COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SEVIER SCHOOL DISTRICT
180 East 600 North
Richfield, Utah 84701

For the Fiscal Year Ended June 30, 2006

Tom Hales, President of the Board
Brent M. Thorne, Ph.D., Superintendent
Myron Mickelson, Asst. Superintendent
Patrick D. Wilson, CPA, Business Administrator

Prepared by:
Patrick D. Wilson, CPA, Kari Carter and Roberta Curtis

Sevier School District
Mission Statement

"Excellence in Teaching and Learning"

⇒ Inspire the mind
⇒ Create a passion for learning
⇒ Educate for success in life

Board Goals

⇒ Remain fiscally responsible
⇒ Focus on student learning
⇒ Develop community engagement strategies
⇒ Provide staff development opportunities
⇒ Maintain a safe school environment

SEVIER SCHOOL DISTRICT
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INTRODUCTORY SECTION

SEVIER SCHOOL DISTRICT

180 E. 600 N., Richfield, Utah 84701 • 435-896-8214 • Fax 435-896-8804

BRENT M. THORNE, Ph.D. SUPERINTENDENT | MYRON A. MICKELSEN ASST. SUPERINTENDENT | PATRICK D. WILSON BUSINESS ADMINISTRATOR

September 29, 2006

To President Hales, Members of the Board of Education, and
The Citizens of Sevier County:

State law requires that school districts publish within five months of the close of each year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants 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 of the United States. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Sevier School District (District) for the year ended June 30, 2006.

Designed to meet the needs of a broad spectrum of readers of financial statements, this CAFR is divided into four major sections:

- Introductory section – Introduces the reader to the report and includes this transmittal letter, certificates of excellence in financial reporting, the organizational chart of the District, the list of elected and appointed officials, and a map of precincts of the Board of Education.

- Financial section – Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules.

- Statistical section – Contains substantial financial information, but presents tables that differ from financial statements in that they present non-accounting data, cover several years, and are designed to reflect social and economic data and financial and fiscal trends as well as the fiscal capacity of the District.

- Compliance section – Contains the information required by the Single Audit Act and the OMB Circular A-133 to satisfy the reporting requirements for single audit compliance, along with information required for state legal compliance.

Internal controls. This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, 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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent audits. Kimball and Roberts PC, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the year ended June 30, 2006 are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the year ended June 30, 2006 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

Management's discussion and analysis. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

District profile. The School District was incorporated March 4, 1912, under the provisions of the State of Utah. The District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The District is fiscally independent. The Board of Education is comprised of five members and is responsible, among other things, for developing policy, adopting the budget, levying taxes, incurring bonded debt, supervising committees, and hiring both the superintendent and business administrator. The superintendent and business administrator are responsible for carrying out the policies of the Board of Education and oversee the day-to-day operations of the District. The Board of Education is elected on a non-partisan basis. Board members serve four-year staggered terms with no more than four board members elected every two years.

The major purpose of the District is to provide public education for those who reside within the boundaries of the District located in Sevier County, Utah. To accomplish this purpose, as of Fall 2006, the District services three traditional high schools, three middle schools, and five elementary schools. The District also offers two special purpose programs. In addition, the District operates an alternative high school and a preschool in conjunction with each elementary.

The District served 4,380 students as measured on the October 1, 2005 fall enrollment count.

The District maintains a cost accounting system capable of determining the cost of education in each of the District's twelve K-12 schools. The average cost per student from the general fund and 10 percent of basic capital outlay costs for the year ended June 30, 2006 is $5,621, an increase of $37 from the previous fiscal year. The general fund average cost per student is $5,569.

Major initiatives. The District continues working to implement several computer software features to our existing District-wide computer system. One of these features allows school personnel to disaggregate testing information instantly, so more timely educational decisions concerning a child's educational plan are made using testing data as the basis for change.

The District formed a ten-year building committee in the fall of 2004, made up of patrons from all the attendance areas, and asked the committee to review current buildings, future student projections, and to make recommendations to the Board of Education regarding future building needs and possible renovations to existing buildings along with possible bonding requirements. The ten-year building committee completed the task and presented their recommendations to the Board of Education on August 10, 2005. The committee recommended facility priorities based on high, middle, and low needs for each school to meet the student growth and the general educational needs of the schools. The recommended facility needs identified by the committee do not require bonding over the next ten years and are capable of being funded by the current Capital Outlay fund property tax levy. The first of these projects, an addition to Pahvant Elementary was completed in September, 2006. Two additional projects are scheduled to be started during the 2007 school year and completed in the fall of 2007.

The District formed a task force made up of teachers, principals, classified personnel and support personnel from administration to review and make recommendations regarding changes needed in the District's early retirement incentive policy. The task force met over several weeks analyzing the data, the long-term costs, the alternatives to the existing incentives, and developed a new defined medical benefit and established a phase out option to the existing early retirement policy for those employees who have over ten years of service with the District. The task force recommendations were presented to the Board of Education in the form of two new policies, which were adopted. The District believes that the phase out policy, which will cost the District approximately $1.65 million dollars can be fully funded over the course of the next eight to ten years, while fully funding the new defined medical benefit policy on an annual basis. Every qualifying employee with over ten years of service will make an irrevocable election as to which policy they choose to continue to participate with, and this will establish the basis for the funding of the two policies.

Budgetary control. The District adopts an annual budget for its funds. This budget acts as the financial operating plan for the entire year. Revisions may be implemented during the year authorizing a larger appropriation of available resources through a public hearing and approval from the Board.

All annual appropriations lapse at year-end with the exception of those indicated as a fund balance reserve. During May of each year, the District superintendent submits to the Board a proposed operating budget for the next year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current year ending June 30th.

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22nd at which 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.

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

The District's 2006 balances are sufficient to meet the 2007 budget as presented to the public in June of 2006.

Economic condition and outlook. The District is dependent upon state aid, providing 61.13 percent of government-wide revenues and 72.82 percent of the general fund revenues. October 1st student enrollment decreased by 13 students in 2006; the overall government-wide state aid to the District increased by $129,987 due to increased state funding in restricted basic programs and the increase in the WPU provided for by the State Legislature. Total government-wide per pupil revenue increased by $217, primarily due to an increase in state aid and operating grants and contributions. Government-wide per pupil expense decreased by $125, primarily in the instructional function due to the delay in the purchase of instructional equipment.

Underneath Sevier County's placid four-percent job growth (March 2005-2006), there lies a beehive of activity. Remarkably, quite a number of industries lost employment. Fortunately, those losses proved minor in comparison to the robust job gains in mining, trade, professional/business services, and leisure/hospitality. Sevier County's jobless rate reflects a tight labor market, only 2.9 percent in June, 2006. Sevier County's non-farm jobs increased by 3.8 percent from March, 2005 to March, 2006 for a total of 7,607, an increase of 280 during the year.

The number of home permits issued during the first five months of the year in Sevier County jumped by more than 30 percent. Moreover, Sevier County has shown three straight years of home-permit increases.

Some of the best economic news erupted on the sales front. In comparison to the third quarter of 2004 as compared to the third quarter of 2005, Sevier County's gross taxable sales are up over 21 percent. A 12.9 percent jump in retail trade sales certainly contributed to the overall surge, which is the largest sector. In addition, wholesale trade sales increased by 51 percent. Finally, per capital personal income in Sevier County is forecast to rise 6.9 percent during 2005 over the 2004 year.

In November, 1999, the Utah Foundation published reports about Utah's "education paradox." The crux of this paradox is that in the past, Utah exercised a significant funding effort for K-12 and higher education, but that effort yielded the lowest per-pupil funding in the nation and the largest class sizes. The education paradox was more pronounced up through the mid 1990's than it is today. In the early 1990's, Utah could claim that even though its per-pupil spending was unusually low, when education spending was measured as a percentage of own-source state and local revenues, Utah ranked quite high. It remained four to five percentage points above the national average up through the 1995-96 school year. From the 1996-97 school year on; however, education spending in proportion to own-source revenues consistently fell, even as the national average consistently climbed. This resulted in Utah moving from 5th place in 1995-96 to 42nd place in 1999-2000.

National data was not produced to allow for 2000-01 calculations, but they were for 2001-02. Over the course of those two years, Utah increased its share of resources spent on education, but only slightly more than the nation as a whole, so that by the end of 2002, Utah was ranked 35th.

In the past, Utah's public education system has performed well, despite the financial constraints under which it has operated. With per-pupil funding that has long been the lowest in the country, even as it has spent a relatively large portion of its budget on education, it has still managed to consistently produce students that score well on national tests. However, in light of Utah's changing demographics, and if the percentage of Utah's own-source revenues spent on K-12 education continues to decline

relative to that spent in other states, the paradox that has been a regular feature of Utah's education system will continue to dissolve.

District taxable property values in tax year 2005 increased 9.29 percent compared to an increase of 4.76 percent in 2004.

The state 2007 school finance program is designed to provide every Utah school district with a basic operation program of $2,417 per weighted pupil unit (WPU), compared to $2,280 per WPU in 2006.

Cash management and investments. The District maintains a cash and investment pool that is available for use by all funds. This pool has deposits, repurchase agreements, and other investments with varying maturity dates. As a result of rising interest rates and similar funds available for investment, earnings on investments for 2006 totaled $628,024, an increase of $268,654 or 70.76 percent from the prior year.

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

The District considers the actions of the Utah Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Risk management. The District participates in the Utah School Boards Insurance Association for workers' compensation, which is a risk pool. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District participates in the Utah State Risk Management system for property and liability insurance. This is a pooled arrangement where the participating entities pay annual premiums, which are designed to pay claims and build sufficient reserves so that the system will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base.

Post employment benefits. Certain employees are eligible to receive post employment benefits in the form of a stipend; healthcare benefits, and life insurance. The District finances these benefits in the year when the qualifying individual retires or leaves. The estimated total value of those benefits once an individual is determined to be eligible is designated in the general fund for early retirement incentive. The District has 20 employees currently participating and has designated $539,480 to meet those future financial expectations. All employees retiring after July 1, 2006 will receive benefits in accordance with the new defined medical benefit policy or the phase out of early retirement benefits policy .

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence, 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. *This is the sixteenth year the District has received this prestigious award.* We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The District also received the Association of School Business Officials (ASBO) International's Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the year ended June 30, 2005.

This award certifies that the report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials International.

The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials and is also valid for a period of one year. *This is the sixteenth year the District has received this prestigious award.* We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to ASBO International.

Acknowledgments. The District has implemented Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* in the preparation of its financial statements for the year ended June 30, 2006. The requirement to prepare financial statements under the new GASB 34 accounting and reporting model has been described to be the most significant change in the history of public sector accounting.

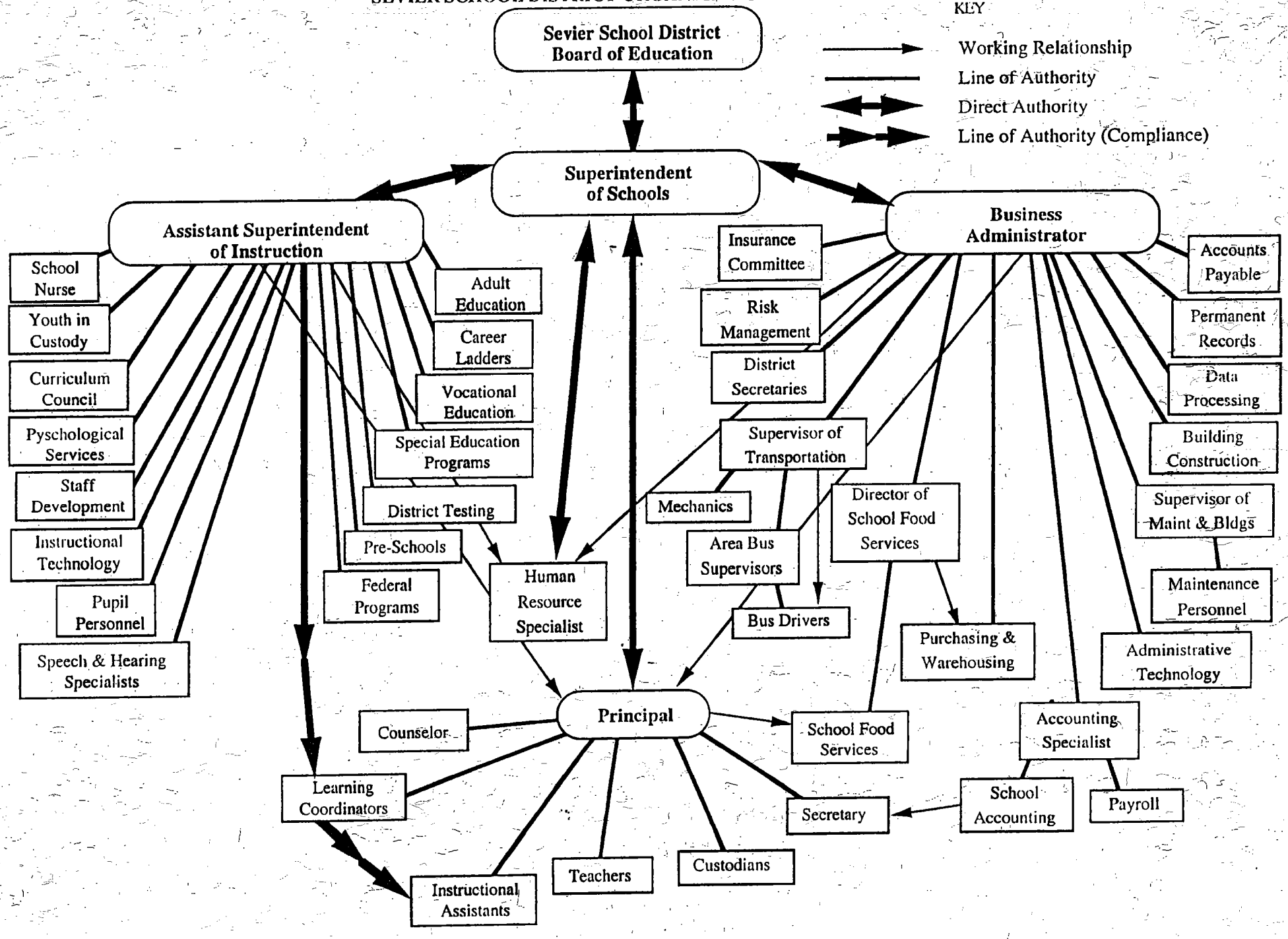
The timely preparation of this report was accomplished through the efficiency and dedication of the business department staff. We would like to express appreciation to all members of the department who assisted in the preparation of this report. Special appreciation is expressed to Kari Carter, Accountant, and Roberta Curtis, who were major contributors in preparation of this report. We would also like to thank the members of the Board of Education for their interest and support in conducting the financial affairs of the District in a responsible and progressive manner.

Respectfully submitted,

Brent M. Thorne, Ph.D.
Superintendent of Schools

Patrick D. Wilson, CPA
Business Administrator

SEVIER SCHOOL DISTRICT ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sevier 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.

President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

This Certificate of Excellence in Financial Reporting is presented to

SEVIER 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

Sevier School District
List of Elected and Appointed Officials
June 30, 2006

Elected Officials

Members of the Board of Education	Present Term Began	Present Term Expires	Initial Appointment
Michael Miles Precinct I	February 11, 2004	January 1, 2007	February 11, 2004
Don Naser Precinct II	January 6, 2003	January 1, 2007	January 6, 2003
Jack Hansen Precinct III	January 6, 2003	January 1, 2007	January 6, 2003
Clint Johnson Precinct IV	January 3, 2005	January 5, 2009	January 3, 2005
Tom Hales Precinct V	January 3, 2005	January 5, 2009	January 4, 1993

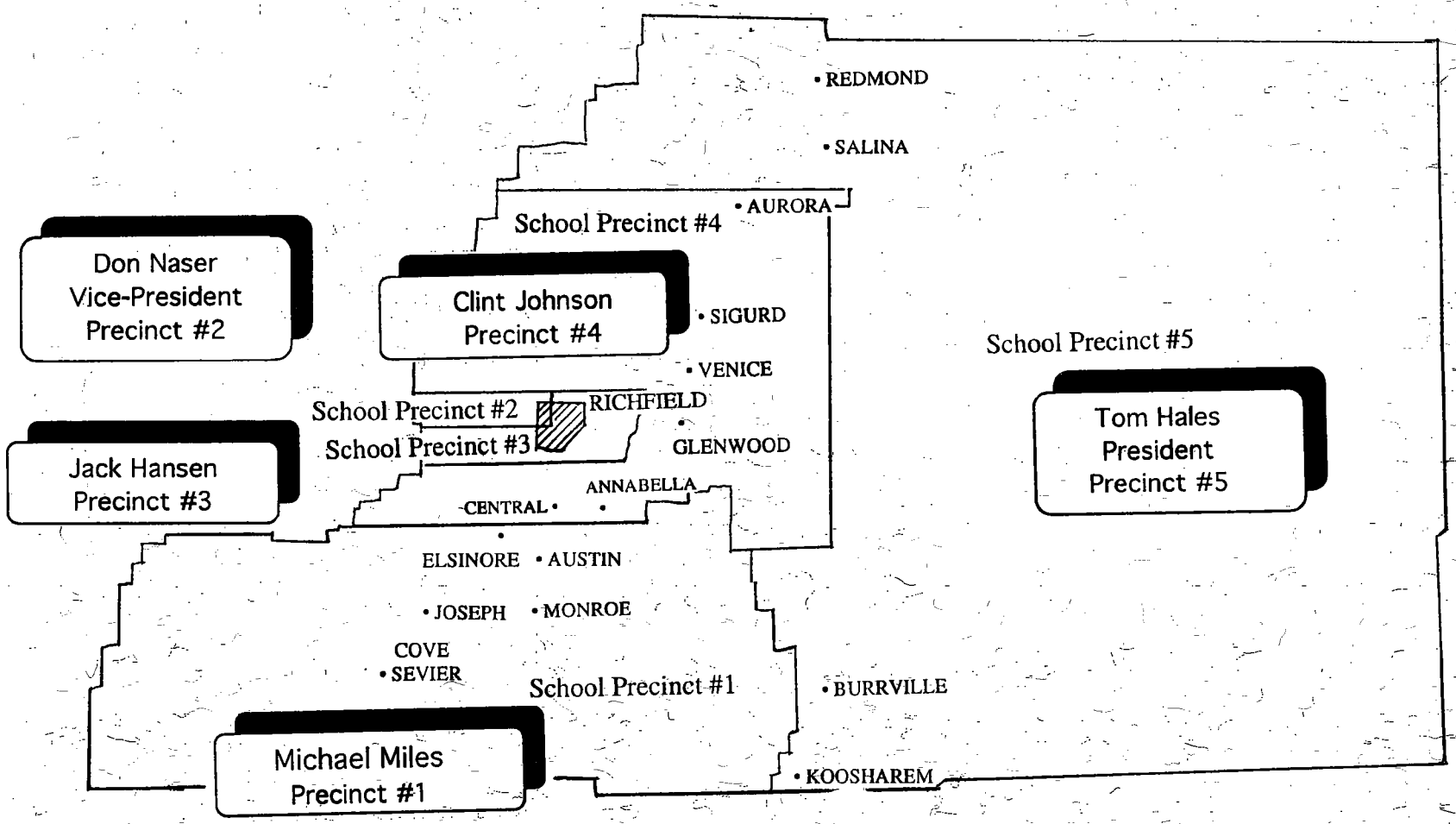
Appointed Officials

	Present Term Began	Present Term Expires	Initial Appointment
Brent M. Thorne* Superintendent	July 1, 2006	June 30, 2008	July 1, 1992
Patrick D. Wilson* Business Administrator	January 3, 2005	January 1, 2007	June 1, 1999

The term of office for a board member is four years, beginning on the first Monday in January following the November election.

*The term of office of the Superintendent and Business Administrator is two years.

Sevier School District
Board of Education



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FINANCIAL SECTION

Kimball & Roberts
Certified Public Accountants
A Professional Corporation
Box 663
Richfield, Utah 84701
Phone 896-6488

INDEPENDENT AUDITOR'S REPORT

Sevier School Board
Sevier School District
Richfield, Utah 84701

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sevier School District as of and for the fiscal 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 Sevier School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sevier School District at 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 29, 2006, on our consideration of Sevier School District's internal control over financial reporting and 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 read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sevier School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Sevier School District. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards 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 section 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.

Kimball & Roberts

KIMBALL & ROBERTS, P. C.
Certified Public Accountants

September 29, 2006
Richfield, Utah

Management's Discussion and Analysis

This section of Sevier 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 to 6 of this report and the District's financial statements, which follow this section.

Financial Highlights

- The District is dependent on state aid in the general fund; it provides 72.82 percent of our total general fund revenues. Student aggregate daily membership increased by 7 students, .16 percent in fiscal 2006, overall general fund state aid increased by $221,424 or 1.25 percent due to one-time money allocated by the legislature in 2005 that wasn't re-appropriated in 2006 and the WPU increase of 4.50 percent. Government-wide per pupil revenue increased by $217, due to an increase in earnings on investments, operating grants, state aid, and a basically flat aggregate daily membership. State and federal unrestricted aid increased by $264,825, due to WPU increase the District received. Property tax revenues increased $429,173 primarily as a result of an increase in the District tax rate and the assessed valuation.

- Government-wide per pupil expenditures decreased by $125, due to decreases in instructional costs from the general fund, primarily related to equipment purchases.

- The District's net assets exceeded liabilities by $15,502,107 at the close of the most recent fiscal year.

- During the year, expenses were $161,790 less than the $30,943,291 generated in taxes and other revenues for governmental activities.

