

Wasatch School District 2013 Budget

As Reviewed by Wasatch Taxpayers Association

July 17, 2012

WTPA Working with Wasatch School District Board Members Toward Fiscal Responsibility



WASATCH TAXPAYERS
ASSOCIATION



School Budget Fund Balance Rules

Utah Law and USOE regulation provide limits and policies on the use of "Fund Balances" in School Budgets.

While it appears that Wasatch School District has excessive unallocated funds, the excellent procedures of ANNUAL budgets, with certain specific and limited "fund balances," should be applied and used and the current excess funds should be returned to the Wasatch taxpayers through an immediate property tax cut.



Annual Audit Report

- State Auditors Audit on the School District's Budget

"Salary expenses increased 3.2% during fiscal year 2011, which is in line with the enrollment growth during the year. Employee benefits costs, however, increased 10.5% during the same time period. This increase included a substantial adjustment to the amount the District contributes to the Utah Retirement System for its employees, as well as a slight increase in the cost of health insurance. Benefits costs totaled 49.4% of salaries expenses for fiscal year 2011, as compared to 46.2% for fiscal year 2010."

An explanation then follows about financial statements: *"The District's basic financial statements comprise three components:*

- 1) government-wide financial statements,*
- 2) fund financial statements*
- 3) notes to the financial statements.*

School Management's Comments on Good Budgeting Policy:

"Governmental funds – *The focus of the District's governmental funds is to provide information on how money flows into and out of the funds and to show balances left at year-end available for spending.*

*Under Utah law, it is illegal to budget for an undesignated fund balance. This is in alignment with the concept that **the revenues provided to a District are intended to be used during the period for which they were generated.***

*That is to say that at the beginning of a fiscal year, undesignated fund balance is budgeted to be \$0. If over the course of the year, the difference between budgeted and actual revenues and expenditures leaves an unspent balance, **that unspent balance must be budgeted to be used in normal operations during the next fiscal year so as to prevent a District from accumulating excess funds.***"

Continued, Wasatch School District's Good Budgeting Policy:

"Fund balances may (and in some cases must) be reserved or designated and carried over to the next year for specific purposes. As those specific purposes are part of next year's budget and are identified as specific reservations and/or designations of fund balances, they are not available for appropriation. Fund balances for the capital projects and other governmental funds are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion. Utah law allows for an undistributed reserve fund balance not to exceed 5% of the general fund budget."

"Total fund balances in the governmental funds were \$13,458,556 as of June 30, 2011, and \$14,161,089 as of June 30, 2010."

The actual Utah Code reads in part "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 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.

School Budget Fund Balances

An overview of Fund Balances in the Wasatch County School District continues to show a large unassigned, undesignated, or otherwise unallocated funds which have been found for years in budgets.

From the Rules on Fund Balances (see other post) it appears that the limit on the unassigned General Fund Balance (aka Maintenance and Operation) should be 5% of the \$35 million total or \$1,750,000.

These are the figures for
30 June 2011 from the
current 2013 budget:

	Fund balance	Purpose
General Fund	\$5,664,646	Unassigned
Student activity	None	
NonK-12	\$476,040	Unassigned
Debt Service	\$2,600,897	Unassigned
Capital Projects	\$4,623,809	Retracted=capital Outlay
Building Reserve	None	
Food Service	\$22,878	Unassigned
Other Funds	\$44,519	Unassigned
	\$13,432,789	

School Budget & Salaries

- With the current economic downturn, wages are going down, or people are still unemployed, right?
- *Aggregate figures in the budget*
- *Utahsright.com*

Totals		FY 2011	FY 2012	2011/12	FY 2013	2012/13
Salaries	100.00%	\$16,723,542	\$17,240,317	3.1%	\$17,295,742	0.3%
Retirement	17.6%	\$2,946,093	\$3,249,385	10.3%	\$3,748,401	15.4%
Social Security	7.6%	\$1,276,229	\$1,313,793	2.9%	\$1,330,722	1.3%
Insurance (Health/Dental/Life)	24.2%	\$4,044,325	\$4,139,520	2.4%	\$4,133,506	-0.1%
Other Benefits		0	0		0	
Total Benefits (200)	49.4%	\$8,266,647	\$8,702,698	5.3%	\$9,212,629	5.9%

