

# *Comprehensive Annual Financial Report*

*For The Fiscal Year Ended June 30, 2007*



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



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

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# *Comprehensive Annual Financial Report*

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*For Fiscal Year Ended June 30, 2007*

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

**Kerry J. Smith**  
Business Administrator  
Certified Public Accountant

Prepared By:

Stefanie Bryant,  
Director of Accounting Services  
Certified Public Accountant

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

**1. INTRODUCTORY SECTION:**

Letter of Transmittal . . . . .	1
GFOA Certificate of Achievement for Excellence in Financial Reporting . . . . .	10
ASBO Certificate of Excellence in Financial Reporting . . . . .	11
Organizational Chart. . . . .	12
Elected and Appointed Officials . . . . .	13
Precincts of the Board of Education . . . . .	14

**2. FINANCIAL SECTION:**

<b>Independent Auditor’s Report</b> . . . . .	17
<b>Management’s Discussion and Analysis</b> . . . . .	19

**Basic Financial Statements:**

**Government-wide Financial Statements:**

Statement of Net Assets . . . . .	30
Statement of Activities . . . . .	31

**Fund Financial Statements:**

Balance Sheet, Governmental Funds . . . . .	32
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets . . . . .	33
Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds . . . . .	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities . . . . .	35
Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, General Fund . . . . .	36
Statement of Fiduciary Fund Assets and Liabilities, Agency Funds . . . . .	37
Notes to Basic Financial Statements . . . . .	39

**Combining and Individual Fund Statements and Schedules:**

**Major Governmental Funds:**

Comparative Balance Sheets, <i>General Fund</i> , With Comparative Totals for 2006 . . . . .	58
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, <i>General Fund</i> , With Comparative Totals for 2006 . . . . .	59

## *Table of Contents*

For Fiscal Year Ended June 30, 2007

---

Comparative Balance Sheets, <i>Debt Service Fund</i> , With Comparative Totals for 2006 .....	60
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, <i>Debt Service Fund</i> , With Comparative Totals for 2006 .....	61
Comparative Balance Sheets, <i>Capital Projects Fund</i> , With Comparative Totals for 2006 .....	62
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, <i>Capital Projects Fund</i> , With Comparative Totals for 2006 .....	63

### **Nonmajor Governmental Funds:**

Combining Balance Sheet, Governmental Funds .....	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds .....	67
Comparative Balance Sheets, <i>Non K-12 Instruction</i> , Special Revenue Fund, With Comparative Totals for 2006 .....	68
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, <i>Non K-12 Instruction</i> , Special Revenue Fund, With Comparative Totals for 2006 .....	69
Comparative Balance Sheets, <i>Supplemental Programs</i> , Special Revenue Fund, With Comparative Totals for 2006 .....	70
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, <i>Supplemental Programs</i> , Special Revenue Fund, With Comparative Totals for 2006 .....	71
Comparative Balance Sheets, <i>Food Services</i> , Special Revenue Fund, With Comparative Totals for 2006 .....	72
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, <i>Food Services</i> , Special Revenue Fund, With Comparative Totals for 2006 .....	73
Comparative Balance Sheets, <i>Provo School District Foundation for Excellence</i> , Special Revenue Fund, With Comparative Totals for 2006 .....	74
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, <i>Provo School District Foundation for Excellence</i> , Special Revenue Fund, With Comparative Totals .....	75

### **Fiduciary Funds (Agency Funds):**

Combining Statement of Fiduciary Fund Assets and Liabilities .....	77
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Statement of Changes in Assets and Liabilities, Student Activities Agency Fund . . . . .	78
Statement of Changes in Assets and Liabilities, Special Programs Agency Fund . . . . .	79
<b>3. STATISTICAL SECTION (unaudited):</b>	
<i>Financial Trends Information:</i>	
Comparative Statements of Net Assets, June 30, 2003 through 2007 . . . . .	83
Net Assets by Component, June 30, 2003 through 2007 . . . . .	84
Changes in Net Assets, Years Ended June 30, 2003 through 2007 . . . . .	85
Governmental Funds - Aggregate Fund Balances, June 30, 1998 through 2007 . . . . .	86
Governmental Funds - Net Changes in Aggregate Fund Balances, Years Ended June 30, 1998 through 2007 . . . . .	87
Governmental Funds - Reserved and Unreserved Fund Balances, June 30, 1998 through 2007 . . . . .	88
Total Governmental Funds - Changes in Fund Balances, Years Ended June 30, 1998 through 2007 . . . . .	90
<i>Revenue Capacity Information:</i>	
Property Tax Levies and Collections, Years Ended June 30, 1998 through 2007 . . . . .	92
Comparison of Utah School District Property Tax Rates, Tax Year 2006, Fiscal Year 2006-07 . . . . .	94
Comparison of Assessed Property Tax Valuation Per Student, Fiscal Year 2006-07 . . . . .	95
Fifteen Largest Property Taxpayers by Individual Properties, June 30, 2006 and 1997 . . . .	96
Property Tax Rates—Direct and Overlapping Governments, Based on \$1,000 Assessed Valuation, 1998 - 2007 . . . . .	97
Taxable and Estimated Actual Value of Taxable Property, Years Ended June 30, 1998 through 2007 . . . . .	98
History of the Value of the Weighted Pupil Unit (WPU), Utah Legislative Funding Method, 1976 - 2007 . . . . .	99
<i>Debt Capacity Information:</i>	
General Fund - Changes in Fund Balances & Ratio of Annual Debt Service to General Fund Expenditures, Years Ended June 30, 1998 through 2007 . . . . .	100

## *Table of Contents*

For Fiscal Year Ended June 30, 2007

---

Schedule of Long-Term Debt Service, Years Ending June 30, 2008 through 2027 . . . . .	102
Ratios of Outstanding Debt, June 30, 1998 through 2007 . . . . .	104
Overlapping and Underlying General Obligation Debt, June 30, 2006 . . . . .	106
Computation of Legal Debt Margin, Years Ended June 30, 2003 through 2007 . . . . .	107
<i>Demographic and Economic Information:</i>	
Selected Utah County Economic Statistics . . . . .	108
Demographic Information - Population Growth . . . . .	109
Utah County Largest Employers, 2006 . . . . .	110
<i>Operating Information:</i>	
Full-Time Equivalent Positions by Function, Years Ended June 30, 2004 through 2007 . . . . .	111
Student Average Daily Membership By School, As Reported in S-3 Report (audited), Years Ended June 30, 1998 through 2007 . . . . .	112
Student Average Daily Membership By School and Grade, As Reported in S-3 Report (audited), Year Ended June 30, 2007 . . . . .	113
Number of Students per Teacher Years Ended June 30, 2003 through 2007 . . . . .	114
Average Expenditures by Function per Pupil Years Ended June 30, 2003 through 2007 . . . . .	115
Buildings - Original Year of Construction/Square Footage . . . . .	116
Service Efforts, Accomplishments, and Miscellaneous Statistical Data . . . . .	117
Schedule of Insurance in Force, June 30, 2007 . . . . .	121



# *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, 2007

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

### **Superintendent's Message**

*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, 2007.* This report is published to provide both financial and non-financial information to the patrons and entities to whom the District is accountable. The report is also intended to support the District's mission of providing a high quality education to Provo's diverse population by enlarging student capacity, interest and love of learning. Our mission supports the goals of having students master the basics (the foundations of which are literacy and numeracy), develop depth in content and knowledge, feel respected and loved in a safe, orderly environment, and become responsible, respectful and compassionate citizens.

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 instruction. The District benefits from a close association with Brigham Young University with over 40 partnership programs that serve all academic areas and support staff professional development. In addition, a strong and emerging relationship exists between the District and Utah Valley University.

*Since 2003 the financial position of the District has improved.* Moody's Investors Service (an entity that assigns bond ratings to school districts) notes that "new management has improved (the) district's financial operations...and reversed the district's negative fund trend." In the prior three fiscal years, total fund balances increased from \$7,476,736 to \$14,116,835. In the current year, fund balances increased to \$41,782,400, due in part to refinancing of long term debt and unspent bond proceeds of \$21 million, which are committed for completion of the district Master Plan. 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, the district needs a healthy financial position to secure future financing at favorable interest rates.

*Provo School District is well managed.* With the help of its employees, the District has gained budgetary control and eliminated unnecessary programs ensuring a healthy financial future. With significant community involvement, district management and the Board of Education confirmed a building and facilities master plan

which included consolidation of middle schools and rehabilitation or replacement of older buildings. With a public approved bond and leeway election on June 27, 2006, new construction and capital improvements in our school buildings has commenced. A new west side school in the Lakeview neighborhood will be completed in March 2008, and Timpanogos Elementary school will be replaced by December 2008. Expansions at Sunset View Elementary, Provost Elementary, and Centennial Middle School have been completed as of the date of this report. Numerous energy projects and a seismic study will be completed by September 2008, and the capital improvement budget has been increased by 150% to facilitate a sustained maintenance program of the District's schools and buildings (the oldest buildings being Farrer Elementary and Dixon Middle School, both built in 1931).

## ***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 13,100 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, career 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 accorded 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 oversight of 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 has 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 Efforts**

The district prides itself as having the best trained teachers in the state. The district has a Professional Development Center dedicated to the ongoing professional development of our employees. Last year, significant training of new teachers and elementary curriculum mapping was conducted, and 30 teachers completed ESL certification. Also, extensive safe school employee training efforts have resulted in a 20% decrease in level 1 safe school violations, a 42% decrease in the level 2 safe school violations and a 64% decrease in level 3 safe school violations.

Management's efficiency efforts continue. Employee Online was fully implemented, substantially reducing paper and mailing expenses related to monthly pay stubs. Also, our voice over IP telephony conversions continue to save thousands of dollars each month.

As part of the district goal to better communicate with the public and employees, the District website has been enhanced, public open houses are conducted for most major decisions, the Superintendent meets frequently with faculty and staff, and the District hosted the regional Hispanic Leadership Conference.

### **District Master Plan**

The capstone to the District Master Plan, adopted in November 2004, was a June 27, 2006 election in which 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. Not only did this signal significant public trust in the district, it allowed the district to begin implementation of phases two and three of the District Master Plan including the start and completion of various remodel projects:

- Classroom additions at Provost Elementary
- Classroom and library additions and the entryway expansion at Sunset View Elementary
- Classroom and auditorium editions that Centennial Middle school
- A seismic study on buildings constructed prior to seismic code changes
- Energy efficiency projects at Wasatch and Edgemont Elementary
- Major remodeling projects at Provo High School
- The purchase of expansion land and the start of construction on the Timpanogos Elementary rebuild
- The start of construction on the new Lakeview Elementary school

Voter approved leeway taxes were increased in the 2006-2007 school year approximately \$600,000 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](http://www.provo.edu).

The district completed employee negotiations, substantially reducing its OPEB liability and establishing a funding stream for the annual required contribution. In addition, the settlement included a sizeable increase in pay for our teachers.

### **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. The District is pleased to report that while its General Fund unrestricted fund balances had a planned decrease to provide a substantial accrual for OPEB liabilities and buyout options, the District's overall financial position continues to improve. The General Fund unreserved fund balance on June 30, 2007 was \$1,931,639. Total unreserved governmental fund balances on June 30, 2007 were \$17,688,575.

**State  
Funding**

The state fiscal 2007 school finance program is designed to provide every Utah school district with a basic operation program of \$2,417 per weighted pupil unit (WPU) (compared to \$2,280 in fiscal year 2006). The State Legislature has increased the WPU funding to \$2,514 for fiscal year 2008. 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 54.3% 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.

Utah, and Utah County in particular, continue to enjoy a very low unemployment rate. According to State Governor's Office, the state's 3.4% unemployment rate was 25% lower than the national average in 2006. By June 2007, the rate was an extraordinarily low 2.6%. Utah County's rate was 2.5%, constituting what's considered as full-employment.

According to a report released in July 2007 by the Utah Department of Workforce Services, Utah's job growth of 4.5% was the highest in the nation, well above second-place Arizona's 3.4%.

From 2004 to 2006, personal income in the state rose nearly 17%. Average annual pay in the state rose 9% over the same period of time, from \$31,685 to \$34,601. The state is projecting even higher wage increases for the next several years as wages catch up with increases in productivity and business profits.

**Provo City  
Economic  
Conditions**

Provo City is the county seat of Utah County, which has seen explosive growth in recent years. In 2000, the U.S. Census Bureau counted Utah County's population at 368,536, although state estimates placed that figure somewhat higher. In July 2006, Utah County had an estimated population of 475,425. Following current growth rates, it's likely that Utah County passed 500,000 residents by July 2007.

Although Provo City continues to grow at a moderate pace, the percentage of Utah County residents residing in Provo continues to decrease as the northern and southern parts of the county are seeing explosive growth. In 2000, Provo made up 29% of the county population. But in 2006, Provo made up approximately 25% of the population – even though Provo had grown at a moderate rate during this period. In addition, the percentage of Provo residents enrolled in the Provo School District continues to fall, as more college-age students move into the area and areas of the city gentrify. Approximately 13 out of every 100 Provo residents is a student in the Provo School District.

## **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.

The Board of Education legally adopts, by resolution, the next fiscal year's budget on June 22, after obtaining taxpayer input. If the District is required to, or chooses to go through the truth in taxation process\*, a revised budget is adopted in August, through public hearing and through Board of Education approval.

### **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 \$18.6 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 reinsures 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

\*The "Truth in Taxation" law imposes specific public notice and public hearing requirements that are triggered when a taxing entity proposes to increase its property tax revenues (not rates) above those collected in the previous year (tax revenues generated by "new growth" in an entity's tax base are exempt from the disclosure requirements). The public hearings are required to allow elected officials to explain the reasons for the proposed increase and allow citizens to comment on any proposed increase.



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 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, 2006 that reflects an accrued liability of \$13,077,003 for the Medicare supplement and \$8,910,541 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. An additional \$12,038,559 reflects an accrued liability for early retirement stipends. The annual recommended contribution (assuming 30 year amortization) was reported to be \$2,977,110. The District contributed \$2,802,754 for retiree benefits during fiscal year 2007, and accrued an additional \$5.6 million for the future annual recommended contribution. More detailed information can be found in Note 7 to the financial statements.

**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:

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 presenta-

tion. The independent auditor concluded, based upon the audit, that there was a reason-



able basis for rendering an unqualified (“clean”) opinion for the District’s financial statements for the fiscal year ended June 30, 2007; 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.

## **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, 2006. This was the fourth 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.

### **Association of School Business Officials**

The District also received the Association of School Business Officials (ASBO) International’s Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the year ended June 30, 2006.

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 fourth 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 2006-07.

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, 2006

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.



A handwritten signature in black ink, appearing to read "Thomas J. Blum".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

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)**

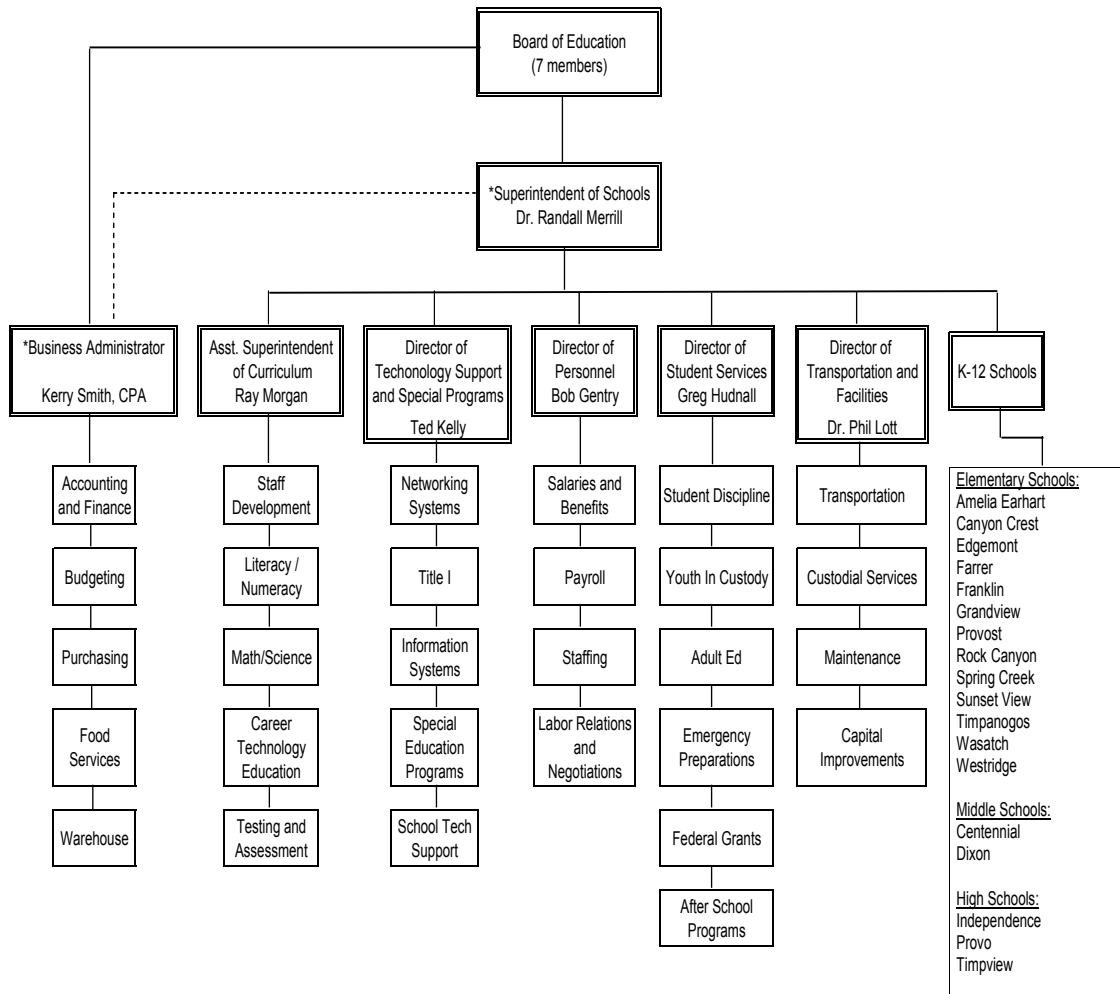
For the Fiscal Year Ended June 30, 2006

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

Executive Director

Provo City School District  
**Organizational Chart**  
 For Fiscal Year Ended June 30, 2007



