
OFFICIAL NOTICE OF BOND SALE

And

PRELIMINARY OFFICIAL STATEMENT

**Board of Education of
Provo City School District, Utah**

\$50,025,000*
General Obligation Bonds
(Utah School Bond Guaranty Program), Series 2016

Electronic bids will be received up to 9:30:00 A.M., M.D.T.,
via the *PARITY*[®] electronic bid submission system, on
Wednesday, June 22, 2016.

* Preliminary; subject to change.

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OFFICIAL NOTICE OF BOND SALE

(Bond Sale to be Conducted Electronically)

Board of Education of Provo City School District, Utah

\$50,025,000* General Obligation Bonds (Utah School Bond Guaranty Program), Series 2016

Bids will be received electronically (as described under “Procedures Regarding Electronic Bidding” below) by the Business Administrator of the Board of Education (the “Board”) of the Provo City School District, Utah (the “District”), at the office of Zions Public Finance, Inc., Salt Lake City, Utah, the Municipal Advisor to the Board (the “Municipal Advisor”) on the *PARITY*® bidding system (“*PARITY*®”) at 9:30:00 a.m., Mountain Daylight Time (“M.D.T.”), on Wednesday, June 22, 2016, for the purchase all or none (“AON”) of \$50,025,000* aggregate principal amount of the Board’s General Obligation Bonds (Utah School Bond Guaranty Program), Series 2016 (the “2016 Bonds”).

The bids will be publicly reviewed and considered by certain designated officers of the Board on Wednesday, June 22, 2016.

Description of 2016 Bonds

The 2016 Bonds will be dated the date of delivery thereof, will be fully-registered bonds, in book-entry form, in denominations of \$5,000 or integral multiples thereof, and will mature on June 15 of the years and in the principal amounts as follows:

<u>Maturity</u> <u>(June 15)</u>	<u>Amount*</u>	<u>Maturity</u> <u>(June 15)</u>	<u>Amount*</u>
2017	\$75,000	2027	\$2,625,000
2018	1,825,000	2028	2,750,000
2019	1,875,000	2029	2,875,000
2020	1,925,000	2030	2,975,000
2021	1,975,000	2031	3,050,000
2022	2,050,000	2032	3,150,000
2023	2,150,000	2033	3,250,000
2024	2,250,000	2034	3,350,000
2025	2,375,000	2035	3,450,000
2026	2,500,000	2036	3,550,000
Total			<u>\$50,025,000*</u>

The 2016 Bonds will be issued in registered form and, when issued, will be registered in the name of The Depository Trust Company, New York, New York, or its nominee. The Depository Trust Company will

* Preliminary; subject to change.

act as securities depository for the 2016 Bonds. Purchases of beneficial interests in the 2016 Bonds will be made in book-entry form in the denomination of \$5,000 or any whole multiple thereof.

Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option

The 2016 Bonds scheduled to mature on two or more of the above-designated maturity dates may be rescheduled, at bidder's option, to mature as term bonds on one or more dates within that period, in which event the 2016 Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above-designated maturity dates and principal amounts maturing on those dates, as adjusted.

Adjustment of Principal Amount of the 2016 Bonds

The Board reserves the right, following determination of the best bid(s) to reduce or increase the principal amount of each maturity of the 2016 Bonds. The adjustment of maturities may be made in such amounts as are necessary to provide the Board with desired debt service payments during the life of the 2016 Bonds. Any such adjustment will be in an amount of \$5,000 or a whole multiple thereof. The dollar amount of the price bid by the successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits, and the Board will consider the bid as having been made for the adjusted amount of the 2016 Bonds. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (a) the aggregate difference between the offering price of the 2016 Bonds to the public and the price to be paid to the Board, by (b) the principal amount of the 2016 Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above. The Board expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., M.D.T., on the date of sale, of the amount, if any, by which the aggregate principal amount of the 2016 Bonds will be adjusted and the corresponding changes to the principal amount of Bonds maturing on one or more of the above-designated maturity dates for the 2016 Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder(s) is required to indicate by electronic means or facsimile transmission to the Municipal Advisor at eric.pehrson@zionsbancorp.com or fax number 801.844.4484 within one-half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the 2016 Bonds and the amount received from the sale of the 2016 Bonds to the public that will be retained by the successful bidder(s) as its compensation.

Possible Rejection of All Bids

As described below under "Sale Reservations," the Board reserves the right to reject any and all bids and to resell the 2016 Bonds. In such case the Board may elect to negotiate a subsequent sale of the 2016 Bonds.

Ratings

The Board will, at its own expense, pay fees of Moody's Investors Service, Inc. ("Moody's") for rating the 2016 Bonds. *Any additional ratings shall be at the option and expense of the bidder.*

Purchase Price

The purchase price bid for the 2016 Bonds shall not be less than 100% of the principal amount of the 2016 Bonds (\$50,025,000).

Interest Rates

The 2016 Bonds will bear interest at any number of different rates, any of which may be repeated, which rates shall be expressed in multiples of 1/8 or 1/20 of 1% per annum. In addition:

1. no rate bid may exceed 5.00% per annum;
2. all Bonds of the same maturity must bear a single rate of interest;
3. a zero rate cannot be named for all or any part of the time from the date of any Bond to its stated maturity;
4. premium must be paid in the funds specified for the payment of the 2016 Bonds as part of the purchase price;
5. interest shall be computed from the dated date of a 2016 Bond to its stated maturity date at the single interest rate specified in the bid for the 2016 Bonds of such maturity;
6. the purchase price must be paid in immediately available funds and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for federal funds;
7. there shall be no supplemental interest coupons; and
8. interest shall be computed on the basis of a 360-day year of 12, 30-day months.

Interest for the 2016 Bonds will be payable semiannually on June 15 and December 15 beginning December 15, 2016, at the rate or rates to be fixed at the time the 2016 Bonds are sold.

Payment of Principal and Interest

Principal and interest are payable by Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah, as Paying Agent and Registrar, to the registered owners of the 2016 Bonds. So long as The Depository Trust Company, New York, New York (“DTC”), is the registered owner, DTC will, in turn, remit such principal and interest to its participants, for subsequent disbursements to the beneficial owners of the 2016 Bonds as described under the caption “THE 2016 BONDS—Book-Entry System” in the Board’s Preliminary Official Statement with respect to the 2016 Bonds. Interest on the 2016 Bonds will be payable by check or draft mailed to the registered owners thereof (initially DTC) as shown on the registration books kept for the Board by the Registrar.

Optional Redemption

The 2016 Bonds maturing on or after June 15, 2026 are subject to redemption prior to maturity in whole or in part at the option of the Board on December 15, 2025, and on any date thereafter from such maturities or parts thereof as shall be selected by the Board, at the redemption price of 100% of the principal amount of the 2016 Bonds to be redeemed, plus accrued interest (if any) thereon to the redemption date.

Security

The 2016 Bonds will be general obligations of the Board, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the District, fully sufficient to pay the 2016 Bonds as to both principal and interest.

Payment of the principal of and interest on the 2016 Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the State of Utah under the provisions of the Utah School Bond Guaranty Act, Chapter 28 of Title 53A, Utah Code Annotated 1953, as amended.

Procedures Regarding Electronic Bidding

No bid will be accepted unless the Board has determined that such bidder has provided the requested Deposit, as the case may be, as described under “Good Faith Deposit” below.

Bids will be received by means of the *PARITY*® electronic bid submission system. A prospective bidder must communicate its bid electronically through *PARITY*® on or before 9:30 M.D.T. on Wednesday, June 22, 2016. No bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in *PARITY*® conflict with this OFFICIAL NOTICE OF BOND SALE, the terms of this OFFICIAL NOTICE OF BOND SALE shall control. For further information about *PARITY*®, potential bidders may contact the Municipal Advisor or i-Deal LLC at 1359 Broadway, New York, New York 10018; 212.849.5021. The time as maintained by *PARITY*® shall constitute the official time.

Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access *PARITY*® for purposes of submitting its bid in a timely manner and in compliance with the requirements of this OFFICIAL NOTICE OF BOND SALE. Neither the Municipal Advisor, the Board nor i-Deal LLC shall have any duty or obligation to provide or assure such access to any qualified prospective bidder, and neither the Municipal Advisor, the Board nor i-Deal LLC shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, *PARITY*®. The Board is using *PARITY*® as a communication mechanism, and not as the Board’s agent, to conduct the electronic bidding for the 2016 Bonds.

Notification

The Municipal Advisor will notify the apparent successful bidder(s) (electronically via *PARITY*®) as soon as possible after the Board’s receipt of bids, that such bidder’s bid appears to be the lowest and best bid received which conforms to the requirements of this OFFICIAL NOTICE OF BOND SALE, subject to verification and to official action to be taken by the Board as described in the next succeeding paragraph.

The award of the 2016 Bonds to the successful bidder will be considered by certain designated officers of the Board on Wednesday, June 22, 2016, pursuant to a resolution previously adopted by the Board.

Form Of Bid

Each bidder for the 2016 Bonds is required to transmit electronically via *PARITY*® an unconditional bid specifying the lowest rate or rates of interest and confirm the purchase price (as described under “Purchase Price” above) at which the bidder will purchase the 2016 Bonds. Each bid must be for all the 2016 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the 2016 Bonds represented on a TIC basis, as described under “Award” below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of *PARITY*®; provided, however, that in the event a prospective bidder cannot access *PARITY*®, through no fault of its own, it may so notify the office of the Municipal Advisor by telephone at 801.844.7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor at 801.844.7373, who shall transcribe such bid into written form, or by facsimile transmission to the Municipal Advisor at 801.844.4484, in either case before the respective time bids are due as stated above,

on Wednesday, June 22, 2016. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by facsimile transmission, the time as maintained by *PARITY*[®], shall constitute the official time. Each bid submitted as provided in the preceding sentence must specify the interest rate or rates for the 2016 Bonds and the total purchase price of all of the 2016 Bonds. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission. Neither the Board nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of phone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Municipal Advisor, the apparent successful bidder(s) will provide written confirmation of its bid (by electronic means or facsimile transmission) to the Municipal Advisor prior to 2:00 p.m., M.D.T., on Wednesday, June 22, 2016.

Right of Cancellation

The successful bidder(s) shall have the right, at its option, to cancel its obligation to purchase the 2016 Bonds if the Board shall fail to execute the 2016 Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder(s) shall be entitled to the return of the Deposit.

Award

Award or rejection of bids will be made on Wednesday, June 22, 2016, by certain designated officers of the Board. The 2016 Bonds will be awarded to the responsible bidder offering to pay the lowest effective interest cost to the Board, computed from the date of the 2016 Bonds to maturity and taking into consideration the premium or discount, if any, in the purchase price of the 2016 Bonds. The effective interest rate to the Board shall be the interest rate per annum determined on a per annum true interest cost (“TIC”) based on the discounting of the scheduled semiannual debt service payments of the Board on the 2016 Bonds (based on such rate or rates of interest so bid) to the dated date of the 2016 Bonds, compounded semiannually, and to the bid price, excluding accrued interest to the date of delivery. Interest cost shall be computed on a 360-day year of 12, 30-day months.

Good Faith Deposit

A good faith deposit (the “Deposit”) in the amount of \$500,000 is required only from the successful bidder(s). The Deposit shall be payable to the order of the Board in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 noon, M.D.T., on Wednesday, June 22, 2016. As an alternative to wiring funds, a bidder may deliver a cashier’s or certified check, payable to the order of the Board. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The Board shall, as security for the faithful performance by the successful bidder(s) of its obligation to take up and pay for the 2016 Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder(s) and hold the proceeds of the Deposit of the successful bidder(s), or invest the same (at the Board’s risk) in obligations which mature at or before the delivery of the 2016 Bonds as described under the caption “Manner and Time of Delivery” below, until disposed of as follows: (a) at such delivery of the 2016 Bonds and upon compliance with the successful bidder’s obligation to take up and pay for the 2016 Bonds, the full amount of the Deposit held by the Board, without adjustment for interest, shall be applied toward the purchase price of the 2016 Bonds at that time and the full amount of any interest earnings thereon shall be retained by the Board; and (b) if the successful bidder fails to take up and pay for the 2016 Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the Board as liquidated damages.

Sale Reservations

The Board reserves the right: (i) to waive any irregularity or informality in any bid or in the bidding process; (ii) to reject any and all bids for the 2016 Bonds; and (iii) to resell the 2016 Bonds as provided by law.

Manner and Time of Delivery

The successful bidder(s) will be given at least seven business days advance notice of the proposed date of the delivery of the 2016 Bonds when that date has been tentatively determined. It is now estimated that the 2016 Bonds will be delivered in book-entry form on or about Thursday, June 30, 2016. Delivery of the 2016 Bonds will be made in Salt Lake City, Utah. The successful bidder(s) must also agree to pay for the 2016 Bonds in federal funds which will be immediately available to the Board on the day of delivery.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the 2016 Bonds, at the expense of the Board, but neither the failure to print such numbers on any Bond nor any error with respect thereof shall constitute cause for a failure or refusal by the successful bidder(s) thereof to accept delivery of and pay for the 2016 Bonds in accordance with terms of this OFFICIAL NOTICE OF BOND SALE.

Tax-Exempt Status

In the opinion of Ballard Spahr LLP, Bond Counsel to the Board, based on an analysis of currently existing laws, regulations, decisions and interpretations, interest on the 2016 Bonds is excludable from gross income for federal tax purposes. Interest on the 2016 Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax (“AMT”); however, interest on the 2016 Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder. Bond Counsel is also of the opinion that, under currently existing law, interest on the 2016 Bonds is exempt from State of Utah individual income taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2016 Bonds.

Issue Price

In order to enable the Board to comply with certain conditions of the Internal Revenue Code of 1986, as amended, the successful bidder(s) will be required to provide a certificate as to the “issue price” of the 2016 Bonds. Each bidder, by submitting its bid, agrees to complete, execute and deliver such certificate, in form and substance satisfactory to Bond Counsel, by the date of delivery of the 2016 Bonds, if its bid is accepted by the Board. It will be the responsibility of the successful bidder(s) to institute such syndicate reporting requirements, to make such investigation or otherwise to ascertain the facts necessary to make such certification. Any questions regarding the certificate should be directed to Randy Larsen of Ballard Spahr LLP, Bond Counsel, 201 South Main Street, Suite 800, Salt Lake City, Utah 84111; 801.531.3079; Larsen@ballardspahr.com. A form of the required certification is attached hereto as Exhibit A.

Legal Opinion and Closing Documents

The approving opinion of Ballard Spahr LLP, covering the legality of the 2016 Bonds will be furnished to the successful bidder(s) without charge. There will also be furnished the usual closing certificates dated as of the date of delivery of and payment for the 2016 Bonds, including a certificate from the attorney for the District that there is no litigation pending or, to the knowledge of the signer thereof, threatened, affecting the validity of the 2016 Bonds.

EXHIBIT A

FORM OF CERTIFICATE OF PURCHASER

On behalf of _____, as Purchaser, I hereby certify in connection with the issuance of the \$_____ Board of Education of Provo City School District, Utah, General Obligation Bonds (Utah School Bond Guaranty Program), Series 2016 (the "Bonds") as follows:

1. We have made a bona fide public offering of the Bonds to the public at the reoffering price as set forth below:

Maturity Date (<u>June 15</u>)	Principal <u>Amount of Maturity</u>	Initial Reoffering Price at which Substantial Amount <u>Was Sold</u>	Total Price if Total Maturity Sold at <u>Initial Price</u>
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2. If such issue price were paid for all of the Bonds, the total issue price to the public would be \$_____.

3. A substantial amount (not less than 10%) of the Bonds was sold, or was reasonably expected at the time of the bid for the Bonds to be sold, to the public or final purchasers (not including bond houses, or brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at or below such initial reoffering prices.

4. Based upon our experience, the issue price of the Bonds does not exceed their fair market value as of the date of sale thereof.

IN WITNESS WHEREOF, the undersigned has hereunto fixed his official signature this _____ day of _____, 2016.

[PURCHASER]

By: _____

Title: _____

PRELIMINARY OFFICIAL STATEMENT

\$50,025,000*

Board of Education of Provo City School District, Utah

General Obligation Bonds, (Utah School Bond Guaranty Program), Series 2016

On Wednesday, June 22, 2016 up to 9:30:00 A.M., M.D.T., electronic bids will be received by means of the **PARITY**[®] electronic bid submission system. See the “OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding.”

The 2016 Bonds, as defined herein, will be awarded to the successful bidder(s) and issued pursuant to a resolution of the Board of Education of Provo City School District, Utah (the “Board”), previously adopted on May 10, 2016.

The Board has deemed this PRELIMINARY OFFICIAL STATEMENT final as of the date hereof, for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2016 Bonds as permitted by the Rule.

For copies of the OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT, and other related information with respect to the 2016 Bonds contact the Municipal Advisor:



**Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133-1109
801.844.7373 | f 801.844.4484
eric.pehrson@zionsbank.com**

This PRELIMINARY OFFICIAL STATEMENT is dated June 8, 2016, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

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PRELIMINARY OFFICIAL STATEMENT DATED JUNE 8, 2016

NEW ISSUE

Rating: Moody’s “Aaa” (State of Utah Guaranty; underlying “Aa2”)

See “STATE OF UTAH GUARANTY” and “MISCELLANEOUS—Bond Ratings” herein.

In the opinion of Ballard Spahr LLP, Bond Counsel to the Board, interest on the 2016 Bonds is excludable from gross income for purposes of federal income tax assuming continuing compliance with the requirements of the federal tax laws. Interest on the 2016 Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax; however, interest paid to corporate holders of the 2016 Bonds may be indirectly subject to federal alternative minimum tax under circumstances described under “LEGAL MATTERS” herein. Bond Counsel is also of the opinion that, under currently existing law, interest on the 2016 Bonds is exempt from State of Utah individual income taxes. See “LEGAL MATTERS” herein.

\$50,025,000*

**Board of Education of
Provo City School District, Utah**

**General Obligation Bonds
(Utah School Bond Guaranty Program), Series 2016**

The \$50,025,000* General Obligation Bonds (Utah School Bond Guaranty Program), Series 2016 are issuable by the Board of Education of Provo City School District, Utah, as fully-registered bonds and, when initially issued, will be in book-entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York. DTC will act as securities depository for the 2016 Bonds.

Principal of and interest on the 2016 Bonds (interest payable June 15 and December 15 of each year, commencing December 15, 2016) are payable by Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See “THE 2016 BONDS—Book-Entry System” herein.

The 2016 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “THE 2016 BONDS—Redemption Provisions” and “—Mandatory Sinking Fund Redemption At Bidder’s Option” herein.

The 2016 Bonds will be general obligations of the Board payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in Provo City School District, Utah, fully sufficient to pay the 2016 Bonds as to both principal and interest.

Payment of the principal of and interest on the 2016 Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the

State of Utah

under the provisions of the Utah School Bond Guaranty Act. See “STATE OF UTAH GUARANTY” herein.

Dated: Date of Delivery¹

Due: June 15, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2016 Bonds.

The 2016 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*[®] electronic bid submission system on Wednesday, June 22, 2016 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated June 8, 2016).

Zions Public Finance, Inc., Salt Lake City, Utah, is acting as Municipal Advisor.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire OFFICIAL STATEMENT to obtain information essential to the making of an informed investment decision.

This OFFICIAL STATEMENT is dated June __, 2016, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

¹ The anticipated date of delivery is Thursday, June 30, 2016.

This PRELIMINARY OFFICIAL STATEMENT and the information contained herein are subject to completion, amendment or other change without any notice. Under no circumstances shall this PRELIMINARY OFFICIAL STATEMENT constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$50,025,000*

**General Obligation Bonds
(Utah School Bond Guaranty Program), Series 2016**

Dated: Date of Delivery¹

Due: June 15, as shown below

<u>Due June 15</u>	<u>CUSIP® 744159</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield/ Price</u>
2017.....		\$ 75,000		
2018.....		1,825,000		
2019.....		1,875,000		
2020.....		1,925,000		
2021.....		1,975,000		
2022.....		2,050,000		
2023.....		2,150,000		
2024.....		2,250,000		
2025.....		2,375,000		
2026.....		2,500,000		
2027.....		2,625,000		
2028.....		2,750,000		
2029.....		2,875,000		
2030.....		2,975,000		
2031.....		3,050,000		
2032.....		3,150,000		
2033.....		3,250,000		
2034.....		3,350,000		
2035.....		3,450,000		
2036.....		3,550,000		

\$ _____ % Term Bond due June 15, 20__—Price of _____ %
(CUSIP® 744159 __)

* Preliminary; subject to change.

¹ The anticipated date of delivery is Thursday, June 30, 2016.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2016 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other informational representations must not be relied upon as having been authorized by any of: the Board of Education of Provo City School District, Utah (the “Board”); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah (as Paying Agent); the State of Utah; the successful bidder(s); or any other entity. The information contained herein has been obtained from the Board, The Depository Trust Company, New York, New York, the State of Utah, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2016 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Board, since the date hereof.

The 2016 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

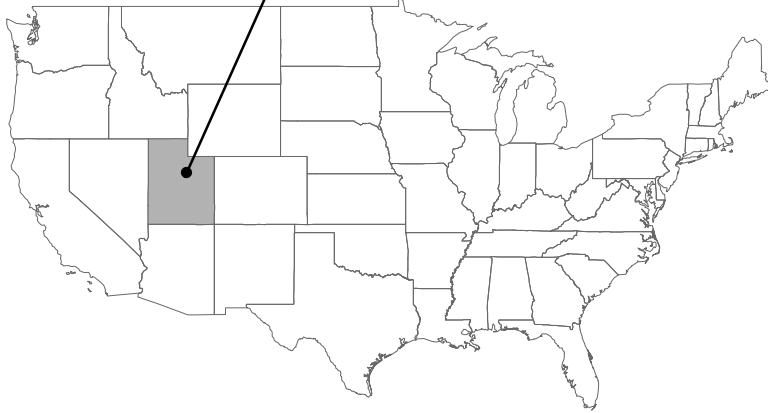
The yields at which the 2016 Bonds are offered to the public may vary from the initial reoffering yields on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2016 Bonds to dealers and others. In connection with the offering of the 2016 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2016 Bonds. Such transactions may include overallotments in connection with the purchase of 2016 Bonds, the purchase of 2016 Bonds to stabilize their market price and the purchase of 2016 Bonds to cover the successful bidder’s(s’) short positions. Such transactions, if commenced, may be discontinued at any time.

Forward-Looking Statements. Certain statements included or incorporated by reference in this OFFICIAL STATEMENT may constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “forecast,” “expect,” “estimate,” “budget” or other similar words. ***The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Board does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.***

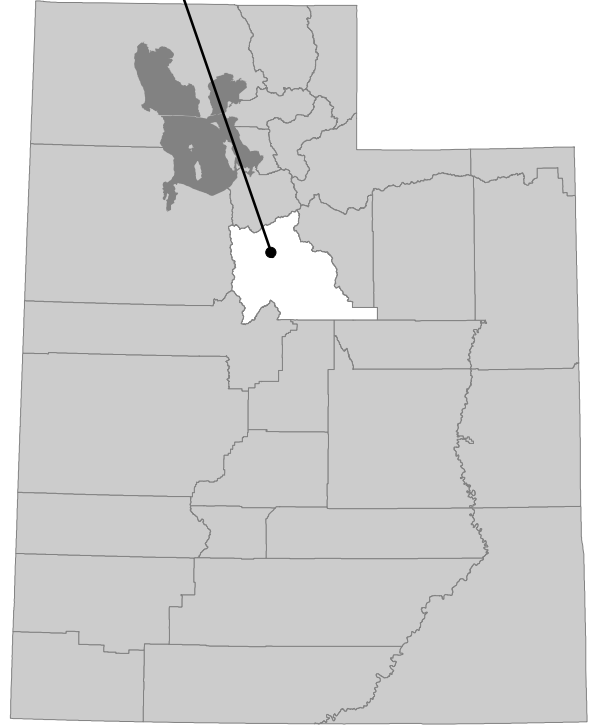
The CUSIP® (Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2016 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2016 Bonds.

The information available on websites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2016 Bonds and is not a part of this OFFICIAL STATEMENT.

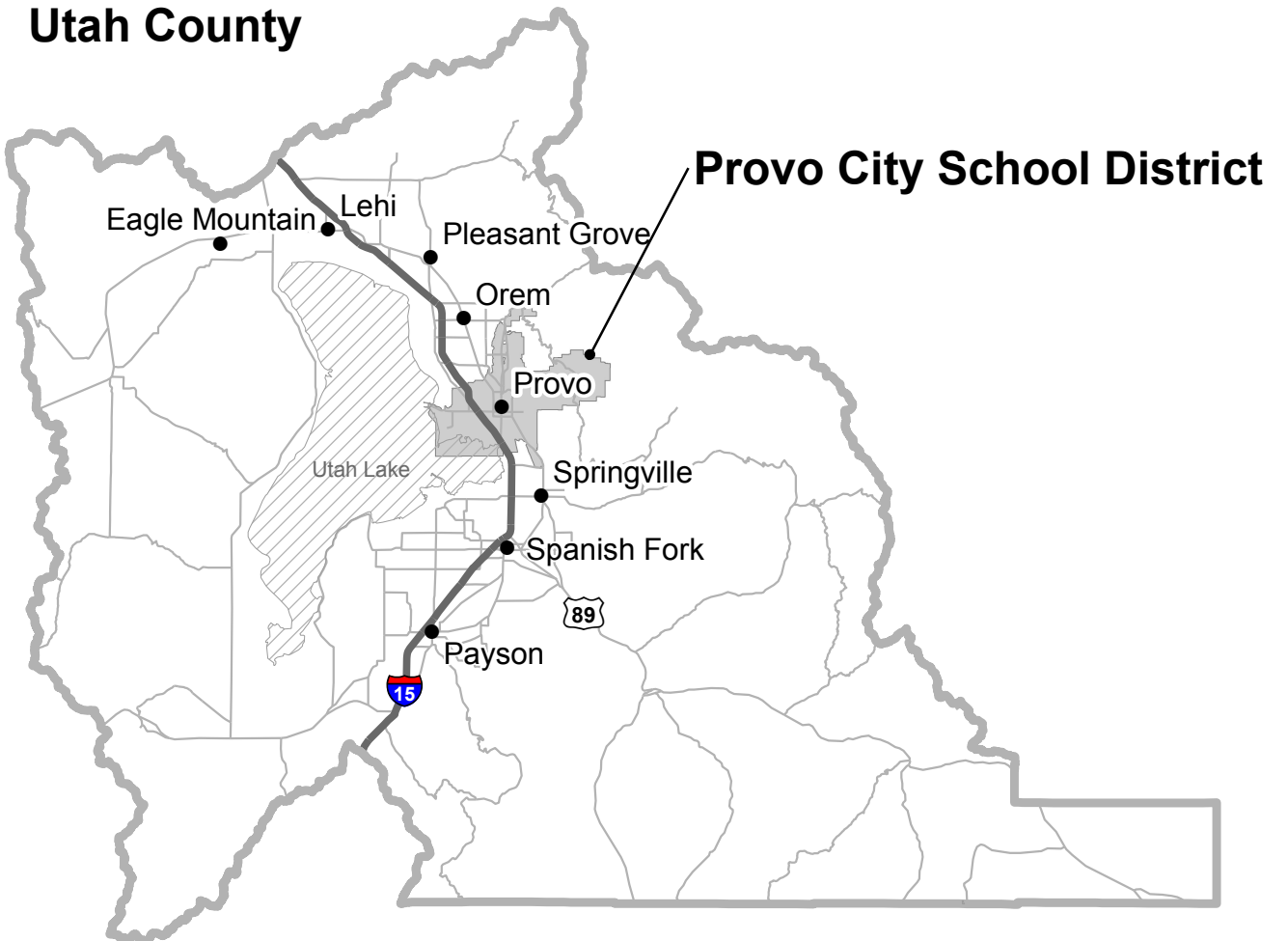
Utah



Utah County



Utah County



OFFICIAL STATEMENT RELATED TO

\$50,050,000*

Board of Education of Provo City School District, Utah

General Obligation Bonds (Utah School Bond Guaranty Program), Series 2016

INTRODUCTION

This introduction is only a brief description of the 2016 Bonds, as hereinafter defined, the security and source of payment for the 2016 Bonds and certain information regarding the Board of Education (the “Board”) of Provo City School District, Utah (the “District”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT, including the appendices. Investors are urged to make a full review of the entire OFFICIAL STATEMENT.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015;” “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL;” “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING;” and “APPENDIX D—BOOK-ENTRY SYSTEM.”

When used herein the terms “Fiscal Year[s] 20YY” or “Fiscal Year[s] End[ed][ing] June 30, 20YY” shall refer to the year ended or ending on June 30 of the year indicated and beginning on July 1 of the preceding calendar year. Capitalized terms used but not otherwise defined herein have the same meaning as given to them in the Resolution, as hereinafter defined.

Public Sale/Electronic Bid

The 2016 Bonds will be awarded pursuant to competitive bidding received by means of the **PARITY**[®] electronic bid submission system on Wednesday, June 22, 2016 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated June 8, 2016).

See the “OFFICIAL NOTICE OF BOND SALE” above.

The 2016 Bonds may be offered and sold to certain dealers (including dealers depositing the 2016 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside cover page of the OFFICIAL STATEMENT and such public offering prices may be changed from time to time.

* Preliminary; subject to change.

Provo City School District, Utah

The District is located in Utah County, Utah (the “County”) and shares approximately the same boundaries with the City of Provo City, Utah (the “City”). The City was incorporated in 1851 and covers an area of approximately 44 square miles and is located in the central portion of Utah County, Utah (the “County”). The County is located in the north central portion of the State of Utah (the “State”) approximately 30 miles south of metropolitan Salt Lake City, Utah. The City had 114,801 residents according to the 2014 estimates by the Bureau of the Census which ranks the City as the third most populated city in the State. See location map above and “PROVO CITY SCHOOL DISTRICT, UTAH” below.

The 2016 Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the Board of its \$50,050,000* General Obligation Bonds (Utah School Bond Guaranty Program), Series 2016 (the “2016 Bond” or “2016 Bonds”), initially issued in book–entry form only.

Security

The 2016 Bonds will be general obligations of the Board, payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all of the taxable property in the District, fully sufficient to pay the 2016 Bonds as to both principal and interest. See “THE 2016 BONDS—Security And Sources Of Payment” and “FINANCIAL INFORMATION REGARDING PROVO CITY SCHOOL DISTRICT, UTAH—Tax Levy And Collection” below.

Payment of the principal of and interest on the 2016 Bonds when due is guaranteed by the full faith and credit and unlimited taxing power of the State of Utah (the “State”) under the provisions of the Utah School Bond Guaranty Act, Title 53A, Chapter 28 (the “Guaranty Act”), Utah Code Annotated 1953, as amended (the “Utah Code”). See “STATE OF UTAH GUARANTY” below.

Authorization For And Purpose Of The 2016 Bonds

Authorization. The 2016 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14 (the “Local Government Bonding Act”), Utah Code; the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code; and the applicable provisions of Title 53A of the Utah Code, (ii) the resolution of the Board adopted on May 10, 2016 (the “Resolution”), which provides for the issuance of the 2016 Bonds, and (iii) other applicable provisions of law.

The 2016 Bonds were authorized at a special bond election held for that purpose on November 4, 2014 (the “2014 Bond Election”). The proposition submitted to the voters of the District was as follows:

Shall the Board of Education (the “Board”) of Provo City School District, Utah (the “District”), be authorized to issue General Obligation Bonds in an amount not to exceed One Hundred Eight Million Dollars (\$108,000,000) (the “Bonds”) for the purpose of paying all or a portion of the costs of (i) acquiring land; acquiring, constructing, furnishing and equipping new school facilities, and improving existing facilities; and related improvements; and (ii) authorization and issuance of the Bonds; said Bonds to be due and payable in not to exceed twenty–one (21) years from the date of issuance of the Bonds?

At the 2014 Bond Election there were 9,125 votes cast in favor of the issuance of bonds and 3,760 votes cast against the issuance of bonds, for a total vote count of 12,885, with approximately 70.8% in

* Preliminary; subject to change.

favor of the issuance of bonds. The 2016 Bonds are the second and final block of bonds to be issued from the 2014 Bond Election.

Purpose. The 2016 Bonds are being issued to fund the acquisition, construction, remodeling and updating of the projects set forth in the 2014 Bond Election proposition and to pay certain costs of issuance. See “THE 2016 BONDS—Sources And Uses Of Funds” below.

Redemption Provisions

The 2016 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “THE 2016 BONDS—Redemption Provisions” and “—Mandatory Sinking Fund Redemption At Bidder’s Option” below.

Registration, Denominations, Manner Of Payment

The 2016 Bonds are issuable only as fully-registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2016 Bonds. Purchases of 2016 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC’s Direct Participants (as defined herein). Beneficial Owners (as defined herein) of the 2016 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2016 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX D—BOOK-ENTRY SYSTEM.”

Principal of and interest on the 2016 Bonds (interest payable June 15 and December 15 of each year, commencing December 15, 2016) are payable by Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah (“Zions Bank”), as paying agent (the “Paying Agent”) for the 2016 Bonds, to the registered owners of the 2016 Bonds. So long as Cede & Co. is the registered owner of the 2016 Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2016 Bonds, as described in “APPENDIX D—BOOK-ENTRY SYSTEM.”

So long as DTC or its nominee is the registered owner of the 2016 Bonds, neither the Board nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2016 Bonds. Under these same circumstances, references herein and in the Resolution to the “Bondowners” or “Registered Owners” of the 2016 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2016 Bonds.

Tax Exemption

In the opinion of Ballard Spahr LLP, Bond Counsel to the Board, interest on the 2016 Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the 2016 Bonds, assuming the accuracy of the certifications of the Board and continuing compliance by the Board with the requirements of the Internal Revenue Code of 1986. Interest on the 2016 Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on 2016 Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder. Bond Counsel is also of the opinion that, under currently existing law, interest on the 2016 Bonds is exempt from State of Utah individual income taxes.

Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2016 Bonds.

See “LEGAL MATTERS” below for a more complete discussion.

Professional Services

In connection with the issuance of the 2016 Bonds, the following have served the Board in the capacity indicated.

Attorney for the Board

Robinson Seiler & Anderson LC
80 N 100 E
Provo UT 84603
801.375.1920 | f 801.377.9405
mfr@rsalawyers.com

Bond Registrar and Paying Agent

Zions Bank, a division of ZB, National Association
Zions Bank Building
Corporate Trust Department
One S Main St 12th Fl
Salt Lake City UT 84133–1109
801.844.7253 | f 855.547.5428
carl.mathis@zionsbank.com

Bond Counsel

Ballard Spahr LLP
201 S Main St Ste 800
Salt Lake City UT 84111–2215
801.531.3000 | f 801.531.3001
larsen@ballardspahr.com

Municipal Advisor

Zions Public Finance, Inc.
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484
johnathan.ward@zionsbank.com

Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery

The 2016 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality of the 2016 Bonds by Ballard Spahr LLP, Bond Counsel to the Board, and certain other conditions. Certain legal matters will be passed on for the Board by the attorney for the Board, Robinson Seiler & Anderson LC, Provo, Utah. It is expected that the 2016 Bonds, in book–entry form only, will be available for delivery in Salt Lake City, Utah for deposit with Zions Bank, a “fast agent” of DTC, on or about Thursday, June 30, 2016.

Continuing Disclosure Undertaking

The Board will enter into a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2016 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Board, the District, the 2016 Bonds, and the Resolution are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolution are qualified in their entirety by reference to such document, and references herein to the 2016 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution. The “basic documentation” which includes the Resolution, the closing documents and other documentation, authorizing the issuance of the 2016 Bonds and establishing the rights and responsibilities of the Board and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

Contact Persons

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Salt Lake City, Utah (the “Municipal Advisor”) to the Board:

Johnathan Ward, Vice President, johnathan.ward@zionsbank.com

Zions Public Finance, Inc.
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Board concerning the 2016 Bonds is:

Stefanie Bryant, Business Administrator, stefb@provo.edu

Provo City School District
280 W 940 N
Provo UT 84604
801.374.4849 | f 801.374.4808

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the State guaranty for the 2016 Bonds is:

David Damschen CTP, Utah State Treasurer, ddamschen@utah.gov

Utah State Treasurer’s Office
350 N State St Ste C–180
(PO Box 142315)
Salt Lake City UT 84114–2315
801.538.1042 | f 801.538.1465

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking For 2016 Bonds

The Board will enter into a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) for the benefit of the Beneficial Owners of the 2016 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of paragraph (b)(5) of Rule 15c2–12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the proposed form of Disclosure Undertaking in “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Based on prior disclosure undertakings the Board submits its annual financial report for Fiscal Year Ending June 30 (the “Comprehensive Annual Financial Report”) and other operating and financial information on or before January 1 (on or before 185 days from the end of the Fiscal Year). Based on the Disclosure Undertaking, the Board will submit the Fiscal Year 2016 Financial Report and other required operating and financial information for the 2016 Bonds on or before February 5, 2017 (on or before 220 days from the end of the Fiscal Year), and annually thereafter on or before each February 5.

A failure by the Board to comply with the Disclosure Undertaking will not constitute a default under the Resolution and Beneficial Owners of the 2016 Bonds are limited to the remedies described in the Disclosure Undertaking. See “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.” A failure by the Board to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2016 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2016 Bonds and their market price.

The State has entered into a Master Continuing Disclosure Agreement (the “Master Agreement”) for the benefit of the Beneficial Owners of the bonds, including the 2016 Bonds, guaranteed by the State pursuant to the Guaranty Act. See “STATE OF UTAH GUARANTY” below. In the Master Agreement, the State has undertaken to send certain information annually and to provide notice of certain events to MSRB through EMMA pursuant to the Rule, but solely as to its responsibilities under its guaranty. See “STATE OF UTAH GUARANTY—State Of Utah–Financial And Operating Information” below. The State has complied in all material respects with the Master Agreement previously entered into by it pursuant to the Rule. Based on prior disclosure undertakings the State submits its Fiscal Year Ending June 30 Comprehensive Annual Financial Report (“CAFR”) and other operating and financial information on or before January 15 (on or before 199 days from the end of the Fiscal Year). The State has agreed to submit the State’s Fiscal Year 2016 CAFR and other operating and financial information on or before January 15, 2017 (and annually thereafter on or before each January 15).

The Board is responsible for continuing disclosure under the Rule for all other matters relating to the 2016 Bonds.

Bond Counsel expresses no opinion as to whether the Disclosure Undertaking or the Master Agreement complies with the requirements of the Rule.

Historical Failure To Disclose; Current Disclosure

Historical Failure To Disclose. The Board previously entered into continuing disclosure undertakings for the following bonds issues: (i) \$9,400,000, General Obligation School Building Bonds, Series 2006 (Utah School Bond Guaranty Program) (the “2006 Bonds”), which have been retired; (ii) \$25,600,000, General Obligation School Building Bonds, Series 2007B (Utah School Bond Guaranty Program) (the “2007B Bonds”); (iii) the \$9,045,000, General Obligation Refunding Bonds, Series 2012 (Utah School Bond Guaranty Program) (the “2012 Bonds”); and (iv) the \$50,615,000 General Obligation Bonds, Series 2015 (Utah School Bond Guaranty Program).

On December 27, 2011, the Board failed to provide its annual operating information and financial reports pursuant to the disclosure undertakings regarding the 2006 Bonds and the 2007B Bonds. ***On June 13, 2012, the Board filed all information necessary to comply with the above-referenced disclosure undertaking.*** With respect to the Board’s failure to disclose and the material events notices, the Board notified EMMA pursuant to the Rule.

Current Disclosure. The Board has retained a third party disclosure firm to assist with its current and future continuing disclosure filing responsibilities.

STATE OF UTAH GUARANTY

Guaranty Provisions

Payment of the principal of and interest on the 2016 Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the State under the provisions of the Guaranty Act.

The Guaranty Act establishes the Utah School Bond Default Avoidance Program (the “Program” or the “Utah School Bond Guaranty Program”). The State’s guaranty is contained in Section 53A–28–201(2)(a) of the Guaranty Act, which provides as follows:

The full faith and credit and unlimited taxing power of the state is pledged to guarantee full and timely payment of the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, bonds as such payments shall become due (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration).

In addition, the Guaranty Act provides that the State pledges to and agrees with the holders of bonds guaranteed under the Guaranty Act that the State will not alter, impair, or limit the rights vested by the Program with respect to said bonds until said bonds, together with applicable interest, are fully paid and discharged. However, this pledge does not preclude an alteration, impairment, or limitation if adequate provision is made by law for the protection of the holders of the bonds.

The Guaranty Act further provides that (i) the guaranty of the State does not extend to the payment of any redemption premium due on any bonds guaranteed under the Guaranty Act and (ii) bonds which are guaranteed by the State for which payment is provided by the deposit of direct obligations of the United States government under the provisions of the Refunding Bond Act, Title 11, Chapter 27, Utah Code, will no longer be secured by the State’s guaranty subsequent to such provision for payment. This is likely to occur only if such bonds are refunded in advance of their maturity. In such an event, such bonds would then be secured solely by the obligations pledged for their payment and not by the State’s guaranty.

