

DEERFIELD COMMUNITY SCHOOL DISTRICT

Committed to Excellence and Equity in Education

Citizens Advisory Committee

April 29, 2024

- Use past and present information to help establish the priority list of operational and educational needs and options to address those needs
- Help create a community survey communicating the needs and options
- Promote feedback through community survey
- Advise Board of potential plan to address future needs based on the survey results

The Challenge - The Need - The Plan

Committee Purpose

- Check for Understanding and Questions
- Review
 - Sources of School Funding
 - Revenue Limit
- Expenses
- Budget History
- Fund Balance
- Capital Improvement Fund
- Budget Forecast
- Review Tax Levy
- Mill rate
- Future Challenges

School Finance Topics

Three Major Sources of Revenue

**1. Equalization
Aid**



**2. Property
Tax**



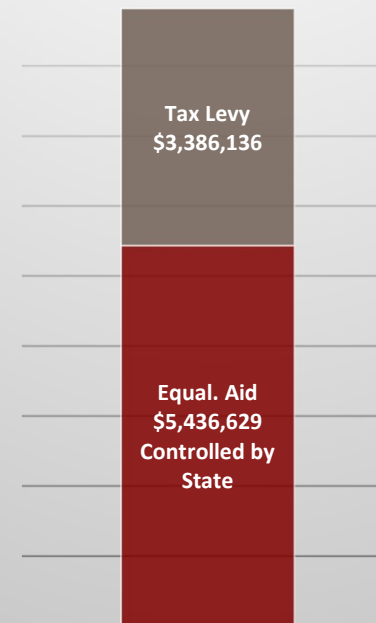
**3. Fees, Gate,
Grants, Other**



School Funding

- The Revenue Limit **IS** the limit unless a voter approved operational referenda is approved to increase the district revenue limit
- Deerfield's Per Pupil Revenue Limit is \$11,000, the minimum amount.
- The state is able to impact local property taxes by increasing or decreasing the aid amount.
- Debt created by local referendum is outside of the state controlled revenue limit.

Revenue Limit \$8,822,765 Controlled by State



Revenue Limit

2023-24 Per Pupil Revenue Limits

Deerfield	\$ 11,000 *
Waterloo	\$ 11,000 *
Fort Atkinson	\$ 11,976
McFarland	\$ 12,046
Cambridge	\$ 12,073
Stoughton	\$ 12,079
Marshall	\$ 12,187
Jefferson	\$ 12,330
Range of Per Pupil RL is \$11,000 to \$24,624	

Comparable Per Pupil RL

Equalization Aid

(set by state budget)

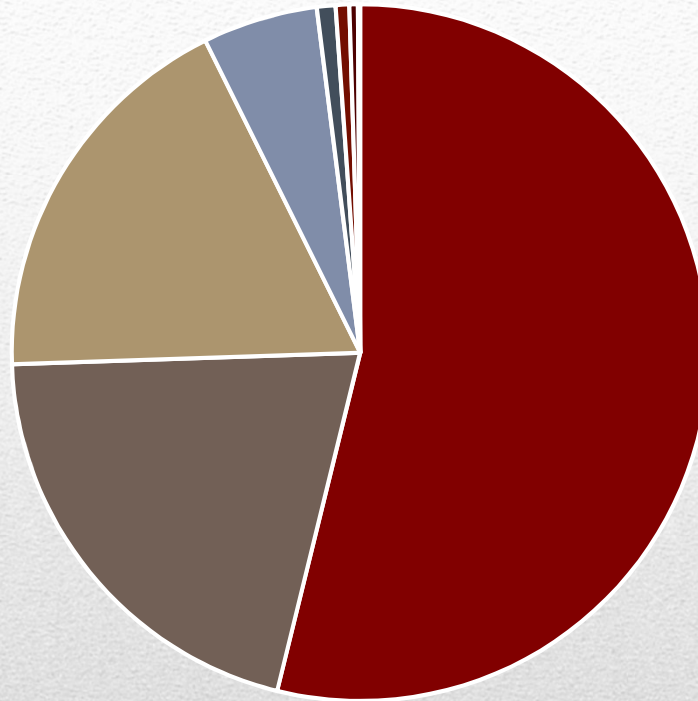
- **Factors that impact the aid amount each year:**
 - **Student Enrollment** (enrollment ↑ = aid ↑)
 - **Property Values** (property values ↑ = aid ↓)
 - **District Expenses** (expenses ↑ = aid ↑)
- **Equalization aid for 2023-24 was \$5,436,629 or 50% of the General Budget.**

