

EMERY SCHOOL DISTRICT

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Emery County School District
List of Elected and Appointed Officials
June 30, 2003

Elected Officials

<u>Members of the Board of Education</u>	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Initial Appointment</u>
Sam Singleton Precinct I	January 1, 2001	January 3, 2005	January 2001
Laurel Johansen President of the Board Precinct II	January 1, 2001	January 3, 2005	January 1997
Rue Ware Vice President of the Board Precinct III	January 1, 2001	January 3, 2005	January 2001
Marie Johnson Precinct IV	January 1, 2003	January 3, 2007	November 1990
Royd Hatt Precinct V	January 1, 2003	January 3, 2007	July 1989

Appointed Officials

Kirk Sitterud Superintendent	July 2003	July 2005	July 1997
Ross C Huntington Business Administrator	January 2002	January 2004	January 1998

The term of office for a board member is four years, whereas the term of office of the Superintendent and Business Administrator is two years.

1. FINANCIAL SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

INDEPENDENT AUDITOR'S REPORT

Emery County School Board
Emery County School District
Huntington, Utah 84528

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Emery County School 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinion.

As described in Note 1 to the basic financial statements, the District adopted Governmental Accounting Standards Board Statement No. 34 and GASB interpretation 6 as of and for the year ending June 30, 2003.

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 remaining fund information of Emery County School District as of June 30, 2003, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2003, on our consideration of Emery County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Emery County School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The introductory section, combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of Emery County School District. 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 introductory and statistical sections 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.



KIMBALL & ROBERTS, P. C.

October 13, 2003
Richfield, Utah

Management Discussion and Analysis

As management of the Emery County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2003.

Financial Highlights

- ◆ As of the close of the current fiscal year, all of the District's governmental funds reported positive variances in fund balances for a total of \$6,367,371; an increase of \$622,424 in comparison with the prior year. Of this amount, \$500,265 is designated for specific programs. The balance, \$122,159, represents .6% of actual expenditures and is available for spending at the government's discretion (unreserved fund balance).
- ◆ On June 15, 2003, the District made the final payment on the General Obligation School Building Bonds, Series 1998, of \$385,000. The retirement of that bond issue leaves the District with a total bonded indebtedness of \$1,500,000 which is 3% of legal debt limit.
- ◆ Benefits payable to early retiree's increased by \$449,497 during the year. The District has a liability of \$1,798,430 as of June 30, 2003, to provide benefits to these retirees in future years.
- ◆ The District was the recipient of a Carol M White Physical Education Grant award from the US Department of Education in the amount of \$584,100.

Overview of the Financial Statements

This discussion and analysis are 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 District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net

assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the 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 14-15 of this report.

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: government 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 resource available at the end of the fiscal year. Such information may be useful in evaluating 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 five 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, debt service fund, and the capital projects fund, all of which are considered to be major funds. Data from the other two 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 16-20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government entity. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

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 21 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 financial statements can be found on pages 22-36 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 35-41 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 \$19,635,155 at the close of the most recent fiscal year.

EMERY SCHOOL DISTRICT'S Net Assets

	Governmental Activities		Total
	2003	2002	Change
Current and other assets	\$ 16,364,098	\$ 7,656,542	\$ 8,707,556
Capital assets	16,975,123	17,503,550	(528,427)
Total assets	33,339,221	25,160,092	8,179,129
Long-term liabilities outstanding	3,705,464	3,546,350	159,114
Other liabilities	9,998,602	1,914,795	8,083,807
Total liabilities	13,704,066	5,461,145	8,242,921
Net assets:			
Invested in capital assets, net of related debt	16,157,340	16,519,567	(362,227)
Restricted	3,192,189	2,772,904	419,285
Unrestricted	285,626	406,474	(120,848)
Total net assets	\$ 19,635,155	\$ 19,698,945	\$ (63,790)

The largest portion of the District's net assets (82%) reflects investment in capital assets (e.g., land, water stock, buildings and improvements, and furniture and equipment), less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) 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 (16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$285,626) may be used to meet the District's ongoing obligations to students, employees , and creditors.

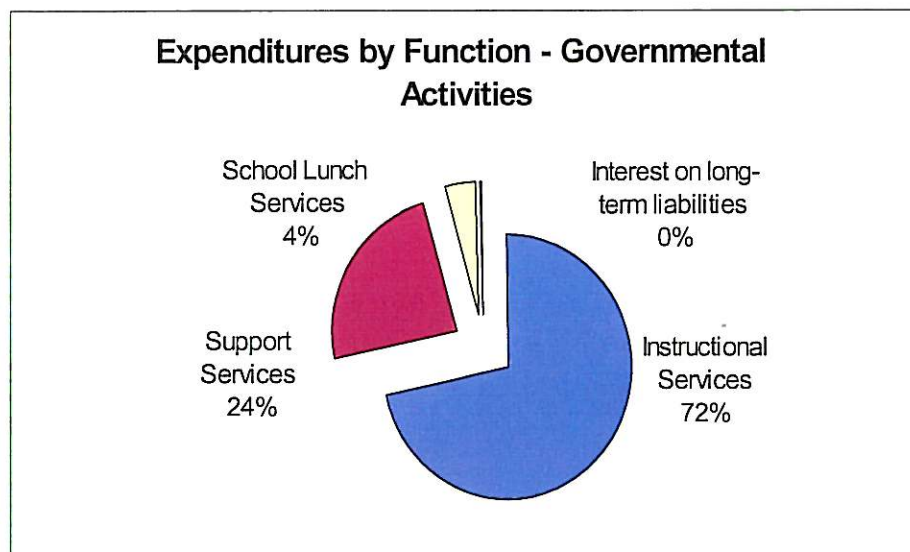
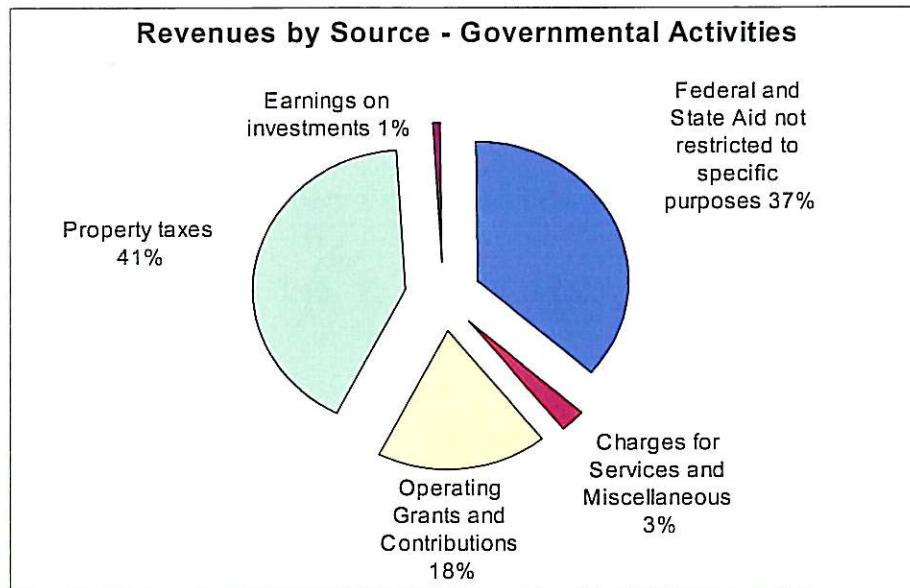
There was an increase of \$8,707,556 in Current Assets; 95% of this increase (\$8,300,000) resulted from property taxes receivable. This change was not previously required in government statements. The same increase (\$8,300,000) can be seen in Other Liabilities as the deferred revenue for property taxes.

The total net assets of the District decreased by \$63,790 during the current fiscal year. The following discussion and analysis on governmental activities focuses on this decrease.

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

	Governmental activities		Increase (Decrease) from Fiscal 2002
	2003	2002	
Revenues:			
Program revenues:			
Charges for services	298,103	298,921	(818)
Operating grants and contributions	3,674,889	3,840,200	(165,311)
Capital grants and contributions	-	100,000	(100,000)
General revenues:			-
Property taxes	8,562,290	10,401,770	(1,839,480)
Federal and state aid not restricted to specific purposes	7,442,153	7,362,633	79,520
Earnings on investments	161,573	162,011	(438)
Miscellaneous	241,597	117,666	123,931
Total revenues	20,380,605	22,283,201	(1,902,596)
Expenses:			
Instructional services	14,591,054	13,963,131	627,923
Supporting services:			-
Students	376,591	365,498	11,093
Instructional staff	264,018	276,423	(12,405)
District administration	899,821	1,053,352	(153,531)
School administration	1,552,456	1,549,639	2,817
Business	230,977	225,826	5,151
Operation and maintenance	818,481	732,486	85,995
Transportation	842,038	891,198	(49,160)
Other		2,593	(2,593)
School Lunch services	814,813	836,519	(21,706)
Interest on long-term liabilities	54,146	120,382	(66,236)
Total expenses	20,444,395	20,017,047	427,348
Increase in net assets	(63,790)	2,266,154	(2,329,944)
Net assets - beginning	19,698,945	17,432,791	2,266,154
Net assets - ending	19,635,155	19,698,945	(63,790)

- ◆ The largest difference in revenue reflects the decrease in taxes collected to repay the long-term liability of the Bond 1998 series. The bond payments for 2003 and 2002 were \$385,000 and \$2,155,000, respectively.
- ◆ The decrease in expenditures for District administration is due to the difference in the judgment levy. The repayment for 2003 and 2002 was \$550,370 and \$730,216, respectively.
- ◆ Depreciation expenses of \$1,067,197 were appropriated to the functions according to percent of total expenses.



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. The unreserved fund balance is divided between designated balances and undesignated balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities and post employment obligations that are not recognized in the 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 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.

