

PARK CITY SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2013

FINANCIAL SECTION

PARK CITY SCHOOL DISTRICT

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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, 2013, 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, 2013, 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 relates 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 15, 2013, 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 15, 2013

Management's Discussion and Analysis

This section of Park City School District's (the District) financial report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2013.

Financial Highlights

- The District is dependent on revenues generated by property taxes. Property tax revenues increased by 9.7% in 2013 as a result of a combination of an increase in tax rates, relatively no change in the values of taxable property within the District, an increase in tax collection rates, a decrease in delinquent taxes outstanding, and a \$2.9 million payment to the state for the recapture of basic levy.
- The District's total net position was \$139.5 million at the close of the most recent fiscal year primarily invested in capital assets, net of related debt.
- During the year, expenses were \$6.5 million less than the \$63.2 million generated in taxes and other revenues for governmental activities.
- District student enrollment increased by 21 students to a total of 4,421 students as of October 1, 2012 for the 2012-2013 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, deferred outflows of resources, 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 (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 benefit services provided to all the other funds of the District. This internal service fund is included within governmental activities in the government-wide financial statements.

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

Notes to the basic financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21 through 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 \$139.5 million at the close of the most recent fiscal year.

PARK CITY SCHOOL DISTRICT'S Net Position June 30, 2013 and 2012 (in millions of dollars)

	Governmental activities		Total
	2013	2012	change 2013-2012
Current and other assets	\$ 97.6	\$ 89.1	\$ 8.5
Capital assets	110.7	113.6	(2.9)
Total assets	<u>208.3</u>	<u>202.7</u>	<u>5.6</u>
Current and other liabilities	7.6	6.7	0.9
Long-term liabilities outstanding	9.7	13.5	(3.8)
Total liabilities	<u>17.3</u>	<u>20.2</u>	<u>(2.9)</u>
Deferred inflows of resources	<u>51.5</u>	<u>49.5</u>	<u>2.0</u>
Net position:			
Net investment in capital assets	103.2	102.6	0.6
Restricted	21.3	19.4	1.9
Unrestricted	15.0	11.0	4.0
Total net position	<u>\$ 139.5</u>	<u>\$ 133.0</u>	<u>\$ 6.5</u>

- The largest portion of the District's net position (74.0%) 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 (15.3%) 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 (10.7%) 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 \$4.0 million during the year ended June 30, 2013. This net increase resulted primarily from increased property tax revenue for general purposes and a decrease in expenses resulting from management's actions to reduce or delay certain costs.
- Restricted net position increased by \$1.9 million during the year ended June 30, 2013. This increase resulted primarily from increased property tax revenue restricted for capital projects.

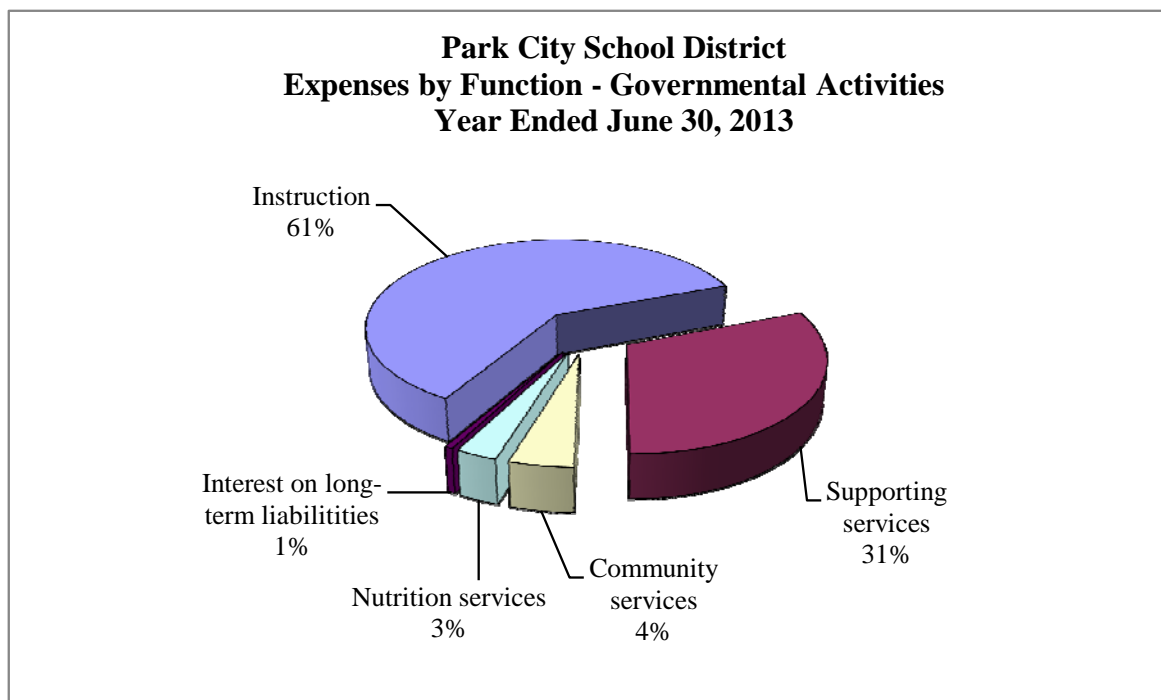
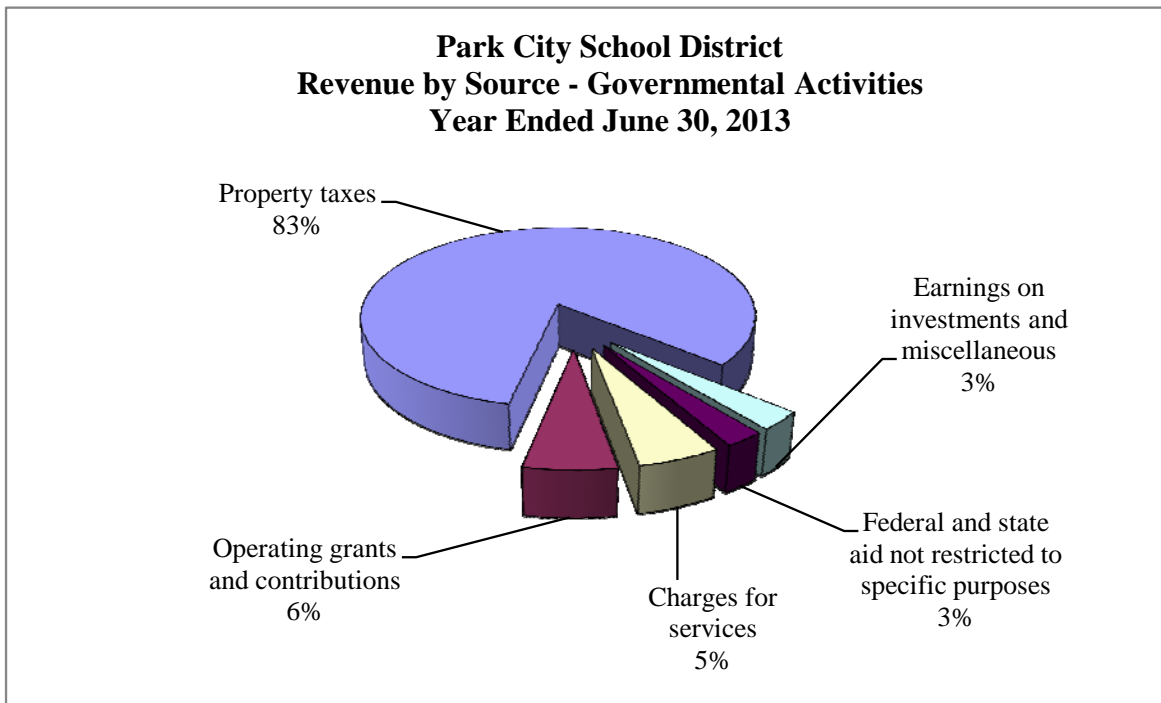
The District's total net position increased by \$6.5 million during the current year. The following discussion and analysis on governmental activities focuses on this increase:

PARK CITY SCHOOL DISTRICT'S Changes in Net Position
Years Ended June 30, 2013 and 2012
(in millions of dollars)

	Governmental activities		Total
	2013	2012	change 2013-2012
Revenues:			
Program revenues:			
Charges for services	\$ 3.5	\$ 3.6	\$ (0.1)
Operating grants and contributions	3.9	3.8	0.1
General revenues:			
Property taxes	52.2	47.6	4.6
Federal and state aid not restricted to specific purposes	1.7	2.5	(0.8)
Earnings on investments	0.2	0.3	(0.1)
Miscellaneous	1.7	1.9	(0.2)
Total revenues	<u>63.2</u>	<u>59.7</u>	<u>3.5</u>
Expenses:			
Instruction	34.5	37.7	(3.2)
Supporting services:			
Students	2.2	2.3	(0.1)
Instructional staff	2.4	2.3	0.1
General administration	0.5	0.7	(0.2)
School administration	2.5	2.7	(0.2)
Central	2.9	2.7	0.2
Operation and maintenance of facilities	4.6	4.8	(0.2)
Student transportation	2.5	2.6	(0.1)
Food services	1.7	1.8	(0.1)
Community services	2.6	2.6	-
Interest on long-term liabilities	0.3	0.6	(0.3)
Total expenses	<u>56.7</u>	<u>60.8</u>	<u>(4.1)</u>
Change in net position	6.5	(1.1)	7.6
Net position - beginning	<u>133.0</u>	<u>134.1</u>	<u>(1.1)</u>
Net position - ending	<u><u>\$ 139.5</u></u>	<u><u>\$ 133.0</u></u>	<u><u>\$ 6.5</u></u>

- The District is dependent on revenues generated by property taxes. Property tax revenues increased by 9.7% in 2013 as a result of a combination of an increase in tax rates, relatively no change in the values of taxable property within the District, an increase in tax collection rates, a decrease in delinquent taxes outstanding, and a \$2.9 million payment to the state for the recapture of basic levy.
- State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. Certain students receive a weighting greater than one. The state guarantees that if local taxes do not provide money equal to the WPU, the state will make up the difference with state funding. Thus, with the increase in property tax revenue, the amount of

the state guarantee decreased. The value of the WPU increased by 0.9% during the year ended June 30, 2013 (\$2,842 during 2013 as compared to \$2,816 in 2012).



