

**PARK CITY SCHOOL DISTRICT**

**Financial Statements**

Year Ended June 30, 2005

**PARK CITY SCHOOL DISTRICT**

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## **FINANCIAL SECTION**



## Independent Auditor's Report

Board of Education  
Park City School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Park City School District (District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the District as of June 30, 2005, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2005 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis which follows this report is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Agui & Company, PC*

August 19, 2005

## Management's Discussion and Analysis

This section of Park City School District's (District) financial report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2005.

### Financial Highlights

- The District is dependent on revenues generated by property taxes. Property tax revenues increased by 10.5% in 2005 as a result of increased tax rates and growth in the value of taxable property.
- The District's net assets exceeded liabilities by \$88.1 million at the close of the most recent fiscal year.
- During the year, expenses were \$8.0 million less than the \$45.2 million generated in taxes and other revenues for governmental activities.
- The District continues to grow at a steady pace. Student enrollment increased by 155 students to a total of 4,214 students as of October 1, 2004.
- In April 2005, the District issued \$5.0 million of general obligation school building bonds to finance the construction of new facilities and improvements at Park City High School. The bonds are part of a February 2, 1999 \$30 million voted authorization. All of the \$30 million authorized bonds have now been issued.
- The District continues to improve buildings to provide for growth in the number of students enrolled and to provide housing for the various programs throughout the District. During 2005, the District completed \$13.1 million of building projects. Construction projects under way during the year total \$1.8 million, of which \$1.3 million was completed at June 30, 2005.

### Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

- **Governmental activities.** Most of the District's basic services are included here, such as instruction, various support services, and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.

- Component units. The District includes other entities in the report, namely, the Park City Education Foundation and the parent teacher organizations. Although legally separate, these component units are included because they are nonprofit organizations established to support schools and programs within the District.

**Fund financial statements.** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories, namely, governmental funds and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, each of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 through 17 of this report.

- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the District cannot use these funds to finance its operations.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 18 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 19 through 29 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 30 through 38 of this report.



## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$88.1 million at the close of the most recent fiscal year.

**PARK CITY SCHOOL DISTRICT'S Net Assets**  
**June 30, 2005 and 2004**  
(in millions of dollars)

	Governmental activities		Total change
	2005	2004	2005-2004
Current and other assets	\$ 77.0	\$ 71.7	\$ 5.3
Capital assets	100.3	97.4	2.9
Total assets	<u>177.3</u>	<u>169.1</u>	<u>8.2</u>
Current and other liabilities	41.2	40.8	0.4
Long-term liabilities outstanding	48.0	48.2	(0.2)
Total liabilities	<u>89.2</u>	<u>89.0</u>	<u>0.2</u>
Net assets:			
Invested in capital assets, net of related debt	56.3	54.0	2.3
Restricted	23.6	17.2	6.4
Unrestricted	8.2	8.9	(0.7)
Total net assets	<u>\$ 88.1</u>	<u>\$ 80.1</u>	<u>\$ 8.0</u>

- The largest portion of the District's net assets (64%) reflects its investment in capital assets (e.g., land, buildings and improvements, and equipment and busses net of accumulated depreciation), less any related debt (general obligation bonds payable) used to acquire those assets that are still outstanding net of unspent bond proceeds. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net assets (27%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- The remaining balance of *unrestricted net assets* (9%) may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

- Net assets invested in capital assets, net of related debt increased by \$2.3 million during the year ended June 30, 2005. This increase resulted primarily from \$4.8 million spent on new construction projects and \$5.3 million in payments of bond principal. The District issued \$5.0 million in new general obligation school building bonds in April 2005, of which \$3.9 million was unspent at June 30, 2005.
- Restricted net assets increased by \$6.4 million during the year ended June 30, 2005. This increase resulted primarily from the receipt of resources restricted for capital projects.

The District's net assets increased by \$8.0 million during the current year. The following discussion and analysis on governmental activities focuses on this increase:

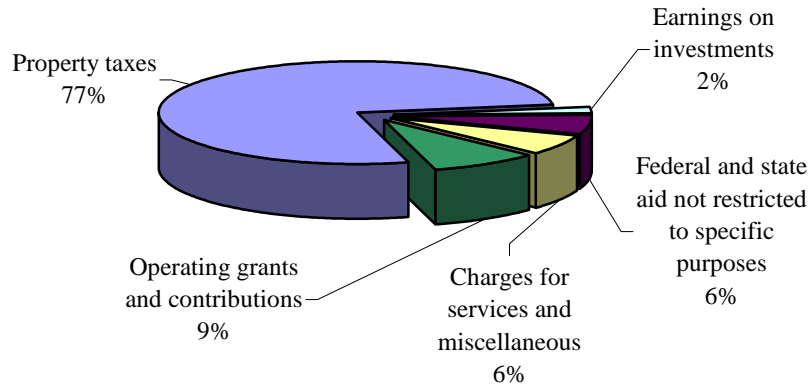
**Governmental activities.** The key elements of the increase of the District's net assets for the year ended June 30, 2005 are as follows:

**PARK CITY SCHOOL DISTRICT'S Changes in Net Assets**  
**Years Ended June 30, 2005 and 2004**  
(in millions of dollars)

	Governmental activities		Total
	2005	2004	change 2005-2004
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1.4	\$ 1.4	\$ -
Operating grants and contributions	4.1	3.7	0.4
General revenues:			
Property taxes	34.6	31.3	3.3
Federal and state aid not restricted to specific purposes	2.7	2.3	0.4
Earnings on investments	0.9	0.5	0.4
Miscellaneous	1.5	1.4	0.1
Total revenues	<u>45.2</u>	<u>40.6</u>	<u>4.6</u>
<b>Expenses:</b>			
Instructional services	21.6	20.8	0.8
Supporting services:			
Students	1.1	1.0	0.1
Instructional staff	0.6	0.6	-
District administration	1.2	1.1	0.1
School administration	2.1	2.0	0.1
Business	0.4	0.4	-
Operation and maintenance of facilities	4.2	3.9	0.3
Transportation	1.6	1.5	0.1
School lunch services	1.3	1.2	0.1
Community services	1.2	0.9	0.3
Interest on long-term liabilities	1.9	1.9	-
Total expenses	<u>37.2</u>	<u>35.3</u>	<u>1.9</u>
<b>Increase in net assets</b>	8.0	5.3	2.7
<b>Net assets - beginning</b>	<u>80.1</u>	<u>74.8</u>	<u>5.3</u>
<b>Net assets - ending</b>	<u>\$ 88.1</u>	<u>\$ 80.1</u>	<u>\$ 8.0</u>

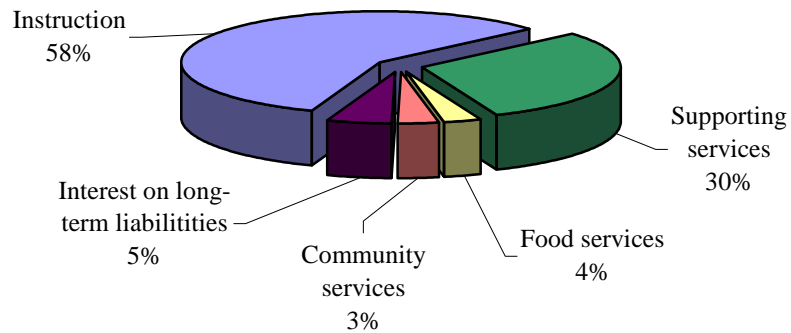
- The largest net dollar increase in revenues is property taxes. Property tax revenues increased by \$3.3 million or 10.5% in 2005 as a result of increased tax rates and growth in the value of taxable property.
- State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the WPU, the state will make up the difference with state funding. Certain special students receive a weighting greater than one. The value of the WPU increased by 1.5% during the year ended June 30, 2005 (\$2,182 during 2005 as compared to \$2,150 in 2004). With student growth, state revenue increased by \$0.9 million.

**Park City School District  
Revenues by Source - Governmental Activities  
Year Ended June 30, 2005**



- Instructional services represent the largest dollar increase in expense of \$0.8 million due to an increase in the number of teachers employed by the District, increases in salaries, and increases in health care insurance premiums.

