

PARK CITY SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2009

PARK CITY SCHOOL DISTRICT

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FINANCIAL SECTION



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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 unit and remaining fund information of Park City School District (the District) as of and for the year ended June 30, 2009, 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 did not audit the financial statements of Park City Education Foundation, the component unit of Park City School District. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Park City Education Foundation, is based on the report of the other auditors.

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. The financial statements of Park City Education Foundation, a component unit of Park City School District, were not audited in accordance with *Government Auditing Standards*. 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, based on our audit and the report of other auditors, 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 unit and remaining fund information of the District as of June 30, 2009 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 December 14, 2009 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, P.C

December 14, 2009

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, 2009.

Financial Highlights

- The District is dependent on revenues generated by property taxes. Property tax revenues increased by 8.0% in 2009 as a result of changes in tax rates, growth in taxable property, and growth in the value of taxable property.
- The District's assets exceeded liabilities by \$128.1 million at the close of the most recent fiscal year.
- During the year, expenses were \$6.6 million less than the \$62.4 million generated in taxes and other revenues for governmental activities.
- District student enrollment increased by 86 students to a total of 4,563 students as of October 1, 2009.
- 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 was finished at an estimated cost of \$29.0 million, of which \$2.3 million was completed during the year ended June 30, 2009. Construction was financed primarily from property taxes levied for capital outlay.

Overview of the Financial Statements

This 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 another entity in the report, namely, the Park City Education Foundation. Although legally separate, this component unit is included because it is an independent nonprofit

organization established to support schools and programs within the District. Complete financial statements of the component unit can be obtained from the District office.

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 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 \$128.1 million at the close of the most recent fiscal year.

PARK CITY SCHOOL DISTRICT'S Net Assets June 30, 2009 and 2008 (in millions of dollars)

	Governmental activities		Total
	2009	2008	change 2009-2008
Current and other assets	\$ 84.7	\$ 83.8	\$ 0.9
Capital assets	121.6	121.5	0.1
Total assets	<u>206.3</u>	<u>205.3</u>	<u>1.0</u>
Current and other liabilities	51.3	51.7	(0.4)
Long-term liabilities outstanding	26.9	32.2	(5.3)
Total liabilities	<u>78.2</u>	<u>83.9</u>	<u>(5.7)</u>
Net assets:			
Invested in capital assets, net of related debt	96.0	90.2	5.8
Restricted	19.4	20.3	(0.9)
Unrestricted	12.7	11.0	1.7
Total net assets	<u>\$ 128.1</u>	<u>\$ 121.5</u>	<u>\$ 6.6</u>

- The largest portion of the District's net assets (74.9%) reflects its investment in capital assets (e.g., land, buildings and improvements, and equipment and buses 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 (15.2%) 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* (9.9%) 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 accumulated depreciation and related debt, increased by \$5.8 million during the year ended June 30, 2009. This increase resulted primarily from \$2.3 million spent on new construction projects and \$5.9 million in payments of bond principal.
- Restricted net assets decreased by \$0.9 million during the year ended June 30, 2009. This decrease resulted primarily from the use of resources restricted for capital projects.

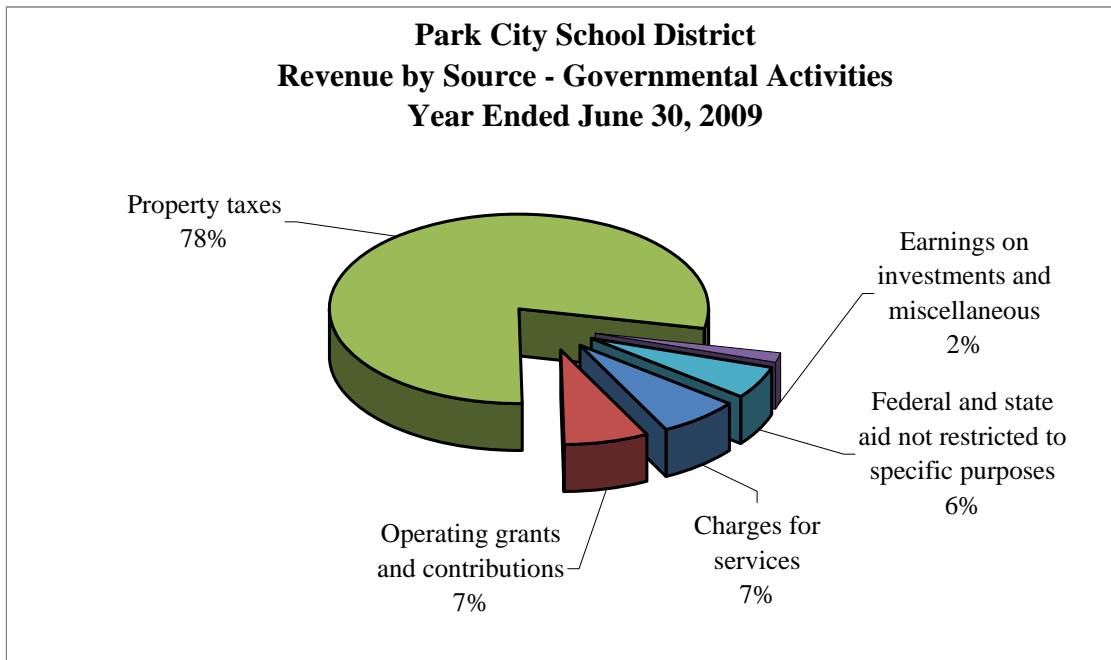
The District's net assets increased by \$6.6 million during the current year from activities. The following discussion and analysis on governmental activities focuses on this increase:

PARK CITY SCHOOL DISTRICT'S Changes in Net Assets
Years Ended June 30, 2009 and 2008
(in millions of dollars)

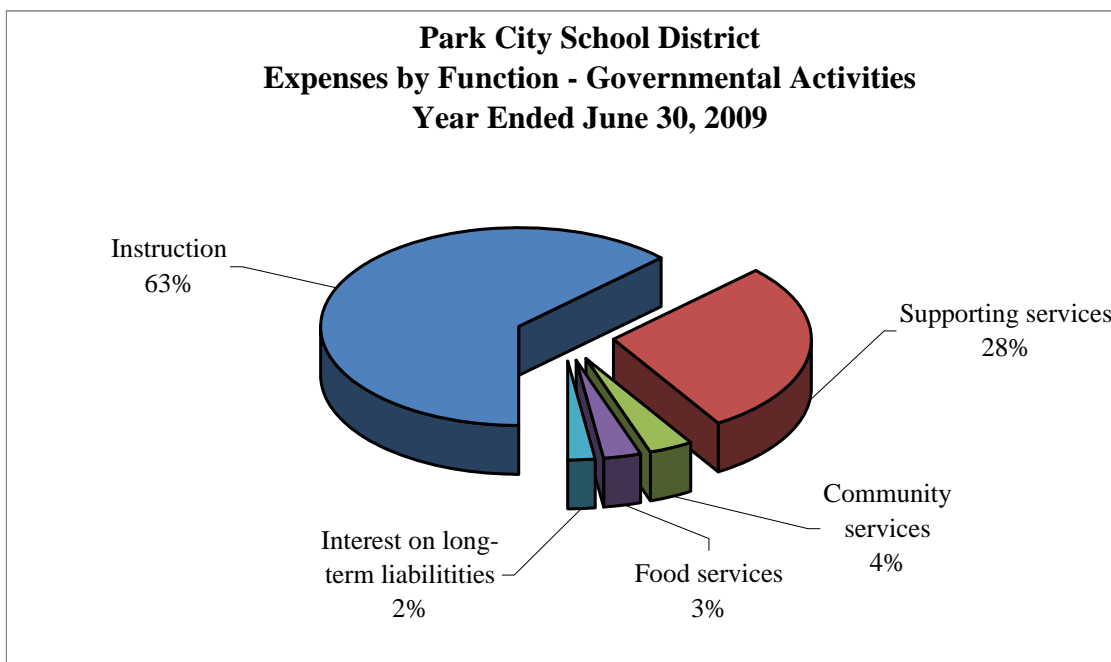
	Governmental activities		Total change
	2009	2008	2009-2008
Revenues:			
Program revenues:			
Charges for services	\$ 4.2	\$ 3.3	\$ 0.9
Operating grants and contributions	4.5	5.4	(0.9)
General revenues:			
Property taxes	48.6	44.9	3.7
Federal and state aid not restricted to specific purposes	3.4	4.2	(0.8)
Earnings on investments	0.7	1.8	(1.1)
Miscellaneous	1.0	1.5	(0.5)
Total revenues	62.4	61.1	1.3
Expenses:			
Instructional services	35.0	30.6	4.4
Supporting services:			
Students	1.6	1.4	0.2
Instructional staff	1.6	0.7	0.9
District administration	1.8	1.8	-
School administration	2.3	2.2	0.1
Business	0.6	0.6	-
Operation and maintenance of facilities	5.6	5.0	0.6
Student transportation	2.3	1.9	0.4
Food services	1.7	1.6	0.1
Community services	2.1	1.9	0.2
Interest on long-term liabilities	1.2	1.4	(0.2)
Total expenses	55.8	49.1	6.7
Increase in net assets	6.6	12.0	(5.4)
Net assets - beginning	121.5	108.9	12.6
Reclassification of student activities fund	-	0.6	(0.6)
Net assets - ending	\$ 128.1	\$ 121.5	\$ 6.6