Guaranty Procedures

Under the Guaranty Act, the Business Administrator of the Board (the “Business Administrator”) is required to transfer moneys sufficient for scheduled debt service payments on the 2016 Bonds to the Paying Agent at least 15 days before any principal or interest payment date for the 2016 Bonds. If the Business Administrator is unable to transfer the scheduled debt service payment to the Paying Agent at least 15 days before the payment date, the Business Administrator must immediately notify the Paying Agent and the Utah State Treasurer (the “State Treasurer”) by (i) telephone and (ii) a writing sent by (a) facsimile transmission and (b) first-class United States mail. In addition, if the Paying Agent has not received the scheduled debt service payment at least 15 days prior to the scheduled debt service payment date for the 2016 Bonds, then the Paying Agent must at least 10 days before the scheduled debt service payment notify the State Treasurer of that failure by (i) telephone and (ii) a writing sent by (a) facsimile transmission and (b) first-class United States mail. The Guaranty Act further provides that if sufficient moneys to pay the scheduled debt service payment have not been transferred to the Paying Agent, then the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the Paying Agent to make the scheduled debt service payment. Payment by the State of a debt service payment on the 2016 Bonds discharges the obligation of the Board to the bondholders for that payment, to the extent of the State’s payment, and transfers the Board’s obligation for that payment to the State.

In the event the State is called upon to make payment of principal of or interest on the 2016 Bonds on behalf of the Board, the State will use cash on hand (or from other legally available moneys) to make the payment. Under the Guaranty Act, the State Treasurer is required to immediately intercept any payments from the Uniform School Fund or from any other source of operating moneys provided by the State to the Board. The intercepted payments will be used to reimburse the State until all obligations of the Board to the State, including interest and penalties, are paid in full. The State does not currently expect to have to advance moneys to the Board pursuant to its guaranty. If, however, at the time the State is required to make a debt service payment under its guaranty on behalf of the Board, sufficient moneys are not on hand and available for that purpose, then the Guaranty Act provides that the State may seek a short-term loan

from the Permanent School Fund sufficient to make the required payment (the Permanent School Fund is not required to make such a loan) or issue short-term State debt in the form of general obligation notes as provided in the Guaranty Act. The provisions of the Guaranty Act relating to short-term debt provide that such debt will carry the full faith and credit of the State and will be issued with a maturity of not more than 18 months so that the State could, if necessary, obtain liquidity financing on short notice. Under the State Constitution, debt incurred for this purpose does not count toward the constitutional debt limit of the State.

Number of school districts (out of 41 school districts in the State)	39
Number of bond issues.....	313
Aggregate total principal amount outstanding within the State’s Fiscal Year 2016.....	\$3,086,739,722

The approximate aggregate total annual principal and interest payments (interest payments include anticipated federal interest subsidies on “Build America Bonds” and “Qualified School Construction Bonds”) due on bonds guaranteed by the State under the Program during Fiscal Years 2016 through 2021, inclusive, is as follows (currently, the Program’s annual principal and interest payments extend to Fiscal Year 2036):

Fiscal Year 2016	\$342,682,264
Fiscal Year 2017	351,719,294
Fiscal Year 2018	327,894,567
Fiscal Year 2019	315,255,589
Fiscal Year 2020	296,016,753
Fiscal Year 2021	290,202,884

(Source: Zions Public Finance, Inc.)

Purpose Of The Guaranty

The Guaranty Act is for the protection of the bondholders. Ultimate liability for the payment of the 2016 Bonds remains with the Board. Accordingly, the Guaranty Act contains provisions, including interception of State aid to the Board, possible action to compel levy of a tax sufficient to reimburse the State for any payments made to bondholders pursuant to its guaranty and various oversight provisions to assure that the Board, and not the State, will ultimately be responsible for debt service on the 2016 Bonds.

The Guaranty Act also charges the State Superintendent of Public Instruction with the responsibility to monitor and evaluate the fiscal solvency of each school board under the Program. He or she must immediately report to the Governor and the State Treasurer any circumstances suggesting that a school district will be unable to timely meet its debt service obligations and recommend a course of remedial action.

Since the Guaranty Act’s inception in January 1997, the State has not been called upon to pay the principal of and interest on any bonds guaranteed under the Guaranty Act.

State Of Utah–Financial And Operating Information

The CAFR of the State for Fiscal Year 2015 (the “State CAFR”), its most recent official statements and current continuing disclosure information for its general obligation (CUSIP® 917542) and lease revenue (CUSIP® 917547) bond debt are currently on file with EMMA (<http://www.emma.msrb.org/>). The financial and operating information with respect to the State contained in the State CAFR, such official statements and continuing disclosure information, and the Master Agreement are hereby included by reference in this OFFICIAL STATEMENT; provided, however, the Board has not reviewed or approved and taken the responsibility for such financial and operating information incorporated herein by reference.

As of the date of this OFFICIAL STATEMENT, the outstanding general obligation bonds of the State are rated “AAA” by Fitch Ratings (“Fitch”), “Aaa” by Moody’s Investors Service, Inc. (“Moody’s”), and “AAA” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”).

THE 2016 BONDS

General

The 2016 Bonds will be dated the date of their original issuance and delivery¹ (the “Dated Date”) and will mature on June 15 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT. The 2016 Bonds will bear interest from their Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2016 Bonds is payable semiannually on each June 15 and December 15, commencing December 15, 2016. Interest on the 2016 Bonds will be computed on the basis of a 360–day year comprised of 12, 30–day months.

Zions Bank is the Bond Registrar (the initial “Bond Registrar”) and Paying Agent for the 2016 Bonds under the Resolution.

The 2016 Bonds will be issued as fully–registered bonds, initially in book–entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

The 2016 Bonds are being issued within the constitutional debt limit imposed on boards of education of school districts in the State. See “DEBT STRUCTURE OF PROVO CITY SCHOOL DISTRICT, UTAH—General Obligation Legal Debt Limit And Additional Debt Incurring Capacity” below.

Sources And Uses Of Funds

The proceeds from the sale of the 2016 Bonds are estimated to be applied as set forth below:

Sources:

Par amount of 2016 Bonds.....	\$	
Original issue premium.....		
Total		\$

Uses:

Deposit to project construction fund.....	\$	
Underwriter (successful bidder’s) discount		
Original issue discount.....		
Costs of Issuance (1).....		
Total		\$

(1) Includes legal fees, Municipal Advisor fees, rating agency fees, Bond Registrar and Paying Agent fees, rounding amounts and other miscellaneous costs of issuance.

¹ The anticipated date of delivery is Thursday, June 30, 2016.

Security And Sources Of Payment

The 2016 Bonds will be general obligations of the Board, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the District, fully sufficient to pay the 2016 Bonds as to both principal and interest.

See “FINANCIAL INFORMATION REGARDING PROVO CITY SCHOOL DISTRICT, UTAH—Property Tax Matters” and “STATE OF UTAH SCHOOL FINANCE” below.

Payment of the principal of and interest on the 2016 Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the State under the provisions of the Guaranty Act. See “STATE OF UTAH GUARANTY” above.

Redemption Provisions

Optional Redemption for the 2016 Bonds. The 2016 Bonds maturing on and after June 15, 2026 are subject to redemption prior to maturity in whole or in part at the option of the Board on December 15, 2025 or on any date thereafter, from such maturities or parts thereof as shall be selected by the Board at the redemption price of 100% of the principal amount of the 2016 Bonds to be redeemed plus accrued interest (if any) thereon to the redemption date.

Selection for Redemption. If less than all 2016 Bonds of any maturity are to be redeemed, the particular 2016 Bonds or portion of 2016 Bonds of such maturity to be redeemed will be selected at random by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. The portion of any registered 2016 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or a whole multiple thereof, and in selecting portions of such 2016 Bonds for redemption, the Bond Registrar will treat each such 2016 Bond as representing that number of 2016 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2016 Bond by \$5,000.

Notice of Redemption. Notice of redemption will be given by the Bond Registrar by registered or certified mail, not less than 30 nor more than 45 days prior to the redemption date, to the owner, as of the Record Date, as defined under “THE 2016 BONDS—Registration And Transfer; Record Date” below, of each 2016 Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the Board kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption will state the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the 2016 Bonds are to be redeemed, the distinctive numbers of the 2016 Bonds or portions of 2016 Bonds to be redeemed, and will also state that the interest on the 2016 Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 2016 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

Each notice of optional redemption may further state that such redemption will be conditioned upon the receipt by the Paying Agent, on or prior to the date fixed for redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such 2016 Bonds to be redeemed and that if such moneys have not been so received the notice will be of no force or effect and the Board will not be required to redeem such 2016 Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made and the Bond Registrar will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. Any such notice mailed will be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2016 Bond will not affect the validity of the proceedings for redemption with respect to any other 2016 Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Bond Registrar to DTC and certain registered securities depositories and national information services as provided in the Resolution, but no defect in such further notice nor any failure to give all or any portion of such notice will in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above and in the Resolution.

For so long as a book-entry system is in effect with respect to the 2016 Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2016 Bonds.

Mandatory Sinking Fund Redemption At Bidder's Option

The 2016 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option."

Registration And Transfer; Record Date

In the event the book-entry system is discontinued, any 2016 Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by such owner's duly authorized attorney, upon surrender of such 2016 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. No transfer will be effective until entered on the registration books kept by the Bond Registrar. Whenever any 2016 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully-registered 2016 Bond or 2016 Bonds of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the Board, for a like aggregate principal amount.

The 2016 Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of fully-registered 2016 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2016 Bonds, the Bond Registrar must make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer of the 2016 Bonds.

The term "Record Date" means (i) with respect to each interest payment date, the day that is 15 days preceding such interest payment date, or if such day is not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and (ii) with respect to any redemption of any 2016 Bond such Record Date as is specified by the Bond Registrar in the notice of redemption, provided that such Record Date will be not less than 15 calendar days before the mailing of such notice of redemption. The Bond Registrar will not be required to transfer or exchange any 2016 Bond (a) after the Record Date with respect to any interest payment date to and including such interest payment date, or (b) after the Record Date with respect to any redemption of such 2016 Bond.

The Board, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2016 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever.

Book–Entry System

DTC will act as securities depository for the 2016 Bonds. The 2016 Bonds will be issued as fully–registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully–registered 2016 Bond certificate will be issued for each maturity of the 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX D—BOOK–ENTRY SYSTEM” for a more detailed discussion of the book–entry system and DTC.

In the event the book–entry system is discontinued, interest on the 2016 Bonds will be payable by check or draft of the Paying Agent, mailed to the registered owners thereof at the addresses shown on the registration books of the Board kept for that purpose by the Bond Registrar. The principal of all 2016 Bonds will be payable at the principal office of the Paying Agent.

Debt Service On The 2016 Bonds

<u>Payment Date</u>	<u>2016 Bonds</u>		<u>Period Total</u>	<u>Fiscal Total</u>
	<u>Principal*</u>	<u>Interest</u>		
December 15, 2016.....	\$ 0.00			
June 15, 2017.....	75,000.00			
December 15, 2017.....	0.00			
June 15, 2018.....	1,825,000.00			
December 15, 2018.....	0.00			
June 15, 2019.....	1,875,000.00			
December 15, 2019.....	0.00			
June 15, 2020.....	1,925,000.00			
December 15, 2020.....	0.00			
June 15, 2021.....	1,975,000.00			
December 15, 2021.....	0.00			
June 15, 2022.....	2,050,000.00			
December 15, 2022.....	0.00			
June 15, 2023.....	2,150,000.00			
December 15, 2023.....	0.00			
June 15, 2024.....	2,250,000.00			
December 15, 2024.....	0.00			
June 15, 2025.....	2,375,000.00			
December 15, 2025.....	0.00			
June 15, 2026.....	2,500,000.00			
December 15, 2026.....	0.00			
June 15, 2027.....	2,625,000.00			
December 15, 2027.....	0.00			
June 15, 2028.....	2,750,000.00			
December 15, 2028.....	0.00		\$	
June 15, 2029.....	2,875,000.00			
December 15, 2029.....	0.00			
June 15, 2030.....	2,975,000.00			
December 15, 2030.....	0.00			
June 15, 2031.....	3,050,000.00			
December 15, 2031.....	0.00			
June 15, 2032.....	3,150,000.00			
December 15, 2032.....	0.00			

* Preliminary; subject to change.

Debt Service On The 2016 Bonds—continued

<u>Payment Date</u>	<u>2016 Bonds</u>		<u>Period Total</u>	<u>Fiscal Total</u>
	<u>Principal*</u>	<u>Interest</u>		
June 15, 2033.....	\$ 3,250,000.00			
December 15, 2033.....	0.00			
June 15, 2034.....	3,350,000.00			
December 15, 2034.....	0.00			
June 15, 2035.....	3,450,000.00			
December 15, 2035.....	0.00			
June 15, 2036.....	<u>3,550,000.00</u>			
Totals.....	<u>\$50,050,000.00</u>	\$	\$	

* Preliminary; subject to change.

PROVO CITY SCHOOL DISTRICT, UTAH

General

The District is located in the County and shares approximately the same boundaries with the City. The City was incorporated in 1851 and covers an area of approximately 44 square miles and is located in the central portion of the County. The County is located in the north central portion of the State approximately 30 miles south of metropolitan Salt Lake City, Utah. The County covers an area of approximately 2,143.5 square miles. The County had 575,205 residents according to the 2015 population estimates by the U.S. Census Bureau and ranked as the second most populous county in the State (out of 29 counties). Additionally, Alpine School District serves the northern portion of the County and Nebo School District serves the southern portion of the County for educational purposes.

The City is located approximately 45 miles from Salt Lake City, Utah and is the most populated city in the County with a 2014 U.S. Census population estimate of 114,801 and ranks the City as the third most populous city in the State. The District’s headquarters are located in the City and is also the county seat of the County. The District maintains a website that may be accessed at <http://www.provo.edu>.

The District presently operates 18 schools consisting of 13 elementary schools, two middle schools, two high schools and one alternative high school. Also see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Statistical Section—Average Daily Membership by School by Grade (Unaudited)” (page A-118). The historical enrollment as of October 1 within the District is as follows:

(The remainder of this page has been intentionally left blank.)

<u>October 1</u>	<u>Total</u>	<u>% Increase (Decrease) Over Prior Year</u>
2016 (1).....	17,167	1.1%
2015	16,983	2.3
2014 (2).....	16,600	12.2
2013	14,799	4.2
2012	14,202	3.1
2011	13,779	3.0
2010	13,376	1.0
2009	13,241	(0.4)
2008	13,288	1.6
2007	13,083	(2.0)
2006	13,351	0.6

(1) Projected.

(2) As online education options become more of the norm, the District experienced a large increase in e-school enrollment from both previously home schooled students as well as previous charter school students. E-school is viable option for non-traditional student education. (Source: The District.)

(Source: State Office of Education.)

Form Of Government

Board of Education. The determination of policies for the management of the District is the responsibility of the Board, the members of which are elected by the qualified electors within the District. The District is divided into seven representative precincts, and a member of the Board is elected from each of the seven precincts. Members serve four–year terms, which are staggered to provide continuity.

The Board is empowered, among other things, to: (i) implement core curriculum; (ii) administer tests which measure the progress of each student, and create plans to improve the student’s progress; (iii) implement training programs for school administrators; (iv) purchase, sell and improve school sites, buildings and equipment; (v) construct and furnish school buildings; (vi) establish, locate and maintain elementary, secondary and applied technology schools; (vii) maintain school libraries; (viii) make and enforce all necessary rules and regulations for the control and management of the public schools in the District; (ix) adopt bylaws and rules for its own procedure; and (x) appoint a superintendent of schools, business administrator, and such officers or employees as are deemed necessary for the promotion of the interests of the schools.

Superintendent. The Superintendent of Schools (the “Superintendent”) is appointed by the Board and is responsible for the actual administration of the schools in the District. The powers and duties of the Superintendent are prescribed by the Board. Pursuant to State law, the Superintendent is required to prepare and submit to the Board an annual budget itemizing anticipated revenues and expenditures for the next school year. The Superintendent is appointed by the Board for a two–year term and until a successor is appointed.

Business Administrator. The Business Administrator is appointed by the Board and reports to the Superintendent. The duties of the Business Administrator, among others, are to (i) attend all meetings of the Board and keep a journal of the proceedings, (ii) countersign all warrants drawn upon the District treasury, (iii) keep an account and prepare and publish an annual statement of moneys received by the District and amounts paid out of the treasury, and (iv) have custody of the records and papers of the Board. The Business Administrator is the custodian of all moneys belonging to the District and is required to prepare and submit to the Board a monthly report of the receipts and disbursements of the Business Administra-

tor’s office. The Business Administrator is appointed by the Board for a two–year term and until a successor is appointed.

Current members of the Board, the Superintendent, the Business Administrator, and other administrators and their respective terms in office are as follows:

<u>Office</u>	<u>Person</u>	<u>Years in Position</u>	<u>Expiration of Current Term</u>
President.....	Julie Rash	5	January 2017
Member.....	McKay Jensen	3	January 2019
Member.....	Marsha Judkins	3	January 2017
Member.....	Michelle Kaufusi	6	January 2019
Member.....	Taz Murray	2	January 2019
Member.....	Jim Pettersson	3	January 2017
Member.....	Shannon Poulsen	15	January 2019
Superintendent	Keith C. Rittel	4	Appointed/July 2016
Business Administrator.....	Stefanie Bryant	3	Appointed/July 2016

Employee Workforce And Retirement System; Early Retirement Incentive; And Post–Employment Benefits

Employee Workforce and Retirement System. As of Fiscal Year 2015 the District employed approximately 1,583 full–time equivalent employees. The District participates in cost–sharing multiple employer public employee retirement systems which are defined benefit retirement plans covering public employees of the State and employees of participating local government entities administered by the Utah State Retirement Systems (“URS”). The retirement system provides refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes. The District also participates in deferred compensation plans with URS. The retirement and deferred compensation plans are administered by the URS under the direction of the URS board, which consists of six members appointed by the Governor of the State and the State Treasurer.

For a detailed discussion regarding retirement benefits and contributions see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015–Notes to the Basic Financial Statements–Note 7. Employee Retirement Systems and Pension Plan” (page A–49).

Due to the implementation of Governmental Accounting Standard Board Statement 68 (“GASB 68”), beginning Fiscal Year 2015, the Board is required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of URS.

For a detailed discussion regarding GASB 68 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015–Notes to the Basic Financial Statements–Note 8. GASB 68 Restatement” (page A–53).

Early Retirement Incentive. The District provides a voluntary early retirement incentive program. Eligibility is restricted to those employees hired prior to September 1, 2005, and has a minimum of 12 years of service in the District who retires 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.

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 498 retirees receiving benefit coverage in addition to 269 present employees (and spouses) who have earned vested coverage upon retirement. 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 Fiscal Years 2015, 2014 and 2013 were \$3,482,154, \$3,253,059, and \$3,163,992, respectively.

The actuarial accrued liability of the District's post-employment benefit plan as of July 1, 2014 and July 1, 2012 (most recent actuarial valuation date) is \$42,128,000, and \$36,739,000, respectively. All of which is unfunded. The covered payroll (annual payroll of active employees) at June 30, 2014 and 2013 is \$9,740,147 and \$10,686,150, respectively. The ratio of the unfunded actuarial accrued liability to the covered payroll was 433% for Fiscal Year 2015 and 344% for Fiscal Year 2014. As of Fiscal Year 2015, the District has designated \$14,198,244 of the general fund balance for future funding of the OPEB.

As of the date of this OFFICIAL STATEMENT, the Board currently does not expect its current or future policies regarding post-employment benefits to have a negative financial impact on the District. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Notes to the Basic Financial Statements—Note 9. Early Retirement Incentive and Post Employment Health Care Benefit Obligation (page A-53).

Risk Management

The District is a member of a risk pool where the State self-insures portions of certain property and liability claims and purchases commercial insurance for claims above the self-insured retention amounts. This is done through the State's Administrative Services Risk Management Fund. The fund is maintained via premiums charged to its members—State agencies, institutions of higher education, school districts and charter schools.

As of Fiscal Year 2015, the Administrative Services Risk Management Fund contained approximately \$46.9 million in reserve available to pay for claims incurred. In the opinion of the State's Risk Manager, the available balance will be adequate to cover claims through Fiscal Year 2016.

For a general discussion of coverage, limits of coverage, unemployment and workers compensation, and claims see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Notes to the Basic Financial Statements—Note. 13. Risk Management" (page A-56).

Investment Of Funds

The State Money Management Act. The State Money Management Act, Title 51, Chapter 7 of the Utah Code (the "Money Management Act"), governs and establishes criteria for the investment of all public funds held by public treasurers in the State. The Money Management Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, obligations of the State and political subdivisions of the State, U.S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and investments in corporate securities meeting certain ratings requirements. The Money Management Act establishes the State Money Management Council (the "Money Management Council") to exercise oversight of public deposits and investments. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The Board is currently complying with all of the provisions of the Money Management Act for all Board operating funds.

The Utah Public Treasurers' Investment Fund. A significant portion of Board funds may be invested in the Utah Public Treasurers Investment Fund (“PTIF”). The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. All investments in the PTIF must comply with the Money Management Act and rules of the Money Management Council. The PTIF invests primarily in money market securities. Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days and the maximum final maturity of any security purchased by the PTIF is limited to five years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act.

All securities purchased are delivered versus payment to the custody of the State Treasurer or the State Treasurer’s safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the Money Management Council and is audited by the State Auditor. The PTIF is not rated.

See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Notes to the Basic Financial Statements—Note 2. Deposits and Investments” (page A-43).

Investment of 2016 Bond Proceeds. The proceeds of the 2016 Bonds will be held by the Board and invested so as to be readily available. The 2016 Bond proceeds may also be invested in the PTIF or other investments authorized under the Money Management Act.

Population

The following population information is provided for the City and the County.

	<u>City</u>	% Change From Prior Period	<u>County</u>	% Change From Prior Period
2015 Estimate (1)	115,264	2.5%	575,205	11.4%
2010 Census	112,488	7.0	516,564	40.2
2000 Census	105,168	21.1	368,536	39.8
1990 Census	86,835	17.2	263,590	20.9
1980 Census	74,111	39.5	218,106	58.3
1970 Census	53,131	47.4	137,776	28.8
1960 Census	36,047	24.6	106,991	30.6
1950 Census	28,937	60.1	81,912	42.7
1940 Census	18,071	22.4	57,382	17.1
1930 Census	14,766	43.3	49,021	20.2
1920 Census	10,303	15.4	40,792	7.5
1910 Census	8,925	44.3	37,942	16.9

(1) U.S. Bureau of the Census estimates for July 1, 2015. Percentage change is calculated from the 2010 Census.

(Source: U.S. Department of Commerce, Bureau of the Census.)

Employment, Income, Construction, And Sales Taxes Within Utah County, City of Provo And The State Of Utah

Labor Force, Nonfarm Jobs and Wages within Utah County

	Calendar Year (1)						% change from prior year				
	2015 (2)	2014	2013	2012	2011	2010	2014-15	2013-14	2012-13	2011-12	2010-11
Civilian labor force (3).....	266,078	255,870	241,401	229,645	221,984	221,315	4.0	6.0	5.1	3.5	0.3
Employed persons.....	257,594	246,942	231,132	217,718	207,313	203,683	4.3	6.8	6.2	5.0	1.8
Unemployed persons.....	8,484	8,928	10,269	11,927	14,671	17,632	(5.0)	(13.1)	(13.9)	(18.7)	(16.8)
Total private sector (age).....	194,566	180,028	171,903	162,252	153,981	148,050	8.1	4.7	5.9	5.4	4.0
Agriculture, forestry, fishing and hunting..	1,219	1,159	1,143	1,155	1,052	972	5.2	1.4	(1.0)	9.8	8.2
Mining.....	96	111	103	127	76	56	(13.5)	7.8	(18.9)	67.1	35.7
Utilities.....	293	289	282	299	289	288	1.4	2.5	(5.7)	3.5	0.3
Construction.....	19,387	16,320	14,771	13,385	10,563	9,672	18.8	10.5	10.4	26.7	9.2
Manufacturing.....	17,573	17,773	17,476	16,539	15,827	15,667	(1.1)	1.7	5.7	4.5	1.0
Wholesale trade.....	6,826	6,222	5,611	5,206	4,908	4,885	9.7	10.9	7.8	6.1	0.5
Retail trade.....	28,513	25,411	24,283	23,141	22,474	21,700	12.2	4.6	4.9	3.0	3.6
Transportation and warehousing.....	2,888	2,607	2,416	2,415	2,350	2,174	10.8	7.9	0.0	2.8	8.1
Information.....	11,356	9,995	9,347	8,600	8,019	7,850	13.6	6.9	8.7	7.2	2.2
Finance and insurance.....	4,901	4,499	4,559	4,289	3,904	4,048	8.9	(1.3)	6.3	9.9	(3.6)
Real estate and rental and leasing.....	2,424	2,306	2,254	2,031	1,998	2,016	5.1	2.3	11.0	1.7	(0.9)
Professional, scientific and technical.....	16,554	15,217	13,847	12,634	12,004	11,083	8.8	9.9	9.6	5.2	8.3
Management of companies/enterprises.....	1,177	1,239	1,059	1,128	1,154	1,146	(5.0)	17.0	(6.1)	(2.3)	0.7
Administrative/support/waste/redediation..	12,922	11,159	11,015	10,913	10,244	9,288	15.8	1.3	0.9	6.5	10.3
Education services.....	21,314	22,575	22,481	22,361	21,565	21,073	(5.6)	0.4	0.5	3.7	2.3
Health care and social assistance.....	24,469	22,958	22,136	20,780	20,181	19,266	6.6	3.7	6.5	3.0	4.7
Arts, entertainment and recreation.....	2,534	1,833	1,761	1,988	1,857	1,646	38.2	4.1	(11.4)	7.1	12.8
Accommodation and food services.....	16,337	14,793	13,934	12,979	12,294	11,995	10.4	6.2	7.4	5.6	2.5
Other services.....	4,985	4,710	4,564	4,368	4,268	4,186	5.8	3.2	4.5	2.3	2.0
Unclassified establishments.....	17	1	8	10	9	12	1600.0	(87.5)	(20.0)	11.1	(25.0)
Total public sector (age).....	27,801	28,809	28,251	27,859	27,076	26,590	(3.5)	2.0	1.4	2.9	1.8
Federal.....	957	903	917	949	971	1,177	6.0	(1.5)	(3.4)	(2.3)	(17.5)
State.....	8,224	8,213	8,111	7,804	7,224	678	0.1	1.3	3.9	8.0	965.5
Local.....	18,620	19,693	19,223	19,107	18,882	18,635	(5.4)	2.4	0.6	1.2	1.3
Total payroll (in \$1,000's) (4).....	\$ 2,120,266	\$ 7,936,307	\$ 7,464,442	\$ 6,973,813	\$ 6,439,039	\$ 6,051,905	(1.6)	6.3	7.0	8.3	6.4
Average monthly wage.....	\$ 3,178	\$ 3,167	\$ 3,108	\$ 3,057	\$ 3,964	\$ 2,888	0.3	1.9	1.7	(22.9)	37.3
Average employment.....	222,377	208,836	200,154	190,111	181,056	174,639	6.5	4.3	5.3	5.0	3.7
Establishments.....	1,490	13,687	13,246	12,500	12,232	12,120	(89.1)	3.3	6.0	2.2	0.9

- (1) Utah Department of Workforce Services.
- (2) Information as of 3rd quarter 2015.
- (3) Annual Average, all years.
- (4) Information as of 3rd quarter 2015; percent change compared to the same time period of the prior year.

Employment, Income, Construction, And Sales Taxes Within Utah County, City of Provo And The State Of Utah—continued

Personal Income; Per Capital Personal Income; Median Household Income within Utah County and State of Utah (1)

	Calendar Year						% change from prior year					
	2014	2013	2012	2011	2010	2009	2013-14	2012-13	2011-12	2010-11	2009-10	
Total Personal Income (in \$1,000's):												
Utah County.....	\$ 18,105,125	\$ 17,259,931	\$ 16,660,323	\$ 15,385,049	\$ 14,257,749	\$ 12,829,504	4.9	3.6	8.3	7.9	11.1	
State of Utah.....	110,841,885	106,072,574	102,772,080	96,888,550	90,483,243	88,273,445	4.5	3.2	6.1	7.1	2.5	
Total Per Capita Personal Income:												
Utah County.....	\$ 32,274	\$ 31,272	\$ 30,875	\$ 29,025	\$ 27,441	\$ 25,415	3.2	1.3	6.4	5.8	8.0	
State of Utah.....	37,664	36,542	35,995	34,415	32,614	32,413	3.1	1.5	4.6	5.5	0.6	
Median Household Income:												
Utah County.....	\$ 60,957	\$ 60,069	\$ 58,167	\$ 58,077	\$ 54,385	\$ 57,471	1.5	3.3	0.2	6.8	(5.4)	
State of Utah.....	60,943	57,067	55,802	54,740	55,183	56,820	6.8	2.3	1.9	(0.8)	(2.9)	

Construction within City of Provo (2)

	Calendar Year						% change from prior year					
	2016 (3)	2015	2014	2013	2012	2011	2015-16 (3)	2014-15	2013-14	2012-13	2011-12	
Number new dwelling units.....	28.0	319.0	330.0	264.0	124.0	325.0	133.3	(3.3)	25.0	112.9	(61.8)	
New (in \$1,000's):												
Residential value.....	\$ 5,332.4	\$ 42,794.2	\$ 43,323.2	\$ 39,000.2	\$ 51,202.8	\$ 54,068.1	66.6	(1.2)	11.1	(23.8)	(5.3)	
Non-residential value.....	422,238.3	57,916.4	131,574.5	111,263.0	11,599.1	62,107.9	34,905.7	(56.0)	18.3	859.2	(81.3)	
Additions, alterations, repairs (in \$1,000's):												
Residential value.....	1,699.5	7,606.6	7,174.9	6,097.0	4,320.7	12,880.1	6.7	6.0	17.7	41.1	(66.5)	
Non-residential value.....	11,752.7	36,112.8	30,255.0	86,734.5	42,458.8	23,421.5	(90.6)	19.4	(65.1)	104.3	81.3	
Total construction value (in \$1,000's).....	\$ 441,022.9	\$ 144,430.0	\$ 212,327.6	\$ 243,094.7	\$ 109,581.4	\$ 152,477.6	2,277.3	(32.0)	(12.7)	121.8	(28.1)	

Sales Taxes Within City of Provo, Utah County and the State of Utah (4)

	Calendar Year						% change from prior year					
	2014	2013	2012	2011	2010	2009	2013-14	2012-13	2011-12	2010-11	2009-10	
Gross Taxable Sales (in \$1,000's):												
Utah County.....	\$ 7,555,120	\$ 7,186,924	\$ 6,886,070	\$ 6,264,356	\$ 5,784,838	\$ 5,638,079	5.1	4.4	9.9	8.3	2.6	
City of Provo.....	1,296,485	1,242,263	1,154,862	1,071,799	1,071,283	1,301,604	4.4	7.6	7.7	0.0	(17.7)	
State of Utah.....	51,709,162	49,404,045	47,531,179	44,097,026	41,387,390	40,480,954	4.7	3.9	7.8	6.5	2.2	
	Fiscal Year						% change from prior year					
	2014	2013	2012	2011	2010	2009	2013-14	2012-13	2011-12	2010-11	2009-10	
Local Sales and Use Tax Distribution:												
Utah County (and all cities).....	\$ 81,280,075	\$ 77,867,042	\$ 72,132,139	\$ 67,482,710	\$ 65,020,669	\$ 69,441,824	4.4	8.0	6.9	3.8	(6.4)	
City of Provo.....	16,048,759	15,474,360	14,633,508	13,940,388	13,579,321	15,341,424	3.7	5.7	5.0	2.7	(11.5)	

- (1) U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.
- (2) University of Utah Bureau of Economic and Business Research, Utah Construction Report.
- (3) Information as of 1st quarter 2016 only; percent change compared to the same time period of the prior year.
- (4) Utah State Tax Commission.

Largest Employers

The following is a list of the largest employers in the City and County with employment over 500 individuals.

<u>Firm (location)</u>	<u>Business</u>	<u>Employees</u>
Major Employers in the City		
Brigham Young University (Provo).....	Education services	15,000–22,000
Utah Valley Regional Medical Center (Provo).....	Health care and social assistance	3,000–4,000
Provo City School District (Provo).....	Education services	1,250–2,800
Provo City (Provo).....	City government	825–1,710
NuSkin International Inc. (Provo).....	Wholesale trade	750–1,500
Central Utah Medical Clinic (Provo).....	Health care and social assistance	500–1,000
Chrysalis Utah, Inc. (Provo).....	Health care and social assistance	500–1,000
Citizens Telecommunication (Provo).....	Information	500–1,000
Qualtrics, LLC (Provo).....	Professional, scientific, & technical svc.	500–1,000
RDB Acquisition Sub, Inc. (Provo).....	Admin., support, waste mgmt, Remedia.	500–1,000
Utah State Hospital (Provo).....	Health care and social assistance	500–1,000
Major Employers in the County		
Alpine School District (northern county-wide).....	Education services	4,745–10,150
Utah Valley University (Orem).....	Education services	3,000–4,000
Vivint, Inc. (county-wide).....	Construction	3,000–5,000
Nebo School District (Spanish Fork).....	Education services	2,320–4,970
Wal-Mart (county-wide).....	Retail trade	1,750–3,500
Adobe Systems Incorporated (Lehi).....	Information	1,000–2,000
IM Flash Technologies (Lehi).....	Manufacturing	1,000–2,000
Nestle Prepared Foods (Springville).....	Manufacturing	1,000–2,000
Nexeo Staffing LLC (Orem).....	Admin., support, waste mgmt, Remedia.	1,000–2,000
Utah Valley University Foundation (Orem).....	Education services	1,000–2,000
Smiths Food and Drug (county-wide).....	Retail trade	550–1,350
Alpine Building LLC (Pleasant Grove).....	Construction	500–1,000
American Fork Hospital (American Fork).....	Health care and social assistance	500–1,000
Bluehost.com (Orem).....	Information	500–1,000
Domo, Inc. (American Fork).....	Information.	500–1,000
Property Solutions International (Lehi).....	Information	500–1,000
SolutionReach, Inc. (Lehi).....	Professional, scientific, & technical svc.	500–1,000
SOS Staffing Services (county-wide).....	Admin., support, waste mgmt, Remedia.	500–1,100
Timpanogos Regional Medical Service (Orem).....	Health care and social assistance	500–1,000
US Synthetic Corporation (Orem).....	Manufacturing	500–1,000
Utah State Development Center (American Fork).....	Health care and social assistance	500–1,000
Xactware Solutions, Inc. (Lehi).....	Professional, scientific, & technical svc.	500–1,000
Young Living Essential Oils (Lehi).....	Retail trade	500–1,000

(Source: Utah Department of Workforce Services. Updated March 2016, reflecting information as of September 2015.)

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Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Utah County</u>	<u>State of Utah</u>	<u>United States (2)</u>
2016 (1).....	3.3%	3.8%	5.0%
2015	3.2	3.5	5.3
2014	3.5	3.8	6.2
2013	4.2	4.6	7.4
2012	5.0	5.4	8.1

(1) Preliminary, subject to change. As of March 2016, seasonally adjusted.

(2) Source: United States Department of Labor; Bureau of Labor Statistics.

(Source: Utah Department of Workforce Services.)

DEBT STRUCTURE OF PROVO CITY SCHOOL DISTRICT, UTAH

Outstanding General Obligation Bonded Indebtedness

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2016 (a) (1)	School building	\$50,025,000*	June 15, 2036*	\$ 50,025,000*
2015A (2).....	Refunding	22,790,000	June 15, 2027	22,520,000
2015 (1).....	School building	50,615,000	June 15, 2035	49,355,000
2012 (1) (3).....	Refunding	9,045,000	June 15, 2017	1,950,000
2007B (1).....	School building	25,600,000	June 15, 2017	<u>1,225,000</u>
Total direct general obligation debt.....				<u>\$125,075,000*</u>

* Preliminary; subject to change.

(a) For purposes of this OFFICIAL STATEMENT, the 2016 Bonds will be considered issued and outstanding.

(1) Rated “Aaa” (State of Utah Guaranty; underlying “Aa2”) unless otherwise indicated, by Moody’s, as of the date of this OFFICIAL STATEMENT.

(2) Issued as a private placement. Not rated; no rating applied for. However, the principal and interest on this bond is guaranteed under the Utah School Bond Guaranty Program.

(3) Federally taxable bond.

Additional Information. For the general obligation of the District as of Fiscal Year 2015 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Notes to the Basic Financial Statements—Note 6. Long-term Liabilities” (page A-46) and “—Statistical Section—Schedule of Long-term Debt” (page A-108).

Municipal Building Authority Of Provo City School District, Utah

The Board created the Municipal Building Authority of Provo City School District, Utah (the “Authority”) as a nonprofit corporation in accordance with the provisions of the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code (the “Nonprofit Corporation Act”) and as provided in the Local Building Authority Act, Title 17D, Chapter 2, Utah Code. The Authority is to be of perpetual duration as set forth in its Articles of Incorporation.

The Authority at the present time has no full-time employees or other personnel other than its governing board as described below. The Authority has no property, money or other assets, except for the

projects that are or have been constructed by the Authority. The principal place of business of the Authority is at the Board offices.

Corporate And Statutory Powers. The Authority has been incorporated for the purpose of acquiring, improving or extending one or more projects and financing their costs on behalf of the Board in accordance with the procedures and subject to the limitations of State law, in order to accomplish the public purposes for which the Board exists.

Organization. According to the By-Laws of the Authority, the affairs of the Authority are managed by a Board of Trustees (the “Board of Trustees”). The Board of Trustees consists of seven members of the Board, as may from time to time serve. Each Trustee serves on the Board of Trustees until death, incapacity or removal from the Board. Whenever a Trustee shall cease to be a member of the Board, the successor, upon the election and qualifying for office, thereupon becomes a Trustee of the Authority. Trustees may be removed and replaced by the Board at any time at its discretion.

Debt Issuance. The Authority’s debt does not constitute legal debt within the meaning of any constitutional provision or statutory limitation which is applicable to the Board. The Authority has entered into certain annual leases with the Board for each project on an “all or none” basis. The leases may be terminated by the Board in any year and payments by the Board may be made only from moneys which are annually budgeted and appropriated by the Board for such purpose.

Debt issued by the Authority is being paid from rental payments received by the Authority from the Board. The Board’s rental payments are being made from the capital projects fund from property taxes and earnings on investments.

As of the date of this OFFICIAL STATEMENT, the Authority has outstanding the following lease revenue bonds:

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2010 (1).....	Building/QSCB (elementary)	\$6,462,000	March 15, 2026	<u>\$6,462,000</u>

(1) This bond is not rated and was issued as a private placement. The bonds are federally taxable, Qualified School Construction Bonds (“QSCB”) and were issued with a supplemental interest rate of 1.23% per annum. The purchaser also received the qualified federal tax credit of 5.86% at the time of the sale of the bonds. The bonds will mature on March 15, 2026. However, the Authority is required to make an annual sinking fund deposit of \$460,000 (or less, depending on interest earnings) into a sinking fund account held by Zions Bank, as escrow agent (interest income within the sinking account may not exceed 4.30% per annum). As of date of this OFFICIAL STATEMENT, the deposit amount in this sinking fund is approximately \$1,856,900.

See “Debt Schedule Of Outstanding Lease Revenue Bonds Of The Municipal Building Authority of Provo City School District, Utah By Fiscal Year” below.

Future issuance of Debt; Operating Leases; And Notes

Future issuance of debt. Other than the issuance of the 2016 Bonds (and any refunding opportunities) the District does not anticipate the issuance of any other debt within the next three years.

Operating Leases. The Board has an operating lease outstanding for computer equipment within the District. For Fiscal Year 2015 the Board’s present value of minimum lease payments was \$33,532, and will make payments through Fiscal Year 2019. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015–

Notes to the Basic Financial Statements—Note 6—Long—Term Obligations D. Obligations Under Capital Lease Leases” (page A-48).

Notes. In Fiscal Year 2013, the Board entered into a note agreement with the Utah State Office of Energy Development in the amount of \$320,720. Principal and interest payments are approximately \$25,575 per year through Fiscal Year 2025 with a current principal outstanding of \$217,695.