\*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, 2007

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**Board of Education**

**Sue Curtis**  
Precinct 1  
Present Term: 2006 - 2010  
Initial Appointment: 2004

**Carolyn Wright**  
Precinct 2  
Present Term: 2006 - 2010  
Initial Appointment: 2002

**Richard Sheffield**  
Precinct 3  
Present Term: 2004 - 2008  
Initial Appointment: 2000

**Shannon Poulsen**  
Precinct 4  
Present Term: 2006 - 2010  
Initial Appointment: 2002

**Darryl Alder**  
Precinct 5  
Present Term: 2004 - 2008  
Initial Appointment: 2000

**Sandy Packard**  
Precinct 6  
Present Term: 2004 - 2008  
Initial Appointment: 2000

**Mary Ann Christiansen**  
Precinct 7  
Present Term: 2004 - 2008  
Initial Appointment: 2004

**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

**Mark Holley**  
Financial Analyst

**Jenilee McComb**  
Director of Food Services

**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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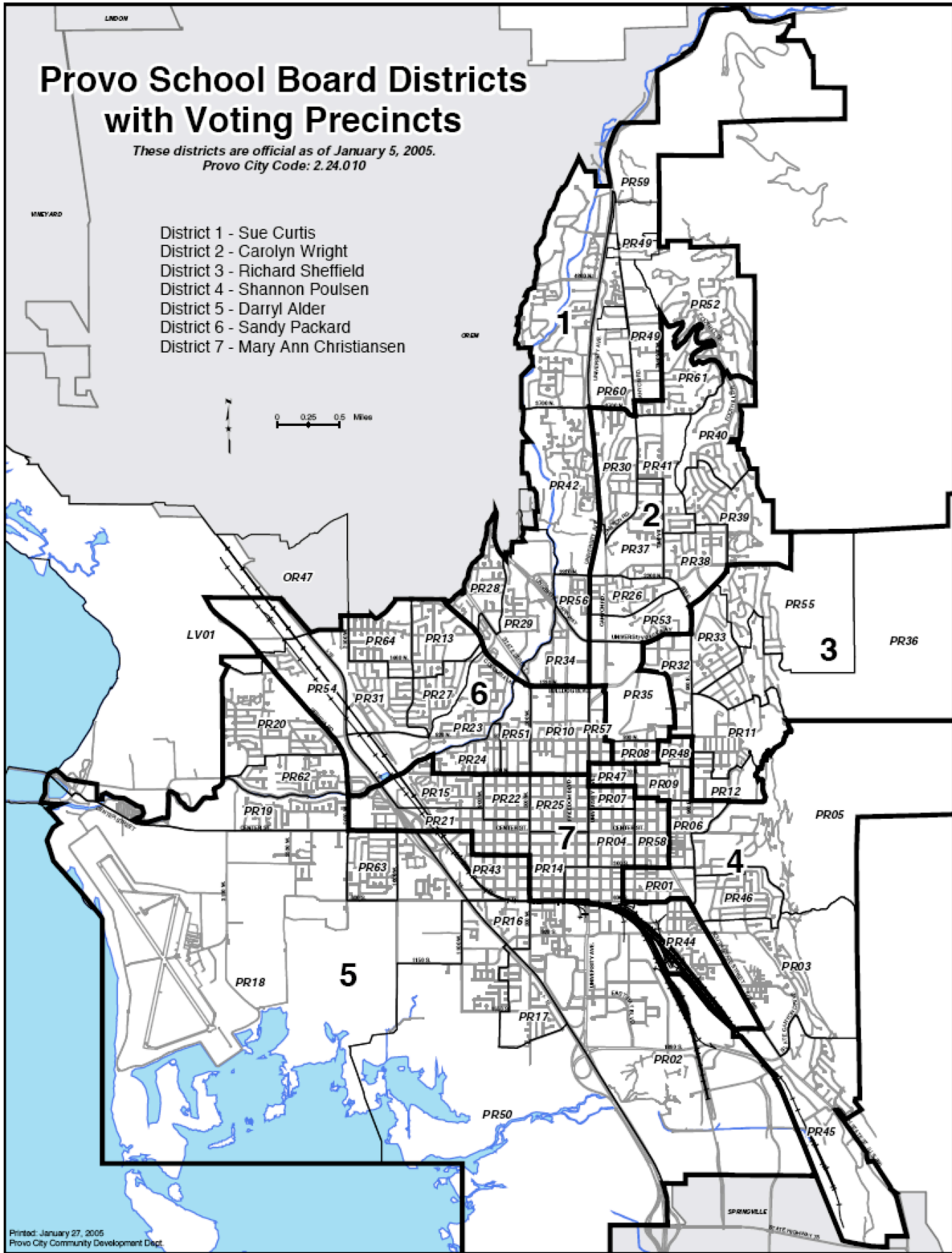
The term of office for Board members is four years, beginning on the first Monday in January following the November election.

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 - 28)**

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 30 - 55)**

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 - 79)**

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, 2007, 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, 2007, 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.

Confiderus Group, Inc.  
A Strategic Professional Alliance

*Members:*

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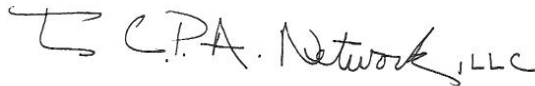
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560 SOUTH 100 WEST, SUITE 12, PROVO, UT 84601  
(801) 375-2969 • FAX (801) 375-2954

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2007, 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 28, 69, 71, 73, and 75) 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.

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

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

September 10, 2007

# Management's Discussion and Analysis

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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, 2007. 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 continues to improve.** 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, 2007:

- **Government-Wide Net Assets.** The District's total net assets exceeded liabilities by \$44.2 million at the close of fiscal year 2007.
- **Government-Wide Financial Progress (full-accrual basis of accounting):** During the year, expenses were \$3.4 million less than the \$95.9 million generated in taxes and other revenues for governmental activities. The \$3.4 million positive increase in net assets is less than the \$12.4 million positive increase in net assets for the year ended June 30, 2006.
- **Governmental Fund Financial Progress (modified-accrual basis of accounting):** During the year ended June 30, 2007, the combined fund balance increased by \$27.7 million. The \$27.7 million fund balance increase is greater than the \$3.3 million fund balance increase for fiscal year ended June 30, 2006.
  - The District's capital projects fund makes up the largest portion of the overall total fund balance increase among all governmental funds. The capital projects fund balance increased by \$26.6 million. The increase is largely due to unspent bond proceeds of \$21 million.
- **Capital Lease Obligation.** During fiscal year 2006, 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 four principal payments of \$200,000 leaving the final payment of \$.2 million due in July 2007.
- **District Master Plan** - The capstone to the District Master Plan, adopted in November 2004, was a June 27, 2006 election in which 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. General obligation bonds for the full \$35,000,000 were issued during fiscal year 2007. The district spent \$14.0 million on bond projects in 2007.

## 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, expendi-



tures, 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 32 to 36 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 37 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 38 to 55 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 79 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 \$44.2 million at the close of the most recent fiscal year.

Net assets of the District's governmental activities increased 9.6% to \$44.2 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 (-4.9% of total net assets) are a \$2.2 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, 2007.

The largest portion of the District's net assets (72.9%) reflects fund balances reserved for capital projects. The District must use these funds for capital projects, these assets are *not* available for other types of spending. It should be noted that \$21.0 million of the capital projects fund balances represent unspent bond proceeds.

An additional portion of the District's net assets (32.0%) represents resources that are subject to external restrictions on how they may be used. Net assets invested in capital assets, restricted net assets for debt service and food services constitute \$14.2 million of restricted net assets.

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

	Governmental activities		
	2007	2006	Change from 2006
Current and other assets	\$ 74.5	\$ 42.8	\$ 31.7
Capital assets	72.9	60.0	12.9
Total assets	147.4	102.8	44.6
Other liabilities	31.0	21.8	9.2
Long-term liabilities outstanding	72.2	40.7	31.5
Total liabilities	103.2	62.5	40.7
Net assets:			
Invested in capital assets, net of related debt	8.8	28.4	(19.6)
Restricted	37.6	13.1	24.5
Unrestricted	(2.2)	(1.2)	(1.0)
Total net assets	<u>\$ 44.2</u>	<u>\$ 40.3</u>	<u>\$ 3.5</u>

**B. Changes in Net Assets – Governmental Activities**

The District's total net assets increased by \$3.4 million during the current year. Of the \$3.4 million increase in total net assets, unrestricted net assets decreased by \$.9 million. Restricted net assets increased by \$3.9 million during the year ended June 30, 2007.

The District's total revenues were comparable with prior year's at \$95.9 million. Total federal and state aid make up 68.0% of the District's revenues; property taxes generated 27.5% of the District's revenues. Revenues from operating grants and contributions remained constant with the prior year at \$33.9 million.

As compared to the prior year, the total cost of all programs and services increased by 9.8% to \$92.6 million. Instruction and support services (including food services) were 67.0% and 33.0%, respectively, of the District's expenses. Increases in expenses were primarily due to capital outlay, including equipment for instructional services.

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 6.0% during the year ended June 30, 2007 (\$2,417 during 2007 as compared to \$2,280 in 2006).

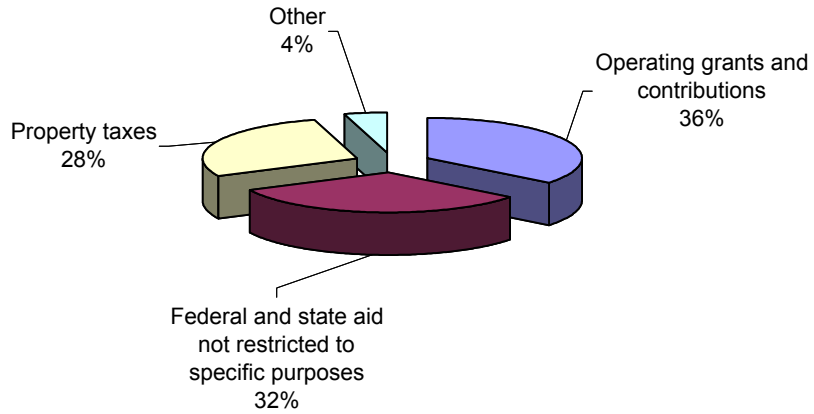


PROVO CITY SCHOOL DISTRICT'S Changes in Net Assets  
(in millions of dollars)

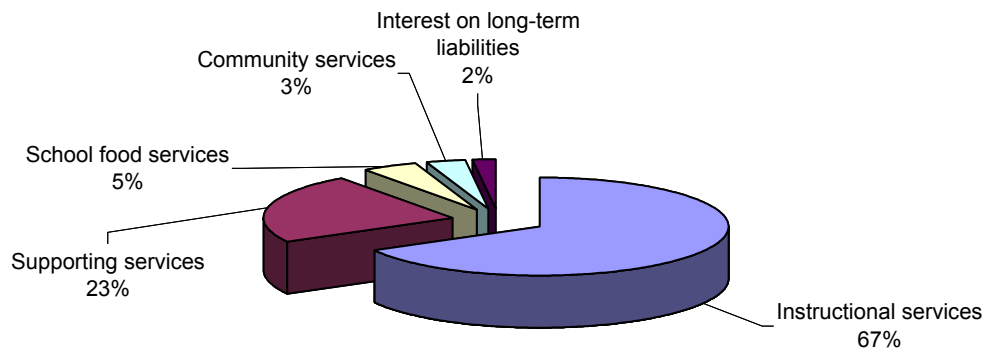
	Governmental activities		
	2007	2006	Change from 2006
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1.4	\$ 1.7	\$ (0.3)
Operating grants and contributions	34.0	35.6	(1.6)
General revenues:			
Property taxes	26.6	24.7	1.9
Federal and state aid not restricted to specific purposes	31.1	26.9	4.2
Earnings on investments	1.7	0.7	1.0
Miscellaneous	1.1	7.1	(6.0)
Total revenues	95.9	96.7	(0.8)
<b>Expenses:</b>			
Instructional services	62.1	56.2	5.9
Supporting services:			
Students	3.6	3.2	0.4
Instructional staff	2.1	2.0	0.1
District administration	1.5	1.5	-
School administration	4.5	4.3	0.2
Business	1.2	1.2	-
Operation and maintenance of facilities	4.1	4.2	(0.1)
Transportation	2.5	2.1	0.4
Other	1.8	1.1	0.7
School food services	4.3	3.9	0.4
Community services	3.1	3.1	-
Interest on long-term liabilities	1.8	1.5	0.3
Total expenses	92.6	84.3	8.3
<b>Changes in net assets</b>	3.3	12.4	(9.1)
<b>Net assets, beginning</b>	40.8	28.4	12.4
<b>Net assets, ending</b>	\$ 44.2	\$ 40.8	\$ 3.3

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, 2007**



**Expenses by Function - Governmental Activities  
Year Ended June 30, 2007**



## Governmental Fund Financial Analysis (modified-accrual basis of accounting)

### 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 \$41.8 million, which is \$27.7 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 *Capital Projects Fund* makes up the largest portion of the overall total fund balance increase among all governmental funds. The capital projects fund balance increased by \$26.6 million as compared to a \$1.8 million increase in the prior year. The primary reason for this change in fund balance is due unspent bond proceeds in the amount of \$21.0 million.
- The District's *General* fund balance decreased by \$.3 million as compared to a \$1.8 million increase in the previous year. The District planned a decrease to provide a substantial accrual for OPEB liabilities.
- The District's Non K-12 Instruction fund increased by \$211 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 \$110.2 million, an increase of \$22.2 million during the current fiscal year. The increase is primarily due to ongoing capital projects and an accrual of OPEB liabilities.

- General fund salaries totaled \$45.4 million as compared to \$43.7 million in the previous year. Associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) totaled \$21.8 as compared to \$16.6 million in the previous year, the increase in 2007 is attributed to the accrual of the OPEB liability.

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. In addition, unspent bond proceeds are held in an interest bearing account until the funds are expended.
- *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>2007</u>	<u>2006</u>
Property taxes	\$ 26,614,167	\$ 24,691,855
Tuitions	129,555	252,850
Transportation fees	111,387	105,080
Earnings on investments	1,721,041	734,136
Food Services	1,161,596	1,082,502
Contributions	344,501	296,456
Other revenues from local sources	2,021,762	1,128,941
	<u>\$ 32,104,009</u>	<u>\$ 28,291,820</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 \$1.4 million in total general fund revenues and an increase of \$1.9 million in expenditures. The most significant budget changes may be summarized as follows:

- *State Revenues*: State Revenues have increased \$900,000. Over \$700,000 of this increase was in regular education, and \$130,000 came from the enrollment growth program.
- *Earnings on Investments*: Earnings on investments increased \$750,000 dollars. The increase is primarily due to earnings on bond proceeds, as well as timely federal award draw-downs and higher interest rates.

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

The general fund final year to date results did not have any *significant* variances from the final approved budget.

## 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, 2007 and 2006 are outlined below:

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

	Governmental activities		Total Change 2007-2006
	2007	2006	
School sites (land)	\$ 6.2	\$ 6.2	\$ -
Works of art	0.4	0.4	-
Construction in progress	13.1	.0	13.1
Buildings	48.2	48.8	(.6)
Furniture & equipment	4.9	4.6	.3
Total capital assets	<u>\$ 72.7</u>	<u>\$ 60.0</u>	<u>\$ 12.7</u>

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

- Beginning of construction on a new elementary school in the Lakeview neighborhood.
- The demolition of Timpanogos Elementary in June 2007 to ready the site for new construction.
- Construction at a cost \$15.2 million, was for Master Plan related renovations and Board approved improvements.

Additional information regarding the District's capital assets can be found in Note 5 to the basic financial statements.

## 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, 2007 is \$229.4 million. General obligation debt at June 30, 2007 is \$63.4 million, resulting in a legal debt margin of \$166.0 million. As part of a voter approved initiative, the District sold \$35 million in government obligation bonds during the 2006-07 fiscal year.

### PROVO CITY SCHOOL DISTRICT'S Outstanding General Obligation Debt

	Governmental Activities		Total Change 2007-2006
	2007	2006	
General obligation bonds	\$ 63.4	\$ 31.0	\$32.4

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.

# *Basic Financial Statements*

*Financial Section*

# PROVO CITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2007

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 50,265,625
Receivables:	
Property taxes	20,690,000
Other local	142,625
State	75,348
Federal	2,709,098
Inventories	257,265
Bond issuance costs, net of accumulated amortization	398,892
Capital assets:	
Land, construction in progress, and works of art	19,749,200
Buildings and equipment, net accumulated depreciation	<u>53,111,274</u>
Total assets	147,399,326
<b>Liabilities:</b>	
Accounts payable	4,741,970
Accrued interest payable	175,822
Payroll and related payables	7,071,982
Due to other governments or nonprofit organizations	12,000
Deferred revenue:	
Property taxes	18,849,716
Other local	34,740
State	-
Federal	118,452
Noncurrent liabilities:	
Portion due or payable within one year	6,386,343
Portion due or payable after one year	<u>65,782,889</u>
Total liabilities	103,173,914
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	29,397,536
Restricted for:	
Debt service	2,252,802
Capital projects	11,606,449
Non K-12 instruction	537,391
Supplemental programs	206,592
School food services	1,980,678
Provo City School District Foundation for Excellence	444,819
Unrestricted	<u>(2,200,854)</u>
Total net assets	<u>\$ 44,225,412</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, 2007

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
<b>Governmental activities:</b>				
Instructional services	\$ 62,074,020	\$ 132,015	\$ 23,999,116	\$ (37,942,889)
Supporting services:				
Students	3,575,643	-	2,303,521	(1,272,122)
Instructional staff	2,074,350	-	514,125	(1,560,225)
District administration	1,515,876	-	237,329	(1,278,547)
School administration	4,514,003	-	287,994	(4,226,009)
Business	1,213,819	-	62,378	(1,151,441)
Operation and maintenance of facilities	4,062,566	-	-	(4,062,566)
Transportation	2,480,134	111,387	1,468,317	(900,430)
Other	1,762,840	-	2,177	(1,760,663)
School food services	4,340,954	1,161,596	3,167,863	(11,495)
Community services	3,098,668	-	1,904,807	(1,193,861)
Interest on long-term liabilities	1,878,214	-	-	(1,878,214)
<b>Total school district</b>	<b>\$ 92,591,087</b>	<b>\$ 1,404,998</b>	<b>\$ 33,947,628</b>	<b>(57,238,461)</b>
<b>General Revenues:</b>				
Property taxes levied for:				
Basic state supported program for regular K-12 instruction				6,559,373
Voted leeway for regular K-12 instruction				4,476,826
School board leeway for class size reduction				1,731,848
Special transportation				489,247
Tort liability				307,403
Community recreation				1,307,545
Debt service of general obligation bonds				5,199,872
Capital outlay for buildings and other capital needs				1,883,384
Ten percent of basic for construction, textbooks, and supplies				4,658,670
Federal and state aid not restricted to specific purposes				31,124,777
Earnings on investments				1,721,041
Miscellaneous				1,141,763
Total general revenues				<u>60,601,749</u>
Changes in net assets				3,363,288
<b>Net assets - beginning</b>				<u>40,862,124</u>
<b>Net assets - ending</b>				<u>\$ 44,225,412</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, 2007

