

PARK CITY SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2008

PARK CITY SCHOOL DISTRICT

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Year Ended June 30, 2008

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FINANCIAL SECTION



1329 South 800 East • Orem, Utah 84097-7700 • (801) 225-6900 • Fax (801) 226-7739 • www.squire.com

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 (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the aggregate discretely presented component units and remaining fund information of the District as of June 30, 2008, 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 October 22, 2008 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 considered in assessing 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 other 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 other 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.

Agui & Company, PC

October 22, 2008

Management's Discussion and Analysis

This section of Park City School District's (the District) financial report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2008.

Financial Highlights

- The District is dependent on revenues generated by property taxes. Property tax revenues increased by 3.5% in 2008 as a result of changes in tax rates and growth in taxable property and growth in the value of taxable property.
- The District's assets exceeded liabilities by \$121.5 million at the close of the most recent fiscal year.
- During the year, expenses were \$12.0 million less than the \$61.1 million generated in taxes and other revenues for governmental activities.
- District student enrollment increased by 37 students to a total of 4,477 students as of October 1, 2008.
- The District continues to improve buildings for enrolled students and to provide housing for the various programs throughout the District. Construction of the Park City High School is nearly finished at an estimated cost of \$28.3 million, of which \$26.6 million was completed at June 30, 2008.

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 basic 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 and sick leave).

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

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

- **Governmental activities.** Most of the District's basic services are included here, such as instruction, various supporting services, food services, community 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 certain parent teacher organizations. Although legally separate, these component units are included because they are independent 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 are categorized as governmental 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 District'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 District'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 the governmental funds is provided in the form of *combining and individual statements and schedules* 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.

Notes to the basic 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 18 through 29 of this report.

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

Also, selected financial and tax information is provided as other information, presenting 5-year comparisons. This other information can be found on pages 38 through 43 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 \$121.5 million at the close of the most recent fiscal year.

PARK CITY SCHOOL DISTRICT'S Net Assets
June 30, 2008 and 2007
(in millions of dollars)

	Governmental activities		Total
	2008	2007	change 2008-2007
Current and other assets	\$ 83.8	\$ 78.2	\$ 5.6
Capital assets	121.5	116.2	5.3
Total assets	<u>205.3</u>	<u>194.4</u>	<u>10.9</u>
Current and other liabilities	51.7	48.2	3.5
Long-term liabilities outstanding	32.2	37.3	(5.1)
Total liabilities	<u>83.9</u>	<u>85.5</u>	<u>(1.6)</u>
Net assets:			
Invested in capital assets, net of related debt	90.2	79.2	11.0
Restricted	20.3	21.5	(1.2)
Unrestricted	11.0	8.2	2.8
Total net assets	<u>\$ 121.5</u>	<u>\$ 108.9</u>	<u>\$ 12.6</u>

- The largest portion of the District's net assets (74.2%) reflects its investment in capital assets (e.g., land, buildings and improvements, and equipment and busses net of accumulated depreciation), less any related debt (general obligation bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net assets (16.7%) 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* (9.1%) 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 \$11.0 million during the year ended June 30, 2008. This increase resulted primarily from \$6.9 million spent on new construction projects and \$5.7 million in payments of bond principal.
- Restricted net assets decreased by \$1.2 million during the year ended June 30, 2008. This decrease resulted primarily from the use of resources restricted for capital projects.

The District's net assets increased by \$12.0 million during the current year from activities. Net assets also increased by \$0.6 million when the District reclassified its student activities fund from an agency fund to a special

revenue fund effective July1, 2007. The following discussion and analysis on governmental activities focuses on this increase:

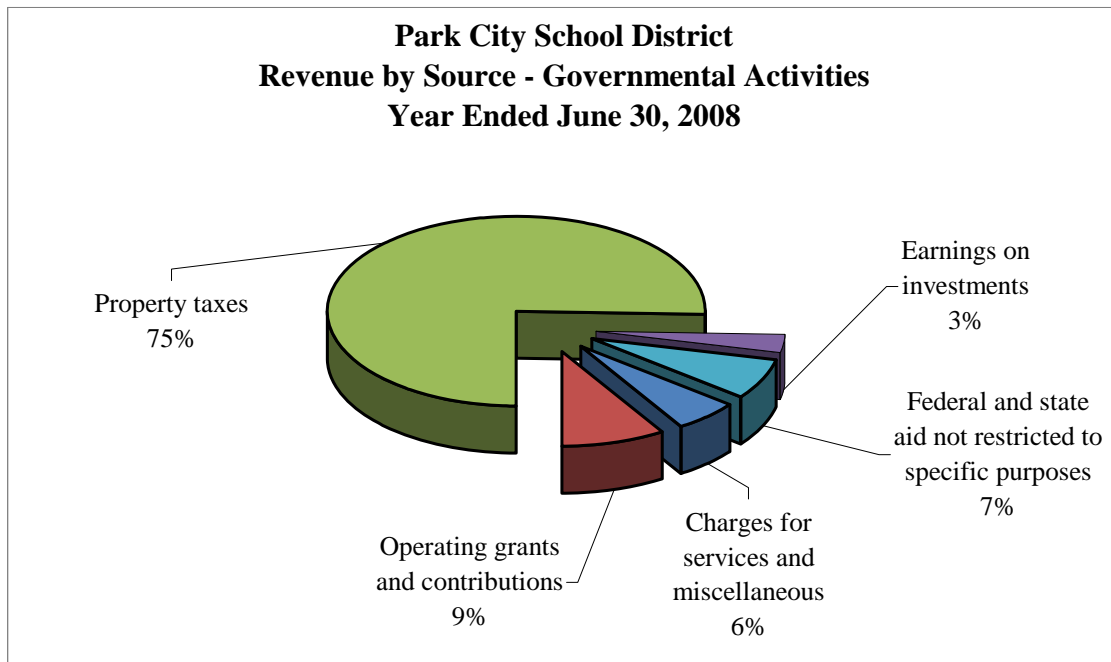
Governmental activities. The key elements of the increase of the District’s net assets for the year ended June 30, 2008 are as follows:

PARK CITY SCHOOL DISTRICT'S Changes in Net Assets
Years Ended June 30, 2008 and 2007
(in millions of dollars)

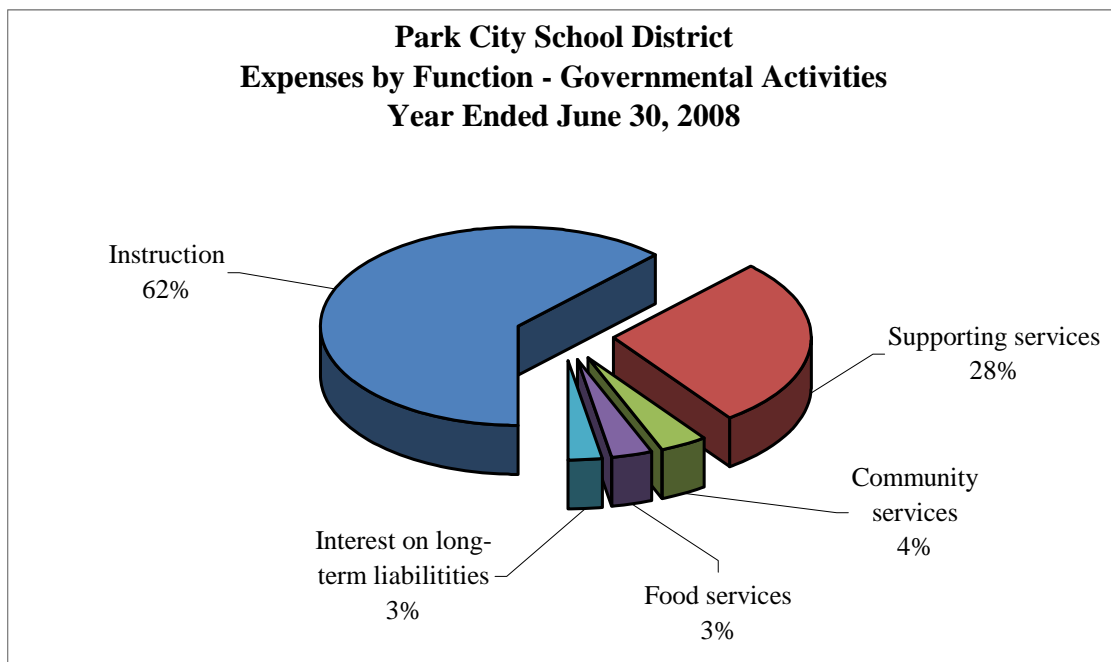
	Governmental activities		Total
	2008	2007	change 2008-2007
Revenues:			
Program revenues:			
Charges for services	\$ 3.3	\$ 1.8	\$ 1.5
Operating grants and contributions	5.4	4.2	1.2
General revenues:			
Property taxes	44.9	43.4	1.5
Federal and state aid not restricted to specific purposes	4.2	3.1	1.1
Earnings on investments	1.8	2.1	(0.3)
Miscellaneous	1.5	1.7	(0.2)
Total revenues	61.1	56.3	4.8
Expenses:			
Instructional services	30.6	25.2	5.4
Supporting services:			
Students	1.4	1.3	0.1
Instructional staff	0.7	0.8	(0.1)
District administration	1.8	1.5	0.3
School administration	2.2	2.4	(0.2)
Business	0.6	0.5	0.1
Operation and maintenance of facilities	5.0	4.6	0.4
Student transportation	1.9	1.9	-
Food services	1.6	1.4	0.2
Community services	1.9	1.2	0.7
Interest on long-term liabilities	1.4	1.6	(0.2)
Total expenses	49.1	42.4	6.7
Increase in net assets	12.0	13.9	(1.9)
Net assets - beginning	108.9	95.0	13.9
Reclassification of student activities fund	0.6	-	0.6
Net assets - ending	\$ 121.5	\$ 108.9	\$ 12.6

