

Comprehensive Annual Financial Report



For Fiscal Year Ended June 30, 2008



Provo City School District

280 West 940 North Provo, Utah

www.provo.edu

Provo City School District
280 West 940 North
Provo, Utah 84604
www.provo.edu

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2008

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

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Introductory Section

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, 2008

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, 2008. 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, under the banner of the K-12 Alliance, the District has joined with other school districts in the region to strengthen our relationship with Utah Valley University.

The financial position of the District continually improves. 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 \$14,116,835 to \$43,618,001 (\$22,634,941 excluding fund balances reserved for construction commitments), to \$24,273,610 in the current year. In the current year, fund balances include \$1,999,652 of unspent bond proceeds 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 con-

solidation of middle schools and rehabilitation or replacement of older buildings. After a public approved bond and leeway election in June 2006, new construction and capital improvements in our school buildings commenced. Lakeview Elementary was completed in June 2008, and the Timpanogos Elementary school rebuild will be completed by October 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 have also been completed, and the capital improvement budget has been increased 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 13,083 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 General Fund 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 many teachers completed ESL certification.

The District sponsor's innovative curriculum. The District currently supports a Spanish-English dual immersion program, and in 2009 will open dual immersion language instruction in Chinese. The District will also open an accelerated learning center for 2008-2009 school year for gifted and talented students, and supports an International Baccalaureate program as well. New math and literacy programs will be added at the elementary level in 2009 as well.

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. All CRT testing for the 2007-2008 school year was done electronically.

As part of the District's goal to better communicate with the public and employees, the District web site has been enhanced, public open houses are conducted for most major decisions, and the Superintendent meets frequently with faculty and staff.

District Master Plan

The capstone to the District Master Plan, adopted in November 2004, was a June 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 following projects:

- Classroom additions at Provost Elementary
- Classroom, library and main office additions and the entryway expansion at Sunset View Elementary
- Classroom and auditorium additions at 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 near completion of construction on the Timpanogos Elementary rebuild
- The completion of construction on the new Lakeview Elementary school

Voter approved leeway taxes were increased in the 2007-2008 school year approximately \$200,000 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.

The District completed employee negotiations, substantially reducing its OPEB liability and establishing a funding stream for the annual required contribution. As in the past year, 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, 2008 was \$4,114,704. Total unreserved governmental fund balances on June 30, 2008 were \$16,294,149.

**State
Funding**

The state fiscal 2008 school finance program is designed to provide every Utah school district with a basic operation program of \$2,514 per weighted pupil unit (WPU) (compared to \$2,417 in fiscal year 2007). The State Legislature has increased the WPU funding to \$2,577 for fiscal year 2009. 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 69.8% 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, compared to the national rate. In 2007, Utah County experienced job growth rate at 5.2%. The unemployment rate was at a low of 2.5%. Growth in construction employment continued, with sustained growth in the energy industry, and in the professional, business, and financial services as well.

According to a report released in August 2008 by the Utah Department of Workforce Services, Utah's job growth began to see a recession. The end of the residential construction boom, tight credit and high cost of living all contributed to the economic decline.

From 2003 to 2007, personal income in Utah county rose nearly 41%. Average per capita income rose 13% over the same period of time, from \$19,838 to \$22,906.

**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 August 2008, Utah County had an estimated population of 501,477. Utah County surpassed all other counties as the state's fastest growing area in 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. As of August 2008, Provo made up approximately 23% of the population. 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 9 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 \$27.9 million for planned capital projects and improvements for Fiscal Year 2007-08.

Risk Management

The District participates in the workers compensation program administered by the Utah School Boards Association. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District participates in the State Division of Risk Management system for property and liability insurance. The State Division of Risk Management system and the Utah School Boards Association system are pooled arrangements where the participating entities pay annual premiums which are designed to pay claims and build sufficient reserves so that the system will be able to protect the participating entities with its own capital. The pool re insures sizeable losses to preserve the capital base.

Cash Management & Investments

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

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

*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.

trict 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 \$2,942,415 for retiree benefits during fiscal year 2008, and accrued an additional \$3.6 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 presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion for the District's financial statements for the fiscal year ended June 30, 2008; 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, 2007. This was the fifth 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 Of-
ficials***

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, 2007.

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.

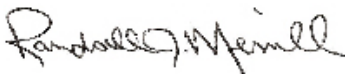
The award is granted only after an intensive review of the District's financial reports by an expert panel of certified public accountants and practicing school business officials and is valid for a period of one year. This was the fifth year the District has received the ASBO Certificate of Excellence.

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 2007-08.

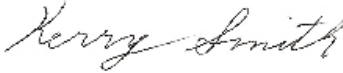
The preparation of the report on a timely basis could not be accomplished without the efficient and dedicated services of the entire business staff. The District is appreciative of the efforts made by Stefanie Bryant, Director of Accounting, for preparing this report and coordinating the annual audit.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

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, 2007

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.



Charles S. Cox

President

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, 2007**

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

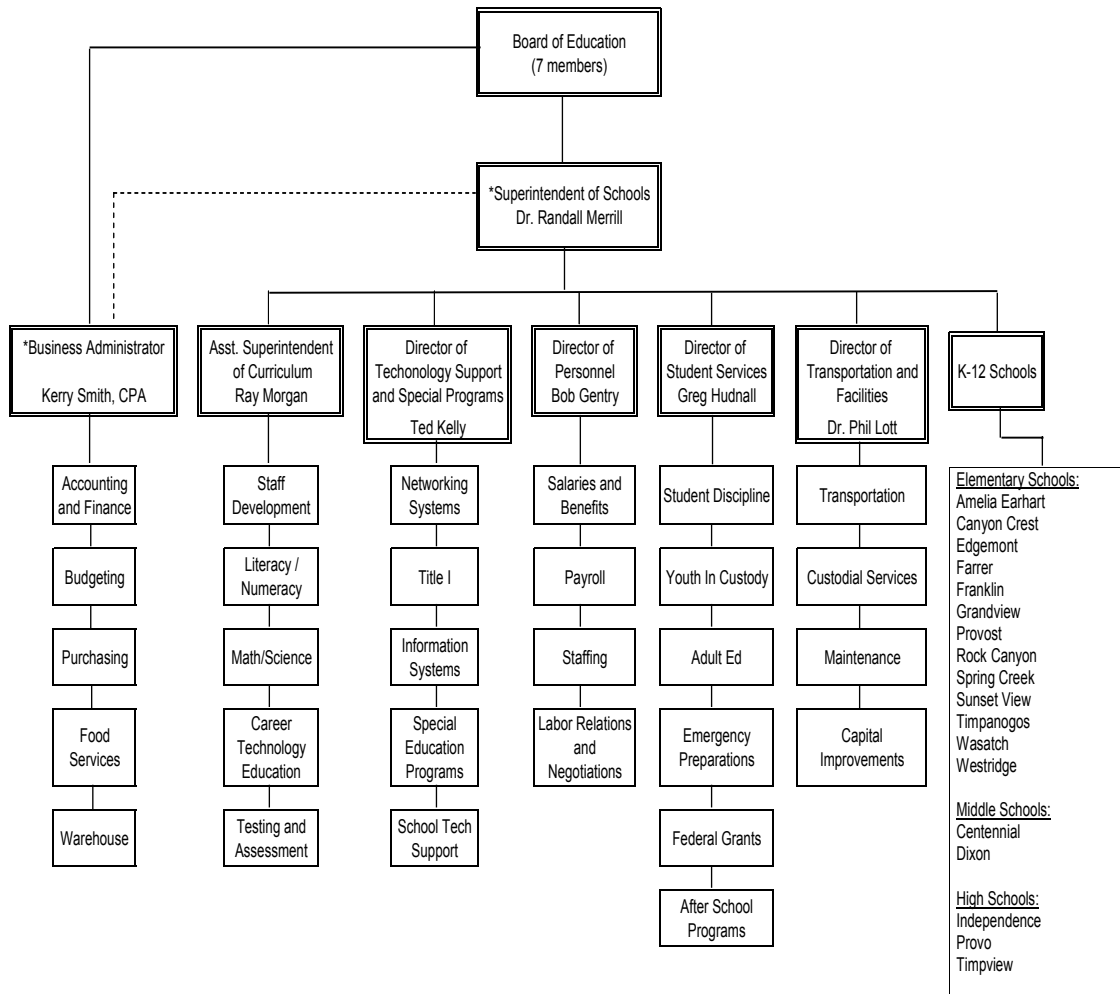
Grome E. Brendel

President

John D. Masso

Executive Director

Provo City School District
Organizational Chart
 For Fiscal Year Ended June 30, 2008



*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.

Elected and Appointed Officials

For Fiscal Year Ended June 30, 2008

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

Jared Ferguson
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	Jarod Sites
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

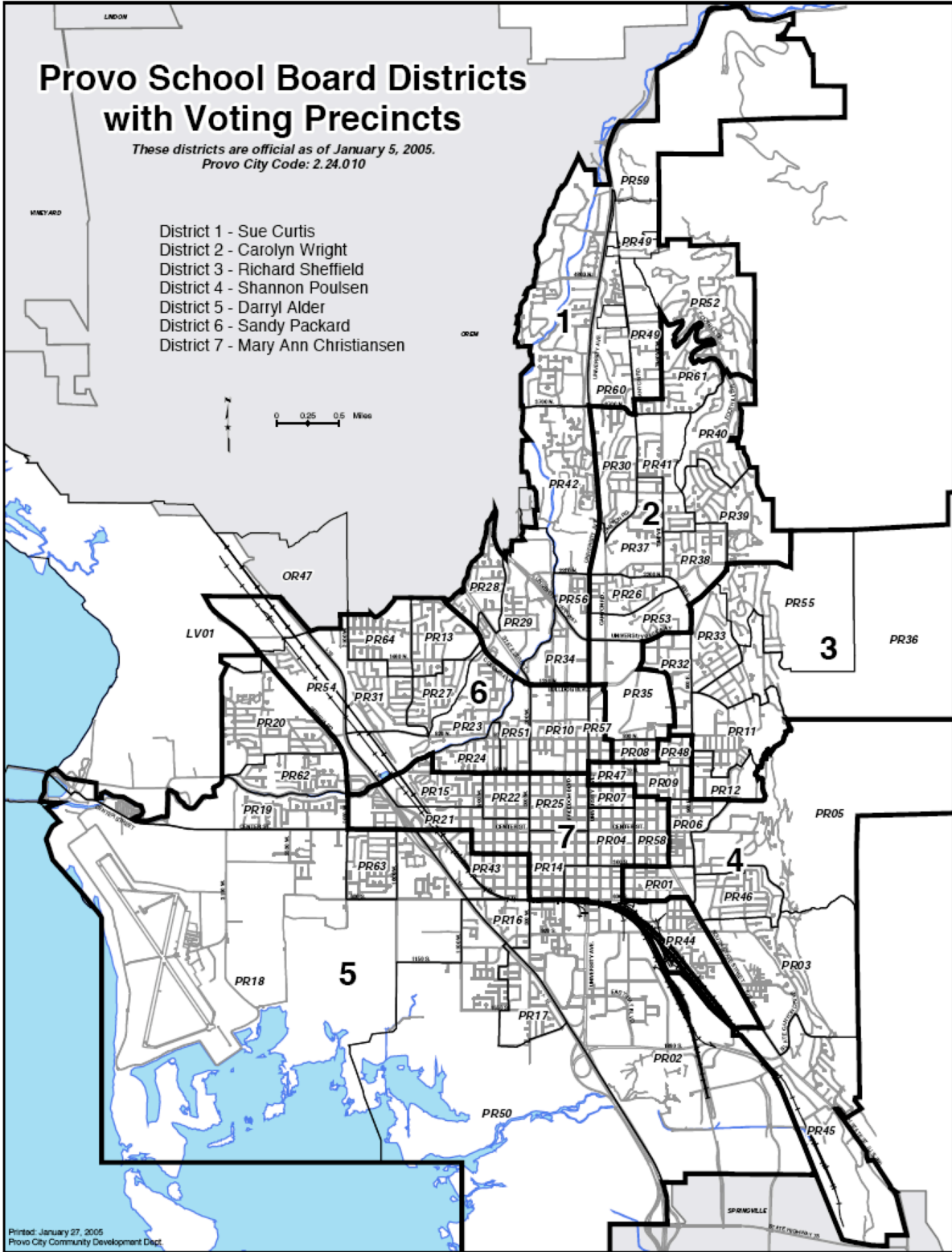
Independence	Sarah Lloyd
Provo	Sam Ray
Timpview	Dr. George Bayles

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.



Financial Section

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 29 - 53)

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 54 - 74)

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, 2008, 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, 2008, and the respective changes in financial position and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2008, 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 blue ink that reads "C.P.A. Network, LLC". The signature is written in a cursive style with a large, stylized initial "C" on the left.

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

September 15, 2008

Management's Discussion and Analysis

This section of Provo City School District's (District) comprehensive annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2008. 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.

Comparative data for fiscal year 2007 has been restated due to the addition of Fund 21, School Activities fund, and a reclassification of prior Supplemental funds into the District's General and Non K-12 Instruction funds during the current fiscal year.

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, 2008:

- **Government-Wide Net Assets.** The District's total net assets exceeded liabilities by \$50.9 million at the close of fiscal year 2008.
- **Government-Wide Financial Progress (full-accrual basis of accounting):** During the year, expenses were \$4.8 million less than the \$107.3 million generated in taxes and other revenues for governmental activities. The \$4.8 million increase in net assets is \$2.4 million more than the increase in net assets for the year ended June 30, 2007.
- **Governmental Fund Financial Progress (modified-accrual basis of accounting):** During the year ended June 30, 2008, the combined fund balance decreased by \$19.3 million. The \$19.3 million fund balance decrease is due primarily to a spend down of capital projects fund balance.
 - The District's capital projects fund makes up the largest portion of the overall total fund balance among all governmental funds. The capital projects fund balance decreased by \$19.4 million due to use of prior year bond proceeds that were committed for construction projects.
- **Capital Lease Obligation.** During fiscal year 2008, the District entered into a capital lease agreement to fund computers for instructional purposes. The total long-term obligation was for \$1.1 million. The lease is for a period of three years. The first principal payment was made in fiscal year 2008.
- **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. To date, the district has spent \$33.4 million of the bond proceeds on capital projects. Construction of Lakeview Elementary was final in June of 2008, and school shall commence at Lakeview for the 2008-09 school year. Construction of Timanogos Elementary is slated to be complete in the fall of 2008.

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 30 to 31 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 (a blended component unit) as part of the General fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each governmental fund is provided in the form of

combining and individual fund statements elsewhere in this report.

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

The basic governmental fund statements can be found on pages 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 various 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 53 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 55 to 74 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 \$50.9 million at the close of the most recent fiscal year.

Net assets of the District's governmental activities increased 10.6% to \$50.9 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 (-1.2% of total net assets) are at a \$600 thousand 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, 2008.

The largest portion of the District's net assets (63.2%) reflects its investment in capital assets (e.g., sites, buildings, equipment and vehicles net of accumulated depreciation), net of related long term debt used to acquire such assets (general obligation bonds payable less unspent bond proceeds). Capital assets are used to provide services to students, and are not available for future spending. It should be noted, that the resources needed to repay the related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (37.9%) represents fund balances that are subject to external restrictions on how they may be used. The majority of restricted fund balance is for capital projects.

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

	Governmental activities		
	2008	2007	Change from 2007
Current and other assets	\$ 59.3	\$ 76.4	\$ (17.1)
Capital assets	93.6	72.9	20.7
Total assets	152.9	149.3	3.6
Other liabilities	33.5	31.0	2.5
Long-term liabilities outstanding	68.5	72.2	(3.7)
Total liabilities	102.0	103.2	(1.2)
Net assets:			
Invested in capital assets, net of related debt	32.2	8.8	23.4
Restricted	19.3	39.3	(20.0)
Unrestricted	(0.6)	(2.0)	1.4
Total net assets	<u>\$ 50.9</u>	<u>\$ 46.1</u>	<u>\$ 4.8</u>

B. Changes in Net Assets – Governmental Activities

The District's total net assets increased by \$4.8 million during the current year. Of the \$4.8 million increase in total net assets, unrestricted net assets increased by \$1.4 million. Restricted net assets decreased by \$20.0 million during the year ended June 30, 2008. The decrease in restricted net assets is due primarily to the spend down of bond proceeds held for construction commitments.

The District's total revenues for the year were \$107.3 million, which represents an increase of \$7.5 million over the prior year. Total federal and state aid comprise (specific to programs and unrestricted) 65.9% of the District's revenues; property taxes generated 24.7% of the District's revenues. Revenues from operating grants and contributions increased from the prior year by \$7.5 million.

As compared to the prior year, the total cost of all programs and services increased by 5.2% to \$102.5 million. Instruction and support services (including food services) were 67.3% and 21.5%, 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 4.0% during the year ended June 30, 2008 (\$2,514 during 2008 as compared to \$2,417 in 2007).

