

08-09

PROVO CITY SCHOOL DISTRICT

"Provo City School District is financially one of the best run school districts in the state."

Curtis Bramble
Utah Senate Majority Leader



280 West 940 North
Provo, Utah 84604
(801) 374-4800

On the web:
www.provo.edu

ANNUAL BUDGET



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

2008-09 ANNUAL BUDGET

For Fiscal Year Ending June 30, 2009

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

Kerry J. Smith
Business Administrator
Certified Public Accountant

Prepared by:

Mark J. Holley
Financial Analyst

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*The great aim of education is not knowledge, but action.
-Herbert Spencer*



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EXECUTIVE SUMMARY



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

Provo City School District
 Elected and Appointed Officials
 FY 2008-09

<u>Board of Education</u>	<u>District Administration</u>	<u>Elementary School Administration</u>	
<p>Sue Curtis Precinct 1 Present Term: 2006 - 2010 Initial Appointment: 2004</p> <p>Carolyn Wright Precinct 2 Present Term: 2006 - 2010 Initial Appointment: 2002</p> <p>Richard Sheffield Precinct 3 Present Term: 2004 - 2008 Initial Appointment: 2000</p> <p>Shannon Poulsen Precinct 4 Present Term: 2006 - 2010 Initial Appointment: 2002</p> <p>Darryl Alder Precinct 5 Present Term: 2004 - 2008 Initial Appointment: 2000</p> <p>Sandy Packard Precinct 6 Present Term: 2004 - 2008 Initial Appointment: 2000</p> <p>Mary Ann Christiansen Precinct 7 Present Term: 2004 - 2008 Initial Appointment: 2004</p>	<p>Randall J. Merrill, Ed.D. Superintendent Initial Appointment: 2003</p> <p>Kerry J. Smith, CPA Business Administrator Initial Appointment: 2003</p> <p>Ray Morgan Asst. Superintendent Curriculum</p> <p>Bob Gentry Personnel Director</p> <p>Ted Kelly Special Programs & Technology Support</p> <p>Greg Hudnall Student Services</p> <p>Dr. Phil Lott Transportation & Facilities</p> <p>Jared Ferguson Career Technology Education</p> <p>Stefanie Bryant, CPA Director of Accounting</p> <p>Mark Holley Financial Analyst</p> <p>Jenilee McComb Director of Food Services</p>	<p>Amelia Earhart Jason Cox Canyon Crest Patricia Anderson Edgemont Dennis Pratt Farrer Don Dowdle Franklin Marlin Palmer Lakeview Drew Daniels Provost Dr. Steve Oliverson Rock Canyon Dean Nielsen Spring Creek Jarod Sites Sunset View Anne-Marie Harrison Timpanogos Diane Bridge Wasatch Colleen Densley Westridge Gaye Gibbs</p> <p style="text-align: center;"><u>Middle School Administration</u></p> <p>Centennial Dr. Mitch Swenson Dixon Rosanna Ungerman</p> <p style="text-align: center;"><u>High School Administration</u></p> <p>Independence Sarah Lloyd Provo Sam Ray Timpview Dr. George Bayles</p> <p style="text-align: center;"><u>Other Schools</u></p> <p>Ctr HS Studies Anita Craven</p>	

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.

A Message to the Citizens of Provo

Dear Patrons:

Provo City School District is fortunate to have a very involved citizenry, a state average per pupil property tax base, a city rated by *Kiplinger* magazine as one of the top ten places to live in the nation, and ready access to excellent teaching programs of both Brigham Young University and Utah Valley University.

Even with such fortunate circumstances, Provo City School District has significant challenges to be addressed. Utah education funding is the lowest on a per pupil basis in the nation. This is something unlikely to change in the near future as Utah has the highest school-age population per capita in the country.

The nationwide economic slowdown, although not as severe in Utah, is also affecting Utah public education funding. Even with these challenges, the Utah State Legislature has funded more increases to public education than at any time in recent memory.

Public opinion views the quality of public education as inadequate, causing over 8% of students residing in Provo City to seek charter and private school alternatives. This has a negative impact on state and federal funding, and can hurt the overall academic progress of the District as good students leave the system.

Other concerns include the fact the District competes nationwide for talented teachers, which is an employment sector already seeing a severe shortage. The District also faces a backlog of maintenance and structural issues related to its aging buildings.

In addition to these issues, the District is facing changing demographics that bring greater student needs and require more resources to assure student progress. Funding of federal grants is down in recent years, and this impacts some of the most at-risk students in the District.

While the challenges are greater than ever, so is the District's resolve to provide the best services possible to students in Provo. The Provo City School District Board of Education, administrative team, employees, public, and State legislature are all up to the task of dealing with these issues.

"The District is facing changing demographics that bring greater student needs and require more resources to assure student progress."

To effectively address its most critical concerns, the District has established three long-term goals. In addition, the District also developed 13 specific FY 2008-09 initiatives, or short-term goals, through an extensive citywide process involving public surveys, public meetings, emails, and website postings. The District's short-term initiatives are specific action items meant to bolster the goals and objectives of the coming year.

- Initiatives
 - Goal: Provide a high Quality Education to Provo City's Diverse Population
 - Attract and retain high-quality employees
 - Maintain competitive employee salaries
 - Provide for teacher professional development
 - Define and Implement a basic level of opportunity for all children in the district
 - Maintain current class-size levels
 - Close the achievement gap between students
 - Strengthen relationships with stakeholders

- Initiatives
 - Goal: Build Confidence in and seek Input from Stakeholders
 - Love of learning
 - Increase school safety and security
 - Review effectiveness of personnel policies and programs

- Initiatives
 - Goal: Maintain Sound District Management
 - Develop strategies to contain employee medical costs
 - Improve (remodel) school buildings
 - Begin a healthy employee program

This action plan is a substantial shift of strategies from previous years. Goals and objectives of the past several years have been to effectively strengthen the District's financial position and to build public confidence in District finances. This can be evidenced by the following quotes from prominent figures in the community:

"Provo City School District assists the Provo-Orem Chamber in attracting and retaining businesses to the area by providing a high quality education for the children of Provo City while keeping property tax rates the lowest in the county. This long-term, forward thinking approach helps us improve the quality of life for Provo City citizens."

*Steve Densley
President, Provo-Orem Chamber of Commerce*

"Provo City School District is financially one of the best run school districts in the state."

*Curtis Bramble
Utah Senate Majority Leader*

These past steps have positioned the District to effectively address the challenges facing it, and have enabled it to begin implementation of a 20-year capital improvement and construction plan, begin emphasizing teacher development and curriculum, and begin building public confidence in the educational quality the District offers.

As the District has continued to enhance its quality of education, others in the local community have taken notice as well:

"It's hard to imagine a school district that values children and understands the importance of education more than the Provo School District. The time, talent and effort devoted to the education of the children of this community every day is inspiring. Over the years, Provo City and the School District have found many ways to share resources and work together to overcome our similar challenges and meet our mutual needs. Probably the most important thing we do in our community is educate our kids. It's a privilege to be of help and support to the School District in all that they do."

*Lewis Billings
Mayor, Provo City*

"Utah Community Credit Union is pleased to be a partner with Provo City School District. As Vice President I am impressed with their determination to be fiscally responsible to the citizens of Provo. I am also grateful for the service they provide to all the children and families in Provo. Helping our children get a good education and have a positive experience while in school is a noteworthy goal."

*Brad Norton
Vice President, Utah Community Credit Union*

"Brent Brown Automotive Group has helped Provo School District provide high-quality after-school programs for over six years. We believe the District consistently produces motivated graduates that make a difference in the local community and the business world."

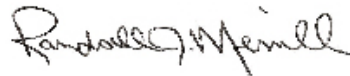
Brent Brown

The District is pleased its efforts to provide a solid education to Provo's diverse community are being recognized by the public. However, this is only the beginning. Through the efforts of the Board of Education, District staff, and the leadership and citizens of Provo, the District has continued to forge stronger relationships with local businesses and citizens in general

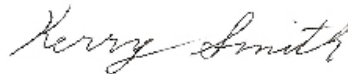


Rather than have a backwards-focused budget, the District's budget is squarely focused on the future. As it reaches its goals and objectives, the District hopes citizens continue to take notice and feel pride and ownership in *their* District. Provo City School District has a long and rich history of providing a quality education to children in Provo, and partnering with the community is critical for this to continue. For this reason, the District has produced this first-ever, comprehensive annual budget for the citizens of Provo. We encourage you to read it and become familiar with the District's operations, policies and budgets. The District cannot achieve its potential without help from you - the citizens of Provo.

Respectfully submitted,

A handwritten signature in black ink that reads "Randall J. Merrill". The signature is written in a cursive style with a large initial "R".

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

A handwritten signature in black ink that reads "Kerry J. Smith". The signature is written in a cursive style with a large initial "K".

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

Introduction to the Budget

This budget focuses on the Provo City School District budget for the 2008-09 school-year. The budget covers the cost of instructing, transporting, feeding, supporting and providing a safe shelter for 13,000 schoolchildren in Provo. However, when we speak of the budget, we're actually referring to several budgets that, when combined, cover the cost of providing these services. Money for schools comes from many sources, including local taxpayers, the State of Utah, the federal government, and investments.

FY 2008-09 Revenue Summary and Highlights

Summary:

FY 2008-09 Total Revenue: \$114,501,940
Increase from FY 2007-08: \$6,044,157
Percentage Increase from FY 2007-08: 5.5%

Highlights:

- 3% overall increase to state revenue
- 2.5% increase to Weighted Pupil Unit (WPU)
- 5% decrease in federal revenue
- Overall property tax increase of 18.5% (rates were decreased 15% for FY 2007-08)
- Breakdown of increase
 - Voter Approved Increases
 - Debt Service
 - Compensation
 - Truth in Taxation increases
 - Building reserve fund: \$2 million (not appropriated for FY 2008-09)
 - Seismic Fund: \$500,000
 - Legislative mandate from State that districts help pay for building costs of charter schools

FY 2008-09 Expenditure Summary and Highlights

Summary:

FY 2008-09 Total Expenditures: \$115,295,512
Increase (Decrease) from FY 2007-08: (\$15,034,319)
Percentage Increase (Decrease) from FY 2007-08: (11.5%)

Highlights:

- \$2.6 million to provide compensation increases for teachers and classified employees of 15.3% and 8.2%, respectively
- \$215,000 to lower class sizes in high schools
- 4.5% increase to health insurance budgets
- \$2.3 million to complete bond projects
- \$1.5 million increase in Debt Service fund for payment on long-term bond projects
- \$500,000 for seismic upgrades at schools
- \$200,000 additional for capital projects to modernize schools and improve safety
- 7% increase to food budget for school food services
- 20% increase to diesel fuel budget

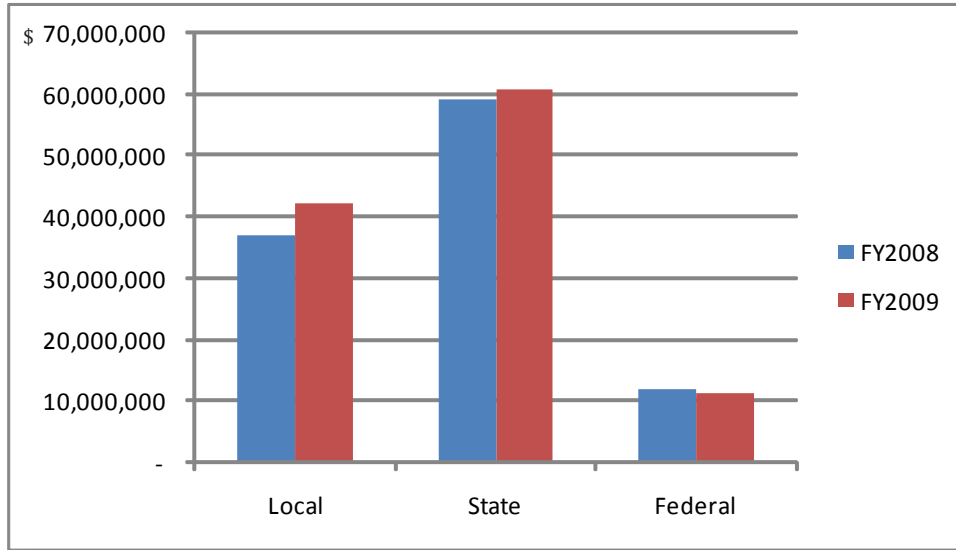
Revenue and Expenditures Summary

FY 2007-08 to FY 2008-09
All Funds

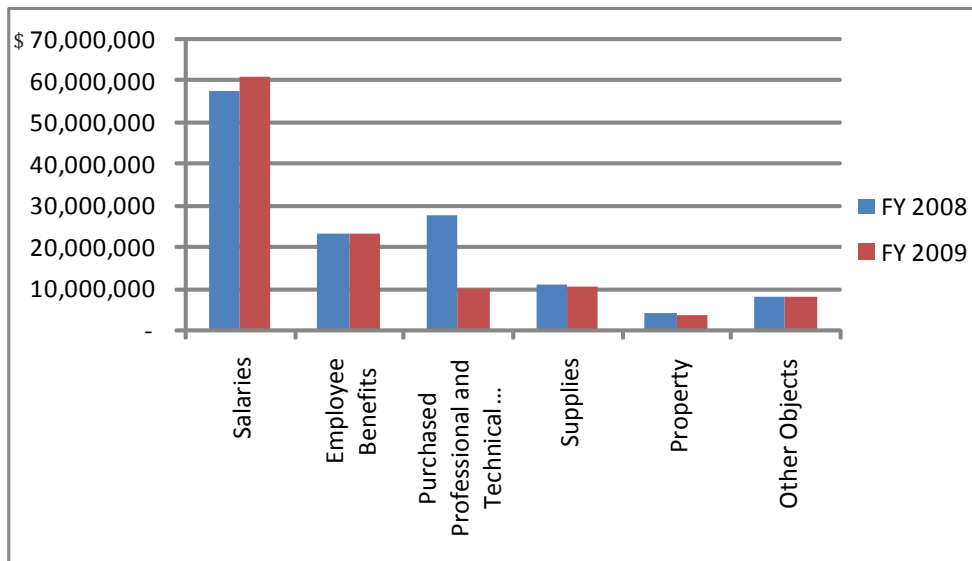
	FINAL BUDGET	ORIGINAL BUDGET
	<u>FY 2007-08</u>	<u>FY 2008-09</u>
<u>REVENUES BY SOURCE</u>		
Local	\$ 37,230,091	\$ 42,036,516
State	59,103,191	60,930,676
Federal	<u>12,124,501</u>	<u>11,534,748</u>
TOTAL REVENUES	<u>108,457,783</u>	<u>114,501,940</u>
<u>EXPENDITURES BY OBJECT</u>		
Salaries	57,421,452	60,717,224
Employee Benefits	22,810,575	22,791,982
Purchased Professional and Technical Services	27,364,876	9,923,894
Supplies	10,712,772	10,473,379
Property	3,913,821	3,496,888
Other Objects	<u>8,106,335</u>	<u>7,892,145</u>
TOTAL EXPENDITURES	<u>130,329,831</u>	<u>115,295,512₁</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,872,048)</u>	<u>(793,572)</u>
OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	<u>1,153,244</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>(20,718,804)</u></u>	<u><u>(793,572)</u></u>

₁Primary reason for budget decrease is completion of bond projects.

Provo City School District
 FY 2007-08 to FY 2008-09 Revenue Comparison



Provo City School District
 FY 2007-08 to FY 2008-09 Expenditure Comparison



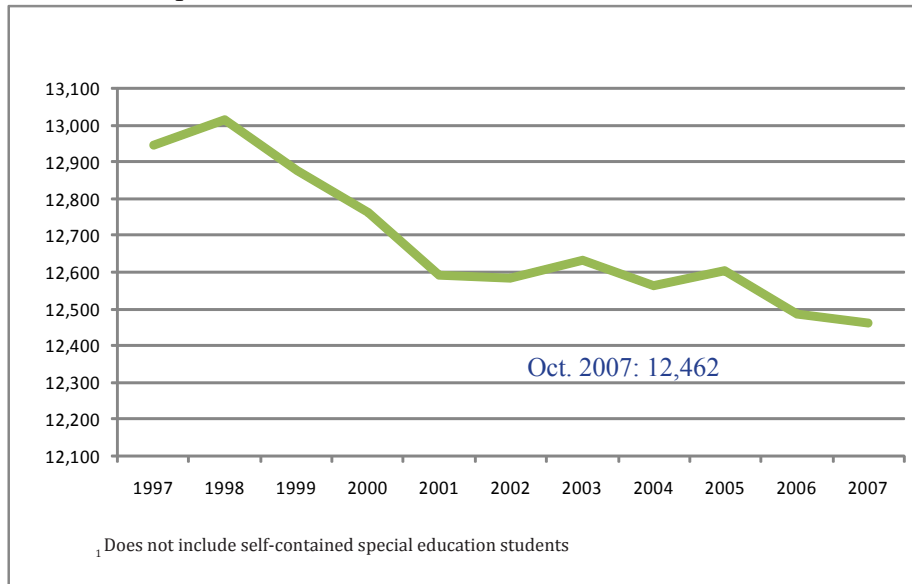
The District is a service organization, and as such spends most of its budget on the cost of personnel.

Provo City School District Enrollment

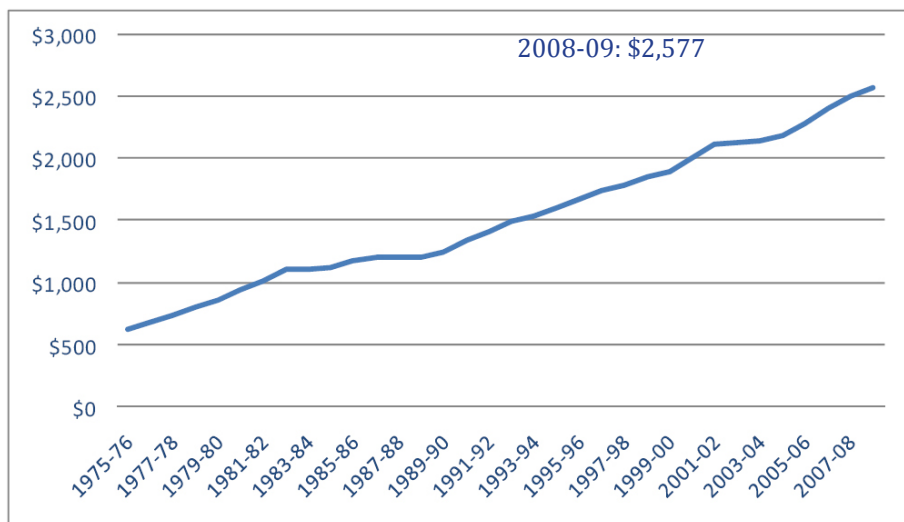
Enrollment and the Weighted Pupil Unit

The Weighted Pupil Unit (WPU), a funding mechanism used by the State of Utah to allocate funds to schools, has increased steadily over the past few years, while enrollment in Provo City School District has decreased slightly. The WPU is the largest component of funding for the District.

Fall Student Enrollment₁: 1997-2007



Historical Value of the Weighted Pupil Unit (WPU)



Provo City School District
 Oct. 1, 2007 Enrollment by School with Oct. 1, 2008 Projection
 Including Self-contained Students (Full Enrollment)

<u>School</u>	2007-08 <u>Enrollment</u>	2008-09 <u>Projected Enrollment</u>
Amelia Earhart Elementary	598	537
Canyon Crest Elementary	524	519
Edgemont Elementary	464	467
Farrer Elementary	433	468
Franklin Elementary	509	575
Grandview Elementary ₁	432	-
Lakeview Elementary ₂	-	694
Provost Elementary	420	421
Rock Canyon Elementary	602	600
Spring Creek Elementary	661	632
Sunset View Elementary	621	604
Timpanogos Elementary	541	588
Wasatch Elementary	621	635
Westridge Elementary	838	748
Centennial Middle	998	995
Dixon Middle	820	844
Provo High	1,858	1,716
Timpview High	1,800	1,732
Independence High	302	288
Center for High School Studies ₂	<u>41</u>	<u>41</u>
	13,083	13,104

₁Closed at the end of the 2007-08 school year

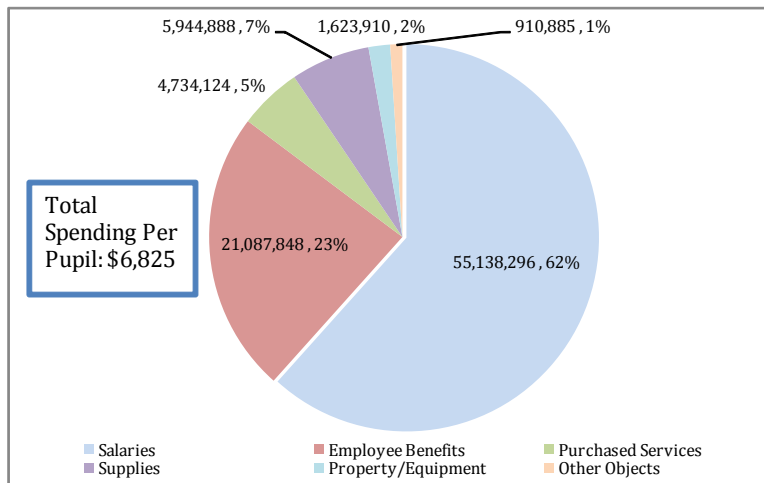
₂To open for 2008-09 school year

Provo City School District

FY 2008-09 Per-Pupil Expenditures

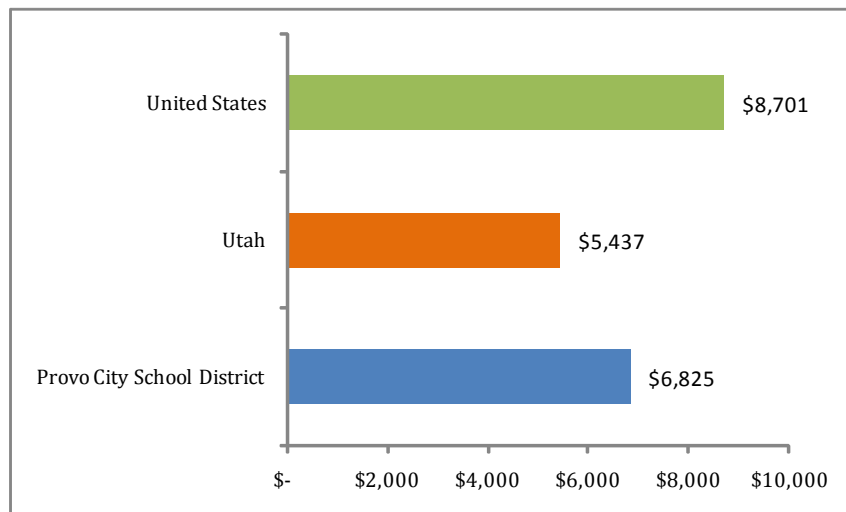
General and Student Activities Funds Only

Provo City School District spends more on a per-pupil basis than the average district in Utah, but less than the average district nationwide.



Per Pupil Spending Comparison

2005 - (Most recent year with complete data)



Sources: United States Census Bureau; District data

Note: Provo City School District 2008-09 data are compared with U.S. Census Bureau 2005 data for availability reasons.

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POLICIES AND PROCEDURES SECTION



Significant Laws Affecting this Budget

The following is a summary of the significant provisions of the laws of the State of Utah applicable to Utah School District budgets. This budget is adopted in compliance with these legal requirements.

53A-19-101. Superintendent of school district as budget officer — School district budget.

1. The superintendent of each school district is the budget officer of the district.
2. Prior to June 1 of each year, the superintendent shall prepare and file with the local school board a tentative budget. The tentative budget and supporting documents shall include the following items:
 - a. the revenues and expenditures of the preceding fiscal year;
 - b. the estimated revenues and expenditures of the current fiscal year;
 - c. an estimate of the revenues for the succeeding fiscal year based upon the lowest tax levy that will raise the required revenue, using the current year's taxable value as the basis for this calculation;
 - d. a detailed estimate of the essential expenditures for all purposes for the next succeeding fiscal year; and
 - e. the estimated financial condition of the district by funds at the close of the current fiscal year.
3. The tentative budget shall be filed with the district business administrator for public inspection at least 15 days prior to the date of its proposed adoption by the local school board.

53A-19-102. Local school boards budget procedures.

1. Prior to June 22 of each year, each local school board shall adopt a budget and make appropriations for the next fiscal year. If the tax rate in the proposed budget exceeds the certified tax rate defined in Subsection 59-2-924(2), the board shall comply with the Tax Increase Disclosure Act in adopting the budget.
2. Prior to the adoption of a budget containing a tax rate which does not exceed the certified tax rate, the board shall hold a public hearing on the proposed budget. In addition to complying with Title 52, Chapter 4, Open and Public Meetings, in regards to the hearing, the board shall do the following:
 - a. publish the required newspaper notice at least one week prior to the hearing; and
 - b. file a copy of the proposed budget with the board's business administrator for public inspection at least ten days prior to the hearing.
3. The board shall file a copy of the adopted budget with the state auditor and the State Board of Education.

53A-19-103. Undistributed reserve in school board budget.

1. A local school board may adopt a budget with an undistributed reserve. The reserve may not exceed 5% of the maintenance and operation (general fund) budget adopted by the board in accordance with a scale developed by the State Board of Education. The scale is based on the size of the school district's budget.
2. The board may appropriate all or a part of the undistributed reserve made to any expenditure classification in the maintenance and operation (general fund) budget by written resolution adopted by a majority vote of the board setting forth the reasons for the appropriation. The board shall file a copy of the resolution with the State Board of Education and the state auditor.
3. The board may not use undistributed reserves in the negotiation or settlement of contract salaries for school district employees.

53A-19-104. Limits on appropriations — estimated expendable revenue.

1. A local school board may not make any appropriation in excess of its estimated expendable revenue, including undistributed reserves, for the following fiscal year.
2. In determining the estimated expendable revenue, any existing deficits arising through excessive expenditures from former years are deducted from the estimated revenue for the ensuing year to the extent of at least 10% of the entire tax revenue of the district for the previous year.
3. In the event of financial hardships, the board may deduct from the estimated expendable revenue for the ensuing year, by fund, at least 25% of the deficit amount.
4. All estimated balances available for appropriations at the end of the fiscal year shall revert to the funds from which they were appropriated and shall be fund balances available for appropriation in the budget of the following year.
5. A local school board may reduce a budget appropriation at its regular meeting if notice of the proposed action is given to all board members and the district superintendent at least one week prior to the meeting.
6. An increase in an appropriation may not be made by the board unless the following steps are taken:
 - a. the board receives a written request from the district superintendent that sets forth the reasons for the proposed increase;
 - b. notice of the request is published in a newspaper of general circulation within the school district at least one week prior to the board meeting at which the request will be considered; and
 - c. the board holds a public hearing on the request prior to the board's acting on the request.

53A-19-106. Warrants drawn by business administrator.

The business administrator of a local school board may not draw warrants on school district funds except in accordance with and within the limits of the budget passed by the local school board.

53A-19-107. Emergency expenditures.

This chapter does not apply to appropriations required because of emergencies involving loss of life or great loss of property.

53A-19-108. Monthly budget reports.

1. The business administrator of each local school board shall provide each board member with a report, on a monthly basis, that includes the following information:
 - a. the amounts of all budget appropriations;
 - b. the disbursements from the appropriations as of the date of the report; and
 - c. the percentage of the disbursements as of the date of the report.

Financial and Budget Administration Policies

The following proposed budget policies of the Board of Education guide the preparation and administration of this budget.

1. Operating Budget Policies

A. The District will cover current expenditures with current revenues. The District will avoid budgetary procedures that cover current expenditures at the expense of meeting future years' expenditures, such as postponing expenditures, accruing future years' revenues, or rolling over short-term debt.

B. The budget will provide for adequate maintenance of capital, plant, and equipment, and for orderly replacement of equipment.

C. The District will maintain an online budgetary control system to assist in following the budget plan.

D. The District will prepare monthly reports comparing actual revenues and expenditures to budgeted amounts.

E. Where possible, the District will integrate performance measurement and productivity indicators with the budget.

F. The District will use a zero-based budgeting method, where all expenses must be justified each year.

2. Capital Improvement Budget Policies

A. The District will develop and administer a multi-year plan for capital improvements and update it annually.

B. The District will budget for major capital projects in accordance with the priorities of the Board of Education.

C. The District will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budgets.

D. The District will maintain all assets at a level adequate to protect the District's capital investment and to minimize future maintenance and replacement costs.

E. The District will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to the board for approval.

F. The District will restrict any new or replacement construction to be consistent with state guidelines for school building utilization.

3. Debt Management Policies

- A. The District will confine long-term borrowing to capital projects and purchases of equipment, as required by law.
- B. Total general obligation debt will not exceed 4% of the reasonable fair market value of taxable property within the District.
- C. The District will not use long-term debt for current operations.
- D. The District will meet all debt service obligations when due.
- E. The District will maintain communication with bond rating agencies about its financial condition. The District will follow a policy of full disclosure in every financial report and official statement.
- F. The District will provide to the capital markets ongoing disclosure of annual financial information and material events that may affect the District's financial strength.

4. Revenue Estimation Policies

- A. The District business administrator will estimate annual revenues by an objective, analytical process. The District will not include revenue in the budget that cannot be verified with documentation of its source and amount.

5. Fund Balance and Reserve Policy

- A. In order to maintain and protect the long term financial capacity of the District, total fund balance and reserves in the General Fund will be maintained at or near 5% of total General Fund unrestricted revenues.
- B. The capital fund will maintain a minimum balance of two million dollars for emergency repair situations.

6. Accounting, Auditing, and Financial Reporting Policies

- A. The accounting system will report financial information, on a basis consistent with Generally Accepted Accounting Principles, as established by the Governmental Accounting Standards Board.
- B. Regular monthly and annual financial reports will present a summary of financial activity by fund.
- C. An independent certified public accounting firm will be selected by the Board of Education and will perform an annual audit, and will publicly issue its opinion on the District's financial statement.
- D. The District will seek to obtain and maintain a Certificate of Achievement for Excellence in Financial Reporting from the Association of School Business Officials International and the Government Finance Officers Association. The District will also seek to obtain and maintain the Meritorious Budget Award from the Association of School Business Officials International and the Distinguished Budget Presentation Award from the Government Finance Officers Association.

Budget Development and Review Process

The District uses an annual budget, with fiscal years beginning July 1st and ending June 30th each year.

Budget development is a year-round process, affecting the public, legislature, employees and the Board of Education. It begins in early fall after the annual report is prepared. At that time the board reviews its long-term strategic plan and sets goals and objectives for the upcoming fiscal year. The Budget Department works closely with directors and principals to identify strategies and programs to achieve the board-established goals and objectives for the upcoming fiscal year through the fall.

In January, the Board is presented a set of budget initiatives which the administration feels will accomplish the Board-established outcomes. The Board modifies, if necessary, the budget initiatives and forwards the budget initiatives for public comment. In addition to placing these short-term initiatives on the District website and setting up a dedicated email account to handle budget-related questions, the District also began sending out surveys in 2008 asking the public to rank the initiatives based on importance. The budget initiative surveys will be covered in more detail on the following page.

From January through May the budget department works with directors, principals, and department heads to develop a detailed budget for the upcoming fiscal year. Employee compensation is negotiated with several bargaining groups. The legislature determines the District's state funding level, and requirements are balanced against resources.

The proposed budget is presented to and discussed with the Board of Education. The Board votes to adopt the budget at a public hearing held in June. Once adopted, the budget document becomes the official operating plan of the District. If the Board should decide that a tax increase is required to accomplish its desired goals and objectives, it will conduct a public hearing in August. For FY 2008-09, the Board of Education has determined a public hearing will be necessary to meet its goals and objectives.

"Budget development is a year-round process affecting the public, legislature, employees and Board of Education."

Budget Administration and Management Process

The District has mechanisms in place to ensure compliance with the adopted budget.

Every dollar of expenditures included in the budget is assigned to some person as a “cost center controller” for that particular piece of the budget. This person may be a general administrator, department administrator or building level administrator. These cost center administrators are responsible to control “their” budget, and are subject to disciplinary action for failure to properly control or manage their budget. Expenditures will not be incurred unless they are properly classified and authorized by the cost center controller and within the limits of available appropriations.

An online budget control system provides cost center budget status information on demand and helps encourage budgetary compliance. Requisitions, purchase orders, etc. are reported as encumbrances against available appropriations at the time they are originated.

Cost center controllers are, with few exceptions, authorized to make changes (reallocations) within their budget with approval of the budget department. New program budgets or expansion of program budgets require cabinet and Board approval.

Definition of a Balanced Budget

The District considers the budget balanced when total expenditures are equal to total revenues. However, the budget is also balanced in situations where total expenditures are less than total revenues, which is technically a surplus. There are also instances when the district might plan to spend fund balances from previous years on one-time or non-routine expenditures. The District considers the budget to be balanced in this case also, provided the funding from previous years is available, and a plan is in place to not build ongoing expenditures into this type of funding. This type of balanced budget is especially prevalent when capital projects are budgeted using proceeds from the issuance of bonds. The State of Utah requires that District expenditures do not exceed the adopted budget by individual fund each year.

The District’s budget is balanced for FY 2008-09.

Scenario One: Revenues = Expenditures
Scenario Two: Revenues > Expenditures
Scenario Three: Revenues + Appropriated Fund Balances = Expenditures

For FY 2008-09, the District’s budget is balanced under Scenario Three. The completion of bond projects, which resulted in revenue the first year and expenditures in subsequent years, is the major reason for this.

Budget Approval and Adjustment Process

1. For the fiscal year beginning July 1, the Business Administrator prepares a tentative budget which is presented to the Board of Education by the superintendent on or before the preceding June
2. After study, deliberation, possible amendments, and a public hearing, the Board of Education legally adopts the final budget prior to June 22.
3. Once adopted, the budget can be amended by subsequent Board action. Reductions in or reallocations of appropriations may be approved by the Board after recommendation of the Superintendent, but increased appropriations by fund require a public hearing prior to amending the budget.
4. Adjustments in estimated revenue and appropriations for the prior fiscal year are included in the budget document and are approved by the Board as the revised budget.
5. As determined by the State Superintendent of Public Instruction, the level at which expenditures may not legally exceed appropriations is the total budget of a given fund.
6. At the end of a year, unencumbered appropriations lapse.
7. The District has a long term building replacement and retrofit program which has been developed through a process that included a study and recommendations by a broad-based committee representing many experts in our community. This process included a structural engineering study of each building and a geotechnical analysis of each site. Also, each year each building is reviewed by representatives of the District's architectural, engineering, and trades staff, and the school principal and/or other representatives of the school.

