



DeForest Area School District

# ANNUAL BUDGET

2020-2021 REPORT



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520 E. Holm Street  
•  
DeForest, WI 53532

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•  
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*The mission of the DeForest Area School District is to provide an excellent education and engage, challenge, and inspire all students to pursue their full potential.*

# CONTENTS

Annual Meeting Agenda.....	3
Financial Highlights .....	4
Accounting Methodology & Budget Process.....	6
Fund Definitions .....	7
2020-21 Proposed Budget .....	10
2019-20 Annual Meeting & Budget Hearing Minutes .....	12

# AGENDA

DeForest Area High School  
 Performing Arts Center  
 815 Jefferson Street  
 DeForest, WI 53532

Monday, August 31, 2020 @ 7:00 pm

- I. Meeting Call to Order: Jan Berg, Board of Education President
  - A. Introductory Comments: Jan Berg
    1. Introduction of Board of Education Members
    2. Introduction of District Administrator
  - B. District Administrator: Eric Runez
    3. Introduction of Administrative Staff
    4. Introduction of Legal Counsel/Parliamentarian
- II. Election of Chairperson
- III. Financial Report: Kathleen Davis, Director of Business & Auxiliary Services
- IV. New Business:
  - A. Budget Hearing and Adoption of Proposed 2020-2021 Tax Levy
  - B. Authorize 2020-2021 Salaries of Board of Education Members
  - C. Authorize the payment of actual and necessary expenses of Board of Education members when traveling in performance of duties.
  - D. Authorize the DeForest Area School District to make payment for student accident insurance.
  - E. Date of Next Annual Meeting  
 Authorize the Board of Education to determine the date and hour of the 2021 annual meeting. No annual meeting may be held before May 15 or after October 31. Section 120.08(1), Wisconsin Statutes.
- V. Adjournment

*If you need an interpreter, materials in alternate formats or other accommodations to access this meeting, please contact the DeForest Area School District at 842-6500. Please do so one week before the meeting so that arrangements can be made in a timely fashion.*

*\*Notice: Board of Education members will be in attendance at the annual meeting. However, no Board meeting shall be convened and no official Board action will be taken.*

*\*\*Annual meeting agenda published in the DeForest Times-Tribune: 08/20/20 & 08/27/20*

