

PARK CITY SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2004

PARK CITY SCHOOL DISTRICT

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FINANCIAL SECTION



Independent Auditor's Report

Board of Education
Park City School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Park City School District (District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the District as of June 30, 2004, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2004 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Aguirre & Company, PC

August 20, 2004

Management's Discussion and Analysis

This section of Park City School District's (District) financial report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2004.

Financial Highlights

- The District is dependent on revenues generated by property taxes. Property tax revenues decreased by 2.5% in 2004 as a result of a 0.6% decrease in tax rates after considering some growth in the value of taxable property.
- The District's net assets exceeded liabilities by \$80.1 million at the close of the most recent fiscal year.
- During the year, expenses were \$5.3 million less than the \$40.6 million generated in taxes and other revenues for governmental activities.
- The District continues to grow at a steady pace. Student enrollment increased by 102 students to a total of 4,059 students as of October 1, 2003.
- On March 15, 2004, the District issued \$10.0 million of general obligation school building bonds to finance the construction of new facilities and improvements at Ecker Hills Middle School and Jeremy Ranch Elementary School. The bonds are part of a February 2, 1999 \$30 million voted authorization; the Board has \$5 million of authorized, unissued bonds remaining from the authorization.
- The District continues to improve buildings to provide for growth in the number of students enrolled and to provide housing for the various programs throughout the District. During 2004, the District completed \$3.6 million of building projects. Construction projects under way during the year total \$12.6 million, of which \$9.6 million was completed at June 30, 2004.

Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

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

- **Governmental activities.** Most of the District's basis services are included here, such as instruction, various support services, and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.
- **Component units.** The District includes other entities in the report, namely, the Park City Education Foundation and the parent teacher organizations. Although legally separate, these component units are included because they are nonprofit organizations established to support schools and programs within the District.

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

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

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

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

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

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

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

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

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

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 30 through 38 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 \$80.1 million at the close of the most recent fiscal year.

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

	Governmental activities		Total change
	2004	2003	2004-2003
Current and other assets	\$ 71.7	\$ 63.5	\$ 8.2
Capital assets	97.4	87.7	9.7
Total assets	169.1	151.2	17.9
Current and other liabilities	40.8	33.9	6.9
Long-term liabilities outstanding	48.2	42.5	5.7
Total liabilities	89.0	76.4	12.6
Net assets:			
Invested in capital assets, net of related debt	54.0	45.4	8.6
Restricted	17.2	19.4	(2.2)
Unrestricted	8.9	10.0	(1.1)
Total net assets	\$ 80.1	\$ 74.8	\$ 5.3

- The largest portion of the District's net assets (67%) reflects its investment in capital assets (e.g., land, buildings and improvements, and equipment and busses net of accumulated depreciation), less any related debt (general obligation bonds payable) used to acquire those assets that are still outstanding net of unspent bond proceeds. 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 (22%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- The remaining balance of *unrestricted net assets* (11%) may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

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

- Net assets invested in capital assets, net of related debt increased by \$8.6 million during the year ended June 30, 2004. This increase resulted primarily from \$11.5 million spent on new construction projects and \$4.5 million in payments of bond principal. The District issued \$10.0 million in new general obligation school building bonds on March 15, 2004, of which \$4.6 million was unspent at June 30, 2004.
- Restricted net assets decreased by \$2.2 million during the year ended June 30, 2004. This decrease resulted primarily from the use of capital project resources in building construction projects.

The District's net assets increased by \$5.3 million during the current year. The following discussion and analysis on governmental activities focuses on this increase:

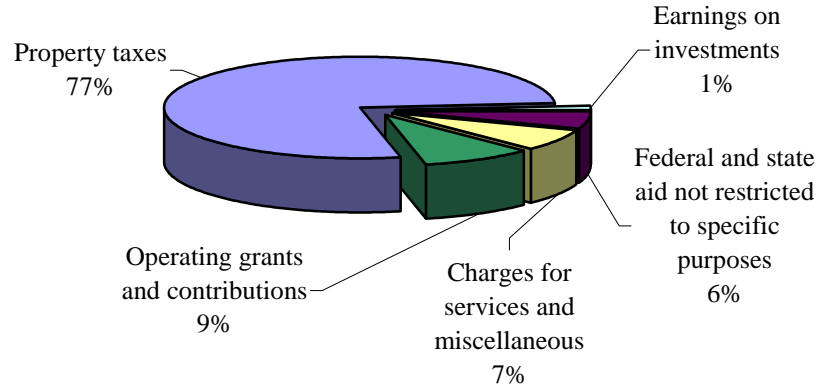
Governmental activities. The key elements of the increase of the District's net assets for the year ended June 30, 2004 are as follows:

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

	Governmental activities		Total change
	2004	2003	2004-2003
Revenues:			
Program revenues:			
Charges for services	\$ 1.4	\$ 1.4	\$ -
Operating grants and contributions	3.7	3.7	-
General revenues:			
Property taxes	31.3	32.1	(0.8)
Federal and state aid not restricted to specific purposes	2.3	2.2	0.1
Earnings on investments	0.5	0.6	(0.1)
Miscellaneous	1.4	1.3	0.1
Total revenues	<u>40.6</u>	<u>41.3</u>	<u>(0.7)</u>
Expenses:			
Instructional services	20.8	19.4	1.4
Supporting services:			
Students	1.0	0.9	0.1
Instructional staff	0.6	0.5	0.1
District administration	1.1	1.1	-
School administration	2.0	1.9	0.1
Business	0.4	0.4	-
Operation and maintenance of facilities	3.9	3.4	0.5
Transportation	1.5	1.4	0.1
School lunch services	1.2	1.1	0.1
Community services	0.9	0.9	-
Interest on long-term liabilities	1.9	1.9	-
Total expenses	<u>35.3</u>	<u>32.9</u>	<u>2.4</u>
Increase in net assets	5.3	8.4	(3.1)
Net assets - beginning	<u>74.8</u>	<u>66.4</u>	<u>8.4</u>
Net assets - ending	<u><u>\$ 80.1</u></u>	<u><u>\$ 74.8</u></u>	<u><u>\$ 5.3</u></u>

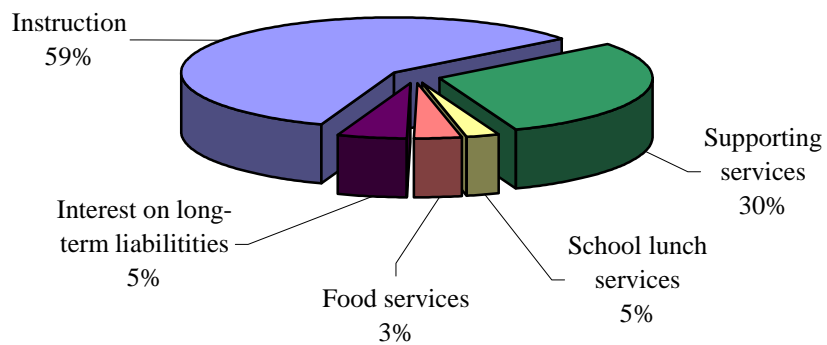
- The largest net dollar decrease in revenues is property taxes. Property tax revenues decreased by \$0.8 million or 2.5% in 2004 as a result of a 0.6% decrease in tax rates after considering some growth in the value of taxable property.
- State aid is based primarily on weighted pupil units (WPUs) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the WPU, the state will make up the difference with state funding. Certain special students receive a weighting greater than one. The value of the WPU increased by 0.8% during the year ended June 30, 2004 (\$2,150 during 2004 as compared to \$2,132 in 2003). However, even with student growth, major cuts in other non-WPU generated state programs resulted in an overall loss of \$2.7 million in state revenue.