- The largest net dollar increase in revenues is property taxes. Property tax revenues increased by \$1.5 million or 3.5% in 2008 as a result of changes in tax rates and growth in taxable property and 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

students receive a weighting greater than one. The value of the WPU increased by 4.0% during the year ended June 30, 2008 (\$2,514 during 2008 as compared to \$2,417 in 2007). With the student population increase and an increase in the value of the WPU, state revenue increased by \$2.2 million.



- Instructional services represent the largest dollar increase in expense of \$5.4 million due to the number of teachers employed by the District, increases in salaries, and increases in employee benefits.



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 \$30.9 million, \$1.0 million more than the previous year. Included in this year's change in the combined fund balance is a decrease in the fund balance of the capital projects fund of \$1.5 million; this year's change also includes an increase in the fund balance of the general fund of \$2.9 million. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$36.3 million, an increase of 9.2% during the current fiscal year. This compares to a 2.2% increase in 2007. Instructional services represent 64.2% of general fund expenditures.
- General fund salaries totaled \$22.3 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$9.3 million to arrive at 86.9% 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 District has designated \$4.0 million of the general fund balance for the following purposes:

- *Designation for undistributed reserve* of \$1.9 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* of \$1.8 million for voluntary retirement incentives and \$0.3 million for unpaid vacation and sick leave.

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 an increase of \$16,216 in total general fund expenditures. During the year, final budgeted revenues were less than original budgetary estimates by a net of \$46,315 to account for anticipated increases in property tax revenue and decreases in earnings on investments and federal revenue.

Even with these adjustments, actual expenditures were \$1.2 million less than final budgeted amounts. The most significant variance was \$1.4 million in instruction expenditures. Resources available for appropriation were \$0.2 million below the final budgeted amount primarily due to negative variances in federal sources and property taxes. Variances normally 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. At June 30, 2008, the District is nearly finished with the rebuild of Park City High School at an anticipated total cost of \$28.3 million, of which \$26.6 million was complete at that date.

Capital assets at June 30, 2008 and 2007 are outlined below:

PARK CITY SCHOOL DISTRICT'S Capital Assets
June 30, 2008 and 2007
 (net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total change 2008-2007
	2008	2007	
Land	\$ 4.9	\$ 4.9	\$ -
Construction in progress	26.6	20.2	6.4
Buildings and improvements	86.7	88.6	(1.9)
Equipment and busses	3.3	2.5	0.8
Total capital assets	<u>\$ 121.5</u>	<u>\$ 116.2</u>	<u>\$ 5.3</u>

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

Debt Administration. 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, 2008 is about \$537.9 million. Net general obligation debt at June 30, 2008 is \$31.4 million, resulting in a legal debt margin of about \$506.5 million.

PARK CITY SCHOOL DISTRICT'S Outstanding Debt
June 30, 2008 and 2007
 (in millions of dollars)

	Governmental activities		Total change 2008-2007
	2008	2007	
Net general obligation bonds	<u>\$ 31.4</u>	<u>\$ 37.0</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 moderate growth in student enrollment. The following enrollment information is based on the annual October 1 count:

PARK CITY SCHOOL DISTRICT'S Enrollment October 1 Count

<u>School Year</u>	<u>Enrollment</u>	<u>Change</u>
2008-09	4,477	0.8%
2007-08	4,440	2.4%
2006-07	4,336	-0.7%
2005-06	4,367	3.6%
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	2.9%

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, 2008

	<u>Governmental Activities</u>	<u>Component Units</u>
Assets:		
Cash and investments	\$ 37,771,900	\$ 730,320
Receivables:		
Property taxes	44,920,650	-
Other local	24,037	5,359
State of Utah	55,241	-
Federal government	800,895	-
Inventories	50,870	-
Bond issuance costs, nets of accumulated amortization	138,285	-
Capital assets:		
Land and construction in progress	31,571,789	-
Other capital assets, net of accumulated depreciation	90,000,619	4,857
Total assets	<u>205,334,286</u>	<u>740,536</u>
Liabilities:		
Accounts and contracts payable	2,441,590	90,736
Accrued interest payable	482,776	-
Accrued salaries payable	4,344,608	-
Deferred revenue:		
Property taxes	44,114,320	-
Other local	32,802	-
State of Utah	279,383	-
Federal government	2,139	-
Noncurrent liabilities:		
Portion due or payable within one year	6,332,686	-
Portion due or payable after one year	25,825,923	-
Total liabilities	<u>83,856,227</u>	<u>90,736</u>
Net Assets:		
Invested in capital assets, net of related debt	90,168,064	-
Restricted for:		
Debt service	230,718	-
Capital projects	18,081,553	-
Community programs	716,514	-
Food services	846,705	-
Student activities	415,202	-
Student programs	-	404,320
Unrestricted	11,019,303	247,480
Total net assets	<u>\$ 121,478,059</u>	<u>\$ 651,800</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, 2008

Activities / Functions	Expenses	Program Revenues		Net (Expense)	Component
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets	
				Total Governmental Activities	Units
Governmental activities:					
Instruction	\$ 30,550,542	\$ 1,644,491	\$ 3,592,381	\$ (25,313,670)	
Supporting services:					
Student	1,436,839	-	81,467	(1,355,372)	
Instructional staff	734,755	-	14,880	(719,875)	
General administration	1,785,555	-	16,530	(1,769,025)	
School administration	2,189,784	-	1,847	(2,187,937)	
Business	643,409	-	288	(643,121)	
Operation and maintenance of facilities	4,951,193	840	-	(4,950,353)	
Student transportation	1,891,039	15,715	879,115	(996,209)	
Food services	1,592,100	767,975	590,746	(233,379)	
Community services	1,859,678	881,721	189,366	(788,591)	
Interest on long-term liabilities	1,422,146	-	-	(1,422,146)	
Total school district	<u>\$ 49,057,040</u>	<u>\$ 3,310,742</u>	<u>\$ 5,366,619</u>	<u>(40,379,679)</u>	
Discretely presented component units:					
Education foundation	\$ 450,924	\$ -	\$ 416,462		\$ (34,462)
Parent-teacher organizations	69,532	-	45,321		(24,211)
Total component units	<u>\$ 520,456</u>	<u>\$ -</u>	<u>\$ 461,783</u>		<u>(58,673)</u>
General revenues:					
Property taxes levied for:					
Basic state supported program for K-12 instruction				13,696,248	-
Voted leeway program for regular K-12 instruction				13,581,331	-
School board leeway program for improvement of reading skills				679,067	-
Special transportation for required special and hazardous bus routes				1,211,873	-
Tort liability				302,968	-
Community recreation				626,831	-
Debt service of general obligation bonds				6,863,796	-
Capital outlay for buildings and other capital needs				6,832,454	-
Ten percent additional basic program for capital assets, textbooks, and supplies				1,149,190	-
Federal and state aid not restricted to specific purposes				4,207,249	-
Earnings on investments				1,802,241	26,401
Miscellaneous				1,456,040	6,300
Total general revenues				<u>52,409,288</u>	<u>32,701</u>
Change in net assets				12,029,609	(25,972)
Net assets - beginning				109,448,450	677,772
Net assets - ending				<u>\$ 121,478,059</u>	<u>\$ 651,800</u>

