGE, UTAH
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2003

Finding 1. - Deficit Fund Balance

Condition: This finding related to deficit positions in the Special Assessment Construction Capital Projects Fund and the Dixie Center Operations Special Revenue Fund..

Recommendations: The auditor recommended that the City budget to eliminate these deficits during the 2002-2003 fiscal year.

Current Status: With the selling of the final special improvement bonds, the deficit in the Special Assessment Construction Capital Projects Fund was eliminated this year. The Dixie Center Operations Fund deficit was reduced considerably from the 2002 fiscal year end.

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, 2003

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 1998</u>	Fiscal <u>Year 1999</u>	Fiscal <u>Year 2000</u>	Fiscal <u>Year 2001</u>	Fiscal <u>Year 2002</u>
Motor Fuel Tax	\$ 217,682	\$ 225,191	\$ 237,574	\$ 229,410	\$ 237,925
Special Fuel Tax	72,404	72,067	76,590	80,849	84,406
Motor Vehicle Registration Fees	25,490	24,886	25,848	25,935	27,378
Proportional Registration Fees	9,482	10,627	12,203	11,554	11,665
Temporary Permits	400	386	372	409	401
Special Transportation Permits	5,589	5,756	5,678	5,911	5,831
Highway Use Permits	6,755	6,589	7,325	7,155	7,530
Driver License	-	-	-	-	-
Motor Vehicle Control Fees	4,019	4,123	4,173	4,093	4,166
Miscellaneous	3,075	-	-	-	-
Interest on Investments	-	-	-	-	-
	<u>\$ 344,896</u>	<u>\$ 349,625</u>	<u>\$ 369,763</u>	<u>\$ 365,316</u>	<u>\$ 379,302</u>

Source: "Annual Statistical Summary", Utah Department of Transportation, December 2002

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>
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%
2003	1,857,785	n/a	n/a

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

n/a = 2003 totals not yet available

City of St. George, UT
 Continuing Disclosure - Excise Tax Revenue Bonds, Series 1996
 Fiscal Year Ended June 30, 2003

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	1,857,785	1	496,400	3.74
2004	1,913,519	2	497,330	3.85
2005	1,970,924		497,010	3.97
2006	2,030,052		500,284	4.06
2007	2,090,953		497,004	4.21

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
2003	\$ 3,409,665	\$ 1,857,785	\$ 1,551,880	45.51%
2002	3,358,022	1,686,442	1,671,580	49.78%
2001	3,685,634	1,736,506	1,949,128	52.88%
2000	3,427,740	1,698,549	1,729,191	50.45%
1999	3,643,434	1,571,994	2,071,440	56.85%
1998	3,037,644	1,326,748	1,710,896	56.32%
1997	2,175,789	749,928	1,425,861	65.53%
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%

(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, 2003

Comparative Property Tax Rates Within Washington County

<u>Tax Levying Entity</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Hurricane	0.002225	0.002102	0.00212	0.002187	0.002220
Ivins	0.001413	0.001545	0.001545	0.001551	0.001598
LaVerkin	0.001564	0.001610	0.001699	0.001787	0.001777
St. George City	0.001939	0.001993	0.002064	0.002091	0.002133
Washington City	0.001387	0.001397	0.001581	0.001623	0.001708

(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	\$11,520,000
1999	Parks and Recreation	6,000,000	August 1, 2023	5,905,000

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	\$233,000
1995B	Downtown	\$835,000	June 1, 2005	\$209,000

