

Provo City School District
280 West 940 North
Provo, Utah 84604

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2006



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280 West 940 North
Provo, Utah 84604

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2006

Randall J. Merrill, Ed.D.
Superintendent of Schools

Kerry J. Smith
Business Administrator
Certified Public Accountant

Prepared By:

Stefanie Bryant,
Certified Public Accountant
Director of Accounting Services

Provo City School District

Board of Education and Officers



Front (left to right): Sue Curtis, Sandy Packard, Shannon Poulsen, Carolyn Wright, Mary Ann Christiansen
Back (left to right): Kerry Smith, Darryl Alder, Richard Sheffield, Dr. Randall J. Merrill

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Introductory Section

Section 1

This section of the District's Comprehensive Annual Financial Report presents a general overview of the District and this report.

Letter of Transmittal (pages 1 - 8)

This executive letter is a narrative introduction to the report. The letter describes the profile of the District, major initiatives and long-term financial planning issues, the local economy, and relevant financial policies.

**Certificate of Achievement for Excellence in Financial Reporting -
Government Finance Officers Association (page 10)**

**Certificate of Excellence in Financial Reporting -
Association of School Business Officials (page 11)**

Organizational Chart (page 12)

This chart provides a general schemata of the overall District organizational structure.

Elected and Appointed Officials (page 13)

This list provides names and position descriptions of key elected and appointed officials within the District.

Map - Precincts of the Board of Education (page 14)

This map provides the names of elected Board members and their associated geographic electorate.



PROVO CITY SCHOOL DISTRICT

Dr. Randall J. Merrill
Superintendent of Schools

Kerry J. Smith
Business Administrator

October 1, 2006

To the Members of the Provo City School District Board of Education, and to the Patrons of Provo City School District:

We are pleased to present to the public Provo City School District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. This report is published to provide both financial and non-financial information to the patrons and entities for which the District is accountable to. This report is also intended to support the District's mission.

Mission Statement

Provo City schools maximize student achievement and development. Students in our schools enlarge their capacities, interests, and love of learning. They:

- Master the basics (the foundations of literacy and numeracy)
- Develop depth of content knowledge
- Excel in their interests
- Feel respected and loved in a safe and orderly environment
- Develop responsible, respectful, and compassionate citizenship

We will accomplish our mission through connecting with the community.

Superintendent's Message

The financial position of the District has improved. In the past three years, total fund balances have increased from \$7,476,736 to \$14,116,835. While State law allows only modest fund balances, these monies allow the District to respond to a variety of emerging issues including major building damage, equipment failure, and unanticipated large increases in energy costs. Fund balances also allow the District to explore promising educational reform without reducing resources to current programs. Additionally, school Districts need healthy financial positions to secure future financing at favorable interest rates.

Provo School District is well managed. With the help of its employees, the District has greatly reduced its post-retirement liability and eliminated unnecessary programs ensuring a healthy financial future. Master Plan Phase I activities are complete with the successful consolidation of our middle schools, the opening of Farrer Elementary and the sale of the Joaquin property. Master Plan Phases II and III implementation is underway. The public approved both a bond and leeway election on June 27, 2006, that will fund new construction and capital improvements in our school buildings. Timpanogos Elementary school will be replaced, and a new west side school will be constructed in the Lakeview neighborhood. Sunset View Elementary, Provost elementary, and Centennial Middle school will be expanded.

Numerous energy projects will be completed throughout the District, a seismic study will be completed and the capital improvement budget has been increased to facilitate a sustained maintenance program of the District's schools and buildings.

Our patrons have reason to be proud of their school District. Our students perform well on academic tests and our teaching staff is highly trained. Provo School District is known throughout the State as a leader in innovative reading, mathematics and computer technology programs. The District benefits from a close association with Brigham Young University with over 40 shared programs serving all academic areas and staff professional development. In addition, a strong and emerging relationship exists between the District and Utah Valley State College.

**Overview of
the CAFR**

This Comprehensive Annual Financial Report (CAFR) includes financial and non-financial information to meet the needs of a broad spectrum of readers. The information is presented in three sections:

1. *Introductory Section:* This section introduces the reader to the report and includes this transmittal letter, certificates of excellence in financial reporting, the organizational chart of the District, a list of elected and appointed officials, and a map of the precincts of the Board of Education.
2. *Financial Section:* The *Financial Section* consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, notes to the basic financial statements, and supplementary information (combining and individual fund statements and schedules).
3. *Statistical Section (unaudited):* The *Statistical Section* contains substantial financial information, but presents tables that differ from financial statements in that they present non-accounting data and cover several years. Statistical information is presented in five categories: (1) *Financial Trends Information*, (2) *Revenue Capacity Information*, (3) *Debt Capacity Information*, (4) *Demographic and Economic Information*, and (5) *Operating Information*.

The report is prepared in accordance with generally accepted accounting principles (GAAP) which are applicable to governmental entities throughout the United States. The Governmental Accounting Standards Board (GASB) establishes local government accounting principles. This report conforms to all current, relevant pronouncements of the GASB, which taken as a whole, are referred to as generally accepted accounting principles (GAAP).

Management assumes full responsibility for all of the information presented in this report. The District believes the presentation of the report is accurate in all material respects, and the financial position and results of operations are presented fairly. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. *Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.* The District's comprehensive internal control framework has been designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

State law requires that school Districts publish within five months of the close of each year a complete set of financial statements which are audited by a firm of licensed

certified public accountants. The CPA Network, LLC, a firm of licensed certified public accountants, has audited the District's financial statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion for the District's financial statements for the fiscal year ended June 30, 2006; this opinion indicates the statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the *Financial Section* in this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. Government Auditing Standards, issued by the comptroller General of the United States and the provisions of the Office of Management and Budget Circular A-133, Audits of States and Local Governments and Non-Profit Organizations, are the authoritative standards governing Single Audit engagements. These standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report. A copy of the Single Audit Report is available from the District Business Office.

In addition to the Single Audit requirements, the District is required to meet audit requirements according to Utah State Code 51-2 to report on compliance with significant state fiscal laws.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A immediately follows the independent auditor's report.

District PROFILE

Summary

Provo City School District was officially organized in 1898. Provo City School District is one of 40 public school Districts in Utah, and the District serves approximately 12,500 students. The major purpose of the District is to provide public education to students who reside in Provo City which is located in the central portion of Utah County, Utah. To accomplish this purpose, the District services two traditional high schools, an alternative high school, two middle schools, and thirteen elementary schools. The District continues to have a positive influence on the community by offering traditional public education to its students. In addition, the District offers several varieties of educational alternatives outside the traditional school setting. These alternatives include preschool training for disabled students, adult high school completion, and concurrent enrollment where students can earn high school and college credits simultaneously. Programs such as advanced placement, special education, music, applied technology, bilingual education, multicultural programs, gifted and talented programs, and many other enrichment programs in all curriculum areas are offered in the District's traditional schools.

The Reporting Entity

Provo City School District is a legally separate entity enjoying all rights and privileges ac-

corded political subdivisions in the State of Utah. Policy making and legislative authority and oversight are vested in the Board of Education consisting of seven members. The Board of Education is responsible, among other things, for developing policy, adopting the annual budget, levying property taxes, incurring bonded debt, and appointing both the Superintendent and Business Administrator. The Board of Education and District administration recognize that the District's financial health largely dictates its ability to deliver the most appropriate education for each individual student. The Superintendent and Business Administrator are responsible for carrying out the policies of the Board of Education and oversee the day-to-day operations of the District. The Board of Education is elected locally on a non-partisan basis.

Although the Provo City School District Foundation for Excellence is a separate entity with a separate governing body, the Foundation's activities are primarily in support of District activities. Consequently, the Foundation is reported as a blended component unit in the District's financial statements to provide readers with a more accurate and fair picture of the overall substance of the District's financial affairs.

Governing Structure

Beginning in January 2005, and pursuant to Utah Code 20A-14-202, the District Board of Education consists of seven members. The Board of Education represents the Provo City citizenry and have been elected from precincts which were independently determined by the Provo City Council. A map of the precinct boundaries is included in the *Introductory Section* of the report.

MAJOR INITIATIVES & LONG-TERM FINANCIAL PLANNING

District Master Plan

Planning and data collection for the Provo School District Master Plan commenced in the late fall of 2003. In December of that year, the Provo School Board hired Wikstrom Economic Planning to serve as consultants in the master plan process. After a few months of data analysis, a Master Plan Committee of 60 patrons from the community addressed demographic and building condition data. In September 2004, the Committee presented five possible "scenarios" or approaches to the master plan at a public open house.

Phase I. Acting on information provided by the master plan committee and input from the open houses, the Board of Education began a series of discussions that resulted in the District Master Plan. The Board again went to the public in an open house format to receive input concerning the proposed master plan. From this input, in November 2004, the Board of Education unanimously approved and advanced a District Master Plan. At the same time, the Board enacted Phase I of the master plan, which closed Joaquin Elementary School, closed Farrer middle school, converted and opened Farrer middle school as Farrer Elementary school at the start of the 2005-2006 school year. Expansions were completed the summer of 2005, at Centennial and Dixon Middle schools to accommodate students transferring from Farrer Middle School.

Phases II and III. The District has several facilities that are considerably aged, the District has experienced significant changes in student population trends throughout the City, and state funding alone has been unable to keep pace with rising compensation and other District operating costs. Phases II & III of the Master Plan are geared towards long-term strategic plans to address these issues.

In the June 27, 2006 election, voters approved \$35,000,000 of general obligation bonds for construction and renovation projects and an additional \$1,500,000 voter approved leeway for operating expenses. Both voter approved initiatives will be phased in over three years. The first year includes the issuance of \$9,400,000 of general obligation bonds in

fall of 2006 to complete expansion projects at Provost Elementary, Sunset View Elementary and Centennial Middle school. Funds will also be used to purchase expansion land for the Timpanogos Elementary rebuild, a seismic study on buildings constructed prior to seismic code changes, and energy efficiency projects throughout the District. Taxes were increased the 2006-2007 school year approximately \$600,000 for the voter approved leeway to fund class size reductions and compensation increases. Information regarding the master plan is available on the District's internet web site at www.provo.edu.

Budget Development

The District has strategically managed its operations with a focused effort to improve its end of year fund balances. The District now uses a zero-based budgeting process for developing budgets. This process includes an annual review of all District programs including a program-level needs assessment analysis. The Board approves the budget in June for the following fiscal year.

Improved Fund Balances

The District is pleased to report that its unrestricted fund balances and overall financial position continues to improve. The General Fund unreserved fund balance on June 30, 2006 was \$3,276,312, up \$2,074,344 from June 30, 2005. Total unreserved governmental fund balances on June 30, 2006 were \$12,162,681.

State Funding

The state fiscal 2006 school finance program is designed to provide every Utah school District with a basic operation program of \$2,280 per weighted pupil unit (WPU) (compared to \$2,182 in fiscal year 2005). The State Legislature has increased the WPU funding to \$2,417 for fiscal year 2007. State funding is primarily based upon student enrollment.

LOCAL ECONOMY

Utah Economic Conditions

The economic outlook of the District is heavily dependent on state aid, providing 66.71% of general fund revenues. The state Uniform School Fund was constitutionally established in 1938 and is used to equitably allocate funding for statewide public education programs. Since 1947, all taxes based on income have been constitutionally required to be used for public education. In 1996, voters in Utah approved a constitutional change providing that these revenues could also be used for higher education. Additionally, a statewide property tax rate is levied to finance the Uniform School Fund and is applied against the taxable value of real and personal property.

Provo City Economic Conditions

Provo City (municipal government) provides the following information regarding Provo City's economic structure (http://www.provo.org/econdev.econdev_main.html):

Ranked sixth in Forbes' 2004 Best Places for Business and Careers survey.
Work Force - 70,000 strong. Woods and Pool Economics declared Provo "one of the nation's most intelligent work forces", with proven ability in foreign languages, foreign service experience, high education levels, and strong work ethic.
A Young Work Force - Over 45% of the Provo population is between the ages of 20 and 34 years old.

Education - Over 35% of population over 25 have a Bachelor degree or higher.

Home of Brigham Young University - U.S. News & World Report ranks BYU's Marriott School of Management and the J. Reuben Clark Law School in the top 40 in the country.

Major Employers & Businesses - Headquarters of Novell, Nuskin, Morinda-Tahitian

Noni International, and DHI Computing Services, Dynix Corp., MyFamily.com Inc., Excelgraphics, and Nature SunSunshine Products, Inc.

Cost of Living - According to Sperling's Best Places, it is 3.7% cheaper to live in Provo than Denver, 16.4% cheaper than Seattle, and 25.8% cheaper than Orange County.

Safety - In 2004, Farmers Insurance listed Provo, Utah as the most secure city to live in America.

Entrepreneurial Spirit - The National Commission for Entrepreneurship ranked Provo as the No.1 entrepreneurial city among comparable areas for most of the 1990's. Utah is part of an economic region that is currently outperforming the rest of the nation. Continued job growth of roughly 3% are anticipated in 2006.

RELEVANT FINANCIAL POLICIES

Budgetary Control

The District adopts an annual budget for all revenues and expenditures; the adopted budget serves as the financial operating plan through the fiscal year. Revisions may be implemented during the year, and revisions are approved and authorized by the Board of Education through public hearing. Pursuant to Utah Code 53A-19-108, the District submits monthly budget reports to the Board of Education for review.

All annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance reserve. During June of each year, the District Superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30.

Utah Code Annotated, Section 53A-19-104 states, "A local school board may not make any appropriation in excess of its estimated expendable revenue, including undistributed reserves." It has been the policy of the District to estimate appropriations as accurately as possible.

The level at which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total revenue budget of a given fund.

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22, at which the budget is legally adopted by resolution of the Board of Education after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August, through public hearing and through Board of Education approval, when data is available to set tax rates.

Capital Budget

A formal capital budget approval process is used which requires the Board of Education to authorize line item capital improvement projects greater than \$20,000 for the next fiscal year. The Board had appropriated \$1.6 million for planned capital projects and improvements for fiscal year 2006-07.

Risk Management

The District participates in the workers compensation program administered by the Utah School Boards Association. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District participates in the State Division of Risk Management system for property and liability insurance. The State Division

of Risk Management system and the Utah School Boards Association system are pooled arrangements where the participating entities pay annual premiums which are designed to pay claims and build sufficient reserves so that the system will be able to protect the participating entities with its own capital. The pool re insures sizeable losses to preserve the capital base.

Cash Management & Investments

The District maintains a cash and internal investment pool that is available for use by all funds. This pool has deposits, repurchase agreements, and other investments with varying maturity dates and interest rates.

The Utah Money Management Act with the state Money Management Council governs the District's investment policies and provides a measure of depository protection. The council issues a list of qualified depositories to public treasurers quarterly and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the law and the rules of the Council. State law and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District considers the actions of the Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Other Post-Employment Benefits

The District provides a life-time Medicare supplemental insurance benefit for retired employees (and spouses) who have completed at least 20 years of service as of January 1, 2005; the plan also provides coverage for spouses of employees who have completed 30 years of service by January 1, 2005. There are approximately 430 retirees receiving benefit coverage in addition to 130 present employees (and spouses) who have earned vested coverage upon retirement.

An actuarial study was completed as of July 1, 2005 that reflects an accrued liability of \$14,412,265 million for the Medicare supplement and \$4,645,861 for the insurance associated with those retirees (and spouses) who have not reached age 65 as well as current employees (and spouses) who have vested eligibility. The annual recommended contribution (assuming 30 year amortization) was reported to be \$1,306,181. The District contributed \$0 for retiree benefits during fiscal year 2006.

AWARDS & ACKNOWLEDGEMENTS

Government Finance Officers Association

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Provo City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the third consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also received the Association of School Business Officials (ASBO) Interna-

**Association
of School
Business
Officials**

tional's Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the year ended June 30, 2005.

This award certifies that the report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials International.

The award is granted only after an intensive review of the District's financial reports by an expert panel of certified public accountants and practicing school business officials and is valid for a period of one year. This was the third year the District has received the ASBO Certificate of Excellence.

Provo City School District expresses its appreciation to members of the Provo City School District Board of Education. Their interest and support in conducting the financial affairs of Provo City School District was critical to the success of District operations and achievements made during fiscal year 2005-06.

The preparation of the report on a timely basis could not be accomplished without the efficient and dedicated services of the entire business staff. The District is appreciative of the efforts made by Stefanie Bryant, Director of Accounting, and the business office staff for preparing this report and coordinating the annual audit.

Most importantly, we express appreciation to all of the members of the departments and schools who assisted in the appropriate management, timely processing, and closing of the District's financial records. Their diligence and dedication is critical to the proper management of the District's financial assets and the overall delivery of quality services to District patrons.

Respectfully submitted,



Randall J. Merrill, Ed.D.
Superintendent of Schools



Kerry J. Smith, C.P.A.
Business Administrator

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Provo City School District,
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

President

Jeffrey R. Enns

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

PROVO CITY SCHOOL DISTRICT

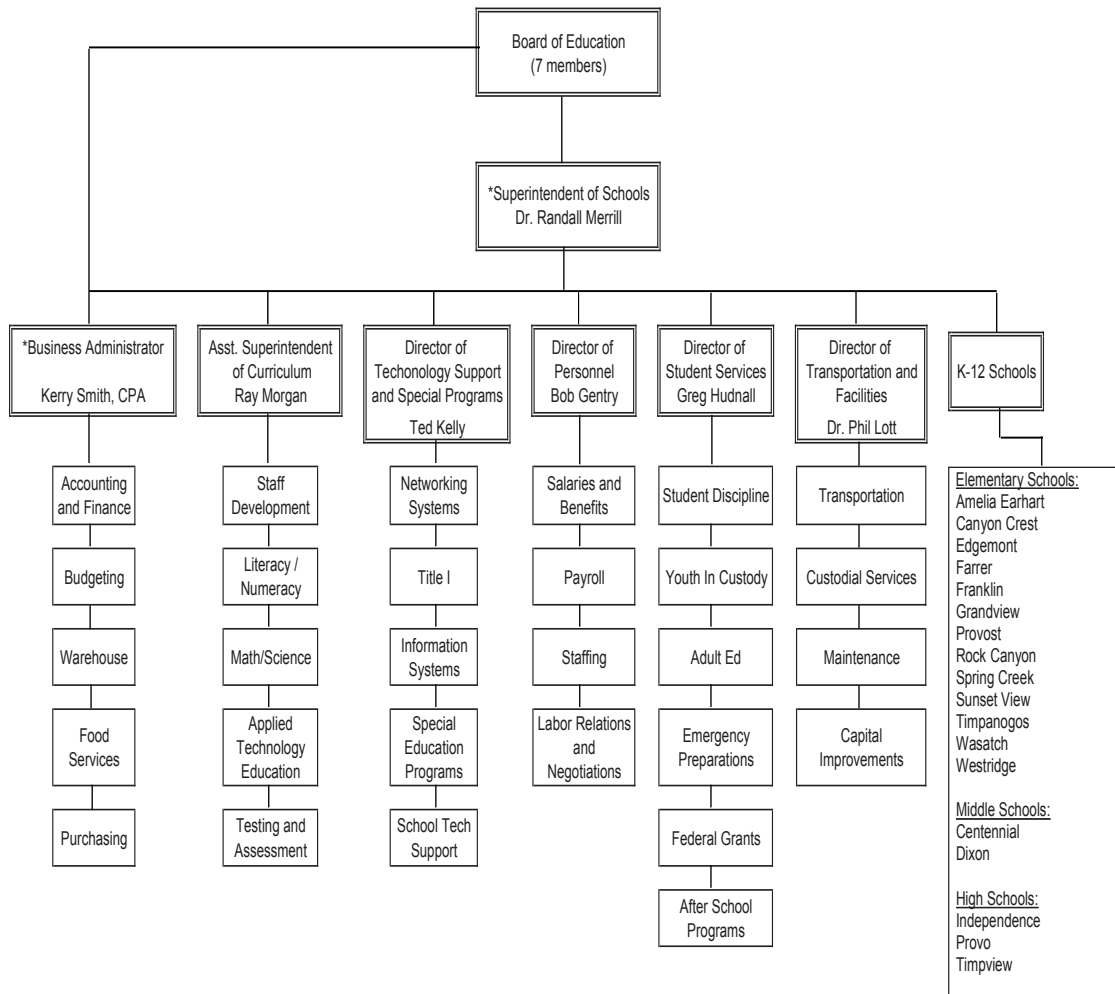
**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2005**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Interim Executive Director

Provo City School District
Organizational Chart
 For Fiscal Year Ended June 30, 2006



*Both the Superintendent and Business Administrator are appointed by the Board of Education pursuant to Utah Code 53A-3 and both have a direct reporting relationship to the Board.

