

PARK CITY SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2014

PARK CITY SCHOOL DISTRICT

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FINANCIAL SECTION



Independent Auditor's Report

Board of Education
Park City School District

Report on the Basic Financial Statements

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, 2014, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Park City School District as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 management's 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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 and other information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Orem, Utah
November 7, 2014

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 ended June 30, 2014.

Financial Highlights

- The District is dependent on revenues generated by property taxes. Property tax revenues decreased by 0.8% in 2014 as a result of a combination of a decrease in the debt service tax rate, a decrease in redemptions, and a \$0.4 million payment to the state for the recapture of the basic levy.
- The District's total net position was \$141.0 million at the close of the most recent fiscal year primarily invested in capital assets, net of related debt.
- During the year, expenses were \$1.5 million less than the \$63.1 million generated in taxes and other revenues for governmental activities.
- District student enrollment increased by 209 students to a total of 4,630 students as of October 1, 2013 for the 2013-2014 school year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 position* presents information on all of the assets, liabilities, and deferred inflows of resources of the District, with the remainder being reported as net position. Over time, increases or decreases in net position 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 position of the District changed during the most recent fiscal year. All changes in net position 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 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.

The government-wide financial statements include not only the District itself but also the Park City Education Foundation (the Foundation), a legally separate entity for which the District is financially accountable. The Foundation functions for all practical purposes as an activity of the District, and therefore has been included as an integral part of the District.

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

Fund financial statements – A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District 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* section of 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 benefits and health reimbursement accounts provided as a service 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 35 of this report.

Additional information – The individual and combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements on pages 36 through 45 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 46 through 52 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$141.0 million at the close of the most recent fiscal year.

PARK CITY SCHOOL DISTRICT'S Net Position June 30, 2014 and 2013 (in millions of dollars)

	Governmental activities		Total change
	2014	2013	2014-2013
Current and other assets	\$ 97.1	\$ 97.6	\$ (0.5)
Capital assets	107.9	110.7	(2.8)
Total assets	<u>205.0</u>	<u>208.3</u>	<u>(3.3)</u>
Current and other liabilities	6.7	7.6	(0.9)
Long-term liabilities outstanding	6.8	9.7	(2.9)
Total liabilities	<u>13.5</u>	<u>17.3</u>	<u>(3.8)</u>
Deferred inflows of resources	<u>50.5</u>	<u>51.5</u>	<u>(1.0)</u>
Net position:			
Net investment in capital assets	104.1	103.2	0.9
Restricted	20.5	21.3	(0.8)
Unrestricted	16.4	15.0	1.4
Total net position	<u>\$ 141.0</u>	<u>\$ 139.5</u>	<u>\$ 1.5</u>

- The largest portion of the District's net position (\$104.1 million or 73.8%) 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 position (\$20.5 million or 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 net position (\$16.4 million or 11.6%) is unrestricted and 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 position. The same situation held true for the prior fiscal year.

- Unrestricted net position increased by \$1.4 million during the year ended June 30, 2014 compared to a \$4.0 million increase in the prior year. This net increase resulted primarily from increases in contributions, a decrease in property tax revenue, and an increase in instruction expense (primarily from increased salary and benefit costs).

- Restricted net position decreased by \$0.8 million during the year ended June 30, 2014. This decrease resulted primarily from the use of property tax revenue restricted for debt service.

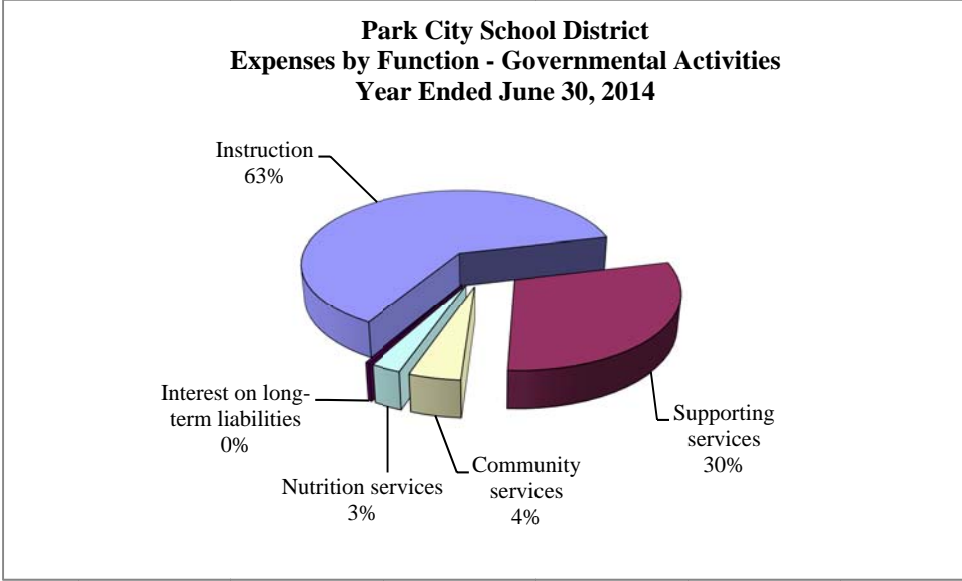
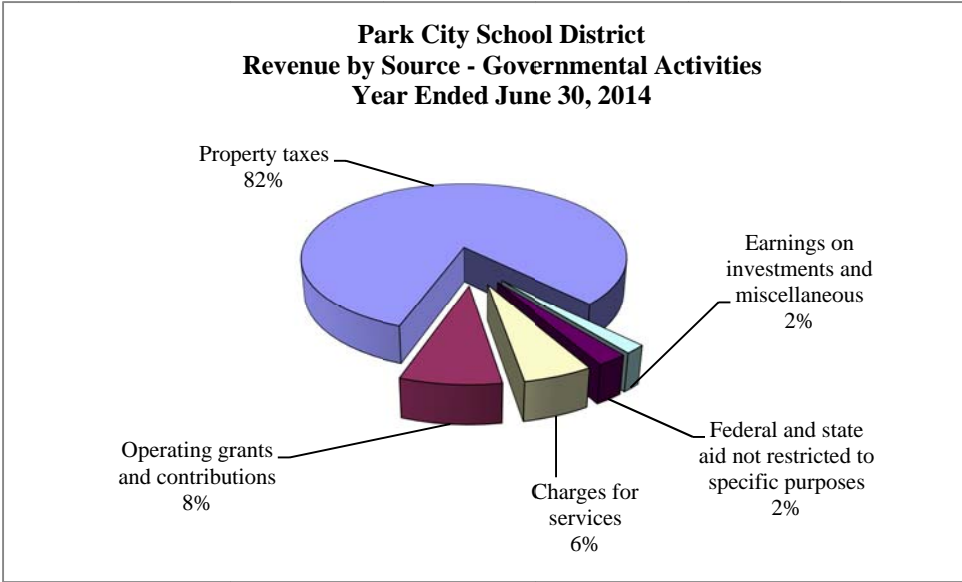
The District's total net position increased by \$1.5 million during the current year. The following discussion and analysis on governmental activities focuses on this increase:

PARK CITY SCHOOL DISTRICT'S Changes in Net Position
Years Ended June 30, 2014 and 2013
(in millions of dollars)

	<u>Governmental activities</u>		Total
	<u>2014</u>	<u>2013</u>	<u>change</u> <u>2014-2013</u>
Revenues:			
Program revenues:			
Charges for services	\$ 3.6	\$ 3.5	\$ 0.1
Operating grants and contributions	5.1	4.7	0.4
General revenues:			
Property taxes	51.8	52.2	(0.4)
Federal and state aid not restricted to specific purposes	1.5	1.7	(0.2)
Earnings on investments	0.2	0.2	-
Miscellaneous	0.9	0.9	-
Total revenues	<u>63.1</u>	<u>63.2</u>	<u>(0.1)</u>
Expenses:			
Instruction	38.7	34.5	4.2
Supporting services:			
Students	2.2	2.2	-
Instructional staff	2.6	2.4	0.2
General administration	0.6	0.5	0.1
School administration	2.7	2.5	0.2
Central	2.9	2.9	-
Operation and maintenance of facilities	4.9	4.6	0.3
Student transportation	2.5	2.5	-
Food services	1.6	1.7	(0.1)
Community services	2.7	2.6	0.1
Interest on long-term liabilities	0.2	0.3	(0.1)
Total expenses	<u>61.6</u>	<u>56.7</u>	<u>4.9</u>
Change in net position	1.5	6.5	(5.0)
Net position - beginning	<u>139.5</u>	<u>133.0</u>	<u>6.5</u>
Net position - ending	<u>\$ 141.0</u>	<u>\$ 139.5</u>	<u>\$ 1.5</u>

- The District is dependent on revenues generated by property taxes. Property tax revenues decreased by 0.8% in 2014 to \$51.8 million as a result of a combination of a decrease in the debt service tax rate, a decrease in redemptions, and a \$0.4 million payment to the state for the recapture of the basic levy.
- State aid is based primarily on weighted pupil units (WPU) and other appropriations.

- *State WPU-based programs* – 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 taxes collected from the basic levy do not provide money equal to the WPU, the state will make up the difference with state funding. The value of the WPU increased by 2.0% during the year ended June 30, 2014 (\$2,899 during 2014 as compared to \$2,842 in 2013). Although the value of the WPU increased and student membership increased in 2014, the District collected taxes from the basic levy in excess of the state guarantee. Accordingly, taxes from the basic levy replaced what the District could have generated from state WPU-based programs, with the excess of \$0.4 million being paid to (recaptured by) the state.



