

Provo City School District
280 West 940 North
Provo, Utah 84604

Comprehensive Annual Financial Report



For Fiscal Year Ended June 30, 2004

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For Fiscal Year Ended June 30, 2004

Randall J. Merrill, Ed.D.
Superintendent of Schools

Kerry J. Smith
Business Administrator
Certified Public Accountant

Prepared By:

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Asst. Business Administrator/Accounting
Certified Government Financial Manager
Licensed Business Educator & Administrator

MISSION STATEMENT

Provo City schools maximize student achievement and development. Students in our schools enlarge their capacities, interests, and love of learning. They:

-
- **Master the basics (the foundations of literacy and numeracy)**
 - **Develop depth of content knowledge**
 - **Excel in their interests**
 - **Feel respected and loved in a safe and orderly environment**
 - **Develop responsible, respectful, and compassionate citizenship**
-

We will accomplish our mission through connecting with the community.



Board of Education and Officers

Front Row (left to right): Carolyn Wright, Sandy Packard, & Shannon Poulsen.

Back Row (left to right): Dr. Randall Merrill, Darryl Alder, Richard Sheffield, & Kerry Smith.

PROVO CITY SCHOOL DISTRICT

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provost
ELEMENTARY SCHOOL

Hope and Dreams

I watch and I wait
On this beach all alone
In the starlight
And moonlight
Terribly cold
With no hope for tomorrow
And no dream for today
What can I do here alone
On the bay?

A new day is dawning
There is new light to spring
Where dreams are forever
And old things shall sing
Now hope is my rain
What a precious sweet thing
While I sit here alone
In my kingdom by the sea.

This kingdom by the sea
Was prepared for me
While I wait and I dream
Of things yet to be
My hope here is found
And my dreams are restored
There's a light in my eyes
That I dream of no more.

Amanda Autrey
Student, Dixon Middle School

I. Introductory Section





Provo City School District

280 West 940 North
Provo, Utah 84604

Dr. Randall J. Merrill
Superintendent of Schools

Kerry J. Smith
Business Administrator

September 14, 2004

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

We are pleased to present to the public Provo City School District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. This report is published to provide information, both financial and non-financial in nature, to be used not only by the Board of Education and other administrative officers of the District, but also by taxpayers and patrons of the District, investors, creditors, grantor agencies, the State of Utah and other oversight entities, consumer groups, and District employees.

The report is prepared in accordance with generally accepted accounting principles (GAAP) which are applicable to governmental entities throughout the United States. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. Management assumes full responsibility for all of the information presented in this report. The District believes that the presentation of the report is accurate in all material respects, and the financial position and results of operations are presented fairly. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Provo School District's Comprehensive Annual Financial Report (CAFR) is comprehensive in nature in that it includes all governmental departments, agencies, institutions, commissions, public authorities or other governmental organizations for which the District is financially accountable.



Dr. Randall J. Merrill
Superintendent



Kerry J. Smith
Business
Administrator

THE REPORT

Designed to meet the needs of a broad spectrum of readers, this Comprehensive Annual Financial Report (CAFR) is comprised of three sections:

1. *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, a list of elected and appointed officials, and maps of the current and future precincts of the Board of Education.
2. *Financial Section:* Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, notes to the basic financial statements, and combining and individual fund statements and schedules.

3. *Statistical Section*: Contains substantial financial information, but presents tables that differ from financial statements in that they present non-accounting data and cover several years. Statistical information is presented in five categories: (1) *Financial Trends Information*, (2) *Revenue Capacity Information*, (3) *Debt Capacity Information*, (4) *Demographic and Economic Information*, and (5) *Operating Information*.

MANAGEMENT’S DISCUSSION & ANALYSIS (MD&A)

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

DISTRICT PROFILE

Provo City School District was officially organized in 1898. The major purpose of the District is to provide public education to students who reside in Provo City which is located in the central portion of Utah County, Utah. To accomplish this purpose, in Fall 2004, the District services two traditional high schools, an alternative high school, three middle schools, thirteen elementary schools, and a special education school jointly operated by Provo and Nebo School Districts. The District continues to have a positive influence on the community by offering traditional public education to its students. In addition, the District offers several varieties of educational alternatives outside the traditional school setting. These alternatives include preschool training for disabled students, adult high school completion, and concurrent enrollment where students can earn high school and college credits simultaneously. Programs such as advanced placement, special education, music, applied technology, bilingual education, multicultural programs, gifted and talented programs, and many other enrichment programs in all curriculum areas are offered in the District’s traditional schools.

THE REPORTING ENTITY

Provo City School District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. Policy making and legislative authority and oversight are vested in the Board of Education consisting of five members. The Board of Education is responsible, among other things, for developing policy, adopting the annual budget, levying property taxes, incurring bonded debt, and hiring both the Superintendent and Business Administrator. The Board of Education and District administration recognize that the District’s financial health largely dictates its ability to deliver the most appropriate education for each individual student. The Superintendent and Business Administrator are responsible for carrying out the policies of the Board of Education and 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 three members elected every two years.

FINANCIAL REPORTING AND ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) establishes local government accounting principles. This report conforms to all current, relevant pronouncements of the GASB, which, taken as a whole are referred to as generally accepted accounting principles (GAAP).

INDEPENDENT AUDIT

State law requires that school districts publish within five months of the close of each year a complete set of financial statements which are audited by a firm of licensed certified public accountants. Gilbert & Stewart PC, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of this independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2004 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 fiscal year ended June 30, 2004 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. Government Auditing Standards, issued by the comptroller General of the United States and the provisions of the Office of Management and Budget Circular A-133, Audits of States and Local Governments and Non-Profit Organizations, are the authoritative standards governing Single Audit engagements. These standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

In addition to the single audit requirements, the District is required to meet audit requirements according to Utah State Code 51-2 to report on compliance with significant state fiscal laws.

SERVICE EFFORTS & ACCOMPLISHMENTS

Each year, the District publishes a performance report summarizing major performance measures used to assess the District's service efforts and accomplishments. This performance report is distributed to the general public via mail each year. It is important to note that many student achievement test scores from the prior school year are not available until Fall of the current year. Consequently, test scores from the fiscal year ended June 30, 2004 will be published in the upcoming performance report in 2005. A copy of the performance report published in 2004 can be obtained by contacting the District Assistant Superintendent's Office or can be found on the District's web site at www.provo.k12.ut.us. To help provide readers with a basic understanding of the District's overall performance, selected items from the 2004 performance report have been included in the *Operating Information* category in the statistical section of this report.

MAJOR INITIATIVES & EVENTS

Changes in Governing Structure of the Board of Education. Pursuant to Utah Code 20A-14-202, the District Board of Education structure will change from five members to seven members beginning with the 2004 regular general election. The two new Board members will assume responsibility and membership on the Board in January 2005. The boundaries for the new Board of Education precincts were independently determined by the Provo City Council, and a map of the boundaries for the new precincts is included in the *Introductory Section* of the report.

District Master Plan. The District is taking a proactive approach to analyze changes in key demographics and financial trends and is reviewing potential alternatives; specifically, the District has experienced changes in

student enrollments, geographic shifts in the student population among schools, and aging facilities. The intent of the master plan is to analyze trends, develop and consider possible alternative actions to respond to these changing trends, receive input from the community, and formalize a long-term master plan which is consistent with the District's mission and long-term strategic goals. In March 2004, the District put into action a Board approved due process designed to include the following key elements:

- Receive input from a committee comprised of representatives and members of the community,
- Receive input from an independent firm that was contracted to analyze economic, demographic, and utilization trends and data, and to analyze and present potential alternatives,
- Conduct multiple public hearings to review and evaluate potential alternatives, and
- Present the final master plan to the public on November 10, 2004.

Information regarding the master plan is available on the District's internet web site at www.provo.k12.ut.us by clicking on the *News and Information* link.

Curriculum. Although the District has higher student populations of English Language Learners and Disadvantaged students as compared to the state average, Provo students continue to outperform state averages. The District's success is based upon its focus on accountability for academics with all learners as well as its implementation of strategically designed staff development programs. Key staff development programs include Six Trait Writing, CELL/ExLL, K-3 Reading Improvement, the Wilhelm Project, Summer Core Academies in mathematics, ongoing Math inservice with Brigham Young University, and an Elementary Numeracy Coordinator training program. The District has implemented an extensive assessment program which includes on-going electronic assessments. Assessments are designed to assist in student placement, provide data to guide the instructional process (formative assessment), and to provide a means to measure student achievement (summative assessment).

Special Programs. The District's Special Programs operations are designed to provide appropriate educational programs to students, with a wide variety of special learning needs, who qualify for special programs assistance. Major efforts made during FY 2004 include:

- Full support of the District's CELL/ExLL literacy program,
- Provided in-home services to migrant students ages 3 to 5 years old,
- Title 1 support of Math Sense program (one-to-one math tutorial),
- Initiated the transition of students from Oakridge Elementary School to their home districts,
- Completed a program audit of the District special education program,
- Completed a curriculum inventory to determine instructional needs, and
- Completed and implemented a District-wide "Curriculum Guide Book".

Applied Technology Education (ATE). Enrollments during FY 2004 increased 4.7 percent as compared to FY 2003. Its diverse curriculum provides technical skills training in numerous occupational career paths, including medical occupations, business, agriculture, drafting, family science, technology, carpentry, automotive, and metals. Medical occupations is the fastest growing area of study in the District's ATE program. Applied Technology Education programs also include programs for special populations such as the CHAMP program (basic skills), Workforce Investment Act Youth Services (at risk job placement), and School-to-Work opportunities for special education students.

Student Support Services. The District's Student Support Services are designed to compliment school programs throughout the District and provide support services to at-risk students and families. During FY 2004, the District's Student Support Services department reported the following:

- 1,500 home visits by social workers and school resource officers,
- 350 mentoring volunteers contributed 12,000 hours of service,
- 100 students were provided services through the Gang Prevention program,
- 2,500 citizens participated in the Suicide Prevention program,
- 200 students from 15 different tribes participated in the Native American program, and
- 100 students graduated from the Adult Education program.

Food Services Program. During the year, the Food Services program served 265,234 breakfasts, 1,198,861 lunches, 7,102 Summer program breakfasts, and 42,216 Summer program lunches. The District's program was recently accepted into the U-Care buying CO-OP which is comprised of food service programs from eleven other school districts designed to increase the buying power of the group collectively and minimize costs to patrons. Additionally, the food service program developed a long-term capital budget, replaced \$250,000 of equipment, and reduced its staff by two employees through natural attrition.

Oakridge Elementary School. On January 13, 2004, the Board of Education unanimously approved an initiative to close Oakridge Elementary School in cooperation with Nebo School District. The school was operated in partnership with Nebo School District and originally opened in 1980 to provide services to students with severe disabilities. The school's largest annual population during the school's tenure reached 200 students, but enrollments during fiscal year 2004 were 57 students—among which only 25 students were Provo City School District students. The District is currently transitioning these students into appropriate education programs in Provo School District and other District schools. Oakridge Elementary School is scheduled to close in June 2005.

Sale of Maeser Elementary School. The District entered into an agreement for the sale of Maeser Elementary School. In exchange for both property and land, the District has received payment of \$507,100 in June 2004, and the District will receive payment in the amount of \$247,200 during fiscal year 2005 to complete the sale agreement.

District Management Information Systems. Provo City School District management information systems have functioned on the same technology infrastructure for nearly 20 years. During fiscal year 2002, the District formally analyzed its technology infrastructure with its long-term strategic goals. It was determined from the analysis that the District's aged technology infrastructure was inadequate and unable to support the District's long-term goals. The following elements were key components of the analysis:

- Because of the age of the system, the manufacturer notified the District that it could no longer provide support and maintenance in future years.
- The District's aged financial system software had several limitations—including the inability for administrators to access timely information and reports related to their financial operations.
- The financial system manufacturer was unable to provide a long-term solution for transitioning the financial software to a current mainstream technology platform.
- The District's technology infrastructure (e.g. staff skills, hardware, network, etc.) was/is better aligned with current mainstream technology.

In Spring 2002, based upon the recommendations of the District administration, the Superintendent initiated a plan to migrate all system processes and components from the existing technology platform and upgrade the District's management information system infrastructure. This was successfully accomplished during the 2003-04 fiscal year. The District wishes to express appreciation to the District technology, business, and personnel departments for their dedication and efforts. The District expresses appreciation to its school and pro-

gram staff members who use these systems on a day-to-day basis; their support was critical to the success of this effort. At no time in the history of the District has the management information systems experienced such rapid changes, and the commitment of the District's personnel was the primary factor in making this transition a successful one. The following is a summary of this effort:

- ***Student Information Systems.*** The District's student information systems for all service areas, including: preschool, elementary education, secondary elementary and post high school services to students with disabilities were transitioned off the prior, obsolete, technology system. All processes have been moved to another student information system which the District has been implementing since 1999, avoiding substantial costs associated with purchasing a new student information system.
- ***Financial Information Systems.*** As part of the initiative, the Board appropriated \$769,000 to provide lease financing for a new financial information system. The District implemented its core financial functions on July 1, 2003 on the new system, and it implemented its payroll and human resources functions in January 2004. It should be noted there were two other school districts in the state which are in the process of implementing the same financial system; Provo School District was the first of the three Districts to fully migrate its financial functions to the new system, meeting all of its implementation deadlines. The project was completed within its Board approved budget with a total cost of \$701,207.
- ***Food Services Information Systems.*** On May 13, 2003, the Board approved a \$134,000 appropriation for a new school lunch information system. The new system was implemented in August 2003 at the start of the school year. All information system processes related to school lunch have been migrated from the prior system to the new system, and all schools are fully functional on the new system.

Other Post-Employment Benefits. A supplemental medical insurance premium is currently being provided upon retirement for those employees who complete twenty years of service with the District. The District finances these expenditures through its annual Board adopted budget on a pay-as-you-go basis. In April 2004, the Governmental Accounting Standards Board issued Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*. This standard will require the District to actuarial estimate and report in FY 2007 its accrued obligation related to this benefit as well as funds set aside to fund this obligation.

The District is in the process of studying the financial impact of this employee benefit (obligation) and its overall affect upon the District's long-term financial condition. Both the classified and certified employee associations recognized the potential liability and negative impact this employee benefit could have upon the District's financial progress, and on May 24, 2004, the District entered into an agreement with both employee associations to substantially reduce this liability. The agreement provides terms to limit the District's obligation to those employees who meet specific eligibility criteria by January 1, 2005; the eligibility criteria are based upon tenure in the District and retirement eligibility. Based upon preliminary estimations, this agreement has reduced the District's total liability by approximately 50 percent. The certified employee association, the classified employee association, and the District have agreed in principle that further investigation, analysis, and consideration and/or implementation of potential alternatives will be necessary to minimize the negative impact the remaining obligation may have upon the future financial health of the District.

White Paper. The Superintendent and Business Administrator recently released a *white paper* analysis which explores the financial challenges the District is facing. The white paper also explores possible alternatives for consideration, and the administration is reviewing the white paper with staff members throughout the District. The white paper can be accessed through the District's web site at www.provo.k12.ut.us by clicking on the *news and information* link.

MANAGEMENT & INTERNAL CONTROL

To provide a reasonable basis for making the representations in this report, 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, but not absolute, assurance regarding: (1) The safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. The following summarizes key aspects of the District's comprehensive internal control framework and improvements made over the last year:

Response to Prior Year Audit Recommendations. Prior year recommendations from the independent auditors were formally reviewed with District administrators and key staff members through multiple District-level training sessions. Additionally, the District business office conducted individual discussions and training sessions at each school location with administrators and key personnel.

Annual Budget. The District adopts an annual budget for all revenues and expenditures; the adopted budget serves as the financial operating plan through the fiscal year. Revisions may be implemented during the year, and revisions are approved and authorized by the Board of Education through public hearing. Pursuant to Utah Code 53A-19-108, the District submits monthly budget reports to the Board of Education for review.

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

Utah Code Annotated, Section 53A-19-104 states, "A local school board may not make any appropriation in excess of its estimated expendable revenue, including undistributed reserves." It has been the policy of the District to estimate appropriations as accurately as possible.

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

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which the budget is legally adopted by resolution of the Board of Education after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August, through public hearing and through Board of Education approval, when data is available to set tax rates.

Capital Projects Budget. A formal capital budget approval process was implemented by the District, requiring the Board of Education to authorize line item projects for the next fiscal year. As of June 30, 2004, the Board had appropriated \$1.2 million for planned capital projects and major capital maintenance projects for FY 2005.

Financial Information System & Information Accessibility. The new District financial information technology system is a substantial improvement upon the District's internal reporting capabilities. Administrators and managers now have an improved ability to access timely information related to budgets, analyze transactions for compliance, and detect potential errors in the accounting of District revenues and expenditures. The new system substantially improves the District's control environment, risk assessment, information and communication, control activities, and monitoring abilities.

Timely Reporting. The business office has instituted both formal month-end and year-end close procedures to ensure internal financial reports are complete, accurate, and timely for both internal review by administrators and for the Board's review each month—providing a more efficient and timely mechanism to detect and respond to budget variances. Included in this effort is a monthly reconciliation of the District's government fund (modified-accrual) balance sheet accounts as well as the generation of monthly interim fund financial statements for administrative review.

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

Cash Management & 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 and interest rates. During the fiscal year ended June 30, 2004, total investment earnings were \$258,841. Interest rates for investments varied from .39 percent to 1.55 percent throughout the fiscal year.

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

Purchasing. The District purchasing policy and procedures were revised and now require increased oversight and documented approval. The Board formally adopted the new policy on May 11, 2004.

Limited Purchase Drafts. Based upon the recommendations of the District's independent auditor, administrators and staff members made significant efforts to reduce the number of limited purchase drafts used during the year. The use of limited purchase drafts was reduced from 9,238 (\$920,597) in FY 2003 to 2,804 (\$325,191) in FY 2004.

Accounts Payable. District accounts payable check runs are now made on a weekly basis (FY 2004) as compared to a bi-monthly basis (FY 2003). This effort was made to offset the impact of substantially reducing the use of limited purchase drafts during the year, and the effort has improved the District's ability to fulfill its accounts payable obligations in a timely manner.

Business Department Efficiency. The District business department has substantially improved its efficiency and has reduced its labor time needed to perform its functions by approximately 50 labor hours per week, as compared to FY 2002. The department has eliminated one administration position, one and one-half clerical positions, and one and one-half warehouse positions; and the department has modified assignments for several other positions to compensate for the changes. These changes occurred through the natural attrition of the business staff.

Federal Grant Claims. The District budgeting office files monthly claims for federal grant reimbursements, as compared to annual reimbursement claims during FY 2003. This effort has improved the District's cash and investment management.

Capital Assets. The District conducted a district-wide annual inventory of all assets capitalized and reported on the government-wide financial statements (e.g., property, buildings, equipment, vehicles, etc.).

Warehouse Inventory. The District warehouse conducted quarterly inventory counts during fiscal year 2004, as compared to annual inventory counts in prior years. A general ledger reconciliation with the warehouse inventory system is conducted on a monthly basis. Additionally, the warehouse now requires all inventory items to be managed through the purchase order process. This has improved both the communication process and control of inventory.

STUDENT ENROLLMENT

The state fiscal 2004 school finance program is designed to provide every Utah school district with a basic operation program of \$2,150 per weighted pupil unit (WPU) (compared to \$2,132 in fiscal year 2003). State funding is primarily based upon student enrollment. The following is the audited student enrollment, based upon average daily membership, as reported June 30, 2004 to the Utah State Office of Education:

Grade(s)	Average Daily Membership
Kindergarten	1,122
1st - 6th Grades	5,837
7th - 8th Grades	1,898
9th - 12th Grades	3,725
Total	12,582

The above data includes enrollments for traditional schools and the Center for High School Studies (adult education).

The following is the audited student enrollment, including total handicap self-contained and homebound enrollment, based upon average daily membership, as reported to the Utah State Office of Education (S-3 Report) for the previous five years:

Fiscal Year Ended June 30th	Total Average Daily Membership
1999-00	13,351
2000-01	13,100
2001-02	13,142
2002-03	13,037
2003-04	12,984

ECONOMIC CONDITIONS & OUTLOOK

Utah Economic Conditions and Outlook. The economic outlook of the District is heavily dependent on state aid, providing 64.3% of general fund revenues. The state Uniform School Fund was established constitutionally in 1938 and is used to equitably allocate funding for public education statewide. Since 1947, all taxes based on income have been constitutionally required to be used for public education. In 1996, voters in Utah approved a constitutional change providing that these revenues could also be used for higher education. Additionally, a statewide property tax rate is levied to finance the Uniform School Fund and is applied against the taxable value of real and personal property.

On June 10, 2004, deseretnews.com (“Utah is still last in ed spending”, Deborah Bulkeley) reported that Utah is ranked the lowest state in the U.S. on per pupil spending while it is ranked 26th in the nation for amount spent on education per \$1,000 personal income. The article was based upon the most recent U.S. Census Bureau report and provided the following comparisons:

<i>State/District</i>	<i>Expenditure per Student</i>
Top Five:	
District of Columbia	\$13,187
New York	\$11,546
New Jersey	\$11,436
Connecticut	\$10,001
Massachusetts	\$9,856
Bottom Five:	
Tennessee	\$5,984
Idaho	\$5,923
Arizona	\$5,524
Mississippi	\$5,382
Utah	\$4,890

The 2004 Economic Report to the Governor (<http://governor.utah.gov/dea/ERG2004.html>) indicates the following information related to the Utah economy:

- Overview of the Economy – Utah’s economy improved only slightly in 2003 due to the lingering effects of the national recession, the technology sector slowdown, and the completion of the 2002 Olympic Winter Games. Utah’s 2003 personal income growth of 2.0% was the weakest since 1954 and its two years of consecutive job growth losses were the worst in 57 years.
- Return of the Construction Boom – The lowest mortgage rates in 50 years produced an unprecedented residential building boom in 2003. For the first time, residential construction valuation topped \$3 billion. And permitted single-family housing units set a near record high of 16,500 units. Only 1977 came in higher at 17,400 units. Consequently, the total value of construction permits set an all-time record of \$4.5 billion in 2003.
- Record Defense Spending – Defense spending in Utah reached a record high of \$2.47 billion in 2002, an increase of 5% over 2001. Defense expenditures in 2003 should grow another 5% to around \$2.60 billion.
- Outlook for 2004 – Most economic indicators will improve in Utah in 2004. Employment will grow 1.4% (up from -0.1% in the prior year), wages and salaries will grow 3.4% (up from 1.3% in

2003), taxable sales will grow 3.2% (up from .8% the prior year), net immigration will increase to 10,600 (up from 9,900 in 2003), and personal income will increase to 4.0% from 2.0% the prior year. By the end of 2004, Utah should be back on a moderate growth path and continue to outperform the nation.

- **State Tax Collections – Fiscal Year 2003.** The FY 2003 budget was initially set in the 2002 General Session. The budget challenges included FY 2003 revenue estimates that were lower than the initial revenue estimates of FY 2002, and significant use of one-time money for ongoing programs in the FY 2002 budget. Revenues remained weak in FY 2003 due to continued softness in sales and income tax collections. These tax collections were weak due to low business investment, employment reductions, high debt burdens, and a lack of pent-up consumer demand. The total income as reported to the Internal Revenue Service actually decreased 2.4% in calendar year 2002 (FY 2003). All sources of taxable income declined that year except for wages, which only grew 1.4%. Capital gains income tax payments declined to \$84 million in FY 2003 from \$115 million in the prior fiscal year.

Consequently, FY 2003 revenue estimates were lowered by \$173 million and required budget modification in the Fifth Special Session held in July 2002. In November 2002, revenue estimates were lowered again by \$117.3 million. The governor called the Sixth Special Session in December 2002 to rebalance the budget. The Legislature reduced agency programs by \$53.6 million for FY 2003. This reduction consisted of an ongoing cut of \$85.6 million that was partially offset by \$32 million in one-time funding. This one-time funding minimized the impact of mid-year cuts by keeping programs whole (or with small cuts) for FY 2003; however, the full impact of the cuts was fully effective for FY 2004. The Legislature also shifted a total of \$63.7 million to balance the budget, including: 1) \$21.1 million from tobacco settlement funds; 2) \$35 million in cash for building construction, which was replaced with bonding; 3) \$4.5 million from water loan programs and Class B and Class C road funds that are funded with dedicated sales tax; and, 4) \$3.1 million from miscellaneous sources. The state ended FY 2003 with a \$0.0 million General Fund surplus, and a \$1.8 million Uniform School Fund surplus. Also \$6.7 million was deposited into the General Fund Budget Reserve Account (rainy day fund), bringing the balance up to \$26.6 million. And, \$0.6 million was deposited into the new (established by the Legislature in 2003) Education Budget Reserve Account. Even though tax collections were \$12 million short of estimates, the \$1.8 million Uniform School Fund Surplus was made possible by the return of unspent money from state departments and a federal relief grant of \$38 million that the state received in June 2003 (source: 2004 Economic Report to the Governor, p77, <http://governor.utah.gov/dea/ERG2004.html>).

- **State Tax Collections – Fiscal Year 2004.** During the 2003 General Session the challenges for balancing the FY 2004 budget included the need to replace one-time money used to balance the ongoing FY 2003 budget and to address other mandated costs. Initial FY 2004 revenue estimates (during the 2003 General Session) showed a \$29.2 million increase (including additional tax revenue from legislation that passed). The 2003 Legislature used several other sources to bolster state funds for FY 2004, including \$9.8 million from tobacco settlement funds, \$1.6 million from proceeds from the sale of the Iron County Jail, \$3.2 million from the Commerce Service Fund, and \$4.5 million from miscellaneous sources. Funding was also available due to the FY 2003 cuts of \$77.8 million that were deemed ongoing in the Sixth Special Session and \$35.6 million carried-over from FY 2003. In addition, the Legislature cut agency budgets another \$45.7 million in FY 2004 during the 2003 General Session. A total of approximately \$42 million of one-time sources were used to balance the FY 2004 budget (source: 2004 Economic Report to the Governor, p77, <http://governor.utah.gov/dea/RG2004.html>).

Selected demographic and economic statistics reported by The Utah Governor’s Office of Planning & Budget (<http://www.governor.state.ut.us/dea/Economics.html>) are included in the *Statistics Section* of this report.

On July 16, 2004, The Deseret News (“Utah Tallies \$106 Million Surplus, Bob Bernick Jr.) reported the Utah state government ended fiscal year 2003-04 with a \$106 million surplus. The state surplus was due to tax revenue collections that exceeded estimates; surplus tax collections were realized from sales, individual income, beer and tobacco, insurance, severance, and corporate taxes. State law requires half of the new surplus to be directed into the state’s Rainy Day fund.

Local Economic Conditions and Outlook. The economic outlook of the District is also dependent on locally generated property tax revenues. During the fiscal year ended June 30, 2004, property tax revenues provided support to the following District fund operations:

Fund	Property Tax Revenues	% of Fund Revenues
General Fund	\$12,410,623	18.3%
Non K-12 Instruction	753,632	30.0%
Debt Service	3,831,370	100.0%
Capital Projects	7,315,096	98.6%
Total property tax revenues - all governmental funds	<u>\$ 24,310,721</u>	

According to the Utah State Office of Education (<http://www.usoe.k12.ut.us/data/tax.htm>), Provo City School District was ranked 15th among 40 Utah public education school districts for assessed property tax valuation per student (based upon 2002-2003 data); Provo School District was ranked 16th during 2002. In comparison to the other 40 districts, Provo School District was ranked 29th in total property tax rate effort (FY 2004) as compared to 28th in FY 2003.