**Park City School District  
Expenses by Function - Governmental Activities  
Year Ended June 30, 2005**



**Financial Analysis of the District's Funds**

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

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$35.1 million, \$5.9 million higher than the previous year. Included in this year's change in the combined fund balance are revenues and unspent bond proceeds that are restricted for capital projects totaling \$3.9 million; this year's change also includes an increase in the fund balance of the general fund of \$24,052. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$28.7 million, an increase of 7.5% during the current fiscal year. This compares to a 6.4% increase in 2004. Instructional services represent 64.1% of general fund expenditures.
- General fund salaries totaled \$18.1 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$6.7 million to arrive at 86.4% of total general fund expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the District's fund balances that are not available for appropriation. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of debt service, capital projects, and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion. \$2.3 million of the fund balance of the general fund is designated for the following purposes:

- *Designation for undistributed reserve* of \$1.4 million or 5.0% of general fund budgeted expenditures. As allowed by state law, the District has established an undistributed reserve within the general fund; this amount is set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's excellent bond rating of Aa2 given by credit rating agencies.
- *Designation for employee benefits.* The District has designated a portion of the general fund's unreserved fund balance for compensated absences (\$83,760) and voluntary retirement incentives (\$900,000).

### **General Fund Budgetary Highlights**

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was a decrease of \$1.1 million or 3.7% in total general fund expenditures.

During the year, final budgeted revenues were more than original budgetary estimates by \$1.3 million or 4.6%, to account for anticipated increases in property tax revenue and federal sources.

Even with these adjustments, actual expenditures were \$0.3 million below final budgeted amounts. The most significant positive variances were \$0.4 million in instructional services and \$0.1 million in supporting services-student transportation. On the other hand, resources available for appropriation were \$0.5 million below the final budgeted amount. Variances primarily result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

## Capital Asset and Debt Administration

**Capital Assets.** The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. The District completed the remodel of Jeremy Ranch Elementary School, the Ecker Hill International Middle School, and other projects during 2005 at a cost of \$13.1 million. The District has various projects in process at June 30, 2005 with an anticipated total cost of \$1.8 million, of which \$1.3 million was complete at that date.

Capital assets at June 30, 2005 and 2004 are outlined below:

**PARK CITY SCHOOL DISTRICT'S Capital Assets**  
**June 30, 2005 and 2004**  
 (net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total
	2005	2004	change 2005-2004
Land	\$ 4.9	\$ 4.9	\$ -
Construction in progress	1.3	9.6	(8.3)
Buildings and improvements	92.2	81.1	11.1
Equipment and busses	1.9	1.8	0.1
Total capital assets	<u>\$ 100.3</u>	<u>\$ 97.4</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.** In April 2005 the District issued \$5.0 million of general obligation school building bonds to finance the construction of new facilities and improvement of Park City High School. The bonds are part of a February 2, 1999 \$30 million voted authorization. All of the \$30 million authorized bonds have now been issued.

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2005 is about \$315 million. Net general obligation debt at June 30, 2005 is \$47.8 million, resulting in a legal debt margin of about \$267 million.

**PARK CITY SCHOOL DISTRICT'S Outstanding Debt**  
**June 30, 2005 and 2004**  
 (in millions of dollars)

	Governmental activities		Total
	2005	2004	Change 2005-2004
General obligation bonds	<u>\$ 47.8</u>	<u>\$ 48.0</u>	<u>\$ (0.2)</u>

Although it is not unusual for governments to have a 30-year bond payoff schedule, the District maintains an aggressive schedule to retire all of its general obligation bonds by 2015.

Additional information on the District's long-term debt can be found in Note 7 to the basic financial statements.

**Enrollment**

The District anticipates continued growth in student enrollment. The following enrollment information is based on the annual October 1 count:

**PARK CITY SCHOOL DISTRICT'S Enrollment**

<u>School Year</u>	<u>Enrollment</u>	<u>Change</u>
2005-06	4367	3.6%
2004-05	4214	3.8%
2003-04	4059	2.6%
2002-03	3957	0.9%
2001-02	3923	0.1%
2000-01	3921	2.9%

**Requests for Information**

This financial report is designed to provide a general overview of the Park City School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Park City School District, 2700 Kearns Blvd., Park City, UT 84060.

## **BASIC FINANCIAL STATEMENTS**

**PARK CITY SCHOOL DISTRICT**  
**Statement of Net Assets**  
June 30, 2005

	<b>Governmental Activities</b>	<b>Component Units</b>
<b>Assets:</b>		
Cash and investments	\$ 36,900,545	\$ 970,230
Receivables:		
Property taxes	38,554,887	-
Other local	62,641	27,350
State of Utah	23,925	-
Federal government	1,041,793	-
Inventories	24,438	-
Prepays	236,136	-
Bond issuance costs, nets of accumulated amortization	216,684	-
Capital assets:		
Land and construction in progress	6,224,412	-
Other capital assets, net of accumulated depreciation	94,030,955	-
Total assets	<u>177,316,416</u>	<u>997,580</u>
<b>Liabilities:</b>		
Accounts payable	312,888	17,655
Accrued interest payable	721,718	-
Accrued salaries payable	3,475,289	-
Deferred revenue:		
Property taxes	36,429,547	-
Other local	-	431,880
State of Utah	269,006	-
Federal government	37,295	-
Noncurrent liabilities:		
Due within one year	5,703,512	-
Due in more than one year	42,312,742	-
Total liabilities	<u>89,261,997</u>	<u>449,535</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	56,329,238	-
Restricted for:		
School lunch	853,969	-
Community programs	1,344,121	-
Debt service	318,318	-
Capital projects	21,001,909	-
Student programs	-	433,827
Unrestricted	8,206,864	114,218
Total net assets	<u>\$ 88,054,419</u>	<u>\$ 548,045</u>

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





**PARK CITY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2005

	<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>		
<b>Assets:</b>					
Cash and investments	\$ 9,709,858	\$ 405,146	\$ 24,757,322	\$ 2,028,219	\$ 36,900,545
Receivables:					
Property taxes	24,914,089	6,546,414	6,849,317	245,067	38,554,887
Other local	52,961	-	-	9,680	62,641
State of Utah	-	-	-	23,925	23,925
Federal government	943,035	-	-	98,758	1,041,793
Prepays	236,136	-	-	-	236,136
Inventories	-	-	-	24,438	24,438
Total assets	<u>\$ 35,856,079</u>	<u>\$ 6,951,560</u>	<u>\$ 31,606,639</u>	<u>\$ 2,430,087</u>	<u>\$ 76,844,365</u>
<b>Liabilities and fund balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 117,176	\$ -	\$ 194,697	\$ 1,015	\$ 312,888
Accrued liabilities	3,475,289	-	-	-	3,475,289
Deferred revenue:					
Property taxes	24,378,427	6,376,003	6,695,093	239,327	37,688,850
State of Utah	269,006	-	-	-	269,006
Federal government	9,294	-	28,001	-	37,295
Total liabilities	<u>28,249,192</u>	<u>6,376,003</u>	<u>6,917,791</u>	<u>240,342</u>	<u>41,783,328</u>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Construction commitments	-	-	496,027	-	496,027
Inventories	-	-	-	24,437	24,437
Encumbrances	272,581	-	84,172	340	357,093
Reading	122,644	-	-	-	122,644
<b>Unreserved, designated for:</b>					
High school lunch program	-	-	-	85,556	85,556
Undistributed reserve	1,445,000	-	-	-	1,445,000
Voluntary retirement incentive	900,000	-	-	-	900,000
Unpaid vacation	83,760	-	-	2,381	86,141
Capital projects	-	-	24,108,649	-	24,108,649
Unreserved, undesignated	4,782,902	575,557	-	2,077,031	7,435,490
Total fund balances	<u>7,606,887</u>	<u>575,557</u>	<u>24,688,848</u>	<u>2,189,745</u>	<u>35,061,037</u>
Total liabilities and fund balances	<u>\$ 35,856,079</u>	<u>\$ 6,951,560</u>	<u>\$ 31,606,639</u>	<u>\$ 2,430,087</u>	<u>\$ 76,844,365</u>