Provo City School District
Elected and Appointed Officials
For Fiscal Year Ended June 30, 2006

Board of Education

Sue Curtis
Precinct 1
Present Term: 2005 - 2009
Initial Appointment: 2005

Carolyn Wright
Precinct 2
Present Term: 2003 - 2007
Initial Appointment: 2003

Richard Sheffield
Precinct 3
Present Term: 2005 - 2009
Initial Appointment: 2001

Shannon Poulsen
Precinct 4
Present Term: 2003 - 2007
Initial Appointment: 2003

Darryl Alder
Precinct 5
Present Term: 2005 - 2009
Initial Appointment: 2001

Sandy Packard
Precinct 6
Present Term: 2005 - 2009
Initial Appointment: 2001

Mary Ann Christiansen
Precinct 7
Present Term: 2005 - 2009
Initial Appointment: 2005

District Administration

Randall J. Merrill, Ed.D.
Superintendent
Initial Appointment: 2003

Kerry J. Smith, CPA
Business Administrator
Initial Appointment: 2003

Ray Morgan
Asst. Superintendent
Curriculum

Bob Gentry
Personnel Director

Ted Kelly
Special Programs &
Technology Support

Greg Hudnall
Student Services

Dr. Phil Lott
Transportation & Facilities

Rodney Crockett
Career Technology Education

Stefanie Bryant, CPA
Director of Accounting

**Elementary
School Administration**

A. Earhart	Rosemarie Smith
C. Crest	Patricia Anderson
Edgemont	Dennis Pratt
Farrer	Don Dowdle
Franklin	Marlin Palmer
Grandview	Drew Daniels
Provost	Dr. Steve Oliverson
Rock Canyon	Dean Nielsen
Spring Creek	Linde Wong
Sunset View	Anne-Marie Harrison
Timpanogos	Diane Bridge
Wasatch	Colleen Densley
Westridge	Gaye Gibbs

Middle School Administration

Centennial	Dr. Mitch Swenson
Dixon	Rosanna Ungerman

High School Administration

Independence	Sarah Lloyd
Provo	Sam Ray
Timpview	Dr. George Bayles

Other Schools

Ctr HS Studies	Jeri Swalberg
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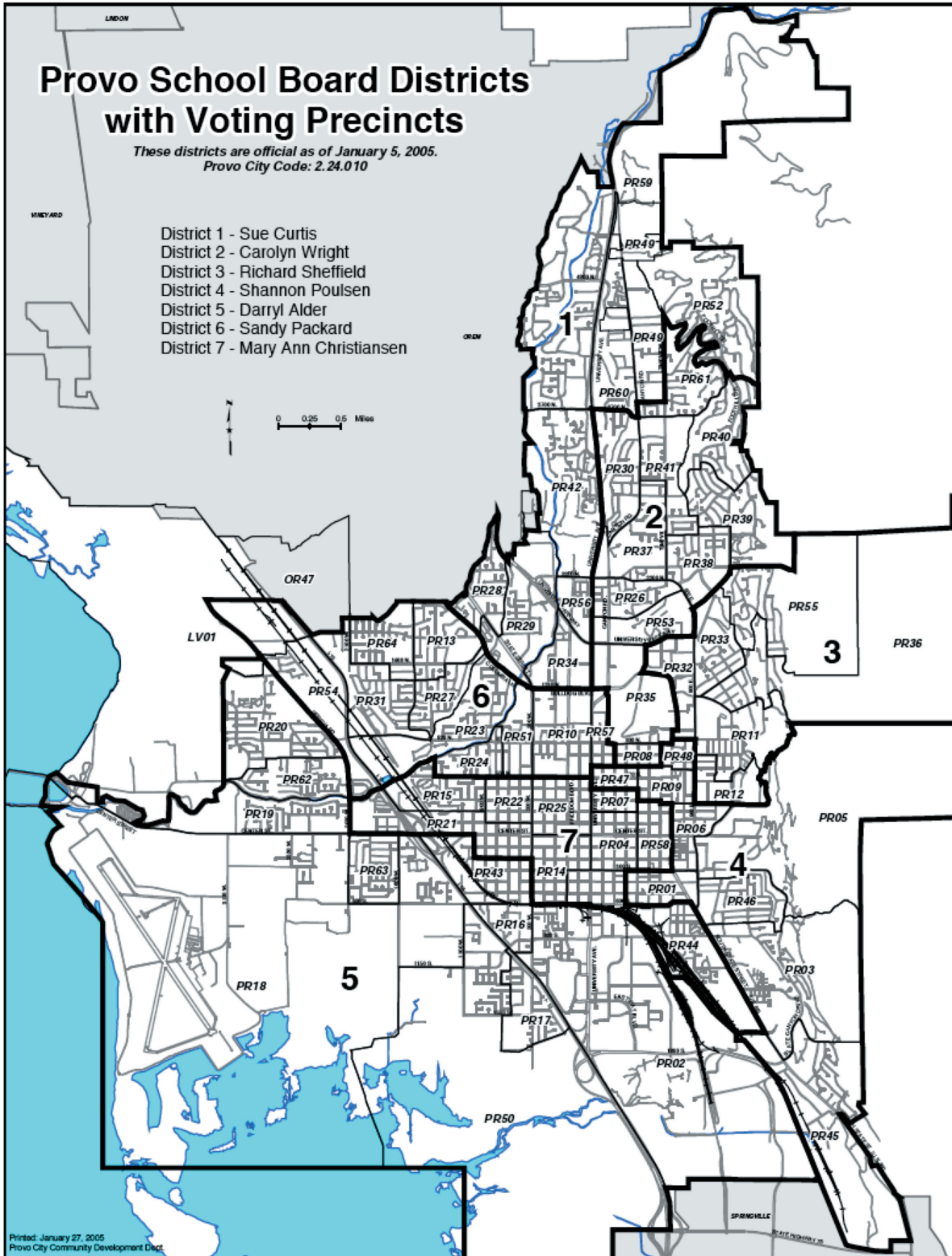
The term of office for Board members is four years, beginning on the first Monday in January following the November election.

The term of office of the Superintendent and Business Administrator is two years.

Provo School Board Districts with Voting Precincts

These districts are official as of January 5, 2005.
Provo City Code: 2.24.010

- District 1 - Sue Curtis
- District 2 - Carolyn Wright
- District 3 - Richard Sheffield
- District 4 - Shannon Poulsen
- District 5 - Darryl Alder
- District 6 - Sandy Packard
- District 7 - Mary Ann Christiansen



Printed: January 27, 2005
Provo City Community Development Dept.

Financial Section

Section 2

This section of the District's Comprehensive Annual Financial Report presents information required by generally accepted accounting principles (GAAP).

Independent Auditor's Report (pages 17 - 18)

The independent auditor's report describes the audit, the nature and scope of the audit, and the auditor's opinion.

Management's Discussion and Analysis (pages 19 - 29)

This information provides management's explanations regarding the District's overall financial performance through the fiscal year and its financial position.

The Basic Financial Statements (pages 31 - 57)

These financial statements and note disclosures provide required detailed information regarding the Districts financial performance and financial position.

Combining and Individual Fund Financial Statements and Schedules (pages 58 - 81)

These financial statements and schedules are supplementary information intended to clarify the information presented in the basic financial statements.



THE C.P.A. NETWORK, LLC
CERTIFIED PUBLIC ACCOUNTANTS

GLOBAL ACCESS
LOCAL FINANCIAL SPECIALISTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Provo City School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Provo City School District, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Provo City School 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 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 remaining fund information of Provo City School District, as of June 30, 2006, and the respective changes in financial position and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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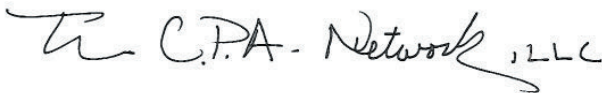
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In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2006, on our consideration of Provo City School District's internal control over financial reporting and on our tests of its compliance with certain 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 and budgetary comparison information (on pages 19 through 29, 71, 73, 75 and 77) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 Provo City School District's basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and nonmajor fund financial statements 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 introductory section and 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.



THE C.P.A. NETWORK, LLC
Certified Public Accountants
Provo, Utah

September 22, 2006

Management's Discussion and Analysis

This section of Provo City School District's (District) comprehensive annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2006. The MD&A is intended to provide an analysis directly related to the information presented in the transmittal letter found on pages 1 through 8 of this report and the District's financial statements, which follow the MD&A in this report.

Financial Highlights

The financial position of the District has improved. The following highlights are considered by the District to be critical factors in measuring the District's financial performance for the fiscal year ended June 30, 2006:

- **Government-Wide Net Assets.** The District's total net assets exceeded liabilities by \$40.3 million at the close of fiscal year 2006.
- **Government-Wide Financial Progress (full-accrual basis of accounting):** During the year, expenses were \$12.4 million less than the \$96.7 million generated in taxes and other revenues for governmental activities. The \$12.4 million positive increase in net assets is greater than the \$2.1 million positive increase in net assets for the year ended June 30, 2005.
- **Governmental Fund Financial Progress (modified-accrual basis of accounting):** During the year ended June 30, 2006, the combined fund balance increased by \$3.3 million. The \$3.3 million fund balance increase is greater than the \$1.8 million fund balance increase for fiscal year ended June 30, 2005.
 - The District's general fund makes up the largest portion of the overall total fund balance increase among all governmental funds. The general fund balance increased by \$1.8 million as compared to a \$.9 million increase in the prior year.
- **Capital Lease Obligation.** During the year, the District modified a capital lease agreement to fund computers for instructional purposes. The total long-term obligation was increased \$.4 million, from \$.6 to \$1.0 million. The District has made the first three principal payments of \$200,000 leaving two additional payments of \$.2 million due in July 2006 and July 2007.
- **District Master Plan - Phase I.** As of June 30, 2006, \$2.7 million had been expended for building renovations related to the District Master Plan for middle school accommodations.
- **District Master Plan - Phase II & III.** On June 27, 2006, taxpayers approved the issuance of \$35 million in general obligation debt and a voter leeway property tax increase of \$1.5 million. These two initiatives were crucial to phases II & III of the District master plan. Both initiatives will be phased in over the next three years. The general obligation debt will be used to replace the aging Timpanogos Elementary School; construct a new elementary school in the Lakeview neighborhood; complete expansion projects at Sunset View Elementary, Provost Elementary, and Centennial Middle School; complete numerous energy efficiency projects throughout the District and conduct a seismic study of the District's older schools.

Overview of Financial Statements

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

A. 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, early retirement obligations, and earned but unused vacation leave.)

The government-wide financial statements can be found on pages 32 to 33 of this report.

B. 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: 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, and it reports the District's Foundation (component unit) as an additional governmental fund. 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, debt service fund, and capital projects

fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each governmental fund is provided in the form of *combining and individual fund 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 statements can be found on pages 34 to 38 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 statements because the District cannot use these funds to finance its operations.

The District uses agency funds to account for resources held for student activities and other groups. The basic fiduciary fund financial statement can be found on page 39 of this report.

C. 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 40 to 57 of this report.

D. Other information

Combining and individual fund statements and schedules are presented immediately following the notes to the financial statements on pages 58 to 81 of this report. Additional financial and non-financial statistical data and trends are presented in the statistical section of the report.

Government-wide Financial Analysis (full-accrual basis of accounting)

A. Net Assets - Governmental Activities

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 \$40.3 million at the close of the most recent fiscal year.

Net assets of the District's governmental activities increased 31.7% to \$40.3 million. However, net assets are classified as either restricted as to the purposes they can be used for, or are invested in capital assets (land, buildings and improvements, equipment, etc.). Consequently, unrestricted net assets (-2.9% of total net assets) are a \$1.2 million deficit at the end of this year. The deficit does not mean the District does not have resources to pay its obligations, rather it is the result of having long-term commitments that are greater than resources at June 30, 2006.

The largest portion of the District's net assets (70.4%) reflects its investment in capital assets (e.g., sites, buildings, equipment, and vehicles net of accumulated depreciation), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (32.5%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets for debt service, capital projects, and food services constitute \$13.1 million of restricted net assets.

PROVO CITY SCHOOL DISTRICT'S Net Assets
(in millions of dollars)

	Governmental activities		Change from 2005
	2006	2005	
Current and other assets	\$ 42.8	\$ 32.0	\$ 10.8
Capital assets	60.0	59.6	0.4
Total assets	102.8	91.6	11.2
Other liabilities	21.8	20.8	1.0
Long-term liabilities outstanding	40.7	43.3	(2.6)
Total liabilities	62.5	64.1	(1.6)
Net assets:			
Invested in capital assets, net of related debt	28.4	23.4	5.0
Restricted	13.1	9.5	3.6
Unrestricted	(1.2)	(5.4)	4.2
Total net assets	<u>\$ 40.3</u>	<u>\$ 27.5</u>	<u>\$ 12.4</u>

B. Changes in Net Assets – Governmental Activities

The District's total net assets increased by \$12.8 million during the current year. Of the \$12.8 million increase in total net assets, unrestricted net assets increased by \$4.2 million. Restricted net assets increased by \$3.6 million during the year ended June 30, 2006.

As compared to the prior year, the District's total revenues increased to \$96.7 million (8.1%). Total federal and state aid make up 66.5% of the District's revenues; property taxes generated 25.6% of the District's revenues. The \$4.8 million increase in operating grants and contributions was primarily due to increases in state funding.

As compared to the prior year, the total cost of all programs and services decreased by 3.0% to \$84.3 million. Instruction and support services (including food services) were 66.7% and 27.8%, respectively, of the District's expenses. Decreases in expenses were primarily due to the expiration of various programs.

Changes in federal and state aid are a reflection of changes in funding for specific programs and changes in student enrollment. 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 guarantee it will make up the difference with state funding. The value of the WPU increased by 4.5% during the year ended June 30, 2006 (\$2,280 during 2006 as compared to \$2,182 in 2005).

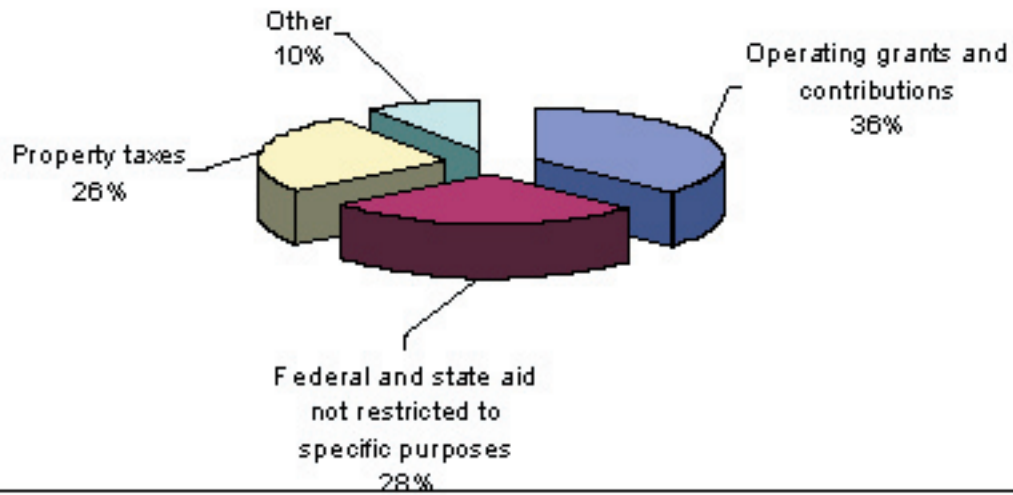
PROVO CITY SCHOOL DISTRICT'S Changes in Net Assets

(in millions of dollars)

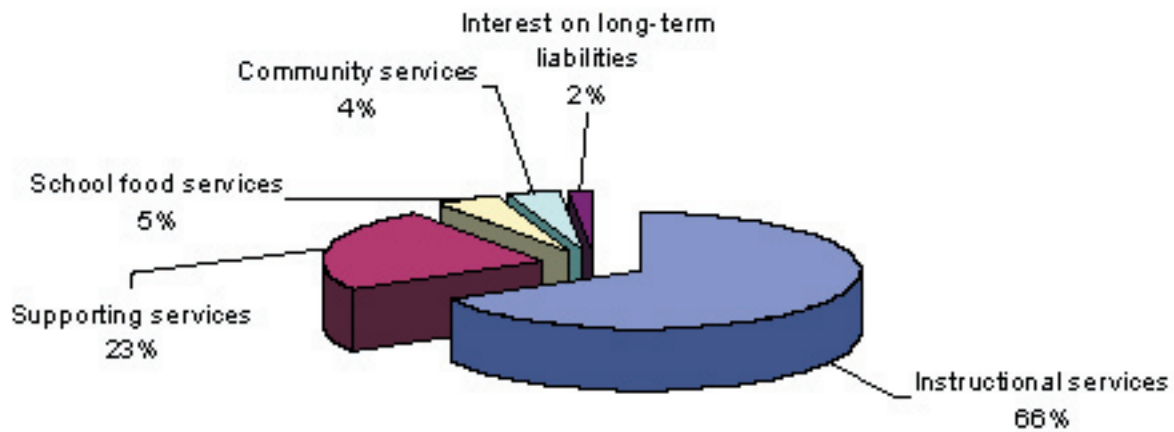
	Governmental activities		
	2006	2005	Change from 2005
Revenues:			
Program revenues:			
Charges for services	\$ 1.7	\$ 1.9	\$ (0.2)
Operating grants and contributions	35.6	30.7	4.9
General revenues:			
Property taxes	24.7	24.6	0.1
Federal and state aid not restricted to specific purposes	26.9	30.6	(3.7)
Earnings on investments	0.7	0.4	0.3
Miscellaneous	7.1	1.2	5.9
Total revenues	<u>96.7</u>	<u>89.4</u>	<u>7.3</u>
Expenses:			
Instructional services	56.2	58.5	(2.3)
Supporting services:			
Students	3.2	3.4	(0.2)
Instructional staff	2.0	2.0	-
District administration	1.5	0.9	0.6
School administration	4.3	4.3	-
Business	1.2	2.7	(1.5)
Operation and maintenance of facilities	4.2	4.0	0.2
Transportation	2.1	1.6	0.5
Other	1.1	-	1.1
School food services	3.9	3.9	-
Community services	3.1	3.9	(0.8)
Interest on long-term liabilities	1.5	2.1	(0.6)
Total expenses	<u>84.3</u>	<u>87.3</u>	<u>(3.0)</u>
Changes in net assets	12.4	2.1	10.3
Net assets, beginning	<u>27.5</u>	<u>25.4</u>	<u>2.1</u>
Net assets, ending	<u>\$ 40.3</u>	<u>\$ 27.5</u>	<u>\$ 12.4</u>

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

**Revenues by Source - Governmental Activities
Year Ended June 30, 2006**



**Expenses by Function - Governmental Activities
Year Ended June 30, 2006**



A. Governmental funds

The focus of the District's *governmental funds* is to provide information regarding near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The District is accountable for the following governmental funds:

General Fund - used to account for funds associated with K-12 educational activities as well as those funds that do not meet the criteria for reporting in other governmental funds.

Non K-12 Instruction Fund (special revenue fund) - used to account for funds that are restricted to programs that are *not* primary components of the District's K-12 education activities.

Supplemental Programs Fund (special revenue fund) - used to account for funds that are both restricted and are *not* part of the normal Utah public education funding structure.

Food Services Fund (special revenue fund) - used to account for local, state, and federal funds restricted to breakfast, lunch, and other food service programs.

Debt Service Fund - used to account for funds accumulated and restricted for payments of general long-term obligation debt.

Capital Projects Fund - used to account for funds generated through property taxes restricted for capital projects and capital lease obligations.

As the District completed the year, its governmental funds reported a combined fund balance of \$14.1 million, which is \$3.3 million higher than the previous year. The primary reasons for the increase in fund balance mirror those highlighted in the analysis of governmental activities. In addition, the following changes should be noted:

- The District's *General Fund* makes up the largest portion of the overall total fund balance increase among all governmental funds. The general fund balance increased by \$1.8 million as compared to a \$.9 million increase in the prior year. The primary reason for this change in fund balance is due to a budgeted 1% of expenditures (\$.7 million) for potential unplanned events and emergencies; the District was able to manage its operations to a level which did not require use of these funds.
- The District's *Capital Projects* fund balance increased by \$.6 million as compared to \$.8 million in the previous year. The District received payments in the amount of \$786,500 for the sale of Joaquin Elementary School, and these receipts are accounted for in the capital projects fund. The remainder of the difference is due to differences in on-going capital and construction projects.
- The District's Non K-12 Instruction fund increased by \$65 thousand. The increase is due to a planned effort to expend residual funds associated with the recreation property tax levy for recreation-related expenditures.
- All other changes in fund balances are due to normal fluctuations in operational resources and property tax collections.
- As compared to the prior year, expenditures for District purposes totaled \$88.0 million, a decrease of \$.3 million during the current fiscal year. The decrease is primarily due to reduced increases in early retirement and other post-employment benefits as compared to budget. Negotiations regarding future post-employment benefits have resulted in a solid funding plan.

- General fund salaries totaled \$43.7 million as compared to \$45.0 million in the previous year. Associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) totaled \$16.6 as compared to \$15.9 million in the previous year.

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 *or* which have legal restrictions narrower than the fund for which the funds are reported in. 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.

Changes in local revenues are due to the following elements:

- *Property taxes*: Changes in property taxes are primarily due to changes in assessed property valuations, additions of new taxable properties, and collection rates.
- *Tuitions*: Tuitions represent charges to participants for ancillary programs such as truancy program fees, after school programs, preschool, the Center for High School Studies, recreation activities, and driver's education. Consequently, major changes in tuitions represents fluctuations in both program activity and services provided through these ancillary programs. These tuition revenues *do not* represent fees charged to secondary school students for specific activities; secondary school fees are accounted for in the school activities agency fund financial reports.
- *Earnings on investments*: Changes in investment earnings are due-to market fluctuations in interest rates.
- *Other revenue from local sources*: This classification represents collections for services rendered to other independent entities, fees for local services rendered, and other miscellaneous income sources.
- *Transportation fees and food services*: Changes are due-to normal fluctuations in program level activities.

PROVO CITY SCHOOL DISTRICT'S Local Revenues
(all governmental funds combined)

	<u>2006</u>	<u>2005</u>
Property taxes	\$ 24,691,855	\$ 24,559,640
Tuitions	252,850	603,083
Transportation fees	105,080	119,250
Earnings on investments	734,136	395,818
Food Services	1,082,502	1,081,463
Contributions	296,456	0
Other revenues from local sources	1,128,941	1,429,559
	<u>\$ 28,291,820</u>	<u>\$ 28,188,813</u>

Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$1.5 million in total general fund expenditures and an increase of \$1.9 million in revenues. The most significant budget changes may be summarized as follows:

- *Federal Revenues:* Federal Revenues have increased \$3.3 million. Title I has increased \$.9 million, and IDEA has increased \$1.4 million. Teacher quality improvement has increased \$.4 million to cover teacher salaries due to low enrollments and curriculum expenses. Other Title I and IDEA increased include technology contracts, early intervention programs, motor development programs and supplies.

Other federal program budget changes include salary budget increases for federal class-size reduction, FTE increases, post-retirement salary and benefit expenditure increases. In addition, CCLC expenses have increased \$.3 million due-to a change in completion dates of two of the grants; an eMints grant was obtained for \$.1 million; Dixon and Independence received school reform grants of \$100,000 and \$65,000, respectively, and Child Nutrition revenues increased \$100,000.

- *State Revenues:* State revenues decreased \$1.3 million due to enrollments being under projections.
- *Local Revenues:* Revenue from local sources have been increased \$786,000 to reflect option payments received for the Joaquin property sale in the current fiscal year. Revenue from other financing sources was increased \$92,000 to account for the SunGard lease. In food services, local revenues have been increased \$69,000 to reflect the trend of more students eating school lunch.

The remaining differences are due-to on-going adjustments at the program and fund levels as new information is received by the District.

Capital Assets & Debt Administration

A. Capital Assets

The capital projects fund is used to account for the costs incurred in acquiring, maintaining, and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Capital assets at June 30, 2006 and 2005 are outlined below:

PROVO CITY SCHOOL DISTRICT'S Capital Assets
(net of accumulated depreciation in millions of dollars)

	Governmental activities		Total Change 2006-2005
	2006	2005	
School sites (land)	\$ 6.2	\$ 6.2	\$ -
Works of art	0.4	0.4	-
Construction in progress	-	.8	(.8)
Buildings	48.8	48.0	.8
Furniture & equipment	4.6	4.2	.4
Total capital assets	<u>\$ 60.0</u>	<u>\$ 59.6</u>	<u>\$.4</u>

Major capital asset events during the current fiscal year included the following:

- A capital lease agreement modification resulted in the acquisition of \$.2 million of computer equipment for instructional purposes.
- The sale of Joaquin Elementary School for \$6.5 million. During the fiscal year ended June 30, 2006, \$786,500 was received.
- Construction at a cost \$1.9 million, was for Master Plan related renovations and Board approved improvements. An additional \$.9 million of improvements were made to District buildings during the year.

B. Debt Administration

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2006 is \$217.8 million. General obligation debt at June 30, 2006 is \$31 million, resulting in a legal debt margin of \$186.7 million. As part of a voter approved initiative, the District will be selling \$9.4 million in government obligation bonds during the 2006-07 fiscal year.

PROVO CITY SCHOOL DISTRICT'S Outstanding General Obligation Debt

	Governmental Activities		Total Change 2006-2005
	2006	2005	
General obligation bonds	\$ 31.0	\$ 33.3	\$ 2.3

Additional information regarding the District's long-term debt can be found in Note 6 to the basic financial statements.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. 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, Provo City School District, 280 West 940 North, Provo, UT, 84604.