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

PARK CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2008

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Assets:					
Cash and investments	\$ 15,307,542	\$ 447,807	\$ 20,179,827	\$ 1,836,724	\$ 37,771,900
Receivables:					
Property taxes	32,158,083	6,673,530	5,326,665	762,372	44,920,650
Other local	12,254	-	1,070	10,713	24,037
State of Utah	2,571	-	-	52,670	55,241
Federal government	711,496	-	-	89,399	800,895
Inventories	-	-	-	50,870	50,870
Total assets	<u>\$ 48,191,946</u>	<u>\$ 7,121,337</u>	<u>\$ 25,507,562</u>	<u>\$ 2,802,748</u>	<u>\$ 83,623,593</u>
Liabilities and fund balances:					
Liabilities:					
Accounts and contracts payable	\$ 209,592	\$ -	\$ 2,190,638	\$ 41,360	\$ 2,441,590
Accrued liabilities	4,344,608	-	-	-	4,344,608
Deferred revenue:					
Property taxes	32,664,508	6,778,216	5,408,855	774,417	45,625,996
Other local	-	-	-	32,802	32,802
State of Utah	279,383	-	-	-	279,383
Federal government	-	-	-	2,139	2,139
Total liabilities	<u>37,498,091</u>	<u>6,778,216</u>	<u>7,599,493</u>	<u>850,718</u>	<u>52,726,518</u>
Fund Balances:					
Reserved for:					
Construction commitments	-	-	1,643,378	-	1,643,378
Encumbrances	101,853	-	379,237	-	481,090
Inventories	-	-	-	50,870	50,870
Transportation levy	559,933	-	-	-	559,933
Reading levy	180,945	-	-	-	180,945
Tort liability levy	153,396	-	-	-	153,396
Unreserved, designated for:					
Undistributed reserve	1,875,000	-	-	-	1,875,000
Voluntary retirement incentive	1,776,646	-	-	-	1,776,646
Adult education program	-	-	-	15,257	15,257
Unpaid vacation and sick leave	279,652	-	-	20,407	300,059
Unreserved, undesignated	<u>5,766,430</u>	<u>343,121</u>	<u>15,885,454</u>	<u>1,865,496</u>	<u>23,860,501</u>
Total fund balances	<u>10,693,855</u>	<u>343,121</u>	<u>17,908,069</u>	<u>1,952,030</u>	<u>30,897,075</u>
Total liabilities and fund balances	<u>\$ 48,191,946</u>	<u>\$ 7,121,337</u>	<u>\$ 25,507,562</u>	<u>\$ 2,802,748</u>	<u>\$ 83,623,593</u>

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

PARK CITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2008

Total fund balances for governmental funds \$ 30,897,075

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	26,643,221	
Buildings and improvements, net of \$25,751,583 accumulated depreciation	86,735,279	
Equipment and busses, net of \$2,167,234 accumulated depreciation	<u>3,265,340</u>	121,572,408

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. 1,511,676

Bond issuance costs are reported as expenditures in the governmental funds. These costs are reported net of \$122,676 of accumulated amortization on the statement of net assets. 138,285

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: (482,776)

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	(31,820,000)	
Bond premium, net of \$23,333 of accumulated amortization	(36,761)	
Deferred amounts on refunding, net of \$725,977 of accumulated amortization	452,417	
Unpaid vacation and sick leave	(300,059)	
Voluntary retirement incentive payable	<u>(454,206)</u>	<u>(32,158,609)</u>

Total net assets of governmental activities \$ 121,478,059

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, 2008

	<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:					
Local sources:					
Property taxes	\$ 29,021,663	\$ 6,813,079	\$ 7,951,295	\$ 724,416	\$ 44,510,453
Earnings on investments	717,669	38,527	973,673	72,372	1,802,241
Lunch sales	-	-	-	680,265	680,265
Other local revenue	849,052	25,486	693,024	2,510,595	4,078,157
State sources	7,654,751	-	30,000	285,010	7,969,761
Federal sources	1,109,005	-	-	495,102	1,604,107
Total revenues	<u>39,352,140</u>	<u>6,877,092</u>	<u>9,647,992</u>	<u>4,767,760</u>	<u>60,644,984</u>
Expenditures:					
Instruction	23,313,971	-	-	1,760,982	25,074,953
Supporting services:					
Student	1,436,839	-	-	-	1,436,839
Instructional staff	734,755	-	-	-	734,755
General administration	1,764,313	-	-	-	1,764,313
School administration	2,081,044	-	-	-	2,081,044
Business	622,563	-	-	-	622,563
Operation and maintenance of facilities	4,827,197	-	-	-	4,827,197
Student transportation	1,548,788	-	-	-	1,548,788
Community services	-	-	-	1,824,787	1,824,787
Food services	-	-	-	1,479,552	1,479,552
Capital outlay	-	-	11,170,643	-	11,170,643
Debt service:					
Principal retirement	-	5,705,000	-	-	5,705,000
Interest and fiscal charges	-	1,364,708	-	-	1,364,708
Total expenditures	<u>36,329,470</u>	<u>7,069,708</u>	<u>11,170,643</u>	<u>5,065,321</u>	<u>59,635,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,022,670</u>	<u>(192,616)</u>	<u>(1,522,651)</u>	<u>(297,561)</u>	<u>1,009,842</u>
Other financing sources (uses):					
Transfers	(92,457)	-	-	92,457	-
Sale of capital assets	-	-	31,952	-	31,952
Total other financing sources (uses)	<u>(92,457)</u>	<u>-</u>	<u>31,952</u>	<u>92,457</u>	<u>31,952</u>
Net change in fund balances	2,930,213	(192,616)	(1,490,699)	(205,104)	1,041,794
Fund balances - beginning	<u>7,763,642</u>	<u>535,737</u>	<u>19,398,768</u>	<u>2,157,134</u>	<u>29,855,281</u>
Fund balances - ending	<u>\$ 10,693,855</u>	<u>\$ 343,121</u>	<u>\$ 17,908,069</u>	<u>\$ 1,952,030</u>	<u>\$ 30,897,075</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 Governmental Funds to the Statement of Activities
Year Ended June 30, 2008

Net change in fund balances-total governmental funds \$ 1,041,794

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 land, equipment and busses 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	\$ 8,074,027	
Proceeds from sales of capital assets	(31,952)	
Gain on sale of capital assets	8,360	
Depreciation expense	<u>(2,657,281)</u>	5,393,154

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	5,705,000	
Amortization of bond premium	5,584	
Amortization of deferred refunding costs	(126,257)	
Amortization of bond issuance costs	(26,133)	
Interest expense	<u>63,235</u>	5,621,429

Property taxes that are collected several months after the District's fiscal year end are not considered available revenues in the governmental funds and are, instead, counted as deferred revenues at year end. They are, however, recorded as revenues in the statement of activities. Delinquent property taxes receivable increased this year. 433,305

In the statement of activities, certain operating expenses - compensated absences (vacation and sick leave) and 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 and sick leave increased by \$178,670 and voluntary retirement incentive payable increased by \$281,403. (460,073)