- The largest net dollar increase in revenues is property taxes. Property tax revenues increased by \$3.7 million or 8.0% in 2009 as a result of changes in tax rates, 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. Certain students receive a weighting greater than one. 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. Thus, with the increase in property tax revenue, the amount of the state guarantee decreased. The value of the WPU increased by 2.5% during the year ended June 30, 2009 (\$2,577 during 2009 as compared to \$2,514 in 2008). Even with the student population increase and an increase in the value of the WPU, state revenue decreased by \$3.3 million. This decrease was primarily from state funding cuts that occurred during 2009 and a reduction of the state guarantee of minimum school program funding.

- Federal revenue increased by \$1.7 million primarily from the receipt of State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act funding.



- Instructional services represent the largest dollar increase in expense of \$4.4 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 \$31.3 million, \$0.4 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 \$1.1 million; this year's change also includes an increase in the fund balance of the general fund of \$1.6 million. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$40.7 million, an increase of 12.0% during the current fiscal year. This compares to a 9.2% increase in 2008. Instructional services represent 63.6% of general fund expenditures.
- General fund salaries totaled \$25.5 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$10.0 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 \$4.3 million of the general fund balance for the following purposes:

- *Designation for undistributed reserve* of \$2.1 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 \$1.6 million for voluntary retirement incentive and \$0.6 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 a decrease of \$1.4 million in total general fund expenditures. During the year, final budgeted revenues were greater than original budgetary estimates by a net of \$0.3 million to account for anticipated increases in federal revenue and decreases in state revenue.

Even with these adjustments, actual expenditures were \$1.7 million less than final budgeted amounts. The most significant variance was \$0.7 million in instruction expenditures. Resources available for appropriation were \$0.3 million below the final budgeted amount primarily due to negative variances in federal and state sources. 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. During the year ended June 30, 2009, the District finished the rebuild of Park City High School at a total cost of \$29.0 million, of which \$2.3 million was completed during the year.

Capital assets at June 30, 2009 and 2008 are outlined below:

PARK CITY SCHOOL DISTRICT'S Capital Assets
June 30, 2009 and 2008
 (net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total
	2009	2008	change 2009-2008
Land	\$ 4.9	\$ 4.9	\$ -
Construction in progress	-	26.6	(26.6)
Buildings and improvements	113.4	86.7	26.7
Equipment and buses	3.3	3.3	-
Total capital assets	<u>\$ 121.6</u>	<u>\$ 121.5</u>	<u>\$ 0.1</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, 2009 is about \$622.3 million. Net general obligation debt at June 30, 2009 is \$25.6 million, resulting in a legal debt margin of about \$596.7 million.

PARK CITY SCHOOL DISTRICT'S Outstanding Debt
June 30, 2009 and 2008
 (in millions of dollars)

	Governmental activities		Total
	2009	2008	change 2009-2008
Net general obligation bonds	<u>\$ 25.6</u>	<u>\$ 31.4</u>	<u>\$ (5.8)</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>
2009-10	4,563	1.9%
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, 2009

	<u>Governmental Activities</u>	<u>Component Unit</u>
Assets:		
Cash and investments	\$ 37,375,653	\$ 510,565
Receivables:		
Property taxes	46,327,314	-
Other local	293,465	22,150
State of Utah	80,617	-
Federal government	461,814	-
Inventories	48,633	-
Bond issuance costs, nets of accumulated amortization	112,152	-
Capital assets:		
Land and construction in progress	4,928,568	-
Other capital assets, net of accumulated depreciation	116,699,221	3,746
Total assets	<u>206,327,437</u>	<u>536,461</u>
Liabilities:		
Accounts and contracts payable	1,088,314	143,902
Accrued interest payable	385,880	-
Accrued salaries payable	5,097,185	-
Unearned revenue:		
Property taxes	44,033,829	-
Other local	34,941	3,200
State of Utah	667,339	-
Noncurrent liabilities:		
Portion due or payable within one year	6,230,532	-
Portion due or payable after one year	20,660,076	-
Total liabilities	<u>78,198,096</u>	<u>147,102</u>
Net Assets:		
Invested in capital assets, net of related debt	96,032,772	-
Restricted for:		
Debt service	662,507	-
Capital projects	17,141,602	-
Community programs	428,580	-
Food services	707,112	-
Student activities	507,352	-
Student programs	-	248,343
Unrestricted	12,649,416	141,016
Total net assets	<u>\$ 128,129,341</u>	<u>\$ 389,359</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, 2009

Activities / Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Component Unit
Governmental activities:					
Instruction	\$ 34,979,966	\$ 2,660,382	\$ 2,517,112	\$ (29,802,472)	
Supporting services:					
Student	1,613,790	-	166,521	(1,447,269)	
Instructional staff	1,611,893	-	87,461	(1,524,432)	
General administration	1,827,389	-	62,012	(1,765,377)	
School administration	2,257,400	-	1,308	(2,256,092)	
Business	556,194	-	-	(556,194)	
Operation and maintenance of facilities	5,652,669	10,990	-	(5,641,679)	
Student transportation	2,298,723	13,282	882,609	(1,402,832)	
Food services	1,702,312	746,744	683,768	(271,800)	
Community services	2,094,083	786,436	128,640	(1,179,007)	
Interest on long-term liabilities	1,180,411	-	-	(1,180,411)	
Total school district	<u>\$ 55,774,830</u>	<u>\$ 4,217,834</u>	<u>\$ 4,529,430</u>	<u>(47,027,566)</u>	
Discretely presented component unit:					
Education foundation	<u>\$ 569,885</u>	<u>\$ -</u>	<u>\$ 343,902</u>		<u>\$ (225,983)</u>
General revenues:					
Property taxes levied for:					
Basic state supported program for K-12 instruction				15,582,484	-
Voted leeway program for regular K-12 instruction				17,801,427	-
School board leeway program for improvement of reading skills				698,095	-
Special transportation for required special and hazardous bus routes				536,037	-
Tort liability				62,330	-
Community recreation				847,687	-
Debt service of general obligation bonds				7,454,659	-
Capital outlay for buildings and other capital needs				4,063,911	-
Ten percent additional basic program for capital assets, textbooks, and supplies				1,508,384	-
Federal and state aid not restricted to specific purposes				3,420,896	-
Earnings on investments				731,490	5,132
Miscellaneous				971,447	-
Total general revenues				<u>53,678,847</u>	<u>5,132</u>
Change in net assets				6,651,281	(220,851)
Net assets - beginning				<u>121,478,060</u>	<u>610,210</u>
Net assets - ending				<u>\$ 128,129,341</u>	<u>\$ 389,359</u>

