



UTAH STATE BOARD OF EDUCATION

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Lorraine Austin, Board Secretary

MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Natalie Grange, CPA CFE
Director of School Finance

DATE: September 8-9, 2016

INFORMATION: Minimum School Program FY2016 Carryover Update

Background:

During the Minimum School Program (MSP) reconciliation and review process for fiscal year 2016, the MSP Coordinator received a phone call from the Finance Director at Davis School District indicating they did not receive the tax collection information she provided to the district from the information received from the Davis County Treasurer.

After reviewing Davis School District's local collections for the year, errors were noted in the County Treasurer's data. Davis indicated that approximately \$6 million in local revenue was not included in the actual collection documentation received by the County Treasurer. This means that Davis School District's local revenue was understated when MSP was finalized for FY2016.

Board Strategic Plan:

This item supports the following imperative(s) and strategies in the Board's Strategic Plan:

- Educational Equity
- Quality Learning
- System Values

Anticipated Action:

No action anticipated. Informational only.

Contact: Jaime Barrett, MSP Coordinator, 801-538-7667
Natalie Grange, School Finance Director, 801-538-7668
Scott Jones, Deputy Superintendent of Operations, 801-538-7514



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MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Natalie Grange, CPA CFE
Director of School Finance

DATE: September 8, 2016

SUBJECT: Minimum School Program FY2016 Carryover Update

During July and August, the Minimum School Program (MSP) Coordinator has been reconciling and reviewing final balances in the MSP in order to report carryover and close the program for fiscal year 2016. On Wednesday, August 17, the MSP Coordinator received a phone call from the Finance Director at Davis School District. The Director informed her that the District's finance department did not receive the tax collection information she provided to the district from the information received from the Davis County Treasurer. Local tax collection revenue is requested independently from the County Treasurers and provided to the Districts to validate prior to finalizing the MSP calculations for the fiscal year. After reviewing their local collections for the year, errors were noted in the County Treasurer's data. Davis indicated that approximately \$6 million in local revenue was not included in the actual collection documentation received by the County Treasurer. This means that Davis School District's local revenue was understated when MSP was finalized for FY2016, meaning the District was overpaid from state tax dollars.

The MSP Coordinator receives actual tax collections received by each district from their county treasurer each year. She reconciles the tax collections and sends them to each district for their review. This process takes place in the months of April – May each year. The MSP Coordinator sends various reminder emails during this time period to ensure each district reviews their information for accuracy as this information is used to reconcile the Basic School Program and the Voted and Board Local Levies. This process must be completed by the second week of May to ensure funding is still available to adjust budget balances before the May and June allotments are processed. This is critical if district's local collections are higher than estimated which requires the state to reduce state funding from the MSP.

Davis School District contacted their county treasurer and an adjusted actual tax collection sheet was provided to the MSP Coordinator. After reviewing and reconciling the district's

actual collections, the state overpaid Davis School District \$2.93 million for the Basic School Program and \$2.89 million for the Voted and Board Local Levy programs. This is a total overpayment of \$5.82 million.

Davis School District delivered a check for the overpayment on Wednesday, August 24, 2016 and the MSP Coordinator reconciled the MSP again including the additional funds. The MSP ended FY16 with a carryover in the Basic School Program of \$10.9 million, which has previously been reported at \$7.97 million prior to correction made for Davis School District. The Related to Basic School Program ends FY2016 with carryover of \$17.7 million which remains unchanged. The Voted and Board Local Levy Programs end FY2016 year with a \$2.5 million carryover, which prior to the Davis School District correction had been reported as closing the year in with a \$390,000 deficit.

Transfers authorized by the Board in the June Finance Committee had not been recorded, and have been adjusted accordingly.