Change in net assets of governmental activities \$ 12,029,609

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, 2008

	<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	\$ 28,775,034	\$ 29,268,120	\$ 29,021,663	\$ (246,457)
Earnings on investments	713,636	328,101	717,669	389,568
Other local revenue	891,000	793,145	849,052	55,907
State sources	7,756,226	7,800,198	7,654,751	(145,447)
Federal sources	1,467,611	1,367,628	1,109,005	(258,623)
Total revenues	<u>39,603,507</u>	<u>39,557,192</u>	<u>39,352,140</u>	<u>(205,052)</u>
Expenditures:				
Instruction	24,224,809	24,672,042	23,313,971	1,358,071
Supporting services:				
Student	1,663,318	1,473,109	1,436,839	36,270
Instructional staff	901,297	779,510	734,755	44,755
General administration	1,559,252	1,651,282	1,764,313	(113,031)
School administration	2,334,248	2,100,018	2,081,044	18,974
Business	504,100	625,533	622,563	2,970
Operation and maintenance of facilities	4,597,205	4,670,746	4,827,197	(156,451)
Student transportation	1,765,120	1,593,325	1,548,788	44,537
Total expenditures	<u>37,549,349</u>	<u>37,565,565</u>	<u>36,329,470</u>	<u>1,236,095</u>
Excess of revenues over expenditures	<u>2,054,158</u>	<u>1,991,627</u>	<u>3,022,670</u>	<u>1,031,043</u>
Other financing sources (uses):				
Transfers in	-	1,141,260	-	(1,141,260)
Transfers out	-	(302,919)	(92,457)	210,462
Total other financing sources (uses)	<u>-</u>	<u>838,341</u>	<u>(92,457)</u>	<u>(930,798)</u>
Net change in fund balances	2,054,158	2,829,968	2,930,213	100,245
Fund balances - beginning	<u>6,992,990</u>	<u>7,763,642</u>	<u>7,763,642</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,047,148</u>	<u>\$ 10,593,610</u>	<u>\$ 10,693,855</u>	<u>\$ 100,245</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 certain schools, legally separate organizations for which the District is considered to be financially accountable. The component units are reported as a separate column in the District’s government-wide financial statements as discretely presented component units; the component units are reported as governmental fund types. Complete financial statements for the Foundation may be obtained at the District’s administrative office.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net assets and the statement of changes in net assets) display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. 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, operation and maintenance of facilities, and food services) 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. 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.

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.

Budgetary Data – The District operates within the budget requirements for school districts as specified by Utah 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. 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.
- Copies of the proposed budget are made available for public inspection and review by the District's patrons.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- 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, 2008, 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.”

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.

Capital Assets – Capital assets, which include land, construction in progress, buildings and improvements, and 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 estimated useful lives as indicated in the chart on the following page:

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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, Sick Leave, and 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. 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 in the governmental funds for vacation and sick pay benefits at the time of separation. An expense and related liability are recorded in the governmental-wide financial statements as these benefits are earned.

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. The District records expenditures for this program in the governmental funds when paid. The District records an expense and related liability in the government-wide financial statements for these obligations at the time an eligible employee retires. At June 30, 2008, the District has designated \$1,776,646 of the general fund balance to finance future payments for this program. Effective March 26, 2008, the voluntary retirement incentive program will not be available to employees retiring after June 30, 2009. The designation less outstanding program obligations at June 30, 2009 will be paid to all employees with five or more years of employment with the District.

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance and refunding 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 unamortized bond premium or discount and refunding costs.

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 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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

Comparative Data and Reclassifications – Comparative data for the prior year have been presented in individual fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2008, as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 1,012,893
Carrying amount of investments	37,489,327
	<hr/>
Total cash and investments	\$ 38,502,220
	<hr/> <hr/>
Governmental funds cash and investments	\$ 37,771,900
Component units cash and investments	730,320
	<hr/>
Total cash and investments	\$ 38,502,220
	<hr/> <hr/>

The District complies with the State Money Management Act (Utah Code Section 51, Chapter 7) (Act) and related Rules of the Money Management Council (Council) 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, US Treasury obligations, US agency issues, high-grade commercial paper, banker’s acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio.

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. The District considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Rules of the Council allow Park City Education Foundation to invest private grants, contributions, and endowments in any deposit or investment authorized by the Act and certain investment funds, equity securities, fixed-income securities, and investment strategies with institutions that meet certain restrictions.

All of the District’s investments are with the PTIF. The Foundation has deposits separate from the District and invests private funds through brokers.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Deposits – At June 30, 2008, the District and the Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Park City School District	\$ 300,277	\$ 2,020,408	\$ 358,107
Parent Teacher Organizations	41,590	41,590	41,590
Park City Education Foundation	671,026	671,026	195,178
Total deposits	\$ 1,012,893	\$ 2,733,024	\$ 594,875

- Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government’s deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2008, the uninsured amount of the District’s and Foundation’s bank deposits was uncollateralized.

Investments – At June 30, 2008, the District and the Foundation have the following investments summarized by investment type and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	5-10	More Than 10
Park City School District:					
Utah Public Treasurers' Investment Fund (PTIF)	\$ 37,471,623	\$ 37,471,623	\$ -	\$ -	\$ -
Park City Education Foundation, component unit:					
Equity securities mutual fund	17,704	17,704	-	-	-
Total investments	\$ 37,489,327	\$ 37,489,327	\$ -	\$ -	\$ -

- Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except for endowments, the Act further limits the remaining term to maturity on all investments in commercial paper and bankers’ acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years. The Foundation can invest private funds in fixed-income securities with a dollar-weighted average maturity not to exceed ten years.
- Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody’s Investors Service, Inc. or by Standard and Poor’s Corporation. The District has no investment policy that would further limit its investment choices.

At June 30, 2008, the District’s investment in the PITF is unrated.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District’s policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District’s total portfolio with a single issuer. The District places no other limits on the amount it may invest in any one issuer. The Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in a particular industry. Also, for the Foundation’s investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.

- **Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District’s policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. The Act requires the Foundation’s public treasurer to have custody of all securities purchased or held or deposit these securities with a bank or trust company to be held in safekeeping by that custodian. The Foundation’s investments held in a brokerage account are covered by Securities Investor Protection Corporation up to \$500,000.

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. Revenue 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, 2008, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2008 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, 2008 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 4,928,568	\$ -	\$ -	\$ 4,928,568
Construction in progress	<u>20,167,208</u>	<u>6,926,958</u>	<u>(450,945)</u>	<u>26,643,221</u>
Total capital assets, not being depreciated	25,095,776	6,926,958	(450,945)	31,571,789
Capital assets, being depreciated:				
Buildings and improvements	112,035,917	450,945	-	112,486,862
Equipment and busses	<u>4,533,732</u>	<u>1,147,069</u>	<u>(248,227)</u>	<u>5,432,574</u>
Total capital assets, being depreciated	116,569,649	1,598,014	(248,227)	117,919,436
Accumulated depreciation for:				
Buildings and improvements	(23,481,589)	(2,269,994)	-	(25,751,583)
Equipment and busses	<u>(2,004,582)</u>	<u>(387,287)</u>	<u>224,635</u>	<u>(2,167,234)</u>
Total accumulated depreciation	<u>(25,486,171)</u>	<u>(2,657,281)</u>	<u>224,635</u>	<u>(27,918,817)</u>
Total capital assets, being depreciated, net	<u>91,083,478</u>	<u>(1,059,267)</u>	<u>(23,592)</u>	<u>90,000,619</u>
Governmental activity capital assets, net	<u>\$ 116,179,254</u>	<u>\$ 5,867,691</u>	<u>\$ (474,537)</u>	<u>\$ 121,572,408</u>

For the year ended June 30, 2008, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 1,892,767
Supporting services:	
General administration	21,242
School administration	108,740
Business	20,846
Operation and maintenance of facilities	123,996
Student transportation	342,251
Food services	112,548
Community services	<u>34,891</u>
Total depreciation expense, governmental activities	<u>\$ 2,657,281</u>

The District is obligated at June 30, 2008, under construction commitments for Park City High School of \$28,286,600. Construction in progress recorded as of June 30, 2008 on these projects totaled \$26,643,221 with outstanding commitments of \$1,643,379; the commitments 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 Utah Retirement Systems (Systems). The 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 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 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 9.73% of their annual covered salary. In the State and School Noncontributory Retirement System, the District is required to contribute 14.22% 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, 2008, 2007, and 2006 were \$79,725, \$67,514, and \$80,062, respectively, and for the State and School Noncontributory Retirement System the contributions for the years ended June 30, 2008, 2007, and 2006 were \$3,029,404, \$2,498,461, and \$2,184,213, respectively. Employee contributions to the State and School Contributory Retirement System for the years ended June 30, 2008, 2007, and 2006 were \$5,412, \$4,582, and \$5,764, 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, 2008, 2007, and 2006, employer contributions were \$383,001, \$287,251, and \$284,126, respectively. Employees, who are participants in the Systems, can make additional contributions to the 401(k) plan. These employee contributions were \$917,034, \$629,968, and \$602,867, 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 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 \$101,854, \$34,308, and \$52,044, for the years ended June 30, 2008, 2007, and 2006, respectively. Section 457 plan assets are held by the Systems.