Revenues by Source - Governmental Activities



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

Expenses by Function - Governmental Activities



Financial Analysis of the District's Funds

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

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$29.2 million, \$3.4 million higher than the previous year. Included in this year's change in the combined fund balance are revenues and unspent bond proceeds that are restricted for capital projects totaling \$3.3 million; this year's change also includes an increase in the fund balance of the general fund of \$0.2 million. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$26.7 million, an increase of 6.4% during the current fiscal year. This compares to a 0.7% increase in 2003. Instructional services represent 64.2% of general fund expenditures.
- General fund salaries totaled \$17.1 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$6.0 million to arrive at 86.3% of total general fund expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the District's fund balances that are not available for appropriation. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of debt service, capital projects, and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion. The \$2.1 million of the fund balance of the general fund is designated for the following purposes:

- *Designation for undistributed reserve* of \$1.4 million or 5.0% of general fund budgeted expenditures. As allowed by state law, the District has established an undistributed reserve within the general fund; this amount is set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's excellent bond rating of Aa2 given by credit rating agencies.
- *Designation for employee benefits and special termination benefits.* The District has designated a portion of the general fund's unreserved fund balance for compensated absences (\$75,279) and voluntary retirement incentives (\$600,000).
- *Basic levy recapture.* The District has designated \$122,759 for anticipated reductions in future state revenues because the District generates (through property tax revenues) a significant portion of the guaranteed state minimum school program.

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was a decrease of \$5.6 million or 17.1% in total general fund expenditures.

During the year, final budgeted revenues were less than original budgetary estimates by \$0.9 million or 3.3%, to account for anticipated decreases in property tax revenue and state sources.

Even with these adjustments, actual expenditures were \$0.4 million below final budgeted amounts. The most significant positive variances were \$0.1 million in instructional services and \$0.3 million in supporting services-student. On the other hand, resources available for appropriation were \$0.2 million below the final budgeted amount. Variances primarily result from expenditure-driven federal and state grants that are included in the

budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Capital Asset and Debt Administration

Capital Assets. The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. The District completed the remodel of McPolin Elementary School, the District office, and other projects during 2004 at a cost of \$3.6 million. The District has various projects in process at June 30, 2004 with an anticipated total cost of \$12.6 million, of which \$9.6 million was complete at that date.

Capital assets at June 30, 2004 and 2003 are outlined below:

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

	Governmental activities		Total change 2004-2003
	2004	2003	
Land	\$ 4.9	\$ 4.9	\$ -
Construction in progress	9.6	1.7	7.9
Buildings and improvements	81.1	79.4	1.7
Equipment and busses	1.8	1.7	0.1
Total capital assets	<u>\$ 97.4</u>	<u>\$ 87.7</u>	<u>\$ 9.7</u>

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

Debt Administration. On March 15, 2004 the District issued \$10.0 million of general obligation school building bonds to finance the construction and improvement of Ecker Hills Middle School and Jeremy Ranch Elementary School. The bonds are part of a February 2, 1999 \$30 million voted authorization; the Board has \$5 million of authorized, unissued bonds remaining from the authorization.

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2004 is about \$364 million. Net general obligation debt at June 30, 2004 is \$48 million, resulting in a legal debt margin of about \$316 million.

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

	Governmental activities		Total change 2004-2003
	2004	2003	
General obligation bonds	<u>\$ 48.0</u>	<u>\$ 42.4</u>	<u>\$ 5.6</u>

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

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

Enrollment

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

PARK CITY SCHOOL DISTRICT'S Enrollment

<u>School Year</u>	<u>Enrollment</u>	<u>Change</u>
2004-05	4,214	3.8%
2003-04	4,059	2.6%
2002-03	3,957	0.9%
2001-02	3,923	0.1%
2000-01	3,921	2.7%
1999-00	3,818	0.4%

Requests for Information

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

BASIC FINANCIAL STATEMENTS

PARK CITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2004

	Governmental Activities	Component Units
Assets:		
Cash and investments	\$ 32,578,542	\$ 883,179
Receivables:		
Property taxes	37,692,970	-
Other local	175,528	68,942
State of Utah	887,123	-
Federal government	117,741	-
Inventories	26,174	-
Prepays	12,901	-
Bond issuance costs, nets of accumulated amortization	179,241	-
Capital assets:		
Land and construction in progress	14,553,167	-
Other capital assets, net of accumulated depreciation	82,861,510	8,927
Total assets	<u>169,084,897</u>	<u>961,048</u>
Liabilities:		
Accounts payable	2,331,004	75,137
Accrued interest payable	773,057	-
Accrued salaries payable	3,099,184	-
Deferred revenue:		
Property taxes	34,261,810	-
Other local	-	207,886
State of Utah	300,128	-
Federal government	30,402	-
Noncurrent liabilities:		
Due within one year	5,410,226	-
Due in more than one year	42,747,758	-
Total liabilities	<u>88,953,569</u>	<u>283,023</u>
Net Assets:		
Invested in capital assets, net of related debt	54,012,725	-
Restricted for:		
School lunch	750,754	-
Community programs	1,747,129	-
Learning center	508	-
Debt service	537,467	-
Capital projects	14,190,412	-
Student programs	-	376,594
Unrestricted	8,892,333	301,431
Total net assets	<u>\$ 80,131,328</u>	<u>\$ 678,025</u>

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

PARK CITY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2004

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	Component Units
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities	
Governmental activities:					
Instruction	\$ 20,765,672	\$ 30,556	\$ 3,195,955	\$ (17,539,161)	
Supporting services:					
Student	1,010,003	-	8,237	(1,001,766)	
Instructional staff	582,291	-	4,805	(577,486)	
General administration	1,074,062	-	16,827	(1,057,235)	
School administration	1,994,850	-	11,971	(1,982,879)	
Business	397,108	-	-	(397,108)	
Operation and maintenance of facilities	3,868,397	-	29,769	(3,838,628)	
Student transportation	1,542,070	37,400	3,589	(1,501,081)	
Food services	1,216,331	846,446	350,467	(19,418)	
Community services	931,730	497,042	54,449	(380,239)	
Interest on long-term liabilities	1,874,488	-	-	(1,874,488)	
Total school district	<u>\$ 35,257,002</u>	<u>\$ 1,411,444</u>	<u>\$ 3,676,069</u>	<u>(30,169,489)</u>	
Discretely presented component units:					
Education foundation	\$ 533,957	\$ -	\$ 358,634		\$ (175,323)
Parent-teacher organizations	178,169	-	23,131		(155,037)
	<u>\$ 712,126</u>	<u>\$ -</u>	<u>\$ 381,765</u>		<u>(330,360)</u>
General revenues:					
Property taxes levied for:					
General purposes				19,025,767	-
Transportation				452,076	-
Recreation				220,525	-
Debt service				5,899,035	-
Capital outlay				5,672,998	-
Federal and state aid not restricted to specific purposes				2,271,906	-
Earnings on investments				502,321	12,878
Miscellaneous				1,399,183	8,897
Total general revenues				<u>35,443,811</u>	<u>21,775</u>
Change in net assets				5,274,322	(308,585)
Net assets - beginning				<u>74,857,006</u>	<u>688,019</u>
Net assets - ending				<u>\$ 80,131,328</u>	<u>\$ 379,434</u>

