

Provo City School District

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018

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Provo City School District
280 W 940 N
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Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

Keith Rittel
Superintendent

Stefanie Bryant
Business Administrator

Prepared By:
Devyn Dayley
Director of Accounting

Provo City School District Board of Education



Back (left to right) Julie Rash, Board Member; McKay Jensen, Board President; Taz Murray, Board Member; Melanie Hall, Board Member;

Front (left to right) Shannon Poulsen, Board Member; Jim Pettersson, Board Member; Rebecca Nielsen, Board Member

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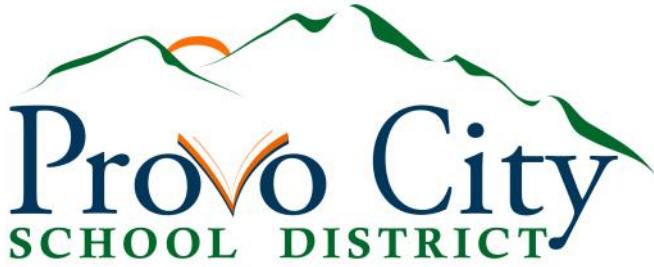
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Introductory Section

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Keith Rittel
Superintendent
Stefanie Bryant
Business Administrator

September 28, 2018

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

We are pleased to present, Provo City School District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This Comprehensive Annual Financial Report (CAFR) includes financial and non-financial information to meet the needs of a broad spectrum of readers.

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.

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. Hansen, Bradshaw, Malmrose & Erickson, P.C., 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion for the District's financial statements for the fiscal year ended June 30, 2018; this opinion indicates the statements are fairly presented in conformity with GAAP. The independent auditors' 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

**Superintendent's
Message**

Management and Budget Uniform Guidance, 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 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 auditors' report.

DISTRICT PROFILE

Summary

Provo City School District was officially organized in 1898. Provo City School District is one of 41 public school districts in Utah, and the District serves approximately 16,000 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 operates two traditional high schools, an alternative high school, two middle schools, thirteen elementary schools, and an E-school (online) which services all grade levels. The District continues to have a positive influence on the community by offering both traditional and proven non-traditional education to its students. These nontraditional alternatives include preschool training for disabled students, adult high school completion, the largest selection of on-line courses in the state, and concurrent enrollment where students can earn high school and college credits simultaneously. Programs such as advanced placement, special education, music, career technology, dual language, multicultural programs, gifted and talented programs, STEM, and many other enrichment programs in all curriculum areas are offered by the District. The District has strong technical and foreign language programs in both traditional and on-line offerings, and is one of the few Districts in the state to offer elementary foreign languages, along with existing secondary language programs.

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.

The Provo City School District Foundation (Foundation) is a discretely presented component unit of the District; the Foundation is a legally separate entity established to support the District. The Foundation's financial data is presented as a separate column on the government-wide financial statements of the District. The Municipal Building Authority (Building Authority) of Provo City School District is a blended component unit established to support the District and is reported in the Capital Projects Fund. There are no other units of government that are dependent on the District.

Governing Structure

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 AND LONG-TERM FINANCIAL PLANNING

District Efforts

One of the priorities of the school board and District administration is to progressively plan for the future of Provo students and facilities. Several years ago, the District created a District Facilities Committee, comprised of District staff and local stakeholders, which was given the responsibility to plan for current and future needs for the buildings in the District. Short and long-term recommendations were outlined so the Board could better plan for the needs of the District and its students. One of the issues the committee tackled was aging buildings in the District, and determining which buildings were the most critical to replace. Along with that determination came the need to create a long-term plan for replacement and renovation of other existing buildings to best serve the students of Provo. The first planned bond was passed in 2014. Four elementary schools and one high school were rebuilt, and as of August 2018, all schools are open. The facilities committee was reconvened in 2018 to prioritize future needs.

The financial position of the District remains stable. The District has been able to maintain a strong financial position. Fiscal year 2017-18 saw a slight revenue increase from both state and local sources. Federal revenue decreased slightly. State revenue increased due to the state-wide increase in the WPU, although district enrollment decreased in FY 2018 due to changes in E-school. The Utah State Office of Education held the district harmless for the decrease in students for this fiscal year.

District fund balances decreased from \$109,359,604 at June 30, 2017 to \$73,975,143 at June 30, 2018. This fund balance decrease is in the Capital Projects fund and is due to the construction of the schools assigned to bond funds and other various construction and maintenance projects throughout the District. While State law allows only a modest committed fund balance in the General fund, these monies allow the District to respond to a variety of emerging issues, including the need for funds in the future due to funding cuts. Healthy fund balances and financial position allow the District to secure future financing at favorable interest rates and to explore promising educational reform without reducing resources to current programs.

Provo City School District is well managed. District administration's first priority is to provide as many resources as possible to teachers and students in the classroom. The budget includes aggressive initiatives to provide up-to-date curriculum and cutting edge technology, along with professional development activities to provide teachers with the tools they need to be the most effective educators to the students of Provo City School District.

Members of the school board and District administration spent a great deal of time defining goals and objectives to guide decisions, both financial and educational, for students, teachers and employees to create the best environment for education. The District Improvement Plan, developed on the principles of collaboration and evidence-based research, has allowed, with the support of strong school board goals, administrators to create a plan with one aim: student achievement. With the "aim" in mind, all stakeholders, including teachers, parents, administrators and students, will together create an environment that is conducive to learning and succeeding. During the budget preparation and discussions, District administration's priorities are to keep as many resources in the classroom as possible. With clear direction and goals, administration can provide resources to accomplish many of the aggressive goals provided by the board and the District Improvement Plan.

The District has an established record of being financially transparent and well run, consistently earning national financial awards. The District is committed to maintaining balanced budgets. We are taking

advantage of improving revenues to provide resources to promote educational achievement in the form of cutting-edge technology and professional development for our employees. Resources are also focused on one of the District's most important assets: its people. Making sure that we hire and retain the best teachers is a high priority to District administration. During this fiscal year, members of the school board, District administration and the Provo Education Association met as a salary study committee to focus on teacher salaries and what could be done to ensure the District remained competitive within the state of Utah and retained its teachers. With the full support of the school board, a new salary schedule was created which provides increases in pay for all teachers.

District Master Plan

Another important asset to Provo City School District is its capital assets. Capital improvements are funded through two major sources: capital tax levies and general obligation bonds. The District continues a targeted and aggressive capital improvement schedule based on recommendations from the facilities committee and the District maintenance director.

All capital projects and maintenance efforts are part of a progressive 20-year building replacement and major upgrade plan. The oldest buildings, in most need of repair, will be replaced first, the years of original construction range from 1931-2018. The District expended \$51.9 million in large projects, from capital outlay funds, bond funds and other balances, during fiscal year 2018. Fiscal year 2019 will see the final completion of Provo High School and Provost Elementary. The District also built a new Transportation Building in fiscal year 2018. The construction will be fully completed in fiscal year 2019. This new building will provide space for all school buses and for the vehicle maintenance staff.

Budget Development

The District strategically manages its operations with a focused effort to maintain its end of year fund balances. The District's 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, unless a truth-in-taxation is held. The District is pleased to report that budget decisions made in the last few fiscal years have enabled the District to maintain healthy fund balances. The General Fund unassigned fund balance on June 30, 2018 was \$11.1 million. Total restricted governmental fund balances on June 30, 2018 were \$36,784,385, which includes \$1.7 million in restricted General Fund programs, \$1.8 million in Debt Service, \$24.7 million in Capital Projects, \$6.9 million in Building Reserve, and \$1.7 million in Food Services. The remaining fund balances include \$849K in Nonspendable fund balances, \$19.5 million in Committed fund balances, and \$5.7 million in assigned fund balances.

State Funding

The 2018 state fiscal school finance program is designed to provide every Utah school district with a basic operation program of \$3,311 per weighted pupil unit (WPU) (up from \$3,184 in fiscal year 2017). The Weighted Pupil Unit (WPU), part of the Minimum School Program, is a measure of student enrollment based on a pro-rated amount of days in attendance per student.

LOCAL ECONOMY

Utah Economic Position

The economic outlook of the District is heavily dependent on State aid, providing 67.5% of General Fund revenues. As noted above, the WPU is provided based on student enrollment. Enrollment in fiscal year 2018 was approximately 16,000. Projected enrollment for FY19 and FY20 is projected to be relatively flat both years. 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.

Unemployment rates in Utah have consistently been lower than the national average. In 2017, Utah's nonagricultural employment increased an estimated 3.3%, or 47,572 jobs, between June 2017 and

March 2018. Nationally, the unemployment rate decreased .3% to 4% from June 2017 and June 2018. Utah's unemployment rate was 2.8% during June 2018, decreasing from June 2017.

Provo City is the county seat of Utah County, which has seen explosive growth in recent years. The 2010 U.S. Census indicated that Utah County's population had grown to 516,564. The state's population is projected to reach 3.7 million in 2020, 4.4 million in 2030, 5.2 million in 2040, 6.0 million in 2050, and 6.8 million in 2060.

Utah will continue to experience population growth at a rate higher than most states in 2018 on account of strong natural increase in addition to in-migration. Natural increase (births less deaths) is anticipated to add 36,000 people to Utah's population. While net in-migration has slowed since the peak of the economic expansion, Utah's net migration is projected to remain positive at around 4,000 people. Most of the growth in Utah County is in cities outside Provo where there is more land available. The percentage of Provo residents enrolled in the Provo City School District has decreased over the past year, as the format for Provo E-school has changed and some Provo residents are choosing to send their children to charter and private schools. Approximately 9 out of every 100 Provo residents is a student in Provo City School District.

**Budgetary
Control**

The District adopts an annual budget for all revenues and expenditures; the adopted budget serves as the financial operating plan throughout 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 Board of Education legally adopts, by resolution, the next fiscal year's budget on or before June 22, after obtaining taxpayer input. If the District is required to, or chooses to go through the truth in taxation process, revised tax rates are set in August, through public hearing and Board of Education approval. The fiscal year 2018 budget was approved in June 2017.

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 \$50,000 for the next fiscal year. The Board appropriated \$56.7 million for planned capital projects and improvements for fiscal year 2017-18. Appropriations for capital projects and improvements for fiscal year 2017-18 have decreased from the last fiscal year as major bond projects are being completed. Many other capital projects were part of the long-term capital improvement plan.

In fiscal year 2018, substantial efforts were made to complete the final two schools that were approved on the 2014 GO bonds. Provo High School and Provost Elementary both opened in August 2018. Construction on the new Transportation building was completed, which houses all Provo City School District buses and transportation employees. This building provides space for bus maintenance and training facilities for new and existing bus drivers. A new stage at Timpview High School was completed in fiscal year 2018, which will showcase an exemplary arts program.

Part of the long-term capital plan is funding for bus replacement. Four buses were replaced in the fiscal year 2018, with assistance from state grants promoting clean air in the state of Utah. HVAC units throughout the District are also a focus of the capital budget. Many other small projects throughout the District were completed in fiscal year 2018 and planned for fiscal year 2019.

**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 538 retirees (and spouses) receiving benefit coverage in addition to 120 present employees who have earned vested coverage upon retirement.

An actuarial study was completed in 2017, based on data as of July 1, 2016 that reflects a total OPEB liability of \$34,172,110. The actuarial study is done every other year, so the OPEB liability is adjusted based on current year expenditures. This year \$3,722,215 was spent on OPEB benefits. The current net OPEB liability is reported at \$30,449,895. GASB requires districts to report their net OPEB liability and net pension liability on the government-wide statements. More detailed information can be found in Note 7 to the financial statements and in the Required Supplementary Information and subsequent notes.

AWARDS AND 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, 2017. This was the fifteenth 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. The District believes that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and will submit it to the GFOA to determine its eligibility for another certificate.

**Association of
School
Business
Officials**

The District also received the Association of School Business Officials (ASBO) International's Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the Year Ended June 30, 2018. 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 fifteenth 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 continues to be critical to the success of District operations and achievements.

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 Devyn Dayley, 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, the District expresses 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,

A handwritten signature in black ink, appearing to read "K. Rittel". The signature is stylized with a large, sweeping initial "K" and a long horizontal stroke extending to the right.

Keith Rittel, Superintendent

A handwritten signature in black ink, appearing to read "Stefanie Bryant". The signature is written in a cursive style with a large initial "S" and a long, flowing tail.

Stefanie Bryant, Business Administrator



Government Finance Officers Association

**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, 2017

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The 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, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



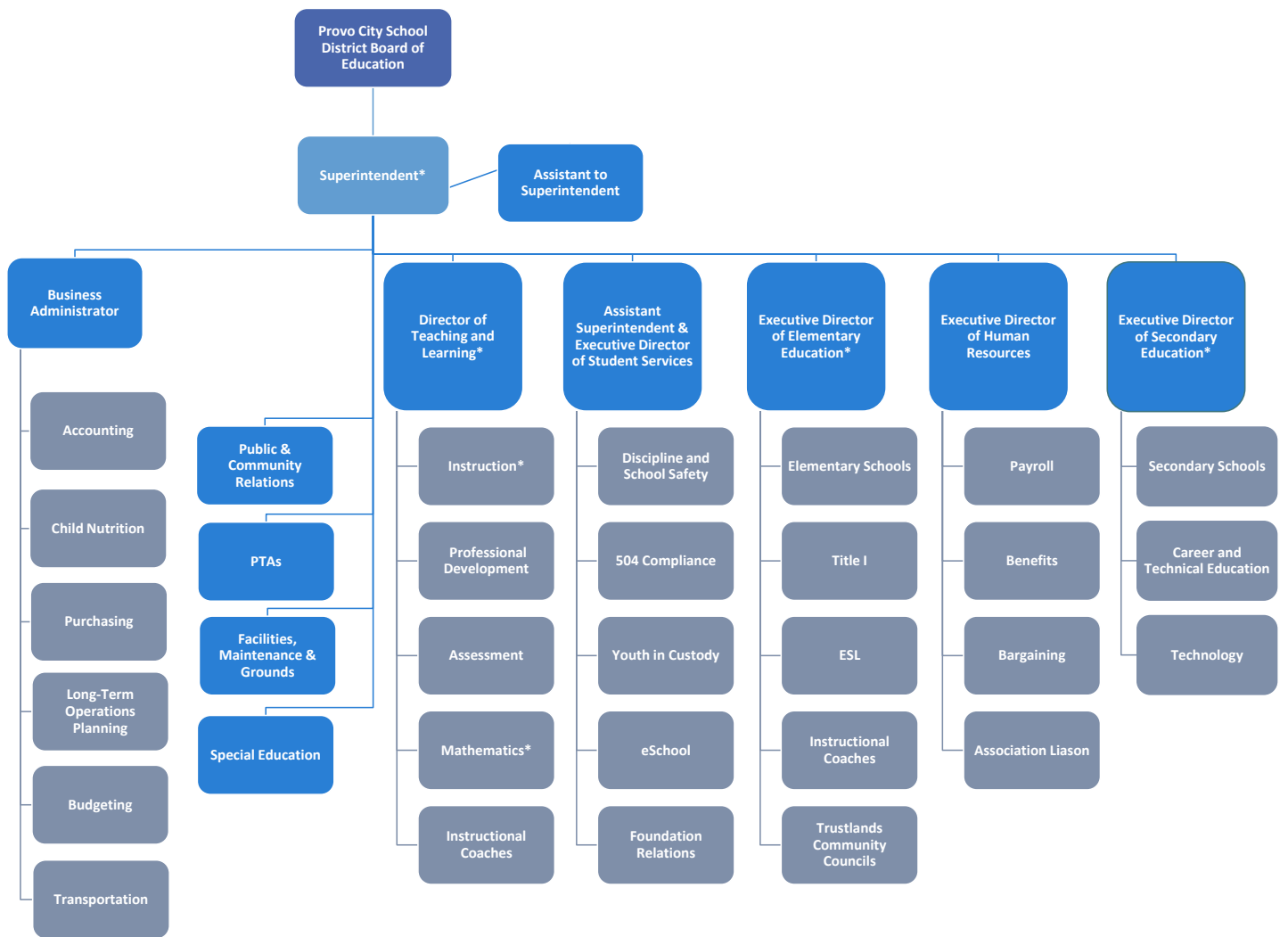
A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style.

John D. Musso, CAE
Executive Director

PROVO CITY SCHOOL DISTRICT
Organizational Chart



Board of Education

Taz Murray
District 1
Present Term: 2015-2018
Initial Appointment: 2014

Melanie Hall
District 2
Present Term: 2017-2018
Initial Appointment: 2017

McKay Jensen (President)
District 3
Present Term: 2015-2018
Initial Appointment: 2013

Shannon Poulsen
District 4
Present Term: 2015-2018
Initial Appointment: 2003

Julie Rash
District 5
Present Term: 2017-2020
Initial Appointment: 2013

Rebecca Nielsen
District 6
Present Term: 2017-2020
Initial Appointment: 2017

Jim Petterson (Vice President)
District 7
Present Term: 2017-2020
Initial Appointment: 2013

District Administration

Keith Rittel
Superintendent
Initial Appointment: 2012

Stefanie Bryant
Business Administrator
Initial Appointment: 2014

Anne-Marie Harrison
Exec Director of Teaching and Learning

Gary Wilson
Exec Director of Student Services

Jason Cox
Exec Director of Human Resources

Jarod Sites
Human Resources Director

Rebecca Rogers
Human Resources Director

Morgan Anderson
Special Programs Director

Alex Judd
Exec Director of Elementary Education

Michael Todd McKee
Exec Director of Secondary Education

Gary Wall
Career Technology Education Director

Devyn Dayley
Accounting Director

Chad Duncan
Technology Director

Mark Wheeler
Facilities Director

Laura Larsen
Food Services Director

Michelle Wall
Title I Director

School Administration

Elementary Schools

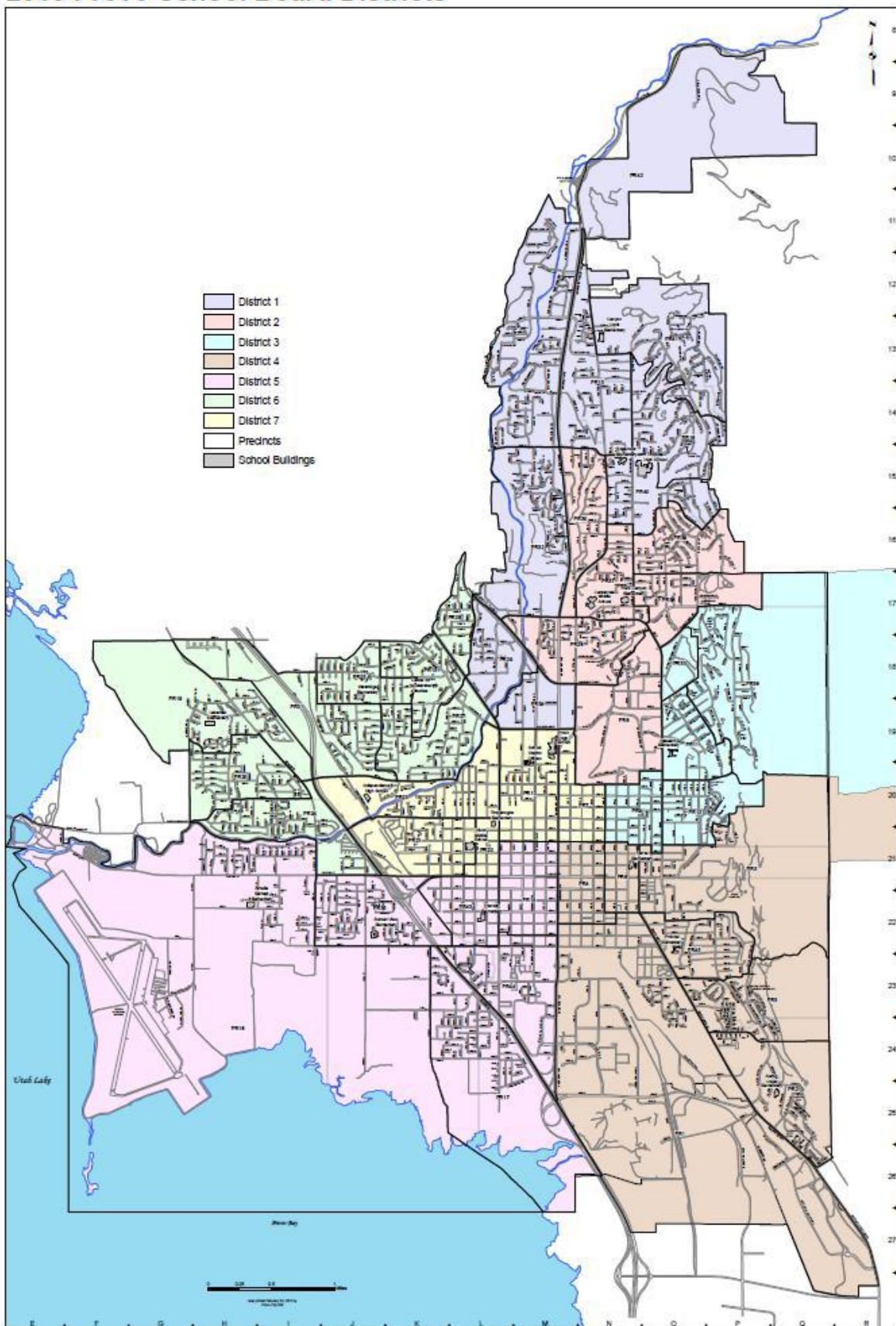
Amelia Earhart Ryan McCarty
Canyon Crest Darren Johnson
Edgemont Gaye Gibbs
Provo Peaks Geo Guzman
Franklin Kim Hawkins
Lakeview Drew Daniels
Provost Stephen Oliverson
Rock Canyon Dean Nielsen
Spring Creek Jill Franklin
Sunset View Chris Chilcoat
Timpanogos Carrie Rawlins
Wasatch Rene Cunningham
Westridge Rebekah Thomas

Middle Schools

Centennial Kyle Bates
Dixon John Anderson

High Schools

Provo High Boyd McAfee
Timpview Fidel Montero
Independence Chris Sorensen



Financial Section

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Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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of Certified Public
Accountants*

*Members of the
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INDEPENDENT AUDITORS' REPORT

Board of Education
Provo City School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Provo City School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Provo City School District, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19-27 and pension schedules on pages 59-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying introductory section, combining and individual non-major fund financial statements, budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2018 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hansen, Bradshaw, Mahrose & Erickson, P.C.

September 19, 2018

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Management's Discussion and Analysis

This section of Provo City School District's (the District) Comprehensive Annual Financial Report presents Management's Discussion and Analysis (MD&A) of the District's financial performance during the year ended June 30, 2018. The MD&A is intended to provide an analysis directly related to the information presented in the transmittal letter found on pages 1 through 7 of this report and the District's financial statements, which follow the MD&A in this report.

Financial Highlights

The financial position of the District remains stable. The following highlights are considered by the District to be significant factors in measuring the District's financial performance for the fiscal year ended June 30, 2018:

Government-Wide Net Position. The District's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$90 million at the close of fiscal year 2018. The overall net position of the District increased by \$17.4 million. The unrestricted net position increased by \$7.6 million to (\$36.3) million, which includes the net pension liability and net OPEB (other post employment benefits). Information about the OPEB and pension liability can be found in Notes 7 and 8 that accompany the financial statements and the Required Supplemental Information.

Government-Wide Financial Progress (full-accrual basis of accounting): During the year, expenses were \$17.4 million less than the \$156.7 million generated in taxes and other revenues for governmental activities. Expenses stayed relatively flat from fiscal year 2017. Revenues decreased by \$12.4 million, primarily due to a decrease in the sale of fixed assets. In fiscal year 2017, Provo City School District sold the original Provo High School to Brigham Young University. State revenue and property taxes increased slightly over the prior fiscal year. If a student is in membership a full 180 days, the state awards the District one WPU. The value of the WPU for the year ended June 30, 2018 was \$3,311 (\$3,184 for fiscal year 2017).

Governmental Funds Financial Progress (modified-accrual basis of accounting): During the year ended June 30, 2018, the combined fund balances decreased by \$35.4 million. This decrease is primarily due to spending the remainder of prior year bond proceeds.

The District's General Fund makes up the largest portion of the overall total fund balance among all governmental funds at \$36.4 million (this includes unspendable, restricted, committed, assigned and unassigned fund balances). All other funds have a combined fund balance of \$37.6 million.

District Master Plan - Capital improvements are funded through two major sources: the capital outlay tax levy and general obligation bonds. District administration, board members and community members met as a District Facilities committee to prioritize District facility needs, creating an aggressive 20-year plan, including building replacement, significant remodels, and other maintenance needs. Once the top schools needing to be replaced were identified, new general obligation bonds were issued in fiscal years 2015 and 2016, which has facilitated the re-building of four elementary schools and a high school. All of those schools have been completed. The District Facilities Committee continues to meet to determine timing of replacing additional schools in the District and other maintenance needs.

Overview of the Financial Statements

This MD&A 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 Position* presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, early retirement obligations, OPEB and pension 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 are *governmental funds*.