“The District has a long term building replacement and retrofit program which has been developed through a process that included a study and recommendations by a broad-based committee representing many experts in our community.”

Method of Classifying Revenues and Expenditures

District revenues and expenditures are tracked by fund, program, location (also known as a “cost center”), function, and object. Due to various reporting requirements, all of these classifications are included in this budget, with the exception of cost centers.

Funds are the most general way to classify expenditures. *Programs* might also be called projects, as each is funded and implemented to achieve a specific goal or set of objectives. For the most part, the District segregates its programs based on guidelines given by the Utah State Office of Education, although the District does have some discretion in determining programs and their corresponding codes.

“The District operates within budget requirements as prescribed by state law”

Functions are a more general way to classify expenditures than programs. Functions are classified such as instruction, support, maintenance, etc. The majority of the District’s expenditures go toward the instruction function. A further explanation of the classification of functions is included later in this book, under “Explanation of Functions Used by the District.”

Objects are the most detailed of the classifications. Examples of objects include salaries, benefits, supplies, equipment, etc. However, the District accounts for objects at a much more detailed level than this general example. With a few exceptions, objects are the most detailed way revenues and expenditures are tracked.

Basis of Budgeting

The District operates within budget requirements for school districts as prescribed by state law and interpreted by the State Superintendent of Public Instruction. Budgets are presented on the *modified accrual basis* for all governmental funds. This is the same basis of accounting used in the District’s audited financial statements.

All annual appropriations lapse at fiscal year-end, with the exception of those indicated as a fund balance reserve.

Revenue Projection Methodology

When projecting revenue for future years, the District relies heavily on its own internal data to estimate enrollment, which is the biggest driver of state revenue. Typically simple *regression analysis* is used to forecast general expected student enrollment for future years. A more detailed approach, using migration patterns, birth rates, and what is referred to as *survival rates*, is used to get a more detailed analysis for the next year. Detailed analysis for the coming year is normally done in the fall, and the Board of Education and management are given the results after that time. The District used each of these methods in estimating revenue for FY 2008-09. As a general rule, the District operates under the assumption that enrollment (and as a result revenue) will be relatively flat from year to year.

The District also consults state and federal agencies, such as the Utah State Office of Education, the Utah State Governor’s Office of Budget and Management, the Utah State Tax Commission, and the United States Census Bureau. Information from several other smaller agencies is used to project future revenues when necessary.

The District’s policy is to estimate annual revenues by an objective, analytical process. The District does not include revenue in the budget that cannot be verified with documentation of its source and amount. Information and documentation regarding revenue projection methods are made available to the public through a variety of means, including monthly board meetings, newsletters, and records kept on file at the District administration building.

Impact of Planning Processes on the Budget

Long-term planning plays a critical role in the District's budget development process each year. Planning for the District's current master plan began in late 2003. At the time, it was obvious that buildings were in desperate need of renovations, and, in some cases, replacement. At the same time, District salaries were becoming less competitive than in competing Districts, making it difficult to hire and retain good employees. A committee comprising District employees and local citizens began studying demographic information and building condition data. In September 2004, the committee presented five different scenarios for the master plan at a series of public open houses throughout the city.

As the District grappled with the difficult realities it faced, it became evident that a bond election would be necessary to pay for the most critical needs in the District. In 2006, voters approved a \$35 million bond and leeway, which would help pay for critical upgrades and replacements to schools, in addition to helping boost sagging compensation for employees.

The bond projects, coming to a close as of June 30, 2008, are critical pieces of the District's master plan. Other key areas of the plan involve capital improvements funded through local property taxes, and improved employee compensation. The District's short-term capital improvement plan for FY 2008-09 is covered in greater detail in the capital projects section of this book. The master plan has been the driving force behind many of the improvements to the District over the past several years, and it continues to play a key role in future planning.

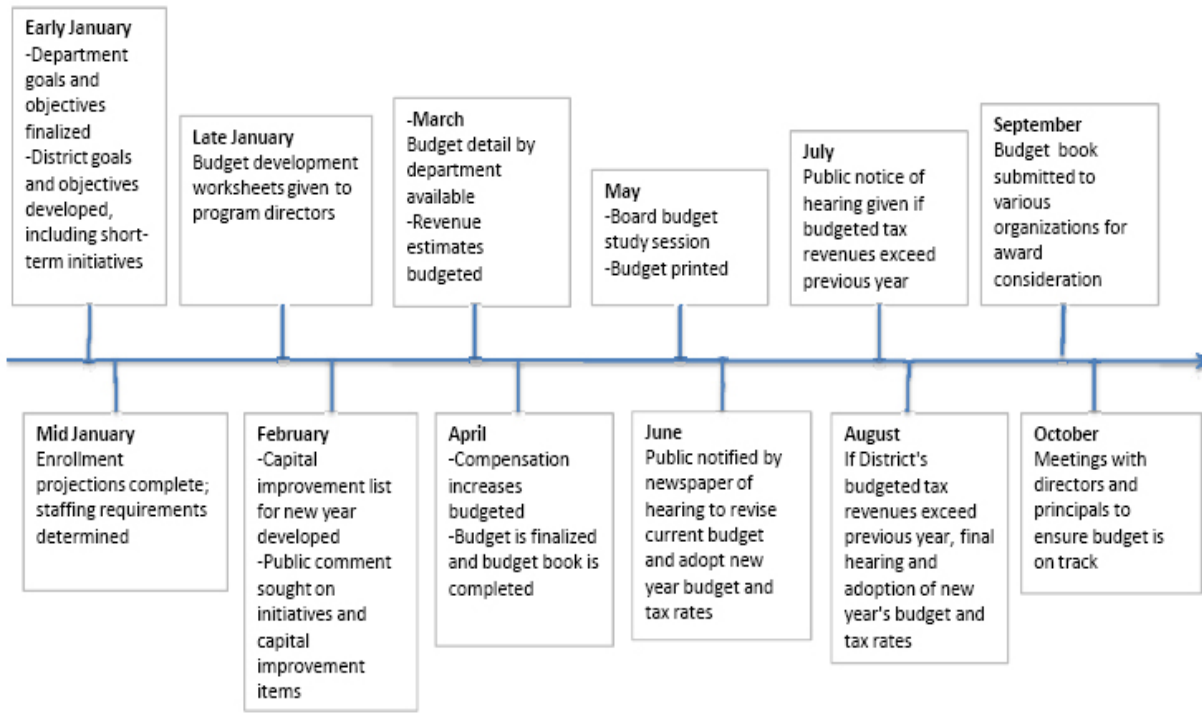
Recently, the Board of Education, armed with information and preferences from the public, developed a 20 year capital improvement/building replacement plan. Part of this plan was the passing of the aforementioned bond in 2006. The District doesn't anticipate the need to use bond issuance for buildings until 2017 as part of this plan. Through the bond election, public survey on budget initiatives, community meetings, Board of Education meetings and other correspondence, Provo citizens have stressed their support for safe and modern buildings in the District.

The District's planning processes affect not only the coming year, but several years into the future. While new needs arise, and economic conditions and public desires change, some things will always remain the same. Academic achievement and student success will always come first. Having a long-term perspective, through strategic planning and short-term goals, benefits the children of Provo.

“Long-term planning plays a critical role in the District's budget development process each year.”

Budget Timeline

The District maintains and adheres to a budget timeline to help it meet its obligations and plan for the future. Each department is aware of its role in the timeline, and progress benchmarks are followed to assure the budget is allocated efficiently and equitably.



Budget Initiatives Public Input

The District's priorities differ from year to year based on public feedback, legislation, and the identification of specific needs, with significant weight being given to public feedback. Using the budget initiatives drafted by the Board, a survey postcard was sent to all 33,000 households in Provo in January, 2008. Respondents were asked to rate each initiative based on importance. By the end of January 2008, the District had received more than 5% of the surveys back. Using the data from the resident surveys, the District has been able to identify and rank its 2008-09 budget initiatives based on importance. The FY 2008-09 budget is based on the public input received from this survey. The results of the survey can be found on the following page.

The short-term budget initiatives are one of the primary factors in the budget development process for the FY 2008-09 year. The District is confident that the budget for the coming year has been developed with more public involvement than any budget in its recent history.

PROVO CITY SCHOOL DISTRICT
280 West 940 North
Provo, UT 84604

HELP US REACH GREATER HEIGHTS

PROVO CITY SCHOOL DISTRICT NEEDS YOUR INPUT
How important are the following goals to you?

Goal:	Very Important	Important	Not Important At All
Maintain competitive employee salaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provide for teacher professional development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Define and implement a basic level of opportunity for all children in the district	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maintain current class-size levels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Attract and retain high-quality employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Close achievement gap between students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strengthen relationships with stakeholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increase school safety and security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Develop strategies to contain employee medical costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Begin a healthy employees program	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review effectiveness of personnel policies and programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improve (remodel) school buildings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other or not listed (please describe):			

Do you have school-aged children? yes no

The nearest elementary school to me is: _____ (leave blank if unknown)
E-mail address: _____ (optional)

PLEASE DETACH AND RETURN SURVEY - POSTAGE IS PREPAID

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO. 40 PROVO UT
POSTAGE WILL BE PAID BY ADDRESSEE

Provo City School District
Attn: Business Department
280 West 940 North
Provo, UT 84604-9817

|||||

Dear Patrons,

We thank you in advance for your participation in guiding the future direction of the district. Provo School District leads the State of Utah in educational quality and parental support. In many ways, our continued success is due to the fine children you send us and your continued support and involvement in their education. We invite you to complete the enclosed survey and return it at your earliest convenience.

Sincerely,

Dr. Randall J Merrill, Superintendent

Results of Public Survey on District Budget Initiatives

January 2008

Rank	Initiative	Average Score
1	Attract and retain high-quality employees	1.883
2	Maintain competitive employee salaries	1.790
3	Provide for teacher professional development	1.563
4	Define and implement a basic level of opportunity for all children in the district	1.559
5	Maintain current class-size levels	1.539
6	Increase school safety and security	1.456
7	Review effectiveness of personnel policies and programs	1.313
8	Develop strategies to contain employee medical costs	1.269
9	Improve (remodel) school buildings	1.254
10	Close achievement gap between students	1.189
11	Begin a healthy employees program	1.083
12	Strengthen relationships with stakeholders	0.962

2: Very Important - 1: Somewhat Important - 0: Not Important at all

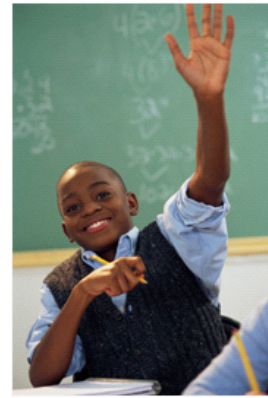
In addition to the budget initiatives survey, a dedicated email address is used to respond to specific inquiries about the budget. By Utah State law, a copy of the District's detailed budget for the upcoming year is available for review at the District administration building.

FY 2008-09 Goals and Objectives

The following goals and objectives are supplemented by the short-term budget initiatives. They were also developed to fit within the District's long-term goals, which are to provide a high quality education to Provo City's diverse population, build confidence in and seek input from stakeholders, and maintain sound District management.

Enhancement of Instruction

- Successfully open two new elementary schools
- Provide for competitive teacher compensation
- Open the Center for Advanced Studies
- Establish an additional Title I school (Provost)
- Literacy adoption and professional development
- Mathematics adoption and professional development
- Enhanced science curriculum development and implementation
- Investigate Chinese language at the elementary level
- Continue Provo READS in 2008-2009
- Place Assessment Data Mentors in schools
- Implement bullying prevention program
- Maintain \$140,000 in annual computer replacements
- Increase E-Rate federal revenue and expenses to \$700,000



Professional Management of the District

- Implement computerized busing routes
- Implement software portal
- Implement online Board of Education documents
- Hire a VOIP (Voice Over Internet Protocol) technician
- Employ Community Relations Specialist
- Implement Applicant On-Line and Tracker
- Implement Position Control software module
- Fully implement District-wide online credit card payments
- Upgrade warehouse to HACCP standards (food safety program)
- Appropriate \$400,000 for Child Nutrition equipment upgrades



Improvement of Facilities

- Establish building reserve fund
- Establish seismic upgrade funding
- Hire Assistant Facilities Director
- Implement equipment and facilities maintenance tracking program
- Video surveillance in middle schools
- Alarms in all elementary schools
- Keyless entry in all middle and elementary schools

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ORGANIZATIONAL SECTION



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 foundation 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.”



The District Entity

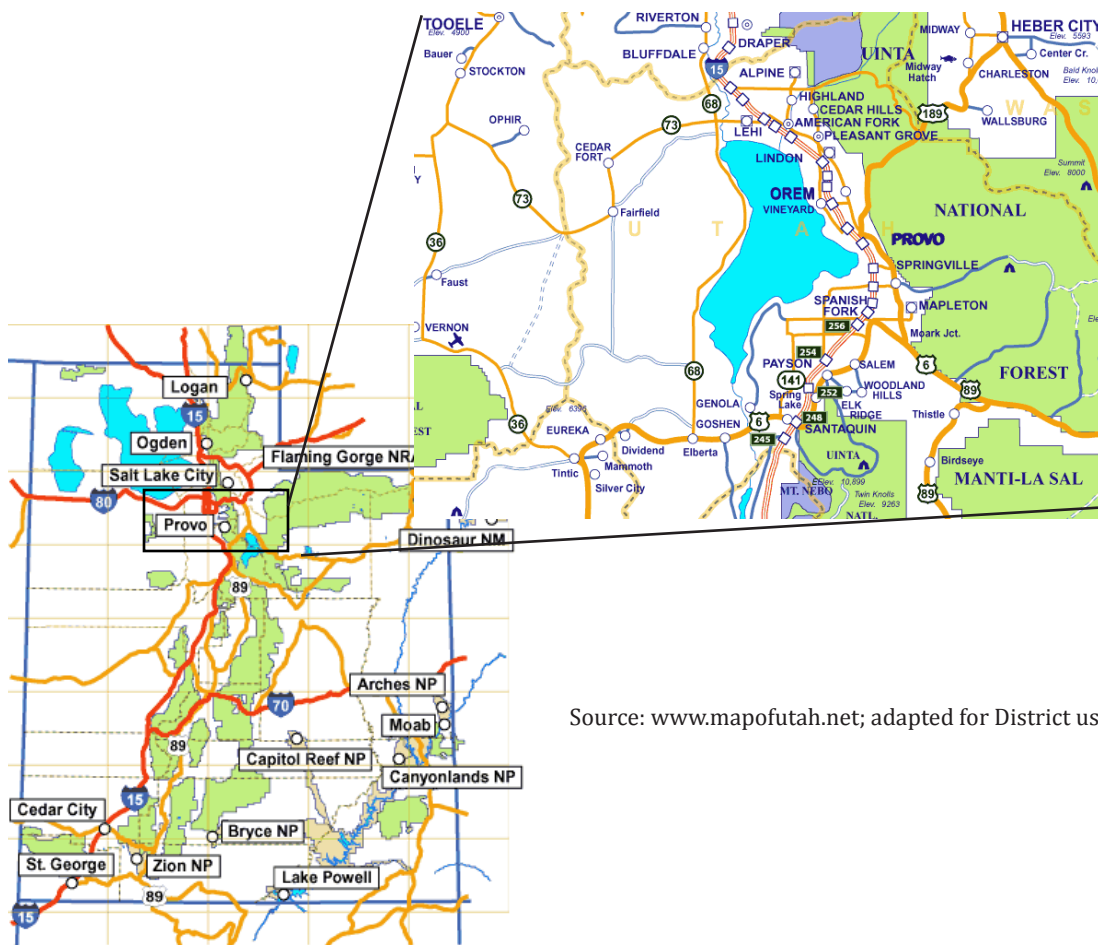
Legal and Fiscal Considerations

Provo City School District resides within the boundaries of Provo City. However, the District is an independent entity, with board members elected by Provo citizens in a general election. The District has the authority to levy taxes, issue debt, determine fees and approve and modify its budget. While the District places greatest emphasis on answering to citizens of Provo, it also is subject to oversight by the Utah State Office of Education (USOE). The USOE generally oversees the budget process, and the majority of the District's funding flows through this entity.

The District places its greatest emphasis on answering to the citizens of Provo.

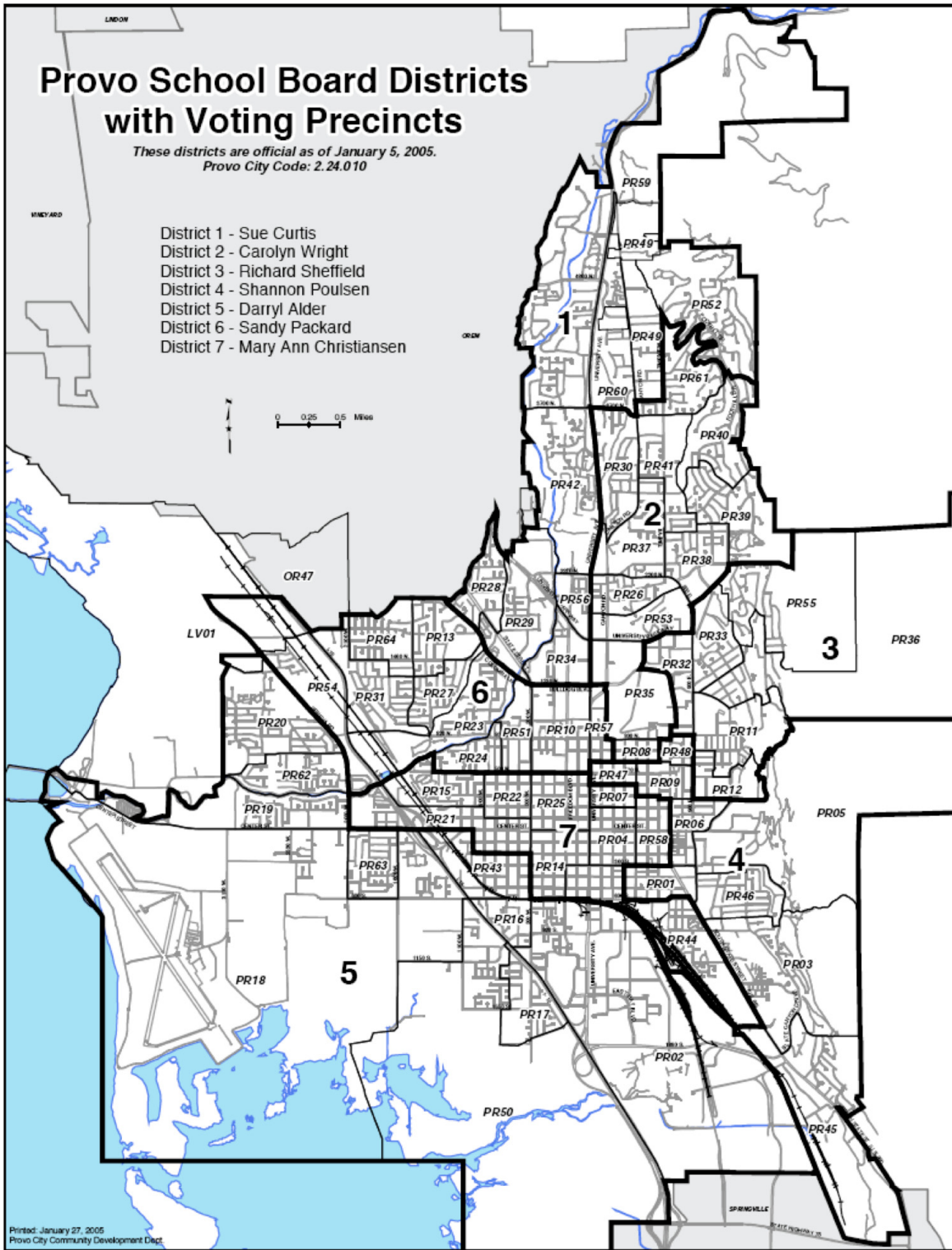
Service Area

It was mentioned previously that the District resides wholly within Provo City boundaries. Provo, with a population of approximately 118,000 residents, is the county seat and business center for Utah County. The District consists of 19 schools: two high schools, one alternative high school, one adult high school, two middle schools, and 13 elementary schools. As of October 1 2007, the District had 13,083 students enrolled - including self-contained special education students - placing it in the top ten of largest Utah school districts. Generally, the District is losing between 1-2% of its enrollment annually.



Source: www.mapofutah.net; adapted for District use

Provo City School District
 Voting Precincts



Description of Departments

The District is divided into several departments. While each department might have its own mission, goals and objectives, each supports the overall mission of the District. Normally, each department is responsible for specific components of the District's overall goals and objectives. The following is a brief description of the departments that operate in the District:

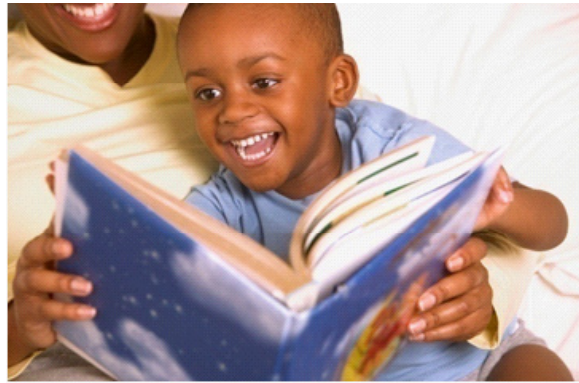
Curriculum

The Curriculum and Learning Office of Provo City School District provides support to teachers, administrators, and parents in enabling students to gain academic skills and knowledge necessary for their successful futures. Local, state, and federal resources provide teaching materials for students and teachers, professional development targeted to instructional improvement for new and experienced teachers, analysis of student performance data, tutoring services for at-risk learners, and enriched learning opportunities for students of all abilities. Their key focus is literacy enhancement for all students with additional energy directed to mathematics, science, and other critical areas of learning.

Student Services

The Mission of Student Services is to provide the best support to students and families. Student Services is responsible for support services throughout the district including police, nurses, social workers, attendance officers, safe schools, and other programs.

Student Services provides equal access to education and promotes educational excellence by providing support to schools, helping meet the needs of families, assisting students with unresolved needs, and providing opportunities for students to stay in school.



Child Nutrition

Child Nutrition falls under business services. The Child Nutrition Department is committed to providing a safe, nutritious meal to every student, continually improving our programs, the children's meal time experience and our communication and involvement with parents.

Personnel

The Personnel Department is given the responsibility to find, recruit and retain qualified teachers and support staff that are committed to District goals, insure that employees working in the District meet the academic and licensing standards set by the state and federal government, maintain personnel records and pertinent information on all past and present employees, distribute the agreed upon wages and benefits to employees according to negotiated agreements and the law, and develop and enforce policy related to the successful personnel operation of the District. The Personnel Department is also in charge of allocating full-time equivalents (FTEs) to schools.

Career and Technology Education

The mission of Career and Technology Education (CTE) is to provide all students a seamless education system, driven by a Student Education Occupation Plan (SEOP), through competency-based instructions culminating in essential life skills, certified occupational skills and meaningful employment and/or entrance into a higher education institution for advanced preparation.

CTE classes provide every student with the opportunity to explore a variety of career areas in their middle school and high schools years that will equip him/her with the academic knowledge, technical and employment skills vital for entry into the evolving workforce of the 21st century.



Special Programs

Special Programs is actually three large divisions, including Title I, Special Education and Technology. Each of these programs has its own goals and objectives, including:

- Closing the achievement gap between high and low-performing children, especially the achievement gaps between minority and non-minority students, and between disadvantaged children and their more advantaged peers
- Providing special education service providers and students with greater access to classroom-based materials and resources including adaptive devices, networks, hardware, software, and other classroom materials that support the achievement of individual student goals
- Developing long-term strategies for improving student academic achievement, including technology literacy, through the effective use of technology in the classroom, and the capacity of teachers to integrate technology effectively into curricula, instruction, and assessment

Business Administration

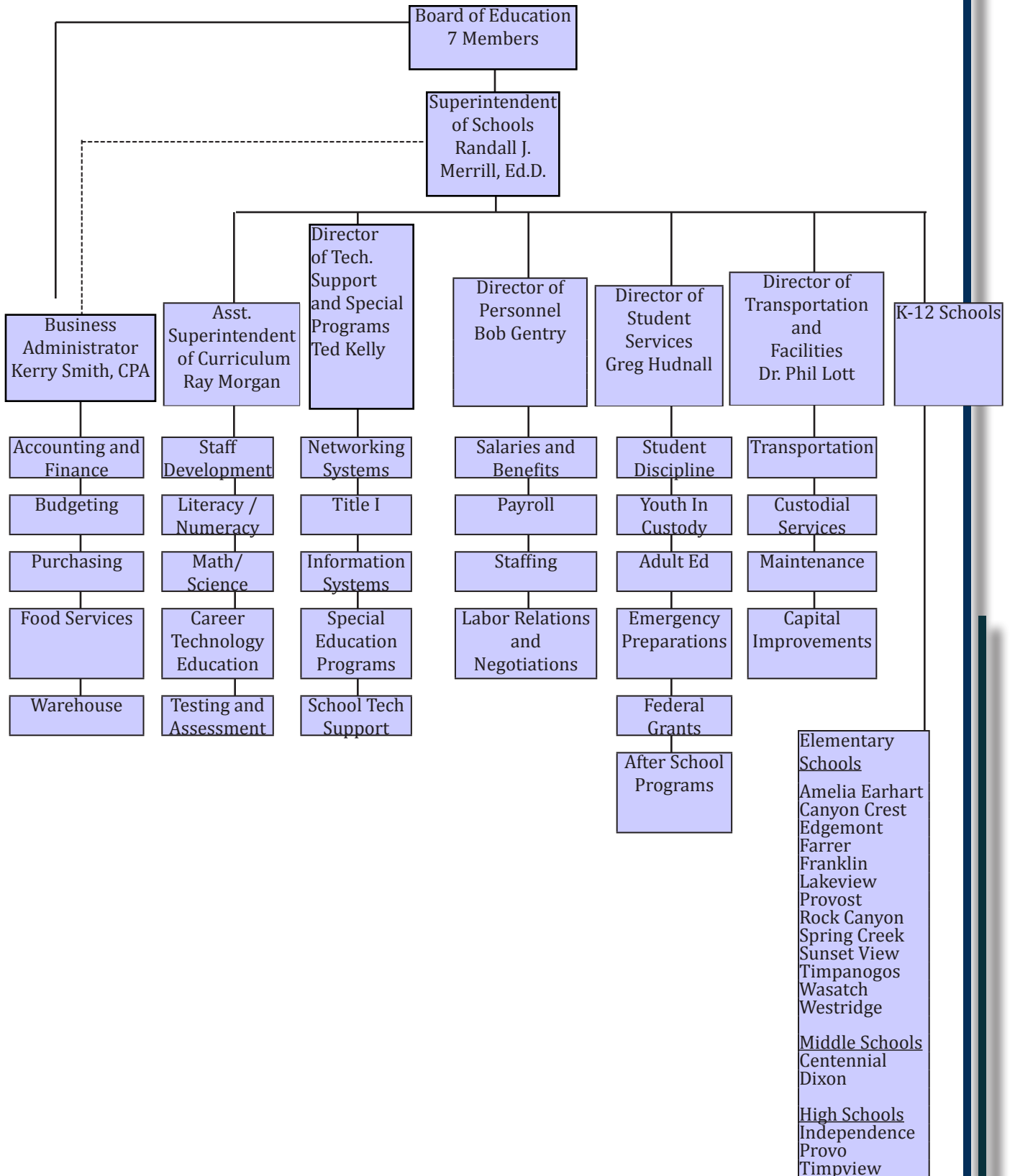
The Business Department is responsible for facilitating financial information and reporting it accurately. It coordinates the annual financial audit with the District's external auditors, and completes financial reports for the state legislature and office of education. Key components of the Business Department include accounting, finance/budgeting, accounts payable, accounts receivable, food services and the warehouse.

Transportation and Maintenance

The Transportation Department transports children to and from school in a safe, efficient and positive environment. Each driver and assistant is expected to become familiar with and closely follow District procedures and the rules of the road.

Maintenance helps facilitate learning by providing a safe and pleasant learning environment in the buildings and on the school grounds in the District. Safe, clean, well-lit and comfortable buildings is the department's main goal. It's believed students learn better in a pleasant and environmentally-friendly building.

Provo City School District
Organizational Chart



Provo City School District
 Comparison of Staffing Levels by Function
 FY 2004-05 to 2008-09

Staffing levels for FY 2008-09 are proposed to remain very close to the FY 2007-08 levels. Six additional Full-time Equivalent (FTE) positions are to be added to the instructional function as teachers. These additional teachers will be primarily for the high schools to lower class sizes to 25.5 students, and will be funded through regular state K-12 revenue. In addition to these positions, a new technical support position is to be added under the "other support" function. This position is to be funded by an increase to the E-rate program, which is money that flows to various vendors from the federal government to help districts maintain and improve technology infrastructure.

Staffing Levels by Full-time Equivalent

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>Proposed 2008-09</u>
Instruction	980.7	1,117.4	1,141.4	1,148.4	1,154.4
Support Services					
Students	49.6	58.6	53.9	52.3	52.3
Instructional Staff	39.6	35.5	32.6	38.1	38.1
General Administration	9.2	24.1	23.9	19.8	18.8
School Administration	75.0	78.7	79.8	73.7	73.7
Business and Central	22.1	23.5	24.8	22.1	22.1
Operation and Maintenance	84.7	118.6	152.0	138.9	138.9
Transportation	38.6	46.6	49.9	60.0	60.0
Other Support	-	-	-	10.6 ¹	11.6
Food Services	57.7	83.2	90.8	90.4	90.4
Community Services	64.7	185.6	172.5	135.2 ²	135.2
Total full-time equivalent positions:	<u>1,421.7</u>	<u>1,771.6</u>	<u>1,821.6</u>	<u>1,789.4</u>	<u>1,797.5</u>

¹Classified among various other functions prior to FY 2007-08

²Community and Recreation Services functions combined

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FINANCIAL SECTION



Description of District Funds

The District's budget is divided into funds. A fund is a fiscal and accounting entry. Essentially, it is a segregation of accounting and financial resources, each with cash and other assets, liabilities, and equity/residual balance. The District follows the fund guidelines as established by Generally Accepted Accounting Standards.

Each fund is used to account for a specific type of activity. The General Operating (or just "General") fund is by far the largest. The Utah State Office of Education recently introduced the Student Activities fund, which is used to track revenues and expenditures of the individual school accounts. Financial data for this fund was available beginning in FY 2007-08. The following is a brief description of each fund:

General Fund (Major Fund)

This fund is the chief operating fund of the District. It is used to account for all financial resources of the school district except those required to be accounted for in another fund. By law, the District may have only one general fund.

The General Fund is the largest fund in the District.

Student Activities Fund

This special revenue fund accounts for activities at the school-level, including sports, clubs, and instruction-related programs.

Non K-12 Fund

This special revenue fund is used to account for activities not related to regular, K-12 operations. Adult education, pre-school and recreation are examples of programs that operate in this fund.

Debt Service Fund (Major Fund)

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Fund (Major Fund)

This fund is used to account for resources and payments for the acquisition of capital facilities and equipment.

Food Services Fund

This is a governmental fund used to account for revenues and expenses related to school food services.

Building Reserve Fund

This special reserve fund is authorized by Utah state law to be used to accumulate funds to meet capital outlay costs.

Note: all funds are appropriated for use in FY 2008-09 with the exception of the Building Reserve fund.

Explanation of Expenditure Functions Used by the District

Instruction

This function includes those activities dealing directly with the instruction of students. If expenditures can be clearly and directly traced to instruction of students they are labeled as instructional. Teachers salaries and benefits, substitute teacher costs and supplies intended for the classroom are examples of instructional costs.

Student Support Services

This function covers those activities related to promoting and improving school attendance and counseling. The costs necessary to manage and provide health and nursing services are included in this function. Salaries and benefits of certified and education support personnel are covered by this function, as are supplies, services, and equipment required to cover these activities.

Instructional Support Services

This function encompasses activities related to directing, managing, and supervising instructional programs in the District. It includes areas such as media and curriculum. Costs associated with this function include school media center and curriculum staff salaries and benefits, supplies and materials, equipment, and purchased services.

General Administration Support Services

This function covers the costs associated with the overall administration of the District. It includes the Board of Education, the Superintendent, and other District-level directorships. Costs include salaries and benefits, and supplies, services and equipment necessary to support District-wide management.

School Administration Support Services

This function covers those expenditures that go toward directing, managing, and supervising a school. Examples include the principal and clerical positions. Supplies, equipment and professional services that assist these positions are also included in this function.

Central Support Services

This function supports those activities that support other administrative and instructional functions, including fiscal services, human resources, planning, and administrative information technology.

School Food Services

This function encompasses the activities associated with providing meals and snacks to children. It includes directing and managing food services, preparing and serving food, operating and maintaining kitchen equipment, the purchase of food and supplies, and warehousing and transporting food to schools.

Operation and Maintenance Services

This function covers costs and activities associated with the maintenance and operation of physical buildings and grounds. Custodial and maintenance position salaries and benefits, along with supplies and equipment are typical costs associated with this function.

Student Transportation Services

This function covers the costs of providing management and operation services for regular bus routes used to transport children to school, field trips, and associated salaries, benefits, supplies, and equipment.

Other Support Services

This function covers essential support positions at the District-wide level, including salaries and benefits of technology and information technology personnel. Supplies, equipment and services associated with these positions are also included in this function.

Community Services

This function covers community services typically outside of regular, K-12 education. Examples include adult education, pre-school, and community agency partners. Costs include salaries and benefits of staff members, and the associated supplies and materials required by those positions.

Recreation Services

This function covers those activities associated with the management and coordination of community recreation services and the rental of school buildings.