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Basic Financial Statements

Financial Section

PROVO CITY SCHOOL DISTRICT
Statement of Net Assets
 June 30, 2006

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 12,202,695
Receivables:	
Property taxes	19,674,537
Other local	5,852,343
State	233,988
Federal	4,470,152
Inventories	203,741
Bond issuance costs, net of accumulated amortization	181,467
Capital assets:	
Land, construction in progress, and works of art	6,584,478
Buildings and equipment, net accumulated depreciation	<u>53,449,418</u>
Total assets	102,852,819
Liabilities:	
Accounts payable	1,934,854
Accrued interest payable	95,146
Payroll and related payables	1,455,239
Due to other governments or nonprofit organizations	-
Deferred revenue:	
Property taxes	18,272,470
Other local	34,740
State	-
Federal	35,787
Noncurrent liabilities:	
Portion due or payable within one year	5,698,672
Portion due or payable after one year	<u>34,976,414</u>
Total liabilities	62,503,322
Net Assets:	
Invested in capital assets, net of related debt	28,454,429
Restricted for:	
Debt service	1,538,526
Capital projects	9,319,565
Non K-12 instruction	307,754
Supplemental programs	59,049
School food services	1,522,063
Provo City School District Foundation for Excellence	356,772
Unrestricted	<u>(1,208,661)</u>
Total net assets	<u>\$ 40,349,497</u>

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

PROVO CITY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2006

Functions	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
Governmental activities:				
Instructional services	\$ 56,198,524	\$ 524,702	\$ 26,710,044	\$ (28,963,778)
Supporting services:				
Students	3,180,870	-	1,697,596	(1,483,274)
Instructional staff	2,032,397	-	486,344	(1,546,053)
District administration	1,505,202	-	233,860	(1,271,342)
School administration	4,238,678	-	172,264	(4,066,414)
Business	1,226,698	-	61,249	(1,165,449)
Operation and maintenance of facilities	4,146,859	-	-	(4,146,859)
Transportation	2,091,460	105,080	1,302,701	(683,679)
Other	1,072,477	-	33,187	(1,039,290)
School food services	3,929,424	1,082,502	3,053,017	206,095
Community services	3,142,504	-	1,779,262	(1,363,242)
Interest on long-term liabilities	1,551,671	-	-	(1,551,671)
Total school district	\$ 84,316,764	\$ 1,712,284	\$ 35,529,524	(47,074,956)
General Revenues:				
Property taxes levied for:				
Basic state supported program for regular K-12 instruction				6,935,008
Voted leeway for regular K-12 instruction				3,467,504
School board leeway for class size reduction				1,612,793
Special transportation				483,838
Tort liability				302,399
Community recreation				1,290,234
Debt service of general obligation bonds				4,044,077
Capital outlay for buildings and other capital needs				2,290,166
Ten percent of basic for construction, textbooks, and supplies				4,265,836
Federal and state aid not restricted to specific purposes				26,995,732
Earnings on investments				734,136
Gain on Sale of Assets				6,470,801
Miscellaneous				607,033
Total general revenues				<u>59,499,557</u>
Changes in net assets				12,424,601
Net assets - beginning				<u>27,924,896</u>
Net assets - ending				<u>\$ 40,349,497</u>

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

PROVO CITY SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2006

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
Assets:					
Cash and investments	\$ 3,825,845	\$ 1,068,302	\$ 5,573,585	\$ 1,734,963	\$ 12,202,695
Receivables:					
Property taxes	10,057,405	3,166,259	5,824,532	626,341	19,674,537
Other local	152,343	-	5,700,000	-	5,852,343
State	-	-	-	233,988	233,988
Federal	4,036,946	-	-	433,206	4,470,152
Due from other funds	-	-	-	67,176	67,176
Inventories	66,448	-	-	137,293	203,741
Total assets	<u>\$ 18,138,987</u>	<u>\$ 4,234,561</u>	<u>\$ 17,098,117</u>	<u>\$ 3,232,967</u>	<u>\$ 42,704,632</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 1,585,321	\$ -	\$ 241,714	\$ 107,819	\$ 1,934,854
Payroll and related payables	1,152,467	-	21,585	281,187	1,455,239
Due to other funds	-	-	-	67,176	67,176
Deferred revenue:					
Property taxes	10,293,535	2,993,759	5,501,544	571,163	19,360,001
Other local	34,740	-	5,700,000	-	5,734,740
State	-	-	-	-	-
Federal	18,976	-	-	16,811	35,787
Total liabilities	<u>13,085,039</u>	<u>2,993,759</u>	<u>11,464,843</u>	<u>1,044,156</u>	<u>28,587,797</u>
Fund Balances:					
Reserved for:					
Inventories	66,448	-	-	137,293	203,741
Other restricted programs	1,711,188	-	-	39,225	1,750,413
Unreserved, undesignated	3,276,312	1,240,802	5,633,274	-	10,150,388
Unreserved, undesignated reported in nonmajor special revenue funds:					
Non K-12 instruction	-	-	-	211,702	211,702
Supplemental programs	-	-	-	59,049	59,049
School food services	-	-	-	1,384,770	1,384,770
Provo City School District Foundation for Excellence	-	-	-	356,772	356,772
Total fund balances	<u>5,053,948</u>	<u>1,240,802</u>	<u>5,633,274</u>	<u>2,188,811</u>	<u>14,116,835</u>
Total liabilities and fund balances	<u>\$ 18,138,987</u>	<u>\$ 4,234,561</u>	<u>\$ 17,098,117</u>	<u>\$ 3,232,967</u>	<u>\$ 42,704,632</u>

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

PROVO CITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2006

Total fund balances for governmental funds \$ 14,116,835

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	\$ 6,228,328	
Construction in progress	-	
Works of art	356,150	
Buildings and improvements, net \$32,948,156 accumulated depreciation	48,836,894	
Furniture and equipment, net \$4,663,721 accumulated depreciation	<u>4,612,524</u>	60,033,896

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. 1,087,531

A note receivable was entered into upon the sale of Joaquin Elementary school. Total sales price was \$6,500,000 less closing costs, and proceeds received to date are \$770,801. 5,700,000

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (95,146)

Bond issuance costs are reported as expenditures in governmental funds; however, bond issuance costs are reported as deferred costs in the government-wide statements and are amortized over the life of the obligations. The cost is \$219,960 and accumulated amortization is \$38,493. 181,467

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	(31,035,000)	
Deferred amounts on refunding, net	916,696	
Deferred amounts for bond premiums, net	(1,461,163)	
Lease revenue bonds payable	(1,755,000)	
Obligations under capital leases	(514,177)	
Vacation payable	(563,376)	
Early retirement payable	<u>(6,263,066)</u>	<u>(40,675,086)</u>

Total net assets of governmental activities \$ 40,349,497

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

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2006

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
Revenues:					
Local sources:					
Property taxes	\$ 12,801,543	\$ 4,044,078	\$ 6,556,000	\$ 1,290,234	\$ 24,691,855
Contributions	-	-	-	296,456	296,456
Food service sales	-	-	-	1,082,502	1,082,502
Interest	729,013	-	-	5,123	734,136
Other local	1,360,680	-	10,307	115,884	1,486,871
State	46,639,740	-	34,896	2,954,781	49,629,417
Federal	8,379,546	-	-	4,219,837	12,599,383
Total revenues	69,910,522	4,044,078	6,601,203	9,964,817	90,520,620
Expenditures:					
Current:					
Instructional services	52,670,674	-	242,655	2,077,168	54,990,497
Supporting services:					
Students	3,023,616	-	-	42,195	3,065,811
Instructional staff	2,014,345	-	-	485	2,014,830
District administration	1,478,589	-	-	-	1,478,589
School administration	4,045,607	-	-	165,321	4,210,928
Business	1,113,650	-	-	12,865	1,126,515
Operations and maintenance of facilities	1,008,309	-	3,124,516	-	4,132,825
Transportation	1,859,437	-	-	-	1,859,437
Other	854,544	-	-	217,933	1,072,477
School food services	-	-	-	3,778,134	3,778,134
Community services	-	-	-	3,078,042	3,078,042
Capital outlay	-	-	2,765,337	-	2,765,337
Debt service:					
Principal retirement	-	2,235,000	725,617	-	2,960,617
Interest and fiscal charges	-	1,543,104	-	-	1,543,104
Total expenditures	68,068,771	3,778,104	6,858,125	9,372,143	88,077,143
Excess of (deficiency) revenues over (under) expenditures	1,841,751	265,974	(256,922)	592,674	2,443,477
Other financing sources (uses):					
Proceeds from sale of school	-	-	770,801	-	770,801
Proceeds from capital lease agreement	-	-	91,833	-	91,833
Proceeds from insurance recoveries	-	-	-	-	-
Total other financing sources (uses)	-	-	862,634	-	862,634
Net change in fund balances	1,841,751	265,974	605,712	592,674	3,306,111
Fund balances - beginning	3,212,197	974,828	5,027,562	1,596,137	10,810,724
Fund balances - ending	\$ 5,053,948	\$ 1,240,802	\$ 5,633,274	\$ 2,188,811	\$ 14,116,835

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

PROVO 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, 2006

Net change in fund balances-total governmental funds \$ 3,306,111

Governmental funds report capital outlays as expenditures. However, in the statement of activities assets with an initial cost or basket purchase cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses. Proceeds from any related sale of capital assets, as well as any gain or loss and notes receivable are also reported in the statement of activities.

Capital outlays	3,646,726	
Depreciation expense - capital assets	(2,998,289)	
Proceeds from sale of school	(770,801)	
Gain on sale of school	<u>6,220,745</u>	6,098,381

The governmental funds report bond proceeds as an other financing source, 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 reduce 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:

Repayment of bond principal	2,235,000	
Bond interest expense	(61,861)	
Amortization of deferred amounts on refunding	(83,336)	
Amortization of bond premium	132,833	
Amortization of bond issuance costs	<u>(16,497)</u>	2,206,139

Capital assets acquired through capital leases are shown as an expenditure and other financing source in the governmental funds. The other financing source must be removed from the statement of activities. Repayment of principal is reported as an expenditure in the governmental funds for both capital leases and lease revenue bond obligations, but repayment of principal is applied to the liability in the statement of net assets and reduces the District's obligations. Interest expense is recognized as it accrues.

Principal payments of capital lease obligation	247,581	
Principal payments of lease revenue bond obligation	<u>390,000</u>	637,581

In the statement of activities, obligations for compensated absences (vacations) and voluntary termination benefits (early retirement) 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).

Vacation payable (compensated absences)	2,157	
Early retirement payable (voluntary termination benefits)	<u>174,232</u>	<u>176,389</u>

Change in net assets of governmental activities \$ 12,424,601

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

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Property taxes	\$ 12,886,000	\$ 12,781,000	\$ 12,801,543	\$ 20,543
Interest	300,000	600,000	729,013	129,013
Other local	2,289,272	2,098,530	1,360,680	(737,850)
State	47,693,553	46,492,084	46,639,740	147,656
Federal	5,253,979	8,333,385	8,379,546	46,161
Total revenues	<u>68,422,804</u>	<u>70,304,999</u>	<u>69,910,522</u>	<u>(394,477)</u>
Expenditures:				
Current:				
Instructional services	52,910,866	54,374,464	52,670,674	1,703,790
Supporting services:				
Students	3,099,978	3,045,162	3,023,616	21,546
Instructional staff	1,873,524	1,965,092	2,014,345	(49,253)
District administration	870,730	1,361,968	1,478,589	(116,621)
School administration	4,183,227	4,864,709	4,045,607	819,102
Business	2,522,222	1,176,035	1,113,650	62,385
Operations and maintenance of plant	1,344,811	647,505	1,008,309	(360,804)
Student transportation	1,786,321	1,786,321	1,859,437	(73,116)
Other	49,000	891,451	854,544	36,907
Total expenditures	<u>68,640,679</u>	<u>70,112,707</u>	<u>68,068,771</u>	<u>2,043,936</u>
Excess of revenues over (under) expenditures / net change in fund balances	<u>(217,875)</u>	<u>192,292</u>	<u>1,841,751</u>	<u>1,649,459</u>
Fund balances - beginning	<u>-</u>	<u>3,212,197</u>	<u>3,212,197</u>	<u>-</u>
Fund balances - ending	<u>\$ (217,875)</u>	<u>\$ 3,404,489</u>	<u>\$ 5,053,948</u>	<u>\$ 1,649,459</u>

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

PROVO CITY SCHOOL DISTRICT
Statement of Fiduciary Fund Assets and Liabilities
Agency Funds
 June 30, 2006

	Agency Funds
Assets:	
Cash and investments	\$ (374,711)
Receivables:	
Other local	1,247,182
State	204,818
Federal	4,346,873
Total assets	\$ 5,424,162
Liabilities:	
Due to student organizations	\$ 1,670,134
Accounts payable	-
Payroll and related payables	-
Due to other entities	3,754,028
Total liabilities	\$ 5,424,162

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Board of Education, comprised of seven elected individuals, is the primary governing authority for the District. The Board establishes District policies, approves the budget, appoints a Superintendent with responsibilities for administering all educational activities of the District, and appoints a Business Administrator with responsibilities for fiscal matters. The Board is authorized to issue bonds, incur short-term debt, levy property taxes, and is not dependent on any other unit of local government. The District is not a component unit of any other primary government.

These basic financial statements present the activities of the District and its component unit, the *Provo School District Foundation for Excellence*. The District's component unit is presented as a blended component unit in the financial statements. Although it is a legally separate entity, the foundation is, in substance, part of the District's operations and to exclude it from the District's financial statements would be misleading.

Blended Component Unit - The *Provo School District Foundation for Excellence* is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible contributions to the District. The Foundation serves the District entirely, and the District has a significant influence upon the financial operations of the Foundation and is able to access the economic resources held by the Foundation. The Foundation is considered a blended component unit, and the Foundation is presented as a special revenue fund of the District, and its activity is reported in the *Support Services—Students* function in the government-wide financial statements. Separate financial statements for the Foundation can be obtained by contacting the Provo City School District Main Office, 280 West 940 North, Provo, Utah, 84604.

B. 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). These statements include the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

As a general practice, interfund activity has been eliminated from the government-wide financial statements in order to avoid double counting. Exceptions to this general rule are payments made between functions for internal services provided; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 is included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in direct expenses of the appropriate functions. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line item. 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.

C. Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. 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 non-major funds.

The District reports the following major governmental funds:

- *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.
- *Debt Service Fund* - accounts for resources accumulated and payments made for principal and interest of general obligation school building bonds.
- *Capital Projects Fund* - accounts for resources accumulated and payments made for the acquisition, maintenance, improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

The District reports the following nonmajor special revenue funds that receive revenues which are restricted to expenditures for specified purposes:

- *School Food Services* - to account for preparation and serving of school lunches and breakfasts.
- *Non K-12 Instruction* - to account for preschool, adult education and other non K-12 programs.
- *Supplemental Programs* - to account for programs that are not part of the normal funding structure for Utah public education school Districts that are unique to Provo City School District.
- *Foundation* - to account for the District's blended component unit's activities.

Additionally, the District reports the following funds as Agency funds:

- *Special Programs Agency Fund* – used to account for assets held by the District for independent smaller entities and agencies. The District provides services such as payroll and accounts payable for these entities but has no legal control and accountability requirements for how they use their resources.
- *School Activity Agency Fund* – used to account for the receipt and disbursement of monies of student activity organizations and other custodial type transactions within the schools.

D. Measurement Focus, Basis of Accounting, & Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide and agency fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, 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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 liabilities, claims and judgments, early retirement and post employment health care benefits, arbitrage rebates, and compensated absences, which are recognized as expenditures to the extent they have matured. 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.

When both restricted and unrestricted resources are available for use, it is the District's procedure to use restricted resources first, then unrestricted resources, as they are needed.

E. Budgets and Budgetary Accounting

The District operates within budget requirements for school districts as specified by state law and as interpreted by the State Superintendent of Public Instruction. Budgets are presented on the modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements:

- During June of each year, the District Superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30.
- Copies of the proposed budget are made available for public inspection before the Board hearing in which the Board adopts the proposed budget.
- 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, at the fund level, 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, 2006, 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.

Encumbrances - Encumbrance accounting, under which purchase orders for goods and services are recorded in order to restrict that portion of the applicable appropriation, is used to facilitate comparisons with budgets. Outstanding encumbrances lapse at year-end, and appropriations for the subsequent year are used to honor these commitments.

F. 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 programs based on the average balance of each participating program.

G. Cash and Cash Equivalents

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

H. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements, which are outstanding at year-end, are referred to as either "due-to/from other funds".

I. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial or "basket purchase" cost of more than \$5,000 for land, furniture, equipment, buildings and improvements, and an estimated useful life in excess of one year. 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 the assets' lives are not capitalized.

All works of art are capitalized at estimated fair value at the time the donation was made. However, many of the works of art were appraised in 1994 and have been capitalized at the fair value of the appraisal. The District's art collection carries a net book value of \$340,050 in the government-wide financial statements; works of art are a non-depreciable item in the government-wide financial statements.

Major outlays for capital assets and improvements are capitalized when the assets are acquired and placed into operation and/or as construction occurs. Interest incurred during construction is not

capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Additions	40
Building Improvements	20
Physical Education Equipment	20
Standard Furniture & Accessories	20
Stage & Auditorium	20
Portable Classrooms	15
Machinery & Tools	15
Appliances	15
Grounds & Accessories	15
Audio Visual	10
Lab Equipment	10
Music - Instruments & Accessories	10
Licensed Vehicles	8
Business Machines	5
Miscellaneous Equipment	5
Software	3

J. Comparative Data and Reclassifications

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

K. Expenditure Driven Grants - Variances Between Budget and Actual Data

Expenditure driven grants are recognized as revenue when the qualifying expenditures are incurred and all other grant requirements are met; unspent grant amounts are carried forward and included in the succeeding fiscal year's budget. Therefore, actual grant revenues and expenditures can be significantly different than the amounts budgeted.

**L. Compensated Absences and Voluntary Termination Benefits -
Vacation and Early Retirement Payable**

Compensated absences and voluntary termination benefits are typically paid for by resources from the District's general fund. However, it is the District's policy to use resources from other funds, when the other funds directly funded the employees' related position(s), to pay for these costs. Consequently, minimal costs related to these benefits are periodically funded by funds other than the general fund when it is reasonably practical to do so.

Under terms of association agreements, eligible employees can earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an eligible employee is reimbursed for accumulated vacation days to a maximum of 20 days. No reimbursement

or accrual is made for unused sick leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

See Note 6 for a description of these long-term obligations.

M. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as refunding and 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 debt service expenditures.

N. Fund Equity

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

O. Inventories

Inventories are valued at cost, or if donated, at fair value when received, using the first-in first-out (FIFO) method. Inventory in the general and special revenue funds consists of expendable supplies held for consumption. The cost is recorded as an asset at the time individual inventory items are purchased, and an expenditure is recorded when the assets are distributed and consumed.

Commodities received from federal sources are consumable inventories intended to support short-term District food service operations. Thus, federal commodities are treated as a current financial resource and are recorded as revenues when received in both the fund statements and government-wide statements.

P. Indirect Costs

Indirect costs charged to certain programs are routinely recorded in the District's *governmental fund* financial statements.

As a general practice, interfund indirect costs have been eliminated from the *government-wide* financial statements in order to avoid double counting and to provide direct-cost information to financial statement readers.

Q. Use Of Estimates

Presenting financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make certain estimates concerning assets, liabilities, revenues, and expenses.

R. Supplemental Programs Nonmajor Special Revenue Fund

The District, in its 2005 Comprehensive Annual Financial Report, presented for the first time separate financial statements for the Supplemental Programs Nonmajor Special Revenue Fund. This fund is intended to disclose District program activity that is not part of the normal funding structure for public education school Districts in Utah and to provide information useful to financial statement readers for comparability purposes with other Utah school Districts. The District believes this practice not only enhances understandability for external users, but improves fiscal management of the related programs as well. The criteria used for determination of reporting in this fund are as follows:

- Funding sources in the new special revenue fund are not derived from the normal state and federal funding sources being used in *most* Utah school Districts.
- Fund activity is not supported through District property tax levies.
- Funds must be restricted through enabling legislation, grant agreements, or other externally imposed restrictions from external local, state, or federal governments or agencies in order to meet GAAP requirements for special revenue fund reporting.
- The District Board of Education adopts an annual budget at the legal level for revenues and expenditures for the activity to be accounted for in this fund.

The programs which are accounted for in this fund are as follows:

- *Oaksprings* - educational services provided to students in the custody of the state at the state hospital located in Provo City.
- *Youth Connections* - federal funding related to support services for at-risk youth specific to Provo City demographics.
- *Native American* - federal funding related to support services for Native American students specific to Provo City demographics.
- *21st Century* - federal grant related to support services for at-risk youth specific to Provo City demographics.
- *Gear Up* - federal grant directed towards providing post-high school education opportunities for at-risk youth specific to Provo City demographics.
- *Utah County Prevention* - pass through funds from the county to finance substance abuse educational programs specific to Provo City demographics.
- *Community Development Block Grant* - pass through funds from Provo City to provide support services to low-moderate income students.

S. Special Programs Agency Fund

The District, through its desire to support other local community programs as well as goals set by the Board of Education, provides accounting-related services to several independent entities. The District serves only as a fiscal agent and has no fiscal accountability for these programs; consequently, no budget is adopted by the Board of Education for these funds. Financial activity for these entities are disclosed in the Special Programs Agency fund. A schedule of assets and liabilities for each independent agency is provided in the *Combining and Individual Fund Financial Statements & Schedules* section of this report on page 86. The entities included in this fund are described as follows:

- *Central Utah Enterprises* - provides work opportunities to individuals with disabilities.
- *USOE Reading Program* - provides curriculum development, staff development, and curriculum integration services for various school Districts around the state.
- *USOE SOAR Program* - provides educational services geared towards high school and post-high school vocational education training for students.
- *USOE Family Involvement Program* - provides services related to family involvement in education programs.
- *Youth Services Programs* - accounts for activities associated with the local Boys & Girls Club and state workforce youth services.
- *Local Interagency Council* - committee organized of various state and local agencies designed to provide services to at-risk youth.
- *Brigham Young University Partnership* - funds are managed by university specialists to provide support services, research, staff development, and teacher recruitment for five separate school Districts throughout the state.
- *USOE Science* - provides staff development and curriculum services for Districts state-wide.
- *Utah Professional Development Center* - receives federal funding to provide staff development resources for school Districts in Utah serving special student populations.
- *Project Read* - provides literacy improvement programs to qualifying adults in the community.
- *Boys and Girls Club of Utah County* - provides assistance to students in the areas of the arts, education and careers, character and leadership, health and life skills, sports, fitness, and recreation

2. DEPOSITS AND INVESTMENTS

A. Deposits

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. District funds are deposited in qualified depositories as defined by the Act. The District does not have a deposit policy for custodial credit risk. As of June 30, 2006, the District's exposure to custodial credit risk for deposits was as follows:

Depository Account	Custodial Credit Risk	Balance June 30, 2006
Regular Checking Account	Insured	\$ 46,466
Money Market	Insured and uncollateralized	112,832
		<u>\$ 159,298</u>

B. Investments

The District's investments are managed through participation in the Utah Public Treasurers' Investment Fund and through a repurchase agreement arrangement with a local bank. The reported value of the Public Treasurer's Pool is the same as the fair value of the pool shares. As of June 30, 2006, the District had the following investments:

Investment	Original Maturities	Fair Value
Utah Public Treasurers' Investment Fund	57 days average	\$ 11,426,586
Repurchase Agreement	44 days average	1,351,129
		<u>\$ 12,777,715</u>

Investments - Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance to the Utah Money Management Act which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments - Credit Risk - The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) 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, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, bankers' acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah. The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The District's investment in the PTIF is not rated. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District has no investment policy that would further limit its investment choices.

