

**NEW BUSINESS
ADMINISTRATOR
FINANCE TRAINING
SCHOOL DISTRICT
FINANCE 101**

UASBO

APRIL 26, 2022

DISCLAIMER #1

- This will be a quick, broad, and “30,000 foot level” presentation
- May be best suited to new Business Administrators or those working in other positions wanting to learn more
- Each district will have specific nuances

DISCLAIMER #2

- School District Finance is the easiest part of the job of being a Business Administrator
- If you find training on the hard stuff, please let me know
 - How to deal with difficult people and situations, all day, every day
 - How to be blamed both directly and indirectly for nearly everything without it bothering you
 - How to be politically correct and never offend anyone in anything you do or say
 - How to work 12 hours a day, every day without burning out (or how not to be burned out)
 - How to stay mentally and physically healthy sitting through so many meetings

GENERAL TOPICS

- Fund Accounting
- Property Taxes
- Basic Levy and the WPU Guarantee
- Voted and Board Levies and the Voted and Board Guarantees
- General Obligation Bonds vs. Lease Revenue Bonds
- Tax Increment Financing
- Restricted Versus Unrestricted Funding
- Comparison Graphs

FUND ACCOUNTING – MOST COMMON

✓ Governmental Funds

- **General Fund - Fund 10** - accounts for everything not in other funds
- **Capital Projects Fund - Fund 32** - accounts for land, building, equipment, and lease revenue bond payments
- **Debt Service Fund - Fund 31** - accounts for general obligation bond payments
- **Special Revenue Funds - Fund 2x** - accounts for programs having greater than 50% restricted revenues or those restricted by the Governing Board
 - Student Activity Fund - Fund 21
 - Non K-12 Programs (Pre-School, Adult Ed., Recreation, etc.) - Fund 23
 - Tax Increment Financing Fund - Fund 26
 - Nutrition Services Fund (some districts account for this as a Proprietary/Enterprise Fund)
 - Education Foundation Fund

FUND ACCOUNTING – LESS COMMON

✓ Proprietary Funds

- Enterprise Funds
 - School Food Services Fund
 - Swimming Pools Fund
- Internal Service Funds
 - Self-Insurance Fund
 - Benefits Fund
 - Warehouse Fund

✓ Fiduciary Funds

- Trust Funds
- Custodial Funds

PROPERTY TAXES – BY FUND

✓ General Fund

- Basic Levy – 0.001661
 - Set by the State Legislature, Tax Commission, and USBE
- Board Local Levy – maximum of 0.002500
 - Charter Levy as calculated by USBE counts against this maximum
 - Remaining amount available for local Board of Education to set
- Voted Local Levy – maximum of 0.002000
 - Voters must approve the maximum this tax rate can go

✓ Capital Projects Fund

- Capital Local Levy – maximum of 0.003000

✓ Debt Service Fund

- Debt Service Levy – set to meet the debt service needs of GO bonds approved by voters

PROPERTY TAXES – BASIC CALCULATION

- Market Value
- Assessed Value (*primary homes receive a 45% exemption*)
- Basic Property Tax Calculation
 - Tax Rate x Total Assessed Value = Tax Revenue
 - Tax Rate = Tax Revenue / Total Assessed Value

County Auditor	➔	Certified Tax Rate
County Assessor	➔	Assessed Value
County Treasurer	➔	Tax Revenue

PROPERTY TAXES – CERTIFIED TAX RATE (CTR)

- **Calculated and set (certified) by County Auditor**
- **Revenue Neutrality Principal**
 - Certified Tax Rate = prior year's expected tax revenue / total of last year's property at current years assessed value
 - $CTR = PY \text{ Tax Revenue} / CY \text{ Assessed Value}$
 - $PY \text{ Tax Revenue} = CTR \times CY \text{ Assessed Value}$



- *Note – no adjustment for inflation is included in the calculation*

PROPERTY TAXES – ADJUSTMENTS TO REVENUE

New Growth

- Any new property on the rolls this year that wasn't there last year multiplied by the Certified Tax Rate = New Revenue to be received

$$\text{NEW PROPERTY} \times \text{CTR} = \text{NEW REVENUE}$$

- State will remove some of its funding due to this new revenue (WPU, State Guarantees)

Truth in Taxation (TNT)

- Local Board of Education has the opportunity to reset and go higher than the Certified Tax Rate for the Voted, Board, and Capital Local Levies
- Capture inflation since last TNT
- Explosive meetings

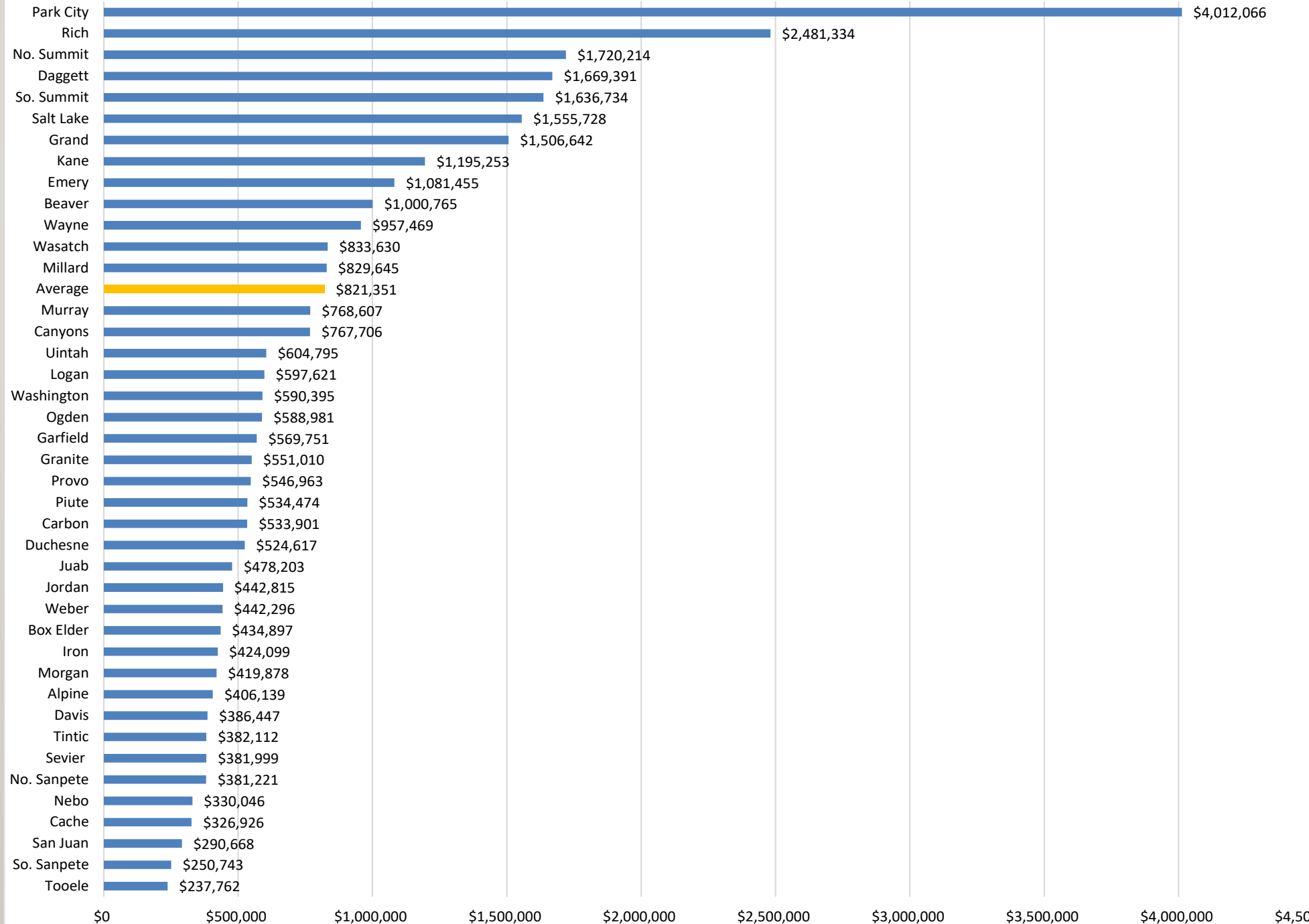
PROPERTY TAX COMPARISONS

- Assessed Valuation Per Student by District
- Tax Rates by District
- Tax Proceeds per Student by District

ASSESSED VALUATION PER STUDENT

- Park City
- Rich
- North Summit
- Daggett
- South Summit
- ...Average...
- Nebo
- Cache
- San Juan
- South Sanpete
- Tooele

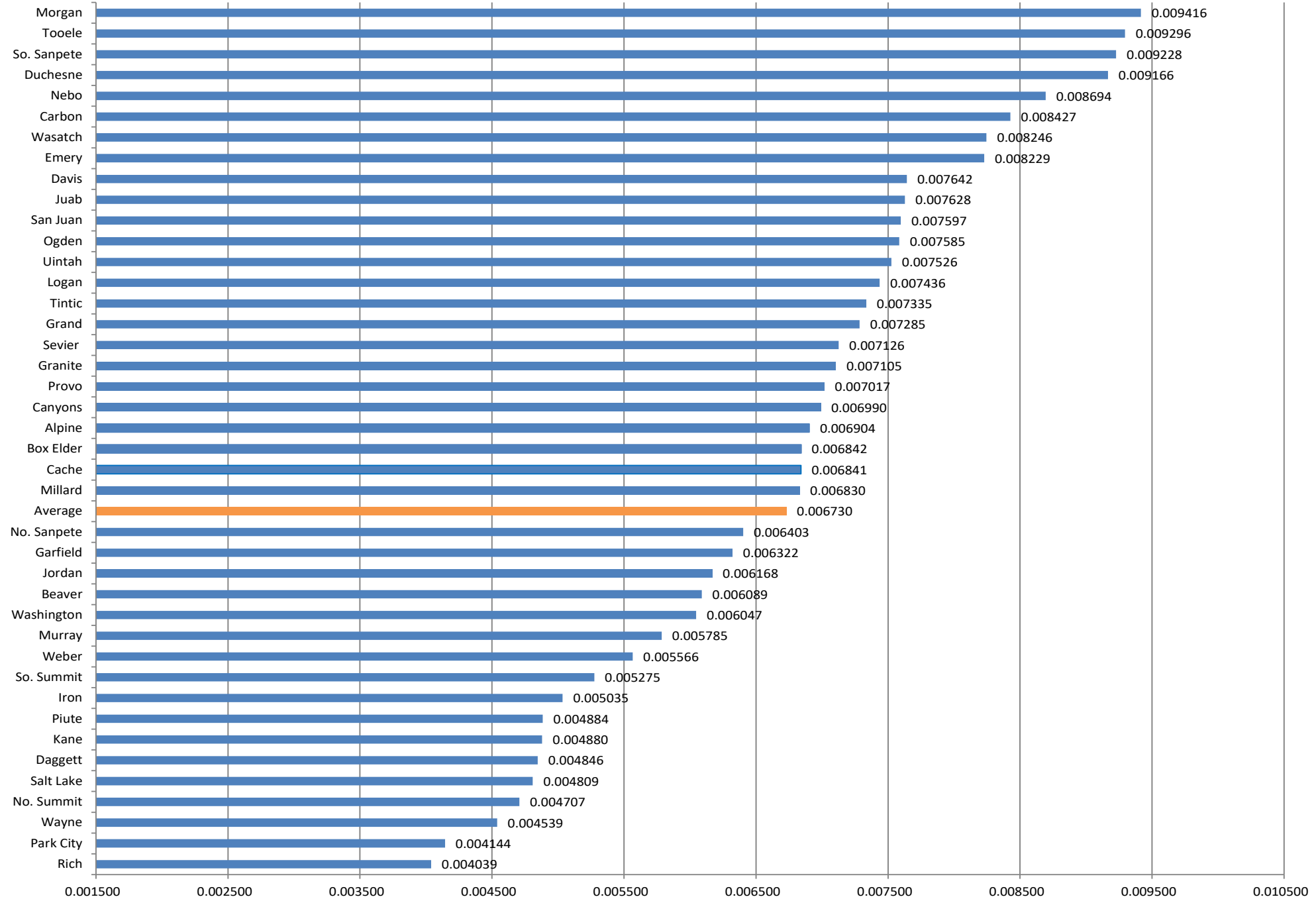
Estimated Adjusted Assessed Valuation per Student FY22



TAX RATES BY LEA

Morgan
Tooele
South Sanpete
Duchesne
Nebo
...Average...
Salt Lake
North Summit
Wayne
Park City
Rich

All Tax Rates - Tax Year 2021

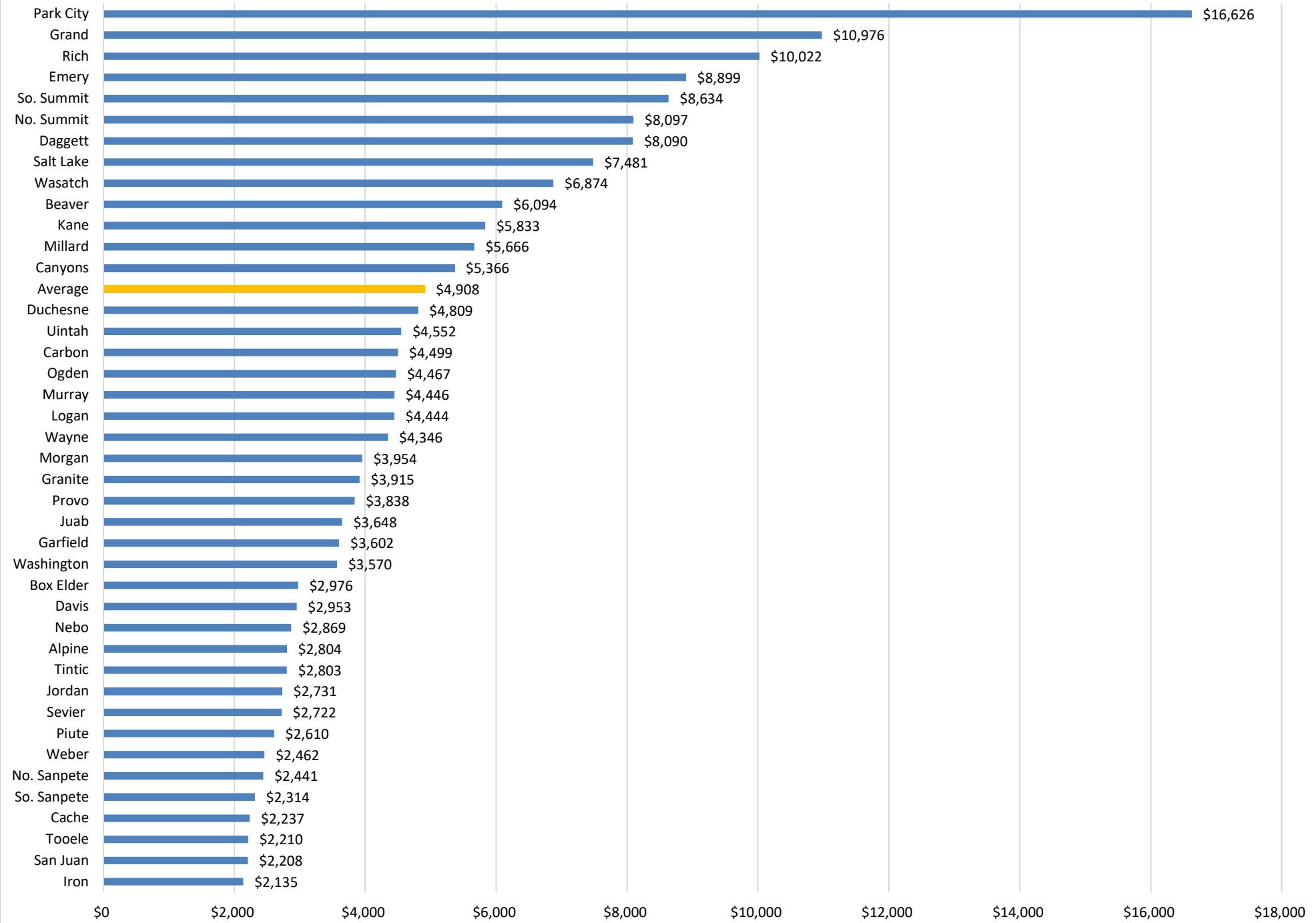


TAX YIELD PER STUDENT

AV / Student
X
Total Tax Rate

- Park City
- Grand
- Rich
- Emery
- South Summit
- ...Average...
- South Sanpete
- Cache
- Tooele
- San Juan
- Iron