- *Other state appropriations* – Overall revenue from other state appropriations totaled \$3.7 million in 2014, about the same as what was received from the state in the prior year.
- Federal aid is received through the state primarily for students eligible to participate in child nutrition, special education, and economically disadvantaged programs. Overall revenue from federal programs totaled \$1.8 million in 2014, the same amount as what was received in the prior year.
- The District’s total expenses increased by \$4.9 million to a total of \$61.6 million during 2014 as compared to the prior year. This increase is primary from an increase in instruction (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 \$35.9 million, \$0.1 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 *debt service fund* of \$0.7 million; this year's change also includes an increase in the fund balance of the other governmental funds of \$0.5 million. This net decrease resulted primarily from a decrease in property tax revenues and an increase in instruction expenditures. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$47.5 million, an increase of 8.0% during the current fiscal year. This compares to a 2.4% decrease in 2013. Instruction represents 62.5% of *general fund* expenditures.
- *General fund* salaries totaled \$27.3 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$14.0 million to arrive at 87.0% of total *general fund* expenditures.

Governmental funds report the differences between their assets, liabilities, and deferred inflows of resources as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes inventories and prepaid items 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, 2014, the District's combined governmental fund balance is \$35.9 million (\$20.4 million in restricted, \$4.0 million in committed, \$2.9 million in assigned, and \$8.6 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. The difference between the original budget and the final amended budget was an increase of \$0.3 million or 0.6% in total *general fund* revenues to reflect an increase in anticipated tax collections of property taxes and federal revenues and an increase of \$1.1 million or 2.4% in total general fund expenditures to provide for additional costs related to the instruction, instructional staff, school administration, and operation and maintenance of facilities functions and a decrease in costs to the central function.

Actual expenditures were slightly less than final budgeted amounts. Actual revenues were \$0.7 million more than final budgeted amounts primarily due to a positive variance in revenue from property taxes and other local revenue. 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 property taxes exceeded projections due to better than anticipated tax collections.

Capital Asset and Debt Administration

Capital assets – The District’s investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$107.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment and buses. The total decrease in capital assets for the current year was \$2.8 million or 2.5%.

Capital assets at June 30, 2014 and 2013 are outlined below:

PARK CITY SCHOOL DISTRICT'S Capital Assets
June 30, 2014 and 2013
(net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total
	2014	2013	change 2014-2013
Land	\$ 4.9	\$ 4.9	\$ -
Buildings and improvements	100.2	103.1	(2.9)
Equipment and buses	2.8	2.7	0.1
Total capital assets	<u>\$ 107.9</u>	<u>\$ 110.7</u>	<u>\$ (2.8)</u>

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

Debt administration – At the end of the current year, the District had total bonded debt outstanding of \$3.8 million (net of unamortized amounts for bond issuance premiums). Payment of the debt is backed by the full faith and credit of the District as well as the State of Utah under provisions of The Guaranty Act. The District’s total debt decreased by \$3.7 million or 49.3% during the current year. The decrease was a result of principal payments on the outstanding bonds.

PARK CITY SCHOOL DISTRICT'S Outstanding Debt
June 30, 2014 and 2013
(in millions of dollars)

	Governmental activities		Total
	2014	2013	change 2014-2013
Net general obligation bonds	<u>\$ 3.8</u>	<u>\$ 7.5</u>	<u>\$ (3.7)</u>

The District will retire all of its general obligation bonds by February 1, 2015.

The general obligation bonded debt of the District is limited by state law to 4.0% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2014 is about \$554.2 million. General obligation debt, net of unamortized bond issuance premiums, at June 30, 2014 is \$3.8 million, resulting in a legal debt margin of about \$550.4 million.

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>
2014-15	4,739	2.4%
2013-14	4,630	4.7%
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%

Enrollment for the 2013-2014 school year increased by 209 students to a total of 4,630 students. A public charter school opened within the District's boundaries in the 2010-11 school year; the charter school enrolled about 580 students in the 2013-2014 school year.

Contacting the District's Management

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of Park City School District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact 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 Position
June 30, 2014

	Governmental Activities
Assets:	
Cash and investments	\$ 44,549,791
Receivables:	
Property taxes	51,409,116
Other local	227,362
State of Utah	286,730
Federal government	490,542
Inventories and prepaid items	43,338
Capital assets:	
Land	4,928,568
Other capital assets, net of accumulated depreciation	102,930,974
Total assets	204,866,421
Liabilities:	
Accounts and contracts payable	976,370
Accrued interest	52,610
Accrued payroll and related benefits	5,099,547
Unearned revenue:	
Local	57,859
State of Utah	502,261
Long-term liabilities:	
Portion due or payable within one year	5,889,922
Portion due or payable after one year	860,467
Total liabilities	13,439,036
Deferred inflows of resources:	
Property taxes levied for future year	50,450,558
Net position:	
Net investment in capital assets	104,061,285
Restricted for:	
Debt service	717,842
Capital projects	19,108,308
Nutrition services	376,243
Foundation	326,150
Unrestricted	16,386,999
Total net position	\$ 140,976,827

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

PARK CITY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2014

Activities / Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Instruction	\$ 38,782,594	\$ 1,777,835	\$ 2,958,247	\$ (34,046,512)
Supporting services:				
Student	2,171,571	-	249,292	(1,922,279)
Instructional staff	2,576,542	-	165,235	(2,411,307)
General administration	598,584	-	-	(598,584)
School administration	2,711,820	-	13,709	(2,698,111)
Central	2,899,939	-	-	(2,899,939)
Operation and maintenance of facilities	4,871,006	-	367	(4,870,639)
Student transportation	2,507,650	6,863	784,336	(1,716,451)
Nutrition services	1,625,002	591,329	860,787	(172,886)
Community services	2,692,544	1,209,828	82,381	(1,400,335)
Interest on long-term liabilities	200,018	-	-	(200,018)
Total school district	<u>\$ 61,637,270</u>	<u>\$ 3,585,855</u>	<u>\$ 5,114,354</u>	<u>(52,937,061)</u>
General revenues:				
Property taxes levied for:				
Basic				17,153,078
Board local				9,744,289
Voted local				16,795,489
Debt service				3,207,123
Capital local				<u>4,838,621</u>
Total property tax revenue				51,738,600
Federal and state aid not restricted to specific purposes				1,536,257
Earnings on investments				208,189
Miscellaneous				<u>898,716</u>
Total general revenues				<u>54,381,762</u>
Change in net position				1,444,701
Net position - beginning				<u>139,532,126</u>
Net position - ending				<u>\$ 140,976,827</u>

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

PARK CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2014

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Assets:					
Cash and investments	\$ 17,918,789	\$ 710,867	\$ 19,697,255	\$ 3,422,038	\$ 41,748,949
Receivables:					
Property taxes	43,615,863	3,200,846	4,592,407	-	51,409,116
Other local	53,962	-	-	173,400	227,362
State of Utah	188,234	-	-	98,496	286,730
Federal government	457,594	-	-	32,948	490,542
Inventories and prepaid items	11,789	-	-	31,549	43,338
Due from other funds	126,186	-	-	148,586	274,772
Total assets	<u>\$ 62,372,417</u>	<u>\$ 3,911,713</u>	<u>\$ 24,289,662</u>	<u>\$ 3,907,017</u>	<u>\$ 94,480,809</u>
Liabilities:					
Accounts and contracts payable	\$ 252,972	\$ -	\$ 675,707	\$ 47,691	\$ 976,370
Accrued payroll and related benefits	5,099,547	-	-	-	5,099,547
Unearned revenue:					
Local	-	-	-	57,859	57,859
State of Utah	331,098	-	-	171,163	502,261
Due to other funds	-	-	-	274,772	274,772
Total liabilities	<u>5,683,617</u>	<u>-</u>	<u>675,707</u>	<u>551,485</u>	<u>6,910,809</u>
Deferred inflows of resources:					
Unavailable local revenue	-	-	-	71,000	71,000
Unavailable property tax revenue	1,001,842	73,523	105,457	-	1,180,822
Property taxes levied for future year	42,803,650	3,141,261	4,505,647	-	50,450,558
Total deferred inflows of resources	<u>43,805,492</u>	<u>3,214,784</u>	<u>4,611,104</u>	<u>71,000</u>	<u>51,702,380</u>
Fund balances:					
Nonspendable:					
Inventories and prepaid items	11,789	-	-	31,549	43,338
Restricted for:					
Debt service	-	696,929	-	-	696,929
Capital projects	-	-	19,002,851	-	19,002,851
Nutrition services	-	-	-	355,931	355,931
Scholarships	-	-	-	255,150	255,150
Committed to:					
Economic stabilization	2,375,000	-	-	-	2,375,000
Self insurance	1,000,000	-	-	-	1,000,000
Community recreation	-	-	-	656,840	656,840
Assigned to:					
Compensated absences	890,396	-	-	51,481	941,877
Basic levy recapture	50,000	-	-	-	50,000
Students	-	-	-	610,874	610,874
Foundation	-	-	-	1,322,707	1,322,707
Unassigned	8,556,123	-	-	-	8,556,123
Total fund balances	<u>12,883,308</u>	<u>696,929</u>	<u>19,002,851</u>	<u>3,284,532</u>	<u>35,867,620</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 62,372,417</u>	<u>\$ 3,911,713</u>	<u>\$ 24,289,662</u>	<u>\$ 3,907,017</u>	<u>\$ 94,480,809</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 Position
June 30, 2014

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

Total fund balances for governmental funds \$ 35,867,620

Capital assets used in governmental activities 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 \$42,461,518 accumulated depreciation	100,133,096	
Equipment and buses, net of \$5,332,692 accumulated depreciation	2,797,878	107,859,542

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 inflows of resources in the funds.

