

PARK CITY SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2012

PARK CITY SCHOOL DISTRICT

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FINANCIAL SECTION



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

Independent Auditor's Report

Board of Education
Park City School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Park City School District (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Park City School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, 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 November 13, 2012 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Aguirre & Company, P.C.

November 13, 2012

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, 2012.

Financial Highlights

- The District is dependent on revenues generated by property taxes. Property tax revenues decreased by 2.1% in 2012 as a result of a combination of an increase in tax rates, relatively no change in the values of taxable property within the District, a decrease in tax collection rates, a decrease in delinquent taxes outstanding, and a \$2.2 million payment to the state for the recapture of basic levy.
- The District's assets exceeded liabilities by \$133.1 million at the close of the most recent fiscal year.
- During the year, expenses were \$1.1 million more than the \$59.7 million generated in taxes and other revenues for governmental activities.
- District student enrollment increased by 49 students to a total of 4,400 students as of October 1, 2011 for the 2011-2012 school year.
- The District continues to provide updated technology for enrolled students and to provide housing for the various programs throughout the District. Capital outlay expenditures in the governmental funds totaled \$5.7 million for the year.

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 consolidated 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 and 12 of this report.

The government-wide financial statements of the District are reported as governmental activities. 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.

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 grouped into two categories: governmental and proprietary 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 seven 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 four 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.

- **Proprietary fund.** The District maintains one proprietary fund type. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses one internal service fund (the *self-insurance fund*) to account for employee health and accident and dental benefit services provided to all the other funds of the District. This internal service fund is included within *governmental activities* in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 18 through 20 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 21 through 34 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 35 through 44 of this report.

To satisfy continuing disclosure requirements for the District's general obligation bonds and to provide comparative data, selected financial, tax, and demographic information is provided as other information. This other information can be found on pages 45 through 51 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 \$133.1 million at the close of the most recent fiscal year.

PARK CITY SCHOOL DISTRICT'S Net Assets
June 30, 2012 and 2011
(in millions of dollars)

	Governmental activities		Total
	2012	2011	change 2012-2011
Current and other assets	\$ 89.1	\$ 87.0	\$ 2.1
Capital assets	113.6	116.2	(2.6)
Total assets	<u>202.7</u>	<u>203.2</u>	<u>(0.5)</u>
Current and other liabilities	56.2	51.6	4.6
Long-term liabilities outstanding	13.4	17.4	(4.0)
Total liabilities	<u>69.6</u>	<u>69.0</u>	<u>0.6</u>
Net assets:			
Invested in capital assets, net of related debt	102.7	101.0	1.7
Restricted	19.4	21.1	(1.7)
Unrestricted	11.0	12.1	(1.1)
Total net assets	<u>\$ 133.1</u>	<u>\$ 134.2</u>	<u>\$ (1.1)</u>

- The largest portion of the District's net assets (77.1%) 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 (14.6%) 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* (8.3%) 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 \$1.7 million during the year ended June 30, 2012. This net increase resulted primarily from \$4.3 million in payments of bond principal, acquisition of new capital assets of \$1.1 million, less depreciation expense of \$3.6 million.
- Restricted net assets decreased by \$1.7 million during the year ended June 30, 2012. This decrease resulted primarily from the use of resources restricted for capital projects and debt service.

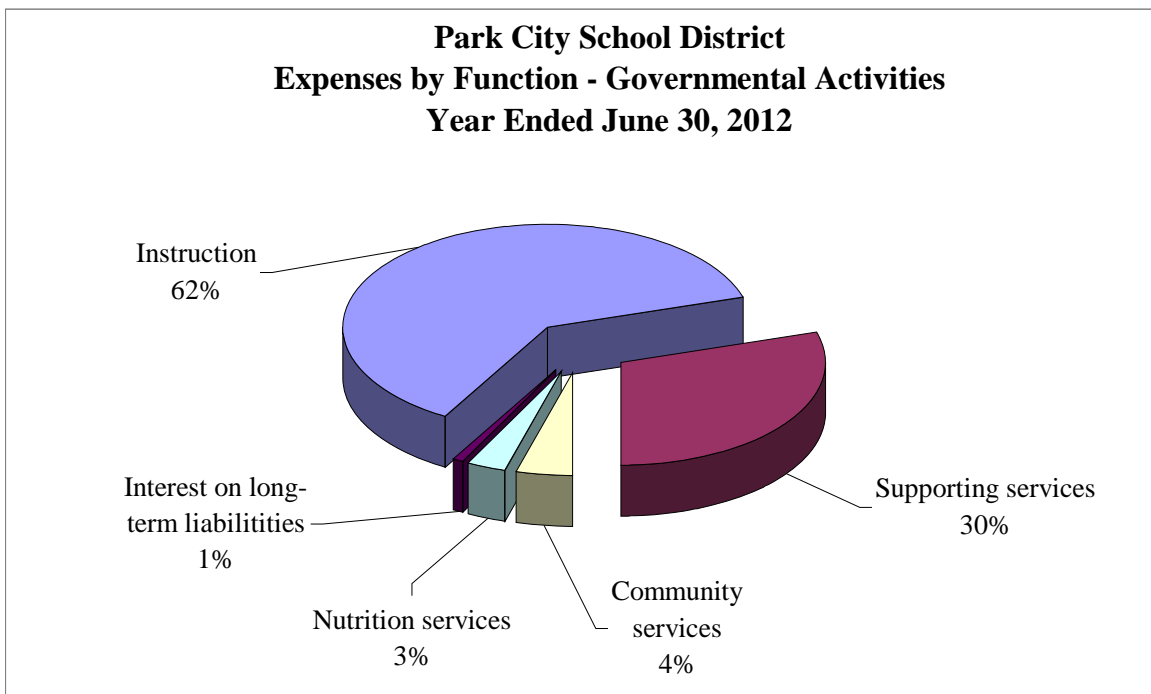
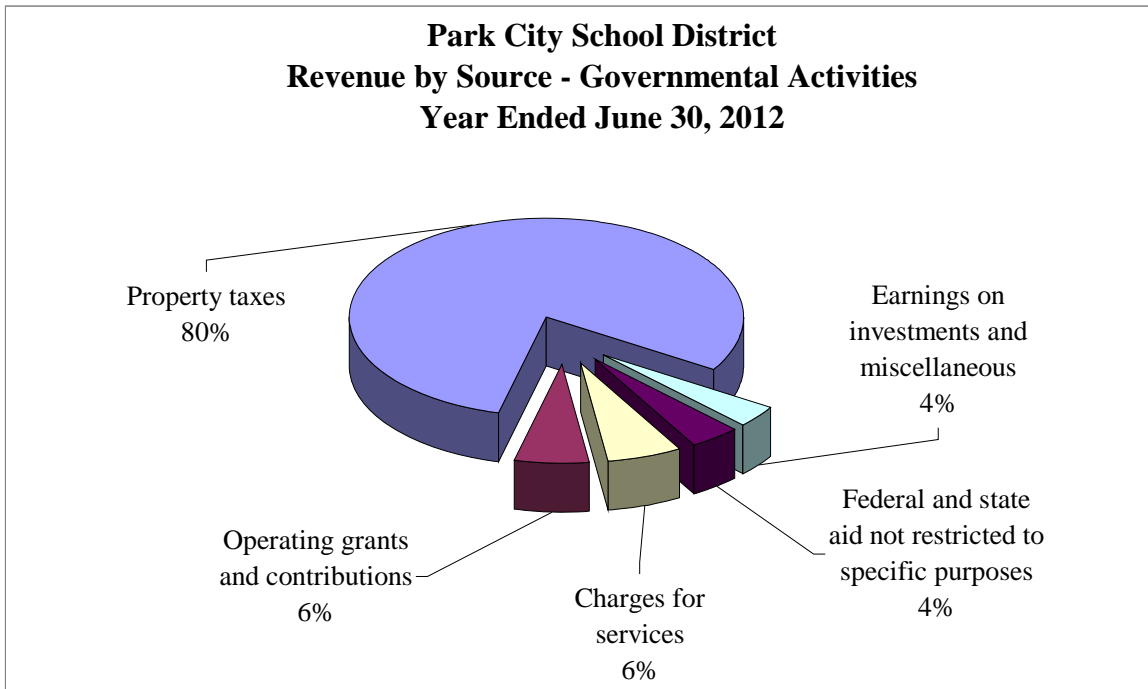
The District's total net assets decreased by \$1.1 million during the current year. The following discussion and analysis on governmental activities focuses on this decrease:

PARK CITY SCHOOL DISTRICT'S Changes in Net Assets
Years Ended June 30, 2012 and 2011
(in millions of dollars)

	Governmental activities		Total
	2012	2011	change 2012-2011
Revenues:			
Program revenues:			
Charges for services	\$ 3.6	\$ 4.2	\$ (0.6)
Operating grants and contributions	3.8	4.0	(0.2)
General revenues:			
Property taxes	47.6	48.6	(1.0)
Federal and state aid not restricted to specific purposes	2.5	1.6	0.9
Earnings on investments	0.3	0.2	0.1
Miscellaneous	1.9	1.2	0.7
Total revenues	<u>59.7</u>	<u>59.8</u>	<u>(0.1)</u>
Expenses:			
Instructional services	37.7	36.0	1.7
Supporting services:			
Students	2.3	2.1	0.2
Instructional staff	2.3	2.1	0.2
General administration	0.7	0.6	0.1
School administration	2.7	2.6	0.1
Central	2.7	2.7	-
Operation and maintenance of facilities	4.8	4.6	0.2
Student transportation	2.6	2.5	0.1
Food services	1.8	1.8	-
Community services	2.6	2.3	0.3
Interest on long-term liabilities	0.6	0.8	(0.2)
Total expenses	<u>60.8</u>	<u>58.1</u>	<u>2.7</u>
Change in net assets	(1.1)	1.7	(2.8)
Net assets - beginning	<u>134.2</u>	<u>132.5</u>	<u>1.7</u>
Net assets - ending	<u>\$ 133.1</u>	<u>\$ 134.2</u>	<u>\$ (1.1)</u>

- The District is dependent on revenues generated by property taxes. Property tax revenues decreased by 2.1% in 2012 as a result of a combination of an increase in tax rates, relatively no change in the values of taxable property within the District, a decrease in tax collection rates, a decrease in delinquent taxes outstanding, and a \$2.2 million payment to the state for the recapture of basic levy.
- State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. 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 decrease in property tax revenue, the amount of the state guarantee increased. The value of the WPU increased by 9.3% during the year ended June 30, 2012 (\$2,816 during 2012 as compared to \$2,577 in 2011). This increase is due to the flexible allocation

(formerly Social Security and retirement) WPU line item being consolidated with the regular WPU line item. State revenue increased by \$0.5 million as a net result of an increase in the state guarantee of minimum school program funding.



- The District's total expenses increased by \$2.7 million to a total of \$60.8 million during 2012 as compared to the prior year. This increase is primary from an increase in instructional services (salaries and benefits and supplies).