Investments - Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The entire \$1,351,129 invested in repurchase agreements consists of underlying securities which are held by the investment's counter party, not in the name of the District, and are not insured. The District's repurchase agreements arrangement primarily invests in obligations of the United States Treasury, agencies or financial instruments of the United States that meet allowable investments of the Utah Money Management Act. The District does not have an investment policy for custodial credit risk.

3. PROPERTY TAXES

The budgeting and accounting for property taxes are accounted for on a modified-accrual basis, with appropriate recognition of property taxes receivable at year-end. The District has recorded a corresponding property tax deferral for taxes assessed January 1 but not due and collectible within thirty days of the end of the fiscal year.

The property tax revenue of the District is collected and distributed by the Utah 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 a lien on real property as of January 1 and complete the tax rolls by May 15. The District's Board of Education is required to adopt its initial budget for the next fiscal year by June 22; this initial budget adoption establishes tax levy rates to provide resources to fund District operations for the next fiscal year beginning July 1. If the proposed District budget requires changes to levied tax rates, which are above the tax levy rates certified by the Utah State Tax Commission, the District *may* be required to meet specific due process requirements as outlined in Utah Truth-in-Taxation laws by August 17. 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. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%; the interest period is from January 1 until date paid.

Beginning January 1, 1992, an annual uniform fee based on the value of motor vehicles was levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5% of the fair market statewide value of the property, as established by the State Tax Commission. Effective January 1, 1999, legislation required motor vehicles be subject to an "age-based" fee that is due each time a vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when the County collects it and remits the collections to the District.

4. INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2006 is as follows:

<i>Due From Fund</i> <i>(Receivable Fund)</i>		<i>Due-to Fund</i> <i>(Payable Fund)</i>		<i>Amount</i>
Supplemental Programs	Nonmajor, Special Revenue Fund	Food Services	Nonmajor Fund	67,176
				\$ 67,176

Interfund payables and receivables are financial resources that have been provided by various District governmental and fiduciary funds and programs to provide for other various funds or programs.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 is as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 6,228,328	\$ -	\$ -	\$ 6,228,328
Construction in Progress	876,398	2,004,723	(2,881,121)	-
Works of art	356,150	-	-	356,150
Total capital assets, not being depreciated	7,460,876	2,004,723	(2,881,121)	6,584,478
Capital assets being depreciated:				
Buildings and improvements	79,767,323	2,881,121	(863,394)	81,785,050
Furniture and equipment	7,697,389	1,642,003	(63,147)	9,276,246
Total capital assets, being depreciated	87,464,712	4,523,124	(926,541)	91,061,296
Accumulated depreciation for:				
Buildings and improvements	(31,797,850)	(1,793,656)	643,349	(32,948,157)
Furniture and equipment	(3,492,223)	(1,204,634)	33,136	(4,663,721)
Total accumulated depreciation	(35,290,073)	(2,998,289)	676,484	(37,611,878)
Total capital assets, being depreciated, net	52,174,639	1,524,835	(250,056)	53,449,418
Governmental activities capital assets, net	\$ 59,635,515	\$ 3,529,558	\$ (3,131,177)	\$ 60,033,896

For the year ended June 30, 2006, depreciation expense was charged to functions of the District as follows:

Governmental activities:	Furniture & Equipment	Buildings & Improvements	Total
Instruction	\$ (730,563)	\$ (1,518,745)	\$ (2,249,308)
Support services:			
Students	(43,560)	(71,499)	(115,059)
Instructional staff	(17,567)	-	(17,567)
General administration	-	(26,613)	(26,613)
School administration	(3,129)	(24,621)	(27,750)
Business	(100,183)	-	(100,183)
Operation and maintenance of facilities	(14,034)	-	(14,034)
Transportation	(232,023)	-	(232,023)
School food services	(51,863)	(99,428)	(151,290)
Community services	(11,712)	(52,750)	(64,462)
Total depreciation expenses - governmental activities	\$ (1,204,634)	\$ (1,793,656)	\$ (2,998,289)

6. LONG-TERM OBLIGATIONS

A. Changes In Long-term Obligations

Long-term liability activity for the year ended June 30, 2006 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds payable:					
General obligation bonds	\$ 33,270,000	\$ -	\$ (2,235,000)	\$ 31,035,000	\$ 2,340,000
Deferred amounts for issuance premium	1,593,996	-	(132,833)	1,461,163	-
Deferred amount on refunding	(1,000,032)	-	83,336	(916,696)	-
Total general obligation bonds payable, net	33,863,964	-	(2,284,497)	31,579,467	2,340,000
Lease revenue bonds	2,145,000	-	(390,000)	1,755,000	410,000
Obligations under capital leases	853,591	-	(339,414)	514,177	344,252
Vacation payable	565,533	38,125	(40,282)	563,376	563,376
Early retirement payable	6,437,298	1,444,422	(1,618,654)	6,263,066	2,041,044
Total governmental activity long-term liabilities	<u>\$ 43,865,386</u>	<u>\$ 1,482,547</u>	<u>\$ (4,672,847)</u>	<u>\$ 40,675,086</u>	<u>\$ 5,698,672</u>

B. General Obligation Bonds Payable

Bonds payable at June 30, 2006, are comprised of the following general obligation issues and are serviced by property tax revenues received by the debt service fund:

Series	Purpose	Original Amount	Interest Rate Range	Final Maturity Date	Current Outstanding Balance
1997 Series G.O. Bonds	School Building	22,500,000	4.25% to 5.25%	June 15, 2017	890,000
1997 A Series G.O. Refunding Bonds	Bond Refunding	9,480,000	3.85% to 5.10%	June 15, 2015	8,520,000
1998 Series G.O. Refunding Bonds	Bond Refunding	4,950,000	3.40% to 4.15%	June 15, 2013	3,710,000
2004 Series G.O. Refunding Bonds	Bond Refunding	18,690,000	2.0% to 5.0 %	June 15, 2017	17,915,000
Total General Obligation Bonds Payable as of June 30, 2006					<u>\$ 31,035,000</u>

Debt service requirements to maturity, including interest for the general obligation bonds payable, are as follows:

Year Ending June 30	Principal	Interest	Debt Service Fund
2007	2,340,000	1,451,083	3,791,083
2008	2,450,000	1,351,720	3,801,720
2009	2,565,000	1,235,907	3,800,907
2010	2,690,000	1,114,620	3,804,620
2011	2,820,000	985,555	3,805,555
2012 - 2016	16,220,000	2,953,235	19,173,235
2017	1,950,000	97,500	2,047,500
	<u>\$ 31,035,000</u>	<u>\$ 9,189,620</u>	<u>\$ 40,224,620</u>

C. Obligations Under Capital Lease

Accounting Information System - The District replaced its accounting information system software and equipment during the year ended June 30, 2003. The accounting system replacement was financed through a capital lease. The original amount of the lease was \$769,000. Annual payments are typically financed through the District's capital projects fund, and future minimum lease payments at June 30, 2006 are as follows:

Year Ending June 30	Principal	Interest	Capital Projects Fund
2007	\$ 161,450	\$ 17,394	\$ 178,844
2008	169,925	8,919	178,844
	Total Minimum Lease Payments		357,688
	Amount Representing Interest		(26,313)
	Present Value of Minimum Lease Payments		<u>\$ 331,375</u>

Instructional Computers - During fiscal year 2005, the District entered into a lease agreement to fund an original amount of \$568,817 of instructional computers for multiple schools. Annual payments are typically financed through the District's capital projects fund, and future minimum lease payments at June 30, 2006 are as follows:

Year Ending June 30	Principal	Interest	Capital Projects Fund
2007	\$ 182,802	\$ 12,796	\$ 195,598
	Amount Representing Interest		(12,796)
	Present Value of Minimum Lease Payments		<u>\$ 182,802</u>

D. Obligation Under Lease Revenue Bond

The District obtained funding through a lease revenue bond finance agreement in June 2002 to complete the construction of, and to furnish and equip, Spring Creek and Amelia Earhart Elementary Schools. The original obligation was \$4.2 million. The agreement was based upon a ten-year long-term obligation and variable interest rate arrangement. The variable interest rate is based upon a weekly interest investment rate determined by the market. The annual amounts to be serviced by the capital projects fund, based upon projected variable interest rates (3.0%) are the following:

Year Ending June 30	Principal	Estimated Interest	Capital Projects Fund
2007	410,000	52,650	462,650
2008	425,000	40,350	465,350
2009	450,000	27,600	477,600
2010	470,000	14,100	484,100
	<u>\$ 1,755,000</u>	<u>\$ 134,700</u>	<u>\$ 1,889,700</u>

E. Combined Maturities on Long-Term Borrowings

The combined aggregate amounts of maturities on all long-term borrowing (General Obligation Bonds, Lease Revenue Bonds, and Capital Lease) are as follows:

Year Ending June 30	Principal	Interest	Total
2007	\$ 3,094,252	\$ 1,533,923	\$ 4,628,175
2008	3,044,925	1,400,989	4,445,914
2009	3,015,000	1,263,507	4,278,507
2010	3,160,000	1,128,720	4,288,720
2011	2,820,000	985,555	3,805,555
2012 - 2016	16,220,000	2,953,235	19,173,235
2017	1,950,000	97,500	2,047,500
	\$ 33,304,177	\$ 9,363,429	\$ 42,667,606

7. SHORT-TERM OBLIGATIONS

During the year, the District issued a Board approved tax anticipation note in order to cover projected cash shortfalls during the year. The projected cash shortfalls were mainly due to the timing differences between the time that on-going expenditures occur, but before the time the District receives property tax revenues raised to fund these on-going expenditures. The proceeds from the tax anticipation note were accounted for as a fund liability in the capital projects fund and were repaid before June 30. The tax anticipation note carried an interest rate of 3.25 percent, and total interest and fees were \$72,599. The following summarizes the activity for the tax anticipation note liability for the year ended June 30, 2006:

	Beginning Balance	Proceeds	Repayment	Ending Balance
Tax anticipation note	\$ 0	\$ 4,002,500	\$ 4,002,500	\$ 0

8. RETIREMENT PLANS

A. Defined Benefit Plan

The District contributes to the State and School Contributory Retirement System and State and School Noncontributory Retirement System (collectively, the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). URS 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 Act in Chapter 49 provides for the administration of the URS 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 Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. Plan members in the State and School Contributory Retirement System are required to contribute 1.00% of annual covered salary, and the District contributes 13.89% of annual covered salary. For employees participating in the State and School Noncontributory System, the

District contributes 13.38% of annual covered salary. The 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; amendments to the plans provisions and contribution requirements must be authorized by statute and the Utah State Retirement Board.

Provo City School District contributions (including employee contributions paid by the employer) to the State and School Contributory Retirement System for the years ended June 30, 2006, 2005, and 2004 were \$138,155, \$142,061, and \$123,092, respectively, and for the Noncontributory Retirement System the contributions for June 30, 2006, 2005, and 2004 were \$6,049,604, \$6,110,398, and \$5,276,050, respectively. The contributions were equal to the required contribution for each year.

B. Defined Contribution Plans

The District also participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement System have a contribution of 1.5% of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. District contributions made for employees for the years ended June 30, 2006, 2005, and 2004 were \$836,976, \$822,504, and \$800,200, respectively; the employee contributions for years ended June 30, 2006, 2005, and 2004 were \$835,983, \$817,263, and \$742,957, respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board; amendments to the plans provisions and contribution requirements must be authorized by statute and the Utah State Retirement Board.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participation. Employee contributions to the Section 457 plan totaled \$88,136 for the year ended June 30, 2006. The assets of the plan are administered and held by URS and a third-party administrator.

C. Early Retirement Incentive

The District provides a voluntary early retirement incentive program. Eligibility is restricted to those employees hired prior to September 1, 2005, and have a minimum of 12 years of service in the District who retire under provisions of the Utah State Employee's Retirement Act. Those, qualifying under this program that choose to retire early, may receive a salary benefit for up to five years and a health and accident benefit up to eight years. Benefits vary based upon years of service, position on salary schedule, and employee classification. This liability is paid from the fund from which the employee retires, payments in 2006 were \$1,618,654. Liability estimates include the following factors:

- 6 percent annual future value increase in insurance costs.
- 1 percent annual future value increase in stipend costs.
- 3 percent discount factor equivalent to current annual asset investment earnings.

Please see Note 6 for details regarding the early retirement obligation amount.

D. Post Employment Health care Benefit Obligation

The District provides a life-time Medicare supplemental insurance benefit for retired employees

who have completed at least 20 years of service as of January 1, 2005; the plan also provides coverage for spouses of employees who have completed 30 years of service by January 1, 2005. There are approximately 430 retirees receiving benefit coverage in addition to 130 present employees (and spouses) who have earned vested coverage upon retirement.

An actuarial study was completed as of July 1, 2005 that reflects an accrued liability of \$14,412,265 million for the Medicare supplement and \$4,645,861 million for the insurance associated with those retirees (and spouses) who have not reached age 65 as well as current employees (and spouses) who have vested eligibility. The annual recommended contribution (assuming 30 year amortization) was reported to be \$1,306,181. The District contributed \$0 for retiree benefits during fiscal year 2006. Negotiations by the District OPEB committee have resulted in a solid funding plan.

9. GRANTS - CONTINGENT LIABILITY

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursements of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. As of September 22, 2006, the District had not received any notification from any grant providing agency or government identifying any noncompliance liabilities associated with past District grant awards.

10. DESIGNATED FOR UNDISTRIBUTED RESERVE

Utah State law (53A-19-103) allows for the establishment of an undistributed reserve. The Board must authorize expenditures from the undistributed reserve. This reserve is for contingencies. According to State law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for District employees. The undistributed reserve may not exceed 5% of the current fiscal year's total general fund budgeted expenditures. Use of the reserve requires a written resolution adopted by a majority vote of the Board filed with the Utah State Board of Education and State Auditor.

11. LITIGATION AND LEGAL COMPLIANCE

The District is involved in claims arising in the normal course of business. It is not possible to state the ultimate liability, if any, in these matters. These claims are generally insured through the District's risk management insurance and are investigated by the District's insurance representatives and defended by the State Attorney General's office. In the opinion of management, such litigation will have no material effect upon the financial operations of the District.

12. SUBSEQUENT EVENT - VOTED BOND AND LEEWAY

On June 27, 2006, the citizens of Provo City approved the issuance of new general obligation bonds and an increase in the voted leeway levy for the District. The bonds will be issued over a 3 year period. The first issuance was for \$9.5 million on September 12, 2006. The purpose for the leeway and issuance of new bonds is for remodeling, one new school and a rebuild of Timpanogos Elementary.

13. RISK MANAGEMENT

A. Property and Liability Insurance Coverage

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability through policies administered by the Utah State Risk Management (Fund). The District also insures its buildings and contents against all insurable risks of direct physical loss or damage with the fund. The Fund is a public entity risk pool operated by the state for the benefit of the state and local governments within Utah. This is a pooled arrangement where the participants' pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool re-insures sizeable losses to preserve the capital base. During fiscal year ended June 30, 2006, there were no significant reductions in coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Worker's Compensation & Long-Term Disability Insurance Coverage

The District participates in the Utah School Boards Risk Management Mutual Insurance Association which is a risk pool for workers' compensation. The District has purchased commercial insurance for other risks of loss including employee health and accident insurance. Unemployment compensation is handled on a cost of benefits reimbursement basis with the state of Utah. During the fiscal year ended June 30, 2006, there were no significant reductions in coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

C. Self-Insured Short-Term Disability Coverage

The District is self-insured for certain short-term disability benefits. The unpaid claims are included in the accounts payable of the statement of net assets and are not reported in governmental fund statements. Liabilities are based on the estimated total cost of settling claims using past experience adjusted for current trends. This liability is the District's best estimate based on available information. There were no cases that occurred prior to June 30, 2006, which have not been resolved. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the balances of claims liabilities during the years ended June 30, 2006 and 2005 are listed as follows:

	<u>2006</u>	<u>2005</u>
Unpaid claims at beginning of year	\$ -	\$ -
Incurred & Paid claims	93,539	96,273
Unpaid claims at end of year	<u>\$ -</u>	<u>\$ -</u>

14. JOINT VENTURE - RECREATION CENTER

Since 1977, the District has contractually agreed with Provo City to jointly fund the operation of a recreation center on District property near Provo High School. The construction costs were shared jointly by both entities; both entities jointly share operational expenditures each year. During fiscal year 2006, Provo City School District remitted \$119,676 to Provo City for its share of operational costs; this amount is reported as an expenditure in the Non K-12 Instruction governmental fund. The facility provides student access for curricular and extra-curricular activities as well as community access. The agreement also provides for a residual equity interest in the building, and the building reverts back to the District 100

years from the original inception of the agreement.

Audited financial statements for Provo City can be obtained through the Utah State Auditor's internet web site at <http://www.sao.state.ut.us/reports/lgfs.htm>. Audited financial statements can also be obtained from Provo City's Department of Finance, 351 West Center, Provo, Utah, 84601, (801) 852-6506.

15. RESERVED FUND BALANCES & RESTRICTED NET ASSETS - OTHER RESTRICTED PROGRAMS

The District receives revenues, primarily from the state of Utah, for restricted programs. Some of these revenue sources have legally imposed restrictions narrower than the purpose of the governmental fund in which they are reported in. Consequently, the District reports the end of year residual balances associated with these funds as reserved fund balances. Additionally, these restrictions are based upon enabling legislation; the same amounts are reported as restricted net assets in the government-wide financial statements. The residual balances at year end are the following:

Class Size Reduction	General Fund	\$317,786
Transportation to and from school	General Fund	61,082
Special education	General Fund	713,736
Special education	Non K-12 instruction	35,716
Adult education	Non K-12 instruction	39,225
At-risk program	General Fund	35,803
Advanced placement	General Fund	21,608
Gifted and talented	General Fund	15,401
Concurrent enrollment	General Fund	173,705
Highly impacted schools	General Fund	815
UPASS	General Fund	1,133
Math/science teacher recruitment	General Fund	5,277
Youth in Custody	General Fund	49,499
Special transportation levy	General Fund	260,798
Tort liability	General Fund	18,829
Total other restricted programs residual balances		\$1,750,413

Combining and Individual Fund Financial Statements and Schedules

Financial Section

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Major Governmental Funds

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General Fund This fund services primary on-going operations of the District. It is used to account for activity and financial resources that are not required to be accounted for in other funds.

Debt Service Fund The Debt Service Fund is used to account for the accumulation of resources for and payment of principal, interest, and related costs for general obligation debt.

Capital Projects Fund The Capital Projects Fund accounts for the acquisition, improvement, and construction of capital assets and equipment not being financed by other funds.

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets
General Fund
 June 30, 2006
 With Comparative Totals for 2005

	<u>2006</u>	<u>2005</u>
Assets:		
Cash and investments	\$ 3,825,845	\$ 2,300,453
Receivables:		
Property taxes	10,057,405	9,739,313
Local	152,343	-
Federal	4,036,946	2,709,011
Due from other funds	-	200,000
Inventories	66,448	74,316
Total assets	<u>\$ 18,138,987</u>	<u>\$ 15,023,093</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 1,585,321	\$ 1,642,498
Payroll and related payables	1,152,467	1,163,893
Deferred revenue:		
Property taxes	10,293,535	8,958,697
Other local	34,740	28,950
Federal	18,976	16,858
Total liabilities	<u>13,085,039</u>	<u>11,810,896</u>
Fund balances:		
Reserved for:		
Inventories	66,448	74,316
Other restricted programs	1,711,188	1,935,733
Unreserved, undesignated	<u>3,276,312</u>	<u>1,202,148</u>
Total fund balances	<u>5,053,948</u>	<u>3,212,197</u>
Total liabilities and fund balances	<u>\$ 18,138,987</u>	<u>\$ 15,023,093</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2006
With Comparative Totals for 2005

	<u>2006</u>			<u>2005</u>	
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Local sources:					
Property taxes	\$ 12,886,000	\$ 12,781,000	\$ 12,801,543	\$ 20,543	\$ 12,540,548
Interest	300,000	600,000	729,013	129,013	393,903
Other local	2,289,272	2,098,530	1,360,680	(737,850)	1,901,893
State	47,693,553	46,492,084	46,639,740	147,656	46,131,313
Federal	5,253,979	8,333,385	8,379,546	46,161	6,415,614
Total revenues	<u>68,422,804</u>	<u>70,304,999</u>	<u>69,910,522</u>	<u>(394,477)</u>	<u>67,383,271</u>
Expenditures:					
Salaries	45,913,691	45,491,013	43,689,456	1,801,557	44,974,873
Employee benefits	17,145,034	17,019,941	16,634,036	385,905	15,873,200
Purchased services	2,981,241	3,283,302	3,318,309	(35,007)	2,670,626
Supplies	2,724,292	4,227,383	3,722,083	505,300	2,805,045
Property	687,935	1,030,398	1,232,122	(201,724)	804,134
Other	(811,514)	(939,330)	(527,235)	(412,095)	(656,883)
Total expenditures	<u>68,640,679</u>	<u>70,112,707</u>	<u>68,068,771</u>	<u>2,043,936</u>	<u>66,470,995</u>
Excess of revenues over (under) expenditures	<u>(217,875)</u>	<u>192,292</u>	<u>1,841,751</u>	<u>1,649,459</u>	<u>912,276</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	2,500
Proceeds from insurance recoveries	-	-	-	-	21,171
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,671</u>
Net change in fund balances	<u>(217,875)</u>	<u>192,292</u>	<u>1,841,751</u>	<u>1,649,459</u>	<u>935,947</u>
Fund balances - beginning	<u>3,212,197</u>	<u>3,212,197</u>	<u>3,212,197</u>	<u>-</u>	<u>2,276,250</u>
Fund balances - ending	<u>\$ 2,994,322</u>	<u>\$ 3,404,489</u>	<u>\$ 5,053,948</u>	<u>\$ 1,649,459</u>	<u>\$ 3,212,197</u>

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets
Debt Service Fund
 June 30, 2006
 With Comparative Totals for 2005

	<u>2006</u>	<u>2005</u>
Assets:		
Cash and investments	\$ 1,068,302	\$ 931,103
Receivables:		
Property taxes	<u>3,166,259</u>	<u>2,808,267</u>
Total assets	<u>\$ 4,234,561</u>	<u>\$ 3,739,370</u>
Liabilities and fund balances:		
Liabilities:		
Deferred revenue:		
Property taxes	<u>\$ 2,993,759</u>	<u>\$ 2,764,542</u>
Total liabilities	<u>2,993,759</u>	<u>2,764,542</u>
Fund Balances:		
Unreserved, undesignated	<u>1,240,802</u>	<u>974,828</u>
Total fund balances	<u>1,240,802</u>	<u>974,828</u>
Total liabilities and fund balances	<u>\$ 4,234,561</u>	<u>\$ 3,739,370</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Debt Service Fund
 Year Ended June 30, 2006
 With Comparative Totals for 2005