Provo City consistently receives media attention from the business community both nationally and internationally. Previously named *America’s Most Livable City*, Provo continues to appear on impressive lists for job growth, quality job force, and other business accomplishments. The recognition as a quality place to do business continues to draw companies and employees alike to Provo. Provo City (www.provo.org) reported several recognitions in recent years which include the following:

- **Provo Named Least Stressful City in America.** January of 2004, Sperling’s Best Places released their annual survey of America’s Most and Least Stressful cities. Provo, Utah received the top spot for least stressful mid-sized city in the nation. Noted Provo Mayor Lewis K. Billings, “We’re not surprised with this ranking as Provo is a great place to live.” Mayor Billings added that Provo residents benefit from “outstanding recreational and cultural activities, great educational opportunities as well living in a city that is a great place to raise a family.” He concluded, “All of these attributes blend together to make our community a wonderful, low stress place to live.”
- **Best Cities for Business and Careers.** Once again, Provo City was ranked sixth in Forbes’ 2004 Best Places for Business and Careers survey, which weighed job and income growth, cost of doing business and work-force qualification of the 150 largest metropolitan areas. Forbes Magazine previously ranked Provo No. 6 in its annual survey of the best cities for business and careers for 2003. The survey ranks 150 top locations in the United States for business measured by income and job growth, as well as the cost of doing business, the price of labor, energy, taxes and office space. It also considered

crime rates, the number of college graduates, advanced degree holders and housing costs. Also mentioned was the outdoor environment and mountain recreation as a major draw to Utah County.

- ***An Entrepreneur Hotspot.*** The National Commission for Entrepreneurship ranked Provo as the No. 1 entrepreneurial city among comparable areas for most of the 1990's. "It might be the quality of the labor force, it has something to do with a still-developing but vibrant local economy. It probably stems in part from the presence of two local schools of higher education whose collective student body tops 50,000. It would not happen without good ideas, hard work, and business expertise. Although a single specific cause is difficult to pin down, the general effect is clear: Utah Valley is a place where entrepreneurs thrive". Utah Valley BusinessQ, "An Entrepreneur Hotspot", Spring 2003, pg. 24.
- ***The Most Productive Cities in America.*** In Sprint's recently completed productivity study 313 metropolitan statistical areas (MSA) were evaluated for productivity. The Sprint study examined a set of eight criteria that were measured and quantified to form an economic productivity composite index. Among the key measurements were business sector diversity, population growth and employment growth. The Provo/Orem area was listed among the top 10 cities, and each of these cities have diverse economic bases and highly skilled labor forces. All top cities possess either strong manufacturing economies or are regional retail, transportation and/or professional centers. The study also indicated that business expansion, especially small business growth, is a required component for productivity. For more on the Sprint business study on productivity visit http://www3.sprint.com/PR/CDA/PR_CDA_Press_Releases_Detail/0,3681,1048,00.html.

EXCELLENCE IN FINANCIAL REPORTING AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Provo City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2003. *This was the first year that the District has achieved this prestigious award.* In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2003.

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

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

ACKNOWLEDGEMENTS

Provo City School District expresses its appreciation to members of the Provo City School District Board of Education. Their interest and support in conducting the financial affairs of Provo City School District was critical to the success of District operations and achievements made during fiscal year 2003-04.

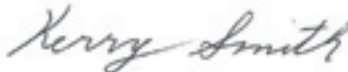
The preparation of the report on a timely basis could not be accomplished without the efficient and dedicated services of the entire business staff. The District expresses its appreciation to Todd Burke, Assistant Business Administrator and Director of Accounting, for preparing this report and coordinating the annual audit. The District continues its implementation of GASB Statement No. 34 which has been described to be the most significant change in the history of public sector accounting.

Most importantly, we would like to express appreciation to all of the members of the departments and schools who assisted in the appropriate management, timely processing, and closing of the District's financial records. Their diligence and dedication is critical to the proper management of the District's financial assets and the overall delivery of quality services to District patrons.

Respectfully submitted,



Randall J. Merrill, Ed.D.
Superintendent of Schools



Kerry J. Smith, C.P.A.
Business Administrator

El Amor Que Siento Por Ti

El amor que siento por ti
Es muy grande para describir,
Solo se que lo tengo muy dentro de mi,
Como quisiera que te pudieras adentro de mi
Corzón para que veas el amor que siento por ti,
Y te des cuenta que no the menti,
Ese amor sincero esta adentro de mi,
Muy protegido en un lugar especial
Donde nadie me lo puede quitar
Pero como te lo puedo demostrar
Si en tu corazon no existo ni esistire jamas.
Trato dia a dia como pueda para llegar a tu córazon
Pero nomas no llego, no lo puedo alcanzar
Y de mis esfuerzons ni cuenta te das
Eso solo me demuestra que tu siempre seras inalcanstable
Y siempre voy a estar luchando
Por algo que nunca va a pasar.

Maria Fernanda Esquivel
Student, Dixon Middle School

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Provo City School District,
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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

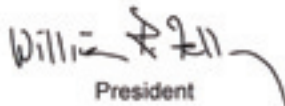


This Certificate of Excellence in Financial Reporting is presented to

PROVO CITY SCHOOL DISTRICT

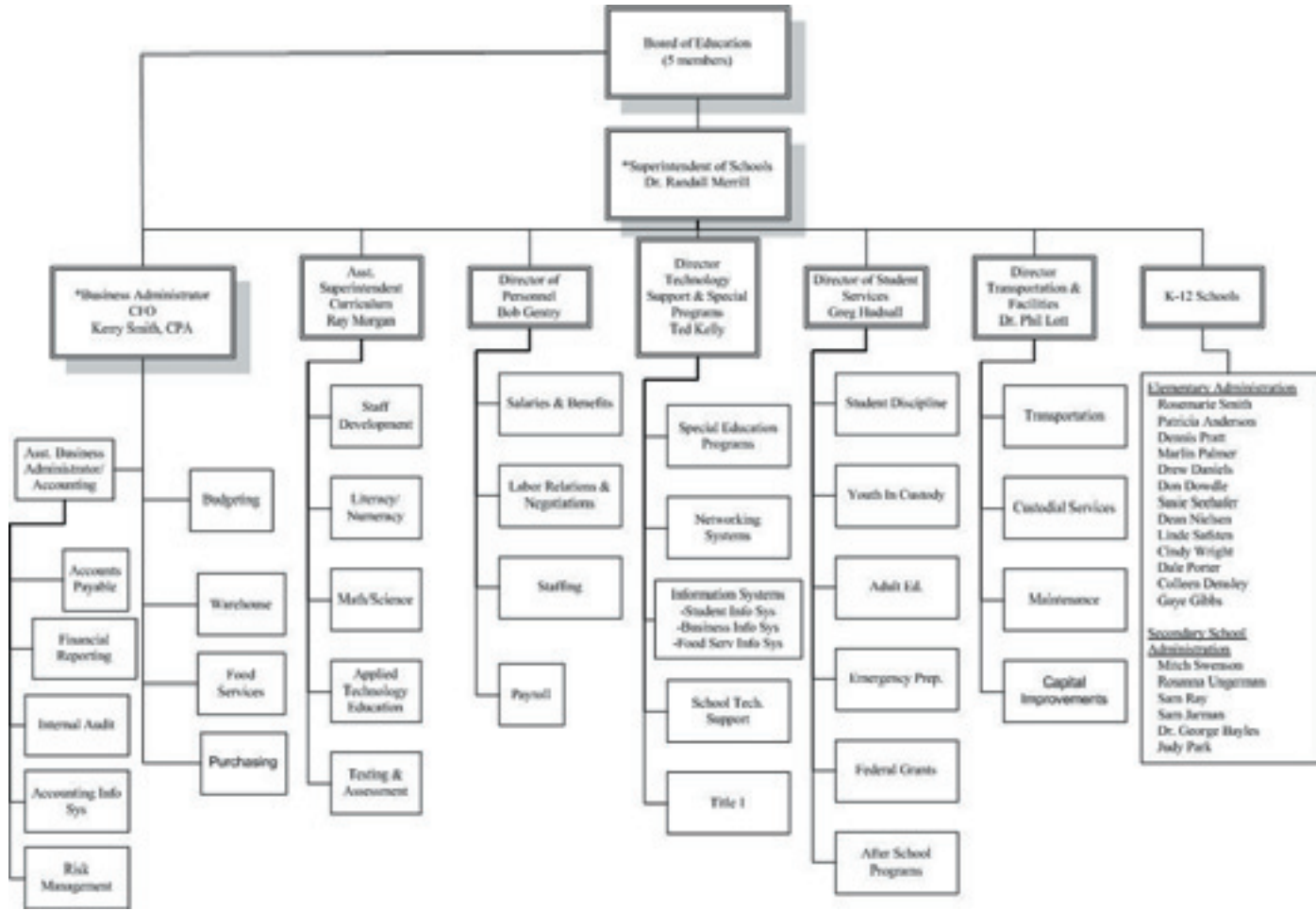
For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

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


President


Executive Director

PROVO CITY SCHOOL DISTRICT
 Administrative Organizational Chart
 2003 - 2004



*Both the Superintendent and Business Administrator are appointed by the Board of Education pursuant to Utah Code 53A-3 and both have a direct reporting relationship to the Board.

PROVO CITY SCHOOL DISTRICT

Elected & Appointed Officials

June 30, 2004

<u>Members of Board of Education</u>	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Initial Appointment</u>
Carolyn Wright Precinct 1	January 2003	January 2007	January 2003
Richard Sheffield Precinct 2	January 2001	January 2005	January 2001
Shannon Poulsen President of Board Precinct 3	January 2003	January 2007	January 2003
Darryl Alder Precinct 4	January 2001	January 2005	January 2001
Sandy Packard Vice-President of Board Precinct 5	January 2001	January 2005	January 2001
<u>Officers of Board of Education</u>	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Initial Appointment</u>
Dr. Randall J. Merrill Superintendent of Schools	June 2003	June 2005	June 2003
Kerry J. Smith Business Administrator	March 2003	June 2005	March 2003

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.

PROVO CITY SCHOOL DISTRICT
Current Precincts of the
BOARD OF EDUCATION

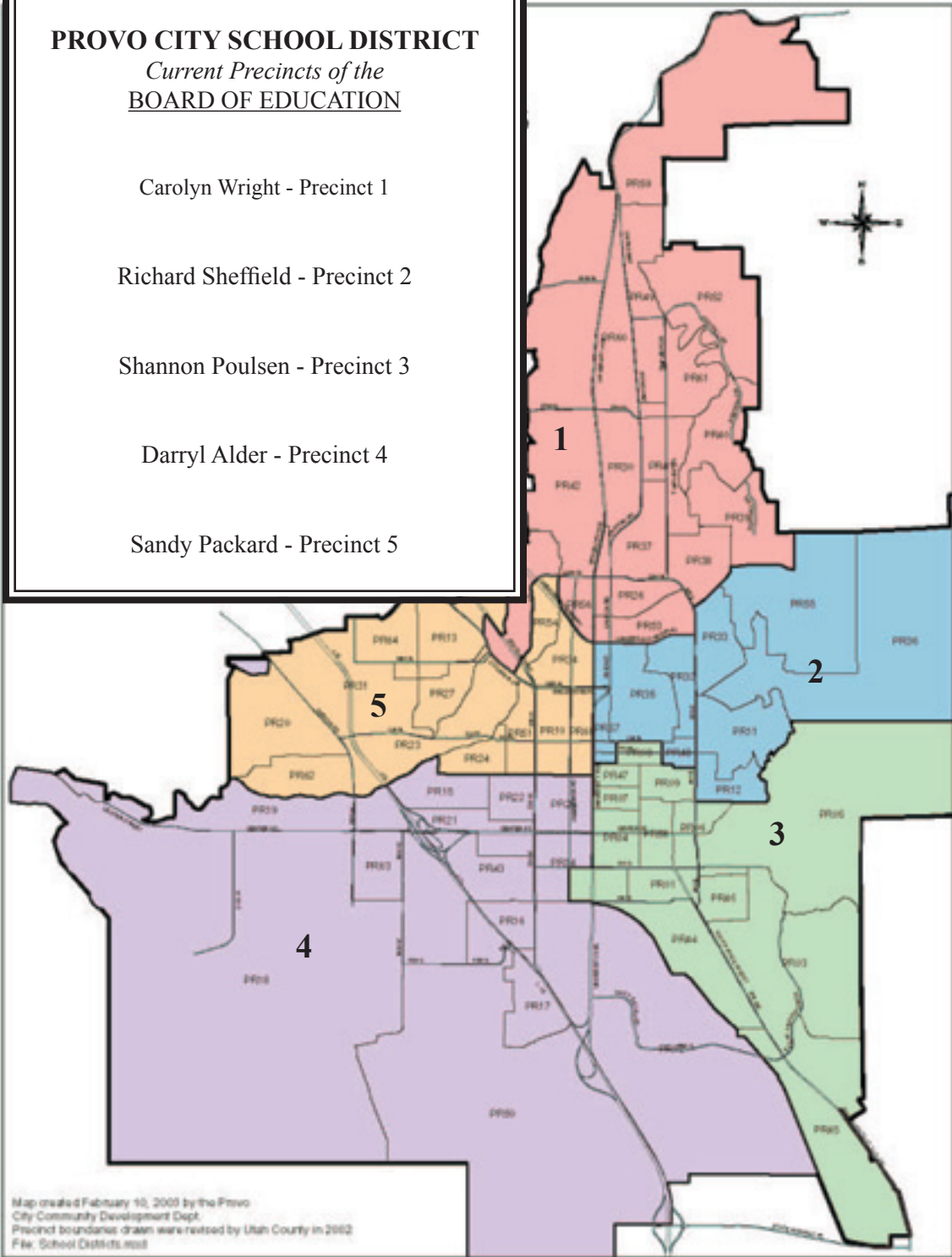
Carolyn Wright - Precinct 1

Richard Sheffield - Precinct 2

Shannon Poulsen - Precinct 3

Darryl Alder - Precinct 4

Sandy Packard - Precinct 5



Map created February 10, 2009 by the Provo
City Community Development Dept.
Precinct boundaries drawn were revised by Utah County in 2002
File: School Districts.mxd

PROVO CITY SCHOOL DISTRICT

Future Precincts of the BOARD OF EDUCATION Beginning January 2005

To be determined in November election - Precinct 1

Carolyn Wright - Precinct 2

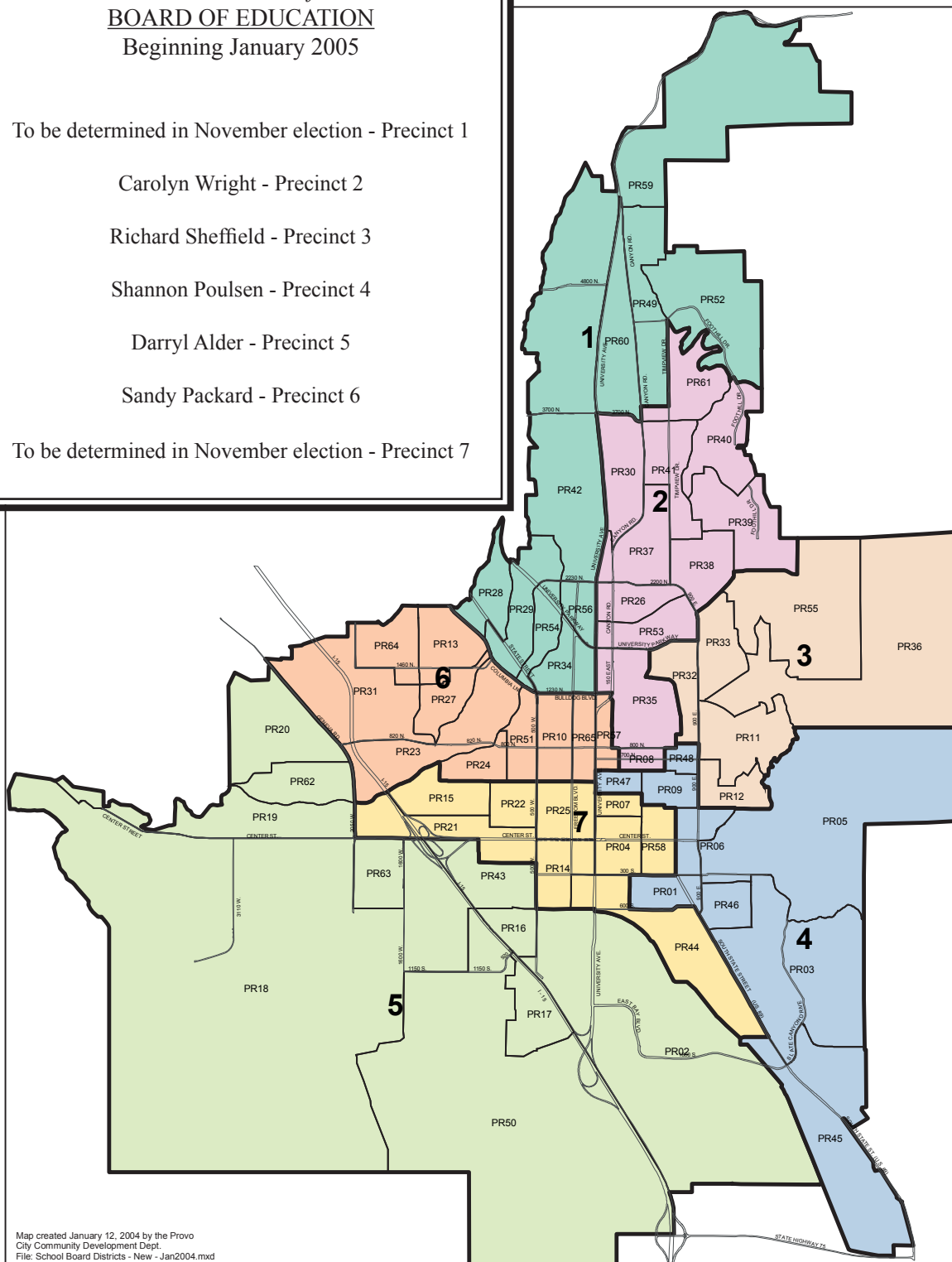
Richard Sheffield - Precinct 3

Shannon Poulsen - Precinct 4

Darryl Alder - Precinct 5

Sandy Packard - Precinct 6

To be determined in November election - Precinct 7



Map created January 12, 2004 by the Provo
City Community Development Dept.
File: School Board Districts - New - Jan2004.mxd

Advice on Being a Better and Greater Reader

Pick the perfect book
Calm yourself
Touch and smell the book
Make sure it is right.

Open and listen to the story
That drips into your head
Imagine what is happening
And guess what will happen

It is magic!!!

Elisa Black
Student, Dixon Middle School

II. Financial Section



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

RANDEL A HEATON, C.P.A.
LYNN A GILBERT, C.P.A.
JAMES A GILBERT, C.P.A.
BEN H PROBST, C.P.A.

SIDNEY S GILBERT, C.P.A.
JAMES E STEWART, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

**Board of Education
Provo City School District**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Provo City School District (District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

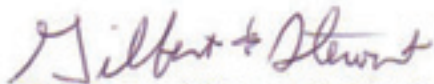
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the 2004 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Provo City School District as of June 30, 2004, 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 7, 2004, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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.

Management's discussion and analysis on pages 27 through 38 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



GILBERT & STEWART, CPA'S

September 7, 2004

MANAGEMENT'S DISCUSSION & ANALYSIS

(MD&A)

This section of Provo City School District's (District) comprehensive annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2004. The MD&A is intended to provide an analysis directly related to the information presented in the transmittal letter found on pages 1 through 14 of this report and the District's financial statements, which follow the MD&A in this report.

Financial Highlights

The financial position of the District has improved. The following highlights are considered by the District to be critical factors in measuring the District's financial performance for the fiscal year ended June 30, 2004:

- The District's total net assets exceeded liabilities by \$23.9 million at the close of the most recent fiscal year.
- **Government-Wide Financial Progress (full-accrual basis of accounting):** During the year, expenses were \$3.6 million less than the \$86.2 million generated in taxes and other revenues for governmental activities. The \$3.6 million positive increase in net assets is greater than the \$2.1 million positive increase in net assets for the year ended June 30, 2003.
- **Governmental Fund Financial Progress (modified-accrual basis of accounting):** During the year ended June 30, 2004, the combined fund balance increased by \$.1 million. The \$.1 million fund balance increase is less than the \$1.6 million fund balance increase for fiscal year ended June 30, 2003.
 - The District's general fund makes up the largest portion of the overall total fund balance increase among all governmental funds. The general fund balance increased by \$.5 million as compared to a \$.1 million decrease in the prior year.
 - Total governmental fund balances, *excluding* the District's component unit, increased by \$.6 million.
 - Total governmental fund balances, *including* the District's component unit, increased by \$.1 million.
- **Debt Service Obligations.** During the year, the District took several actions to reduce its long-term debt service obligations. These actions include:
 - The District issued \$18.6 million of general obligation refunding bonds to repay earlier issued bonds with lower interest rate bonds. This effort provides a net present value benefit of \$1.0 million. The bonds are scheduled to be repaid through fiscal year 2017 and bear interest from 1.0 to 4.1 percent. The refunding provides for debt service level payments which will require approximately the same amount of financial resources each year to support the annual required payments.
 - The District also prepaid \$1.0 million of principal for its lease revenue bond obliga-

tions. The prepayment of principal reduces the District's lease revenue bond obligations by 28.6 percent.

- Salaries and benefits of the District (excluding the District's component unit) are 77.6% of total governmental fund expenditures.
- As compared to the prior year, student enrollment average daily membership decreased by 53 students as of June 30, 2004. Federal and state funding changed accordingly.

	For Year Ended June 30th		Net Change
	2004	2003	
Traditional schools	12,562	12,631	(69)
Non-traditional programs	21	14	7
Handicap, self-contained, etc.	401	392	9
	<u>12,984</u>	<u>13,037</u>	<u>(53)</u>

Overview of the Financial Statements

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

A. Government-wide financial statements

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

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

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

The government-wide financial statements can be found on pages 40 to 41 of this report.

B. Fund financial statements

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

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

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

The District maintains five individual governmental funds, and it reports the District's Foundation (component unit) as an additional governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund statements can be found on pages 42 to 46 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 other groups. The basic fiduciary fund financial statement can be found on page 47 of this report.

C. Notes to the basic financial statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 48 to 63 of this report.

D. Other information

Individual fund statements and schedules are presented immediately following the notes to the financial statements. Individual and combining statements and schedules can be found on pages 66 to 76 of this report. Additional financial and non-financial statistical data and trends are presented in the statistical section of the report.

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

A. Net Assets

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 \$23.9 million at the close of the most recent fiscal year.

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

	Governmental activities		Total change 2004-2003
	2004	2003	
Current and other assets	\$ 31.4	\$ 31.5	\$ (.1)
Capital assets	59.1	59.6	(.5)
Total assets	90.5	91.1	(.6)
Current and other liabilities	23.3	23.7	(.4)
Noncurrent liabilities outstanding	43.3	47.1	(3.8)
Total liabilities	66.6	70.8	(4.2)
Net Assets:			
Invested in capital assets, net of related debt	20.7	17.3	3.4
Restricted	5.9	6.4	(.5)
Unrestricted	(2.7)	(3.4)	.7
Total net assets	\$ 23.9	\$ 20.3	\$ 3.6

Net assets of the District's governmental activities increased 18% to \$23.9 million. However, net assets are classified as either restricted as to the purposes they can be used for or are invested in capital assets (land, buildings and improvements, equipment, etc.). Consequently, unrestricted net assets (-11% of total net assets) are a \$2.7 million deficit at the end of this year. This deficit has improved by \$.7 million as compared to the fiscal year 2003 deficit. This deficit does not mean that the District does not have resources to pay its obligations in the next fiscal year. Rather, it is the result of having long-term commitments that are greater than currently available resources. Specifically, the District did not include in past annual budgets the full amounts needed to finance future liabilities arising from early retirement obligations and to pay for earned but unused employee vacation.

The largest portion of the District's net assets (87%) reflects its investment in capital assets (e.g., sites, buildings, equipment, and vehicles net of accumulated depreciation), less any related debt 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 (25%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for the capital projects fund.

B. Changes in net assets – governmental activities

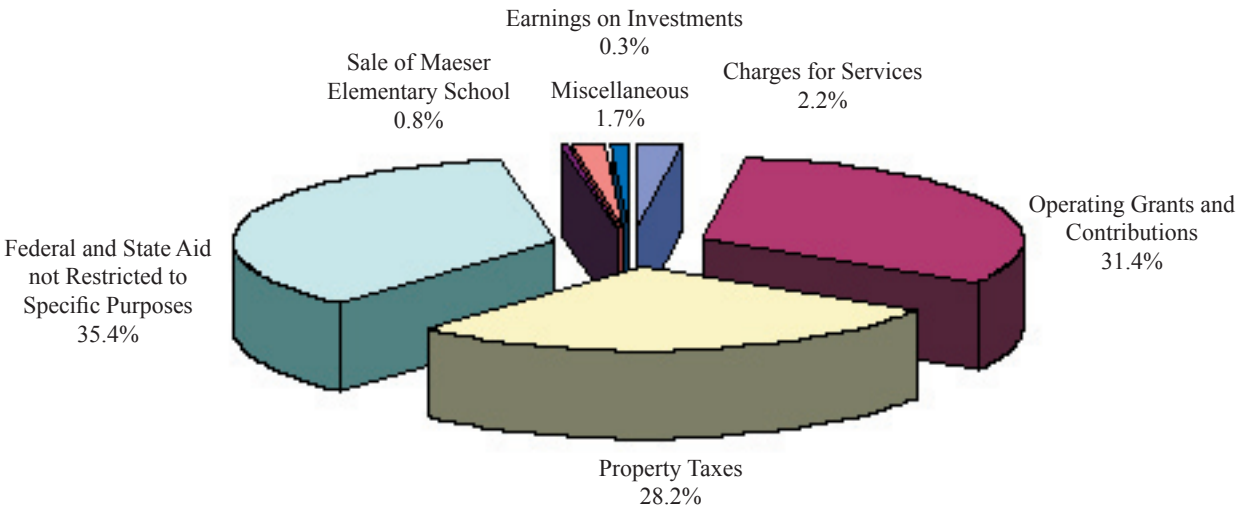
The increase in the District's net assets for the year ended June 30, 2004 is based upon the following elements:

- The District's total net assets increased by \$3.6 million during the current year. Of the \$3.6 million increase in total net assets, unrestricted net assets increased by \$.7 million. Restricted net assets decreased by \$.5 million during the year ended June 30, 2004; the decrease in restricted net assets resulted primarily from a \$.3 million planned effort by the District Food Services program to expend a portion of its fund balance to replace equipment.
- As compared to the prior year, the District's total revenues remained about the same at \$86.1 million. Total federal and state aid make up 67% of the District's revenues; property taxes generated 28% of the District's revenues. Although the District experienced a \$1.3 million decrease in state funding for special education programs, this decline in revenues were offset by increases in federal funding, property tax revenues, and revenues generated by the sale of Maeser Elementary School. The decline in special education funding was the result of the state's efforts to restructure its allocation methods for distributing special education funds in order to better address equity issues among Utah school districts.
- As compared to the prior year, the total cost of all programs and services decreased by 2% to \$82.5 million. Instruction and support services (including food services) were 67% and 28%, respectively, of the District's expenses. Declines in expenses were primarily due to the District's response to the declines in state funding for special education programs as well as internal management of capital and operating expenses.
- Changes in federal and state aid are a reflection of changes in funding for specific programs and changes in student enrollment. State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the guarantee it will make up the difference with state funding. The value of the WPU increased by .8% during the year ended June 30, 2004 (\$2,150 during 2004 as compared to \$2,132 in 2003).