General fund. The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved and undesignated fund balance was \$2,045,705 while the total fund balance was \$2,491,090. The unreserved and undesignated fund balance increased by \$257,557 while the total fund balance increased by \$446,274. Key factors of this growth are as follows:

- ◆ Total state revenues decreased in 2003 by \$910,569 or 6%. This was a result of lower enrollment of 66 students or 2.63%, lower retirement funding, and reduced block grant funding. However, the federal revenue increased by \$ 739,463 or 80%. This included a federal Carol M White Physical Fitness grant of \$584,100 leaving an increase of \$154,363 for operating funding.
- ◆ Local property tax revenue increased \$32,826 or .7%. This consists of a decrease in the judgement levy of \$318,317 giving an increase of \$351,143 or 9% for operating purposes.
- ◆ Expenditures for the general fund decreased \$233,636 or 1.5% during the current fiscal year. A decrease of \$575,368 or 5.5% in the operating expenses of the instructional service function was due to a reduction of approximately 13.98 full-time equivalent employees. However, the Carol M White Physical Fitness grant consisted of \$553,808 in instructional expenses showing only a decrease of \$21,560 in this function. Instructional services represent 72% of general fund expenditures.
- ◆ There was also a lower judgment levy repayment of \$180,658 in the district general administration support services function.

- ◆ Expenses in all functions represent an increase of 6% in health benefits of \$124,703, and 5.3% in dental benefits of \$11,271. Also included in the fringe benefit increases are retirement, social security, unemployment, and industrial insurance. General fund salaries totaled \$8,792,458 with benefits at \$3,913,809 for a sum of \$12,706,267 which represents 85% of all general fund expenditures.

Debt Service Fund. The debt service fund has a total fund balance of \$249,855, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance increased \$48,183 from positive variances between budget and actual.

Capital Projects Fund. The capital projects fund has a total fund balance of \$3,238,700, all of which is restricted for acquisition of capital assets and purchase of supplies, and related expenditures. The fund balance increased by \$43,530. \$682,217 of this balance is designated for the completion of a warehouse that is scheduled to be completed in FY04.

Other Governmental Funds. The other governmental funds consists of the Non K-12 fund and the School Lunch fund. The Non K-12 has a total fund balance of \$221,365 with \$54,880 being reserved for programs. The School Lunch has a total fund balance of \$166,361 with \$37,848 being reserved for inventories. Both funds show a positive increase of fund balance for Non K-12 and School Lunch, \$59,453 and \$24,984, respectively.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget for the general fund was \$1,326,513 or 9% of total general fund expenditures and may be summarized as follows:

- ◆ \$1,256,442 or 97% of the increase in instructional services
- ◆ \$45,321 or 3% of the increase in other supporting services

During the year, final actual revenues exceeded original budgetary estimates by \$1,080,356 or 7.5%.

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 a heating renovation of 3 elementaries: Huntington, Ferron, and Cottonwood. While the majority of the costs were incurred during FY02, \$210,988 was expensed to FY03.

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

EMERY SCHOOL DISTRICT'S Capital Assets
(Net of Depreciation)

	Governmental activities	
	2003	2002
Land	349,397	349,397
Water Stock	212,595	212,595
Buildings and improvements	14,945,372	15,638,995
Furniture and equipment	587,128	604,985
Vehicles	880,631	697,578
Total capital assets, net of depreciation	16,975,123	17,503,550

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

Debt administration. On June 25, 1996 by a 70% margin, the public voted to authorize the District to issue \$15,000,000 general obligation bonds for construction of a new physical education/higher education facility, renovation of existing school facilities and related equipment and improvements. This debt authorization was sought to construct new, larger, more modern facilities, to better serve student and community needs, and to take advantage of modern technology.

On August 1, 1996, the District issued \$9,990,000 of general obligation bonds. Final payment on that debt was made in June 2002.

On April 1, 1998, the District issued \$2,000,000 of general obligation bonds. That issue was retired in June of 2003.

On May 1, 2002, the District issued \$1,500,000 of general obligation bonds. Although it is not unusual at the national level to have a 30-year bond payoff schedule, the District maintains an aggressive pay-off schedule and will retire the 2002 issue in June of 2007.

Of the \$15,000,000 general obligation bonds authorized by voters in 1996, \$13,490,000 has been issued leaving a balance of \$1,510,000 authorized but not issued. \$11,990,000 of the \$13,490,000 has been retired. Total bonded indebtedness as of June 30, 2003 is \$1,500,000

EMERY SCHOOL DISTRICT'S Outstanding Debt

	Governmental activities	
	2003	2002
General Obligation Bonds	1,500,000	1,885,000

Additional information on the District's long-term debt can be found in Note 7 to the basic financial statements.

Changing Enrollment within the District

The components of changing enrollment are migration and the kindergarten to grade 12 (K-12) differential. The K-12 differential is the size of grade 12 leaving, and the size of the kindergarten students entering the District in a given year. District births and number of students per grade are known data. Growth would occur if the number of kindergarten students entering the District would exceed the number of grade 12 students leaving the District. Declining enrollment would occur if the number of grade 12 students leaving the District were greater than the number of kindergarten students entering the District, provided all other factors remained constant.

The District has suffered declining enrollment since 1989 when enrollment peaked at 3,556. Enrollment was 2,442 on October 1 of 2002, a decrease of 1,114 students or 31.3% from the peak. Declines are due to a combination of out migration and lower county-wide births.

Migration of families out of the county is largely due to coal mine closures and the subsequent loss of related businesses. Employment in the coal industry declined from 2077 personnel in 1996 to 1492 in 2001, a loss of 585 jobs.* A number of those jobs lost were at the Cottonwood Mine located in Emery County and the Willow Creek Mine located in nearby Carbon County.

The District has dealt with declining enrollment and the corresponding funding losses by reducing staff, benefits paid to staff, and reducing and/or eliminating some non-essential programs. It is anticipated that enrollment will continue to decline four of the next five years, although not at the rapid rate of decline as experienced previously.

(* Source: State of Utah Natural Resource, Office of Energy and Resource Planning.)

EMERY COUNTY SCHOOL DISTRICT'S Enrollment Changes (2003-2008)

Birth Year of Kindergarten Students	1998	1999	2000	2001	2002
District Fiscal Year	2003	2004	2005	2006	2007
Kindergarten Students Entering	190	166	191	170	163
12th Grade Leaving	195	194	191	195	200
K-12 Differential	-5	-28	0	-25	-37

EMERY COUNTY SCHOOL DISTRICT'S Projected Enrollment (2004-2008)

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
2,429	2,401	2,401	2,376	2,339

Requests for Information

This financial report is designed to provide a general overview of the Emery 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, Emery School District, PO Box 120, Huntington, UT 84528.

BASIC FINANCIAL STATEMENTS

EMERY COUNTY SCHOOL DISTRICT**Statement of Net Assets**

June 30, 2003

	Governmental Activities 2003
Assets:	
Cash and investments	\$ 7,481,008
Receivables:	
Property taxes	8,352,400
Other governments	425,044
Other	37,395
Inventories	68,251
Bond issuance costs, net	-
Capital assets:	
Land, construction in progress, and water stock	561,992
Other capital assets, net of depreciation	16,413,131
Total assets	<u>33,339,221</u>
Liabilities:	
Accounts payable	420,335
Accrued interest	1,875
Accrued salaries	1,276,392
Deferred revenue:	
Property taxes	8,300,000
Local sources	-
Noncurrent liabilities:	
Due within one year	1,097,594
Due in more than one year	2,607,870
Total liabilities	<u>13,704,066</u>
Net Assets:	
Invested in capital assets, net of related debt	16,157,340
Restricted for:	
School lunch	166,361
Non K-12 programs	221,365
Debt service	247,980
Capital projects	2,556,483
Unrestricted	285,626
Total net assets	<u>\$ 19,635,155</u>

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

EMERY COUNTY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2003

	Governmental Activities 2003	Governmental Activities 2002
Assets:		
Cash and investments	\$ 7,481,008	\$ 6,939,335
Receivables:		
Property taxes	8,352,400	46,886
Other governments	425,044	553,113
Other	37,395	25,820
Inventories	68,251	91,388
Bond issuance costs, net	-	
Capital assets:		
Land, construction in progress, and water stock	561,992	561,992
Other capital assets, net of depreciation	16,413,131	16,941,558
Total assets	<u>33,339,221</u>	<u>25,160,092</u>
Liabilities:		
Accounts payable	420,335	553,335
Accrued interest	1,875	3,202
Accrued salaries	1,276,392	1,346,318
Deferred revenue:		
Property taxes	8,300,000	
Local sources	-	11,940
Noncurrent liabilities:		
Due within one year	1,097,594	922,707
Due in more than one year	2,607,870	2,623,643
Total liabilities	<u>13,704,066</u>	<u>5,461,145</u>
Net Assets:		
Invested in capital assets, net of related debt	16,157,340	16,519,567
Restricted for:		
School lunch	166,361	141,378
Non K-12 programs	221,365	161,913
Debt service	247,980	198,470
Capital projects	2,556,483	2,271,143
Unrestricted	285,626	406,474
Total net assets	<u>\$ 19,635,155</u>	<u>\$ 19,698,945</u>

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

EMERY COUNTY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2003

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instructional services	14,591,054	\$ 53,939	\$ 2,989,869	\$ -	\$ (11,547,246)
Supporting services:					
Students	376,591	-	62,337	-	(314,254)
Instructional staff	264,018	-	64,204	-	(199,814)
District administration	899,821	-	-	-	(899,821)
School administration	1,552,456	-	1,350	-	(1,551,106)
Business	230,977	-	-	-	(230,977)
Operation and maintenance of facilities	818,481	-	106	-	(818,375)
Transportation	842,038	4,078	-	-	(837,960)
Central	-	-	-	-	-
School lunch services	814,813	240,086	557,023	-	(17,704)
Interest on long-term liabilities	54,146	-	-	-	(54,146)
Total school district	20,444,395	\$ 298,103	\$ 3,674,889	\$ -	(16,471,403)
General revenues:					
Property taxes levied for:					
General purposes					5,414,027
Transportation					207,037
Recreation					505,948
Debt service					504,654
Capital outlay					1,930,624
Federal and state aid not restricted to specific purposes					7,442,153
Earnings on investments					161,573
Miscellaneous					241,597
Total general revenues					16,407,613
Change in net assets					(63,790)
Net assets - beginning					19,698,945
Net assets - ending					\$ 19,635,155

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

Sales Tax Alert

Beginning July 1, 2004, Utah will use a new method of determining the sales tax rate for each sale.