Salaries By Category

			FY 2011	FY 2012	Change 2011/2012	FY 2013	Change 2012/2013
131	Salaries - Teachers		\$14,002,806	\$14,431,242	3.1%	\$14,560,241	0.9%
161	Salaries - Teacher Aides and Paraprofessionals		\$699,462	\$692,732	-1.0%	\$618,690	-10.7%
100	Salaries - All Other		\$100,506	\$39,868	-60.3%	\$50,520	26.7%
	Total Salaries (100)		\$14,802,774	\$15,163,842	2.4%	\$15,229,451	0.4%
110	Salaries - District Board and Administration		\$158,374	\$157,339	-0.7%	\$137,500	-12.6%
115	Salaries - Supervisors and Directors		\$109,264	\$292,157	167.4%	\$326,500	11.8%
152	Salaries - Secretarial and Clerical		\$200,628	\$235,645	17.5%	\$202,500	-14.1%
	Total Salaries (100)		\$468,266	\$685,141	46.3%	\$666,500	-2.7%
121	Salaries - Principals and Assistants		\$961,046	\$1,038,128	8.0%	\$1,063,684	2.5%
152	Salaries - Secretarial and Clerical		\$334,175	\$330,569	-1.1%	\$388,777	17.6%
	Total Salaries (100)		\$1,295,221	\$1,368,697	5.7%	\$1,452,461	6.1%

Average Superintendent Salary

Here's an overview of Superintendent salaries, Wasatch is slightly above the medium school average salary and 10% above per capita (\$30.63)

School Size	number	students	Avg. Salary	per capita
Large > 10K	14	465032	\$210,699.79	\$6.34
Medium 3-10K	10	53358	\$146,556.20	\$27.47
Small < 3K	12	21162	\$121,390.50	\$68.83

School Budget - Board Pay

Members of the Wasatch County School Board, find their pay on the high end of comparable sized schools according to UtahsRight.com. From the Wasatch School Budget, the only reference for FY 2011 to 2013 appears to be:

Salaries - District Board and Administration	158,374	157,339		137,500
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As the total for five members would be \$86,440, and the Superintendent is well over \$100K, the remaining amounts must be elsewhere.

Perhaps some of their pay is in Non-Taxable benefits (health insurance??)

School District	Students	Board Member Salary	per student
Park City	4400	\$18,385	\$4.18
Wasatch	5253	\$17,228	\$3.28
Iron	8508	\$15,982	\$1.88
Sevier	4546	\$8,515	\$1.87
So. Sanpete	3124	\$3,000	\$0.96
Carbon	3423	\$3,000	\$0.88
Logan	6120	\$4,392	\$0.72
Duchesne	4574	\$3,230	\$0.71
Murray	6417	\$3,900	\$0.61
Uintah	6993	\$3,230	\$0.46

School Budget - Retirement

How has your retirement done in the last couple years?

To help you better understand the **\$53,059,689 School budget**, here's an analysis of just one item **Retirement**:

It's unknown if that reflects mandated costs or increased benefits, **but it does cause INCREASED cost to the taxpayers!**

Nearly \$1 Million over two years and \$650,000 2012 to 2013.

Retirement		FY 2011	FY 2012		FY 2013	2011 -13	2012 - 13
210 Instruction		2,612,933	2,847,637		3,315,826	26.9%	16.4%
210 Support Services – Students	Retirement	85,548	108,779		170,241	99.0%	56.5%
210 Support Services – Media Personnel	Retirement	62,092	58,258		70,643	13.8%	21.3%
210 Support Services – Dist Admin	Retirement	83,445	125,792		137,496	64.8%	9.3%
210 Support Services – School Admin	Retirement	230,808	251,293		330,929	43.4%	31.7%
210 Support Services – Central	Retirement	99,443	107,487		130,675	31.4%	21.6%
Total		\$3,174,269	\$3,499,246		\$4,155,810	30.9%	18.8%

All from the General Fund | (It appears the Media Personnel (librarians) are being relatively short-changed as their salaries also decreased.)

School Budget History

Everyone knows that Wasatch County has had an increasing population in recent years. They also know that the country has been in an economic downturn recently.

While the economic growth slows, that economic reality is not reflected when comparing # of students and expenditures. **Over five years or so, expenditures outgrew student increases two or three to one:**

2005 vs.2013 TOTAL	+ 79.4%	2007 vs.2012 TOTAL	36.7%	2008vs.2013 TOTAL	18.3%
Enrollment	27.8%	Enrollment	17.9%	Enrollment	15.9%
2005 vs.2013 gen fund	+ 71.5%	2007 vs.2012 gen fund	55.8%	2008vs.2013 gen fund	22.7%

The Board of Education's Statement of Purpose

While the January 2011 Purposes have admirable statements, they shortchange the idea of fiduciary responsibility to the voters and taxpayers who elected them. Their responsibility might be considered multi-fold - Students (5,500), Parents (1800), School Employees (700), Residents not in those categories (17,000).

"The responsibility and purpose of the Wasatch County Schools is to help each student develop to their fullest potential.

To achieve this, the schools must teach thoroughly the fundamental skills of reading, writing, and mathematics, teach students to think independently and clearly, and educate them in a sound body of knowledge that prepares them for the responsibilities of living in a democracy.

The Board of Education is mindful that public schools have long undertaken other tasks to the extent that its primary functions are not weakened. The school system will strive to assist in the development of character and citizenship, of health and safety, and proper recreational and cultural interests. The schools shall require discipline and hard work, and will attempt to inspire a desire to learn which will carry beyond all formal education.

