

SALT LAKE CITY SCHOOL DISTRICT

440 EAST FIRST SOUTH SALT LAKE CITY, UTAH 84111-1898

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

For the Year Ended June 30, 2006

PREPARED BY THE OFFICE OF THE
BUSINESS ADMINISTRATOR

Janet M. Roberts, Business Administrator
Alan T. Kearsley, C.P.A., Director of Accounting

SALT LAKE CITY SCHOOL DISTRICT

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November 30, 2006

Members of the Board of Education, and
Citizens of the Salt Lake City School District:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Salt Lake City School District for the year ended June 30, 2006. This report is published to present complete financial information on all the funds and financial activities of the District for the year. Responsibility for the accuracy of the statements, notes, schedules, and statistical tables rests with the District. We believe the information in this report is a fair presentation of the financial position and the results of operations of the District. The report is prepared in accordance with generally accepted accounting and financial reporting principles (GAAP) applicable to governmental entities. The reader will be able to gain a comprehensive understanding of the District's financial affairs from studying this report.

The report is organized in three sections labeled introductory, financial, and statistical. The introductory section includes this transmittal letter, reproductions of last year's GFOA Certificate of Achievement for Excellence in Financial Reporting and last year's ASBO Certificate of Excellence in Financial Reporting, administrative organizational chart, and members of the Board of Education.

The financial section contains the independent auditor's report, management discussion and analysis (MD&A), the basic financial statements, notes to basic financial statements, and combining and individual fund statements and schedules.

The statistical section, which is not audited, presents selected financial and demographic data, generally in multiple year formats and is useful in allowing the reader to note trends and changes in the major activities of the District. This section also includes all disclosures, not contained elsewhere in the CAFR, to comply with the Securities and Exchange Commission continuing disclosure requirements for general obligation debt issues.

The District's 2006 Comprehensive Annual Financial Report includes all financial transactions of all schools and departments of the District, which are accounted for in various funds. These funds include the General Fund, Special Programs Fund and Child Nutrition Fund (Special Revenue Funds), Debt Service Fund, Capital Projects Fund, Internal Service Funds, and the Student Activities Fund (Agency Fund). The District is an independent political subdivision established by the constitution of the State of Utah and is not a part of any other governmental entity. Also, the Salt Lake Education 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. There are no other units of government that are dependent on the District and, therefore, that should be included in this report.

District Profile

The major purpose of the District is to provide public education for the approximately 23,283 students in grades kindergarten through twelfth grades living within the boundaries of Salt Lake City, which are part of a total population of approximately 182,670 citizens. In accomplishing this goal, the District operates 39 schools comprised of 4 high schools, 5 intermediate schools, 27 elementary schools and 3 special schools. Additionally, the District operates several other educational programs. These include community schools, adult education opportunities, sheltered workshop programs, and many programs for at-risk and disabled students, along with programs for highly-motivated students. The Salt Lake Education Foundation is a component unit that provides enhancements to regular educational programs of the District through gifts and contributions.

Management's Discussion and Analysis

GAAP requires management provide a narrative introduction, overview, 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 can be found immediately following the report of the independent auditors.

Budget Controls

The District adopts an annual budget for all governmental funds, which covers all revenues and expenditures of these funds. This budget acts as the operating plan for the fiscal year and is revised as necessary, following the requirements of Board policies and State law. Revisions may be made during the year authorizing a larger total appropriation of available resources after a public hearing and approval of the Board. A balanced budget by fund is required. The District may not make an appropriation that is in excess of its estimated revenue and estimated fund balances available from a previous year.

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

Internal Controls

The business administrator, working with all of the business departments, is responsible for establishing and maintaining effective internal controls. These controls are designed to ensure protection of the District's assets and to ensure the accuracy of recorded transactions that are relied on in the preparation of financial reports. The internal controls are designed to provide reasonable assurance that these objectives are met. Internal controls undergo a continuing review by District staff and annually by the independent auditors. Because the cost of internal controls should not outweigh their benefit, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Single Audit

For federal programs, the District is required to be subject to the Single Audit Act and to demonstrate compliance with the provisions of the federal government's Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-profit Organizations*. The Single Audit is conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of OMB Circular A-133. All of the Single Audit schedules, findings, recommendations, opinions, and reports on compliance and internal controls are issued in a report separate from this report.

Looking Ahead

The economic outlook for the District is heavily dependent on state aid providing about half of general fund revenues. Utah's economy grew strongly during fiscal year 2006. Utah had a 4% job growth during the year, compared to 1.5% national average. For the year ended June 30, 2006, the State of Utah had an increase of \$517 million (24%) in individual income and corporate franchise tax revenues over the previous year. These tax revenues all go into the Uniform School Fund of the state. At June 30, 2006 the state had a Uniform School Fund surplus of \$215 million, as well as \$122 million in the Education Budget Reserve Account (Rainy Day Fund). The state increased the value of the weighted pupil unit (WPU) from \$2,280 to \$2,417 (6.00%) for fiscal year 2007. This increase is expected to bring in an additional \$3.5 million (4.6%) in state revenue.

During the next five years, investment in the central business district of downtown Salt Lake City will exceed \$1.5 billion. The plan of a mixed use revitalization project will bring an increased tax base as well as additional residential living areas to the city. The District looks forward to the opportunities that such a project will bring.

The District's assessed property valuation is expected to grow by some \$269 million for fiscal 2007. The approved tax rate for the 2006 calendar year is .006002, down from .006080 for the 2005 year.

The fiscal 2007 budget projects expenditure per pupil in the general fund of \$6,779, an increase of 5.12% compared to the previous year's original budget. This is primarily due to budgeted salary and benefit increases.

To help keep interest costs at a minimum, the District applies to Moody's Rating Services Inc. for ratings on impending bond issues. The District enjoys an Aaa rating, the highest granted by Moody's on general obligation bonds. District voters approved a \$136 million bond authorization in May 1999. During fiscal year 2006, the last of this authorization was issued. During fiscal 2007, the District's unused legal debt capacity will be approximately \$675 million.

Continuing Developments

The District continues its aggressive capital improvement plan it began several years ago. The purpose of the program is to upgrade every building in the District to meet current life-safety building code requirements, including earthquake and Americans with Disabilities Act access codes. It also provides for other building improvements, such as air conditioning.

The fiscal 2007 budget includes appropriations to complete or continue the following projects: Highland Park and Washington elementary schools, plus Bryant, Clayton, Glendale and Hillside middle schools. The District continually reviews the building program and also updates its overall multi-year capital improvement program. It is the District's policy to maintain all assets at a level adequate to protect the capital investment and to minimize future maintenance and replacement cost. The current average age of all district buildings is 24.74 years. This is down from an average age of 37.95 years prior to the implementation of the District's current capital improvement plan.

During fiscal 2006, average student enrollment decreased by 27 students. It is projected that the District will continue to experience moderate decreases in enrollment into the future. Charter schools are increasing the degree of uncertainty in projecting student growth. Currently there are two charter schools within the District's boundaries enrolling 443 students. Two additional charter schools are scheduled to open during the

2006-07 school year, and another two in the 2007-08 school year. There are several other charter schools in neighboring districts which pull students from the Salt Lake City School District's boundaries.

Cash Management

In attempting to maximize earnings on short-term idle cash balances, the District uses the services of several firms, including a money management agreement with its primary bank which pays a higher rate of interest on overnight balances of the cash "sweep" accounts. The District maintains an account with the State Public Treasurers' Investment Pool that renders excellent liquidity along with generating an attractive rate of return on the deposits. For handling funds of a longer horizon, investment specialists are used to manage portfolios of select U.S. Government and corporate securities. All of these arrangements are kept in strict compliance with the State Money Management Act. The various treasury activities of the District are regulated by this Act, which sets forth investment limitations, standards for the proper management of cash, and reporting requirements. All investment and cash transactions are within the oversight of the State Money Management Council. Note 2 to the basic financial statements in the financial section of this report gives a more thorough explanation of these requirements and of the investment practices of the District.

The cash and investment positions of the District are very stable at \$94.7 million.

Risk Management

The District provides protection for its employees, volunteers, and patrons in several ways. The District is self-insured for workers' compensation in case an employee or volunteer is injured at the workplace. Unemployment compensation benefits are paid to qualifying past employees by the State of Utah; subsequently, these expenses are reimbursed to the state by the District.

To protect the health and welfare of our employees, the District carries commercial insurance for major medical and accidental risks along with separate long-term disability and life insurance coverages. The District also provides a self-insured dental insurance plan for its employees.

The District participates with other school districts and state agencies in a pooling arrangement for acquiring property and general liability insurance coverage. The Utah State Risk Management Fund separately manages this coverage.

Independent Audit

State law requires an annual audit of the financial records of the District in order to provide a reasonable basis for financial users to rely on the information presented in the financial statements. The Board has retained Squire & Company, PC, certified public accountants, to complete an independent audit of the financial position and activities of all of the funds of the District. Their opinion is included as page 11 of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (the Certificate of Achievement) to the Salt Lake City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. We have received certificates continuously for twenty-nine years. In order to receive 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. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting this report to GFOA to determine its eligibility for another certificate.

The Association of School Business Officials (ASBO) has awarded its Certificate of Excellence to the Salt Lake City School District. This award certifies that the annual financial report for the year ended June 30, 2005, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials of the United States and Canada. The District believes that the 2006 annual report, which will be submitted to ASBO for an annual review, also conforms to these principles and standards.

Acknowledgement

Many individuals helped in preparing this report, including members of the various business departments. We express our appreciation to the Accounting Department under the direction of Alan Kearsley, in particular, for the major effort in closing the year and making sure that this report was prepared in a timely manner.

Special thanks go to members of the Board of Education for their continuing support and concern for the financial affairs of the District.

Respectfully submitted,

McKell Withers,
Superintendent of Schools

Janet M. Roberts,
Business Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Salt Lake City School District,
Utah

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

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



Carla E. Fudge

President

Jeffrey R. Emery

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

SALT LAKE CITY SCHOOL DISTRICT

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

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

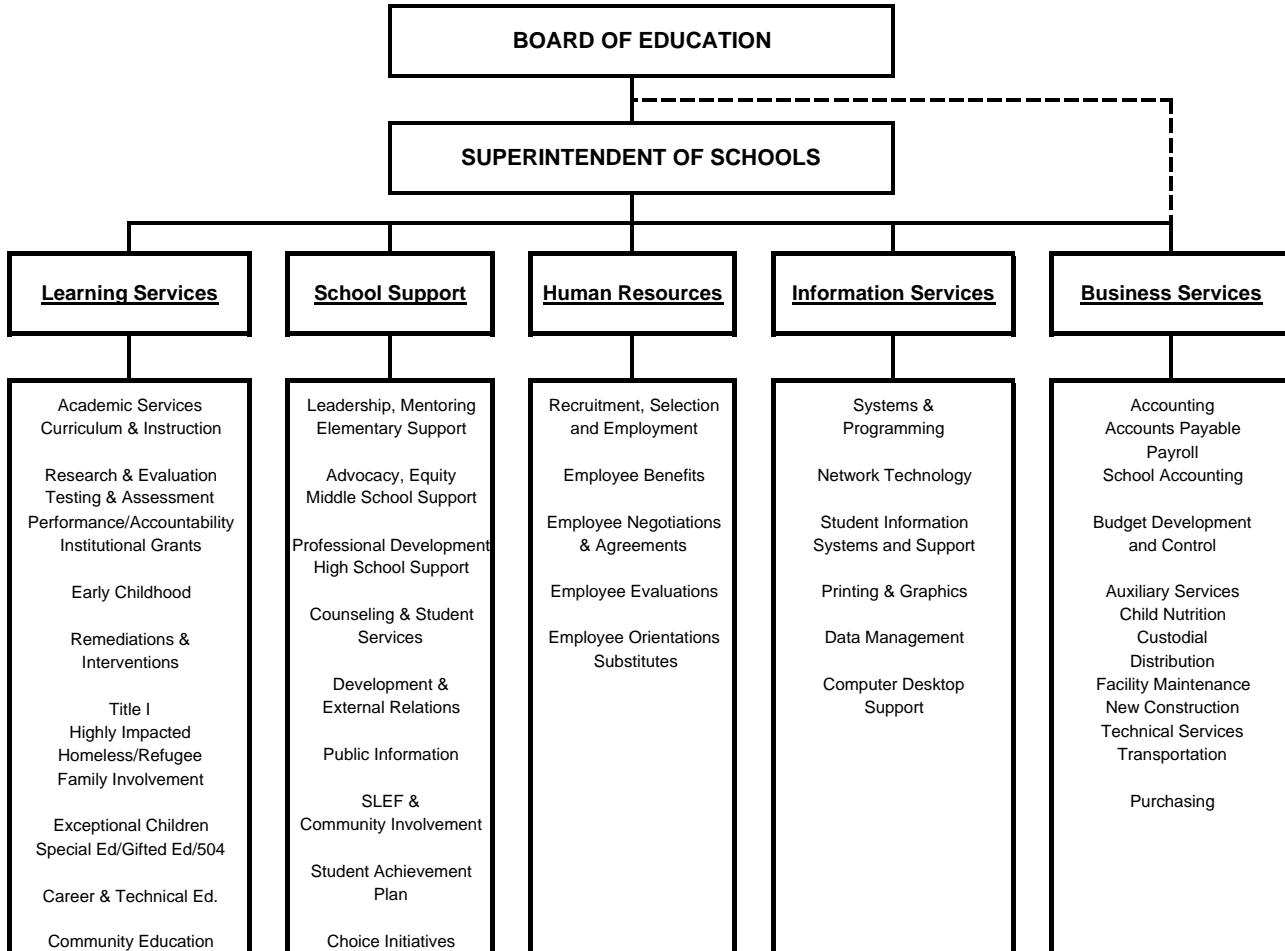
President

Interim Executive Director

Administrative Organizational Chart Salt Lake City School District

THE ADMINISTRATION

The Board of Education appoints a superintendent and a business administrator whose duties and responsibilities are to some extent prescribed by Utah State statutes. The following is an organizational chart for District administration.



Salt Lake City School District

Members of the Board of Education

The Board of Education is comprised of seven individuals elected by precinct in a general election. Board members serve four-year terms and the terms are staggered so that not more than four board members are elected in any one election. There is also a non-voting student member of the board who is appointed by the elected members after a recommendation by high school students.

- Laurel Young, PresidentPrecinct Number Six
- Douglas Nelson, Vice President..... Precinct Number Three
- Clifford HigbeePrecinct Number One
- Alama UluavePrecinct Number Two
- John deJong..... Precinct Number Four
- Heather Bennett Precinct Number Five
- Kristi Swett..... Precinct Number Seven
- Marin RoweStudent Board Member

- McKell Withers. Superintendent of Schools
- Janet M. RobertsBusiness Administrator

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Independent Auditor's Report

Board of Education
Salt Lake City School District

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 Salt Lake City School District (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Salt Lake City School District as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2006 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis which follows this report is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Aguirre & Company, PC

September 21, 2006

Management's Discussion and Analysis

This section of Salt Lake School District's (District) comprehensive annual financial report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2006. Please read it in conjunction with the transmittal letter found on pages 1 through 5 of this report and the District's basic financial statements, which follow this section.

Financial Highlights

- The District's total assets exceeded liabilities by \$220.4 million at the close of the most recent fiscal year. This is an increase of \$9.9 million over last year.
- During the year, expenses were \$9.9 million less than the \$202.0 million generated in taxes and other revenues for governmental activities. This was an increase over last year, when expenses were less than revenues by \$5.9 million.
- Student enrollment decreased by 27 students to a total of 23,283 students for fiscal 2006. The value of the State's Weighted Pupil Unit (WPU) increased by \$98, or 4.5%. Total state aid increased by \$2.2 million, or 3.0%. State aid in fiscal 2005 included a one time salary bonus of \$1.1 million. Excluding this one-time allotment, state aid increased by 4.5%, the same percentage as the increase in the WPU.
- Property tax revenues increased by \$2.1 million due to an increase in tax rates from .006039 to .006080 and an increase in the taxable value of property.
- The District finished four capital projects during the year ended June 30, 2006 at a cost of \$35.3 million. These projects were the replacement of Bonneville and Indian Hills elementary schools, Northwest middle school, and the Beardsley Place remodel. During fiscal 2006, the District began the replacement of Washington elementary school at a project cost of \$9.8 million. This brings the projected cost of capital projects under construction to a total of \$44.1 million.
- On May 4, 1999, the public voted to authorize the District to issue \$136.0 million of general obligation bonds for new school construction, land acquisition, and renovation of existing school facilities and related equipment and improvements. The District issued \$31.3 million of general obligation bonds during fiscal 2006, completing the full \$136.0 million authorization.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this

statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 22 and 23 of this report.

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The District maintains five individual governmental funds. 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*, the *debt service fund*, and the *capital projects fund*, each of which are considered to be major funds. Data from the other two 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 and schedules* 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 financial statements can be found on pages 24 to 28 of this report.

- **Proprietary funds.** *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses four internal service funds to account for services provided to all the other funds of the District: distribution services, printing and graphics, technical services, and employee benefits. The internal service funds have been included within *governmental activities* in the government-wide financial statements.

The four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report. The basic proprietary fund financial statements can be found on pages 29 to 31 of this report.

- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the District cannot use these funds to finance its operations.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 32 of this report.

Notes to 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 basic financial statements can be found on pages 33 to 48 of this report.

Supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to basic financial statements. Combining and individual fund statements and schedules can be found on pages 49 to 65 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$220.4 million at the close of the most recent fiscal year.

SALT LAKE SCHOOL DISTRICT'S Net Assets

(in millions of dollars)

June 30, 2006 and 2005

	Governmental activities		Total change
	2006	2005	2006-2005
Current and other assets	\$ 200.4	\$ 187.5	\$ 12.9
Capital assets	313.7	288.0	25.7
Total assets	<u>514.1</u>	<u>475.5</u>	<u>38.6</u>
Current and other liabilities	122.2	117.1	5.1
Long-term liabilities outstanding	<u>171.5</u>	<u>147.9</u>	<u>23.6</u>
Total liabilities	<u>293.7</u>	<u>265.0</u>	<u>28.7</u>
Net assets:			
Invested in capital assets, net of related debt	163.7	160.5	3.2
Restricted	32.0	24.4	7.6
Unrestricted	<u>24.7</u>	<u>25.6</u>	<u>(0.9)</u>
Total net assets	<u>\$ 220.4</u>	<u>\$ 210.5</u>	<u>\$ 9.9</u>

- The largest portion of the District's net assets (74%) reflects its investment in capital assets (e.g., sites, buildings, equipment and vehicles net of accumulated depreciation), less any related debt (general obligation bonds payable less unspent bond proceeds) used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net assets (15%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- The remaining balance of *unrestricted net assets* (11%) may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

Restricted net assets increased by \$7.6 million during the year ended June 30, 2006. This increase resulted primarily from unspent bond proceeds in the capital projects fund.