Voluntary Retirement Incentive – The District's direct payments to retirees under the voluntary retirement incentive program in the years ended June 30, 2008 and 2007 were \$103,109 and \$66,102, respectively. This liability is paid primarily from the general fund.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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 \$1,500,000 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 LIABILITIES

Long-term liability activity for the year ended June 30, 2008 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 37,525,000	\$ -	\$ (5,705,000)	\$ 31,820,000	\$ 5,930,000
Bond premium	42,345	-	(5,584)	36,761	-
Deferred amounts on refunding	(578,674)	-	126,257	(452,417)	-
Net bonds payable	36,988,671	-	(5,584,327)	31,404,344	5,930,000
Unpaid vacation	121,389	130,027	(71,644)	179,772	143,818
Accrued sick leave	-	120,287	-	120,286	96,229
Voluntary retirement incentive payable	172,803	384,512	(103,109)	454,206	162,639
Total long term liabilities	<u>\$ 37,282,863</u>	<u>\$ 634,826</u>	<u>\$ (5,759,080)</u>	<u>\$ 32,158,608</u>	<u>\$ 6,332,686</u>

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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2008, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 5,930,000	\$ 1,161,244	\$ 7,091,244
2010	5,535,000	957,813	6,492,813
2011	5,050,000	746,690	5,796,690
2012	4,330,000	552,398	4,882,398
2013	3,525,000	385,193	3,910,193
2014-2015	7,450,000	385,518	7,835,518
	<u>\$ 31,820,000</u>	<u>\$ 4,188,856</u>	<u>\$ 36,008,856</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 the District. The legal debt limit at June 30, 2008, is about \$537.9 million with net general obligation debt outstanding of \$31.4 million, resulting in a legal debt margin of about \$506.5 million.

General obligation school building bonds payable at June 30, 2008, with their outstanding balance are comprised of the individual issue as follows:

Purpose	Interest Rates	Outstanding Amount
\$10,000,000 general obligation school building bonds, issued January 1, 2000, maturing February 1, 2010	5.20%	\$ 2,350,000
\$9,460,000 general and refunding school building bonds, issued May 1, 2001, maturing August 1, 2014	4.3% to 4.70%	4,050,000
\$19,605,000 general obligation refunding bonds, issued October 1, 2002, maturing February 1, 2012	3.5% to 4.00%	13,190,000
\$10,000,000 general obligation school building bonds, issued March 15, 2004, maturing February 1, 2015	2.35% to 3.25%	7,530,000
\$5,000,000 general obligation school building bonds, issued April 1, 2005, maturing February 1, 2015	3.5% to 3.85%	<u>4,700,000</u>
Total		<u>\$ 31,820,000</u>

Defeasance of Debt – On October 1, 2002, the District defeased \$18,320,000 of 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 in the District’s financial statements. At June 30, 2008, the outstanding balance of refunded bonds held by the trust is \$12,975,000.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

8. LITIGATION AND LEGAL COMPLIANCE

At certain times, claims or lawsuits are pending in which the District is involved. The District's counsel and insurance carriers estimate that the District's potential obligations resulting from such claims or litigation would not materially effect the financial statements of the District.

All funds balances are positive at June 30, 2008. Capital project expenditures exceeded budgeted amounts by \$1.9 million or 20.4% for the capital projects fund for the year ended June 30, 2008.

9. 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 insignificant.

**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, 2008
With Comparative Totals for 2007

	2008		Variance with Final Budget - Positive (Negative)	2007
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 29,268,120	\$ 29,021,663	\$ (246,457)	\$ 27,228,273
Earnings on investments	328,101	717,669	389,568	613,370
Other local revenue	793,145	849,052	55,907	803,333
State sources	7,800,198	7,654,751	(145,447)	5,582,149
Federal sources	1,367,628	1,109,005	(258,623)	1,090,532
Total revenues	39,557,192	39,352,140	(205,052)	35,317,657
Expenditures:				
Instruction	24,672,042	23,313,971	1,358,071	21,235,146
Supporting services:				
Student	1,473,109	1,436,839	36,270	1,313,042
Instructional staff	779,510	734,755	44,755	778,026
General administration	1,651,282	1,764,313	(113,031)	1,428,035
School administration	2,100,018	2,081,044	18,974	2,161,187
Business	625,533	622,563	2,970	464,585
Operation and maintenance of facilities	4,670,746	4,827,197	(156,451)	4,315,737
Student transportation	1,593,325	1,548,788	44,537	1,582,985
Total expenditures	37,565,565	36,329,470	1,236,095	33,278,743
Excess of revenues over expenditures	1,991,627	3,022,670	1,031,043	2,038,914
Other financing sources (uses):				
Transfers in	1,141,260	-	(1,141,260)	-
Transfers out	(302,919)	(92,457)	210,462	-
Total other financing sources (uses)	838,341	(92,457)	(930,798)	-
Net change in fund balances	2,829,968	2,930,213	100,245	2,038,914
Fund balances - beginning	7,763,642	7,763,642	-	5,724,728
Fund balances - ending	\$ 10,593,610	\$ 10,693,855	\$ 100,245	\$ 7,763,642

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2008
With Comparative Totals for 2007

	<u>2008</u>			<u>2007</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Actual Amounts</u>
Revenues:				
Property taxes	\$ 6,816,433	\$ 6,813,079	\$ (3,354)	\$ 7,540,149
Earnings on investments	40,350	38,527	(1,823)	7,613
Other local	25,485	25,486	1	25,583
Total revenues	<u>6,882,268</u>	<u>6,877,092</u>	<u>(5,176)</u>	<u>7,573,345</u>
Expenditures:				
Debt service:				
Principal retirement	5,705,000	5,705,000	-	5,495,000
Interest and fiscal charges	1,364,699	1,364,708	(9)	1,599,661
Total expenditures	<u>7,069,699</u>	<u>7,069,708</u>	<u>(9)</u>	<u>7,094,661</u>
Net change in fund balances	(187,431)	(192,616)	(5,185)	478,684
Fund balances - beginning	<u>535,737</u>	<u>535,737</u>	<u>-</u>	<u>57,053</u>
Fund balances - ending	<u>\$ 348,306</u>	<u>\$ 343,121</u>	<u>\$ (5,185)</u>	<u>\$ 535,737</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2008
With Comparative Totals for 2007

	2008			2007
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 7,926,567	\$ 7,951,295	\$ 24,728	\$ 7,933,527
Earnings on investments	1,111,799	973,673	(138,126)	1,341,825
Other local revenue	741,165	693,024	(48,141)	976,016
State sources	453,911	30,000	(423,911)	24,999
Federal sources	-	-	-	6,035
Total revenues	<u>10,233,442</u>	<u>9,647,992</u>	<u>(585,450)</u>	<u>10,282,402</u>
Expenditures:				
Capital outlay:				
Buildings and improvements	6,697,172	8,282,381	(1,585,209)	11,665,150
Supplies and software	379,699	386,881	(7,182)	82,771
Furniture	105,093	93,554	11,539	4,362
Vehicles and busses	547,573	555,108	(7,535)	580,219
Technology equipment	918,002	1,445,512	(527,510)	773,002
Other equipment	627,260	407,207	220,053	807,926
Total expenditures	<u>9,274,799</u>	<u>11,170,643</u>	<u>(1,895,844)</u>	<u>13,913,430</u>
Excess (deficiency) of revenues over (under) expenditures	<u>958,643</u>	<u>(1,522,651)</u>	<u>(2,481,294)</u>	<u>(3,631,028)</u>
Other Financing Sources (Uses):				
Transfers out	(1,141,260)	-	1,141,260	-
Sale of capital assets	13,000	31,952	18,952	93,305
Total other financing sources (uses)	<u>(1,128,260)</u>	<u>31,952</u>	<u>1,160,212</u>	<u>93,305</u>
Net change in fund balances	(169,617)	(1,490,699)	(1,321,082)	(3,537,723)
Fund balances - beginning	<u>19,398,768</u>	<u>19,398,768</u>	<u>-</u>	<u>22,936,491</u>
Fund balances - ending	<u>\$ 19,229,151</u>	<u>\$ 17,908,069</u>	<u>\$ (1,321,082)</u>	<u>\$ 19,398,768</u>