Facilities and Construction

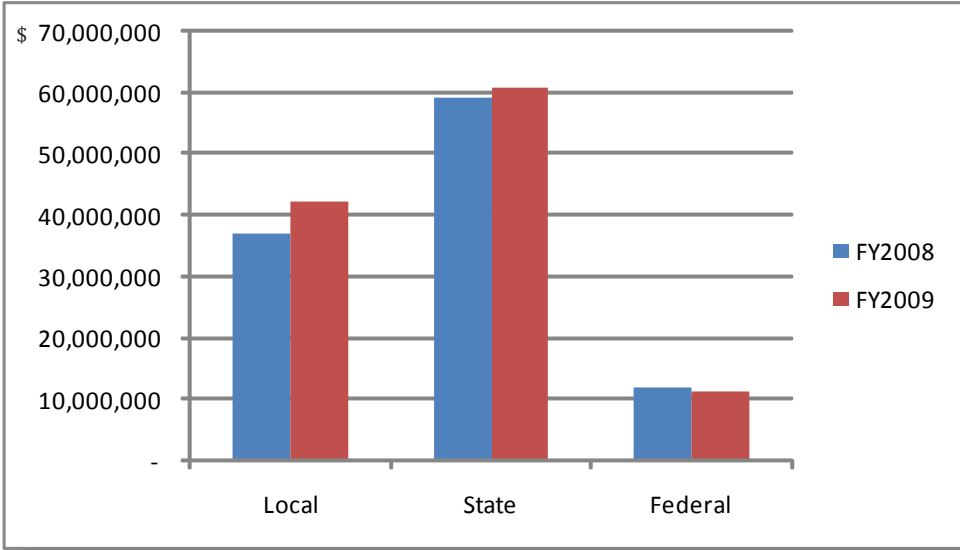
This function includes costs associated with the acquisition, remodel, and construction of buildings. Capital improvement costs, including materials, salaries and benefits, are included in this function. Also included are material and contract costs associated with bond construction.

Debt Service

This function covers bond, principal, interest, and paying agent costs and fees.

Major Revenue Sources

The District's revenues can be broadly classified as coming from three sources: local, state, and federal. The largest revenue source is the State of Utah, followed by local revenue, which includes property taxes, and federal revenue, made up of several grants of various sizes.



Revenue Projection Assumptions

FY 2008-09

The District is always as conservative as possible when estimating revenues. Accordingly, several assumptions were made when projecting revenue for FY 2008-09. For example, the District assumes federal revenue will be flat or slightly decreased for the coming year. Federal revenue is impacted by several things, but as a general rule less federal funding is available for the new year. This trend is expected to continue in the near future.

On the other hand, the District projects a boost in property values will increase the size of the overall tax base, which will make more local funding available. Any increase to the overall property tax budget requires the District to hold a public meeting. The District always sets its goals before property values or rates are known. If property values come in higher than anticipated, the District typically lowers its rates so it doesn't tax more than is needed to meet its goals. The emphasis is always on meeting goals and objectives, while placing as small a burden as possible on local taxpayers.

State revenue has shown strong growth in recent years, as a robust state economy, along with a legislature and governor supportive of public education has fueled large increases. While revenue appears safe for FY 2008-09, signs of a slowing state economy could mean future years might have smaller funding increases from state sources.

The next several pages of this section provide more detail on the assumptions and trends that were used by the District to estimate revenue for FY 2008-09.

Major Revenue Sources

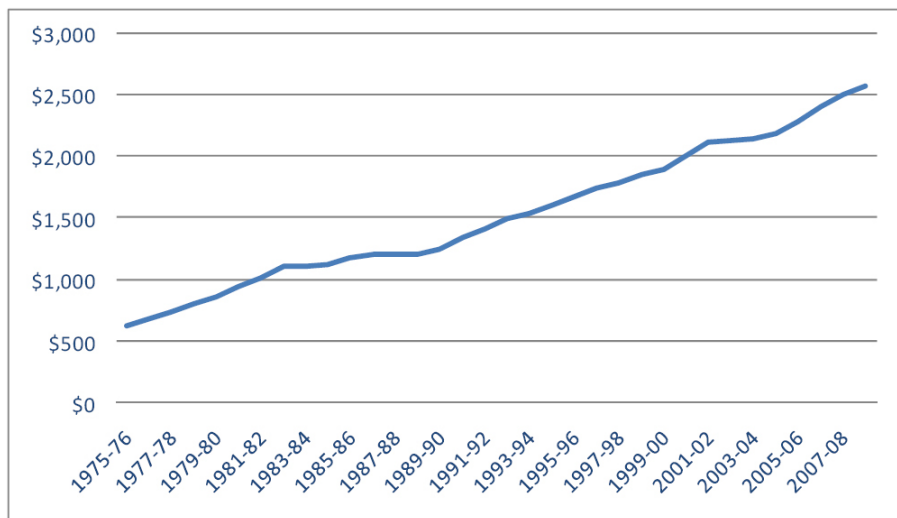
State of Utah

The State of Utah is the largest revenue source of the school district, with revenues approaching \$61 million for FY 2008-09. State revenue is divided up among approximately 60 programs. The largest component of state funding is the through the Minimum School Program (MSP), which acts as a series of large block grants (or programs) provided by the State to support local level educational services.

The Weighted Pupil Unit (WPU), part of the Minimum School Program, is a measure of student enrollment based on a pro-rated amount of days in attendance per student. As illustrated in the figure below, growth from the WPU has doubled in the past twenty years. The WPU is \$2,577 in FY 2008-09, a 2.5% increase over FY 2007-08. Approximately 63% of revenue from the State, or \$38.5 million, comes directly from WPU figures.

The WPU was developed as a mechanism to equally distribute state revenue among school districts and charter schools. The WPU is not a plan of expenditure, or budget, for the school district or charter school to follow but a mechanism to derive total program cost and distribute revenues. Through this mechanism, the State provides 'reasonably equal educational opportunities' for all public school children in Utah (Source: Utah State Office of Education).

Historical Value of the Weighted Pupil Unit (WPU)



Source: Utah State Office of Education; District data

Because so much of the District's funding comes as a result of enrollment-driven WPU figures, most of the analysis for future revenues involves predicting future enrollment levels.

Major Revenue Sources

State of Utah

Description of Large State Programs

WPU Sources

Funding resulting through the Weighted Pupil Unit (WPU) is comprised of several individual state programs of varying size. All combined, the District anticipates receiving over \$38 million, or 63% of total state revenues from WPU-related state programs in FY 2008-09. The largest individual WPU funding sources are listed below:

The largest individual state funding source, referred to as “Regular School Programs,” is projected to be over \$24 million for the District in FY 2008-09. This source is based strictly on the WPU, and the District uses it to help pay for teachers.

Special Education is the second-largest state funded program the District operates, with approximately \$5.3 million in revenues projected for FY 2008-09. This program is restricted to be used on students considered disabled.

Career and Technical Education is a WPU-related state program designed to provide vocational training and opportunities for secondary students in the District. The District must substantially match funding received through the state with local revenue in order to qualify, and expects to receive approximately \$4.1 million in FY 2008-09.

The District is funded \$2.4 million to pay for “Professional Staff.” This is tied to the other WPU-related funding sources.

The District receives money from through the WPU to lower class sizes. Along with state money, the District must also levy local property taxes to help pay for this program. The District is anticipating receiving just under \$2 million from this program in FY 2008-09.

Other State Programs

The District also receives several programs from the State that aren’t directly funded through the WPU, although it normally plays a large role. The largest programs the State funds in this category are listed below:

The Social Security and Retirement program helps pay the cost of payroll taxes and pension costs the District must pay its employees. It’s anticipated to be over \$8 million for the District in FY 2008-09.

The Quality Teaching Block grant is designed to train teachers to be “highly-qualified,” and is based on the amount of teachers in the District. The District expects to receive approximately \$1.9 million from this program in FY 2008-09.

Youth-in-Custody, which is a state-mandated program the District runs based on incarcerated school-age children in the District’s boundaries, generates approximately \$1.3 million for the District. Even if students are not originally from Provo, if they’re incarcerated in the city the District is required to educate them.

Major Revenue Sources

Local Sources - Property Tax

Property Taxes

The District levies property taxes to provide operating funds for the District. Each year, the District receives a certified tax rate from Utah County, and from that is able to set tax rates. The Basic Program tax rate is set by the State of Utah, and individual school districts set other rates with maximum levies set by law.

Property taxes make up the second largest component of funding for the District, and the largest component of local revenues at 77%. For FY 2008-09, the overall tax rate goes from .005239 to .006214. The District's goals and objectives for the coming year are determined before final property assessed values are known. In FY 2007-08, the District actually lowered its tax rate by 15% once final property values became available, rather than keep its original rate, which would have produced more in property taxes than the District needed to meet its goals and objectives.

Because the District has budgeted more in property tax revenues for FY 2008-09 than in the prior year, the State of Utah requires it to hold a public hearing referred to as "Truth-in-Taxation." Truth-in-Taxation statutes require an entity to go through a series of steps which include proper notification of the proposed tax increase to taxpayers and a public hearing.

Below is a comparison showing estimated property taxes on an average home and business in Provo for 2008 and 2009.

Property Tax Comparison Estimate

	<u>Residential</u>		<u>Business</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
House Value	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Residential Exemption	45%	45%	0%	0%
Assessed Value	\$ 137,500	\$ 137,500	\$ 250,000	\$ 250,000
Provo School District Total Tax Rate	0.005239	0.006214	0.005239	0.006214
Property Taxes for Provo School District	\$ 720	\$ 854	\$ 1,310	\$ 1,554
Increase		\$ 134		\$ 244

Note: The District lowered overall tax rates 15% in FY 2007-08.

Major Revenue Sources

Local Sources

Property Tax Comparison by Levy

2008-2009

	<u>2008</u>	<u>2009</u>	<u>\$ Difference</u>
Basic Program	0.001311	0.001250	\$ (260,000)
Voted Leeway	0.000877	0.001275	\$ 1,977,000
Board Leeway	0.000339	0.000214	\$ (487,000)
Reading Program	-	0.000121	\$ 517,000
Transportation	0.000096	0.000093	\$ 9,000
Tort Liability	0.000060	0.000058	\$ 4,000
Recreation	0.000256	0.000249	\$ 21,000
General Obligation Debt	0.001018	0.001242	\$ 1,225,000
Capital Outlay	0.000369	0.000828	\$ 1,840,000
10% of Basic	<u>0.000913</u>	<u>0.000884</u>	<u>\$ 367,000</u>
Total	0.005239	0.006214	\$ 5,213,000

Note: The District lowered overall tax rates 15% in FY 2007-08.

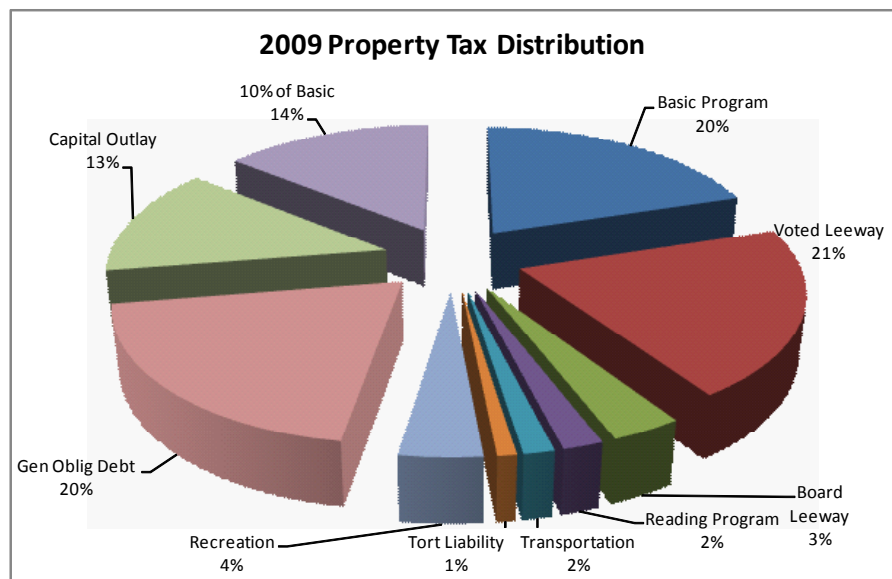
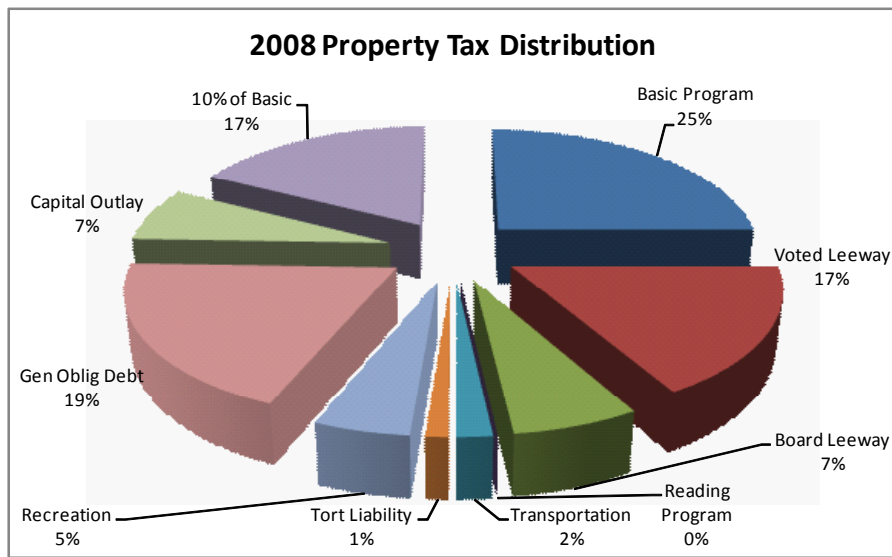
Major Revenue Sources

Local Sources

The majority of local funding consists of revenue from 13 different taxes that a local school board *may* levy. Each district must impose a minimum Basic property tax levy and contribute the proceeds of that levy to the cost of providing educational services. The more Basic Levy revenue collected, the less state funding—from the Uniform School Fund—is required.

Property Tax Distribution by Levy

FY 2007-08 to FY 2008-09



Major Revenue Sources

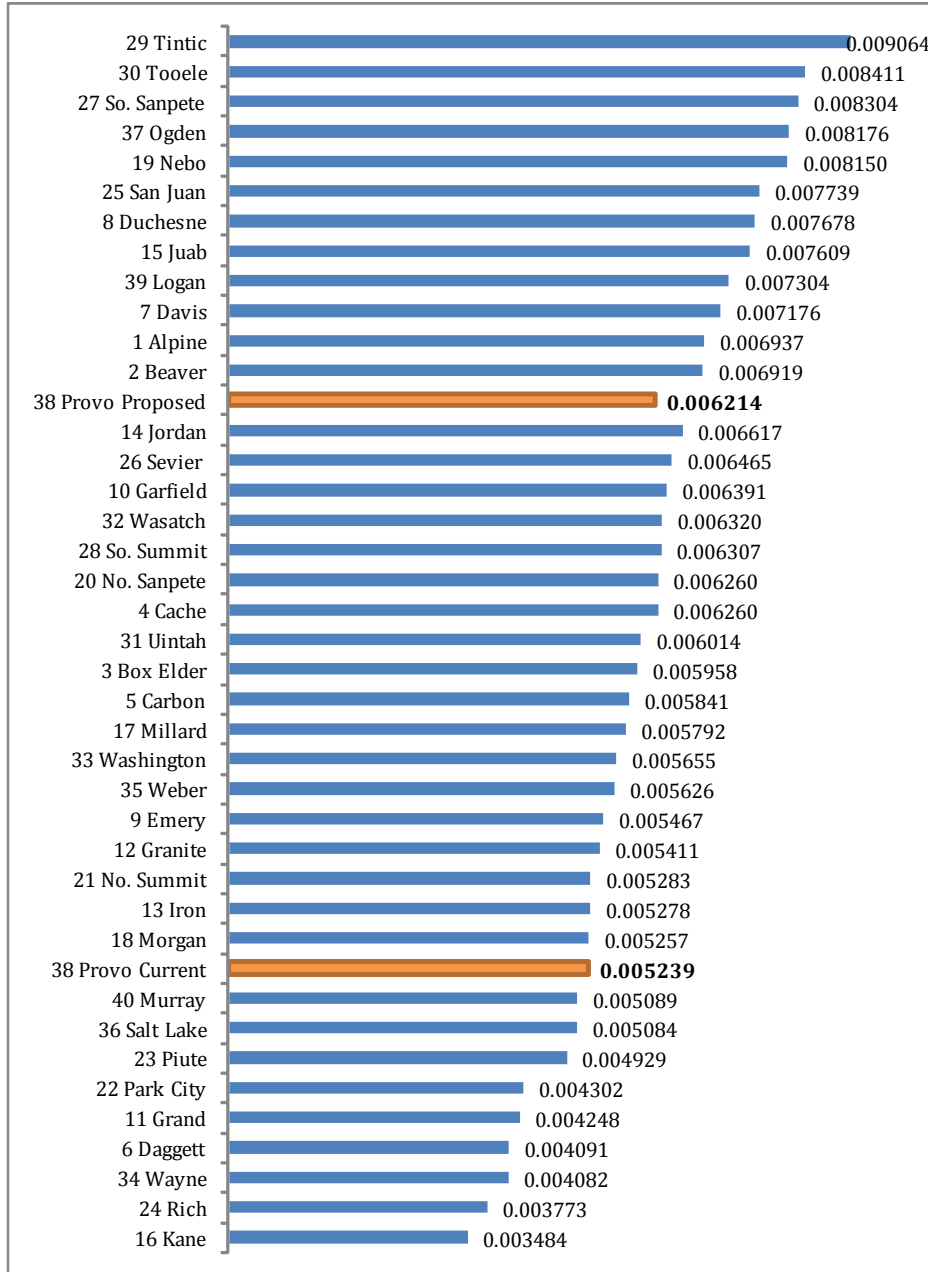
Local Sources

Property Tax Rate Comparison

Tax rates for other school districts in Utah were unavailable as of July 2008, but it's projected that once all the rates are available, Provo City School District's overall tax rate will be at or near the statewide average. The chart below shows a comparison of the Provo's FY 2007-08 and FY 2008-09 rates compared to the rates of other districts in the state for FY 2007-08.

Property Tax Comparison by District

2007-08 (all) to 2008-09 (Provo only)

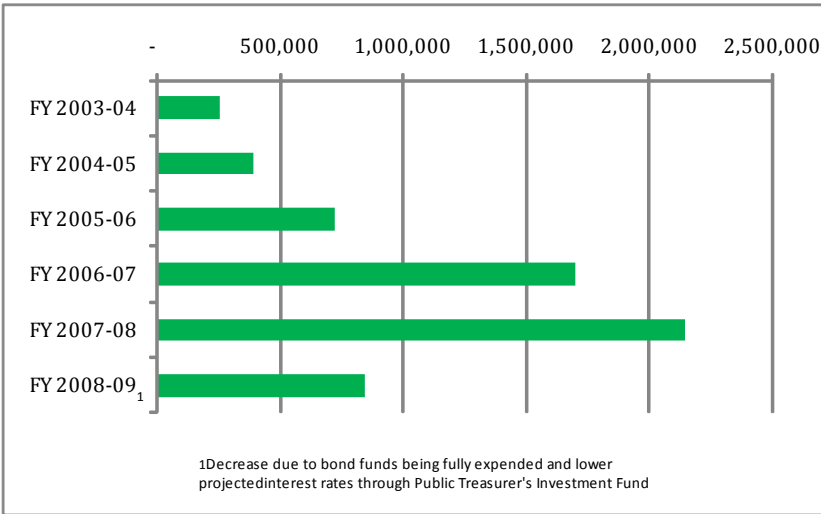


Major Revenue Sources
Local Sources - Other Local Revenue

In the summary budgets, other local revenues are often combined with property taxes. These other local revenues include earnings from investments (interest earned), and income from students, such as school lunches. Interest earned is projected to decrease substantially in FY 2008-09 due to overall lower interest rates of return and the completion of bond projects, which results in less money available for the District to invest.

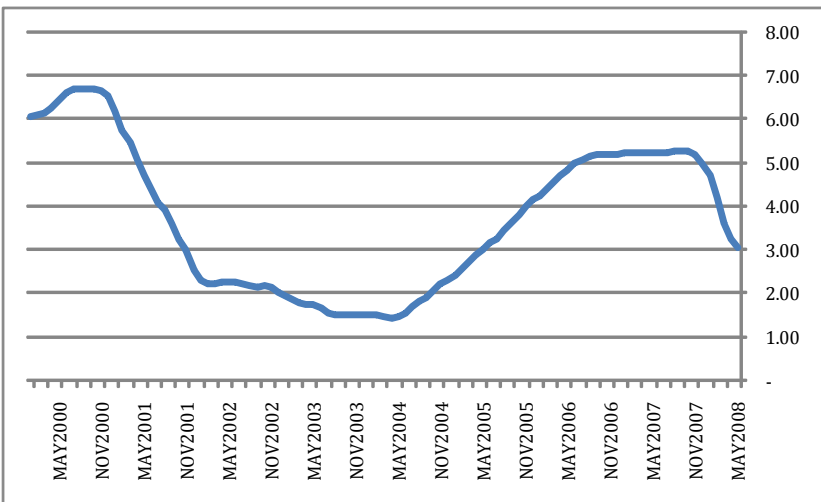
The District’s investment activities are governed by the Utah State Money Management Act, which limits the types of investments the District can participate in. The District invests mainly in what’s referred to as the Utah Public Treasurer’s Investment Fund (PTIF – often referred to as “the Pool”), which provides security, stability and competitive returns. The “Pool” is diversified, with no more than 5% of assets invested with a single issuer.

Provo City School District Interest Earned
FY 2003-04 through FY 2008-09 (projected)



District management has placed a strong emphasis on sound cash management. Among other things, this means as grant expenditures are made, reimbursement from the federal government or awarding agency is requested as soon as possible, with monthly reimbursement requests typical.

Public Treasurer’s Investment Fund Interest Rates
Jan. 2000 - May 2008



Major Revenue Sources
Federal Sources

The federal government provides direct and flow-through support to specific programs in the District. For FY 2008-09, it's anticipated that the District will receive just over \$11.5 million in federal support. This figure is roughly \$600,000 less than the FY 2007-08 amount, and revenues from federal sources are projected to remain flat or slightly down for the next few years.

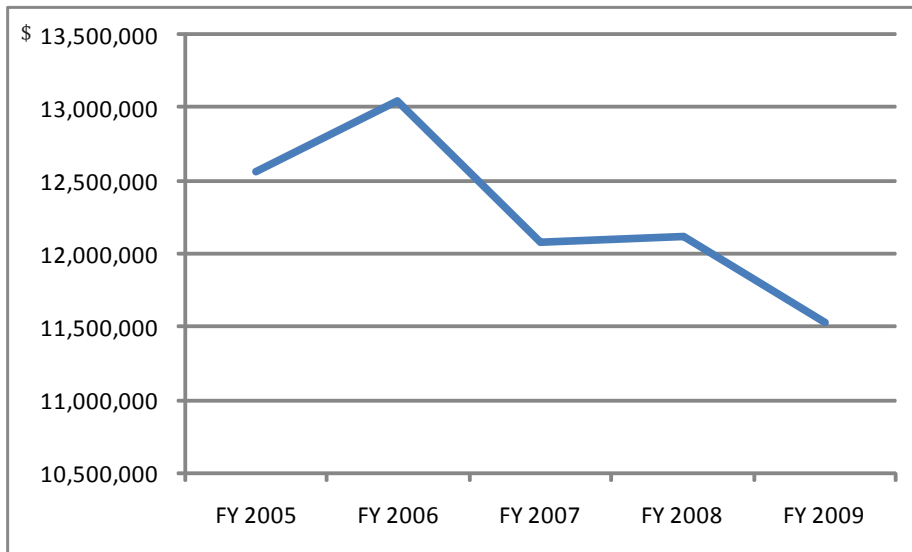
The largest programs the District operates with federal funding are IDEA, Title I, Improving Teacher Quality, 21st Century Community Learning Centers and the school lunch program. These five programs make up roughly 75% of all the federal grants the District receives. The District won't know if it has been funded for several of the federal grants it has applied for until midway through FY 2008-09.

The trend of the District receiving less of its support through federal programs is expected to continue for the next few years.

Much of the federal funding available to the District falls under the No Child Left Behind Act of 2001. According to the Department of Education, "No Child Left Behind is based on stronger accountability for results, more freedom for states and communities, proven education methods, and more choices for parents." The District's mission, goals and objectives are all geared toward the aim of no child being left behind in Provo.

It was mentioned previously that the trend of the District receiving less of its support through federal programs is expected to continue for the next few years. Many of the largest federal grants the District received in the past have either been discontinued or have been drastically cut, making it more difficult to provide services to the District's growing "at-risk" population.

Federal Revenue
FY 2004-05 - FY 2008-09 (projected)



Major Revenue Sources

Federal Sources

Description of Largest Federal Programs Operated by the District

The following five programs make up approximately 75% of all District federal grants for FY 2008-09. The remainder of federal revenue is made up of a number of smaller grants. Most federal grants, large and small, are first awarded to the Utah State Office of Education, which then awards districts based on enrollment, demographics, and demonstrated need.

Federal Food Programs

The District receives approximately \$2.6 million to assist with providing quality, nutritious meals to children most in need. The funding is determined by the amount of meals served to students, multiplied by a reimbursement amount that is predetermined by the federal government. The District has seen steady growth in the amount of free and reduced price lunch waivers from students in recent years, resulting in increases to federal revenues. In the Food Services program, the District receives more revenue from federal sources than local sources.

Title I

This grant, part of “*No Child Left Behind*,” is funded by the government to help ensure that all children receive fair and equal opportunities to obtain a high-quality education. The funding of this grant is contingent upon the amount of low-income students in the District. The District is projected to receive approximately \$2.5 million in Title I funding in FY 2008-09.

Individuals with Disabilities Education Act (IDEA)

In terms of funding amount, this grant is similar in size to Title I. It too is part of “*No Child Left Behind*.” It is designed to help disabled individuals receive improved opportunities for success, with a substantial focus on technology to meet this goal. The District anticipates receiving \$2.2 million from this grant in FY 2008-09.

Improving Teacher Quality

This grant is designed to help improve the quality of education in the classroom. Part of “*No Child Left Behind*,” the objectives of this grant are carried out by increasing the number of teachers who are considered to be “highly-qualified,” and by holding districts accountable for academic achievement. The District is projected to receive approximately \$775,000 from this grant in FY 2008-09.

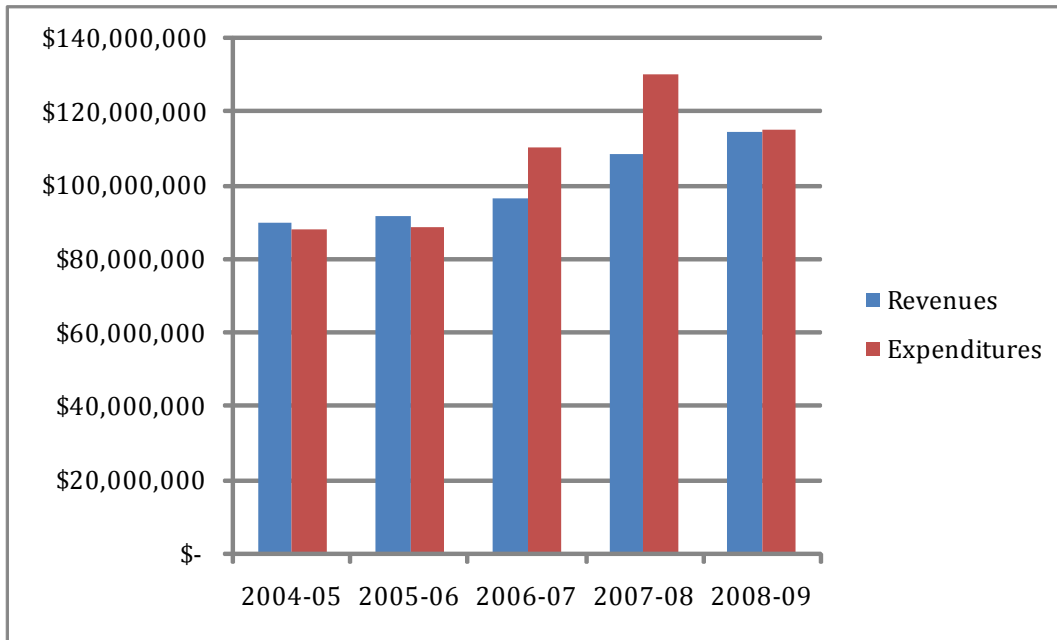
21st Century Community Learning Centers

This grant, also part of “*No Child Left Behind*,” is actually several smaller grants that are awarded to the District to help it provide quality instruction, outside of regular school hours. The awarding of 21st Century grants can be very competitive. Much of the funding is determined by the amount of low-income students enrolled. Schools without substantial low-income enrollments typically aren’t considered for these grants. All combined, the District anticipates receiving \$450,000 in 21st Century grants for FY 2008-09.

Financial Schedules and Charts

Including Supplementary Financial Information

Revenue and Expenditures - All Funds
FY 2004-05 to FY 2008-09



<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenditures</u>
2004-05	\$ 89,825,333	\$ 88,000,440
2005-06	91,929,512	88,723,373
2006-07	96,831,914	110,249,504
2007-08	108,457,783	130,329,831
2008-09	114,501,940	115,295,512

FY 2004-05 through FY 2006-07 are actual audited revenue and expenditures. FY 2007-08 and FY 2008-09 are based on budgeted amounts.

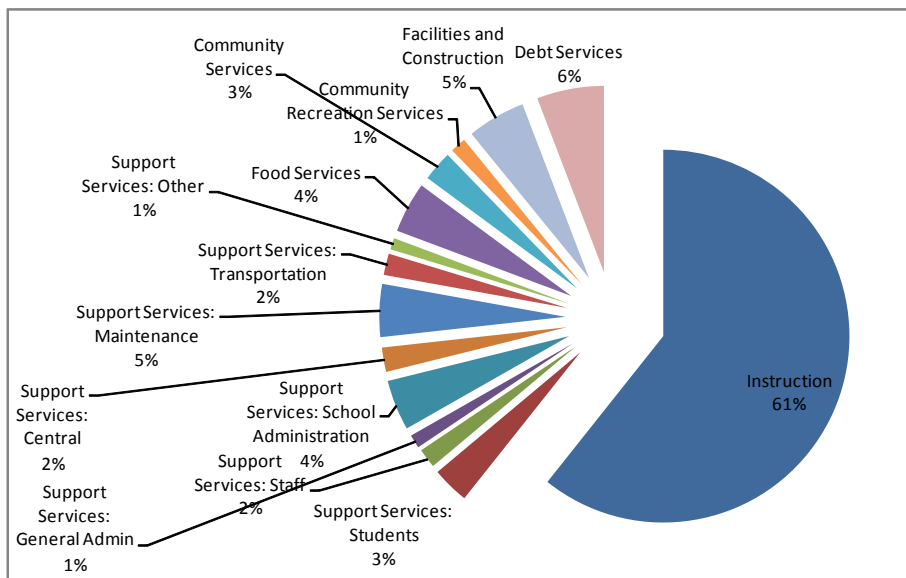
Provo City School District

Expenditure Comparison by Function - All Funds
 FY 2007-08 to FY 2008-09

Function	FINAL BUDGET FY 2008	ORIGINAL BUDGET FY 2009
Instruction	\$ 69,311,696	\$ 69,987,023
Support Services: Students	3,578,491	3,710,117
Support Services: Staff	1,910,673	1,939,342
Support Services: General Admin	1,274,242	1,359,794
Support Services: School Administration	4,768,516	5,027,179
Support Services: Central	2,275,648	2,441,280
Support Services: Maintenance	5,122,741	5,284,761
Support Services: Transportation	2,337,327	2,143,101
Support Services: Other	1,059,094	1,146,657
Food Services	4,604,493	5,084,069
Community Services	2,930,917	3,039,159
Community Recreation Services	1,155,426	1,572,203
Facilities and Construction	23,535,567	5,835,428
Debt Services	6,465,000	6,725,400
Total:	130,329,831	115,295,512

Expenditures by Function

All Funds
 FY 2008-09



Provo City School District
 Summary of Budgets by Fund and Function
 FY 2008-09

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues by Source					
Property Taxes	\$ 15,459,000	\$ 6,517,000	\$ 8,984,000	\$ 1,304,000	\$ 32,264,000
Earnings on Investments	695,000	-	150,000	-	845,000
Other Local Revenue	2,623,549	-	220,000	6,083,967	8,927,516
State Sources	58,782,809	-	-	2,147,867	60,930,676
Federal Sources	<u>8,106,400</u>	<u>-</u>	<u>-</u>	<u>3,428,348</u>	<u>11,534,748</u>
Total Revenues:	<u>85,666,758</u>	<u>6,517,000</u>	<u>9,354,000</u>	<u>12,964,182</u>	<u>114,501,940</u>
Expenditures by Function					
Instruction	65,966,716	-	-	4,020,318	69,987,034
Student Support Services	3,710,119	-	-	-	3,710,119
Instructional Support Services	1,939,346	-	-	-	1,939,346
General Administration Support Services	1,359,794	-	-	-	1,359,794
School Administration Support Services	5,027,175	-	-	-	5,027,175
Central Support Services	2,441,280	-	-	-	2,441,280
Operation and Maintenance Services	1,685,449	-	3,562,752	-	5,248,201
Student Transportation Services	2,143,100	-	-	-	2,143,100
Other Support Services	1,146,657	-	-	-	1,146,657
School Food Services	-	-	-	5,084,065	5,084,065
Community Services	-	-	-	3,039,157	3,039,157
Recreation Services	-	-	-	1,572,203	1,572,203
Facilities and Construction	-	-	5,871,980	-	5,871,980
Debt Service	<u>-</u>	<u>6,425,400</u>	<u>300,000</u>	<u>-</u>	<u>6,725,400</u>
Total Expenditures:	<u>85,419,633</u>	<u>6,425,000</u>	<u>9,734,732</u>	<u>13,715,747</u>	<u>115,295,512</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>247,125</u>	<u>91,600</u>	<u>(380,732)</u>	<u>(751,565)</u>	<u>(793,572)</u>
Other Financing Sources (Uses) and Other Items:	<u>-</u>	<u>-</u>	<u>(2,000,000)₁</u>	<u>2,000,000</u>	<u>-</u>
Net Change in Fund Balances:	<u>\$ 247,125</u>	<u>\$ 91,600</u>	<u>\$ (2,380,732)</u>	<u>\$ 1,248,435</u>	<u>\$ (793,572)</u>

₁\$2 million fund balance allocated to Building Reserve fund

Provo City School District
 Expenditures by Fund and Object
 FY 2008-09

Object	General	Stdnt Activity	Non-K12	Debt Service
Salaries	\$ 55,138,294	\$ -	\$ 2,658,225	\$ -
Benefits	21,087,847	-	774,808	-
Purchased/Professional Services	1,974,595	318,873	74,696	-
Purchased Property Services	426,253	67,196	585,770	-
Other Purchased Services	1,105,571	841,636	46,012	-
Supplies	4,137,736	1,807,152	254,314	-
Property	1,275,640	348,270	167,250	-
Other Objects	<u>273,694</u>	<u>637,191</u>	<u>50,286</u>	<u>6,425,000</u>
Total:	<u>85,419,633</u>	<u>4,020,318</u>	<u>4,611,361</u>	<u>6,425,000</u>

Object	Capital Projects	Food Services	All Funds
Salaries	\$ 1,161,444	\$ 1,759,259	\$ 60,717,222
Benefits	365,061	564,267	22,791,983
Purchased/Professional Services	80,000	45,682	2,493,846
Purchased Property Services	4,240,000	75,800	5,395,019
Other Purchased Services	36,550	5,260	2,035,029
Supplies	2,270,950	2,003,227	10,673,379
Property	1,280,728	425,000	3,496,888
Other Objects	<u>300,000</u>	<u>205,574</u>	<u>7,692,145</u>
Total:	<u>9,734,732</u>	<u>5,084,069</u>	<u>115,295,512</u>

Note: Figures and totals may vary slightly due to rounding.