Unavailable property tax revenue	1,180,822	
Unavailable local revenue	71,000	1,251,822

An internal service fund is used by the District to charge the cost of health care benefits to individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position. The net position of the internal service fund is: 790,587

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as in the funds. All liabilities - both current and long-term portions - are reported in the statement of net position. These and related balances at year end are:

General obligation bonds payable	(3,795,000)	
Bond premium, net of \$56,837 accumulated amortization	(3,257)	
Accrued interest	(52,610)	
Unpaid vacation	(193,103)	
Accrued sick leave	(748,774)	(4,792,744)

Total net position of governmental activities \$ 140,976,827

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, 2014

	<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	\$ 42,218,046	\$ 3,238,771	\$ 4,888,663	\$ 1,327,141	\$ 51,672,621
Earnings on investments	94,699	5,335	102,515	5,640	208,189
Other local	692,003	-	419,179	5,145,779	6,256,961
State of Utah	3,047,465	-	46,735	589,632	3,683,832
Federal government	1,082,791	-	-	683,927	1,766,718
Total revenues	<u>47,135,004</u>	<u>3,244,106</u>	<u>5,457,092</u>	<u>7,752,119</u>	<u>63,588,321</u>
Expenditures:					
Current:					
Instruction	29,672,212	-	-	2,703,754	32,375,966
Supporting services:					
Student	2,218,900	-	-	-	2,218,900
Instructional staff	2,612,964	-	-	-	2,612,964
General administration	554,730	-	-	-	554,730
School administration	2,620,934	-	-	-	2,620,934
Central	2,912,681	-	-	-	2,912,681
Operation and maintenance of facilities	4,733,932	-	-	-	4,733,932
Student transportation	2,160,530	-	-	-	2,160,530
Community services	-	-	-	2,673,442	2,673,442
Nutrition services	-	-	-	1,495,052	1,495,052
Capital outlay	-	-	5,462,063	-	5,462,063
Debt service:					
Principal retirement	-	3,655,000	-	-	3,655,000
Interest and fiscal charges	-	261,015	-	-	261,015
Total expenditures	<u>47,486,883</u>	<u>3,916,015</u>	<u>5,462,063</u>	<u>6,872,248</u>	<u>63,737,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(351,879)</u>	<u>(671,909)</u>	<u>(4,971)</u>	<u>879,871</u>	<u>(148,888)</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	19,692	-	-	-	19,692
Transfers in	532,651	-	-	196,971	729,622
Transfers out	(196,971)	-	-	(532,651)	(729,622)
Total other financing sources (uses)	<u>355,372</u>	<u>-</u>	<u>-</u>	<u>(335,680)</u>	<u>19,692</u>
Net change in fund balances	3,493	(671,909)	(4,971)	544,191	(129,196)
Fund balances - beginning	<u>12,879,815</u>	<u>1,368,838</u>	<u>19,007,822</u>	<u>2,740,341</u>	<u>35,996,816</u>
Fund balances - ending	<u>\$ 12,883,308</u>	<u>\$ 696,929</u>	<u>\$ 19,002,851</u>	<u>\$ 3,284,532</u>	<u>\$ 35,867,620</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, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds \$ (129,196)

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. The net effect of transactions involving capital assets decreased net position in the current period.

Capital outlays	\$ 668,848	
Proceeds from sales of capital assets	(19,692)	
Gain on sale of capital assets	12,952	
Depreciation expense	<u>(3,504,009)</u>	(2,841,901)

The issuance of bonds provides current financial resources to governmental funds, while the repayment of the principal of bonds consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of 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. 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	3,655,000	
Amortization of bond premium	5,584	
Interest expense	<u>55,413</u>	3,715,997

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 inflows of resources at year end. They are, however, recorded as revenues in the statement of activities.

Property tax revenue	65,979	
Local revenue	<u>(77,575)</u>	(11,596)

An internal service fund is used by the District to charge the cost of health care benefits to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities. 790,587

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds; long-term employee benefit obligations are reported in the governmental funds when paid.

Accrued sick leave	(48,450)	
Unpaid vacation	<u>(30,740)</u>	(79,190)

Change in net position of governmental activities \$ 1,444,701

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, 2014

	<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	\$ 41,467,300	\$ 41,739,660	\$ 42,218,046	\$ 478,386
Earnings on investments	105,129	78,310	94,699	16,389
Other local revenue	545,938	514,442	692,003	177,561
State of Utah	2,975,075	2,959,575	3,047,465	87,890
Federal government	1,049,289	1,130,243	1,082,791	(47,452)
Total revenues	<u>46,142,731</u>	<u>46,422,230</u>	<u>47,135,004</u>	<u>712,774</u>
Expenditures:				
Current:				
Instruction	28,859,093	29,771,857	29,672,212	99,645
Supporting services:				
Student	2,233,696	2,210,538	2,218,900	(8,362)
Instructional staff	2,291,297	2,549,833	2,612,964	(63,131)
General administration	534,476	536,448	554,730	(18,282)
School administration	2,466,528	2,596,078	2,620,934	(24,856)
Central	3,276,572	2,816,132	2,912,681	(96,549)
Operation and maintenance of facilities	4,587,288	4,844,692	4,733,932	110,760
Student transportation	2,163,622	2,184,340	2,160,530	23,810
Total expenditures	<u>46,412,572</u>	<u>47,509,918</u>	<u>47,486,883</u>	<u>23,035</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(269,841)</u>	<u>(1,087,688)</u>	<u>(351,879)</u>	<u>735,809</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	19,692	19,692
Transfers in	525,000	611,500	532,651	(78,849)
Transfers out	(180,932)	(180,932)	(196,971)	(16,039)
Total other financing sources (uses)	<u>344,068</u>	<u>430,568</u>	<u>355,372</u>	<u>(75,196)</u>
Net change in fund balances	74,227	(657,120)	3,493	660,613
Fund balances - beginning	<u>12,992,841</u>	<u>12,879,815</u>	<u>12,879,815</u>	<u>-</u>
Fund balances - ending	<u>\$ 13,067,068</u>	<u>\$ 12,222,695</u>	<u>\$ 12,883,308</u>	<u>\$ 660,613</u>

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

PARK CITY SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Fund
June 30, 2014

	Governmental Activities - Internal Service Fund
Assets:	
Cash and investments	\$ 2,800,842
Liabilities:	
Claims payable	1,571,114
Health reimbursement accounts	<u>439,141</u>
Total liabilities	2,010,255
Net position:	
Unrestricted	<u>790,587</u>
Total net position	<u><u>\$ 790,587</u></u>

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

PARK CITY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2014

	Governmental Activities - Internal Service Fund
Operating revenues:	
Premiums charged to other funds	\$ 6,818,003
Refunds	119,790
Total operating revenues	6,937,793
Operating expenses:	
Medical claims	5,078,976
Administrative expenses	495,398
Contributions to health reimbursement accounts	572,832
Total operating expenses	6,147,206
Total operating income / change in fund net position	790,587
Net position - beginning	-
Net position - ending	\$ 790,587

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

PARK CITY SCHOOL DISTRICT
Statement of Fund Cash Flows
Proprietary Fund
Year Ended June 30, 2014

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Insurance premiums received	\$ 6,818,003
Refunds received	119,790
Insurance claims paid	(4,904,924)
Administrative expenses paid	(495,398)
Healthcare reimbursements paid	(230,196)
Net cash provided by operating activities	1,307,275
Cash and cash equivalents - beginning	1,397,062
Cash and cash equivalents - ending (displayed as <i>cash and investments</i> on the statement of fund net position)	\$ 2,704,337
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 790,587
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in medical claims payable	174,052
Increase in health reimbursement accounts	342,636
Total adjustments / net cash provided by operating activities	\$ 1,307,275

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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Park City School District (the 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 (the 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 position and the statement of activities) 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 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 risk management services associated with the District's self insurance plan covering employee health and accident and dental claims and healthcare reimbursements. 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.
- 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.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- 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. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, 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 are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered measurable and available only when cash is received by the District.

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.

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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is usually 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, 2014 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 and prepaid items – 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when paid.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Capital assets – Capital assets, which include land, buildings and improvements, and equipment and buses, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, equipment and buses and \$100,000 for buildings and improvements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Buildings and improvements and equipment and buses of the District are depreciated using the straight-line method over the estimated useful lives as indicated in the chart 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 and sick leave – 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.

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 position. Bond premiums and discounts 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Deferred outflows/inflows of resources – In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items, two of which arise only under a modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and unavailable local revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *revenue for future year*, is reported in both the statement of net position and the governmental funds balance sheet. These amounts account for property taxes levied on January 1 for the following school year.

Net position/fund balances – The residual of all other elements presented in a statement of net position is *net position* on the government-wide and proprietary fund financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is *fund balance*.

Net position is divided into three components: net investment in capital assets (capital assets net of related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

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 prepaid items and 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 unspent tax revenue for specific purposes (debt service and capital projects), donations held in *Park City Education Foundation*, and amounts in other governmental funds (*school food services fund*).
- **Committed** – This category includes amounts that can only be used for specific purposes established by formal action of the District’s highest level of decision-making authority. The Board of Education is the highest level of decision making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
 - a) **Economic stabilization.** 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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

employees” and the use of this reserve requires a written resolution adopted by a majority vote of the Board of Education filed with the Utah State Board of Education and the Utah State Auditor.

- b) Self-insurance. The District maintains a self insurance commitment up to 25 percent of *self-insurance fund* annual expenditures.
- c) Community recreation. The District maintains a commitment of certain amounts in other governmental funds (*non K-12 programs fund*).
- Assigned – This category includes resources held in the governmental funds to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the business administrator to assign fund balances. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The District has assigned amounts that it intends to be used for a specific purpose but are neither restricted nor committed. Also residual balances in other governmental funds are classified as assigned fund balances.
- Unassigned – Residual balances in the *general fund* are classified as unassigned.