Tax Levy

- **School District receives property taxes from 5 municipalities (2023 breakdown)**
 - **Village of Deerfield (45.47%)**
 - **Township of Deerfield (38.93%)**
 - **Township of Cottage Grove (11.96%)**
 - **Township of Christiana (3.34%)**
 - **Township of Pleasant Springs (.3%)**
- **Local property taxes provide revenue for the general budget and for any referendum approved debt payments**

Revenue Limit

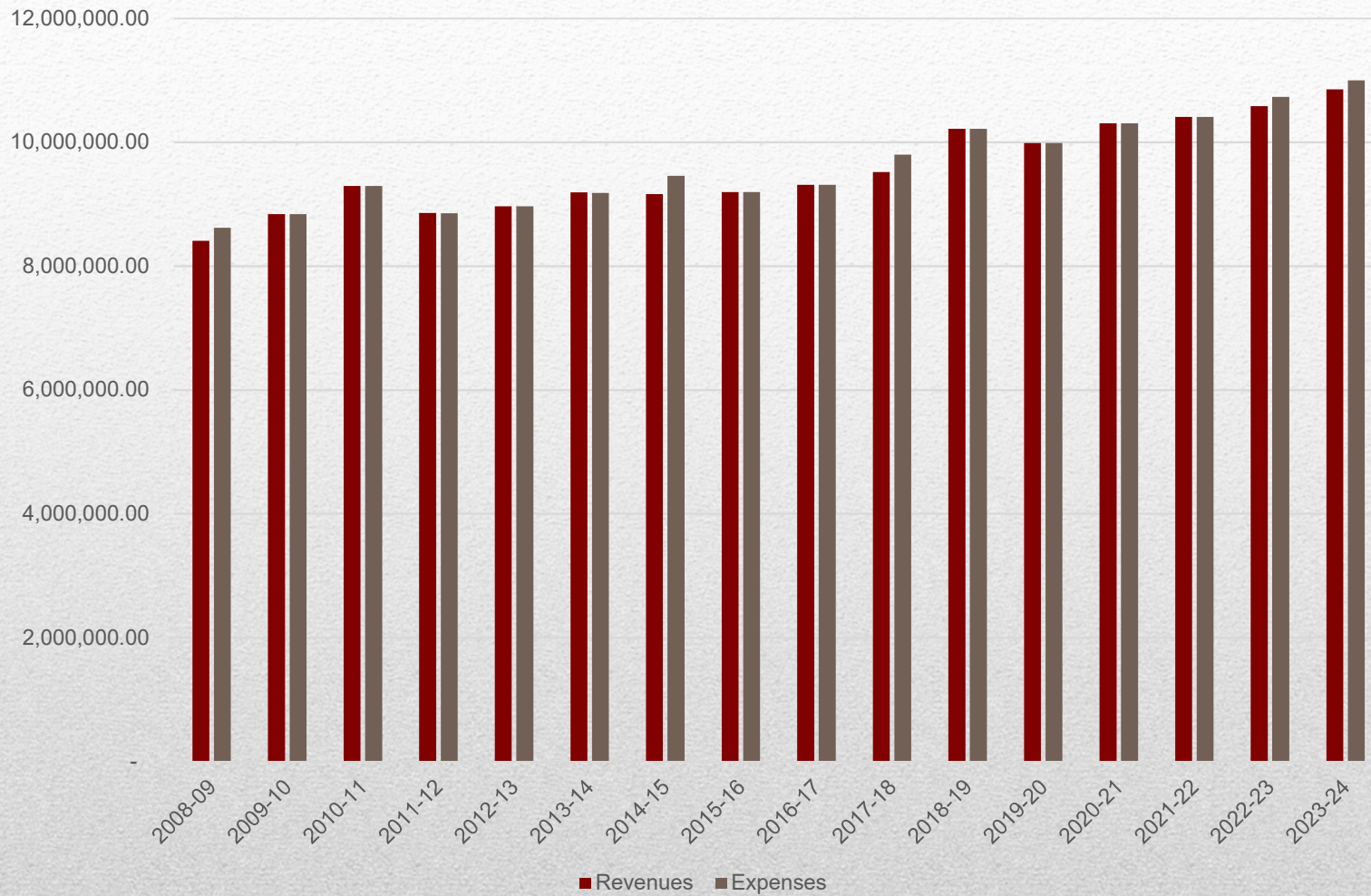
2023-24 General Fund Budget



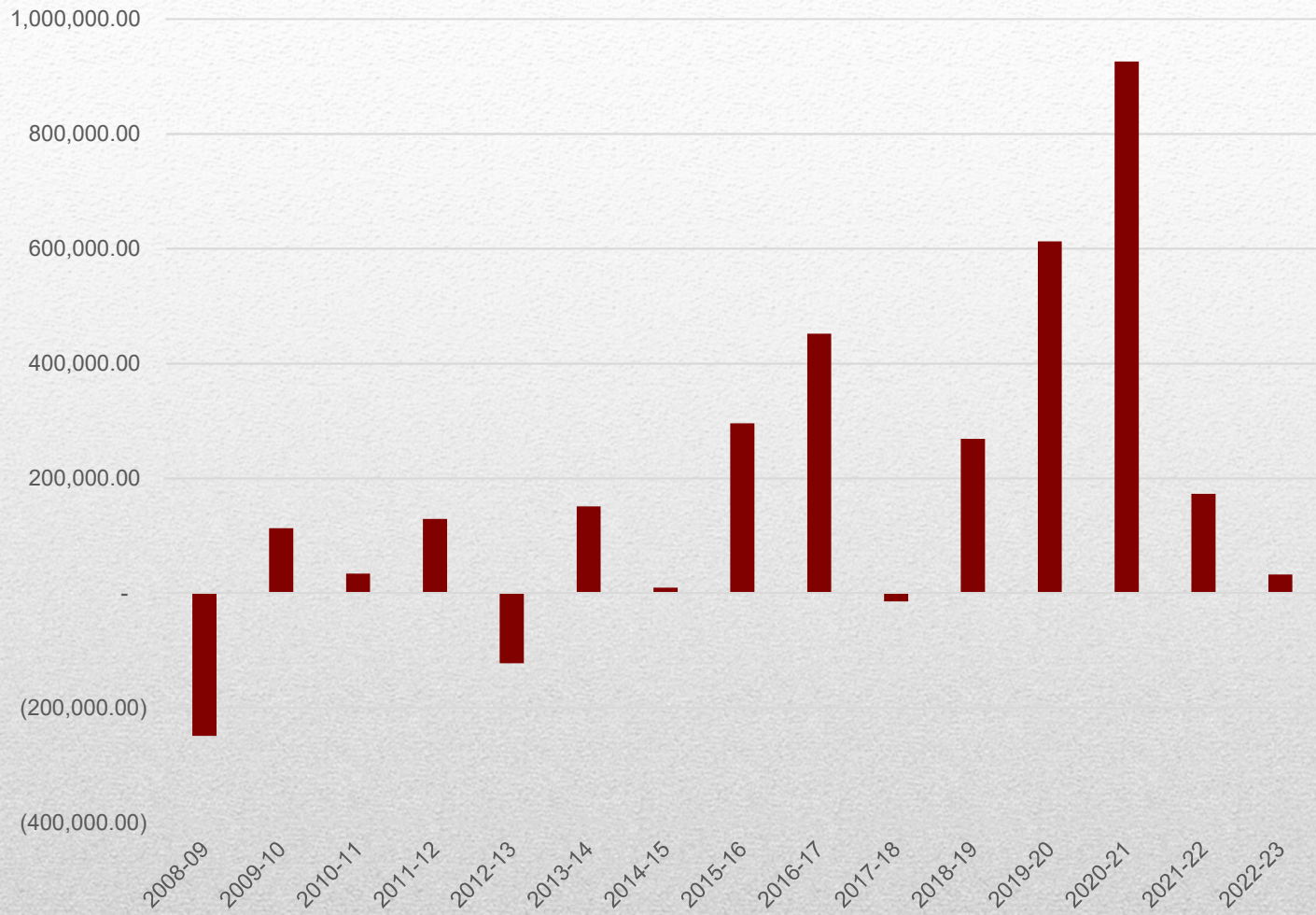
- SALARIES, 53.8%
- PURCHASED SERVICES, 18.2%
- INSURANCE AND JUDGMENTS, 0.9%
- OTHER OBJECTS, 0.4%

- EMPLOYEE BENEFITS, 20.6%
- NON-CAPITAL OBJECTS, 5.3%
- CAPITAL OBJECTS, 0.6%
- DEBT RETIREMENT, 0.1%

Expenses



Budget History – Fund 10



History of Final Year-End Budget Surplus/Deficit

Surplus may...