The District's net assets increased by \$9.9 million during the current year. The following discussion and analysis on governmental activities focuses on this increase:

SALT LAKE CITY SCHOOL DISTRICT'S Changes in Net Assets

(in millions of dollars)

Years Ended June 30, 2006 and 2005

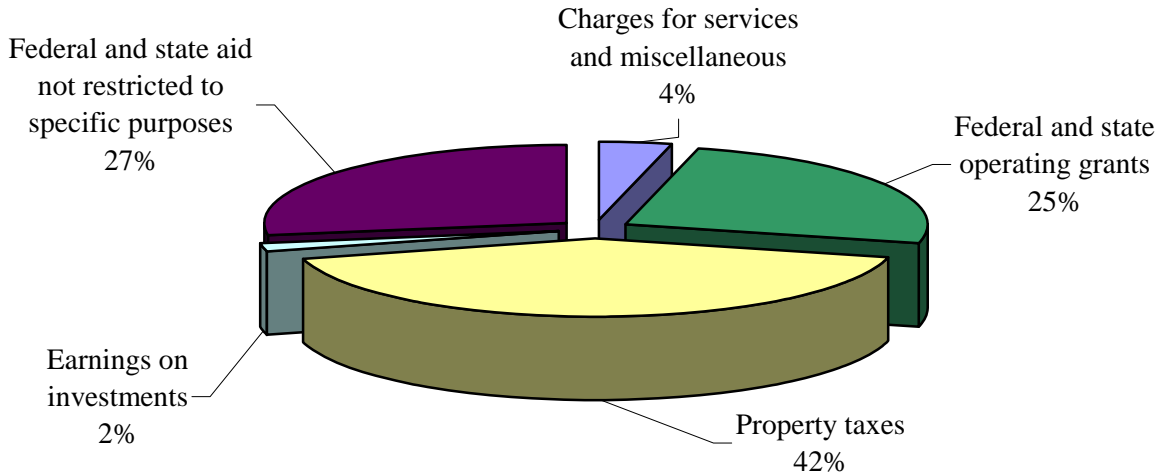
	Governmental activities		Total change
	2006	2005	2005-2004
Revenues:			
Program revenues:			
Charges for services	\$ 7.0	\$ 5.1	\$ 1.9
Federal and state operating grants	50.3	50.2	0.1
General revenues:			
Property taxes	84.8	82.7	2.1
Federal and state aid not restricted to specific purposes	55.3	52.6	2.7
Earnings on investments	3.5	1.9	1.6
Miscellaneous	1.1	2.2	(1.1)
Total revenues	<u>202.0</u>	<u>194.7</u>	<u>7.3</u>
Expenses:			
Instruction	121.1	123.0	(1.9)
Supporting services:			
Counseling and child accounting	5.3	4.8	0.5
Media services and educational supervision	15.1	14.7	0.4
General district administration	1.0	0.9	0.1
General school administration	8.4	8.0	0.4
Business services	1.7	1.6	0.1
Operation and maintenance of school buildings	15.4	14.5	0.9
Student transportation	4.2	3.9	0.3
Personnel and information systems	2.4	2.4	-
Community services	0.5	0.5	-
Child nutrition services	10.5	9.9	0.6
Interest on long-term liabilities	6.5	4.6	1.9
Total expenses	<u>192.1</u>	<u>188.8</u>	<u>3.3</u>
Increase in net assets	9.9	5.9	4.0
Net assets - beginning	<u>210.5</u>	<u>204.6</u>	<u>5.9</u>
Net assets - ending	<u>\$ 220.4</u>	<u>\$ 210.5</u>	<u>\$ 9.9</u>

Governmental activities. The key elements of the increase of the District's net assets for the year ended June 30, 2006 are as follows:

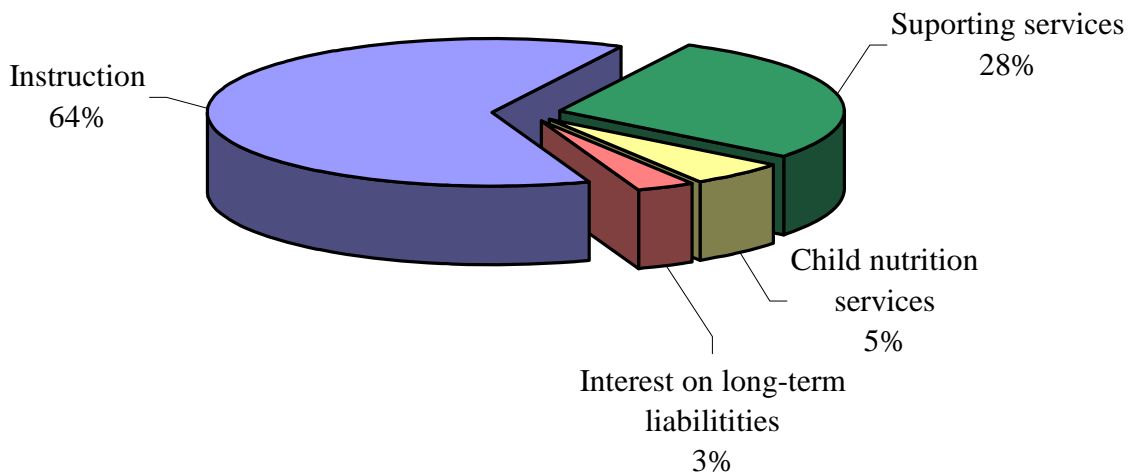
- Property tax revenues increased by \$2.1 million due to an increase in tax rates from .006039 to .006080 and an increase in the taxable value of property.
- Federal and state aid increases are a reflection of changes in funding for specific programs. Federal and state revenues increased by \$0.6 million and \$2.2 million respectively. 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 generated by the required basic tax levy do not provide money equal to the amount generated by the WPU it will make up the difference with state funding. Certain special students receive a weighting greater than one. The value of the WPU increased by 4.5% during the year ended June 30, 2006 (\$2,280 during fiscal 2006 as compared to \$2,182 in fiscal 2005).

- Instruction expenses decreased by \$1.9 million due to one-time funded teacher bonuses as well as one-time educational software and computer expenses incurred in fiscal 2005.

**SALT LAKE CITY SCHOOL DISTRICT
Revenues by Source - Governmental Activities
Year Ended June 30, 2006**



**SALT LAKE CITY SCHOOL DISTRICT
Expenses by Function - Governmental Activities
Year Ended June 30, 2006**



Financial Analysis of the District's Funds

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

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$67.7 million, \$7.4 million higher than the previous year. Included in this year's change in the total fund balance is an increase in the fund balance of the *capital projects fund* of \$7.5 primarily due to unspent bond proceeds at June 30, 2006; this year's change also includes a decrease in the fund balance of the *general fund* of \$1.1 million. The primary reasons for the general fund's decrease mirror those highlighted in the analysis of governmental activities. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$146.6 million, an increase of 0.9% during the current fiscal year. This compares to a 7.5% increase in fiscal 2005. Instruction represents 67.9% of general fund expenditures.
- General fund salaries totaled \$97.4 million while the associated employee benefits of retirement, social security, insurance (health and accident, industrial, and unemployment) added \$32.1 million to arrive at 88.4% of total general fund expenditures.
- Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the District's fund balances that are not available for appropriation. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of debt service, capital projects, and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion. Of the \$22.4 million fund balance in the general fund, \$7.0 million is designated for general contingencies as allowed by state law; this amount, limited to 5.0% of general fund budgeted expenditures, is set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's excellent bond rating of Aaa given by Moody's Investor Service. The capital projects fund reported a \$40.7 million fund balance at June 30, 2006.

General Fund 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 \$4.0 million or 2.7% in total general fund expenditures. The most significant budgetary adjustments may be summarized as follows:

- \$3.6 million or 3.5% increase in instruction, to reflect carryover allocations for supplies and equipment not spent in the previous year.
- \$0.5 million or 10.1% increase in counseling and child accounting for the receipt of new grants.
- \$0.2 million or 5.6% increase in student transportation due to increased fuel costs.
- \$0.2 million or 1.8% decrease in media services and educational supervision.

Even with these budget adjustments, actual expenditures were \$7.6 million below final budgeted amounts. The most significant variance may be summarized as follows:

- \$6.6 million or 6.2% positive variance in instruction, due to unspent supply allocations and equipment budgets which are carried over to the next year.
- \$0.6 million or 4.7% positive variance in media services and educational supervision due to unspent library supply allocations and federal grants which are carried over to the next year.
- \$0.3 million or 10.1% positive variance in personnel and information systems due to unspent salary allocations and equipment budgets which are carried over to the next year.

Resources available for appropriation were \$0.4 million below the final budgeted amount. Variances in state and federal revenues primarily result from expenditure-driven grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted. The district deferred \$4.9 million in unearned state revenue at June 30, 2006. Revenue from other local sources surpassed projections because a payment received late in the year from Salt Lake Redevelopment Agency exceeded expectations.

Capital Asset and Debt Administration

Capital Assets. The *capital projects fund* is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. During fiscal 2006 one replacement elementary school was begun at a projected cost of \$9.8 million. This new project was in addition to four elementary school replacements, one intermediate school replacement, one intermediate school retrofit, and the warehouse remodel at Beardsley Place which were previously under construction for a total projected cost of \$87.5 million. With the exception of Highland Park and Washington elementary replacements and Glendale intermediate replacement, and Bryant intermediate retrofit (which will be completed in fiscal 2007) all projects were substantially completed during fiscal 2006. The projects underway at the end of the year have a total projected cost of \$44.1 million. The total expended on these projects at June 30, 2006 is \$30.0 million, leaving a projected cost to complete all projects begun to date at \$14.1 million. At the end of the year there was a reservation of fund balance in the *capital projects fund* of \$14.1 million which will be used to fulfill the required costs to complete various projects in progress at June 30, 2006.

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

SALT LAKE CITY SCHOOL DISTRICT'S Capital Assets
(net of accumulated depreciation, in millions of dollars)
June 30, 2006 and 2005

	Governmental activities		Total change 2006-2005
	2006	2005	
Sites	\$ 31.7	\$ 31.7	\$ -
Construction in progress	30.0	38.6	(8.6)
Buildings	247.5	213.3	34.2
Equipment	1.7	2.0	(0.3)
Vehicles	2.7	2.4	0.3
Total capital assets, net	<u>\$ 313.6</u>	<u>\$ 288.0</u>	<u>\$ 25.6</u>

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

Debt Administration. In May of 1999, the District held a bond election where voters authorized \$136.0 million in debt. As of June 30, 2006, the District has issued all of the authorized bonds. Moody's Investor Services has awarded an Aaa rating to all outstanding issues.

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2006 is \$828.9 million. Net general obligation debt at June 30, 2006 is \$164.1 million, resulting in a legal debt margin of \$664.8 million.

Although it is not unusual for governments to have a 30-year bond payoff schedule, the District maintains an aggressive schedule to retire all of its current general obligation bonds by 2025.

SALT LAKE CITY SCHOOL DISTRICT'S Outstanding Debt

(net of unamortized and deferred amounts, in millions of dollars)

June 30, 2006 and 2005

	Governmental activities		Total change 2006-2005
	2006	2005	
General obligation bonds	\$ 164.0	\$ 140.4	\$ 23.6
Deferred amounts	0.1	(0.3)	0.4
General obligation bonds, net	<u>\$ 164.1</u>	<u>\$ 140.1</u>	<u>\$ 24.0</u>

Additional information on the District's long-term debt can be found in Note 7 to the basic financial statements.

Changing Enrollment within the District

Each year, for many years, historical information has been kept relative to the number of students who leave District schools for various reasons and the number of students who enter the schools in each age group. From this database, implied estimates of migration of students in and out of the District are made. Birth data is also projected forward adjusted by implied estimates as described above. These projections of enrollment and average daily membership have been very accurate in the past. Currently the District is projecting average daily membership to show small changes over the next few years.

SALT LAKE CITY SCHOOL DISTRICT'S Changing Enrollment

Average Daily Membership (ADM)

District Fiscal Year	2005	2006	2007 *	2008 *	2009 *	2010 *
Average Daily Membership	23,310	23,283	23,095	22,956	22,871	22,747

* Projected ADM

The District's enrollment for the year ending June 30, 2006 decreased by 27 students in average daily membership compared to the prior year.

Requests for Information

This financial report is designed to provide a general overview of the Salt Lake City School District's finances for all those with an interest in the District's finances. 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, Salt Lake City School District, 440 East First South, Salt Lake City, UT 84111.

BASIC FINANCIAL STATEMENTS

SALT LAKE CITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2006

	Primary Government Governmental Activities	Component Unit District Foundation
Assets:		
Cash and investments	\$ 90,129,265	\$ 2,415,775
Receivables:		
Property taxes	97,012,010	-
Other local	1,015,727	15,189
State of Utah	756,688	-
Federal government	8,959,931	-
Due from component unit	84,261	-
Inventories	1,153,045	-
Prepaid expenses	443,237	-
Bond issuance costs, net of accumulated amortization	843,712	-
Capital assets:		
Sites and construction in progress	61,745,338	-
Buildings, equipment, and vehicles, net of accumulated depreciation	251,950,418	-
Total assets	<u>514,093,632</u>	<u>2,430,964</u>
Liabilities:		
Accounts payable	7,729,934	23,090
Accrued interest	2,232,876	-
Accrued salaries and related benefits	13,180,250	-
Due to primary government	-	84,261
Deferred revenue:		
Property taxes	93,330,467	-
Other local sources	827,457	-
State of Utah	4,890,609	-
Federal government	3,849	-
Noncurrent liabilities:		
Portion due or payable within one year	12,195,418	-
Portion due or payable after one year	159,279,507	-
Total liabilities	<u>293,670,367</u>	<u>107,351</u>
Net Assets:		
Invested in capital assets, net of related debt	163,658,436	-
Restricted for:		
Special programs	1,846,416	-
Child nutrition	2,877,334	-
Capital projects	27,307,980	-
Scholarships and programs	-	2,069,862
Unrestricted	24,733,099	253,751
Total net assets	<u><u>\$ 220,423,265</u></u>	<u><u>\$ 2,323,613</u></u>

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

SALT LAKE CITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2006

Activities or Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Primary Government	Component Unit
				Total Governmental Activities	District Foundation
Primary government					
Governmental activities:					
Instruction	\$ 121,092,136	\$ 4,101,710	\$ 31,345,181	\$ (85,645,245)	
Supporting services:					
Counseling and child accounting	5,337,591	-	912,352	(4,425,239)	
Media services and educational supervision	15,056,516	-	5,020,785	(10,035,731)	
General district administration	958,648	-	761,810	(196,838)	
General school administration	8,386,289	-	57,761	(8,328,528)	
Business services	1,684,127	-	-	(1,684,127)	
Operation and maintenance of school buildings	15,378,445	501,384	508,662	(14,368,399)	
Student transportation	4,248,876	116,583	2,501,507	(1,630,786)	
Personnel and information systems	2,402,878	-	99,394	(2,303,484)	
Community services	493,430	730,785	278,462	515,817	
Child nutrition services	10,470,589	1,529,549	8,819,943	(121,097)	
Interest on long-term liabilities	6,564,799	-	-	(6,564,799)	
Total primary government	<u>\$ 192,074,324</u>	<u>\$ 6,980,011</u>	<u>\$ 50,305,857</u>	(134,788,456)	
Component unit:					
Salt Lake Education Foundation	<u>\$ 1,387,873</u>	<u>\$ -</u>	<u>\$ 1,095,721</u>		\$ (292,152)
General revenues:					
Property taxes levied for:					
Basic state supported program for regular K-12 instruction (set by state legislature)				23,981,819	-
Voted leeway for regular K-12 instruction				25,417,940	-
School Board leeway for class size reduction				2,816,469	-
School Board K-3 reading program				1,659,207	-
Tort liability				362,516	-
Community recreation				2,105,381	-
Debt service				13,496,745	-
Capital outlay for buildings and other capital needs				11,056,734	-
Ten percent of basic for construction, textbooks, and supplies				3,876,131	-
Federal and state revenue not restricted to specific purposes				55,300,216	-
Earnings on investments				3,481,248	93,584
Miscellaneous				1,100,770	-
Total general revenues				<u>144,655,176</u>	<u>93,584</u>
Change in net assets				9,866,720	(198,568)
Net assets - beginning				<u>210,556,545</u>	<u>2,522,181</u>
Net assets - ending				<u>\$ 220,423,265</u>	<u>\$ 2,323,613</u>

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

SALT LAKE CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2006

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 34,269,478	\$ 88,832	\$ 45,344,489	\$ 2,842,126	\$ 82,544,925
Receivables:					
Property taxes	62,068,284	15,444,312	17,093,516	2,405,898	97,012,010
Other local	893,942	-	-	204,821	1,098,763
State of Utah	364,063	-	-	392,625	756,688
Federal government	7,258,689	-	-	1,701,242	8,959,931
Inventories	354,574	-	-	712,089	1,066,663
Prepaid expenditures	272,598	-	121,719	48,920	443,237
Total assets	<u>\$ 105,481,628</u>	<u>\$ 15,533,144</u>	<u>\$ 62,559,724</u>	<u>\$ 8,307,721</u>	<u>\$ 191,882,217</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 2,568,540	\$ -	\$ 4,699,115	\$ 446,387	\$ 7,714,042
Accrued salaries and related benefits	13,180,250	-	-	-	13,180,250
Deferred revenue:					
Property taxes	62,425,284	15,533,144	17,191,834	2,419,736	97,569,998
Other local	4,318	-	-	823,139	827,457
State of Utah	4,890,609	-	-	-	4,890,609
Federal government	3,849	-	-	-	3,849
Total liabilities	83,072,850	15,533,144	21,890,949	3,689,262	124,186,205
Fund Balances:					
Reserved for:					
Inventories	354,574	-	-	712,089	1,066,663
Prepaid expenditures	272,598	-	121,719	48,920	443,237
Construction commitments	-	-	14,122,517	-	14,122,517
Unreserved:					
Designated for:					
General contingencies	7,000,000	-	-	-	7,000,000
Programs	493,935	-	-	-	493,935
Programs reported in the special revenue funds	-	-	-	1,012,710	1,012,710
Schools	3,083,312	-	-	-	3,083,312
Schools reported in the special revenue funds	-	-	-	170,590	170,590
Undesignated, reported in:					
General fund	11,204,359	-	-	-	11,204,359
Debt service fund	-	-	-	-	-
Capital projects fund	-	-	26,424,539	-	26,424,539
Special revenue funds	-	-	-	2,674,150	2,674,150
Total fund balances	<u>22,408,778</u>	<u>-</u>	<u>40,668,775</u>	<u>4,618,459</u>	<u>67,696,012</u>
Total liabilities and fund balances	<u>\$ 105,481,628</u>	<u>\$ 15,533,144</u>	<u>\$ 62,559,724</u>	<u>\$ 8,307,721</u>	<u>\$ 191,882,217</u>

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

SALT LAKE CITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

June 30, 2006

Total fund balances for governmental funds \$ 67,696,012

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Sites	\$ 31,717,467	
Construction in progress	30,027,871	
Buildings, net of \$132,287,495 accumulated depreciation	247,503,310	
Equipment, net of \$4,102,695 accumulated depreciation	1,702,472	
Vehicles, net of \$4,711,933 accumulated depreciation	2,683,340	313,634,460

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. 4,239,531

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (2,232,876)

Bond issuance costs are reported as expenditures in the governmental funds. The cost is \$1,032,887 and accumulated amortization is \$189,175. 843,712

Internal service funds are used by management to charge the costs of warehouse, printing and graphics, technical, and employee benefit services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets at year-end are: 387,340

Long-term liabilities that pertain to governmental funds are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:

General obligation bonds payable	(164,012,722)	
Unamortized deferred amounts on refunding	1,964,260	
Unamortized premiums and discounts	(2,096,452)	(164,144,914)

Total net assets of governmental activities **\$ 220,423,265**

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

SALT LAKE CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2006

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Property taxes	\$ 53,369,481	\$ 13,280,642	\$ 14,693,708	\$ 2,072,051	\$ 83,415,882
Earnings on investments	1,703,777	205,462	1,391,514	55,792	3,356,545
School lunch sales	-	-	-	1,529,549	1,529,549
Other local sources	3,688,867	-	35,147	2,827,218	6,551,232
State of Utah	71,676,182	-	-	4,558,195	76,234,377
Federal government	15,045,518	-	-	14,326,178	29,371,696
Total revenues	145,483,825	13,486,104	16,120,369	25,368,983	200,459,281
Expenditures:					
Current:					
Instruction	99,571,980	-	-	9,748,120	109,320,100
Supporting services:					
Counseling and child accounting	5,165,921	-	-	81,681	5,247,602
Media services and educational supervision	11,683,625	-	-	2,922,949	14,606,574
General district administration	358,179	-	-	486,736	844,915
General school administration	8,116,323	-	-	-	8,116,323
Business services	1,684,127	-	-	-	1,684,127
Operation and maintenance of school buildings	13,816,735	-	-	875,678	14,692,413
Student transportation	3,780,775	-	-	-	3,780,775
Personnel and information systems	2,380,253	-	-	22,625	2,402,878
Child nutrition services	-	-	-	9,638,347	9,638,347
Community services	-	-	-	493,430	493,430
Capital outlay	-	-	40,154,087	6,554	40,160,641
Bond issuance costs	-	-	131,248	-	131,248
Debt service:					
Principal retirement	-	7,910,000	-	-	7,910,000
Interest, fiscal charges, and other	-	5,685,916	-	-	5,685,916
Total expenditures	146,557,918	13,595,916	40,285,335	24,276,120	224,715,289
Excess (deficiency) of revenues over (under) expenditures	(1,074,093)	(109,812)	(24,164,966)	1,092,863	(24,256,008)
Other financing sources (uses):					
Bonds issued	-	-	31,255,000	-	31,255,000
Bond premium	-	-	401,267	-	401,267
Sale of capital assets	-	-	-	110	110
Total other financing sources (uses)	-	-	31,656,267	110	31,656,377
Net change in fund balances	(1,074,093)	(109,812)	7,491,301	1,092,973	7,400,369
Fund balances - beginning	23,482,871	109,812	33,177,474	3,525,486	60,295,643
Fund balances - ending	\$ 22,408,778	\$ -	\$ 40,668,775	\$ 4,618,459	\$ 67,696,012