- The District's total expenses decreased by \$4.1 million to a total of \$56.7 million during 2013 as compared to the prior year. This increase is primary from a decrease 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 \$36.0 million, \$6.4 million more than the previous year. Included in this year's change in the combined fund balance is an increase in the fund balance of the *capital projects fund* of \$2.2 million; this year's change also includes an increase in the fund balance of the *general fund* of \$3.0 million. This net increase resulted primarily from increased property tax revenue and management's action to reduce or delay certain costs. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$44.0 million, a decrease of 2.4% during the current fiscal year. This compares to a 1.6% increase in 2012. Instruction represents 61.8% of *general fund* expenditures.
- *General fund* salaries totaled \$25.9 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$12.3 million to arrive at 86.8% of total *general fund* expenditures.

Governmental funds report the differences between their assets, deferred outflows of resources, liabilities, and deferred inflows of resources as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes inventories that are not expected to be converted to cash. *Restricted* includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the *general fund* and other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2013, the District's combined governmental fund balance is \$36.0 million (\$21.1 million in restricted, \$3.5 million in committed, \$2.8 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 and changes in classifying certain supporting services. The difference between the original budget and the final amended budget was an increase of \$0.5 million or 1.0% in total *general fund* revenues to reflect a increase in anticipated tax collections and an increase of \$0.8 million or 1.9% in total general fund expenditures to provide for additional administrative and instructional functions.

Actual expenditures were \$0.3 million more than final budgeted amounts. Actual revenues were \$0.4 million more than final budgeted amounts primarily due to a positive variance in revenue from state sources and a positive variance in revenue from property taxes. Variances normally result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Revenue from 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, 2013 amounts to \$110.7 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 \$2.9 million or 2.6%.

Capital assets at June 30, 2013 and 2012 are outlined below:

PARK CITY SCHOOL DISTRICT'S Capital Assets
June 30, 2013 and 2012
(net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total
	2013	2012	change 2013-2012
Land	\$ 4.9	\$ 4.9	\$ -
Buildings and improvements	103.1	105.7	(2.6)
Equipment and buses	2.7	3.0	(0.3)
Total capital assets	<u>\$ 110.7</u>	<u>\$ 113.6</u>	<u>\$ (2.9)</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 \$7.5 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 \$3.5 million or 32.2% 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, 2013 and 2012
(in millions of dollars)

	Governmental activities		Total
	2013	2012	change 2013-2012
Net general obligation bonds	<u>\$ 7.5</u>	<u>\$ 11.0</u>	<u>\$ (3.5)</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, 2013 is about \$549 million. General obligation debt, net of unamortized bond issuance premiums, at June 30, 2013 is \$7 million, resulting in a legal debt margin of about \$542 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>
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%
2004-05	4,212	3.8%

Enrollment for the 2012-2013 school year increased by 21 students to a total of 4,421 students. A public charter school opened within the District's boundaries in the 2010-11 school year; the charter school enrolled 587 students in the 2012-2013 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, 2013

	Governmental Activities
Assets:	
Cash and investments	\$ 43,501,360
Receivables:	
Property taxes	52,530,464
Other local	904,873
State of Utah	237,278
Federal government	463,387
Inventories and prepaid items	29,976
Capital assets:	
Land and construction in progress	4,928,568
Other capital assets, net of accumulated depreciation	105,772,875
Total assets	208,368,781
Liabilities:	
Accounts and contracts payable	2,217,224
Accrued interest	108,023
Accrued payroll and related benefits	4,876,633
Unearned revenue:	
Local	53,011
State of Utah	350,346
Long-term liabilities:	
Portion due or payable within one year	5,322,017
Portion due or payable after one year	4,396,573
Total liabilities	17,323,827
Deferred inflows of resources:	
Property taxes levied for future year	51,512,828
Net position:	
Net investment in capital assets	103,242,602
Restricted for:	
Debt service	1,352,173
Capital projects	19,110,542
Nutrition services	426,710
Foundation	428,348
Unrestricted	14,971,751
Total net position	\$ 139,532,126

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

PARK CITY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2013

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	\$ 34,489,088	\$ 1,729,999	\$ 1,687,595	\$ (31,071,494)
Supporting services:				
Student	2,189,097	-	175,390	(2,013,707)
Instructional staff	2,407,475	-	117,485	(2,289,990)
General administration	488,807	-	-	(488,807)
School administration	2,474,246	-	601	(2,473,645)
Central	2,907,399	-	149,671	(2,757,728)
Operation and maintenance of facilities	4,631,376	-	-	(4,631,376)
Student transportation	2,503,474	140	845,477	(1,657,857)
Nutrition services	1,670,407	600,022	851,335	(219,050)
Community services	2,589,212	1,134,920	65,206	(1,389,086)
Interest on long-term liabilities	325,680	-	-	(325,680)
Total school district	<u>\$ 56,676,261</u>	<u>\$ 3,465,081</u>	<u>\$ 3,892,759</u>	<u>(49,318,421)</u>
General revenues:				
Property taxes levied for:				
Basic				17,494,345
Board local				9,473,013
Voted local				16,339,357
Debt service				4,174,907
Capital local				<u>4,694,121</u>
Total property tax revenue				52,175,743
Federal and state aid not restricted to specific purposes				1,672,203
Earnings on investments				247,822
Miscellaneous				<u>1,718,286</u>
Total general revenues				<u>55,814,054</u>
Change in net position				6,495,633
Net position - beginning, as restated				<u>133,036,493</u>
Net position - ending				<u>\$ 139,532,126</u>

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

PARK CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2013

	<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	\$ 17,851,022	\$ 1,366,931	\$ 20,216,004	\$ 2,670,341	\$ 42,104,298
Receivables:					
Property taxes	44,467,764	3,218,977	4,843,723	-	52,530,464
Other local	7,268	-	592,115	305,490	904,873
State of Utah	142,697	-	-	94,581	237,278
Federal government	424,747	-	-	38,640	463,387
Inventories and prepaid items	-	-	-	29,976	29,976
Total assets	<u>\$ 62,893,498</u>	<u>\$ 4,585,908</u>	<u>\$ 25,651,842</u>	<u>\$ 3,139,028</u>	<u>\$ 96,270,276</u>
Liabilities:					
Accounts and contracts payable	\$ 334,526	\$ -	\$ 1,790,393	\$ 92,305	\$ 2,217,224
Accrued payroll and related benefits	4,876,633	-	-	-	4,876,633
Unearned revenue:					
Local	-	-	-	53,011	53,011
State of Utah	245,550	-	-	104,796	350,346
Total liabilities	<u>5,456,709</u>	<u>-</u>	<u>1,790,393</u>	<u>250,112</u>	<u>7,497,214</u>
Deferred inflows of resources:					
Unavailable local revenue	-	-	-	148,575	148,575
Unavailable property tax revenue	943,877	68,149	102,817	-	1,114,843
Property taxes levied for future year	43,613,097	3,148,921	4,750,810	-	51,512,828
Total deferred inflows of resources	<u>44,556,974</u>	<u>3,217,070</u>	<u>4,853,627</u>	<u>148,575</u>	<u>52,776,246</u>
Fund balances:					
Nonspendable:					
Inventories and prepaid items	-	-	-	29,976	29,976
Restricted for:					
Debt service	-	1,368,838	-	-	1,368,838
Capital projects	-	-	19,007,822	-	19,007,822
Nutrition services	-	-	-	399,905	399,905
Scholarships	-	-	-	276,602	276,602
Committed to:					
Economic stabilization	2,180,000	-	-	-	2,180,000
Self insurance	1,000,000	-	-	-	1,000,000
Community recreation	-	-	-	306,701	306,701
Assigned to:					
Compensated absences	811,674	-	-	28,712	840,386
Basic levy recapture	300,000	-	-	-	300,000
Adult education	-	-	-	16,042	16,042
Students	-	-	-	482,491	482,491
Foundation	-	-	-	1,199,912	1,199,912
Unassigned	8,588,141	-	-	-	8,588,141
Total fund balances	<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>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 62,893,498</u>	<u>\$ 4,585,908</u>	<u>\$ 25,651,842</u>	<u>\$ 3,139,028</u>	<u>\$ 96,270,276</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, 2013

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

Total fund balances for governmental funds \$ 35,996,816

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 \$39,566,824 accumulated depreciation	103,027,790	
Equipment and buses, net of \$4,775,181 accumulated depreciation	2,745,085	110,701,443

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	1,114,843	
Unavailable local revenue	148,575	1,263,418

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	(7,450,000)	
Bond premium, net of \$51,253 accumulated amortization	(8,841)	
Accrued interest	(108,023)	
Unpaid vacation	(162,363)	
Accrued sick leave	(700,324)	(8,429,551)