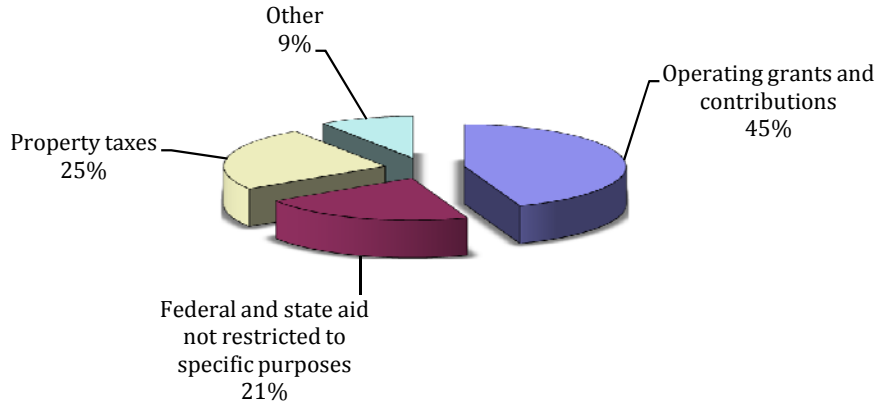
PROVO CITY SCHOOL DISTRICT'S Changes in Net Assets
(in millions of dollars)

	Governmental activities		
	2008	2007	Change from 2007
Revenues:			
Program revenues:			
Charges for services	\$ 2.0	\$ 1.4	\$ 0.6
Operating grants and contributions	41.5	34.0	7.5
General revenues:			
Property taxes	26.5	26.6	(0.1)
Federal and state aid not restricted to specific purposes	29.2	31.1	(1.9)
Earnings on investments	2.1	1.7	0.4
Miscellaneous	6.0	5.0	1.0
Total revenues	107.3	99.8	7.5
Expenses:			
Instructional services	69.0	65.7	3.3
Supporting services:			
Students	3.5	3.6	(0.1)
Instructional staff	1.5	2.1	(0.6)
District administration	1.3	1.5	(0.2)
School administration	4.7	4.5	0.2
Business	2.7	1.2	1.5
Operation and maintenance of facilities	5.2	4.1	1.1
Transportation	2.7	2.5	0.2
Other	0.4	2.0	(1.6)
School food services	4.5	4.3	0.2
Community services	4.2	4.0	0.2
Interest on long-term liabilities	2.8	1.9	0.9
Total expenses	102.5	97.4	5.1
Changes in net assets	4.8	2.4	2.4
Net assets, beginning	45.5	42.8	2.7
Net assets, ending	\$ 50.9	\$ 45.2	\$ 5.1

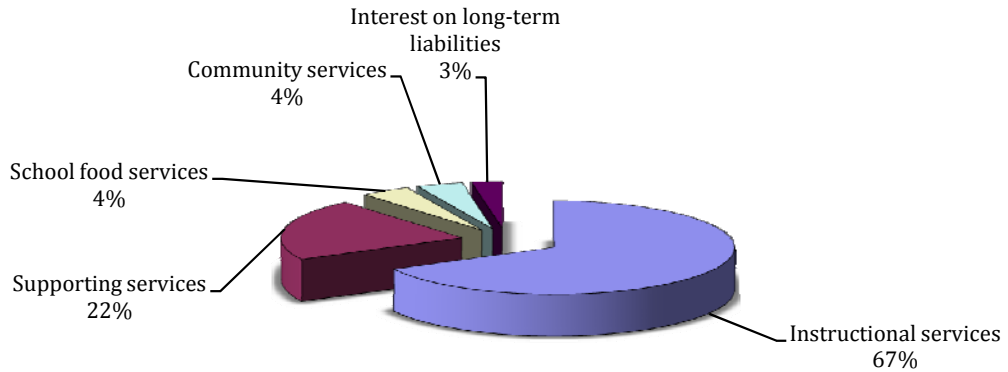
As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Beginning fund balance adjusted for reclassification of programs between funds.

**Revenues by Source - Governmental Activities
Year Ended June 30, 2008**



**Expenses by Function - Governmental Activities
Year Ended June 30, 2008**



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.

School Activities Fund (special revenue fund) - used to account for activities at the school level, including sports, clubs and instruction related programs.

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 \$24.3 million, which is \$19.3 million less than the previous year. The primary reasons for the decrease 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 decreased by \$19.4 million as compared to a \$26.6 million increase in the prior year. The primary reason for this change in fund balance is due to the spend down of bond proceeds in the amount of \$19.3 million in the current year, and the unspent bond proceeds of \$21.0 million in the prior year.
- The District's *General* fund balance increased by \$752 thousand as compared to a \$153 thousand decrease in the previous year. The increase is primarily due to differences in yearly funding of the OPEB accrual.
- The District's *School Food Services* fund increased by \$219 thousand. The increase is due primarily from excess state tax revenues received at the end of the fiscal year.
- 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 \$127.9 million, an increase of \$12.9 million during the current fiscal year. The increase is primarily due to ongoing capital projects.

- General fund salaries totaled \$50.2 million as compared to \$46.1 million in the previous year. Associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) totaled \$22.0 as compared to \$22.1 million in the previous year. Associated benefits did not increase comparatively to salaries due to a decreased OPEB accrual in the current year.

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

Changes in local revenues are due to the following elements:

- *Property taxes:* Changes in property taxes are primarily due to changes in assessed property valuations, additions of new taxable properties, and collection rates.
- *Tuitions:* Tuitions represent charges to participants for ancillary programs such as truancy program fees, after school programs, preschool, the Center for High School Studies, recreation activities, and driver's education. Consequently, major changes in tuitions represents fluctuations in both program activity and services provided through these ancillary programs. These tuition revenues also represent fees charged to secondary school students for specific activities; secondary school fees are accounted for in the school activities fund.
- *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 including fundraising events in the School Activities fund.
- *Transportation fees, contributions 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>2008</u>	<u>2007</u>
Property taxes	\$ 26,477,406	\$ 26,614,167
Tuitions	573,879	563,156
Transportation fees	113,095	111,387
Earnings on investments	2,142,078	1,721,041
Food Services	1,202,495	1,161,596
Contributions	160,309	344,501
Other revenues from local sources	6,005,932	5,473,195
	<u>\$ 36,675,194</u>	<u>\$ 35,989,043</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 \$350 thousand in total general fund revenues and an increase of \$3.7 million in expenditures. The most significant budget changes may be summarized as follows:

- *State Revenues:* State Revenues have increased \$660,000. The increase is primarily due to the legislative salary adjustment budget being fully-funded following the legislative session.
- *Other local revenue:* Other local revenue increased \$400,000. The increase is primarily due to the Foundation reporting in the general fund.
- *Instructional services:* Instructional services increased \$2.0 million. The increase is due to various items, including an increase in the the bonus budgets of \$484,000 after updates were received, and adjustments to salaries for legislative funding.

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, 2008 and 2007 are outlined below:

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

	Governmental activities		Total Change 2008-2007
	2008	2007	
School sites (land)	\$ 6.2	\$ 6.2	\$ -
Works of art	0.4	0.4	-
Construction in progress	23.8	13.1	10.7
Buildings	56.9	48.2	8.7
Furniture & equipment	6.3	4.9	1.4
Total capital assets	<u>\$ 93.6</u>	<u>\$ 72.9</u>	<u>\$ 20.9</u>

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

- Completion of construction on a new elementary school in the Lakeview neighborhood.
- Near completion of construction on the new Timpanogos Elementary School.
- Construction, at a cost of \$28.3 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, 2008 is \$293.5 million. General obligation debt at June 30, 2008 is \$60.2 million, resulting in a legal debt margin of \$233.3 million.

PROVO CITY SCHOOL DISTRICT'S Outstanding General Obligation Debt

	Governmental Activities		Total Change 2008-2007
	2008	2007	
General obligation bonds	\$ 60.2	\$ 63.4	\$(3.2)

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, 2008

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 34,707,831
Receivables:	
Property taxes	21,443,000
Other local	263,749
State	95,610
Federal	2,433,460
Inventories	227,002
Bond issuance costs, net of accumulated amortization	86,729
Capital assets:	
Land, construction in progress, and works of art	30,416,203
Buildings and equipment, net accumulated depreciation	<u>63,171,971</u>
Total assets	152,845,556
Liabilities:	
Accounts payable	3,927,176
Accrued interest payable	126,320
Payroll and related payables	10,760,273
Due to other governments or nonprofit organizations	(589,732)
Deferred revenue:	
Property taxes	19,037,073
Other local	34,740
State	-
Federal	156,870
Noncurrent liabilities:	
Portion due or payable within one year	7,388,802
Portion due or payable after one year	<u>61,118,673</u>
Total liabilities	101,960,196
Net Assets:	
Invested in capital assets, net of related debt	32,155,592
Restricted for:	
Debt service	1,258,025
Capital projects	13,234,320
Non K-12 instruction	647,123
Student Activities	2,008,233
School food services	2,199,774
Unrestricted	<u>(617,707)</u>
Total net assets	<u>\$ 50,885,360</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, 2008

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Instructional services	\$ 69,059,951	\$ 693,652	\$ 30,850,946	\$ (37,515,353)
Supporting services:				
Students	3,452,728	-	1,738,554	(1,714,174)
Instructional staff	1,544,884	-	625,376	(919,508)
District administration	1,268,614	-	356,406	(912,208)
School administration	4,740,635	-	331,337	(4,409,297)
Business	2,719,019	-	7,712	(2,711,307)
Operation and maintenance of facilities	5,167,878	-	-	(5,167,878)
Transportation	2,734,970	113,095	1,556,368	(1,065,507)
Other	392,585	-	53,830	(338,755)
School food services	4,494,804	1,202,495	3,144,362	(147,947)
Community services	4,166,235	-	2,868,356	(1,297,879)
Interest on long-term liabilities	2,849,763	-	-	(2,849,763)
Total school district	\$ 102,592,066	\$ 2,009,243	\$ 41,533,247	(59,049,576)
General Revenues:				
Property taxes levied for:				
Basic state supported program for regular K-12 instruction				6,625,669
Voted leeway for regular K-12 instruction				4,432,274
School board leeway for class size reduction				1,713,274
Special transportation				485,175
Tort liability				303,234
Community recreation				1,293,800
Debt service of general obligation bonds				5,144,875
Capital outlay for buildings and other capital needs				1,864,891
Ten percent of basic for construction, textbooks, and supplies				4,614,215
Federal and state aid not restricted to specific purposes				29,161,587
Earnings on investments				2,142,078
Miscellaneous				6,023,643
Total general revenues				<u>63,804,715</u>
Changes in net assets				4,755,139
Net assets - beginning				<u>46,130,221</u>
Net assets - ending				<u>\$ 50,885,360</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, 2008

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
Assets:					
Cash and investments	\$ 14,650,310	\$ 811,161	\$ 14,589,262	\$ 4,657,098	\$ 34,707,831
Receivables:					
Property taxes	10,416,363	4,280,569	5,878,493	867,575	21,443,000
Other local	149,422	-	1,417	112,910	263,749
State	30,855	-	-	64,755	95,610
Federal	2,349,404	-	-	84,056	2,433,460
Due from other funds	589,732	-	-	-	589,732
Inventories	54,043	-	-	172,959	227,002
Total assets	<u>\$ 28,240,129</u>	<u>\$ 5,091,730</u>	<u>\$ 20,469,171</u>	<u>\$ 5,959,354</u>	<u>\$ 59,760,384</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 1,814,948	\$ -	\$ 1,897,559	\$ 214,669	\$ 3,927,176
Payroll and related payables	10,595,253	-	24,484	140,536	10,760,273
Due to other funds	-	-	-	-	-
Deferred revenue:					
Property taxes	9,985,489	4,118,890	5,677,568	825,768	20,607,715
Other local	34,740	-	-	-	34,740
State	-	-	-	-	-
Federal	156,870	-	-	-	156,870
Total liabilities	<u>22,587,301</u>	<u>4,118,890</u>	<u>7,599,612</u>	<u>1,180,972</u>	<u>35,486,775</u>
Fund Balances:					
Reserved for:					
Inventories	54,043	-	-	172,959	227,002
Construction commitments	-	-	1,999,652	-	1,999,652
Provo City School District Foundation for Excellence	457,074	-	-	-	457,074
Other restricted programs	1,009,911	-	-	189,247	1,199,158
Unreserved:					
Undesignated reported in:					
General fund	4,131,800	-	-	-	4,131,800
Debt service fund	-	972,841	-	-	972,841
Capital projects fund	-	-	10,869,908	-	10,869,908
Special revenue funds:					
Non K-12 instruction	-	-	-	381,128	381,128
Student Activities	-	-	-	2,008,233	2,008,233
School food services	-	-	-	2,026,815	2,026,815
Total fund balances	<u>5,652,827</u>	<u>972,841</u>	<u>12,869,560</u>	<u>4,778,382</u>	<u>24,273,610</u>
Total liabilities and fund balances	<u>\$ 28,240,129</u>	<u>\$ 5,091,730</u>	<u>\$ 20,469,171</u>	<u>\$ 5,959,354</u>	<u>\$ 59,760,384</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, 2008

Total fund balances for governmental funds \$ 24,273,610

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	23,831,725	
Works of art	356,150	
Buildings and improvements, net \$36,481,784 accumulated depreciation	56,922,145	
Furniture and equipment, net \$7,724,865 accumulated depreciation	6,249,826	93,588,174
	<u>6,249,826</u>	

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. 1,570,642

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (126,320)

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 \$441,536. 86,729

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	(60,234,000)	
Deferred amounts on refunding, net	833,714	
Deferred amounts for bond premiums, net	(1,427,488)	
Obligations under capital leases	(604,810)	
Vacation payable	(867,256)	
Early retirement payable	(6,207,635)	(68,507,475)
	<u>(6,207,635)</u>	

Total net assets of governmental activities \$ 50,885,360

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, 2008

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
Revenues:					
Local sources:					
Property taxes	\$ 13,559,626	\$ 5,144,875	\$ 6,479,106	\$ 1,293,800	\$ 26,477,406
Contributions	-	-	-	-	-
Food service sales	-	-	-	1,202,495	1,202,495
Interest	910,705	-	1,231,373	-	2,142,078
Other local	2,035,605	-	11,451	4,806,159	6,853,215
State	56,943,212	-	-	2,195,574	59,138,786
Federal	8,173,955	-	-	3,382,093	11,556,049
Total revenues	<u>81,623,103</u>	<u>5,144,875</u>	<u>7,721,930</u>	<u>12,880,121</u>	<u>107,370,029</u>
Expenditures:					
Current:					
Instructional services	64,216,611	-	530,665	4,041,191	68,788,467
Supporting services:					
Students	3,299,652	-	-	-	3,299,652
Instructional staff	1,519,541	-	-	-	1,519,541
District administration	1,236,565	-	-	-	1,236,565
School administration	4,705,273	-	-	-	4,705,273
Business	2,574,485	-	-	-	2,574,485
Operations and maintenance of facilities	1,460,910	-	3,686,722	-	5,147,632
Transportation	2,400,231	-	-	-	2,400,231
Other	392,584	-	-	-	392,584
School food services	-	-	-	4,293,453	4,293,453
Community services	-	-	-	4,084,935	4,084,935
Capital outlay	-	-	22,703,562	-	22,703,562
Debt service:					
Principal retirement	726,335	3,117,000	169,926	-	4,013,261
Bond issuance costs	-	-	-	-	-
Interest and fiscal charges	21,010	2,762,403	8,919	-	2,792,332
Total expenditures	<u>82,553,195</u>	<u>5,879,403</u>	<u>27,099,794</u>	<u>12,419,579</u>	<u>127,951,971</u>
Excess of (deficiency) revenues over (under) expenditures	<u>(930,092)</u>	<u>(734,528)</u>	<u>(19,377,864)</u>	<u>460,542</u>	<u>(20,581,943)</u>
Other financing sources (uses):					
Proceeds from sale of Capital Assets	76,952	-	-	-	76,952
Proceeds from capital lease agreement	1,148,344	-	-	-	1,148,344
General obligation bonds issued	-	-	-	-	-
Bond premium (discount)	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>1,225,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,225,296</u>
Net change in fund balances	295,204	(734,528)	(19,377,864)	460,542	(19,356,647)
Fund balances - beginning	<u>5,357,624</u>	<u>1,707,369</u>	<u>32,247,424</u>	<u>4,317,839</u>	<u>43,630,256</u>
Fund balances - ending	<u>\$ 5,652,827</u>	<u>\$ 972,841</u>	<u>\$ 12,869,560</u>	<u>\$ 4,778,382</u>	<u>\$ 24,273,610</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, 2008

Net change in fund balances-total governmental funds \$ (19,356,647)

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	24,803,913	
Depreciation expense - capital assets	(3,976,435)	
Proceeds on sale of assets	(76,952)	
Loss on disposal of assets	(22,825)	
	20,727,701	20,727,701

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

Repayment of bond principal	3,117,000	
Bond interest expense	(106,739)	
Amortization of deferred amounts on refunding	(95,735)	
Amortization of bond premium	145,043	
Amortization of bond issuance costs	(61,744)	
	2,997,825	2,997,825

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.