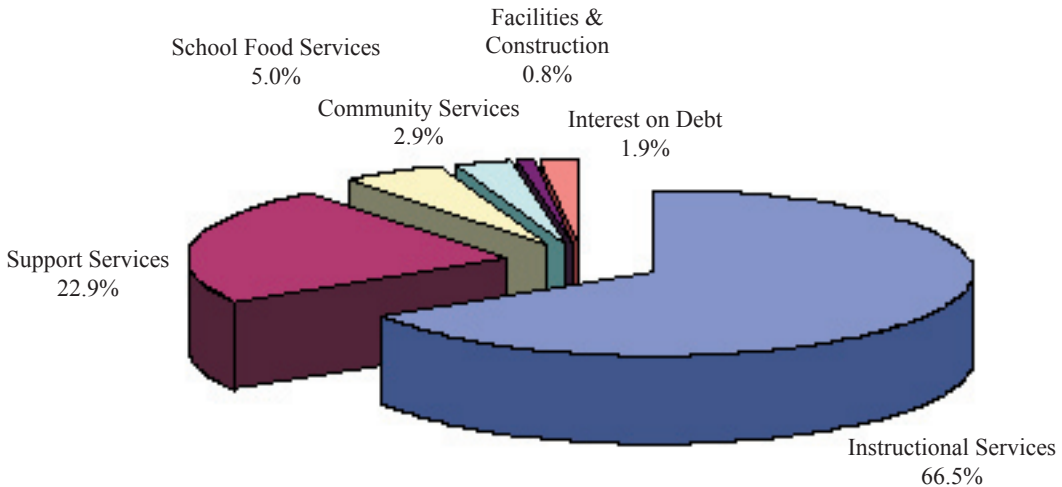
PROVO CITY SCHOOL DISTRICT'S Changes in Net Assets
(in millions of dollars)

	Governmental activities		Total change 2004-2003
	2004	2003	
Revenues:			
Program revenues:			
Charges for services	\$ 1.9	\$ 1.6	\$.3
Operating grants and contributions	27.0	29.1	(2.1)
General revenues:			
Property taxes	24.3	23.6	.7
Federal and state aid not restricted to specific purposes	30.5	29.2	1.3
Earnings on investments	.3	.2	.1
Miscellaneous	1.4	2.4	(1)
Sale of Maeser Elementary School	.7	-	.7
Total revenues	<u>86.1</u>	<u>86.1</u>	<u>-</u>
Expenses:			
Instruction	54.9	55.1	(2)
Support services:			
Students	3.3	2.8	.5
Instructional staff	1.9	2.2	(3)
District administration	1.1	.9	.2
School administration	4.4	4.4	-
Business	.9	1.2	(3)
Operation & maintenance of plant	5.0	5.1	(1)
Transportation	1.5	1.7	(2)
Central	.9	.9	-
School food services	4.1	3.5	.6
Community services	2.4	2.3	.1
Facilities & construction	.6	1.5	(9)
Interest on long-term liabilities	1.5	2.4	(9)
Total expenses	<u>82.5</u>	<u>84.0</u>	<u>(1.5)</u>
Changes in net assets	3.6	2.1	1.5
Net assets, beginning	20.3	18.2	2.1
Net assets, ending	<u>\$ 23.9</u>	<u>\$ 20.3</u>	<u>\$ 3.6</u>

Revenues by Source - Governmental Activities



Expenditures by Function - Governmental Activities



Financial Analysis of the District's Funds (modified-accrual basis of accounting)

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

A. Governmental funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$7.5 million, \$.1 million higher than the previous year. The primary reasons for the increase in fund balance mirror those highlighted in the analysis of governmental activities. In addition, the following changes should be noted:

- The District's general fund makes up the largest portion of the overall total fund balance increase among all governmental funds. The general fund balance increased by \$.5 million as compared to a \$.1 million decrease in the prior year.
- As compared to the prior year, expenditures for District purposes totaled \$86.2 million, an increase of 1.4% during the current fiscal year. The increase is primarily due to a one-time \$1.0 million prepayment of principal for lease revenue bond obligations.
- General fund salaries totaled \$46.3 million as compared to \$46.1 million in the previous year. Associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) totaled \$15.6 as compared to \$15.5 million in the previous year.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the District's fund balances that are not available for appropriation. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of debt service, capital projects, and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion. Of the \$1.6 million fund balance of the general fund, \$.3 million is reserved for inventories and transportation, with the remainder reported as unreserved and undesignated.

Changes in local revenues are due to the following elements:

- *Property taxes:* Changes in property taxes are primarily due to changes in assessed property valuations, additions of new taxable properties, and collection rates.
- *Tuitions:* Tuitions represent charges to participants for ancillary programs such as truancy program fees, after school programs, preschool, the Center for High School Studies, recreation activities, and driver's education. Consequently, major changes in tuitions represents fluctuations in both program activity and services provided through these ancillary programs. These tuition revenues *do not* represent fees charged to secondary school students for specific activities; secondary school fees are accounted for in the school activities agency fund financial reports.

- *Earnings on investments:* Changes in investment earnings are due to market fluctuations in interest rates.
- *Other revenue from local sources:* The primary revenue source reported in this classification represents collections for services rendered to other independent entities or federal funded programs as well as inflows generated from the sale of Maeser Elementary School.
- *Transportation fees and food services:* Changes are due to normal fluctuations in program level activities.

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

	<u>2004</u>	<u>2003</u>	<u>% CHG</u>
Property taxes	\$ 24,310,721	\$ 23,603,358	3.0%
Tuitions	179,230	349,926	(48.8)%
Transportation fees	107,669	139,466	(22.8)%
Earnings on investments	258,841	219,456	17.9%
Food Services	1,063,244	1,051,862	1.1%
Other revenues from local sources	2,023,683	2,169,658	(4.3)%
	<u>\$ 27,943,388</u>	<u>\$ 27,533,726</u>	

Of the \$2,023,683 FY 2004 "other revenues from local sources", \$.5 million was generated from the sale of Maeser Elementary School, and \$.1 million was generated from private contributions to the Provo School District Foundation for Excellence (District component unit).

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 a decrease of \$3.8 million (5%) in total general fund expenditures. The most significant budget changes and variances may be summarized as follows:

- Final budgeted revenue estimates for federal funding sources was \$2.3 million lower than the original budget amounts. Variances primarily result from expenditure-driven grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, original budget estimates for grant revenues can be significantly different than the amounts budgeted in final budgeted estimates.
- Final budgeted revenue estimates for local funding sources was \$1.3 million lower than the original budgeted amounts. These revenue estimates are based upon participation projections for truancy program fees, after school programs, preschool, the Center for High School Studies, recreation activities, driver's education, and other programs which the District charges ancillary participation fees.

- The major variances between final budgeted expenditures and actual expenditures were in *instruction* and *operations and maintenance of plant*. These variances were due to internal efforts made to better manage year-end operations and maintenance costs and shift financial resources towards instructional related expenditures.

The remaining differences are due to on-going adjustments at the program and fund levels as new information is received by the District.

Capital Assets and Debt Administration

A. Capital Assets

The capital projects fund is used to account for the costs incurred in acquiring, maintaining, and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Capital assets at June 30, 2004 and 2003 are outlined below:

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

	2004	2003	Total Change 2004-2003
	<u>2004</u>	<u>2003</u>	<u>2004-2003</u>
School sites (land)	\$ 6.2	\$ 6.2	\$ -
Works of art	0.4	0.4	-
Construction in progress	-	-	-
Buildings	47.1	48.7	(1.6)
Furniture & equipment	5.4	4.3	1.1
Total capital assets	<u>\$ 59.1</u>	<u>\$ 59.6</u>	<u>\$ (.5)</u>

The primary class of capital assets used by the District to provide educational services to the public is school buildings. Because many of the buildings constructed by the District have aged substantially, the District continually evaluates the cost efficiency of its buildings as part of its on-going capital improvements planning. The cost efficiency of the District's aged buildings is also a major consideration in the master plan development currently underway.

PROVO CITY SCHOOL DISTRICT'S Buildings & Major Additions

Site	Original Year of Construction	Capitalized Costs	Accumulated Depreciation	Net Book Value
<u>Site</u>	<u>Original Year of Construction</u>	<u>Capitalized Costs</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<i>Elementary Schools:</i>				
Amelia Earhart	1999	\$ 5,843,065	\$ 665,704	\$ 5,177,361
Canyon Crest	1982	2,639,713	1,156,742	1,482,971
Edgemont	1955	485,151	279,575	205,576

Franklin	1994	2,670,653	669,303	2,001,350
Grandview	1949	764,384	550,802	213,582
Joaquin	1939	1,040,364	725,014	315,350
Provost	1949	1,057,705	810,457	247,248
Rock Canyon	1964	1,285,162	820,104	465,058
Spring Creek	2002	7,516,080	450,965	7,065,115
Sunset View	1959	1,304,987	1,081,202	223,785
Timpanogos	1938	1,396,561	481,510	915,051
Wasatch	1949	343,037	290,563	52,474
Westridge	1979	3,088,572	1,575,637	1,512,935
<i>Secondary Schools:</i>				
Centennial M.S.	1996	8,644,214	1,555,959	7,088,255
Dixon M.S.	1931	4,858,893	2,366,761	2,492,132
Farrer M.S.	1931	1,334,958	726,032	608,926
Provo H.S.	1956	11,121,420	4,416,928	6,704,492
Timpview H.S.	1974	15,542,655	8,536,915	7,005,740
Independence H.S.	1992	2,898,317	691,752	2,206,565
<i>Other:</i>				
Oakridge	1979	1,732,572	900,937	81,635
Center for H.S. Studies	1984	56,000	23,520	32,480
District Office	1965	420,508	244,164	176,344
Miscellaneous	-	122,930	17,118	105,812
Totals		<u>\$ 76,167,901</u>	<u>\$ 29,037,664</u>	<u>\$ 47,130,237</u>

The information in the table above includes portable buildings, remodels, and capital improvements and betterments. Additional information regarding the District's capital assets can be found in Note 5 to the basic financial statements.

B. Debt Administration

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2004 is \$208.0 million. General obligation debt at June 30, 2004 is \$35.2 million, resulting in a legal debt margin of \$172.8 million.

PROVO CITY SCHOOL DISTRICT'S Outstanding General Obligation Debt

	Governmental activities		Total Change 2004-2003
	2004	2003	
General obligation bonds	<u>\$ 35.2</u>	<u>\$ 37.5</u>	<u>\$ (2.3)</u>

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

Changes in Student Enrollment

Enrollments in traditional schools have experienced an overall enrollment decline in average daily membership of 200 students over the past five years (five year trends are presented below and ten year trends are presented in the *Statistics Section* of the report). Federal and state aid mirrored these changes in enrollment. Enrollments for traditional schools were the following:

PROVO CITY SCHOOL DISTRICT'S Changing Enrollment
Traditional Schools Only
(based upon average daily membership as reported in the S-3 Report
for each fiscal year ended June 30th)

		2000	2001	2002	2003	2004	CHG 2000/2004	AVG
Elementary Schools	Amelia Earhart	545	546	552	575	585	40	561
	Canyon Crest	549	522	494	504	501	-48	514
	Edgemont	469	458	431	431	434	-35	445
	Franklin	557	525	554	563	560	3	552
	Grandview	537	543	525	531	532	-5	534
	Joaquin	420	453	445	420	386	-34	425
	Provost	474	485	478	476	438	-36	470
	Rock Canyon	585	572	547	578	563	-22	569
	Spring Creek/Maeser	462	486	494	510	520	58	494
	Sunset View	655	675	702	676	618	-37	665
	Timpanogos	573	485	547	562	568	-5	547
	Wasatch	494	495	524	507	501	7	504
	Westridge	785	792	781	778	754	-31	778
Middle Schools	Centennial	669	653	733	690	702	33	689
	Dixon	636	598	586	588	629	-7	607
	Farrer	498	533	532	549	565	67	535
High Schools	Provo	1,768	1,757	1,664	1,688	1,731	-37	1,722
	Timpview	1,794	1,737	1,684	1,633	1,634	-160	1,696
	Independence	292	276	312	371	341	49	318
Totals		<u>12,762</u>	<u>12,591</u>	<u>12,585</u>	<u>12,630</u>	<u>12,562</u>	<u>-200</u>	<u>12,626</u>

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Office of the Business Administrator, Provo City School District, 280 West 940 North, Provo, UT, 84604.

Basic Financial Statements

Financial Section



DISTRICT

*superintendent
& curriculum*

OFFICES

PROVO CITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>
Assets:	
Cash and temporary cash investments	\$ 7,705,849
Accounts, taxes, and grants receivables:	
Local	18,149,695
State	1,496,484
Federal	3,421,979
Inventory	123,646
Federal commodity inventory	160,125
Bond issuance costs, net accumulated amortization	370,029
Capital assets:	
Land, construction in progress, and works of art	6,642,606
Buildings, equipment, net accumulated depreciation	52,426,931
Total assets	<u>90,497,344</u>
Liabilities:	
Accounts payable	669,644
Accrued interest payable	90,380
Payroll and related payables	1,823,703
Due to other funds - fiduciary funds	1,327,563
Unearned revenue:	
Property taxes	18,957,017
Other deferred revenues	459,649
Noncurrent liabilities:	
Due within one year	4,361,173
Due in more than one year	38,924,117
Total liabilities	<u>66,613,246</u>
Net Assets:	
Invested in capital assets, net of related debt	20,648,636
Restricted for:	
School food services	826,226
Non K-12 programs	368,383
Debt service	674,791
Capital projects	3,805,209
Foundation	223,522
Unrestricted	<u>(2,662,669)</u>
Total net assets	<u>\$ 23,884,098</u>

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

PROVO CITY SCHOOL DISTRICT

Statement of Activities Year Ended June 30, 2004

Functions	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
Governmental activities:				
Instructional services	\$ 54,929,906	\$ 589,946	\$ 19,069,099	\$ (35,270,861)
Supporting services:				
Students	3,217,003	-	836,421	(2,380,582)
Instructional staff	1,943,838	-	505,398	(1,438,440)
District administration	1,077,422	-	280,130	(797,292)
School administration	4,385,661	-	321,793	(4,063,868)
Business	877,342	-	-	(877,342)
Operation and maintenance of plant	5,039,105	-	214,528	(4,824,577)
Transportation	1,546,155	107,669	1,254,622	(183,864)
Central	867,238	-	225,482	(641,756)
School food services	4,099,278	1,063,244	2,718,870	(317,164)
Community services	2,421,091	110,840	1,644,943	(665,308)
Facilities & construction	621,857	-	-	(621,857)
Interest on long-term liabilities	1,502,020	-	-	(1,502,020)
Total school district	\$ 82,527,916	\$ 1,871,699	\$ 27,071,286	\$ (53,584,931)
 General Revenues:				
Property taxes levied for:				
General purposes				11,982,754
Transportation				427,869
Recreation				753,632
Debt service				3,831,370
Capital outlay				7,315,096
Federal and state aid not restricted to specific purposes				30,459,275
Earnings on investments				258,841
Miscellaneous				1,503,996
Special item - gain on sale of Maeser Elementary				666,165
Total general revenues				57,198,998
Changes in net assets				3,614,067
Net assets - beginning				20,270,031
Net assets - ending				\$ 23,884,098

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

PROVO CITY SCHOOL DISTRICT
Balance Sheet
June 30, 2004

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
Assets:					
Cash and temporary cash investments	\$ 1,184,395	\$ 857,105	\$ 4,266,430	\$ 1,301,653	\$ 7,609,583
Accounts, taxes, and grants receivables:					
Local	9,063,508	2,854,600	5,424,322	560,065	17,902,495
State	1,451,118	-	-	45,366	1,496,484
Federal	3,214,624	-	-	207,355	3,421,979
Due from other funds	-	-	-	59,002	59,002
Inventory	86,805	-	-	36,841	123,646
Federal commodity inventory	-	-	-	160,125	160,125
Total assets	<u>15,000,450</u>	<u>3,711,705</u>	<u>9,690,752</u>	<u>2,370,407</u>	<u>30,773,314</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	506,247	-	99,124	64,273	669,644
Payroll and related liabilities	1,686,978	-	15,903	120,822	1,823,703
Due to other funds	1,386,565	-	-	-	1,386,565
Deferred revenue:					
Property taxes	9,556,232	3,036,914	5,770,516	593,355	18,957,017
Other deferred revenues	285,823	-	-	173,826	459,649
Total liabilities	<u>13,421,845</u>	<u>3,036,914</u>	<u>5,885,543</u>	<u>952,276</u>	<u>23,296,578</u>
Fund balances:					
Reserved for:					
Debt service	-	674,791	-	-	674,791
Inventories	86,805	-	-	196,966	283,771
Unreserved:					
Designated for:					
Transportation	240,000	-	-	-	240,000
Undesignated, reported in:					
General fund	1,251,800	-	-	-	1,251,800
Non K-12 instruction	-	-	-	368,383	368,383
Capital projects	-	-	3,805,209	-	3,805,209
School food services	-	-	-	629,260	629,260
Foundation	-	-	-	223,522	223,522
Total fund balances	<u>1,578,605</u>	<u>674,791</u>	<u>3,805,209</u>	<u>1,418,131</u>	<u>7,476,736</u>
Total liabilities and fund balances	<u>\$ 15,000,450</u>	<u>\$ 3,711,705</u>	<u>\$ 9,690,752</u>	<u>\$ 2,370,407</u>	<u>\$ 30,773,314</u>

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

PROVO CITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental funds to the Statement of Net Assets
June 30, 2004

Total fund balances for governmental funds **\$ 7,476,736**

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

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

Land	6,228,328	
Works of art	359,900	
Construction in progress	54,378	
Buildings and improvements, net of \$29,037,664 accumulated depreciation	47,130,237	
Furniture and equipment, net of \$3,540,970 accumulated depreciation	5,296,695	59,069,538

The sale of Maeser Elementary School generated additional revenues that are not collectible during the District's availability period to finance governmental fund activity, and therefore, are not reported in the funds. However, these revenues are susceptible to accrual in the statement of net assets. 247,200

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (90,380)

Bond issuance costs are reported as expenditures in governmental funds; however, bond issuance costs are reported as deferred costs in the government-wide statements and are amortized over the life of the obligations.. The cost is \$391,670 and accumulated amortization is \$21,641. 370,029

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	(35,185,000)	
Obligations under capital leases, net \$96,267 unspent proceeds	(534,256)	
Obligations under lease revenue bond	(2,515,000)	
Accrued vacation payable	(392,881)	
Early retirement payable	(4,561,888)	(43,189,025)

Total net assets of governmental activities **\$ 23,884,098**

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

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2004

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>		
Revenues:					
Local sources:					
Property taxes	\$ 12,410,623	\$ 3,831,370	\$ 7,315,096	\$ 753,632	\$ 24,310,721
Contributions	-	-	-	184,387	184,387
Other Local	2,168,510	-	105,686	1,174,084	3,448,280
State Sources	43,563,442	-	-	1,808,197	45,371,639
Federal Sources	9,603,307	-	-	2,555,616	12,158,923
Total Revenues	<u>67,745,882</u>	<u>3,831,370</u>	<u>7,420,782</u>	<u>6,475,916</u>	<u>85,473,950</u>
Expenditures:					
Current:					
Instructional services	51,917,193	-	2,600,311	-	54,517,504
Supporting services:					
Students	2,484,483	-	-	724,186	3,208,669
Instructional staff	1,929,346	-	9,453	-	1,938,799
District administration	1,074,630	-	-	-	1,074,630
School administration	4,335,979	-	38,314	-	4,374,293
Business	677,001	-	198,140	-	875,141
Operations & maintenance of plant	2,373,719	-	2,652,325	-	5,026,044
Transportation	1,542,147	-	-	-	1,542,147
Central	864,989	-	-	-	864,989
School food services	-	-	-	4,088,653	4,088,653
Community services	36,681	-	-	2,378,134	2,414,815
Facilities and construction	-	-	659,873	-	659,873
Debt service:					
Principal retirement	-	2,345,000	1,498,479	-	3,843,479
Interest and fiscal charges	-	1,548,614	204,163	-	1,752,777
Total expenditures	<u>67,236,168</u>	<u>3,893,614</u>	<u>7,861,058</u>	<u>7,190,973</u>	<u>86,181,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>509,714</u>	<u>(62,244)</u>	<u>(440,276)</u>	<u>(715,057)</u>	<u>(707,863)</u>
Other financing sources (uses):					
Sale of capital assets	1,868	-	507,100	-	508,968
Proceeds from capital lease agreement	-	-	168,671	-	168,671
Refunding bonds issued	-	20,361,106	-	-	20,361,106
Payment to refunded bond escrow agent	-	(20,245,727)	-	-	(20,245,727)
Total other financing sources (uses)	<u>1,868</u>	<u>115,379</u>	<u>675,771</u>	<u>-</u>	<u>793,018</u>
Net change in fund balances	511,582	53,135	235,495	(715,057)	85,155
Fund balances - beginning	<u>1,067,023</u>	<u>621,656</u>	<u>3,569,714</u>	<u>2,133,188</u>	<u>7,391,581</u>
Fund balances - ending	<u>\$ 1,578,605</u>	<u>\$ 674,791</u>	<u>\$ 3,805,209</u>	<u>\$ 1,418,131</u>	<u>\$ 7,476,736</u>

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

PROVO CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2004

Net change in fund balances for total governmental funds **\$ 85,155**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	6,400,693	
Depreciation expense - capital assets	(6,590,586)	
Disposal of capital assets, furniture and equipment, net accumulated depreciation	(256,188)	
Disposal of capital assets, Maeser Elementary School, net accumulated depreciation	(88,136)	
Proceeds from sale of Maeser Elementary School which are susceptible to accrual in the government-wide financial statements	247,200	(287,017)

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

Repayment of bond principal	2,345,000	
Amortization of bond premium	(14,649)	
Bond interest expense	54,086	
Bond issuance costs	219,960	
Proceeds from refunding bonds issued	(20,361,106)	
Payment to refunded bond escrow agent	20,245,727	2,489,018

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

Other financing source - capital lease	(168,671)	
Interest expense - capital lease obligation	(23,289)	
Principal payments of capital lease obligation	138,479	
Principal payments of lease revenue bond obligation	1,360,000	1,306,519

In the statement of activities, obligations for compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Accrued vacations payable (compensated absences)	(63,447)	
Accrued early retirement payable (special termination benefits)	83,839	20,392

Change in net assets of governmental activities **\$ 3,614,067**

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

PROVO CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Property taxes	\$ 12,038,000	\$ 12,358,000	\$ 12,410,623	\$ 52,623
Contributions	-	-	-	-
Other Local	2,625,000	1,350,300	2,168,510	818,210
State Sources	44,519,000	44,296,800	43,563,442	(733,358)
Federal Sources	11,513,300	9,259,300	9,603,307	344,007
Total Revenues	<u>70,695,300</u>	<u>67,264,400</u>	<u>67,745,882</u>	<u>481,482</u>
Expenditures:				
Current:				
Instructional services	55,341,400	51,076,300	51,917,193	(840,893)
Supporting services:				
Students	2,859,300	2,496,000	2,484,483	11,517
Instructional staff	2,392,900	1,882,700	1,929,346	(46,646)
District administration	983,000	1,111,400	1,074,630	36,770
School administration	4,471,000	4,365,000	4,335,979	29,021
Business	715,700	686,300	677,001	9,299
Operations & maintenance of plant	1,209,800	2,892,300	2,373,719	518,581
Transportation	1,773,700	1,443,500	1,542,147	(98,647)
Central	948,500	899,900	864,989	34,911
School food services	-	-	-	-
Community services	-	-	36,681	(36,681)
Facilities and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>70,695,300</u>	<u>66,853,400</u>	<u>67,236,168</u>	<u>(382,768)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>411,000</u>	<u>509,714</u>	<u>98,714</u>
Other financing sources (uses):				
Sale of capital assets	-	-	1,868	1,868
Proceeds from capital lease agreement	-	-	-	-
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,868</u>	<u>1,868</u>
Net change in fund balances	-	411,000	511,582	100,582
Fund balances - beginning	<u>1,067,023</u>	<u>1,067,023</u>	<u>1,067,023</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 1,067,023</u></u>	<u><u>\$ 1,478,023</u></u>	<u><u>\$ 1,578,605</u></u>	<u><u>\$ 100,582</u></u>

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

PROVO CITY SCHOOL DISTRICT
Statement of Fiduciary Fund Assets and Liabilities
Agency Funds
June 30, 2004

	Agency Funds
Assets:	
Cash and investments	\$ 613,761
Accounts receivable	
Local	142,236
State	488
Federal	3,247,244
Due from other funds	<u>1,327,562</u>
 Total assets	 <u><u>5,331,291</u></u>
Liabilities:	
Due to food services	(592)
Due to student organizations	1,627,815
Accounts Payable	190,445
Payroll and related payables	291,701
Deferred revenues	79,917
Due to other entities	<u>3,142,005</u>
 Total liabilities	 <u><u>\$ 5,331,291</u></u>

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

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. The Board establishes District policies, approves the budget, appoints a Superintendent with responsibilities for administering all educational activities of the District, and appoints a Business Administrator with responsibilities for fiscal matters. The Board is authorized to issue bonds, incur short-term debt, levy property taxes, and is not dependent on any other unit of local government. The District is not a component unit of any other primary government.

These basic financial statements present the activities of the District and its component unit, the *Provo School District Foundation for Excellence*. The District's component unit is presented as a blended component unit in the financial statements. Although it is a legally separate entity, a blended component unit is, in substance, part of the District's operations.

Blended Component Unit. The *Provo School District Foundation for Excellence* is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible contributions to the District. The Foundation serves the District entirely, and the District has a significant influence upon the financial operations of the Foundation and is able to access the economic resources held by the Foundation. The Foundation is considered a blended component unit, and the Foundation is presented as a special revenue fund of the District.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function is included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in direct expenses of the appropriate functions. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line item. Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

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

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

C. Fund Financial Statements

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

The District reports the following major governmental funds:

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

The District reports the following nonmajor special revenue funds that receive revenues which are restricted to expenditures for specified purposes:

- *School Food Services* - to account for preparation and serving of school lunches and breakfasts.
- *Non K-12 Instruction* - to account for preschool, adult education and other non K-12 programs.
- *Foundation* - to account for the District's blended component unit's activities.

Additionally, the District reports the following fund types:

- *Special Programs Agency Fund* – used to account for assets held by the District for independent smaller entities and agencies. The District provides services such as payroll and accounts payable for these entities but has no legal control and accountability requirements for how they use their resources.
- *School Activity Agency Fund* – used to account for the receipt and disbursement of monies of student activity organizations and other custodial type transactions within the schools.

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

The government-wide financial statements, are reported using the economic resources measurement focus. The government-wide and agency fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government 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

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, early retirement and post employment healthcare benefits, arbitrage rebates, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District’s policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

When both restricted and unrestricted resources are available for use, it is the District’s procedure to use restricted resources first, then unrestricted resources, as they are needed.

E. Budgets and Budgetary Accounting

The District operates within budget requirements for school Districts as specified by state law and as interpreted by the State Superintendent of Public Instruction. Budgets are presented on the modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements:

- During June of each year, the District Superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- Copies of the proposed budget are made available for public inspection before the Board hearing in which the Board adopts the proposed budget.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22nd at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the Superintendent can approve reductions in appropriations, but increases in appropriations, at the fund level, require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ending June 30, 2004, 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.

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

F. Deposits and Investments

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

G. Cash and Cash Equivalents

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

H. Receivables and Payables

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

I. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial cost of more than \$5,000 for land, furniture, equipment, buildings and improvements and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

All works of art are generally capitalized at estimated fair value at the time the donation was made. However, many of the works of art were appraised in 1994 and have been capitalized at the fair value of the appraisal. The District's art collection carries a net book value of \$359,900 in the government-wide financial statements; works of art are a non-depreciable item in the government-wide financial statements.

Major outlays for capital assets and improvements are capitalized 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:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Additions	40
Building Improvements	20
Physical Education Equipment	20
Standard Furniture & Accessories	20
Stage & Auditorium	20
Portable Classrooms	15

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

Machinery & Tools	15
Appliances	15
Grounds & Accessories	15
Audio Visual	10
Lab Equipment	10
Music - Instruments & Accessories	10
Licensed Vehicles	8
Business Machines	5
Miscellaneous Equipment	5

J. Comparative Data

Comparative data for the prior year is presented in certain sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations.

K. Variances Between Budget and Actual Data

Expenditure-driven grants are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures are incurred and all other grant requirements are met; unspent grant amounts are carried forward and included in the succeeding fiscal year's budget. Therefore, actual grant revenues and expenditures can be significantly different than the amounts budgeted.

L. Compensated Absences and Special Termination Benefits (Vacation and Early Retirement Payable)

Compensated absences and special termination benefits are typically paid for by resources from the District's general fund. However, it is the District's policy to use resources from other funds, when the other funds directly funded the employees' related position(s), to pay for these costs. Consequently, minimal costs related to these benefits are periodically funded by funds other than the general fund when it is reasonably practical to do so.