# Financial Highlights

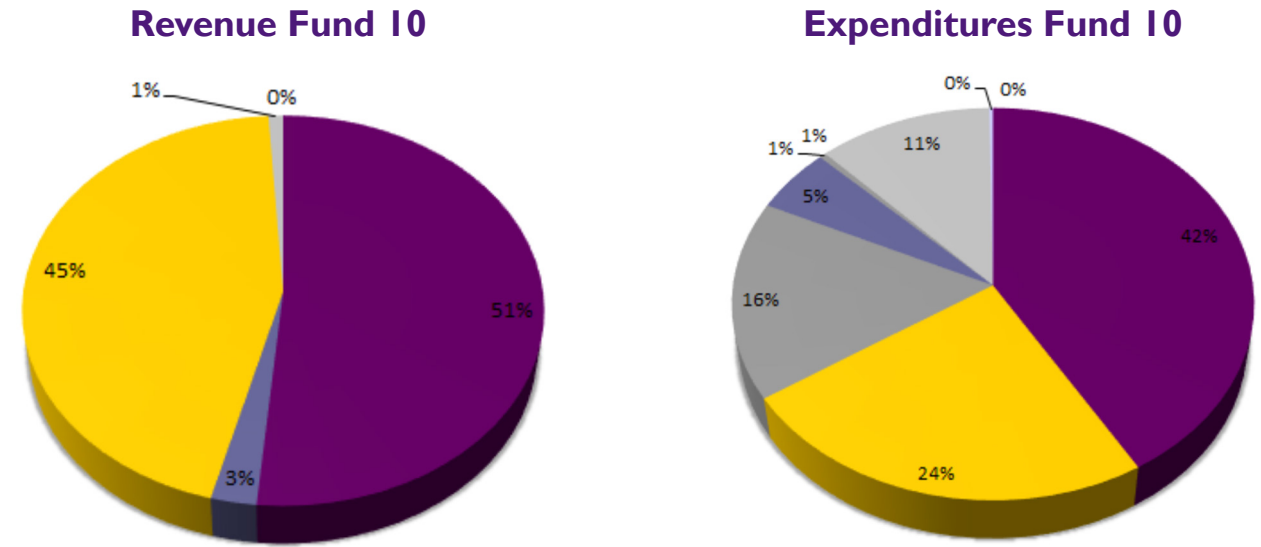
## 2020-21 Tax Levy Estimate

The **Tax Levy increase** for 2020-21 is estimated at \$3,152,935 over the 2019-20 school year. The mill rate is anticipated to be \$12.39/\$1,000 an increase of \$.74 /\$1,000 over the 2019-20 fiscal year. This rate is anticipated to change depending on any legislative budgetary changes due to Covid-19 and finalization of property values and state aids.

**Equalized Value** The current budget assumptions assume a 3% increase, however, this will change based on area growth trends.

To calculate the school Mill (tax) rate, the district uses the tax levy certified (approved) by the School Board in October and divides that amount by the total equalized value of the school district. The Mill rate is defined as the rate that one thousand dollars of equalized valuation will raise in property taxes. The actual school property tax rate will differ by municipality. Rates are based on equalized value versus assessed value.

## 2020-21 Estimated General Fund Expenses



## Revenue Highlights

Increase in Revenue Limit per FTE

+\$179

Per Pupil Categorical Aid Increase

\$0

Increase in Estimated Pupil FTE for 2020-21

+26 FTE

Recurring Operating Referendum

\$2.5 M

## Expenditure Highlights

Employee Salary and Benefits

+3.5%

New Staff due to Growth

2 FTE

New Staff from 2019 Referendum

13 FTE

Non-Referendum Capital Projects

\$1.35 M

## Referendum Update

The 2019 operating referendum with a 3% equalized value increase is currently estimated at \$0.86/\$1,000 (\$0.34 for Fund 10, \$0.52 for Fund 41).

The new \$24m bond sale is estimated to have a \$0.33/\$1,000 net impact over last year's debt service tax levy. Please note that the final borrowing (estimated at \$8m) has not been completed.

The district retained its AA+ Bond Rating. This will also have a positive impact on the future referendum bond sales

## Capacity Building

In order to assure that the district achieves the student results and operational expectations that the Board of Education has described in the Board's Results policies and Operational Expectations policies, the district annually submits a monitoring report for each policy. If the monitoring reports of the policies indicate areas of capacity building these items are incorporated in the 2020-21 budget development process. For the 2020-21 budget area the district is targeting support for items identified in R-2 Academic Performance, R-3 Self-Directed Complex Thinkers, R-4 Collaborative and Responsible Citizens, OE-3 Treatment of Community Stakeholders, OE-4 Personnel Administration, and OE-7 Asset Protection. For more information about the Board of Education Policies please visit: <https://www.deforest.k12.wi.us/district/board-policies.cfm>.



# Accounting Methodology & Budget Process

## Budget Reporting

Accounts used in school district budgeting and financial reporting are designated by the Department of Public Instruction. A uniform accounting system is important for the facilitation of reporting, auditing, data processing, inter-district comparisons, and financial accounting for cooperative programs. A complete list of allowable account codes and account code explanations are available for review on the website at: [http://dpi.state.wi.us/sfs/pdf/wufar\\_final.pdf](http://dpi.state.wi.us/sfs/pdf/wufar_final.pdf).

## Fund Accounting

Financial administration requires that each transaction be identified for administrative and accounting purposes. The first identification is by fund which is an independent fiscal and accounting entity, requiring its own set of books, in accordance with special regulations, restrictions, and limitations that earmark each fund for a specific activity or for attaining certain objectives. Each fund must be so accounted for that the identity of its resources and obligations and its revenues and expenditures is continually maintained.

All funds used by Wisconsin school districts must be classified into one of nine fund types. The major fund types are the General Fund, Special Projects Fund, Debt Service Fund, Capital Projects Fund, Food Service Fund, Agency (Pupil Activity) Fund, Fiduciary Fund, Community Service Fund, and Package and Cooperative Program Fund.

## Basis of Accounting

The basis of accounting refers to the point in time when revenues, expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Governmental funds, expendable trust funds, and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available (susceptible to accrual).