Financial Analysis of the District's Funds

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

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$29.6 million, \$2.1 million less 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 \$1.7 million; this year's change also includes a decrease in the fund balance of the general fund of \$0.3 million. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$45.1 million, an increase of 1.6% during the current fiscal year. This compares to a 6.5% increase in 2011. Instructional services represent 61.7% of general fund expenditures.
- General fund salaries totaled \$27.0 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$12.7 million to arrive at 87.9% of total general fund expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes inventories that are not expected to be converted to cash. *Restricted* includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the General Fund and other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the General Fund are all other available net fund resources. At June 30, 2012, the District's combined governmental fund balance is \$29.6 million (\$19.2 million in restricted, \$3.0 million in committed, \$2.1 million in assigned, and \$5.3 million in unassigned fund balances).

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 and changes in classifying certain supporting services.

Actual expenditures were \$0.1 million more than final budgeted amounts. Actual revenues were \$1.0 million more than final budgeted amounts primarily due to a positive variance in revenue from state sources and a negative variance in revenue from property taxes. Variances normally result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Revenue from state sources exceeded projections in part from the results of the minimum school program guaranteed funding that is impacted inversely by the amount of basic property taxes collected.

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 technology and equipment necessary for providing educational programs for all students within the District.

Capital assets at June 30, 2012 and 2011 are outlined below:

PARK CITY SCHOOL DISTRICT'S Capital Assets
June 30, 2012 and 2011
(net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total
	2012	2011	change 2012-2011
Land	\$ 4.9	\$ 4.9	\$ -
Construction in progress	-	0.1	(0.1)
Buildings and improvements	105.7	108.5	(2.8)
Equipment and buses	3.0	2.7	0.3
Total capital assets	<u>\$ 113.6</u>	<u>\$ 116.2</u>	<u>\$ (2.6)</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, 2012 is about \$551 million. Net general obligation debt at June 30, 2012 is \$11 million, resulting in a legal debt margin of about \$540 million.

PARK CITY SCHOOL DISTRICT'S Outstanding Debt
June 30, 2012 and 2011
(in millions of dollars)

	Governmental activities		Total
	2012	2011	change 2012-2011
Net general obligation bonds	<u>\$ 11.0</u>	<u>\$ 15.3</u>	<u>\$ (4.3)</u>

The District will retire all of its general obligation bonds by the year ending June 30, 2015.

Additional information on the District's long-term liabilities 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>
2012-13	4,421	0.5%
2011-12	4,400	1.1%
2010-11	4,351	-4.6%
2009-10	4,563	1.9%
2008-09	4,477	0.8%
2007-08	4,443	2.5%
2006-07	4,336	-0.7%
2005-06	4,367	3.7%
2004-05	4,212	3.8%
2003-04	4,059	2.6%
2002-03	3,957	0.9%
2001-02	3,923	0.1%

Enrollment for the 2011-2012 school year increased by 49 students to a total of 4,400 students. A public charter school opened within the District's boundaries in the 2010-11 school year.

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, 2012

	Governmental Activities
Assets:	
Cash and investments	\$ 36,599,662
Receivables:	
Property taxes	51,108,945
Other local	296,443
State of Utah	130,936
Federal government	896,218
Inventories	34,589
Bond issuance costs, nets of accumulated amortization	38,443
Capital assets:	
Land and construction in progress	4,928,568
Other capital assets, net of accumulated depreciation	108,700,384
Total assets	202,734,188
Liabilities:	
Accounts and contracts payable	377,260
Accrued interest	162,651
Accrued payroll and related benefits	5,677,433
Unearned revenue:	
Property taxes	49,501,784
Other local	54,730
State of Utah	444,160
Long-term liabilities:	
Portion due or payable within one year	5,431,954
Portion due or payable after one year	8,009,280
Total liabilities	69,659,252
Net Assets:	
Invested in capital assets, net of related debt	102,677,970
Restricted for:	
Debt service	790,507
Capital projects	16,956,411
Community recreation	289,197
Nutrition services	493,006
Foundation	355,054
Other purposes	517,574
Unrestricted	10,995,217
Total net assets	\$ 133,074,936

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

PARK CITY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2012

Activities / Functions	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
Governmental activities:				
Instruction	\$ 37,644,166	\$ 1,808,053	\$ 1,595,202	\$ (34,240,911)
Supporting services:				
Student	2,321,538	-	239,294	(2,082,244)
Instructional staff	2,300,394	-	254,856	(2,045,538)
General administration	684,241	-	-	(684,241)
School administration	2,700,473	-	-	(2,700,473)
Central	2,687,167	-	-	(2,687,167)
Operation and maintenance of facilities	4,794,312	-	1,282	(4,793,030)
Student transportation	2,640,747	8,070	781,516	(1,851,161)
Nutrition services	1,810,278	702,098	845,533	(262,647)
Community services	2,619,177	1,079,426	57,345	(1,482,406)
Interest on long-term liabilities	578,102	-	-	(578,102)
Total school district	<u>\$ 60,780,595</u>	<u>\$ 3,597,647</u>	<u>\$ 3,775,028</u>	<u>(53,407,920)</u>
General revenues:				
Property taxes levied for:				
Basic state supported program for K-12 instruction				17,194,918
Voted leeway program for K-12 instruction				16,211,426
School board leeway program for improvement of reading skills				724,110
Student transportation				1,653,565
Tort liability				54,038
Community recreation				1,048,339
Debt service of general obligation bonds				4,409,508
Capital outlay for buildings and other capital needs				4,636,468
Ten percent additional basic program for capital assets, textbooks, and supplies				<u>1,675,181</u>
Total property tax revenue				47,607,553
Federal and state aid not restricted to specific purposes				2,521,669
Earnings on investments				270,391
Miscellaneous				<u>1,903,879</u>
Total general revenues				<u>52,303,492</u>
Change in net assets				(1,104,428)
Net assets - beginning				<u>134,179,364</u>
Net assets - ending				<u>\$ 133,074,936</u>

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

PARK CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Assets:					
Cash and investments	\$ 15,192,487	\$ 820,474	\$ 16,974,419	\$ 2,007,029	\$ 34,994,409
Receivables:					
Property taxes	42,389,842	4,101,966	4,609,885	7,252	51,108,945
Other local	105,345	-	-	191,098	296,443
State of Utah	45,608	-	-	85,328	130,936
Federal government	868,232	-	-	27,986	896,218
Inventories	-	-	-	34,589	34,589
Total assets	<u>\$ 58,601,514</u>	<u>\$ 4,922,440</u>	<u>\$ 21,584,304</u>	<u>\$ 2,353,282</u>	<u>\$ 87,461,540</u>
Liabilities and fund balances:					
Liabilities:					
Accounts and contracts payable	\$ 195,390	\$ -	\$ 164,971	\$ 16,899	\$ 377,260
Accrued payroll and related benefits	5,677,433	-	-	-	5,677,433
Deferred revenue:					
Property taxes	42,463,696	4,103,679	4,614,034	-	51,181,409
Other local	-	-	-	136,063	136,063
State of Utah	403,063	-	-	41,097	444,160
Total liabilities	<u>48,739,582</u>	<u>4,103,679</u>	<u>4,779,005</u>	<u>194,059</u>	<u>57,816,325</u>
Fund Balances:					
Nonspendable:					
Inventories	-	-	-	34,589	34,589
Restricted for:					
Debt service	-	818,761	-	-	818,761
Capital projects	-	-	16,805,299	-	16,805,299
Community recreation	-	-	-	289,197	289,197
Nutrition services	-	-	-	458,417	458,417
Scholarships	-	-	-	273,721	273,721
Other purposes	517,574	-	-	-	517,574
Committed to:					
Economic stabilization	2,250,000	-	-	-	2,250,000
Self insurance	660,000	-	-	-	660,000
Voluntary retirement incentive	41,273	-	-	-	41,273
Assigned to:					
Compensated absences	733,919	-	-	-	733,919
Basic levy recapture	360,000	-	-	-	360,000
Adult education	-	-	-	19,259	19,259
Students	-	-	-	258,112	258,112
Foundation	-	-	-	825,928	825,928
Unassigned	5,299,166	-	-	-	5,299,166
Total fund balances	<u>9,861,932</u>	<u>818,761</u>	<u>16,805,299</u>	<u>2,159,223</u>	<u>29,645,215</u>
Total liabilities and fund balances	<u>\$ 58,601,514</u>	<u>\$ 4,922,440</u>	<u>\$ 21,584,304</u>	<u>\$ 2,353,282</u>	<u>\$ 87,461,540</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, 2012

Total fund balances for governmental funds \$ 29,645,215

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 \$36,675,958 accumulated depreciation	105,727,161	
Equipment and buses, net of \$4,954,187 accumulated depreciation	2,973,223	113,628,952

Some of the District's local revenue 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.

Delinquent property taxes	1,679,625	
Contributions receivable	81,333	1,760,958

Bond issuance costs are reported as expenditures in the governmental funds. These costs are reported net of \$222,518 of accumulated amortization on the statement of net assets. 38,443

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: (162,651)

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 portions - are reported in the statement of net assets. Balances at year-end are:

General obligation bonds payable	(10,975,000)	
Bond premium, net of \$45,669 accumulated amortization	(14,425)	
Unpaid vacation	(165,619)	
Accrued sick leave	(639,664)	
Voluntary retirement incentive payable	(41,273)	(11,835,981)

Total net assets of governmental activities \$ 133,074,936

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, 2012

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Revenues:					
Local sources:					
Property taxes	\$ 37,771,927	\$ 4,711,087	\$ 4,951,222	\$ 1,196,286	\$ 48,630,522
Earnings on investments	96,817	8,242	151,526	13,806	270,391
Lunch sales	-	-	-	629,380	629,380
Other local	749,914	13,690	367,170	3,647,126	4,777,900
State of Utah	2,939,041	-	37,031	581,659	3,557,731
Federal government	1,801,120	-	-	937,846	2,738,966
Total revenues	<u>43,358,819</u>	<u>4,733,019</u>	<u>5,506,949</u>	<u>7,006,103</u>	<u>60,604,890</u>
Expenditures:					
Current:					
Instruction	27,841,030	-	-	2,759,169	30,600,199
Supporting services:					
Student	2,304,354	-	-	-	2,304,354
Instructional staff	2,300,394	-	-	-	2,300,394
General administration	621,548	-	-	-	621,548
School administration	2,560,877	-	-	-	2,560,877
Central	2,639,002	-	-	-	2,639,002
Operation and maintenance of facilities	4,608,301	-	-	-	4,608,301
Student transportation	2,260,549	-	-	-	2,260,549
Community services	-	-	-	2,582,214	2,582,214
Nutrition services	-	-	-	1,663,413	1,663,413
Capital outlay	-	-	5,656,427	-	5,656,427
Debt service:					
Principal retirement	-	4,330,000	-	-	4,330,000
Interest and fiscal charges	-	553,522	-	-	553,522
Total expenditures	<u>45,136,055</u>	<u>4,883,522</u>	<u>5,656,427</u>	<u>7,004,796</u>	<u>62,680,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,777,236)</u>	<u>(150,503)</u>	<u>(149,478)</u>	<u>1,307</u>	<u>(2,075,910)</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	18,275	-	-	-	18,275
Transfers in	1,545,399	-	-	165,666	1,711,065
Transfers out	(165,666)	-	(1,545,399)	-	(1,711,065)
Total other financing sources (uses)	<u>1,398,008</u>	<u>-</u>	<u>(1,545,399)</u>	<u>165,666</u>	<u>18,275</u>
Net change in fund balances	(379,228)	(150,503)	(1,694,877)	166,973	(2,057,635)
Fund balances - beginning	<u>10,241,160</u>	<u>969,264</u>	<u>18,500,176</u>	<u>1,992,250</u>	<u>31,702,850</u>
Fund balances - ending	<u>\$ 9,861,932</u>	<u>\$ 818,761</u>	<u>\$ 16,805,299</u>	<u>\$ 2,159,223</u>	<u>\$ 29,645,215</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, 2012

Net change in fund balances-total governmental funds \$ (2,057,635)

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 depreciation exceeded capital outlays in the current period.