PARK CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue			Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Student Activities	
Assets:				
Cash and investments	\$ 613,476	\$ 808,046	\$ 415,202	\$ 1,836,724
Receivables:				
Property taxes	762,372	-	-	762,372
Other local	10,713	-	-	10,713
State of Utah	-	52,670	-	52,670
Federal Government	81,319	8,080	-	89,399
Inventories	-	50,870	-	50,870
Total assets	<u>\$ 1,467,880</u>	<u>\$ 919,666</u>	<u>\$ 415,202</u>	<u>\$ 2,802,748</u>
Liabilities:				
Accounts payable	\$ 1,201	\$ 40,159	\$ -	\$ 41,360
Deferred revenue:				
Property taxes	774,417	-	-	774,417
Other local	-	32,802	-	32,802
Federal government	2,139	-	-	2,139
Total liabilities	<u>777,757</u>	<u>72,961</u>	<u>-</u>	<u>850,718</u>
Fund balances:				
Reserved for inventories	-	50,870	-	50,870
Designated for unpaid vacation	17,721	2,686	-	20,407
Designated for adult education program	15,257	-	-	15,257
Unreserved, undesignated	657,145	793,149	415,202	1,865,496
Total fund balances	<u>690,123</u>	<u>846,705</u>	<u>415,202</u>	<u>1,952,030</u>
Total liabilities and fund balances	<u>\$ 1,467,880</u>	<u>\$ 919,666</u>	<u>\$ 415,202</u>	<u>\$ 2,802,748</u>

PARK CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue			Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Student Activities	
Revenues:				
Local sources:				
Property taxes	\$ 724,416	\$ -	\$ -	\$ 724,416
Earnings on investments	28,358	38,434	5,580	72,372
Lunch sales	-	680,265	-	680,265
Other local revenue	881,721	87,710	1,541,164	2,510,595
State sources	108,047	176,963	-	285,010
Federal sources	81,319	413,783	-	495,102
Total revenues	1,823,861	1,397,155	1,546,744	4,767,760
Expenditures:				
Instruction	-	-	1,760,982	1,760,982
Community services	1,824,787	-	-	1,824,787
Food services	-	1,479,552	-	1,479,552
Total expenditures	1,824,787	1,479,552	1,760,982	5,065,321
Excess (deficiency) of revenues over (under) expenditures	(926)	(82,397)	(214,238)	(297,561)
Other financing sources (uses):				
Transfers in	-	-	92,457	92,457
Net change in fund balances	(926)	(82,397)	(121,781)	(205,104)
Fund balances - beginning	691,049	929,102	536,983	2,157,134
Fund balances - ending	\$ 690,123	\$ 846,705	\$ 415,202	\$ 1,952,030

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, 2008
With Comparative Totals for 2007

	2008			2007
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 622,505	\$ 724,416	\$ 101,911	\$ 443,423
Earnings on investments	40,350	28,358	(11,992)	39,924
Other local sources	711,485	881,721	170,236	840,274
State sources	93,100	108,047	14,947	27,394
Federal sources	88,741	81,319	(7,422)	87,059
Total revenues	<u>1,556,181</u>	<u>1,823,861</u>	<u>267,680</u>	<u>1,438,074</u>
Expenditures:				
Salaries	1,093,242	1,117,792	(24,550)	1,145,098
Employee benefits	327,605	338,810	(11,205)	290,331
Purchased services	241,217	223,566	17,651	69,750
Supplies	123,135	109,162	13,973	194,674
Equipment	29,800	24,686	5,114	36,686
Other objects	10,460	10,771	(311)	11,922
Total expenditures	<u>1,825,459</u>	<u>1,824,787</u>	<u>672</u>	<u>1,748,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(269,278)</u>	<u>(926)</u>	<u>268,352</u>	<u>(310,387)</u>
Other Financing Sources (Uses):				
Transfers in	210,429	-	(210,429)	-
Net change in fund balances	(58,849)	(926)	57,923	(310,387)
Fund balances - beginning	<u>691,049</u>	<u>691,049</u>	<u>-</u>	<u>1,001,436</u>
Fund balances - ending	<u><u>\$ 632,200</u></u>	<u><u>\$ 690,123</u></u>	<u><u>\$ 57,923</u></u>	<u><u>\$ 691,049</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, 2008
With Comparative Totals for 2007

	2008			2007
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Lunch sales	\$ 769,500	\$ 680,265	\$ (89,235)	\$ 750,605
Earnings on investments	53,249	38,434	(14,815)	48,748
Vending	91,833	87,710	(4,123)	28,340
State sources	149,905	176,963	27,058	144,679
Federal sources	362,908	413,783	50,875	378,298
Total revenues	<u>1,427,395</u>	<u>1,397,155</u>	<u>(30,240)</u>	<u>1,350,670</u>
Expenditures:				
Salaries	521,137	507,581	13,556	479,668
Employee benefits	187,609	223,926	(36,317)	172,615
Purchased services	76,702	70,142	6,560	45,945
Supplies	40,419	44,397	(3,978)	36,641
Food	552,914	546,986	5,928	555,800
Equipment	153,119	86,520	66,599	17,021
Total expenditures	<u>1,531,900</u>	<u>1,479,552</u>	<u>52,348</u>	<u>1,307,690</u>
Net change in fund balances	(104,505)	(82,397)	22,108	42,980
Fund balances - beginning	<u>929,102</u>	<u>929,102</u>	<u>-</u>	<u>886,122</u>
Fund balances - ending	<u>\$ 824,597</u>	<u>\$ 846,705</u>	<u>\$ 22,108</u>	<u>\$ 929,102</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Student Activities
Nonmajor Special Revenue Fund
Year Ended June 30, 2008
With Comparative Totals for 2007

	2008			2007
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Student fees	\$ 1,977,734	\$ 1,541,164	\$ (436,570)	\$ -
Earnings on investments	6,976	5,580	(1,396)	-
Total revenues	<u>1,984,710</u>	<u>1,546,744</u>	<u>(437,966)</u>	<u>-</u>
Expenditures:				
Instruction	<u>1,962,744</u>	<u>1,760,982</u>	<u>201,762</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,966</u>	<u>(214,238)</u>	<u>(236,204)</u>	<u>-</u>
Other Financing Sources:				
Transfers in	<u>92,490</u>	<u>92,457</u>	<u>(33)</u>	<u>-</u>
Net change in fund balances	114,456	(121,781)	(236,237)	-
Fund balances - beginning	<u>536,983</u>	<u>536,983</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 651,439</u></u>	<u><u>\$ 415,202</u></u>	<u><u>\$ (236,237)</u></u>	<u><u>\$ -</u></u>

Note: The District converted its student activities fund from an agency fund to a special revenue fund effective July 1, 2007. The June 30, 2007 obligation balance of the agency fund became the July 1, 2007 fund balance for the special revenue fund.