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

PARK CITY SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2004

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 9,505,374	\$ 464,875	\$ 20,431,936	\$ 2,176,357	\$ 32,578,542
Receivables:					
Property taxes	23,840,631	7,244,456	6,364,673	243,210	37,692,970
Other local	35,145	-	5,981	134,402	175,528
State of Utah	861,225	-	-	25,898	887,123
Federal government	-	-	-	117,741	117,741
Prepays	12,901	-	-	-	12,901
Inventories	-	-	-	26,174	26,174
Total assets	\$ 34,255,276	\$ 7,709,331	\$ 26,802,590	\$ 2,723,782	\$ 71,490,979
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 123,030	\$ -	\$ 2,207,974	\$ -	\$ 2,331,004
Accrued liabilities	3,099,184	-	-	-	3,099,184
Deferred revenue:					
Property taxes	23,145,948	7,033,672	6,162,344	235,345	36,577,309
Other local	-	-	-	-	-
State of Utah	300,128	-	-	-	300,128
Federal government	4,151	-	22,952	3,299	30,402
Total liabilities	26,672,441	7,033,672	8,393,270	238,644	42,338,027
Fund Balances:					
Reserved for:					
Retirement of general obligation bonds	-	675,659	-	-	675,659
Construction commitments	-	-	3,018,305	-	3,018,305
Inventories	-	-	-	26,175	26,175
Encumbrances	44,241	-	365,398	6,847	416,486
Unreserved, designated for:					
High school lunch program	-	-	-	77,105	77,105
Undistributed reserve	1,350,000	-	-	-	1,350,000
Voluntary retirement incentive	600,000	-	-	-	600,000
Unpaid vacation	75,279	-	-	2,092	77,371
Basic levy recapture	122,759	-	-	-	122,759
Capital projects	-	-	15,025,617	-	15,025,617
Unreserved, undesignated	5,390,556	-	-	2,372,919	7,763,475
Total fund balances	7,582,835	675,659	18,409,320	2,485,138	29,152,952
Total liabilities and fund balances	\$ 34,255,276	\$ 7,709,331	\$ 26,802,590	\$ 2,723,782	\$ 71,490,979

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

PARK CITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2004

Total fund balances for governmental funds \$ 29,152,952

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

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

Land	\$ 4,928,568	
Construction in progress	9,624,599	
Buildings and improvements, net of \$16,968,550 accumulated depreciation	81,099,440	
Equipment and busses, net of \$1,796,474 accumulated depreciation	1,762,070	97,414,677

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 2,315,499

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: (773,057)

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

General obligation bonds payable	(48,940,000)	
Bond premium, net of \$1,595 of accumulated amortization	(50,649)	
Deferred amounts on refunding , net of \$220,949 of accumulated amortization	957,445	
Bond issuance costs, net of \$22,649 of accumulated amortization	179,241	
Unpaid vacation	(77,372)	
Voluntary retirement incentive payable	(47,408)	(47,978,743)

Total net assets of governmental activities \$ 80,131,328

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

PARK CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2004

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Revenues:					
Property taxes	\$ 20,876,241	\$ 6,322,552	\$ 6,080,286	\$ 236,357	\$ 33,515,436
Earnings on investments	418,148	33,666	50,507	-	502,321
School lunch sales	-	-	-	846,446	846,446
Other local revenue	598,743	-	806,731	529,060	1,934,534
State sources	4,165,916	-	94,474	240,418	4,500,808
Federal sources	1,051,545	-	5,368	390,254	1,447,167
Total revenues	<u>27,110,593</u>	<u>6,356,218</u>	<u>7,037,366</u>	<u>2,242,535</u>	<u>42,746,712</u>
Expenditures:					
Instructional services	17,134,052	-	9,159	316,456	17,459,667
Supporting services:					
Student	926,380	-	11,881	71,742	1,010,003
Instructional staff	582,291	-	-	-	582,291
General administration	1,052,484	-	-	-	1,052,484
School administration	1,744,670	-	-	159,160	1,903,830
Business	381,060	-	-	-	381,060
Operation and maintenance of facilities	3,589,173	-	186,025	-	3,775,198
Student transportation	1,262,689	-	-	-	1,262,689
Food services	-	-	-	1,124,936	1,124,936
Community services	-	-	-	902,708	902,708
Capital outlay	-	-	13,542,435	58,480	13,600,915
Debt service:					
Principal retirement	-	4,510,000	-	-	4,510,000
Debt issuance costs	-	-	96,873	-	96,873
Interest and fiscal charges	-	1,730,773	-	-	1,730,773
Total expenditures	<u>26,672,799</u>	<u>6,240,773</u>	<u>13,846,373</u>	<u>2,633,482</u>	<u>49,393,427</u>
Excess (deficiency) of revenues over (under) expenditures	<u>437,794</u>	<u>115,445</u>	<u>(6,809,007)</u>	<u>(390,947)</u>	<u>(6,646,715)</u>
Other financing sources (uses):					
Transfers	(205,000)	-	-	205,000	-
Proceeds of general obligation bonds	-	-	10,000,000	-	10,000,000
Bond premium	-	-	52,244	-	52,244
Sale of fixed assets	-	-	35,123	-	35,123
Total other financing sources (uses)	<u>(205,000)</u>	<u>-</u>	<u>10,087,367</u>	<u>205,000</u>	<u>10,087,367</u>
Net change in fund balances	232,794	115,445	3,278,360	(185,947)	3,440,652
Fund balances - beginning	<u>7,350,041</u>	<u>560,214</u>	<u>15,130,960</u>	<u>2,671,085</u>	<u>25,712,300</u>
Fund balances - ending	<u>\$ 7,582,835</u>	<u>\$ 675,659</u>	<u>\$ 18,409,320</u>	<u>\$ 2,485,138</u>	<u>\$ 29,152,952</u>

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

PARK CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2004

Net change in fund balances-total governmental funds \$ 3,440,652

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	\$ 11,888,673	
Proceeds from sales of capital assets	(35,123)	
Gain on sale of capital assets	29,647	
Depreciation expense	(2,206,115)	9,677,082

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:

Principal repayment of general obligation bonds	4,510,000	
General obligation school building bonds issued	(10,000,000)	
Premium on general obligation bond	(52,244)	
Amortization of bond premium	1,595	
Amortization of deferred refunding costs	(126,257)	
Bond issuance costs	96,873	
Amortization of bond issuance costs	(14,210)	
Interest expense	(19,053)	(5,603,296)

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

(2,245,035)

In the statement of activities, certain operating expenses - compensated absences (vacations) and special termination benefits (voluntary retirement incentive) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, unpaid vacation increased by \$4,590 and voluntary retirement incentive payable decreased by \$9,509.

4,919

Change in net assets of governmental activities

\$ 5,274,322

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

PARK CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Property taxes	\$ 21,749,781	\$ 20,512,891	\$ 20,876,241	\$ 363,350
Earnings on investments	405,000	360,395	418,148	57,753
Other local revenue	536,000	600,689	598,743	(1,946)
State sources	4,154,746	4,283,938	4,165,916	(118,022)
Federal sources	1,016,500	1,185,723	1,051,545	(134,178)
Total revenues	<u>27,862,027</u>	<u>26,943,636</u>	<u>27,110,593</u>	<u>166,957</u>
Expenditures:				
Instruction	22,446,251	17,278,499	17,134,052	144,447
Supporting services:				
Student	1,104,248	1,072,558	926,380	146,178
Instructional staff	625,747	632,337	582,291	50,046
General administration	1,081,892	1,056,314	1,052,484	3,830
School administration	1,729,929	1,765,522	1,744,670	20,852
Business	387,293	367,967	381,060	(13,093)
Operation and maintenance of facilities	3,961,663	3,655,760	3,589,173	66,587
Student transportation	1,347,097	1,268,141	1,262,689	5,452
Total expenditures	<u>32,684,120</u>	<u>27,097,098</u>	<u>26,672,799</u>	<u>424,299</u>
Excess of revenues over expenditures	<u>(4,822,093)</u>	<u>(153,462)</u>	<u>437,794</u>	<u>591,256</u>
Other financing sources (uses):				
Transfers in (out)	<u>(240,806)</u>	<u>(195,000)</u>	<u>(205,000)</u>	<u>10,000</u>
Net change in fund balances	<u>(5,062,899)</u>	<u>(348,462)</u>	<u>232,794</u>	<u>601,256</u>
Fund balances - beginning	<u>5,314,059</u>	<u>5,324,695</u>	<u>7,350,041</u>	<u>(2,025,346)</u>
Fund balances - ending	<u>\$ 251,160</u>	<u>\$ 4,976,233</u>	<u>\$ 7,582,835</u>	<u>\$ (1,424,090)</u>

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

PARK CITY SCHOOL DISTRICT
Statement of Fiduciary Fund Net Assets
Student Activities Agency Fund
June 30, 2004

	<u>Student Activities Fund</u>
Assets:	
Cash and investments	<u>\$ 399,927</u>
Liabilities:	
Due to student groups	<u>\$ 399,927</u>

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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The District reports the following major governmental funds:

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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

Additionally, the District reports the following fund type:

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

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

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

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

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

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

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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- Copies of the proposed budget are made available for public inspection and review by the District's patrons.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2004, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

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

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

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

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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

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

Under Board policy, the District provides a voluntary retirement incentive program. Eligibility is restricted to those employees with a minimum of ten years of service in the District who can retire under the provisions of the Utah Retirement Systems (see Note 5.) Those qualifying under this program may receive benefits for up to four years. Benefits are determined by taking a percentage of the difference between the employee’s lane and step at the time of retirement and the current lane and step six using contracted amounts. Health insurance coverage is also available to retiring employees qualifying under this program; health insurance premiums are recorded as expenditures when paid. The District records expenditures for voluntary retirement benefits at the time an eligible employee retires.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Comparative Data – 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.