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Debt Service Schedule of Outstanding General Obligation Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2016 \$50,025,000*		Series 2015A \$22,790,000		Series 2015 \$50,615,000		Series 2012 \$9,045,000		Series 2007B \$25,600,000		Series 2007A (2) \$8,220,000		Series 2006 (3) \$9,400,000		Totals*		
	Principal*	Interest (a)	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
	2015.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,880,000	\$ 93,083	\$ 1,150,000	\$ 822,563	\$ 726,000	\$ 27,639	\$ 425,000	\$ 257,000	\$ 5,181,000	\$ 1,200,284	$ 6,381,284
2016.....	0	0	270,000	485,427	1,260,000	2,255,987	3,725,000	66,875	1,200,000	97,000	-	-	450,000	18,000	6,905,000	2,923,289	9,828,289
2017.....	75,000	1,740,094	750,000	479,676	1,790,000	1,729,838	1,950,000	25,155	1,225,000	49,000	-	-	0	0 (4)	5,790,000	4,023,762	9,813,762
2018.....	1,825,000	1,814,250	2,020,000	463,701	1,875,000	1,640,338	-	-	0	0 (1)	-	-	0	0 (4)	5,720,000	3,918,289	9,638,289
2019.....	1,875,000	1,777,750	2,095,000	420,675	1,970,000	1,546,588	-	-	0	0 (1)	-	-	0	0 (4)	5,940,000	3,745,013	9,685,013
2020.....	1,925,000	1,721,500	2,155,000	376,052	2,070,000	1,448,088	-	-	0	0 (1)	-	-	0	0 (4)	6,150,000	3,545,639	9,695,639
2021.....	1,975,000	1,663,750	2,195,000	330,150	2,175,000	1,344,588	-	-	0	0 (1)	-	-	0	0 (4)	6,345,000	3,338,488	9,683,488
2022.....	2,050,000	1,604,500	2,225,000	283,397	2,280,000	1,235,838	-	-	0	0 (1)	-	-	0	0 (4)	6,555,000	3,123,734	9,678,734
2023.....	2,150,000	1,502,000	2,255,000	236,004	2,395,000	1,121,838	-	-	0	0 (1)	-	-	0	0 (4)	6,800,000	2,859,842	9,659,842
2024.....	2,250,000	1,394,500	2,315,000	187,973	2,450,000	1,067,950	-	-	0	0 (1)	-	-	0	0 (4)	7,015,000	2,650,423	9,665,423
2025.....	2,375,000	1,282,000	2,345,000	138,663	2,510,000	1,006,700	-	-	0	0 (1)	-	-	0	0 (4)	7,230,000	2,427,363	9,657,363
2026.....	2,500,000	1,163,250	2,395,000	88,715	2,580,000	937,675	-	-	0	0 (1)	-	-	0	0 (4)	7,475,000	2,189,640	9,664,640
2027.....	2,625,000	1,038,250	1,770,000	37,701	2,655,000	860,275	-	-	0	0 (1)	-	-	-	-	7,050,000	1,936,226	8,986,226
2028.....	2,750,000	907,000	-	-	2,735,000	780,625	-	-	-	-	-	-	-	-	5,485,000	1,687,625	7,172,625
2029.....	2,875,000	769,500	-	-	2,830,000	684,900	-	-	-	-	-	-	-	-	5,705,000	1,454,400	7,159,400
2030.....	2,975,000	683,250	-	-	2,930,000	585,850	-	-	-	-	-	-	-	-	5,905,000	1,269,100	7,174,100
2031.....	3,050,000	594,000	-	-	3,035,000	483,300	-	-	-	-	-	-	-	-	6,085,000	1,077,300	7,162,300
2032.....	3,150,000	502,500	-	-	3,125,000	392,250	-	-	-	-	-	-	-	-	6,275,000	894,750	7,169,750
2033.....	3,250,000	408,000	-	-	3,220,000	298,500	-	-	-	-	-	-	-	-	6,470,000	706,500	7,176,500
2034.....	3,350,000	310,500	-	-	3,315,000	201,900	-	-	-	-	-	-	-	-	6,665,000	512,400	7,177,400
2035.....	3,450,000	210,000	-	-	3,415,000	102,450	-	-	-	-	-	-	-	-	6,865,000	312,450	7,177,450
2036.....	3,550,000	106,500	-	-	-	-	-	-	-	-	-	-	-	-	3,550,000	106,500	3,656,500
Totals.....	\$ 50,025,000	\$ 21,193,094	\$ 22,790,000	\$ 3,528,132	\$ 50,615,000	\$ 19,725,475	\$ 8,555,000	\$ 185,113	\$ 3,575,000	\$ 968,563	\$ 726,000	\$ 27,639	\$ 875,000	\$ 275,000	\$ 137,161,000	\$ 45,903,015	\$ 183,064,015

*Preliminary; subject to change.

(a) Preliminary; subject to change. Interest has been estimated at an average interest rate of 3.50% per annum.

(1) Principal and interest were refunded by the 2015A Bonds.

(2) This bond issue is included in this table because final principal and interest payments occurred in Fiscal Year 2015.

(3) This bond issue is included in this table because final principal and interest payments occurred in Fiscal Year 2016.

(4) Principal and interest were refunded by the 2015A Bonds.

**Debt Service Schedule Of Outstanding Lease Revenue Bonds Of The Municipal Building
Authority Of Provo City School District, Utah By Fiscal Year**

Fiscal Year Ending June 30	Series 2010 \$6,462,000				
	Principal	Federal Tax Credit Taken by Purchaser (1)	Interest (2)	Estimated Annual Contributions to Sinking Account (3)	Total Payment Required For Debt Service
2015.....	\$ 0	–	\$ 79,483	\$ 460,000	\$ 539,483
2016.....	0	–	79,483	460,000	539,483
2017.....	0	–	79,483	460,000	539,483
2018.....	0	–	79,483	460,000	539,483
2019.....	0	–	79,483	460,000	539,483
2020.....	0	–	79,483	460,000	539,483
2021.....	0	–	79,483	460,000	539,483
2022.....	0	–	79,483	460,000	539,483
2023.....	0	–	79,483	460,000	539,483
2024.....	0	–	79,483	460,000	539,483
2025.....	0	–	79,483	460,000	539,483
2026.....	6,462,000	–	59,612	482,000	541,612
Totals.....	<u>\$6,462,000</u>	<u>\$ 0</u>	<u>\$ 933,921</u>	<u>\$ 5,542,000</u>	<u>\$ 6,475,921</u>

- (1) Federally taxable bonds sold as a private placement. The purchaser received the qualified federal tax credit of 5.86% at the time of the sale of the 2010 Bonds.
- (2) Interest based on 1.23% per annum.

Overlapping And Underlying General Obligation Debt

Taxing Entity	2015 Taxable Value (1)	Board's Portion of Tax- able Value	Board's Per- centage	Entity's General Obligation Debt	Board's Portion of G.O. Debt
Overlapping:					
State of Utah	\$223,545,800,479	\$5,131,948,176	2.3%	\$2,498,895,000	\$ 57,474,585
CUWCD (2)	131,866,281,402	5,131,948,176	3.9	229,525,000	8,951,475
Provo City	5,132,860,196	5,131,948,176	100.0	35,810,000	<u>35,810,000</u>
Total overlapping					<u>102,236,060</u>
Underlying:					
Total underlying					<u>0</u>
Total overlapping and underlying general obligation debt					<u>\$102,236,060</u>
Total overlapping general obligation debt (excluding the State) (3)					\$ 44,761,475
Total direct general obligation bonded indebtedness					<u>125,075,000*</u>
Total direct and overlapping general obligation debt (excluding the State) (3)					<u>\$169,836,475*</u>

This table excludes any additional principal amounts attributable to unamortized original issue bond premium and deferred amount on refunding.

- (1) Preliminary; subject to change. Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Central Utah Water Conservancy District (“CUWCD”) outstanding general obligation bonds are limited ad valorem tax bonds. Certain portions of the principal of and interest on CUWCD’s general obligation bonds are paid from sales of water.
- (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.

Additional Information. For the overlapping and underlying general obligation of the District as of Fiscal Year 2015 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Statistical Section—Overlapping and Underlying General Obligation Debt Fiscal Year Ending June 30, 2015” (page A-111).

Debt Ratios

The following table sets forth the ratios of general obligation debt (excluding any additional principal amounts attributable to unamortized original issue bond premium) that is expected to be paid from taxes levied specifically for such debt and not from other revenues over the taxable value of property within the District, the estimated market value of such property and the population of the District. *The State’s general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.*

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	To 2015 Estimated Taxable Value (1)	To 2015 Estimated Market Value (2)	To 2014 Population Estimate Per Capita (3)
Direct general obligation debt*	2.44%	1.65%	\$ 1,089
Direct and overlapping general obligation debt*	3.31	2.24	1,479

- (1) Based on an estimated 2015 Taxable Value of \$5,131,948,176, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Based on an estimated 2015 Market Value of \$7,568,631,079, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Based on the 2014 population estimate of 114,801 from the U.S. Census Bureau.

* Preliminary; subject to change.

Additional Information. For a 10 year history of various debt ratios calculated by the District see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Statistical Section—Ratios of Outstanding Debt June 30, 2006 through 2015” (page A-110).

See “FINANCIAL INFORMATION REGARDING PROVO CITY SCHOOL DISTRICT, UTAH—Property Tax Matters—Uniform Fees” and “—Taxable, Fair Market And Market Value Of Property With-in The District” below.

General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

The general obligation indebtedness of the Board is limited by State law to 4% of the fair market value of taxable property in the District. The legal debt limit and additional debt incurring capacity of the Board (after the issuance of the 2016 Bonds) are based on the estimated fair market value for 2015 and the calculated valuation value from 2015 uniform fees, and are calculated as follows:

Estimated 2015 “Fair Market Value”	\$7,568,631,079
Estimated 2015 valuation from uniform fees (1)	<u>143,223,771</u>
Estimated 2015 “Fair Market Value for Debt Incurring Capacity”	<u>\$7,711,854,850</u>
“Fair Market Value for Debt Incurring Capacity” times 4% (the “Debt Limit”)	\$305,474,194
Less: current outstanding general obligation debt (2).....	<u>(127,457,005)*</u>
Estimated additional debt incurring capacity	<u>\$178,017,189*</u>

- (1) 2015 final information is not available. For debt incurring capacity only, in computing the fair market value of taxable property in the District, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the District.
- (2) For legal debt limit purposes, the outstanding general obligation debt as shown above is increased by the premium associated with debt issued and reduced by deferred amounts on refundings that are reported in the long-term debt notes of the Board’s financial statements. The total unamortized bond premium was \$2,382,005 (as of June 30, 2015), and with current outstanding debt of \$125,075,000*, results in total outstanding debt of \$127,457,005*.

* Preliminary; subject to change.

Additional Information. For a 10 year Fiscal Year history of the Board’s general obligation legal debt limit and debt capacity see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015–Statistical Section–Computation of Legal Debt Margin June 30, 2006 through 2015” (page A–112).

No Defaulted Obligations

The Board has never failed to pay principal of and interest on its financial obligations when due.

FINANCIAL INFORMATION REGARDING PROVO CITY SCHOOL DISTRICT, UTAH

Fund Structure; Accounting Basis

The accounting policies of the District conform to all generally accepted accounting principles for governmental units in general and the State’s school districts in particular.

The accounts of the District are organized on the basis of funds or groups of accounts, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the combined financial statements. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015–Notes to Basic Financial Statements–Note 1. Summary of Significant Accounting Policies” (page A–37).

Budgets And Budgetary Accounting

The District operates within the budget requirements for school districts as specified by State law and as interpreted by the State Superintendent of Public Instruction. The Superintendent of each school district is the budget officer of each respective district.

For the fiscal year beginning July 1, the Business Administrator under the supervision of the Superintendent prepares a tentative budget for all funds which is presented to the Board by the Superintendent on or before June 1. State law requires budgets for all governmental fund types and the Board has adopted budgets for those funds.

After a public hearing has been held, the Board, by resolution, legally adopts the final budget prior to June 22. If the tax rate in the proposed budget exceeds the “certified tax rate,” the Board shall, if required by State law, comply with the notice and hearing requirements contained in the Property Tax Act, Chapter 2, Title 59, Utah Code (the “Property Tax Act”) in adopting the budget. See in this section “Tax Levy And Collection” and “Public Hearing On Certain Tax Increases” below.

Once adopted, the budget can be amended by subsequent Board action. Reductions in appropriations can be approved by the Board upon recommendation of the Superintendent; however, increased appropriations require a public hearing prior to amending the budget.

Adjustments in estimated revenue and revisions of appropriations due to operational changes in categorical program funding are integrated into the amended budget approved by the Board.

A final amended budget is legally approved by the Board prior to the end of the fiscal year.

The total budgeted expenditures of a given fund may not exceed the revenues expected to be received for the fiscal year plus the fund balance. Control of the budget is exercised at the program level.

The General Fund, the Capital Projects Fund, the Non K–12 Programs, and the Food Service budgets are prepared using the modified accrual basis of accounting, adjusted for encumbrances. Unencumbered appropriations lapse at year end.

Undistributed Reserve in School Board Budget. A local school board may adopt a budget with an undistributed reserve. The reserve may not exceed 5% of the maintenance and operation budget adopted by each local board in accordance with a scale developed by the State Board of Education. The scale is based on the size of the school district's budget.

Each local board may appropriate all or a part of the undistributed reserve made to any expenditure classification in the maintenance and operation budget by written resolution adopted by majority vote of such board setting forth the reasons for the appropriation.

The board may not use undistributed reserves in the negotiation or settlement of contract salaries for school district employees.

Limits on Appropriations–Estimated Expendable Revenue. A local school board may not make any appropriation in excess of its estimated expendable revenue, including undistributed reserves, for the following fiscal year.

In determining the estimated expendable revenue, any existing deficits arising through excessive expenditures from former years are deducted from the estimated revenue for the ensuing year to the extent of at least 10% of the entire tax revenue of the school district for the previous year.

In the event of financial hardships, a local board may deduct from the estimated expendable revenue for the ensuing year, by fund, at least 25% of the deficit amount.

All estimated balances available for appropriations at the end of the fiscal year shall revert to the funds from which they were appropriated and shall be fund balances available for appropriation in the budget of the following year.

A local school board may reduce a budget appropriation at its regular meeting if notice of the proposed action is given to all board members and the district superintendent at least one week prior to the meeting.

An increase in an appropriation may not be made by a local school board unless the following steps are taken: (a) the local school board receives a written request from the district superintendent that sets forth the reasons for the proposed increase; (b) notice of the request is published in a newspaper of general circulation within the school district at least one week prior to a local school board meeting at which the request will be considered; and (c) the local school board holds a public hearing on the request prior to the board's acting on the request.

School District Interfund Transfers. The State Board of Education may authorize school district inter-fund transfers for financially distressed districts if the State Board of Education determines the following: (a) the school district has a significant deficit in its maintenance and operations fund which has resulted from circumstances not subject to the administrative decisions of the school district and which cannot be reasonably reduced under Section 53A–19–104 of the Utah Code; and (b) without the transfer, the school district will not be capable of meeting statewide educational standards adopted by the State Board of Education.

Adoption of Ad Valorem Tax Levy. The governing body of each taxing entity shall, before June 22 of each year, adopt a proposed or, if the tax rate is not more than the certified tax rate, a final tax rate for the taxing entity. The governing body shall report the rate and levy, and any other information prescribed by rules of the county commission for the preparation, review, and certification of the rate, to the county auditor of the county in which the taxing entity is located.

Also see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Notes to Basic Financial Statements—Note 1. Summary of Significant Accounting Policies—E. Budget and Budgetary Accounting” (page A-39).

Management’s Discussion And Analysis

The administration of the District prepared a narrative discussion, overview, and analysis of the financial activities of the District for Fiscal Year 2015. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Management’s Discussion and Analysis” (page A-19).

The Management’s Discussion and Analysis for Fiscal Year 2016 is not available. Under State law the Board must complete its annual financial report for Fiscal Year 2016 by November 30, 2016.

Financial Summaries

The summaries contained herein were extracted from the District’s basic financial statements. The summaries have not been audited. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015.”

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Provo City School District

Statement of Net Position

Governmental Activities

(This summary has not been audited)

	As of June 30				
	2015	2014	2013	2012	2011
Assets:					
Cash and investments.....	\$ 45,129,926	\$ 42,961,335	\$ 45,364,687	\$ 45,475,281	\$ 45,632,014
Restricted cash.....	56,551,626	-	-	-	-
Receivables:					
Property taxes.....	31,409,213	30,254,563	30,089,876	29,739,588	28,328,962
Other local.....	115,488	528,566	385,291	940,479	3,213,216
State.....	780,388	908,619	971,442	126,375	62,015
Federal.....	3,122,256	2,879,066	2,463,606	4,038,422	1,695,091
Note receivable.....	91,028	169,634	217,234	128,927	169,133
Prepaid Expense.....	438,103	430,845	384,693	396,044	-
Inventories.....	153,905	100,912	109,219	-	-
Bond issuance costs, net of accumulated amortization.....	-	-	-	43,745	14,149
Net other post employment benefits.....	8,701,705	7,091,705	5,419,705	3,903,705	397,787
Net pension asset.....	54,600	-	-	-	-
Capital assets:					
Land, construction in progress, and works of art.....	9,375,814	7,727,475	7,301,490	6,606,230	19,385,521
Buildings and equipment, net accumulated depreciation.....	92,201,236	92,833,005	95,494,680	97,898,986	84,887,049
Total assets.....	248,125,288	185,885,725	188,201,923	189,297,782	183,784,937
Deferred Outflow of Resources:					
Deferred loss on refunding.....	1,588,780	387,432	609,213	-	-
Deferred outflows relating to pensions.....	6,252,334	-	-	-	-
Total deferred outflows of resources.....	7,841,114	387,432	609,213	-	-
Total assets and deferred outflows of resources.....	\$ 255,966,402	\$ 186,273,157	\$ 188,811,136	\$ 189,297,782	\$ 183,784,937
Liabilities:					
Accounts payable.....	4,151,620	926,131	1,423,772	1,982,305	3,291,630
Accrued interest payable.....	592,055	58,021	63,563	83,953	91,088
Payroll and related payables.....	11,657,418	9,741,907	10,556,031	10,914,605	1,647,439
Unearned revenue:					
Property taxes.....	-	-	-	26,127,864	22,483,559
Other local.....	155,087	181,339	185,600	109,020	122,400
Federal.....	463,428	718,477	1,087,868	587,621	1,102,670
Noncurrent liabilities:					
Portion due or payable within one year.....	7,514,299	5,774,253	5,557,145	5,455,007	5,349,740
Portion due or payable after one year.....	82,763,845	35,741,928	41,608,177	46,185,543	50,759,356
Net pension liability.....	40,632,654	-	-	-	-
Total liabilities.....	147,930,406	53,142,056	60,482,156	91,445,918	84,847,882
Deferred Inflow of Resources:					
Deferred property tax revenue.....	29,080,982	27,760,912	27,408,178	-	-
Deferred inflows pertaining to pensions.....	3,856,245	-	-	-	-
Total.....	32,937,227	27,760,912	27,408,178	-	-
Net Position:					
Invested in capital assets, net of related debt.....	61,464,177	61,596,204	56,728,164	53,795,168	49,159,753
Restricted for:					
Debt service.....	876,789	533,835	687,750	1,195,509	1,723,935
Capital projects.....	2,599,405	1,888,781	5,253,070	3,083,405	5,424,418
Non K-12 instruction.....	-	273,857	272,732	181,479	175,328
Student activities.....	1,554,242	1,397,081	1,521,583	1,831,809	1,886,471
Building reserve.....	3,372,240	5,372,240	5,372,240	7,040,240	5,940,240
School food services.....	1,679,420	1,297,510	1,633,037	1,627,820	1,715,481
Other purposes.....	-	1,209,061	1,605,746	2,160,324	2,171,324
State/federal restricted programs.....	2,016,530	-	-	-	-
Unrestricted.....	1,535,966	31,801,620	27,846,480	26,936,110	30,740,106
Total net position.....	75,098,769	105,370,189	100,920,802	97,851,864	98,937,055
Total liabilities, deferred inflows of resources and net position.....	\$ 255,966,402	\$ 186,273,157	\$ 188,811,136	\$ 189,297,782	\$ 183,784,937

(Source: Information taken from the District's audited basic financial statements. This summary itself has not been audited.)

Provo City School District

Statement of Activities (1)

Total Governmental Activities

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Governmental activities:					
Instructional services.....	\$ (5,162,040)	\$ (11,453,341)	\$ (11,239,459)	\$ (39,858,580)	\$ (38,749,341)
Supporting services:					
Students.....	(108,011)	(2,768,247)	(2,606,090)	(1,868,696)	(1,476,413)
Instructional staff.....	339,857	618,774	(57,708)	(1,335,521)	(680,948)
District administration.....	(1,610,633)	(1,671,347)	(1,613,516)	(1,392,548)	(622,290)
School administration.....	(5,339,266)	(2,024,441)	(4,927,912)	(4,927,108)	(4,543,859)
Business.....	(5,700,965)	(4,997,337)	(2,997,607)	(2,801,433)	(2,666,689)
Operation and maintenance of facilities.....	(5,947,303)	(6,083,016)	(5,921,542)	(5,538,001)	(5,433,740)
Transportation.....	(689,222)	(972,459)	959,249	(956,922)	(1,872,395)
Other.....	-	(21,617)	(1,011,101)	(576,406)	(159,684)
School food services.....	164,381	(764,395)	(382,606)	(435,254)	(646,183)
Community services.....	(532,174)	(1,141,171)	(1,293,603)	2,282,181	2,338,826
Interest on long-term liabilities.....	(1,973,634)	(1,563,458)	(1,727,099)	(2,026,217)	(2,201,464)
Total school district.....	(26,559,010)	(32,842,055)	(32,818,994)	(59,434,505)	(56,714,180)
General revenues:					
Property taxes levied for:					
Basis state supported program for regular K-12.....	8,040,290	7,620,360	7,053,864	7,161,551	7,594,302
Voted leeway for regular K-12 instruction.....	6,181,182	5,858,349	6,357,788	6,419,049	6,806,933
Board leeway and board local leeway.....	7,217,718	6,840,749	-	-	-
Voted leeway for reading.....	-	-	1,773,442	579,631	614,656
School board leeway for class reduction.....	-	-	536,466	1,877,811	1,991,282
Special transportation.....	-	-	443,360	-	-
Tort liability.....	-	-	354,688	-	-
10% for basic operating.....	-	-	2,669,030	2,217,925	2,351,948
Community recreation.....	-	-	2,660,162	632,324	670,534
Debt service of general obligation bonds.....	6,561,536	6,218,864	6,202,612	6,308,871	6,690,097
Capital outlay for buildings and other capital needs.....	6,471,222	6,133,242	1,108,401	4,704,109	4,988,364
10% of basic for construction.....	-	-	2,553,756	2,222,715	2,357,028
Federal and state aid not restricted to specific purposes.....	2,309,132	3,942,631	3,751,789	20,703,055	22,612,145
Earnings on investments.....	328,576	234,793	306,619	368,052	280,572
Gain (loss) on sale of assets.....	37,086	23,970	27,169	10,362	(17,638)
Miscellaneous.....	478,360	418,483	297,493	7,249,331	8,426,016
Total general revenues.....	37,625,102	37,291,441	36,096,639	60,454,786	65,366,239
Change in net position.....	11,066,092	4,449,386	3,277,645	1,020,281	8,652,059
Net position—beginning, as restated.....	105,370,189	100,920,802	97,022,299	96,831,582	90,284,997
Prior period adjustments.....	(41,337,539)	-	620,858	-	-
Net position—ending.....	\$ 75,098,742	\$ 105,370,188	\$ 100,920,802	\$ 97,851,863	\$ 98,937,056

(1) This report is presented in summary format concerning the single item of “Net (Expense) Revenue and Changes in Net Assets” and is not intended to be complete. For a detailed itemized report see “APPENDIX A—BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION FOR FISCAL YEAR 2015—Statement of Activities for the Fiscal Year Ended June 30, 2015” below.

(Source: Information taken from the District’s audited basic financial statements. This summary itself has not been audited.)

Provo City School District

Balance Sheet—Governmental Fund Types

General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Assets:					
Cash and investments.....	\$ 37,089,435	\$ 32,711,243	\$ 30,726,600	\$ 30,269,007	\$ 27,788,297
Restricted cash.....	2,016,530	-	-	-	-
Accounts receivable:					
Property tax.....	22,756,439	21,950,957	19,385,922	19,184,649	18,200,334
Other local.....	89,791	403,669	312,764	868,725	507,252
State.....	553,053	552,609	633,835	119,217	43,342
Federal.....	3,075,092	2,814,472	2,436,318	3,847,194	1,683,480
Due from other funds.....	-	232,382	1,945,433	1,405,960	-
Note receivable.....	91,028	169,634	217,234	-	-
Prepaid items.....	435,398	428,140	384,693	396,044	-
Inventories.....	6,925	9,557	3,457	4,191	5,826
Total assets.....	<u>\$ 66,113,691</u>	<u>\$ 59,272,663</u>	<u>\$ 56,046,256</u>	<u>\$ 56,094,987</u>	<u>\$ 48,228,531</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable.....	\$ 3,460,152	\$ 510,167	\$ 1,010,768	\$ 1,116,497	\$ 1,602,275
Payroll and related payables.....	11,469,216	9,534,057	10,185,073	10,539,821	1,519,042
Deferred revenue:					
Property taxes.....	-	-	-	18,659,807	17,687,676
Other local.....	155,087	181,339	185,600	109,020	122,400
Federal.....	463,428	718,477	1,087,868	587,621	1,102,670
Total liabilities.....	<u>15,547,883</u>	<u>10,944,040</u>	<u>12,469,309</u>	<u>31,012,766</u>	<u>22,034,063</u>
Deferred Inflows of Resources:					
Deferred property tax revenue.....	<u>22,760,786</u>	<u>21,944,388</u>	<u>19,113,306</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Inventories.....	442,323	437,288	388,150	400,235	5,826
Long-term portion of loan receivable..	91,028	169,378	217,234	263,098	307,898
Restricted for:					
State/federal restricted programs.....	2,016,530	-	-	-	-
Other purposes.....	-	1,209,061	1,605,746	1,330,758	1,158,146
Committed to:					
OPEB.....	14,198,244	14,198,244	14,198,244	14,198,244	12,498,244
Board voted contingency.....	5,344,402	5,344,402	5,344,402	5,344,402	7,044,402
Assigned to:					
IT, core systems, benefits.....	-	-	-	396,012	792,056
Unassigned.....	5,712,495	5,025,862	2,709,865	3,149,472	4,387,896
Total fund balances.....	<u>27,805,022</u>	<u>26,384,235</u>	<u>24,463,641</u>	<u>25,082,221</u>	<u>26,194,468</u>
Total liabilities and fund balance	<u>\$ 66,113,691</u>	<u>\$ 59,272,663</u>	<u>\$ 56,046,256</u>	<u>\$ 56,094,987</u>	<u>\$ 48,228,531</u>

(Source: Information taken from the District's audited basic financial statements. This summary itself has not been audited.)

Provo City School District

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Revenues:					
Local sources:					
Property taxes.....	\$ 20,808,558	\$ 20,657,597	\$ 19,574,339	\$ 20,730,368	\$ 18,126,128
Contributions.....	-	-	-	248,749	-
Interest.....	235,293	229,480	300,883	337,314	228,715
Other local.....	2,754,986	4,015,725	3,372,582	3,191,173	3,575,578
State.....	70,389,904	59,502,309	55,110,921	51,556,199	51,001,740
Federal.....	10,593,904	11,992,367	12,616,532	11,381,864	14,610,869
Total revenues.....	104,782,645	96,397,478	90,975,257	87,445,667	87,543,030
Expenditures:					
Current:					
Instructional services.....	74,229,205	67,743,515	65,776,955	64,984,092	64,604,710
Supporting services:					
Student.....	4,103,008	3,804,067	3,542,614	3,852,848	3,675,095
Instructional staff.....	1,277,995	1,405,164	1,569,945	1,521,358	1,421,080
District administration.....	2,220,421	1,595,972	1,541,051	1,551,884	1,216,376
School administration.....	5,650,292	5,429,688	5,196,888	5,155,525	5,023,070
Business.....	4,704,250	4,984,781	2,803,584	3,004,179	2,888,383
Operation and maintenance of plant.....	5,407,883	5,137,464	5,065,572	5,177,986	4,169,208
Transportation.....	1,986,869	2,005,641	2,158,201	2,126,248	1,901,723
Other.....	-	21,617	1,011,101	1,176,456	1,106,071
Community services.....	3,291,762	2,372,925	2,992,710	-	-
Debt service:					
Principal retirement.....	-	-	-	14,461	33,671
Interest and fiscal charges.....	-	-	-	539	1,329
Total expenditures.....	102,871,685	94,500,834	91,658,621	88,565,576	86,040,716
Excess of (deficiency) revenues over (under) expenditures.....	1,910,960	1,896,644	(683,364)	(1,119,909)	1,502,314
Other financing sources and (uses):					
Extraordinary items.....	-	-	-	-	(106,331)
Gain/loss from sale of capital assets.....	15,824	23,950	23,518	7,662	29,427
Proceeds from debt issuance.....	-	-	41,266	-	-
Transfers in (out).....	(505,997)	-	-	-	-
Total other financing sources.....	(490,173)	23,950	64,784	7,662	(76,904)
Net changes in fund balance.....	1,420,787	1,920,594	(618,580)	(1,112,247)	1,425,410
Fund balance at beginning of year, as restated.....	26,384,235	24,463,641	25,082,221	26,194,468	24,769,058
Fund balance at end of year.....	\$ 27,805,022	\$ 26,384,235	\$ 24,463,641	\$ 25,082,221	\$ 26,194,468

(Source: Information taken from the District's audited basic financial statements. This summary itself has not been audited.)

Additional Information. For a 10 year Fiscal Year financial history of various District funds see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Statistical Section” at the indicated pages as set forth below.

- (i) Statements of net position see “Comparative Statements of Net Position” (page A–88);
- (ii) Changes in net position see “Comparative Schedule of Changes in Net Position” (page A–90);
- (iii) Governmental fund balances see “Governmental Funds–Fund Balances” (page A–92); and
- (iv) Changes in governmental fund balances see “Governmental Funds–Net Changes in Aggregate Fund Balances June 30, 2006 through June 30, 2015.” (page A–93).

Tax Levy And Collection

The Utah State Tax Commission (the “State Tax Commission”) must assess all centrally–assessed property (as defined under “Property Tax Matters” below) by May 1 of each year. County assessors must assess all locally–assessed property (as defined under “Property Tax Matters” below) before May 22 of each year. The State Tax Commission apportions the value of centrally–assessed property to the various taxing entities within each county and reports such values to county auditors before June 8. The governing body of each taxing entity must adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate before June 22; provided if the governing body has not received the taxing entity’s certified tax rate at least seven days prior to June 22, the governing body of the taxing entity must, no later than 14 days after receiving the certified tax rate from the county auditor, adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate. County auditors must forward to the State Tax Commission a statement prepared by the legislative body of each taxing entity showing the amount and purpose of each levy. Upon determination by the State Tax Commission that the tax levies comply with applicable law and do not exceed maximum permitted rates, the State Tax Commission notifies county auditors to implement the levies. If the State Tax Commission determines that a tax levy established by a taxing entity exceeds the maximum levy permitted by law, the State Tax Commission must lower the levy to the maximum levy permitted by law, notify the taxing entity that the rate has been lowered and notify the county auditor (of the county in which the taxing entity is located) to implement the rate established by the State Tax Commission.

On or before July 22 of each year, the county auditors provide notice to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by a county assessor may file an application within statutorily defined time limits based on the nature of the contest with the appropriate county board of equalization for the purpose of contesting the assessed valuation of their property. The county board of equalization must render a decision on each appeal in the time frame prescribed by the Property Tax Act. Under certain circumstances, the county board of equalization must hold a hearing regarding the application, at which the taxpayer has the burden of proving that the property sustained a decrease in fair market value. Decisions of the county board of equalization may be appealed to the State Tax Commission, which must decide all appeals relating to real property by March 1 of the following year. Owners of centrally–assessed property or any county with a showing of reasonable cause, may, on or before the later of June 1 or a day within 30 days of the date the notice of assessment is mailed by the State Tax Commission, apply to the State Tax Commission for a hearing to contest the assessment of centrally–assessed property. The State Tax Commission must render a written decision within 120 days after the hearing is completed and all post–hearing briefs are submitted. The county auditor makes a record of all changes, corrections and orders, and delivers before November 1 the corrected assessment rolls to the county treasurers. On or before November 1, each county treasurer furnishes each taxpayer a notice containing, among other things, the kind and value of the property assessed to the taxpayer, the street address of the

property, where applicable, the amount of the tax levied on the property and the year the property is subject to a detailed review.

Taxes are due November 30 (and if a Saturday, Sunday or holiday, the next business day). Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10 whichever is greater. Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6% from the January 1 following the delinquency date until paid (provided that said interest may not be less than 7% nor more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

The process described above changes if a county or other taxing entity proposes a tax rate in excess of the certified tax rate (as described under “Public Hearing On Certain Tax Increases” below). If such an increase is proposed, the taxing entity must hold a public hearing as described in “Public Hearing On Certain Tax Increases” below. After the public hearing is held, the taxing entity may adopt a resolution levying a tax in excess of the certified tax rate. A resolution levying a tax in excess of the certified tax rate must be forwarded to the county auditor by August 17. The final tax notice is then mailed by November 1.

Public Hearing On Certain Tax Increases

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so (by resolution) by providing certain information by mail and after holding a properly noticed public hearing. Generally, the certified tax rate is the rate necessary to generate the same property tax revenue that the taxing entity budgeted for the prior year, with certain exclusions. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of new growth. New growth is any increase in taxable value of the taxing entity from the previous calendar year to the current year less the amount of increase to locally-assessed real property taxable values resulting from factoring, reappraisal, other adjustments, or changes in the method of apportioning taxable value. With certain exceptions, the certified tax rate for the minimum school levy, debt service voted on by the public and certain state and county assessing and collecting levies are the actual levies imposed for such purposes and no hearing is required for these levies.

Among other requirements, on or before July 22 of the year in which such an increase is proposed, the county auditor must mail to all property owners a notice of the public hearing. In most cases, the taxing entity must advertise the notice of public hearing by publication in a newspaper. Such notices must state, among other things, the value of the property, the time and place of the public hearing, and the tax impact of the proposed increase.

Property Tax Matters

The Property Tax Act provides that all taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of its “fair market value” as of January 1 of each year, unless otherwise provided by law. “Fair market value” is defined in the Property Tax Act as “the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.” Pursuant to an exemption for residential property provided for under the Property Tax Act and Article XIII of the State Constitution, the “fair market value” of residential property is reduced by 45%. The residential exemption is limited to one acre of land per residential unit and to one primary residence per household, except that an owner of

multiple residential properties may exempt his or her primary residence and each residential property that is the primary residence of a tenant.

The Property Tax Act provides that the State Tax Commission shall assess certain types of property (“centrally–assessed property”), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal fluids and resources and (v) mines, mining claims and appurtenant machinery, facilities and improvements. All other taxable property (“locally–assessed property”) is required to be assessed by the county assessor of the county in which such locally–assessed property is located. Each county assessor must update property values annually based upon a systematic review of current market data and must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its “fair market value.”

The State Tax Commission and the county assessors utilize various valuation methods, as determined by statute, administrative regulation or accepted practice, to determine the “fair market value” of taxable property.

Uniform Fees. An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. The current uniform fee is established at 1.5% of the fair market value of motor vehicles that weigh 12,001 pounds or more, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State, excluding exempt property such as aircraft and property subject to a fixed age–based fee. Motor vehicles weighing 12,000 pounds or less and certain other vehicles are subject to an age–based fee that is due each time the vehicle is registered. The revenues collected from the various uniform fees are distributed by the county to the taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property is distributed.

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Historical Tax Rates Of The District

	Maximum Tax Rate (1)	Tax Rate (Fiscal Year)				
		2015-16	2014-15	2013-14	(2) 2012-13	2011-12
General Fund:						
Basic school levy (3).....	formula	.001736	.001419	.001535	.001651	.001591
Board local leeway.....	.002500	.001293	.001378	.001518	.002059	-
Voted local levy (4).....	.001300	.001151	.001228	.001300	.001300	.002868
Board voted leeway.....	-	-	-	-	-	.000400
Recreation	-	-	-	-	-	.000600
Transportation	-	-	-	-	-	.000100
K-3 reading program	-	-	-	-	-	.000121
Tort liability	-	-	-	-	-	.000080
Totals		<u>.004180</u>	<u>.004025</u>	<u>.004353</u>	<u>.004993</u>	<u>.005760</u>
Capital outlay:						
Capital local levy (5).....	.003000	.001249	.001343	.001361	.000877	.000250
10% of basic program	-	-	-	-	-	.000576
Totals		<u>.001249</u>	<u>.001343</u>	<u>.001361</u>	<u>.000877</u>	<u>.000826</u>
Debt service (general obligation bonds):						
Debt service (6).....	none	<u>.002139</u>	<u>.001268</u>	<u>.001380</u>	<u>.001432</u>	<u>.001399</u>
Judgment recovery levy (7)	none	-	-	-	-	-
Total all funds.....		<u>.007568</u>	<u>.006636</u>	<u>.007094</u>	<u>.007319</u>	<u>.007153</u>

- (1) Maximum tax rate where applicable under current State law.
- (2) The State changed its accounting/funding classifications for school districts beginning in Fiscal Year 2013.
- (3) Set by law for the District's portion of the State Minimum School Program.
- (4) General maintenance and operation revenue. *In 1991 and 2006 District residents approved a Voted Leeway Program tax rate (which results in a maximum tax rate of .001300).* In some circumstances the State Tax Commission will allow the tax rate to exceed its maximum tax rate.
- (5) Construction remodeling projects and purchase of school sites/equipment, etc.
- (6) This maximum limitation is not applicable to levies made to provide for payment of the principal of and interest on general obligation bonds authorized by vote of school district electors.
- (7) A "judgment levy" is levied for the purpose of collecting additional revenues. The Board has the legal right to levy a "Judgment Levy" in the succeeding tax year to make up for any tax revenue shortfall due to tax or revaluation "judgment" circumstances that the Board had no control over.

(Source: State Tax Commission.)

Additional Information. For a 10 year Fiscal Year history of the Board's property tax rates see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Statistical Section—Property Tax Rates—Direct and Overlapping Governments (prior 10 Years)" (page A-104).

See "STATE OF UTAH SCHOOL FINANCE" below.

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Comparative Total Property Tax Rates Within Utah County

Tax Levying Entity	Total Tax Rate Within Taxing Area (1)				
	2015	2014	2013	2012	2011
Alpine School District:					
Alpine City .....	.010954	.011303	.012205	.012552	.012488
American Fork City .....	.011838	.012223	.013182	.013448	.013412
Bluffdale .....	.011515	.011856	.012323	–	–
Cedar Fort Town.....	.010551	.010830	.011683	.011875	.011834
Cedar Hills City .....	.011791	.012102	.013305	.013819	.013771
Draper City (2).....	.012583	.015178	.016499	.017268	.017240
Eagle Mountain City.....	.012820	.013896	.014951	.012882	.013867
Fairfield Town .....	.010370	.010468	.012038	.012272	.012398
Highland City .....	.011044	.011744	.012714	.013048	.012622
Lehi City .....	.011577	.011875	.012876	.013234	.013150
Lindon City .....	.011217	.011542	.012475	.012743	.012698
City of Orem.....	.011139	.011419	.012314	.012568	.012508
Pleasant Grove City .....	.011351	.011689	.013849	.012951	.012874
City of Provo (3).....	.011829	.012442	.013381	.013639	.013433
Saratoga Springs City .....	.011559	.011925	.013193	.013690	.013738
Vineyard Town .....	.012354	.012508	.013172	.013394	.012867
Unincorporated Areas (4) .....	.012144	.012429	.013197	.014160	.014263
Provo City School District:					
City of Provo .....	.011220	.010982	.011776	.012130	.011774
City of Orem (3) .....	.010530	.009959	.010709	.011059	–
Nebo School District:					
Elk Ridge City .....	.013406	.013114	.013757	.014109	.013769
Genola Town .....	.011550	.011726	.012276	.012418	.012105
Goshen Town.....	.011456	.011639	.012153	.012330	.012129
Mapleton City .....	.013330	.013806	.014697	.015033	.014718
Payson City.....	.011881	.012022	.012584	.012774	.012471
City of Provo (3).....	.012978	.013529	.014208	.014426	.013991
Salem City .....	.012607	.012814	.013251	.013668	.013318
Santaquin City .....	.012676	.012930	.014937	.013211	.012978
Spanish Fork City .....	.012092	.012316	.012901	.013057	.012735
Springville City.....	.012897	.013247	.013839	.014026	.013652
Woodland Hills City .....	.015863	.016016	.017503	.016913	.016617
Unincorporated Areas (4) .....	.015759	.016374	.016349	.016867	.016944

- (1) These tax rates represent a taxing district within the city or town with the highest combined total tax rates of all overlapping taxing districts.
- (2) A portion of the city is also located in Salt Lake County.
- (3) A small portion of the city lies within Alpine School District and Nebo School District.
- (4) These tax rates represent a taxing district within the unincorporated municipalities within the County with the highest combined total tax rates of all overlapping taxing districts.

(Source: Reports from the Utah State Tax Commission.)

Taxable, Fair Market And Market Value Of Property Within The District

<u>Year</u>	<u>Taxable Value (2)</u>	<u>% Change Over Prior Year</u>	<u>Fair Market/ Market Value (3)</u>	<u>% Change Over Prior Year</u>
2015 (1).....	\$5,131,948,176	7.1%	\$7,568,631,079	7.3%
2014	4,790,839,169	8.1	7,054,799,468	8.7
2013	4,431,279,248	3.4	6,487,673,001	3.7
2012	4,285,042,279	0.0	6,254,785,793	(0.3)
2011	4,286,983,823	(7.3)	6,274,655,019	(6.9)

- (1) Preliminary; subject to change. Utah State Tax Commission.
- (2) Taxable valuation includes redevelopment agency valuation. The estimated redevelopment agency valuation for Calendar Year 2015 was approximately \$98.9 million; for Calendar Year 2014 was approximately \$237.6 million; for Calendar Year 2013 was approximately \$150.4 million; for Calendar Year 2012 was approximately \$134 million; and for Calendar Year 2011 was approximately \$140.8 million.
- (3) Fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act.

