

PARK CITY SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2003

PARK CITY SCHOOL DISTRICT

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FINANCIAL SECTION



Independent Auditor's Report

Board of Education
Park City School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Park City School District (District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the District as of June 30, 2003, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 12, Park City School District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion Analysis—for State and Local Governments*, as of June 30, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2003 on our consideration of the District'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 the results of our audit.

Management's discussion and analysis, which follows this report, 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Aguirre & Company, PC

August 15, 2003

Management's Discussion and Analysis

This section of Park City School District's (District) financial report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2003.

Financial Highlights

- The District is dependent on revenues generated by property taxes. Property tax revenues increased by 12.1% in 2003 as a result of a 2.8% increase in tax rates as well as growth and revaluation increases of taxable property.
- The District's net assets exceeded liabilities by \$74.9 million at the close of the most recent fiscal year.
- During the year, expenses were \$8.5 million less than the \$41.4 million generated in taxes and other revenues for governmental activities.
- The District continues to grow at a steady pace. Student enrollment increased by 34 students to a total of 3,957 students as of October 1, 2002.
- On October 1, 2002, the District issued \$19.6 million of general obligation refunding bonds to existing general obligation bonds at a lower interest rate. The refunding reduces future cash flows for debt services by \$592,668 and resulted in an economic gain of \$585,442.
- The District continues to improve buildings to provide for growth in the number of students enrolled and to provide housing for the various programs throughout the District. During 2003, the District completed \$6.4 million of building projects. Construction projects under way at June 30, 2003 total \$3.5 million.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District'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 contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the assets and liabilities of the District, 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 District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 11 through 12 of this report.

The government-wide financial statements of the District are divided into two categories:

- Governmental activities. Most of the District's basic services are included here, such as instruction, various support services, and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.

- Component units. The District includes other entities in the report, namely, the Park City Education Foundation and the parent teacher organizations. Although legally separate, these component units are included because they are nonprofit organizations established to support schools and programs within the District.

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

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

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

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, each of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 through 17 of this report.

- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the District cannot use these funds to finance its operations.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 through 29 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 30 through 37 of this report.

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 District, assets exceeded liabilities by \$74.9 million at the close of the most recent fiscal year.

PARK CITY SCHOOL DISTRICT'S Net Assets (in millions of dollars)

	Governmental activities		Total change
	2003	2002	2003-2002
Current and other assets	\$ 63.5	\$ 57.6	\$ 5.9
Capital assets	87.7	87.2	0.5
Total assets	151.2	144.8	6.4
Current and other liabilities	33.9	31.7	2.2
Long-term liabilities outstanding	42.5	46.8	(4.3)
Total liabilities	76.4	78.5	(2.1)
Net assets:			
Invested in capital assets, net of related debt	45.4	40.5	4.9
Restricted	19.5	17.1	2.4
Unrestricted	10.0	8.8	1.2
Total net assets	\$ 74.9	\$ 66.4	\$ 8.5

- The largest portion of the District's net assets (61%) reflects its investment in capital assets (e.g., land, buildings and improvements, and equipment and busses net of accumulated depreciation), less any related debt (general obligation bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District'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.
- An additional portion of the District's net assets (26%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- The remaining balance of *unrestricted net assets* (13%) may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

Restricted net assets increased by \$2.4 million during the year ended June 30, 2003. This increase resulted primarily from property tax revenues received during the current year that are restricted for capital projects (construction and renovation of buildings, acquisition of land, and the purchase of textbooks and supplies).

The District's net assets increased by \$8.5 million during the current year. The following discussion and analysis on governmental activities focuses on this increase:

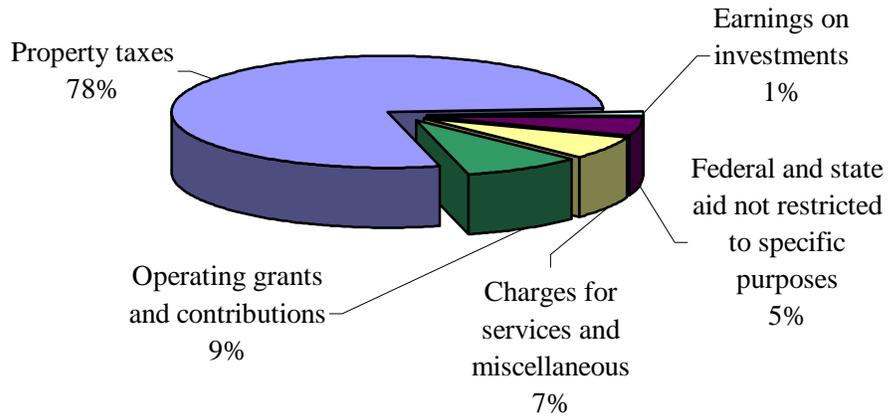
Governmental activities. The key elements of the increase of the District’s net assets for the year ended June 30, 2003 are as follows:

PARK CITY SCHOOL DISTRICT'S Changes in Net Assets
(in millions of dollars)

	Governmental activities		Total
	2003	2002	change 2003-2002
Revenues:			
Program revenues:			
Charges for services	\$ 1.4	\$ 1.4	\$ -
Operating grants and contributions	3.7	4.7	(1.0)
General revenues:			
Property taxes	32.2	28.8	3.4
Federal and state aid not restricted to specific purposes	2.2	2.2	-
Earnings on investments	0.6	0.8	(0.2)
Miscellaneous	1.3	1.6	(0.3)
Total revenues	<u>41.4</u>	<u>39.5</u>	<u>1.9</u>
Expenses:			
Instructional services	19.4	18.0	1.4
Supporting services:			
Students	0.9	0.8	0.1
Instructional staff	0.5	0.6	(0.1)
District administration	1.1	0.9	0.2
School administration	1.9	1.7	0.2
Business	0.4	0.4	-
Operation and maintenance of facilities	3.4	3.2	0.2
Transportation	1.4	1.6	(0.2)
School lunch services	1.1	1.1	-
Community services	0.9	0.7	0.2
Interest on long-term liabilities	1.9	2.2	(0.3)
Total expenses	<u>32.9</u>	<u>31.2</u>	<u>1.7</u>
Increase in net assets	8.5	8.3	0.2
Net assets - beginning	<u>66.4</u>	<u>58.1</u>	<u>8.3</u>
Net assets - ending	<u>\$ 74.9</u>	<u>\$ 66.4</u>	<u>\$ 8.5</u>

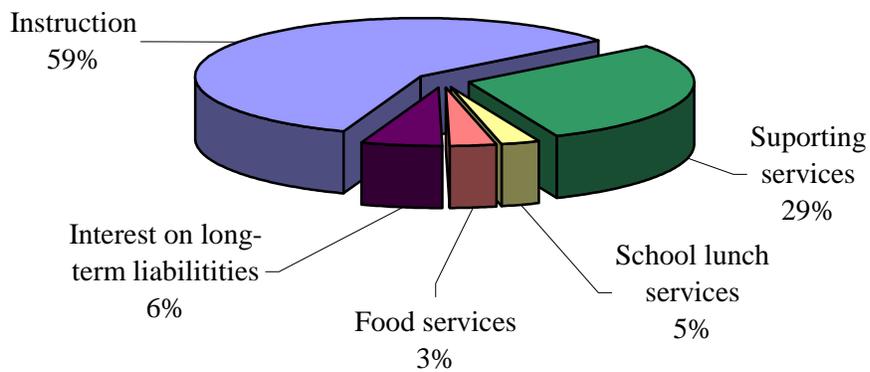
- The largest net dollar decrease in revenues is property taxes. Property tax revenues increased by \$3.4 million or 12.1% in 2003 as a result of a 2.8% increase in tax rates as well as growth and revaluation increases of taxable property.
- State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the guarantee it will make up the difference with state funding. Certain special students receive a weighting greater than one. The value of the WPU increased by 0.8% during the year ended June 30, 2003 (\$2,132 during 2003 as compared to \$2,116 in 2002). However, even with student growth, major cuts in other non-WPU generated state programs resulted in an overall loss of state revenue.