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

PARK CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2009

	<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	\$ 17,773,175	\$ 629,701	\$ 17,583,632	\$ 1,389,145	\$ 37,375,653
Receivables:					
Property taxes	32,697,024	6,149,232	6,638,561	842,497	46,327,314
Other local	47,393	-	160,025	86,047	293,465
State of Utah	32,586	-	-	48,031	80,617
Federal government	389,301	-	-	72,513	461,814
Inventories	-	-	-	48,633	48,633
Total assets	<u>\$ 50,939,479</u>	<u>\$ 6,778,933</u>	<u>\$ 24,382,218</u>	<u>\$ 2,486,866</u>	<u>\$ 84,587,496</u>
Liabilities and fund balances:					
Liabilities:					
Accounts and contracts payable	\$ 145,705	\$ -	\$ 937,075	\$ 5,534	\$ 1,088,314
Accrued liabilities	5,097,185	-	-	-	5,097,185
Deferred revenue:					
Property taxes	32,737,617	6,150,411	6,656,972	843,861	46,388,861
Other local	-	-	-	34,941	34,941
State of Utah	664,480	-	-	2,859	667,339
Total liabilities	<u>38,644,987</u>	<u>6,150,411</u>	<u>7,594,047</u>	<u>887,195</u>	<u>53,276,640</u>
Fund Balances:					
Reserved for:					
Encumbrances	-	-	1,000,000	-	1,000,000
Inventories	-	-	-	48,633	48,633
Transportation levy	810,379	-	-	-	810,379
Reading levy	157,843	-	-	-	157,843
Tort liability levy	122,611	-	-	-	122,611
Unreserved, designated for:					
Undistributed reserve	2,100,000	-	-	-	2,100,000
Voluntary retirement incentive	1,607,352	-	-	-	1,607,352
Adult education program	-	-	-	14,764	14,764
Unpaid vacation and sick leave	634,944	-	-	38,718	673,662
Unreserved, undesignated	6,861,363	628,522	15,788,171	1,497,556	24,775,612
Total fund balances	<u>12,294,492</u>	<u>628,522</u>	<u>16,788,171</u>	<u>1,599,671</u>	<u>31,310,856</u>
Total liabilities and fund balances	<u>\$ 50,939,479</u>	<u>\$ 6,778,933</u>	<u>\$ 24,382,218</u>	<u>\$ 2,486,866</u>	<u>\$ 84,587,496</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, 2009

Total fund balances for governmental funds \$ 31,310,856

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	
Buildings and improvements, net of \$28,044,124 accumulated depreciation	113,401,712	
Equipment and busses, net of \$2,998,358 accumulated depreciation	<u>3,297,509</u>	121,627,789

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 2,355,032

Bond issuance costs are reported as expenditures in the governmental funds. These costs are reported net of \$148,809 of accumulated amortization on the statement of net assets. 112,152

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: (385,880)

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	(25,890,000)	
Bond premium, net of \$28,917 accumulated amortization	(31,177)	
Deferred amounts on refunding, net of \$852,234 accumulated amortization	326,160	
Unpaid vacation	(185,960)	
Accrued sick leave	(487,703)	
Voluntary retirement incentive payable	<u>(621,928)</u>	<u>(26,890,608)</u>

Total net assets of governmental activities \$ 128,129,341

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, 2009

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Local sources:					
Property taxes	\$ 34,061,088	\$ 7,335,825	\$ 5,485,008	\$ 829,737	\$ 47,711,658
Earnings on investments	326,625	10,621	371,345	22,899	731,490
Lunch sales	-	-	-	683,626	683,626
Other local revenue	860,169	25,589	518,714	3,088,466	4,492,938
State sources	4,399,052	-	4	240,629	4,639,685
Federal sources	2,738,862	-	-	571,779	3,310,641
Total revenues	<u>42,385,796</u>	<u>7,372,035</u>	<u>6,375,071</u>	<u>5,437,136</u>	<u>61,570,038</u>
Expenditures:					
Current:					
Instruction	25,897,233	-	-	2,259,358	28,156,591
Supporting services:					
Student	1,588,971	-	-	-	1,588,971
Instructional staff	1,611,893	-	-	-	1,611,893
General administration	1,788,521	-	-	-	1,788,521
School administration	2,147,532	-	-	-	2,147,532
Business	502,846	-	-	-	502,846
Operation and maintenance of facilities	5,403,059	-	-	-	5,403,059
Student transportation	1,748,748	-	-	-	1,748,748
Community services	-	-	-	2,058,065	2,058,065
Food services	-	-	-	1,584,070	1,584,070
Capital outlay	-	-	7,655,539	-	7,655,539
Debt service:					
Principal retirement	-	5,930,000	-	-	5,930,000
Interest and fiscal charges	-	1,156,634	-	-	1,156,634
Total expenditures	<u>40,688,803</u>	<u>7,086,634</u>	<u>7,655,539</u>	<u>5,901,493</u>	<u>61,332,469</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,696,993</u>	<u>285,401</u>	<u>(1,280,468)</u>	<u>(464,357)</u>	<u>237,569</u>
Other financing sources (uses):					
Sale of capital assets	15,642	-	545	-	16,187
Transfers	(111,999)	-	-	111,999	-
Insurance proceeds	-	-	160,025	-	160,025
Total other financing sources (uses)	<u>(96,357)</u>	<u>-</u>	<u>160,570</u>	<u>111,999</u>	<u>176,212</u>
Net change in fund balances	1,600,636	285,401	(1,119,898)	(352,358)	413,781
Fund balances - beginning	<u>10,693,856</u>	<u>343,121</u>	<u>17,908,069</u>	<u>1,952,029</u>	<u>30,897,075</u>
Fund balances - ending	<u>\$ 12,294,492</u>	<u>\$ 628,522</u>	<u>\$ 16,788,171</u>	<u>\$ 1,599,671</u>	<u>\$ 31,310,856</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, 2009

Net change in fund balances-total governmental funds \$ 413,781

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 buses 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	\$ 3,242,009	
Proceeds from sales of capital assets	(16,187)	
Gain on sale of capital assets	12,717	
Depreciation expense	(3,183,158)	55,381

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	5,930,000	
Amortization of bond premium	5,584	
Amortization of deferred refunding costs	(126,257)	
Amortization of bond issuance costs	(26,133)	
Interest expense	96,896	5,880,090

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.

843,356

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 \$373,605 and voluntary retirement incentive payable increased by \$167,722.