Capital outlays	\$	980,379	
Proceeds from sales of capital assets		(18,275)	
Gain on sale of capital assets		12,913	
Depreciation expense		<u>(3,554,799)</u>	(2,579,782)

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

Principal repayment of general obligation bonds		4,330,000	
Amortization of bond premium		5,584	
Amortization of deferred refunding costs		(73,646)	
Amortization of bond issuance costs		(21,443)	
Interest expense		<u>64,925</u>	4,305,420

Certain revenue sources 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.

Property taxes		(1,022,969)	
Contributions		<u>81,333</u>	(941,636)

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, compensated absences decreased by \$13,064 and termination benefits decreased by \$156,141.

Change in net assets of governmental activities		<u>169,205</u>
		<u><u>\$ (1,104,428)</u></u>

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, 2012

	<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	\$ 35,826,075	\$ 38,519,815	\$ 37,771,927	\$ (747,888)
Earnings on investments	130,000	95,271	96,817	1,546
Other local revenue	852,565	649,669	749,914	100,245
State of Utah	2,723,896	1,177,485	2,939,041	1,761,556
Federal government	1,190,372	1,875,523	1,801,120	(74,403)
Total revenues	<u>40,722,908</u>	<u>42,317,763</u>	<u>43,358,819</u>	<u>1,041,056</u>
Expenditures:				
Current:				
Instruction	27,949,992	28,392,001	27,841,030	550,971
Supporting services:				
Student	2,108,219	2,296,114	2,304,354	(8,240)
Instructional staff	2,200,832	2,301,587	2,300,394	1,193
General administration	566,610	580,726	621,548	(40,822)
School administration	2,333,940	2,508,989	2,560,877	(51,888)
Central	2,488,236	2,386,470	2,639,002	(252,532)
Operation and maintenance of facilities	4,420,952	4,514,951	4,608,301	(93,350)
Student transportation	1,769,741	2,055,443	2,260,549	(205,106)
Total expenditures	<u>43,838,522</u>	<u>45,036,281</u>	<u>45,136,055</u>	<u>(99,774)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,115,614)</u>	<u>(2,718,518)</u>	<u>(1,777,236)</u>	<u>941,282</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	18,275	18,275
Transfers in	1,545,399	1,545,399	1,545,399	-
Transfers out	(218,566)	-	(165,666)	(165,666)
Total other financing sources (uses)	<u>1,326,833</u>	<u>1,545,399</u>	<u>1,398,008</u>	<u>(147,391)</u>
Net change in fund balances	(1,788,781)	(1,173,119)	(379,228)	793,891
Fund balances - beginning	<u>10,241,160</u>	<u>10,241,160</u>	<u>10,241,160</u>	<u>-</u>
Fund balances - ending	<u>\$ 8,452,379</u>	<u>\$ 9,068,041</u>	<u>\$ 9,861,932</u>	<u>\$ 793,891</u>

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

PARK CITY SCHOOL DISTRICT
Statement of Fund Net Assets
Proprietary Fund
June 30, 2012

	Governmental Activities - Internal Service Fund
Assets:	
Cash and investments	\$ 1,605,253
Liabilities:	
Claims payable	<u>1,605,253</u>
Net Assets:	
Unrestricted	<u>-</u>
Total net assets	<u><u>\$ -</u></u>

PARK CITY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2012

	Governmental Activities - Internal Service Fund
Operating revenues:	
Premiums	\$ 6,077,100
Operating expenses:	
Medical claims	5,414,373
Administrative expenses	<u>662,727</u>
Total operating expenses	<u>6,077,100</u>
Total operating income / change in fund net assets	-
Net assets - beginning	<u>-</u>
Net assets - ending	<u><u>\$ -</u></u>

PARK CITY SCHOOL DISTRICT
Statement of Fund Cash Flows
Proprietary Fund
Year Ended June 30, 2012

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Insurance premiums received	\$ 6,077,100
Insurance benefits paid	<u>(5,650,649)</u>
Net cash provided by operating activities	426,451
Cash and cash equivalents - beginning	<u>1,178,802</u>
Cash and cash equivalents - ending (displayed as <i>cash and investments</i> on the statement of fund net assets)	<u><u>\$ 1,605,253</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in claims payable	<u>426,451</u>
Total adjustments / net cash provided by operating activities	<u><u>\$ 426,451</u></u>

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 blended component unit, Park City Education Foundation (Foundation), for which the District is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the District’s operations.

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 nutrition 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.
- 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.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Additionally, the District also reports the following fund:

- The *self-insurance fund* (a proprietary fund) is the only internal service fund used by the District and accounts for the activities associated with the District's self insurance plan covering employee health and accident and dental claims. Premiums are charged to the District's other funds to cover anticipated costs.

Classifications of expenditures/expenses are reported by function. The function describes the activity for which a service or material object is acquired. The functions of the District are classified into six broad areas: instruction, supporting services, community services, nutrition services, capital outlay, and debt service. Functions are further classified into subfunctions.

- **Instruction.** Instruction includes the activities dealing directly with the interaction between teachers and students. This function includes teachers, aides, textbooks, and classroom supplies.
- **Supporting Services.** Supporting services provide administrative, technical (such as guidance and curriculum development), and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services, and nutrition services, rather than as entities within themselves.
 - *Student* – Activities designed to assess and improve the well-being of students and to supplement the teaching process. This subfunction includes attendance, guidance, health, and therapy services.
 - *Instructional staff* – Activities associated with assisting the instructional staff with the content and process of providing learning experiences for students. This subfunction includes improvement of instruction, instruction and curriculum development, instructional staff training, library and media, instruction-related technology, and academic student assessment services.
 - *General administration* – Activities concerned with establishing and administering policy for operating the District. This subfunction includes Board of Education, superintendent, and community relation services.
 - *School administration* – Activities concerned with overall administrative responsibility for a school. This subfunction includes principals, assistants, records, and clerical services.
 - *Central* – Activities that support other administrative and instructional functions, including fiscal services, purchasing, printing, human resources, planning, and administrative information technology.
 - *Operation and maintenance of facilities* – Activities concerned with keeping physical facilities open, comfortable, and safe for use and with keeping grounds, buildings, and equipment in effective working conditions and state of repair.
 - *Student transportation* – Activities concerned with conveying students to and from school, as provided by state and federal law. These include trips between home and school and trips to school activities as well as vehicle acquisition, operation, and maintenance.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- **Community Services.** Community services include activities concerned with providing services to the community. Examples of this function would be offering preschool and adult education, after school, operating a swimming pool, and other community recreation programs.
- **Nutrition Services.** Nutrition services include activities concerned with providing food to students and staff in a school as part of the National School Lunch Program. Program revenues include federal and state reimbursements, federal donated commodities, and lunch sales.
- **Capital Outlay.** Capital outlay includes activities concerned with acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, initially installing or extending service systems and other built-in equipment, and improving sites. This service area also includes acquiring equipment for most of the other functions.
- **Debt Service.** Debt service includes the activities related to servicing long-term debt of the District. This function accounts for general obligation bond interest payments and retirement of bonded debt.

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide financial statements* and proprietary fund financial statements are reported using the economic resources measurement focus and 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. A budget for the self-insurance fund is not required. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance commitment. The following procedures are used in establishing the budgetary data reflected in the financial statements.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- By June 1 of each year, the District business administrator prepares a proposed annual budget (for the fiscal year beginning July 1st) 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.
- 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 budget reallocation from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2012 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.

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.

Cash and Cash Equivalents – The District considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

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. Inventories reported in the governmental funds are equally offset by a nonspendable portion of fund balance, indicating that they are not expected to be converted to cash.

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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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 below:

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. The liability will be paid by the fund in which the employee worked.

Under Board policy, the District provided a voluntary retirement incentive program. Eligibility was restricted to those employees with a minimum of ten years of service in the District who could retire under the provisions of the Utah Retirement Systems (see Note 5). Those qualifying under this program received benefits for up to four years. Benefits were 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 was 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. The District paid \$156,141 to retirees during the year ended June 30, 2012. Effective March 26, 2008, the voluntary retirement incentive program is no longer available to employees retiring after June 30, 2009. The liability will be paid by the fund in which the employee worked.

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 and deferred amounts on refunding, 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.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Fund Balance Classifications – The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the District is bound to honor them. The District first determines and reports nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

- **Nonspendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories are classified as nonspendable.
- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
 - a) Unspent tax revenues for specific purposes (debt service, capital projects, community recreation, tort liability, and reading program,).
 - b) Donations held in the *Park City Education Foundation fund*.
 - c) Remaining fund balances in the *food services fund*.
- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action of the District’s Board of Education. Fund balance commitments can only be removed or changed by the same type of action (e.g. resolution) of the Board of Education. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Education has approved to commit fund balance amounts for the following purposes:
 - a) Economic stabilization (\$2,250,000). As defined in Utah law as an “undistributed reserve,” the District maintains for economic stabilization up to five percent of *general fund* budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used “in the negotiation or settlement of contract salaries for school district employees.”
 - b) Voluntary retirement incentive (\$41,273). The District will pay benefits to 12 remaining retirees who retired prior to July 1, 2009 under a voluntary retirement incentive program.
 - c) Self insurance (\$660,000). The District maintains a self insurance reserve up to 25 percent of *self insurance fund* annual expenditures.
- **Assigned.** This category includes *general fund* and other governmental fund balance amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of the District’s administration

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- **Unassigned.** Residual balances in the *general fund* are classified as unassigned.

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2012 as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 5,684,523
Carrying amount of investments	<u>30,915,139</u>
Total cash and investments	<u><u>\$ 36,599,662</u></u>
Governmental funds cash and investments	\$ 34,994,409
Internal service fund cash and investments	<u>1,605,253</u>
Total cash and investments	<u><u>\$ 36,599,662</u></u>

The District complies with the State Money Management Act (*Utah Code* Title 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 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.