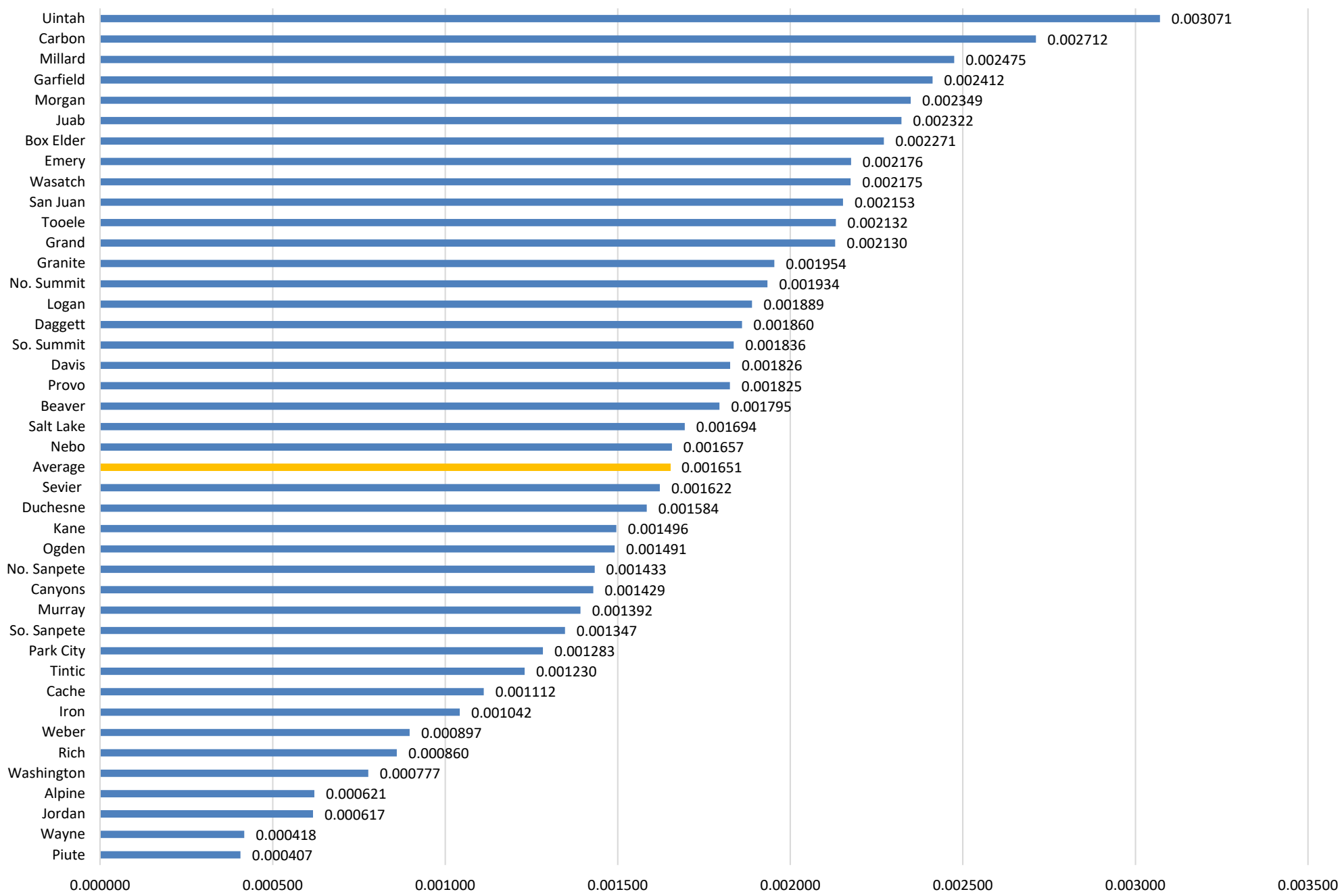
Estimated All Tax Rates Tax Yield Per Student FY22



BOARD LEVY BY LEA

- Uintah
- Carbon
- Millard
- Garfield
- Morgan
- ...
- Average...
- Washington
- Alpine
- Jordan
- Wayne
- Piute

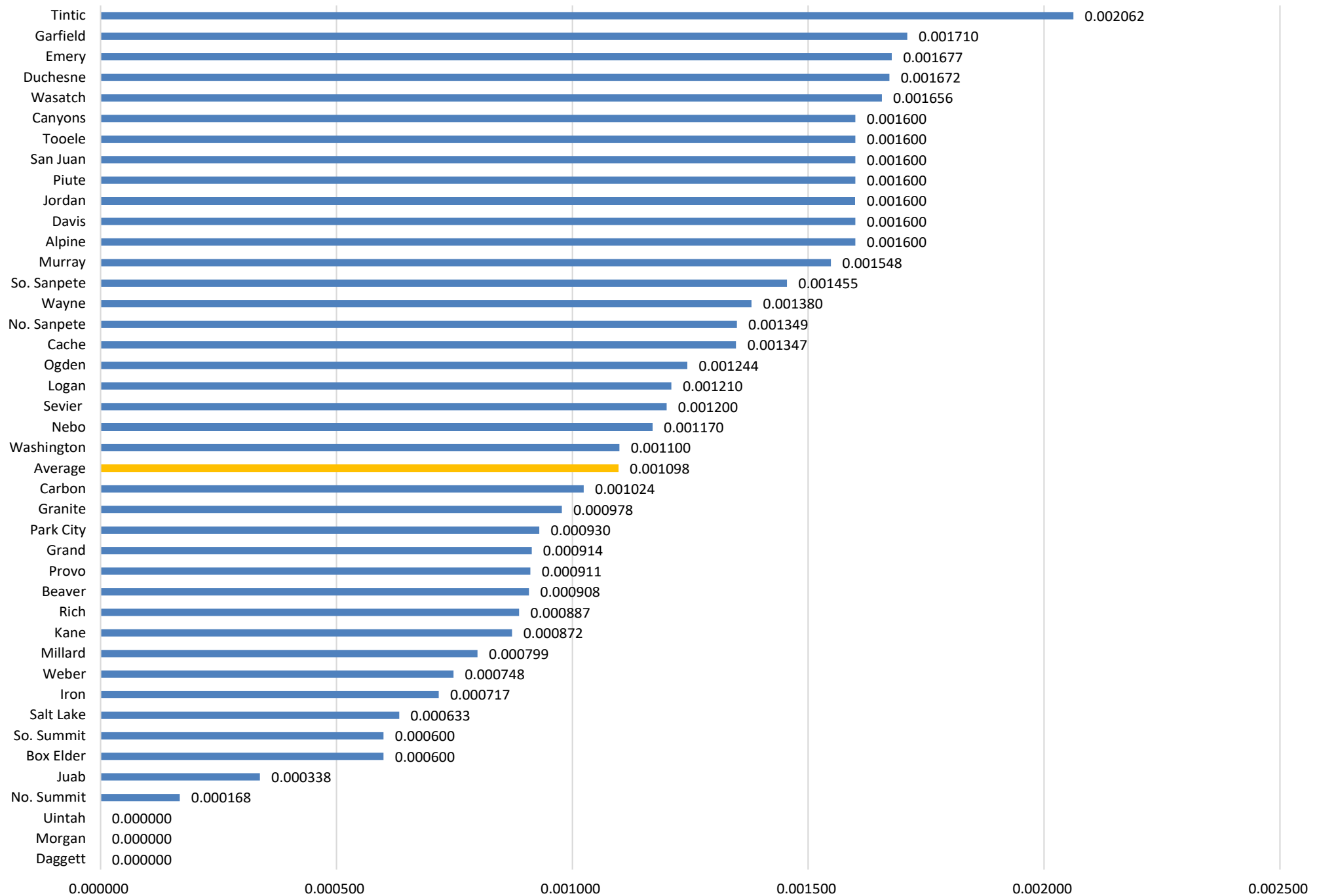
Board Local Levy Rate - Tax Year 2021



VOTED LEVY BY LEA

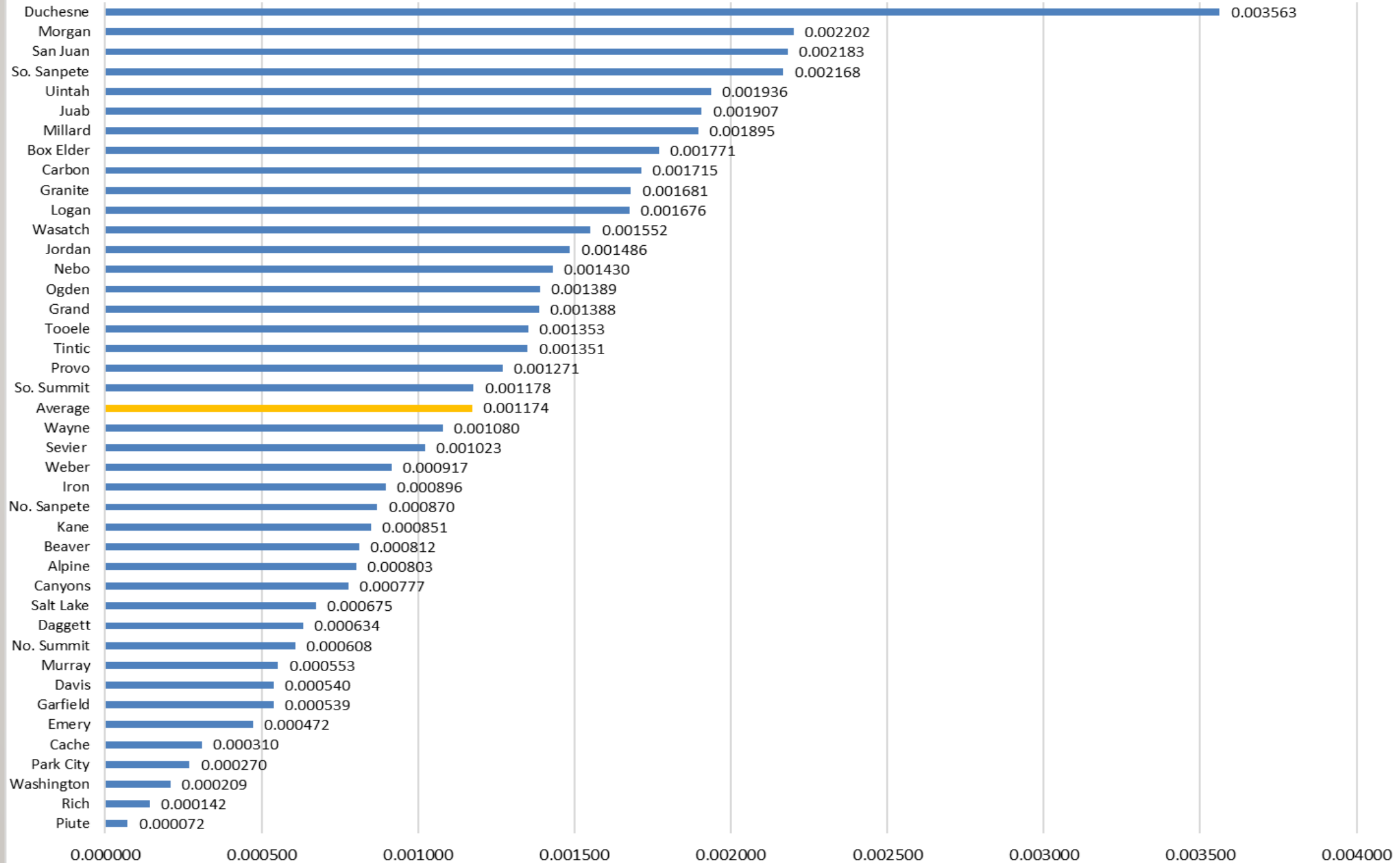
- Tintic
- Garfield
- Emery
- Duchesne
- Wasatch
- ...
- Average...
- Juab
- North Summit
- Uintah
- Morgan
- Daggett

Voted Local Levy Rate - Tax Year 2021



CAPITAL LEVY BY LEA

Capital Local Levy Rate - Tax Year 2021



Duchesne
Morgan
San Juan
South Sanpete
Uintah

...Average...