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

SALT LAKE CITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities

Year Ended June 30, 2006

Net change in fund balances-total governmental funds \$ 7,400,369

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for sites, equipment, and vehicles and \$100,000 for buildings are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset purchases	\$ 37,339,550	
Loss on disposal of capital assets	(1,195,400)	
Proceeds from sales of capital assets	(110)	
Depreciation expense	<u>(10,449,099)</u>	25,694,941

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

Repayment of bond principal	7,910,000	
General obligation bonds issued	(31,255,000)	
Premium on general obligation bond	(401,267)	
Bond issuance costs	131,248	
Interest expense	(863,749)	
Amortization of bond issuance costs	(68,044)	
Amortization of bond premiums and discounts	181,847	
Amortization of deferred amounts on refunding	<u>(196,981)</u>	(24,561,946)

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred property tax revenues increased this year. 1,357,060

Internal service funds are used by the District to charge the costs of distribution, printing and graphics, technical, and employee benefit services to individual funds. The change in net assets of the internal service funds is reported with governmental activities. (23,704)

Change in net assets of governmental activities \$ 9,866,720

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

SALT LAKE CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 54,582,371	\$ 53,608,334	\$ 53,369,481	\$ (238,853)
Earnings on investments	1,221,700	1,822,577	1,703,777	(118,800)
Other local sources	945,323	1,409,565	3,688,867	2,279,302
State of Utah	73,045,437	73,308,479	71,676,182	(1,632,297)
Federal government	14,420,752	15,712,411	15,045,518	(666,893)
Total revenues	144,215,583	145,861,366	145,483,825	(377,541)
Expenditures:				
Current:				
Instruction	102,579,701	106,207,150	99,571,980	6,635,170
Supporting services:				
Counseling and child accounting	4,756,207	5,237,531	5,165,921	71,610
Media services and educational supervision	12,473,445	12,254,040	11,683,625	570,415
General district administration	322,509	339,765	358,179	(18,414)
General school administration	8,081,175	8,167,611	8,116,323	51,288
Business services	1,735,685	1,674,299	1,684,127	(9,828)
Operation and maintenance of school buildings	13,804,663	13,710,804	13,816,735	(105,931)
Student transportation	3,682,475	3,888,687	3,780,775	107,912
Personnel and information systems	2,670,545	2,648,094	2,380,253	267,841
Total expenditures	150,106,405	154,127,981	146,557,918	7,570,063
Net change in fund balances	(5,890,822)	(8,266,615)	(1,074,093)	7,192,522
Fund balances - beginning	23,482,871	23,482,871	23,482,871	-
Fund balances - ending	<u>\$ 17,592,049</u>	<u>\$ 15,216,256</u>	<u>\$ 22,408,778</u>	<u>\$ 7,192,522</u>

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

SALT LAKE CITY SCHOOL DISTRICT

Statement of Fund Net Assets

Proprietary Funds

Governmental Activities - Internal Service Funds

June 30, 2006

Assets:

Current assets:

Cash and investments	\$ 7,584,340
Inventories	86,382
Receivables	1,225
Total current assets	<u>7,671,947</u>

Capital assets:

Equipment	425,299
Accumulated depreciation	<u>(364,003)</u>
Net capital assets	<u>61,296</u>
Total assets	<u>7,733,243</u>

Liabilities:

Current liabilities:

Accounts payable	15,892
Accrued vacation	322,949
Accrued sick leave	404,613
Early retirement insurance payable	670,148
Dental insurance payable	458,480
Workers compensation payable	<u>124,229</u>
Total current liabilities	<u>1,996,311</u>

Noncurrent liabilities:

Accrued vacation	730,778
Accrued sick leave	2,795,545
Early retirement insurance payable	<u>1,823,269</u>
Total noncurrent liabilities	<u>5,349,592</u>
Total liabilities	<u>7,345,903</u>

Net assets:

Invested in capital assets	61,296
Unrestricted	<u>326,044</u>
Total net assets	<u><u>\$ 387,340</u></u>

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

SALT LAKE CITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

Governmental Activities - Internal Service Funds

Year Ended June 30, 2006

Operating revenues:	
Charges for services	\$ 4,463,268
Operating expenses:	
Salaries	792,547
Employee benefits	3,440,532
Materials	190,886
Contracted services	40,334
Utilities	62,580
Equipment maintenance	49,225
Depreciation	31,699
Other expenses	3,872
Total operating expenses	<u>4,611,675</u>
Operating loss	(148,407)
Non-operating income:	
Earnings on investments	<u>124,703</u>
Change in net assets	(23,704)
Total net assets - beginning	<u>411,044</u>
Total net assets - ending	<u><u>\$ 387,340</u></u>

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

SALT LAKE CITY SCHOOL DISTRICT

Statement of Fund Cash Flows

Proprietary Funds

Governmental Activities - Internal Service Funds

Year Ended June 30, 2006

Cash flows from operating activities:

Receipts from interfund services provided	\$ 4,462,288
Payments to suppliers	(331,701)
Payments to employees	(4,382,930)
Net cash used by operating activities	<u>(252,343)</u>

Cash flows from investing activities:

Interest earned	<u>124,703</u>
-----------------	----------------

Cash flows from capital activities:

Acquisition of capital assets	<u>(43,062)</u>
Net change in cash and cash equivalents	(170,702)

Cash and cash equivalents - beginning

7,755,042

Cash and cash equivalents - ending (displayed as cash and investments on the statement of fund net assets)

\$ 7,584,340

Reconciliation of operating loss to net cash used by operating activities:

Operating loss	\$ (148,407)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	31,699
(Increase) decrease in operating assets:	
Accounts receivable	(980)
Inventories	5,281
Prepaid expenses	4,280
Increase (decrease) in operating liabilities:	
Accounts payable	5,635
Accrued vacation	(465,669)
Accrued sick leave	(463,173)
Early retirement insurance payable	966,255
Dental insurance payable	(201,625)
Workers compensation payable	14,361
Total adjustments	<u>(103,936)</u>
Net cash used by operating activities	<u>\$ (252,343)</u>

Noncash investing, capital, and financing activities:

none

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

SALT LAKE CITY SCHOOL DISTRICT

Statement of Fiduciary Fund Assets and Liabilities

Agency Fund

June 30, 2006

	<u>Student Activities Fund</u>
Assets:	
Cash and investments	\$ 2,140,916
Liabilities	
Due to student groups	\$ 2,140,916

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

SALT LAKE CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity – The Board of Education, comprised of seven elected individuals, is the primary governing authority for the District. As required by GAAP, these financial statements present the District and all entities for which the District is considered to be financially accountable. The District is not a component unit of any other primary government.

- *Discretely presented component unit.* The Salt Lake Education Foundation is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. The Foundation's board is approved by the Board of Education. The Foundation exclusively services the District. The Foundation is presented as a discretely presented component unit of the District as a governmental fund. Financial information specific to the Foundation may be obtained by writing the Foundation at 440 East 100 South, Salt Lake City, UT 84111.

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 District and its component unit, except for fiduciary activities. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Some minor interfund services provided and used are not eliminated in the process of consolidation.

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 are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instruction, library media and educational supervision, school administration, operation and maintenance of school buildings, and child nutrition services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. 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.

The *fund financial statements* provide information about the District's funds, including its fiduciary fund. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, including cost of sales and services, administrative expenses, and depreciation on capital assets.

The District reports the following major governmental funds:

- The *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.
- The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on general obligation bonds payable.
- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, procurement of equipment, textbooks, and supplies necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund types:

- *Internal service funds (proprietary funds)* account for distribution services, printing and graphics, technical services, and employee benefits services provided to other funds of the District on a cost-reimbursement basis.
- The *student activities agency fund (a fiduciary fund)* account for monies held on behalf of student groups.

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide financial statements* are reported using the economic resources measurement focus, as are the proprietary fund financial statements. Because agency funds are custodial in nature, they do not measure results of operations or have a measurement focus. The government-wide, proprietary, 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. Nonexchange transactions, in 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. 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. Expenditure driven grants are recognized as revenue when qualifying expenditures are incurred and all other grant requirements are met; grants received in advance are recorded as deferred revenue until earned. 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 debt, claims and judgments, and long-term employee benefits, which are recognized as expenditures to the extent they have matured.

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

General 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.

Budgetary Data – Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a District level for the student activities agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During May of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- Copies of the proposed budget are made available for public inspection and review by patrons of the District.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2006, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenue variances will be negative, and overall fund expenditure variances will be positive.

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

Deposits and Investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pool’s investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

Cash and Cash Equivalents – The District considers cash and cash equivalents in proprietary funds 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 investments in the Public Treasurers’ Investment Fund (PTIF).

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

Inventories – Inventories are valued at cost or, if donated, at fair value when received, using the weighted average method. Inventories of all funds are recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets – Capital assets, which include sites, buildings, equipment, and vehicles are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for sites, equipment, and vehicles and \$100,000 for buildings and an estimated useful life in excess of two years. 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 extended assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

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

Assets	Years
Buildings	40
Building improvements and portable classrooms	20
Maintenance equipment	15
Vocational education equipment	15
Buses	10
Musical instruments	10
Child nutrition equipment	10
Athletic equipment	8
Vehicles	8
Audio visual equipment	6
Copiers and printers	5
Computer equipment	3

Most works of art are not capitalized or depreciated. These assets are held for public exhibition, education, or research rather than financial gain. Land and construction in progress are not depreciated.

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

Compensated Absences – The District accrues salary related payments for vacation benefits for twelve-month or full-year contract employees. Employees accrue between ten and twenty days a year, and are limited to a maximum of the number of days earned in two years or two and a quarter years depending upon the employee class and the length of service with the District. The District is liable to the employee for days earned but not taken. If an employee terminates, then a payment is made; otherwise, scheduled vacation time off is allowed.

A retiring teacher who meets the provisions of the Utah State Employees' Retirement Act is eligible to receive a benefit equal to 19% of the employee's accumulated unused sick leave. This is the only sick leave benefit that accumulates and vests for an employee.

All vacation pay and vested sick leave plus related payroll taxes are accrued when incurred in the government-wide and internal service fund 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.

Long-term Obligations – In the government-wide financial statements and internal service fund 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 issuance and refunding 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.

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 expenditures.

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

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2006, as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 6,228,356
Carrying amount of investments	88,457,600
	<u>94,685,956</u>
Total cash and investments	<u><u>\$ 94,685,956</u></u>
Governmental funds cash and investments	\$ 82,544,925
Internal service funds cash and investments	7,584,340
	<u>90,129,265</u>
Statement of net assets cash and investments	90,129,265
Agency fund cash and investments	2,140,916
Component unit cash and investments	2,415,775
	<u>94,685,956</u>
Total cash and investments	<u><u>\$ 94,685,956</u></u>

The District complies with the State Money Management Act (Utah Code Section 51, Chapter 7) (Act) and related Rules of the Money Management Council (Council) 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, US Treasury obligations, US agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio.

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 considers the rules and actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Rules of the Council allow Salt Lake Education Foundation to invest private grants, contributions, and endowments in any deposit or investment authorized by the Act and certain investment funds, equity securities, fixed-income securities, and investment strategies with institutions that meet certain restrictions.

All of the District's investments are with the PTIF and US Government agency bonds. The Foundation has deposits separate from the District and invests private funds through a broker.

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

Deposits – At June 30, 2006, the District and the Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Salt Lake City School District	\$ 5,696,442	\$ 6,991,272	\$ 314,541
Salt Lake Education Foundation	531,914	569,268	200,000
Total deposits	<u>\$ 6,228,356</u>	<u>\$ 7,560,540</u>	<u>\$ 514,541</u>

- Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government’s deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2006, the uninsured amount of the District’s and Foundation’s bank deposits was uncollateralized.

Investments – At June 30, 2006, the District and the Foundation have the following investments summarized by investment type and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	More Than 10
Salt Lake City School District:				
Utah Public Treasurers’ Investment Fund (PTIF)	\$ 62,540,332	\$ 62,540,332	\$ -	\$ -
US Government agency bonds	24,033,407	18,085,007	5,948,400	-
	86,573,739	80,625,339	5,948,400	-
Salt Lake Education Education Foundation, a component unit:				
Fixed government securities	1,883,861	1,859,625	4,804	19,432
Total investments	<u>\$ 88,457,600</u>	<u>\$ 82,484,964</u>	<u>\$ 5,953,204</u>	<u>\$ 19,432</u>

- Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except for endowments, the Act further limits the remaining term to maturity on all investments in commercial paper and bankers’ acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years. The Foundation can invest private funds in fixed-income securities with a dollar-weighted average maturity not to exceed ten years.
- Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody’s Investors Service, Inc. or by Standard and Poor’s Corporation. The District has no investment policy that would further limit its investment choices.

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

At June 30, 2006, the District and the Foundation have the following investments subject to credit risk:

Investment Type	Fair Value	Credit Quality Ratings		
		A or Higher	Less than A	Unrated
Salt Lake City School District:				
Utah Public Treasurers' Investment Fund (PTIF)	\$ 62,540,332	\$ -	\$ -	\$ 62,540,332

- **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District’s policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District’s total portfolio with a single issuer. The District places no other limits on the amount it may invest in any one issuer. The Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in a particular industry. Also, for the Foundation’s investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.
- **Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District’s policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. The Act requires the Foundation’s public treasurer to have custody of all securities purchased or held or deposit these securities with a bank or trust company to be held in safekeeping by that custodian. The Foundation’s investments held in a brokerage account are covered by Securities Investor Protection Corporation up to \$500,000.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Salt Lake 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 real property as of January 1 and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%; the interest period is from January 1 until date paid.

Motor vehicles are 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

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when the county collects the fee.

As of June 30, 2006, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2006 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion. The property taxes receivable and property taxes deferred revenue accounts at June 30, 2006 are summarized as follows:

	Major Funds			Other Governmental Funds	Totals
	General	Debt Service	Capital Projects		
Property taxes - receivable:					
Levied for current and prior years (delinquent)	\$ 2,712,463	\$ 674,978	\$ 746,799	\$ 105,291	\$ 4,239,531
Levied for future year	59,355,821	14,769,334	16,346,717	2,300,607	92,772,479
	<u>\$ 62,068,284</u>	<u>\$ 15,444,312</u>	<u>\$ 17,093,516</u>	<u>\$ 2,405,898</u>	<u>\$ 97,012,010</u>
Property taxes - deferred revenue:					
Levied for future year and collected	\$ 357,000	\$ 88,832	\$ 98,318	\$ 13,838	\$ 557,988
Levied for future year and uncollected	59,355,821	14,769,334	16,346,717	2,300,607	92,772,479
Deferred property tax revenue - governmental activities, statement of net assets	59,712,821	14,858,166	16,445,035	2,314,445	93,330,467
Levied for current and prior years (delinquent)	2,712,463	674,978	746,799	105,291	4,239,531
Deferred property tax revenue - governmental funds, balance sheet	<u>\$ 62,425,284</u>	<u>\$ 15,533,144</u>	<u>\$ 17,191,834</u>	<u>\$ 2,419,736</u>	<u>\$ 97,569,998</u>

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

4. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Sites	\$ 31,717,467	\$ -	\$ -	\$ 31,717,467
Construction in progress	<u>38,576,652</u>	<u>36,139,427</u>	<u>(44,688,208)</u>	<u>30,027,871</u>
Total capital assets, not being depreciated	70,294,119	36,139,427	(44,688,208)	61,745,338
Capital assets, being depreciated:				
Buildings	353,268,077	44,688,208	(18,165,480)	379,790,805
Equipment	6,121,677	407,584	(298,794)	6,230,467
Vehicles	<u>6,586,460</u>	<u>835,600</u>	<u>(26,787)</u>	<u>7,395,273</u>
Total capital assets, being depreciated	365,976,214	45,931,392	(18,491,061)	393,416,545
Accumulated depreciation for:				
Buildings	(139,969,375)	(9,290,232)	16,972,112	(132,287,495)
Equipment	(4,150,933)	(612,418)	296,652	(4,466,699)
Vehicles	<u>(4,160,572)</u>	<u>(578,148)</u>	<u>26,787</u>	<u>(4,711,933)</u>
Total accumulated depreciation	<u>(148,280,880)</u>	<u>(10,480,798)</u>	<u>17,295,551</u>	<u>(141,466,127)</u>
Total capital assets, being depreciated, net	<u>217,695,334</u>	<u>35,450,594</u>	<u>(1,195,510)</u>	<u>251,950,418</u>
Governmental activity capital assets, net	<u>\$ 287,989,453</u>	<u>\$ 71,590,021</u>	<u>\$ (45,883,718)</u>	<u>\$ 313,695,756</u>

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

Governmental activities:	
Instruction	\$ 7,539,094
Supporting services:	
Counseling and child accounting	89,989
Media services and educational supervision	449,942
General district administration	113,733
General school administration	269,966
Operation and maintenance of school buildings	686,032
Student transportation	468,101
Child nutrition	832,242
Capital assets held by the District's internal service funds are charged to the various functions based on their usage of the assets	<u>31,699</u>
Total depreciation expense, governmental activities	<u>\$ 10,480,798</u>

SALT LAKE CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The District is obligated at June 30, 2006, under construction commitments as follows:

Project	Project Authorized	Costs to Date	Costs to Complete
Bryant - Retrofit	\$ 4,941,608	\$ 4,322,760	\$ 618,848
Glendale - Replace	18,025,699	10,251,702	7,773,997
Highland Park - Replace	11,328,471	9,296,616	2,031,855
Washington - Replace	9,854,610	6,156,793	3,697,817
	<u>\$ 44,150,388</u>	<u>\$ 30,027,871</u>	<u>\$ 14,122,517</u>

A reservation of fund balance established in the *capital projects fund* for construction commitments of \$14,122,517 will be used to fulfill the required costs to complete at June 30, 2006.

5. RETIREMENT PLANS

Defined Benefit Plans – The District contributes to the State and School Contributory Retirement System and State and the School Noncontributory Retirement System (collectively, the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). URS provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the URS and plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Plan members in the State and School Contributory Retirement System are required to contribute 1.00% of annual covered salary, 0.50% of this is covered by the District. In addition, the District contributes 13.89% of annual covered salary. For employees participating in the State and School Noncontributory System, the District contributes 13.38% of annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board.

The District's contributions to the State and School Contributory Retirement System for the years ended June 30, 2006, 2005, and 2004 are \$586,520, \$632,567, and \$544,499 respectively, and employee contributions were \$20,379, \$21,980, and \$21,422, respectively. The District's contributions to the State and School Noncontributory Retirement System for the years ended June 30, 2006, 2005, and 2004 are \$12,585,228 \$13,284,720, and \$10,462,292 respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plans – The District also participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement System have a contribution of 2.0% 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

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The employer 401(k) contributions for the years ended June 30, 2006, 2005 and 2004 are \$2,514,657, \$2,188,689, and \$1,907,514, respectively; the employee contributions for the years ending June 30, 2006, 2005 and 2003 are \$3,218,445, \$3,132,275, and \$2,597,467, 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 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 participating. Employee contributions to the Section 457 plan totaled \$293,482 for the year ended June 20, 2006. The assets of the plan are administered and held by URS and a third-party administrator.

Termination Benefits – In accordance with employee agreements the District provides post-employment health care benefits for employees retiring under the retirement incentive program, with a portion of the cost incurred by the District. The expense for all retirees for the year ended June 30, 2006 is \$1,467,020 and the total liability at June 30, 2006 is \$2,493,417. This liability is serviced through the internal service fund. The District recognizes the liability and expense in the year in which an employee retires. The District accrues the costs for its 120 retirees using current insurance premiums as the basis for determining the liability. No liability has been recorded for current employees who may qualify for this benefit at a future date.

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; errors and omissions; violation of civil rights; theft of, damage to, and destruction of assets; and natural disasters. These risks are covered by the District's participation in the State Risk Management System for school districts. This is a pooled arrangement where the districts pay experienced rated annual premiums which are designed to pay claims and build sufficient reserves so that the system will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$500 deductible; other liability is limited to the lesser of \$10 million or the statutory limit. Insurance coverage by major category of risk has remained relatively constant as compared to the prior fiscal year.