Deposits – At June 30, 2012, the District and Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Park City School District	\$ 4,756,619	\$ 7,386,045	\$ 7,386,045
Park City Education Foundation	<u>927,904</u>	<u>927,904</u>	<u>372,598</u>
	<u><u>\$ 5,684,523</u></u>	<u><u>\$ 8,313,949</u></u>	<u><u>\$ 7,758,643</u></u>

- **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, 2011, the uninsured amount of the District's bank deposits was uncollateralized nor is it required by state law.

Investments – The District invests with the PTIF and the Foundation invests private funds through brokers. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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. At June 30, 2012, the District has the following investments summarized by investment type and maturities:

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1
Park City School District:		
Utah Public Treasurers' Investment Fund (PTIF)	\$ 30,762,316	\$ 30,762,316
Park City Education Foundation:		
Certificate of deposit	152,823	152,823
Total investments	\$ 30,915,139	\$ 30,915,139

- 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 or by Standard & Poor's. The District has no investment policy that would further limit its investment choices. At June 30, 2012, the District's investment in the PITF is unrated.

- 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.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- 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, 2012, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2012 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, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 4,928,568	\$ -	\$ -	\$ 4,928,568
Construction in progress	<u>123,727</u>	<u>-</u>	<u>(123,727)</u>	<u>-</u>
Total capital assets, not being depreciated	5,052,295	-	(123,727)	4,928,568
Capital assets, being depreciated:				
Buildings and improvements	142,279,392	123,727	-	142,403,119
Equipment and buses	<u>7,028,298</u>	<u>980,379</u>	<u>(81,267)</u>	<u>7,927,410</u>
Total capital assets, being depreciated	149,307,690	1,104,106	(81,267)	150,330,529
Accumulated depreciation for:				
Buildings and improvements	(33,787,566)	(2,888,392)	-	(36,675,958)
Equipment and buses	<u>(4,363,685)</u>	<u>(666,407)</u>	<u>75,905</u>	<u>(4,954,187)</u>
Total accumulated depreciation	<u>(38,151,251)</u>	<u>(3,554,799)</u>	<u>75,905</u>	<u>(41,630,145)</u>
Total capital assets, being depreciated, net	<u>111,156,439</u>	<u>(2,450,693)</u>	<u>(5,362)</u>	<u>108,700,384</u>
Governmental activity capital assets, net	<u>\$ 116,208,734</u>	<u>\$ (2,450,693)</u>	<u>\$ (129,089)</u>	<u>\$ 113,628,952</u>

For the year ended June 30, 2012, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 2,537,124
Supporting services:	
Student support	17,184
General administration	62,693
School administration	139,596
Central	48,165
Operation and maintenance of facilities	186,011
Student transportation	380,198
Nutrition services	146,865
Community services	<u>36,963</u>
Total depreciation expense, governmental activities	<u>\$ 3,554,799</u>

5. RETIREMENT PLANS

Defined Benefit Plans – The District contributes to the following cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS) and Plans (Systems).

- Tier 1 State and School Contributory System
- Tier 1 State and School Noncontributory System
- Tier 2 State and School Contributory System (new in 2012)

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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 Title 49 of the *Utah Code*. The Utah State Retirement Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

The contributions requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board. The District's required contribution rates (actuarially determined) for the year ended June 30, 2012 and required contributions to the Systems for the years ended June 30, 2012, 2011, and 2010 are as follows:

- Plan members in the Tier 1 State and School Contributory Retirement System are required to contribute 1.00% of annual covered salary, and the District contributes 17.37% of annual covered salary. For employees participating in the Tier 1 State and School Noncontributory System, the District contributes 16.86% of annual covered salary. For employees participating in the Tier 2 State and School Contributory System, the District contributes 7.59% of annual covered salary.
- The District's contributions to the Tier 1 State and School Contributory Retirement System for the years ended June 30, 2012, 2011, and 2010 are \$74,456, \$76,041, and \$64,893, respectively, and employee contributions were \$4,310, \$4,605, and \$4,406, respectively. The District's contributions to the Tier 1 State and School Noncontributory Retirement System for the years ended June 30, 2012, 2011, and 2010 were \$4,352,326, \$4,171,922, and \$3,628,351, respectively. The District's contributions to the Tier 2 State and School Contributory System for the year ended June 30, 2012 were \$75,676. The contributions were equal to the required contributions for each year.

Defined Contribution Plans – The District also participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement System have a contribution of 1.5% of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The employer 401(k) contributions for the years ended June 30, 2012, 2011 and 2010 are \$470,673, \$453,439, and \$461,923, respectively; the employee contributions for the years ended June 30, 2012, 2011 and 2010 are \$1,041,435, \$972,812, and \$908,270, respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS and the URS has the authority to establish or amend contribution requirements and other plan provisions.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, permits employees to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$93,465, \$143,622, and \$97,293 for the years ended June 30, 2012, 2011, and 2010, respectively. The assets of the plan are administered and held by URS and the URS has the authority to amend the plan.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

In addition to the defined contribution and deferred compensation plans, the District offers its employees two tax-advantaged savings plans authorized by Internal Revenue Service Code Section 408. Employees are eligible to participate from the date of employment and are vested immediately upon participation. For the years ended June 30, 2012, 2011, and 2010, employee contributions to the Roth IRA Plan were \$35,508, \$34,727, and \$30,600, respectively, and employee contributions to the Traditional IRA Plan were \$4,868, \$100, and \$0, respectively. The assets of the plans are administered and held by URS and the URS has the authority to amend the plan.

Voluntary Retirement Incentive – In 2013, the District will pay benefits to five remaining retirees who retired prior to July 1, 2009 under a voluntary retirement incentive program totaling \$41,273. The District’s direct payments to retirees under the voluntary retirement incentive program in the years ended June 30, 2012 and 2011 were \$156,141 and \$209,508, respectively. This liability is paid primarily from the *general fund*.

6. RISK MANAGEMENT

The *self-insurance fund*, an internal service fund, was established to pay self-insurance claims for health and accident and dental coverage provided to qualified District employees. The District carries commercial insurance, which covers catastrophic claims. The fund collects premiums, as established by the District and the plan administrator, from other District funds. The District has recorded an estimate of claims incurred but not reported of \$1,605,253 as of June 30, 2012. This liability is based on experience and information provided by the plan administrator. The following table shows a history of accrued claims payable for the years ended June 30, 2012 and 2011:

	2012	2011
Accrued claims payable (beginning of year)	\$ 1,178,802	\$ 459,464
Claims (including incurred but not reported)	6,077,100	5,790,729
Payments of claims and administrative costs	(5,650,649)	(5,071,391)
Accrued claims payable (ending of year)	\$ 1,605,253	\$ 1,178,802

The District also 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.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

7. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2012 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 15,305,000	\$ -	\$ (4,330,000)	\$ 10,975,000	\$ 3,525,000
Bond premium	20,009	-	(5,584)	14,425	-
Deferred amounts on refunding	(73,646)	-	73,646	-	-
Net bonds payable	15,251,363	-	(4,261,938)	10,989,425	3,525,000
Unpaid vacation	186,917	168,071	(189,369)	165,619	132,495
Claims payable	1,178,802	6,077,100	(5,650,649)	1,605,253	1,605,253
Accrued sick leave	631,430	131,953	(123,719)	639,664	127,933
Voluntary retirement incentive payable	197,414	-	(156,141)	41,273	41,273
Total long-term liabilities	<u>\$ 17,445,926</u>	<u>\$ 6,377,124</u>	<u>\$ (10,381,816)</u>	<u>\$ 13,441,234</u>	<u>\$ 5,431,954</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.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2011, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
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>\$ 10,975,000</u>	<u>\$ 770,711</u>	<u>\$ 11,745,711</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, 2012 is about \$551 million. With net general obligation debt outstanding of \$10,989,425, the District's legal debt margin is about \$540 million.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

General obligation school building bonds payable at June 30, 2012, with their outstanding balances are comprised of the individual issues as follows:

Purpose	Remaining Interest Rates	Outstanding Amount
\$9,460,000 general and refunding school building bonds, issued May 1, 2001, maturing August 1, 2014	4.50% to 4.70%	\$ 1,880,000
\$10,000,000 general obligation school building bonds, issued March 15, 2004, maturing February 1, 2015	3.00% to 3.25%	4,820,000
\$5,000,000 general obligation school building bonds, issued April 1, 2005, maturing February 1, 2015	3.75% to 3.85%	<u>4,275,000</u>
Total general obligation bonds		<u><u>\$ 10,975,000</u></u>

8. TRANSFERS

The District transferred \$1,545,399 from the *capital projects fund* to the *general fund*. This represents taxes levied and collected under the capital outlay levy which by state law, allows a one-time transfer to be used for *general fund* purposes.

The District transferred \$165,666 from the *general fund* to the *Park City Education Foundation fund* to help cover costs incurred by the Park City Education Foundation.

9. 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, 2012. Total expenditures exceeded budgeted amounts by \$99,774 or 0.2% for the *general fund*, \$472,195 or 9.1% for the *capital projects fund*, \$149,323 or 6.1% for the *non K-12 programs fund*, and \$371,546 or 21.7% for the *student activities fund* for the year ended June 30, 2012.

10. GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *general fund* or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would be 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, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 38,519,815	\$ 37,771,927	\$ (747,888)	\$ 36,746,476
Earnings on investments	95,271	96,817	1,546	85,865
Other local revenue	649,669	749,914	100,245	721,390
State of Utah	1,177,485	2,939,041	1,761,556	2,829,958
Federal government	1,875,523	1,801,120	(74,403)	1,738,472
Total revenues	42,317,763	43,358,819	1,041,056	42,122,161
Expenditures:				
Current:				
Instruction	28,392,001	27,841,030	550,971	28,062,142
Supporting services:				
Students	2,296,114	2,304,354	(8,240)	2,051,855
Instructional staff	2,301,587	2,300,394	1,193	2,138,141
General administration	580,726	621,548	(40,822)	578,178
School administration	2,508,989	2,560,877	(51,888)	2,452,000
Central	2,386,470	2,639,002	(252,532)	2,641,250
Operation and maintenance of facilities	4,514,951	4,608,301	(93,350)	4,389,673
Student transportation	2,055,443	2,260,549	(205,106)	2,134,663
Total expenditures	45,036,281	45,136,055	(99,774)	44,447,902
Excess (deficiency) of revenues over (under) expenditures	(2,718,518)	(1,777,236)	941,282	(2,325,741)
Other financing sources (uses):				
Proceeds from sale of capital assets	-	18,275	18,275	14,735
Transfers in	1,545,399	1,545,399	-	-
Transfers out	-	(165,666)	(165,666)	(124,170)
Total other financing sources (uses)	1,545,399	1,398,008	(147,391)	(109,435)
Net change in fund balances	(1,173,119)	(379,228)	793,891	(2,435,176)
Fund balances - beginning	10,241,160	10,241,160	-	12,676,336
Fund balances - ending	\$ 9,068,041	\$ 9,861,932	\$ 793,891	\$ 10,241,160