Cache
Park City
Washington
Rich
Piute

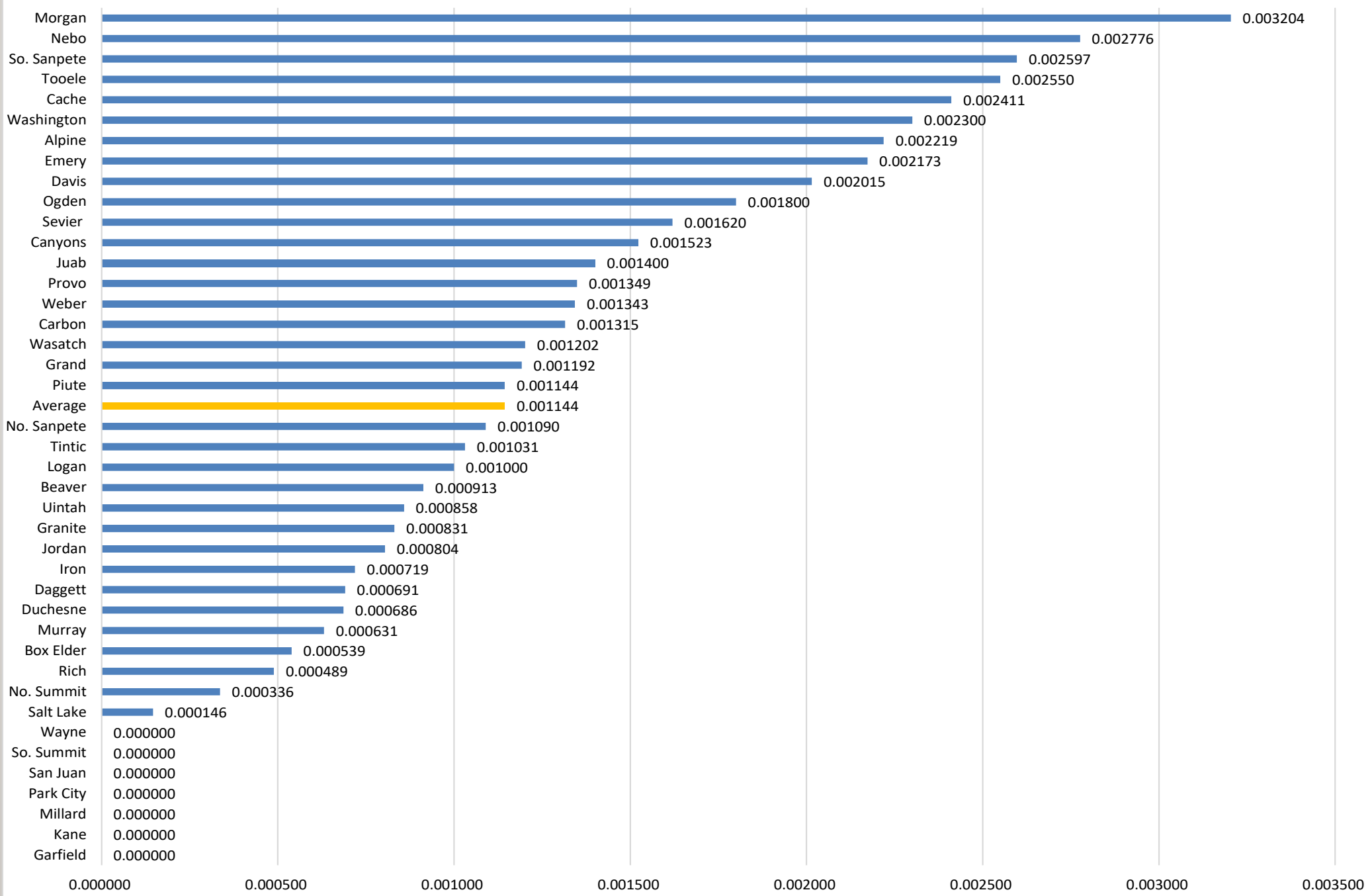
DEBT LEVY BY LEA

Morgan
Nebo
South Sanpete
Tooele
Cache

...Average...

Wayne
South Summit
San Juan
Park City
Millard
Kane
Garfield

Debt Service Levy Rate - Tax Year 2021



BASIC LEVY AND THE WPU GUARANTEE

- ✓ The Weighted Pupil Unit (WPU) is the weighting given different enrollments
 - Kindergarten students are .55 units each
 - Grade 1-12 students are 1.0 units each (charters have different weights)
 - Number is prior year ADM plus growth (one year protection for declining enrollments) as measured on October 1 enrollments
- ✓ The Value of the WPU for FY23 is \$4,038
- ✓ Value of WPU x total WPUs = State Guaranteed funding

BASIC LEVY AND THE WPU GUARANTEE

- ✓ State Guaranteed funding - your Basic Levy tax proceeds = State funding
- ✓ $\$4,038 \times \text{WPU} = \text{Basic Levy Proceeds} + \text{State Funding}$
- ✓ If your Basic Levy proceeds are higher or lower than other districts' Basic Levy proceeds, it does not matter because the State makes up the difference. Every district receives the same state WPU based funds.

VOTED & BOARD LEVIES AND STATE GUARANTEES

The State guarantees Voted and Board Levy revenues

- Up to 0.001600 Voted and up to 0.000400 Board Levy (16 and 4 “increments”)
 - *If your levy decreased due to the CTR process, the highest rate in past 5 years is used*
 - *Charter Levy is ignored for this calculation since no revenue to District*
- \$51.91 per WPU per increment (all WPUs included)
- Voted Example: 10,000 WPUs x \$51.91 x 16 increments = \$8,305,600
- Board Example: 10,000 WPUs x \$51.91 x 4 increments = \$2,076,400

State Guaranteed funding – your Voted & Board tax proceeds = State funding

- Voted Example: Voted Levy yielded \$8,500,000 > \$8,305,600, so no State \$
- Board Example: Board Levy yielded \$1,500,000 < \$2,076,400, so \$576,400 State funding

VOTED & BOARD GUARANTEES

Voted & Board Tax Yield in blue

State Guarantees in orange

Per student

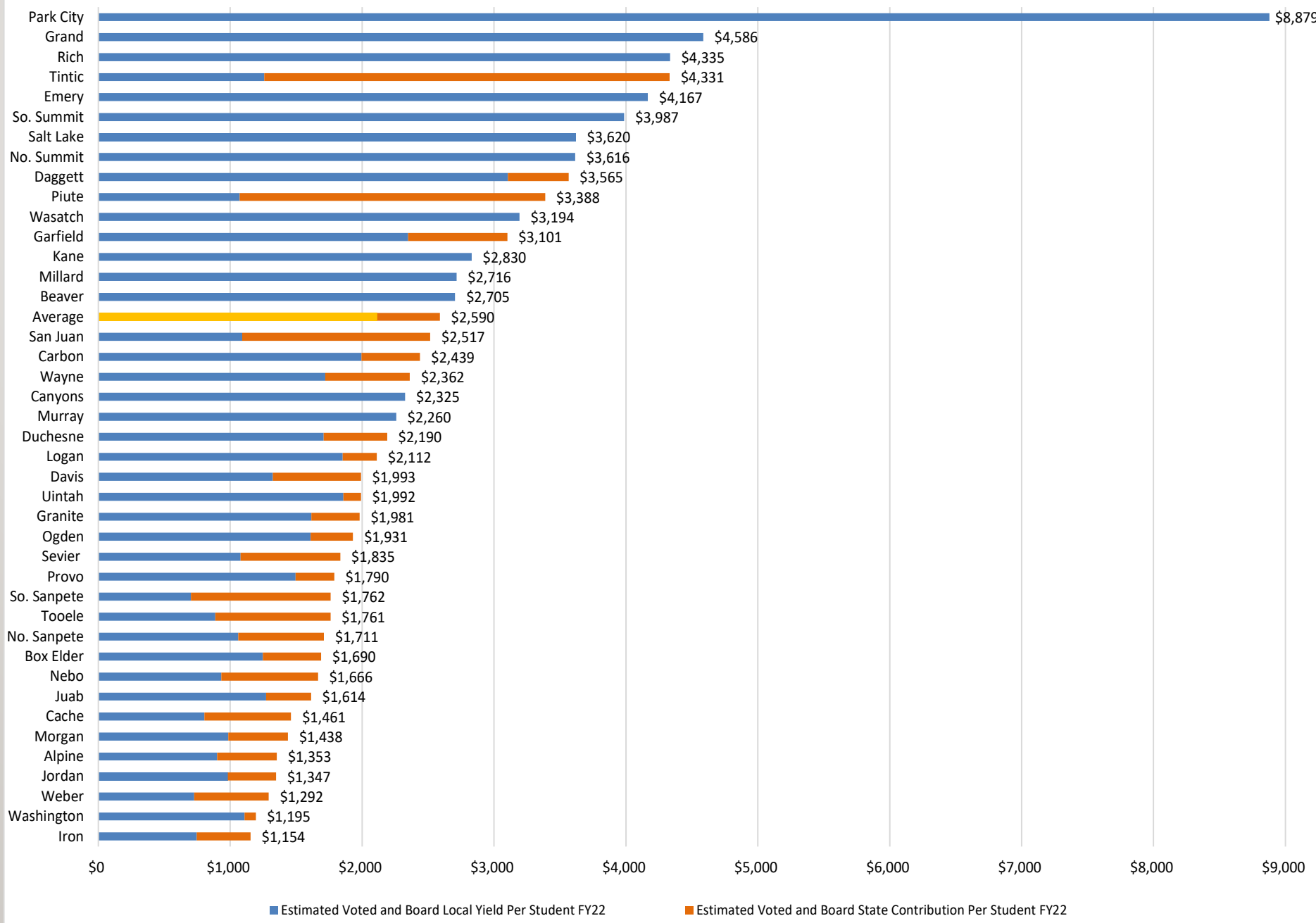
13 districts do not receive
state guarantee

28 districts receive state
guarantee

- Park City
- Grand
- Rich
- Tintic
- Emery
- ...Average...

- Alpine
- Jordan
- Weber
- Washington
- Iron

Estimated Voted and Board Local Tax Yields and State Contributions Per Student FY22



TAX YIELD PLUS GUARANTEE YIELD

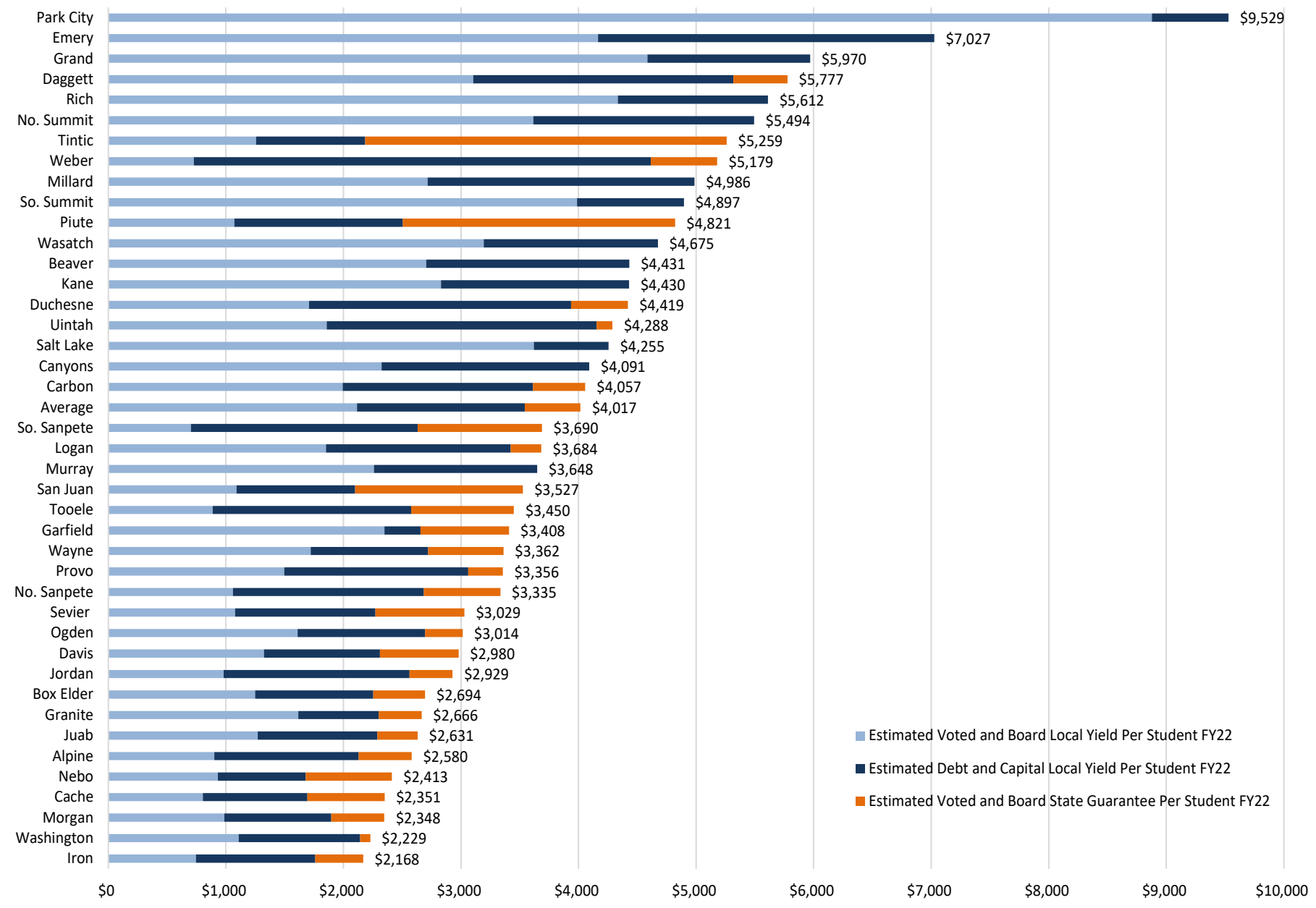
Board & Voted Tax Yield is light blue

Debt & Capital Tax Yield is dark blue

Board & Voted Guarantee revenue
orange

- Park City
- Emery
- Grand
- Daggett
- Rich
- ...Average...
- Nebo
- Cache
- Morgan
- Washington
- Iron

Estimated Board and Voted Per Student, Deb, Capital Per Student, B and V State Guarantee Per Student FY22



- Estimated Voted and Board Local Yield Per Student FY22
- Estimated Debt and Capital Local Yield Per Student FY22
- Estimated Voted and Board State Guarantee Per Student FY22

GENERAL FUND INCREASED REVENUE?

Assessed Value Increases?	No new revenue
A new Walmart/factory is built?	No on Basic Levy; Maybe on Voted/Board if you don't get state guarantees
Legislature Increases WPU Value	Yes, but offset by new growth received on Basic Levy
Legislature Increases Voted/Board Guarantee	Yes, but offset by new growth received on Voted/Board Levies
Board holds TNT to increase CTR on Voted or Board Levy	Only if rate goes above 0.0016 or 0.0004 if you receive state guarantees

DEBT SERVICE / CAPITAL INCREASED REVENUES?