(Source: Reports from the State Tax Commission.)

See in this section “Historical Summaries Of Taxable Value Of Property” below.

Additional Information. For the District’s presentation of a 10 year history of taxable valuations and estimated actual valuations see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015–Statistical Section–Assessed Property Value Tax Years Ended 2005 through 2014” (page A–100).

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Historical Summaries Of Taxable Values Of Property

	2015		2014	2013	2012	2011
	Taxable Value*	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
<i>Set by State Tax Commission (Centrally Assessed)</i>						
Total centrally assessed.....	\$ 101,032,025	2.0 %	\$ 82,937,762	\$ 89,859,373	\$ 86,944,769	\$ 87,848,687
<i>Set by County Assessor (Locally Assessed)</i>						
Real property:						
Primary residential.....	2,973,496,504	57.9	2,762,406,345	2,508,987,618	2,403,368,436	2,422,658,598
Secondary residential.....	10,998,983	0.2	9,609,216	9,538,907	5,702,531	80,353,034
Commercial and industrial.....	1,557,330,708	30.3	1,478,928,761	1,400,251,510	1,384,165,146	1,423,435,454
FAA (greenbelt).....	653,767	0.0	692,438	728,962	714,487	836,530
Unimproved non FAA (vacant)...	139,270,338	2.7	128,599,225	130,205,558	124,534,887	7,093,439
Agricultural.....	1,313,000	0.0	798,782	742,482	778,938	1,181,897
Total real property.....	<u>4,683,063,300</u>	<u>91.3</u>	<u>4,381,034,767</u>	<u>4,050,455,037</u>	<u>3,919,264,425</u>	<u>3,935,558,952</u>
Personal property (1):						
Primary mobile homes.....	4,671,489	0.1	4,656,243	4,382,524	4,095,859	6,717,308
Secondary mobile homes.....	0	0.0	0	0	0	0
Other business personal.....	343,181,362	6.7	322,210,397	286,582,314	274,737,226	256,858,876
Total personal property.....	<u>347,852,851</u>	<u>6.8</u>	<u>326,866,640</u>	<u>290,964,838</u>	<u>278,833,085</u>	<u>263,576,184</u>
Total locally assessed.....	<u>5,030,916,151</u>	<u>98.0</u>	<u>4,707,901,407</u>	<u>4,341,419,875</u>	<u>4,198,097,510</u>	<u>4,199,135,136</u>
Total taxable value.....	<u>\$ 5,131,948,176</u>	<u>100.0 %</u>	<u>\$ 4,790,839,169</u>	<u>\$ 4,431,279,248</u>	<u>\$ 4,285,042,279</u>	<u>\$ 4,286,983,823</u>

* Preliminary; subject to change.

(1) Does not include taxable valuation associated with SCME (semi-conductor manufacturing equipment).

(Source: Property Tax Division, Utah State Tax Commission.)

Tax Collection Record

Ad valorem property taxes are due on November 30th of each year.

Tax Year End 12/31	(1) Total Taxes Levied	(2) Treasurer's Relief	Net Taxes Assessed	Current Collections	(3) Deliq., Personal Property and Miscellaneous Collections	(4) Total Collections	% of Current Collections to Net Taxes Assessed	% of Total Collections to Net Taxes Assessed
2015*	\$38,521,083	\$121,421	\$38,399,662	\$36,202,131	\$2,412,650	\$38,614,781	94.3%	106.7%
2014	31,941,714	123,417	31,818,297	30,058,947	2,244,930	32,303,878	94.5	107.5
2013	30,568,262	90,724	30,477,538	28,485,967	2,427,095	30,913,062	93.5	101.4
2012	29,689,123	98,407	29,590,716	27,495,713	2,268,059	29,763,772	92.9	100.6
2011	29,721,000	100,948	29,620,052	27,688,513	2,511,080	30,199,593	93.5	102.0
2010	30,119,374	83,563	30,035,811	26,777,215	2,407,216	29,184,431	89.2	97.2

(1) Excludes redevelopment agencies valuation.

(2) Treasurer's Relief includes abatements. These Treasurer's Relief items are levied against the property, but are never collected and paid to the entity.

(3) Delinquent Collections include interest; sales of real and personal property; and miscellaneous delinquent collections.

(4) In addition to the Total Collections indicated above, the District also collected Uniform Fees (fees-in-lieu payments) for tax year 2015 of \$2,386,190*; for tax year 2014 of \$2,242,047; for tax year 2013 of \$2,263,237; for tax year 2012 of \$2,209,748; for tax year 2011 of \$2,313,938; and for tax year 2010 of \$2,463,553.47; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

* Preliminary; subject to change. Tax Year 2015 tax collections are due November 30, 2015 and final 2015 tax information is currently unavailable.

(Source: Reports from the Utah State Tax Commission for the indicated years.)

Additional Information. For the District's presentation of a 10 year history of property tax levies and collections see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Statistical Section—Property Tax Levies and Collections June 30, 2006 through June 30, 2015" (page A-98).

Some Of The Largest Taxpayers

The information presented below is for the District's Fiscal Year 2016 (Calendar Year 2015).

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Taxpayer	Type of Business	2015 Taxable Value (1)	% of the District's Prel. 2015 Tax Value
NuSkin International	Manufacturing	\$ 81,619,000	1.6%
Sir Properties Trust	Real estate	81,114,200	1.6
Provo Mall Development Company	Retail	40,311,000	0.8
Central Utah Investment Company	Buildings and real estate	35,494,700	0.7
Google Fiber Utah, LLC	Information system	33,684,816	0.7
Tropical Development	Buildings and real estate	27,299,000	0.5
Questar Gas	Gas utility	24,131,411	0.5
Qwest Communications	Telephone utility	22,687,185	0.4
PMH Investors LLC.....	Hotel	22,332,300	0.4
Union Pacific Railroad Co.	Railroad	<u>21,991,141</u>	0.4
Totals		<u>\$390,664,753</u>	7.6%

(1) Taxable Value used in this table *excludes* the taxable value used to determine Uniform Fees on tangible personal property. See “Taxable, Fair Market And Market Value Of Property” above.

(Source: Report from the Utah County Auditor.)

STATE OF UTAH SCHOOL FINANCE

Sources Of Funds

Funding for schools in the State is provided from local school district sources consisting of property taxes imposed by the local school district (“Local District Funding”), State sources that are funded primarily by State imposed personal income taxes and corporate franchise taxes (“State Funding”) and federal sources (“Federal Funding”). For Fiscal Year 2015, approximately 67% of the District’s funding was provided by State Funding, approximately 23% was provided by Local District Funding, and approximately 10% was provided from Federal Funding. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015.”

Local District Funding

School districts are authorized by State law to levy taxes, certain of which require voter approval, on real property for various purposes. Funding for operation and maintenance is derived primarily through a minimum tax levy (the “Minimum Tax Levy”) by each school district at a rate established each year by the State. Imposition of this Minimum Tax Levy is required for a school district to qualify for receipt of contributions by the State for such purposes. Additional tax levies for, among other things, educational programs and capital outlay and debt service to finance capital outlays may be made at the option of a school district. Certain of such levies will entitle a school district to State guaranteed levels of funding or receipt of specific additional contributions from the State. The Board has received all voter approval necessary for the taxes it currently levies. See “FINANCIAL INFORMATION REGARDING PROVO CITY SCHOOL DISTRICT, UTAH—Historical Tax Rates Of The District” above.

State Funding

Under its school funding program, the State guarantees that in connection with the Minimum Tax Levy and certain of a school district’s additional tax levies each school district will receive certain amounts based primarily on the number of students attending schools in such district. To the extent that

such levies do not generate receipts at least equal to such guaranteed amounts, the State contributes funds to the school district in the amount of the shortfall. If a school district's receipts from such levies reach such prescribed levels, there is no State contribution to such district. Further, school district receipts from the Minimum Tax Levy in excess of the guaranteed amounts are required to be paid over to the State for distribution to other school districts.

In addition to any contributions relating to shortfalls described above, the State annually appropriates fixed amounts to fund certain programs and services statewide. Funds for contributions to school districts and for other programs and services are appropriated from the State Uniform School Fund and the Education Fund, which are funded primarily from personal income taxes and corporate franchise taxes. State Funding is also available, under certain circumstances, to school districts for payment of a portion of capital costs.

Federal Funding

Federal funding is provided for various school programs including child nutrition, vocational education and special education.

Summary Of State And Federal Funding

During the past five years the District received the following in State and federal funding:

	Fiscal Year (unaudited)				
	2015	2014	2013	2012	2011
State Funds:					
General.....	\$70,389,904	\$59,502,309	\$55,110,921	\$51,556,199	\$51,001,740
Other governmental.....	843,428	2,109,865	2,398,857	1,910,925	1,599,629
Capital projects	<u>127,370</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$71,360,702</u>	<u>\$61,612,174</u>	<u>\$57,509,778</u>	<u>\$53,467,124</u>	<u>\$52,601,369</u>
% change over prior year..	15.8%	7.1%	7.6%	1.6%	(2.4)%
Federal Funds:					
General.....	\$10,593,904	\$11,992,367	\$12,616,532	\$11,381,864	\$14,610,869
Other governmental.....	3,783,961	4,260,657	4,139,921	4,157,138	3,880,973
Capital projects	<u>290,662</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$14,668,527</u>	<u>\$16,253,024</u>	<u>\$16,756,453</u>	<u>\$15,539,002</u>	<u>\$18,491,842</u>
% change over prior year....	(9.7)%	(3.0)%	7.8%	(16.0)%	1.3%

(Source: Information taken from the District's audited basic financial statements for the indicated years. This summary has not been audited.)

See "FINANCIAL INFORMATION REGARDING PROVO CITY SCHOOL DISTRICT, UTAH—Financial Summaries" above.

LEGAL MATTERS

Absence Of Litigation

The attorneys for the Board, Robinson Seiler & Anderson LC, Provo, Utah, has advised that, to the best of their knowledge after due inquiry, there is no pending or threatened litigation that would legally stop, enjoin, or prohibit the issuance, sale or delivery of the 2016 Bonds.

Federal Income Taxation

In the opinion of Ballard Spahr LLP, Bond Counsel to the Authority, interest on the 2016 Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the 2016 Bonds, assuming the accuracy of the certifications of the Authority and continuing compliance by the Authority with the requirements of the Internal Revenue Code of 1986. Interest on the 2016 Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on 2016 Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder.

Original Issue Premium. Certain of the 2016 Bonds may be offered at a premium (“original issue premium”) over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of such 2016 Bond through reductions in the holder’s tax basis for such 2016 Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisors for an explanation of the amortization rules.

Original Issue Discount. Certain of the 2016 Bonds may be offered at a discount (“original issue discount”) equal generally to the difference between public offering price and principal amount. Original issue discount on a 2016 Bond accrues as tax-exempt interest periodically over the term of the 2016 Bond. The accrual of original issue discount increases the holder’s tax basis in the 2016 Bond for determining taxable gain or loss from sale or from redemption prior to maturity. 2016 Bondholders should consult their tax advisors for an explanation of the accrual rules.

State Tax Exemption

Bond Counsel is also of the opinion that interest on the 2016 Bonds is exempt from State of Utah individual income taxes under currently existing law.

No Further Opinion

Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the 2016 Bonds.

Changes In Federal And State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the 2016 Bonds or otherwise prevent holders of the 2016 Bonds from realizing the full benefit of the tax exemption of interest on the 2016 Bonds. Further, such proposals may impact the marketability or market value of the 2016 Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposals might be enacted or whether if enacted it would apply to 2016 Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the 2016 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2016 Bonds would be impacted thereby.

Purchasers of the 2016 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the

date of issuance and delivery of the 2016 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

General

The authorization and issuance of the 2016 Bonds are subject to the approval of Ballard Spahr LLP, Bond Counsel to the Board. Certain legal matters will be passed upon for the Board by the attorney for the Board, Robinson Seiler & Anderson LC, Provo, Utah. The approving opinion of Bond Counsel will be delivered with the 2016 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL” will be made available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness, or sufficiency of the OFFICIAL STATEMENT or other offering material relating to the 2016 Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this OFFICIAL STATEMENT.

The various legal opinions to be delivered concurrently with the delivery of the 2016 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

MISCELLANEOUS

Bond Ratings

As of the date of this OFFICIAL STATEMENT, the 2016 Bonds have been rated “Aaa” by Moody’s based upon the State’s guaranty under the Guaranty Act. An explanation of the above rating may be obtained from Moody’s. The Board has not directly applied to Fitch or S&P for a rating on the 2016 Bonds.

Additionally, as of the date of this OFFICIAL STATEMENT, Moody’s has given the 2016 Bonds an underlying rating of “Aa2.”

Any explanation of the significance of these outstanding ratings may only be obtained from the rating service furnishing the same. There is no assurance that the ratings given the outstanding general obligation bonds will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2016 Bonds.

Municipal Advisor

The Board has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the 2016 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2016 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the Board, with respect to

accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

Independent Auditors

The financial statements of the Board as of June 30, 2015 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Hansen, Bradshaw, Malmrose & Erickson, Certified Public Accountants, Bountiful, Utah (“Hansen Bradshaw”) as stated in their report in “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015” to this OFFICIAL STATEMENT.

Hansen Bradshaw has not participated in the preparation or review of this OFFICIAL STATEMENT. Based upon their non-participation, they have not consented to the use of their name in this OFFICIAL STATEMENT.

Additional Information

All quotations contained herein from and summaries and explanations of the State Constitution, statutes, programs and laws of the State, court decisions and the Resolution, do not purport to be complete, and reference is made to said State Constitution, statutes, programs, laws, court decisions and the Resolution for full and complete statements of their respective provisions.

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact.

The appendices attached hereto are an integral part of this OFFICIAL STATEMENT and should be read in conjunction with the foregoing material.

This PRELIMINARY OFFICIAL STATEMENT is in a form deemed final for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission.

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the Board.

Board of Education of Provo City School District, Utah

By: _____
Julie Rash, President

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APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015

The financial statements of the Board for Fiscal Year 2015 are contained herein. Copies of current and prior financial statements are available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

The District’s financial statements for Fiscal Year 2016 must be completed under State law by November 30, 2016.

Government Finance Officers Association; Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (“GFOA”) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board for its CAFR” for the 13th consecutive year, beginning with Fiscal Year 2003 through Fiscal Year 2015.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

Association of School Business Officials International; Certificate of Achievement for Excellence in Financial Reporting

The Association of School Business Officials International (“ASBO”) have awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board for its CAFR for the 13th consecutive year, beginning with Fiscal Year 2003 through Fiscal Year 2015.

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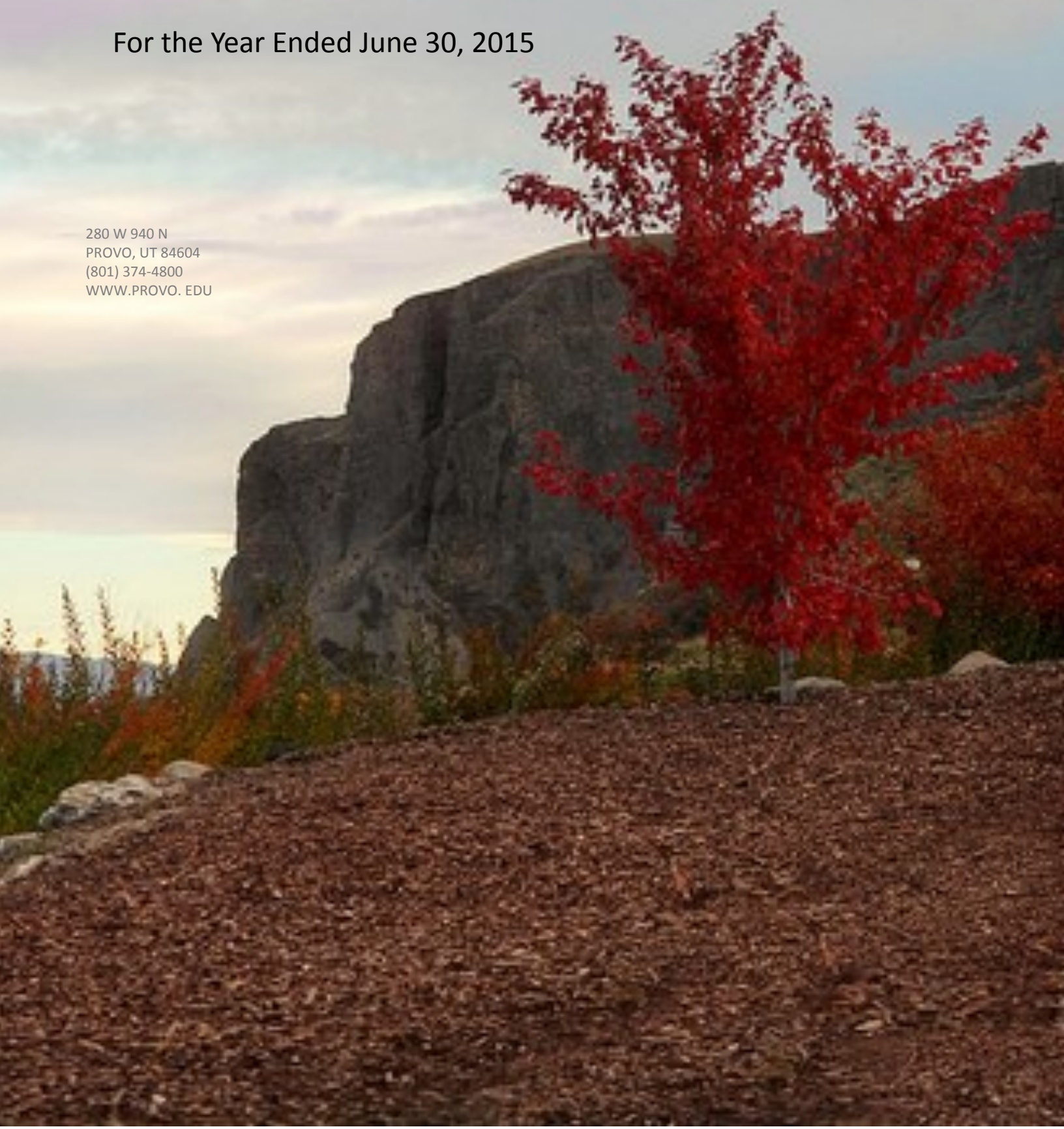
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Provo City School District

Comprehensive Annual Financial Report

For the Year Ended June 30, 2015

280 W 940 N
PROVO, UT 84604
(801) 374-4800
WWW.PROVO.EDU



This book is optimized for onscreen viewing. For best results, choose "two page display" in your PDF reader.

Provo City School District
280 W 940 N
Provo, UT 84604
801-374-4800
www.provo.edu

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

Keith Rittel
Superintendent

Stefanie Bryant
Business Administrator

Prepared By:
Devyn Dayley
Director of Accounting

Provo City School District
Board of Education and Officers

Picture not available at time of publication

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Introductory Section

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Keith Rittel
Superintendent
Stefanie Bryant
Business Administrator

September 25, 2015

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, 2015. 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 (GAAP).

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

- (1) the safeguarding of assets against loss from unauthorized use or disposition, and
- (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

State law requires that school districts publish, within five months of the close of each year, a complete set of financial statements which are audited by a firm of licensed certified public accountants. 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 unqualified ("clean") opinion for the District's financial statements for the fiscal year ended June 30, 2015; 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.

**Superintendent's
Message**

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

In addition to the Single Audit requirements, the District is required to meet audit requirements according to Utah State Code 51-2 to report on compliance with significant state fiscal laws. Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management’s discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District’s MD&A immediately follows the independent auditor’s report.

DISTRICT PROFILE

Summary

Provo City School District was officially organized in 1898. Provo City School District is one of 41 public school districts in Utah, and the District serves approximately 16,600 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, 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. 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

The financial position of the District remains stable. The District has been able to maintain a strong financial position, continuing the recovery from the recession. Fiscal year 2014-2015 saw revenue increases from both State and Federal sources. In November of 2014, the Board of Education placed \$108 million in GO bonds on the ballot for the purpose of rebuilding four elementary schools and one high school that were most critical on the long-term capital improvement plan. Voters approved these bonds and just over \$50 million of the bonds were issued in fiscal year 2015, with the remainder intended to be issued in fiscal year 2016. These bonds will allow the District to replace the most critical buildings, while providing necessary repairs and maintenance to the other District buildings with the property tax revenue generated from the capital levy.

District fund balances have increased from \$36,641,537 at June 30, 2014, to \$90,289,673 at June 30, 2015. This fund balance increase is primarily due to the GO bonds issued. While State law allows only a modest 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 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.

District administration has spent this fiscal year refining the vision and strategy originally provided by the 20/20 Initiative. This initiative, along with strong school board goals, assisted administrators in creating a district improvement 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 a clear direction and goals, administration can provide resources to accomplish many of the aggressive goals provided by the board, the District Improvement Plan, and the 20/20 Initiative.

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 asset: its people. Making sure that we hire and retain the best teachers is a high priority to District administration.

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. With the general obligation bonds that were issued this year, and the forthcoming issue for next year, the District continues a targeted and aggressive capital improvement schedule based on a community-based committee's long term capital plan recommendation.

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 1931-2011. The District completed \$8.9 million in large projects, from capital outlay funds and other balances, during fiscal year 2015. Fiscal year 2016 will see the construction of two of our elementary schools, Rock Canyon and Sunset View, and the commencement of the construction of Provo High School, using the bond proceeds. The following year will see the construction of two additional elementary schools: Provost and Edgemont. The District's capital outlay tax levy will provide approximately \$6 million annually, which is used for ongoing building repairs and maintenance and minor renovations. Most major renovations and new building construction is funded through general obligation bonding.

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. 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, 2015 was \$5,715,504. Total restricted governmental fund balances on June 30, 2015 were \$62,855,584, which includes \$2.0 million in restricted General Fund programs, \$877K in Debt Service, \$55 million in Capital Projects (including bond proceeds), \$3.4 million in Building Reserve, and \$1.6 million in Food Services. The remaining fund balances include \$622K in Nonspendable fund balances, \$19.5 million in Committed fund balances, and \$1.6 million in assigned fund balances.

State Funding

The 2015 state fiscal school finance program is designed to provide every Utah school district with a basic operation program of \$2,972 per weighted pupil unit (WPU) (up from \$2,899 in fiscal year 2014 year). 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 55.8% of General Fund revenues. As noted above, the WPU is provided based on student enrollment. Enrollment in fiscal year 2015 was 16,600. Projected enrollment for the FY16 and FY17 is 17,525 and 18,000, respectively. 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 2015, Utah's nonagricultural employment increased an estimated 4.5%, or 59,200 jobs, between June 2014 and June 2015. Nationally, employment increased 2.1% from June 2014 and June 2015. Utah's unemployment rate was 3.5% during June 2015, staying relatively flat from June 2014. The national unemployment rate was 5.3% in June 2015.

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 2015 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. In addition, the percentage of Provo residents enrolled in the Provo School District has increased slightly with the addition of Provo E-school, but 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 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.

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 \$8.6 million for planned capital projects and improvements for Fiscal Year 2014-15. Appropriations for capital projects and improvements for fiscal year 2014-15 were increased from 2013-14 by just under \$3 million. Several projects were undertaken in fiscal year 2015, including the Timpview High School multi-sports field and several HVAC projects throughout the district.

**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 498 retirees receiving benefit coverage in addition to 197 present employees (and spouses) who have earned vested coverage upon retirement.

An actuarial study was completed in 2015, based on data as of July 1, 2014 that reflects an accrued liability of \$8,877,000 for the Medicare supplement and \$24,140,000 for the insurance associated with those retirees (and spouses) who have not reached age 65 as well as current employees (and spouses) who have vested eligibility. An additional \$9,111,000 reflects an accrued liability for early retirement stipends. The annual recommended contribution (assuming 30 year amortization) was reported to be \$2,039,000. The District contributed \$3,482,154 for retiree benefits during fiscal year 2015. More detailed information can be found in Note 8 to the financial statements.

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, 2014. This was the twelfth 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, 2014. 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 twelfth year the District has received the ASBO Certificate of Excellence.

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

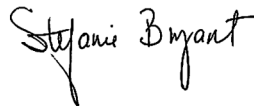
The preparation of the report on a timely basis could not be accomplished without the efficient and dedicated services of the entire business staff. The District is appreciative of the efforts made by Devyn Dayley, Director of Accounting, for preparing this report and coordinating the annual audit. In 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', with a stylized flourish extending to the right.

Keith Rittel, Superintendent

A handwritten signature in black ink, clearly legible as 'Stefanie Bryant'.

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, 2014

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Provo City School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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



A handwritten signature in black ink, appearing to read "M. Pepera", written over a horizontal line.

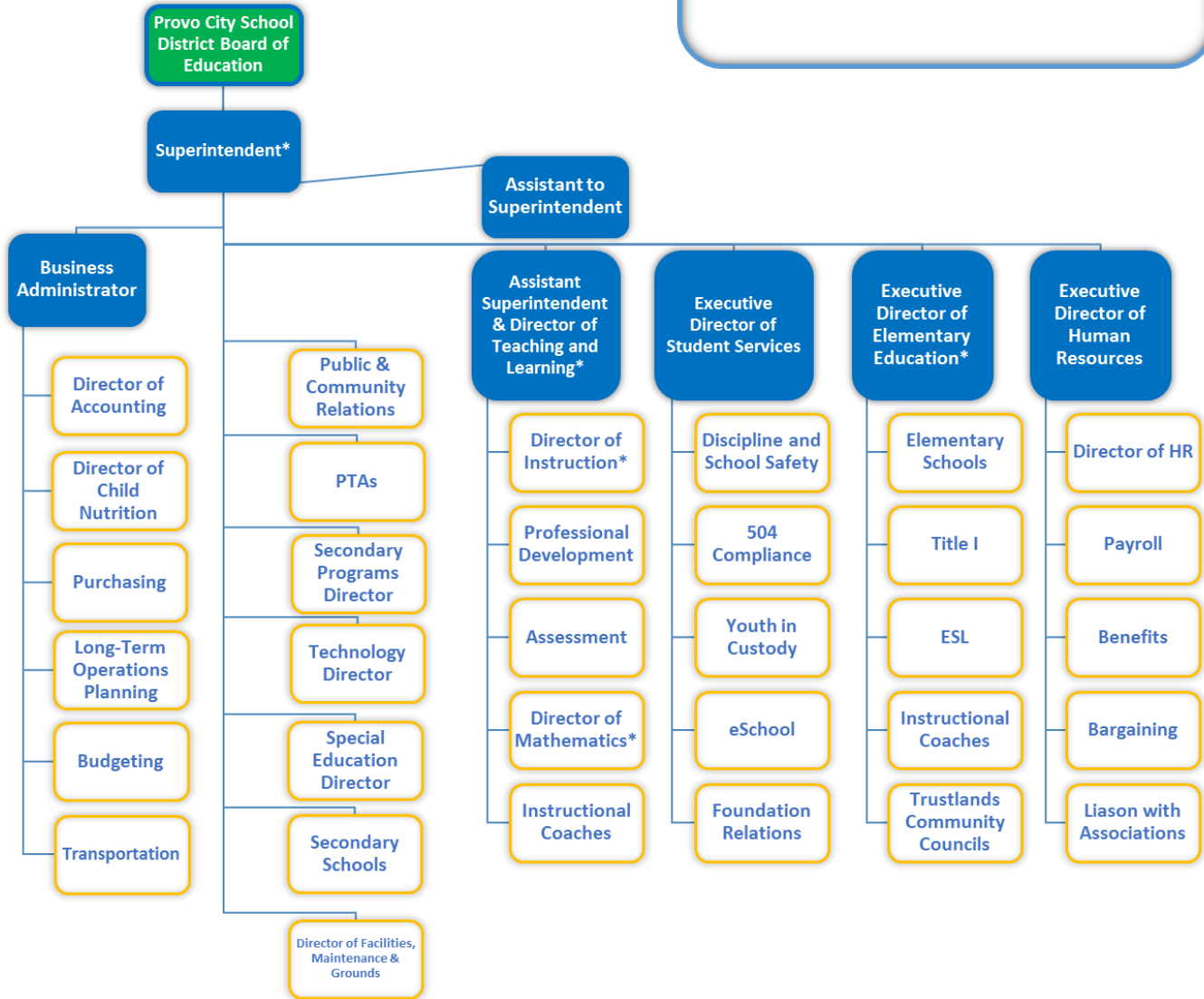
Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read "John D. Musso", written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

PROVO CITY SCHOOL DISTRICT
Organizational Chart

KEY:
 Green box is PCSD Board
 Blue boxes are Council-Level Administrators
 Yellow boxes are non-Council positions
 *Indicates members of "Instructional Council"



Board of Education

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

Michelle Kaufusi
District 2
Present Term: 2015-2018
Initial Appointment: 2011

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

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

Julie Rash (President)
District 5
Present Term: 2013-2016
Initial Appointment: 2013

Marsha Judkins
District 6
Present Term: 2013-2016
Initial Appointment: 2013

Jim Petterson
District 7
Present Term: 2013-2016
Initial Appointment: 2013

District Administration

Keith Rittel
Superintendent
Initial Appointment: 2012

Stefanie Bryant
Business Administrator
Initial Appointment: 2014

Ray Morgan
Assistant Superintendent/Director of
Teaching and Learning

Gary Wilson
Director of Student Services

Gary Wall
Executive Director of Human Resources

Jason Cox
Director of Human Resources

Morgan Anderson
Special Programs Director

Alex Judd
Title I Director

Jared Ferguson
Career Technology Education Director

Devyn Dayley
Accounting Director

Chad Duncan
Technology Director

Mark Wheeler
Facilities Director

Laura Larsen
Food Services Director

School Administration

Elementary Schools

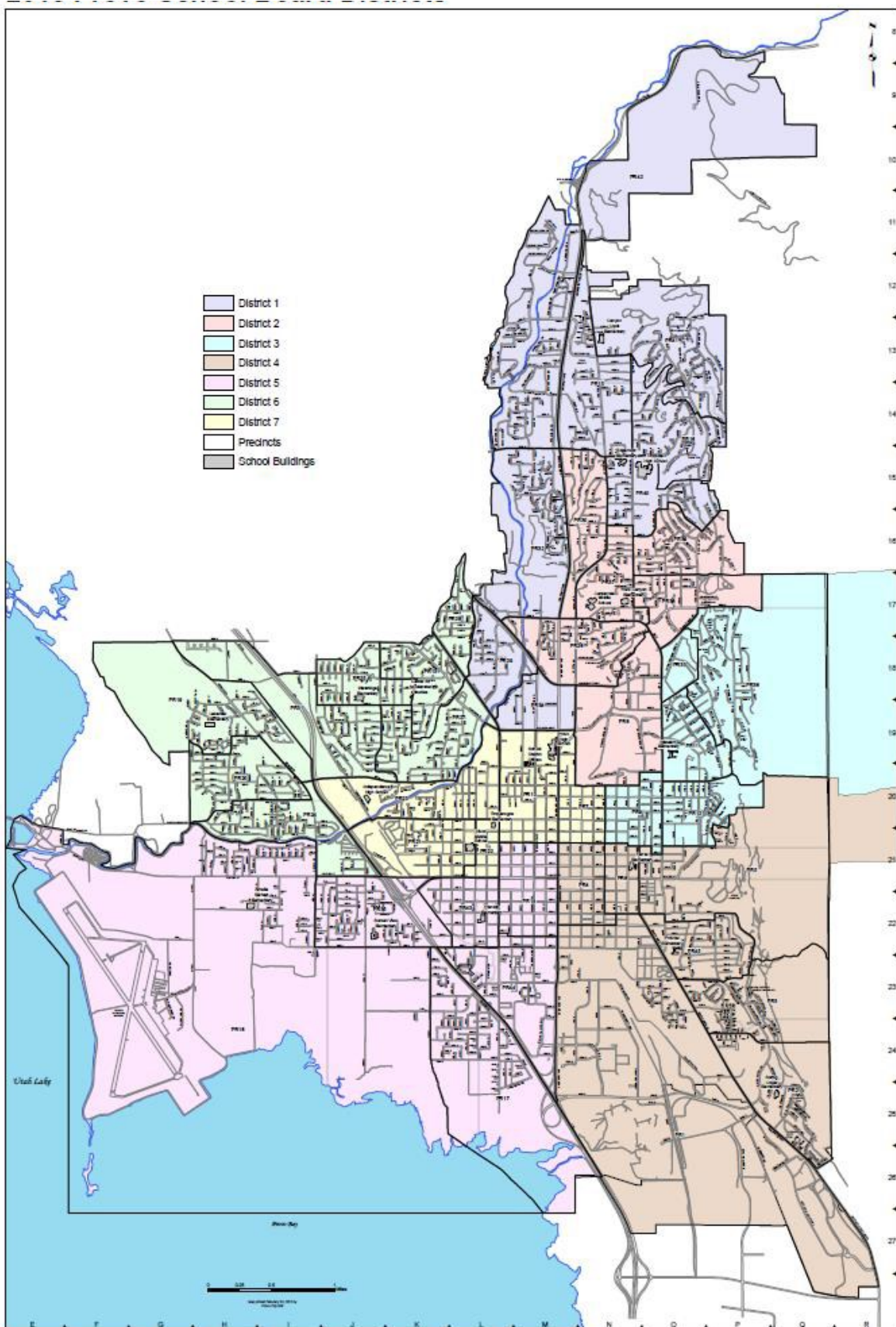
Amelia Earhart Ryan McCarty
Canyon Crest Darren Johnson
Edgemont Dennis Pratt
Provo Peaks Geo Guzman
Franklin Kim Hawkins
Lakeview Drew Daniels
Provost Dr. Stephen Oliverson
Rock Canyon Dean Nielsen
Spring Creek Missy Hamilton
Sunset View Clint Smith
Timpanogos Carrie Rawlins
Wasatch Rene Cunningham
Westridge Chris Sorensen

Middle Schools

Centennial Mitch Swenson
Dixon Jarod Sites

High Schools

Provo High Karen Brown
Timpview Dr. Michael Todd McKee
Independence Lani Quisenberry



Financial Section

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Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
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Fax 801-296-1218

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
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Michael L. Smith, CPA
Jason L. Tanner, CPA
Robert D. Wood, CPA

Aaron R. Hixson, CPA
Ted C. Gardiner, CPA
Jeffrey B. Miles, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

INDEPENDENT AUDITORS' REPORT

The Governing Body
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, 2015, 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, 2015, 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 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 25, 2015 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, Malmrose & Erickson, P.C.

September 25, 2015

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Management Discussion and Analysis

This section of Provo City School District's (District) Comprehensive Annual Financial Report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2015. 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, 2015.

Government-Wide Net Position. The District's total assets exceeded liabilities by \$75.1 million at the close of fiscal year 2015.

Government-Wide Financial Progress (full-accrual basis of accounting): During the year, expenses were \$11.1 million less than the \$127.6 million generated in taxes and other revenues for governmental activities. The \$11.1 million increase in net assets is due primarily to an increase in state funding corresponding with the increase in enrollment and the increase in the WPU. The decrease of \$41.3 million from the prior period adjustment is due to GASB 68, which requires the District to report their proportionate share of the net pension liability and/or net pension asset reported to us by the Utah Retirement System.

Governmental Fund Financial Progress (modified-accrual basis of accounting): During the year ended June 30, 2015 the combined fund balance increased by \$53.6 million. This fund balance increase is primarily due to the issuance of \$50 million in general obligation bonds. An additional \$50 million of general obligation bonds are intended to be issued in fiscal year 2016. The proceeds from these bonds will be used to rebuild four elementary schools and one high school.

The District's **Capital Projects fund** makes up the largest portion of the overall total fund balance among all governmental funds at \$55 million (this includes bond proceeds). The General fund has a fund balance of \$27.8 million, increasing by \$1.4 million in fiscal year 2015, primarily in restricted funds.

District Master Plan - All capital projects and maintenance efforts are part of a progressive 20 year building replacement plan. Capital improvements are funded through two major sources: the capital outlay tax levy and general obligation bonds. During fiscal year 2014, District administration, school board members, and community stakeholders began meeting regarding the capital improvement plan and the most critical buildings. All of the groups came to the consensus that issuing bonds would be the best way to take care of replacing the needed schools. In November 2014, the bonds were on the ballot for the citizens of Provo to vote on. The voters approved the bonds by a significant majority.

The new bonds issued in 2015 and the forthcoming bonds in 2016 will facilitate in the replacement of Edgemont, Provost, Rock Canyon and Sunset View, along with Provo High School. At June 30, 2015, construction on Rock Canyon and Sunset View elementary schools has begun, and significant planning has been done on the rebuild of Provo High School.

Overview of the Financial Statements

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

A. Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The *Statement of Net Position* presents information on all of the assets and liabilities of the District, with the difference between the two 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 assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, early retirement obligations, and earned but unused vacation leave.)

The government-wide financial statements can be found on pages 30 to 31 of this report.

B. Fund financial statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District 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. That fund is currently not being used. This year there is a new fund, called the Tax Increment fund, which reports 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. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Debt Service fund, and Capital Projects fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each governmental fund is provided in the form of *combining and individual fund statements* elsewhere in this report.

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

The basic governmental fund statements can be found on pages 32 to 36 of this report.

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 56 of this report.

D. Other information

Combining and individual fund statements and schedules are presented immediately following the notes to the financial statements on pages 68 to 81 of this report. Additional financial and non-financial statistical data and trends are presented in the statistical section of the report.

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

A. Net 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 exceeded liabilities by \$75.1 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 decreased 29% to \$75.1 million. The decrease is due to the implementation of GASB 68, which requires the District to report its total Net Pension Liability and Net Pension Asset. Further, 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, unrestricted net position is \$1.6 million at the end of this year.

The largest portion of the District's net position (\$61.5 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 less unspent bond proceeds). Capital assets are used to provide services to students, and are not available for future spending. It should be noted, that the resources needed to repay the related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (\$12.1 million) represents fund balances that are subject to external restrictions on how they may be used. The majority of restricted net position is for the Capital Projects fund (Capital Projects and Building Reserve).

	Governmental activities		
	2015	2014	Change from 2014
Current and other assets	\$ 154.4	\$ 85.3	\$ 69.1
Capital assets	101.6	100.6	1.0
Total assets	256.0	185.9	70.1
Other liabilities	50.0	39.2	10.8
Long-term liabilities outstanding	130.9	41.1	89.8
Total liabilities	180.9	80.3	100.6
Net Position:			
Net investment in capital assets	61.5	61.6	(0.1)
Restricted	12.1	12.0	0.1
Unrestricted	1.6	31.8	(30.2)
Total net position	<u>\$ 75.1</u>	<u>\$ 105.4</u>	<u>\$ (30.3)</u>

B. Changes in Net Position – Governmental Activities

The District's total net position decreased by \$30.3 million during the current year. This decrease is primarily due to the reporting of the Net Pension Liability as required by GASB 68. Unrestricted net position decreased by \$30.2 million. This decrease is primarily due to the implementation of GASB 68.

The District's total revenues for the year were \$128.6 million, which represents an increase of \$8.5 million over the prior year. Total federal and state aid comprise (specific to programs and unrestricted) 69% of the District's revenues; property taxes generated 27% of the District's revenues. Revenues from operating grants and contributions increased from the prior year by \$9.5 million, primarily due to an increase in state revenue.

As compared to the prior year, the total cost of all programs and services increased by \$1.9 million to \$117.6 million. Instruction and support services (including food services) were 66% and 28%, respectively, of the District's expenses. Increases in expenses were primarily due to normal increases in salaries and benefits and equipment expenses relating to the District's technology initiative.

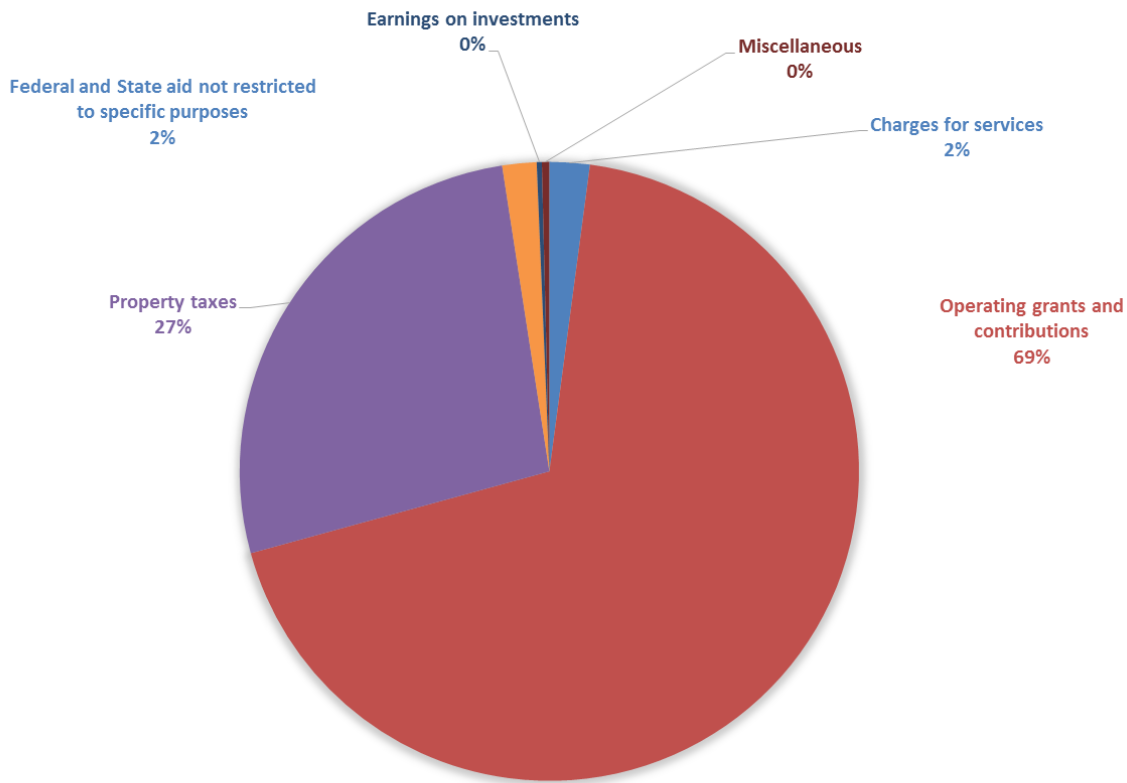
Changes in federal and state aid are a reflection of changes in funding for specific programs and changes in student enrollment. State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the guarantee it will make up the difference with state funding. The value of the WPU for the year ended June 30, 2015 was \$2,972 (\$2,899 for fiscal year 2014).