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

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

The District maintains seven individual governmental funds. The District has, in the past, used the Municipal Building Authority, reported as a blended component unit, as an additional governmental fund, but this fund is now reported in the Capital Projects fund. The Tax Increment fund is the District's newest fund, reporting on the amount of property tax revenue that the District would receive, but is sent to the Provo Redevelopment Agency for projects throughout the city of Provo and local charter schools through the Charter School Replacement levy. 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 all of its funds. 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.

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 37 to 57 of this report.

D. Required Supplemental Information

Information regarding net OPEB liability and net pension liability can be found on pages 59 to 62 of this report.

E. Other information

Combining and individual fund statements and schedules are presented immediately following the notes to the financial statements on pages 66 to 77 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 Position - Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$90 million at the close of

the most recent fiscal year. When compared to the previous fiscal year, net position of the District’s governmental activities increased 24% to \$90 million. Net position is 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, with the implementation of GASB 68 and GASB 75, unrestricted net position is a negative \$36.4 million at the end of this year.

The largest portion of the District’s net position (\$83.9 million) 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). 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 position (\$42.6 million) represents fund balances that are subject to external restrictions on how they may be used. The majority of restricted net position (\$31.5 million) is for the Capital Projects fund (Capital Projects and Building Reserve).

Provo City School District's Net Position

	Governmental activities		
	(in millions of dollars)		
	2018	2017	Change from 2017
Current and other assets	\$ 134.0	\$ 168.5	\$ (34.5)
Capital assets	211.9	170.1	41.8
Total assets	345.9	338.6	7.3
Total Deferred Outflows of Resources	27.1	24.7	2.4
Other liabilities	18.4	19.2	(0.8)
Long-term liabilities outstanding	200.8	222.4	(21.6)
Total liabilities	219.2	241.6	(22.4)
Total Deferred Inflows of Resources	63.7	49.1	14.6
Net Position:			
Net investment in capital assets	83.8	60.5	23.3
Restricted	42.6	56.0	(13.4)
Unrestricted	(36.4)	(43.9)	7.5
Total net position	\$ 90.0	\$ 72.6	\$ 17.4

B. Changes in Net Position – Governmental Activities

The District’s total net position increased by \$17.4 million during the current year. The increase in net position is primarily due to a decrease in the total net OPEB liability and net pension liability. For further information regarding total net OPEB liability and net pension liability, see Notes 7 and 8 in the notes to the financial statements and the Required Supplemental Information.

The District’s total revenues for the year were \$156.7 million, which represents a decrease of \$12.4 million over the prior year. Total revenue from operating grants and contributions (specific to programs and funds) comprise 65% of the District’s revenues; property taxes generated 30% of the District’s revenues. Revenues from operating grants and contributions increased slightly.

As compared to the prior year, the total cost of all programs and services increased \$1.3 million to \$139.3 million. Instruction and support services (including food services) were 60% and 36%, respectively, of the District’s expenses. Increases in expenses were primarily due to normal increases in salaries and benefits and maintenance costs throughout the District. Also included in the increase in expense is a loss on the sale/disposal of District assets. During fiscal year 2018, the Utah State Board of Education continued to address the state chart of accounts, which continues to change the alignment of expenses within functions throughout the District.

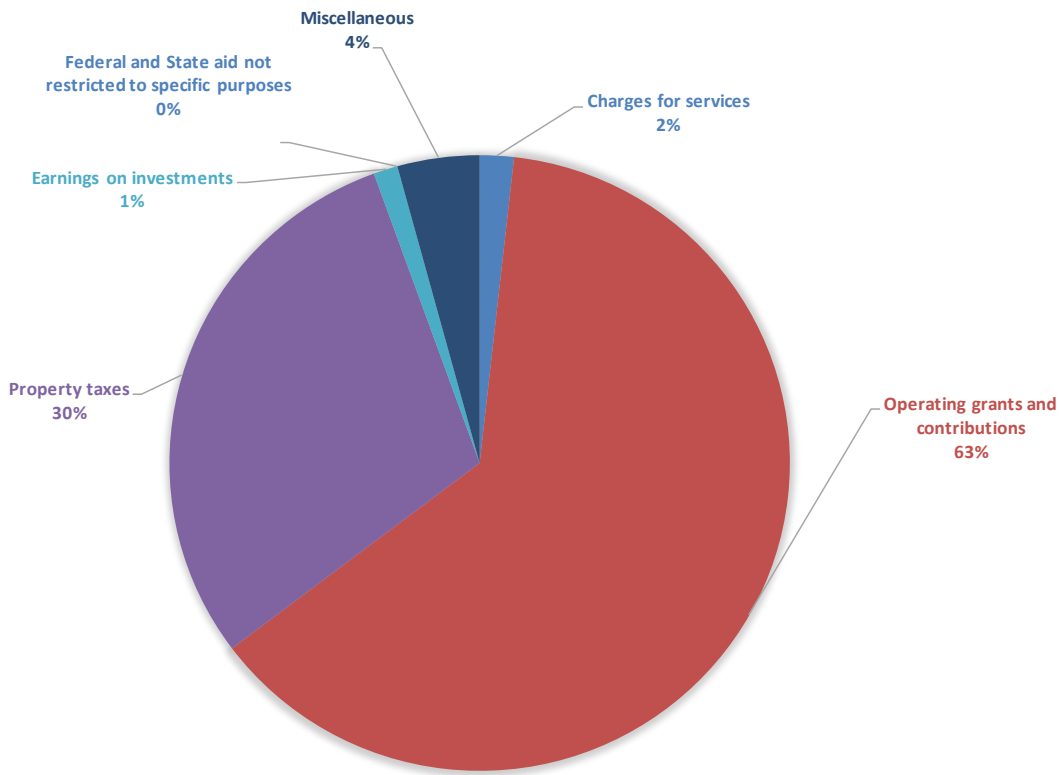
Changes in federal and state aid are a reflection of changes in funding for specific programs and changes in student enrollment. The District’s primary source of funding is based on the WPU and other state appropriations. The state guarantees that if local taxes do not provide money equal to the guarantee it will make up the difference with state funding.

Provo City School District's Changes in Net Position

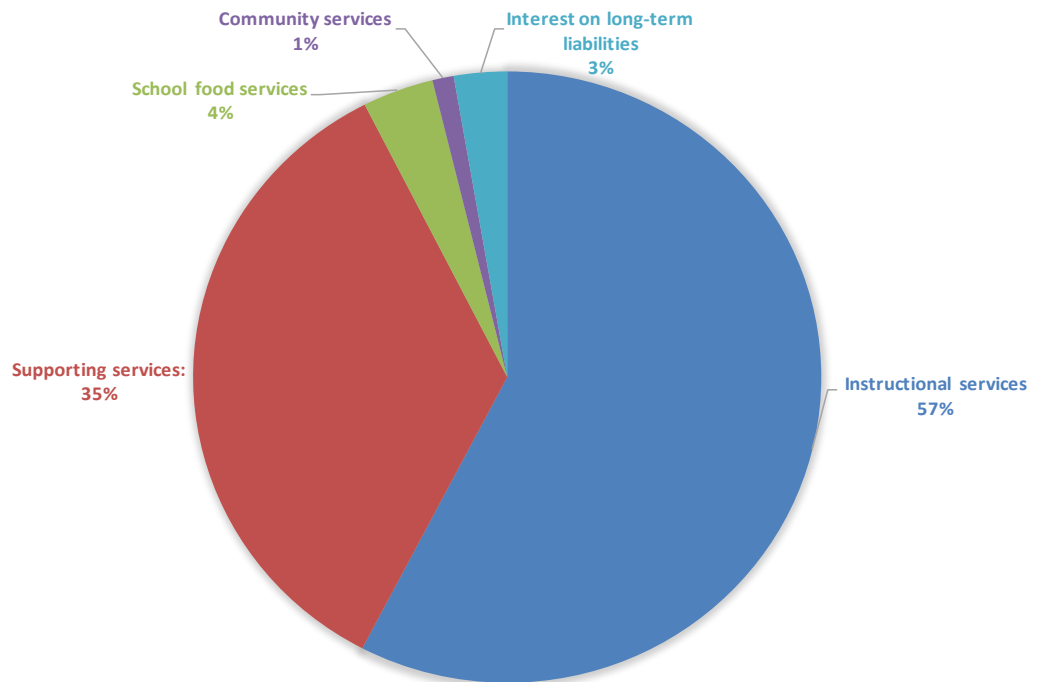
Years Ended June 30, 2018 and 2017

(in millions of dollars)

	Governmental activities		Change from 2017
	2018	2017	
Revenues:			
Program revenues:			
Charges for services	\$ 2.8	\$ 3.0	\$ (0.2)
Operating grants and contributions	98.6	98.2	0.4
General revenues:			
Property taxes	46.6	45.2	1.4
Earnings on investments	2.0	1.7	0.3
Gain (loss) on Sale of Fixed Assets	-	14.6	(14.6)
Miscellaneous	6.7	6.4	0.3
Total revenues	156.7	169.1	(12.4)
Expenses:			
Instructional services	83.3	85.1	(1.8)
Supporting services:			
Students	7.9	7.0	0.9
Instructional staff	8.4	4.8	3.6
District administration	1.4	2.7	(1.3)
School administration	6.9	6.4	0.5
Business	4.8	6.3	(1.5)
Operation and maintenance of facilities	13.7	10.8	2.9
Transportation	2.0	2.5	(0.5)
School food services	5.3	5.7	(0.4)
Community services	1.6	2.6	(1.0)
Interest on long-term liabilities	4.0	4.1	(0.1)
Total Expenses	139.3	138.0	1.3
Changes in net position	17.4	31.1	(13.8)
Net position, beginning	72.6	91.0	(18.4)
Prior Period Adjustment	-	(49.5)	49.5
Net position, ending	\$ 90.0	\$ 72.6	\$ 17.4



REVENUES BY SOURCES - GOVERNMENTAL ACTIVITIES
FOR YEAR ENDED JUNE 30, 2018



EXPENSES BY FUNCTION - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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.

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 providing breakfast, lunch, and other food services to students.

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.

Building Reserve Fund - used to account for funds designated by the Board of Education for new buildings or remodels.

Municipal Building Authority Fund - a blended component unit, used to account for funds received from lease revenue bonds under the direction of the Municipal Building Authority. This fund is reported with the Capital Projects fund.

Tax Increment Fund (special revenue fund) - used to account for property tax revenue that would be received by Provo City School District, but is collected by Utah County and remitted to the Provo City Redevelopment Agency to assist in major projects within Provo City limits and to local charter schools as part of the Charter School Replacement levy.

As the District completed the year, its governmental funds reported a combined fund balance of \$74 million, which is a \$35.3 million decrease from the previous year. The primary reason for the decrease in fund balance is the construction of the schools funded with bond proceeds. In addition, the following changes should be noted:

- The District's *General* fund balance increased by \$1.3 million. The General fund restricted balance decreased by \$1.2 million, while the unassigned portion of fund balance increased by \$2.1 million. The Assigned fund balance increased by \$0.4 million. The assigned fund balance accounts for items that are encumbered, administration directed projects, or school balances that carry forward from unrestricted funds.
- The *Capital Projects* fund balance decreased by \$38.4 million. The primary reason for this change in fund balance is due to the continued construction of bond projects. Provo High School and Provost Elementary opened to students in August 2018.
- All other changes in fund balances are due to normal fluctuations in operational resources and property tax collections, and economic constraints.
- District-wide expenditures totaled \$192.1 million, a decrease of \$7.4 million compared to the previous fiscal year. The decrease is primarily due to the completion of bond projects. Other funds had normal increases due to salaries and benefits.
- General fund salaries totaled \$65.8 million, an increase of \$4.3 million from the previous fiscal year. This is due to an increase in salaries districtwide. Employee benefits, including retirement, Social Security, and insurance (health and accident, industrial, and unemployment) totaled \$31.8 million as compared to \$29.8 million in the previous year. These benefits fluctuated comparatively to salaries, and also included an increase to health insurance.
- During fiscal years 2017 and 2018, the Utah State Board of Education (USBE) made some significant changes to its chart of accounts. The District's chart of accounts follows the guidance from the Utah State Board of Education, who gets their guidance from the National Center for Education Statistics (NCES). The NCES defines the different objects and functions that are typically used by all education agencies throughout the country. The USBE also clarified allowable function and object changes, so there are some changes in expenditures between functions from previous years. Significant changes occurred in the Instructional, Student Support, Teacher Support and District administration functions to better align expenditures with the functions being performed.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into non-spendable, restricted, committed, assigned and unrestricted portions. *Non-spendable* includes inventories, long term portion of notes receivable, and any prepaid expenditures (items not expected to be converted to cash). *Restricted* includes net fund balances that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. *Committed* balances reflect the District’s self imposed limitation on the use of otherwise available funds. *Assigned* balances are intended for a specific use and do not require board action. Assigned includes unrestricted programs, amounts in excess of non-spendable, restricted, and committed fund balances in governmental funds. *Unassigned* balances in the General fund are all other undesignated funds, and any residual deficits from other funds.

Changes in local revenues are due to the following elements:

- *Property taxes:* Changes in property taxes are primarily due to the addition of the Charter School Replacement levy that was added in fiscal year 2018. This levy is reduced from the District taxes and allocated to local charter schools. Differences can also be attributed 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, and economic factors.
- *Earnings on investments:* Changes in investment earnings are due to an increase in interest rates and the current balance held in the investments.
- *Other revenue from local sources:* This classification represents collections for services rendered to other independent entities, fees for local services rendered, student fees not classified as tuition 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 Local Revenues
(all governmental funds combined)

	2018	2017
Property taxes	\$ 46,350,744	\$ 45,261,455
Tuitions	81,310	90,942
Transportation fees	284,554	257,765
Earnings on investments	1,982,001	1,684,216
Food Services	905,365	1,140,518
Other revenues from local sources	8,208,693	7,983,050
Total	\$ 57,812,667	\$ 56,417,946

Budgetary Highlights

During 2018, 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 in the General fund was an increase of \$1.7 million in total General fund revenues and other financing sources and uses. The most significant budget changes may be summarized as follows:

- *State revenue* is the primary source of revenue for the District, with the majority of state revenue being allotted to the school districts on a per student basis. Budgets for state revenue remained flat from the original and amended budget. District enrollment decreased but the Utah State Office of Education held the District harmless for this one fiscal year. State revenue budget projections show a decrease for fiscal year 2019.
- *Property tax revenue* is the second largest source of revenue in the General fund. The budget was unchanged during the fiscal year.
- *Federal revenue* is also a significant portion of the District’s budget. Federal revenue increased by \$1.3 million during the year due to additional grants awarded for restricted purposes.

- The biggest increase in *General* fund expenses was to salaries and benefits. Both objects are directly correlated normal increases in operations.
- Purchased services decreased almost \$3 million due to the restructuring of Provo’s E-School.
- Most other budget changes in the *General* fund were minor and between functions to correctly account for expenditures by function.
- Other budget variances between functions are due to changes in the Utah State Board of Education’s change in its chart of accounts. Alignment to the new chart of accounts created some discrepancies in the budget to actual in the *General* fund.

Capital Assets & Debt Administration

A. Capital Assets

Most capital assets (buildings and equipment) are purchased out of the Capital Projects fund. The Capital Projects fund is also used to account for major costs incurred in maintaining and remodeling District facilities. Other funds are also used to account for maintenance of District facilities and to purchase equipment for the functions within each fund.

Capital assets at June 30, 2018 and 2017 are outlined below:

	2018	2017	Total Change
School sites (land)	\$ 7.9	\$ 7.9	\$ -
Works of art	0.2	0.3	(0.1)
Construction in progress	86.4	57.9	28.5
Buildings	107.8	95.1	12.7
Furniture & equipment	9.6	9.0	0.6
Total	<u>\$ 211.9</u>	<u>\$ 170.2</u>	<u>\$ 41.7</u>

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

- Construction was completed at Edgemont Elementary. Provo High School and Provost Elementary were both completed after the end of the fiscal year but in time for school to start in August 2018.
- The stage at Timpview High School was significantly remodeled.
- The Provo City School District Transportation Building was completed.
- Several hundred computers were purchased, replacing student labs and teacher computers. Several classroom labs of Chromebooks were placed in schools as part of the District’s technology initiatives.
- Four new buses were purchased for transporting students to and from school.
- Other technology was replaced and upgraded in several schools.
- Equipment was purchased for many of the new Career and Technical Education (CTE) classrooms at Provo High School.

Additional information regarding the District’s capital assets can be found in Note 4 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, 2018 is \$351 million. General obligation debt at June 30, 2018 is \$114.3 million, resulting in a legal debt margin of \$237 million.

	Outstanding General Obligation Debt		
	2018	2017	Total Change
Outstanding G.O. Debt	\$ 114.3	\$ 120.0	\$ (5.7)

Additional information regarding the District’s debt can be found in Note 5 to the basic financial statements.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors a general overview of the District’s finances and to demonstrate the District’s accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Provo City School District, 280 West 940 North, Provo, UT, 84604.

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Basic Financial Statements

Financial Section

PROVO CITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Primary Government	Component Unit Provo School District Foundation
	Governmental Activities	
Assets:		
Cash and investments	\$ 80,462,702	\$ 896,325
Restricted cash	4,991,470	-
Receivables:		
Property taxes	42,234,487	-
Other local	351,086	-
State	1,566,912	-
Federal	3,509,438	-
Prepaid expenses	708,947	-
Inventories	140,423	-
Capital assets:		
Land, construction in progress, and works of art	94,559,649	-
Buildings and equipment, net of accumulated depreciation	117,382,628	-
	<u>345,907,742</u>	<u>896,325</u>
Deferred Outflows of Resources:		
Deferred loss on refunding	738,964	-
Deferred outflows relating to OPEB	2,167,865	-
Deferred outflows relating to pensions	24,147,714	-
	<u>27,054,543</u>	<u>-</u>
Liabilities:		
Accounts payable	5,808,890	17,160
Accrued interest payable	218,620	-
Payroll and related payables	12,221,730	-
Unearned revenue:		
Other local	125,105	-
Noncurrent liabilities:		
Due within one year	6,505,067	-
Due in more than one year	123,709,102	-
Net OPEB liability	30,449,895	-
Net pension liability	40,154,073	-
	<u>219,192,482</u>	<u>17,160</u>
Deferred Inflows of Resources:		
Deferred property tax revenue	39,614,261	-
Deferred inflows relating to OPEB	3,625,689	-
Deferred inflows relating to pensions	20,474,819	-
	<u>63,714,769</u>	<u>-</u>
Net Position:		
Net investment in capital assets	83,854,481	-
Restricted for:		
Debt service	1,827,540	-
Capital projects	24,658,658	-
Student activities	2,146,124	-
Building reserve	6,872,240	-
School food services	1,879,374	-
State/Federal restricted programs	5,210,155	-
Unrestricted	(36,393,538)	879,165
	<u>\$ 90,055,034</u>	<u>\$ 879,165</u>

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

PROVO CITY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2018

Functions	Expenses	Program Revenues		Net Revenues (Expenses) and Changes in net position	
		Charges for Services	Operating Grants and Contributions	Primary	Component Unit
				Governmental Total Governmental Activities	Provo School District Foundation
Governmental activities:					
Instructional services	\$ 83,343,381	\$ 1,537,656	\$ 83,202,643	\$ 1,396,918	\$ -
Supporting services:					
Students	7,925,025	-	4,222,799	(3,702,226)	-
Instructional staff	8,343,232	-	2,947,347	(5,395,885)	-
District administration	1,398,299	-	1,536,143	137,844	-
School administration	6,905,709	-	630,249	(6,275,460)	-
Business	4,844,251	-	232,633	(4,611,618)	-
Operation and maintenance of facilities	13,659,049	708	99,261	(13,559,080)	-
Transportation	2,030,154	284,554	1,395,989	(349,611)	-
School food services	5,301,448	905,365	4,335,594	(60,489)	-
Community services	1,591,801	50,405	-	(1,541,396)	-
Interest on long-term liabilities	3,957,233	-	-	(3,957,233)	-
Total school district	<u>139,299,582</u>	<u>2,778,688</u>	<u>98,602,658</u>	<u>(37,918,236)</u>	<u>-</u>
Component unit:					
Provo School District Foundation	\$ 248,006	\$ -	270,764	\$ -	\$ 22,758
General Revenues:					
Property taxes levied for:					
Basic state supported program for regular K-12 instruction				10,880,469	-
Voted leeway for regular K-12 instruction				8,364,643	-
Board leeway and Board local leeway				9,767,328	-
Debt service of general obligation bonds				8,879,390	-
Capital outlay for buildings and other capital needs				8,757,138	-
Earnings on investments				1,982,001	8,339
Miscellaneous				6,705,441	-
Total general revenues				<u>55,336,410</u>	<u>8,339</u>
Changes in net position				17,418,174	31,097
Net position - beginning				72,636,860	848,068
Net position - ending				<u>\$ 90,055,034</u>	<u>\$ 879,165</u>

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

PROVO CITY SCHOOL DISTRICT
Balance Sheet—Governmental Funds
June 30, 2018

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
Assets:					
Cash and investments	\$ 43,837,223	\$ -	\$ 27,537,707	\$ 9,087,772	\$ 80,462,702
Restricted cash	1,686,996	1,559,433	-	1,745,041	4,991,470
Receivables:					
Property tax	30,610,257	8,273,766	3,350,464	-	42,234,487
Other local	112,064	-	237,842	1,180	351,086
State	1,351,954	-	-	214,958	1,566,912
Federal	3,465,204	-	-	44,234	3,509,438
Prepaid items	493,947	-	215,000	-	708,947
Inventories	-	-	-	140,423	140,423
Total assets	\$ 81,557,645	\$ 9,833,199	\$ 31,341,013	\$ 11,233,608	\$ 133,965,465
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 2,419,962	\$ -	\$ 3,272,411	\$ 116,517	\$ 5,808,890
Payroll and related payables	11,963,583	-	38,794	219,353	12,221,730
Unearned revenue:					
Other local	125,105	-	-	-	125,105
Total liabilities	14,508,650	-	3,311,205	335,870	18,155,725
Deferred Inflows of Resources:					
Deferred property tax revenue	30,672,788	8,005,659	3,156,150	-	41,834,597
Fund Balances:					
Nonspendable:					
Inventories and prepaid items	493,947	-	215,000	140,423	849,370
Restricted For:					
Building reserve	-	-	-	6,872,240	6,872,240
School food services	-	-	-	1,738,951	1,738,951
Capital projects	-	-	24,658,658	-	24,658,658
Debt service	-	1,827,540	-	-	1,827,540
State/Federal restricted programs	1,686,996	-	-	-	1,686,996
Committed To:					
OPEB	14,198,244	-	-	-	14,198,244
Board voted contingency	5,344,402	-	-	-	5,344,402
Assigned To:					
District Initiatives/Encumbrances	3,523,159	-	-	-	3,523,159
Schools	-	-	-	2,146,124	2,146,124
Unassigned	11,129,459	-	-	-	11,129,459
Total fund balances	36,376,207	1,827,540	24,873,658	10,897,738	73,975,143
Total liabilities, deferred inflows of resources, and fund balances	\$ 81,557,645	\$ 9,833,199	\$ 31,341,013	\$ 11,233,608	\$ 133,965,465

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

Total fund balances for governmental funds \$ 73,975,143

Total net position reported for governmental activities in the statement of net position 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	7,878,328	
Construction in progress	86,447,071	
Works of art	234,250	
Buildings and improvements	171,732,432	
Furniture and equipment	27,549,416	
Accumulated depreciation for:		
Buildings and improvements	(63,917,374)	
Furniture and equipment	(17,981,846)	
		211,942,277

GASB 68 requires state and local governments to disclose in their government-wide statement of net position, their net pension liability and/or the net pension asset and the deferred inflows and outflows of resources relating to pensions and pension expense. GASB 75 requires state and local governments to disclose their total OPEB liability and the deferred inflows of resources and the deferred outflows of resources relating to OPEB and OPEB expenses.