Assessed Value Increases?	No new revenues
A new Walmart/factory is built?	Yes
Legislature Increases WPU Value	No
Legislature Increases Voted/Board Guarantee	No
Board holds TNT to increase CTR on Capital Local Levy	Yes
Public supports bond election	More than you would have received in the future, but not necessarily more than you received last year

BONDS – GENERAL OBLIGATION VS LEASE REVENUE

General Obligation Bonds

- Requires Board & Voter Approval
 - Very expensive
 - Very time consuming (18 months)
 - Fraught with controversy
 - Depends on public perceptions
- Can levy whatever tax rate needed to pay the bonds (plan of finance)
 - Tax rate rises and falls accordingly
 - Accounted for in Debt Service Fund
- Lower interest rates on bonds
- Arbitrage rules for fund balance
- State Bond Guarantee Program

Lease Revenue Bonds

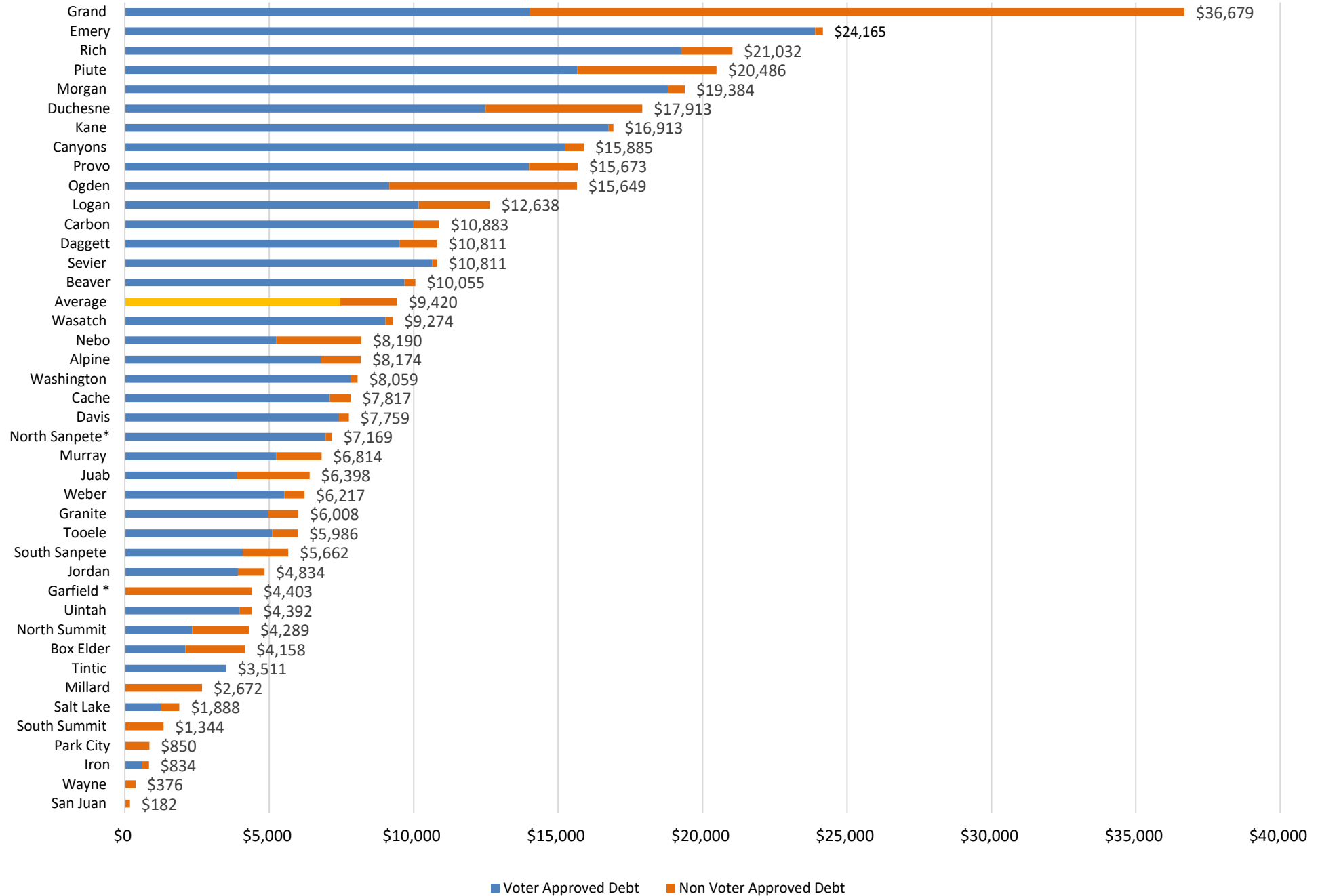
- Requires Board Approval
- May require Truth In Taxation
- Accounted for in Capital Projects Fund
- Higher interest rates on bonds
- Weird Building Authority set-up
- Closing documents are lengthy
- Could potentially lose the building if payments are missed

LONG-TERM DEBT

Per student

- Grand
- Emery
- Rich
- Piute
- Morgan
- ...
- Average...
- South Summit
- Park City
- Iron
- Wayne
- San Juan

Long Term Debt Per Student FY2021



TAX INCREMENT FINANCING

- City wants to do a project that will increase tax values
- City asks District to permit city to receive the growth in property taxes over a certain period of time for that area
- In theory can help everyone involved
- Usually lasts for decades
- Cities have no incentive for them to end, so they renew them
- Good example – financial services company
- Bad example – manufacturing company

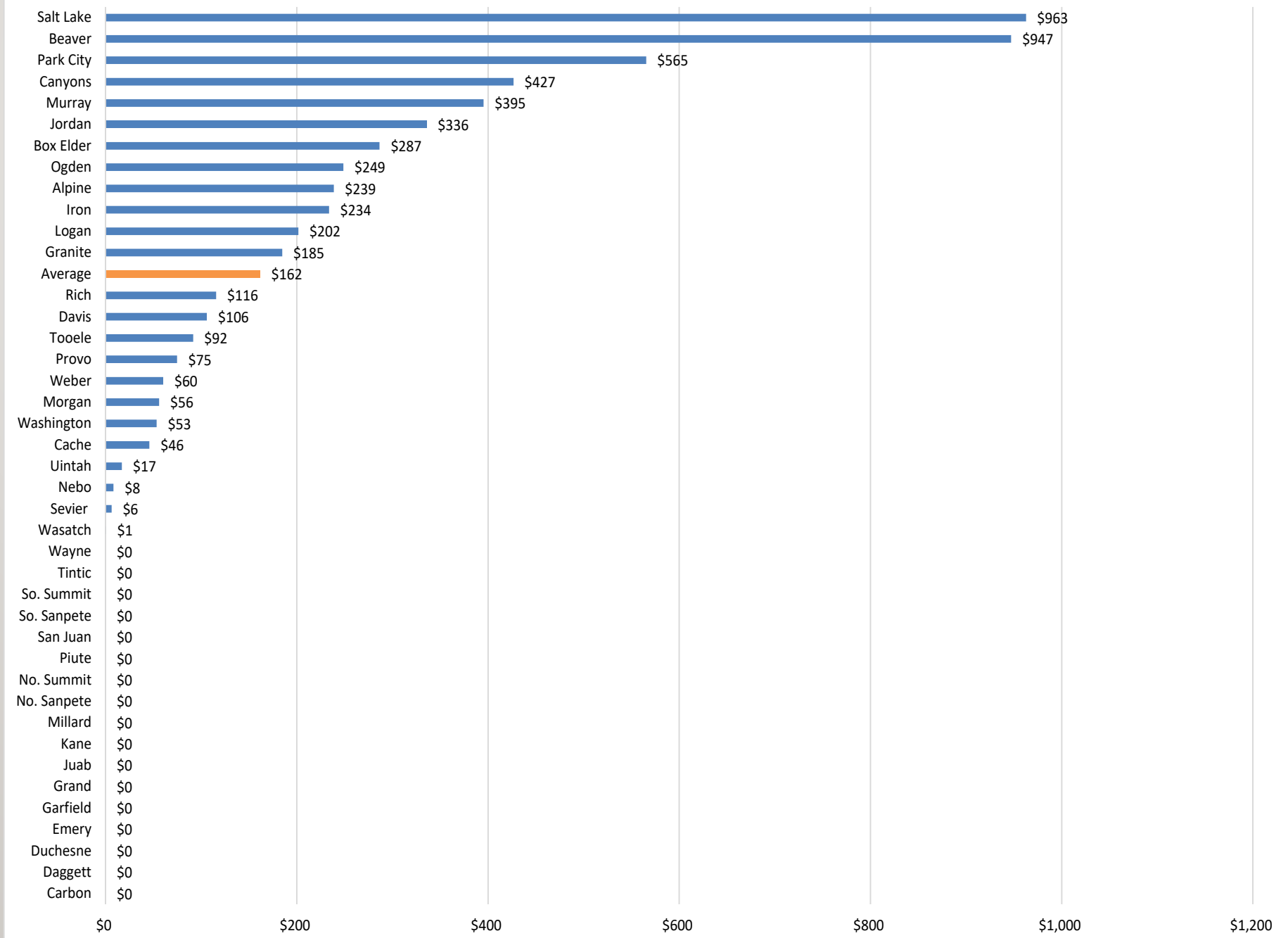
RDA TAX REVENUE PER STUDENT ESTIMATED 2021

Per student

- Salt Lake
- Beaver
- Park City
- Canyons
- Murray

...Average...

RDA Tax Revenue Per Student 2021 Estimated



RESTRICTED VERSUS UNRESTRICTED

Unrestricted revenues

- K-12 WPU (offset by Basic Levy proceeds)
- Voted / Board Guarantees (offset by Voted/Board Levy proceeds)
- Professional Staff
- Flexible Allocation (\$0 as of FY21)
- General Fund Interest Revenue

Restricted revenues

- Everything else
- By definition, anything outside the General Fund is restricted to some degree
- All federal funds are restricted
- Nearly every state line item, except 4 listed above, restricted

EXPLOSION OF FUNDING LINES

- USBE Recipient Report FY2013 – 92 total funding lines
- USBE Allotment Memo FY2022 – 146 total funding lines
 - 59% increase over 10 years
- USBE Allotment Memo FY2019 period 13 – 108 total funding lines
- USBE Allotment Memo FY2022 period 10 – 146 total funding lines
 - 35% increase over 2 years
- USBE District Summary Final Update FY2018 – 47 Minimum School Programs
- USBE District Summary Midyear Update FY2022 – 50 Minimum School Programs
 - 6% increase over 4 years

REDUCTION IN UNRESTRICTED GRANTS

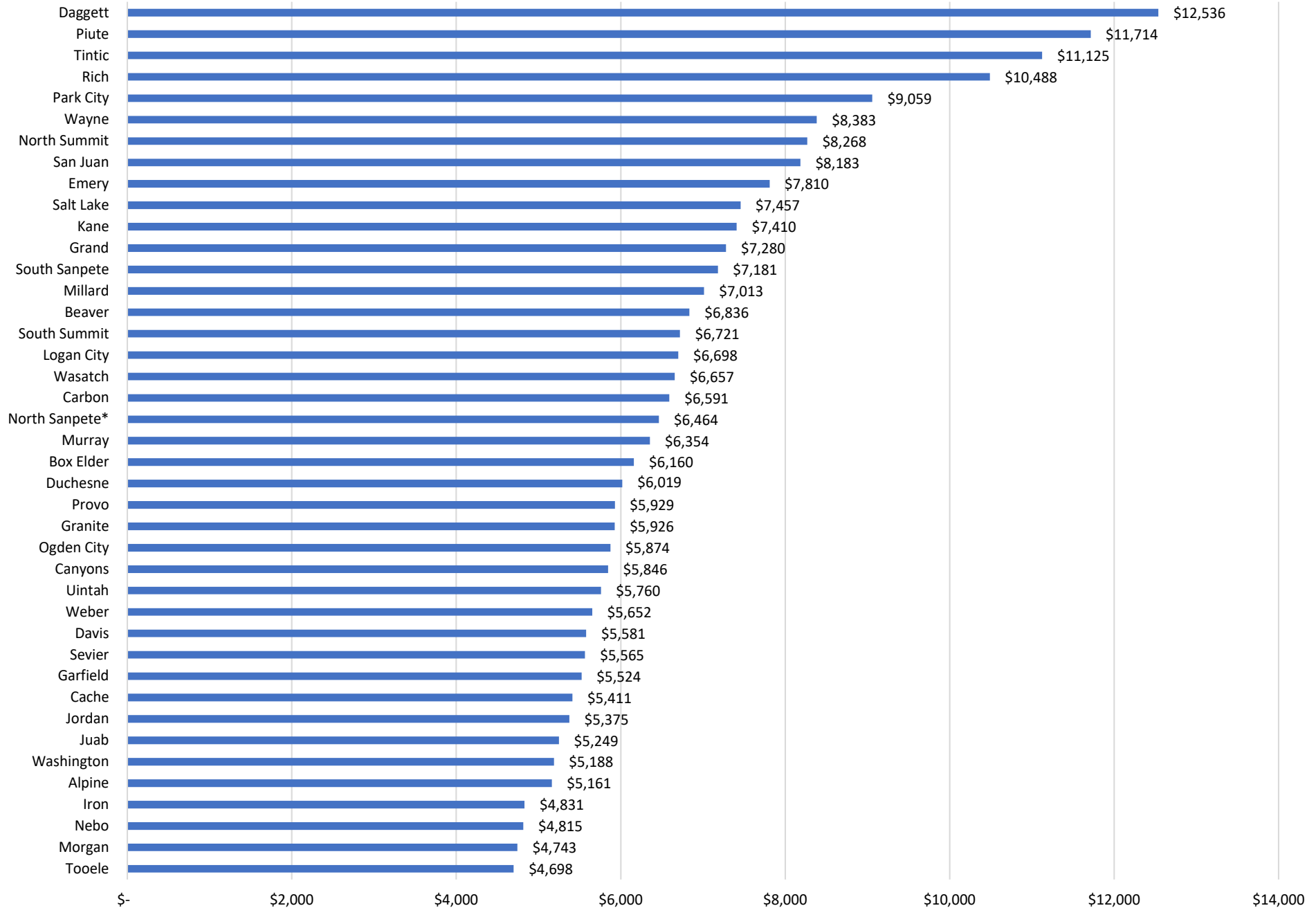
- USBE District Summary Final Update FY2018 – 8 Unrestricted Minimum School Programs
 - WPU Grades K-12
 - Foreign Exchange Students
 - Necessarily Existent Small Schools
 - Professional Staff
 - Administrative Costs
 - Flexible Allocation
 - Voted Local Levy
 - Board Local Levy
- USBE District Summary Midyear Update FY2022 – 7 Unrestricted Minimum School Programs