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
<b>Assets:</b>					
Cash and investments	\$ 11,348,019	\$ 1,508,242	\$ 34,453,008	\$ 2,956,355	\$ 50,265,625
Receivables:					
Property taxes	10,585,190	3,318,797	6,104,919	681,094	20,690,000
Other local	142,625	-	-	-	142,625
State	-	-	-	75,348	75,348
Federal	2,511,226	-	-	197,872	2,709,098
Due from other funds	-	-	-	-	-
Inventories	69,302	-	-	187,962	257,265
Total assets	<u>\$ 24,656,362</u>	<u>\$ 4,827,039</u>	<u>\$ 40,557,927</u>	<u>\$ 4,098,631</u>	<u>\$ 74,139,960</u>
<b>Liabilities and fund balances:</b>					
Liabilities:					
Accounts payable	\$ 1,952,484	\$ -	\$ 2,580,224	\$ 209,262	\$ 4,741,970
Payroll and related payables	6,874,408	-	24,648	172,926	7,071,982
Due to other funds	12,000	-	-	-	12,000
Deferred revenue:					
Property taxes	10,941,823	3,119,671	5,705,632	611,289	20,378,415
Other local	34,740	-	-	-	34,740
State	-	-	-	-	-
Federal	107,674	-	-	10,778	118,452
Total liabilities	<u>19,923,129</u>	<u>3,119,671</u>	<u>8,310,504</u>	<u>1,004,255</u>	<u>32,357,559</u>
Fund Balances:					
Reserved for:					
Inventories	69,302	-	-	187,962	257,264
Capital projects	-	-	20,983,060	-	20,983,060
Other restricted programs	1,062,492	-	-	149,077	1,211,569
Unreserved, undesignated	3,601,439	1,707,368	11,264,364	-	16,573,171
Unreserved, undesignated reported in nonmajor special revenue funds:					
Non K-12 instruction	-	-	-	313,210	313,210
Supplemental programs	-	-	-	206,592	206,592
School food services	-	-	-	1,792,716	1,792,716
Provo City School District Foundation for Excellence	-	-	-	444,819	444,819
Total fund balances	<u>4,733,233</u>	<u>1,707,368</u>	<u>32,247,424</u>	<u>3,094,376</u>	<u>41,782,401</u>
Total liabilities and fund balances	<u>\$ 24,656,362</u>	<u>\$ 4,827,039</u>	<u>\$ 40,557,927</u>	<u>\$ 4,098,631</u>	<u>\$ 74,139,960</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, 2007

**Total fund balances for governmental funds** \$ 41,782,401

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	13,164,722	
Works of art	356,150	
Buildings and improvements, net \$34,243,266 accumulated depreciation	48,234,666	
Furniture and equipment, net \$6,069,807 accumulated depreciation	4,876,608	72,860,474

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. 1,528,699

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (175,822)

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 \$528,265 and accumulated amortization is \$129,373. 398,892

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	(63,351,000)	
Deferred amounts on refunding, net	830,260	
Deferred amounts for bond premiums, net	(1,572,531)	
Lease revenue bonds payable	(10,000)	
Obligations under capital leases	(352,727)	
Vacation payable	(646,471)	
Early retirement payable	(7,066,763)	(72,169,232)

**Total net assets of governmental activities** \$ 44,225,412

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, 2007

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>		
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 13,473,520	\$ 5,000,512	\$ 6,802,421	\$ 1,337,715	\$ 26,614,167
Contributions	-	-	-	344,501	344,501
Food service sales	-	-	-	1,161,596	1,161,596
Interest	1,398,408	-	307,012	15,622	1,721,041
Other local	1,433,239	-	5,555	823,910	2,262,704
State	49,313,718	-	-	3,328,295	52,642,013
Federal	8,600,968	-	-	3,484,924	12,085,892
Total revenues	<u>74,219,853</u>	<u>5,000,512</u>	<u>7,114,988</u>	<u>10,496,562</u>	<u>96,831,914</u>
<b>Expenditures:</b>					
Current:					
Instructional services	57,792,894	-	25,967	1,251,144	59,070,005
Supporting services:					
Students	3,208,542	-	-	244,309	3,452,851
Instructional staff	2,053,435	-	-	-	2,053,435
District administration	1,489,474	-	-	-	1,489,474
School administration	4,485,853	-	-	-	4,485,853
Business	1,094,542	-	-	-	1,094,542
Operations and maintenance of facilities	1,335,633	-	2,710,225	-	4,045,858
Transportation	2,203,890	-	-	-	2,203,890
Other	880,260	-	-	2,144,624	3,024,884
School food services	-	-	-	4,180,570	4,180,570
Community services	-	-	-	1,770,350	1,770,350
Capital outlay	-	-	16,571,562	-	16,571,562
Debt service:					
Principal retirement	-	2,819,000	1,906,450	-	4,725,450
Bond issuance costs	-	155,417	152,888	-	308,305
Interest and fiscal charges	-	1,694,528	77,947	-	1,772,475
Total expenditures	<u>74,544,523</u>	<u>4,668,945</u>	<u>21,445,039</u>	<u>9,590,997</u>	<u>110,249,504</u>
Excess of (deficiency) revenues over (under) expenditures	<u>(324,670)</u>	<u>331,567</u>	<u>(14,330,051)</u>	<u>905,565</u>	<u>(13,417,590)</u>
<b>Other financing sources (uses):</b>					
Proceeds from sale of Capital Assets	3,955	-	5,700,000	-	5,703,955
General obligation bonds issued	-	-	35,000,000	-	35,000,000
Bond premium (discount)	-	-	244,201	-	244,201
Refunding bonds issued	-	8,220,000	-	-	8,220,000
Payment to refunded bond escrow agent	-	(8,085,000)	-	-	(8,085,000)
Total other financing sources (uses)	<u>3,955</u>	<u>135,000</u>	<u>40,944,201</u>	<u>-</u>	<u>41,083,156</u>
Net change in fund balances	<u>(320,715)</u>	<u>466,567</u>	<u>26,614,150</u>	<u>905,565</u>	<u>27,665,566</u>
<b>Fund balances - beginning</b>	<u>5,053,948</u>	<u>1,240,802</u>	<u>5,633,274</u>	<u>2,188,810</u>	<u>14,116,834</u>
<b>Fund balances - ending</b>	<u>\$ 4,733,233</u>	<u>\$ 1,707,369</u>	<u>\$ 32,247,424</u>	<u>\$ 3,094,375</u>	<u>\$ 41,782,401</u>

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, 2007

**Net change in fund balances-total governmental funds** \$ 27,665,566

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	16,921,685	
Depreciation expense - capital assets	(3,213,612)	
Proceeds on sale of assets	(3,955)	
Proceeds received on prior year sale	(5,700,000)	
Loss on disposal of assets	<u>(877,540)</u>	7,126,578

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:

Bond proceeds (includes refunding proceeds)	(43,220,000)	
Bond premium	(244,201)	
Issuance Costs	308,305	
Repayment of bond principal (includes refunded amount)	10,904,000	
Bond interest expense	(152,136)	
Amortization of deferred amounts on refunding	(86,436)	
Amortization of bond premium	132,833	
Amortization of bond issuance costs	<u>(90,880)</u>	(32,448,515)

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	161,450	
Principal payments of lease revenue bond obligation	<u>1,745,000</u>	1,906,450

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)	(83,095)	
Early retirement payable (voluntary termination benefits)	<u>(803,697)</u>	<u>(886,792)</u>

**Change in net assets of governmental activities** \$ 3,363,288

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 13,198,000	\$ 13,451,209	\$ 13,473,520	\$ 22,311
Interest	600,000	1,350,000	1,398,408	48,408
Other local	1,794,952	1,304,257	1,433,239	128,982
State	48,504,923	49,434,406	49,313,718	(120,688)
Federal	8,752,350	8,716,037	8,600,968	(115,069)
Total revenues	<u>72,850,225</u>	<u>74,255,909</u>	<u>74,219,853</u>	<u>(36,056)</u>
<b>Expenditures:</b>				
Current:				
Instructional services	55,221,140	58,133,874	57,792,894	340,980
Supporting services:				
Students	3,181,595	3,221,691	3,208,542	13,149
Instructional staff	2,221,910	2,007,834	2,053,435	(45,601)
District administration	1,516,150	1,527,417	1,489,474	37,943
School administration	5,068,889	4,368,828	4,485,853	(117,025)
Business	1,277,394	1,154,893	1,094,542	60,351
Operations and maintenance of plant	1,183,063	1,175,824	1,335,633	(159,809)
Student transportation	2,341,021	2,283,555	2,203,890	79,665
Other	830,272	909,013	880,260	28,753
Total expenditures	<u>72,841,434</u>	<u>74,782,929</u>	<u>74,544,523</u>	<u>238,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,791</u>	<u>(527,020)</u>	<u>(324,670)</u>	<u>202,350</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	-	3,955	(3,955)
Net change in fund balances	<u>8,791</u>	<u>(527,020)</u>	<u>(320,715)</u>	<u>198,395</u>
<b>Fund balances - beginning</b>	<u>5,053,948</u>	<u>5,053,948</u>	<u>5,053,948</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 5,062,739</u>	<u>\$ 4,526,928</u>	<u>\$ 4,733,233</u>	<u>\$ 198,395</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, 2007

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	<b>Agency Funds</b>
<b>Assets:</b>	
Cash and investments	\$ 2,092,279
Receivables:	
Other local	1,454,131
State	172,433
Federal	1,232,078
Total assets	\$ 4,950,921
<b>Liabilities:</b>	
Due to student organizations	\$ 1,755,501
Accounts payable	-
Payroll and related payables	-
Due to other entities	3,195,420
Total liabilities	\$ 4,950,921

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 require a truth in taxation hearing, 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 does require truth in taxation, 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, 2007, 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, and 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 those other funds directly funded the employees' related positions 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:

- *Oak Springs* - 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.
- *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 pages 77-79. The entities included in this fund are described as follows:

- *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, 2007, the District's exposure to custodial credit risk for deposits was as follows:

Depository Account	Custodial Credit Risk	Balance June 30, 2007
Regular Checking Account	Insured	\$ 48,823
Money Market	Insured and uncollateralized	118,391
		\$ 167,214



**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, 2007, the District had the following investments:

Investment	Original Maturities	Fair Value
Utah Public Treasurers' Investment Fund	57 days average	\$ 52,018,923
Repurchase Agreement	44 days average	1,706,447
		<u>\$ 53,725,370</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**

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.

As of June 30, 2007 no interfund balances exist.

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## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,228,328	\$ -	\$ -	\$ 6,228,328
Construction in progress	-	13,164,722		13,164,722
Works of art	356,150	-	-	356,150
Total capital assets, being not being depreciated	6,584,478	13,164,722	-	19,749,200
Capital assets, being depreciated :				
Buildings and improvements	81,785,050	2,049,374	(1,356,492)	82,477,932
Furniture and equipment	9,276,245	1,707,589	(37,419)	10,946,415
Total capital assets, being depreciated	91,061,295	3,756,963	(1,393,911)	93,424,347
Accumulated depreciation for:				
Buildings and improvements	(32,948,156)	(1,779,394)	484,284	(34,243,266)
Furniture and equipment	(4,663,721)	(1,434,218)	28,132	(6,069,807)
Total accumulated depreciation	(37,611,877)	(3,213,612)	512,416	(40,313,073)
Total capital assets, being depreciated, net	53,449,418	543,351	(881,495)	53,111,274
Governmental activity capital assets, net	<u>\$ 60,033,896</u>	<u>\$ 13,708,073</u>	<u>\$ (881,495)</u>	<u>\$ 72,860,474</u>

For the year ended June 30, 2007, depreciation expense was charged to functions of the District as follows:

	Furniture & Equipment	Buildings & Improvements	Total
<b>Governmental activities:</b>			
Instruction	\$ (869,797)	\$ (1,506,669)	\$ (2,376,466)
Support services:			
Students	(51,861)	(70,931)	(122,792)
Instructional staff	(20,915)	-	(20,915)
General administration	-	(26,402)	(26,402)
School administration	(3,725)	(24,425)	(28,150)
Business	(119,277)	-	(119,277)
Operation and maintenance of facilities	(16,708)	-	(16,708)
Transportation	(276,244)	-	(276,244)
School food services	(61,747)	(98,637)	(160,384)
Community services	(13,944)	(52,330)	(66,274)
Total depreciation expenses - governmental activities	<u>\$ (1,434,218)</u>	<u>\$ (1,779,394)</u>	<u>\$ (3,213,612)</u>

**6. LONG-TERM OBLIGATIONS**

**A. Changes In Long-term Obligations**

Long-term liability activity for the year ended June 30, 2007 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds payable:					
General obligation bonds	\$ 31,035,000	\$ 43,220,000	\$(10,904,000)	\$ 63,351,000	\$ 3,117,000
Deferred amounts for issuance premium	1,461,163	244,201	(132,833)	1,572,531	-
Deferred amount on refunding	(916,696)	-	86,436	(830,260)	-
Total general obligation bonds payable, net	31,579,467	43,464,201	(10,950,397)	64,093,271	3,117,000
Lease revenue bonds	1,755,000	-	(1,755,000)	-	-
Obligations under capital leases	514,177	-	(161,450)	352,727	352,727
Vacation payable	563,376	182,498	(99,403)	646,471	646,471
Early retirement payable	6,263,066	1,851,481	(1,047,784)	7,066,763	2,270,145
Total governmental activity long-term liabilities	<u>\$ 40,675,086</u>	<u>\$ 45,498,180</u>	<u>\$(14,014,034)</u>	<u>\$ 72,159,232</u>	<u>\$ 6,386,343</u>

**B. General Obligation Bonds Payable**

Bonds payable at June 30, 2007, 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
1998 Series G.O. Refunding Bonds	Bond Refunding	4,950,000	3.40% to 4.15%	June 15, 2013	2,815,000
2004 Series G.O. Refunding Bonds	Bond Refunding	18,690,000	2.0% to 5.0 %	June 15, 2017	17,795,000
2006 Series G.O. Bonds	School Building	9,400,000	4%	June 15, 2026	9,000,000
2007A Series G.O. Refunding Bonds	Bond Refunding	8,220,000	3.807%	June 15, 2015	8,141,000
2007B Series G.O. Bonds	School Building	25,600,000	4.00% to 4.50%	June 15, 2027	25,600,000
Total General Obligation Bonds Payable as of June 30, 2007					<u>\$ 63,351,000</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
2008	3,117,000	2,767,273	5,884,273
2009	3,850,000	2,565,403	6,415,403
2010	4,016,000	2,402,449	6,418,449
2011	4,186,000	2,232,035	6,418,035
2012	4,339,000	2,078,522	6,417,522
2013-2017	23,043,000	7,492,026	30,535,026
2018-2022	9,675,000	3,631,938	13,306,938
2023-2027	11,125,000	1,384,750	12,509,750
	<u>\$ 63,351,000</u>	<u>\$ 24,554,395</u>	<u>\$ 87,905,395</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, 2007 are as follows:

Year Ending June 30	Principal	Interest	Capital Projects Fund
2008	\$ 169,925	\$ 8,919	\$ 178,844
	Total Minimum Lease Payments		178,844
	Amount Representing Interest		(8,919)
	Present Value of Minimum Lease Payments		<u>\$ 169,925</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. The lease was extended in 2006 for two additional years. Annual payments are typically financed through the District's capital projects fund, and future minimum lease payments at June 30, 2007 are as follows:

Year Ending June 30	Principal	Interest	Capital Projects Fund
2008	\$ 182,803	\$ 16,920	\$ 199,722
	Total Minimum Lease Payments		199,722
	Amount Representing Interest		(16,920)
	Present Value of Minimum Lease Payments		<u>\$ 182,803</u>

**D. 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
2008	3,469,727	2,793,112	6,262,839
2009	3,850,000	2,565,403	6,415,403
2010	4,016,000	2,402,449	6,418,449
2011	4,186,000	2,232,035	6,418,035
2012	4,339,000	2,078,522	6,417,522
2013-2017	23,043,000	7,492,026	30,535,026
2018-2022	9,675,000	3,631,938	13,306,938
2023-2027	11,125,000	1,384,750	12,509,750
	<u>\$ 63,703,727</u>	<u>\$ 24,580,234</u>	<u>\$ 88,283,961</u>

**E. Government Obligation Bond Issuance**

On March 20, 2007, District issued \$8,220,000 of general obligation bonds for a current refunding of \$8,085,000 in prior government obligation bonds. The refunding resulted in a net present value savings of \$352,700. Related deferred amounts are report in part A of this note.

The Distirct also issued at total of \$35,000,000 in general obligation bonds during the fiscal year. These bonds were issued for construction and renovation projects related to the District master plan. Related informtation is reported in part B of this note.

**7. 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, 2007, 2006, and 2005 were \$124,854, \$138,155, and \$142,061, respectively, and for the Noncontributory Retirement System the contributions for June 30, 2007, 2006, and 2005 were \$6,562,984, \$6,049,604, and \$6,110,398, 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, 2007, 2006, and 2005 were \$859,649, \$836,976, and \$822,504, respectively; the employee contributions for years ended June 30, 2007, 2006, and 2005 were \$920,662, \$835,983, and \$817,263, 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 \$80,198 for the year ended June 30, 2007. The assets of the plan are administered and held by URS and a third-party administrator.

### **C. Early Retirement Incentive and Post Employment Health care Benefit Obligation**

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 2007 were \$2,168,530. 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.

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. The District contributed \$634,224 for retiree benefits during fiscal year 2007.

An actuarial study was completed as of July 1, 2006 that reflects an accrued liability of \$13,077,003 for the lifetime Medicare supplement and \$8,910,541 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, and an accrued liability of \$12,038,559 for the stipend payments. The annual recommended contribution (assuming 30 year amortization) was reported to be \$2,977,110.

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

## **8. 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 10, 2007, the District had not received any notification from any grant providing agency or government identifying any noncompliance liabilities associated with past District grant awards.

## 9. 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 operational budget adopted by the Board. 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.

## 10. 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.

## 11. SUBSEQUENT EVENTS

The District has negotiated additional post retirement options for employees with 20 years of service, and those with 12-19 years of service as of September 1, 2007. Those employees with 20 years of service at September 1, 2007, may qualify for a five year retirement stipend, and eight years of fixed medical payments. Employees with 12-19 years of service at September 1, 2007, may qualify to receive their benefit in a one time, pro-rated, lump sum payment (in doing so the employee forfeits their future medical benefits). Benefits vary based upon years of service, position on salary schedule, and employee classification.

## 12. COMMITMENTS

The District has two schools under construction, with an anticipated total cost of \$22.3 million. As of June 30, 2007, \$6.2 million was spent on these buildings and associated costs. The District anticipates spending \$14.4 million on these projects in fiscal year 2008. The reservation of fund balance for capital projects in the Capital Projects Fund at June 30, 2007, is \$20.9 million, which will be used for the two buildings as well as additional capital projects.

