

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

# *Comprehensive Annual Financial Report*

*For The Fiscal Year Ended June 30, 2005*





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280 West 940 North  
Provo, Utah 84604

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# *Comprehensive Annual Financial Report*

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*For Fiscal Year Ended June 30, 2005*

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

**Kerry J. Smith**  
Business Administrator  
Certified Public Accountant

Prepared By:

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Certified Government Financial Manager  
Licensed Business Educator & Administrator

Provo City School District

*Board of Education and Officers*



Front (left to right): Sue Curtis, Sandy Packard, Shannon Poulsen, Carolyn Wright, Mary Ann Christiansen  
Back (left to right): Kerry Smith, Darryl Alder, Richard Sheffield, Dr. Randall J. Merrill

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# *Introductory Section*

## *section 1*

This section of the District's Comprehensive Annual Financial Report presents a general overview of the District and this report.

**Letter of Transmittal (pages 1 - 9)**

This executive letter is a narrative introduction to the report. The letter describes the profile of the District, major initiatives and long-term financial planning issues, the local economy, and relevant financial policies.

**Certificate of Achievement for Excellence in Financial Reporting -  
Government Finance Officers Association (page 10)**

**Certificate of Excellence in Financial Reporting -  
Association of School Business Officials (page 11)**

**Organizational Chart (page 12)**

This chart provides a general schemata of the overall District organizational structure.

**Elected and Appointed Officials (page 13)**

This list provides names and position descriptions of key elected and appointed officials within the District.

**Map - Precincts of the Board of Education (page 14)**

This map provides the names of elected Board members and their associated geographic electorate.





# PROVO CITY SCHOOL DISTRICT

Dr. Randall J. Merrill  
*Superintendent of Schools*

Kerry J. Smith  
*Business Administrator*

October 11, 2005

**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, 2005.* This report is published to provide both financial and non-financial information to the patrons and entities for which the District is accountable to. This report is also intended to support the District's mission.

**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.

**Superintendent's Message**

*The financial position of the District has improved.* In the past three years, total fund balances have increased from \$6,628,260 to \$10,810,724. While State law allows only modest fund balances, these monies allow the District to respond to a variety of emerging issues including major building damage, equipment failure, and unanticipated large increases in energy costs. Fund balances also allow the District to explore promising educational reform without reducing resources to current programs. Additionally, school districts need healthy financial positions to secure future financing at favorable interest rates.

Provo School District is well managed. With the help of its employees, the District has greatly reduced its post-retirement liability and eliminated unnecessary programs ensuring a healthy financial future. Master Plan Phase I activities are complete with the successful consolidation of our middle schools, the opening of Farrer Elementary and the pending sale of the Joaquin property. Phase II planning is underway with an anticipated bond election in June, 2006 that will further fund capital improvements in our school buildings.

Our patrons have reason to be proud of their school district. Our students perform well on academic tests and our teaching staff is highly trained. Provo School Dis-

trict is known throughout the State as a leader in innovative reading, mathematics and computer technology programs. The District benefits from a close association with Brigham Young University with over 40 shared programs serving all academic areas and staff professional development. In addition, a strong and emerging relationship exists between the District and Utah Valley State College.

**Overview of  
the CAFR**

This Comprehensive Annual Financial Report (CAFR) includes financial and non-financial information to meet the needs of a broad spectrum of readers. The information is presented in three sections:

1. *Introductory Section:* This 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 a map of the precincts of the Board of Education.
2. *Financial Section:* The *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 supplementary information (combining and individual fund statements and schedules).
3. *Statistical Section (unaudited):* The *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*.

The report is prepared in accordance with generally accepted accounting principles (GAAP) which are applicable to governmental entities throughout the United States. The Governmental Accounting Standards Board (GASB) establishes local government accounting principles. This report conforms to all current, relevant pronouncements of the GASB, which taken as a whole, are referred to as generally accepted accounting principles (GAAP).

Management assumes full responsibility for all of the information presented in this report. The District believes the presentation of the report is accurate in all material respects, and the financial position and results of operations are presented fairly. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. *Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.* The District's comprehensive internal control framework has been designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

State law requires that school districts publish within five months of the close of each year a complete set of financial statements which are audited by a firm of licensed certified public accountants. The CPA Network, LLC, a firm of licensed certified public accountants, has audited the District's financial statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reason-

able basis for rendering an unqualified (“clean”) opinion for the District’s financial statements for the fiscal year ended June 30, 2005; this opinion indicates the statements are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the *Financial Section* in this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. Government Auditing Standards, issued by the comptroller General of the United States and the provisions of the Office of 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.

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

## ***DISTRICT PROFILE***

### ***Summary***

Provo City School District was officially organized in 1898. Provo City School District is one of 40 public school districts in Utah, and the District serves approximately 12,850 students. The major purpose of the District is to provide public education to students who reside in Provo City which is located in the central portion of Utah County, Utah. To accomplish this purpose, in Fall 2005, the District services two traditional high schools, an alternative high school, two middle schools, and thirteen elementary schools. 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 seven members. The Board of Education is responsible, among other things, for developing policy, adopting the annual budget, levying property taxes, incurring bonded debt, and appointing both the Superintendent and Business Administrator. The Board of Education and District administration recognize that the District’s financial health largely dictates its ability to deliver the most appropriate education for each individual student. The Superintendent

and Business Administrator are responsible for carrying out the policies of the Board of Education and oversee the day-to-day operations of the District. The Board of Education is elected locally on a non-partisan basis.

Although the Provo City School District Foundation for Excellence is a separate entity with a separate governing body, the District includes the Foundation in its financial statements as a blended component unit. The Foundation's activities are primarily in support of District activities. Consequently, the Foundation is reported as a blended component unit in the District's financial statements to provide readers with a more accurate and fair picture of the overall substance of the District's financial affairs.

**Governing Structure**

Beginning in January 2005, and pursuant to Utah Code 20A-14-202, the District Board of Education consists of seven members. The Board of Education represents the Provo City citizenry and have been elected from precincts which were independently determined by the Provo City Council. A map of the precinct boundaries is included in the *Introductory Section* of the report.

**MAJOR INITIATIVES & LONG-TERM FINANCIAL PLANNING**

**District Master Plan**

Planning and data collection for the Provo School District Master Plan commenced in the late fall of 2003. In December of that year, the Provo School Board hired Wikstrom Economic Planning to serve as consultants in the master plan process. After a few months of data analysis, a Master Plan Committee of 60 patrons from the community addressed demographic and building condition data. In September 2004, the Committee presented five possible "scenarios" or approaches to the master plan at a public open house.

**Phase I.** Acting on information provided by the master plan committee and input from the open house, the Board of Education began a series of discussions that resulted in the Master Plan Outline that can be found on the District internet web page ([www.provo.edu](http://www.provo.edu)). The Board again went to the public in an open house format to receive input concerning the plan. From this input, in November 2004, the Board of Education unanimously approved and advanced the Master Plan. At the same time, the Board enacted Phase I of the plan, which closed Farrer Middle School, with intent to re-open the school as a central city elementary school at the start of the 2005-2006 school year. Farrer Middle School officially closed at the end of the 2004-2005 school year. Renovations were completed at Centennial and Dixon Middle Schools to accommodate students transferring from Farrer Middle School.

**Phase II.** The District has several facilities that are considerably aged; additionally, the District has experienced significant changes in student population trends throughout the City. Phase II of the Master Plan is geared towards developing long-term strategic plans to address these issues. The possibility of using general obligation bond funding to finance facility renovations and projects is among the alternatives being considered.

Information regarding the master plan is available on the District's internet web site at [www.provo.k12.ut.us](http://www.provo.k12.ut.us) by clicking on the *News and Information* link.

**Budget Development**

The District, for the first time, used a zero-based budget development process for building the fiscal year 2006 budget. This process included a complete review of all District programs and included a program-level needs assessment analysis. The Board approved the fiscal year 2006 budget in the June 2005 public budget hearing.

**Improved Fund Balances** The District, in fiscal year 2003, recognized the need to improve its financial position. Specifically, the District has strategically managed its operations with a focussed effort to improve its end of year fund balances. The District is pleased to report that its unrestricted fund balances and overall financial position continues to improve. The General Fund unreserved fund balance on June 30, 2005 and 2004 were \$1,202,148 and \$(157,476) (negative amount) respectively. Total unreserved governmental fund balances on June 30, 2005 and 2004 were \$7,657,012 and \$5,145,768 respectively.

**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 finalized operations in June 2005.

**Restricted Residual Balances** The Governmental Accounting Standards Board recently issued GASB Statement No. 46, Net Assets Restricted by Enabling Legislation. Although not required until fiscal year 2006, the District has implemented this guidance early in this report. The District has reclassified and restated its fiscal year 2004 financial statements to improve understandability and clarification of the District's restricted net assets and reserved fund balances related to externally imposed restrictions associated with enabling legislation. The reclassified and restated information is provided throughout the *Financial* and *Statistical* sections of the report.

**Supplemental Programs Special Revenue Fund** Provo City School District receives funding from other external agencies and governments for restricted programs which are not part of the normal public education funding structure in Utah. These unique funding sources are associated with the student demographics in the District and joint agreements with other governmental agencies. These restricted programs fund educational services through District resources to students supervised by State managed programs as well as other supplemental services. These programs are supplemental in nature and are not part of the primary education services of the District.

In past years, the financial activity for these programs has been reported in the District's General Fund. However, this practice has hampered the ability for financial statement readers to compare the District's General Fund activity to other public education school districts in Utah. For this reason, and based upon extensive research and discussion with various experts, the District is now reporting the financial activity for these programs in a new Supplemental Programs Fund beginning with the fiscal year 2005 CAFR. The District has reclassified and restated its 2004 financial information throughout this report for comparability and clarification purposes for report readers.

**State Funding** The state fiscal 2005 school finance program is designed to provide every Utah school district with a basic operation program of \$2,182 per weighted pupil unit (WPU) (compared to \$2,150 in fiscal year 2004). The State Legislature has increased the WPU funding to \$2,280 for fiscal year 2006. State funding is primarily based upon student enrollment.

## ***LOCAL ECONOMY***

### ***Utah Economic Conditions***

The economic outlook of the District is heavily dependent on state aid, providing 68.46% of general fund revenues. The state Uniform School Fund was constitutionally established in 1938 and is used to equitably allocate funding for statewide public education programs. Since 1947, all taxes based on income have been constitutionally required to be used for public education. In 1996, voters in Utah approved a constitutional change providing that these revenues could also be used for higher education. Additionally, a statewide property tax rate is levied to finance the Uniform School Fund and is applied against the taxable value of real and personal property.

According to the 2005 Annual Social and Economic Supplement to the Current Population Survey conducted by the U.S. Census Bureau, Utah fairs very well in income, poverty, and health insurance coverage. Utah was ranked 11th in the country for its median household income; the state was ranked 21st in health insurance coverage; and Utah has the 10th lowest poverty rate in the country.

On July 19, 2005, *The Deseret News* ("Surplus rises again to \$179.4 million," Lisa Riley Roche) reported "the latest revenue update from the Utah State Tax Commission indicates the state's two main funds — the Uniform School Fund and the General Fund — together are \$179.4 million above projections, more than 12 percent beyond the budget."

Further information regarding Utah's economic condition and statistics can be obtained from the *2005 Economic Report to the Governor* (<http://governor.utah.gov/dea/ERG2005.html>).

### ***Provo City Economic Conditions***

Provo City (municipal government) provides the following information regarding Provo City's economic structure ([http://www.provo.org/econdev.econdev\\_main.html](http://www.provo.org/econdev.econdev_main.html)):

Ranked sixth in Forbes' 2004 Best Places for Business and Careers survey.

Work Force - 70,000 strong. Woods and Pool Economics declared Provo "one of the nation's most intelligent work forces", with proven ability in foreign languages, foreign service experience, high education levels, and strong work ethic.

A Young Work Force - Over 45% of the Provo population is between the ages of 20 and 34 years old.

Education - Over 35% of population over 25 have a Bachelor degree or higher.

Home of Brigham Young University - U.S. News & World Report ranks BYU's Marriott School of Management and the J. Reuben Clark Law School in the top 40 in the country.

Major Employers & Businesses - Headquarters of Novell, Nuskin, Morinda-Tahitian Noni International, and DHI Computing Services, Dynix Corp., MyFamily.com Inc., Excelgraphics, and Nature SunSunshine Products, Inc.

Cost of Living - According to Sperling's Best Places, it is 3.7% cheaper to live in Provo than Denver, 16.4% cheaper than Seattle, and 25.8% cheaper than Orange County.

Safety - In 2004, Farmers Insurance listed Provo, Utah as the most secure city to live in America.



Entrepreneurial Spirit - The National Commission for Entrepreneurship ranked Provo as the No.1 entrepreneurial city among comparable areas for most of the 1990's. Utah is part of an economic region that is currently outperforming the rest of the nation. Continued job growth of roughly 2.2%-3.2% are anticipated in 2005.

## **RELEVANT FINANCIAL POLICIES**

### **Budgetary Control**

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 1. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30.

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

The level at which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total revenue 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 Budget**

A formal capital budget approval process was implemented by the District during FY 2004. The District continues to implement this process which requires the Board of Education to authorize line item projects greater than \$5,000 for the next fiscal year. As of June 30, 2005, the Board had appropriated \$3.1 million for planned capital projects and improvements for FY 2006.

### **Risk Management**

The District participates in the workers 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 internal 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, 2005,

total investment earnings were \$395,818. Interest rates for investments varied from .36 percent to 3.18 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.

**Other Post-Employment Benefits**

The District provides a life-time Medicare supplemental insurance benefit for retired employees (and spouses) who have completed at least 20 years of service; the plan also provides coverage for spouses of employees. As a result of an agreement reached in May 2004 with the classified and certified associations through contractual negotiations, the overall District liability was limited to those employees who met specific eligibility criteria by January 1, 2005. The eligibility criteria was based upon tenure in the District and retirement eligibility. There are 429 retirees receiving benefit coverage in addition to 130 present employees (and spouses) who have earned vested coverage upon retirement.

An actuarial study was completed as of July 1, 2005 that reflects an accrued liability of \$14,412,265 million for the Medicare supplement and \$4,645,861 for the insurance associated with those retirees (and spouses) who have not reached age 65 as well as current employees (and spouses) who have vested eligibility. The annual recommended contribution (assuming 30 year amortization) was reported to be \$1,306,181. The District contributed \$0 for retiree benefits during fiscal year 2005.

## **AWARDS & ACKNOWLEDGEMENTS**

**Government Finance Officers Association**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Provo City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2004. *This was the second consecutive year that the District has achieved this prestigious award.* In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. 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.

**Association of School Business Officials**

The District also received the Association of School Business Officials (ASBO) International's Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the year ended June 30, 2004.

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 second year the District has received the ASBO Certificate of Excellence.*

Provo City School District expresses its appreciation to members of the Provo City School District Board of Education. Their interest and support in conducting the financial affairs of Provo City School District was critical to the success of District operations and achievements made during fiscal year 2004-05.

The preparation of the report on a timely basis could not be accomplished without the efficient and dedicated services of the entire business staff. The District is appreciative of the efforts made by Todd Burke, Assistant Business Administrator and Director of Accounting, for preparing this report and coordinating the annual audit.

Most importantly, we 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

# 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, 2004

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.



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

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, 2004

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

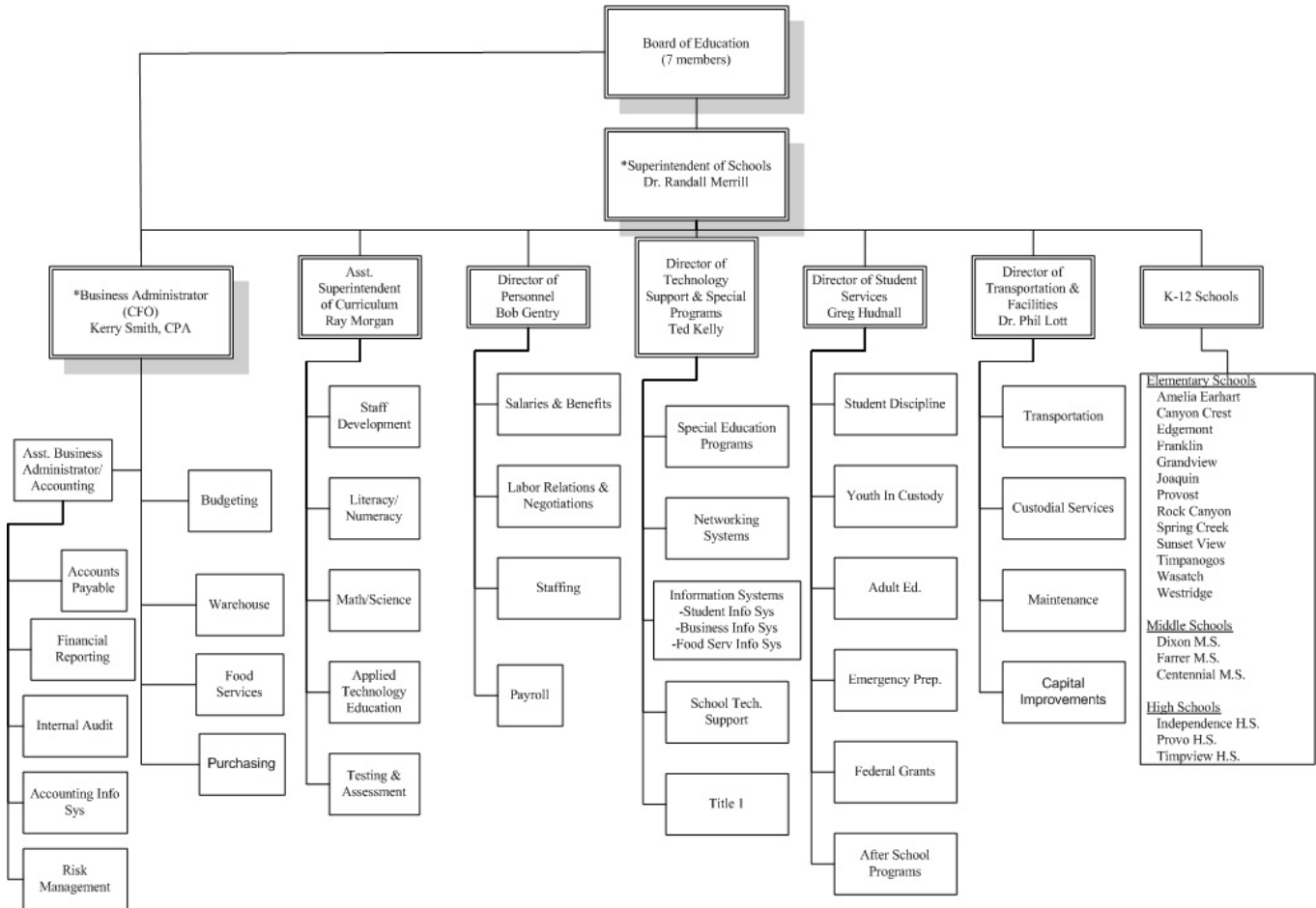
A handwritten signature in cursive script, appearing to read 'James Tomback'.

President

A handwritten signature in cursive script, appearing to read 'Anne L. Miller'.

Executive Director

Provo City School District  
**Organizational Chart**  
 For Fiscal Year Ended June 30, 2005



\*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 and Appointed Officials*  
 For Fiscal Year Ended June 30, 2005

---

**Board of Education**

**Sue Curtis**  
 Precinct 1  
 Present Term: 2005 - 2009  
 Initial Appointment: 2005

**Carolyn Wright**  
 Precinct 2  
 Present Term: 2003 - 2007  
 Initial Appointment: 2003

**Richard Sheffield**  
 Precinct 3  
 Present Term: 2005 - 2009  
 Initial Appointment: 2001

**Shannon Poulsen**  
 Precinct 4  
 Present Term: 2003 - 2007  
 Initial Appointment: 2003

**Darryl Alder**  
 Precinct 5  
 Present Term: 2005 - 2009  
 Initial Appointment: 2001

**Sandy Packard**  
 Precinct 6  
 Present Term: 2005 - 2009  
 Initial Appointment: 2001

**Mary Ann Christiansen**  
 Precinct 7  
 Present Term: 2005 - 2009  
 Initial Appointment: 2005

**District Administration**

**Randall J. Merrill, Ed.D.**  
 Superintendent  
 Initial Appointment: 2003

**Kerry J. Smith, CPA**  
 Business Administrator  
 Initial Appointment: 2003

**Ray Morgan**  
 Asst. Superintendent  
 Curriculum

**Bob Gentry**  
 Personnel Director

**Ted Kelly**  
 Special Programs &  
 Technology Support

**Greg Hudnall**  
 Student Services

**Dr. Phil Lott**  
 Transportation & Facilities

**Rodney Crockett**  
 Career Technology Education

**Todd Burke, CGFM**  
 Asst. Business Administrator  
 Director of Accounting

**Elementary  
 School Administration**

A. Earhart	Rosemarie Smith
C. Crest	Patricia Anderson
Edgemont	Dennis Pratt
Franklin	Marlin Palmer
Grandview	Drew Daniels
Joaquin	Don Dowdle
Provost	Susan Seehafer
Rock Canyon	Dean Nielsen
Spring Creek	Linde Safsten
Sunset View	Cynthia Wright
Timpanogos	Diane Bridge
Wasatch	Colleen Densley
Westridge	Gaye Gibbs

**Middle School Administration**

Centennial	Mitch Swenson
Dixon	Rosanna Ungerman
Farrer	Dr. Steve Oliverson

**High School Administration**

Independence	Sarah Lloyd
Provo	Sam Ray
Timpview	Dr. George Bayles

**Other Schools**

Ctr HS Studies	Jeri Swalberg
Oakridge	Dawne Casey

The term of office for Board members 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  
*Precincts of the*  
**BOARD OF EDUCATION**

Sue Curtis - Precinct 1

Carolyn Wright - Precinct 2

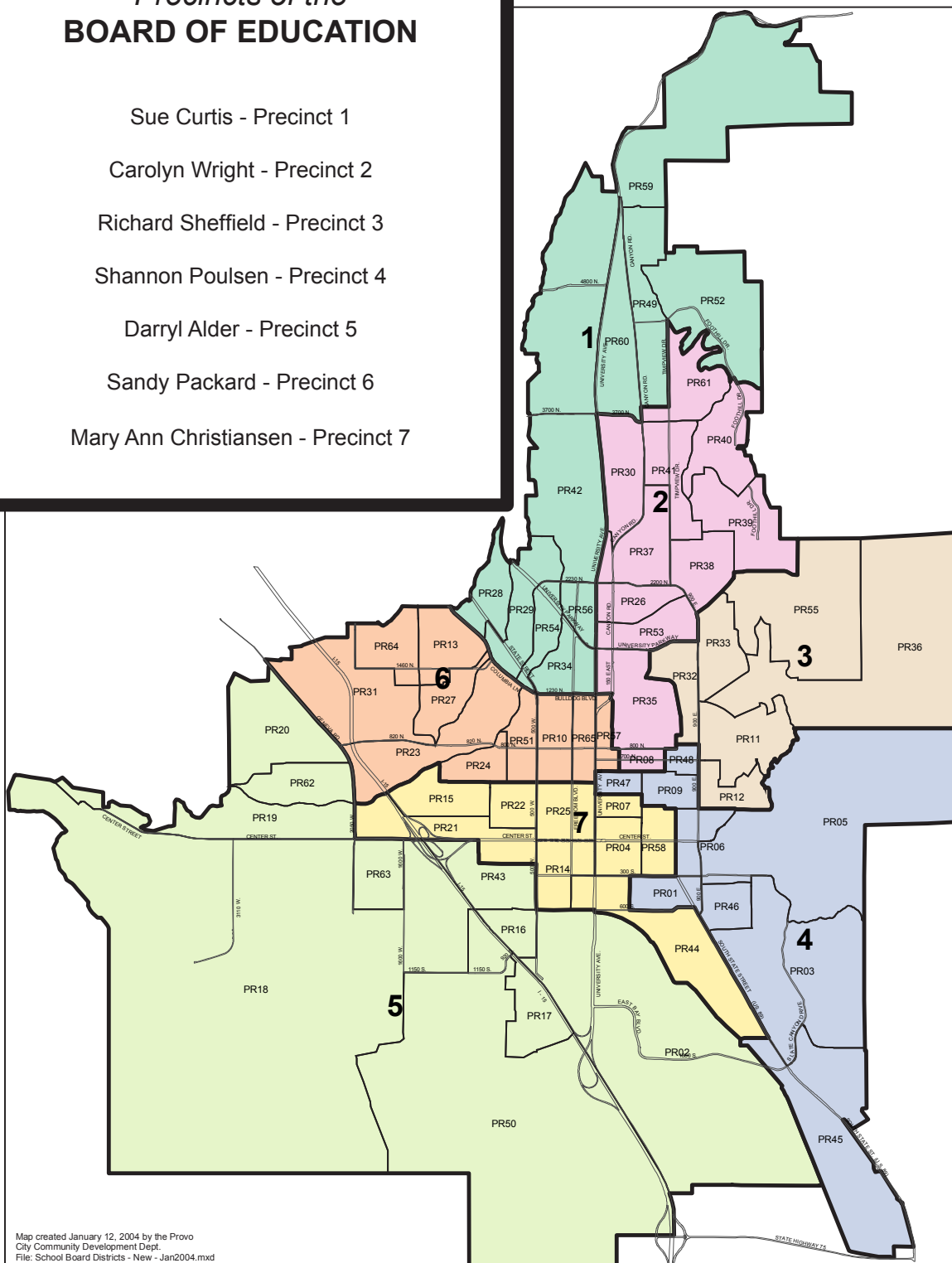
Richard Sheffield - Precinct 3

Shannon Poulsen - Precinct 4

Darryl Alder - Precinct 5

Sandy Packard - Precinct 6

Mary Ann Christiansen - Precinct 7



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



# *Financial Section*

## *section 2*

This section of the District's Comprehensive Annual Financial Report presents information required by generally accepted accounting principles (GAAP).