Under terms of association agreements, eligible employees can earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an eligible employee is reimbursed for accumulated vacation days to a maximum of 20 days. No reimbursement or accrual is made for unused sick leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

For a description of these long-term obligations, please see Note 6 on retirement plans.

M. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Fund Equity

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

O. Inventories

Inventories are valued at cost, or if donated, at fair value when received, using the first-in first-out (FIFO) method. Inventory in the general and special revenue funds consist of expendable supplies held for consumption. The cost is recorded as an asset at the time individual inventory items are purchased, and an expenditure is recorded when the assets are distributed and consumed.

Commodities received from federal sources are consumable inventories intended to support short-term District food service operations. Thus, federal commodities are treated as a current financial resource and are recorded as revenues in both the fund statements and government-wide statements. All remaining year-end commodity inventory assets are treated as deferred revenues.

P. Indirect Costs

Indirect costs charged to certain programs are routinely recorded in the District's accounting records. These indirect costs are included in the program expense reported for individual functions and activities.

Q. Use Of Estimates

Presenting financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make certain estimates concerning assets, liabilities, revenues, and expenses.

2. DEPOSITS AND INVESTMENTS

A. Deposits

Deposits - Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. District funds are deposited in qualified depositories as defined by the Act. The District does not have a deposit policy for custodial credit risk. As of June 30, 2004, the District's custodial credit risk for deposits were as follows:

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2004</u>
Regular Checking Account	Insured	\$ 46,466
Certificate of Deposit	Uninsured and uncollateralized	<u>107,002</u>
		<u>\$ 153,468</u>

B. Investments

The District's investments are managed through participation in the state Public Treasurer's Investment Fund and through a repurchase agreement arrangement with a local bank. As of June 30, 2004, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Utah Public Treasurers' Investment Fund	42 days average	\$ 8,096,174
Repurchase Agreement	90 days average	<u>893,212</u>
		<u>\$ 8,989,386</u>

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

Investments - Credit Risk. The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, bankers' acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah. The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The District has no investment policy that would further limit its investment choices.

Investments - Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$893,212 investment in repurchase agreements, the entire \$893,212 of underlying securities are held by the investment's counterparty, not in the name of the District, and are not insured. The District's repurchase agreements arrangement primarily invests in obligations of the United States Treasury, agencies, or instrumentalities of the United States that meet allowable investments of the Utah Money Management Act. The District does not have an investment policy for custodial credit risk.

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

3. PROPERTY TAXES

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

The property tax revenue of the District is collected and distributed by the Utah County Treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess a lien on real property as of January 1st and complete the tax rolls by May 15th. The District's Board of Education is required to adopt its initial budget for the next fiscal year by June 22nd; this initial budget adoption establishes tax levy rates to provide resources to fund District operations for the next fiscal year beginning July 1st. If the proposed District budget requires changes to levied tax rates, which are above the tax levy rates certified by the Utah State Tax Commission, the District *may* be required to meet specific due process requirements as outlined in Utah Truth-in-Taxation laws by August 17th. By July 21st, 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 1st and August 15th for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1st 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 30th. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15th of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%; the interest period is from January 1st 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% 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.

4. INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2004 is as follows:

<i>Receivable Fund</i>	<i>Payable Fund</i>	<i>Amount</i>
Agency - Student Activities	General	\$ 1,270,287
Provo School District Foundation	General	57,589
Agency - Special Programs	General	57,275
Non K-12 Instruction	General	1,413
		<u>\$ 1,386,564</u>

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

Interfund payables and receivables are financial resources that have been provided by various District governmental and fiduciary funds and programs and placed into the General Fund to be invested in the District's investment account with the state Public Treasurers' Investment Fund (PTIF). The purpose of this effort is to provide an efficient mechanism for District funds and programs to invest and receive interest earnings for idle cash. The PTIF is an external investment pool managed by the state for local and state governments in accordance with the Utah Money Management Act.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 is as follows:

Governmental activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 6,238,934	\$ -	\$ (10,606)	\$ 6,228,328
Construction in progress	-	54,378	-	54,378
Works of art	359,900	-	-	359,900
Total capital assets, not being depreciated	<u>6,598,834</u>	<u>54,378</u>	<u>(10,606)</u>	<u>6,642,606</u>
Capital assets being depreciated:				
Buildings and improvements	72,094,336	4,301,255	(227,690)	76,167,901
Furniture and equipment	7,104,399	2,045,060	(311,795)	8,837,664
Total capital assets, being depreciated	<u>79,198,735</u>	<u>6,346,315</u>	<u>(539,485)</u>	<u>85,005,565</u>
Accumulated depreciation for:				
Buildings and improvements	(23,420,702)	(5,767,123)	150,161	(29,037,664)
Furniture and equipment	(2,773,114)	(823,463)	55,607	(3,540,970)
Total accumulated depreciation	<u>(26,193,816)</u>	<u>(6,590,586)</u>	<u>205,768</u>	<u>(32,578,634)</u>
Total capital assets, being depreciated	<u>53,004,919</u>	<u>(244,271)</u>	<u>(333,717)</u>	<u>52,426,931</u>
Governmental activities capital assets, net	<u>\$ 59,603,753</u>	<u>\$ (189,892)</u>	<u>\$ (344,323)</u>	<u>\$ 59,069,537</u>

For the year ended June 30, 2004, depreciation expense was charged to functions of the District is as follows:

Governmental activities:	
Instruction	\$ 4,598,603
Support services:	
Student	245,457
Instructional staff	148,315
General administration	82,207
School administration	334,626
Business	64,769
Operation and maintenance of plant	384,483
Transportation	117,972
Central	66,171
School food services	312,775
Community services	184,729
Facilities and constructions	50,479
Total depreciation expenses - all governmental activities	<u>\$ 6,590,586</u>

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

6. GENERAL LONG-TERM OBLIGATIONS

A. Changes In Long-term Obligations

Long-term liability activity for the year ended June 30, 2004 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Noncurrent Liabilities Due Within One Year
Governmental activities:					
General obligation bonds	\$ 37,530,000	\$ 18,590,000	\$ 20,935,000	\$ 35,185,000	\$ 1,915,000
Lease revenue obligation bonds	3,875,000	-	1,360,000	2,515,000	370,000
Capital lease obligations	769,000	-	138,479	630,521	145,748
Accrued vacation payable	329,434	70,599	7,152	392,881	392,881
Early retirement payable	4,645,727	1,373,156	1,456,995	4,561,889	1,537,544
Total governmental activity	<u>\$ 47,149,161</u>	<u>\$ 20,033,755</u>	<u>\$ 23,897,626</u>	<u>\$ 43,285,290</u>	<u>\$ 4,361,173</u>

B. General Obligation Bonds Payable

Bonds payable at June 30, 2004, are comprised of the following general obligation issues and are serviced by property tax revenues received by the Debt Service Fund:

Series	Purpose	Original Amount	Interest Rate	Final Maturity Date	Current Outstanding Balance
1992 Series G.O. Bonds	Buildings	\$ 1,220,000	5.4% to 5.75%	6/15/05	\$ -
1993 Series G.O. Bonds	Buildings	1,240,000	5.8% to 5.9%	6/15/05	-
1995 Series G.O. Bonds	Buildings	1,625,000	5.3% to 5.4%	6/15/05	440,000
1997 Series G.O. Bonds	Buildings	22,500,000	4.6% to 7.0%	6/15/07	2,530,000
1997 Series G.O. Refunding Bonds	Refunding	9,180,000	4.5% to 5.1%	6/15/15	8,995,000
1998 Series G.O. Refunding Bonds	Refunding	4,950,000	3.7% to 4.2%	6/15/13	4,630,000
2004 Series G.O. Refunding Bonds	Refunding	18,690,000	2.0% to 5.0%	6/15/17	18,590,000
Total general obligation bonds payable as of June 30, 2004					<u>\$ 35,185,000</u>

Refunding - The District issued \$18,590,000 of general obligation refunding bonds to provide resources to purchase U.S. government, state, and local series securities to refinance the 1992, 1993, and partially refinance the 1997 series general obligation bonds at lower interest rates. As a result, the bonds are

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

considered to be defeased and the liability has been removed from the government-wide financial statements; and the acquired debt has been added to the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$1,771,106. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the new debt issued. This refunding was undertaken to reduce total general bond obligation payments over the next thirteen years by \$991,461 and resulted in an economic gain of \$921,749.

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

Year Ending June 30th	Principal	Interest	Total
2005	\$ 1,915,000	\$ 1,879,954	\$ 3,794,954
2006	2,235,000	1,554,507	3,789,507
2007	2,340,000	1,451,083	3,791,083
2008	2,450,000	1,351,720	3,801,720
2009	2,565,000	1,235,907	3,800,907
2010	2,690,000	1,114,620	3,804,620
2011	2,820,000	985,555	3,805,555
2012	2,935,000	874,355	3,809,355
2013	3,075,000	745,250	3,820,250
2014	3,225,000	609,120	3,834,120
2015	3,395,000	447,510	3,842,510
2016	3,590,000	277,000	3,867,000
2017	1,950,000	97,500	2,047,500
	<u>\$ 35,185,000</u>	<u>\$ 12,614,081</u>	<u>\$ 47,799,081</u>

C. Obligation Under Capital Lease

The District replaced its accounting information system software and equipment during the year ended June 30, 2003. The accounting system replacement was financed through a capital lease. The original amount of the lease was \$769,000. Annual payments are typically financed through the District's capital projects fund, and future minimum lease payments at June 20, 2004 are as follows:

Year Ending June 30th	Principal	Interest	Capital Projects Fund
2005	\$ 145,748	\$ 33,096	\$ 178,844
2006	153,398	25,446	178,844
2007	161,450	17,394	178,844
2008	169,925	8,919	178,844
Total minimum lease payments			715,376
Amount representing interest			(84,855)
Present value of minimum lease payments			<u>\$ 630,521</u>

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

D. Obligation Under Lease Revenue Bond

The District obtained funding through a lease revenue bond finance agreement in June 2002 to complete the construction of, and to furnish and equip, Spring Creek and Amelia Earhart Elementary Schools. The original obligation was \$4.2 million. The agreement was based upon a ten-year long-term obligation and variable interest rate arrangement. The variable interest rate is based upon a weekly interest investment rate determined by the market. The annual amounts to be serviced by the capital projects fund, based upon projected variable interest rates (2.2% to 3.0%) are the following:

Year Ending June 30th	Principal	Interest	Total
2005	\$ 370,000	\$ 75,450	\$ 445,450
2006	390,000	64,350	454,350
2007	410,000	52,650	462,650
2008	425,000	40,350	465,350
2009	450,000	27,600	477,600
2010	470,000	14,100	484,100
	<u>\$ 2,515,000</u>	<u>\$ 492,900</u>	<u>\$ 2,789,500</u>

E. Combined Maturities on Long-Term Borrowings

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

Year Ending June 30th	Principal	Interest	Total
2005	\$ 2,430,748	\$ 1,988,500	\$ 4,419,248
2006	2,778,398	1,644,303	4,422,701
2007	2,911,450	1,521,127	4,432,577
2008	3,044,925	1,400,989	4,445,914
2009	3,015,000	1,263,507	4,278,507
2010	3,160,000	1,128,720	4,288,720
2011	2,820,000	985,555	3,805,555
2012	2,935,000	874,355	3,809,355
2013 - 2017	15,235,000	2,176,380	17,411,380
	<u>\$ 38,330,521</u>	<u>\$ 12,983,436</u>	<u>\$ 51,313,957</u>

7. SHORT-TERM OBLIGATIONS

During the year, the District issued a Board approved tax anticipation note in order to cover projected cash shortfalls during the year. The projected cash shortfalls were mainly due to the timing differences between the time that on-going expenditures occur, but before the time the District receives property tax revenues raised to fund these on-going expenditures. The proceeds from the tax anticipation note were accounted for as a fund liability in the capital projects fund and were repaid before June 30th. The tax anticipation note carried an

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

interest rate of 1.79 percent, and total interest and fees were \$79,625. The following summarizes the activity for the tax anticipation note liability for the year ended June 30, 2004:

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayment</u>	<u>Ending Balance</u>
Tax anticipation note	<u>\$ 0</u>	<u>\$ 4,009,444</u>	<u>\$ 4,009,444</u>	<u>\$ 0</u>

8. RETIREMENT PLAN

A. Defined Benefit Plan

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

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

Funding Policy. Plan members in the State and School Contributory Retirement System are required to contribute 1.00% of annual covered salary, and the District contributes 12.21% of annual covered salary. For employees participating in the State and School Noncontributory System, the District contributes 11.7% 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 Provo City School District contributions (including employee contributions paid by the employer) to the State and School Contributory Retirement System for the years ended June 30, 2004, 2003, and 2002 were \$123,092, \$118,665, and \$141,064, respectively, and for the Noncontributory Retirement System the contributions for June 30, 2004, 2003, and 2002 were \$5,276,050, \$4,741,227, and \$5,206,939 respectively. The contributions were equal to the required contributions for each year.

B. Defined Contribution Plans

The District also participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement System have a contribution of 1.5% of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. Provo City School District's contributions made for employees for the years ended June 30, 2004, 2003, and 2002 were \$800,200, \$743,494, and \$776,817 respectively; the employee contributions for years ended June 30,

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

2004, 2003, and 2002 were \$742,957, \$747,151, and \$873,249 respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participation. Employee contributions to the Section 457 plan totaled \$56,495 for the year ended June 30, 2004. The assets of the plan are administered and held by URS and a third-party administrator.

C. Early Retirement Incentive

The District provides an early retirement incentive program. Eligibility is restricted to those employees with a minimum of 12 years of service in the District who retire under provisions of the Utah State Employee's Retirement Act. Those, qualifying under this program that choose to retire early, may receive a salary benefit for up to five years and a health and accident benefit up to eight years. Benefits vary based upon years of service, position on salary schedule, and employee classification. This liability is paid from the fund from which the employee retires. Please see Note 6 for details on the early retirement obligation amount.

9. GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursements of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. As of September 14, 2004, the District has not received any notification from any grant providing agency or government identifying any noncompliance liabilities associated with past District grant awards.

10. DESIGNATED FOR UNDISTRIBUTED RESERVE

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

11. LITIGATION AND LEGAL COMPLIANCE

The District is involved in claims arising in the normal course of business. It is not possible to state the ultimate liability, if any, in these matters. In the opinion of management, such litigation will have no material effect on the financial operations of the District.

12. SUBSEQUENT EVENT - TAX ANTICIPATION NOTE

On August 10, 2004, the Board of Education approved a \$4.0 million short-term tax anticipation note to provide for District cash needs during fiscal year 2005. The purpose for entering into this short-term obligation are the same as described in note 7 above.

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

13. RISK MANAGEMENT

A. Property and Liability Insurance Coverage

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability through policies administered by the Utah State Risk Management (Fund). The District also insures its buildings and contents against all insurable risks of direct physical loss or damage with the fund. The Fund is a public entity risk pool operated by the state for the benefit of the state and local governments within Utah. This is a pooled arrangement where the participants' pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures sizeable losses to preserve the capital base. During fiscal year ended June 30, 2004, there were no significant reductions in coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Worker's Compensation & Long-Term Disability Insurance Coverage

The District participates in the Utah School Boards Risk Management Mutual Insurance Association which is a risk pool for workers' compensation. The District has purchased commercial insurance for other risks of loss including employee health and accident insurance. Unemployment compensation is handled on a cost of benefits reimbursement basis with the state of Utah. During fiscal year ended June 30, 2004, there were no significant reductions in coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

C. Self-Insured Short-Term Disability Coverage

The District is self-insured for certain short-term disability benefits. The unpaid claims are included in the accounts payable of the statement of net assets and are not reported in governmental fund statements. Liabilities are based on the estimated total cost of settling claims using past experience adjusted for current trends. This liability is the District's best estimate based on available information. There were no cases that occurred prior to June 30, 2004, which have not been resolved. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the balances of claims liabilities during the years ended June 30, 2004 and 2003 are listed as follows:

	<u>2004</u>	<u>2003</u>
Unpaid claims at beginning of year	\$ -	\$ -
Incurred & Paid claims	<u>35,759</u>	<u>35,265</u>
Unpaid claims at end of year	<u>\$ -</u>	<u>\$ -</u>

14. SPECIAL ITEM - GAIN ON SALE OF MAESER ELEMENTARY SCHOOL

The Board of Education elected to close Maeser Elementary School at the end of fiscal year 2002. The Board subsequently elected to sell the building and property during fiscal year 2004. The sale arrangement included the removal of \$238,296 of capitalized costs and \$150,161 of accumulated depreciation from the District's accounting records. The sale generated a \$666,165 gain which is reported as a special item on the government-wide financial statements.

PROVO CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2004

15. RESTATEMENT - INCLUSION OF COMPONENT UNIT

The District is subject to the requirements outlined in GASB Statement No. 39—*Determining Whether Certain Organizations are Component Units*. This standard requires the District to report the *Provo School District Foundation for Excellence* as a blended component unit as part of the reporting entity. The District's Foundation was previously reported as an *agency* fund type. Although the District believes the Foundation's activities are immaterial to the District's overall activities, the District is providing the following FY 2003 restatement for further clarification for readers of this report:

Balance Sheet
Governmental Funds
Restatement
June 30, 2003

	<u>As previously reported June 30, 2003</u>	<u>Foundation June 30, 2003</u>	<u>Restated Totals June 30, 2003</u>
Total assets	<u>\$ 30,155,850</u>	<u>\$ 763,321</u>	<u>\$ 30,919,171</u>
Total liabilities	23,527,590	-	23,527,590
Total fund balances	<u>6,628,260</u>	<u>763,321</u>	<u>7,391,581</u>
Total liabilities and fund balances	<u>\$ 30,155,850</u>	<u>\$ 763,321</u>	<u>\$ 30,919,171</u>

Statement of Net Assets
Restatement
June 30, 2003

	<u>As previously reported June 30, 2003</u>	<u>Foundation June 30, 2003</u>	<u>Restated Totals June 30, 2003</u>
Total assets	<u>\$ 90,303,585</u>	<u>\$ 763,321</u>	<u>\$ 91,066,906</u>
Total liabilities	70,796,875	-	70,796,875
Total net assets	<u>19,506,710</u>	<u>763,321</u>	<u>20,270,031</u>
Total liabilities and net assets	<u>\$ 90,303,585</u>	<u>\$ 763,321</u>	<u>\$ 91,066,906</u>

Combining & Individual Fund Financial Statements & Schedules

Financial Section



wasatch
ELEMENTARY SCHOOL

Nonmajor Governmental Funds

Financial Section

Special Revenue Funds

Special revenue funds generally account for the revenues and expenditures that are restricted to specific programs or projects. The district's special revenue funds are as follows:

- **Food Services Fund** - to account for the operation of the school lunch and breakfast programs.
- **Non K-12 Programs Fund** - to account for the operation of preschool, adult education, and community recreation programs.
- **Provo School District Foundation for Excellence** - to account for the District's blended component unit.



sunset view
ELEMENTARY SCHOOL

PROVO CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	Non K-12 Instruction	School Food Services	Foundation	
Assets:				
Cash and temporary cash investments	\$ 277,497	\$ 858,223	\$ 165,933	\$ 1,301,653
Accounts, taxes, and grants receivables:				
Local	560,065	-	-	560,065
State	45,366	-	-	45,366
Federal	207,355	-	-	207,355
Due from other funds	1,413	-	57,589	59,002
Inventory	-	36,841	-	36,841
Federal commodity inventory	-	160,125	-	160,125
Total assets	<u>1,091,696</u>	<u>1,055,189</u>	<u>223,522</u>	<u>2,370,407</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	40,457	23,816	-	64,273
Payroll and related liabilities	75,800	45,022	-	120,822
Due to other funds	-	-	-	-
Deferred revenue:				
Property taxes	593,355	-	-	593,355
Other deferred revenues	13,701	160,125	-	173,826
Total liabilities	<u>723,313</u>	<u>228,963</u>	<u>-</u>	<u>952,276</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Inventories	-	196,966	-	196,966
Unreserved:				
Designated for:				
Transportation	-	-	-	-
Undesignated, reported in:				
General fund	-	-	-	-
Non K-12 instruction	368,383	-	-	368,383
Capital projects	-	-	-	-
School food services	-	629,260	-	629,260
Foundation	-	-	223,522	223,522
Total fund balances	<u>368,383</u>	<u>826,226</u>	<u>223,522</u>	<u>1,418,131</u>
Total liabilities and fund balances	<u>\$ 1,091,696</u>	<u>\$ 1,055,189</u>	<u>\$ 223,522</u>	<u>\$ 2,370,407</u>

PROVO CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2004

	<u>Major Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Non K-12 Instruction</u>	<u>School Food Services</u>	<u>Foundation</u>	
Revenues:				
Local sources:				
Property taxes	\$ 753,632	\$ -	\$ -	\$ 753,632
Contributions	-	-	184,387	184,387
Other Local	110,840	1,063,244	-	1,174,084
State Sources	1,441,561	366,636	-	1,808,197
Federal Sources	203,382	2,352,234	-	2,555,616
Total Revenues	<u>2,509,415</u>	<u>3,782,114</u>	<u>184,387</u>	<u>6,475,916</u>
Expenditures:				
Current:				
Instructional services	-	-	-	-
Supporting services:				
Students	-	-	724,186	724,186
Instructional staff	-	-	-	-
District administration	-	-	-	-
School administration	-	-	-	-
Business	-	-	-	-
Operations & maintenance of plant	-	-	-	-
Transportation	-	-	-	-
Central	-	-	-	-
School food services	-	4,088,653	-	4,088,653
Community services	2,378,134	-	-	2,378,134
Facilities and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>2,378,134</u>	<u>4,088,653</u>	<u>724,186</u>	<u>7,190,973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>131,281</u>	<u>(306,539)</u>	<u>(539,799)</u>	<u>(715,057)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Proceeds from capital lease agreement	-	-	-	-
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	131,281	(306,539)	(539,799)	(715,057)
Fund balances - beginning	237,102	1,132,765	763,321	2,133,188
Fund balances - ending	<u>\$ 368,383</u>	<u>\$ 826,226</u>	<u>\$ 223,522</u>	<u>\$ 1,418,131</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Non K-12 Instruction
Nonmajor Special Revenue Fund
Year Ended June 30, 2004
With Comparative Totals for 2003

	2004			Variance with Final Budget Positive (Negative)	2003
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 618,000	\$ 728,000	\$ 753,632	\$ 25,632	\$ 735,797
Contributions	-	-	-	-	-
Other Local	249,300	149,500	110,840	(38,660)	114,699
State Sources	1,357,100	1,506,200	1,441,561	(64,639)	1,344,297
Federal Sources	172,200	180,800	203,382	22,582	173,279
Total Revenues	<u>2,396,600</u>	<u>2,564,500</u>	<u>2,509,415</u>	<u>(55,085)</u>	<u>2,368,072</u>
Expenditures:					
Current:					
Instructional services	-	-	-	-	782
Supporting services:					
Students	-	-	-	-	-
Instructional staff	-	-	-	-	-
District administration	-	-	-	-	-
School administration	-	-	-	-	-
Business	-	-	-	-	-
Operations & maintenance of plant	-	-	-	-	-
Transportation	-	-	-	-	-
Central	-	-	-	-	-
School food services	-	-	-	-	14
Community services	2,396,600	2,305,000	2,378,134	(73,134)	2,187,730
Facilities and construction	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>2,396,600</u>	<u>2,305,000</u>	<u>2,378,134</u>	<u>(73,134)</u>	<u>2,188,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>259,500</u>	<u>131,281</u>	<u>(128,219)</u>	<u>179,546</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Proceeds from capital lease agreement	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	259,500	131,281	(128,219)	179,546
Fund balances - beginning	237,102	237,102	237,102	-	57,556
Fund balances - ending	<u>\$ 237,102</u>	<u>\$ 496,602</u>	<u>\$ 368,383</u>	<u>\$ (128,219)</u>	<u>\$ 237,102</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Services
Nonmajor Special Revenue Fund
Year Ended June 30, 2004
With Comparative Totals for 2003

	2004			Variance with Final Budget Positive (Negative)	2003
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-	-
Other Local	1,049,000	1,057,000	1,063,244	6,244	1,051,861
State Sources	375,000	380,000	366,636	(13,364)	379,580
Federal Sources	2,406,000	2,269,700	2,352,234	82,534	2,282,814
Total Revenues	<u>3,830,000</u>	<u>3,706,700</u>	<u>3,782,114</u>	<u>75,414</u>	<u>3,714,255</u>
Expenditures:					
Current:					
Instructional services	-	-	-	-	-
Supporting services:					
Students	-	-	-	-	-
Instructional staff	-	-	-	-	-
District administration	-	-	-	-	-
School administration	-	-	-	-	-
Business	-	-	-	-	-
Operations & maintenance of plant	-	-	-	-	-
Transportation	-	-	-	-	-
Central	-	-	-	-	-
School food services	3,830,000	3,986,700	4,088,653	(101,953)	3,460,054
Community services	-	-	-	-	-
Facilities and construction	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>3,830,000</u>	<u>3,986,700</u>	<u>4,088,653</u>	<u>(101,953)</u>	<u>3,460,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(280,000)</u>	<u>(306,539)</u>	<u>(26,539)</u>	<u>254,201</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Proceeds from capital lease agreement	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(280,000)	(306,539)	(26,539)	254,201
Fund balances - beginning	1,132,765	1,132,765	1,132,765	-	878,564
Fund balances - ending	<u>\$ 1,132,765</u>	<u>\$ 852,765</u>	<u>\$ 826,226</u>	<u>\$ (26,539)</u>	<u>\$ 1,132,765</u>

Major Governmental Funds

Financial Section

General Fund (Maintenance & Operation) - This fund services primary on-going operations of the district. It is used to account for activity and financial resources that are not required to be accounted for in other funds.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and payment of, principal, interest, and related costs on general obligation bonds.