- Increase the General Fund Balance
 - Not “aidable”

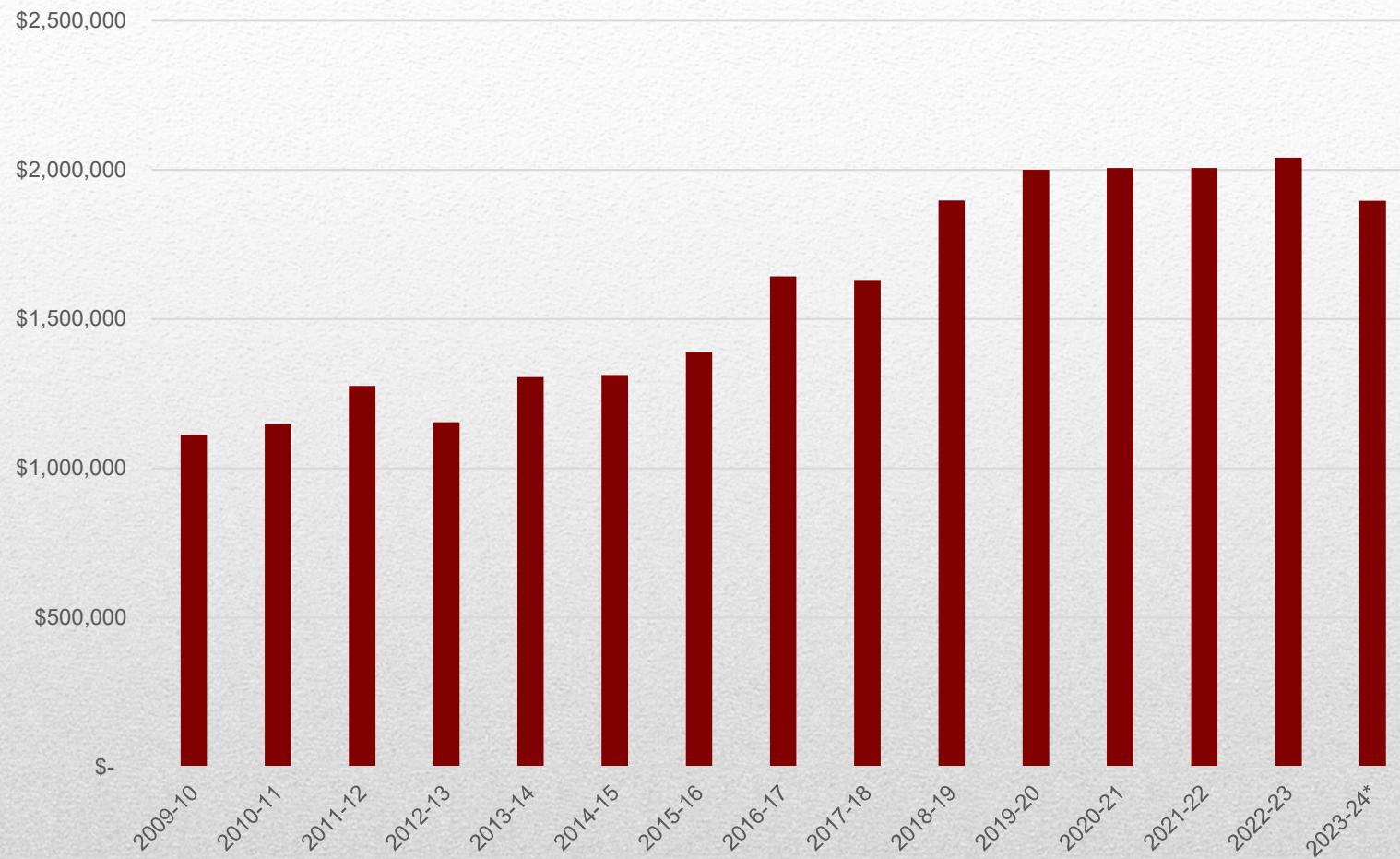
OR

- Be transferred to the Capital Improvement Fund 46
 - “Aidable”

Deficit will...