	<u>2006</u>			Variance with Final Budget - Positive (Negative)	<u>2005</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Local sources:					
Property taxes	\$ 4,022,000	\$ 4,037,000	\$ 4,044,078	\$ 7,078	\$ 3,871,385
Interest	-	-	-	-	-
Total revenues	<u>4,022,000</u>	<u>4,037,000</u>	<u>4,044,078</u>	<u>7,078</u>	<u>3,871,385</u>
Expenditures:					
Debt service:					
Principal retirement	2,235,000	2,235,000	2,235,000	-	1,915,000
Interest and fiscal charges	1,645,000	1,645,000	1,543,104	101,896	1,879,435
Total expenditures	<u>3,880,000</u>	<u>3,880,000</u>	<u>3,778,104</u>	<u>101,896</u>	<u>3,794,435</u>
Excess of revenues over (under) expenditures / net change in fund balances	<u>142,000</u>	<u>157,000</u>	<u>265,974</u>	<u>108,974</u>	<u>76,950</u>
Fund balances - beginning	<u>974,828</u>	<u>974,828</u>	<u>974,828</u>	<u>-</u>	<u>897,878</u>
Fund balances - ending	<u>\$ 1,116,828</u>	<u>\$ 1,131,828</u>	<u>\$ 1,240,802</u>	<u>\$ 108,974</u>	<u>\$ 974,828</u>

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets
Capital Projects Fund
 June 30, 2006
 With Comparative Totals for 2005

	<u>2006</u>	<u>2005</u>
Assets:		
Cash and investments	\$ 5,573,585	\$ 5,133,904
Receivables:		
Note Receivable	5,700,000	-
Property taxes	<u>5,824,532</u>	<u>5,375,071</u>
Total assets	<u>\$ 17,098,117</u>	<u>\$ 10,508,975</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 241,714	\$ 136,010
Payroll and related payables	21,585	54,847
Deferred revenue:		
Other Local	5,700,000	-
Property taxes	<u>5,501,544</u>	<u>5,290,556</u>
Total liabilities	<u>11,464,843</u>	<u>5,481,413</u>
Fund balances:		
Unreserved, undesignated	<u>5,633,274</u>	<u>5,027,562</u>
Total fund balances	<u>5,633,274</u>	<u>5,027,562</u>
Total liabilities and fund balances	<u>\$ 17,098,117</u>	<u>\$ 10,508,975</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Capital Projects Fund
Year Ended June 30, 2006
With Comparative Totals for 2005

	2006			2005	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 6,510,000	\$ 6,601,000	\$ 6,556,000	\$ (45,000)	\$ 7,408,371
Interest	30,000	30,000	-	(30,000)	3,883
Other local	63,000	-	10,307	10,307	-
State sources	-	-	34,896	34,896	-
Total revenues	<u>6,603,000</u>	<u>6,631,000</u>	<u>6,601,203</u>	<u>(29,797)</u>	<u>7,412,254</u>
Expenditures:					
Current:					
Salaries	344,112	1,014,721	960,036	54,685	393,341
Employee benefits	107,165	335,865	324,732	11,133	107,591
Purchased services	1,112,104	1,108,617	986,794	121,823	1,154,321
Supplies	2,931,988	2,356,830	2,324,299	32,531	2,871,165
Property	1,130,569	1,858,054	1,319,939	538,115	2,031,685
Other	8,768	50,000	44,407	5,593	2,827
Debt service:					
Principal retirement	544,000	544,000	729,414	(185,414)	715,748
Interest and fiscal charges	195,000	195,000	168,504	26,496	163,032
Total expenditures	<u>6,373,706</u>	<u>7,463,087</u>	<u>6,858,125</u>	<u>604,962</u>	<u>7,439,710</u>
Excess of revenues over (under) expenditures	<u>229,294</u>	<u>(832,087)</u>	<u>(256,922)</u>	<u>575,165</u>	<u>(27,456)</u>
Other financing sources (uses):					
Proceeds from sale of school	-	863,000	770,801	(92,199)	247,342
Obligations under capital leases	-	492,000	91,833	(400,167)	568,817
Proceeds from insurance recoveries	-	-	-	-	6,734
Total other financing sources (uses)	<u>-</u>	<u>1,355,000</u>	<u>862,634</u>	<u>(492,366)</u>	<u>822,893</u>
Net change in fund balances	229,294	522,913	605,712	82,799	795,437
Fund balances - beginning	<u>5,027,562</u>	<u>5,027,562</u>	<u>5,027,562</u>	<u>-</u>	<u>4,232,125</u>
Fund balances - ending	<u>\$ 5,256,856</u>	<u>\$ 5,550,475</u>	<u>\$ 5,633,274</u>	<u>\$ 82,799</u>	<u>\$ 5,027,562</u>

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Nonmajor Governmental Funds

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Non K-12 Instruction Fund	This special revenue fund accounts for restricted programs outside of the normal K-12 functions of the District. This fund includes preschool, adult education, and community recreation programs.
Supplemental Programs Fund	This special revenue fund accounts for financial resources that are a) restricted by enabling legislation, b) are not available to all Utah public school Districts, c) are unique funding sources to the District, or d) are not funding sources used to support primary functions of the District.
Food Services Fund	This special revenue fund accounts for the restricted funding sources and operations of the school lunch and breakfast programs.
Foundation for Excellence	This special revenue fund accounts for the contributions and activities of the foundation.

PROVO CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Non K-12 Instruction	Supplemental Programs	School Food Services	Provo City School District Foundation for Excellence	
Assets:					
Cash and investments	\$ 71,160	\$ -	\$ 1,307,031	\$ 356,772	\$ 1,734,963
Receivables:					
Property taxes	626,341	-	-	-	626,341
Other local	-	-	-	-	-
State	225,366	-	8,622	-	233,988
Federal	30,243	342,088	60,875	-	433,206
Due from other funds	-	-	67,176	-	67,176
Inventories	-	-	137,293	-	137,293
Total assets	<u>\$ 953,110</u>	<u>\$ 342,088</u>	<u>\$ 1,580,997</u>	<u>\$ 356,772</u>	<u>\$ 3,232,967</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 73,854	\$ 8,778	\$ 25,187	\$ -	\$ 107,819
Payroll and related payables	57,166	190,274	33,747	-	281,187
Due to other funds	-	67,176	-	-	67,176
Deferred revenue:					
Property taxes	571,163	-	-	-	571,163
Other local	-	-	-	-	-
State	-	-	-	-	-
Federal	-	16,811	-	-	16,811
Total liabilities	<u>702,183</u>	<u>283,039</u>	<u>58,934</u>	<u>-</u>	<u>1,044,156</u>
Fund balances:					
Reserved for:					
Inventories	-	-	137,293	-	137,293
Other restricted programs	39,225	-	-	-	39,225
Unreserved, undesignated	<u>211,702</u>	<u>59,049</u>	<u>1,384,770</u>	<u>356,772</u>	<u>2,012,293</u>
Total fund balances	<u>250,927</u>	<u>59,049</u>	<u>1,522,063</u>	<u>356,772</u>	<u>2,188,811</u>
Total liabilities and fund balances	<u>\$ 953,110</u>	<u>\$ 342,088</u>	<u>\$ 1,580,997</u>	<u>\$ 356,772</u>	<u>\$ 3,232,967</u>

PROVO CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2006

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Non K-12 Instruction	Supplemental Programs	School Food Services	Provo City School District Foundation for Excellence	
Revenues:					
Local sources:					
Property taxes	\$ 1,290,234	\$ -	\$ -	\$ -	\$ 1,290,234
Contributions	-	-	-	296,456	296,456
Food service sales	-	-	1,082,502	-	1,082,502
Interest	-	-	-	5,123	5,123
Other local	74,944	816	39,037	1,087	115,884
State	1,333,567	1,165,346	455,868	-	2,954,781
Federal	402,158	1,220,530	2,597,149	-	4,219,837
Total revenues	<u>3,100,903</u>	<u>2,386,692</u>	<u>4,174,556</u>	<u>302,666</u>	<u>9,964,817</u>
Expenditures:					
Current:					
Instructional services	-	2,077,168	-	-	2,077,168
Supporting services:					
Students	-	42,195	-	-	42,195
Instructional staff	-	485	-	-	485
School administration	-	165,321	-	-	165,321
Business	-	12,865	-	-	12,865
Other	-	12,865	-	205,068	217,933
School lunch services	-	-	3,778,134	-	3,778,134
Community services	3,036,144	41,898	-	-	3,078,042
Total expenditures	<u>3,036,144</u>	<u>2,352,797</u>	<u>3,778,134</u>	<u>205,068</u>	<u>9,372,143</u>
Net change in fund balances	64,759	33,895	396,422	97,598	592,674
Fund balances - beginning	186,168	25,154	1,125,641	259,174	1,596,137
Fund balances - ending	<u>\$ 250,927</u>	<u>\$ 59,049</u>	<u>\$ 1,522,063</u>	<u>\$ 356,772</u>	<u>\$ 2,188,811</u>

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets
Non K-12 Instruction
Nonmajor Special Revenue Fund
 June 30, 2006
 With Comparative Totals for 2005

	2006	2005
Assets:		
Cash and investments	\$ 71,160	\$ 29,841
Receivables:		
Property taxes	626,341	545,909
State	225,366	159,626
Federal	30,243	55,069
Total assets	\$ 953,110	\$ 790,445
 Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 73,854	\$ 17,396
Payroll and related payables	57,166	58,884
Deferred revenue:		
Property taxes	571,163	527,997
Total liabilities	702,183	604,277
 Fund balances:		
Reserved for:		
Other restricted programs	39,225	37,537
Unreserved, undesignated	211,702	148,631
Total fund balances	250,927	186,168
Total liabilities and fund balances	\$ 953,110	\$ 790,445

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Non K-12 Instruction
Nonmajor Special Revenue Fund
Year Ended June 30, 2006
With Comparative Totals for 2005

	2006			2005	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 1,288,000	\$ 1,287,000	\$ 1,290,234	\$ 3,234	\$ 739,336
Interest	-	-	-	-	-
Other local	121,835	121,835	74,944	(46,891)	74,018
State	1,504,198	1,542,577	1,333,567	(209,010)	1,324,148
Federal	124,398	129,025	402,158	273,133	429,689
Total revenues	<u>3,038,431</u>	<u>3,080,437</u>	<u>3,100,903</u>	<u>20,466</u>	<u>2,567,191</u>
Expenditures:					
Salaries	1,549,510	1,609,758	1,699,560	(89,802)	1,672,320
Employee benefits	352,510	431,333	465,251	(33,918)	437,641
Purchased services	448,184	402,546	418,585	(16,039)	388,660
Supplies	154,066	300,466	312,963	(12,497)	141,051
Property	25,383	29,332	97,332	(68,000)	13,023
Other	485,230	338,144	42,453	295,691	139,286
Total expenditures	<u>3,014,883</u>	<u>3,111,579</u>	<u>3,036,144</u>	<u>75,435</u>	<u>2,791,981</u>
Excess of revenues over (under) expenditures / net change in fund balances	23,548	(31,142)	64,759	95,901	(224,790)
Fund balances - beginning	<u>186,168</u>	<u>186,168</u>	<u>186,168</u>	<u>-</u>	<u>410,958</u>
Fund balances - ending	<u>\$ 209,716</u>	<u>\$ 155,026</u>	<u>\$ 250,927</u>	<u>\$ 95,901</u>	<u>\$ 186,168</u>

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets
Supplemental Programs
Nonmajor Special Revenue Fund
 June 30, 2006
 With Comparative Totals for 2005

	2006	2005
Assets:		
Cash and investments	\$ -	\$ 23,340
Receivables:		
State	-	23,764
Federal	342,088	259,834
Total assets	\$ 342,088	\$ 306,938
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 8,778	\$ 22,523
Payroll and related payables	190,274	56,608
Due to other funds	67,176	200,000
Deferred revenue:		
Other local	-	2,653
Federal	16,811	-
Total liabilities	283,039	281,784
Fund balances:		
Unreserved, undesignated	59,049	25,154
Total fund balances	59,049	25,154
Total liabilities and fund balances	\$ 342,088	\$ 306,938

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Supplemental Programs
Nonmajor Special Revenue Fund
Year Ended June 30, 2006
With Comparative Totals for 2005

	2006			2005	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local	-	-	816	816	2,475
State	1,207,748	1,160,811	1,165,346	4,535	1,183,432
Federal	1,103,608	1,250,256	1,220,530	(29,726)	2,518,291
Total revenues	<u>2,311,356</u>	<u>2,411,067</u>	<u>2,386,692</u>	<u>(24,375)</u>	<u>3,704,198</u>
Expenditures:					
Salaries	574,900	1,350,576	1,360,832	(10,256)	2,183,896
Employee benefits	101,064	372,929	381,052	(8,123)	567,695
Purchased services	98,369	132,188	63,950	68,238	401,604
Supplies	1,258,333	100,503	138,625	(38,122)	242,892
Property	5,000	50,589	31,648	18,941	22,482
Other	254,555	379,254	376,690	2,564	297,330
Total expenditures	<u>2,292,221</u>	<u>2,386,039</u>	<u>2,352,797</u>	<u>33,242</u>	<u>3,715,899</u>
Excess of revenues over (under) expenditures / net change in fund balances	19,135	25,028	33,895	8,867	(11,701)
Fund balances - beginning	<u>25,154</u>	<u>25,154</u>	<u>25,154</u>	<u>-</u>	<u>36,855</u>
Fund balances - ending	<u>\$ 44,289</u>	<u>\$ 50,182</u>	<u>\$ 59,049</u>	<u>\$ 8,867</u>	<u>\$ 25,154</u>

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets
Food Services
Nonmajor Special Revenue Fund
 June 30, 2006
 With Comparative Totals for 2005

	2006	2005
Assets:		
Cash and investments	\$ 1,307,031	\$ 1,003,593
Receivables:		
Local	-	1,946
State	8,622	7,936
Federal	60,875	59,452
Due from other funds	67,176	-
Inventories	137,293	131,298
Total assets	\$ 1,580,997	\$ 1,204,225
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 25,187	\$ 42,349
Payroll and related payables	33,747	36,235
Total liabilities	58,934	78,584
Fund balances:		
Reserved for:		
Inventories	137,293	131,298
Unreserved, undesignated	1,384,770	994,343
Total fund balances	1,522,063	1,125,641
Total liabilities and fund balances	\$ 1,580,997	\$ 1,204,225

PROVO 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, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget - Positive (Negative)	2005
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Food service sales	\$ 973,050	\$ 1,047,600	\$ 1,082,502	\$ 34,902	\$ 1,047,469
Interest	-	-	-	-	-
Other local	36,000	25,100	39,037	13,937	33,994
State	380,000	385,000	455,868	70,868	457,994
Federal	2,368,400	2,468,500	2,597,149	128,649	2,697,468
Total revenues	<u>3,757,450</u>	<u>3,926,200</u>	<u>4,174,556</u>	<u>248,356</u>	<u>4,236,925</u>
Expenditures:					
Salaries	1,360,878	1,481,163	1,453,899	27,264	1,572,274
Employee benefits	421,515	501,400	456,948	44,452	499,304
Purchased services	75,400	93,138	93,935	(797)	75,959
Supplies	160,650	188,973	140,258	48,715	179,147
Food	1,219,462	1,284,650	1,271,701	12,949	1,221,583
Property	102,000	142,000	49,859	92,141	190,087
Other	417,545	300,055	311,534	(11,479)	269,194
Total expenditures	<u>3,757,450</u>	<u>3,991,379</u>	<u>3,778,134</u>	<u>213,245</u>	<u>4,007,548</u>
Excess of revenues over (under) expenditures / net change in fund balances	-	(65,179)	396,422	461,601	229,377
Fund balances - beginning	<u>1,125,641</u>	<u>1,125,641</u>	<u>1,125,641</u>	<u>-</u>	<u>896,264</u>
Fund balances - ending	<u>\$ 1,125,641</u>	<u>\$ 1,060,462</u>	<u>\$ 1,522,063</u>	<u>\$ 461,601</u>	<u>\$ 1,125,641</u>

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets
Provo City School District Foundation for Excellence
Nonmajor Special Revenue Fund
 June 30, 2006
 With Comparative Totals for 2005

	2006	2005
Assets:		
Cash and investments	\$ 356,772	\$ 259,174
Total assets	\$ 356,772	\$ 259,174
 Fund balances:		
Reserved for:		
Unreserved, undesignated	356,772	259,174
Total fund balances	356,772	259,174
Total liabilities and fund balances	\$ 356,772	\$ 259,174

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Provo City School District Foundation for Excellence
Nonmajor Special Revenue Fund
Year Ended June 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget - Positive (Negative)	2005
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Contributions	\$ 280,000	\$ 280,000	\$ 296,456	\$ 16,456	\$ 169,023
Interest	-	-	5,123	5,123	1,915
Other local	-	-	1,087	1,087	600
Total revenues	<u>280,000</u>	<u>280,000</u>	<u>302,666</u>	<u>22,666</u>	<u>171,538</u>
Expenditures:					
Purchased services	225,028	225,028	205,068	19,960	135,886
Total expenditures	<u>225,028</u>	<u>225,028</u>	<u>205,068</u>	<u>19,960</u>	<u>135,886</u>
Excess of revenues over (under) expenditures / net change in fund balances	54,972	54,972	97,598	42,626	35,652
Fund balances - beginning	<u>259,174</u>	<u>259,174</u>	<u>259,174</u>	<u>-</u>	<u>223,522</u>
Fund balances - ending	<u>\$ 314,146</u>	<u>\$ 314,146</u>	<u>\$ 356,772</u>	<u>\$ 42,626</u>	<u>\$ 259,174</u>

.....

Fiduciary Funds (Agency Funds)

.....

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified-accrual basis of accounting. These funds are used to account for assets the District holds for others in an agency capacity.

**Student
Activities
Agency
Fund**

This fund accounts for the receipt and disbursement of monies of student activity organizations and other custodial type transactions within schools.

**Special
Programs
Fund**

This fund accounts for assets held by the District for local independent smaller entities and agencies. The District provides services such as payroll and accounts payable for these entities but has no legal control, responsibility and accountability requirements for how these entities use their resources.

PROVO CITY SCHOOL DISTRICT
Combining Statement of Fiduciary Fund Assets and Liabilities
June 30, 2006

	<u>Agency Funds</u>		
	<u>School Activities</u>	<u>Special Programs</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 550,450	\$ (925,161)	\$ (374,711)
Receivables:			
Other local	1,119,684	127,498	1,247,182
State	-	204,818	204,818
Federal	-	4,346,873	4,346,873
Total assets	<u>\$ 1,670,134</u>	<u>\$ 3,754,028</u>	<u>\$ 5,424,162</u>
Liabilities:			
Due to student organizations	\$ 1,670,134	\$ -	\$ 1,670,134
Accounts payable	-	-	-
Payroll and related payables	-	-	-
Due to other entities	-	3,754,028	3,754,028
Total liabilities	<u>\$ 1,670,134</u>	<u>\$ 3,754,028</u>	<u>\$ 5,424,162</u>

PROVO CITY SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund
Year Ended June 30, 2006

<u>Student Activities Agency Fund:</u>	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Assets:				
Cash and investments	\$ 454,030	\$ 4,756,255	\$ 4,659,835	\$ 550,450
Receivables:				
Other local	1,218,887	61,326	160,529	1,119,684
State	-	-	-	-
Federal	-	-	-	-
Total assets	<u>\$ 1,672,917</u>	<u>\$ 4,817,581</u>	<u>\$ 4,820,364</u>	<u>\$ 1,670,134</u>
Liabilities:				
Accounts payable	\$ (1,131)	\$ 1,012,749	\$ 1,013,473	\$ (1,855)
Due to student organizations:				
Elementary schools:				
Amelia Earhart	12,225	45,901	48,634	9,492
Canyon Crest	15,920	76,918	70,660	22,178
Edgemont	17,650	39,256	45,288	11,618
Farrer	-	59,187	40,648	18,539
Franklin	28,673	67,077	73,082	22,668
Grandview	32,329	57,430	64,825	24,934
Joaquin	15,659	-	15,659	-
Provost	22,239	64,961	51,716	35,484
Rock Canyon	25,135	51,202	52,164	24,173
Spring Creek	18,195	51,534	41,670	28,059
Sunset View	16,388	60,385	61,488	15,285
Timpanogos	31,895	54,967	54,334	32,528
Wasatch	15,348	58,276	54,814	18,810
Westridge	35,034	64,812	67,553	32,293
Total elementary schools	286,690	751,906	742,535	296,061
Middle schools:				
Centennial	103,282	246,166	196,069	153,379
Dixon	98,853	220,676	151,067	168,462
Farrer	77,530	-	77,530	-
Total middle schools	279,665	466,842	424,666	321,841
High schools:				
Provo	607,779	1,194,389	1,175,146	627,022
Timview	334,819	1,315,668	1,367,855	282,632
Independence	165,095	76,027	96,689	144,433
Total high schools	1,107,693	2,586,084	2,639,690	1,054,087
Total due to student organizations	1,674,048	3,804,832	3,806,891	1,671,989
Total liabilities	<u>\$ 1,672,917</u>	<u>\$ 4,817,581</u>	<u>\$ 4,820,364</u>	<u>\$ 1,670,134</u>

PROVO CITY SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Special Programs Agency Fund
Year Ended June 30, 2006

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
Assets:				
Cash and investments	\$ 688,247	\$ 8,757,837	\$ 10,371,245	\$ (925,161)
Receivables:				
Other local	840,893	106,536	819,931	127,498
State	8,600	204,818	8,600	204,818
Federal	3,016,267	4,162,003	2,831,397	4,346,873
Total assets	<u>\$ 4,554,007</u>	<u>\$ 13,231,194</u>	<u>\$ 14,031,173</u>	<u>\$ 3,754,028</u>
Liabilities:				
Accounts payable	\$ 315,121	\$ -	\$ 315,121	\$ -
Payroll and related payables	277,178		277,178	-
Due to other entities:				
Central Utah Enterprises	139,872	1,067,991	1,168,588	39,275
Utah State Office of Education:				
Reading program	200,159	5,179	200,652	4,686
Careers and technology education	116,107	186,806	255,945	46,968
Family involvement	98,884	(37,752)		61,132
Science program	322,437	172,124	331,409	163,152
Youth programs	4,280	643,910	613,276	34,914
Utah County Local Interagency Council	24,244			24,244
Brigham Young University Partnership	3,011,520	3,291,769	3,138,361	3,164,929
Utah Professional Development Center	11,624	4,234,895	4,045,517	201,003
Project Read	32,581	97,430	116,284	13,727
Total liabilities	<u>\$ 4,554,007</u>	<u>\$ 9,662,352</u>	<u>\$ 10,462,331</u>	<u>\$ 3,754,028</u>

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Statistical Section

Section 3 - unaudited

This section of the District's Comprehensive Annual Financial Report presents detailed information as a context to better understand the information in the financial statements, note disclosures, and required supplementary information.

Financial Trends (pages 85 - 93)

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity (pages 94 - 101)

These schedules contain information to help the reader assess the District's most significant revenue sources.

