



DeForest Area School District

ANNUAL BUDGET

2021-2022 Report

520 E. Holum Street
DeForest, Wisconsin 53532
608.842.6500
www.deforestschoools.org



Monday, September 27, 2021 @ 7:00 pm

DeForest Area Public Library

Community Room

203 Library Street

DeForest, WI 53532

Agenda

**Following CDC guidelines, all attendees will be required to wear a facial covering.*

- 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
 - 1. Introduction of Administrative Staff
 - 2. Introduction of Legal Counsel/Parliamentarian
- II. Election of Chairperson
- III. Financial Report: Kathleen Davis-Phillips, Director of Business & Auxiliary Services
- IV. New Business:
 - A. Budget Hearing and Adoption of Proposed 2021-2022 Tax Levy
 - B. Authorize 2021-2022 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. Authorize the new grade configuration and alignment of transportation requirements with the opening of Harvest Intermediate School
 - F. Authorize the acquisition of real estate by the Board of Education - vacant land situated at 7203/7601 Portage Road in the City of Madison, Wisconsin
 - G. Date of Next Annual Meeting - Authorize the Board of Education to determine the date and hour of the 2022 annual meeting. No annual meeting may be held before May 15 or after October 31. *Section 120.08(1), Wisconsin Statutes.*
- V. Adjournment

Contents

Annual Meeting Agenda 3

Financial Highlights 4

Account Methodology & Budget Process 6

Fund Definitions..... 7

2021-22 Proposed Budget 10

Proposed Acquisition of Real Estate 13

2020-21 Annual Meeting & Budget Hearing Minutes.....14

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.

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 may be in attendance at the annual meeting. However, no Board meeting shall be convened and no official Board action will be taken.

**This agenda is for informational purposes only and is subject to modification.

***Annual meeting agenda published in the DeForest Times-Tribune: 09/16/21 & 09/23/21

Financial Highlights

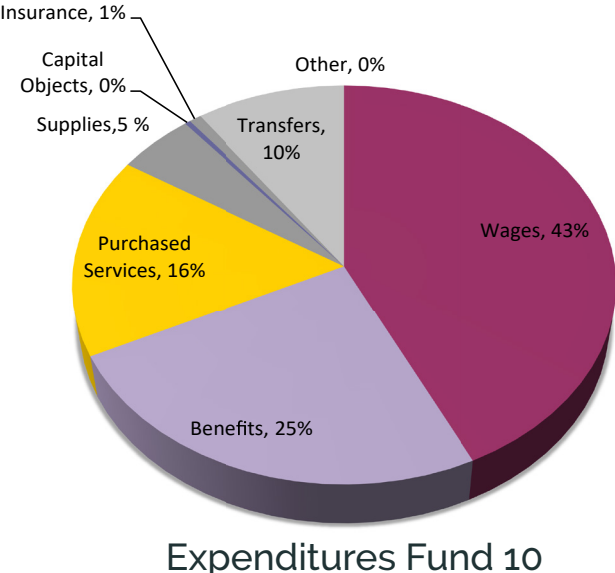
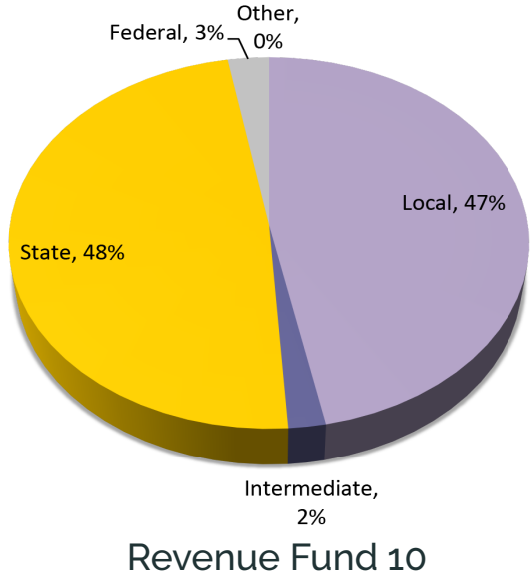
2021-22 Tax Levy Estimate

The Tax Levy decrease for 2021-22 is estimated to be \$800,210 less than the 2020-21 school year. The mill rate is anticipated to be \$11.04/\$1,000 a decrease of \$.59 /\$1,000 over the 2020-21 fiscal year. This rate is anticipated to change depending on the finalization of property values and state aids.