Total net position of governmental activities \$ 139,532,126

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, 2013

	<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	\$ 41,948,118	\$ 4,453,961	\$ 4,995,831	\$ 1,342,615	\$ 52,740,525
Earnings on investments	112,655	7,008	122,417	5,742	247,822
Other local	449,468	-	513,979	4,142,904	5,106,351
State of Utah	3,262,680	-	-	506,993	3,769,673
Federal government	1,130,510	-	-	664,779	1,795,289
Total revenues	<u>46,903,431</u>	<u>4,460,969</u>	<u>5,632,227</u>	<u>6,663,033</u>	<u>63,659,660</u>
Expenditures:					
Current:					
Instruction	27,193,635	-	-	1,976,443	29,170,078
Supporting services:					
Student	2,175,373	-	-	-	2,175,373
Instructional staff	2,407,475	-	-	-	2,407,475
General administration	425,628	-	-	-	425,628
School administration	2,334,526	-	-	-	2,334,526
Central	2,864,673	-	-	-	2,864,673
Operation and maintenance of facilities	4,441,012	-	-	-	4,441,012
Student transportation	2,133,773	-	-	-	2,133,773
Community services	-	-	-	2,552,127	2,552,127
Nutrition services	-	-	-	1,523,001	1,523,001
Capital outlay	-	-	3,429,704	-	3,429,704
Debt service:					
Principal retirement	-	3,525,000	-	-	3,525,000
Interest and fiscal charges	-	385,892	-	-	385,892
Total expenditures	<u>43,976,095</u>	<u>3,910,892</u>	<u>3,429,704</u>	<u>6,051,571</u>	<u>57,368,262</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,927,336</u>	<u>550,077</u>	<u>2,202,523</u>	<u>611,462</u>	<u>6,291,398</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	60,203	-	-	-	60,203
Transfers in	278,502	-	-	318,980	597,482
Transfers out	(248,158)	-	-	(349,324)	(597,482)
Total other financing sources (uses)	<u>90,547</u>	<u>-</u>	<u>-</u>	<u>(30,344)</u>	<u>60,203</u>
Net change in fund balances	3,017,883	550,077	2,202,523	581,118	6,351,601
Fund balances - beginning	<u>9,861,932</u>	<u>818,761</u>	<u>16,805,299</u>	<u>2,159,223</u>	<u>29,645,215</u>
Fund balances - ending	<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>

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, 2013

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

Net change in fund balances-total governmental funds \$ 6,351,601

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	\$ 675,474	
Proceeds from sales of capital assets	(60,203)	
Gain on sale of capital assets	9,774	
Depreciation expense	<u>(3,552,554)</u>	(2,927,509)

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	3,525,000	
Amortization of bond premium	5,584	
Interest expense	<u>54,628</u>	3,585,212

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	(564,782)	
Local revenue	<u>67,242</u>	(497,540)

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	(57,404)	
Voluntary retirement incentive payable	<u>41,273</u>	<u>(16,131)</u>

Change in net position of governmental activities \$ 6,495,633

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, 2013

	<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	\$ 41,044,659	\$ 41,711,335	\$ 41,948,118	\$ 236,783
Earnings on investments	95,271	105,129	112,655	7,526
Other local revenue	649,669	327,539	449,468	121,929
State of Utah	3,029,556	3,143,534	3,262,680	119,146
Federal government	1,184,370	1,180,389	1,130,510	(49,879)
Total revenues	<u>46,003,525</u>	<u>46,467,926</u>	<u>46,903,431</u>	<u>435,505</u>
Expenditures:				
Current:				
Instruction	26,756,176	27,140,156	27,193,635	(53,479)
Supporting services:				
Student	2,365,352	2,163,426	2,175,373	(11,947)
Instructional staff	2,387,338	2,225,041	2,407,475	(182,434)
General administration	584,769	456,581	425,628	30,953
School administration	2,250,896	2,326,474	2,334,526	(8,052)
Central	2,011,592	2,865,657	2,864,673	984
Operation and maintenance of facilities	4,415,050	4,355,440	4,441,012	(85,572)
Student transportation	2,092,615	2,157,243	2,133,773	23,470
Total expenditures	<u>42,863,788</u>	<u>43,690,018</u>	<u>43,976,095</u>	<u>(286,077)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,139,737</u>	<u>2,777,908</u>	<u>2,927,336</u>	<u>149,428</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	60,203	60,203
Transfers in	-	525,000	278,502	(246,498)
Transfers out	-	(171,999)	(248,158)	(76,159)
Total other financing sources (uses)	<u>-</u>	<u>353,001</u>	<u>90,547</u>	<u>(262,454)</u>
Net change in fund balances	3,139,737	3,130,909	3,017,883	(113,026)
Fund balances - beginning	<u>9,068,041</u>	<u>9,861,932</u>	<u>9,861,932</u>	<u>-</u>
Fund balances - ending	<u>\$ 12,207,778</u>	<u>\$ 12,992,841</u>	<u>\$ 12,879,815</u>	<u>\$ (113,026)</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, 2013

	Governmental Activities - Internal Service Fund
Assets:	
Cash and investments	\$ 1,397,062
Liabilities:	
Claims payable	<u>1,397,062</u>
Net position:	
Unrestricted	<u>-</u>
Total net position	<u><u>\$ -</u></u>

PARK CITY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund
Operating revenues:	
Premiums	\$ 5,510,078
Operating expenses:	
Medical claims	4,956,851
Administrative expenses	<u>553,227</u>
Total operating expenses	<u>5,510,078</u>
Total operating income / change in fund net position	-
Net position - beginning	<u>-</u>
Net position - ending	<u><u>\$ -</u></u>

PARK CITY SCHOOL DISTRICT
Statement of Fund Cash Flows
Proprietary Fund
Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Insurance premiums received	\$ 5,510,078
Insurance benefits paid	<u>(5,718,269)</u>
Net cash provided by operating activities	(208,191)
Cash and cash equivalents - beginning	<u>1,605,253</u>
Cash and cash equivalents - ending (displayed as <i>cash and investments</i> on the statement of fund net position)	<u><u>\$ 1,397,062</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in claims payable	<u>(208,191)</u>
Total adjustments / net cash provided by operating activities	<u><u>\$ (208,191)</u></u>

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity – The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. As required by GAAP, these financial statements present the District and its blended component unit, Park City Education Foundation (Foundation), for which the District is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the District’s operations.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net 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 also reports the following fund:

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

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

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

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.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- Copies of the proposed budget are made available for public inspection and review by the District's patrons.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative 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, 2013 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 on below:

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

Vacation 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 – Beginning with 2013, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These Statements provide financial reporting guidance to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position. They also establish accounting standards and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

previously reported as assets and liabilities. Implementation of these new Statements resulted in a restatement of the District's government-wide net position beginning balance (see Note 12).

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 item that qualifies 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 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, 2013 for the 2013-2014 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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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 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 *general fund* 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, 2013 as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 7,558,964
Carrying amount of investments	<u>35,942,396</u>
Total cash and investments	<u><u>\$ 43,501,360</u></u>
Governmental funds cash and investments	\$ 42,104,298
Internal service fund cash and investments	<u>1,397,062</u>
Total cash and investments	<u><u>\$ 43,501,360</u></u>

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

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Deposits – At June 30, 2013, the District and Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Park City School District	\$ 6,442,502	\$ 6,967,297	\$ 279,855
Park City Education Foundation	<u>1,116,462</u>	<u>1,116,462</u>	<u>380,039</u>
	<u><u>\$ 7,558,964</u></u>	<u><u>\$ 8,083,759</u></u>	<u><u>\$ 659,894</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, 2013, the uninsured amount of the District's and Foundation's bank deposits was uncollateralized nor is it required by state law.

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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities held by the Utah State Treasurer, including investment-grade corporate notes, money market mutual funds, top-tier commercial paper, and certificates of deposit. The portfolio has a weighted average of 74 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, 2013, the District has the following investments summarized by investment type:

Investment Type	Fair Value
Park City School District:	
Utah Public Treasurers' Investment Fund (PTIF)	\$ 35,628,501
Park City Education Foundation:	
Certificate of deposit	313,895
Total investments	\$ 35,942,396

- Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except for endowments, the Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years. The Foundation can invest private funds in fixed-income securities with a dollar-weighted average maturity not to exceed ten years.

- Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service or by Standard & Poor's. The District has no investment policy that would further limit its investment choices.

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

- Custodial credit risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

investments to be held by counterparties. The Act requires the Foundation's public treasurer to have custody of all securities purchased or held or deposit these securities with a bank or trust company to be held in safekeeping by that custodian. The Foundation's investments held in a brokerage account are covered by Securities Investor Protection Corporation up to \$500,000.

3. PROPERTY TAXES

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

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

As of June 30, 2013, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2013 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 4,928,568	\$ -	\$ -	\$ 4,928,568
Capital assets, being depreciated:				
Buildings and improvements	142,403,119	191,495	-	142,594,614
Equipment and buses	7,927,410	483,979	(891,123)	7,520,266
Total capital assets, being depreciated	<u>150,330,529</u>	<u>675,474</u>	<u>(891,123)</u>	<u>150,114,880</u>
Accumulated depreciation for:				
Buildings and improvements	(36,675,958)	(2,890,866)	-	(39,566,824)
Equipment and buses	(4,954,187)	(661,688)	840,694	(4,775,181)
Total accumulated depreciation	<u>(41,630,145)</u>	<u>(3,552,554)</u>	<u>840,694</u>	<u>(44,342,005)</u>
Total capital assets, being depreciated, net	<u>108,700,384</u>	<u>(2,877,080)</u>	<u>(50,429)</u>	<u>105,772,875</u>
Governmental activity capital assets, net	<u>\$ 113,628,952</u>	<u>\$ (2,877,080)</u>	<u>\$ (50,429)</u>	<u>\$ 110,701,443</u>

For the year ended June 30, 2013, depreciation expense was charged to functions of the District as follows:

Supporting services:	
Student support	13,724
General administration	63,179
School administration	139,720
Central	42,726
Operation and maintenance of facilities	190,364
Student transportation	369,701
Nutrition services	147,406
Community services	37,085
Total depreciation expense, governmental activities	<u>\$ 3,552,554</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

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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, 2013 range from 6.65% to 19.27% 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, 2013, 2012, and 2011, the District contributed \$4,852,204, \$4,502,458, and \$4,247,963, respectively, and employees contributed \$2,093, \$4,310, and \$4,605, 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, 2013, 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, 2013, the District contributed \$466,722 and employee contributions totaled \$836,327. 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.

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 \$70,305 for the year ended June 30, 2013. 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, 2013 employee contributions totaled \$33,344 and \$200 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.