The District self insures its workers compensation liability and retains a third-party administrator to process claims. All requirements of the State Industrial Commission related to maintaining a self-insured status have been met. At June 30, 2006, an estimate of all future costs based on open claims was recorded as a liability of \$124,229; this liability is serviced through the internal service fund. The District carries a co-insurance policy to cover individual claims in excess of \$400,000. A reconciliation of the accrued liability is as follows:

	Workers Compensation	
	2006	2005
Accrued Liability - July 1	\$ 109,868	\$ 95,243
Charges for Services	284,792	329,652
Claims Paid	(270,431)	(315,027)
Accrued Liability - June 30	<u>\$ 124,229</u>	<u>\$ 109,868</u>

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah.

The District provides commercial insurance for major medical and accident risks along with separate life insurance and long-term disability policies. Additional liabilities are not incurred from the settlement of claims under these policies.

The District self insures dental benefits for employees and retains a third-party administrator to process claims. At June 30, 2006, the current unpaid and the incurred but not reported liabilities were recorded for \$458,479. This liability is recorded in the internal service fund. This liability is the District's best estimate based on available information from the third-party administrator. A reconciliation of the accrued liability is as follows:

	Dental Benefits	
	2006	2005
Accrued Liability - July 1	\$ 660,105	\$ 736,190
Charges for Services	935,385	640,853
Claims Paid	(1,137,010)	(716,938)
Accrued Liability - June 30	<u>\$ 458,480</u>	<u>\$ 660,105</u>

There have been no significant changes in insurance coverage from those in force in the prior year. During the last three fiscal years there have been no insurance settlements which have exceeded the limits of our insurance coverage.

SALT LAKE CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

7. LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 140,667,722	\$ 31,255,000	\$ (7,910,000)	\$ 164,012,722	\$ 10,215,000
Deferred amounts on refunding	(2,161,241)	-	196,981	(1,964,260)	-
Unamortized premiums and discounts	1,877,032	401,267	(181,847)	2,096,452	-
Total bonds payable, net	140,383,513	31,656,267	(7,894,866)	164,144,914	10,215,000
Accrued vacation	1,519,396	-	(465,669)	1,053,727	322,949
Accrued sick leave	3,663,331	-	(463,173)	3,200,158	404,613
Early retirement insurance	1,527,162	1,467,020	(500,765)	2,493,417	670,148
Accrued dental insurance	660,105	935,531	(1,137,156)	458,480	458,480
Workers compensation	109,868	244,422	(230,061)	124,229	124,229
Total governmental activity long-term liabilities	<u>\$ 147,863,375</u>	<u>\$ 34,303,240</u>	<u>\$ (10,691,690)</u>	<u>\$ 171,474,925</u>	<u>\$ 12,195,419</u>

Payments on the general obligation bonds are made by the *debt service fund* from property taxes and earnings on investments. Employee benefits will be charged to the fund in which the employee worked, and paid by the internal service fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2006, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 10,215,000	\$ 6,726,616	\$ 16,941,616
2008	10,595,000	6,336,681	16,931,681
2009	10,975,000	5,954,231	16,929,231
2010	11,400,000	5,523,834	16,923,834
2011	11,840,000	5,069,709	16,909,709
2012-2016	54,767,722	17,603,032	72,370,754
2017-2021	38,395,000	8,805,036	47,200,036
2022-2025	15,825,000	1,507,389	17,332,389
Totals	<u>\$ 164,012,722</u>	<u>\$ 57,526,528</u>	<u>\$ 221,539,250</u>

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

General Obligation Bonds – General obligation school building bonds payable at June 30, 2006, with their outstanding balance are comprised of the following individual issues:

\$9,305,000 1997 refunding bonds, due in annual installments of \$55,000 to \$1,300,000, beginning March 1, 1999, through March 1, 2013, interest from 3.90% to 4.90%.	\$ 7,925,000
\$10,000,000 1998 school building serial bonds, due in annual installments of \$240,000 to \$1,640,000, beginning March 1, 1999, through March 1, 2018, interest from 3.50% to 4.65%. During the year ended June 30, 2005, \$4,990,000 of these bonds were defeased.	640,000
\$10,000,000 1999 school building serial bonds, due in annual installments of \$290,000 to \$1,010,000, beginning March 1, 2001, through March 1, 2019, interest from 5.00% to 5.50%. During the year ended June 30, 2003, \$6,135,000 of these bonds were defeased.	1,820,000
\$10,000,000 2000 school building serial bonds, due in annual installments of \$280,000 to \$995,000, beginning March 1, 2001, through March 1, 2020, interest from 5.00% to 5.90%. During the year ended June 30, 2003, \$5,205,000 of these bonds were defeased.	2,790,000
\$10,000,000 2001B school building serial bonds, due in annual installments of \$330,000 to \$735,000, beginning March 1, 2002, through March 1, 2021, interest from 3.50% to 4.85%. During the year ended June 30, 2005, \$6,035,000 of these bonds were defeased.	2,185,000
\$4,742,722 school building qualified zone academy bonds, due on October 31, 2015, interest of 0.83%.	4,742,722
\$10,000,000 2002A school building serial bonds, due in annual installments of \$345,000 to \$740,000, beginning March 1, 2003, through March 1, 2021, interest from 3.00% to 5.05%. During the year ended June 30, 2005, \$6,030,000 of these bonds were defeased.	2,540,000
\$12,315,000 2002B refunding bonds, due in annual installments of \$60,000 to \$1,320,000, beginning March 1, 2003, through March 1, 2020, interest from 3.00% to 4.80%.	12,045,000
\$6,105,000 2002C refunding bonds, due in annual installments of \$50,000 to \$770,000, beginning March 1, 2003, through March 1, 2013, interest from 3.00% to 4.25%.	4,810,000
\$45,000,000 2003A school building serial bonds, due in annual installments of \$1,545,000 to \$3,210,000, beginning March 1, 2004, through March 1, 2023, interest from 3.00% to 5.00%.	40,015,000
\$35,000,000 2005A school building serial bonds, due in annual installments of \$1,285,000 to \$2,540,000, beginning March 1, 2006, through March 1, 2025, interest from 3.00% to 4.25%.	33,715,000
\$19,665,000 2005B refunding bonds, due in annual installments of \$135,000 to \$5,755,000, beginning March 1, 2006, through March 1, 2015, interest from 3.00% to 5.00%.	19,530,000
\$31,255,000 2006 school building serial bonds, due in annual installments of \$1,540,000 to \$3,255,000, beginning March 1, 2007, through March 1, 2021, interest from 3.50% to 4.50%.	31,255,000
	<u>\$ 164,012,722</u>

SALT LAKE CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2006, is \$828,926,015. General obligation debt net of deferred amounts on refunding and unamortized premiums and discounts at June 30, 2006 is \$164,144,914, resulting in a legal debt margin of \$664,781,101.

Defeasance of Debt – The District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. At June 30, 2006, \$33,115,000 of bonds outstanding are considered defeased.

Bond Election – On May 4, 1999, the public voted to authorize the District to issue \$136,000,000 of general obligation bonds for new school construction, land acquisition, and renovation of existing school facilities and related equipment and improvements. As of June 30, 2006, the full amount of the authorization has been issued.

8. DESIGNATED FOR UNDISTRIBUTED RESERVE

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

9. LITIGATION AND LEGAL COMPLIANCE

There are several lawsuits pending in which the District is involved. The District's counsel and insurance carriers estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not materially effect the financial statements of the District.

10. GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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. Based on prior experience, District administration believes such disallowance, if any, would be immaterial.

11. SUBSEQUENT EVENT

Subsequent to June 30, 2006, the District sold the Garfield school as surplus property for the amount of \$2,129,700. The proceeds of the sales will be used to pay for future capital projects.

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

SALT LAKE CITY SCHOOL DISTRICT

Major Governmental Funds

General Fund

By Definition the general fund is a major fund. However, the general fund is presented in the basic financial statements.

To account for resources which are not required to be accounted for in any other fund. Revenues and expenditures of categorical federal and state programs are accounted for in this fund, if they are for the kindergarten through grade 12 regular day school programs.

Debt Service Fund

To account for the accumulation of resources and the payment of general obligation bond principal and interest due annually. Financing is provided by an annual property tax levy authorized by Utah Code 53A-16-104 and 53A-17a-145.

Capital Projects Fund

To account for resources collected by property taxes authorized by Utah Code Annotated (1953, as amended) Sections 53A -21-102 and 53A -17a-145. Taxes collected pursuant to this authority can be used for Debt Service, acquiring and improving sites, construction and remodeling facilities, and purchasing equipment, books, and supplies, necessary for providing educational programs for all students within the District.

SALT LAKE CITY SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund

Year Ended June 30, 2006

With Comparative Totals for 2005

	2006			2005
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Property tax	\$ 53,608,334	\$ 53,369,481	\$ (238,853)	\$ 54,631,176
Interest on investments	1,822,577	1,703,777	(118,800)	1,069,495
Other local sources	1,409,565	3,688,867	2,279,302	3,120,073
State of Utah	73,308,479	71,676,182	(1,632,297)	69,922,001
Federal government	15,712,411	15,045,518	(666,893)	14,483,282
Total revenues	145,861,366	145,483,825	(377,541)	143,226,027
Expenditures:				
Current:				
Instruction	106,207,150	99,571,980	6,635,170	100,174,972
Supporting services:				
Counseling and child accounting	5,237,531	5,165,921	71,610	4,687,110
Media services and educational supervision	12,254,040	11,683,625	570,415	11,655,995
General district administration	339,765	358,179	(18,414)	360,833
General school administration	8,167,611	8,116,323	51,288	7,780,109
Business services	1,674,299	1,684,127	(9,828)	1,601,310
Operation and maintenance of school buildings	13,710,804	13,816,735	(105,931)	13,209,340
Student transportation	3,888,687	3,780,775	107,912	3,463,364
Personnel and information systems	2,648,094	2,380,253	267,841	2,388,225
Total expenditures	154,127,981	146,557,918	7,570,063	145,321,258
Net change in fund balances	(8,266,615)	(1,074,093)	7,192,522	(2,095,231)
Fund balance - beginning	23,482,871	23,482,871	-	25,578,102
Fund balance - ending	<u>\$ 15,216,256</u>	<u>\$ 22,408,778</u>	<u>\$ 7,192,522</u>	<u>\$ 23,482,871</u>

SALT LAKE CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Fund**

Year Ended June 30, 2006

With Comparative Totals for 2005

	2006			2005
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Property tax	\$ 13,340,069	\$ 13,280,642	\$ (59,427)	\$ 10,607,486
Interest on investments	150,000	205,462	55,462	30,851
Total revenues	13,490,069	13,486,104	(3,965)	10,638,337
Expenditures:				
Bond issuance costs	-	-	-	151,219
Debt service:				
Principal retirement	7,910,000	7,910,000	-	6,265,000
Interest on bonds	5,680,667	5,680,667	-	4,685,872
Other	5,250	5,249	1	1,941
Total expenditures	13,595,917	13,595,916	1	11,104,032
Excess (deficiency) of revenues over (under) expenditures	(105,848)	(109,812)	(3,966)	(465,695)
Other Financing Sources (Uses):				
Refunding bond proceeds	-	-	-	19,665,000
Bond premium	-	-	-	1,385,927
Payment to refunded bond escrow agent	-	-	-	(20,899,708)
Total other financing sources (uses)	-	-	-	151,219
Net change in fund balances	(105,848)	(109,812)	(3,966)	(314,476)
Fund balance - beginning	109,812	109,812	-	424,288
Fund balance - ending	\$ 3,964	\$ -	\$ (3,966)	\$ 109,812

SALT LAKE CITY SCHOOL DISTRICT

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

	2006		Variance with Final Budget - Positive (Negative)	2005
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Property taxes	\$ 14,759,535	\$ 14,693,708	\$ (65,827)	\$ 15,567,704
Interest on investments	1,070,800	1,391,514	320,714	628,354
Other local sources	517,620	35,147	(482,473)	-
Total local sources	16,347,955	16,120,369	(227,586)	16,196,058
Expenditures:				
Site acquisition	-	-	-	8,866
Equipment	4,129,077	3,218,504	910,573	2,096,766
Bond issuance costs	150,000	131,248	(18,752)	146,350
Facilities acquisition and construction services	49,118,731	36,935,583	12,183,148	39,523,438
Total expenditures	53,397,808	40,285,335	13,074,969	41,775,420
Excess (deficiency) of revenues over (under) expenditures	(37,049,853)	(24,164,966)	(13,302,555)	(25,579,362)
Other Financing Sources (Uses):				
General obligation bond proceeds	31,255,000	31,255,000	-	35,000,000
Bond premium	-	401,267	401,267	63,642
Total other financing sources (uses)	31,255,000	31,656,267	401,267	35,063,642
Net change in fund balances	(5,794,853)	7,491,301	(12,901,288)	9,484,280
Fund balance - beginning	33,177,474	33,177,474	-	23,693,194
Fund balance - ending	<u>\$ 27,382,621</u>	<u>\$ 40,668,775</u>	<u>\$ (12,901,288)</u>	<u>\$ 33,177,474</u>

SALT LAKE CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

Special Programs Fund

To account for the operations of community school, various recreation programs and other major, non-regula day programs primarily funded by state and federal grants of the District.

Child Nutrition Fund

This fund accounts for the operation of the District's school lunch and breakfast programs contract catering services, and a summer program for economically disadvantaged children. Revenue are generated through cash sales of food items in addition to federal and state subsidies

SALT LAKE CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2006

	Special Revenue Funds		
	Special Programs	Child Nutrition	Total
Assets:			
Cash and investments	\$ 1,164,903	\$ 1,677,223	\$ 2,842,126
Receivables:			
Property taxes	2,405,898	-	2,405,898
Other local	200,233	4,588	204,821
State of Utah	104,774	287,851	392,625
Federal government	1,112,887	588,355	1,701,242
Inventories	-	712,089	712,089
Prepaid expenditures	45,940	2,980	48,920
Total assets	<u>\$ 5,034,635</u>	<u>\$ 3,273,086</u>	<u>\$ 8,307,721</u>
Liabilities:			
Accounts payable	\$ 105,896	\$ 340,491	\$ 446,387
Deferred revenue:			
Property taxes	2,419,736	-	2,419,736
Other local	767,878	55,261	823,139
Total liabilities	<u>3,293,510</u>	<u>395,752</u>	<u>3,689,262</u>
Fund balances:			
Reserved for:			
Inventories	-	712,089	712,089
Prepaid expenditures	45,940	2,980	48,920
Unreserved:			
Designated for programs	1,012,710	-	1,012,710
Designated for schools	170,590	-	170,590
Unreserved, undesignated	511,885	2,162,265	2,674,150
Total fund balances	<u>1,741,125</u>	<u>2,877,334</u>	<u>4,618,459</u>
Total liabilities and fund balances	<u>\$ 5,034,635</u>	<u>\$ 3,273,086</u>	<u>\$ 8,307,721</u>

SALT LAKE CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds**

Year Ended June 30, 2006

	Special Revenue Funds		
	Special Programs	Child Nutrition	Total
Revenues:			
Property taxes	\$ 2,072,051	\$ -	\$ 2,072,051
Tuition	1,504,790	-	1,504,790
Food sales	-	1,529,549	1,529,549
Earnings on investments	8,743	47,049	55,792
Other local revenues	1,322,428	-	1,322,428
State of Utah	3,535,794	1,022,401	4,558,195
Federal government	6,528,636	7,797,542	14,326,178
Total revenues	14,972,442	10,396,541	25,368,983
Expenditures:			
Current:			
Instruction	9,748,120	-	9,748,120
Supporting services:			
Counseling and child accounting	81,681	-	81,681
Media services and educational supervision	2,922,949	-	2,922,949
General district administration	486,736	-	486,736
Operation and maintenance of school buildings	875,678	-	875,678
Personnel and information systems	22,625	-	22,625
Child nutrition services	-	9,638,347	9,638,347
Community services	493,430	-	493,430
Capital outlay	6,554	-	6,554
Total expenditures	14,637,773	9,638,347	24,276,120
Excess of revenues over expenditures	334,669	758,194	1,092,863
Other financing sources (uses):			
Sale of capital assets	-	110	110
Net change in fund balances	334,669	758,304	1,092,973
Fund balances - beginning	1,406,456	2,119,030	3,525,486
Fund balances - ending	\$ 1,741,125	\$ 2,877,334	\$ 4,618,459

SALT LAKE CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Special Programs**

A Nonmajor Special Revenue Fund

Year Ended June 30, 2006

With Comparative Totals for 2005

	2006		Variance with Final Budget - Positive (Negative)	2005
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Property taxes	\$ 2,080,940	\$ 2,072,051	\$ (8,889)	\$ 2,170,935
Tuition	1,435,636	1,504,790	69,154	1,543,176
Earnings on investments	-	8,743	8,743	6,091
Other local sources	1,686,215	1,322,428	(363,787)	1,249,611
State of Utah	3,460,476	3,535,794	75,318	3,199,674
Federal government:	7,147,418	6,528,636	(618,782)	6,834,626
Total revenues	15,810,685	14,972,442	(838,243)	15,004,113
Expenditures:				
Current:				
Instruction	10,940,133	9,748,120	1,192,013	10,136,597
Supporting services:				
Counseling and child accounting	87,903	81,681	6,222	76,961
Library media and educational supervision	3,214,361	2,922,949	291,412	2,603,782
General district administration	500,828	486,736	14,092	427,460
Operation and maintenance of school buildings	905,189	875,678	29,511	681,771
Personnel and information systems	22,447	22,625	(178)	23,062
Community services	569,951	493,430	76,521	510,772
Capital outlay	12,300	6,554	5,746	10,476
Total expenditures	16,253,112	14,637,773	1,615,339	14,470,881
Net change in fund balances	(442,427)	334,669	(2,453,582)	533,232
Fund balances - beginning	1,406,456	1,406,456	-	873,224
Fund balances - ending	\$ 964,029	\$ 1,741,125	\$ (2,453,582)	\$ 1,406,456

SALT LAKE CITY SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Child Nutrition

A Nonmajor Special Revenue Fund

Year Ended June 30, 2006

With Comparative Totals for 2005

	2006			2005
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Food sales	\$ 1,418,483	\$ 1,529,549	\$ 111,066	\$ 1,407,576
Earnings on investments	18,000	47,049	29,049	16,549
Other local revenues	2,000	-	(2,000)	-
State of Utah	953,103	1,022,401	69,298	876,213
Federal government:	7,972,122	7,797,542	(174,580)	7,485,523
Total revenues	10,363,708	10,396,541	32,833	9,785,861
Expenditures:				
Current:				
Salaries	3,121,855	2,856,825	265,030	2,663,389
Employee benefits	1,118,746	919,445	199,301	934,167
Food	4,516,291	3,848,019	668,272	3,800,988
Supplies	852,066	715,540	136,526	669,372
Contracted services	303,400	258,988	44,412	278,490
Indirect costs	663,191	616,807	46,384	482,571
Equipment and maintenance	565,000	399,168	165,832	461,966
Other expenses	30,957	23,555	7,402	24,650
Total expenditures	11,171,506	9,638,347	1,533,159	9,315,593
Excess (deficiency) revenues over (under) expenditures	(807,798)	758,194	1,565,992	470,268
Other financing sources:				
Sale of capital assets	5,000	110	(4,890)	1,088
Net change in fund balances	(802,798)	758,304	1,561,102	471,356
Fund balances - beginning	2,119,030	2,119,030	-	1,647,674
Fund balances - ending	\$ 1,316,232	\$ 2,877,334	\$ 1,561,102	\$ 2,119,030

SALT LAKE CITY SCHOOL DISTRICT

Internal Service Funds

Distribution Services Fund

To account for services provided to departments and schools in the District by the central warehousing system. Such costs are recovered by charging more than the invoice cost for items distributed through the warehouse.