Provo City School District
 Summary of Budgets
 All Funds
 FY 2006-07 to FY 2008-09

	ACTUAL FY 2006-07	FINAL BUDGET FY 2007-08	ORIGINAL BUDGET FY 2008-09
REVENUES BY SOURCE			
Total Local	\$ 32,104,010	\$ 37,230,091	\$ 42,036,516
Total State	52,642,012	59,103,191	60,930,676
Total Federal	<u>12,085,892</u>	<u>12,124,501</u>	<u>11,534,748</u>
TOTAL REVENUES	<u>96,831,914</u>	<u>108,457,783</u>	<u>114,501,940</u>
EXPENDITURES BY OBJECT			
Salaries	51,056,405	57,421,452	60,717,222
Employee Benefits	23,529,082	22,810,575	22,791,983
Purchased Professional and Technical Services	1,902,206	2,505,352	2,493,846
Purchased Property Services	14,440,742	22,772,890	5,395,019
Other Purchased Services	1,146,786	2,086,634	2,035,029
Supplies	8,267,967	10,712,772	10,473,379
Property	3,193,254	3,913,821	3,496,888
Other Objects	<u>6,713,062</u>	<u>8,106,335</u>	<u>7,892,145</u>
TOTAL EXPENDITURES	<u>110,249,504</u>	<u>130,329,831</u>	<u>115,295,512</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,417,590)</u>	<u>(21,872,048)</u>	<u>(793,572)</u>
OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	<u>41,083,156</u>	<u>1,153,244</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>27,665,566</u>	<u>(20,718,804)</u>	<u>(793,572)</u>

Note: Figures and totals may vary slightly due to rounding.

Provo City School District
 Summary of Budgets
 General Fund
 FY 2006-07 to FY 2008-09

REVENUES BY SOURCE	ACTUAL FY 2006-07	FINAL BUDGET 2007-08	ORIGINAL BUDGET FY 2008-09
Total Local	\$ 16,305,166	\$ 17,000,252	\$ 18,777,549
Total State	49,313,718	57,019,942	58,782,809
Total Federal	<u>8,600,968</u>	<u>8,688,179</u>	<u>8,106,400</u>
TOTAL REVENUES	<u>74,219,852</u>	<u>82,708,373</u>	<u>85,666,758</u>
EXPENDITURES BY OBJECT			
Salaries	45,384,027	52,128,104	55,138,296
Employee Benefits	21,819,072	21,177,542	21,087,848
Purchased Professional and Technical Services	1,539,960	1,982,527	1,974,595
Purchased Property Services	358,965	414,600	426,253
Other Purchased Services	1,047,868	1,105,303	1,105,571
Supplies	3,568,411	3,941,967	4,137,736
Property	1,249,787	2,244,957	1,275,640
Other Objects	<u>(423,567)</u>	<u>517,166</u>	<u>273,694</u>
TOTAL EXPENDITURES	<u>74,544,523</u>	<u>83,512,166</u>	<u>85,419,633</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(324,671)</u>	<u>(803,793)</u>	<u>247,125</u>
OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	<u>3,955</u>	<u>1,153,244</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(320,716)</u>	<u>349,451</u>	<u>247,125</u>
FUND BALANCE - BEGINNING (From Prior Year)	<u>5,053,949</u>	<u>4,733,233</u>	<u>5,082,684</u>
Adjustments to Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>4,733,233</u></u>	<u><u>5,082,684</u></u>	<u><u>5,329,809</u></u>

Provo City School District
 Summary of Budgets
 Capital Projects Fund
 FY 2006-07 to FY 2008-09

REVENUES BY SOURCE	ACTUAL FY 2006-07	FINAL BUDGET 2007-08	ORIGINAL BUDGET FY 2008-09
Total Local	\$ 7,114,988	\$ 7,635,898	\$ 9,354,000
Total State	-	-	-
Total Federal	-	-	-
TOTAL REVENUES	<u>7,114,988</u>	<u>7,635,898</u>	<u>9,354,000</u>
EXPENDITURES BY OBJECT			
Salaries	1,056,382	1,064,845	1,161,444
Employee Benefits	328,223	357,009	365,060
Purchased Professional and Technical Services	50,908	86,726	80,000
Purchased Property Services	13,566,870	21,884,490	4,240,000
Other Purchased Services	42,736	42,050	36,550
Supplies	2,509,621	2,722,135	2,270,950
Property	1,753,014	1,374,619	1,280,728
Other Objects	<u>2,137,285</u>	<u>385,000</u>	<u>300,000</u>
TOTAL EXPENDITURES	<u>21,445,039</u>	<u>27,916,874</u>	<u>9,734,732</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,330,051)</u>	<u>(20,280,976)</u>	<u>(380,732)</u>
OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	<u>40,944,201</u>	<u>-</u>	<u>(2,000,000)</u>
NET CHANGE IN FUND BALANCE	<u>26,614,150</u>	<u>(20,280,976)</u>	<u>(2,380,732)</u>
FUND BALANCE - BEGINNING (From Prior Year)	<u>5,633,274</u>	<u>32,247,424</u>	<u>11,966,448</u>
Adjustment to Beginning Fund Balance (Add Explanation)	-	-	-
FUND BALANCE - ENDING	<u>32,247,424</u>	<u>11,966,448</u>	<u>9,585,716</u>

Provo City School District
 Summary of Budgets
 Debt Service Fund
 FY 2006-07 to FY 2008-09

REVENUES BY SOURCE	ACTUAL FY 2006-07	FINAL BUDGET 2007-08	ORIGINAL BUDGET FY 2008-09
Total Local	\$ 5,000,512	\$ 5,174,090	\$ 6,517,000
Total State	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>5,000,512</u>	<u>5,174,090</u>	<u>6,517,000</u>
EXPENDITURES BY OBJECT			
Other Objects	<u>4,668,945</u>	<u>6,080,000</u>	<u>6,425,400</u>
TOTAL EXPENDITURES	<u>4,668,945</u>	<u>6,080,000</u>	<u>6,425,400</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>331,567</u>	<u>(905,910)</u>	<u>91,600</u>
OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	<u>135,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>466,567</u>	<u>(905,910)</u>	<u>91,600</u>
FUND BALANCE - BEGINNING (From Prior Year)	<u>1,240,802</u>	<u>1,707,369</u>	<u>801,459</u>
Adjustment to Beginning Fund Balance (Add Explanation)	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>1,707,369</u>	<u>801,459</u>	<u>893,059</u>

Provo City School District
 Summary of Budgets
 Student Activities Fund
 FY 2006-07 to FY 2008-09

REVENUES BY SOURCE	ACTUAL FY 2006-07	FINAL BUDGET 2007-08	ORIGINAL BUDGET FY 2008-09
Total Local	\$ -	\$ 4,208,785	\$ 4,031,558
Total State	-	-	-
Total Federal	-	-	-
TOTAL REVENUES	-	4,208,785	4,031,558
EXPENDITURES BY OBJECT			
Salaries	-	-	-
Employee Benefits	-	-	-
Purchased Professional and Technical Services	-	305,753	318,873
Purchased Property Services	-	86,885	67,196
Other Purchased Services	-	888,801	841,636
Supplies	-	1,899,207	1,807,152
Property	-	32,803	348,270
Other Objects	-	916,506	637,191
TOTAL EXPENDITURES	-	4,129,955	4,020,318
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	78,830	11,240
OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	-	-	-
NET CHANGE IN FUND BALANCE	-	78,830	11,240
FUND BALANCE - BEGINNING (From Prior Year)	-	-	78,830
Adjustment to Beginning Fund Balance (Add Explanation)	-	-	-
FUND BALANCE - ENDING	-	78,830	90,070

The Student Activities Fund is a new fund, and the District was not required to report actual or budgeted revenues or expenditures until FY 2007-08.

Provo City School District
 Summary of Budgets
 Non K-12 Fund
 FY 2006-07 to FY 2008-09

REVENUES BY SOURCE	ACTUAL FY 2006-07	FINAL BUDGET 2007-08	ORIGINAL BUDGET FY 2008-09
Total Local	\$ 1,434,593	\$ 1,822,876	\$ 1,873,509
Total State	1,508,941	1,578,249	1,642,867
Total Federal	<u>300,219</u>	<u>860,522</u>	<u>852,548</u>
TOTAL REVENUES	<u>3,243,753</u>	<u>4,261,647</u>	<u>4,368,924</u>
EXPENDITURES BY OBJECT			
Salaries	1,709,917	2,562,255	2,658,225
Employee Benefits	454,862	742,025	774,807
Purchased Professional and Technical Services	75,562	84,664	74,696
Purchased Property Services	435,132	311,115	585,770
Other Purchased Services	35,077	45,220	46,012
Supplies	223,943	265,361	254,314
Property	51,363	31,442	167,250
Other Objects	<u>46,538</u>	<u>44,261</u>	<u>50,286</u>
TOTAL EXPENDITURES	<u>3,032,394</u>	<u>4,086,343</u>	<u>4,611,360</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>211,359</u>	<u>175,304</u>	<u>(242,436)</u>
OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>211,359</u>	<u>175,304</u>	<u>(242,436)</u>
FUND BALANCE - BEGINNING (From Prior Year)	<u>250,928</u>	<u>462,287</u>	<u>637,591</u>
Adjustment to Beginning Fund Balance (Add Explanation)	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>462,287</u></u>	<u><u>637,591</u></u>	<u><u>395,155</u></u>

Provo City School District

Summary of Budgets

Building Reserve Fund₁

FY 2006-07 to FY 2008-09

REVENUES BY SOURCE	<u>ACTUAL FY</u> <u>2006-07</u>	<u>FINAL BUDGET</u> <u>2007-08</u>	<u>ORIGINAL</u> <u>BUDGET FY</u> <u>2008-09</u>
Total Local	\$ -	\$ -	\$ -
Total State	-	-	-
TOTAL REVENUES	-	-	-
EXPENDITURES BY OBJECT			
Salaries	-	-	-
Employee Benefits	-	-	-
Purchased Professional and Technical Services	-	-	-
Purchased Property Services	-	-	-
Property	-	-	-
Other Objects	-	-	-
TOTAL EXPENDITURES	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	-	-	<u>2,000,000</u>
NET CHANGE IN FUND BALANCE	-	-	<u>2,000,000</u>
FUND BALANCE - BEGINNING (From Prior Year)	-	-	-
Adjustment to Beginning Fund Balance (Add Explanation)	-	-	-
FUND BALANCE - ENDING	<u>-</u>	<u>-</u>	<u>2,000,000</u>

₁The Building Reserve Fund has no actual or budgeted revenues or expenditures for FY 2008-09 and as such is not appropriated. It is funded through a fund balance transfer from the Capital Projects Fund. For this reason, it doesn't appear on many of the budget schedules by fund.

Provo City School District
 Summary of Budgets
 Food Services Fund
 FY 2006-07 to FY 2008-09

REVENUES BY SOURCE	<u>ACTUAL FY</u> <u>2006-07</u>	<u>FINAL BUDGET</u> <u>2007-08</u>	<u>ORIGINAL</u> <u>BUDGET FY</u> <u>2008-09</u>
Total Local	\$ 1,471,322	\$ 1,388,190	\$ 1,482,900
Total State	537,438	505,000	505,000
Total Federal	<u>2,630,426</u>	<u>2,575,800</u>	<u>2,575,800</u>
TOTAL REVENUES	<u>4,639,186</u>	<u>4,468,990</u>	<u>4,563,700</u>
EXPENDITURES BY OBJECT			
Salaries	1,530,364	1,666,248	1,759,259
Employee Benefits	487,941	533,999	564,267
Purchased Professional and Technical Services	49,681	45,682	45,682
Purchased Property Services	74,501	75,800	75,800
Other Purchased Services	4,728	5,260	5,260
Supplies ₁	1,726,592	1,884,102	2,003,227
Property	96,978	230,000	425,000
Other Objects	<u>209,785</u>	<u>163,402</u>	<u>205,574</u>
TOTAL EXPENDITURES	<u>4,180,570</u>	<u>4,604,493</u>	<u>5,084,069</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>458,616</u>	<u>(135,503)</u>	<u>(520,369)</u>
OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	-	-	-
NET CHANGE IN FUND BALANCE	<u>458,616</u>	<u>(135,503)</u>	<u>(520,369)</u>
NET ASSETS / FUND BALANCE - BEGINNING (From Prior Year)	<u>1,522,061</u>	<u>1,980,677</u>	<u>1,845,174</u>
Adjustment to Beginning Net Assets/Fund Balance (Add Explanation)	-	-	-
NET ASSETS / FUND BALANCE - ENDING	<u><u>1,980,677</u></u>	<u><u>1,845,174</u></u>	<u><u>1,324,805</u></u>

¹Food is included in the supplies object in this report. A detailed analysis of food costs for the Food Services fund is provided in the statistical section of this document. Food costs account for 90% of the overall Food Services supplies budget for FY 2008-09.

Fund Balance Definition

Fund balance is defined as the difference between the *assets* and *liabilities* of a fund. Fund balance is terminology that is applicable to “fund level” reporting of individual governmental funds and is based on the modified accrual basis of accounting, which is used by the District. It is used as a measure of the amount available to budget or spend in the future, and it’s typically accounted for as either designated or undesignated. Utah state law limits the undesignated amount to no more than 5% of total revenues for each fund.

Schedule of Changes in Fund Balance by Fund

FY 2007-08 to FY 2008-09

<u>Major Funds</u>	<u>FY 2007-08</u>		
	Beg. Bal.	Net Change in Fund Balance	Ending Bal.
General	\$ 4,733,233	\$ 349,451	\$ 5,082,684
Capital Projects	32,247,424	(20,280,976)	11,966,448
Debt Service	<u>1,707,369</u>	<u>(905,910)</u>	801,459
Total Major Funds	<u>38,688,026</u>	<u>(20,837,435)</u>	<u>17,850,591</u>
<u>Non-major Funds</u>			
Student Activities	-	78,830	78,830
Non K-12	462,287	175,304	637,591
Building Reserve	-	-	-
Food Services	<u>1,980,677</u>	<u>(135,503)</u>	<u>1,845,174</u>
Total Non-major Funds	<u>2,442,964</u>	<u>118,631</u>	<u>2,561,595</u>
Total All Funds	<u>41,130,990</u>	<u>(20,718,804)</u>	<u>20,412,186</u>

<u>Major Funds</u>	<u>FY 2008-09</u>		
	Beg. Bal.	Net Change in Fund Balance	Ending Bal.
General	\$ 5,082,684	\$ 247,125	\$ 5,329,809
Capital Projects	11,966,448	(2,380,732)	9,585,716
Debt Service	801,459	91,600	893,059
Total Major Funds	17,850,591	(2,042,007)	15,808,584
<u>Non-major Funds</u>			
Student Activities	78,830	11,240	90,070
Non K-12	637,591	(242,436)	395,155
Building Reserve	-	2,000,000	2,000,000
Food Services	<u>1,845,174</u>	<u>(520,369)</u>	<u>1,324,805</u>
Total Non-major Funds	<u>2,561,595</u>	<u>1,248,435</u>	<u>3,810,030</u>
Total All Funds	<u>20,412,186</u>	<u>(793,572)</u>	<u>19,618,614</u>

Statement on Changes to Fund Balance

For FY 2008-09, the District is projecting the following increases (decreases) to fund balances:

General Fund: \$247,125

The District is projecting a minor change to its General fund balance for FY 2008-09, as it has been able to meet its short-term budget initiatives while keeping property tax rates as low as possible for FY 2008-09.

Capital Projects Fund: (\$2,380,732)

The Capital Projects fund balance is projected to decrease nearly \$2.4 million as major bond projects will be completed in FY 2008-09. The decrease is mainly due to a transfer of \$2,000,000 to the Building Reserve Fund. In addition, revenue from the sale of bond proceeds was recognized at or around the beginning of the projects, but expenditures were not charged until they actually occurred, resulting in a large addition to the fund balance the first year of the projects. Corresponding decreases to the fund balances occurred in subsequent years.

Debt Service Fund: \$91,600

A minor increase to the Debt Service fund balance is projected for FY 2008-09, as tax property tax rates and debt service needs for the coming year were considered. Changes to fund balance in this fund have little material effect on regular operations.

Student Activities Fund: \$11,240

This fund is projected to have a small increase to its fund balance. This fund represents the checking and savings accounts of individual schools.

Non K-12 Fund: (\$242,436)

The Non K-12 fund balance is projected to decrease by over \$242,000, or 38% in FY 2008-09. The major reasons for this decrease include restricted programs that don't relate to regular education spending down current fund balances for one-time, non-routine items, and recreation costs outpacing increases to property tax revenue. It is not projected that major decreases in the Non K-12 fund balance will continue beyond 2009. Changes to this fund have little material effect on regular operations.

Building Reserve Fund: \$2,000,000

This special revenue fund is authorized by Utah state law and is used to accumulate funds to meet future capital project needs. The increase of \$2,000,000 to the fund balance results from the District recognizing the need for building renovation and replacement to meet its 20 year plan. The end result is the District will be able to complete its plan using a mixed approach of bond issuance and savings.

Food Services Fund: (\$520,369)

The decrease in the Food Services fund balance is the result of two main factors. First, the District's food service equipment replacement plan dictates the need for approximately \$400,000 in non-routine equipment upgrades for FY 2008-09. The District's policy is always to use fund balance to pay for non-routine one-time needs, and never for regular operations.

Soaring food prices are the second major reason for the decrease in fund balance in this fund. Because these are regular operating costs, the fund balance can't be used as a long-term fix. As a result, the District opted to raise food prices for the first time in seven years for FY 2008-09. This should allow the use of fund balances to continue to be restricted for one-time or non-routine expenditures in the future.

Major Revenues and Expenditures by Fund

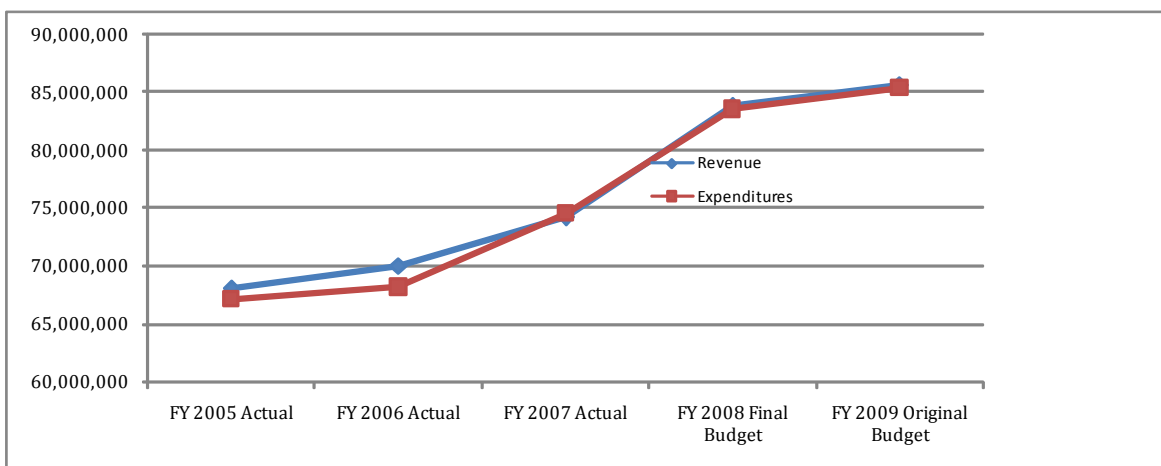
Major Funds

The General Fund

The General Fund is the chief operating and largest fund of the District. It is used to account for all financial resources of the school district except those required to be accounted for in another fund. By law, the District may have only one general fund. The majority of expenditures coming from local, state and federal revenue sources are classified in this fund.

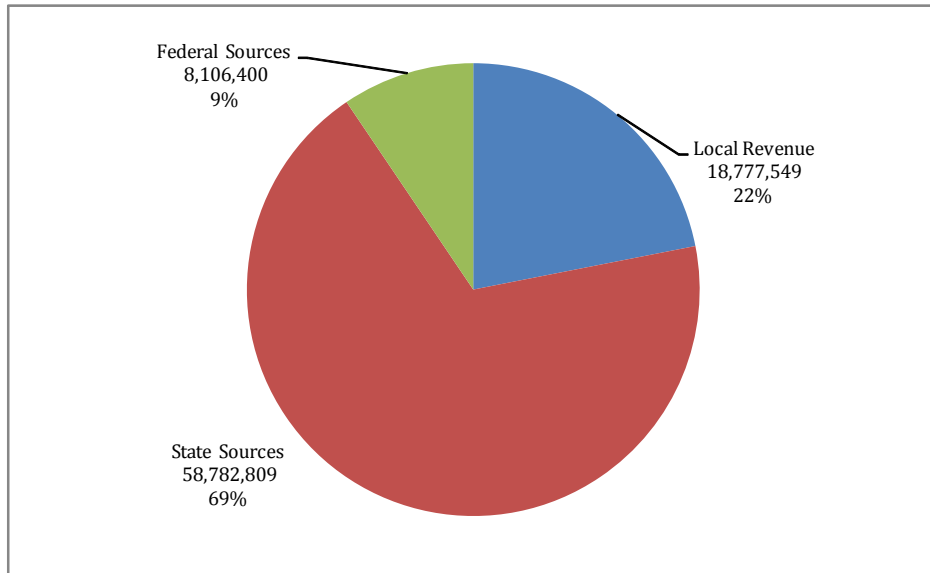
General Fund Revenue vs. Expenditures Comparison

FY 2004-05 through FY 2008-09



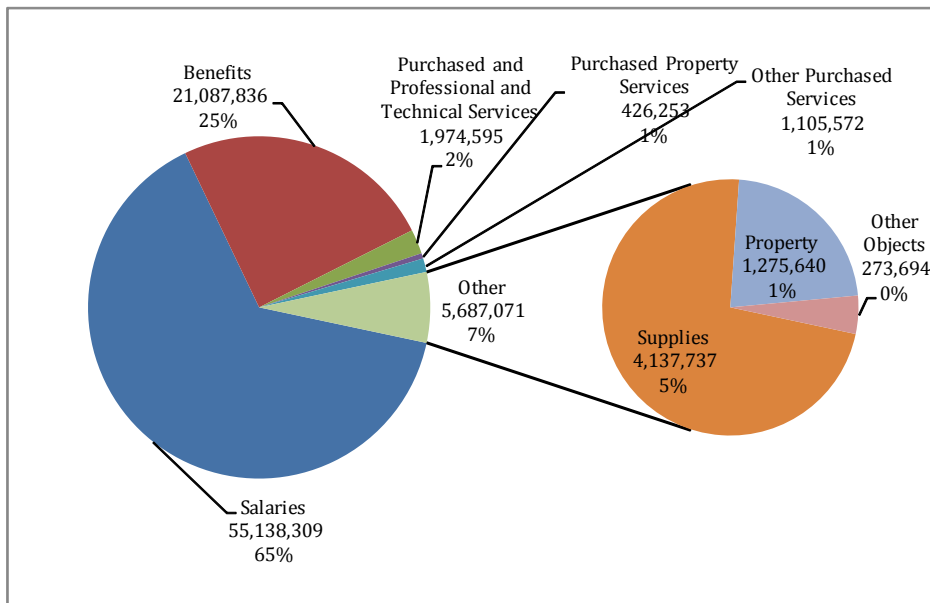
Provo City School District
 General Fund Revenues by Source
 FY 2008-09

FY 2008-09 General Fund Revenues by Source



Total FY 2008-09 Revenues, General Fund: \$85,666,758

FY 2008-09 General Fund Expenditures by Object



Total FY 2008-09 Expenditures, General Fund: \$85,419,633

Provo City School District

General Fund Major Revenue Sources: State
 FY 2006-07 through FY 2008-09

REVENUES FROM STATE SOURCES	FY 2007 Actual	FY 2008 Final Budget	FY 2009 Original Budget
Regular Basic Programs			
Regular School Program K-12	\$ 22,860,914	\$ 23,600,000	\$ 24,227,381
Professional Staff	2,368,849	2,476,825	2,538,345
Administrative Costs	60,425	62,850	64,425
Special Education -- Add-On	3,607,583	3,781,714	3,881,453
Special Education -- Self-Contained	1,076,452	1,294,192	1,327,155
Extended Year Program -- Severely Disabled	24,314	24,718	24,233
Special Education -- State Programs	83,247	99,986	99,986
Applied Technology -- Add-On	1,859,856	2,018,552	2,081,405
Applied Technology -- Set-Aside	63,463	77,058	59,980
Class Size Reduction (State Funds)	1,857,736	1,925,696	1,980,042
TOTAL BASIC SCHOOL PROGRAM GENERATED	33,862,839	35,361,591	36,284,405
Other Minimum School Programs			
Gifted and Talented	51,075	52,462	56,352
Advanced Placement	19,353	16,079	16,079
Concurrent Enrollment	208,665	201,111	126,786
At-Risk -- Regular Program	186,852	207,971	217,289
At-Risk -- Homeless and Minority	61,922	76,706	61,922
At-Risk -- MESA	10,582	12,000	21,352
At-Risk -- Gang Prevention	68,000	62,000	62,000
At-Risk -- Youth-in-Custody	1,288,446	1,343,502	1,344,022
Quality Teaching Block Grant	1,693,694	1,858,301	1,936,494
Local Discretionary Block Grant	534,375	515,050	523,466
Interventions for Student Success Block Grant	520,553	557,506	590,639
Social Security and Retirement	7,670,038	7,977,754	8,176,286
Pupil Transportation	1,355,023	1,550,187	1,539,943
Highly Impacted Schools	276,901	276,901	276,901
School Land Trust Program	476,112	640,360	640,360
K-3 Reading Achievement	<u>338,650</u>	<u>437,395</u>	<u>424,414</u>
TOTAL MINIMUM SCHOOL PROGRAM GENERATED	<u>48,623,080</u>	<u>51,146,876</u>	<u>52,298,710</u>
Other State Sources			
Other Revenues From State Sources (Non-MSP)	74,180	1,974,712	1,747,481
Driver Education (Behind-the-Wheel)	86,635	135,765	135,765
Supplementals / Other Bills	515,991	3,729,564	4,575,853
Revenues From Other State Agencies	<u>13,832</u>	<u>33,025</u>	<u>25,000</u>
TOTAL REVENUES FROM STATE SOURCES	<u>49,313,718</u>	<u>57,019,942</u>	<u>58,782,809</u>

The State of Utah is the largest revenue source of the District, and the majority of state revenue is included in the General Fund.

Provo City School District

General Fund Major Revenue Sources: Local and Federal
FY 2006-07 through FY 2008-09

REVENUES FROM LOCAL SOURCES	FY 2007 Actual	FY 2008 Final Budget	FY 2009 Original Budget
Property Taxes	\$ 13,473,519	\$ 13,636,622	\$ 15,459,000
Tuition From Pupils or Parents	37,701	14,275	14,275
Tuition From Other LEAs Outside the State	5,531	20,000	10,000
Transportation Fees From Pupils or Parents	111,387	104,000	77,000
Earnings on Investments	1,398,408	1,050,000	695,000
Student Activities	40,349	-	-
Other Revenues From Local Sources	1,206,245	1,793,855	2,149,274
Rentals	2,460	-	-
Contributions and Donations from Private Sources/ Foundation ₁	-	350,000	367,500
	29,946	29,000	5,000
Other Revenues From Other School Districts/ Other Revenues from Other Local Governments	<u>(380)</u>	<u>2,500</u>	<u>500</u>
TOTAL REVENUES FROM LOCAL SOURCES	<u>16,305,166</u>	<u>17,000,252</u>	<u>18,777,549</u>
₁ Originally reported under now-defunct "Supplemental Programs Fund"			
REVENUES FROM FEDERAL SOURCES			
Restricted Revenue Direct From Federal	-	40,191	31,745
Restricted Federal Through State	5,877	124,854	117,392
Programs for the Disabled (IDEA)	3,292,996	2,517,063	2,517,063
Applied Technology Education	293,041	298,896	334,737
Federal Received Through Other Agencies	564,594	711,936	699,369
No Child Left Behind (NCLB)	<u>4,444,460</u>	<u>4,995,239</u>	<u>4,406,094</u>
TOTAL REVENUES FROM FEDERAL SOURCES	<u>8,600,968</u>	<u>8,688,179</u>	<u>8,106,400</u>
Total General Fund Revenues:	<u>74,219,852</u>	<u>82,708,373</u>	<u>85,666,758</u>

Provo City School District
 General Fund Major Expenditures
 FY 2006-07 through FY 2008-09 Comparison

Instruction	FY 2007 Actual	FY 2008 Final Budget	FY 2009 Original Budget
Salaries -Teachers:	\$ 29,999,957	\$ 34,797,298	\$ 37,270,776
Salaries - Paraprofessionals:	4,772,065	5,430,549	5,302,776
Salaries - Other:	<u>238,965</u>	<u>415,558</u>	<u>356,459</u>
Total Salaries:	<u>35,010,987</u>	<u>40,643,405</u>	<u>42,930,011</u>
Benefits - Retirement:	4,950,529	5,933,228	6,249,579
Benefits - Social Security:	2,558,757	3,159,623	3,311,070
Benefits - Insurance:	4,653,295	5,561,638	6,074,450
Benefits - Other:	<u>6,000,296</u>	<u>2,404,750</u>	<u>1,144,071</u>
Total Benefits:	18,162,877	17,059,239	16,779,170
Purchased Services:	1,538,546	1,875,264	1,812,090
Supplies:	2,572,326	2,867,328	2,987,973
Property:	879,932	1,963,238	1,275,640
Other:	<u>(371,774)</u>	<u>425,822</u>	<u>181,821</u>
Total Services, Supplies, Property and Other:	4,619,030	7,131,652	6,257,524
Total Expenditures - Instruction:	<u>57,792,894</u>	<u>64,834,296</u>	<u>65,966,705</u>
 Support Services: Students			
Salaries - Attendance and Social Work Personnel:	316,011	307,889	315,869
Salaries - Guidance/Psychological/Health Personnel:	1,671,383	1,468,597	1,547,358
Salaries - Secretarial and Clerical:	163,137	148,522	157,487
Salaries - Other:	<u>54,496</u>	<u>499,550</u>	<u>510,989</u>
Total Salaries:	2,205,027	2,424,558	2,531,703
Benefits - Retirement:	325,590	354,720	366,297
Benefits - Social Security:	158,752	178,809	185,342
Benefits - Insurance:	302,810	355,405	360,515
Other Benefits:	<u>21,263</u>	<u>23,226</u>	<u>24,489</u>
Total Benefits:	808,415	912,160	936,643
Purchased Services:	164,240	185,215	185,215
Supplies:	24,551	49,900	49,900
Other Objects:	<u>6,309</u>	<u>6,658</u>	<u>6,658</u>
Total Services, Supplies, Property and Other:	195,100	241,773	241,773
Total Expenditures - Support Services Students:	<u>3,208,542</u>	<u>3,578,491</u>	<u>3,710,119</u>

Provo City School District

General Fund Major Expenditures
 FY 2006-07 through FY 2008-09 Comparison

Support Services: Staff	FY 2007 Actual	FY 2008 Final Budget	FY 2009 Original Budget
Salaries - Supervisors & Directors:	\$ 191,235	\$ 16,384	\$ 18,566
Salaries - Media Personnel:	742,808	608,242	628,825
Salaries - Secretarial and Clerical:	297,331	380,897	383,352
Salaries - Other:	<u>77,640</u>	<u>259,727</u>	<u>254,408</u>
Total Salaries:	1,309,014	1,265,250	1,285,151
Benefits - Retirement:	190,250	173,514	175,057
Benefits - Social Security:	95,281	95,278	97,149
Benefits - Insurance:	128,070	105,571	103,985
Other Benefits:	<u>12,641</u>	<u>12,275</u>	<u>11,941</u>
Total Benefits:	426,242	386,638	388,132
Purchased Professional Services:	144,017	78,526	120,225
Supplies:	160,381	168,569	137,085
Property:	4,394	7,000	
Other Objects:	<u>9,387</u>	<u>4,690</u>	<u>8,750</u>
Total Expenditures - Support Services Staff:	<u>2,053,435</u>	<u>1,910,673</u>	<u>1,939,343</u>
Support Services: General Administration			
Salaries - District Board and Administration:	246,196	237,255	253,207
Salaries - Supervisors and Directors:	297,622	332,692	372,518
Salaries - Secretarial and Clerical:	341,644	172,692	181,644
Salaries - All Other	<u>6,883</u>	<u>24,656</u>	<u>23,931</u>
Total Salaries:	892,345	767,295	831,300
Retirement:	143,713	120,661	124,555
Social Security:	63,173	56,952	63,537
Insurance:	134,418	107,464	113,744
Other Benefits:	<u>8,669</u>	<u>7,320</u>	<u>8,393</u>
Total Benefits:	349,973	292,397	310,229
Purchased Services:	146,184	130,905	136,041
Supplies:	59,462	57,522	58,600
Property:		2,500	
Other Objects:	<u>41,510</u>	<u>23,623</u>	<u>23,623</u>
Total Services, Supplies, Property and Other:	247,156	214,550	218,264
Total Expenditures - Support Services Gen. Admin:	<u>1,489,474</u>	<u>1,274,242</u>	<u>1,359,793</u>