Capital Projects Fund - The Capital Projects Fund accounts for the acquisition, maintenance, and construction of capital assets and equipment not being financed by other funds.



independence
HIGH SCHOOL

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2004
With Comparative Totals for 2003

	2004			Variance with Final Budget Positive (Negative)	2003
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 12,038,000	\$ 12,358,000	\$ 12,410,623	\$ 52,623	\$ 12,025,243
Contributions	-	-	-	-	-
Other Local	2,625,000	1,350,300	2,168,510	818,210	2,474,249
State Sources	44,519,000	44,296,800	43,563,442	(733,358)	44,982,179
Federal Sources	11,513,300	9,259,300	9,603,307	344,007	9,208,342
Total Revenues	<u>70,695,300</u>	<u>67,264,400</u>	<u>67,745,882</u>	<u>481,482</u>	<u>68,690,013</u>
Expenditures:					
Current:					
Instructional services	55,341,400	51,076,300	51,917,193	(840,893)	53,442,575
Supporting services:					
Students	2,859,300	2,496,000	2,484,483	11,517	2,703,337
Instructional staff	2,392,900	1,882,700	1,929,346	(46,646)	2,152,858
District administration	983,000	1,111,400	1,074,630	36,770	915,463
School administration	4,471,000	4,365,000	4,335,979	29,021	4,295,133
Business	715,700	686,300	677,001	9,299	662,177
Operations & maintenance of plant	1,209,800	2,892,300	2,373,719	518,581	2,099,278
Transportation	1,773,700	1,443,500	1,542,147	(98,647)	1,630,291
Central	948,500	899,900	864,989	34,911	843,955
School food services	-	-	-	-	-
Community services	-	-	36,681	(36,681)	89,456
Facilities and construction	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>70,695,300</u>	<u>66,853,400</u>	<u>67,236,168</u>	<u>(382,768)</u>	<u>68,834,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>411,000</u>	<u>509,714</u>	<u>98,714</u>	<u>(144,510)</u>
Other financing sources (uses):					
Sale of capital assets	-	-	1,868	1,868	1,789
Proceeds from capital lease agreement	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,868</u>	<u>1,868</u>	<u>1,789</u>
Net change in fund balances	-	411,000	511,582	100,582	(142,721)
Fund balances - beginning	1,067,023	1,067,023	1,067,023	-	1,209,744
Fund balances - ending	<u>\$ 1,067,023</u>	<u>\$ 1,478,023</u>	<u>\$ 1,578,605</u>	<u>\$ 100,582</u>	<u>\$ 1,067,023</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Debt Service Fund
Year Ended June 30, 2004
With Comparative Totals for 2003

	2004			Variance with Final Budget Positive (Negative)	2003
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 3,826,000	\$ 3,814,000	\$ 3,831,370	\$ 17,370	\$ 3,820,632
Contributions	-	-	-	-	-
Other Local	-	-	-	-	-
State Sources	-	-	-	-	-
Federal Sources	-	-	-	-	-
Total Revenues	<u>3,826,000</u>	<u>3,814,000</u>	<u>3,831,370</u>	<u>17,370</u>	<u>3,820,632</u>
Expenditures:					
Current:					
Instructional services	-	-	-	-	-
Supporting services:					
Students	-	-	-	-	-
Instructional staff	-	-	-	-	-
District administration	-	-	-	-	-
School administration	-	-	-	-	-
Business	-	-	-	-	-
Operations & maintenance of plant	-	-	-	-	-
Transportation	-	-	-	-	-
Central	-	-	-	-	-
School food services	-	-	-	-	-
Community services	-	-	-	-	-
Facilities and construction	-	-	-	-	-
Debt service:					
Principal retirement	1,905,000	2,345,000	2,345,000	-	1,805,000
Interest and fiscal charges	1,882,000	1,632,000	1,548,614	83,386	2,051,393
Total expenditures	<u>3,787,000</u>	<u>3,977,000</u>	<u>3,893,614</u>	<u>83,386</u>	<u>3,856,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>39,000</u>	<u>(163,000)</u>	<u>(62,244)</u>	<u>100,756</u>	<u>(35,761)</u>
Other financing sources (uses):					
Sale of capital assets			-		
Proceeds from capital lease agreement			-		
Refunding bonds issued		20,245,700	20,361,106		
Payment to refunded bond escrow agent		(20,245,700)	(20,245,727)		
Total other financing sources (uses)		<u>-</u>	<u>115,379</u>		<u>-</u>
Net change in fund balances	39,000	(163,000)	53,135	100,756	(35,761)
Fund balances - beginning	621,656	621,656	621,656	-	357,417
Fund balances - ending	<u>\$ 660,656</u>	<u>\$ 458,656</u>	<u>\$ 674,791</u>	<u>\$ 100,756</u>	<u>\$ 621,656</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Capital Projects Fund
Year Ended June 30, 2004
With Comparative Totals for 2003

	2004			Variance with Final Budget Positive Negative	2003
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
Local sources:					
Property taxes	\$ 7,269,000	\$ 7,300,000	\$ 7,315,096	\$ 15,096	\$ 7,021,686
Contributions	-	-	-	-	-
Other Local	150,000	100,600	105,686	5,086	289,559
State Sources	-	-	-	-	-
Federal Sources	-	-	-	-	-
Total Revenues	<u>7,419,000</u>	<u>7,400,600</u>	<u>7,420,782</u>	<u>20,182</u>	<u>7,311,245</u>
Expenditures:					
Current:					
Instructional services	890,300	683,900	2,600,311	(1,916,411)	612,641
Supporting services:					
Students	52,100	21,900	-	21,900	-
Instructional staff	-	-	9,453	(9,453)	11,628
District administration	-	-	-	-	-
School administration	-	-	38,314	(38,314)	31,714
Business	105,000	158,600	198,140	(39,540)	548,085
Operations & maintenance of plant	3,916,600	3,175,600	2,652,325	523,275	2,868,483
Transportation	70,000	-	-	-	71,731
Central	-	-	-	-	-
School food services	-	-	-	-	-
Community services	-	-	-	-	-
Facilities and construction	1,253,900	2,566,600	659,873	1,906,727	1,898,304
Debt service:					
Principal retirement	501,000	1,499,300	1,498,479	821	326,501
Interest and fiscal charges	275,000	218,300	204,163	14,137	282,369
Total expenditures	<u>7,063,900</u>	<u>8,324,200</u>	<u>7,861,058</u>	<u>463,142</u>	<u>6,651,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>355,100</u>	<u>(923,600)</u>	<u>(440,276)</u>	<u>483,324</u>	<u>659,789</u>
Other financing sources (uses):					
Sale of capital assets	-	507,100	507,100	-	28,000
Proceeds from capital lease agreement	-	-	168,671	168,671	504,063
Proceeds from revenue bonds	-	-	-	-	177,265
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>507,100</u>	<u>675,771</u>	<u>168,671</u>	<u>709,328</u>
Net change in fund balances	355,100	(416,500)	235,495	651,995	1,369,117
Fund balances - beginning	3,569,714	3,569,714	3,569,714	-	2,200,597
Fund balances - ending	<u>\$ 3,924,814</u>	<u>\$ 3,153,214</u>	<u>\$ 3,805,209</u>	<u>\$ 651,995</u>	<u>\$ 3,569,714</u>

Fiduciary Funds (agency funds)

Financial Section

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

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

The *Student Activities Agency Fund* accounts for the receipt and disbursement of monies of student activity organizations and other custodial type transactions within schools.

The *Special Programs Agency Fund* accounts for assets held by the District for local independent smaller entities and agencies. The District provides services such as payroll and accounts payable for these entities but has no legal control, responsibility, and accountability requirements for how these entities use their resources.



canyon crest
ELEMENTARY SCHOOL

PROVO CITY SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund
Year Ended June 30, 2004

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2004</u>
Assets:				
Cash and investments	\$ 234,015	\$ 4,910,615	\$ 4,787,694	\$ 356,936
Due from other funds	1,332,304	275,597	337,614	1,270,287
Total assets	<u>1,566,319</u>	<u>5,186,212</u>	<u>5,125,308</u>	<u>1,627,223</u>
Liabilities:				
Due to Food Services	(240)	967,275	967,627	(592)
Elementary Schools:				
AMELIA EARHART	9,781	46,083	46,086	9,778
CANYON CREST	12,546	68,629	68,546	12,629
EDGEMONT	20,388	39,205	41,288	18,305
FRANKLIN	28,133	54,085	53,579	28,639
GRANDVIEW	40,801	57,526	57,641	40,686
JOAQUIN	18,891	39,377	38,971	19,297
PROVOST	15,246	59,010	52,489	21,767
ROCK CANYON	25,116	45,369	46,650	23,835
SPRING CREEK	18,032	33,449	32,514	18,967
SUNSET VIEW	8,833	75,847	71,713	12,967
TIMPANOGOS	23,887	45,150	45,552	23,485
WASATCH	864	67,759	52,491	16,132
WESTRIDGE	33,208	47,954	46,151	35,011
Total Elementary Schools:	<u>255,726</u>	<u>679,443</u>	<u>653,671</u>	<u>281,498</u>
Middle Schools:				
CENTENNIAL	71,346	397,327	393,977	74,696
DIXON	108,472	134,662	124,956	118,178
FARRER	108,990	121,048	102,227	127,811
Total Middle Schools:	<u>288,808</u>	<u>653,037</u>	<u>621,160</u>	<u>320,685</u>
High Schools:				
PROVO	431,491	1,324,860	1,264,205	492,146
TIMPVIEW	481,961	1,485,989	1,579,887	388,063
INDEPENDENCE	108,573	75,608	38,758	145,423
Total High Schools:	<u>1,022,025</u>	<u>2,886,457</u>	<u>2,882,850</u>	<u>1,025,632</u>
Total Due to Student Organizations:	<u>1,566,559</u>	<u>4,218,937</u>	<u>4,157,681</u>	<u>1,627,815</u>
Total liabilities:	<u>\$ 1,566,319</u>	<u>\$ 5,186,212</u>	<u>\$ 5,125,308</u>	<u>\$ 1,627,223</u>

PROVO CITY SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Special Programs Agency Fund
Year Ended June 30, 2004

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>
Assets:				
Cash and investments	\$ 1,608,679	\$ 14,094,266	\$ 15,446,120	\$ 256,825
Accounts receivable				
Local	429,585	717,089	1,004,438	142,236
State	60,000	488	60,000	488
Federal	1,587,732	5,120,268	3,460,756	3,247,244
Due from other funds	44,211	130,389	117,325	57,275
	<u>3,730,207</u>	<u>20,062,500</u>	<u>20,088,639</u>	<u>3,704,068</u>
Total assets				
Liabilities:				
Accounts Payable	274,477	4,125,772	4,209,804	190,445
Payroll and related payables	67,483	3,130,620	2,906,402	291,701
Deferred revenues	53,573	79,917	53,573	79,917
Due to other entities	3,334,674	12,726,191	12,918,860	3,142,005
	<u>\$ 3,730,207</u>	<u>\$ 20,062,500</u>	<u>\$ 20,088,639</u>	<u>\$ 3,704,068</u>
Total liabilities				

III. Statistical Section

unaudited



Financial Trends

Statistical Section



DISTRICT

information technology

DEPARTMENT

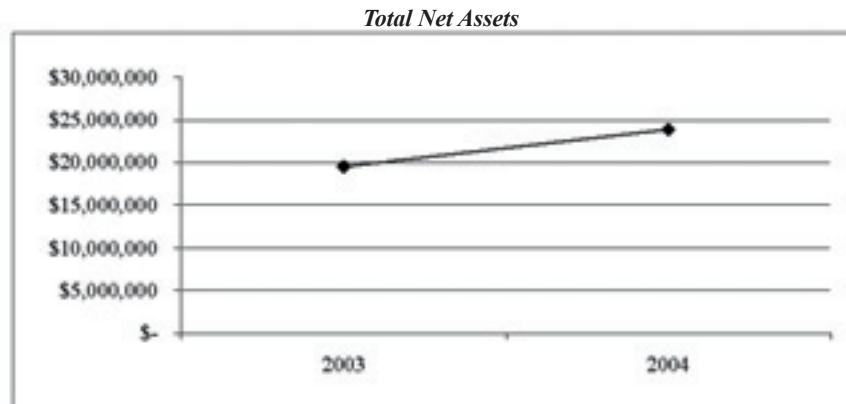
PROVO CITY SCHOOL DISTRICT
 Net Assets By Category
 2003 - 2004

Fiscal Year Ended June 30th	Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted	Total Net Assets
2003	\$ 17,308,576	\$ 5,561,237	\$ (3,363,104)	\$ 19,506,709
2004	20,648,636	5,898,131	(2,662,669)	23,884,098
Percentage Change*	19.30%	6.06%	-20.83%	22.44%

*Percentage change calculation = (2004/2003) - 1

2003 was the first year the District became subject to GASB Statement No. 34 reporting requirements.

2004 was the first fiscal year the District's component unit (Foundation) was included in its regular financial statements per GAAP requirements.



PROVO CITY SCHOOL DISTRICT

Changes in Net Assets 2003 - 2004

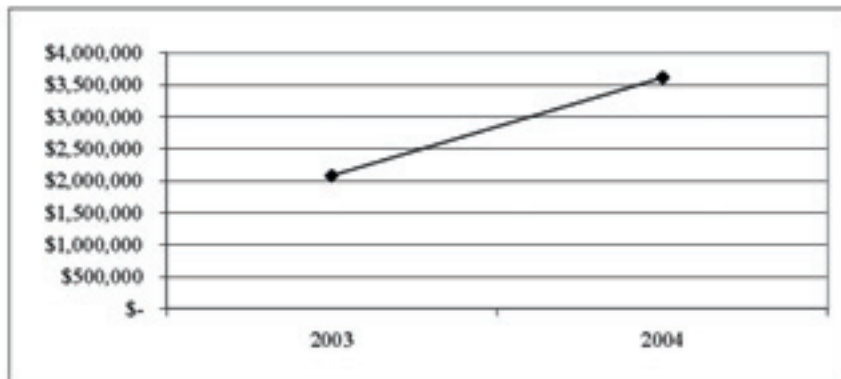
<u>Fiscal Year Ended June 30th</u>	<u>Changes in Net Assets</u>
2003	\$ 2,081,302
2004	3,614,067
 Percentage Change*	 73.64%

*Percentage change calculation = (2004/2003) - 1

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Total Change in Net Assets



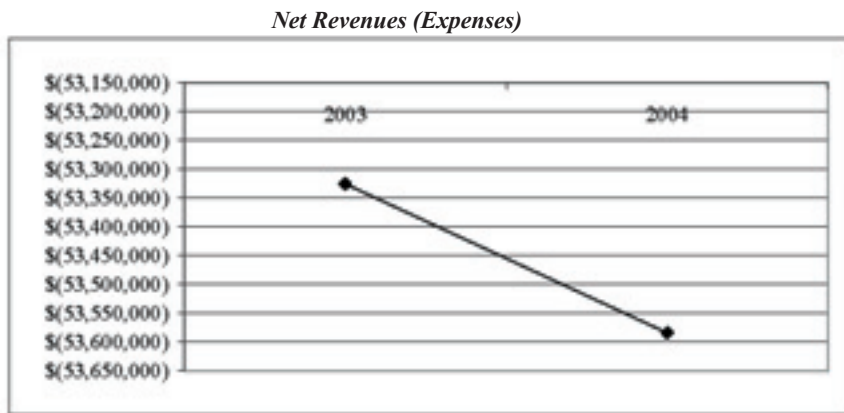
PROVO CITY SCHOOL DISTRICT
 Expenses, Program Revenues, and Net Revenues (Expenses)
 2003 - 2004

Fiscal Year Ended June 30th	Program Expenses	Charges for Services	Operating Grants and Contributions	Net Revenue (Expenses)
2003	\$ (84,029,969)	\$ 1,558,952	\$ 29,145,224	\$ (53,325,793)
2004	(82,527,916)	1,871,699	27,071,286	(53,584,931)
Percentage Change*	-1.79%	20.06%	-7.12%	.49%

*Percentage change calculation = (2004/2003) - 1

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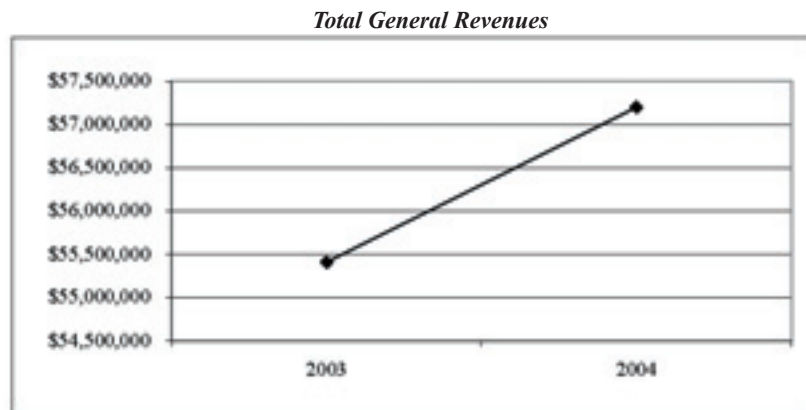
PROVO CITY SCHOOL DISTRICT
 General Revenues and Other Changes in Net Assets
 2003 - 2004

Fiscal Year Ended June 30th	Property Taxes	Unrestricted Federal and State Aid	Earnings on Investments	Miscellaneous and Other Revenues	Total General Revenues
2003	\$ 23,603,358	\$ 29,225,266	\$ 219,456	\$ 2,359,015	\$ 55,407,095
2004	24,310,721	30,459,275	258,841	2,170,161	57,198,998
Percentage Change*	3.00%	4.22%	17.95%	-8.01%	3.23%

*Percentage change calculation = (2004/2003) - 1

2003 was the first year the District became subject to GASB Statement No. 34 reporting requirements.

2004 was the first fiscal year the District's component unit (Foundation) was included in its regular financial statements per GAAP requirements.



PROVO CITY SCHOOL DISTRICT

Total Governmental Funds

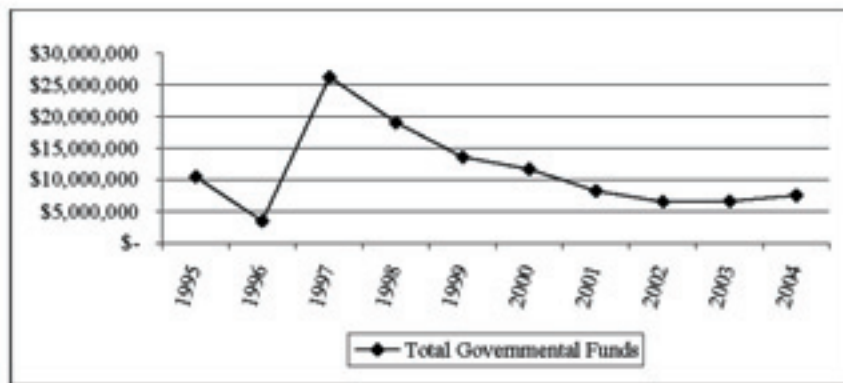
Fund Balances

1995 - 2004

Fiscal Year Ended June 30th	General Fund	Capital Projects	Debt Service	Non K-12 Instruction	Food Services	Foundation (component unit)	Total Governmental Funds
1995	\$ 1,271,570	\$ 8,175,017	\$ 351,065	\$ 176,808	\$ 489,187	\$ -	\$ 10,463,647
1996	1,470,563	1,231,524	-	158,986	567,776	-	3,428,849
1997	1,731,174	23,802,736	-	105,665	613,441	-	26,253,016
1998	1,846,711	16,506,077	-	13,971	704,019	-	19,070,778
1999	2,356,025	9,865,516	514,655	70,555	750,471	-	13,557,222
2000	2,807,235	7,866,317	93,200	136,845	790,142	-	11,693,739
2001	2,944,989	4,238,660	214,630	25,235	831,992	-	8,255,506
2002	2,686,527	2,200,597	657,417	57,556	878,564	-	6,480,661
2003	1,067,023	3,569,714	621,656	237,102	1,132,765	-	6,628,260
2004	1,578,605	3,805,209	674,791	368,383	826,226	223,522	7,476,736

Percentage Change*	124.15%	46.55%	192.21%	208.35%	168.90%	-	71.45%
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*Percentage change calculation = (2004/1995) - 1

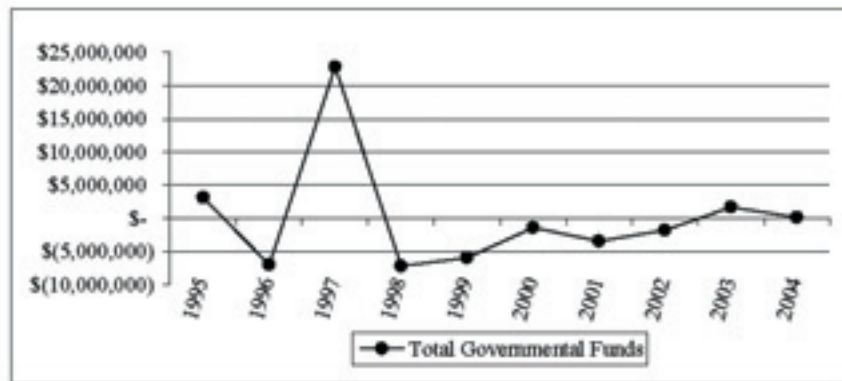


PROVO CITY SCHOOL DISTRICT

Total Governmental Funds Changes in Fund Balances 1995 - 2004

Fiscal Year Ended June 30th	General Fund	Capital Projects	Debt Service	Non K-12 Instruction	Food Services	Foundation (component unit)	Total Governmental Funds
1995	\$ 120,734	\$ 3,637,379	\$ (748,730)	\$ (4,931)	\$ 68,736	\$ -	\$ 3,073,188
1996	198,993	(6,943,493)	(351,065)	(17,842)	78,589	-	(7,034,818)
1997	260,611	22,571,212	-	(53,321)	45,665	-	22,824,167
1998	115,537	(7,296,659)	-	(91,694)	90,578	-	(7,182,238)
1999	509,314	(6,640,561)	35,352	56,584	46,452	-	(5,992,859)
2000	451,210	(1,999,199)	57,848	66,290	39,671	-	(1,384,180)
2001	137,754	(3,627,657)	121,430	(111,610)	41,850	-	(3,438,233)
2002	(258,462)	(2,038,063)	442,787	32,321	46,572	-	(1,774,845)
2003	(142,721)	1,369,117	(35,761)	179,546	254,201	-	1,624,382
2004	511,582	235,495	53,135	131,281	(306,539)	(539,799)	85,155
Percentage Change*	323.73%	-93.53%	-107.10%	-2,762.36%	-545.97%	-	-97.23%

*Percentage change calculation = (2004/1995) - 1



PROVO CITY SCHOOL DISTRICT

Total Governmental Funds

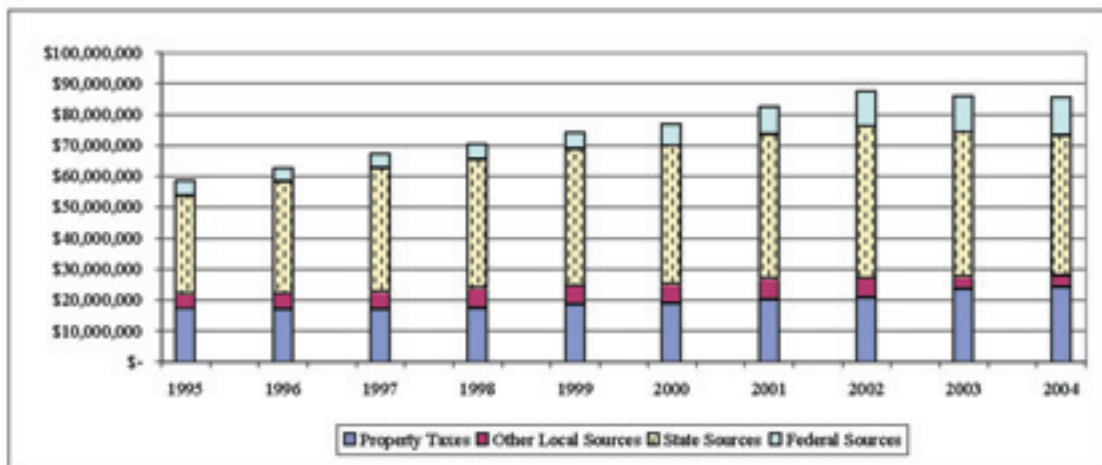
Revenues By Source

1995 - 2004

Local Sources

Fiscal Year Ended June 30th	Property Taxes	Other Local Sources	State Sources	Federal Sources	Total Revenues
1995	\$ 17,213,220	\$ 4,653,685	\$ 31,848,879	\$ 4,815,873	\$ 58,531,657
1996	16,959,377	5,243,923	36,210,691	4,317,104	62,731,095
1997	16,957,884	5,595,290	40,227,931	4,433,599	67,214,704
1998	17,478,497	6,313,671	41,689,104	4,883,422	70,364,694
1999	18,632,874	5,997,087	44,366,519	5,194,550	74,191,030
2000	18,754,409	6,239,776	44,969,784	6,898,422	76,862,391
2001	20,038,183	6,786,721	46,612,372	9,092,823	82,530,099
2002	20,658,903	6,392,374	49,052,543	11,367,934	87,471,754
2003	23,603,358	3,930,368	46,706,056	11,664,435	85,904,217
2004	24,310,721	3,632,667	45,371,639	12,158,923	85,473,950
Percentage Change*	41.23%	-21.94%	42.46%	152.48%	46.03%

*Percentage change calculation = (2004/1995) - 1



PROVO CITY SCHOOL DISTRICT

Total Governmental Funds

Revenues By Source

Restated in 2004 Dollars (Using Consumer Price Index)

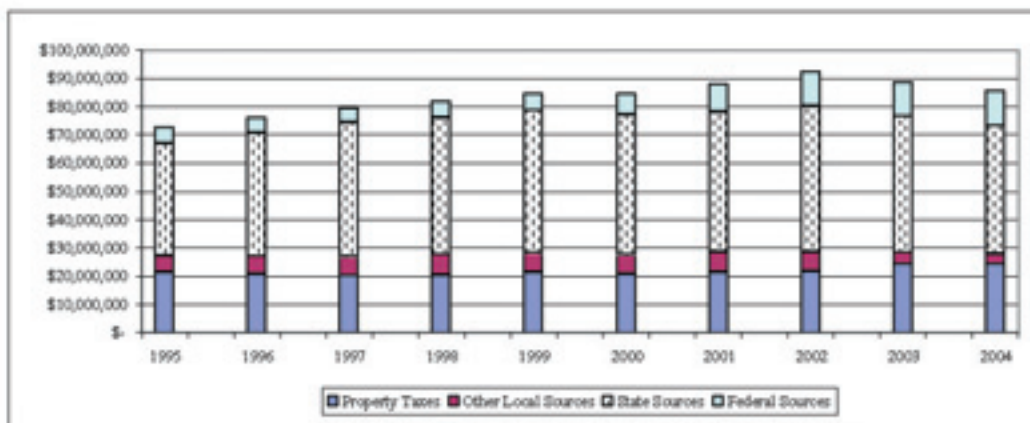
1995 - 2004

Local Sources

Fiscal Year Ended June 30th	Property Taxes	Other Local Sources	State Sources	Federal Sources	Total Revenues	CPI
1995	\$ 21,412,117	\$ 5,788,879	\$ 39,617,917	\$ 5,990,630	\$ 72,809,543	152.50
1996	20,530,911	6,348,259	43,836,427	5,226,258	75,941,855	156.70
1997	20,068,064	6,621,500	47,605,979	5,246,748	79,542,292	160.30
1998	20,341,539	7,347,874	48,517,933	5,683,344	81,890,690	163.00
1999	21,267,486	6,845,051	50,639,763	5,929,038	84,681,338	166.20
2000	20,636,377	6,865,925	49,482,413	7,590,665	84,575,380	172.40
2001	21,355,300	7,232,814	49,676,219	9,690,497	87,954,830	178.00
2002	21,784,291	6,740,597	51,724,666	11,987,199	92,236,752	179.90
2003	24,374,290	4,058,741	48,231,567	12,045,418	88,710,016	183.70
2004	24,310,721	3,632,667	45,371,639	12,158,923	85,473,950	189.70
Percentage Change*	13.54%	-37.25%	14.52%	102.97%	17.39%	24.39%

*Percentage change calculation = (2004/1995) - 1

**Revenue restated in 2004 dollars = nominal revenue x (2004 CPI/current CPI)

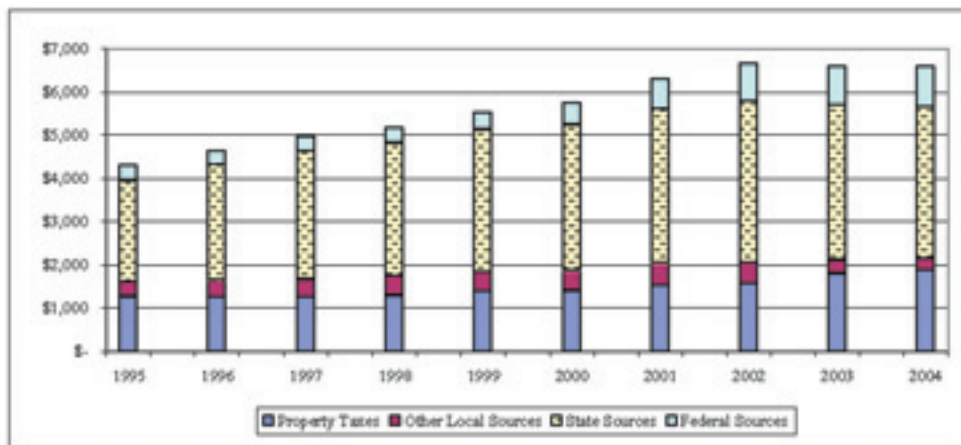


PROVO CITY SCHOOL DISTRICT
 Total Governmental Funds
 Comparison of Per Pupil Revenues By Source
 1995 - 2004

Fiscal Year Ended June 30th	Local Sources				Total Revenues	Average Daily Membership**
	Property Taxes	Other Local Sources	State Sources	Federal Sources		
1995	\$ 1,266	\$ 342	\$ 2,342	\$ 354	\$ 4,305	13,597
1996	1,256	388	2,682	320	4,646	13,503
1997	1,253	413	2,972	328	4,966	13,536
1998	1,286	465	3,067	359	5,177	13,591
1999	1,385	446	3,298	386	5,515	13,453
2000	1,405	467	3,368	517	5,757	13,351
2001	1,530	518	3,558	694	6,300	13,100
2002	1,572	486	3,733	865	6,656	13,142
2003	1,810	301	3,583	895	6,589	13,037
2004	1,872	280	3,494	936	6,583	12,984
Percentage Change*	47.90%	-18.25%	49.19%	164.40%	52.92%	-4.51%

*Percentage change calculation = (2004/1995) - 1

**Average daily membership is an audited enrollment calculation for student enrollments ending June 30th each year. Enrollments for traditional schools, self-contained handicap, and all other enrollments reported to the Utah State Office of Education are included in these calculations.



