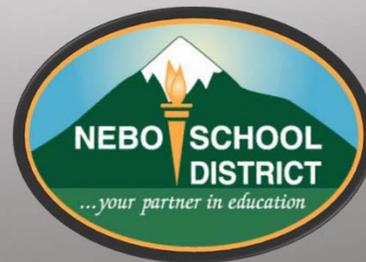




Guide to Understanding the Budget

2017-2018



ACKNOWLEDGMENTS

- Thank you to members of the legislature and Governor for their efforts in providing an increase in funding this year.
- Gratitude is also given to the Finance Department and all those who assist in providing an education to the students of Nebo School District.
- Our utmost appreciation is extended to the members of the Board of Education for the many hours contributed in providing direction to the Nebo School District and to the community for their continued support.

THE ANNUAL BUDGET

This guide is designed to help you understand the Nebo School District (NSD) budget and will provide information about the budget's main components of *revenue* and *expenditures*. You will learn about the District's funding sources and how resources are used to support educational success for our students.

The budget is a financial plan for the successful attainment of the District's strategic mission. Elementary and Secondary Directors develop staffing plans considering the FTEs available based on projected enrollment and as allocated by the Superintendent. The NSD annual budget allocates resources for the purpose of teaching students, transporting them to and from school, feeding them breakfast and lunch, and maintaining school buildings and grounds. These funds provide salaries, benefits, and professional development training for teachers and support staff, as well as necessary services, supplies, and equipment to enhance the educational experience of our students. The budget also provides funding for special education, career and technical education (CTE), and other programs. Bond funds, which voters approved in local elections in 2009, pay for building new schools, renovating and modernizing existing facilities, and upgrading school technology infrastructure.