Provo City School District

General Fund Major Expenditures
 FY 2006-07 through FY 2008-09 Comparison

Support Services: School Administration	FY 2007 Actual	FY 2008 Final Budget	FY 2009 Original Budget
Salaries - Principals and Assistants:	\$ 2,100,093	\$ 2,309,445	\$ 2,459,501
Salaries - Secretarial and Clerical:	1,117,528	1,179,016	1,251,823
Salaries - Other	<u>51,400</u>	<u>30,799</u>	<u>32,081</u>
Total Salaries:	3,269,021	3,519,260	3,743,405
Benefits - Retirement:	513,814	542,678	562,068
Benefits - Social Security:	238,016	265,713	274,705
Benefits - Insurance:	356,284	386,132	391,143
Other Benefits:	75,790	34,208	37,334
Total Benefits:	<u>1,183,904</u>	<u>1,228,731</u>	<u>1,265,250</u>
Purchased Services:	24,507	13,727	11,727
Supplies:	2,533	1,125	1,125
Other Objects:	<u>5,888</u>	<u>5,673</u>	<u>5,673</u>
Total Services, Supplies, Property and Other:	32,928	20,525	18,525
Total Expenditures Support Services - School Administration:	<u>4,485,853</u>	<u>4,768,516</u>	<u>5,027,180</u>
Support Services: Central			
Salaries	<u>458,946</u>	<u>1,044,704</u>	<u>1,167,702</u>
Total Salaries:	458,946	1,044,704	1,167,702
Benefits - Retirement:	74,676	180,014	195,165
Benefits - Social Security:	32,721	79,304	89,368
Benefits - Insurance:	52,043	138,869	153,568
Other Benefits:	<u>4,538</u>	<u>10,155</u>	<u>11,522</u>
Total Benefits:	163,978	408,342	449,623
Purchased Services:	393,642	667,181	685,664
Supplies:	54,817	117,621	101,022
Other Objects:	<u>23,159</u>	<u>37,800</u>	<u>37,269</u>
Total Services, Supplies, Property and Other:	471,618	822,602	823,955
Total Expenditures Support Services - Central:	<u>1,094,542</u>	<u>2,275,648</u>	<u>2,441,280</u>

Provo City School District

General Fund Major Expenditures
 FY 2006-07 through FY 2008-09 Comparison

Support Services - Operation and Maintenance:	FY 2007 Actual	FY 2008 Final Budget	FY 2009 Original Budget
Salaries:	<u>\$ 797,243</u>	<u>\$ 775,924</u>	<u>\$ 902,225</u>
Total Salaries:	797,243	775,924	902,225
Benefits - Retirement:	94,703	111,101	118,341
Benefits - Social Security:	57,289	66,594	82,803
Benefits - Insurance:	100,124	191,968	178,370
Other Benefits:	<u>7,904</u>	<u>(61,139)</u>	<u>(62,059)</u>
Total Benefits:	260,020	308,524	317,455
Purchased Services:	374,296	376,031	382,376
Supplies	46,516	10,000	80,000
Other Objects:	<u>(142,442)</u>	<u>3,400</u>	<u>3,400</u>
Total Services, Supplies, Property and Other:	278,370	389,431	465,776
 Total Support Services - Operation and Maintenance:	 <u>1,335,633</u>	 <u>1,473,879</u>	 <u>1,685,456</u>
 Support Services: Student Transportation			
Salaries - Bus Drivers:	845,775	933,683	926,829
Salaries - Other:	<u>173,422</u>	<u>206,212</u>	<u>217,617</u>
Total Salaries:	1,019,197	1,139,895	1,144,446
Benefits - Retirement:	112,688	132,950	143,327
Benefits - Social Security:	74,135	87,202	94,057
Benefits - Insurance:	119,256	149,292	157,570
Other Benefits:	<u>10,189</u>	<u>11,398</u>	<u>12,700</u>
Total Benefits:	316,268	380,842	407,654
Purchased Services:	70,397	74,500	72,000
Supplies:	428,171	460,371	512,500
School Buses:	365,461	272,219	-
Other Objects:	<u>4,396</u>	<u>9,500</u>	<u>6,500</u>
Total Services, Supplies, Property and Other:	868,425	816,590	591,000
 Total Support Services - Student Transportation:	 <u>2,203,890</u>	 <u>2,337,327</u>	 <u>2,143,100</u>

Provo City School District

General Fund Major Expenditures Continued
 FY 2006-07 through FY 2008-09 Comparison

Other Support Services:	FY 2007 Actual	FY 2008 Final Budget	FY 2009 Original Budget
Salaries	<u>\$ 422,247</u>	<u>\$ 547,813</u>	<u>\$ 602,353</u>
Total Salaries:	422,247	547,813	602,353
Benefits - Retirement:	60,087	73,233	86,591
Benefits - Social Security:	30,838	43,129	48,859
Benefits - Insurance:	52,441	79,364	92,163
Other Benefits:	<u>4,029</u>	<u>4,943</u>	<u>6,079</u>
Total Benefits:	147,395	200,669	233,692
Purchased Services:	90,964	101,081	101,081
Supplies:	<u>219,654</u>	<u>209,531</u>	<u>209,531</u>
Total Services and Supplies:	310,618	310,612	310,612
 Total Support Services - Other:	 <u>880,260</u>	 <u>1,059,094</u>	 <u>1,146,657</u>
 Total General Fund Expenditures:	 <u><u>74,544,523</u></u>	 <u><u>83,512,166</u></u>	 <u><u>85,419,633</u></u>

Other Financing Sources (Uses)

Transfers In from Other Funds	-	-	-
Transfers Out to Other Funds	-	-	-
Proceeds From Sale of Capital Assets	3,955	4,900	-
Loan Proceeds	-	-	-
Capital Lease Proceeds	-	1,148,344	-
Other Financing Sources (Uses) (Add Explanation)	<u>-</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources (Uses) and Other Items	 <u><u>3,955</u></u>	 <u><u>1,153,244</u></u>	 <u><u>-</u></u>

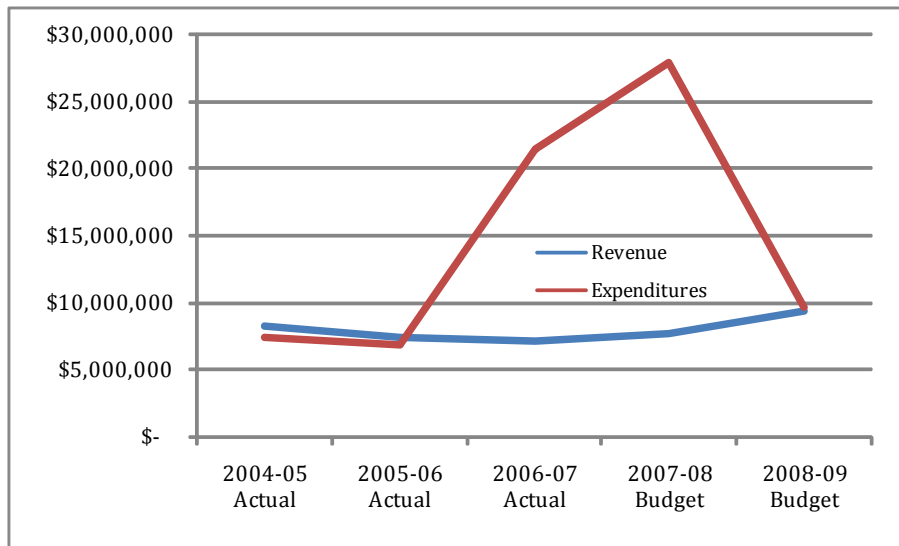
Capital Projects Fund

This fund is used to account for resources and payments for the acquisition of capital facilities and equipment. This is the second-largest fund of the District, and in recent years has grown dramatically in size due to several sizable bond projects. These projects are nearing completion, and as a result this fund appears smaller in FY 2008-09. **It's important to note that revenue for the bond projects is accounted for as "Other Financing Sources," and as such is not included in the graph below. However, expenditures are included.**

Simply put, many of the District's buildings are aging. The FY 2008-09 budget includes \$2 million raised through property taxes to be placed in a building reserve fund for future building needs throughout the District. With the help of the bond passed by Provo residents in 2006, the District continues to replace, modernize and improve the safety of its buildings.

Capital Projects Fund Revenue vs. Expenditures Comparison

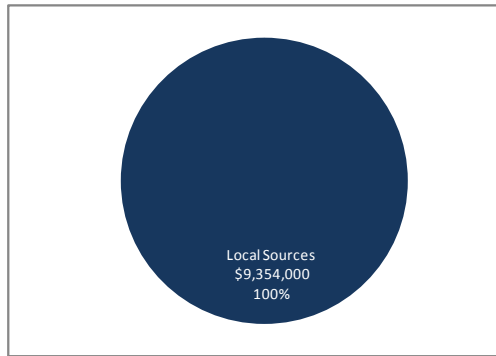
FY 2004-05 through FY 2008-09



FY 2008-09 Capital Projects Fund Revenues by Source

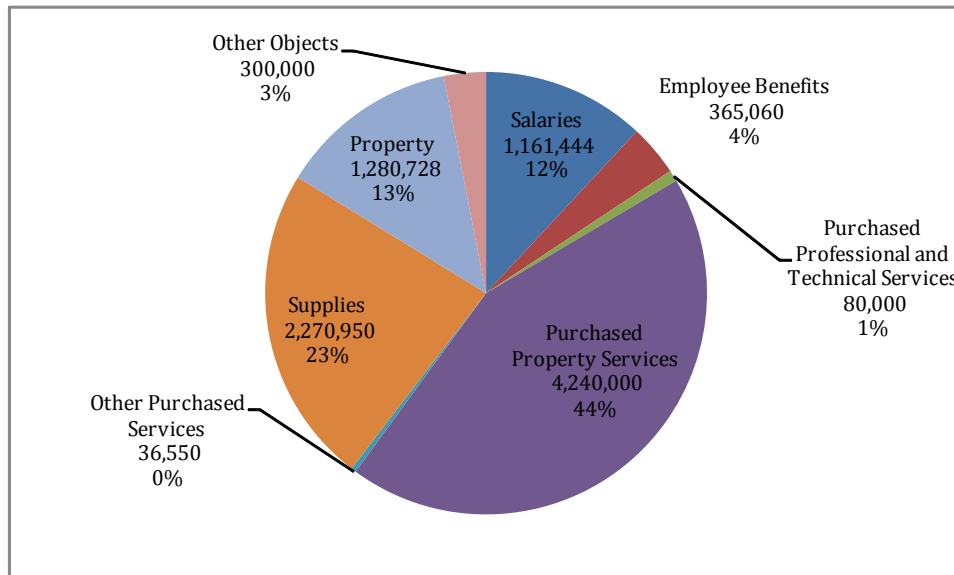
All revenue in the Capital Projects Fund comes from local sources - most notably property taxes. Bond projects, all of which are scheduled to be completed in FY 2008-09, are funded through the issuance of bonds. Revenue from the issuance of those bonds was recognized in FY 2005-06 and FY 2006-07, but classified as "Other Financing Sources." The total anticipated revenue in this fund for FY 2008-09 is \$9,354,000.

FY 2008-09 Capital Projects Fund Revenues by Source



Total FY 2008-09 Revenues, Capital Projects Fund: \$9,354,000

FY 2008-09 Capital Projects Fund Expenditures by Object



Total FY 2008-09 Expenditures, Capital Projects Fund: \$9,734,732

Provo City School District
 Capital Projects Fund Major Revenue Sources
 FY 2006-07 through FY 2008-09

	<u>ACTUAL</u> <u>FY 2007</u>	<u>FINAL</u> <u>BUDGET</u> <u>FY 2008</u>	<u>ORIGINAL</u> <u>BUDGET</u> <u>FY 2009</u>
REVENUES FROM LOCAL SOURCES			
Property Taxes	\$ 6,802,421	\$ 6,515,898	\$ 8,984,000
Earnings on Investments	307,012	1,100,000	150,000
Other Revenues From Local Sources	5,555	20,000	220,000
TOTAL REVENUES, LOCAL SOURCES	<u>7,114,988</u>	<u>7,635,898</u>	<u>9,354,000</u>
TOTAL REVENUES, 32 CAPITAL PROJECTS FUND	<u><u>7,114,988</u></u>	<u><u>7,635,898</u></u>	<u><u>9,354,000</u></u>



Provo City School District

Capital Projects Fund Major Expenditures
 FY 2006-07 through FY 2008-09 Comparison

OPERATION AND MAINTENANCE OF FACILITIES	<u>ACTUAL FY</u> <u>2006-07</u>	<u>FINAL BUDGET</u> <u>2007-08</u>	<u>ORIGINAL</u> <u>BUDGET FY</u> <u>2008-09</u>
Salaries	\$ 567,923	\$ 566,912	\$ 662,304
Retirement	71,223	89,281	92,852
Social Security	43,113	43,369	45,555
Insurance (Health/Dental/Life)	69,182	44,250	46,703
Other Benefits	5,679	5,691	6,180
Total Benefits	189,197	182,591	191,290
Purchased Professional and Technical Services	188	8,000	-
Purchased Property Services	-	-	-
Other Purchased Services	-	42,050	-
Supplies	1,952,917	2,374,690	2,270,950
Property/Equipment	-	474,619	438,210
Other Objects	-	-	-
Dues and Fees	-	-	-
Total Other Objects	-	-	-
TOTAL OPERATION AND MAINTENANCE OF FACILITIES	<u>757,308</u>	<u>852,803</u>	<u>853,594</u>
INSTRUCTION			
Supplies	24,972	83,445	-
Textbooks	995	264,000	-
Total Supplies	25,967	347,445	-
Equipment	-	-	-
TOTAL INSTRUCTION	<u>25,967</u>	<u>347,445</u>	<u>-</u>
SUPPORTING SERVICES			
Supplies	-	-	-
Equipment	-	-	-
TOTAL SUPPORTING SERVICES	<u>-</u>	<u>-</u>	<u>-</u>
STUDENT TRANSPORTATION			
Equipment	-	-	-
School Buses	-	-	-
Total Property	-	-	-
TOTAL STUDENT TRANSPORTATION	<u>-</u>	<u>-</u>	<u>-</u>

Provo City School District

Capital Projects Fund Major Expenditures
 FY 2006-07 through FY 2008-09 Comparison

BUILDING ACQUISITION AND CONSTRUCTION	<u>ACTUAL FY</u> <u>2006-07</u>	<u>FINAL BUDGET</u> <u>2007-08</u>	<u>ORIGINAL</u> <u>BUDGET FY</u> <u>2008-09</u>
Salaries	\$ 488,459	\$ 497,933	\$ 499,140
Retirement	55,567	70,167	69,969
Social Security	36,489	47,740	48,420
Insurance (Health/Dental/Life)	42,086	51,528	50,582
Other Benefits	4,884	4,983	4,799
Total Benefits	139,026	174,418	173,770
Purchased Professional and Technical Services	50,720	78,726	80,000
Purchased Property Services	289,393	497,237	504,000
Construction and Remodeling	13,277,477	21,387,253	3,736,000
Total Property Services, Construction and Remodeling	13,566,870	21,884,490	4,240,000
Other Purchased Services	42,736	-	36,550
Supplies - New Buildings	530,737	-	-
Textbooks - New Buildings	-	-	-
Library Books-New Libraries	-	-	-
Total Supplies	530,737	-	-
Land and Improvements/School Sites	862,227	400,000	420,000
Buildings	670,407	-	122,518
Machinery	-	-	-
School Buses	-	-	-
Furniture and Fixtures	-	500,000	300,000
Technology Equipment	220,380	-	-
Non-Bus Vehicles	-	-	-
Other Equipment	-	-	-
Total Property	1,753,014	900,000	842,518
Other Objects	-	-	-
Interest	-	-	-
Redemption of Principal	-	-	-
Total Other Objects	-	-	-
TOTAL BUILDING ACQUISITION AND CONSTRUCTION	<u>16,171,562</u>	<u>22,635,567</u>	<u>4,029,460</u>

Provo City School District

Capital Projects Fund Major Expenditures
 FY 2006-07 through FY 2008-09 Comparison

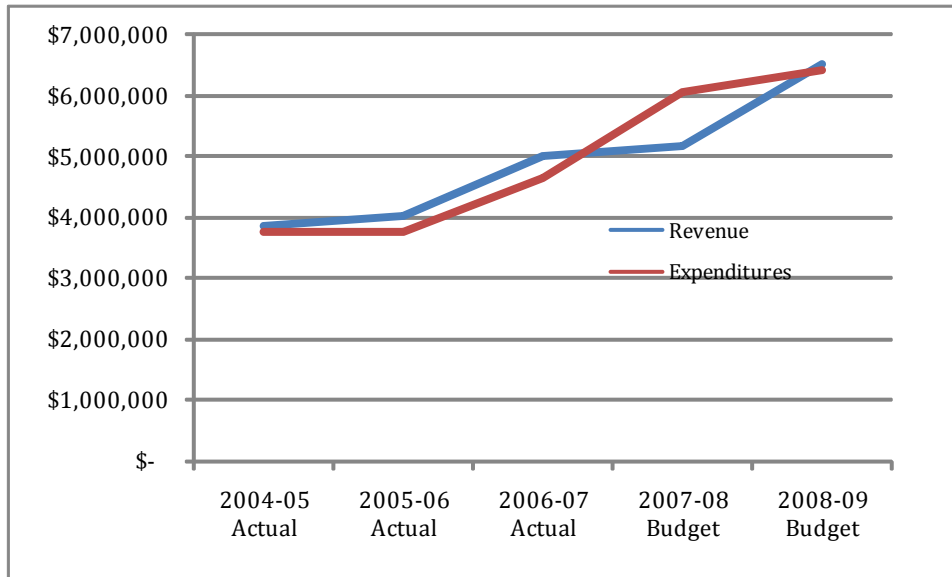
DEBT SERVICES	<u>ACTUAL FY</u> <u>2006-07</u>	<u>FINAL BUDGET</u> <u>2007-08</u>	<u>ORIGINAL</u> <u>BUDGET FY</u> <u>2008-09</u>
Other Objects	\$ -	\$ -	\$ -
Interest	230,835	40,000	22,028
Redemption of Principal	1,906,450	345,000	277,972
Total Other Objects	<u>2,137,285</u>	<u>385,000</u>	<u>300,000</u>
TOTAL DEBT SERVICE	<u>2,137,285</u>	<u>385,000</u>	<u>300,000</u>
TOTAL EXPENDITURES, CAPITAL PROJECTS FUND	<u>21,445,039</u>	<u>27,916,874</u>	<u>9,734,732</u>
OTHER FINANCING SOURCES (USES)			
Face Amount of Bonds Issued	35,000,000	-	-
Premium or Discount on the Issuance of Bonds	244,201	-	-
Transfers In from Other Funds	-	-	-
Transfers Out to Other Funds	-	-	(2,000,000)
Loan Proceeds	-	-	-
Proceeds From Sale of Capital Assets	5,700,000	-	-
Capital Lease Proceeds	-	-	-
Other Financing Sources (Uses) (Add Explanation)	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	<u>40,944,201</u>	<u>-</u>	<u>(2,000,000)</u>

Debt Service Fund

This major fund, which is used to account for the accumulation of resources for long-term capital projects and the payment of long-term debt principal and interest, has grown over the past few years as the District has begun paying for several large bond projects.

Debt Service Fund Revenue vs. Expenditures Comparison

FY 2004-05 through FY 2008-09



Provo City School District

Debt Services Fund Major Revenue Sources
FY 2006-07 through FY 2008-09

	<u>ACTUAL</u> <u>FY 2007</u>	<u>FINAL</u> <u>BUDGET</u> <u>FY 2008</u>	<u>ORIGINAL</u> <u>BUDGET</u> <u>FY 2009</u>
REVENUES			
REVENUES FROM LOCAL SOURCES			
Property Taxes	\$ 5,000,512	\$ 5,174,090	\$ 6,517,000
Earnings on Investments	-	-	-
Other Revenues From Local Sources	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES FROM LOCAL SOURCES	<u>5,000,512</u>	<u>5,174,090</u>	<u>6,517,000</u>
REVENUES FROM STATE SOURCES			
Capital Outlay Foundation	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES FROM STATE SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, DEBT SERVICE FUND	<u>5,000,512</u>	<u>5,174,090</u>	<u>6,517,000</u>

Provo City School District
 Debt Services Fund Major Expenditures
 FY 2006-07 through FY 2008-09

	<u>ACTUAL</u> <u>FY 2007</u>	<u>FINAL</u> <u>BUDGET</u> <u>FY 2008</u>	<u>ORIGINAL</u> <u>BUDGET</u> <u>FY 2009</u>
EXPENDITURES			
Interest	\$ 1,694,528	\$ 2,855,000	\$ 2,565,400
Redemption of Principal	2,819,000	3,075,000	3,850,000
Debt Issuance Costs on Refundings	155,417	-	-
Miscellaneous Expenditures	<u>-</u>	<u>150,000</u>	<u>10,000</u>
TOTAL EXPENDITURES, DEBT SERVICE FUND	<u>4,668,945</u>	<u>6,080,000</u>	<u>6,425,400</u>
OTHER FINANCING SOURCES (USES)			
Premium or Discount on the Issuance of Refunding Bonds	-	-	-
Issuance of Refunding Bonds	8,220,000	-	-
Payment to Refunded Bonds Escrow	(8,085,000)	-	-
Transfers In from Other Funds	-	-	-
Transfers Out to Other Funds	-	-	-
Other Financing Sources (Uses) (Attach Detail)	-	-	-
OTHER ITEMS			
Special Items			
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	<u>135,000</u>	<u>-</u>	<u>-</u>

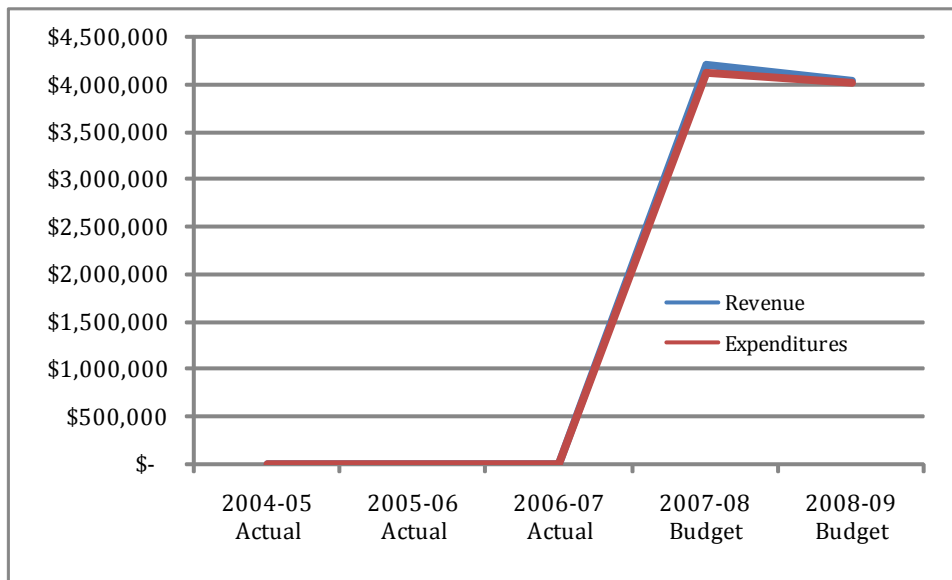
Major Revenues and Expenditures by Fund

Non-major Funds

Student Activities Fund

Student Activities Fund Revenue vs. Expenditures Comparison

FY 2007-08 to FY 2008-09



This non-major fund was not used by the District until FY 2007-08.

Provo City School District

Student Activities Fund Major Revenue Sources
FY 2006-07 through FY 2008-09

	<u>ACTUAL</u> <u>FY 2007</u>	<u>FINAL</u> <u>BUDGET</u> <u>FY 2008</u>	<u>ORIGINAL</u> <u>BUDGET</u> <u>FY 2009</u>
REVENUES			
REVENUES FROM LOCAL SOURCES			
Tuition from Pupils or Parents	\$ -	\$ -	\$ -
Tuition from Other LEAs Within the State	-	-	-
Tuition from Other LEAs Outside the State	-	-	-
Transportation Fees	-	-	-
Earnings on Investments	-	-	-
Student Fees	-	912,790	827,525
School Vending	-	58,337	73,202
Community Services Activities	-	910,405	801,590
Other Revenues From Local Sources	-	2,327,253	2,329,241
Textbooks (Sales and Rentals)	-	-	-
TOTAL REVENUES FROM, LOCAL SOURCES	-	<u>4,208,785</u>	<u>4,031,558</u>
REVENUES FROM STATE SOURCES			
Teacher Supply	-	-	-
School Trust Land	-	-	-
Social Security and Retirement	-	-	-
Revenues from Other State Agencies	-	-	-
TOTAL REVENUES FROM STATE SOURCES	-	-	-
REVENUES FROM FEDERAL SOURCES			
Other Revenues From Federal Sources	-	-	-
TOTAL REVENUES FROM FEDERAL SOURCES	-	-	-
TOTAL REVENUES, STUDENT ACTIVITY FUND	-	<u>4,208,785</u>	<u>4,031,558</u>

Provo City School District

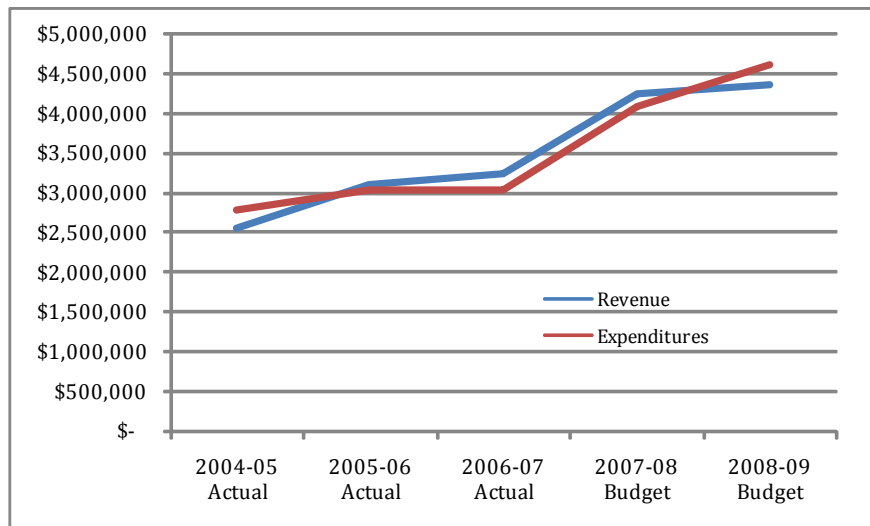
Student Activities Fund Major Expenditures
 FY 2006-07 through FY 2008-09 Comparison

	<u>ACTUAL</u> <u>FY 2007</u>	<u>FINAL</u> <u>BUDGET</u> <u>FY 2008</u>	<u>ORIGINAL</u> <u>BUDGET</u> <u>FY 2009</u>
EXPENDITURES			
INSTRUCTIONAL			
Salaries	\$ -	\$ -	\$ -
Retirement	-	-	-
Social Security	-	-	-
Insurance (Health/Dental/Life)	-	-	-
Other Benefits	-	-	-
Total Benefits	-	-	-
Purchased Professional and Technical Services	-	305,753	318,873
Purchased Property Services	-	86,885	67,196
Other Purchased Services	-	888,801	841,636
Supplies	-	1,899,207	1,807,152
Property	-	32,803	348,270
Other Objects	-	916,506	637,191
Dues and Fees	-	-	-
Total Other Objects	<u>-</u>	<u>916,506</u>	<u>637,191</u>
TOTAL INSTRUCTIONAL	<u>-</u>	<u>4,129,955</u>	<u>4,020,318</u>
SUPPORT/COMMUNITY SERVICES			
Salaries	-	-	-
Retirement	-	-	-
Social Security	-	-	-
Insurance (Health/Dental/Life)	-	-	-
Other Benefits	-	-	-
Total Benefits	-	-	-
Purchased Professional and Technical Services	-	-	-
Purchased Property Services	-	-	-
Other Purchased Services	-	-	-
Supplies	-	-	-
Property	-	-	-
Other Objects	-	-	-
Dues and Fees	-	-	-
Total Other Objects	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMMUNITY SERVICES	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES, STUDENT ACTIVITY FUND	<u>-</u>	<u>4,129,955</u>	<u>4,020,318</u>
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers Out to Other Funds	-	-	-
Proceeds From Sale of Capital Assets	-	-	-
Loan Proceeds	-	-	-
Capital Lease Proceeds	-	-	-
Other Financing Sources (Uses) (Add Explanation)	-	-	-
Capital Contributions	-	-	-
Special Items	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	<u>-</u>	<u>-</u>	<u>-</u>

Non K-12 Fund

This non-major fund grew dramatically in FY 2007-08 as Central Utah Enterprises, a District-operated entity, was moved to this fund from the now-defunct Supplemental Programs fund. Normally, this fund is expected to have revenue and expenditures roughly equal to each other, but for FY 2008-09 several large recreation-related capital improvement projects make expenditures higher than revenue. Fund balances will make up this difference.

Non K-12 Fund Revenue vs. Expenditures Comparison FY 2004-05 through FY 2008-09



Provo City School District

Non K-12 Fund Major Revenue Sources
 FY 2006-07 through FY 2008-09

	<u>ACTUAL</u> <u>FY 2007</u>	<u>FINAL</u> <u>BUDGET</u> <u>FY 2008</u>	<u>ORIGINAL</u> <u>BUDGET</u> <u>FY 2009</u>
REVENUES			
REVENUES FROM LOCAL SOURCES			
Property Taxes	\$ 1,337,715	\$ 1,301,145	\$ 1,304,000
Local Governmental Units Other Than LEAs	-	-	-
Tuition from Pupils or Parents	86,323	77,198	56,198
Tuition from Other LEAs Within the State	-	-	-
Tuition from Other LEAs Outside the State	-	-	-
Transportation Fees	-	-	-
Earnings on Investments	-	-	-
Community Services Activities	-	-	-
Other Revenues From Local Sources	10,555	444,533	513,311
Textbooks (Sales and Rentals)	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES FROM, LOCAL SOURCES	<u>1,434,593</u>	<u>1,822,876</u>	<u>1,873,509</u>
REVENUES FROM STATE SOURCES			
Preschool-Handicapped	580,996	672,541	667,034
Adult High School	253,055	195,958	271,083
Adult Basic Skills	-	-	-
Social Security and Retirement	101,293	127,278	127,278
Revenues from Other State Agencies	<u>573,597</u>	<u>582,472</u>	<u>577,472</u>
TOTAL REVENUES FROM STATE SOURCES	<u>1,508,941</u>	<u>1,578,249</u>	<u>1,642,867</u>
REVENUES FROM FEDERAL SOURCES			
Preschool	100,734	100,194	100,194
Adult Education	25,808	96,498	96,498
Other Revenues From Federal Sources	173,677	663,830	655,856
TOTAL REVENUES FROM FEDERAL SOURCES	<u>300,219</u>	<u>860,522</u>	<u>852,548</u>
TOTAL REVENUES, NON K-12 PROGRAMS FUND	<u>3,243,753</u>	<u>4,261,647</u>	<u>4,368,924</u>

Provo City School District

Non K-12 Fund Major Expenditures
 FY 2006-07 through FY 2008-09

	ACTUAL FY 2007	FINAL BUDGET FY 2008	ORIGINAL BUDGET FY 2009
EXPENDITURES			
OPERATION OF NONINSTRUCTIONAL SERVICES			
Salaries	\$ 546,776	\$ 597,845	\$ 612,720
Retirement	57,436	46,298	46,811
Social Security	40,130	32,286	32,719
Insurance (Health/Dental/Life)	34,757	12,513	12,944
Other Benefits	5,438	57,470	59,694
Total Benefits	137,761	148,567	152,168
Purchased Professional and Technical Services	29,048	21,070	21,070
Purchased Property Services	429,313	292,415	567,715
Other Purchased Services	1,232	2,960	2,960
Supplies	85,156	74,569	74,569
Property	32,736	18,000	141,000
Other Objects	22	-	-
Dues and Fees	-	-	-
Total Other Objects	<u>22</u>	<u>-</u>	<u>-</u>
TOTAL OTHER SERVICES	<u>1,262,044</u>	<u>1,155,426</u>	<u>1,572,202</u>
COMMUNITY SERVICES			
Salaries	1,163,141	1,964,410	2,045,505
Retirement	137,777	263,880	267,506
Social Security	85,980	153,892	157,144
Insurance (Health/Dental/Life)	81,844	155,372	177,094
Other Benefits	11,500	20,314	20,895
Total Benefits	317,101	593,458	622,639
Purchased Professional and Technical Services	46,514	63,594	53,626
Purchased Property Services	5,819	18,700	18,055
Other Purchased Services	33,845	42,260	43,052
Supplies	138,787	190,792	179,745
Property	18,627	13,442	26,250
Other Objects	46,306	43,401	49,276
Dues and Fees	210	860	1,010
Total Other Objects	<u>46,516</u>	<u>44,261</u>	<u>50,286</u>
TOTAL COMMUNITY SERVICES	<u>1,770,350</u>	<u>2,930,917</u>	<u>3,039,158</u>
TOTAL EXPENDITURES, NON K-12 PROGRAMS FUND	<u>3,032,394</u>	<u>4,086,343</u>	<u>4,611,360</u>
OTHER FINANCING			
OTHER FINANCING SOURCES (USES) AND OTHER ITEMS			
Transfers In from Other Funds	-	-	-
Transfers Out to Other Funds	-	-	-
Proceeds From Sale of Capital Assets	-	-	-
Loan Proceeds	-	-	-
Capital Lease Proceeds	-	-	-
Other Financing Sources (Uses) (Add Explanation)	-	-	-
Capital Contributions	-	-	-
Special Items	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	<u>-</u>	<u>-</u>	<u>-</u>

Building Reserve Fund

	<u>ACTUAL</u> <u>FY 2007</u>	<u>FINAL</u> <u>BUDGET</u> <u>FY 2008</u>	<u>ORIGINAL</u> <u>BUDGET</u> <u>FY 2009</u>
OTHER FINANCING			
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	\$ -	\$ -	\$ 2,000,000
Other Financing Sources (Uses)	-	-	-
Capital Contributions	-	-	-
Special Items	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	 <u><u>-</u></u>	 <u><u>-</u></u>	 <u><u>2,000,000</u></u>

This fund is not appropriated for FY 2008-09. The only activity approved is a transfer of fund balance from the Capital Projects fund for future building needs.