## Budget Development Process

The budgeting process begins early in the previous fiscal year by first examining enrollment projections and student needs. Enrollment determines two important factors in budget estimates: staffing and revenue projections. During the months of January and February, we finalize allocations to each of the budget centers so that buildings and departments can develop the financial framework for achieving their goals. Individual budgets are compiled and submitted to the Board of Education for approval.

The proposed budget was approved for publication by the Board of Education on July 8, 2019. This budget was developed under the guiding principles as outlined in the policies of the DeForest Area School District. These policies are available for review on the District's website at: <http://www.deforest.k12.wi.us/district/board-policies.cfm>.

# Fund Definitions

Budget Development Guiding Principles (BOE Policy & Administrative Practices)
Act in alignment with RESULTS Statements
Address sustainability: both financial and programmatic
Utilize attrition and realignment in staff reductions rather than layoffs
Staff in alignment with enrollment
Maintain graduated class size ratios to extent possible (K-2 < 3-4 < 5-6 < 7-8 < 9-12)
Focus on core and primary section instruction over non-core functions
Implement program delivery efficiencies vs. program elimination
Assess program elimination where multiple data sources support
Freeze non-instructional budget centers before instructional
Reduce where trends/data warrant in large budget centers (e.g. deferred capital)
Engage in good faith participatory decision making practices

## Fund 73 - OPEB TRUST - June 30, 2020

The DeForest Area School District actively sets aside funds for post-employment benefits using a Fund 73 OPEB Trust. The trust is held at Settler's Bank, Windsor, WI. Fiscal year activity for the 2019-20 school year (July 1, 2019 thru June 30, 2020) is as follows:

Trust Balance as of June 30, 2020: \$4,084,321.56

FY Investments Returns: \$39,814.03

FY Disbursements: \$383,728.63

# Fund Definitions

## Fund 10 General Fund

The general fund is used to account for all financial transactions relating to current operations, except for those required to be accounted for in other funds.

## Special Projects Funds

Special projects funds reported below include combined budgets for both the Gift Fund & Special Education Fund.

### Fund 21 Special Revenue Trust Fund

This fund is used to account for trust funds that can be used for district operations. The source of such funds is gifts and donations from private parties. Cash and investments in this fund are expended pursuant to donor specifications. There may be a fund balance in this fund.

### Fund 27 Special Education Fund

This fund is used to account for special education and related services funded wholly or in part with state or federal special education aid or charges for services provided to other districts as a result of being a host district for a special education package or cooperative program.

## Debt Service Funds

These funds are used for recording transactions related to repayment of the following general obligation debt: promissory notes (issued per statute 67.12(12)) and bonds. Debt tax levies must be recorded in these funds. The resources in these funds may not be used for any other purpose as long as a related debt remains. Fund 38 is required to be used to report transactions pertaining to non-referendum debt authorized after August 12, 1993.

The outstanding debt at the beginning of 2017-18 was \$44,815,000. Outstanding debt at year end is \$42,340,000. This balance includes the new debt service bond for the 2015 referendum building project. Final payment on the debt obtained prior to 2015 is anticipated to be made in April 2020. Final payment on the new debt obtained in 2015 is anticipated to be made in April of 2035. Final payment on the new debt obtained in 2016 is anticipated to be made in April of 2036.

### Fund 38 Non-Referendum Debt Service Fund

This fund is used to account for transactions for the repayment of debt issues that were either not authorized by school board resolution before August 12, 1993, or incurred without referendum approval after that date. A fund balance may exist in this fund. Sections 67.05(6a)(b) and 67.12(12(e)(2g)) of the Wisconsin Statutes provides authority for school districts to borrow up to \$1,000,000 without elector approval. The specific limit for each school district is the lesser of \$1,000,000 or a calculated amount which uses statewide value and membership data. The final payment of non-referendum debt was made in April 2012.

### Fund 39 Referendum Approved Debt Service Funds

This fund is used to account for transactions for the repayment of debt issues that were either authorized by school board resolution before August 12, 1993, or approved by referendum. If the district uses funds other than Fund 39, the district must combine and report these funds as Fund 39. A fund balance may exist in this fund.