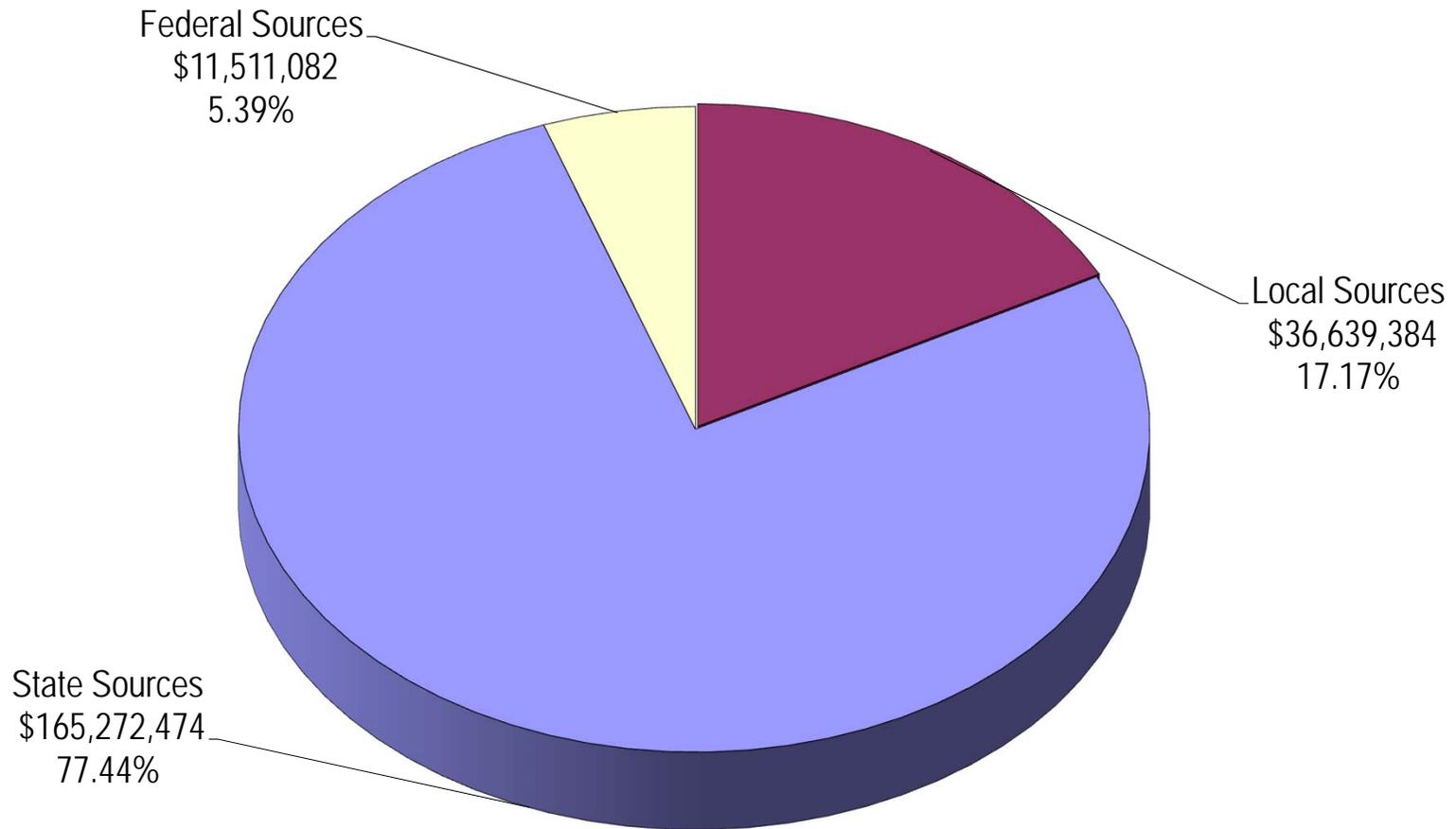


BUDGET APPROVAL

The District must adopt its annual budget by June 22nd for the upcoming school year. The administrative staff works together to recommend a budget to the Board of Education that considers the needs and values of students, parents, employees, and taxpayers. Board members are the fiscal stewards for the community who manage our educational resources in an effective and prudent manner consistent with District's values, goals and mission.

- Considerations during the budget process include:
 - ❖ Level of state funding authorized by the State Legislature
 - ❖ Projected student enrollment for the upcoming year
 - ❖ Staffing needs
 - ❖ Compensation agreements with instructional and support staff groups
 - ❖ Capital outlay expenditures for schools and support facilities
 - ❖ Additional operations and maintenance costs for new schools and facilities

GENERAL FUND BUDGETED REVENUES



HIGHLIGHTS OF GROUP AGREEMENTS

- Award step increases to all employees completing a qualifying year of service.
- Award lane changes to employees meeting certain requirements.
- Provide a 3.0% increase to the base salary of each employee salary schedule.
- Increase the first five steps on the certified salary schedule.
- Add a "Masters + 60" lane on the certified salary schedule.
- Increase the number of planning time days from 160 to 174 in elementary schools.
- Offer a \$500 signing bonus for all teachers hired on or after January 1, 2017.
- Fund one additional development day for all teachers on a one-time basis.
- Maintain health insurance benefits without changing employee contribution.