- The District has issued the full $16,500,000 authorized by the 1996 bond election. The District believes it is capable of meeting the facility needs of the District for the next ten years with existing resources and tax levies. The District does not anticipate the need for another bond election within the next ten years.

- The District's construction projects, an addition to Pahvant Elementary underway for the year ended June 30, 2006 is projected at a total cost of $2,660,281. The District completed the major remodel project at Monroe Elementary for a total cost of $873,088 and two smaller remodel projects. The Red Hills Middle School playground area was leveled preparatory for ball fields and a walking track started in the previous fiscal year and completed during the 2006 fiscal year.

Overview of the Financial Statements

The 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 the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves and federal and state compliance information.

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 early retirement incentive).

The government-wide financial statements can be found on pages 26 to 27 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 two categories: governmental funds and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government'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 government'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 of these non-major governmental funds are provided in the form of *combining and individual 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 28 to 32 of this report.

- **Proprietary fund.** *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses one internal service fund to account for services provided to all the other funds of the District involving employee benefits related to compensated absences payable. The internal service fund has been included within *governmental activities* in the government-wide financial statements.

  The one internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 33 to 35 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 and Central Utah Educational Services, a regional service center providing educational services to seven school districts. The basic fiduciary fund financial statements can be found on page 36 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 37 to 53 of this report.

Other information. The combining and individual statements and schedules referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 58 to 84 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 $15,502,107 at the close of the most recent fiscal year.

SEVIER SCHOOL DISTRICT - Net Assets

	Governmental Activities		Total Change
	2006	2005	2006-2005
Current and other assets	$ 22,336,718	$ 21,731,359	$ 605,359
Capital assets	25,663,465	24,518,540	1,144,925
Total assets	48,000,183	46,249,899	1,750,284
Other liabilities	14,623,830	14,043,092	580,738
Long-term liabilities outstanding	17,874,246	18,993,197	(1,118,951)
Total Liabilities	32,498,076	33,036,289	(538,213)
Net assets:			
Invested in capital assets, net of related debt	8,953,465	6,788,540	2,164,925
Restricted	3,131,436	3,318,414	(186,978)
Unrestricted	3,417,206	3,106,156	311,050
Total net assets	$ 15,502,107	$ 13,213,110	$ 2,288,997

- The largest portion of the District's net assets (57.8 percent) reflects its investment in capital assets (e.g., land, water stock, furniture, buildings and improvements, and equipment net of accumulated depreciation), less any related debt (general obligation bonds payable less unspent bond proceeds) used to acquire those assets that are 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 (20.2 percent) 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* (22.0 percent) 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.

The net investment in capital assets increased by $2,164,925 during the year ended June 30, 2006. This increase resulted primarily from the current year building additions and construction in progress and from the decrease in the long-term outstanding liabilities.

The District's unrestricted assets increased by $311,050 during the year ended June 30, 2006. This increase is primarily due to general fund revenues exceeding general fund expenditures, which increased the general fund balance by $300,674.

The District's net assets increased by $2,288,997 during the current fiscal year. The following discussion and analysis on governmental activities focuses on this increase:

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

SEVIER SCHOOL DISTRICT'S Changes in Net Assets

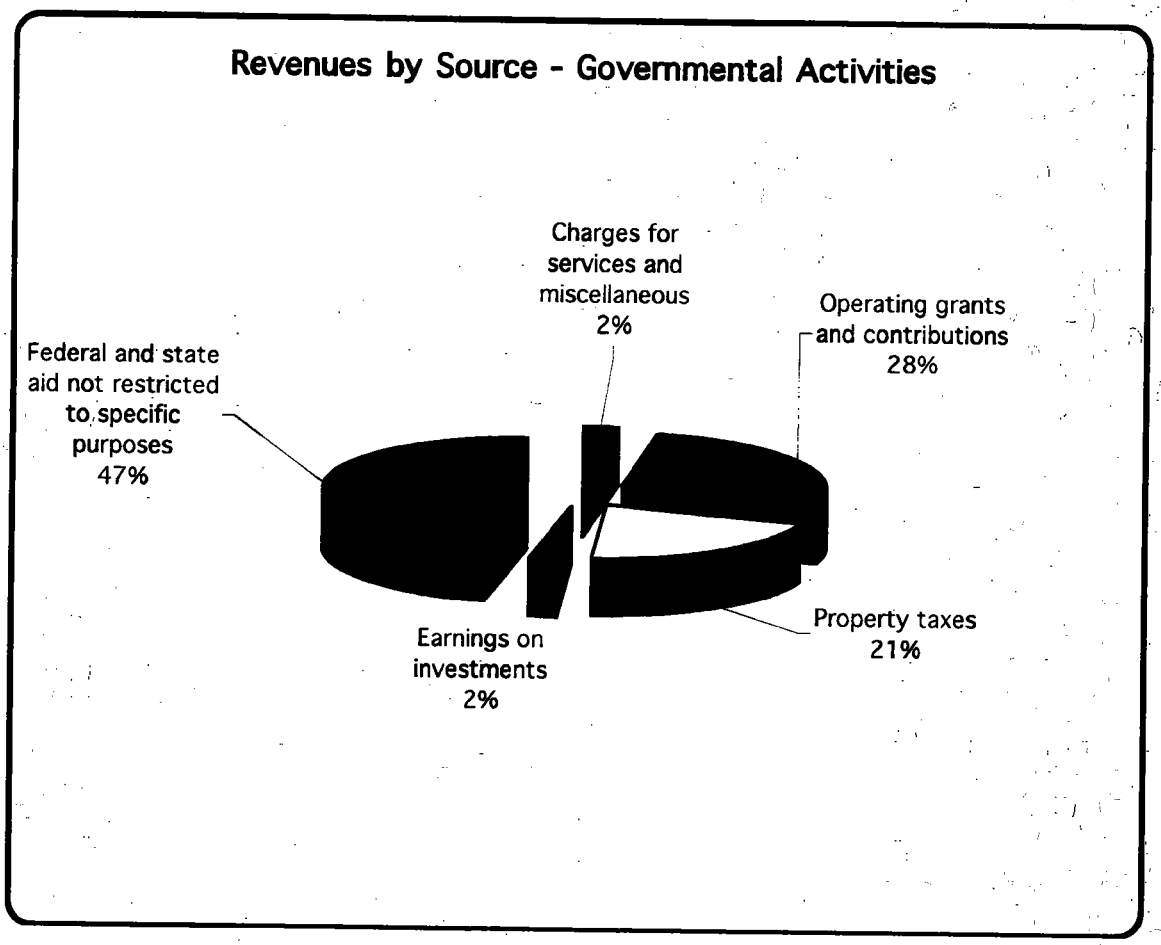
	Governmental activities		Total change
	2006	2005	2006-2005
Revenues:			
Program revenues:			
Charges for services	$ 704,436	$ 622,316	$ 82,120
Operating grants and contributions	8,572,524	8,611,562	(39,038)
General revenues:			
Property taxes	6,440,986	6,011,813	429,173
Federal and state aid not restricted to specific purposes	14,462,902	14,198,077	264,825
Earnings on investments	628,024	359,370	268,654
Miscellaneous	128,176	143,830	(15,654)
Total revenues	30,937,048	29,946,968	990,080
Expenses:			
Instructional services	18,338,822	19,526,034	(1,187,212)
Supporting services:			
Students	549,700	553,468	(3,768)
Instructional staff	267,722	261,810	5,912
District administration	562,434	526,497	35,937
School administration	1,417,381	1,406,167	11,214
Business/data processing	456,123	471,618	(15,495)
Operation and maintenance of facilities	3,360,457	2,861,418	499,039
Transportation	1,317,180	1,261,902	55,278
School lunch services	1,558,884	1,422,921	135,963
Interest on long-term liabilities	819,348	855,794	(36,446)
Total expenses	28,648,051	29,147,629	(499,578)
Increase (decrease) in net assets	2,288,997	799,339	1,489,658
Net assets - beginning	13,213,110	12,413,771	799,339
Net assets - ending	15,502,107	13,213,110	$ 2,288,997

SEVIER SCHOOL DISTRICT'S Revenue and Expense per Pupil

	Governmental activities 2006	Governmental activities 2005	Total change 2006-2005
Revenue per Pupil:			
Local	$ 1,820	$ 1,642	$ 178
State	4,344	4,321	23
Federal	942	926	16
Total revenue per pupil	$ 7,106	$ 6,889	$ 217
Expense per Pupil	$ 6,580	$ 6,705	$ (125)
Student Population	4,354	4,347	7

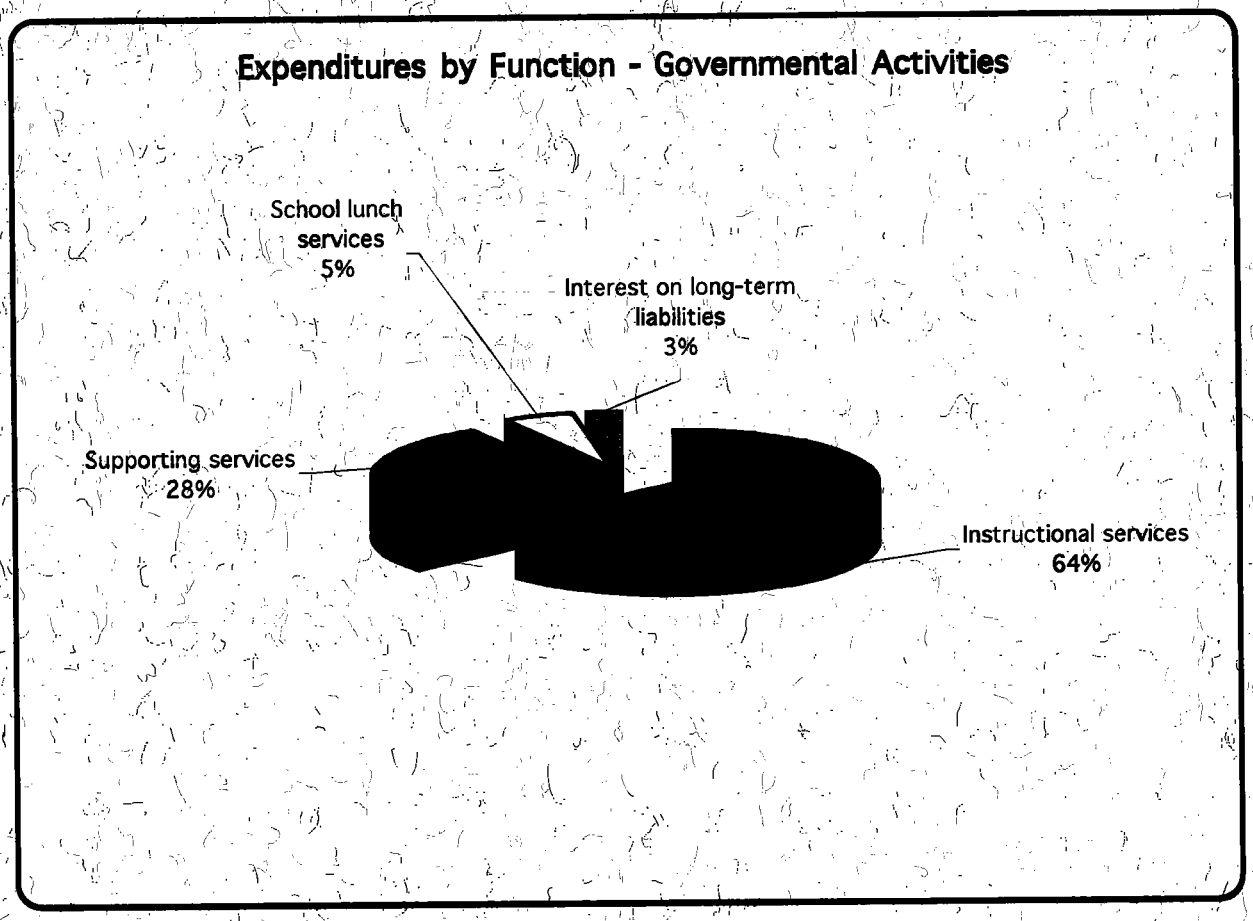
- State aid is based primarily on weighted pupil units (WPUs) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the guarantee, it will make up the difference with state funding. Certain special students receive a weighting greater than one. The value of the WPU increased by 4.50 percent during the year ended June 30, 2006 ($2,280 during 2006 as compared to $2,182 in 2005). With increases in the WPU and restricted basic programs, the District had an overall gain of state revenue. Government-wide per pupil revenue increased by $217. The increase is due to a stable student population and an increase in earnings on investments and the increases in State funding through the WPU, operating grants and contributions. Government-wide per pupil expenditures decreased by $125. The decrease is primarily due to decreased instructional costs for equipment.

- Property tax revenues increased by 7.14 percent primarily from an increase in the District's assessed valuation. District taxable property values in tax year 2005 increased 9.29 percent compared to an increase of 4.76 percent in 2004. The District raised its total tax rate by .45 percent for the fiscal year.



- Instructional services represent the largest dollar decrease in expense of $1,187,212 due to the decrease in equipment purchases.

- Operation and maintenance of facilities increased by $499,039, which reflects the completion of projects that were delayed in 2005 and subsequently completed in the current fiscal year.



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 *major 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.

The ***general fund*** balance increased by $461,450 resulting in a year-end balance of $3,969,625. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled $24,320,349, an increase of 2.32 percent during the current fiscal year. This compares to a 4.03 percent increase in 2005. Instructional services represent 68.74 percent of general fund expenditures.

- General fund salaries totaled $14,888,318 while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added $4,978,375 to arrive at 81.69 percent of total general fund expenditures, a decrease of 1.58 percent over 2005.

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. The $3,969,625 fund balance of the general fund is primarily designated for the following purposes:

- *Reserved for restricted program balances* of $86,211 are reserved for the tort liability and special transportation levies and is maintained for specific uses for which the property taxes are levied. These funds are reserved and do not represent available expendable financial resources except within their specific program.

- *Designation for undistributed reserve* of $1,350,000 or 4.83 percent of general fund budgeted expenditures is reserved for general contingencies. As allowed by state law, the District has established an undistributed reserve within the general fund; this amount 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 favorable bond rating given by Moody's Investor Service.

- *Designation for early retirement incentive* of $539,480 is designated by the District for the early retirement incentive, which is needed to fully fund those benefits established by the policies of the District regarding individuals who have retired including projected inflationary insurance costs.

- *Designation for property tax recapture* of $151,011 is designated by the District for the property taxes collected after April 1, 2006, which are used for equalization of the WPU for the future fiscal year. The specific revenues are the K-12 WPU, the voted leeway and the board leeway, which are equalized by the State through local property tax collections.

The ***debt service fund*** balance increased by $116,108 resulting in a year-end balance of $780,518, which is reserved/designated for future debt service expenditures. This increase was a result of increased property tax collections due to the increase in the assessed valuation of the District and a small tax rate increase.

The ***capital projects fund*** balance decreased by $487,454 resulting in a year-end balance of $1,727,056. This decrease was primarily a result of the completion of the remodeling projects began in fiscal year 2005 and completed during the 2006 fiscal year, along with the starting of the addition of ten classrooms and a new administrative area to Pahvant Elementary.

- Revenues for capital project purposes totaled $1,963,702, an increase of .40 percent during the current fiscal year. This compares to a 7.57 percent increase in 2005. Property taxes account for 76.71 percent of the revenues in 2006 compared to 73.79 percent in 2005.

- Expenditures for the capital projects fund totaled $2,493,102 for fiscal year 2006 and are primarily for major construction and remodeling projects throughout the District. Building construction and remodeling accounted for 87.61 percent during the current fiscal year compared to 74.96 percent in 2005.

The $1,727,056 fund balance of the capital projects fund is primarily designated for the following purposes:

- *Reserved for construction commitments* of $1,150,000 is reserved for the remaining amount due on the construction contract signed and enforce as of June 30, 2006. This amount includes all costs contracted for to complete the Pahvant Elementary addition.

- *Designation for construction commitments* of $520,000 is designated by the District for the future construction of buildings within the District. This amount is set-aside by the Board of Education to build up funds necessary to begin the next major construction or remodeling project.

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 $3,151,932 or 12.69 percent in total general fund expenditures to provide for new programs, increases in existing programs, and the budgeting of deferred revenues.

During the year, final budgeted revenues were more than original budgetary estimates by $3,413,656 or 14.15 percent, to account for increases in Federal, State aid, and the budgeting of deferred revenues from the prior year.

Even with these adjustments, actual expenditures were $3,674,993 below final budgeted amounts. The most significant positive variances were $3,053,800 in instructional services and $357,947 in supporting services-operation and maintenance of facilities. On the other hand, revenues were $2,770,183 below the final budgeted amount. Variances primarily result from expenditure-driven federal and state 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.

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. The District began a major remodel to Monroe Elementary and seismic upgrade during 2005 at a projected cost of $874,627 and completed the facility during 2006 at a total cost of $873,088. The District began the new addition to Pahvant Elementary at a projected cost of $2,660,281 with an expected completion date of August, 2006. The project at Pahvant Elementary deals with a major classroom addition and some seismic upgrades and remodeling in the existing building so the third grade could be moved there from Ashman Elementary.

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

SEVIER SCHOOL DISTRICT'S Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Total Change
	2006	2005	2006-2005
Land	$ 3,156,074	$ 3,075,964	$ 80,110
Construction in progress	1,510,281	-	1,510,281
Water stock	21,415	21,415	-
Buildings and improvements	19,674,512	20,023,798	(349,286)
Furniture and equipment	1,301,183	1,397,363	(96,180)
Total revenues	$ 25,663,465	$ 24,518,540	$ 1,144,925

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

Debt Administration. The District has issued the full $16,500,000 authorization resulting from the November, 1996 bond election. The District currently has no remaining authorization to issue general obligation bonds without first holding a new bond election. The District does not anticipate the need for another bond election within the next ten years.

The general obligation bonded debt of the District is limited by state law to four percent of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2006 is $51,829,346. General obligation debt at June 30, 2006 is $16,710,000, resulting in a legal debt margin of $35,119,346.

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 general obligation bonds by 2018.

SEVIER SCHOOL DISTRICT'S Outstanding Debt

	Governmental Activities		Total Change
	2006	2005	2006-2005
General obligation bonds	$ 16,710,000	$ 17,730,000	$ (1,020,000)

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

The components of changing enrollment are migration and the kindergarten to grade 12 (K-12) differential. The K-12 differential is the size of the twelfth grade leaving compared to the size of the kindergarten students entering the District in a given year. District births and number of students per grade are known data. District growth occurs when the number of kindergarten students entering the system exceeds the twelfth grade students leaving the system in a given fiscal year. Declining enrollment would occur if the number of 12th grade students leaving the District were greater than the number of kindergarten students entering the District, provided all other factors remained constant.

The District has suffered declining enrollment since 1996 when enrollment peaked at 5,051. Enrollment was 4,380 on October 1, 2005, a decrease of 671 students or 13.29 percent from the peak. Declines are due to smaller family sizes, lower countywide births and out migration.

The District has dealt with declining enrollment and the corresponding funding losses by reducing staff, benefits paid to staff, consolidating and reducing administrative positions, and reducing or eliminating some programs. It is anticipated that enrollment will stabilize with the decreases becoming smaller in the near term, with some small growth projected in the next fiscal year.

SEVIER SCHOOL DISTRICT'S Enrollment Changes (2007-2011)

Birth year of kindergarten students	2002	2003	2004	2005	2006	
District fiscal year	2007	2008	2009	2010	2011	Total
Kindergarten students entering	367	324	357	327	347	1,722
12th grade students leaving	312	330	362	351	326	1,681
K-12 Differential	55	(6)	(5)	(24)	21	41

The District's enrollment for the 2006 year decreased by 13 students for a total of 4,380 students as measured by the October 1, 2005 count.

Requests for Information

This financial report is designed to provide a general overview of the Sevier School District's finances for all those with an interest in the government'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, Sevier School District, 180 East 600 North, Richfield, UT 84701.

BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

SEVIER SCHOOL DISTRICT
Statement of Net Assets
June 30, 2006

	Governmental Activities
Assets:	
Cash and investments	$ 14,199,405
Receivables:	
Property taxes	7,081,395
Other governments	697,951
Other local	221,303
Inventories	136,664
Capital assets:	
Land and water stock	4,687,770
Other capital assets, net of accumulated depreciation	20,975,695
Total assets	48,000,183
Liabilities:	
Accounts payable	2,633,586
Accrued interest	60,100
Accrued salaries	2,058,080
Unearned revenue:	
Property taxes	7,064,236
Other governments	2,807,828
Other local	-
Noncurrent liabilities:	
Due within one year	1,394,349
Due in more than one year	16,479,897
Total liabilities	32,498,076
Net Assets:	
Invested in capital assets, net of related debt	8,953,465
Restricted net assets:	
General fund	86,211
School lunch	323,407
Non K-12 programs	187,118
Debt service	770,458
Capital projects	1,764,242
Unrestricted net assets	3,417,206
Total net assets	$ 15,502,107

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

SEVIER SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2006

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental activities:				
Instructional services	$ 18,338,822	$ 168,538	$ 6,390,486	$ (11,779,798)
Supporting services:				
Students	549,700	-	155,889	(393,811)
Instructional staff	267,722	-	15,751	(251,971)
District administration	562,434	-	66,391	(496,043)
School administration	1,417,381	-	-	(1,417,381)
Business/data processing	456,123	-	12,200	(443,923)
Operation and maintenance of facilities	3,360,457	-	167,439	(3,193,018)
Transportation	1,317,180	28,352	701,642	(587,186)
School lunch services	1,558,884	507,546	1,062,726	11,388
Interest on long-term liabilities	819,348	-	-	(819,348)
Total school district	$ 28,648,051	$ 704,436	$ 8,572,524	(19,371,091)

General revenues:	
Property taxes levied for:	
General purposes	2,595,447
Transportation	269,610
Recreation	166,260
Debt service	1,909,738
Capital outlay	1,499,931
Federal and state aid not restricted to specific purposes	14,462,902
Earnings on investments	628,024
Miscellaneous	128,176
Total general revenues	21,660,088
Change in net assets	2,288,997
Net assets - beginning	13,213,110
Net assets - ending	$ 15,502,107

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

SEVIER 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	$ 10,264,554	$ 824,501	$ 2,051,750	$ 433,834	$ 13,574,639
Receivables:					
Property taxes	3,054,465	1,853,482	1,944,377	229,071	7,081,395
Other governments	581,119	-	-	116,832	697,951
Other local	182,827	4,442	468	33,566	221,303
Inventories	-	-	-	136,664	136,664
Total assets	$ 14,082,965	$ 2,682,425	$ 3,996,595	$ 949,967	$ 21,711,952
Liabilities and fund balances:					
Liabilities:					
Accounts payable	$ 2,284,929	$ 4,663	$ 290,791	$ 53,203	$ 2,633,586
Accrued salaries	1,985,998	-	-	72,082	2,058,080
Unearned revenue:					
Property taxes	3,120,118	1,897,244	1,978,748	232,881	7,228,991
Other governments	2,722,295	-	-	85,533	2,807,828
Other local	-	-	-	-	-
Total liabilities	10,113,340	1,901,907	2,269,539	443,699	14,728,485
Fund Balances:					
Reserved for:					
Tort liability & transportation	86,211	-	-	-	86,211
Debt service	-	780,518	-	-	780,518
Construction commitments	-	-	1,150,000	-	1,150,000
Unreserved:					
Designated, reported in:					
General fund for:					
Undistributed reserve	1,350,000	-	-	-	1,350,000
Early retirement incentive	539,480	-	-	-	539,480
Property tax recapture	151,011	-	-	-	151,011
Construction commitments	-	-	520,000	-	520,000
Undesignated, reported in:					
General fund	1,842,923	-	-	-	1,842,923
Capital projects fund	-	-	57,056	-	57,056
Special revenue funds	-	-	-	506,268	506,268
Total fund balances	3,969,625	780,518	1,727,056	506,268	6,983,467
Total liabilities and fund balances	$ 14,082,965	$ 2,682,425	$ 3,996,595	$ 949,967	$ 21,711,952

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

SEVIER 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		$ 6,983,467
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	$ 3,156,074	
Construction in progress	1,510,281	
Water stock	21,415	
Buildings and improvements, net of $22,718,259 accumulated depreciation	19,674,512	
Furniture and equipment, net of $4,238,387 accumulated depreciation	1,301,183	25,663,465
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.		164,755
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is $60,100.		(60,100)
Internal service funds are used by management to charge the costs of 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:		0
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:		
Bonds payable	(16,710,000)	
Early retirement incentive payable	(539,480)	(17,249,480)
Total net assets of governmental activities		$ 15,502,107

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

SEVIER 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	$ 2,869,663	$ 1,904,952	$ 1,506,305	$ 166,309	$ 6,447,229
Earnings on investments	449,949	54,374	123,243	458	628,024
School lunch sales	-	-	-	507,546	507,546
Other local sources	236,408	-	-	88,658	325,066
State aid	18,046,988	-	334,154	531,033	18,912,175
Federal aid	3,178,791	-	-	944,460	4,123,251
Total revenues	24,781,799	1,959,326	1,963,702	2,238,464	30,943,291
Expenditures:					
Current:					
Instructional services	16,715,961	-	77,678	465,632	17,259,271
Supporting services:					
Students	549,700	-	-	-	549,700
Instructional staff	267,722	-	-	-	267,722
District administration	550,356	-	-	11,786	562,142
School administration	1,417,381	-	-	-	1,417,381
Business/data processing	444,204	-	-	3,039	447,243
Operation and maintenance of facilities	3,246,740	-	-	86,505	3,333,245
Transportation	1,128,285	-	-	-	1,128,285
School lunch services	-	-	-	1,557,870	1,557,870
Capital outlay	-	-	2,415,424	-	2,415,424
Debt service:					
Bond principal	-	1,020,000	-	-	1,020,000
Bond interest	-	809,018	-	-	809,018
Paying agent fees & other costs	-	14,200	-	-	14,200
Total expenditures	24,320,349	1,843,218	2,493,102	2,124,832	30,781,501
Excess (deficiency) of revenues over (under) expenditures	461,450	116,108	(529,400)	113,632	161,790
Other financing sources (uses):					
Transfer (out)/in	-	-	-	-	-
Sale of capital assets	-	-	41,946	-	41,946
Total other financing sources (uses)	-	-	41,946	-	41,946
Net change in fund balances	461,450	116,108	(487,454)	113,632	203,736
Fund balances - beginning, as restated	3,508,175	664,410	2,214,510	392,636	6,779,731
Fund balances - ending	$ 3,969,625	$ 780,518	$ 1,727,056	$ 506,268	$ 6,983,467

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

SEVIER SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2006

Net change in fund balances-total governmental funds		$ 203,736
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 furniture and equipment and for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlays	$ 2,721,304	
Loss on disposal of capital assets	40,520	
Proceeds from sales of capital assets	(41,946)	
Depreciation expense	(1,574,953)	1,144,925
The governmental funds report bonds issued 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 if material. 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	1,020,000	
Interest expense - general obligation bonds	3,870	1,023,870
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 decreased this year.		(6,243)
In the statement of activities, certain operating expenses - special termination benefits (early retirement incentive) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, early retirement incentive payable decreased.		(77,291)
Change in net assets of governmental activities		$ 2,288,997

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

SEVIER SCHOOL DISTRICT

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

General Fund

Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Property taxes	$ 2,736,608	$ 2,881,215	$ 2,869,663	$ (11,552)
Earnings on investments	150,350	420,530	449,949	29,419
Other local sources	151,500	184,976	236,408	51,432
State aid	17,865,180	20,385,281	18,046,988	(2,338,293)
Federal aid	3,234,688	3,679,980	3,178,791	(501,189)
Total revenues	24,138,326	27,551,982	24,781,799	(2,770,183)
Expenditures:				
Current:				
Instructional services	16,999,094	19,769,761	16,715,961	3,053,800
Supporting services:				
Students	583,631	642,035	549,700	92,335
Instructional staff	273,712	275,600	267,722	7,878
District administration	555,555	577,260	550,356	26,904
School administration	1,469,876	1,465,534	1,417,381	48,153
Business/data processing	475,578	470,611	444,204	26,407
Operation and maintenance of facilities	3,346,750	3,604,687	3,246,740	357,947
Transportation	1,139,214	1,189,854	1,128,285	61,569
Total expenditures	24,843,410	27,995,342	24,320,349	3,674,993
Excess of revenues over expenditures	(705,084)	(443,360)	461,450	904,810
Other financing sources (uses):				
Transfer out	-	-	-	-
Net change in fund balances	(705,084)	(443,360)	461,450	904,810
Fund balances - beginning	2,642,671	3,508,175	3,508,175	-
Fund balances - ending	$ 1,937,587	$ 3,064,815	$ 3,969,625	$ 904,810

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

SEVIER SCHOOL DISTRICT
Statement of Fund Net Assets
Proprietary Fund
June 30, 2006

	Governmental Activities - Internal Service Fund 2006
Assets:	
Current assets:	
Cash and investments	$ 624,766
Total assets	$ 624,766
Liabilities:	
Current liabilities:	
Compensated absences payable	$ 123,182
Noncurrent liabilities:	
Compensated absences payable	501,584
Total liabilities	624,766
Net assets:	
Unrestricted	-
Total net assets	$ -

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

SEVIER SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2006

	Governmental Activities - Internal Service Fund 2006
Operating revenues:	
Charges for services	$ (58,926)
Operating expenses:	
Compensation claim payments - *vacation*	(3,699)
Compensation claim payments - *leave*	(55,227)
Employee benefits	-
Total operating expenses	(58,926)
Operating income (loss)	-
Change in net assets	-
Total net assets - beginning	-
Total net assets - ending	$ -

The notes to the basic financial statements are an integral part of these statements.

SEVIER SCHOOL DISTRICT
Statement of Fund Cash Flows
Proprietary Fund
Year Ended June 30, 2006

	Governmental Activities - Internal Service Fund 2006
Cash flows from operating activities:	
Receipts from interfund services provided	$ (58,926)
Payments to employees	(117,316)
Net cash provided by operating activities	(176,242)
Net change in cash and cash equivalents	(176,242)
Cash and cash equivalents - beginning	801,008
Cash and cash equivalents - ending	$ 624,766
Displayed on statements of fund net assets as:	
Cash and investments	$ 624,766
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Increase (decrease) in compensated absences payable	(176,242)
Total adjustments	(176,242)
Net cash provided by operating activities	$ (176,242)
Noncash investing, capital, and financing activities:	none

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

SEVIER SCHOOL DISTRICT
Statement of Fiduciary Fund Assets and Liabilities
Agency Funds
June 30, 2006

	Total Agency Funds
Assets:	
Cash and investments	$ 1,237,013
Accounts receivable - other governments	153,138
Total assets	$ 1,390,151
Liabilities:	
Due to student groups	$ 843,387
Due to other governments	546,764
Total liabilities	$ 1,390,151

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sevier 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.

The Reporting Entity – The District was incorporated March 4, 1912 under the provisions of the State of Utah and is a *legal separate entity*. The Board of Education, is comprised of *five elected* individuals, is the governing authority for the District, is directly accountable to the citizens and comprises the primary and only educational government within Sevier County. The District may levy taxes; issue bonds, hires employees and is *fiscally independent* in evaluating the criteria to establish the District as a primary government.

A component unit is a legally separate organization that a primary government must include as part of its financial reporting entity for fair presentation in conformity with GAAP. The District's financial information is not included in any other reporting entities statement and is not a component unit of any other primary government.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net assets and the statement of activities) display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

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 expenses 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 instructional, school administration, operation and maintenance of facilities, and school lunch services) are included in the direct expenses of the instructional function, which is the primary use of our school facilities. 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 item. Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the District's funds, including its fiduciary funds. 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 non-major 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 receives and gives up essentially equal values.

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 resources accumulated and payments made for principal and interest on general obligation school building bonds.

- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites; construction and remodel of facilities; and procurement of equipment, textbooks, and supplies necessary for providing educational programs for all students within the District.

The District reports the following non-major governmental funds:

- The *school lunch fund* accounts for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the United States Government.

- The *non K-12 programs fund* accounts for programs that are not part of the basic educational program of kindergarten, elementary and secondary students, or community educational and recreational activities.

Additionally, the District reports the following fund types, proprietary and fiduciary funds.

- *Internal service fund (proprietary fund)* accounts for employee compensated absences benefits provided to other funds of the District on a cost-reimbursement basis.

- *Student activities agency fund (a fiduciary 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.

- *Central Utah Educational Services (CUES) (a fiduciary fund)* – The District is the fiscal agent for CUES. CUES functions under its own appointed Board of Directors, which is

comprised of Superintendents from the seven districts that are served. The accounting reflects the District's fiduciary responsibility for CUES.

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide and proprietary fund financial statements* are reported using the economic resources 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. Non-exchange 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 sixty-days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and early retirement, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance 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 internal service fund or 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 1. 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 the patrons of the District.

- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22nd at which 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 the 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 re-appropriated 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.

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 District's investments are reported at fair value at year-end. The Utah Public Treasurers' Investment Fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. 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 Treasurer's Investment Fund (PTIF).

Encumbrances – An encumbrance accounting system, in which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Outstanding appropriations lapse at fiscal year-end and the District re-appropriates funds from the subsequent year to complete those transactions, which the District intends to honor.

Inventories – Inventories are valued at cost or, if donated, at fair value when received, using the moving average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are reported in the governmental funds as revenue when received.

Capital Assets – Capital assets, which include land, water stock, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than $5,000 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 extend the asset's 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 and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements & portable classrooms	20
Furniture	10
Kitchen equipment	10
Maintenance equipment	10
Office equipment	10
Playground equipment	10
Vocational education equipment	10
Buses	8
Vehicles	8
Audio visual equipment	5
Computer equipment	5

Compensated Absences – Compensated absences are those salary and benefit related payments for absences for which employees may be paid, such as vacation and leave, to include related payroll taxes. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees, is accrued as employees earn the rights to the benefits.

Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or in which such events take place.

All vacation and vested leave pay 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, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

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

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.

Comparative Data and Reclassifications – Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

NOTE 2. DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2006 consist of the following:

Demand deposits - checking	$	2,304,867
Investments - PTIF		13,131,552
Total cash and investments	**$**	**15,436,419**

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental	$	13,574,639
Proprietary - restricted		624,766
Fiduciary		1,237,014
Total cash and investments	**$**	**15,436,419**

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that District funds be deposited with a qualified depository, which includes any depository institution, which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds, which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements, which an institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets, which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments, which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and Investment Risk – The District maintains no investment policy containing any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The District's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates and will adversely affect the fair value of an investment. All deposits and investments of the District are available immediately.

Credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. As of June 30, 2006 the carrying amount of deposits was $2,603,227 of which $374,112 was covered by FDIC insurance.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

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. PTIF falls under the constraints of UMMA in limiting concentrations of investments. For the year ended June 30, 2006, the

District had investments of $13,131,552 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

NOTE 3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Sevier 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 two percent 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 percent; the interest period is from January 1 until date paid.

Beginning January 1, 1992, an annual uniform fee based on the value of motor vehicles was levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5 percent of the fair market statewide value of the property, as established by the State Tax Commission. Effective January 1, 1999, legislation required motor vehicles be subject to an "age-based" fee that is due each time a vehicle is registered. The age-based fee is for passenger type vehicles and ranges from $10 to $150 based on the age of the vehicle. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when the County collects it.

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:

	General	Debt Service	Capital Projects	Governmental Funds	Totals
Property taxes - receivable:					
Levied for current and prior years (delinquent)	$ 97,628	$ 66,275	$ 49,937	$ 5,670	$ 219,510
Levied for future year	2,956,837	1,787,207	1,894,440	223,401	6,861,885
	$ 3,054,465	$ 1,853,482	$ 1,944,377	$ 229,071	$ 7,081,395
Property taxes - deferred revenue:					
Levied for future year and collected	$ 90,009	$ 59,997	$ 47,122	$ 5,223	$ 202,351
Levied for future year and uncollected	2,956,837	1,787,207	1,894,440	223,401	6,861,885
Deferred property tax revenue - governmental activities, statement of net assets	3,046,846	1,847,204	1,941,562	228,624	7,064,236
Levied for current and prior years (delinquent)	73,272	50,040	37,186	4,257	164,755
Deferred property tax revenue - governmental funds, balance sheet	$ 3,120,118	$ 1,897,244	$ 1,978,748	$ 232,881	$ 7,228,991

NOTE 4. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 3,075,964	$ 80,110	$ -	$ 3,156,074
Construction in progress	-	1,510,281	-	1,510,281
Water stock	21,415	-	-	21,415
Total capital assets, not being depreciated	3,097,379	1,590,391	-	4,687,770
Capital assets, being depreciated:				
Buildings and improvements	41,519,683	873,088	-	42,392,771
Furniture and equipment	5,666,823	257,825	(385,078)	5,539,570
Total capital assets, being depreciated	47,186,506	1,130,913	(385,078)	47,932,341
Accumulated depreciation for:				
Buildings and improvements	(21,495,885)	(1,222,374)	-	(22,718,259)
Furniture and equipment	(4,269,460)	(352,579)	383,652	(4,238,387)
Total accumulated depreciation	(25,765,345)	(1,574,953)	383,652	(26,956,646)
Total capital assets, being depreciated, net	21,421,161	(444,040)	(1,426)	20,975,695
Governmental activities capital assets, net	$ 24,518,540	$ 1,146,351	$ (1,426)	$ 25,663,465

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

Governmental activities:	
Instructional services	$ 1,348,660
Supporting services:	
District administration	292
Business/data processing	8,880
Operation and maintenance of facilities	27,212
Transportation	188,895
School lunch services	1,014
Total depreciation expense, governmental activities	$ 1,574,953

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

Project	Project Authorized	Costs to Date	Costs to Complete
Sevier School District -Pahvant Elementary & District Office Upgrade	$ 2,660,281	$ 1,510,281	$ 1,150,000
	$ 2,660,281	$ 1,510,281	$ 1,150,000

NOTE 5. RETIREMENT PLANS

Defined Benefit Plans – The District contributes to the State School Contributory and the State School Noncontributory Retirement Systems (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 percent of annual covered salary, and the District contributes 13.89 percent of annual covered salary. For employees participating in the State and School Noncontributory System, the District contributes 13.38 percent 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 are as follows:

Year Ended June 30	Employee Paid Contributions	Employer Paid for Employee Contributions	Employer Contributions	Salary subject to retirement Contributions
State and School - Contributory				
2006	$ 1,081	$ 5,407	$ 9,613	$ 108,135
2005	1,025	5,125	9,112	102,502
2004	957	4,786	6,901	95,716
State and School - Noncontributory				
2006	$ 0	$ 0	$ 2,053,068	$ 15,344,307
2005	0	0	1,833,260	13,701,494
2004	0	0	1,528,337	13,063,351

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 1.5 percent of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the

employee upon termination or may be used as supplemental income upon retirement. 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 employee's voluntary contributions and the required contributions to the 401(k) for the Fiscal year ended June 30 are as follows:

Year Ended June 30	Employee Paid Contributions	Employer Paid for Employee Contributions
401(k) Contributions		
2006	$ 357,871	$ 264,950
2005	300,794	214,738
2004	215,522	193,876

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. The assets of the plan are administered and held by URS and third-party administrators. Employee contributions to the Section 457 plan for the fiscal year-ended June 30th are as follows:

Year Ended June 30	Employee Paid Contributions
457 Contributions	
2006	$ 65,571
2005	25,033
2004	14,340

Early Retirement Incentive – The District provided an early retirement incentive program for those employee's retiring prior to June 30, 2006. Eligibility was restricted to those professional/certificated employees who have a minimum of ten years of full-time (at least 35 hours per week) service in a professional or certificated capacity and position with the District, and who are eligible for full retirement (full retirement being defined as 30 years of service) under the provisions of the Utah State Employee Retirement Act. Professional/certificated employees receive 35 percent of the difference between base salary of the current teacher's salary schedule, and the step and lane, which they are on at the time of retirement. This amount will be reduced by the amount, which the employee is eligible to receive under the Social Security Act at the earliest possible date (irrespective of the amount of old age insurance benefits under the Social Security Act actually received by the employee). Qualifying retirees can receive benefits up to a maximum of four consecutive years.

Under the policy, the District will maintain the cost of the group insurance for hospital, surgical and extended benefits, and life insurance, with employee paying their applicable share of the premium, equal to the rate paid in the year of their retirement, until the employee becomes eligible to join Medicare; or up to a maximum of four consecutive years, whichever occurs first, but not to exceed the cost of a couple's coverage. Qualifying District employees who retire prior to age 61 shall have the option of continuing the group insurance benefits beyond the four-year period by paying 100 percent of the applicable group premium. All benefits will terminate the month following the date of death of the qualifying employee.

The number of retirees currently eligible to receive benefits at June 30, 2006 is 20. The District's direct payments to retirees in the years ended June 30, 2006 and 2005 are $165,966 and $96,873, respectively. Future retirement payments of employees who have elected early retirement are shown as a designation of the general fund unreserved fund balance and are recognized on an accrual basis as an expense in the government-wide statements in the year of retirement. This liability is paid from the fund from which the employee retires.

Early Retirement Incentive Phase Out - The District developed a new policy to phase out the current early retirement incentive policy, which establishes phase out values and factors to be considered in determining amounts due eligible employees. The phase out plan establishes a service factor, a benefits base amount, and a scale factor. The service factor is their years of service divided by 30 years; the benefits base amount is determined by the amount they would have been eligible under the current policy with the current frozen amounts at 30 years of service and the scale factor started at 82.50 percent for 30 years of service and decreased by 4 percent per year for each year less than thirty years. These values were determined through a task force, which was formed from teachers, principals, and classified employees to deal with the issues surrounding the increasing costs of post employment benefits and the District's ability to continue to fund them from current resources. Each employee with more than ten years of retirement service then made an irrevocable election to participate in the phase out policy or to participate in the new defined medical benefit policy. All employees with less than ten years are enrolled in the new defined medical benefit policy. The District anticipates 81 employees will choose the phase out policy.

Based on the current elections and estimates of the amounts owed to current employees after applying their service and scale factors times their base amount eligible under the current policy is a liability of $1,620,761. This amount is an estimate of those electing to retain early retirement benefits under the phase out policy #2100A and will be finalized during the next fiscal year. A plan for funding the liability is also being prepared; however, the District believes based on the estimates presented during the task force meetings that the amount can be fully funded within the next eight to ten years.

Defined Medical Benefit – The District developed a new policy in conjunction with the early retirement phase out policy to establish benefits for new employees and for those employees who either didn't qualify under the old policy or have less than ten years of service with the Utah Retirement System or the District. Eligibility is restricted to those professional/certificated employees who work a full 182-day contract and work at least 35 hours per week in a professional or certificated capacity or classified employees who are contracted for a minimum of

242 days and work at least 35 hours per week. The funds will fully vest after an employee has completed ten consecutive years of service with the District. Employees will receive an annual amount based on their years of service; these annual amounts are as follows; $250 per year for years 1 to 14; $750 per year for years 15 to 19; $950 per year for years 20 to 24; and $250 per year for years 25 and beyond. Based on the current employee elections, new employees, and employees with less than ten years of service, the District estimates it's annual liability at $75,300 initially and then expects the amount to eventually grow to approximately $125,000 per year over the next 20 years as more employees retire who elected the phase out policy and new employees replace them. The District anticipates 185 employees will be eligible for the new defined medical benefit policy.