Provo City School District's Changes in Net Position

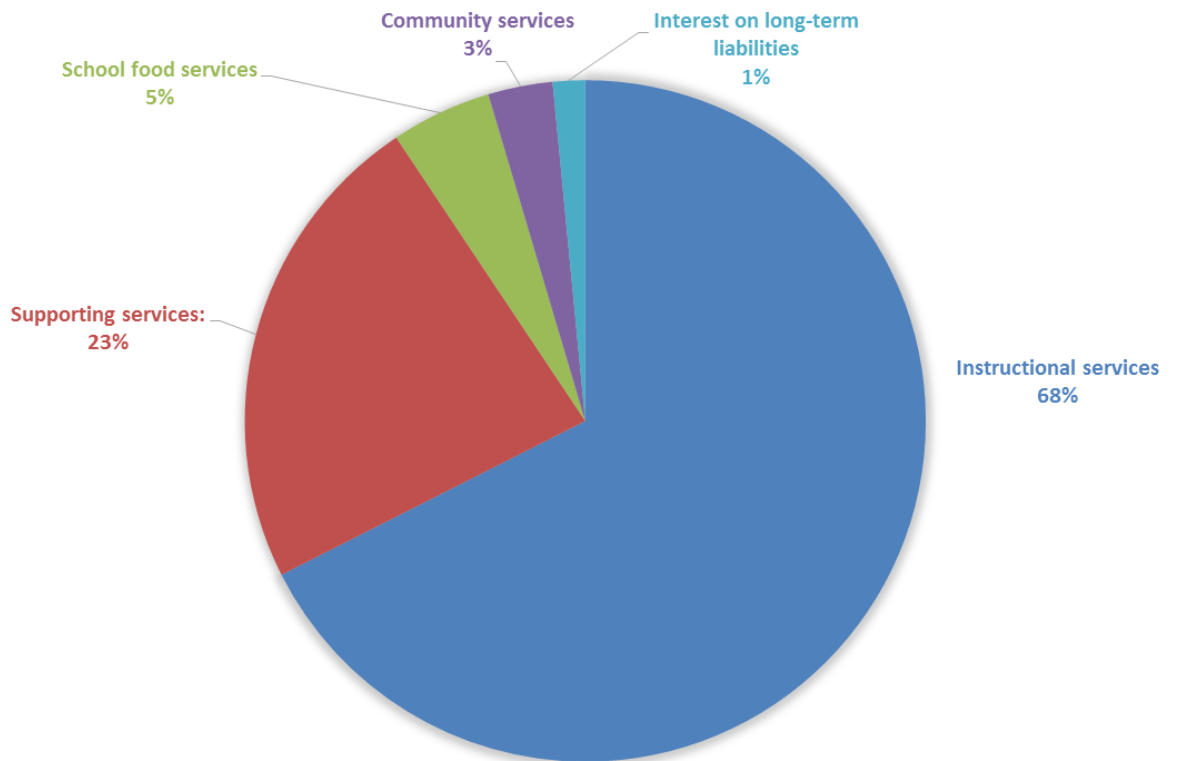
Years Ended June 30, 2015 and 2014

(in millions of dollars)

	Governmental activities		
	2015	2014	Change from 2014
Revenues:			
Program revenues:			
Charges for services	\$ 2.7	\$ 4.0	\$ (1.3)
Operating grants and contributions	88.3	78.8	9.5
General revenues:			
Property taxes	34.5	32.7	1.8
Federal and state aid not restricted to specific purposes	2.3	3.9	(1.6)
Earnings on investments	0.3	0.3	-
Miscellaneous	0.5	0.4	0.1
Total revenues	128.6	120.2	8.5
Expenses:			
Instructional services	79.3	76.5	2.8
Supporting services:			
Students	4.1	4.0	0.1
Instructional staff	1.2	1.4	(0.2)
District administration	2.2	1.7	0.5
School administration	5.5	5.5	-
Business	5.7	5.0	0.7
Operation and maintenance of facilities	6.4	6.2	0.2
Transportation	2.0	2.0	-
School food services	5.6	6.1	(0.5)
Community services	3.6	5.7	(2.1)
Interest on long-term liabilities	2.0	1.6	0.4
Total expenses	117.6	115.7	1.9
Changes in net position	11.0	4.5	6.6
Net position, beginning	105.4	100.9	4.5
Prior Period Adjustment	(41.3)	-	(41.3)
Net position, ending	\$ 75.1	\$ 105.4	\$ (30.3)



REVENUES BY SOURCES - GOVERNMENTAL ACTIVITIES
FOR YEAR ENDED JUNE 30, 2015



EXPENSES BY FUNCTION - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Governmental Fund Financial Analysis (modified accrual basis of accounting)

A. Governmental funds

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

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

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

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

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

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

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

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 not currently being used.

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.

As the District completed the year, its governmental funds reported a combined fund balance of \$90.3 million, which is a \$53.6 million increase from the previous year. The primary reason for the increase fund balance is the issuance of \$50 million of general obligation bonds. In addition, the following changes should be noted:

- The District's *General* fund balance increased by \$1.4 million. Most of this increase occurred in the restricted portion of the *General* fund balance. This increase is due primarily to an increase in state revenue, along with conservative spending in restricted programs.
- The *Capital Projects* fund balance increased by \$53.1 million. The primary reason for this change in fund balance is due to the issuance of \$50 million in general obligation bonds. These bonds will be used to rebuild four elementary schools and one high school.
- The *Non K-12* fund was closed at the end of the fiscal year. With changes in funding and efforts to standardize expenses, all future expenses that were reported in the *Non K-12* fund will be moved to the *General* fund.
- All other changes in fund balances are due to normal fluctuations in operational resources and property tax collections, and economic constraints.
- Total District expenditures totaled \$128.7 million, an increase of \$8.1 million compared to the previous fiscal year. The increase is primarily due to an aggressive capital improvement plan, expenditures related to initiatives that the District has identified as being the most essential in helping reach the goals set, and normal increases in salaries and benefits.
- General fund salaries totaled \$55.3 million, an increase of \$3.0 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 \$27.5 million as compared to \$26 million in the previous year. These benefits fluctuated comparatively to salaries, and also included an increase to retirement rates and health insurance.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into non-spendable, restricted, 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. *Unrestricted* funds are further divided into committed, assigned, and unassigned portions. *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 funds other than the General fund. *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 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. These tuition revenues also represent fees charged to secondary school students for specific activities; secondary school fees are accounted for in the School Activities fund.
- *Earnings on investments:* Changes in investment earnings are due to market fluctuations in interest rates 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, 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, and fluctuations due to economic factors.

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

	2015	2014
Property taxes	\$ 34,716,507	\$ 32,444,766
Tuitions	66,691	214,857
Transportation fees	180,586	211,936
Earnings on investments	331,966	234,793
Food Services	1,091,382	957,423
Other revenues from local sources	6,476,466	7,981,544
Total	\$ 42,863,598	\$ 42,045,319

Budgetary Highlights

During the year, the Board revised the District’s budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$12.5 million in total General fund revenues and an increase of \$10.6 million in General fund expenditures. The most significant budget changes may be summarized as follows:

- *State revenue* is the primary source of revenue for the District, and the majority of the revenue is allotted to the districts per student. The most significant budget change was to state revenue as a result of the significant increase in enrollment in Provo City School District, primarily attributable to Provo eSchool. The increase in state budgeted revenue was \$9.2 million.

- *Instructional Services* - Budget for instructional services increased throughout the year by \$7.9 million. This is in relation to the increase in enrollment after the budget was approved.
- *Community Services* - Budget for community services increased by \$3.5 million. This is the shift of expenses from *Non-K-12* to the *General* fund. There was also a corresponding \$3.5 million increase in revenue attributed to this shift.
- All other differences between original and final budgets are due to on-going adjustments at the program, function and fund levels as new information is received by the District, and are not significant in amount.

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 the costs incurred in maintaining and remodeling District facilities. Other funds are also used to purchase equipment for the functions within each fund.

Capital assets at June 30, 2015 and 2014 are outlined below:

PROVO CITY SCHOOL DISTRICT Capital Assets (net of accumulated depreciation in millions of dollars)				
	2015	2014	Total Change	
School sites (land)	\$ 6.2	\$ 6.2	\$ -	
Works of art	0.4	0.4	-	
Construction in progress	2.8	1.1	1.7	
Buildings	86.0	87.4	(1.4)	
Furniture & equipment	6.2	5.5	0.7	
Total	<u>\$ 101.6</u>	<u>\$ 100.6</u>	<u>\$ 1.0</u>	

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

- Construction was nearly completed on the Timpview multi-sports field.
- Significant HVAC projects were completed in various schools.
- Carpet was replaced in several classrooms throughout the District.
- 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.

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

B. Debt Administration

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2015 is \$288.2 million. General obligation debt at June 30, 2015 is \$82 million, resulting in a legal debt margin of \$206.2 million.

	Outstanding General Obligation Debt		Total
	2015	2014	Change
Outstanding G.O. Debt	<u>\$ 82.0</u>	<u>\$ 35.0</u>	<u>\$ 47.0</u>

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

Request for Information

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

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Basic Financial Statements

Financial Section

PROVO CITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	Primary Government	Component Unit
	Governmental Activities	Provo School District Foundation
Assets:		
Cash and investments	\$ 45,129,926	780,102
Restricted Cash	56,551,626	-
Receivables:		
Property taxes	31,409,213	-
Other local, less allowance for doubtful accounts of \$158,532	115,488	-
State	780,388	-
Federal	3,122,256	-
Note receivable	91,028	-
Prepaid expenses	438,103	-
Inventories	153,905	-
Net other post employment benefits	8,701,705	-
Net Pension Asset	54,600	-
Capital assets:		
Land, construction in progress, and works of art	9,375,814	-
Buildings and equipment, net accumulated depreciation	92,201,236	-
Total assets	248,125,288	780,102
Deferred Outflows of Resources:		
Deferred loss on refunding	1,588,780	-
Deferred outflows relating to pensions	6,252,334	-
Total Deferred Outflows of Resources	7,841,114	-
Liabilities:		
Accounts payable	4,151,620	30,689
Accrued interest payable	592,055	-
Payroll and related payables	11,657,418	-
Unearned revenue:		
Other local	155,087	-
Federal	463,428	-
Noncurrent liabilities:		
Portion due or payable within one year	7,514,299	-
Portion due or payable after one year	82,763,845	-
Net Pension Liability	40,632,654	-
Total liabilities	147,930,406	30,689
Deferred Inflows of Resources:		
Deferred property tax revenue	29,080,982	-
Deferred inflows pertaining to pensions	3,856,245	-
Total Deferred Inflows of Resources	32,937,227	-
Net Position:		
Net investment in capital assets	61,464,177	-
Restricted for:		
Debt service	876,789	-
Capital projects	2,599,405	-
Student activities	1,554,242	-
Building reserve	3,372,240	-
School food services	1,679,420	-
Provo School District Foundation	-	749,413
State/Federal Restricted Programs	2,016,530	-
Unrestricted	1,535,966	-
Total net position	\$ 75,098,769	\$ 749,413

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

PROVO CITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2015

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	\$ 79,335,822	\$ 232,866	\$ 73,940,916	\$ (5,162,040)	\$ -
Supporting services:					
Students	4,136,695	1,255,558	2,773,126	(108,011)	-
Instructional staff	1,230,402	-	1,570,259	339,857	-
District administration	2,217,104	-	606,471	(1,610,633)	-
School administration	5,495,155	-	155,889	(5,339,266)	-
Business	5,700,965	-	-	(5,700,965)	-
Operation and maintenance of facilities	6,421,600	-	474,297	(5,947,303)	-
Transportation	1,983,217	180,586	1,113,409	(689,222)	-
School food services	5,554,474	1,091,466	4,627,389	164,381	-
Community services	3,570,276	-	3,038,102	(532,174)	-
Interest on long-term liabilities	1,973,634	-	-	(1,973,634)	-
Total school district	<u>\$ 117,619,344</u>	<u>\$ 2,760,476</u>	<u>\$ 88,299,858</u>	<u>(26,559,010)</u>	<u>-</u>
Component unit:					
Provo School District Foundation					
Instructional services	\$ 263,025	\$ -	286,326	\$ -	\$ 23,301
Total component unit	<u>\$ 263,025</u>	<u>\$ -</u>	<u>\$ 286,326</u>	<u>-</u>	<u>23,301</u>
General Revenues:					
Property taxes levied for:					
Basic state supported program for regular K-12 instruction				8,040,290	-
Voted leeway for regular K-12 instruction				6,181,182	-
Board leeway and Board local leeway				7,217,718	-
Debt service of general obligation bonds				6,561,563	-
Capital outlay for buildings and other capital needs				6,471,222	-
Federal and state aid not restricted to specific purposes				2,309,132	-
Earnings on investments				328,576	3,390
Gain on sale of assets				37,086	-
Miscellaneous				478,360	-
Total general revenues				<u>37,625,129</u>	<u>3,390</u>
Changes in net position				11,066,119	26,691
Net position - beginning, as previously reported				105,370,189	722,722
Prior period adjustments (Note 8)				(41,337,539)	-
Net position beginning, as restated				<u>64,032,650</u>	
Net position - ending				<u>\$ 75,098,769</u>	<u>\$ 749,413</u>

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

PROVO CITY SCHOOL DISTRICT
 Balance Sheet—Governmental Funds
 June 30, 2015

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
Assets:					
Cash and investments	\$ 37,089,435	\$ -	\$ 3,054,989	\$ 4,985,502	\$ 45,129,926
Restricted Cash	2,016,530	694,439	52,402,555	1,438,102	56,551,626
Receivables:					
Property tax	22,756,439	6,145,399	2,507,375	-	31,409,213
Other local	89,791	-	-	25,697	115,488
State	553,053	-	-	227,335	780,388
Federal	3,075,092	-	-	47,164	3,122,256
Note receivable	91,028	-	-	-	91,028
Prepaid items	435,398	-	2,705	-	438,103
Inventories	6,925	-	-	146,980	153,905
Total assets	\$ 66,113,691	\$ 6,839,838	\$ 57,967,624	\$ 6,870,780	\$ 137,791,933
Liabilities, deferred inflows of resources, and fund balance:					
Liabilities:					
Accounts payable	\$ 3,460,152	\$ -	\$ 614,792	\$ 76,676	\$ 4,151,620
Payroll and related payables	11,469,216	-	-	188,202	11,657,418
Unearned revenue:					
Other local	155,087	-	-	-	155,087
Federal	463,428	-	-	-	463,428
Total liabilities	15,547,883	-	614,792	264,878	16,427,553
Deferred Inflows of Resources:					
Deferred property tax revenue	22,760,786	5,963,049	2,350,872	-	31,074,707
Fund balance:					
Nonspendable:					
Inventories and prepaid items	442,323	-	-	146,980	589,303
Long-term portion, note receivable	91,028	-	-	-	91,028
Restricted For:					
Building Reserve	-	-	-	3,372,240	3,372,240
School Food Services	-	-	-	1,532,440	1,532,440
Capital Projects	-	-	55,001,960	-	55,001,960
Debt Service	-	876,789	-	-	876,789
State/Federal Restricted Programs	2,016,530	-	-	-	2,016,530
Committed To:					
OPEB	14,198,244	-	-	-	14,198,244
Board voted contingency	5,344,402	-	-	-	5,344,402
Assigned To:					
Schools	-	-	-	1,554,242	1,554,242
Unassigned	5,712,495	-	-	-	5,712,495
Total fund balance	27,805,022	876,789	55,001,960	6,605,902	90,289,673
Total liabilities, deferred inflows of resources, and fund balance	\$ 66,113,691	\$ 6,839,838	\$ 57,967,624	\$ 6,870,780	\$ 137,791,933

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

Total fund balances for governmental funds \$ 90,289,673

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	\$ 6,228,328	
Construction in progress	2,791,336	
Works of art	356,150	
Buildings and improvements	152,944,174	
Furniture and equipment	23,374,627	
Accumulated depreciation for:		
Buildings and improvements	(66,929,443)	
Furniture and equipment	(17,188,122)	
		101,577,050

Net OPEB asset is not reported in the governmental funds. This amount represents accumulated plan contributions in excess of annual OPEB costs. 8,701,705

GASB 68 requires State and local governments to disclose in their government wide accrued basis financial statement of net position, their proportionate share the Net Pension Liability and/or the Net Pension Asset and the deferred inflows and outflows of resources relating to pensions and pension expense.

Net Pension Asset	\$ 54,600	
Deferred outflows pertaining to pensions	6,252,334	
Net Pension Liability	(40,632,654)	
Deferred inflows pertaining to pensions	(3,856,245)	(38,181,965)

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the funds. 1,993,725

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (592,055)

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	\$ (81,955,000)	
Deferred amounts for issuance premium/discount	(2,382,005)	
Deferred amount on refunding	1,588,780	
Lease revenue bonds	(5,082,000)	
Obligations under capital leases	(33,532)	
Notes payable	(217,695)	
Vacation payable	(607,912)	
		(88,689,364)

Total net position of governmental activities \$ 75,098,769

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 - Governmental Funds

Year Ended June 30, 2015

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
Revenues:					
Local sources:					
Property taxes	\$ 20,808,558	\$ 6,728,676	\$ 6,069,273	\$ 1,110,000	\$ 34,716,507
Food service sales	-	-	-	1,091,466	1,091,466
Interest	235,293	-	88,830	4,453	328,576
Other local	2,754,986	-	56,265	3,915,880	6,727,131
State	70,389,904	-	127,370	843,428	71,360,702
Federal	10,593,904	-	290,662	3,783,961	14,668,527
Total revenues	104,782,645	6,728,676	6,632,400	10,749,188	128,892,909
Expenditures:					
Current:					
Instructional services	74,229,205	-	-	3,763,172	77,992,377
Supporting services:					
Students	4,103,008	-	-	-	4,103,008
Instructional staff	1,277,995	-	-	-	1,277,995
District administration	2,220,421	-	-	-	2,220,421
School administration	5,650,292	-	-	-	5,650,292
Business	4,704,250	-	-	1,110,000	5,814,250
Operations and maintenance of facilities	5,407,883	-	843,695	-	6,251,578
Transportation	1,986,869	-	-	-	1,986,869
School food services	-	-	-	5,336,945	5,336,945
Community services	3,291,762	-	-	273,852	3,565,614
Capital outlay	-	-	7,506,058	-	7,506,058
Debt service:					
Principal retirement	-	5,181,000	486,993	-	5,667,993
Interest and fiscal charges	-	1,274,797	79,463	-	1,354,260
Total expenditures	102,871,685	6,455,797	8,916,209	10,483,969	128,727,660
Excess (deficiency) of revenues over (under) expenditures	1,910,960	272,879	(2,283,809)	265,219	165,249
Other financing sources (uses):					
Proceeds from debt issuance	-	22,789,999	52,997,005	-	75,787,004
Payment to bond escrow agent	-	(22,719,924)	-	-	(22,719,924)
Proceeds from sale of capital assets	15,824	-	399,983	-	415,807
Transfers in (out)	(505,997)	-	2,000,000	(1,494,003)	-
Total other financing sources (uses)	(490,173)	70,075	55,396,988	(1,494,003)	53,482,887
Net change in fund balance	1,420,787	342,954	53,113,179	(1,228,784)	53,648,136
Fund balance - beginning	26,384,235	533,835	1,888,781	7,834,686	36,641,537
Fund balance - ending	\$ 27,805,022	\$ 876,789	\$ 55,001,960	\$ 6,605,902	\$ 90,289,673

PROVO CITY SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balance of Governmental Funds to the Statement of Activities
 Year Ended June 30, 2015

Net change in fund balance - total governmental funds \$ 53,648,136

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial cost of \$10,000 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	\$ 6,890,544	
Sale of capital assets	(378,721)	
Depreciation expense - capital assets	<u>(5,495,253)</u>	1,016,570

The governmental funds report OPEB contributions as expenditures when paid. However, in the statement of activities, the difference between OPEB plan contributions and OPEB costs for the year is expensed. 1,610,000

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. 3,155,574

Property tax revenues in the statement of activities that do not provide current financial resources are not reported in the fund statements. (244,532)

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

Proceeds from bond issuance	(75,787,004)	
Payment on defeased bonds	22,719,924	
Repayment of bond principal	5,641,000	
Bond interest expense	(534,034)	
Amortization of deferred amounts, net	<u>(85,340)</u>	(48,045,454)

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

Principal payments on note/lease payable	<u>26,993</u>	26,993
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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>(101,168)</u>
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Change in net position of governmental activities \$ 11,066,119

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual—*General Fund*
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Property taxes	\$ 19,299,667	\$ 19,835,667	\$ 20,808,558	\$ 972,891
Interest	340,185	340,185	235,293	(104,892)
Other local	4,964,679	5,731,664	2,754,986	(2,976,678)
State	62,631,908	71,870,862	70,389,904	(1,480,958)
Federal	8,789,387	10,742,706	10,593,904	(148,802)
Total revenues	<u>96,025,826</u>	<u>108,521,084</u>	<u>104,782,645</u>	<u>(3,738,439)</u>
Expenditures:				
Current:				
Instructional services	72,059,444	77,951,717	74,229,205	3,722,512
Supporting services:				
Students	3,647,740	3,945,888	4,103,008	(157,120)
Instructional staff	1,656,412	1,359,754	1,277,995	81,759
District administration	1,801,789	2,495,890	2,220,421	275,469
School administration	5,924,205	5,505,769	5,650,292	(144,523)
Business	4,216,762	4,889,525	4,704,250	185,275
Operations and maintenance of facilities	5,248,437	5,330,988	5,407,883	(76,895)
Transportation	1,999,095	2,132,095	1,986,869	145,226
Community services	-	3,498,754	3,291,762	206,992
Total expenditures	<u>96,553,884</u>	<u>107,110,380</u>	<u>102,871,685</u>	<u>4,238,695</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(528,058)</u>	<u>1,410,704</u>	<u>1,910,960</u>	<u>500,256</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	25,000	25,000	15,824	(9,176)
Transfers in (out)	-	-	(505,997)	(505,997)
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>(490,173)</u>	<u>(515,173)</u>
Net change in fund balance	<u>(503,058)</u>	<u>1,435,704</u>	<u>1,420,787</u>	<u>(14,917)</u>
Fund balance - beginning	<u>26,384,235</u>	<u>26,384,235</u>	<u>26,384,235</u>	
Fund balance - ending	<u>\$ 25,881,177</u>	<u>\$ 27,819,939</u>	<u>\$ 27,805,022</u>	<u>\$ (14,917)</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 units. 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. MBA accounts and transactions are recorded in the Municipal Building Authority Fund, a non-major fund included in the non-major governmental funds of the District. The MBA no longer has a balance, but when active the MBA will receive lease revenue from the Capital Projects Fund (a major fund of the District). The lease revenue is used to make the bond payments. See note 6 regarding details of the bond issuance and payment schedule. Financial information specific to the MBA may be obtained from the office of the Business Administrator of the District.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. As a general practice, interfund activity has been eliminated from the government-wide financial statements in order to avoid double counting. Exceptions to this general rule are payments made between functions for internal services provided; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function is included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in direct expenses of the appropriate functions. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line item. Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given

function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

C. Fund Financial Statements

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

The District reports the following major governmental funds:

- *General Fund* - is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- *Debt Service Fund* - accounts for resources accumulated and payments made for principal and interest of general obligation school building bonds.
- *Capital Projects Fund* - accounts for resources accumulated and payments made for the acquisition, maintenance, improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

The District reports the following non-major Special Revenue funds that receive revenues which are restricted to expenditures for specified purposes:

- *Non-K-12 Instruction Fund*- to account for preschool, adult education and other non K-12 programs. This fund was closed in 2015 and future revenue and expenditures will be accounted for in the *General* fund.
- *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 was closed as of June 30, 2014.
- *Tax Increment Fund* - accounts for property tax revenue that is remitted to the Provo City Redevelopment Agency.

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

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide and agency fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues reported in the governmental

funds to be available if the revenues are collected within thirty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, early retirement and post-employment health care benefits, arbitrage rebates, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues. When both restricted and unrestricted resources are available for use, it is the District's 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, 2015, 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 programs based on the average balance of each participating program.

G. Cash and Cash Equivalents

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

H. Receivables and Payables

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

I. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$10,000 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 \$356,150 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

J. 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.

K. 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. No reimbursement or accrual is made for unused sick leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

K. 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.

L. Long-term Obligations

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

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

M. 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:

Non-spendable - 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 (non K-12 instruction, building reserve, capital projects, debt service and other purposes), remaining child nutrition funds, and donations held in the Provo City School District Foundation.

Committed - includes fund balance amounts that can only be used for specific purposes established by formal action of the Board of Education. 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 non-spendable, 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 is available. Of the unrestricted resources, the District will first use committed, followed by assigned, and then unassigned.

N. 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 Non-spendable fund balances of equal amount, indicating they are not expected to be converted to cash.

O. 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.

P. 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.

Q. 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.

R. 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.

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2015, as shown on the financial statements is as follows:

	Primary Government	Component Unit
Carrying amount of deposits	\$ 710,902	\$ 368,517
Carrying amount of investments:		
Public Treasurers' Investment Fund	98,104,840	411,585
Repurchase Agreement	2,865,810	-
Total investments	100,970,650	411,585
Total cash and investments	\$ 101,681,552	\$ 780,102

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, 2015, 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	\$ (305,930)	\$ -	\$ -
Student Activities	1,016,832	1,114,997	1,114,997
Total primary government	\$ 710,902	\$ 1,114,997	\$ 1,114,997
Component unit:			
Provo School District Foundation	\$ 368,517	\$ 369,742	\$ 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. The reported value of the Public Treasurer's Pool is the same as the fair value of the pool shares.

As of June 30, 2015, the District had the following investments:

Investment	Original Maturities	Fair Value
Utah Public Treasurers' Investment Fund (PTIF)		
Primary government:		
Other funds	less than 1 year	\$ 45,105,854
Capital Projects Fund	less than 1 year	52,402,555
Student Activities fund	less than 1 year	596,430
Total primary government		98,104,840
Component unit:		
Provo School District Foundation	less than 1 year	411,585
Total Utah PTIF		98,516,425
Repurchase Agreement (primary government)	less than 1 year	2,865,810
		\$ 101,382,235

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

Investments - Credit Risk - The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, bankers' acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah. The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The District's investment in the PTIF is not rated.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District has no investment policy that would further limit its investment choices.

Investments - Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The entire \$2,865,810 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 ad valorem tax on motor vehicles. This uniform fee was 1.5% of the fair market statewide value of the property, as established by the State Tax Commission. Effective January 1, 1999, legislation required motor vehicles be subject to an "age-based" fee that is due each time a vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when the County collects it and remits the collections to the District.

As of June 30, 2015, the District had accrued a property tax receivable on the government-wide financial statements of \$31,409,213. This accrual includes calendar year 2014 property taxes of \$29,056,002 levied for the year ended June 30, 2015 due to be collected by November 30, 2015, plus \$2,353,211 of delinquent property taxes receivable for taxes assessed prior to 2014 that remain uncollected.

4. INTERFUND TRANSFERS

During the year ended June 30, 2015, the District made transfers between funds. The District transferred \$2,000,000 from Building Reserve Fund to the Capital Projects fund. This was a budgeted transfer to assist in the aggressive capital improvement plan. The District also transferred \$505,997 from the General fund to the Non-K12 fund. This transfer was done to take care of a negative fund balance from June 30, 2014.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,228,328	\$ -	\$ -	\$ 6,228,328
Construction in progress	1,142,997	2,753,094	(1,104,755)	2,791,336
Works of art	356,150	-	-	356,150
Total capital assets, being not being depreciated	<u>7,727,475</u>	<u>2,753,094</u>	<u>(1,104,755)</u>	<u>9,375,814</u>
Capital assets, being depreciated :				
Buildings and improvements	150,239,471	2,704,703	-	152,944,174
Furniture and equipment	26,055,736	2,537,502	(5,218,611)	23,374,627
Total capital assets, being depreciated	<u>176,295,207</u>	<u>5,242,205</u>	<u>(5,218,611)</u>	<u>176,318,801</u>
Accumulated depreciation for:				
Buildings and improvements	(62,883,083)	(4,046,360)	-	(66,929,443)
Furniture and equipment	(20,579,119)	(1,448,893)	4,839,890	(17,188,122)
Total accumulated depreciation	<u>(83,462,202)</u>	<u>(5,495,253)</u>	<u>4,839,890</u>	<u>(84,117,565)</u>
Total capital assets, being depreciated, net	<u>92,833,005</u>	<u>(253,048)</u>	<u>(378,721)</u>	<u>92,201,236</u>
Governmental activity capital assets, net	<u>\$ 100,560,480</u>	<u>\$ 2,500,046</u>	<u>\$ (1,483,476)</u>	<u>\$ 101,577,050</u>

For the year ended June 30, 2015, depreciation expense was charged to functions of the District as follows:

Governmental activities:

	Buildings and improvements	Furniture and equipment	Total
Instructional services	\$ 3,404,399	\$ 1,146,067	\$ 4,550,466
Supporting services:			
Students	116,144	45,167	161,311
District administration	40,385	15,705	56,090
School administration	39,481	15,354	54,835
Business	-	2,616	2,616
Operation and maintenance of facilities	-	85,418	85,418
Transportation	-	15,430	15,430
School food services	295,127	89,355	384,482
Community services	150,824	33,781	184,605
Total depreciation expense, governmental activities	<u>\$ 4,046,360</u>	<u>\$ 1,448,893</u>	<u>\$ 5,495,253</u>

6. LONG TERM LIABILITIES

A. Changes in Long Term Liabilities

Long-term liability activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds payable:					
General obligation bonds	\$ 35,006,000	\$ 73,405,000	\$ (26,456,000)	\$ 81,955,000	\$ 6,905,000
Lease revenue bonds	5,542,000	-	(460,000)	5,082,000	460,000
Deferred amounts for issuance premium/discount	158,237	2,382,005	(158,237)	2,382,005	-
Total general obligation bonds payable, net	<u>40,706,237</u>	<u>75,787,005</u>	<u>(27,074,237)</u>	<u>89,419,005</u>	<u>7,365,000</u>
Other long-term liabilities:					
Notes payable	236,954	-	(19,259)	217,695	19,732
Obligations under capital leases	41,266	-	(7,734)	33,532	7,985
Vacation payable	506,744	176,156	(74,988)	607,912	121,582
Total governmental activity long-term liabilities	<u>\$ 41,491,201</u>	<u>\$ 75,963,161</u>	<u>\$ (27,176,218)</u>	<u>\$ 90,278,144</u>	<u>\$ 7,514,299</u>

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

B. General Obligation Bonds Payable

Bonds payable at June 30, 2015 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
2006 Series G.O. Bonds	School Building	9,400,000	4%	June 15, 2016	\$ 450,000
2007B Series G.O. Bonds	School Building	25,600,000	4.00% to 4.50%	June 15, 2017	2,425,000
2012 Series G.O. Refunding Bonds	Bond Refunding	9,045,000	.56% to 1.29%	June 15, 2017	5,675,000
2015A Series G.O. Bonds	Bond Refunding	22,790,000	2.13%	June 15, 2027	22,790,000
2015 Series G.O. Bonds	School Building	50,615,000	2.25% to 5%	June 15, 2035	50,615,000
Total General Obligation Bonds Payable as of June 30, 2015					<u><u>\$ 81,955,000</u></u>

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

Year Ending June 30	Principal	Interest	Debt Service Fund
2016	\$ 6,905,000	\$ 2,923,289	\$ 9,828,289
2017	5,715,000	2,283,669	7,998,669
2018	3,895,000	2,104,039	5,999,039
2019	4,065,000	1,967,263	6,032,263
2020	4,225,000	1,824,139	6,049,139
2021-2025	23,145,000	6,953,099	30,098,099
2026-2030	17,895,000	3,975,741	21,870,741
2031-2035	16,110,000	1,478,400	17,588,400
	<u><u>\$ 81,955,000</u></u>	<u><u>\$ 23,509,637</u></u>	<u><u>\$ 105,464,637</u></u>

C. Lease Revenue Bonds (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 Farrer Elementary. The bonds carry an interest rate of 1.23% and mature in 2026. Lease revenue bonds payable at June 30, 2015 are as follows:

Year Ending June 30	Principal	Interest	Municipal Building Authority Fund
2016	\$ 460,000	\$ 62,509	\$ 522,509
2017	460,000	56,851	516,851
2018	460,000	51,193	511,193
2019	460,000	45,535	505,535
2020	460,000	39,877	499,877
2021-2025	2,300,000	114,513	2,414,513
2026	482,000	59,612	541,612
	<u><u>\$ 5,082,000</u></u>	<u><u>\$ 430,088</u></u>	<u><u>\$ 5,512,088</u></u>

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, 2015 are as follows:

Year Ending June 30	Principal	Interest	General Fund
2016	\$ 7,985	\$ 1,090	\$ 9,075
2017	8,245	830	9,075
2018	8,513	562	9,075
2019	8,789	286	9,075
	<u>\$ 33,532</u>	<u>\$ 2,768</u>	<u>\$ 36,300</u>
Total Minimum Lease Payments			36,300
Amount Representing Interest			<u>(2,768)</u>
Present Value of Minimum Lease Payments			<u>\$ 33,532</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% and payable in quarterly installments of \$6,682, including interest, until maturity in January 2025. Annual payments are typically financed through the District's general fund, and payments at June 30, 2015 are as follows:

Year Ending June 30	Principal	Interest	Capital Fund
2016	\$ 19,892	\$ 6,995	\$ 26,887
2017	20,547	6,345	26,892
2018	21,223	5,675	26,898
2019	21,921	4,982	26,903
2020	22,642	4,267	26,909
2021-2025	111,470	9,753	121,223
	<u>\$ 217,695</u>	<u>\$ 38,018</u>	<u>\$ 255,713</u>

F. Combined Maturities on Long-Term Borrowings

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 7,392,878	\$ 2,993,882	\$ 10,386,760
2017	6,203,792	2,347,695	8,551,486
2018	4,384,735	2,161,468	6,546,204
2019	4,555,710	2,018,065	6,573,775
2020	4,707,642	1,868,283	6,575,925
2021-2025	25,556,470	7,077,365	32,633,835
2026-2030	18,377,000	4,035,352	22,412,352
2031-2035	16,110,000	1,478,400	17,588,400
	<u>\$ 87,288,227</u>	<u>\$ 23,980,510</u>	<u>\$ 111,268,737</u>
Less: Deferred amounts, net:	2,382,005		
Compensated absences:	607,912		
	<u>\$ 90,278,144</u>		

7. 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), Public Employees Contributory Retirement System (Contributory System), are multiple employer, cost sharing, public employees, retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System), are multiple employer, cost sharing, public employees, retirement systems.

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 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 are as follows:

Utah Retirement Systems	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
State and School Tier 1	1.00%	5.00%	17.70%
State and School Tier 2	N/A	N/A	18.27%
Noncontributory System			
State and School Tier 1	N/A	N/A	22.19%

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

At December 31, 2014, the URS reported a net pension asset of \$54,600 and a net pension liability of \$40,632,654 for the District.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	1.6109284%	\$ -	\$ 40,475,038
Contributory System	1.4374656%	\$ -	\$ 157,616
Tier 2 Public Employees System	1.8017097%	\$ 54,600	\$ -
Total Net Pension Asset/Liability		\$ 54,600	\$ 40,632,654

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, the District recognized pension expense of \$7,802,213. At December 31, 2014, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,489,665
Changes in assumptions	\$ -	\$ 1,366,580
Net difference between projected and actual earnings on pension plan investments	\$ 739,956	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 5,512,378	\$ -
Total	\$ 6,252,334	\$ 3,856,245

\$5,512,378 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. 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
2015	\$ (798,227)
2016	\$ (798,227)
2017	\$ (798,227)
2018	\$ (661,914)
2019	\$ (9,551)
Thereafter	\$ (50,142)

Plan Assumptions: The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary Increases	3.5 - 10.5 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below:

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Women EDUF (100%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUM=Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF=Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP2000mWC=RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 - December 31, 2013.

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. 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	40.00%	7.08%	2.82%
Debt securities	20.00%	0.80%	0.16%
Real assets	13.00%	5.10%	0.66%
Private equity	9.00%	11.30%	1.02%
Absolute return	18.00%	3.15%	0.57%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%		5.23%
		Inflation	2.75%
		Expected arithmetic nominal return	7.98%

The 7.5% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50%. 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.

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 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate Share of Net pension (asset)/liability	\$ 82,363,736	\$ 40,578,054	\$ 5,610,840

Defined Contribution System

The District also participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Non-contributory Retirement System have a contribution of 1.5% of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. District contributions made for employees for the years ended June 30, 2015, 2014, and 2013 were \$986,146, \$955,452, and \$923,328, respectively.

The employee contributions for years ended June 30, 2015, 2014, and 2013 were \$710,358, \$735,265, and \$801,303, respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board; amendments to the plan’s provisions and contribution requirements must be authorized by statute and the Utah State Retirement Board.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participation.

Employee contributions to the Section 457 plan totaled \$61,482 for the year ended June 30, 2015. The assets of the plan are administered and held by URS and a third-party administrator.

8. GASB 68 RESTATEMENT

The Government Accounting Standards Board (GASB) issued Statement No. 68, “Accounting and Financial Reporting for Pensions” resulting in the recognition of assets, liabilities, expenses, deferred inflows, and deferred outflows related to pensions. Prior to this statement, most of this information was either disclosed in the notes to the financial statements or was available in a separate report issued by Utah Retirement System. The implementation of this statement resulted in a restatement of net position as of June 30, 2014. The following is the result of the restatement:

Beginning Net Position 6/30/2014	\$ 105,370,189
Net Pension Asset	5,454
Deferred Outflows of Resources	5,205,304
Net Pension Liability	<u>(46,548,297)</u>
Net Position as of June 30, 2014 (as restated)	<u><u>\$ 64,032,650</u></u>

9. 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 the does 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 has a minimum of 12 years of service in the District who retires 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 498 retirees receiving benefit coverage in addition to 269 present employees (and spouses) who have earned vested coverage upon retirement.

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 2015, 2014, and 2013 were \$3,482,154, \$3,253,059, and \$3,163,992 respectively.

Annual OPEB Cost and Net OPEB Asset The District's annual other post-employment benefit (OPEB) cost is calculated based on the *actuarial required contribution* (ARC). The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year, the estimated amount contributed for the year, and changes in the District's net OPEB asset of the plan year. All of these numbers are based on the actuarial report dated July 1, 2014.

Normal cost	\$ 1,956,000
Amortization	83,000
Total ARC	<u>2,039,000</u>
Net OPEB Asset at July 1, 2014	7,091,705
Annual Required Contribution	2,039,000
Adjustment to ARC	262,000
Interest on prior year Net OPEB Obligation	<u>(301,000)</u>
Annual OPEB Cost	2,000,000
Contributions made (estimated)	<u>3,610,000</u>
Increase in net OPEB asset	<u>1,610,000</u>
Net OPEB Asset at June 30, 2015	<u><u>\$ 8,701,705</u></u>

Net OPEB asset at July 1, 2014 \$7,019,705. The percentage of annual OPEB cost contributed was 181%, 189%, and 181%, at June 30, 2015, 2014, and 2013, respectively.

Funded Status and Funding Progress The actuarial accrued liability of the District's post-employment benefit plan as of July 1, 2014 and July 1, 2012 is \$42,128,000, and \$36,739,000, respectively. All of which is unfunded. July 1, 2014 is the most recent actuarial valuation date. The covered payroll (annual payroll of active employees) at June 30, 2014 and 2013 is \$9,740,147 and \$10,686,150, respectively. The ratio of the unfunded actuarial accrued liability to the covered payroll was 433% for fiscal year 2015 and 344% for fiscal year 2014.

The projected benefit payments for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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.