Net position/fund balance flow assumption – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are considered to be applied.

- Net position – It is the District’s policy to consider restricted net position to have been depleted before unrestricted net position.
- Fund balance – It is the District’s policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2014 as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 6,056,874
Carrying amount of investments	<u>38,492,917</u>
Total cash and investments	<u><u>\$ 44,549,791</u></u>
Governmental funds cash and investments	\$ 41,748,949
Internal service fund cash and investments	<u>2,800,842</u>
Total cash and investments	<u><u>\$ 44,549,791</u></u>

The District complies with the State Money Management Act (*Utah Code* Title 51, Chapter 7) (the MM Act) and related Rules of the Money Management Council (the Council) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the MM Act. The MM 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 MM 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, 2014, the District and Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Park City School District	\$ 4,394,329	\$ 6,062,428	\$ 303,548
Park City Education Foundation	<u>1,662,545</u>	<u>1,674,073</u>	<u>873,477</u>
	<u><u>\$ 6,056,874</u></u>	<u><u>\$ 7,736,501</u></u>	<u><u>\$ 1,177,025</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, 2014, the uninsured amount of the District's and Foundation's bank deposits was uncollateralized nor is it required to be collateralized 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 MM Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

Continued

primarily consists of money market securities held by the Utah State Treasurer, including investment-grade corporate notes, top-tier commercial paper, money market mutual funds, and certificates of deposit. The portfolio has a weighted average of 63 days. The PTIF is not rated. The reported value of the pool is the same as the fair value of the pool shares. At June 30, 2014, the District has the following investments summarized by investment type:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Park City School District:			
Utah Public Treasurers' Investment Fund (PTIF)	\$ 38,288,473	\$ 38,288,473	\$ -
Park City Education Foundation:			
Corporate bonds	25,303	-	25,303
Certificate of deposit	179,141	179,141	-
Total investments	<u>\$ 38,492,917</u>	<u>\$ 38,467,614</u>	<u>\$ 25,303</u>

- 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 MM 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 MM 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 MM Act and related rules. The MM 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.
- 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 MM Act and related rules. The MM Act limits investments in commercial paper and or corporate obligations to 5% of the District’s total portfolio with a single issuer. The District places no other limits on the amount it may invest in any one issuer. The Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in a particular industry. Also, for the Foundation’s investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.
- Custodial credit risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District’s policy for managing this risk is

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

to comply with the MM Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. The MM 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

District property tax revenue – 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, 2014, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2014 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.

Redevelopment projects and tax increment financing – Tax increment financing (TIF) is a public financing tool authorized by the Community Development and Renewal Agencies Act (*Utah Code 17C-1*) (the CDRA Act) to finance urban renewal, economic development, and community development projects by earmarking property tax revenue from increases in assessed values within a designated TIF district. Two TIF districts are located within the taxing area of the District:

- Main Street/Swede Alley Redevelopment Project – This project was approved in 1982 and extended in 2005 for an additional fifteen years (to 2021). The purpose of the project is to construct roads, utilities, parking, and pedestrian facilities, a community plaza, and certain other permitted improvements.
- Lower Park Avenue Redevelopment Project – This project was approved in 1990 for twenty-five years (starting in 1991 through 2016) and extended in 2012 for an additional fifteen years (to 2031). The purpose of the project is to construct streets, utilities, and other public improvements; rehabilitate or demolish buildings and structures; acquire and dispose of property; and assist occupants displaced.

These two TIF districts are managed by the Park City Redevelopment Agency (the Agency), a legally separate governmental entity which is reported as a component unit of Park City Municipal Corporation.

With the other local governments in Summit County and in accordance with the CDRA Act, the District has temporarily assigned its right to receive the incremental taxes from its own levies. The incremental taxes are collected by Summit County and remitted directly to the Agency. A portion of the incremental taxes are shared with the District as part of a mitigation agreement between the Agency and the District. This

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

agreement requires the District to record 61% of the shared amount for general purposes and 39% for capital projects.

The incremental taxes collected by the County and remitted directly to the Agency are neither recorded as revenue nor as an expense/expenditure by the District; the mitigation payment from the Agency to the District is recorded as other local revenue by the District. A summary by project of net tax increment financing retained by the Agency for the 2013 tax year follows:

	Redevelopment Project		Total
	Main Street	Lower Park Ave	
Increased assessed values within the TIF districts	\$ 144,000,000	\$ 256,000,000	\$ 400,000,000
Incremental taxes collected from District's levies	\$ 659,504	\$ 1,127,279	\$ 1,786,783
Mitigation payment to the District	(281,491)	(525,297)	(806,788)
Net tax increment financing retained by the Agency	\$ 378,013	\$ 601,982	\$ 979,995

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 4,928,568	\$ -	\$ -	\$ 4,928,568
Capital assets, being depreciated:				
Buildings and improvements	142,594,614	-	-	142,594,614
Equipment and buses	7,520,266	668,848	(58,544)	8,130,570
Total capital assets, being depreciated	150,114,880	668,848	(58,544)	150,725,184
Accumulated depreciation for:				
Buildings and improvements	(39,566,824)	(2,894,694)	-	(42,461,518)
Equipment and buses	(4,775,181)	(609,315)	51,804	(5,332,692)
Total accumulated depreciation	(44,342,005)	(3,504,009)	51,804	(47,794,210)
Total capital assets, being depreciated, net	105,772,875	(2,835,161)	(6,740)	102,930,974
Governmental activity capital assets, net	\$ 110,701,443	\$ (2,835,161)	\$ (6,740)	\$ 107,859,542

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

For the year ended June 30, 2014, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 2,517,789
Supporting services:	
General administration	56,310
School administration	139,912
Central	23,252
Operation and maintenance of facilities	191,954
Student transportation	390,104
Nutrition services	147,602
Community services	<u>37,086</u>
Total depreciation expense, governmental activities	<u>\$ 3,504,009</u>

5. RETIREMENT PLANS

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

The System provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

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

The contribution requirements of the System are authorized by state statute and specified by the Utah State Retirement Board. The District's required contribution rates (actuarially determined) to the System for the year ended June 30, 2014 range from 8.34% to 20.97% of covered salaries. Plan members in one of the plans are also required to contribute 1.00% of covered salaries.

For the years ended June 30, 2014, 2013, and 2012, the District contributed \$5,400,602, \$4,852,204, and \$4,502,458, respectively, and employees contributed \$1,661, \$2,093, and \$4,310, respectively, to the System. Contributions were equal to the required contributions for each year.

Defined contribution plans – The District participates in a deferred compensation plan, under Internal Revenue Code Section 401(k), to supplement retirement benefits accrued by participants in the System. During the year ended June 30, 2014, District contributions for participating employees ranged from 1.50% to 10.00% of covered salaries based on the plan within the System.

Employees participating in the System can make additional contributions up to specified limits. For the year ended June 30, 2014, the District contributed \$503,249 and employee contributions totaled \$842,622. The 401(k) plan funds are fully vested to the participants at the time of deposit. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. Plan assets are administered and held by URS and URS has the authority to establish or amend contribution requirements and other plan provisions.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$93,404 for the year ended June 30, 2014. The assets of the plan are administered and held by URS and URS has the authority to establish or amend contribution requirements and other plan provisions.

In addition to the defined contributions and deferred compensation plans, the District offers its employees two tax-advantaged savings plans authorized by the Internal Revenue Service Code Section 408. Employees are eligible to participate from the date of employment and are vested immediately upon participation. For the year ended June 30, 2014 employee contributions totaled \$42,978 and \$1,900 to the Roth IRA and Traditional IRA, respectively. The assets of the plan are administered and held by URS and URS has the authority to amend the plan.

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 and healthcare reimbursements for qualified District employees. The District carries commercial insurance, which covers claims in excess of \$125,000. 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 \$1,571,114 as of June 30, 2014. 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, 2014 and 2013:

	Medical Coverage	
	2014	2013
Accrued claims payable (beginning of year)	\$ 1,397,062	\$ 1,605,253
Claims (including incurred but not reported)	5,574,374	5,510,078
Payments of claims and administrative costs	(5,400,322)	(5,718,269)
Accrued claims payable (end of year)	\$ 1,571,114	\$ 1,397,062

The District has established health reimbursement accounts (HRA) for certain qualifying employees not participating in the District's health and accident plan. The District makes annual contributions to the HRAs; the HRA balances are reduced by reimbursements paid up to the amount available in the HRA. Upon termination, any accumulated balance is forfeited to the District. The following table shows a history of accumulated balances in HRAs for the years ended June 30, 2014 and 2013:

	Health Reimbursement Accounts	
	2014	2013
Reimbursement account balances (beginning of year)	\$ 96,505	\$ -
Contributions to reimbursement accounts	572,832	150,221
Forfeitures for terminated employees	-	-
Payments for healthcare reimbursements	(230,196)	(53,716)
Reimbursement account balances (end of year)	\$ 439,141	\$ 96,505

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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.

7. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 7,450,000	\$ -	\$ (3,655,000)	\$ 3,795,000	\$ 3,795,000
Bond premium	8,841	-	(5,584)	3,257	-
Net bonds payable	7,458,841	-	(3,660,584)	3,798,257	3,795,000
Unpaid vacation	162,363	193,946	(163,206)	193,103	154,482
Accrued sick leave	700,324	152,756	(104,306)	748,774	149,755
Medical claims payable	1,397,062	5,574,374	(5,400,322)	1,571,114	1,571,114
Health reimbursement accounts	96,505	572,832	(230,196)	439,141	219,571
Total long-term liabilities	<u>\$ 9,815,095</u>	<u>\$ 6,493,908</u>	<u>\$ (9,558,614)</u>	<u>\$ 6,750,389</u>	<u>\$ 5,889,922</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, 2014, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2015	<u>\$ 3,795,000</u>	<u>\$ 126,263</u>	<u>\$ 3,921,263</u>

The general obligation bonded debt of the District is limited by state law to 4.0% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2014 is about \$554 million. With net general obligation debt outstanding of \$3,798,257, the District's legal debt margin is about \$550 million.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

General obligation school building bonds payable at June 30, 2014, 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	4.70%	\$ 655,000
\$10,000,000 general obligation school building bonds, issued March 15, 2004, maturing February 1, 2015	3.25%	1,670,000
\$5,000,000 general obligation school building bonds, issued April 1, 2005, maturing February 1, 2015	3.85%	<u>1,470,000</u>
Total general obligation bonds		<u><u>\$ 3,795,000</u></u>

8. COMMITMENTS

In June 2013, the District entered into a noncancelable operating lease agreement for a program facility. Lease payments for the year ended June 30, 2014 totaled \$72,000. Future minimum payments due under the lease are \$72,000 for the year ending June 30, 2015.

In July 2013, the District entered into a noncancelable operating lease agreement for equipment. Lease payments for the year ending June 30, 2014 totaled \$323,370. Future minimum payments due under the lease are \$323,370 for each of the years ending June 30, 2015 through 2018.

9. TRANSFERS AND INTERFUND BALANCES

The District transferred \$196,971 from the *general fund* to the other governmental funds to help cover costs incurred by the Park City Education Foundation. The District transferred \$532,651 from other governmental funds to the *general fund* and other governmental funds, respectively, for instructional grants.

Amounts due to and due from other funds at June 30, 2014 include \$274,772 due from the Park City Education Foundation of which \$126,186 is due to the *general fund* and \$148,586 is due to the *non K-12 programs special revenue fund* for instructional grants and personnel costs.

10. LITIGATION AND 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 significantly affect the financial statements of the District.

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 are 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, 2014
With Comparative Totals for 2013

	2014			2013
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 41,739,660	\$ 42,218,046	\$ 478,386	\$ 41,948,118
Earnings on investments	78,310	94,699	16,389	112,655
Other local revenue	514,442	692,003	177,561	449,468
State of Utah	2,959,575	3,047,465	87,890	3,262,680
Federal government	1,130,243	1,082,791	(47,452)	1,130,510
Total revenues	46,422,230	47,135,004	712,774	46,903,431
Expenditures:				
Current:				
Salaries	27,349,569	27,404,592	(55,023)	25,939,055
Employee benefits	13,984,660	13,988,190	(3,530)	12,251,342
Purchased services	2,361,076	2,299,407	61,669	2,517,601
Supplies	3,639,754	3,666,854	(27,100)	3,121,769
Equipment	172,919	125,832	47,087	141,213
Other objects	1,940	2,008	(68)	5,115
Total expenditures	47,509,918	47,486,883	23,035	43,976,095
Excess (deficiency) of revenues over (under) expenditures	(1,087,688)	(351,879)	735,809	2,927,336
Other financing sources (uses):				
Proceeds from sale of capital assets	-	19,692	19,692	60,203
Transfers in	611,500	532,651	(78,849)	278,502
Transfers out	(180,932)	(196,971)	(16,039)	(248,158)
Total other financing sources (uses)	430,568	355,372	(75,196)	90,547
Net change in fund balances	(657,120)	3,493	660,613	3,017,883
Fund balances - beginning	12,879,815	12,879,815	-	9,861,932
Fund balances - ending	\$ 12,222,695	\$ 12,883,308	\$ 660,613	\$ 12,879,815

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2014
With Comparative Totals for 2013

	<u>2014</u>			<u>2013</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Property taxes	\$ 3,193,935	\$ 3,238,771	\$ 44,836	\$ 4,453,961
Earnings on investments	6,374	5,335	(1,039)	7,008
Total revenues	<u>3,200,309</u>	<u>3,244,106</u>	<u>43,797</u>	<u>4,460,969</u>
Expenditures:				
Debt service:				
Principal retirement	3,655,000	3,655,000	-	3,525,000
Interest and fiscal charges	261,015	261,015	-	385,892
Total expenditures	<u>3,916,015</u>	<u>3,916,015</u>	<u>-</u>	<u>3,910,892</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(715,706)	(671,909)	43,797	550,077
Fund balances - beginning	<u>1,368,838</u>	<u>1,368,838</u>	<u>-</u>	<u>818,761</u>
Fund balances - ending	<u>\$ 653,132</u>	<u>\$ 696,929</u>	<u>\$ 43,797</u>	<u>\$ 1,368,838</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2014
With Comparative Totals for 2013

	<u>2014</u>			<u>2013</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	\$ 4,818,723	\$ 4,888,663	\$ 69,940	\$ 4,995,831
Earnings on investments	119,012	102,515	(16,497)	122,417
Other local revenue	419,179	419,179	-	513,979
State sources	-	46,735	46,735	-
Total revenues	<u>5,356,914</u>	<u>5,457,092</u>	<u>100,178</u>	<u>5,632,227</u>
Expenditures:				
Capital outlay:				
Purchased services	2,415,000	2,405,187	9,813	1,148,136
Supplies	60,000	108,486	(48,486)	60,358
Equipment	3,053,485	2,846,732	206,753	2,147,593
Other objects	-	101,658	(101,658)	73,617
Total expenditures	<u>5,528,485</u>	<u>5,462,063</u>	<u>66,422</u>	<u>3,429,704</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	<u>(171,571)</u>	<u>(4,971)</u>	<u>166,600</u>	<u>2,202,523</u>
Fund balances - beginning	<u>19,007,822</u>	<u>19,007,822</u>	<u>-</u>	<u>16,805,299</u>
Fund balances - ending	<u>\$ 18,836,251</u>	<u>\$ 19,002,851</u>	<u>\$ 166,600</u>	<u>\$ 19,007,822</u>

PARK CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Student Activities	Park City Education Foundation	
Assets:					
Cash and investments	\$ 450,532	\$ 317,525	\$ 786,992	\$ 1,866,989	\$ 3,422,038
Receivables:					
Other local	86,400	-	-	87,000	173,400
State of Utah	224	98,272	-	-	98,496
Federal government	17,904	15,044	-	-	32,948
Inventories and prepaid items	-	20,312	6,466	4,771	31,549
Due from other funds	148,586	-	-	-	148,586
Total assets	<u>\$ 703,646</u>	<u>\$ 451,153</u>	<u>\$ 793,458</u>	<u>\$ 1,958,760</u>	<u>\$ 3,907,017</u>
Liabilities:					
Accounts payable	\$ 8,469	\$ 4,657	\$ 9,418	\$ 25,147	\$ 47,691
Unearned revenue:					
Local	-	57,859	-	-	57,859
State	4,463	-	166,700	-	171,163
Due to other funds	-	-	-	274,772	274,772
Total liabilities	<u>12,932</u>	<u>62,516</u>	<u>176,118</u>	<u>299,919</u>	<u>551,485</u>
Deferred inflows of resources:					
Unavailable local revenue	-	-	-	71,000	71,000
Fund balances:					
Nonspendable:					
Inventories and prepaid items	-	20,312	6,466	4,771	31,549
Restricted for:					
Nutrition services	-	355,931	-	-	355,931
Scholarships	-	-	-	255,150	255,150
Committed to:					
Community recreation	656,840	-	-	-	656,840
Assigned to:					
Compensated absences	33,874	12,394	-	5,213	51,481
Students	-	-	610,874	-	610,874
Foundation	-	-	-	1,322,707	1,322,707
Total fund balances	<u>690,714</u>	<u>388,637</u>	<u>617,340</u>	<u>1,587,841</u>	<u>3,284,532</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 703,646</u>	<u>\$ 451,153</u>	<u>\$ 793,458</u>	<u>\$ 1,958,760</u>	<u>\$ 3,907,017</u>

PARK CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Student Activities	Park City Education Foundation	
Revenues:					
Local sources:					
Property taxes	\$ 1,327,141	\$ -	\$ -	\$ -	\$ 1,327,141
Earnings on investments	1,788	1,677	-	2,175	5,640
Lunch sales	-	529,544	-	-	529,544
Other local revenue	1,579,752	62,135	1,646,680	1,327,668	4,616,235
State of Utah	71,853	211,863	305,916	-	589,632
Federal government	32,167	651,760	-	-	683,927
Total revenues	<u>3,012,701</u>	<u>1,456,979</u>	<u>1,952,596</u>	<u>1,329,843</u>	<u>7,752,119</u>
Expenditures:					
Current:					
Instruction	-	-	1,817,747	886,007	2,703,754
Community services	2,673,442	-	-	-	2,673,442
Nutrition services	-	1,495,052	-	-	1,495,052
Total expenditures	<u>2,673,442</u>	<u>1,495,052</u>	<u>1,817,747</u>	<u>886,007</u>	<u>6,872,248</u>
Excess (deficiency) of revenues over (under) expenditures	<u>339,259</u>	<u>(38,073)</u>	<u>134,849</u>	<u>443,836</u>	<u>879,871</u>
Other financing sources (uses):					
Transfers in	-	-	-	196,971	196,971
Transfers out	-	-	-	(532,651)	(532,651)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(335,680)</u>	<u>(335,680)</u>
Net change in fund balances	339,259	(38,073)	134,849	108,156	544,191
Fund balances - beginning	<u>351,455</u>	<u>426,710</u>	<u>482,491</u>	<u>1,479,685</u>	<u>2,740,341</u>
Fund balances - ending	<u>\$ 690,714</u>	<u>\$ 388,637</u>	<u>\$ 617,340</u>	<u>\$ 1,587,841</u>	<u>\$ 3,284,532</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, 2014
With Comparative Totals for 2013