INSTRUCTION PER STUDENT

Daggett
Piute
Tintic
Rich
Park City

Alpine
Iron
Nebo
Morgan
Tooele

Total Instruction per Student FY21

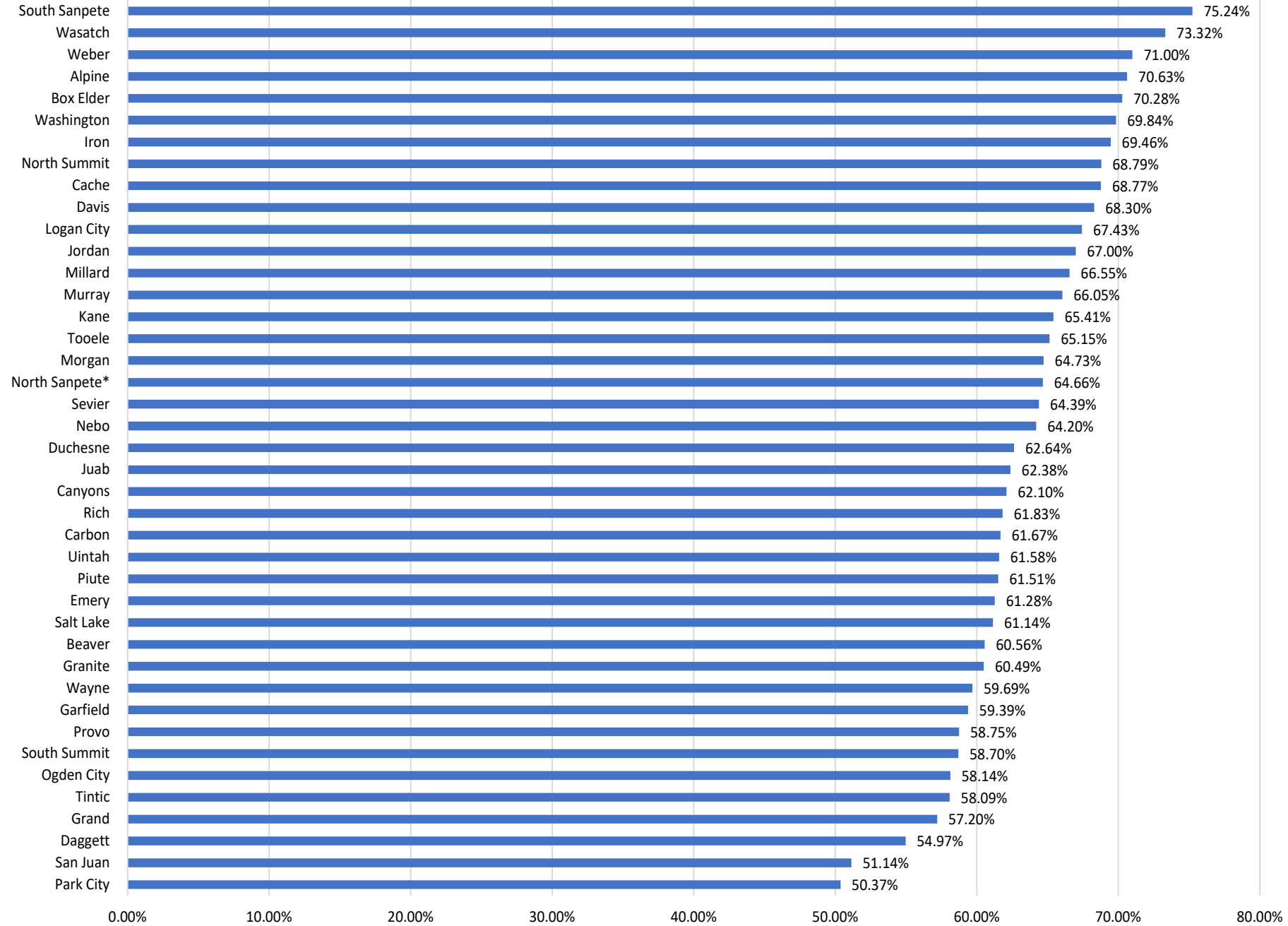


INSTRUCTION % OF GENERAL FUND

South Sanpete
Wasatch
Weber
Alpine
Box Elder

Tintic
Grand
Daggett
San Juan
Park City

Instruction % of General Fund FY21

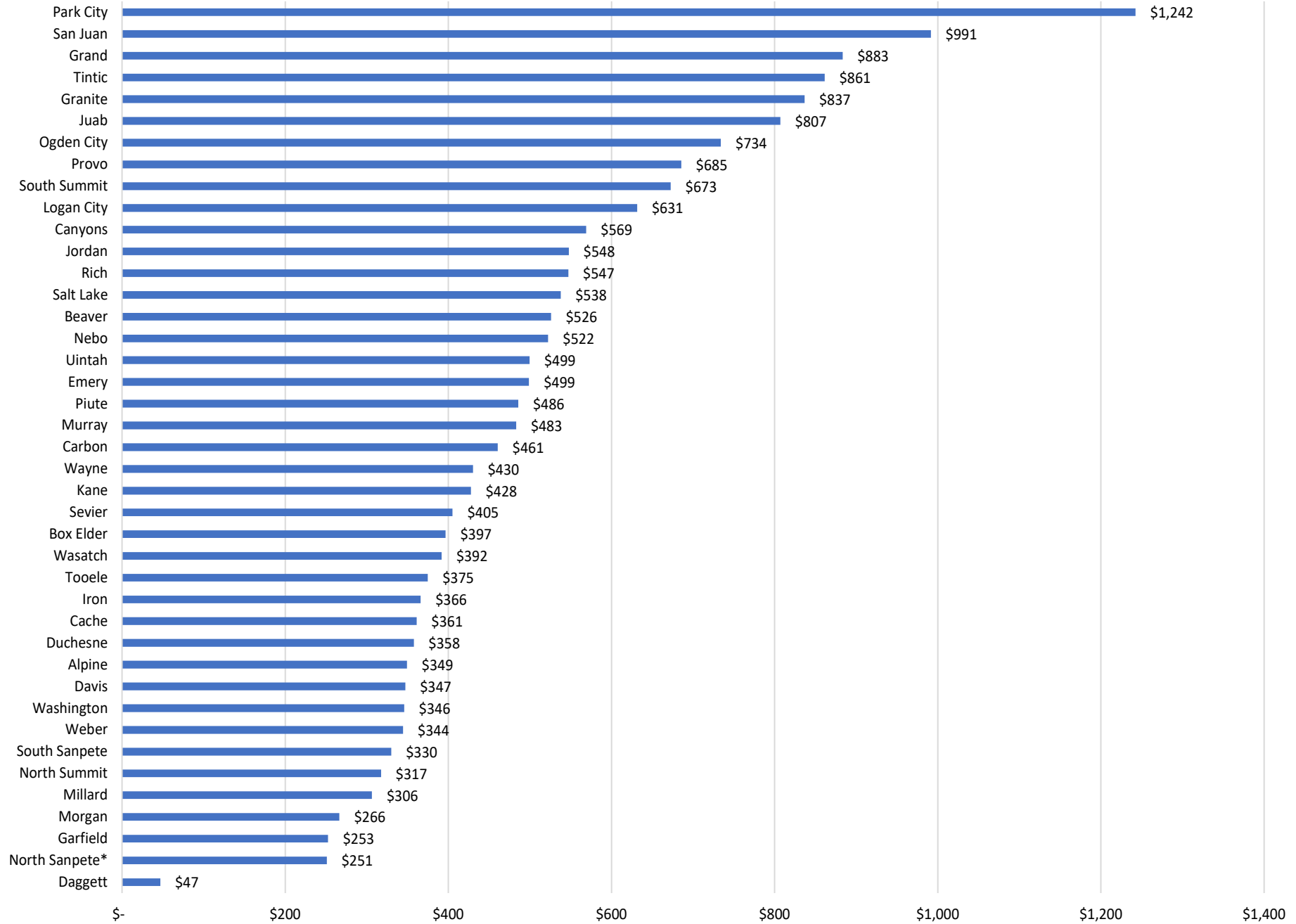


STUDENT SERVICES PER STUDENT

Park City
 San Juan
 Grand
 Tintic
 Granite

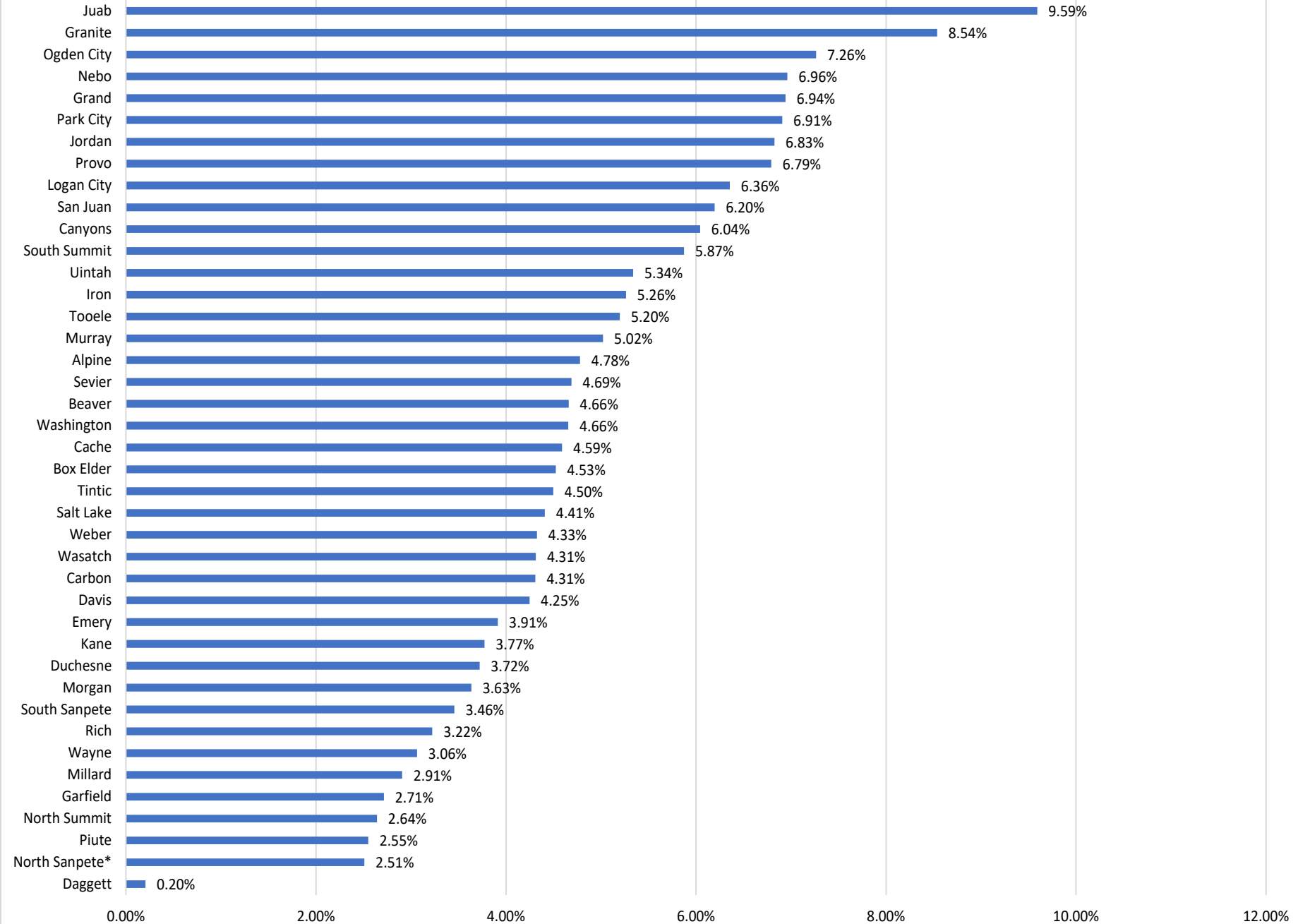
 Millard
 Morgan
 Garfield
 North Sanpete
 Daggett