Voluntary retirement incentive – In 2013, the District finished paying benefits to five remaining retirees who retired prior to July 1, 2009 under a voluntary retirement incentive program. The District's direct payments to retirees under the voluntary retirement incentive program in the years ended June 30, 2013 and 2012 were \$41,273 and \$156,141, respectively. This liability was paid primarily from the *general fund*.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

6. RISK MANAGEMENT

The *self-insurance fund*, an internal service fund, was established to pay self-insurance claims for health and accident and dental coverage provided to qualified District employees. The District carries commercial insurance, which covers catastrophic claims. The fund collects premiums, as established by the District and the plan administrator, from other District funds. The District has recorded an estimate of claims incurred but not reported of \$1,397,062 as of June 30, 2013. 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, 2013 and 2012:

	2013	2012
Accrued claims payable (beginning of year)	\$ 1,605,253	\$ 1,178,802
Claims (including incurred but not reported)	5,510,078	6,077,100
Payments of claims and administrative costs	(5,718,269)	(5,650,649)
Accrued claims payable (end of year)	\$ 1,397,062	\$ 1,605,253

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, 2013 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 10,975,000	\$ -	\$ (3,525,000)	\$ 7,450,000	\$ 3,655,000
Bond premium	14,425	-	(5,584)	8,841	-
Net bonds payable	10,989,425	-	(3,530,584)	7,458,841	3,655,000
Unpaid vacation	165,619	169,936	(173,192)	162,363	129,890
Claims payable	1,605,253	5,510,078	(5,718,269)	1,397,062	1,397,062
Accrued sick leave	639,664	145,589	(84,929)	700,324	140,065
Voluntary retirement incentive payable	41,273	-	(41,273)	-	-
Total long-term liabilities	\$ 13,441,234	\$ 5,825,603	\$ (9,548,247)	\$ 9,718,590	\$ 5,322,017

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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, 2013, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 3,655,000	\$ 259,255	\$ 3,914,255
2015	3,795,000	126,263	3,921,263
	\$ 7,450,000	\$ 385,518	\$ 7,835,518

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, 2013 is about \$549 million. With net general obligation debt outstanding of \$7,458,841, the District’s legal debt margin is about \$542 million.

General obligation school building bonds payable at June 30, 2013, 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%	\$ 1,280,000
\$10,000,000 general obligation school building bonds, issued March 15, 2004, maturing February 1, 2015	3.10% to 3.25%	3,270,000
\$5,000,000 general obligation school building bonds, issued April 1, 2005, maturing February 1, 2015	3.75% to 3.85%	2,900,000
Total general obligation bonds		\$ 7,450,000

8. COMMITMENTS

In June 2013, the District entered into a noncancelable operating lease agreement for a program facility. Future minimum payments due under the lease are \$72,000 for each of the years ending June 30, 2014 and 2015.

9. TRANSFERS

The District transferred \$248,148 from the *general fund* to the other governmental funds to help cover costs incurred by the Park City Education Foundation. The District transferred \$278,502 and \$70,822 from other governmental funds to the *general fund* and other governmental funds, respectively, for instructional grants.

PARK CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

10. LITIGATION AND LEGAL COMPLIANCE

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

All funds balances are positive at June 30, 2013. Total expenditures exceeded budgeted amounts by \$286,077 or 0.7% for the *general fund* for the year ended June 30, 2013.

11. GRANTS

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

12. RESTATEMENT

The beginning net position in the government-wide statement of net position for governmental activities has been restated to reflect the effects of implementing GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities* (see Note 1) as follows:

	Government-wide Financial Statements <hr style="border-top: 1px solid black;"/>
	Governmental Activities <hr style="border-top: 1px solid black;"/>
Net position, as originally stated - June 30, 2012	\$ 133,074,936
Restate bond issuance costs as expense when occurred per GASB Statement Nos. 63 and 65	<hr style="border-top: 1px solid black;"/> (38,443)
Net position, as restated - June 30, 2012	<hr style="border-top: 1px solid black;"/> <u><u>\$ 133,036,493</u></u>

**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, 2013
With Comparative Totals for 2012

	<u>2013</u>			<u>2012</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	\$ 41,711,335	\$ 41,948,118	\$ 236,783	\$ 37,771,927
Earnings on investments	105,129	112,655	7,526	96,817
Other local revenue	327,539	449,468	121,929	749,914
State of Utah	3,143,534	3,262,680	119,146	2,939,041
Federal government	1,180,389	1,130,510	(49,879)	1,801,120
Total revenues	<u>46,467,926</u>	<u>46,903,431</u>	<u>435,505</u>	<u>43,358,819</u>
Expenditures:				
Current:				
Salaries	25,231,705	25,939,055	(707,350)	27,039,240
Employee benefits	12,099,903	12,251,342	(151,439)	12,654,896
Purchased services	2,348,036	2,517,601	(169,565)	2,034,816
Supplies	3,654,439	3,121,769	532,670	3,394,917
Equipment	101,165	141,213	(40,048)	6,637
Other objects	254,770	5,115	249,655	5,549
Total expenditures	<u>43,690,018</u>	<u>43,976,095</u>	<u>(286,077)</u>	<u>45,136,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,777,908</u>	<u>2,927,336</u>	<u>149,428</u>	<u>(1,777,236)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	60,203	60,203	18,275
Transfers in	525,000	278,502	(246,498)	1,545,399
Transfers out	(171,999)	(248,158)	(76,159)	(165,666)
Total other financing sources (uses)	<u>353,001</u>	<u>90,547</u>	<u>(262,454)</u>	<u>1,398,008</u>
Net change in fund balances	3,130,909	3,017,883	(113,026)	(379,228)
Fund balances - beginning	<u>9,861,932</u>	<u>9,861,932</u>	-	<u>10,241,160</u>
Fund balances - ending	<u>\$ 12,992,841</u>	<u>\$ 12,879,815</u>	<u>\$ (113,026)</u>	<u>\$ 9,861,932</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2013
With Comparative Totals for 2012

	<u>2013</u>			<u>2012</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Property taxes	\$ 4,360,866	\$ 4,453,961	\$ 93,095	\$ 4,711,087
Earnings on investments	8,953	7,008	(1,945)	8,242
Other local	-	-	-	13,690
Total revenues	<u>4,369,819</u>	<u>4,460,969</u>	<u>91,150</u>	<u>4,733,019</u>
Expenditures:				
Debt service:				
Principal retirement	3,525,000	3,525,000	-	4,330,000
Interest and fiscal charges	385,892	385,892	-	553,522
Total expenditures	<u>3,910,892</u>	<u>3,910,892</u>	<u>-</u>	<u>4,883,522</u>
Excess of revenues over expenditures / net change in fund balances	458,927	550,077	91,150	(150,503)
Fund balances - beginning	<u>818,761</u>	<u>818,761</u>	<u>-</u>	<u>969,264</u>
Fund balances - ending	<u>\$ 1,277,688</u>	<u>\$ 1,368,838</u>	<u>\$ 91,150</u>	<u>\$ 818,761</u>

PARK CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2013
With Comparative Totals for 2012

	<u>2013</u>			<u>2012</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	\$ 4,903,269	\$ 4,995,831	\$ 92,562	\$ 4,951,222
Earnings on investments	152,119	122,417	(29,702)	151,526
Other local revenue	323,301	513,979	190,678	367,170
State sources	-	-	-	37,031
Total revenues	<u>5,378,689</u>	<u>5,632,227</u>	<u>253,538</u>	<u>5,506,949</u>
Expenditures:				
Capital outlay:				
Purchased services	1,038,284	1,148,136	(109,852)	2,182,971
Supplies	-	60,358	(60,358)	93,634
Equipment	2,481,931	2,147,593	334,338	3,379,822
Other objects	1,312,938	73,617	1,239,321	-
Total expenditures	<u>4,833,153</u>	<u>3,429,704</u>	<u>1,403,449</u>	<u>5,656,427</u>
Excess (deficiency) of revenues over (under) expenditures	<u>545,536</u>	<u>2,202,523</u>	<u>1,656,987</u>	<u>(149,478)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	39,120	-	-	-
Transfers out	-	-	-	(1,545,399)
Total other financing sources (uses)	<u>39,120</u>	<u>-</u>	<u>-</u>	<u>(1,545,399)</u>
Net change in fund balances	584,656	2,202,523	1,656,987	(1,694,877)
Fund balances - beginning	<u>16,805,299</u>	<u>16,805,299</u>	<u>-</u>	<u>18,500,176</u>
Fund balances - ending	<u>\$ 17,389,955</u>	<u>\$ 19,007,822</u>	<u>\$ 1,656,987</u>	<u>\$ 16,805,299</u>

PARK CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Student Activities	Park City Education Foundation	
Assets:					
Cash and investments	\$ 298,801	\$ 345,235	\$ 582,824	\$ 1,443,481	\$ 2,670,341
Receivables:					
Property taxes	-	-	-	-	-
Other local	46,652	-	-	258,838	305,490
State of Utah	-	94,581	-	-	94,581
Federal government	23,573	15,067	-	-	38,640
Inventories and prepaid items	-	26,805	-	3,171	29,976
Total assets	<u>\$ 369,026</u>	<u>\$ 481,688</u>	<u>\$ 582,824</u>	<u>\$ 1,705,490</u>	<u>\$ 3,139,028</u>
Liabilities:					
Accounts payable	\$ 9,674	\$ 1,967	\$ 3,434	\$ 77,230	\$ 92,305
Unearned revenue:					
Local	-	53,011	-	-	53,011
State	7,897	-	96,899	-	104,796
Total liabilities	<u>17,571</u>	<u>54,978</u>	<u>100,333</u>	<u>77,230</u>	<u>250,112</u>
Deferred inflows of resources:					
Unavailable local revenue	-	-	-	148,575	148,575
Fund balances:					
Nonspendable:					
Inventories and prepaid items	-	26,805	-	3,171	29,976
Restricted for:					
Nutrition services	-	399,905	-	-	399,905
Scholarships	-	-	-	276,602	276,602
Committed to:					
Community recreation	306,701	-	-	-	306,701
Assigned to:					
Compensated absences	28,712	-	-	-	28,712
Adult education	16,042	-	-	-	16,042
Students	-	-	482,491	-	482,491
Foundation	-	-	-	1,199,912	1,199,912
Total fund balances	<u>351,455</u>	<u>426,710</u>	<u>482,491</u>	<u>1,479,685</u>	<u>2,740,341</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 369,026</u>	<u>\$ 481,688</u>	<u>\$ 582,824</u>	<u>\$ 1,705,490</u>	<u>\$ 3,139,028</u>