	<u>2014</u>			<u>2013</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	\$ 1,278,394	\$ 1,327,141	\$ 48,747	\$ 1,342,615
Earnings on investments	2,147	1,788	(359)	1,965
Other local sources	1,240,649	1,579,752	339,103	1,134,920
State of Utah	76,094	71,853	(4,241)	39,514
Federal government	49,404	32,167	(17,237)	27,610
Total revenues	<u>2,646,688</u>	<u>3,012,701</u>	<u>366,013</u>	<u>2,546,624</u>
Expenditures:				
Current:				
Salaries	1,693,104	1,647,910	45,194	1,663,602
Employee benefits	635,451	620,728	14,723	554,199
Purchased services	218,497	210,957	7,540	147,185
Supplies	150,183	151,827	(1,644)	161,358
Equipment	19,588	16,324	3,264	7,195
Other objects	13,932	25,696	(11,764)	18,588
Total expenditures	<u>2,730,755</u>	<u>2,673,442</u>	<u>57,313</u>	<u>2,552,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,067)</u>	<u>339,259</u>	<u>423,326</u>	<u>(5,503)</u>
Other financing sources (uses):				
Transfers in	71,272	-	-	48,502
Net change in fund balances	(12,795)	339,259	423,326	42,999
Fund balances - beginning	<u>351,455</u>	<u>351,455</u>	<u>-</u>	<u>308,456</u>
Fund balances - ending	<u>\$ 338,660</u>	<u>\$ 690,714</u>	<u>\$ 423,326</u>	<u>\$ 351,455</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, 2014
With Comparative Totals for 2013

	2014			2013
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Lunch sales	\$ 500,173	\$ 529,544	\$ 29,371	\$ 544,348
Earnings on investments	2,040	1,677	(363)	1,948
Vending	65,572	62,135	(3,437)	59,074
State of Utah	117,820	211,863	94,043	214,166
Federal government	630,034	651,760	21,726	637,169
Total revenues	<u>1,315,639</u>	<u>1,456,979</u>	<u>141,340</u>	<u>1,456,705</u>
Expenditures:				
Current:				
Salaries	575,060	560,469	14,591	577,488
Employee benefits	296,969	290,348	6,621	271,903
Purchased services	80,857	72,874	7,983	79,721
Supplies	60,564	57,533	3,031	59,125
Food	546,483	512,340	34,143	519,287
Equipment	1,786	1,488	298	15,477
Total expenditures	<u>1,561,719</u>	<u>1,495,052</u>	<u>66,667</u>	<u>1,523,001</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(246,080)	(38,073)	208,007	(66,296)
Fund balances - beginning	<u>426,710</u>	<u>426,710</u>	<u>-</u>	<u>493,006</u>
Fund balances - ending	<u><u>\$ 180,630</u></u>	<u><u>\$ 388,637</u></u>	<u><u>\$ 208,007</u></u>	<u><u>\$ 426,710</u></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, 2014
With Comparative Totals for 2013

	<u>2014</u>			<u>2013</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	\$ 1,636,000	\$ 1,646,680	\$ 10,680	\$ 1,610,507
State of Utah	<u>470,207</u>	<u>305,916</u>	<u>(164,291)</u>	<u>253,313</u>
Total revenues	<u>2,106,207</u>	<u>1,952,596</u>	<u>(153,611)</u>	<u>1,863,820</u>
Expenditures:				
Current:				
Salaries	190,226	197,836	(7,610)	194,080
Employee benefits	44,121	44,563	(442)	42,996
Purchased services	18,687	51,759	(33,072)	7,170
Supplies	1,673,124	1,509,116	164,008	1,416,125
Property	-	14,473	(14,473)	1,390
Total expenditures	<u>1,926,158</u>	<u>1,817,747</u>	<u>108,411</u>	<u>1,661,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>180,049</u>	<u>134,849</u>	<u>(45,200)</u>	<u>202,059</u>
Other financing sources (uses):				
Transfers in	-	-	-	22,320
Net change in fund balances	<u>180,049</u>	<u>134,849</u>	<u>(45,200)</u>	<u>224,379</u>
Fund balances - beginning	<u>482,491</u>	<u>482,491</u>	<u>-</u>	<u>258,112</u>
Fund balances - ending	<u>\$ 662,540</u>	<u>\$ 617,340</u>	<u>\$ (45,200)</u>	<u>\$ 482,491</u>

PARK CITY SCHOOL DISTRICT
Comparative Balance Sheets
Park City Education Foundation
Nonmajor Special Revenue Fund
June 30, 2014 and 2013

	2014	2013
Assets:		
Cash and investments	\$ 1,866,989	\$ 1,443,481
Receivables:		
Local	87,000	258,838
Prepaid items	4,771	3,171
Total assets	\$ 1,958,760	\$ 1,705,490
Liabilities:		
Accounts payable	\$ 25,147	\$ 77,230
Due to other funds	274,772	-
Total liabilities	299,919	77,230
Deferred inflows of resources:		
Unavailable local revenue	71,000	148,575
Fund balances:		
Nonspendable:		
Prepaid items	4,771	3,171
Restricted for:		
Scholarships	255,150	276,602
Assigned to:		
Compensated absences	5,213	1,004
Foundation	1,322,707	1,198,908
Total fund balances	1,587,841	1,479,685
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,958,760	\$ 1,705,490

PARK CITY SCHOOL DISTRICT
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Park City Education Foundation
Nonmajor Special Revenue Fund
Years Ended June 30, 2014 and 2013

	2014	2013
Revenues:		
Local sources:		
Earnings on investments	\$ 2,175	\$ 1,829
Other local sources	1,327,668	794,055
Total revenues	1,329,843	795,884
Expenditures:		
Current:		
Salaries	204,927	183,522
Employee benefits	88,073	63,477
Purchased services	32,554	22,562
Instructional grants	507,706	-
Supplies	12,126	16,772
Equipment	1,904	11,524
Other objects	38,717	16,825
Total expenditures	886,007	314,682
Excess of revenues over expenditures	443,836	481,202
Other financing sources (uses):		
Transfers in	196,971	248,158
Transfers out	(532,651)	(349,324)
Total other financing sources (uses)	(335,680)	(101,166)
Net change in fund balances	108,156	380,036
Fund balances - beginning	1,479,685	1,099,649
Fund balances - ending	\$ 1,587,841	\$ 1,479,685

OTHER INFORMATION

PARK CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF NET POSITION (Accrual Basis)
GOVERNMENTAL ACTIVITIES
June 30, 2014 through 2010

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets:					
Cash and investments	\$ 44,549,791	\$ 43,501,360	\$ 36,599,662	\$ 38,180,218	\$ 37,530,964
Receivables:					
Property taxes	51,409,116	52,530,464	51,108,945	47,596,799	46,386,067
Other governments	1,004,634	1,605,538	1,323,597	1,125,490	1,808,202
Other assets	43,338	29,976	34,589	60,228	57,688
Capital assets:					
Land and construction in progress	4,928,568	4,928,568	4,928,568	5,052,295	4,928,568
Other capital assets, net of accumulated depreciation	<u>102,930,974</u>	<u>105,772,875</u>	<u>108,700,384</u>	<u>111,156,439</u>	<u>113,518,364</u>
Total assets	<u>204,866,421</u>	<u>208,368,781</u>	<u>202,695,745</u>	<u>203,171,469</u>	<u>204,229,853</u>
Deferred outflows of resources:					
Deferred charge on refunding	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,646</u>	<u>199,903</u>
Liabilities:					
Accounts and contracts payable	976,370	2,217,224	377,260	1,558,394	1,540,572
Accrued interest	52,610	108,023	162,651	227,576	305,272
Accrued salaries and related benefits	5,099,547	4,876,633	5,677,433	4,646,246	4,801,786
Unearned revenue:					
Other governments	560,120	403,357	498,890	383,356	284,325
Noncurrent liabilities:					
Portion due or payable within one year	5,889,922	5,322,017	5,431,954	5,940,763	6,376,478
Portion due or payable after one year	<u>860,467</u>	<u>4,396,573</u>	<u>8,009,280</u>	<u>11,578,809</u>	<u>15,677,733</u>
Total liabilities	<u>13,439,036</u>	<u>17,323,827</u>	<u>20,157,468</u>	<u>24,335,144</u>	<u>28,986,166</u>
Deferred inflows of resources:					
Property taxes levied for future year	<u>50,450,558</u>	<u>51,512,828</u>	<u>49,501,784</u>	<u>44,790,493</u>	<u>43,663,545</u>
Net position:					
Net investment in capital assets	104,061,285	103,242,602	102,639,527	100,957,371	98,266,242
Restricted for:					
Debt service	717,842	1,352,173	790,507	992,008	768,512
Capital projects	19,108,308	19,110,542	16,956,411	18,763,380	17,760,565
Community recreation	-	-	289,197	296,532	508,157
Nutrition services	376,243	426,710	493,006	605,495	663,770
Foundation	326,150	428,348	355,054	294,365	-
Other purposes	-	-	517,574	154,752	189,634
Unrestricted	<u>16,386,999</u>	<u>14,971,751</u>	<u>10,995,217</u>	<u>12,055,575</u>	<u>13,623,165</u>
Total net position	<u>\$ 140,976,827</u>	<u>\$ 139,532,126</u>	<u>\$ 133,036,493</u>	<u>\$ 134,119,478</u>	<u>\$ 131,780,045</u>

Source: District records.