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	<u>2012</u>			<u>2011</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Property taxes	\$ 4,542,455	\$ 4,711,087	\$ 168,632	\$ 6,097,562
Earnings on investments	5,392	8,242	2,850	4,418
Other local	16,428	13,690	(2,738)	21,096
Total revenues	<u>4,564,275</u>	<u>4,733,019</u>	<u>168,744</u>	<u>6,123,076</u>
Expenditures:				
Debt service:				
Principal retirement	4,330,000	4,330,000	-	5,050,000
Interest and fiscal charges	553,522	553,522	-	749,190
Total expenditures	<u>4,883,522</u>	<u>4,883,522</u>	<u>-</u>	<u>5,799,190</u>
Net change in fund balances	(319,247)	(150,503)	168,744	323,886
Fund balances - beginning	<u>969,264</u>	<u>969,264</u>	<u>-</u>	<u>645,378</u>
Fund balances - ending	<u>\$ 650,017</u>	<u>\$ 818,761</u>	<u>\$ 168,744</u>	<u>\$ 969,264</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	<u>2012</u>			<u>2011</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	\$ 4,776,257	\$ 4,951,222	\$ 174,965	\$ 4,741,624
Earnings on investments	151,122	151,526	404	106,733
Other local revenue	418,336	367,170	(51,166)	424,563
State sources	37,031	37,031	-	55,003
Total revenues	<u>5,382,746</u>	<u>5,506,949</u>	<u>124,203</u>	<u>5,327,923</u>
Expenditures:				
Capital outlay:				
Purchased services	1,926,704	2,182,971	(256,267)	2,223,481
Supplies	93,634	93,634	-	88,214
Equipment	3,163,894	3,379,822	(215,928)	1,918,524
Total expenditures	<u>5,184,232</u>	<u>5,656,427</u>	<u>(472,195)</u>	<u>4,230,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>198,514</u>	<u>(149,478)</u>	<u>(347,992)</u>	<u>1,097,704</u>
Other Financing Sources (Uses):				
Transfers out	<u>(1,545,399)</u>	<u>(1,545,399)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,346,885)	(1,694,877)	(347,992)	1,097,704
Fund balances - beginning	<u>18,500,176</u>	<u>18,500,176</u>	<u>-</u>	<u>17,402,472</u>
Fund balances - ending	<u><u>\$ 17,153,291</u></u>	<u><u>\$ 16,805,299</u></u>	<u><u>\$ (347,992)</u></u>	<u><u>\$ 18,500,176</u></u>

PARK CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Student Activities	Park City Education Foundation	
Assets:					
Cash and investments	\$ 213,198	\$ 413,895	\$ 299,209	\$ 1,080,727	\$ 2,007,029
Receivables:					
Property taxes	7,252	-	-	-	7,252
Other local	77,126	-	4,772	109,200	191,098
State of Utah	6,538	78,790	-	-	85,328
Federal government	11,350	16,636	-	-	27,986
Inventories	-	34,589	-	-	34,589
Total assets	<u>\$ 315,464</u>	<u>\$ 543,910</u>	<u>\$ 303,981</u>	<u>\$ 1,189,927</u>	<u>\$ 2,353,282</u>
Liabilities:					
Accounts payable	\$ 7,008	\$ 1,724	\$ 4,772	\$ 3,395	\$ 16,899
Deferred revenue:					
Other local	-	49,180	-	86,883	136,063
State	-	-	41,097	-	41,097
Total liabilities	<u>7,008</u>	<u>50,904</u>	<u>45,869</u>	<u>90,278</u>	<u>194,059</u>
Fund balances:					
Nonspendable:					
Inventories	-	34,589	-	-	34,589
Restricted for:					
Community recreation	289,197	-	-	-	289,197
Nutrition services	-	458,417	-	-	458,417
Scholarships	-	-	-	273,721	273,721
Assigned to:					
Adult education	19,259	-	-	-	19,259
Students	-	-	258,112	-	258,112
Foundation	-	-	-	825,928	825,928
Total fund balances	<u>308,456</u>	<u>493,006</u>	<u>258,112</u>	<u>1,099,649</u>	<u>2,159,223</u>
Total liabilities and fund balances	<u>\$ 315,464</u>	<u>\$ 543,910</u>	<u>\$ 303,981</u>	<u>\$ 1,189,927</u>	<u>\$ 2,353,282</u>

PARK CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Student Activities	Park City Education Foundation	
Revenues:					
Local sources:					
Property taxes	\$ 1,196,286	\$ -	\$ -	\$ -	\$ 1,196,286
Earnings on investments	8,222	3,293	-	2,291	13,806
Lunch sales	-	629,380	-	-	629,380
Other local revenue	1,079,426	72,718	1,638,587	856,395	3,647,126
State of Utah	57,243	204,644	319,772	-	581,659
Federal government	296,957	640,889	-	-	937,846
Total revenues	<u>2,638,134</u>	<u>1,550,924</u>	<u>1,958,359</u>	<u>858,686</u>	<u>7,006,103</u>
Expenditures:					
Current:					
Instruction	-	-	2,085,350	673,819	2,759,169
Community services	2,582,214	-	-	-	2,582,214
Nutrition services	-	1,663,413	-	-	1,663,413
Total expenditures	<u>2,582,214</u>	<u>1,663,413</u>	<u>2,085,350</u>	<u>673,819</u>	<u>7,004,796</u>
Excess (deficiency) of revenues over (under) expenditures	55,920	(112,489)	(126,991)	184,867	1,307
Other financing sources (uses):					
Transfers in	-	-	-	165,666	165,666
Net change in fund balances	55,920	(112,489)	(126,991)	350,533	166,973
Fund balances - beginning	<u>252,536</u>	<u>605,495</u>	<u>385,103</u>	<u>749,116</u>	<u>1,992,250</u>
Fund balances - ending	<u>\$ 308,456</u>	<u>\$ 493,006</u>	<u>\$ 258,112</u>	<u>\$ 1,099,649</u>	<u>\$ 2,159,223</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, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 1,204,394	\$ 1,196,286	\$ (8,108)	\$ 1,067,214
Earnings on investments	8,651	8,222	(429)	1,198
Other local sources	1,035,560	1,079,426	43,866	901,450
State of Utah	57,250	57,243	(7)	46,648
Federal government	438,664	296,957	(141,707)	72,039
Total revenues	<u>2,744,519</u>	<u>2,638,134</u>	<u>(106,385)</u>	<u>2,088,549</u>
Expenditures:				
Current:				
Salaries	1,479,542	1,639,828	(160,286)	1,422,153
Employee benefits	592,794	547,044	45,750	460,264
Purchased professional services	51,793	57,215	(5,422)	52,996
Purchased property services	13,558	24,589	(11,031)	56,822
Other purchased services	109,221	118,442	(9,221)	81,252
Supplies	157,767	165,639	(7,872)	168,075
Equipment	18,705	17,146	1,559	26,708
Other objects	9,511	12,311	(2,800)	19,987
Total expenditures	<u>2,432,891</u>	<u>2,582,214</u>	<u>(149,323)</u>	<u>2,288,257</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	311,628	55,920	(255,708)	(199,708)
Fund balances - beginning	<u>252,536</u>	<u>252,536</u>	<u>-</u>	<u>452,244</u>
Fund balances - ending	<u><u>\$ 564,164</u></u>	<u><u>\$ 308,456</u></u>	<u><u>\$ (255,708)</u></u>	<u><u>\$ 252,536</u></u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Services
Nonmajor Special Revenue Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	<u>2012</u>			<u>2011</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	\$ 591,584	\$ 629,380	\$ 37,796	\$ 664,878
Earnings on investments	3,425	3,293	(132)	3,073
Vending	79,157	72,718	(6,439)	81,726
State of Utah	140,350	204,644	64,294	194,801
Federal government	690,433	640,889	(49,544)	658,463
Total revenues	<u>1,504,949</u>	<u>1,550,924</u>	<u>45,975</u>	<u>1,602,941</u>
Expenditures:				
Current:				
Salaries	557,641	600,536	(42,895)	595,815
Employee benefits	302,151	323,793	(21,642)	302,665
Purchased property services	13,727	13,727	-	28,421
Other purchased services	44,284	46,029	(1,745)	47,607
Supplies	847,870	660,104	187,766	684,982
Equipment	18,418	19,224	(806)	1,726
Total expenditures	<u>1,784,091</u>	<u>1,663,413</u>	<u>120,678</u>	<u>1,661,216</u>
Net change in fund balances	(279,142)	(112,489)	166,653	(58,275)
Fund balances - beginning	<u>605,495</u>	<u>605,495</u>	<u>-</u>	<u>663,770</u>
Fund balances - ending	<u>\$ 326,353</u>	<u>\$ 493,006</u>	<u>\$ 166,653</u>	<u>\$ 605,495</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, 2012
With Comparative Totals for 2011

	<u>2012</u>			<u>2011</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Student fees	\$ 1,355,851	\$ 1,638,587	\$ 282,736	\$ 1,987,861
State of Utah	287,464	319,772	32,308	-
Total revenues	<u>1,643,315</u>	<u>1,958,359</u>	<u>315,044</u>	<u>1,987,861</u>
Expenditures:				
Current:				
Salaries	211,010	190,811	20,199	40,601
Employee benefits	33,961	31,532	2,429	8,275
Purchased professional services	-	11,222	(11,222)	-
Purchased property services	7,740	-	7,740	924
Other purchased services	13,593	18,122	(4,529)	34,985
Supplies	1,329,287	1,757,912	(428,625)	1,957,029
Property	118,213	75,751	42,462	65,822
Total expenditures	<u>1,713,804</u>	<u>2,085,350</u>	<u>(371,546)</u>	<u>2,107,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(70,489)</u>	<u>(126,991)</u>	<u>(56,502)</u>	<u>(119,775)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	50,943
Net change in fund balances	<u>(70,489)</u>	<u>(126,991)</u>	<u>(56,502)</u>	<u>(68,832)</u>
Fund balances - beginning	<u>385,103</u>	<u>385,103</u>	<u>-</u>	<u>453,935</u>
Fund balances - ending	<u>\$ 314,614</u>	<u>\$ 258,112</u>	<u>\$ (56,502)</u>	<u>\$ 385,103</u>

PARK CITY SCHOOL DISTRICT
Comparative Balance Sheets
Park City Education Foundation
Nonmajor Special Revenue Fund
June 30, 2012
With Comparative Totals for 2011

	2012	2011
Assets:		
Cash and investments	\$ 1,080,727	\$ 884,894
Receivables:		
Other local	109,200	-
Total assets	\$ 1,189,927	\$ 884,894
Liabilities:		
Accounts payable	\$ 3,395	\$ 2,031
Due to other funds	-	133,747
Deferred revenue:		
Other local	86,883	-
Total liabilities	90,278	135,778
Fund balances:		
Restricted for:		
Scholarships	273,721	294,365
Assigned to:		
Foundation	825,928	454,751
Total fund balances	1,099,649	749,116
Total liabilities and fund balances	\$ 1,189,927	\$ 884,894