## Fund 40 Capital Expansion Fund

These funds are used to account for expenditures financed through the use of bonds, promissory notes issued per statute 67.12(12), state trust fund loans, land contracts, an expansion fund tax levy established per statute 120.10(10m). The Department of Instruction defines “capital expenditures related to buildings and sites” as being expenditures for acquiring and remodeling buildings and sites, and maintenance or repair expenditures that extend or enhance the service life of buildings and building components, sites and site components.

### Fund 41 Capital Expansion Fund

Capital Expansion Funds are included in the calculation of the District’s Revenue limit.

### Fund 46 Long-term Capital Improvement Fund

Used for transactions financed with a transfer from Fund 10.

### Fund 49 Other Capital Expansion Fund

This fund is used to report capital project fund activities not required to be reported in Funds 41. The district utilizes this fund to report the building referendum projects from the 2019 referendum.

## Fund 50 Food Service Fund

All revenues and expenditures related to pupil food service activities are recorded in this fund. A fund balance in the Food Service Fund is permitted. There may be no deficit in the Food Service Fund. Any food service fund deficit, resulting from student food services, must be eliminated by an operating transfer from the General Fund.

## Fund 73

This fund is used to account for resources held in trust for formally established defined benefit pension plans, defined contribution plans, or employee benefit plans. Such plans must be legally established in accordance with state statutes, federal laws and Internal Revenue Service requirements. Specific requirements for use of this fund have been established by the Department of Public Instruction. This fund applies to all post-employment benefit plans where the district is providing such benefits by contribution to a legally established irrevocable trust.

## Fund 80 Community Service Fund

This fund is used to account for activities such as adult education and community recreation programs a. Statute 120.13(19) permits a school board to establish and maintain community education, training, recreational, cultural or athletic programs and services, outside regular curricular and extracurricular programs for pupils, under such terms and conditions as the school board prescribes.

## Fund 96 & Fund 97 Package & Cooperative Programs

These funds are used to account for activities in which a district acts as fiscal agent for combined programs and activities. Costs of services are generally shared on a pro-rated basis depending on participation. Athletics programs under co-op agreements: boys and girls hockey and lacrosse.

# 2020-21 Proposed Budget

GENERAL FUND	Audited 2018-19	Budget 2019-20	Budget 2020-21
Beginning Fund Balance	19,064,608	19,247,219	19,474,613
Assigned Fund Balance		2,227,395	2,227,394
Unassigned Fund Balance		17,247,219	17,247,219
<b>Ending Fund Balance</b>	<b>19,247,219</b>	<b>19,474,613</b>	<b>19,474,613</b>
<b>REVENUES &amp; OTHER FINANCING SOURCES</b>			
Transfers-In (Source 100)	11,225	0	0
Local Sources (Source 200)	19,779,364	22,134,733	23,887,247
Inter-district Payments (Source 300 + 400)	1,102,406	1,110,931	1,202,905
Intermediate Sources (Source 500)	1,001	0	0
State Sources (Source 600)	20,295,159	21,042,629	20,852,127
Federal Sources (Source 700)	422,832	409,392	415,000
All Other Sources (Source 800 + 900)	593,136	134,135	44,235
<b>TOTAL REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>42,205,123</b>	<b>44,831,820</b>	<b>46,401,514</b>
<b>EXPENDITURES &amp; OTHER FINANCING USES</b>			
Instruction (Function 100 000)	18,367,535	19,259,257	20,475,886
Support Services (Function 200 000)	16,278,545	17,960,427	18,266,357
Non-Program Transactions (Function 400 000)	7,376,433	7,384,742	7,659,271
<b>TOTAL EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>42,022,512</b>	<b>44,604,425</b>	<b>46,401,514</b>

SPECIAL PROJECTS FUND	Audited 2018-19	Budget 2019-20	Budget 2020-21
Beginning Fund Balance	196,095	201,982	68,982
Ending Fund Balance	201,982	68,982	68,982
REVENUES & OTHER FINANCING SOURCES	7,454,168	7,546,928	8,033,171
EXPENDITURES & OTHER FINANCING USES	7,448,280	7,679,928	8,033,171

