



DeForest Area School District

2018-19 Budget Hearing and Annual Meeting

Agenda

DeForest Area Public Library
Community Room, 203 Library Street, DeForest, WI 53532
Monday, July 23, 2018 – 7:00 pm

I. Meeting Called 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, Director of Business & Auxiliary Services

IV. New Business:

A. Budget Hearing and Adoption of Proposed 2018-19 Tax Levy

B. Authorize 2018-19 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 2019 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.

*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: 07/12/18 & 07/19/18

School District 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. In other words, the basis of accounting determines the timing with which the accounting system recognizes transactions.

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). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. State general and categorical aids, federal impact aid, and other entitlements are recognized as revenue at the time for receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Employee services and payroll-related costs (employee health, life, disability insurance, FICA, Medicare, Wisconsin Retirement System contributions, annuities) other than compensated absences, termination, and other post-employment benefits are recognized in the fiscal period when incurred.

The following tables provide actual audited results for the 2016-17 school year, revised budget for 2017-18, and proposed budget for 2018-19. Actual revenue and expenditures for 2017-18 will be provided after closing entries and the audit is complete (anticipate September 1, 2018). The budget reported for 2018-19 was reviewed and approved for publication by the Board of Education on June 11, 2018. The detail of the budget can be viewed at the District Administrative Center by contacting the Director of Business Services.

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 June 11, 2018. 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>

A brief summary and identification of related policies and guidelines appears below:

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

DeForest Area School District 2018-19 Proposed Budget

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.

GENERAL FUND	Audited 2016-17	Budget 2017-18	Budget 2018-19
Beginning Fund Balance	18,852,401	18,949,987	18,950,071
Ending Fund Balance	18,949,987	18,950,071	18,950,071
REVENUES & OTHER FINANCING SOURCES			
Transfers-In (Source 100)	26,062	25,000	11,000
Local Sources (Source 200)	18,021,156	20,461,847	20,397,647
Inter-district Payments (Source 300 + 400)	923,587	912,729	906,000
Intermediate Sources (Source 500)	1,000	0	0
State Sources (Source 600)	18,959,847	17,528,574	18,697,982
Federal Sources (Source 700)	472,968	317,546	217,562
All Other Sources (Source 800 + 900)	152,459	236,181	33,600
TOTAL REVENUES & OTHER FINANCING SOURCES	38,557,079	39,481,877	40,263,791
EXPENDITURES & OTHER FINANCING USES			
Instruction (Function 100 000)	17,158,756	17,707,200	18,575,866
Support Services (Function 200 000)	15,589,126	16,100,142	15,928,280
Non-Program Transactions (Function 400 000)	5,711,611	5,674,450	5,759,645
TOTAL EXPENDITURES & OTHER FINANCING USES	38,459,492	39,481,793	40,263,791

Special Projects Funds

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

Fund 21 Special Revenue Trust Fund

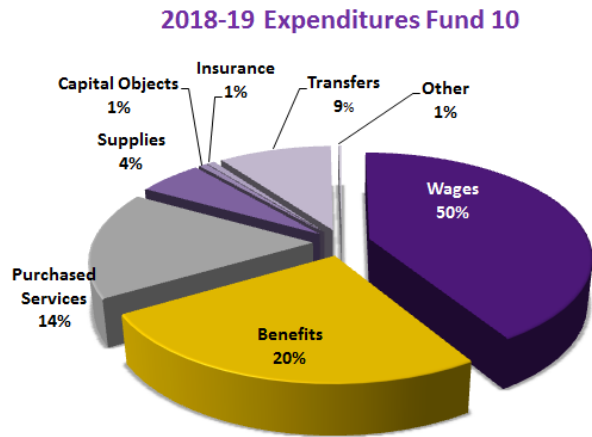
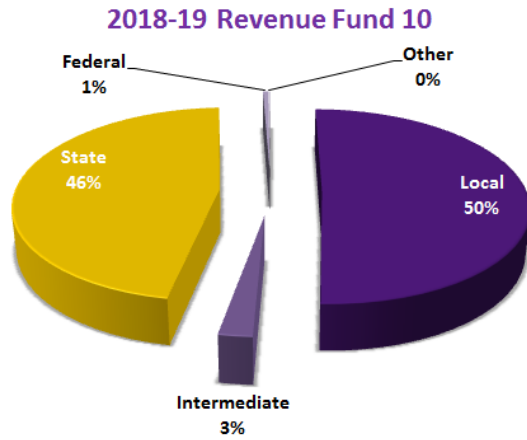
This fund is used to account for trust funds that can be used for district operations. The source of such funds is gifts and donations from private parties. Cash and investments in this fund are expended pursuant to donor specifications. There may be a fund balance in this fund.

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.