Student Support Services Per Student FY21



STUDENT SERVICES % OF GENERAL FUND

Student Services % of General Fund FY21

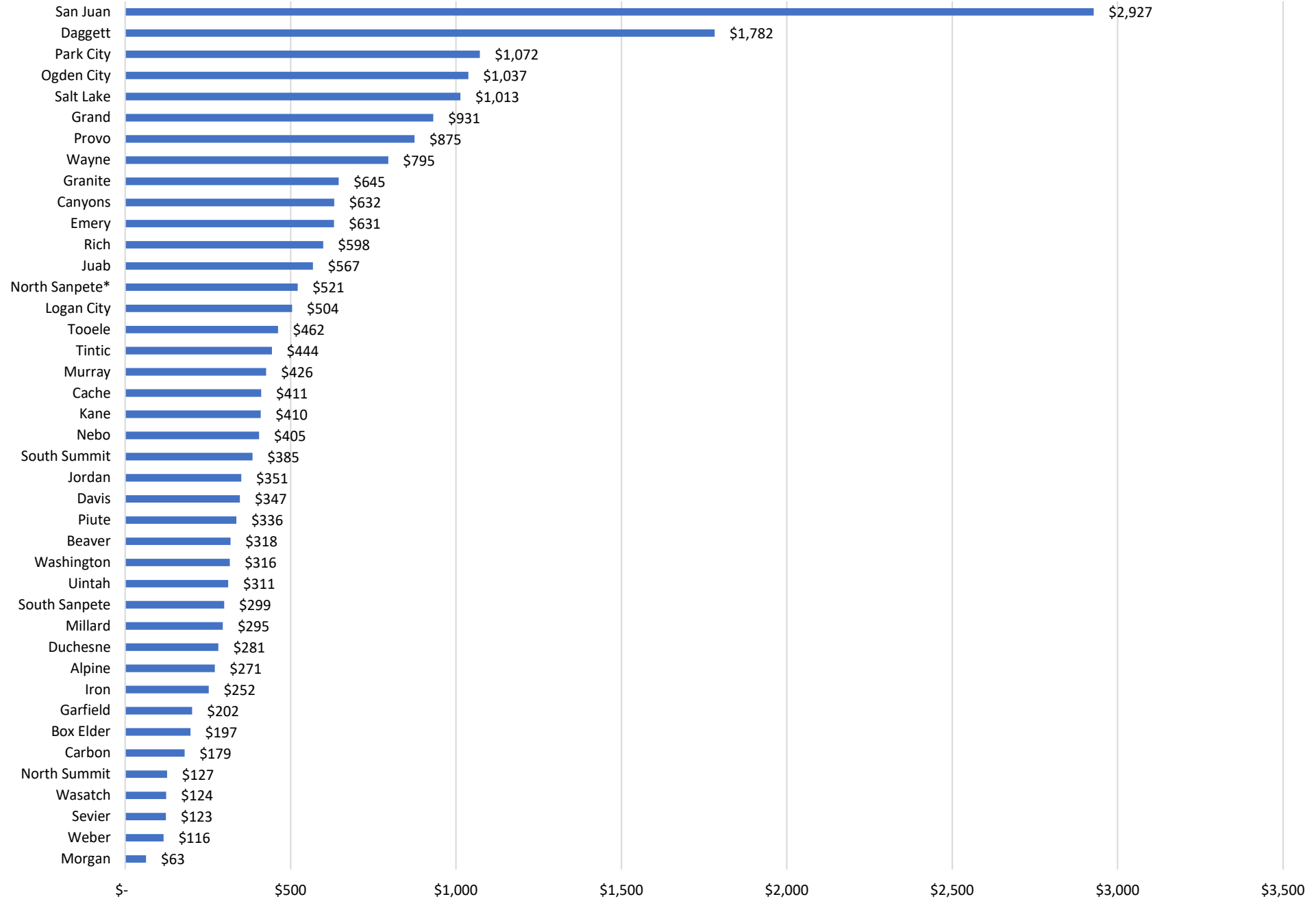


- Juab
- Granite
- Ogden
- Nebo
- Grand

- Garfield
- North Summit
- Piute
- North Sanpete
- Daggett

INSTRUCTIONAL SUPPORT PER STUDENT

Instructional Support Per Student FY21

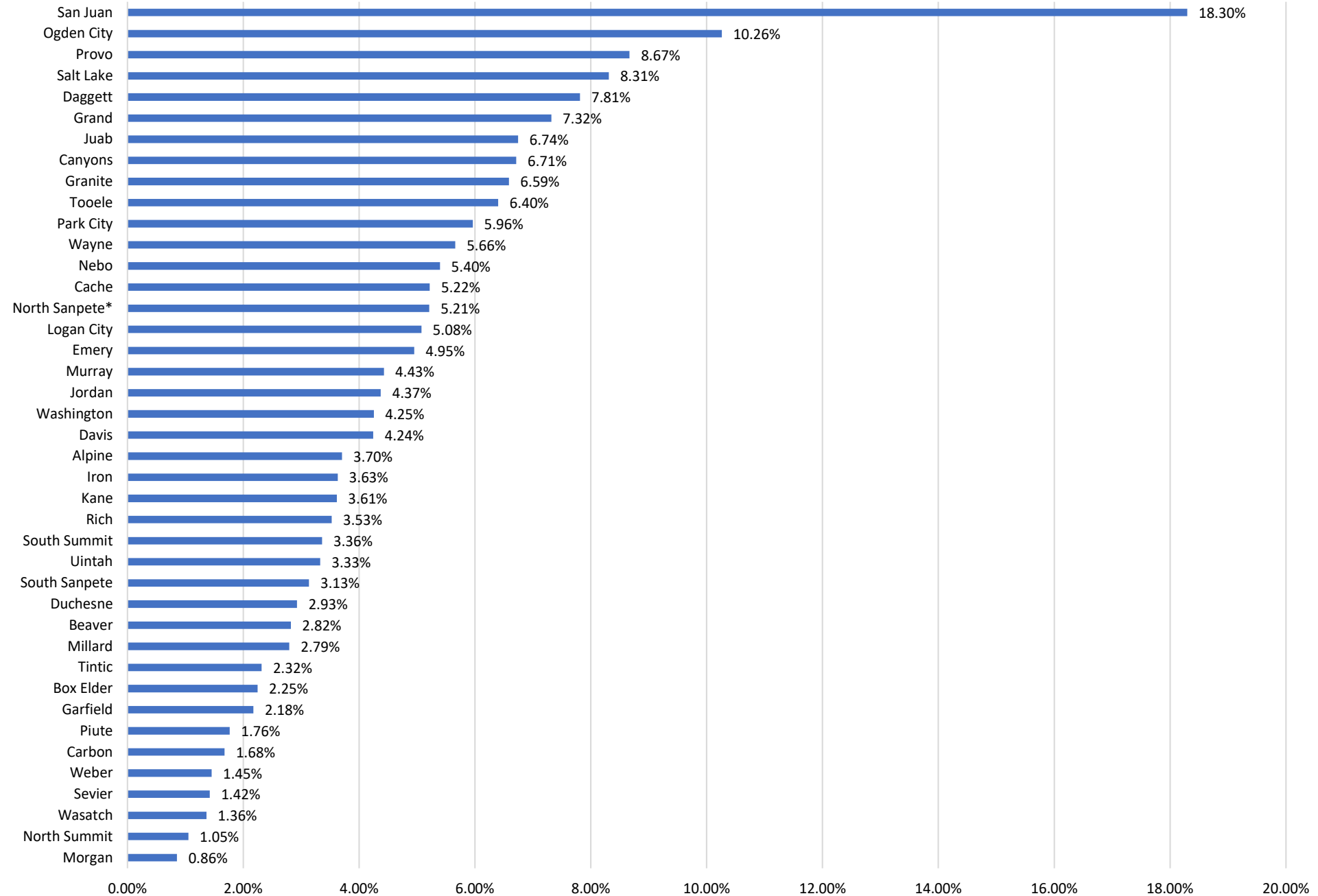


San Juan
Daggett
Park City
Ogden
Salt Lake

North Summit
Wasatch
Sevier
Weber
Morgan

INSTRUCTIONAL SUPPORT % GENERAL FUND

Instructional Support % of General Fund FY21

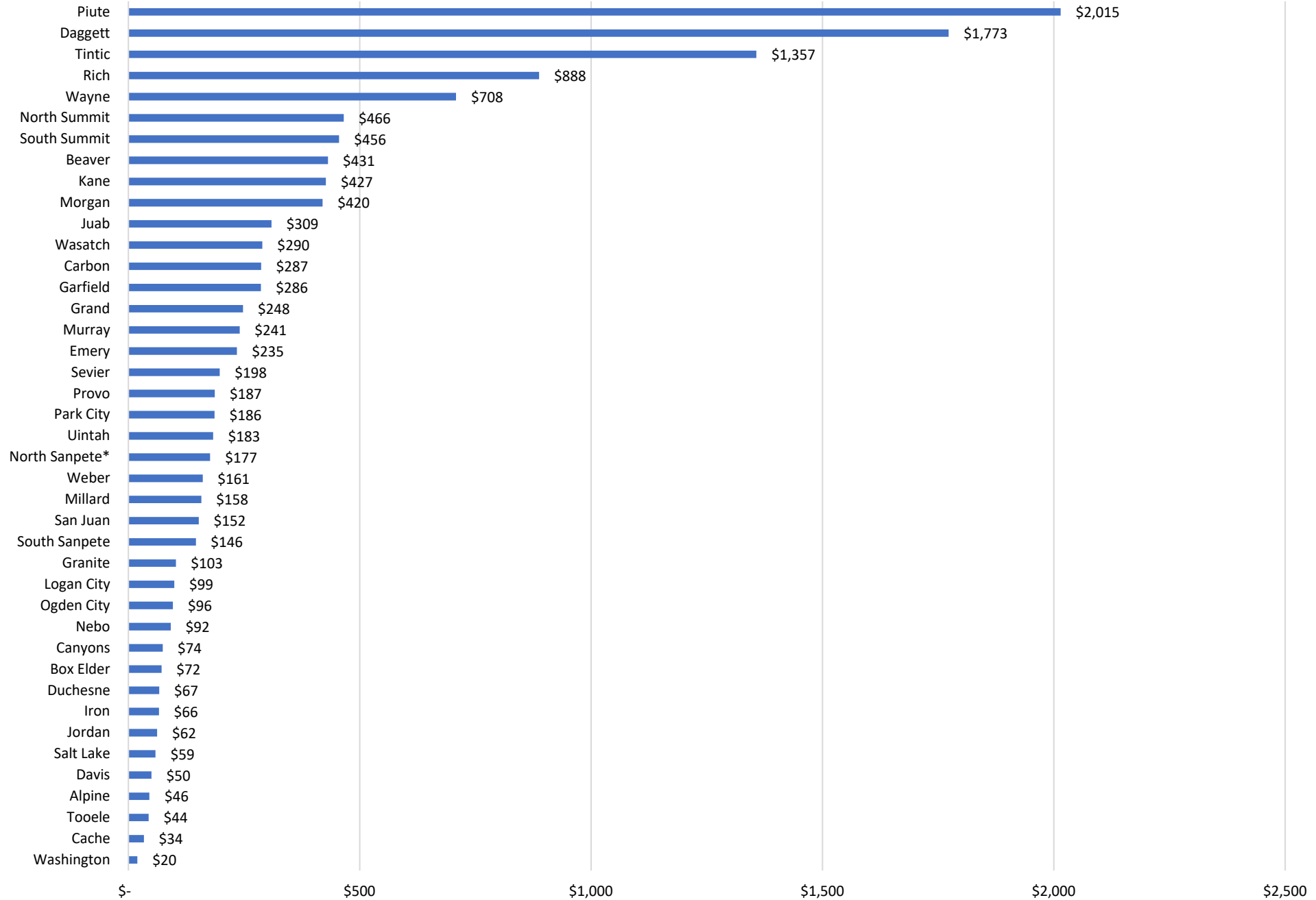


San Juan
Ogden
Provo
Salt Lake
Daggett

Weber
Sevier
Wasatch
North Summit
Morgan

DISTRICT ADMIN PER STUDENT

District Admin Per Student FY21

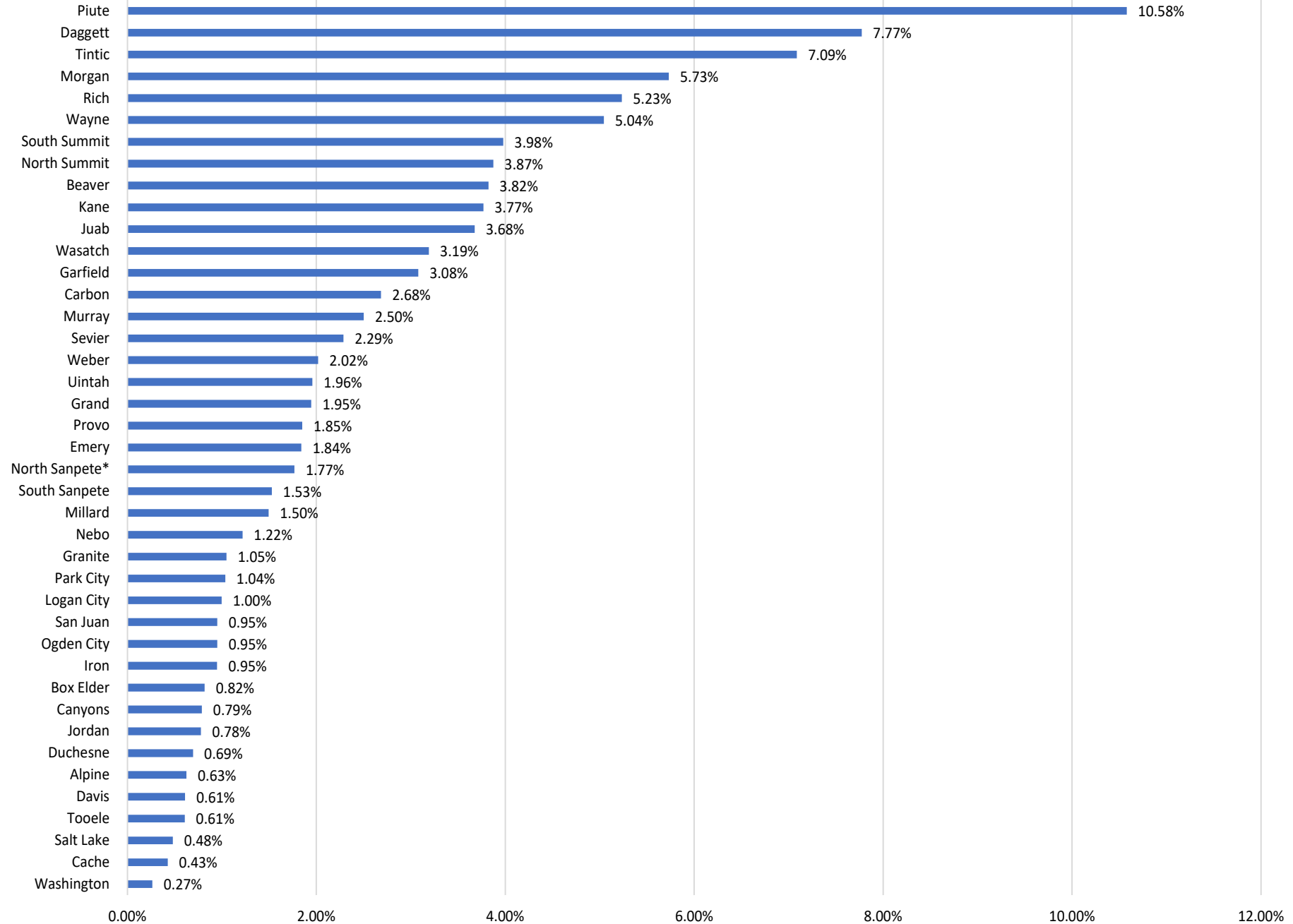


Piute
Daggett
Tintic
Rich
Wayne

Davis
Alpine
Tooele
Cache
Washington

DISTRICT ADMIN % OF GENERAL FUND