**Independent Auditor's Report (pages 17 - 18)**

The independent auditor's report describes the audit, the nature and scope of the audit, and the auditor's opinion.

**Management's Discussion and Analysis (pages 19 - 29)**

This information provides management's explanations regarding the District's overall financial performance through the fiscal year and its financial position.

**The Basic Financial Statements (pages 31 - 63)**

These financial statements and note disclosures provide required detailed information regarding the Districts financial performance and financial position.

**Combining and Individual Fund Financial Statements and Schedules (pages 64 - 88)**

These financial statements and schedules are required supplementary information intended to clarify the information presented in the basic financial statements.





## **THE C.P.A. NETWORK, LLC**

CERTIFIED PUBLIC ACCOUNTANTS

GLOBAL ACCESS  
LOCAL FINANCIAL SPECIALISTS

### **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, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Provo City School 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 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, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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A Strategic Professional Alliance

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The C.P.A. Network, LLC

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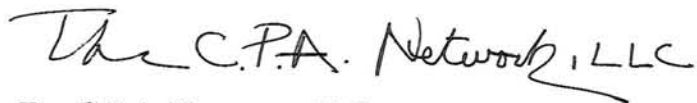
Members of the American Institute of Certified Public Accountants

560 SOUTH 100 WEST, SUITE 12, PROVO, UT 84601  
(801) 375-2969 • FAX (801) 375-2954

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2005, on our consideration of Provo City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

The management's discussion and analysis and budgetary comparison information (on pages 19 through 29 and 38) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Provo City School District's basic financial statements. The introductory section, combining nonmajor 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 nonmajor 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.



THE C.P.A. NETWORK, LLC  
Certified Public Accountants  
Provo, Utah

September 21, 2005

# Management's Discussion and Analysis

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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, 2005. The MD&A is intended to provide an analysis directly related to the information presented in the transmittal letter found on pages 1 through 9 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, 2005:

- **Government-Wide Net Assets.** The District's total net assets exceeded liabilities by \$27.5 million at the close of fiscal year 2005.
- **Government-Wide Financial Progress (full-accrual basis of accounting):** During the year, expenses were \$2.1 million less than the \$89.4 million generated in taxes and other revenues for governmental activities. The \$2.1 million positive increase in net assets is less than the \$3.5 million positive increase in net assets for the year ended June 30, 2004.
- **Governmental Fund Financial Progress (modified-accrual basis of accounting):** During the year ended June 30, 2005, the combined fund balance increased by \$1.8 million. The \$1.8 million fund balance increase is greater than the \$.01 million fund balance increase for fiscal year ended June 30, 2004.
  - 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 \$.9 million as compared to a \$.4 million increase in the prior year.
- **Capital Lease Obligation.** During the year, the District entered into a capital lease agreement to fund computers for instructional purposes. The total long-term obligation is \$.6 million; the District made its first principal payment of \$200,000 in December 2004.
- **District Master Plan - Phase I.** As of June 30, 2005, \$.8 million had been expended for building renovations related to the District Master Plan for middle school accommodations. Total expenditures for Phase I of the Master Plan are projected to be \$2.2 million.

## Overview of Financial Statements

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

## A. Government-wide financial statements

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

The *Statement of Net 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 32 to 33 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 34 to 38 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 statements 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 39 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 40 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 64 to 88 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 - Governmental Activities**

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 \$27.5 million at the close of the most recent fiscal year.

Net assets of the District's governmental activities increased 8.3% to \$27.5 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 (-19.6% of total net assets) are a \$5.4 million deficit at the end of this year. This deficit has increased by \$1.1 million as compared to the fiscal year 2004 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 (85.1%) 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 (34.5%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets for debt service, capital projects, and food services constitute \$7.1 million of restricted net assets.

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

	<u>Governmental activities</u>		Total change (2005 less 2004)
	<u>2005</u>	<u>2004</u>	
Current and other assets	\$ 32.0	\$ 31.5	\$ 0.5
Capital assets	59.6	59.1	0.5
Total assets	<u>91.6</u>	<u>90.6</u>	<u>1.0</u>
Current and other liabilities	20.8	21.9	(1.1)
Long-term liabilities outstanding	43.3	43.3	0.0
Total liabilities	<u>64.1</u>	<u>65.2</u>	<u>(1.1)</u>
Net assets:			
Invested in capital assets, net of related debt	23.4	20.6	2.8
Restricted	9.5	9.1	0.4
Unrestricted	(5.4)	(4.3)	(1.1)
Total net assets	<u>\$ 27.5</u>	<u>\$ 25.4</u>	<u>\$ 2.1</u>

**B. Changes in Net Assets – Governmental Activities**

The District's total net assets increased by \$2.1 million during the current year. Of the \$2.1 million increase in total net assets, unrestricted net assets declined by \$1.1 million. Restricted net assets increased by \$.4 million during the year ended June 30, 2005; the increase in restricted net assets resulted primarily from unspent funds received during the year that are restricted for capital projects.

As compared to the prior year, the District's total revenues increased to \$89.4 million (2.5%). Total federal and state aid make up 70.7% of the District's revenues; property taxes generated 27.5% of the District's revenues. The \$2.4 million increase in operating grants and contributions was primarily due to increases in state funding.

As compared to the prior year, the total cost of all programs and services increased by 4.3% to \$87.3 million. Instruction and support services (including food services) were 66% and 26%, respectively, of the District's expenses. Increases in expenses were primarily due to the District's response to the increases in state funding and long-term debt obligations.

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 1.5% during the year ended June 30, 2005 (\$2,182 during 2005 as compared to \$2,150 in 2004).

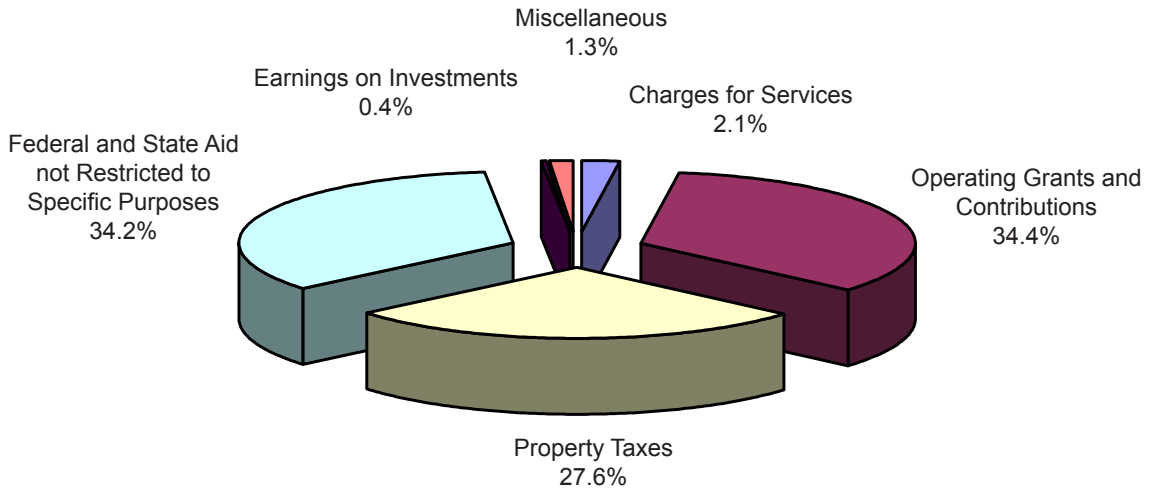


PROVO CITY SCHOOL DISTRICT'S Changes in Net Assets  
(in millions of dollars)

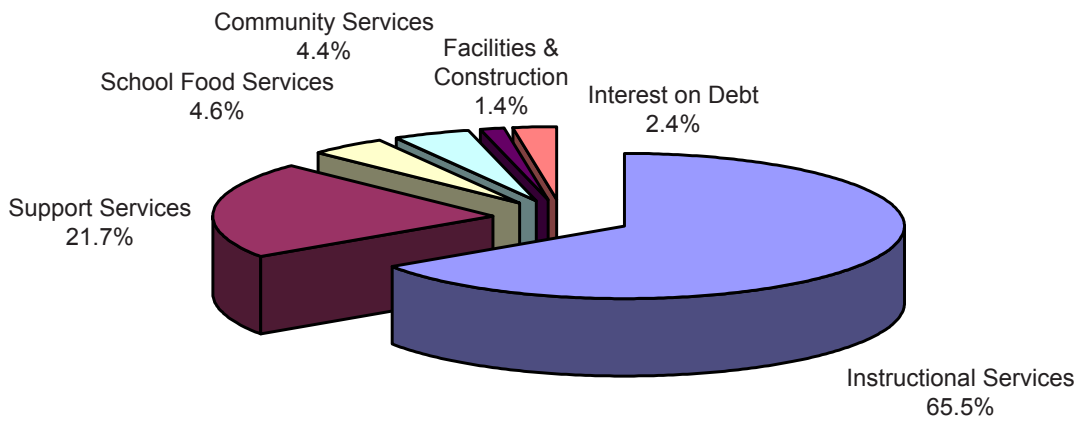
	<u>Governmental activities</u>		Total change (2005 less 2004)
	<u>2005</u>	<u>2004</u>	
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1.9	\$ 1.9	\$ -
Operating grants and contributions	30.7	28.3	2.4
General revenues:			
Property taxes	24.6	24.2	0.4
Federal and state aid not restricted to specific purposes	30.6	30.4	0.2
Earnings on investments	0.4	0.3	0.1
Miscellaneous	1.2	2.1	(0.9)
Total revenues	<u>89.4</u>	<u>87.2</u>	<u>2.2</u>
<b>Expenses:</b>			
Instructional services	57.2	54.9	2.3
Supporting services:			
Students	3.4	3.2	0.2
Instructional staff	2.0	1.9	0.1
District administration	0.9	1.1	(0.2)
School administration	4.3	4.4	(0.1)
Business	2.7	0.9	1.8
Operation and maintenance of plant	4.0	5.0	(1.0)
Transportation	1.6	1.6	-
Central	-	0.9	(0.9)
School food services	3.9	4.1	(0.2)
Community services	3.9	3.6	0.3
Facilities & construction	1.3	0.6	0.7
Interest on long-term liabilities	2.1	1.5	0.6
Total expenses	<u>87.3</u>	<u>83.7</u>	<u>3.6</u>
<b>Changes in net assets</b>	2.1	3.5	(1.4)
Net assets, beginning	25.4	21.9	3.5
<b>Net assets, ending</b>	<u>\$ 27.5</u>	<u>\$ 25.4</u>	<u>\$ 2.1</u>

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

**Revenues by Source - Governmental Activities**



**Expenses by Function - Governmental Activities**



## Governmental Fund Financial Analysis (modified-accrual basis of accounting)

### A. Governmental funds

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

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

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

Supplemental Programs Fund (special revenue fund) - used to account for funds that are both restricted and are *not* part of the normal Utah public education funding structure.

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

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

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

As the District completed the year, its governmental funds reported a combined fund balance of \$10.8 million, which is \$1.8 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 \$.9 million as compared to a \$.4 million increase in the prior year. The primary reason for this change in fund balance is due to a budgeted 1% of expenditures (\$.7 million) for potential unplanned events and emergencies; the District was able to manage its operations to a level which did not require use of these funds.
- The District's *Capital Projects* fund balance increased by \$.8 million as compared to \$.2 million in the previous year. The District received the final payment of \$247,200 for the sale of Maeser Elementary School, and this receipt is accounted for in the capital projects fund. The capital projects fund also received \$.1 million more in property tax revenues as compared to the prior year; the increase in property tax revenues is due to normal fluctuations in assessed valuations and new growth. The remainder of the difference is due to differences in on-going capital and construction projects.
- The District's Non K-12 Instruction fund decreased by \$.2 million. The decrease is due to a planned effort to expend residual funds associated with the recreation property tax levy for recreation-related expenditures.

- All other changes in fund balances are due to normal fluctuations in operational resources and property tax collections.
- As compared to the prior year, expenditures for District purposes totaled \$88.4 million, an increase of 1.17% during the current fiscal year. The increase is primarily due to increases in state funding as well as increases in early retirement and other post-employment benefits.
- General fund salaries totaled \$45.0 million as compared to \$44.8 million in the previous year. Associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) totaled \$15.9 as compared to \$15.3 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 *or* which have legal restrictions narrower than the fund for which the funds are reported in. 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.

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*: This classification represents collections for services rendered to other independent entities, fees for local services rendered, and other miscellaneous income sources.
- *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>2005</u>	<u>2004</u>	<u>% CHG</u>
Property taxes	\$ 24,559,640	\$ 24,167,503	1.6%
Tuitions	603,083	681,478	(11.5)%
Transportation fees	119,250	107,669	10.8%
Earnings on investments	395,818	258,841	52.9%
Food Services	1,081,463	1,063,244	1.7%
Other revenues from local sources	1,429,559	1,521,435	(6.0)%
	<u>\$ 28,188,813</u>	<u>\$ 27,800,170</u>	

**General Fund Budgetary Highlights**

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$.2 million (.3%) in total general fund expenditures and an increase of \$.9 million in revenues (1.4%). The most significant budget changes and variances may be summarized as follows:

- Final budgeted revenue estimates for federal funding sources was \$1.8 million less than the original budgeted amounts. Variances primarily resulted from expenditure-driven grants that are included in the budgets at their projected 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 state funding sources was \$1.0 million greater than the original budgeted amounts. These estimates are based upon enrollments, qualifying criteria set by the state, and the state funded weighted pupil unit.
- Final budgeted revenue estimates for local funding sources was \$1.8 million greater 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 revenues and expenditures and actual revenues and expenditures were due to the following:
  - In its final approved budget, the District budgeted for a one percent margin of error (\$.7 million) for unexpected events.
  - Due to information acquired during the District's annual audit, the District was able to recognize \$.3 million of federal revenue that was not included in the final approved budget.

- Differences between federal program estimates and actual activity accounted for \$.3 million of the variance.

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 & 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, 2005 and 2004 are outlined below:

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

	Governmental activities		Total Change 2005-2004
	2005	2004	
School sites (land)	\$ 6.2	\$ 6.2	\$ -
Works of art	0.4	0.4	-
Construction in progress	.8	-	.8
Buildings	48.0	48.9	(.9)
Furniture & equipment	4.2	3.6	.6
Total capital assets	\$ 59.6	\$ 59.1	\$ .5

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

- A capital lease agreement resulted in the acquisition of \$.6 million of computer equipment for instructional purposes.
- Construction in progress, at a cost \$.8 million, were for Master Plan related renovations and Board approved improvements. An additional \$1.2 million of improvements were made to District buildings during the year. However, these additions were offset by depreciation and resulted in a \$.9 million overall decline in the book value (*not market value*) of buildings.

**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, 2005 is \$214.2 million. General obligation debt at June 30, 2005 is \$33.3 million, resulting in a legal debt margin of \$180.9 million.

PROVO CITY SCHOOL DISTRICT'S Outstanding General Obligation Debt

	Governmental activities		Total Change 2005-2004
	2005	2004	
General obligation bonds	<u>\$ 33.3</u>	<u>\$ 35.2</u>	<u>\$ (1.9)</u>

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

***Request for Information***

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

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# *Basic Financial Statements*

*Financial Section*

# PROVO CITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2005

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and temporary cash investments	\$ 9,714,165
Accounts, taxes, and grants receivables:	
Local	18,470,506
State	191,326
Federal	3,083,366
Inventory	87,505
Federal commodity inventory	118,109
Bond issuance costs, net of accumulated amortization	287,313
Capital assets:	
Land, construction in progress, works of art	7,460,876
Buildings, equipment, net accumulated depreciation	52,174,639
	<u>91,587,805</u>
<b>Liabilities:</b>	
Accounts payable	443,265
Accrued interest payable	80,422
Payroll and related payables	1,370,467
Due to other agencies - fiduciary activities	1,358,525
Unearned revenue:	
Property taxes	17,541,792
Other unearned revenues	48,461
Noncurrent liabilities:	
Due within one year	5,542,189
Due in more than one year	37,729,231
	<u>64,114,352</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	23,366,925
Restricted for:	
Debt service	974,828
Capital projects	5,027,562
Non K-12 instruction	186,168
Supplemental programs	25,154
School food services	1,125,641
Foundation	259,174
Other restricted programs	1,935,733
Unrestricted	(5,427,732)
Total net assets	<u>\$ 27,473,453</u>

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

**PROVO CITY SCHOOL DISTRICT**  
**Statement of Activities**  
Year Ended June 30, 2005

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
<b>Governmental activities:</b>				
Instructional services	\$ 57,155,465	\$ 674,984	\$ 22,192,217	\$ (34,288,264)
Supporting services:				
Students	3,362,498	5,294	2,229,048	(1,128,156)
Instructional staff	2,009,129	-	-	(2,009,129)
District administration	887,645	-	160,971	(726,674)
School administration	4,286,195	-	258,457	(4,027,738)
Business	2,702,036	-	-	(2,702,036)
Operation and maintenance of plant	3,967,227	-	-	(3,967,227)
Transportation	1,663,845	119,250	1,185,681	(358,914)
Central	39,842	-	-	(39,842)
School food services	3,984,890	1,080,931	3,155,462	251,503
Community services	3,861,900	-	1,514,383	(2,347,517)
Facilities & construction	1,256,996	-	-	(1,256,996)
Interest on long-term liabilities	2,107,402	-	-	(2,107,402)
<b>Total school district</b>	<u>\$ 87,285,070</u>	<u>\$ 1,880,460</u>	<u>\$ 30,696,219</u>	<u>\$ (54,708,391)</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				12,064,148
Transportation				476,401
Recreation				739,336
Debt service				3,871,385
Capital outlay				7,408,371
Federal and state aid not restricted to specific purposes				30,633,267
Earnings on investments				393,903
Miscellaneous				1,213,820
<b>Total general revenues</b>				<u>56,800,630</u>
Changes in net assets				2,092,239
Net assets - beginning				25,381,214
<b>Net assets - ending</b>				<u>\$ 27,473,453</u>

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

# PROVO CITY SCHOOL DISTRICT

## Balance Sheet

### Governmental Funds

June 30, 2005

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
<b>Assets:</b>					
Cash and temporary cash investments	\$ 2,300,453	\$ 931,103	\$ 5,133,904	\$ 1,256,962	\$ 9,622,422
Accounts, taxes, and grants receivables:					
Local	9,739,313	2,808,267	5,375,071	547,855	18,470,506
State	-	-	-	191,326	191,326
Federal	2,709,011	-	-	374,355	3,083,366
Due from other funds	200,000	-	-	58,986	258,986
Inventory	74,316	-	-	13,189	87,505
Federal commodity inventory	-	-	-	118,109	118,109
Total assets	<u>15,023,093</u>	<u>3,739,370</u>	<u>10,508,975</u>	<u>2,560,782</u>	<u>31,832,220</u>
<b>Liabilities and fund balances:</b>					
Liabilities:					
Accounts payable	224,987	-	136,010	82,268	443,265
Payroll and related payables	1,163,893	-	54,847	151,727	1,370,467
Due to other funds	1,417,511	-	-	200,000	1,617,511
Deferred revenue:					
Property taxes	8,958,697	2,764,542	5,290,556	527,997	17,541,792
Other deferred revenues	45,808	-	-	2,653	48,461
Total liabilities	<u>11,810,896</u>	<u>2,764,542</u>	<u>5,481,413</u>	<u>964,645</u>	<u>21,021,496</u>
Fund Balances:					
Reserved for:					
Debt service	-	974,828	-	-	974,828
Inventories	74,316	-	-	131,298	205,614
Other restricted programs	1,935,733	-	-	37,537	1,973,270
Unreserved:					
Undesignated, reported in:					
General fund	1,202,148	-	-	-	1,202,148
Capital projects fund	-	-	5,027,562	-	5,027,562
Special revenue funds:					
Non K-12 Instruction	-	-	-	148,631	148,631
Supplemental programs	-	-	-	25,154	25,154
School food services	-	-	-	994,343	994,343
Foundation for excellence	-	-	-	259,174	259,174
Total fund balances	<u>3,212,197</u>	<u>974,828</u>	<u>5,027,562</u>	<u>1,596,137</u>	<u>10,810,724</u>
Total liabilities and fund balances	<u>\$ 15,023,093</u>	<u>\$ 3,739,370</u>	<u>\$ 10,508,975</u>	<u>\$ 2,560,782</u>	<u>\$ 31,832,220</u>

The notes to the basic 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, 2005

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**Total fund balances for governmental funds** **\$ 10,810,724**

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	356,150	
	Construction in progress	876,398	
Buildings and improvements, net \$31,797,850 accum. depreciation		47,969,473	
Furniture and equipment, net \$3,492,223 accum. depreciation		4,205,166	59,635,515

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (80,422)

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 \$370,029 and accumulated amortization is \$82,716. 287,313

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	(33,270,000)	
Obligations under capital leases, net \$91,743 unspent proceeds		(761,847)	
Obligations under lease revenue bond		(2,145,000)	
Accrued vacation		(565,533)	
Early retirement payable		(6,437,297)	(43,179,677)

**Total net assets of governmental activities** **\$ 27,473,453**

The notes to the basic 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, 2005