Printing/Graphics Fund

To account for printing services provided to departments and schools in the District by the District's printing shop. Costs are recovered by charges to user departments and schools

Technical Services Fund

To account for repair services provided to the various departments and schools of the District. Costs are recovered by charges to user departments and schools

Employee Benefits Fund

To account for resources set aside for accrued vacation and sick leave payments, early retirement insurance benefits, dental insurance payments and worker's compensation payment

SALT LAKE CITY SCHOOL DISTRICT

**Combining Statement of Fund Net Assets
Internal Service Funds**

June 30, 2006

With Comparative Totals for 2005

	2006				2005	
	Distribution Services	Printing/ Graphics	Technical Services	Employee Benefits	Total	Total
Assets:						
Current assets:						
Cash and investments	\$ 189,671	\$ 123,122	\$ (58,464)	\$ 7,330,011	\$ 7,584,340	\$ 7,755,042
Receivables	1,225	-	-	-	1,225	245
Inventories	-	15,414	70,968	-	86,382	91,662
Prepaid expenses	-	-	-	-	-	4,280
Total current assets	190,896	138,536	12,504	7,330,011	7,671,947	7,851,229
Capital assets:						
Equipment	126,260	193,474	105,565	-	425,299	382,239
Accumulated depreciation	(86,589)	(171,849)	(105,565)	-	(364,003)	(332,305)
Net capital assets	39,671	21,625	-	-	61,296	49,934
Total assets	230,567	160,161	12,504	7,330,011	7,733,243	7,901,163
Liabilities:						
Current liabilities:						
Accounts payable	3,192	196	12,504	-	15,892	10,257
Accrued vacation	-	-	-	322,949	322,949	151,940
Accrued sick leave	-	-	-	404,613	404,613	293,066
Early retirement insurance	-	-	-	670,148	670,148	436,600
Dental insurance	-	-	-	458,480	458,480	660,105
Workers compensation	-	-	-	124,229	124,229	109,868
Total current liabilities	3,192	196	12,504	1,980,419	1,996,311	1,661,836
Noncurrent liabilities:						
Accrued vacation	-	-	-	730,778	730,778	1,367,456
Accrued sick leave	-	-	-	2,795,545	2,795,545	3,370,265
Early retirement insurance	-	-	-	1,823,269	1,823,269	1,090,562
Total noncurrent liabilities	-	-	-	5,349,592	5,349,592	5,828,283
Total liabilities	3,192	196	12,504	7,330,011	7,345,903	7,490,119
Net assets:						
Invested in capital assets	39,671	21,625	-	-	61,296	49,934
Unrestricted	187,704	138,340	-	-	326,044	361,110
Total net assets	\$ 227,375	\$ 159,965	\$ -	\$ -	\$ 387,340	\$ 411,044

SALT LAKE CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Internal Service Funds

Year Ended June 30, 2006

With Comparative Totals for 2005

	2006					2005
	Distribution Services	Printing/ Graphics	Technical Services	Employee Benefits	Total	Total
Operating revenues:						
Charges for services	\$ 499,037	\$ 207,385	\$ 759,793	\$ 2,997,053	\$ 4,463,268	\$ 3,874,791
Operating expenses:						
Salaries	244,668	76,445	471,434	-	792,547	777,196
Employee benefits	104,019	29,272	189,572	3,117,669	3,440,532	2,797,585
Materials	13,629	64,521	112,736	-	190,886	217,486
Contracted services	775	-	39,559	-	40,334	30,416
Utilities	51,831	4,820	5,929	-	62,580	53,057
Equipment maintenance	9,035	27,930	12,260	-	49,225	47,407
Depreciation	16,236	12,703	2,760	-	31,699	35,753
Other expenses	3,872	-	-	-	3,872	11,008
Total operating expenses	<u>444,065</u>	<u>215,691</u>	<u>834,250</u>	<u>3,117,669</u>	<u>4,611,675</u>	<u>3,969,908</u>
Operating income (loss)	54,972	(8,306)	(74,457)	(120,616)	(148,407)	(95,117)
Non-operating revenues:						
Interest on investments	-	4,087	-	120,616	124,703	195,232
Change in net assets	54,972	(4,219)	(74,457)	-	(23,704)	100,115
Net assets - beginning	<u>172,403</u>	<u>164,184</u>	<u>74,457</u>	<u>-</u>	<u>411,044</u>	<u>310,929</u>
Net assets - ending	<u>\$ 227,375</u>	<u>\$ 159,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387,340</u>	<u>\$ 411,044</u>

SALT LAKE CITY SCHOOL DISTRICT

**Combining Statement of Fund Cash Flows
Internal Service Funds**

Year Ended June 30, 2006

With Comparative Totals for 2005

	2006				2005	
	Distribution Services	Printing/ Graphics	Technical Services	Employee Benefits	Totals	Totals
Cash flows from operating activities:						
Receipts from interfund services provided	\$ 497,824	\$ 207,618	\$ 759,793	\$ 2,997,053	\$ 4,462,288	\$ 3,918,755
Payments to suppliers	(76,738)	(100,028)	(154,935)	-	(331,701)	(376,300)
Payments to employees	(348,687)	(105,717)	(661,006)	(3,267,520)	(4,382,930)	(4,284,786)
Net cash provided (used) by operating activities	72,399	1,873	(56,148)	(270,467)	(252,343)	(742,331)
Cash flows from investing activities:						
Interest earned	-	4,087	-	120,616	124,703	195,232
Cash flows from capital activities:						
Acquisition of capital assets	(30,028)	(13,034)	-	-	(43,062)	-
Change in cash and cash equivalents	42,371	(7,074)	(56,148)	(149,851)	(170,702)	(547,099)
Cash and Cash Equivalents - Beginning	<u>147,300</u>	<u>130,196</u>	<u>(2,316)</u>	<u>7,479,862</u>	<u>7,755,042</u>	<u>8,302,141</u>
Cash and Cash Equivalents - Ending (displayed as cash and investments in the combining statement of fund net assets)	<u>\$ 189,671</u>	<u>\$ 123,122</u>	<u>\$ (58,464)</u>	<u>\$ 7,330,011</u>	<u>\$ 7,584,340</u>	<u>\$ 7,755,042</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 54,972	\$ (8,306)	\$ (74,457)	\$ (120,616)	\$ (148,407)	\$ (95,117)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	16,236	12,703	2,760	-	31,699	35,753
(Increase) decrease in operating assets:						
Accounts receivable	(1,213)	233	-	-	(980)	43,964
Inventories	-	(2,951)	8,232	-	5,281	(3,641)
Prepaid expenses	-	4,280	-	-	4,280	(3,847)
Increase (decrease) in operating liabilities:						
Accounts payable	2,404	(4,086)	7,317	-	5,635	(9,438)
Vacation payable	-	-	-	(465,669)	(465,669)	(105,712)
Sick leave payable	-	-	-	(463,173)	(463,173)	(544,205)
Early retirement insurance payable	-	-	-	966,255	966,255	1,372
Dental insurance payable	-	-	-	(201,625)	(201,625)	(76,085)
Workers compensation payable	-	-	-	14,361	14,361	14,625
Total adjustments	17,427	10,179	18,309	(149,851)	(103,936)	(647,214)
Net cash provided (used) by operating activities	<u>\$ 72,399</u>	<u>\$ 1,873</u>	<u>\$ (56,148)</u>	<u>\$ (270,467)</u>	<u>\$ (252,343)</u>	<u>\$ (742,331)</u>
Noncash investing, capital, and financing activities	none	none	none	none	none	none

SALT LAKE CITY SCHOOL DISTRICT

Fiduciary Fund

Student Activities Fund

(An Agency Fund)

This fund accounts for resources that belong to the student bodies of the various schools. It accounts for activities such as sports, dances, plays, clubs, etc. These resources are in the custody of school employees but are the property of the students and not the Board of Education.

SALT LAKE CITY SCHOOL DISTRICT

Statement of Changes in Fund Assets and Liabilities

Student Activities Agency Fund

Year Ended June 30, 2006

	<u>Balances at July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances at June 30, 2006</u>
Assets:				
Cash and investments	\$ 2,049,942	\$ 3,704,661	\$ (3,613,687)	\$ 2,140,916
Total assets	<u>\$ 2,049,942</u>	<u>\$ 3,704,661</u>	<u>\$ (3,613,687)</u>	<u>\$ 2,140,916</u>
Liabilities:				
Due to student organizations:				
Elementary Schools:				
Backman	\$ 9,915	\$ 21,359	\$ (14,894)	\$ 16,380
Beacon Heights	23,554	77,267	(67,287)	33,534
Bennion	4,441	8,617	(5,484)	7,574
Bonneville	35,339	31,681	(42,174)	24,846
Dilworth	12,523	21,307	(25,555)	8,275
Edison	16,524	7,824	(9,664)	14,684
Emerson	19,358	12,097	(7,594)	23,861
Ensign	25,018	40,241	(35,130)	30,129
Escalante	18,584	17,721	(22,448)	13,857
Franklin	71,792	33,350	(35,937)	69,205
Hawthorne	19,630	31,514	(28,057)	23,087
Highland Park	12,232	25,902	(27,366)	10,768
Indian Hills	23,955	20,641	(14,758)	29,838
Jackson	9,820	8,020	(10,971)	6,869
Lincoln	14,953	16,592	(8,625)	22,920
Meadowlark	16,139	1,868	(1,199)	16,808
Mountain View	59,894	9,147	(23,955)	45,086
Newman	16,315	22,697	(17,924)	21,088
Nibley Park	7,948	14,429	(13,221)	9,156
North Star	21,293	10,904	(22,500)	9,697
Parkview	6,365	36,562	(27,627)	15,300
Riley	17,842	18,819	(21,118)	15,543
Rose Park	56,516	10,002	(16,503)	50,015
Uintah	16,273	34,649	(27,969)	22,953
Wasatch	15,357	13,024	(13,045)	15,336
Washington	24,458	8,554	(9,156)	23,856
Whittier	34,880	28,954	(33,997)	29,837
Total elementary schools	<u>610,918</u>	<u>583,742</u>	<u>(584,158)</u>	<u>610,502</u>

(continued)

SALT LAKE CITY SCHOOL DISTRICT

Statement of Changes in Assets and Liabilities (Concluded)

Student Activities Agency Fund

Year Ended June 30, 2006

	<u>Balances at July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances at June 30, 2006</u>
Liabilities (continued):				
Due to student organizations (continued):				
Intermediate Schools:				
Bryant	\$ 30,500	\$ 59,246	\$ (56,896)	\$ 32,850
Clayton	47,850	64,335	(70,999)	41,186
Glendale	23,277	32,153	(44,786)	10,644
Hillside	30,710	54,973	(48,213)	37,470
Northwest	16,685	32,766	(29,007)	20,444
Total intermediate schools	<u>149,022</u>	<u>243,473</u>	<u>(249,901)</u>	<u>142,594</u>
High Schools:				
East	393,727	663,087	(552,919)	503,895
Highland	462,921	881,971	(923,456)	421,436
Horizonte	67,692	249,304	(260,216)	56,780
West	365,662	1,083,084	(1,043,037)	405,709
Total high schools	<u>1,290,002</u>	<u>2,877,446</u>	<u>(2,779,628)</u>	<u>1,387,820</u>
Total due to student organizations	<u>\$ 2,049,942</u>	<u>\$ 3,704,661</u>	<u>\$ (3,613,687)</u>	<u>\$ 2,140,916</u>

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SALT LAKE CITY SCHOOL DISTRICT

STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	69 - 72
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	73 - 76
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	77 - 81
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	82 - 83
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	84 - 94
Continuing Disclosure Information These schedules are required as part of the District's ongoing general obligation bonded debt disclosures and give additional information to investors about the financial trends and tax base of the District.	95 - 98

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 with the fiscal year beginning July 1, 2000; therefore, schedules presenting government-wide information include information beginning with June 30, 2001.

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SALT LAKE CITY SCHOOL DISTRICT

**Net Assets by Component
Last Six Fiscal Years
June 30, 2001 through 2006
(accrual basis of accounting)**

Fiscal Year Ending June 30,	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total Net Assets
2006	\$ 163,658,436	\$ 32,031,730	\$ 24,733,099	\$ 220,423,265
2005	160,495,660	24,429,446	25,631,439	210,556,545
2004	149,879,564	26,961,246	27,756,938	204,597,748
2003	159,535,207	11,183,736	28,307,547	199,026,490
2002	149,029,009	16,551,423	30,653,220	196,233,652
2001	138,719,270	9,992,566	33,515,461	182,227,297

SALT LAKE CITY SCHOOL DISTRICT

**Changes in Net Assets
Last Six Fiscal Years
June 30, 2001 through 2006
(accrual basis of accounting)**

	Fiscal Year Ended June 30,					
	2006	2005	2004	2003	2002	2001
Expenses						
Instruction	\$ 121,092,136	\$ 123,020,933	\$ 117,563,738	\$ 114,395,404	\$ 109,249,998	\$ 106,568,406
Support services:						
Counseling and child accounting	5,337,591	4,844,132	4,656,927	4,366,774	4,419,999	4,069,483
Media and educational supervision	15,056,516	14,660,073	14,019,717	13,628,478	13,778,360	12,444,304
General district administration	958,648	935,694	848,490	957,423	891,033	654,881
General school administration	8,386,289	8,020,289	7,645,986	7,404,602	7,361,356	7,000,916
Business services	1,684,127	1,601,310	1,623,693	979,215	993,335	968,095
Operation and maintenance of buildings	15,378,445	14,459,399	14,265,928	14,468,785	14,378,299	17,536,422
Student transportation	4,248,876	3,900,984	3,746,698	3,380,522	3,114,530	2,834,561
Personnel and information systems	2,402,878	2,411,287	2,175,413	2,530,623	2,191,723	1,536,673
Community services	493,430	510,772	471,650	-	-	-
Child nutrition services	10,470,589	9,883,076	9,088,718	8,786,219	9,153,738	8,816,420
Interest on long-term liabilities	6,564,799	4,558,460	4,957,405	3,604,164	3,136,378	2,837,574
Total Expenses	<u>192,074,324</u>	<u>188,806,409</u>	<u>181,064,363</u>	<u>174,502,209</u>	<u>168,668,749</u>	<u>165,267,735</u>
Program Revenues						
Charges for services:						
Instruction	4,101,710	2,529,295	2,542,871	3,129,230	2,271,584	2,221,258
Supporting services	617,967	442,718	403,968	288,844	67,783	555,314
Community services	730,785	768,987	687,892	-	-	-
Child nutrition services	1,529,549	1,407,576	1,480,345	1,497,262	1,752,141	1,588,447
Operating grants and contributions	50,305,857	50,215,690	47,997,245	46,330,566	51,359,186	44,911,397
Total Program Revenues	<u>57,285,868</u>	<u>55,364,266</u>	<u>53,112,321</u>	<u>51,245,902</u>	<u>55,450,694</u>	<u>49,276,416</u>
Net (Expense)/Revenue	(134,788,456)	(133,442,143)	(127,952,042)	(123,256,307)	(113,218,055)	(115,991,319)
General Revenues and Other Changes in Net Assets						
Property taxes	84,772,942	82,696,878	79,257,468	72,824,950	76,347,735	77,009,834
Federal and state aid not restricted to specific purposes	55,300,216	52,585,629	50,948,224	48,519,102	45,878,357	44,413,821
Earnings on investments	3,481,248	1,946,572	1,356,863	2,101,797	2,180,694	5,071,977
Miscellaneous	1,100,770	2,171,861	1,960,745	2,110,468	2,817,624	2,014,664
Special item - gain on sale of capital assets	-	-	-	492,828	-	-
Total General and Other	<u>144,655,176</u>	<u>139,400,940</u>	<u>133,523,300</u>	<u>126,049,145</u>	<u>127,224,410</u>	<u>128,510,296</u>
Change in Net Assets	<u>\$ 9,866,720</u>	<u>\$ 5,958,797</u>	<u>\$ 5,571,258</u>	<u>\$ 2,792,838</u>	<u>\$ 14,006,355</u>	<u>\$ 12,518,977</u>

SALT LAKE CITY SCHOOL DISTRICT

Fund Balances, Governmental Funds

Last Six Fiscal Years

June 30, 2001 through 2006

(modified accrual basis of accounting)

General Fund				
	Reserved	Unreserved Designated	Unreserved Undesignated	Total
2006	\$ 627,172	\$ 10,577,247	\$ 11,204,359	\$ 22,408,778
2005	649,158	10,349,445	12,484,268	23,482,871
2004	598,498	9,224,035	15,755,569	25,578,102
2003	601,152	7,233,775	17,422,340	25,257,267
2002	1,441,622	6,771,031	18,532,987	26,745,640
2001	1,474,776	7,215,375	18,211,251	26,901,402

All Other Governmental Funds					
	Reserved	Unreserved			Total
		Special Revenue	Capital Projects	Debt Service	
2006	\$ 15,005,245	\$ 3,857,450	\$ 26,424,539	\$ -	\$ 45,287,234
2005	33,711,971	2,990,989	-	109,812	36,812,772
2004	24,571,653	2,066,727	-	-	26,638,380
2003	39,431,292	1,263,615	9,464,231	-	50,159,138
2002	15,101,807	1,033,213	-	-	16,135,020
2001	5,512,254	539,571	7,937,783	-	13,989,608

Reserved fund balances are restricted by external requirements for purposes other than general appropriation in the next fiscal year.

SALT LAKE SCHOOL DISTRICT

Changes in Fund Balances, Governmental Funds

Last Six Fiscal Years

June 30, 2001 through 2006

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,					
	2006	2005	2004	2003	2002	2001
Revenues						
Property taxes	\$ 83,415,882	\$ 82,977,301	\$ 80,563,113	\$ 72,087,271	\$ 74,583,361	\$ 76,474,123
Other local sources	11,437,326	9,071,776	8,310,425	9,015,660	8,957,393	11,451,660
State of Utah	76,234,377	73,997,888	72,257,791	72,499,191	75,423,874	70,141,768
Federal government	29,371,696	28,803,431	26,687,678	22,350,477	21,813,669	19,183,450
Total revenues	<u>200,459,281</u>	<u>194,850,396</u>	<u>187,819,007</u>	<u>175,952,599</u>	<u>180,778,297</u>	<u>177,251,001</u>
Expenditures						
Instruction	109,320,100	110,311,569	102,615,405	101,943,792	102,884,561	99,796,998
Supporting services:						
Counseling and child accounting	5,247,602	4,764,071	4,579,058	4,296,342	4,354,558	4,017,423
Media services and educational supervisio	14,606,574	14,259,777	13,630,381	13,276,306	13,451,186	12,183,994
General district administration	844,915	788,293	715,702	819,258	754,306	592,215
General school administration	8,116,323	7,780,109	7,412,381	7,193,298	7,165,052	6,844,735
Business services	1,684,127	1,601,310	1,623,693	979,215	993,335	968,095
Operation and maintenance of buildings	14,692,413	13,891,111	13,726,876	13,998,454	13,936,712	17,171,931
Student transportation	3,780,775	3,463,364	3,366,309	2,929,302	2,745,967	2,572,722
Personnel and information systems	2,402,878	2,411,287	2,175,413	2,530,623	2,191,723	1,508,399
Child nutrition services	9,638,347	9,315,593	8,351,657	8,098,003	8,497,830	8,230,531
Community services	493,430	510,772	471,650	-	-	-
Capital outlay	40,160,641	41,639,546	41,368,637	26,484,123	40,141,665	31,919,637
Bond issuance costs	131,248	297,569	-	-	-	-
Debt Service:						
Principal retirement	7,910,000	6,265,000	5,905,000	4,180,000	3,540,000	3,045,000
Interest, fiscal charges and other	5,685,916	4,687,813	5,083,712	3,341,503	2,877,110	2,886,744
Total expenditures	<u>224,715,289</u>	<u>221,987,184</u>	<u>211,025,874</u>	<u>190,070,219</u>	<u>203,534,005</u>	<u>191,738,424</u>
Excess (deficiency) of revenues over (under) expenditures	(24,256,008)	(27,136,788)	(23,206,867)	(14,117,620)	(22,755,708)	(14,487,423)
Other financing sources (uses)						
Refunding bonds issued	-	19,665,000	-	18,420,000	-	-
Bonds issued	31,255,000	35,000,000	-	45,000,000	24,710,037	-
Bond premium	401,267	1,449,569	-	580,162	-	-
Bond discount	-	-	-	(63,750)	-	-
Payment to refunded bonds escrow agent	-	(20,899,708)	-	(18,261,509)	-	-
Sale of capital assets	110	1,088	6,944	978,462	35,321	240,687
Total other financing sources (uses)	<u>31,656,377</u>	<u>35,215,949</u>	<u>6,944</u>	<u>46,653,365</u>	<u>24,745,358</u>	<u>240,687</u>
Net change in fund balance	<u>\$ 7,400,369</u>	<u>\$ 8,079,161</u>	<u>\$ (23,199,923)</u>	<u>\$ 32,535,745</u>	<u>\$ 1,989,650</u>	<u>\$ (14,246,736)</u>
Debt service as a percentage of noncapital expenditures	7.26%	5.89%	6.19%	4.42%	3.91%	3.68%