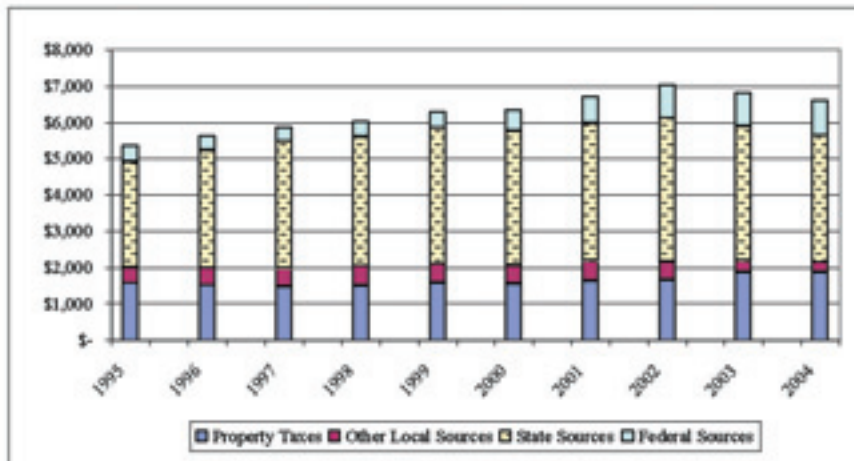
PROVO CITY SCHOOL DISTRICT
 Total Governmental Funds
 Comparison of Per Pupil Revenues By Source
 Restated in 2004 Dollars (Using Consumer Price Index)
 1995 - 2004

Fiscal Year Ended June 30th	Local Sources				Total Revenues	Average Daily Membership**	CPI
	Property Taxes	Other Local Sources	State Sources	Federal Sources			
1995	\$ 1,575	\$ 426	\$ 2,914	\$ 441	\$ 5,355	13,597	152.50
1996	1,520	470	3,246	387	5,624	13,503	156.70
1997	1,483	489	3,517	388	5,876	13,536	160.30
1998	1,497	541	3,570	418	6,025	13,591	163.00
1999	1,581	509	3,764	441	6,295	13,453	166.20
2000	1,546	514	3,706	569	6,335	13,351	172.40
2001	1,630	552	3,792	740	6,714	13,100	178.00
2002	1,658	513	3,936	912	7,018	13,142	179.90
2003	1,870	311	3,700	924	6,804	13,037	183.70
2004	1,872	280	3,494	936	6,583	12,984	189.70
Percentage Change*	18.90%	-34.28%	19.93%	112.55%	22.94%	-4.51%	24.39%

*Percentage change calculation = (2004/1995) - 1

**Average daily membership is an audited enrollment calculation for student enrollments ending June 30th each year. Enrollments for traditional schools, self-contained handicap, and all other enrollments reported to the Utah State Office of Education are included in these calculations.

***Revenue restated in 2004 dollars = nominal revenue per pupil x (2004 CPI/current CPI)

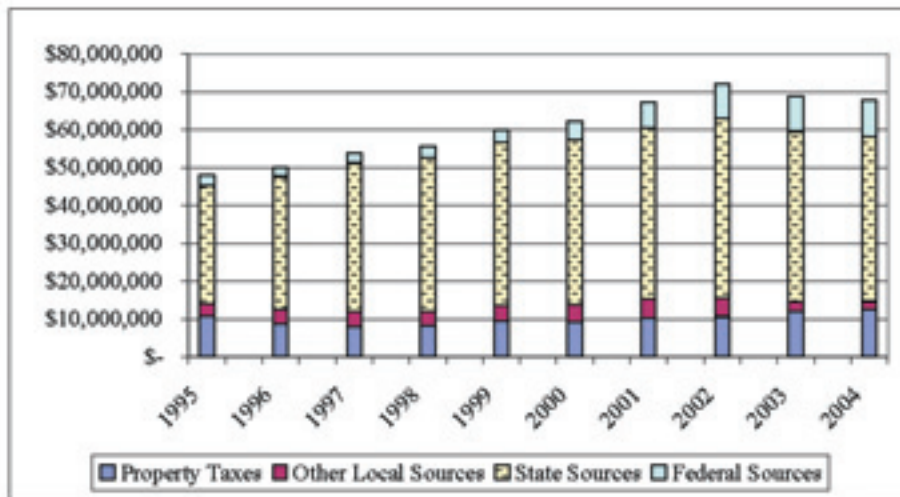


PROVO CITY SCHOOL DISTRICT

General Fund Revenues By Source 1995 - 2004

Fiscal Year Ended June 30th	Local Sources				Total Revenues
	Property Taxes	Other Local Sources	State Sources	Federal Sources	
1995	\$ 10,737,396	\$ 3,316,553	\$ 31,064,418	\$ 2,915,935	\$ 48,034,302
1996	8,740,674	3,666,366	35,185,393	2,538,229	50,130,662
1997	7,895,591	3,987,628	39,211,726	2,711,582	53,806,527
1998	8,115,538	3,859,177	40,495,538	3,052,107	55,522,360
1999	9,359,293	4,087,986	43,141,474	3,298,283	59,887,036
2000	9,228,345	4,444,204	43,651,984	4,848,782	62,173,315
2001	10,261,018	4,950,701	45,063,047	7,015,111	67,289,877
2002	10,567,029	4,949,536	47,436,768	9,133,449	72,086,782
2003	12,025,243	2,474,249	44,982,179	9,208,342	68,690,013
2004	12,410,623	2,168,510	43,563,442	9,603,307	67,745,882
Percentage Change*	15.58%	-34.62%	40.24%	229.34%	41.04%

*Percentage change calculation = (2004/1995) - 1

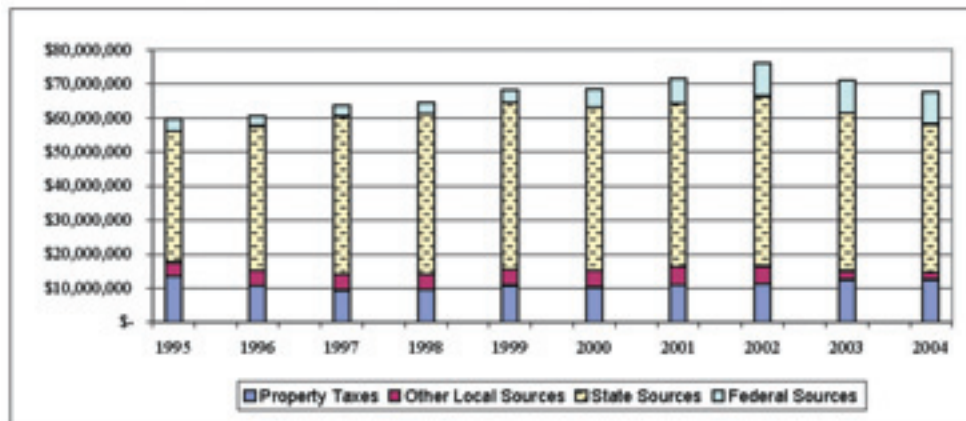


PROVO CITY SCHOOL DISTRICT
 General Fund
 Revenues By Source
 Restated in 2004 Dollars (Using Consumer Price Index)
 1995 - 2004

Fiscal Year Ended June 30th	Local Sources			Federal Sources	Total Revenues	CPI
	Property Taxes	Other Local Sources	State Sources			
1995	\$ 13,356,617	\$ 4,125,574	\$ 38,642,099	\$ 3,627,232	\$ 59,751,522	152.5
1996	10,581,403	4,438,479	42,595,208	3,072,764	60,687,853	156.7
1997	9,343,691	4,718,983	46,403,396	3,208,903	63,674,973	160.3
1998	9,444,893	4,491,324	47,128,856	3,552,053	64,617,127	163.0
1999	10,682,659	4,666,010	49,241,502	3,764,647	68,354,818	166.2
2000	10,154,391	4,890,171	48,032,375	5,335,348	68,412,285	172.4
2001	10,935,478	5,276,112	48,025,056	7,476,217	71,712,863	178.0
2002	11,142,665	5,219,161	50,020,872	9,630,991	76,013,688	179.9
2003	12,418,011	2,555,063	46,451,385	9,509,104	70,933,563	183.7
2004	12,410,623	2,168,510	43,563,442	9,603,307	67,745,882	189.7
Percentage Change*	-7.08%	-47.44%	12.74%	164.76%	13.38%	24.39%

*Percentage change calculation = (2004/1995) - 1

**Revenue restated in 2004 dollars = general fund nominal revenue x (2004 CPI/current CPI)



PROVO CITY SCHOOL DISTRICT

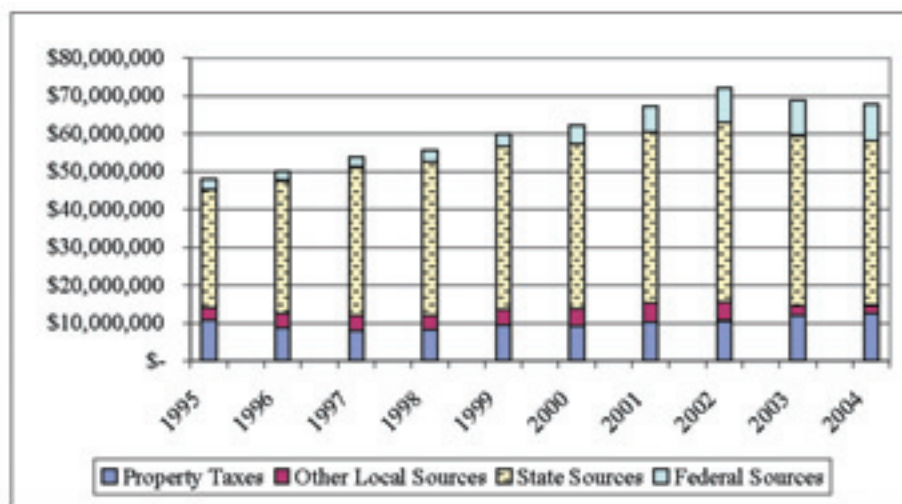
General Fund

Percentage Change in Revenues By Source

1995 - 2004

Fiscal Year Ended June 30th	Property Taxes	Other Local Sources	State Sources	Federal Sources	Total Revenues
1995	\$ 10,737,396	\$ 3,316,553	\$ 31,064,418	\$ 2,915,935	\$ 48,034,302
1996	8,740,674	3,666,366	35,185,393	2,538,229	50,130,662
1997	7,895,591	3,987,628	39,211,726	2,711,582	53,806,527
1998	8,115,538	3,859,177	40,495,538	3,052,107	55,522,360
1999	9,359,293	4,087,986	43,141,474	3,298,283	59,887,036
2000	9,228,345	4,444,204	43,651,984	4,848,782	62,173,315
2001	10,261,018	4,950,701	45,063,047	7,015,111	67,289,877
2002	10,567,029	4,949,536	47,436,768	9,133,449	72,086,782
2003	12,025,243	2,474,249	44,982,179	9,208,342	68,690,013
2004	12,410,623	2,168,510	43,563,442	9,603,307	67,745,882

Fiscal Year Ended June 30th	Local Sources				Total Revenues
	Property Taxes	Other Local Sources	State Sources	Federal Sources	
1995	22.35%	6.90%	64.67%	6.07%	100.00%
1996	17.44%	7.31%	70.19%	5.06%	100.00%
1997	14.67%	7.41%	72.88%	5.04%	100.00%
1998	14.62%	6.95%	72.94%	5.50%	100.00%
1999	15.63%	6.83%	72.04%	5.51%	100.00%
2000	14.84%	7.15%	70.21%	7.80%	100.00%
2001	15.25%	7.36%	66.97%	10.43%	100.00%
2002	14.66%	6.87%	65.81%	12.67%	100.00%
2003	17.51%	3.60%	65.49%	13.41%	100.00%
2004	18.32%	3.20%	64.30%	14.18%	100.00%

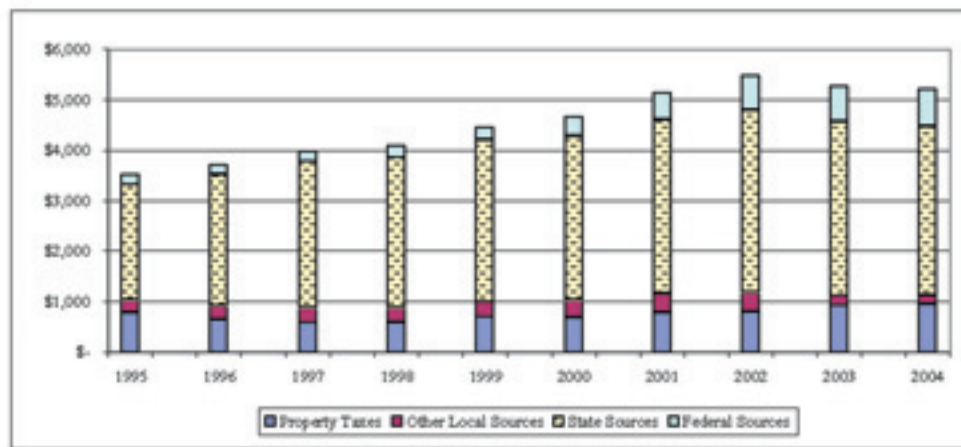


PROVO CITY SCHOOL DISTRICT
 General Fund
 Comparison of Per Pupil Revenues By Source
 1995 - 2004

Fiscal Year Ended June 30th	Local Sources				Total Revenues	Average Daily Membership**
	Property Taxes	Other Local Sources	State Sources	Federal Sources		
1995	\$ 790	\$ 244	\$ 2,285	\$ 214	\$ 3,533	13,597
1996	647	272	2,606	188	3,713	13,503
1997	583	295	2,897	200	3,975	13,536
1998	597	284	2,980	225	4,085	13,591
1999	696	304	3,207	245	4,452	13,453
2000	691	333	3,270	363	4,657	13,351
2001	783	378	3,440	536	5,137	13,100
2002	804	377	3,610	695	5,485	13,142
2003	922	190	3,450	706	5,269	13,037
2004	956	167	3,355	740	5,218	12,984
Percentage Change*	21.04%	-31.53%	46.86%	244.89%	47.70%	-4.51%

*Percentage change calculation = (2004/1995) - 1

**Average daily membership is an audited enrollment calculation for student enrollments ending June 30th each year. Enrollments for traditional schools, self-contained handicap, and all other enrollments reported to the Utah State Office of Education are included in these calculations.



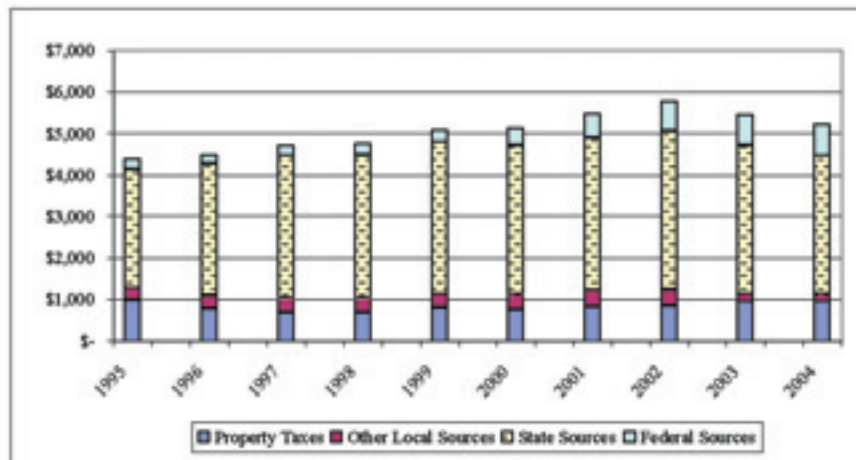
PROVO CITY SCHOOL DISTRICT
 General Fund
 Comparison of Per Pupil Revenues By Source
 Restated in 2004 Dollars (Using Consumer Price Index)
 1995 - 2004

Fiscal Year Ending June 30th	Local Sources				Total Revenues	Average Daily Membership**	CPI
	Property Taxes	Other Local Sources	State Sources	Federal Sources			
1995	\$982	\$303	\$2,842	\$267	\$4,394	13,597	152.50
1996	784	329	3,154	228	4,494	13,503	156.70
1997	690	349	3,428	237	4,704	13,536	160.30
1998	695	330	3,468	261	4,754	13,591	163.00
1999	794	347	3,660	280	5,081	13,453	166.20
2000	761	366	3,598	400	5,124	13,351	172.40
2001	835	403	3,666	571	5,474	13,100	178.00
2002	848	397	3,806	733	5,784	13,142	179.90
2003	953	196	3,563	729	5,441	13,037	183.70
2004	956	167	3,355	740	5,218	12,984	189.70
Percentage Change*	-2.70%	-44.96%	18.06%	177.26%	18.73%	-4.51%	24.39%

*Percentage change calculation = (2004/1995) - 1

**Average daily membership is an audited enrollment calculation for student enrollments ending June 30th each year. Enrollments for traditional schools, self-contained handicap, and all other enrollments reported to the Utah State Office of Education are included in these calculations.

***Revenue restated in 2004 dollars = nominal revenue per pupil x (2004 CPI/current CPI)

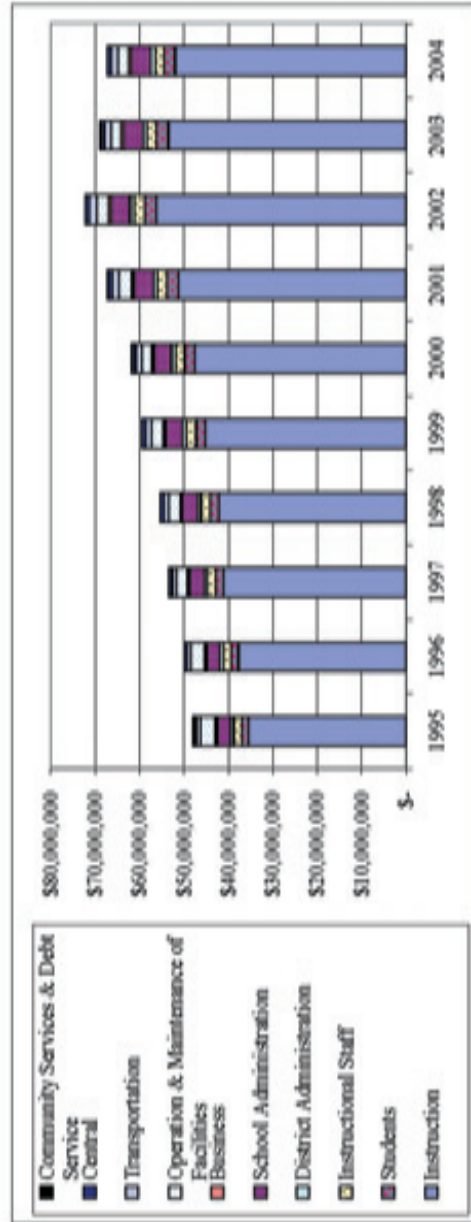


PROVO CITY SCHOOL DISTRICT

General Fund Expenditures By Function 1995 - 2004

Fiscal Year Ending June Month	Support Services										Community Services & Debt Service	Total Expenditures
	Instruction	Students	Instructional Staff	District Administration	School Administration	Business	Operation & Maintenance of Facilities	Transportation	Central			
1995	\$ 35,323,871	\$ 1,521,256	\$ 1,920,296	\$ 346,478	\$ 2,780,126	\$ 572,689	\$ 3,352,854	\$ 991,034	\$ 601,468	\$ 191,239	\$ 47,359,319	
1996	31,638,267	1,659,679	1,794,062	824,139	2,913,513	536,970	2,977,895	962,086	601,377	86,897	45,946,941	
1997	40,925,716	1,843,444	1,895,986	671,568	3,339,945	562,895	2,278,171	1,003,783	717,734	113,821	53,894,225	
1998	42,142,521	1,902,796	2,058,283	722,349	3,448,283	511,234	2,430,815	1,074,787	856,444	-	55,256,532	
1999	42,175,300	1,979,137	2,208,042	896,407	3,661,487	538,716	2,754,056	1,226,213	912,159	-	59,378,687	
2000	47,529,219	2,209,453	2,081,914	952,323	3,934,528	571,465	2,171,428	1,346,866	746,828	202,204	61,726,224	
2001	51,223,605	2,380,471	2,119,200	892,313	4,221,500	624,374	2,943,038	1,463,401	790,888	251,991	67,171,521	
2002	54,108,425	2,652,473	2,497,242	958,589	4,178,582	649,778	2,548,518	1,851,543	856,082	-	72,158,212	
2003	53,442,575	2,703,337	2,152,858	912,463	4,256,133	662,177	2,099,278	1,630,291	843,935	89,406	68,834,523	
2004	51,971,155	2,484,483	1,929,346	1,074,630	4,336,979	677,001	2,173,719	1,542,147	864,989	34,681	67,236,188	
Percentage Change*	46.97%	62.67%	6.47%	43.96%	55.96%	18.21%	-28.70%	55.30%	43.82%	-77.24%	48.13%	

*Percentage change calculation = (2004-1995) - 1



PROVO CITY SCHOOL DISTRICT

General Fund

Expenditures by Function

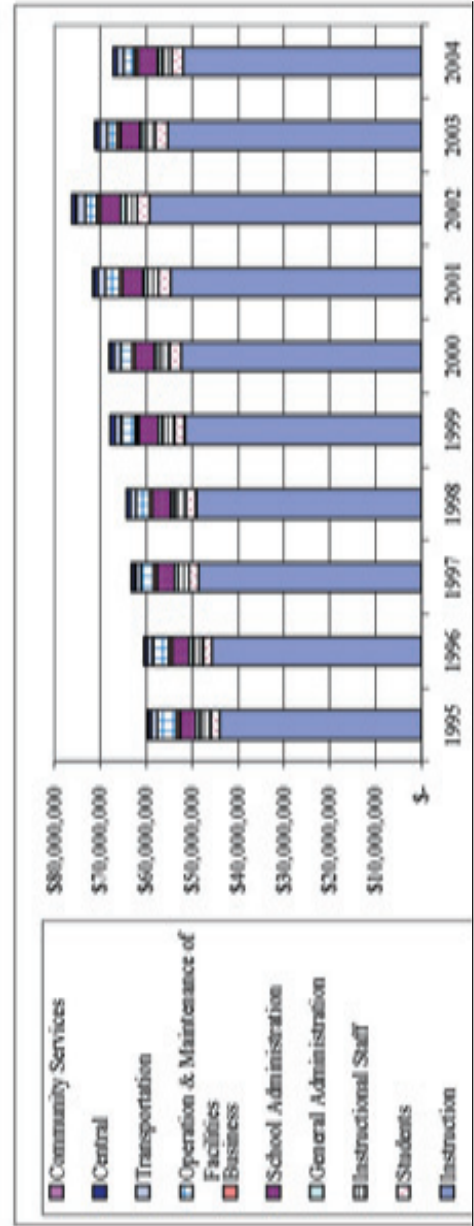
Restated in 2004 Dollars (Using Consumer Price Index)

1995 - 2004

Fiscal Year Ending June Month	Support Services										Total Expenditures	CPI
	Instruction	Students	Instructional Staff	General Administration	School Administration	Business	Operation & Maintenance of Facilities	Transportation	Central	Community Services		
1995	\$ 43,940,579	\$ 1,899,931	\$ 2,388,347	\$ 928,560	\$ 3,458,352	\$ 712,386	\$ 4,145,812	\$ 1,235,269	\$ 748,177	\$ 288,563	\$ 58,458,497	157.50
1996	45,564,642	2,009,399	2,062,306	991,243	3,575,504	650,052	3,602,020	1,164,699	728,023	187,638	65,465,442	156.70
1997	48,442,245	2,181,500	2,343,321	794,738	3,952,511	672,050	2,682,218	1,192,617	849,371	131,750	63,175,218	160.30
1998	49,049,112	2,214,481	2,305,437	940,596	4,013,124	601,059	2,945,312	1,200,841	996,733	-	64,307,255	163.00
1999	51,562,908	2,298,979	2,521,362	1,033,355	4,196,249	637,716	3,143,468	1,309,595	1,041,125	-	67,774,598	166.20
2000	52,296,682	2,411,067	2,590,830	1,025,878	4,329,350	628,850	2,989,327	1,482,821	821,769	222,495	67,928,329	172.40
2001	54,598,558	2,793,866	2,719,242	971,008	4,498,881	665,494	3,157,299	1,559,591	842,873	311,184	71,586,228	178.00
2002	59,945,980	2,715,816	2,538,316	981,283	4,496,220	685,174	2,700,801	1,954,472	881,627	-	76,089,618	179.90
2003	55,386,114	2,791,639	2,233,375	943,394	4,435,420	683,885	2,147,845	1,683,539	881,520	92,378	71,082,299	183.70
2004	51,917,119	2,484,483	1,929,346	1,074,630	4,335,979	677,081	2,573,719	1,542,147	864,989	36,681	67,236,148	189.70
Percentage Change*	18.15%	30.77%	-19.24%	15.73%	25.38%	-4.97%	-42.74%	24.84%	15.81%	19.12%	19.12%	24.39%

*Percentage change calculation = (2004-1995) - 1

**Expenditures restated in 2004 dollars = nominal expenditure x (2004 CPI/current CPI)



PROVO CITY SCHOOL DISTRICT

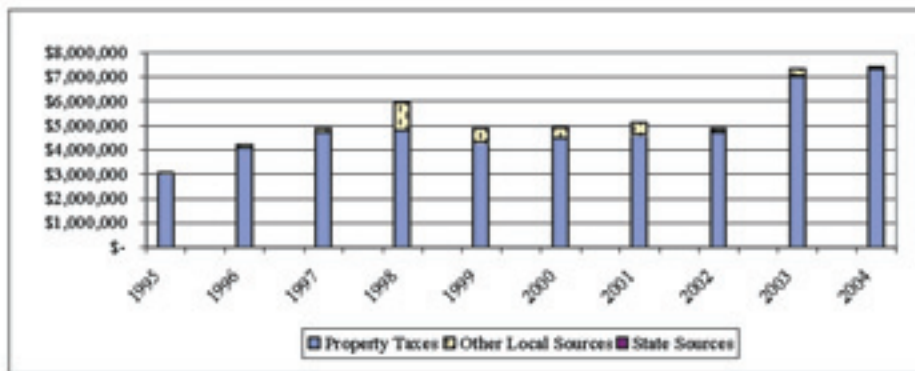
Capital Projects Fund

Revenues By Source

1995 - 2004

Fiscal Year Ended June 30th	Local Sources			State Sources	Total Revenues
	Property Taxes	Other Local Sources			
1995	\$ 3,029,601	\$ 19,584		\$ 6,909	\$ 3,056,094
1996	4,072,200	143,324		-	4,215,524
1997	4,705,813	183,464		-	4,889,277
1998	4,795,020	1,160,810		-	5,955,830
1999	4,298,604	595,118		-	4,893,722
2000	4,466,749	454,431		-	4,921,180
2001	4,604,406	517,202		-	5,121,608
2002	4,739,152	127,370		-	4,866,522
2003	7,021,686	289,559		-	7,311,245
2004	7,315,096	105,686		-	7,420,782
Percentage Change*	141.45%	439.65%		-100.00%	142.82%

*Percentage change calculation = (2004/1995) - 1



PROVO CITY SCHOOL DISTRICT
 Capital Projects Fund
 Revenues By Source
 Restated in 2004 Dollars (Using Consumer Price Index)
 1995 - 2004