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 12,540,548	\$ 3,871,385	\$ 7,408,371	\$ 739,336	\$ 24,559,640
Contributions	-	-	-	169,023	169,023
Food service sales	-	-	-	1,081,463	1,081,463
Interest	393,903	-	-	1,915	395,818
Other local	1,901,893	-	3,883	77,093	1,982,869
State of Utah	46,131,313	-	-	2,965,574	49,096,887
Federal government	6,415,614	-	-	5,645,448	12,061,062
Total Revenues	<u>67,383,271</u>	<u>3,871,385</u>	<u>7,412,254</u>	<u>10,679,852</u>	<u>89,346,762</u>
<b>Expenditures:</b>					
Current:					
Instructional services	50,233,015	-	1,342,300	2,488,218	54,063,533
Supporting services:					
Students	3,111,115	-	-	168,442	3,279,557
Instructional staff	1,897,748	-	2,656	8,821	1,909,225
District administration	855,576	-	-	-	855,576
School administration	4,311,056	-	22,427	-	4,333,483
Business	2,510,104	-	6,554	13,902	2,530,560
Operations and maintenance of plant	1,767,533	-	1,902,908	-	3,670,441
Student transportation	1,747,676	-	-	-	1,747,676
Central	37,172	-	-	-	37,172
School food services	-	-	-	4,007,548	4,007,548
Community services	-	-	-	3,964,383	3,964,383
Facilities and construction	-	-	3,296,431	-	3,296,431
Debt service:					
Principal retirement	-	1,915,000	715,748	-	2,630,748
Interest, fiscal charges, and issuance fees	-	1,879,435	155,209	-	2,034,644
Total expenditures	<u>66,470,995</u>	<u>3,794,435</u>	<u>7,444,233</u>	<u>10,651,314</u>	<u>88,360,977</u>
Excess of (deficiency) revenues over (under) expenditures	<u>912,276</u>	<u>76,950</u>	<u>(31,979)</u>	<u>28,538</u>	<u>985,785</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets	2,500	-	247,342	-	249,842
Proceeds from capital lease agreement	-	-	573,340	-	573,340
Proceeds from insurance recoveries	21,171	-	6,734	-	27,905
Total other financing sources (uses)	<u>23,671</u>	<u>-</u>	<u>827,416</u>	<u>-</u>	<u>851,087</u>
Net change in fund balances	935,947	76,950	795,437	28,538	1,836,872
<b>Fund balances - beginning</b>	<u>2,276,250</u>	<u>897,878</u>	<u>4,232,125</u>	<u>1,567,599</u>	<u>8,973,852</u>
<b>Fund balances - ending</b>	<u>\$ 3,212,197</u>	<u>\$ 974,828</u>	<u>\$ 5,027,562</u>	<u>\$ 1,596,137</u>	<u>\$ 10,810,724</u>

The notes to the basic 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, 2005

**Net change in fund balances-total governmental funds** **\$ 1,836,872**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial cost or basket purchase 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	3,959,330	
	Depreciation expense - capital assets	(2,711,439)	
Disposal of capital assets, furniture & equipment, and conversion of construction in progress, net accumulated depreciation	(681,913)		565,978

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 reduce the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

	Repayment of bond principal	1,915,000	
	Bond interest expense	48,157	
	Bond issuance costs	(82,716)	1,880,441

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 leases	(573,340)	
	Interest expense - capital lease obligations	(27,621)	
	Principal payments of capital lease obligation	345,748	
	Interest expense - lease revenue bond obligation	(10,578)	
	Principal payments of lease revenue bond obligation	370,000	104,209

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)	(172,652)	
	Accrued early retirement payable (special termination benefits)	(1,875,409)	(2,048,061)

The sale of Maeser Elementary School generated revenues which were recognized in the fiscal year 2004 government-wide financial statements but were not available for the fiscal year 2004 governmental fund financial statements. These revenues were collected during fiscal year 2005. (247,200)

**Change in net assets of governmental activities** **\$ 2,092,239**

The notes to the basic 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, 2005

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 12,461,000	\$ 12,409,000	\$ 12,540,548	\$ 131,548
Interest	251,200	284,150	393,903	109,753
Other local	1,106,600	2,894,921	1,901,893	(993,028)
State of Utah	45,229,600	46,257,147	46,131,313	(125,834)
Federal government	8,547,300	6,681,384	6,415,614	(265,770)
Total revenues	<u>67,595,700</u>	<u>68,526,602</u>	<u>67,383,271</u>	<u>(1,143,331)</u>
<b>Expenditures:</b>				
Current:				
Instructional services	51,046,100	51,955,987	50,233,015	1,722,972
Supporting services:				
Students	2,499,200	3,163,760	3,111,115	52,645
Instructional staff	1,863,400	1,876,821	1,897,748	(20,927)
District administration	1,095,800	844,196	855,576	(11,380)
School administration	4,511,300	4,283,086	4,311,056	(27,970)
Business	703,700	2,475,017	2,510,104	(35,087)
Operations and maintenance of plant	2,938,000	1,729,107	1,767,533	(38,426)
Student transportation	1,745,800	1,700,030	1,747,676	(47,646)
Central	915,000	-	37,172	(37,172)
Total expenditures	<u>67,318,300</u>	<u>68,028,004</u>	<u>66,470,995</u>	<u>1,557,009</u>
Excess of revenues over (under) expenditures	<u>277,400</u>	<u>498,598</u>	<u>912,276</u>	<u>413,678</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	-	2,500	2,500
Proceeds from insurance recoveries	-	-	21,171	21,171
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>23,671</u>	<u>23,671</u>
Net change in fund balances	277,400	498,598	935,947	437,349
<b>Fund balances - beginning</b>	<u>2,276,250</u>	<u>2,276,250</u>	<u>2,276,250</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 2,553,650</u>	<u>\$ 1,073,988</u>	<u>\$ 3,212,197</u>	<u>\$ 437,349</u>

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



**PROVO CITY SCHOOL DISTRICT**  
**Statement of Fiduciary Fund Assets and Liabilities**  
**Agency Funds**  
 June 30, 2005

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	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and temporary cash investments	\$ 1,142,277
Accounts, taxes & grants receivable:	
Local	701,257
State	8,600
Federal	3,016,267
Due from other funds	1,358,524
Total assets	<u>6,226,923</u>
 <b>Liabilities:</b>	
Due to food services	(1,131)
Due to student organizations	1,674,048
Accounts payable	315,120
Payroll and related payables	277,178
Due to other entities	3,961,708
Total liabilities	<u>\$ 6,226,923</u>

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

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

These basic financial statements present the activities of the District and its component unit, the *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, and its activity is reported in the *Support Services—Students* function in the government-wide financial statements. Separate financial statements for the Foundation can be obtained by contacting the Provo City School District Main Office, 280 West 940 North, Provo, Utah, 84604.

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

As a general practice, interfund activity has been eliminated from the government-wide financial statements in order to avoid double counting. Exceptions to this general rule are payments made between functions for internal services provided; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

### **C. Fund Financial Statements**

The fund financial statements provide information about the District's funds, 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.
- *Supplemental Programs* - to account for programs that are not part of the normal funding structure for Utah public education school districts that are unique to Provo City School District.
- *Foundation* - to account for the District's blended component unit's activities.

Additionally, the District reports the following funds as Agency funds:

- *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. However, receivables associated with the Student Activity agency fund, where collectibility is highly questionable, are not recognized as assets (and corresponding liabilities) in the Student Activity agency fund; recognition for these receivables occurs at the time of collection. 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 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 1. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30.
- Copies of the proposed budget are made available for public inspection before the Board hearing in which the Board adopts the proposed budget.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining

taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.

- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the Superintendent can approve reductions in appropriations, but increases in appropriations, at the fund level, require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2005, 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.

**Encumbrances** - Encumbrance accounting, under which purchase orders for goods and services are recorded in order to restrict that portion of the applicable appropriation, is used to facilitate comparisons with budgets. Outstanding encumbrances lapse at year-end, and appropriations for the subsequent year are used to honor these commitments.

#### ***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, which are outstanding at year-end, are referred to as either "due to/from other funds".

#### ***I. Capital Assets***

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial or "basket purchase" 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 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 \$340,050 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 when the assets are acquired and placed into operation and/or as construction occurs. 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
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 and Reclassifications***

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. Also, certain amounts presented in the prior year data have been restated and reclassified in order to be consistent with current year's presentation. The Prior year restatement is presented in note 17.

***K. Expenditure Driven Grants - Variances Between Budget and Actual Data***

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

***L. Compensated Absences and 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.

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

#### **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 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 consists of expendable supplies held for consumption. The cost is recorded as an asset at the time individual inventory items are purchased, and an expenditure is recorded when the assets are distributed and consumed.

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

#### **P. Indirect Costs**

Indirect costs charged to certain programs are routinely recorded in the District's *governmental-fund* financial statements.

As a general practice, interfund indirect costs have been eliminated from the *government-wide* financial statements in order to avoid double counting and to provide direct-cost information to financial statement readers.

**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.

**R. Creation of Supplemental Programs Nonmajor Special Revenue Fund**

The District, in its 2005 Comprehensive Annual Financial Report, has presented for the first time separate financial statements for the Supplemental Programs Nonmajor Special Revenue Fund. This fund is intended to disclose District program activity that is not part of the normal funding structure for public education school districts in Utah and to provide information useful to financial statement readers for comparability purposes with other Utah school districts. The District believes this practice will not only enhance understandability for external users, but it will improve fiscal management of the related programs. The criteria used for determination of reporting in this fund are as follows:

- Funding sources in the new special revenue fund are not derived from the normal state and federal funding sources being used in *most* Utah school districts.
- Fund activity is not supported through District property tax levies.
- Funds must be restricted through enabling legislation, grant agreements, or other externally imposed restrictions from external local, state, or federal governments or agencies in order to meet GAAP requirements for special revenue fund reporting.
- The District Board of Education adopts an annual budget at the legal level for revenues and expenditures for the activity to be accounted for in this fund.

The Board of Education adopted the 2005 budget for this fund in its final amended budget for the fiscal year.

The programs which are accounted for in this fund are as follows:

- *Oaksprings* - educational services provided to students in the custody of the state at the state hospital located in Provo City.
- *Americorps* - federal funding for community service-related activities
- *Youth Connections* - federal funding related to support services for at-risk youth specific to Provo City demographics.
- *Native American* - federal funding related to support services for Native American students specific to Provo City demographics.
- *21st Century* - federal grant related to support services for at-risk youth specific to Provo City demographics.
- *Gear Up* - federal grant directed towards providing post-high school education opportunities for at-risk youth specific to Provo City demographics.
- *Utah County Prevention* - pass through funds from the county to finance substance abuse educational programs specific to Provo City demographics.
- *Community Development Block Grant* - pass through funds from Provo City to provide support services to low-moderate income students.



For comparability purposes, the 2004 financial statements are restated in note 17 on page 58.

**S. Oaksprings - Inclusion in financial statements**

Oaksprings is a special program which funds are provided by the state to educate students who are in the state's custody; these students are supervised by the state at the state hospital located in Provo City. For several years, the District has reported financial activity for Oaksprings operations in the *Special Programs Agency Fund* under the basis that the students and services provided were overseen by the state. However, the District believes it has reached the threshold for which it is fiscally accountable to include this activity in its governmental-fund activity. The funds received directly support the educational services provided through direct District resources. Consequently, Oaksprings financial activity is now included in the District's *Supplemental Programs Fund*. For comparability purposes, the 2004 financial statements have been restated in note 17 on page 58.

**T. Special Programs Agency Fund**

The District, through its desire to support other local community programs as well as goals set by the Board of Education, provides accounting-related services to several independent entities. The District serves only as a fiscal agent and has no fiscal accountability for these programs; consequently, no budget is adopted by the Board of Education for these funds. Financial activity for these entities are disclosed in the Special Programs Agency fund. A schedule of assets and liabilities for each independent agency is provided in the *Combining and Individual Fund Financial Statements & Schedules* section of this report on page 86. The entities included in this fund are described as follows:

- *Central Utah Enterprises* - provides work opportunities to individuals with disabilities.
- *USOE Reading Program* - provides curriculum development, staff development, and curriculum integration services for various school districts around the state.
- *USOE SOAR Program* - provides educational services geared towards high school and post high school vocational education training for students.
- *USOE Family Involvement Program* - provides services related to family involvement in education programs.
- *Youth Services Programs* - accounts for activities associated with the local Boys & Girls Club and state workforce youth services.
- *Local Interagency Council* - committee organized of various state and local agencies designed to provide services to at-risk youth.
- *Brigham Young University Partnership* - funds are managed by university specialists to provide support services, research, staff development, and teacher recruitment for five separate school districts throughout the state.
- *USOE Science* - provides staff development and curriculum services for districts state-wide.
- *Utah Professional Development Center* - receives federal funding to provide staff development resources for school districts in Utah serving special student populations.
- *Project Read* - provides literacy improvement programs to qualifying adults in the community.

## 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, 2005, the District's exposure to custodial credit risk for deposits was as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2005</u>
Regular Checking Account	Insured	\$ 46,466
Money Market	Insured and uncollateralized	108,722
		<u>\$ 155,188</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, 2005, the District had the following investments:

<u>Investment</u>	<u>Original Maturities</u>	<u>Fair Value</u>
Utah Public Treasurers' Investment Fund	57 days average	\$ 9,376,175
Repurchase Agreement	44 days average	2,876,797
		<u>\$ 12,252,972</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 \$2,876,797 investment in repurchase agreements, the entire \$2,876,797 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.

The combined book value of investments and deposits is \$10,402,411. The difference between the book value and bank balances is due to outstanding warrants that have not cleared the District's regular checking account.

### 3. PROPERTY TAXES

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

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

Beginning January 1, 1992, an annual uniform fee based on the value of motor vehicles was levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5% 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 (becomes available) motor vehicle fees as property tax revenue when the County collects it and remits the collections to the District.

#### 4. INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2005 is as follows:

<i>Due From Fund (Receivable Fund)</i>	<i>Due To Fund (Payable Fund)</i>	<i>Amount</i>
Agency - Student Activities	General Fund	\$ 1,218,887
Agency - Special Programs	General Fund	139,637
Provo School District Foundation	General Fund	58,986
General Fund	Non K-12 Inst. Fund	200,000
		<u>\$ 1,617,510</u>

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. Interfund payables and receivables associated with the internal pooling of investments is \$1,417,511.

The Supplemental Programs fund is primarily made up of expenditure driven federal program grants. Consequently, on June 30, 2005, this fund had a negative cash balance and also has offsetting receivables awaiting federal reimbursements for associated claims. The General Fund provided \$200,000 as a temporary cash loan to the Supplemental Programs fund, and this amount is presented as an interfund loan in the governmental fund financial statements.

#### 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 is as follows:

<b>Governmental activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 6,228,328	\$ -	\$ -	\$ 6,228,328
Construction in Progress	54,378	876,398	(54,378)	876,398
Works of art	359,900	-	(3,750)	356,150
Total capital assets, not being depreciated	6,642,606	876,398	(58,128)	7,460,876
Capital assets being depreciated:				
Buildings and improvements	78,510,461	1,256,862	-	79,767,323
Furniture and equipment	6,495,104	1,826,070	(623,785)	7,697,389
Total capital assets, being depreciated	85,005,565	3,082,932	(623,785)	87,464,712
Accumulated depreciation for:				
Buildings and improvements	(29,644,139)	(2,153,711)	-	(31,797,850)
Furniture and equipment	(2,934,495)	(1,181,513)	623,785	(3,492,223)
Total accumulated depreciation	(32,578,634)	(3,335,224)	623,785	(35,290,073)
Total capital assets, being depreciated, net	52,426,931	(252,292)	-	52,174,639
Governmental activities capital assets, net	<u>\$ 59,069,537</u>	<u>\$ 624,105</u>	<u>\$ (58,128)</u>	<u>\$ 59,635,515</u>

For the year ended June 30, 2005, depreciation expense was charged to functions of the District as follows:

	<b>Furniture &amp; Equipment</b>	<b>Buildings &amp; Improvements</b>	<b>Total</b>
<b>Governmental activities:</b>			
Instruction	\$ 683,979	\$ 1,822,811	\$ 2,506,790
Support services:			
Students	42,724	86,924	129,648
Instructional staff	17,230	-	17,230
General administration	-	31,183	31,183
School administration	3,069	29,712	32,781
Business	98,261	-	98,261
Operation and maintenance of plant	13,764	-	13,764
Transportation	227,570	-	227,570
Central	-	-	-
School food services	50,867	120,615	171,483
Community services	11,487	62,466	73,953
Facilities and construction	32,562	-	32,562
Total depreciation expenses - all governmental activities	<u>\$ 1,181,513</u>	<u>\$ 2,153,711</u>	<u>\$ 3,335,224</u>

## 6. LONG-TERM OBLIGATIONS

### A. Changes In Long-term Obligations

Long-term liability activity for the year ended June 30, 2005 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Noncurrent Liabilities Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 35,185,000	\$ -	\$ 1,915,000	\$33,270,000	\$ 2,235,000
Obligations under lease agreements	3,145,521	568,817	715,748	2,998,591	729,414
Accrued vacation payable	391,716	223,445	49,628	565,533	565,533
Early retirement payable	4,561,889	3,615,082	1,739,673	6,437,298	2,012,242
Total governmental activities	<u>\$43,284,126</u>	<u>\$4,407,344</u>	<u>\$ 4,420,049</u>	<u>\$43,271,422</u>	<u>\$ 5,542,189</u>

### B. General Obligation Bonds Payable

Bonds payable at June 30, 2005, are comprised of the following general obligation issues and are serviced by property tax revenues received by the Debt Service Fund:

Series	Purpose	Original Amount	Interest Rate Range	Final Maturity Date	Current Outstanding Balance
1995 Series G.O. Bonds	School Building	1,625,000	5.10% to 5.35%	June 15, 2005	-
1997 Series G.O. Bonds	School Building	22,500,000	4.25% to 5.25%	June 15, 2017	1,730,000
1997 A Series G.O. Refunding Bonds	Bond Refunding	9,480,000	3.85% to 5.10%	June 15, 2015	8,935,000
1998 Series G.O. Refunding Bonds	Bond Refunding	4,950,000	3.40% to 4.15%	June 15, 2013	4,580,000
2004 Series G.O. Refunding Bonds	Bond Refunding	18,690,000	2.0% to 5.0 %	June 15, 2017	18,025,000
Total General Obligation Bonds Payable as of June 30, 2005					<u>\$ 33,270,000</u>

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

Year Ending June 30	Principal	Interest	Debt Service Fund
2006	2,235,000	1,544,507	3,779,507
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 - 2015	15,450,000	3,661,790	19,111,790
2016 - 2017	5,540,000	374,500	5,914,500
	<u>\$33,270,000</u>	<u>\$ 10,734,127</u>	<u>\$ 44,004,127</u>

**C. Obligations Under Capital Lease**

**Accounting Information System** - 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 30, 2005 are as follows:

Year Ending June 30	Principal	Interest	Capital Projects Fund
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		536,532
	Amount Representing Interest		(51,759)
	Present Value of Minimum Lease Payments		<u>\$ 484,773</u>

**Instructional Computers** - During fiscal year 2005, the District entered into a lease agreement to fund an original amount of \$568,817 of instructional computers for multiple schools. Annual payments are typically financed through the District's capital projects fund, and future minimum lease payments at June 30, 2005 are as follows:

Year Ending June 30	Principal	Interest	Capital Projects Fund
2006	186,016	13,984	200,000
2007	182,802	12,796	195,598
	Total Minimum Lease Payments		395,598
	Amount Representing Interest		(26,780)
	Present Value of Minimum Lease Payments		<u>\$ 368,817</u>

**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 (3.0%) are the following:

Year Ending June 30	Principal	Estimated Interest	Capital Projects Fund
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>\$ 2,145,000</u>	<u>\$ 199,050</u>	<u>\$ 2,344,050</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 30	Principal	Interest	Total
2006	2,964,414	1,648,287	4,612,701
2007	3,094,252	1,533,923	4,628,175
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 - 2015	15,450,000	3,661,790	19,111,790
2016 - 2017	5,540,000	374,500	5,914,500
	<u>\$36,268,590</u>	<u>\$ 11,011,716</u>	<u>\$ 47,280,307</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 30. The tax anticipation note carried an interest rate of 1.79 percent, and total interest and fees were \$44,470. The following summarizes the activity for the tax anticipation note liability for the year ended June 30, 2005:

	Beginning Balance	Proceeds	Repayment	Ending Balance
Tax anticipation note	<u>\$ 0</u>	<u>\$ 4,005,000</u>	<u>\$ 4,005,000</u>	<u>\$ 0</u>

**8. RETIREMENT PLANS**

**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 13.89% of annual covered salary. For employees participating in the State and School Noncontributory System, the District contributes 13.38% of annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board; amendments to the plans provisions and contribution requirements must be authorized by statute and 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, 2005, 2004, and 2003 were \$142,061, \$123,092, and \$118,665, respectively, and for the Noncontributory Retirement System the contributions for June 30, 2005, 2004, and 2003 were \$6,110,398, \$5,276,050, and \$4,741,227 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, 2005, 2004, and 2003 were \$822,504, \$800,200, and \$743,494 respectively; the employee contributions for years ended June 30, 2005, 2004, and 2003 were \$817,263, \$742,957, and \$747,151 respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board; amendments to the plans provisions and contribution requirements must be authorized by statute and the Utah State Retirement Board.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participation. Employee contributions to the Section 457 plan totaled \$58,185 for the year ended June 30, 2005. 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. Liability estimates include the following factors:

- 6 percent annual future value increase in insurance costs.
- 1 percent annual future value increase in stipend costs.
- 3 percent discount factor equivalent to current annual asset investment earnings.

Please see note 6 for details regarding the early retirement obligation amount.

#### **D. Postemployment Healthcare Benefit Obligation**

The District provides a life-time Medicare supplemental insurance benefit for retired employees (and spouses) who have completed at least 20 years of service; the plan also provides coverage for spouses of employees. As a result of an agreement reached in May 2004 with the classified and certified associations through contractual negotiations, the overall District liability was limited to those employees who met specific eligibility criteria by January 1, 2005. The eligibility criteria was based upon tenure in the District and retirement eligibility. There are 429 retirees receiving benefit coverage in addition to 130 present employees (and spouses) who have earned vested coverage upon retirement.

An actuarial study was completed as of July 1, 2005 that reflects an accrued liability of \$14,412,265 million for the Medicare supplement and \$4,645,861 million for the insurance associated with those retirees (and spouses) who have not reached age 65 as well as current employees (and spouses) who have vested eligibility. The annual recommended contribution (assuming 30 year amortization) was reported to be \$1,306,181. The District contributed \$0 for retiree benefits during fiscal year 2005.

### **9. GRANTS - CONTINGENT LIABILITY**

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursements of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund. As of September 21, 2005, the District had 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 (53A-19-103) allows for the establishment of an undistributed reserve. The Board must authorize expenditures from the undistributed reserve. This reserve is for contingencies. According to State law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for District employees. The undistributed reserve may not exceed 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. These claims are generally insured through the District's risk

management insurance and are investigated by the District's insurance representatives and defended by the State Attorney General's office. In the opinion of management, such litigation will have no material effect upon the financial operations of the District.

**12. SUBSEQUENT EVENT - TAX ANTICIPATION NOTE**

On July 6, 2005, the District received a Board approved short-term tax anticipation note of \$4.0 million to provide for District cash needs during fiscal year 2006. The purpose for entering into this short-term obligation are the same as described in note 7 above.

**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, 2005, there were no significant reductions in coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

The District participates in the Utah School Boards Risk Management Mutual Insurance Association which is a risk pool for workers' compensation. The District has purchased commercial insurance for other risks of loss including employee health and accident insurance. Unemployment compensation is handled on a cost of benefits reimbursement basis with the state of Utah. During the fiscal year ended June 30, 2005, 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, 2005, 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, 2005 and 2004 are listed as follows:

	<u>2005</u>	<u>2004</u>
Unpaid claims at beginning of year	\$ -	\$ -
Incurred & Paid claims	96,273	35,759
Unpaid claims at end of year	<u>\$ -</u>	<u>\$ -</u>

#### 14. JOINT VENTURE - RECREATION CENTER

Since 1977, the District has contractually agreed with Provo City to jointly fund the operation of a recreation center on District property near Provo High School. The construction costs were shared jointly by both entities; both entities jointly share operational expenditures each year. During fiscal year 2005, Provo City School District remitted \$111,469 to Provo City for its share of operational costs; this amount is reported as an expenditure in the Non K-12 Instruction governmental fund. The facility provides student access for curricular and extra-curricular activities as well as community access. The agreement also provides for a residual equity interest in the building, and the building reverts back to the District 100 years from the original inception of the agreement.

Audited financial statements for Provo City can be obtained through the Utah State Auditor's internet website at <http://www.sao.state.ut.us/reports/lgfs.htm>. Audited financial statements can also be obtained from Provo City's Department of Finance, 351 West Center, Provo, Utah, 84601, (801) 852-6506.