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

**PARK CITY SCHOOL DISTRICT**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
June 30, 2005

<b>Total fund balances for governmental funds</b>		\$ 35,061,037
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 4,928,568	
Construction in progress	1,295,844	
Buildings and improvements, net of \$18,959,185 accumulated depreciation	92,197,388	
Equipment and busses, net of \$1,919,726 accumulated depreciation	1,833,567	100,255,367
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.		
		1,259,303
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is:		
		(721,718)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:		
General obligation bonds payable	(48,615,000)	
Bond premium, net of \$6,581 of accumulated amortization	(53,513)	
Deferred amounts on refunding , net of \$347,206 of accumulated amortization	831,188	
Bond issuance costs, net of \$44,277 of accumulated amortization	216,684	
Unpaid vacation	(86,141)	
Voluntary retirement incentive payable	(92,788)	(47,799,570)
<b>Total net assets of governmental activities</b>		<b>\$ 88,054,419</b>

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, 2005

	<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>		
<b>Revenues:</b>					
Property taxes	\$ 22,058,311	\$ 7,017,451	\$ 6,350,854	\$ 236,338	\$ 35,662,954
Earnings on investments	268,337	58,714	540,407	-	867,458
School lunch sales	-	-	-	827,007	827,007
Other local revenue	569,763	-	769,877	633,579	1,973,219
State sources	5,120,263	-	103,951	163,321	5,387,535
Federal sources	1,045,689	-	631	385,337	1,431,657
Total revenues	<u>29,062,363</u>	<u>7,076,165</u>	<u>7,765,720</u>	<u>2,245,582</u>	<u>46,149,830</u>
<b>Expenditures:</b>					
Instructional services	18,384,395	-	7,853	302,934	18,695,182
Supporting services:					
Student	1,005,793	-	7,652	59,721	1,073,166
Instructional staff	635,845	-	-	-	635,845
General administration	1,192,368	-	-	-	1,192,368
School administration	1,784,600	-	-	211,687	1,996,287
Business	378,696	-	-	-	378,696
Operation and maintenance of facilities	3,992,460	-	117,716	-	4,110,176
Student transportation	1,323,746	-	-	-	1,323,746
Food services	-	-	-	1,167,680	1,167,680
Community services	-	-	-	1,139,361	1,139,361
Capital outlay	-	-	6,345,793	-	6,345,793
Debt service:					
Principal retirement	-	5,325,000	-	-	5,325,000
Debt issuance costs	-	-	59,071	-	59,071
Interest and fiscal charges	-	1,851,267	-	-	1,851,267
Total expenditures	<u>28,697,903</u>	<u>7,176,267</u>	<u>6,538,085</u>	<u>2,881,383</u>	<u>45,293,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>364,460</u>	<u>(100,102)</u>	<u>1,227,635</u>	<u>(635,801)</u>	<u>856,192</u>
<b>Other financing sources (uses):</b>					
Transfers	(340,408)	-	-	340,408	-
Proceeds of general obligation bonds	-	-	5,000,000	-	5,000,000
Bond premium	-	-	7,850	-	7,850
Sale of capital assets	-	-	44,043	-	44,043
Total other financing sources (uses)	<u>(340,408)</u>	<u>-</u>	<u>5,051,893</u>	<u>340,408</u>	<u>5,051,893</u>
Net change in fund balances	24,052	(100,102)	6,279,528	(295,393)	5,908,085
<b>Fund balances - beginning</b>	<u>7,582,835</u>	<u>675,659</u>	<u>18,409,320</u>	<u>2,485,138</u>	<u>29,152,952</u>
<b>Fund balances - ending</b>	<u>\$ 7,606,887</u>	<u>\$ 575,557</u>	<u>\$ 24,688,848</u>	<u>\$ 2,189,745</u>	<u>\$ 35,061,037</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, 2005

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**Net change in fund balances-total governmental funds** \$ 5,908,085

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for land, equipment and busses and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 5,134,068	
Proceeds from sales of capital assets	(44,043)	
Gain on sale of capital assets	25,593	
Depreciation expense	<u>(2,274,928)</u>	2,840,690

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

Principal repayment of general obligation bonds	5,325,000	
General obligation school building bonds issued	(5,000,000)	
Premium on general obligation bond	(7,850)	
Amortization of bond premium	4,986	
Amortization of deferred refunding costs	(126,257)	
Bond issuance costs	59,071	
Amortization of bond issuance costs	(21,628)	
Interest expense	<u>51,339</u>	284,661

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred property tax revenues decreased this year.

(1,056,196)

In the statement of activities, certain operating expenses - compensated absences (vacations) and special termination benefits (voluntary retirement incentive) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, unpaid vacation increased by \$8,769 and voluntary retirement incentive payable increased by \$18,906.

(27,675)

**Change in net assets of governmental activities** \$ 7,949,565

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 21,217,391	\$ 22,355,120	\$ 22,058,311	\$ (296,809)
Earnings on investments	335,000	285,395	268,337	(17,058)
Other local revenue	556,500	588,651	569,763	(18,888)
State sources	5,050,419	4,945,684	5,120,263	174,579
Federal sources	1,106,232	1,392,374	1,045,689	(346,685)
Total revenues	<u>28,265,542</u>	<u>29,567,224</u>	<u>29,062,363</u>	<u>(504,861)</u>
<b>Expenditures:</b>				
Instruction	19,135,925	18,749,162	18,384,395	364,767
Supporting services:				
Student	1,192,785	1,038,626	1,005,793	32,833
Instructional staff	717,038	672,732	635,845	36,887
General administration	1,274,599	1,175,445	1,192,368	(16,923)
School administration	1,870,263	1,613,926	1,784,600	(170,674)
Business	397,327	363,444	378,696	(15,252)
Operation and maintenance of facilities	4,082,050	3,847,399	3,992,460	(145,061)
Student transportation	1,380,179	1,471,162	1,323,746	147,416
Contingencies	-	-	-	-
Total expenditures	<u>30,050,166</u>	<u>28,931,896</u>	<u>28,697,903</u>	<u>233,993</u>
Excess of revenues over expenditures	<u>(1,784,624)</u>	<u>635,328</u>	<u>364,460</u>	<u>(270,868)</u>
<b>Other financing sources (uses):</b>				
Transfers out	(240,806)	(328,896)	(340,408)	11,512
Net change in fund balances	<u>(2,025,430)</u>	<u>306,432</u>	<u>24,052</u>	<u>(259,356)</u>
<b>Fund balances - beginning</b>	<u>7,264,059</u>	<u>7,582,835</u>	<u>7,582,835</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 5,238,629</u>	<u>\$ 7,889,267</u>	<u>\$ 7,606,887</u>	<u>\$ (259,356)</u>

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

**PARK CITY SCHOOL DISTRICT**  
**Statement of Fiduciary Fund Net Assets**  
*Student Activities Agency Fund*  
June 30, 2005

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	<u>Student Activities Fund</u>
<b>Assets:</b>	
Cash and investments	<u>\$ 349,477</u>
<b>Liabilities:</b>	
Due to student groups	<u>\$ 349,477</u>

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

**PARK CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting entity** – The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. As required by GAAP, these financial statements present the District and its component units, Park City School District Foundation and the parent-teacher organizations of each school, legally separate organizations for which the District is considered to be financially accountable. The components units are reported as a separate column in the District’s government-wide financial statements as discretely presented component units; the component units are reported as governmental fund types. Complete financial statements for the Foundation may be obtained at the District’s administrative office.

**Government-wide and fund financial statements** – The *government-wide financial statements* (the statement of net assets and the statement of changes in net assets) display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. 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, and operation and maintenance of facilities) 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, including its fiduciary fund. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- The *general fund* is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.



**PARK CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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- 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.

Additionally, the District reports the following fund type:

- The *student activities agency fund* (a fiduciary fund) accounts for monies held on behalf student groups.

**Measurement focus, basis of accounting, and financial statement presentation** – The *government-wide financial statements* are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**Budgetary Data** – The District operates within the budget requirements for school districts as specified by Utah state law and as interpreted by the Utah State Superintendent of Public Instruction. Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a District level for the *student activities agency fund*. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

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

**PARK CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2005, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**Deposits and Investments** – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pool’s investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

**Receivables and Payables** – Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either “due to/from other funds.”

**Inventories** – Inventories are valued at cost or, if donated, at fair value when received, stated at the lower of average cost or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are recorded as revenue when received.

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

**PARK CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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

**Vacation and Special Termination Benefits** – Under terms of association agreements, employees are granted vacation leave in amounts varying with tenure. In the event of termination or death, an employee is reimbursed for accumulated vacation days. A liability is recorded for vested vacation days in the governmental-wide financial statements.

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 for sick pay benefits at the time of separation.