## 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, 2007, 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, 2007, 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, 2007, 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, 2007 and 2006 are listed as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims at beginning of year	\$ -	\$ -
Incurred & Paid claims	<u>27,872</u>	<u>93,539</u>
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 2007, Provo City School District remitted \$136,440 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	\$0
Transportation to and from school	General Fund	58,835
Special education	General Fund	553,423
Special education	Non K-12 instruction	63,582
Adult education	Non K-12 instruction	85,495
At-risk program	General Fund	37,147
Advanced placement	General Fund	4,871
Gifted and talented	General Fund	28,433
Concurrent enrollment	General Fund	176,248
Highly impacted schools	General Fund	6,501
Pilot Programs	General Fund	81
Math/science teacher recruitment	General Fund	5,277
Youth in Custody	General Fund	520
Special transportation levy	General Fund	123,559
Tort liability	General Fund	<u>67,597</u>
Total other restricted programs residual balances		<u><u>\$1,211,569</u></u>

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# *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, 2007  
 With Comparative Totals for 2006

	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Cash and investments	\$ 11,348,019	\$ 3,825,845
Receivables:		
Property taxes	10,585,190	10,057,405
Local	142,625	152,343
State	-	-
Federal	2,511,226	4,036,946
Due from other funds	-	-
Inventories	69,302	66,448
Total assets	<u>\$ 24,656,362</u>	<u>\$ 18,138,987</u>
<b>Liabilities and fund balances:</b>		
Liabilities:		
Accounts payable	\$ 1,952,484	\$ 1,585,321
Payroll and related payables	6,874,408	1,152,467
Due to other funds	12,000	-
Deferred revenue:		
Property taxes	10,941,823	10,293,535
Other local	34,740	34,740
State	-	-
Federal	107,674	18,976
Total liabilities	<u>19,923,129</u>	<u>13,085,039</u>
Fund balances:		
Reserved for:		
Inventories	69,302	66,448
Other restricted programs	1,062,492	1,711,188
Unreserved, undesignated	3,601,439	3,276,312
Total fund balances	<u>4,733,233</u>	<u>5,053,948</u>
Total liabilities and fund balances	<u>\$ 24,656,362</u>	<u>\$ 18,138,987</u>

**PROVO CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
*General Fund*  
Year Ended June 30, 2007  
With Comparative Totals for 2006

	<u>2007</u>			<u>2006</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>			
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 13,198,000	\$ 13,451,209	\$ 13,473,520	\$ 22,311	\$ 12,801,543
Interest	600,000	1,350,000	1,398,408	48,408	729,013
Other local	1,794,952	1,304,257	1,433,239	128,982	1,360,680
State	48,504,923	49,434,406	49,313,718	(120,688)	46,639,740
Federal	8,752,350	8,716,037	8,600,968	(115,069)	8,379,546
Total revenues	<u>72,850,225</u>	<u>74,255,909</u>	<u>74,219,853</u>	<u>(36,056)</u>	<u>69,910,522</u>
<b>Expenditures:</b>					
Salaries	45,990,275	45,451,234	45,384,029	67,205	43,689,456
Employee benefits	18,755,160	21,482,509	21,819,070	(336,561)	16,634,036
Purchased services	3,115,432	2,949,393	2,946,791	2,602	3,318,309
Supplies	4,114,528	3,920,671	3,568,412	352,259	3,722,083
Property	1,373,823	1,367,594	1,249,787	117,807	1,232,122
Other	(507,784)	(388,472)	(423,567)	35,095	(527,235)
Total expenditures	<u>72,841,434</u>	<u>74,782,929</u>	<u>74,544,523</u>	<u>238,406</u>	<u>68,068,771</u>
Excess of revenues over (under) expenditures	<u>8,791</u>	<u>(527,020)</u>	<u>(324,670)</u>	<u>202,350</u>	<u>1,841,751</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets	-	-	3,955	3,955	-
Net change in fund balances	8,791	(527,020)	(320,715)	206,305	1,841,751
<b>Fund balances - beginning</b>	<u>5,053,948</u>	<u>5,053,948</u>	<u>5,053,948</u>	<u>-</u>	<u>3,212,197</u>
<b>Fund balances - ending</b>	<u>\$ 5,062,739</u>	<u>\$ 4,526,928</u>	<u>\$ 4,733,233</u>	<u>\$ 206,305</u>	<u>\$ 5,053,948</u>

**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**  
*Debt Service Fund*  
 June 30, 2007  
 With Comparative Totals for 2006

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	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Cash and investments	\$ 1,508,242	\$ 1,068,302
Receivables:		
Property taxes	<u>3,318,797</u>	<u>3,166,259</u>
Total assets	<u>\$ 4,827,039</u>	<u>\$ 4,234,561</u>
 <b>Liabilities and fund balances:</b>		
Liabilities:		
Deferred revenue:		
Property taxes	<u>\$ 3,119,671</u>	<u>\$ 2,993,759</u>
Total liabilities	<u>3,119,671</u>	<u>2,993,759</u>
 Fund Balances:		
Unreserved, undesignated	<u>1,707,368</u>	<u>1,240,802</u>
Total fund balances	<u>1,707,368</u>	<u>1,240,802</u>
 Total liabilities and fund balances	<u>\$ 4,827,039</u>	<u>\$ 4,234,561</u>

**PROVO CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
*Debt Service Fund*  
 Year Ended June 30, 2007  
 With Comparative Totals for 2006

	2007			Variance with Final Budget - Positive (Negative)	2006
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 4,919,000	\$ 5,022,121	\$ 5,000,512	\$ (21,609)	\$ 4,044,078
Interest	-	-	-	-	-
Total revenues	<u>4,919,000</u>	<u>5,022,121</u>	<u>5,000,512</u>	<u>(21,609)</u>	<u>4,044,078</u>
<b>Expenditures:</b>					
Debt service:					
Principal retirement	2,653,000	2,788,000	2,819,000	(31,000)	2,235,000
Bond issuance costs	-	-	155,417	(155,417)	-
Interest and fiscal charges	1,933,000	1,933,000	1,694,528	238,472	1,543,104
Total expenditures	<u>4,586,000</u>	<u>4,721,000</u>	<u>4,668,945</u>	<u>52,055</u>	<u>3,778,104</u>
Excess of revenues over (under) expenditures	<u>333,000</u>	<u>301,121</u>	<u>331,567</u>	<u>30,446</u>	<u>265,974</u>
<b>Other financing sources (uses):</b>					
Refunding bonds issued	-	8,220,000	8,220,000	-	-
Payment to refunded bond escrow ag	-	(8,085,000)	(8,085,000)	-	-
Total other financing sources	<u>-</u>	<u>135,000</u>	<u>135,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>333,000</u>	<u>436,121</u>	<u>466,567</u>	<u>30,446</u>	<u>265,974</u>
<b>Fund balances - beginning</b>	<u>1,240,802</u>	<u>1,240,802</u>	<u>1,240,802</u>	<u>-</u>	<u>974,828</u>
<b>Fund balances - ending</b>	<u>\$ 1,573,802</u>	<u>\$ 1,676,923</u>	<u>\$ 1,707,369</u>	<u>\$ 30,446</u>	<u>\$ 1,240,802</u>

**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**  
*Capital Projects Fund*  
 June 30, 2007  
 With Comparative Totals for 2006

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	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Cash and investments	\$ 34,453,008	\$ 5,573,585
Receivables:		
Note Receivable	-	5,700,000
Property taxes	<u>6,104,919</u>	<u>5,824,532</u>
Total assets	<u><u>\$ 40,557,927</u></u>	<u><u>\$ 17,098,117</u></u>
<b>Liabilities and fund balances:</b>		
Liabilities:		
Accounts payable	\$ 2,580,224	\$ 241,714
Payroll and related payables	24,648	21,585
Deferred revenue:		
Other Local	-	5,700,000
Property taxes	<u>5,705,632</u>	<u>5,501,544</u>
Total liabilities	<u>8,310,504</u>	<u>11,464,843</u>
Fund balances:		
Reserved for:		
Capital projects	20,983,060	-
Unreserved, undesignated	<u>11,264,364</u>	<u>5,633,274</u>
Total fund balances	<u>32,247,424</u>	<u>5,633,274</u>
Total liabilities and fund balances	<u><u>\$ 40,557,927</u></u>	<u><u>\$ 17,098,117</u></u>



**PROVO CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
*Capital Projects Fund*  
 Year Ended June 30, 2007  
 With Comparative Totals for 2006

	2007			2006	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 6,661,000	\$ 6,790,738	\$ 6,802,421	\$ 11,683	\$ 6,556,000
Interest	30,000	295,000	307,012	12,012	-
Other local	217,000	167,000	5,555	(161,445)	10,307
State sources	-	-	-	-	34,896
Total revenues	6,908,000	7,252,738	7,114,988	(137,750)	6,601,203
<b>Expenditures:</b>					
Current:					
Salaries	999,824	1,020,537	1,056,381	(35,844)	960,036
Employee benefits	358,223	322,106	328,222	(6,116)	324,732
Purchased services	1,075,726	13,656,163	13,660,514	(4,351)	986,794
Supplies	2,657,605	2,445,600	2,509,622	(64,022)	2,324,299
Property	9,387,725	1,659,108	1,753,014	(93,906)	1,319,939
Other	-	-	-	-	44,407
Debt service:					
Principal retirement	2,270,500	2,270,500	1,906,450	364,050	729,414
Interest and fiscal charges	132,000	132,000	230,835	(98,835)	168,504
Total expenditures	16,881,603	21,506,014	21,445,038	60,976	6,858,125
Excess of revenues over (under) expenditures	(9,973,603)	(14,253,276)	(14,330,051)	(76,775)	(256,922)
<b>Other financing sources (uses):</b>					
Proceeds from sale of school	5,700,000	5,700,000	5,700,000	-	770,801
Obligations under capital leases	-	-	-	-	91,833
General obligation bonds issued	9,400,000	35,000,000	35,000,000	-	-
Bond premium (discount)	(142,150)	(333,150)	244,201	577,351	-
Total other financing sources (uses)	14,957,850	40,366,850	40,944,201	577,351	862,634
Net change in fund balances	4,984,247	26,113,574	26,614,150	500,576	605,712
<b>Fund balances - beginning</b>	5,633,274	5,633,274	5,633,274	-	5,027,562
<b>Fund balances - ending</b>	\$ 10,617,521	\$ 31,746,848	\$ 32,247,424	\$ 500,576	\$ 5,633,274

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## *Nonmajor Governmental Funds*

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<b>Non K-12 Instruction Fund</b>	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.
<b>Supplemental Programs Fund</b>	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.
<b>Food Services Fund</b>	This special revenue fund accounts for the restricted funding sources and operations of the school lunch and breakfast programs.
<b>Foundation for Excellence</b>	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, 2007

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>Non K-12 Instruction</b>	<b>Supplemental Programs</b>	<b>School Food Services</b>	<b>Provo City School District Foundation for Excellence</b>	
<b>Assets:</b>					
Cash and investments	\$ 507,870	\$ 193,413	\$ 1,810,253	\$ 444,819	\$ 2,956,355
Receivables:					
Property taxes	681,094	-	-	-	681,094
Other local	-	-	-	-	-
State	67,914	7,434	-	-	75,348
Federal	45,810	96,192	55,870	-	197,872
Due from other funds	-	-	-	-	-
Inventories	-	-	187,962	-	187,962
<b>Total assets</b>	<b>\$ 1,302,688</b>	<b>\$ 297,039</b>	<b>\$ 2,054,085</b>	<b>\$ 444,819</b>	<b>\$ 4,098,631</b>
<b>Liabilities and fund balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 155,040	\$ 4,809	\$ 49,413	\$ -	\$ 209,262
Payroll and related payables	74,072	74,860	23,994	-	172,926
Due to other funds	-	-	-	-	-
Deferred revenue:					
Property taxes	611,289	-	-	-	611,289
Other local	-	-	-	-	-
State	-	-	-	-	-
Federal	-	10,778	-	-	10,778
<b>Total liabilities</b>	<b>840,401</b>	<b>90,447</b>	<b>73,407</b>	<b>-</b>	<b>1,004,255</b>
<b>Fund balances:</b>					
Reserved for:					
Inventories	-	-	187,962	-	187,962
Other restricted programs	149,077	-	-	-	149,077
Unreserved, undesignated	313,210	206,592	1,792,716	444,819	2,757,337
<b>Total fund balances</b>	<b>462,287</b>	<b>206,592</b>	<b>1,980,678</b>	<b>444,819</b>	<b>3,094,376</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,302,688</b>	<b>\$ 297,039</b>	<b>\$ 2,054,085</b>	<b>\$ 444,819</b>	<b>\$ 4,098,631</b>

**PROVO CITY SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2007

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>Non K-12 Instruction</b>	<b>Supplemental Programs</b>	<b>School Food Services</b>	<b>Provo City School District Foundation for Excellence</b>	
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 1,337,715	\$ -	\$ -	\$ -	\$ 1,337,715
Contributions	-	-	-	344,501	344,501
Food service sales	-	-	1,161,596	-	1,161,596
Interest	-	-	-	15,622	15,622
Other local	96,878	416,577	309,726	730	823,910
State	1,508,941	1,281,916	537,438	-	3,328,295
Federal	300,220	554,279	2,630,425	-	3,484,924
Total revenues	<u>3,243,753</u>	<u>2,252,771</u>	<u>4,639,185</u>	<u>360,852</u>	<u>10,496,562</u>
<b>Expenditures:</b>					
Current:					
Instructional services	-	1,251,144	-	-	1,251,144
Supporting services:					
Students	-	244,309	-	-	244,309
Instructional staff	-	-	-	-	-
District administration	-	-	-	-	-
School administration	-	-	-	-	-
Business	-	-	-	-	-
Operations and maintenance of facilities	-	-	-	-	-
Student transportation	-	-	-	-	-
Other	-	609,775	-	272,805	882,580
School food services	-	-	4,180,570	-	4,180,570
Community services	3,032,394	-	-	-	3,032,394
Capital outlay	-	-	-	-	-
Total expenditures	<u>3,032,394</u>	<u>2,105,228</u>	<u>4,180,570</u>	<u>272,805</u>	<u>9,590,997</u>
Net change in fund balances	211,359	147,544	458,615	88,047	905,565
<b>Fund balances - beginning</b>	<u>250,928</u>	<u>59,049</u>	<u>1,522,061</u>	<u>356,772</u>	<u>2,188,810</u>
<b>Fund balances - ending</b>	<u>\$ 462,287</u>	<u>\$ 206,593</u>	<u>\$ 1,980,676</u>	<u>\$ 444,819</u>	<u>\$ 3,094,375</u>

**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**  
*Non K-12 Instruction*  
**Nonmajor Special Revenue Fund**  
 June 30, 2007  
 With Comparative Totals for 2006

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	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Cash and investments	\$ 507,870	\$ 71,160
Receivables:		
Property taxes	681,094	626,341
State	67,914	225,366
Federal	<u>45,810</u>	<u>30,243</u>
Total assets	<u><u>\$ 1,302,688</u></u>	<u><u>\$ 953,110</u></u>
<b>Liabilities and fund balances:</b>		
Liabilities:		
Accounts payable	\$ 155,040	\$ 73,854
Payroll and related payables	74,072	57,166
Deferred revenue:		
Property taxes	<u>611,289</u>	<u>571,163</u>
Total liabilities	<u>840,401</u>	<u>702,183</u>
Fund balances:		
Reserved for:		
Other restricted programs	149,077	39,225
Unreserved, undesignated	<u>313,210</u>	<u>211,702</u>
Total fund balances	<u>462,287</u>	<u>250,927</u>
Total liabilities and fund balances	<u><u>\$ 1,302,688</u></u>	<u><u>\$ 953,110</u></u>

**PROVO CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
*Non K-12 Instruction*  
**Nonmajor Special Revenue Fund**  
 Year Ended June 30, 2007  
 With Comparative Totals for 2006

	2007			2006	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 1,310,000	\$ 1,335,931	\$ 1,337,715	\$ 1,784	\$ 1,290,234
Interest	-	-	-	-	-
Other local	106,398	117,398	96,878	(20,521)	74,944
State	1,673,911	1,672,245	1,508,941	(163,304)	1,333,567
Federal	128,217	126,542	300,220	173,678	402,158
Total revenues	<u>3,218,526</u>	<u>3,252,116</u>	<u>3,243,753</u>	<u>(8,363)</u>	<u>3,100,903</u>
<b>Expenditures:</b>					
Salaries	1,766,696	1,742,376	1,709,917	32,459	1,699,560
Employee benefits	535,223	521,320	454,862	66,458	465,251
Purchased services	417,996	546,529	545,771	758	418,585
Supplies	204,098	159,784	223,944	(64,160)	312,963
Property	29,332	65,015	51,363	13,652	97,332
Other	34,463	51,878	46,537	5,341	42,453
Total expenditures	<u>2,987,808</u>	<u>3,086,902</u>	<u>3,032,394</u>	<u>54,508</u>	<u>3,036,144</u>
Excess of revenues over (under) expenditures / net change in fund balances	230,718	165,214	211,359	46,145	64,759
<b>Fund balances - beginning</b>	<u>250,927</u>	<u>250,927</u>	<u>250,927</u>	<u>-</u>	<u>186,168</u>
<b>Fund balances - ending</b>	<u>\$ 481,645</u>	<u>\$ 416,141</u>	<u>\$ 462,286</u>	<u>\$ 46,145</u>	<u>\$ 250,927</u>

**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**  
*Supplemental Programs*  
**Nonmajor Special Revenue Fund**  
 June 30, 2007  
 With Comparative Totals for 2006

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	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Cash and investments	\$ 193,413	\$ -
Receivables:		
State	7,434	-
Federal	96,192	342,088
Total assets	<u>\$ 297,039</u>	<u>\$ 342,088</u>
<b>Liabilities and fund balances:</b>		
Liabilities:		
Accounts payable	\$ 4,809	\$ 8,778
Payroll and related payables	74,860	190,274
Due to other funds		67,176
Deferred revenue:		
Federal	10,778	16,811
Total liabilities	<u>90,447</u>	<u>283,039</u>
Fund balances:		
Other restricted programs	-	-
Unreserved, undesignated	206,592	59,049
Total fund balances	<u>206,592</u>	<u>59,049</u>
Total liabilities and fund balances	<u>\$ 297,039</u>	<u>\$ 342,088</u>



**PROVO CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
*Supplemental Programs*  
**Nonmajor Special Revenue Fund**  
 Year Ended June 30, 2007  
 With Comparative Totals for 2006

	2007			2006	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Other local	15,000	363,389	416,577	53,188	816
State	1,160,811	1,160,634	1,281,916	121,282	1,165,346
Federal	194,991	773,771	554,279	(219,492)	1,220,530
Total revenues	<u>1,370,802</u>	<u>2,297,794</u>	<u>2,252,771</u>	<u>(45,023)</u>	<u>2,386,692</u>
<b>Expenditures:</b>					
Salaries	824,275	1,388,909	1,375,715	13,194	1,360,832
Employee benefits	290,276	473,458	438,984	34,474	381,052
Purchased services	86,983	83,155	67,143	16,012	63,950
Supplies	35,408	132,597	107,198	25,399	138,625
Property	-	82,250	42,112	40,138	31,648
Other	126,561	168,042	74,076	93,966	376,690
Total expenditures	<u>1,363,503</u>	<u>2,328,411</u>	<u>2,105,228</u>	<u>223,183</u>	<u>2,352,797</u>
Excess of revenues over (under) expenditures / net change in fund balances	7,299	(30,617)	147,543	178,160	33,895
<b>Fund balances - beginning</b>	<u>59,049</u>	<u>59,049</u>	<u>59,049</u>	<u>-</u>	<u>25,154</u>
<b>Fund balances - ending</b>	<u>\$ 66,348</u>	<u>\$ 28,432</u>	<u>\$ 206,592</u>	<u>\$ 178,160</u>	<u>\$ 59,049</u>

**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**  
*Food Services*  
**Nonmajor Special Revenue Fund**  
 June 30, 2007  
 With Comparative Totals for 2006

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	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Cash and investments	\$ 1,810,253	\$ 1,307,031
Receivables:		
Local	-	-
State	-	8,622
Federal	55,870	60,875
Due from other funds	-	67,176
Inventories	<u>187,962</u>	<u>137,293</u>
Total assets	<u><u>\$ 2,054,085</u></u>	<u><u>\$ 1,580,997</u></u>
<b>Liabilities and fund balances:</b>		
Liabilities:		
Accounts payable	\$ 49,413	\$ 25,187
Payroll and related payables	<u>23,994</u>	<u>33,747</u>
Total liabilities	<u>73,407</u>	<u>58,934</u>
Fund balances:		
Reserved for:		
Inventories	187,962	137,293
Unreserved, undesignated	<u>1,792,716</u>	<u>1,384,770</u>
Total fund balances	<u>1,980,678</u>	<u>1,522,063</u>
Total liabilities and fund balances	<u><u>\$ 2,054,085</u></u>	<u><u>\$ 1,580,997</u></u>