Deferred outflows relating to pensions	24,147,714	
Deferred outflows relating to OPEB	2,167,865	
Net pension liability	(40,154,073)	
Net OPEB liability	(30,449,895)	
Deferred inflows relating to pensions	(20,474,819)	
Deferred inflows relating to OPEB	(3,625,689)	
		(68,388,897)

Some of the District's property taxes will be collected after year-end, and are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the funds. 2,220,336

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (218,620)

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 position. Balances at year-end are:

General obligation bonds	(114,315,000)	
Deferred amounts for issuance premium/discount	(7,884,709)	
Deferred amount on refunding	738,964	
Lease revenue bonds	(6,462,000)	
Obligations under capital leases	(9,020)	
Notes payable	(156,031)	
Vacation payable	(1,387,409)	
		(129,475,205)

Total net position of governmental activities \$ 90,055,034

The notes to the 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, 2018

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
Revenues:					
Local sources:					
Property taxes	\$ 26,762,574	\$ 9,802,355	\$ 8,551,180	\$ 1,234,635	\$ 46,350,744
Food service sales	-	-	-	905,365	905,365
Interest	1,120,568	-	845,128	16,305	1,982,001
Other local	3,693,134	-	1,217,615	3,663,808	8,574,557
State	84,782,657	-	910,029	848,234	86,540,920
Federal	8,482,019	-	96,566	3,487,360	12,065,945
Total revenues	124,840,952	9,802,355	11,620,518	10,155,707	156,419,532
Expenditures:					
Current:					
Instructional services	76,287,006	-	-	3,621,793	79,908,799
Supporting services:					
Students	8,088,360	-	-	-	8,088,360
Instructional staff	8,379,815	-	-	-	8,379,815
District administration	1,453,592	-	-	-	1,453,592
School administration	7,199,465	-	-	-	7,199,465
Business	4,999,674	-	-	-	4,999,674
Operations and maintenance of facilities	9,560,307	-	1,612,305	-	11,172,612
Transportation	2,045,629	-	-	-	2,045,629
School food services	52,748	-	-	5,293,225	5,345,973
Community services	540,859	-	-	1,234,635	1,775,494
Capital outlay					
Capital Outlay (Buildings & Construction)	85,000	-	47,669,309	-	47,754,309
Instructional Services	1,176,186	-	-	-	1,176,186
Instructional Staff	441,437	-	-	-	441,437
Other Support Services	599,676	-	-	-	599,676
Operation and maintenance of facilities	522,327	-	570,895	-	1,093,222
Transportation	352,631	-	122,987	-	475,618
School Food Services	-	-	-	353,930	353,930
Debt service:					
Principal retirement	8,533	5,670,000	21,224	-	5,699,757
Interest and fiscal charges	-	4,063,521	65,240	-	4,128,761
Total expenditures	121,793,245	9,733,521	50,061,960	10,503,583	192,092,309
Excess (deficiency) of revenues over (under) expenditures	3,047,707	68,834	(38,441,442)	(347,876)	(35,672,777)
Other financing sources (uses):					
Proceeds from sale of capital assets	288,316	-	-	-	288,316
Transfers in (out)	(2,000,000)	-	-	2,000,000	-
Total other financing sources (uses)	(1,711,684)	-	-	2,000,000	288,316
Net change in fund balances	1,336,023	68,834	(38,441,442)	1,652,124	(35,384,461)
Fund balances - beginning	35,040,184	1,758,706	63,315,100	9,245,614	109,359,604
Fund balances - ending	\$ 36,376,207	\$ 1,827,540	\$ 24,873,658	\$ 10,897,738	\$ 73,975,143

The notes to the 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, 2018

Net change in fund balances - total governmental funds \$ (35,384,461)

Total net change in fund balances reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial cost of \$5,000 or basket purchase cost of more than \$20,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. 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	\$ 51,894,378	
Sale of capital assets	(2,367,922)	
Depreciation expense - capital assets	<u>(7,758,863)</u>	41,767,593

Governmental funds report Other Post Employment Benefits (OPEB) contributions as expenditures. However in the Statement of Activities, the cost of OPEB benefits is reported as OPEB expense. 3,867,997

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 1,129,744

Property tax revenues in the statement of activities that do not provide current financial resources are not reported in the fund statements. 298,224

The governmental funds report bond proceeds as an other financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of 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 bonds and related items is as follows:

Repayment of bond principal	5,670,000	
Bond interest expense	10,144	
Amortization of deferred amounts, net	<u>161,384</u>	5,841,528

Capital assets acquired through capital leases are shown as an expenditure and other financing sources 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 position and reduces the District's obligations. Interest expense is recognized as it accrues.

Principal payments on note/lease payable	<u>29,757</u>	29,757
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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)		<u>(132,208)</u>
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Change in net position of governmental activities \$ 17,418,174

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

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual—General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Property taxes	\$ 26,590,975	\$ 26,590,975	\$ 26,762,574	\$ 171,599
Interest	373,307	373,307	1,120,568	747,261
Other local	3,915,219	4,084,559	3,693,134	(391,425)
State	84,443,761	84,654,737	84,782,657	127,920
Federal	8,600,451	9,875,766	8,482,019	(1,393,747)
Total revenues	<u>123,923,713</u>	<u>125,579,344</u>	<u>124,840,952</u>	<u>(738,392)</u>
Expenditures:				
Current:				
Instructional services	87,128,283	80,992,523	76,287,006	4,705,517
Supporting services:				
Students	5,853,630	7,065,722	8,088,360	(1,022,638)
Instructional staff	4,115,052	5,894,311	8,379,815	(2,485,504)
District administration	2,824,152	3,088,024	1,453,592	1,634,432
School administration	6,703,757	6,667,191	7,199,465	(532,274)
Business	5,201,325	5,302,020	4,999,674	302,346
Operations and maintenance of facilities	8,658,191	9,231,264	9,560,307	(329,043)
Transportation	2,357,452	2,357,452	2,045,629	311,823
School Food Services	-	-	52,748	(52,748)
Capital Outlay	-	2,410,085	3,177,257	(767,172)
Community services	963,917	963,917	540,859	423,058
Debt service:				
Principal retirement	-	-	8,533	(8,533)
Total expenditures	<u>123,805,759</u>	<u>123,972,509</u>	<u>121,793,245</u>	<u>2,179,264</u>
Excess (deficiency) of revenues over (under) expenditures	<u>117,954</u>	<u>1,606,835</u>	<u>3,047,707</u>	<u>1,440,872</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	25,000	165,000	288,316	123,316
Transfers in (out)	-	(2,000,000)	(2,000,000)	-
Total other financing sources (uses)	<u>25,000</u>	<u>(1,835,000)</u>	<u>(1,711,684)</u>	<u>123,316</u>
Net change in fund balance	142,954	(228,165)	1,336,023	1,564,188
Fund balance - beginning	<u>35,040,184</u>	<u>35,040,184</u>	<u>35,040,184</u>	
Fund balance - ending	<u>\$ 35,183,138</u>	<u>\$ 34,812,019</u>	<u>\$ 36,376,207</u>	<u>\$ 1,564,188</u>

The notes to the 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 discrete and blended component units, although legally separate, function exclusively for the benefit of the District and, in substance, are part of the District's operations. The District is not a component unit of any other government.

The Provo School District Foundation for Excellence. The foundation 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 almost 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 discrete component unit. Separate financial statements for the Foundation can be obtained by contacting the Provo City School District Business Office, 280 West 940 North, Provo, Utah 84604.

Provo City School District Municipal Building Authority (MBA). Use of the MBA was authorized in FY10 for the purpose of issuing lease revenue bonds. The Municipal Building Authority of Provo City School District has the same board as the Board of Education and provides financing services solely to the District. All of the Building Authority's debt outstanding is expected to be repaid with resources of the District. The Building Authority is presented as a blended component unit of the District as part of the *Capital Projects* fund.

B. Government-wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of changes in net position) display information about the primary government (the District) and its discretely presented component unit (the Foundation). 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 and blended component unit. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- *General Fund* - 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:

- *Student Activities Fund* – used to account for the receipt and disbursement of monies of student activity organizations and other custodial type transactions within the schools.
- *School Food Services Fund* - to account for preparation and serving of school lunches and breakfasts.
- *Building Reserve Fund* - to account for funds designated by the Board for new buildings or remodels.
- *Municipal Building Authority Fund* - accounts for resources accumulated and payments made related to the lease revenue bonds, including costs of construction on the bond projects, and bond interest payments. This fund is reported as part of the Capital Projects fund.
- *Tax Increment Fund* - accounts for property tax revenue that is remitted to the Provo City Redevelopment Agency and to local charter schools.

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

The government-wide financial statements are reported using the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, 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 are 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 position 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 policy 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. All governmental funds have legally adopted annual budgets. 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 commitment. 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 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, 2016, 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.

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 funds based on the average balance of each participating fund.

G. Prepaids

Prepaid assets are generally accounted for using the consumption method.

H. 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).

I. 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".

J. 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 cost of \$5,000 or more, or a “basket purchase” cost of more than \$20,000 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, some of the works of art were appraised in 1994 as no value was previously determined for financial reporting purposes. Those pieces have been capitalized at the fair value of the appraisal. The District’s art collection carries a net book value of \$234,250 in the government-wide financial statements; works of art are a non-depreciable item in the government-wide financial statements.

A major outlay 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:

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

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

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. 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.

In fiscal year 2017, administration put into policy a sick buy-back incentive. The incentive is based on the amount of time an employee has worked for the District. Employees working less than 12 years receive no sick buy-back. Employees working 12-18 years receive one day per 10 days in their sick bank; 19-25 years receive one day per eight days; and 26+ receive one day per six days. The maximum number of days allowed in a sick bank is 85.

See Note 5 for a description of these long-term obligations.

M. Comparative Data

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.

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time of the bond issuance.

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.

O. Fund Balance

In the fund financial statements, governmental funds report fund balances based on a hierarchy that shows the level or form of constraints on fund balance resources, and the extent to which the District is bound to honor those constraints. Fund balance classifications are:

Nonspendable - includes fund balance amounts that cannot be spent because they are either a) not in a spendable form, or b) legally or contractually required to be maintained intact. Fund balances related to inventory, long term portions of notes receivable and prepaid expenditures are classified as nonspendable.

Restricted - includes fund balance amounts subject to external constraints that have been placed on the use of the resources imposed by either: a) creditors, grantors, contributors, or laws and regulations of other governments, or b) law through constitutional provisions or enabling legislation. Restricted fund balances include unspent tax revenues for specific purposes (building reserve, capital projects, debt service and other purposes), remaining child nutrition funds, and donations held in the Provo City School District Foundation. See Note 12 for more information on restricted fund balances.

Committed - includes fund balance amounts that can only be used for specific purposes established by formal action of the Board of Education. Formal action entails a public Board Meeting with a proposed commitment being voted upon by all Board members. Fund balance commitments can only be removed or changed by the same action of the Board. Committed resources also include any contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

The following fund balance amounts have been committed by the Board of Education:

- OPEB
- Contractual obligations
- Board Voted Contingency

Assigned - includes funds that are intended for a specific use but do not require board action; (District Administration may establish use of such funds) unrestricted programs, and those amounts in excess of nonspendable, restricted, and remaining positive fund balances in funds *other than* the general fund, such as the school activities fund.

Unassigned - funds in excess of other categories in the general fund and any residual deficits in any fund.

It is the District's policy to use restricted resources first when both unrestricted and restricted are available. Of the unrestricted resources, the District will first use committed, followed by assigned, and then unassigned.

P. 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.

Inventory amounts reported in governmental funds are offset by nonspendable fund balances of equal amount, indicating they are not expected to be converted to cash.

Q. 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.

R. 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.

S. Bond Discounts/Premiums and Issuance Costs

In the government-wide statements, bond discounts/premiums are deferred and amortized over the life of the bonds. Bond issuance costs are reported as an expense of the current period. Refundings of debt result in deferred gains or losses and are reported as deferred inflows and outflows of resources.

For governmental fund types in the fund financial statements, the bond discounts/premiums, along with all debt issuance costs, are reported as debt service expenditures.

T. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. Deferred Inflows and Outflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period. The District recognizes deferred inflows in relation to pensions, OPEB and property tax revenue.

Deferred outflows represent a consumption of net position that applies to a future period. The District recognizes deferred outflows in relation to pensions, OPEB and a loss on refunding, which results from the difference in the carrying value of the refunded debt and the reacquisition price.

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2018, as shown on the financial statements is as follows:

	Primary Government	Component Unit
Carrying amount of deposits	\$ (302,894)	\$ 469,369
Carrying amount of investments:		
Public Treasurers' Investment Fund	63,864,187	426,956
Zions Public Finance Investment	17,043,114	-
Sinking Fund (Lease Revenue Bond)	2,778,651	
Repurchase Agreement	2,071,114	-
Total investments	85,757,066	426,956
Total cash and investments	\$ 85,454,171	\$ 896,325

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 does not have a deposit policy for custodial credit risk.

As of June 30, 2018, 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	\$ (1,194,037)	\$ 49,503	\$ 250,000
Student Activities	891,143	928,652	928,652
Total primary government	\$ (302,894)	\$ 978,155	\$ 1,178,652
Component unit:			
Provo School District Foundation	\$ 469,369	\$ 470,562	\$ 250,000

Investments

The District's investments are managed through participation in the Utah Public Treasurers' Investment Fund and through an escrow account and repurchase agreement arrangements with local banks. In FY2018, the District invested a portion of the bond proceeds with Zions Capital Advisors to capitalize on higher interest rates. The reported value of the Public Treasurer's Pool and Zions investment accounts are the same as the fair market value of the shares.

As of June 30, 2018, the District had the following investments:

Investment Type	Fair Value	Maturities	
		<1 Year	1-5 Years
PTIF	\$ 73,361,681	\$ 73,361,681	\$ -
Corporate Bonds	925,674	-	925,674
Corporate Floating	3,509,396	1,705,102	1,804,294
Repurchase Agreement	2,071,114	2,071,114	-
Government Bonds	5,889,201	496,367	5,392,834
	\$ 85,757,066	\$ 77,634,264	\$ 8,122,802

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 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.

Investment Type	Fair Value	Rating			
		AAA	AA - A-	BBB+	Unrated
PTIF	\$ 73,361,681	\$ -	\$ -	\$ -	\$ 73,361,681
Corporate Bonds	925,674	-	623,727	301,947	-
Corporate Floating	3,509,396	-	2,560,363	949,033	-
Repurchase Agreement	2,071,114	2,071,114	-	-	-
Government Bonds	5,889,201	5,889,201	-	-	-
	<u>\$ 85,757,066</u>	<u>\$ 7,960,315</u>	<u>\$ 3,184,090</u>	<u>\$ 1,250,980</u>	<u>\$ 73,361,681</u>

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 \$2,071,114 invested in repurchase agreements consists of underlying securities which are held by the investment’s counter party, not in the name of the District, and are not insured.

The District’s repurchase agreements arrangement primarily invests in obligations of the United States Treasury, agencies or financial instruments of the United States that meet allowable investments of the Utah Money Management Act. The District does not have an investment policy for custodial credit risk.

3. PROPERTY TAXES

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

The property tax revenue of the District is collected and distributed by the Utah County Treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess a lien on real property as of January 1 and complete the tax rolls by May 15. The District’s Board of Education is required to adopt its initial budget for the next fiscal year by June 22; this initial budget adoption establishes tax levy rates to provide resources to fund District operations for the next fiscal year beginning July 1. If the proposed District budget requires changes to levied tax rates, which are above the tax levy rates certified by the Utah State Tax Commission, the District may be required to meet specific due process requirements as outlined in Utah Truth-in-Taxation laws by August 17. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at 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 additional 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, 2018, the District had accrued a property tax receivable on the government-wide financial statements of \$42,234,487. This accrual includes calendar year 2017 property taxes of \$40,014,151 levied for the year ended June 30, 2018 due to be collected by November 30, 2018, plus \$2,220,336 of delinquent property taxes receivable for taxes assessed prior to 2017 that remain uncollected.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,878,328	\$ -	\$ -	\$ 7,878,328
Construction in progress	\$ 57,907,075	\$ 41,196,388	\$ (12,656,392)	\$ 86,447,071
Works of art	\$ 298,325	\$ 32,300	\$ (96,375)	\$ 234,250
Total capital assets, not being depreciated	<u>\$ 66,083,728</u>	<u>\$ 41,228,688</u>	<u>\$ (12,752,767)</u>	<u>\$ 94,559,649</u>
Capital assets, being depreciated :				
Buildings and improvements	\$ 156,293,800	\$ 20,182,834	\$ (4,744,202)	\$ 171,732,432
Furniture and equipment	\$ 27,420,999	\$ 3,171,548	\$ (3,043,131)	\$ 27,549,416
Total capital assets, being depreciated	<u>\$ 183,714,799</u>	<u>\$ 23,354,382</u>	<u>\$ (7,787,333)</u>	<u>\$ 199,281,848</u>
Accumulated depreciation for:				
Buildings and improvements	\$ (61,227,214)	\$ (5,398,442)	\$ 2,708,282	\$ (63,917,374)
Furniture and equipment	\$ (18,396,629)	\$ (2,360,421)	\$ 2,775,204	\$ (17,981,846)
Total accumulated depreciation	<u>\$ (79,623,843)</u>	<u>\$ (7,758,863)</u>	<u>\$ 5,483,486</u>	<u>\$ (81,899,220)</u>
Total capital assets, being depreciated, net	<u>\$ 104,090,956</u>	<u>\$ 15,595,519</u>	<u>\$ (2,303,847)</u>	<u>\$ 117,382,628</u>
Governmental activity capital assets, net	<u>\$ 170,174,684</u>	<u>\$ 56,824,207</u>	<u>\$ (15,056,614)</u>	<u>\$ 211,942,277</u>

For the year ended June 30, 2018, depreciation expense was charged to functions of the District as follows:

Governmental activities:	Buildings and	Furniture and	Total
	improvements	equipment	
Instructional services	\$ (4,698,489)	\$ (2,053,566)	\$ (6,752,055)
Supporting services:			
Students	(27,003)	(11,802)	(38,805)
Instructional Staff	(27,003)	(11,802)	(38,805)
District administration	(27,003)	(11,802)	(38,805)
School administration	(27,003)	(11,802)	(38,805)
Business	(27,003)	(11,802)	(38,805)
Operation and maintenance of facilities	(432,044)	(188,835)	(620,879)
Transportation	(54,006)	(23,604)	(77,610)
School food services	(81,009)	(35,406)	(116,415)
Total depreciation expense, governmental activities	<u>\$ (5,400,563)</u>	<u>\$ (2,360,421)</u>	<u>\$ (7,760,984)</u>

5. LONG TERM LIABILITIES

A. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 is as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 119,985,000	\$ -	\$ (5,670,000)	\$ 114,315,000	\$ 5,915,000
Qualified school construction bonds	6,462,000	-	-	6,462,000	-
Deferred amounts for issuance premium/discount	8,329,365	-	(444,656)	7,884,709	-
Total bonds payable, net	<u>134,776,365</u>	<u>-</u>	<u>(6,114,656)</u>	<u>128,661,709</u>	<u>5,915,000</u>
Other long-term liabilities:					
Notes payable	177,255	-	(21,224)	156,031	21,921
Obligations under capital leases	17,533	-	(8,513)	9,020	9,020
Net pension liability	51,966,368	-	(11,812,295)	40,154,073	-
Net OPEB liability	34,172,110	-	(3,722,215)	30,449,895	-
Vacation payable	1,255,201	329,158	(196,950)	1,387,409	559,126
Total governmental activity long-term liabilities	<u>\$ 222,364,832</u>	<u>\$ 329,158</u>	<u>\$ (21,875,853)</u>	<u>\$ 200,818,137</u>	<u>\$ 6,505,067</u>

Payments on compensated absences are typically charged to the fund in which the employee worked. Funds that include payroll are the General fund, Capital Projects fund and Food Services fund.

B. General Obligation Bonds Payable

Bonds payable at June 30, 2018 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
2015A Series G.O. Bonds	Bond Refunding	22,790,000	2.13%	June 15, 2027	\$ 19,750,000
2015 Series G.O. Bonds	School Building	50,615,000	2.25% to 5%	June 15, 2035	45,690,000
2016 Series G.O. Bonds	School Building	50,650,000	2.00% to 5%	June 15, 2036	48,875,000
					<u>\$ 114,315,000</u>

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

Total General Obligation Bonds Payable as of June 30, 2018				
<u>General Obligation Bonds</u>	Year Ending June 30	Principal	Interest	Debt Service Fund
	2019	\$ 5,915,000	\$ 3,836,325	\$ 9,751,325
	2020	6,175,000	3,600,701	9,775,701
	2021	6,420,000	3,353,800	9,773,800
	2022	6,630,000	3,116,296	9,746,296
	2023	6,900,000	2,848,654	9,748,654
	2024-2028	34,680,000	10,842,089	45,522,089
	2029-2033	30,415,000	5,821,863	36,236,863
	2034-2036	17,180,000	1,035,288	18,215,288
		<u>\$ 114,315,000</u>	<u>\$ 34,455,016</u>	<u>\$ 148,770,016</u>

Qualified School Construction Bonds

During fiscal year 2010, the District was awarded \$6,462,000 in Qualified School Construction Bonds (QSCB). These bonds are part of the 2009 federal stimulus bill. The bonds were issued via the Municipal Building Authority to rebuild an elementary school (Provo Peaks Elementary). The bonds carry an interest rate of 1.23% and mature in 2026. Lease revenue bonds payable at June 30, 2018 are as follows:

The District transfers \$460,000 annually into a sinking fund. At June 30, 2018, the sinking fund has a balance of \$2,778,651. Payments into the sinking fund come from the capital projects fund. The debt service requirements to maturity, including interest for the QSCB bonds payable are as follows:

Qualified School Construction Bonds

Year Ending June 30,	Principal	Interest	Total
2019	\$ -	\$ 79,483	\$ 79,483
2020	-	79,483	79,483
2021	-	79,483	79,483
2022	-	79,483	79,483
2023	-	79,483	79,483
2024-2026	6,462,000	238,450	6,700,450
	<u>\$ 6,462,000</u>	<u>\$ 635,865</u>	<u>\$ 7,097,865</u>

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Interest Rate</u> Range	<u>Final Maturity</u>	<u>Current Balance</u>
2010 Qualified School Construction Bond	School Building	\$ 6,462,000	1.23%	June 30, 2026	\$ 6,462,000

D. Obligations Under Capital Lease

Endpoint Server - In fiscal year 2013, the District entered into a lease agreement for an endpoint server, in the amount of \$45,375. Annual payments are typically financed through the District's General fund, and future minimum lease payments at June 30, 2018 are as follows:

<u>Capital Lease</u>		Principal	Interest	Total (General Fund)
Year Ending June 30,				
2019		9,020	286	9,306
		<u>\$ 9,020</u>	<u>\$ 286</u>	<u>\$ 9,306</u>
	Total minimum lease payments		\$ 9,306	
	Amount representing interest		(286)	
	Present value of minimum lease payments		<u>\$ 9,020</u>	

E. Note Payable

Utah State Office of Energy Development - In fiscal year 2013, the District entered into a note payable agreement in the amount of \$320,720, with an imputed interest rate of 3.25% including interest, until maturity in January 2025. Annual payments are typically financed through the District's General fund, and payments at June 30, 2018 are as follows:

<u>Note Payable</u>		Principal	Interest	Capital Fund
Year Ending June 30,				
2019		21,921	4,806	26,727
2020		22,642	4,085	26,727
2021		23,387	3,340	26,727
2022		24,156	2,571	26,727
2023		24,951	1,776	26,727
2024-2025		38,974	1,116	40,090
		<u>\$ 156,031</u>	<u>\$ 17,694</u>	<u>\$ 173,725</u>

F. Combined Maturities on Long-Term Borrowings

The combined aggregate amounts of maturities on all long-term borrowings (general obligation bonds, QSCB bonds, Notes Payable and Capital Lease) are as follows:

All Long-term Borrowings

Year Ending June 30,	Principal	Interest	Total
2019	\$ 5,945,941	\$ 3,921,311	\$ 10,317,534
2020	6,197,642	3,685,275	10,350,986
2021	6,443,387	3,437,367	10,340,009
2022	6,654,156	3,199,119	10,312,506
2023	6,924,951	2,930,707	10,314,863
2024-2028	41,180,974	11,083,428	47,229,353
2029-2033	30,415,000	5,821,863	36,236,863
2034-2036	17,180,000	1,035,288	18,215,288
	<u>\$ 120,942,051</u>	<u>\$ 35,114,358</u>	<u>\$ 153,317,401</u>
Add: Deferred amounts, net:	7,884,709		
Compensated absences:	1,387,409		
	<u>\$ 130,214,169</u>		

6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLAN

General Information about the Pension Plan

Plan Description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) and Public Employees Contributory Retirement System (Contributory System), are multiple employer, cost sharing, retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System), is a multiple employer, cost sharing, public employees retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits Provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975 2.00% per year July 1975 to present	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increased not met may be carried forward to subsequent years

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2018 are as follows:

<u>Utah Retirement Systems</u>	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer</u>	<u>Employer Rate</u>
			<u>Contribution Rates</u>	<u>for 401(k) Plan</u>
Contributory System				
State and School Tier 1	1.00%	5.00%	17.70%	N/A
State and School Tier 2	N/A	N/A	18.44%	1.58%
Noncontributory System				
State and School Tier 1	N/A	N/A	22.19%	1.50%
Tier 2 DC Only				
State and School	N/A	N/A	10.02%	10.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2018 the employer and employee contributions to the System were as follows:

System	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 8,934,339	N/A
Contributory System	37,357	2,110
Tier 2 Public Employees System	2,988,873	-
Tier 2 DC Only System	280,148	N/A
<u>Total Contributions</u>	<u>\$ 12,240,717</u>	<u>\$ 2,110</u>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

Pension Assets, Liabilities, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a net pension liability of \$40,154,073.

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	1.5900394%	\$ -	\$ 39,943,589
Contributory System	1.4845473%	-	76,708
Tier 2 Public Employees System	1.6688829%	-	133,776
Total Net Pension Asset/Liability		<u>\$ -</u>	<u>\$ 40,154,073</u>

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the System during the plan year over the total of all employer contributions to the system during the plan year.