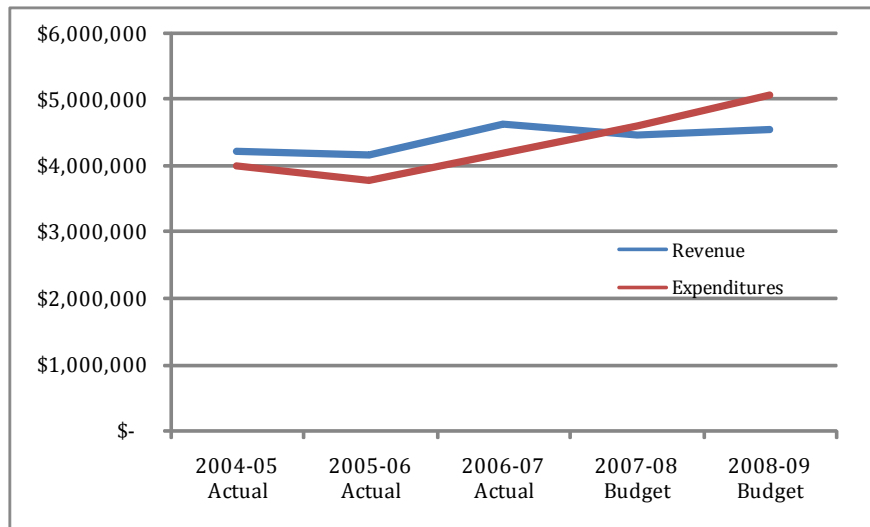
Food Services Fund

The Food Services fund has perhaps been hit the hardest by inflationary pressures over the past two years. Soaring food and energy prices have helped fuel a projected 21% increase in expenditures from FY 2006-07 to FY 2008-09. During the same period, revenues are projected to show only modest gains. To help offset this, the District raised school meal prices for the first time in seven years, effective for FY 2008-09.

Some of the increases in expenditures to this fund are also due to several one-time, large equipment purchases in kitchens districtwide.

Food Services Fund Revenues vs. Expenditures Comparison

FY 2004-05 through FY 2008-09



Provo City School District

Food Services Fund Major Revenue Sources
 FY 2006-07 through FY 2008-09

FOOD SERVICE FUND	ACTUAL <u>FY 2007</u>	FINAL BUDGET <u>FY 2008</u>	ORIGINAL BUDGET <u>FY 2009</u>
REVENUES			
REVENUES FROM LOCAL SOURCES			
Earnings on Investments	\$ -	\$ -	\$ -
Sales to Students	1,067,538	1,075,390	1,159,098
Sales to Adults	94,058	88,600	94,802
Other Revenues From Local Sources	309,726	224,200	229,000
Gains (Losses) From Sale of Capital Assets - Enterprise Funds	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, LOCAL SOURCES	<u>1,471,322</u>	<u>1,388,190</u>	<u>1,482,900</u>
REVENUES FROM STATE SOURCES			
Miscellaneous State Revenues	-	-	-
School Lunch	<u>537,438</u>	<u>505,000</u>	<u>505,000</u>
TOTAL REVENUES, STATE SOURCES	<u>537,438</u>	<u>505,000</u>	<u>505,000</u>
REVENUES FROM FEDERAL SOURCES			
Lunch Reimbursement	318,986	321,500	321,500
Lunch Reimbursement (Free and Reduced Meals)	1,574,996	1,560,000	1,560,000
Special Milk Reimbursement	539	300	300
Breakfast Reimbursement	405,358	396,000	396,000
Child and Adult Care Food Program	68,679	63,000	63,000
NET (Nutritional Education and Training Program)	-	-	-
Other Child Nutrition Program Revenue	261,868	235,000	235,000
Donated Commodities	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, FEDERAL SOURCES	<u>2,630,426</u>	<u>2,575,800</u>	<u>2,575,800</u>
TOTAL REVENUES, FOOD SERVICE FUND	<u><u>4,639,186</u></u>	<u><u>4,468,990</u></u>	<u><u>4,563,700</u></u>

Provo City School District

Food Services Fund Major Expenditures
 FY 2006-07 through FY 2008-09

	<u>ACTUAL</u> <u>FY 2007</u>	<u>FINAL</u> <u>BUDGET</u> <u>FY 2008</u>	<u>ORIGINAL</u> <u>BUDGET</u> <u>FY 2009</u>
EXPENSES/EXPENDITURES			
FOOD SERVICES			
Salaries	\$ 1,530,364	\$ 1,666,248	\$ 1,759,259
Retirement	181,851	194,603	205,385
Social Security	112,566	131,263	137,880
Insurance (Health/Dental/Life)	178,475	191,070	201,662
Other Benefits	15,049	17,063	19,340
Total Benefits	487,941	533,999	564,267
Purchased Professional and Technical Services	49,681	45,682	45,682
Purchased Property Services	74,501	75,800	75,800
Other Purchased Services	4,728	5,260	5,260
Non-Food Supplies	215,175	199,870	199,870
Food	1,511,417	1,684,232	1,803,357
Total Supplies	1,726,592	1,884,102	2,003,227
Property	96,978	230,000	425,000
Depreciation - Enterprise Funds	-	-	-
Total Property	96,978	230,000	425,000
Other Objects	208,767	162,722	205,574
Dues and Fees	1,018	680	-
Total Other Objects	<u>209,785</u>	<u>163,402</u>	<u>205,574</u>
TOTAL EXPENDITURES, FOOD SERVICE FUND	<u><u>4,180,570</u></u>	<u><u>4,604,493</u></u>	<u><u>5,084,069</u></u>
OTHER FINANCING SOURCES (USES) AND OTHER ITEMS			
Transfers In from Other Funds	-	-	-
Transfers Out to Other Funds	-	-	-
Other Financing Sources (Uses) (Add Explanation)	-	-	-
Capital Contributions	-	-	-
Special Items	-	-	-
Extraordinary Items	-	-	-
TOTAL OTHER FINANCING SOURCES (USES) AND OTHER ITEMS	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Capital Projects and Debt Service Supplementary Information



Definition of Capital Expenditures

The District defines capital expenditures as “*tangible property of a more or less permanent nature with a useful life of at least three years, and costing at least \$5,000.*” Examples of capital expenditures include buildings, copy machines, buses, and computer/information technology equipment. Capital expenditures can occur in any fund but Debt Service.

Significant Non-routine Capital Expenditures: Bond Projects

The majority of the District’s non-routine capital expenditures were associated with the bond voters approved in 2006. Because the bond was nearing completion as of June 30, 2008, most of those expenditures are not budgeted for in FY 2008-09. Bond expenditures can be found in more detail on the following pages as part of the capital improvement list, but this schedule provides a three-year summary of bond expenditures and budgets, summarized by project. All bond expenditures are considered non-routine capital expenditures.

Examples of capital expenditures include buildings, copy machines, buses, and computer/information technology equipment.

Bond Projects

FY 2006-07 to FY 2008-09

Location/Project Description	FY 2006-07 Actual	FY 2007-08 Final Budget	FY 2008-09 Original Budget
Canyon Crest	\$1,552	\$60,000	\$60,000
Edgemont	24,407	160,000	8,000
Farrer	-	-	60,000
Lakeview Elementary	4,186,951	8,546,945	-
Provost	1,350,259	-	-
Rock Canyon	-	90,700	-
Sunset View	2,293,542	84,500	-
Timpanogos Elementary	1,737,049	8,957,972	1,422,518
Wasatch	410,418	10,294	-
Westridge	17,348	-	60,000
Centennial	2,931,767	1,065,900	-
Provo	238,846	1,200,000	560,000
Energy	-	-	-
Seismic	-	175,000	-
Maintenance/Site Manager/Moving	521,862	128,314	162,106
Total:	<u>13,714,002</u>	<u>20,479,625</u>	<u>2,332,624</u>

Other Significant Non-routine Capital Expenditures

The capital improvement list on pages 105-106 includes other significant non-routine capital expenditures. These expenditures are voted on by the Board of Education in February for the coming fiscal year. These expenditures are determined based on recommendations from District staff. Public comment is sought each year on the proposed capital projects, and a detailed budget for each specific project is available for public review.

For FY 2008-09, \$700,000 in additional funding is budgeted for capital expenditures over FY 2007-08 (doesn't include bond expenditures). This includes \$500,000 for seismic retrofitting and upgrades, and \$200,000 for use in other areas of need throughout the District.

Effect on Operations of Major Capital Projects

The capital improvement list, found on pages 94-95, is a schedule showing substantial financial investments to District-owned buildings, grounds and other long-term assets for FY 2008-09. Due to their specific size and nature, not all expenditures in the Capital Projects Fund are identified with specific projects on the capital improvement list, so the fund and list totals do not match each other exactly.

The District's 2008-09 budget also includes \$2 million to be set aside in a building reserve fund to meet future building needs, with the plan to make this an annual contribution. The use of these funds is restricted to capital improvements. By following this approach, the District intends to modernize and/or replace necessary buildings using a balanced approach of bond issuance and capital tax dollars. This provides the District with more flexibility to respond to its building needs.

Because capital expenditures are normally funded specifically through dedicated resources, they do not have a direct impact on regular operations for FY 2008-09. However, the teaching environment is positively impacted by well-maintained, attractive buildings. In other words, decisions related to teacher pay, class sizes, school lunch prices, etc., are typically not impacted directly by capital expenditures.

Overall, staffing levels will remain the same because the new schools built from bond proceeds are replacing existing buildings. Although the buildings are slightly larger than their predecessors, any increases to utility costs due to size are expected to be offset by increases in energy efficiency at the new, modernized buildings.

School busing routes will also be minimally impacted by new schools resulting from bond projects, although in the near-term an extra busing route will be added to transport children from the east side of Geneva Road to the west side, where Lakeview elementary is opening up in August 2008. As growth in the area dictates, Utah Department of Transportation has indicated it will work to provide a stoplight near the new school on Geneva Road, which might eliminate the need for the extra bus route in the future.

The teaching environment is positively impacted by well-maintained, attractive buildings.



Provo City School District
Building Information

Location/Site	Original Year of Construction	Square Footage
Elementary Schools:		
Amelia Earhart	1999	69,733
Canyon Crest	1982	68,240
Edgemont	1955	47,200
Farrer	1931	86,946
Franklin	1994	75,801
Grandview	1949	69,546
Lakeview	2007	77,480
Provost	1949	56,799
Rock Canyon	1964	69,883
Spring Creek	2002	70,720
Sunset View	1959	69,305
Timpanogos	2007	69,247
Wasatch	1949	45,326
Westridge	1979	73,928
Secondary Schools:		
Centennial M.S.	1996	144,795
Dixon M.S.	1931	124,276
Provo H.S.	1956	325,842
Timpview H.S.	1974	409,803
Independence H.S.	1992	48,121
Other:		
Center for H.S. Studies	1984	4,000
Oakridge	1979	43,992
District Office	1965	28,875



Capital Improvement Plan

The District continues its targeted and aggressive capital improvement schedule, which is part of the master plan of 2003. Capital improvements are funded through two major sources: the capital outlay tax levy, and general obligation bonds. In 2006, Provo voters approved a \$35 million bond and leeway. While most of the funding for the bond was received in FY 2007, the majority of the projects were at or near completion in FY 2008.

The bond and leeway:

- Supports neighborhood elementary schools across the city
- Strengthens neighborhoods
- Encourages families to live in Provo
- Removes portable classrooms
- Renews and helps properly maintain traditional schools
- Compensates teachers for their valuable work
- Fortifies educational services and reduced class-sizes
- Helps sustain a long-term vision for education in Provo SD

“The bond and leeway continues to support Provo neighborhoods.”

Besides the bond, the District continues to increase its capital improvement spending by \$200,000 per year through 2010, in an effort to modernize and improve the safety at each school. For 2009, \$500,000 was added to the budget to do needed seismic retrofit and safety improvements. This is in addition to the \$200,000 yearly increase. For future buildings needs, the District will set aside \$2 million for future building replacement needs.

All of these efforts are part of a progressive 20 year building replacement plan. Part of this plan was the passing of a bond in 2006. The District doesn't anticipate the need to use bond issuance for buildings until 2017 as part of this plan.

A detailed capital improvement list for FY 2008-09 can be found on pages 94-95.



Provo City School District
 Capital Improvement List
 FY 2008-09

<u>School</u>	<u>Project Description</u>	<u>Bond Projects</u>	<u>Capital Projects</u>	<u>Total Budget</u>
<u>Canyon Crest</u>		\$ -	\$ -	\$ -
	HVAC	60,000	-	60,000
	Fire alarm	-	40,000	40,000
	Carpet	-	10,400	10,400
<u>Edgemont</u>		-	-	-
	HVAC (west wing)	8,000	-	8,000
	Carpet	-	10,400	10,400
	Asphalt	-	27,000	27,000
	HVAC controls	-	45,000	45,000
<u>Farrer</u>		-	-	-
	Carpet	-	6,930	6,930
	Mobile	-	20,000	20,000
	Hot water system	-	10,000	10,000
	HVAC	60,000	-	60,000
<u>Franklin</u>		-	-	-
	Roof old gym hallway area	-	22,000	22,000
	HVAC controls	-	18,000	18,000
<u>Grandview</u>		-	-	-
	Main building demolition	-	135,000	135,000
	Asbestos removal	-	155,000	155,000
	Remodel/infrastructure	-	100,000	100,000
	Sidewalks/Landscape	-	15,000	15,000
<u>Lakeview</u>		-	-	-
	2 playgrounds	-	60,000	60,000
	Landscape	-	-	-
<u>Provost</u>		-	-	-
	Sky lights	-	15,000	15,000
	Gym windows	-	5,000	5,000
<u>Rock Canyon</u>		-	-	-
	Carpet	-	10,400	10,400
	Geogard	-	42,000	42,000
	Storage	-	4,800	4,800
	HVAC controls	-	24,000	24,000
<u>Spring Creek</u>		-	-	-
	Bus loading area	-	13,500	13,500
<u>Sunset View</u>		-	-	-
	Fire sprinkler/ceilings/lights	-	305,870	305,870

Provo City School District
 Capital Improvement List Continued
 FY 2008-09

<u>School</u>	<u>Project Description</u>	<u>Bond Projects</u>	<u>Capital Projects</u>	<u>Total Budget</u>
<u>Timpanogos</u>		\$ -	\$ -	\$ -
	New Building	1,000,000		1,000,000
	Architect (New Building)	122,518		122,518
	Furniture/Fixtures	300,000		300,000
	2 playgrounds	-	60,000	60,000
<u>Wasatch</u>		-	-	-
	Carpet	-	10,400	10,400
	Landscape/parking	-	10,000	10,000
<u>Westridge</u>		-	-	-
	HVAC	60,000	-	60,000
<u>Centennial MS</u>		-	-	-
	Security	-	8,200	8,200
<u>Dixon MS</u>		-	-	-
	Gym roof	-	80,000	80,000
	Kitchen ceiling	-	3,800	3,800
<u>Independence HS</u>		-	-	-
	HVAC	-	-	65,000
<u>Provo HS</u>		-	-	-
	A wing	560,000	-	560,000
	Track	-	57,000	57,000
	Special Ed shed (roof)	-	9,000	9,000
<u>Timpview HS</u>		-	-	-
	Fencing	-	9,800	9,800
	Tennis courts	-	72,000	72,000
	Asphalt	-	15,000	15,000
<u>Oakridge</u>		-	-	-
	Payment for Oakridge	-	420,000	420,000
<u>District Office</u>		-	-	-
	Bus compound asphalt	-	56,000	56,000
	HVAC	-	100,000	100,000
	Remodel	-	10,000	10,000
	Truck (snowplow & sander)	-	16,000	16,000
<u>General District</u>		-	-	-
	Equipment tie-down; incremental seismic upgrades, architect	-	500,000	500,000
	Building security	-	50,000	50,000
	Moving	35,000	-	-
<u>Contingency</u>		-	-	-
	Projects under \$5,000; contingency	-	250,000	250,000
<u>Operational Expenses</u>		-	-	-
	Professional & technical services	127,106	616,550	678,656
		-	-	-
	Total:	<u>2,332,624</u>	<u>3,449,050</u>	<u>5,746,674</u>

Provo City School District
Debt Obligations as of June 30, 2008

	Beginning Balance	Additions	Reductions	Ending Balance	Noncurrent Liabilities Due Within One Year
Governmental activities:					
General obligation bonds	\$ 63,351,000	\$ -	\$ 3,117,000	\$ 60,234,000	\$ 3,850,000
Lease Revenue Bonds	-	-	-	-	-
Obligations under lease agreements	352,727	1,106,634	896,261	563,100	277,972
Total governmental activities	<u>63,703,727</u>	<u>1,106,634</u>	<u>4,013,261</u>	<u>60,797,100</u>	<u>4,127,972</u>

Principal and Interest Payments by Fund
FY 2008-09

Fund	Principal	Interest	Total Principal and Interest
General Fund	\$ 425,901	\$ 11,180	\$ 437,081
Debt Service Fund	3,850,000	2,565,400	6,415,400
Capital Projects Fund	<u>277,972</u>	<u>22,028</u>	<u>300,000</u>
Total Principal and Interest	<u>4,553,873</u>	<u>2,598,608</u>	<u>7,152,481</u>

Debt Management Policies

- A. The District will confine long-term borrowing to capital projects and purchases of equipment, as required by law.
- B. Total general obligation debt will not exceed 4% of the reasonable fair market value of taxable property within the District.
- C. The District will not use long-term debt for current operations.
- D. The District will meet all debt service obligations when due.
- E. The District will maintain communication with bond rating agencies about its financial condition. The District will follow a policy of full disclosure in every financial report and official statement.
- F. The District will provide to the capital markets ongoing disclosure of annual financial information and material events that may affect the District's financial strength.

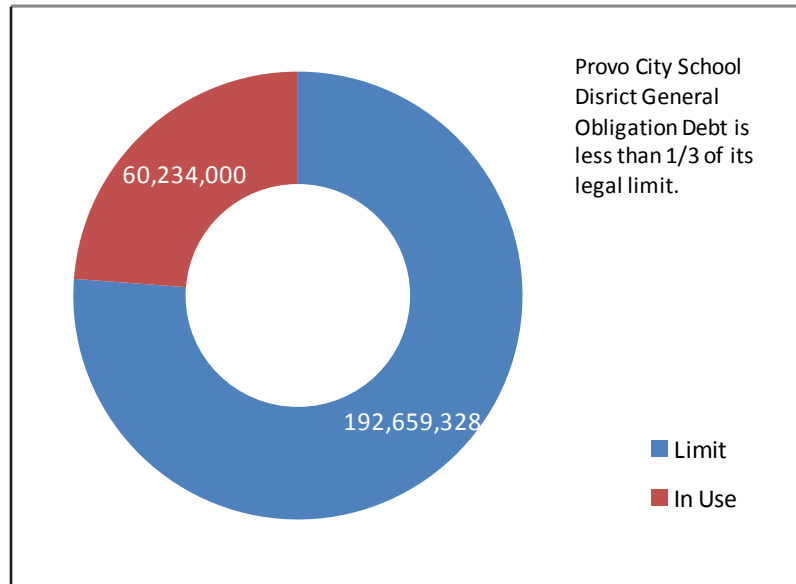
Note: Provo City School District's general obligation debt level as of June 30, 2008 is 1.25% of the market value of taxable property within its boundaries - substantially below the 4% allowed by Utah State law.

Relationship of Debt Levels to Legal Debt Limit

The approximate assessed value of taxable properties in Provo is \$4.8 billion, meaning the District's general obligation debt limit is approximately \$192 million ($\$4.8 \text{ billion} \times 4\%$). It was noted previously that the District's general obligation debt is at 1.25% of the assessed market value of Provo. This means the District's long-term debt level is approximately 1/3 of what is allowed by law.

Although it is conservative in its debt practices and avoids excessive, unnecessary debt, the District still must ensure buildings are safe and properly maintained. In the previous decade, the condition of some District buildings fell below what the current administration considered appropriate, as priorities and attention were shifted away from building maintenance.

The current administration has been very progressive in creating a 20 year building replacement plan. Part of this plan was the passing of a bond in 2006. The District doesn't anticipate the need to use bond issuance for buildings until 2017 as part of this plan. Through the bond election, public survey on budget initiatives, community meetings, Board of Education meetings and other correspondence, Provo citizens have stressed their support for safe and modern buildings in the District.



Impact of Debt on Operations

There is no direct impact of the District's current debt on regular operations. For example, choosing to go to the public for a bond election won't raise class sizes, lower teacher pay, etc. The main reason for this is the fact long-term debt is funded through a separate tax levy than that of the general fund.

What can be said, however, is choosing to allow buildings to fall into disrepair has a negative impact on the learning environment the District provides. By properly maintaining buildings, and replacing buildings when repairs would cost more than is feasible, the District provides a safe learning environment for students, while also being conservative and mindful of taxpayers. The District's 20 year building replacement plan, referenced above, accomplishes this goal.

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INFORMATION AND STATISTICS SECTION



Provo, Utah County and State of Utah Demographic and Economic Profile



Provo: Past and Present

Provo City is situated in Utah Valley, an area just south of Salt Lake City that traditionally was home to part of the Ute Indian tribe. The Utes settled in villages close to Utah Lake both for protection from northeastern tribes and to attain fish, their primary food source. Fathers Escalante and Dominguez, the first non-American Indians to visit the area, entered Utah Valley in 1776. However, due to the Spanish focus on colonization efforts elsewhere, they failed to establish permanent settlement in the area.

During the first decades of the 19th century, many fur trappers and traders hunted beaver in Utah Valley. Etienne Provost --a French-Canadian trapper--working out of Taos in present-day New Mexico is perhaps the first white man to have seen the Great Salt Lake. In 1824 he led a company into the Great Basin. While camping, they encountered a band of Shoshone Indians. The mountain men were invited into the Shoshone camp, but were told it was bad luck to have metallic objects nearby. As Provost's men laid their weapons aside, the Shoshone attacked them. Only Provost and a few of his entourage escaped.

Highly admired by his contemporaries and considered to be a knowledgeable, skillful, and successful mountain man, Provo City, Provo River, and Provo Canyon are named after him.

Mormon pioneers established Provo as a permanent settlement in 1849. It became the second largest city in the territory until Ogden became a major railroad hub in the 1870s. In 1875, the settlers established Brigham Young Academy, the beginnings of today's Brigham Young University. Attracting national attention for both its academic and athletic programs, it is the largest church-affiliated institution of higher learning in the nation today.

Throughout the city's history, Provo has served as Utah Valley's center of industry, commerce, and government. One bustling example is the Provo Woolen Mills. Since sheep thrived in Utah's climate and a mill site was readily available on the Provo River to supply water and power to a plant, the Provo Woolen Mills opened in 1872 as Utah's first large factory. The LDS Church and private donations paid for its construction and upon completion, it employed upwards of 150 people. Many of its workers were skilled immigrant laborers from British textile factories. Later, the Provo factory turned to young women to run the looms. It specialized in heavy woolens; blankets, shawls, yarns, and flannels with about one-third of them being exported. The Provo Woolen Mills experienced ebbs and flows, continuing to operate until 1932.

With a population of 118,000 and a land area of 43 square miles, Provo is the county seat of Utah County and home to the county offices and courts. It also has one of the highest population densities in the state of Utah. Its close proximity to the mountains and Utah Lake gives its residents superior recreational opportunities throughout both the winter and summer months.

Source: State of Utah (Utah.gov); District data

"With a population of 118,000 and a land area of 43 square miles, Provo is the county seat of Utah County"

Provo is located in north-central Utah, approximately 45 miles south of Salt Lake City, and is the county seat of Utah County, which has seen explosive growth in recent years. In 2000, the U.S. Census Bureau counted Utah County's population at 368,536. As of July 1 2007, Utah County had an estimated population of 501,447.

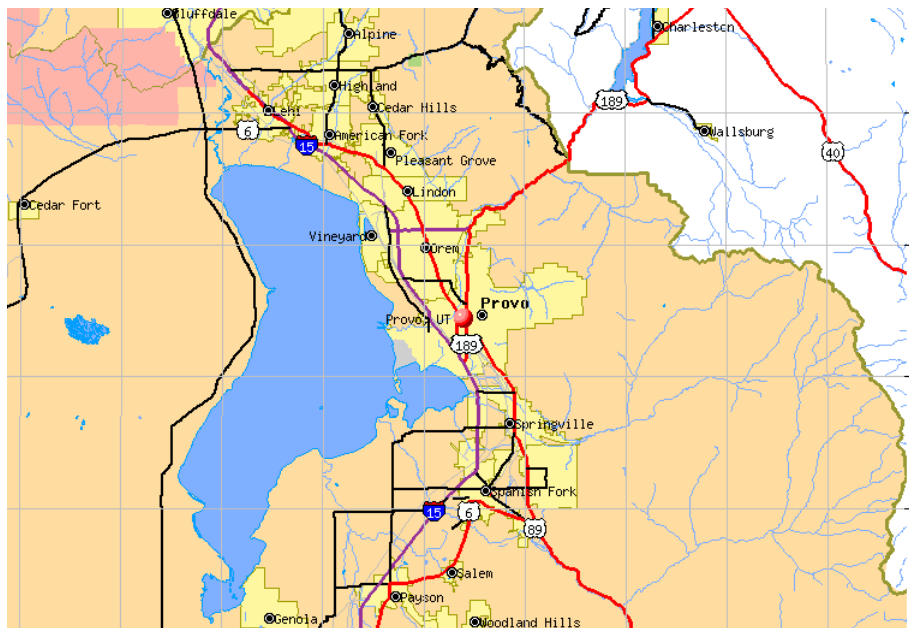
Utah County is part of what is referred to as the Wasatch Front, which is made up by Weber, Davis, Salt Lake and Utah Counties. With more than 2.1 million residents, the Wasatch Front accounts for 75% of Utah's population.

Source: District data; Utah Governor's Office of Planning and Budget

Although Provo City continues to grow at a moderate pace, the percentage of Utah County residents residing in Provo continues to decrease as the northern and southern parts of the county are seeing explosive growth. In 2000, Provo made up 29% of the county population. But in 2006, Provo made up approximately 25% of the population – even though Provo had grown at a moderate rate during this period. In addition, the percentage of Provo residents enrolled in the Provo School District continues to fall, as more college-age students move into the area and areas of the city gentrify. Approximately 11 out of every 100 Provo residents is a student in the Provo School District, compared with 22 out of 100 in Alpine School District.

Source: District data

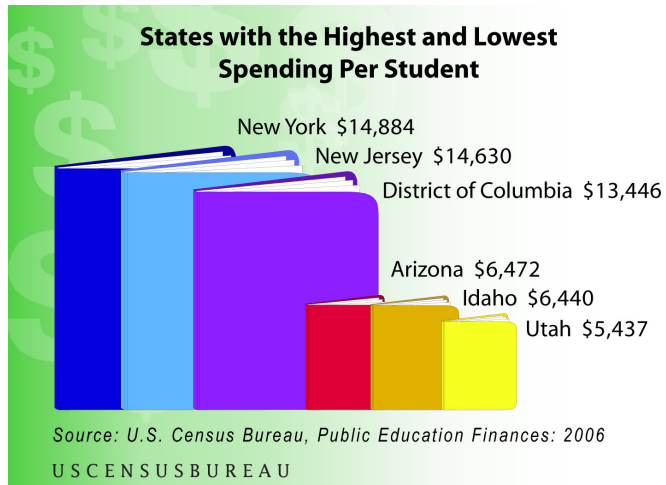
Map of Utah County Area



Source: www.city-data.com

Utah Economic Environment

The economic outlook of the District is heavily dependent on state aid, which for FY 2008-09 will provide approximately 53% of total revenues, and 69% of general fund revenues. The Utah State Uniform School Fund was established constitutionally in 1938 and is used to ensure equitable funding for public education statewide. Since 1947, all taxes based on income have been constitutionally required to be used for public education. In 1996, voters in Utah approved a constitutional change providing that these revenues could also be used for higher education. Additionally, a statewide property tax rate is levied to finance the Uniform School Fund and is applied against the taxable value of real and personal property.



As evidenced by the graphic above, Utah still lags behind the rest of the country in per-pupil education spending, but the State has invested heavily in public education the last few years - the current Governor and legislature both making it their top funding priorities. The large ratio of school-age children to taxpaying adults simply makes it difficult to fund education at the same levels of many other states, particularly those on the East Coast.

Overview of the Economy - Utah's economy realized strong growth throughout 2007. The state experienced job growth at 4.0%, more than triple the national rate at 1.1%. The unemployment rate was at a record low of 2.7%. Growth in construction employment continued, with sustained growth in the energy industry and in the professional, business, and financial services. Utah has one of the best economies in the nation.

Outlook 2008 - Growth is expected to continue at a slower pace as economic indicators are expected to soften. Employment growth will move from 4.0% in 2007 to 0.4% in 2008, while the unemployment rate should tick upward from a low of 2.7% in 2007 to 3.7% in 2008. Residential construction is expected to weaken further, though overall construction employment should be buoyed somewhat by growth in nonresidential building.

Significant Utah Rankings (Place among 50 U.S. States)

Rate of Job Growth	3rd
Unemployment Rate	3rd
Median Household Income	9th
Average Wage	40th
Per Capita Personal Income	45th
Total Personal Income (% Change)	8th

Source: 2008 Economic Outlook, State of Utah Governor's Office

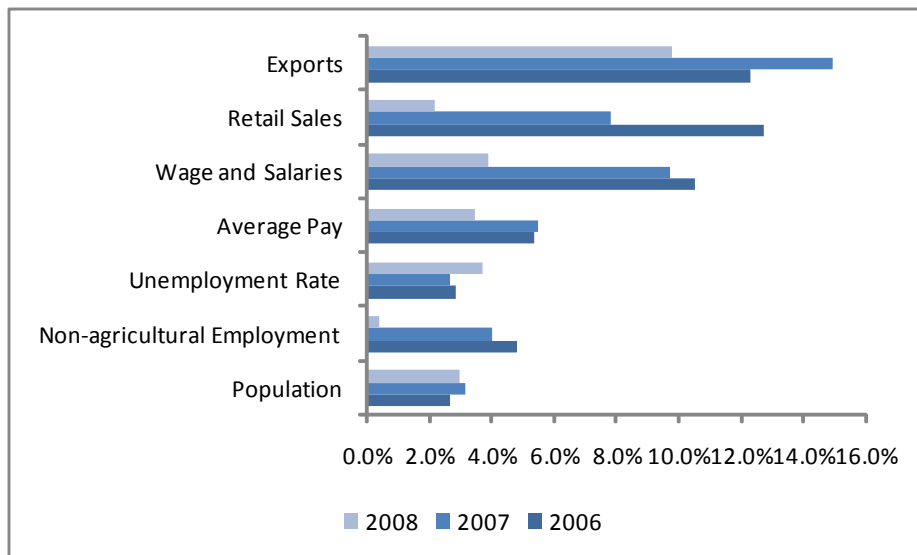
Population: The state’s official July 1, 2007 population was estimated to be 2.7 million, an increase of 3.2% from 2006. Net migration made up 52.4% of this increase.

Rate of Growth: The U.S. Census Bureau ranked Utah third among states with a population growth rate of 2.6% from 2006 to 2007. The U.S. rate of growth was 1.0%.

Long-Term Projections: The state's population is projected to reach 2.9 million in 2010, 3.6 million in 2020, 4.4 million in 2030, 5.2 million in 2040, 6.0 million in 2050, and 6.8 million in 2060.

School Enrollment - In 2007, an estimated 537,700 students were in Utah's public education system; an increase of 13,650 students, or 2.6%, over 2006.

Utah Economic Indicators: 2006-2008

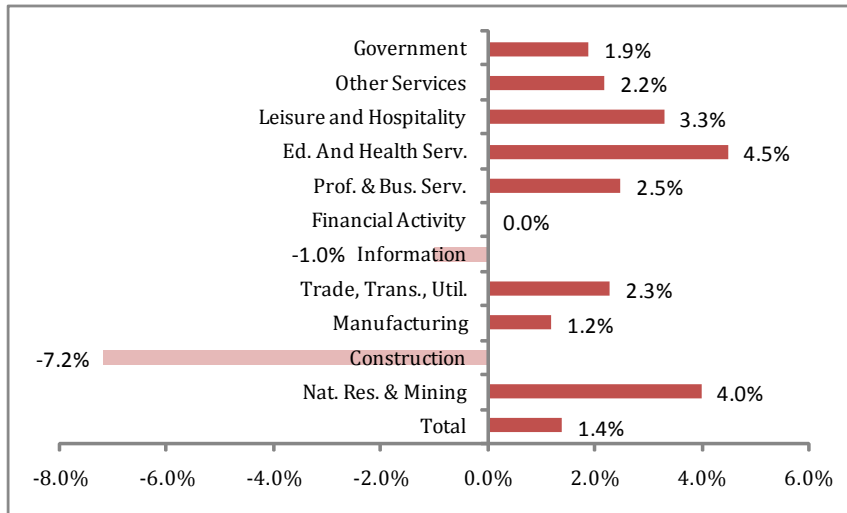


Source: 2008 Economic Outlook, State of Utah Governor’s Office

Employment Growth – Year-over job growth in Utah was 1.4% in May 2008, much lower than the 4.5% growth measured for the same period last year but still greater than the national rate of 0.1%. In the past 12 months, approximately 17,900 jobs were created in Utah's job market. The U.S. job market experienced a month-over loss of 49,000 jobs in May 2008. From January to May 2008 U.S. payroll employment has declined by 324,000.

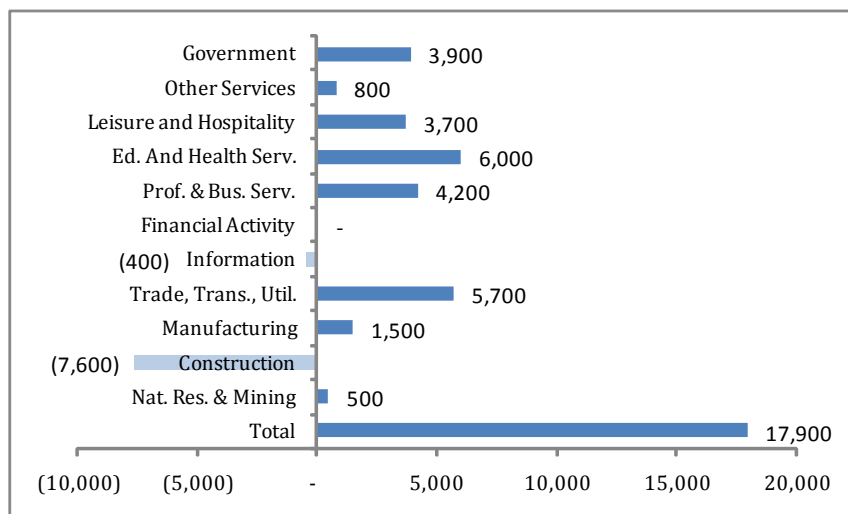
Unemployment – Utah's April 2008 unemployment rate was 3.1%; higher than the April 2007 rate of 2.5%. The national May 2008 unemployment rate was 5.5%. Utah County's unemployment rate for May 2008 was 2.9%.