Capital Lease Proceeds	(1,148,344)	
Principal payments of capital lease obligation	896,261	(252,083)

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)	(220,785)	
Early retirement payable (voluntary termination benefits)	859,128	638,343

Change in net assets of governmental activities \$ 4,755,139

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Property taxes	\$ 14,119,703	\$ 13,636,622	\$ 13,559,626	\$ (76,996)
Interest	1,050,000	1,050,000	910,705	(139,295)
Other local	1,908,590	2,313,630	2,035,605	(278,025)
State	56,351,466	57,019,942	56,943,212	(76,730)
Federal	8,928,378	8,688,179	8,173,955	(514,224)
Total revenues	<u>82,358,137</u>	<u>82,708,373</u>	<u>81,623,103</u>	<u>(1,085,270)</u>
Expenditures:				
Current:				
Instructional services	62,847,903	64,834,296	64,216,611	617,685
Supporting services:				
Students	3,464,999	3,578,491	3,299,652	278,839
Instructional staff	2,017,819	1,910,673	1,519,541	391,132
District administration	1,734,140	1,274,242	1,236,565	37,677
School administration	4,856,730	4,768,516	4,705,273	63,243
Business	1,672,088	2,275,648	2,574,485	(298,837)
Operations and maintenance of plant	1,325,628	1,473,879	1,460,910	12,969
Student transportation	2,347,108	2,337,327	2,400,231	(62,904)
Other	994,642	1,059,094	1,139,929	(80,835)
Total expenditures	<u>81,261,057</u>	<u>83,512,166</u>	<u>82,553,195</u>	<u>958,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,097,080</u>	<u>(803,793)</u>	<u>(930,092)</u>	<u>(126,299)</u>
Other financing sources (uses):				
Sale of capital assets	-	4,900	76,952	(72,052)
Obligations under capital lease	-	1,148,344	1,148,344	-
Total other financing sources (uses)	-	1,153,244	1,225,296	(72,052)
Net change in fund balances	1,097,080	349,451	295,204	(198,351)
Fund balances - beginning	<u>5,357,624</u>	<u>5,357,624</u>	<u>5,357,624</u>	<u>(0)</u>
Fund balances - ending	<u>\$ 6,454,704</u>	<u>\$ 5,707,075</u>	<u>\$ 5,652,827</u>	<u>\$ (198,351)</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, 2008

	Agency Funds
	Special
	Programs
Assets:	
Cash and investments	\$ 1,561,738
Receivables:	
Other local	497
State	-
Federal	1,061,855
Total assets	\$ 2,624,091
Liabilities:	
Due to student organizations	\$ -
Accounts payable	-
Due to Provo City School District	589,732
Due to other entities	2,034,359
Total liabilities	\$ 2,624,091

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 included in the general 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 Fund* - to account for preparation and serving of school lunches and breakfasts.
- *Non K-12 Instruction Fund* - to account for preschool, adult education and other non K-12 programs.
- *School Activity Fund* - used to account for the receipt and disbursement of monies of student activity organizations and other custodial type transactions within the schools.

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.

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 Business Administrator 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, 2008, 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

Substantially all of the cash balances, of 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, as well as furniture and equipment of the District, are depreciated using the straight-line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
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, Restatements 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. Financial data for fiscal year 2007 has been restated for two fund reclassifications. The student activities fund, which was previously presented as an agency fund, is now presented as a separate non-major fund. In addition, special revenue fund accounts for financial resources that were either a) restricted by enabling legislation or b) not funding sources used to support primary functions of the District, were presented as a supplemental programs fund. In fiscal year 2008, these activities have been reclassified to the General fund and the Non K-12 instruction fund.

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 time 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 re-

ported 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. 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 72-74. 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. At June 30, 2008, this program was extinguished as an agency.
- *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.

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, 2008, the District's exposure to custodial credit risk for deposits was as follows:

Depository Account	Carrying Amount	Bank Balance	Amount Insured
Provo City School District	\$2,361,940	\$ 16,709	\$16,709
Student Activites	727,292	881,992	597,608
Provo School District Founda- tion	60,641	87,902	87,902
	<u>\$3,149,873</u>	<u>\$986,603</u>	<u>\$702,219</u>

B. Investments

The District's investments are managed through participation in the Utah Public Treasurers' Investment Fund and through a repurchase agreement arrangement with a local bank. The reported value of the Public Treasurer's Pool is the same as the fair value of the pool shares. As of June 30, 2008, the District had the following investments:

Investment	Original Maturities	Fair Value
Utah Public Treasurers' Investment Fund (includes School Activities and Foundation)	57 days average	\$ 34,346,720
Repurchase Agreement	44 days average	2,286,921
		\$ 36,633,641

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 \$2,286,921 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 Dis-

trict’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 a rate determined by the County; the interest period is from January 1, until the taxes are paid. If, in May of the fifth year, the taxes remain delinquent, the County advertises and sells the property at a tax sale.

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.

As of June 30, 2007, the District had accrued a property tax receivable on the government-wide financial statements of \$21,443,000. This accrual represents calendar year 2008 property taxes of \$19,872,358 levied for the year ended June 30, 2009 due to be collected by November 30, 2008 plus \$1,570,642 of delinquent property taxes receivable for taxes assessed prior to 2008 that remain uncollected.

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, 2008 the following interfund balances exist:

	<u>General Fund</u>	<u>Agency Fund</u>
Due to/(from) other funds	<u>\$ 589,732</u>	<u>\$ (589,732)</u>

The outstanding interfund balances are a result of a working capital loan made to an independent agency in the special program funds (fiduciary). The loan is to be paid with monthly installments over the next 36 months.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 is as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 6,228,328	\$ -	\$ -	\$ 6,228,328
Construction in progress	13,164,722	17,412,331	(6,745,328)	23,831,725
Works of art	356,150	-	-	356,150
Total capital assets, not being depreciated	19,749,200	17,412,331	(6,745,328)	30,416,203
Capital assets being depreciated:				
Buildings and improvements	82,477,932	10,925,997	-	93,403,930
Furniture and equipment	10,946,416	3,210,913	(182,637)	13,974,692
Total capital assets, being depreciated	93,424,348	14,136,910	(182,637)	107,378,622
Accumulated depreciation for:				
Buildings and improvements	(34,243,267)	(2,238,518)	-	(36,481,785)
Furniture and equipment	(6,069,807)	(1,737,918)	82,860	(7,724,865)
Total accumulated depreciation	(40,313,074)	(3,976,435)	82,860	(44,206,649)
Total capital assets, being depreciated, net	53,111,274	10,160,475	(99,777)	63,171,973
Governmental activities capital assets, net	<u>\$ 72,860,474</u>	<u>\$ 27,572,806</u>	<u>\$ (6,845,105)</u>	<u>\$ 93,588,176</u>

For the year ended June 30, 2008, depreciation expense was charged to functions of the District as follows:

Governmental activities:	Furniture & Equipment	Buildings & Improvements	Total
Instruction	\$ (1,053,979)	\$ (1,894,455)	\$ (2,948,434)
Support services:			
Students	(62,843)	(90,233)	(153,076)
Instructional staff	(25,344)	-	(25,344)
General administration	-	(32,049)	(32,049)
School administration	(4,514)	(30,848)	(35,362)
Business	(144,534)	-	(144,534)
Operation and maintenance of facilities	(20,246)	-	(20,246)
Transportation	(334,739)	-	(334,739)
School food services	(74,822)	(126,530)	(201,351)
Community services	(16,897)	(64,403)	(81,300)
Total depreciation expenses - governmental activities	<u>\$ (1,737,918)</u>	<u>\$ (2,238,518)</u>	<u>\$ (3,976,435)</u>

6. LONG-TERM OBLIGATIONS

A. Changes In Long-term Obligations

Long-term liability activity for the year ended June 30, 2008 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds payable:					
General obligation bonds	\$ 63,351,000		\$ (3,117,000)	\$ 60,234,000	\$ 3,850,000
Deferred amounts for issuance premium	1,572,531	-	(145,043)	1,427,488	-
Deferred amount on refunding	(929,449)	-	95,735	(833,714)	-
Total general obligation bonds payable, net	63,994,082	-	(3,166,308)	60,827,774	3,850,000
Obligations under capital leases	352,727	1,148,344	(896,261)	604,810	463,362
Vacation payable	646,471	276,737	(55,952)	867,256	867,256
Early retirement payable	7,066,763	1,227,030	(2,086,158)	6,207,635	2,208,184
Total governmental activity long-term liabilities	<u>\$ 72,060,043</u>	<u>\$ 2,652,111</u>	<u>\$ (6,204,679)</u>	<u>\$ 68,507,475</u>	<u>\$ 7,388,802</u>

Payments on compensated absences are typically charged to the fund in which the employee worked.

B. General Obligation Bonds Payable

Bonds payable at June 30, 2008, 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	2,390,000
2004 Series G.O. Refunding Bonds	Bond Refunding	18,690,000	2.0% to 5.0 %	June 15, 2017	16,745,000
2006 Series G.O. Bonds	School Building	9,400,000	4%	June 15, 2026	8,675,000
2007A Series G.O. Refunding Bonds	Bond Refunding	8,220,000	3.807%	June 15, 2015	7,124,000
2007B Series G.O. Bonds	School Building	25,600,000	4.00% to 4.50%	June 15, 2027	25,300,000
Total General Obligation Bonds Payable as of June 30, 2008					<u>\$ 60,234,000</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
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	4,516,000	1,906,752	6,422,752
2014-2018	20,277,000	6,467,837	26,744,837
2019-2023	10,100,000	3,216,063	13,316,063
2024-2027	8,950,000	918,063	9,868,063
	<u>\$ 60,234,000</u>	<u>\$ 21,787,122</u>	<u>\$ 82,021,122</u>

C. Obligations Under Capital Lease

Instructional Computers - In fiscal year 2008, the District entered into a second lease agreement for additional instructional computers, in the amount of \$1,106,634. Annual payments are typically financed through the District's general fund, and future minimum lease payments at June 30, 2008 are as follows:

Year Ending June 30	Principal	Interest	Capital Projects Fund
2009	\$ 304,810	\$ 22,028	\$ 326,839
2010	\$ 300,000	\$ 14,872	\$ 314,872
Total Minimum Lease Payments			641,711
Amount Representing Interest			(36,901)
Present Value of Minimum Lease Payments			<u>\$ 604,810</u>

D. Combined Maturities on Long-Term Borrowings

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

Year Ending June 30	Principal	Interest	Total
2009	4,154,810	2,587,432	6,742,242
2010	4,316,000	2,417,321	6,733,321
2011	4,186,000	2,232,035	6,418,035
2012	4,339,000	2,078,522	6,417,522
2013	4,516,000	1,906,752	6,422,752
2014-2018	20,277,000	6,467,837	26,744,837
2019-2023	10,100,000	3,216,063	13,316,063
2024-2028	8,950,000	918,063	9,868,063
	<u>\$ 60,838,810</u>	<u>\$ 21,824,023</u>	<u>\$ 82,662,833</u>

E. Government Obligation Bond Issuance

During fiscal year 2007, the District issued \$8,220,000 of general obligation bonds for a current refunding. The District also issued at total of \$35,000,000 in general obligation bonds during the 2007 fiscal year. These bonds were issued for construction and renovation projects related to the District master plan. Related information is reported in part B of this note.

During the current fiscal year, no new government obligation debt was issued.

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 14.73% of annual covered salary. For employees participating in the State and School Noncontributory System, the District contributes 14.22% 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, 2008, 2007, and 2006 were \$118,221, \$124,854, and \$138,155, respectively, and for the Noncontributory Retirement System the contributions for June 30, 2008, 2007, and 2006 were \$7,077,406, \$6,562,984, and \$6,049,604, 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, 2008, 2007, and 2006 were \$928,019, \$859,649, and \$836,976, respectively; the employee contributions for years ended June 30, 2008, 2007, and 2006 were \$1,069,149, \$920,662, and \$835,983, 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 plan's 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 \$101,181 for the year ended June 30, 2008. The assets of the plan are adminis-

tered and held by URS and a third-party administrator.

C. Early Retirement Incentive and Post Employment Healthcare 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 2008 were \$2,082,281. 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 \$860,134 for retiree benefits during fiscal year 2008.

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 15, 2008, 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

As of September 15, 2008, the District has no subsequent events of note.

12. COMMITMENTS

The District has one school under construction, with an anticipated total cost of \$12.1 million. As of June 30, 2008, \$10.3 million has been spent on this building and associated costs. The District anticipates spending \$1.8 million on this project in fiscal year 2009. The reservation of fund balance for capital projects in the Capital Projects Fund at June 30, 2008, is \$2.0 million, which will be used for the completion of this building.

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, 2008, 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, 2008, 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, 2008, 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, 2008 and 2007

are listed as follows:

	2008	2007
Unpaid claims at beginning of year	\$ -	\$ -
Incurred & Paid claims	-	27,872
Unpaid claims at end of year	\$ -	\$ -

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 2008, Provo City School District remitted \$140,595 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
Special education	General Fund	594,885
At-risk program	General Fund	58,583
Advanced placement	General Fund	36,869
Gifted and talented	General Fund	10,504
Concurrent enrollment	General Fund	184,434
Highly impacted schools	General Fund	18,214
U-Pass	General Fund	12,624
Pilot Programs	General Fund	81
Math/science teacher recruitment	General Fund	5,082
Youth in Custody	General Fund	2,310
Tort liability	General Fund	86,326
Total General Fund Restricted		1,009,911
Special education	Non K-12 instruction	142,147
Adult education	Non K-12 instruction	47,100
Total Non K-12 Restricted		189,247
Total other restricted programs residual balances		\$1,199,159

Combining and Individual Fund

Financial Section

Major Governmental Funds

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, 2008
 With Comparative Totals for 2007

	<u>2008</u>	<u>2007</u>
Assets:		
Cash and investments	\$ 14,650,310	\$ 11,479,499
Receivables:		
Property taxes	10,416,363	10,585,190
Local	149,422	142,625
State	30,855	7,434
Federal	2,349,404	2,598,700
Due from other funds	589,732	-
Inventories	54,043	69,302
Total assets	<u>\$ 28,240,129</u>	<u>\$ 24,882,751</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 1,814,948	\$ 1,957,293
Payroll and related payables	10,595,253	6,917,893
Due to other funds	-	12,000
Deferred revenue:		
Property taxes	9,985,489	10,941,823
Other local	34,740	34,740
Federal	156,870	118,452
Total liabilities	<u>22,587,301</u>	<u>19,982,201</u>
Fund balances:		
Reserved for:		
Inventories	54,043	69,302
Provo City School District Foundation for Excellence	457,074	-
Other restricted programs	1,009,911	1,062,492
Unreserved, undesignated	4,131,800	3,768,756
Total fund balances	<u>5,652,827</u>	<u>4,900,550</u>
Total liabilities and fund balances	<u>\$ 28,240,129</u>	<u>\$ 24,882,751</u>

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
 Year Ended June 30, 2008
 With Comparative Totals for 2007

	2008			2007	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 14,119,703	\$ 13,636,622	\$ 13,559,626	\$ (76,996)	\$ 13,473,520
Interest	1,050,000	1,050,000	910,705	(139,295)	1,398,408
Other local	1,908,590	2,313,630	2,035,605	(278,025)	1,433,734
State	56,351,466	57,019,942	56,943,212	(76,730)	50,474,352
Federal	8,928,378	8,688,179	8,173,955	(514,224)	8,810,031
Total revenues	82,358,137	82,708,373	81,623,103	(1,085,270)	75,590,044
Expenditures:					
Salaries	51,473,330	52,128,104	50,205,668	1,922,436	46,185,264
Employee benefits	20,851,311	21,177,542	22,009,698	(832,156)	22,072,640
Purchased services	3,113,310	3,502,430	3,703,719	(201,289)	2,958,143
Supplies	4,033,675	3,941,967	3,841,927	100,040	3,610,817
Property	1,758,727	2,244,957	2,301,732	(56,775)	1,291,899
Other	30,704	517,166	490,451	26,715	(351,593)
Total expenditures	81,261,057	83,512,166	82,553,195	958,971	75,767,171
Excess of revenues over (under) expenditures	1,097,080	(803,793)	(930,092)	(126,299)	(177,127)
Other financing sources (uses):					
Sale of capital assets	-	4,900	76,952	72,052	3,955
Obligations under capital leases	-	1,148,344	1,148,344	(0)	-
Total other financing sources (uses)	-	1,153,244	1,225,296	72,052	3,955
Net change in fund balances	1,097,080	349,451	295,204	(54,247)	(173,172)
Fund balances - beginning	5,357,624	5,357,624	5,357,624	(0)	5,073,722
Fund balances - ending	\$ 6,454,704	\$ 5,707,075	\$ 5,652,827	\$ (54,248)	\$ 4,900,550