For the year ended June 30, 2018, the District recognized pension expense of \$11,085,352.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,008	\$ 2,439,037
Changes in assumptions	10,265,511	317,133
Net difference between projected and actual earnings on pension plan investments	6,812,163	17,245,926
Changes in proportion and differences between contributions and proportionate share of contributions	1,096,703	472,724
Contributions subsequent to the measurement date	5,968,328	-
Total	\$ 24,147,714	\$ 20,474,819

\$5,968,328 reported as deferred outflows of resources related to pensions results from contributions made by the District prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2018	\$ 1,222,835
2019	2,265,473
2020	(2,154,080)
2021	(3,745,603)
2022	(28,805)
Thereafter	144,745

Actuarial assumptions: The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary Increases	3.25 - 9.75%, average, including inflation	
Investment rate of return	6.95% , net of pension plan investment expense, including inflation	

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target asset allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
		Inflation	2.50%
		Expected arithmetic nominal return	7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95% from 7.20% from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 87,213,750	\$ 39,943,589	\$ 435,244
Contributory System	1,010,922	76,708	(718,641)
Tier 2 Public Employees System	1,575,152	133,776	(977,731)
Total Pension Liability	\$ 89,799,824	\$ 40,154,073	\$ (1,261,128)

Pension plan fiduciary net position: Detailed information about the pension plans fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Provo School District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA Plan

	2018	2017	2016
401(k) Plan			
Employer Contributions	\$ 1,350,397	\$ 1,177,754	\$ 1,056,078
Employee Contributions	794,253	726,496	694,111
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	81,812	84,050	88,618
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	155,362	116,606	76,791
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	10,725	3,980	-
Total Contributions	\$ 2,392,549	\$ 2,108,886	\$ 1,915,598

7. EARLY RETIREMENT INCENTIVE AND POST EMPLOYMENT HEALTH CARE BENEFIT OBLIGATION

Plan Description: The District self-administers single-employer retirement plans described below. The District is the only employer participating and contributing to the plans, and they do not issue a publicly available report.

The District provides a voluntary early retirement incentive program. Eligibility is restricted to those employees hired prior to September 1, 2005 and who 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, who 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 as follows:

- For those with 20 years of service the Board will pay 5 years of stipend benefits of 54% of final salary above lane 5 step 1 - \$27,680.
- For those with 12-19 years of service the board will pay a single lump sum payment of the present value of 5 years of stipend of 20% of final salary. The lump sum will be prorated on service as follows:
 - 18-19 years 70%
 - 16-17 years 60%
 - 14-15 years 50%
 - 12-13 years 40%

The District also 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 544 retirees receiving benefit coverage in addition to 114 present employees who have earned vested coverage upon retirement. Of those 114 present employees, 26 will receive a full benefit and 96 will receive a prorated benefit.

No other District-sponsored OPEB plans are currently available for current or future employees.

Funding Policy The District contributes the full cost of the current year benefits for eligible retirees. The contribution is pay-as-you-go, no plan assets are accumulated. District contributions for the 2018, 2017, and 2016 were \$3,722,215, \$3,342,768, and \$3,226,316, respectively.

Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The District, as required, has an actuarial valuation every other year. Information provided in this report is information reported in the valuation done as of July 1, 2016. Contributions for FY18 are included to account for current OPEB liability.

Actuarial Assumptions and Methods July 1, 2016	
Rate of investment return (net of administrative expenses)	3.58%
Annual salary increase	3.50%
Inflation rate	3.50%
Health care cost increase (65 and under)	4.65%
Actuarial Cost Method	Entry Age Normal based on level percentage of salary
Amortization Method	Experience gains and losses are amortized over a closed period of 2.1 years starting on June 30, 2017, equal to the average remaining service of active and inactive plan members (who have no future service)
Plan participation percentage	100% of all employees and eligible dependents will participate in medical plan
Mortality rates	RP-2014 Generational table with MP-2016 Projection Scale, applied on a gender specific basis

Change in Total OPEB Liability

Net OPEB Liability	
Total OPEB Liability at June 30, 2017	<u>\$ 34,172,110</u>
Activity during the year	
Service Cost	-
Interest Cost	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit Payments	<u>(3,722,215)</u>
Net change in total OPEB liability	<u>(3,722,215)</u>
Total OPEB Liability at June 30, 2018	<u><u>30,449,895</u></u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability for the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate of one-percentage-point higher (4.58%) and one-percentage-point lower (2.58%) than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability	\$ 31,628,000	\$34,172,110 *	\$37,101,000

*Information is based on actuarial valuation done as of July 1, 2016.

The following presents the net OPEB liability for the District, as well as what the District's net OPEB liability would be if it were calculated using health care cost trend rates of one-percentage-point higher (4%) and one-percentage-point lower (2%) than the current health care cost trend rate:

	1% Decrease (2%)	Trend Rate (3%)	1% Increase (4%)
Net OPEB Liability	\$ 31,842,000	\$34,172,110*	\$ 36,854,000

*Information is based on actuarial valuation done as of July 1, 2016.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ (3,625,689)
Changes of Assumptions/Inputs	\$ 2,167,865	\$ -
Net difference between projected and actual investments	\$ -	\$ -
	\$ 2,167,865	\$ (3,625,689)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2018	(1,457,824)
2019	(145,782)
2020	-
2021	-
2022	-
Thereafter	-

General Fund Balance Designations At June 30, 2018, the District has committed \$14,198,244 of the general fund balance for future funding of the OPEB.

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 13, 2018, 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 RESERVE

Utah State law (53A-19-103) allows for the establishment of an committed reserve (Committed fund balance per GASB 54). The Board must authorize expenditures from the committed 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. RESTRICTED FUND BALANCE

Restricted fund balance includes fund balance amounts subject to external constraints that have been placed on the use of the resources imposed by either: a) creditors, grantors, contributors, or laws and regulations of other governments, or b) law through constitutional provisions or enabling legislation. Restricted fund balances include unspent tax revenues for specific purposes (building reserve, capital projects, debt service and other purposes), and remaining child nutrition funds.

The following table shows the detail of the restricted fund balances in all funds in the governmental financial statements.

	Fund				
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Building Reserve</u>	<u>Food Services</u>
Debt Service	\$ -	\$ 1,827,540	\$ -	\$ -	\$ -
Capital Levy	-	-	24,658,658	-	-
Food Services	-	-	-	-	1,738,951
Building Reserve	-	-	-	6,872,240	-
Special Education	531,529	-	-	-	-
Special Education/Preschool	2,801	-	-	-	-
Gifted and Talented	12,266	-	-	-	-
Advanced Placement	26,108	-	-	-	-
Youth in Custody	179,553	-	-	-	-
Career/Technical Education	437,819	-	-	-	-
Teacher Materials/Supplies	5,214	-	-	-	-
Critical Languages	17,214	-	-	-	-
School Land Trust	472,124	-	-	-	-
Optional Extended Day Kindergarten	2,368	-	-	-	-
Total	<u>\$ 1,686,996</u>	<u>\$ 1,827,540</u>	<u>\$ 24,658,658</u>	<u>\$ 6,872,240</u>	<u>\$ 1,738,951</u>
Total Restricted Fund Balances	<u>\$ 36,784,385</u>				

12. 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, 2018, 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, 2018, 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. Employees that are on short-term disability are paid by the district until the date long-term disability takes effect (short-term disability payments begin after 15 days sick time has been used). There were no cases that occurred prior to June 30, 2018, which have not been resolved.

Required Supplemental Information

PROVO CITY SCHOOL DISTRICT
 Required Supplemental Information
Schedule of the Proportionate Share of the Net Pension Liability
 Last 10 Fiscal Years
 June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Noncontributory Retirement System				
Proportion of Net Pension Liability	1.6334430%	1.5742888%	1.5900394%	1.6109284%
Proportionate share of the net pension liability (asset)	\$ 39,943,588	\$ 51,021,392	\$ 49,947,691	\$ 40,475,038
Covered employee payroll	\$ 41,361,914	\$ 40,485,774	\$ 40,944,924	\$ 42,956,230
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	96.57%	126.02%	121.99%	94.2%
Plan fiduciary net position as percentage of covered employee payroll	89.2%	84.9%	84.5%	87.2%
Contributory Retirement System				
Proportion of Net Pension Liability	1.1657030%	1.4158416%	1.4845473%	1.4374656%
Proportionate share of the net pension liability (asset)	\$ 76,708	\$ 775,821	\$ 930,295	\$ 157,616
Covered employee payroll	\$ 265,231	\$ 379,541	\$ 470,271	\$ 528,776
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	28.9%	204.4%	197.8%	29.8%
Plan fiduciary net position as percentage of covered employee payroll	99.2%	93.4%	92.4%	98.7%
Tier 2 Public Employees System				
Proportion of Net Pension Liability	1.5173020%	1.5164092%	1.6688829%	1.8017097%
Proportionate share of the net pension liability (asset)	\$ 133,776	\$ 169,154	\$ (3,643)	\$ (54,600)
Covered employee payroll	\$ 14,901,285	\$ 12,435,747	\$ 10,775,651	\$ 8,814,157
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	0.90%	1.36%	-0.03%	-0.6%
Plan fiduciary net position as percentage of covered employee payroll	97.4%	95.1%	100.2%	103.5%

This schedule usually covers the 10 most recent fiscal years; however, this is the information available since the implementation year of GASB 68. This information was provided by Utah Retirement Systems and represents amounts for the District.

PROVO CITY SCHOOL DISTRICT
 Required Supplemental Information
Schedule of Contributions
 Last 10 Fiscal Years
 June 30, 2018

	2018	2017	2016	2015	2014
Noncontributory System					
Actuarial determined contributions	\$ 8,934,339	\$ 8,896,189	\$ 8,903,564	\$ 9,137,526	\$ 8,700,556
Contributions in relation to					
contractually required contribution	8,934,339	8,896,189	8,903,564	9,137,526	8,700,556
Covered employee payroll	40,764,845	40,561,200	40,564,154	42,407,414	43,781,598
Contributions as a percentage of covered employee payroll	21.92%	21.93%	21.95%	21.55%	19.87%
Contributory System					
Actuarial determined contributions	\$ 37,357	\$ 60,401	\$ 82,894	\$ 81,264	\$ 91,919
Contributions in relation to					
contractually required contribution	37,357	60,401	82,894	81,264	91,919
Covered employee payroll	211,056	339,769	480,171	466,690	586,091
Contributions as a percentage of covered employee payroll	17.70%	17.78%	17.26%	17.41%	15.68%
Tier 2 Public Employees System*					
Actuarial determined contributions	\$ 2,988,873	\$ 2,464,611	\$ 2,189,852	\$ 1,628,003	\$ 1,339,134
Contributions in relation to					
contractually required contribution	2,988,873	2,464,611	2,189,852	1,628,003	1,339,134
Covered employee payroll	16,206,393	13,512,648	11,950,243	9,005,387	8,082,471
Contributions as a percentage of covered employee payroll	18.44%	18.24%	18.32%	18.08%	16.57%
Tier 2 Public Employees DC Only System*					
Actuarial determined contributions	\$ 280,148	\$ 240,413	\$ 139,472	\$ 94,707	\$ 41,043
Contributions in relation to					
contractually required contribution	280,148	240,413	139,472	94,707	41,043
Covered employee payroll	2,723,643	2,143,782	1,363,576	897,234	544,216
Contributions as a percentage of covered employee payroll	10.29%	11.21%	10.23%	10.56%	7.54%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011

The 10-year schedule will need to be built prospectively. The schedule above is only this year and the previous four years. More years will be added as information is available.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

PROVO CITY SCHOOL DISTRICT
 Required Supplemental Information
 Schedule of Changes in Net OPEB Liability and Related Ratios
 Last 10 Fiscal Years
 June 30, 2018

	2018	2017
Total OPEB Liability		
Service Cost	\$ -	\$ 225,142
Interest	-	1,346,728
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(7,200,082)
Changes of assumptions	-	4,138,650
Benefit payments	(3,722,215)	(3,462,281)
Net change in total OPEB Liability	(3,722,215)	(4,951,843)
Total OPEB Liability--beginning	34,172,110	39,123,953
Total OPEB Liability--ending	\$ 30,449,895	\$ 34,172,110
 Covered employee payroll	 \$ 11,726,291	 \$ 11,440,284
 Net OPEB liability as a percentage of covered employee payroll	 260%	 299%

The 10-year schedule will need to be built prospectively. The schedule above is based on the FY17 valuation. Actuarial valuations are only done every other year, with only one year of changes in assumptions and costs. Changes to the OPEB liability reported in the notes to the financial statements and the required supplementary information will be reported as actual benefit payments are made and the actuarial valuations provide information.

Arthur J. Gallagher & Co. completed Provo City School District's actuarial valuation for the year beginning July 1, 2016. They completed the valuation in accordance with GASB Statement 75. Several changes from previous valuations occurred, including recognizing the total OPEB liability, as opposed to an amortized portion. The annual OPEB expense replaces the Annual Required Contribution (ARC). Entry age normal cost is required to be used, rather than other methods acceptable under GASB 45. As Provo School District's OPEB is not prefunded, a 20-year tax exempt municipal bond yield is used to determine discount rates. Enhanced disclosures of contributions and current OPEB liabilities will be shown as more data is available.

None of the existing OPEB plans for District employees changed with the valuation. The District does have a committed fund balance of \$14,198,244 that was set aside over a period of a few years to assist in covering the total OPEB liability for retired employees. District personnel made the decision to manage it on the balance sheet, rather than creating a trust with a third-party. The District has, as part of the annual budget, budgeted the OPEB expenses for a pay-as-you-go method.

Actuarial Assumptions and Methods
July 1, 2016

Rate of investment return (net of administrative expenses)	3.58%
Annual salary increase	3.50%
Inflation rate	3.50%
Health care cost increase (65 and under)	4.65%
Actuarial Cost Method	Entry Age Normal based on level percentage of salary
Amortization Method	Experience gains and losses are amortized over a closed period of 2.1 years starting on June 30, 2017, equal to the average remaining service of active and inactive plan members (who have no future service)
Plan participation percentage	100% of all employees and eligible dependents will participate in medical plan
Mortality rates	RP-2014 Generational table with MP-2016 Projection Scale, applied on a gender specific basis

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**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets
 General Fund
 June 30, 2018 (with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 43,837,223	\$ 39,836,741
Restricted cash	1,686,996	2,913,152
Receivables:		
Property taxes	30,610,257	29,344,723
Other local	112,064	168,059
State	1,351,954	1,506,272
Federal	3,465,204	3,160,133
Prepaid items	<u>493,947</u>	<u>428,657</u>
 Total assets	 <u>\$ 81,557,645</u>	 <u>\$ 77,357,737</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balance:		
Liabilities:		
Accounts payable	\$ 2,419,962	\$ 2,404,518
Payroll and related payables	11,963,583	10,081,761
Deferred revenue:		
Other local	125,105	111,985
Federal	<u>-</u>	<u>285,604</u>
 Total liabilities	 <u>14,508,650</u>	 <u>12,883,868</u>
 Deferred Inflows of Resources:		
Deferred property tax revenue	<u>30,672,788</u>	<u>29,433,685</u>
 Fund balance:		
Nonspendable:		
Inventories and prepaid items	493,947	428,657
Long-term portion, note receivable	-	45,065
Restricted For:		
State/Federal restricted programs	1,686,996	2,913,152
Committed To:		
OPEB	14,198,244	14,198,244
Board voted contingency	5,344,402	5,344,402
Assigned	3,523,159	3,110,298
Unassigned	<u>11,129,459</u>	<u>9,000,366</u>
 Total fund balance	 <u>36,376,207</u>	 <u>35,040,184</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 81,557,645</u>	 <u>\$ 77,357,737</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - *General Fund*
Year Ended June 30, 2018 (with comparative totals for 2017)

	2018			Variance with Final Budget - Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 26,590,975	\$ 26,590,975	\$ 26,762,574	\$ 171,599	26,310,700
Interest	373,307	373,307	1,120,568	747,261	675,935
Other local	3,915,219	4,084,559	3,693,134	(391,425)	3,075,650
State	84,443,761	84,654,737	84,782,657	127,920	82,795,715
Federal	8,600,451	9,875,766	8,482,019	(1,393,747)	9,924,840
Total revenues	123,923,713	125,579,344	124,840,952	(738,392)	122,782,840
Expenditures:					
Salaries	64,002,819	64,913,401	65,848,379	(934,978)	61,466,950
Employee benefits	32,673,493	31,767,409	31,813,670	(46,261)	29,765,253
Purchased services	14,618,109	11,730,598	11,939,782	(209,184)	14,717,641
Supplies	10,812,717	11,395,417	8,705,800	2,689,617	8,064,268
Property	1,804,116	2,435,483	3,190,653	(755,170)	2,947,115
Other	1,673,223	1,730,201	294,961	1,435,240	1,292,675
Total expenditures	125,584,477	123,972,509	121,793,245	2,179,264	118,253,902
Excess (deficiency) of revenues over (under) expenditures	(1,660,764)	1,606,835	3,047,707	1,440,872	4,528,938
Other financing sources (uses):					
Proceeds from sale of capital assets	25,000	165,000	288,316	123,316	26,217
Transfer out	-	(2,000,000)	(2,000,000)	-	-
Total other financing sources (uses)	25,000	(1,835,000)	(1,711,684)	123,316	26,217
Net change in fund balance	(1,635,764)	(228,165)	1,336,023	1,564,188	4,555,155
Fund balance - beginning	35,040,184	35,040,184	35,040,184		30,485,029
Fund balance - ending	\$ 33,404,420	\$ 34,812,019	\$ 36,376,207	\$ 1,564,188	\$ 35,040,184

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets
Debt Service Fund
 June 30, 2018 (with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 1,559,433	\$ 1,508,258
Receivables:		
Property taxes	<u>8,273,766</u>	<u>7,932,698</u>
Total assets	<u><u>9,833,199</u></u>	<u><u>9,440,956</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:		
Liabilities	\$ -	\$ -
Deferred Inflows of Resources:		
Deferred property tax revenue	<u>8,005,659</u>	<u>7,682,250</u>
Fund balance:		
Restricted for:		
Debt service	<u>1,827,540</u>	<u>1,758,706</u>
Total fund balance	<u>1,827,540</u>	<u>1,758,706</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 9,833,199</u></u>	<u><u>\$ 9,440,956</u></u>

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - *Debt Service Fund*
Year Ended June 30, 2018 (with comparative totals for 2017)

	2018			Variance with Final Budget - Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 9,737,000	\$ 9,737,000	\$ 9,802,355	\$ 65,355	\$ 9,874,905
Total revenues	<u>9,737,000</u>	<u>9,737,000</u>	<u>9,802,355</u>	<u>65,355</u>	<u>9,874,905</u>
Expenditures:					
Debt service:					
Principal retirement	5,670,000	5,670,000	5,670,000	-	5,717,066
Interest and fiscal charges	4,067,000	4,067,000	4,063,521	3,479	4,120,912
Total expenditures	<u>9,737,000</u>	<u>9,737,000</u>	<u>9,733,521</u>	<u>3,479</u>	<u>9,837,978</u>
Net change in fund balance	-	-	68,834	68,834	36,927
Fund balance - beginning	<u>1,758,706</u>	<u>1,758,706</u>	<u>1,758,706</u>	-	<u>1,721,779</u>
Fund balance - ending	<u><u>\$ 1,758,706</u></u>	<u><u>\$ 1,758,706</u></u>	<u><u>\$ 1,827,540</u></u>	<u><u>\$ 68,834</u></u>	<u><u>\$ 1,758,706</u></u>

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets
Capital Projects Fund
 June 30, 2018 (with comparative totals for 2017)

	2018	2017
Assets:		
Cash and investments	\$ 27,537,707	\$ 39,047,356
Restricted cash	-	29,983,169
Receivables:		
Property taxes	3,350,464	3,208,493
Other Local	237,842	-
Prepaid items	<u>215,000</u>	<u>-</u>
Total assets	<u>\$ 31,341,013</u>	<u>\$ 72,239,018</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:		
Liabilities:		
Accounts payable	\$ 3,272,411	\$ 5,883,113
Payroll and related payables	<u>38,794</u>	<u>12,156</u>
Total liabilities	<u>3,311,205</u>	<u>5,895,269</u>
Deferred Inflows of Resources:		
Deferred property tax revenue	<u>3,156,150</u>	<u>3,028,649</u>
Fund balance:		
Nonspendable	215,000	-
Restricted for:		
Capital projects	<u>24,658,658</u>	<u>63,315,100</u>
Total fund balance	<u>24,873,658</u>	<u>63,315,100</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 31,341,013</u>	<u>\$ 72,239,018</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - *Capital Projects Fund*
Year Ended June 30, 2018 (with comparative totals for 2017)

	2018			Variance with Final Budget - Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Orginal	Final			
Revenues:					
Local sources:					
Property taxes	\$ 8,496,755	\$ 8,496,755	\$ 8,551,180	\$ 54,425	\$ 8,447,562
Interest	-	-	845,128	845,128	999,810
Other local	35,350	35,350	1,217,615	1,182,265	1,237,947
State	-	-	910,029	910,029	970,694
Federal	-	-	96,566	96,566	-
Total revenues	8,532,105	8,532,105	11,620,518	3,088,413	11,656,013
Expenditures:					
Salaries	226,704	163,982	83,853	80,129	136,175
Employee benefits	104,709	76,189	34,463	41,726	54,960
Purchased services	53,498,252	53,531,642	48,714,287	4,817,355	56,919,608
Supplies	59,237	59,237	139,071	(79,834)	51,135
Property	1,021,725	3,208,335	974,446	2,233,889	3,355,781
Other	1,527,000	1,527,000	29,470	1,497,530	944,318
Debt service:					
Principal retirement	-	-	21,224	(21,224)	26,727
Interest and fiscal charges	-	-	65,146	(65,146)	57,199
Total expenditures	56,437,627	58,566,385	50,061,960	8,504,425	61,545,903
Excess (deficiency) of revenues over (under) expenditures	(47,905,522)	(50,034,280)	(38,441,442)	11,592,838	(49,889,890)
Other financing sources (uses):					
Proceeds from sale of capital assets	-	-	-	-	25,406,324
Total other financing sources (uses)	-	-	-	-	25,406,324
Net change in fund balance	(47,905,522)	(50,034,280)	(38,441,442)	11,592,838	(24,483,566)
Fund balance - beginning	63,315,100	63,315,100	63,315,100	-	87,798,666
Fund balance - ending	\$ 15,409,578	\$ 13,280,820	\$ 24,873,658	\$ 11,592,838	\$ 63,315,100

Nonmajor Governmental Funds

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PROVO CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Student Activities	Food Services	Building Reserve	Tax Increment	
Assets:					
Cash and investments	\$ 2,215,532	\$ -	\$ 6,872,240	\$ -	\$ 9,087,772
Restricted cash	-	1,745,041	-	-	1,745,041
Receivables:					
Other local	-	1,180	-	-	1,180
State	-	214,958	-	-	214,958
Federal	-	44,234	-	-	44,234
Inventories	-	140,423	-	-	140,423
Total assets	\$ 2,215,532	\$ 2,145,836	\$ 6,872,240	\$ -	\$ 11,233,608
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 69,408	\$ 47,109	\$ -	\$ -	\$ 116,517
Payroll and related payables	-	219,353	-	-	219,353
Total liabilities	69,408	266,462	-	-	335,870
Fund Balance:					
Nonspendable:					
Inventories	-	140,423	-	-	140,423
Restricted	-	1,738,951	6,872,240	-	8,611,191
Assigned to:					
Schools	2,146,124	-	-	-	2,146,124
Total fund balance	2,146,124	1,879,374	6,872,240	-	10,897,738
Total liabilities and fund balance	\$ 2,215,532	\$ 2,145,836	\$ 6,872,240	\$ -	\$ 11,233,608

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - *Nonmajor Governmental Funds*
Year Ended June 30, 2018

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Student Activities	Food Services	Building Reserve	Tax Increment	
Revenues:					
Local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ 1,234,635	\$ 1,234,635
Food service sales	-	905,365	-	-	905,365
Interest	16,305	-	-	-	16,305
Other local	3,663,808	-	-	-	3,663,808
State	-	848,234	-	-	848,234
Federal	-	3,487,360	-	-	3,487,360
Total revenues	3,680,113	5,240,959	-	1,234,635	10,155,707
Expenditures:					
Current:					
Instructional services	3,621,793	-	-	-	3,621,793
School food services	-	5,293,225	-	-	5,293,225
Business	-	-	-	-	-
Community services	-	-	-	1,234,635	1,234,635
Capital Outlay	-	353,930	-	-	353,930
Total expenditures	3,621,793	5,647,155	-	1,234,635	10,503,583
Excess of revenues over expenditures	58,320	(406,196)	-	-	(347,876)
Other financing sources:					
Transfers In	-	-	2,000,000	-	2,000,000
Total other financing sources	-	-	2,000,000	-	2,000,000
Net change in fund balance	58,320	(406,196)	2,000,000	-	1,652,124
Fund balances, beginning	2,087,804	2,285,570	4,872,240	-	9,245,614
Fund balances, ending	\$ 2,146,124	\$ 1,879,374	\$ 6,872,240	\$ -	\$ 10,897,738