Debt Capacity (pages 102 - 109)

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information (pages 110 - 112)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information (pages 113 - 121)

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

PROVO CITY SCHOOL DISTRICT
Comparative Statements of Net Assets
June 30, 2003 through 2006
(accrual basis of accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Assets:				
Cash and temporary cash investments	\$ 12,202,695	\$ 9,714,165	\$ 7,777,841	\$ 8,776,962
Accounts, taxes, and grants receivables:				
Local	25,526,880	18,470,506	18,149,695	17,907,625
State	233,988	191,326	1,496,484	490,242
Federal	4,470,152	3,083,366	3,421,979	2,886,247
Inventory	203,741	205,614	283,771	358,659
Bond issuance costs, net of accumulated amortization	181,467	287,313	370,029	280,097
Total capital assets, net accumulated depreciation	<u>60,033,896</u>	<u>59,635,515</u>	<u>59,069,537</u>	<u>59,603,753</u>
Total assets	<u>102,852,819</u>	<u>91,587,805</u>	<u>90,569,336</u>	<u>90,303,585</u>
Liabilities:				
Accounts payable	1,934,854	443,265	669,897	504,578
Accrued interest payable	95,146	80,422	90,380	121,177
Payroll and related payables	1,455,239	1,370,467	1,883,741	1,324,016
Due to other agencies - fiduciary activities		1,358,525	1,327,563	2,026,137
Deferred revenue:				
Property taxes	18,272,470	17,541,792	17,471,602	19,269,242
Other deferred revenues	70,527	48,461	459,649	402,565
Noncurrent liabilities:				
Due within one year	5,698,672	5,542,189	4,361,173	4,290,132
Due in more than one year	<u>34,976,414</u>	<u>37,277,788</u>	<u>38,924,117</u>	<u>42,859,029</u>
Total liabilities	<u>62,503,322</u>	<u>63,662,909</u>	<u>65,188,122</u>	<u>70,796,876</u>
Net Assets:				
Invested in capital assets, net of related debt	28,454,429	23,818,368	20,648,636	17,308,576
Restricted for:				
Debt service	1,538,526	974,828	897,878	621,656
Capital projects	9,319,565	5,027,562	4,232,125	3,569,714
Non K-12 instruction	307,754	186,168	410,958	237,102
Supplemental programs	59,049	25,154	36,855	-
School food services	1,522,063	1,125,641	896,264	1,132,765
Foundation	356,772	259,174	223,522	-
Other restricted programs	-	1,935,733	2,346,921	-
Unrestricted	<u>(1,208,661)</u>	<u>(5,427,732)</u>	<u>(4,311,945)</u>	<u>(3,363,104)</u>
Total net assets	<u>\$ 40,349,497</u>	<u>\$ 27,924,896</u>	<u>\$ 25,381,214</u>	<u>\$ 19,506,709</u>

Fiscal year 2003 was the first year the District became subject to GASB Statement No. 34 requirements which required the District to report both government-wide (accrual basis) and governmental fund (modified-accrual basis) financial performance.

Fiscal year 2004 was the first fiscal year the District's component unit (Foundation) was included in its regular financial statements per GAAP requirements.

Fiscal year 2003 was the first year the District published a comprehensive annual financial report. Thus, comparative data is presented from that first publication hence forth.

PROVO CITY SCHOOL DISTRICT
Net Assets By Component
 June 30, 2003 through 2006
 (accrual basis of accounting)

Fiscal Year Ending June 30,	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total Net Assets
2003	\$ 17,308,576	\$ 5,561,238	\$ (3,363,104)	\$ 19,506,710
2004	20,648,636	9,044,523	(4,311,945)	25,381,214
2005	23,818,368	9,534,260	(5,427,732)	27,924,896
2006	28,454,429	7,403,729	4,491,339	40,349,497

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PROVO CITY SCHOOL DISTRICT
Changes in Net Assets
Years Ended June 30, 2003 through 2006
(accrual basis of accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses:				
Instruction	\$ 56,198,524	\$ 58,412,461	\$ 55,551,763	\$ 56,617,467
Supporting services:				
Student	3,180,870	3,362,498	3,217,003	2,751,898
Instructional staff	2,032,397	2,009,129	1,943,838	2,203,449
General administration	1,505,202	887,645	1,077,422	931,906
School administration	4,238,678	4,286,195	4,385,661	4,404,647
Business	1,226,698	2,702,036	877,342	1,231,771
Operation and maintenance of facilities	4,146,859	3,967,227	5,039,105	5,057,405
Student transportation	2,091,460	1,663,845	1,546,155	1,731,094
Central	1,072,477	39,842	867,238	859,059
School food services	3,929,424	3,984,890	4,099,278	3,522,320
Community services	3,142,504	3,861,900	2,421,091	2,318,056
Interest on long-term liabilities	1,551,671	2,107,402	1,502,020	2,400,897
Total school district	<u>84,316,764</u>	<u>87,285,070</u>	<u>82,527,916</u>	<u>84,029,969</u>
Program Revenues:				
Instructional services	27,234,746	22,867,201	19,659,045	20,089,013
Supporting services:				
Student	1,697,596	2,234,342	836,421	952,885
Instructional staff	486,344	-	505,398	695,094
General administration	233,860	160,971	280,130	293,326
School administration	172,264	258,457	321,793	1,388,053
Business	61,249	-	-	-
Operation and maintenance of facilities	-	-	440,010	2,252,397
Transportation	1,407,781	1,304,931	1,362,291	517,212
Other	33,187	-	-	-
School food services	4,135,519	4,236,393	3,782,114	3,714,255
Community services	1,779,262	1,514,383	1,755,783	801,940
Total program revenues	<u>37,241,808</u>	<u>32,576,678</u>	<u>28,942,985</u>	<u>30,704,175</u>
Net (expense) revenue	<u>(47,074,956)</u>	<u>(54,708,392)</u>	<u>(53,584,931)</u>	<u>(53,325,794)</u>
General revenues:				
Property taxes levied for:				
General purposes	10,402,512	12,064,148	11,982,754	11,610,806
Class size reduction	1,612,793	-	-	-
Special transportation	483,838	476,401	427,869	414,437
Tort liability	302,399	-	-	-
Recreation	1,290,234	739,336	753,632	735,797
Debt service	4,044,077	3,871,385	3,831,370	3,820,632
Capital outlay	2,290,166	7,859,814	7,315,096	7,021,686
Ten percent of basic for construction, textbooks and supplies	4,265,836	-	-	-
Federal and state aid not restricted to specific purposes	26,995,732	30,633,267	30,459,275	29,225,266
Earnings on investments	734,136	393,903	258,841	219,456
Gain on sale of assets	6,470,801	-	666,165	-
Miscellaneous	607,033	1,213,820	1,503,996	2,359,015
Total general revenues	<u>59,499,557</u>	<u>57,252,074</u>	<u>57,198,998</u>	<u>55,407,095</u>
Change in net assets	12,424,601	2,543,682	3,614,067	2,081,301
Net assets - beginning	<u>27,924,896</u>	<u>25,381,214</u>	<u>20,270,031</u>	<u>17,425,408</u>
Net assets - ending	<u>\$ 40,349,497</u>	<u>\$ 27,924,896</u>	<u>\$ 23,884,098</u>	<u>\$ 19,506,709</u>

Source: District records

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Fiscal year 2003 was the first year the District became subject to GASB statement No. 34 requirements which required the District to report both government-wide (accrual basis) and governmental fund (modified-accrual basis) financial performance.

Fiscal year 2004 was the first fiscal year the District's component unit (Foundation) was included in its regular financial statements per GAAP requirements.

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PROVO CITY SCHOOL DISTRICT
Governmental Funds - Aggregate Fund Balances

June 30, 1997 through 2006
(modified-accrual basis of accounting)

Fiscal Year Ended June 30,	General Fund		
	Reserved	Unreserved	Total
1997	\$ 141,056	\$ 1,590,118	\$ 1,731,174
1998	127,791	1,718,920	1,846,711
1999	133,419	2,222,606	2,356,025
2000	159,647	2,647,588	2,807,235
2001	165,056	2,779,933	2,944,989
2002	108,742	2,577,785	2,686,527
2003	81,063	985,960	1,067,023
2004	2,673,726	(397,476)	2,276,250
2005	2,010,049	1,202,148	3,212,197
2006	1,777,636	3,276,312	5,053,948

Fiscal Year Ended June 30,	All Other Governmental Funds				
	Reserved	Unreserved			Total
Special Revenue		Capital Projects	Debt Service		
1997	\$ 138,697	\$ 580,409	\$ 23,802,736	\$ -	\$ 24,521,842
1998	166,606	551,384	16,506,077	-	17,224,067
1999	137,371	683,655	9,865,516	35,352	10,721,894
2000	128,832	798,155	7,866,317	93,200	8,886,504
2001	147,126	710,101	4,238,660	214,630	5,310,517
2002	141,027	795,093	2,200,597	657,417	3,794,134
2003	1,136,259	1,256,854	2,546,468	621,656	5,561,237
2004	496,480	1,071,119	4,232,125	897,878	6,697,602
2005	168,835	1,427,302	5,027,562	974,828	7,598,527
2006	176,518	2,012,293	5,633,274	1,240,802	9,062,887

Source: District Records

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PROVO CITY SCHOOL DISTRICT
Governmental Funds - Net Changes in Aggregate Fund Balances
Years Ended June 30, 1997 through 2006
(modified-accrual basis of accounting)

Fiscal Year Ended June 30th	General Fund	Debt Service	Capital Projects	Non K-12 Instruction	Supplemental Programs	Food Services	Foundation	Total Governmental Funds
1996	\$ 198,993	\$ (351,065)	\$ (6,943,493)	\$ (17,842)	\$ -	\$ 78,589	\$ -	\$ (7,034,818)
1997	260,611	-	22,571,212	(53,321)	-	45,665	-	22,824,167
1998	115,537	-	(7,296,659)	(91,694)	-	90,578	-	(7,182,238)
1999	509,314	35,352	(6,640,561)	56,584	-	46,452	-	(5,992,859)
2000	451,210	57,848	(1,999,199)	66,290	-	39,671	-	(1,384,180)
2001	137,754	121,430	(3,627,657)	(111,610)	-	41,850	-	(3,438,233)
2002	(258,462)	442,787	(2,038,063)	32,321	-	46,572	-	(1,774,845)
2003	(142,721)	(35,761)	1,369,117	179,546	-	254,201	-	1,624,382
2004	423,539	26,535	187,975	125,072	24,447	(236,501)	(539,799)	11,268
2005	935,947	76,950	795,437	(224,790)	(11,701)	229,377	35,652	1,836,872
2006	1,841,751	265,974	605,712	64,759	33,895	396,422	97,598	3,306,111

Source: District records

Fiscal year 2003 was the first year the District became subject to GASB statement No. 34 requirements which required the District to report both government-wide (accrual basis) and governmental fund (modified-accrual basis) financial performance.

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PROVO CITY SCHOOL DISTRICT

Governmental Funds - Reserved and Unreserved Fund Balances

June 30, 1997 through 2006

(modified-accrual basis of accounting)

	1997	1998	1999	2000
General fund:				
Reserved	\$ 141,056	\$ 127,791	\$ 133,419	\$ 159,647
Unreserved	1,590,118	1,718,920	2,222,606	2,647,588
Total	<u>1,731,174</u>	<u>1,846,711</u>	<u>2,356,025</u>	<u>2,807,235</u>
Debt service fund:				
Reserved	-	-	35,352	93,200
Unreserved	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>35,352</u>	<u>93,200</u>
Capital projects fund:				
Reserved	-	-	-	-
Unreserved	23,802,736	16,506,077	9,865,516	7,866,317
Total	<u>23,802,736</u>	<u>16,506,077</u>	<u>9,865,516</u>	<u>7,866,317</u>
Special revenue funds:				
Non K-12 instruction fund:				
Reserved	-	-	-	-
Unreserved	105,665	13,971	70,555	136,845
Total	<u>105,665</u>	<u>13,971</u>	<u>70,555</u>	<u>136,845</u>
Supplemental programs fund:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Food services fund:				
Reserved	138,697	166,606	137,371	128,832
Unreserved	474,744	537,413	613,100	661,310
Total	<u>613,441</u>	<u>704,019</u>	<u>750,471</u>	<u>790,142</u>
Foundation for excellence:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total special revenue funds	<u>719,106</u>	<u>717,990</u>	<u>821,026</u>	<u>926,987</u>
Total governmental funds:				
Reserved	279,753	294,397	306,142	381,679
Unreserved	25,973,263	18,776,381	12,771,777	11,312,060
Total governmental fund balances	<u>\$ 26,253,016</u>	<u>\$ 19,070,778</u>	<u>\$ 13,077,919</u>	<u>\$ 11,693,739</u>

Table encompasses information derived from the District's general fund, debt service fund, capital projects fund, and special revenue funds.

PROVO CITY SCHOOL DISTRICT
Governmental Funds - Reserved and Unreserved Fund Balances (continued)

June 30, 1997 through 2006
(modified-accrual basis of accounting)

2001	2002	2003	2004	2005	2006
\$ 165,056	\$ 108,742	\$ 81,063	\$ 2,433,726	\$ 2,010,049	\$ 1,777,636
2,779,933	2,577,785	985,960	(157,476)	1,202,148	3,276,312
<u>2,944,989</u>	<u>2,686,527</u>	<u>1,067,023</u>	<u>2,276,250</u>	<u>3,212,197</u>	<u>5,053,948</u>
214,630	657,417	621,656	897,878	974,828	-
-	-	-	-	-	1,240,802
<u>214,630</u>	<u>657,417</u>	<u>621,656</u>	<u>897,878</u>	<u>974,828</u>	<u>1,240,802</u>
-	-	1,023,246	-	-	-
4,238,660	2,200,597	2,546,468	4,232,125	5,027,562	5,633,274
<u>4,238,660</u>	<u>2,200,597</u>	<u>3,569,714</u>	<u>4,232,125</u>	<u>5,027,562</u>	<u>5,633,274</u>
25,235	57,556	-	299,514	37,537	39,225
<u>25,235</u>	<u>57,556</u>	<u>237,102</u>	<u>111,444</u>	<u>148,631</u>	<u>211,702</u>
-	-	-	-	-	-
-	-	-	36,855	25,154	59,049
<u>-</u>	<u>-</u>	<u>-</u>	<u>36,855</u>	<u>25,154</u>	<u>59,049</u>
147,126	141,027	113,013	196,966	131,298	137,293
684,866	737,537	1,019,752	699,298	994,343	1,384,770
<u>831,992</u>	<u>878,564</u>	<u>1,132,765</u>	<u>896,264</u>	<u>1,125,641</u>	<u>1,522,063</u>
-	-	-	-	-	-
-	-	-	223,522	259,174	356,772
<u>-</u>	<u>-</u>	<u>-</u>	<u>223,522</u>	<u>259,174</u>	<u>356,772</u>
<u>857,227</u>	<u>936,120</u>	<u>1,369,867</u>	<u>1,567,599</u>	<u>1,596,137</u>	<u>2,188,811</u>
526,812	907,186	1,838,978	3,828,084	3,153,712	1,954,154
7,728,694	5,573,475	4,789,282	5,145,768	7,657,012	12,162,681
<u>\$ 8,255,506</u>	<u>\$ 6,480,661</u>	<u>\$ 6,628,260</u>	<u>\$ 8,973,852</u>	<u>\$ 10,810,724</u>	<u>\$ 14,116,835</u>

PROVO CITY SCHOOL DISTRICT

Total Governmental Funds - Changes in Fund Balances

Years Ended June 30, 1997 through 2006

(modified-accrual basis of accounting)

	1997	1998	1999	2000
Revenues				
Property taxes	\$ 16,957,884	\$ 17,478,497	\$ 18,632,874	\$ 18,754,409
Other local sources	5,595,290	6,313,671	5,997,087	6,239,776
State of Utah	40,227,931	41,689,104	44,366,519	44,969,784
Federal government	4,433,599	4,883,422	5,194,550	6,898,422
Total revenues	<u>67,214,704</u>	<u>70,364,694</u>	<u>74,191,030</u>	<u>76,862,391</u>
Expenditures				
Instruction	41,919,347	42,942,713	45,970,312	48,905,529
Supporting services:				
Students	1,843,414	1,902,796	1,979,137	2,209,453
Instructional staff	1,895,986	2,058,283	2,209,042	2,081,914
District administration	671,560	722,369	896,407	932,321
School administration	3,339,945	3,448,283	3,667,657	3,934,528
Business	567,895	517,234	558,716	571,465
Operation and maintenance of buildings	4,952,608	5,022,065	5,164,111	5,011,988
Student transportation	1,007,783	1,074,787	1,226,213	1,397,361
Central	717,734	856,444	912,159	746,826
School food services	2,842,850	2,922,846	3,103,432	3,301,575
Non K-12 programs	1,959,230	2,024,825	1,886,453	1,946,840
Facilities and construction	2,726,756	10,108,220	8,329,216	2,653,014
Debt Service:				
Bond principal	7,745,678	10,310,615	2,335,430	2,055,635
Bond interest and fees	1,688,194	3,245,802	1,946,569	2,502,241
Total expenditures	<u>73,878,980</u>	<u>87,157,282</u>	<u>80,184,854</u>	<u>78,250,690</u>
Excess (deficiency) of revenues over (under) expenditures	(6,664,276)	(16,792,588)	(5,993,824)	(1,388,299)
Other financing sources (uses)				
Capital lease	2,000,000	204,306	-	-
Sale of capital assets	1,600	8,481	965	4,119
General obligation bonds issued	27,471,248	9,412,207	-	-
Refunding bonds issued	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-
Insurance recoveries	-	-	-	-
Other miscellaneous	15,595	(14,644)	-	-
Total other financing sources (uses)	<u>29,488,443</u>	<u>9,610,350</u>	<u>965</u>	<u>4,119</u>
Net change in fund balance	<u>\$ 22,824,167</u>	<u>\$ (7,182,238)</u>	<u>\$ (5,992,859)</u>	<u>\$ (1,384,180)</u>
Debt service as a percentage of noncapital expenditures	13.3%	17.7%	6.9%	6.1%

Table encompasses information derived from the District's general fund, debt service fund, capital projects fund, and special revenue funds.

PROVO CITY SCHOOL DISTRICT
Total Governmental Funds - Changes in Fund Balances (continued)
Years Ended June 30, 1997 through 2006
(modified-accrual basis of accounting)

2001	2002	2003	2004	2005	2006
\$ 20,038,183	\$ 20,658,903	\$ 23,603,358	\$ 24,167,503	\$ 24,559,640	\$ 24,691,855
6,786,721	6,392,374	3,930,368	3,632,667	3,629,173	3,599,965
46,612,372	49,052,543	46,706,056	46,540,387	49,096,887	49,629,417
9,092,823	11,367,934	11,664,435	12,220,414	12,061,062	12,599,383
<u>82,530,099</u>	<u>87,471,754</u>	<u>85,904,217</u>	<u>86,560,971</u>	<u>89,346,762</u>	<u>90,520,620</u>
52,619,455	57,370,098	54,055,998	54,517,504	54,063,533	54,990,497
2,580,471	2,646,943	2,703,337	3,208,669	3,279,557	3,065,811
2,119,900	2,407,242	2,164,486	1,938,799	1,909,225	2,014,830
892,353	930,589	915,463	1,074,630	855,576	1,478,589
4,221,500	4,178,592	4,326,847	4,374,293	4,333,483	4,210,928
624,374	649,778	1,210,262	875,141	2,530,560	1,126,515
5,782,795	5,833,316	4,967,761	5,026,044	3,670,441	4,132,825
1,473,903	1,925,172	1,702,022	1,542,147	1,747,676	1,859,437
790,888	836,082	843,955	864,989	37,172	1,072,477
3,410,898	3,602,153	3,460,068	4,088,653	4,007,548	3,778,134
2,212,418	2,164,295	2,277,186	3,575,723	3,964,383	3,078,042
4,523,156	6,307,720	1,898,304	659,873	3,296,431	2,765,337
2,236,058	2,302,163	2,131,501	3,843,479	2,630,748	2,960,617
2,499,561	2,295,412	2,333,762	1,752,777	2,034,644	1,543,104
<u>85,987,730</u>	<u>93,449,555</u>	<u>84,990,952</u>	<u>87,342,721</u>	<u>88,360,977</u>	<u>88,077,143</u>
(3,457,631)	(5,977,801)	913,265	(781,750)	985,785	2,443,477
-	-	504,063	168,671	573,340	91,833
19,398	2,956	29,789	508,968	249,842	770,801
-	4,200,000	177,265	-	-	-
-	-	-	20,361,106	-	-
-	-	-	(20,245,727)	-	-
-	-	-	-	27,905	-
-	-	-	-	-	-
<u>19,398</u>	<u>4,202,956</u>	<u>711,117</u>	<u>793,018</u>	<u>851,087</u>	<u>862,634</u>
<u>\$ (3,438,233)</u>	<u>\$ (1,774,845)</u>	<u>\$ 1,624,382</u>	<u>\$ 11,268</u>	<u>\$ 1,836,872</u>	<u>\$ 3,306,111</u>
5.9%	5.4%	5.3%	6.5%	5.5%	5.3%

PROVO CITY SCHOOL DISTRICT
Property Tax Levies and Collections
 Fiscal Years Ended June 30, 1997 through 2006
 Tax Rates (per \$1)

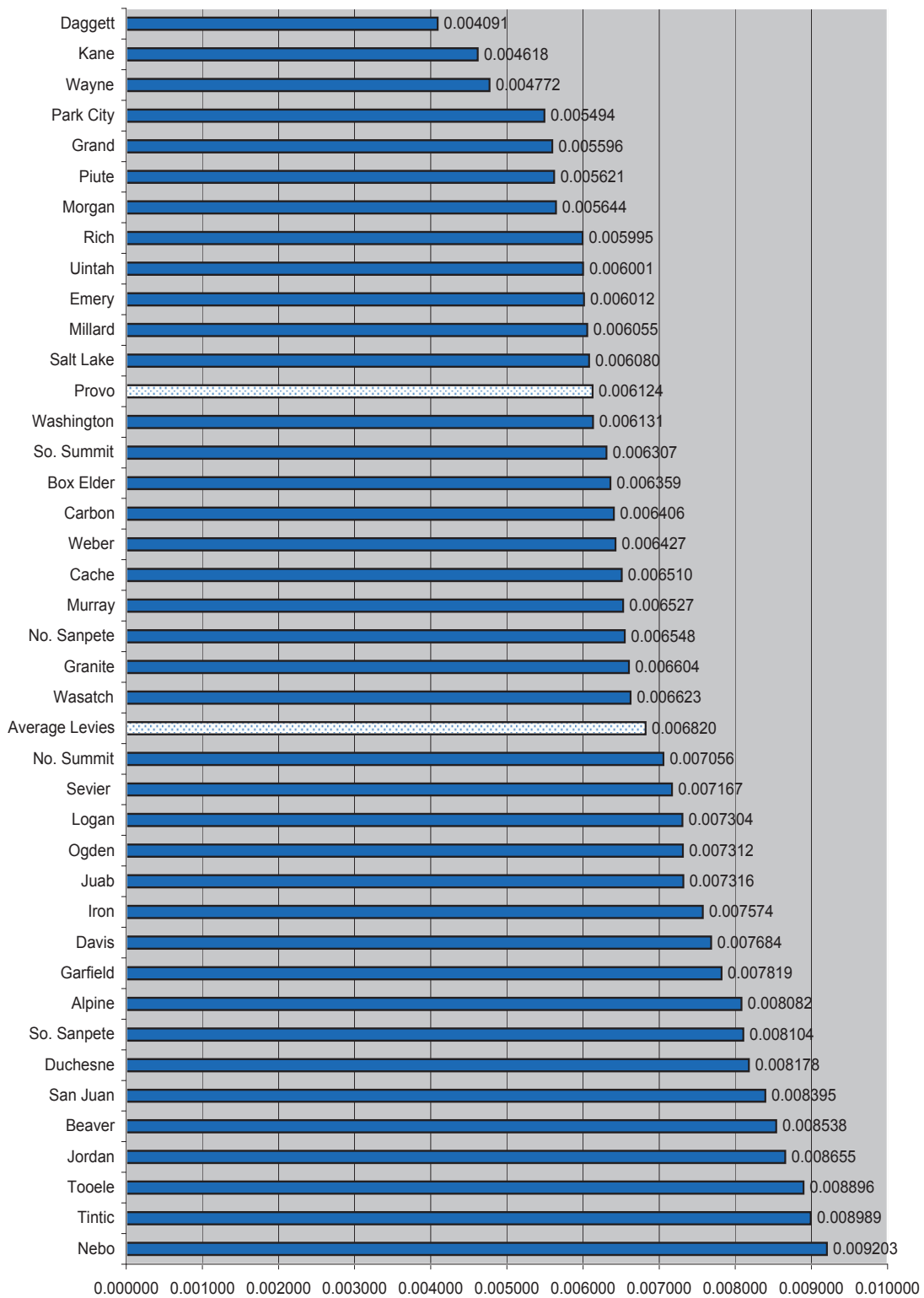
<u>Calendar Tax Year</u>	<u>Fiscal Year Ended June 30th</u>	<u>Tax Rate</u>	<u>Taxable Value</u>	<u>Redevelopment Value</u>	<u>Net Taxable Value</u>
1996	1997	0.006510	2,169,952,598	19,131,466	2,150,821,132
1997	1998	0.006303	2,405,495,400	28,944,378	2,376,551,022
1998	1999	0.006314	2,499,316,857	38,185,170	2,461,131,687
1999	2000	0.006388	2,750,602,274	119,327,770	2,631,274,504
2000	2001	0.005981	3,119,841,993	121,025,306	2,998,816,687
2001	2002	0.005657	3,258,646,316	28,916,178	3,229,730,138
2002	2003	0.006037	3,666,155,635	141,519,665	3,524,635,970
2003	2004	0.006071	3,620,318,521	117,943,526	3,502,374,995
2004	2005	0.006234	3,575,601,094	-	3,575,601,094
2005	2006	0.006124	3,588,753,374	-	3,588,753,374

Taxable values are derived from the District's final settlement statement received from the Utah County Treasurer's Office each year.