**PROVO CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
*Food Services*  
**Nonmajor Special Revenue Fund**  
 Year Ended June 30, 2007  
 With Comparative Totals for 2006

	2007			2006	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
<b>Revenues:</b>					
Local sources:					
Food service sales	\$ 1,088,600	\$ 1,076,705	\$ 1,161,596	\$ 84,891	\$ 1,082,502
Interest	-	-	-	-	-
Other local	27,500	221,500	309,726	88,226	39,037
State	385,000	503,082	537,438	34,356	455,868
Federal	2,461,500	2,618,792	2,630,425	11,633	2,597,149
Total revenues	<u>3,962,600</u>	<u>4,420,079</u>	<u>4,639,185</u>	<u>219,106</u>	<u>4,174,556</u>
<b>Expenditures:</b>					
Salaries	1,567,495	1,561,772	1,530,364	31,408	1,453,899
Employee benefits	562,894	496,536	487,940	8,596	456,948
Purchased services	126,638	123,513	128,911	(5,398)	93,935
Supplies	184,200	208,300	215,176	(6,876)	140,258
Food	1,329,500	1,561,296	1,511,417	49,879	1,271,701
Property	180,000	117,435	96,978	20,457	49,859
Other	196,500	203,596	209,785	(6,189)	311,534
Total expenditures	<u>4,147,227</u>	<u>4,272,448</u>	<u>4,180,570</u>	<u>91,878</u>	<u>3,778,134</u>
Excess of revenues over (under) expenditures / net change in fund balances	(184,627)	147,631	458,615	310,984	396,422
<b>Fund balances - beginning</b>	<u>1,522,063</u>	<u>1,522,063</u>	<u>1,522,063</u>	<u>-</u>	<u>1,125,641</u>
<b>Fund balances - ending</b>	<u>\$ 1,337,436</u>	<u>\$ 1,669,694</u>	<u>\$ 1,980,678</u>	<u>\$ 310,984</u>	<u>\$ 1,522,063</u>

**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**  
*Provo City School District Foundation for Excellence*  
**Nonmajor Special Revenue Fund**  
 June 30, 2007  
 With Comparative Totals for 2006

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	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Cash and investments	\$ 444,819	\$ 356,772
Total assets	<u>\$ 444,819</u>	<u>\$ 356,772</u>
<b>Liabilities and fund balances:</b>		
Total liabilities	<u>-</u>	<u>-</u>
Fund balances:		
Unreserved, undesignated	<u>444,819</u>	<u>356,772</u>
Total fund balances	<u>444,819</u>	<u>356,772</u>
Total liabilities and fund balances	<u>\$ 444,819</u>	<u>\$ 356,772</u>

**PROVO CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
*Provo City School District Foundation for Excellence*  
**Nonmajor Special Revenue Fund**  
 Year Ended June 30, 2007  
 With Comparative Totals for 2006

	2007			Variance with Final Budget - Positive (Negative)	2006
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Revenues:</b>					
Local sources:					
Contributions	\$ 300,000	\$ 300,000	\$ 344,501	\$ 44,501	\$ 296,456
Interest	-	-	15,622	15,622	5,123
Other local	-	-	730	730	1,087
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>360,852</u>	<u>60,852</u>	<u>302,666</u>
<b>Expenditures:</b>					
Purchased services	200,000	200,000	272,805	(72,805)	205,068
Supplies	100,000	100,000	-	100,000	-
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>272,805</u>	<u>27,195</u>	<u>205,068</u>
Excess of revenues over (under) expenditures / net change in fund balances	-	-	88,047	88,047	97,598
<b>Fund balances - beginning</b>	<u>356,772</u>	<u>356,772</u>	<u>356,772</u>	-	<u>259,174</u>
<b>Fund balances - ending</b>	<u>\$ 356,772</u>	<u>\$ 356,772</u>	<u>\$ 444,819</u>	<u>\$ 88,047</u>	<u>\$ 356,772</u>

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## *Fiduciary Funds (Agency Funds)*

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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, 2007

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	Agency Funds		
	School Activities	Special Programs	Total
<b>Assets:</b>			
Cash and investments	\$ 573,221	\$ 1,519,058	\$ 2,092,279
Receivables:			
Other local	1,182,280	271,851	1,454,131
State	-	172,433	172,433
Federal	-	1,232,078	1,232,078
Total assets	\$ 1,755,501	\$ 3,195,420	\$ 4,950,921
<b>Liabilities:</b>			
Due to student organizations	\$ 1,755,501	\$ -	\$ 1,755,501
Accounts payable	-	-	-
Payroll and related payables	-	-	-
Due to other entities	-	3,195,420	3,195,420
Total liabilities	\$ 1,755,501	\$ 3,195,420	\$ 4,950,921

**PROVO CITY SCHOOL DISTRICT**  
**Statement of Changes in Assets and Liabilities**  
*Student Activities Agency Fund*  
Year Ended June 30, 2007

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
<b><u>Student Activities Agency Fund:</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 550,450	\$ 4,903,139	\$ 4,880,368	\$ 573,221
Receivables:				
Other local	1,119,684	66,880	4,284	1,182,280
State	-	-	-	-
Federal	-	-	-	-
Total assets	<u>\$ 1,670,134</u>	<u>\$ 4,970,019</u>	<u>\$ 4,884,652</u>	<u>\$ 1,755,501</u>
<b>Liabilities:</b>				
Accounts payable	\$ (1,855)	\$ 1,109,318	\$ 1,111,711	\$ (4,248)
Due to student organizations:				
Elementary schools:				
Amelia Earhart	9,492	43,848	44,359	8,981
Canyon Crest	22,178	68,540	74,343	16,375
Edgemont	11,618	59,682	59,366	11,934
Farrer	18,539	39,469	44,300	13,708
Franklin	22,668	61,035	48,605	35,098
Grandview	24,934	52,018	62,229	14,723
Provost	35,484	79,510	65,188	49,806
Rock Canyon	24,173	61,117	63,134	22,156
Spring Creek	28,059	49,598	53,221	24,436
Sunset View	15,285	33,281	34,245	14,321
Timpanogos	32,528	39,547	35,771	36,304
Wasatch	18,810	63,273	55,144	26,939
Westridge	32,293	70,594	61,315	41,572
Total elementary schools	296,061	721,512	701,220	316,353
Middle schools:				
Centennial	153,379	182,439	175,657	160,161
Dixon	168,462	176,836	175,362	169,936
Farrer	-	-	-	-
Total middle schools	321,841	359,275	351,019	330,097
High schools:				
Provo	627,022	1,248,902	1,196,709	679,215
Timview	282,632	1,377,386	1,292,356	367,662
Independence	144,433	82,464	160,475	66,422
Total high schools	1,054,087	2,708,752	2,649,540	1,113,299
Total due to student organizations	<u>1,671,989</u>	<u>3,789,539</u>	<u>3,701,779</u>	<u>1,759,749</u>
Total liabilities	<u>\$ 1,670,134</u>	<u>\$ 4,898,857</u>	<u>\$ 4,813,490</u>	<u>\$ 1,755,501</u>



**PROVO CITY SCHOOL DISTRICT**  
**Statement of Changes in Assets and Liabilities**  
*Special Programs Agency Fund*  
Year Ended June 30, 2007

	<b>Balance June 30, 2006</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2007</b>
<b>Assets:</b>				
Cash and investments	\$ (925,161)	\$ 13,503,126	\$ 11,058,907	\$ 1,519,058
Receivables:				
Other local	127,498	271,853	127,500	271,851
State	204,818	172,433	204,818	172,433
Federal	4,346,873	1,188,548	4,303,343	1,232,078
Total assets	<u>\$ 3,754,028</u>	<u>\$ 15,135,960</u>	<u>\$ 15,694,568</u>	<u>\$ 3,195,420</u>
<b>Liabilities:</b>				
Accounts payable	\$ -			\$ -
Payroll and related payables	-			-
Due to other entities:				
Central Utah Enterprises	39,275	-	39,274	0
Utah State Office of Education:				
Reading program	4,686	7,369	3,597	8,458
Careers and technology education	46,968	50,668	54,337	43,299
Family involvement	61,132	-	-	61,132
Science program	163,152	164,081	312,741	14,492
Youth programs	34,914	1,447,721	1,482,018	617
Utah County Local Interagency Council	24,244	-	-	24,244
Brigham Young University Partnership	3,164,929	7,024,776	7,362,769	2,826,935
Utah Professional Development Center	201,003	9,266,585	9,251,347	216,241
Project Read	13,727	21,417	35,144	0
Total liabilities	<u>\$ 3,754,028</u>	<u>\$ 17,982,618</u>	<u>\$ 18,541,227</u>	<u>\$ 3,195,420</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 83 - 91)**

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 92 - 99)**

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

### **Debt Capacity (pages 100 - 107)**

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 108 - 110)**

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 111 - 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 2007  
(accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Assets:</b>					
Cash and temporary cash investments	\$ 50,279,352	\$ 12,202,695	\$ 9,714,165	\$ 7,777,841	\$ 8,776,962
Accounts, taxes, and grants receivables:					
Local	20,818,897	25,526,880	18,470,506	18,149,695	17,907,625
State	75,348	233,988	191,326	1,496,484	490,242
Federal	2,709,098	4,470,152	3,083,366	3,421,979	2,886,247
Inventory	257,265	203,741	205,614	283,771	358,659
Bond issuance costs, net of accumulated amortization	398,892	181,467	287,313	370,029	280,097
Total capital assets, net accumulated depreciation	72,860,474	60,033,896	59,635,515	59,069,537	59,603,753
		-	-	-	-
Total assets	<u>147,399,326</u>	<u>102,852,819</u>	<u>91,587,805</u>	<u>90,569,336</u>	<u>90,303,585</u>
<b>Liabilities:</b>					
Accounts payable	4,741,970	1,934,854	443,265	669,897	504,578
Accrued interest payable	175,822	95,146	80,422	90,380	121,177
Payroll and related payables	7,071,982	1,455,239	1,370,467	1,883,741	1,324,016
Due to other agencies - fiduciary activities	12,000		1,358,525	1,327,563	2,026,137
Deferred revenue:		-			
Property taxes	18,849,716	18,272,470	17,541,792	17,471,602	19,269,242
Other deferred revenues	153,192	70,527	48,461	459,649	402,565
Noncurrent liabilities:					
Due within one year	6,386,343	5,698,672	5,542,189	4,361,173	4,290,132
Due in more than one year	65,782,889	34,976,414	37,729,231	38,924,117	42,859,029
Total liabilities	<u>103,173,914</u>	<u>62,503,322</u>	<u>64,114,352</u>	<u>65,188,122</u>	<u>70,796,876</u>
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	29,397,536	28,454,429	23,366,925	20,648,636	17,308,576
Restricted for:					
Debt service	2,252,802	1,538,526	974,828	897,878	621,656
Capital projects	11,606,449	9,319,565	5,027,562	4,232,125	3,569,714
Non K-12 instruction	537,391	307,754	186,168	410,958	237,102
Supplemental programs	206,592	59,049	25,154	36,855	-
School food services	1,980,678	1,522,063	1,125,641	896,264	1,132,765
Foundation	444,819	356,772	259,174	223,522	-
Other restricted programs	1,211,569	1,750,413	1,935,733	2,346,921	-
Unrestricted	<u>(3,412,423)</u>	<u>(2,959,074)</u>	<u>(5,427,732)</u>	<u>(4,311,945)</u>	<u>(3,363,104)</u>
Total net assets	<u>\$ 44,225,412</u>	<u>\$ 40,349,497</u>	<u>\$ 27,473,453</u>	<u>\$ 25,381,214</u>	<u>\$ 19,506,709</u>

**Source: District Data**

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 2007  
 (accrual basis of accounting)

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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	13,103,729	(1,208,661)	40,349,497
2007	29,750,263	16,676,003	(2,200,854)	44,225,412

Source: District Data

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**  
**Changes in Net Assets**  
Years Ended June 30, 2003 through 2007  
(accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Expenses:</b>					
Instruction	\$ 62,074,020	\$ 56,198,524	\$ 57,155,465	\$ 54,929,906	\$ 55,070,821
Supporting services:					
Student	3,575,643	3,180,870	3,362,498	3,217,003	2,751,898
Instructional staff	2,074,350	2,032,397	2,009,129	1,943,838	2,203,449
District administration	1,515,876	1,505,202	887,645	1,077,422	931,906
School administration	4,514,003	4,238,678	4,286,195	4,385,661	4,404,647
Business	1,213,819	1,226,698	2,702,036	877,342	1,231,771
Operation and maintenance of facilities	4,062,566	4,146,859	3,967,227	5,039,105	5,057,405
Student transportation	2,480,134	2,091,460	1,663,845	1,546,155	1,731,094
Central	1,762,840	1,072,477	39,842	867,238	859,059
School food services	4,340,954	3,929,424	3,984,890	4,099,278	3,522,320
Community services	3,098,668	3,142,504	3,861,900	2,421,091	2,318,056
Facilities & Construction	-	1,504,534	1,256,996	621,857	1,546,646
Interest on long-term liabilities	1,878,214	-	2,107,402	1,502,020	2,400,897
Total school district	<u>92,591,087</u>	<u>84,269,627</u>	<u>87,285,070</u>	<u>82,527,916</u>	<u>84,029,969</u>
<b>Program Revenues:</b>					
Instructional services	24,131,131	27,234,746	22,867,201	19,659,045	20,089,013
Supporting services:					
Student	2,303,521	1,697,596	2,234,342	836,421	952,885
Instructional staff	514,125	486,344	-	505,398	695,094
General administration	237,329	233,860	160,971	280,130	293,326
School administration	287,994	172,264	258,457	321,793	1,388,053
Business	62,378	61,249	-	-	-
Operation and maintenance of facilities	-	-	-	440,010	2,252,397
Transportation	1,579,704	1,407,781	1,304,931	1,362,291	517,212
Other	2,177	33,187	-	-	-
School food services	4,329,459	4,135,519	4,236,393	3,782,114	3,714,255
Community services	1,904,807	1,779,262	1,514,383	1,755,783	801,940
Interest on long-term liabilities	-	-	-	-	-
Total program revenues	<u>35,352,626</u>	<u>37,241,808</u>	<u>32,576,678</u>	<u>28,942,985</u>	<u>30,704,175</u>
Net (expense) revenue	<u>(57,238,461)</u>	<u>(47,027,819)</u>	<u>(54,708,392)</u>	<u>(53,584,931)</u>	<u>(53,325,794)</u>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes	11,036,199	10,402,512	12,064,148	11,982,754	11,610,806
Class size reduction	1,731,848	1,612,793	-	-	-
Special transportation	489,247	483,838	476,401	427,869	414,437
Tort liability	307,403	302,399	-	-	-
Recreation	1,307,545	1,290,234	739,336	753,632	735,797
Debt service	5,199,872	4,044,077	3,871,385	3,831,370	3,820,632
Capital outlay	1,883,384	2,290,166	7,408,371	7,315,096	7,021,686
Ten percent of basic for construction, textbooks and supplies	4,658,670	4,265,836	-	-	-
Federal and state aid not restricted to specific purposes	31,124,777	26,995,732	30,633,267	30,459,275	29,225,266
Earnings on investments	1,721,041	734,136	393,903	258,841	219,456
Gain on sale of assets	-	6,470,801	-	666,165	-
Miscellaneous	1,141,763	607,033	1,213,820	1,503,996	2,359,015
Total general revenues	<u>60,601,749</u>	<u>59,499,557</u>	<u>56,800,631</u>	<u>57,198,998</u>	<u>55,407,095</u>
Change in net assets	3,363,288	12,471,738	2,092,239	3,614,067	2,081,301
<b>Net assets - beginning</b>	<u>40,862,124</u>	<u>27,877,759</u>	<u>25,381,214</u>	<u>20,270,031</u>	<u>17,425,408</u>
<b>Net assets - ending</b>	<u>\$ 44,225,412</u>	<u>\$ 40,349,497</u>	<u>\$ 27,473,453</u>	<u>\$ 23,884,098</u>	<u>\$ 19,506,709</u>

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.

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**  
**Governmental Funds - Aggregate Fund Balances**

June 30, 1998 through 2007

(modified-accrual basis of accounting)

Fiscal Year Ended June 30,	General Fund		
	Reserved	Unreserved	Total
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
2007	2,801,594	1,931,639	4,733,233

Fiscal Year Ended June 30,	All Other Governmental Funds				
	Reserved	Unreserved			Total
		Special Revenue	Capital Projects	Debt Service	
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
2007	309,173	2,785,203	32,247,424	1,707,369	37,049,169

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.

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.



**PROVO CITY SCHOOL DISTRICT**  
**Governmental Funds - Net Changes in Aggregate Fund Balances**  
Years Ended June 30, 1998 through 2007  
(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
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
2007	(320,715)	466,566	26,614,150	211,360	147,543	458,615	88,047	27,665,567

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.

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.