District Admin % of GF FY21

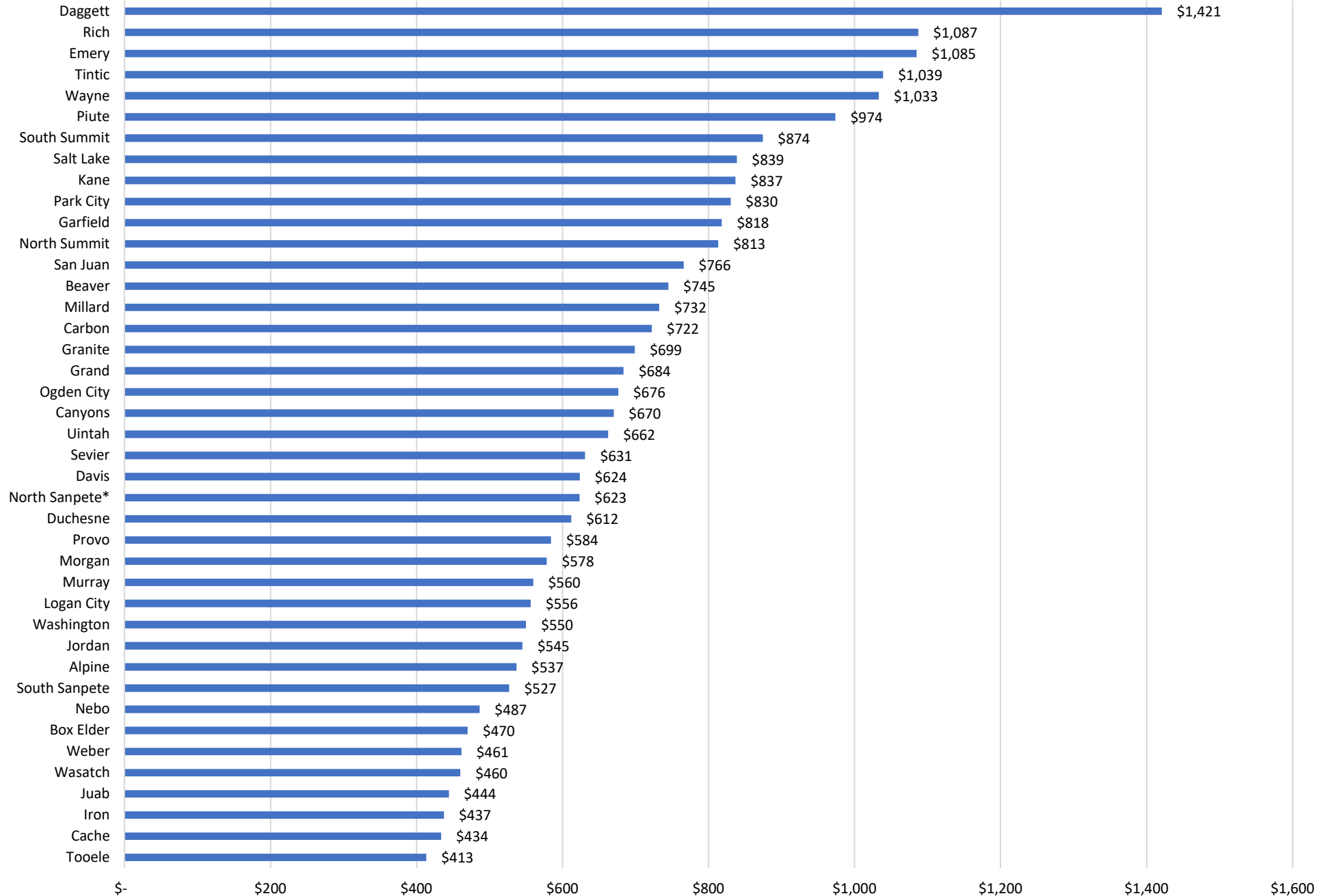


- Piute
- Daggett
- Tintic
- Rich
- Wayne

- Davis
- Tooele
- Salt Lake
- Cache
- Washington

SCHOOL ADMIN PER STUDENT

School Admin Per Student FY21

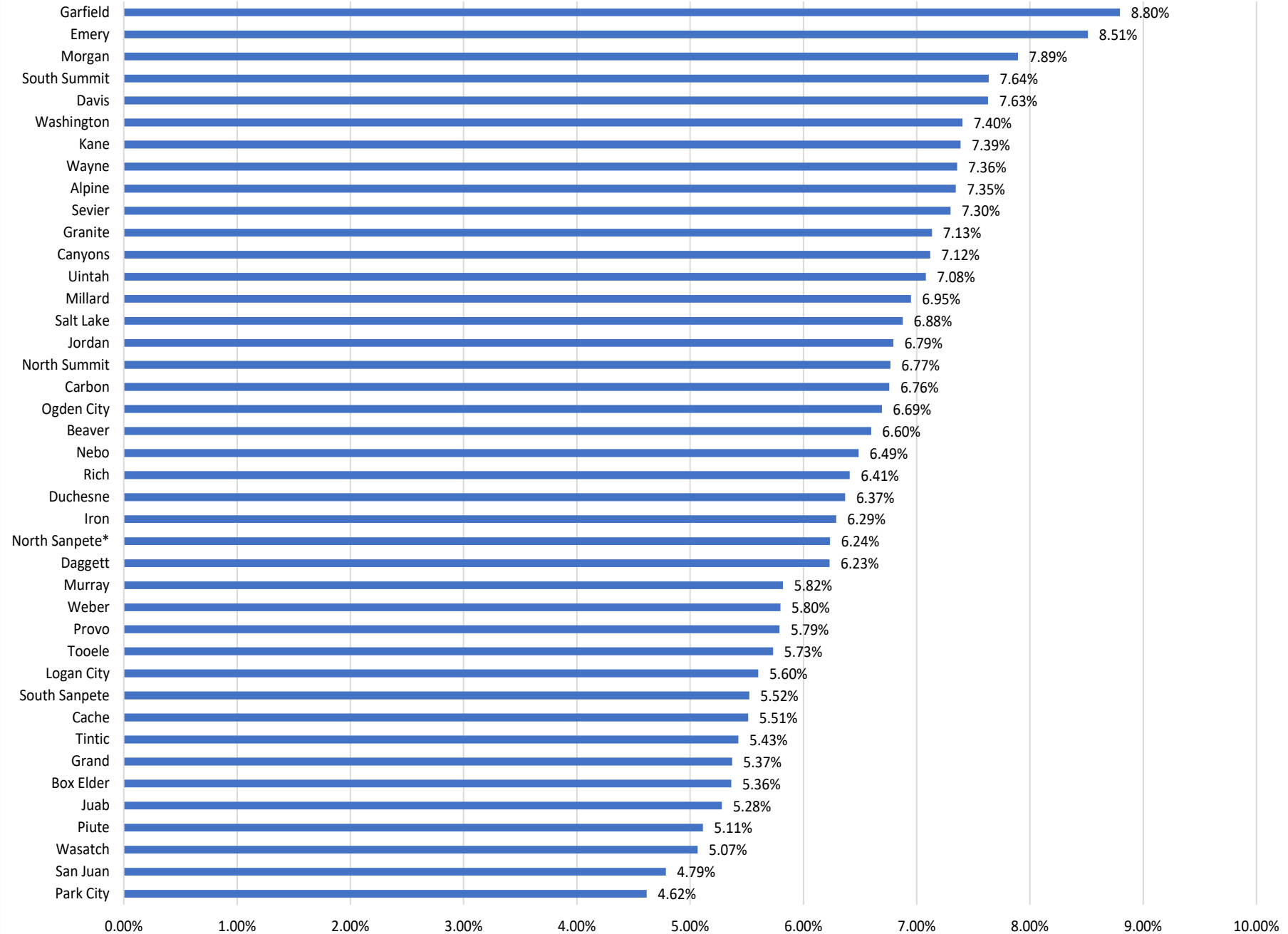


Daggett
Rich
Emery
Tintic
Wayne

Wasatch
Juab
Iron
Cache
Tooele

SCHOOL ADMIN % OF GENERAL FUND

School Admin % of General Fund FY21

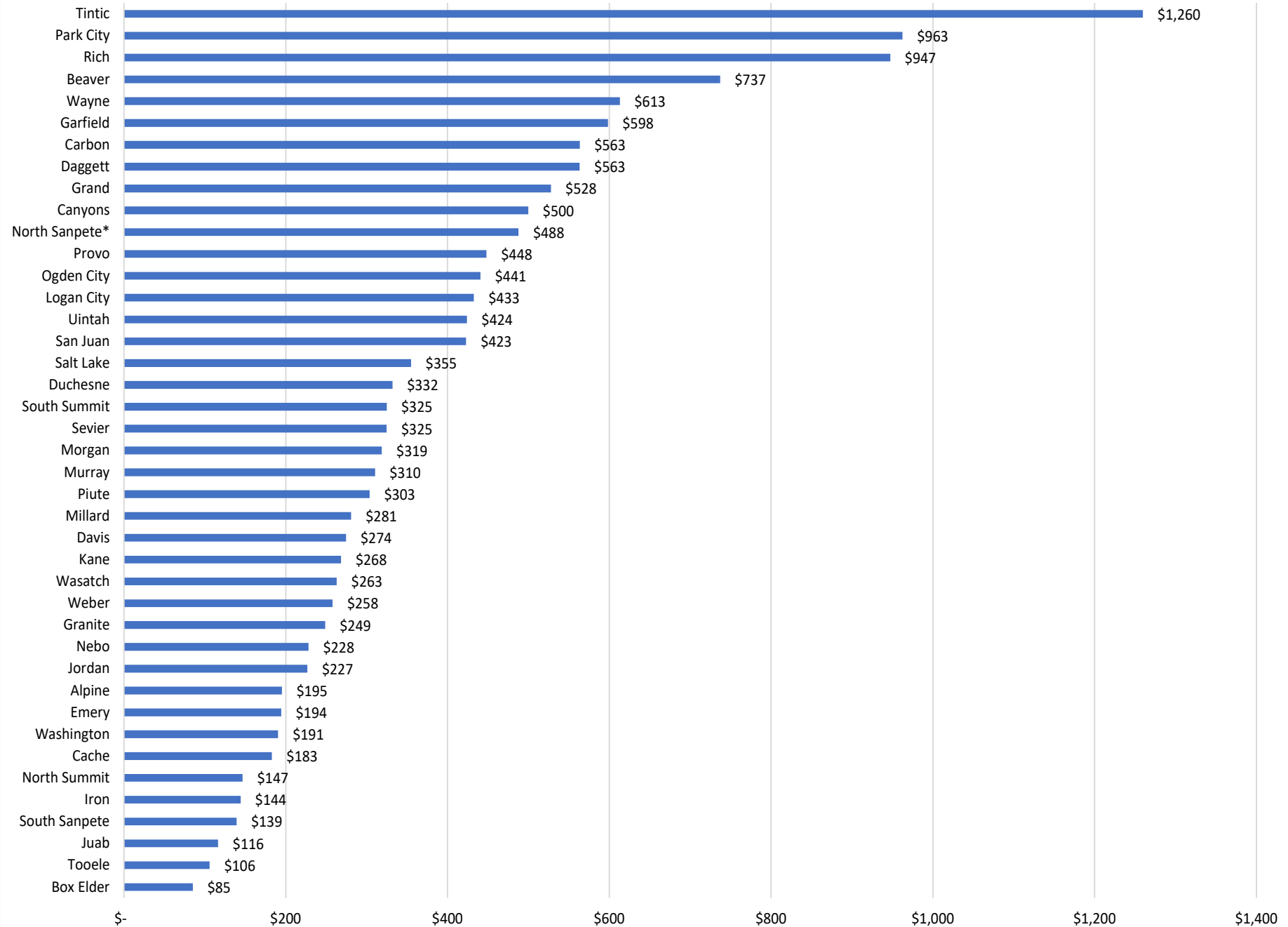


Garfield
 Emery
 Morgan
 South Summit
 Davis

 Juab
 Piute
 Wasatch
 San Juan
 Park City

CENTRAL SERVICES PER STUDENT

Central Services Per Student FY21

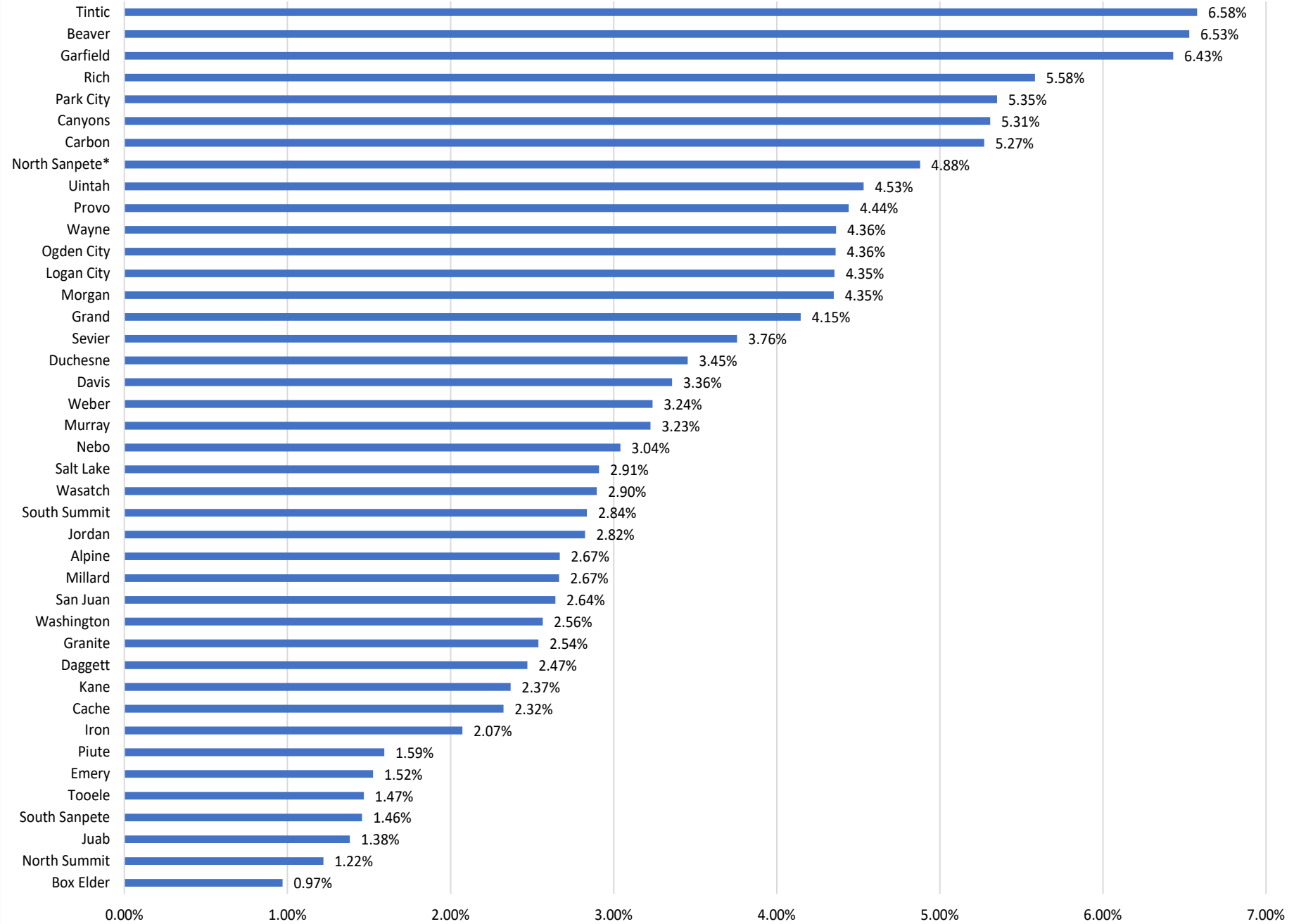


- Tintic
- Park City
- Rich
- Beaver
- Wayne

- Iron
- South Sanpete
- Juab
- Tooele
- Box Elder

CENTRAL SERVICES % OF GENERAL FUND

Central Services % of General Fund FY21

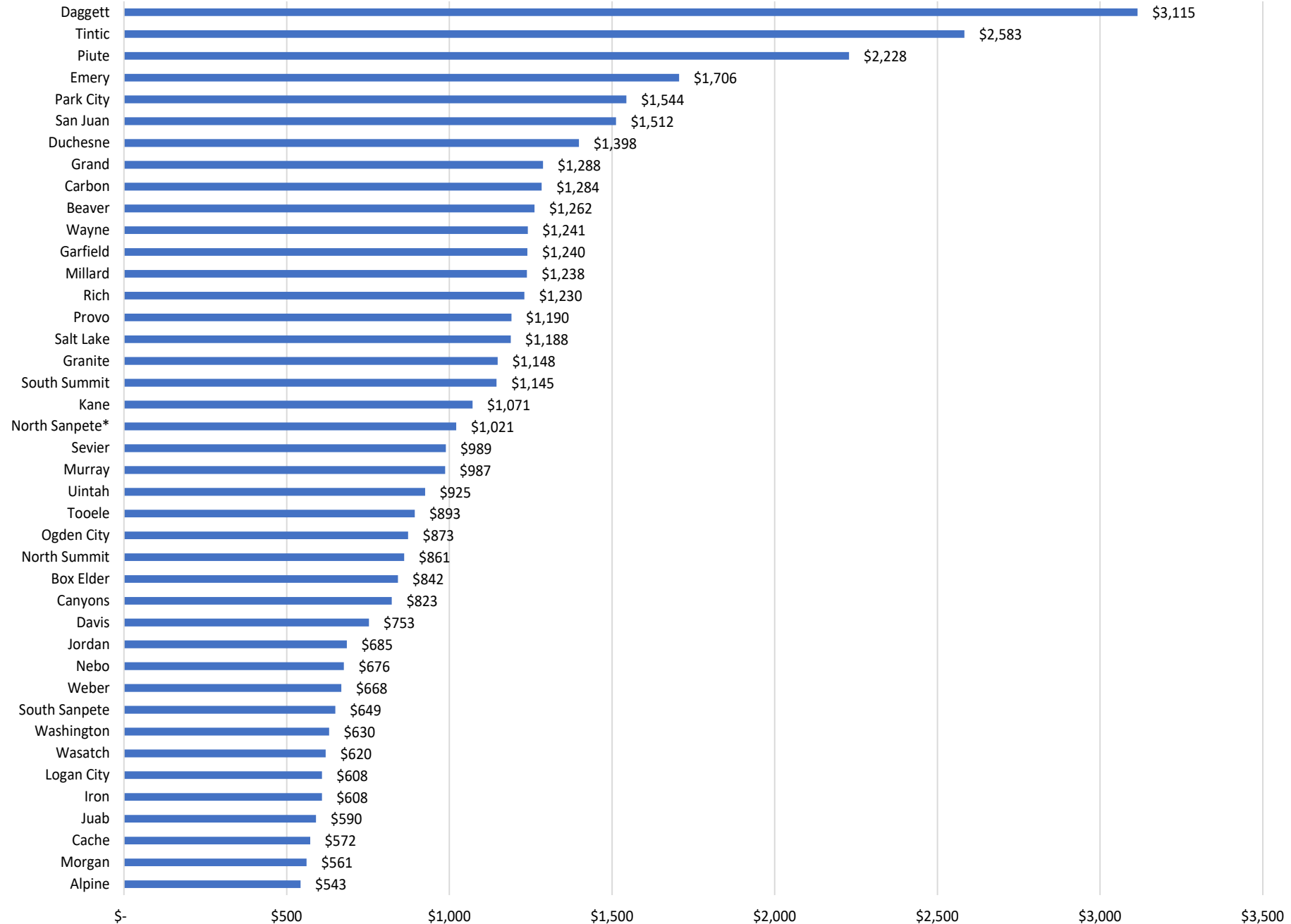


Tintic
Beaver
Garfield
Rich
Park City