#### 15. INSURANCE RECOVERIES

The District recognized insurance recoveries for various claims that occurred during the year. The following summarizes these claims:

*Provo High School Storage Facility Fire:* Due to an accidental fire, the District received \$21,171 for the loss of a storage facility and related equipment at Provo High School. This amount is reported in the *General Fund* as an other financing source.

*Spring Creek Elementary Water Damage:* The District received \$2,491 for damages caused by faulty performance of the school internal fire sprinkler system. This amount is reported in the *Capital Projects Fund* as an other financing source.

*Sunset View Elementary Vandalism:* The District received \$4,243 for damages related to theft and vandalism. This amount is reported in the *Capital Projects Fund* as an other financing source.

#### 16. RESERVED FUND BALANCES & RESTRICTED NET ASSETS - OTHER RESTRICTED PROGRAMS

The District receives revenues, primarily from the state of Utah, for restricted programs. Some of these revenue sources have legally imposed restrictions narrower than the purpose of the governmental fund in which they are reported in. Consequently, the District reports the end of year residual balances associated with these funds as reserved fund balances. Additionally, these restrictions are based upon enabling legislation; the same amounts are reported as restricted net assets in the government-wide financial statements. The residual balances at year end are the following:

Class size reduction K-8	General Fund	\$	10,329
Transportation to and from school	General Fund		287,023
Special education	General Fund		954,515
Career technology education	General Fund		47,906
Adult education	Non K-12 Instruction		37,537
At-risk program	General Fund		43,965
Advanced placement	General Fund		55,319
Gifted and talented	General Fund		11,496
Concurrent enrollment	General Fund		191,437
Highly impacted schools	General Fund		79,177
Interventions for student success	General Fund		216,602
Driver's education	General Fund		5,341
UPASS	General Fund		7,891
Pilot programs	General Fund		17,905
Math/science teacher recruitment	General Fund		6,827
Total other restricted programs residual balances		\$	<u>1,973,270</u>

## 17. RESTATEMENT

### A. Supplemental Programs Fund

During fiscal year 2005, the Board adopted a budget to create the Supplemental Programs Nonmajor Special Revenue Fund. The purpose of this fund is to account for programs that are not part of the normal funding structure of Utah public education. In past years, these funds were reported in other governmental funds; however, this practice made it difficult for external readers to compare Provo City School District financial statements to that of other public school districts in Utah. Consequently, the Supplemental Programs Fund was created to provide external readers with financial statements to assist in comparability with other school districts. The programs accounted for in this fund are described in the Summary of Significant Accounting Policies in note 1(R). The following restatement of the 2004 financial statements is to clarify for readers the impact of these changes in prior year financial statements.

### B. Reserved Fund Balances & Restricted Net Assets - Imposed Legal Restrictions & Enabling Legislation

The District has re-evaluated its legal obligations for accounting and reporting of residual equities associated with legal restrictions and enabling legislation regarding various external funding sources. The following restatement provides a reclassification to account for these externally imposed restrictions associated with residual equities. This effort is also intended to comply with, and early implement, the recently issued Governmental Accounting Standards Board Statement No. 46. It should be noted that reservations in governmental-fund financial statements are based upon legal restrictions narrower than the fund for which the residual equities are accounted for.

### C. Property Tax Revenues

In past years, property tax revenues were accounted for based upon the information that was available from the Utah County Treasurer's office. The County collects property taxes from patrons and remits the collected funds to the District each month. The County determines and reports to the District the year in which these collections should be recognized in the District's financial statements.

The County has now improved its ability to identify the fiscal year for which collections are levied for and has restated previous reports the County provided to the District. The restated reports identified tax collections which were previously reported as deferred revenues. As a result, the following restatement includes adjustments to recognize these revenues in the appropriate fiscal year.

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PROVO CITY SCHOOL DISTRICT  
Statement of Net Assets (government-wide)  
Restatement  
June 30, 2004

	June 30, 2004	Adjustments	June 30, 2004 Restated
<b>Assets:</b>			
Cash and temporary cash investments	\$ 7,705,849	\$ 71,992	\$ 7,777,841
Accounts, taxes, and grants receivables:			
Local	18,149,695	-	18,149,695
State	1,496,484	-	1,496,484
Federal	3,421,979	-	3,421,979
Inventories	123,646	-	123,646
Federal commodity inventory	160,125	-	160,125
Bond issuance costs, net accumulated amortization	370,029	-	370,029
Capital assets:			
Land, construction in progress, and works of art	6,642,606	-	6,642,606
Buildings, equipment, net accumulated depreciation	52,426,931	-	52,426,931
Total assets	<u>90,497,344</u>	<u>71,992</u>	<u>90,569,336</u>
<b>Liabilities:</b>			
Accounts payable	669,644	253	669,897
Accrued interest payable	90,380	-	90,380
Payroll and related payables	1,823,703	60,038	1,883,741
Due to other funds - fiduciary funds	1,327,563	-	1,327,563
Unearned revenue:			
Property taxes	18,957,017	(1,485,415)	17,471,602
Other unearned revenues	459,649	-	459,649
Noncurrent liabilities:			
Due within one year	4,361,173	-	4,361,173
Due in more than one year	38,924,117	-	38,924,117
Total liabilities	<u>66,613,246</u>	<u>(1,425,124)</u>	<u>65,188,122</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	20,648,636	-	20,648,636
Restricted for:			
Other restricted programs	-	2,346,921	2,346,921
School food services	826,226	70,038	896,264
Non K-12 programs	368,383	42,575	410,958
Supplemental programs	-	36,855	36,855
Debt service	674,791	223,087	897,878
Capital projects	3,805,209	426,916	4,232,125
Foundation	223,522	-	223,522
Unrestricted	(2,662,669)	(1,649,276)	(4,311,945)
Total net assets	<u>\$ 23,884,098</u>	<u>\$ 1,497,116</u>	<u>\$ 25,381,214</u>

**PROVO CITY SCHOOL DISTRICT**  
Statement of Activities (government-wide)  
**Restatement**  
Year Ended June 30, 2004

	<b>Year Ended June 30, 2004</b>	<b>Adjustments</b>	<b>Year Ended June 30, 2004 Restated</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,871,699	\$ -	\$ 1,871,699
Operating grants and contributions	27,071,286	1,230,239	28,301,525
General revenues:			-
Property taxes	24,310,721	(143,218)	24,167,503
Federal and state aid not restricted to specific purposes	30,459,275	-	30,459,275
Earnings on investments	258,841	-	258,841
Miscellaneous	1,503,996	-	1,503,996
Sale of Maeser Elementary School	666,165	-	666,165
Total revenues	86,141,983	1,087,021	87,229,004
<b>Expenses:</b>			
Instruction	54,929,906	-	54,929,906
Support services:			
Students	3,217,003	-	3,217,003
Instructional staff	1,943,838	-	1,943,838
District administration	1,077,422	-	1,077,422
School administration	4,385,661	-	4,385,661
Business	877,342	-	877,342
Operation & maintenance of plant	5,039,105	-	5,039,105
Transportation	1,546,155	-	1,546,155
Central	867,238	-	867,238
School food services	4,099,278	-	4,099,278
Community services	2,421,091	1,160,908	3,581,999
Facilities & construction	621,857	-	621,857
Interest on long-term liabilities	1,502,020	-	1,502,020
Total expenses	82,527,916	1,160,908	83,688,824
<b>Changes in net assets</b>	3,614,067	(73,887)	3,540,180
Net assets, beginning	20,270,031	1,571,003	21,841,034
<b>Net assets, ending</b>	<b>\$ 23,884,098</b>	<b>\$ 1,497,116</b>	<b>\$ 25,381,214</b>

PROVO CITY SCHOOL DISTRICT  
Notes to Basic Financial Statements  
June 30, 2005

PROVO CITY SCHOOL DISTRICT  
Fund Financial Statements  
Restatement  
June 30, 2004

Major Funds

	General Fund		Debt Service Fund			Capital Projects Fund			
	Year Ended June 30, 2004	Adjustments	Totals Restated Year Ended June 30, 2004	Year Ended June 30, 2004	Adjustments	Totals Restated Year Ended June 30, 2004	Year Ended June 30, 2004	Adjustments	Totals Restated Year Ended June 30, 2004
<b>Revenues:</b>									
Local sources:									
Property taxes	\$ 12,410,623	\$ 713,492	\$ 12,347,734	\$ 3,831,370	\$ 226,744	\$ 3,804,770	\$ 7,315,096	\$ 430,841	\$ 7,267,576
		(785,688)			(249,687)			(474,436)	
		9,307			(3,657)			(3,925)	
Other local	2,168,510	-	2,168,510	-	-	-	105,686	-	105,686
State sources	43,563,442	(20,501)	43,542,941	-	-	-	-	-	-
Federal sources	9,603,307	(3,017,104)	6,586,203	-	-	-	-	-	-
		(24,709)							
Total Revenues	67,745,882	(3,125,203)	64,620,679	3,831,370	(26,600)	3,804,770	7,420,782	(47,520)	7,373,262
<b>Expenditures:</b>									
Current:									
Instructional services	51,917,193	(2,967,571)	48,924,913	-	-	-	2,600,311	-	2,600,311
		(24,709)							
Supporting services:									
Students	2,484,483	(9,004)	2,475,479	-	-	-	-	-	-
Instructional staff	1,929,346	(21,508)	1,907,838	-	-	-	9,453	-	9,453
District administration	1,074,630	-	1,074,630	-	-	-	-	-	-
School administration	4,335,979	-	4,335,979	-	-	-	38,314	-	38,314
Business	677,001	(14,368)	662,633	-	-	-	198,140	-	198,140
Operations and maintenance	2,373,719	-	2,373,719	-	-	-	2,652,325	-	2,652,325
Student transportation	1,542,147	-	1,542,147	-	-	-	-	-	-
Central	864,989	-	864,989	-	-	-	-	-	-
School food services	-	-	-	-	-	-	-	-	-
Community services	36,681	-	36,681	-	-	-	-	-	-
Facilities and construction	-	-	-	-	-	-	659,873	-	659,873
Debt service:									
Principal retirement	-	-	-	2,345,000	-	2,345,000	1,498,479	-	1,498,479
Interest, fiscal charges, and issuance fees	-	-	-	1,548,614	-	1,548,614	204,163	-	204,163
Total expenditures	67,236,168	(3,037,160)	64,199,008	3,893,614	-	3,893,614	7,861,058	-	7,861,058
Excess of (deficiency) revenues over expenditures	509,714	(88,043)	421,671	(62,244)	(26,600)	(88,844)	(440,276)	(47,520)	(487,796)
<b>Other financing sources (uses):</b>									
Other financing sources	1,868	-	1,868	115,379	-	115,379	675,771	-	675,771
Total other financing sources (uses)	1,868	-	1,868	115,379	-	115,379	675,771	-	675,771
Net change in fund balances	511,582	(88,043)	423,539	53,135	(26,600)	26,535	235,495	(47,520)	187,975
Fund balances - beginning	1,067,023	785,688	1,852,711	621,656	249,687	871,343	3,569,714	474,436	4,044,150
Fund balances - ending	1,578,605	697,645	2,276,250	674,791	223,087	897,878	3,805,209	426,916	4,232,125
<b>Assets:</b>									
Cash and investments	1,184,395	59,535	1,243,930	857,105	-	857,105	4,266,430	-	4,266,430
Accounts receivable									
Local	9,063,508	-	9,063,508	2,854,600	-	2,854,600	5,424,322	-	5,424,322
State	1,451,118	(10,301)	1,440,817	-	-	-	-	-	-
Federal	3,214,624	(411,477)	2,803,147	-	-	-	-	-	-
Due from other funds	-	250,000	250,000	-	-	-	-	-	-
Inventory	86,805	-	86,805	-	-	-	-	-	-
Federal commodity inventory	-	-	-	-	-	-	-	-	-
Total assets	15,000,450	(112,243)	14,888,207	3,711,705	-	3,711,705	9,690,752	-	9,690,752
<b>Liabilities and fund balances:</b>									
Liabilities:									
Accounts payable	506,247	(15,996)	490,251	-	-	-	99,124	-	99,124
Payroll related liabilities	1,686,978	(71,093)	1,615,885	-	-	-	15,903	-	15,903
Due to other funds	1,386,565	-	1,386,565	-	-	-	-	-	-
Deferred revenues	9,842,055	(713,492)	9,128,563	3,036,914	(226,744)	2,813,827	5,770,516	(430,841)	5,343,600
		(9,307)			3,657			3,925	
Due to other entities (fund balance equivalent)									
Revenue equivalent									
Expenditure equivalent									
Total liabilities	13,421,845	(809,888)	12,611,957	3,036,914	(223,087)	2,813,827	5,885,543	(426,916)	5,458,627
Fund Balances:									
Reserved for:									
Inventories	86,805	-	86,805	-	-	-	-	-	-
State and federal programs	-	2,346,921	2,346,921	-	-	-	-	-	-
Designated for transportation	240,000	-	240,000	-	-	-	-	-	-
Undesignated	1,251,800	(88,043)	1,163,757	674,791	(26,600)	648,151	3,805,209	(47,520)	4,232,125
		(2,346,921)							
		785,688			249,687	897,878		474,436	
Total fund balances	1,578,605	697,645	2,276,250	674,791	223,087	897,878	3,805,209	426,916	4,232,125
<b>Total liabilities and fund balances</b>	<b>\$ 15,000,450</b>	<b>\$ (112,243)</b>	<b>\$ 14,888,207</b>	<b>\$ 3,711,705</b>	<b>\$ -</b>	<b>\$ 3,711,705</b>	<b>\$ 9,690,752</b>	<b>\$ -</b>	<b>\$ 9,690,752</b>



**PROVO CITY SCHOOL DISTRICT**  
**Fund Financial Statements**  
**Restatement (continued)**  
**June 30, 2004**

Nonmajor Special Revenue Funds								Agency Fund			
Supplemental Programs Fund	Non K-12 Instruction Fund			Food Services Fund		Foundation		Total Governmental Funds	Special Programs		
	Totals Restated Year Ended June 30, 2004	Year Ended June 30, 2004	Adjustments	Totals Restated Year Ended June 30, 2004	Year Ended June 30, 2004	Adjustments	Totals Restated Year Ended June 30, 2004		Year Ended June 30, 2004	Adjustments	Totals Restated Year Ended June 30, 2004
\$ -	\$ 753,632	\$ 44,301 (48,784) (1,726)	\$ 747,423	\$ -	\$ -	\$ -	\$ -	\$ 24,167,503			
-	110,840	-	110,840	1,063,244	-	1,063,244	184,387	3,632,667			
1,180,702	1,441,561	-	1,441,561	366,636	8,547	375,183	-	46,540,387			
3,051,813	203,382	(10,000)	193,382	2,352,234	61,491	2,413,725	-	12,220,414			
<u>4,232,515</u>	<u>2,509,415</u>	<u>(16,209)</u>	<u>2,493,206</u>	<u>3,782,114</u>	<u>70,038</u>	<u>3,852,152</u>	<u>184,387</u>	<u>86,560,971</u>			
2,992,280	-	-	-	-	-	-	-	54,517,504			
9,004	-	-	-	-	-	-	-	3,208,669			
21,508	-	-	-	-	-	-	724,186	1,938,799			
-	-	-	-	-	-	-	-	1,074,630			
-	-	-	-	-	-	-	-	4,374,293			
14,368	-	-	-	-	-	-	-	875,141			
-	-	-	-	-	-	-	-	5,026,044			
-	-	-	-	-	-	-	-	1,542,147			
-	-	-	-	-	-	-	-	864,989			
-	-	-	-	4,088,653	-	4,088,653	-	4,088,653			
1,170,908	2,378,134	(10,000)	2,368,134	-	-	-	-	3,575,723			
-	-	-	-	-	-	-	-	659,873			
-	-	-	-	-	-	-	-	3,843,479			
-	-	-	-	-	-	-	-	1,752,777			
<u>4,208,068</u>	<u>2,378,134</u>	<u>(10,000)</u>	<u>2,368,134</u>	<u>4,088,653</u>	<u>-</u>	<u>4,088,653</u>	<u>724,186</u>	<u>87,342,721</u>			
24,447	131,281	(6,209)	125,072	(306,539)	70,038	(236,501)	(539,799)	(781,750)			
-	-	-	-	-	-	-	-	793,018			
-	-	-	-	-	-	-	-	793,018			
24,447	131,281	(6,209)	125,072	(306,539)	70,038	(236,501)	(539,799)	11,268			
12,408	237,102	48,784	285,886	1,132,765	-	1,132,765	763,321	8,962,584			
<u>36,855</u>	<u>368,383</u>	<u>42,575</u>	<u>410,958</u>	<u>826,226</u>	<u>70,038</u>	<u>896,264</u>	<u>223,522</u>	<u>8,973,852</u>			
12,457	277,497	-	277,497	858,223	-	858,223	165,933	7,681,575	256,825	(71,992)	184,833
-	560,065	-	560,065	-	-	-	-	17,902,495	3,447,243	-	3,447,243
10,301	45,366	-	45,366	-	8,547	8,547	-	1,505,031	-	-	-
411,477	207,355	-	207,355	-	61,491	61,491	-	3,483,470	-	-	-
-	1,413	-	1,413	-	-	-	57,589	309,002	-	-	-
-	-	-	-	36,841	-	36,841	-	123,646	-	-	-
-	-	-	-	160,125	-	160,125	-	160,125	-	-	-
<u>434,235</u>	<u>1,091,696</u>	<u>-</u>	<u>1,091,696</u>	<u>1,055,189</u>	<u>70,038</u>	<u>1,125,227</u>	<u>223,522</u>	<u>31,165,344</u>	<u>3,704,068</u>	<u>(71,992)</u>	<u>3,632,076</u>
16,249	40,457	-	40,457	23,816	-	23,816	-	669,897	190,445	(253)	190,192
131,131	75,800	-	75,800	45,022	-	45,022	-	1,883,741	291,701	(60,038)	231,663
250,000	-	-	-	-	-	-	-	1,636,565	-	-	-
-	607,056	(44,301) 1,726	564,481	160,125	-	160,125	-	18,001,289	79,917	-	79,917
-	-	-	-	-	-	-	-	-	3,142,005	(12,408)	3,130,304
-	-	-	-	-	-	-	-	-	-	(1,160,201)	-
-	-	-	-	-	-	-	-	-	-	1,160,908	-
<u>397,380</u>	<u>723,313</u>	<u>(42,575)</u>	<u>680,738</u>	<u>228,963</u>	<u>-</u>	<u>228,963</u>	<u>-</u>	<u>22,191,492</u>	<u>\$ 3,704,068</u>	<u>\$ (71,992)</u>	<u>\$ 3,632,076</u>
-	-	-	-	196,966	-	196,966	-	283,771	-	-	-
-	-	299,514	299,514	-	-	-	-	2,646,435	-	-	-
-	-	-	-	-	-	-	-	240,000	-	-	-
36,855	368,383	(6,209) (299,514) 48,784	111,444	629,260	70,038	699,298	223,522	5,803,646	-	-	-
<u>36,855</u>	<u>368,383</u>	<u>42,575</u>	<u>410,958</u>	<u>826,226</u>	<u>70,038</u>	<u>896,264</u>	<u>223,522</u>	<u>8,973,852</u>			
<u>\$ 434,235</u>	<u>\$ 1,091,696</u>	<u>\$ -</u>	<u>\$ 1,091,696</u>	<u>\$ 1,055,189</u>	<u>\$ 70,038</u>	<u>\$ 1,125,227</u>	<u>\$ 223,522</u>	<u>\$ 31,165,344</u>			

# *Combining and Individual Fund Financial Statements and Schedules*

*Financial Section*

.....

## *Major Governmental Funds*

.....

**General Fund** 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 for general obligation debt.

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

**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**  
*General Fund*  
 June 30, 2005  
 With Comparative Totals for 2004

	<u>2005</u>	<u>2004</u>
<b>Assets:</b>		
Cash and temporary cash investments	\$ 2,300,453	\$ 1,243,930
Accounts, taxes, and grants receivables:		
Local	9,739,313	9,063,508
State	-	1,440,817
Federal	2,709,011	2,803,147
Due from other funds	200,000	250,000
Inventory	<u>74,316</u>	<u>86,805</u>
Total assets	<u><u>15,023,093</u></u>	<u><u>14,888,207</u></u>
<b>Liabilities and fund balances:</b>		
Liabilities:		
Accounts payable	224,987	490,251
Payroll and related payables	1,163,893	1,615,885
Due to other funds	1,417,511	1,386,565
Deferred revenue:		
Property taxes	8,958,697	8,833,433
Other deferred revenues	<u>45,808</u>	<u>285,823</u>
Total liabilities	<u><u>11,810,896</u></u>	<u><u>12,611,957</u></u>
Fund Balances:		
Reserved for:		
Inventories	74,316	86,805
Other restricted programs	1,935,733	2,346,921
Unreserved:		
Designated for transportation	-	240,000
Undesignated, reported in:		
General fund	<u>1,202,148</u>	<u>(397,476)</u>
Total fund balances	<u><u>3,212,197</u></u>	<u><u>2,276,250</u></u>
Total liabilities and fund balances	<u><u>\$ 15,023,093</u></u>	<u><u>\$ 14,888,207</u></u>

**PROVO CITY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
*General Fund*  
 Year Ended June 30, 2005  
 With Comparative Totals for 2004

	2005			2004	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 12,461,000	\$ 12,409,000	\$ 12,540,548	\$ 131,548	\$ 12,347,734
Interest	251,200	284,150	393,903	109,753	245,410
Other local	1,106,600	2,894,921	1,901,893	(993,028)	1,923,100
State of Utah	45,229,600	46,257,147	46,131,313	(125,834)	43,542,941
Federal government	8,547,300	6,681,384	6,415,614	(265,770)	6,561,494
Total revenues	<u>67,595,700</u>	<u>68,526,602</u>	<u>67,383,271</u>	<u>(1,143,331)</u>	<u>64,620,679</u>
<b>Expenditures:</b>					
Current:					
Salaries	46,326,800	46,181,359	44,974,873	1,206,486	44,760,838
Employee benefits	15,922,000	15,905,539	15,873,200	32,339	15,295,198
Purchased services	2,308,900	2,841,472	2,670,626	170,846	2,291,652
Supplies	2,220,100	2,925,695	2,805,045	120,650	1,543,481
Property	792,100	1,050,816	804,134	246,682	1,077,461
Other	(251,600)	(876,877)	(656,883)	(219,994)	(769,622)
Total expenditures	<u>67,318,300</u>	<u>68,028,004</u>	<u>66,470,995</u>	<u>1,557,009</u>	<u>64,199,008</u>
Excess of revenues over (under) Expenditures	<u>277,400</u>	<u>498,598</u>	<u>912,276</u>	<u>413,678</u>	<u>421,671</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets	-	-	2,500	2,500	1,868
Proceeds from insurance recoveries	-	-	21,171	21,171	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>23,671</u>	<u>23,671</u>	<u>1,868</u>
Net change in fund balances	277,400	498,598	935,947	437,349	423,539
<b>Fund balances - beginning</b>	<u>2,276,250</u>	<u>2,276,250</u>	<u>2,276,250</u>	<u>-</u>	<u>1,852,711</u>
<b>Fund balances - ending</b>	<u>\$ 2,553,650</u>	<u>\$ 1,073,988</u>	<u>\$ 3,212,197</u>	<u>\$ 437,349</u>	<u>\$ 2,276,250</u>

**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**

*Major Debt Service Fund*

June 30, 2005

With Comparative Totals for 2004

	<u>2005</u>	<u>2004</u>
<b>Assets:</b>		
Cash and temporary cash investments	\$ 931,103	\$ 857,105
Accounts, taxes, and grants receivables:		
Local	<u>2,808,267</u>	<u>2,854,600</u>
Total assets	<u>3,739,370</u>	<u>3,711,705</u>
 <b>Liabilities and fund balances:</b>		
Liabilities:		
Deferred revenue:		
Property taxes	<u>2,764,542</u>	<u>2,813,827</u>
Total liabilities	<u>2,764,542</u>	<u>2,813,827</u>
 Fund Balances:		
Reserved for:		
Debt service	<u>974,828</u>	<u>897,878</u>
Total fund balances	<u>974,828</u>	<u>897,878</u>
Total liabilities and fund balances	<u>\$ 3,739,370</u>	<u>\$ 3,711,705</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, 2005  
 With Comparative Totals for 2004