(541,327)

Change in net assets of governmental activities

\$ 6,651,281

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Property taxes	\$ 33,816,901	\$ 33,479,275	\$ 34,061,088	\$ 581,813
Earnings on investments	255,919	293,370	326,625	33,255
Other local revenue	780,000	651,000	860,169	209,169
State sources	6,059,510	5,197,392	4,399,052	(798,340)
Federal sources	1,470,135	3,052,174	2,738,862	(313,312)
Total revenues	<u>42,382,465</u>	<u>42,673,211</u>	<u>42,385,796</u>	<u>(287,415)</u>
Expenditures:				
Current:				
Instruction	28,753,009	26,605,697	25,897,233	708,464
Supporting services:				
Student	1,682,908	1,655,838	1,588,971	66,867
Instructional staff	880,754	1,802,187	1,611,893	190,294
General administration	1,834,378	1,768,464	1,788,521	(20,057)
School administration	2,470,201	2,289,047	2,147,532	141,515
Business	616,387	545,352	502,846	42,506
Operation and maintenance of facilities	5,616,864	5,566,245	5,403,059	163,186
Student transportation	1,953,137	2,189,165	1,748,748	440,417
Total expenditures	<u>43,807,638</u>	<u>42,421,995</u>	<u>40,688,803</u>	<u>1,733,192</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,425,173)</u>	<u>251,216</u>	<u>1,696,993</u>	<u>1,445,777</u>
Other financing sources (uses):				
Transfers in	1,490,358	-	-	-
Transfers out	(308,903)	(147,568)	(111,999)	35,569
Total other financing sources (uses)	<u>1,181,455</u>	<u>(147,568)</u>	<u>(111,999)</u>	<u>35,569</u>
Net change in fund balances	(243,718)	103,648	1,584,994	1,481,346
Fund balances - beginning	<u>6,992,990</u>	<u>10,693,856</u>	<u>10,693,856</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,749,272</u>	<u>\$ 10,797,504</u>	<u>\$ 12,278,850</u>	<u>\$ 1,481,346</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 unit, Park City School District Foundation, a legally separate organization for which the District is considered to be financially accountable. The component unit is reported as a separate column in the District’s government-wide financial statements as a discretely presented component unit; the component unit is reported as a governmental fund type. Complete financial statements for the Foundation may be obtained at the District office.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net assets and the statement of changes in net assets) display information about the primary government (the District) and its component unit. These statements include the financial activities of the overall government. 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, 2009 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 buses, 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 buses and \$100,000 for buildings and improvements. 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 buses 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 buses 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. 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, 2009, the District has designated \$1,607,352 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. During 2010 the District will pay \$650,000 of the designation 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. 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, 2009 as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 1,434,761
Carrying amount of investments	36,451,457
	<hr/>
Total cash and investments	\$ 37,886,218
	<hr/> <hr/>
Governmental funds cash and investments	\$ 37,375,653
Component units cash and investments	510,565
	<hr/>
Total cash and investments	\$ 37,886,218
	<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, 2009, the District and the Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Park City School District	\$ 933,289	\$ 2,218,046	\$ 250,000
Park City Education Foundation	501,472	501,472	138,594
Total deposits	\$ 1,434,761	\$ 2,719,518	\$ 388,594

- 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, 2009, the uninsured amount of the District’s and Foundation’s bank deposits was uncollateralized.

Investments – At June 30, 2009, 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)	\$ 36,442,364	\$ 36,442,364	\$ -	\$ -	\$ -
Park City Eductaion Foundation,					
Equity securities mutual fund	9,093	9,093	-	-	-
Total investments	\$ 36,451,457	\$ 36,451,457	\$ -	\$ -	\$ -

- 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, 2009, 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, 2009, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2009 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, 2009 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>26,643,221</u>	<u>2,315,753</u>	<u>(28,958,974)</u>	<u>-</u>
Total capital assets, not being depreciated	31,571,789	2,315,753	(28,958,974)	4,928,568
Capital assets, being depreciated:				
Buildings and improvements	112,486,862	28,958,974	-	141,445,836
Equipment and buses	<u>5,432,574</u>	<u>926,256</u>	<u>(62,963)</u>	<u>6,295,867</u>
Total capital assets, being depreciated	117,919,436	29,885,230	(62,963)	147,741,703
Accumulated depreciation for:				
Buildings and improvements	(25,751,583)	(2,292,541)	-	(28,044,124)
Equipment and buses	<u>(2,167,234)</u>	<u>(890,617)</u>	<u>59,493</u>	<u>(2,998,358)</u>
Total accumulated depreciation	<u>(27,918,817)</u>	<u>(3,183,158)</u>	<u>59,493</u>	<u>(31,042,482)</u>
Total capital assets, being depreciated, net	<u>90,000,619</u>	<u>26,702,072</u>	<u>(3,470)</u>	<u>116,699,221</u>
Governmental activity capital assets, net	<u>\$ 121,572,408</u>	<u>\$ 29,017,825</u>	<u>\$ (28,962,444)</u>	<u>\$ 121,627,789</u>

For the year ended June 30, 2009, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 2,002,410
Supporting services:	
Student support	24,819
General administration	38,868
School administration	109,868
Business	53,348
Operation and maintenance of facilities	249,610
Student transportation	549,975
Food services	118,242
Community services	<u>36,018</u>
Total depreciation expense, governmental activities	<u>\$ 3,183,158</u>

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, 2009, 2008, and 2007 were \$83,930, \$79,725, and \$67,514, respectively, and for the State and School Noncontributory Retirement System the contributions for the years ended June 30, 2009, 2008, and 2007 were \$3,455,392, \$3,029,404, and \$2,498,461, respectively. Employee contributions to the State and School Contributory Retirement System for the years ended June 30, 2009, 2008, and 2007 were \$5,698, \$5,412, and \$4,582, 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, 2009, 2008, and 2007, employer contributions were \$448,119, \$383,001, and \$287,251, respectively. Employees, who are participants in the Systems, can make additional contributions to the 401(k) plan. These employee contributions were \$965,868, \$917,034, and \$629,968, 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 \$83,452, \$101,854, and \$34,308, for the years ended June 30, 2009, 2008, and 2007, 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, 2009 and 2008 were \$159,997 and \$103,109, 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, 2009 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 31,820,000	\$ -	\$ (5,930,000)	\$ 25,890,000	\$ 5,535,000
Bond premium	36,761	-	(5,584)	31,177	-
Deferred amounts on refunding	(452,417)	-	126,257	(326,160)	-
Net bonds payable	31,404,344	-	(5,809,327)	25,595,017	5,535,000
Unpaid vacation	179,772	150,006	(143,818)	185,960	148,768
Accrued sick leave	120,286	658,551	(291,134)	487,703	390,162
Voluntary retirement incentive payable	454,206	327,719	(159,997)	621,928	156,602
Total long term liabilities	<u>\$ 32,158,608</u>	<u>\$ 1,136,276</u>	<u>\$ (6,404,276)</u>	<u>\$ 26,890,608</u>	<u>\$ 6,230,532</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 levied for debt service.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2009, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
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	3,655,000	259,255	3,914,255
2015	3,795,000	126,263	3,921,263
	<u>\$ 25,890,000</u>	<u>\$ 3,027,612</u>	<u>\$ 28,917,612</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, 2009 is about \$622.3 million. With net general obligation debt outstanding of \$25.6 million, the District's legal debt margin is about \$596.7 million.

General obligation school building bonds payable at June 30, 2009, with their outstanding balances 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%	\$ 1,200,000
\$9,460,000 general and refunding school building bonds, issued May 1, 2001, maturing August 1, 2014	4.3% to 4.70%	3,540,000
\$19,605,000 general obligation refunding bonds, issued October 1, 2002, maturing February 1, 2012	3.5% to 4.00%	9,670,000
\$10,000,000 general obligation school building bonds, issued March 15, 2004, maturing February 1, 2015	2.35% to 3.25%	6,880,000
\$5,000,000 general obligation school building bonds, issued April 1, 2005, maturing February 1, 2015	3.5% to 3.85%	<u>4,600,000</u>
Total		<u>\$ 25,890,000</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, 2009, the outstanding balance of refunded bonds held by the trust is \$9,570,000.