Revenues by Source - Governmental Activities



- Instructional services represent the largest dollar increase in expense of \$1.4 million due to an increase in the number of teachers employed by the District, increases in salaries, and increases in health care insurance premiums.

Expenditures by Function - Governmental Activities



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$25.7 million, \$3.2 million higher than the previous year. Included in this year's change in the combined fund balance are revenues that are restricted for capital projects totaling \$1.3 million; this year's change also includes an increase in the fund balance of the general fund of \$2.2 million. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$24.1 million, an increase of 0.7% during the current fiscal year. This compares to a 9.4% increase in 2002. Instructional services represent 63.5% of general fund expenditures.
- General fund salaries totaled \$15.6 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$5.4 to arrive at 87.3% of total general fund expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the District's fund balances that are not available for appropriation. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of debt service, capital projects, and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion. The \$2.0 million of the fund balance of the general fund is designated for the following purposes:

- *Designation for undistributed reserve* of \$1.3 million or 5.1% of general fund budgeted expenditures. As allowed by state law, the District has established an undistributed reserve within the general fund; this amount is set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's excellent bond rating of Aa3 given by credit rating agencies.
- *Designation for employee benefits and special termination benefits.* The District has designated a portion of the general fund's unreserved fund balance for compensated absences (\$0.1 million) and voluntary retirement incentives (\$0.4 million).
- *Basic levy recapture.* The District has designated \$0.3 million for anticipated reductions in future state revenues because the District generates (through property tax revenues) a significant portion of the guaranteed state minimum school program.

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was a decrease of \$1.8 million or 6.7% in total general fund expenditures.

During the year, final budgeted revenues were less than original budgetary estimates by \$2.2 million or 9.5%, to account for anticipated increases in property tax revenue and state sources.

Even with these adjustments, actual expenditures were \$0.4 million below final budgeted amounts. The most significant positive variances were \$0.1 million in instructional services and \$0.1 million in supporting services-student. On the other hand, resources available for appropriation were \$0.2 million below the final budgeted amount. Variances primarily result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Capital Asset and Debt Administration

Capital Assets. The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. The District completed the remodel of Treasure Mountain Middle School during 2003 at a cost of \$6.4 million. The District has various projects in process at June 30, 2003 with an anticipated total cost of \$3.5 million; these projects were about half complete at that date.

Capital assets at June 30, 2003 and 2002 are outlined below:

PARK CITY SCHOOL DISTRICT'S Capital Assets
(net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total
	2003	2002	change 2003-2002
Land	\$ 5.0	\$ 5.0	\$ -
Construction in progress	1.7	5.7	(4.0)
Buildings and improvements	79.4	74.8	4.6
Equipment and busses	1.6	1.7	(0.1)
Total capital assets	<u>\$ 87.7</u>	<u>\$ 87.2</u>	<u>\$ 0.5</u>

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

Debt Administration. On October 1, 2002 the District issued 19.6 million of general obligation refunding bonds to refinance certain existing general obligation bonds at a lower interest rate. The refunding reduces future cash flows for debt services by \$592,668 and resulted in an economic gain of \$585,442.

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2003 is \$227.8 million. General obligation debt at June 30, 2003 is \$43.5 million, resulting in a legal debt margin of \$184.3 million.

PARK CITY SCHOOL DISTRICT'S Outstanding Debt
(in millions of dollars)

	Governmental activities		
	2003	2002	Total change 2003-2002
General obligation bonds	\$ 43.5	\$ 46.8	\$ (3.3)

Although it is not unusual for governments to have a 30-year bond payoff schedule, the District maintains an aggressive schedule to retire all of its general obligation bonds by 2015.

Additional information on the District's long-term debt can be found in Note 8 to the basic financial statements.

Enrollment

The District anticipates continued growth in student enrollment. The following enrollment information is based on the annual October 1 count:

PARK CITY SCHOOL DISTRICT'S Enrollment

School Year	Enrollment	Change
2003-04	4059	2.6%
2002-03	3957	0.9%
2001-02	3923	0.1%
2000-01	3921	2.7%
1999-00	3818	0.4%

Requests for Information

This financial report is designed to provide a general overview of the Park City School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Park City School District, 2700 Kearns Blvd., Park City, UT 84060.

BASIC FINANCIAL STATEMENTS

PARK CITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2003

	<u>Governmental Activities</u>	<u>Component Units</u>
Assets:		
Cash and investments	\$ 28,770,784	\$ 828,251
Receivables:		
Property taxes	33,540,282	-
Other local	167,475	163,606
State of Utah	128,615	-
Federal government	736,431	-
Inventories	36,583	-
Bond issuance costs, nets of accumulated amortization	96,578	-
Capital assets:		
Land and construction in progress	6,646,430	-
Other capital assets, net of accumulated depreciation	81,091,165	14,466
Total assets	<u>151,214,343</u>	<u>1,006,323</u>
Liabilities:		
Accounts payable	870,228	59,612
Accrued interest payable	754,004	-
Accrued salaries payable	2,836,353	-
Deferred revenue:		
Property taxes	28,979,748	-
Other local	900	258,692
State of Utah	399,352	-
Federal government	20,755	-
Noncurrent liabilities:		
Due within one year	4,599,172	-
Due in more than one year	37,896,825	-
Total liabilities	<u>76,357,337</u>	<u>318,304</u>
Net Assets:		
Invested in capital assets, net of related debt	45,371,297	-
Restricted for:		
School lunch	644,776	-
Community programs	2,062,056	-
Learning center	59,314	-
Debt service	869,375	-
Capital projects	15,863,489	-
Student programs	-	358,637
Unrestricted	9,986,699	329,382
Total net assets	<u>\$ 74,857,006</u>	<u>\$ 688,019</u>

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

PARK CITY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2003

Functions	Expenses	Program Revenues		Net (Expense)	Component Units
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets	
				Total Governmental Activities	
Governmental activities:					
Instruction	\$ 19,415,806	\$ 18,903	\$ 2,235,916	\$ (17,160,987)	
Supporting services:					
Student	879,810	-	237,215	(642,595)	
Instructional staff	504,507	-	-	(504,507)	
General administration	1,057,135	-	50,567	(1,006,568)	
School administration	1,920,938	-	5,004	(1,915,934)	
Business	387,234	-	-	(387,234)	
Operation and maintenance of facilities	3,356,807	-	32	(3,356,775)	
Student transportation	1,426,381	89,087	748,592	(588,702)	
Food services	1,107,446	779,403	330,963	2,920	
Community services	944,043	511,311	83,654	(349,079)	
Interest on long-term liabilities	1,922,176	-	-	(1,922,176)	
Total school district	<u>\$ 32,922,283</u>	<u>\$ 1,398,704</u>	<u>\$ 3,691,942</u>	<u>(27,831,637)</u>	
Discretely presented component units:					
Education foundation	\$ 442,040	\$ 87,021	\$ 457,198		\$ 102,179
Parent-teacher organizations	252,919	265,759	30,743		43,583
	<u>\$ 694,959</u>	<u>\$ 352,780</u>	<u>\$ 487,941</u>		<u>145,762</u>
General revenues:					
Property taxes levied for:					
General purposes				19,094,528	-
Transportation				451,541	-
Recreation				671,667	-
Debt service				6,829,554	-
Capital outlay				5,175,786	-
Federal and state aid not restricted to specific purposes				2,233,223	-
Earnings on investments				566,303	5,182
Miscellaneous				1,312,755	388
Total general revenues				<u>36,335,357</u>	<u>5,570</u>
Change in net assets				8,503,720	151,332
Net assets - beginning				<u>66,353,286</u>	<u>536,687</u>
Net assets - ending				<u>\$ 74,857,006</u>	<u>\$ 688,019</u>