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets

Debt Service Fund

June 30, 2008

With Comparative Totals for 2007

	<u>2008</u>	<u>2007</u>
Assets:		
Cash and investments	\$ 811,161	\$ 1,508,242
Receivables:		
Property taxes	<u>4,280,569</u>	<u>3,318,797</u>
Total assets	<u>\$ 5,091,730</u>	<u>\$ 4,827,039</u>
Liabilities and fund balances:		
Liabilities:		
Deferred revenue:		
Property taxes	<u>\$ 4,118,890</u>	<u>\$ 3,119,671</u>
Total liabilities	<u>4,118,890</u>	<u>3,119,671</u>
Fund Balances:		
Unreserved, undesignated	<u>972,841</u>	<u>1,707,368</u>
Total fund balances	<u>972,841</u>	<u>1,707,368</u>
Total liabilities and fund balances	<u>\$ 5,091,730</u>	<u>\$ 4,827,039</u>

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Debt Service Fund
 Year Ended June 30, 2008
 With Comparative Totals for 2007

	2008			Variance with Final Budget - Positive (Negative)	2007
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 5,088,212	\$ 5,174,090	\$ 5,144,875	\$ (29,215)	\$ 5,000,512
Interest	-	-	-	-	-
Total revenues	<u>5,088,212</u>	<u>5,174,090</u>	<u>5,144,875</u>	<u>(29,215)</u>	<u>5,000,512</u>
Expenditures:					
Debt service:					
Principal retirement	3,075,000	3,075,000	3,117,000	(42,000)	2,819,000
Bond issuance costs	-	-	-	-	308,305
Interest and fiscal charges	<u>3,005,000</u>	<u>3,005,000</u>	<u>2,762,403</u>	<u>242,597</u>	<u>1,541,640</u>
Total expenditures	<u>6,080,000</u>	<u>6,080,000</u>	<u>5,879,403</u>	<u>200,597</u>	<u>4,668,945</u>
Excess of revenues over (under) expenditures	<u>(991,788)</u>	<u>(905,910)</u>	<u>(734,528)</u>	<u>171,382</u>	<u>331,567</u>
Other financing sources (uses):					
Refunding bonds issued	-	-	-	-	8,220,000
Payment to refunded bond escrow agent	-	-	-	-	(8,085,000)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,000</u>
Net change in fund balances	<u>(991,788)</u>	<u>(905,910)</u>	<u>(734,528)</u>	<u>171,382</u>	<u>466,567</u>
Fund balances - beginning	<u>1,707,369</u>	<u>1,707,369</u>	<u>1,707,369</u>	<u>(0)</u>	<u>1,240,802</u>
Fund balances - ending	<u>\$ 715,581</u>	<u>\$ 801,459</u>	<u>\$ 972,841</u>	<u>\$ 171,382</u>	<u>\$ 1,707,369</u>

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets
Capital Projects Fund
 June 30, 2008
 With Comparative Totals for 2007

	<u>2008</u>	<u>2007</u>
Assets:		
Cash and investments	\$ 14,589,262	\$ 34,453,008
Receivables:		
Property taxes	5,878,493	6,104,919
Local	<u>1,417</u>	
Total assets	<u>\$ 20,469,171</u>	<u>\$ 40,557,927</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 1,897,559	\$ 2,580,224
Payroll and related payables	24,484	24,648
Deferred revenue:		
Other Local	-	-
Property taxes	<u>5,677,568</u>	<u>5,705,632</u>
Total liabilities	<u>7,599,612</u>	<u>8,310,504</u>
Fund balances:		
Reserved for:		
Capital projects	1,999,652	20,983,060
Unreserved, undesignated	<u>10,869,908</u>	<u>11,264,364</u>
Total fund balances	<u>12,869,560</u>	<u>32,247,424</u>
Total liabilities and fund balances	<u>\$ 20,469,171</u>	<u>\$ 40,557,927</u>

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Capital Projects Fund
 Year Ended June 30, 2008
 With Comparative Totals for 2007

	2008			2007	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 6,916,324	\$ 6,515,898	\$ 6,479,106	\$ (36,792)	\$ 6,802,421
Interest	895,000	1,100,000	1,231,373	131,373	307,012
Other local	226,000	20,000	11,451	(8,549)	5,555
State sources				-	-
Total revenues	<u>8,037,324</u>	<u>7,635,898</u>	<u>7,721,930</u>	<u>86,032</u>	<u>7,114,988</u>
Expenditures:					
Current:					
Salaries	1,064,845	1,064,845	1,119,213	(54,368)	1,056,381
Employee benefits	357,009	357,009	354,632	2,377	328,222
Purchased services	15,899,299	22,013,266	20,797,110	1,216,156	13,660,514
Supplies	3,031,005	2,722,135	3,013,995	(291,860)	2,509,622
Property	840,119	1,374,619	1,635,849	(261,230)	1,753,014
Other	5,000	5,000	150	4,850	-
Debt service:					
Principal retirement	345,000	345,000	169,926	175,074	1,906,450
Interest and fiscal charges	35,000	35,000	8,919	26,081	230,835
Total expenditures	<u>21,577,277</u>	<u>27,916,874</u>	<u>27,099,794</u>	<u>817,080</u>	<u>21,445,038</u>
Excess of revenues over (under) expenditures	<u>(13,539,953)</u>	<u>(20,280,976)</u>	<u>(19,377,864)</u>	<u>903,112</u>	<u>(14,330,051)</u>
Other financing sources (uses):					
Proceeds from sale of school	-	-	-	-	5,700,000
Obligations under capital leases	-	-	-	-	-
General obligation bonds issued	-	-	-	-	35,000,000
Bond premium (discount)	-	-	-	-	244,201
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,944,201</u>
Net change in fund balances	<u>(13,539,953)</u>	<u>(20,280,976)</u>	<u>(19,377,864)</u>	<u>903,112</u>	<u>26,614,150</u>
Fund balances - beginning	<u>32,247,424</u>	<u>32,247,424</u>	<u>32,247,424</u>	<u>-</u>	<u>5,633,274</u>
Fund balances - ending	<u>\$ 18,707,471</u>	<u>\$ 11,966,448</u>	<u>\$ 12,869,560</u>	<u>\$ 903,112</u>	<u>\$ 32,247,424</u>

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Nonmajor Governmental Funds

**Non K-12
Instruction
Fund**

This special revenue fund accounts for restricted programs outside of the normal K-12 functions of the District. This fund includes preschool, adult education, and community recreation programs.

**Student
Activities
Fund**

This special revenue fund accounts for activities at the school level, including sports, clubs and instruction related programs.

**Food
Services
Fund**

This special revenue fund accounts for the restricted funding sources and operations of the school lunch and breakfast programs.

PROVO CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Non K-12 Instruction	Student Activities	School Food Services	
Assets:				
Cash and investments	\$ 704,859	\$ 1,904,549	\$ 2,047,691	\$ 4,657,098
Receivables:				
Property taxes	867,575	-	-	867,575
Other local	-	112,910	-	112,910
State	59,288	-	5,467	64,755
Federal	38,218	-	45,838	84,056
Inventories	-	-	172,959	172,959
Total assets	<u>\$ 1,669,940</u>	<u>\$ 2,017,459</u>	<u>\$ 2,271,955</u>	<u>\$ 5,959,354</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 160,237	\$ 9,226	\$ 45,205	\$ 214,669
Payroll and related payables	113,560	-	26,975	140,536
Deferred revenue:				
Property taxes	825,768	-	-	825,768
Total liabilities	<u>1,099,565</u>	<u>9,226</u>	<u>72,181</u>	<u>1,180,972</u>
Fund balances:				
Reserved for:				
Inventories	-		172,959	172,959
Other restricted programs	189,247		-	189,247
Unreserved, undesignated	381,128	2,008,233	2,026,815	4,416,176
Total fund balances	<u>570,374</u>	<u>2,008,233</u>	<u>2,199,774</u>	<u>4,778,382</u>
Total liabilities and fund balances	<u>\$ 1,669,940</u>	<u>\$ 2,017,459</u>	<u>\$ 2,271,955</u>	<u>\$ 5,959,354</u>

PROVO CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Non K-12 Instruction</u>	<u>Student Activities</u>	<u>School Food Services</u>	
Revenues:				
Local sources:				
Property taxes	\$ 1,293,800	\$ -	\$ -	\$ 1,293,800
Contributions	-	-	-	-
Food service sales	-	-	1,202,495	1,202,495
Interest	-	-	-	-
Other local	426,642	4,213,824	165,692	4,806,159
State	1,635,706	-	559,868	2,195,574
Federal	797,600	-	2,584,494	3,382,093
Total revenues	<u>4,153,747</u>	<u>4,213,824</u>	<u>4,512,549</u>	<u>12,880,121</u>
Expenditures:				
Current:				
Instructional services	-	4,041,191	-	4,041,191
Supporting services:				
Students	-	-	-	-
Instructional staff	-	-	-	-
District administration	-	-	-	-
School administration	-	-	-	-
Business	-	-	-	-
Operations and maintenance of facilities	-	-	-	-
Student transportation	-	-	-	-
Other	-	-	-	-
School food services	-	-	4,293,453	4,293,453
Community services	4,084,935	-	-	4,084,935
Capital outlay	-	-	-	-
Total expenditures	<u>4,084,935</u>	<u>4,041,191</u>	<u>4,293,453</u>	<u>12,419,579</u>
Net change in fund balances	68,812	172,633	219,096	460,542
Fund balances - beginning	<u>501,561</u>	<u>1,835,600</u>	<u>1,980,678</u>	<u>4,317,839</u>
Fund balances - ending	<u>\$ 570,374</u>	<u>\$ 2,008,233</u>	<u>\$ 2,199,774</u>	<u>\$ 4,778,382</u>

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets

Non K-12 Instruction

Nonmajor Special Revenue Fund

June 30, 2008

With Comparative Totals for 2007

	<u>2008</u>	<u>2007</u>
Assets:		
Cash and investments	\$ 704,859	\$ 569,803
Receivables:		
Property taxes	867,575	681,094
State	59,288	67,914
Federal	38,218	54,528
Total assets	<u>\$ 1,669,940</u>	<u>\$ 1,373,339</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 160,237	\$ 155,040
Payroll and related payables	113,560	105,447
Deferred revenue:		
Property taxes	825,768	611,289
Total liabilities	<u>1,099,565</u>	<u>871,776</u>
Fund balances:		
Reserved for:		
Other restricted programs	189,247	121,211
Unreserved, undesignated	381,128	380,351
Total fund balances	<u>570,374</u>	<u>501,562</u>
Total liabilities and fund balances	<u>\$ 1,669,940</u>	<u>\$ 1,373,338</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, 2008
 With Comparative Totals for 2007

	2008			2007	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 1,379,957	\$ 1,301,146	\$ 1,293,800	\$ (7,346)	\$ 1,337,715
Interest	-	-	-	-	-
Other local	493,189	521,731	426,642	(95,089)	512,960
State	1,706,176	1,578,249	1,635,706	57,457	1,630,223
Federal	695,421	860,522	797,600	(62,923)	645,436
Total revenues	<u>4,274,743</u>	<u>4,261,648</u>	<u>4,153,747</u>	<u>(107,901)</u>	<u>4,126,333</u>
Expenditures:					
Salaries	2,421,213	2,562,255	2,447,062	115,193	2,284,397
Employee benefits	720,659	742,025	686,879	55,146	640,276
Purchased services	477,912	440,999	621,367	(180,368)	601,562
Supplies	246,946	265,361	269,720	(4,359)	288,737
Property	74,011	31,442	20,940	10,502	51,363
Other	50,117	44,261	38,966	5,295	48,640
Total expenditures	<u>3,990,858</u>	<u>4,086,343</u>	<u>4,084,935</u>	<u>1,408</u>	<u>3,914,974</u>
Excess of revenues over (under) expenditures / net change in fund balances	283,885	175,305	68,812	(106,493)	211,359
Fund balances - beginning	<u>501,561</u>	<u>501,561</u>	<u>501,561</u>	<u>0</u>	<u>290,202</u>
Fund balances - ending	<u>\$ 785,446</u>	<u>\$ 676,866</u>	<u>\$ 570,374</u>	<u>\$ (106,492)</u>	<u>\$ 501,561</u>

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets
Student Activities
Nonmajor Special Revenue Fund
 June 30, 2008
 With Comparative Totals for 2007

	<u>2008</u>	<u>2007</u>
Assets:		
Cash and investments	\$ 1,904,549	\$ 1,755,872
Receivables:		
Local	<u>112,910</u>	<u>79,727</u>
Total assets	<u><u>\$ 2,017,459</u></u>	<u><u>\$ 1,835,600</u></u>
 Liabilities and fund balances:		
Liabilities:		
Accounts payable	<u>\$ 9,226</u>	<u>\$ -</u>
Total liabilities	<u>9,226</u>	<u>-</u>
 Fund balances:		
Unreserved, undesignated	<u>2,008,233</u>	<u>1,835,600</u>
Total fund balances	<u>2,008,233</u>	<u>1,835,600</u>
Total liabilities and fund balances	<u><u>\$ 2,017,459</u></u>	<u><u>\$ 1,835,600</u></u>

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Student Activities
Nonmajor Special Revenue Fund
 Year Ended June 30, 2008
 With Comparative Totals for 2007

	2008			2007	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Other local	3,876,700	4,208,785	4,213,824	5,039	3,885,034
State	-	-	-	-	-
Federal	-	-	-	-	-
Total revenues	<u>3,876,700</u>	<u>4,208,785</u>	<u>4,213,824</u>	<u>5,039</u>	<u>3,885,034</u>
Expenditures:					
Salaries		-	-	-	-
Employee benefits		-	-	-	-
Purchased services	757,200	1,281,439	1,326,359	(44,920)	(619,296)
Supplies	2,209,600	1,899,207	1,956,386	(57,179)	(2,592,728)
Property	125,000	32,803	46,694	(13,891)	(99,532)
Other	629,800	916,506	711,752	204,754	(611,864)
Total expenditures	<u>3,721,600</u>	<u>4,129,955</u>	<u>4,041,191</u>	<u>88,764</u>	<u>(3,923,420)</u>
Excess of revenues over (under) expenditures / net change in fund balances	155,100	78,830	172,633	93,803	(38,386)
Fund balances - beginning	<u>1,835,600</u>	<u>1,835,600</u>	<u>1,835,600</u>	<u>-</u>	<u>1,873,985</u>
Fund balances - ending	<u>\$ 1,990,700</u>	<u>\$ 1,914,430</u>	<u>\$ 2,008,233</u>	<u>\$ 93,803</u>	<u>\$ 1,835,600</u>

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets

Food Services

Nonmajor Special Revenue Fund

June 30, 2008

With Comparative Totals for 2007

	<u>2008</u>	<u>2007</u>
Assets:		
Cash and investments	\$ 2,047,691	\$ 1,810,253
Receivables:		
Local		-
State	5,467	-
Federal	45,838	55,870
Due from other funds		-
Inventories	<u>172,959</u>	<u>187,962</u>
Total assets	<u><u>\$ 2,271,955</u></u>	<u><u>\$ 2,054,085</u></u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 45,205	\$ 49,413
Payroll and related payables	<u>26,975</u>	<u>23,994</u>
Total liabilities	<u>72,181</u>	<u>73,407</u>
Fund balances:		
Reserved for:		
Inventories	172,959	187,962
Unreserved, undesignated	<u>2,026,815</u>	<u>1,792,716</u>
Total fund balances	<u>2,199,774</u>	<u>1,980,678</u>
Total liabilities and fund balances	<u><u>\$ 2,271,955</u></u>	<u><u>\$ 2,054,085</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, 2008
 With Comparative Totals for 2007

	<u>2008</u>			<u>2007</u>	
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Local sources:					
Food service sales	\$ 1,143,240	\$ 1,163,990	\$ 1,202,495	\$ 38,505	\$ 1,161,596
Interest			-	-	-
Other local	292,500	224,200	165,692	(58,508)	309,726
State	505,000	505,000	559,868	54,868	537,438
Federal	2,626,091	2,575,800	2,584,494	8,694	2,630,425
Total revenues	<u>4,566,831</u>	<u>4,468,990</u>	<u>4,512,549</u>	<u>43,559</u>	<u>4,639,185</u>
Expenditures:					
Salaries	1,709,600	1,666,248	1,635,726	30,522	1,530,364
Employee benefits	554,732	533,999	564,683	(30,684)	487,940
Purchased services	126,742	126,742	81,166	45,576	128,911
Supplies	234,130	199,870	177,665	22,205	215,176
Food	1,674,646	1,684,232	1,495,358	188,874	1,511,417
Property	271,000	230,000	177,671	52,329	96,978
Other	169,034	163,402	161,184	2,218	209,785
Total expenditures	<u>4,739,884</u>	<u>4,604,493</u>	<u>4,293,453</u>	<u>311,040</u>	<u>4,180,570</u>
Excess of revenues over (under) expenditures / net change in fund balances	(173,053)	(135,503)	219,096	354,599	458,615
Fund balances - beginning	<u>1,980,678</u>	<u>1,980,678</u>	<u>1,980,678</u>	<u>0</u>	<u>1,522,063</u>
Fund balances - ending	<u>\$ 1,807,625</u>	<u>\$ 1,845,175</u>	<u>\$ 2,199,774</u>	<u>\$ 354,599</u>	<u>\$ 1,980,678</u>