2. DEPOSITS AND INVESTMENTS

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

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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Deposits and investments at June 30, 2004, appear in financial statements as summarized below:

Cash	\$ 1,635,425
Investments	32,226,223
Total cash and investments	<u>\$ 33,861,648</u>
Cash and investments - governmental funds, balance sheet	\$ 32,578,542
Cash and investments - fiduciary fund, statement of net assets	399,927
Cash and investments - component units, government-wide statement of net assets	883,179
Total cash and investments	<u>\$ 33,861,648</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2004 is \$1,635,425 and the bank balance is \$2,463,923. Of the bank balance, \$223,110 is covered by federal depository insurance. No deposits are collateralized, nor are they required to be by state statute.

Investments – At year-end, the District's investment balances of \$32,197,033 were held in the Public Treasurers' Investment Fund and \$21,190 in a mutual fund for a combined total of \$32,226,223. These investments are not subject to categorization.

3. **PROPERTY TAXES**

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

An annual uniform fee based on the age of motor vehicles is levied in lieu of an ad valorem tax on motor vehicles that is due each time a vehicle is registered. Revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when collected.

As of June 30, 2004, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2004 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 4,928,568	\$ -	\$ -	\$ 4,928,568
Construction in progress	<u>1,717,862</u>	<u>11,487,991</u>	<u>(3,581,254)</u>	<u>9,624,599</u>
Total capital assets, not being depreciated	6,646,430	11,487,991	(3,581,254)	14,553,167
Capital assets, being depreciated:				
Buildings and improvements	94,486,736	3,581,254	-	98,067,990
Equipment and busses	<u>3,336,561</u>	<u>400,682</u>	<u>(178,699)</u>	<u>3,558,544</u>
Total capital assets, being depreciated	97,823,297	3,981,936	(178,699)	101,626,534
Accumulated depreciation for:				
Buildings and improvements	(15,057,866)	(1,910,684)	-	(16,968,550)
Equipment and busses	<u>(1,674,266)</u>	<u>(295,431)</u>	<u>173,223</u>	<u>(1,796,474)</u>
Total accumulated depreciation	<u>(16,732,132)</u>	<u>(2,206,115)</u>	<u>173,223</u>	<u>(18,765,024)</u>
Total capital assets, being depreciated, net	<u>81,091,165</u>	<u>1,775,821</u>	<u>(5,476)</u>	<u>82,861,510</u>
Governmental activities capital assets, net	<u>\$ 87,737,595</u>	<u>\$ 13,263,812</u>	<u>\$ (3,586,730)</u>	<u>\$ 97,414,677</u>

For the year ended June 30, 2004, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 1,584,472
Supporting services:	
General administration	21,578
School administration	91,020
Business	16,048
Operation and maintenance of facilities	93,199
Student transportation	279,381
Food services	91,395
Community services	<u>29,022</u>
Total depreciation expense, governmental activities	<u>\$ 2,206,115</u>

The District is obligated at June 30, 2004, under construction commitments for various remodeling and expansion projects totaling \$12,642,904. Construction in progress recorded as of June 30, 2004 on these projects totaled \$9,624,599 with an outstanding commitment of \$3,018,305; the commitment will be financed from a reservation of the capital projects fund balance.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

5. RETIREMENT PLANS

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

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

Plan members in the State and School Contributory Retirement System are required to contribute 6.00% of their annual covered salary (5.00% paid by the District for the employee) and the District is required to contribute 7.21% of their annual covered salary. In the State and School Noncontributory Retirement System, the District is required to contribute 11.7% of their annual covered salary. The District contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board.

The District's contributions to the State and School Contributory Retirement System for the years ended June 30, 2004, 2003, and 2002 were \$81,703, \$80,233, and \$79,594, respectively, and for the State and School Noncontributory Retirement System the contributions for the years ended June 30, 2004, 2003, and 2002 were \$1,688,994, \$1,600,629, and \$1,585,726, respectively. Employee contributions to the State and School Contributory Retirement System for the years ended June 30, 2004, 2003, and 2002 were \$6,692, \$7,354, and \$7,099, respectively. The contributions were equal to the required contributions for each year.

The District participates in a deferred compensation plan--under Internal Revenue Code Section 401(k)--to supplement retirement benefits accrued by participants in the Systems. Employees covered by the noncontributory plan have a contribution of 1.5% of salary automatically made by the District. During the years ended June 30, 2004, 2003, and 2002, employer contributions were \$237,294, \$229,689, and \$223,758, respectively. Employees, who are participants in the Systems, can make additional contributions to the 401(k) plan. These employee contributions were \$530,359, \$555,461, and \$498,834, for the same periods. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are held by the Utah Retirement Systems.

The District also offers its employees a deferred compensation plan under Internal Revenue Code Section 457 allowing employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Employee contributions to the Section 457 plan totaled \$10,201, \$2,571, \$2,850, for the years ended June 30, 2004, 2003, and 2002, respectively. Section 457 plan assets are held by the Utah Retirement Systems.

Voluntary Retirement Incentive – The District provides a voluntary retirement incentive program. Eligibility is restricted to those employees with a minimum of ten years of service in the District, and who meet the eligibility requirements for and will be receiving Utah State Retirement System benefits. The District's direct payments to retirees in the year ended June 30, 2004 are \$23,678. Future retirement

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

6. RISK MANAGEMENT

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10,000,000 per occurrence through policies administered by the Utah State Risk Management Fund. The District pays an annual premium to the Fund. The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Utah State Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a deductible of \$1,000 per occurrence. Settled claims have not exceeded the District's insurance coverage for any of the past three years. The District also maintains a public treasurer's fidelity bond of \$1,350,000, with a private carrier.

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

7. LONG-TERM DEBT

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 43,450,000	\$ 10,000,000	\$ (4,510,000)	\$ 48,940,000	\$ 5,325,000
Bond premium	-	52,244	(1,595)	50,649	-
Deferred amounts on refunding	(1,083,702)	-	126,257	(957,445)	-
Net bonds payable	42,366,298	10,052,244	(4,385,338)	48,033,204	5,325,000
Unpaid vacation	72,782	125,000	(120,410)	77,372	61,898
Voluntary retirement incentive payable	56,917	14,169	(23,678)	47,408	23,328
Total long term liabilities	<u>\$ 42,495,997</u>	<u>\$ 10,191,413</u>	<u>\$ (4,529,426)</u>	<u>\$ 48,157,984</u>	<u>\$ 5,410,226</u>

Long-term liability activity for the year ended June 30, 2004 is as follows:

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2004, including interest payments are listed as follows on the next page:

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Year Ending June 30,	Principal	Interest	Total
2005	\$ 5,325,000	\$ 1,855,677	\$ 7,180,677
2006	5,495,000	1,669,950	7,164,950
2007	5,395,000	1,415,045	6,810,045
2008	5,605,000	1,182,305	6,787,305
2009	5,830,000	984,836	6,814,836
2010-2014	18,965,000	2,120,373	21,085,373
2015	2,325,000	69,667	2,394,667
	<u>\$ 48,940,000</u>	<u>\$ 9,297,853</u>	<u>\$ 58,237,853</u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in Summit County. The legal debt limit at June 30, 2004, is about \$364 million with net general obligation debt outstanding of \$48 million, resulting in a legal debt margin of \$316 million.