PARK CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Student Activities	Park City Education Foundation	
Revenues:					
Local sources:					
Property taxes	\$ 1,342,615	\$ -	\$ -	\$ -	\$ 1,342,615
Earnings on investments	1,965	1,948	-	1,829	5,742
Lunch sales	-	544,348	-	-	544,348
Other local revenue	1,134,920	59,074	1,610,507	794,055	3,598,556
State of Utah	39,514	214,166	253,313	-	506,993
Federal government	27,610	637,169	-	-	664,779
Total revenues	<u>2,546,624</u>	<u>1,456,705</u>	<u>1,863,820</u>	<u>795,884</u>	<u>6,663,033</u>
Expenditures:					
Current:					
Instruction	-	-	1,661,761	314,682	1,976,443
Community services	2,552,127	-	-	-	2,552,127
Nutrition services	-	1,523,001	-	-	1,523,001
Total expenditures	<u>2,552,127</u>	<u>1,523,001</u>	<u>1,661,761</u>	<u>314,682</u>	<u>6,051,571</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,503)</u>	<u>(66,296)</u>	<u>202,059</u>	<u>481,202</u>	<u>611,462</u>
Other financing sources (uses):					
Transfers in	48,502	-	22,320	248,158	318,980
Transfers out	-	-	-	(349,324)	(349,324)
Total other financing sources (uses)	<u>48,502</u>	<u>-</u>	<u>22,320</u>	<u>(101,166)</u>	<u>(30,344)</u>
Net change in fund balances	42,999	(66,296)	224,379	380,036	581,118
Fund balances - beginning	<u>308,456</u>	<u>493,006</u>	<u>258,112</u>	<u>1,099,649</u>	<u>2,159,223</u>
Fund balances - ending	<u>\$ 351,455</u>	<u>\$ 426,710</u>	<u>\$ 482,491</u>	<u>\$ 1,479,685</u>	<u>\$ 2,740,341</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, 2013
With Comparative Totals for 2012

	<u>2013</u>			<u>2012</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	\$ 1,188,982	\$ 1,342,615	\$ 153,633	\$ 1,196,286
Earnings on investments	2,789	1,965	(824)	8,222
Other local sources	1,283,906	1,134,920	(148,986)	1,079,426
State of Utah	47,411	39,514	(7,897)	57,243
Federal government	26,491	27,610	1,119	296,957
Total revenues	<u>2,549,579</u>	<u>2,546,624</u>	<u>(2,955)</u>	<u>2,638,134</u>
Expenditures:				
Current:				
Salaries	1,528,931	1,663,602	(134,671)	1,639,828
Employee benefits	535,194	554,199	(19,005)	547,044
Purchased services	344,304	147,185	197,119	200,246
Supplies	145,294	161,358	(16,064)	165,639
Equipment	8,000	7,195	805	17,146
Other objects	27,414	18,588	8,826	12,311
Total expenditures	<u>2,589,137</u>	<u>2,552,127</u>	<u>37,010</u>	<u>2,582,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,558)</u>	<u>(5,503)</u>	<u>34,055</u>	<u>55,920</u>
Other financing sources (uses):				
Transfers in	-	48,502	-	-
Net change in fund balances	<u>(39,558)</u>	<u>42,999</u>	<u>34,055</u>	<u>55,920</u>
Fund balances - beginning	<u>308,456</u>	<u>308,456</u>	<u>-</u>	<u>252,536</u>
Fund balances - ending	<u>\$ 268,898</u>	<u>\$ 351,455</u>	<u>\$ 34,055</u>	<u>\$ 308,456</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, 2013
With Comparative Totals for 2012

	<u>2013</u>			<u>2012</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Lunch sales	\$ 616,442	\$ 544,348	\$ (72,094)	\$ 629,380
Earnings on investments	4,032	1,948	(2,084)	3,293
Vending	75,121	59,074	(16,047)	72,718
State of Utah	149,976	214,166	64,190	204,644
Federal government	666,535	637,169	(29,366)	640,889
Total revenues	<u>1,512,106</u>	<u>1,456,705</u>	<u>(55,401)</u>	<u>1,550,924</u>
Expenditures:				
Current:				
Salaries	506,429	577,488	(71,059)	600,536
Employee benefits	230,924	271,903	(40,979)	323,793
Purchased services	80,100	79,721	379	59,756
Supplies	58,856	59,125	(269)	68,196
Food	756,074	519,287	236,787	591,908
Equipment	15,477	15,477	-	19,224
Total expenditures	<u>1,647,860</u>	<u>1,523,001</u>	<u>124,859</u>	<u>1,663,413</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(135,754)	(66,296)	69,458	(112,489)
Fund balances - beginning	<u>493,006</u>	<u>493,006</u>	<u>-</u>	<u>605,495</u>
Fund balances - ending	<u><u>\$ 357,252</u></u>	<u><u>\$ 426,710</u></u>	<u><u>\$ 69,458</u></u>	<u><u>\$ 493,006</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, 2013
With Comparative Totals for 2012

	<u>2013</u>			<u>2012</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	\$ 1,638,500	\$ 1,610,507	\$ (27,993)	\$ 1,638,587
State of Utah	<u>309,115</u>	<u>253,313</u>	<u>(55,802)</u>	<u>319,772</u>
Total revenues	<u>1,947,615</u>	<u>1,863,820</u>	<u>(83,795)</u>	<u>1,958,359</u>
Expenditures:				
Current:				
Salaries	181,710	194,080	(12,370)	190,811
Employee benefits	35,238	42,996	(7,758)	31,532
Purchased services	25,970	7,170	18,800	29,344
Supplies	72,855	1,416,125	(1,343,270)	1,757,912
Property	10,000	1,390	8,610	75,751
Other objects	<u>1,757,715</u>	<u>-</u>	<u>1,757,715</u>	<u>-</u>
Total expenditures	<u>2,083,488</u>	<u>1,661,761</u>	<u>421,727</u>	<u>2,085,350</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(135,873)</u>	<u>202,059</u>	<u>337,932</u>	<u>(126,991)</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>22,320</u>	<u>22,320</u>	<u>-</u>
Net change in fund balances	<u>(135,873)</u>	<u>224,379</u>	<u>360,252</u>	<u>(126,991)</u>
Fund balances - beginning	<u>258,112</u>	<u>258,112</u>	<u>-</u>	<u>385,103</u>
Fund balances - ending	<u>\$ 122,239</u>	<u>\$ 482,491</u>	<u>\$ 360,252</u>	<u>\$ 258,112</u>

PARK CITY SCHOOL DISTRICT
Comparative Balance Sheets
Park City Education Foundation
Nonmajor Special Revenue Fund
June 30, 2013
With Comparative Totals for 2012

	2013	2012
Assets:		
Cash and investments	\$ 1,443,481	\$ 1,080,727
Receivables:		
Local	258,838	109,200
Prepaid items	3,171	-
Total assets	\$ 1,705,490	\$ 1,189,927
Liabilities:		
Accounts payable	\$ 77,230	\$ 3,395
Deferred inflows of resources:		
Unavailable local revenue	148,575	86,883
Fund balances:		
Nonspendable:		
Prepaid items	3,171	-
Restricted for:		
Scholarships	276,602	273,721
Assigned to:		
Foundation	1,199,912	825,928
Total fund balances	1,479,685	1,099,649
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,705,490	\$ 1,189,927

PARK CITY SCHOOL DISTRICT
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Park City Education Foundation
Nonmajor Special Revenue Fund
Year Ended June 30, 2013
With Comparative Totals for 2012

	2013	2012
Revenues:		
Local sources:		
Earnings on investments	\$ 1,829	\$ 2,291
Other local sources	794,055	856,395
Total revenues	795,884	858,686
 Expenditures:		
Current:		
Salaries	183,522	198,218
Employee benefits	63,477	67,484
Purchased services	22,562	283,476
Supplies	16,772	60,020
Equipment	11,524	51,506
Other objects	16,825	13,115
Total expenditures	314,682	673,819
Excess of revenues over expenditures	481,202	184,867
 Other financing sources (uses):		
Transfers in	248,158	165,666
Transfers out	(349,324)	-
Total other financing sources (uses)	(101,166)	165,666
Net change in fund balances	380,036	350,533
 Fund balances - beginning	1,099,649	749,116
Fund balances - ending	\$ 1,479,685	\$ 1,099,649

OTHER INFORMATION

PARK CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF NET POSITION (Accrual Basis)
GOVERNMENTAL ACTIVITIES
June 30, 2013 through 2009