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets - Nonmajor Governmental Funds
Student Activities Special Revenue Fund
 June 30, 2018 (with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 2,215,532	\$ 2,119,161
Receivables:		
Other local	<u>-</u>	<u>7,727</u>
Total assets	<u>\$ 2,215,532</u>	<u>\$ 2,126,888</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	<u>69,408</u>	<u>39,084</u>
Total liabilities	<u>69,408</u>	<u>39,084</u>
Fund Balance:		
Assigned To:		
Schools	<u>2,146,124</u>	<u>2,087,804</u>
Total fund balance	<u>2,146,124</u>	<u>2,087,804</u>
Total liabilities and fund balance	<u>\$ 2,215,532</u>	<u>\$ 2,126,888</u>

PROVO CITY SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
 Budget and Actual - *Student Activities Special Revenue Fund*
 Year Ended June 30, 2018 (with comparative totals for 2017)

	2018			Variance with Final Budget - Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Interest	\$ 5,000	\$ 5,000	\$ 16,305	\$ 11,305	\$ 8,471
Other local	4,065,234	4,065,234	3,663,808	(401,426)	4,011,808
Total revenues	<u>4,070,234</u>	<u>4,070,234</u>	<u>3,680,113</u>	<u>(390,121)</u>	<u>4,020,279</u>
Expenditures:					
Purchased services	1,677,500	1,677,500	1,323,595	353,905	1,496,412
Supplies	1,680,500	1,680,500	1,770,302	(89,802)	1,736,699
Other	910,000	910,000	527,896	382,104	432,306
Total expenditures	<u>4,268,000</u>	<u>4,268,000</u>	<u>3,621,793</u>	<u>646,207</u>	<u>3,665,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(197,766)</u>	<u>(197,766)</u>	<u>58,320</u>	<u>256,086</u>	<u>354,862</u>
Net change in fund balances	(197,766)	(197,766)	58,320	256,086	354,862
Fund balance - beginning	<u>2,087,804</u>	<u>2,087,804</u>	<u>2,087,804</u>	<u>-</u>	<u>1,732,942</u>
Fund balance - ending	<u><u>\$ 1,890,038</u></u>	<u><u>\$ 1,890,038</u></u>	<u><u>\$ 2,146,124</u></u>	<u><u>\$ 256,086</u></u>	<u><u>\$ 2,087,804</u></u>

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets - Nonmajor Governmental Funds
Food Services Special Revenue Fund
 June 30, 2018 (with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ -	\$ -
Restricted cash	1,745,041	1,947,758
Receivables:		
Other Local	1,180	6,868
State	214,958	360,046
Federal	44,234	40,518
Inventories	<u>140,423</u>	<u>124,915</u>
Total assets	<u>\$ 2,145,836</u>	<u>\$ 2,480,105</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 47,109	\$ 27,664
Payroll and related payables	<u>219,353</u>	<u>166,871</u>
Total liabilities	<u>266,462</u>	<u>194,535</u>
Fund Balance:		
Nonspendable:		
Inventories	140,423	124,915
Restricted	<u>1,738,951</u>	<u>2,160,655</u>
Total fund balance	<u>1,879,374</u>	<u>2,285,570</u>
Total liabilities and fund balance	<u>\$ 2,145,836</u>	<u>\$ 2,480,105</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
Budget and Actual - *Food Services Special Revenue Fund*
Year Ended June 30, 2018 (with comparative totals for 2017)

	2018			Variance with Final Budget - Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Food sales	\$ 1,238,578	\$ 1,238,578	\$ 905,365	\$ (333,213)	\$ 1,140,518
Other local	-	-	-	-	6,352
State	865,089	865,089	848,234	(16,855)	868,074
Federal	3,306,918	3,306,918	3,487,360	180,442	3,583,296
Total revenues	5,410,585	5,410,585	5,240,959	(169,626)	5,598,240
Expenditures:					
Salaries	2,044,243	2,044,243	1,958,721	85,522	1,910,702
Employee benefits	779,089	779,089	738,120	40,969	724,445
Purchased services	187,596	187,596	194,366	(6,770)	148,216
Supplies	408,588	408,588	273,156	135,432	440,258
Food	2,268,338	2,268,338	1,717,393	550,945	1,948,993
Property	150,000	150,000	353,930	(203,930)	214,182
Other	181,655	181,655	411,469	(229,814)	140,425
Total expenditures	6,019,509	6,019,509	5,647,155	372,354	5,527,221
Excess (deficiency) of revenues over (under) expenditures	(608,924)	(608,924)	(406,196)	202,728	71,019
Other financing sources:					
Proceeds from sale of capital assets	-	-	-	-	16
Total other financing sources	-	-	-	-	16
Net change in fund balance	(608,924)	(608,924)	(406,196)	202,728	71,035
Fund balance - beginning	2,285,570	2,285,570	2,285,570	-	2,214,535
Fund balance - ending	\$ 1,676,646	\$ 1,676,646	\$ 1,879,374	\$ 202,728	\$ 2,285,570

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets - Nonmajor Governmental Funds
Building Reserve Special Revenue Fund
 June 30, 2018 (with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 6,872,240	\$ 4,872,240
Total assets	<u>\$ 6,872,240</u>	<u>\$ 4,872,240</u>
Liabilities and Fund Balance:		
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:		
Restricted for:		
Other purposes	<u>6,872,240</u>	<u>4,872,240</u>
Total fund balance	<u>6,872,240</u>	<u>4,872,240</u>
Total liabilities and fund balance	<u>\$ 6,872,240</u>	<u>\$ 4,872,240</u>

PROVO CITY SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
 Budget and Actual - *Building Reserve Special Revenue Fund*
 Year Ended June 30, 2018 (with comparative totals for 2017)

	2018			Variance with Final Budget - Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Other financing sources:					
Transfer in	-	2,000,000	2,000,000	-	-
Total other financing sources	-	2,000,000	2,000,000	-	-
Net change in fund balance	-	2,000,000	2,000,000	-	-
Fund balance - beginning	4,872,240	4,872,240	4,872,240	-	4,872,240
Fund balance - ending	<u>\$ 4,872,240</u>	<u>\$ 6,872,240</u>	<u>\$ 6,872,240</u>	<u>\$ -</u>	<u>\$ 4,872,240</u>

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets - Nonmajor Governmental Funds
Tax Increment Special Revenue Fund
 June 30, 2018 (with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	<u>\$ -</u>	<u>\$ -</u>
Total assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Liabilities and Fund Balance:		
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund balance:		
Restricted For:		
Other Purposes	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

PROVO CITY SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
 Budget and Actual - Tax Increment Special Revenue Fund
 Year Ended June 30, 2018 (with comparative totals for 2017)

	2018			Variance with Final Budget - Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Orginal	Final			
Revenues:					
Local sources:					
Property taxes	\$ 1,250,000	\$ 1,250,000	\$ 1,234,635	\$ (15,365)	\$ 628,288
Total revenues	1,250,000	1,250,000	1,234,635	(15,365)	628,288
Expenditures:					
Other	1,250,000	1,250,000	1,234,635	15,365	628,288
Total expenditures	1,250,000	1,250,000	1,234,635	15,365	628,288
Net change in fund balance	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

Statistical Information

This part of Provo City School District's Comprehensive Annual Financial report presents detailed unaudited information as a context for better understanding the information in the financial statements, note disclosures, and required supplementary information. The statistical section is divided into five main categories as follows:

Financial Trends

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

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

Debt Capacity

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

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

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.

Fiscal Year Ending June 30,	Net investment in capital assets	Restricted	Unrestricted	Total Net Position
2018	\$ 83,854,481	\$42,594,091	\$ (36,393,538)	\$90,055,034
2017	60,551,276	56,017,341	(43,931,757)	72,636,860
2016	67,791,542	21,422,081	1,785,888	90,999,511
2015	61,464,177	12,098,626	1,535,966	75,098,769
2014	61,596,204	11,972,365	31,801,620	105,370,189
2013	56,728,164	16,346,158	27,846,480	100,920,802
2012	53,795,168	17,120,587	26,936,110	97,851,865
2011	49,159,753	18,167,092	29,504,737	96,831,582
2010	37,158,614	15,622,922	37,503,460	90,284,996
2009	38,192,076	32,838,938	6,502,610	77,533,624

PROVO CITY SCHOOL DISTRICT
 Statements of Net Position
 June 30,2009 through June 30, 2018
 (full accrual-based accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:				
Cash and temporary cash investments	\$ 85,454,172	\$ 122,227,835	\$ 140,573,367	\$ 101,681,552
Accounts, taxes, and grants receivables:				
Local	42,585,573	40,623,503	37,607,056	31,524,701
State	1,566,912	1,866,318	1,295,937	780,388
Federal	3,509,438	3,200,651	2,532,608	3,122,256
Note receivable	-	45,065	71,072	91,028
Prepaid expenditures	708,947	428,657	430,940	438,103
Inventory	140,423	124,915	138,511	153,905
Net Pension Asset	-	-	3,643	54,600
Bond issuance costs, net of accumulated amortization	-	-	-	-
Net other post employment benefits	-	-	10,427,705	8,701,705
Total capital assets, net accumulated depreciation	<u>211,899,507</u>	<u>170,174,684</u>	<u>127,624,677</u>	<u>101,577,050</u>
Total assets	<u>345,864,972</u>	<u>338,691,628</u>	<u>320,705,516</u>	<u>248,125,288</u>
Deferred Outflows of Resources:				
Deferred outflows relating to pensions	24,147,714	21,507,634	19,285,859	6,252,334
Deferred outflows relating to OPEB	2,167,865	2,167,865		
Deferred loss on refundings	738,964	1,022,236	1,305,508	1,588,780
Total deferred outflows of resources	<u>27,054,543</u>	<u>24,697,735</u>	<u>20,591,367</u>	<u>7,841,114</u>
Liabilities:				
Accounts payable	5,808,890	8,354,379	6,413,102	4,151,620
Accrued interest payable	218,620	228,764	174,074	592,055
Payroll and related payables	12,221,730	10,260,788	9,862,485	11,657,418
Due to other agencies - fiduciary activities	-	-	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Other deferred revenues	125,105	397,589	600,035	618,515
Noncurrent liabilities:				
Due within one year	6,505,067	5,699,736	5,888,581	7,514,299
Net OPEB Liability	30,449,895	34,172,110		
Net Pension Liability	40,154,073	51,966,368	50,877,986	40,632,654
Due in more than one year	<u>123,709,102</u>	<u>130,526,638</u>	<u>135,994,988</u>	<u>82,763,845</u>
Total liabilities	<u>219,192,482</u>	<u>241,606,372</u>	<u>209,811,251</u>	<u>147,930,406</u>
Deferred Inflows of Resources:				
Deferred inflows relating to pensions	20,474,819	7,152,188	5,506,188	3,856,245
Deferred inflows relating to OPEB	3,625,689	3,771,471		
Deferred property tax revenue	39,614,261	38,222,472	34,979,933	29,080,982
Total Deferred inflows of resources	<u>63,714,769</u>	<u>49,146,131</u>	<u>40,486,121</u>	<u>32,937,227</u>
Net Position:				
Net investment in capital assets	83,854,481	60,551,276	67,791,542	61,464,177
Restricted for:				
Debt service	1,827,540	1,758,706	1,721,779	876,789
Capital projects	24,658,658	38,989,571	7,774,982	2,599,405
Non K-12 instruction	-	-	-	-
Building Reserve	6,872,240	4,872,240	4,872,240	3,372,240
Student Activities	2,146,124	2,087,804	1,732,942	1,554,242
School food services	1,879,374	2,285,570	2,214,535	1,679,420
Foundation	-	-	-	-
Other restricted programs	5,210,155	6,023,450	3,105,603	2,016,530
Unrestricted	<u>(36,393,538)</u>	<u>(43,931,757)</u>	<u>1,785,888</u>	<u>1,535,966</u>
Total net position	<u>\$ 90,055,034</u>	<u>\$ 72,636,860</u>	<u>\$ 90,999,511</u>	<u>\$ 75,098,769</u>

** Numbers are restated for GASB 68 implementation

Source: District Data

Fiscal year 2004 was the first year the Provo School District Foundation was included in its basic financial statements as a blended component unit. During 2013, the Foundation was accounted for as a discretely presented component unit.

PROVO CITY SCHOOL DISTRICT
 Statements of Net Position - Continued
 June 30, 2009 through June 30, 2018
(full accrual-based accounting)

<u>2014**</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 42,961,335	\$ 45,364,687	\$ 45,475,281	\$ 45,632,014	\$ 50,383,686	\$ 37,018,100
30,783,129	30,475,167	30,680,067	31,542,178	27,967,740	26,661,039
908,619	971,442	126,375	62,015	36,696	90,151
2,879,066	2,463,606	4,038,422	1,695,091	1,234,451	1,314,559
169,634	217,234	-	-	-	-
430,845	384,693	396,044	-	-	-
100,912	109,219	128,927	169,133	239,548	259,543
5,454	-	-	-	-	-
-	-	43,745	82,485	53,735	70,232
7,091,705	5,419,705	3,903,705	397,787	2,600,867	1,319,067
100,560,480	102,796,170	104,505,216	104,272,570	96,540,410	95,405,670
<u>185,891,179</u>	<u>188,201,923</u>	<u>189,297,782</u>	<u>183,853,274</u>	<u>179,057,133</u>	<u>162,138,360</u>
5,205,304	-				
387,432	609,213				
<u>5,592,736</u>	<u>609,213</u>				
926,131	1,423,772	1,982,305	3,291,630	2,259,051	738,185
58,021	63,563	83,953	91,088	80,874	113,634
9,741,907	10,556,031	10,914,605	1,647,439	1,739,466	1,715,322
-	-	-	-	-	(552,522)
-	-	26,705,685	24,657,369	23,779,682	24,029,421
899,816	1,273,468	696,641	1,225,070	566,533	442,113
5,774,253	5,557,145	5,455,007	5,349,740	5,164,405	5,206,118
46,548,297					
35,741,928	41,608,177	46,185,543	50,759,356	55,182,125	52,912,466
<u>99,690,353</u>	<u>60,482,156</u>	<u>92,023,740</u>	<u>87,021,692</u>	<u>88,772,136</u>	<u>84,604,737</u>
-					
27,408,178					
<u>27,408,178</u>					
56,728,164	53,795,168	49,159,753	37,158,614	38,192,076	32,155,592
687,750	1,195,509	1,365,353	1,510,175	1,245,636	1,258,025
5,253,070	3,083,405	4,955,684	4,304,238	10,334,131	13,234,320
272,732	181,479	132,539	151,893	416,203	647,123
1,521,583	7,040,240	5,940,240	3,940,240	-	-
5,372,240	1,831,809	1,886,471	1,935,098	1,703,390	1,849,953
1,633,037	1,627,820	1,715,481	2,027,050	1,929,635	2,199,774
-	829,566	1,013,178	650,226	527,057	457,074
1,605,746	1,330,758	1,158,146	1,104,002	788,734	742,084
27,846,480	26,936,110	29,504,737	37,503,460	22,396,764	(1,816,863)
<u>\$ 100,920,802</u>	<u>\$ 97,851,864</u>	<u>\$ 96,831,582</u>	<u>\$ 90,284,997</u>	<u>\$ 77,533,625</u>	<u>\$ 50,727,080</u>

PROVO CITY SCHOOL DISTRICT
 Changes in Net Position
 June 30,2009 through June 30, 2018
 (full accrual-based accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses:				
Instruction	\$ 83,343,381	\$ 85,107,082	\$ 81,704,867	\$ 79,335,822
Supporting services:				
Student	7,925,025	7,007,455	4,506,235	4,136,695
Instructional staff	8,343,232	4,867,301	1,385,368	1,230,402
District administration	1,398,299	2,733,059	2,726,120	2,217,104
School administration	6,905,709	6,384,894	6,069,529	5,495,155
Business	4,844,251	6,276,657	6,786,963	5,700,965
Operation and maintenance of facilities	13,659,049	10,792,684	8,006,633	6,421,600
Student transportation	2,030,154	2,459,535	2,405,649	1,983,217
Other	-	-	-	-
School food services	5,301,448	5,691,721	5,744,991	5,554,392
Community services	1,591,801	2,570,966	3,944,727	3,570,276
Interest on long-term liabilities	3,957,233	4,071,417	2,753,362	1,973,634
Total school district	<u>139,299,582</u>	<u>137,962,771</u>	<u>126,034,444</u>	<u>117,619,262</u>
Program Revenues:				
Instructional services	84,740,299	84,377,168	85,135,704	74,173,782
Supporting services:				
Student	4,222,799	4,259,217	2,338,180	4,028,684
Instructional staff	2,947,347	1,508,225	350,447	1,570,259
General administration	1,536,143	1,345,595	757,370	606,471
School administration	630,249	474,717	416,914	155,889
Business	232,633	319,478	314,039	-
Operation and maintenance of facilities	99,969	124	-	474,297
Transportation	1,680,543	1,411,968	1,370,907	1,293,995
Other	-	-	-	-
School food services	5,240,959	5,594,088	5,653,530	5,718,773
Community services	50,405	1,910,589	2,323,484	3,038,102
Interest on long-term liabilities	-	-	-	-
Total program revenues	<u>101,381,346</u>	<u>101,201,169</u>	<u>98,660,575</u>	<u>91,060,252</u>
Net (expense) revenue	(37,918,236)	(36,761,602)	(27,373,869)	(26,559,010)
General revenues:				
Property taxes levied for:				
General purposes	29,012,440	28,120,500	25,578,966	21,439,190
Reading Program	-	-	-	-
Class size reduction	-	-	-	-
Special transportation	-	-	-	-
Tort liability	-	-	-	-
Recreation	-	-	-	-
Debt service	8,879,390	8,606,408	7,828,560	6,561,563
Capital outlay	8,757,138	8,487,914	7,720,775	6,471,222
Ten percent of basic for construction, textbooks and supplies	-	-	-	-
Federal and state aid not restricted to specific purposes	-	-	-	2,309,132
Earnings on investments	1,982,001	1,684,216	569,045	328,576
Gain on sale of assets	-	14,637,846	(992,929)	37,086
Miscellaneous	6,705,441	6,413,725	2,570,194	478,360
Total general revenues	<u>55,336,410</u>	<u>67,950,609</u>	<u>43,274,611</u>	<u>37,625,129</u>
Change in net position	17,418,174	31,189,007	15,900,742	11,066,119
Net position - beginning	72,636,860	90,999,511	75,098,769	105,370,189
Prior period adjustments	-	(49,551,658)	-	(41,337,539)
Net position - ending	<u>\$ 90,055,034</u>	<u>\$ 72,636,860</u>	<u>\$ 90,999,511</u>	<u>\$ 75,098,769</u>

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 76,511,349	\$ 73,787,894	\$ 72,935,322	\$ 70,907,845	\$ 65,458,961	\$ 62,546,410
4,020,840	3,835,378	4,117,960	3,932,521	3,924,191	3,913,806
1,405,164	1,603,967	1,559,232	1,458,566	2,092,586	2,104,484
1,671,347	1,613,516	1,611,412	1,273,567	1,217,314	833,850
5,503,377	5,273,792	5,220,467	5,085,658	4,912,708	5,089,616
4,997,337	2,997,607	3,220,175	3,102,163	3,090,296	2,992,513
6,191,211	6,070,069	5,805,386	6,863,193	5,404,007	5,418,773
2,005,850	2,607,556	2,717,234	2,396,835	2,583,551	2,444,373
21,617	1,011,101	1,176,456	1,107,400	61,739	91,078
6,115,057	5,848,990	5,727,848	5,543,199	5,226,130	5,381,233
5,705,292	6,306,128	3,675,111	3,502,322	3,590,594	4,839,650
1,563,458	1,727,099	2,026,217	2,200,135	2,465,620	2,636,859
<u>115,711,899</u>	<u>112,683,097</u>	<u>109,792,820</u>	<u>107,373,403</u>	<u>100,027,696</u>	<u>98,292,645</u>
65,062,008	62,594,300	33,076,742	32,181,593	33,465,497	25,824,392
1,252,593	1,229,288	2,249,264	2,456,108	2,207,564	962,090
2,023,938	1,546,259	223,711	777,618	758,012	543,374
-	-	218,864	651,276	426,727	252,740
3,478,936	345,880	293,359	541,799	627,347	288,900
-	-	418,742	435,474	570,906	327,415
108,195	148,527	267,385	1,429,453	17,174	7,398
1,029,391	3,566,805	1,760,312	524,440	2,252,524	2,316,300
-	-	600,050	946,387	75,531	34,926
5,350,662	5,466,384	5,292,594	4,897,017	5,005,840	4,804,413
4,564,121	5,012,525	5,957,292	5,841,147	6,704,723	5,028,833
-	-	-	-	-	-
<u>82,869,844</u>	<u>79,909,968</u>	<u>50,358,315</u>	<u>50,682,312</u>	<u>52,111,845</u>	<u>40,390,781</u>
(32,842,055)	(32,773,129)	(59,434,504)	(56,691,092)	(47,915,851)	(57,901,864)
20,319,458	13,411,652	13,580,600	13,482,244	13,676,215	10,120,968
-	1,773,442	579,631	575,433	595,474	-
-	536,466	1,877,811	1,864,212	1,112,207	8,577,771
-	443,360	-	-	482,285	372,772
-	354,688	-	-	300,198	232,482
-	2,660,162	632,324	627,745	649,608	998,068
6,218,864	6,202,612	6,308,871	6,263,180	6,432,102	4,978,314
6,133,242	1,108,401	4,704,109	4,670,040	4,576,783	3,318,876
-	5,222,786	4,440,640	4,408,480	4,847,453	3,543,341
3,942,631	3,751,789	20,703,055	22,612,145	22,128,854	35,865,302
234,793	306,619	368,052	280,572	324,949	788,220
23,970	27,169	10,362	(17,638)	63,288	13,655
418,483	297,493	7,249,331	8,426,016	5,424,856	6,113,493
<u>37,291,441</u>	<u>36,096,639</u>	<u>60,454,786</u>	<u>63,192,429</u>	<u>60,614,274</u>	<u>74,923,262</u>
4,449,386	3,323,510	1,020,282	6,501,337	12,698,421	17,021,398
100,920,802	97,022,299	96,831,582	90,330,244	77,586,576	60,565,177
-	574,993	-	-	-	-
<u>\$ 105,370,189</u>	<u>\$ 100,920,802</u>	<u>\$ 97,851,866</u>	<u>\$ 96,831,582</u>	<u>\$ 90,284,997</u>	<u>\$ 77,586,576</u>

PROVO CITY SCHOOL DISTRICT
 Governmental Funds - Aggregate Fund Balances
 June 30,2009 through June 30, 2018

Fiscal Year Ended June 30,	General Fund					
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2018	\$ 493,947	\$ 1,686,996	\$ 19,542,646	\$ 3,523,159	\$ 11,129,459	\$ 36,376,207
2017	473,722	2,913,152	19,542,646	3,110,298	9,000,366	35,040,184
2016	499,507	3,105,603	19,542,646	-	7,337,273	30,485,029
2015	533,351	2,016,530	19,542,646	-	5,712,495	27,805,022
2014	606,666	1,209,061	19,542,646	-	5,025,862	26,384,235
2013	605,384	1,605,746	19,542,646	-	2,709,865	24,463,641
2012	663,333	1,330,758	19,542,646	396,012	3,149,472	25,082,221
2011	313,724	1,158,146	19,542,646	792,056	4,387,896	26,194,468
2010	315,088	1,104,007	19,542,647	-	3,807,316	24,769,058
2009	514,053	588,044	14,742,647	-	3,852,927	19,697,670

Fiscal Year Ended June 30,	All Other Governmental Funds					
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2018	\$ 355,423	\$ 35,097,389	\$ -	\$ 2,146,124	\$ -	\$ 37,598,936
2017	124,915	72,106,701	-	2,087,804	-	74,319,420
2016	141,216	96,466,004	-	1,732,942	-	98,340,162
2015	146,980	60,783,429	-	1,554,242	-	62,484,651
2014	91,355	9,274,868	-	1,397,081	(506,002)	10,257,302
2013	105,762	13,025,168	-	1,521,583	(1,827,994)	12,824,519
2012	124,736	12,685,604	-	1,831,808	(1,352,300)	13,289,848
2011	163,307	13,779,885	905,138	1,886,471	(2,842)	16,731,959
2010	232,358	11,192,407	10,687,218	12,622,316	(50,380)	34,683,919
2009	251,304	15,431,130	-	1,703,390	-	17,385,824

PROVO CITY SCHOOL DISTRICT
 Governmental Funds - Net Changes in Aggregate Fund Balances
 June 30,2009 through June 30, 2018