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, 2009. Community service expenditures exceeded budgeted amounts by \$0.3 million or 17.4% for the non K-12 programs fund for the year ended June 30, 2009. Instructional service expenditures exceeded budgeted amounts by \$0.3 million or 15.2% for the student activities fund for the year ended June 30, 2009.

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, 2009
With Comparative Totals for 2008

	<u>2009</u>			<u>2008</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Property taxes	\$ 33,479,275	\$ 34,061,088	\$ 581,813	\$ 29,021,663
Earnings on investments	293,370	326,625	33,255	717,669
Other local revenue	651,000	860,169	209,169	869,118
State sources	5,197,392	4,399,052	(798,340)	7,634,684
Federal sources	3,052,174	2,738,862	(313,312)	1,109,005
Total revenues	<u>42,673,211</u>	<u>42,385,796</u>	<u>(287,415)</u>	<u>39,352,139</u>
Expenditures:				
Current:				
Instruction	26,605,697	25,897,233	708,464	23,313,971
Supporting services:				
Student	1,655,838	1,588,971	66,867	1,436,839
Instructional staff	1,802,187	1,611,893	190,294	734,755
General administration	1,768,464	1,788,521	(20,057)	1,764,313
School administration	2,289,047	2,147,532	141,515	2,081,044
Business	545,352	502,846	42,506	622,563
Operation and maintenance of facilities	5,566,245	5,403,059	163,186	4,827,197
Student transportation	2,189,165	1,748,748	440,417	1,548,788
Total expenditures	<u>42,421,995</u>	<u>40,688,803</u>	<u>1,733,192</u>	<u>36,329,470</u>
Excess of revenues over expenditures	<u>251,216</u>	<u>1,696,993</u>	<u>1,445,777</u>	<u>3,022,669</u>
Other financing sources (uses):				
Sale of capital assets	-	15,642	15,642	-
Transfers out	(147,568)	(111,999)	35,569	(92,457)
Total other financing sources (uses)	<u>(147,568)</u>	<u>(96,357)</u>	<u>51,211</u>	<u>(92,457)</u>
Net change in fund balances	103,648	1,600,636	1,496,988	2,930,212
Fund balances - beginning	<u>10,693,856</u>	<u>10,693,856</u>	<u>-</u>	<u>7,763,644</u>
Fund balances - ending	<u>\$ 10,797,504</u>	<u>\$ 12,294,492</u>	<u>\$ 1,496,988</u>	<u>\$ 10,693,856</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2009
With Comparative Totals for 2008

	<u>2009</u>			<u>2008</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Property taxes	\$ 7,217,335	\$ 7,335,825	\$ 118,490	\$ 6,813,079
Earnings on investments	8,487	10,621	2,134	38,527
Other local	25,000	25,589	589	25,486
Total revenues	<u>7,250,822</u>	<u>7,372,035</u>	<u>121,213</u>	<u>6,877,092</u>
Expenditures:				
Debt service:				
Principal retirement	5,930,000	5,930,000	-	5,705,000
Interest and fiscal charges	1,156,634	1,156,634	-	1,364,708
Total expenditures	<u>7,086,634</u>	<u>7,086,634</u>	<u>-</u>	<u>7,069,708</u>
Net change in fund balances	164,188	285,401	121,213	(192,616)
Fund balances - beginning	<u>343,121</u>	<u>343,121</u>	<u>-</u>	<u>535,737</u>
Fund balances - ending	<u>\$ 507,309</u>	<u>\$ 628,522</u>	<u>\$ 121,213</u>	<u>\$ 343,121</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2009
With Comparative Totals for 2008

	2009			2008
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 5,394,898	\$ 5,485,008	\$ 90,110	\$ 7,951,295
Earnings on investments	382,457	371,345	(11,112)	973,673
Other local revenue	600,000	518,714	(81,286)	693,024
State sources	30,000	4	(29,996)	30,000
Total revenues	<u>6,407,355</u>	<u>6,375,071</u>	<u>(32,284)</u>	<u>9,647,992</u>
Expenditures:				
Capital outlay:				
Buildings and improvements	5,879,930	3,862,267	2,017,663	7,961,677
Repairs and maintenance	1,300,000	1,275,270	24,730	229,270
Supplies and software	439,083	290,344	148,739	506,060
Furniture	152,947	112,512	40,435	93,554
Vehicles and buses	204,364	249,581	(45,217)	539,030
Technology equipment	1,309,617	1,178,639	130,978	1,445,512
Other equipment	654,248	686,926	(32,678)	395,540
Total expenditures	<u>9,940,189</u>	<u>7,655,539</u>	<u>2,284,650</u>	<u>11,170,643</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,532,834)</u>	<u>(1,280,468)</u>	<u>2,252,366</u>	<u>(1,522,651)</u>
Other Financing Sources (Uses):				
Insurance proceeds	-	160,025	160,025	-
Sale of capital assets	13,000	545	(12,455)	31,952
Total other financing sources (uses)	<u>13,000</u>	<u>160,570</u>	<u>147,570</u>	<u>31,952</u>
Net change in fund balances	(3,519,834)	(1,119,898)	2,399,936	(1,490,699)
Fund balances - beginning	<u>17,908,069</u>	<u>17,908,069</u>	<u>-</u>	<u>19,398,768</u>
Fund balances - ending	<u>\$ 14,388,235</u>	<u>\$ 16,788,171</u>	<u>\$ 2,399,936</u>	<u>\$ 17,908,069</u>

PARK CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue			Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Student Activities	
Assets:				
Cash and investments	\$ 255,984	\$ 625,584	\$ 507,577	\$ 1,389,145
Receivables:				
Property taxes	842,497	-	-	842,497
Other local	84,755	1,292	-	86,047
State of Utah	-	48,031	-	48,031
Federal government	50,548	21,965	-	72,513
Inventories	-	48,633	-	48,633
Total assets	<u>\$ 1,233,784</u>	<u>\$ 745,505</u>	<u>\$ 507,577</u>	<u>\$ 2,486,866</u>
Liabilities:				
Accounts payable	\$ 1,857	\$ 3,452	\$ 225	\$ 5,534
Deferred revenue:				
Property taxes	843,861	-	-	843,861
Other local	-	34,941	-	34,941
State of Utah	2,859	-	-	2,859
Total liabilities	<u>848,577</u>	<u>38,393</u>	<u>225</u>	<u>887,195</u>
Fund balances:				
Reserved for inventories	-	48,633	-	48,633
Designated for unpaid vacation	26,086	12,632	-	38,718
Designated for adult education program	14,764	-	-	14,764
Unreserved, undesignated	344,357	645,847	507,352	1,497,556
Total fund balances	<u>385,207</u>	<u>707,112</u>	<u>507,352</u>	<u>1,599,671</u>
Total liabilities and fund balances	<u>\$ 1,233,784</u>	<u>\$ 745,505</u>	<u>\$ 507,577</u>	<u>\$ 2,486,866</u>