General obligation school building bonds payable at June 30, 2004, with their outstanding balance are comprised of the following individual issues:

Purpose	Interest Rates	Outstanding Amount
\$7,000,000 general obligation school building bonds, issued October 1, 1995, maturing February 1, 2010	4.30% to 7.25%	\$ 1,035,000
\$10,000,000 general obligation school building bonds, issued October 1, 1996, maturing February 1, 2011	4.10% to 7.10%	2,070,000
\$17,550,000 general obligation school building bonds, issued March 1, 1997, maturing February 1, 2012	4.00% to 6.00%	3,590,000
\$10,000,000 general obligation school building bonds, issued January 1, 2000, maturing February 1, 2012	5.10% to 5.20%	6,500,000
\$9,460,000 general and refunding school building bonds, issued May 1, 2001, maturing August 1, 2014	4.00% to 4.70%	6,520,000
\$19,605,000 general obligation refunding bonds, issued October 1, 2002, maturing February 1, 2012	2.00% to 4.00%	19,225,000
\$10,000,000 general obligation school building bonds, issued March 15, 2004, maturing February 1, 2015	2.00% to 3.25%	<u>10,000,000</u>
Total		<u>\$ 48,940,000</u>

Defeasance of Debt – On October 1, 2002, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

in the District's financial statements. At June 30, 2004, \$18,320,000 of bonds outstanding is considered defeased.

8. INTERFUND BALANCES AND ACTIVITY

During the year, the general fund transferred \$205,000 to the other governmental funds. This represents the District's supplement to state and federal grants for the Park City Learning Center, a charter school.

9. LITIGATION AND LEGAL COMPLIANCE

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

All funds balances are positive at June 30, 2004. Fund expenditures are within amounts budgeted for the year.

10. GRANTS

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2004
With Comparative Totals for 2003

	<u>2004</u>		Variance with Final Budget - Positive (Negative)	<u>2003</u>
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 20,512,891	\$ 20,876,241	\$ 363,350	\$ 19,342,414
Earnings on investments	360,395	418,148	57,753	378,379
Other local revenue	600,689	598,743	(1,946)	579,382
State sources	4,283,938	4,165,916	(118,022)	4,381,064
Federal sources	1,185,723	1,051,545	(134,178)	781,159
Total revenues	<u>26,943,636</u>	<u>27,110,593</u>	<u>166,957</u>	<u>25,462,398</u>
Expenditures:				
Instruction	17,278,499	17,134,052	144,447	15,308,207
Supporting services:				
Student	1,072,558	926,380	146,178	842,685
Instructional staff	632,337	582,291	50,046	490,734
General administration	1,056,314	1,052,484	3,830	1,038,301
School administration	1,765,522	1,744,670	20,852	1,690,708
Business	367,967	381,060	(13,093)	371,186
Operation and maintenance of facilities	3,655,760	3,589,173	66,587	3,192,355
Student transportation	1,268,141	1,262,689	5,452	1,161,980
Total expenditures	<u>27,097,098</u>	<u>26,672,799</u>	<u>424,299</u>	<u>24,096,156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(153,462)</u>	<u>437,794</u>	<u>591,256</u>	<u>1,366,242</u>
Other financing sources (uses):				
Transfers in (out)	<u>(195,000)</u>	<u>(205,000)</u>	<u>10,000</u>	<u>(175,000)</u>
Net change in fund balances	<u>(348,462)</u>	<u>232,794</u>	<u>601,256</u>	<u>1,191,242</u>
Fund balances - beginning	<u>5,324,695</u>	<u>7,350,041</u>	<u>-</u>	<u>6,158,799</u>
Fund balances - ending	<u><u>\$ 4,976,233</u></u>	<u><u>\$ 7,582,835</u></u>	<u><u>\$ 601,256</u></u>	<u><u>\$ 7,350,041</u></u>

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

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2004
With Comparative Totals for 2003

	<u>2004</u>		Variance with Final Budget - Positive (Negative)	<u>2003</u>
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Property tax	\$ 6,224,121	\$ 6,322,552	\$ 98,431	\$ 6,814,557
Other	32,215	33,666	1,451	40,778
Total revenues	<u>6,256,336</u>	<u>6,356,218</u>	<u>99,882</u>	<u>6,855,335</u>
Expenditures:				
Debt service:				
Principal Retirement	4,449,465	4,510,000	(60,535)	4,460,000
Bond issuance costs	-	-	-	105,017
Interest and fiscal charges	<u>1,792,702</u>	<u>1,730,773</u>	<u>61,929</u>	<u>2,029,305</u>
Total expenditures	<u>6,242,167</u>	<u>6,240,773</u>	<u>1,394</u>	<u>6,594,322</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,169</u>	<u>115,445</u>	<u>101,276</u>	<u>261,013</u>
Other financing sources (uses):				
Proceeds of refunding bonds	-	-	-	19,605,000
Premium on refunding bonds	-	-	-	445,393
Payment to refunded bond escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,943,787)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,606</u>
Net change in fund balances	14,169	115,445	101,276	367,619
Fund balance - beginning	<u>560,214</u>	<u>560,214</u>	<u>-</u>	<u>192,595</u>
Fund balance - ending	<u>\$ 574,383</u>	<u>\$ 675,659</u>	<u>\$ 101,276</u>	<u>\$ 560,214</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2004
With Comparative Totals for 2003

	2004			2003
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 5,974,460	\$ 6,080,286	\$ 105,826	\$ 5,164,420
Earnings on investments	139,462	50,507	(88,955)	147,146
Other local revenue	668,381	806,731	138,350	792,915
State sources	42,789	94,474	51,685	181,837
Federal sources	15,000	5,368	(9,632)	8,279
Total revenues	6,840,092	7,037,366	197,274	6,294,597
Expenditures:				
Instruction	-	9,159	(9,159)	32,507
Supporting Services:				
Student	-	11,881	(11,881)	11,679
Operation and maintenance of facilities	214,076	186,025	28,051	78,320
Capital outlay:				
Buildings and improvements	12,013,278	12,309,216	(295,938)	3,373,393
Machinery	116,025	48,825	67,200	176,763
Vehicles and buses	500,459	280,972	219,487	543,031
Other equipment	945,363	903,422	41,941	838,024
Debt issuance costs	96,373	96,873	(500)	-
Total expenditures	13,885,574	13,846,373	39,201	5,053,717
Excess (deficiency) of revenues over (under) expenditures	(7,045,482)	(6,809,007)	236,475	1,240,880
Other Financing Sources (Uses):				
Proceeds from issuing bonds	10,000,000	10,000,000	-	-
Bond premium	52,244	52,244	-	-
Sale of capital assets	27,000	35,123	8,123	81,828
Total other financing sources (uses)	10,079,244	10,087,367	8,123	81,828
Net change in fund balances	3,033,762	3,278,360	244,598	1,322,708
Fund balance - beginning	15,130,960	15,130,960	-	13,808,252
Fund balance - ending	\$ 18,164,722	\$ 18,409,320	\$ 244,598	\$ 15,130,960