PARK CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF ACTIVITIES (Accrual Basis)
GOVERNMENTAL ACTIVITIES
Years Ended June 30, 2014 through 2010

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenses:					
Instruction	\$ 38,782,594	\$ 34,489,088	\$ 37,644,166	\$ 35,912,200	\$ 36,588,503
Supporting services:					
Student	2,171,571	2,189,097	2,321,538	2,073,213	1,628,415
Instructional staff	2,576,542	2,407,475	2,300,394	2,138,141	1,368,343
General administration	598,584	488,807	684,241	642,079	1,726,196
School administration	2,711,820	2,474,246	2,700,473	2,590,827	2,251,221
Central	2,899,939	2,907,399	2,687,167	2,689,605	655,335
Operation and maintenance of facilities	4,871,006	4,631,376	4,794,312	4,640,074	5,782,676
Student transportation	2,507,650	2,503,474	2,640,747	2,501,816	2,189,691
Nutrition services	1,625,002	1,670,407	1,810,278	1,806,719	1,726,531
Community services	2,692,544	2,589,212	2,619,177	2,324,759	2,104,181
Interest on long-term liabilities	200,018	325,680	556,659	792,167	1,000,289
Total school district	<u>61,637,270</u>	<u>56,676,261</u>	<u>60,759,152</u>	<u>58,111,600</u>	<u>57,021,381</u>
Program revenues:					
Instruction	4,736,082	4,211,648	4,259,650	5,136,677	4,315,828
Supporting services:					
Student	249,292	175,390	239,294	299,258	15,587
Instructional staff	165,235	117,485	254,856	239,045	386,011
General administration	-	-	-	35,941	122,979
Central	-	149,671	-	217	-
School administration	13,709	601	-	-	-
Operation and maintenance of facilities	367	-	1,282	15,674	7,945
Student transportation	791,199	845,617	789,586	498,189	438,478
Nutrition services	1,452,116	1,451,357	1,547,631	1,599,868	1,533,305
Community services	1,292,209	1,200,126	1,136,771	1,020,137	1,118,122
Total program revenues	<u>8,700,209</u>	<u>8,151,895</u>	<u>8,229,070</u>	<u>8,845,006</u>	<u>7,938,255</u>
Net (expense) revenue	<u>(52,937,061)</u>	<u>(48,524,366)</u>	<u>(52,530,082)</u>	<u>(49,266,594)</u>	<u>(49,083,126)</u>
General revenues:					
Property taxes levied for:					
General purposes	43,692,856	43,306,715	33,460,382	33,440,484	34,053,299
Transportation	-	-	1,653,565	1,025,850	273,620
Reading	-	-	724,110	724,785	696,488
Community recreation	-	-	1,048,339	992,399	920,359
Debt service	3,207,123	4,174,907	4,409,508	6,077,047	6,529,577
Capital outlay	4,838,621	4,694,121	6,311,649	6,355,811	7,499,686
Total property tax revenue	<u>51,738,600</u>	<u>52,175,743</u>	<u>47,607,553</u>	<u>48,616,376</u>	<u>49,973,029</u>
Federal and state aid not restricted to specific purposes	1,536,257	1,672,203	2,521,669	1,611,711	1,790,237
Earnings on investments	208,189	247,822	270,391	202,416	250,527
Miscellaneous	898,716	924,231	1,047,484	584,585	832,189
Total general revenues	<u>54,381,762</u>	<u>55,019,999</u>	<u>51,447,097</u>	<u>51,015,088</u>	<u>52,845,982</u>
Change in net position	1,444,701	6,495,633	(1,082,985)	1,748,494	3,762,856
Net position - beginning	<u>139,532,126</u>	<u>133,036,493</u>	<u>134,119,478</u>	<u>132,370,984</u>	<u>128,017,189</u>
Net position - ending	<u>\$ 140,976,827</u>	<u>\$ 139,532,126</u>	<u>\$ 133,036,493</u>	<u>\$ 134,119,478</u>	<u>\$ 131,780,045</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 position for the 2011 year. The revenue of this fund is primarily donations and expenses are primarily instruction. 2010 does not include the Park City School District Foundation.

PARK CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEETS (Modified Accrual Basis)
June 30, 2014 through 2010

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets:					
Cash and investments	\$ 17,918,789	\$ 17,851,022	\$ 15,192,487	\$ 14,460,456	\$ 16,332,481
Receivables:					
Property taxes	43,615,863	44,467,764	42,389,842	37,328,859	35,071,138
Other local	53,962	7,268	105,345	5,650	56,409
State of Utah	188,234	142,697	45,608	20,483	54,977
Federal government	457,594	424,747	868,232	863,567	1,476,051
Inventories and prepaid items	11,789	-	-	-	-
Due from other funds	126,186	-	-	133,747	-
Total assets	<u>\$ 62,372,417</u>	<u>\$ 62,893,498</u>	<u>\$ 58,601,514</u>	<u>\$ 52,812,762</u>	<u>\$ 52,991,056</u>
Liabilities:					
Accounts and contracts payable	\$ 252,972	\$ 334,526	\$ 195,390	\$ 318,688	\$ 191,656
Accrued salaries and related benefits	5,099,547	4,876,633	5,677,433	4,646,246	4,801,786
Unearned revenue:					
State of Utah	331,098	245,550	403,063	343,214	210,003
Total liabilities	<u>5,683,617</u>	<u>5,456,709</u>	<u>6,275,886</u>	<u>5,308,148</u>	<u>5,203,445</u>
Deferred inflows of resources:					
Unavailable property tax revenue	1,001,842	943,877	1,679,625	2,702,594	2,739,904
Property taxes levied for future year	42,803,650	43,613,097	40,784,071	34,560,860	32,371,371
Total deferred inflows of resources	<u>43,805,492</u>	<u>44,556,974</u>	<u>42,463,696</u>	<u>37,263,454</u>	<u>35,111,275</u>
Fund balances:					
Nonspendable:					
Inventories and prepaid items	11,789	-	-	-	-
Restricted for:					
Specific tax levies	-	-	517,574	110,578	189,634
Committed to:					
Economic stabilization	2,375,000	2,180,000	2,250,000	2,150,000	2,100,000
Self insurance	1,000,000	1,000,000	660,000	440,000	220,000
Voluntary retirement incentive	-	-	41,273	197,414	404,990
Purchases	-	-	-	-	256,800
Assigned to:					
Compensated absences	890,396	811,674	733,919	755,861	760,477
Basic levy recapture	50,000	300,000	360,000	200,000	250,000
Unassigned	8,556,123	8,588,141	5,299,166	6,387,307	8,494,435
Total fund balances	<u>12,883,308</u>	<u>12,879,815</u>	<u>9,861,932</u>	<u>10,241,160</u>	<u>12,676,336</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 62,372,417</u>	<u>\$ 62,893,498</u>	<u>\$ 58,601,514</u>	<u>\$ 52,812,762</u>	<u>\$ 52,991,056</u>
Unassigned fund balance as a percent of general fund expenditures	18.0%	18.1%	11.7%	14.4%	20.3%

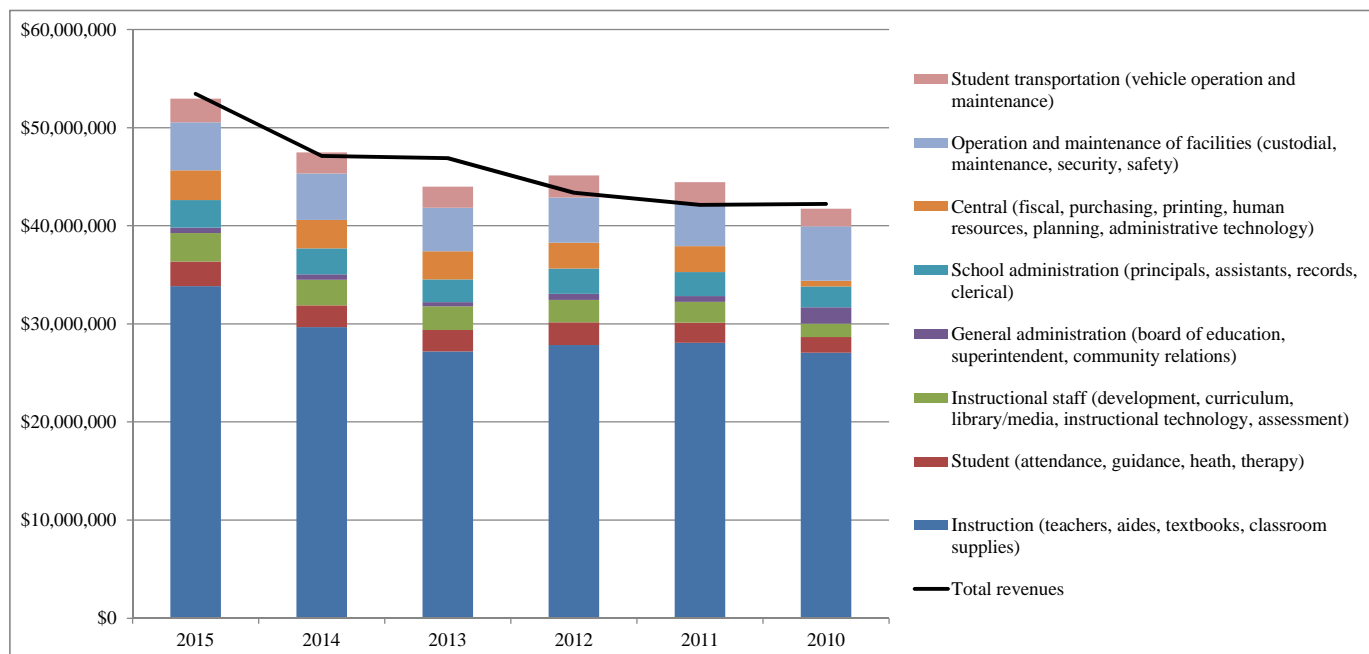
Source: District records.