OTHER INFORMATION
(Unaudited)

PARK CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF NET ASSETS
GOVERNMENTAL ACTIVITIES
June 30, 2008 through 2004

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assets:					
Cash and investments	\$ 37,771,900	\$ 33,566,378	\$ 35,515,180	\$ 36,900,545	\$ 32,578,542
Receivables:					
Property taxes	44,920,650	43,561,111	42,697,223	38,554,887	37,692,970
Other governments	880,173	881,783	1,279,308	1,128,359	1,180,392
Inventories and prepaid expenses	50,870	49,241	195,703	260,574	39,075
Bond issuance costs, net of accumulated amortization	138,285	164,418	190,551	216,684	179,241
Capital assets:					
Land and construction in progress	31,571,789	25,095,776	13,878,672	6,224,412	14,553,167
Other capital assets, net of accumulated depreciation	90,000,619	91,083,478	92,779,841	94,030,955	82,861,510
Total assets	<u>205,334,286</u>	<u>194,402,185</u>	<u>186,536,478</u>	<u>177,316,416</u>	<u>169,084,897</u>
Liabilities:					
Accounts payable	2,441,590	1,947,459	2,105,169	312,888	2,331,004
Accrued interest payable	482,776	546,011	644,013	721,718	773,057
Accrued salaries payable	4,344,608	4,639,535	4,680,300	3,475,289	3,099,184
Deferred revenue:					
Property taxes	44,114,320	40,810,857	41,192,519	36,429,547	34,261,810
Other governments	314,324	263,993	269,878	306,301	330,530
Noncurrent liabilities:					
Portion due or payable within one year	6,332,686	5,911,453	5,619,417	5,703,512	5,436,700
Portion due or payable after one year	25,825,923	31,371,410	37,014,061	42,312,742	42,747,758
Total liabilities	<u>83,856,227</u>	<u>85,490,718</u>	<u>91,525,357</u>	<u>89,261,997</u>	<u>88,980,043</u>
Net Assets:					
Invested in capital assets, net of related debt	90,168,064	79,190,583	64,295,515	56,329,238	54,012,725
Restricted for:					
Debt service	230,718	318,832	-	318,318	537,467
Capital projects	18,081,553	19,590,277	23,089,734	21,001,909	14,190,412
Community programs	716,514	706,089	1,008,154	1,344,121	1,747,129
Food services	846,705	929,102	886,122	853,969	750,754
Student activities	415,202	-	-	-	-
Learning center	-	-	-	-	508
Unrestricted	11,019,303	8,176,584	5,731,596	8,206,864	8,865,859
Total net assets	<u>\$ 121,478,059</u>	<u>\$ 108,911,467</u>	<u>\$ 95,011,121</u>	<u>\$ 88,054,419</u>	<u>\$ 80,104,854</u>

Source: District records.

PARK CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Years Ended June 30, 2008 through 2004

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses:					
Instruction	\$ 30,550,542	\$ 24,938,525	\$ 24,612,667	\$ 21,591,514	\$ 20,792,146
Supporting services:					
Student	1,436,839	1,313,042	1,312,506	1,073,166	1,010,003
Instructional staff	734,755	778,026	742,530	635,845	582,291
General administration	1,785,555	1,449,277	1,370,382	1,213,610	1,074,062
School administration	2,189,784	2,269,928	2,216,395	2,091,060	1,994,850
Business	643,409	485,431	417,521	399,542	397,108
Operation and maintenance of facilities	4,951,193	4,430,618	4,851,432	4,209,350	3,868,397
Student transportation	1,891,039	1,890,468	1,856,178	1,600,275	1,542,070
Food services	1,592,100	1,419,899	1,367,432	1,262,828	1,216,331
Community services	1,859,678	1,783,352	1,211,821	1,171,273	931,730
Interest on long-term liabilities	1,422,146	1,622,332	1,851,880	1,921,199	1,874,488
Total school district	<u>49,057,040</u>	<u>42,380,898</u>	<u>41,810,744</u>	<u>37,169,662</u>	<u>35,283,476</u>
Program Revenues:					
Instruction	5,236,872	3,429,740	4,572,246	3,834,763	3,226,511
Supporting services:					
Student	81,467	111,366	165,898	1,443	8,237
Instructional staff	14,880	18,662	9,121	9,394	4,805
General administration	16,530	40,118	94,904	57,222	16,827
Business	288	-	-	-	-
School administration	1,847	-	-	-	11,971
Operation and maintenance of facilities	840	-	34,156	22,563	29,769
Student transportation	894,830	700,190	655,533	489,823	549,512
Food services	1,358,721	1,301,922	1,291,348	1,270,895	1,196,913
Community services	1,071,087	954,727	888,411	738,349	551,491
Total program revenues	<u>8,677,361</u>	<u>6,556,725</u>	<u>7,711,617</u>	<u>6,424,452</u>	<u>5,596,036</u>
Net (expense) revenue	<u>(40,379,679)</u>	<u>(35,824,173)</u>	<u>(34,099,127)</u>	<u>(30,745,210)</u>	<u>(29,687,440)</u>
General revenues:					
Property taxes levied for:					
General purposes	27,580,547	26,390,326	21,773,141	20,422,985	19,025,767
Transportation	1,211,873	949,053	889,512	852,673	452,076
Reading	679,067	149,850	139,401	129,371	-
Community recreation	626,831	349,651	258,888	229,340	220,525
Debt service	6,863,796	7,575,772	6,472,199	6,809,622	5,899,035
Capital outlay	7,981,644	7,975,373	6,936,869	6,162,767	5,672,998
Federal and state aid not restricted to specific purposes	4,207,249	2,602,932	1,300,816	1,876,571	1,763,383
Earnings on investments	1,802,241	2,077,062	1,660,438	867,458	502,321
Miscellaneous	1,456,040	1,654,500	1,624,565	1,343,988	1,399,183
Total general revenues	<u>52,409,288</u>	<u>49,724,519</u>	<u>41,055,829</u>	<u>38,694,775</u>	<u>34,935,288</u>
Change in net assets	12,029,609	13,900,346	6,956,702	7,949,565	5,247,848
Net assets - beginning	<u>109,448,450</u>	<u>95,011,121</u>	<u>88,054,419</u>	<u>80,104,854</u>	<u>74,857,006</u>
Net assets - ending	<u>\$ 121,478,059</u>	<u>\$ 108,911,467</u>	<u>\$ 95,011,121</u>	<u>\$ 88,054,419</u>	<u>\$ 80,104,854</u>

Effective July 1, 2007, the student activities fund was changed from an agency fund to a special revenue fund; \$536,983 was added to the beginning net assets for the 2008 year. Fund revenue is primarily charges for services (student fees) and expenses are primarily instruction. Prior years (2007 to 2004) do not include the student activities agency fund.

Source: District records

PARK CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 through 2004

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assets					
Cash and investments	\$ 15,307,542	\$ 11,175,843	\$ 9,066,178	\$ 9,709,858	\$ 9,505,374
Receivables:					
Property taxes	32,158,083	28,497,142	27,036,162	24,914,089	23,840,631
Other local	12,254	129,076	-	52,961	35,145
State of Utah	2,571	43	25,000	-	861,225
Federal government	711,496	570,197	1,053,622	943,035	-
Due from other funds	-	-	62,025	-	-
Prepaid expenditures	-	226	164,669	236,136	12,901
Total assets	<u>\$ 48,191,946</u>	<u>\$ 40,372,527</u>	<u>\$ 37,407,656</u>	<u>\$ 35,856,079</u>	<u>\$ 34,255,276</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 209,592	\$ 304,411	\$ 116,106	\$ 117,176	\$ 123,030
Accrued liabilities	4,344,608	4,639,535	4,680,300	3,475,289	3,099,184
Deferred revenues:					
Property taxes	32,664,508	27,444,562	26,616,644	24,378,427	23,145,948
State of Utah	279,383	220,377	251,466	269,006	300,128
Federal government	-	-	18,412	9,294	4,151
Total liabilities	<u>37,498,091</u>	<u>32,608,885</u>	<u>31,682,928</u>	<u>28,249,192</u>	<u>26,672,441</u>
Fund balances:					
Reserved for:					
Prepaid expenditures	-	226	164,669	236,136	12,901
Encumbrances	101,853	24,045	222,671	272,581	44,241
Transportation levy	559,933	-	-	-	-
Reading levy	180,945	43,855	69,543	122,644	-
Tort liability levy	153,396	-	-	-	-
Unreserved, designated for:					
Undistributed reserve	1,875,000	1,680,000	1,600,000	1,445,000	1,350,000
Voluntary retirement incentive	1,776,646	1,500,000	1,200,000	900,000	600,000
Unpaid vacation	279,652	114,775	99,147	83,760	75,279
Basic levy recapture	-	-	-	-	122,759
Unreserved, undesignated	5,766,430	4,400,741	2,368,698	4,546,766	5,377,655
Total fund balances	<u>10,693,855</u>	<u>7,763,642</u>	<u>5,724,728</u>	<u>7,606,887</u>	<u>7,582,835</u>
Total liabilities and fund balances	<u>\$ 48,191,946</u>	<u>\$ 40,372,527</u>	<u>\$ 37,407,656</u>	<u>\$ 35,856,079</u>	<u>\$ 34,255,276</u>