Under Board policy, the District provides a voluntary retirement incentive program. Eligibility is restricted to those employees with a minimum of ten years of service in the District who can retire under the provisions of the Utah Retirement Systems (see Note 5.) Those qualifying under this program may receive benefits for up to four years. Benefits are determined by taking a percentage of the difference between the employee’s lane and step at the time of retirement and the current lane and step six using contracted amounts. Health insurance coverage is also available to retiring employees qualifying under this program. The District records expenditures for voluntary retirement and related health insurance benefit obligations at the time an eligible employee retires. The District has also designated \$900,000 of the general fund balance to finance potential obligations for future retirees.

**Long-term Obligations** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

**PARK CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

**Comparative Data** – Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

**2. DEPOSITS AND INVESTMENTS**

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2005, as shown on the financial statements is as follows:

Carrying amount of deposits	\$	1,255,816
Carrying amount of investments		36,964,436
Total cash and investments	\$	38,220,252
Governmental funds cash and investments	\$	36,900,545
Fiduciary fund cash and investments		349,477
Component units cash and investments		970,230
Total cash and investments	\$	38,220,252

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

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

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

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

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

**PARK CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

**Deposits** – At June 30, 2005, the District and the Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Park City School District	\$ 647,334	\$ 1,609,782	\$ 141,346
Parent Teacher Organizations	57,773	76,509	76,509
Park City Education Foundation	550,709	571,995	100,000
Total deposits	\$ 1,255,816	\$ 2,258,286	\$ 317,855

- 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, 2005, the uninsured amount of the District’s and Foundation’s bank deposits was uncollateralized.

**Investments** – At June 30, 2005, the District and the Foundation have the following investments summarized by investment type and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	5-10	More Than 10
Park City School District:					
Utah Public Treasurers' Investment Fund (PTIF)	\$ 36,602,688	\$ 36,602,688	\$ -	\$ -	\$ -
Park City Education Foundation, component unit:					
Equity securities mutual fund	3,789	3,789			
Government bond mutual fund	11,745	11,745			
Corporate bonds	346,214	231,655	114,559		-
Total Foundation	361,748	247,189	114,559	-	-
Total investments	\$ 36,964,436	\$ 36,849,877	\$ 114,559	\$ -	\$ -

- 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

**PARK CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

rated by Moody's Investors Service, Inc. or by Standard and Poor's Corporation. The District has no investment policy that would further limit its investment choices.

At June 30, 2005, the District and the Foundation have the following investments subject to credit risk:

Investment Type	Fair Value	Credit Quality Ratings		
		AAA to A	Less than A	Unrated
Park City School District:				
Utah Public Treasurers'				
Investment Fund (PTIF)	\$ 36,602,688	\$ -	\$ -	\$ 36,602,688
Park City Education Foundation:				
Corporate bonds	346,214	346,214	-	-

- **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District's total portfolio with a single issuer. The District places no other limits on the amount it may invest in any one issuer. The Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in a particular industry. Also, for the Foundation's investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.
- **Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. The Act requires the Foundation's public treasurer to have custody of all securities purchased or held or deposit these securities with a bank or trust company to be held in safekeeping by that custodian. The Foundation's investments held in a brokerage account are covered by Securities Investor Protection Corporation up to \$500,000.

**3. PROPERTY TAXES**

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

An annual uniform fee based on the age of motor vehicles is levied in lieu of an ad valorem tax on motor vehicles that is due each time a vehicle is registered. Revenues collected in each county from motor vehicle

**PARK CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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, 2005, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2005 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.

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2005 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 4,928,568	\$ -	\$ -	\$ 4,928,568
Construction in progress	9,624,599	4,759,828	(13,088,583)	1,295,844
Total capital assets, not being depreciated	14,553,167	4,759,828	(13,088,583)	6,224,412
Capital assets, being depreciated:				
Buildings and improvements	98,067,990	13,088,583	-	111,156,573
Equipment and busses	3,558,544	374,240	(179,491)	3,753,293
Total capital assets, being depreciated	101,626,534	13,462,823	(179,491)	114,909,866
Accumulated depreciation for:				
Buildings and improvements	(16,968,550)	(1,990,635)	-	(18,959,185)
Equipment and busses	(1,796,474)	(284,293)	161,041	(1,919,726)
Total accumulated depreciation	(18,765,024)	(2,274,928)	161,041	(20,878,911)
Total capital assets, being depreciated, net	82,861,510	11,187,895	(18,450)	94,030,955
Governmental activities capital assets, net	<u>\$ 97,414,677</u>	<u>\$ 15,947,723</u>	<u>\$ (13,107,033)</u>	<u>\$ 100,255,367</u>

For the year ended June 30, 2005, depreciation expense was charged to functions of the District as follows:

<b>Governmental activities:</b>	
Instruction	\$ 1,635,304
Supporting services:	
General administration	21,242
School administration	94,773
Business	20,846
Operation and maintenance of facilities	99,174
Student transportation	276,529
Food services	95,148
Community services	31,912
Total depreciation expense, governmental activities	<u>\$ 2,274,928</u>

**PARK CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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The District is obligated at June 30, 2005, under construction commitments for various remodeling and expansion projects totaling \$1,791,868. Construction in progress recorded as of June 30, 2005 on these projects totaled \$1,295,844 with an outstanding commitment of \$496,024; the commitment will be financed from a reservation of the capital projects fund balance.

**5. RETIREMENT PLANS**

The District contributes to the State and School Contributory Retirement System and State and School Noncontributory Retirement System which are cost-sharing multiple-employer defined benefit pension plans administered by Utah Retirement Systems (Systems). The Systems provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Plan members in the State and School Contributory Retirement System are required to contribute 6.00% of their annual covered salary (5.00% paid by the District for the employee) and the District is required to contribute 8.89% of their annual covered salary. In the State and School Noncontributory Retirement System, the District is required to contribute 13.38% of their annual covered salary. The District contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board.

The District's contributions to the State and School Contributory Retirement System for the years ended June 30, 2005, 2004, and 2003 were \$88,342, \$81,703, and \$80,233, respectively, and for the State and School Noncontributory Retirement System the contributions for the years ended June 30, 2005, 2004, and 2003 were \$2,035,096, \$1,688,994, and \$1,600,629, respectively. Employee contributions to the State and School Contributory Retirement System for the years ended June 30, 2005, 2004, and 2003 were \$6,360, \$6,692, and \$7,354, respectively. The contributions were equal to the required contributions for each year.

The District participates in a deferred compensation plan--under Internal Revenue Code Section 401(k)--to supplement retirement benefits accrued by participants in the Systems. Employees covered by the noncontributory plan have a contribution of 1.5% of salary automatically made by the District. During the years ended June 30, 2005, 2004, and 2003, employer contributions were \$251,186, \$237,294, and \$229,689, respectively. Employees, who are participants in the Systems, can make additional contributions to the 401(k) plan. These employee contributions were \$529,631, \$530,359, and \$555,461, for the same periods. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are held by the Systems.

The District also offers its employees a deferred compensation plan under Internal Revenue Code Section 457 allowing employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Employee contributions to the Section 457 plan totaled \$13,500, \$10,201, \$2,571, for the years ended June 30, 2005, 2004, and 2003, respectively. Section 457 plan assets are held by the Systems.



**PARK CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

**Voluntary Retirement Incentive** – The District provides a voluntary retirement incentive program. Eligibility is restricted to those employees with a minimum of ten years of service in the District, and who meet the eligibility requirements for and will be receiving Utah State Retirement System benefits. The District's direct payments to retirees in the years ended June 30, 2005 and 2004 were \$37,820 and \$23,678, respectively. Future retirement payments for employees who have elected early retirement are recognized on an accrual basis as an expense in the government-wide statements in the year of retirement. This liability is paid from the fund from which the employee retires.