PARK CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>Non K-12 Programs</u>	<u>Food Services</u>	<u>Learning Center</u>	
Assets:				
Cash and investments	\$ 1,494,669	\$ 681,180	\$ 508	\$ 2,176,357
Receivables:				
Property taxes	243,210	-	-	243,210
Other local	126,063	8,339	-	134,402
State of Utah	-	25,898	-	25,898
Federal Government	108,578	9,163	-	117,741
Inventories	-	26,174	-	26,174
Total assets	<u>\$ 1,972,520</u>	<u>\$ 750,754</u>	<u>\$ 508</u>	<u>\$ 2,723,782</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenue:				
Property taxes	235,345	-	-	235,345
Other local	-	-	-	-
State of Utah	-	-	-	-
Federal Government	3,299	-	-	3,299
Total liabilities	<u>238,644</u>	<u>-</u>	<u>-</u>	<u>238,644</u>
Fund balances:				
Reserved for inventories	-	26,175	-	26,175
Reserved for encumbrances	6,847	-	-	6,847
Designated for high school lunch program	-	77,105	-	77,105
Designated for unpaid vacation	2,092	-	-	2,092
Unreserved, undesignated	1,724,937	647,474	508	2,372,919
Total fund balances	<u>1,733,876</u>	<u>750,754</u>	<u>508</u>	<u>2,485,138</u>
Total liabilities and fund balances	<u>\$ 1,972,520</u>	<u>\$ 750,754</u>	<u>\$ 508</u>	<u>\$ 2,723,782</u>

PARK CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2004

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>Non K-12 Programs</u>	<u>Food Services</u>	<u>Learning Center</u>	
Revenues:				
Property taxes	\$ 236,357	\$ -	\$ -	\$ 236,357
Lunch sales	-	846,446	-	846,446
Other local revenue	497,669	31,391	-	529,060
State sources	91,310	100,843	48,265	240,418
Federal sources	108,922	252,234	29,098	390,254
Total revenues	<u>934,258</u>	<u>1,230,914</u>	<u>77,363</u>	<u>2,242,535</u>
Expenditures:				
Instruction	174,541	-	141,915	316,456
Supporting services:				
Student	-	-	71,742	71,742
School administration	98,594	-	60,566	159,160
Community services	894,242	-	8,466	902,708
Food services	-	1,124,936	-	1,124,936
Capital outlay	-	-	58,480	58,480
Total expenditures	<u>1,167,377</u>	<u>1,124,936</u>	<u>341,169</u>	<u>2,633,482</u>
Excess of revenues over expenditures	(233,119)	105,978	(263,806)	(390,947)
Other financing sources:				
Transfers in	-	-	205,000	205,000
Net change in fund balances	(233,119)	105,978	(58,806)	(185,947)
Fund balances - beginning	<u>1,966,995</u>	<u>644,776</u>	<u>59,314</u>	<u>2,671,085</u>
Fund balances - ending	<u>\$ 1,733,876</u>	<u>\$ 750,754</u>	<u>\$ 508</u>	<u>\$ 2,485,138</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Non K-12 Programs
Nonmajor Special Revenue Fund
Year Ended June 30, 2004
With Comparative Totals for 2003

	2004			2003
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 232,243	\$ 236,357	\$ 4,114	\$ 741,151
Other local sources	440,349	497,669	57,320	530,214
State sources	92,842	91,310	(1,532)	25,739
Federal sources	69,874	108,922	39,048	69,427
Total revenues	<u>835,308</u>	<u>934,258</u>	<u>98,950</u>	<u>1,366,531</u>
Expenditures:				
Instruction	301,048	174,541	126,507	218,629
Supporting services:				
School administration	73,556	98,594	(25,038)	89,813
Community services	922,878	894,242	28,636	907,029
Total expenditures	<u>1,297,482</u>	<u>1,167,377</u>	<u>130,105</u>	<u>1,215,471</u>
Net change in fund balances	(462,174)	(233,119)	229,055	151,060
Fund balances - beginning	<u>1,966,995</u>	<u>1,966,995</u>	<u>-</u>	<u>1,815,935</u>
Fund balances - ending	<u><u>\$ 1,504,821</u></u>	<u><u>\$ 1,733,876</u></u>	<u><u>\$ 229,055</u></u>	<u><u>\$ 1,966,995</u></u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Food Services
Nonmajor Special Revenue Fund
Year Ended June 30, 2004
With Comparative Totals for 2003

	2004			2003
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Lunch sales	\$ 829,733	\$ 846,446	\$ 16,713	\$ 779,403
Other local sources	29,727	31,391	1,664	29,545
State sources	82,000	100,843	18,843	94,127
Federal sources	255,500	252,234	(3,266)	237,285
Total revenues	<u>1,196,960</u>	<u>1,230,914</u>	<u>33,954</u>	<u>1,140,360</u>
Expenditures:				
Salaries	417,841	418,329	(488)	391,264
Employee benefits	157,906	147,201	10,705	135,621
Purchased services	25,350	27,830	(2,480)	22,055
Supplies	31,913	29,877	2,036	25,014
Food	473,928	493,955	(20,027)	447,544
Equipment	7,038	7,744	(706)	1,280
Other	175,000	-	175,000	-
Total expenditures	<u>1,288,976</u>	<u>1,124,936</u>	<u>164,040</u>	<u>1,022,778</u>
Net change in fund balances	(92,016)	105,978	197,994	117,582
Fund balances - beginning	<u>644,776</u>	<u>644,776</u>	<u>-</u>	<u>527,194</u>
Fund balances - ending	<u>\$ 552,760</u>	<u>\$ 750,754</u>	<u>\$ 197,994</u>	<u>\$ 644,776</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Park City School District Learning Center
Nonmajor Special Revenue Fund
Year Ended June 30, 2004

	2004			2003
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
State sources	\$ 43,000	\$ 48,265	\$ 5,265	\$ 88,229
Federal sources	66,271	29,098	(37,173)	58,019
Total revenues	109,271	77,363	(31,908)	146,248
Expenditures:				
Instruction	118,747	141,915	(23,168)	162,236
Supporting services:				
Student	61,379	71,742	(10,363)	25,446
Instructional staff	-	-	-	-
School administration	49,912	60,566	(10,654)	55,749
Student transportation	372	-	372	-
Community services	74,695	8,466	66,229	7,992
Capital outlay	58,480	58,480	-	21,394
Total expenditures	363,585	341,169	22,416	272,817
Excess (deficiency) of revenues over (under) expenditures	(254,314)	(263,806)	(9,492)	(126,569)
Other Financing Sources:				
Transfers in	195,000	205,000	(10,000)	175,000
Net change in fund balances	(59,314)	(58,806)	(19,492)	48,431
Fund balances - beginning	59,314	59,314	-	10,883
Fund balances - ending	\$ -	\$ 508	\$ (19,492)	\$ 59,314

PARK CITY SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund
Year Ended June 30, 2004

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2004</u>
Assets:				
Cash	\$ 458,620	\$ 1,743,005	\$ 1,801,698	\$ 399,927
Liabilities:				
Due to student organizations:				
Park City High School	\$ 228,684	\$ 851,250	\$ 821,596	\$ 258,338
Learning Center	10,590	17,667	10,750	17,507
Treasure Mountain Middle School	96,680	233,881	280,289	50,272
Ecker Hill Middle School	28,520	177,202	183,265	22,457
Parley's Park Elementary School	15,043	100,459	115,510	(8)
McPolin Elementary School	5,034	62,768	64,215	3,587
Jeremy Ranch Elementary School	51,487	218,688	236,417	33,758
Trailside Elementary School	22,582	81,090	89,656	14,016
Total liabilities	<u>\$ 458,620</u>	<u>\$ 1,743,005</u>	<u>\$ 1,801,698</u>	<u>\$ 399,927</u>

STATISTICAL SECTION
(Unaudited)

PARK CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF NET ASSETS
GOVERNMENTAL ACTIVITIES
June 30, 2004 through 2000