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

PARK CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2003

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Assets:					
Cash and investments	\$ 9,884,528	\$ 560,214	\$ 15,925,655	\$ 2,400,387	\$ 28,770,784
Receivables:					
Property taxes	21,749,781	5,823,001	5,750,000	217,500	33,540,282
Other local	59,801	-	-	107,674	167,475
State of Utah	111,135	-	-	17,480	128,615
Federal government	615,310	-	-	121,121	736,431
Inventories	-	-	-	36,583	36,583
Total assets	<u>\$ 32,420,555</u>	<u>\$ 6,383,215</u>	<u>\$ 21,675,655</u>	<u>\$ 2,900,745</u>	<u>\$ 63,380,170</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 86,557	\$ -	\$ 773,940	\$ 9,731	\$ 870,228
Accrued liabilities	2,836,353	-	-	-	2,836,353
Deferred revenue:					
Property taxes	21,749,781	5,823,001	5,750,000	217,500	33,540,282
State of Utah	397,823	-	-	1,529	399,352
Federal government	-	-	20,755	-	20,755
Other local	-	-	-	900	900
Total liabilities	<u>25,070,514</u>	<u>5,823,001</u>	<u>6,544,695</u>	<u>229,660</u>	<u>37,667,870</u>
Fund Balances:					
Reserved for:					
Retirement of general obligation bonds	-	560,214	-	-	560,214
Construction commitments	-	-	1,806,964	-	1,806,964
Inventories	-	-	-	36,583	36,583
Encumbrances	32,376	-	151,426	5,010	188,812
Unreserved, designated for:					
High school lunch program	-	-	-	61,111	61,111
Undistributed reserve	1,250,000	-	-	-	1,250,000
Voluntary retirement incentive	400,000	-	-	-	400,000
Unpaid vacation	65,759	-	-	7,023	72,782
Basic levy recapture	277,211	-	-	-	277,211
Capital projects	-	-	13,172,570	-	13,172,570
Unreserved, undesignated	<u>5,324,695</u>	<u>-</u>	<u>-</u>	<u>2,561,358</u>	<u>7,886,053</u>
Total fund balances	<u>7,350,041</u>	<u>560,214</u>	<u>15,130,960</u>	<u>2,671,085</u>	<u>25,712,300</u>
Total liabilities and fund balances	<u>\$ 32,420,555</u>	<u>\$ 6,383,215</u>	<u>\$ 21,675,655</u>	<u>\$ 2,900,745</u>	<u>\$ 63,380,170</u>

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

PARK CITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2003

Total fund balances for governmental funds \$ 25,712,300

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 4,928,568	
Construction in progress	1,717,862	
Buildings and improvements, net of \$15,057,866 accumulated depreciation	79,428,870	
Equipment and busses, net of \$1,674,266 accumulated depreciation	1,662,295	87,737,595

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 4,560,534

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is: (754,004)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:

General obligation bonds payable	(43,450,000)	
Deferred amounts on refunding , net of \$94,692 of accumulated amortization	1,083,702	
Bond issuance costs, net of \$8,439 of accumulated amortization	96,578	
Unpaid vacation	(72,782)	
Voluntary retirement incentive payable	(56,917)	(42,399,419)

Total net assets of governmental activities \$ 74,857,006

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

PARK CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2003

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Revenues:					
Property taxes	\$ 19,342,414	\$ 6,814,557	\$ 5,164,420	\$ 741,151	\$ 32,062,542
Earnings on investments	378,379	40,778	147,146	-	566,303
School lunch sales	-	-	-	779,403	779,403
Other local revenue	579,382	-	792,915	559,759	1,932,056
State sources	4,381,064	-	181,837	208,095	4,770,996
Federal sources	781,159	-	8,279	364,731	1,154,169
Total revenues	<u>25,462,398</u>	<u>6,855,335</u>	<u>6,294,597</u>	<u>2,653,139</u>	<u>41,265,469</u>
Expenditures:					
Instructional services	15,308,207	-	32,507	380,865	15,721,579
Supporting services:					
Student	842,685	-	11,679	25,446	879,810
Instructional staff	490,734	-	-	-	490,734
General administration	1,038,301	-	-	-	1,038,301
School administration	1,690,708	-	-	145,562	1,836,270
Business	371,186	-	-	-	371,186
Operation and maintenance of facilities	3,192,355	-	78,320	-	3,270,675
Student transportation	1,161,980	-	-	-	1,161,980
Food services	-	-	-	1,022,778	1,022,778
Community services	-	-	-	915,021	915,021
Capital outlay	-	-	4,931,211	21,394	4,952,605
Debt service:					
Principal retirement	-	4,460,000	-	-	4,460,000
Debt issuance costs	-	105,017	-	-	105,017
Interest and fiscal charges	-	2,029,305	-	-	2,029,305
Total expenditures	<u>24,096,156</u>	<u>6,594,322</u>	<u>5,053,717</u>	<u>2,511,066</u>	<u>38,255,261</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,366,242</u>	<u>261,013</u>	<u>1,240,880</u>	<u>142,073</u>	<u>3,010,208</u>
Other financing sources (uses):					
Transfers	(175,000)	-	-	175,000	-
Proceeds of refunding bonds	-	19,605,000	-	-	19,605,000
Premium on refunding bonds	-	445,393	-	-	445,393
Payment to refunded bond escrow	-	(19,943,787)	-	-	(19,943,787)
Sale of fixed assets	-	-	81,828	-	81,828
Total other financing sources (uses)	<u>(175,000)</u>	<u>106,606</u>	<u>81,828</u>	<u>175,000</u>	<u>188,434</u>
Net change in fund balances	1,191,242	367,619	1,322,708	317,073	3,198,642
Fund balances - beginning	<u>6,158,799</u>	<u>192,595</u>	<u>13,808,252</u>	<u>2,354,012</u>	<u>22,513,658</u>
Fund balances - ending	<u>\$ 7,350,041</u>	<u>\$ 560,214</u>	<u>\$ 15,130,960</u>	<u>\$ 2,671,085</u>	<u>\$ 25,712,300</u>

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

PARK CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2003

Net change in fund balances-total governmental funds \$ 3,198,642

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a initial, individual cost of more than \$5,000 for furniture and equipment and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 2,639,494	
Depreciation expense	<u>(2,053,661)</u>	585,833

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as : expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Principal repayment of general obligation bonds	4,460,000	
General obligation refunding bonds issued	(19,605,000)	
Premium on refunded bond	(445,393)	
Payment to refunded bond escrow agent	19,943,787	
Amortization of deferred refunding costs	(94,692)	
Bond issuance costs	105,017	
Amortization of bond issuance costs	(8,439)	
Interest expense	<u>201,821</u>	4,557,101

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred property tax revenues increased this year. 160,534

In the statement of activities, certain operating expenses - compensated absences (vacations) and special terminati benefits (voluntary retirement incentive) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, unpaid vacation decreased by \$15,383 and voluntary retirement incentive payable increased by \$13,773. 1,610