NOTE 6. RISK MANAGEMENT

Liability and Property – The District also maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to $10 million per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a $1,000 deductible; automobile physical damage is insured to actual value with a $1,000 deductible; other liability is limited to the lesser of $10 million or the statutory limit. The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The District pays annual premiums to the Fund. The Fund obtains independent coverage for insured events, up to $25 million per location. This is a pooled arrangement where the participant's pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

Workmen's Compensation – The District provides workers compensation insurance through the Utah School Boards Risk Management Mutual Insurance Association, which is a risk pool. This workers compensation insurance applies to bodily injury by accident or bodily injury by disease caused or aggravated by the conditions of employment. The insurance limits for bodily injury by accident, (each accident), bodily injury by disease, (policy limit), and bodily injury by disease, (each employee) is $1 million. This is a pooled arrangement where the participant's pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

Health and Accident, Life and Long-term Disability – The District provides commercial coverage for health and accident coverage, long-term disabilities, and life insurance for employees who qualify.

The District has not experienced any significant reduction in insurance coverage from the previous year and insurance settlements have not exceeded insurance coverage for the past three years.

NOTE 7. LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 17,730,000	-	$ (1,020,000)	$ 16,710,000	$ 1,070,000
Deferred amounts for issuance premium	-	-	-	-	-
Total bonds payable, net	17,730,000	-	(1,020,000)	16,710,000	1,070,000
Compensated absences payable	801,008	(58,926)	(117,316)	624,766	123,182
Early retirement payable	462,189	243,257	(165,966)	539,480	201,167
Total governmental activity long-term liabilities	$ 18,993,197	184,331	$ (1,303,282)	$ 17,874,246	$ 1,394,349

Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments. Compensated absences payments are made by the internal service fund and early retirement benefits will be paid by the fund in which the employee worked.

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	$ 1,070,000	$ 760,313	$ 1,830,313
2008	1,125,000	706,013	1,831,013
2009	1,180,000	650,740	1,830,740
2010	1,240,000	590,725	1,830,725
2011	1,295,000	538,048	1,833,048
2012-2016	7,365,000	1,792,136	9,157,136
2017-2018	3,435,000	225,105	3,660,105
Total	$ 16,710,000	$ 5,263,080	$ 21,973,080

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

$12,550,000 1997 serial and refunding, due in annual installments of $650,000 to $820,000 beginning on June 1, 2005 through June 1, 2009, interest from 5.05 percent to 5.35 percent. $8,885,000 of this issue was refunded in October, 1998. During the year ended June 30, 2006, $690,000 of this bond was defeased.	$ 2,325,000
$9,830,000 1998 refunding bonds, due in annual installments of $80,000 to $1,350,000 beginning on June 1, 2000 through June 1, 2017, interest from 3.60 percent to 4.45 percent. During the year ended June 30, 2006, $60,000 of this bond was defeased.	9,260,000
$2,050,000 2000 serial bonds, due in annual installments of $155,000 to $150,000 beginning on June 1, 2005 through June 1, 2017, interest from 5.00 percent to 5.80 percent. During the year ended June 30, 2006, $150,000 of this bond was defeased.	1,745,000
$3,650,000 2003 serial bonds, due in annual installments of $35,000 to $1,755,000 beginning on June 1, 2004 through June 1, 2018, interest from 3.00 percent to 4.20 percent. During the year ended June 30, 2006, $120,000 of this bond was defeased.	3,380,000
	$ 16,710,000

The general obligation bonded debt of the District is limited by state law to four percent of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2006 is $51,829,346. General obligation debt at June 30, 2006 is $16,710,000, resulting in a legal debt margin of $35,119,346.

Defeasance of Debt – October 15, 1998 – On October 15, 1998 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, $8,885,000 of bonds outstanding are considered defeased.

Compensated Absences – The District accrues vacation for twelve-month or full-year contract employees. Employees accrue between ten and twenty-four days a year depending upon length of service and position with the District. The District policy limits an employee's maximum accrual to be two times their annual vacation leave earnings. The District is liable to the employee for days earned but not taken. All vacation wages are accrued when incurred in the government-wide and internal service fund financial statements. This liability is serviced through the internal service fund. During the year ended June 30, 2006, the District recorded an expenditure reduction of $3,699 resulting from employees using their vacation, bringing the accrued liability balance to $171,560. The liability includes only wages and no related payroll taxes, due to the District adopting a special pay plan for the distribution of vacation leave lump-sum termination benefits. This amount is updated on an annual basis to associate current resources with current uses. The District paid $9,727 to employees who terminated or retired during the fiscal year.

The District Leave Policy allows employees to earn leave at the rate of 1.2 days per working month with a maximum of 240 days capable of being accumulated. Employees are limited by the number of days that can be taken in any one fiscal year to 15 days or under a long-term illness situation up to 60 days, which is the maximum that can be taken in any one contract year regardless of the employee's accumulation. The District in coordination with the employee groups lowered the payout percentage at each different level by five percent in order to bring the costs of the policy in line with the original intent of the policy. The retirement incentive is a stepped percentage based on the total number of days accrued by an individual upon retirement. The percentages vary between 7.50 percent and 37.50 percent. The maximum number of days the District will provide the retirement leave incentive for is 240 days. The District does not reimburse employees for unused leave upon termination except for employees eligible for retirement. All leave wages are accrued when an employee reaches a combination of age and years of service that qualifies them for retirement under the current guidelines of the Utah Retirement Systems and the expense is incurred in the government-wide and internal service fund financial statements. This liability is serviced through the internal service fund. This expenditure will be recorded in the initial year the employee qualifies for retirement and vests their leave incentive payoff. During the year ended June 30, 2006, the District recorded an expenditure reduction of $55,227, due to the changes in the percentage payouts, bringing the accrued liability to $453,206. The liability includes only wages and no related payroll taxes, due to the District adopting a special pay plan for the distribution of leave lump-sum termination benefits. The District paid $107,589 to employees who were eligible under the policy during the fiscal year.

NOTE 8. DESIGNATED FOR UNDISTRIBUTED RESERVE

Utah state law allows for the establishment of an undistributed reserve. The Board must authorize expenditures from the undistributed reserve. This reserve is for contingencies. According to State law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for District employees. The undistributed reserve may not exceed five percent 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.

NOTE 9. RESTRICTED NET ASSETS

The government-wide statement of net assets reports $3,131,436 of restricted net assets, of which $1,981,436 is restricted by enabling legislation and $1,150,000 by an issued construction contract.

NOTE 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 are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed

claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would be immaterial.

NOTE 11. RELATED PARTY

The District has a board member, Tom Hales, who is a part owner of Hales Sand and Gravel, Inc. During the current fiscal year the District expended $496,141 with Hales Sand and Gravel, Inc. These expenditures were for construction projects and construction related materials in the District that were awarded through the District's regular procurement bidding process, wherein Hales Sand and Gravel, Inc. was the low bidder on these projects or materials.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

JUNE 30, 2006

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Major Governmental Funds

General Fund – The General Fund is used to account for resources which are not required legally or by sound financial management to be accounted for in another fund. Utah law defines the General Fund as the Maintenance and Operation Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest due annually. Financing is provided by an annual property tax levy not to exceed .0024 plus an additional levy in an amount not to exceed 10% of the cost of the basic program as authorized by Utah Code 53 A-21-103 and 53 A-17a-145.

Capital Projects Fund – 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 education programs for all students within the District. Financing is provided by an annual property tax levy not to exceed .0024 plus an additional levy in an amount not to exceed 10% of the cost of the basic program as authorized by Utah Code 53 A-21-101 through 105 and 53 A-17a-145. Also, State funds can be obtained by qualifying under guidelines established for districts determined to be in critical need for construction building aid. Utah law defines the Capital Projects Funds as the Capital Outlay Fund.

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
General Fund
Years Ended June 30, 2006 and 2005

	2006	2005
Assets:		
Cash and investments	$ 10,264,554	$ 9,613,855
Receivables:		
Property taxes	3,054,465	2,856,271
Other governments	581,119	776,087
Other receivables	182,827	207,385
Due from other funds	-	-
Inventories	-	-
Advances to other funds	-	-
Total assets	$ 14,082,965	$ 13,453,598
Liabilities and fund balances:		
Liabilities:		
Accounts payable	$ 2,284,929	$ 2,110,500
Accrued salaries	1,985,998	1,929,998
Due to other funds	-	-
Unearned revenue:		
Property taxes	3,120,118	2,894,663
Other governments	2,722,295	3,009,762
Local sources	-	500
Total liabilities	10,113,340	9,945,423
Fund Balances:		
Reserved for:		
Tort liability & transportation	86,211	42,243
Advances	-	-
Debt service	-	-
Unreserved:		
Designated for:		
Undistributed reserve	1,350,000	1,300,000
Early retirement	539,480	462,189
Property tax recapture	151,011	161,494
Undesignated, reported in:		
General fund	1,842,923	1,542,249
Capital projects fund	-	-
Special revenue funds	-	-
Total fund balances	3,969,625	3,508,175
Total liabilities and fund balances	$ 14,082,965	$ 13,453,598

SEVIER 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

	Budgeted Amounts		2006 Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
Revenues:					
Property taxes	$ 2,736,608	$ 2,881,215	$ 2,869,663	$ (11,552)	$ 2,761,767
Earnings on investments	150,350	420,530	449,949	29,419	249,187
Other local sources	151,500	184,976	236,408	51,432	222,878
State aid	17,865,180	20,385,281	18,046,988	(2,338,293)	17,825,564
Federal aid	3,234,688	3,679,980	3,178,791	(501,189)	3,164,261
Total revenues	24,138,326	27,551,982	24,781,799	(2,770,183)	24,223,657
Expenditures:					
Current:					
Instructional services	16,999,094	19,769,761	16,715,961	3,053,800	16,781,917
Supporting services:					
Students	583,631	642,035	549,700	92,335	553,468
Instructional staff	273,712	275,600	267,722	7,878	261,810
District administration	555,555	577,260	550,356	26,904	514,771
School administration	1,469,876	1,465,534	1,417,381	48,153	1,406,167
Business/data processing	475,578	470,611	444,204	26,407	446,387
Operation and maintenance of facilities	3,346,750	3,604,687	3,246,740	357,947	2,720,081
Transportation	1,139,214	1,189,854	1,128,285	61,569	1,084,453
Total expenditures	24,843,410	27,995,342	24,320,349	3,674,993	23,769,054
Excess of revenues over expenditures	(705,084)	(443,360)	461,450	904,810	454,603
Other financing sources (uses):					
Transfer out	-	-	-	-	(20,000)
Net change in fund balances	(705,084)	(443,360)	461,450	904,810	434,603
Fund balances - beginning	2,642,671	3,508,175	3,508,175	-	3,073,572
Fund balances - ending	$ 1,937,587	$ 3,064,815	$ 3,969,625	$ 904,810	$ 3,508,175

SEVIER SCHOOL DISTRICT
Schedule of Revenues - Compared to Budget
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:				
Local Sources:				
Property Taxes	$ 2,881,215	$ 2,869,663	$ (11,552)	$ 2,761,767
Earnings on Investments	420,530	449,949	29,419	249,187
Tuitions	66,000	90,225	24,225	60,135
Other Local Revenues	118,976	146,183	27,207	162,743
Total Local	3,486,721	3,556,020	69,299	3,233,832
State Sources:				
Regular Basic Programs:				
Minimum School Program	7,618,259	7,618,259	0	7,432,362
Necessary Small School	1,107,770	1,107,770	0	1,043,984
Professional Staff Costs	1,070,364	1,070,364	0	1,024,220
Administrative Costs	109,440	109,440	0	104,736
Total Unrestricted Grants	9,905,833	9,905,833	0	9,605,302
Restricted Basic Programs:				
Special Education - Add On	2,493,146	1,186,575	(1,306,571)	1,102,368
Special Education - Self-Contained	180,932	180,932	0	173,312
Extended Year Program/Severely Disabled	11,669	11,669	0	6,692
Special Education - Institutions/Impact Aid	54,796	54,796	0	53,019
Applied Technology - Add On	858,134	690,752	(167,382)	853,346
Applied Technology - Set Aside	21,516	21,516	0	20,287
Class Size Reduction	605,809	594,658	(11,151)	611,458
Total Restricted Grants	4,226,002	2,740,898	(1,485,104)	2,820,482
Special Populations:				
Accelerated Learning - Gifted and Talented	45,392	12,865	(32,527)	20,255
Accelerated Learning - Advanced Placement	5,265	5,265	0	0
Accelerated Learning - Concurrent Enrollment	211,520	81,640	(129,880)	97,799
At Risk - Regular Program	71,676	62,393	(9,283)	70,687
At Risk - Homeless & Minority	14,714	7,451	(7,263)	6,784
At Risk - Youth in Custody	172,112	158,641	(13,471)	151,485
Interventions for Student Success	217,917	160,584	(57,333)	113,698 *
Alternative Language	11,340	2,100	(9,240)	1,869
Quality Teaching Block Grant	895,454	509,644	(385,810)	641,540 *
Local Discretionary Block Grant	233,263	233,235	(28)	236,369
Educational Technology Initiative	42,302	6,130	(36,172)	41,536
Character Education	1,097	1,097	0	1,317
School Nurse Program	5,624	824	(4,800)	2,379
Retirement & Social Security	2,584,714	2,587,385	2,671	2,551,238
Transportation To and From	692,042	692,042	0	712,779
Inservice Education	6,805	4,519	(2,286)	5,870
Inservice Education-Endorsements	0	0	0	0
Guarantee on Transportation Levy	0	0	0	0
Voted Leeway	440,625	391,783	(48,842)	0
Board Leeway	106,545	105,308	(1,237)	106,178
K-3 Reading Achievement	220,521	174,805	(45,716)	157,223
Library Media Resources	0	0	0	0
Teacher Supplies & Materials	58,461	56,460	(2,001)	42,324
Driver's Education	68,351	35,924	(32,427)	35,874
Substance Abuse - Fees & Fines	2,453	2,453	0	2,552
U-PASS	49,019	13,480	(35,539)	12,051
Comprehensive Reading Grant	19,023	18,926	(97)	59,866
Six Trait Writing Grant	0	0	0	41,000
U-Pass Online Testing	31,529	31,529	0	63,271
One-Time Salary bonus - Legislature	0	0	0	169,680
Other Revenue from State Sources (Non-MSP)	45,682	43,774	(1,908)	54,156
Total Special Purpose	6,253,446	5,400,257	(853,189)	5,399,780
Total State Sources	20,385,281	18,046,988	(2,338,321)	17,825,564

SEVIER SCHOOL DISTRICT
Schedule of Revenues - Compared to Budget
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
Federal Sources:				
Unrestricted Grants-in-Aid:				
Public Law 874	0	0	0	51,486
BIA - ISEP Tuition Funds	533,370	533,370	0	560,990
Federal Forest Service Funds	27,527	27,527	0	41,929
Total Unrestricted Grants	560,897	560,897	0	654,405
Restricted Grants-in-Aid:				
Public Law 874 - Special Education	11,269	10,881	(388)	26,751
BIA - ISEP Special Education Tuition Funds	109,914	60,812	(49,102)	78,771
Indian Special Education Part B	0	0	0	0
Title I - Indian Amendment	297,725	213,017	(84,708)	171,879
NCLB - Indian - IIA Teacher Quality	31,300	495	(30,805)	0
NCLB - Indian - IID Educational Technology	4,600	3,509	(1,091)	0
NCLB - Indian - IV Innovative Programs	12,300	0	(12,300)	0
NCLB - Title IA	666,707	580,929	(85,778)	563,593
NCLB - IID Educational Technology	12,298	12,298	0	19,475
NCLB - VA Innovative Programs	17,318	17,318	0	26,981
NCLB - IIIA English Second Language	4,240	4,240	0	5,372
Title I - Neglected & Delinquent Children	11,165	0	(11,165)	0
Public Law 94-142	890,160	890,160	0	856,731
IDEA Capacity Bldg	0	0	0	9,893
NCLB - IIA Teacher Quality	229,490	229,490	0	235,689
Medicaid	633,596	436,540	(197,056)	392,165
Medicaid-Administrative Outreach	35,187	0	(35,187)	4,010
NCLB - IVA Safe & Drug Free Schools	21,961	21,961	0	23,192
Improving Literacy in Rural Schools	30,609	30,275	(334)	0
Leadership & Development	8,905	8,905	0	8,903
Small Schools Special Ednorsment Grant	19,257	25,982	6,725	6,653
Vocational - Perkins	71,082	71,082	0	79,798
Total Restricted Grants	3,119,083	2,617,894	(501,189)	2,509,856
Total Federal Sources	3,679,980	3,178,791	(501,189)	3,164,261
Total Revenues	$ 27,551,982	$ 24,781,799	$ (2,770,211)	$ 24,223,657

SEVIER SCHOOL DISTRICT
Schedule of Expenditures - Compared to Budget
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
Expenditures:				
Instruction:				
Salaries - Teachers	$ 10,373,899	$ 9,856,032	$ 517,867	$ 9,724,161
Salaries - Other Instructional Staff	1,455,411	1,311,342	144,069	1,398,614
Employee Benefits	3,944,578	3,637,327	307,251	3,625,183
Contracted and Purchased Services	836,720	695,604	141,116	659,752
Supplies, Materials, and Textbooks	1,368,793	776,698	592,095	736,887
Equipment	1,774,500	430,482	1,344,018	626,342
Student Body Activities	15,860	8,476	7,384	10,978
Total	19,769,761	16,715,961	3,053,800	16,781,917
Support Services to Instruction:				
Student:				
Salaries	421,663	398,916	22,747	406,598
Employee Benefits	133,641	129,566	4,075	132,365
Contracted and Purchased Services	29,204	18,238	10,966	11,965
Supplies and Materials	13,777	2,663	11,114	2,402
Equipment	43,750	317	43,433	138
Total	642,035	549,700	92,335	553,468
Instructional Staff:				
Salaries	163,467	161,446	2,021	154,195
Employee Benefits	74,987	69,275	5,712	69,114
Supplies and Materials	37,146	37,001	145	38,501
Equipment	0	0	0	0
Total	275,600	267,722	7,878	261,810
District Administration:				
Salaries	276,206	268,367	7,839	259,058
Employee Benefits	143,750	139,142	4,608	126,586
Contracted and Purchased Services	131,339	118,675	12,664	106,518
Supplies and Materials	4,750	4,256	494	3,924
Equipment	3,000	1,530	1,470	3,940
Other Objects	18,215	18,386	(171)	14,745
Total	577,260	550,356	26,904	514,771
School Administration:				
Salaries	1,015,954	996,138	19,816	1,008,622
Employee Benefits	394,730	378,969	15,761	361,774
Contracted and Purchased Services	48,000	38,798	9,202	30,855
Supplies and Materials	2,500	0	2,500	1,136
Other Objects	4,350	3,476	874	3,780
Total	1,465,534	1,417,381	48,153	1,406,167
Business/Data Processing:				
Salaries	289,392	277,774	11,618	289,598
Employee Benefits	120,372	118,039	2,333	109,073
Contracted and Purchased Services	42,547	35,824	6,723	34,275
Supplies and Materials	9,500	3,662	5,838	6,849
Equipment	7,500	7,605	(105)	5,567
Other Objects	1,300	1,300	0	1,025
Total	470,611	444,204	26,407	446,387

SEVIER SCHOOL DISTRICT
Schedule of Expenditures - Compared to Budget
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
Operation and Maintenance of Facilities:				
Salaries	1,172,883	1,021,299	151,584	1,025,285
Employee Benefits	349,506	326,791	22,715	332,852
Contracted and Purchased Services	1,263,798	1,087,065	176,733	577,477
Supplies and Materials	783,500	803,387	(19,887)	727,279
Equipment	35,000	8,198	26,802	57,188
Other Objects	0	0	0	0
Total	3,604,687	3,246,740	357,947	2,720,081
Transportation:				
Salaries	615,860	597,004	18,856	591,991
Employee Benefits	193,627	179,266	14,361	176,663
Contracted and Purchased Services	70,090	64,501	5,589	55,786
Supplies and Materials	177,500	201,124	(23,624)	146,373
Equipment	128,777	81,733	47,044	110,697
Other Objects	4,000	4,657	(657)	2,943
Total	1,189,854	1,128,285	61,569	1,084,453
Total Support Services to Instruction	8,225,581	7,604,388	621,193	6,987,137
Total Expenditures	$ 27,995,342	$ 24,320,349	$ 3,674,993	$ 23,769,054

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
Debt Service Fund
Years Ended June 30, 2006 and 2005

	2006	2005
Assets:		
Cash and investments	$ 824,501	$ 686,110
Receivables:		
Property taxes	1,853,482	1,921,711
Other receivables	4,442	1,597
Total assets	$ 2,682,425	$ 2,609,418
Liabilities and fund balances:		
Liabilities:		
Accounts payable	$ 4,663	$ -
Unearned revenue - property taxes	1,897,244	1,945,008
Fund balances:		
Reserved for:		
Debt service	780,518	664,410
Total liabilities and fund balance	$ 2,682,425	$ 2,609,418

SEVIER 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	$ 1,912,652	$ 1,904,952	$ (7,700)	$ 1,675,850
Earnings on investments	49,000	54,374	5,374	31,207
Total revenues	1,961,652	1,959,326	(2,326)	1,707,057
Expenditures:				
Debt service:				
Bond principal	1,020,000	1,020,000	-	975,000
Bond interest	809,018	809,018	-	855,160
Paying agent fees & other costs	35,000	14,200	20,800	4,300
Total expenditures	1,864,018	1,843,218	20,800	1,834,460
Excess (deficiency) of revenues over (under) expenditures	97,634	116,108	18,474	(127,403)
Other financing sources (uses):				
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	97,634	116,108	18,474	(127,403)
Fund balances - beginning	664,410	664,410	-	791,813
Fund balances - ending	$ 762,044	$ 780,518	$ 18,474	$ 664,410

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
Capital Projects Fund
Years Ended June 30, 2006 and 2005

	2006	2005
Assets:		
Cash and investments	$ 2,051,750	$ 2,612,419
Receivables:		
Property taxes	1,944,377	1,498,580
Other receivables	468	1,376
Total assets	$ 3,996,595	$ 4,112,375
Liabilities and fund balances:		
Liabilities:		
Accounts payable	$ 290,791	$ 379,224
Unearned revenue - property taxes	1,978,748	1,518,641
Total liabilities	2,269,539	1,897,865
Fund balances:		
Reserved for:		
Construction commitments	1,150,000	600,000
Unreserved:		
Designated for:		
Construction commitments	520,000	1,520,000
Undesignated	57,056	94,510
Total fund balances	1,727,056	2,214,510
Total liabilities and fund balances	$ 3,996,595	$ 4,112,375

SEVIER 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			2005
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	$ 1,514,105	$ 1,506,305	$ (7,800)	$ 1,443,093
Earnings on investments	120,000	123,243	3,243	78,617
Total local sources	1,634,105	1,629,548	(4,557)	1,521,710
State sources:				
Capital outlay foundation	334,154	334,154	-	434,174
Other	-	-	-	-
Total state sources	334,154	334,154	-	434,174
Total revenues	1,968,259	1,963,702	(4,557)	1,955,884
Expenditures:				
10% of basic for supplies	275,000	77,678	197,322	-
Land and buildings:				
Land purchases	-	-	-	-
Land improvements	218,435	80,835	137,600	-
Building construction & remodeling	2,463,334	2,184,027	279,307	1,459,998
Total land and buildings	2,681,769	2,264,862	416,907	1,459,998
Equipment:				
Instructional	142,000	49,963	92,037	354,527
Maintenance and custodial	15,000	10,700	4,300	24,019
Transportation - buses	88,000	82,451	5,549	82,558
Support services - central - data processing	135,000	7,448	127,552	26,763
Total equipment	380,000	150,562	229,438	487,867
Total expenditures	3,336,769	2,493,102	843,667	1,947,865
Excess (deficiency) of revenues over (under) expenditures	(1,368,510)	(529,400)	839,110	8,019
Other financing sources (uses):				
General obligation bonds issued	-	-	-	-
Sale of capital assets	42,000	41,946	(54)	11,891
Total other financing sources (uses)	42,000	41,946	(54)	11,891
Net change in fund balances	(1,326,510)	(487,454)	839,056	19,910
Fund balances - beginning	2,214,510	2,214,510	-	2,194,600
Fund balances - ending	$ 888,000	$ 1,727,056	$ 839,056	$ 2,214,510

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Nonmajor Governmental Funds

Special Revenue Funds

School Lunch Fund – This fund is used to account for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the US Government to help ensure that students receive low-cost, nutritionally balanced meals.