In the July 1, 2014 actuarial valuation, the projected unit credit with benefits attributed from the date of hire to expected retirement age was used. The actuarial assumptions included a 4.25% investment rate of return (net of administrative expenses), a 3.5% projected annual salary increase, and an annual health care cost trend rate of 8.0% initially for those under age 65, and 7% for those 65 and older, reduced by .5% decrements to an ultimate rate of 5.0%. The actuarial method used for valuing assets is market. The Plan's unfunded actuarial accrued liability is being amortized over 30 years in level dollar amounts on an open basis. Claim costs assumptions are based on premiums for active employees and do not recognize the effects of Medicare Part D. Demographic and other assumptions include 1) mortality rates; 2) public education retirement rates; 3) termination rates by age, gender, and years of service; and 4) District salary schedules.

General Fund Balance Designations At June 30, 2015, the District has committed \$14,198,244 of the general fund balance for future funding of the OPEB.

10. 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 26, 2014, the District had not received any notification from any grant providing agency or government identifying any noncompliance liabilities associated with past District grant awards.

11. 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.

12. 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.

13. RISK MANAGEMENT

A. Property and Liability Insurance Coverage

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability through policies administered by the Utah State Risk Management (Fund). The District also insures its buildings and contents against all insurable risks of direct physical loss or damage with the fund. The Fund is a public entity risk pool operated by the State for the benefit of the state and local governments within Utah. This is a pooled arrangement where the participants' pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool re-insures sizeable losses to preserve the capital base. During fiscal year ended June 30, 2015, 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, 2015, 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, 2015, which have not been resolved.

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

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MAJOR GOVERNMENTAL FUNDS

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets
 General Fund
 June 30, 2015 (with comparative totals for 2014)

	2015	2014
Assets:		
Cash and investments	\$ 37,089,435	\$ 32,943,625
Restricted Cash	2,016,530	
Receivables:		
Property taxes	22,756,439	21,950,957
Other local	180,819	573,303
State	553,053	552,609
Federal	3,075,092	2,814,472
Prepaid items	435,398	428,140
Inventories	6,925	9,557
Total assets	\$ 66,113,691	\$ 59,272,663
Liabilities, deferred inflows of resources, and fund balance:		
Liabilities:		
Accounts payable	3,460,152	510,167
Payroll and related payables	11,469,216	9,534,057
Deferred revenue:		
Other local	155,087	181,339
Federal	463,428	718,477
Total liabilities	15,547,883	10,944,040
Deferred Inflows of Resources:		
Deferred property tax revenue	22,760,786	21,944,388
Fund balance:		
Nonspendable:		
Inventories and prepaid items	442,323	437,288
Long-term portion, note receivable	91,028	169,378
Restricted For:		
State/Federal Restricted Programs	2,016,530	1,209,061
Committed To:		
OPEB	14,198,244	14,198,244
Board voted contingency	5,344,402	5,344,402
Unassigned	5,712,495	5,025,862
Total fund balance	27,805,022	26,384,235
Total liabilities, deferred inflows of resources, and fund balance	\$ 66,113,691	\$ 59,272,663

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - *General Fund*
Year Ended June 30, 2015 (with comparative totals for 2014)

	2015			Variance with Final Budget - Postive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Orginal	Final			
Revenues:					
Local sources:					
Property taxes	\$ 19,299,667	\$ 19,835,667	\$ 20,808,558	\$ 972,891	20,657,597
Interest	340,185	340,185	235,293	(104,892)	229,480
Other local	4,964,679	5,731,664	2,754,986	(2,976,678)	4,015,708
State	62,631,908	71,870,862	70,389,904	(1,480,958)	59,502,309
Federal	8,789,387	10,742,706	10,593,904	(148,802)	11,992,367
Total revenues	<u>96,025,826</u>	<u>108,521,084</u>	<u>104,782,645</u>	<u>(3,738,439)</u>	<u>96,397,461</u>
Expenditures:					
Salaries	54,692,360	56,616,179	55,278,478	1,337,701	52,289,088
Employee benefits	27,011,055	28,356,021	27,491,516	864,505	25,975,283
Purchased services	7,391,128	11,074,188	10,520,905	553,283	7,447,679
Supplies	6,669,429	8,845,142	7,072,811	1,772,331	6,930,184
Property	392,665	1,467,401	1,684,655	(217,254)	564,197
Other	397,247	751,449	823,320	(71,871)	1,294,382
Total expenditures	<u>96,553,884</u>	<u>107,110,380</u>	<u>102,871,685</u>	<u>4,238,695</u>	<u>94,500,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(528,058)</u>	<u>1,410,704</u>	<u>1,910,960</u>	<u>500,256</u>	<u>1,896,648</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	25,000	25,000	15,824	(9,176)	23,950
Transfer out	-	-	(505,997)	(505,997)	-
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>(490,173)</u>	<u>(515,173)</u>	<u>23,950</u>
Net change in fund balance	<u>(503,058)</u>	<u>1,435,704</u>	<u>1,420,787</u>	<u>(14,917)</u>	<u>1,920,598</u>
Fund balance - beginning	<u>26,384,235</u>	<u>26,384,235</u>	<u>26,384,235</u>		<u>24,463,641</u>
Fund balance - ending	<u>\$ 25,881,177</u>	<u>\$ 27,819,939</u>	<u>\$ 27,805,022</u>	<u>\$ (14,917)</u>	<u>\$ 26,384,235</u>

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets
Debt Service Fund
 June 30, 2015 (with comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 694,439	\$ 413,700
Receivables:		
Property taxes	<u>6,145,399</u>	<u>5,915,236</u>
Total assets	<u>\$ 6,839,838</u>	<u>\$ 6,328,936</u>
Liabilities, deferred inflows of resources, and fund balance:		
Liabilities	\$ -	\$ -
Deferred Inflows of Resources:		
Deferred property tax revenue	<u>5,963,049</u>	<u>5,795,101</u>
Fund balance:		
Restricted For:		
Debt Service	<u>876,789</u>	<u>533,835</u>
Total fund balance	<u>876,789</u>	<u>533,835</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,839,838</u>	<u>\$ 6,328,936</u>

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - *Debt Service Fund*
Year Ended June 30, 2015 (with comparative totals for 2014)

	2015			Variance with Final Budget - Postive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Orginal	Final			
Revenues:					
Local sources:					
Property taxes	\$ 6,417,235	\$ 6,417,235	\$ 6,728,676	\$ 311,441	6,200,120
Total revenues	<u>6,417,235</u>	<u>6,417,235</u>	<u>6,728,676</u>	<u>311,441</u>	<u>6,200,120</u>
Expenditures:					
Debt service:					
Principal retirement	5,181,000	5,181,000	5,181,000	-	4,941,000
Interest and fiscal charges	<u>1,325,253</u>	<u>1,395,253</u>	<u>1,274,797</u>	<u>120,456</u>	<u>1,413,035</u>
Total expenditures	<u>6,506,253</u>	<u>6,576,253</u>	<u>6,455,797</u>	<u>120,456</u>	<u>6,354,035</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(89,018)</u>	<u>(159,018)</u>	<u>272,879</u>	<u>431,897</u>	<u>(153,915)</u>
Other financing sources (uses):					
Proceeds from debt issuance	-	-	22,789,999	22,789,999	-
Payment to bond escrow agent	<u>-</u>	<u>-</u>	<u>(22,719,924)</u>	<u>(22,719,924)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>70,075</u>	<u>70,075</u>	<u>-</u>
Net change in fund balance	(89,018)	(159,018)	342,954	501,972	(153,915)
Fund balance - beginning	<u>533,835</u>	<u>533,835</u>	<u>533,835</u>	<u>-</u>	<u>687,750</u>
Fund balance - ending	<u>\$ 444,817</u>	<u>\$ 374,817</u>	<u>\$ 876,789</u>	<u>\$ 501,972</u>	<u>\$ 533,835</u>

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets
Capital Projects Fund
 June 30, 2015 (with comparative totals for 2014)

	2015	2014
Assets:		
Cash and investments	\$ 3,054,989	\$ 1,953,524
Restricted Cash	52,402,555	-
Receivables:		
Property taxes	2,507,375	2,388,370
Prepaid items	2,705	2,705
	\$ 57,967,624	\$ 4,344,599
Liabilities, deferred inflows of resources, and fund balance:		
Liabilities:		
Accounts payable	\$ 614,792	\$ 171,157
Payroll and related payables	-	-
	614,792	171,157
Deferred Inflows of Resources:		
Deferred property tax revenue	2,350,872	2,284,660
	2,350,872	2,284,660
Fund balance:		
Restricted For:		
Capital Projects	55,001,960	1,888,781
	55,001,960	1,888,781
Total fund balance	55,001,960	1,888,781
Total liabilities, deferred inflows of resources, and fund balance	\$ 57,967,624	\$ 4,344,598

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - *Capital Projects Fund*
Year Ended June 30, 2015 (with comparative totals for 2014)

	2015			Variance with Final Budget - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 5,779,709	\$ 5,779,709	\$ 6,069,273	\$ 289,564	5,587,049
Interest	-	-	88,830	88,830	-
Other local	120,311	120,311	56,265	(64,046)	108,195
State	-	-	127,370	127,370	-
Federal	-	-	290,662	290,662	-
Total revenues	<u>5,900,020</u>	<u>5,900,020</u>	<u>6,632,400</u>	<u>732,380</u>	<u>5,695,244</u>
Expenditures:					
Salaries	653,865	662,215	672,671	(10,456)	641,747
Employee benefits	301,863	304,348	289,864	14,484	286,573
Purchased services	7,022,706	7,297,028	6,002,328	1,294,700	5,022,891
Supplies	247,944	249,079	234,480	14,599	246,050
Property	221,811	1,070,675	1,150,285	(79,610)	350,513
Other	487,000	487,000	125	486,875	144
Debt service:					
Principal retirement	-	-	486,993	(486,993)	486,727
Interest and fiscal charges	-	-	79,463	(79,463)	79,474
Total expenditures	<u>8,935,189</u>	<u>10,070,345</u>	<u>8,916,209</u>	<u>1,154,136</u>	<u>7,114,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,035,169)</u>	<u>(4,170,325)</u>	<u>(2,283,809)</u>	<u>1,886,516</u>	<u>(1,418,875)</u>
Other financing sources (uses):					
Proceeds from debt issuance	-	52,997,005	52,997,005	-	-
Proceeds from sale of capital assets	-	-	399,983	399,983	-
Transfers in (out)	-	2,000,000	2,000,000	-	(1,945,433)
Total other financing sources (uses)	<u>-</u>	<u>54,997,005</u>	<u>55,396,988</u>	<u>399,983</u>	<u>(1,945,433)</u>
Net change in fund balance	<u>(3,035,169)</u>	<u>50,826,680</u>	<u>53,113,179</u>	<u>2,286,499</u>	<u>(3,364,289)</u>
Fund balance - beginning	<u>1,888,781</u>	<u>1,888,781</u>	<u>1,888,781</u>	<u>-</u>	<u>5,253,070</u>
Fund balance - ending	<u>\$ (1,146,388)</u>	<u>\$ 52,715,461</u>	<u>\$ 55,001,960</u>	<u>\$ 2,286,499</u>	<u>\$ 1,888,781</u>

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Non-Major Governmental Funds

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets
 Non-major Governmental Funds
 June 30, 2015

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Non K-12 Instruction	Student Activities	Food Services	Building Reserve	Tax Increment	
Assets:						
Cash and investments	\$ -	\$ 1,613,262	\$ -	\$ 3,372,240	\$ -	\$ 4,985,502
Restricted Cash	-	-	1,438,102	-	-	1,438,102
Receivables:						
Other local	-	2,261	23,436	-	-	25,697
State	-	-	227,335	-	-	227,335
Federal	-	-	47,164	-	-	47,164
Inventories	-	-	146,980	-	-	146,980
Total assets	\$ -	\$ 1,615,523	\$ 1,883,017	\$ 3,372,240	\$ -	\$ 6,870,780
Liabilities and fund balance						
Liabilities:						
Accounts payable	\$ -	\$ 61,281	\$ 15,395	\$ -	\$ -	\$ 76,676
Payroll and related payables	-	-	188,202	-	-	188,202
Total liabilities	-	61,281	203,597	-	-	264,878
Fund balance:						
Nonspendable:						
Inventories	-	-	146,980	-	-	146,980
Restricted	-	-	1,532,440	3,372,240	-	4,904,680
Assigned to:						
Schools	-	1,554,242	-	-	-	1,554,242
Unassigned	-	-	-	-	-	-
Total fund balance	-	1,554,242	1,679,420	3,372,240	-	6,605,902
Total liabilities and fund balance	\$ -	\$ 1,615,523	\$ 1,883,017	\$ 3,372,240	\$ -	\$ 6,870,780

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - *Non-Major Funds*
Year Ended June 30, 2015

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Non K-12 Instruction	Student Activities	Food Services	Building Reserve	Tax Increment	
Revenues:						
Local sources:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,110,000	\$ 1,110,000
Food service sales	-	-	1,091,466	-	-	\$ 1,091,466
Interest	-	4,453	-	-	-	4,453
Other local	-	3,915,880	-	-	-	3,915,880
State	-	-	843,428	-	-	843,428
Federal	-	-	3,783,961	-	-	3,783,961
Total revenues	-	3,920,333	5,718,855	-	1,110,000	10,749,188
Expenditures:						
Current:						
Instructional services	-	3,763,172	-	-	-	3,763,172
School food services	-	-	5,336,945	-	-	5,336,945
Business	-	-	-	-	1,110,000	1,110,000
Community services	273,852	-	-	-	-	273,852
Total expenditures	273,852	3,763,172	5,336,945	-	1,110,000	10,483,969
Excess (deficiency) of revenues over (under) expenditures	(273,852)	157,161	381,910	-	-	265,219
Other financing sources (uses):						
Transfers In (Out)	505,997	-	-	(2,000,000)	-	(1,494,003)
Total other financing sources (uses)	505,997	-	-	(2,000,000)	-	(1,494,003)
Net change in fund balance	232,145	157,161	381,910	(2,000,000)	-	(1,228,784)
Fund balance, beginning	(232,145)	1,397,081	1,297,510	5,372,240	-	7,834,686
Fund balance, ending	\$ -	\$ 1,554,242	\$ 1,679,420	\$ 3,372,240	\$ -	\$ 6,605,902

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ -	\$ -
Receivables:		
Property taxes	-	-
Other Local	-	49,800
State	-	5,000
Federal	-	64,594
	<u>-</u>	<u>64,594</u>
Total assets	<u>\$ -</u>	<u>\$ 119,394</u>
Liabilities, deferred inflows of resources, and fund balance:		
Liabilities:		
Accounts payable	\$ -	\$ 2,871
Payroll and related payables	-	116,286
Due to Other Funds	-	232,382
	<u>-</u>	<u>232,382</u>
Total liabilities	<u>-</u>	<u>351,539</u>
Fund balance:		
Restricted For:		
Other Purposes	-	273,857
Unassigned	-	(506,006)
	<u>-</u>	<u>(506,006)</u>
Total fund balance	<u>-</u>	<u>(232,149)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ 119,390</u>

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-major Governmental Funds
Budget and Actual - *Non-K-12 Instruction Special Revenue Fund*
Year Ended June 30, 2015 (with comparative totals for 2014)

	2015			Variance with Final Budget - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 536,000	\$ -	\$ -	\$ -	\$ -
Other local	557,061	-	-	-	661,737
Interest	-	-	-	-	959
State	1,456,049	-	-	-	1,332,673
Federal	665,514	-	-	-	644,610
Total revenues	<u>3,214,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,639,979</u>
Expenditures:					
Salaries	1,909,088	171,600	171,600	-	2,035,356
Employee benefits	926,674	102,204	102,200	4	713,106
Purchased services	220,053	-	-	-	140,508
Supplies	222,412	53	52	1	252,960
Property	-	-	-	-	21,817
Other	35,746	-	-	-	10,649
Total expenditures	<u>3,313,973</u>	<u>273,857</u>	<u>273,852</u>	<u>5</u>	<u>3,174,396</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(99,349)</u>	<u>(273,857)</u>	<u>(273,852)</u>	<u>(5)</u>	<u>(534,417)</u>
Other financing sources (uses):					
Transfers In (Out)	-	-	505,997	505,997	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>505,997</u>	<u>505,997</u>	<u>-</u>
Net change in fund balance	(99,349)	(273,857)	232,145	505,992	(534,417)
Fund balance - beginning	<u>(232,145)</u>	<u>(232,145)</u>	<u>(232,145)</u>	<u>-</u>	<u>302,272</u>
Fund balance - ending	<u>\$ (331,494)</u>	<u>\$ (506,002)</u>	<u>\$ -</u>	<u>\$ 505,992</u>	<u>\$ (232,145)</u>

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets - Non-major Governmental Funds
Student Activities Special Revenue Fund
 June 30, 2015 (with comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 1,613,262	\$ 1,536,459
Receivables:		
Other local	<u>2,261</u>	<u>75,097</u>
Total assets	<u>\$ 1,615,523</u>	<u>\$ 1,611,556</u>
Liabilities and fund balance:		
Liabilities:		
Accounts payable	<u>61,281</u>	<u>214,475</u>
Total liabilities	<u>61,281</u>	<u>214,475</u>
Fund balance:		
Assigned To:		
Schools	<u>1,554,242</u>	<u>1,397,077</u>
Total fund balance	<u>1,554,242</u>	<u>1,397,077</u>
Total liabilities and fund balance	<u>\$ 1,615,523</u>	<u>\$ 1,611,552</u>

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-major Governmental Funds
Budget and Actual - *Student Activities Special Revenue Fund*
Year Ended June 30, 2015 (with comparative totals for 2014)

	2015			Variance with Final Budget - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Interest	\$ 5,000	\$ 5,000	\$ 4,453	\$ (547)	\$ 4,354
Other local	3,661,226	3,961,226	3,915,880	(45,346)	3,626,680
Total revenues	<u>3,666,226</u>	<u>3,966,226</u>	<u>3,920,333</u>	<u>(45,893)</u>	<u>3,631,034</u>
Expenditures:					
Purchased services	1,166,247	1,366,247	1,545,215	(178,968)	1,344,112
Supplies	1,846,994	1,946,994	1,568,318	378,676	1,490,443
Property	25,000	25,000	-	25,000	-
Other	619,141	619,141	649,639	(30,498)	920,981
Total expenditures	<u>3,657,382</u>	<u>3,957,382</u>	<u>3,763,172</u>	<u>194,210</u>	<u>3,755,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,844</u>	<u>8,844</u>	<u>157,161</u>	<u>148,317</u>	<u>(124,502)</u>
Net change in fund balances	8,844	8,844	157,161	148,317	(124,502)
Fund balance - beginning	<u>1,397,081</u>	<u>1,397,081</u>	<u>1,397,081</u>	<u>-</u>	<u>1,521,583</u>
Fund balance - ending	<u>\$ 1,405,925</u>	<u>\$ 1,405,925</u>	<u>\$ 1,554,242</u>	<u>\$ 148,317</u>	<u>\$ 1,397,081</u>

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets - Non-major Governmental Funds
Food Services Special Revenue Fund
 June 30, 2015 (with comparative totals for 2014)

	2015	2014
Assets:		
Cash and investments	\$ -	\$ 974,170
Restricted Cash	1,438,102	-
Receivables:		
Other Local	23,436	-
State	227,335	351,010
Federal	47,164	-
Inventories	146,980	91,355
Total assets	\$ 1,883,017	\$ 1,416,535
Liabilities and fund balance:		
Liabilities:		
Accounts payable	\$ 15,395	\$ 27,461
Payroll and related payables	188,202	91,564
Total liabilities	203,597	119,025
Fund balance:		
Nonspendable:		
Inventories	146,980	91,355
Restricted	1,532,440	1,206,155
Total fund balance	1,679,420	1,297,510
Total liabilities and fund balance	\$ 1,883,017	\$ 1,416,535

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-major Governmental Funds
Budget and Actual - Food Services Special Revenue Fund
Year Ended June 30, 2015 (with comparative totals for 2014)

	2015			Variance with Final Budget - Postive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Food sales	\$ 1,154,349	\$ 1,154,349	\$ 1,091,466	\$ (62,883)	\$ 957,423
State	675,000	776,000	843,428	67,428	777,192
Federal	3,494,025	3,494,025	3,783,961	289,936	3,616,047
Total revenues	<u>5,323,374</u>	<u>5,424,374</u>	<u>5,718,855</u>	<u>294,481</u>	<u>5,350,662</u>
Expenditures:					
Salaries	1,970,496	1,913,575	1,867,062	46,513	1,840,046
Employee benefits	757,888	757,888	718,135	39,753	692,102
Purchased services	107,750	166,921	143,699	23,222	133,298
Supplies	195,894	324,365	237,897	86,468	264,547
Food	2,257,019	2,257,020	2,029,890	227,130	1,941,510
Property	259,600	128,879	127,462	1,417	147,748
Other	367,978	367,978	212,800	155,178	666,958
Total expenditures	<u>5,916,625</u>	<u>5,916,626</u>	<u>5,336,945</u>	<u>579,681</u>	<u>5,686,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(593,251)</u>	<u>(492,252)</u>	<u>381,910</u>	<u>874,162</u>	<u>(335,547)</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	4,000	4,000	-	(4,000)	20
Total other financing sources (uses)	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>	<u>20</u>
Net change in fund balance	(589,251)	(488,252)	381,910	870,162	(335,527)
Fund balance - beginning	<u>1,297,510</u>	<u>1,297,510</u>	<u>1,297,510</u>	<u>-</u>	<u>1,633,037</u>
Fund balance - ending	<u>\$ 708,259</u>	<u>\$ 809,258</u>	<u>\$ 1,679,420</u>	<u>\$ 870,162</u>	<u>\$ 1,297,510</u>

PROVO CITY SCHOOL DISTRICT
Comparative Balance Sheets - Non-major Governmental Funds
Building Reserve Special Revenue Fund
June 30, 2015 (with comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	<u>3,372,240</u>	<u>\$ 5,372,240</u>
Total assets	<u>\$ 3,372,240</u>	<u>\$ 5,372,240</u>
Liabilities and fund balance:		
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund balance:		
Restricted For:		
Other Purposes	<u>3,372,240</u>	<u>5,372,240</u>
Total fund balance	<u>3,372,240</u>	<u>5,372,240</u>
Total liabilities and fund balance	<u>\$ 3,372,240</u>	<u>\$ 5,372,240</u>

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-major Governmental Funds
Budget and Actual - *Building Reserve Special Revenue Fund*
Year Ended June 30, 2015 (with comparative totals for 2014)

	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Orginal	Final			
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Other financing sources (uses):					
Transfer in (out)	(2,000,000)	(2,000,000)	(2,000,000)	-	-
Total other financing sources (uses)	(2,000,000)	(2,000,000)	(2,000,000)	-	-
Net change in fund balance	(2,000,000)	(2,000,000)	(2,000,000)	-	-
Fund balance - beginning	5,372,240	5,372,240	5,372,240	-	5,372,240
Fund balance - ending	<u>\$ 3,372,240</u>	<u>\$ 3,372,240</u>	<u>\$ 3,372,240</u>	<u>\$ -</u>	<u>\$ 5,372,240</u>

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets - Non-major Governmental Funds
 Municipal Building Authority Special Revenue Fund
 June 30, 2015 (with comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
Assets:		
Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and fund balance:		
Liabilities:		
Due to other funds	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>
Fund balance:		
Unassigned	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-major Governmental Funds
Budget and Actual - *Municipal Building Authority*
Year Ended June 30, 2015 (with comparative totals for 2014)

	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
Revenues:					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures:					
Purchased services	-	-	-	-	-
Supplies	-	-	-	-	-
Property	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Other financing sources (uses)					
Transfers in (out)		-	-	-	1,945,433
Net change in fund balance	-	-	-	-	1,945,433
Fund balance - beginning	-	-	-	-	(1,945,433)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PROVO CITY SCHOOL DISTRICT
 Comparative Balance Sheets - Non-major Governmental Funds
Tax Increment Special Revenue Fund
 June 30, 2015 (with comparative totals for 2014)

	<u>2015</u>	<u>2014</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
Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-major Governmental Funds
Budget and Actual - Tax Increment Special Revenue Fund
Year Ended June 30, 2015 (with comparative totals for 2014)

	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Postive (Negative)	Actual Amounts
	Orginal	Final			
Revenues:					
Local sources:					
Property taxes	\$ -	\$ 1,110,000	\$ 1,110,000	\$ -	\$ -
Total revenues	-	1,110,000	1,110,000	-	-
Expenditures:					
Other	-	1,110,000	1,110,000	-	-
Total expenditures	-	1,110,000	1,110,000	-	-
Net change in fund balance	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

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Supplemental Information

PROVO CITY SCHOOL DISTRICT
 Schedule of Required Supplemental Information
Schedule of the Proportionate Share of the Net Pension Liability/Contributions
 Last 10 Fiscal Years
 June 30, 2015

2015

Noncontributory Retirement System

Proportion of Net Pension Liability	1.6109284%
Proportionate share of the net pension liability (asset)	\$ 40,475,038
Covered employee payroll	\$ 42,956,230
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	94.2%
Plan fiduciary net position as percentage of total pension liability	87.2%
Contractually required contributions***	\$ 9,768,993
Contributions made by Provo City School District	\$ (9,768,993)
Contributions as a percentage of covered-employee payroll **	22.24%

Contributory Retirement System

Proportion of Net Pension Liability	1.4374656%
Proportionate share of the net pension liability (asset)	\$ 157,616
Covered employee payroll	\$ 528,776
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	29.8%
Plan fiduciary net position as percentage of total pension liability	98.7%
Contractually required contributions***	\$ 87,208
Contributions made by Provo City School District	\$ (87,208)
Contributions as a percentage of covered-employee payroll **	16.49%

Tier 2 Public Employees System

Proportion of Net Pension Liability	1.8017097%
Proportionate share of the net pension liability (asset)	\$ (54,600)
Covered employee payroll	\$ 8,814,157
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-0.6%
Plan fiduciary net position as percentage of total pension liability	103.5%
Contractually required contributions***	\$ 743,337
Contributions made by Provo City School District	\$ (743,337)
Contributions as a percentage of covered-employee payroll **	8.43%

*In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year. More years will be added as information is available.

**Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues

***Amounts presented were determined as of calendar year January 1 - December 31.

Statistical Information

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Fiscal Year Ending June 30,	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total Net Position
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
2008	32,155,592	19,646,268	(1,074,778)	50,727,082
2007	29,750,263	18,344,287	(1,964,329)	46,130,221
2006	28,454,429	13,103,729	(1,208,661)	40,349,497

PROVO CITY SCHOOL DISTRICT
Comparative Statement of Net Position
June 30,2006 through June 30, 2015
(full accrual-based accounting)

	<u>2015</u>	<u>2014**</u>	<u>2013</u>	<u>2012</u>
Assets:				
Cash and temporary cash investments	\$ 101,681,552	\$ 42,961,335	\$ 45,364,687	\$ 45,475,281
Accounts, taxes, and grants receivables:				
Local	31,524,701	30,783,129	30,475,167	30,680,067
State	780,388	908,619	971,442	126,375
Federal	3,122,256	2,879,066	2,463,606	4,038,422
Note receivable	91,028	169,634	217,234	-
Prepaid expenditures	438,103	430,845	384,693	396,044
Inventory	153,905	100,912	109,219	128,927
Net Pension Asset	54,600	5,454	-	-
Bond issuance costs, net of accumulated amortization	-	-	-	43,745
Net other post employment benefits	8,701,705	7,091,705	5,419,705	3,903,705
Total capital assets, net accumulated depreciation	<u>101,577,050</u>	<u>100,560,480</u>	<u>102,796,170</u>	<u>104,505,216</u>
Total assets	<u>248,125,288</u>	<u>185,891,179</u>	<u>188,201,923</u>	<u>189,297,782</u>
Deferred Outflows of Resources:				
Deferred outflows relating to pensions	6,252,334	5,205,304	-	
Deferred loss on refundings	1,588,780	387,432	609,213	
Total deferred outflows of resources	<u>7,841,114</u>	<u>5,592,736</u>	<u>609,213</u>	
Liabilities:				
Accounts payable	4,151,620	926,131	1,423,772	1,982,305
Accrued interest payable	592,055	58,021	63,563	83,953
Payroll and related payables	11,657,418	9,741,907	10,556,031	10,914,605
Due to other agencies - fiduciary activities	-	-	-	-
Deferred revenue:				
Property taxes	-	-	-	26,705,685
Other deferred revenues	618,515	899,816	1,273,468	696,641
Noncurrent liabilities:				
Due within one year	7,514,299	5,774,253	5,557,145	5,455,007
Net Pension Liability	40,632,654	46,548,297		
Due in more than one year	<u>82,763,845</u>	<u>35,741,928</u>	<u>41,608,177</u>	<u>46,185,543</u>
Total liabilities	<u>147,930,406</u>	<u>99,690,353</u>	<u>60,482,156</u>	<u>92,023,740</u>
Deferred Inflows of Resources:				
Deferred inflows relating to pensions	3,856,245	-	-	
Deferred property tax revenue	29,056,002	27,760,912	27,408,178	
Total Deferred inflows of resources	<u>32,912,247</u>	<u>27,760,912</u>	<u>27,408,178</u>	
Net Position:				
Invested in capital assets, net of related debt	61,464,177	61,596,204	56,728,164	53,795,168
Restricted for:				
Debt service	876,789	533,835	687,750	1,195,509
Capital projects	2,599,405	1,888,781	5,253,070	3,083,405
Non K-12 instruction	-	273,857	272,732	181,479
Building Reserve	3,372,240	5,372,240	1,521,583	7,040,240
Student Activities	1,554,242	1,397,081	5,372,240	1,831,809
School food services	1,679,420	1,297,510	1,633,037	1,627,820
Foundation	-	-	-	829,566
Other restricted programs	2,016,530	1,209,061	1,605,746	1,330,758
Unrestricted	<u>1,535,966</u>	<u>(9,535,919)</u>	<u>27,846,480</u>	<u>26,936,110</u>
Total net position	<u>\$ 75,098,769</u>	<u>\$ 64,032,650</u>	<u>\$ 100,920,802</u>	<u>\$ 97,851,864</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
 Comparative Statement of Net Position - Continued
 June 30, 2006 through June 30, 2015
(full accrual-based accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	45,632,014	\$ 50,383,686	\$ 37,018,100	\$ 34,707,831	\$ 52,021,467	\$ 12,202,695
	31,542,178	27,967,740	26,661,039	21,760,749	20,912,352	25,526,880
	62,015	36,696	90,151	95,610	75,348	233,988
	1,695,091	1,234,451	1,314,559	2,433,460	2,709,098	4,470,152
	-	-	-	-	-	-
	-	-	-	-	-	-
	169,133	239,548	259,543	227,002	257,265	203,741
	-	-	-	-	-	-
	82,485	53,735	70,232	86,729	398,892	181,467
	397,787	2,600,867	1,319,067	-	-	-
	<u>104,272,570</u>	<u>96,540,410</u>	<u>95,405,670</u>	<u>93,588,175</u>	<u>72,860,474</u>	<u>60,033,896</u>
	<u>183,853,274</u>	<u>179,057,133</u>	<u>162,138,360</u>	<u>152,899,556</u>	<u>149,234,896</u>	<u>102,852,819</u>
	3,291,630	2,259,051	738,185	3,927,176	4,741,970	1,934,854
	91,088	80,874	113,634	126,320	175,822	95,146
	1,647,439	1,739,466	1,715,322	10,760,273	7,071,982	1,455,239
	-	-	(552,522)	(589,732)	12,000	-
	24,657,369	23,779,682	24,029,421	19,071,813	18,849,716	18,272,470
	1,225,070	566,533	442,113	156,870	153,192	70,527
	5,349,740	5,164,405	5,206,118	7,388,802	6,386,343	5,698,672
	<u>50,759,356</u>	<u>55,182,125</u>	<u>52,912,466</u>	<u>61,118,673</u>	<u>65,782,889</u>	<u>34,976,414</u>
	<u>87,021,692</u>	<u>88,772,136</u>	<u>84,604,737</u>	<u>101,960,196</u>	<u>103,173,914</u>	<u>62,503,322</u>
	49,159,753	37,158,614	38,192,076	32,155,592	29,750,263	28,454,429
	1,365,353	1,510,175	1,245,636	1,258,025	2,252,802	1,538,526
	4,955,684	4,304,238	10,334,131	13,234,320	11,253,722	9,319,565
	132,539	151,893	416,203	647,123	576,666	307,754
	5,940,240	3,940,240	-	-	-	-
	1,886,471	1,935,098	1,703,390	1,849,953	1,835,600	-
	1,715,481	2,027,050	1,929,635	2,199,774	1,980,678	1,522,063
	1,013,178	650,226	527,057	457,074	444,819	356,772
	1,158,146	1,104,002	788,734	742,084	1,062,492	1,750,413
	29,504,737	37,503,460	22,396,764	(1,816,863)	(3,026,820)	(2,959,074)
\$	<u><u>96,831,582</u></u>	<u>* \$ 90,284,997</u>	<u>\$ 77,533,625</u>	<u>\$ 50,727,080</u>	<u>\$ 46,130,221</u>	<u>\$ 40,349,497</u>

PROVO CITY SCHOOL DISTRICT
 Comparative Schedule of Changes in Net Position
 June 30,2006 through June 30, 2015
 (full accrual-based accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses:				
Instruction	\$ 79,335,822	\$ 76,511,349	\$ 73,787,894	\$ 72,935,322
Supporting services:				
Student	4,136,695	4,020,840	3,835,378	4,117,960
Instructional staff	1,230,402	1,405,164	1,603,967	1,559,232
District administration	2,217,104	1,671,347	1,613,516	1,611,412
School administration	5,495,155	5,503,377	5,273,792	5,220,467
Business	5,700,965	4,997,337	2,997,607	3,220,175
Operation and maintenance of facilities	6,421,600	6,191,211	6,070,069	5,805,386
Student transportation	1,983,217	2,005,850	2,607,556	2,717,234
Other	-	21,617	1,011,101	1,176,456
School food services	5,554,392	6,115,057	5,848,990	5,727,848
Community services	3,570,276	5,705,292	6,306,128	3,675,111
Facilities & Construction	-	-	-	-
Interest on long-term liabilities	1,973,634	1,563,458	1,727,099	2,026,217
Total school district	<u>117,619,262</u>	<u>115,711,899</u>	<u>112,683,097</u>	<u>109,792,820</u>
Program Revenues:				
Instructional services	74,173,782	65,062,008	62,594,300	33,076,742
Supporting services:				
Student	4,028,684	1,252,593	1,229,288	2,249,264
Instructional staff	1,570,259	2,023,938	1,546,259	223,711
General administration	606,471	-	-	218,864
School administration	155,889	3,478,936	345,880	293,359
Business	-	-	-	418,742
Operation and maintenance of facilities	474,297	108,195	148,527	267,385
Transportation	1,293,995	1,029,391	3,566,805	1,760,312
Other	-	-	-	600,050
School food services	5,718,773	5,350,662	5,466,384	5,292,594
Community services	3,038,102	4,564,121	5,012,525	5,957,292
Interest on long-term liabilities	-	-	-	-
Total program revenues	<u>91,060,252</u>	<u>82,869,844</u>	<u>79,909,968</u>	<u>50,358,315</u>
Net (expense) revenue	(26,559,010)	(32,842,055)	(32,773,129)	(59,434,504)
General revenues:				
Property taxes levied for:				
General purposes	21,439,190	20,319,458	13,411,652	13,580,600
Reading Program	-	-	1,773,442	579,631
Class size reduction	-	-	536,466	1,877,811
Special transportation	-	-	443,360	-
Tort liability	-	-	354,688	-
Recreation	-	-	2,660,162	632,324
Debt service	6,561,563	6,218,864	6,202,612	6,308,871
Capital outlay	6,471,222	6,133,242	1,108,401	4,704,109
Ten percent of basic for constuction, textbooks and supplies	-	-	5,222,786	4,440,640
Federal and state aid not restricted to specific purposes	2,309,132	3,942,631	3,751,789	20,703,055
Earnings on investments	328,576	234,793	306,619	368,052
Gain on sale of assets	37,086	23,970	27,169	10,362
Miscellaneous	478,360	418,483	297,493	7,249,331
Total general revenues	<u>37,625,129</u>	<u>37,291,441</u>	<u>36,096,639</u>	<u>60,454,786</u>
Change in net position	11,066,119	4,449,386	3,323,510	1,020,282
Net position - beginning	105,370,189	100,920,802	97,022,299	96,831,582
Prior period adjustments	(41,337,539)	-	574,993	-
Net position - ending	<u>\$ 75,098,769</u>	<u>\$ 105,370,189</u>	<u>\$ 100,920,802</u>	<u>\$ 97,851,866</u>

PROVO CITY SCHOOL DISTRICT
Comparative Schedule of Changes in Net Position - Continued
June 30, 2006 through June 30, 2015
(full accrual-based accounting)

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 70,907,845	\$ 65,458,961	\$ 62,546,410	\$ 69,059,951	\$ 65,724,634	\$ 56,198,524
3,932,521	3,924,191	3,913,806	3,452,728	3,575,644	3,180,870
1,458,566	2,092,586	2,104,484	1,544,884	2,074,350	2,032,397
1,273,567	1,217,314	833,850	1,268,614	1,515,876	1,505,202
5,085,658	4,912,708	5,089,616	4,740,635	4,514,003	4,238,678
3,102,163	3,090,296	2,992,513	2,719,019	1,213,819	1,226,698
6,863,193	5,404,007	5,418,773	5,167,878	4,062,566	4,146,859
2,396,835	2,583,551	2,444,373	2,734,970	2,480,134	2,091,460
1,107,400	61,739	91,078	392,585	2,035,645	1,072,477
5,543,199	5,226,130	5,381,233	4,494,804	4,340,954	3,929,424
3,502,322	3,590,594	4,839,650	4,166,235	3,981,248	3,142,504
-	-	-	-	-	1,504,534
<u>2,200,135</u>	<u>2,465,620</u>	<u>2,636,859</u>	<u>2,849,763</u>	<u>1,878,214</u>	<u>-</u>
<u>107,373,403</u>	<u>100,027,696</u>	<u>98,292,645</u>	<u>102,592,066</u>	<u>97,397,085</u>	<u>84,269,627</u>
32,181,593	33,465,497	25,824,392	31,544,598	24,131,131	27,234,746
2,456,108	2,207,564	962,090	1,738,554	2,303,521	1,697,596
777,618	758,012	543,374	625,376	514,125	486,344
651,276	426,727	252,740	356,406	237,329	233,860
541,799	627,347	288,900	331,337	287,994	172,264
435,474	570,906	327,415	7,712	62,378	61,249
1,429,453	17,174	7,398	-	-	-
524,440	2,252,524	2,316,300	1,669,463	1,579,704	1,407,781
946,387	75,531	34,926	53,830	2,177	33,187
4,897,017	5,005,840	4,804,413	4,346,857	4,329,459	4,135,519
5,841,147	6,704,723	5,028,833	2,868,356	1,904,807	1,779,262
-	-	-	-	-	-
<u>50,682,312</u>	<u>52,111,845</u>	<u>40,390,781</u>	<u>43,542,490</u>	<u>35,352,626</u>	<u>37,241,808</u>
(56,691,092)	(47,915,851)	(57,901,864)	(59,049,576)	(62,044,459)	(47,027,819)
13,482,244	13,676,215	10,120,968	11,057,943	11,036,199	10,402,512
575,433	595,474	-	-	-	-
1,864,212	1,112,207	8,577,771	1,713,274	1,731,848	1,612,793
-	482,285	372,772	485,175	489,247	483,838
-	300,198	232,482	303,234	307,403	302,399
627,745	649,608	998,068	1,293,800	1,307,545	1,290,234
6,263,180	6,432,102	4,978,314	5,144,875	5,199,872	4,044,077
4,670,040	4,576,783	3,318,876	1,864,891	1,883,384	2,290,166
4,408,480	4,847,453	3,543,341	4,614,215	4,658,670	4,265,836
22,612,145	22,128,854	35,865,302	29,161,587	31,124,777	26,995,732
280,572	324,949	788,220	2,142,078	1,721,041	734,136
(17,638)	63,288	13,655	76,952	3,955	6,470,801
<u>8,426,016</u>	<u>5,424,856</u>	<u>6,113,493</u>	<u>5,946,691</u>	<u>5,022,842</u>	<u>607,033</u>
<u>63,192,429</u>	<u>60,614,274</u>	<u>74,923,262</u>	<u>63,804,715</u>	<u>64,486,783</u>	<u>59,499,557</u>
6,501,337	12,698,421	17,021,398	4,755,139	2,442,324	12,471,738
90,330,244	77,586,576	60,565,177	45,971,941	43,687,897	27,877,759
-	-	-	-	-	-
<u>\$ 96,831,582</u>	<u>\$ 90,284,997</u>	<u>\$ 77,586,576</u>	<u>\$ 50,727,080</u>	<u>\$ 46,130,221</u>	<u>\$ 40,349,497</u>

PROVO CITY SCHOOL DISTRICT
 Governmental Funds - Aggregate Fund Balance
 June 30,2006 through June 30, 2015