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	\$ 363,000
1988B	Sewer	\$ 129,750	June 15, 2008	\$ 129,750
2003	Sewer Refunding	\$3,385,000	July 1, 2007	\$ 3,385,000
2003	Water Refunding	\$12,325,000	June 1, 2016	\$12,325,000
1994	Wastewater	\$4,000,000	June 15, 2014	\$ 2,561,000
2003	Golf Refunding	\$2,840,000	April 1, 2009	\$ 2,528,000
1995A	Water Refunding	\$12,000,000	June 1, 2020	\$ 1,690,000
1996	Excise Tax Revenue	\$3,880,000	December 1, 2006	\$ 1,810,000
1997A	Sewer	\$14,280,000	June 15, 2017	\$12,510,000
1997B	Sewer	\$12,000,000	June 15, 2012	\$ 9,178,000
1997C	Sewer	\$44,000	June 15, 2017	\$ 44,000
2001	Water Refunding	\$8,670,000	June 1, 2020	\$ 8,570,000

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	\$4,825,000
1998	Holt purchase	\$400,000	October 1, 2008	\$ 271,000
1999	Crosby purchase	\$2,250,000	July 15, 2009	\$1,727,000
2000	MBA Woodward	\$350,000	April 1, 2021	\$ 323,000

Outstanding Special Assessment Indebtedness

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Current Balance Outstanding</u>
1994	SID 93-1	\$1,872,000	December 1, 2004	\$ 376,000
1997	SID 96-1	\$221,393	April 1, 2008	\$ 125,000
1998	SID 97-1	\$265,212	August 1, 2008	\$ 175,000
1999	SID97-2	\$1,650,826	November 1, 2009	\$1,247,000

Outstanding Special Assessment Indebtedness (continued)

2000	SID98-1	\$400,126	December 15, 2009	\$ 302,000
2002	SID2000-1	\$228,000	June 1, 2012	\$ 212,000
2002	SID 99-4	\$1,109,000	November 1, 2012	\$1,109,000
2003	SID 99-1	\$989,000	February 1, 2013	\$ 989,000
2003	SID 99-3	\$1,077,000	June 1, 2013	\$1,077,000

Debt Ratios

Direct General Obligation Debt is .70% of 2002 Taxable Value.

Total Direct and Overlapping General Obligation Debt is 4.07% of 2002 Taxable Value

Per Capita Direct General Obligation Debt is \$364 based on the estimated population of 54,050.

Per Capita Direct and Overlapping General Obligation Debt is \$2,114 based on estimated population.

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2003

Table 1 - Sewer Fees by Fiscal Year per Entity

Entity	-----Fiscal Year Ended June 30-----				
	2003	2002	2001	2000	1999
City of St. George	\$ 4,728,824	\$ 4,456,064	\$ 4,429,832	\$ 4,139,779	\$ 3,919,644
Washington City	652,751	585,145	543,407	543,933	517,806
City of Santa Clara	245,460	235,106	228,085	218,747	209,581
Town of Ivins	281,823	266,065	246,445	217,917	185,870
	<u>\$ 5,908,858</u>	<u>\$ 5,542,380</u>	<u>\$ 5,447,769</u>	<u>\$ 5,120,376</u>	<u>\$ 4,832,901</u>

(Source: The City)

Table 2 - Sewer Connections by Fiscal Year per Entity

Entity	-----Fiscal Year Ended June 30-----				
	2003	2002	2001	2000	1999
City of St. George	27,557	25,968	25,815	24,521	23,238
Washington City	3,804	3,410	3,167	2,999	2,870
City of Santa Clara	1,430	1,370	1,329	1,293	1,241
Town of Ivins	1,642	1,550	1,436	1,352	1,166
	<u>34,433</u>	<u>32,298</u>	<u>31,747</u>	<u>30,165</u>	<u>28,515</u>