PARK CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2009

	Special Revenue			Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Student Activities	
Revenues:				
Local sources:				
Property taxes	\$ 829,737	\$ -	\$ -	\$ 829,737
Earnings on investments	8,337	13,965	597	22,899
Lunch sales	-	683,626	-	683,626
Other local revenue	786,436	63,118	2,238,912	3,088,466
State sources	58,886	181,743	-	240,629
Federal sources	69,754	502,025	-	571,779
Total revenues	<u>1,753,150</u>	<u>1,444,477</u>	<u>2,239,509</u>	<u>5,437,136</u>
Expenditures:				
Current:				
Instruction	-	-	2,259,358	2,259,358
Community services	2,058,065	-	-	2,058,065
Food services	-	1,584,070	-	1,584,070
Total expenditures	<u>2,058,065</u>	<u>1,584,070</u>	<u>2,259,358</u>	<u>5,901,493</u>
Excess (deficiency) of revenues over (under) expenditures	(304,915)	(139,593)	(19,849)	(464,357)
Other financing sources (uses):				
Transfers in	-	-	111,999	111,999
Net change in fund balances	(304,915)	(139,593)	92,150	(352,358)
Fund balances - beginning	<u>690,122</u>	<u>846,705</u>	<u>415,202</u>	<u>1,952,029</u>
Fund balances - ending	<u>\$ 385,207</u>	<u>\$ 707,112</u>	<u>\$ 507,352</u>	<u>\$ 1,599,671</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Non K-12 Programs
Nonmajor Special Revenue Fund
Year Ended June 30, 2009
With Comparative Totals for 2008

	<u>2009</u>			<u>2008</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Property taxes	\$ 820,700	\$ 829,737	\$ 9,037	\$ 724,415
Earnings on investments	9,552	8,337	(1,215)	28,358
Other local sources	689,906	786,436	96,530	881,721
State sources	49,231	58,886	9,655	108,047
Federal sources	100,525	69,754	(30,771)	81,319
Total revenues	<u>1,669,914</u>	<u>1,753,150</u>	<u>83,236</u>	<u>1,823,860</u>
Expenditures:				
Current:				
Salaries	1,074,238	1,295,939	(221,701)	1,117,792
Employee benefits	328,941	356,288	(27,347)	338,810
Purchased professional services	43,759	51,864	(8,105)	94,159
Purchased property services	5,264	4,477	787	3,855
Other purchased services	160,557	203,604	(43,047)	125,552
Supplies	130,598	134,718	(4,120)	109,162
Equipment	-	715	(715)	24,686
Other objects	9,471	10,460	(989)	10,771
Total expenditures	<u>1,752,828</u>	<u>2,058,065</u>	<u>(305,237)</u>	<u>1,824,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(82,914)</u>	<u>(304,915)</u>	<u>(222,001)</u>	<u>(927)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Net change in fund balances	(82,914)	(304,915)	(222,001)	(927)
Fund balances - beginning	<u>690,122</u>	<u>690,122</u>	<u>-</u>	<u>691,049</u>
Fund balances - ending	<u>\$ 607,208</u>	<u>\$ 385,207</u>	<u>\$ (222,001)</u>	<u>\$ 690,122</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, 2009
With Comparative Totals for 2008

	<u>2009</u>			<u>2008</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Lunch sales	\$ 689,667	\$ 683,626	\$ (6,041)	\$ 680,265
Earnings on investments	15,295	13,965	(1,330)	38,434
Vending	95,931	63,118	(32,813)	87,710
State sources	176,963	181,743	4,780	176,963
Federal sources	549,686	502,025	(47,661)	413,783
Total revenues	<u>1,527,542</u>	<u>1,444,477</u>	<u>(83,065)</u>	<u>1,397,155</u>
Expenditures:				
Current:				
Salaries	555,480	545,488	9,992	507,581
Employee benefits	239,125	247,220	(8,095)	223,926
Purchased professional services	-	4,245	(4,245)	223
Purchased property services	13,650	9,238	4,412	16,506
Other purchased services	49,136	52,950	(3,814)	53,413
Supplies	100,202	58,709	41,493	44,397
Food	565,651	605,286	(39,635)	546,986
Equipment	168,431	60,934	107,497	86,520
Total expenditures	<u>1,691,675</u>	<u>1,584,070</u>	<u>107,605</u>	<u>1,479,552</u>
Net change in fund balances	(164,133)	(139,593)	24,540	(82,397)
Fund balances - beginning	<u>846,705</u>	<u>846,705</u>	<u>-</u>	<u>929,102</u>
Fund balances - ending	<u>\$ 682,572</u>	<u>\$ 707,112</u>	<u>\$ 24,540</u>	<u>\$ 846,705</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, 2009
With Comparative Totals for 2008

	2009			2008
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Student fees	\$ 1,725,000	\$ 2,238,912	\$ 513,912	\$ 1,541,164
Earnings on investments	4,000	597	(3,403)	5,580
Total revenues	1,729,000	2,239,509	510,509	1,546,744
Expenditures:				
Current:				
Salaries	35,000	22,305	12,695	33,182
Employee benefits	8,435	4,241	4,194	4,590
Purchased professional services	126,011	-	126,011	113,077
Purchased property services	14,000	41,713	(27,713)	10,507
Other purchased services	325,000	5,130	319,870	289,948
Supplies	1,450,000	2,185,969	(735,969)	1,224,663
Property	2,000	-	2,000	84,354
Other	1,000	-	1,000	661
Total expenditures	1,961,446	2,259,358	(297,912)	1,760,982
Excess (deficiency) of revenues over (under) expenditures	(232,446)	(19,849)	212,597	(214,238)
Other Financing Sources (Uses):				
Transfers in	147,568	111,999	(35,569)	92,457
Net change in fund balances	(84,878)	92,150	177,028	(121,781)
Fund balances - beginning	415,202	415,202	-	536,983
Fund balances - ending	\$ 330,324	\$ 507,352	\$ 177,028	\$ 415,202

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 (Accrual Basis)
GOVERNMENTAL ACTIVITIES
June 30, 2009 through 2005

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets:					
Cash and investments	\$ 37,375,653	\$ 37,771,900	\$ 33,566,378	\$ 35,515,180	\$ 36,900,545
Receivables:					
Property taxes	46,327,314	44,920,650	43,561,111	42,697,223	38,554,887
Other governments	835,896	880,173	881,783	1,279,308	1,128,359
Inventories and prepaid expenses	48,633	50,871	49,241	195,703	260,574
Bond issuance costs, net of accumulated amortization	112,152	138,285	164,418	190,551	216,684
Capital assets:					
Land and construction in progress	4,928,568	31,571,789	25,095,776	13,878,672	6,224,412
Other capital assets, net of accumulated depreciation	116,699,221	90,000,619	91,083,478	92,779,841	94,030,955
Total assets	<u>206,327,437</u>	<u>205,334,287</u>	<u>194,402,185</u>	<u>186,536,478</u>	<u>177,316,416</u>
Liabilities:					
Accounts payable	1,088,314	2,441,590	1,947,459	2,105,169	312,888
Accrued interest payable	385,880	482,776	546,011	644,013	721,718
Accrued salaries payable	5,097,185	4,344,608	4,639,535	4,680,300	3,475,289
Deferred revenue:					
Property taxes	44,033,829	44,114,320	40,810,857	41,192,519	36,429,547
Other governments	702,280	314,324	263,993	269,878	306,301
Noncurrent liabilities:					
Portion due or payable within one year	6,230,532	6,332,686	5,911,453	5,619,417	5,703,512
Portion due or payable after one year	20,660,076	25,825,923	31,371,410	37,014,061	42,312,742
Total liabilities	<u>78,198,096</u>	<u>83,856,227</u>	<u>85,490,718</u>	<u>91,525,357</u>	<u>89,261,997</u>
Net Assets:					
Invested in capital assets, net of related debt	96,032,772	90,168,064	79,190,583	64,295,515	56,329,238
Restricted for:					
Debt service	662,507	230,718	318,832	-	318,318
Capital projects	17,141,602	18,081,553	19,590,277	23,089,734	21,001,909
Community programs	428,580	716,514	706,089	1,008,154	1,344,121
Food services	707,112	846,706	929,102	886,122	853,969
Student activities	507,352	415,202	-	-	-
Unrestricted	12,649,416	11,019,303	8,176,584	5,731,596	8,206,864
Total net assets	<u>\$ 128,129,341</u>	<u>\$ 121,478,060</u>	<u>\$ 108,911,467</u>	<u>\$ 95,011,121</u>	<u>\$ 88,054,419</u>

Source: District records.

