

WELCOME TO 2024 LEADERSHIP CONVENTION

Session will begin soon





DEVELOP
ADVOCATE
ENGAGE

UTAH

Develop programs, resources, and leadership skills that enhance the lives of all children, youth, and their families.

Advocate by speaking on behalf of all children and youth in schools, in the community, before governmental bodies, and before other organizations that make decisions affecting children.

Engage the public in united and equitable efforts to secure the physical, mental, emotional, spiritual, and social well-being of all children and youth.

School District Finance 101



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

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 (For Alpine: LBA – Fund 30, G.O. Bond Projects – Fund 33)
- **Debt Service Fund – Fund 31** – accounts for general obligation bond payments
- **Special Revenue Funds** - 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
 - Education Foundation Fund – Fund 25
 - Nutrition Services Fund – Fund 49

FUND ACCOUNTING – LESS COMMON

✓ **Proprietary Funds**

- Internal Service Funds

- Industrial Service (Workers Comp) Fund – Fund 60
- School Services Fund (Warehouse) Fund – Fund 66

✓ **Fiduciary Funds**

- OPEB Trust Fund – Fund 71

PROPERTY TAXES – BY FUND

✓ General Fund

- Basic Levy – FY24 = **0.001406**
 - 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 (FY24 = **0.000064**)
 - Remaining amount available for local Board of Education to set (FY24 = **0.000778**)
- Voted Local Levy – maximum of 0.002000
 - Voters must approve the maximum this tax rate can go (ASD max = 0.001600, FY24 = **0.001232**)

✓ Capital Projects Fund

- Capital Local Levy – maximum of 0.003000 (FY24 = **0.001018**)

✓ Debt Service Fund

- Debt Service Levy – set to meet the debt service needs of GO bonds approved by voters (FY24 = **0.001020**)

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
- Difficult meetings

BASIC LEVY AND THE WPU GUARANTEE

- ✓ The Weighted Pupil Unit (WPU) is the weighting given different enrollments
 - Half-Day Kindergarten students are .55 units each
 - Grade 1-12 students and FDK 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 FY24 is **\$4,280**
- ✓ 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
- ✓ $\$4,280 \times \text{WPUs} = \text{Basic Levy Proceeds} + \text{State Funding}$
- ✓ 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 \$65.21 x 16 increments = \$10,433,600
- Board Example: 10,000 WPUs x \$51.91 x 4 increments = \$2,608,400

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

- Voted Example: Voted Levy yielded \$10,500,000 > \$10,433,600, so no State \$
- Board Example: Board Levy yielded \$2,000,000 < \$2,608,400, so \$608,400 State funding

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

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

RESTRICTED VERSUS UNRESTRICTED

Unrestricted revenues

- K-12 WPU (offset by Basic Levy proceeds)
- Voted / Board Guarantees (offset by Voted/Board Levy proceeds)
- Professional Staff
- 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

QUESTIONS?



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- Utah PTA
- Utah PTA Advocacy
- Utah PTA Super Secondary
- Utah PTA Excellent Elementary
- Utah PTA Treasurers
- Utah PTA Reflections
- Utah School Community Councils
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