Non K-12 Programs Fund – This fund is used to account for programs that are not part of the basic educational program of kindergarten, elementary and secondary students. These areas include, adult education and preschool for disabled students which are primarily funded by the State of Utah and the US Government. This fund is also used to account for costs to provide for community educational and recreation activities, such as building operation costs during community activities and building and site improvements directly related to recreational activities. Financing is provided primarily by a recreation property tax levy.

SEVIER SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue		
	School Lunch	Non K-12 Programs	Total Nonmajor Governmental Funds
Assets:			
Cash and investments	$ 122,788	$ 311,046	$ 433,834
Receivables:			
Property taxes	-	229,071	229,071
Other governments	116,832	-	116,832
Other local	22,860	10,706	33,566
Inventories	136,664	-	136,664
Total assets	$ 399,144	$ 550,823	$ 949,967
Liabilities:			
Accounts payable	$ 40,104	$ 13,099	53,203
Accrued salaries & withholdings	35,633	36,449	72,082
Unearned revenue:			
Property taxes	-	232,881	232,881
Other governments	-	85,533	85,533
Total liabilities	75,737	367,962	443,699
Fund balances:			
Unreserved:			
Undesignated	323,407	182,861	506,268
Total fund balances	323,407	182,861	506,268
Total liabilities and fund balances	$ 399,144	$ 550,823	$ 949,967

SEVIER SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2006

	Special Revenue		
	School Lunch	Non K-12 Programs	Total Nonmajor Governmental Funds
Revenues:			
Property tax	$ -	$ 166,309	$ 166,309
Student fees	-	21,126	21,126
Lunch sales	507,546	-	507,546
Earnings on investments	-	458	458
Other local revenues	-	67,532	67,532
State aid	184,199	346,834	531,033
Federal aid	878,527	65,933	944,460
Total revenues	1,570,272	668,192	2,238,464
Expenditures:			
Current:			
Instructional services	-	465,632	465,632
Supporting services:			
District administration	-	11,786	11,786
Business/data processing	-	3,039	3,039
Operation and maintenance of facilities	-	86,505	86,505
School lunch services	1,557,870	-	1,557,870
Total expenditures	1,557,870	566,962	2,124,832
Excess (deficiency) of revenues over (under) expenditures	12,402	101,230	113,632
Other financing sources:			
Transfer in	-	-	-
Net change in fund balances	12,402	101,230	113,632
Fund balances - beginning, as restated	311,005	81,631	392,636
Fund balances - ending	$ 323,407	$ 182,861	$ 506,268

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
School Lunch
Years Ended June 30, 2006 and 2005

	2006	2005
Assets:		
Cash and investments	$ 122,788	$ 154,956
Receivables:		
Other governments	116,832	81,626
Other receivables	22,860	3,751
Inventories	136,664	105,892
Total assets	$ 399,144	$ 346,225
Liabilities and fund balances:		
Liabilities:		
Accounts payable	$ 40,104	$ 21,691
Accrued salaries & withholdings	35,633	13,529
Total liabilities	75,737	35,220
Fund Balances:		
Undesignated	323,407	311,005
Total liabilities and fund balances	$ 399,144	$ 346,225

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
School Lunch
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:				
Local sources:				
Lunch sales - students	$ 334,500	$ 347,797	$ 13,297	$ 320,540
Lunch sales - adults	23,752	23,657	(95)	22,209
Other local sales	132,000	136,092	4,092	132,121
Total local sources	490,252	507,546	17,294	474,870
State sources:				
State lunch program	165,000	184,199	19,199	165,442
Total state sources	165,000	184,199	19,199	165,442
Federal sources:				
Federal lunch program	103,000	102,754	(246)	98,045
Breakfast program	67,500	67,261	(239)	53,729
Free and reduced assistance	511,000	515,101	4,101	491,894
Other	182,509	193,411	10,902	154,529
Total federal sources	864,009	878,527	14,518	798,197
Total revenues	1,519,261	1,570,272	51,011	1,438,509
Expenditures:				
Current:				
Salaries	636,476	634,519	1,957	576,480
Employee benefits	186,777	186,269	508	170,514
Purchased services	37,384	31,653	5,731	20,289
Supplies	105,559	105,241	318	83,807
Food	616,352	576,987	39,365	542,678
Equipment	6,000	6,952	(952)	16,550
Uniform allowance	15,500	16,249	(749)	11,589
Total expenditures	1,604,048	1,557,870	46,178	1,421,907
Other financing sources:				
Operating transfers in	-	-	-	20,000
Net change in fund balances	(84,787)	12,402	97,189	36,602
Fund balances - beginning, as restated	311,005	311,005	-	274,403
Fund balances - ending	$ 226,218	$ 323,407	$ 97,189	$ 311,005

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
Non K-12 Programs
Years Ended June 30, 2006 and 2005

	2006	2005
Assets:		
Cash and investments	$ 311,046	$ 241,834
Receivables:		
Property taxes	229,071	166,750
Other governments	-	-
Other receivables	10,706	151
Total assets	$ 550,823	$ 408,735
Liabilities and fund balances:		
Liabilities:		
Accounts payable	$ 13,099	$ 56,854
Accrued salaries & withholdings	36,449	38,405
Unearned revenue:		
Property taxes	232,881	168,951
Other governments	85,533	62,894
Total liabilities	367,962	327,104
Fund balances:		
Undesignated	182,861	81,631
Total liabilities and fund balances	$ 550,823	$ 408,735

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Non K-12 Programs
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:				
Local sources:				
Property taxes	$ 166,980	$ 166,309	$ (671)	$ 158,275
Student tuition	15,620	15,620	-	12,115
Adult education fees	5,500	5,506	6	4,943
Earnings on investments	400	458	58	359
Miscellaneous revenues	60,542	67,532	6,990	51,340
Total local sources	249,042	255,425	6,383	227,032
State sources:				
Adult high school completion	63,641	51,177	(12,464)	41,971
Preschool	321,920	248,852	(73,068)	266,643
Retirement and social security	49,476	46,805	(2,671)	48,394
Total state sources	435,037	346,834	(88,203)	357,008
Federal sources:				
Special education preschool grant	65,933	65,933	-	64,993
Total federal sources	65,933	65,933	-	64,993
Total revenues	750,012	668,192	(81,820)	649,033
Expenditures:				
Current:				
Instructional services	593,745	465,632	128,113	480,533
Supporting services:				
District administration	11,868	11,786	82	11,434
Business/data processing	59,487	3,039	56,448	16,351
Operation and maintenance of facilities	166,543	86,505	80,038	113,412
Total expenditures	831,643	566,962	264,681	621,730
Net change in fund balances	(81,631)	101,230	182,861	27,303
Fund balances - beginning	81,631	81,631	-	54,328
Fund balances - ending	$ -	$ 182,861	$ 182,861	$ 81,631

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and is used to assist in formatting, for easier reading)

Internal Service Fund

Internal service funds are used to account for the financing of goods or services provided by one department to other departments or schools of the District on a cost reimbursement basis.

Compensated Absences Fund – This fund is used to accumulate and allocate costs internally among the District's various functions. The District uses one internal service fund to account for services provided to all the other funds of the District involving employee benefits related to compensated absences payable. All vacation and vested leave pay, plus related payroll taxes are accrued when incurred in the government-wide statements and are included in the internal service fund financial statements.

SEVIER SCHOOL DISTRICT
Statement of Fund Net Assets
Internal Service Fund
June 30, 2006 and 2005

	Compensated Absences Fund	
	2006	2005
Assets		
Current assets:		
Cash and investments	$ 624,766	$ 801,008
Total assets	$ 624,766	$ 801,008
Liabilities and net assets		
Liabilities:		
Current liabilities:		
Compensated absences payable	$ 123,182	$ 140,745
Non current liabilities:		
Compensated absences payable - *leave*	501,584	660,263
Total liabilities	624,766	801,008
Net assets:		
Unrestricted	0	0
Total net assets	-	-
Total liabilities and net assets	$ 624,766	$ 801,008

SEVIER SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Fund
June 30, 2006
With Comparative Totals for 2005

	Compensated Absences Fund	
	2006	2005
Operating revenues:		
Charges for services:		
Vacation accruals	$ (3,699)	$ 29,417
Leave accruals	(55,227)	108,418
Other services	-	-
Total operating revenues	(58,926)	137,835
Operating expenses:		
Compensation claim payments - *vacation*	(3,699)	27,165
Compensation claim payments - *leave*	(55,227)	100,118
Employee benefits	-	10,552
Total operating expenses	(58,926)	137,835
Operating income (loss)	-	-
Net income (loss) before transfers	-	-
Transfer in	-	-
Change in net assets	-	-
Net assets - beginning	-	-
Net assets - ending	$ -	$ -

SEVIER SCHOOL DISTRICT
Statement of Fund Cash Flows
Internal Service Fund
June 30, 2006
With Comparative Totals for 2005

	Compensated Absences Fund	
	2006	**2005**
Cash flows from operating activities:		
Receipts from interfund services provided	$ (58,926)	$ 137,835
Payments to employees	(117,316)	(134,043)
Net cash provided (used) by operating activities	(176,242)	3,792
Net change in cash and cash equivalents	(176,242)	3,792
Cash and cash equivalents - beginning	801,008	797,216
Cash and cash equivalents - ending	$ 624,766	$ 801,008
Displayed on combining statement of net assets as:		
Cash and investments	$ 624,766	$ 801,008
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ -	$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Increase in compensated absences payable	(176,242)	3,792
Total adjustments	(176,242)	3,792
Net cash provided (used) by operating activities	$ (176,242)	$ 3,792
Noncash investing, capital, and financing activities:	none	none

Fiduciary Funds

Student Activities Agency Fund – This fund is used to account for the funds generated by student groups within the District engaged in activities associated with student life. The District has a fiduciary responsibility concerning these funds to ensure their safety and accountability.

Central Utah Educational Services – This fund accounts for resources that belong to the CUES organization. Central Utah Educational Services operates under an appointed Board of Directors comprised of the Board members from the seven school districts served by this organization. It accounts for the district's fiduciary responsibility as the fiscal agent for CUES.

SEVIER SCHOOL DISTRICT
Combining Statement of Fiduciary Fund Assets and Liabilities
Agency Funds
June 30, 2006

	Student Activities Fund	Central Utah Educational Services	Total Agency Funds
Assets:			
Cash and investments	$ 843,387	$ 393,626	$ 1,237,013
Accounts receivable - other governments	-	153,138	153,138
Total assets	$ 843,387	$ 546,764	$ 1,390,151
Liabilities:			
Due to student groups	$ 843,387	$ -	$ 843,387
Due to other governments	-	546,764	546,764
Total liabilities	$ 843,387	$ 546,764	$ 1,390,151

SEVIER SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund
Year Ended June 30, 2006

	Balance at July 1, 2005	Additions	Deductions	Balance at June 30, 2006
Assets:				
Cash and investments	$ 685,931	$ 2,104,368	$ 1,946,912	$ 843,387
Liabilities:				
Due to student organizations:				
Elementary Schools:				
Preschool	$ 634	$ 2,817	$ 2,621	$ 830
Ashman Elementary	44,090	140,477	133,095	51,472
Koosharem Elementary	2,220	21,522	17,919	5,823
Monroe Elementary	9,228	102,290	97,652	13,866
Pahvant Elementary	4,789	67,011	67,764	4,036
Salina Elementary	13,059	106,983	103,379	16,663
Total elementary schools	74,020	441,100	422,430	92,690
Middle Schools:				
North Sevier Middle School	33,506	106,846	106,037	34,315
South Sevier Middle School	36,553	100,441	86,547	50,447
Red Hills Middle School	52,243	145,975	125,159	73,059
Total middle schools	122,302	353,262	317,743	157,821
High Schools and Special Purpose Programs:				
North Sevier High School	63,618	362,478	327,068	99,028
Richfield High School	217,412	509,592	481,388	245,616
South Sevier High School	178,993	410,805	378,523	211,275
Cedar Ridge High School	29,586	27,131	19,760	36,957
Total high schools	489,609	1,310,006	1,206,739	592,876
Total due to student organizations	$ 685,931	$ 2,104,368	$ 1,946,912	$ 843,387

SEVIER SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Central Utah Educational Services Agency Fund
Year Ended June 30, 2006

	Balance at July 1, 2005	Additions	Deductions	Balance at June 30, 2006
Assets:				
Cash and investments	$ 398,953	$ 1,348,038	$ 1,353,365	$ 393,626
Receivables from other governments	268,275	153,138	268,275	153,138
Total assets	$ 667,228	$ 1,501,176	$ 1,621,640	$ 546,764
Liabilities:				
Due to other government organizations	$ 667,228	$ 1,501,176	$ 1,621,640	$ 546,764
Total liabilities	$ 667,228	$ 1,501,176	$ 1,621,640	$ 546,764

STATISTICAL SECTION

Unaudited

SEVIER SCHOOL DISTRICT
Comparative Statements of Net Assets
June 30, 2006 - 2002

	2006	2005	2004	2003	2002
Assets:					
Cash and investments	$ 14,199,405	$ 14,110,182	$ 14,025,735	$ 17,545,770	$ 12,459,401
Receivables:					
Property taxes	7,081,395	6,443,312	5,825,732	5,749,289	5,681,473
Other governments	697,951	857,713	341,748	560,844	369,940
Other local	221,303	214,260	44,900	114,958	71,381
Inventories	136,664	105,892	93,176	91,900	135,197
Capital assets:					
Land and water stock	4,687,770	3,097,379	4,693,836	4,104,346	3,075,410
Other capital assets, net of accumulated depreciation	20,975,695	21,421,161	20,090,385	16,435,290	16,879,938
Total assets	48,000,183	46,249,899	45,115,512	44,602,397	38,672,740
Liabilities:					
Accounts payable	2,633,586	2,568,269	2,416,703	3,619,580	2,951,899
Accrued interest	60,100	63,970	67,636	73,625	83,857
Accrued salaries	2,058,080	1,981,932	1,880,758	1,867,297	1,858,033
Deferred revenue:					
Property taxes	7,064,236	6,356,265	5,741,841	5,843,650	5,458,933
Other governments	2,807,828	3,072,656	2,907,887	2,537,572	2,084,522
Other local	-	-	-	1,283	469,389
Noncurrent liabilities:					
Due within one year	1,394,349	1,339,197	1,110,510	1,215,767	1,112,409
Due in more than one year	16,479,897	17,654,000	18,576,406	19,421,023	16,360,617
Total liabilities	32,498,076	33,036,289	32,701,741	34,579,797	30,379,659
Net Assets:					
Invested in capital assets, net of related debt	8,953,465	6,788,540	6,079,221	3,925,241	3,077,348
Restricted for:					
General Fund	86,211	42,243	60,546	41,267	22,567
School lunch	323,407	311,005	274,403	212,233	119,854
Non K-12 programs	187,118	86,822	59,519	145,279	70,819
Debt service	770,458	667,671	791,408	460,217	679,131
Capital projects	1,764,242	2,252,916	2,233,006	2,776,897	2,776,897
Unrestricted	3,417,206	3,063,913	2,915,668	2,461,466	1,546,465
Total net assets	$ 15,502,107	$ 13,213,110	$ 12,413,771	$ 10,022,600	$ 8,293,081

Less than ten years of data is reported due to the District not reporting net assets and activities under GASB #34 until fiscal year 2002.

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

SEVIER SCHOOL DISTRICT
Comparative Statements of Activities
Governmental Activities
June 30, 2006 - 2002

	2006	2005	2004	2003	2002
Revenues:					
Program revenues:					
Charges for services	$ 704,436	$ 622,316	$ 577,386	$ 583,526	$ 567,357
Operating grants and contributions	8,572,524	8,611,562	6,927,473	7,146,083	6,556,960
General revenues:					
Property taxes	6,440,986	6,011,813	6,143,726	5,636,219	5,545,125
Federal and state aid not restricted to specific purposes	14,462,902	14,198,077	15,126,175	14,951,125	15,293,735
Earnings on investments	628,024	359,370	256,456	316,038	386,379
Miscellaneous	128,176	143,830	101,958	153,639	82,939
Total revenues	30,937,048	29,946,968	29,133,174	28,786,630	28,432,495
Expenses:					
Instructional services	18,338,822	19,526,034	16,766,365	17,320,999	19,955,608
Supporting services:					
Students	549,700	553,468	541,746	531,312	546,158
Instructional staff	267,722	261,810	255,288	267,037	335,799
District administration	562,434	526,497	529,744	523,340	510,427
School administration	1,417,381	1,406,167	1,404,571	1,304,509	1,515,780
Business/data processing	456,123	471,618	424,133	413,656	399,868
Operation and maintenance of facilities	3,360,457	2,861,418	3,431,099	3,413,955	3,227,520
Transportation	1,317,180	1,261,902	1,219,927	1,196,853	1,169,278
School lunch services	1,558,884	1,422,921	1,283,629	1,244,989	1,248,318
Interest on long-term liabilities	819,348	855,794	885,501	840,461	932,035
Total expenses	28,648,051	29,147,629	26,742,003	27,057,111	29,840,791
Increase (decrease) in net assets	2,288,997	799,339	2,391,171	1,729,519	(1,408,296)
Net assets - beginning	13,213,110	12,413,771	10,022,600	8,293,081	9,701,377
Net assets - ending	$ 15,502,107	$ 13,213,110	$ 12,413,771	$ 10,022,600	$ 8,293,081
Revenue and expenses per pupil:					
Property taxes	$ 1,479	$ 1,383	$ 1,411	$ 1,284	$ 1,245
Other local	341	259	215	240	233
State	4,344	4,321	4,139	4,126	4,148
Federal	942	926	927	908	757
Total revenues per pupil	$ 7,106	$ 6,889	$ 6,692	$ 6,558	$ 6,383
Expense per pupil	$ 6,580	$ 6,705	$ 6,143	$ 6,163	$ 6,698
Student Population	4,354	4,347	4,353	4,390	4,455
State Aid	18,912,175	18,782,188	18,016,472	18,110,948	18,478,600
Federal Aid	4,101,664	4,027,451	4,037,176	3,986,260	3,372,095
	23,013,839	22,809,639	22,053,648	22,097,208	21,850,695
State Aid	61.13%	62.72%	61.84%	62.91%	64.99%
Federal Aid	13.26%	13.45%	13.86%	13.85%	11.86%

Information for this schedule was obtained from the historical financial and statistical records of the District.

Less than ten years of data is reported due to the District not reporting net assets and activities under GASB #34 until fiscal year 2002.