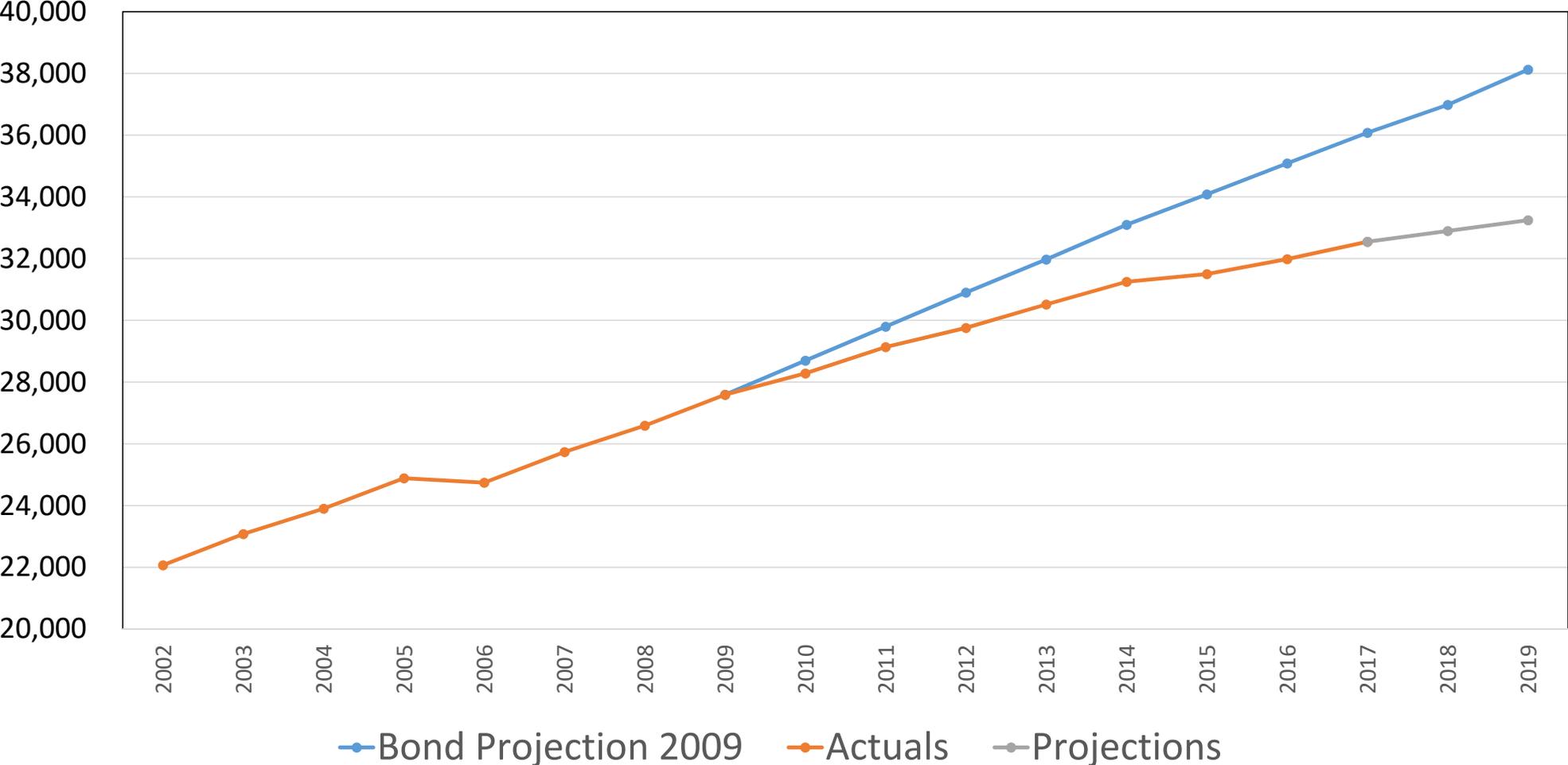
ENROLLMENT

Enrollment is an important component of the budget process. State funding is based on the District's weighted pupil unit (WPU) student enrollment. The Nebo School District has shown a steady growth of 1.88% over the past 5 years and anticipates 350 more students in the upcoming school year for a projected total of 32,896 students.

The average daily membership (ADM) of students attending in the District during the previous year becomes the base used for determining the amount of funding for the following year. The official state count of enrollment is conducted on October 1st of each school year. A growth percentage from year to year is applied to the prior year ADM to get the WPUs for the upcoming year. For the 2017-18 school year, the funding formula provides for \$3,311 per WPU, a 4.0% increase over the prior year.

In addition to the Basic WPU funding for K-12 students, the state provides add-on funding in the following areas: special education, career and technical education (CTE), class size reduction, pupil transportation, at-risk students, adult education, concurrent enrollment, school LAND Trust, educator salary adjustment, teacher supply, voted and board leeways, and several other programs.