Change in net assets of governmental activities \$ 8,503,720

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

PARK CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Property taxes	\$ 18,435,373	\$ 19,454,290	\$ 19,342,414	\$ (111,876)
Earnings on investments	520,000	370,000	378,379	8,379
Other local revenue	316,500	529,545	579,382	49,837
State sources	3,539,418	4,494,738	4,381,064	(113,674)
Federal sources	640,368	824,173	781,159	(43,014)
Total revenues	<u>23,451,659</u>	<u>25,672,746</u>	<u>25,462,398</u>	<u>(210,348)</u>
Expenditures:				
Instruction	16,829,814	15,473,638	15,308,207	165,431
Supporting services:				
Student	1,012,504	970,580	842,685	127,895
Instructional staff	624,016	576,346	490,734	85,612
General administration	999,320	991,611	1,038,301	(46,690)
School administration	1,667,544	1,699,553	1,690,708	8,845
Business	349,943	371,877	371,186	691
Operation and maintenance of facilities	3,513,340	3,231,015	3,192,355	38,660
Student transportation	1,269,053	1,197,364	1,161,980	35,384
Total expenditures	<u>26,265,534</u>	<u>24,511,984</u>	<u>24,096,156</u>	<u>415,828</u>
Excess of revenues over expenditures	<u>(2,813,875)</u>	<u>1,160,762</u>	<u>1,366,242</u>	<u>205,480</u>
Other financing sources (uses):				
Transfers in (out)	61,633	(175,000)	(175,000)	-
Net change in fund balances	(2,752,242)	985,762	1,191,242	205,480
Fund balances - beginning	<u>2,802,242</u>	<u>6,158,799</u>	<u>6,158,799</u>	<u>-</u>
Fund balances - ending	<u>\$ 50,000</u>	<u>\$ 7,144,561</u>	<u>\$ 7,350,041</u>	<u>\$ 205,480</u>

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

PARK CITY SCHOOL DISTRICT
Statement of Fiduciary Fund Net Assets
Student Activities Agency Fund
June 30, 2003

	<u>Student Activities Fund</u>
Assets:	
Cash and investments	\$ 458,620
Liabilities:	
Due to student groups	\$ 458,620

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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Park City School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

Reporting entity – The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. As required by GAAP, these financial statements present the District and its component units, Park City School District Foundation and the parent-teacher organizations of each school, legally separate organizations for which the District is considered to be financially accountable. The component units are reported as a separate column in the District’s government-wide financial statements as discretely presented component units; the component units are reported as governmental fund types. Complete financial statements for the Foundation may be obtained at the District’s administrative office.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net assets and the statement of changes in net assets) display information about the primary government (the District) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for “shared” capital assets (for example, a school building is used primarily for instruction, school administration, and operation and maintenance of facilities) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the District’s funds, including its fiduciary fund. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- The *general fund* is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- The *capital projects fund* account for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund type:

- The *student activities agency fund (a fiduciary fund)* accounts for monies held on behalf student groups.

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide financial statements* are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The government-wide financial statements of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Budgetary Data – The District operates within the budget requirements for school districts as specified by State Law and as interpreted by the Utah State Superintendent of Public Instruction. Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a District level for the student activities agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- By June 1 of each year, the District business administrator prepares a proposed annual budget (for the fiscal year beginning July 1) for all applicable funds. The budget is presented to the Board of Education by the superintendent. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current fiscal year ending June 30th.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- Copies of the proposed budget are made available for public inspection and review by the District's patrons.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2003, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Deposits and Investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pool's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "due to/from other funds" (i.e., current portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories – Inventories are valued at cost or, if donated, at fair value when received, stated at the lower of average cost or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are recorded as revenue when received.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Capital Assets – Capital assets, which include land, buildings and improvements, equipment and busses, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, equipment and busses and \$100,000 for buildings and improvements and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Buildings and improvements and equipment and busses of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Athletic field improvements	20
Musical instruments	20
Kitchen equipment	15
Maintenance equipment	15
School buses and vehicles	10
Copiers	7
Computer equipment and software	5

Vacation and Special Termination Benefits - Under terms of association agreements, employees are granted vacation leave in amounts varying with tenure. In the event of termination or death, an employee is reimbursed for accumulated vacation days. A liability is recorded for vested vacation days in the governmental-wide financial statements.

Under Board policy, the District provides employees a sick leave incentive available to all employees upon their separation from the District. The benefit is up to 25% (based on years of service within the District) of the amount of unused sick leave days allowed to be accumulated using the daily rate of pay at the time of separation. The District records expenditures for sick pay benefits at the time of separation. The District incurred \$3,901 of sick pay benefits during the year ended June 30, 2003.

Under Board policy, the District provides a voluntary retirement incentive program. Eligibility is restricted to those employees with a minimum of ten years of service in the District who can retire under the provisions of the Utah Retirement Systems (see Note 6.) Those qualifying under this program may receive benefits for up to four years. Benefits are determined by taking a percentage of the difference between the employee’s lane and step at the time of retirement and the current lane and step six using contracted amounts. Health insurance coverage is also available to retiring employees qualifying under this program; health insurance premiums are recorded as expenditures when paid. The District records expenditures for voluntary retirement benefits at the time an eligible employee retires.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related 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. Premiums received on debt issuances are 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.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

Comparative Data and Reclassifications – Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

2. DEPOSITS AND INVESTMENTS

The District follows the requirements of the Utah Money Management Act (Section 51, Chapter 7 of the Utah Code) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The State Money Management Council requires semi annual reporting of all cash balances and investments. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Deposits and investments at June 30, 2003, appear in financial statements as summarized below:

Cash	\$ 1,409,868
Investments	28,647,787
Total cash and investments	<u>\$ 30,057,655</u>
Cash and investments - governmental funds, balance sheet	\$ 28,770,784
Cash and investments - fiduciary fund, statement of net assets	458,620
Cash and investments - component units, government-wide statement of net assets	828,251
Total cash and investments	<u>\$ 30,057,655</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2003 is \$1,409,868 and the bank balance is \$2,296,946. Of the bank balance, \$243,952 is covered by federal depository insurance. No deposits are collateralized, nor are they required to be by state statute.

Investments – At year-end, the District's investment balances of \$28,622,120 were held in the Public Treasurers' Investment Fund and \$25,667 in a mutual fund for a combined total of \$28,647,787. These investments are not subject to categorization.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Summit County treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30.

Beginning January 1, 1992, an annual uniform fee based on the value of motor vehicles was levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5% of the fair market statewide value of the property, as established by the State Tax Commission. Effective January 1, 1999, legislation required motor vehicles be subject to an "age-based" fee that is due each time a vehicle is registered. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when collected.

As of June 30, 2003, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2003 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

4. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 4,928,568	\$ -	\$ -	\$ 4,928,568
Construction in progress	5,696,124	2,373,360	(6,351,622)	1,717,862
Total capital assets, not being depreciated	10,624,692	2,373,360	(6,351,622)	6,646,430
Capital assets, being depreciated:				
Buildings and improvements	88,135,114	6,351,622	-	94,486,736
Equipment and busses	3,111,451	266,134	(41,024)	3,336,561
Total capital assets, being depreciated	91,246,565	6,617,756	(41,024)	97,823,297
Accumulated depreciation for:				
Buildings and improvements	(13,274,215)	(1,783,651)	-	(15,057,866)
Equipment and busses	(1,445,280)	(270,010)	41,024	(1,674,266)
Total accumulated depreciation	(14,719,495)	(2,053,661)	41,024	(16,732,132)
Total capital assets, being depreciated, net	76,527,070	4,564,095	-	81,091,165
Governmental activities capital assets, net	\$ 87,151,762	\$ 6,937,455	\$ (6,351,622)	\$ 87,737,595

For the year ended June 30, 2003, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 1,469,888
Supporting services:	
General administration	18,834
School administration	84,668
Business	16,048
Operation and maintenance of facilities	86,132
Student transportation	264,401
Food services	84,668
Community services	29,022
Total depreciation expense, governmental activities	\$ 2,053,661

The District is obligated at June 30, 2003, under construction commitments for various remodeling and expansion projects totaling \$3,524,825. Construction in progress recorded as of June 30, 2003 on these projects totaled \$1,717,861 with an outstanding commitment of \$1,806,964; the commitment will be financed from a reservation of the capital projects fund balance.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

5. RETIREMENT PLANS

The District contributes to the State and School Contributory Retirement System and State and School Noncontributory Retirement System which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

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 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 State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Plan members in the State and School Contributory Retirement System are required to contribute 6.00% of their annual covered salary (5.00% paid by the District for the employee) and the District is required to contribute 5.91% of their annual covered salary. In the State and School Noncontributory Retirement System, the District is required to contribute 10.40% of their annual covered salary. The District contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board.