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

SEVIER SCHOOL DISTRICT
General Fund
Revenues by Source
1997-2006

Year Ended June 30	Property Taxes	Interest on Investments	Other Local	State Sources	Federal Sources	Total Revenues
1997	1,714,215	245,000	509,592	15,064,199	1,318,595	18,851,601
1998 **	2,079,000	271,958	521,829	15,359,991	1,361,396	19,594,174
1999	2,494,917	296,534	550,456	15,892,888	1,452,812	20,687,607
2000	2,565,721	389,862	310,941	15,842,687	2,118,169	21,227,380
2001	1,725,562	403,271	265,737	18,003,364	2,377,069	22,775,003
2002	2,305,679	241,237	176,589	17,507,183	2,636,355	22,867,043
2003	2,493,155	183,830	251,088	17,068,806	3,175,692	23,172,571
2004	2,618,372	145,096	175,880	17,002,940	3,253,076	23,195,364
2005	2,761,767	249,187	222,878	17,825,564	3,164,261	24,223,657
2006	2,869,663	449,949	236,408	18,046,988	3,178,791	24,781,799

Percentage of Revenues by Source
1997-2006

Year Ended June 30	Property Taxes	Interest on Investments	Other Local	State Sources	Federal Sources	Total Revenues
1997	9.093%	1.300%	2.703%	79.909%	6.995%	100.00%
1998 **	10.610%	1.388%	2.663%	78.391%	6.948%	100.00%
1999	12.060%	1.433%	2.661%	76.823%	7.023%	100.00%
2000	12.087%	1.837%	1.465%	74.633%	9.978%	100.00%
2001	7.577%	1.771%	1.167%	79.049%	10.437%	100.00%
2002	10.083%	1.055%	0.772%	76.561%	11.529%	100.00%
2003	10.759%	0.793%	1.084%	73.660%	13.705%	100.00%
2004	11.288%	0.626%	0.758%	73.303%	14.025%	100.00%
2005	11.401%	1.029%	0.920%	73.587%	13.063%	100.00%
2006	11.580%	1.816%	0.954%	72.824%	12.827%	100.00%

** The District implemented a Voted Leeway of .0006 which was approved by the voters during the prior year general election and a Judgment Recovery levy designed to recapture the prior year taxes appealed and returned to the taxpayers.

Information for this schedule was obtained from the historical financial records of the District

SEVIER SCHOOL DISTRICT
General Fund
Comparison of Per Pupil Revenues by Source
1997-2006

Year Ended June 30	Property Taxes	Interest on Investments	Other Local	State Sources	Federal Sources	Total Revenues	Average Daily Membership
1997	347	50	103	3,054	267	3,821	4,933
1998	430	56	108	3,174	281	4,049	4,839
1999	530	63	117	3,377	309	4,396	4,706
2000	556	84	67	3,432	459	4,598	4,616
2001	383	89	59	3,994	527	5,052	4,508
2002	518	54	40	3,930	592	5,134	4,455
2003	568	42	57	3,888	723	5,278	4,390
2004	602	33	40	3,906	747	5,328	4,353
2005	635	57	51	4,101	728	5,572	4,347
2006	659	103	54	4,145	730	5,691	4,354

Information for this schedule was obtained from the historical financial and statistical records of the District

SEVIER SCHOOL DISTRICT
General Fund
Expenditures by Function
1997-2006

Year Ended June 30	Instruction	Students	Instructional Staff	District Administration	School Administration	Business/ Data Processing	Operation & Maintenance of Facilities	Transportation	Total Expenditures
1997	$ 13,094,866	$ 420,373	$ 287,158	$ 490,823	$ 1,174,983	$ 269,549	$ 2,151,364	$ 725,729	$ 18,614,845
1998	13,580,643	420,103	240,636	522,318	1,226,444	313,453	2,452,857	795,363	19,551,817
1999	14,276,270	394,362	280,051	567,725	1,267,893	322,972	2,511,382	869,803	20,490,458
2000	14,605,549	425,505	264,294	467,385	1,290,626	305,078	2,523,680	858,632	20,740,749
2001	15,344,848	479,174	282,206	487,512	1,379,152	301,003	3,165,319	1,032,387	22,471,601
2002	15,892,133	546,158	335,799	477,793	1,515,780	393,917	2,935,337	1,025,854	23,122,771
2003	15,205,041	531,312	267,037	504,406	1,304,509	407,653	3,271,738	1,020,646	22,512,342
2004	15,550,960	541,746	255,288	510,349	1,404,571	401,129	3,144,173	1,040,644	22,848,860
2005	16,781,917	553,468	261,810	514,771	1,406,167	446,387	2,720,081	1,084,453	23,769,054
2006	16,715,961	549,700	267,722	550,356	1,417,381	444,204	3,246,740	1,128,285	24,320,349

General Fund
Percentage of Expenditures by Function
1997-2006

Year Ended June 30	Instruction	Students	Instructional Staff	District Administration	School Administration	Business	Operation & Maintenance of Facilities	Transportation	Total Expenditures
1997	70.346%	2.258%	1.543%	2.637%	6.312%	1.448%	11.557%	3.899%	100.00%
1998	69.460%	2.149%	1.231%	2.671%	6.273%	1.603%	12.545%	4.068%	100.00%
1999	69.673%	1.925%	1.367%	2.771%	6.188%	1.576%	12.256%	4.245%	100.00%
2000	70.420%	2.052%	1.274%	2.253%	6.223%	1.471%	12.168%	4.140%	100.00%
2001	68.286%	2.132%	1.256%	2.169%	6.137%	1.339%	14.086%	4.594%	100.00%
2002	68.729%	2.362%	1.452%	2.066%	6.555%	1.704%	12.695%	4.437%	100.00%
2003	67.541%	2.360%	1.186%	2.241%	5.795%	1.811%	14.533%	4.534%	100.00%
2004	68.060%	2.371%	1.117%	2.234%	6.147%	1.756%	13.761%	4.554%	100.00%
2005	70.604%	2.329%	1.101%	2.166%	5.916%	1.878%	11.444%	4.562%	100.00%
2006	68.732%	2.260%	1.101%	2.263%	5.828%	1.826%	13.350%	4.639%	100.00%

* Business and Data Processing were combined into a single column to provide consistent comparability with the financial statements

Information for this schedule was obtained from the historical financial records of the District

SEVIER SCHOOL DISTRICT
General Fund
Comparison of Per Pupil Expenditures by Function
1997-2006

Year Ended June 30	Instruction	Students	Instructional Staff	District Administration	School Administration	Business/ Data Processing	Operation & Maintenance of Facilities	Transportation	Total Expenditures	Average Daily Membership
1997	2,655	85	58	99	238	55	436	147	3,773	4,933
1998	2,806	87	50	108	253	65	507	164	4,040	4,839
1999	3,034	84	60	121	269	69	534	185	4,356	4,706
2000	3,164	92	57	101	280	66	547	186	4,493	4,616
2001	3,404	106	63	108	306	67	702	229	4,985	4,508
2002	3,567	123	75	107	340	88	659	230	5,189	4,455
2003	3,464	121	61	115	297	93	745	232	5,128	4,390
2004	3,573	124	59	117	323	92	722	239	5,249	4,353
2005	3,861	127	60	118	323	103	626	249	5,467	4,347
2006	3,839	126	61	126	326	102	746	259	5,585	4,354

* Business and Data Processing were combined into a single column to provide consistent comparability with the financial statements

Information for this schedule was obtained from the historical financial and statistical records of the District

SEVIER SCHOOL DISTRICT
Property Tax Revenues by Fund
For the Years Ended June 30, 1997 to 2006

Year Ended June 30	General Fund Revenues: Basic State Levy	Voted, Board & Reading Leeways	Transportation Levy	Tort Liability	Total for the General Fund	Special Revenue Funds: Recreation Levy	Capital Outlay & 10% of Basic Levies	Debt Service Levy	Total Funds
1997	1,306,794	245,206	122,728	39,487	1,714,215	65,799	613,517	1,419,893	3,813,424
1998 *	1,284,402	613,560	138,535	42,503	2,079,000	67,769	301,574	1,556,251	4,004,594
1999	1,500,643	810,138	152,439	31,697	2,494,917	106,376	312,079	1,896,283	4,809,655
2000	1,535,260	834,381	166,042	30,038	2,565,721	113,476	926,163	1,339,181	4,944,541
2001	1,034,559	545,533	129,379	16,091	1,725,562	123,398	851,534	1,596,915	4,297,409
2002	1,344,540	753,244	165,713	42,182	2,305,679	148,389	953,607	2,100,043	5,507,718
2003	1,423,872	787,975	236,393	44,915	2,493,155	148,927	1,202,451	1,822,587	5,667,120
2004	1,499,381	821,579	246,474	50,938	2,618,372	153,635	1,224,153	2,141,035	6,137,195
2005 **	1,523,500	948,802	253,917	35,548	2,761,767	158,275	1,443,093	1,675,850	6,038,985
2006	1,546,010	1,010,641	270,726	42,286	2,869,663	166,309	1,506,305	1,904,952	6,447,229

Percentage of Property Tax Revenues by Fund
For the Years Ended June 30, 1997 to 2006

Year Ended June 30	General Fund Revenues: Basic State Levy	Voted, Board & Reading Leeways	Transportation Levy	Tort Liability	Total for the General Fund	Special Revenue Funds: Recreation Levy	Capital Outlay & 10% of Basic Levies	Debt Service Levy	Total Funds
1997	34.268%	6.430%	3.218%	1.035%	44.951%	1.725%	16.088%	37.234%	100.00%
1998 *	32.073%	15.321%	3.459%	1.061%	51.914%	1.692%	7.531%	38.862%	100.00%
1999	31.201%	16.844%	3.169%	0.659%	51.873%	2.212%	6.489%	39.427%	100.00%
2000	31.050%	16.875%	3.358%	0.607%	51.890%	2.295%	18.731%	27.084%	100.00%
2001	24.074%	12.694%	3.011%	0.374%	40.153%	2.871%	19.815%	37.160%	100.00%
2002	24.412%	13.676%	3.009%	0.766%	41.863%	2.694%	17.314%	38.129%	100.00%
2003	25.125%	13.904%	4.171%	0.793%	43.993%	2.628%	21.218%	32.161%	100.00%
2004	24.431%	13.387%	4.016%	0.830%	42.664%	2.503%	19.946%	34.886%	100.00%
2005 **	25.228%	15.711%	4.205%	0.589%	45.733%	2.621%	23.896%	27.751%	100.00%
2006	23.979%	15.676%	4.199%	0.656%	44.510%	2.580%	23.364%	29.547%	100.00%

* The District implemented a Voted Leeway of .0006 which was approved by the voters during the prior year general election and a Judgment Recovery levy designed to recapture the prior year taxes appealed and returned to the taxpayers.

** The District implemented a Reading Initiative Levy of .000121 which was established by the 2005 Legislature and this levy does receive some revenue equalization from the Utah State Office of Education.

Information for this schedule was obtained from the historical financial records of the District.

SEVIER SCHOOL DISTRICT
Schedule of Property Tax Rates (Per $1) by Fund
For the Years Ended June 30, 1997 to 2006

	General Fund Tax Rates					Special Revenue Fund Tax Rates			
Year Ended June 30	Basic State Levy *	Voted, Board & Reading Leeways	Transportation Levy	Tort Liability	Total for the General Fund	Recreation Levy	Capital Outlay & 10% of Basic Levies	Debt Service Levy	Total Funds
1997	.002046	.000400	.000200	.000063	.002709	.000100	.000984	.002275	.006068
1998 **	.001950	.001107	.000200	.000061	.003318	.000097	.000342	.002258	.006015
1999	.001840	.001107	.000179	.000034	.003160	.000132	.000380	.002265	.005937
2000	.001840	.001000	.000199	.000036	.003075	.000136	.001110	.001605	.005926
2001	.001881	.001000	.000224	.000031	.003136	.000201	.001338	.002656	.007331
2002	.001785	.001000	.000220	.000056	.003061	.000197	.001266	.002788	.007312
2003	.001807	.001000	.000300	.000057	.003164	.000189	.001526	.002313	.007192
2004	.001825	.001000	.000300	.000062	.003187	.000187	.001490	.002606	.007470
2005 ***	.001800	.001121	.000300	.000042	.003263	.000187	.001705	.001980	.007135
2006	.001720	.001121	.000300	.000047	.003188	.000185	.001669	.002125	.007167

* The State of Utah Legislature changes the state supported tax rate for the basic program in the General Fund each year to meet the funding requirements necessary for the State as a whole. The detail of the property tax revenues within the General Fund are shown on page 89. The change offsets any increase or decrease in state supported basic program funds shifting the funding source to or from the State of Utah rather than from local property taxes.

** The District implemented a Voted Leeway of .0006 which was approved by the voters during the prior year general election and a Judgment Recovery levy designed to recapture the prior year taxes appealed and returned to the taxpayers.

*** The District implemented a Reading Initiative Levy of .000121 which was established by the 2005 Legislature and this levy does receive some revenue equalization from the Utah State Office of Education.

Information for this schedule was obtained from the historical financial records of the District

SEVIER SCHOOL DISTRICT

Property Tax Rates (Per $1 of Taxable Value) - Direct and All Overlapping Governments
As of November 30, 1996 to 2005

Year Ended Nov. 30	Sevier School District	Sevier County	Municipalities											District Total Low - High	
			Annabella	Aurora	Elsinore	Glenwood	Joseph	Koosharem	Monroe	Redmond	Richfield	Salina	Sigurd		
1996	.006068	.003514	.001299	.001934	.002430	.001089	.000881	.000609	.001900	.001956	.003251	.002533	.001275	.010191 -	.012833
1997	.006015	.003497	.001164	.001768	.002222	.000989	.000831	.000599	.001715	.001750	.002910	.002451	.001233	.010111 -	.012422
1998	.005937	.002864	.001178	.001812	.002238	.000988	.000828	.000617	.001836	.001804	.002858	.002501	.001256	.009418 -	.011659
1999	.005926	.002745	.001103	.001778	.002147	.000915	.000806	.000640	.001622	.001777	.002705	.002506	.001199	.009311 -	.011376
2000	.007331	.003047	.001138	.001688	.002153	.000939	.000821	.000663	.001637	.001660	.002551	.002461	.001175	.011041 -	.012929
2001	.007312	.003791	.001094	.001643	.002047	.000870	.000739	.000673	.001567	.001650	.002522	.002444	.001175	.011776 -	.013625
2002	.007192	.003893	.001086	.001647	.001974	.000875	.000745	.000579	.001564	.001650	.002520	.002410	.001213	.011664 -	.013605
2003	.007470	.003808	.001102	.001642	.002034	.000872	.000750	.000588	.001575	.001636	.002457	.002394	.001214	.011866 -	.013735
2004	.007135	.003774	.001090	.001689	.002045	.000860	.000750	.000579	.001577	.001548	.002451	.002387	.001262	.011488 -	.013360
2005	.007167	.003752	.001088	.001686	.002063	.000860	.000743	.000580	.001553	.001557	.002365	.002376	.001256	.011499 -	.013295

SEVIER SCHOOL DISTRICT

Percent Change for Property Tax Rates (Per $1 of Taxable Value) - Direct and All Overlapping Governments
As of November 30, 1997 to 2005 Compared to the Previous Years Tax Rate

Year Ended Nov. 30	Sevier School District	Sevier County	Municipalities											District Total Low - High	
			Annabella	Aurora	Elsinore	Glenwood	Joseph	Koosharem	Monroe	Redmond	Richfield	Salina	Sigurd		
1997	-0.9%	-0.5%	-10.4%	-8.6%	-8.6%	-9.2%	-5.7%	-1.6%	-9.7%	-10.5%	-10.5%	-3.2%	-3.3%	-0.8% -	-3.2%
1998	-1.3%	-18.1%	1.2%	2.5%	0.7%	-0.1%	-0.4%	3.0%	7.1%	3.1%	-1.8%	2.0%	1.9%	-6.9% -	-6.1%
1999	-0.2%	-4.2%	-6.4%	-1.9%	-4.1%	-7.4%	-2.7%	3.7%	-11.7%	-1.5%	-5.4%	0.2%	-4.5%	-1.1% -	-2.4%
2000	23.7%	11.0%	3.2%	-5.1%	0.3%	2.6%	1.9%	3.6%	0.9%	-6.6%	-5.7%	-1.8%	-2.0%	18.6% -	13.7%
2001	-0.3%	24.4%	-3.9%	-2.7%	-4.9%	-7.4%	-10.0%	1.5%	-4.3%	-0.6%	-1.1%	-0.7%	0.0%	6.7% -	5.4%
2002	-1.6%	2.7%	-0.7%	0.2%	-3.6%	0.6%	0.8%	-14.0%	-0.2%	0.0%	-0.1%	-1.4%	3.2%	-1.0% -	-0.2%
2003	3.9%	-2.2%	1.5%	-0.3%	3.0%	-0.3%	0.7%	-1.6%	0.7%	-0.9%	-2.5%	-0.7%	0.1%	1.7% -	1.0%
2004	-4.5%	-0.9%	-1.1%	2.9%	0.5%	-1.4%	0.0%	-1.5%	0.1%	-5.4%	-0.2%	-0.3%	4.0%	-3.2% -	-2.7%
2005	0.5%	-0.6%	-0.2%	-0.2%	0.9%	0.0%	-0.9%	0.2%	-1.5%	0.6%	-3.5%	-0.5%	-0.5%	0.1% -	-0.5%
Total Change	18.1%	6.8%	-16.2%	-12.8%	-15.1%	-21.0%	-15.7%	-4.8%	-18.3%	-20.4%	-27.3%	-6.2%	-1.5%	12.8% -	3.6%

The tax rates shown on this table represent the tax rates that are effective for each entity on the prescribed date the taxes are levied by the county, which is November 30th of each year.

Information for this table was provided by the Sevier County Auditor's Office

SEVIER SCHOOL DISTRICT

Property Tax Rates (Per $1 of Taxable Value), Taxes Levied, Fee in Lieu of Taxes and Collections
For the Years Ended June 30, 1997 to 2006

Year Ended June 30	Tax Rate (Per $1)	Taxable Value	Taxes Levied	Personal Property Fee in Lieu (1)	Fee in Lieu of Taxes	Total Valuation	Total Taxes	Current Collections	Percent of Current Collections	Delinquent Collections	Total Collections	Percent of Total Collections to Taxes Levied
1997	.006068	504,241,107	3,059,735	83,288,757	740,740	587,529,864	3,800,475	3,608,837	94.96%	204,587	3,813,424	100.34%
1998	.006015	543,425,778	3,268,706	88,950,044	802,845	632,375,822	4,071,551	3,854,903	94.68%	149,691	4,004,594	98.36%
1999	.005937	663,495,026	3,939,170	97,636,088	813,674	761,131,114	4,752,844	4,551,767	95.77%	257,889	4,809,656	101.20%
2000	.005926	701,875,570	4,159,315	95,583,376	844,809	797,458,946	5,004,124	4,667,424	93.27%	277,117	4,944,541	98.81%
2001	.007331 (2)	637,586,629	4,674,148	99,418,620	705,457 (2)	737,005,249	5,379,605	4,091,705	76.06%	205,704	4,297,409	79.88%
2002	.007312	658,212,709	4,812,851	103,776,090	856,804	761,988,799	5,669,655	5,305,364	93.57%	202,354	5,507,718	97.14%
2003	.007192	661,634,457	4,758,475	107,169,829	904,240	768,804,286	5,662,715	5,403,887	95.43%	263,233	5,667,120	100.08%
2004	.007470	678,076,157	5,065,229	110,365,210	1,155,923	788,441,367	6,221,152	5,928,922	95.30%	208,273	6,137,195	98.65%
2005	.007135	710,792,004	5,071,501	115,173,216	974,125	825,965,220	6,045,626	5,817,157	96.22%	221,828	6,038,985	99.89%
2006	.007167	786,462,682	5,636,578	116,188,230	966,424	902,650,912	6,603,002	6,230,577	94.36%	216,652	6,447,229	97.64%

(1) The State has adopted an annual statewide uniform fee in lieu of the ad valorem tax based on the age of motor vehicles and state-assessed commercial vehicles registered with the state that weigh 12,000 pounds or less. The age based uniform fee is as follows; less than 3 years $150, 3 or more years but less than 6 years $110, 6 or more years but less than 9 years $80, 9 or more years but less than 12 years $50, and more than 12 years $10. The State adopted an annual statewide uniform fee in lieu of the ad valorem tax on motor vehicles registered with the state that weigh 12,001 pounds or more, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the state before it is used on a public highway, on a public waterway, on public land, or in the air. The amount of the uniform fee is equal to 1.5% of the fair market value.

(2) During the 2001 fiscal year the District repaid Canyon Fuel, Inc $1,206,005 in property taxes for their approved appeal for the years of 1999 and 2000. The appeal amounted to a reduction in the assessed of $102,486,437 for each of the years appealed. If this repayment had not taken place the total current collections would have totaled $5,297,710, which is a 98.48% collection rate. The total collection rate would be equal to 102.30%.

The following years have been restated for comparative purposes based on the Canyon Fuel, Inc approved appeal and repayment of taxes and reduction in assessed valuation.