**6. RISK MANAGEMENT**

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10,000,000 per occurrence through policies administered by the Utah State Risk Management Fund. The District pays an annual premium to the Fund. The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Utah State Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a deductible of \$1,000 per occurrence. Settled claims have not exceeded the District's insurance coverage for any of the past three years. The District also maintains a public treasurer's fidelity bond of \$1,350,000, 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 DEBT**

Long-term liability activity for the year ended June 30, 2005 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 48,940,000	\$ 5,000,000	\$ (5,325,000)	\$ 48,615,000	\$ 5,595,000
Bond premium	50,649	7,850	(4,986)	53,513	-
Deferred amounts on refunding	(957,445)	-	126,257	(831,188)	-
Net bonds payable	48,033,204	5,007,850	(5,203,729)	47,837,325	5,595,000
Unpaid vacation	77,372	105,000	(96,231)	86,141	68,913
Voluntary retirement incentive payable	73,882	56,726	(37,820)	92,788	39,599
<b>Total long term liabilities</b>	<b>\$ 48,184,458</b>	<b>\$ 5,169,576</b>	<b>\$ (5,337,780)</b>	<b>\$ 48,016,254</b>	<b>\$ 5,703,512</b>

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

**PARK CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2005, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2006	5,595,000	1,824,456	7,419,456
2007	5,495,000	1,597,453	7,092,453
2008	5,705,000	1,361,713	7,066,713
2009	5,930,000	1,161,244	7,091,244
2010	5,535,000	957,813	6,492,813
2011-2015	20,355,000	2,069,799	22,424,799
	\$ 48,615,000	\$ 8,972,478	\$ 57,587,478

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in Summit County. The legal debt limit at June 30, 2005, is about \$315 million with net general obligation debt outstanding of \$47.8 million, resulting in a legal debt margin of \$267 million.

General obligation school building bonds payable at June 30, 2005, with their outstanding balance are comprised of the individual issue as follows:

Purpose	Interest Rates	Outstanding Amount
\$7,000,000 general obligation school building bonds, issued October 1, 1995, maturing February 1, 2010	4.30% to 7.25%	\$ 530,000
\$10,000,000 general obligation school building bonds, issued October 1, 1996, maturing February 1, 2011	4.10% to 7.10%	1,415,000
\$17,550,000 general obligation school building bonds, issued March 1, 1997, maturing February 1, 2012	4.00% to 6.00%	2,450,000
\$10,000,000 general obligation school building bonds, issued January 1, 2000, maturing February 1, 2012	5.10% to 5.20%	5,525,000
\$9,460,000 general and refunding school building bonds, issued May 1, 2001, maturing August 1, 2014	4.00% to 4.70%	5,790,000
\$19,605,000 general obligation refunding bonds, issued October 1, 2002, maturing February 1, 2012	2.00% to 4.00%	18,530,000
\$10,000,000 general obligation school building bonds, issued March 15, 2004, maturing February 1, 2015	2.00% to 3.25%	9,375,000
\$5,000,000 general obligation school building bonds, issued April 1, 2005, maturing February 1, 2015	3.00% to 3.85%	5,000,000
Total		\$ 48,615,000

**PARK CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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**Defeasance of Debt** – On October 1, 2002, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2004, \$17,810,000 of bonds outstanding is considered defeased.

**8. INTERFUND BALANCES AND ACTIVITY**

During the year, the general fund transferred \$340,408 to the other governmental funds. This represents the District's supplement to state and federal grants for the Park City Learning Center, a charter school. Effective July 1, 2005, the Park City Learning Center discontinued operating as a charter school and the related fund was closed.

**9. LITIGATION AND LEGAL COMPLIANCE**

There are lawsuits pending in which the District is involved. The District's counsel and insurance carriers estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not materially effect the financial statements of the District.

All funds balances are positive at June 30, 2005. Fund expenditures exceeded budgeted amounts for the following funds for the year ended June 30, 2005: debt service fund, *Non K-12 Programs Fund*, and *food services fund*.

**10. GRANTS**

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

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**PARK CITY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
*General Fund*  
Year Ended June 30, 2005  
With Comparative Totals for 2004

	<u>2005</u>			<u>2004</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 22,355,120	\$ 22,058,311	\$ (296,809)	\$ 20,876,241
Earnings on investments	285,395	268,337	(17,058)	418,149
Other local revenue	588,651	569,763	(18,888)	598,762
State sources	4,945,684	5,120,263	174,579	4,165,915
Federal sources	1,392,374	1,045,689	(346,685)	1,051,545
Total revenues	<u>29,567,224</u>	<u>29,062,363</u>	<u>(504,861)</u>	<u>27,110,612</u>
<b>Expenditures:</b>				
Instruction	18,749,162	18,384,395	364,767	17,134,058
Supporting services:				
Student	1,038,626	1,005,793	32,833	926,381
Instructional staff	672,732	635,845	36,887	582,291
General administration	1,175,445	1,192,368	(16,923)	1,052,485
School administration	1,613,926	1,784,600	(170,674)	1,744,672
Business	363,444	378,696	(15,252)	381,060
Operation and maintenance of facilities	3,847,399	3,992,460	(145,061)	3,589,179
Student transportation	1,471,162	1,323,746	147,416	1,262,692
Total expenditures	<u>28,931,896</u>	<u>28,697,903</u>	<u>233,993</u>	<u>26,672,818</u>
Excess (deficiency) of revenues over (under) expenditures	<u>635,328</u>	<u>364,460</u>	<u>(270,868)</u>	<u>437,794</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(328,896)</u>	<u>(340,408)</u>	<u>(11,512)</u>	<u>(205,000)</u>
Net change in fund balances	306,432	24,052	(282,380)	232,794
<b>Fund balances - beginning</b>	<u>7,582,835</u>	<u>7,582,835</u>	<u>-</u>	<u>7,350,041</u>
<b>Fund balances - ending</b>	<u>\$ 7,889,267</u>	<u>\$ 7,606,887</u>	<u>\$ (282,380)</u>	<u>\$ 7,582,835</u>

**PARK CITY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
*Debt Service Fund*  
Year Ended June 30, 2005  
With Comparative Totals for 2004

	<u>2005</u>		<b>Variance with Final Budget - Positive (Negative)</b>	<u>2004</u>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>		<b>Actual Amounts</b>
<b>Revenues:</b>				
Property tax	\$ 6,847,040	\$ 7,017,451	\$ 170,411	\$ 6,322,553
Earnings on investments	32,269	58,714	26,445	33,665
Total revenues	<u>6,879,309</u>	<u>7,076,165</u>	<u>196,856</u>	<u>6,356,218</u>
<b>Expenditures:</b>				
Debt service:				
Principal Retirement	4,449,465	5,325,000	(875,535)	4,510,000
Interest and fiscal charges	<u>1,792,702</u>	<u>1,851,267</u>	<u>(58,565)</u>	<u>1,730,773</u>
Total expenditures	<u>6,242,167</u>	<u>7,176,267</u>	<u>(934,100)</u>	<u>6,240,773</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	<u>637,142</u>	<u>(100,102)</u>	<u>(737,244)</u>	<u>115,445</u>
<b>Fund balance - beginning</b>	<u>675,659</u>	<u>675,659</u>	<u>-</u>	<u>560,214</u>
<b>Fund balance - ending</b>	<u><u>\$ 1,312,801</u></u>	<u><u>\$ 575,557</u></u>	<u><u>\$ (737,244)</u></u>	<u><u>\$ 675,659</u></u>

**PARK CITY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Capital Projects Fund**  
Year Ended June 30, 2005  
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 6,196,629	\$ 6,350,854	\$ 154,225	\$ 6,080,285
Earnings on investments	160,000	540,407	380,407	50,507
Other local revenue	823,180	769,877	(53,303)	806,732
State sources	62,157	103,951	41,794	94,475
Federal sources	-	631	631	5,368
Total revenues	7,241,966	7,765,720	523,754	7,037,367
<b>Expenditures:</b>				
Instruction	-	7,853	(7,853)	9,159
Supporting Services:				
Student	-	7,652	(7,652)	11,880
Operation and maintenance of facilities	115,427	117,716	(2,289)	186,026
Capital outlay:				
Buildings and improvements	5,339,467	4,935,744	403,723	12,309,216
Machinery	60,625	62,449	(1,824)	48,825
Vehicles and busses	213,589	257,878	(44,289)	280,972
Other equipment	942,410	1,089,722	(147,312)	903,423
Debt issuance costs	85,000	59,071	25,929	96,873
Total expenditures	6,756,518	6,538,085	218,433	13,846,374
Excess (deficiency) of revenues over (under) expenditures	485,448	1,227,635	742,187	(6,809,007)
<b>Other Financing Sources (Uses):</b>				
Proceeds from issuing bonds	5,000,000	5,000,000	-	10,000,000
Bond premium	-	7,850	7,850	52,244
Sale of capital assets	25,950	44,043	18,093	35,123
Total other financing sources (uses)	5,025,950	5,051,893	25,943	10,087,367
Net change in fund balances	5,511,398	6,279,528	768,130	3,278,360
<b>Fund balance - beginning</b>	18,409,320	18,409,320	-	15,130,960
<b>Fund balance - ending</b>	\$ 23,920,718	\$ 24,688,848	\$ 768,130	\$ 18,409,320