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2003

Enterprise Fund - Wastewater Collection
 Balance Sheet

	-----Fiscal Year Ended June 30-----				
	2003	2002	2001	2000	1999
Assets:					
Current Assets:					
Cash	\$ 3,065,467	\$ 2,945,853	\$ 2,892,577	\$ 2,661,543	\$ 2,622,309
Accts Rec./Due from other funds	-	-	-	-	18,786
Total current assets	3,065,467	2,945,853	2,892,577	2,661,543	2,641,095
Property Plant & Equipment	5,690,040	5,360,565	5,028,433	4,718,372	4,614,821
Accumulated depreciation	(3,486,711)	(3,262,972)	(2,968,228)	(2,653,193)	(2,335,728)
Net property, plant & equipment	2,203,329	2,097,593	2,060,205	2,065,179	2,279,093
Total Assets	\$ 5,268,796	\$ 5,043,446	\$ 4,952,782	\$ 4,726,722	\$ 4,920,188
Liabilities and fund equity:					
Current Liabilities:					
Accrued liabilities	\$ 58,693	\$ 18,663	\$ 15,510	\$ 12,633	\$ 9,719
Total current liabilities	58,693	18,663	15,510	12,633	9,719
Total Liabilities	58,693	18,663	15,510	12,633	9,719
Fund Equity:					
Contributed capital:					
Subdivisions	580,629	580,629	580,629	580,629	580,629
Government agencies	1,471,195	1,471,195	1,471,195	1,471,195	1,471,195
Total contributions	2,051,824	2,051,824	2,051,824	2,051,824	2,051,824
Retained Earnings:					
Unreserved/unrestricted	3,158,279	2,972,959	2,885,448	2,662,265	2,858,645
Total retained earnings	3,158,279	2,972,959	2,885,448	2,662,265	2,858,645
Total fund equity	5,210,103	5,024,783	4,937,272	4,714,089	4,910,469
Total liabilities and equity	\$ 5,268,796	\$ 5,043,446	\$ 4,952,782	\$ 4,726,722	\$ 4,920,188

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2003

Enterprise Fund - Wastewater Treatment
 Balance Sheet

	-----Fiscal Year Ended June 30-----				
	2003	2002	2001	2000	1999
Assets:					
Current Assets:					
Cash	\$ 10,316,427	\$ 9,075,238	\$ 8,460,346	\$ 7,287,391	\$ 4,082,026
Restricted cash	6,196,327	5,059,793	6,254,401	5,789,175	9,148,404
Accounts receivable	780	149,205	-	-	-
Bond discounts & insurance	388,703	364,289	401,275	438,261	475,247
Prepaid expenses	-	33,885	66,650	104,120	-
Total current assets	<u>16,902,237</u>	<u>14,682,410</u>	<u>15,182,672</u>	<u>13,618,947</u>	<u>13,705,677</u>
Property Plant & Equipment	47,313,864	47,301,091	45,066,216	44,817,154	43,486,418
Accumulated depreciation	(6,853,351)	(6,031,579)	(5,154,529)	(4,299,167)	(3,447,637)
Net property, plant & equipment	<u>40,460,513</u>	<u>41,269,512</u>	<u>39,911,687</u>	<u>40,517,987</u>	<u>40,038,781</u>
Total Assets	<u>\$ 57,362,750</u>	<u>\$ 55,951,922</u>	<u>\$ 55,094,359</u>	<u>\$ 54,136,934</u>	<u>\$ 53,744,458</u>
Liabilities and fund equity:					
Current Liabilities:					
Accrued liabilities	\$ 100,404	\$ 73,036	\$ 77,212	\$ 81,011	\$ 1,323,170
Due to other funds	-	-	-	-	-
Total current liabilities	<u>100,404</u>	<u>73,036</u>	<u>77,212</u>	<u>81,011</u>	<u>1,323,170</u>
Bonds payable	<u>28,297,771</u>	<u>30,629,272</u>	<u>33,020,272</u>	<u>35,316,750</u>	<u>36,558,750</u>
Total Liabilities	<u>28,398,175</u>	<u>30,702,308</u>	<u>33,097,484</u>	<u>35,397,761</u>	<u>37,881,920</u>
Fund Equity:					
Contributed capital:					
Subdivisions	-	-	-	-	-
Government agencies	<u>2,761,568</u>	<u>2,761,568</u>	<u>2,761,568</u>	<u>2,761,568</u>	<u>2,761,568</u>
Total contributions	<u>2,761,568</u>	<u>2,761,568</u>	<u>2,761,568</u>	<u>2,761,568</u>	<u>2,761,568</u>
Retained Earnings:					
Restricted for bond retirement	6,196,327	5,059,793	6,254,401	5,789,175	9,148,404
Unreserved/unrestricted	<u>20,006,680</u>	<u>17,428,253</u>	<u>12,980,906</u>	<u>10,188,430</u>	<u>3,952,566</u>
Total retained earnings	<u>26,203,007</u>	<u>22,488,046</u>	<u>19,235,307</u>	<u>15,977,605</u>	<u>13,100,970</u>
Total fund equity	<u>28,964,575</u>	<u>25,249,614</u>	<u>21,996,875</u>	<u>18,739,173</u>	<u>15,862,538</u>
Total liabilities and equity	<u>\$ 57,362,750</u>	<u>\$ 55,951,922</u>	<u>\$ 55,094,359</u>	<u>\$ 54,136,934</u>	<u>\$ 53,744,458</u>