1999	.005937	$ 561,008,589	$ 3,330,708	$ 97,636,088	$ 813,674	$ 658,644,677	$ 4,144,382	$ 3,954,141	95.41%	$ 257,889	$ 4,212,030	101.63%
2000	.005926	599,389,133	3,551,980	95,583,376	844,809	694,972,509	4,396,789	4,059,045	92.32%	277,117	4,336,162	98.62%
2001	.007331	637,586,629	4,674,148	99,418,620	705,457	737,005,249	5,379,605	5,297,710	98.48%	205,704	5,503,414	102.30%

Information for this schedule was obtained from the historical financial records of the District

SEVIER SCHOOL DISTRICT

Taxable and Estimated Actual Value of Taxable Property

Years Ended December 31, 1996 to 2005

Year Ended December 31	Locally Assessed Property: Real Estate	Locally Assessed Property: Buildings Structures, Etc	Locally Assessed Property: Personal Property (2)	State Assessed Property	Total Taxable Value	Estimated Fair Market Value (1)	Percent of Total Taxable Value To Estimated FMV
1996	80,762,408	213,852,467	114,329,056	178,585,933	587,529,864	817,672,454	71.85%
1997	87,232,170	237,705,446	114,863,856	192,574,350	632,375,822	892,714,201	70.84%
1998	87,003,300	249,745,736	125,396,368	298,985,710	761,131,114	1,035,528,114	73.50%
1999	99,163,777	282,602,806	126,973,303	288,719,060	797,458,946	1,138,171,660	70.06%
2000	103,517,275	321,175,750	129,612,899	182,699,325	737,005,249	1,075,936,937	68.50%
2001	109,166,025	335,410,650	135,159,997	182,252,127	761,988,799	1,112,438,278	68.50%
2002	112,958,845	348,975,506	141,923,004	164,946,931	768,804,286	1,130,831,573	67.99%
2003	115,941,195	364,867,410	140,174,110	167,458,652	788,441,367	1,158,404,394	68.06%
2004	120,841,895	386,053,250	146,210,736	172,859,339	825,965,220	1,206,401,591	68.47%
2005	127,720,108	402,065,560	148,533,618	224,331,626	902,650,912	1,295,733,659	69.66%

(1) The estimated fair market value is determined based on Utah Code using section 59-2-103 which allows for a reduction in the taxable value on residential property in the amount of 29.5%. All other tangible taxable property shall be assessed and taxed at a uniform and equal rate on the basis of its fair market value, as valued on January 1st each year. Beginning January 1, 1995, the reduction in taxable value on residential property increased to 45%.

(2) The State has adopted an annual statewide uniform fee in lieu of the ad valorem tax based on the age of motor vehicles and state-assessed commercial vehicles registered with the state that weigh 12,000 pounds or less. The age based uniform fee is as follows; less than 3 years $150, 3 or more years but less than 6 years $110, 6 or more years but less than 9 years $80, 9 or more years but less than 12 years $50, and more than 12 years $10. The State adopted an annual statewide uniform fee in lieu of the ad valorem tax on motor vehicles registered with the state that weigh 12,001 pounds or more, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the state before it is used on a public highway, on a public waterway, on public land, or in the air. The amount of the uniform fee is equal to 1.5% of the fair market value.

Information for this schedule was obtained from the Sevier County Auditor's Report to the State Tax Commission.

SEVIER SCHOOL DISTRICT

Schedule of the Ten Largest Taxpayers in Sevier School District

Taxpayer	Business	December 31, 2005 Taxable Value	Percent of Total Taxable Value
Canyon Fuel Company	Coal Mining	$ 136,527,535	15.13%
Pacific Corp/Utah Power	Electrical Utility	40,133,460	4.45%
Qwest Communications	Communications	14,346,662	1.59%
Walmart	Department Store	9,866,036	1.09%
U.S. Gypsum Company	Gypsum Products	6,357,336	0.70%
Wolverine Gas & Oil Company	Gas & Oil	6,132,062	0.68%
Questar Gas	Natural Gas Utility	5,472,278	0.61%
Mark Greenwood & Related Properties	Hotels and Restaurant	5,283,271	0.59%
Albertsons	Grocery Retail	4,245,769	0.47%
Redmond Minerals	Mining	3,739,049	0.41%
Total		$ 232,103,458	25.72%

Notes:

The Schedule of the Ten Largest Taxpayers does not include taxable values generated from commercial motor vehicles assessed and prorated by the State Tax Commission throughout the state. The ten largest taxpayers identified above have been determined using real and personal property taxable values only.

For purposes of computing the Percent of Total Taxable Value, the total taxable value, including personal property, fee in lieu and fee based values of the Sevier County area is used. The taxable value amount on other tables excludes the taxable value of the Richfield Redevelopment Agency on which the District does not collect taxes. The total taxable value used to calculate the percentage is $902,650,912 which excludes the taxable value of the Richfield Redevelopment Agency.

Information for this schedule was obtained from the Sevier County Assessor's Tax Rolls

SEVIER SCHOOL DISTRICT

Percent of General Obligation Bonded Debt to Taxable Value
Bonded Debt Per Capita, and Bonded Debt Per ADM
For the Years Ended June 30, 1997 to 2006

Year Ended June 30	Estimated Population*	Taxable Value (1)	Bonded Debt	Percent of Bonded Debt to Taxable Value	Bonded Debt Per Capita	Average Daily Membership	Bonded Debt Per ADM
1997	18,238	587,529,864	17,095,000	2.91%	937	4,933	3,465
1998	18,238	632,375,822	16,645,000	2.63%	913	4,839	3,440
1999	18,238	761,131,114	17,000,000	2.23%	932	4,706	3,612
2000	18,238	797,458,946	18,365,000	2.30%	1,007	4,616	3,979
2001	18,842	737,005,249	17,635,000	2.39%	936	4,508	3,912
2002	18,842	761,988,799	16,878,000	2.21%	896	4,455	3,789
2003	18,961	768,804,286	19,650,000	2.56%	1,036	4,390	4,476
2004	19,103	788,441,367	18,705,000	2.37%	979	4,353	4,297
2005	19,455	825,965,220	17,730,000	2.15%	911	4,347	4,079
2006	19,455	902,650,912	16,710,000	1.85%	859	4,354	3,838

(1) The taxable value does not include the Richfield Redevelopment Agency on which the school district does not assess or collect taxes.

* Years Ended after June 30, 1997 through 2000 reflect estimates
* Year Ended after June 30, 2001 reflect estimates based on the 2000 Census Report

Information for this schedule was obtained from the historical financial and statistical records of the District

SEVIER SCHOOL DISTRICT

Computation of Legal Debt Margin
June 30, 2006

Estimated Fair Market Value (1)	$ 1,295,733,659
"Fair Market Value" X 4% (Debt Limit)	51,829,346
Less: Outstanding General Obligation Debt	16,710,000
Legal Debt Margin/Additional Debt Incurring Capacity	$ 35,119,346

Computation of Direct and Overlapping General Obligation Debt
June 30, 2006

Governmental Unit	General Obligation Debt	Percent Applicable to Sevier School District	Direct and Overlapping Debt
Direct Debt:			
Sevier School District	$ 16,710,000	100.00%	$ 16,710,000
Overlapping Debt:			
Sevier County	6,904,000	100.00%	6,904,000
Annabella	-	100.00%	-
Aurora	489,000	100.00%	489,000
Elsinore	-	100.00%	-
Glenwood	-	100.00%	-
Joseph	-	100.00%	-
Koosharem	-	100.00%	-
Monroe	-	100.00%	-
Redmond	-	100.00%	-
Richfield	-	100.00%	-
Salina	-	100.00%	-
Sigurd	18,217	100.00%	18,217
Total of Overlapping Debt	7,411,217		7,411,217
Total Direct and Overlapping Debt	$ 24,121,217		$ 24,121,217

Note (1):

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) has been included as a part of the fair market value of the taxable property in the District.

Information for this schedule was obtained from each of the governmental entities shown

SEVIER SCHOOL DISTRICT

Percent of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures

1997-2006

Year Ended June 30	Principal	Interest and Paying Agent Fees	Total Debt Service	Total General Fund Expenditures	Percent of Debt Service to General Expenditures
1997	735,000	393,956	1,128,956	18,614,845	6.06%
1998	450,000	1,013,553	1,463,553	19,551,817	7.49%
1999	590,000	699,129	1,289,129	20,490,458	6.29%
2000	685,000	866,160	1,551,160	20,740,749	7.48%
2001	730,000	914,157	1,644,157	22,471,601	7.32%
2002	785,000	885,838	1,670,838	23,122,771	7.23%
2003	878,000	827,744	1,705,744	22,512,342	7.58%
2004	945,000	891,490	1,836,490	22,848,860	8.04%
2005	975,000	859,460	1,834,460	23,769,054	7.72%
2006	1,020,000	823,218	1,843,218	24,320,349	7.58%

The School District issued a refunding bond series dated October 15, 1998 in the amount of $9,830,000 which refunded $8,885,000 of the issue dated May 1, 1997. This decreased the amount of interest expenditure for the 1999 fiscal year and for future years.

The School District issued a general obligation bond series dated February 3, 2000 in the amount of $2,050,000, which will increase principal and interest for future years.

The School District issued a refunding bond series dated May 6, 2002 in the amount of $1,608,000 which refunded $1,580,000 of the issue dated October 15, 1993. This will decrease the amount of interest expenditure for future years.

The School District issued a general obligation bond series dated February 26, 2003 in the amount of $3,650,000, which will increase principal and interest for future years.

Information for this schedule was obtained from the historical financial records of the District

SEVIER SCHOOL DISTRICT

Summary of Weighted Pupil Units (WPU's)

Years Ended June 30, 1997 through June 30, 2006

	2005-06	2004-05	2003-04	2002-03	2001-02 *	2000-01	1999-00	1998-99	1997-98	1996-97
Pupils in Grades K-12	4,028.155	4,034.965	4,087.436	4,160.646	4,205.550	4,345.034	4,438.789	4,542.521	4,623.114	4,698.793
Professional Staff	469.458	469.395	465.738	470.576	465.743	478.310	457.587	452.520	440.508	440.608
Administrative Cost Units	48.000	48.000	48.000	48.000	48.000	48.000	48.000	48.000	48.000	48.000
Necessary Existent Small Schools	485.864	478.453	469.194	445.620	420.824	427.430	260.191	232.157	203.357	195.965
Handicapped	716.843	763.377	818.480	904.430	881.978	892.976	923.511	912.200	902.419	880.443
Youth in Custody	-	-	-	-	-	90.907	90.334	102.756	65.551	55.946
Adult High Completion	-	-	-	-	-	36.921	34.838	32.711	32.160	32.935
Vocational Education	310.856	332.754	318.549	327.819	381.789	301.407	279.534	283.262	295.279	274.997
Accelerated Learning	-	-	-	-	-	79.707	77.907	85.508	75.859	63.802
At Risk Students	-	-	-	-	-	38.687	39.763	39.150	48.555	45.437
Career Ladders	-	-	-	-	-	241.260	244.824	254.243	255.402	255.299
Class Size Reduction K-6th Grade	259.493	262.714	265.049	268.306	270.776	278.554	279.934	245.991	242.938	109.392
Local Program	-	-	-	-	-	121.364	119.560	122.340	123.296	126.864
Total Basic WPU's	6,318.669	6,389.658	6,472.446	6,625.397	6,674.660	7,380.557	7,294.772	7,353.359	7,356.438	7,228.481
State WPU Value	$ 2,280	$ 2,182	$ 2,150	$ 2,132	$ 2,116	$ 2,006	$ 1,901	$ 1,854	$ 1,791	$ 1,739

* The State Legislature during the 2001 session changed the funding formulas for several programs. Those programs established above the line would remain on the WPU funding structure and those that were established below the line would no longer receive ongoing WPU increases and would need to be re-evaluated each year for possible increases. Many of these programs, such as At Risk, the Local Program and Career Ladders were established into different block grants at the state level, with some local discretion as to the expenditure allocations per the various programs within the block grant.

Information for this schedule was obtained from the historical statistical records of the District and the Utah State Office of Education

SEVIER SCHOOL DISTRICT

Schedule of Average Daily Membership, Average Membership Growth Percentage
Average Daily Attendance and Attendance Percentage
1997-2006

School Year	Enrollment Area - Membership				Average Daily Membership	Average Membership Growth %	Average Daily Attendance	Attendance Percentage
	Koosharem	North Sevier	Richfield	South Sevier				
1996-97	47	1,226	2,348	1,312	4,933	0.33%	4,619	93.63%
1997-98	44	1,196	2,323	1,276	4,839	-1.91%	4,526	93.53%
1998-99	40	1,174	2,264	1,228	4,706	-2.75%	4,412	93.75%
1999-00	51	1,160	2,157	1,248	4,616	-1.91%	4,342	94.06%
2000-01	51	1,117	2,084	1,256	4,508	-2.34%	4,242	94.10%
2001-02	46	1,075	2,089	1,245	4,455	-1.18%	4,197	94.21%
2002-03	48	1,034	2,087	1,221	4,390	-1.46%	4,143	94.37%
2003-04	61	991	2,096	1,205	4,353	-0.85%	4,126	94.79%
2004-05	51	994	2,085	1,217	4,347	-0.13%	4,129	94.98%
2005-06	61	971	2,096	1,226	4,354	0.16%	4,171	95.80%

This schedule excludes the Pre-Kindergarten and YIC students and only reports the actual K-12 students enrolled in the District's 12 schools including non-resident.

Percentage of Average Daily Membership by Attendance Area
1997-2006

School Year	Enrollment Area - Membership				Average Daily Membership
	Koosharem	North Sevier	Richfield	South Sevier	
1996-97	0.953%	24.853%	47.598%	26.596%	100.00%
1997-98	0.909%	24.716%	48.006%	26.369%	100.00%
1998-99	0.850%	24.947%	48.109%	26.094%	100.00%
1999-00	1.105%	25.130%	46.729%	27.036%	100.00%
2000-01	1.131%	24.778%	46.229%	27.862%	100.00%
2001-02	1.033%	24.130%	46.891%	27.946%	100.00%
2002-03	1.093%	23.554%	47.540%	27.813%	100.00%
2003-04	1.401%	22.757%	48.150%	27.692%	100.00%
2004-05	1.173%	22.873%	47.965%	27.989%	100.00%
2005-06	1.401%	22.301%	48.140%	28.158%	100.00%

Information for this schedule was obtained from the historical statistical records of the District

SEVIER SCHOOL DISTRICT

Ethnic and Gender Distribution of Student Population

As of October 1st Fall Enrollment Reports 1997 to 2006

	1-Oct-06	1-Oct-05	1-Oct-04	1-Oct-03	1-Oct-02	1-Oct-01	1-Oct-00	1-Oct-99	1-Oct-98	1-Oct-97
ETHNIC DISTRIBUTION:										
Percent of Student Count										
Black	0.31%	0.19%	0.10%	0.21%	0.14%	0.24%	0.22%	0.28%	0.27%	0.27%
American Indian/Alaskan Native	3.90%	4.34%	4.58%	4.47%	4.21%	4.40%	4.55%	4.38%	4.08%	4.41%
Hispanic	3.59%	3.58%	3.00%	2.79%	2.64%	2.31%	2.08%	2.00%	1.67%	1.70%
Pacific Islander	0.22%	0.18%	0.18%	0.18%	0.14%	0.09%	0.13%	0.06%	0.06%	0.10%
Asian	0.27%	0.23%	0.27%	0.29%	0.38%	0.22%	0.26%	0.21%	0.27%	0.31%
White	91.71%	91.48%	91.87%	92.06%	92.49%	92.74%	92.76%	93.07%	93.65%	93.21%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Student Count										
Black	14	8	4	9	6	11	10	13	13	13
American Indian/Alaskan Native	174	190	201	197	188	200	208	206	196	215
Hispanic	160	157	132	123	118	105	95	94	80	83
Pacific Islander	10	8	8	8	6	4	6	3	3	5
Asian	12	10	12	13	17	10	12	10	13	15
White	4,093	4,007	4,036	4,058	4,127	4,212	4,237	4,377	4,496	4,542
Total	4,463	4,380	4,393	4,408	4,462	4,542	4,568	4,703	4,801	4,873
GENDER DISTRIBUTION:										
Percent of Student Count										
Male	51.69%	51.12%	51.13%	51.00%	51.77%	50.90%	51.01%	51.80%	51.78%	51.22%
Female	48.31%	48.88%	48.87%	49.00%	48.23%	49.10%	48.99%	48.20%	48.22%	48.78%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Student Count										
Male	2,307	2,239	2,246	2,248	2,310	2,312	2,330	2,436	2,486	2,496
Female	2,156	2,141	2,147	2,160	2,152	2,230	2,238	2,267	2,315	2,377
Total	4,463	4,380	4,393	4,408	4,462	4,542	4,568	4,703	4,801	4,873

Includes K-12 and Non-Resident Students

Information for this schedule was obtained from the historical statistical records of the District

SEVIER SCHOOL DISTRICT

District Employee and Staffing Levels
(Full Time Equivalent - FTE)
Years Ended June 30, 1997 through June 30, 2006

	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
Teachers	219.9	220.9	216.9	217.8	222.7	221.1	218.7	222.8	225.4	227.6
Classified Instructional Personnel	65.1	60.1	61.7	67.2	73.1	73.5	71.9	75.9	73.4	73.9
Principals	10.5	10.5	10.5	10.5	12.0	12.0	12.0	12.0	12.0	12.0
Supervisors, Directors, Admin. Assist.	4.5	4.5	4.5	4.5	3.8	3.5	3.5	3.6	4.6	4.6
Specialists or Consultants	4.0	3.6	3.0	3.0	3.7	4.0	4.0	2.0	2.0	2.0
Superintendent, Assistant, Business Mgr.	3.0	3.0	3.0	3.2	3.0	3.0	3.0	2.7	2.7	2.7
Media Center Coordinators (Librarians)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Counselors & Guidance Personnel	5.0	5.0	5.0	5.3	4.8	4.8	3.8	3.1	4.0	4.0
Nurses	1.0	1.0	1.0	1.0	1.0	1.0	1.4	1.3	1.0	1.0
Clerical	20.2	20.1	19.9	19.9	20.6	20.1	19.8	20.1	20.1	19.6
Custodian	28.8	29.6	29.4	29.2	31.6	31.5	29.5	29.4	28.4	28.1
Carpenter, Painter, Mechanic, Warehouse	8.5	8.5	8.5	8.5	8.5	8.5	8.0	7.5	8.4	8.0
Food Service	31.1	31.1	30.2	31.3	31.7	31.7	31.9	32.9	32.0	30.9
Bus Drivers	15.9	16.1	16.1	15.5	15.7	14.9	14.9	15.9	15.0	15.2
Total Full Time Equivalents	427.5	424.0	419.7	426.9	442.2	439.5	432.4	439.2	439.0	439.6
Percent Change from Prior Year	0.83%	1.02%	-1.69%	-3.45%	0.61%	1.64%	-1.55%	0.05%	-0.14%	2.80%

Percentage of District Employee and Staffing Levels
Years Ended June 30, 1997 through June 30, 2006

	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
Teachers	51.439%	52.099%	51.680%	51.021%	50.363%	50.299%	50.578%	50.729%	51.344%	51.774%
Classified Instructional Personnel	15.228%	14.175%	14.701%	15.741%	16.531%	16.723%	16.628%	17.281%	16.720%	16.811%
Principals	2.456%	2.476%	2.502%	2.459%	2.714%	2.730%	2.775%	2.732%	2.733%	2.730%
Supervisors, Directors, Admin. Assist.	1.053%	1.061%	1.072%	1.054%	0.859%	0.796%	0.809%	0.820%	1.048%	1.046%
Specialists or Consultants	0.936%	0.849%	0.715%	0.703%	0.837%	0.910%	0.925%	0.455%	0.456%	0.455%
Superintendent, Assistant, Business Mgr.	0.702%	0.708%	0.715%	0.750%	0.678%	0.683%	0.694%	0.615%	0.615%	0.614%
Media Center Coordinators (Librarians)	2.339%	2.358%	2.383%	2.342%	2.261%	2.275%	2.313%	2.277%	2.278%	2.275%
Counselors & Guidance Personnel	1.170%	1.179%	1.191%	1.241%	1.092%	1.099%	0.879%	0.706%	0.911%	0.910%
Nurses	0.234%	0.236%	0.238%	0.234%	0.226%	0.228%	0.324%	0.296%	0.228%	0.227%
Clerical	4.725%	4.741%	4.741%	4.661%	4.659%	4.573%	4.579%	4.577%	4.579%	4.459%
Custodian	6.737%	6.981%	7.005%	6.840%	7.146%	7.165%	6.822%	6.694%	6.469%	6.392%
Carpenter, Painter, Mechanic, Warehouse	1.988%	2.005%	2.025%	1.991%	1.922%	1.934%	1.850%	1.708%	1.913%	1.820%
Food Service	7.275%	7.335%	7.196%	7.332%	7.160%	7.203%	7.377%	7.491%	7.289%	7.029%
Bus Drivers	3.719%	3.797%	3.836%	3.631%	3.551%	3.381%	3.446%	3.620%	3.417%	3.458%
Total Full Time Equivalents	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Information for this schedule was obtained from the historical statistical records of the District

SEVIER SCHOOL DISTRICT

Cost Per School Facility Per Pupil for General Fund and 10% of Basic Capital Outlay Expenditures
Years Ended June 30, 1997 through 2006

School Facility	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
Ashman Elementary	$ 4,838	$ 4,958	$ 4,662	$ 4,690	$ 4,810	$ 4,377	$ 4,321	$ 4,067	$ 3,727	$ 3,603
Koosharem Elementary	5,428	5,981	5,808	6,462	6,756	6,117	6,720	7,230	6,385	5,362
Monroe Elementary	4,819	4,970	4,739	4,725	4,598	4,345	4,074	4,161	3,723	3,749
Pahvant Elementary	5,136	4,815	4,477	4,323	4,712	4,433	4,266	4,326	3,957	3,809
Salina Elementary	5,645	5,071	5,067	4,897	5,507	4,522	3,960	3,915	3,854	3,823
North Sevier Middle	6,545	6,004	6,013	5,801	5,935	5,660	5,004	5,123	4,191	3,849
South Sevier Middle	7,164	6,536	5,973	6,118	5,867	5,518	5,163	4,870	4,479	4,024
Red Hills Middle	5,107	5,074	4,814	4,515	4,683	4,830	4,452	4,066	3,768	3,593
North Sevier High	6,879	7,178	7,387	5,706	5,919	5,493	5,006	4,803	4,399	3,946
Richfield High	5,559	5,737	6,785	5,609	5,368	5,600	4,703	4,447	4,216	3,964
South Sevier High	6,420	6,416	5,935	6,392	5,399	4,985	4,535	4,451	4,166	4,172
Cedar Ridge High	5,392	6,756	6,308	5,520	7,610	8,236	4,898	4,356	4,312	3,867
Youth in Custody	12,037	12,319	10,732	9,063	7,717	8,804	6,512	6,589	4,237	3,695
Average Cost Per Pupil	$ 5,621	$ 5,584	$ 5,413	$ 5,238	$ 5,263	$ 4,990	$ 4,529	$ 4,389	$ 4,042	$ 3,856
Percent Change from Prior Year	0.66%	3.16%	3.34%	-0.48%	5.47%	10.18%	3.19%	8.58%	4.82%	6.99%
Average Cost Per Pupil from the Capital Projects Fund	$ 52	$ 132	$ 194	$ 145	$ 109	$ 32	$ 61	$ 64	$ 26	$ 102
Average Cost Per Pupil from the General Fund	$ 5,569	$ 5,452	$ 5,219	$ 5,093	$ 5,154	$ 4,958	$ 4,468	$ 4,325	$ 4,016	$ 3,754

Note: The 10% of basic program costs from the Capital Projects Fund which have been spent for General Fund purposes has been included in the average cost per school facility per pupil amounts.