ENROLLMENT GROWTH

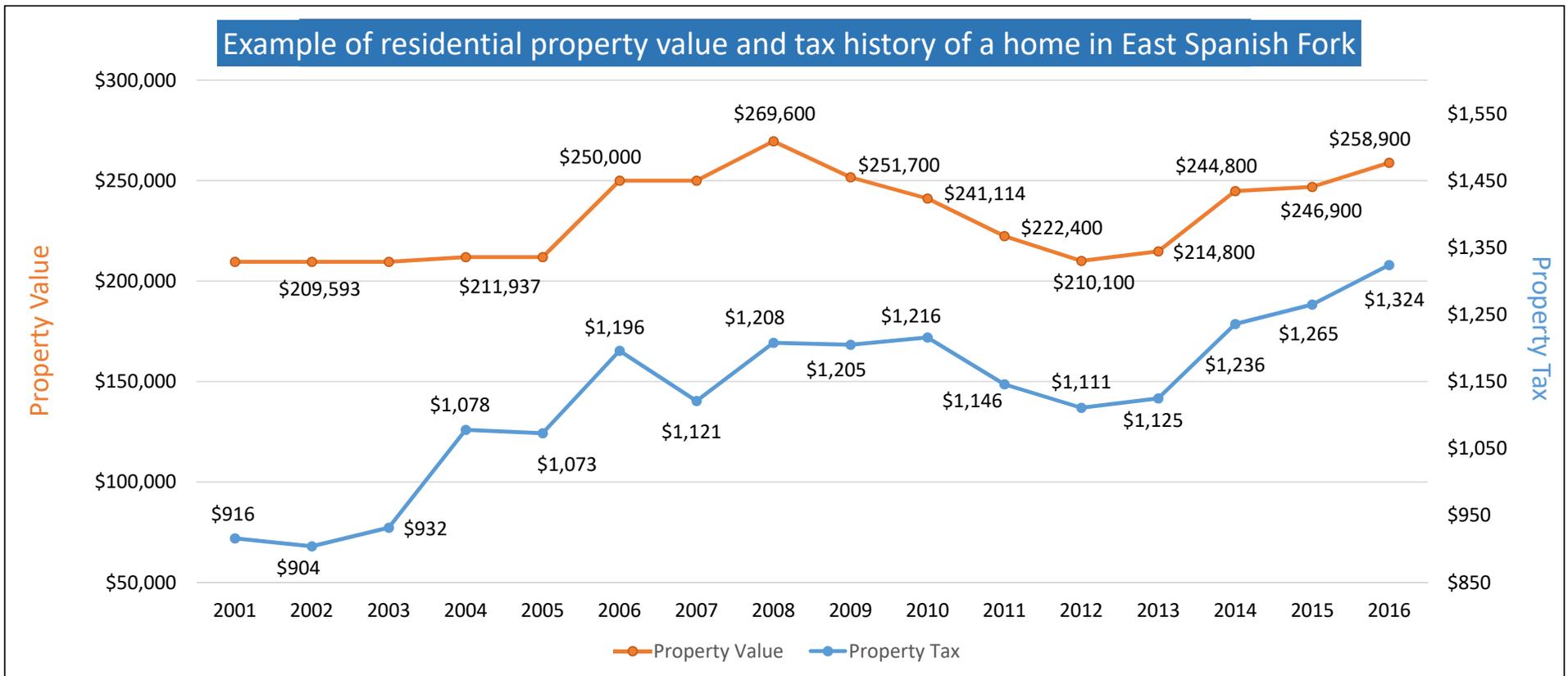


RESIDENTIAL PROPERTY TAXES

To estimate how much the school district portion of your property tax bill is, use the following formula:

$$\text{Assessed Value} \times \text{Homeowner Exemption} = \text{Taxable Value} \times \text{Tax Rate} = \text{District Tax Revenue}$$