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets:					
Cash and investments	\$ 43,501,360	\$ 36,599,662	\$ 38,180,218	\$ 37,530,964	\$ 37,375,653
Receivables:					
Property taxes	52,530,464	51,108,945	47,596,799	46,386,067	46,327,314
Other governments	1,605,538	1,323,597	1,125,490	1,808,202	835,896
Other assets	29,976	34,589	60,228	57,688	48,633
Capital assets:					
Land and construction in progress	4,928,568	4,928,568	5,052,295	4,928,568	4,928,568
Other capital assets, net of accumulated depreciation	<u>105,772,875</u>	<u>108,700,384</u>	<u>111,156,439</u>	<u>113,518,364</u>	<u>116,699,221</u>
Total assets	<u>208,368,781</u>	<u>202,695,745</u>	<u>203,171,469</u>	<u>204,229,853</u>	<u>206,215,285</u>
Deferred outflows of resources:					
Deferred charge on refunding	<u>-</u>	<u>-</u>	<u>73,646</u>	<u>199,903</u>	<u>326,160</u>
Liabilities:					
Accounts and contracts payable	2,217,224	377,260	1,558,394	1,540,572	1,088,314
Accrued interest	108,023	162,651	227,576	305,272	385,880
Accrued salaries and related benefits	4,876,633	5,677,433	4,646,246	4,801,786	5,097,185
Unearned revenue:					
Other governments	403,357	498,890	383,356	284,325	702,280
Noncurrent liabilities:					
Portion due or payable within one year	5,322,017	5,431,954	5,940,763	6,376,478	6,230,532
Portion due or payable after one year	<u>4,396,573</u>	<u>8,009,280</u>	<u>11,578,809</u>	<u>15,677,733</u>	<u>20,986,236</u>
Total liabilities	<u>17,323,827</u>	<u>20,157,468</u>	<u>24,335,144</u>	<u>28,986,166</u>	<u>34,490,427</u>
Deferred inflows of resources:					
Property taxes levied for future year	<u>51,512,828</u>	<u>49,501,784</u>	<u>44,790,493</u>	<u>43,663,545</u>	<u>44,033,829</u>
Net position:					
Net investment in capital assets	103,242,602	102,639,527	100,957,371	98,266,242	96,032,772
Restricted for:					
Debt service	1,352,173	790,507	992,008	768,512	662,507
Capital projects	19,110,542	16,956,411	18,763,380	17,760,565	17,141,602
Community recreation	-	289,197	296,532	508,157	428,580
Nutrition services	426,710	493,006	605,495	663,770	707,112
Foundation	428,348	355,054	294,365	-	-
Other purposes	-	517,574	154,752	189,634	280,454
Unrestricted	<u>14,971,751</u>	<u>10,995,217</u>	<u>12,055,575</u>	<u>13,623,165</u>	<u>12,764,162</u>
Total net position	<u>\$ 139,532,126</u>	<u>\$ 133,036,493</u>	<u>\$ 134,119,478</u>	<u>\$ 131,780,045</u>	<u>\$ 128,017,189</u>

Source: District records.

PARK CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF ACTIVITIES (Accrual Basis)
GOVERNMENTAL ACTIVITIES
Years Ended June 30, 2013 through 2009

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses:					
Instruction	\$ 34,489,088	\$ 37,644,166	\$ 35,912,200	\$ 36,588,503	\$ 34,979,966
Supporting services:					
Student	2,189,097	2,321,538	2,073,213	1,628,415	1,613,790
Instructional staff	2,407,475	2,300,394	2,138,141	1,368,343	1,611,893
General administration	488,807	684,241	642,079	1,726,196	1,827,389
School administration	2,474,246	2,700,473	2,590,827	2,251,221	2,257,400
Central	2,907,399	2,687,167	2,689,605	655,335	556,194
Operation and maintenance of facilities	4,631,376	4,794,312	4,640,074	5,782,676	5,652,669
Student transportation	2,503,474	2,640,747	2,501,816	2,189,691	2,298,723
Nutrition services	1,670,407	1,810,278	1,806,719	1,726,531	1,702,312
Community services	2,589,212	2,619,177	2,324,759	2,104,181	2,094,083
Interest on long-term liabilities	325,680	556,659	792,167	1,000,289	1,154,278
Total school district	<u>56,676,261</u>	<u>60,759,152</u>	<u>58,111,600</u>	<u>57,021,381</u>	<u>55,748,697</u>
Program revenues:					
Instruction	3,417,594	3,403,255	4,497,880	4,315,828	5,177,494
Supporting services:					
Student	175,390	239,294	299,258	15,587	166,521
Instructional staff	117,485	254,856	239,045	386,011	87,461
General administration	-	-	35,941	122,979	62,012
Central	149,671	-	217	-	-
School administration	601	-	-	-	1,308
Operation and maintenance of facilities	-	1,282	15,674	7,945	10,990
Student transportation	845,617	789,586	498,189	438,478	895,891
Nutrition services	1,451,357	1,547,631	1,599,868	1,533,305	1,430,512
Community services	1,200,126	1,136,771	1,020,137	1,118,122	915,075
Total program revenues	<u>7,357,840</u>	<u>7,372,675</u>	<u>8,206,209</u>	<u>7,938,255</u>	<u>8,747,264</u>
Net (expense) revenue	<u>(49,318,421)</u>	<u>(53,386,477)</u>	<u>(49,905,391)</u>	<u>(49,083,126)</u>	<u>(47,001,433)</u>
General revenues:					
Property taxes levied for:					
General purposes	43,306,715	33,460,382	33,440,484	34,053,299	33,446,241
Transportation	-	1,653,565	1,025,850	273,620	536,037
Reading	-	724,110	724,785	696,488	698,095
Community recreation	-	1,048,339	992,399	920,359	847,687
Debt service	4,174,907	4,409,508	6,077,047	6,529,577	7,454,659
Capital outlay	4,694,121	6,311,649	6,355,811	7,499,686	5,572,295
Total property tax revenue	<u>52,175,743</u>	<u>47,607,553</u>	<u>48,616,376</u>	<u>49,973,029</u>	<u>48,555,014</u>
Federal and state aid not restricted to specific purposes	1,672,203	2,521,669	1,611,711	1,790,237	3,420,896
Earnings on investments	247,822	270,391	202,416	250,527	731,490
Miscellaneous	1,718,286	1,903,879	1,223,382	832,189	971,447
Total general revenues	<u>55,814,054</u>	<u>52,303,492</u>	<u>51,653,885</u>	<u>52,845,982</u>	<u>53,678,847</u>
Change in net position	6,495,633	(1,082,985)	1,748,494	3,762,856	6,677,414
Net position - beginning	<u>133,036,493</u>	<u>134,119,478</u>	<u>132,370,984</u>	<u>128,017,189</u>	<u>121,339,775</u>
Net position - ending	<u>\$ 139,532,126</u>	<u>\$ 133,036,493</u>	<u>\$ 134,119,478</u>	<u>\$ 131,780,045</u>	<u>\$ 128,017,189</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. Prior years (2010 to 2009) do not include the Park City School District Foundation.

PARK CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEETS (Modified Accrual Basis)
June 30, 2013 through 2009

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets:					
Cash and investments	\$ 17,851,022	\$ 15,192,487	\$ 14,460,456	\$ 16,332,481	\$ 17,773,175
Receivables:					
Property taxes	44,467,764	42,389,842	37,328,859	35,071,138	32,697,024
Other local	7,268	105,345	5,650	56,409	47,393
State of Utah	142,697	45,608	20,483	54,977	32,586
Federal government	424,747	868,232	863,567	1,476,051	389,301
Due from other funds	-	-	133,747	-	-
Total assets	<u>\$ 62,893,498</u>	<u>\$ 58,601,514</u>	<u>\$ 52,812,762</u>	<u>\$ 52,991,056</u>	<u>\$ 50,939,479</u>
Liabilities:					
Accounts and contracts payable	\$ 334,526	\$ 195,390	\$ 318,688	\$ 191,656	\$ 145,705
Accrued salaries and related benefits	4,876,633	5,677,433	4,646,246	4,801,786	5,097,185
Unearned revenue:					
State of Utah	245,550	403,063	343,214	210,003	664,480
Total liabilities	<u>5,456,709</u>	<u>6,275,886</u>	<u>5,308,148</u>	<u>5,203,445</u>	<u>5,907,370</u>
Deferred inflows of resources:					
Unavailable property tax revenue	943,877	1,679,625	2,702,594	2,739,904	2,355,032
Property taxes levied for future year	43,613,097	40,784,071	34,560,860	32,371,371	30,382,585
Total deferred inflows of resources	<u>44,556,974</u>	<u>42,463,696</u>	<u>37,263,454</u>	<u>35,111,275</u>	<u>32,737,617</u>
Fund balances:					
Restricted for:					
Specific tax levies	-	517,574	110,578	189,634	1,090,833
Committed to:					
Economic stabilization	2,180,000	2,250,000	2,150,000	2,100,000	2,100,000
Self insurance	1,000,000	660,000	440,000	220,000	-
Voluntary retirement incentive	-	41,273	197,414	404,990	1,607,352
Purchases	-	-	-	256,800	-
Assigned to:					
Compensated absences	811,674	733,919	755,861	760,477	634,944
Basic levy recapture	300,000	360,000	200,000	250,000	-
Unassigned	8,588,141	5,299,166	6,387,307	8,494,435	6,861,363
Total fund balances	<u>12,879,815</u>	<u>9,861,932</u>	<u>10,241,160</u>	<u>12,676,336</u>	<u>12,294,492</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 62,893,498</u>	<u>\$ 58,601,514</u>	<u>\$ 52,812,762</u>	<u>\$ 52,991,056</u>	<u>\$ 50,939,479</u>
Unassigned fund balance as a percent of general fund expenditures	19.5%	11.7%	14.4%	20.3%	16.9%