**PROVO CITY SCHOOL DISTRICT**

**Governmental Funds - Reserved and Unreserved Fund Balances**

June 30, 1998 through 2007

(modified-accrual basis of accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>General fund:</b>				
Reserved	\$ 127,791	\$ 133,419	\$ 159,647	\$ 165,056
Unreserved	1,718,920	2,222,606	2,647,588	2,779,933
Total	<u>1,846,711</u>	<u>2,356,025</u>	<u>2,807,235</u>	<u>2,944,989</u>
<b>Debt service fund:</b>				
Reserved	-	35,352	93,200	214,630
Unreserved	-	-	-	-
Total	<u>-</u>	<u>35,352</u>	<u>93,200</u>	<u>214,630</u>
<b>Capital projects fund:</b>				
Reserved	-	-	-	-
Unreserved	16,506,077	9,865,516	7,866,317	4,238,660
Total	<u>16,506,077</u>	<u>9,865,516</u>	<u>7,866,317</u>	<u>4,238,660</u>
<b>Special revenue funds:</b>				
<b>Non K-12 instruction fund:</b>				
Reserved	-	-	-	-
Unreserved	13,971	70,555	136,845	25,235
Total	<u>13,971</u>	<u>70,555</u>	<u>136,845</u>	<u>25,235</u>
<b>Supplemental programs fund:</b>				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Food services fund:</b>				
Reserved	166,606	137,371	128,832	147,126
Unreserved	537,413	613,100	661,310	684,866
Total	<u>704,019</u>	<u>750,471</u>	<u>790,142</u>	<u>831,992</u>
<b>Foundation for excellence:</b>				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total special revenue funds	<u>717,990</u>	<u>821,026</u>	<u>926,987</u>	<u>857,227</u>
<b>Total governmental funds:</b>				
Reserved	294,397	306,142	381,679	526,812
Unreserved	18,776,381	12,771,777	11,312,060	7,728,694
Total governmental fund balances	<u>\$ 19,070,778</u>	<u>\$ 13,077,919</u>	<u>\$ 11,693,739</u>	<u>\$ 8,255,506</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, 1998 through 2007  
(modified-accrual basis of accounting)

2002	2003	2004	2005	2006	2007
\$ 108,742	\$ 81,063	\$ 2,433,726	\$ 2,010,049	\$ 1,777,636	\$ 2,801,594
<u>2,577,785</u>	<u>985,960</u>	<u>(157,476)</u>	<u>1,202,148</u>	<u>3,276,312</u>	<u>1,931,639</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>	<u>4,733,233</u>
657,417	621,656	897,878	974,828	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,240,802</u>	<u>1,707,369</u>
<u>657,417</u>	<u>621,656</u>	<u>897,878</u>	<u>974,828</u>	<u>1,240,802</u>	<u>1,707,369</u>
-	1,023,246	-	-	-	20,983,060
<u>2,200,597</u>	<u>2,546,468</u>	<u>4,232,125</u>	<u>5,027,562</u>	<u>5,633,274</u>	<u>11,264,364</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>	<u>32,247,424</u>
-	-	299,514	37,537	39,225	121,211
<u>57,556</u>	<u>237,102</u>	<u>111,444</u>	<u>148,631</u>	<u>211,702</u>	<u>341,076</u>
<u>57,556</u>	<u>237,102</u>	<u>410,958</u>	<u>186,168</u>	<u>250,927</u>	<u>462,287</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>36,855</u>	<u>25,154</u>	<u>59,049</u>	<u>206,592</u>
<u>-</u>	<u>-</u>	<u>36,855</u>	<u>25,154</u>	<u>59,049</u>	<u>206,592</u>
141,027	113,013	196,966	131,298	137,293	187,962
<u>737,537</u>	<u>1,019,752</u>	<u>699,298</u>	<u>994,343</u>	<u>1,384,770</u>	<u>1,792,716</u>
<u>878,564</u>	<u>1,132,765</u>	<u>896,264</u>	<u>1,125,641</u>	<u>1,522,063</u>	<u>1,980,678</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>223,522</u>	<u>259,174</u>	<u>356,772</u>	<u>444,819</u>
<u>-</u>	<u>-</u>	<u>223,522</u>	<u>259,174</u>	<u>356,772</u>	<u>444,819</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>	<u>3,094,376</u>
907,186	1,838,978	3,828,084	3,153,712	1,954,154	24,093,827
<u>5,573,475</u>	<u>4,789,282</u>	<u>5,145,768</u>	<u>7,657,012</u>	<u>12,162,681</u>	<u>17,688,575</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>	<u>\$ 41,782,402</u>

**PROVO CITY SCHOOL DISTRICT**

**Total Governmental Funds - Changes in Fund Balances**

Years Ended June 30, 1998 through 2007

(modified-accrual basis of accounting)

	1998	1999	2000	2001
<b>Revenues</b>				
Property taxes	\$ 17,478,497	\$ 18,632,874	\$ 18,754,409	\$ 20,038,183
Other local sources	6,313,671	5,997,087	6,239,776	6,786,721
State of Utah	41,689,104	44,366,519	44,969,784	46,612,372
Federal government	4,883,422	5,194,550	6,898,422	9,092,823
Total revenues	<u>70,364,694</u>	<u>74,191,030</u>	<u>76,862,391</u>	<u>82,530,099</u>
<b>Expenditures</b>				
Instruction	42,942,713	45,970,312	48,905,529	52,619,455
Supporting services:				
Students	1,902,796	1,979,137	2,209,453	2,580,471
Instructional staff	2,058,283	2,209,042	2,081,914	2,119,900
District administration	722,369	896,407	932,321	892,353
School administration	3,448,283	3,667,657	3,934,528	4,221,500
Business	517,234	558,716	571,465	624,374
Operation and maintenance of buildings	5,022,065	5,164,111	5,011,988	5,782,795
Student transportation	1,074,787	1,226,213	1,397,361	1,473,903
Central	856,444	912,159	746,826	790,888
School food services	2,922,846	3,103,432	3,301,575	3,410,898
Non K-12 programs	2,024,825	1,886,453	1,946,840	2,212,418
Facilities and construction	10,108,220	8,329,216	2,653,014	4,523,156
Debt Service:				
Bond principal	10,310,615	2,335,430	2,055,635	2,236,058
Bond issue costs	-	-	-	-
Bond interest and fees	3,245,802	1,946,569	2,502,241	2,499,561
Total expenditures	<u>87,157,282</u>	<u>80,184,854</u>	<u>78,250,690</u>	<u>85,987,730</u>
Excess (deficiency) of revenues over (under) expenditures	(16,792,588)	(5,993,824)	(1,388,299)	(3,457,631)
<b>Other financing sources (uses)</b>				
Capital lease	204,306	-	-	-
Sale of capital assets	8,481	965	4,119	19,398
General obligation bonds issued	9,412,207	-	-	-
Bond premium (discount)	-	-	-	-
Refunding bonds issued	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-
Insurance recoveries	-	-	-	-
Other miscellaneous	(14,644)	-	-	-
Total other financing sources (uses)	<u>9,610,350</u>	<u>965</u>	<u>4,119</u>	<u>19,398</u>
Net change in fund balance	<u>\$ (7,182,238)</u>	<u>\$ (5,992,859)</u>	<u>\$ (1,384,180)</u>	<u>\$ (3,438,233)</u>

Debt service as a percentage of noncapital expenditures	17.7%	6.9%	6.1%	5.9%
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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, 1998 through 2007  
(modified-accrual basis of accounting)

2002	2003	2004	2005	2006	2007
\$ 20,658,903	\$ 23,603,358	\$ 24,167,503	\$ 24,559,640	\$ 24,691,855	\$ 26,614,168
6,392,374	3,930,368	3,632,667	3,629,173	3,599,965	5,489,842
49,052,543	46,706,056	46,540,387	49,096,887	49,629,417	52,642,013
11,367,934	11,664,435	12,220,414	12,061,062	12,599,383	12,085,892
87,471,754	85,904,217	86,560,971	89,346,762	90,520,620	96,831,914
57,370,098	54,055,998	54,517,504	54,063,533	54,990,497	59,070,005
2,646,943	2,703,337	3,208,669	3,279,557	3,065,811	3,452,851
2,407,242	2,164,486	1,938,799	1,909,225	2,014,830	2,053,435
930,589	915,463	1,074,630	855,576	1,478,589	1,489,474
4,178,592	4,326,847	4,374,293	4,333,483	4,210,928	4,485,853
649,778	1,210,262	875,141	2,530,560	1,126,515	1,094,542
5,833,316	4,967,761	5,026,044	3,670,441	4,132,825	4,045,858
1,925,172	1,702,022	1,542,147	1,747,676	1,859,437	2,203,890
836,082	843,955	864,989	37,172	1,072,477	1,762,840
3,602,153	3,460,068	4,088,653	4,007,548	3,778,134	4,180,570
2,164,295	2,277,186	3,575,723	3,964,383	3,078,042	3,032,394
6,307,720	1,898,304	659,873	3,296,431	2,765,337	16,571,562
2,302,163	2,131,501	3,843,479	2,630,748	2,960,617	4,725,450
-	-	-	-	-	308,305
2,295,412	2,333,762	1,752,777	2,034,644	1,543,104	1,772,475
93,449,555	84,990,952	87,342,721	88,360,977	88,077,143	110,249,504
(5,977,801)	913,265	(781,750)	985,785	2,443,477	(13,417,590)
-	504,063	168,671	573,340	91,833	-
2,956	29,789	508,968	249,842	770,801	5,703,955
4,200,000	177,265	-	-	-	35,000,000
-	-	-	-	-	244,201
-	-	20,361,106	-	-	8,220,000
-	-	(20,245,727)	-	-	(8,085,000)
-	-	-	27,905	-	-
-	-	-	-	-	-
4,202,956	711,117	793,018	851,087	862,634	41,083,156
\$ (1,774,845)	\$ 1,624,382	\$ 11,268	\$ 1,836,872	\$ 3,306,111	\$ 27,665,566

5.4%                      5.3%                      6.5%                      5.5%                      5.3%                      6.4%

**PROVO CITY SCHOOL DISTRICT**  
**Property Tax Levies and Collections**  
 Fiscal Years Ended June 30, 1998 through 2007  
 Tax Rates (per \$1)

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<u>Calendar Tax Year</u>	<u>Fiscal Year Ended June 30th</u>	<u>Mill Levy or Tax Rate</u>	<u>Taxable Value</u>	<u>Redevelopment Value</u>	<u>Net Taxable Value</u>	<u>Total Tax Levied</u>
1997	1998	0.006303	2,405,495,400	28,944,378	2,376,551,022	14,979,587
1998	1999	0.006314	2,499,316,857	38,185,170	2,461,131,687	15,638,052
1999	2000	0.006388	2,750,602,274	119,327,770	2,631,274,504	17,887,973
2000	2001	0.005981	3,119,841,993	121,025,306	2,998,816,687	17,935,860
2001	2002	0.005657	3,258,646,316	28,916,178	3,229,730,138	18,271,402
2002	2003	0.006037	3,666,155,635	141,519,665	3,524,635,970	21,277,697
2003	2004	0.006071	3,620,318,521	117,943,526	3,502,374,995	21,262,011
2004	2005	0.006234	3,575,601,094	-	3,575,601,094	22,289,112
2005	2006	0.006124	3,588,753,374	-	3,588,753,374	21,978,141
2006	2007	0.006147	3,883,034,322	108,478,837	3,774,555,485	23,195,574

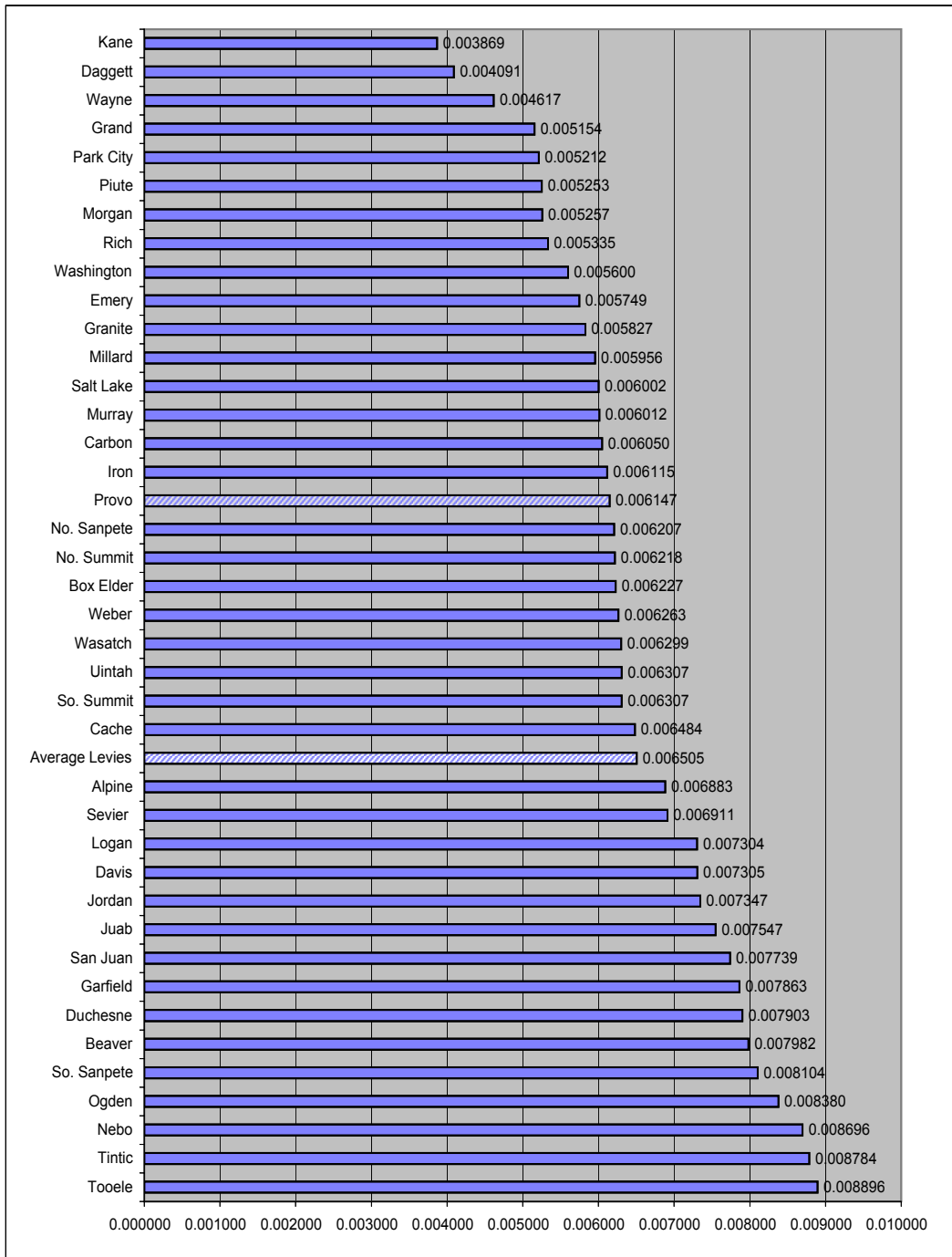
Taxable values are derived from the District's final settlement statement received from the Utah County Treasurer's Office each year.

**PROVO CITY SCHOOL DISTRICT**  
**Property Tax Levies and Collections (continued)**  
 Fiscal Years Ended June 30, 1998 through 2007  
 Tax Rates (per \$1)

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Collected within the Calendar Year of the Levy			Collections in Subsequent Years	Total Collections	
Current	Percent of Current Collections	Fee-in-Lieu & Other Collections	Delinquent Collections	Amount	Percent of Annual Assessment
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	1,528,700	24,662,175	100.25%
21,316,863	91.90%	2,917,225	1,834,979	26,069,067	99.78%

**PROVO CITY SCHOOL DISTRICT**  
**Comparison of Utah School District Property Tax Rates**  
 Tax Year 2006, Fiscal Year 2006-07



Source: Utah State Office of Education, Finance & Statistics Department, [www.schools.utah.gov/finance](http://www.schools.utah.gov/finance).



PROVO CITY SCHOOL DISTRICT  
**Comparison of Assessed Property Tax Valuation Per Student**  
 Fiscal Year 2006-07

<u>District</u>	<u>Valuations</u>	<u>Enrollment</u>	<u>\$ Per Student</u>
Alpine	\$11,839,962,412	54,773	216,164
Beaver	\$468,516,592	1,536	305,024
Box Elder	\$2,239,510,104	10,625	210,777
Cache	\$2,442,616,283	13,428	181,905
Carbon	\$2,107,508,793	3,389	621,867
Daggett	\$206,859,236	156	1,326,021
Davis	\$12,471,209,152	62,456	199,680
Duchesne	\$867,965,074	3,993	217,372
Emery	\$1,500,053,352	2,335	642,421
Garfield	\$427,766,240	940	455,070
Grand	\$804,680,018	1,470	547,401
Granite	\$19,846,592,500	69,048	287,432
Iron	\$3,481,920,283	8,230	423,077
Jordan	\$23,584,212,686	77,369	304,828
Juab	\$546,945,775	1,992	274,571
Kane	\$1,129,555,423	1,194	946,026
Logan	\$1,571,195,235	5,737	273,871
Millard	\$1,815,589,595	2,952	615,037
Morgan	\$597,612,404	2,029	294,535
Murray	\$2,717,488,356	6,469	420,079
Nebo	\$4,617,218,163	24,742	186,615
No. Sanpete	\$489,306,783	2,321	210,817
No. Summit	\$709,644,083	982	722,652
Ogden	\$2,610,895,056	12,542	208,172
Park City	\$8,038,062,997	4,367	1,840,637
Piute	\$70,607,684	302	233,800
Provo	\$3,909,406,515	13,273	294,538
Rich	\$393,866,764	416	946,795
Salt Lake	\$15,166,060,575	23,728	639,163
San Juan	\$631,903,155	2,908	217,298
Sevier	\$920,850,056	4,288	214,750
So. Sanpete	\$416,037,787	2,764	150,520
So. Summit	\$1,263,831,227	1,344	940,351
Tintic	\$28,552,804	274	104,207
Tooele	\$2,269,245,612	11,793	192,423
Uintah	\$2,887,844,131	5,539	521,366
Wasatch	\$2,274,504,279	4,303	528,586
Washington	\$10,176,033,792	23,189	438,830
Wayne	\$168,082,133	514	327,008
Weber	\$5,818,730,897	28,774	202,222
<b>State wide Total</b>	<b>\$153,528,444,006</b>	<b>498,484</b>	<b>307,991</b>

Source: Utah State Office of Education, Finance & Statistics Department, [www.schools.utah.gov/finance](http://www.schools.utah.gov/finance).

**PROVO CITY SCHOOL DISTRICT**

**Fifteen Largest Property Taxpayers By Individual Properties**

June 30, 2006 and 1997 (expressed in thousands)

Taxpayer	2006		1997	
	Taxable Value	Percent of District's Total Taxable Value (1)	Taxable Value	Percent of District's Total Taxable Value (1)
Novell	\$ 67,000	1.87%	\$ 19,567	0.90%
Provo mall Development Company	36,873	1.03%		
Qwest Communications	32,615	0.91%		
Central Utah Investment Co.	26,766	0.75%		
Scrub Oak Ltd.	18,408	0.51%	13,516	0.62%
Tropical Development LLC	15,500	0.43%		
Terranet Investments LLC	14,377	0.40%		
Questar Gas	14,295	0.40%		
Epixtech	10,811	0.30%		
IHC Hospitals Inc.	10,058	0.28%	6,539	0.30%
Medical Center Company LC	9,956	0.28%	2,750	0.13%
PDC Community Centers LLC	9,900	0.28%		
Parkway Village Properties LLC	9,745	0.27%		
Dillard USA Inc	9,600	0.27%		
East Bay Development CO.	9,442	0.26%		
Peak Provo	9,214	0.26%		
Aspen Investments Ltd	8,819	0.25%	5,381	0.25%
Sunstone OP Properties LLC	8,670	0.24%	2,675	0.12%
Johnson Land Enterprises LLC	7,655	0.21%	7,345	0.34%
Parkway Village Properties LLC	7,625	0.21%		
Webber Family Partnership			5,406	0.25%
Brandbury Park Inc	-		14,377	0.66%
Raintree Park Limited			9,737	0.45%
The Group Equity	-		9,025	0.42%
Glenwood Riviera Partnership			8,582	0.40%
Glenwood Cambridge LP	-		7,104	0.33%
Dynix			6,839	0.32%
Park Hotels LC			6,149	0.28%
Boettcher Pension Investors			5,793	0.27%
Parkway Lodging Assoc.			5,640	0.26%
Western State Finanail Resources			10,594	0.49%
Total District taxable value	\$ 3,588,753		\$ 2,169,953	

Source: Utah County Assessor's Office and State Tax Commission

Some taxpaying entities have separate properties in separate locations with individual vaules listed on the tax rolls. Consequently, those taxpayers separate properties are reported individually.