Tooele
South Sanpete
Juab
North Summit
Box Elder

OPERATIONS AND MAINTENANCE PER STUDENT

Operations and Maintenance Per Student FY21

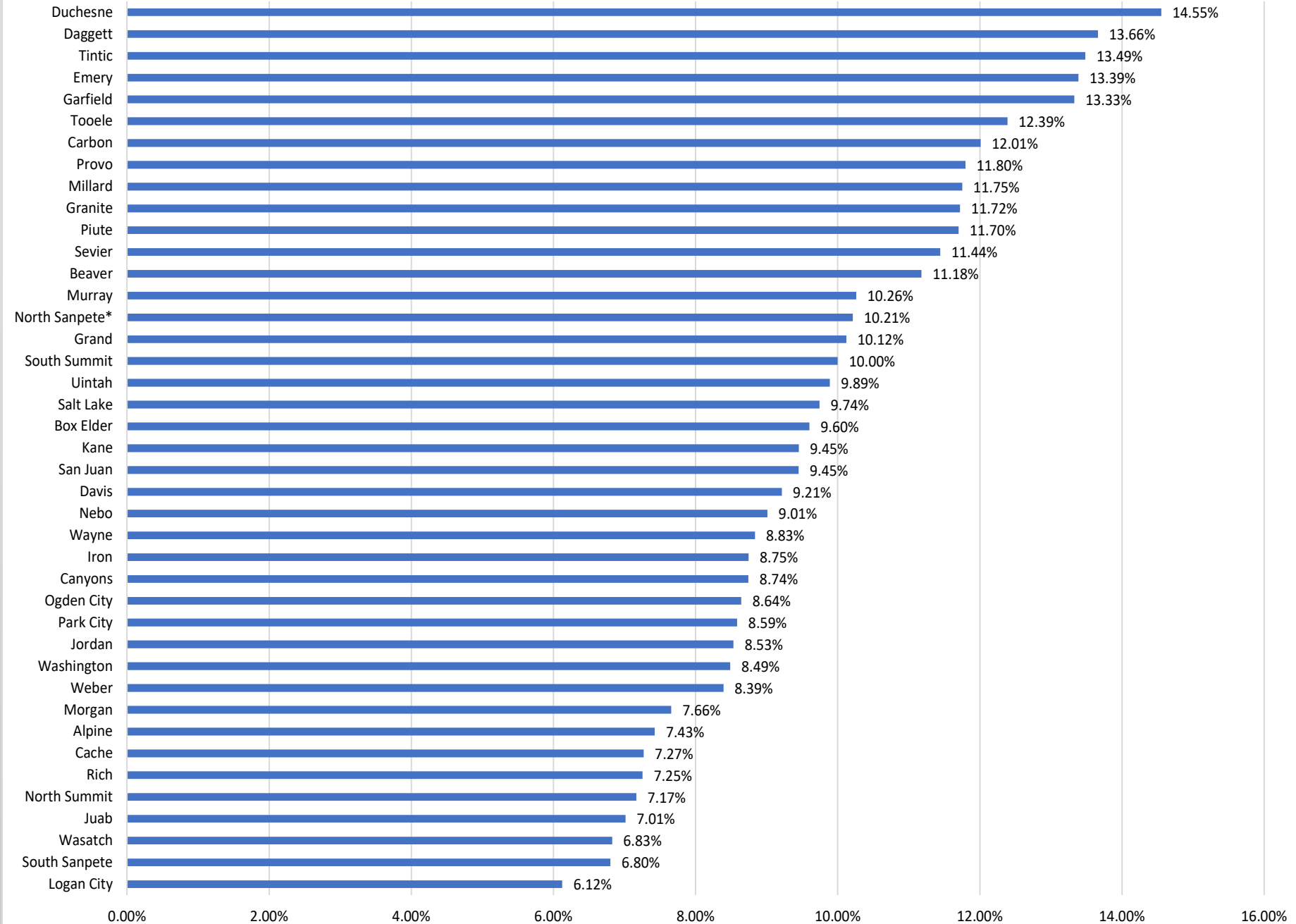


Daggett
Tintic
Piute
Emery
Park City

Iron
Juab
Cache
Morgan
Alpine

OPERATIONS AND MAINTENANCE % OF GENERAL FUND

Operations and Maintenance % of General Fund FY21



Duchesne

Daggett

Tintic

Emery

Garfield

North Summit

Juab

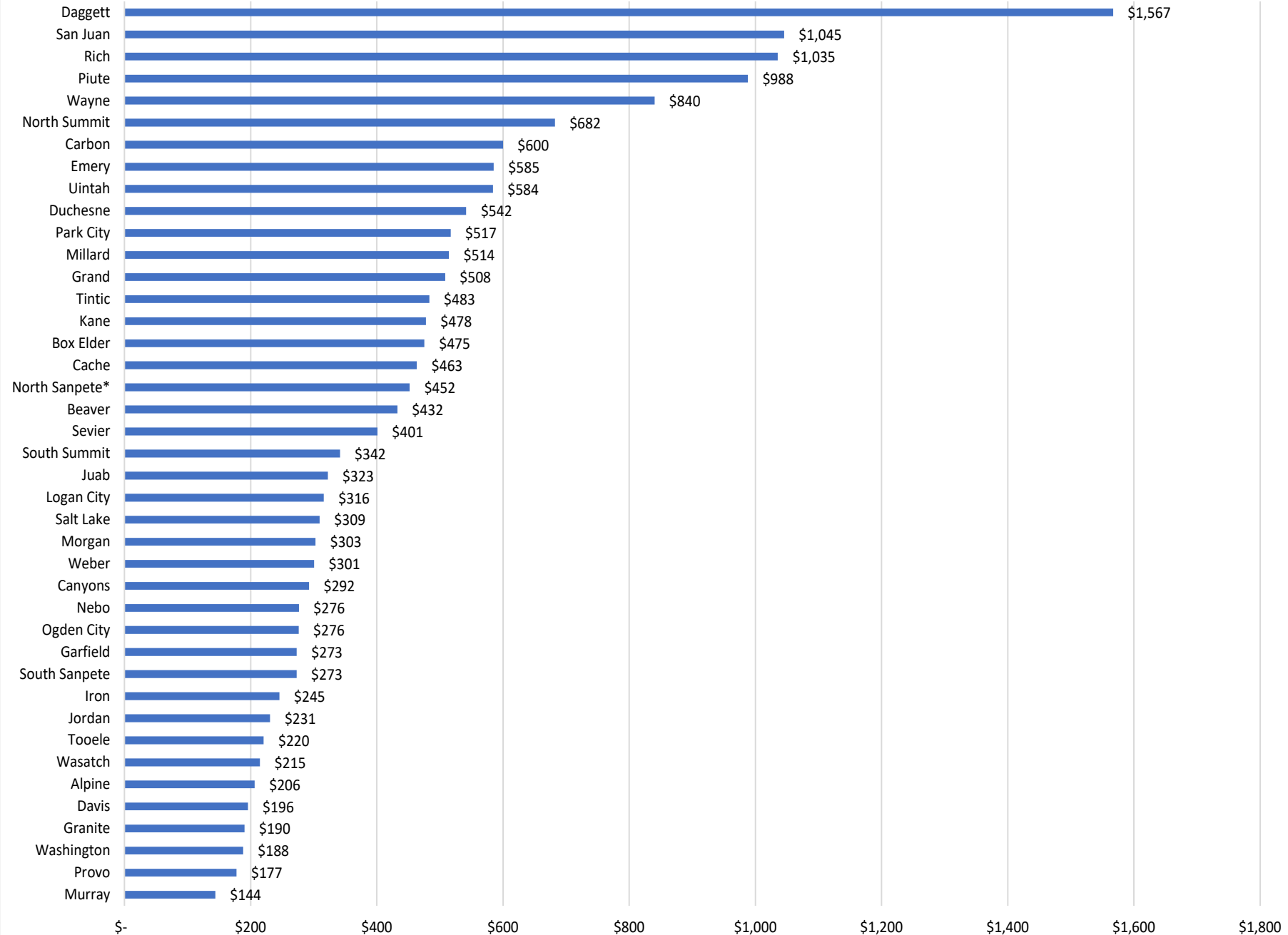
Wasatch

South Sanpete

Logan

TRANSPORTATION PER STUDENT

Transportation Per Student FY21



- Daggett
- San Juan
- Rich
- Piute
- Wayne

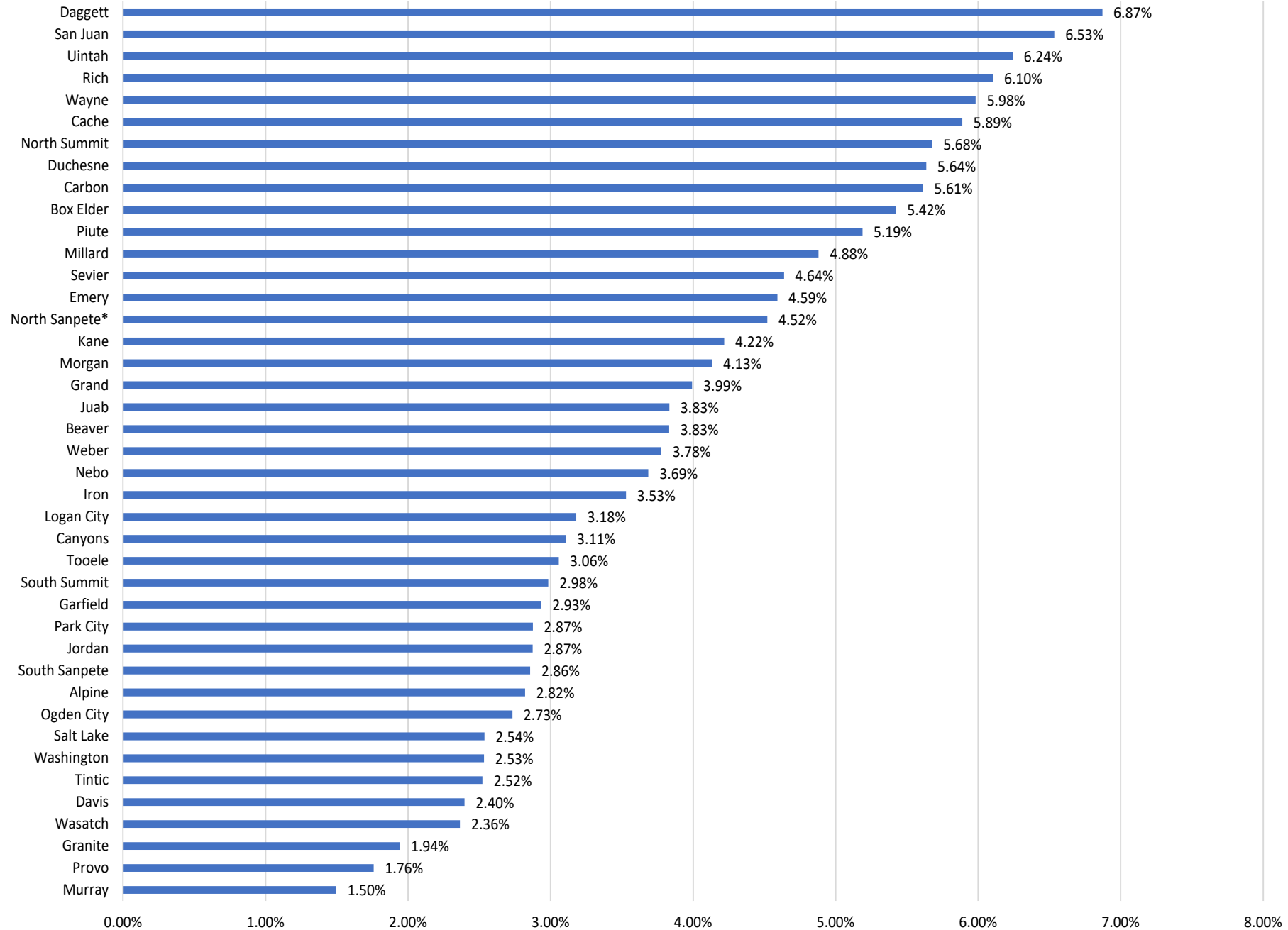
- Davis
- Granite
- Washington
- Provo
- Murray

TRANSPORTATION % OF GENERAL FUND

Transportation % of General Fund FY21

Daggett
San Juan
Uintah
Rich
Wayne

Davis
Wasatch
Granite
Provo
Murray



QUESTIONS?

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