PARK CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF ACTIVITIES (Accrual Basis)
GOVERNMENTAL ACTIVITIES
Years Ended June 30, 2009 through 2005

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses:					
Instruction	\$ 34,979,966	\$ 30,550,542	\$ 24,938,525	\$ 24,612,667	\$ 21,591,514
Supporting services:					
Student	1,613,790	1,436,839	1,313,042	1,312,506	1,073,166
Instructional staff	1,611,893	734,755	778,026	742,530	635,845
General administration	1,827,389	1,785,555	1,449,277	1,370,382	1,213,610
School administration	2,257,400	2,189,784	2,269,928	2,216,395	2,091,060
Business	556,194	643,409	485,431	417,521	399,542
Operation and maintenance of facilities	5,652,669	4,951,193	4,430,618	4,851,432	4,209,350
Student transportation	2,298,723	1,891,039	1,890,468	1,856,178	1,600,275
Food services	1,702,312	1,592,100	1,419,899	1,367,432	1,262,828
Community services	2,094,083	1,859,678	1,783,352	1,211,821	1,171,273
Interest on long-term liabilities	1,180,411	1,422,146	1,622,332	1,851,880	1,921,199
Total school district	<u>55,774,830</u>	<u>49,057,040</u>	<u>42,380,898</u>	<u>41,810,744</u>	<u>37,169,662</u>
Program Revenues:					
Instruction	5,177,494	5,236,872	3,429,740	4,572,246	3,834,763
Supporting services:					
Student	166,521	81,467	111,366	165,898	1,443
Instructional staff	87,461	14,880	18,662	9,121	9,394
General administration	62,012	16,530	40,118	94,904	57,222
Business	-	288	-	-	-
School administration	1,308	1,847	-	-	-
Operation and maintenance of facilities	10,990	840	-	34,156	22,563
Student transportation	895,891	894,830	700,190	655,533	489,823
Food services	1,430,512	1,358,720	1,301,922	1,291,348	1,270,895
Community services	915,076	1,071,087	954,727	888,411	738,349
Total program revenues	<u>8,747,264</u>	<u>8,677,361</u>	<u>6,556,725</u>	<u>7,711,617</u>	<u>6,424,452</u>
Net (expense) revenue	<u>(47,027,566)</u>	<u>(40,379,679)</u>	<u>(35,824,173)</u>	<u>(34,099,127)</u>	<u>(30,745,210)</u>
General revenues:					
Property taxes levied for:					
General purposes	33,446,241	27,580,547	26,390,326	21,773,141	20,422,985
Transportation	536,037	1,211,873	949,053	889,512	852,673
Reading	698,095	679,067	149,850	139,401	129,371
Community recreation	847,687	626,831	349,651	258,888	229,340
Debt service	7,454,659	6,863,796	7,575,772	6,472,199	6,809,622
Capital outlay	5,572,295	7,981,644	7,975,373	6,936,869	6,162,767
Federal and state aid not restricted to specific purposes	3,420,896	4,207,249	2,602,932	1,300,816	1,876,571
Earnings on investments	731,490	1,802,241	2,077,062	1,660,438	867,458
Miscellaneous	971,447	1,456,040	1,654,500	1,624,565	1,343,988
Total general revenues	<u>53,678,847</u>	<u>52,409,288</u>	<u>49,724,519</u>	<u>41,055,829</u>	<u>38,694,775</u>
Change in net assets	6,651,281	12,029,609	13,900,346	6,956,702	7,949,565
Net assets - beginning	<u>121,478,060</u>	<u>109,448,451</u>	<u>95,011,121</u>	<u>88,054,419</u>	<u>80,104,854</u>
Net assets - ending	<u>\$ 128,129,341</u>	<u>\$ 121,478,060</u>	<u>\$ 108,911,467</u>	<u>\$ 95,011,121</u>	<u>\$ 88,054,419</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. The revenue of this fund is primarily charges for services (student fees) and expenses are primarily instruction. Prior years (2007 to 2005) do not include the student activities agency fund.

Source: District records

PARK CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEETS (Modified Accrual Basis)
June 30, 2009 through 2005

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets					
Cash and investments	\$ 17,773,175	\$ 15,307,542	\$ 11,175,843	\$ 9,066,178	\$ 9,709,858
Receivables:					
Property taxes	32,697,024	32,158,083	28,497,142	27,036,162	24,914,089
Other local	47,393	12,254	129,076	-	52,961
State of Utah	32,586	2,571	43	25,000	-
Federal government	389,301	711,496	570,197	1,053,622	943,035
Due from other funds	-	-	-	62,025	-
Prepaid expenditures	-	-	226	164,669	236,136
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 50,939,479</u>	<u>\$ 48,191,946</u>	<u>\$ 40,372,527</u>	<u>\$ 37,407,656</u>	<u>\$ 35,856,079</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 145,705	\$ 209,592	\$ 304,411	\$ 116,106	\$ 117,176
Accrued liabilities	5,097,185	4,344,608	4,639,535	4,680,300	3,475,289
Deferred revenues:					
Property taxes	32,737,617	32,664,508	27,444,562	26,616,644	24,378,427
State of Utah	664,480	279,383	220,377	251,466	269,006
Federal government	-	-	-	18,412	9,294
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>38,644,987</u>	<u>37,498,091</u>	<u>32,608,885</u>	<u>31,682,928</u>	<u>28,249,192</u>
Fund balances:					
Reserved for:					
Prepaid expenditures	-	-	226	164,669	236,136
Encumbrances	-	101,853	24,045	222,671	272,581
Transportation levy	810,379	559,933	-	-	-
Reading levy	157,843	180,945	43,855	69,543	122,644
Tort liability levy	122,611	153,396	-	-	-
Unreserved, designated for:					
Undistributed reserve	2,100,000	1,875,000	1,680,000	1,600,000	1,445,000
Voluntary retirement incentive	1,607,352	1,776,646	1,500,000	1,200,000	900,000
Unpaid vacation	634,944	279,652	114,775	99,147	83,760
Unreserved, undesignated	6,861,363	5,766,430	4,400,741	2,368,698	4,546,766
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>12,294,492</u>	<u>10,693,855</u>	<u>7,763,642</u>	<u>5,724,728</u>	<u>7,606,887</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 50,939,479</u>	<u>\$ 48,191,946</u>	<u>\$ 40,372,527</u>	<u>\$ 37,407,656</u>	<u>\$ 35,856,079</u>

Source: District records

**PARK CITY SCHOOL DISTRICT
GENERAL FUND**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Modified Accrual Basis)

Years Ended June 30, 2009 through 2005 with Anticipated Budget for the Year Ending June 30, 2010