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

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Calendar Year	Other Taxing Entities				Total Tax Rate
	Provo City School District	Provo City	Utah County	Central UT Water District	
1997	0.006304	0.002328	0.002099	0.0004	0.011131
1998	0.006314	0.002392	0.001268	0.000397	0.010371
1999	0.006388	0.002836	0.001197	0.000396	0.010817
2000	0.005981	0.002674	0.001116	0.000377	0.010148
2001	0.005657	0.002998	0.001038	0.000369	0.010062
2002	0.006037	0.002787	0.001034	0.000358	0.010216
2003	0.006071	0.002776	0.001053	0.000358	0.010258
2004	0.006234	0.002891	0.001391	0.000400	0.010916
2005	0.006124	0.002787	0.001900	0.000400	0.011211
2006	0.006147	0.002722	0.000960	0.000357	0.010186

\*Source: Utah County Auditor and Provo City

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

(amounts expressed in thousands)  
 Years Ended June 30, 1998 through 2007

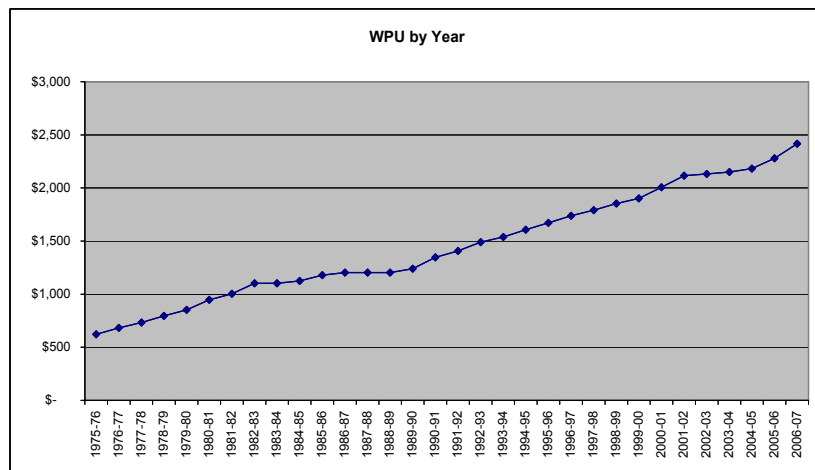
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<u>Fiscal Year Ended June 30th</u>	<u>Real Property Taxable Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Taxable Value to Total Estimated Actual Value</u>
1998	2,405,495	3,816,281	63.03%
1999	2,499,317	3,858,510	64.77%
2000	2,750,602	4,144,332	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%
2007	3,774,555	5,736,082	65.80%

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  
 1976 - 2007

Fiscal Year	WPU Value	Dollar Change	Percent Change
1975-76	\$ 621	\$ -	-----
1976-77	683	62	9.98%
1977-78	732	49	7.17%
1978-79	795	63	8.61%
1979-80	852	57	7.17%
1980-81	946	94	11.03%
1981-82	1,003	57	6.03%
1982-83	1,103	100	9.97%
1983-84	1,103	0	0.00%
1984-85	1,124	21	1.90%
1985-86	1,180	56	4.98%
1986-87	1,204	24	2.03%
1987-88	1,204	0	0.00%
1988-89	1,204	0	0.00%
1989-90	1,240	36	2.99%
1990-91	1,346	106	8.55%
1991-92	1,408	62	4.61%
1992-93	1,490	82	5.82%
1993-94	1,539	49	3.29%
1994-95	1,608	69	4.48%
1995-96	1,672	64	3.98%
1996-97	1,739	67	4.01%
1997-98	1,791	52	2.99%
1998-99	1,854	63	3.52%
1999-00	1,901	47	2.54%
2000-01	2,006	105	5.52%
2001-02	2,116	110	5.48%
2002-03	2,132	16	0.76%
2003-04	2,150	18	0.84%
2004-05	2,182	32	1.49%
2005-06	2,280	98	4.49%
2006-07	2,417	137	6.01%



Source: Utah State Office of Education, Finance & Statistics Department, [www.usoe.k12.ut.us](http://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, 1998 through 2007  
(modified-accrual basis of accounting)

	1998	1999	2000	2001
<b>Revenues:</b>				
Property taxes	\$ 8,115,538	\$ 9,359,293	\$ 9,228,345	\$ 10,261,018
Other local sources	3,859,177	4,087,986	4,444,204	4,950,701
State of Utah	40,495,538	43,141,474	43,651,984	45,063,047
Federal government	3,052,107	3,298,283	4,848,782	7,015,111
Total revenues	<u>55,522,360</u>	<u>59,887,036</u>	<u>62,173,315</u>	<u>67,289,877</u>
<b>Expenditures:</b>				
Instructional services	42,145,521	45,175,300	47,529,219	51,223,605
Supporting services:				
Students	1,902,796	1,979,137	2,209,453	2,580,471
Instructional staff	2,058,283	2,209,042	2,081,914	2,119,900
District administration	722,369	896,407	932,321	892,353
School administration	3,448,283	3,667,657	3,934,528	4,221,500
Business	517,234	558,716	571,465	624,374
Operations and maintenance	2,530,815	2,754,056	2,171,428	2,963,038
Student transportation	1,074,787	1,226,213	1,346,866	1,463,401
Other	856,444	912,159	746,826	790,888
Community services	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	202,204	291,991
Total expenditures	<u>55,256,532</u>	<u>59,378,687</u>	<u>61,726,224</u>	<u>67,171,521</u>
Excess (deficiency) of revenues over expenditures	265,828	508,349	447,091	118,356
<b>Other financing sources (uses):</b>				
Sale of assets	8,481	965	4,119	19,398
Insurance recoveries	-	-	-	-
Other miscellaneous	(158,772)	-	-	-
Total other financing sources (uses)	<u>(150,291)</u>	<u>965</u>	<u>4,119</u>	<u>19,398</u>
<b>Net change in fund balance</b>	<b><u>\$ 115,537</u></b>	<b><u>\$ 509,314</u></b>	<b><u>\$ 451,210</u></b>	<b><u>\$ 137,754</u></b>
Total debt service expenditures (all funds) (general obligations, capital leases, etc.)	\$ 13,556,417	\$ 4,281,999	\$ 4,557,876	\$ 4,735,619
<b>Debt service as a percentage of total general fund expenditures</b>	<b>24.5%</b>	<b>7.2%</b>	<b>7.4%</b>	<b>7.1%</b>

Source: District Data

**PROVO CITY SCHOOL DISTRICT**  
**Changes in Fund Balances**  
**& Ratio of Annual Debt Service to General Fund Expenditures (continued)**  
Years Ended June 30, 1998 through 2007  
(modified-accrual basis of accounting)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 10,567,029	\$ 12,025,243	\$ 12,347,734	\$ 12,540,548	\$ 12,801,543	\$ 13,473,520
4,949,536	2,474,249	2,168,510	2,295,796	2,089,693	2,831,647
47,436,768	44,982,179	43,542,941	46,131,313	46,639,740	49,313,718
9,133,449	9,208,342	6,561,494	6,415,614	8,379,546	8,600,968
<u>72,086,782</u>	<u>68,690,013</u>	<u>64,620,679</u>	<u>67,383,271</u>	<u>69,910,522</u>	<u>74,219,853</u>
56,109,435	53,442,575	48,924,913	50,233,015	52,670,674	57,792,894
2,632,473	2,703,337	2,475,479	3,111,115	3,023,616	3,208,542
2,407,242	2,152,858	1,907,838	1,897,748	2,014,345	2,053,435
930,589	915,463	1,074,630	855,576	1,478,589	1,489,474
4,178,592	4,295,133	4,335,979	4,311,056	4,045,607	4,485,853
649,778	662,177	662,633	2,510,104	1,113,650	1,094,542
2,560,518	2,099,278	2,373,719	1,767,533	1,008,309	1,335,633
1,853,503	1,630,291	1,542,147	1,747,676	1,859,437	2,203,890
836,082	843,955	864,989	37,172	854,544	880,260
-	89,456	36,681	-	-	-
-	-	-	-	-	-
189,988	-	-	-	-	-
<u>72,348,200</u>	<u>68,834,523</u>	<u>64,199,008</u>	<u>66,470,995</u>	<u>68,068,771</u>	<u>74,544,523</u>
(261,418)	(144,510)	421,671	912,276	1,841,751	(324,670)
2,956	1,789	1,868	2,500	-	3,955
-	-	-	21,171	-	-
-	-	-	-	-	-
<u>2,956</u>	<u>1,789</u>	<u>1,868</u>	<u>23,671</u>	<u>-</u>	<u>3,955</u>
<u>\$ (258,462)</u>	<u>\$ (142,721)</u>	<u>\$ 423,539</u>	<u>\$ 935,947</u>	<u>\$ 1,841,751</u>	<u>\$ (320,715)</u>
\$ 4,597,575	\$ 4,465,263	\$ 5,596,256	\$ 4,665,392	\$ 4,503,721	\$ 6,806,230
<b>6.4%</b>	<b>6.5%</b>	<b>8.7%</b>	<b>7.0%</b>	<b>6.6%</b>	<b>9.1%</b>

**PROVO CITY SCHOOL DISTRICT**  
**Schedule of Long-Term Debt Service**  
Years Ending June 30, 2008 through 2027

		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Debt Service Fund:</b>										
<b>General obligation bonds:</b>										
Series 1998 Refunding	Principal	425,000	440,000	460,000	475,000	495,000	520,000	-	-	-
\$ 4,950,000	Interest	17,000	17,600	18,630	19,475	20,295	21,580	-	-	-
Series 2004 Refunding	Principal	1,050,000	1,100,000	1,165,000	1,220,000	1,260,000	1,320,000	2,505,000	2,635,000	3,590,000
\$ 18,590,000	Interest	52,500	55,000	58,250	36,600	50,400	52,800	125,250	131,750	179,500
Series 2007A Refunding	Principal	1,017,000	1,060,000	1,091,000	1,141,000	1,184,000	1,226,000	696,000	726,000	-
\$ 8,220,000	Interest	38,717	40,354	41,534	43,438	45,075	46,674	26,497	27,639	-
Series 2006 G.O. Bond	Principal	325,000	350,000	350,000	375,000	375,000	400,000	400,000	425,000	450,000
\$ 9,400,000	Interest	13,000	14,000	14,000	15,000	15,000	16,000	16,000	17,000	18,000
Series 2007B G.O. Bond	Principal	300,000	900,000	950,000	975,000	1,025,000	1,050,000	1,100,000	1,150,000	1,200,000
\$ 25,600,000	Interest	12,000	36,000	38,000	39,000	41,000	42,000	44,000	46,000	48,000
Total Principal - Debt Service Fund		<u>3,117,000</u>	<u>3,850,000</u>	<u>4,016,000</u>	<u>4,186,000</u>	<u>4,339,000</u>	<u>4,516,000</u>	<u>4,701,000</u>	<u>4,936,000</u>	<u>5,240,000</u>
Total Interest - Debt Service Fund		<u>133,217</u>	<u>162,954</u>	<u>170,414</u>	<u>153,513</u>	<u>171,770</u>	<u>179,054</u>	<u>211,747</u>	<u>222,389</u>	<u>245,500</u>
Total - Debt Service Fund		<u>3,250,217</u>	<u>4,012,954</u>	<u>4,186,414</u>	<u>4,339,513</u>	<u>4,510,770</u>	<u>4,695,054</u>	<u>4,912,747</u>	<u>5,158,389</u>	<u>5,485,500</u>
<b>Capital Projects Fund:</b>										
<b>Obligations under lease agreements:</b>										
2003 Capital Lease	Principal	169,925	-	-	-	-	-	-	-	-
\$ 769,000	Interest	8,919	-	-	-	-	-	-	-	-
2005 Capital Lease	Principal	182,803	-	-	-	-	-	-	-	-
\$ 751,620	Interest	16,920	-	-	-	-	-	-	-	-
Total Principal - Capital Projects Fund		<u>352,727</u>	-	-	-	-	-	-	-	-
Total Interest - Capital Projects Fund		<u>25,839</u>	-	-	-	-	-	-	-	-
Total - Capital Projects Fund		<u>378,566</u>	-	-	-	-	-	-	-	-
<b>Total long-term debt obligations:</b>										
<b>Total Principal - All Funds - All Long-Term Debt</b>		<u>3,469,727</u>	<u>3,850,000</u>	<u>4,016,000</u>	<u>4,186,000</u>	<u>4,339,000</u>	<u>4,516,000</u>	<u>4,701,000</u>	<u>4,936,000</u>	<u>5,240,000</u>
<b>Total Interest - All Funds - All Long-Term Debt</b>		<u>159,056</u>	<u>162,954</u>	<u>170,414</u>	<u>153,513</u>	<u>171,770</u>	<u>179,054</u>	<u>211,747</u>	<u>222,389</u>	<u>245,500</u>
<b>Total - All Funds - All Long-Term Debt</b>		<u>\$3,628,783</u>	<u>\$4,012,954</u>	<u>\$4,186,414</u>	<u>\$4,339,513</u>	<u>\$4,510,770</u>	<u>\$4,695,054</u>	<u>\$4,912,747</u>	<u>\$5,158,389</u>	<u>\$5,485,500</u>

Source: District Data



**PROVO CITY SCHOOL DISTRICT**  
**Schedule of Long-Term Debt Service (continued)**  
Years Ending June 30, 2008 through 2027

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Totals
-	-	-	-	-	-	-	-	-	-	-	2,815,000
-	-	-	-	-	-	-	-	-	-	-	114,580
1,950,000	-	-	-	-	-	-	-	-	-	-	17,795,000
97,500	-	-	-	-	-	-	-	-	-	-	839,550
-	-	-	-	-	-	-	-	-	-	-	8,141,000
-	-	-	-	-	-	-	-	-	-	-	309,928
475,000	475,000	500,000	525,000	550,000	575,000	575,000	600,000	625,000	650,000	-	9,000,000
19,000	19,000	20,000	21,000	22,000	23,000	23,000	24,000	25,000	26,000	-	360,000
1,225,000	1,275,000	1,350,000	1,425,000	1,475,000	1,525,000	1,600,000	1,675,000	1,725,000	1,800,000	1,875,000	25,600,000
49,000	51,000	60,750	64,125	66,375	68,625	68,000	71,188	73,313	76,500	79,688	1,074,563
3,650,000	1,750,000	1,850,000	1,950,000	2,025,000	2,100,000	2,175,000	2,275,000	2,350,000	2,450,000	1,875,000	63,351,000
165,500	70,000	80,750	85,125	88,375	91,625	91,000	95,188	98,313	102,500	79,688	2,698,620
3,815,500	1,820,000	1,930,750	2,035,125	2,113,375	2,191,625	2,266,000	2,370,188	2,448,313	2,552,500	1,954,688	66,049,620
-	-	-	-	-	-	-	-	-	-	-	169,925
-	-	-	-	-	-	-	-	-	-	-	8,919
-	-	-	-	-	-	-	-	-	-	-	182,803
-	-	-	-	-	-	-	-	-	-	-	16,920
-	-	-	-	-	-	-	-	-	-	-	352,727
-	-	-	-	-	-	-	-	-	-	-	25,839
-	-	-	-	-	-	-	-	-	-	-	378,566
3,650,000	1,750,000	1,850,000	1,950,000	2,025,000	2,100,000	2,175,000	2,275,000	2,350,000	2,450,000	1,875,000	63,703,727
165,500	70,000	80,750	85,125	88,375	91,625	91,000	95,188	98,313	102,500	79,688	2,724,459
<u>\$3,815,500</u>	<u>\$1,820,000</u>	<u>\$1,930,750</u>	<u>\$2,035,125</u>	<u>\$2,113,375</u>	<u>\$2,191,625</u>	<u>\$2,266,000</u>	<u>\$2,370,188</u>	<u>\$2,448,313</u>	<u>\$2,552,500</u>	<u>\$1,954,688</u>	<u>\$66,428,186</u>

**PROVO CITY SCHOOL DISTRICT**  
**Ratios of Outstanding Debt**  
 June 30, 1998 through 2007

Fiscal Year	General Obligation Debt				Lease Obligations		
	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	Lease Obligations as Percentage of Taxable Value
1998	44,925,000	-	44,925,000	1.87%	423.82	649,921	0.03%
1999	44,065,000	35,352	44,029,648	1.76%	400.27	1,191,641	0.05%
2000	42,630,000	93,200	42,536,800	1.55%	383.21	787,064	0.03%
2001	41,055,000	214,630	40,840,370	1.31%	364.65	404,897	0.01%
2002	39,335,000	657,417	38,677,583	1.19%	358.13	-	0.00%
2003	37,530,000	621,656	36,908,344	1.01%	335.53	4,644,000	0.13%
2004	35,185,000	897,878	34,287,122	0.95%	300.76	3,145,521	0.09%
2005	33,270,000	974,828	32,295,172	0.90%	279.61	2,998,591	0.08%
2006	31,579,467	1,240,802	30,338,665	0.85%	288.94	2,269,177	0.06%
2007	64,016,647	1,707,369	62,309,278	1.65%	541.82	352,727	0.01%

Source: District Data

Note - data regarding the District's outstanding debt can be found in the notes to the financial statements

**PROVO CITY SCHOOL DISTRICT**  
**Ratios of Outstanding Debt (continued)**  
 June 30, 1998 through 2007

Total Debt							
Lease Obligations Debt Per Capita	Total Debt as Percentage of Taxable Value	Total Debt Per Capita	Debt Per Student	Debt to Income	Taxable Value	Estimated Population	Total Personal Income
6.13	1.89%	429.95	3502	n/a	2,405,495,400	106,000	not available
10.83	1.81%	411.10	3515	n/a	2,499,316,857	110,000	not available
7.09	1.58%	390.31	3402	n/a	2,750,602,274	111,000	not available
3.62	1.32%	368.26	3293	536.84%	3,119,841,993	112,000	7,683,000
-	1.19%	358.13	3126	490.65%	3,258,646,316	108,000	7,883,000
42.22	1.13%	377.75	3339	510.22%	3,666,115,635	110,000	8,144,000
27.59	1.03%	328.36	3051	428.78%	3,620,318,521	114,000	8,730,000
25.96	0.99%	305.57	2925	n/a	3,575,601,094	115,500	not available
21.61	0.91%	310.55	2597	n/a	3,588,753,374	105,000	not available
3.07	1.66%	544.89	4750	n/a	3,774,555,485	115,000	not available

**PROVO CITY SCHOOL DISTRICT**  
**Overlapping and Underlying General Obligation Debt**  
For Fiscal year ending June 30, 2006

<u>Taxing Entity</u>	<u>Taxable Value</u>	<u>Board's Portion of Taxable Value</u>	<u>Board's Percentage</u>	<u>Entity's General Obligation Debt</u>	<u>Board's Portion of G.O. Debt.</u>
<b>Overlapping:</b>					
State of Utah	155,211,782,610	3,588,753,374	2.31%	1,237,170,000	28,605,419
CUWCD (1)	91,958,591,216	3,588,753,374	3.90%	144,313,311	5,631,936
Utah County	20,035,627,346	3,588,753,374	17.91%	15,455,000	2,768,278
Total Overlapping					<u>37,005,632</u>
<b>Underlying:</b>					
Provo City (2)	3,588,753,374	3,588,753,374	100.00%	20,335,000	20,335,000
Total Underlying					<u>20,335,000</u>
Total Overlapping and Underlying General Obligation Debt					<u>57,340,632</u>
Total overlapping general obligation debt (excluding the State)(3)					8,400,214
Total direct general obligation bonded indebtedness					<u>33,270,000</u>
Total direct and overlapping general obligation debt (excluding the State)(3)					<u>41,670,214</u>
Total underlying general obligation debt					20,335,000
Total direct general obligation bonded indebtedness					<u>33,270,000</u>
Total direct and underlying general obligation debt					<u>53,605,000</u>
Total overlapping and underlying general obligation debt (excluding the State)(3)					28,735,214
Total direct general obligation bonded indebtedness					<u>33,270,000</u>
Total direct, overlapping, and underlying general obligation debt (excluding the State)(3)					<u>62,005,214</u>

**Taxable Value:** Taxable value used in this table for non-district entities were derived from the 2006 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:

(1) 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.