	2005			Variance with Final Budget - Positive (Negative)	2004
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 3,846,000	\$ 3,958,000	\$ 3,871,385	\$ (86,615)	\$ 3,804,770
Total revenues	<u>3,846,000</u>	<u>3,958,000</u>	<u>3,871,385</u>	<u>(86,615)</u>	<u>3,804,770</u>
<b>Expenditures:</b>					
Debt service:					
Principal retirement	1,880,000	1,880,000	1,915,000	(35,000)	2,345,000
Interest, fiscal charges, and issuance fees	1,949,000	2,015,000	1,879,435	135,565	1,548,614
Total expenditures	<u>3,829,000</u>	<u>3,895,000</u>	<u>3,794,435</u>	<u>100,565</u>	<u>3,893,614</u>
Excess of revenues over (under) expenditures	<u>17,000</u>	<u>63,000</u>	<u>76,950</u>	<u>13,950</u>	<u>(88,844)</u>
<b>Other financing sources (uses):</b>					
Refunding bonds issued	-	-	-	-	20,361,106
Payment to refunded bond escrow agent	-	-	-	-	(20,245,727)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,379</u>
Net change in fund balances	17,000	63,000	76,950	13,950	26,535
<b>Fund balances - beginning</b>	<u>897,878</u>	<u>897,878</u>	<u>897,878</u>	<u>-</u>	<u>871,343</u>
<b>Fund balances - ending</b>	<u>\$ 914,878</u>	<u>\$ 960,878</u>	<u>\$ 974,828</u>	<u>\$ 13,950</u>	<u>\$ 897,878</u>

**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**  
*Major Capital Projects Fund*  
 June 30, 2005  
 With Comparative Totals for 2004

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	<u>2005</u>	<u>2004</u>
<b>Assets:</b>		
Cash and temporary cash investments	\$ 5,133,904	\$ 4,266,430
Accounts, taxes, and grants receivables:		
Local	<u>5,375,071</u>	<u>5,424,322</u>
Total assets	<u><u>10,508,975</u></u>	<u><u>9,690,752</u></u>
<b>Liabilities and fund balances:</b>		
Liabilities:		
Accounts payable	136,010	99,124
Payroll and related payables	54,847	15,903
Deferred revenue:		
Property taxes	5,290,556	5,343,600
Other deferred revenues	<u>-</u>	<u>-</u>
Total liabilities	<u>5,481,413</u>	<u>5,458,627</u>
Fund Balances:		
Unreserved:		
Undesignated, reported in:		
Capital projects fund	<u>5,027,562</u>	<u>4,232,125</u>
Total fund balances	<u>5,027,562</u>	<u>4,232,125</u>
Total liabilities and fund balances	<u><u>\$ 10,508,975</u></u>	<u><u>\$ 9,690,752</u></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, 2005  
With Comparative Totals for 2004

	2005			Variance with Final Budget - Positive (Negative)	2004
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 7,360,000	\$ 7,556,000	\$ 7,408,371	\$ (147,629)	\$ 7,267,576
Other local	349,300	105,150	3,883	(101,267)	105,686
Total revenues	<u>7,709,300</u>	<u>7,661,150</u>	<u>7,412,254</u>	<u>(248,896)</u>	<u>7,373,262</u>
<b>Expenditures:</b>					
Current:					
Salaries	536,000	414,112	393,341	20,771	521,064
Employee benefits	123,700	107,165	107,591	(426)	118,961
Purchased services	1,822,800	1,003,696	1,154,321	(150,625)	721,485
Supplies	2,596,400	2,841,203	2,871,165	(29,962)	4,038,849
Property	1,387,600	2,595,732	2,031,685	564,047	759,117
Other	-	-	2,827	(2,827)	(1,060)
Debt service:					
Principal retirement	583,000	515,000	715,748	(200,748)	1,498,479
Interest, fiscal charges, and issuance fees	223,700	212,868	163,032	49,836	204,163
Total expenditures	<u>7,273,200</u>	<u>7,689,776</u>	<u>7,439,710</u>	<u>250,066</u>	<u>7,861,058</u>
Excess of revenues over (under) expenditures	<u>436,100</u>	<u>(28,626)</u>	<u>(27,456)</u>	<u>1,170</u>	<u>(487,796)</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets	-	240,000	247,342	7,342	507,100
Proceeds from capital lease agreement	-	-	568,817	568,817	168,671
Proceeds from insurance recoveries	-	-	6,734	6,734	-
Total other financing sources (uses)	<u>-</u>	<u>240,000</u>	<u>822,893</u>	<u>582,893</u>	<u>675,771</u>
Net change in fund balances	436,100	211,374	795,437	584,063	187,975
<b>Fund balances - beginning</b>	<u>4,232,125</u>	<u>4,232,125</u>	<u>4,232,125</u>	<u>-</u>	<u>4,044,150</u>
<b>Fund balances - ending</b>	<u>\$ 4,668,225</u>	<u>\$ 4,443,499</u>	<u>\$ 5,027,562</u>	<u>\$ 584,063</u>	<u>\$ 4,232,125</u>

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## *Nonmajor Governmental Funds*

.....

<b>Non K-12 Instruction Fund</b>	This special revenue fund accounts for restricted programs outside of the normal K-12 functions of the District. This fund includes preschool, adult education, and community recreation programs.
<b>Supplemental Programs Fund</b>	This special revenue fund accounts for financial resources that are a) restricted by enabling legislation, b) are not available to all Utah public school districts, c) are unique funding sources to the District, and d) are not funding sources used to support primary functions of the District.
<b>Food Services Fund</b>	This special revenue fund accounts for the restricted funding sources and operations of the school lunch and breakfast programs.
<b>Foundation for Excellence</b>	This special revenue fund accounts for the District's blended component unit.

**PROVO CITY SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2005

	Special Revenue				Total Nonmajor Governmental Funds
	Non K-12 Instruction	Supplemental Programs	School Food Services	Provo School District Foundation For Excellence	
<b>Assets:</b>					
Cash and temporary cash investments	\$ 29,841	\$ 23,340	\$ 1,003,593	\$ 200,188	\$ 1,256,962
Accounts, taxes, and grants receivables:					
Local	545,909	-	1,946	-	547,855
State	159,626	23,764	7,936	-	191,326
Federal	55,069	259,834	59,452	-	374,355
Due from other funds	-	-	-	58,986	58,986
Inventory	-	-	13,189	-	13,189
Federal commodity inventory	-	-	118,109	-	118,109
<b>Total Assets</b>	<b>790,445</b>	<b>306,938</b>	<b>1,204,225</b>	<b>259,174</b>	<b>2,560,782</b>
<b>Liabilities and fund balances:</b>					
<b>Liabilities:</b>					
Accounts payable	17,396	22,523	42,349	-	82,268
Payroll and related payables	58,884	56,608	36,235	-	151,727
Due to other funds	-	200,000	-	-	200,000
Deferred revenue:					
Property taxes	527,997	-	-	-	527,997
Other deferred revenues	-	2,653	-	-	2,653
<b>Total Liabilities</b>	<b>604,277</b>	<b>281,784</b>	<b>78,584</b>	<b>-</b>	<b>964,645</b>
<b>Fund balances:</b>					
Reserved for:					
Inventories	-	-	131,298	-	131,298
Other restricted programs	37,537	-	-	-	37,537
Unreserved:					
Undesignated, Reported in:					
Non K-12 instruction	148,631	-	-	-	148,631
Supplemental programs	-	25,154	-	-	25,154
School food services	-	-	994,343	-	994,343
Foundation for excellence	-	-	-	259,174	259,174
<b>Total fund balances</b>	<b>186,168</b>	<b>25,154</b>	<b>1,125,641</b>	<b>259,174</b>	<b>1,596,137</b>
<b>Total liabilities and fund balances</b>	<b>\$ 790,445</b>	<b>\$ 306,938</b>	<b>\$ 1,204,225</b>	<b>\$ 259,174</b>	<b>\$ 2,560,782</b>

**PROVO CITY SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2005

	Special Revenue				Total Nonmajor Governmental Funds
	Non K-12 Instruction	Supplemental Programs	School Food Services	Provo School District Foundation For Excellence	
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 739,336	\$ -	\$ -	\$ -	\$ 739,336
Food service sales	-	-	1,081,463	-	1,081,463
Interest	-	-	-	1,915	1,915
Contributions	-	-	-	169,023	169,023
Other local	74,018	2,475	-	600	77,093
State of Utah	1,324,148	1,183,432	457,994	-	2,965,574
Federal government	429,689	2,518,291	2,697,468	-	5,645,448
Total revenues	<u>2,567,191</u>	<u>3,704,198</u>	<u>4,236,925</u>	<u>171,538</u>	<u>10,679,852</u>
<b>Expenditures:</b>					
Current:					
Instructional services	-	2,488,218	-	-	2,488,218
Supporting services:					
Students	-	32,556	-	135,886	168,442
Instructional staff	-	8,821	-	-	8,821
District administration	-	-	-	-	-
School administration	-	-	-	-	-
Business	-	13,902	-	-	13,902
Operations and maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Central	-	-	-	-	-
School food services	-	-	4,007,548	-	4,007,548
Community services	2,791,981	1,172,402	-	-	3,964,383
Facilities and construction	-	-	-	-	-
Total expenditures	<u>2,791,981</u>	<u>3,715,899</u>	<u>4,007,548</u>	<u>135,886</u>	<u>10,651,314</u>
Net change in fund balances	(224,790)	(11,701)	229,377	35,652	28,538
<b>Fund balances - beginning</b>	410,958	36,855	896,264	223,522	1,567,599
<b>Fund balances - ending</b>	<u>\$ 186,168</u>	<u>\$ 25,154</u>	<u>\$ 1,125,641</u>	<u>\$ 259,174</u>	<u>\$ 1,596,137</u>

**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**  
*Non K-12 Instruction*  
**Nonmajor Special Revenue Fund**  
 June 30, 2005  
 With Comparative Totals for 2004

	2005	2004
<b>Assets:</b>		
Cash and temporary cash investments	\$ 29,841	\$ 277,497
Accounts, taxes, and grants receivables		
Local	545,909	560,065
State	159,626	45,366
Federal	55,069	207,355
Due from other funds	-	1,413
Total Assets	790,445	1,091,696
<b>Liabilities and fund balances:</b>		
Liabilities:		
Accounts payable	17,396	40,457
Payroll and related payables	58,884	75,800
Due to other funds	-	-
Deferred revenue:		
Property taxes	527,997	550,780
Other deferred revenues	-	13,701
Total Liabilities	604,277	680,738
Fund balances:		
Reserved for:		
Other restricted programs	37,537	299,514
Unreserved:		
Undesignated, Reported in:		
Non K-12 instruction	148,631	111,444
Total fund balances	186,168	410,958
Total liabilities and fund balances	\$ 790,445	\$ 1,091,696

**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, 2005  
With Comparative Totals for 2004

	2005			Variance with Final Budget - Positive (Negative)	2004
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 734,000	\$ 777,000	\$ 739,336	\$ (37,664)	\$ 747,423
Other local	149,500	121,085	74,018	(47,067)	110,840
State sources	1,442,100	1,620,711	1,324,148	(296,563)	1,441,561
Federal sources	180,800	125,072	429,689	304,617	193,382
Total revenues	<u>2,506,400</u>	<u>2,643,868</u>	<u>2,567,191</u>	<u>(76,677)</u>	<u>2,493,206</u>
<b>Expenditures:</b>					
Current:					
Salaries	1,509,200	1,532,981	1,672,320	(139,339)	1,454,794
Employee benefits	364,800	394,689	437,641	(42,952)	367,648
Purchased services	343,400	451,607	388,660	62,947	320,049
Supplies	182,000	221,349	141,051	80,298	188,070
Property	12,100	28,833	13,023	15,810	15,111
Other	13,800	268,229	139,285	128,944	22,462
Total expenditures	<u>2,425,300</u>	<u>2,897,688</u>	<u>2,791,981</u>	<u>105,707</u>	<u>2,368,134</u>
Excess of revenues over (under) expenditures	<u>81,100</u>	<u>(253,820)</u>	<u>(224,790)</u>	<u>(182,384)</u>	<u>125,072</u>
Net change in fund balances	81,100	(253,820)	(224,790)	29,030	125,072
<b>Fund balances - beginning</b>	<u>410,958</u>	<u>410,958</u>	<u>410,958</u>	<u>-</u>	<u>285,886</u>
<b>Fund balances - ending</b>	<u>\$ 492,058</u>	<u>\$ 157,138</u>	<u>\$ 186,168</u>	<u>\$ 29,030</u>	<u>\$ 410,958</u>

**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**  
*Supplemental Programs*  
**Nonmajor Special Revenue Fund**  
 June 30, 2005  
 With Comparative Totals for 2004

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	<b>2005</b>	2004
<b>Assets:</b>		
Cash and temporary cash investments	\$ 23,340	\$ 12,457
Accounts, taxes, and grants receivables:		
State	23,764	10,301
Federal	259,834	411,477
Total Assets	306,938	434,235
<b>Liabilities and fund balances:</b>		
Liabilities:		
Accounts payable	22,523	16,249
Payroll and related payables	56,608	131,131
Due to other funds	200,000	250,000
Deferred revenue:		
Other deferred revenues	2,653	-
Total Liabilities	281,784	397,380
Fund balances:		
Unreserved:		
Undesignated, Reported in:		
Supplemental programs	25,154	36,855
Total fund balances	25,154	36,855
Total liabilities and fund balances	\$ 306,938	\$ 434,235

**PROVO CITY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
*Supplemental Programs*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2005  
With Comparative Totals for 2004

	2005		Variance with Final Budget - Positive (Negative)	2004
	<u>Budgeted Amounts Original &amp; Final</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
<b>Revenues:</b>				
Local sources:				
Other local	\$ 250,000	\$ 2,475	\$ (247,525)	\$ -
State sources	1,228,299	1,183,432	(44,867)	1,180,702
Federal sources	2,546,677	2,518,291	(28,386)	3,051,813
Total revenues	<u>4,024,976</u>	<u>3,704,198</u>	<u>(320,778)</u>	<u>4,232,515</u>
<b>Expenditures:</b>				
Current:				
Salaries	1,484,680	2,183,896	(699,216)	2,261,362
Employee benefits	351,766	567,695	(215,929)	531,651
Purchased services	548,481	401,604	146,877	299,757
Supplies	1,328,204	242,892	1,085,312	321,813
Property	127,753	22,482	105,271	240,767
Other	184,092	297,330	(113,238)	552,718
Total expenditures	<u>4,024,976</u>	<u>3,715,899</u>	<u>309,077</u>	<u>4,208,068</u>
Net change in fund balances	-	(11,701)	(11,701)	24,447
<b>Fund balances - beginning</b>	<u>36,855</u>	<u>36,855</u>	<u>-</u>	<u>12,408</u>
<b>Fund balances - ending</b>	<u>\$ 36,855</u>	<u>\$ 25,154</u>	<u>\$ (11,701)</u>	<u>\$ 36,855</u>



**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**  
*Food Services*  
**Nonmajor Special Revenue Fund**  
 June 30, 2005  
 With Comparative Totals for 2004

	<b>2005</b>	2004
<b>Assets:</b>		
Cash and temporary cash investments	\$ 1,003,593	\$ 858,223
Accounts, taxes, and grants receivables:		
Local	1,946	-
State	7,936	8,547
Federal	59,452	61,491
Inventory	13,189	36,841
Federal commodity inventory	118,109	160,125
Total Assets	1,204,225	1,125,227
<b>Liabilities and fund balances:</b>		
Liabilities:		
Accounts payable	42,349	23,816
Deferred revenue:		
Other deferred revenues	-	160,125
Total Liabilities	78,584	228,963
Fund balances:		
Reserved for:		
Inventories	131,298	196,966
Unreserved:		
School food services	994,343	699,298
Total fund balances	1,125,641	896,264
Total liabilities and fund balances	\$ 1,204,225	\$ 1,125,227

**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, 2005  
With Comparative Totals for 2004

	2005			Variance with Final Budget - Positive (Negative)	2004
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Revenues:</b>					
Local sources:					
Food service sales	\$ 1,061,500	\$ 1,084,500	\$ 1,081,463	\$ (3,037)	\$ 1,063,244
State of Utah	380,000	380,000	457,994	77,994	366,636
Federal sources:					
Lunch program	250,000	250,000	293,328	43,328	254,952
Free and reduced reimbursement	1,400,400	1,400,400	1,564,895	164,495	1,495,155
Breakfast	325,000	325,000	383,109	58,109	337,511
Other food programs	40,000	40,000	61,595	21,595	48,824
Commodity program	254,300	254,300	394,541	140,241	285,830
Total revenues	<u>3,711,200</u>	<u>3,734,200</u>	<u>4,236,925</u>	<u>502,725</u>	<u>3,852,152</u>
<b>Expenditures:</b>					
Current:					
Salaries	1,491,800	1,491,800	1,572,274	(80,474)	1,472,217
Employee benefits	433,100	433,100	499,304	(66,204)	432,693
Purchased services	49,400	89,400	75,959	13,441	49,146
Supplies	217,800	217,800	179,147	38,653	236,076
Food	1,119,800	1,119,800	1,221,583	(101,783)	1,167,035
Property	337,800	337,800	190,087	147,713	254,926
Other	413,700	413,700	269,194	144,506	476,560
Total expenditures	<u>4,063,400</u>	<u>4,103,400</u>	<u>4,007,548</u>	<u>95,852</u>	<u>4,088,653</u>
Net change in fund balances	(352,200)	(369,200)	229,377	598,577	(236,501)
<b>Fund balances - beginning</b>	<u>896,264</u>	<u>896,264</u>	<u>896,264</u>	<u>-</u>	<u>1,132,765</u>
<b>Fund balances - ending</b>	<u>\$ 544,064</u>	<u>\$ 527,064</u>	<u>\$ 1,125,641</u>	<u>\$ 598,577</u>	<u>\$ 896,264</u>

**PROVO CITY SCHOOL DISTRICT**  
**Comparative Balance Sheets**  
*Provo City School District Foundation for Excellence*  
**Nonmajor Special Revenue Fund**  
 June 30, 2005  
 With Comparative Totals for 2004

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	<b>2005</b>	2004
<b>Assets:</b>		
Cash and temporary cash investments	\$ 200,188	\$ 165,933
Due from other funds	58,986	57,589
Total Assets	259,174	223,522
 <b>Liabilities and fund balances:</b>		
Total Liabilities	-	-
 Fund balances:		
Unreserved:		
Undesignated, Reported in:		
Foundation for excellence	259,174	223,522
Total fund balances	259,174	223,522
Total liabilities and fund balances	\$ 259,174	\$ 223,522

**PROVO CITY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
*Provo City School District Foundation for Excellence*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2005  
With Comparative Totals for 2004

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	<u>2005</u>	<u>2004</u>
<b>Revenues:</b>		
Local sources:		
Interest	\$ 1,915	\$ -
Contributions	169,023	184,387
Other local	600	-
Total revenues	<u>171,538</u>	<u>184,387</u>
<b>Expenditures:</b>		
Current:		
Supporting services:		
Students	<u>135,886</u>	<u>724,186</u>
Total expenditures	<u>135,886</u>	<u>724,186</u>
Net change in fund balances	35,652	(539,799)
<b>Fund balances - beginning</b>	<u>223,522</u>	<u>763,321</u>
<b>Fund balances - ending</b>	<u><u>\$ 259,174</u></u>	<u><u>\$ 223,522</u></u>

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## *Fiduciary Funds (agency funds)*

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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 the District holds for others in an agency capacity.

**Student  
Activities  
Agency  
Fund**

This fund accounts for the receipt and disbursement of monies of student activity organizations and other custodial type transactions within schools.

**Special  
Programs  
Fund**

This 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.

**PROVO CITY SCHOOL DISTRICT**  
**Combining Statement of Fiduciary Fund Assets and Liabilities**  
June 30, 2005

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	<u>Student Activities Fund</u>	<u>Special Programs Fund</u>	<u>Total Agency Funds</u>
<b>Assets:</b>			
Cash and temporary cash investments	\$ 454,030	\$ 688,247	\$ 1,142,277
Accounts, taxes & grants receivable:			
Local	-	701,257	701,257
State	-	8,600	8,600
Federal	-	3,016,267	3,016,267
Due from other funds	1,218,887	139,637	1,358,524
Total assets	<u>1,672,917</u>	<u>4,554,007</u>	<u>6,226,923</u>
<b>Liabilities:</b>			
Due to food services	(1,131)	-	(1,131)
Due to student organizations	1,674,048	-	1,674,048
Accounts payable	-	315,120	315,120
Payroll and related payables	-	277,178	277,178
Due to other entities	-	3,961,708	3,961,708
Total liabilities	<u>\$ 1,672,917</u>	<u>\$ 4,554,007</u>	<u>\$ 6,226,923</u>

**PROVO CITY SCHOOL DISTRICT**  
**Statement of Changes in Assets and Liabilities**  
*Student Activities Agency Fund*  
Year Ended June 30, 2005

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2004</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2005</b>
<b>ASSETS:</b>				
Cash and Investments	\$ 356,936	\$ 4,387,414	\$ 4,290,319	\$ 454,030
Due from other funds	1,270,287	199,445	250,845	1,218,887
	<u>1,627,223</u>	<u>4,586,858</u>	<u>4,541,164</u>	<u>1,672,917</u>
<b>LIABILITIES:</b>				
Due to Food Services	(592)	979,340	979,880	(1,131)
<b>Elementary Schools:</b>				
AMELIA EARHART	9,778	48,290	45,842	12,226
CANYON CREST	12,629	73,582	70,291	15,920
EDGEMONT	18,305	56,846	57,501	17,650
FRANKLIN	28,639	39,943	39,909	28,673
GRANDVIEW	40,686	49,619	57,976	32,329
JOAQUIN	19,297	42,302	45,941	15,659
PROVOST	21,767	20,317	19,845	22,239
ROCK CANYON	23,835	52,278	50,978	25,135
SPRING CREEK	18,967	33,405	34,178	18,195
SUNSET VIEW	12,967	71,349	67,929	16,388
TIMPANOGOS	23,485	57,230	48,820	31,895
WASATCH	16,132	43,951	44,734	15,348
WESTRIDGE	35,011	57,131	57,108	35,034
<b>Total Elementary Schools:</b>	<u>281,498</u>	<u>646,244</u>	<u>641,052</u>	<u>286,690</u>
<b>Middle Schools:</b>				
CENTENNIAL	74,696	277,912	249,326	103,282
DIXON	118,178	129,191	148,516	98,853
FARRER	127,811	103,888	154,170	77,530
<b>Total Middle Schools:</b>	<u>320,685</u>	<u>510,991</u>	<u>552,012</u>	<u>279,665</u>
<b>High Schools:</b>				
PROVO HIGH	492,146	1,171,994	1,056,361	607,779
TIMPIVIEW HIGH	388,063	1,213,762	1,267,006	334,819
INDEPENDENCE HIGH	145,423	64,526	44,854	165,095
<b>Total High Schools:</b>	<u>1,025,632</u>	<u>2,450,282</u>	<u>2,368,221</u>	<u>1,107,693</u>
<b>Total Due to Student Organizations:</b>	<u>1,627,815</u>	<u>3,607,518</u>	<u>3,561,285</u>	<u>1,674,048</u>
<b>Total Liabilities:</b>	<u>\$ 1,627,223</u>	<u>\$ 4,586,858</u>	<u>\$ 4,541,164</u>	<u>\$ 1,672,917</u>

**PROVO CITY SCHOOL DISTRICT**  
**Schedule of Assets and Liabilities**  
*Special Programs Agency Fund*  
Year Ended June 30, 2005