Source: District records

PARK CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Years Ended June 30, 2008 through 2004 with Anticipated Budget for 2009

	Anticipated Budget					
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Local sources:						
Property taxes	\$ 33,816,901	\$ 29,021,663	\$ 27,228,273	\$ 23,066,642	\$ 22,058,311	\$ 20,876,241
Earnings on investments	255,919	717,669	613,370	475,115	268,337	418,148
Other local revenue	780,000	849,052	803,333	622,328	569,763	598,743
State sources	6,059,510	7,654,751	5,582,149	5,568,150	5,120,263	4,165,916
Federal sources	1,470,135	1,109,005	1,090,532	1,235,980	1,045,689	1,051,545
Total revenues	<u>42,382,465</u>	<u>39,352,140</u>	<u>35,317,657</u>	<u>30,968,215</u>	<u>29,062,363</u>	<u>27,110,593</u>
Expenditures:						
Instruction	28,753,009	23,313,971	21,235,146	20,643,266	18,384,395	17,134,052
Supporting services:						
Student	1,682,908	1,436,839	1,313,042	1,295,984	1,005,793	926,380
Instructional staff	880,754	734,755	778,026	742,530	635,845	582,291
General administration	1,834,378	1,764,313	1,428,035	1,349,140	1,192,368	1,052,484
School administration	2,470,201	2,081,044	2,161,187	1,965,218	1,784,600	1,744,670
Business	616,387	622,563	464,585	396,675	378,696	381,060
Operation and maintenance of facilities	5,616,864	4,827,197	4,315,737	4,592,148	3,992,460	3,589,173
Student transportation	1,953,137	1,548,788	1,582,985	1,565,413	1,323,746	1,262,689
Total expenditures	<u>43,807,638</u>	<u>36,329,470</u>	<u>33,278,743</u>	<u>32,550,374</u>	<u>28,697,903</u>	<u>26,672,799</u>
Excess (deficiency) of revenues over (under) expenditures	(1,425,173)	3,022,670	2,038,914	(1,582,159)	364,460	437,794
Other financing sources:						
Net transfers in (out)	1,181,455	(92,457)	-	(300,000)	(340,408)	(205,000)
Net change in fund balances	(243,718)	2,930,213	2,038,914	(1,882,159)	24,052	232,794
Fund Balances - Beginning	<u>10,693,855</u>	<u>7,763,642</u>	<u>5,724,728</u>	<u>7,606,887</u>	<u>7,582,835</u>	<u>7,350,041</u>
Fund Balances - Ending	<u>\$ 10,450,137</u>	<u>\$ 10,693,855</u>	<u>\$ 7,763,642</u>	<u>\$ 5,724,728</u>	<u>\$ 7,606,887</u>	<u>\$ 7,582,835</u>
Fund Balances as a Percent of Expenditures	23.9%	29.4%	23.3%	17.6%	26.5%	28.4%

Source: District records

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

Tax (Calendar) Years 2007 through 2003

	<u>2007</u>		<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
	Taxable Value	% of TV	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by County Assessor-Locally Assessed						
Real property:						
Primary residential	\$ 3,262,903,890	30.0 %	\$ 2,708,062,517	\$ 2,080,240,328	\$ 1,805,929,686	\$ 1,690,036,889
Other residential	5,192,758,715	47.8	3,754,864,015	3,065,888,684	2,812,193,909	2,727,361,718
Commercial and industrial	811,513,792	7.5	671,151,954	606,216,552	554,532,273	520,934,008
Farmland assessment act (FAA)	10,533,145	0.1	11,694,917	8,665,118	7,152,986	5,948,831
Unimproved non FAA	1,149,400,672	10.6	941,436,673	724,971,706	774,472,310	761,916,828
Total real property	10,427,110,214	96.0	8,087,210,076	6,485,982,388	5,954,281,164	5,706,198,274
Personal property:						
Primary mobile homes	15,967	0.0	22,842	22,842	22,842	22,842
Secondary mobile homes	-	0.0	-	-	1,500	3,881
Other business personal	156,729,581	1.4	135,995,108	131,494,747	109,923,721	132,929,604
Total personal property	156,745,548	1.4	136,017,950	131,517,589	109,948,063	132,956,327
Fee in lieu / age based property	192,781,535	1.8	183,237,487	173,032,216	335,235,628	190,128,396
Total locally assessed	10,776,637,297	99.2	8,406,465,513	6,790,532,193	6,399,464,855	6,029,282,997
Set by State Tax Commission-Centrally Assessed						
Total taxable value	\$ 82,695,899	0.8	\$ 86,757,529	\$ 87,606,365	\$ 87,562,794	\$ 95,156,725
Total taxable value	<u>\$ 10,859,333,196</u>	<u>100.0 %</u>	<u>\$ 8,493,223,042</u>	<u>\$ 6,878,138,558</u>	<u>\$ 6,487,027,649</u>	<u>\$ 6,124,439,722</u>
Total taxable value (less fee in lieu / age based property)	<u>\$ 10,666,551,661</u>		<u>\$ 8,309,985,555</u>	<u>\$ 6,705,106,342</u>	<u>\$ 6,151,792,021</u>	<u>\$ 5,934,311,326</u>

Taxable values of property for calendar year 2008 is estimated to be \$12 billion per Summit County Auditor.

Source: Property Tax Division, Utah State Tax Commission.

**PARK CITY SCHOOL DISTRICT
TAX RATES AND COLLECTIONS**

Years Ended June 30, 2008 through 2005 with Anticipated Budget for 2009

	2009		2008		2007		2006		2005	
	Tax Rate	Budget	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections
General Fund:										
Basic levy	0.001250	\$ 14,906,932	0.001311	\$ 13,688,266	0.001515	\$ 12,570,416	0.001720	\$ 11,542,834	0.001800	\$ 10,976,376
Voted leeway	0.001428	17,029,679	0.001300	13,573,414	0.001650	13,690,552	0.001554	10,428,816	0.001667	10,165,344
Reading program	0.000056	667,831	0.000065	678,671	0.000018	149,351	0.000021	140,930	0.000022	134,156
Special transportation	0.000043	512,798	0.000116	1,211,166	0.000114	945,893	0.000134	899,267	0.000145	884,208
Tort liability	0.000005	59,628	0.000029	302,792	0.000005	41,487	0.000006	40,266	0.000006	36,588
Total general fund	0.002782	33,176,868	0.002821	29,454,309	0.003302	27,397,699	0.003435	23,052,113	0.003640	22,196,672
Non K-12 Programs Fund:										
Community recreation	0.000068	810,937	0.000060	626,465	0.000042	348,487	0.000039	261,727	0.000039	237,821
Debt Service Fund:										
Debt service	0.000598	7,131,476	0.000657	6,859,794	0.000910	7,550,547	0.000975	6,543,176	0.001158	7,061,468
Capital Projects Fund:										
Capital outlay	0.000326	3,887,728	0.000654	6,828,471	0.000780	6,471,897	0.000835	5,603,643	0.000741	4,518,608
Voted leeway	-	-	-	-	-	-	-	-	0.000086	524,427
10% of basic levy	0.000121	1,442,991	0.000110	1,148,520	0.000178	1,476,920	0.000210	1,409,300	0.000221	1,347,655
Total capital projects fund	0.000447	5,330,719	0.000764	7,976,991	0.000958	7,948,817	0.001045	7,012,943	0.001048	6,390,690
Total tax rate / collections	0.003895	\$ 46,450,000	0.004302	\$ 44,917,558	0.005212	\$ 43,245,550	0.005494	\$ 36,869,960	0.005885	\$ 35,886,651

Note: Tax rates are levied for the calendar year. For example, calendar year 2008 tax rates apply to the District's fiscal year ended June 30, 2009.

Redemptions of prior-year taxes are allocated using current tax rates. Collections will differ from tax revenue reported in the financial statements depending on the basis of accounting used.