DEBT SERVICE FUND	Audited 2018-19	Audited 2019-20	Budget 2020-21
Beginning Fund Balance	1,926,111	4,933,503	3,562,240
Ending Fund Balance	4,933,503	3,562,240	3,137,065
REVENUES & OTHER FINANCING SOURCES	6,998,316	97,791,448	35,381,429
EXPENDITURES & OTHER FINANCING USES	3,990,924	99,162,711	35,806,604

CAPITAL PROJECTS FUND	Audited 2018-19	Audited 2019-20	Budget 2020-21
Beginning Fund Balance	96,627,228	187,278,188	192,520,188
Ending Fund Balance	187,278,188	192,520,188	123,049,688
REVENUES & OTHER FINANCING SOURCES	92,075,364	27,200,000	2,610,000
EXPENDITURES & OTHER FINANCING USES	1,424,403	21,958,000	72,080,500

FOOD SERVICE FUND	Audited 2018-19	Audited 2019-20	Budget 2020-21
Beginning Fund Balance	281,277	182,531	153,764
Ending Fund Balance	182,531	153,764	140,858
REVENUES & OTHER FINANCING SOURCES	1,492,294	1,631,110	1,631,110
EXPENDITURES & OTHER FINANCING USES	1,591,040	1,659,877	1,644,015

POST-RETIREMENT FUND 73	Audited 2018-19	Audited 2019-20	Budget 2020-21
Beginning Fund Balance	3,748,671	3,774,311	3,777,695
Ending Fund Balance	3,774,311	3,777,695	3,619,995
REVENUES & OTHER FINANCING SOURCES	601,300	751,950	500,400
EXPENDITURES & OTHER FINANCING USES	575,661	748,566	658,100

COMMUNITY SERVICE FUND	Audited 2018-19	Audited 2019-20	Budget 2020-21
Beginning Fund Balance	41,488	37,726	37,226
Ending Fund Balance	37,726	37,226	22,919
REVENUES & OTHER FINANCING SOURCES	135,309	138,430	119,700
EXPENDITURES & OTHER FINANCING USES	139,072	138,930	134,007

COOPERATIVE PROGRAMS FUND	Audited 2018-19	Audited 2019-20	Budget 2020-21
Beginning Fund Balance	0	55,712	99,932
Ending Fund Balance	55,712	99,932	99,932
REVENUES & OTHER FINANCING SOURCES	63,545	50,820	0
EXPENDITURES & OTHER FINANCING USES	7,833	6,600	0

# 2019-20 Meeting Minutes

**DeForest Area School District**  
**BUDGET HEARING AND ANNUAL MEETING MINUTES**  
**Monday, July 22, 2019**  
**DeForest Area Public Library, 203 Library Street, DeForest**

## **I. Meeting Called to Order:**

The July 22, 2019 Budget Hearing and Annual Meeting of the DeForest Area School District was called to order by Jan Berg, President of the DeForest Area Board of Education, at 7:00 p.m. in the Community Room of the DeForest Area Public Library, 203 Library Street, DeForest, WI 53532. Approximately 25 residents were in attendance.

### **A. Introductory Comments:** Jan Berg, President DASD Board Of Education

#### 1. Introduction of Board of Education Members

Berg introduced the Board of Education members present:

Brian Coker  
Sue Esser  
Gail Lovick  
Spencer Statz  
Steve Tenpas  
Keri Brunelle  
Linda Leonhart  
Jeff Miller

#### 2. Introduction of District Administrator

After introductory comments, Jan Berg introduced Eric Runez, Superintendent. Runez welcomed the attendees.

### **B. District Administrator:**

#### 1. Introduction of Administrative Staff by District Superintendent

The following members of the administrative staff were also in attendance:

Kathleen Davis, Director of Business & Auxiliary Services  
Pete Wilson, Director of Administrative Services  
Sara Totten, Director of Student Services  
Rebecca Toetz, Director of Instructional Services  
Roz Craney, Principal, Yahara  
Valerie Crowl, Principal, Windsor Elementary School  
Bill Huebsch, Assistant Principal, Windsor Elementary School  
Kurt Becker, Principal, DeForest Area Middle School  
Lori Coomes-Barry, Assistant Principal, DeForest Area Middle School  
Dana Broehl, Assistant Principal, DeForest Area Middle School  
Machell Schwarz, Principal, DeForest Area High School  
Doug Crowley, Assistant Principal, DeForest Area High School  
Matt Bauer, Assistant Principal, DeForest Area High School  
Ann Schoenberger, Principal, Eagle Point Elementary School  
Mike McHugh, District Athletic Director  
Kim Bannigan, Learning Information Resources Coordinator  
Debbie Brewster, School Community & Relations Coordinator  
Becky Terry, Food Service Supervisor