Information for this schedule was obtained from the historical financial and statistical records of the District

SEVIER SCHOOL DISTRICT

Cost Per Expenditure Function Per Pupil for General Fund and 10% of Basic Capital Outlay Expenditures
Years Ended June 30, 1997 through 2006

Function Classification	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
Instructional Services	$ 3,857	$ 3,930	$ 3,583	$ 3,471	$ 3,568	$ 3,397	$ 3,184	$ 3,055	$ 2,800	$ 2,709
Support Services:										
Counseling & Health	126	127	124	120	122	106	92	83	86	85
Media and Inservice	61	60	58	60	75	62	57	59	50	58
General Administration	126	118	117	114	107	108	101	120	107	99
School Administration	325	323	321	295	338	304	278	267	252	237
Business/Data Processing	103	108	106	92	88	70	73	74	67	58
Operation of School Bldg	746	650	848	837	719	698	543	532	504	450
Student Transportation	277	268	256	249	246	245	201	199	176	160
Total Support Services	1,764	1,654	1,830	1,767	1,695	1,593	1,345	1,334	1,242	1,147
Totals	$ 5,621	$ 5,584	$ 5,413	$ 5,238	$ 5,263	$ 4,990	$ 4,529	$ 4,389	$ 4,042	$ 3,856

Cost Per Expenditure Function by Percentage for General Fund and 10% of Basic Capital Outlay Expenditures
Years Ended June 30, 1997 through 2006

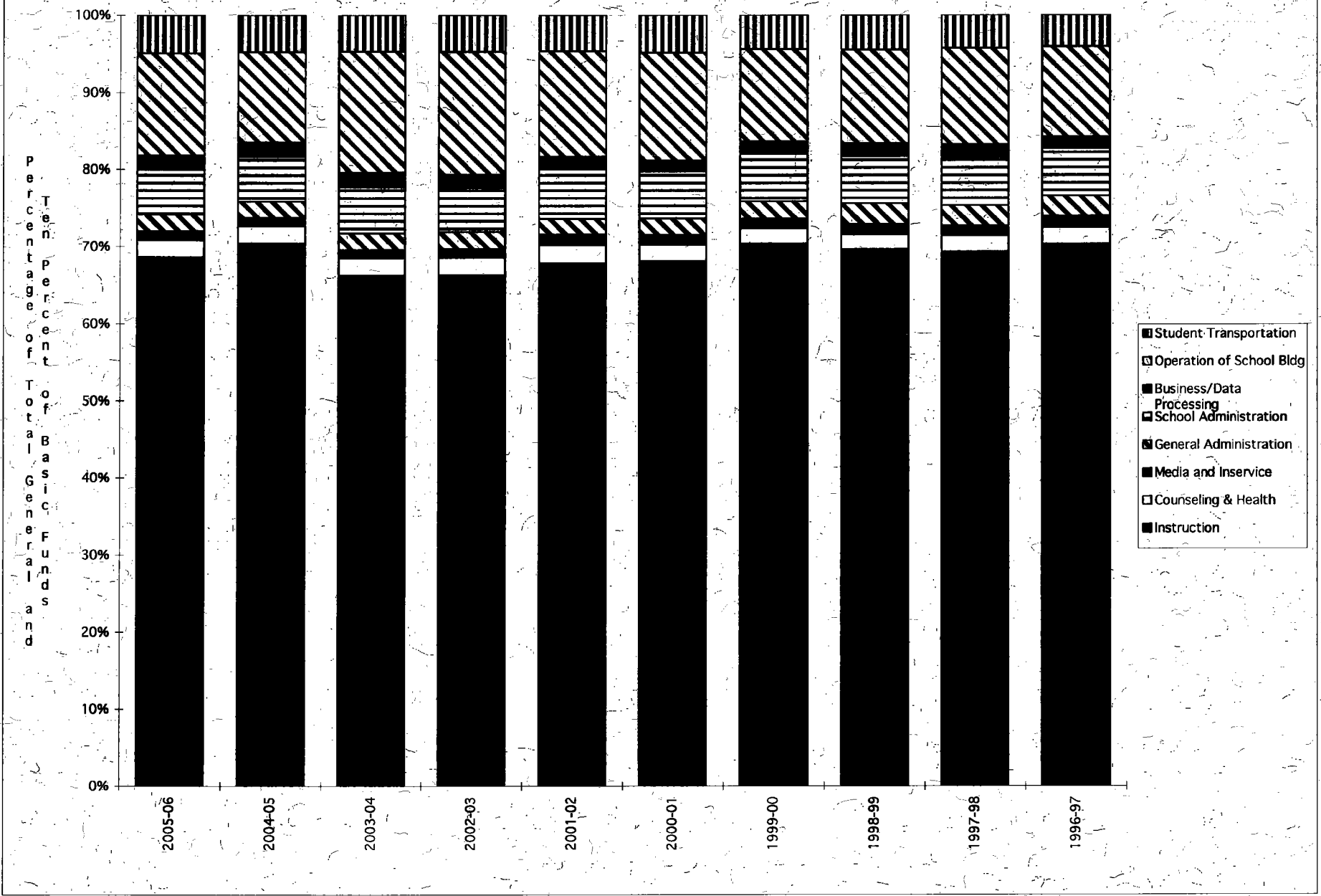
Function Classification	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
Instructional Services	68.62%	70.38%	66.19%	66.27%	67.79%	68.08%	70.30%	69.61%	69.27%	70.25%
Support Services:										
Counseling & Health	2.24%	2.27%	2.29%	2.29%	2.32%	2.12%	2.03%	1.89%	2.13%	2.20%
Media and Inservice	1.09%	1.07%	1.07%	1.15%	1.43%	1.24%	1.26%	1.34%	1.24%	1.50%
General Administration	2.24%	2.11%	2.16%	2.18%	2.03%	2.16%	2.23%	2.73%	2.65%	2.57%
School Administration	5.78%	5.78%	5.93%	5.63%	6.42%	6.09%	6.14%	6.08%	6.24%	6.15%
Accounting & Purchasing	1.83%	1.93%	1.96%	1.76%	1.67%	1.40%	1.61%	1.69%	1.66%	1.50%
Operation of School Bldg	13.27%	11.64%	15.67%	15.98%	13.66%	13.99%	11.99%	12.12%	12.47%	11.67%
Student Transportation	4.93%	4.80%	4.73%	4.75%	4.67%	4.91%	4.44%	4.53%	4.35%	4.15%
Total Support Services	31.38%	29.62%	33.81%	33.73%	32.21%	31.92%	29.70%	30.39%	30.73%	29.74%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: The 10% of basic program costs from the Capital Projects Fund which have been spent for General Fund purposes has been included in the average cost per school facility per pupil amounts.

* Business and Data Processing were combined into a single column to provide consistent comparability with the financial statements

Information for this schedule was obtained from the historical financial and statistical records of the District

SEVIER SCHOOL DISTRICT
Cost Per Expenditure Function Per Pupil by Percentage of Total General Funds
and 10% of Basic Capital Outlay Expenditures
For the Years Ended June 30, 1997 through 2006



SEVIER SCHOOL DISTRICT

School Food Services Facts and Figures
Years Ended June 30, 1997 through 2006

	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
Number of Operating Cafeterias	11	11	11	11	11	11	11	11	11	11
Number of Schools Participating in Lunch Program	12	12	12	12	12	12	12	12	12	12
Student Lunches Served:										
Free	177,506	169,801	166,867	169,453	170,224	173,729	178,939	166,335	161,025	176,732
Reduced	83,728	90,300	88,187	80,350	74,099	69,432	66,689	64,890	72,364	72,184
Fully Paid	205,827	206,778	199,582	194,055	198,506	210,134	201,736	193,851	199,897	198,319
	467,061	466,879	454,636	443,858	442,829	453,295	447,364	425,076	433,286	447,235
Percentage of Student Lunches Served:										
Free	38.005%	36.369%	36.703%	38.177%	38.440%	38.326%	39.999%	39.131%	37.164%	39.517%
Reduced	17.927%	19.341%	19.397%	18.103%	16.733%	15.317%	14.907%	15.266%	16.701%	16.140%
Fully Paid	44.069%	44.289%	43.899%	43.720%	44.827%	46.357%	45.094%	45.604%	46.135%	44.343%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Adult Lunches Served	24,911	24,288	27,944	22,536	21,755	21,962	22,020	22,741	22,626	23,779
Number of Serving Days	178	178	178	178	177	179	179	179	179	179
Summer Food Service Program										
Children Lunches Served	43,244	21,066	-	-	-	11,265	27,261	30,548	28,738	29,988
Adults	898	401	-	-	-	140	378	549	540	708
Number of Schools Participating in Breakfast Program	5	4	4	4	4	4	4	4	4	5
Student Breakfasts Served:										
Free	38,108	30,828	28,832	33,040	30,599	34,068	33,698	30,833	28,587	26,877
Reduced	6,797	6,324	8,206	6,004	5,654	5,520	3,898	4,219	4,196	3,086
Fully Paid	6,512	4,560	4,384	4,234	4,289	3,305	2,680	2,656	3,355	2,893
	51,417	41,712	41,422	43,278	40,542	42,893	40,276	37,708	36,138	32,856
Number of Serving Days	177	177	177	177	177	179	179	179	179	179
Average Number of Meals Served Daily:										
Student Lunch	2,624	2,623	2,554	2,494	2,502	2,532	2,499	2,375	2,421	2,499
Adult Lunch	140	136	157	127	123	123	123	127	126	133
Student Breakfast	290	236	234	245	229	240	225	211	202	184
Average Daily Membership	4,354	4,347	4,353	4,390	4,455	4,508	4,616	4,706	4,839	4,933
Percentage of Student Lunches Served to ADM	60.27%	60.34%	58.67%	56.81%	56.16%	56.17%	54.14%	50.47%	50.03%	50.66%
Price for Fully Paid Lunch	1.50-1.65	1.40-1.55	1.40-1.55	1.35-1.50	1.25-1.40	1.25-1.40	1.25-1.40	1.25-1.40	1.25-1.40	1.20-1.35

The District did not qualify to participate in the Summer Food Service Program beginning with the summer of 2001 through the summer of 2004. The number of meals shown for 2001 fiscal year reflects those who participated during the summer months of July and August, 2000, and those shown for 2005 fiscal year reflect those who participated during June, 2005.

Information for this schedule was obtained from the historical statistical records of the District based on claims made for reimbursement

SEVIER SCHOOL DISTRICT

Schedule of Insurance in Force
June 30, 2006

Type	Expiration Date	Details of Coverage	Limits	Annual Premium
Blanket Property, Fidelity & Boiler	Until Cancelled	$1,000 Deductible	$1,000,000 for employees.	$ 61,707
Workmen's Compensation	Until Cancelled		Lost Wages	110,386
Public Official Treasurer Bond	Until Cancelled	$1,000 Deductible	$1,500,000 each occurrence	1,615
General Liability	Until Cancelled	As listed in the Statement of Values	$10,000,000 each occurrence loss, or claim resulting from any situation not subject to a sub-limit	51,040
Automobile Liability	Until Cancelled	As listed in the Statement of Values	$10,000,000 each occurrence loss, or claim resulting from any situation not subject to a sub-limit	included
Personal Injury Liability	Until Cancelled	As listed in the Statement of Values	$10,000,000 each occurrence loss, or claim resulting from any situation not subject to a sub-limit	included
Errors or Omissions Liability	Until Cancelled	As listed in the Statement of Values	$10,000,000 each occurrence loss, or claim resulting from any situation not subject to a sub-limit	included
Malpractice Liability	Until Cancelled	As listed in the Statement of Values	$10,000,000 each occurrence loss, or claim resulting from any situation not subject to a sub-limit	included
Property Damage:				
District Vehicles	Until Cancelled	$1,000 Deductible	Vehicle Value	5,658
Driver Education	Until Cancelled	$1,000 Deductible	Vehicle Value	300
Buses	Until Cancelled	$1,000 Deductible	Vehicle Value	4,200
			Total Cost of Insurance in Force	234,906

The district received credits against their insurance premium for the following areas:

Self Inspection (Liability)	7,656
Self Inspection (Property)	10,890
Total Credits Against Premiums	18,546
Net Cost of Insurance in Force	$ 216,360

Information for this schedule was obtained from the historical financial records of the District and the District's insurance carrier.

SEVIER SCHOOL DISTRICT

Percent of Unreserved and Undesignated Fund Balance to Total General Fund Expenditures

1997-2006

Year Ended June 30	Unreserved and Undesignated Fund Balance	Total General Fund Expenditures	Percent of Unreserved and Undesignated Fund Balance to General Expenditures
1997	706,613	18,614,845	3.80%
1998	637,750	19,551,817	3.26%
1999	753,035	20,490,458	3.68%
2000	997,881	20,740,749	4.81%
2001	1,234,138	22,471,601	5.49%
2002	673,684	23,122,771	2.91%
2003	1,158,682	22,512,342	5.15%
2004	1,379,833	22,848,860	6.04%
2005	1,542,249	23,769,054	6.49%
2006	1,842,923	24,320,349	7.58%

Information for this schedule was obtained from the historical financial records of the District

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and is used to assist in formatting, for easier reading)

COMPLIANCE SECTION

Kimball & Roberts
Certified Public Accountants
A Professional Corporation
Box 663
Richfield, Utah 84701
Phone 896-6488

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

Sevier School Board
Sevier School District
Richfield, Utah 84701

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Sevier School District as and for the year ended June 30, 2006, which collectively comprise Sevier School District's basic financial statements and have issued our report thereon dated September 29, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sevier School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, school board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kimball & Roberts

KIMBALL & ROBERTS, P. C.
Certified Public Accountants

September 29, 2006
Richfield, Utah

Kimball & Roberts
Certified Public Accountants
A Professional Corporation
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Richfield, Utah 84701
Phone 896-6488

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Sevier School Board
Sevier School District
Richfield, Utah 84701

Compliance

We have audited the compliance of Sevier School District with the types of compliance requirements described in the U. S. Office of Management of and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Sevier School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sevier School District's management. Our responsibility is to express an opinion on Sevier School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standard generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sevier School District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sevier School District's compliance with those requirements.

In our opinion, Sevier School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Sevier School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sevier School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kimball & Roberts

KIMBALL & ROBERTS, P. C.
Certified Public Accountants

September 29, 2006
Richfield, Utah

SEVIER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Fiscal Year Ended June 30, 2006

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the comprehensive annual financial statements of Sevier School District.

2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's report on Internal Control and Compliance With Laws and Regulations.

3. No instances of noncompliance material to the financial statements of Sevier School District were disclosed during the audit.

4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.

5. The auditor's report on compliance for the major federal award programs for Sevier School District expresses an unqualified opinion.

6. There were no findings relative to the major federal award programs for Sevier School District.

7. The programs tested as major programs include: Child Nutrition Cluster, CFDA 10.553, CFDA 10.555 and CFDA 10.559; and Indian Equalization Program, CFDA 15.042.

8. The threshold for distinguishing Type A and B programs is $300,000.

9. Sevier School District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

SEVIER SCHOOL DISTRICT
Schedule of Federal Awards Expended
For the Year Ended June 30, 2006

Federal Assistance Programs Agency/Program Grant Title	CFDA Number	Federal Grantor's ID Number	Grantor Agency	Direct or Pass-through	Amount of Expenditures
Department of Agriculture:					
Schools & Roads - Grants to States	10.665	N/A	Sevier County	Pass-through	$ 27,527
Food Donation	10.550	N/A	USOE	Pass-through	89,316
School Breakfast Program	10.553	064425	USOE	Pass-through	67,261
Summer Food Service Program for Children	10.559	064825	USOE	Pass-through	104,095
National School Lunch Program-Regular Students	10.555	064225	USOE	Pass-through	102,754
National School Lunch Program-Free & Reduced Students	10.555	064325	USOE	Pass-through	515,101
Total Department of Agriculture					906,054
Department of Interior and Related Agencies:					
Indian School Equalization Program	15.042	N/A	BIA	Direct	594,182
Total Department of Interior and Related Agencies					594,182
Department of Community and Economic Development:					
Improving Library Services and Technology	45.310	N/A	State Library Div.	Pass-through	6,812
Total Department of Interior and Related Agencies					6,812
U.S. Department of Education					
Title I Grants to Local Educational Agencies-Indian	84.010	N/A	BIA	Direct	213,017
Title II Grants to Local Educational Agencies-Indian	84.367	N/A	BIA	Direct	495
Title IID Grants to Local Educational Agencies-Indian	84.318	N/A	BIA	Direct	3,509
Impact Aid	84.041	N/A	Dept of Ed	Direct	10,880
Title I Grants to Local Educational Agencies	84.010	050808	USOE	Pass-through	98,203
Title I Grants to Local Educational Agencies	84.010	060808	USOE	Pass-through	482,726
Special Education-Grants to States	84.027	051906	USOE	Pass-through	890,160
Vocational Education-Basic Grants to States-Carl Perkins	84.048	062106	USOE	Pass-through	71,082
Vocational Education-Basic Grants to States-Ldrshp & Dev	84.048	062106	USOE	Pass-through	8,905
Special Education-Preschool Grants	84.173	065206	USOE	Pass-through	65,933
Safe and Drug-Free Schools and Communities-State Grants	84.186	060908	USOE	Pass-through	21,961
Fund for the Improvement of Education-(FIE), Prof Dev. Rural E	84.215K	N/A	USOE	Pass-through	25,982
Fund for the Improvement of Education-(FIE), Prof Dev. Rural E	84.215	061407	USOE	Pass-through	23,463
Innovative Education Program Strategies	84.298	069008	USOE	Pass-through	17,318
Education Technology State Grants	84.318	060708	USOE	Pass-through	12,298
English Language Acquisition Grants	84.365		USOE	Pass-through	4,240
Improving Teacher Quality State Grants	84.367	057408	USOE	Pass-through	2,350
Improving Teacher Quality State Grants	84.367	067408	USOE	Pass-through	227,140
Total Department of Education					2,179,662
Department of Health and Human Services:					
Medical Assistance Program-Admin Outreach	93.778	041811		Direct	0
Medical Assistance Program	93.778	051811		Direct	266,780
Medical Assistance Program	93.778	041811		Direct	169,761
Total Department of Health and Human Services					436,541
Total Federal Financial Assistance					$ 4,123,251

SEVIER SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2006

NOTE 1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Sevier School District. The District reporting entity is defined in Note 1 to the District's government-wide financial statements. All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other government agencies are included on the schedule.

(A) Basis of Accounting:

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's government-wide financial statements.

(B) Noncash Federal Financial Assistance:

Noncash federal awards are determined by commodities received during the year, expressed at market value. School districts participating in the USDA Food Distribution Program during the 2005-06 year were sent an annual report by the state detailing market value of USDA goods received for the year. Noncash federal awards are based on these reports.

(C) Relationship to District's Financial Statements:

Federal awards expended on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2006 are reported in the District's government-wide financial statements as federal revenues as follows:

General Fund	$ 3,178,791
School Food Services Fund (Special Revenue Fund)	878,527
Non K-12 Programs Fund (Special Revenue Fund)	65,933
	$ 4,123,251

SEVIER SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS

For The Fiscal Year Ended June 30, 2006

There were no prior audit findings.

Kimball & Roberts
Certified Public Accountants
A Professional Corporation
Box 663
Richfield, Utah 84701
Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Sevier School Board
Sevier School District
Richfield, Utah 84701

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sevier School District, for the year ended June 30, 2006, and have issued our report thereon dated September 29, 2006. As part of our audit, we have audited Sevier School District's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2006. The District received the following major State assistance programs from the State of Utah (each passed through the State Office of Education):

Minimum School Program
School Building Program

The District also received other nonmajor State grants that are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Sevier School District's financial statements):

Adult Education Reporting
Drivers Education

Our audit also included testwork on the District's compliance with those general compliance requirements identified in the *State of Utah Legal Compliance Audit Guide* including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Other Compliance Requirements

The management of Sevier School District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Sevier School District, complied, in all material respects, with the general compliance requirement identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance program for the fiscal year ended June 30, 2006.

KIMBALL & ROBERTS, P. C.
Certified Public Accountants

September 29, 2006
Richfield, Utah