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Assets:					
Cash and investments	\$ 32,578,542	\$ 28,770,784	\$ 25,351,357	\$ 26,567,306	\$ 25,837,951
Receivables:					
Property taxes	37,692,970	33,540,282	31,479,970	27,964,116	26,675,642
Other governments	1,180,392	1,032,521	826,981	522,527	223,262
Inventories and prepaids	39,075	36,583	38,239	41,902	30,070
Bond issuance costs, net of accumulated amortization	179,241	96,578	-	-	-
Capital assets:					
Land and construction in progress	14,553,167	6,646,430	10,624,692	14,233,799	12,340,185
Other capital assets, net of accumulated depreciation	<u>82,861,510</u>	<u>81,091,165</u>	<u>76,527,070</u>	<u>68,637,365</u>	<u>61,974,941</u>
Total assets	<u>169,084,897</u>	<u>151,214,343</u>	<u>144,848,309</u>	<u>137,967,015</u>	<u>127,082,051</u>
Liabilities:					
Accounts payable	2,331,004	870,228	770,203	1,386,276	1,584,987
Accrued interest payable	773,057	754,004	955,825	1,049,685	1,028,042
Accrued salaries payable	3,099,184	2,836,353	2,762,051	2,553,372	2,368,067
Deferred revenue:					
Property taxes	34,261,810	28,979,748	27,079,970	24,101,822	23,095,396
Other governments	330,530	421,007	170,665	51,730	-
Noncurrent liabilities:					
Due within one year	5,410,226	4,599,172	4,364,349	4,122,856	3,804,859
Due in more than one year	<u>42,747,758</u>	<u>37,896,825</u>	<u>42,391,960</u>	<u>46,633,095</u>	<u>45,528,318</u>
Total liabilities	<u>88,953,569</u>	<u>76,357,337</u>	<u>78,495,023</u>	<u>79,898,836</u>	<u>77,409,669</u>
Net Assets:					
Invested in capital assets, net of related debt	54,012,725	45,371,297	40,526,762	32,196,165	25,065,123
Restricted for:					
School lunch	750,754	644,776	527,194	432,801	370,471
Community programs	1,747,129	2,062,056	1,906,054	1,460,731	1,176,741
Learning center	508	59,314	10,883	-	-
Debt service	537,467	869,375	65,285	983,890	1,157,813
Capital projects	14,190,412	15,863,489	14,549,638	15,464,148	15,870,729
Unrestricted	<u>8,892,333</u>	<u>9,986,699</u>	<u>8,767,470</u>	<u>7,530,444</u>	<u>6,031,505</u>
Total net assets	<u>\$ 80,131,328</u>	<u>\$ 74,857,006</u>	<u>\$ 66,353,286</u>	<u>\$ 58,068,179</u>	<u>\$ 49,672,382</u>

Source: District records.

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

June 30, 2004 through 2000

	2004	2003	2002	2001	2000
Expenses:					
Instruction	\$ 20,765,672	\$ 19,415,806	\$ 17,972,006	\$ 16,098,311	\$ 16,088,496
Supporting services:					
Student	1,010,003	879,810	812,688	683,808	1,531,612
Instructional staff	582,291	504,507	595,087	476,220	421,035
General administration	1,074,062	1,057,135	954,619	976,107	883,739
School administration	1,994,850	1,920,938	1,709,330	1,653,369	1,534,288
Business	397,108	387,234	373,636	361,957	347,278
Operation and maintenance of facilities	3,868,397	3,356,807	3,163,666	2,801,439	2,507,661
Student transportation	1,542,070	1,426,381	1,605,848	1,455,129	1,133,265
Food services	1,216,331	1,107,446	1,074,628	954,943	66,313
Community services	931,730	944,043	751,770	633,870	585,970
Interest on long-term liabilities	1,874,488	1,922,176	2,216,098	2,597,394	2,308,195
Total school district	<u>35,257,002</u>	<u>32,922,283</u>	<u>31,229,376</u>	<u>28,692,547</u>	<u>27,407,852</u>
Program Revenues:					
Instruction	3,226,511	2,254,819	3,339,924	3,073,096	2,458,739
Supporting services:					
Student	8,237	237,215	229,380	262,893	210,337
Instructional staff	4,805	-	37,483	18,540	14,833
General administration	16,827	50,567	45,156	54,191	43,357
School administration	11,971	5,004	26,852	16,434	13,149
Operation and maintenance of facilities	29,769	32	920	475	380
Student transportation	40,989	837,679	713,273	626,332	618,003
Food services	1,196,913	1,110,366	1,106,541	949,366	928,613
Community services	551,491	594,964	554,160	828,418	564,613
Total program revenues	<u>5,087,513</u>	<u>5,090,646</u>	<u>6,053,689</u>	<u>5,829,745</u>	<u>4,852,024</u>
Net (expense) revenue	(30,169,489)	(27,831,637)	(25,175,687)	(22,862,802)	(22,555,828)
General revenues:					
Property taxes levied for:					
General purposes	19,025,767	19,094,528	17,412,369	16,181,561	15,194,736
Transportation	452,076	451,541	450,320	382,656	359,320
Recreation	220,525	671,667	631,483	569,201	534,488
Debt service	5,899,035	6,829,554	5,414,191	5,787,671	5,434,712
Capital outlay	5,672,998	5,175,786	4,844,821	4,386,193	4,118,703
Federal and state aid not restricted to specific purposes	2,271,906	2,233,223	2,172,818	1,774,235	2,439,027
Earnings on investments	502,321	566,303	782,991	1,578,350	1,313,258
Miscellaneous	1,399,183	1,312,755	1,751,801	598,732	555,374
Total general revenues	<u>35,443,811</u>	<u>36,335,357</u>	<u>33,460,794</u>	<u>31,258,599</u>	<u>29,949,618</u>
Change in net assets	5,274,322	8,503,720	8,285,107	8,395,797	7,393,790
Net assets - beginning	<u>74,857,006</u>	<u>66,353,286</u>	<u>58,068,179</u>	<u>49,672,382</u>	<u>42,278,592</u>
Net assets - ending	<u>\$ 80,131,328</u>	<u>\$ 74,857,006</u>	<u>\$ 66,353,286</u>	<u>\$ 58,068,179</u>	<u>\$ 49,672,382</u>

Source: District records.

**PARK CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEETS**

June 30, 2004 through 2000

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Assets					
Cash and investments	\$ 9,505,374	\$ 9,884,528	\$ 8,377,630	\$ 7,523,769	\$ 6,171,325
Receivables:					
Property taxes	23,840,631	21,749,781	19,086,379	17,291,557	16,099,910
Other local	35,145	59,801	675	2,261	-
State of Utah	861,225	111,135	42,939	20,333	30,482
Federal government	-	615,310	617,297	422,409	161,582
Prepaid expenses	12,901	-	-	9,205	-
Total assets and other debits	<u>\$ 34,255,276</u>	<u>\$ 32,420,555</u>	<u>\$ 28,124,920</u>	<u>\$ 25,269,534</u>	<u>\$ 22,463,299</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 123,030	\$ 86,557	\$ 85,833	\$ 74,135	\$ 99,928
Accrued liabilities	3,099,184	2,836,353	2,682,181	2,508,092	2,341,401
Deferred revenues:					
Property taxes	23,145,948	21,749,781	19,086,379	17,280,235	16,099,910
State of Utah	300,128	397,823	111,132	303,297	75,189
Federal government	4,151	-	596	40,042	37,216
Total liabilities	<u>26,672,441</u>	<u>25,070,514</u>	<u>21,966,121</u>	<u>20,205,801</u>	<u>18,653,644</u>
Fund balances:					
Reserved for:					
Special transportation and tort liability	-	-	139,587	345,269	352,740
Encumbrances	44,241	32,376	16,791	24,488	22,624
Unreserved, designated for:					
Undistributed reserve	1,350,000	1,250,000	1,200,000	1,150,000	1,075,000
Voluntary retirement incentive	600,000	400,000	200,000	-	-
Unpaid vacation	75,279	65,759	88,165	80,951	83,177
Basic levy recapture	122,759	277,211	82,061	-	-
Unreserved, undesignated	<u>5,390,556</u>	<u>5,324,695</u>	<u>4,432,195</u>	<u>3,463,025</u>	<u>2,276,114</u>
Total fund balances	<u>7,582,835</u>	<u>7,350,041</u>	<u>6,158,799</u>	<u>5,063,733</u>	<u>3,809,655</u>
Total liabilities and fund balances	<u>\$ 34,255,276</u>	<u>\$ 32,420,555</u>	<u>\$ 28,124,920</u>	<u>\$ 25,269,534</u>	<u>\$ 22,463,299</u>