SALT LAKE CITY SCHOOL DISTRICT

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Tax Years
December 31, 1996 through 2005**

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
1996	\$ 1,146,110,932	\$ 3,863,907,303	\$ 3,572,955,990	\$ 1,512,060	\$ 1,295,692,471	\$ 9,880,178,756	0.006268	\$ 13,799,609,380	71.60%
1997	1,252,754,113	4,319,339,447	4,092,707,970	1,483,990	1,390,511,891	11,056,797,411	0.005907	15,467,053,540	71.49%
1998	1,125,119,511	4,547,873,106	4,409,130,150	1,498,800	1,579,811,008	11,663,432,575	0.006063	16,354,831,014	71.31%
1999	1,871,420,356	4,644,328,910	4,644,765,400	1,670,530	1,652,612,110	12,814,797,306	0.005920	16,698,068,831	76.74%
2000	2,007,174,139	4,784,144,042	5,062,008,700	1,611,480	1,661,339,849	13,516,278,210	0.005741	17,879,863,802	75.59%
2001	2,335,868,812	4,897,583,608	5,247,292,940	3,661,980	1,652,255,799	14,136,663,139	0.005585	18,322,794,312	77.15%
2002	2,118,713,906	5,129,566,899	5,409,017,340	3,891,310	1,623,800,068	14,284,989,523	0.005573	19,577,523,566	72.97%
2003	1,934,054,794	5,163,031,502	5,397,884,680	4,870,910	1,572,679,382	14,072,521,268	0.006018	19,634,641,188	71.67%
2004	2,060,112,828	5,374,297,337	5,487,885,450	454,800	1,447,533,811	14,370,284,226	0.006039	19,444,313,097	73.90%
2005	1,888,464,689	5,814,115,449	5,543,060,010	485,460	1,576,469,186	14,822,594,794	0.006080	20,723,150,377	71.53%

Source: Property Tax Division, Utah State Tax Commission

SALT LAKE CITY SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates
 Last Ten Tax Years
 December 31, 1996 through 2005
 (rate per \$1 of assessed value)

	Tax Rates for the Tax Year Ended December 31,									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Salt Lake City School District direct rates										
Basic program (1)	0.001720	0.001800	0.001825	0.001807	0.001785	0.001881	0.001840	0.001840	0.001950	0.002046
Voted leeway (2)	0.001800	0.001800	0.001800	0.001800	0.001800	0.001800	0.001772	0.001790	0.001800	0.001800
Board leeway (3)	0.000200	0.000200	0.000200	0.000200	0.000200	0.000200	0.000198	0.000200	0.000200	0.000200
General fund judgment	0.000023	0.000028	0.000031	0.000027	0.000013	0.000022	0.000033	0.000103	-	-
K-3 reading program	0.000119	0.000121	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
K-3 reading program judgment	0.000002	-	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Tort liability (4)	0.000026	0.000026	0.000027	0.000026	0.000027	0.000027	0.000028	0.000029	0.000028	0.000030
Recreation (5)	0.000149	0.000156	0.000119	0.000116	0.000120	0.000120	0.000125	0.000127	0.000129	0.000187
Recreation fund judgment	0.000002	0.000002	0.000002	0.000002	0.000001	0.000001	0.000002	0.000007	-	-
Capital outlay (6)	0.000783	0.000841	0.000901	0.000819	0.000886	0.000932	0.001119	0.001130	0.001145	0.001292
Capital outlay judgment	0.000010	0.000013	0.000013	0.000012	0.000006	0.000013	0.000019	0.000059	-	-
10% of Basic - Other (7)	0.000275	0.000276	0.000282	0.000274	0.000281	0.000285	0.000300	0.000320	0.000328	0.000349
10% of basic judgment	0.000003	0.000004	0.000004	0.000004	0.000002	0.000003	0.000005	0.000017	-	-
Debt service (8)	0.000968	0.000772	0.000814	0.000486	0.000464	0.000457	0.000479	0.000441	0.000327	0.000364
Total direct rate	0.006080	0.006039	0.006018	0.005573	0.005585	0.005741	0.005920	0.006063	0.005907	0.006268
Overlapping Rates										
Salt Lake City Corporation	0.004499	0.004653	0.004681	0.004457	0.004296	0.004131	0.004126	0.003802	0.003627	0.003854
Salt Lake City Library	0.000869	0.000887	0.000777	0.000755	0.000773	0.000785	0.000829	0.000749	0.000760	0.000808
Salt Lake County	0.002682	0.002816	0.002868	0.002939	0.003025	0.002904	0.002566	0.002805	0.003551	0.003782
Central Utah Water District	0.000400	0.000353	0.000358	0.000358	0.000369	0.000377	0.000377	0.000397	0.000400	0.000342
S.L.C. Metro. Water District	0.000259	0.000264	0.002690	0.000261	0.000267	0.000271	0.000271	0.000289	0.000294	0.000312
Mosquito Abatement District	0.000135	0.000138	0.000072	0.000070	0.000072	0.000073	0.000076	0.000080	0.000077	0.000082

Limitations per Utah State Statute:

- (1) Rate established annually by Utah State Legislature
- (2) Maximum rate is 0.001800
- (3) Maximum rate is 0.000200
- (4) Maximum rate is 0.000100
- (5) No maximum rate
- (6) Maximum rate is 0.002400
- (7) Maximum rate based on formula and changes annually
- (8) No maximum rate, but must have voter approval for bonds issued

(a) The K-3 Reading Program tax became available by law in 2004

Source: Utah State Tax Commission

SALT LAKE CITY SCHOOL DISTRICT

Some of the Principal Property Tax Payers Current Year and Nine Years Ago December 31, 2005 and 1996

Taxpayer	December 31, 2005		December 31, 1996	
	Taxable Value	Percent of District's Total Taxable Value (1)	Taxable Value	Percent of District's Total Taxable Value (1)
Sky West Airlines	\$ 431,100,985	3.00%	\$ -	-
Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints	396,100,360	2.76%	355,985,790	2.40%
Delta Airlines	297,702,376	2.07%	-	-
PacifiCorp	297,200,825	2.07%	298,308,040	2.01%
Qwest Communications	193,391,510	1.35%	370,620,640	2.50%
Inland Western Salt City Gateway	146,415,000	1.02%	-	-
Wasatch Plaza Holding	121,113,300	0.84%	-	-
Miller Family Real Estate	97,106,500	0.68%	-	-
Questar Gas	82,009,416	0.57%	79,401,010	0.54%
Grand America Hotel Company	81,397,400	0.57%	-	-
Crossroads Plaza	-	-	170,216,100	1.15%
American Telephone and Telegraph	-	-	155,248,400	1.05%
Little America Hotel Corporation	-	-	76,909,500	0.52%
Salt Lake Regional Medical Center	-	-	66,227,050	0.45%
Boyer Block 57 Associates	-	-	54,267,700	0.37%
Marriot Hotel	-	-	48,937,800	0.33%
Totals	\$ 2,143,537,672	11.92%	\$ 1,676,122,030	11.31%
 Assessed Taxable Value	 \$ 14,822,594,794		 \$ 9,880,178,756	

Source: Salt Lake City Corporation

(1) Excludes motor vehicles (fee-in-lieu and age based)

SALT LAKE CITY SCHOOL DISTRICT

**Property Tax Levies and Collections
Last Ten Tax Years
December 31, 1996 through 2005**

	Taxes Levied For The Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$ 60,597,249	\$ 58,722,296	96.91%	\$ 1,812,915	\$ 60,535,211	99.90%
1997	65,035,225	62,724,491	96.45%	1,903,574	64,628,065	99.37%
1998	67,676,234	65,242,179	96.40%	2,198,259	67,440,438	99.65%
1999	75,318,307	73,041,488	96.98%	2,096,530	75,138,018	99.76%
2000	76,841,719	73,837,050	96.09%	2,744,678	76,581,728	99.66%
2001	76,257,609	73,099,767	95.86%	2,538,737	75,638,504	99.19%
2002	74,837,283	70,740,584	94.53%	3,059,053	73,799,637	98.61%
2003	79,597,337	76,667,109	96.32%	2,355,294	79,022,403	99.28%
2004	83,130,132	80,210,105	96.49%	1,869,751	82,079,856	98.74%
2005	83,726,442	79,860,573	95.38%	-	79,860,573	95.38%

* Source: Salt Lake County Treasurer's Office (includes Property Tax and Motor Vehicle Fee In Lieu).

This schedule recognizes collections on a calendar year (tax year) basis, whereas property tax collections reported in the basic financial statements are on a fiscal year basis.

SALT LAKE CITY SCHOOL DISTRICT

Ratios of Outstanding Debt Last Ten Fiscal Years June 30, 1997 through 2006

Fiscal Year	Outstanding General Obligation Bonds	General Bonded Debt As Percentage of Taxable Value	Bonded Debt Per Capita	Bonded Debt Per Student	Total Debt	Debt As Percentage of Taxable Value	Debt Per Capita	Debt Per Student
1996-97	\$ 35,850,000	0.36%	\$ 208	\$ 1,411	\$ 35,850,000	0.36%	\$ 208	\$ 1,411
1997-98	34,740,000	0.31%	201	1,365	34,740,000	0.31%	201	1,365
1998-99	41,600,000	0.36%	239	1,658	41,600,000	0.36%	239	1,658
1999-00	57,825,000	0.45%	332	2,318	57,825,000	0.45%	332	2,318
2000-01	54,780,000	0.41%	301	2,218	54,780,000	0.41%	301	2,218
2001-02	75,982,722	0.54%	415	3,109	75,982,722	0.54%	415	3,109
2002-03	118,077,722	0.83%	652	4,881	118,077,722	0.83%	652	4,881
2003-04	112,172,722	0.80%	624	4,748	112,172,722	0.80%	624	4,748
2004-05	140,667,722	0.98%	788	6,035	140,667,722	0.98%	788	6,035
2005-06	164,012,722	1.11%	921	7,044	164,012,722	1.11%	921	7,044

SALT LAKE CITY SCHOOL DISTRICT

Direct and Overlapping Governmental Activities Debt As of June 30, 2006

Taxing Entity (1)	2005 Taxable Value (2)	Salt Lake School District's Portion of Taxable Value	District's Per- centage	Entity's General Obligation Debt	District's Portion of G. O. Debt
Overlapping:					
Salt Lake City	\$ 14,822,594,794	\$ 14,822,594,794	100.0%	\$ 85,661,254	\$ 85,661,254
Salt Lake County	54,059,901,092	17,569,467,855	32.5%	191,455,000	<u>62,222,875</u>
Total Overlapping General Obligation Debt					<u>147,884,129</u>
Total Direct General Obligation Debt					<u>164,012,722</u>
Total Direct and Overlapping General Obligation Debt					<u>\$ 311,896,851</u>

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

(2) Taxable value used in this table excludes the taxable value used to determine uniform fees on tangible personal property.

SALT LAKE CITY SCHOOL DISTRICT

**Legal Debt Margin Information
Last Ten Fiscal Years
June 30, 1997 through 2006**

Fiscal Year	Estimated Fair Market Value	Debt Limit 4% of Fair Market Value	Less General Obligation Debt	Plus Deferred Amounts	Legal Debt Margin	Percentage of Debt To Debt Limit
1996-97	\$ 13,799,609,380	\$ 551,984,375	\$ 35,850,000	\$ -	\$ 516,134,375	6.49%
1997-98	15,467,053,540	618,682,142	34,740,000	-	583,942,142	5.62%
1998-99	16,354,831,014	654,193,241	41,600,000	-	612,593,241	6.36%
1999-00	16,698,068,831	667,922,753	57,825,000	-	610,097,753	8.66%
2000-01	17,879,863,802	715,194,552	54,780,000	-	660,414,552	7.66%
2001-02	18,322,794,312	732,911,772	75,982,722	(33,125)	656,895,925	10.37%
2002-03	19,577,523,566	783,100,943	118,077,722	711,100	665,734,321	14.99%
2003-04	19,634,641,188	785,385,648	112,172,722	657,127	673,870,053	14.20%
2004-05	19,444,313,097	777,772,524	140,667,722	284,209	637,389,011	18.05%
2005-06	20,723,150,377	828,926,015	164,012,722	(132,192)	664,781,101	19.80%

The general obligation indebtedness of the District is limited by Utah law to 4% of the fair market value of taxable property in the District. The legal debt margin (additional debt incurring capacity of the District) is based on estimated assessed value. As determined by the Utah State Auditor and Utah State Treasurer, the deferred amounts associated with debt issuances are to be included in the calculation of debt margin.

For debt incurring capacity only, in computing the fair market value of taxable property in the District, the fair market value of all tax equivalent property (which value includes the values of motor vehicles, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State) is included as a part of the fair market value of the taxable property in the District.

SALT LAKE CITY SCHOOL DISTRICT

**Debt Service Schedule of Outstanding General Obligation Bonds (Fiscal Year)
As of June 30, 2006**

		2007	2008	2009	2010	2011	2012	2013	2014	2015
Series 1996A \$ 15,000,000	Principal Interest	\$ - -	(1) \$ - (1)	(1) \$ - (1)	\$ - -	\$ - -	\$ - -	\$ - -	\$ - -	\$ - -
Series 1997 \$ 15,000,000	Principal Interest	985,000 372,980	1,025,000 329,148	1,075,000 282,510	1,125,000 232,522	1,180,000 179,648	1,235,000 123,598	1,300,000 63,700	- -	- -
Series 1998 \$ 10,000,000	Principal Interest	315,000 30,005	325,000 12,838	- (2) -	- (2) -	- (2) -	- (2) -	- (2) -	- (2) -	- (2) -
Series 1999 \$ 10,000,000	Principal Interest	405,000 91,000	420,000 70,750	995,000 49,750	- (3) -	- (3) -	- (3) -	- (3) -	- (3) -	- (3) -
Series 2000 \$ 10,000,000	Principal Interest	400,000 143,380	405,000 123,380	990,000 102,725	995,000 51,740	- (4) -	- (4) -	- (4) -	- (4) -	- (4) -
Series 2001B \$ 10,000,000	Principal Interest	405,000 87,400	420,000 71,200	435,000 54,400	455,000 37,000	470,000 18,800	- (5) -	- (5) -	- (5) -	- (5) -
QZAB 2001 \$ 4,742,722	Principal Interest	- 39,554	- 39,555	- 39,554	- 39,554	- 39,555	- 39,554	- 39,554	- 39,555	- 39,554
Series 2002A \$ 10,000,000	Principal Interest	385,000 102,976	400,000 87,576	415,000 71,576	430,000 54,976	445,000 37,776	465,000 19,530	- (6) -	- (6) -	- (6) -
Series 2002B \$ 12,315,000	Principal Interest	80,000 520,842	80,000 518,042	80,000 515,042	1,100,000 511,842	945,000 467,842	980,000 430,042	1,015,000 390,842	1,065,000 349,228	1,110,000 303,966
Series 2002C \$ 6,105,000	Principal Interest	615,000 181,662	630,000 163,212	660,000 141,162	685,000 116,412	710,000 90,726	740,000 62,326	770,000 32,726	- -	- -
Series 2003 \$ 45,000,000	Principal Interest	1,765,000 1,695,844	1,805,000 1,647,306	1,855,000 1,590,900	1,910,000 1,525,976	1,970,000 1,454,350	2,035,000 1,375,550	2,110,000 1,294,150	2,190,000 1,209,750	2,275,000 1,122,150
Series 2005A \$ 35,000,000	Principal Interest	1,415,000 1,280,912	1,450,000 1,238,462	1,480,000 1,194,962	1,520,000 1,150,562	1,565,000 1,104,962	1,610,000 1,050,188	1,665,000 993,838	1,720,000 935,562	1,780,000 875,362
Series 2005B \$ 19,665,000	Principal Interest	1,370,000 905,938	1,465,000 861,412	750,000 813,800	865,000 783,800	2,165,000 749,200	2,785,000 640,950	3,415,000 501,700	5,755,000 330,950	960,000 43,200
Series 2006 \$ 31,255,000	Principal Interest	2,075,000 1,274,123	2,170,000 1,173,800	2,240,000 1,097,850	2,315,000 1,019,450	2,390,000 926,850	2,475,000 831,250	2,565,000 732,250	2,655,000 629,650	1,820,000 523,450
Total		\$ 16,941,616	\$ 16,931,681	\$ 16,929,231	\$ 16,923,834	\$ 16,909,709	\$ 16,897,988	\$ 16,888,760	\$ 16,879,695	\$ 10,852,682
Total Principal		\$ 10,215,000	\$ 10,595,000	\$ 10,975,000	\$ 11,400,000	\$ 11,840,000	\$ 12,325,000	\$ 12,840,000	\$ 13,385,000	\$ 7,945,000
Total Interest		6,726,616	6,336,681	5,954,231	5,523,834	5,069,709	4,572,988	4,048,760	3,494,695	2,907,682
Total		\$ 16,941,616	\$ 16,931,681	\$ 16,929,231	\$ 16,923,834	\$ 16,909,709	\$ 16,897,988	\$ 16,888,760	\$ 16,879,695	\$ 10,852,682

- (1) The principal and interest due in fiscal 2007 through 2008 on the Series 1996A bonds were refunded, resulting in the defeasance of the old debt and substitution of the "Refunding Bonds" Series of 2005B.
- (2) The principal and interest due in fiscal 2009 through 2018 on the Series 1998 bonds were refunded, resulting in the defeasance of the old debt and substitution of the "Refunding Bonds" Series of 2005B.
- (3) The principal and interest due in fiscal 2010 through 2019 on the Series 1999 bonds were refunded, resulting in the defeasance of the old debt and substitution of the "Refunding Bonds" Series of 2002B.
- (4) The principal and interest due in fiscal 2011 through 2020 on the Series 2000 bonds were refunded, resulting in the defeasance of the old debt and substitution of the "Refunding Bonds" Series of 2002B.
- (5) The principal and interest due in fiscal 2012 through 2021 on the Series 2001B bonds were refunded, resulting in the defeasance of the old debt and substitution of the "Refunding Bonds" Series of 2005B.
- (6) The principal and interest due in fiscal 2013 through 2022 on the Series 2002A bonds were refunded, resulting in the defeasance of the old debt and substitution of the "Refunding Bonds" Series of 2005B.
- (7) In addition to the above, there is an annual Paying Agent fee of \$500 that must be added to the debt service listed for the Series 1997 and for the subsequent bond issues.