**PARK CITY SCHOOL DISTRICT
GENERAL FUND**

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

Years Ended June 30, 2014 through 2010 with Anticipated Budget for the Year Ending June 30, 2015

	Anticipated Budget 2015	2014	2013	2012	2011	2010
Revenues:						
Local sources:						
Property taxes	\$ 44,937,522	\$ 42,218,046	\$ 41,948,118	\$ 37,771,927	\$ 36,746,476	\$ 36,171,247
Earnings on investments	79,717	94,699	112,655	96,817	85,865	116,925
Other local revenue	1,755,091	692,003	449,468	749,914	721,390	846,642
State sources	5,490,215	3,047,465	3,262,680	2,939,041	2,829,958	2,545,958
Federal sources	1,179,647	1,082,791	1,130,510	1,801,120	1,738,472	2,546,189
Total revenues	53,442,192	47,135,004	46,903,431	43,358,819	42,122,161	42,226,961
Expenditures:						
Current:						
Instruction	33,833,561	29,672,212	27,193,635	27,841,030	28,062,142	27,055,772
Supporting services:						
Student	2,523,582	2,218,900	2,175,373	2,304,354	2,051,855	1,607,057
Instructional staff	2,912,005	2,612,964	2,407,475	2,300,394	2,138,141	1,368,343
General administration	537,823	554,730	425,628	621,548	578,178	1,664,714
School administration	2,827,489	2,620,934	2,334,526	2,560,877	2,452,000	2,112,394
Central	3,018,214	2,912,681	2,864,673	2,639,002	2,641,250	604,821
Operation and maintenance of facilities	4,888,038	4,733,932	4,441,012	4,608,301	4,389,673	5,520,607
Student transportation	2,431,000	2,160,530	2,133,773	2,260,549	2,134,663	1,810,447
Community services	1,464,531	-	-	-	-	-
Total expenditures	54,436,243	47,486,883	43,976,095	45,136,055	44,447,902	41,744,155
Excess (deficiency) of revenues over (under) expenditures	(994,051)	(351,879)	2,927,336	(1,777,236)	(2,325,741)	482,806
Other financing sources (uses):						
Net transfers and other financing sources (uses)	969,993	355,372	90,547	1,398,008	(109,435)	(100,962)
Net change in fund balances	(24,058)	3,493	3,017,883	(379,228)	(2,435,176)	381,844
Fund Balances - Beginning	12,222,695	12,879,815	9,861,932	10,241,160	12,676,336	12,294,492
Fund Balances - Ending	\$ 12,198,637	\$ 12,883,308	\$ 12,879,815	\$ 9,861,932	\$ 10,241,160	\$ 12,676,336



Notes:

The 2015 anticipated budget is from the proposed budget approved by the Board in September 2014.

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, 2014 through 2010 with Anticipated Budget for the Year Ending June 30, 2015

	Anticipated Budget 2015	2014	2013	2012	2011	2010
General fund expenditures per student:						
Instruction	\$ 7,138	\$ 6,409	\$ 6,151	\$ 6,328	\$ 6,450	\$ 5,929
Supporting services:						
Student	532	479	492	524	472	352
Instructional staff	614	564	545	523	491	300
General administration	113	120	96	141	133	365
School administration	597	566	528	582	564	463
Central	637	629	648	600	607	133
Operation and maintenance of facilities	1,031	1,022	1,005	1,047	1,009	1,210
Student transportation	513	467	483	514	491	397
Community services	309	-	-	-	-	-
Total <i>general fund</i> expenditures per student	<u>\$ 11,484</u>	<u>\$ 10,256</u>	<u>\$ 9,948</u>	<u>\$ 10,259</u>	<u>\$ 10,217</u>	<u>\$ 9,149</u>
Student fall enrollment count	4,740	4,630	4,421	4,400	4,351	4,563

In its anticipated budget for 2015, the District changed where community services expenditures are being recorded from the *non K-12 programs fund* to the *general fund*.

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 2013 through 2009

	<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>	
	Taxable Value	% of TV	Taxable Value		Taxable Value		Taxable Value		Taxable Value	
Set by County Assessor-Locally Assessed										
Real property:										
Primary residential	\$ 2,892,826,137	25.2 %	\$ 2,862,336,394		\$ 2,925,858,747		\$ 3,029,213,570		\$ 3,578,389,700	
Other residential	6,218,201,425	54.2	6,086,020,786		6,052,611,082		5,904,039,678		6,556,013,225	
Commercial and industrial	1,158,599,259	10.1	1,212,881,295		1,270,082,541		1,170,789,346		1,137,349,985	
Agricultural and Farmland Assessment Act (FAA)	12,307,890	0.1	12,360,621		119,789,969		12,472,480		12,470,310	
Unimproved non FAA	839,175,932	7.3	869,098,098		825,110,164		934,685,521		1,147,542,323	
Total real property	<u>11,121,110,643</u>	<u>96.9</u>	<u>11,042,697,194</u>		<u>11,193,452,503</u>		<u>11,051,200,595</u>		<u>12,431,765,543</u>	
Personal property	<u>178,557,487</u>	<u>1.6</u>	<u>188,634,918</u>		<u>184,812,750</u>		<u>166,524,544</u>		<u>175,045,771</u>	
Fee in lieu (motor vehicles, etc.)	<u>92,668,286</u>	<u>0.8</u>	<u>82,629,219</u>		<u>80,700,653</u>		<u>249,057,252</u>		<u>180,820,221</u>	
Total locally assessed	<u>11,392,336,416</u>	<u>99.3</u>	<u>11,313,961,331</u>		<u>11,458,965,906</u>		<u>11,466,782,391</u>		<u>12,787,631,535</u>	
Set by State Tax Commission-Centrally Assessed										
Total taxable value	<u>81,580,677</u>	<u>0.7</u>	<u>76,804,399</u>		<u>77,840,584</u>		<u>84,075,778</u>		<u>85,597,977</u>	
Total taxable value	<u>\$ 11,473,917,093</u>	<u>100.0 %</u>	<u>\$ 11,390,765,730</u>		<u>\$ 11,536,806,490</u>		<u>\$ 11,550,858,169</u>		<u>\$ 12,873,229,512</u>	
Total taxable value (less fee in lieu property)	<u>\$ 11,381,248,807</u>		<u>\$ 11,308,136,511</u>		<u>\$ 11,456,105,837</u>		<u>\$ 11,301,800,917</u>		<u>\$ 12,692,409,291</u>	

Amounts include increases in taxable values within tax increment financing (TIF) districts located within the taxing area of Park City School District.

Source: District records.

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

Years Ended June 30, 2014 through 2011 with Anticipated Budget for Year Ending June 30, 2015

	Anticipated Budget		2014		2013		2012		2011	
	Tax Rate	Budget	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections
General Fund:										
Basic	0.001440	\$ 15,988,846	0.001535	\$ 17,321,174	0.001651	\$ 18,660,050	0.001591	\$ 18,334,080	0.001495	\$ 16,666,400
Board local	0.001137	12,620,676	0.000872	8,512,640	0.000894	8,750,945	-	-	-	-
Voted local	0.001470	16,328,000	0.001503	16,960,081	0.001542	17,428,103	0.001500	17,285,431	0.001500	16,722,140
Reading program	-	-	0.000000	-	0.000000	-	0.000067	772,083	0.000065	724,626
Special transportation	-	-	0.000000	-	0.000000	-	0.000153	1,763,114	0.000092	1,025,625
Tort liability	-	-	0.000000	-	0.000000	-	0.000005	57,618	0.000004	44,592
Ten percent of basic	-	-	0.000000	-	0.000000	-	0.000155	1,786,161	0.000145	1,616,474
Total general fund	0.004047	44,937,522	0.003910	42,793,895	0.004087	44,839,098	0.003471	39,998,487	0.003301	36,799,857
Non K-12 Programs Fund:										
Community recreation	-	-	-	-	-	-	0.000097	1,117,791	0.000089	992,180
Board local	-	-	-	1,327,141	-	1,353,286	-	-	-	-
Total non K-12 programs fund	-	-	-	1,327,141	-	1,353,286	0.000097	1,117,791	0.000089	992,180
Debt Service Fund:										
Debt service	0.000297	3,301,659	0.000287	3,233,818	0.000394	4,453,095	0.000408	4,701,637	0.000545	6,075,711
Capital Projects Fund:										
Capital local	0.000426	4,732,753	0.000433	4,886,038	0.000443	5,006,906	0.000429	4,943,633	0.000425	4,737,940
Total tax rate / collections	0.004770	\$ 52,971,934	0.004630	\$ 52,240,892	0.004924	\$ 55,652,385	0.004405	\$ 50,761,549	0.004360	\$ 48,605,688
Recapture of basic levy paid to State of Utah Office of Education										
		\$ -		\$ (446,381)		\$ (2,867,758)		\$ (2,179,087)		\$ (1,614,915)

Notes:

Tax rates are levied for the calendar year. For example, calendar year 2014 tax rates apply to the District's fiscal year ended June 30, 2015.

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 beginning in 2012; the recapture reduced state revenue in years prior to 2012.

The 2015 budget reflects the rates and anticipated collections as approved by the Board in September 2014.

The board local levy replaced the reading program, special transportation, tort liability, and ten percent of basic levies starting in tax year 2013. The District has committed to allocate a portion of the board local levy to community recreation programs; community recreation programs are recorded in the general fund beginning in 2015.

Tax collections exclude incremental taxes collected by the County and remitted directly to the Park City Redevelopment Agency for redevelopment projects.