- Decrease the General Fund Balance
 - “Aidable”

Budget Surplus/Deficit



History of General Fund Balance



Why do schools have a General Fund balance?

- Avoids or lowers short term borrowing costs
- Available for large one-time unexpected/emergency expenditures
- Adds a positive data point for the District bond rating
 - Resulting in lower interest costs for borrowing

How much should we have in General Fund balance?

- It depends on goals and objectives of district
 - BOE policy #6235 – The Fund 10 fund balance shall not fall below 10% of operating expenses.
-

July 1 to June 30

Equalization aid received from the state - \$5,436,629 (2023-24)

September (15%)

December (25%)

March (25%)

June (35%)

Property taxes received from 5 municipalities - \$3,386,136 (2023-24)


January (43.1%)

February (27.7%)

April Lottery tax credit (3.7%)

August (25.5%)

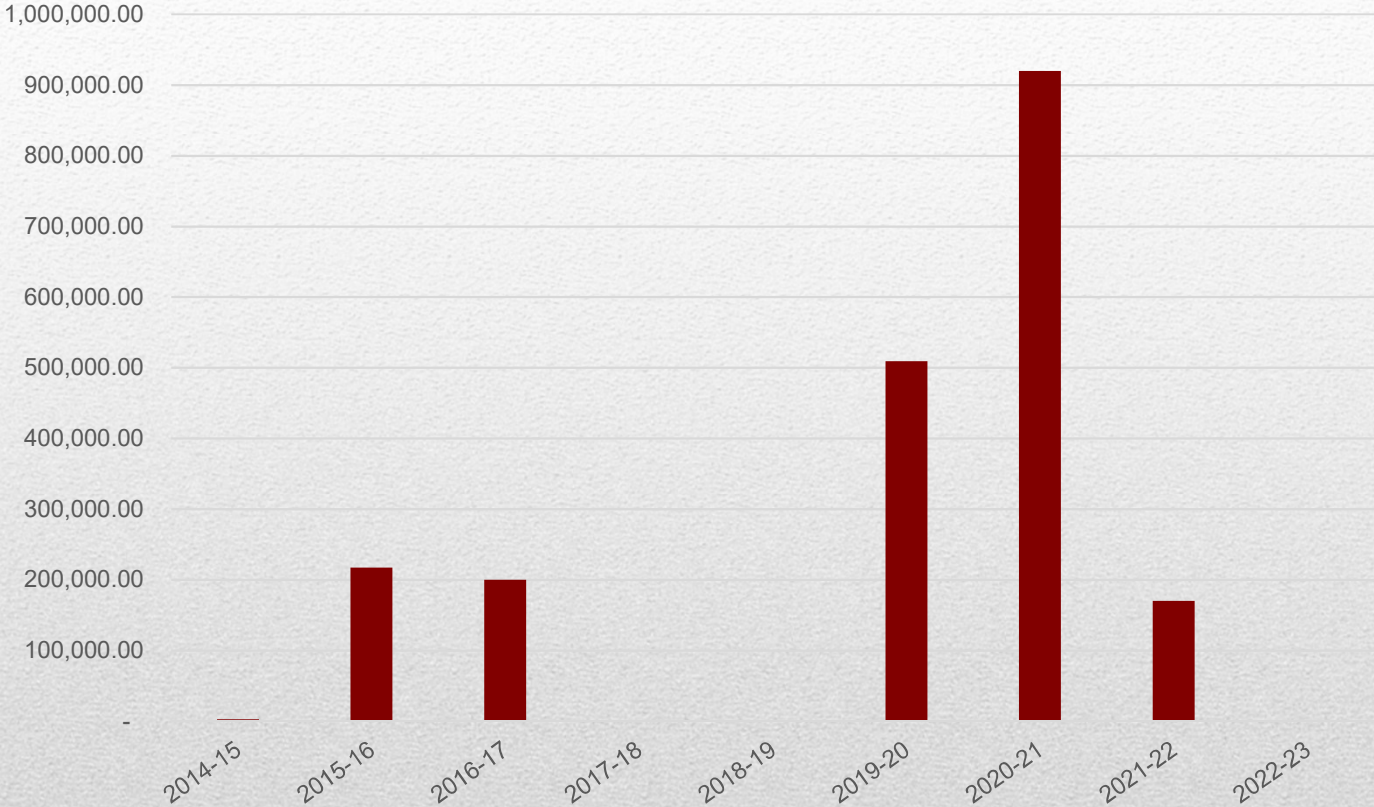
Fiscal Year Info

- 
- The School Board established a long-term Capital Improvement Fund in 2015.
 - By law, funds may only be used for the purposes identified in the long-term capital improvement plan approved by the School Board.
 - The Fund 46 balance as of June 30, 2023 is \$1,882,273

Capital Improvement Fund



Fund 46 Transfers



History of Fund 46 Transfers



Topics Covered

- Revenue Sources
- Expenses
- Budget History
- General Fund Balance
- Capital Improvement Fund

Next Topics

- Budget Forecasting
 - Revisit Tax Levy
 - Mill Rate
 - Future Challenges
-



What is one surprising piece of information from what we have shared so far?

At this point, what do you think are our school challenges going forward?

Table Talk #1



Topics Covered

- Revenue Sources
- Expenses
- Budget History
- General Fund Balance
- Capital Improvement Fund

Next Topics

- Budget Forecasting
 - Revisit Tax Levy
 - Mill Rate
 - Future Challenges
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- Budgeting tool used to cast forward budget information to estimate future budgets