**PARK CITY SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2005

	<b>Special Revenue</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Non K-12 Programs</b>	<b>Food Services</b>	<b>Learning Center</b>	
<b>Assets:</b>				
Cash and investments	\$ 1,230,729	\$ 797,490	\$ -	\$ 2,028,219
Receivables:				
Property taxes	245,067	-	-	245,067
Other local	9,680	-	-	9,680
State of Utah	-	23,925	-	23,925
Federal Government	89,944	8,814	-	98,758
Inventories	-	24,438	-	24,438
Total assets	<u>\$ 1,575,420</u>	<u>\$ 854,667</u>	<u>\$ -</u>	<u>\$ 2,430,087</u>
<b>Liabilities:</b>				
Accounts payable	\$ 317	\$ 698	\$ -	\$ 1,015
Deferred revenue:				
Property taxes	239,327	-	-	239,327
Total liabilities	<u>239,644</u>	<u>698</u>	<u>-</u>	<u>240,342</u>
<b>Fund balances:</b>				
Reserved for inventories	-	24,437	-	24,437
Reserved for encumbrances	340	-	-	340
Designated for high school lunch program	-	85,556	-	85,556
Designated for unpaid vacation	2,381	-	-	2,381
Unreserved, undesignated	1,333,055	743,976	-	2,077,031
Total fund balances	<u>1,335,776</u>	<u>853,969</u>	<u>-</u>	<u>2,189,745</u>
Total liabilities and fund balances	<u>\$ 1,575,420</u>	<u>\$ 854,667</u>	<u>\$ -</u>	<u>\$ 2,430,087</u>



**PARK CITY SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2005

	Special Revenue			Total Nonmajor Governmental Funds
	Non K-12 Programs	Food Services	Learning Center	
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 236,338	\$ -	\$ -	\$ 236,338
Lunch sales	-	827,007	-	827,007
Other local revenue	585,881	47,698	-	633,579
State sources	50,507	112,814	-	163,321
Federal sources	101,961	283,376	-	385,337
Total revenues	974,687	1,270,895	-	2,245,582
<b>Expenditures:</b>				
Instruction	132,152	-	170,782	302,934
Supporting services:				
Student	-	-	59,721	59,721
School administration	101,274	-	110,413	211,687
Community services	1,139,361	-	-	1,139,361
Food services	-	1,167,680	-	1,167,680
Total expenditures	1,372,787	1,167,680	340,916	2,881,383
Excess (deficiency) of revenues over (under) expenditures	(398,100)	103,215	(340,916)	(635,801)
<b>Other financing sources:</b>				
Transfers in	-	-	340,408	340,408
Net change in fund balances	(398,100)	103,215	(508)	(295,393)
<b>Fund balances - beginning</b>	1,733,876	750,754	508	2,485,138
<b>Fund balances - ending</b>	<u>\$ 1,335,776</u>	<u>\$ 853,969</u>	<u>\$ -</u>	<u>\$ 2,189,745</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, 2005  
With Comparative Totals for 2004

	<b>2005</b>			<b>2004</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 230,599	\$ 236,338	\$ 5,739	\$ 236,358
Other local sources	443,419	585,881	142,462	497,670
State sources	105,195	50,507	(54,688)	91,310
Federal sources	59,156	101,961	42,805	108,922
Total revenues	<u>838,369</u>	<u>974,687</u>	<u>136,318</u>	<u>934,260</u>
<b>Expenditures:</b>				
Instruction	-	132,152	(132,152)	174,543
Supporting services:				
School administration	-	101,274	(101,274)	98,594
Community services	<u>1,338,406</u>	<u>1,139,361</u>	<u>199,045</u>	<u>894,242</u>
Total expenditures	<u>1,338,406</u>	<u>1,372,787</u>	<u>(34,381)</u>	<u>1,167,379</u>
Net change in fund balances	(500,037)	(398,100)	101,937	(233,119)
<b>Fund balances - beginning</b>	<u>1,733,876</u>	<u>1,733,876</u>	<u>-</u>	<u>1,966,995</u>
<b>Fund balances - ending</b>	<u><u>\$ 1,233,839</u></u>	<u><u>\$ 1,335,776</u></u>	<u><u>\$ 101,937</u></u>	<u><u>\$ 1,733,876</u></u>

**PARK CITY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
*Food Services*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2005  
With Comparative Totals for 2004

	<b>2005</b>			<b>2004</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local sources:				
Lunch sales	\$ 832,475	\$ 827,007	\$ (5,468)	\$ 846,446
Other local sources	32,145	47,698	15,553	31,396
State sources	65,750	112,814	47,064	100,843
Federal sources	265,724	283,376	17,652	252,234
Total revenues	<u>1,196,094</u>	<u>1,270,895</u>	<u>74,801</u>	<u>1,230,919</u>
<b>Expenditures:</b>				
Salaries	428,765	415,911	12,854	418,329
Employee benefits	180,812	161,090	19,722	147,202
Purchased services	20,958	22,461	(1,503)	27,830
Supplies	28,490	29,017	(527)	29,878
Food	489,029	538,356	(49,327)	493,958
Equipment	845	845	-	7,744
Total expenditures	<u>1,148,899</u>	<u>1,167,680</u>	<u>(18,781)</u>	<u>1,124,941</u>
Net change in fund balances	47,195	103,215	56,020	105,978
<b>Fund balances - beginning</b>	<u>750,754</u>	<u>750,754</u>	<u>-</u>	<u>644,776</u>
<b>Fund balances - ending</b>	<u><u>\$ 797,949</u></u>	<u><u>\$ 853,969</u></u>	<u><u>\$ 56,020</u></u>	<u><u>\$ 750,754</u></u>

**PARK CITY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
*Park City School District Learning Center*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2005

	<b>2005</b>			<b>2004</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
State sources	\$ 43,000	\$ -	\$ (43,000)	\$ 48,265
Federal sources	-	-	-	29,098
Total revenues	43,000	-	(43,000)	77,363
<b>Expenditures:</b>				
Instruction	6,272	170,782	(164,510)	141,915
Supporting services:				
Student	91,554	59,721	31,833	71,742
School administration	274,578	110,413	164,165	60,566
Community services	-	-	-	8,466
Capital outlay	-	-	-	58,480
Total expenditures	372,404	340,916	31,488	341,169
Excess (deficiency) of revenues over (under) expenditures	(329,404)	(340,916)	(11,512)	(263,806)
<b>Other Financing Sources:</b>				
Transfers in	328,896	340,408	(11,512)	205,000
Net change in fund balances	(508)	(508)	(23,024)	(58,806)
<b>Fund balances - beginning</b>	508	508	-	59,314
<b>Fund balances - ending</b>	\$ -	\$ -	\$ (23,024)	\$ 508

**PARK CITY SCHOOL DISTRICT**  
**Statement of Changes in Assets and Liabilities**  
*Student Activities Agency Fund*  
Year Ended June 30, 2005

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
<b>Assets:</b>				
Cash	\$ 399,927	\$ 1,748,432	\$ 1,798,882	\$ 349,477
<b>Liabilities:</b>				
Due to student organizations:				
Park City High School	\$ 258,338	\$ 929,937	\$ 967,026	\$ 221,249
Learning Center	17,507	13,758	9,661	21,604
Treasure Mountain Middle School	50,272	218,128	234,563	33,837
Ecker Hill Middle School	22,457	184,323	181,321	25,459
Parley's Park Elementary School	(8)	89,442	77,415	12,019
McPolin Elementary School	3,587	62,828	64,666	1,749
Jeremy Ranch Elementary School	33,758	172,487	187,948	18,297
Trailside Elementary School	14,016	77,529	76,282	15,263
Total liabilities	<u>\$ 399,927</u>	<u>\$ 1,748,432</u>	<u>\$ 1,798,882</u>	<u>\$ 349,477</u>