The District's contributions to the State and School Contributory Retirement System for the years ended June 30, 2003, 2002, and 2001 were \$80,233, \$79,594, and \$97,556, respectively, and for the State and School Noncontributory Retirement System the contributions for the years ended June 30, 2003, 2002, and 2001 were \$1,600,629, \$1,585,726, and \$1,810,025, respectively. Employee contributions to the State and School Contributory Retirement System for the years ended June 30, 2003, 2002, and 2001 were \$7,354, \$7,099, and \$6,850, respectively. The contributions were equal to the required contributions for each year.

The District participates in a deferred compensation plan--under Internal Revenue Code Section 401(k)--to supplement retirement benefits accrued by participants in the Systems. Employees covered by the noncontributory plan have a contribution of 1.5% of salary automatically made by the District. During the years ended June 30, 2003, 2002, and 2001, employer contributions were \$229,689, \$223,758, and \$194,960, respectively. Employees, who are participants in the Systems, can make additional contributions to the 401(k) plan. These employee contributions were \$555,461, \$498,834, and \$463,605, for the same periods. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are held by the Utah Retirement Systems.

The District also offers its employees a deferred compensation plan under Internal Revenue Code Section 457 allowing employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Employee contributions to the Section 457 plan totaled \$2,571, \$2,850, and \$7,179 for the years ended June 30, 2003, 2002, and 2001, respectively. Section 457 plan assets are held by the Utah Retirement Systems.

Voluntary Retirement Incentive – The District provides a voluntary retirement incentive program. Eligibility is restricted to those employees with a minimum of ten years of service in the District, and who meet the eligibility requirements for and will be receiving Utah State Retirement System benefits. The District's direct payments to retirees in the year ended June 30, 2003 are \$7,207. Future retirement

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

payments for employees who have elected early retirement are recognized on an accrual basis as an expense in the government-wide statements in the year of retirement. This liability is paid from the fund from which the employee retires.

7. RISK MANAGEMENT

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10,000,000 per occurrence through policies administered by the Utah State Risk Management Fund. The District pays an annual premium to the Fund. The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Utah State Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a deductible of \$1,000 per occurrence. Settled claims have not exceeded the District's insurance coverage for any of the past three years. The District also maintains a public treasurer's fidelity bond of \$1,035,000, with a private carrier.

All District employees are covered for workers compensation by the Utah Local Governments Trust. Unemployment insurance is covered by the District on a pay-as-you-go basis; settled claims for the past three years have been insignificant.

8. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2003 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 46,625,000	\$ 19,605,000	\$ (22,780,000)	\$ 43,450,000	\$ 4,510,000
Deferred amounts on refunding	-	(1,178,394)	94,692	(1,083,702)	-
Net bonds payable	46,625,000	18,426,606	(22,685,308)	42,366,298	4,510,000
Unpaid vacation	88,165	81,000	(96,383)	72,782	65,504
Voluntary retirement incentive payable	43,144	20,980	(7,207)	56,917	23,668
Total long term liabilities	<u>\$ 46,756,309</u>	<u>\$ 18,528,586</u>	<u>\$ (22,788,898)</u>	<u>\$ 42,495,997</u>	<u>\$ 4,599,172</u>

General Obligation Bonds – The District issues general obligation bonds to provide funds for the construction of new facilities, acquisition of property, renovation and improvement of facilities, and procurement of other equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Payments on the general obligation bonds are made by the debt service fund from property taxes.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2003, including interest payments are listed as follows:

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Year Ending June 30,	Principal	Interest	Total
2004	\$ 4,510,000	\$ 1,793,213	\$ 6,303,213
2005	4,700,000	1,600,426	6,493,213
2006	4,895,000	1,397,908	6,495,426
2007	4,780,000	1,161,003	6,177,908
2008	4,975,000	946,713	6,136,003
2009-2013	18,310,000	2,027,095	19,256,713
2014-2015	1,280,000	60,553	3,307,095
	<u>\$ 43,450,000</u>	<u>\$ 8,986,911</u>	<u>\$ 54,169,571</u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in Summit County. The legal debt limit at June 30, 2003, is \$227,777,432 with general obligation debt outstanding of \$43,450,000, resulting in a legal debt margin of \$184,327,432.

General obligation school building bonds payable at June 30, 2003, with their outstanding balance are comprised of the following individual issues:

Purpose	Interest Rates	Outstanding Amount
\$5,000,000 general obligation school building bonds, issued September 1, 1993, maturing August 1, 2008	4.00% to 4.60%	\$ 515,000
\$7,000,000 general obligation school building bonds, issued October 1, 1995, maturing February 1, 2010	4.30% to 7.25%	1,515,000
\$10,000,000 general obligation school building bonds, issued October 1, 1996, maturing February 1, 2011	4.10% to 7.10%	2,700,000
\$17,550,000 general obligation school building bonds, issued March 1, 1997, maturing February 1, 2012	4.00% to 6.00%	4,675,000
\$10,000,000 general obligation school building bonds, issued January 1, 2000, maturing February 1, 2012	5.10% to 5.20%	7,440,000
\$9,460,000 general and refunding school building bonds, issued May 1, 2001, maturing August 1, 2014	4.00% to 4.70%	7,185,000
\$19,605,000 general obligation refunding bonds, issued October 1, 2002, maturing February 1, 2012	2.00% to 4.00%	<u>19,420,000</u>
Total		<u>\$ 43,450,000</u>

Advance Refunding – On October 1, 2002, the District issued \$19,605,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$18,320,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$1,178,394. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same life as the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$592,668 and resulted in an economic gain of \$585,442.

9. INTERFUND BALANCES AND ACTIVITY

During the year, the general fund transferred \$175,000 to the other governmental funds. This represents the District's supplement to state and federal grants for the Park City Learning Center, a charter school.

10. LITIGATION AND LEGAL COMPLIANCE

There are lawsuits pending in which the District is involved. The District's counsel and insurance carriers estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not materially effect the financial statements of the District.

All funds balances are positive at June 30, 2003. Fund expenditures are within amounts budgeted for the year, except in the capital projects fund, where expenditures exceeded amounts budgeted by \$374,125.

11. GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would be immaterial.

12. RESTATEMENT

During 2003, the District implemented Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. For the first time the District's financial statements include 1) a Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations, 2) government-wide financial statements prepared using full-accrual accounting for all of the District's activities, assets and liabilities, and 3) a change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the basic financial statements). The prior-year governmental fund financial statements of the District have been restated to provide comparability with the current-year financial statements. The effect of restatement is to discontinue reporting unpaid vacation of \$81,650 and \$3,396 in the June 30, 2002, general fund and Non K-12 Programs fund, respectively.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