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2003

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

	-----Fiscal Year Ended June 30-----				
	2003	2002	2001	2000	1999
Operating revenues:					
Charges for services	\$ 5,860,842	\$ 5,534,748	\$ 5,505,002	\$ 4,662,145	\$ 3,985,142
Impact and connection fees	-	-	-	-	-
Other operating revenues	361,620	295,570	241,495	213,180	231,090
Total operating revenues	6,222,462	5,830,318	5,746,497	4,875,325	4,216,232
Operating expenses:					
Salary & Wages	452,066	391,606	349,698	320,351	337,529
Deprecation	223,739	294,745	315,035	317,465	341,393
Bad debts	29,287	27,602	27,543	23,226	19,858
Payroll tax & employee benefits	193,285	163,731	147,090	129,413	136,019
Office & department supplies	83,800	45,352	18,396	37,242	40,743
Professional services	-	49,540	5,315	11,501	59,210
Repair & maintenance - equipment	67,256	68,977	97,456	79,432	64,462
Repair & maintenance - bldg & grounds	2,769	9,392	9,900	9,367	7,971
Insurance & surety bonds	22,519	12,378	20,720	11,123	11,990
Travel	11,697	16,711	6,811	8,311	4,488
Contract labor	4,728,824	4,461,514	4,438,834	4,139,779	3,919,644
Billing and administration	283,000	283,000	253,000	257,805	246,500
Total operating expenses	6,098,242	5,824,548	5,689,798	5,345,015	5,189,807
Operating income (loss)	124,220	5,770	56,699	(469,690)	(973,575)
Non-operating revenues (expenses)					
Interest income	60,177	94,215	166,484	148,022	149,819
Miscellaneous income	924	-	-	125,288	-
Total non-operating revenue (expense)	61,101	94,215	166,484	273,310	149,819
Net Income	185,321	99,985	223,183	(196,380)	(823,756)
Transfers to other funds	-	(12,475)	-	-	-
Retained earnings at beginning of year	2,972,958	2,885,448	2,662,265	2,858,645	3,682,401
Retained earnings at end of year	3,158,279	2,972,958	\$2,885,448	\$2,662,265	\$ 2,858,645