Fiduciary Funds (Agency Funds)

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

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

**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
Comparative Statement of Fiduciary Fund Assets and Liabilities
June 30, 2008 (With Comparative Totals for 2007)

	2008	2007
Assets:		
Cash and investments	\$ 1,561,738	\$ 1,519,058
Receivables:		
Other local	497	271,851
State	-	172,433
Federal	1,061,855	1,232,078
Total assets	\$ 2,624,091	\$ 3,195,420
Liabilities:		
Due to Provo City School District	\$ 589,732	\$ -
Due to other entities	2,034,359	3,195,420
Total liabilities	\$ 2,624,091	\$ 3,195,420

PROVO CITY SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Special Programs Agency Fund
Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Assets:				
Cash and investments	\$ 1,519,058	\$ 10,247,249	\$ 10,204,569	\$ 1,561,738
Receivables:				
Other local	271,851	95,259	366,613	497
State	21,426	-	21,426	-
Federal	1,383,085	2,125,032	2,446,262	1,061,855
Total assets	\$ 3,195,420	\$ 12,467,540	\$ 13,038,869	\$ 2,624,091
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payroll and related payables	-	-	-	-
Due to other entities:				
Utah State Office of Education:				
Reading program	8,458	2,050	10,198	309
Careers and technology education	43,299	69,624	69,868	43,056
Family involvement	61,132	2,000	4,000	59,132
Science program	14,492	170,831	243,919	(58,596)
Youth programs	617	1,960,694	1,961,311	(0)
Utah County Local Interagency Council	24,244	-	-	24,244
Brigham Young University Partnership	2,826,935	8,229,406	8,855,575	2,200,766
Utah Professional Development Center	216,241	9,014,813	8,875,874	355,180
Total liabilities	\$ 3,195,420	\$ 19,449,418	\$ 20,020,746	\$ 2,624,091

Statistical Section

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 78 - 87)

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 88 - 95)

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

Debt Capacity (pages 96 - 103)

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 104 - 106)

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 107 - 118)

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
Net Assets By Component
 June 30, 2003 through 2008
 (accrual basis of accounting)

Fiscal Year Ending June 30,	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total Net Assets
2003	\$ 17,308,576	\$ 5,561,238	\$ (3,363,104)	\$ 19,506,710
2004	20,648,636	9,044,523	(4,311,945)	25,381,214
2005	23,818,368	9,534,260	(5,427,732)	27,924,896
2006	28,454,429	13,103,729	(1,208,661)	40,349,497
2007	29,750,263	18,344,287	(2,033,537)	46,061,013
2008	32,155,592	19,347,475	(617,707)	50,885,360

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.

Fiscal year 2007 has been restated for two fund reclassifications. See Note J of the basic financial statements.

PROVO CITY SCHOOL DISTRICT
Comparative Statements of Net Assets
June 30, 2003 through 2008
(accrual basis of accounting)

	2008	2007
Assets:		
Cash and temporary cash investments	\$ 34,707,831	\$ 52,021,467
Accounts, taxes, and grants receivables:		
Local	21,760,749	20,912,352
State	95,610	75,348
Federal	2,433,460	2,709,098
Inventory	227,002	257,265
Bond issuance costs, net of accumulated amortization	86,729	398,892
Total capital assets, net accumulated depreciation	93,588,175	72,860,474
	152,899,556	149,234,896
Liabilities:		
Accounts payable	3,927,176	4,741,970
Accrued interest payable	126,320	175,822
Payroll and related payables	10,760,273	7,071,982
Due to other agencies - fiduciary activities	(589,732)	12,000
Deferred revenue:		
Property taxes	19,071,813	18,849,716
Other deferred revenues	156,870	153,192
Noncurrent liabilities:		
Due within one year	7,388,802	6,386,343
Due in more than one year	61,118,673	65,782,889
	101,960,196	103,173,914
Net Assets:		
Invested in capital assets, net of related debt	32,155,592	29,750,263
Restricted for:		
Debt service	1,258,025	2,252,802
Capital projects	13,234,320	11,253,722
Non K-12 instruction	647,123	576,666
Student Activities	2,008,233	1,835,600
Supplemental programs	-	-
School food services	2,199,774	1,980,678
Foundation	-	444,819
Other restricted programs	1,199,158	1,062,492
Unrestricted	(1,816,863)	(3,096,028)
	\$ 50,885,360	\$ 46,061,013

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.

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Fiscal year 2007 has been restated for two fund reclassifications. See Note J of the basic financial statements.

PROVO CITY SCHOOL DISTRICT
Comparative Statements of Net Assets(continued)
 June 30, 2003 through 2008
 (accrual basis of accounting)

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 12,202,695	\$ 9,714,165	\$ 7,777,841	\$ 8,776,962
25,526,880	18,470,506	18,149,695	17,907,625
233,988	191,326	1,496,484	490,242
4,470,152	3,083,366	3,421,979	2,886,247
203,741	205,614	283,771	358,659
181,467	287,313	370,029	280,097
60,033,896	59,635,515	59,069,537	59,603,753
-	-	-	-
<u>102,852,819</u>	<u>91,587,805</u>	<u>90,569,336</u>	<u>90,303,585</u>
1,934,854	443,265	669,897	504,578
95,146	80,422	90,380	121,177
1,455,239	1,370,467	1,883,741	1,324,016
	1,358,525	1,327,563	2,026,137
-			
18,272,470	17,541,792	17,471,602	19,269,242
70,527	48,461	459,649	402,565
5,698,672	5,542,189	4,361,173	4,290,132
<u>34,976,414</u>	<u>37,729,231</u>	<u>38,924,117</u>	<u>42,859,029</u>
<u>62,503,322</u>	<u>64,114,352</u>	<u>65,188,122</u>	<u>70,796,876</u>
28,454,429	23,366,925	20,648,636	17,308,576
1,538,526	974,828	897,878	621,656
9,319,565	5,027,562	4,232,125	3,569,714
307,754	186,168	410,958	237,102
59,049	25,154	36,855	-
1,522,063	1,125,641	896,264	1,132,765
356,772	259,174	223,522	-
1,750,413	1,935,733	2,346,921	-
<u>(2,959,074)</u>	<u>(5,427,732)</u>	<u>(4,311,945)</u>	<u>(3,363,104)</u>
<u>\$ 40,349,497</u>	<u>\$ 27,473,453</u>	<u>\$ 25,381,214</u>	<u>\$ 19,506,709</u>

PROVO CITY SCHOOL DISTRICT
Changes in Net Assets
Years Ended June 30, 2003 through 2008
(accrual basis of accounting)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses:			
Instruction	\$ 69,059,951	\$ 65,724,634	\$ 56,198,524
Supporting services:			
Student	3,452,728	3,575,644	3,180,870
Instructional staff	1,544,884	2,074,350	2,032,397
District administration	1,268,614	1,515,876	1,505,202
School administration	4,740,635	4,514,003	4,238,678
Business	2,719,019	1,213,819	1,226,698
Operation and maintenance of facilities	5,167,878	4,062,566	4,146,859
Student transportation	2,734,970	2,480,134	2,091,460
Other	392,585	2,035,645	1,072,477
School food services	4,494,804	4,340,954	3,929,424
Community services	4,166,235	3,981,248	3,142,504
Facilities & Construction	-	-	1,504,534
Interest on long-term liabilities	2,849,763	1,878,214	-
Total school district	<u>102,592,066</u>	<u>97,397,085</u>	<u>84,269,627</u>
Program Revenues:			
Instructional services	31,544,598	24,131,131	27,234,746
Supporting services:			
Student	1,738,554	2,303,521	1,697,596
Instructional staff	625,376	514,125	486,344
General administration	356,406	237,329	233,860
School administration	331,337	287,994	172,264
Business	7,712	62,378	61,249
Operation and maintenance of facilities	-	-	-
Transportation	1,669,463	1,579,704	1,407,781
Other	53,830	2,177	33,187
School food services	4,346,857	4,329,459	4,135,519
Community services	2,868,356	1,904,807	1,779,262
Interest on long-term liabilities	-	-	-
Total program revenues	<u>43,542,490</u>	<u>35,352,626</u>	<u>37,241,808</u>
Net (expense) revenue	<u>(59,049,576)</u>	<u>(62,044,459)</u>	<u>(47,027,819)</u>
General revenues:			
Property taxes levied for:			
General purposes	11,057,943	11,036,199	10,402,512
Class size reduction	1,713,274	1,731,848	1,612,793
Special transportation	485,175	489,247	483,838
Tort liability	303,234	307,403	302,399
Recreation	1,293,800	1,307,545	1,290,234
Debt service	5,144,875	5,199,872	4,044,077
Capital outlay	1,864,891	1,883,384	2,290,166
Ten percent of basic for constuction, textbooks and supplies	4,614,215	4,658,670	4,265,836
Federal and state aid not restricted to specific purposes	2,142,078	31,124,777	26,995,732
Earnings on investments	-	1,721,041	734,136
Gain on sale of assets	76,952	3,955	6,470,801
Miscellaneous	5,946,691	5,022,842	607,033
Total general revenues	<u>63,804,715</u>	<u>64,486,783</u>	<u>59,499,557</u>
Change in net assets	4,755,139	2,442,324	12,471,738
Net assets - beginning	<u>46,130,221</u>	<u>43,687,897</u>	<u>27,877,759</u>
Net assets - ending	<u>\$ 50,885,360</u>	<u>\$ 46,130,221</u>	<u>\$ 40,349,497</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.

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Fiscal year 2007 has been restated for two fund reclassifications. See Note J of the basic financial statements.

PROVO CITY SCHOOL DISTRICT
Changes in Net Assets(continued)
Years Ended June 30, 2003 through 2008
(accrual basis of accounting)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$	57,155,465	\$ 54,929,906	\$ 55,070,821
	3,362,498	3,217,003	2,751,898
	2,009,129	1,943,838	2,203,449
	887,645	1,077,422	931,906
	4,286,195	4,385,661	4,404,647
	2,702,036	877,342	1,231,771
	3,967,227	5,039,105	5,057,405
	1,663,845	1,546,155	1,731,094
	39,842	867,238	859,059
	3,984,890	4,099,278	3,522,320
	3,861,900	2,421,091	2,318,056
	1,256,996	621,857	1,546,646
	2,107,402	1,502,020	2,400,897
	<u>87,285,070</u>	<u>82,527,916</u>	<u>84,029,969</u>
	22,867,201	19,659,045	20,089,013
	2,234,342	836,421	952,885
	-	505,398	695,094
	160,971	280,130	293,326
	258,457	321,793	1,388,053
	-	440,010	2,252,397
	1,304,931	1,362,291	517,212
	4,236,393	3,782,114	3,714,255
	1,514,383	1,755,783	801,940
	-	-	-
	<u>32,576,678</u>	<u>28,942,985</u>	<u>30,704,175</u>
	(54,708,392)	(53,584,931)	(53,325,794)
	12,064,148	11,982,754	11,610,806
	-	-	-
	476,401	427,869	414,437
	739,336	753,632	735,797
	3,871,385	3,831,370	3,820,632
	7,408,371	7,315,096	7,021,686
	30,633,267	30,459,275	29,225,266
	393,903	258,841	219,456
	-	666,165	-
	<u>1,213,820</u>	<u>1,503,996</u>	<u>2,359,015</u>
	<u>56,800,631</u>	<u>57,198,998</u>	<u>55,407,095</u>
	2,092,239	3,614,067	2,081,301
	<u>25,381,214</u>	<u>20,270,031</u>	<u>17,425,408</u>
\$	<u>27,473,453</u>	<u>23,884,098</u>	<u>19,506,709</u>

Source: District records

PROVO CITY SCHOOL DISTRICT
Governmental Funds - Aggregate Fund Balances

June 30, 1998 through 2008
(modified-accrual basis of accounting)

Fiscal Year Ended June 30,	General Fund		
	Reserved	Unreserved	Total
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	1,131,794	3,768,756	4,900,550
2008	1,521,027	4,131,800	5,652,827

Fiscal Year Ended June 30,	All Other Governmental Funds				Total
	Reserved	Special Revenue	Capital Projects	Debt Service	
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	21,292,233	4,453,486	11,264,364	1,707,368	38,717,451
2008	2,361,858	4,416,176	10,869,908	972,841	18,620,783

Source: District Records

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PROVO CITY SCHOOL DISTRICT
Governmental Funds - Net Changes in Aggregate Fund Balances
 Years Ended June 30, 1999 through 2008
 (modified-accrual basis of accounting)

Fiscal Year Ended June 30th	General Fund	Debt Service	Capital Projects	Non K-12 Instruction	Student Activities	Supplemental Programs	Food Services	Foundation	Total Governmental Funds
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	(1,055,752)	466,566	26,614,150	211,359	(38,386)	-	458,615	88,049	26,744,601
2008	295,204	(734,528)	(19,377,864)	68,812	172,633	-	219,096	-	(19,356,647)

Source: District records

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PROVO CITY SCHOOL DISTRICT

Governmental Funds - Reserved and Unreserved Fund Balances

June 30, 1999 through 2008

(modified-accrual basis of accounting)

	1999	2000	2001	2002
General fund:				
Reserved	\$ 133,419	\$ 159,647	\$ 165,056	\$ 108,742
Unreserved	2,222,606	2,647,588	2,779,933	2,577,785
Total	<u>2,356,025</u>	<u>2,807,235</u>	<u>2,944,989</u>	<u>2,686,527</u>
Debt service fund:				
Reserved	35,352	93,200	214,630	657,417
Unreserved	-	-	-	-
Total	<u>35,352</u>	<u>93,200</u>	<u>214,630</u>	<u>657,417</u>
Capital projects fund:				
Reserved	-	-	-	-
Unreserved	9,865,516	7,866,317	4,238,660	2,200,597
Total	<u>9,865,516</u>	<u>7,866,317</u>	<u>4,238,660</u>	<u>2,200,597</u>
Special revenue funds:				
Non K-12 instruction fund:				
Reserved	-	-	-	-
Unreserved	70,555	136,845	25,235	57,556
Total	<u>70,555</u>	<u>136,845</u>	<u>25,235</u>	<u>57,556</u>
Student activities fund:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Supplemental programs fund:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Food services fund:				
Reserved	137,371	128,832	147,126	141,027
Unreserved	613,100	661,310	684,866	737,537
Total	<u>750,471</u>	<u>790,142</u>	<u>831,992</u>	<u>878,564</u>
Foundation for excellence:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total special revenue funds	<u>821,026</u>	<u>926,987</u>	<u>857,227</u>	<u>936,120</u>
Total governmental funds:				
Reserved	306,142	381,679	526,812	907,186
Unreserved	12,771,777	11,312,060	7,728,694	5,573,475
Total governmental fund balances	<u>\$ 13,077,919</u>	<u>\$ 11,693,739</u>	<u>\$ 8,255,506</u>	<u>\$ 6,480,661</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 2008
 (modified-accrual basis of accounting)

2003	2004	2005	2006	2007	2008
\$ 81,063	\$ 2,433,726	\$ 2,010,049	\$ 1,777,636	\$ 1,131,794	\$ 1,521,027
985,960	(157,476)	1,202,148	3,276,312	3,768,756	4,131,800
<u>1,067,023</u>	<u>2,276,250</u>	<u>3,212,197</u>	<u>5,053,948</u>	<u>4,900,550</u>	<u>5,652,827</u>
621,656	897,878	974,828	-	-	-
-	-	-	1,240,802	1,707,368	972,841
<u>621,656</u>	<u>897,878</u>	<u>974,828</u>	<u>1,240,802</u>	<u>1,707,368</u>	<u>972,841</u>
1,023,246	-	-	-	20,983,060	1,999,652
2,546,468	4,232,125	5,027,562	5,633,274	11,264,364	10,869,908
<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>	<u>12,869,560</u>
-	299,514	37,537	39,225	121,211	189,247
237,102	111,444	148,631	211,702	380,351	381,128
<u>237,102</u>	<u>410,958</u>	<u>186,168</u>	<u>250,927</u>	<u>501,562</u>	<u>570,375</u>
-	-	-	-	-	-
-	-	-	-	1,835,600	2,008,233
-	-	-	-	<u>1,835,600</u>	<u>2,008,233</u>
-	-	-	-	-	-
-	36,855	25,154	59,049	-	-
-	<u>36,855</u>	<u>25,154</u>	<u>59,049</u>	-	-
113,013	196,966	131,298	137,293	187,962	172,959
1,019,752	699,298	994,343	1,384,770	1,792,716	2,026,815
<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>2,199,774</u>
-	-	-	-	-	-
-	223,522	259,174	356,772	444,819	0
-	<u>223,522</u>	<u>259,174</u>	<u>356,772</u>	<u>444,819</u>	<u>0</u>
<u>1,369,867</u>	<u>1,567,599</u>	<u>1,596,137</u>	<u>2,188,811</u>	<u>2,927,059</u>	<u>2,770,150</u>
1,838,978	3,828,084	3,153,712	1,954,154	22,424,027	3,882,885
4,789,282	5,145,768	7,657,012	12,162,681	21,193,974	20,390,725
<u>\$ 6,628,260</u>	<u>\$ 8,973,852</u>	<u>\$ 10,810,724</u>	<u>\$ 14,116,835</u>	<u>\$ 43,618,001</u>	<u>\$ 24,273,610</u>