SPECIAL PROJECTS FUND	Audited 2016-17	Budget 2017-18	Budget 2018-19
Beginning Fund Balance	-4,255	130,785	130,785
Ending Fund Balance	130,785	130,785	130,785
REVENUES & OTHER FINANCING SOURCES	6,752,818	6,635,103	6,978,006
EXPENDITURES & OTHER FINANCING USES	6,617,778	6,635,103	6,978,006

DISTRIBUTION OF REVENUE & EXPENDITURES



Full-Time Equivalency Enrollment History

This chart converts the student enrollment to full-time equivalency which is used to determine the district's budget.

Kindergarten enrollment for 2018 is anticipated to be approximately 300 students which will continue the trend of increasing enrollment over the next few years.

Grade	2013-14	2014-15	2015-16	2016-17	2017-18
Other	8	5	6.5	8	10
4K	138	145	146.4	145.8	157.8
K	236	256	261	270	284
1	263	243	261	268	277
2	258	271	237	271	279
3	251	267	272	239	282
4	214	245	271	279	241
5	243	219	247	267	281
6	262	246	221	249	266
7	265	255	252	232	247
8	274	273	253	245	238
9	245	282	276	253	250
10	258	254	281	267	263
11	246	260	241	273	274
12	234	259	275	256	285
CH 220	0	0	0	0	0
Sept FTE	3395	3480	3500.9	3552.8	3634.8
% Change	.15%	2.50%	.60%	1.48%	2.3%

DeForest Area School District 2018-19 Proposed Budget

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.

DEBT SERVICE FUND	Audited 2016-17	Audited 2017-18	Budget 2018-19
Beginning Fund Balance	2,662,607	2,122,729	1,906,979
Ending Fund Balance	2,122,729	1,906,979	1,901,629
REVENUES & OTHER FINANCING SOURCES	6,599,859	3,764,674	3,985,574
EXPENDITURES & OTHER FINANCING USES	7,139,737	3,980,424	3,990,924

Debt Service Schedule	Issue Date	Maturity Date	Fund	Balance of of 7/1/2018
\$7,940,000 GO Refunding Bonds	1/7/2014	4/1/2020	39	\$5,130,000
\$26,000,000 GO School Building and Improvement Bonds	6/17/2015	4/1/2035	39	\$25,325,000
\$10,000,000 GO School Building and Improvement Bonds	4/4/2016	4/1/2036	39	\$10,000,000
\$5,000,000 GO School Building and Improvement Bonds	1/4/2017	4/1/2021	39	\$1,885,000
Total Outstanding Principal				\$42,340,000

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 2015 referendum.

	Audited 2016-17	Audited 2017-18	Budget 2018-19
CAPITAL PROJECTS FUND			
Beginning Fund Balance	30,652,742	8,219,759	3,846,759
Ending Fund Balance	8,219,759	3,846,759	4,206,759
REVENUES & OTHER FINANCING SOURCES	6,299,531	777,000	760,000
EXPENDITURES & OTHER FINANCING USES	28,732,514	5,150,000	400,000

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.

	Audited 2016-17	Audited 2017-18	Budget 2018-19
FOOD SERVICE FUND			
Beginning Fund Balance	390,907	257,879	255,087
Ending Fund Balance	257,879	255,087	255,087
REVENUES & OTHER FINANCING SOURCES	1,539,860	1,599,030	1,601,822
EXPENDITURES & OTHER FINANCING USES	1,672,888	1,601,822	1,601,822

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.

	Audited 2016-17	Audited 2017-18	Budget 2018-19
COMMUNITY SERVICE FUND			
Beginning Fund Balance	71,707	58,195	38,979
Ending Fund Balance	58,195	38,979	17,663
REVENUES & OTHER FINANCING SOURCES	116,945	124,900	123,900
EXPENDITURES & OTHER FINANCING USES	130,457	144,116	145,216

DeForest Area School District 2018-19 Proposed Budget

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.

	Audited 2016-17	Audited 2017-18	Budget 2018-19
COOPERATIVE PROGRAMS FUND			
Beginning Fund Balance	0	0	0
Ending Fund Balance	0	0	0
REVENUES & OTHER FINANCING SOURCES	80,118	98,790	0
EXPENDITURES & OTHER FINANCING USES	80,118	98,790	0

2018-19 Proposed Budget Summary

The following table compares audited results from 2016-17 fiscal year as compared to the revised budget of 2017-18. At the time of this meeting, the final financial transactions for the 2017-18 fiscal year are being completed. These results will be shared with the Board of Education at the regular meeting in late October, 2018.

The proposed budget for 2018-19 is approximately -8% lower than the prior year. The decrease is directly correlated with the building expenses of the 2015 \$41,000,000 building referendum.