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2003

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

	-----Fiscal Year Ended June 30-----				
	2003	2002	2001	2000	1999
Operating revenues:					
Charges for services	\$ 5,908,858	\$ 5,542,380	\$ 5,447,769	\$ 5,131,073	\$ 4,832,901
Impact and connection fees	-	-	-	-	-
Other operating revenues	1,767,419	1,459,773	1,112,969	1,173,928	904,893
Total operating revenues	7,676,277	7,002,153	6,560,738	6,305,001	5,737,794
Operating expenses:					
Salary & Wages	693,080	649,346	624,224	569,265	528,024
Supplies	365,088	526,888	461,604	398,618	267,309
Equipment rental	1,931	1,767	2,696	2,018	1,453
Deprecation	905,669	877,051	855,361	851,531	663,329
Payroll tax & employee benefits	274,582	247,274	245,307	215,617	195,488
Office & department supplies	51,716	44,022	54,307	44,793	73,619
Professional services	218,433	148,222	120,441	119,531	130,499
Repair & maintenance - equipment	244,155	206,866	320,458	291,739	412,389
Repair & maintenance - bldg & grounds	35,498	34,526	38,915	3,102	1,438
Insurance & surety bonds	41,911	41,911	29,345	21,151	22,479
Travel	7,517	11,104	10,436	9,736	7,905
Billing and administration	320,000	275,000	245,000	365,083	220,000
Total operating expenses	3,159,580	3,063,977	3,008,094	2,892,184	2,523,932
Operating income (loss)	4,516,697	3,938,176	3,552,644	3,412,817	3,213,862
Non-operating revenues (expenses)					
Interest income	243,136	434,980	890,212	720,676	631,286
Miscellaneous income	52,386	37,237	45,709	21,484	15,258
Interest charges	(1,097,258)	(1,157,654)	(1,230,862)	(1,278,342)	(1,293,395)
Total non-operating revenue (expense)	(801,736)	(685,437)	(294,941)	(536,182)	(646,851)
Net Income	3,714,961	3,252,739	3,257,703	2,876,635	2,567,011
Retained earnings at beginning of year	22,488,047	19,235,308	15,977,605	13,100,970	10,533,959
Retained earnings at end of year	\$ 26,203,008	\$ 22,488,047	\$ 19,235,308	\$ 15,977,605	\$ 13,100,970

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2003

Balance Sheet- General Fund

	-----Fiscal Year Ended June 30-----				
	2003	2002	2001	2000	1999
Assets and other debits:					
Cash	\$ 1,710,536	\$ 1,558,372	\$ 1,456,868	\$ 1,689,876	\$ 1,581,632
Accounts receivable (net of allowance)	2,058,334	1,726,050	1,917,791	1,743,314	1,498,658
Inventory	48,483	38,566	48,218	49,609	38,443
Due from other funds	500,000	500,000	-	-	28,088
Prepaid expenses	314,670	-	-	-	-
Notes receivable	949,668	498,345	664,352	589,348	424,933
Total assets and other debits	\$ 5,581,691	\$ 4,321,333	\$ 4,087,229	\$ 4,072,147	\$ 3,571,754
Liabilities:					
Accrued liabilities	\$ 554,650	\$ 246,065	\$ 70,806	\$ 61,655	\$ 29,857
Construction bonds held	361,189	158,107	99,781	93,850	81,875
Due to other funds	388,645	388,645	388,645	388,645	388,645
Deferred property taxes	-	-	-	-	-
Total liabilities	1,304,484	792,817	559,232	544,150	500,377
Fund equity and other credits:					
Fund Balances:					
Reserved by statute	28,368	22,933	66,350	101,426	155,674
Reserved for notes receivable	949,668	498,345	664,353	589,348	424,933
Unreserved - undesignated	3,299,171	3,007,238	2,797,294	2,837,223	2,490,770
Total fund equity and other credits	4,277,207	3,528,516	3,527,997	3,527,997	3,071,377
Total Liabilities, Equity, and other credits	\$ 5,581,691	\$ 4,321,333	\$ 4,087,229	\$ 4,072,147	\$ 3,571,754

City of St. George, UT
 Continuing Disclosure - 1997A Sewer Revenue Bonds
 Fiscal Year Ended June 30, 2003