PARK CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Special Revenue			Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Learning Center	
Assets:				
Cash and investments	\$ 1,793,323	\$ 584,923	\$ 22,141	\$ 2,400,387
Receivables:				
Property taxes	217,500	-	-	217,500
Other local	107,674	-	-	107,674
State of Utah	-	17,480	-	17,480
Federal Government	74,246	9,702	37,173	121,121
Inventories	-	36,583	-	36,583
Total assets	<u>\$ 2,192,743</u>	<u>\$ 648,688</u>	<u>\$ 59,314</u>	<u>\$ 2,900,745</u>
Liabilities:				
Accounts payable	\$ 5,819	\$ 3,912	\$ -	\$ 9,731
Accrued liabilities	-	-	-	-
Deferred revenue:				
Property taxes	217,500	-	-	217,500
Other local	900	-	-	900
State of Utah	1,529	-	-	1,529
Total liabilities	<u>225,748</u>	<u>3,912</u>	<u>-</u>	<u>229,660</u>
Fund balances:				
Reserved for inventories	-	36,583	-	36,583
Reserved for encumbrances	5,010	-	-	5,010
Designated for high school lunch program	-	61,111	-	61,111
Designated for unpaid vacation	7,023	-	-	7,023
Unreserved, undesignated	1,954,962	547,082	59,314	2,561,358
Total fund balances	<u>1,966,995</u>	<u>644,776</u>	<u>59,314</u>	<u>2,671,085</u>
Total liabilities and fund balances	<u>\$ 2,192,743</u>	<u>\$ 648,688</u>	<u>\$ 59,314</u>	<u>\$ 2,900,745</u>

PARK CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2003

	Special Revenue			Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Learning Center	
Revenues:				
Property taxes	\$ 741,151	\$ -	\$ -	\$ 741,151
Lunch sales	-	779,403	-	779,403
Other local revenue	530,214	29,545	-	559,759
State sources	25,739	94,127	88,229	208,095
Federal sources	69,427	237,285	58,019	364,731
Total revenues	1,366,531	1,140,360	146,248	2,653,139
Expenditures:				
Instruction	218,629	-	162,236	380,865
Supporting services:				
Student	-	-	25,446	25,446
School administration	89,813	-	55,749	145,562
Community services	907,029	-	7,992	915,021
Food services	-	1,022,778	-	1,022,778
Capital outlay	-	-	21,394	21,394
Total expenditures	1,215,471	1,022,778	272,817	2,511,066
Excess of revenues over expenditures	151,060	117,582	(126,569)	142,073
Other financing sources:				
Transfers in	-	-	175,000	175,000
Net change in fund balances	151,060	117,582	48,431	317,073
Fund balances - beginning	1,815,935	527,194	10,883	2,354,012
Fund balances - ending	<u>\$ 1,966,995</u>	<u>\$ 644,776</u>	<u>\$ 59,314</u>	<u>\$ 2,671,085</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Non K-12 Programs
Nonmajor Special Revenue Fund
Year Ended June 30, 2003
With Comparative Totals for 2002

	<u>2003</u>			<u>2002</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Property taxes	\$ 650,461	\$ 741,151	\$ 90,690	\$ 626,208
Other local sources	444,697	530,214	85,517	536,818
State sources	97,543	25,739	(71,804)	100,712
Federal sources	42,159	69,427	27,268	106,449
Total revenues	<u>1,234,860</u>	<u>1,366,531</u>	<u>131,671</u>	<u>1,370,187</u>
Expenditures:				
Instruction	353,862	218,629	135,233	155,266
Supporting services:				
School administration	73,556	89,813	(16,257)	37,855
Operation and maintenance of facilities	-	-	-	2,450
Community services	<u>870,655</u>	<u>907,029</u>	<u>(36,374)</u>	<u>731,866</u>
Total expenditures	<u>1,298,073</u>	<u>1,215,471</u>	<u>82,602</u>	<u>927,437</u>
Net change in fund balances	(63,213)	151,060	214,273	442,750
Fund balances - beginning	<u>1,809,510</u>	<u>1,815,935</u>	<u>-</u>	<u>1,373,185</u>
Fund balances - ending	<u>\$ 1,746,297</u>	<u>\$ 1,966,995</u>	<u>\$ 214,273</u>	<u>\$ 1,815,935</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Food Services
Nonmajor Special Revenue Fund
Year Ended June 30, 2003
With Comparative Totals for 2002

	2003			2002
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Lunch sales	\$ 751,067	\$ 779,403	\$ 28,336	\$ 760,909
Other local sources	26,606	29,545	2,939	-
State sources	70,000	94,127	24,127	102,058
Federal sources	280,797	237,285	(43,512)	244,042
Total revenues	<u>1,128,470</u>	<u>1,140,360</u>	<u>11,890</u>	<u>1,107,009</u>
Expenditures:				
Salaries	385,961	391,264	(5,303)	382,562
Employee benefits	147,553	135,621	11,932	131,930
Purchased services	21,958	22,055	(97)	25,508
Supplies	24,238	25,014	(776)	28,247
Food	432,973	447,544	(14,571)	431,203
Equipment	1,177	1,280	(103)	13,166
Other	175,000	-	175,000	-
Total expenditures	<u>1,188,860</u>	<u>1,022,778</u>	<u>166,082</u>	<u>1,012,616</u>
Net change in fund balances	(60,390)	117,582	177,972	94,393
Fund balances - beginning	<u>527,194</u>	<u>527,194</u>	<u>-</u>	<u>432,801</u>
Fund balances - ending	<u>\$ 466,804</u>	<u>\$ 644,776</u>	<u>\$ 177,972</u>	<u>\$ 527,194</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Park City School District Learning Center
Nonmajor Special Revenue Fund
Year Ended June 30, 2003

	2003			2002
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
State sources	\$ 40,506	\$ 88,229	\$ 47,723	\$ 56,625
Federal sources	80,042	58,019	(22,023)	7,941
Total revenues	120,548	146,248	25,700	64,566
Expenditures:				
Instruction	145,227	162,236	(17,009)	152,895
Supporting services:				
Student	21,284	25,446	(4,162)	24,311
School administration	45,955	55,749	(9,794)	46,297
Community services	43,223	7,992	35,231	-
Capital outlay	28,491	21,394	7,097	5,180
Total expenditures	284,180	272,817	11,363	228,683
Excess (deficiency) of revenues over (under) expenditures	(163,632)	(126,569)	37,063	(164,117)
Other Financing Sources:				
Transfers in	175,000	175,000	-	175,000
Net change in fund balances	11,368	48,431	37,063	10,883
Fund balances - beginning	10,883	10,883	-	-
Fund balances - ending	\$ 22,251	\$ 59,314	\$ 37,063	\$ 10,883

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Debt Service Fund
Year Ended June 30, 2003
With Comparative Totals for 2002

	2003		Variance with Final Budget - Positive (Negative)	2002
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Property tax	\$ 6,814,558	\$ 6,814,557	\$ (1)	\$ 5,409,151
Other	40,778	40,778	-	-
Total revenues	<u>6,855,336</u>	<u>6,855,335</u>	<u>(1)</u>	<u>5,409,151</u>
Expenditures:				
Debt service:				
Principal Retirement	4,460,000	4,460,000	-	4,050,000
Bond issuance costs	106,606	105,017	1,589	-
Interest and fiscal charges	<u>2,029,305</u>	<u>2,029,305</u>	<u>-</u>	<u>2,309,958</u>
Total expenditures	<u>6,595,911</u>	<u>6,594,322</u>	<u>1,589</u>	<u>6,359,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>259,425</u>	<u>261,013</u>	<u>1,588</u>	<u>(950,807)</u>
Other financing sources (uses):				
Proceeds of refunding bonds	19,605,000	19,605,000	-	-
Premium on refunding bonds	445,393	445,393	-	-
Payment to refunded bond escrow agent	<u>(19,943,787)</u>	<u>(19,943,787)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>106,606</u>	<u>106,606</u>	<u>-</u>	<u>-</u>
Net change in fund balances	366,031	367,619	1,588	(950,807)
Fund balance - beginning	<u>192,595</u>	<u>192,595</u>	<u>-</u>	<u>1,143,402</u>
Fund balance - ending	<u><u>\$ 558,626</u></u>	<u><u>\$ 560,214</u></u>	<u><u>\$ 1,588</u></u>	<u><u>\$ 192,595</u></u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Capital Projects Fund
Year Ended June 30, 2003
With Comparative Totals for 2002