Fiscal Year Ended June 30th	Local Sources			Total Revenues	CPI
	Property Taxes	Other Local Sources	State Sources		
1995	\$ 3,768,625	\$ 24,361	\$ 8,594	\$ 3,801,581	152.50
1996	4,929,779	173,507	-	5,103,286	156.70
1997	5,568,888	217,112	-	5,786,000	160.30
1998	5,580,462	1,350,955	-	6,931,417	163.00
1999	4,906,409	679,265	-	5,585,674	166.20
2000	4,914,978	500,032	-	5,415,011	172.40
2001	4,907,055	551,198	-	5,458,253	178.00
2002	4,997,316	134,308	-	5,131,624	179.90
2003	7,251,028	299,017	-	7,550,045	183.70
2004	7,315,096	105,686	-	7,420,782	189.70
Percentage Change*	94.11%	333.83%	-100.00%	95.20%	24.39%

*Percentage change calculation = (2004/1995) - 1

**Revenue restated in 2004 dollars = nominal revenue x (2004 CPI/current CPI)



PROVO CITY SCHOOL DISTRICT

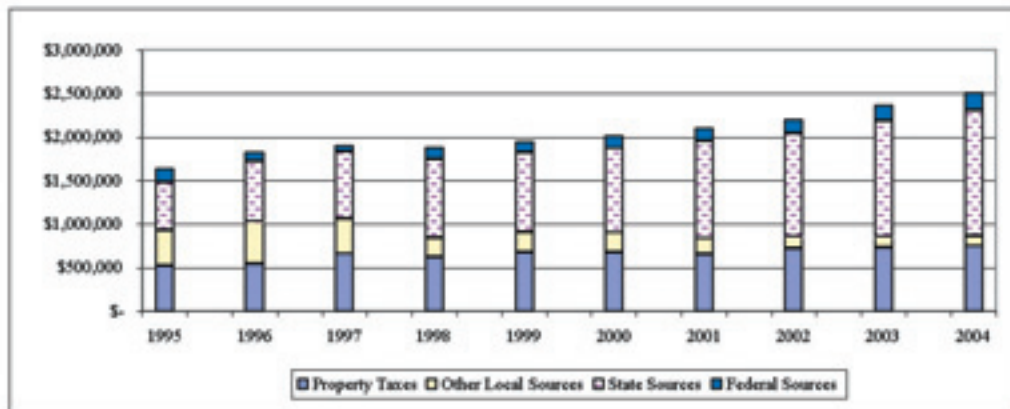
Non K-12 Instruction Fund

Revenues By Source

1995 - 2004

Fiscal Year Ended June 30th	Property Taxes	Other Local Sources	State Sources	Federal Sources	Total Revenues
1995	\$ 524,885	\$ 406,346	\$ 553,841	\$150,911	\$ 1,635,983
1996	543,379	486,337	700,868	91,993	1,822,577
1997	664,749	403,859	768,522	68,779	1,905,909
1998	624,713	218,540	908,290	130,942	1,882,485
1999	674,510	240,225	911,457	116,845	1,943,037
2000	678,823	221,984	975,746	136,577	2,013,130
2001	656,706	183,578	1,112,155	148,369	2,100,808
2002	718,930	135,343	1,191,095	151,248	2,196,616
2003	735,797	114,699	1,344,297	173,279	2,368,072
2004	753,632	110,840	1,441,561	203,382	2,509,415
Percentage Change*	43.58%	-72.72%	160.28%	34.77%	53.39%

*Percentage change calculation = (2004/1995) - 1

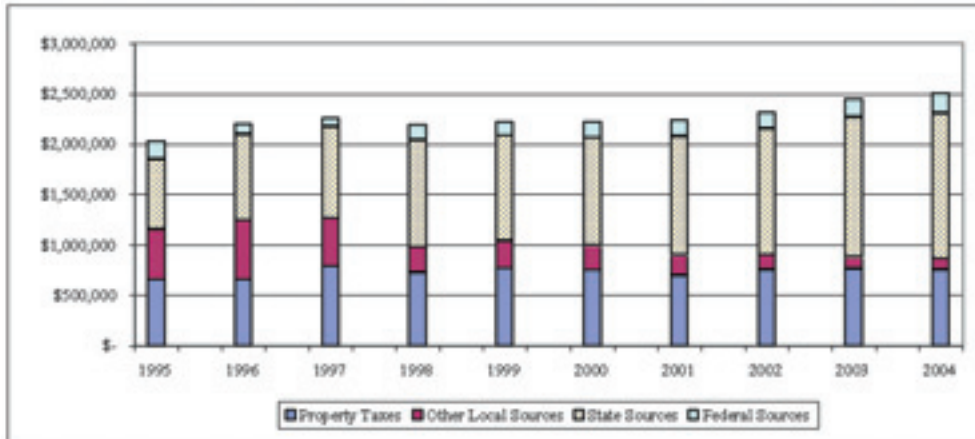


PROVO CITY SCHOOL DISTRICT
 Non K-12 Instruction Fund
 Revenues By Source
 Restated in 2004 Dollars (Using Consumer Price Index)
 1995 - 2004

Fiscal Year Ended June 30th	Property Taxes	Other Local Sources	State Sources	Federal Sources	Total Revenues	CPI
1995	\$ 652,923	\$ 505,468	\$ 688,942	\$ 187,723	\$ 2,035,056	152.50
1996	657,811	588,756	848,466	111,366	2,206,400	156.70
1997	786,668	477,929	909,474	81,393	2,255,464	160.30
1998	727,043	254,338	1,057,071	152,391	2,190,843	163.00
1999	769,883	274,192	1,040,333	133,366	2,217,774	166.20
2000	746,942	244,260	1,073,660	150,282	2,215,144	172.40
2001	699,872	195,645	1,185,257	158,121	2,238,895	178.00
2002	758,094	142,716	1,255,980	159,487	2,316,276	179.90
2003	759,830	118,445	1,388,204	178,939	2,445,418	183.70
2004	753,632	110,840	1,441,561	203,382	2,509,415	189.70
Percentage Change*	15.42%	-78.07%	109.24%	8.34%	23.31%	24.39%

*Percentage change calculation = (2004/1995) - 1

**Revenue restated in 2004 dollars = nominal revenue x (2004 CPI/current CPI)

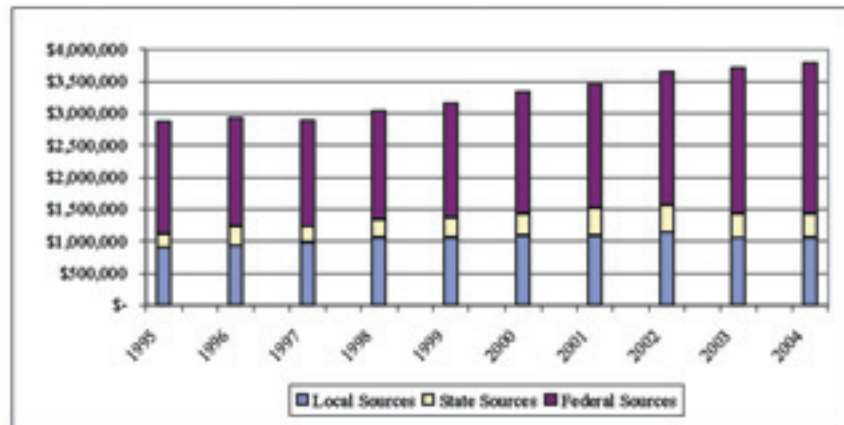


PROVO CITY SCHOOL DISTRICT

Food Services Fund Revenues By Source 1995 - 2004

<u>Fiscal Year Ended June 30th</u>	<u>Local Sources</u>	<u>State Sources</u>	<u>Federal Sources</u>	<u>Total Revenues</u>
1995	\$ 898,618	\$ 223,711	\$ 1,749,027	\$ 2,871,356
1996	927,153	314,863	1,686,882	2,928,898
1997	982,445	247,683	1,653,238	2,883,366
1998	1,055,684	285,276	1,700,373	3,041,333
1999	1,056,874	313,588	1,779,422	3,149,884
2000	1,086,129	342,054	1,913,063	3,341,246
2001	1,086,235	437,170	1,929,343	3,452,748
2002	1,140,808	424,680	2,083,237	3,648,725
2003	1,051,861	379,580	2,282,814	3,714,255
2004	1,063,244	366,636	2,352,234	3,782,114
Percentage Change*	18.32%	63.89%	34.49%	31.72%

*Percentage change calculation = (2004/1995) - 1

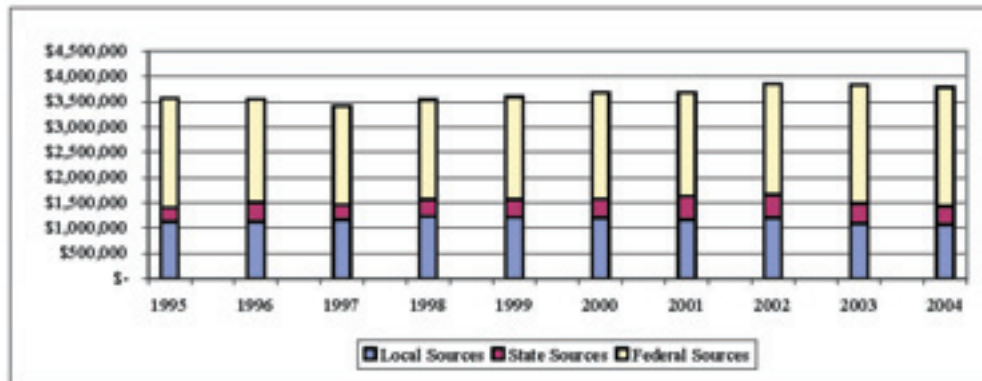


PROVO CITY SCHOOL DISTRICT
 Food Services Fund
 Revenues By Source
 Restated in 2004 Dollars (Using Consumer Price Index)
 1995 - 2004

<u>Fiscal Year Ended June 30th</u>	<u>Local Sources</u>	<u>State Sources</u>	<u>Federal Sources</u>	<u>Total Revenues</u>	<u>CPI</u>
1995	\$ 1,117,822	\$ 278,282	\$ 2,175,675	\$ 3,571,779	152.50
1996	1,122,405	381,171	2,042,128	3,545,705	156.70
1997	1,162,631	293,110	1,956,452	3,412,193	160.30
1998	1,228,609	332,005	1,978,900	3,599,132	163.00
1999	1,206,312	357,928	2,031,025	3,595,265	166.20
2000	1,195,120	376,378	2,105,035	3,676,533	172.40
2001	1,157,634	465,905	2,056,159	3,679,698	178.00
2002	1,202,953	447,814	2,196,721	3,847,488	179.90
2003	1,086,217	391,978	2,357,375	3,835,570	183.70
2004	1,063,244	366,636	2,352,234	3,782,114	189.70
Percentage Change*	-4.88%	31.75%	8.12%	5.89%	24.39%

*Percentage change calculation = (2004/1995) - 1

**Revenue restated in 2004 dollars = nominal revenue x (2004 CPI/current CPI)



Revenue Capacity

Statistical Section



timpview
HIGH SCHOOL

PROVO CITY SCHOOL DISTRICT

Property Tax Levies and Collections

1995 - 2004

Tax Rates (per \$1)

<u>Tax Year</u>	<u>Fiscal Year Ended June 30</u>	<u>Mill Levy or Tax Rate</u>	<u>Taxable Value</u>	<u>Redevelopment Value</u>	<u>Net Taxable Value</u>
1994	1995	0.008668	\$ 1,803,412,295	\$ 25,409,168	\$ 1,778,003,127
1995	1996	0.007256	2,117,912,420	29,756,106	2,088,156,314
1996	1997	0.006510	2,169,952,598	19,131,466	2,150,821,132
1997	1998	0.006303	2,405,495,400	28,944,378	2,376,551,022
1998	1999	0.006314	2,499,316,857	38,185,170	2,461,131,687
1999	2000	0.006388	2,750,602,274	119,327,770	2,631,274,504
2000	2001	0.005981	3,119,841,993	121,025,306	2,998,816,687
2001	2002	0.005657	3,258,646,316	28,916,178	3,229,730,138
2002	2003	0.006037	3,666,155,635	141,519,665	3,524,635,970
2003	2004	0.006071	3,620,318,521	117,943,526	3,502,374,995

Source: Utah County Treasurer's Office

PROVO CITY SCHOOL DISTRICT
Property Tax Levies and Collections *(continued)*
1995 - 2004
Tax Rates (per \$1)

<u>Tax Year</u>	<u>Current</u>	<u>Percent of Current Collections</u>	<u>Fee-in-Leu & Other Collections</u>	<u>Delinquent Collections</u>	<u>*Total</u>	<u>Percent of Total Assessment</u>
1994	\$ 14,226,114	92.31%	\$ 2,131,299	\$ 848,192	\$ 17,205,604	97.81%
1995	14,159,900	93.45%	2,341,566	990,010	17,491,475	99.99%
1996	13,252,259	94.65%	3,064,749	709,117	17,026,126	99.71%
1997	13,877,089	92.64%	2,767,736	732,019	17,376,844	97.53%
1998	14,605,784	93.40%	2,602,734	529,734	17,738,252	97.40%
1999	16,562,474	92.59%	2,842,818	848,874	20,254,165	103.59%
2000	16,253,477	90.62%	2,685,487	1,067,369	20,006,332	96.57%
2001	16,458,879	90.08%	2,391,201	1,362,939	20,213,019	97.54%
2002	19,158,439	90.04%	3,116,806	1,517,305	23,792,549	97.17%
2003	19,369,692	91.10%	2,584,917	1,932,688	23,887,297	100.19%

*Source: Information is derived from reports from the Utah County Treasurer's Office. There may be a difference between the amounts shown in this table as compared to actual property tax revenues reported in the governmental fund financial statements. These differences are primarily due to the date when the county collections are received and the date the collections are remitted from the county to the District. The District's availability period for reporting purposes is the defining criteria for recognition in governmental funds.

PROVO CITY SCHOOL DISTRICT
 Comparison of Utah School District Property Tax Rates
 Tax Year 2003, Fiscal Year 2003-04

<u>School District</u>	<u>Total District Levy</u>
Tintic	0.009462
Tooele	0.008896
San Juan	0.008835
Garfield	0.008454
Jordan	0.008366
So. Sanpete	0.008104
Nebo	0.008087
Duchesne	0.007996
Beaver	0.007888
Alpine	0.007884
Davis	0.007731
Iron	0.007521
Sevier	0.00747
Juab	0.007312
Ogden	0.007284
Carbon	0.00699
Logan	0.006926
Average Levies	0.0068126
Granite	0.00674
Washington	0.00668
Murray	0.006514
Cache	0.006477
No. Sanpete	0.006425
Box Elder	0.006387
Wasatch	0.006259
Emery	0.006228
Uintah	0.006211
So. Summit	0.006107
No. Summit	0.006096
Provo	0.006071
Weber	0.006061
Grand	0.006022
Salt Lake	0.006018
Piute	0.005895
Millard	0.005883
Morgan	0.005694
Park City	0.005672
Rich	0.005214
Kane	0.005145
Wayne	0.004958
Daggett	0.004542

Source: Data gathered from reports published by the Utah State Office of Education

PROVO CITY SCHOOL DISTRICT
 Comparison of Utah School District Property Tax Rates
 Graphical Presentation
 Tax Year 2003, Fiscal Year 2003-04

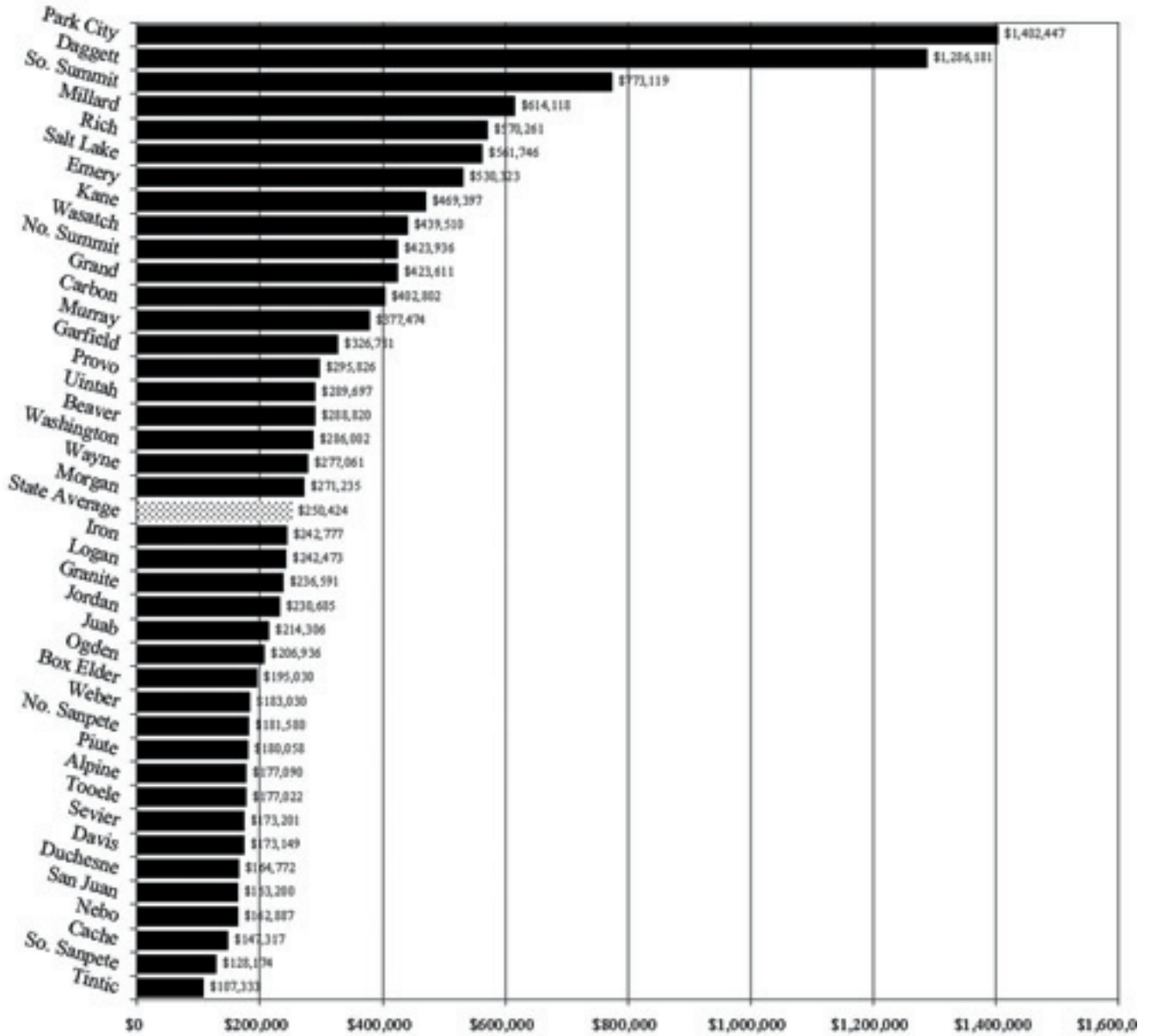


PROVO CITY SCHOOL DISTRICT
 Assessed Property Tax Valuation Per Student
 Fiscal Year 2002-03

<u>FY03 Assessed Valuation Per Student</u>	<u>School District</u>
\$ 1,402,447	Park City
1,286,181	Daggett
773,119	So. Summit
614,118	Millard
570,261	Rich
561,746	Salt Lake
530,323	Emery
469,397	Kane
439,510	Wasatch
423,936	No. Summit
423,611	Grand
402,802	Carbon
377,474	Murray
326,781	Garfield
295,826	Provo
289,697	Uintah
288,820	Beaver
286,002	Washington
277,061	Wayne
271,235	Morgan
250,424	State Average
242,777	Iron
242,473	Logan
236,591	Granite
230,685	Jordan
214,306	Juab
206,936	Ogden
195,030	Box Elder
183,030	Weber
181,580	No. Sanpete
180,058	Piute
177,090	Alpine
177,022	Tooele
173,201	Sevier
173,149	Davis
164,772	Duchesne
163,200	San Juan
162,887	Nebo
147,317	Cache
128,174	So. Sanpete
107,333	Tintic

Source: Data gathered from reports published by the Utah State Office of Education

PROVO CITY SCHOOL DISTRICT
 Assessed Property Tax Valuation Per Student
 Graphical Presentation
 Fiscal Year 2002-03



PROVO CITY SCHOOL DISTRICT
 Fifteen Largest Property Taxpayers by Individual Properties
 June 30, 2004

<u>Taxpayer</u>	<u>Taxable Value</u>	<u>Percent of District's Assessed Valuation</u>
Qwest Communications	\$ 40,085,200	1.14%
*Novell Inc.	38,000,000	1.08%
*Novell Inc.	28,000,000	0.80%
*Provo Mall LLC	26,867,248	0.77%
Central Utah Investment Company	19,695,327	0.56%
Scrub Oak LTD	18,407,900	0.53%
Tropical Development LLC	15,500,000	0.44%
Terranet Investments L.C.	14,376,996	0.41%
Questar Gas	12,649,834	0.36%
*Provo Mall LLC	11,221,541	0.32%
Epixtech Inc.	10,811,081	0.31%
Branbury Park Inc.	10,713,444	0.31%
IHC Hospitals Inc.	10,058,480	0.29%
*Provo Mall LLC	10,005,750	0.29%
PDC Community Centers LLC	9,900,000	0.28%
Parkway Village Properties LLC	9,745,425	0.28%

*These taxpayers have separate properties, in separate locations, with individual values listed on the tax rolls as being in the top 15 assessed valuations in the Provo School District property tax jurisdiction. Consequently, these taxpayers, and their separate properties, are reported individually.

Source: Utah County Treasurer's Office

PROVO CITY SCHOOL DISTRICT
Property Tax Rates--Direct and Overlapping Governments
Based on \$1,000 Assessed Valuation
1995 - 2004

<u>Fiscal Year Ended June 30th</u>	<u>Calendar Year</u>	<u>Provo City School District</u>	<u>Provo City</u>	<u>Utah County</u>	<u>Central UT Water District</u>	<u>Total Tax Rate</u>
1995	1994	0.008668	0.002877	0.001605	0.000349	0.013499
1996	1995	0.007256	0.002514	0.001985	0.000342	0.012097
1997	1996	0.006510	0.002328	0.002099	0.0004	0.011337
1998	1997	0.006303	0.002392	0.001268	0.000397	0.01036
1999	1998	0.006314	0.002836	0.001197	0.000396	0.010743
2000	1999	0.006388	0.002674	0.001116	0.000377	0.010555
2001	2000	0.005981	0.002998	0.001038	0.000369	0.010386
2002	2001	0.005657	0.002787	0.001034	0.000358	0.009836
2003	2002	0.006037	0.002776	0.001053	0.000358	0.010224
2004	2003	0.006071	0.002776	0.001411	0.000358	0.010616

Source: Utah State Tax Commission

PROVO CITY SCHOOL DISTRICT
 Taxable and Estimated Actual Value of Taxable Property
 1985 - 2004

<u>Fiscal Year Ended June 30</u>	<u>Taxable Value</u>			<u>Estimated Actual Value</u>	<u>Ratio of Total Taxable Value to Total Estimated Actual Value</u>
	<u>Real Property</u>	<u>Personal Property</u>	<u>Taxable Value</u>		
1985	\$ 186,192	\$ 34,031	\$ 220,223	\$ 1,101,115	20%
1986	942,905	129,199	1,072,104	1,574,150	68%
1987	945,912	156,274	1,102,186	1,608,438	69%
1988	933,730	210,421	1,144,151	1,640,659	70%
1989	925,244	233,420	1,158,664	1,653,636	70%
1990	945,056	255,433	1,200,489	1,703,626	70%
1991	1,102,485	194,292	1,296,777	1,447,326	90%
1992	1,267,762	343,026	1,610,788	1,746,992	92%
1993	1,426,936	358,003	1,784,940	1,930,363	92%
1994	1,510,539	401,467	1,912,006	2,396,098	80%
1995	1,788,733	353,002	2,141,735	2,953,066	73%
1996	1,891,841	337,187	2,229,028	3,275,240	68%
1997	2,140,357	221,801	2,362,158	3,675,366	64%
1998	2,167,707	229,711	2,397,418	3,816,281	63%
1999	5,395,566	256,667	2,652,233	3,858,510	69%
2000	2,800,799	266,075	3,066,874	4,144,332	74%
2001	2,992,482	306,306	3,298,788	4,485,882	74%
2002	3,378,678	365,598	3,744,276	4,833,133	77%
2003	3,363,888	325,990	3,689,878	5,310,090	69%
2004	3,620,319	347,184	3,967,503	5,199,486	76%

Source: Utah County Treasurer and Provo City

PROVO CITY SCHOOL DISTRICT

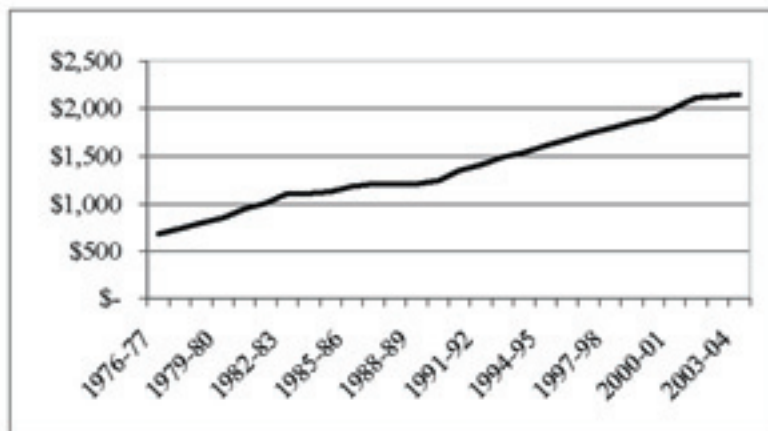
History of the Value of the WPU

Weighted Pupil Unit (WPU)

Utah Legislative Funding Method

1977 - 2004

<u>YEAR</u>	<u>WPU VALUE</u>	<u>% INCREASE</u>
1976-77	\$ 683	0.09%
1977-78	732	7.17%
1978-79	795	8.61%
1979-80	852	7.17%
1980-81	946	11.03%
1981-82	1,003	6.03%
1982-83	1,103	9.97%
1983-84	1,103	0.00%
1984-85	1,124	1.90%
1985-86	1,180	4.98%
1986-87	1,204	2.03%
1987-88	1,204	0.00%
1988-89	1,204	0.00%
1989-90	1,240	2.99%
1990-91	1,346	8.55%
1991-92	1,408	4.61%
1992-93	1,490	5.82%
1993-94	1,539	3.29%
1994-95	1,608	4.48%
1995-96	1,672	3.98%
1996-97	1,739	4.01%
1997-98	1,791	2.99%
1998-99	1,854	3.52%
1999-00	1,901	2.54%
2000-01	2,006	5.52%
2001-02	2,116	5.48%
2002-03	2,132	0.76%
2003-04	2,150	0.84%



PROVO CITY SCHOOL DISTRICT
 Title 1 Low Income Report
 Based on District Child Nutrition Program Participation
 October 2003