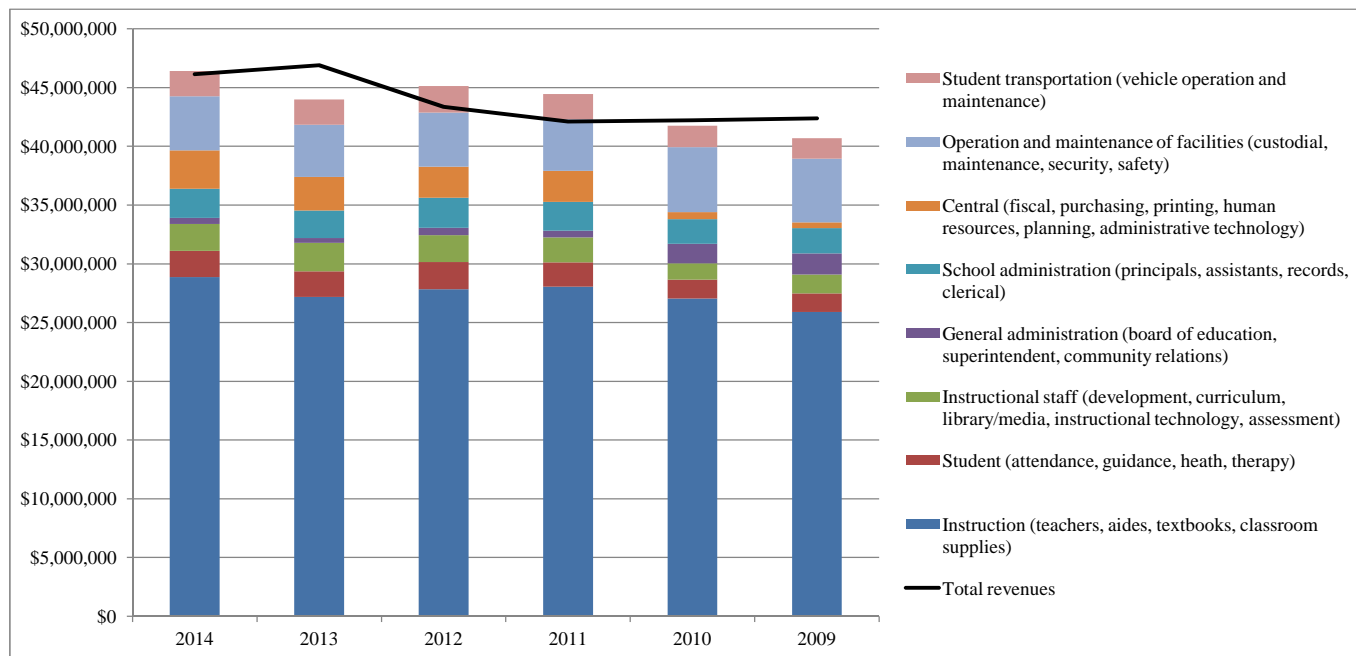
Source: District records.

**PARK CITY SCHOOL DISTRICT
GENERAL FUND**

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

Years Ended June 30, 2013 through 2009 with Anticipated Budget for the Year Ending June 30, 2014

	Anticipated Budget 2014	2013	2012	2011	2010	2009
Revenues:						
Local sources:						
Property taxes	\$ 41,467,300	\$ 41,948,118	\$ 37,771,927	\$ 36,746,476	\$ 36,171,247	\$ 34,061,088
Earnings on investments	105,129	112,655	96,817	85,865	116,925	326,625
Other local revenue	545,938	449,468	749,914	721,390	846,642	860,169
State sources	2,975,075	3,262,680	2,939,041	2,829,958	2,545,958	4,399,052
Federal sources	1,049,289	1,130,510	1,801,120	1,738,472	2,546,189	2,738,862
Total revenues	46,142,731	46,903,431	43,358,819	42,122,161	42,226,961	42,385,796
Expenditures:						
Current:						
Instruction	28,859,093	27,193,635	27,841,030	28,062,142	27,055,772	25,897,233
Supporting services:						
Student	2,233,696	2,175,373	2,304,354	2,051,855	1,607,057	1,588,971
Instructional staff	2,291,297	2,407,475	2,300,394	2,138,141	1,368,343	1,611,893
General administration	534,476	425,628	621,548	578,178	1,664,714	1,788,521
School administration	2,466,528	2,334,526	2,560,877	2,452,000	2,112,394	2,147,532
Central	3,276,572	2,864,673	2,639,002	2,641,250	604,821	502,846
Operation and maintenance of facilities	4,587,288	4,441,012	4,608,301	4,389,673	5,520,607	5,403,059
Student transportation	2,163,622	2,133,773	2,260,549	2,134,663	1,810,447	1,748,748
Total expenditures	46,412,572	43,976,095	45,136,055	44,447,902	41,744,155	40,688,803
Excess (deficiency) of revenues over (under) expenditures	(269,841)	2,927,336	(1,777,236)	(2,325,741)	482,806	1,696,993
Other financing sources (uses):						
Net transfers and other financing sources (uses)	344,068	90,547	1,398,008	(109,435)	(100,962)	(96,356)
Net change in fund balances	74,227	3,017,883	(379,228)	(2,435,176)	381,844	1,600,637
Fund Balances - Beginning	12,992,841	9,861,932	10,241,160	12,676,336	12,294,492	10,693,855
Fund Balances - Ending	\$ 13,067,068	\$ 12,879,815	\$ 9,861,932	\$ 10,241,160	\$ 12,676,336	\$ 12,294,492



Notes:

The 2014 anticipated budget is from the proposed budget approved by the Board in June 2013.

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, 2013 through 2009 with Anticipated Budget for the Year Ending June 30, 2014

	Anticipated Budget 2014	2013	2012	2011	2010	2009
General fund expenditures per student:						
Instruction	\$ 6,233	\$ 6,151	\$ 6,378	\$ 6,450	\$ 6,218	\$ 5,675
Supporting services:						
Student	482	492	466	472	369	348
Instructional staff	495	545	486	491	314	353
General administration	115	96	131	133	383	392
School administration	533	528	557	564	485	471
Central	708	648	600	607	139	110
Operation and maintenance of facilities	991	1,005	998	1,009	1,269	1,184
Student transportation	467	483	485	491	416	383
Total <i>general fund</i> expenditures per student	<u>\$ 10,024</u>	<u>\$ 9,948</u>	<u>\$ 10,101</u>	<u>\$ 10,217</u>	<u>\$ 9,593</u>	<u>\$ 8,916</u>
Student fall enrollment count	4,630	4,421	4,400	4,351	4,351	4,563

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 2012 through 2008

	<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</u>	
	<u>Taxable Value</u>	<u>% of TV</u>	<u>Taxable Value</u>		<u>Taxable Value</u>		<u>Taxable Value</u>		<u>Taxable Value</u>	
Set by County Assessor-Locally Assessed										
Real property:										
Primary residential	\$ 2,862,336,394	25.1 %	\$ 2,925,858,747		\$ 3,029,213,570		\$ 3,578,389,700		\$ 3,646,977,941	
Other residential	6,086,020,786	53.4	6,052,611,082		5,904,039,678		6,556,013,225		6,392,230,581	
Commercial and industrial	1,212,881,295	10.6	1,270,082,541		1,170,789,346		1,137,349,985		926,398,470	
Agricultural and Farmland Assessment Act (FAA)	12,360,621	0.1	119,789,969		12,472,480		12,470,310		12,160,115	
Unimproved non FAA	869,098,098	7.6	825,110,164		934,685,521		1,147,542,323		1,235,811,981	
Total real property	<u>11,042,697,194</u>	<u>96.9</u>	<u>11,193,452,503</u>		<u>11,051,200,595</u>		<u>12,431,765,543</u>		<u>12,213,579,088</u>	
Personal property	<u>188,634,918</u>	<u>1.7</u>	<u>184,812,750</u>		<u>166,524,544</u>		<u>175,045,771</u>		<u>178,743,232</u>	
Fee in lieu (moter vehicles, etc.)	<u>82,629,219</u>	<u>0.7</u>	<u>80,700,653</u>		<u>249,057,252</u>		<u>180,820,221</u>		<u>182,309,136</u>	
Total locally assessed	<u>11,313,961,331</u>	<u>99.3</u>	<u>11,458,965,906</u>		<u>11,466,782,391</u>		<u>12,787,631,535</u>		<u>12,574,631,456</u>	
Set by State Tax Commission-Centrally Assessed										
Total taxable value	<u>76,804,399</u>	<u>0.7</u>	<u>77,840,584</u>		<u>84,075,778</u>		<u>85,597,977</u>		<u>82,695,899</u>	
Total taxable value	<u>\$ 11,390,765,730</u>	<u>100.0 %</u>	<u>\$ 11,536,806,490</u>		<u>\$ 11,550,858,169</u>		<u>\$ 12,873,229,512</u>		<u>\$ 12,657,327,355</u>	
Total taxable value (less fee in lieu property)	<u>\$ 11,308,136,511</u>		<u>\$ 11,456,105,837</u>		<u>\$ 11,301,800,917</u>		<u>\$ 12,692,409,291</u>		<u>\$ 12,475,018,219</u>	

Source: District records.

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

Years Ended June 30, 2013 through 2010 with Anticipated Budget for Year Ending June 30, 2014

	Anticipated Budget		2013		2012		2011		2010	
	Tax Rate	Budget	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections
General Fund:										
Basic	0.001535	\$ 16,289,358	0.001651	\$ 15,754,421	0.001591	\$ 18,334,080	0.001495	\$ 16,666,400	0.001433	\$ 17,729,255
Board local	0.000894	8,435,259	0.000894	8,803,686	-	-	-	-	-	-
Voted local	0.001542	16,742,683	0.001542	17,390,011	0.001500	17,285,431	0.001500	16,722,140	0.001302	16,108,507
Reading program	-	-	0.000000	-	0.000067	772,083	0.000065	724,626	0.000056	692,839
Special transportation	-	-	0.000000	-	0.000153	1,763,114	0.000092	1,025,625	0.000022	272,187
Tort liability	-	-	0.000000	-	0.000005	57,618	0.000004	44,592	0.000003	37,116
Ten percent of basic	-	-	0.000000	-	0.000155	1,786,161	0.000145	1,616,474	0.000124	1,534,144
Total general fund	0.003971	41,467,300	0.004087	41,948,118	0.003471	39,998,487	0.003301	36,799,857	0.002940	36,374,048
Non K-12 Programs Fund:										
Community recreation	-	-	-	-	0.000097	1,117,791	0.000089	992,180	0.000074	915,537
Board local	-	1,278,394	-	1,342,615	-	-	-	-	-	-
Total non K-12 programs fund	-	1,278,394	-	1,342,615	0.000097	1,117,791	0.000089	992,180	0.000074	915,537
Debt Service Fund:										
Debt service	0.000394	3,197,040	0.000394	4,453,961	0.000408	4,701,637	0.000545	6,075,711	0.000525	6,495,366
Capital Projects Fund:										
Capital local	0.000443	4,823,408	0.000443	4,995,831	0.000429	4,943,633	0.000425	4,737,940	0.000479	5,926,248
Total tax rate / collections	0.004808	\$ 50,766,142	0.004924	\$ 52,740,525	0.004405	\$ 50,761,549	0.004360	\$ 48,605,688	0.004018	\$ 49,711,199
Recapture of basic levy paid to State of Utah Office of Education										
		<u>\$ (1,468,349)</u>		<u>\$ (2,867,758)</u>		<u>\$ (2,179,087)</u>		<u>\$ (1,614,915)</u>		<u>\$ (2,594,139)</u>

Notes:

Tax rates are levied for the calendar year. For example, calendar year 2013 tax rates apply to the District's fiscal year ended June 30, 2014.