- Usually looks ahead 5 years
- Based on assumptions of the unknown (snapshot)
 - Enrollment
 - Increases/decreases to all revenue/expense categories
 - Property Values
 - Future debt and interest rates
 - Revenue limit changes (current state law \$325)
 - Equalization aid formula (assumes no changes)

Budget Forecast Model

- Minimal decline in student enrollment
- \$325 per year increase in per pupil revenue limit
- 2% per year property value growth
- Debt payments for \$49.7 million
 - Includes actual payments for current debt - \$29 million
 - Includes estimated debt payments - \$20.7 million
- 4%/7% per year increase in wages/benefits
- 3% per year increase in services
- 5% per year increase in non-capital items
- 5% per year increase in insurances (W/C, liability, property, etc.)

Forecast Model Assumptions

Current Scenario	Prior Years		Current	Projections				
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Enrollment Growth	1.2%	1.9%	-0.3%	0.0%	-2.7%	-0.6%	-2.0%	-1.3%
Eq. Valuation Growth		12.5%	10.9%	2.0%	2.0%	2.0%	2.0%	2.0%
Rev. Limit/Member Incr.	0	0	325	325	325	325	325	325
Referendum	500,000	500,000	500,000	500,000	0	0	0	0
Fund 10 Revenues	10,453,841	10,667,715	10,853,190	10,839,450	10,611,425	10,776,123	10,896,310	10,972,480
Fund 10 Expenditures	10,451,111	10,635,449	10,998,190	11,478,759	11,891,153	12,331,689	12,768,531	13,231,997
Surplus (Deficit)	2,730	32,266	(145,000)	(639,309)	(1,279,728)	(1,555,566)	(1,872,221)	(2,259,517)
Fund Balance	2,008,721	2,040,987	1,895,987	1,256,677	(23,051)	(1,578,617)	(3,450,837)	(5,710,354)
Fund Balance %	19.2%	19.2%	17.2%	10.9%	-0.2%	-12.8%	-27.0%	-43.2%
Operating Expenses	11,128,142	11,436,270	11,939,938	12,486,230	12,927,779	13,395,101	13,860,005	14,352,875
Equalization Aid	4,858,176	5,089,176	5,436,629	6,102,514	6,168,884	6,120,047	6,245,085	6,222,097
Total Tax Levy	5,449,217	5,504,813	6,128,068	5,415,825	5,016,989	5,397,838	5,481,700	5,653,976
Mill Rate	\$10.35	\$9.29	\$9.33	\$8.08	\$7.34	\$7.74	\$7.71	\$7.80