Equalized Value : The current budget assumptions assume a 2.84% increase, however, this will change based on area growth trends.

To calculate the school Mill (tax) rate, the district uses the tax levy certified (finalized) 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.

2021-22 Estimated General Fund Expenses



Revenue Highlights

Increase in Revenue Limit per FTE	Per Pupil Categorical Aid Increase	Increase in Estimated Pupil FTE for 2021-22	Recurring Operating Referendum
+\$0	\$0	+ 65 FTE	\$2.5 million

Expenditure Highlights

Employee Salary and Benefits	ESSER II & III Estimated Expenditures	New Staff Harvest, DAHS Pool, & 3-station gym	Non-Referendum Capital Projects
+ 3.0%	\$979,526	26.5 FTE	\$1.2 million

Referendum Update

The 2019 operating referendum with a 2.84% equalized value increase is currently estimated at \$0.82/\$1,000. All bond sales for the building referendum have been completed as of the 2020-21 fiscal year. The resulting impact compared to the 2018-19 pre-referendum debt levy rate is estimated at \$0.77/\$1,000 over the 2018-19 rate. 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 2021-22 budget development process. For the 2021-22 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-4 Personnel Administration, OE-10 Learning Environment, and OE-11 Instructional Program. 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

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. 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:

<https://www.deforest.k12.wi.us/district/board-policies.cfm>

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, 2021

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 2020-21 school year (July 1, 2020 thru June 30, 2021) is as follows:

Trust Balance as of June 30, 2021: \$4,395,833.22

FY Investments Returns: \$2,403.84

FY Disbursements: \$632,360.65

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.

2021-22 Proposed Budget

GENERAL FUND	Audited 2019-20	Budget 2020-21	Budget 2021-22
Beginning Fund Balance	19,247,219	15,306,745	21,795,597
Assigned Fund Balance	5,703,838	5,703,838	5,704,874
Unassigned Fund Balance	15,306,745	15,316,229	16,091,759
Ending Fund Balance	21,010,583	21,795,597	21,796,633
REVENUES & OTHER FINANCING SOURCES			
Transfers-In (Source 100)	24,704	0	10,000
Local Sources (Source 200)	22,154,736	22,115,404	23,186,239
Inter-district Payments (Source 300 + 400)	1,084,838	1,082,352	1,050,000
Intermediate Sources (Source 500)	0	0	0
State Sources (Source 600)	21,112,104	22,273,352	23,899,219
Federal Sources (Source 700)	366,932	572,553	1,359,592
All Other Sources (Source 800 + 900)	276,907	253,145	30,000
TOTAL REVENUES & OTHER FINANCING SOURCES	45,020,221	46,296,806	49,535,050
EXPENDITURES & OTHER FINANCING USES			
Instruction (Function 100 000)	18,974,140	20,606,180	23,239,291
Support Services (Function 200 000)	16,901,533	18,744,461	18,907,030
Non-Program Transactions (Function 400 000)	7,381,183	7,436,935	7,387,693
TOTAL EXPENDITURES & OTHER FINANCING USES	43,256,856	46,787,576	49,534,014

SPECIAL PROJECTS FUND	Audited 2019-20	Budget 2020-21	Budget 2021-22
Beginning Fund Balance	196,095	284,742	271,937
Ending Fund Balance	284,742	271,937	271,937
REVENUES & OTHER FINANCING SOURCES	7,947,759	7,899,278	8,768,097
EXPENDITURES & OTHER FINANCING USES	7,859,112	7,912,083	8,768,097