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				
	1999	2000	2001	2002	2003
REVENUES:					
Taxes and special assessments	\$ 14,155,766	\$ 15,087,379	\$ 16,117,048	\$ 17,874,099	\$ 18,236,344
Licenses and permits	1,017,029	1,074,999	1,169,019	1,448,310	1,618,604
Intergovernmental	2,342,404	2,363,853	2,506,070	2,052,480	2,614,535
Charges for services	3,596,639	3,679,499	3,752,768	4,018,677	4,424,868
Fines and forfeitures	459,420	646,262	862,925	739,632	862,990
Miscellaneous	120,223	64,088	132,945	100,280	161,046
Interest income	391,615	659,455	791,925	357,259	355,482
Rents and concessions	34,331	4,331	7,935	13,649	18,340
Proceeds from sale of property	-	-	56,477	-	-
Total revenues	22,117,427	23,579,866	25,397,112	26,604,386	28,292,209
EXPENDITURES:					
General government	3,107,515	3,335,747	3,035,366	3,211,163	3,355,450
Public safety	6,346,946	7,344,769	7,008,832	7,197,215	8,301,077
Highways and public improvements	6,061,190	5,971,003	6,331,930	6,767,621	6,394,111
Parks, recreation and public prop.	4,482,507	4,501,654	5,546,456	5,864,233	6,012,287
Community and economic development	343,239	329,645	874,723	917,991	1,044,881
Capital projects	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital leases	54,153	128,673	118,489	80,539	72,892
Total expenditures	20,395,550	21,611,491	22,915,796	24,038,762	25,180,698
Excess (deficiency of Revenues over Expenditures)	1,721,877	1,968,375	2,481,316	2,565,624	3,111,511
OTHER FINANCING SOURCES (USES):					
Proceeds of bond sales/capital leases	260,600	23,760	-	-	-
Contributions from other entities	-	301,895	-	50,678	49,313
Operating transfers out	(2,023,114)	(2,350,194)	(3,027,556)	(2,711,000)	(2,482,195)
Operating transfers in	-	571,456	546,240	62,645	-
Proceeds from sale of fixed assets	105,373	28,781	-	32,573	70,061
Total other financing sources (uses)	(1,657,141)	(1,424,302)	(2,481,316)	(2,565,104)	(2,362,821)
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	64,736	544,073	-	520	748,690
Residual equity transfer to PFC Spec Rev Fund	-	(87,453)	-	-	-
Unappropriated Fund Balances at the beginning of the year	3,006,641	3,071,377	3,527,998	3,527,998	3,528,518
Fund Balances at the end of year	\$ 3,071,377	\$ 3,527,997	\$ 3,527,998	\$ 3,528,518	\$ 4,277,208

(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, 2003

Historical Summaries of Taxable Values of Property

Set by County Assessor Locally Assessed	2002		2001		2000		1999		1998		1997	
	Taxable Value	% of T.V.	Taxable Value	% of T.V.								
Residential Real Estate - primary use	\$ 329,728,030	9.98%	\$ 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	83,412,195	2.52%	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	270,827,680	8.20%	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%	-	0.00%
Real Estate - Under FAA-Agricultural	677,015	0.02%	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.	400,574,720	12.13%	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	1,085,219,640	32.85%	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	1,041,283,650	31.52%	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	210,791,080	6.38%	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	455,579,300	13.79%	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	1,823,110	0.06%	2,052,585	0.07%	1,922,750	0.07%	982,155	0.04%	949,315	0.04%	872,145	0.04%
Total Buildings	1,709,477,140	51.75%	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	2,794,696,780	84.59%	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	267,613,136	8.10%	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	6,237,991	0.19%	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	4,057,102	0.12%	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%	-	0.00%
Agricultural Machinery	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Trade Fixtures	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Other Personal Property	128,145,238	3.88%	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	406,053,467	12.29%	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	3,200,750,247	96.89%	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	102,882,833	3.11%	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	\$3,303,633,080	100.00%	\$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: Washington County Information Technology)