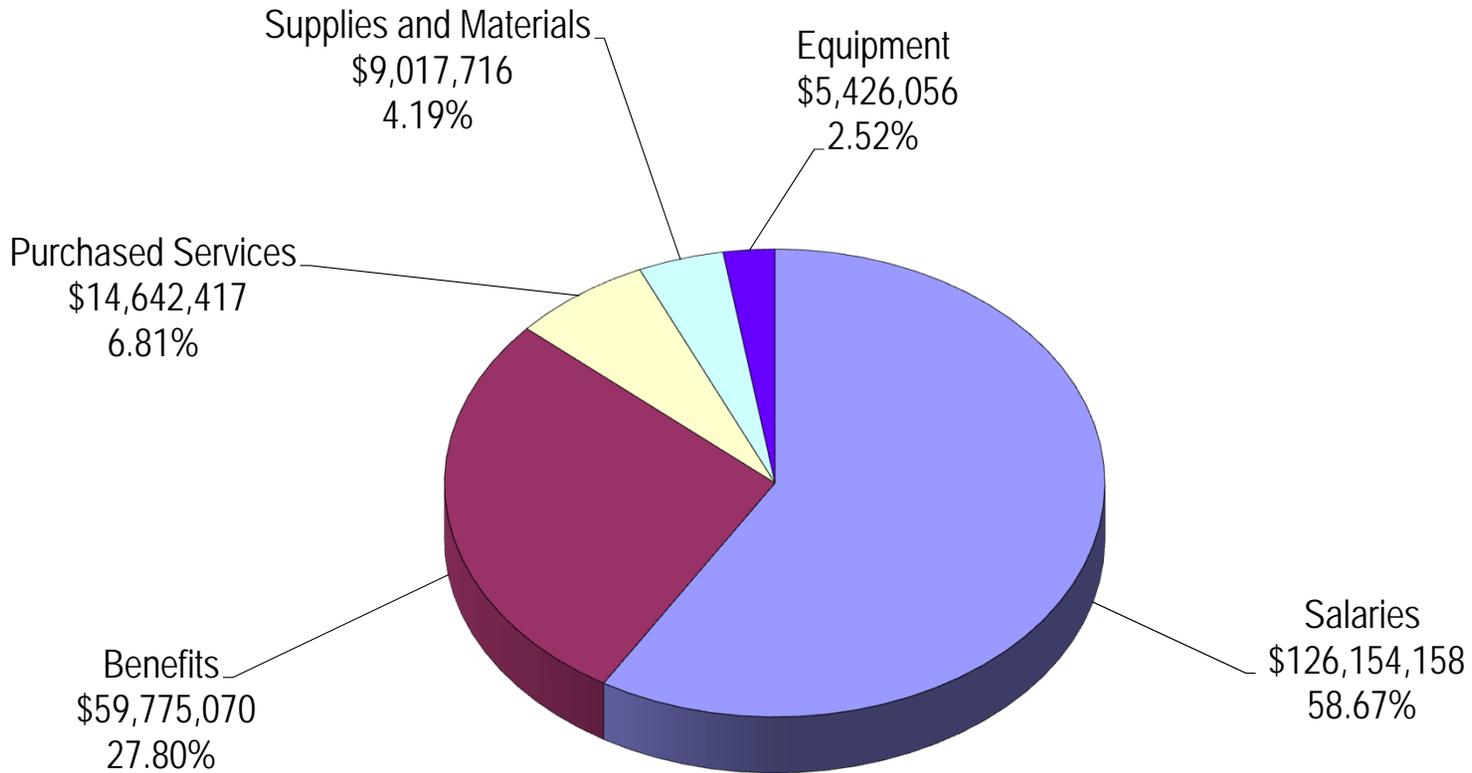
$$\text{Example: } \$258,900 \times .55 = \$142,395 \times .009298 = \$1,324$$



FUND DESCRIPTIONS

- ❖ **General Fund** pays for day-to-day expenses of running the school system and includes salaries, benefits, supplies, purchased services, transportation, maintenance, and utilities.
- ❖ **Capital Projects Fund** accounts for costs incurred in acquiring and improving sites, constructing and remodeling facilities, and purchasing equipment, textbooks, and supplies necessary for providing educational programs.
- ❖ **Debt Service Fund** is use to account for property tax revenue to repay the annual principal and interest on outstanding bonds.
- ❖ **Child Nutrition Fund** is used to account for the funds used to provide students with low-cost, nutritionally balanced meals.
- ❖ **School Activity Fund** accounts for financial transactions related to school-sponsored student activities.
- ❖ **Non K-12 Fund** accounts for activities outside the K-12 basic program, such as Special-Ed Preschool, Adult Ed, and providing community and recreational programs.
- ❖ **Nebo Education Foundation** is used to account for receipt and disbursement of donations. The foundation is an independent nonprofit corporation exclusively formed to benefit NSD students.

GENERAL FUND BUDGETED EXPENDITURES



Total Salaries and Benefits – 86.47%

EXPENDITURES BY OBJECT

SALARIES in the *General Fund* make up 58.6% of the budget.

BENEFITS constitute an additional 27.8% of the *General Fund* budget and consist of Utah Retirement System (URS) contributions, Medicare, and health, life, and long-term disability insurance payments. Health insurance costs have increased substantially over the past five years but the District feels fortunate that the increase for the upcoming year is 3.0%. The District is committed to maintain the employee contribution for insurance coverage the same for the upcoming year and absorb the 3.0% rate increase which will cost nearly \$0.5 million.

PURCHASED SERVICES comprise contracted outside services, utilities, transportation costs, printing expenses, and payments for professional services provided by outside companies or individuals.

SUPPLIES AND MATERIALS expenditures include textbooks and library books as well as other classroom and building supplies.

EQUIPMENT expenditures include technology and other equipment, property purchases, and construction and remodeling costs.

GENERAL FUND BUDGET EXPENDITURES BY ACTIVITY

In the *General Fund*, **over 81 cents of every dollar** is allocated to direct and indirect instruction. This includes salaries and benefits paid to teachers, para-educators, school-level administration, and learning support provided by counselors, librarians, nurses, and other professional personnel.