PROVO CITY SCHOOL DISTRICT

Total Governmental Funds - Changes in Fund Balances

Years Ended June 30, 1999 through 2008

(modified-accrual basis of accounting)

	1999	2000	2001	2002
Revenues				
Property taxes	\$ 18,632,874	\$ 18,754,409	\$ 20,038,183	\$ 20,658,903
Other local sources	5,997,087	6,239,776	6,786,721	6,392,374
State of Utah	44,366,519	44,969,784	46,612,372	49,052,543
Federal government	5,194,550	6,898,422	9,092,823	11,367,934
Total revenues	<u>74,191,030</u>	<u>76,862,391</u>	<u>82,530,099</u>	<u>87,471,754</u>
Expenditures				
Instruction	45,970,312	48,905,529	52,619,455	57,370,098
Supporting services:				
Students	1,979,137	2,209,453	2,580,471	2,646,943
Instructional staff	2,209,042	2,081,914	2,119,900	2,407,242
District administration	896,407	932,321	892,353	930,589
School administration	3,667,657	3,934,528	4,221,500	4,178,592
Business	558,716	571,465	624,374	649,778
Operation and maintenance of buildings	5,164,111	5,011,988	5,782,795	5,833,316
Student transportation	1,226,213	1,397,361	1,473,903	1,925,172
Central	912,159	746,826	790,888	836,082
School food services	3,103,432	3,301,575	3,410,898	3,602,153
Non K-12 programs	1,886,453	1,946,840	2,212,418	2,164,295
Facilities and construction	8,329,216	2,653,014	4,523,156	6,307,720
Debt Service:				
Bond principal	2,335,430	2,055,635	2,236,058	2,302,163
Bond issue costs	-	-	-	-
Bond interest and fees	1,946,569	2,502,241	2,499,561	2,295,412
Total expenditures	<u>80,184,854</u>	<u>78,250,690</u>	<u>85,987,730</u>	<u>93,449,555</u>
Excess (deficiency) of revenues over (under) expenditures	(5,993,824)	(1,388,299)	(3,457,631)	(5,977,801)
Other financing sources (uses)				
Capital lease	-	-	-	-
Sale of capital assets	965	4,119	19,398	2,956
General obligation bonds issued	-	-	-	4,200,000
Bond premium (discount)	-	-	-	-
Refunding bonds issued	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-
Insurance recoveries	-	-	-	-
Other miscellaneous	-	-	-	-
Total other financing sources (uses)	<u>965</u>	<u>4,119</u>	<u>19,398</u>	<u>4,202,956</u>
Net change in fund balance	<u>\$ (5,992,859)</u>	<u>\$ (1,384,180)</u>	<u>\$ (3,438,233)</u>	<u>\$ (1,774,845)</u>
Debt service as a percentage of noncapital expenditures	6.9%	6.1%	5.9%	5.4%

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, 1999 through 2008
(modified-accrual basis of accounting)

2003	2004	2005	2006	2007	2008
\$ 23,603,358	\$ 24,167,503	\$ 24,559,640	\$ 24,691,855	\$ 26,614,168	\$ 26,477,406
3,930,368	3,632,667	3,629,173	3,599,965	9,374,876	10,197,788
46,706,056	46,540,387	49,096,887	49,629,417	52,642,013	59,138,786
11,664,435	12,220,414	12,061,062	12,599,383	12,085,892	11,556,049
<u>85,904,217</u>	<u>86,560,971</u>	<u>89,346,762</u>	<u>90,520,620</u>	<u>100,716,948</u>	<u>107,370,029</u>
54,055,998	54,517,504	54,063,533	54,990,497	62,720,619	68,788,467
2,703,337	3,208,669	3,279,557	3,065,811	3,452,851	3,299,652
2,164,486	1,938,799	1,909,225	2,014,830	2,053,435	1,519,541
915,463	1,074,630	855,576	1,478,589	1,489,474	1,236,565
4,326,847	4,374,293	4,333,483	4,210,928	4,485,853	4,705,273
1,210,262	875,141	2,530,560	1,126,515	1,094,542	2,574,485
4,967,761	5,026,044	3,670,441	4,132,825	4,045,858	5,147,632
1,702,022	1,542,147	1,747,676	1,859,437	2,203,890	2,400,231
843,955	864,989	37,172	1,072,477	2,035,645	392,584
3,460,068	4,088,653	4,007,548	3,778,134	4,180,570	4,293,453
2,277,186	3,575,723	3,964,383	3,078,042	3,914,974	4,084,935
1,898,304	659,873	3,296,431	2,765,337	16,571,562	22,703,562
2,131,501	3,843,479	2,630,748	2,960,617	4,725,450	4,013,261
-	-	-	-	308,305	-
<u>2,333,762</u>	<u>1,752,777</u>	<u>2,034,644</u>	<u>1,543,104</u>	<u>1,772,475</u>	<u>2,792,332</u>
<u>84,990,952</u>	<u>87,342,721</u>	<u>88,360,977</u>	<u>88,077,143</u>	<u>115,055,503</u>	<u>127,951,971</u>
913,265	(781,750)	985,785	2,443,477	(14,338,555)	(20,581,943)
504,063	168,671	573,340	91,833	-	1,148,344
29,789	508,968	249,842	770,801	5,703,955	76,952
177,265	-	-	-	35,000,000	-
-	-	-	-	244,201	-
-	20,361,106	-	-	8,220,000	-
-	(20,245,727)	-	-	(8,085,000)	-
-	-	27,905	-	-	-
-	-	-	-	-	-
<u>711,117</u>	<u>793,018</u>	<u>851,087</u>	<u>862,634</u>	<u>41,083,156</u>	<u>1,225,296</u>
<u>\$ 1,624,382</u>	<u>\$ 11,268</u>	<u>\$ 1,836,872</u>	<u>\$ 3,306,111</u>	<u>\$ 26,744,601</u>	<u>\$ (19,356,647)</u>
5.3%	6.5%	5.5%	5.3%	6.9%	6.6%

PROVO CITY SCHOOL DISTRICT
Property Tax Levies and Collections
 Fiscal Years Ended June 30, 1999 through 2008
 Tax Rates (per \$1)

<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>
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
2007	2008	0.005239	4,717,762,207	128,117,628	4,589,644,579	24,380,249

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

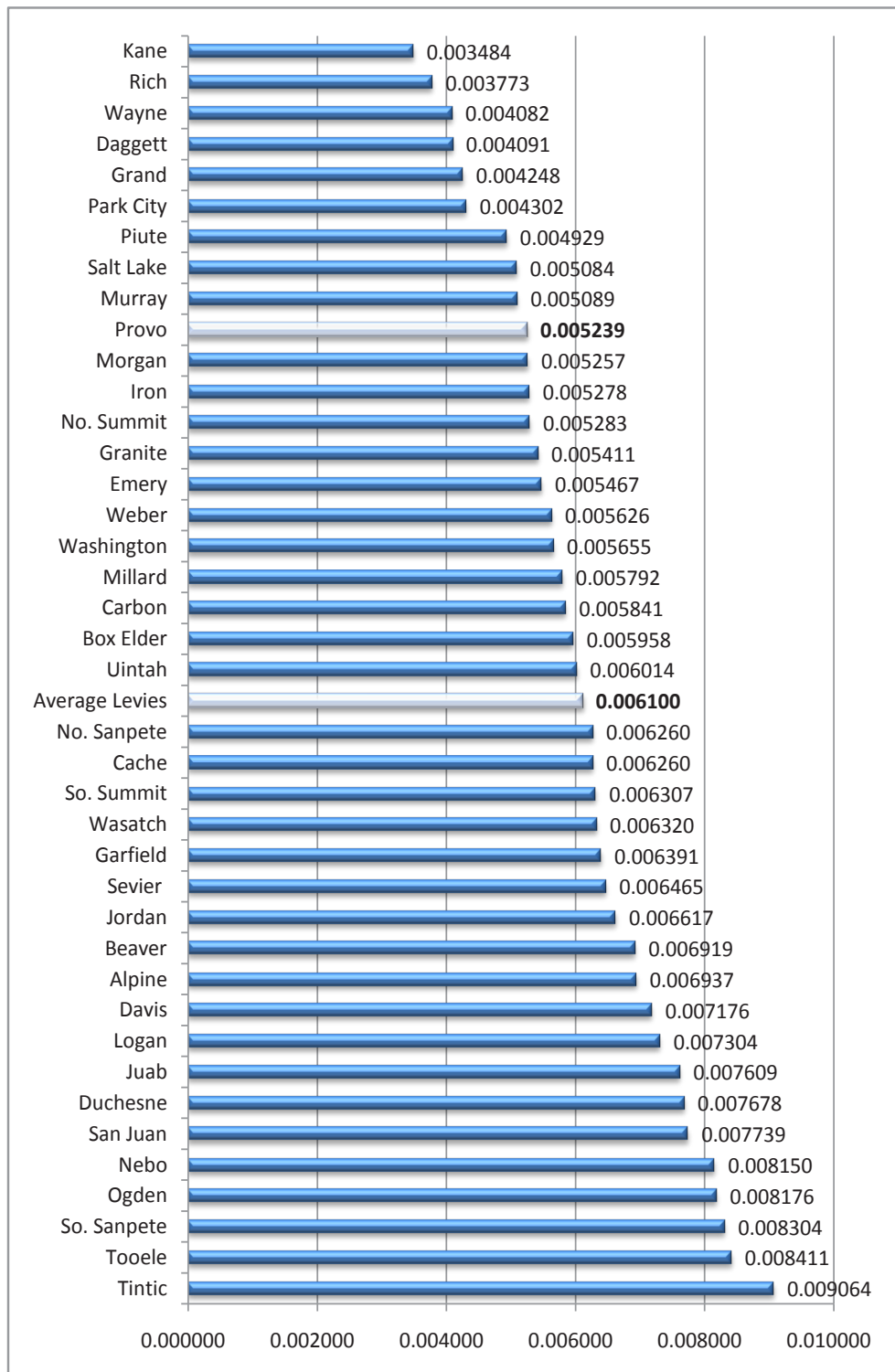
PROVO CITY SCHOOL DISTRICT
Property Tax Levies and Collections (continued)
 Fiscal Years Ended June 30, 1999 through 2008
 Tax Rates (per \$1)

Collected within the Calendar Year of the Levy			Collections in Subsequent Years	Total Collections	
Current	Percent of Current Collections	Fee-in-Lieu & Other Collections	Delinquent Collections	Amount	Percent of Annual Assessment
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%
22,323,808	91.57%	3,038,185	1,632,805	26,994,798	99.63%

PROVO CITY SCHOOL DISTRICT

Comparison of Utah School District Property Tax Rates

Tax Year 2007, Fiscal Year 2007-08



Source: Utah State Office of Education, Finance & Statistics Department, www.schools.utah.gov/finance.

PROVO CITY SCHOOL DISTRICT
Comparison of Assessed Property Tax Valuation Per Student
 Fiscal Year 2007-08

<u>District</u>	<u>Valuation</u>	<u>Students</u>	<u>\$ Per Student</u>
Alpine	\$15,324,163,527	58,665	261,215
Beaver	568,857,996	1,562	364,186
Box Elder	2,239,679,419	10,931	204,892
Cache	2,876,452,331	14,194	202,653
Carbon	2,181,274,567	3,562	612,374
Daggett	219,442,257	134	1,637,629
Davis	14,666,724,575	64,551	227,211
Duchesne	1,353,693,449	4,224	320,477
Emery	1,613,749,559	2,262	713,417
Garfield	507,885,019	933	544,357
Grand	1,018,370,204	1,486	685,310
Granite	23,440,416,745	67,948	344,976
Iron	4,060,425,656	8,643	469,794
Jordan	29,375,436,677	80,187	366,337
Juab	682,561,917	2,147	317,914
Kane	1,476,606,755	1,178	1,253,486
Millard	1,844,203,096	2,852	646,635
Morgan	782,911,752	2,183	358,640
Nebo	5,719,434,675	26,588	215,113
No. Sanpete	552,132,661	2,340	235,954
No. Summit	1,106,193,720	1,000	1,106,194
Park City	10,487,056,775	4,443	2,360,355
Piute	75,461,156	300	251,537
Rich	632,815,837	431	1,468,250
San Juan	707,861,330	2,844	248,896
Sevier	1,046,099,349	4,475	233,765
So. Sanpete	455,476,540	2,911	156,467
So. Summit	1,606,870,287	1,374	1,169,483
Tintic	32,687,910	238	137,344
Tooele	2,687,952,353	12,988	206,957
Uintah	3,471,399,313	5,952	583,232
Wasatch	3,581,316,106	4,588	780,583
Washington	12,910,217,071	25,295	510,386
Wayne	204,455,551	548	373,094
Weber	7,170,744,916	30,097	238,254
Salt Lake	17,428,296,189	23,536	740,495
Ogden	2,979,360,946	12,603	236,401
Provo	4,816,483,205	13,083	368,148
Logan	1,696,042,492	5,755	294,708
Murray	3,623,216,773	6,426	563,837
Total	\$187,224,430,656	515,457	\$363,220

Source: Utah State Office of Education, Finance & Statistics Department, www.schools.utah.gov/finance.

PROVO CITY SCHOOL DISTRICT

Fifteen Largest Property Taxpayers By Individual Properties

June 30, 2007 and 1998 (expressed in thousands)

Taxpayer	December 31, 2007			December 31, 1998		
	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (1)	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (1)
Micron Technology Inc.	162,088	1	3.44%	530,857	1	21.24%
Pacificorp	154,055	2	3.27%	73,591	3	2.94%
Kern River Transmission Co.	101,057	3	2.14%	15,824	9	0.63%
Qwest Communications	80,195	4	1.70%	66,253	4	2.65%
Questar Gas	72,122	5	1.53%	21,118	7	0.84%
Novell	67,000	6	1.42%	57,089	5	2.28%
University Mall Shopping Cent	55,649	7	1.18%	40,380	6	1.62%
Anderson Geneva LLC Et Al	44,564	8	0.94%	-	-	-
Wal-Mart	41,924	9	0.89%	13,251	10	0.53%
Cabela's Retail Inc.	38,157	10	0.81%	-	-	-
Geneva Steel (2)	-	-	-	260,508	2	10.42%
Thanksgiving Point	-	-	-	17,244	8	0.69%
Total District Value:	\$4,717,762			\$2,499,316		

Source: Utah County Assessor and State Tax Commission

(1) excludes motor vehicles

(2) Geneva Steel was taken off tax records in 2003

PROVO CITY SCHOOL DISTRICT
Property Tax Rates-Direct and Overlapping Governments (last 10 years)
Based on \$1,000 Assessed Valuation

Calendar Year	Provo City School District	Other Taxing Entities			Total Tax Rate
		Provo City	Utah County	Central UT Water District	
1998	0.006314	0.002836	0.001197	0.000396	0.010743
1999	0.006388	0.002674	0.001116	0.000377	0.010555
2000	0.005981	0.002998	0.001038	0.000369	0.010386
2001	0.005657	0.002787	0.001034	0.000358	0.009836
2002	0.006037	0.002776	0.001053	0.000358	0.010224
2003	0.006071	0.002776	0.001411	0.000358	0.010616
2004	0.006234	0.002891	0.001391	0.0004	0.010916
2005	0.006124	0.002787	0.001900	0.0004	0.011211
2006	0.006147	0.002722	0.000960	0.000357	0.010186
2007	0.005239	0.002236	0.001000	0.000302	0.008777

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

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

(amounts expressed in thousands)

Years Ended June 30, 1999 through 2008

<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>
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%
2008	4,589,644	7,336,569	62.56%

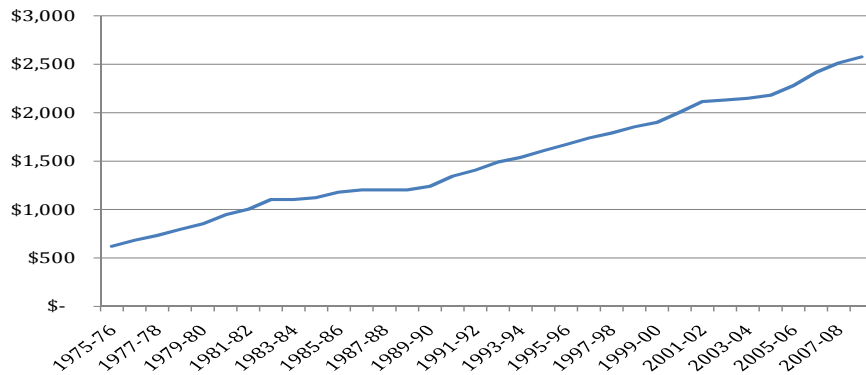
Taxable values are derived from the District's final settlement statement received from the Utah County Treasurer's Office each year. Total Taxable Assessed Values were calculated by reducing the fair market/market value of primary residential property by 45%.