PROVO CITY SCHOOL DISTRICT
Property Tax Levies and Collections (continued)
Fiscal Years Ended June 30, 1997 through 2006
Tax Rates (per \$1)

Collected within the Calendar Year of the Levy			Collections in Subsequent Years	Total Collections	
Current	Percent of Current Collections	Fee-in-Leu & Other Collections	Delinquent Collections	Amount	Percent of Annual Assessment
13,252,259	94.65%	3,064,749	709,117	17,026,126	99.71%
13,877,089	92.64%	2,767,736	732,019	17,376,844	97.53%
14,605,784	93.40%	2,602,734	529,734	17,738,252	97.40%
16,562,474	92.59%	2,842,818	848,874	20,254,165	103.59%
16,253,477	90.62%	2,685,487	1,067,369	20,006,332	96.57%
16,458,879	90.08%	2,391,201	1,362,939	20,213,019	97.54%
19,158,439	90.04%	3,116,806	1,517,305	23,792,549	97.17%
19,369,692	91.10%	2,584,917	1,932,688	23,887,297	100.19%
20,387,851	91.47%	2,664,542	2,024,523	25,076,916	100.55%
20,503,408	93.29%	2,630,067	-	23,133,475	93.29%

PROVO CITY SCHOOL DISTRICT
Comparison of Utah School District Property Tax Rates
 Tax Year 2005, Fiscal Year 2005-06



Source: Utah State Office of Education, Finance & Statistics Department, www.usoe.k12.ut.us.

PROVO CITY SCHOOL DISTRICT
Comparison of Assessed Property Tax Valuation Per Student
 Fiscal Year 2004-05

	<u>VALUATIONS</u>	<u>ENROLLMENT PER STUDENT</u>	
Daggett	\$196,469,553	136	1,444,629
Kane	\$648,618,352	1,196	542,323
Wayne	\$160,170,467	517	309,807
Park City	\$6,487,027,649	4,212	1,540,130
Grand	\$687,946,254	1,418	485,153
Piute	\$69,682,586	345	201,979
Morgan	\$544,064,727	1,967	276,596
Rich	\$350,228,981	429	816,385
Uintah	\$2,128,315,697	5,642	377,227
Emery	\$1,431,687,097	2,366	605,109
Millard	\$1,952,878,858	2,957	660,426
Salt Lake	\$16,034,404,125	23,595	679,568
Provo	\$3,991,992,431	13,359	298,824
Washington	\$6,612,875,772	21,584	306,379
Summit	\$1,237,071,036	1,322	935,757
Box Eder	\$2,313,539,681	10,561	219,064
Carbon	\$1,805,225,874	3,488	517,553
Weber	\$5,576,648,791	28,527	195,487
Cache	\$2,215,047,753	13,388	165,450
Murray	\$2,469,568,797	6,492	380,402
N. Sanpete	\$515,272,718	2,313	222,772
Granite	\$17,647,962,487	68,568	257,379
Wasatch	\$2,039,214,058	4,136	493,040
N. Summit	\$564,579,165	986	572,596
Sevier	\$941,325,052	4,305	218,659
Logan	\$1,603,000,668	5,821	275,382
Ogden	\$3,084,706,273	12,684	243,197
Juab	\$474,786,320	1,963	241,868
Iron	\$2,102,482,638	7,788	269,964
Davis	\$11,449,109,891	60,606	188,911
Garfield	\$380,444,815	947	401,737
Alpine	\$9,941,218,076	52,825	188,192
S. Sanpete	\$438,740,424	2,739	160,183
Duchesne	\$777,433,578	3,894	199,649
San Juan	\$504,765,205	2,957	170,702
Beaver	\$477,173,442	1,508	316,428
Jordan	\$19,627,112,797	75,716	259,220
Tooele	\$2,198,979,025	11,039	199,201
Tintic	\$29,785,289	262	113,684
Nebo	\$4,113,720,680	24,887	165,296
Statewide Total	\$135,825,277,082	489,445	277,509

Source: Utah State Office of Education, Finance & Statistics Department, www.usoe.k12.ut.us.

PROVO CITY SCHOOL DISTRICT

Fifteen Largest Property Taxpayers By Individual Properties

June 30, 2005 and 1996

Taxpayer	2005			1996		
	*Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Novell Inc.	\$ 39,000,000	1	1.09%	28,744,337	2	1.36%
¹⁾ Qwest Communications	38,704,615	2	1.08%			
Novell Inc.	28,000,000	3	0.78%			
Provo Mall LLC	26,867,248	4	0.75%			
Central Utah Investment	21,765,693	5	0.61%			
Scrub Oak LTD	18,407,900	6	0.51%	13,138,289	3	0.62%
Tropical Development LLC	15,500,000	7	0.43%			
Terranet Investments L.C.	14,376,996	8	0.40%			
²⁾ Questar Gas	13,769,285	9	0.39%			
Provo University Plaza LLC	11,289,307	10	0.32%			
Medical Center Company	11,024,997	11	0.31%			
Epixtech Inc.	10,811,081	12	0.30%			
IHC Hospitals Inc.	10,058,480	13	0.28%	6,538,588	8	0.31%
Provo Mall LLC	10,005,750	14	0.28%			
PDC Community Centers LLC	9,900,000	15	0.28%			
¹⁾ U.S. West Communication				38,922,580	1	1.84%
²⁾ Mountain Fuel Supply				12,168,080	4	0.57%
Union Pacific Railroad				7,067,800	6	0.33%
Dynix Corporation				6,838,755	7	0.32%
Park Hotels LC				6,148,749	9	0.29%
Boettcher Pension Investors				5,792,921	10	0.27%
Western States Financials				5,737,057	11	0.27%
Aspen Investments				5,380,852	12	0.25%
Johnson Land Enterprises				5,357,406	13	0.25%
Shopko Stores Inc.				5,300,000	14	0.25%
Raintree Park Limited				5,272,987	15	0.25%
Total Taxable Value	3,575,601,000			2,117,912,000		

Some taxpaying entities have separate properties in separate locations with individual values listed on the tax rolls. Consequently, these taxpayers, and their separate properties are reported individually.

The Utah County Assessor's office is the primary source of this information. Total taxable value is derived from the settlement statement the County provides the District each year.

Two entities have been involved in mergers and consolidations since 1996. These entities have been indicated by parenthetical references.

PROVO CITY SCHOOL DISTRICT
Property Tax Rates-Direct and Overlapping Governments
Based on \$1,000 Assessed Valuation
Fiscal Years Ended 1997 - 2006

Calendar Year	Provo City School District	Other Taxing Entities			Total Tax Rate
		Provo City	Utah County	Central UT Water District	
1995	0.007256	0.002514	0.001985	0.000342	0.012097
1996	0.006510	0.002328	0.002099	0.000400	0.011337
1997	0.006303	0.002392	0.001268	0.000397	0.01036
1998	0.006314	0.002836	0.001197	0.000396	0.010743
1999	0.006388	0.002674	0.001116	0.000377	0.010555
2000	0.005981	0.002998	0.001038	0.000369	0.010386
2001	0.005657	0.002787	0.001034	0.000358	0.009836
2002	0.006037	0.002776	0.001053	0.000358	0.010224
2003	0.006071	0.002776	0.001411	0.000358	0.010616
2004	0.006234	0.002891	0.001391	0.000400	0.010916
2005	0.006124	0.002787	0.001900	0.000400	0.011211

*Source: Utah County Auditor, Provo City, and Utah State Tax Commission

PROVO CITY SCHOOL DISTRICT
Taxable and Estimated Actual Value of Taxable Property

(amounts expressed in thousands)
 Years Ended June 30, 1997 through 2006

Fiscal Year Ended June 30th	Real Property Taxable Value	Estimated Actual Value	Ratio of Total Taxable Value to Total Estimated Actual Value
1997	2,169,953	3,675,366	59.04%
1998	2,405,495	3,816,281	63.03%
1999	2,499,317	3,858,510	64.77%
2000	2,750,602	4,144,332	66.37%
2001	3,119,842	4,485,882	69.55%
2002	3,258,646	4,833,133	67.42%
2003	3,666,116	5,310,090	69.04%
2004	3,620,319	5,199,486	69.63%
2005	3,575,601	5,353,912	66.78%
2006	3,588,753	5,443,760	65.92%

Taxable values are derived from the District's final settlement statement received from the Utah County Treasurer's Office each year. Taxable values are determined by the County based upon percentages of assessed value. Estimated actual values are calculated to be the equivalent of the original assessed valuations made by the County.

PROVO CITY SCHOOL DISTRICT
History of the Value of the WPU
Weighted Pupil Unit (WPU)
 Utah Legislative Funding Method
 1978 - 2006

<u>Fiscal Year</u>	<u>WPU Value</u>	<u>Percent Change</u>
1977-78	\$ 732	-----
1978-79	795	8.61%
1979-80	852	7.17%
1980-81	946	11.03%
1981-82	1,003	6.03%
1982-83	1,103	9.97%
1983-84	1,103	0.00%
1984-85	1,124	1.90%
1985-86	1,180	4.98%
1986-87	1,204	2.03%
1987-88	1,204	0.00%
1988-89	1,204	0.00%
1989-90	1,240	2.99%
1990-91	1,346	8.55%
1991-92	1,408	4.61%
1992-93	1,490	5.82%
1993-94	1,539	3.29%
1994-95	1,608	4.48%
1995-96	1,672	3.98%
1996-97	1,739	4.01%
1997-98	1,791	2.99%
1998-99	1,854	3.52%
1999-00	1,901	2.54%
2000-01	2,006	5.52%
2001-02	2,116	5.48%
2002-03	2,132	0.76%
2003-04	2,150	0.84%
2004-05	2,182	1.49%
2005-06	2,280	4.49%

Source: Utah State Office of Education, Finance & Statistics Department, www.usoe.k12.ut.us.

PROVO CITY SCHOOL DISTRICT
Changes in Fund Balances
& Ratio of Annual Debt Service to General Fund Expenditures
Years Ended June 30, 1997 through 2006
(modified-accrual basis of accounting)

	1997	1998	1999	2000
Revenues				
Property taxes	\$ 16,957,884	\$ 17,478,497	\$ 18,632,874	\$ 18,754,409
Other local sources	5,595,290	6,313,671	5,997,087	6,239,776
State of Utah	40,227,931	41,689,104	44,366,519	44,969,784
Federal government	4,433,599	4,883,422	5,194,550	6,898,422
Total revenues	<u>67,214,704</u>	<u>70,364,694</u>	<u>74,191,030</u>	<u>76,862,391</u>
Expenditures				
Instruction	41,919,347	42,942,713	45,970,312	48,905,529
Supporting services:				
Students	1,843,414	1,902,796	1,979,137	2,209,453
Instructional staff	1,895,986	2,058,283	2,209,042	2,081,914
District administration	671,560	722,369	896,407	932,321
School administration	3,339,945	3,448,283	3,667,657	3,934,528
Business	567,895	517,234	558,716	571,465
Operation and maintenance of buildings	4,952,608	5,022,065	5,164,111	5,011,988
Student transportation	1,007,783	1,074,787	1,226,213	1,397,361
Central	717,734	856,444	912,159	746,826
School food services	2,842,850	2,922,846	3,103,432	3,301,575
Non K-12 programs	1,959,230	2,024,825	1,886,453	1,946,840
Facilities and construction	2,726,756	10,108,220	8,329,216	2,653,014
Debt Service:				
Bond principal	7,745,678	10,310,615	2,335,430	2,055,635
Bond interest and fees	1,688,194	3,245,802	1,946,569	2,502,241
Total expenditures	<u>73,878,980</u>	<u>87,157,282</u>	<u>80,184,854</u>	<u>78,250,690</u>
Excess (deficiency) of revenues over (under) expenditures	(6,664,276)	(16,792,588)	(5,993,824)	(1,388,299)
Other financing sources (uses)				
Capital lease	2,000,000	204,306	-	-
Sale of capital assets	1,600	8,481	965	4,119
General obligation bonds issued	27,471,248	9,412,207	-	-
Refunding bonds issued	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-
Insurance recoveries	-	-	-	-
Other miscellaneous	15,595	(14,644)	-	-
Total other financing sources (uses)	<u>29,488,443</u>	<u>9,610,350</u>	<u>965</u>	<u>4,119</u>
Net change in fund balance	<u>\$ 22,824,167</u>	<u>\$ (7,182,238)</u>	<u>\$ (5,992,859)</u>	<u>\$ (1,384,180)</u>
Debt service as a percentage of noncapital expenditures	13.3%	17.7%	6.9%	6.1%

PROVO CITY SCHOOL DISTRICT
Changes in Fund Balances
& Ratio of Annual Debt Service to General Fund Expenditures (continued)
Years Ended June 30, 1996 through 2006
(modified-accrual basis of accounting)

2001	2002	2003	2004	2005	2006
\$ 20,038,183	\$ 20,658,903	\$ 23,603,358	\$ 24,167,503	\$ 24,559,640	\$ 24,691,855
6,786,721	6,392,374	3,930,368	3,632,667	3,629,173	3,599,965
46,612,372	49,052,543	46,706,056	46,540,387	49,096,887	49,629,417
9,092,823	11,367,934	11,664,435	12,220,414	12,061,062	12,599,383
<u>82,530,099</u>	<u>87,471,754</u>	<u>85,904,217</u>	<u>86,560,971</u>	<u>89,346,762</u>	<u>90,520,620</u>
52,619,455	57,370,098	54,055,998	54,517,504	54,063,533	54,990,497
2,580,471	2,646,943	2,703,337	3,208,669	3,279,557	3,065,811
2,119,900	2,407,242	2,164,486	1,938,799	1,909,225	2,014,830
892,353	930,589	915,463	1,074,630	855,576	1,478,589
4,221,500	4,178,592	4,326,847	4,374,293	4,333,483	4,210,928
624,374	649,778	1,210,262	875,141	2,530,560	1,126,515
5,782,795	5,833,316	4,967,761	5,026,044	3,670,441	4,132,825
1,473,903	1,925,172	1,702,022	1,542,147	1,747,676	1,859,437
790,888	836,082	843,955	864,989	37,172	1,072,477
3,410,898	3,602,153	3,460,068	4,088,653	4,007,548	3,778,134
2,212,418	2,164,295	2,277,186	3,575,723	3,964,383	3,078,042
4,523,156	6,307,720	1,898,304	659,873	3,296,431	2,765,337
2,236,058	2,302,163	2,131,501	3,843,479	2,630,748	2,960,617
2,499,561	2,295,412	2,333,762	1,752,777	2,034,644	1,543,104
<u>85,987,730</u>	<u>93,449,555</u>	<u>84,990,952</u>	<u>87,342,721</u>	<u>88,360,977</u>	<u>88,077,143</u>
(3,457,631)	(5,977,801)	913,265	(781,750)	985,785	2,443,477
-	-	504,063	168,671	573,340	91,833
19,398	2,956	29,789	508,968	249,842	770,801
-	4,200,000	177,265	-	-	-
-	-	-	20,361,106	-	-
-	-	-	(20,245,727)	-	-
-	-	-	-	27,905	-
-	-	-	-	-	-
<u>19,398</u>	<u>4,202,956</u>	<u>711,117</u>	<u>793,018</u>	<u>851,087</u>	<u>862,634</u>
<u>\$ (3,438,233)</u>	<u>\$ (1,774,845)</u>	<u>\$ 1,624,382</u>	<u>\$ 11,268</u>	<u>\$ 1,836,872</u>	<u>\$ 3,306,111</u>
5.9%	5.4%	5.3%	6.5%	5.5%	5.3%

PROVO CITY SCHOOL DISTRICT
Schedule of Long-Term Debt Service
Years Ending June 30, 2007 through 2017

		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Service Fund:						
General obligation bonds:						
Series 1997	Principal	\$ 890,000	\$ -	\$ -	\$ -	\$ -
\$ 22,500,000	Interest	41,830	-	-	-	-
Series 1997 Refunding	Principal	435,000	975,000	1,025,000	1,065,000	1,125,000
\$ 9,480,000	Interest	417,818	397,590	351,277	302,590	250,405
Series 1998 Refunding	Principal	895,000	425,000	440,000	460,000	475,000
\$ 4,950,000	Interest	149,485	114,580	97,580	79,980	61,350
Series 2004 Refunding	Principal	120,000	1,050,000	1,100,000	1,165,000	1,220,000
\$ 18,590,000	Interest	841,950	839,550	787,050	732,050	673,800
	Total Principal - Debt Service Fund	<u>2,340,000</u>	<u>2,450,000</u>	<u>2,565,000</u>	<u>2,690,000</u>	<u>2,820,000</u>
	Total Interest - Debt Service Fund	<u>1,451,083</u>	<u>1,351,720</u>	<u>1,235,907</u>	<u>1,114,620</u>	<u>985,555</u>
	Total - Debt Service Fund	<u>3,791,083</u>	<u>3,801,720</u>	<u>3,800,907</u>	<u>3,804,620</u>	<u>3,805,555</u>
Capital Projects Fund:						
Obligations under lease agreements:						
2002 Lease Revenue Bond	Principal	410,000	425,000	450,000	470,000	-
\$ 4,200,000	Interest	52,650	40,350	27,600	14,100	-
2003 Capital Lease	Principal	161,450	169,925	-	-	-
\$ 769,000	Interest	17,394	8,919	-	-	-
2005 Capital Lease	Principal	182,802	-	-	-	-
\$ 568,817	Interest	12,796	-	-	-	-
	Total Principal - Capital Projects Fund	<u>754,252</u>	<u>594,925</u>	<u>450,000</u>	<u>470,000</u>	<u>-</u>
	Total Interest - Capital Projects Fund	<u>82,840</u>	<u>49,269</u>	<u>27,600</u>	<u>14,100</u>	<u>-</u>
	Total - Capital Projects Fund	<u>837,092</u>	<u>644,194</u>	<u>477,600</u>	<u>484,100</u>	<u>-</u>
Total long-term debt obligations:						
	Total Principal - All Funds - All Long-Term Debt	3,094,252	3,044,925	3,015,000	3,160,000	2,820,000
	Total Interest - All Funds - All Long-Term Debt	1,533,923	1,400,989	1,263,507	1,128,720	985,555
	Total - All Funds - All Long-Term Debt	<u>\$4,628,175</u>	<u>\$4,445,914</u>	<u>\$4,278,507</u>	<u>\$4,288,720</u>	<u>\$3,805,555</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Long-Term Debt Service (continued)
Years Ending June 30, 2007 through 2017

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 890,000
-	-	-	-	-	-	41,830
1,180,000	1,235,000	720,000	760,000	-	-	8,520,000
195,280	136,870	75,120	38,760	-	-	2,165,710
495,000	520,000	-	-	-	-	3,710,000
41,875	21,580	-	-	-	-	566,430
1,260,000	1,320,000	2,505,000	2,635,000	3,590,000	1,950,000	17,915,000
<u>637,200</u>	<u>586,800</u>	<u>534,000</u>	<u>408,750</u>	<u>277,000</u>	<u>97,500</u>	<u>6,415,650</u>
2,935,000	3,075,000	3,225,000	3,395,000	3,590,000	1,950,000	31,035,000
<u>874,355</u>	<u>745,250</u>	<u>609,120</u>	<u>447,510</u>	<u>277,000</u>	<u>97,500</u>	<u>9,189,620</u>
<u>3,809,355</u>	<u>3,820,250</u>	<u>3,834,120</u>	<u>3,842,510</u>	<u>3,867,000</u>	<u>2,047,500</u>	<u>40,224,620</u>
-	-	-	-	-	-	1,755,000
-	-	-	-	-	-	134,700
-	-	-	-	-	-	331,375
-	-	-	-	-	-	26,313
-	-	-	-	-	-	182,802
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,796</u>
-	-	-	-	-	-	2,269,177
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,809</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,442,986</u>
2,935,000	3,075,000	3,225,000	3,395,000	3,590,000	1,950,000	33,304,177
<u>874,355</u>	<u>745,250</u>	<u>609,120</u>	<u>447,510</u>	<u>277,000</u>	<u>97,500</u>	<u>9,363,429</u>
<u><u>\$3,809,355</u></u>	<u><u>\$3,820,250</u></u>	<u><u>\$3,834,120</u></u>	<u><u>\$3,842,510</u></u>	<u><u>\$3,867,000</u></u>	<u><u>\$2,047,500</u></u>	<u><u>\$42,667,606</u></u>

PROVO CITY SCHOOL DISTRICT
Ratios of Outstanding Debt
 June 30, 1997 through 2006