	2003			2002
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 5,164,420	\$ 5,164,420	\$ -	\$ 4,804,350
Earnings on investments	156,598	147,146	(9,452)	203,265
Other local revenue	761,168	792,915	31,747	1,120,508
State sources	-	181,837	181,837	-
Federal sources	6,407	8,279	1,872	41,625
Total revenues	6,088,593	6,294,597	206,004	6,169,748
Expenditures:				
Instruction	-	32,507	(32,507)	-
Supporting Services:				
Student	-	11,679	(11,679)	9,538
Operation and maintenance of facilities	72,331	78,320	(5,989)	47,819
Capital outlay:				
Buildings and improvements	2,986,252	3,373,393	(387,141)	5,889,008
Machinery	181,803	176,763	5,040	44,023
Vehicles and busses	543,032	543,031	1	54,787
Other equipment	896,174	838,024	58,150	1,141,384
Total expenditures	4,679,592	5,053,717	(374,125)	7,186,559
Excess (deficiency) of revenues over (under) expenditures	1,409,001	1,240,880	(168,121)	(1,016,811)
Other Financing Sources (Uses):				
Sale of capital assets	74,748	81,828	7,080	35,534
Total other financing sources (uses)	74,748	81,828	7,080	35,534
Net change in fund balances	1,483,749	1,322,708	(161,041)	(981,277)
Fund balance - beginning	13,808,252	13,808,252	-	14,789,529
Fund balance - ending	\$ 15,292,001	\$ 15,130,960	\$ (161,041)	\$ 13,808,252

PARK CITY SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund
Year Ended June 30, 2003

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2003</u>
Assets:				
Cash	\$ 380,265	\$ 1,745,420	\$ 1,667,065	\$ 458,620
Liabilities:				
Due to student organizations:				
Park City High School	\$ 93,873	\$ 950,865	\$ 816,054	\$ 228,684
Learning Center	8,315	9,919	7,644	10,590
Treasure Mountain Middle School	155,249	204,511	263,080	96,680
Ecker Hill Middle School	31,508	173,020	176,008	28,520
Parley's Park Elementary School	18,643	127,481	131,081	15,043
McPolin Elementary School	2,456	60,952	58,374	5,034
Jeremy Ranch Elementary School	65,521	134,097	148,131	51,487
Trailside Elementary School	4,700	84,575	66,693	22,582
Total liabilities	<u>\$ 380,265</u>	<u>\$ 1,745,420</u>	<u>\$ 1,667,065</u>	<u>\$ 458,620</u>

STATISTICAL SECTION
(Unaudited)

**PARK CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF NET ASSETS
GOVERNMENTAL ACTIVITIES**

June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Assets:		
Cash and investments	\$ 28,770,784	\$ 25,351,357
Receivables:		
Property taxes	33,540,282	31,479,970
Other governments	1,032,521	826,981
Inventories	36,583	38,239
Bond issuance costs, net of accumulated amortization	96,578	-
Capital assets:		
Land and construction in progress	6,646,430	10,624,692
Other capital assets, net of accumulated depreciation	81,091,165	76,527,070
Total assets and other debits	<u>151,214,343</u>	<u>144,848,309</u>
Liabilities:		
Accounts payable	870,228	770,203
Accrued interest payable	754,004	955,825
Accrued salaries payable	2,836,353	2,762,051
Deferred revenue:		
Property taxes	28,979,748	27,079,970
Other governments	421,007	170,665
Noncurrent liabilities:		
Due within one year	4,599,172	4,364,349
Due in more than one year	37,896,825	42,391,960
Total liabilities	<u>76,357,337</u>	<u>78,495,023</u>
Net Assets:		
Invested in capital assets, net of related debt	45,371,297	40,526,762
Restricted for:		
School lunch	644,776	527,194
Community programs	2,062,056	1,906,054
Learning center	59,314	10,883
Debt service	869,375	65,285
Capital projects	15,863,489	14,549,638
Unrestricted	9,986,699	8,767,470
Total net assets	<u>\$ 74,857,006</u>	<u>\$ 66,353,286</u>

Source: Information taken from the District's audited financial statements. This summary itself has not been audited.

PARK CITY SCHOOL DISTRICT
ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEETS
June 30, 2002 through 1999

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Assets and Other Debits				
Assets:				
Cash and investments	\$ 26,403,921	\$ 28,002,505	\$ 27,122,850	\$ 18,803,748
Receivables:				
Property taxes	31,479,970	24,576,192	-	-
Other governments	836,687	559,354	242,620	297,268
Inventories and prepaid expenditures	38,239	41,902	30,070	27,294
General fixed assets:				
Land	4,928,568	4,928,568	4,728,635	4,442,744
Buildings	88,135,114	78,868,417	70,864,842	69,314,760
Machinery and equipment	3,533,926	3,397,293	9,321,088	9,756,412
Construction in progress	5,696,124	9,305,231	7,611,550	1,254,488
Other debits:				
Amount available in debt service fund	192,595	1,143,402	1,380,460	662,759
Amount to be provided for retirement of general long-term debt	46,475,549	49,531,598	47,869,540	42,117,241
Total assets and other debits	<u>\$ 207,720,693</u>	<u>\$ 200,354,462</u>	<u>\$ 169,171,655</u>	<u>\$ 146,676,714</u>
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts payable	\$ 770,203	\$ 1,386,276	\$ 1,579,742	\$ 790,503
Accrued liabilities	2,847,097	2,638,192	2,456,491	2,327,500
Deferred revenues:				
Property taxes	31,479,970	24,576,192	-	-
Other governments	857,983	1,194,430	902,728	697,879
Due to student groups	331,428	425,101	331,710	267,802
Voluntary retirement incentive payable	43,144	-	-	-
General obligation bonds payable	46,625,000	50,675,000	49,250,000	42,780,000
Total liabilities	82,954,825	80,895,191	54,520,671	46,863,684
Equity and other credits:				
Investment in general fixed assets	102,293,732	96,499,509	92,526,115	84,768,404
Fund balances:				
Reserved:				
Special transportation and tort liability	139,587	345,269	352,740	127,847
Retirement of long-term debt	192,595	1,143,402	1,380,460	662,759
Construction commitments	508,087	5,318,184	7,944,387	6,197,644
Inventories	38,239	8,667	11,703	7,961
Encumbrances	32,676	239,116	467,895	37,672
Unreserved, designated:				
Undistributed reserve	1,200,000	1,150,000	1,075,000	975,000
Special termination benefits	200,000	-	-	-
High school lunch program	35,344	-	-	-
Basic levy recapture	82,061	-	-	-
Capital projects	13,285,706	9,259,746	6,875,854	4,467,353
Undesignated	6,757,841	5,495,378	4,016,830	2,568,390
Total equity and other credits	124,765,868	119,459,271	114,650,984	99,813,030
Total liabilities, equity and other credits	<u>\$ 207,720,693</u>	<u>\$ 200,354,462</u>	<u>\$ 169,171,655</u>	<u>\$ 146,676,714</u>

Note: Effective 2001, new accounting standards require reporting property taxes as a receivable on the date levied or January 1; revenue is recorded in the year for which it is levied. Effective 2003, the balance sheet was replaced by the statement of net assets.

Source: Information taken from the District's audited financial statements. This summary itself has not been audited.