PROVO CITY SCHOOL DISTRICT
History of the Value of the WPU
Weighted Pupil Unit (WPU)
 Utah Legislative Funding Method
 Fiscal Years Ended 1976-2008

WPU Value Fiscal Years 1976-2009

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%
2007-08	2,514	97	4.01%
2008-09	2,577	63	2.51%

Average increase from 1977 to 2008 4.45%
 10 Year Increase from 2000 to 2009 33.65%
 10 Year Average increase from 2000 to 2009 3.37%



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

PROVO CITY SCHOOL DISTRICT
Changes in Fund Balances
& Ratio of Annual Debt Service to General Fund Expenditures
Years Ended June 30, 1999 through 2008
(modified-accrual basis of accounting)

	1999	2000	2001	2002
Revenues:				
Property taxes	\$ 9,359,293	\$ 9,228,345	\$ 10,261,018	\$ 10,567,029
Other local sources	4,087,986	4,444,204	4,950,701	4,949,536
State of Utah	43,141,474	43,651,984	45,063,047	47,436,768
Federal government	3,298,283	4,848,782	7,015,111	9,133,449
Total revenues	<u>59,887,036</u>	<u>62,173,315</u>	<u>67,289,877</u>	<u>72,086,782</u>
Expenditures:				
Instructional services	45,175,300	47,529,219	51,223,605	56,109,435
Supporting services:				
Students	1,979,137	2,209,453	2,580,471	2,632,473
Instructional staff	2,209,042	2,081,914	2,119,900	2,407,242
District administration	896,407	932,321	892,353	930,589
School administration	3,667,657	3,934,528	4,221,500	4,178,592
Business	558,716	571,465	624,374	649,778
Operations and maintenance	2,754,056	2,171,428	2,963,038	2,560,518
Student transportation	1,226,213	1,346,866	1,463,401	1,853,503
Other	912,159	746,826	790,888	836,082
Community services	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	202,204	291,991	189,988
Total expenditures	<u>59,378,687</u>	<u>61,726,224</u>	<u>67,171,521</u>	<u>72,348,200</u>
Excess (deficiency) of revenues over expenditures	508,349	447,091	118,356	(261,418)
Other financing sources (uses):				
Sale of assets	965	4,119	19,398	2,956
Insurance recoveries	-	-	-	-
Proceeds from Capital lease obligation	-	-	-	-
Total other financing sources (uses)	<u>965</u>	<u>4,119</u>	<u>19,398</u>	<u>2,956</u>
Net change in fund balance	<u><u>\$ 509,314</u></u>	<u><u>\$ 451,210</u></u>	<u><u>\$ 137,754</u></u>	<u><u>\$ (258,462)</u></u>
Total debt service expenditures (all funds) (general obligations, capital leases, etc.)	\$ 4,281,999	\$ 4,557,876	\$ 4,735,619	\$ 4,597,575
Debt service as a percentage of total general fund expenditures	7.2%	7.4%	7.1%	6.4%

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, 1999 through 2008
(modified-accrual basis of accounting)

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 12,025,243	\$ 12,347,734	\$ 12,540,548	\$ 12,801,543	\$ 13,473,520	\$ 13,559,626
2,474,249	2,168,510	2,295,796	2,089,693	2,832,141	2,946,310
44,982,179	43,542,941	46,131,313	46,639,740	50,474,352	56,943,212
9,208,342	6,561,494	6,415,614	8,379,546	8,810,031	8,173,955
<u>68,690,013</u>	<u>64,620,679</u>	<u>67,383,271</u>	<u>69,910,522</u>	<u>75,590,044</u>	<u>81,623,103</u>
53,442,575	48,924,913	50,233,015	52,670,674	58,771,233	64,216,611
2,703,337	2,475,479	3,111,115	3,023,616	3,452,851	3,299,652
2,152,858	1,907,838	1,897,748	2,014,345	2,053,435	1,519,541
915,463	1,074,630	855,576	1,478,589	1,489,474	1,236,565
4,295,133	4,335,979	4,311,056	4,045,607	4,485,853	4,705,273
662,177	662,633	2,510,104	1,113,650	1,094,542	2,574,485
2,099,278	2,373,719	1,767,533	1,008,309	1,335,633	1,460,910
1,630,291	1,542,147	1,747,676	1,859,437	2,203,890	2,400,231
843,955	864,989	37,172	854,544	1,762,840	392,584
89,456	36,681	-	-	-	-
-	-	-	-	-	726,335
-	-	-	-	-	21,010
<u>68,834,523</u>	<u>64,199,008</u>	<u>66,470,995</u>	<u>68,068,771</u>	<u>76,649,751</u>	<u>82,553,195</u>
(144,510)	421,671	912,276	1,841,751	(1,059,707)	(930,092)
1,789	1,868	2,500	-	3,955	76,952
-	-	21,171	-	-	-
-	-	-	-	-	1,148,344
<u>1,789</u>	<u>1,868</u>	<u>23,671</u>	<u>-</u>	<u>3,955</u>	<u>1,225,296</u>
<u>\$ (142,721)</u>	<u>\$ 423,539</u>	<u>\$ 935,947</u>	<u>\$ 1,841,751</u>	<u>\$ (1,055,752)</u>	<u>\$ 295,204</u>
\$ 4,465,263	\$ 5,596,256	\$ 4,665,392	\$ 4,503,721	\$ 6,806,230	\$ 6,805,593
6.5%	8.7%	7.0%	6.6%	8.9%	8.2%

PROVO CITY SCHOOL DISTRICT
Schedule of Long-Term Debt Service
Years Ending June 30, 2009 through 2027

		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Service Fund:									
General obligation bonds:									
Series 1998 Refunding	Principal	440,000	460,000	475,000	495,000	520,000	-	-	-
\$ 4,950,000	Interest	97,580	79,980	61,350	41,875	21,580	-	-	-
Series 2004 Refunding	Principal	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	787,050	732,050	673,800	637,200	586,800	534,000	408,750	277,000
Series 2007A Refunding	Principal	1,060,000	1,091,000	1,141,000	1,184,000	1,226,000	696,000	726,000	-
\$ 8,220,000	Interest	271,211	230,856	189,322	145,884	100,809	54,136	27,639	-
Series 2006 G.O. Bond	Principal	350,000	350,000	375,000	375,000	400,000	400,000	425,000	450,000
\$ 9,400,000	Interest	347,000	333,000	319,000	304,000	289,000	273,000	257,000	240,000
Series 2007B G.O. Bond	Principal	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	1,062,563	1,026,563	988,563	949,563	908,563	866,563	822,563	776,563
Total Principal - Debt Service Fund		<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>2,565,403</u>	<u>2,402,449</u>	<u>2,232,035</u>	<u>2,078,522</u>	<u>1,906,752</u>	<u>1,727,698</u>	<u>1,515,951</u>	<u>1,293,563</u>
Total - Debt Service Fund		<u>6,415,403</u>	<u>6,418,449</u>	<u>6,418,035</u>	<u>6,417,522</u>	<u>6,422,752</u>	<u>6,428,698</u>	<u>6,451,951</u>	<u>6,533,563</u>
Capital Projects Fund:									
Obligations under lease agreements:									
2008 Capital Lease	Principal	282,782	285,128	-	-	-	-	-	-
\$ 1,106,634	Interest	<u>22,028</u>	<u>14,872</u>	-	-	-	-	-	-
Total Principal - Capital Projects Fund		282,782	285,128	-	-	-	-	-	-
Total Interest - Capital Projects Fund		<u>22,028</u>	<u>14,872</u>	-	-	-	-	-	-
Total - Capital Projects Fund		<u>304,810</u>	<u>300,000</u>	-	-	-	-	-	-
Multiple Funds:									
*Early retirement obligations	Stipends	874,653.23	412,553.54	241,601	12,408	-	-	-	-
	Medical	703,387.34	573,669.88	436,363	322,660	120,306	33,987	1,986	-
	Misc.	70,588.14	33,389.94	19,590	1,011	-	-	-	-
Total Early Retirement Incentives Liability		<u>1,648,629</u>	<u>1,019,613</u>	<u>697,554</u>	<u>336,080</u>	<u>120,306</u>	<u>33,987</u>	<u>1,986</u>	-
Total long-term debt obligations:									
Total Principal - All Funds - All Long-Term Debt		<u>5,781,410</u>	<u>5,320,741</u>	<u>4,883,554</u>	<u>4,675,080</u>	<u>4,636,306</u>	<u>4,734,987</u>	<u>4,937,986</u>	<u>5,240,000</u>
Total Interest - All Funds - All Long-Term Debt		<u>2,587,432</u>	<u>2,417,321</u>	<u>2,232,035</u>	<u>2,078,522</u>	<u>1,906,752</u>	<u>1,727,698</u>	<u>1,515,951</u>	<u>1,293,563</u>
Total - All Funds - All Long-Term Debt		<u>\$8,368,842</u>	<u>\$7,738,062</u>	<u>\$7,115,589</u>	<u>\$6,753,601</u>	<u>\$6,543,058</u>	<u>\$6,462,685</u>	<u>\$6,453,937</u>	<u>\$6,533,563</u>

Source: District Data

PROVO CITY SCHOOL DISTRICT
Schedule of Long-Term Debt Service (continued)
Years Ending June 30, 2009 through 2027

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Totals
-	-	-	-	-	-	-	-	-	-	-	2,390,000
-	-	-	-	-	-	-	-	-	-	-	302,365
1,950,000	-	-	-	-	-	-	-	-	-	-	16,745,000
97,500	-	-	-	-	-	-	-	-	-	-	4,734,150
-	-	-	-	-	-	-	-	-	-	-	7,124,000
-	-	-	-	-	-	-	-	-	-	-	1,019,857
475,000	475,000	500,000	525,000	550,000	575,000	575,000	600,000	625,000	650,000	-	8,675,000
222,000	203,000	184,000	164,000	143,000	121,000	98,000	75,000	51,000	26,000	-	3,649,000
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	25,300,000
728,563	679,563	628,563	567,813	503,688	437,313	368,688	300,688	229,500	156,188	79,688	12,081,750
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	60,234,000
1,048,063	882,563	812,563	731,813	646,688	558,313	466,688	375,688	280,500	182,188	79,688	21,787,122
4,698,063	2,632,563	2,662,563	2,681,813	2,671,688	2,658,313	2,641,688	2,650,688	2,630,500	2,632,188	1,954,688	82,021,122
-	-	-	-	-	-	-	-	-	-	-	567,909
-	-	-	-	-	-	-	-	-	-	-	36,901
-	-	-	-	-	-	-	-	-	-	-	567,909
-	-	-	-	-	-	-	-	-	-	-	36,901
-	-	-	-	-	-	-	-	-	-	-	604,810
-	-	-	-	-	-	-	-	-	-	-	1,541,217
-	-	-	-	-	-	-	-	-	-	-	2,192,359
-	-	-	-	-	-	-	-	-	-	-	124,579
-	-	-	-	-	-	-	-	-	-	-	3,858,155
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	64,660,064
1,048,063	882,563	812,563	731,813	646,688	558,313	466,688	375,688	280,500	182,188	79,688	21,824,023
<u>\$4,698,063</u>	<u>\$2,632,563</u>	<u>\$2,662,563</u>	<u>\$2,681,813</u>	<u>\$2,671,688</u>	<u>\$2,658,313</u>	<u>\$2,641,688</u>	<u>\$2,650,688</u>	<u>\$2,630,500</u>	<u>\$2,632,188</u>	<u>\$1,954,688</u>	<u>\$86,484,087</u>

PROVO CITY SCHOOL DISTRICT
Ratios of Outstanding Debt
 June 30, 1999 through 2008

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
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	63,994,082	1,707,369	62,286,713	1.65%	541.62	352,727	0.01%
2008	60,827,774	972,841	59,854,933	1.30%	525.04	604,810	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, 1999 through 2008

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
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	376.87%	3,575,601,094	115,500	9,365,000
21.61	0.91%	310.55	2597	319.43%	3,588,753,374	105,000	10,208,000
3.07	1.66%	544.69	4749	n/a	3,774,555,485	115,000	not available
5.31	1.32%	530.35	4563	n/a	4,589,644,579	114,000	not available

PROVO CITY SCHOOL DISTRICT
Overlapping and Underlying General Obligation Debt
For Fiscal year ending June 30, 2007

Taxing Entity	2007 Taxable Value	Board's Portion of Taxable Value	Board's Percentage	Entity's General Obligation Debt	Board's Portion of G.O. Debt.
Overlapping:					
State of Utah	168,812,000,000	4,589,644,579	2.72%	1,284,000,000	34,909,270
CUWCD (1)	113,748,091,430	4,589,644,579	4.03%	146,542,380	5,912,868
Utah County	24,615,013,794	4,589,644,579	18.65%	13,390,000	<u>2,496,661</u>
Total Overlapping					<u>43,318,798</u>
Underlying:					
Provo City (2)	4,589,644,579	4,589,644,579	100.00%	18,407,051	<u>18,407,051</u>
Total Underlying					<u>18,407,051</u>
Total Overlapping and Underlying General Obligation Debt					<u><u>61,725,849</u></u>
Total overlapping general obligation debt (excluding the State) (3)					8,409,529
Total direct general obligation bonded indebtedness					<u>33,270,000</u>
Total direct and overlapping general obligation debt (excluding the State) (3)					<u><u>41,679,529</u></u>
Total underlying general obligation debt					18,407,051
Total direct general obligation bonded indebtedness					<u>33,270,000</u>
Total direct and underlying general obligation debt					<u><u>51,677,051</u></u>
Total overlapping and underlying general obligation debt (excluding the State) (3)					26,816,580
Total direct general obligation bonded indebtedness					<u>33,270,000</u>
Total direct, overlapping, and underlying general obligation debt (excluding the State) (3)					<u><u>60,086,580</u></u>

Taxable Value: Taxable values used in this table for non-district entities were derived from the 2007 Utah County Treasurer's Annual Settlement Statements, and 2007 Salt Lake County Annual Financial Report and 2007 Utah State Annual Financial report. The district's taxable value was derived from the district's final settlement report.

General Obligation Debt: G.O. debt amounts were derived from each entity's 2007 Annual Financial Statements.

(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.

PROVO CITY SCHOOL DISTRICT
Computation of Legal Debt Margin
Years Ended June 30, 2003 through 2008

	2003	2004	2005	2006	2007	2008
Estimated Fair Market Value	\$ 5,310,090,273	\$ 5,199,485,716	\$ 5,353,912,000	\$ 5,443,759,516	\$ 5,736,082,850	\$ 7,336,569,240
"Fair Market Value" X 4% (Debt Limit)	212,403,611	207,979,429	214,156,480	217,750,381	229,443,314	293,462,770
Less: General Obligation Debt	37,530,000	35,185,000	33,270,000	31,035,000	63,351,000	60,234,000
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>	<u>233,228,770</u>
Ratio Legal Debt Margin to Legal Debt Limit	82.33%	83.08%	84.46%	85.75%	72.39%	79.47%

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. Fair market value obtained from Utah County Assessor's Office.

Source: estimated FMV obtained from the Utah County Assessor's Office,

PROVO CITY SCHOOL DISTRICT
Selected Utah County Economic Statistics

Year	Labor Force	Employment	Unemployment	Unemployment Rate
2008	225,889	218,981	6,908	3.06%
2007	220,138	214,747	5,391	2.45%
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%

Source:
 Department of Utah Workforce Services
<http://jobs.utah.gov/jsp/wi/utalmis/countyhistdata.do#export>

	Utah County						
	2001	2002	2003	2004	2005	2006	2007
Total personal income (\$ millions)	7,683.1	7,910.4	8,136.6	8,730.8	9,365.3	10,208.2	11,486.0
Per capita income	20,087	20,178	20,377	20,048	20,726	21,964	22,906
Average family income per IRS returns	48,965	46,375	48,431	50,468	54,538	59,749	DNA
Average monthly nonfarm wage	2,243	2,250	2,297	2,350	2,423	2,572	2,718
Gross taxable sales (\$000s)	4,326,455	4,394,333	4,433,228	4,791,033	5,432,300	6,409,994	6,847,708
Permit authorized construction (\$000)	824,155	925,347	889,518	1,042,802	1,369,824	1,854,104	1,499,277
New residential building permits	4,272	4,326	4,677	4,728	5,819	6,902	4,970
Residential building permits value (\$000)	576,294	623,777	706,068	770,583	1,074,621	1,420,653	1,037,687

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

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
2006	4,440	38.47%	11,540

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%
2006*	113,984	8,545	7.50%

Source: Data is derived from U.S. Census

Years presented are limited to data available from stated sources

PROVO CITY SCHOOL DISTRICT
Utah County Largest Employers
 Current year and Nine years ago

Employer	June 30, 2007		Employer	June 30, 1998	
	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	8.27%	Brigham Young University	10,000	6.46%
Alpine School District	6,240	2.87%	Alpine School District	4,500	2.91%
Utah Valley State College	4,000	1.84%	Geneva Steel	2,500	1.62%
IHC Healthcare	3,600	1.65%	Corel corporation	1,500	0.97%
Nebo School District	3,100	1.42%	Novell, Inc.	1,500	0.97%
Provo City School District	2,600	1.20%	Provo City School District	1,500	0.97%
Convergys Corporation	1,700	0.78%	University mall	1,500	0.97%
Nestles USA Prepared Food Div.	1,700	0.78%	Utah Valley State College	1,500	0.97%
Novell, Inc	1,700	0.78%	NuSkin	1,350	0.87%
Totals	<u>42,640</u>	<u>19.60%</u>		<u>25,850</u> -	<u>16.71%</u>

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.