Fiscal Year Ended June 30th	General Fund	Debt Service	Capital Projects	Non K-12 Instruction	Student Activities	Food Services	Building Reserve	Municipal Building Authority	Foundation	Total Governmental Funds
2018	\$ 1,336,023	\$ 68,834	\$(38,441,442)	\$ -	\$ 58,320	\$(406,196)	\$ 2,000,000	\$ -	\$ -	\$(35,384,461)
2017	4,555,155	36,927	(24,483,566)	-	354,862	71,035	-	-	-	(19,465,587)
2016	2,680,007	844,990	31,414,604	-	178,700	535,115	1,500,000	-	-	37,153,416
2015	1,420,787	342,954	53,113,179	232,145	157,161	381,910	(2,000,000)	-	-	53,648,136
2014	1,920,594	(153,915)	(3,364,289)	(534,417)	(124,502)	(335,527)	-	1,945,433	-	(646,623)
2013	(618,580)	(7,571)	2,121,553	121,296	(200,226)	5,217	(1,668,000)	(539,473)	-	(785,784)
2012	(1,112,247)	(138,239)	(1,872,279)	105,442	(54,662)	(87,661)	1,100,000	(2,311,098)	(183,612)	(4,554,357)
2011	1,425,410	(162,049)	647,901	28,730	(48,628)	(311,569)	2,000,000	(9,782,080)	362,952	(5,839,333)
2010	4,900,587	12,526	(6,230,367)	(139,993)	231,708	97,415	2,000,000	10,687,218	123,169	11,682,264
2009	5,132,777	10,242	(2,924,738)	(56,460)	(146,563)	(270,139)	1,940,240	-	14,040	3,699,398

PROVO CITY SCHOOL DISTRICT
 Governmental Funds - Fund Balances
 June 30,2009 through June 30, 2018

	2018	2017	2016	2015
General Fund				
Nonspendable	\$ 493,947	\$ 473,722	\$ 499,507	\$ 533,351
Restricted	1,686,996	2,913,152	3,105,603	2,016,530
Committed	19,542,646	19,542,646	19,542,646	19,542,646
Assigned	3,523,159	3,110,298	-	-
Unassigned	11,129,459	9,000,366	7,337,273	5,712,495
	<u>36,376,207</u>	<u>35,040,184</u>	<u>30,485,029</u>	<u>27,805,022</u>
Debt Service Fund				
Restricted	1,827,540	1,758,706	1,721,779	876,789
	<u>1,827,540</u>	<u>1,758,706</u>	<u>1,721,779</u>	<u>876,789</u>
Capital Projects Fund				
Nonspendable	215,000	-	2,705	-
Restricted	24,658,658	63,315,100	87,795,961	55,001,960
	<u>24,873,658</u>	<u>63,315,100</u>	<u>87,798,666</u>	<u>55,001,960</u>
Non K-12 Instruction Fund				
Restricted	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School Activities Fund				
Assigned	2,146,124	2,087,804	1,732,942	1,554,242
	<u>2,146,124</u>	<u>2,087,804</u>	<u>1,732,942</u>	<u>1,554,242</u>
Food Services Fund				
Nonspendable	140,423	124,915	138,511	146,980
Restricted	1,738,951	2,160,655	2,076,024	1,532,440
	<u>1,879,374</u>	<u>2,285,570</u>	<u>2,214,535</u>	<u>1,679,420</u>
Building Reserve Fund				
Restricted	6,872,240	4,872,240	4,872,240	3,372,240
	<u>6,872,240</u>	<u>4,872,240</u>	<u>4,872,240</u>	<u>3,372,240</u>
Municipal Building Authority				
Committed	-	-	-	-
Restricted	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Provo School District Foundation				
Restricted	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Governmental Funds				
Nonspendable	849,370	598,637	640,723	680,331
Committed	19,542,646	19,542,646	19,542,646	19,542,646
Restricted	36,784,385	75,019,853	99,571,607	62,799,959
Assigned	5,669,283	5,198,102	1,732,942	1,554,242
Unassigned	11,129,459	9,000,366	7,337,273	5,712,495
	<u>\$ 73,975,143</u>	<u>\$ 109,359,604</u>	<u>\$ 128,825,191</u>	<u>\$ 90,289,673</u>

2014	2013	2012	2011	2010	2009
\$ 606,666	\$ 605,384	\$ 663,333	\$ 313,724	\$ 315,088	\$ 514,053
1,209,061	1,605,746	1,330,758	1,158,146	1,104,007	588,044
19,542,646	19,542,646	19,542,646	19,542,646	19,542,647	14,742,647
-	-	396,012	792,056	-	-
5,025,862	2,709,865	3,149,472	4,387,896	3,807,316	3,852,927
26,384,235	24,463,641	25,082,221	26,194,468	24,769,058	19,697,670
533,835	687,750	695,321	833,560	995,609	983,083
533,835	687,750	695,321	833,560	995,609	983,083
-	-	-	-	-	-
1,888,781	5,253,070	2,490,077	4,362,356	3,714,455	9,944,822
1,888,781	5,253,070	2,490,077	4,362,356	3,714,455	9,944,822
273,857	272,732	127,316	78,376	97,184	357,598
(506,002)	29,540	53,660	(2,842)	(50,380)	-
(232,145)	302,272	180,976	75,534	46,804	357,598
1,397,081	1,521,583	1,831,809	1,886,471	1,935,098	1,703,390
1,397,081	1,521,583	1,831,809	1,886,471	1,935,098	1,703,390
91,355	105,762	124,736	163,307	232,358	251,304
1,206,155	1,527,275	1,503,084	1,552,174	1,794,693	1,678,331
1,297,510	1,633,037	1,627,820	1,715,481	2,027,050	1,929,635
5,372,240	5,372,240	7,040,240	5,940,240	3,940,240	1,940,240
5,372,240	5,372,240	7,040,240	5,940,240	3,940,240	1,940,240
-	-	-	905,138	10,687,218	-
-	(1,945,433)	(1,405,960)	-	-	-
-	(1,945,433)	(1,405,960)	905,138	10,687,218	-
-	-	829,566	1,013,178	650,226	527,057
-	-	829,566	1,013,178	650,226	527,057
698,021	711,146	788,069	477,031	547,446	765,357
19,542,646	19,542,646	19,542,646	20,447,784	30,229,865	14,742,647
10,483,929	12,773,380	12,610,402	14,938,030	12,296,414	16,019,174
1,397,081	1,521,583	2,227,821	3,583,665	12,622,316	1,703,390
4,519,860	2,739,405	3,203,132	4,385,054	3,756,936	3,852,927
\$ 36,641,537	\$ 37,288,160	\$ 38,372,069	\$ 43,831,564	\$ 59,452,977	\$ 37,083,495

PROVO CITY SCHOOL DISTRICT
 Total Governmental Funds - Change in Fund Balances
 June 30,2009 through June 30, 2018

	2018	2017	2016	2015
Revenues				
Property taxes	\$ 46,350,744	\$ 45,261,455	\$ 41,153,281	\$ 34,716,507
Other local sources	11,461,923	11,156,491	9,481,640	8,147,091
State of Utah	86,540,920	84,634,483	78,150,999	71,360,702
Federal government	12,065,945	13,508,136	14,167,175	14,668,527
Total revenues	<u>156,419,532</u>	<u>154,560,565</u>	<u>142,953,095</u>	<u>128,892,827</u>
Expenditures				
Instruction	79,908,799	81,693,787	80,002,630	77,992,377
Supporting services:				
Students	8,088,360	6,866,314	4,351,628	4,103,008
Instructional staff	8,379,815	4,910,014	1,401,766	1,277,995
District administration	1,453,592	2,743,761	2,677,541	2,220,421
School administration	7,199,465	6,530,722	6,074,372	5,650,292
Business	4,999,674	6,344,098	6,817,715	5,814,250
Operation and maintenance of buildings	11,172,612	10,402,522	7,677,616	6,251,578
Student transportation	2,045,629	2,341,818	2,358,055	1,986,869
Other	-	-	-	-
School food services	5,345,973	5,527,221	5,387,139	5,336,863
Community Services	1,775,494	2,504,604	3,836,172	3,565,614
Capital outlay	51,894,378	59,671,944	32,464,306	7,506,058
Debt Service:				
Bond principal	5,699,757	5,743,793	6,932,626	5,667,993
Bond interest and fees	4,128,761	4,178,111	3,009,273	1,354,260
Total expenditures	<u>192,092,309</u>	<u>199,458,709</u>	<u>162,990,839</u>	<u>128,727,578</u>
Excess (deficiency) of revenues over (under) expenditures	(35,672,777)	(44,898,144)	(20,037,744)	165,249
Other financing sources (uses)				
Capital lease	-	-	-	-
Sale of capital assets	288,316	25,432,557	30,044	415,807
General obligation bonds issued	-	-	50,501,596	50,615,000
Bond premium (discount)	-	-	6,659,520	2,382,005
Refunding bonds issued	-	-	-	22,789,999
Payment to refunded bonds escrow agent	-	-	-	(22,719,924)
Donated Assets	-	-	-	-
Total other financing sources (uses)	<u>288,316</u>	<u>25,432,557</u>	<u>57,191,160</u>	<u>53,482,887</u>
Net change in fund balances	<u>\$ (35,384,461)</u>	<u>\$ (19,465,587)</u>	<u>\$ 37,153,416</u>	<u>\$ 53,648,136</u>
Debt service as a percentage of noncapital expenditures	7.0%	7.2%	7.6%	5.8%

2014	2013	2012	2011	2010	2009
\$ 32,444,766	\$ 32,428,761	\$ 32,123,987	\$ 31,891,333	\$ 32,672,324	\$ 32,142,593
9,600,553	8,949,455	9,672,627	10,872,559	7,859,395	8,538,122
61,612,174	57,509,778	53,467,124	52,601,369	53,877,288	57,520,715
16,253,024	16,756,453	15,539,002	18,491,842	18,258,540	17,170,413
<u>119,910,517</u>	<u>115,644,447</u>	<u>110,802,740</u>	<u>113,857,103</u>	<u>112,667,547</u>	<u>115,371,843</u>
71,499,205	69,533,767	68,680,153	68,102,925	64,797,364	66,318,579
3,804,067	3,542,614	3,852,848	3,675,095	3,681,968	3,681,831
1,405,164	1,569,945	1,521,358	1,421,080	2,060,247	2,074,908
1,595,972	1,541,051	1,551,884	1,216,376	1,160,972	778,689
5,429,688	5,196,888	5,155,525	5,023,070	4,851,866	5,030,421
4,984,781	2,803,584	3,004,179	2,888,383	2,905,870	2,823,844
5,781,259	6,042,890	5,849,045	6,833,247	5,378,173	5,395,147
2,005,641	2,158,201	2,216,991	1,901,723	2,156,422	2,053,738
21,617	1,011,101	1,176,456	1,107,400	61,739	91,078
5,686,209	5,464,818	5,382,955	5,208,605	4,910,053	5,077,938
5,543,167	6,138,445	3,530,746	3,362,893	3,456,294	4,709,556
5,904,104	4,589,266	7,009,197	12,526,166	5,759,945	6,936,233
5,427,727	5,235,098	4,353,461	4,219,671	4,326,211	4,127,972
1,492,509	1,762,279	2,082,660	2,239,229	2,434,054	2,586,166
<u>120,581,110</u>	<u>116,589,947</u>	<u>115,367,458</u>	<u>119,725,862</u>	<u>107,941,176</u>	<u>111,686,100</u>
(670,593)	(945,500)	(4,564,718)	(5,868,760)	4,726,371	3,685,743
-	41,266	-	-	81,721	-
23,970	27,169	10,362	29,427	63,288	13,655
-	-	-	-	-	-
-	-	-	-	-	-
-	9,045,000	-	-	6,462,000	-
-	(8,953,719)	-	-	-	-
-	-	-	-	348,884	-
<u>23,970</u>	<u>159,716</u>	<u>10,362</u>	<u>29,427</u>	<u>6,955,893</u>	<u>13,655</u>
<u>\$ (646,623)</u>	<u>\$ (785,784)</u>	<u>\$ (4,554,356)</u>	<u>\$ (5,839,333)</u>	<u>\$ 11,682,264</u>	<u>\$ 3,699,398</u>
6.0%	6.2%	5.9%	6.0%	6.6%	6.4%

PROVO CITY SCHOOL DISTRICT
 Property Tax Levies and Collections
 June 30,2009 through June 30, 2018

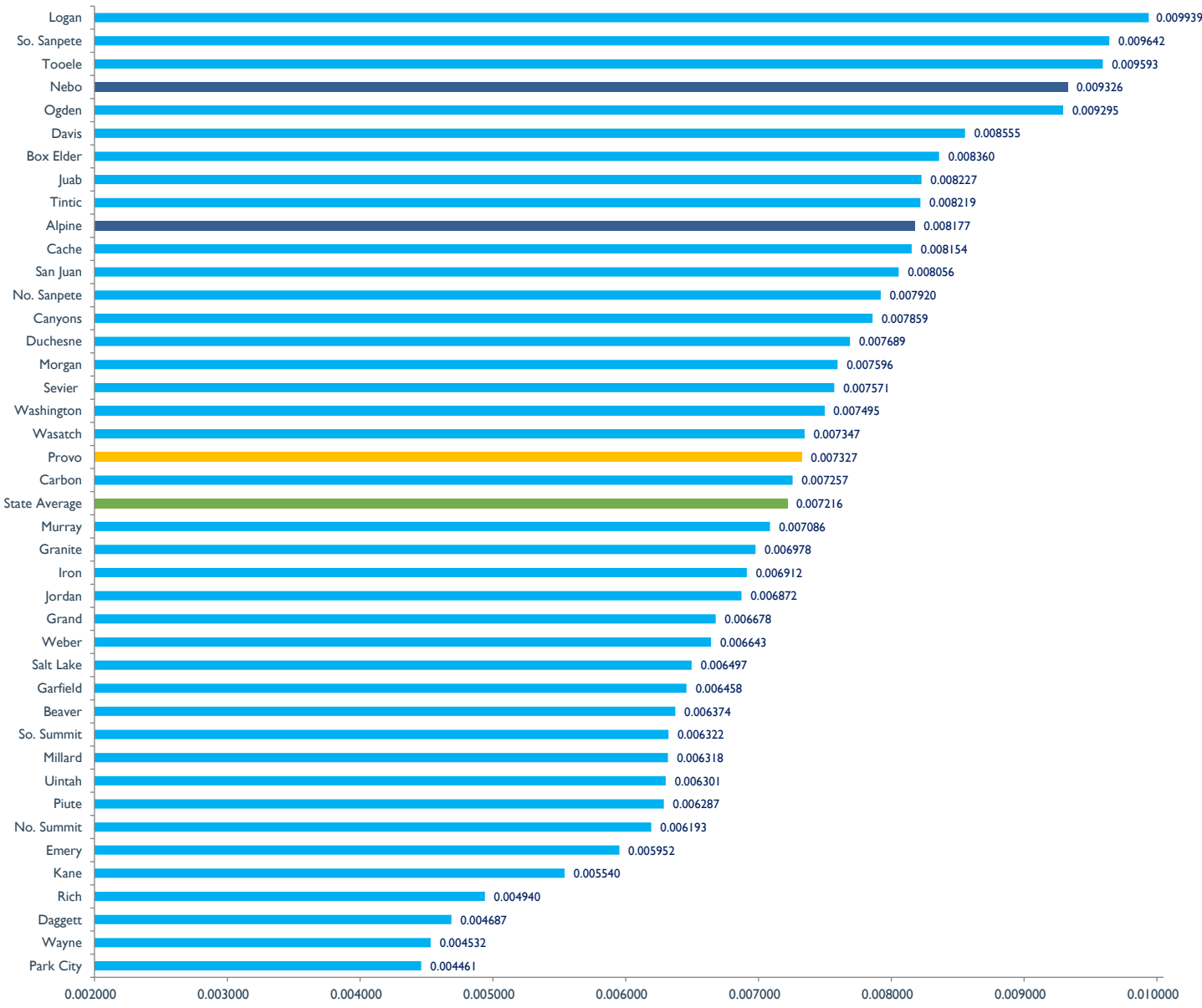
<u>Calendar Tax Year</u>	<u>Fiscal Year Ended June 30th</u>	<u>Mill Levy or Tax Rate</u>	<u>Taxable Value</u>	<u>Redevelopment Value</u>	<u>Net Taxable Value</u>	<u>Total Tax Levied</u>
2017	2018	0.007327	\$ 5,904,585,986	\$ 122,235,928	\$ 5,782,350,058	\$ 43,461,376
2016	2017	0.007883	5,424,302,232	108,238,377	5,316,063,855	42,652,455
2015	2016	0.007568	4,683,063,300	177,179,882	4,505,883,418	38,521,083
2014	2015	0.006636	4,437,390,095	152,685,850	4,284,704,245	30,457,762
2013	2014	0.007094	4,146,424,992	137,588,204	4,008,836,788	30,457,762
2012	2013	0.007319	4,153,830,545	-	4,153,830,545	30,401,886
2011	2012	0.007153	4,151,831,455	-	4,151,831,455	29,698,050
2010	2011	0.006706	4,475,415,735	-	4,475,415,735	30,012,138
2009	2010	0.006639	4,653,441,873	-	4,653,441,873	30,894,201
2008	2009	0.006214	4,977,309,060	161,198,488	4,816,110,572	29,550,810

Calendar Tax Year	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
2017	\$40,473,376	93.12%	\$2,385,538	\$3,053,900	\$45,912,813	98.61%
2016	38,280,360	89.75%	2,275,223	2,317,766	42,873,349	95.18%
2015	34,956,657	93.98%	2,535,560	2,263,279	39,755,497	90.75%
2014	29,042,289	93.16%	2,375,155	2,018,705	33,436,150	95.35%
2013	28,375,468	93.16%	2,271,140	2,360,582	33,007,190	93.16%
2012	28,163,850	92.64%	2,333,134	2,036,439	32,533,423	92.64%
2011	27,552,286	92.77%	2,313,938	2,284,594	32,150,818	92.77%
2010	26,646,431	88.79%	2,463,553	2,173,810	31,283,794	88.79%
2009	27,282,047	88.31%	2,808,721	2,751,631	32,842,399	88.31%
2008	26,920,710	91.10%	3,140,469	2,018,204	32,079,383	91.10%

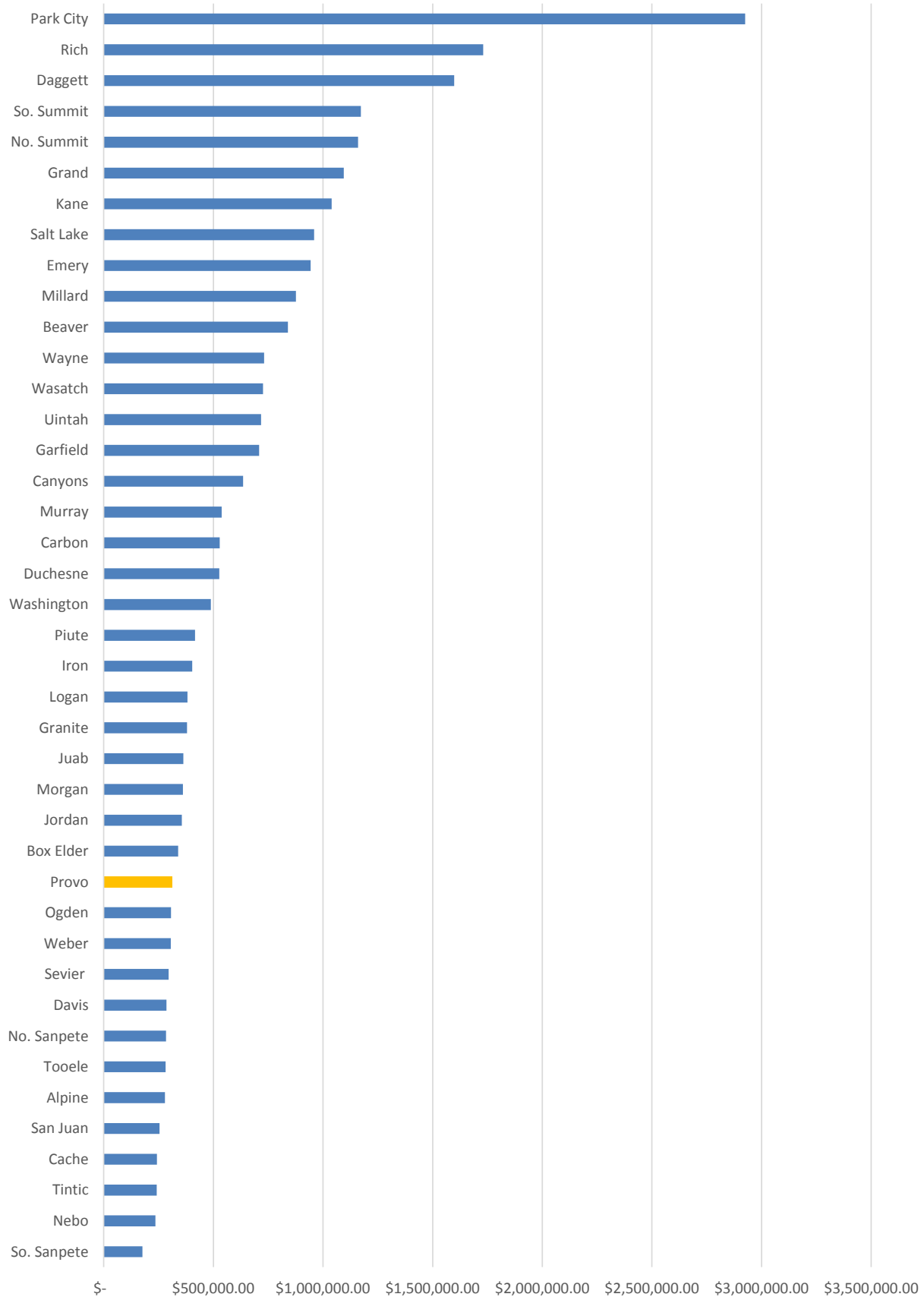
PROVO CITY SCHOOL DISTRICT
 Assessed Value and Estimated Actual Value of Taxable Property
 Tax Years 2008 through 2017

Tax Year	Centrally Assessed	Residential	Industrial & Commercial	Agriculture	Personal	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2017	\$ 122,235,928	\$ 4,280,912,747	\$ 1,142,996,081	\$ 1,473,500	\$ 356,967,730	\$ 5,904,585,986	0.007883	8,785,451,744	67.21%
2016	108,238,377	3,221,349,131	1,602,427,048	2,581,881	340,696,637	5,275,293,074	0.007883	7,904,221,043	66.74%
2015	101,032,025	2,984,495,487	1,557,330,708	1,966,767	487,123,189	5,131,948,176	0.007568	7,568,631,079	67.81%
2014	82,937,762	2,772,015,561	1,478,928,761	1,491,220	476,336,473	4,790,839,169	0.006636	7,204,269,301	66.50%
2013	89,859,373	2,518,526,525	1,530,457,068	1,471,444	437,940,237	4,578,254,647	0.007094		69.01%
2012	87,002,827	1,801,508,388	961,043,880	1,331,238	278,833,085	4,344,956,950	0.007319	6,310,719,080	68.85%
2011	86,944,769		data not available		263,576,184	4,306,864,257	0.007153	6,447,129,327	66.80%
2010	88,668,674		data not available		362,493,475	4,435,552,148	0.006706	6,573,948,214	67.47%
2009	85,820,447	2,826,394,972	1,479,872,571	12,903,941	389,053,152	4,653,441,873	0.006639	6,966,327,000	66.80%
2008	82,706,866	2,997,124,619	1,459,637,789	38,235,709	399,604,077	4,977,309,060	0.006214	7,956,509,000	62.56%

PROVO CITY SCHOOL DISTRICT
 Comparison of Utah School District Property Tax Rates
 Tax Year 2017 (Fiscal Year 2018)



Tax Yield per Student



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

	Tax Rates for the year ended December 31,									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Direct Rates:										
Basic Program	0.001568	0.001675	0.001736	0.001419	0.001535	0.001651	0.001591	0.001495	0.001433	0.001250
Voted Leeway	0.001024	0.001093	0.001151	0.001228	0.001300	0.001455	0.001434	0.001340	0.001346	0.001275
Board Leeway (Class Size Reduction)	0.001416	0.001600	0.001293	0.001445	0.001518	0.001904	0.000400	0.000392	0.000226	0.000214
Board Leeway (Reading Program) [2]	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000121	0.000121	0.000121	0.000121
Transportation	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000100	0.000000	0.000098	0.000093
Tort Liability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000080	0.000000	0.000061	0.000058
10% of Basic Operating [1]	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000602	0.000463	0.000492	n/a
Recreation Levy	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000600	0.000132	0.000132	0.000249
Debt Service	0.001812	0.001995	0.002139	0.001268	0.001380	0.001432	0.001399	0.001317	0.001307	0.001242
Capital Outlay Foundation	0.001424	0.001520	0.001249	0.001276	0.001361	0.000877	0.000250	0.000982	0.000930	0.000828
Charter School	0.000083	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
10% of Basic Capital	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000576	0.000464	0.000493	0.000884
Total direct rate	0.007327	0.007883	0.007568	0.006636	0.007094	0.007319	0.007153	0.006706	0.006639	0.006214
Overlapping rates:*										
Provo City	0.002089	0.002239	0.002377	0.002775	0.002956	0.003032	0.002843	0.002394	0.002307	0.002122
Utah County	0.000779	0.000834	0.000870	0.000916	0.001006	0.001127	0.001342	0.001294	0.001203	0.001105
Central UT Water District	0.000400	0.000400	0.000405	0.000422	0.000446	0.000455	0.000436	0.000421	0.000400	0.000286

* source: www.taxrates.utah.gov

- [1] 10% of Basic Operating was established by state law in 2009, prior to 2009 10% of basic was only for capital
- [2] Reading Program not used by District until tax year 2008, become available by law in 2004
- [n/a] Detail of tax rate no longer available