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	<u>Central Utah Enterprises</u>	<u>Utah State Office of Education Reading Program</u>	<u>Utah State Office of Education Vocational Ed.</u>	<u>Utah State Office of Education Family Involvement</u>	<u>Youth Programs</u>
<b>Assets:</b>					
Cash and temporary cash investments	\$ (175,990)	\$ 203,329	\$ 33,835	\$ 98,884	\$ (170,331)
Accounts, taxes & grants receivable:					
Local	196,502	-	43,537	-	101,116
State	-	-	-	-	6,156
Federal	-	-	48,812	-	95,847
Due from other funds	139,637	-	-	-	-
Total assets	<u>160,149</u>	<u>203,329</u>	<u>126,183</u>	<u>98,884</u>	<u>32,788</u>
<b>Liabilities:</b>					
Accounts payable	8,898	3,171	3,171	-	3,076
Payroll and related payables	11,379	-	6,906	-	25,433
Due to other entities	139,872	200,159	116,107	98,884	4,280
Total liabilities	<u>\$ 160,149</u>	<u>\$ 203,329</u>	<u>\$ 126,183</u>	<u>\$ 98,884</u>	<u>\$ 32,788</u>



**PROVO CITY SCHOOL DISTRICT**  
**Schedule of Assets and Liabilities (continued)**  
*Special Programs Agency Fund*  
Year Ended June 30, 2005

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<u>Utah County Local Interagency Council</u>	<u>Brigham Young University Partnership</u>	<u>Utah State Office Of Education Science Program</u>	<u>Utah Prof. Development Center</u>	<u>Project Read</u>	<u>Totals</u>
\$ 24,244	\$ 2,799,049	\$ 326,738	\$ (2,483,580)	\$ 32,067	\$ 688,246
-	320,792	-	38,111	1,200	701,258
-	2,444	-	-	-	8,600
-	-	15,005	2,852,429	4,173	3,016,266
-	-	-	-	-	139,637
<u>24,244</u>	<u>3,122,284</u>	<u>341,743</u>	<u>406,961</u>	<u>37,440</u>	<u>4,554,007</u>
-	108,317	14,118	174,371	-	315,121
-	2,447	5,188	220,966	4,860	277,178
<u>24,244</u>	<u>3,011,520</u>	<u>322,437</u>	<u>11,624</u>	<u>32,581</u>	<u>3,961,708</u>
<u>\$ 24,244</u>	<u>\$ 3,122,284</u>	<u>\$ 341,743</u>	<u>\$ 406,961</u>	<u>\$ 37,440</u>	<u>\$ 4,554,007</u>

**PROVO CITY SCHOOL DISTRICT**  
**Statement of Changes in Assets and Liabilities**  
*Special Programs Agency Fund*  
Year Ended June 30, 2005

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	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2005</u>
<b>Assets:</b>				
Cash and temporary cash investments	\$ 184,833	\$ 10,133,520	\$ 9,630,106	\$ 688,247
Accounts, taxes & grants receivable:				
Local	142,236	705,527	146,506	701,257
State	488	8,600	488	8,600
Federal	3,247,244	3,016,266	3,247,244	3,016,267
Due from other funds	<u>57,275</u>	<u>82,362</u>	<u>-</u>	<u>139,637</u>
Total assets	<u><u>3,632,076</u></u>	<u><u>13,946,274</u></u>	<u><u>13,024,344</u></u>	<u><u>4,554,007</u></u>
<b>Liabilities:</b>				
Accounts payable	190,194	4,349,669	4,224,743	315,120
Payroll and related payables	231,663	3,697,807	3,652,292	277,178
Due to other entities	<u>3,210,219</u>	<u>5,898,798</u>	<u>5,147,309</u>	<u>3,961,708</u>
Total liabilities	<u><u>\$ 3,632,076</u></u>	<u><u>\$ 13,946,274</u></u>	<u><u>\$ 13,024,344</u></u>	<u><u>\$ 4,554,007</u></u>

# *Statistical Section*

*section 3 - unaudited*

This section of the District's Comprehensive Annual Financial Report presents detailed information as a context to better understand the information in the financial statements, note disclosures, and required supplementary information.

**Financial Trends (pages 91 - 99)**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

**Revenue Capacity (pages 100 - 107)**

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

**Debt Capacity (pages 108 - 115)**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

**Demographic and Economic Information (pages 116 - 118)**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

**Operating Information (pages 119 - 127)**

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.



**PROVO CITY SCHOOL DISTRICT**  
**Comparative Statements of Net Assets**  
June 30, 2003 through 2005  
(accrual basis of accounting)

	2003	2004	2005
<b>Assets:</b>			
Cash and temporary cash investments	\$ 8,776,962	\$ 7,777,841	\$ 9,714,165
Accounts, taxes, and grants receivables:			
Local	17,907,625	18,149,695	18,470,506
State	490,242	1,496,484	191,326
Federal	2,886,247	3,421,979	3,083,366
Inventory	194,076	123,646	87,505
Federal commodity inventory	164,583	160,125	118,109
Bond issuance costs, net of accumulated amortization	280,097	370,029	287,313
Total capital assets, net accumulated depreciation	59,603,753	59,069,537	59,635,515
	90,303,585	90,569,336	91,587,805
<b>Liabilities:</b>			
Accounts payable	504,578	669,897	443,265
Accrued interest payable	121,177	90,380	80,422
Payroll and related payables	1,324,016	1,883,741	1,370,467
Due to other agencies - fiduciary activities	2,026,137	1,327,563	1,358,525
Deferred revenue:			
Property taxes	19,269,242	17,471,602	17,541,792
Other deferred revenues	402,565	459,649	48,461
Noncurrent liabilities:			
Due within one year	4,290,132	4,361,173	5,542,189
Due in more than one year	42,859,029	38,924,117	37,729,231
	70,796,876	65,188,122	64,114,352
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	17,308,576	20,648,636	23,366,925
Restricted for:			
Debt service	621,656	897,878	974,828
Capital projects	3,569,714	4,232,125	5,027,562
Non K-12 instruction	237,102	410,958	186,168
Supplemental programs	-	36,855	25,154
School food services	1,132,765	896,264	1,125,641
Foundation	-	223,522	259,174
Other restricted programs	-	2,346,921	1,935,733
Unrestricted	(3,363,104)	(4,311,945)	(5,427,732)
Total net assets	\$ 19,506,709	\$ 25,381,214	\$ 27,473,453

Fiscal year 2003 was the first year the District became subject to GASB statement No. 34 requirements which required the District to report both government-wide (accrual basis) and governmental fund (modified-accrual basis) financial performance.

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

The County is the collector of property taxes and remits property taxes to the District each year. The District's recognition of revenues is based upon the reporting structure of the County. During the 2005 fiscal year audit, the County was able to provide more in depth information than was provided in previous years. This additional information substantiated the District's right to recognize property tax revenues that it was not able to recognize in previous years. Consequently, the District recognized these revenues in its 2005 financial statements and also restated its 2004 financial statements for comparability purposes. The data provided on applicable tables in the statistics section recognize these changes in 2004 and 2005 but do not restate the information in fiscal years before 2004.

**PROVO CITY SCHOOL DISTRICT**  
**Net Assets By Component**  
 June 30, 2003 through 2005  
 (accrual basis of accounting)

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	9,044,523	(4,311,945)	25,381,214
2005	23,366,925	9,534,260	(5,427,732)	27,473,453
Percentage Change*	35.00%	71.44%	61.39%	40.84%

\*Percentage change calculation = (2005/2003) - 1

Fiscal year 2003 was the first year the District became subject to GASB statement No. 34 requirements which required the District to report both government-wide (accrual basis) and governmental fund (modified-accrual basis) financial performance.

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

The County is the collector of property taxes and remits property taxes to the District each year. The District's recognition of revenues is based upon the reporting structure of the County. During the 2005 fiscal year audit, the County was able to provide more in depth information than was provided in previous years. This additional information substantiated the District's right to recognize property tax revenues that it was not able to recognize in previous years. Consequently, the District recognized these revenues in its 2005 financial statements and also restated its 2004 financial statements for comparability purposes. The data provided on applicable tables in the statistics section recognize these changes in 2004 and 2005 but do not restate the information in fiscal years before 2004.

**PROVO CITY SCHOOL DISTRICT**  
**Changes in Net Assets**  
Years Ended June 30, 2003 through 2005  
(accrual basis of accounting)

	2003	2004	2005
<b>Expenses:</b>			
Instructional services	\$ 55,070,821	\$ 54,929,906	\$ 57,155,465
Supporting services:			
Students	2,751,898	3,217,003	3,362,498
Instructional staff	2,203,449	1,943,838	2,009,129
District administration	931,906	1,077,422	887,645
School administration	4,404,647	4,385,661	4,286,195
Business	1,231,771	877,342	2,702,036
Operation and maintenance	5,057,405	5,039,105	3,967,227
Transportation	1,731,094	1,546,155	1,663,845
Central	859,059	867,238	39,842
School food services	3,522,320	4,099,278	3,984,890
Community services	2,318,056	3,581,999	3,861,900
Facilities & construction	1,546,646	621,857	1,256,996
Interest on long-term liabilities	2,400,897	1,502,020	2,107,402
Total expenses	<u>84,029,969</u>	<u>83,688,824</u>	<u>87,285,070</u>
<b>Program revenues:</b>			
Charges for services	1,558,952	1,871,699	1,880,460
Operating grants and contributions	29,145,224	28,301,525	30,696,219
Total program revenues	<u>30,704,176</u>	<u>30,173,224</u>	<u>32,576,679</u>
Net (expense) revenue	(53,325,793)	(53,515,600)	(54,708,391)
<b>General revenues:</b>			
Property taxes	23,603,358	24,167,503	24,559,641
Federal and state aid not restricted to specific purposes	29,225,266	30,459,275	30,633,267
Earnings on investments	219,456	258,841	393,903
Miscellaneous and other	2,359,015	2,170,161	1,213,820
Total general revenues	<u>55,407,095</u>	<u>57,055,780</u>	<u>56,800,631</u>
Change in net assets	<u>\$ 2,081,302</u>	<u>\$ 3,540,180</u>	<u>\$ 2,092,240</u>

Fiscal year 2003 was the first year the District became subject to GASB statement No. 34 requirements which required the District to report both government-wide (accrual basis) and governmental fund (modified-accrual basis) financial performance.

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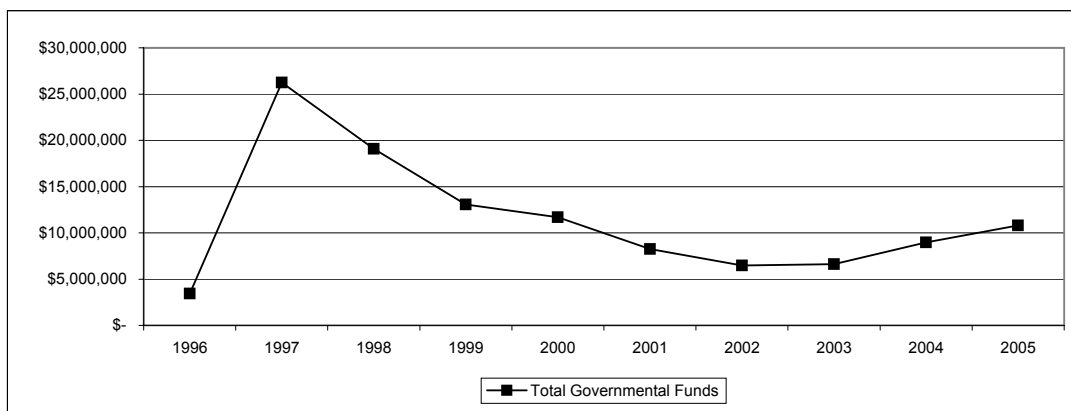
**PROVO CITY SCHOOL DISTRICT**  
**Governmental Funds - Aggregate Fund Balances**

June 30, 1996 through 2005  
(modified-accrual basis of accounting)

June 30th	General Fund	Debt Service	Capital Projects	Non K-12 Instruction	Supplemental Programs	Food Services	Foundation	Total Governmental Funds
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	35,352	9,865,516	70,555	-	750,471	-	13,077,919
2000	2,807,235	93,200	7,866,317	136,845	-	790,142	-	11,693,739
2001	2,944,989	214,630	4,238,660	25,235	-	831,992	-	8,255,506
2002	2,686,527	657,417	2,200,597	57,556	-	878,564	-	6,480,661
2003	1,067,023	621,656	3,569,714	237,102	-	1,132,765	-	6,628,260
2004	2,276,250	897,878	4,232,125	410,958	36,855	896,264	223,522	8,973,852
2005	3,212,197	974,828	5,027,562	186,168	25,154	1,125,641	259,174	10,810,724

Percentage Change*	118.43%	0.00%	308.24%	17.10%	0.00%	98.25%	0.00%	215.29%
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\*Percentage change calculation = (2005/1996) - 1



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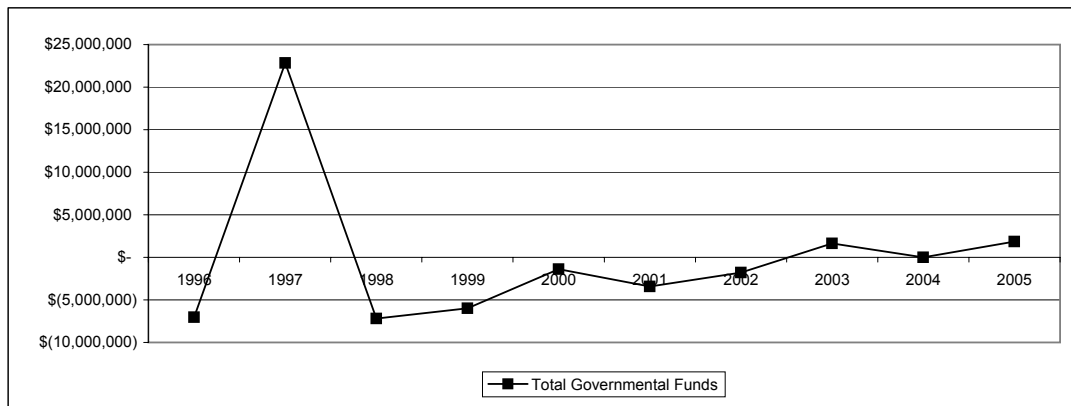
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**PROVO CITY SCHOOL DISTRICT**  
**Governmental Funds - Net Changes in Aggregate Fund Balances**  
 Years Ended June 30, 1996 through 2005  
 (modified-accrual basis of accounting)

Fiscal Year Ended June 30th	General Fund	Debt Service	Capital Projects	Non K-12 Instruction	Supplemental Programs	Food Services	Foundation	Total Governmental Funds
1996	\$ 198,993	\$ (351,065)	\$ (6,943,493)	\$ (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	35,352	(6,640,561)	56,584	-	46,452	-	(5,992,859)
2000	451,210	57,848	(1,999,199)	66,290	-	39,671	-	(1,384,180)
2001	137,754	121,430	(3,627,657)	(111,610)	-	41,850	-	(3,438,233)
2002	(258,462)	442,787	(2,038,063)	32,321	-	46,572	-	(1,774,845)
2003	(142,721)	(35,761)	1,369,117	179,546	-	254,201	-	1,624,382
2004	423,539	26,535	187,975	125,072	24,447	(236,501)	(539,799)	11,268
2005	935,947	76,950	795,437	(224,790)	(11,701)	229,377	35,652	1,836,872
Percentage Change*	370.34%	0.00%	-111.46%	1159.89%	0.00%	191.87%	0.00%	-126.11%

\*Percentage change calculation = (2005/1996) - 1



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**PROVO CITY SCHOOL DISTRICT**

**Governmental Funds - Reserved and Unreserved Fund Balances**

June 30, 1996 through 2005

(modified-accrual basis of accounting)

	1996	1997	1998	1999
General fund:				
Reserved	\$ 135,469	\$ 141,056	\$ 127,791	\$ 133,419
Unreserved	1,335,094	1,590,118	1,718,920	2,222,606
Total	<u>1,470,563</u>	<u>1,731,174</u>	<u>1,846,711</u>	<u>2,356,025</u>
Debt service fund:				
Reserved	-	-	-	35,352
Unreserved	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,352</u>
Capital projects fund:				
Reserved	-	-	-	-
Unreserved	1,231,524	23,802,736	16,506,077	9,865,516
Total	<u>1,231,524</u>	<u>23,802,736</u>	<u>16,506,077</u>	<u>9,865,516</u>
Special revenue funds:				
Non K-12 instruction fund:				
Reserved	-	-	-	-
Unreserved	158,986	105,665	13,971	70,555
Total	<u>158,986</u>	<u>105,665</u>	<u>13,971</u>	<u>70,555</u>
Supplemental programs fund:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Food services fund:				
Reserved	133,548	138,697	166,606	137,371
Unreserved	434,228	474,744	537,413	613,100
Total	<u>567,776</u>	<u>613,441</u>	<u>704,019</u>	<u>750,471</u>
Foundation for excellence:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total special revenue funds	<u>726,762</u>	<u>719,106</u>	<u>717,990</u>	<u>821,026</u>
<b>Total governmental funds:</b>				
Reserved	269,017	279,753	294,397	306,142
Unreserved	3,159,832	25,973,263	18,776,381	12,771,777
Total governmental fund balances	<u>\$ 3,428,849</u>	<u>\$ 26,253,016</u>	<u>\$ 19,070,778</u>	<u>\$ 13,077,919</u>

Table encompasses information derived from the District's general fund, debt service fund, capital projects fund, and special revenue funds.

**PROVO CITY SCHOOL DISTRICT**  
**Governmental Funds - Reserved and Unreserved Fund Balances (continued)**

June 30, 1996 through 2005  
(modified-accrual basis of accounting)

2000	2001	2002	2003	2004	2005
\$ 159,647	\$ 165,056	\$ 108,742	\$ 81,063	\$ 2,433,726	\$ 2,010,049
2,647,588	2,779,933	2,577,785	985,960	(157,476)	1,202,148
<u>2,807,235</u>	<u>2,944,989</u>	<u>2,686,527</u>	<u>1,067,023</u>	<u>2,276,250</u>	<u>3,212,197</u>
93,200	214,630	657,417	621,656	897,878	974,828
-	-	-	-	-	-
<u>93,200</u>	<u>214,630</u>	<u>657,417</u>	<u>621,656</u>	<u>897,878</u>	<u>974,828</u>
-	-	-	1,023,246	-	-
7,866,317	4,238,660	2,200,597	2,546,468	4,232,125	5,027,562
<u>7,866,317</u>	<u>4,238,660</u>	<u>2,200,597</u>	<u>3,569,714</u>	<u>4,232,125</u>	<u>5,027,562</u>
-	-	-	-	299,514	37,537
136,845	25,235	57,556	237,102	111,444	148,631
<u>136,845</u>	<u>25,235</u>	<u>57,556</u>	<u>237,102</u>	<u>410,958</u>	<u>186,168</u>
-	-	-	-	-	-
-	-	-	-	36,855	25,154
-	-	-	-	<u>36,855</u>	<u>25,154</u>
128,832	147,126	141,027	113,013	196,966	131,298
661,310	684,866	737,537	1,019,752	699,298	994,343
<u>790,142</u>	<u>831,992</u>	<u>878,564</u>	<u>1,132,765</u>	<u>896,264</u>	<u>1,125,641</u>
-	-	-	-	-	-
-	-	-	-	223,522	259,174
-	-	-	-	<u>223,522</u>	<u>259,174</u>
<u>926,987</u>	<u>857,227</u>	<u>936,120</u>	<u>1,369,867</u>	<u>1,567,599</u>	<u>1,596,137</u>
381,679	526,812	907,186	1,838,978	3,828,084	3,153,712
11,312,060	7,728,694	5,573,475	4,789,282	5,145,768	7,657,012
<u>\$ 11,693,739</u>	<u>\$ 8,255,506</u>	<u>\$ 6,480,661</u>	<u>\$ 6,628,260</u>	<u>\$ 8,973,852</u>	<u>\$ 10,810,724</u>

**PROVO CITY SCHOOL DISTRICT**

**Total Governmental Funds - Changes in Fund Balances**

Years Ended June 30, 1996 through 2005

(modified-accrual basis of accounting)

	1996	1997	1998	1999
<b>Revenues:</b>				
Property taxes	\$ 16,959,377	\$ 16,957,884	\$ 17,478,497	\$ 18,632,874
Other local sources	5,243,923	5,595,290	6,313,671	5,997,087
State of Utah	36,210,691	40,227,931	41,689,104	44,366,519
Federal government	4,317,104	4,433,599	4,883,422	5,194,550
<b>Total revenues</b>	<b>62,731,095</b>	<b>67,214,704</b>	<b>70,364,694</b>	<b>74,191,030</b>
<b>Expenditures:</b>				
Instructional services	38,275,724	41,919,347	42,942,713	45,970,312
Supporting services:				
Students	1,659,679	1,843,414	1,902,796	1,979,137
Instructional staff	1,704,062	1,895,986	2,058,283	2,209,042
District administration	824,193	671,560	722,369	896,407
School administration	2,953,513	3,339,945	3,448,283	3,667,657
Business	536,970	567,895	517,234	558,716
Operations and maintenance	4,048,438	4,952,608	5,022,065	5,164,111
Student transportation	962,088	1,007,783	1,074,787	1,226,213
Central	601,377	717,734	856,444	912,159
School food services	2,859,165	2,842,850	2,922,846	3,103,432
Community services	1,929,767	1,959,230	2,024,825	1,886,453
Facilities and construction	9,494,251	2,726,756	10,108,220	8,329,216
Debt service:				
Principal retirement	2,472,891	7,745,678	10,310,615	2,335,430
Interest and fees	1,688,028	1,688,194	3,245,802	1,946,569
<b>Total expenditures</b>	<b>70,010,146</b>	<b>73,878,980</b>	<b>87,157,282</b>	<b>80,184,854</b>
Excess (deficiency) of revenues over expenditures	(7,279,051)	(6,664,276)	(16,792,588)	(5,993,824)
<b>Other financing sources (uses):</b>				
Capital lease	208,752	2,000,000	204,306	-
Sale of assets	31,362	1,600	8,481	965
General obligation bonds issued	-	27,471,248	9,412,207	-
Refunding bonds issued	-	-	-	-
Payment to refunded bonds escrow	-	-	-	-
Insurance recoveries	-	-	-	-
Other miscellaneous	4,119	15,595	(14,644)	-
<b>Total other financing sources (uses)</b>	<b>244,233</b>	<b>29,488,443</b>	<b>9,610,350</b>	<b>965</b>
<b>Net change in fund balance</b>	<b>\$ (7,034,818)</b>	<b>\$ 22,824,167</b>	<b>\$ (7,182,238)</b>	<b>\$ (5,992,859)</b>
Debt service as a percentage of noncapital expenditures	6.9%	13.3%	17.7%	6.9%

Table encompasses information derived from the District's general fund, debt service fund, capital projects fund, and special revenue funds.