The Utah Legislature has enacted the national Streamlined Sales Tax (SST) Agreement, which changes sales reporting from "point of sale" to "point of delivery."

Learn more online

tax.utah.gov/sst

- See the draft Sales and Use Tax Return, schedules and instructions.
- Review Frequently Asked Questions (FAQs) about SST.
- Find out how SST changes will impact your business.

If you don't have Internet access, or if you have questions, contact the Tax Commission at (801) 297-2200, or toll-free (outside the Salt Lake area) 1-800-662-4335.

EMERY COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2003

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Assets:					
Cash and investments	\$ 3,614,094	\$ 247,860	\$ 3,252,227	\$ 366,827	\$ 7,481,008
Receivables:					
Property taxes	4,576,772	451,995	2,744,633	579,000	8,352,400
Other governments	388,927	-	-	36,117	425,044
Other receivables	16,505	-	-	20,890	37,395
Inventories		-	30,403	37,848	68,251
Total assets	<u>\$ 8,596,298</u>	<u>\$ 699,855</u>	<u>\$ 6,027,263</u>	<u>\$ 1,040,682</u>	<u>\$ 16,364,098</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 370,967	\$ -	\$ 49,368	\$ -	\$ 420,335
Accrued salaries	1,194,241	-	6,195	75,956	1,276,392
Deferred revenue:					
Property taxes	4,540,000	450,000	2,733,000	577,000	8,300,000
Total liabilities	<u>6,105,208</u>	<u>450,000</u>	<u>2,788,563</u>	<u>652,956</u>	<u>9,996,727</u>
Fund Balances:					
Reserved for:					
Inventories				37,848	37,848
Programs	445,385			54,880	500,265
Debt service	-	249,855	-	-	249,855
Construction commitments	-	-	1,052,831	-	1,052,831
Unreserved:					
General fund	2,045,705	-	-	-	2,045,705
Capital projects fund	-	-	2,185,869	-	2,185,869
Special revenue funds	-	-	-	294,998	294,998
Total fund balances	<u>2,491,090</u>	<u>249,855</u>	<u>3,238,700</u>	<u>387,726</u>	<u>6,367,371</u>
Total liabilities and fund balances	<u>\$ 8,596,298</u>	<u>\$ 699,855</u>	<u>\$ 6,027,263</u>	<u>\$ 1,040,682</u>	<u>\$ 16,364,098</u>

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

EMERY COUNTY 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 **\$ 6,367,371**

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	\$ 349,397	
Construction in progress	-	
Water stock	212,595	
Buildings and improvements, net of \$26,954,761 accumulated depreciation	14,945,372	
Furniture and equipment, net of \$1,091,441 accumulated depreciation	587,128	
Vehicles, net of \$1,433,121 accumulated depreciation	<u>880,631</u>	16,975,123

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 \$1,875. (1,875)

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:

Bonds payable	(1,500,000)	
Obligations under capital leases	(102,270)	
Accrued vacation	(304,764)	
Early retirement payable	<u>(1,798,430)</u>	<u>(3,705,464)</u>
Total net assets of governmental activities		<u><u>\$ 19,635,155</u></u>

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

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

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Revenues:					
Property taxes	\$ 4,676,463	\$ 511,664	\$ 2,879,114	\$ 495,049	\$ 8,562,290
Earnings on investments	161,573	-	-	-	161,573
School lunch sales	-	-	-	240,086	240,086
Other local sources	193,525	-	20,353	85,736	299,614
State aid	8,635,044	-	-	309,116	8,944,160
Federal aid	1,660,515	-	-	512,367	2,172,882
Total revenues	15,327,120	511,664	2,899,467	1,642,354	20,380,605
Expenditures:					
Current:					
Instructional services	10,433,994	-	-	942,455	11,376,449
Supporting services:					
Students	376,591	-	-	-	376,591
Instructional staff	264,018	-	-	-	264,018
District administration	825,117	-	-	-	825,117
School administration	1,345,881	-	-	-	1,345,881
Business	220,305	-	-	-	220,305
Operation and maintenance of facilities	615,590	-	-	124	615,714
Transportation	799,350	-	-	-	799,350
School lunch services	-	-	-	772,125	772,125
Capital outlay	-	-	2,866,754	-	2,866,754
Debt service:					
Principal retirement	-	385,000	-	-	385,000
Interest and fiscal charges	-	78,481	-	-	78,481
Total expenditures	14,880,846	463,481	2,866,754	1,714,704	19,925,785
Excess (deficiency) of revenues over (under) expenditures	446,274	48,183	32,713	(72,350)	454,820
Other financing sources (uses):					
Athletic capital lease	-	-	-	156,787	156,787
Sale of capital assets	-	-	10,817	-	10,817
Total other financing sources (uses)	-	-	10,817	156,787	167,604
Net change in fund balances	446,274	48,183	43,530	84,437	622,424
Fund balances - beginning	2,044,816	201,672	3,195,170	303,289	5,744,947
Fund balances - ending	\$ 2,491,090	\$ 249,855	\$ 3,238,700	\$ 387,726	\$ 6,367,371

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

EMERY COUNTY 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	\$	622,424
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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 an 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	\$	538,770	
Loss on disposal of capital assets		10,817	
Proceeds from sales of capital assets		(10,817)	
Depreciation expense		(1,067,197)	(528,427)

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net assets.

Other financing source - capital lease		(156,787)	
Principal payments of capital leases		54,517	(102,270)

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an 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:

Repayment of bond principal		385,000	
Interest expense - general obligation bonds		1,327	
Amortization of bond premium		23,008	409,335

In the statement of activities, certain operating expenses - compensated absences (vacations), special termination benefits (early retirement) and claims (arbitrage rebates) - 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, accrued vacation increased by \$34,645, early retirement payable increased by \$449,497.

(464,852)

Change in net assets of governmental activities	\$	(63,790)
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EMERY COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund

Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Property taxes	\$ 4,628,697	\$ 4,646,457	\$ 4,676,463	\$ 30,006
Earnings on investments	152,500	165,500	161,573	(3,927)
Other local sources	62,700	190,773	193,525	2,752
State aid	8,442,409	8,636,447	8,635,044	(1,403)
Federal aid	960,458	1,677,432	1,660,515	(16,917)
Uses of Fund Balance	-	256,668		(256,668)
Total revenues	14,246,764	15,573,277	15,327,120	(246,157)
Expenditures:				
Current:				
Instructional services	9,661,275	10,917,717	10,433,994	483,723
Supporting services:				
Students	394,817	400,198	376,591	23,607
Instructional staff	274,050	281,488	264,018	17,470
District administration	823,865	823,865	825,117	(1,252)
School administration	1,392,917	1,387,261	1,345,881	41,380
Business	225,014	227,284	220,305	6,979
Operation and maintenance of facilities	619,454	654,163	615,590	38,573
Transportation	855,372	856,551	799,350	57,201
Other				-
Total expenditures	14,246,764	15,548,527	14,880,846	667,681
Excess of revenues over expenditures	-	24,750	446,274	421,524
Other financing sources (uses):				
Transfer out		(24,750)		-
Net change in fund balances	-	-	446,274	421,524
Fund balances - beginning	2,044,816	2,044,816	2,044,816	-
Fund balances - ending	\$ 2,044,816	\$ 2,044,816	\$ 2,491,090	\$ 421,524

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

EMERY COUNTY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Agency Fund
June 30, 2003

	<u>Student Activities Fund</u>
Assets:	
Cash and investments	<u>287,934</u>
Liabilities	
Due to other funds	-
Due to student groups	287,934
Advance from other funds	-
Total liabilities	<u>287,934</u>

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

EMERY COUNTY SCHOOL DISTRICT

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Emery County 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.

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

❖ For the first time the financial statements include:

A Management’s Discussion and Analysis (MD&A) providing an analysis of the District’s overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the District’s activities.

❖ A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District is implementing the changes as stated in Statement No. 34 for FY 2003.

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 represent the District. For financial reporting purposes, the Board of Education is the lowest level of government exercising oversight responsibility for all activities related to public school education in Emery County, Utah.

Government-wide and fund financial statements – The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or

EMERY COUNTY SCHOOL DISTRICT
Notes to Financial Statements
(continued)

privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

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 District, except those required to be accounted in another fund.
- ❖ The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of

EMERY COUNTY SCHOOL DISTRICT
Notes to Financial Statements
(continued)

facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

- ❖ The *debt service fund* is used to account for the accumulation of resources and the payment of general long-term debt principal, interest and related costs.

Additionally, the District reports the following fund types:

- ❖ The *agency funds* are used to account for assets held by the District as an agency for individuals. The District has an agency fund for individual schools. This is an expendable agency fund used to account for monies invested with the District and in checking accounts of individual schools.

Amounts reported as *program revenues* include 1) charges to students for tuition, fees, rental, material, supplies, or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

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

Budgetary Data – 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.

- ❖ During May of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- ❖ 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 22nd at which 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

EMERY COUNTY SCHOOL DISTRICT
Notes to Financial Statements
(continued)

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.

- ❖ Minor interim adjustments in estimated revenue and appropriations 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.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenue variances will be negative, and overall fund expenditure variances will be positive.

Deposits and Investments – The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasures' Investment Fund (PTIF).

Investments are reported at fair value. Changes in the fair value of investments are recorded as investment income. The PTIF's reported value is basically the same as the fair value of the Fund's shares.

Inventories – Inventories are valued at cost, using the moving average method with the exception of the treatment of donated inventories described below. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. On the government-wide financial statements, United States Department of Agriculture (USDA) food commodities are recorded as revenue when received at fair value on the date of receipt and as an expense when used.

Capital Assets – Capital assets, which include land, water stock, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets with an initial, individual cost of more than \$5,000 for equipment and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair value at the date of donation.

EMERY COUNTY SCHOOL DISTRICT
Notes to Financial Statements
(continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend 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, furniture, and equipment of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	50
Building improvements and portable classrooms	20
Computer Equipment	5
Furniture and Equipment	10
Vehicles and Buses	10

Compensated Absences – Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. The unused sick leave is reimbursed in the event of a retirement with a maximum of 180 days at \$25 per day if the employee has worked for a minimum 15 years for the District.