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

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

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

The 2014 budget reflects the rates and anticipated collections as approved by the Board in June 2013.

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.

Source: District records.

PARK CITY SCHOOL DISTRICT

COMPLIANCE REPORTS

Year Ended June 30, 2013

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PARK CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	CFDA Number	USOE Revenue Code	District's Program Number	(Unearned) Receivable June 30, 2012	Receipts	Expenditures	(Unearned) Receivable June 30, 2013
U.S. DEPARTMENT OF AGRICULTURE:							
Direct:							
Team Nutrition Grants	10.574	51	8001	\$ -	\$ 500	\$ 500	\$ -
Passed through Utah State Office of Education:							
<i>Child Nutrition Cluster:</i>							
School Breakfast Program	10.553	44	8074	3,066	81,622	81,511	2,955
National School Lunch Program	10.555	42	8071	2,456	174,237	171,781	-
National School Lunch Program	10.555	43	8072	11,114	298,146	299,144	12,112
National School Lunch Program (Commodities)	10.555		8001	-	82,946	82,946	-
Child and Adult Care Food Program	10.558	47	8075	-	1,287	1,287	-
Passed through Summit County:							
<i>Forest Service Schools and Roads Cluster:</i>							
Schools and Roads - Grants to States	10.665		9999	-	46,704	46,704	-
				16,636	685,442	683,873	15,067
U.S. DEPARTMENT OF EDUCATION:							
Passed through Utah State Office of Education:							
<i>Title I, Part A Cluster:</i>							
Title I Grants to Local Education Agencies	84.010	08	7801	183,077	367,165	310,833	126,745
<i>Special Education (IDEA) Cluster:</i>							
Special Education - Grants to States	84.027	19	7524	532,424	986,872	651,011	196,563
Special Education - Preschool Grants	84.173	52	7522	11,350	11,350	19,491	19,491
Career and Technical Education - Basic Grants to States	84.048	21	6043	72,571	72,571	32,933	32,933
Tech-Prep Education	84.243	26	6043	963	963	-	-
English Language Acquisition State Grants	84.365	73	7880	23,400	43,923	36,955	16,432
Improving Teacher Quality State Grants	84.367	74	7860	55,797	55,797	52,074	52,074
				879,582	1,538,641	1,103,297	444,238
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:							
Passed through Ogden School District:							
AmeriCorps	94.006		7601	-	4,037	8,119	4,082
Total federal awards				\$ 896,218	\$ 2,228,120	\$ 1,795,289	\$ 463,387

See notes to schedule of expenditures of federal awards.

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

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

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

Most of the federal awards are expenditure-driven grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; grants received in advance are recorded as unearned revenue. Donated food commodities are recorded at fair value in the *school food services fund* as an inventory asset and federal revenue when received. Donated food commodity inventories are recorded as expenditures when they are transferred to schools for consumption and totaled \$82,946 for the year ended June 30, 2013.

Note C. **Relationship to District’s Financial Statements** – A reconciliation of federal revenue reported on the District’s basic financial statements and the schedule of expenditures of federal awards for the year ended June 30, 2013 is as follows:

General fund	\$ 1,130,510
Special revenue funds:	
Non K-12 programs	27,610
Food services	<u>637,169</u>
Total federal revenue reported on schedule of expenditures and federal awards (SEFA)	<u><u>\$ 1,795,289</u></u>



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

Board of Education
Park City School District

We have audited, in accordance with the 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, the 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Orem, Utah
November 15, 2013



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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Board of Education
Park City School District

Report on Compliance for Each Major Federal Program

We have audited the compliance of Park City School District (the District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of

requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Park City School District as of and for the year ended June 30, 2013, and have issued our report thereon dated November 15, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Agui & Company, PC

Orem, Utah
November 15, 2013

PARK CITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2013

2012-1 Certain balance sheet accounts had not been reconciled with related general ledger accounts in a timely manner during the year.

This finding has been resolved in the year ended June 30, 2013.

PARK CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

I. Summary of auditor's results:

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? ___ yes X no
- Significant deficiencies identified that are
not considered to be material weaknesses? ___ yes X none reported
- Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ___ yes X no
- Significant deficiencies identified that are
not considered to be material weaknesses? ___ yes X none reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	<i>Special Education Cluster (IDEA):</i>
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
	<i>Title I, Part A Cluster:</i>
84.010	Title I Grants to Local Educational Agencies

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

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

II. Financial statement findings:

No matters were reported.

III. Federal award findings and questioned costs:

No matters were reported.

PARK CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended June 30, 2013

State Grantor Agency / Program Title	Program Number	Year Last Audited	Receivable (Unearned) June 30, 2012	Received	Expended	Receivable (Unearned) June 30, 2013
State Awards:						
State of Utah Office of Education:						
Minimum School Program (per schedule)	Various	2013	\$ (410,916)	\$ 19,556,440	\$ 19,701,200	\$ (266,156)
Minimum School Program Generated by Basic Levy			-	(16,387,490)	(16,387,490)	-
Total Minimum School Program revenue			(410,916)	3,168,950	3,313,710	(266,156)
Driver Education *	5610	n/a	8,902	(5,670)	(14,572)	-
Utah Performance Assessment System for Students (U-PASS)	5699	n/a	-	20,780	20,780	-
State Carryover - Administration	5680	n/a	10,000	10,000	-	-
State of Utah Office of Energy Development:						
Energy Rebate	9999	n/a	-	85,589	85,589	-
State of Utah Department of Workforce Services:						
Park City Center for Advanced Professional Studies	0517	n/a	-	96,317	150,000	53,683
Total expenditures of state awards			(392,014)	3,375,966	3,555,507	(212,473)
State Matching for Federal Programs:						
State of Utah Office of Education:						
School Lunch Program (Liquor Control Tax)	8070	**	78,790	198,375	214,166	94,581
Total state revenue (per statement of activities)			\$ (313,224)	\$ 3,574,341	\$ 3,769,673	\$ (117,892)

* Revenue was recognized in prior years and funding was subsequently refunded to State.

** Compliance is audited in accordance with OMB Circular A-133 with federal *Child Nutrition Cluster* programs.

This schedule is reported using the modified accrual basis of accounting for assistance received by governmental funds, which is described in Note 1 to the District's basic financial statements.



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Independent Auditor's Report on Each General State Compliance
Requirement Tested and on Compliance for Each Major State Program
and Report on Internal Control Over Compliance
in Accordance with the *State of Utah Legal Compliance Audit Guide*

Board of Education
Park City School District

**Report on Each General State Compliance Requirement Tested and on Compliance for Each
Major State Program**

We have audited the compliance of Park City School District (the District) with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013.

General state compliance requirements tested for the year ended June 30, 2013 are identified as follows:

- Cash Management
- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems Compliance
- Locally Generated Taxes and Fees
- School Fees
- Government Records Access Management Act
- Conflicts of Interest

The District's state awards (passed through the State of Utah Office of Education) classified as major programs for the year ended June 30, 2013 are as follows:

- Minimum School Program

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*, issued by the Office of the Utah State Auditor. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could

have a direct and material effect on a general state compliance requirement or a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each general state compliance requirement tested and each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each General State Compliance Requirement Tested and Each Major State Program

In our opinion, Park City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each general compliance requirement tested and on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the state requirements that could have a direct and material effect on each general state compliance requirement tested and each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each general state compliance requirement tested and each major state program and to test and report on internal control over compliance in accordance with the *State of Utah Legal Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Utah Legal Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards in Accordance with the *State of Utah Legal Compliance Audit Guide*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated November 15, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis in accordance with the *State of Utah Legal Compliance Audit Guide* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Orem, Utah
November 15, 2013



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Letter to Management

Board of Education
Park City School District

In planning and performing our audit of the basic financial statements of Park City School District (the District) as of and for the year ended June 30, 2013, 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*, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving internal control, compliance, and other operational matters that are presented for your consideration. This letter does not affect our report dated November 15, 2013, on the financial statements of the District. This letter accompanies our reports dated November 15, 2013, in accordance with *Government Auditing Standards*, OMB Circular A-133, and the *State of Utah Legal Compliance Audit Guide*.

Certain Other Matters

Budgeting – Expenditures may not legally exceed budgeted appropriations at the fund level. Total expenditures in the *general fund* exceeded budgeted amounts by \$286,077 or 0.7% for the year ended June 30, 2013. We recommend budgets be adopted and amended as appropriate to avoid overspending.

Individual School Accounting – We visit several schools in the District each year. We focus on areas of financial accounting, equipment management, and membership accounting during our visits. Certain minor exceptions with established District policies and procedures were noted. We discussed these exceptions with school personnel at the completion of each visit. We have also reported our findings to District management. We encourage continued training of those involved in the accounting function at the schools.

Management's Response – We appreciate the matters brought to our attention and will review these comments with each school and appropriate individuals. Our audit committee has also considered these comments. Improvements will be implemented and monitored during the next fiscal year, as applicable.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control and compliance, or result in other operating efficiencies.

We appreciated working with and the assistance and responsiveness of District personnel during the audit. We also note management's ability and sensitivity to display and communicate an appropriate attitude regarding internal control and the financial reporting process. We are available to discuss these matters with you as needed.

This communication is intended solely for the information and use of management, the Board, and oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.

Aguirre & Company, P.C.

Orem, Utah
November 15, 2013