PARK CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2003 through 1999

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Assets and Other Debits					
Cash and investments	\$ 9,884,528	\$ 8,377,630	\$ 7,523,769	\$ 6,171,325	\$ 4,658,668
Receivables:			11,322	-	9,679
Property taxes	21,749,781	19,086,379	14,236,836	-	-
Other governments	786,246	660,911	445,003	192,064	259,920
Prepaid expenses	-	-	9,205	-	-
Total assets and other debits	<u>\$ 32,420,555</u>	<u>\$ 28,124,920</u>	<u>\$ 22,226,135</u>	<u>\$ 6,363,389</u>	<u>\$ 4,928,267</u>
Liabilities, Fund Equity and Other Credits					
Liabilities:					
Accounts payable	\$ 86,557	\$ 85,833	\$ 74,135	\$ 99,928	\$ 113,008
Accrued liabilities	2,836,353	2,763,831	2,581,598	2,419,581	2,290,158
Deferred revenues:					
Property taxes	21,749,781	19,086,379	14,236,836	-	-
Other governments	397,823	111,728	343,339	112,405	156,724
Total liabilities	<u>25,070,514</u>	<u>22,047,771</u>	<u>17,235,908</u>	<u>2,631,914</u>	<u>2,559,890</u>
Equity and other credits:					
Fund balances:					
Reserved for special transportation and tort liability	-	139,587	345,269	352,740	127,847
Reserved for encumbrances	32,376	16,791	24,488	22,624	26,894
Unreserved, designated for undistributed reserve	1,250,000	1,200,000	1,150,000	1,075,000	975,000
Unreserved, designated for special termination benefits	400,000	200,000	-	-	-
Unreserved, designated for unpaid vacation	65,759	-	-	-	-
Unreserved, designated for basic levy recapture	277,211	82,061	-	-	-
Unreserved, undesignated	5,324,695	4,438,710	3,470,470	2,281,111	1,238,636
Total equity and other credits	<u>7,350,041</u>	<u>6,077,149</u>	<u>4,990,227</u>	<u>3,731,475</u>	<u>2,368,377</u>
Total liabilities, equity and other credits	<u>\$ 32,420,555</u>	<u>\$ 28,124,920</u>	<u>\$ 22,226,135</u>	<u>\$ 6,363,389</u>	<u>\$ 4,928,267</u>

Note: Effective 2001, new accounting standards require reporting property taxes as a receivable on the date levied or January 1; revenue is recorded in the year for which it is levied.

Source: Information taken from the District's audited financial statements. This summary itself has not been audited.

PARK CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Years Ended June 30, 2003 through 1999

	Anticipated Budget						
	<u>2003-2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Revenues:							
Property taxes	\$ 21,749,781	\$ 19,342,414	\$ 17,713,475	\$ 16,087,425	\$ 14,500,948	\$ 12,699,982	\$ 11,077,764
Earnings on investments	405,000	378,379	579,726	875,438	613,212	309,614	408,437
Other local revenue	536,000	579,382	685,063	462,674	356,449	449,774	341,345
State sources	4,154,746	4,381,064	5,407,502	5,113,142	4,982,498	4,543,291	5,076,005
Federal sources	1,016,500	781,159	808,056	596,090	582,302	536,847	400,596
Total revenues	<u>27,862,027</u>	<u>25,462,398</u>	<u>25,193,822</u>	<u>23,134,769</u>	<u>21,035,409</u>	<u>18,539,508</u>	<u>17,304,147</u>
Expenditures:							
Instruction	19,162,387	15,308,207	15,361,364	13,971,048	13,179,670	12,519,552	11,441,839
Support services:							
Student	1,102,748	842,685	778,839	683,808	708,991	694,932	612,299
Instructional staff	625,747	490,734	551,943	476,220	421,035	491,718	336,926
General administration	1,081,892	1,038,301	935,785	954,174	861,806	854,816	767,593
School administration	1,732,589	1,690,708	1,549,999	1,566,483	1,467,975	1,376,617	1,206,790
Business	387,293	371,186	357,588	346,455	328,815	333,793	239,137
Operation and maintenance	3,961,663	3,192,355	3,036,755	2,647,118	2,399,641	2,264,926	2,125,877
Student transportation	1,347,097	1,161,980	1,359,627	1,230,711	954,435	1,099,174	885,003
Miscellaneous	3,283,864	-	-	-	-	-	-
Total expenditures	<u>32,685,280</u>	<u>24,096,156</u>	<u>23,931,900</u>	<u>21,876,017</u>	<u>20,322,368</u>	<u>19,635,528</u>	<u>17,615,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,823,253)</u>	<u>1,366,242</u>	<u>1,261,922</u>	<u>1,258,752</u>	<u>713,041</u>	<u>(1,096,020)</u>	<u>(311,317)</u>
Other financing sources:							
Transfers	<u>(240,806)</u>	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>	<u>650,057</u>	<u>594,326</u>	<u>594,326</u>
Net Change in Fund Balance	<u>(5,064,059)</u>	<u>1,191,242</u>	<u>1,086,922</u>	<u>1,258,752</u>	<u>1,363,098</u>	<u>(501,694)</u>	<u>283,009</u>
Fund Balance at July 1 *	<u>5,314,059</u>	<u>6,158,799</u>	<u>4,990,227</u>	<u>3,731,475</u>	<u>2,368,377</u>	<u>2,870,071</u>	<u>2,587,062</u>
Fund Balance at June 30	<u>\$ 250,000</u>	<u>\$ 7,350,041</u>	<u>\$ 6,077,149</u>	<u>\$ 4,990,227</u>	<u>\$ 3,731,475</u>	<u>\$ 2,368,377</u>	<u>\$ 2,870,071</u>

* Restated for unpaid vacation in 2003

Source: Information taken from the District's audited financial statements. This summary itself has not been audited.

**PARK CITY SCHOOL DISTRICT
HISTORICAL SUMMARIES OF TAXABLE VALUES OF PROPERTY**

Tax Years 2002 through 1998

	<u>2002</u>		<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
	<u>Taxable Value</u>	<u>% of TV</u>	<u>Taxable Value</u>	<u>Taxable Value</u>	<u>Taxable Value</u>	<u>Taxable Value</u>
Set by County Assessor-Locally Assessed						
Real property:						
Primary residential	\$ 1,598,261,800	28.5 %	\$ 1,490,564,016	\$ 1,318,223,015	\$ 1,194,138,755	\$ 1,067,416,519
Other residential	2,583,652,719	46.0	2,478,240,540	2,199,971,765	1,907,731,618	1,901,177,697
Commercial and industrial	533,717,650	9.5	547,900,593	514,610,538	513,676,557	494,080,140
Farmland assessment act (FAA)	5,374,434	0.1	5,288,206	5,156,862	4,517,362	3,798,584
Unimproved non FAA	744,063,072	13.3	694,147,421	521,496,895	481,898,117	502,534,576
Total real property	5,465,069,675	97.3	5,216,140,776	4,559,459,075	4,101,962,409	3,969,007,516
Personal property:						
Primary mobile homes	22,842	0.0	26,967	26,967	31,191	21,291
Secondary mobile homes	3,881	0.0	3,881	3,881	3,881	60,133
Other business personal	127,884,162	2.3	133,063,673	121,237,662	123,276,953	126,812,143
Total personal property	127,910,885	2.3	133,094,521	121,268,510	123,312,025	126,893,567
Fee in lieu property	22,178,872	0.4	22,404,634	80,310,267	78,353,656	163,799,608
Total locally assessed	<u>\$ 5,615,159,432</u>	<u>100.0 %</u>	<u>\$ 5,371,639,931</u>	<u>\$ 4,761,037,852</u>	<u>\$ 4,303,628,090</u>	<u>\$ 4,259,700,691</u>
Total locally assessed (less fee in lieu)	<u>\$ 5,592,980,560</u>		<u>\$ 5,349,235,297</u>	<u>\$ 4,680,727,585</u>	<u>\$ 4,225,274,434</u>	<u>\$ 4,095,901,083</u>
Set by State Tax Commission-Centrally Assessed	<u>\$ 101,455,241</u>		<u>\$ 110,349,143</u>	<u>\$ 79,970,564</u>	<u>\$ 85,566,360</u>	<u>\$ 87,771,343</u>

Source: Property Tax Division, Utah State Tax Commission.