All sick leave pay plus related payroll taxes is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported only if they have matured, for example, only employees that have reached their 15th year of service.

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.

EMERY COUNTY SCHOOL DISTRICT
Notes to Financial Statements
(continued)

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 as required by GASB 34.

2. DEPOSITS AND INVESTMENTS

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

Cash	\$ 629,657
Investments	<u>7,139,284</u>
Total cash and investments	\$ 7,768,942
Cash and investments – governmental funds, balance sheet	\$ 7,481,008
Cash and investments – student activities agency fund	<u>287,934</u>
Total cash and investments	\$ 7,768,942

The District's carrying amount of bank deposits at June 30, 2003 is \$629,657 and the bank balance is \$1,565,374. Of the bank balance, \$164,105 is covered by federal depository insurance and \$1,401,269 was uninsured. No deposits are collateralized, nor are they required to be by the state statute.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the District or its agent in the District's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the District's name.

EMERY COUNTY SCHOOL DISTRICT
Notes to Financial Statements
(continued)

At year end, the District's investment balances are as follows:

	Category			Reported Amount/ Fair Value
	1	2	3	
Investments not subject to categorization:				
Public Treasurers' Investment Fund				7,139,284
Total Investments				7,139,284

During the year ended June 30, 2003, the District used an overnight sweep agreement to a government money market portfolio that primarily invests in obligations of the United States Treasury, agencies or instrumentalities of the United States that meet allowable investments of the State Money Management Act. The overnight sweep agreement is uninsured and held in the bank's trust department in the name of the District and would be classified as a Category 2 investment.

It is the policy of the District to follow the requirements of the State Money Management Act (Utah Code Annotated 1953, Title 51, Chapter 7) (the Act), as amended, in handling its depository and temporary investment transactions. This law requires the depositing of the District funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Act also governs the scope of securities allowed as appropriate temporary investments for the District and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

The PTIF is invested in accordance with the Act. The Utah Money Management Council provides regulatory oversight for the PTIF as well as qualified depositories. The degree of risk of the PTIF depends on the underlying portfolio. State law 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 State Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Emery County treasurer as an agent of the District. Utah statutes establish the process by which taxes

EMERY COUNTY SCHOOL DISTRICT
Notes to Financial Statements
(continued)

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. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%; the interest period is from January 1 until date paid.

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 age-based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. 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 the County collects it.

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. The property taxes receivable and property taxes deferred revenue accounts at June 30, 2003 are summarized as follows:

	General	Debt Service	Capital Projects	Other Governmental Funds	Totals
Property taxes - receivable:					
Levied for current and prior years	\$ 36,772	\$ 1,995	\$ 11,633	\$ 2,000	\$ 52,400
Levied for future year	<u>\$4,540,000</u>	<u>\$450,000</u>	<u>\$2,733,000</u>	<u>\$577,000</u>	<u>\$8,300,000</u>
	<u>\$4,576,772</u>	<u>\$451,995</u>	<u>\$2,744,633</u>	<u>\$579,000</u>	<u>\$8,352,400</u>
Property taxes - deferred revenue:					
Levied for future year and uncollected	<u>\$4,540,000</u>	<u>\$450,000</u>	<u>\$2,733,000</u>	<u>\$577,000</u>	<u>\$8,300,000</u>
	<u>\$4,540,000</u>	<u>\$450,000</u>	<u>\$2,733,000</u>	<u>\$577,000</u>	<u>\$8,300,000</u>

EMERY COUNTY SCHOOL DISTRICT
Notes to Financial Statements
(continued)

4. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	349,397	\$ -	\$ -	\$ 349,397
Water stock	212,595	-	-	212,595
Total capital assets, not being depreciated	561,992	-	-	561,992
Capital assets, being depreciated:				
Buildings and improvements	41,789,095	111,038	-	41,900,133
Furniture and equipment	1,602,924	75,645	-	1,678,569
Vehicles	2,156,487	352,087	(194,822)	2,313,752
Total capital assets, being depreciated	45,548,506	538,770	(194,822)	45,892,454
Accumulated depreciation for:				
Buildings and improvements	(26,150,100)	(804,661)	-	(26,954,761)
Furniture and equipment	(997,939)	(93,502)	-	(1,091,441)
Vehicles	(1,458,909)	(169,034)	194,822	(1,433,121)
Total accumulated depreciation	(28,606,948)	(1,067,197)	194,822	(29,479,323)
Total capital assets, being depreciated, net	16,941,558	(528,427)	-	16,413,131
Governmental activities capital assets, net	17,503,550	\$ (528,427)	\$ -	\$ 16,975,123

Depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instructional services	\$ (618,974)
Supporting services:	
District administration	(74,704)
School administration	(74,704)
Business	(10,672)
Operation and maintenance of facilities	(202,767)
Transportation	(42,688)
Central	
School lunch services	(42,688)
Total depreciation expense, governmental activities	\$ (1,067,197)

The District is obligated at June 30, 2003, under construction commitments as follows:

PROJECT	PROJECT AUTHORIZED	COSTS TO DATE	COSTS TO COMPLETE
Huntington Elementary Rennovation	\$ 80,000	\$ -	\$ 80,000
Warehouse Construction	732,047	-	732,047
Warehouse Parking Lot	100,000	-	100,000
Construction Housing Projects	140,784		140,784
	\$ 1,052,831	\$ -	\$ 1,052,831

EMERY COUNTY SCHOOL DISTRICT
Notes to Financial Statements
(continued)

A reservation of fund balance for construction commitments in the capital projects fund has been established to fulfill the required costs to complete at June 30, 2004.

5. RETIREMENT PLANS

Defined Benefit Plans – The District contributes to the State and School Contributory and State and School Noncontributory Retirement System (collectively, the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). URS 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 Act in Chapter 49 provides for the administration of the URS 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 Systems. 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 1.00% of annual covered salary, and the District contributes 10.91% of annual covered salary. For employees participating in the State and School Noncontributory System, the District contributes 10.40% of annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the 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 are \$16,203, \$16,821, and \$20,149, respectively, and the employee contributions were \$1,485, \$1,501, and \$1,416, respectively. The District's contributions to the State and School Noncontributory Retirement System for the years ended June 30, 2003, 2002, and 2001 are \$991,320, \$1,085,081, and \$1,355,798, respectively. The contributions were equal to the required contributions for each year.

Defined contribution Plans – The District also participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement System have a contribution of 1.5% of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as

EMERY COUNTY SCHOOL DISTRICT
Notes to Financial Statements
(continued)

supplemental income upon retirement. The employer 401(k) contributions for the years ended June 30, 2003, 2002 and 2001 are \$148,170, \$155,686, and \$150,820, respectively; the employee contributions for the years ending June 30, 2003, 2002, and 2001 are \$255,318, \$284,176, and \$283,868, respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS.

The District also offers its employees a deferred compensation plan created in accordance with IRS Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$5,105 for the year ended June 30, 2003. The assets of the plan are administered and held by URS and a third-party administrator.

Early Retirement Incentive – The District provides two early retirement incentive programs adopted in March, 2003. Under policy GCPCAA, eligibility is restricted to those employees under age 65 with a minimum of 15 years of service in the District who have accumulated 75 points through a combination of age and years of service with the District. Those qualifying under this program, may receive a salary benefit for a maximum 4 years or until the retiree reaches age sixty-five (65), whichever occurs first. During the first year of retirement the District will pay 22%, the second year 18%, the third year 16%, and the fourth year 14% of employee's professional contract minus leeway.

Under policy GDPCA, an employee may retire at age 62 and be paid 35% of the difference between the salary on step one, lane one of the current salary schedule and their current step and lane.

The District will provide single or double coverage health insurance and life insurance for the retiree on both plans for the maximum 4 years or until the retiree becomes eligible for Medicare, provided the employee has participated in the health insurance program for a minimum of 3 previous consecutive years.

In addition, qualifying employees will receive reimbursement of unused sick leave according to the formula of 50% of the daily rate for certified substitutes up to a maximum of 180 days. In the event of a death of the retiree, stipends will continue for the surviving spouse at the rate of 50%. Single coverage health insurance shall also be provided the surviving spouse. Both stipend and health insurance coverage shall continue until the end of the retiree's contract at which time all benefits shall terminate.

Prior to the adoption of the current retirement plan, 14 new employees elected the early retirement based on the previous plans (2 of which were paid their total compensation in 2003). Under plan GCPCAA, the retiree's stipend was based on 22% of the base salary

EMERY COUNTY SCHOOL DISTRICT
Notes to Financial Statements
(continued)

for a maximum of 5 years, or until the retiree reaches age 65. Under plan GCPCA, the retiree's stipend was based on 55% of the difference between the salary on step one, lane one of the current salary schedule and their current step and lane. The health and life insurance coverage was not limited to single or couple.

The benefits for 10 employees were terminated during the 2003 fiscal year. The number of participants at year end was 38. The District's direct payments to retirees and health benefits in the years ended June 30, 2003 and 2002 are \$590,914 and \$321,482, respectively. Future retirement payments are recognized on an accrual basis as an expense in the government-wide statements in the year of retirement and are funded with current funds. This liability is paid from the fund from which the employee retires. The District has a liability of \$1,798,430 as of June 30, 2003, to provide benefits to these retirees in future years.

Compensated absences of the District in the general long-term debt account group represent accrued sick leave for employees over 15 years of service at June 30, 20003, in the amount of \$304,764.