**PROVO CITY SCHOOL DISTRICT**  
**Total Governmental Funds - Changes in Fund Balances (continued)**

Years Ended June 30, 1996 through 2005  
(modified-accrual basis of accounting)

2000	2001	2002	2003	2004	2005
\$ 18,754,409	\$ 20,038,183	\$ 20,658,903	\$ 23,603,358	\$ 24,167,503	\$ 24,559,640
6,239,776	6,786,721	6,392,374	3,930,368	3,632,667	3,629,173
44,969,784	46,612,372	49,052,543	46,706,056	46,540,387	49,096,887
6,898,422	9,092,823	11,367,934	11,664,435	12,220,414	12,061,062
<u>76,862,391</u>	<u>82,530,099</u>	<u>87,471,754</u>	<u>85,904,217</u>	<u>86,560,971</u>	<u>89,346,762</u>
48,905,529	52,619,455	57,370,098	54,055,998	54,517,504	54,063,533
2,209,453	2,580,471	2,646,943	2,703,337	3,208,669	3,279,557
2,081,914	2,119,900	2,407,242	2,164,486	1,938,799	1,909,225
932,321	892,353	930,589	915,463	1,074,630	855,576
3,934,528	4,221,500	4,178,592	4,326,847	4,374,293	4,333,483
571,465	624,374	649,778	1,210,262	875,141	2,530,560
5,011,988	5,782,795	5,833,316	4,967,761	5,026,044	3,670,441
1,397,361	1,473,903	1,925,172	1,702,022	1,542,147	1,747,676
746,826	790,888	836,082	843,955	864,989	37,172
3,301,575	3,410,898	3,602,153	3,460,068	4,088,653	4,007,548
1,946,840	2,212,418	2,164,295	2,277,186	3,575,723	3,964,383
2,653,014	4,523,156	6,307,720	1,898,304	659,873	3,296,431
2,055,635	2,236,058	2,302,163	2,131,501	3,843,479	2,630,748
2,502,241	2,499,561	2,295,412	2,333,762	1,752,777	2,034,644
<u>78,250,690</u>	<u>85,987,730</u>	<u>93,449,555</u>	<u>84,990,952</u>	<u>87,342,721</u>	<u>88,360,977</u>
(1,388,299)	(3,457,631)	(5,977,801)	913,265	(781,750)	985,785
-	-	-	504,063	168,671	573,340
4,119	19,398	2,956	29,789	508,968	249,842
-	-	4,200,000	177,265	-	-
-	-	-	-	20,361,106	-
-	-	-	-	(20,245,727)	-
-	-	-	-	-	27,905
-	-	-	-	-	-
<u>4,119</u>	<u>19,398</u>	<u>4,202,956</u>	<u>711,117</u>	<u>793,018</u>	<u>851,087</u>
<u><b>\$ (1,384,180)</b></u>	<u><b>\$ (3,438,233)</b></u>	<u><b>\$ (1,774,845)</b></u>	<u><b>\$ 1,624,382</b></u>	<u><b>\$ 11,268</b></u>	<u><b>\$ 1,836,872</b></u>
6.1%	5.9%	5.4%	5.3%	6.5%	5.5%

**PROVO CITY SCHOOL DISTRICT**  
**Property Tax Levies and Collections**  
 Years Ended June 30, 1996 through 2005  
 Tax Rates (per \$1)

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<u>Calendar Tax Year</u>	<u>Fiscal Year Ended June 30th</u>	<u>Mill Levy or Tax Rate</u>	<u>Real Property Taxable Value</u>	<u>Redevelopment Value</u>	<u>Net Taxable Value</u>
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	3,666,115,635	141,519,665	3,524,595,970
2003	2004	0.006071	3,620,318,521	117,943,526	3,502,374,995
2004	2005	0.006234	3,575,601,094	-	3,575,601,094

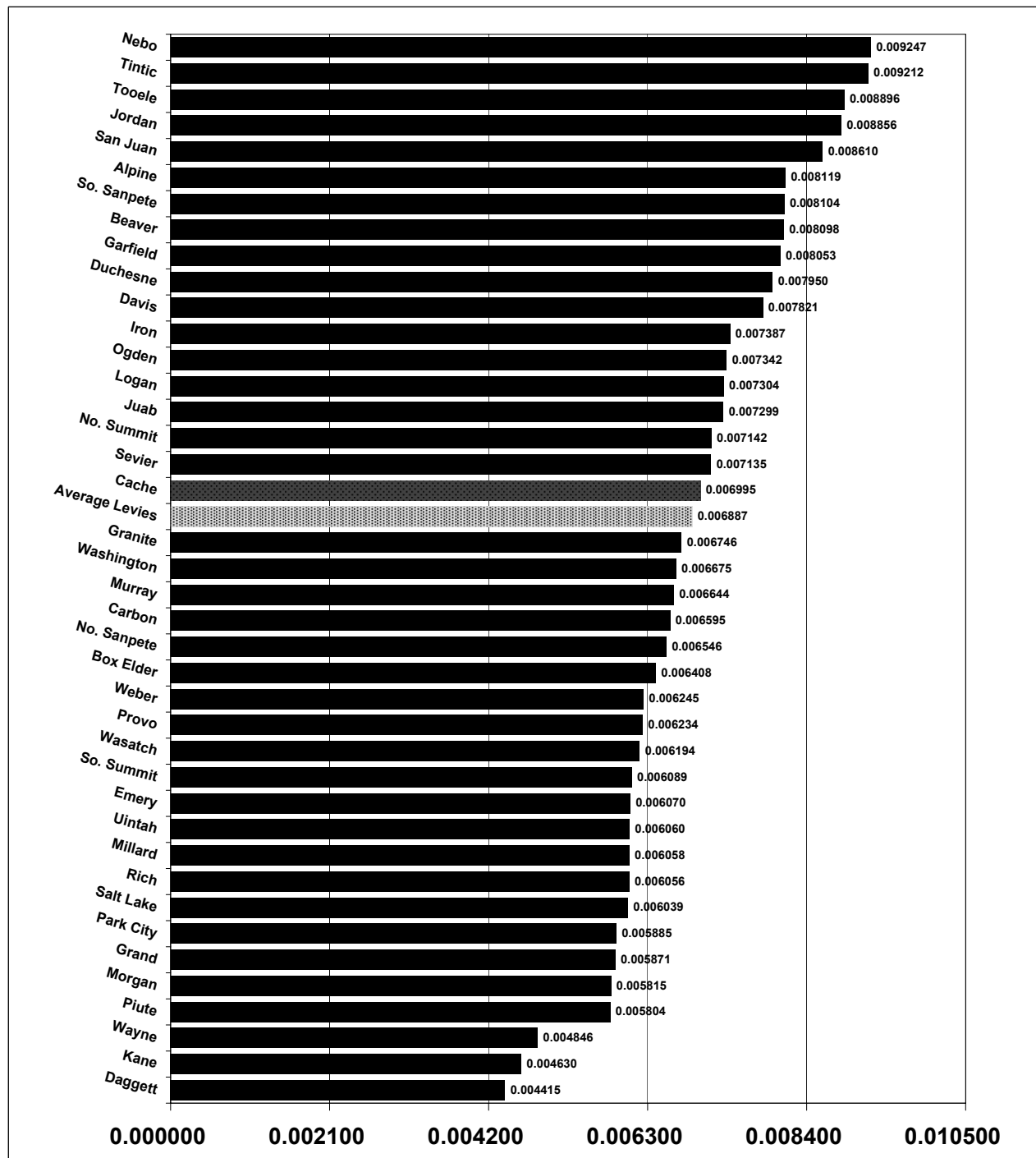
Taxable values are derived from the District's final settlement statement received from the Utah County Treasurer's Office each year.

**PROVO CITY SCHOOL DISTRICT**  
**Property Tax Levies and Collections (continued)**  
Years Ended June 30, 1996 through 2005  
Tax Rates (per \$1)

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Collected within the Calendar Year of the Levy			Collections in Subsequent Years	Total Collections	
Current	Percent of Current Collections	Fee-in-Leu & Other Collections	Delinquent Collections	Amount	Percent of Annual Assessment
\$ 14,159,900	93.45%	\$ 2,341,566	\$ 990,010	\$ 17,491,475	99.99%
13,252,259	94.65%	3,064,749	709,117	17,026,126	99.71%
13,877,089	92.64%	2,767,736	732,019	17,376,844	97.53%
14,605,784	93.40%	2,602,734	529,734	17,738,252	97.40%
16,562,474	92.59%	2,842,818	848,874	20,254,165	103.59%
16,253,477	90.62%	2,685,487	1,067,369	20,006,332	96.57%
16,458,879	90.08%	2,391,201	1,362,939	20,213,019	97.54%
19,158,439	90.04%	3,116,806	1,517,305	23,792,549	97.17%
19,369,692	91.10%	2,584,917	1,932,688	23,887,297	100.19%
20,387,851	91.47%	2,664,542	2,024,523	25,076,916	100.55%

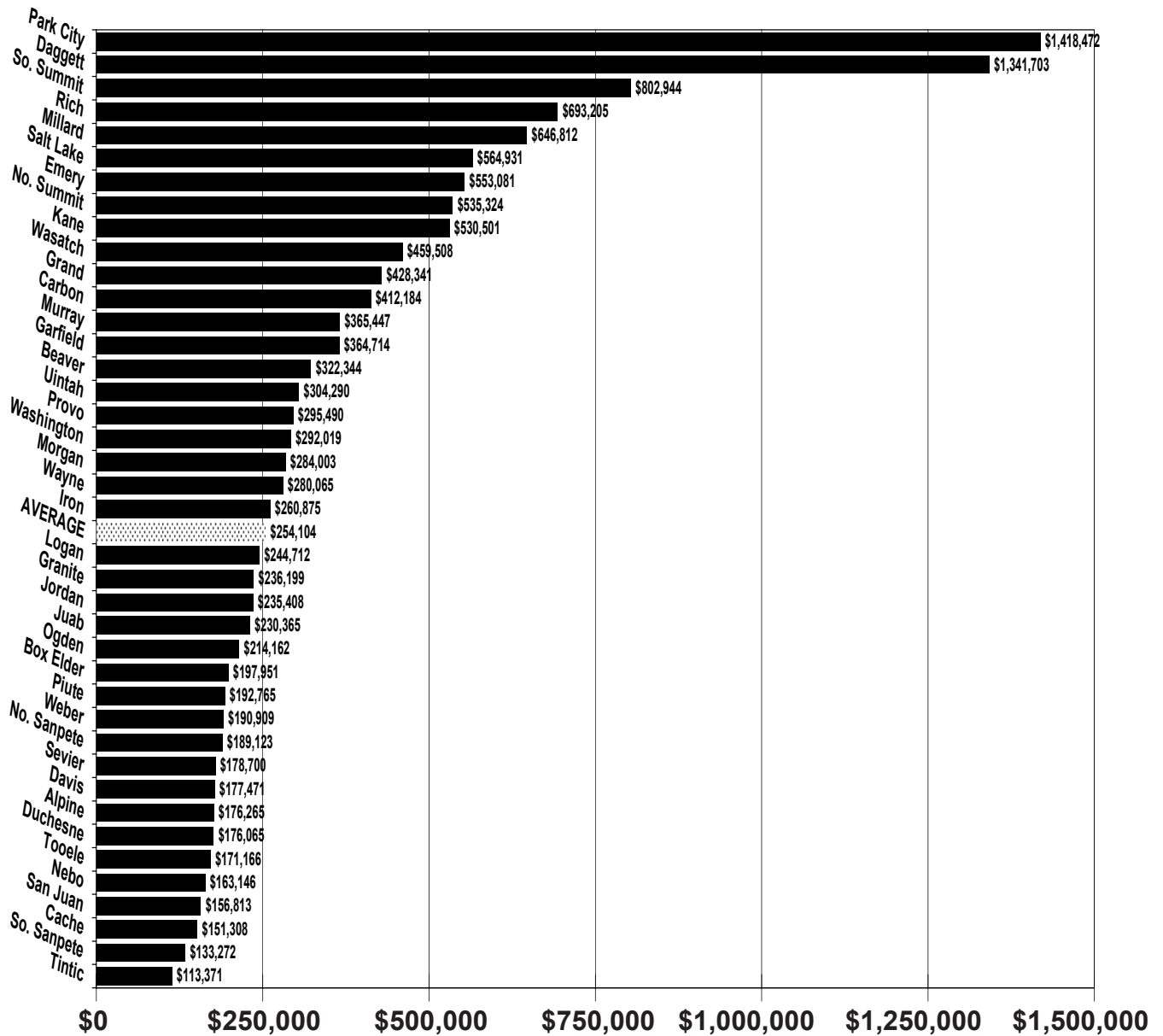
**PROVO CITY SCHOOL DISTRICT**  
**Comparison of Utah School District Property Tax Rates**  
 Tax Year 2004, Fiscal Year 2004-05



Source: Utah State Office of Education, Finance & Statistics Department, [www.usoe.k12.ut.us](http://www.usoe.k12.ut.us).



**PROVO CITY SCHOOL DISTRICT**  
**Comparison of Assessed Property Tax Valuation Per Student**  
 Fiscal Year 2003-04



Source: Utah State Office of Education, Finance & Statistics Department, [www.usoe.k12.ut.us](http://www.usoe.k12.ut.us).

**PROVO CITY SCHOOL DISTRICT**

**Fifteen Largest Property Taxpayers By Individual Properties**

June 30, 2005 and 1996

Taxpayer	2005			1996		
	*Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Novell Inc.	\$ 39,000,000	1	1.09%	28,744,337	2	1.36%
<sup>1)</sup> Qwest Communications	38,704,615	2	1.08%			
Novell Inc.	28,000,000	3	0.78%			
Provo Mall LLC	26,867,248	4	0.75%			
Central Utah Investment	21,765,693	5	0.61%			
Scrub Oak LTD	18,407,900	6	0.51%	13,138,289	3	0.62%
Tropical Development LLC	15,500,000	7	0.43%			
Terranet Investments L.C.	14,376,996	8	0.40%			
<sup>2)</sup> Questar Gas	13,769,285	9	0.39%			
Provo University Plaza LLC	11,289,307	10	0.32%			
Medical Center Company	11,024,997	11	0.31%			
Epixtech Inc.	10,811,081	12	0.30%			
IHC Hospitals Inc.	10,058,480	13	0.28%	6,538,588	8	0.31%
Provo Mall LLC	10,005,750	14	0.28%			
PDC Community Centers LLC	9,900,000	15	0.28%			
<sup>1)</sup> U.S. West Communication				38,922,580	1	1.84%
<sup>2)</sup> Mountain Fuel Supply				12,168,080	4	0.57%
Union Pacific Railroad				7,067,800	6	0.33%
Dynix Corporation				6,838,755	7	0.32%
Park Hotels LC				6,148,749	9	0.29%
Boettcher Pension Investors				5,792,921	10	0.27%
Western States Financials				5,737,057	11	0.27%
Aspen Investments				5,380,852	12	0.25%
Johnson Land Enterprises				5,357,406	13	0.25%
Shopko Stores Inc.				5,300,000	14	0.25%
Raintree Park Limited				5,272,987	15	0.25%
Total Taxable Value	3,575,601,000			2,117,912,000		

Some taxpaying entities have separate properties in separate locations with individual values listed on the tax rolls. Consequently, these taxpayers, and their separate properties are reported individually.

The Utah County Assessor's office is the primary source of this information. Total taxable value is derived from the settlement statement the County provides the District each year.

Two entities have been involved in mergers and consolidations since 1996. These entities have been indicated by parenthetical references.

**PROVO CITY SCHOOL DISTRICT**  
**Property Tax Rates--Direct and Overlapping Governments**  
**Based on \$1,000 Assessed Valuation**  
1996 - 2005

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Fiscal Year Ended June 30	Calendar Year	Provo City School District	Other Taxing Entities			Total Tax Rate
			Provo City	Utah County	Central UT Water District	
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
2005	2004	0.006234	0.002891	0.001391	0.0004	0.010916

\*Source: Utah County Auditor, Provo City, and Utah State Tax Commission

**PROVO CITY SCHOOL DISTRICT**  
**Taxable and Estimated Actual Value of Taxable Property**

(amounts expressed in thousands)  
 Years Ended June 30, 1996 through 2005

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Fiscal Year Ended June 30th	Real Property Taxable Value	Estimated Actual Value	Ratio of Total Taxable Value to Total Estimated Actual Value
1996	\$ 2,117,912	\$ 3,275,240	64.66%
1997	2,169,953	3,675,366	59.04%
1998	2,405,495	3,816,281	63.03%
1999	2,499,317	3,858,510	64.77%
2000	2,750,602	4,144,332	66.37%
2001	3,119,842	4,485,882	69.55%
2002	3,258,646	4,833,133	67.42%
2003	3,666,116	5,310,090	69.04%
2004	3,620,319	5,199,486	69.63%
2005	3,575,601	5,353,912	66.78%

Taxable values are derived from the District's final settlement statement received from the Utah County Treasurer's Office each year. Taxable values are determined by the County based upon percentages of assessed value. Estimated actual values are calculated to be the equivalent of the original assessed valuations made by the County.

**PROVO CITY SCHOOL DISTRICT**  
**History of the Value of the WPU**  
**Weighted Pupil Unit (WPU)**  
 Utah Legislative Funding Method  
 1977 - 2005

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<b>FISCAL YEAR</b>	<b>WPU VALUE</b>	<b>% INCREASE</b>
1976-77	\$ 683	9.98%
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%
2004-05	2,182	1.49%

Source: Utah State Office of Education, Finance & Statistics Department, [www.usoe.k12.ut.us](http://www.usoe.k12.ut.us).

**PROVO CITY SCHOOL DISTRICT**  
**General Fund - Changes in Fund Balances**  
**& Ratio of Annual Debt Service to General Fund Expenditures**  
Years Ended June 30, 1996 - 2005  
(modified-accrual basis of accounting)

	1996	1997	1998	1999
<b>Revenues:</b>				
Property taxes	\$ 8,740,674	\$ 7,895,591	\$ 8,115,538	\$ 9,359,293
Other local sources	3,666,366	3,987,628	3,859,177	4,087,986
State of Utah	35,185,393	39,211,726	40,495,538	43,141,474
Federal government	2,538,229	2,711,582	3,052,107	3,298,283
<b>Total revenues</b>	<u>50,130,662</u>	<u>53,806,527</u>	<u>55,522,360</u>	<u>59,887,036</u>
<b>Expenditures:</b>				
Instructional services	37,638,267	40,955,716	42,145,521	45,175,300
Supporting services:				
Students	1,659,679	1,843,414	1,902,796	1,979,137
Instructional staff	1,704,062	1,895,986	2,058,283	2,209,042
District administration	824,193	671,560	722,369	896,407
School administration	2,953,513	3,339,945	3,448,283	3,667,657
Business	536,970	567,895	517,234	558,716
Operations and maintenance	2,977,895	2,271,171	2,530,815	2,754,056
Student transportation	962,088	1,007,783	1,074,787	1,226,213
Central	601,377	717,734	856,444	912,159
Community services	88,897	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	113,021	-	-
<b>Total expenditures</b>	<u>49,946,941</u>	<u>53,384,225</u>	<u>55,256,532</u>	<u>59,378,687</u>
Excess (deficiency) of revenues over expenditures	183,721	422,302	265,828	508,349
<b>Other financing sources (uses):</b>				
Sale of assets	20,480	-	8,481	965
Insurance recoveries	-	-	-	-
Other miscellaneous	(5,208)	(161,691)	(158,772)	-
<b>Total other financing sources (uses)</b>	<u>15,272</u>	<u>(161,691)</u>	<u>(150,291)</u>	<u>965</u>
<b>Net change in fund balance</b>	<u><u>\$ 198,993</u></u>	<u><u>\$ 260,611</u></u>	<u><u>\$ 115,537</u></u>	<u><u>\$ 509,314</u></u>
Total debt service expenditures (all funds) (general obligations, capital leases, etc.)	\$ 4,160,919	\$ 9,433,872	\$ 13,556,417	\$ 4,281,999
<b>Debt service as a percentage of total general fund expenditures</b>	<b>8.3%</b>	<b>17.7%</b>	<b>24.5%</b>	<b>7.2%</b>

**PROVO CITY SCHOOL DISTRICT**  
**General Fund - Changes in Fund Balances**  
**& Ratio of Annual Debt Service to General Fund Expenditures (continued)**  
Years Ended June 30, 1996 - 2005  
(modified-accrual basis of accounting)

2000	2001	2002	2003	2004	2005
\$ 9,228,345	\$ 10,261,018	\$ 10,567,029	\$ 12,025,243	\$ 12,347,734	\$ 12,540,548
4,444,204	4,950,701	4,949,536	2,474,249	2,168,510	2,295,796
43,651,984	45,063,047	47,436,768	44,982,179	43,542,941	46,131,313
4,848,782	7,015,111	9,133,449	9,208,342	6,561,494	6,415,614
<u>62,173,315</u>	<u>67,289,877</u>	<u>72,086,782</u>	<u>68,690,013</u>	<u>64,620,679</u>	<u>67,383,271</u>
47,529,219	51,223,605	56,109,435	53,442,575	48,924,913	50,233,015
2,209,453	2,580,471	2,632,473	2,703,337	2,475,479	3,111,115
2,081,914	2,119,900	2,407,242	2,152,858	1,907,838	1,897,748
932,321	892,353	930,589	915,463	1,074,630	855,576
3,934,528	4,221,500	4,178,592	4,295,133	4,335,979	4,311,056
571,465	624,374	649,778	662,177	662,633	2,510,104
2,171,428	2,963,038	2,560,518	2,099,278	2,373,719	1,767,533
1,346,866	1,463,401	1,853,503	1,630,291	1,542,147	1,747,676
746,826	790,888	836,082	843,955	864,989	37,172
-	-	-	89,456	36,681	-
-	-	-	-	-	-
202,204	291,991	189,988	-	-	-
<u>61,726,224</u>	<u>67,171,521</u>	<u>72,348,200</u>	<u>68,834,523</u>	<u>64,199,008</u>	<u>66,470,995</u>
447,091	118,356	(261,418)	(144,510)	421,671	912,276
4,119	19,398	2,956	1,789	1,868	2,500
-	-	-	-	-	21,171
-	-	-	-	-	-
<u>4,119</u>	<u>19,398</u>	<u>2,956</u>	<u>1,789</u>	<u>1,868</u>	<u>23,671</u>
<u><b>\$ 451,210</b></u>	<u><b>\$ 137,754</b></u>	<u><b>\$ (258,462)</b></u>	<u><b>\$ (142,721)</b></u>	<u><b>\$ 423,539</b></u>	<u><b>\$ 935,947</b></u>
\$ 4,557,876	\$ 4,735,619	\$ 4,597,575	\$ 4,465,263	\$ 5,596,256	\$ 4,665,392
<b>7.4%</b>	<b>7.1%</b>	<b>6.4%</b>	<b>6.5%</b>	<b>8.7%</b>	<b>7.0%</b>

**PROVO CITY SCHOOL DISTRICT**  
**Schedule of Long-Term Debt Service**  
Years Ending June 30, 2006 through 2017

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Debt Service Fund:</b>						
<b>General obligation bonds:</b>						
Series 1997	Principal	\$ 840,000	\$ 890,000	\$ -	\$ -	\$ -
\$ 22,500,000	Interest	80,470	41,830	-	-	-
Series 1997 Refunding	Principal	415,000	435,000	975,000	1,025,000	1,065,000
\$ 9,480,000	Interest	436,907	417,818	397,590	351,277	302,590
Series 1998 Refunding	Principal	870,000	895,000	425,000	440,000	460,000
\$ 4,950,000	Interest	182,980	149,485	114,580	97,580	79,980
Series 2004 Refunding	Principal	110,000	120,000	1,050,000	1,100,000	1,165,000
\$ 18,590,000	Interest	844,150	841,950	839,550	787,050	732,050
	Total Principal - Debt Service Fund	<u>2,235,000</u>	<u>2,340,000</u>	<u>2,450,000</u>	<u>2,565,000</u>	<u>2,690,000</u>
	Total Interest - Debt Service Fund	<u>1,544,507</u>	<u>1,451,083</u>	<u>1,351,720</u>	<u>1,235,907</u>	<u>1,114,620</u>
	Total - Debt Service Fund	<u>3,779,507</u>	<u>3,791,083</u>	<u>3,801,720</u>	<u>3,800,907</u>	<u>3,804,620</u>
<b>Capital Projects Fund:</b>						
<b>Obligations under lease agreements:</b>						
2002 Lease Revenue Bond	Principal	390,000	410,000	425,000	450,000	470,000
\$ 4,200,000	Interest	64,350	52,650	40,350	27,600	14,100
2003 Capital Lease	Principal	153,398	161,450	169,925	-	-
\$ 769,000	Interest	25,446	17,394	8,919	-	-
2005 Capital Lease	Principal	186,016	182,802	-	-	-
\$ 568,817	Interest	13,984	12,796	-	-	-
	Total Principal - Capital Projects Fund	<u>729,414</u>	<u>754,252</u>	<u>594,925</u>	<u>450,000</u>	<u>470,000</u>
	Total Interest - Capital Projects Fund	<u>103,780</u>	<u>82,840</u>	<u>49,269</u>	<u>27,600</u>	<u>14,100</u>
	Total - Capital Projects Fund	<u>833,194</u>	<u>837,092</u>	<u>644,194</u>	<u>477,600</u>	<u>484,100</u>
<b>Total long-term debt obligations:</b>						
	<b>Total Principal - All Funds - All Long-Term Debt</b>	2,964,414	3,094,252	3,044,925	3,015,000	3,160,000
	<b>Total Interest - All Funds - All Long-Term Debt</b>	1,648,287	1,533,923	1,400,989	1,263,507	1,128,720
	<b>Total - All Funds - All Long-Term Debt</b>	<u>\$ 4,612,701</u>	<u>\$ 4,628,175</u>	<u>\$ 4,445,914</u>	<u>\$ 4,278,507</u>	<u>\$ 4,288,720</u>