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

PROVO CITY SCHOOL DISTRICT
Full-Time Equivalent Positions By Function

Years Ended June 30, 2005 through 2008

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Instruction	980.7	1,117.4	1,141.4	1,148.4
Support Services				
Students	49.6	58.6	53.9	52.3
Instructional Staff	39.6	35.5	32.6	38.1
General Administration	9.2	24.1	23.9	19.8
School Administration	75.0	78.7	79.8	73.7
Business and Central	22.1	23.5	24.8	22.1
Operation and Maintenance	84.7	118.6	152.0	138.9
Transportation	38.6	46.6	49.9	60.0
Other Support	-	-	-	10.6 ¹
Food Services	57.7	83.2	90.8	90.4
Community Services	<u>64.7</u>	<u>185.6</u>	<u>172.5</u>	<u>135.2</u> ²
 Total full-time equivalent positions:	 <u>1,421.7</u>	 <u>1,771.6</u>	 <u>1,821.6</u>	 <u>1,789.4</u>

¹Classified among various other functions prior to FY 2007-08

²Community and Recreation Services functions combined

Fiscal year 2004 was the first year reliable FTE data was available, therefore comparative data is presented from 2004 to present.

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, 1999 - 2008

	Fiscal Year										Net Change (2008 less 1999)
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Elementary:											
AMELIA EARHART	502	545	546	552	575	585	630	630	587	588	86
CANYON CREST	502	549	522	494	504	501	501	521	514	481	(21)
EDGEMONT	469	469	458	431	431	434	447	474	485	446	(23)
FARRER	-	-	-	-	-	-	-	370	359	359	359
FRANKLIN	548	557	525	554	563	560	532	526	500	486	(62)
GRANDVIEW	553	537	543	525	531	532	531	513	451	424	(129)
JOAQUIN	418	420	453	445	420	386	381	0	0	0	(418)
PROVOST	500	474	485	478	476	438	440	408	414	400	(100)
ROCK CANYON	602	585	572	547	578	563	580	574	582	575	(27)
SPRING CREEK/MAESER	479	462	486	494	510	520	511	548	608	611	132
SUNSET VIEW	607	655	675	702	676	618	638	614	622	607	0
TIMPANOGOS	624	573	485	547	562	568	546	502	540	509	(115)
WASATCH	453	494	495	524	507	501	533	570	600	613	160
WESTRIDGE	778	785	792	781	778	754	783	771	771	794	16
Secondary:											
CENTENNIAL M.S.	699	669	653	733	690	702	715	913	898	932	233
DIXON M.S.	663	636	598	586	588	629	619	875	835	785	122
FARRER M.S.	477	498	533	532	549	565	560	0	0	0	(477)
PROVO H.S.	1,844	1,768	1,757	1,664	1,688	1,731	1,760	1,787	1,763	1,696	(148)
TIMPVIEW H.S.	1,883	1,794	1,737	1,684	1,633	1,634	1,607	1,615	1,637	1,699	(184)
INDEPENDENCE H.S.	273	292	276	312	371	341	289	276	302	303	30
Total:	12,874	12,762	12,591	12,585	12,631	12,562	12,604	12,488	12,468	12,308	(566)

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, 2008

	K	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	MEM	
AMELIA EARHART	95	81	101	80	90	75	68	0	0	0	0	0	0	588	
CANYON CREST	45	70	71	84	65	73	73	0	0	0	0	0	0	481	
EDGEMONT	56	59	72	63	61	67	68	0	0	0	0	0	0	446	
FARRER ELEM	70	55	46	57	52	41	37	0	0	0	0	0	0	359	
FRANKLIN	78	69	71	64	76	73	55	0	0	0	0	0	0	486	
GRANDVIEW	59	67	50	61	71	64	51	0	0	0	0	0	0	424	
PROVOST	62	71	66	61	53	38	49	0	0	0	0	0	0	400	
ROCK CANYON	72	87	92	70	81	87	85	0	0	0	0	0	0	575	
SPRING CREEK	92	100	92	102	79	73	72	0	0	0	0	0	0	611	
SUNSET VIEW	96	94	87	92	90	65	84	0	0	0	0	0	0	607	
TIMPANOGOS	96	92	67	72	66	59	56	0	0	0	0	0	0	509	
WASATCH	100	91	94	80	92	77	78	0	0	0	0	0	0	613	
WESTRIDGE	128	127	124	115	109	101	91	0	0	0	0	0	0	794	
CENTENNIAL	0	0	0	0	0	0	0	486	446	0	0	0	0	932	
DIXON	0	0	0	0	0	0	0	398	387	0	0	0	0	785	
PROVO H.S.	0	0	0	0	0	0	0	0	0	424	445	431	396	1,696	
TIMPVIEW H.S.	0	0	0	0	0	0	0	0	0	438	444	428	389	1,699	
INDEPENDENCE H.S.	0	0	0	0	0	0	0	0	0	70	83	89	61	303	
CENTER FOR H.S. COMP	0	0	0	0	0	0	0	0	1	4	7	17	18	46	
ADM COUNT BY GRADE	1,049	1,063	1,031	1,002	985	895	868	883	834	935	978	966	864	12,353	
ADM COUNT BY LEVEL	K	Total 1st-6th						Total 7th-8th		Total 9th-12th					
	1,049	5,843						1,718		3,743					
ADM TOTALS	Total K-6th					6,892	Total 7th-12th			5,461				12,353	
														Total Handicap Self-Contained	645
														Total Handicap Homebound	0.0
														Total Self-contained/Homebound	645
														Grand Total	12,998

PROVO CITY SCHOOL DISTRICT
Number of Students per Teacher
 Years Ended June 30, 2003 - 2008

<u>Grade</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
Kindergarten	23.10	27.70	27.70	27.70	27.00	27.00
1	21.80	27.70	27.70	27.70	27.00	27.00
2	23.10	27.70	27.70	27.70	27.00	27.00
3	25.80	27.70	27.70	27.70	27.00	27.00
4	25.60	27.70	27.70	27.70	27.00	27.00
5	26.20	27.70	27.70	27.70	27.00	27.00
6	25.80	27.70	27.70	27.70	27.00	27.00
7	24.00	28.00	28.00	28.00	27.70	27.70
8	24.00	28.00	28.00	28.00	27.70	27.70
9	24.00	28.00	28.00	28.00	27.70	27.70
10	25.50	28.00	28.00	28.00	27.70	27.70
11	25.50	28.00	28.00	28.00	27.70	27.70
12	25.50	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.

Fiscal year 2003 was the first year reliable student/teacher data was available, therefore comparison data is presented from 2003 to present

Source: District Data

PROVO CITY SCHOOL DISTRICT
Average Expenditure by Function per Pupil
 Years Ended June 30, 2003 - 2008

Function:	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Instruction	\$5,313	\$5,251	\$4,500	\$4,535	\$4,373	\$4,360
Supporting services:						
Student	266	286	255	267	256	218
Instructional staff	119	166	163	159	155	174
District administration	98	121	121	70	86	74
School administration	365	361	339	340	349	349
Business	209	97	98	214	70	98
Operation and maintenance of facilities	398	325	332	315	401	400
Student transportation	210	198	167	132	123	137
Central	30	163	86	3	69	68
School food services	346	347	315	316	326	279
Community services	321	318	252	306	193	184
Facilities & Construction	0	0	120	100	50	122
Interest on long-term liabilities	219	150	0	167	120	190
Total school district	<u>\$7,893</u>	<u>\$7,781</u>	<u>\$6,748</u>	<u>\$6,925</u>	<u>\$6,570</u>	<u>\$6,653</u>
Student Average Daily Membership	12,998	12,517	12,488	12,604	12,562	12,631

Fiscal year 2003 was the first year the District published a comprehensive annual financial report. Therefore comparative data is presented from that first

Source: District Data

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

<u>Location/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	2008	77,480
Provost	1949	56,799
Rock Canyon	1964	69,883
Spring Creek	2002	70,720
Sunset View	1959	69,305
Timpanogos	2008	69,247
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

Advanced Placement Test Results

2006-07 and 2007-08 based on new 2005 norms

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Total candidates	319	370	370	419	414
Total exams taken	478	571	600	645	666
Total exams passed	389	433	472	458	497
Provo average passed	81%	76%	79%	71%	75%
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	
Total candidates	400	400	404	408	
Total exams taken	622	623	601	690	
Total exams passed	479	468	418	480	
Provo average passed	77%	75%	70%	70%	

College Entrance Exams - Provo Students Taking ACT Examination

<u>Year</u>	<u>Number of Students</u>	<u>Year</u>	<u>Number of Students</u>
1999-00	567	2004-05	701
2000-01	537	2005-06	797
2001-02	520	2006-07	847
2002-03	508	2007-08	746
2003-04	533		

Graduates

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Provo High School	322	365	344	344	310	373
Timpview High School	375	378	377	319	355	385
Independence High School	25	29	26	17	23	38
District Diplomas	30	37	37	34	60	47

Educational Level of Teachers 2007-08

Bachelors	389	62%
Masters	224	36%
Doctorate	11	2%

Staff Assignments 2007-08

Teachers	624
Classified Contracted	147
Administrators	39

Years of Experience 2007-08

20 or more years	31%
6 - 19 years	41%
0 - 5 years	28%

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

	2006-07			2007-08		
	Provo	Utah	Nat'l	Provo	Utah	Nat'l
English	22.9	21.3	20.7	22.6	21.4	20.6
Math	22.6	21.1	21.0	22.8	21.1	21.0
Reading	23.3	22.2	21.5	23.6	22.5	21.4
Science	22.4	21.6	21.0	22.7	21.6	20.8
Composite	22.9	21.7	21.2	23.1	21.8	21.1

Elementary Criterion-Referenced Testing (CRT)

	Grade	2003-2004		2004-2005		2005-06		2006-07		2007-08	
		Average % Correct	Number Tested	Average % Correct	Number Tested	Average % Correct	Number Tested	Average % Proficient	Number Tested	Average % Proficient	Number Tested
Language Arts	1	82%	1,037	80%	1,151	76%	1,153	73%	1,131	not tested	
	2	75%	1,020	77%	1,015	79%	1,108	77%	1,068	78%	1,068
	3	76%	995	75%	1,016	78%	1,006	78%	1,083	76%	1,041
	4	81%	951	81%	990	81%	980	79%	980	77%	1,048
	5	78%	914	79%	923	79%	960	77%	937	76%	947
	6	79%	989	82%	897	76%	903	80%	976	80%	917
Math	1	83%	1,038	76%	1,165	77%	1,151	71%	1,130	not tested	
	2	75%	1,020	78%	1,021	80%	1,109	74%	1,073	77%	1,067
	3	79%	999	79%	1,023	80%	998	81%	1,099	77%	1,039
	4	82%	956	80%	999	83%	975	79%	986	81%	4,048
	5	77%	917	83%	936	80%	957	78%	943	77%	940
	6	75%	696	77%	629	77%	608	63%	650	72%	625
Science	1-3	not tested		not tested		not tested		not tested		not tested	
	4	62%	950	not available		62%	982	62%	984	64%	1,048
	5	59%	914	64%	931	66%	960	64%	952	65%	931
	6	63%	992	68%	895	72%	904	61%	955	69%	933

Source: District Data

PROVO CITY SCHOOL DISTRICT

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

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

	Fall 2004		Fall 2005		Fall 2006		Fall 2007	
	Provo	Utah	Provo	Utah	Provo	Utah	Provo	Utah
Third Grade ITBS								
Reading	64	64	63	65	59	58	57	57
Language	52	55	52	55	48	48	41	47
Mathematics	56	57	57	57	52	48	47	47
Social Studies	64	65	65	66	61	61	58	61
Science	69	69	68	69	65	63	62	63
Composite Score	64	65	64	65	59	58	55	57
Fifth Grade ITBS								
Reading	65	63	64	64	56	56	54	57
Language	61	58	57	57	52	53	50	53
Mathematics	65	59	62	59	54	52	54	52
Social Studies	62	61	59	61	55	57	52	56
Science	71	69	68	70	64	65	61	65
Composite Score	67	64	63	63	57	58	56	58
Eighth Grade ITBS								
Reading	63	62	62	62	59	59	64	59
Language	55	54	57	57	53	52	55	53
Mathematics	58	57	62	59	52	53	54	52
Social Studies	50	52	59	61	50	52	52	51
Science	63	64	68	70	63	65	66	65
Composite Score	58	58	63	63	55	56	58	56
Eleventh Grade ITBS								
Reading	68	62	67	62	65	62	not tested	
Spelling	56	52	54	51	52	51	not tested	
Revising Writing	58	56	58	55	56	54	not tested	
Mathematics	61	58	61	57	62	57	not tested	
Social Studies	62	60	64	59	57	58	not tested	
Science	65	65	66	62	53	61	not tested	
Composite Score	64	61	65	59	60	59	not tested	

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)

Criterion-Referenced Testing (CRT)

Course	2003-2004		2004-2005		2005-06		2006-07		2007-08	
	Average % Proficient	Number Tested	Average % Proficient	Number Tested	Average % Proficient	Number Tested	Average % Proficient	Number Tested	Average % Proficient	Number Tested
7th Lang Arts	unavailable		unavailable		unavailable		84%	889	77%	928
8th Lang Arts							81%	911	85%	869
9th Lang Arts							79%	1,008	78%	926
10th Lang Arts							81%	1,005	82%	976
11th Lang Arts							81%	872	84%	924
7th grade Math			69%	403	60%	423	70%	453	73%	496
PreAlgebra	83%	1,201	79%	1,391	81%	1,243	78%	1,197	79%	1156
Algebra	69%	1,228	77%	1,097	72%	1,189	74%	1,192	79%	906
Geometry	72%	804	76%	875	68%	920	75%	907	76%	927
Science 7th	67%	994	63%	964	data not complete from state		69%	441	62%	504
Science 8th	68%	900	67%	978	68%	942	64%	898	67%	858
Earth Systems	64%	359	59%	376	66%	339	65%	356	59%	597
Biology	79%	629	65%	818	65%	978	70%	1,067	66%	989
Chemistry							66%	386	57%	393
Physics							56%	253	49%	294

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%
2007-08	1,253,673	305,989	560,368	44.70%	155,779	12.43%

Transportation

	Miles traveled (to and from school, field trips, and activities)	Number of students transported daily	Driving hours per day	Route miles driven per day	Field and activity trip miles per day	Cost per student per year to bus	Number of buses
2001-02	575,100	9,828	228	2,703	492	\$141	40
2002-03	620,280	9,572	246	2,950	496	\$178	40
2003-04	636,750	7,382	264	3,098	440	\$253	40
2004-05	653,220	5,192	282	3,245	384	\$328	42
2005-06	650,520	4,771	251	2,997	617	\$426	43
2006-07	510,840	4,894	245	2,605	233	\$492	43
2007-08	542,700	5,169	271	2,747	268	\$501	48

Vandalism Costs

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Glass replacement	\$ 23,922	\$ 16,480	\$ 11,820	\$ 11,946	\$ 12,071	\$ 18,553	\$ 11,969
Graffiti removal	3,000	2,910	1,944	2,930	3,916	5,500	3,402
Break-in repair	3,200	1,385	2,300	1,780	1,260	3,800	2,500
Total	\$ 30,122	\$ 20,775	\$ 16,064	\$ 16,656	\$ 17,247	\$ 27,853	\$ 17,871

Cost Per Student

	<u>Total Expense</u>	<u>Number Students</u>	<u>Cost per Student</u>
2002-03	84,029,969	12,631	\$6,653
2003-04	82,527,916	12,562	\$6,570
2004-05	87,285,070	12,604	\$6,925
2005-06	84,316,764	12,488	\$6,752
2006-07	97,397,085	12,517	\$7,781
2007-08	102,592,066	12,998	\$7,893

Source: District Data

PROVO CITY SCHOOL DISTRICT
Schedule of Insurance in Force
June 30, 2008

	Expiration Date	Deductible	Limits	Fiscal Year	
				2008 Premium	2007 Premium
*Property	Until canceled	\$ 1,000	Replacement value	\$154,596	\$119,222
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	111,434	126,918
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	9,942	9,492
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>\$ 700,289</u>	<u>\$ 670,795</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