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries and disasters. The District has joined with other public entities in a common risk management and insurance program operated by the State of Utah Division of Risk Management. The District pays premiums to this risk pool, the Utah State Management Fund, for its general insurance coverage. The pool is self sustaining through member premiums and reinsured through commercial companies for claims in excess of specified amounts for certain types of risks. The District is subject to a minimal deductible for claims of the risk pool. The District has joined the Utah School Board Risk Management Mutual Insurance Association which is a risk pool for Workers' Compensation. The District has purchased commercial insurance for other risks of loss including employee health and accident insurance. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

EMERY COUNTY SCHOOL DISTRICT
Notes to Financial Statements
(continued)

7. LONG-TERM DEBT

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	1,885,000		\$ (385,000)	\$ 1,500,000	\$ 410,000
Deferred amounts for issuance premium	23,008	-	(23,008)	-	-
Total bonds payable, net	1,908,008	-	(408,008)	1,500,000	410,000
 Obligations under capital leases		156,787	(54,517)	102,270	52,406
Accrued sick leave	339,409		(34,645)	304,764	121,906
Early retirement payable	1,298,933	499,497		1,798,430	513,282
Total governmental activity long-term liabilities	3,546,350	\$ 656,284	\$ (497,170)	\$ 3,705,464	\$ 1,097,594

Payments on the general obligation bonds are made by the debt service fund from property taxes. The obligations under capital leases are paid by school funds and reimbursed through a private business contract. Early retirement benefits will be paid by the fund in which the employee worked. Accrued sick leave payable represents a potential liability and will be paid in a lump sum out of current revenues from the fund in which the employee worked when the employee retires and the liability becomes due. General obligation bonds – series 2003 require payments beginning June 15, 2004 and carry an interest rate of 3.7% and 4%. The following is a summary of debt service charges to maturity:

	Principal	Interest	Total
2003-2004	410,000	55,900	465,900
2004-2005	420,000	43,600	463,600
2005-2006	440,000	26,800	466,800
2006-2007	230,000	9,200	239,200
Total	<u>\$ 1,500,000</u>	<u>\$135,500</u>	<u>\$1,635,500</u>

Major Governmental Funds

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest due annually. Financing is provided by an annual property tax levy.

Capital Outlay Fund – The Capital Outlay 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.

EMERY COUNTY 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			2002
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Property tax	\$ 509,346	\$ 511,664	\$ 2,318	\$ 2,379,711
Earnings on investments			-	3,416
Total revenues	509,346	511,664	2,318	2,383,127
Expenditures:				
Debt service:				
Bond principal	385,000	385,000	-	2,155,000
Bond interest	78,613	75,981	2,632	121,951
Bond issuance costs	-	-	-	
Paying agent fees	45,733	2,500	43,233	
Total expenditures	509,346	463,481	45,865	2,276,951
Excess (deficiency) of revenues over (under) expenditures	-	48,183	48,183	106,176
Other financing sources (uses):				
Proceeds of refunding bonds	-	-	-	
Payment to refunded bond escrow agent	-	-	-	
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	48,183	48,183	106,176
Fund balance - beginning	201,672	201,672	-	95,496
Fund balance - ending	\$ 201,672	\$ 249,855	\$ 48,183	\$ 201,672

EMERY COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Capital Outlay 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:				
Local sources:				
Property taxes	\$ 2,871,898	\$ 2,879,114	\$ 7,216	\$ 2,882,455
Earnings on investments			-	
Other	20,486	20,353	(133)	21,102
Total local sources	2,892,384	2,899,467	7,083	2,903,557
State sources:				
Capital outlay foundation			-	
State building aid	-	-	-	
Other			-	
Total state sources	-	-	-	-
Total revenues	2,892,384	2,899,467	7,083	2,903,557
Expenditures:				
Instruction	752,648	682,235	70,413.00	665,693
Support Services	-	-	-	
Students	3,350	2,777	573.00	2,443
Instructional Staff	31,673	28,108	3,565	29,605
District General Administration		5,445	(5,445)	2,931
School Administration			-	
Business	44,000	30,496	13,504	41,613
Operation and Maintenance of Plant	801,755	784,050	17,705	780,732
Student Transportation			-	
Non-Instructional Services:				
Food Services	10,000	9,390	610	
Other Services				
Facilities Acquisition and Construction Services	2,459,632	1,324,253	1,135,379	1,730,312
Total facility expenses	4,103,058	2,866,754	1,236,304	3,253,329
Bond selling expense			-	-
Total expenditures	4,103,058	2,866,754	1,236,304	3,253,329
Excess (deficiency) of revenues over (under) expenditures	(1,210,674)	32,713	1,243,387	(349,772)
Other Financing Sources (Uses):				
General obligation bond proceeds			-	1,500,000
Bond premium			-	23,008
Decrease in Unreserved Fund Balance	200,000			
Use of Designated Fund Balance	1,000,674			
Sale of capital assets	10,000	10,817	817	9,770
Total other financing sources (uses)	1,210,674	10,817	817	1,532,778
Net change in fund balances	-	43,530	1,244,204	1,183,006
Fund balance - beginning	3,195,170	3,195,170	-	2,012,164
Fund balance - ending	\$ 3,195,170	\$ 3,238,700	\$ 1,244,204	\$ 3,195,170

Nonmajor Governmental Funds

Non K-12 Programs Fund – This fund is used to account for programs that are not part of the basic educational program of kindergarten, elementary and secondary students. These areas include: adult education and preschool for disabled students which are primarily funded by the State of Utah and the US Government. This fund is also used to account for costs to provide for community educational and recreation activities, such as building operation costs during community activities. Financing is provided primarily by a recreation property tax levy and student fees.

School Lunch Fund – This fund is used to account for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the US Government to help ensure that student's receive low-cost, nutritionally balanced meals.

EMERY COUNTY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Special Revenue			Total
	School Lunch	Non K-12 Programs	Nonmajor Governmental Funds	
Assets:				
Cash and investments	\$ 152,267	\$ 214,560	\$	\$ 366,827
Receivables:				
Property Taxes		\$ 579,000		579,000
Other	-	20,890		20,890
Other governments	10,125	25,992		36,117
Inventories	37,848	-		37,848
Total assets	<u>\$ 200,240</u>	<u>\$ 840,442</u>		<u>\$ 1,040,682</u>
Liabilities:				
Accounts payable	\$ 33,879	\$ 42,077	\$	\$ 75,956
Accrued Wages				-
Deferred revenue:				
Property taxes	-	577,000		577,000
Other governments	-			-
Local sources				-
Total liabilities	<u>33,879</u>	<u>619,077</u>		<u>652,956</u>
Fund balances:				
Unreserved:				
Designated for schools	-	-		-
Designated for compensated absences		-		-
Reserved for inventories	37,848			37,848
Reserved for Programs		54,880		54,880
Undesignated	128,513	166,485		294,998
Total fund balances	<u>166,361</u>	<u>221,365</u>		<u>387,726</u>
Total liabilities and fund balances	<u>\$ 200,240</u>	<u>\$ 840,442</u>		<u>\$ 1,040,682</u>

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

	<u>Special Revenue</u>			<u>Total</u>
	<u>School Lunch</u>	<u>Non K-12 Programs</u>		<u>Nonmajor Governmental Funds</u>
Revenues:				
Property tax	\$ -	\$ 495,049	\$	495,049
Student fees	-	25,650		25,650
Lunch sales	240,086	-		240,086
Other local revenues	-	60,086		60,086
State aid	85,820	223,296		309,116
Federal aid	471,203	41,164		512,367
Total revenues	797,109	845,245		1,642,354
Expenditures:				
Current:				
Instructional services	-	942,455		942,455
Supporting services:				
Operation and maintenance of facilities	-	124		124
School lunch services	772,125	-		772,125
Total expenditures	772,125	942,579		1,714,704
Excess of revenues over expenditures	24,984	(97,334)		(72,350)
Other financing sources:				
Athletic equipment capital lease	-	156,787		156,787
Net change in fund balances	24,984	59,453		84,437
Fund balances - beginning	141,377	161,912		303,289
Fund balances - ending	<u>\$ 166,361</u>	<u>\$ 221,365</u>	<u>\$</u>	<u>\$ 387,726</u>

EMERY COUNTY 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

	2003			2002
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 492,554	\$ 495,049	\$ 2,495	\$ 495,967
Adult education fees	33,000	25,650	(7,350)	4,640
Athletic equipment lease reimbursement		60,086	60,086	8,445
Total local sources	525,554	580,785	55,231	509,052
State sources:				
Adult high school completion	47,216	47,216	-	47,216
Preschool	144,976	144,976	-	179,860
Retirement and social security	31,104	31,104	-	32,656
			-	
Total state sources	223,296	223,296	-	259,732
Federal sources:				
Special education preschool grant	30,164	30,164	-	30,001
Adult education	11,000	11,000	-	
Total federal sources	41,164	41,164	-	30,001
Other Financing Sources:				
Athletic equipment capital lease		156,787	156,787	
Use of Fund Balance	41,803		(41,803)	
Total Other Sources	41,803	156,787	114,984	-
Total revenues	831,817	1,002,032	170,215	798,785
Expenditures:				
Current:				
Salaries	497,891	457,220	40,671	468,221
Employee benefits	228,070	233,939	(5,869)	225,662
Purchased services	13,245	8,833	4,412	15,581
Utilities		124	(124.00)	
Supplies	78,327	24,910	53,417	18,958
Equipment	12,757	-	12,757	1,688
Other	1,527	680	847	868
Athletic equipment purchase		156,787	(156,787)	
Athletic equipment capital lease principal		54,517	(54,517)	
Athletic equipment capital lease interest		5,569	(5,569)	
Total expenditures	831,817	942,579	(110,762)	730,978
Excess (deficiency) of revenues over (under) expenditures	-	59,453	59,453	67,807
Fund balances - beginning	161,912	161,912	-	94,105
Fund balances - ending	\$ 161,912	\$ 221,365	\$ 59,453	\$ 161,912

EMERY COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
School Lunch
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 - children	\$ 246,000	\$ 232,139	\$ (13,861)	\$ 248,439
Lunch Sales - adult	16,717	7,947	(8,770)	4,214
Total local sources	262,717	240,086	(22,631)	252,653
State sources:				
State lunch program	75,000	85,820	10,820	90,434
Total state sources	75,000	85,820	10,820	90,434
Federal sources:				
Federal lunch program	52,000	52,351	351	54,545
Free and reduced assistance	242,000	263,500	21,500	253,772
Breakfast program	76,000	83,301	7,301	82,275
Donated Commodities	65,000	72,051	7,051	65,408
Total federal sources	435,000	471,203	36,203	456,000
Total revenues	772,717	797,109	24,392	799,087
Expenditures:				
Current:				
Salaries	269,447	271,689	(2,242)	277,857
Employee benefits	151,157	167,013	(15,856)	129,676
Purchased services	1,000	1,497	(497)	648
Supplies	12,082	2,588	9,494	1,741
Food	336,325	325,972	10,353	365,649
Equipment	600	567	33	5,000
Uniform allowance	2,106	2,799	(693)	2,376
Total expenditures	772,717	772,125	592	782,947
Net change in fund balances	-	24,984	24,984	16,140
Fund balances - beginning	141,377	141,377	-	125,237
Fund balances - ending	<u>\$ 141,377</u>	<u>\$ 166,361</u>	<u>\$ 24,984</u>	<u>\$ 141,377</u>

Fiduciary Funds

Student Activities Agency Fund – This fund is used to account for the funds generated by student groups within the District engaged in activities associated with student life. The District has as fiduciary responsibility concerning these funds to ensure their safety and accountability.