Public schools have an equal responsibility to all students, and an obligation to help each student develop to their fullest capacity. The Board recognizes the vital importance of quality in education, and the achievement of excellence in all subjects taught shall be a prime objective.

In order to accomplish these aims, the Board of Education strives to obtain and keep the most competent teaching and administrative staff obtainable: to provide, with the assistance of the community, facilities which will meet the growth needs of the system; to work closely with the community in keeping the public informed of the program of the schools and the needs of the system, and to formulate and carry out in co-operation with the school staff the educational policies and standards that are necessary to achieve these goals."

WSD Money Spent since 2007

Wasatch High School Construction overrun- \$20 Million +/-

Football Stadium/ Track- \$3.1 Million

Heber Valley Elementary addition - \$1.5 Million +/-

\$

TOTAL - \$23 Million +/-

WITHOUT A PUBLIC BOND ELECTION

Taxpayer Relief

Wasatch Taxpayers Association Calls for a \$5 Million Tax Cut From Wasatch School District's 2013 Budget

Based on the figures included here, which were supplied to the Wasatch County taxpayers by the Wasatch School District, the Wasatch Taxpayers Association is calling for a conservative \$5 Million reduction in property taxes, from the existing unassigned cash funds, for the adopted 2013 budget year.

This will not affect the day to day operations of the school district.

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Simple Solution

- We feel that an adjustment to the suggested budget and a lowering of the requested tax rate to the county could be made by simply lowering the Voted Leeway (53A-17a-133) - Line 6 of the "tax" page of the budget, and slightly reducing mil rate on Line 7.

The "Unassigned" fund balance of \$5,664,646 (line 41 - 9899) could then be used to balance the budget.

(See next slide)

Property Tax / Leeway

General Fund	FY 2011		FY 2012			FY 2013	
	TAX	ACTUAL	TAX	AMOUNT	ACTUAL	TAX	AMOUNT
Detail Schedule of Property Tax	RATE	REVENUE	RATE	BUDGETED	REVENUE	RATE	ANTICIPATED
Basic Program (53A-17a-135)	.001495	5,423,546	.001591	5,329,580			5,596,059
Voted Leeway (53A-17a-133)	.001224	4,440,415	.001394	4,680,400		.001486	4,731,894
Board Leeway (thru 2011 – 53A-17a-134) and Board Local Levy (start 2012 – 53A-17a-164)	.000400	1,451,116	.000456	1,516,785		.000486	1,547,578

Voted Leeway Q & A

Answer: (not asked) The board levy was originally passed on March 28th, 1991. There has not been a change since. The rate may fluctuate based on assessed values of property by the county. The last two years property values have gone down.

Question: Line 6 also show a "Voted Leeway (53A-17a-133)" When was this originally passed by the Board?

Answer: This voted leeway was originally passed May 24th, 1956. In 2004 the board voted to raise that levy if needed to the maximum of .001600. It is currently at .001486.

Question: On the "Tax" tab, line 7, there is a "Board Leeway (thru 2011 €" 53A-17a-134) and Board Local Levy (start 2012 €" 53A-17a-164) showing revenue of \$1,451,116 for FY 2011 and an increase in the tax rate to .000486 or \$1,547,578 for FY 2013. When was this originally passed by the Board? Was a change made this year, if so when?

Answer: The explanation on your question is simply the state changed the name in 2012 to Board Local Levy from Board Leeway. It was passed in 1991.

Local Levy

Here are some excerpt from the applicable code:

53A-17a-164. Board local levy -- State guarantee.

(1) Subject to the other requirements of this section, for a calendar year beginning **on or after January 1, 2012, a local school board may levy a tax** to fund the school district's general fund.

(2) (a) Except as provided in Subsection (2)(b), a tax rate imposed by a school district pursuant to this section may not exceed .0018 per dollar of taxable value in any calendar year. . . .

(3) (a) In addition to the revenue a school district collects from the imposition of a levy pursuant to this section, the state shall contribute an amount sufficient to guarantee that each .0001 of the first .0004 per dollar of taxable value generates an amount equal to .010544 times the value of the prior year's weighted pupil unit.

(4) A school district **that imposes a board local levy in the calendar year beginning on January 1, 2012**, is exempt from the public notice and hearing requirements of Section [59-2-919](#) if the school district budgets an amount of ad valorem property tax revenue equal to or less than the sum of the following amounts:

OPENNESS

The Wasatch Taxpayers Association is eager to assist the Wasatch School Board to help them accomplish their intentions set forth In the 2011 Audit.

From 2011 SAO audit pg 12 of 59

“This financial report is designed to provide our citizens, taxpayers, students and all other interested parties with a general overview of the District's finances and to show accountability for **tax dollars**. If you have questions about this report or need additional financial information, contact the Treasurer and Business Administrator, Wasatch School District, 101 East 200 North, Heber City, UT 84032. ”



Thank You!

The Wasatch Taxpayers Association

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