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

Revenue Bond Debt Service

FISCAL YEAR ENDING '6/30	WATER SALES REVENUES	OTHER REVENUES (1)	INTEREST INCOME(2)	TOTAL REVENUES	O & M EXPENSE	NET REVENUES	Revenue Bond Debt Service					TOTAL DEBT SERVICE	TOTAL DEBT SERVICE COVERAGE
							2001 Refunding DEBT SERVICE	1993 BOND DEBT SERVICE	1987A SUBORDINATED BOND DEBT SERVICE (3)	1995A BOND DEBT SERVICE	TOTAL DEBT SERVICE		
1996	\$4,491,524	\$849,095	\$281,225	\$5,621,844	*****	\$2,685,123	\$0	\$1,402,324	\$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	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	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	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	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	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	943,200	2,796,759	2.47	
2003	9,232,571	2,958,375	19,055	12,210,001	4,998,005	7,211,996	449,280	1,406,179	0	482,995	2,338,454	3.08	

- (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	2003	2002	2001	2000	1999	1998	1997
Current Assets:							
Cash	\$0	(\$1,373,249)	(\$1,610,658)	(\$1,928,615)	(\$2,563,135)	(\$2,557,359)	(\$1,363,803)
Restricted Cash	540,865	388,587	503,051	501,491	488,462	542,306	294,112
Accts. Receivable	8,905	145,981	0	14,458	253,361	125,357	19,631
Inventory	220,828	229,556	204,847	193,012	228,701	163,863	182,998
Bond Discounts	518,097	848,976	906,268	900,761	954,132	1,007,502	1,060,872
Prepaid Expenses	2,830	2,830	2,831	2,831	2,831	2,831	2,831
Total Current Assets	1,291,525	242,681	6,339	-316,062	-635,648	-715,500	196,641
Property, Plant & Equipment							
Improvements	77,232,555	68,897,015	64,267,588	61,216,149	58,489,364	55,054,334	52,660,851
Less Accum. Depr.	(14,964,337)	(13,494,457)	(12,103,419)	(10,785,726)	(9,535,966)	(8,354,907)	(7,249,542)
Net prop. plant & equip.	62,268,218	55,402,558	52,164,169	50,430,423	48,953,398	46,699,427	45,411,309
TOTAL ASSETS	\$63,559,743	\$55,645,239	\$52,170,508	\$50,114,361	\$48,317,750	\$45,983,927	\$45,607,950
LIABILITIES & FUND EQUITY							
Current Liabilities:							
Accrued Liabilities	\$1,208,315	\$211,586	\$338,804	\$388,017	\$744,945	\$624,236	\$355,661
Due to other funds	3,866,603						
Total Current Liabilities	5,074,918	211,586	338,804	388,017	744,945	624,236	355,661
Long-Term Liabilities:							
Bonds Payable	23,858,713	25,533,713	26,583,713	26,878,713	27,788,713	28,823,713	29,813,713
Bond premiums	956,187						
Capital leases	303,980	396,456	484,831	569,288	650,000	-	-
Deferred gain on bond redemption	-	-	-	485,496	509,771	534,046	558,320
Total long-term liabilities	25,118,880	25,930,169	27,068,544	27,933,497	28,948,484	29,357,759	30,372,033
TOTAL LIABILITIES	\$30,193,798	\$26,141,755	\$27,407,348	\$28,321,514	\$29,693,429	\$29,981,995	\$30,727,694
FUND EQUITY							
Contributed Capital:							
Subdivisions	\$278,131	\$278,131	\$278,131	\$278,131	\$278,131	\$203,548	\$203,548
Government Agencies	1,615,652	1,615,652	1,615,652	1,615,652	1,615,652	1,301,095	1,301,095
Total Contributions	1,893,783	1,893,783	1,893,783	1,893,783	1,893,783	1,504,643	1,504,643
Retained Earnings:							
Reserved for bond retirement	540,865	388,587	503,051	501,491	488,462	542,306	294,112
Unreserved	30,931,297	27,221,114	22,366,326	19,397,573	16,242,076	13,954,983	13,081,501
Total retained earnings	31,472,162	27,609,701	22,869,377	19,899,064	16,730,538	14,497,289	13,375,613
TOTAL FUND EQUITY	\$33,365,945	\$29,503,484	\$24,763,160	\$21,792,847	\$18,624,321	\$16,001,932	\$14,880,256
TOTAL LIABILITIES & EQUITY	\$63,559,743	\$55,645,239	\$52,170,508	\$50,114,361	\$48,317,750	\$45,983,927	\$45,607,950