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

	<u>Net Assets at July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Net Assets at June 30, 2003</u>
Assets:				
Cash and investments	<u>\$ 275,986</u>	<u>\$ 955,711</u>	<u>\$ 943,763</u>	<u>\$ 287,934</u>
Liabilities:				
Due to student organizations:				
Elementary Schools:				
Bookcliff Elementary	\$ 24,812	\$ 27,496	\$ 29,797	\$ 22,511
Castle Dale Elementary	5,034	26,555	27,813	3,776
Cleveland Elementary	13,971	27,032	30,070	10,933
Cottonwood Elementary	32,276	44,427	44,617	32,086
Ferron Elementary	30,072	69,005	64,176	34,901
Huntington Elementary	12,007	48,041	49,394	10,654
Total elementary schools	<u>118,172</u>	<u>242,556</u>	<u>245,867</u>	<u>114,861</u>
Junior High Schools:				
Canyon View	\$ 23,212	\$ 90,932	\$ 93,677	\$ 20,467
San Rafael	27,397	147,469	144,921	29,945
Total junior high schools	<u>50,609</u>	<u>238,401</u>	<u>238,598</u>	<u>50,412</u>
High Schools and Special Purpose Programs:				
Emery High	85,684	368,478	358,279	95,883
Green River High	21,521	106,276	101,019	26,778
Total high schools and special purpose programs	<u>107,205</u>	<u>474,754</u>	<u>459,298</u>	<u>122,661</u>
Total due to student organizations	<u>275,986</u>	<u>955,711</u>	<u>943,763</u>	<u>287,934</u>
Total liabilities	<u>\$ 275,986</u>	<u>\$ 955,711</u>	<u>\$ 943,763</u>	<u>\$ 287,934</u>

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Emery County School Board
Emery County School District
Huntington, Utah 84528

We have audited the basic financial statements of Emery County School District as and for the year ended June 30, 2003, and have issued our report thereon dated October 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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


However, we noted an immaterial instance of noncompliance that we have reported to the management of the Emery County School District in a separate letter dated October 13, 2003.

Internal Control Over Financial Reporting

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

However, we noted another matter involving the internal control over financial reporting that we have reported to the management of Emery County School District in a separate letter dated October 13, 2003.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 13, 2003
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

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

Emery County School Board
Emery County School District
Huntington, Utah 84528

Compliance

We have audited the compliance of Emery County School District with the types of compliance requirements described in the *U. S. Office of Management of and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. Emery County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Emery County School District's management. Our responsibility is to express an opinion on Emery County School District's compliance based on our audit.

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


In our opinion, Emery County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

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

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

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 13, 2003
Richfield, Utah

**EMERY COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Fiscal Year Ended June 30, 2003

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the comprehensive annual financial statements of Emery County School District.
2. No reportable conditions relating to the audit of the financial statements are reported in the auditor's report on Internal Control and Compliance With Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Emery County School District were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Emery County School District expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs for Emery County School District.
7. The programs tested as major programs include: Fund for the Improvement of Education, CFDA 84.215 and Title II, Class Size Reduction, CFDA 84.340.
8. The threshold for distinguishing Type A and B programs is \$300,000 of federal awards expended.
9. Emery County School District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**EMERY COUNTY SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2003

<u>Federal Grantor/Pass Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Thru Grantor's Number</u>	<u>Disbursement/ Expenditures</u>
Direct Assistance:			
Department of Education:			
Impact Aid - PL 81-874	84.041	N/A	21,351
Carol M White Physical Fitness	84.215	N/A	<u>570,010</u>
Total Department of Education			<u>591,361</u>
Total Direct Assistance			<u>591,361</u>
Indirect Assistance:			
Department of Agriculture:			
Pass Thru State Department of Education:			
Federal School Lunch - Breakfast Program	10.553	03-44	83,301
Federal School Lunch - Lunch Reimbursement	10.555	03-42	52,351
Federal School Lunch - Free & Reduced Price	10.555	03-43	263,500
Food Distribution - Commodities	10.565	N/A	72,051
Pass Thru Emery County:			
Forest Reserve	10.665	N/A	<u>8,995</u>
Total Department of Agriculture			<u>480,198</u>
Department of Health and Human Services:			
Pass Thru State Jordan School District:			
Administrative Outreach	93.779	N/A	<u>16,185</u>
Total Department of Health and Human Services			<u>16,185</u>

(Continued)

**EMERY COUNTY SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2003

<u>Federal Grantor/Pass Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Thru Grantor's Number</u>	<u>Disbursement/ Expenditures</u>
Department of Education:			
Pass Thru State Department of Education:			
Adult Education	84.002	03-33	9,915
Title I - ESEA Flow Through	84.010	03-08	254,754
IDEA Part B Flow Through	84.027	03-19	416,822
Fed VoEd Carl Perkins	84.048	03-21	43,001
Fed Emergency Immigrant	84.162	02-57	2,644
IDEA Preschool Flow Through	84.173	03-52	29,899
Drug-Free Schools	84.186	03-09	8,981
Fed Improvement of Education	84.215	02-29	3,624
Title II Part A Math & Science	84.281	02-16	14,448
Title VI	84.298	03-91	9,573
Innovative Programs	84.298	03-90	22,018
Educational Technology	84.318	02-07	4,843
Class Size Reduction	84.340	02-05	128,061
Fed VoEd Tech Prep	84.348	03-26	10,131
Online Testing	84.369	03-76	<u>30,000</u>
Total Department of Education			<u>988,714</u>
Total Indirect Assistance			<u>1,485,097</u>
Total Assistance			<u><u>2,076,458</u></u>

**EMERY COUNTY SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2003

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

General:

The accompanying Schedule of Federal Awards Expended presents the activity of all federal financial assistance programs of Emery County School District. The reporting entity, Emery County School District, is defined in Note 1 to Emery County School District's general purpose financial statements. Federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the Schedule of Federal Awards Expended. Most of the awards are reimbursement based, therefore, as expenditures of federal funds are made revenue is recognized.

Basis of Accounting:

The accompanying Schedule of Federal Awards Expended is presented using the modified accrual basis of accounting for assistance received by governmental fund types, which is described in Note 1 to Emery County School District's general purpose financial statements.

NOTE B - NONCASH FEDERAL FINANCIAL ASSISTANCE

Noncash federal awards are received from commodities consumed during the year, expressed at market value. School districts participating in the USDA Food Distribution Program during the 2002 - 2003 year were sent a monthly report by the state detailing market value of USDA goods received for the month. Noncash federal awards are based on these reports and estimates. Ending USDA inventory is reflected in the financial statements as inventory.

NOTE C - ACCOUNTS RECEIVABLE

The general purpose financial statements include accounts receivable from federal programs. These receivables are accrued according to the same basis of accounting as the general purpose financial statements. The receivables reflect federal awards that have been expended by year end and not yet reimbursed.

**EMERY COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS**

For The Fiscal Year Ended June 30, 2003

There were no prior audit findings.

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Emery County School Board
Emery County School District
Huntington, Utah 84528

We have audited the financial statements of Emery County School District, for the year ended June 30, 2003, and have issued our report thereon dated October 13, 2003. As part of our audit, we have audited Emery County School District's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2003. The District received the following major State assistance programs from the State of Utah:

Minimum School Programs (State Office of Education)
State Liquor Control Tax - Child Nutrition (State Office of Education)

The District also received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Emery County School District's financial statements):

Drivers Education (State Office of Education)
Staff Development (State Office of Education)
Technology Implementation (State Office of Education)
UPASS (State Office of Education)
Substance Abuse (State Office of Education)

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


Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Property Tax
Other Compliance Requirements

The management of Emery County School District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

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

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Emery County School District, complied, in all material respects, with the general compliance requirement identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance program for the fiscal year ended June 30, 2003.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 13, 2003
Richfield, Utah

2. STATISTICAL SECTION

EMERY SCHOOL DISTRICT
Revenues by Source
1994-2003

Year Ended June 30	Property Taxes	Interest on Investments	Other Local	State Sources	Federal Sources	Total Revenues
1994	7,556,159	296,938	101,409	2,823,854	544,217	11,322,577
1995	7,464,088	333,208	110,865	3,354,514	536,380	11,799,055
1996	5,848,554	261,702	87,319	6,156,253	520,025	12,873,853
1997	4,793,688	616,423	129,168	8,011,333	492,543	14,043,155
1998	4,336,438	529,905	110,982	8,318,530	689,615	13,985,470
1999	3,649,041	358,426	170,373	8,792,595	673,515	13,643,950
2000	3,960,244	335,280	137,192	8,492,928	824,138	13,749,782
2001	4,132,482	427,035	101,533	9,127,089	818,349	14,606,488
2002	4,643,637	158,595	129,747	9,545,613	921,053	15,398,645
2003	4,676,463	161,573	193,525	8,635,044	1,660,515	15,327,120