#### 2. Introduction of Legal Counsel/Parliamentarian (Eric)

Eric Runez introduced Steve Zach, Attorney with Boardman & Clark, LLC, who served as Legal Counsel/Parliamentarian for the DeForest Area School District Annual Meeting.

## **II. Election of Chairperson**

Jan Berg was nominated to be Chair of the meeting on a motion by Roz Craney. Berg was then elected Chair of the Budget/Hearing Annual Meeting by a unanimous voice vote.

Chairperson introduced Kathleen Davis-Phillips.

## **III. Financial Report: Kathleen Davis, Director of Business & Auxiliary Services**

Kathleen Davis stated that the final 2018-2019 Financial report will be presented at a future Board of Education meeting, as the final closing information is still being prepared.

## **IV. New Business:**

### **A. Budget Hearing and Adoption of Proposed 2019-2020 Tax Levy**

Berg announced that the citizens were now in the Budget Hearing portion of the meeting and Kathleen Davis, continued her report by presenting the proposed 2019-2020 budget and proposed tax levy.

Davis reviewed the proposed budget, explained referendum debt service funds, capital projects fund, food service fund, and community service funds. The total property tax levy estimated to meet the needs of the 2019-2020 school year is \$32,940,636. The proposed budget for 2019-2020 reflects an approximate increase of 24.4% from the prior year due to the passage of the April 2019 referendum. The estimated mill rate is \$12.13 per \$1,000 of equalized value based on current property values and may change when student enrollment is finalized, adjustments to revenue limit, and state aid are determined and property values are certified in October. The total tax levy includes the following components:

General Fund levy - \$21,737,453  
Referendum Debt Service Fund - \$9,153,183  
Capital Expansion Fund - \$2,000,000  
Community Service Fund - \$50,000.00

Chairperson, Jan Berg asked for comments or questions from the citizens. No questions or comments were made and the hearing was then closed.

Tonya Teeters made a motion, seconded by Bill Huebsch, to approve the 2019-2020 tax levy of \$32,940,636 of which \$21,737,453 is for the General Fund, \$9,153,183 is for Fund 39 Referendum Debt, \$2,000,000 is for Capital Expansion, and \$50,000 is for Community Service fund. The motion passed with a unanimous voice vote.

Chairperson facilitates the following motions:

### **B. Authorize 2019-2020 Salaries of Board of Education Members**

A motion was made by Tonya Teeters and seconded by Mike McHugh, to maintain the current level and authorize the salaries of the Board of Education members at \$2,450, and the Board President at \$3,350. The motion was passed by a unanimous voice vote.

### **C. Authorize the payment of actual and necessary expenses of the Board of Education members when traveling in performance of duties**

On a motion by Bill Huebsch, seconded by Kurt Becker, and passed unanimously by voice vote, the citizens authorized the district to make payment of actual and necessary expenses of Board of Education members when traveling in performance of duties.

### **D. Authorize the DeForest Area School District to make payment for student accident insurance.**

On a motion by Sara Runez, seconded by Hannah Runez, and passed unanimously by voice vote, the District was authorized to make payment for student accident insurance.

### **E. Date of Next Annual Meeting**

The electors at the annual meeting may authorize the Board of Education to determine the date and hour of the annual meeting. No annual meeting may be held before May 15 or after October 15. Section 120.08(1), Wisconsin Statutes.

On a motion by Sara Runez, seconded by Bill Lapp, and passed unanimously by voice vote, the Board of Education was authorized to determine the date and hour of the next annual meeting.

## **V. Adjournment**

On a motion by Bill Huebsch, seconded by Sara Runez and passed unanimously by voice vote, the Budget Hearing and Annual Meeting adjourned at 7:17pm.



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