DIRECT INSTRUCTION

Costs associated with the delivery of instructional services to students, which include teachers, supplies, & equipment for regular & special education programs

65.7 cents



INDIRECT INSTRUCTION

Student support services, instructional staff services, curriculum, staff development, and school-level administration

15.6 cents

81.3 cents

OPERATIONS & SUPPORT SERVICES



TRANSPORTATION

Bus transportation for students & vehicle maintenance

4.0 cents

4.6 cents

OPERATIONS & MAINTENANCE

Facility maintenance, operations, utilities, & custodial services

10.1 cents

18.7 cents

GENERAL ADMINISTRATION
Board of Education, District administration, & District Office services

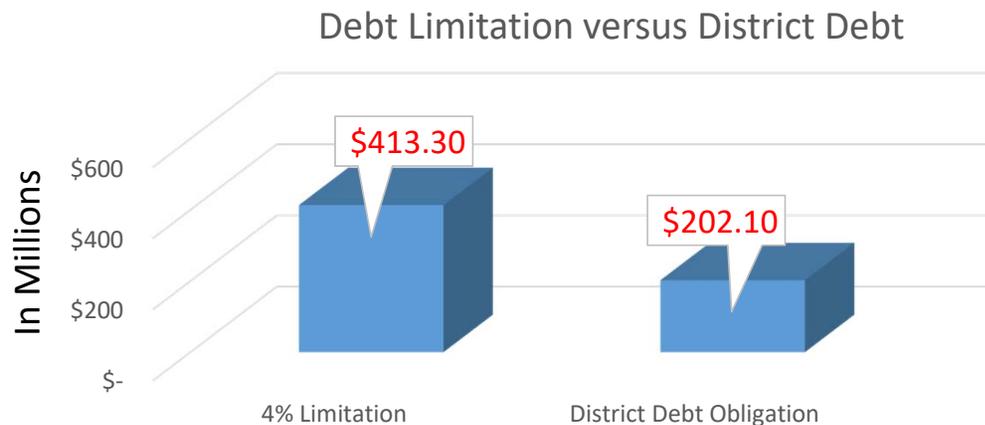


BONDED GENERAL OBLIGATION DEBT FOR SCHOOL FACILITIES

Funds for new buildings and major renovations and expansions of existing schools are provided primarily through the issuance of bonded debt. These bonds are authorized by voter approval and the debt repayment costs are managed in the *Debt Service Fund*.

Utah State Law limits the District general obligation indebtedness to 4.0% of the fair market value of taxable property in the District.

- Under the 4.0% of fair market value limit, the District debt is approximately 48.9% of the legal debt limit.
- The following graph represents the legal limitations versus the current long-term debt of the District.



Current additional bonding capacity = \$211.2 million

2009 BOND PROJECTS

	Completed	Remaining	Total
New Construction			
Sierra Bonita Elementary	\$ 13,150,634	\$ -	\$ 13,150,634
Salem Junior High	24,977,788	-	24,977,788
Springville Junior High	25,151,043	-	25,151,043
Maple Ridge Elementary	16,451,593	-	16,451,593
Meadow Brook Elementary	19,143,021	-	19,143,021
Apple Valley Elementary	6,500,000	12,500,000	19,000,000
Additions			
Taylor and Performing Arts	6,173,981	-	6,173,981
Improvements			
HVAC	9,792,684	-	9,792,684
Junior High Schools	10,350,708	-	10,350,708
Other	8,838,940	1,000,000	9,838,940
Property	13,122,487	-	13,122,487
Other	1,431,454	126,343	1,557,797
Total	<u>\$ 155,084,333</u>	<u>\$ 13,626,343</u>	<u>\$ 168,710,676</u> *

* Includes bond premiums and interest earnings

ACCOUNTABILITY FOR PUBLIC EDUCATION RESOURCES

The Nebo School District Board of Education is accountable to the community (the taxpayers) for wisely and efficiently using public funds to support District schools. Per state law, each year the Superintendent submits to the Board a proposed budget for the upcoming year. Federal grants are regulated at the national and state level. Independent auditors, who report their findings to the Board of Education and the public, audit the District's financial condition annually. The District Audit Committee also reviews District financial data.

Nebo School District's annual budget hearing will be held on June 14, 2017 at 6:00 PM at the Nebo District Offices at 350 South Main Street in Spanish Fork, Utah. The budget can be found on the District's web site at www.nebo.edu. Select Finance under Departments and scroll down to the Budget Reports & Information heading.