Revenues by Source as a Percentage of Total Revenue

Year Ended June 30	Property Taxes	Interest on Investments	Other Local	State Sources	Federal Sources	Total Revenues
1994	67%	3%	1%	25%	5%	100%
1995	63%	3%	1%	28%	5%	100%
1996	45%	2%	1%	48%	4%	100%
1997	34%	4%	1%	57%	4%	100%
1998	31%	4%	1%	59%	5%	100%
1999	27%	3%	1%	64%	5%	100%
2000	29%	2%	1%	62%	6%	100%
2001	28%	3%	1%	62%	6%	100%
2002	30%	1%	1%	62%	6%	100%
2003	31%	1%	1%	56%	11%	100%

EMERY SCHOOL DISTRICT
General Fund
Expenditures and Transfers by Function
1994-2003

Year Ended 30-Jun	Instruction	Students	Instructional Staff	District Administration	School Admin	Business	Operation & Maintenance	Transportation	Non- Instructional and Transfers	Total Expenditures
1994	8,504,701	166,819	226,172	208,589	908,314	150,634	426,055	615,189	18,826	11,225,299
1995	8,739,852	161,862	173,279	217,684	994,156	150,367	268,670	645,328	64,423	11,415,621
1996	9,606,871	235,209	225,561	179,917	1,222,709	105,535	305,970	799,333	600	12,681,705
1997	10,070,452	275,207	247,965	254,333	1,101,921	168,933	120,097	678,169		12,917,077
1998	10,943,365	365,781	292,485	175,838	1,218,588	187,430	228,040	585,785		13,997,312
1999	10,800,038	386,395	331,282	209,701	1,250,492	188,280	16,072	739,643	111,340	14,033,243
2000	10,058,931	388,690	284,679	289,166	1,316,094	213,593	13,255	751,786	578,911	13,895,105
2001	10,288,996	350,942	279,074	254,696	1,458,409	218,312	623,997	834,265		14,308,691
2002	10,455,545	365,498	276,423	255,893	1,347,279	215,112	614,627	837,626	2,593	14,370,596
2003	10,433,994	376,591	264,018	261,523	1,345,881	220,305	615,590	799,350		14,317,252

Expenditures and Transfers as a Percentage of Total Expenditures

Year Ended 30-Jun	Instruction	Students	Instructional Staff	District Administration	School Administration	Business	Operation & Maintenance	Transportation	Non-Instructional and Transfers	Total
1994	76%	1%	2%	2%	8%	1%	4%	5%	0%	100%
1995	77%	1%	2%	2%	9%	1%	2%	6%	1%	100%
1996	76%	2%	2%	1%	10%	1%	2%	6%	0%	100%
1997	78%	2%	2%	2%	9%	1%	1%	5%	0%	100%
1998	78%	3%	2%	1%	9%	1%	2%	4%	0%	100%
1999	77%	3%	2%	1%	9%	1%	0%	5%	1%	100%
2000	72%	3%	2%	2%	9%	2%	0%	5%	4%	100%
2001	72%	2%	2%	2%	10%	2%	4%	6%	0%	100%
2002	73%	3%	2%	2%	9%	1%	4%	6%	0%	100%
2003	73%	3%	2%	2%	9%	2%	4%	6%	0%	100%

EMERY COUNTY SCHOOL DISTRICT
Statement of Values, Taxes Levied, and Taxes Collected
1992-2003

Tax Year	Taxable Value	Tax Rate	Total Taxes Levied	Total Treasurer's Relief	Collected		Other Collections			Total Collections
					Amount	Percent	Fee	In Lieu	Misc	
1992	\$ 1,574,694,130	0.007910	\$ 12,446,004	\$ 173,951	\$ 12,272,053	98.61	\$	268,720	\$	\$ 12,540,773
1993	\$ 1,471,623,869	0.007910	\$ 11,640,545	\$ 170,216	\$ 11,470,329	98.54	\$	295,742	\$ 84,253	\$ 11,850,324
1994	\$ 1,540,327,742	0.007910	\$ 12,184,391	\$ 186,555	\$ 11,997,836	98.47	\$	307,353	\$ 178,775	\$ 12,483,964
1995	\$ 1,468,695,000	0.006496	\$ 9,540,643	\$ 127,022	\$ 9,413,621	98.67	\$	266,834	\$ 93,443	\$ 9,773,898
1996	\$ 1,473,458,005	0.006404	\$ 9,436,025	\$ 141,670	\$ 9,294,355	98.50	\$	324,540	\$ 139,606	\$ 9,758,501
1997	\$ 1,457,015,286	0.006808	\$ 9,919,360	\$ 211,999	\$ 9,707,361	97.86	\$	356,195	\$ 52,283	\$ 10,115,839
1998	\$ 1,456,235,147	0.006350	\$ 9,247,093	\$ 165,290	\$ 9,081,803	98.21	\$	347,361	\$ 120,429	\$ 9,549,593
1999	\$ 1,441,259,666	0.006752	\$ 9,731,385	\$ 212,399	\$ 9,518,986	97.82	\$	318,492	\$ 291,957	\$ 10,129,435
2000	\$ 1,353,428,696	0.007005	\$ 9,480,768	\$ 218,038	\$ 9,262,730	97.70	\$	403,433	\$ 195,149	\$ 9,861,312
2001	\$ 1,302,763,354	0.007080	\$ 10,041,220	\$ 277,981	\$ 9,763,239	97.23	\$	355,661	\$ 269,917	\$ 10,388,817
2002	\$ 1,236,582,307	0.006282	\$ 8,203,537	\$ 216,981	\$ 7,986,556	97.36	\$	416,528	\$ 137,866	\$ 9,540,950
2003	\$ 1,257,941,708	0.006228	\$ 7,833,557							

EMERY COUNTY SCHOOL DISTRICT
Statement of Values and Collections Per Student

Tax Year	Taxable Value	Total Collections	Student Count	Taxable Value Per Student	Taxes Collected Per Student
1992	\$ 1,574,694,130	\$ 12,540,773	3,400	\$ 463,145.33	\$ 3,688.46
1993	\$ 1,471,623,869	\$ 11,850,324	3,429	\$ 429,169.98	\$ 3,455.91
1994	\$ 1,540,327,742	\$ 12,483,964	3,347	\$ 460,211.46	\$ 3,729.90
1995	\$ 1,468,695,000	\$ 9,773,898	3,332	\$ 440,784.81	\$ 2,933.34
1996	\$ 1,473,458,005	\$ 9,758,501	3,313	\$ 444,750.38	\$ 2,945.52
1997	\$ 1,457,015,286	\$ 10,115,839	3,228	\$ 451,367.81	\$ 3,133.78
1998	\$ 1,456,235,147	\$ 9,549,593	3,101	\$ 469,601.79	\$ 3,079.52
1999	\$ 1,441,259,666	\$ 10,129,435	2,973	\$ 484,782.94	\$ 3,407.14
2000	\$ 1,353,428,696	\$ 9,861,312	2,714	\$ 498,684.12	\$ 3,633.50
2001	\$ 1,302,763,354	\$ 10,388,817	2,508	\$ 519,443.12	\$ 4,142.27
2002	\$ 1,236,582,307	\$ 8,540,950	2,442	\$ 506,380.96	\$ 3,497.52
2003	\$ 1,257,941,708	n/a	2,434	\$ 516,820.75	n/a

EMERY SCHOOL DISTRICT
Property Tax Rates (Per \$1) - Direct and Overlapping Governments
1993-2002

Year Ended 30-Jun	Emery School District	Emery County	Incorporated Municipalities										Other Taxing Districts			Judgment Levies			
			Castle Dale	Clawson	Cleveland	Elmo	Emery	Ferron	Green River	Huntington	Orangeville	Water Conservancy	Castle Valley Special Service	Emery School District	Emery County	Water Conservancy	Castle Valley Special Service		
1993	0.007910	0.003582	0.002234	0.002130	0.001567	0.002152	0.002942	0.003226	0.003531	0.002423	0.003403	0.000300	0.002779						
1994	0.007910	0.004059	0.002156	0.002049	0.001544	0.002227	0.003232	0.003174	0.003529	0.002337	0.003351	0.000304	0.002854						
1995	0.006496	0.004221	0.002218	0.001708	0.001629	0.002464	0.003411	0.003375	0.003777	0.002351	0.003362	0.000324	0.002879						
1996	0.006404	0.004199	0.002119	0.001712	0.001597	0.002479	0.003408	0.002971	0.004038	0.002286	0.003127	0.000316	0.002916						
1997	0.006345	0.004240	0.002036	0.001518	0.001458	0.002367	0.003283	0.002748	0.004059	0.002221	0.002906	0.000318	0.002936	0.000463	0.000202	0.000008		0.000155	
1998	0.006319	0.004221	0.002095	0.001228	0.001636	0.002678	0.003008	0.002902	0.000000	0.002336	0.002906	0.000318	0.001916	0.000031	0.000000	0.000000		0.000000	
1999	0.006622	0.004219	0.001961	0.001282	0.001566	0.002521	0.002721	0.002591	0.000000	0.002073	0.002295	0.000319	0.001927	0.000130	0.000135	0.000009		0.000095	
2000	0.007005	0.004474	0.001843	0.000937	0.001321	0.002152	0.002393	0.002481	0.000000	0.001753	0.002103	0.000341	0.002119						
2001	0.007080	0.004754	0.001885	0.000839	0.001361	0.002214	0.002300	0.002392	0.000000	0.001887	0.002141	0.000352	0.002247						
2002	0.006282	0.004612	0.001864	0.000908	0.001328	0.002250	0.002223	0.002349	0.000000	0.001859	0.002140	0.000373	0.002592	0.000335	0.000296	0.000022		0.000134	

EMERY COUNTY SCHOOL DISTRICT
Ten Largest Taxpayers
Tax Year 2002

Taxpayer	Type of Business	2002 Taxable Value	% of the District's Taxable Value
Pacificorp (Utah Power)	Electric Power Generation	\$ 804,152,366	65.03%
Deseret Generation and Transmission	Electric Power Generation	51,663,800	4.18%
Canyon Fuel LLC Skyline	Mining	38,047,649	3.08%
Phillips Petroleum Company	Oil and Gas	27,484,890	2.22%
Genwal Resources Inc	Mining	22,519,787	1.82%
UAMPS	Electric Power Generation	18,630,130	1.51%
Anadarko Petroleum	Oil and Gas	18,595,619	1.50%
Texaco Exploration and Production	Oil and Gas	14,292,016	1.16%
Co-Op Mining	Mining	12,532,187	1.01%
Provo City Power	Electric Power Generation	10,834,280	0.88%
Total		1,018,752,724	82.38%

EMERY SCHOOL DISTRICT
Computation of Legal Debt Margin
June 30, 2003

Total Assessed Property Value	\$ 1,237,064,094
Total Fee-In-Lieu and Age-Based Property	<u>57,984,800</u>
Total Assessed Value	<u><u>\$ 1,295,048,894</u></u>
Assessed Value X 4% (Debt Limit)	\$ 51,801,956
Less: General Obligation Debt	<u>1,500,000</u>
Legal Debt Margin	<u><u>\$ 50,301,956</u></u>

Note:

The General Obligation Bonded Debt of the District is limited by Utah law to 4% of the value of the taxable property therein. Values stated above are from the Utah State Tax Commission Summary of Final Valuations for Tax Year 2002.