The proposed tax levy for 2018-19 is approximately 0.7% higher than 2017-18. The final levy will be determined after enrollment, equalized aid, and property values are known in October.

TOTAL EXPENDITURES AND OTHER FINANCING USES

	Audited 2016-17	Budget 2017-18	Budget 2018-19
ALL FUNDS			
GROSS TOTAL EXPENDITURES -- ALL FUNDS	82,832,984	57,092,047	53,379,759
Interfund Transfers (Source 100) -- ALL FUNDS	4,874,591	4,563,654	5,031,806
Refinancing Expenditures (FUND 30)	0	0	0
NET TOTAL EXPENDITURES -- ALL FUNDS	77,958,393	52,528,393	48,347,953
PERCENTAGE CHANGE -- NET TOTAL FUND EXPENDITURES FROM PRIOR YEAR		-32.6%	-8.0%

Tax Levy Explanation

The school district tax levy is made up of several components. These include:

- Amount of operational dollars needed-General Fund , Capital Projects, Community Service levies
- Amount of debt service tax dollars needed-Debt Service Fund levy
- Equalized value of property in the school district
- Mill (tax) rate

The tax levy is the total amount of property taxes levied or assessed to municipalities in our school district to fund school operations. The maximum tax levy amount, other than referendum-approved long-term debt or long-term debt incurred prior to 1993, is determined through the state's revenue cap (limit) formula. Taxpayer approval, through the referendum process, is required if a school district wants to exceed the revenue limit. The tax levy approved at the Annual Meeting will be adjusted by the Board of Education in October when student enrollment has been determined (September 3rd Friday count) and the Department of Public Instruction (DPI) has certified the district's state equalization aid amount.

Equalized valuation is the fair market value of all properties within a school district as determined by the Wisconsin Department of Revenue. The Wisconsin Department of Revenue uses property sales information to determine a municipality's equalized "fair market" valuation. This information is reported to the school district in October of each year.

The school district distributes the certified (approved) tax levy among the municipalities according to the proportion of equalized value each municipality has in comparison to the total equalized value of the school district. Each municipal treasurer distributes this levy among the various residents based on the assessed value of the property within the municipality.

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 one thousand dollars of equalized valuation will raise in property taxes. Property owners in a municipality having more than one school district, fire district, or other governmental entity may find that Mill rates vary within the municipality. Property owners may realize different changes (typically increases) in their property assessments depending upon conditions within their community and surrounding communities.

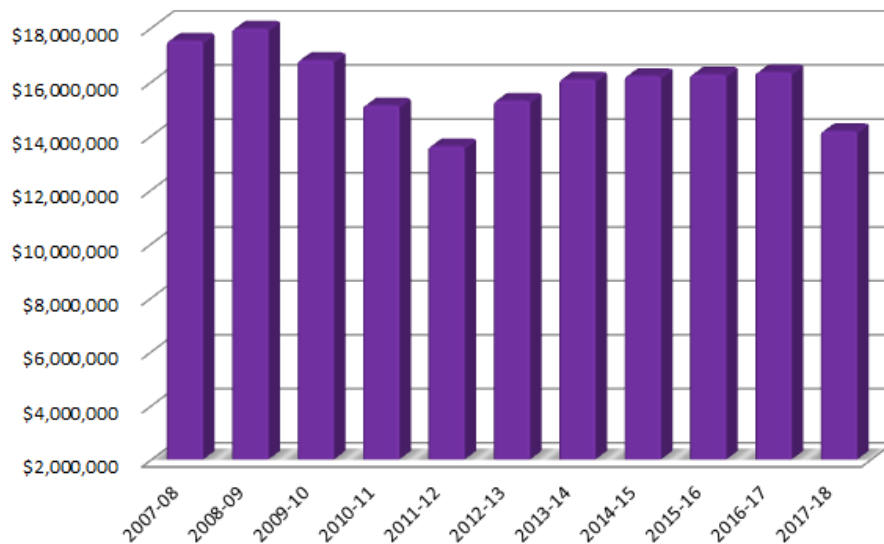
PROPOSED PROPERTY TAX LEVY

FUND	Audited 2016-17	Budget 2017-18	Budget 2018-19
General Fund	17,302,954	20,042,761	20,002,377
Non-Referendum Debt Service Fund	0	0	0
Referendum Debt Service Fund	6,589,335	3,755,674	3,965,574
Capital Expansion Fund	500,000	500,000	500,000
Community Service Fund	30,000	50,000	50,000
TOTAL SCHOOL LEVY	24,422,289	24,348,435	24,517,951
PERCENTAGE CHANGE -- TOTAL LEVY FROM PRIOR YEAR		-0.3%	0.7%
EQUALIZED VALUE OF THE DISTRICT	\$2,229,020,793	\$2,410,654,188	\$2,410,654,188
PERCENT CHANGE FROM PRIOR YEAR	10.2%	8.1%	0.0%
TAX RATE/\$1,000 OF EQUALIZED VALUE	10.96	10.10	10.17
PERCENT CHANGE FROM PRIOR YEAR	-2.0%	-7.8%	0.7%

DeForest Area School District - Equalization Aid

Changes in the amount of state aid directly affect the local tax levy. Reductions to school aid began in 2009-10. The amount of Equalization Aid received by the state has not yet returned to the 2008-09 levels of funding.