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

	2003	2002	2001	2000	1999	1998	1997
Operating Revenues:							
Charges for services	\$9,232,571	\$8,902,637	\$8,069,746	\$8,119,704	\$6,841,327	\$5,873,537	\$5,037,979
Impact fees & Other	2,958,374	1,947,637	1,482,915	1,152,668	1,224,462	1,310,752	967,802
Total operating revenues	12,190,945	10,850,274	9,552,661	9,272,372	8,065,789	7,184,289	6,005,781
Operating Expenses:							
Water purchased	700,260	497,949	566,048	412,168	394,026	588,828	561,478
Salary and Wages	1,400,210	1,216,659	1,092,805	1,002,666	1,048,225	900,022	792,463
Service vehicle expense	80,488	53,990	55,495	35,572	45,350	46,990	43,109
Equipment rental	18,139	72,297	10,419	16,456	4,785	13,185	13,556
Depreciation	1,469,881	1,391,037	1,317,693	1,249,760	1,181,060	1,105,365	992,087
Bad debts	45,879	42,731	40,410	40,132	33,856	27,975	25,427
Payroll tax & benefits	552,031	470,341	433,830	370,695	392,089	345,910	295,034
Office supplies	764,625	541,052	40,124	506,418	358,145	405,037	348,774
Professional services	142,323	197,625	112,481	193,896	160,587	135,674	166,005
R & M - equipment	700,071	292,723	685,497	389,859	301,912	604,853	726,108
Insurance & surety bonds	62,438	65,244	80,152	27,986	36,377	31,280	35,683
Travel	26,285	35,186	12,246	15,369	15,064	13,022	14,501
Miscellaneous	-128	150	307	-	7,342	81	52
Subscriptions	3,484	1,679	2,395	1,813	2,095	2,940	2,523
Billing & administration	501,900	492,000	482,500	460,800	494,800	433,320	415,000
Total operating expenses	6,467,886	5,370,663	4,932,402	4,723,590	4,475,713	4,654,482	4,431,800
Operating income	5,723,059	5,479,611	4,620,259	4,548,782	3,590,076	2,529,807	1,573,981
Non-operating Rev. (Exp.):							
Interest income	19,055	30,902	67,357	56,275	90,969	93,807	182,394
Miscellaneous	10,000	530,786	(196,144)	25,179	25,179	25,179	22,030
Loss on bond refunding	(565,492)						
Interest charges	(1,324,162)	(1,300,974)	(1,521,159)	(1,461,710)	(1,472,975)	(1,527,117)	(1,567,771)
Total Non-operating	(1,860,599)	(739,286)	(1,649,946)	(1,380,256)	(1,356,827)	(1,408,131)	(1,363,347)
Net Income (loss)	3,862,460	4,740,325	2,970,313	3,168,526	2,233,249	1,121,676	210,634
Retaining earnings at July 1	27,609,702	22,869,377	19,899,064	16,730,538	14,497,289	13,375,613	13,164,979
Retained earnings at June 30	\$31,472,162	\$27,609,702	\$22,869,377	\$19,899,064	\$16,730,538	\$14,497,289	\$13,375,613

Source: City's Comprehensive Annual Financial Reports

CITY OF ST. GEORGE, UT
 Continuing Disclosure - 1997A Washington County/St. George Interlocal Agency
 June 30, 2003

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
2003	258,106

(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>
1999	\$7,461,000	7.9%
2000	8,133,000	9.0%
2001	8,538,437	4.99%
2002	9,571,255	12.10%
2003	9,197,358	(3.91%) ***

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

Tax Revenues by Source (Last ten fiscal years)

See Statistical section of CAFR - 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, 2003

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.**