EMERY COUNTY SCHOOL DISTRICT

Ratio of Net Bonded Debt to Taxable Value and Net Bonded Debt Per Capita

Year Ended 30-Jun	Estimated Population (1)	Taxable Values (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Value	Net Bonded Debt Per Capita
1993	10,400	\$ 1,471,352,575	\$ 5,656,500	0.00384	\$ 543.89
1994	10,600	\$ 1,538,659,616	\$ 3,355,000	0.00218	\$ 316.51
1995	10,669	\$ 1,468,136,284	\$ 1,355,000	0.00092	\$ 127.00
1996	10,810	\$ 1,480,252,358	\$ -	0.00000	\$ -
1997	11,089	\$ 1,456,200,051	\$ 8,235,000	0.00566	\$ 742.63
1998	11,059	\$ 1,455,506,497	\$ 6,455,000	0.00443	\$ 583.69
1999	11,095	\$ 1,441,259,666	\$ 6,580,000	0.00457	\$ 593.06
2000	10,782	\$ 1,353,428,696	\$ 4,605,000	0.00340	\$ 427.10
2001	10,473	\$ 1,302,763,354	\$ 2,540,000	0.00195	\$ 242.53
2002	10,626 (2)	\$ 1,236,582,307	\$ 1,885,000	0.00152	\$ 177.40

(1) Source: Bureau of Economic and Business Review, University of Utah

(2) Source: Governor's Office of Planning and Budget

(3) Excludes fee-in-lieu

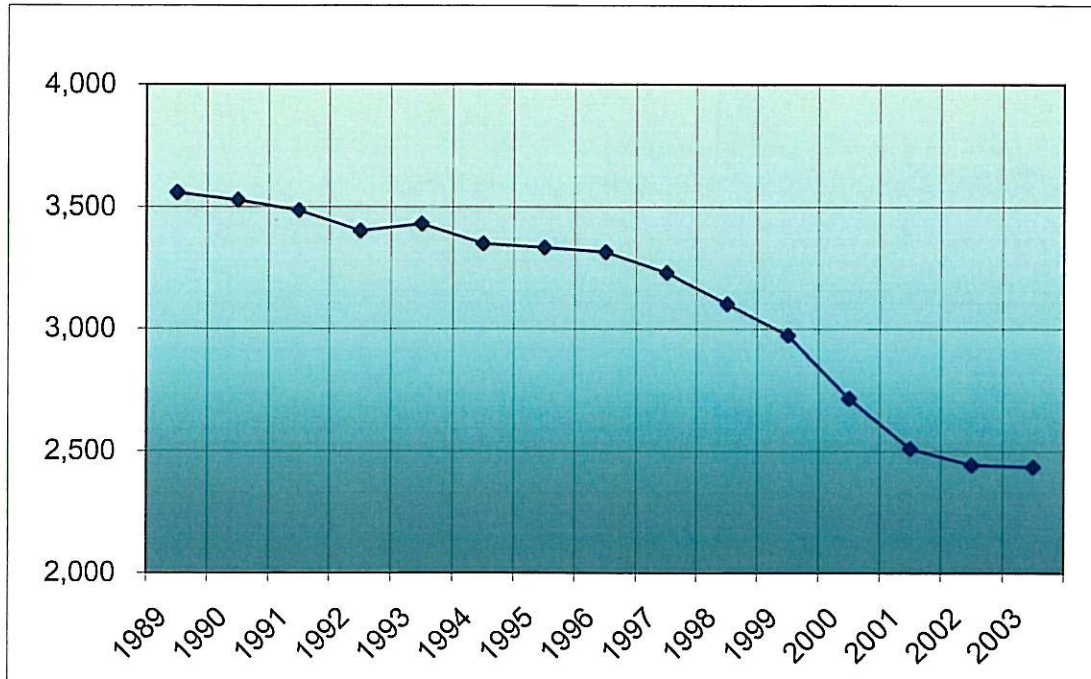
EMERY SCHOOL DISTRICT
Ratio Annual Debt Service to Total
General Fund Expenditures
1994-2003

<u>Year Ended 30-Jun</u>	<u>Principal</u>	<u>Interest and Paying Agent Fees</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
1994	\$ 2,301,500	\$ 469,220	\$ 2,770,720	\$ 11,225,299	24.68%
1995	2,000,000	377,179	2,377,179	11,415,621	20.82%
1996	1,355,000	253,934	1,608,934	12,681,705	12.69%
1997	1,755,000	383,305	2,138,305	12,917,077	16.55%
1998	1,780,000	358,473	2,138,473	13,997,312	15.28%
1999	1,875,000	390,535	2,265,535	14,033,243	16.14%
2000	1,975,000	295,638	2,270,638	13,316,194	17.05%
2001	2,065,000	212,007	2,277,007	14,320,735	15.90%
2002	2,155,000	121,951	2,276,951	15,114,483	15.06%
2003	385,000	78,481	463,481	14,880,846	3.11%

EMERY COUNTY SCHOOL DISTRICT

Student Enrollment October 1

For Years 1989-2003



Year	Count	% Change from Previous Year
1989	3,556	
1990	3,525	-0.87%
1991	3,484	-1.16%
1992	3,400	-2.41%
1993	3,429	0.85%
1994	3,347	-2.39%
1995	3,332	-0.45%
1996	3,313	-0.57%
1997	3,228	-2.57%
1998	3,101	-3.93%
1999	2,973	-4.13%
2000	2,714	-8.71%
2001	2,508	-7.59%
2002	2,442	-2.63%
2003	2,434	-0.33%

Emery County School District
Enrollment By School
October 1, 1993-2003

School	Year											Increase or Decrease	% change
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	1993-2003	1993-2003
Book Cliff Elementary	123	139	146	144	160	163	173	153	138	161	155	32	26%
Castle Dale Elementary	285	268	268	268	249	229	209	208	175	167	169	-116	-41%
Cleveland Elementary	235	219	174	186	197	178	161	146	139	128	140	-95	-40%
Cottonwood Elementary	287	254	255	246	221	252	234	210	210	213	190	-97	-34%
Ferron Elementary	411	400	384	354	326	311	307	263	241	218	230	-181	-44%
Huntington Elementary	403	378	370	375	402	404	375	363	321	322	359	-44	-11%
Canyon View Jr High	358	337	322	326	304	284	250	250	227	235	229	-129	-36%
San Rafael Jr High	503	508	490	491	452	408	377	345	325	336	312	-191	-38%
Green River High	103	102	103	117	117	106	108	100	112	97	105	2	2%
Emery High	721	742	820	806	800	766	779	676	620	565	545	-176	-24%
Total	3,429	3,347	3,332	3,313	3,228	3,101	2,973	2,714	2,508	2,442	2,434	-995	-29%

EMERY COUNTY SCHOOL DISTRICT
FTE COUNT
For School Years 93-04

SCHOOL/DEPARTMENT	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	2001-02	2002-03	2003-04	% Decline for Years 93-04
CASTLE DALE	15	15	13	13	13	13	10	10.5	10	9	8	-46.67%
CLEVELAND	11	11	11	11	10	10	9	8	7.5	7.5	8.5	-22.73%
FERRON	20	20	18.5	19	20	18	17	17	14	14	14	-30.00%
BOOK CLIFF	7.5	7.5	8	8	8	8	8	9	9.5	8	8	6.67%
HUNTINGTON	17.5	17.5	19	19	20	21	21	20	19	18	18	2.86%
COTTONWOOD	16	16	16	16	14	14	14	12	12	12	12	-25.00%
CANYON VIEW	16.5	17	18.5	18.5	18.5	18.5	16.5	15.51	14.93	13.58	14	-15.15%
SAN RAFAEL	24	24	23.5	23.67	23	22	20	18.15	19.22	17.22	17.58	-26.75%
GREEN RIVER HIGH	9	9	9	9	9	9	9	9	9	9	9	0.00%
EMERY HIGH	34	34	34	34.17	34.5	33.13	32.75	31.86	30.86	27.36	27.88	-18.00%
Total Certified	170.5	171	170.5	171.34	170	166.63	157.25	151.02	146.01	135.66	136.96	-19.67%
ED. ASSISTANTS	52.47	53.12	55.27	62.49	59.59	60.42	58.47	58.81	59.57	56.61	54.3	3.49%
SECRETARIES	10.96	10.96	11.44	11.88	11.88	11.88	12	12.07	11.38	11.32	11.32	3.28%
CUSTODIANS	21.88	21.38	23.38	22	23.75	24.38	24.75	24.63	24.13	24	23	5.12%
MAINT	9	10	10	11	11	11	11	11	11	10	9	0.00%
BUS	16.81	16.48	17.04	18.7	16.9	16.07	19.84	20.05	18.89	17.34	18.29	8.80%
LUNCH	31.92	33.09	32.34	30.17	30.75	29	24	22.75	18.84	18.34	17.92	-43.86%
Total Classified	143.04	145.03	149.47	156.24	153.87	152.75	150.06	149.31	143.81	137.61	133.83	-6.44%
Total FTE's	313.54	316.03	319.97	327.58	323.87	319.38	307.31	300.33	289.82	273.27	270.79	-13.63%