**STATISTICAL SECTION**  
**(Unaudited)**

**PARK CITY SCHOOL DISTRICT**  
**COMPARATIVE STATEMENTS OF NET ASSETS**  
**GOVERNMENTAL ACTIVITIES**  
June 30, 2005 through 2001

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Assets:</b>					
Cash and investments	\$ 36,900,545	\$ 32,578,542	\$ 28,770,784	\$ 25,351,357	\$ 26,567,306
Receivables:					
Property taxes	38,554,887	37,692,970	33,540,282	31,479,970	27,964,116
Other governments	1,128,359	1,180,392	1,032,521	826,981	522,527
Inventories and prepaids	260,574	39,075	36,583	38,239	41,902
Bond issuance costs, net of accumulated amortization	216,684	179,241	96,578	-	-
Capital assets:					
Land and construction in progress	6,224,412	14,553,167	6,646,430	10,624,692	14,233,799
Other capital assets, net of accumulated depreciation	<u>94,030,955</u>	<u>82,861,510</u>	<u>81,091,165</u>	<u>76,527,070</u>	<u>68,637,365</u>
Total assets	<u>177,316,416</u>	<u>169,084,897</u>	<u>151,214,343</u>	<u>144,848,309</u>	<u>137,967,015</u>
<b>Liabilities:</b>					
Accounts payable	312,888	2,331,004	870,228	770,203	1,386,276
Accrued interest payable	721,718	773,057	754,004	955,825	1,049,685
Accrued salaries payable	3,475,289	3,099,184	2,836,353	2,762,051	2,553,372
Deferred revenue:					
Property taxes	36,429,547	34,261,810	28,979,748	27,079,970	24,101,822
Other governments	306,301	330,530	421,007	170,665	51,730
Noncurrent liabilities:					
Due within one year	5,703,512	5,436,700	4,599,172	4,364,349	4,122,856
Due in more than one year	<u>42,312,742</u>	<u>42,747,758</u>	<u>37,896,825</u>	<u>42,391,960</u>	<u>46,633,095</u>
Total liabilities	<u>89,261,997</u>	<u>88,980,043</u>	<u>76,357,337</u>	<u>78,495,023</u>	<u>79,898,836</u>
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	56,329,238	54,012,725	45,371,297	40,526,762	32,196,165
Restricted for:					
School lunch	853,969	750,754	644,776	527,194	432,801
Community programs	1,344,121	1,747,129	2,062,056	1,906,054	1,460,731
Learning center	-	508	59,314	10,883	-
Debt service	318,318	537,467	869,375	65,285	983,890
Capital projects	21,001,909	14,190,412	15,863,489	14,549,638	15,464,148
Unrestricted	<u>8,206,864</u>	<u>8,865,859</u>	<u>9,986,699</u>	<u>8,767,470</u>	<u>7,530,444</u>
Total net assets	<u>\$ 88,054,419</u>	<u>\$ 80,104,854</u>	<u>\$ 74,857,006</u>	<u>\$ 66,353,286</u>	<u>\$ 58,068,179</u>

Source: District records.

**PARK CITY SCHOOL DISTRICT**  
**COMPARATIVE STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2005 through 2001

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>Expenses:</b>					
Instruction	\$ 21,591,514	\$ 20,792,146	\$ 19,415,806	\$ 17,972,006	\$ 16,098,311
Supporting services:					
Student	1,073,166	1,010,003	879,810	812,688	683,808
Instructional staff	635,845	582,291	504,507	595,087	476,220
General administration	1,213,610	1,074,062	1,057,135	954,619	976,107
School administration	2,091,060	1,994,850	1,920,938	1,709,330	1,653,369
Business	399,542	397,108	387,234	373,636	361,957
Operation and maintenance of facilities	4,209,350	3,868,397	3,356,807	3,163,666	2,801,439
Student transportation	1,600,275	1,542,070	1,426,381	1,605,848	1,455,129
Food services	1,262,828	1,216,331	1,107,446	1,074,628	954,943
Community services	1,171,273	931,730	944,043	751,770	633,870
Interest on long-term liabilities	1,921,199	1,874,488	1,922,176	2,216,098	2,597,394
Total school district	<u>37,169,662</u>	<u>35,283,476</u>	<u>32,922,283</u>	<u>31,229,376</u>	<u>28,692,547</u>
<b>Program Revenues:</b>					
Instruction	3,834,762	3,226,511	2,254,819	3,339,924	3,073,096
Supporting services:					
Student	1,443	8,237	237,215	229,380	262,893
Instructional staff	9,394	4,805		37,483	18,540
General administration	57,222	16,827	50,567	45,156	54,191
School administration	-	11,971	5,004	26,852	16,434
Operation and maintenance of facilities	22,563	29,769	32	920	475
Student transportation	4,039	40,989	837,679	713,273	626,332
Food services	1,270,895	1,196,913	1,110,366	1,106,541	949,366
Community services	738,349	551,491	594,965	554,160	828,418
Total program revenues	<u>5,938,668</u>	<u>5,087,513</u>	<u>5,090,647</u>	<u>6,053,689</u>	<u>5,829,745</u>
Net (expense) revenue	(31,230,994)	(30,195,963)	(27,831,636)	(25,175,687)	(22,862,802)
<b>General revenues:</b>					
Property taxes levied for:					
General purposes	20,422,985	19,025,767	19,094,527	17,412,369	16,181,561
Transportation	852,673	452,076	451,541	450,320	382,656
Reading	129,371	-	-	-	-
Recreation	229,340	220,525	671,667	631,483	569,201
Debt service	6,809,622	5,899,035	6,829,554	5,414,191	5,787,671
Capital outlay	6,162,767	5,672,998	5,175,786	4,844,821	4,386,193
Federal and state aid not restricted to specific purposes	2,362,355	2,271,906	2,233,223	2,172,818	1,774,235
Earnings on investments	867,458	502,321	566,303	782,991	1,578,350
Miscellaneous	1,343,988	1,399,183	1,312,755	1,751,801	598,732
Total general revenues	<u>39,180,559</u>	<u>35,443,811</u>	<u>36,335,356</u>	<u>33,460,794</u>	<u>31,258,599</u>
Change in net assets	7,949,565	5,247,848	8,503,720	8,285,107	8,395,797
<b>Net assets - beginning</b>	<u>80,104,854</u>	<u>74,857,006</u>	<u>66,353,286</u>	<u>58,068,179</u>	<u>49,672,382</u>
<b>Net assets - ending</b>	<u>\$ 88,054,419</u>	<u>\$ 80,104,854</u>	<u>\$ 74,857,006</u>	<u>\$ 66,353,286</u>	<u>\$ 58,068,179</u>

Source: District records



**PARK CITY SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS**

June 30, 2005 through 2001

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Assets</b>					
Cash and investments	\$ 9,709,858	\$ 9,505,374	\$ 9,884,528	\$ 8,377,630	\$ 7,523,769
Receivables:					
Property taxes	24,914,089	23,840,631	21,749,781	19,086,379	17,291,557
Other local	52,961	35,145	59,801	675	2,261
State of Utah	-	861,225	111,135	42,939	20,333
Federal government	943,035	-	615,310	617,297	422,409
Prepaid expenses	236,136	12,901	-	-	9,205
Total assets and other debits	<u>\$ 35,856,079</u>	<u>\$ 34,255,276</u>	<u>\$ 32,420,555</u>	<u>\$ 28,124,920</u>	<u>\$ 25,269,534</u>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ 117,176	\$ 123,030	\$ 86,557	\$ 85,833	\$ 74,135
Accrued liabilities	3,475,289	3,099,184	2,836,353	2,682,181	2,508,092
Deferred revenues:					
Property taxes	24,378,427	23,145,948	21,749,781	19,086,379	17,280,235
State of Utah	269,006	300,128	397,823	111,132	303,297
Federal government	9,294	4,151	-	596	40,042
Total liabilities	<u>28,249,192</u>	<u>26,672,441</u>	<u>25,070,514</u>	<u>21,966,121</u>	<u>20,205,801</u>
Fund balances:					
Reserved for:					
Special transportation and tort liability	-	-	-	139,587	345,269
Encumbrances	272,581	44,241	32,376	16,791	24,488
Reading	122,644	-	-	-	-
Unreserved, designated for:					
Undistributed reserve	1,445,000	1,350,000	1,250,000	1,200,000	1,150,000
Special termination benefits	900,000	600,000	400,000	200,000	-
Unpaid vacation	83,760	75,279	65,759	88,165	80,951
Basic levy recapture	-	122,759	277,211	82,061	-
Unreserved, undesignated	4,782,902	5,390,556	5,324,695	4,432,195	3,463,025
Total fund balances	<u>7,606,887</u>	<u>7,582,835</u>	<u>7,350,041</u>	<u>6,158,799</u>	<u>5,063,733</u>
Total liabilities and fund balances	<u>\$ 35,856,079</u>	<u>\$ 34,255,276</u>	<u>\$ 32,420,555</u>	<u>\$ 28,124,920</u>	<u>\$ 25,269,534</u>