(2) 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.

(3) 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, 2006; <http://www.treasurer.state.ut.us/>. Taxable values were derived from the Utah State Tax Commission; <http://www.tax.utah.gov>

**PROVO CITY SCHOOL DISTRICT**  
**Computation of Legal Debt Margin**  
Years Ended June 30, 2003 through 2007

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Estimated Fair Market Value	\$ 5,310,090,273	\$ 5,199,485,716	\$ 5,353,912,000	\$ 5,443,759,516	\$ 5,736,082,850
"Fair Market Value" X 4% (Debt Limit)	212,403,611	207,979,429	214,156,480	217,750,381	229,443,314
Less: General Obligation Debt	37,530,000	35,185,000	33,270,000	31,035,000	63,351,000
Legal Debt Margin*	<u>174,873,611</u>	<u>172,794,429</u>	<u>180,886,480</u>	<u>186,715,381</u>	<u>166,092,314</u>
Ratio Legal Debt Margin to Legal Debt Limit	82.33%	83.08%	84.46%	85.75%	72.39%

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 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**

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<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2006	212,422	206,498	5,924	2.80%
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%

	Utah County					
	2001	2002	2003	2004	2005	2006
Total personal income (\$ millions)	7,683.1	7,883.6	8,144.4	8,730.8	9,365.3	10,208.2
Per capita income	20,087	20,133	20,506	21,646	20,439	21,964
Average family income per IRS returns	48,965	46,375	48,431	50,236	52,041	DNA
Average monthly nonfarm wage	2,243	2,250	2,297	2,350	2,423	DNA
Gross taxable sales (\$000s)	4,326,455	4,394,333	4,433,228	4,791,033	5,432,300	6,409,994
Permit authorized construction (\$000)	824,155	935,347	889,518	1,042,802	DNA	DNA
New residential building permits	4,272	4,326	4,677	4,728	5,819	6,902
Residential building permits value (\$000)	576,294	623,777	706,068	770,583	1,075,000	1,421,000

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

DNA - Data Not Available

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

**PROVO CITY SCHOOL DISTRICT**  
**Demographic Information - Population Growth**

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**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
2005	4,408	38.96%	11,314

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%
2005*	113,459	8,020	7.07%

Source: Data is derived from U.S. Census  
\*estimated data from U.S. Census web site

**PROVO CITY SCHOOL DISTRICT**  
**Utah County Largest Employers**  
2006

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Employer	June 30, 2006		Employer	June 30, 1997	
	Approximate Number of Employees	Percent of District's Total Estimated Employment		Approximate Number of Employees	Percent of District's Total Estimated Population
Brigham Young University	18,000	8.72%	Brigham Young University	10,000	3.79%
Alpine School District	6,240	3.02%	Alpine School District	4,500	1.90%
Utah Valley State College	4,000	1.94%	Novell Inc	1,000	0.63%
IHC Healthcare	3,600	1.74%	Prov City School District	1,500	0.63%
Nebo School District	3,100	1.50%	Utah Valley State College	1,500	0.63%
Provo City School District	2,400	1.16%	Nu Skin Enterprises	1,300	0.55%
Wal-Mart/Sam's Club	2,000	0.97%			
Convergys	1,700	0.82%			
Novell	1,700	0.82%			
Nestles USA Prepared Food Div.	1,540	0.75%			
State of Utah	1,500	0.73%			
Nu Skin Enterprises	1,020	0.49%			
Utah County	1,000	0.48%			
Myfamily.com	1,000	0.48%			
Provo City	850	0.41%			
<b>Totals</b>	<b>49,650</b>	<b>24.04%</b>		<b>19,800</b>	<b>8.13%</b>

The number of employees within the District's boundaries for these employers is unavailable. Therefore, the number of employees listed represents an approximate range of number of employees, per Utah County records.

Historical employer data for 1997 only available for 6 largest.

Source: Utah County, <http://www.co.utah.ut.us>



**PROVO CITY SCHOOL DISTRICT  
Full-Time Equivalent Positions By Function**

Years Ended June 30, 2004 through 2007

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental activities:</b>				
Instructional services	980.67	1071.21	1117.38	1141.35
Supporting services:				
Students	49.58	54.21	58.56	53.92
Instructional staff	39.62	29.95	35.51	32.63
District administration	9.24	25.12	24.12	23.93
School administration	74.97	78.36	78.66	79.78
Business and Central	22.06	22.96	23.46	24.79
Operation and maintenance	84.65	111.57	118.62	151.97
Transportation	38.56	47.18	46.56	49.91
School food services	57.65	89.12	83.15	90.8
Community services	64.7	196.58	185.61	172.52
<b>Total full-time equivalent positions</b>	<u><u>1,421.70</u></u>	<u><u>1,726.26</u></u>	<u><u>1,771.63</u></u>	<u><u>1,821.60</u></u>

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.

Source: District data

**PROVO CITY SCHOOL DISTRICT**  
**Student Average Daily Membership By School**  
**As Reported in S-3 Report (unaudited)**  
Years Ended June 30, 1998 - 2007

	Fiscal Year										Net Change (2007 less 1998)
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
<b>Elementary:</b>											
AMELIA EARHART	-	502	545	546	552	575	585	630	630	587	587
CANYON CREST	519	502	549	522	494	504	501	501	521	514	(5)
EDGEMONT	497	469	469	458	431	431	434	447	474	485	(12)
FARRER	-	-	-	-	-	-	-	-	370	359	359
FRANKLIN	535	548	557	525	554	563	560	532	526	500	(35)
GRANDVIEW	569	553	537	543	525	531	532	531	513	451	(118)
JOAQUIN	398	418	420	453	445	420	386	381	0	0	(398)
PROVOST	516	500	474	485	478	476	438	440	408	414	(102)
ROCK CANYON	608	602	585	572	547	578	563	580	574	582	(26)
SPRING CREEK/MAESER	518	479	462	486	494	510	520	511	548	608	90
SUNSET VIEW	884	607	655	675	702	676	618	638	614	622	(262)
TIMPANOGOS	600	624	573	485	547	562	568	546	502	540	(60)
WASATCH	483	453	494	495	524	507	501	533	570	600	117
WESTRIDGE	978	778	785	792	781	778	754	783	771	771	(207)
<b>Secondary:</b>											
CENTENNIAL M.S.	694	699	669	653	733	690	702	715	913	898	204
DIXON M.S.	675	663	636	598	586	588	629	619	875	835	160
FARRER M.S.	516	477	498	533	532	549	565	560	0	0	(516)
PROVO H.S.	1,834	1,844	1,768	1,757	1,664	1,688	1,731	1,760	1,787	1,763	(71)
TIMPVUE H.S.	1,895	1,883	1,794	1,737	1,684	1,633	1,634	1,607	1,615	1,637	(258)
INDEPENDENCE H.S.	294	273	292	276	312	371	341	289	276	302	8
<b>Total:</b>	<b>13,013</b>	<b>12,874</b>	<b>12,762</b>	<b>12,591</b>	<b>12,585</b>	<b>12,631</b>	<b>12,562</b>	<b>12,604</b>	<b>12,488</b>	<b>12,468</b>	<b>(545)</b>

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, 2007

	K	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	MEM
AMELIA EARHART	87	100	86	90	79	77	68	0	0	0	0	0	0	587
CANYON CREST	72	73	73	72	75	68	81	0	0	0	0	0	0	514
EDGEMONT	60	79	77	68	69	73	59	0	0	0	0	0	0	485
FARRER ELEM	59	60	62	53	48	35	43	0	0	0	0	0	0	359
FRANKLIN	75	77	71	77	70	55	74	0	0	0	0	0	0	500
GRANDVIEW	71	57	59	75	63	64	62	0	0	0	0	0	0	451
PROVOST	72	73	65	54	45	53	53	0	0	0	0	0	0	414
ROCK CANYON	91	97	69	83	89	80	73	0	0	0	0	0	0	582
SPRING CREEK	102	96	107	84	68	68	83	0	0	0	0	0	0	608
SUNSET VIEW	93	91	101	98	72	88	78	0	0	0	0	0	0	622
TIMPANOGOS	94	74	82	81	72	66	70	0	0	0	0	0	0	540
WASATCH	91	96	83	95	78	81	76	0	0	0	0	0	0	600
WESTRIDGE	119	133	125	111	107	88	88	0	0	0	0	0	0	771
CENTENNIAL	0	0	0	0	0	0	0	441	457	0	0	0	0	898
DIXON	0	0	0	0	0	0	0	411	424	0	0	0	0	835
PROVO H.S.	0	0	0	0	0	0	0	0	0	477	458	427	402	1,763
TIMPVIEV H.S.	0	0	0	0	0	0	0	0	0	438	437	385	377	1,637
INDEPENDENCE H.S.	0	0	0	0	0	0	0	0	0	72	94	76	60	302
CENTER FOR H.S. COMP	0	0	0	0	0	0	0	0	0	1	4	12	19	35
ADM COUNT BY GRADE	1,088	1,105	1,059	1,043	935	895	909	851	881	988	992	899	858	12,503
ADM COUNT BY LEVEL	K	Total 1st-6th						Total 7th-8th		Total 9th-12th				
	1,088	5,945						1,733		3,737				
ADM TOTALS	Total K-6th 7,033						Total 7th-12th 5,470						12,503	
													13,117	
												Total Handicap Self-Contained 613		
												Total Handicap Homebound 0.0		
												Total Self-contained/Homebound 613		
													Grand Total 13,117	

**PROVO CITY SCHOOL DISTRICT**  
**Number of Students per Teacher**  
 Years Ended June 30, 2003 - 2007

<u>Grade</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
Kindergarten	27.70	27.70	27.70	27.00	27.00
1	27.70	27.70	27.70	27.00	27.00
2	27.70	27.70	27.70	27.00	27.00
3	27.70	27.70	27.70	27.00	27.00
4	27.70	27.70	27.70	27.00	27.00
5	27.70	27.70	27.70	27.00	27.00
6	27.70	27.70	27.70	27.00	27.00
7	28.00	28.00	28.00	27.70	27.70
8	28.00	28.00	28.00	27.70	27.70
9	28.00	28.00	28.00	27.70	27.70
10	28.00	28.00	28.00	27.70	27.70
11	28.00	28.00	28.00	27.70	27.70
12	28.00	28.00	28.00	27.70	27.70

Note: The above represents the number of students that are required to hire one teacher  
 Actual class sizes may vary widely depending on the move-in patterns of students, etc.

Source: District Data

**PROVO CITY SCHOOL DISTRICT**  
**Average Expenditure by Function per Pupil**  
 Years Ended June 30, 2003 - 2007

<b>Function:</b>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Instruction	\$4,959	\$4,500	\$4,535	\$4,373	\$4,360
Supporting services:					
Student	286	255	267	256	218
Instructional staff	166	163	159	155	174
District administration	121	121	70	86	74
School administration	361	339	340	349	349
Business	97	98	214	70	98
Operation and maintenance of facilities	325	332	315	401	400
Student transportation	198	167	132	123	137
Central	141	86	3	69	68
School food services	347	315	316	326	279
Community services	248	252	306	193	184
Facilities & Construction	0	120	100	50	122
Interest on long-term liabilities	150	0	167	120	190
Total school district	<u>\$7,397</u>	<u>\$6,748</u>	<u>\$6,925</u>	<u>\$6,570</u>	<u>\$6,653</u>
Student Average Daily Membership	12,517	12,488	12,604	12,562	12,631

Source: District Data

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

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<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	75,801
Grandview	1949	69,546
Lakeview	2007	under constructio
Provost	1949	56,799
Rock Canyon	1964	69,883
Spring Creek	2002	70,720
Sunset View	1959	69,305
Timpanogos	2007	under constructio
Wasatch	1949	45,326
Westridge	1979	73,928
Secondary Schools:		
Centennial M.S.	1996	144,795
Dixon M.S.	1931	124,276
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

Source: District Data

**PROVO CITY SCHOOL DISTRICT**

**Service Efforts, Accomplishments, and Miscellaneous Statistical Data**

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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>	<u>2006-07</u>
Total candidates	319	370	370	419	414	400	400	400
Total exams taken	478	571	600	645	666	622	623	593
Total exams passed	389	433	472	458	497	479	468	449
Provo average passed	81%	76%	79%	71%	75%	77%	75%	76%

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
2006-07	469

Graduates

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Provo High School	322	365	344	344	310
Timpview High School	375	378	377	319	355
Independence High School	25	29	26	17	23
District Diplomas	30	37	37	34	60

Educational Level of Teachers 2006-07

Bachelors	488	66%
Masters	239	32%
Doctorate	12	2%

Staff Assignments 2006-07

Teachers	739
Classified Contracted	145
Administrators	40

Years of Experience 2006-07

20 or more years	27%
6 - 19 years	36%
0 - 5 years	37%

Source: District Data

**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			2005-06		
	Provo	Utah	Nat'l	Provo	Utah	Nat'l	Provo	Utah	Nat'l
English	22.5	20.9	20.4	22.4	21.2	20.6	22.4	21.2	20.7
Math	22.5	20.9	20.7	22.1	21.0	20.8	22.0	21.0	21.0
Reading	23.5	22.2	21.3	23.2	22.4	21.4	23.2	22.4	21.5
Science	22.6	21.4	20.9	22.1	21.6	20.9	22.1	21.6	21.0
Composite	22.9	21.5	20.9	22.6	21.7	21.1	22.6	21.7	21.2

Elementary Criterion-Referenced Testing (CRT)

	Grade	2003-2004		2004-2005		2005-06	
		Average % Correct	Number Tested	Average % Correct	Number Tested	Average % Correct	Number Tested
Language Arts	1	82%	1,037	80%	1,151	76%	1,153
	2	75%	1,020	77%	1,015	79%	1,108
	3	76%	995	75%	1,016	78%	1,006
	4	81%	951	81%	990	81%	980
	5	78%	914	79%	923	79%	960
	6	79%	989	82%	897	76%	903
Math	1	83%	1,038	76%	1,165	77%	1,151
	2	75%	1,020	78%	1,021	80%	1,109
	3	79%	999	79%	1,023	80%	998
	4	82%	956	80%	999	83%	975
	5	77%	917	83%	936	80%	957
	6	75%	696	77%	629	77%	608
Science	1-3	not tested		not tested		not tested	
	4	62%	950	not available		62%	982
	5	59%	914	64%	931	66%	960
	6	63%	992	68%	895	72%	904

Secondary Criterion-Referenced Testing (CRT)

Course	2003-2004		2004-2005		2005-06	
	Average % Correct	Number Tested	Average % Correct	Number Tested	Average % Correct	Number Tested
Math	unavailable		69%	403	60%	423
PreAlgebra	83%	1,201	79%	1,391	81%	1,243
Algebra	69%	1,228	77%	1,097	72%	1,189
Geometry	72%	804	76%	875	68%	920
Science 7th	67%	994	63%	964	data not complete from state	
Science 8th	68%	900	67%	978	68%	942
Earth Systems	64%	359	59%	376	66%	339
Biology	79%	629	65%	818	65%	978

Source: District Data



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

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

	Fall 2004		Fall 2005		Fall 2006	
	Provo	Utah	Provo	Utah	Provo	Utah
<b>Third Grade ITBS</b>						
Reading	64	64	63	65	65	64
Language	52	55	52	55	53	54
Mathematics	56	57	57	57	58	55
Social Studies	64	65	65	66	65	66
Science	69	69	68	69	69	68
Composite Score	64	65	64	65	65	64
<b>Fifth Grade ITBS</b>						
Reading	65	63	64	64	63	63
Language	61	58	57	57	56	58
Mathematics	65	59	62	59	61	59
Social Studies	62	61	59	61	59	61
Science	71	69	68	70	69	70
Composite Score	67	64	63	63	63	63
<b>Eighth Grade ITBS</b>						
Reading	63	62	62	62	63	62
Language	55	54	57	57	53	53
Mathematics	58	57	62	59	57	57
Social Studies	50	52	59	61	50	52
Science	63	64	68	70	63	65
Composite Score	58	58	63	63	57	58
<b>Eleventh Grade ITBS</b>						
Reading	68	62	67	62	65	62
Spelling	56	52	54	51	52	51
Revising Writing	58	56	58	55	56	54
Mathematics	61	58	61	57	62	57
Social Studies	62	60	64	59	57	58
Science	65	65	66	62	53	61
Composite Score	64	61	65	59	60	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.*

Source: District Data

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

Food Service

	Meals Served	Breakfasts Served	Free Lunch Served	% of Free lunches to Total Served	Reduced Cost Lunch Served	% of Reduced Cost lunches to Total Served
2001-02	1,214,770	252,424	526,438	43.34%	164,461	13.54%
2002-03	1,211,667	261,218	571,446	47.16%	157,921	13.03%
2003-04	1,226,062	267,538	603,325	49.21%	156,125	12.73%
2004-05	1,245,816	282,153	612,228	49.14%	160,509	12.88%
2005-06	1,256,839	289,865	609,996	48.53%	152,639	12.14%
2006-07	1,255,951	293,649	567,608	45.19%	164,048	13.06%

Transportation

Miles traveled (to and from school, field trips, and activities)	518,821
Number of students transported daily	4,894
Driving hours per day	245
Route miles driven per day	2,605
Field and activity trip miles per day	233
Cost per student per year to bus	\$492
Number of buses	43

Vandalism Costs

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Glass replacement	\$ 23,922	\$ 16,480	\$ 11,820	\$ 11,946	\$ 12,071	\$ 18,553
Graffiti removal	3,000	2,910	1,944	2,930	3,916	5,500
Break-in repair	3,200	1,385	2,300	1,780	1,260	3,800
Total	<u>\$ 30,122</u>	<u>\$ 20,775</u>	<u>\$ 16,064</u>	<u>\$ 16,656</u>	<u>\$ 17,247</u>	<u>\$ 27,853</u>

Cost Per Student

	Total Expense	Number Students	Cost per Student
2002-03	84,029,969	13,084	\$6,422
2003-04	82,527,916	12,562	\$6,570
2004-05	87,285,070	13,081	\$6,673
2005-06	84,316,764	13,031	\$6,470
2006-07	92,591,087	13,117	\$7,059

Source: District Data

**PROVO CITY SCHOOL DISTRICT**  
**Schedule of Insurance in Force**  
June 30, 2007

	Expiration Date	Deductible	Limits	Fiscal Year	
				2007 Premium	2006 Premium
*Property	Until canceled	\$ 1,000	Replacement value	\$119,222	\$114,699
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	161,960
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	8,418
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	424,317	415,163
				<u>\$ 679,949</u>	<u>\$ 700,240</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

Source: District Data