**PROVO CITY SCHOOL DISTRICT**  
**Schedule of Long-Term Debt Service (continued)**  
Years Ending June 30, 2006 through 2017

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ 1,730,000</b>
-	-	-	-	-	-	-	<b>122,300</b>
1,125,000	1,180,000	1,235,000	720,000	760,000	-	-	<b>8,935,000</b>
250,405	195,280	136,870	75,120	38,760	-	-	<b>2,602,617</b>
475,000	495,000	520,000	-	-	-	-	<b>4,580,000</b>
61,350	41,875	21,580	-	-	-	-	<b>749,410</b>
1,220,000	1,260,000	1,320,000	2,505,000	2,635,000	3,590,000	1,950,000	<b>18,025,000</b>
<u>673,800</u>	<u>637,200</u>	<u>586,800</u>	<u>534,000</u>	<u>408,750</u>	<u>277,000</u>	<u>97,500</u>	<b><u>7,259,800</u></b>
2,820,000	2,935,000	3,075,000	3,225,000	3,395,000	3,590,000	1,950,000	<b>33,270,000</b>
<u>985,555</u>	<u>874,355</u>	<u>745,250</u>	<u>609,120</u>	<u>447,510</u>	<u>277,000</u>	<u>97,500</u>	<b><u>10,734,127</u></b>
<u>3,805,555</u>	<u>3,809,355</u>	<u>3,820,250</u>	<u>3,834,120</u>	<u>3,842,510</u>	<u>3,867,000</u>	<u>2,047,500</u>	<b><u>44,004,127</u></b>
-	-	-	-	-	-	-	<b>2,145,000</b>
-	-	-	-	-	-	-	<b>199,050</b>
-	-	-	-	-	-	-	<b>484,773</b>
-	-	-	-	-	-	-	<b>51,759</b>
-	-	-	-	-	-	-	<b>368,817</b>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>26,780</u></b>
-	-	-	-	-	-	-	<b>2,998,590</b>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>277,589</u></b>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>3,276,180</u></b>
2,820,000	2,935,000	3,075,000	3,225,000	3,395,000	3,590,000	1,950,000	<b>36,268,590</b>
<u>985,555</u>	<u>874,355</u>	<u>745,250</u>	<u>609,120</u>	<u>447,510</u>	<u>277,000</u>	<u>97,500</u>	<b><u>11,011,716</u></b>
<u><u>\$ 3,805,555</u></u>	<u><u>\$ 3,809,355</u></u>	<u><u>\$ 3,820,250</u></u>	<u><u>\$ 3,834,120</u></u>	<u><u>\$ 3,842,510</u></u>	<u><u>\$ 3,867,000</u></u>	<u><u>\$ 2,047,500</u></u>	<b><u><u>\$ 47,280,307</u></u></b>

**PROVO CITY SCHOOL DISTRICT**  
**Ratios of Outstanding Debt**  
 June 30, 1996 through 2005

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General Obligation Debt					
Fiscal Year	Outstanding General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Net General Bonded Debt as Percentage of Taxable Value	Net General Obligation Bonded Debt Per Capita
1996	24,220,000	\$ -	\$ 24,220,000	1.14%	\$ 244.65
1997	45,310,000	-	45,310,000	2.09%	453.10
1998	44,925,000	-	44,925,000	1.87%	423.82
1999	44,065,000	35,352	44,029,648	1.76%	400.27
2000	42,630,000	93,200	42,536,800	1.55%	383.21
2001	41,055,000	214,630	40,840,370	1.31%	364.65
2002	39,335,000	657,417	38,677,583	1.19%	358.13
2003	37,530,000	621,656	36,908,344	1.01%	335.53
2004	35,185,000	897,878	34,287,122	0.95%	300.76
2005	33,270,000	974,828	32,295,172	0.90%	279.61

**PROVO CITY SCHOOL DISTRICT**  
**Ratios of Outstanding Debt (continued)**  
 June 30, 1996 through 2005

Lease Obligations			Total Debt			
Outstanding Capital Lease and Lease Revenue Obligations	Lease Obligations as Percentage of Taxable Value	Lease Obligations Debt Per Capita	Total Debt as Percentage of Taxable Value	Total Debt Per Capita	Taxable Value	Estimated Population
\$ 1,346,334	0.06%	\$ 13.60	1.21%	\$ 258.25	\$ 2,117,912,420	99,000
2,060,882	0.09%	20.61	2.18%	473.71	2,169,952,598	100,000
649,921	0.03%	6.13	1.89%	429.95	2,405,495,400	106,000
1,191,641	0.05%	10.83	1.81%	411.10	2,499,316,857	110,000
787,064	0.03%	7.09	1.58%	390.31	2,750,602,274	111,000
404,897	0.01%	3.62	1.32%	368.26	3,119,841,993	112,000
-	0.00%	-	1.19%	358.13	3,258,646,316	108,000
4,644,000	0.13%	42.22	1.13%	377.75	3,666,115,635	110,000
3,145,521	0.09%	27.59	1.03%	328.36	3,620,318,521	114,000
2,998,591	0.08%	25.96	0.99%	305.57	3,575,601,094	115,500

**PROVO CITY SCHOOL DISTRICT**  
**Overlapping and Underlying General Obligation Debt**  
June 30, 2005

<u>Taxing Entity</u>	<u>Taxable Value</u>	<u>Board's Portion of Taxable Value</u>	<u>Board's Percentage</u>	<u>Entity's General Obligation Debt</u>	<u>Board's Portion of G.O. Debt.</u>
<b>Overlapping:</b>					
State of Utah	123,435,000	3,575,601,094	2896.75%	1,514,510,000	43,871,540,591
CUWCD	15,814,733,419	3,575,601,094	22.61%	177,653,274	40,166,168
Utah County	15,814,733,419	3,575,601,094	22.61%	38,110,000	8,616,406
Total Overlapping					<u>43,920,323,165</u>
<b>Underlying:</b>					
Provo City	3,575,601,094	3,575,601,094	100.00%	16,545,000	16,545,000
Total Underlying					<u>16,545,000</u>
Total Overlapping and Underlying General Obligation Debt					<u>43,936,868,165</u>
Total overlapping general obligation debt (excluding the State)					48,782,574
Total direct general obligation bonded indebtedness					<u>33,270,000</u>
Total direct and overlapping general obligation debt (excluding the State)					<u>82,052,574</u>
Total underlying general obligation debt					16,545,000
Total direct general obligation bonded indebtedness					<u>33,270,000</u>
Total direct and underlying general obligation debt					<u>49,815,000</u>
Total overlapping and underlying general obligation debt (excluding the State)					65,327,574
Total direct general obligation bonded indebtedness					<u>33,270,000</u>
Total direct, overlapping, and underlying general obligation debt (excluding the State)					<u>98,597,574</u>

**Taxable Value:** Taxable value used in this table for non-district entities were derived from the 2004 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 or sewer. 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.

State general obligation debt and taxable value data was derived from the "State of Utah Continuing Disclosure Document, December 31, 2004; <http://www.treasurer.state.ut.us/>. Taxable values were derived from the Utah State Tax Commission; <http://propertytax.utah.gov/>.

**PROVO CITY SCHOOL DISTRICT**  
**Computation of Legal Debt Margin**  
Years Ended June 30, 2003 through 2005

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	2003	2004	2005
Estimated Fair Market Value	\$ 5,310,090,273	\$ 5,199,485,716	\$ 5,353,912,000
"Fair Market Value" X 4% (Debt Limit)	212,403,611	207,979,429	214,156,480
Less: General Obligation Debt	37,530,000	35,185,000	33,270,000
Legal Debt Margin*	174,873,611	172,794,429	180,886,480

Fiscal year 2003 was the first year the District published a comprehensive annual financial report. Thus, comparative data is presented from that first publication hence forth.

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 2004 and the calculated valuation value from uniform fees, and are calculated as shown above.

In computing the fair market value of taxable property, the fair market value of all tax equivalent property is included as part of the calculation.

**PROVO CITY SCHOOL DISTRICT**  
**Selected Utah County Economic Statistics**

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Utah County Labor Force Statistics

Year	Labor Force	Employment	Unemployment	Unemployment Rate
2004	186,935	179,832	7,103	3.82
2003	181,832	173,410	8,421	4.64
2002	179,023	168,545	10,478	5.85
2001	172,455	165,933	6,522	3.78
2000	169,992	165,605	4,387	2.59
1999	164,935	159,770	5,166	3.14
1998	159,751	154,740	5,011	3.15
1997	153,586	149,605	3,980	2.59
1996	149,829	145,442	4,387	2.93
1995	145,097	140,883	4,214	2.92

Department of Utah Workforce Services  
<http://jobs.utah.gov/jsp/wi/utalmis/lfselreport.do>

Utah County

	2000	2001	2002	2003	2004
Total personal income (\$ millions)	7,283.9	7,683.1	7,883.6	8,144.4	8,730.8
Per capita income	19,641	20,087	20,133	20,506	21,646
Average family income per IRS returns	50,639	48,965	46,375	48,431	n/a
Average monthly nonfarm wage	2,215	2,243	2,250	2,297	2,350
Gross taxable sales (\$000s)	4,170,666	4,326,455	4,394,333	4,433,228	4,791,033
Permit authorized construction (\$000)	743,135	824,155	935,347	889,518	1,042,802
New residential building permits	3,898	4,272	4,326	4,677	4,728
Residential building permits value (\$000)	503,210	576,294	623,777	706,068	770,583

Source: Utah Department of Workforce Services, [jobs.utah.gov/wi](http://jobs.utah.gov/wi)

**PROVO CITY SCHOOL DISTRICT**  
**Demographic Information - Population Growth**

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**Provo City Live Births**

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
2003	4,444	41.37%	10,742

Source: Utah Vital Statistics Reports, Utah Department of Health

**Provo City Population Growth**

Year	Population	Increase (Decrease)	Percent Increase (Decrease)
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 City and U.S. Census

**PROVO CITY SCHOOL DISTRICT**  
**Utah County Largest Employers**  
2005

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<u>Establishment</u>	<u>Type</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
Albertsons	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
Kmart Stores	Department Store
UHS of Provo	Education

Source: Utah Department of Workforce Services, [jobs.utah.gov/wi](http://jobs.utah.gov/wi)



**PROVO CITY SCHOOL DISTRICT**  
**Full-Time Equivalent Positions By Function**  
Based Upon Average Annual Salary Per Job Category  
**Years Ended June 30, 2004 through 2005**

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	2004	2005
<b>Governmental activities:</b>		
Instructional services	980.67	984.69
Supporting services:		
Students	49.58	56.52
Instructional staff	39.62	32.89
District administration	9.24	10.69
School administration	74.97	74.91
Business and Central	22.06	38.73
Operation and maintenance	84.65	64.12
Transportation	38.56	34.15
School food services	57.65	53.44
Community services	64.7	71.37
 <b>Total full-time equivalent positions based upon reported salary costs:</b>	<b>1,421.70</b>	<b>1,421.51</b>

<b>Average Annual Salaries from Salary Schedules:</b>		
Principals, assistants, other supervisors	\$ 66,423	\$ 69,404
Contracted teachers	\$ 40,808	\$ 41,111
Hourly teachers and other certified personnel	\$ 31,404	\$ 31,563
Contracted classified and hourly classified	\$ 24,784	\$ 24,912

For the purpose of this report, full-time equivalent positions are defined by dividing total salary costs by annual average salaries from salary schedules. This report includes all costs associated with salaries, stipends, overtime payments, extended days, etc.

The District uses several different methods for reporting full-time equivalent positions. The purpose of this table is to show full-time equivalent positions in relation to total salary (wages) costs reported in all governmental funds.

The comparison between fiscal years 2005 and 2004 includes items related to the 2004 restatement and reclassifications (see financial statement notes). Fiscal year 2004 was the first year this information was reported in the District's comprehensive annual financial report.

**PROVO CITY SCHOOL DISTRICT**  
**Student Average Daily Membership By School**  
**As Reported in S-3 Report (audited)**  
Years Ended June 30, 1996 - 2005

	Fiscal Year										Net Change (2005 less 1996)
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
<b>Elementary:</b>											
AMELIA EARHART	-	-	-	502	545	546	552	575	585	630	630
CANYON CREST	533	508	519	502	549	522	494	504	501	501	(32)
EDGEMONT	504	496	497	469	469	458	431	431	434	447	(57)
FRANKLIN	512	535	535	548	557	525	554	563	560	532	20
GRANDVIEW	595	583	569	553	537	543	525	531	532	531	(64)
JOAQUIN	436	415	398	418	420	453	445	420	386	381	(55)
PROVOST	489	519	516	500	474	485	478	476	438	440	(49)
ROCK CANYON	625	564	608	602	585	572	547	578	563	580	(45)
SPRING CREEK/MAESEI	460	479	518	479	462	486	494	510	520	511	51
SUNSET VIEW	769	764	884	607	655	675	702	676	618	638	(131)
TIMPANOGOS	624	597	600	624	573	485	547	562	568	546	(78)
WASATCH	492	493	483	453	494	495	524	507	501	533	41
WESTRIDGE	888	993	978	778	785	792	781	778	754	783	(105)
<b>Secondary:</b>											
CENTENNIAL M.S.	0	713	694	699	669	653	733	690	702	715	715
DIXON M.S.	994	675	675	663	636	598	586	588	629	619	(375)
FARRER M.S.	898	464	516	477	498	533	532	549	565	560	(338)
PROVO H.S.	1,822	1,864	1,834	1,844	1,768	1,757	1,664	1,688	1,731	1,760	(62)
TIMPVIEV H.S.	1,972	2,006	1,895	1,883	1,794	1,737	1,684	1,633	1,634	1,607	(365)
INDEPENDENCE H.S.	257	277	294	273	292	276	312	371	341	289	32
<b>Totals</b>	<b>12,870</b>	<b>12,945</b>	<b>13,013</b>	<b>12,874</b>	<b>12,762</b>	<b>12,591</b>	<b>12,585</b>	<b>12,631</b>	<b>12,562</b>	<b>12,604</b>	<b>(266)</b>

The state of Utah requires student average daily membership to be audited by an independent auditor at the end of each school year. The state uses average daily membership as a major component in determining much, but not all, of the funds it allocates to public school districts in the next subsequent year.

**PROVO CITY SCHOOL DISTRICT**  
**Student Average Daily Membership By School and Grade**  
**As Reported in S-3 Report (audited)**  
Year Ended June 30, 2005

**Fiscal Year 2005**

	K	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Self-contained		Full Enrollment
														MEM	by School	
AMELIA EARHART	104	105	89	84	79	96	74	0	0	0	0	0	0	630	8	638
CANYON CREST	68	72	73	73	72	82	60	0	0	0	0	0	0	501	64	565
EDGEMONT	67	68	64	64	61	60	63	0	0	0	0	0	0	447	10	457
FRANKLIN	86	87	81	70	78	71	58	0	0	0	0	0	0	532	11	543
GRANDVIEW	82	86	79	71	76	76	60	0	0	0	0	0	0	531	9	539
JOAQUIN	59	67	46	42	70	41	56	0	0	0	0	0	0	381	19	401
PROVOST	78	57	59	64	65	54	63	0	0	0	0	0	0	440	19	458
ROCK CANYON	79	84	99	80	79	79	78	0	0	0	0	0	0	580	15	594
SPRING CREEK	90	98	77	68	66	60	53	0	0	0	0	0	0	511	11	522
SUNSET VIEW	125	108	85	104	83	63	71	0	0	0	0	0	0	638	12	650
TIMPANOGOS	96	94	76	82	63	65	70	0	0	0	0	0	0	546	20	566
WASATCH	88	92	79	79	80	55	61	0	0	0	0	0	0	533	8	541
WESTRIDGE	148	130	104	103	94	104	100	0	0	0	0	0	0	783	17	801
CENTENNIAL	0	0	0	0	0	0	0	350	365	0	0	0	0	715	31	746
DIXON	0	0	0	0	0	0	0	307	313	0	0	0	0	619	30	650
FARRER	0	0	0	0	0	0	0	274	286	0	0	0	0	560	38	598
PROVO H.S.	0	0	0	0	0	0	0	0	0	504	450	447	360	1,760	58	1,819
TIMPVIEW H.S.	0	0	0	0	0	0	0	0	0	396	422	412	377	1,607	40	1,647
INDEPENDENCE H.S.	0	0	0	0	0	0	0	0	0	67	79	74	70	289	0.2	290
CENTER FOR H.S. COMP	0	0	0	0	0	0	0	0	0	1	1	10	21	32	0	32
ADM COUNT BY GRADE	1,170	1,148	1,011	985	967	905	866	931	963	967	951	944	827	12,636		
ADM COUNT BY LEVEL	K	Total 1st-6th						Total 7th-8th		Total 9th-12th						
	1,170	5,883						1,894		3,689						
ADM TOTALS	Total K-6th 7,053							Total 7th-12th 5,583						12,636		
															Oakridge	
															25	25.5
															Total S/C	
															445	
															<b>Grand Total</b>	<b>13,081</b>

**PROVO CITY SCHOOL DISTRICT**  
**Buildings - Original Year of Construction**

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<u>Site</u>	<u>Original Year of Construction</u>
Elementary Schools:	
Amelia Earhart	1999
Canyon Crest	1982
Edgemont	1955
Franklin	1994
Grandview	1949
Joaquin	1939
Provost	1949
Rock Canyon	1964
Spring Creek	2002
Sunset View	1959
Timpanogos	1938
Wasatch	1949
Westridge	1979
Secondary Schools:	
Centennial M.S.	1996
Dixon M.S.	1931
Farrer M.S.	1931
Provo H.S.	1956
Timpview H.S.	1974
Independence H.S.	1992
Other:	
Center for H.S. Studie:	1984
Oakridge	1979
District Office	1965

**PROVO CITY SCHOOL DISTRICT**  
**Service Efforts, Accomplishments, and Miscellaneous Statistical Data**  
As Reported in the 2005 District Performance Report

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Advanced Placement Test Results

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Total candidates	373	319	370	370	419	414
Total exams taken	599	478	571	600	645	666
Total exams passed	492	389	433	472	458	497
Provo average passed	82%	81%	76%	79%	71%	75%

College Entrance Exams - Provo Students Taking ACT Examination

<u>Year</u>	<u>Number of Students</u>
1999-00	567
2000-01	537
2001-02	520
2002-03	508
2003-04	533

Graduates

	<u>2003</u>	<u>2004</u>
Provo High School	322	365
Timpview High School	375	378
Independence High School	25	29
District Diplomas	30	37

Educational Level of Teachers

Bachelors	571	64%
Masters	302	34%
Doctorate	16	2%

Staff Assignments

Teachers	702
Classified Contracted	158
Administrators	35

Years of Experience

20 or more years	43%
6 - 19 years	31%
0 - 5 years	26%

**PROVO CITY SCHOOL DISTRICT**

**Service Efforts, Accomplishments, and Miscellaneous Statistical Data (continued)**

As Reported in the 2005 District Performance Report

American College Test (ACT) Results

The ACT standard scores are based on a scale on which a particular student might obtain a LOW of 1 up to a HIGH of 36.

	2002-03			2003-04		
	<u>Provo</u>	<u>Utah</u>	<u>Nat'l</u>	<u>Provo</u>	<u>Utah</u>	<u>Nat'l</u>
English	22.1	20.7	20.3	22.5	20.9	20.4
Math	22.0	20.7	20.6	22.5	20.9	20.7
Reading	23.1	22.0	21.2	23.5	22.2	21.3
Science	22.0	21.4	20.8	22.6	21.4	20.9
Composite	22.4	21.3	20.8	22.9	21.5	20.9

Elementary Criterion-Referenced Testing (CRT)

	Grade	2002-2003		2003-2004	
		Average % Correct	Number Tested	Average % Correct	Number Tested
Language Arts	1	88%	1,058	82%	1,037
	2	95%	1,023	75%	1,020
	3	83%	1,011	76%	995
	4	80%	974	81%	951
	5	79%	1,034	78%	914
	6	81%	990	79%	989
Math	1	93%	1,057	83%	1,038
	2	97%	1,026	75%	1,020
	3	86%	934	79%	999
	4	83%	914	82%	956
	5	76%	578	77%	917
	6	71%	976	75%	696
Science	1-3	not tested		not tested	
	4	72%	953	62%	950
	5	68%	1,007	59%	914
	6	69%	979	63%	992

Secondary Criterion-Referenced Testing (CRT)

Course	2002-2003		2003-2004	
	Average % Correct	Number Tested	Average % Correct	Number Tested
Math	72%	456	unavailable	
PreAlgebra	80%	1,183	83%	1,201
Algebra	68%	1,111	69%	1,228
Geometry	66%	717	72%	804
Science 7th	81%	899	67%	994
Science 8th	unavailable		68%	900
Earth Systems	60%	233	64%	359
Biology	63%	883	79%	629

**PROVO CITY SCHOOL DISTRICT**  
**Service Efforts, Accomplishments, and Miscellaneous Statistical Data (continued)**  
As Reported in the 2005 District Performance Report

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*Norm-Referenced Test (Formerly the SAT, now IOWA)*

	Fall 2004	
	Provo	Utah
Third Grade ITBS		
Reading	64	64
Language	52	55
Mathematics	56	57
Social Studies	64	65
Science	69	69
Composite Score	64	65
Fifth Grade ITBS		
Reading	65	63
Language	61	58
Mathematics	65	59
Social Studies	62	61
Science	71	69
Composite Score	67	64
Eighth Grade ITBS		
Reading	63	62
Language	55	54
Mathematics	58	57
Social Studies	50	52
Science	63	64
Composite Score	58	58
Eleventh Grade ITBS		
Reading	68	62
Spelling	56	52
Revising Writing	58	56
Mathematics	61	58
Social Studies	62	60
Science	65	65
Composite Score	64	61

*A score of 50 is the average score of the ITBS/ITED for the nation. Any score above 50 is above the national average. This is the first year the IOWA test has been given in Utah, so there is no comparison with previous years.*

**PROVO CITY SCHOOL DISTRICT**

**Service Efforts, Accomplishments, and Miscellaneous Statistical Data (continued)**

As Reported in the 2005 District Performance Report

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Food Service

	<u>Meals Served</u>	<u>Breakfasts Served</u>
1999-00	1,195,452	258,544
2000-01	1,219,934	261,327
2001-02	1,214,770	252,424
2002-03	1,211,667	261,218
2003-04	1,226,062	267,538

Transportation

Miles traveled (to and from school, field trips, and activities)	550,070
Number of students transported daily	5,192
Driving hours per day	282
Route miles driven per day	3,245
Field and activity trip miles per day	384
Cost per student per year to bus	\$ 328
Number of buses	42

Vandalism Costs

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Glass replacement	\$ 23,922	\$ 16,480	\$ 11,820
Graffiti removal	3,000	2,910	1,944
Break-in repair	3,200	1,385	2,300
Total	<u>\$ 30,122</u>	<u>\$ 20,775</u>	<u>\$ 16,064</u>



**PROVO CITY SCHOOL DISTRICT**  
**Schedule of Insurance in Force**  
June 30, 2005

	Expiration Date	Deductible	Limits	Fiscal Year	
				2005 Premium	2004 Premium
*Property	Until canceled	\$ 1,000	Replacement value	\$101,396	\$ 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		
Course of Construction	Until canceled	\$ 1,000	Replacement value		
*Liability	Until canceled	No deductible	\$ 10,000,000	142,327	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	8,518	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	354,093	336,338
				<u>\$ 606,334</u>	<u>\$ 572,925</u>

\*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