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	7,925,000
-	-	-	-	-	-	-	-	-	-	1,584,106
-	(2)	-	(2)	-	-	-	-	-	-	640,000
-	(2)	-	(2)	-	-	-	-	-	-	42,843
-	(3)	-	(3)	-	(3)	-	-	-	-	1,820,000
-	(3)	-	(3)	-	(3)	-	-	-	-	211,500
-	(4)	-	(4)	-	(4)	-	-	-	-	2,790,000
-	(4)	-	(4)	-	(4)	-	(4)	-	-	421,225
-	(5)	-	(5)	-	(5)	-	(5)	-	-	2,185,000
-	(5)	-	(5)	-	(5)	-	(5)	-	-	268,800
4,742,722	-	-	-	-	-	-	-	-	-	4,742,722
39,554	-	-	-	-	-	-	-	-	-	395,543
-	(6)	-	(6)	-	(6)	-	(6)	-	-	2,540,000
-	(6)	-	(6)	-	(6)	-	(6)	-	-	374,410
1,160,000	1,205,000	1,255,000	1,320,000	650,000	-	-	-	-	-	12,045,000
256,236	205,196	150,970	93,240	31,200	-	-	-	-	-	4,744,530
-	-	-	-	-	-	-	-	-	-	4,810,000
-	-	-	-	-	-	-	-	-	-	788,226
2,370,000	2,465,000	2,570,000	2,685,000	2,805,000	2,930,000	3,065,000	3,210,000	-	-	40,015,000
1,028,306	927,582	819,738	707,300	586,476	460,250	313,750	160,500	-	-	17,919,878
-	1,845,000	1,915,000	1,985,000	2,065,000	2,150,000	2,240,000	2,335,000	2,435,000	2,540,000	33,715,000
804,161	804,161	730,363	653,762	574,361	491,762	403,076	310,675	211,438	107,950	14,916,519
-	-	-	-	-	-	-	-	-	-	19,530,000
-	-	-	-	-	-	-	-	-	-	5,630,950
-	1,540,000	1,610,000	1,670,000	2,475,000	3,255,000	-	-	-	-	31,255,000
450,650	450,650	389,050	324,650	257,850	146,475	-	-	-	-	10,227,998
\$ 10,851,629	\$ 9,442,589	\$ 9,440,121	\$ 9,438,952	\$ 9,444,887	\$ 9,433,487	\$ 6,021,826	\$ 6,016,175	\$ 2,646,438	\$ 2,647,950	\$ 221,539,250
\$ 8,272,722	\$ 7,055,000	\$ 7,350,000	\$ 7,660,000	\$ 7,995,000	\$ 8,335,000	\$ 5,305,000	\$ 5,545,000	\$ 2,435,000	\$ 2,540,000	\$ 164,012,722
2,578,907	2,387,589	2,090,121	1,778,952	1,449,887	1,098,487	716,826	471,175	211,438	107,950	57,526,528
\$ 10,851,629	\$ 9,442,589	\$ 9,440,121	\$ 9,438,952	\$ 9,444,887	\$ 9,433,487	\$ 6,021,826	\$ 6,016,175	\$ 2,646,438	\$ 2,647,950	\$ 221,539,250

SALT LAKE CITY SCHOOL DISTRICT

Demographic and Economic Statistics Last Ten Fiscal Years June 30, 1996 through 2005

Fiscal Year	Salt Lake City Estimated Population (1)	Salt Lake City Total Personal Income (2)	Salt Lake City Per Capita Income (2)	Salt Lake City Unemployment Rate (3)	Salt Lake City Estimated Workforce (4)	Estimated Construction Within Salt Lake City (5)	Percentage of Students of Minority Ancestry (6)
1996-97	172,178	\$ 6,480,952,098	\$ 37,641	3.2%	272,041	\$ 277,442,834	34%
1997-98	172,880	6,830,143,040	39,508	3.9%	273,150	571,396,935	36%
1998-99	173,858	6,948,582,686	39,967	4.0%	274,696	379,805,891	39%
1999-00	174,264	7,445,080,872	42,723	3.5%	275,337	427,594,205	41%
2000-01	181,743	7,027,093,095	38,665	5.0%	287,154	522,343,943	44%
2001-02	183,056	6,741,037,200	36,825	7.3%	289,228	289,963,516	46%
2002-03	181,027	6,775,840,610	37,430	6.7%	286,023	202,547,885	47%
2003-04	179,894	6,841,009,032	38,028	5.4%	284,233	242,529,617	49%
2004-05	178,605	6,906,833,955	38,671	4.9%	282,196	255,967,379	51%
2005-06	178,097	7,075,081,422	39,726	4.4%	281,393	399,493,398	52%

(1) U.S. Census Bureau

(2) Utah State Tax Commission

(3) U.S. Department of Labor - All rates are annual except for the final year, which is the rate at June 30, 2006.

(4) Salt Lake County website and U.S. Census Bureau website
40% of the Salt Lake County workforce, and 20% of the state total workforce commute to jobs located with City limits.

(5) Construction Monitor Wasatch Front Report
Based on building permits issued by city planning and zoning departments. Values are estimated construction costs.

(6) Based on data available to District personnel

SALT LAKE CITY SCHOOL DISTRICT

Some of the Principal Employers Current Year and Nine Years Ago June 30, 2006 and 1997

Employer	June 30, 2006		June 30, 1997	
	Estimated Number of Employees	Percent of District's Total Estimated Workforce	Estimated Number of Employees	Percent of District's Total Estimated Workforce
State of Utah	21,500	7.64%	19,000	6.98%
University of Utah (including hospital)	16,000	5.69%	15,000	5.51%
Salt Lake County	5,500	1.95%	5,000	1.84%
Delta Airlines	4,500	1.60%	4,500	1.65%
LDS Hospital	4,000	1.42%	3,000	1.10%
IHC Hospitals	4,000	1.42%	-	-
Salt Lake City School District	4,000	1.42%	3,500	1.29%
ATK Thiokol, Inc	3,500	1.24%	3,500	1.29%
United Parcel Service	3,500	1.24%	4,000	1.47%
Salt Lake City Corporation	3,000	1.07%	3,000	1.10%
Qwest Communications	3,000	1.07%	3,000	1.10%
Totals	<u>72,500</u>	<u>25.76%</u>	<u>63,500</u>	<u>23.34%</u>

* The number of employees within the District's boundaries for these employers is unavailable. Therefore, the number of employees listed represents the approximate number of total employees.

Source - State of Utah

SALT LAKE CITY SCHOOL DISTRICT

**Full-time Equivalents
Last Ten Fiscal Years
June 30, 1997 through 2006**

	Full-time Equivalent Employees as of June 30,									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Instruction	1,847.31	1,634.92	1,677.89	1,743.49	1,733.99	1,701.77	1,724.60	1,698.11	1,654.07	1,561.42
Supporting services:										
Students	68.60	65.82	63.21	63.45	65.90	63.50	66.08	66.03	62.38	57.72
Instructional staff	144.84	141.10	134.90	127.95	126.04	118.31	113.86	109.49	109.13	106.86
General district administration	3.50	2.00	4.50	2.50	4.50	4.50	4.50	5.50	4.50	4.50
School administration	110.98	113.05	111.99	111.04	114.28	116.63	116.98	116.93	111.71	133.62
Business services	21.54	22.45	15.40	15.60	16.82	17.92	17.75	18.83	18.83	18.84
Operation and maintenance of buildings	206.68	214.04	205.95	221.77	206.87	196.78	195.08	196.09	190.17	198.04
Student transportation	61.13	61.60	69.61	69.50	70.10	67.01	63.33	61.43	62.20	26.55 (1)
Personnel and information systems	32.85	33.81	34.48	36.23	34.73	20.59	21.94	21.73	20.74	20.64
Other support services	29.01	28.78	29.80	26.56	32.22	37.48	40.48	30.80	30.03	27.92
Nutrition services	132.48	146.19	140.42	152.51	144.73	163.10	124.39	123.41	123.12	119.91
Non K-12 programs	555.45	578.75	384.30	413.19	387.10	317.07	355.12	354.40	352.26	375.70
Capital projects	46.01	44.00	41.00	39.00	37.68	44.13	41.25	41.75	41.75	42.50
Total	<u>3,260.38</u>	<u>3,086.51</u>	<u>2,913.45</u>	<u>3,022.79</u>	<u>2,974.96</u>	<u>2,868.79</u>	<u>2,885.36</u>	<u>2,844.50</u>	<u>2,780.89</u>	<u>2,694.22</u>
Licensed (teachers)	1,285.29	1,284.03	1,281.43	1,296.35	1,294.78	1,239.98	1,241.62	1,223.20	1,296.11	1,260.59
Classified (support)	1,975.09	1,802.48	1,632.02	1,726.44	1,678.18	1,628.81	1,643.74	1,621.30	1,469.27	1,433.63
Total	<u>3,260.38</u>	<u>3,086.51</u>	<u>2,913.45</u>	<u>3,022.79</u>	<u>2,972.96</u>	<u>2,868.79</u>	<u>2,885.36</u>	<u>2,844.50</u>	<u>2,765.38</u>	<u>2,694.22</u>

(1) After 1997 the District ended the privatization of the student transportation services.

SALT LAKE CITY SCHOOL DISTRICT

Expenses by Function - Statement of Activities Last Six Fiscal Years June 30, 2001 through 2006

Function	Year Ended June 30,					
	2006	2005	2004	2003	2002	2001
Instruction	\$ 121,148,789 63.06%	\$ 123,020,933 65.16%	\$ 117,563,738 64.93%	\$ 114,395,404 65.56%	\$ 109,249,998 64.77%	\$ 106,568,406 64.48%
Support Services:						
Counseling and child accounting	5,337,593 2.78%	4,844,132 2.57%	4,656,927 2.57%	4,366,774 2.50%	4,419,999 2.62%	4,069,483 2.46%
Media services and educational supervision	15,056,515 7.84%	14,660,073 7.76%	14,019,717 7.74%	13,628,478 7.81%	13,778,360 8.17%	12,444,304 7.53%
General district administration	958,648 0.50%	935,694 0.50%	848,490 0.47%	957,423 0.55%	891,033 0.53%	654,881 0.40%
General school administration	8,386,292 4.36%	8,020,289 4.25%	7,645,986 4.22%	7,404,602 4.24%	7,361,356 4.36%	7,000,916 4.24%
Business services	1,684,127 0.88%	1,601,310 0.85%	1,623,693 0.90%	979,215 0.56%	993,335 0.59%	968,095 0.59%
Operation and maintenance of buildings	15,378,444 8.00%	14,459,399 7.66%	14,265,928 7.88%	14,468,785 8.29%	14,378,299 8.52%	17,536,422 10.61%
Student transportation	4,248,877 2.21%	3,900,984 2.07%	3,746,698 2.07%	3,380,522 1.94%	3,114,530 1.85%	2,834,561 1.72%
Personnel and information systems	2,402,878 1.25%	2,411,287 1.28%	2,175,413 1.20%	2,530,623 1.45%	2,191,723 1.30%	1,536,673 0.93%
Community services	493,430 0.26%	510,772 0.27%	471,650 0.26%	- 0.00%	- 0.00%	- 0.00%
Child nutrition services	10,470,586 5.45%	9,883,076 5.23%	9,088,718 5.02%	8,786,219 5.04%	9,153,738 5.43%	8,816,420 5.33%
Interest on long-term liabilities	6,564,799 3.42%	4,558,460 2.41%	4,957,405 2.74%	3,604,164 2.07%	3,136,378 1.86%	2,837,574 1.72%
Total	\$ 192,130,978	\$ 188,806,409	\$ 181,064,363	\$ 174,502,209	\$ 168,668,749	\$ 165,267,735
Average Daily Membership	23,283	23,310	23,623	24,190	24,443	24,696
Average Expenses Per Pupil	\$ 8,252	\$ 8,100	\$ 7,665	\$ 7,214	\$ 6,900	\$ 6,692

Note: The totals on percentages may not equal an even 100.00% due to rounding.

SALT LAKE CITY SCHOOL DISTRICT

Expenses by Function Per Pupil - Statement of Activities Last Six Fiscal Years June 30, 2001 through 2006

Function	Year Ended June 30,					
	2006	2005	2004	2003	2002	2001
Instruction	\$ 5,204 63.06%	\$ 5,278 65.16%	\$ 4,976 64.93%	\$ 4,729 65.56%	\$ 4,470 64.77%	\$ 4,315 64.48%
Support Services:						
Counseling and child accounting	229 2.78%	208 2.57%	197 2.57%	181 2.50%	181 2.62%	165 2.46%
Media services and educational supervision	647 7.84%	629 7.76%	593 7.74%	563 7.81%	564 8.17%	504 7.53%
General district administration	41 0.50%	40 0.50%	36 0.47%	40 0.55%	36 0.53%	27 0.40%
General school administration	360 4.36%	344 4.25%	324 4.22%	306 4.24%	301 4.36%	283 4.24%
Business services	72 0.88%	69 0.85%	69 0.90%	40 0.56%	41 0.59%	39 0.59%
Operation and maintenance of buildings	661 8.00%	620 7.66%	604 7.88%	598 8.29%	588 8.52%	710 10.61%
Student transportation	182 2.21%	167 2.07%	159 2.07%	140 1.94%	127 1.85%	115 1.72%
Personnel and information systems	103 1.25%	103 1.28%	92 1.20%	105 1.45%	90 1.30%	62 0.93%
Community services	21 0.26%	22 0.27%	20 0.26%	- 0.00%	- 0.00%	- 0.00%
Child nutrition services	450 5.45%	424 5.23%	385 5.02%	363 5.04%	374 5.43%	357 5.33%
Interest on long- term liabilities	282 3.42%	196 2.41%	210 2.74%	149 2.07%	128 1.86%	115 1.72%
Total	\$ 8,252	\$ 8,100	\$ 7,665	\$ 7,214	\$ 6,900	\$ 6,692
Average Daily Membership	23,283	23,310	23,623	24,190	24,443	24,696

Note: The totals on percentages may not equal an even 100.00% due to rounding.

SALT LAKE CITY SCHOOL DISTRICT

**Expenditures by Function - General Fund
Last Ten Fiscal Years
June 30, 1997 through 2006**

Function	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Instruction	\$ 99,571,980 67.94%	\$ 100,174,972 68.93%	\$ 92,038,844 68.12%	\$ 91,918,024 68.90%	\$ 92,892,867 69.34%	\$ 90,555,714 68.47%	\$ 87,969,253 70.06%	\$ 85,166,159 71.18%	\$ 79,407,107 71.17%	\$ 74,864,294 71.08%
Support Services:										
Counseling and child accounting	5,165,921 3.52%	4,687,110 3.23%	4,539,965 3.36%	4,296,342 3.22%	4,354,558 3.25%	4,017,858 3.04%	3,904,451 3.11%	3,796,921 3.17%	3,433,728 3.08%	3,070,971 2.92%
Media services and educational supervision	11,683,625 7.97%	11,655,995 8.02%	10,660,170 7.89%	9,723,036 7.29%	9,681,025 7.23%	8,821,689 6.67%	8,348,550 6.65%	7,953,289 6.65%	7,679,016 6.88%	7,047,157 6.69%
General district administration	358,179 0.24%	360,833 0.25%	339,133 0.25%	819,258 0.61%	754,306 0.56%	592,215 0.45%	516,363 0.41%	731,826 0.61%	583,374 0.52%	556,287 0.53%
General school administration	8,116,323 5.54%	7,780,109 5.35%	7,408,795 5.48%	7,193,298 5.39%	7,165,052 5.35%	6,844,735 5.18%	6,395,112 5.09%	6,135,624 5.13%	5,786,472 5.19%	5,881,908 5.58%
Business services	1,684,127 1.15%	1,601,310 1.10%	1,623,693 1.20%	979,215 0.73%	993,335 0.74%	968,320 0.73%	936,728 0.75%	940,606 0.79%	934,769 0.84%	901,141 0.86%
Operation and maintenance of buildings	13,816,735 9.43%	13,209,340 9.09%	12,992,156 9.62%	13,023,744 9.76%	13,184,271 9.84%	16,398,795 12.40%	13,167,716 10.49%	11,312,831 9.46%	10,395,487 9.32%	10,003,426 9.50%
Student transportation	3,780,775 2.58%	3,463,364 2.38%	3,366,309 2.49%	2,929,302 2.20%	2,745,967 2.05%	2,539,994 1.92%	2,745,687 2.19%	2,238,117 1.87%	2,063,537 1.85%	1,790,615 1.70%
Personnel and information systems	2,380,253 1.62%	2,388,225 1.64%	2,152,383 1.59%	2,530,623 1.90%	2,191,723 1.64%	1,510,814 1.14%	1,578,402 1.26%	1,371,581 1.15%	1,295,347 1.16%	1,203,347 1.14%
Total	\$ 146,557,918	\$ 145,321,258	\$ 135,121,448	\$ 133,412,842	\$ 133,963,104	\$ 132,250,134	\$ 125,562,262	\$ 119,646,954	\$ 111,578,837	\$ 105,319,146
Average Daily Membership	23,283	23,310	23,623	24,190	24,443	24,696	24,944	25,083	25,454	25,400
Average Expenditures Per Pupil	\$ 6,295	\$ 6,234	\$ 5,720	\$ 5,515	\$ 5,481	\$ 5,355	\$ 5,034	\$ 4,770	\$ 4,384	\$ 4,146

Note: The totals on percentages may not equal an even 100.00% due to rounding.

SALT LAKE CITY SCHOOL DISTRICT

Expenditures by Function Per Pupil - General Fund

Last Ten Fiscal Years

June 30, 1997 through 2006

Function	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Instruction	\$ 4,278 67.94%	\$ 4,297 68.93%	\$ 3,896 68.12%	\$ 3,800 68.90%	\$ 3,801 69.34%	\$ 3,667 68.47%	\$ 3,526 70.06%	\$ 3,396 71.18%	\$ 3,120 71.17%	\$ 2,948 71.08%
Support Services:										
Counseling and child accounting	222 3.52%	201 3.23%	192 3.36%	178 3.22%	178 3.25%	163 3.04%	157 3.11%	151 3.17%	135 3.08%	121 2.92%
Media services and educational supervision	502 7.97%	500 8.02%	451 7.89%	402 7.29%	396 7.23%	357 6.67%	335 6.65%	317 6.65%	302 6.88%	277 6.69%
General district administration	15 0.24%	15 0.25%	14 0.25%	34 0.61%	31 0.56%	24 0.45%	21 0.41%	29 0.61%	23 0.52%	22 0.53%
General school administration	349 5.54%	334 5.35%	314 5.48%	297 5.39%	293 5.35%	277 5.18%	256 5.09%	245 5.13%	227 5.19%	232 5.58%
Business services	72 1.15%	69 1.10%	69 1.20%	40 0.73%	41 0.74%	39 0.73%	38 0.75%	37 0.79%	37 0.84%	35 0.86%
Operation and maintenance of buildings	593 9.43%	567 9.09%	550 9.62%	538 9.76%	539 9.84%	664 12.40%	528 10.49%	451 9.46%	408 9.32%	394 9.50%
Student transportation	162 2.58%	149 2.38%	143 2.49%	121 2.20%	112 2.05%	103 1.92%	110 2.19%	89 1.87%	81 1.85%	70 1.70%
Personnel and information systems	102 1.62%	102 1.64%	91 1.59%	105 1.90%	90 1.64%	61 1.14%	63 1.26%	55 1.15%	51 1.16%	47 1.14%
Total	\$ 6,295	\$ 6,234	\$ 5,720	\$ 5,515	\$ 5,481	\$ 5,355	\$ 5,034	\$ 4,770	\$ 4,384	\$ 4,146
Average Daily Membership	23,283	23,310	23,623	24,190	24,443	24,696	24,944	25,083	25,454	25,400

Note: The totals on percentages may not equal an even 100.00% due to rounding.

SALT LAKE CITY SCHOOL DISTRICT

**Child Nutrition - Facts and Figures
Last Ten Fiscal Years
June 30, 1997 through 2006**

	Year Ended June 30,									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Number of schools participating in lunch program	45	45	45	46	43	43	43	42	42	42
Student Lunches Served:										
Free	1,666,818	1,683,795	1,603,149	1,552,912	1,470,253	1,431,823	1,380,589	1,327,057	1,271,933	1,364,688
Reduced price	294,537	300,695	304,772	326,966	349,300	340,978	327,799	328,783	317,024	296,580
Fully paid	578,592	549,758	566,669	590,786	632,737	685,232	709,160	692,782	685,288	630,453
Total	<u>2,539,947</u>	<u>2,534,248</u>	<u>2,474,590</u>	<u>2,470,664</u>	<u>2,452,290</u>	<u>2,458,033</u>	<u>2,417,548</u>	<u>2,348,622</u>	<u>2,274,245</u>	<u>2,291,721</u>
Adult Lunches Served:	56,286	53,800	58,430	59,692	60,924	68,760	68,384	74,795	72,411	85,343
Number of schools participating in breakfast program	39	39	38	39	38	38	41	40	37	36
Student Breakfasts Served:										
Free	753,079	763,293	746,675	725,439	643,524	611,285	541,693	496,764	496,311	491,789
Reduced price	112,900	114,772	115,779	126,271	131,587	118,197	101,860	97,508	96,347	89,488
Fully paid	75,251	69,495	68,972	64,598	64,240	70,507	55,899	49,058	54,032	50,484
Total	<u>941,230</u>	<u>947,560</u>	<u>931,426</u>	<u>916,308</u>	<u>839,351</u>	<u>799,989</u>	<u>699,452</u>	<u>643,330</u>	<u>646,690</u>	<u>631,761</u>
Number of serving days	177	178	177	178	178	178	178	178	178	179
Average Daily Participation:										
Student lunch	14,350	14,237	13,981	13,880	13,777	13,809	13,582	13,195	12,777	12,803
Adult lunch	318	302	330	335	342	386	384	420	407	477
Student breakfast	5,318	5,323	5,262	5,148	4,715	4,494	3,930	3,614	3,633	3,529
Average daily membership	23,283	23,310	23,623	24,190	24,443	24,696	24,944	25,083	25,454	25,400
Student lunches served as a percentage of ADM	61.63%	61.08%	59.18%	57.38%	56.36%	55.92%	54.45%	52.61%	50.20%	50.41%
Number of students on:										
Free lunch	13,690	13,708	13,344	13,331	12,225	11,076	11,424	12,055	10,765	10,068
Reduced lunch	2,334	2,349	2,484	2,648	2,776	2,650	2,521	2,689	2,476	2,208
Percentage of students on:										
Free lunch	58.80%	58.81%	56.49%	55.11%	50.01%	44.85%	45.80%	48.06%	42.29%	39.64%
Reduced lunch	10.02%	10.08%	10.52%	10.95%	11.36%	10.73%	10.11%	10.72%	9.73%	8.69%

Note: In addition to the District's schools, there are several private schools that participate in the lunch program.