Equalization Aid History



DeForest Area School District - Equalized Value

Each municipality's share of the levy is determined by its share of the total Equalized Value

Municipality	2017 Equalized Value	% of District
Village of DeForest	971,238,500.00	40.3%
Town of Hampden	47,573.00	0.0%
Town of Leeds	52,780,038.00	2.2%
Town of Bristol	1,718,222.00	0.1%
Town of Burke	263,554,512.00	10.9%
Town of Vienna	105,539,825.00	4.4%
Village of Windsor	784,940,654.00	32.6%
City of Madison	227,173,240.00	9.4%
City of Sun Prairie	3,661,624.00	0.2%
Total District Equalized Value	2,410,654,188.00	100%

DeForest Area School District
BUDGET HEARING AND ANNUAL MEETING MINUTES
Monday, July 24, 2017 – 7:00 pm
DeForest Area Public Library, 203 Library Street, DeForest

I. Meeting Called to Order:

The July 24, 2017 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 20 residents were in attendance.

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

1. Introduction of Board of Education Members

Berg introduced the other Board of Education members present: Brian Coker, Sue Esser, DeAnna Giovanni, Linda Leonhart, Gail Lovick and Steve Tenpas. Absent were: Terri Treinen and Jeff Miller

2. Introduction of District Administrator

Jan Berg introduced Eric Runez, Superintendent. Runez welcomed the attendees.

B. District Administrator:

1. Introduction of Administrative Staff

Runez introduced the following members of the administrative staff who were also in attendance:

Kathleen Davis, Director of Business & Auxiliary Services
Pete Wilson, Director of Administrative Services
Nate Jaeger, Director of Human Resource Services
Barb Buffington, Director of Student Services
Dana Broehl, Assistant Principal, DeForest Area Middle School
Machell Schwarz, DeForest Area High School Principal
Doug Crowley, Assistant Principal, DeForest Area High School
Mike Weisensel, Principal, Yahara Elementary School

2. Introduction of Legal Counsel/Parliamentarian

Runez introduced Bill Fahey, 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 Sue Paulson. No other nominations were offered. Runez announced that Berg was elected Chair of the Budget/Hearing Annual Meeting by a unanimous voice vote.

Chairperson, Jan Berg then introduced Kathy Davis, Director of Business & Auxiliary Services.

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

Kathleen Davis stated that the final 2016-2017 Financial report will be presented at a future Board of Education meeting, as the final closing information is still being prepared.

IV. New Business

Chairperson, Jan 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 2017-2018 budget and proposed tax levy.

A. Budget Hearing and Adoption of Proposed 2017-2018 Tax Levy

Davis reviewed the proposed budget, explained 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 2017-2018 school year is \$23,877,626.00. The proposed budget for 2017-2018 is approximately 41.6% lower than the prior year. The decrease is directly correlated with the building expenses of the 2015 \$41,000,000 building referendum. Davis explained the proposed distribution of revenue and expenditures. The estimated mil rate is \$10.71 per \$1,000 of equalized value based on current property values and may change when property values are certified in October. The total tax levy includes the following components:

General Fund levy - \$20,071,952.00
Referendum Debt Service Fund - \$3,255,674.00
Capital Expansion Fund - \$500,000.00
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.

Jon Bales made a motion, seconded by Sue Esser, to approve the 2017-18 tax levy of \$23,877,626 of which \$20,071,952 is for the General Fund, \$3,255,674 is for Fund 39 Referendum Debt, \$500,000 is for Capital Expansion, and \$50,000 is for Community Service fund. The motion passed with a unanimous voice vote.

B. Authorize 2017-2018 Salaries of Board of Education Members

A motion was made by Sue Paulson and seconded by Jon Bales, to increase Board of Education members salaries by \$250 per year, to an annual total of \$2,450 for Board members and \$3,350 for the Board of Education President. The motion was passed by a unanimous voice vote.

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

On a motion by Barb Buffington, seconded by Paulson, 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 Paulson, seconded by Bales, 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 Esser, seconded by Bales 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 Paulson, seconded by DeAnna Giovanni, and passed unanimously by voice vote, the Budget Hearing and Annual Meeting adjourned at 7:23 pm.