Percent Change in Utah Employment by Industry: May 2007-2008



From May 2007 to May 2008, the Utah economy added 17,900 jobs.

Numeric Change in Utah Employment by Industry: May 2007-2008

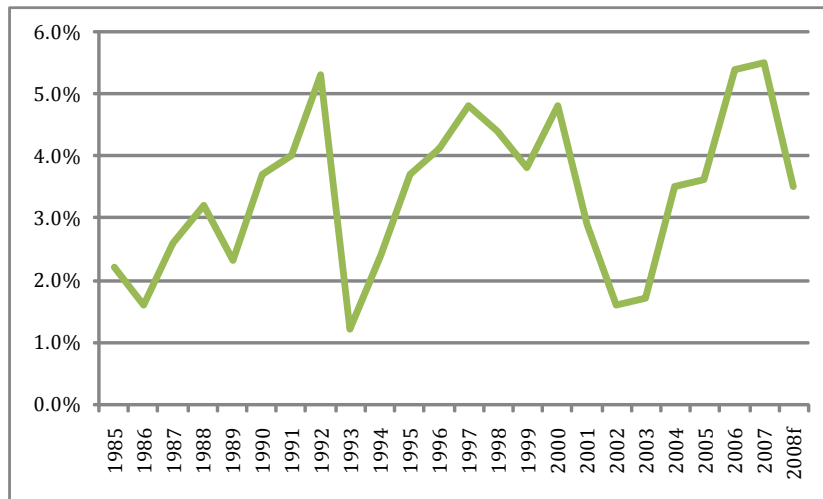


Source: 2008 Economic Outlook, State of Utah Governor's Office

Total Personal Income – Utah's total personal income reached \$85.7 billion in first quarter 2008. Using this measure, economic activity expanded at an annual rate of 6.6% from Quarter 1 2007 to Quarter 1 2008, which ranked Utah eighth in the nation. National growth in personal income over the same period was 4.8%, 1.8% less than Utah.

Wage – Utah's average payroll wage reached \$35,130 per job in 2006, which ranked 40th in the nation. Real pay (the best measure of an employee's standard of living) grew 2.1% from 2005 to 2006, which ranked Utah 10th in the nation. The national growth rate in pay averaged 1.3%, which was less than Utah's growth. Utah's pay averages 83% of the nation's.

Growth Rates for Utah Average Annual Pay



Home Prices – According to the Office of Federal Housing Enterprise Oversight (OFHEO) House Price Appreciation Ranking, Utah's house prices were up 5.6% in the first quarter of 2008 from first quarter of 2007. This ranks Utah second in the nation. The Provo-Orem Metropolitan Statistical Area ranked first in percentage change in Utah.

Existing Home Prices

First Quarter 2008 Over First Quarter 2007

MSA	Home Price	Percent Change
Cache/Logan	\$ 148,260	6.0%
Salt Lake	\$ 219,080	5.4%
Provo	\$ 201,090	6.8%
Washington/St. George	\$ 209,600	3.7%
State of Utah	\$ 199,710	5.6%
United States	\$ 201,070	0.0%

Source: 2008 Economic Outlook, State of Utah Governor's Office

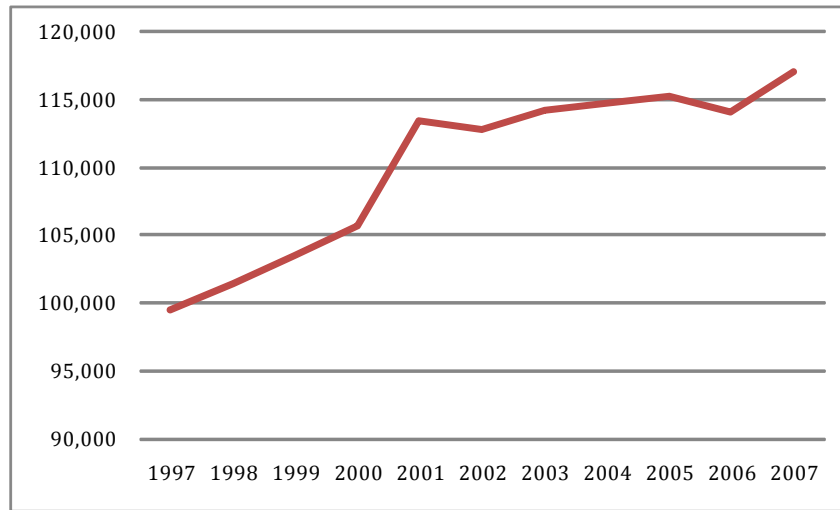
Utah County is State's Fastest Growing County

"Utah County has surpassed Washington County as the state's fastest-growing area, according to population estimates released (today) by the Utah Population Estimates Committee. Utah County saw a growth rate of 5.5 percent as it gained just over 26,000 people. The county's total population grew to 501,477."

Source: *Deseret Morning News*, "Utah County is the State's Fastest-Growing," Deborah Bulkely, November 15, 2007

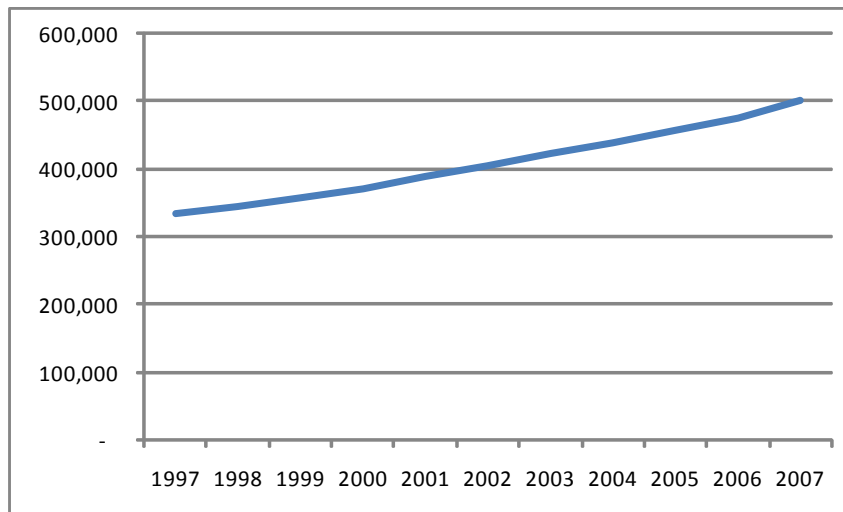
Provo City Population Growth

1997-2007



Utah County Population Growth

1997-2007



As the population of Utah County has grown dramatically, Provo has grown at a moderate pace, making it one of Utah's most livable and well-planned cities.

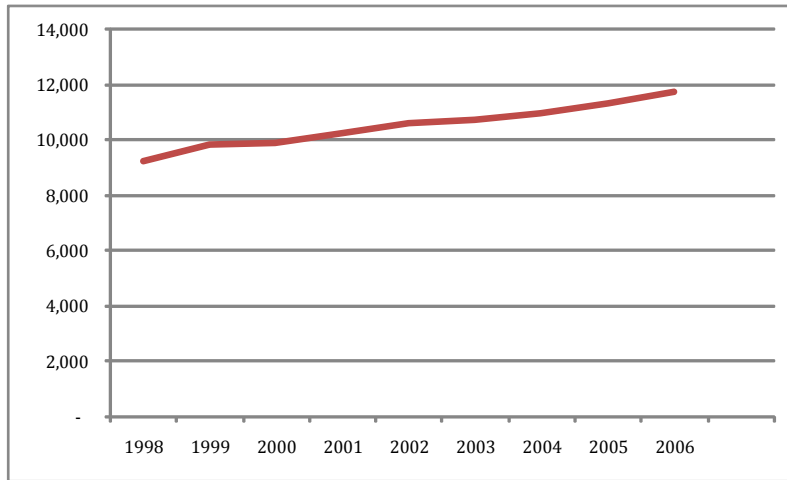
Utah County Birth Rates

1998-2006 (most recent year reported)

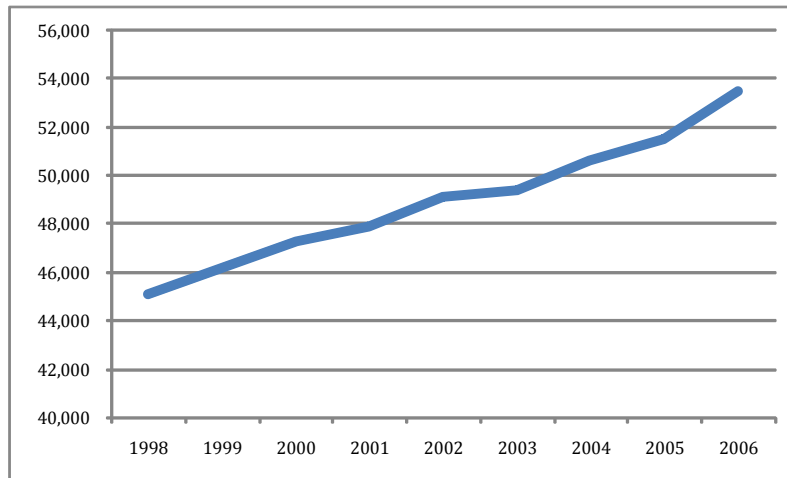
According to the United States Census Bureau, Utah has the highest birthrate in the United States. Utah County has one of the highest birthrates in Utah, with 22% of total births in the state for 2006.

Year	Utah County	State of Utah	Utah County % of Total
1998	9,232	45,128	20%
1999	9,807	46,243	21%
2000	9,864	47,331	21%
2001	10,234	47,915	21%
2002	10,588	49,140	22%
2003	10,742	49,384	22%
2004	10,954	50,653	22%
2005	11,314	51,517	22%
2006	11,726	53,475	22%

Utah County



State of Utah



Sources: Utah Department of Health, "Utah's Vital Statistics: Births and Deaths, 2006"; U.S. Census Bureau; "States: Live Births and Birth Rates"

Provo Compared to Utah State Average:

- Hispanic race population percentage **significantly above** state average.
- Median age **significantly below** state average.
- Foreign-born population percentage **significantly above** state average.
- Renting percentage **above** state average.
- Length of stay since moving in **significantly below** state average.
- House age **below** state average.
- Number of college students **significantly above** state average.
- Percentage of population with a bachelor's degree or higher **above** state average.

Source: www.city-data.com

Provo Recreation and Culture Opportunities

Recreation

Golf Courses (within 15 min.)	10
Public Tennis Courts	37
Public Parks	32
Softball Complexes	5
Ice Rinks	2
Skate Park	1

In 2007, Forbes Magazine© ranked Provo #2 on its list of Best Places for Businesses and Careers.

Culture

Museums	8
Live Theatrical Venues	14

Provo uses a council-mayor form of government.

Points of Interest and Special Events

A family celebration of the holidays including First Night
America's Freedom Festival at Provo
Hiking, fishing, and the most spectacular scenery in the country
Home of the famous Sundance Film Festival and Summer Theater.
One of the nation's biggest Independence Day celebrations
Provo River World Class Trout Fishing & The High Uintas Mountain Range
Sundance Ski Resort and Summer Theater
WinterFest in Downtown Provo

Source: Provo City (www.provo.org)

Largest Employers in Utah County

2007

<u>Company Name</u>	<u>Employees₁</u>	<u>Type of Company</u>
Brigham Young University	15,000-19,999	Education
Utah Valley Regional Medical Center	2,000-2,999	Health Care
Novell	1,000-1,999	Information
Provo School District	1,000-1,999	Educational Services
Utah County	500-999	Government
My Family.Com	500-999	Information
Nuskin International	500-999	Wholesale Nutraceutical
Provo City	500-999	Government
Utah State Hospital	500-999	Health Care
Central Utah Medical Center	250-499	Health Care

¹Employment statistics for major employers in Utah are typically tracked by Utah Department of Workforce Services, which lists major employers using a range.

Source: Provo City (www.provo.org)

Inc. Magazine© ranked Provo #9 on their '06 Boomtowns list of Hottest Midsize Cities in its May 2006 issue, calling the city an "entrepreneurial hotbed."

Largest Taxpayers in Provo

2006

<u>Taxpayer</u>	<u>2006 Taxable Value</u>	<u>Percent of District's Total Taxable Value (1)</u>
Novell, Inc.	\$ 67,000,000	1.87%
Provo Mall Development Company	36,873,000	1.03%
Qwest Communications	32,615,000	0.91%
Central Utah Investment Co.	26,766,000	0.75%
Scrub Oak Ltd.	18,408,000	0.51%
Tropical Development LLC	15,500,000	0.43%
Terranet Investments LLC	14,377,000	0.40%
Questar Gas	14,295,000	0.40%
Epixtech	10,811,000	0.30%
Intermountain Healthcare Inc.	10,058,000	0.28%

Source: Utah County Assessor's Office and State Tax Commission

Utah County Employment Statistics

1990 to May 2008

Year	Labor Force	Employment	Unemployment	Unemployment Rate
2008	225,889	218,981	6,908	3.06%
2007	220,138	214,747	5,391	2.45
2006	212,422	206,498	5,924	2.78
2005	203,741	195,690	8,050	3.96
2004	196,983	187,599	9,384	4.78
2003	189,181	179,388	9,792	5.17
2002	185,759	175,179	10,580	5.71
2001	182,734	175,283	7,451	4.08
2000	180,176	174,879	5,297	2.94
1999	170,218	165,106	5,112	3.02
1998	165,439	160,346	5,093	3.08
1997	157,859	153,683	4,175	2.64
1996	154,052	149,541	4,512	2.93
1995	149,301	145,037	4,264	2.88
1994	144,291	139,658	4,633	3.22
1993	135,425	130,440	4,985	3.69
1992	128,255	122,824	5,430	4.24
1991	123,687	118,197	5,490	4.43
1990	116,996	111,760	5,237	4.48

Not seasonally adjusted

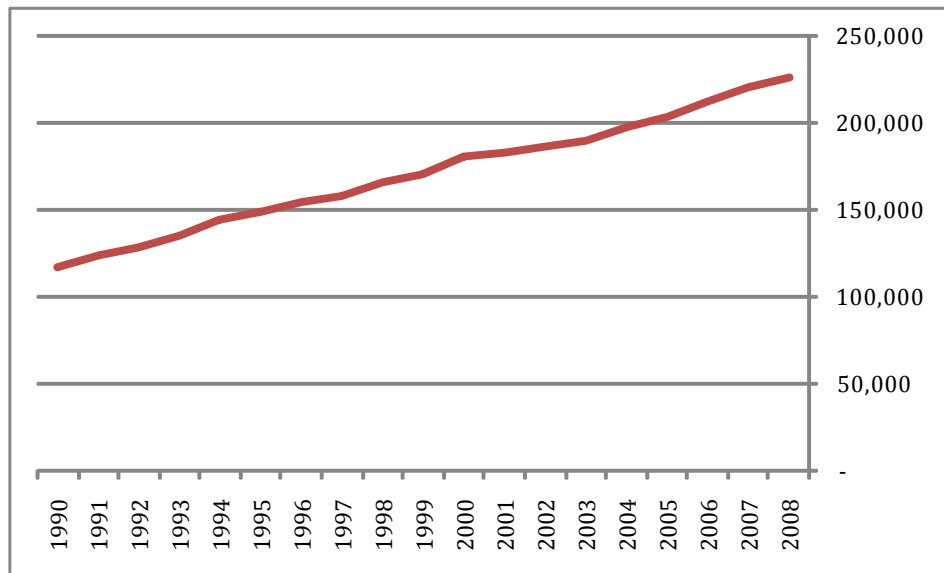
Annual rate calculated from average of each month

Source: Utah Dept. of Workforce Services

<http://jobs.utah.gov/jsp/wi/utalmis/countyhistdata.do#export>

Utah County Labor Force

1990 to May 2008



Selected Demographics

Provo City - Utah - United States

	<u>Provo</u>	<u>Utah</u>	<u>United States</u>
<u>Housing Characteristics</u>			
Owner Occupied	39.8%	72.0%	67.3%
Renter Occupied	60.2%	28.0%	32.7%
Vacant Housing Units	5.8%	9.7%	11.6%
<u>Social Characteristics</u>			
Average Household Size	3.3	3.1	2.6
Average Family Size	3.40	3.6	3.2
High School Graduate or Higher	91.3%	90.2%	84.1%
Bachelor's Degree or Higher	40.1%	28.6%	27.0%
<u>Economic Characteristics</u>			
Median Household Income	34,211	51,309	48,451
Per Capita Income	14,773	21,016	25,267
Mean Travel Time to Work (in minutes)	17	21	25
<u>Demographic Characteristics</u>			
Median Age	23.2	28.4	36.4

<u>Age Group</u>	<u>% of Population</u>
------------------	------------------------

Under 5 years	9.7%
5 to 9 years	4.7%
10 to 14 years	4.8%
15 to 19 years	13.2%
20 to 24 years	28.5%
25 to 34 years	18.1%
35 to 44 years	5.7%
45 to 54 years	6.1%
55 to 59 years	2.6%
60 to 64 years	2.1%
65 to 74 years	2.1%
75 to 84 years	1.9%
85 years and over	0.5%

With an average of 23, Provo has one of the youngest populations in the country.

Source: U.S. Census Bureau, 2006 American Community Survey

Provo City School District

Trends and Statistics



Where Provo City School District Fits In

Utah is made up of 40 school districts. The total enrollment of K-12 students for FY 2009, including charter schools, is projected to be 575,000. At a little over 13,000 students, Provo School District makes up about 2.3% of this total. This makes Provo the 10th largest school district in the state.

Top 10 School Districts in Utah for FY 2007-08

Rank	District	Enrollment
1	Jordan	80,187
2	Granite	67,948
3	Davis	64,551
4	Alpine	58,665
5	Weber	30,097
6	Nebo	26,588
7	Washington	25,295
8	Salt Lake	23,536
9	Cache	14,194
10	Provo	13,083

Over the next several years, the school-age population in Utah is expected to grow dramatically, while in Provo it's projected to remain relatively flat.

Over the next several years, the school-age population in Utah is expected to grow dramatically, while in Provo it's projected to remain relatively flat. One reason for this is the fact that there is little available land in Provo, while neighboring school districts have much more available land to grow on. This problem is compounded by the fact that Provo is a one-city, urban school district, and new growth in the state in recent years has typically been centered in suburban areas on the periphery of major cities.

Provo City School District
 Enrollment Trends

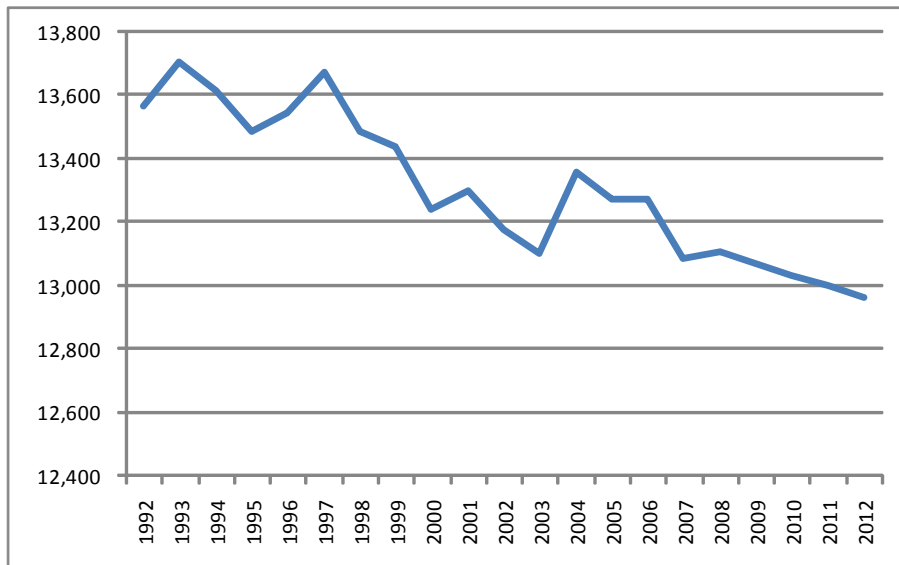
October 1 Enrollment 1992-2007; 2008-2012 Projections

These enrollment figures are taken from data gathered from October 1 enrollment reports each year. Projections for future years are made using simple regression analysis to forecast general expected student enrollment for future years. A more detailed approach, using migration patterns, birth rates, and what is referred to as survival rates, is used to get a more detailed analysis for the next year. Detailed analysis for the coming year is normally done in the fall, and the Board of Education and management are given the results after that time. Information and documentation regarding enrollment projection methods are available to the public through the business office.

<u>Year</u>	<u>Enrollment</u>	<u>Year</u>	<u>Enrollment</u>
1992	13,565	2003	13,103
1993	13,706	2004	13,359
1994	13,616	2005	13,273
1995	13,487	2006	13,272
1996	13,544	2007	13,083
1997	13,674	2008	13,104
1998	13,486	2009	13,069
1999	13,438	2010	13,033
2000	13,241	2011	12,998
2001	13,298	2012	12,962
2002	13,177		

Projected

District Enrollment Trend



Includes self-contained special education students

Provo City School District
 October 1, 2007 Enrollment Report

Fall Enrollment is a census taken as of the first school day in October each school year, as required by the Utah State Legislature. It's a major factor in determining the funding the District gets from the state as part of the Weighted Pupil Unit (WPU).

School Name	K	1st	2nd	3rd	4th	5th	6th	Special Education Self- Contained	General Education Membership	Full Enrollment
AMELIA EARHART	93	82	106	80	93	75	69	14	584	598
CANYON CREST	49	76	74	88	74	82	81	46	478	524
EDGEMONT	58	58	74	66	66	69	73	17	447	464
FARRER	106	67	56	59	56	46	43	75	358	433
FRANKLIN	79	69	78	70	73	83	57	22	487	509
GRANDVIEW	60	65	51	62	74	67	53	12	420	432
PROVOST	63	74	67	62	57	45	52	19	401	420
ROCK CANYON	77	92	90	74	87	90	92	22	580	602
SPRING CREEK	100	108	104	105	88	77	79	33	628	661
SUNSET VIEW	97	95	87	96	91	68	87	25	596	621
TIMPANOGOS	95	96	76	81	70	65	58	31	510	541
WASATCH	99	88	98	82	94	83	77	8	613	621
WESTRIDGE	131	136	130	125	117	104	95	20	818	838
TOTAL ELEMENTARY	1,107	1,106	1,091	1,050	1,040	954	916	344	6,920	7,264

School Name	7th	8th	9th	10th	11th	12th	Special Education Self- Contained	General Education Membership	Full Enrollment
CENTENNIAL	522	476	-	-	-	-	55	943	998
DIXON	411	409	-	-	-	-	55	765	820
TOTAL MIDDLE SCHOOL	933	885	-	-	-	-	110	1,708	1,818
PROVO H.S.	-	-	462	486	470	440	108	1,750	1,858
TIMPVIEV H.S.	-	-	456	466	444	434	59	1,741	1,800
INDEPENDENCE H.S.	-	-	67	72	96	67	-	302	302
CENTER FOR H.S. COMP	-	-	3	4	12	22	-	41	41
TOTAL HIGH SCHOOL	-	-	988	1,028	1,022	963	167	3,834	4,001
TOTAL SECONDARY	1,866	1,770	988	1,028	1,022	963	387	7,250	7,637
TOTAL FULL ENROLLMENT									13,083

Source: District data; audited enrollment reports submitted to State

Provo City School District

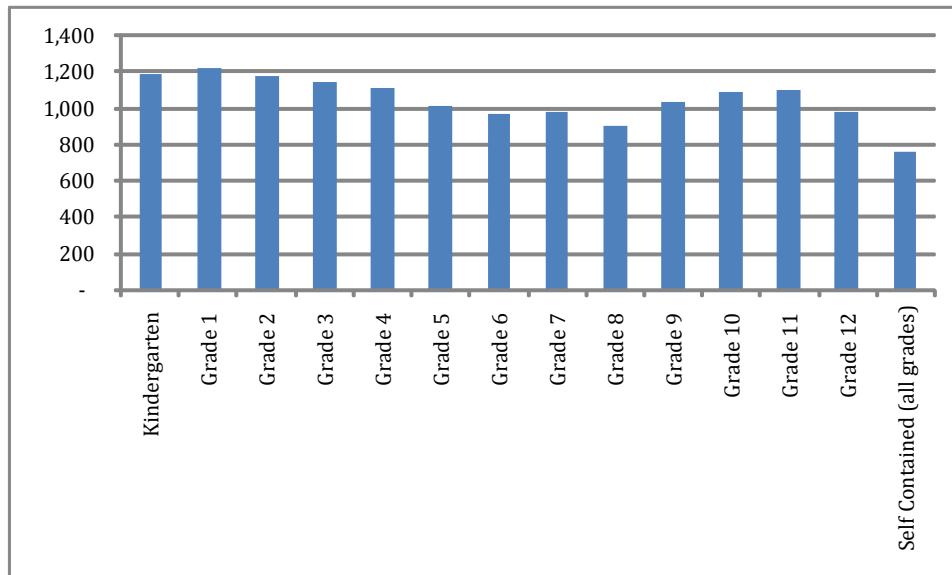
Average Daily Membership
2007-08 School Year

Average Daily Membership (ADM) is a different way of tracking student enrollment than the Fall Enrollment Report. ADM is the aggregate of days of student membership in a school during a typical 180 day school year, divided by the total number of school days in session during the same period.

Grade	Cumulative Count
Kindergarten	1,195
Grade 1	1,225
Grade 2	1,183
Grade 3	1,141
Grade 4	1,112
Grade 5	1,011
Grade 6	972
Grade 7	976
Grade 8	900
Grade 9	1,033
Grade 10	1,092
Grade 11	1,098
Grade 12	976
"Regular" Subtotal:	13,914
Self Contained	765
Total:	14,679

Average Daily Membership by Grade

2007-08 School Year



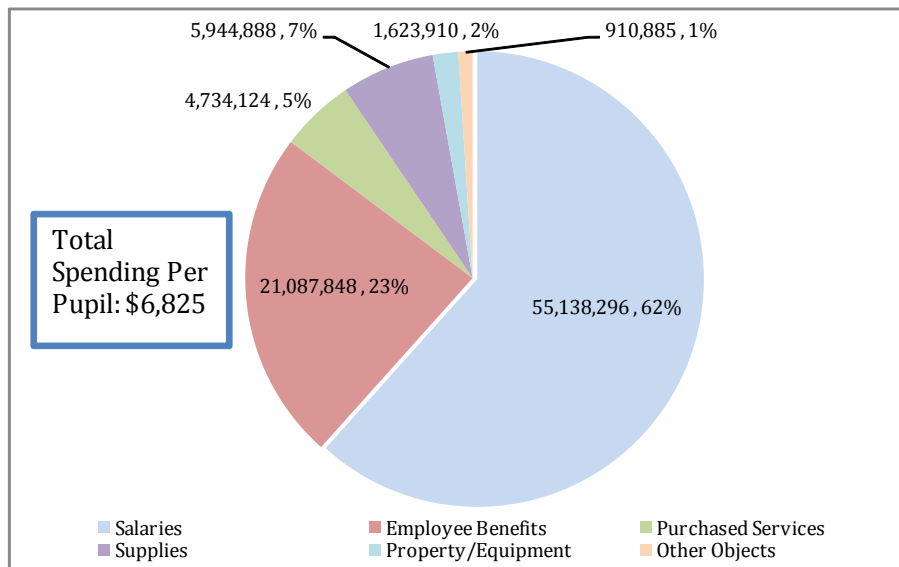
Amount Spent Per Student

In FY 2008-09, the District is budgeted to spend **\$6,825 per student** for the year - an increase of \$126 per student over FY 2007-08. This includes money spent on K-12 students from the General and Student Activities funds only. Money spent in the Capital Projects, Debt Services, Food Services, and Non K-12 funds are not included in this calculation.

Of the \$6,825 per student, 62% goes toward salaries, and 23% toward benefits, for a total of 85% spent on personnel costs. Nationally, 90% of per-pupil expenditures go toward personnel costs according to data from the United States Census Bureau.

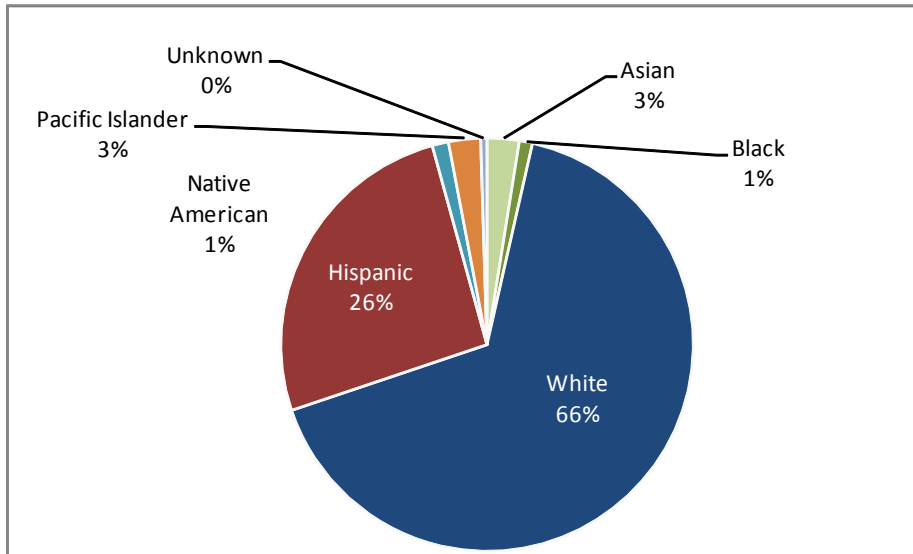
(Source: <http://www.census.gov/Press-Release/www/releases/archives/education/011747.html>)

Provo City School District FY 2008-09 Per-Pupil Expenditures General and Student Activities Funds Only



Provo City School District
Enrollment Demographics

Student Population by Race
2007-08



Source: District data; audited enrollment reports submitted to State

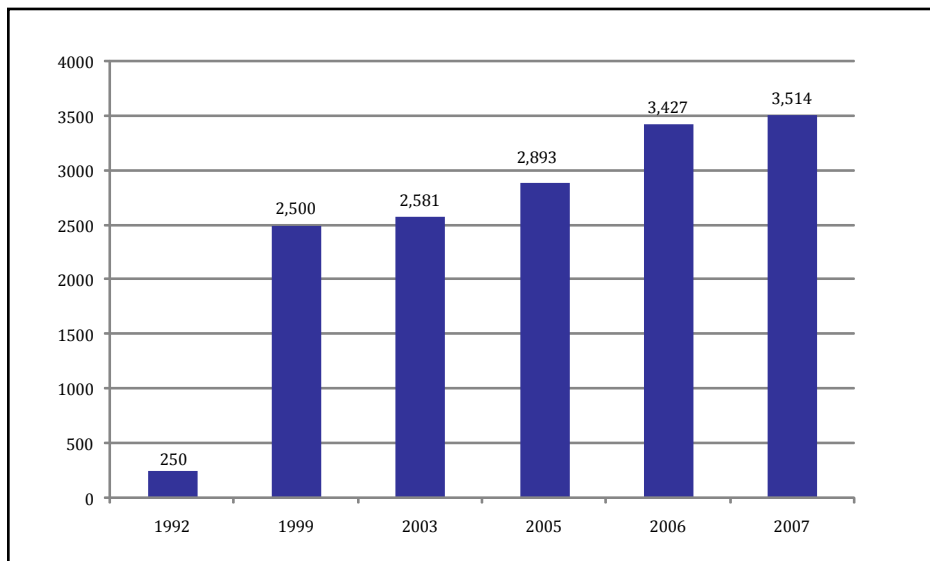
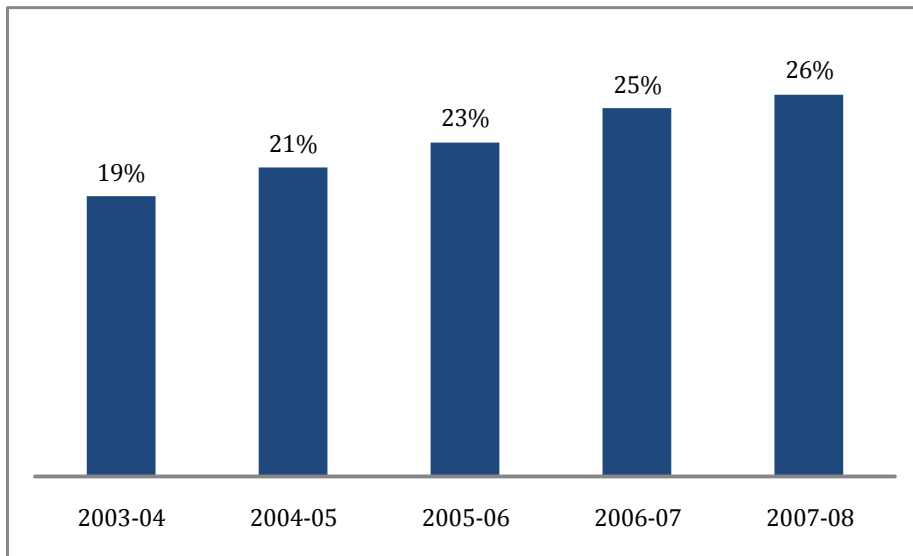
The District is becoming much more diverse. This can help provide a healthy and dynamic learning environment for students. However, challenges also occur - especially when different languages are involved. The District has been proactive in developing programs to help broaden future opportunities for all students.

Hispanic students make up the largest ethnic minority group in the District, with 26% of total enrollment as of October 1, 2007. More on this is covered on the next page.