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

PARK CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Years Ended June 30, 2004 through 2000

	Anticipated Budget					
	<u>2004-2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Revenues:						
Property taxes	\$ 21,713,762	\$ 20,876,241	\$ 19,342,414	\$ 17,713,475	\$ 16,087,425	\$ 14,500,948
Earnings on investments	335,000	418,148	378,379	579,726	875,438	613,212
Other local revenue	561,000	598,743	579,382	685,063	462,674	356,449
State sources	5,050,419	4,165,916	4,381,064	5,407,502	5,113,142	4,982,498
Federal sources	1,106,232	1,051,545	781,159	808,056	596,090	582,302
Total revenues	<u>28,766,413</u>	<u>27,110,593</u>	<u>25,462,398</u>	<u>25,193,822</u>	<u>23,134,769</u>	<u>21,035,409</u>
Expenditures:						
Instruction	21,951,375	17,134,052	15,308,207	15,353,220	13,975,722	13,174,554
Support services:						
Student	1,192,785	926,380	842,685	778,839	683,808	708,991
Instructional staff	767,038	582,291	490,734	551,943	476,220	421,035
General administration	1,274,599	1,052,484	1,038,301	935,785	954,174	861,806
School administration	1,870,262	1,744,670	1,690,708	1,549,999	1,566,483	1,467,975
Business	397,327	381,060	371,186	357,588	346,455	328,815
Operation and maintenance of facilities	4,082,050	3,589,173	3,192,355	3,036,755	2,647,118	2,402,890
Student transportation	1,380,179	1,262,689	1,161,980	1,359,627	1,230,711	954,435
Total expenditures	<u>32,915,615</u>	<u>26,672,799</u>	<u>24,096,156</u>	<u>23,923,756</u>	<u>21,880,691</u>	<u>20,320,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,149,202)</u>	<u>437,794</u>	<u>1,366,242</u>	<u>1,270,066</u>	<u>1,254,078</u>	<u>714,908</u>
Other financing sources:						
Transfers	<u>(277,031)</u>	<u>(205,000)</u>	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>	<u>650,057</u>
Net Change in Fund Balances	<u>(4,426,233)</u>	<u>232,794</u>	<u>1,191,242</u>	<u>1,095,066</u>	<u>1,254,078</u>	<u>1,364,965</u>
Fund Balance at July 1	<u>4,726,233</u>	<u>7,350,041</u>	<u>6,158,799</u>	<u>5,063,733</u>	<u>3,809,655</u>	<u>2,444,690</u>
Fund Balance at June 30	<u>\$ 300,000</u>	<u>\$ 7,582,835</u>	<u>\$ 7,350,041</u>	<u>\$ 6,158,799</u>	<u>\$ 5,063,733</u>	<u>\$ 3,809,655</u>

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

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

Tax Years 2003 through 1999

	<u>2003</u>		<u>2002</u>	<u>2001</u>		<u>2000</u>	<u>1999</u>
	Taxable Value	% of TV		Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by County Assessor-Locally Assessed							
Real property:							
Primary residential	\$ 1,690,036,889	28.0 %	\$ 1,598,261,800	\$ 1,490,564,016	\$ 1,318,223,015	\$ 1,194,138,755	
Other residential	2,727,361,718	45.2	2,583,652,719	2,478,240,540	2,199,971,765	1,907,731,618	
Commercial and industrial	520,934,008	8.6	533,717,650	547,900,593	514,610,538	513,676,557	
Farmland assessment act (FAA)	5,948,831	0.1	5,374,434	5,288,206	5,156,862	4,517,362	
Unimproved non FAA	761,916,828	12.6	744,063,072	694,147,421	521,496,895	481,898,117	
Total real property	5,706,198,274	94.6	5,465,069,675	5,216,140,776	4,559,459,075	4,101,962,409	
Personal property:							
Primary mobile homes	22,842	0.0	22,842	26,967	26,967	31,191	
Secondary mobile homes	3,881	0.0	3,881	3,881	3,881	3,881	
Other business personal	132,929,604	2.2	127,884,162	133,063,673	121,237,662	123,276,953	
Total personal property	132,956,327	2.2	127,910,885	133,094,521	121,268,510	123,312,025	
Fee in lieu property	190,128,396	3.2	22,178,872	22,404,634	80,310,267	78,353,656	
Total locally assessed	<u>\$ 6,029,282,997</u>	<u>100.0 %</u>	<u>\$ 5,615,159,432</u>	<u>\$ 5,371,639,931</u>	<u>\$ 4,761,037,852</u>	<u>\$ 4,303,628,090</u>	
Total locally assessed (less fee in lieu)	<u>\$ 5,839,154,601</u>		<u>\$ 5,592,980,560</u>	<u>\$ 5,349,235,297</u>	<u>\$ 4,680,727,585</u>	<u>\$ 4,225,274,434</u>	
Set by State Tax Commission-Centrally Assessed							
	<u>\$ 95,156,725</u>		<u>\$ 101,455,241</u>	<u>\$ 110,349,143</u>	<u>\$ 79,970,564</u>	<u>\$ 85,566,360</u>	

Source: Property Tax Division, Utah State Tax Commission.

PARK CITY SCHOOL DISTRICT
TAX RATES AND REVENUE
 Years Ended June 30, 2004 through 2000

	<u>2004</u>		<u>2003</u>		<u>2002</u>		<u>2001</u>		<u>2000</u>	
General Fund:										
Basic levy	0.001825	\$ 10,783,793	0.001807	\$ 10,176,781	0.001785	\$ 9,162,142	0.001881	\$ 8,709,915	0.001840	\$ 7,744,120
Voted leeway	0.001621	9,578,371	0.001571	8,847,661	0.001572	8,068,845	0.001456	6,741,965	0.001464	6,161,626
Special transportation	0.000082	484,532	0.000080	450,549	0.000087	446,558	0.000132	611,222	0.000134	563,974
Tort liability	0.000005	29,545	0.000005	28,159	0.000007	35,930	0.000008	37,044	0.000008	33,670
Total general fund	0.003533	20,876,241	0.003463	19,503,150	0.003451	17,713,475	0.003477	16,100,146	0.003446	14,503,390
Non K-12 Programs Fund:										
Community recreation	0.000040	236,357	0.000119	670,192	0.000122	626,208	0.000122	564,917	0.000124	521,886
Debt Service Fund:										
Debt service	0.001072	6,322,552	0.001210	6,814,557	0.001046	5,368,964	0.001265	5,857,545	0.001523	6,409,943
Capital Projects Fund:										
Capital outlay	0.000726	4,289,881	0.000619	3,486,125	0.000629	3,228,564	0.000526	2,435,628	0.000534	2,247,478
Voted leeway	0.000088	519,986	0.000090	506,868	0.000095	487,621	0.000142	657,527	0.000144	606,062
10% of basic levy	0.000215	1,270,419	0.000208	1,171,428	0.000212	1,088,165	0.00027	1,250,227	0.000274	1,153,200
Total capital projects fund	0.001029	6,080,286	0.000917	5,164,421	0.000936	4,804,350	0.000938	4,343,382	0.000952	4,006,740
Total tax collections	0.005674	\$ 33,515,436	0.005709	\$ 32,152,320	0.005555	\$ 28,512,997	0.005802	\$ 26,865,990	0.006045	\$ 25,441,959

Source: District records.