Fiscal Year Ended June 30,	General Fund					
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
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
2008	622,713	1,343,360	9,082,301	-	3,229,681	14,278,055
2007	69,302	3,048,644	-	-	1,782,603	4,900,550
2006	66,448	1,731,027	-	-	3,256,474	5,053,948

Fiscal Year Ended June 30,	All Other Governmental Funds					
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
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
2008	172,959	16,956,603	-	2,008,233	-	19,137,795
2007	187,962	36,693,889	-	1,835,600	-	38,717,451
2006	137,293	8,925,593	-	-	-	9,062,886

PROVO CITY SCHOOL DISTRICT
 Governmental Funds - Net Changes in Aggregate Fund Balances
 June 30,2006 through June 30, 2015

Fiscal Year Ended June 30th	General Fund	Debt Service	Capital Projects	Non K-12 Instruction	Student Activities	Supplemental Programs	Food Services	Building Reserve	Municipal Building Authority	Foundation	Total Governmental Funds
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
2008	239,261	(734,528)	(19,377,864)	68,812	172,633	-	219,096	-	-	55,943	(19,356,647)
2007	(1,055,752)	466,566	26,614,150	211,359	(38,386)	-	458,615	-	-	88,049	26,744,601
2006	1,841,751	265,974	605,712	64,759	-	33,895	396,422	-	-	97,598	3,306,111

PROVO CITY SCHOOL DISTRICT
Governmental Funds - Fund Balances
June 30,2006 through June 30, 2015

	2015	2014	2013	2012
General Fund				
Nonspendable	\$ 533,351	\$ 606,666	\$ 605,384	\$ 663,333
Restricted	2,016,530	1,209,061	1,605,746	1,330,758
Committed	19,542,646	19,542,646	19,542,646	19,542,646
Assigned	-	-	-	396,012
Unassigned	5,712,495	5,025,862	2,709,865	3,149,472
	<u>27,805,022</u>	<u>26,384,235</u>	<u>24,463,641</u>	<u>25,082,221</u>
Debt Service Fund				
Restricted	876,789	533,835	687,750	695,321
	<u>876,789</u>	<u>533,835</u>	<u>687,750</u>	<u>695,321</u>
Capital Projects Fund				
Restricted	55,001,960	1,888,781	5,253,070	2,490,077
	<u>55,001,960</u>	<u>1,888,781</u>	<u>5,253,070</u>	<u>2,490,077</u>
Non K-12 Instruction Fund				
Restricted	-	273,857	272,732	127,316
Assigned	-	-	-	-
Unassigned	-	(506,002)	29,540	53,660
	<u>-</u>	<u>(232,145)</u>	<u>302,272</u>	<u>180,976</u>
School Activities Fund				
Assigned	1,554,242	1,397,081	1,521,583	1,831,809
	<u>1,554,242</u>	<u>1,397,081</u>	<u>1,521,583</u>	<u>1,831,809</u>
Food Services Fund				
Nonspendable	146,980	91,355	105,762	124,736
Restricted	1,532,440	1,206,155	1,527,275	1,503,084
	<u>1,679,420</u>	<u>1,297,510</u>	<u>1,633,037</u>	<u>1,627,820</u>
Building Reserve Fund				
Restricted	3,372,240	5,372,240	5,372,240	7,040,240
	<u>3,372,240</u>	<u>5,372,240</u>	<u>5,372,240</u>	<u>7,040,240</u>
Municipal Building Authority				
Committed	-	-	-	-
Restricted	-	-	(1,945,433)	(1,405,960)
	<u>-</u>	<u>-</u>	<u>(1,945,433)</u>	<u>(1,405,960)</u>
Provo School District Foundation				
Restricted	-	-	-	829,566
	<u>-</u>	<u>-</u>	<u>-</u>	<u>829,566</u>
Total All Governmental Funds				
Nonspendable	680,331	698,021	711,146	788,069
Committed	19,542,646	19,542,646	19,542,646	19,542,646
Restricted	62,799,959	10,483,929	12,773,380	12,610,402
Assigned	1,554,242	1,397,081	1,521,583	2,227,821
Unassigned	5,712,495	4,519,860	2,739,405	3,203,132
	<u>\$ 90,289,673</u>	<u>\$ 36,641,537</u>	<u>\$ 37,288,160</u>	<u>\$ 38,372,069</u>

	2011	2010	2009	2008	2007	2006
\$	313,724	\$ 315,088	\$ 514,053	\$ 622,713	\$ 69,302	\$ 66,448
	1,158,146	1,104,007	588,044	1,343,360	3,048,644	1,731,027
	19,542,646	19,542,647	14,742,647	9,082,301	-	-
	792,056	-	-	-	-	-
	4,387,896	3,807,316	3,852,927	3,229,681	1,782,603	3,256,474
	<u>26,194,468</u>	<u>24,769,058</u>	<u>19,697,670</u>	<u>14,278,055</u>	<u>4,900,550</u>	<u>5,053,948</u>
	833,560	995,609	983,083	972,841	1,707,368	1,240,802
	<u>833,560</u>	<u>995,609</u>	<u>983,083</u>	<u>972,841</u>	<u>1,707,368</u>	<u>1,240,802</u>
	4,362,356	3,714,455	9,944,822	12,869,560	32,247,424	5,633,274
	<u>4,362,356</u>	<u>3,714,455</u>	<u>9,944,822</u>	<u>12,869,560</u>	<u>32,247,424</u>	<u>5,633,274</u>
	78,376	97,184	357,598	570,375	501,562	250,927
	-	-	-	-	-	-
	(2,842)	(50,380)	-	-	-	-
	<u>75,534</u>	<u>46,804</u>	<u>357,598</u>	<u>570,375</u>	<u>501,562</u>	<u>250,927</u>
	1,886,471	1,935,098	1,703,390	2,008,233	1,835,600	-
	<u>1,886,471</u>	<u>1,935,098</u>	<u>1,703,390</u>	<u>2,008,233</u>	<u>1,835,600</u>	<u>-</u>
	163,307	232,358	251,304	172,959	187,962	137,293
	1,552,174	1,794,693	1,678,331	2,026,815	1,792,716	1,384,770
	<u>1,715,481</u>	<u>2,027,050</u>	<u>1,929,635</u>	<u>2,199,774</u>	<u>1,980,678</u>	<u>1,522,063</u>
	5,940,240	3,940,240	1,940,240	-	-	-
	<u>5,940,240</u>	<u>3,940,240</u>	<u>1,940,240</u>	<u>-</u>	<u>-</u>	<u>-</u>
	905,138	10,687,218	-	-	-	-
	-	-	-	-	-	59,049
	<u>905,138</u>	<u>10,687,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,049</u>
	1,013,178	650,226	527,057	517,013	444,819	356,772
	<u>1,013,178</u>	<u>650,226</u>	<u>527,057</u>	<u>517,013</u>	<u>444,819</u>	<u>356,772</u>
	477,031	547,446	765,357	795,672	257,265	203,740
	20,447,784	30,229,865	14,742,647	9,082,301	-	-
	14,938,030	12,296,414	16,019,174	18,299,963	39,742,534	10,656,620
	3,583,665	12,622,316	1,703,390	2,008,233	1,835,600	-
	4,385,054	3,756,936	3,852,927	3,229,681	1,782,603	3,256,474
	<u>\$ 43,831,564</u>	<u>\$ 59,452,977</u>	<u>\$ 37,083,495</u>	<u>\$ 33,415,850</u>	<u>\$ 43,618,002</u>	<u>\$ 14,116,834</u>

PROVO CITY SCHOOL DISTRICT
 Total Governmental Funds - Change in Fund Balance
 June 30,2006 through June 30, 2015

	2015	2014	2013	2012
Revenues				
Property taxes	\$ 34,716,507	\$ 32,444,766	\$ 32,428,761	\$ 32,123,987
Other local sources	8,147,091	9,600,553	8,949,455	9,672,627
State of Utah	71,360,702	61,612,174	57,509,778	53,467,124
Federal government	14,668,527	16,253,024	16,756,453	15,539,002
Total revenues	<u>128,892,827</u>	<u>119,910,517</u>	<u>115,644,447</u>	<u>110,802,740</u>
Expenditures				
Instruction	77,992,377	71,499,205	69,533,767	68,680,153
Supporting services:				
Students	4,103,008	3,804,067	3,542,614	3,852,848
Instructional staff	1,277,995	1,405,164	1,569,945	1,521,358
District administration	2,220,421	1,595,972	1,541,051	1,551,884
School administration	5,650,292	5,429,688	5,196,888	5,155,525
Business	5,814,250	4,984,781	2,803,584	3,004,179
Operation and maintenance of buildings	6,251,578	5,781,259	6,042,890	5,849,045
Student transportation	1,986,869	2,005,641	2,158,201	2,216,991
Other	-	21,617	1,011,101	1,176,456
School food services	5,336,863	5,686,209	5,464,818	5,382,955
Non K-12 programs	3,565,614	5,543,167	6,138,445	3,530,746
Capital outlay	7,506,058	5,904,104	4,589,266	7,009,197
Debt Service:				
Bond principal	5,667,993	5,427,727	5,235,098	4,353,461
Bond issue costs	-	-	-	-
Bond interest and fees	1,354,260	1,492,509	1,762,279	2,082,660
Total expenditures	<u>128,727,578</u>	<u>120,581,110</u>	<u>116,589,947</u>	<u>115,367,458</u>
Excess (deficiency) of revenues over (under) expenditures	165,249	(670,593)	(945,500)	(4,564,718)
Other financing sources (uses)				
Capital lease	-	-	41,266	-
Sale of capital assets	415,807	23,970	27,169	10,362
General obligation bonds issued	50,615,000	-	-	-
Bond premium (discount)	2,382,005	-	-	-
Refunding bonds issued	22,789,999	-	9,045,000	-
Payment to refunded bonds escrow agent	(22,719,924)	-	(8,953,719)	-
Insurance recoveries	-	-	-	-
Donated Assets	-	-	-	-
Total other financing sources (uses)	<u>53,482,887</u>	<u>23,970</u>	<u>159,716</u>	<u>10,362</u>
Net change in fund balance	<u>\$ 53,648,136</u>	<u>\$ (646,623)</u>	<u>\$ (785,784)</u>	<u>\$ (4,554,356)</u>
Debt service as a percentage of noncapital expenditures	5.8%	6.0%	6.2%	5.9%

PROVO CITY SCHOOL DISTRICT
 Total Governmental Funds - Change in Fund Balance - Continued
 June 30, 2006 through June 30, 2015

2011	2010	2009	2008	2007	2006
\$ 31,891,333	\$ 32,672,324	\$ 32,142,593	\$ 26,477,406	\$ 26,614,168	\$ 24,691,855
10,872,559	7,859,395	8,538,122	10,197,788	9,374,876	3,599,965
52,601,369	53,877,288	57,520,715	59,138,786	52,642,013	49,629,417
18,491,842	18,258,540	17,170,413	11,556,049	12,085,892	12,599,383
<u>113,857,103</u>	<u>112,667,547</u>	<u>115,371,843</u>	<u>107,370,029</u>	<u>100,716,948</u>	<u>90,520,620</u>
68,102,925	64,797,364	66,318,579	68,788,467	62,720,619	54,990,497
3,675,095	3,681,968	3,681,831	3,299,652	3,452,851	3,065,811
1,421,080	2,060,247	2,074,908	1,519,541	2,053,435	2,014,830
1,216,376	1,160,972	778,689	1,236,565	1,489,474	1,478,589
5,023,070	4,851,866	5,030,421	4,705,273	4,485,853	4,210,928
2,888,383	2,905,870	2,823,844	2,574,485	1,094,542	1,126,515
6,833,247	5,378,173	5,395,147	5,147,632	4,045,858	4,132,825
1,901,723	2,156,422	2,053,738	2,400,231	2,203,890	1,859,437
1,107,400	61,739	91,078	392,584	2,035,645	1,072,477
5,208,605	4,910,053	5,077,938	4,293,453	4,180,570	3,778,134
3,362,893	3,456,294	4,709,556	4,084,935	3,914,974	3,078,042
12,526,166	5,759,945	6,936,233	22,703,562	16,571,562	2,765,337
4,219,671	4,326,211	4,127,972	4,013,261	4,725,450	2,960,617
-	-	-	-	308,305	-
2,239,229	2,434,054	2,586,166	2,792,332	1,772,475	1,543,104
<u>119,725,862</u>	<u>107,941,176</u>	<u>111,686,100</u>	<u>127,951,971</u>	<u>115,055,503</u>	<u>88,077,143</u>
(5,868,760)	4,726,371	3,685,743	(20,581,943)	(14,338,555)	2,443,477
-	81,721	-	1,148,344	-	91,833
29,427	63,288	13,655	76,952	5,703,955	770,801
-	-	-	-	35,000,000	-
-	-	-	-	244,201	-
-	6,462,000	-	-	8,220,000	-
-	-	-	-	(8,085,000)	-
-	-	-	-	-	-
-	348,884	-	-	-	-
<u>29,427</u>	<u>6,955,893</u>	<u>13,655</u>	<u>1,225,296</u>	<u>41,083,156</u>	<u>862,634</u>
<u>\$ (5,839,333)</u>	<u>\$ 11,682,264</u>	<u>\$ 3,699,398</u>	<u>\$ (19,356,647)</u>	<u>\$ 26,744,601</u>	<u>\$ 3,306,111</u>
6.0%	6.6%	6.4%	6.5%	6.9%	5.3%

PROVO CITY SCHOOL DISTRICT
Property Tax Levies and Collections
June 30,2006 through June 30, 2015

<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>
2014	2015	0.663600	\$ 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
2007	2008	0.005239	4,589,644,669	-	4,589,644,669	24,045,148
2006	2007	0.006147	3,883,034,322	108,478,837	3,774,555,485	23,195,574
2005	2006	0.006124	3,588,753,374	-	3,588,753,374	21,977,526

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
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%
2007	22,323,808	91.57%	3,038,185	1,570,642	26,994,798	92.84%
2006	21,316,863	91.90%	2,917,225	1,834,979	26,069,067	91.90%
2005	20,503,408	93.29%	2,630,067	1,438,577	24,572,052	93.29%

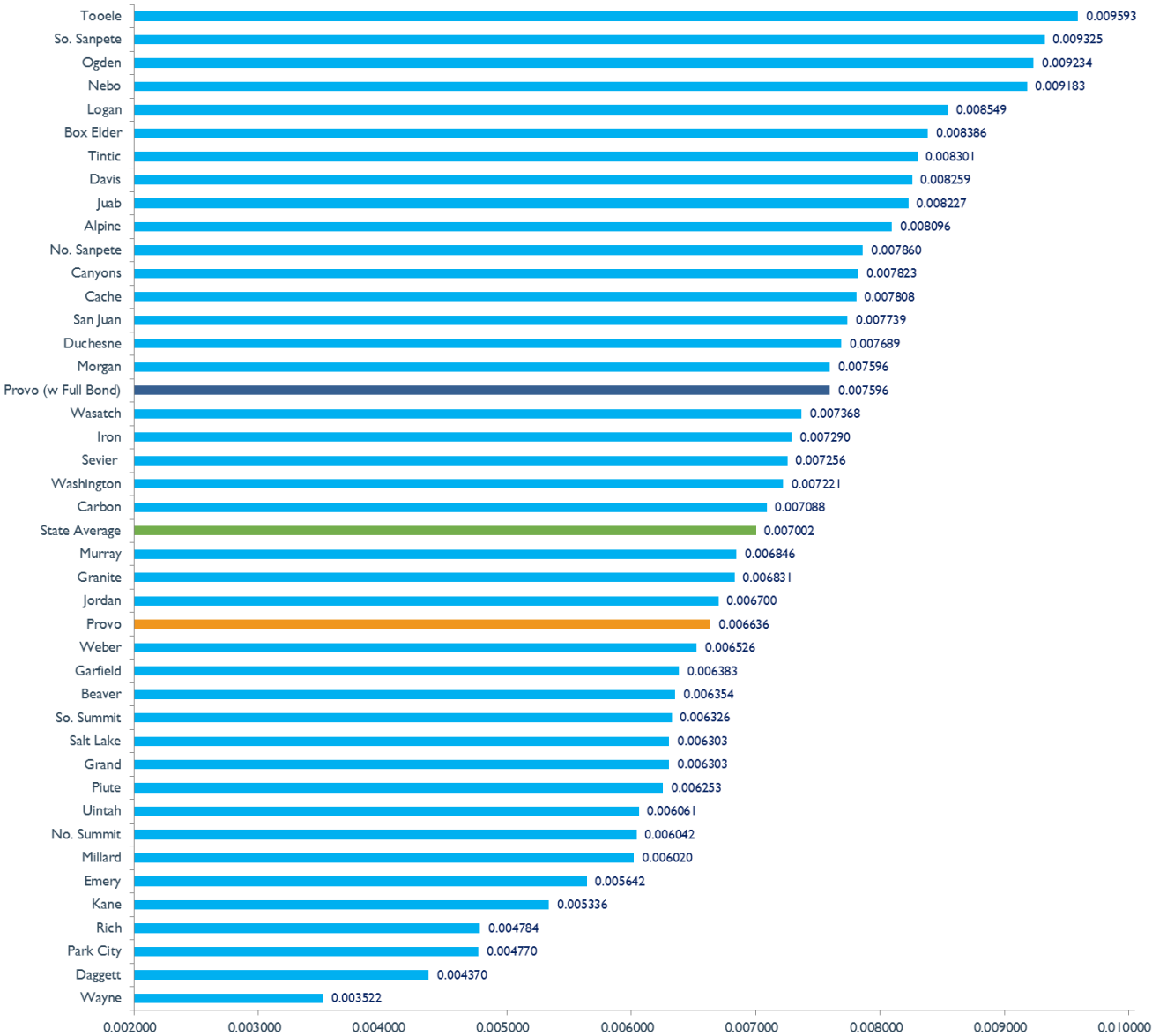
PROVO CITY SCHOOL DISTRICT

Assessed Property Value

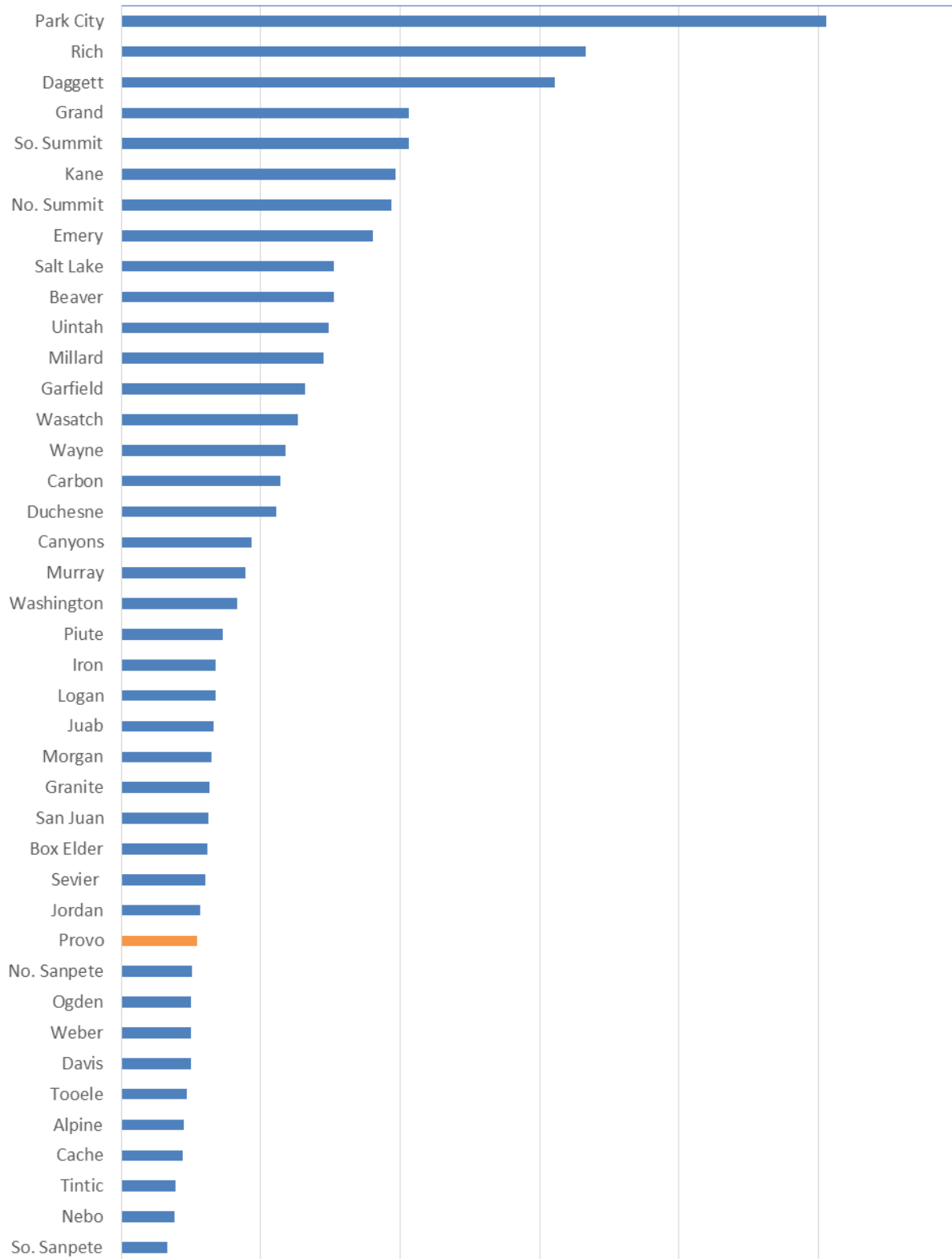
Tax Years 2005 through 2014

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
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%
2007	82,969,989	2,899,850,009	1,306,925,164	45,258,995	382,758,140	4,589,644,669	0.005239	7,336,569,000	62.56%
2006	76,196,427	2,315,587,821	1,138,300,267	49,894,569	302,799,307	3,883,034,322	0.006147	5,736,082,000	67.69%
2005	79,850,599	2,162,304,068	1,114,399,456	59,944,701	289,039,175	3,588,753,374	0.006124	5,443,760,000	65.92%

PROVO CITY SCHOOL DISTRICT
 Comparison of Utah School District Property Tax Rates
 Tax Year 2014 (Fiscal Year 2015)



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,								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
Direct Rates:									
Basic Program	0.001419	0.001535	0.001651	0.001591	0.001495	0.001433	0.001250	0.001311	0.001515
Voted Leeway	0.001228	0.001300	0.001455	0.001434	0.001340	0.001346	0.001275	0.000877	0.001034
Board Leeway (Class Size Reduction)	0.001445	0.001518	0.001904	0.000400	0.000392	0.000226	0.000214	0.000339	0.000400
Board Leeway (Reading Program) [2]	0.000000	0.000000	0.000000	0.000121	0.000121	0.000121	0.000121	0.000000	0.000000
Transportation	0.000000	0.000000	0.000000	0.000100	0.000000	0.000098	0.000093	0.000096	0.000113
Tort Liability	0.000000	0.000000	0.000000	0.000080	0.000000	0.000061	0.000058	0.000060	0.000071
10% of Basic Operating [1]	0.000000	0.000000	0.000000	0.000602	0.000463	0.000492	n/a	n/a	n/a
Recreation Levy	0.000000	0.000000	0.000000	0.000600	0.000132	0.000132	0.000249	0.000256	0.000302
Debt Service	0.001268	0.001380	0.001432	0.001399	0.001317	0.001307	0.001242	0.001018	0.001201
Capital Outlay Foundation	0.001276	0.001361	0.000877	0.000250	0.000982	0.000930	0.000828	0.000369	0.000435
10% of Basic Capital	0.000000	0.000000	0.000000	0.000576	0.000464	0.000493	0.000884	0.000913	0.001076
Total direct rate	0.006636	0.007094	0.007319	0.007153	0.006706	0.006639	0.006214	0.005239	0.006147
Overlapping rates:*									
Provo City	0.002775	0.002956	0.003032	0.002843	0.002394	0.002307	0.002122	0.002236	0.002722
Utah County	0.000916	0.001006	0.001127	0.001342	0.001294	0.001203	0.001105	0.001000	0.000960
Central UT Water District	0.000422	0.000446	0.000455	0.000436	0.000421	0.000400	0.000286	0.000302	0.000357

* 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%
1999-200	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%

PROVO CITY SCHOOL DISTRICT

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

June 30, 2006 through June 30, 2015

Modified Accrual-Based Accounting

	2015	2014	2013	2012
Revenues:				
Property taxes	\$ 20,808,558	\$ 20,657,597	\$ 19,574,339	\$ 20,730,368
Other local sources	2,990,279	4,241,205	3,673,465	3,777,236
State of Utah	70,389,904	59,502,309	55,110,921	51,556,199
Federal government	10,593,904	11,992,367	12,616,532	11,381,864
Total revenues	104,782,645	96,393,478	90,975,257	87,445,667
Expenditures:				
Instructional services	74,229,205	67,739,515	65,776,955	64,984,092
Supporting services:				
Students	4,103,008	3,804,067	3,542,614	3,852,848
Instructional staff	1,277,995	1,405,164	1,569,945	1,521,358
District administration	2,220,421	1,595,972	1,541,051	1,551,884
School administration	5,650,292	5,429,688	5,196,888	5,155,525
Business	4,704,250	4,984,781	2,803,584	3,004,179
Operations and maintenance	5,407,883	5,137,464	5,065,572	5,177,986
Student transportation	1,986,869	2,005,641	2,158,201	2,126,248
Other	-	21,617	1,011,101	1,176,456
Community services	3,291,762	2,372,925	2,992,710	
Debt service:				
Principal retirement	-	-	-	14,461
Interest and fees	-	-	-	539
Total expenditures	102,871,685	94,496,834	91,658,621	88,565,576
Excess (deficiency) of revenues over expenditures	1,910,960	1,896,644	(683,364)	(1,119,909)
Other financing sources (uses):				
Sale of assets	15,824	23,950	23,518	7,662
Transfers In (Out)	(505,997)			
Insurance recoveries				
Proceeds from Capital lease obligation	-	-	41,266	
Total other financing sources (uses)	(490,173)	23,950	64,784	7,662
Net change in fund balance	\$ 1,420,787	\$ 1,920,594	\$ (618,580)	\$ (1,112,247)
Total debt service expenditures (all funds) (general obligations, capital leases, etc.)	\$ 6,455,797	\$ 6,920,236	\$ 6,997,377	\$ 6,436,121
Debt service as a percentage of total general fund expenditures	6.3%	7.3%	7.6%	7.3%

PROVO CITY SCHOOL DISTRICT
 Changes in Fund Balance & Ratio of Annual Debt Service to General Fund Expenditures - Continued
 June 30, 2006 through June 30, 2015
 Modified Accrual-Based Accounting

2011	2010	2009	2008	2007	2006
\$ 18,126,128	\$ 18,454,770	\$ 15,574,726	\$ 13,559,626	\$ 13,473,520	\$ 12,801,543
3,804,292	2,413,107	2,308,600	2,946,310	2,832,141	2,089,693
51,001,740	51,756,518	55,099,893	56,943,212	50,474,352	46,639,740
14,610,869	14,486,136	13,499,469	8,173,955	8,810,031	8,379,546
<u>87,543,029</u>	<u>87,110,531</u>	<u>86,482,688</u>	<u>81,623,103</u>	<u>75,590,044</u>	<u>69,910,522</u>
64,604,710	61,744,803	62,639,826	64,216,611	58,771,233	52,670,674
	-				
3,675,095	3,681,968	3,681,831	3,299,652	3,452,851	3,023,616
1,421,080	2,060,247	2,074,908	1,519,541	2,053,435	2,014,345
1,216,376	1,160,972	778,689	1,236,565	1,489,474	1,478,589
5,023,070	4,851,866	5,030,421	4,705,273	4,485,853	4,045,607
2,888,383	2,905,870	2,823,844	2,574,485	1,094,542	1,113,650
4,169,208	3,605,897	1,887,139	1,460,910	1,335,633	1,008,309
1,901,723	1,952,076	2,053,738	2,400,231	2,203,890	1,859,437
1,106,071	61,739	91,078	392,584	1,762,840	854,544
-	-	-	-	-	-
33,671	310,211	277,972	726,335	-	-
1,329	16,789	22,028	21,010	-	-
<u>86,040,715</u>	<u>82,352,438</u>	<u>81,361,475</u>	<u>82,553,195</u>	<u>76,649,751</u>	<u>68,068,771</u>
1,502,314	4,758,093	5,121,212	(930,092)	(1,059,707)	1,841,751
29,427	60,773	11,564	76,952	3,955	-
(106,331)					-
-	-	-	-	-	-
-	81,721	-	1,148,344	-	-
<u>(76,904)</u>	<u>142,494</u>	<u>11,564</u>	<u>1,225,296</u>	<u>3,955</u>	<u>-</u>
<u>\$ 1,425,410</u>	<u>\$ 4,900,587</u>	<u>\$ 5,132,777</u>	<u>\$ 295,204</u>	<u>\$ (1,055,752)</u>	<u>\$ 1,841,751</u>
\$ 6,460,229	\$ 6,760,264	\$ 6,714,138	\$ 6,805,593	\$ 6,806,230	\$ 4,503,721
7.5%	8.2%	8.3%	8.2%	8.9%	6.6%

PROVO CITY SCHOOL DISTRICT
 Schedule of Long Term Debt Service

		2016	2017	2018	2019	2020	2021	2022	2023
General obligation bonds:									
<i>Debt Service Fund</i>									
Series 2012 Refunding	Principal	\$ 3,725,000	\$1,950,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$9,045,000	Interest	66,875	25,155	-	-	-	-	-	-
Series 2015 Refunding	Principal	270,000	750,000	2,020,000	2,095,000	2,155,000	2,195,000	2,225,000	2,255,000
\$22,790,000	Interest	485,427	479,676	463,701	420,675	376,052	330,150	283,397	236,004
Series 2015	Principal	1,260,000	1,790,000	1,875,000	1,970,000	2,070,000	2,175,000	2,280,000	2,395,000
\$50,615,000	Interest	2,255,987	1,729,838	1,640,338	1,546,588	1,448,088	1,344,588	1,235,838	1,121,838
Series 2006 G.O. Bond	Principal	450,000	-	-	-	-	-	-	-
\$9,400,000	Interest	18,000	-	-	-	-	-	-	-
Series 2007B G.O. Bond	Principal	1,200,000	1,225,000	-	-	-	-	-	-
\$25,600,000	Interest	97,000	49,000	-	-	-	-	-	-
Total Principal - General Obligation Bonds		6,905,000	5,715,000	3,895,000	4,065,000	4,225,000	4,370,000	4,505,000	4,650,000
Total Interest - General Obligation Bonds		2,923,289	2,283,669	2,104,039	1,967,263	1,824,140	1,674,738	1,519,235	1,357,842
Total - General Obligation Bonds		9,828,289	7,998,669	5,999,039	6,032,263	6,049,140	6,044,738	6,024,235	6,007,842
Lease revenue bonds:									
<i>Debt Service Fund</i>									
2010 Lease Revenue Bonds	Principal	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000
\$ 6,462,000	Interest	62,509	56,851	51,193	45,535	39,877	34,219	28,561	22,903
Total - Lease Revenue Bonds		522,509	516,851	511,193	505,535	499,877	494,219	488,561	482,903
Total - Bonds payable		10,350,798	8,515,520	6,510,232	6,537,798	6,549,017	6,538,957	6,512,796	6,490,745
Obligations under lease agreements:									
<i>General Fund</i>									
2012 Capital Lease	Principal	7,985	8,245	8,513	8,789	-	-	-	-
\$45,375	Interest	1,090	830	562	286	-	-	-	-
Total Principal - lease obligations		7,985	8,245	8,513	8,789	-	-	-	-
Total Interest - lease obligations		1,090	830	562	286	-	-	-	-
Total lease obligations		9,075	9,075	9,075	9,075	-	-	-	-
Note payable:									
<i>Capital Projects Fund</i>									
2011 Energy Efficiency Chiller	Principal	19,892	20,547	21,223	21,921	22,460	23,199	23,962	24,750
\$264,697	Interest	6,835	6,180	5,504	4,806	4,267	3,528	2,765	1,977
Total note payable		26,727	26,727	26,727	26,727	26,727	26,727	26,727	26,727
Total long-term debt obligations:									
Total Principal - All Funds - All Long-Term Debt		7,392,877	6,203,792	4,384,736	4,555,710	4,707,460	4,853,199	4,988,962	5,134,750
Total Interest - All Funds - All Long-Term Debt		2,993,723	2,347,530	2,161,298	2,017,890	1,868,284	1,712,485	1,550,561	1,382,722
Total - All Funds - All Long-Term Debt		\$ 10,386,600	\$8,551,322	\$6,546,034	\$6,573,600	\$6,575,744	\$6,565,684	\$6,539,523	\$6,517,472

PROVO CITY SCHOOL DISTRICT
Schedule of Long Term Debt Service

2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,675,000
-	-	-	-	-	-	-	-	-	-	-	-	92,030
2,315,000	2,345,000	2,395,000	1,770,000	-	-	-	-	-	-	-	-	22,790,000
187,973	138,663	88,715	37,701	-	-	-	-	-	-	-	-	3,528,134
2,450,000	2,510,000	2,580,000	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	50,615,000
1,067,950	1,006,700	937,675	860,275	780,625	684,900	585,850	483,300	392,250	298,500	201,900	102,450	19,725,478
-	-	-	-	-	-	-	-	-	-	-	-	450,000
-	-	-	-	-	-	-	-	-	-	-	-	18,000
-	-	-	-	-	-	-	-	-	-	-	-	2,425,000
-	-	-	-	-	-	-	-	-	-	-	-	146,000
4,765,000	4,855,000	4,975,000	4,425,000	2,735,000	2,830,000	2,930,000	3,035,000	3,125,000	3,220,000	3,315,000	3,415,000	81,955,000
1,255,923	1,145,363	1,026,390	897,976	780,625	684,900	585,850	483,300	392,250	298,500	201,900	102,450	23,509,642
6,020,923	6,000,363	6,001,390	5,322,976	3,515,625	3,514,900	3,515,850	3,518,300	3,517,250	3,518,500	3,516,900	3,517,450	105,464,642
460,000	460,000	482,000	-	-	-	-	-	-	-	-	-	5,082,000
17,245	11,587	59,612	-	-	-	-	-	-	-	-	-	430,088
477,245	471,587	541,612	-	-	-	-	-	-	-	-	-	5,512,088
6,498,168	6,471,950	6,543,002	5,322,976	3,515,625	3,514,900	3,515,850	3,518,300	3,517,250	3,518,500	3,516,900	3,517,450	110,976,730
-	-	-	-	-	-	-	-	-	-	-	-	33,532
-	-	-	-	-	-	-	-	-	-	-	-	2,768
-	-	-	-	-	-	-	-	-	-	-	-	33,532
-	-	-	-	-	-	-	-	-	-	-	-	2,768
-	-	-	-	-	-	-	-	-	-	-	-	36,300
25,564	13,202	-	-	-	-	-	-	-	-	-	-	216,720
1,162	161	-	-	-	-	-	-	-	-	-	-	37,185
26,726	13,363	-	-	-	-	-	-	-	-	-	-	253,905
5,250,564	5,328,202	5,457,000	4,425,000	2,735,000	2,830,000	2,930,000	3,035,000	3,125,000	3,220,000	3,315,000	3,415,000	87,287,252
1,274,330	1,157,111	1,086,002	897,976	780,625	684,900	585,850	483,300	392,250	298,500	201,900	102,450	23,979,683
\$6,524,894	\$6,485,313	\$6,543,002	\$5,322,976	\$3,515,625	\$3,514,900	\$3,515,850	\$3,518,300	\$3,517,250	\$3,518,500	\$3,516,900	\$3,517,450	\$111,266,935

PROVO CITY SCHOOL DISTRICT

Ratios of Outstanding Debt

June 30,2006 through June 30, 2015

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 and Lease Revenue Obligations	Total Debt	Total Debt as Percentage of Taxable Value	Total Debt Per Capita	Total Debt Per Student
2015	\$ 81,955,000	1.69%	\$ 703	\$ 4,884	\$ 5,115,532	\$ 87,070,532	1.82%	\$ 755	\$ 5,245
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
2008	60,234,000	1.29%	520	4,518	604,810	60,838,810	1.33%	534	4,638
2007	63,351,000	1.63%	536	4,700	352,727	63,703,727	1.69%	554	4,857
2006	31,035,000	0.83%	284	2,597	2,269,177	33,304,177	0.93%	317	2,903

PROVO CITY SCHOOL DISTRICT
Overlapping and Underlying General Obligation Debt
Fiscal Year Ending June 30, 2015

<u>Taxing Entity</u>	<u>2014 Taxable Value</u>	<u>Board's Portion of Taxable Value</u>	<u>Board's Percentage</u>	<u>Entity's General Obligation Debt</u>	<u>Board's Portion of G.O. Debt.</u>
Overlapping:					
State of Utah	\$ 222,113,205,875	\$ 4,790,839,169	2.16%	\$ 2,833,715,000	\$ 61,121,412
CUWCD (1)	29,267,359,886	\$ 4,790,839,169	16.37%	269,934,118	44,186,116
Utah County	29,379,193,629	\$ 4,790,839,169	16.31%	-	-
Total Overlapping					<u>105,307,528</u>
Underlying:					
Provo City (2)	\$ 4,790,839,169	\$ 4,790,839,169	100.00%	37,420,000	<u>37,420,000</u>
Total Underlying					<u>37,420,000</u>
Total Overlapping and Underlying General Obligation Debt					<u>\$ 142,727,528</u>
Total overlapping general obligation debt (excluding the State) (3)					44,186,116
Total direct general obligation bonded indebtedness					<u>81,955,000</u>
Total direct and overlapping general obligation debt (excluding the State) (3)					<u>\$ 126,141,116</u>
Total underlying general obligation debt					37,420,000
Total direct general obligation bonded indebtedness					<u>81,955,000</u>
Total direct and underlying general obligation debt					<u>\$ 119,375,000</u>
Total overlapping and underlying general obligation debt (excluding the State) (3)					81,606,116
Total direct general obligation bonded indebtedness					<u>81,955,000</u>
Total direct, overlapping, and underlying general obligation debt (excluding the State) (3)					<u>\$ 163,561,116</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 30,2006 through June 30, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Estimated Fair Market Value	\$ 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	\$ 7,336,569,240	\$ 5,736,082,850	\$ 5,443,759,516
"Fair Market Value" X 4% (Debt Limit)	288,170,772	252,428,763	252,428,763	257,885,173	262,957,929	278,653,105	318,260,374	293,462,770	229,443,314	217,750,381
Less: General Obligation Debt	81,955,000	35,006,000	39,947,000	43,843,000	48,182,000	52,368,000	56,384,000	60,234,000	63,351,000	31,035,000
Legal Debt Margin*	<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>	<u>233,228,770</u>	<u>166,092,314</u>	<u>186,715,381</u>
Ratio Legal Debt Margin to Legal Debt Limit	71.56%	86.13%	84.17%	83.00%	81.68%	81.21%	82.28%	79.47%	72.39%	85.75%

*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.