PARK CITY SCHOOL DISTRICT
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Park City Education Foundation
Nonmajor Special Revenue Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	2012	2011
Revenues:		
Local sources:		
Earnings on investments	\$ 2,291	\$ 1,128
Other local sources	856,395	638,797
Total revenues	858,686	639,925
 Expenditures:		
Current:		
Salaries	198,218	132,820
Employee benefits	67,484	51,549
Purchased services	283,476	317,162
Supplies	60,020	26,526
Equipment	51,506	17,988
Other objects	13,115	7,778
Total expenditures	673,819	553,823
Excess (deficiency) of revenues over (under) expenditures	184,867	86,102
 Other Financing Sources (Uses):		
Transfers in	165,666	73,227
Net change in fund balances	350,533	159,329
 Fund balances - beginning	749,116	589,787
Fund balances - ending	\$ 1,099,649	\$ 749,116

OTHER INFORMATION

PARK CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF NET ASSETS (Accrual Basis)
GOVERNMENTAL ACTIVITIES
June 30, 2012 through 2008

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assets:					
Cash and investments	\$ 36,599,662	\$ 38,180,218	\$ 37,530,964	\$ 37,375,653	\$ 37,771,900
Receivables:					
Property taxes	51,108,945	47,596,799	46,386,067	46,327,314	44,920,650
Other governments	1,323,597	1,125,490	1,808,202	835,896	880,173
Other assets	73,032	120,114	143,707	160,785	189,156
Capital assets:					
Land and construction in progress	4,928,568	5,052,295	4,928,568	4,928,568	31,571,789
Other capital assets, net of accumulated depreciation	108,700,384	111,156,439	113,518,364	116,699,221	90,000,619
Total assets	<u>202,734,188</u>	<u>203,231,355</u>	<u>204,315,872</u>	<u>206,327,437</u>	<u>205,334,287</u>
Liabilities:					
Accounts and contracts payable	377,260	1,558,394	1,540,572	1,088,314	2,441,590
Accrued interest	162,651	227,576	305,272	385,880	482,776
Accrued salaries and related benefits	5,677,433	4,646,246	4,801,786	5,097,185	4,344,608
Deferred revenue:					
Property taxes	49,501,784	44,790,493	43,663,545	44,033,829	44,114,320
Other governments	498,890	383,356	284,325	702,280	314,324
Noncurrent liabilities:					
Portion due or payable within one year	5,431,954	5,940,763	6,376,478	6,230,532	6,332,686
Portion due or payable after one year	8,009,280	11,505,163	15,477,830	20,660,076	25,825,923
Total liabilities	<u>69,659,252</u>	<u>69,051,991</u>	<u>72,449,808</u>	<u>78,198,096</u>	<u>83,856,227</u>
Net Assets:					
Invested in capital assets, net of related debt	102,677,970	101,017,257	98,352,261	96,144,924	90,306,349
Restricted for:					
Debt service	790,507	992,008	768,512	662,507	230,718
Capital projects	16,956,411	18,763,380	17,760,565	17,141,602	18,081,553
Community recreation	289,197	296,532	508,157	428,580	716,514
Nutrition services	493,006	605,495	663,770	707,112	846,705
Foundation	355,054	294,365	-	-	-
Other purposes	517,574	154,752	189,634	280,454	894,274
Unrestricted	10,995,217	12,055,575	13,623,165	12,764,162	10,401,947
Total net assets	<u>\$ 133,074,936</u>	<u>\$ 134,179,364</u>	<u>\$ 131,866,064</u>	<u>\$ 128,129,341</u>	<u>\$ 121,478,060</u>

Source: District records.

PARK CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF ACTIVITIES (Accrual Basis)
GOVERNMENTAL ACTIVITIES
Years Ended June 30, 2012 through 2008

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses:					
Instruction	\$ 37,644,166	\$ 35,912,200	\$ 36,588,503	\$ 34,979,966	\$ 30,550,542
Supporting services:					
Student	2,321,538	2,073,213	1,628,415	1,613,790	1,436,839
Instructional staff	2,300,394	2,138,141	1,368,343	1,611,893	734,755
General administration	684,241	642,079	1,726,196	1,827,389	1,785,555
School administration	2,700,473	2,590,827	2,251,221	2,257,400	2,189,784
Central	2,687,167	2,689,605	655,335	556,194	643,409
Operation and maintenance of facilities	4,794,312	4,640,074	5,782,676	5,652,669	4,951,193
Student transportation	2,640,747	2,501,816	2,189,691	2,298,723	1,891,039
Nutrition services	1,810,278	1,806,719	1,726,531	1,702,312	1,592,100
Community services	2,619,177	2,324,759	2,104,181	2,094,083	1,859,678
Interest on long-term liabilities	578,102	818,300	1,026,422	1,180,411	1,422,146
Total school district	<u>60,780,595</u>	<u>58,137,733</u>	<u>57,047,514</u>	<u>55,774,830</u>	<u>49,057,040</u>
Program Revenues:					
Instruction	3,403,255	4,497,880	4,315,828	5,177,494	5,236,872
Supporting services:					
Student	239,294	299,258	15,587	166,521	81,467
Instructional staff	254,856	239,045	386,011	87,461	14,880
General administration	-	35,941	122,979	62,012	16,530
Central	-	217	-	-	288
School administration	-	-	-	1,308	1,847
Operation and maintenance of facilities	1,282	15,674	7,945	10,990	840
Student transportation	789,586	498,189	438,478	895,891	894,830
Nutrition services	1,547,631	1,599,868	1,533,305	1,430,512	1,358,720
Community services	1,136,771	1,020,137	1,118,122	915,075	1,071,087
Total program revenues	<u>7,372,675</u>	<u>8,206,209</u>	<u>7,938,255</u>	<u>8,747,264</u>	<u>8,677,361</u>
Net (expense) revenue	<u>(53,407,920)</u>	<u>(49,931,524)</u>	<u>(49,109,259)</u>	<u>(47,027,566)</u>	<u>(40,379,679)</u>
General revenues:					
Property taxes levied for:					
General purposes	33,460,382	33,440,484	34,053,299	33,446,241	27,580,547
Transportation	1,653,565	1,025,850	273,620	536,037	1,211,873
Reading	724,110	724,785	696,488	698,095	679,067
Community recreation	1,048,339	992,399	920,359	847,687	626,831
Debt service	4,409,508	6,077,047	6,529,577	7,454,659	6,863,796
Capital outlay	6,311,649	6,355,811	7,499,686	5,572,295	7,981,644
Total property tax revenue	<u>47,607,553</u>	<u>48,616,376</u>	<u>49,973,029</u>	<u>48,555,014</u>	<u>44,943,758</u>
Federal and state aid not restricted to specific purposes	2,521,669	1,611,711	1,790,237	3,420,896	4,207,249
Earnings on investments	270,391	202,416	250,527	731,490	1,802,241
Miscellaneous	1,903,879	1,223,382	832,189	971,447	1,456,040
Total general revenues	<u>52,303,492</u>	<u>51,653,885</u>	<u>52,845,982</u>	<u>53,678,847</u>	<u>52,409,288</u>
Change in net assets	(1,104,428)	1,722,361	3,736,723	6,651,281	12,029,609
Net assets - beginning	<u>134,179,364</u>	<u>132,457,003</u>	<u>128,129,341</u>	<u>121,478,060</u>	<u>109,448,451</u>
Net assets - ending	<u>\$ 133,074,936</u>	<u>\$ 134,179,364</u>	<u>\$ 131,866,064</u>	<u>\$ 128,129,341</u>	<u>\$ 121,478,060</u>

Effective July 1, 2010, the Park City School District Foundation was reclassified from a discretely presented component unit to a blended component unit; \$590,939 was added to the beginning net assets for the 2011 year. The revenue of this fund is primarily donations and expenses are primarily instruction. Prior years (2010 to 2008) do not include the Park City School District Foundation.

PARK CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEETS (Modified Accrual Basis)
June 30, 2012 through 2008

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assets					
Cash and investments	\$ 15,192,487	\$ 14,460,456	\$ 16,332,481	\$ 17,773,175	\$ 15,307,542
Receivables:					
Property taxes	42,389,842	37,328,859	35,071,138	32,697,024	32,158,083
Other local	105,345	5,650	56,409	47,393	12,254
State of Utah	45,608	20,483	54,977	32,586	2,571
Federal government	868,232	863,567	1,476,051	389,301	711,496
Due from other funds	-	133,747	-	-	-
Total assets	<u>\$ 58,601,514</u>	<u>\$ 52,812,762</u>	<u>\$ 52,991,056</u>	<u>\$ 50,939,479</u>	<u>\$ 48,191,946</u>
Liabilities and fund balances					
Liabilities:					
Accounts and contracts payable	\$ 195,390	\$ 318,688	\$ 191,656	\$ 145,705	\$ 209,592
Accrued salaries and related benefits	5,677,433	4,646,246	4,801,786	5,097,185	4,344,608
Deferred revenues:					
Property taxes	42,463,696	37,263,454	35,111,275	32,737,617	32,664,508
State of Utah	403,063	343,214	210,003	664,480	279,383
Total liabilities	<u>48,739,582</u>	<u>42,571,602</u>	<u>40,314,720</u>	<u>38,644,987</u>	<u>37,498,091</u>
Fund balances:					
Restricted for:					
Specific tax levies	517,574	110,578	189,634	1,090,833	894,274
Committed to:					
Economic stabilization	2,250,000	2,150,000	2,100,000	2,100,000	1,875,000
Self insurance	660,000	440,000	220,000	-	-
Voluntary retirement incentive	41,273	197,414	404,990	1,607,352	1,776,646
Purchases	-	-	256,800	-	101,853
Assigned to:					
Unpaid vacation and sick leave	733,919	755,861	760,477	634,944	279,652
Basic levy recapture	360,000	200,000	250,000	-	-
Unassigned	<u>5,299,166</u>	<u>6,387,307</u>	<u>8,494,435</u>	<u>6,861,363</u>	<u>5,766,430</u>
Total fund balances	<u>9,861,932</u>	<u>10,241,160</u>	<u>12,676,336</u>	<u>12,294,492</u>	<u>10,693,855</u>
Total liabilities and fund balances	<u>\$ 58,601,514</u>	<u>\$ 52,812,762</u>	<u>\$ 52,991,056</u>	<u>\$ 50,939,479</u>	<u>\$ 48,191,946</u>
Unassigned fund balance as a percent of general fund expenditures	11.9%	14.4%	20.3%	16.9%	15.9%