DEBT SERVICE FUND	Audited 2019-20	Budget 2020-21	Budget 2021-22
Beginning Fund Balance	4,933,503	3,569,953	2,854,823
Ending Fund Balance	3,569,953	2,854,823	2,648,374
REVENUES & OTHER FINANCING SOURCES	97,798,937	82,500,074	10,206,855
EXPENDITURES & OTHER FINANCING USES	99,162,486	83,215,204	10,413,304

CAPITAL PROJECTS FUND	Audited 2019-20	Budget 2020-21	Budget 2021-22
Beginning Fund Balance	96,627,228	111,923,311	49,813,369
Ending Fund Balance	111,923,311	49,813,369	7,490,611
REVENUES & OTHER FINANCING SOURCES	28,414,773	10,780,000	674,800
EXPENDITURES & OTHER FINANCING USES	13,118,690	72,889,942	42,997,558

FOOD SERVICE FUND	Audited 2019-20	Budget 2020-21	Budget 2021-22
Beginning Fund Balance	281,277	8,385	8,385
Ending Fund Balance	8,385	8,385	8,385
REVENUES & OTHER FINANCING SOURCES	1,197,590	1,317,696	1,743,277
EXPENDITURES & OTHER FINANCING USES	1,470,482	1,317,696	1,743,277

POST-RETIREMENT FUND 73	Audited 2019-20	Budget 2020-21	Budget 2021-22
Beginning Fund Balance	3,748,671	4,084,322	3,926,622
Ending Fund Balance	4,084,322	3,926,622	3,816,911
REVENUES & OTHER FINANCING SOURCES	719,379	500,400	530,289
EXPENDITURES & OTHER FINANCING USES	383,729	658,100	640,000

COMMUNITY SERVICE FUND	Audited 2019-20	Budget 2020-21	Budget 2021-22
Beginning Fund Balance	41,488	24,959	10,652
Ending Fund Balance	24,959	10,652	10,303
REVENUES & OTHER FINANCING SOURCES	106,261	119,700	174,000
EXPENDITURES & OTHER FINANCING USES	122,790	134,007	174,349

2021-22 Proposed Budget

COOPERATIVE PROGRAMS FUND	Audited 2019-20	Budget 2020-21	Budget 2021-22
Beginning Fund Balance		0	0
Ending Fund Balance	0	0	0
REVENUES & OTHER FINANCING SOURCES	76,537	36,820	36,820
EXPENDITURES & OTHER FINANCING USES	76,537	36,820	36,820

Total Expenditures & Other Financing Uses

ALL FUNDS	Audited 2019-20	Budget 2020-21	Budget 2021-22
GROSS TOTAL EXPENDITURES - ALL FUNDS	165,066,954	212,293,328	113,667,418
Interfund Transfers (Source 100) - ALL FUNDS	5,945,946	5,660,630	5,543,973
Refinancing Expenditures (FUND 30)	88,523,726	71,317,929	0
NET TOTAL EXPENDITURES - ALL FUNDS	70,597,281	135,314,769	108,123,445
PERCENTAGE CHANGE - NET TOTAL FUND EXPENDITURES FROM PRIOR YEAR		91.7%	-20.1%

Proposed Property Tax Levy

FUND	Audited 2019-20	Budget 2020-21	Budget 2021-22
General Fund	21,706,883	22,053,904	22,924,639
Non-Referendum Debt Service Fund	0	0	0
Referendum Debt Service Fund	9,151,979	10,400,000	10,199,055
Capital Expansion Fund	2,000,000	2,000,000	500,000
Community Service Fund	50,000	50,000	80,000
TOTAL SCHOOL LEVY	32,908,862	34,503,904	33,703,694
PERCENTAGE CHANGE - TOTAL LEVY FROM PRIOR YEAR		4.8%	-2.32%
EQUALIZED VALUE OF THE DISTRICT	\$ 2,826,336,738	\$ 2,968,017,260	\$ 3,052,217,693
PERCENT CHANGE FROM PRIOR YEAR	7.2%	5.0%	2.84%
TAX RATE / \$1,000 OF EQUALIZED VALUE	11.64	11.63	11.04
PERCENT CHANGE FROM PRIOR YEAR	15.9%	-0.2%	-5.0%