Year	Labor Force	Employment	Unemployment	Unemployment Rate%
2014	260,387	251,291	9,097	3.50
2013	245,698	235,207	10,491	4.27
2012	233,753	221,555	12,198	5.22
2011	226,079	211,035	15,044	6.65
2010	225,454	207,406	18,048	8.01
2009	227,898	210,779	17,119	7.51
2008	228,050	220,487	7,563	3.32
2007	228,188	222,562	5,626	2.47
2006	219,279	213,036	6,243	2.85
2005	210,889	202,461	8,428	4.00

Birth Rates 1995-2013

Year	Utah County	Utah	US
1995	25.56	19.8	14.6
1996	26.07	20.6	14.4
1997	26.02	20.5	14.2
1998	26.77	21.1	14.3
1999	27.36	21.1	14.2
2000	26.77	21.1	14.4
2001	26.21	20.8	14.1
2002	26.08	20.8	13.9
2003	25.38	20.6	14.1
2004	25.03	20.5	14
2005	24.81	20.2	14
2006	24.66	20.4	14.2
2007	24.5	20.4	14.3
2008	24.07	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	12.6
2013	21.5	17.6	12.5

Population 1970-2014

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	113,153	516,564
2011	115,321	530,499
2012	115,919	540,404
2013	116,288	551,926
2014 ^P	120,242	560,974

LARGEST EMPLOYERS IN PROVO CITY
 2013 (Most recent year available)

<u>Company Name</u>	<u>Employees</u>	<u>Industry</u>
Brigham Young University	15,000 - 19,999	Higher Education
Utah Valley Regional Medical Center	4,000 - 4,999	Health Care
Vivint	2,000 - 2,999	Electrical Contractor
Provo School District	1,000 - 1,999	Public Education
Utah County	1,000 - 1,999	Local Government
Provo City	1,000 - 1,999	Local Government
Central Utah Medical Clinic	1,000 - 1,999	Health Care
Myfamily.com	500 - 999	Internet and Web Services
Nu Skin International	500 - 999	Wholesale Skin Care Products
Novell	500 - 999	Software Publishers

www.jobs.utah.gov

LARGEST EMPLOYERS IN UTAH COUNTY
 2013 (Most recent year available)

<u>Company Name</u>	<u>Employees</u>	<u>Industry</u>
Brigham Young University	15,000 - 19,999	Higher Education
Alpine School District	5,000 - 6,999	Public Education
Utah Valley University	4,000 - 4,999	Higher Education
Utah Valley Regional Medical Center	4,000 - 4,999	Health Care
Nebo School District	3,000 - 3,999	Public Education
State of Utah	2,000 - 2,999	State Governemtn
Vivint	2,000 - 2,999	Electrical Contractors
Wal-Mart	2,000 - 2,999	Warehouse Clubs and Supercenters
Bluefin Office Group	2,000 - 2,999	Office Supplies
Provo School District	1,000 - 1,999	Public Education

www.jobs.utah.gov

PROVO CITY SCHOOL DISTRICT
 Full Time Equivalent by Function
 Fiscal Years 2006 through 2015

Function	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Instruction	1,117	1,141	1,148	1,000	984	977	984	998	1,005	1,002
Students	59	54	52	52	51	49	50	50	50	50
Instructional Staff	36	33	38	40	41	31	32	32	32	27
General Administration	24	24	20	16	15	16	17	17	17	17
School Administration	79	80	74	74	70	70	70	70	72	65
Business and Central	24	25	22	20	26	27	26	26	26	41
Operation and Maintenance	119	152	139	148	148	95	95	95	95	133
Transportation	47	50	60	44	46	44	46	46	46	66
Other Support			11	1	1	25	26	26	26	0
Food Services	83	91	90	92	82	92	92	80	84	77
Community Services	186	173	135	146	100	93	93	93	93	103
Total FTEs	1,774	1,823	1,789	1,633	1,564	1,519	1,531	1533	1,546	1,583

PROVO CITY SCHOOL DISTRICT
Average Daily Membership , by School (Unaudited)
Fiscal Years 2006 through 2015

School	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Amelia Earhart Elementary	600	598	537	549	569	560	588	558	551	515
Canyon Crest Elementary	549	524	519	497	469	487	494	532	541	541
Edgemont Elementary	499	464	467	455	505	525	565	569	570	632
Franklin Elementary	528	509	575	571	544	521	517	516	494	453
Lakeview Elementary ¹	480	432	694	684	693	680	685	673	724	765
Provo Peaks Elementary ²	422	433	468	439	412	366	462	506	484	613
Provost Elementary	435	420	421	428	434	438	457	440	436	447
Rock Canyon Elementary	613	602	600	635	580	600	625	623	642	634
Spring Creek Elementary	625	661	632	523	567	564	570	567	558	501
Sunset View Elementary	655	621	604	572	568	560	531	527	541	510
Timpanogos Elementary	608	541	588	601	621	629	630	672	663	703
Wasatch Elementary	615	621	635	644	704	774	864	861	906	965
Westridge Elementary	791	838	748	851	862	870	889	893	890	826
Centennial Middle	956	998	995	1,050	1,030	1,003	996	1,033	1,023	988
Dixon Middle	923	820	844	830	854	863	835	833	836	822
Provo High	1,935	1,858	1,716	1,745	1,696	1,705	1,683	1,777	1,825	1,895
Timpview High	1,715	1,800	1,732	1,826	1,822	1,900	1,938	1,953	1,967	1,976
Independence High	300	302	288	324	265	277	328	322	326	251
Oak Springs	23	41	41	44	3	2	-	74	63	45
Central Utah Enterprises eSchool ³	-	-	-	20	24	47	51	51	47	83
	-	-	-	-	19	14	90	270	737	2,435
Total:	13,272	13,083	13,104	13,288	13,241	13,019	13,798	14,250	14,824	16,600

PROVO CITY SCHOOL DISTRICT

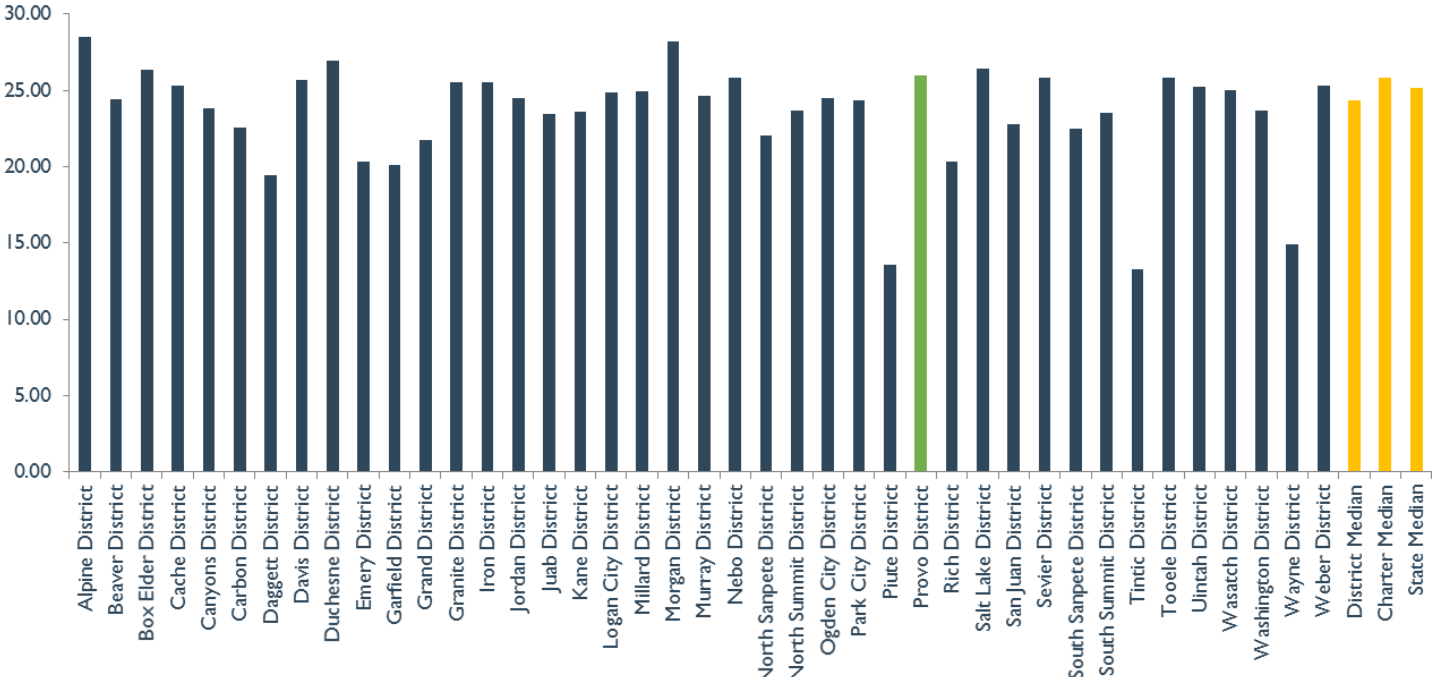
Average Daily Membership by School by Grade (Unaudited)

June 30, 2015

School	K	1st	2nd	3rd	4th	5th	6th	Total Enrollment	
AMELIA EARHART		71	80	79	80	74	72	59	515
CANYON CREST		72	86	101	84	71	69	58	541
EDGEMONT		77	94	100	93	85	84	99	632
PROVO PEAKS		120	85	91	62	98	70	87	613
FRANKLIN		75	61	79	64	55	67	52	453
LAKEVIEW		113	131	130	125	83	96	87	765
PROVOST		76	79	70	59	58	54	51	447
ROCK CANYON		88	81	94	93	83	88	107	634
SPRING CREEK		77	75	68	79	62	71	69	501
SUNSET VIEW		88	86	61	67	73	61	74	510
TIMPANOGOS		112	114	112	107	92	91	75	703
WASATCH		122	150	138	148	137	136	134	965
WESTRIDGE		131	125	122	124	99	106	119	826

	7th	8th	9th	10th	11th	12th	Total Enrollment
CENTENNIAL		491	497	-	-	-	988
DIXON		405	417	-	-	-	822
PROVO H.S.		56	60	475	464	449	1,895
TIMPVIEW H.S.		-	-	572	510	465	1,976
INDEPENDENCE H.S.		-	-	20	46	91	251
East Bay H.S.		-	-	-	-	83	83
OAK SPRINGS				All grades combined			45
Eschool@psd				All grades combined			2,435

Total Enrollment - Districtwide	16,600
---------------------------------	--------



PROVO CITY SCHOOL DISTRICT
 Per Pupil Expenditures by Function
 June 30,2006 through June 30, 2015

Function	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction	4,698	4,871	4,923	4,649	5,088	4,972	5,047	5,611	5,271	4,500
Supporting Services										
Student	247	262	251	261	275	283	280	281	287	255
Instructional Staff	77	122	111	103	106	158	158	126	166	163
District administration	134	115	109	105	91	89	59	103	122	121
School administration	340	382	368	349	375	372	383	385	362	339
Business	350	279	199	203	216	223	215	221	97	98
Operation and maintenance of facilities	377	384	428	391	511	413	411	420	326	332
Student transportation	120	138	153	150	142	165	156	222	199	167
Central	-	-	72	80	83	5	7	32	163	86
School food services	322	397	387	364	389	377	386	365	348	315
Community services	215	445	435	239	251	265	358	338	319	252
Facilities and construction	452	398	696	774	936	442	528	-	-	120
Debt service	423	105	125	141	167	187	197	232	151	-
Total school district	7,755	7,899	8,257	7,809	8,630	7,951	8,185	8,336	7,811	6,748
Student average daily membership	16,600	14,824	14,123	14,772	13,385	13,033	13,141	12,308	12,468	12,488

Location/Site	Year Built/Renovated Substantially	Square Footage
Elementary Schools:		
Amelia Earhart	1999	69,733
Canyon Crest	1982	68,240
Edgemont	1955	47,200
Provo Peaks	2011	80,000
Franklin	1994	75,801
Center for Accelerated Studies	1949	69,546
Lakeview	2007	77,480
Provost	1949	56,799
Rock Canyon	1964	69,883
Spring Creek	2002	70,720
Sunset View	2007	69,305
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

PROVO CITY SCHOOL DISTRICT

Service Efforts, Accomplishments, and Miscellaneous Statistics

Advanced Placement Test Results

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

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Total candidates	400	404	408	438	448	570	569	556	652	764
Total exams taken	623	601	690	706	689	918	948	974	1038	1128
Total exams passed	468	418	480	322	318	379	422	665	407	510
Provo average passed	75%	70%	70%	72%	65%	65%	69%	68%	62%	67%

College Entrance Exams - Provo Students Taking ACT Examination

Year	Number of Students
1999-00	567
2000-01	537
2001-02	520
2002-03	508
2003-04	533
2004-05	495
2005-06	567
2006-07	595
2007-08	558
2008-09	646
2009-10	665
2010-11	616
2011-12	841
2012-13	828
2013-14	881
2014-15 ^P	875

ACT Test Results Average 2009-2014

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Provo	22.2	21.9	22.3	20.9	22.2	21.4
Utah	21.8	21.8	21.9	20.7	20.7	20.8
Nat'l	21.1	21	21.1	21.1	20.9	21.0

School	LANGUAGE ARTS									
	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	9th Grade	10th Grade	11th Grade	Overall
AMELIA EARHART	42.7%	44.4%	52.6%	47.1%	xxx	xxx	xxx	xxx	xxx	46.3%
CANYON CREST	82.2%	64.9%	75.0%	62.5%	xxx	xxx	xxx	xxx	xxx	71.3%
EDGEMONT	47.1%	54.2%	55.4%	50.0%	xxx	xxx	xxx	xxx	xxx	51.7%
PROVO PEAKS	36.2%	40.0%	37.0%	46.7%	xxx	xxx	xxx	xxx	xxx	39.7%
FRANKLIN	48.2%	31.4%	33.3%	27.4%	xxx	xxx	xxx	xxx	xxx	34.7%
LAKEVIEW	48.3%	63.6%	48.8%	59.5%	xxx	xxx	xxx	xxx	xxx	55.0%
PROVOST	74.1%	47.3%	58.9%	55.1%	xxx	xxx	xxx	xxx	xxx	59.2%
ROCK CANYON	79.3%	69.7%	59.2%	62.2%	xxx	xxx	xxx	xxx	xxx	67.1%
SPRING CREEK	30.0%	35.1%	42.0%	49.4%	xxx	xxx	xxx	xxx	xxx	39.5%
SUNSET VIEW	45.5%	48.4%	56.8%	42.5%	xxx	xxx	xxx	xxx	xxx	48.3%
TIMPANOGOS	43.5%	29.5%	41.0%	52.9%	xxx	xxx	xxx	xxx	xxx	41.2%
WASATCH	63.2%	75.8%	69.0%	68.4%	xxx	xxx	xxx	xxx	xxx	69.1%
WESTRIDGE	60.7%	69.8%	53.5%	61.2%	xxx	xxx	xxx	xxx	xxx	61.1%
CENTENNIAL	xxx	xxx	xxx	xxx	48%	48%	xxx	xxx	xxx	48.3%
DIXON	xxx	xxx	xxx	xxx	48.5%	48.8%	xxx	xxx	xxx	48.7%
PROVO HIGH	xxx	xxx	xxx	xxx	89%	92%	44%	47%	22%	45.7%
TIMPVIEW HIGH	xxx	xxx	xxx	xxx	xxx	xxx	53.1%	52.9%	37.9%	48.4%
INDEPENDENCE HIGH	xxx	xxx	xxx	xxx	xxx	xxx	11-19%	11%	13%	10.3%
ESCHOOL	30-39%	30-39%	30-39%	20-29%	30-39%	30-39%	30-39%	30-39%	50-59%	35.5%
OAK SPRINGS	N<10	N<10	N<10	N<10	N<10	N<10	N<10	N<10	N<10	11.9%

School	MATH									
	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	Secondary	Secondary II	Secondary II	Overall
AMELIA EARHART	43.2%	46.3%	61.4%	42.9%	xxx	xxx	xxx	xxx	xxx	47.7%
CANYON CREST	68.1%	67.6%	78.1%	46.9%	N<10	xxx	xxx	xxx	xxx	65.5%
EDGEMONT	42.5%	49.4%	57.8%	58.9%	xxx	xxx	xxx	xxx	xxx	51.8%
PROVO PEAKS	43.1%	33.3%	43.5%	34.1%	xxx	xxx	xxx	xxx	xxx	38.9%
FRANKLIN	41.1%	42.3%	35.1%	19.4%	xxx	xxx	xxx	xxx	xxx	34.6%
LAKEVIEW	50.0%	60.2%	44.2%	41.7%	xxx	xxx	xxx	xxx	xxx	49.1%
PROVOST	68.4%	61.8%	73.2%	48.0%	xxx	xxx	xxx	xxx	xxx	63.3%
ROCK CANYON	71.3%	70.7%	54.4%	48.9%	xxx	xxx	xxx	xxx	xxx	60.5%
SPRING CREEK	37.7%	47.3%	56.5%	45.2%	xxx	xxx	xxx	xxx	xxx	46.6%
SUNSET VIEW	35.1%	57.8%	68.9%	38.4%	xxx	xxx	xxx	xxx	xxx	49.7%
TIMPANOGOS	47.3%	50.6%	43.6%	51.4%	xxx	xxx	xxx	xxx	xxx	48.2%
WASATCH	69.2%	82.0%	71.7%	63.2%	xxx	xxx	xxx	xxx	xxx	72.4%
WESTRIDGE	49.6%	78.0%	69.7%	66.4%	?80%	N<10	xxx	xxx	xxx	68.2%
CENTENNIAL	xxx	xxx	xxx	xxx	48%	48%	92%	xxx	xxx	51.2%
DIXON	xxx	xxx	xxx	xxx	40.2%	33.8%	75.5%	N<10	xxx	39.3%
PROVO HIGH	xxx	xxx	xxx	xxx	N<10	N<10	22%	15%	23%	20.2%
TIMPVIEW HIGH	xxx	xxx	xxx	xxx	xxx	xxx	21.3%	21.1%	30.1%	23.1%
INDEPENDENCE HIGH	xxx	xxx	xxx	xxx	xxx	xxx	?5%	?5%	xxx	4.3%
ESCHOOL	20-29%	40-49%	30-39%	20-29%	30-39%	11-19%	11-19%	?20%	N<10	26.0%
OAK SPRINGS	N<10	N<10	N<10	N<10	N<10	N<10	N<10	N<10	xxx	11-19%

School	SCIENCE									Overall
	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	Biology	Chemistry	Earth Scienc	Physics	
AMELIA EARHART	45.0%	49.1%	50.0%	xxx	xxx	xxx	xxx	xxx	xxx	47.8%
CANYON CREST	55.4%	59.4%	56.3%	xxx	xxx	xxx	xxx	xxx	xxx	56.9%
EDGEMONT	39.0%	52.9%	62.5%	xxx	xxx	xxx	xxx	xxx	xxx	51.0%
PROVO PEAKS	28.6%	34.8%	35.6%	xxx	xxx	xxx	xxx	xxx	xxx	33.1%
FRANKLIN	39.4%	38.6%	22.6%	xxx	xxx	xxx	xxx	xxx	xxx	33.7%
LAKEVIEW	69.3%	52.3%	47.6%	xxx	xxx	xxx	xxx	xxx	xxx	56.6%
PROVOST	58.2%	62.5%	48.0%	xxx	xxx	xxx	xxx	xxx	xxx	56.5%
ROCK CANYON	50.7%	45.1%	59.8%	xxx	xxx	xxx	xxx	xxx	xxx	51.7%
SPRING CREEK	43.2%	34.8%	58.3%	xxx	xxx	xxx	xxx	xxx	xxx	46.3%
SUNSET VIEW	37.5%	59.5%	50.7%	xxx	xxx	xxx	xxx	xxx	xxx	49.8%
TIMPANOGOS	14.6%	25.6%	38.9%	xxx	xxx	xxx	xxx	xxx	xxx	25.5%
WASATCH	70.3%	76.7%	65.3%	xxx	xxx	xxx	xxx	xxx	xxx	71.7%
WESTRIDGE	73.6%	56.9%	55.2%	xxx	xxx	xxx	xxx	xxx	xxx	62.0%
CENTENNIAL	xxx	xxx	xxx	53%	52%	xxx	xxx	xxx	xxx	52.4%
DIXON	xxx	xxx	xxx	45.3%	41.4%	xxx	xxx	xxx	xxx	42.8%
PROVO HIGH	xxx	xxx	xxx	92%	92%	43%	63%	36%	40%	48.7%
TIMPVIEW HIGH	xxx	xxx	xxx	xxx	xxx	43.4%	36.3%	49.7%	63.8%	44.8%
INDEPENDENCE HIGH	xxx	xxx	xxx	xxx	xxx	16%	xxx	41%	xxx	24.7%
ESCHOOL	30-39%	30-39%	20-29%	20-29%	30-39%	21-29%	N<10	40-49%	N<10	33.1%
OAK SPRINGS	N<10	N<10	N<10	N<10	N<10	N<10	xxx	N<10	xxx	11-19%

SAGE SUMMARY SCORES

	LANGUAGE ARTS	MATH	SCIENCE
PROVO	49.5%	43.7%	47.9%
ALPINE	48.5%	47.6%	52.8%
NEBO	42.8%	36.9%	44.5%

K-3 Reading Competency

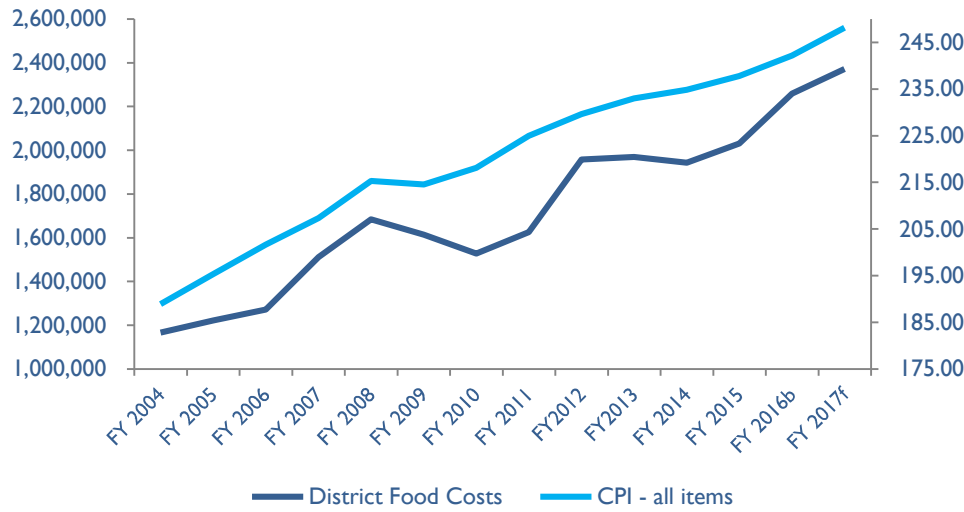
Grades 1-3

	Overall	Grade 1	Grade 2	Grade 3
PROVO	75%	76%	74%	74%
ALPINE	75%	80%	76%	68%
NEBO	81%	79%	82%	81%

Graduation Trends (District vs. state and national)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Provo School District	83%	94%	94%	84%	69%	72%
Utah	79%	90%	90%	78%	81%	83%
National	71%	75%	75%	75%	78%	81%

PSD Annual Food Cost - Food Services



School Year	Lunches Served	Free Lunch Served	% of Free Lunches to Total Served	Breakfast 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 2003	1,211,667	571,446	47.16%	261,218	157,921	13.03%	1,472,885	729,367	60.20%
FY 2004	1,226,062	603,325	49.21%	267,538	156,125	12.73%	1,493,600	759,450	61.94%
FY 2005	1,245,816	612,228	49.14%	282,153	160,509	12.88%	1,527,969	772,737	62.03%
FY 2006	1,256,839	609,996	48.53%	289,865	152,639	12.14%	1,546,704	762,635	60.68%
FY 2007	1,255,951	567,608	45.19%	293,649	164,048	13.06%	1,549,600	731,656	58.26%
FY 2008	1,253,673	560,368	44.70%	305,989	155,779	12.43%	1,559,662	716,147	57.12%
FY 2009	1,311,952	639,746	48.76%	324,889	162,320	12.37%	1,636,841	802,066	61.14%
FY 2010	1,315,197	693,426	52.72%	345,581	155,354	11.81%	1,660,778	848,780	64.54%
FY 2011	1,343,858	736,472	54.80%	338,210	152,940	11.38%	1,682,068	889,412	66.18%
FY 2012	1,319,933	736,901	55.83%	357,943	150,151	11.38%	1,677,876	887,052	67.20%
FY 2013	1,232,859	732,485	59.41%	339,783	157,697	12.79%	1,572,642	890,182	72.20%
FY 2014	1,215,543	705,006	58.00%	329,534	150,490	12.38%	1,545,077	855,496	70.38%
FY 2015	1,209,334	721,222	59.64%	343,320	136,191	11.26%	1,552,654	857,413	70.90%

Source: USOE

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
2001-02	575,100	9,828	228	2,703	492	\$141	40
2002-03	620,280	9,572	246	2,950	496	\$178	40
2003-04	636,750	7,382	264	3,098	440	\$253	40
2004-05	653,220	5,192	282	3,245	384	\$328	42
2005-06	650,520	4,771	251	2,997	617	\$426	43
2006-07	510,840	4,894	245	2,605	233	\$492	43
2007-08	542,700	5,169	271	2,747	268	\$501	48
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

PROVO CITY SCHOOL DISTRICT

**Single Audit And
Utah State Audit Compliance Reports**

June 30, 2015

HBME

**Hansen, Bradshaw, Malmrose & Erickson
CERTIFIED PUBLIC ACCOUNTANTS**

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Hansen, Bradshaw, Malmrose & Erickson

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditors' Report

To the Members of the Board of Education
Provo City School District

We have audited, 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, the 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, 2015, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated September 18, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a significant deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to Finding

Management's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

September 18, 2015

Hansen, Bradshaw, Malmrose & Erickson

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditors' Report

To the Members of the Board of Education
Provo City School District

Report on Compliance for Each Major Federal Program

We have audited Provo City School District's ("the District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Provo City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards by OMB Circular A-133

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated September 18, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

September 18, 2015

PROVO CITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Pass Through Grant No.	Program or Award Amount	Disbursements/ Expenditures
U.S. Department of Agriculture, Food and Nutrition Service				
Passed through Utah State Department of Education				
Commodities	10.550	None	\$ 90,420	\$ 90,420
School Breakfast Program	10.553	84425	625,806	625,806
National School Lunch Program	10.555	84225	2,819,185	2,819,185
Special Milk Program for Children	10.556	84125	5	5
Child and Adult Care Food Program	10.558	84725	46,663	46,663
Fresh Fruit and Vegetable Program	10.582	None	201,882	201,882
Total U.S. Department of Agriculture			<u>3,783,961</u>	<u>3,783,961</u>
U.S. Department of Defense				
Passed through Utah State Department of Education				
Language Grant Program	12.900	None	281,407	281,407
Total U.S. Department of Defense			<u>281,407</u>	<u>281,407</u>
U.S. Department of Education, Office of Elementary and Secondary Education				
Passed through the Utah State Department of Education				
Adult Education - Basic Grants to States	84.002A	None	113,838	91,016
Title I Grants to Local Educational Agencies	84.010A	080805	3,180,449	3,162,135
Migrant Education - State Grant Program	84.011A	None	111,075	27,640
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013A	081305	325,535	325,535
Twenty-First Century Community Learning Centers	84.287	None	1,015,741	1,015,741
English Language Acquisition State Grants	84.365A	085705	153,029	153,029
Improving Teacher Quality State Grants	84.367	None	535,884	535,884
Total passed through Utah State Department of Education			<u>5,435,551</u>	<u>5,310,980</u>
Passed through the Utah Personnel Development Center				
Special Education - Grants to States	84.027A	081905	2,607,314	2,464,703
Career and Technical Education - Basic Grants to States	84.048A	None	225,791	225,791
Special Education - Preschool Grants	84.173A	075205	94,374	91,922
Total passed through Utah Personnel Development Center			<u>2,927,479</u>	<u>2,782,416</u>
Passed through Utah County				
Safe and Drug-Free Schools and Communities - State Grants	84.186A	None	36,300	30,705
Total passed through Utah County			<u>36,300</u>	<u>30,705</u>
Total passed through awards			<u>8,399,330</u>	<u>8,124,101</u>
Direct award				
Indian Education - Grants to Local Educational Agencies	84.060	None	36,668	36,327
Total direct awards			<u>36,668</u>	<u>36,327</u>
Total U.S. Department of Education			<u>8,435,998</u>	<u>8,160,428</u>
U.S. Department of Health & Human Services				
Passed through Utah State Department of Workforce Services				
Temporary Assistance for Needy Families	93.558	None	\$ 291,462	\$ 187,442
Total passed through the Utah State Department of Workforce Services			<u>291,462</u>	<u>187,442</u>
Passed through the Utah State Department of Health				
Medical Assistance Program	93.778	None	1,964,629	1,964,629
Total passed through the Utah State Department of Health			<u>1,964,629</u>	<u>1,964,629</u>
Total U.S. Department of Health & Human Services			<u>2,256,091</u>	<u>2,152,071</u>
Total Federal Awards			<u>\$ 14,757,457</u>	<u>\$ 14,377,867</u>

PROVO CITY SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

1. PURPOSE OF THIS SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (“the Schedule”) is a supplementary schedule to Provo City School District’s (“the District”) basic financial statements and is presented for additional analysis. The Schedule is required by the office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule includes the federal grant activity of the District. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Federal Financial Assistance Pursuant to the Single Audit Act of 1984; the Single Audit Act Amendments of 2004, and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals.

Catalog of Federal Domestic Assistance - OMB Circular A-133 requires the Schedule to show the total expenditures for each of the District's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (“the CFDA”).The CFDA is a government-wide summary of individual federal programs. Each program included in the CFDA is assigned a five digit program identification number which is reflected in the Schedule. Federal financial assistance programs and contracts which have not been assigned a CFDA number have been identified as *Unknown* in the CFDA Column of the schedule.

Type A and Type B Programs The Single Audit Act of 1984 (as amended in 2004) and OMB Circular A-133 establish the levels to be used in defining Type A and Type B federal programs. Type A programs for The District are those programs that exceeded \$431,336 in the federal awards expended for the fiscal year ended June 30, 2015. All other programs are classified as Type B by the District.

Reporting Entity

The District’s reporting entity is fully described in *Footnote 1* of the District's basic financial statements. The Schedule includes all federal financial assistance programs administered by the District for the year ended June 30, 2015.

PROVO CITY SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Federal financial assistance programs included in the Schedule are reported in the District's basic financial statements as intergovernmental revenue in the General Fund and Special Revenue Funds. The Schedule is presented using the same basis of accounting used for each fund as described in *Footnote 1* of the District's basic financial statements.

3. NON-CASH ASSISTANCE

Non-cash assistance is reported in the schedule at the fair market value of the commodities. The District received and disbursed food donations valued at \$201,882.

4. FEDERAL INSURANCES

No federal insurance was in effect on June 30, 2015.

PROVO CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of The District.
2. One significant deficiency and no material weaknesses relating to the audit of the financial statements are reported in the *Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance with federal award programs material to the financial statements of the District were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for the District expresses an unmodified opinion.
5. There are no audit findings required to be reported under OMB Circular A-133 or Government Auditing Standards.
6. The programs tested as major programs were:

U.S. Department of Agriculture
Cluster of Programs
CFDA # 84.010 Title I Grants to Local Education Agencies
CFDA # 84.287 Twenty-first Century Community Learning Centers
CFDA # 84.365 Improving Teacher Quality State Grants
7. The threshold for distinguishing Type A and B programs was \$431,336.
8. The District was determined to be a low-risk auditee.

PROVO CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2015

B. FINDINGS AND QUESTIONED COSTS FEDERAL AWARD PROGRAMS

No reportable conditions.

C. PRIOR YEAR FINDINGS AND QUESTIONED COSTS FEDERAL AWARD PROGRAMS

No reportable conditions.

D. OTHER REPORTABLE CONDITIONS ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

2015-1 Controls over Cash Disbursements at Schools

Condition: During the performance of our audit procedures relating to controls over cash disbursements at schools in the District, we observed that controls were in place but not consistently followed by school administrators and staff.

Criteria: The District has policies and procedures over cash disbursements at each school where all expenditures are approved by the principal or assistant principal. During control testing across six schools with a total sample of 45 disbursements, we noted three disbursements without documented approval by an administrator. Due to these findings, we isolated this attribute and scanned through additional disbursements, noting 23 more disbursements without documented approval. We consider this finding to be a significant deficiency in internal controls.

Cause: Having documented approval from an administrator for each disbursement is District policy. This is a similar finding to one noted during the fiscal year 2014 audit and it was the District's response that these procedures would be reviewed with all principals in the District. While not the case at all schools, it appears that some schools have disregarded the importance of following District-mandated policies and procedures.

Effect or Potential Effect: Not receiving and documenting proper approval for cash disbursements could lead to misappropriation of assets, either by error or fraud.

Recommendation: We recommend the District continue to communicate all policies and procedures over cash disbursements to school administrators and staff. Further, school administrators should ensure that all District policies and procedures are followed, including those related to cash disbursements.

District's Response: District Business Office staff trained both secretaries and principals during FY15 regarding cash disbursement policies. Specifically, the requirement to have administrator signature prior to purchase was discussed. District staff will again train principals and secretaries regarding the requirement to obtain administrator approval before checks are cut. District Business Office staff will begin making regular visits to the schools to verify policies are being followed. Further, the Business Administrator and Director of Accounting will begin to study whether checking accounts are necessary at the elementary school level.

PROVO CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2015

E. PRIOR YEAR OTHER REPORTABLE CONDITIONS ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

2014-1 Controls over Cash Disbursements at Schools

Criteria: During the performance of our audit procedures relating to controls over cash disbursements at schools in the District, we observed that controls were in place but not consistently followed by school administrators and staff.

Condition: The District has policies and procedures over cash disbursements at each school where all expenditures are approved by the principal or assistant principal. In one instance, the principal was unavailable at the time a check was immediately needed for a field trip. The check was issued without administrator approval.

Cause: Although the check could have been approved by the assistant principal in the principal's absence, this was not effectively communicated to school administrators and staff.

Effect or Potential Effect: Not receiving and documenting proper approval for cash disbursements could lead to misappropriation of assets, either by error or fraud.

Recommendation: We recommend the District communicate policies and procedures over cash disbursements more effectively to school administrators and staff.

District's Response: Controls in this situation were not explained well to school administrators. The District has regular purchasing training, but generally the training is for secretarial staff. These procedures will be reviewed with principals at a forthcoming principal meeting.

Current Year Status: The finding has not been satisfied. See current year finding 2015-1.

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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REPORT IN ACCORDANCE WITH THE UTAH STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS, COMPLIANCE FOR EACH MAJOR STATE PROGRAM, AND INTERNAL CONTROL OVER COMPLIANCE, AND SCHEDULE OF EXPENDITURES OF STATE AWARDS

Independent Auditors' Report

Board of Education and Management
Provo, Utah

Report On Compliance with General State Compliance Requirements and for Each Major State Program

We have audited Provo City School District's ("the District") compliance with the applicable general state and major state program compliance requirements described in the *Utah State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the District or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

Budgetary Compliance	Fund Balance
Utah Retirement Systems	Tax Levy Revenue Recognition
School District Tax Levies	Open and Public Meetings Act
Government Records Access Management Act (GRAMA)	Conflicts of Interest

The District received state funding from the following program classified as a major program for the year ended June 30, 2015:

Minimum School Program
State Hospital for Youth Corrections

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the Utah State Compliance Audit Guide. Those standards and the Utah State Compliance Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the District or its major state programs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Provo City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the District or on each of its major state programs for the year ended June 30, 2015.

Report On Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the compliance requirements that could have a direct and material effect on the District or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the Utah State Compliance Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a *material weakness* in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, *material weaknesses* may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Utah State Compliance Audit Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards as Required by the *State Compliance Audit Guide*

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated September 18, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

September 18, 2015

PROVO CITY SCHOOL DISTRICT
Schedule of Findings and Recommendations
For the Year Ended June 30, 2015

Requirement/Program

Current Year Findings

No reportable conditions noted.

PROVO CITY SCHOOL DISTRICT
Schedule of Findings and Recommendations
For the Year Ended June 30, 2015

Requirement/Program

Prior Year Findings

1. Adult Education

Finding 2014-1: One Adult Education student was reported as receiving 20 hours more than could be substantiated.

Recommendation: More care should be given by District personnel when recording hours for each student. Hours entered into UTopia should also be doubled checked against District records.

District's Response: Teachers will enter attendance daily, or at least weekly, and check as they go to avoid miscounting hours. The teachers will then be instructed to review the attendance records at the end of each term in order to double check records.

Current Year Status: The finding has been satisfied.

Finding 2014-2: One Adult Education student was awarded one level gain more than actual.

Recommendation: More care should be given by District personnel when recording level gains for each student. Level gains entered into UTopia should also be doubled checked against District records.

District's Response: Adult Education staff will make sure there is a process in place to double check test scores entered into the system to verify correct information is entered.

Current Year Status: The finding has been satisfied.

2. GRAMA

Finding 2014-3: The District's records officer did not complete an online training course required for records officers.

Recommendation: The District's records officer should complete the required online training annually.

District's Response: Due to staff turnover, no information was given about required training. Once this was discovered, training was identified and the records officer completed the required training the next day.

Current Year Status: The finding has been satisfied.

PROVO CITY SCHOOL DISTRICT
Schedule of Findings and Recommendations (Continued)
For the Year Ended June 30, 2015

3. Deficit Fund
Balance

Finding 2014-4: Under Utah State law, deficit fund balances in any fund are not allowed. We noted a deficit balance in the Non-K-12 Instruction fund of \$232,145 as of June 30, 2014.

Recommendation: The District should take appropriate action, if feasible, to eliminate this deficit fund balance in accordance with State of Utah legal compliance guidelines.

District's Response: Property tax revenues originally budgeted in the Non-K-12 Fund were deposited into the General Fund, and corresponding expenses were left in the Non-K-12 Fund. This deficit fund balance will be corrected in FY2015 with a transfer from the General Fund, and all future expenses have been moved to the General Fund to match corresponding revenue.

Current Year Status: The finding has been satisfied.

HANSEN, BRADSHAW, MALMROSE & ERICKSON, P.C.
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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the issuance of the Bonds, Ballard Spahr LLP, Bond Counsel to the Board, proposes to issue its opinion in substantially the following form:

We have acted as bond counsel to the Board of Education (the “Board”) of the Provo City School District, Utah (the “District”) in connection with the issuance by the Board of its \$_____ General Obligation Bonds (Utah School Bond Guaranty Program), Series 2016 (the “Bonds”), pursuant to (a) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended; (b) a resolution of the Board adopted on May 10, 2016 (the “Resolution”); and (c) other applicable provisions of law. The Bonds are being issued to (a) fund the acquisition of land, the acquisition, construction, furnishing and equipping of new school facilities, and the improvement of existing facilities, and related improvements and (ii) pay costs of authorization and issuance of the Bonds.

Our services as bond counsel have been limited to the preparation of the legal proceedings and supporting certificates authorizing the issuance of the Bonds under the applicable laws of the State of Utah and to a review of the transcript of such proceedings and certificates. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the Board enforceable upon the Board.
2. The Bonds are valid and binding general obligations of the Board for the payment of which the full faith and credit of the Board are pledged, and for the payment of which ad valorem taxes may be levied on all taxable property within the boundaries of the District without limit as to rate or amount.
3. Interest on the Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the Board and continuing compliance by the Board with the requirements of the Internal Revenue Code of 1986. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax (“AMT”); however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.
4. Interest on the Bonds is exempt from State of Utah individual income taxes.

In rendering our opinion, we wish to advise you that:

- (a) The rights of the holders of the Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization,

arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(b) We express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds; and

(c) Except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Respectfully submitted

APPENDIX C

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by the Board of Education of the Provo City School District, Utah (the “Issuer”) in connection with the issuance of the Issuer’s General Obligation Bonds (Utah School Bond Guaranty Program), Series 2016, in the aggregate principal amount of \$_____ (the “Bonds”). The Bonds are being issued pursuant to a resolution of the Issuer adopted on May 10, 2016 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (each as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is 1300 I Street, NW, Suite 1000, Washington DC 20005-3314; Telephone (202) 838-1500; Fax (202) 898-1500, and the website address of which is www.msrb.org and www.emma.org (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the Issuer dated _____, 2016, relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Issuer shall prepare an Annual Report and shall, or shall cause the Dissemination Agent to, not later than 220 days after the end of each fiscal year of the Issuer (presently June 30) commencing with the fiscal year ending June 30, 2016, provide to the MSRB in electronic format an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than fifteen (15) business days prior to said date, the Issuer shall provide its respective Annual Report to the Dissemination Agent (if other than the Issuer). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the Issuer may be submitted separately from the balance of their Annual Reports.

(b) If the Issuer is unable to provide an Annual Report to the MSRB by the date required in subsection (a), the Issuer shall send a notice to the MSRB in electronic format.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the website address to which the MSRB directs the annual reports to be submitted; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

Section 4. Content of Annual Reports. (a) The Issuer's Annual Report shall contain or incorporate by reference the following:

(i) A copy of the Issuer's annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If the Issuer's audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(ii) An update of the information of the type contained in the Official Statement under the headings "DEBT STRUCTURE OF PROVO CITY SCHOOL DISTRICT, UTAH" and "FINANCIAL INFORMATION REGARDING PROVO CITY SCHOOL DISTRICT, UTAH — Financial Summaries," "—Historical Tax Rates of the District," "—Comparative Total Property Tax Rates Within Utah County," "—Taxable, Fair Market And Market Value Of Property Within The District," "—Historical Summaries of Taxable Value Of Property," "—Tax Collection Record," and "—Some Of The Largest Taxpayers."

(b) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such document incorporated by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner but not more than ten (10) business days after the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

- (vi) Defeasances;
- (vii) Tender offers;
- (viii) Bankruptcy, insolvency, receivership or similar proceedings; or
- (ix) Rating changes.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not more than ten (10) business days after the Listed Event, if material:

- (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
- (ii) Appointment of a successor or additional trustee or the change of the name of a trustee;
- (iii) Non-payment related defaults;
- (iv) Modifications to the rights of the owners of the Bonds;
- (v) Bond calls; or
- (vi) Release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under (b) above, whether because of a notice from the Dissemination Agent or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event under (b) above would be material under applicable federal securities laws, the Issuer shall promptly notify the

Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If the Issuer determines that the Listed Event under (b) above would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in an electronic format in a timely manner not more than ten (10) business days after the Listed Event.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the earlier of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-applicable action, have been repealed retroactively or otherwise do not apply to the Bonds.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, without the consent of the holders of the Bonds, if such amendment or waiver is supported by an opinion of counsel with expertise in federal securities laws to the effect that such amendment or waiver does not, in and of itself, cause the undertakings herein to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Undertaking, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the

exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence, gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: _____, 2016.

BOARD OF EDUCATION OF
PROVO CITY SCHOOL DISTRICT, UTAH

President

Attest & Countersigned:

Business Administrator

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APPENDIX D

BOOK-ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com>.

Purchases of 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2016 Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, all 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Bond documents. For example, Beneficial Owners of 2016 Bonds may wish to ascertain that the nominee holding the 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Board or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2016 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

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