School Year	WPU	Dollar Change	Percent Change
1975-76	\$ 621	\$ -	-
1976-77	\$ 683	\$ 62	10.0%
1977-78	\$ 732	\$ 49	7.2%
1978-79	\$ 795	\$ 63	8.6%
1979-80	\$ 852	\$ 57	7.2%
1980-81	\$ 946	\$ 94	11.0%
1981-82	\$ 1,003	\$ 57	6.0%
1982-83	\$ 1,103	\$ 100	10.0%
1983-84	\$ 1,103	\$ -	0.0%
1984-85	\$ 1,124	\$ 21	1.9%
1985-86	\$ 1,180	\$ 56	5.0%
1986-87	\$ 1,204	\$ 24	2.0%
1987-88	\$ 1,204	\$ -	0.0%
1988-89	\$ 1,204	\$ -	0.0%
1989-90	\$ 1,240	\$ 36	3.0%
1990-91	\$ 1,346	\$ 106	8.5%
1991-92	\$ 1,408	\$ 62	4.6%
1992-93	\$ 1,490	\$ 82	5.8%
1993-94	\$ 1,539	\$ 49	3.3%
1994-95	\$ 1,608	\$ 69	4.5%
1995-96	\$ 1,672	\$ 64	4.0%
1996-97	\$ 1,739	\$ 67	4.0%
1997-98	\$ 1,791	\$ 52	3.0%
1998-99	\$ 1,854	\$ 63	3.5%
1999-2000	\$ 1,901	\$ 47	2.5%
2000-01	\$ 2,006	\$ 105	5.5%
2001-02	\$ 2,116	\$ 110	5.5%
2002-03	\$ 2,132	\$ 16	0.8%
2003-04	\$ 2,150	\$ 18	0.8%
2004-05	\$ 2,182	\$ 32	1.5%
2005-06	\$ 2,280	\$ 98	4.5%
2006-07	\$ 2,417	\$ 137	6.0%
2007-08	\$ 2,514	\$ 97	4.0%
2008-09	\$ 2,577	\$ 63	2.5%
2009-10	\$ 2,577	\$ -	0.0%
2010-11	\$ 2,577	\$ -	0.0%
2011-12	\$ 2,816	\$ 239	9.3%
2012-13	\$ 2,842	\$ 26	0.9%
2013-14	\$ 2,899	\$ 57	2.0%
2014-15	\$ 2,971	\$ 72	2.5%
2015-16	\$ 3,092	\$ 121	4.1%
2016-17	\$ 3,184	\$ 92	3.0%
2017-18	\$ 3,311	\$ 127	4.0%

PROVO CITY SCHOOL DISTRICT

Changes in Fund Balance & Ratio of Annual Debt Service to General Fund Expenditures

June 30, 2009 through June 30, 2018

Modified Accrual-Based Accounting

	2018	2017	2016	2015
Revenues:				
Property taxes	\$ 26,762,574	\$ 26,310,700	\$ 22,720,856	\$ 20,808,558
Other local sources	4,813,702	3,751,585	3,666,797	2,990,279
State of Utah	84,782,657	82,795,715	76,361,890	70,389,904
Federal government	8,482,019	9,924,840	10,429,429	10,593,904
Total revenues	<u>124,840,952</u>	<u>122,782,840</u>	<u>113,178,972</u>	<u>104,782,645</u>
Expenditures:				
Instructional services	76,287,006	78,028,370	76,138,778	74,229,205
Supporting services:				
Students	8,088,360	6,866,314	4,351,628	4,103,008
Instructional staff	8,379,815	4,910,014	1,401,766	1,277,995
District administration	1,453,592	2,743,761	2,677,541	2,220,421
School administration	7,199,465	6,530,722	6,074,372	5,650,292
Business	4,999,674	5,715,810	5,572,004	4,704,250
Operations and maintenance	9,560,307	8,583,757	6,855,656	5,407,883
Student transportation	2,045,629	2,341,818	2,111,779	1,986,869
Other	-	-	-	-
School food services	52,748			
Community services	540,859	2,504,604	3,836,172	3,291,762
Capital Outlay	3,177,257	28,732	-	-
Debt service:				
Principal retirement	8,533	-	-	-
Interest and fees	-	-	-	-
Total expenditures	<u>121,793,245</u>	<u>118,253,902</u>	<u>109,019,696</u>	<u>102,871,685</u>
Excess (deficiency) of revenues over expenditures	3,047,707	4,528,938	4,159,276	1,910,960
Other financing sources (uses):				
Sale of assets	288,316	26,217	20,731	15,824
Transfers In (Out)	(2,000,000)	-	(1,500,000)	(505,997)
Insurance recoveries				
Proceeds from Capital lease obligation	-	-	-	-
Total other financing sources (uses)	<u>(1,711,684)</u>	<u>26,217</u>	<u>(1,479,269)</u>	<u>(490,173)</u>
Net change in fund balance	<u>\$ 1,336,023</u>	<u>\$ 4,555,155</u>	<u>\$ 2,680,007</u>	<u>\$ 1,420,787</u>
Total debt service expenditures (all funds) (general obligations, capital leases, etc.)	\$ 9,828,518	\$ 9,921,904	\$ 9,834,812	\$ 6,455,797
Debt service as a percentage of total general fund expenditures	8.1%	8.4%	9.0%	6.3%

PROVO CITY SCHOOL DISTRICT
 Changes in Fund Balance & Ratio of Annual Debt Service to General Fund Expenditures - Continued
 June 30, 2009 through June 30, 2018
 Modified Accrual-Based Accounting

2014	2013	2012	2011	2010	2009
\$ 20,657,597	\$ 19,574,339	\$ 20,730,368	\$ 18,126,128	\$ 18,454,770	\$ 15,574,726
4,241,205	3,673,465	3,777,236	3,804,292	2,413,107	2,308,600
59,502,309	55,110,921	51,556,199	51,001,740	51,756,518	55,099,893
<u>11,992,367</u>	<u>12,616,532</u>	<u>11,381,864</u>	<u>14,610,869</u>	<u>14,486,136</u>	<u>13,499,469</u>
<u>96,393,478</u>	<u>90,975,257</u>	<u>87,445,667</u>	<u>87,543,029</u>	<u>87,110,531</u>	<u>86,482,688</u>
67,739,515	65,776,955	64,984,092	64,604,710	61,744,803	62,639,826
3,804,067	3,542,614	3,852,848	3,675,095	3,681,968	3,681,831
1,405,164	1,569,945	1,521,358	1,421,080	2,060,247	2,074,908
1,595,972	1,541,051	1,551,884	1,216,376	1,160,972	778,689
5,429,688	5,196,888	5,155,525	5,023,070	4,851,866	5,030,421
4,984,781	2,803,584	3,004,179	2,888,383	2,905,870	2,823,844
5,137,464	5,065,572	5,177,986	4,169,208	3,605,897	1,887,139
2,005,641	2,158,201	2,126,248	1,901,723	1,952,076	2,053,738
21,617	1,011,101	1,176,456	1,106,071	61,739	91,078
2,372,925	2,992,710	-	-	-	-
-	-	-	-	-	-
-	-	14,461	33,671	310,211	277,972
-	-	539	1,329	16,789	22,028
<u>94,496,834</u>	<u>91,658,621</u>	<u>88,565,576</u>	<u>86,040,715</u>	<u>82,352,438</u>	<u>81,361,475</u>
1,896,644	(683,364)	(1,119,909)	1,502,314	4,758,093	5,121,212
23,950	23,518	7,662	29,427	60,773	11,564
-	-	-	(106,331)	-	-
-	41,266	-	-	-	-
<u>23,950</u>	<u>64,784</u>	<u>7,662</u>	<u>(76,904)</u>	<u>142,494</u>	<u>11,564</u>
<u>\$ 1,920,594</u>	<u>\$ (618,580)</u>	<u>\$ (1,112,247)</u>	<u>\$ 1,425,410</u>	<u>\$ 4,900,587</u>	<u>\$ 5,132,777</u>
\$ 6,920,236	\$ 6,997,377	\$ 6,436,121	\$ 6,460,229	\$ 6,760,264	\$ 6,714,138
7.3%	7.6%	7.3%	7.5%	8.2%	8.3%

PROVO CITY SCHOOL DISTRICT
Schedule of Long Term Debt Service

		2019	2020	2021	2022	2023	2024	2025	2026
General obligation bonds:									
<i>Debt Service Fund</i>									
Series 2015 Refunding	Principal	\$2,095,000	\$2,155,000	\$2,195,000	\$2,225,000	\$2,255,000	\$2,315,000	\$2,345,000	\$ 2,395,000
\$22,790,000	Interest	420,675	376,052	330,150	283,397	236,004	187,973	138,663	88,715
Series 2015	Principal	1,970,000	2,070,000	2,175,000	2,280,000	2,395,000	2,450,000	2,510,000	2,580,000
\$50,615,000	Interest	1,546,588	1,448,088	1,344,588	1,235,838	1,121,838	1,067,950	1,006,700	937,675
Series 2016	Principal	1,850,000	1,950,000	2,050,000	2,125,000	2,250,000	2,350,000	2,475,000	2,600,000
\$9,400,000	Interest	1,869,063	1,776,563	1,679,063	1,597,063	1,490,813	1,378,313	1,260,813	1,137,063
Total Principal - General Obligation Bonds		5,915,000	6,175,000	6,420,000	6,630,000	6,900,000	7,115,000	7,330,000	7,575,000
Total Interest - General Obligation Bonds		3,836,326	3,600,703	3,353,801	3,116,298	2,848,655	2,634,236	2,406,176	2,163,453
Total - General Obligation Bonds		9,751,326	9,775,703	9,773,801	9,746,298	9,748,655	9,749,236	9,736,176	9,738,453
Lease revenue bonds:									
<i>Debt Service Fund</i>									
2010 Lease Revenue Bonds	Principal	-	-	-	-	-	-	-	6,462,000
\$ 6,462,000	Interest	45,535	39,877	34,219	28,561	22,903	17,245	11,587	59,612
Total - Lease Revenue Bonds		45,535	39,877	34,219	28,561	22,903	17,245	11,587	6,521,612
Total - Bonds payable		9,796,861	9,815,580	9,808,020	9,774,859	9,771,558	9,766,481	9,747,763	16,260,065
Obligations under lease agreements:									
<i>General Fund</i>									
2012 Capital Lease	Principal	8,789	-	-	-	-	-	-	-
\$45,375	Interest	286	-	-	-	-	-	-	-
Total Principal - lease obligations		8,789	-	-	-	-	-	-	-
Total Interest - lease obligations		286	-	-	-	-	-	-	-
Total lease obligations		9,075	-	-	-	-	-	-	-
Note payable:									
<i>Capital Projects Fund</i>									
2011 Energy Efficiency Chiller	Principal	21,921	22,642	23,387	24,157	24,951	25,772	13,202	-
\$264,697	Interest	4,806	4,085	3,340	2,570	1,776	955	161	-
Total note payable		26,727	26,727	26,727	26,727	26,727	26,727	13,363	-
Total long-term debt obligations:									
Total Principal - All Funds - All Long-Term Debt		5,945,710	6,197,642	6,443,387	6,654,157	6,924,951	7,140,772	7,343,202	14,037,000
Total Interest - All Funds - All Long-Term Debt		3,886,953	3,644,665	3,391,360	3,147,429	2,873,334	2,652,436	2,417,924	2,223,065
Total - All Funds - All Long-Term Debt		\$9,832,663	\$9,842,307	\$9,834,747	\$9,801,586	\$9,798,285	\$9,793,208	\$9,761,126	\$16,260,065

PROVO CITY SCHOOL DISTRICT
Schedule of Long Term Debt Service

2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Totals
\$1,770,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,750,000
37,701	-	-	-	-	-	-	-	-	-	2,099,330
2,655,000	2,735,000	2,830,000	2,930,000	3,035,000	3,125,000	3,220,000	3,315,000	3,415,000	-	45,690,000
860,275	780,625	684,900	585,850	483,300	392,250	298,500	201,900	102,450	-	14,099,315
2,725,000	2,775,000	2,825,000	2,950,000	3,075,000	3,150,000	3,275,000	3,375,000	3,475,000	3,600,000	48,875,000
1,007,063	952,563	897,063	784,063	666,063	566,125	463,750	357,313	247,625	126,000	18,256,382
7,150,000	5,510,000	5,655,000	5,880,000	6,110,000	6,275,000	6,495,000	6,690,000	6,890,000	3,600,000	114,315,000
1,905,039	1,733,188	1,581,963	1,369,913	1,149,363	958,375	762,250	559,213	350,075	126,000	34,455,027
9,055,039	7,243,188	7,236,963	7,249,913	7,259,363	7,233,375	7,257,250	7,249,213	7,240,075	3,726,000	148,770,027
-	-	-	-	-	-	-	-	-	-	6,462,000
-	-	-	-	-	-	-	-	-	-	259,536
-	-	-	-	-	-	-	-	-	-	6,721,536
9,055,039	7,243,188	7,236,963	7,249,913	7,259,363	7,233,375	7,257,250	7,249,213	7,240,075	3,726,000	155,491,563
-	-	-	-	-	-	-	-	-	-	8,789
-	-	-	-	-	-	-	-	-	-	286
-	-	-	-	-	-	-	-	-	-	8,789
-	-	-	-	-	-	-	-	-	-	286
-	-	-	-	-	-	-	-	-	-	9,075
-	-	-	-	-	-	-	-	-	-	156,032
-	-	-	-	-	-	-	-	-	-	17,693
-	-	-	-	-	-	-	-	-	-	173,725
7,150,000	5,510,000	5,655,000	5,880,000	6,110,000	6,275,000	6,495,000	6,690,000	6,890,000	3,600,000	120,941,821
1,905,039	1,733,188	1,581,963	1,369,913	1,149,363	958,375	762,250	559,213	350,075	126,000	34,732,542
\$9,055,039	\$7,243,188	\$7,236,963	\$7,249,913	\$7,259,363	\$7,233,375	\$7,257,250	\$7,249,213	\$7,240,075	\$3,726,000	\$155,674,363

PROVO CITY SCHOOL DISTRICT
Ratios of Outstanding Debt
June 30,2009 through June 30, 2018

Fiscal Year Ended June 30,	Outstanding General Obligation Bonds	Net General Bonded Debt as Percentage of Taxable Value	Net General Obligation Bonded Debt Per Capita	Net General Obligation Bonded Debt Per Student	Outstanding Capital Lease, Notes Payable, and Lease Revenue Obligations	Total Debt	Total Debt as Percentage of Taxable Value	Total Debt Per Capita	Total Debt Per Student
2018	\$ 114,315,000	1.91%	\$ 975	\$ 7,030	\$ 6,656,808	\$ 120,971,808	2.05%	\$ 1,049	\$ 7,561
2017	119,985,000	2.00%	1,025	6,961	6,656,808	126,641,808	2.14%	1,098	7,457
2016	125,700,000	2.35%	1,075	7,300	6,707,093	132,407,093	2.51%	1,148	7,796
2015	84,337,005	1.63%	724	5,028	5,333,227	89,670,232	1.75%	778	5,402
2014	35,006,000	0.96%	304	2,479	5,583,266	40,589,266	0.98%	352	2,874
2013	39,947,000	0.96%	346	2,829	6,051,772	45,998,772	1.11%	399	3,257
2012	43,843,000	0.67%	374	2,921	6,470,506	50,313,506	0.78%	436	3,406
2011	48,182,000	0.72%	400	3,537	6,484,967	54,666,967	0.83%	461	4,084
2010	52,368,000	0.74%	434	3,887	6,518,638	58,886,638	0.85%	497	4,456
2009	56,384,000	1.11%	468	4,224	300,000	56,684,000	1.14%	478	4,321

PROVO CITY SCHOOL DISTRICT
Overlapping and Underlying General Obligation Debt
Fiscal Year Ending June 30, 2017

Taxing Entity	2017 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	\$ 251,598,000,000	\$ 5,904,585,986	2.16%	\$ 2,173,985,000	\$ 46,869,815
CUWCD (1)	38,866,466,595	\$ 5,904,585,986	13.96%	678,610,000	94,708,525
Utah County	38,866,466,595	\$ 5,904,585,986	13.96%	-	-
Total Overlapping					<u>141,578,340</u>
Underlying:					
Provo City (2)	\$ 5,424,302,232	\$ 5,424,302,232	100.00%	34,170,000	<u>34,170,000</u>
Total Underlying					<u>34,170,000</u>
Total Overlapping and Underlying General Obligation Debt					<u>\$ 175,748,340</u>
Total overlapping general obligation debt (excluding the State) (3)					94,708,525
Total direct general obligation bonded indebtedness					<u>114,315,000</u>
Total direct and overlapping general obligation debt (excluding the State) (3)					<u>\$ 209,023,525</u>
Total underlying general obligation debt					34,170,000
Total direct general obligation bonded indebtedness					<u>114,315,000</u>
Total direct and underlying general obligation debt					<u>\$ 148,485,000</u>
Total overlapping and underlying general obligation debt (excluding the State) (3)					128,878,525
Total direct general obligation bonded indebtedness					<u>114,315,000</u>
Total direct, overlapping, and underlying general obligation debt (excluding the State) (3)					<u>\$ 243,193,525</u>

Taxable Value: Taxable values used in this table for non-district entities were derived from www.taxrates.utah.gov

(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
 June 30,2009 through June 30, 2018

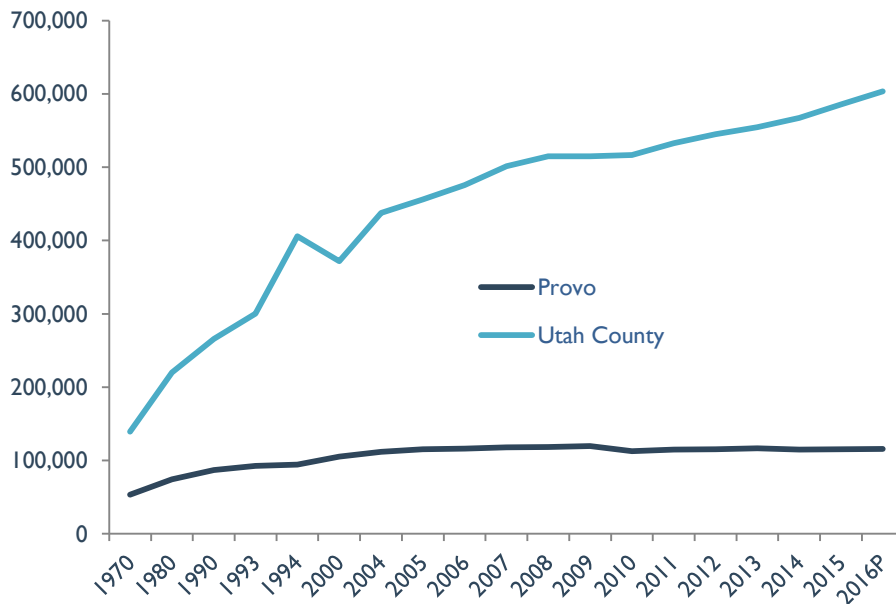
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Estimated Fair Market Value	\$ 8,785,451,744	\$ 7,904,221,043	\$7,568,631,079	\$ 7,204,269,301	\$ 6,634,648,400	\$ 6,310,719,080	\$ 6,447,129,327	\$ 6,573,948,214	\$ 6,966,327,621	\$ 7,956,509,341
"Fair Market Value" X 4% (Debt Limit)	351,418,070	316,168,842	302,745,243	288,170,772	252,428,763	252,428,763	257,885,173	262,957,929	278,653,105	318,260,374
Less: General Obligation Debt	114,315,000	119,985,000	127,500,000	81,955,000	35,006,000	39,947,000	43,843,000	48,182,000	52,368,000	56,384,000
Legal Debt Margin*	<u>237,103,070</u>	<u>196,183,842</u>	<u>175,245,243</u>	<u>206,215,772</u>	<u>217,422,763</u>	<u>212,481,763</u>	<u>214,042,173</u>	<u>214,775,929</u>	<u>226,285,105</u>	<u>261,876,374</u>
Ratio Legal Debt Margin to Legal Debt Limit	67.47%	62.05%	57.89%	71.56%	86.13%	84.17%	83.00%	81.68%	81.21%	82.28%

*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.

Provo/Utah County Population

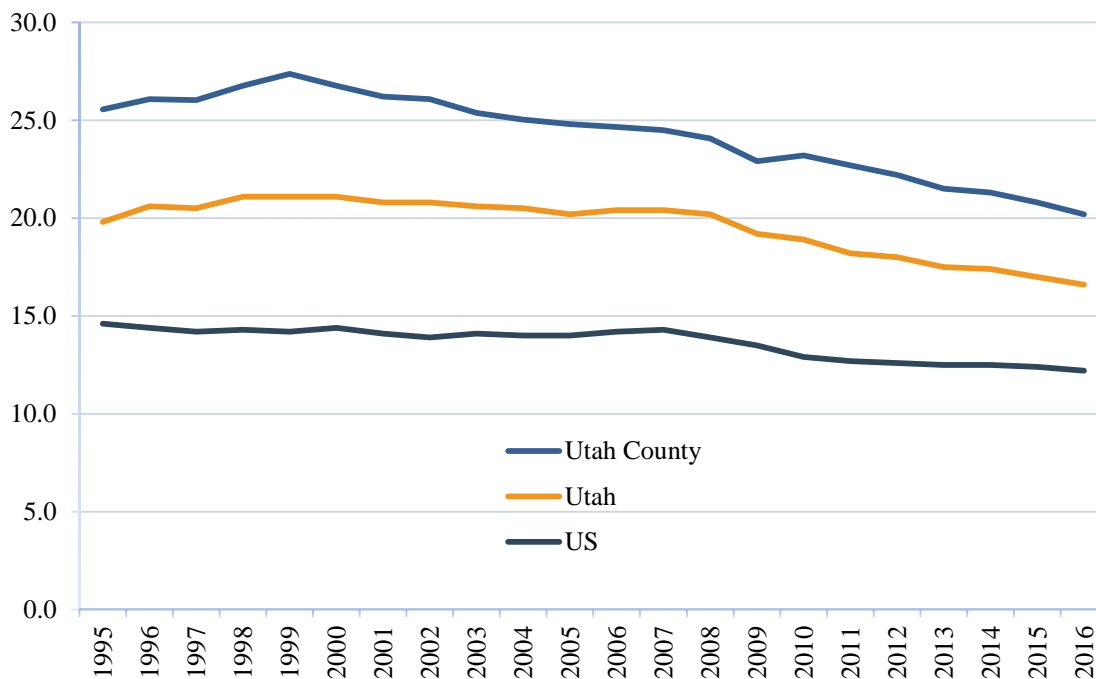
Year	Provo	Utah County
1970	53,131	139,300
1980	74,111	220,000
1990	86,835	265,766
1993	92,630	300,447
1994	94,210	405,977
2000	105,439	371,894
2004	111,718	437,627
2005	115,135	456,073
2006	116,217	475,425
2007	117,791	501,447
2008	118,468	515,000
2009	119,775	515,000
2010	112,488	516,564
2011	114,684	532,753
2012	115,461	544,892
2013	116,386	554,401
2014	114,868	567,208
2015	115,264	585,694
2016 ^P	115,610	603,362

P—Projected



Birth Rates 1995-2016

Year	Utah County	Utah	US
1995	25.6	19.8	14.6
1996	26.1	20.6	14.4
1997	26.0	20.5	14.2
1998	26.8	21.1	14.3
1999	27.4	21.1	14.2
2000	26.8	21.1	14.4
2001	26.2	20.8	14.1
2002	26.1	20.8	13.9
2003	25.4	20.6	14.1
2004	25.0	20.5	14.0
2005	24.8	20.2	14.0
2006	24.7	20.4	14.2
2007	24.5	20.4	14.3
2008	24.1	20.2	13.9
2009	22.9	19.2	13.5
2010	23.2	18.9	12.9
2011	22.7	18.2	12.7
2012	22.2	18.0	12.6
2013	21.5	17.5	12.5
2014	21.3	17.4	12.5
2015	20.8	17.0	12.4
2016	20.2	16.6	12.2



	<u>2016</u>	<u>2007</u>
EMPLOYER	<u>Employees</u>	<u>Employees</u>
BRIGHAM YOUNG UNIVERSITY	5000-6999	5,000
UTAH VALLEY REGIONAL MED CENTER	3000-3999	2104
VIVINT, INC.	2000-2999	
PROVO CITY	500-1499	603
PROVO SCHOOL DISTRICT	500-1500	1400
UTAH COUNTY	500-999	900
ANCESTRY.COM OPERATIONS, INC.	500-999	
CENTRAL UTAH MEDICAL CLINIC	500-999	525
CHRYSALIS UTAH, INC.	500-999	
CITIZENS TELECOMMUNICATIONS	500-999	
NU SKIN INTERNATIONAL INC	500-999	1300
QUALTRICS, LLC	500-999	
RBD ACQUISITION SUB, INC.	500-999	
SUNDANCE RESORT	500-999	
UTAH STATE HOSPITAL	250-499	825
HERITAGE SCHOOLS, INC.	250-499	300
INSIDESALES.COM	250-499	
KELLY SERVICES USA, LLC	250-499	
NOVELL, INC.	250-499	1890
NSE PRODUCTS, INC.	250-499	
NU SKIN UNITED STATES	250-499	
RESULTS CUSTOMER SOLUTIONS LLC	250-499	
SOLUTIONS STAFFING GROUP INC	250-499	
UHS OF PROVO CANYON INC	100-249	