SALT LAKE CITY SCHOOL DISTRICT

Student Enrollment Statistics Last Ten Fiscal Years June 30, 1997 through 2006

<u>Fiscal Year</u>	<u>Average Daily Membership</u>	<u>Average Daily Attendance</u>	<u>Attendance Percentage</u>	<u>Official State October 1 Audited Enrollment Count</u>
1996-97	25,400	24,051	94.69%	25,396
1997-98	25,454	23,952	94.10%	25,614
1998-99	25,083	23,831	95.01%	25,207
1999-00	24,944	23,627	94.72%	24,960
2000-01	24,696	23,549	95.35%	24,823
2001-02	24,443	23,211	94.96%	24,648
2002-03	24,190	23,849	98.59%	24,382
2003-04	23,623	22,345	94.59%	23,966
2004-05	23,310	22,273	95.55%	23,579
2005-06	23,283	21,730	93.33%	23,700

SALT LAKE CITY SCHOOL DISTRICT

History of High School Graduates

Last Ten School Years

School Years 1996-97 through 2005-06

School Year	East	Highland	West	Horizonte	Total
1996-97	327	351	377	152	1,207
1997-98	308	420	297	142	1,167
1998-99	370	384	464	131	1,349
1999-00	381	450	394	121	1,346
2000-01	390	401	366	148	1,305
2001-02	326	368	383	125	1,202
2002-03	359	365	348	175	1,247
2003-04	331	346	380	119	1,176
2004-05	403	392	378	115	1,288
2005-06	291	298	381	45	1,015

SALT LAKE CITY SCHOOL DISTRICT

Number of Students Per Instructional Staff Last Ten School Years School Years 1996-97 through 2005-06

Fiscal Year	Average Daily Membership	Teachers and Instructional Staff	Average Ratio of Students to Teachers and Instructional Staff
1996-97	25,400	1,358	18.70
1997-98	25,454	1,385	18.38
1998-99	25,083	1,386	18.10
1999-00	24,944	1,407	17.73
2000-01	24,696	1,388	17.79
2001-02	24,443	1,395	17.52
2002-03	24,190	1,377	17.57
2003-04	23,623	1,354	17.45
2004-05	23,310	1,344	17.34
2005-06	23,283	1,364	17.07

SALT LAKE CITY SCHOOL DISTRICT

Teacher Compensation Data Last Ten Fiscal Years June 30, 1997 through 2006

Fiscal Year Ending June 30,	Bachelor Degree 1st Year Teacher Wage	Doctorate Degree 25th Year Teacher Wage	District Average* Teacher Wage	District Average* Teacher Benefits	Total District Average* Teacher Compensation	State Average* Teacher Compensation
1997	\$ 23,183	\$ 45,257	\$ 36,437	\$ 12,668	\$ 49,105	\$ 44,258
1998	24,110	47,067	37,265	13,100	50,365	44,789
1999	24,833	48,479	39,496	13,623	53,119	47,127
2000	25,826	50,419	40,182	14,054	54,236	48,331
2001	26,665	52,057	41,722	14,471	56,193	51,495
2002	27,998	54,660	45,305	14,156	59,461	52,792
2003	29,538	57,667	45,774	15,310	61,084	53,268
2004	29,950	58,473	47,592	16,293	63,885	53,396
2005	30,396	59,343	48,416	20,574	68,990	57,001
2006	31,308	61,123	na	na	na	na

* As calculated and reported by the Utah State Office of Education in the Annual Statistical Report

na - This information was not available when this book was published.

SALT LAKE SCHOOL DISTRICT

**Capital Asset Information
Last Ten Fiscal Years
June 30, 1997 through 2006**

	Fiscal Year Ended June 30,									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Buildings:										
Elementary Schools										
Number	27	27	27	27	28	28	28	27	27	27
Square feet	2,043,618	1,997,571	1,970,439	1,928,507	1,909,587	1,854,804	1,794,663	1,722,355	1,722,355	1,722,355
Capacity	15,200	15,200	15,200	15,200	15,550	15,550	15,550	14,900	14,900	14,900
Enrollment	13,450	13,259	13,518	13,698	13,795	13,775	13,917	14,050	14,195	13,976
Percent of Capacity	88.49%	87.23%	88.93%	90.12%	88.71%	88.59%	89.50%	94.30%	95.27%	93.80%
Average Age	14.93	17.89	20.78	21.67	27.70	35.07	37.22	36.19	34.19	34.19
Middle Schools										
Number	5	5	5	5	5	5	5	5	5	5
Square feet	579,988	542,430	542,430	542,430	542,430	542,430	542,430	542,430	542	542,430
Capacity	3,850	3,850	3,850	3,850	3,850	3,850	3,850	3,850	3,850	3,850
Enrollment	2,893	2,904	3,004	3,104	3,189	3,160	3,188	3,217	3,355	3,611
Percent of Capacity	75.14%	75.43%	78.03%	80.62%	82.83%	82.08%	82.81%	83.56%	87.14%	93.79%
Average Age	36.20	44.80	43.80	42.80	41.80	40.80	39.80	38.80	36.80	36.80
High Schools										
Number	4	4	4	4	4	4	4	4	4	3
Square feet	1,276,650	1,276,650	1,276,650	1,276,650	1,276,650	1,276,650	1,276,650	1,276,650	1,276,650	1,129,410
Capacity	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	6,000
Enrollment	6,409	6,315	6,393	6,587	6,679	6,906	6,783	6,878	6,998	6,923
Percent of Capacity	85.45%	84.20%	85.24%	87.83%	89.05%	92.08%	90.44%	91.71%	93.31%	115.38%
Average Age	38.50	37.50	36.50	35.50	34.50	33.50	32.50	31.50	30.50	50.75
Other Buildings										
Number	10	9	8	8	5	5	5	5	5	5
Square feet	412,591	389,581	340,221	340,221	256,896	204,584	204,584	204,584	204,584	204,584
Average Age	40.00	39.00	38.10	37.30	27.40	26.90	26.40	25.90	25.40	24.90
Total Buildings										
Number *	46	45	44	44	42	42	42	41	41	40
Square feet	4,312,847	4,206,232	4,129,740	4,087,808	3,985,563	3,878,468	3,818,327	3,746,019	3,204,131	3,598,779
Capacity	26,550	26,550	26,550	26,550	26,900	26,900	26,900	26,250	26,250	24,750
Enrollment	22,752	22,478	22,915	23,389	23,663	23,841	23,888	24,145	24,548	24,510
Percent of Capacity	85.69%	84.66%	86.31%	88.09%	87.97%	88.63%	88.80%	91.98%	93.52%	99.03%
Average Age	24.74	27.71	29.70	29.86	26.48	37.00	38.05	37.95	25.12	38.98
Number of Portables **	17	17	17	17	17	17	17	17	17	17
Acres of Land	406.23	403.19	400.16	400.16	384.09	384.09	384.09	371.61	371.61	368.96
Number of Vehicles	303	291	248	252	292	309	276	263	259	265

* The number of schools may not match the number of operating schools due to schools just constructed not yet opened, schools closed but still being maintained, or timing of demolition and construction of replacement schools. Each school may have a couple of buildings associated with it; however, however, for purposes of this schedule, each school campus is considered one building.

** Portables are not included in a school's capacity or square footage calculations.

SALT LAKE CITY SCHOOL DISTRICT

**Statements of Net Assets
Governmental Activities
June 30, 2001 through 2005**

	2006	2005	2004	2003	2002	2001
Assets:						
Cash and investments	\$ 90,129,265	\$ 87,333,972	\$ 83,890,232	\$ 107,473,832	\$ 65,020,609	\$ 68,238,189
Accounts receivable:						
Property taxes	97,012,010	88,348,645	88,623,525	83,703,902	83,310,132	66,976,550
Other local	786,909	907,776	1,076,434	588,129	607,011	930,155
State of Utah	756,688	477,558	461,973	557,456	5,184,005	356,768
Federal government	8,959,931	8,043,703	7,043,975	3,610,023	7,356,435	2,872,448
Due from component unit	313,079	313,079	261,024	150,112	99,119	-
Inventories	1,153,045	1,032,792	888,687	791,421	710,250	1,125,923
Prepaid expenses	443,237	310,237	280,723	292,385	971,347	820,597
Bond issuance costs, net of accumulated depreciation	843,712	780,508	662,974	705,231	289,979	-
Capital assets:						
Sites and construction in progress	61,745,338	70,294,119	61,348,824	42,635,256	47,489,952	78,663,862
Other capital assets, net of accumulated depreciation	251,950,418	217,695,334	200,046,335	194,648,348	177,554,904	114,835,408
Total assets	<u>514,093,632</u>	<u>475,537,723</u>	<u>444,584,706</u>	<u>435,156,095</u>	<u>388,593,743</u>	<u>334,819,900</u>
Liabilities:						
Accounts payable	7,729,934	7,275,997	8,436,855	5,929,545	7,712,470	9,046,886
Accrued interest	2,232,876	1,369,127	1,549,407	1,729,687	1,145,038	884,952
Accrued salary and related benefits	13,180,250	17,521,907	19,198,286	16,851,084	18,293,782	12,734,444
Deferred revenue:						
Property taxes	93,330,467	85,900,507	85,833,020	79,782,468	78,755,464	75,072,127
Other local sources	827,457	799,725	686,773	773,319	208,956	611,782
State of Utah	4,890,609	4,249,684	4,573,306	5,627,298	4,721,802	4,700,526
Federal government	3,849	856	3,849	6,524	8,036	194,074
Noncurrent liabilities:						
Due within one year	12,195,418	9,566,579	8,102,180	9,936,530	5,959,348	5,799,419
Due in more than one year	159,279,507	138,296,796	111,603,282	115,493,150	75,555,195	54,159,418
Total liabilities	<u>293,670,367</u>	<u>264,981,178</u>	<u>239,986,958</u>	<u>236,129,605</u>	<u>192,360,091</u>	<u>163,203,628</u>
Net Assets:						
Invested in capital assets, net of related debt	163,658,436	160,495,660	149,879,564	159,535,207	149,029,009	138,719,270
Restricted for:						
Special programs	1,846,416	1,481,871	974,069	929,333	1,293,849	303,708
Child nutrition	2,877,334	2,119,030	1,647,674	810,292	179,976	-
Debt service	-	-	-	-	586,164	-
Capital projects	27,307,980	20,828,545	24,339,503	9,444,111	14,491,434	9,688,858
Unrestricted	24,733,099	25,631,439	27,756,938	28,307,547	30,653,220	22,904,436
Total net assets	<u>\$ 220,423,265</u>	<u>\$ 210,556,545</u>	<u>\$ 204,597,748</u>	<u>\$ 199,026,490</u>	<u>\$ 196,233,652</u>	<u>\$ 171,616,272</u>

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

SALT LAKE CITY SCHOOL DISTRICT

**General Fund
Comparative Balance Sheets
June 30, 2001, through 2006**

	2006	2005	2004	2003	2002	2001
Assets:						
Cash and investments	\$ 34,269,478	\$ 44,012,715	\$ 44,326,829	\$ 46,480,759	\$ 39,270,714	\$ 42,218,653
Accounts receivable:						
Property taxes	62,068,284	58,167,599	59,732,256	56,327,718	58,081,799	48,936,901
Other local	893,942	973,125	945,259	467,427	354,831	443,207
State of Utah	364,063	216,786	155,135	228,827	4,200,225	78,832
Federal government	7,258,689	6,043,612	5,200,018	2,768,623	4,195,234	1,922,911
Due from other funds	-	-	-	-	2,604,038	1,063,731
Inventories	354,574	424,179	348,748	317,658	281,325	329,999
Prepaid expenditures	272,598	224,979	249,750	283,494	867,417	504,031
Total assets	<u>\$ 105,481,628</u>	<u>\$ 110,062,995</u>	<u>\$ 110,957,995</u>	<u>\$ 106,874,506</u>	<u>\$ 109,855,583</u>	<u>\$ 95,498,265</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 2,568,540	\$ 6,378,376	\$ 1,629,548	\$ 2,516,452	\$ 1,808,061	\$ 1,727,179
Accrued salaries and related benefits	13,180,250	17,521,907	19,198,286	16,851,084	18,293,782	12,734,444
Deferred revenue:						
Property taxes	62,425,284	58,453,558	59,983,245	56,706,641	58,361,484	49,780,505
Other local	4,318	25,859	19,860	73,123	17,997	136,918
State of Utah	4,890,609	4,199,568	4,545,105	5,463,415	4,620,583	4,632,385
Federal government	3,849	856	3,849	6,524	8,036	52,549
Total liabilities	<u>83,072,850</u>	<u>86,580,124</u>	<u>85,379,893</u>	<u>81,617,239</u>	<u>83,109,943</u>	<u>69,063,980</u>
Fund balances:						
Reserved:						
Encumbrances	-	-	-	-	292,880	173,629
Inventories	354,574	424,179	348,748	317,658	281,325	329,999
Prepaid expenditures	272,598	224,979	249,750	283,494	867,417	504,031
Unreserved:						
Designated for:						
General contingencies	7,000,000	7,000,000	6,500,000	5,000,000	5,000,000	5,000,000
Programs	493,935	382,879	98,047	25,101	62,617	-
Schools	3,083,312	2,966,566	2,625,988	2,208,674	1,708,414	2,215,375
Undesignated	11,204,359	12,484,268	15,755,569	17,422,340	18,532,987	18,211,251
Total fund balances	<u>22,408,778</u>	<u>23,482,871</u>	<u>25,578,102</u>	<u>25,257,267</u>	<u>26,745,640</u>	<u>26,434,285</u>
Total liabilities and fund balances	<u>\$ 105,481,628</u>	<u>\$ 110,062,995</u>	<u>\$ 110,957,995</u>	<u>\$ 106,874,506</u>	<u>\$ 109,855,583</u>	<u>\$ 95,498,265</u>

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

SALT LAKE CITY SCHOOL DISTRICT

**General Fund
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances**

	Proposed	Fiscal Year Ended June 30,					
	Budget 2006-07	2006	2005	2004	2003	2002	2001
Revenues:							
Property taxes	\$ 57,211,160	\$ 53,369,481	\$ 54,631,176	\$ 51,586,978	\$ 50,013,444	\$ 51,459,447	\$ 52,350,340
Interest	1,822,577	1,703,777	1,069,495	626,485	1,453,016	1,547,171	3,786,759
Other local revenue	991,311	3,688,867	3,120,073	3,067,047	2,897,284	2,258,528	2,017,725
State of Utah	77,048,391	71,676,182	69,922,001	67,970,207	67,713,689	70,089,622	65,549,967
Federal government	14,414,719	15,045,518	14,483,282	12,191,566	9,847,036	9,208,045	8,903,930
Total Revenues	151,488,158	145,483,825	143,226,027	135,442,283	131,924,469	134,562,813	132,608,721
Expenditures:							
Instruction	107,115,118	99,571,980	100,174,972	92,038,844	91,918,024	92,892,867	90,665,743
Support services:							
Counseling and child accounting	5,419,796	5,165,921	4,687,110	4,539,965	4,296,342	4,354,558	4,017,423
Media services and educational supervision	12,319,722	11,683,625	11,655,995	10,660,170	9,723,036	9,681,025	8,855,217
General district administration	420,142	358,179	360,833	339,133	819,258	754,306	592,215
General school administration	8,446,000	8,116,323	7,780,109	7,408,795	7,193,298	7,165,052	6,844,735
Business services	1,789,072	1,684,127	1,601,310	1,623,693	979,215	993,335	968,095
Operation and maintenance of buildings	14,311,689	13,816,735	13,209,340	12,992,156	13,023,744	13,184,271	16,400,577
Student transportation	4,022,993	3,780,775	3,463,364	3,366,309	2,929,302	2,745,967	2,572,722
Personnel and information services	2,738,872	2,380,253	2,388,225	2,152,383	2,530,623	2,191,723	1,508,399
Total Expenditures	156,583,404	146,557,918	145,321,258	135,121,448	133,412,842	133,963,104	132,425,126
Excess (deficiency) of revenues over (under) expenditures	(5,095,246)	(1,074,093)	(2,095,231)	320,835	(1,488,373)	599,709	183,595
Other financing sources:							
Operating transfer out	-	-	-	-	-	288,354	41,785
Net change in fund balance	(5,095,246)	(1,074,093)	(2,095,231)	320,835	(1,488,373)	311,355	141,810
Fund balances - beginning	22,408,778	23,482,871	25,578,102	25,257,267	26,745,640	26,434,285	26,292,475
Fund balances - ending	\$ 17,313,532	\$ 22,408,778	\$ 23,482,871	\$ 25,578,102	\$ 25,257,267	\$ 26,745,640	\$ 26,434,285

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

SALT LAKE CITY SCHOOL DISTRICT

Historical Summaries of Taxable Values of Property
For the Tax Years Ended December 31, 2000, through 2004
Last Ten Tax Years
December 31, 1996 through 2005

	2005	2004	2003	2002	2001	2000	1999	1998	1997
	Taxable Value	Taxable Value	Taxable Value	Taxable Value	Taxable Value	Taxable Value	Taxable Value	Taxable Value	Taxable Value
	% of								
	T.V.								
<i>Set by State Tax Commission- Centrally Assessed</i>	\$ 1,888,464,689	\$ 2,060,112,828	\$ 1,934,054,794	\$ 2,118,713,906	\$ 2,335,868,812	\$ 2,007,174,139	\$ 1,871,420,356	\$ 1,125,119,511	\$ 1,252,754,113
<i>Set by County Assessor- Locally Assessed:</i>									
Real Property:									
Residential real estate-primary use	5,694,210,289	5,275,500,947	5,055,390,082	5,032,529,629	4,805,158,368	4,693,552,102	4,551,424,130	4,445,444,836	4,217,332,127
Residential real estate-not primary use	119,905,160	98,796,390	107,641,420	97,037,270	92,425,240	90,591,940	92,904,780	102,428,270	102,007,320
Commercial and industrial real estate	5,543,060,010	5,487,885,450	5,397,884,680	5,409,017,340	5,247,292,940	5,062,008,700	4,644,765,400	4,409,130,150	4,092,707,970
Agricultural - FAA	485,460	454,800	4,824,170	3,814,540	3,585,710	1,556,480	1,540,700	1,387,310	1,353,480
Unimproved non FAA	-	-	46,740	76,770	76,270	55,000	129,830	111,490	130,510
Total Real Property	11,357,660,919	10,862,637,587	10,565,787,092	10,542,475,549	10,148,538,528	9,947,764,222	9,290,764,840	8,958,502,056	8,413,531,407
Personal Property:									
Fee in lieu property	816,908,485	1,664,119,899	864,761,464	1,059,932,794	1,102,999,770	518,851,505	154,920,800	1,048,227,768	956,324,849
Mobile homes-primary residential use	4,145,984	4,658,860	5,578,546	5,513,431	5,660,951	5,567,338	5,448,978	5,268,618	4,139,438
Mobile homes-other use	2,204,036	2,749,493	3,032,274	2,429,626	2,460,172	2,753,116	2,954,413	2,818,966	3,470,597
Commercial and industrial property	1,570,119,166	1,440,125,458	1,564,068,562	1,615,857,011	1,644,134,676	1,653,019,395	1,644,208,719	1,571,723,424	1,382,901,856
Total Personal Property	2,393,377,671	3,111,653,710	2,437,440,846	2,683,732,862	2,755,255,569	2,180,191,354	1,807,532,910	2,628,038,776	2,346,836,740
Total Locally Assessed	13,751,038,590	13,974,291,297	13,003,227,938	13,226,208,411	12,903,794,097	12,027,955,576	11,088,297,750	11,586,540,832	10,760,368,147
Total Taxable Property	\$ 15,639,503,279	\$ 16,034,404,125	\$ 14,937,282,732	\$ 15,344,922,317	\$ 15,239,662,909	\$ 14,035,129,715	\$ 12,969,718,106	\$ 12,711,660,343	\$ 12,013,122,260

Source: Property Tax Division, Utah State Tax Commission.