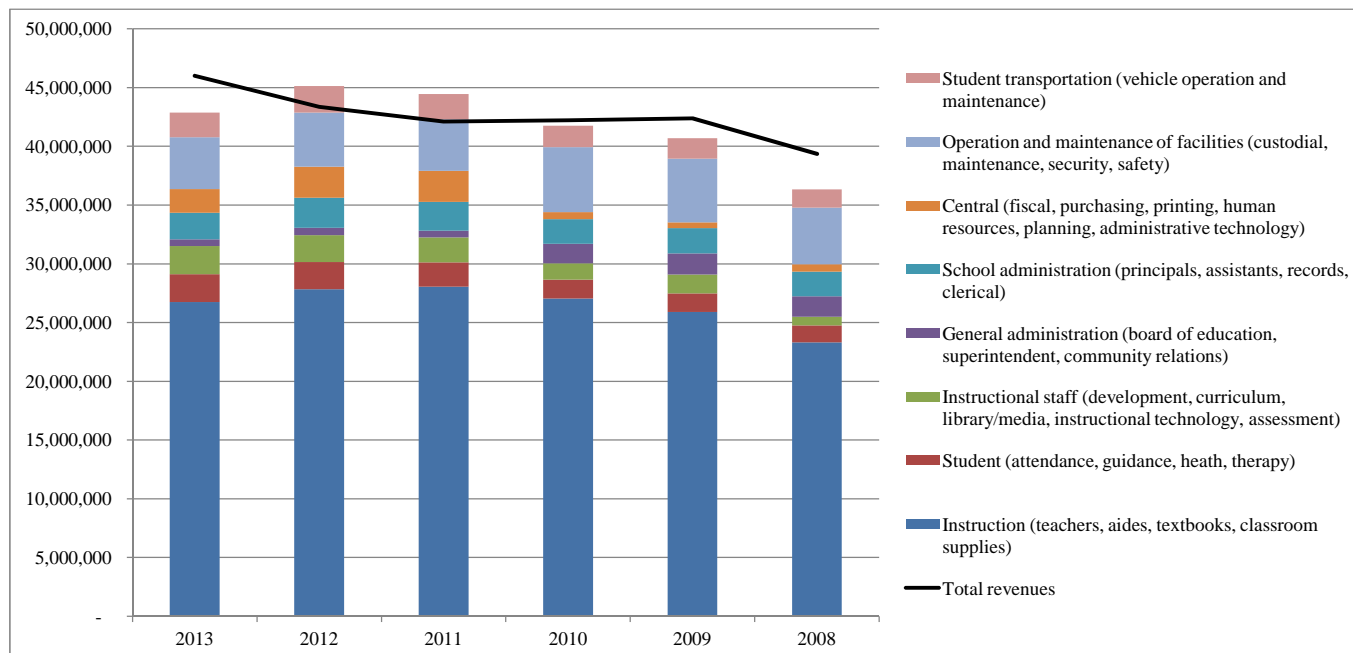
Source: District records.

**PARK CITY SCHOOL DISTRICT
GENERAL FUND**

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

Years Ended June 30, 2012 through 2008 with Anticipated Budget for the Year Ending June 30, 2013

	Anticipated Budget 2013	2012	2011	2010	2009	2008
Revenues:						
Local sources:						
Property taxes	\$ 42,892,588	\$ 37,771,927	\$ 36,746,476	\$ 36,171,247	\$ 34,061,088	\$ 29,021,663
Earnings on investments	95,271	96,817	85,865	116,925	326,625	717,669
Other local revenue	649,669	749,914	721,390	846,642	860,169	849,052
State sources	1,181,627	2,939,041	2,829,958	2,545,958	4,399,052	7,654,751
Federal sources	1,184,370	1,801,120	1,738,472	2,546,189	2,738,862	1,109,005
Total revenues	46,003,525	43,358,819	42,122,161	42,226,961	42,385,796	39,352,140
Expenditures:						
Current:						
Instruction	26,756,176	27,841,030	28,062,142	27,055,772	25,897,233	23,313,971
Supporting services:						
Student	2,365,352	2,304,354	2,051,855	1,607,057	1,588,971	1,436,839
Instructional staff	2,387,338	2,300,394	2,138,141	1,368,343	1,611,893	734,755
General administration	584,769	621,548	578,178	1,664,714	1,788,521	1,764,313
School administration	2,250,896	2,560,877	2,452,000	2,112,394	2,147,532	2,081,044
Central	2,011,592	2,639,002	2,641,250	604,821	502,846	622,563
Operation and maintenance of facilities	4,415,050	4,608,301	4,389,673	5,520,607	5,403,059	4,827,197
Student transportation	2,092,615	2,260,549	2,134,663	1,810,447	1,748,748	1,548,788
Total expenditures	42,863,788	45,136,055	44,447,902	41,744,155	40,688,803	36,329,470
Excess (deficiency) of revenues over (under) expenditures	3,139,737	(1,777,236)	(2,325,741)	482,806	1,696,993	3,022,670
Other financing sources (uses):						
Net transfers and other financing sources (uses)	-	1,398,008	(109,435)	(100,962)	(96,356)	(92,457)
Net change in fund balances	3,139,737	(379,228)	(2,435,176)	381,844	1,600,637	2,930,213
Fund Balances - Beginning	9,068,041	10,241,160	12,676,336	12,294,492	10,693,855	7,763,642
Fund Balances - Ending	\$ 12,207,778	\$ 9,861,932	\$ 10,241,160	\$ 12,676,336	\$ 12,294,492	\$ 10,693,855



Notes:

The 2013 anticipated budget is from the proposed budget approved by the Board in June 2012.

In 2011, the District changed where certain supporting services are being recorded; human resources moved from general administration to central, curriculum moved from general administration to instructional staff, and information technology moved from operation and maintenance of facilities to central.

Source: District records.

**PARK CITY SCHOOL DISTRICT
GENERAL FUND EXPENDITURES PER STUDENT**

Years Ended June 30, 2012 through 2008 with Anticipated Budget for the Year Ending June 30, 2013

	Anticipated Budget 2013	2012	2011	2010	2009	2008
General fund expenditures per student:						
Instruction	\$ 6,052	\$ 6,328	\$ 6,450	\$ 5,929	\$ 5,785	\$ 5,247
Supporting services:						
Student	535	524	472	352	355	323
Instructional staff	540	523	491	300	360	165
General administration	132	141	133	365	399	397
School administration	509	582	564	463	480	468
Central	455	600	607	133	112	140
Operation and maintenance of facilities	999	1,047	1,009	1,210	1,207	1,086
Student transportation	473	514	491	397	391	349
Total <i>general fund</i> expenditures per student	<u>\$ 9,695</u>	<u>\$ 10,259</u>	<u>\$ 10,217</u>	<u>\$ 9,149</u>	<u>\$ 9,089</u>	<u>\$ 8,175</u>
Student fall enrollment count	4,421	4,400	4,351	4,563	4,477	4,443

In 2011, the District changed where certain supporting services are being recorded; human resources moved from general administration to central, curriculum moved from general administration to instructional staff, and information technology moved from operation and maintenance of facilities to central.

Source: District records.

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

Tax (Calendar) Years 2011 through 2007

	<u>2011</u>		<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</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>	<u>Taxable Value</u>
Set by County Assessor-Locally Assessed							
Real property:							
Primary residential	\$ 2,925,858,747	25.4 %	\$ 3,029,213,570	\$ 3,578,389,700	\$ 3,646,977,941	\$ 3,262,903,890	\$ 2,708,062,517
Other residential	6,052,611,082	52.5	5,904,039,678	6,556,013,225	6,392,230,581	5,192,758,715	3,754,864,015
Commercial and industrial	1,270,082,541	11.0	1,170,789,346	1,137,349,985	926,398,470	811,513,792	671,151,954
Agricultural and Farmland Assessment Act (FAA)	119,789,969	1.0	12,472,480	12,470,310	12,160,115	10,533,145	11,694,917
Unimproved non FAA	825,110,164	7.2	934,685,521	1,147,542,323	1,235,811,981	1,149,400,672	941,436,673
Total real property	<u>11,193,452,503</u>	<u>97.0</u>	<u>11,051,200,595</u>	<u>12,431,765,543</u>	<u>12,213,579,088</u>	<u>10,427,110,214</u>	<u>8,087,210,076</u>
Personal property:							
Primary mobile homes	-	0.0	-	-	-	15,967	22,842
Other business personal	184,812,750	1.6	166,524,544	175,045,771	178,743,232	156,729,581	135,995,108
Total personal property	<u>184,812,750</u>	<u>1.6</u>	<u>166,524,544</u>	<u>175,045,771</u>	<u>178,743,232</u>	<u>156,745,548</u>	<u>136,017,950</u>
Fee in lieu / age based property	<u>80,700,653</u>	<u>0.7</u>	<u>249,057,252</u>	<u>180,820,221</u>	<u>182,309,136</u>	<u>192,781,535</u>	<u>183,237,487</u>
Total locally assessed	<u>11,458,965,906</u>	<u>99.3</u>	<u>11,466,782,391</u>	<u>12,787,631,535</u>	<u>12,574,631,456</u>	<u>10,776,637,297</u>	<u>8,406,465,513</u>
Set by State Tax Commission-Centrally Assessed	<u>77,840,584</u>	<u>0.7</u>	<u>84,075,778</u>	<u>85,597,977</u>	<u>82,695,899</u>	<u>82,695,899</u>	<u>86,757,529</u>
Total taxable value	<u>\$ 11,536,806,490</u>	<u>100.0 %</u>	<u>\$ 11,550,858,169</u>	<u>\$ 12,873,229,512</u>	<u>\$ 12,657,327,355</u>	<u>\$ 10,859,333,196</u>	<u>\$ 8,493,223,042</u>
Total taxable value (less fee in lieu / age based property)	<u>\$ 11,456,105,837</u>		<u>\$ 11,301,800,917</u>	<u>\$ 12,692,409,291</u>	<u>\$ 12,475,018,219</u>	<u>\$ 10,666,551,661</u>	<u>\$ 8,309,985,555</u>

Source: District records.