PROVO CITY SCHOOL DISTRICT
 Full Time Equivalent by Function
 Fiscal Years 2009 through 2018

Function	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Instruction	1,000	984	977	984	998	1,005	1,002	1,022	1,020	1,022
Students	52	51	49	50	50	50	50	68	84	101
Instructional Staff	40	41	31	32	32	32	27	29	42	90
General Administration	16	15	16	17	17	17	17	24	26	17
School Administration	74	70	70	70	70	72	65	71	76	81
Business and Central	20	26	27	26	26	26	41	47	51	43
Operation and Maintenance	148	148	95	95	95	95	133	109	114	114
Transportation	44	46	44	46	46	46	66	51	39	48
Other Support	1	1	25	26	26	26	-	-	-	-
Food Services	92	82	92	92	80	84	77	82	87	76
Community Services	146	100	93	93	93	93	103	62	47	4
Total FTEs	1,633	1,564	1,519	1,531	1,533	1,546	1,583	1,566	1,587	1,596

** FY 2018 FTE employee functions were adjusted to align to new State mandated standards, resulting in large shifts in totals

PROVO CITY SCHOOL DISTRICT
Average Daily Membership , by School (Unaudited)
Fiscal Years 2009 through 2018

School	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Amelia Earhart Elementary	549	569	560	588	558	551	515	532	523	504
Canyon Crest Elementary	497	469	487	494	532	541	541	538	547	524
Edgemont Elementary	455	505	525	565	569	570	632	623	626	645
Provo Peaks Elementary ²	439	412	366	462	506	484	613	592	571	546
Franklin Elementary	571	544	521	517	516	494	453	472	450	407
Lakeview Elementary ¹	684	693	680	685	673	724	765	787	754	813
Provost Elementary	428	434	438	457	440	436	447	464	472	445
Rock Canyon Elementary	635	580	600	625	623	642	634	612	623	591
Spring Creek Elementary	523	567	564	570	567	558	501	486	476	418
Sunset View Elementary	572	568	560	531	527	541	510	473	561	568
Timpanogos Elementary	601	621	629	630	672	663	703	758	668	649
Wasatch Elementary	644	704	774	864	861	906	965	944	892	883
Westridge Elementary	851	862	870	889	893	890	826	785	806	769
Centennial Middle	1,050	1,030	1,003	996	1,033	1023	988	1056	1103	1,119
Dixon Middle	830	854	863	835	833	836	822	847	869	835
Provo High	1,745	1,696	1,705	1,683	1,777	1825	1895	1924	1901	1,853
Timpview High	1,826	1,822	1,900	1,938	1,953	1967	1976	2058	2114	2,173
Independence High	324	265	277	328	322	326	251	259	285	190
Oak Springs	44	3	2	-	74	63	45	48	42	39
Central Utah Enterprises	20	24	47	51	51	47	83	65	0	0
eSchool ³	-	19	14	90	270	737	2435	2660	3557	2020
Total:	13,288	13,241	13,385	13,798	14,250	14,824	16,600	16,983	17,840	15,991
Elementary Enrollment	7,449	7,528	7,574	7,877	7,937	8,000	8,105	8,066	7,969	7,762
Middle Enrollment	1,880	1,884	1,866	1,831	1,866	1,859	1,810	1,903	1,972	1,954
HS Enrollment	3,895	3,783	3,882	3,949	4,052	4,118	4,122	4,241	4,300	4,216
All Traditional Enrollment	13,224	13,195	13,322	13,657	13,855	13,977	14,037	14,210	14,241	13,932

^PProjected

¹Grandview Elementary prior to FY 2007-08

²Farrer Elementary prior to Fy 2011-12

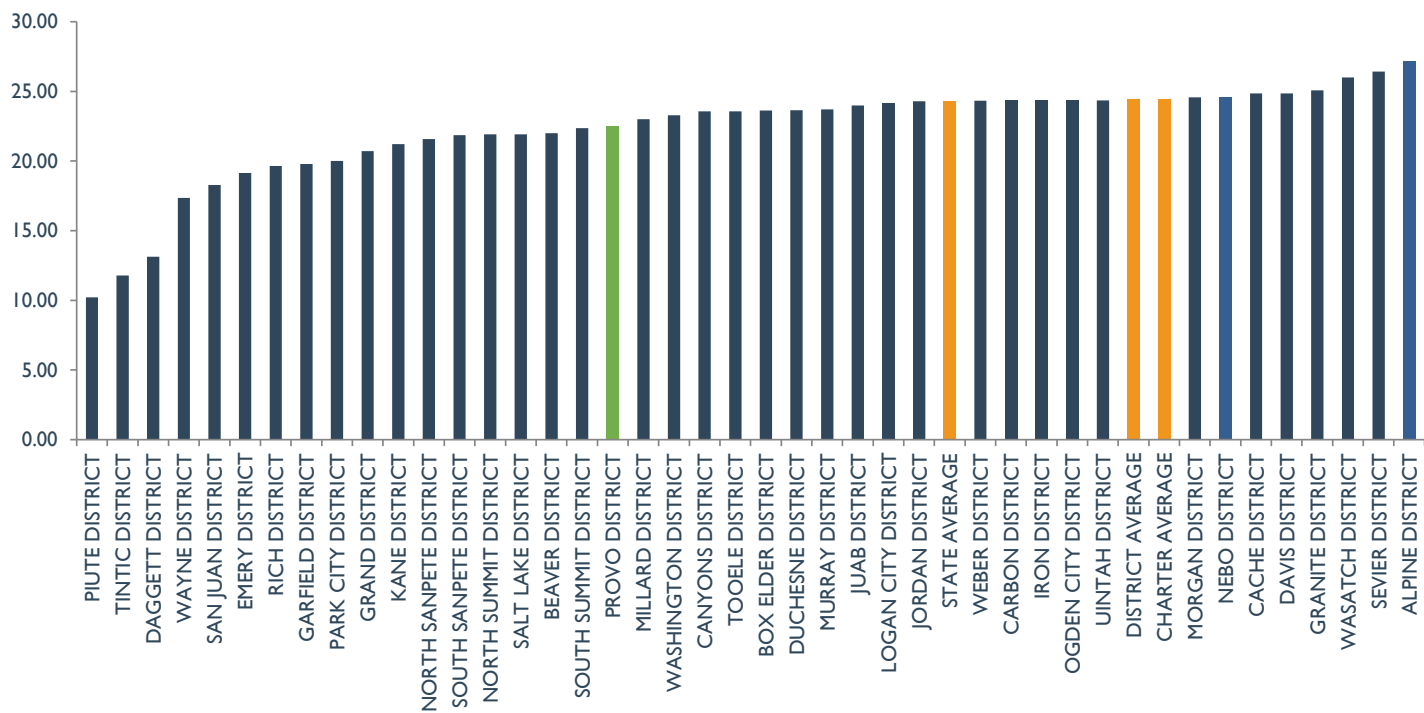
³Aggregate of full-time students only

PROVO CITY SCHOOL DISTRICT
Average Daily Membership by School by Grade (Unaudited)
June 30, 2018

School	K	1st	2nd	3rd	4th	5th	6th	Total Enrollment
AMELIA EARHART	71	74	67	70	82	71	69	504
CANYON CREST	71	76	77	76	75	82	67	524
EDGEMONT	65	99	105	99	95	93	89	645
PROVO PEAKS	94	60	74	69	85	94	70	546
FRANKLIN	63	67	52	60	46	58	61	407
LAKEVIEW	124	102	113	114	118	128	114	813
PROVOST	65	67	69	64	71	60	49	445
ROCK CANYON	75	83	75	87	86	104	81	591
SPRING CREEK	52	61	50	64	61	66	64	418
SUNSET VIEW	79	75	81	77	92	77	87	568
TIMPANOGOS	91	94	102	99	86	87	90	649
WASATCH	98	128	120	124	137	136	140	883
WESTRIDGE	102	116	99	118	105	124	105	769

	7th	8th	9th	10th	11th	12th	Total Enrollment
CENTENNIAL	586	533	-	-	-	-	1,119
DIXON	416	419	-	-	-	-	835
PROVO H.S.	-	26	472	466	447	442	1,853
TIMPVIEW H.S.	-	-	606	524	511	532	2,173
INDEPENDENCE H.S.	-	-	12	37	41	100	190
OAK SPRINGS/SLATE CANYON	All grades combined						39
Eschool@psd	All grades combined						2,020

Total Enrollment - Districtwide	15,991
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PROVO CITY SCHOOL DISTRICT
Per Pupil Expenditures by Function
June 30,2009 through June 30, 2018

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	5,071	4,602	4,711	4,698	4,871	4,923	4,649	5,088	4,972	5,047
Supporting Services										
Student	517	385	256	247	262	251	261	275	283	280
Instructional Staff	479	210	83	77	122	111	103	106	158	158
District administration	177	219	158	134	115	109	105	91	89	59
School administration	450	366	358	340	382	368	349	375	372	383
Business	324	364	401	350	279	199	203	216	223	215
Operation and maintenance of facilities	767	516	452	377	384	428	391	511	413	411
Student transportation	158	131	139	120	138	153	150	142	165	156
Other	-	-	-	-	-	72	80	83	5	7
School food services	358	310	317	322	397	387	364	389	377	386
Community services	111	165	226	215	445	435	239	251	265	358
Facilities and construction	2,984	3,450	1,912	452	398	696	774	936	442	528
Debt service	615	551	585	423	105	125	141	167	187	197
Total school district	12,011	11,269	9,598	7,755	7,899	8,257	7,809	8,630	7,951	8,185
Student average daily membership	15,991	17,840	16,983	16,600	14,824	14,123	14,772	13,385	13,033	13,141

Location/Site	Year Built/Renovated Substantially	Square Footage
Elementary Schools:		
Amelia Earhart	1999	69,733
Canyon Crest	1982	68,240
Edgemont	2017	70,000
Provo Peaks	2011	80,000
Franklin	1994	75,801
Lakeview	2007	77,480
Provost	2018	63,560
Rock Canyon	2016	71,367
Spring Creek	2002	70,720
Sunset View	2016	71,367
Timpanogos	2008	69,247
Wasatch	1949	45,326
Westridge	1979	73,928
Secondary Schools:		
Centennial Middle School	1996	144,795
Dixon Middle School	1931	124,276
Provo High School	1956	325,842
Timpview High School	1974	409,803
Independence High School	1992	48,121
Other:		
Oakridge	1979	43,992
District Office	1965	28,875
Grandview Learning Center	1949	69,546

AP Exams						
	2013	2014	2015	2016	2017	2018
Total AP students	563	652	767	866	831	902
Number of exams	921	1038	1132	1314	1246	1339
Students scoring 3+	619	622	724	804	876	872
% Scoring 3+	67.2%	59.9%	64.0%	61.2%	70.3%	65.1%

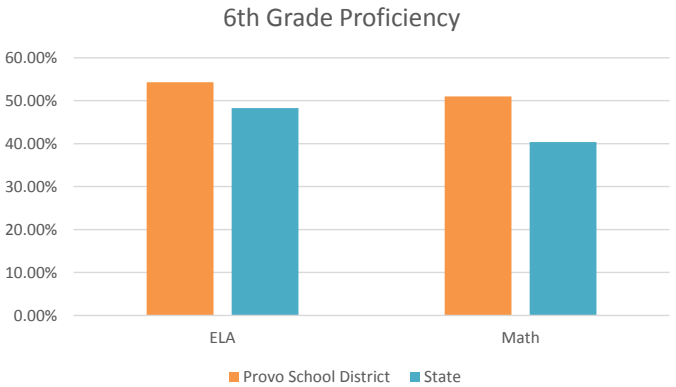
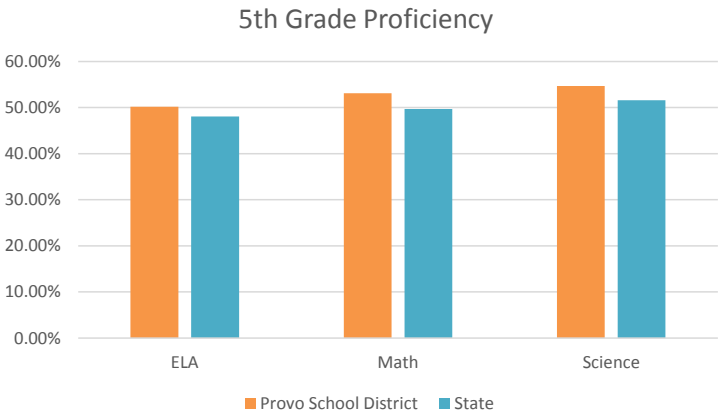
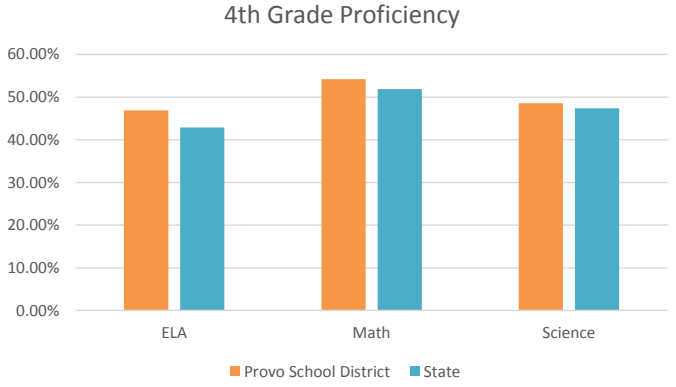
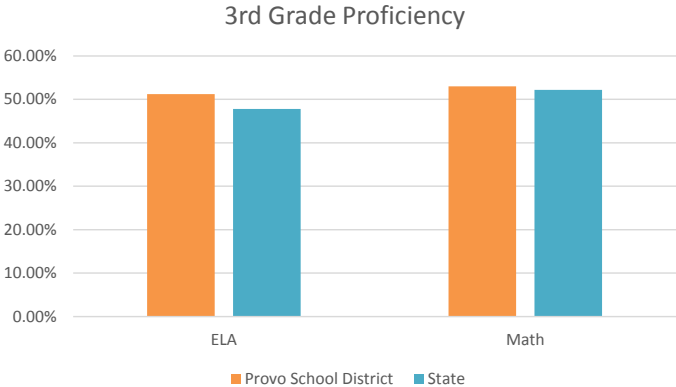
College Credit Earned % of students enrolled in a minimum of 1 credit	
Concurrent Enrollment	54%
AP	48%
CTE Courses	96%

ACT % of students with score = 18+		
	District	State
2012	73%	74%
2013	73%	74%
2014	75%	74%
2015	74%	69%
2016	68%	65%

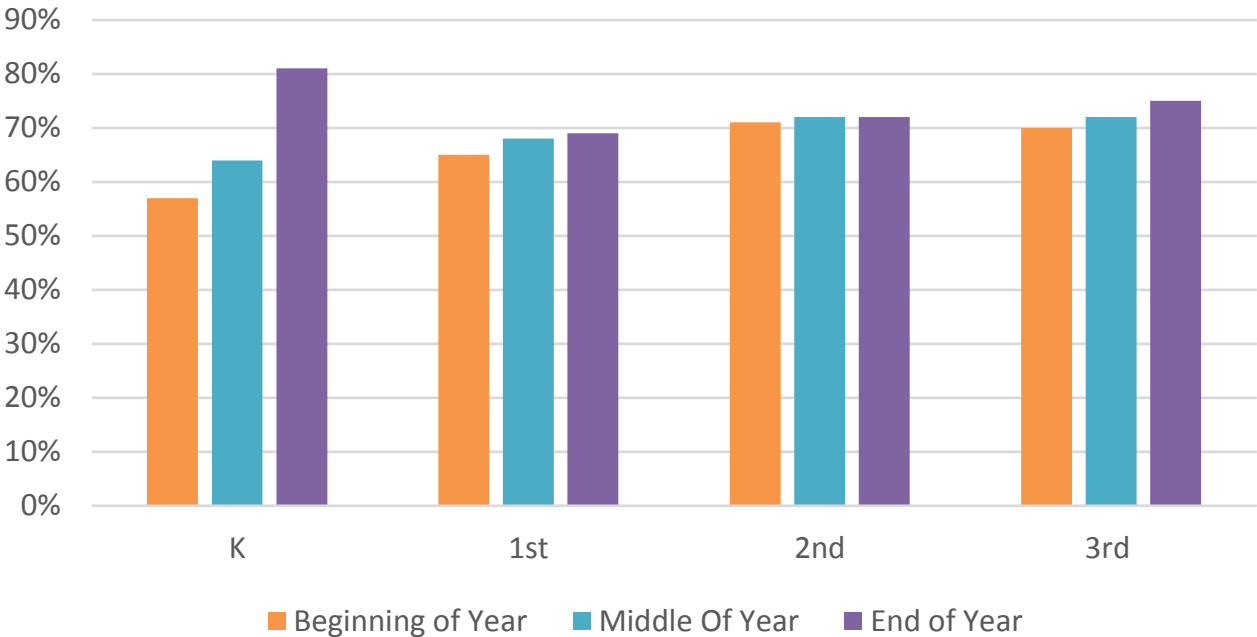
Graduation Rates FY09 - FY17									
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY2016	FY2017
Provo School District	83%	94%	94%	84%	68%	72%	71%	71%	77%
Utah	79%	90%	76%	80%	83%	84%	84%	85%	86%
National	71%	75%	79%	80%	81%	82%	83%	84%	

District Testing Results

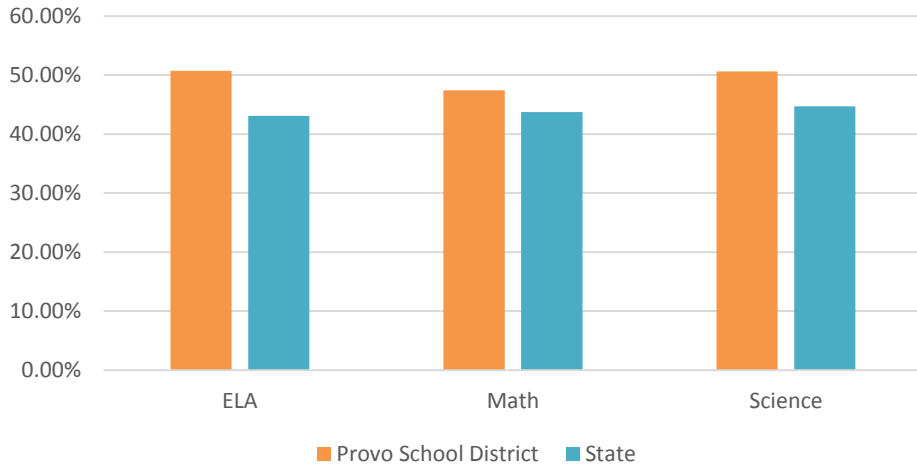
**Grade 6-8 Science data not available at time of report



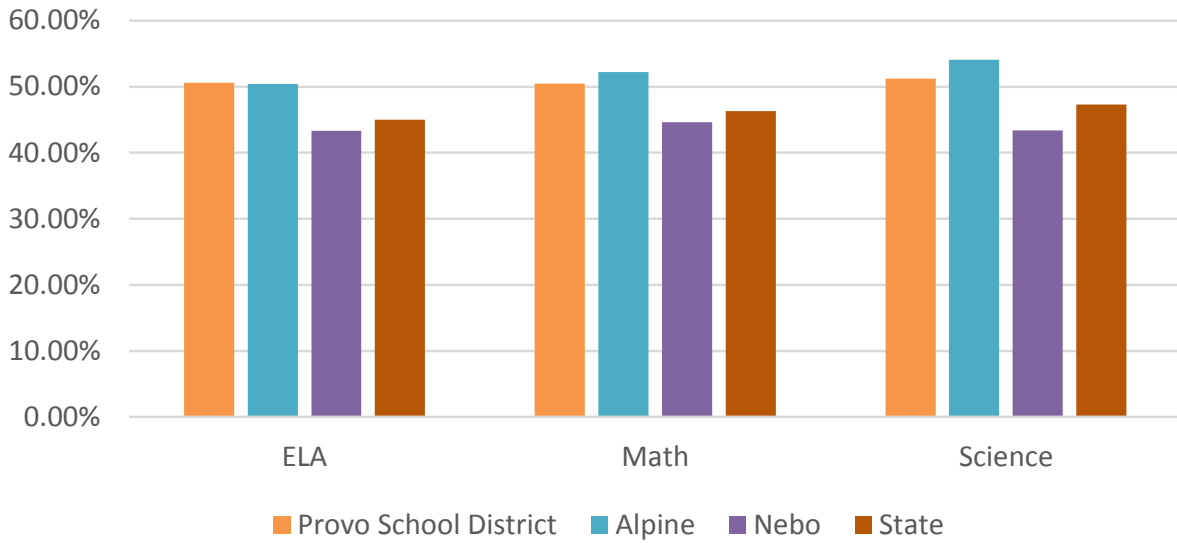
DIBELS results

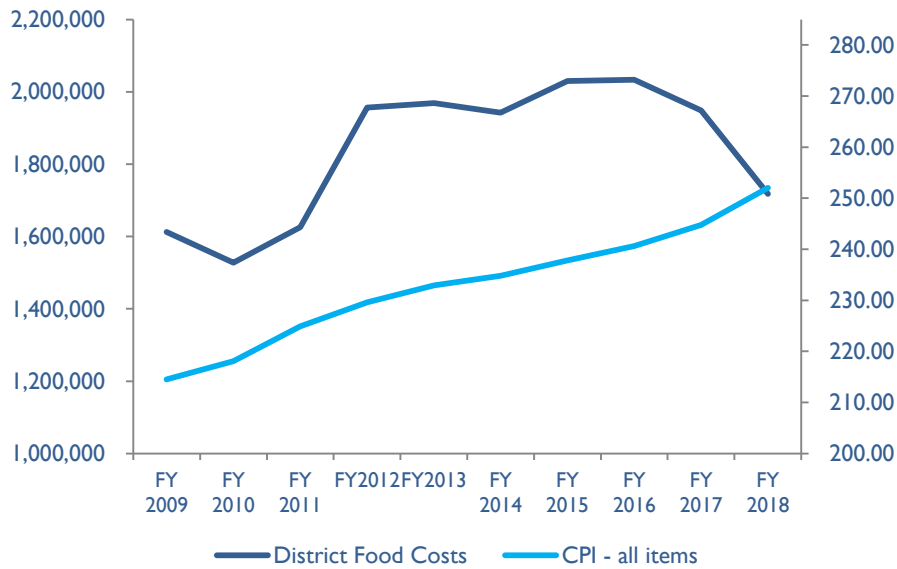


Secondary Test Proficiency



SAGE Results - District Wide (compared with neighboring districts & state)





School Year	Lunches Served	Breakfast Served	Free Lunch Served	% of Free Lunches to Total Served	Reduced Cost Lunch Served	% of Reduced Cost Lunches to Total Served	Total Meals Served	Free/Reduced Meals Served	% F/R Lunch Out of Total Lunches Served
FY 2009	1,311,952	324,889	639,746	48.76%	162,320	12.37%	1,636,841	802,066	61.14%
FY 2010	1,315,197	345,581	693,426	52.72%	155,354	11.81%	1,660,778	848,780	64.54%
FY 2011	1,343,858	338,210	736,472	54.80%	152,940	11.38%	1,682,068	889,412	66.18%
FY 2012	1,319,933	357,943	736,901	55.83%	150,151	11.38%	1,677,876	887,052	67.20%
FY 2013	1,232,859	339,783	732,485	59.41%	157,697	12.79%	1,572,642	890,182	72.20%
FY 2014	1,215,543	329,534	705,006	58.00%	150,490	12.38%	1,545,077	855,496	70.38%
FY 2015	1,209,334	343,320	721,222	59.64%	136,191	11.26%	1,552,654	857,413	70.90%
FY 2016	1,191,836	346,216	704,271	59.09%	137,477	11.53%	1,538,052	841,748	70.63%
FY 2017	1,132,209	319,931	674,123	59.54%	120,880	10.68%	1,452,140	795,003	70.22%
FY 2018	1,086,600	301,280	628,069	57.80%	125,058	11.51%	1,387,880	753,127	69.31%

Year	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	
2008-09		524,340	6,208	226	2,699	214	\$366	48
2009-10		514,980	6,332	204	2,650	211	\$315	48
2010-11		527,340	5,903	234	2,699	231	\$394	48
2011-12		543,832	5,939	214	2,741	260	\$370	45
2012-13		429,001	5,885	165	2,168	215	\$331	40
2013-14		384,987	6,472	179	1,896	243	\$304	41
2014-15		374,013	5,464	174	1,863	283	\$364	43
2015-16		339,395	5,451	175	1,602	283	\$387	43
2016-17		370,834	6,772	167	1,756	315	\$346	43
2017-18		364,928	6,948	163	1,686	356	\$323	43

Based on most current information available at time of publication