Proposed Acquisition of Real Estate

The Board of Education is seeking authorization from the district's electors to acquire the property at 7203 and 7601 Portage Road in the City of Madison, Wisconsin. Authorization by the electors will allow the school board to finalize the terms and conditions of the land purchase and execute a purchase if terms are agreeable between the board and land owner. The property being proposed is located in an area which has been identified as having the potential for significant housing development. If the development proceeds as predicted, the anticipated student enrollment is expected to exceed the current capacity of DASD elementary schools. This location, which is anticipated to be used for a future school site, also aligns with the City of Madison's long range development plan. The funding for the land purchase, if approved, is recommended to come from the district's Fund 46 Capital Improvement Trust. Utilization of Fund 46 for this purchase will not have an impact on the tax levy.

Resolution:

BE IT RESOLVED, that the School Board of the DeForest Area School District be authorized, pursuant to Section 120.10(5m) of the Wisconsin Statutes, to acquire real estate necessary for school district purposes, to-wit: approximately 48 acres of vacant land situated at 7203/7601 Portage Road in the City of Madison, having property tax parcel numbers 251/0810-103-0097-9 and 251/0810-103-0098-7. The School Board shall have the authority to determine the terms and conditions of acquisition of such real estate.



2020-21 Meeting Minutes

DeForest Area School District
BUDGET HEARING & ANNUAL MEETING MINUTES
Monday, August 31, 2020
DeForest Area High School, Performing Arts Center
815 Jefferson Street, DeForest, WI 53532

I. Meeting Called to Order:

The August 31, 2020 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 Performing Arts Center of the DeForest Area High School, 815 Jefferson Street, DeForest, WI 53532. Approximately 10 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

Superintendent, Eric Runez announced the names of his Administrative team.

2. Introduction of Legal Counsel/Parliamentarian (Eric)

Eric Runez introduced Mike Julka, 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 Nate Jaeger, seconded by Roz Craney. Berg was then elected Chair of the Budget/Hearing Annual Meeting by a unanimous voice vote.

Chairperson Berg introduced Kathleen Davis-Phillips, Director of Business & Auxiliary Services.

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

Kathleen Davis stated that the final 2019-2020 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 2020-2021 Tax Levy

Berg announced that the citizens were now in the Budget Hearing portion of the meeting and Davis-Phillips, continued her report by presenting the proposed 2020-2021 budget and proposed tax levy.

Davis reviewed the proposed budget, explained sources of revenue, special projects fund, debt service fund, capital projects fund, food service fund, post-retirement, and community service funds. The total property tax levy estimated to meet the needs of the 2020-2021 school year is \$36,061,797. The proposed budget for 2020-2021 reflects an approximate increase of 9.6% from the prior year due to the recurring referendum that passed in 2019. The estimated mill rate is \$12.39 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. Federal funding allocations due to Covid-19 will impact the proposed budget. The total tax levy includes the following components:

General Fund levy - \$23,611,797
Referendum Debt Service Fund - \$10,400,000
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.

Matt Bauer made a motion, seconded by Nate Jaeger, to approve the 2020-2021 tax levy of \$36,061,797 of which \$23,611,797 is for the General Fund, \$10,400,000 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 2020-2021 Salaries of Board of Education Members

A motion was made by Nate Jaeger, and seconded by Tonya Teeters, 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 Sara Runez, seconded by Roz Craney, 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 Nate Jaeger, seconded by Roz Craney, 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 Tonya Teeters, seconded by Sara Runez, 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 Sara Runez, seconded by Matt Bauer, and passed unanimously by voice vote, the Budget Hearing and Annual Meeting adjourned at 7:18 pm.

DeForest Area School District

ANNUAL BUDGET

2021-2022 REPORT

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