Forecast Model Example #1

Current Scenario	Prior Years		Current	Projections				
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Enrollment Growth	1.2%	1.9%	-0.3%	0.0%	-2.7%	-0.6%	-2.0%	-1.3%
Eq. Valuation Growth		12.5%	10.9%	2.0%	2.0%	2.0%	2.0%	2.0%
Rev. Limit/Member Incr.	0	0	325	325	325	325	325	325
Referendum	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Fund 10 Revenues	10,453,841	10,667,715	10,853,190	10,839,450	11,111,425	11,276,123	11,396,310	11,472,480
Fund 10 Expenditures	10,451,111	10,635,449	10,998,190	11,478,759	11,891,153	12,331,689	12,768,531	13,231,997
Surplus (Deficit)	2,730	32,266	(145,000)	(639,309)	(779,728)	(1,055,566)	(1,372,221)	(1,759,517)
Fund Balance	2,008,721	2,040,987	1,895,987	1,256,677	476,949	(578,617)	(1,950,837)	(3,710,354)
Fund Balance %	19.2%	19.2%	17.2%	10.9%	4.0%	-4.7%	-15.3%	-28.0%
Operating Expenses	11,128,142	11,436,270	11,939,938	12,486,230	12,927,779	13,395,101	13,860,005	14,352,875
Equalization Aid	4,858,176	5,089,176	5,436,629	6,102,514	6,168,884	6,120,047	6,245,085	6,222,097
Total Tax Levy	5,449,217	5,504,813	6,128,068	5,415,825	5,516,989	5,897,838	5,981,700	6,153,976
Mill Rate	\$10.35	\$9.29	\$9.33	\$8.08	\$8.07	\$8.46	\$8.41	\$8.49

Forecast Model Example #2 (\$500,000 referendum cont.)

Current Scenario	Prior Years		Current	Projections				
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Enrollment Growth	1.2%	1.9%	-0.3%	0.0%	-2.7%	-0.6%	-2.0%	-1.3%
Eq. Valuation Growth		12.5%	10.9%	2.0%	2.0%	2.0%	2.0%	2.0%
Rev. Limit/Member Incr.	0	0	325	325	325	325	325	325
Referendum	500,000	500,000	500,000	1,100,000	1,300,000	1,400,000	1,500,000	1,600,000
Fund 10 Revenues	10,453,841	10,667,715	10,853,190	11,439,450	11,911,425	12,176,123	12,396,310	12,572,480
Fund 10 Expenditures	10,451,111	10,635,449	10,998,190	11,478,759	11,891,153	12,331,689	12,768,531	13,231,997
Surplus (Deficit)	2,730	32,266	(145,000)	(39,309)	20,272	(155,566)	(372,221)	(659,517)
Fund Balance	2,008,721	2,040,987	1,895,987	1,856,677	1,876,949	1,721,383	1,349,163	689,646
Fund Balance %	19.2%	19.2%	17.2%	16.2%	15.8%	14.0%	10.6%	5.2%
Operating Expenses	11,128,142	11,436,270	11,939,938	12,486,230	12,927,779	13,395,101	13,860,005	14,352,875
Equalization Aid	4,858,176	5,089,176	5,436,629	6,102,514	6,168,884	6,120,047	6,245,085	6,222,097
Total Tax Levy	5,449,217	5,504,813	6,128,068	6,015,825	6,316,989	6,797,838	6,981,700	7,253,976
Mill Rate	\$10.35	\$9.29	\$9.33	\$8.98	\$9.24	\$9.75	\$9.82	\$10.00

Forecast Model #3 (increasing per year referendum)

- We were a low spending District when revenue limits were implemented
- Annual revenue limit increases have not matched inflation
- Federal funding during the pandemic is ending (ESSER)
 - ESSER I - \$40,000
 - ESSER II – \$169,067
 - ESSER III - \$535,172

How did we get to this point?