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

Years Ended June 30, 2012 through 2009 with Anticipated Budget for Year Ending June 30, 2013

	Anticipated Budget		2012		2011		2010		2009	
	2013		Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections
General Fund:										
Basic	0.001651	\$ 17,674,759	0.001591	\$ 18,334,080	0.001495	\$ 16,666,400	0.001433	\$ 17,729,255	0.001250	\$ 15,114,625
Voted leeway (local)	0.001542	16,725,397	0.001500	17,285,431	0.001500	16,722,140	0.001302	16,108,507	0.001428	17,266,948
Board local	0.000894	8,492,432	-	-	-	-	-	-	-	-
Reading program	0.000000	-	0.000067	772,083	0.000065	724,626	0.000056	692,839	0.000056	677,135
Special transportation	0.000000	-	0.000153	1,763,114	0.000092	1,025,625	0.000022	272,187	0.000043	519,943
Tort liability	0.000000	-	0.000005	57,618	0.000004	44,592	0.000003	37,116	0.000005	60,459
Ten percent of basic	0.000000	-	0.000155	1,786,161	0.000145	1,616,474	0.000124	1,534,144	0.000000	-
Total general fund	0.004087	42,892,588	0.003471	39,998,487	0.003301	36,799,857	0.002940	36,374,048	0.002782	33,639,110
Non K-12 Programs Fund:										
Community recreation	0.000000	-	0.000097	1,117,791	0.000089	992,180	0.000074	915,537	0.000068	822,236
Board local	0.000000	1,204,394	-	-	-	-	-	-	-	-
Debt Service Fund:										
Debt service	0.000394	4,273,545	0.000408	4,701,637	0.000545	6,075,711	0.000525	6,495,366	0.000598	7,230,837
Capital Projects Fund:										
Capital outlay (local)	0.000443	4,805,027	0.000429	4,943,633	0.000425	4,737,940	0.000479	5,926,248	0.000326	3,941,894
Ten percent of basic	0.000000	-	0.000000	-	0.000000	-	0.000000	-	0.000121	1,463,096
Total capital projects fund	0.000443	4,805,027	0.000429	4,943,633	0.000425	4,737,940	0.000479	5,926,248	0.000447	5,404,990
Total tax rate / collections	0.004924	\$ 53,175,554	0.004405	\$ 50,761,549	0.004360	\$ 48,605,688	0.004018	\$ 49,711,199	0.003895	\$ 47,097,173
Recapture of basic levy paid to State of Utah		<u>\$ (1,840,758)</u>		<u>\$ (2,179,087)</u>		<u>\$ (1,614,915)</u>		<u>\$ (2,594,139)</u>		<u>\$ (1,040,336)</u>

Notes:

Tax rates are levied for the calendar year. For example, calendar year 2012 tax rates apply to the District's fiscal year ended June 30, 2013.

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.

Recapture of basic levy reduced general fund tax revenue in 2012; the recapture reduced state revenue in years prior to 2012.

The 2013 budget reflects the rates and anticipated collections as approved by the Board in June 2012.

The board local levy replaced the reading program, special transportation, tort liability, and ten percent of basic levies starting for the year ending June 30, 2013. The District has committed to allocate a portion of the board local levy to community recreation programs.

Source: District records.

PARK CITY SCHOOL DISTRICT
SINGLE AUDIT AND STATE OF UTAH
LEGAL COMPLIANCE REPORTS

Year Ended June 30, 2012

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PARK CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	CFDA Number	USOE Revenue Code	District's Program Number	Receivable (Deferral) June 30, 2011	Receipts	Expenditures	Receivable (Deferral) June 30, 2012
U.S. DEPARTMENT OF AGRICULTURE:							
Direct:							
Team Nutrition Grants	10.574	51	8001	\$ -	\$ 2,000	\$ 2,000	\$ -
Passed through Utah State Office of Education:							
<i>Child Nutrition Cluster:</i>							
School Breakfast Program	10.553	44	8074	4,775	88,433	86,724	3,066
National School Lunch Program	10.555	42	8071	3,753	99,185	97,888	2,456
National School Lunch Program	10.555	43	8072	15,173	339,624	335,565	11,114
National School Lunch Program (Commodities)	10.555		8001	-	104,429	104,429	-
Child and Adult Care Food Program	10.558	47	8075	-	14,283	14,283	-
Passed through Summit County:							
Schools and Roads - Grants to States	10.665		9999	-	49,467	49,467	-
				23,701	697,421	690,356	16,636
U.S. DEPARTMENT OF EDUCATION:							
Passed through Utah State Office of Education:							
<i>Title I Cluster:</i>							
Title I Grants to Local Education Agencies	84.010	08	7801	162,479	214,210	234,808	183,077
Title I Grants to Local Educational Agencies, Recovery Act	84.389	*	9E	15,931	16,947	1,016	-
<i>Special Education Cluster:</i>							
Special Education - Grants to States	84.027	19	7524	473,458	662,299	721,265	532,424
Special Education - Preschool Grants	84.173	52	7522	6,839	14,950	19,461	11,350
Special Education Grants to States, Recovery Act	84.391	*	9A	131,297	131,297	-	-
Special Education - Preschool Grants, Recovery Act	84.392	*	9B	18,071	18,071	-	-
Career and Technical Education - Basic Grants to States	84.048	21	6043	-	-	72,571	72,571
Tech-Prep Education	84.243	26	6043	-	-	963	963
State Grants for Innovative Programs	84.298	81	7920	17,915	17,915	-	-
English Language Acquisition State Grants	84.365	73	7880	36,284	86,269	73,385	23,400
Improving Teacher Quality State Grants	84.367	74	7860	26,203	72,378	101,972	55,797
Education for Homeless Children and Youth, Recovery Act	84.387	*	9G	-	3,943	3,943	-
Education Jobs Fund	84.410	9N	7669	-	807,429	807,429	-
				888,477	2,045,708	2,036,813	879,582
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:							
Passed through Ogden School District:							
AmeriCorps	94.006		7601	-	11,797	11,797	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
Passed through Davis County School District:							
Head Start	93.600		7321	34,239	34,239	-	-
Total federal awards				\$ 946,417	\$ 2,789,165	\$ 2,738,966	\$ 896,218

* Indicates program is funded by Recovery Act.

PARK CITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A. **General** – The schedule of expenditures of federal awards presents the activity of all federal award programs of Park City School District (the District). The District reporting entity is defined in Note 1 to the District’s basic financial statements. All federal financial awards received directly from federal agencies as well as federal financial assistance passed through from other government agencies are included on the schedule.

Note B. **Basis of Accounting** – The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting for assistance received by governmental funds, which is described in Note 1 to the District’s basic financial statements.

Most of the federal awards are expenditure-driven grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; grants received in advance are recorded as deferred revenue until earned. Donated food commodities are recorded at fair value in the *school food services fund* as an inventory asset and federal revenue when received. Donated food commodity inventories are recorded as expenditures when they are transferred to schools for consumption and totaled \$104,429 for the year ended June 30, 2012.

Note C. **Relationship to District’s Financial Statements** – A reconciliation of federal revenue reported on the District’s basic financial statements and the schedule of expenditures of federal awards for the year ended June 30, 2011 is as follows:

General Fund	\$ 1,801,120
Special Revenue Funds:	
Non K-12 Programs	296,957
Food Services	<u>640,889</u>
Total federal revenue reported on Schedule of Expenditures and Federal Awards (SEFA)	<u><u>\$ 2,738,966</u></u>



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Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Education
Park City School District

We have audited the financial statements of the governmental activities, each major fund, and remaining fund information of Park City School District (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 2012. 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.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of the District in a separate letter dated November 13, 2012.

Management's response to those certain other matters is described in the accompanying letter to management. We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, the Board of Education, management, and federal awarding and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Agui & Company, P.C." The signature is written in a cursive, flowing style.

November 13, 2012



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Independent Auditor's Report on Compliance with Requirements That Could
Have a Direct and Material Effect on Each Major Program and Internal
Control Over Compliance in Accordance with OMB Circular A-133

Board of Education
Park City School District

Compliance

We have audited the compliance of Park City School District (the District) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over*

compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Park City School District as of and for the year ended June 30, 2012 and have issued our report thereon dated November 13, 2012 which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Aguirre & Company, PC

November 13, 2012

PARK CITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2012

2011-1 Certain cash and payroll liability accounts had not been reconciled in a timely manner during the year.

This finding has not been resolved entirely and is repeated in the current year as finding 2012-1.

PARK CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2012

I. Summary of auditor's results:

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

-Material weaknesses identified? X yes ___ no

-Significant deficiencies identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

-Material weaknesses identified? ___ yes X no

-Significant deficiencies identified that are not considered to be material weaknesses? ___ yes X none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553	Child Nutrition Cluster:
10.555	School Breakfast Program
	National School Lunch Program
84.410	Education Jobs Fund

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ___ yes X no

PARK CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2012

II. Financial statement findings:

2012-1 Some of the objectives of internal control is to provide reliable, timely financial reports and to safeguard assets.

Certain balance sheet accounts had not been reconciled with related general ledger accounts in a timely manner during the year.

Balance sheet accounts can include incorrect information that can in turn affect related activity accounts; interim budget to actual information may not be accurate; misstatements may not be corrected in a timely manner; and the objective of safeguarding assets may not be achieved.

Recommendation – Significant balance sheet accounts should be reconciled at least monthly.

Views of Responsible Officials – The audit committee has considered these matters. Processes will be applied to ensure accounts are reconciled monthly.

III. Federal award findings and questioned costs:

No matters were reported.



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Independent Auditor's Report on Legal Compliance in Accordance with the
State of Utah Legal Compliance Audit Guide

Board of Education
Park City School District

We have audited the compliance of Park City School District (the District) with the general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2012.

The general compliance requirements applicable to the District are identified as follows:

Public Debt	Cash Management
Purchasing Requirements	Budgetary Compliance
Truth in Taxation and Property Tax Limitations	Other General Compliance Issues
Utah Retirement Systems Compliance	Fund Balance Limitation
School Fees	Locally Generated Taxes and Fees

The District's major state programs are identified as follows:

Minimum School Program

Compliance with the requirements referred to above is the responsibility of the District's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above that could have a material effect on the general compliance requirements identified above or a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Park City School District complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state assistance programs for the year ended June 30, 2012.

We noted certain other matters which are described in the accompanying letter to management.

Management's response to the certain other matters identified in our audit is described in the accompanying letter to management. We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, the Board of Education, management, Office of the Utah State Auditor, Utah State Office of Education, and other awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Agui & Company, PC

November 13, 2012



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

Letter to Management

November 13, 2012

Board of Education
Park City School District

In planning and performing our audit of the financial statements of Park City School District for the year ended June 30, 2012, we noted certain other matters for your consideration. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 13, 2012, on the financial statements of the District. This letter accompanies our reports dated November 13, 2012, in accordance with *Government Auditing Standards*, the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State of Utah Legal Compliance Audit Guide*.

Certain Other Matters

Budgeting – Total expenditures in the *general fund, capital projects fund, non K-12 programs fund, and student activities fund* exceeded budgeted amounts for the year ended June 30, 2012.

Individual School Accounting – We visited three schools near the end of the school year. We reviewed financial and student membership records. Certain minor exceptions with established District guidelines and procedures of the District were noted. We discussed these exceptions with school personnel at the completion of each visit. We have also reported our findings to District management. We encourage continued training of school personnel.

Foundation – The Park City Education Foundation (the Foundation) budget and accounting is managed in two separate accounting systems. We recommend combining all activities in one system.

Views of Responsible Officials – We appreciate your concerns and will review these comments with each school or appropriate individual. Our audit committee has also considered these comments. Improvements will be implemented and monitored during the next fiscal year, as applicable.

The status of these comments will be reviewed as part of your next audit. We recommend management establish monitoring policies and procedures to provide the District with reasonable assurance that the District complies with various state and federal program requirements. Monitoring includes ongoing evaluations, recommendations for improvement, timely response to necessary changes, and periodic reports to management and the Board.

We appreciated being able to work with the audit committee, the Board, and management in the audit process.

Sincerely,

Squire & Company, PC