Provo City School District
 Percentage of Hispanic Students
 2003-04 to 2007-08

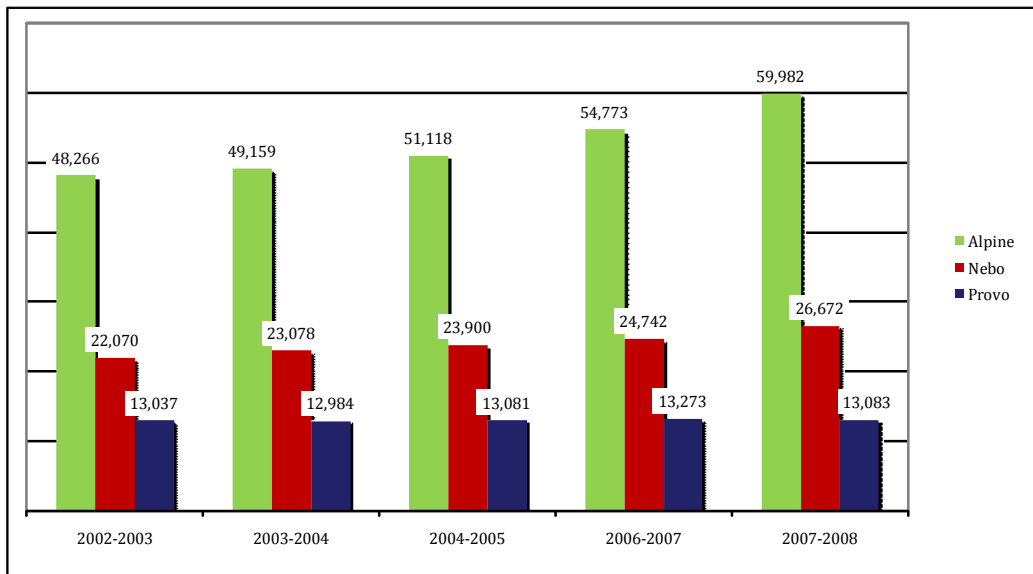
In 2002, the Hispanic population in the United States passed the African-American population to become the largest ethnic minority group in the country (Source: U.S. Census Bureau; www.census.gov). Likewise, Hispanic students make up by far the largest ethnic minority group in the District, mirroring what has happened throughout the United States.

Provo City School District Hispanic Enrollment by Percentage and Enrollment
 2003 - 2007; 1992 - 2007



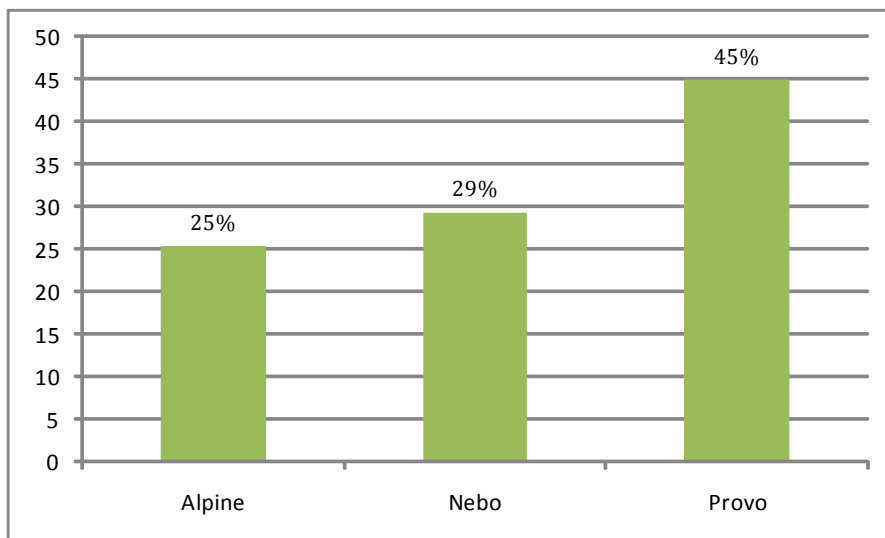
Source: District data; audited enrollment reports submitted to State

County Enrollment Comparison
 Provo, Alpine and Nebo School Districts
 2007-08



While Alpine School District, to the north, and Nebo School District, to the south, have grown rapidly this decade, enrollment in Provo has been flat. This is the case in most one-city districts throughout the State. Besides having flat enrollment throughout this period, Provo continues to have a substantially higher low-income student population than the other two districts in the county.

Percentage of Low-income Students to Total Enrollment
 Provo, Alpine and Nebo School Districts
 2006



Source: District data; Utah State Office of Education

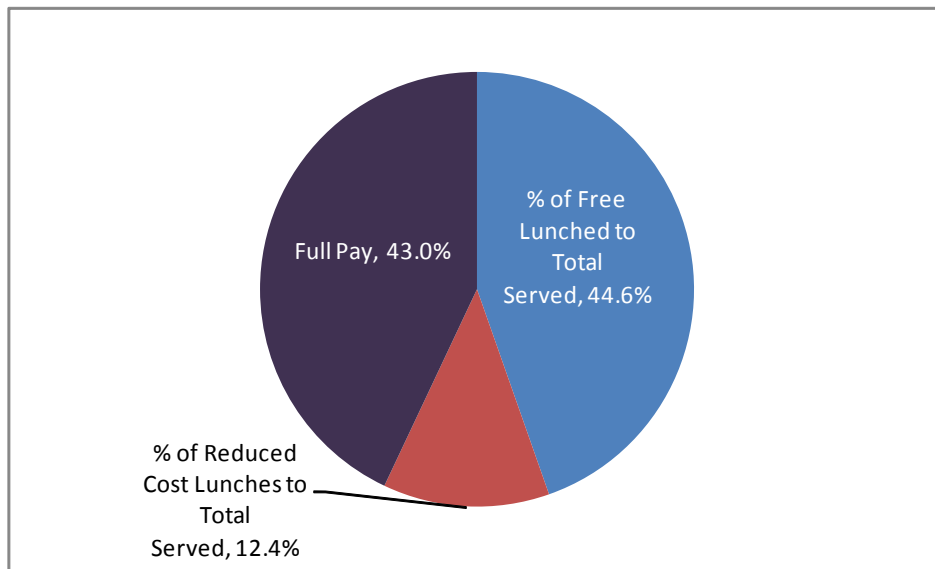
Provo City School District
 School Lunch Participation
 2007-08

School meal assistance is available based on financial need. Students with the greatest need qualify for free meals, while students with moderate need qualify for meals at a reduced price.

School Year	Meals Served	Breakfast Served	Free Lunch Served	% of Free Lunched to Total Served	Reduced Cost Lunch Served	% of Reduced Cost Lunches to Total Served
2001-02	1,214,770	252,424	526,438	43.3%	164,461	13.5%
2002-03	1,211,667	261,218	571,446	47.2%	157,921	13.0%
2003-04	1,226,062	267,538	603,325	49.2%	156,125	12.7%
2004-05	1,245,816	282,153	612,228	49.1%	160,509	12.9%
2005-06	1,256,839	289,865	609,996	48.5%	152,639	12.1%
2006-07	1,255,951	293,649	567,608	45.2%	164,048	13.1%
2007-08 ₁	1,251,460	304,189	558,296	44.6%	155,298	12.4%

₁ Preliminary; doesn't include June summer lunches

School Lunch Participation by Type
 2007-08

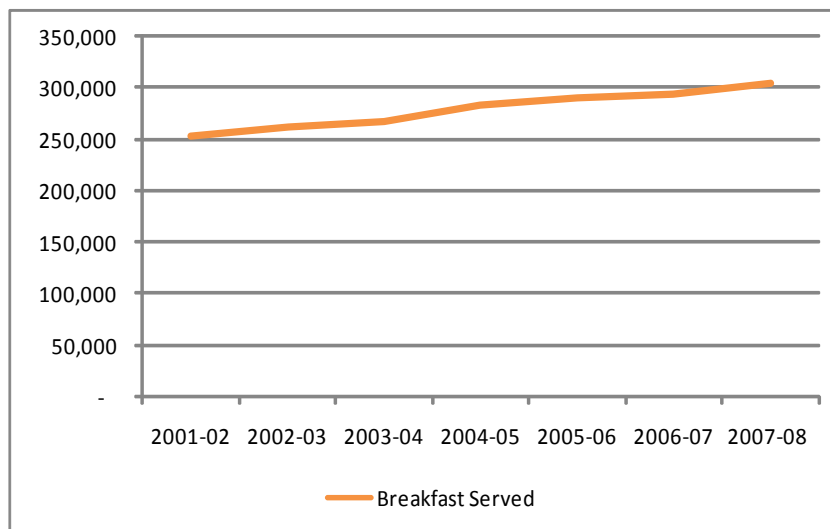
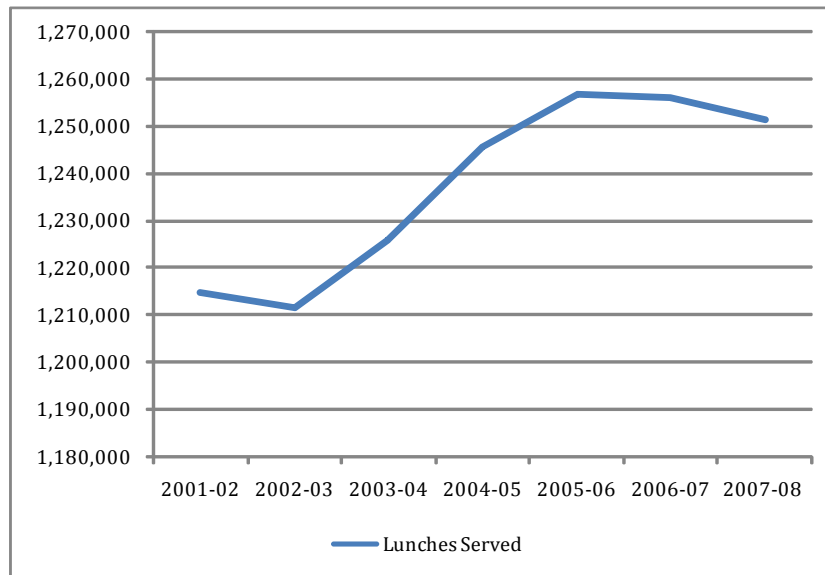


Source: District data

Provo City School District
 School Lunch and Breakfast Participation
 2001-02 to 2007-08

School Food Services participation has grown moderately during the current decade. **After final participation figures become available, it's likely FY 2007-08 will end up roughly equal to the prior year in lunches served, and ahead of the past year in breakfasts served** (see table on previous page for detail on meals served).

Meals Served Multi-year Comparison

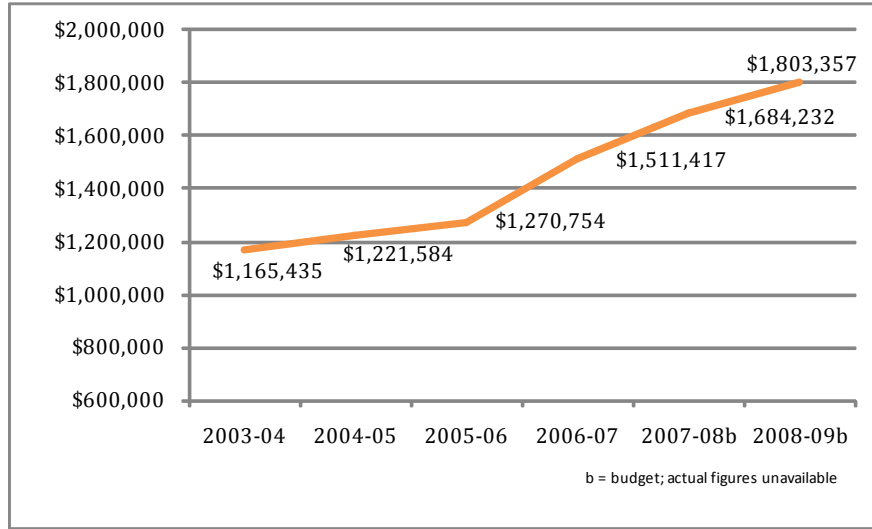


Source: District data

Provo City School District
 Historical and Projected Food Costs

For the first time in seven years, the District raised school food services meal prices in an effort to battle soaring food and energy costs. The District’s meal prices are the same as the other two districts in Utah County. The graph below shows the District’s annual expenditures on food for the past several years.

Food Costs
 FY 2003-04 to FY 2008-09 (projected)



Source: District data

Child Nutrition Meal Costs
 2007-08 to 2008-09 Comparison

School Breakfast and Lunch Prices	2007-08	2008-09	% Change
Breakfast	\$ 1.00	\$ 1.25	25%
Adult Breakfast	\$ 1.25	\$ 1.50	20%
Elementary Lunch	\$ 1.50	\$ 1.75	17%
Secondary Lunch	\$ 1.75	\$ 2.00	14%
Adult Lunch	\$ 2.50	\$ 2.75	10%
Reduced Price Breakfast	\$ 0.30	\$ 0.30	0%
Reduced Price Lunch	\$ 0.40	\$ 0.40	0%

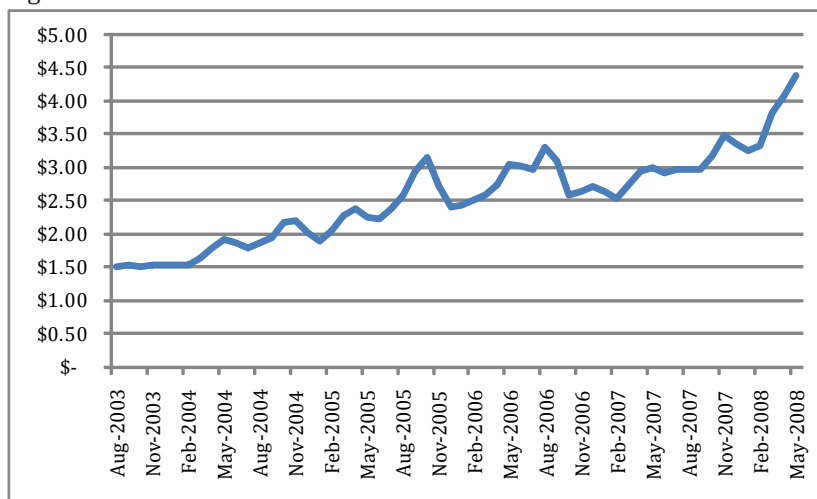
Prior to this change, the last time the District raised meal prices was in 2001. The District projects overall school lunch participation will remain roughly the same during the 2008-09 school year. However, it’s likely the amount of full-pay students will decrease, while the number of free and reduced price meals served will increase - partly due to the increase in meal prices, and partly due to economic and other factors.

Provo City School District
Motor Fuel Costs

Just as rising energy costs impact each of us individually, the District is impacted by these increases as well. While the District is doing everything it can to conserve, in the end these increases must come from somewhere. In 2007-08, a Geographic Information System (GIS) software program was purchased to analyze District population and transportation patterns in an effort to maximize efficiency and minimize energy costs as much as possible.

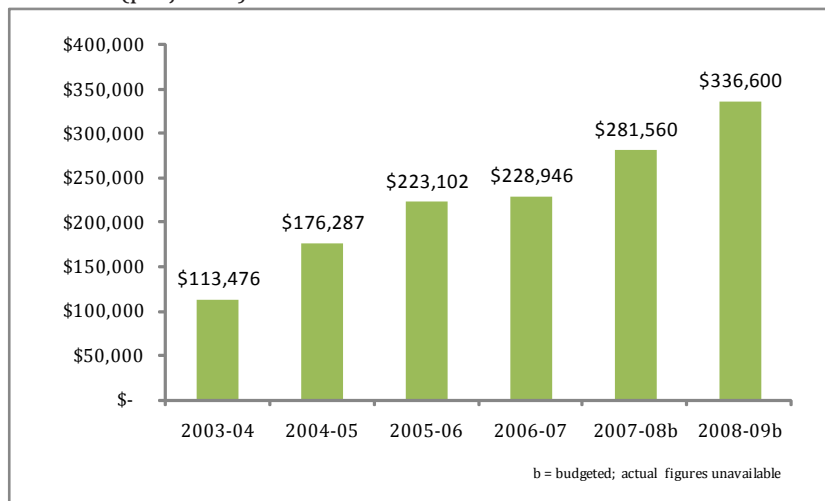
The two charts below illustrate the effect fuel prices have on the District's operations. The first chart shows the sharp increase to average diesel fuel prices in the Rocky Mountain region from 2003 to 2008. The second chart shows the District's actual costs for the same period.

Average Diesel Fuel Prices: August 2003 - May 2008
Rocky Mountain Region



Source: U.S. Dept. of Energy;
http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp#graph_buttons

Provo City School District Motor Fuel Costs
FY 2003-04 to FY 2008-09 (projected)



Source: District data

Provo City School District

Transportation Statistics

FY 2007-08

Miles traveled--497,132.4

Number of students transported daily--5,169

Driving hours per day--271.25

Route miles driven per day--2,747.6

Field and activity trip miles per day--268.5

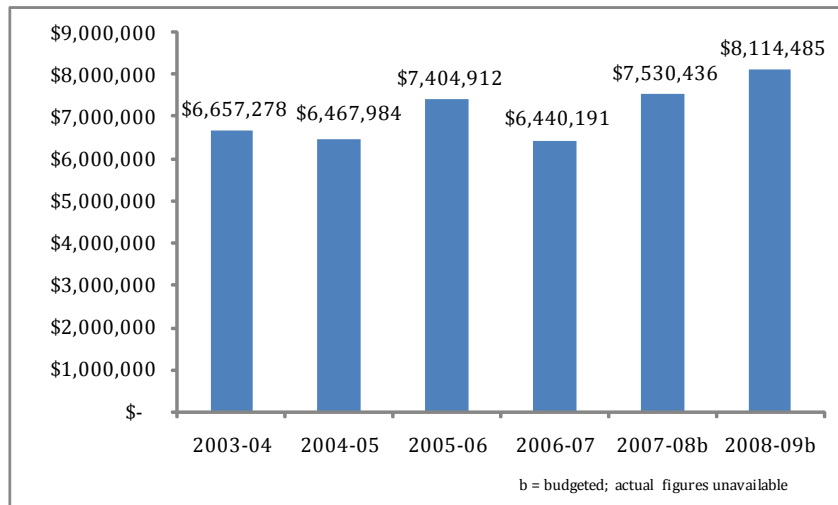
Number of buses--48

Provo City School District

Health Care Cost Trends

FY 2003-04 - FY 2008-09 (projected)

The rising cost of healthcare is a problem nationwide, and the District isn't immune. In 2005, a premium participation plan was put in place, with employees paying a percentage of their premiums. This was designed not only to save money, but more importantly help employees take ownership of their healthcare. In addition to this, a small budget is set aside in FY 2008-09 to allow the human resources department to enact a healthy lifestyles plan. The expectation is the program will help employees further take control of their own healthcare needs, thus creating healthier, better employees and lower overall healthcare costs for the District.



Source: District data

Provo City School District Testing Statistics

Iowa Test of Basic Skills (ITBS) Scores
September 2007 Test Date

The Iowa Tests of Basic Skills, or ITBS for short, are nationally standardized achievement tests that provide a comprehensive assessment of student progress in all the basic educational skills. The primary reason for using a standardized achievement test battery is to gather information that can be used to help improve instruction.

Source: www.pesdirect.com

Listed below are Provo City School District's September 2007 scores in grades 3, 5, and 8.

	Reading	Language	Mathematics	Core Total	Social Studies	Science	Total Composite
Grade 3 Number of Students Included	981	996	970	949	999	999	941
Average Standard Score (SS)	177.6	169.7	171.9	173.4	178.1	180.5	176.1
Grade Equivalent of Average SS	3.3	2.9	3	3	3.4	3.5	3.2
National Stanine of Average SS	5	5	5	5	5	6	5
Normal Curve Equivalent of Average SS	54	45	49	49	55	57	53
Percentile Rank of Average SS - National Student Norms Number of Students Tested = 1006	57	41	47	48	58	62	55
Grade 5 Number of Students Included	913	917	906	901	917	914	899
Average Standard Score (SS)	207	204.9	206.3	206.4	205.6	212.9	207.8
Grade Equivalent of Average SS	5.3	5.1	5.2	5.2	5.2	5.7	5.4
National Stanine of Average SS	5	5	5	5	5	6	5
Normal Curve Equivalent of Average SS	52	50	52	51	51	56	53
Percentile Rank of Average SS - National Student Norms Number of Students Tested = 919	54	50	54	52	52	61	56
Grade 8 Number of Students Included	834	839	835	830	838	836	829
Average Standard Score (SS)	254.4	248.8	245.6	250	244.4	262	251.5
Grade Equivalent of Average SS	9.3	8.7	8.5	8.8	8.2	10	9
National Stanine of Average SS	6	5	5	5	5	6	5
Normal Curve Equivalent of Average SS	57	53	52	54	51	59	54
Percentile Rank of Average SS - National Student Norms Number of Students Tested = 839	64	55	54	57	52	66	58

Source: District data

Provo City School District

Utah Basic Skills Competency Test (UBSCT) Scores
 October 2007 Test Date

In 1999, the Utah State Legislature drafted and passed H.B. 33. Among other things, H.B. 33 called for the construction and implementation of a basic skills competency test to be given in the tenth grade. In 2000, the need and desire for a basic skills competency test was reaffirmed by the legislature in the passage of H.B. 177. Students need to pass this test (UBSCT) in order to receive a “basic high school diploma.”

Subject	Total Number of Students Tested	Percent of Group in Level 1	Percent of Group in Level 2	Percent of Group in Level 3	Percent of Group in Level 4
Writing	389	10.8%	29.8%	50.9%	8.5%
Reading	210	36.2%	16.7%	19.0%	28.1%
Mathematics	386	22.8%	38.6%	22.8%	15.8%

Key:

Level	Mastery	
Level 4	Susbtantial	Pass
Level 3	Sufficient	
Level 2	Partial	Re-test
Level 1	Minimal	

Source: District data

Provo City School District
 ACT® Test Scores

The ACT® is America’s most widely accepted college entrance exam. It assesses high school students’ general educational development and their ability to complete college-level work. The multiple-choice tests cover four skill areas: english, mathematics, reading, and science. The writing test, which is optional, measures skill in planning and writing a short essay.

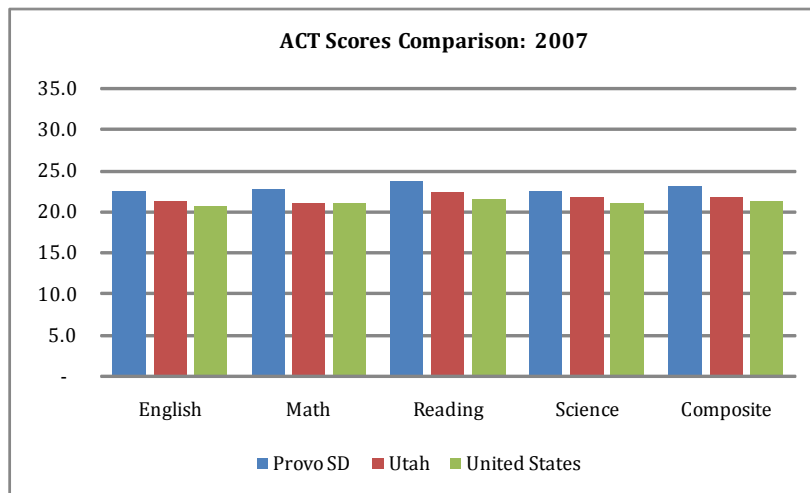
2007 Average ACT® Scores:

Provo-Utah-United States

ACT Test Score	Provo City SD ₁	Utah ₂	United States ₂
English	22.6	21.3	20.7
Math	22.8	21.1	21.0
Reading	23.6	22.2	21.5
Science	22.6	21.6	21.0
Composite	23.0	21.7	21.2

₁Provo City School District data
₂www.ACT.org data

ACT® Score Comparison
 Provo City School District, Utah, United States



Sources: ₁District data; ₂www.act.org

Provo City School District

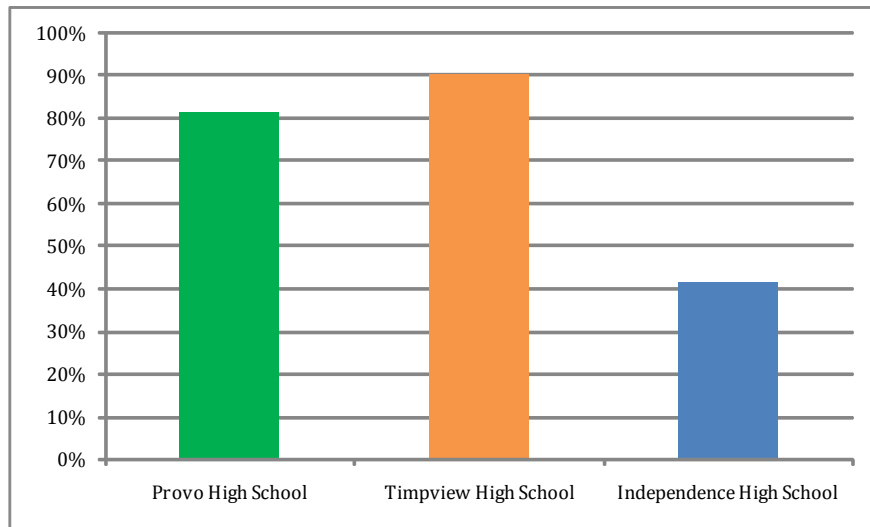
Graduation Rates

2007-08 School Year

School	Seniors	Graduates/ Pending Graduates	Graduation Percentage %
Provo High School	458	373	81%
Timpview High School	426	385	90%
Independence High School	92	38	41%
Total:	976	796	82%

Graduation Rates by School

2007-08 School Year

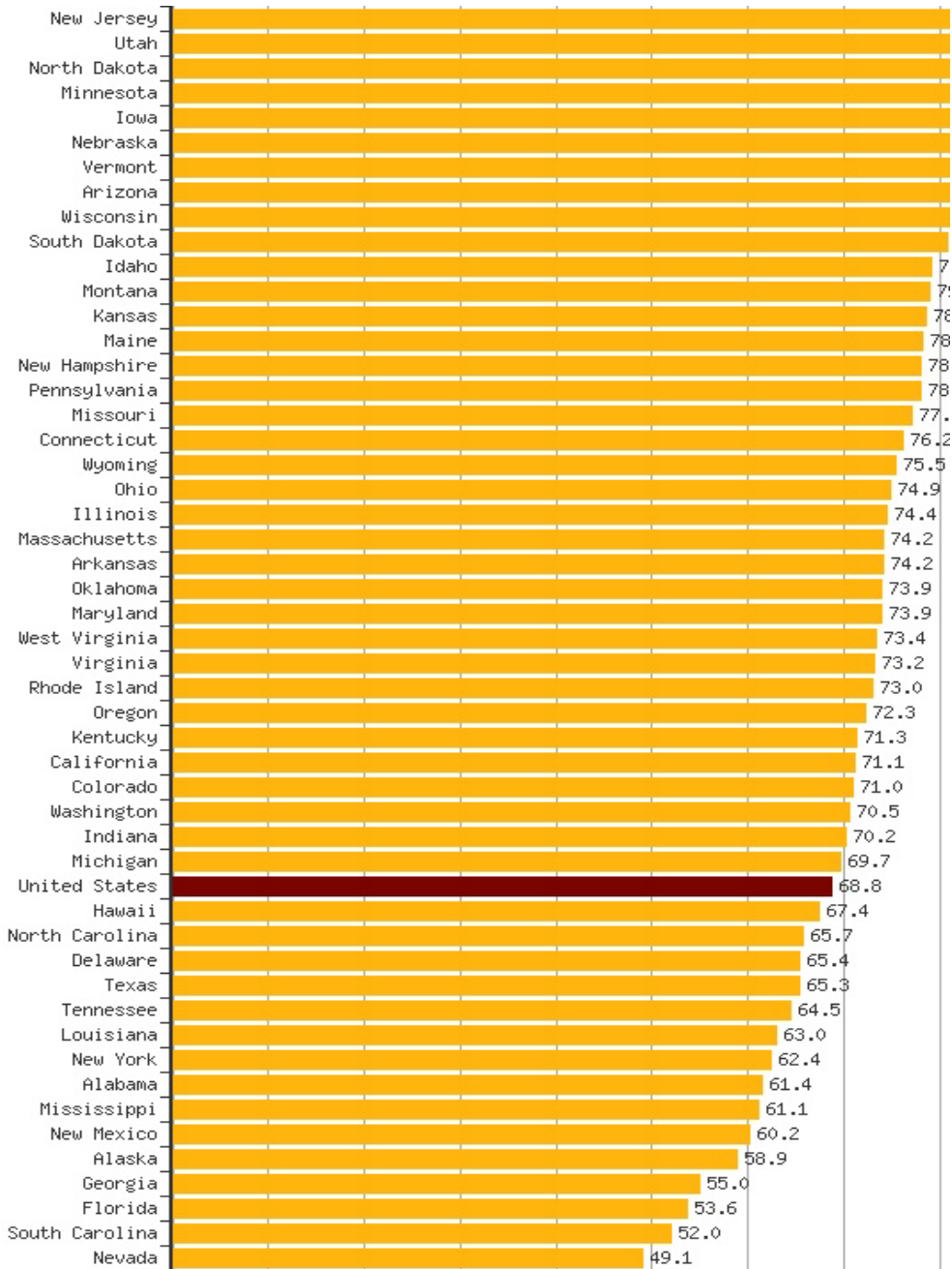


Utah has the 2nd highest graduation rate in the United States, according to a study by the NCHEMS Information Center. At 82%, the District's rate is slightly under Utah's average, but well ahead of the U.S. average of 69%. A chart showing high school graduation rates by state is included on the next page.

Source: District data

U.S. Public High School Graduation Rates 2005 (latest year available)

This graph can be used to compare the District's graduation rates, found on the previous page, with those in other states. With a graduation rate of 82%, Provo City School District places higher than 42 of 50 state averages.



Source: National Center for Education Statistics (NCES)

Glossary

Appropriation: an authorization, usually limited in amount and time, granted by a legislative body to make expenditures and to incur obligations for specific purchases.

Assessed value: the value of taxable businesses and residences. The District's overall tax rate is determined by the combined assessed value of all businesses and residences in Provo City.

Asset: an economic benefit obtained or controlled by the District as a result of a past transaction or event.

Average Daily Membership (ADM): the aggregate days of student membership in a school during a typical 180 day school year, divided by the total number of school days in session during the same period.

Balance sheet: a summary of the District's balances. Assets, liabilities and fund balances (called "equity" in non-governmental accounting) are included on the balance sheet.

Basic School Program: programs for kindergarten, elementary, and secondary school students that are operated and maintained for the amount derived by multiplying the number of Weighted Pupil Units (WPU) for each district or charter school by the value of the Weighted Pupil Unit.

Budget initiatives: short-term goals or objectives the District intends to accomplish in the near future. Initiatives should support the District's mission and long-term goals.

Capital expenditure: tangible property of a more or less permanent nature with a useful life of at least three years, and costing at least \$5,000. Examples of capital expenditures include buildings, copy machines, buses, and computer/information technology equipment.

Cost center: part of the District that does not produce direct profit and adds to the cost of running the overall organization. An example of a cost center is the purchasing department.

Debt service: cash required over a given period for the repayment of interest and principal on a debt.

Depreciation: the expiration in the useful life of District assets, attributable to age, wear-and-tear, and obsolescence.

Encumbrance: a method of reserving funds for purchase orders, salary contracts, and other financial commitments which are forthcoming.

Expenditure: a charge that is incurred, presumably to benefit the District.

Fall enrollment report: the audited census of students registered in Utah public schools as reported in the audited October 1 Fall Enrollment Report from the previous year.

Fiscal year: a 12 month period beginning July 1st and ending June 30th each year. The District's budget operates annually on this schedule.

Full-time Equivalent (FTE): a unit of workforce measurement. An employee hired to fill a normal contract day of approximately 8 hours is considered 1.0 FTE. An assistant that works 1/2 time is considered 0.5 FTE, and so forth.

Function: a relatively broad grouping of related expenditures or revenues aimed at accomplishing a common objective.

Fund balance: the difference between assets and liabilities (see "asset" and "liability").

Fund: a segregation of accounting and financial resources, each with cash and other assets, liabilities, and fund balances.

Indirect costs: costs that are associated with, but not directly attributable to, a specific program or service provided.

Legal debt limit: the amount of debt the District can enter into; based on the overall taxable market value of Provo City multiplied by 4%.

Legal debt margin: amount of debt the District can enter into after current debt is included. Can be classified as a percentage or dollar amount. See "Legal debt limit."

Liability: an obligation of the District arising from past transactions or events. Liabilities are recorded on the District's balance sheet.

Minimum School Program: the primary funding source for school districts and charter schools in Utah. MSP funds are distributed according to formulas provided by State law, and State Board rules.

Modified Accrual Basis: the method of accounting used by the District, where revenues are recognized when measurable and available.

Non-routine expenditure: expenditures that occur infrequently and are not typically part of normal operations.

Object: a classification used for both revenues and expenditures to determine the kind of transaction taking place. Examples of objects include teacher salaries, textbooks, and repairs.

Other financing source: transactions that cannot be clearly classified as either a revenue or expenditure. An example is the transfer of fund balances from one fund to another.

Program: revenues and expenditures that are tracked as a particular project. An example of a program is "Title I," which is referenced in the book as a federal grant the District receives. The District operates approximately 300 programs.

Property tax levy: individual components of property taxes the District receives each year. The District may receive tax revenue from up to 13 different levies, and when combined they form the overall property tax rate.

Property tax rate: the tax rate at which homes and businesses are charged annually.

Regression analysis: a statistical method that can be used for predicting future numerical values. The District uses a form of regression analysis when projecting future enrollment, revenues, and other figures.

Revenue: actual income the District receives from external sources. Donated items of value are not counted as revenue.

Self-contained: students with learning or behavioral difficulties that are taught in learning environments separate from the general student body.

Stakeholder: any person or group that has a vested interest in the District. Examples include the public, local businesses, employees, Board of Education, and legislature.

Survival rates: a method used by the District to project future enrollment. Factors included in the method can include birth rates, inter- and intra-city mobility patterns, previous enrollment figures, rental vs. homeownership figures, etc.

Taxable market value: see "Assessed Value."

Truth-in-Taxation: a public hearing held annually if the District's budgeted property tax for the coming year exceeds the past year's amount.

Undistributed reserve: part of the District's fund balance that is not specifically reserved for a particular purpose.

Weighted Pupil Unit (WPU): a unit of measure used to determine the needed amount of state funding in a fair and equitable way.

Zero-based budgeting: a method of budgeting used by the District in which all expenses must be justified each year. Zero-based budgeting starts from a "zero base" and every program within the District is analyzed to determine viability and cost. Budgets are then built around what is needed for the upcoming year, regardless of whether the budget is higher or lower than the previous one.