Fiscal Year	CPI-U			Actual	
	%	Increase	Per Pupil RL	Increase	Per Pupil RL
2011-12	1.64%	\$ 165	\$ 10,241	\$ (586)	\$ 10,076
2012-13	3.16%	\$ 324	\$ 10,565	\$ 50	\$ 10,126
2013-14	2.07%	\$ 219	\$ 10,784	\$ 75	\$ 10,201
2014-15	1.46%	\$ 157	\$ 10,941	\$ 75	\$ 10,276
2015-16	1.62%	\$ 177	\$ 11,118	\$ -	\$ 10,276
2016-17	0.12%	\$ 13	\$ 11,132	\$ -	\$ 10,276
2017-18	1.26%	\$ 140	\$ 11,272	\$ -	\$ 10,276
2018-19	2.13%	\$ 240	\$ 11,512	\$ -	\$ 10,276
2019-20	2.44%	\$ 281	\$ 11,793	\$ 175	\$ 10,451
2020-21	1.81%	\$ 213	\$ 12,006	\$ 179	\$ 10,630
2021-22	1.23%	\$ 148	\$ 12,154	\$ -	\$ 10,630
2022-23	4.70%	\$ 571	\$ 12,725	\$ -	\$ 10,630
2023-24	8.00%	\$ 1,018	\$ 13,743	\$ 370	\$ 11,000
2024-25	4.12%	\$ 566	\$ 14,309	\$ 325	\$ 11,325

What if?

(RL increase of \$2.2 million)

- School district property taxes include levies for general operations, debt service, capital expansion and community services.
- Property values are equalized to reflect market value rather than local assessed value.
- The equalized levy rate is the total property tax levy divided by the current year equalized property value with tax incremental financing (TIF) values excluded.
- Levy rates are shown in "mills" or property tax dollars levied per \$1,000 of equalized property value. (DPI)

School Tax Mill Rate



	<u>School Tax Levy</u>		<u>Equal. Prop. Value</u>		<u>1,000</u>		<u>Mill Rate</u>
2023-24	\$ 6,128,068	÷	\$ 656,863,472	X	1,000	=	\$ 9.33

What if.....?

8% property increase	\$ 6,128,068	÷	\$ 709,412,550	X	1,000	=	\$ 8.64
8% tax increase	\$ 6,618,313	÷	\$ 656,863,472	X	1,000	=	\$ 10.08
8% property and tax increase	\$ 6,618,313	÷	\$ 709,412,550	X	1,000	=	\$ 9.33

Mill Rate Calculation

Tax Payer Example

Equalized Home Value		Mills		Mill Rate		School Tax
\$ 400,000	÷	\$ 1,000	X	\$ 9.33	=	\$ 3,732.00

- Changes in the Equalized Value from year to year are caused by many things; increases or decreases in market prices, annexation gains or losses, new construction, demolition of buildings, relocation of businesses, taxable status of property, and statutory changes in the basis for valuation in various classes of property.
- DOR uses six basic strategies to determine equalized values: (1) sales analysis, (2) use value analysis, (3) property appraisal, (4) local reports, (5) Manufacturing Class, and (6) sec. 70.57, Wis. Stats., corrections.

Mill Rate Calculation

School Year	Equal. Property Values	% Change	Tax Levy	% Change	Mill Rate	% Change
2010-11	385,891,181	-0.46%	4,627,199	8.18%	11.99	8.70%
2011-12	368,532,324	-4.50%	4,920,501	6.34%	13.35	11.35%
2012-13	363,026,804	-1.49%	4,767,388	-3.11%	13.13	-1.64%
2013-14	365,768,652	0.76%	4,682,086	-1.79%	12.80	-2.53%
2014-15	369,810,403	1.11%	4,816,945	2.88%	13.03	1.76%
2015-16	383,319,307	3.65%	4,790,673	-0.55%	12.50	-4.05%
2016-17	387,144,843	1.00%	4,783,587	-0.15%	12.36	-1.13%
2017-18	410,233,091	5.96%	4,812,384	0.60%	11.73	-5.06%
2018-19	440,310,109	7.33%	4,843,841	0.65%	11.00	-6.22%
2019-20	461,601,853	4.84%	5,077,041	4.81%	11.00	-0.02%
2020-21	484,540,673	4.97%	5,101,328	0.48%	10.53	-4.28%
2021-22	526,487,171	8.66%	5,449,217	6.82%	10.35	-1.69%
2022-23	592,420,597	12.50%	5,504,813	1.00%	9.29	-10.22%
2023-24	656,863,472	10.88%	6,128,068	11.32%	9.33	0.40%

Property Values, Tax Levy, Mill Rate



Revisit the challenges you listed during Table Talk #1.

What additional challenges, if any, might the school need to consider?

Table Talk #2



What do you wonder?

What would you like to know
more about?

Questions