General Obligation Debt						
Fiscal Year	Outstanding General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Net General Bonded Debt as Percentage of Taxable Value	Net General Obligation Bonded Debt Per Capita	Outstanding Capital Lease and Lease Revenue Obligations
1997	45,310,000	-	45,310,000	2.09%	453.10	2,060,882
1998	44,925,000	-	44,925,000	1.87%	423.82	649,921
1999	44,065,000	35,352	44,029,648	1.76%	400.27	1,191,641
2000	42,630,000	93,200	42,536,800	1.55%	383.21	787,064
2001	41,055,000	214,630	40,840,370	1.31%	364.65	404,897
2002	39,335,000	657,417	38,677,583	1.19%	358.13	-
2003	37,530,000	621,656	36,908,344	1.01%	335.53	4,644,000
2004	35,185,000	897,878	34,287,122	0.95%	300.76	3,145,521
2005	33,270,000	974,828	32,295,172	0.90%	279.61	2,998,591
2006	31,579,467	1,240,802	30,338,665	0.85%	288.94	2,269,177

PROVO CITY SCHOOL DISTRICT
Ratios of Outstanding Debt (continued)
 June 30, 1997 through 2006

<u>Lease Obligations</u>		<u>Total Debt</u>				
Lease Obligations as Percentage of Taxable Value	Lease Obligations Debt Per Capita	Total Debt as Percentage of Taxable Value	Total Debt Per Capita	Debt Per Student	Taxable Value	Estimated Population
0.09%	20.61	2.18%	473.71	3659	2,169,952,598	100,000
0.03%	6.13	1.89%	429.95	3502	2,405,495,400	106,000
0.05%	10.83	1.81%	411.10	3515	2,499,316,857	110,000
0.03%	7.09	1.58%	390.31	3402	2,750,602,274	111,000
0.01%	3.62	1.32%	368.26	3293	3,119,841,993	112,000
0.00%	-	1.19%	358.13	3126	3,258,646,316	108,000
0.13%	42.22	1.13%	377.75	3339	3,666,115,635	110,000
0.09%	27.59	1.03%	328.36	3051	3,620,318,521	114,000
0.08%	25.96	0.99%	305.57	2925	3,575,601,094	115,500
0.06%	21.61	0.91%	310.55	2597	3,588,753,374	105,000

PROVO CITY SCHOOL DISTRICT
Overlapping and Underlying General Obligation Debt
 June 30, 2006

Taxing Entity	Taxable Value	Board's Portion of Taxable Value	Board's Percentage	Entity's General Obligation Debt	Board's Portion of G.O. Debt.
Overlapping:					
State of Utah	123,435,000,000	3,575,601,094	2.90%	1,514,510,000	43,871,541
CUWCD	15,814,733,419	3,575,601,094	22.61%	177,653,274	40,166,168
Utah County	15,814,733,419	3,575,601,094	22.61%	38,110,000	<u>8,616,406</u>
Total Overlapping					<u>92,654,114</u>
Underlying:					
Provo City	3,575,601,094	3,575,601,094	100.00%	16,545,000	<u>16,545,000</u>
Total Underlying					<u>16,545,000</u>
Total Overlapping and Underlying General Obligation Debt					<u>109,199,114</u>
Total overlapping general obligation debt (excluding the State)					48,782,574
Total direct general obligation bonded indebtedness					<u>33,270,000</u>
Total direct and overlapping general obligation debt (excluding the State)					<u>82,052,574</u>
Total underlying general obligation debt					16,545,000
Total direct general obligation bonded indebtedness					<u>33,270,000</u>
Total direct and underlying general obligation debt					<u>49,815,000</u>
Total overlapping and underlying general obligation debt (excluding the State)					65,327,574
Total direct general obligation bonded indebtedness					<u>33,270,000</u>
Total direct, overlapping, and underlying general obligation debt (excluding the State)					<u>98,597,574</u>

Taxable Value: Taxable value used in this table for non-district entities were derived from the 2004 entity value report produced by the Utah State Tax Commission. The district's taxable value was derived from the district's final settlement report from the Utah County Treasurer's office.

Central Utah Water Conservancy District (CUWCD) outstanding general obligation bonds are limited ad valorem tax bonds. By law CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding limited ad valorem tax bonds.

All or portions of these governmental entities outstanding general obligation debt are supported by user fee revenues from water or sewer. The District's portion of overlapping general obligation debt does not include user fee revenue supported general obligation debt.

The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of general obligation bonds.

State general obligation debt and taxable value data was derived from the "State of Utah Continuing Disclosure Document, December 31, 2004; <http://www.treasurer.state.ut.us/>. Taxable values were derived from the Utah State Tax Commission; <http://propertytax.utah.gov/>.

PROVO CITY SCHOOL DISTRICT
Computation of Legal Debt Margin
Years Ended June 30, 2003 through 2006

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Estimated Fair Market Value	\$ 5,310,090,273	\$ 5,199,485,716	\$ 5,353,912,000	\$ 5,443,759,516
"Fair Market Value" X 4% (Debt Limit)	212,403,611	207,979,429	214,156,480	217,750,381
Less: General Obligation Debt	37,530,000	35,185,000	33,270,000	31,035,000
Legal Debt Margin*	<u><u>174,873,611</u></u>	<u><u>172,794,429</u></u>	<u><u>180,886,480</u></u>	<u><u>186,715,381</u></u>

Fiscal year 2003 was the first year the District published a comprehensive annual financial report. Thus, comparative data is presented from that first publication hence forth.

The general obligation bonded debt of the District is limited by Utah law to 4% of the fair market value of the total taxable property in the District. The legal debt limit and additional debt incurring capacity of the District are based on estimated fair market value for 2005 and the calculated valuation value from uniform fees, and are calculated as shown above.

In computing the fair market value of taxable property, the fair market value of all tax equivalent property is included as part of the calculation.

PROVO CITY SCHOOL DISTRICT
Selected Utah County Economic Statistics

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2005	210,124	203,628	6,496	3.10%
2004	186,935	179,832	7,103	3.82%
2003	181,832	173,410	8,421	4.64%
2002	179,023	168,545	10,478	5.85%
2001	172,455	165,933	6,522	3.78%
2000	169,992	165,605	4,387	2.59%
1999	164,935	159,770	5,166	3.14%
1998	159,751	154,740	5,011	3.15%
1997	153,586	149,605	3,980	2.59%
1996	149,829	145,442	4,387	2.93%
1995	145,097	140,883	4,214	2.92%

	<u>Utah County</u>				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total personal income (\$ millions)	7,683.1	7,883.6	8,144.4	8,730.8	Data not available at time of Press
Per capita income	20,087	20,133	20,506	21,646	
Average family income per IRS returns	48,965	46,375	48,431	n/a	
Average monthly nonfarm wage	2,243	2,250	2,297	2,350	
Gross taxable sales (\$000s)	4,326,455	4,394,333	4,433,228	4,791,033	
Permit authorized construction (\$000)	824,155	935,347	889,518	1,042,802	
New residential building permits	4,272	4,326	4,677	4,728	
Residential building permits value (\$000)	576,294	623,777	706,068	770,583	

Source: Utah Department of Workforce Services, <http://jobs.utah.gov/wi>

Years presented are limited to data available from Department of Workforce Services.

PROVO CITY SCHOOL DISTRICT
Demographic Information - Population Growth

Provo City Live Births

Calendar Year	Provo City		Utah County Births
	Births	% of County	
1997	4,139	47.53%	8,709
1998	3,780	40.94%	9,232
1999	4,131	42.12%	9,807
2000	4,419	44.80%	9,864
2001	4,661	45.54%	10,234
2002	4,601	43.45%	10,588
2003	4,444	41.37%	10,742
2004	4,371	39.90%	10,954

Source: Utah Vital Statistics Reports, Utah Department of Health

Provo City Population Growth

Year	Population	Increase (Decrease)	Percent Increase (Decrease)
1900	6,185		
1910	8,925	2,740	30.70%
1920	10,303	1,378	13.37%
1930	14,766	4,463	30.22%
1940	18,071	3,305	18.29%
1950	28,937	10,866	37.55%
1960	36,047	7,110	19.72%
1970	53,131	17,084	32.15%
1980	74,108	20,977	28.31%
1990	86,835	12,727	14.66%
2000	105,439	18,604	17.64%

Source: Provo City and U.S. Census

PROVO CITY SCHOOL DISTRICT
Utah County Largest Employers
2006

<u>Company</u>	<u>Industry</u>	<u># Employed</u>	<u>% of County Employment*</u>
Brigham Young University	Higher Education (private)	15000-19999	9.82%
Alpine School District	Public Education	5000-6999	3.44%
Utah Valley Regional Medical Center	Health Care	3000-3999	1.96%
State of Utah	State Government	2000-2999	1.47%
Provo School District	Public Education	2000-2999	1.47%
Nebo School District	Public Education	2000-2999	1.47%
Utah Valley State College	Higher Education	2000-2999	1.47%
Wal-Mart	Discount Department Store	2000-2999	1.47%
Convergys	Telephone Call Center	1000-1999	0.98%
Novell	Software Publisher	1000-1999	0.98%
Nestles USA Prepared Food Div.	Food Manufacturing	1000-1999	0.98%
Provo City	Local Government	1000-1999	0.98%
Utah County	Local Government	500-999	0.49%

*(203,628 employed)

Source: Utah Department of Workforce Services, <http://www.jobs.utah.gov>

PROVO CITY SCHOOL DISTRICT
Full-Time Equivalent Positions By Function

Years Ended June 30, 2004 through 2006

	2004	2005	2006
Governmental activities:			
Instructional services	980.67	1071.21	1117.38
Supporting services:			
Students	49.58	54.21	58.56
Instructional staff	39.62	29.95	35.51
District administration	9.24	25.12	24.12
School administration	74.97	78.36	78.66
Business and Central	22.06	22.96	23.46
Operation and maintenance	84.65	111.57	118.62
Transportation	38.56	47.18	46.56
School food services	57.65	89.12	83.15
Community services	64.7	196.58	185.61
Total full-time equivalent positions	1,421.70	1,726.26	1,771.63

For the purpose of this report, full-time equivalent positions are defined by calculating full time and hourly positions based upon a 40 hour work week.

The District uses several different methods for reporting full-time equivalent positions.

PROVO CITY SCHOOL DISTRICT
Student Average Daily Membership By School
As Reported in S-3 Report (unaudited)
Years Ended June 30, 1997 - 2006

	Fiscal Year										Net Change (2006 less 1997)
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
Elementary:											
AMELIA EARHART	-	-	502	545	546	552	575	585	630	630	630
CANYON CREST	508	519	502	549	522	494	504	501	501	521	13
EDGEMONT	496	497	469	469	458	431	431	434	447	474	(22)
FARRER	-	-	-	-	-	-	-	-	-	370	370
FRANKLIN	535	535	548	557	525	554	563	560	532	526	(9)
GRANDVIEW	583	569	553	537	543	525	531	532	531	513	(70)
JOAQUIN	415	398	418	420	453	445	420	386	381	0	(415)
PROVOST	519	516	500	474	485	478	476	438	440	408	(111)
ROCK CANYON	564	608	602	585	572	547	578	563	580	574	10
SPRING CREEK/MAESEI	479	518	479	462	486	494	510	520	511	548	69
SUNSET VIEW	764	884	607	655	675	702	676	618	638	614	(150)
TIMPANOGOS	597	600	624	573	485	547	562	568	546	502	(95)
WASATCH	493	483	453	494	495	524	507	501	533	570	77
WESTRIDGE	993	978	778	785	792	781	778	754	783	771	(222)
Secondary:											
CENTENNIAL M.S.	713	694	699	669	653	733	690	702	715	913	200
DIXON M.S.	675	675	663	636	598	586	588	629	619	875	200
FARRER M.S.	464	516	477	498	533	532	549	565	560	0	(464)
PROVO H.S.	1,864	1,834	1,844	1,768	1,757	1,664	1,688	1,731	1,760	1,787	(77)
TIMPVIEV H.S.	2,006	1,895	1,883	1,794	1,737	1,684	1,633	1,634	1,607	1,615	(391)
INDEPENDENCE H.S.	277	294	273	292	276	312	371	341	289	276	(1)
Totals	12,945	13,013	12,874	12,762	12,591	12,585	12,631	12,562	12,604	12,488	(457)

The state of Utah requires student average daily membership to be audited by an independent auditor at the end of each school year. The state uses average daily membership as a major component in determining much, but not all, of the funds it allocates to public school Districts in the next subsequent year.

PROVO CITY SCHOOL DISTRICT
Student Average Daily Membership By School and Grade
As Reported in S-3 Report (unaudited)
Year Ended June 30, 2006

	K	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	MEM	Self-contained by School	Full Enrollment	
AMELIA EARHART	107	97	92	88	80	72	94	0	0	0	0	0	0	630	7	637	
CANYON CREST	78	74	73	73	75	76	71	0	0	0	0	0	0	521	36	556	
EDGEMONT	73	73	72	70	67	59	60	0	0	0	0	0	0	474	13	488	
FARRER ELEM	70	59	59	52	38	44	47	0	0	0	0	0	0	370	53	423	
FRANKLIN	86	80	84	76	61	79	61	0	0	0	0	0	0	526	16	542	
GRANDVIEW	58	82	88	76	70	70	70	0	0	0	0	0	0	513	9	522	
PROVOST	70	73	56	47	55	57	50	0	0	0	0	0	0	408	23	432	
ROCK CANYON	91	72	82	89	81	76	84	0	0	0	0	0	0	574	11	586	
SPRING CREEK	92	100	88	71	64	78	55	0	0	0	0	0	0	548	25	573	
SUNSET VIEW	92	108	100	81	95	79	60	0	0	0	0	0	0	614	14	628	
TIMPANOGOS	79	86	83	77	62	58	58	0	0	0	0	0	0	502	23	525	
WASATCH	95	90	92	81	81	74	56	0	0	0	0	0	0	570	10	580	
WESTRIDGE	119	142	119	102	95	91	102	0	0	0	0	0	0	771	20	791	
CENTENNIAL	0	0	0	0	0	0	0	447	466	0	0	0	0	913	60	974	
DIXON	0	0	0	0	0	0	0	427	448	0	0	0	0	875	63	938	
PROVO H.S.	0	0	0	0	0	0	0	0	0	495	461	424	406	1,787	78	1,865	
TIMPVIEV H.S.	0	0	0	0	0	0	0	0	0	421	392	402	400	1,615	52	1,667	
INDEPENDENCE H.S.	0	0	0	0	0	0	0	0	0	74	66	78	59	276	0.0	276	
CENTER FOR H.S. COMP	0	0	0	0	0	0	0	0	0	0	1	10	18	28	0	28	
ADM COUNT BY GRADE	1,111	1,137	1,086	983	925	914	866	874	914	991	920	913	882	12,517			
ADM COUNT BY LEVEL	K	Total 1st-6th						Total 7th-8th		Total 9th-12th							
	1,111	5,911						1,788		3,706							
ADM TOTALS	Total K-6th						Total 7th-12th						12,517				
	7,022						5,494										
															515		
															515	Total S/C	515
															13,031	Grand Total	

programs: Youth-In-Custody, Early Intervention, and the Utah State Hospital

PROVO CITY SCHOOL DISTRICT
Buildings - Original Year of Construction/Square Footage

<u>Site</u>	<u>Original Year of Construction</u>	<u>Square Footage</u>
Elementary Schools:		
Amelia Earhart	1999	69,733
Canyon Crest	1982	68,240
Edgemont	1955	47,200
Farrer	1931	86,946
Franklin	1994	71,301
Grandview	1949	69,546
Provost	1949	54,923
Rock Canyon	1964	69,883
Spring Creek	2002	70,720
Sunset View	1959	64,975
Timpanogos	1938	56,965
Wasatch	1949	45,326
Westridge	1979	73,928
Secondary Schools:		
Centennial M.S.	1996	112,340
Dixon M.S.	1931	123,434
Provo H.S.	1956	325,842
Timpview H.S.	1974	409,803
Independence H.S.	1992	48,121
Other:		
Center for H.S. Studies	1984	4,000
Oakridge	1979	43,992
District Office	1965	28,875

PROVO CITY SCHOOL DISTRICT

Service Efforts, Accomplishments, and Miscellaneous Statistical Data

Advanced Placement Test Results

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Total candidates	319	370	370	419	414	400	400
Total exams taken	478	571	600	645	666	622	623
Total exams passed	389	433	472	458	497	479	468
Provo average passed	81%	76%	79%	71%	75%	77%	75%

College Entrance Exams - Provo Students Taking ACT Examination

<u>Year</u>	<u>Number of Students</u>
1999-00	567
2000-01	537
2001-02	520
2002-03	508
2003-04	533
2004-05	495
2005-06	567

Graduates

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Provo High School	322	365	344	344
Timpview High School	375	378	377	319
Independence High School	25	29	26	17
District Diplomas	30	37	37	34

Educational Level of Teachers 2005-06

Bachelors	404	63%
Masters	224	35%
Doctorate	11	2%

Staff Assignments 2005-06

Teachers	639
Classified Contracted	138
Administrators	33

Years of Experience 2005-06

20 or more years	33%
6 - 19 years	43%
0 - 5 years	25%

PROVO CITY SCHOOL DISTRICT
Service Efforts, Accomplishments, and Miscellaneous Statistical Data (continued)

American College Test (ACT) Results

The ACT standard scores are based on a scale on which a particular student might obtain a LOW of 1 up to a HIGH of 36.

	2003-04			2004-05		
	<u>Provo</u>	<u>Utah</u>	<u>Nat'l</u>	<u>Provo</u>	<u>Utah</u>	<u>Nat'l</u>
English	22.5	20.9	20.4	22.4	21.2	20.6
Math	22.5	20.9	20.7	22.1	21.0	20.8
Reading	23.5	22.2	21.3	23.2	22.4	21.4
Science	22.6	21.4	20.9	22.1	21.6	20.9
Composite	22.9	21.5	20.9	22.6	21.7	21.1

Elementary Criterion-Referenced Testing (CRT)

	Grade	2003-2004		2004-2005	
		Average % Correct	Number Tested	Average % Correct	Number Tested
Language Arts	1	82%	1,037	80%	1,151
	2	75%	1,020	77%	1,015
	3	76%	995	75%	1,016
	4	81%	951	81%	990
	5	78%	914	79%	923
	6	79%	989	82%	897
Math	1	83%	1,038	76%	1,165
	2	75%	1,020	78%	1,021
	3	79%	999	79%	1,023
	4	82%	956	80%	999
	5	77%	917	83%	936
	6	75%	696	77%	629
Science	1-3	not tested		not tested	
	4	62%	950	not available	
	5	59%	914	64%	931
	6	63%	992	68%	895

Secondary Criterion-Referenced Testing (CRT)

Course	2003-2004		2004-2005	
	Average % Correct	Number Tested	Average % Correct	Number Tested
Math	unavailable		69%	403
PreAlgebra	83%	1,201	79%	1,391
Algebra	69%	1,228	77%	1,097
Geometry	72%	804	76%	875
Science 7th	67%	994	63%	964
Science 8th	68%	900	67%	978
Earth Systems	64%	359	59%	376
Biology	79%	629	65%	818

Service Efforts, Accomplishments, and Miscellaneous Statistical Data (continued)

Norm-Referenced Test (Formerly the SAT, now IOWA)

	Fall 2004		Fall 2005	
	Provo	Utah	Provo	Utah
Third Grade ITBS				
Reading	64	64	63	65
Language	52	55	52	55
Mathematics	56	57	57	57
Social Studies	64	65	65	66
Science	69	69	68	69
Composite Score	64	65	64	65
Fifth Grade ITBS				
Reading	65	63	64	64
Language	61	58	57	57
Mathematics	65	59	62	59
Social Studies	62	61	59	61
Science	71	69	68	70
Composite Score	67	64	63	63
Eighth Grade ITBS				
Reading	63	62	62	62
Language	55	54	57	57
Mathematics	58	57	62	59
Social Studies	50	52	59	61
Science	63	64	68	70
Composite Score	58	58	63	63
Eleventh Grade ITBS				
Reading	68	62	67	62
Spelling	56	52	54	51
Revising Writing	58	56	58	55
Mathematics	61	58	61	57
Social Studies	62	60	64	59
Science	65	65	66	62
Composite Score	64	61	65	59

A score of 50 is the average score of the ITBS/ITED for the nation. Any score above 50 is above the national average. The first year the IOWA test was given in Utah was 2004.

PROVO CITY SCHOOL DISTRICT
Service Efforts, Accomplishments, and Miscellaneous Statistical Data (continued)

Food Service

	<u>Meals Served</u>	<u>Breakfasts Served</u>	<u>Free Lunch Served</u>	<u>Reduced Cost Lunch Served</u>
1999-00	1,195,452	258,544	Data not available	
2000-01	1,219,934	261,327	Data not available	
2001-02	1,214,770	252,424	Data not available	
2002-03	1,211,667	261,218	Data not available	
2003-04	1,226,062	267,538	Data not available	
2004-05	1,245,816	282,153	4,627	1,261
2005-06	1,256,839	289,865	4,396	1,102

Transportation

Miles traveled (to and from school, field trips, and activities)	608,121
Number of students transported daily	4,771
Driving hours per day	251
Route miles driven per day	2,997
Field and activity trip miles per day	617
Cost per student per year to bus	\$ 426
Number of buses	43

Vandalism Costs

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Glass replacement	\$ 23,922	\$ 16,480	\$ 11,820	\$ 11,946	\$ 12,071
Graffiti removal	3,000	2,910	1,944	2,930	3,916
Break-in repair	3,200	1,385	2,300	1,780	1,260
Total	<u>\$ 30,122</u>	<u>\$ 20,775</u>	<u>\$ 16,064</u>	<u>\$ 16,656</u>	<u>\$ 17,247</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Insurance in Force
June 30, 2006

	Expiration Date	Deductible	Limits	Fiscal Year	
				2006 Premium	2005 Premium
*Property	Until canceled	\$ 1,000	Replacement value	\$119,222	\$101,396
Boiler & Machinery	Until canceled	\$ 1,000	Replacement up to \$ 10,000,000		
Blanket Bond-Employee Fidelity	Until canceled	\$ 1,000	\$ 10,000,000		
Course of Construction	Until canceled	\$ 1,000	Replacement value		
*Liability	Until canceled	No deductible	\$ 10,000,000	126,918	142,327
General Liability	Until canceled	No deductible	\$ 10,000,000		
Auto Liability	Until canceled	No deductible	\$ 10,000,000		
Personal Injury	Until canceled	No deductible	\$ 10,000,000		
Errors or Omissions	Until canceled	No deductible	\$ 10,000,000		
Malpractice Liability	Until canceled	No deductible	\$ 10,000,000		
No Fault	Until canceled	No deductible	\$ 10,000,000		
Uninsured Motorist	Until canceled	No deductible	\$ 10,000,000		
Garage Keepers	Until canceled	No deductible	\$ 10,000,000		
*Automobile Physical Damage	Until canceled	\$ 500	Actual value	9,492	8,518
Busses	Until canceled	\$ 500	Actual value		
Driver Training Vehicles	Until canceled	\$ 500	Actual value		
All Others	Until canceled	\$ 500	Actual value		
**Worker's Compensation	Until canceled	No deductible	\$ 1,000,000	415,163	354,093
				<u>\$ 670,795</u>	<u>\$ 606,334</u>

*Insurance policy is maintained with the Utah State Division of Risk Management

**Insurance policy is maintained with the Utah School Boards Risk Management Mutual Insurance Association