Source: District records

**PARK CITY SCHOOL DISTRICT**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
Years Ended June 30, 2005 through 2001

	Anticipated Budget					
	<u>2005-2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Revenues:</b>						
Local sources:						
Property taxes	\$ 23,461,159	\$ 22,058,311	\$ 20,876,241	\$ 19,342,414	\$ 17,713,475	\$ 16,087,425
Earnings on investments	270,000	268,337	418,148	378,379	579,726	875,438
Other local revenue	561,000	569,763	598,743	579,382	685,063	462,674
State sources	4,989,420	5,120,263	4,165,916	4,381,064	5,407,502	5,113,142
Federal sources	1,063,250	1,045,689	1,051,545	781,159	808,056	596,090
Total revenues	<u>30,344,829</u>	<u>29,062,363</u>	<u>27,110,593</u>	<u>25,462,398</u>	<u>25,193,822</u>	<u>23,134,769</u>
<b>Expenditures:</b>						
Instruction	20,831,899	18,384,395	17,134,052	15,308,207	15,353,220	13,975,722
Support services:						
Student	1,174,642	1,005,793	926,380	842,685	778,839	683,808
Instructional staff	729,229	635,845	582,291	490,734	551,943	476,220
General administration	1,325,773	1,192,368	1,052,484	1,038,301	935,785	954,174
School administration	1,787,935	1,784,600	1,744,670	1,690,708	1,549,999	1,566,483
Business	406,872	378,696	381,060	371,186	357,588	346,455
Operation and maintenance of facilities	4,285,685	3,992,460	3,589,173	3,192,355	3,036,755	2,647,118
Student transportation	1,582,780	1,323,746	1,262,689	1,161,980	1,359,627	1,230,711
Miscellaneous	2,470,745	-	-	-	-	-
Total expenditures	<u>34,595,560</u>	<u>28,697,903</u>	<u>26,672,799</u>	<u>24,096,156</u>	<u>23,923,756</u>	<u>21,880,691</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(4,250,731)	364,460	437,794	1,366,242	1,270,066	1,254,078
<b>Other financing sources:</b>						
Transfers out	-	(340,408)	(205,000)	(175,000)	(175,000)	-
<b>Net Change in Fund Balances</b>	(4,250,731)	24,052	232,794	1,191,242	1,095,066	1,254,078
<b>Fund Balances at July 1</b>	<u>7,735,078</u>	<u>7,582,835</u>	<u>7,350,041</u>	<u>6,158,799</u>	<u>5,063,733</u>	<u>3,809,655</u>
<b>Fund Balances at June 30</b>	<u>\$ 3,484,347</u>	<u>\$ 7,606,887</u>	<u>\$ 7,582,835</u>	<u>\$ 7,350,041</u>	<u>\$ 6,158,799</u>	<u>\$ 5,063,733</u>

Source: District records

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

Tax Years 2004 through 2000

	<u>2004</u>		<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
	Taxable Value	% of TV	Taxable Value	Taxable Value	Taxable Value	Taxable Value
<b>Set by County Assessor-Locally Assessed</b>						
Real property:						
Primary residential	\$ 1,805,929,686	28.2 %	\$ 1,690,036,889	\$ 1,598,261,800	\$ 1,490,564,016	\$ 1,318,223,015
Other residential	2,812,193,909	43.9	2,727,361,718	2,583,652,719	2,478,240,540	2,199,971,765
Commercial and industrial	554,532,273	8.7	520,934,008	533,717,650	547,900,593	514,610,538
Farmland assessment act (FAA)	7,152,986	0.1	5,948,831	5,374,434	5,288,206	5,156,862
Unimproved non FAA	<u>774,472,310</u>	<u>12.1</u>	<u>761,916,828</u>	<u>744,063,072</u>	<u>694,147,421</u>	<u>521,496,895</u>
Total real property	5,954,281,164	93.0	5,706,198,274	5,465,069,675	5,216,140,776	4,559,459,075
Personal property:						
Primary mobile homes	22,842	0.0	22,842	22,842	26,967	26,967
Secondary mobile homes	1,500	0.0	3,881	3,881	3,881	3,881
Other business personal	<u>109,923,721</u>	<u>1.7</u>	<u>132,929,604</u>	<u>127,884,162</u>	<u>133,063,673</u>	<u>121,237,662</u>
Total personal property	109,948,063	1.7	132,956,327	127,910,885	133,094,521	121,268,510
Fee in lieu property	<u>335,235,628</u>	<u>5.2</u>	<u>190,128,396</u>	<u>22,178,872</u>	<u>22,404,634</u>	<u>80,310,267</u>
Total locally assessed	<u>\$ 6,399,464,855</u>	<u>100.0</u>	<u>\$ 6,029,282,997</u>	<u>\$ 5,615,159,432</u>	<u>\$ 5,371,639,931</u>	<u>\$ 4,761,037,852</u>
Total locally assessed (less fee in lieu)	<u>\$ 6,064,229,227</u>		<u>\$ 5,839,154,601</u>	<u>\$ 5,592,980,560</u>	<u>\$ 5,349,235,297</u>	<u>\$ 4,680,727,585</u>
<b>Set by State Tax Commission-Centrally Assessed</b>						
	<u>\$ 87,562,794</u>		<u>\$ 95,156,725</u>	<u>\$ 101,455,241</u>	<u>\$ 110,349,143</u>	<u>\$ 79,970,564</u>

Source: Property Tax Division, Utah State Tax Commission.

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

Years Ended June 30, 2005 through 2001

	<u>2005</u>		<u>2004</u>		<u>2003</u>		<u>2002</u>		<u>2001</u>	
<b>General Fund:</b>										
Basic levy	0.001800	\$ 10,976,376	0.001825	\$ 10,783,793	0.001807	\$ 10,176,781	0.001785	\$ 9,162,142	0.001881	\$ 8,709,915
Voted leeway	0.001667	10,165,344	0.001621	9,578,371	0.001571	8,847,661	0.001572	8,068,845	0.001456	6,741,965
Reading	0.000022	134,156								
Special transportation	0.000145	884,208	0.000082	484,532	0.000080	450,549	0.000087	446,558	0.000132	611,222
Tort liability	0.000006	36,588	0.000005	29,545	0.000005	28,159	0.000007	35,930	0.000008	37,044
Total general fund	0.003640	22,196,672	0.003533	20,876,241	0.003463	19,503,150	0.003451	17,713,475	0.003477	16,100,146
<b>Non K-12 Programs Fund:</b>										
Community recreation	0.000039	237,821	0.000040	236,357	0.000119	670,192	0.000122	626,208	0.000122	564,917
<b>Debt Service Fund:</b>										
Debt service	0.001158	7,061,468	0.001072	6,322,552	0.001210	6,814,557	0.001046	5,368,964	0.001265	5,857,545
<b>Capital Projects Fund:</b>										
Capital outlay	0.000741	4,518,608	0.000726	4,289,881	0.000619	3,486,125	0.000629	3,228,564	0.000526	2,435,628
Voted leeway	0.000086	524,427	0.000088	519,986	0.000090	506,868	0.000095	487,621	0.000142	657,527
10% of basic levy	0.000221	1,347,655	0.000215	1,270,419	0.000208	1,171,428	0.000212	1,088,165	0.00027	1,250,227
Total capital projects fund	0.001048	6,390,690	0.001029	6,080,286	0.000917	5,164,421	0.000936	4,804,350	0.000938	4,343,382
Total tax collections	0.005885	\$ 35,886,651	0.005674	\$ 33,515,436	0.005709	\$ 32,152,320	0.005555	\$ 28,512,997	0.005802	\$ 26,865,990

Note: Tax rates are levied for the calendar year. For example, calendar year 2004 tax rates are for the District's fiscal year ended June 30, 2005.

Source: District records.