	Anticipated Budget 2010	2009	2008	2007	2006	2005
Revenues:						
Local sources:						
Property taxes	\$ 33,864,601	\$ 34,061,088	\$ 29,021,663	\$ 27,228,273	\$ 23,066,642	\$ 22,058,311
Earnings on investments	33,718	326,625	717,669	613,370	475,115	268,337
Other local revenue	651,000	860,169	849,052	803,333	622,328	569,763
State sources	3,875,256	4,399,052	7,654,751	5,582,149	5,568,150	5,120,263
Federal sources	2,414,792	2,738,862	1,109,005	1,090,532	1,235,980	1,045,689
Total revenues	<u>40,839,367</u>	<u>42,385,796</u>	<u>39,352,140</u>	<u>35,317,657</u>	<u>30,968,215</u>	<u>29,062,363</u>
Expenditures:						
Current:						
Instruction	25,674,262	25,897,233	23,313,971	21,235,146	20,643,266	18,384,395
Supporting services:						
Student	1,663,306	1,588,971	1,436,839	1,313,042	1,295,984	1,005,793
Instructional staff	1,778,539	1,611,893	734,755	778,026	742,530	635,845
General administration	1,753,038	1,788,521	1,764,313	1,428,035	1,349,140	1,192,368
School administration	2,285,029	2,147,532	2,081,044	2,161,187	1,965,218	1,784,600
Business	549,483	502,846	622,563	464,585	396,675	378,696
Operation and maintenance of facilities	5,886,709	5,403,059	4,827,197	4,315,737	4,592,148	3,992,460
Student transportation	2,340,727	1,748,748	1,548,788	1,582,985	1,565,413	1,323,746
Total expenditures	<u>41,931,093</u>	<u>40,688,803</u>	<u>36,329,470</u>	<u>33,278,743</u>	<u>32,550,374</u>	<u>28,697,903</u>
Excess (deficiency) of revenues over (under) expenditures	(1,091,726)	1,696,993	3,022,670	2,038,914	(1,582,159)	364,460
Other financing sources (uses):						
Net transfers and other sources (uses)	-	(96,356)	(92,457)	-	(300,000)	(340,408)
Net change in fund balances	(1,091,726)	1,600,637	2,930,213	2,038,914	(1,882,159)	24,052
Fund Balances - Beginning	<u>12,294,492</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 - Ending	<u>\$ 11,202,766</u>	<u>\$ 12,294,492</u>	<u>\$ 10,693,855</u>	<u>\$ 7,763,642</u>	<u>\$ 5,724,728</u>	<u>\$ 7,606,887</u>

Source: District records

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

Tax (Calendar) Years 2008 through 2004

	<u>2008</u>		<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
	<u>Taxable Value</u>	<u>% of TV</u>	<u>Taxable Value</u>	<u>Taxable Value</u>	<u>Taxable Value</u>	<u>Taxable Value</u>
Set by County Assessor-Locally Assessed						
Real property:						
Primary residential	\$ 3,646,977,941	28.8 %	\$ 3,262,903,890	\$ 2,708,062,517	\$ 2,080,240,328	\$ 1,805,929,686
Other residential	6,392,230,581	50.5	5,192,758,715	3,754,864,015	3,065,888,684	2,812,193,909
Commercial and industrial	926,398,470	7.3	811,513,792	671,151,954	606,216,552	554,532,273
Agricultural and Farmland Assessment Act (FAA)	12,160,115	0.1	10,533,145	11,694,917	8,665,118	7,152,986
Unimproved non FAA	1,235,811,981	9.8	1,149,400,672	941,436,673	724,971,706	774,472,310
Total real property	<u>12,213,579,088</u>	<u>96.5</u>	<u>10,427,110,214</u>	<u>8,087,210,076</u>	<u>6,485,982,388</u>	<u>5,954,281,164</u>
Personal property:						
Primary mobile homes	-	0.0	15,967	22,842	22,842	22,842
Secondary mobile homes	-	0.0	-	-	-	1,500
Other business personal	<u>178,743,232</u>	<u>1.4</u>	<u>156,729,581</u>	<u>135,995,108</u>	<u>131,494,747</u>	<u>109,923,721</u>
Total personal property	<u>178,743,232</u>	<u>1.4</u>	<u>156,745,548</u>	<u>136,017,950</u>	<u>131,517,589</u>	<u>109,948,063</u>
Fee in lieu / age based property	<u>182,309,136</u>	<u>1.4</u>	<u>192,781,535</u>	<u>183,237,487</u>	<u>173,032,216</u>	<u>335,235,628</u>
Total locally assessed	<u>12,574,631,456</u>	<u>99.3</u>	<u>10,776,637,297</u>	<u>8,406,465,513</u>	<u>6,790,532,193</u>	<u>6,399,464,855</u>
Set by State Tax Commission-Centrally Assessed	<u>82,695,899</u>	<u>0.7</u>	<u>82,695,899</u>	<u>86,757,529</u>	<u>87,606,365</u>	<u>87,562,794</u>
Total taxable value	<u>\$ 12,657,327,355</u>	<u>100.0 %</u>	<u>\$ 10,859,333,196</u>	<u>\$ 8,493,223,042</u>	<u>\$ 6,878,138,558</u>	<u>\$ 6,487,027,649</u>
Total taxable value (less fee in lieu / age based property)	<u>\$ 12,475,018,219</u>		<u>\$ 10,666,551,661</u>	<u>\$ 8,309,985,555</u>	<u>\$ 6,705,106,342</u>	<u>\$ 6,151,792,021</u>

Source: Property Tax Division, Utah State Tax Commission.

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

Years Ended June 30, 2009 through 2006 with Anticipated Budget for Year Ending June 30, 2010

	Anticipated Budget		2009		2008		2007		2006	
	2010									
	<u>Tax Rate</u>	<u>Budget</u>	<u>Tax Rate</u>	<u>Collections</u>	<u>Tax Rate</u>	<u>Collections</u>	<u>Tax Rate</u>	<u>Collections</u>	<u>Tax Rate</u>	<u>Collections</u>
General Fund:										
Basic levy	0.001433	\$ 17,168,929	0.001250	\$ 15,114,625	0.001311	\$ 13,688,266	0.001515	\$ 12,570,416	0.001720	\$ 11,542,834
Voted leeway	0.001302	15,599,404	0.001428	17,266,948	0.001300	13,573,414	0.001650	13,690,552	0.001554	10,428,816
Reading program	0.000056	670,942	0.000056	677,135	0.000065	678,671	0.000018	149,351	0.000021	140,930
Special transportation	0.000022	263,584	0.000043	519,943	0.000116	1,211,166	0.000114	945,893	0.000134	899,267
Tort liability	0.000003	35,943	0.000005	60,459	0.000029	302,792	0.000005	41,487	0.000006	40,266
Total general fund	0.002816	33,738,802	0.002782	33,639,110	0.002821	29,454,309	0.003302	27,397,699	0.003435	23,052,113
Non K-12 Programs Fund:										
Community recreation	0.000074	886,602	0.000068	822,236	0.000060	626,465	0.000042	348,487	0.000039	261,727
Debt Service Fund:										
Debt service	0.000525	6,290,082	0.000598	7,230,837	0.000657	6,859,794	0.000910	7,550,547	0.000975	6,543,176
Judgment Recovery										
	0.000005	59,906	-	-	-	-	-	-	-	-
Capital Projects Fund:										
Capital outlay	0.000479	5,738,951	0.000326	3,941,894	0.000654	6,828,471	0.000780	6,471,897	0.000835	5,603,643
10% of basic levy	0.000124	1,485,657	0.000121	1,463,096	0.000110	1,148,520	0.000178	1,476,920	0.000210	1,409,300
Total capital projects fund	0.000603	7,224,608	0.000447	5,404,990	0.000764	7,976,991	0.000958	7,948,817	0.001045	7,012,943
Total tax rate / collections	0.004023	\$ 48,200,000	0.003895	\$ 47,097,173	0.004302	\$ 44,917,558	0.005212	\$ 43,245,550	0.005494	\$ 36,869,960

Notes:

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.

Collections include current taxes, redemptions (delinquent taxes collected in the current year), and fees in lieu of taxes (primarily motor vehicle fees).

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.

The 2010 budget reflects the rates and anticipated collections as approved by the Board in August 2009.

Source: District records and Summit County.