Name of School	Grade Span	School Residency (Fall Enrlmt)	Kinder-Count	Net	Free Lunch	Reduced Lunch	TOTAL Count	Percent of Free	Percent of Free & Reduced
Joaquin	K-6	420	72	348	242	42	284	69.54%	81.61%
Timpanogos	K-6	597	100	497	334	61	395	67.20%	79.48%
Franklin	K-6	569	95	474	304	70	374	64.14%	78.90%
Independence H.S.	Special School	337	0	337	211	40	251	62.61%	74.48%
Spring Creek	K-6	543	109	434	225	56	281	51.84%	64.75%
Sunset View	K-6	634	114	520	212	89	301	40.77%	57.88%
Dixon	7-8	651	0	651	272	73	345	41.78%	53.00%
Farrer	7-8	605	0	605	235	76	311	38.84%	51.41%
Grandview	K-6	530	72	458	173	59	232	37.77%	50.66%
Provost	K-6	451	61	390	161	33	194	41.28%	49.74%
Westridge	K-6	778	112	666	202	69	271	30.33%	40.69%
Center For H.S. Study	Special School	15	0	15	6	0	6	40.00%	40.00%
Amelia Earhart	K-6	598	104	494	120	63	183	24.29%	37.04%
Provo H.S.	9-12	1,826	0	1826	522	155	677	28.59%	37.08%
Rock Canyon	K-6	584	84	500	121	47	168	24.20%	33.60%
Centennial	7-8	710	0	710	175	51	226	24.65%	31.83%
Wasatch	K-6	514	94	420	78	46	124	18.57%	29.52%
Edgemont	K-6	438	62	376	59	38	97	15.69%	25.80%
Timpview H.S.	9-12	1,656	0	1,656	311	104	415	18.78%	25.06%
Canyon Crest	K-6	551	67	484	67	15	82	13.84%	16.94%
Oakridge	Special School	26	0	26	3	0	3	11.54%	11.54%
TOTALS		13,033	1,146	11,887	4,033	1,187	5,220	33.93%	43.91%

Debt Capacity

Statistical Section



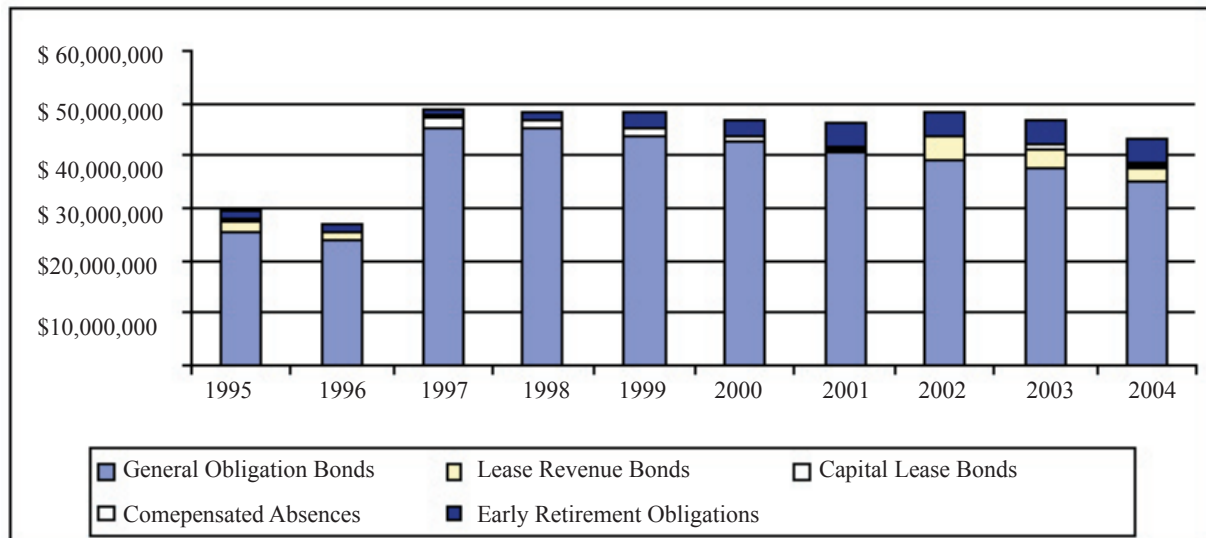
DISTRICT
*human
resources*
DEPARTMENT

PROVO CITY SCHOOL DISTRICT

Summary of Long-Term Debt 1995 - 2004

(amounts expressed in millions)

Fiscal Year Ended June 30th	General Obligation Bonds	Lease Revenue Bonds	Capitalized Lease Obligations	Compensated Absences	Early Retirement Obligations	Total Obligations
1995	\$ 25,545,000	\$ 1,850,000	\$ 435,473	\$ 192,146	\$ 1,246,486	\$ 29,269,105
1996	24,220,000	940,000	406,334	220,886	1,123,072	26,910,292
1997	45,310,000	-	2,060,882	240,443	1,172,258	48,783,583
1998	44,925,000	-	1,615,267	283,495	1,464,744	48,288,506
1999	44,065,000	-	1,191,641	282,941	2,553,704	48,093,286
2000	42,630,000	-	787,064	287,132	3,091,934	46,796,130
2001	41,055,000	-	404,897	275,914	4,327,509	46,063,320
2002	39,335,000	4,200,000	-	301,098	4,639,767	48,475,865
2003	37,530,000	3,875,000	769,000	329,434	4,645,727	47,149,161
2004	35,185,000	2,515,000	630,521	392,881	4,561,889	43,285,291



PROVO CITY SCHOOL DISTRICT
Overlapping and Underlying General Obligation Debt
June 30, 2004

Taxing Entity	2003 Taxable Value	Board's Portion of Taxable Value	Board's Percentage	Entity's General Obligation Debt	Board's Portion of G.O. Debt
Overlapping:					
State of Utah	\$ 125,437,376,983	\$ 3,620,318,521	2.89%	\$ 1,511,870,000	\$ 43,693,043
CUWCD	75,638,956,365	3,620,318,521	4.79%	184,015,000	8,814,319
Utah County	17,494,368,245	3,620,318,521	20.69%	41,175,000	<u>8,519,108</u>
Total Overlapping					<u>61,026,470</u>
Underlying:					
Provo City	3,620,318,521	3,620,318,521	100.00%	21,490,000	<u>21,490,000</u>
Total Underlying					<u>21,490,000</u>
Total Overlapping and Underlying General Obligation Debt					<u><u>82,516,470</u></u>
Total overlapping general obligation debt (excluding the State)					17,333,427
Total direct general obligation bonded indebtedness					<u>35,185,000</u>
Total direct and overlapping general obligation debt (excluding the State)					<u><u>52,518,427</u></u>
Total underlying general obligation debt					21,490,000
Total direct general obligation bonded indebtedness					<u>35,185,000</u>
Total direct and underlying general obligation debt					<u><u>56,675,000</u></u>
Total overlapping and underlying general obligation debt (excluding the State)					38,823,427
Total direct general obligation bonded indebtedness					<u>35,185,000</u>
Total direct, overlapping, and underlying general obligation debt (excluding the State)					<u><u>\$ 74,008,427</u></u>

Taxable Value: Taxable value used in this table for non-district entities were derived from the 2003 entity value report produced by the Utah State Tax Commission. The District's taxable value was derived from the district's final settlement report from the Utah County Treasurer's office.

Central Utah Water Conservancy District (CUWCD) outstanding general obligation bonds are limited ad valorem tax bonds. By law CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding limited ad valorem tax bonds.

All or portions of these governmental entities' outstanding general obligation debt are supported by user fee revenues from water, sewer, or other utilities. The District's portion of overlapping general obligation debt does not include user fee revenue supported general obligation debt.

The state's general obligation debt is not included in overlapping debt because the state currently levies no property tax for payment of general obligation bonds.

PROVO CITY SCHOOL DISTRICT

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita 1995 - 2004

(amounts expressed in thousands)

For Fiscal Year Ended June 30th	Tax Year (Calendar Year)	Population	Taxable Value	Net General Obligation Bonded Debt	Ratio of Net G.O. Bonded Debt to Taxable Value	Net G.O. Bonded Debt per Capita
1995	1994	98	\$ 2,141,735	\$ 25,545	1.19%	\$ 260.66
1996	1995	99	2,229,028	24,220	1.09%	244.65
1997	1996	100	2,362,158	45,310	1.92%	453.10
1998	1997	106	2,397,418	44,925	1.87%	423.82
1999	1998	110	2,652,233	44,065	1.66%	400.59
2000	1999	111	3,066,874	42,630	1.39%	384.05
2001	2000	112	3,298,788	41,055	1.24%	366.56
2002	2001	108	3,744,276	39,335	1.05%	364.21
2003	2002	110	3,689,878	37,530	1.02%	341.18
2004	2003	114	3,620,319	35,185	1.02%	329.21

Source: Population and assessed value information obtained from Provo City and Utah County Treasurer.

PROVO CITY SCHOOL DISTRICT

Computation of Legal Debt Margin

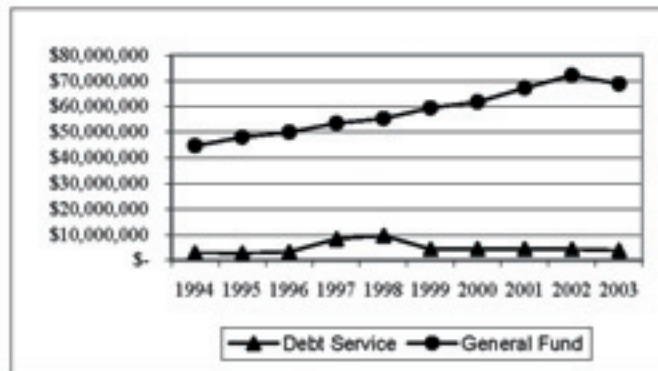
June 30, 2004

Estimated 2004 Fair Market Value	\$ 5,199,485,716
“Fair Market Value” X 4% (Debt Limit)	<u>207,979,429</u>
Less: General Obligation Debt	35,185,000
Legal Debt Margin*	<u><u>\$ 172,794,429</u></u>

*The General Obligation Bonded Debt of the District is limited by Utah law to 4% of the fair market value of the total taxable property in the District. The legal debt limit and additional debt incurring capacity of the District are based on estimated fair market value for 2003 and the calculated valuation value from uniform fees, and are calculated as shown above.

PROVO CITY SCHOOL DISTRICT
 Ratio of Annual Debt Service Fund to General Fund Expenditures
 1995 - 2004

<u>Year Ended June 30</u>	<u>Total Debt Service Fund Expenditures</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service Fund to General Fund Expenditures</u>
1995	2,708,497	\$47,959,519	5.65%
1996	3,182,694	49,946,941	6.37%
1997	8,344,931	53,384,225	15.63%
1998	9,593,731	55,256,532	17.36%
1999	4,234,423	59,378,687	7.13%
2000	4,355,672	61,726,224	7.06%
2001	4,443,628	67,171,521	6.62%
2002	4,281,999	72,158,212	5.93%
2003	3,856,393	68,834,523	5.60%
2004	3,893,614	67,236,168	5.79%



Demographic & Economic Information

Statistical Section



centennial
MIDDLE SCHOOL

PROVO CITY SCHOOL DISTRICT
 Selected Utah Economic Statistics & Forecasts
 2000 - 2005

	Calendar Years					
	*2000	**2001	**2002	**2003	**2004 (projected)	**2005 (projected)
Utah average annual pay growth rates (%)	4.8	2.9	1.6	1.6	2.5	2.7
Utah average annual pay as a percentage of U.S. average annual pay (%)	82.8	83	83.2	82.5	82.1	81.3
Utah total nonagricultural wages and salaries growth rates (%)	7.4	3.5	0.9	1.5	4	5.2
Utah personal income growth rates (%)	7.6	4.3	2.2	2.6	4.2	5.2
Per capita income – Utah (\$)	23,437	24,033	24,157	24,301	24,827	25,640
Utah per capita income as a percent of U.S. per capita income (%)	78.8	79.2	78.5	77.3	76.2	75.3
Private job growth rates (%)	2.4	0.8	-1.5	-0.2	1.5	2.7
Public job growth rates (%)	2.8	0	2.7	0.8	1.2	1
Utah unemployment rates (%)	3.2	4.4	6.1	5.8	5.2	5.1
Utah jobs as a percent of U.S. jobs (%)	0.81	0.82	0.82	0.82	0.83	0.83
Percent change in median-housing prices for repeat sales of existing homes (%)	1.2	4.6	1.6	2.3	2.8	2.5

*Source: 2003, Utah Governor's Office of Planning & Budget, <http://www.governor.state.ut.us/dea/Economics.html>

**Source: 2004, Utah Governor's Office of Planning & Budget, <http://www.governor.state.ut.us/dea/Economics.html>

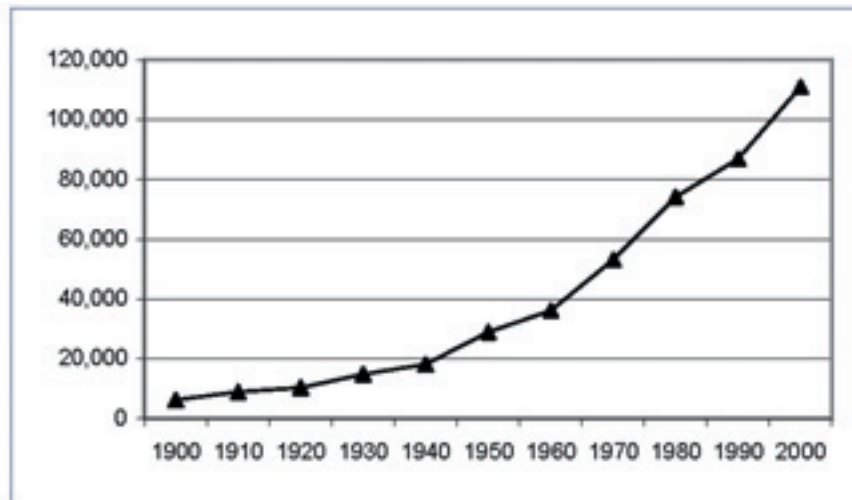
PROVO CITY SCHOOL DISTRICT
Demographic Information - Live Births
1997 - 2002

Calendar Year	Provo City		Utah County Births
	Births	% of County	
1997	4,139	47.53%	8,709
1998	3,780	40.94%	9,232
1999	4,131	42.12%	9,807
2000	4,419	44.80%	9,864
2001	4,661	45.54%	10,234
2002	4,601	43.45%	10,588

Source: Utah Department of Health, <http://health.utah.gov/vitalrecords/Stats/statistics.htm>

PROVO CITY SCHOOL DISTRICT
 General Population Growth
 1900 - 2000

<u>Year</u>	<u>Population</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
1900	6,185	-	-
1910	8,925	2,740	30.70%
1920	10,303	1,378	13.37%
1930	14,766	4,463	30.22%
1940	18,071	3,305	18.29%
1950	28,937	10,866	37.55%
1960	36,047	7,110	19.72%
1970	53,131	17,084	32.15%
1980	74,108	20,977	28.31%
1990	86,835	12,727	14.66%
2000	110,909	24,074	21.71%



Source: Provo Economic Development Agency, Provo City, and U.S. Census

PROVO CITY SCHOOL DISTRICT
Utah County Largest Employers
2004

<u>Establishment</u>	<u>Type of Business</u>
Brigham Young University	Education
Alpine School District	Public Education
State of Utah	State Government
Utah Valley State College	Public Education
Nebo School District	Public Education
Novell	Software Publisher
Provo City School District	Public Education
Convergys	Telemarketing
Nestles	Food Manufacturing
Wal-Mart/Sam's Club	Retail Store
Provo City	Local Government
Modus Media International	Manufacturing
Nu Skin	Wholesale Sundries
Utah County	Local Government
Micron Technologies	Manufacturing
Orem City	Local Government
SOS Temporary	Temporary Help
U.S. Post Office	Federal Government
Macey's	Grocery Stores
Albertson's	Grocery Stores
Kelly Temporary	Temporary Help
Natures Sunshine Products	Cosmetics
Smith's Food and Drug	Grocery Stores
Sears Roebuck	Department Store
Sento Technologies	Computer Systems Design
PGM Inc.	Marketing Research
Flowserve	Valve Manufacturing
Morinda	Pharmaceutical Manufacturing
Mountain View Hospital	Hospital
Provo Craft & Novelty	Retail Store
Neways	Manufacturing
Kencraft	Food Manufacturing
K Mart Stores	Department Stores
UHS of Provo	Education

Source: Utah Department of Workforce Services, <http://jobs.utah.gov/wi/Regions/County.asp>

Operating Information

Statistical Section



grandview
ELEMENTARY SCHOOL

PROVO CITY SCHOOL DISTRICT
 Full-Time Equivalent Positions by Function
 Based Upon Average Annual Salary Per Job Category
 Year Ended June 30, 2004

Functions	2003-04 *FTE
Governmental activities:	
Instructional services	980.67
Supporting services:	
Students	49.58
Instructional staff	39.62
District administration	9.24
School administration	74.97
Business	11.17
Operation and maintenance of facilities	84.65
Transportation	38.56
Central	10.89
School food services	57.65
Community services	46.16
Provo school district FTEs based upon reported salary costs	1,403.16

For the purpose of this report, full-time equivalent (FTE) positions are defined as follows:

A.
$$\frac{\text{(The total salary and wage cost reported in the financial statements of each job category)}}{\text{(The average annual salary or wage for each job category)}}$$

B. The average annual salary (wage) for each job category is defined as the average salary (wage) on the reported fiscal year's salary schedule:

1. Principals, assistants, and other supervisors and administrators: \$66,423
2. Contracted teachers, additional days, etc. (189 days): \$40,808
3. Hourly teachers and other hourly certified personnel (189 days): \$31,404
4. Contracted classified and hourly classified personnel (200 days): \$24,784

C. Salary costs used in the FTE calculation includes overtime, stipends, extended days, etc.

*It should be noted the district uses several different methods for reporting full-time equivalent positions. The purpose of this report is to show full-time equivalent position counts, based upon total salary (wage) costs reported in all governmental funds, divided by average annual salary (wage) costs per job category.

PROVO CITY SCHOOL DISTRICT

Average Daily Membership
As Reported in S-3 Report (audited)
1995 - 2004

For Fiscal Year Ended June 30th

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Elementary:					
AMELIA EARHART	-	-	-	-	502
CANYON CREST	533	533	508	519	502
EDGEMONT	520	504	496	497	469
FRANKLIN	522	512	535	535	548
GRANDVIEW	575	595	583	569	553
JOAQUIN	495	436	415	398	418
PROVOST	503	489	519	516	500
ROCK CANYON	605	625	564	608	602
SPRING CREEK/MAESER	464	460	479	518	479
SUNSET VIEW	755	769	764	884	607
TIMPANOGOS	622	624	597	600	624
WASATCH	492	492	493	483	453
WESTRIDGE	816	888	993	978	778
Secondary:					
CENTENNIAL M.S.	0	0	713	694	699
DIXON M.S.	1,050	994	675	675	663
FARRER M.S.	919	898	464	516	477
PROVO H.S.	1,829	1,822	1,864	1,834	1,844
TIMPVUE H.S.	1,972	1,972	2,006	1,895	1,883
INDEPENDENCE H.S.	239	257	277	294	273
Totals	<u>12,911</u>	<u>12,870</u>	<u>12,945</u>	<u>13,013</u>	<u>12,874</u>

PROVO CITY SCHOOL DISTRICT

Average Daily Membership *(continued)*

As Reported in S-3 Report (audited)

1995 - 2004

	For Fiscal Year Ended June 30th					
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Net Change</u> <u>(2004 less 1995)</u>
Elementary:						
AMELIA EARHART	545	546	552	575	585	585
CANYON CREST	549	522	494	504	501	(32)
EDGEMONT	469	458	431	431	434	(86)
FRANKLIN	557	525	554	563	560	38
GRANDVIEW	537	543	525	531	532	(43)
JOAQUIN	420	453	445	420	386	(109)
PROVOST	474	485	478	476	438	(65)
ROCK CANYON	585	572	547	578	563	(42)
SPRING CREEK/MAESER	462	486	494	510	520	56
SUNSET VIEW	655	675	702	676	618	(137)
TIMPANOGOS	573	485	547	562	568	(54)
WASATCH	494	495	524	507	501	9
WESTRIDGE	785	792	781	778	754	(62)
Secondary:						
CENTENNIAL M.S.	669	653	733	690	702	702
DIXON M.S.	636	598	586	588	629	(421)
FARRER M.S.	498	533	532	549	565	(354)
PROVO H.S.	1,768	1,757	1,664	1,688	1,731	(98)
TIMPVIEW H.S.	1,794	1,737	1,684	1,633	1,634	(338)
INDEPENDENCE H.S.	292	276	312	371	341	102
	<u>12,762</u>	<u>12,591</u>	<u>12,585</u>	<u>12,631</u>	<u>12,562</u>	<u>(349)</u>

PROVO CITY SCHOOL DISTRICT
 Service Efforts, Accomplishments, & Miscellaneous Statistical Data
 As Reported in the 2004 District Performance Report

Average Daily Attendance

<u>Year</u>	<u>Percent</u>
1998-99	94.70%
1999-00	94.90%
2000-01	94.80%
2001-02	94.90%
2002-03	95.13%

Advanced Placement Test Results

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Total candidates	373	319	370	370	419
Total exams taken	599	478	571	600	645
Total exams passed	492	389	433	472	458
Provo average passed	82%	81%	76%	79%	71%

American College Test (ACT) Results

	<u>2000-01</u>			<u>2001-02</u>			<u>2002-03</u>		
	<u>Provo</u>	<u>Utah</u>	<u>Nat'l</u>	<u>Provo</u>	<u>Utah</u>	<u>Nat'l</u>	<u>Provo</u>	<u>Utah</u>	<u>Nat'l</u>
English	22.5	20.9	20.5	22.1	20.7	20.2	22.1	20.7	20.3
Math	22.2	20.7	20.7	22.2	20.8	20.6	22.0	20.7	20.6
Reading	23.3	21.8	21.3	23.3	22.0	21.1	23.1	22.0	21.2
Science	22.6	21.5	21.0	22.4	21.4	20.8	22.0	21.4	20.8
Composite	22.8	21.4	21.0	22.6	21.4	20.8	22.4	21.3	20.8

Graduates

	<u>2002-03</u>	<u>2003-04</u>
Provo High School	332	322
Timpview High School	410	375
Independence High School	12	25
District Diplomas	20	30

PROVO CITY SCHOOL DISTRICT

Service Efforts, Accomplishments, & Miscellaneous Statisticcal Data (*continued*)
As Reported in the 2004 District Performance Report

Elementary Criterion-Referenced Testing (CRT)

Grade		2000-01		2001-02		20002-03	
		Average % Correct	Number Tested	Average % Correct	Number Tested	Average % Correct	Number Tested
Language Arts	1	91%	1,006	91%	1,050	88%	1,058
	2	92%	858	91%	981	95%	1,023
	3	83%	880	81%	883	83%	1,011
	4	83%	921	83%	921	80%	974
	5	81%	797	81%	948	79%	1,034
	6	85%	852	84%	880	81%	990
Math	1	92%	1,008	92%	1,051	93%	1,057
	2	91%	878	90%	995	97%	1,026
	3	79%	885	78%	837	86%	934
	4	83%	924	83%	785	83%	914
	5	78%	806	77%	910	76%	578
	6	74%	622	74%	649	71%	676
Science	1-3	not tested		not tested		not tested	
	4	70%	928	70%	941	72%	953
	5	67%	808	66%	976	68%	1,007
	3	72%	872	71%	896	69%	979

Secondary Math & Science Criterion-Referenced Testing (CRT)

	2000-01		2001-02		20002-03	
	% Proficient	Number Tested	% Proficient	Number Tested	% Proficient	Number Tested
Math	52%	49	49%	126	72%	456
Pre-Algebra	66%	1,269	68%	1243	80%	1,183
Algebra	56%	1,200	59%	1077	68%	1,111
Geometry	61%	725	61%	751	66%	717
Science 7th	71%	573	73%	901	81%	899
Science 8th	69%	748	67%	904	unavailable	
Earth Systems	61%	192	67%	136	60%	233
Biology	69%	532	67%	867	63%	883

PROVO CITY SCHOOL DISTRICT
 Service Efforts, Accomplishments, & Miscellaneous Statisticcal Data (*continued*)
 As Reported in the 2004 District Performance Report

Stanford Achievement Test Results (SAT)

		2000-01		2001-02		2002-03
		Provo	Utah	Provo	Utah	Provo
3rd Grade SAT	Reading	60	59	60	60	57
	Math	59	54	62	59	59
	Language	38	38	43	38	38
	Environment	52	52	52	-	52
	Complete Battery	53	52	56	54	55
5th Grade SAT	Reading	52	49	49	49	49
	Math	56	49	49	49	52
	Language	50	47	47	50	50
	Science	60	60	60	60	55
	Social Science	56	51	44	51	51
	Thinking Skills	57	55	55	55	55
	Complete Battery	53	50	50	51	51
8th Grade SAT	Reading	56	53	59	51	59
	Math	32	58	66	56	64
	Language	50	50	54	47	54
	Science	58	58	62	58	62
	Social Science	52	52	58	52	52
	Thinking Skills	59	57	63	57	61
	Complete Battery	56	53	60	53	59
11th Grade SAT	Reading	60	55	65	55	65
	Math	73	68	77	68	73
	Language	47	47	53	47	53
	Science	67	62	67	62	67
	Social Science	62	52	62	52	62
	Thinking Skills	54	50	61	50	59
	Complete Battery	61	56	64	56	63

SAT scores are reported in percentiles. The national average on all subtests is 50.

Transportation

	<u>2001-02</u>	<u>2002-03</u>
Miles traveled (to and from school, field trips, etc.)	575,005	619,645
Number of Students Transported Daily	9,828	9,572
Driving Hours Per Day	228	246
Route Miles Driver Per Day	2,703	2,950
Field and Activity Trip Miles Per Day	492	496
Cost Per Mile to Transport Students	\$ 2.46	\$ 2.75
Cost Per Student Per Year to Bus	\$ 141.00	\$ 178.00
Number of Buses	40	40

PROVO CITY SCHOOL DISTRICT
 Service Efforts, Accomplishments, & Miscellaneous Statisticcal Data (*continued*)
 As Reported in the 2004 District Performance Report

Certified Staff*

	<u>2003-04</u>
Teachers	942
Administrators	39

Classified Staff*

	<u>2003-04</u>
Contracted employees	200
Noncontracted classified employees	1,050

*Represents total personnel and not FTEs.

Vandalism Costs

	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Glass Replacement	\$ 14,300	\$ 23,922	\$ 16,480
Graffiti Removal	2,140	3,000	2,910
Break-in Repair	2,780	3,200	1,385
Total	<u>\$ 19,220</u>	<u>\$ 30,122</u>	<u>\$ 20,775</u>

PROVO CITY SCHOOL DISTRICT
Schedule of Insurance in Force
Year Ended June 30, 2004

	<u>Expiration Date</u>	<u>Deductible</u>	<u>Limits</u>	2004 Annual Premiums (net credits)
*Property	Until canceled	\$ 1,000	Replacement value	\$ 100,909
Boiler & Machinery	Until canceled	\$ 1,000	Replacement up to \$ 10,000,000	
Blanket Bond-Employee Fidelity	Until canceled	\$ 1,000	\$ 10,000,000	
*Liability	Until canceled	No deductible	\$ 10,000,000	\$ 127,878
General Liability	Until canceled	No deductible	\$ 10,000,000	
Auto Liability	Until canceled	No deductible	\$ 10,000,000	
Personal Injury	Until canceled	No deductible	\$ 10,000,000	
Errors or Omissions	Until canceled	No deductible	\$ 10,000,000	
Malpractice Liability	Until canceled	No deductible	\$ 10,000,000	
No Fault	Until canceled	No deductible	\$ 10,000,000	
Uninsured Motorist	Until canceled	No deductible	\$ 10,000,000	
Garage Keepers	Until canceled	No deductible	\$ 10,000,000	
*Automobile Physical Damage	Until canceled	\$ 500	Actual value	\$ 7,800
Busses	Until canceled	\$ 500	Actual value	
Driver Training Vehicles	Until canceled	\$ 500	Actual value	
All Others	Until canceled	\$ 500	Actual value	
**Worker's Compensation	Until canceled	No deductible	\$ 1,000,000	\$ 336,338
				\$ 572,925

*Insurance policy is maintained with the Utah State Division of Risk Management

**Insurance policy is maintained with the Utah School Boards Risk Management Mutual Insurance Association



*business
department*
PROVO CITY SCHOOL DISTRICT

Advice on Becoming a Cool Saxophone Player

Suck on your reed
Exercise your fingers
Expand your lungs
Grease your cork
Get a good ligature
Buy a good cleaning cloth
Put it together fast
Memorize fingerings
Blow hard
Because if you don't
You get left behind

Nate Corder
Student, Dixon Middle School