

MOVING FORWARD WITH PROMISE



**Delavan-Darien School District
2019-2020 Budget Hearing and
Annual Meeting**

Monday, June 24, 2019

7:00 p.m.

School Administration Center

2018-2019 BUDGET REVIEW

- Additional information will be available after the District preliminary and final audits in July and August respectively.
- The Delavan-Darien School District is expected to end the 2018-2019 Fiscal Year with a budget surplus of over \$3,423.14 in the General Fund.
- The fund balance for the District on June 30, 2018 is projected to be over \$1,769,342.31, which would represented 5.55% of the expenditures for 2019-2020 fiscal year.

2019-2020 BUDGET OVERVIEW

- The Delavan-Darien School District is projected to have a budget surplus of \$500,000.00 at the end of the 2019-2020.
- These projections are based upon a number of assumptions including;
 - Assumes student enrollment declines by 40 to 2455.
 - Assumes the 112 students who have applied to open enroll out of the District do so and an additional 41 students choose to open enroll out of the District before the start of the academic year.
 - Assumes the 10 students who have applied to open enroll into the District do so.
 - A \$24 per pupil categorical aid decrease on 2,455 students.
 - Assumes no increase to school funding through the 2019-2021 biennial budget.
 - Salaries and benefits based upon current staffing and estimated staffing costs for unfilled positions.
- The District's fund balance would increase to over \$2,272,765.92 by the end of the 2019-2020 fiscal year, which would represent 7.2% of projected expenditures and 7.1% of projected revenues for the 2019-2020 fiscal year.

SCHOOL FINANCE ACCOUNTING BASICS

- School districts in Wisconsin use the Wisconsin Uniform Financial Accounting Requirements (WUFAR) to categorize all of their finances.
- The WUFAR is fund accounting, which separates each revenue and expenditure into a specific fund.
- A majority of school finances are held in the General Fund (Fund 10), but there are also other funds for areas like food service and special education.

| Fund | Location | Object/ Source | Function | Program/ Project |
|------|----------|-------------------|----------|---------------------|
| XX | XXX | XXX | XXXXXX | XXX |

Most of the commercial software used in districts will display account codes in this order. In DPI reporting you will see the function number preceding the object or source. DPI reporting does not require location detail.

2019-2020 BUDGET ADOPTION

| GENERAL FUND | Audited 2017-18 | Unaudited 2018-19 | Budget 2019-20 |
|--|----------------------------|------------------------------|---------------------------|
| Beginning Fund Balance | 4,498,225.08 | 1,769,342.31 | 1,772,765.92 |
| Ending Fund Balance | 1,769,342.31 | 1,772,765.92 | 2,272,765.92 |
| REVENUES & OTHER FINANCING SOURCES | | | |
| Transfers-In (Source 100) | 0.00 | 1,842.22 | 0.00 |
| Local Sources (Source 200) | 13,860,283.37 | 14,201,233.00 | 16,943,670.00 |
| Inter-district Payments (Source 300 + 400) | 305,585.00 | 391,173.00 | 435,484.00 |
| Intermediate Sources (Source 500) | 0.00 | 0.00 | 0.00 |
| State Sources (Source 600) | 13,707,451.37 | 14,106,054.00 | 13,526,553.00 |
| Federal Sources (Source 700) | 1,015,107.41 | 1,075,740.93 | 1,000,385.63 |
| All Other Sources (Source 800 + 900) | 291,158.89 | 17,000.00 | 17,000.00 |
| TOTAL REVENUES & OTHER FINANCING SOURCES | 29,179,586.04 | 29,793,043.15 | 31,923,092.63 |
| EXPENDITURES & OTHER FINANCING USES | | | |
| Instruction (Function 100 000) | 13,564,672.02 | 10,310,964.27 | 12,356,996.25 |
| Support Services (Function 200 000) | 11,280,927.36 | 11,147,453.89 | 10,419,780.45 |
| Non-Program Transactions (Function 400 000) | 7,062,869.43 | 8,331,201.38 | 8,646,315.93 |
| TOTAL EXPENDITURES & OTHER FINANCING USES | 31,908,468.81 | 29,789,619.54 | 31,423,092.63 |

The Department of Public Instruction requires every school district in the state to complete a Budget Adoption sheet each year for the proposed budget for the upcoming year and the last two years.

2019-2020 REVENUE LIMIT

- The revenue limit is adjusted each year based on many factors including enrollment, property value and a per pupil adjustment.
- From 2001 to 2010, the average per pupil adjustment amount was an increase of \$237.90.
- In 2011, the per pupil adjustment amount was a decrease of \$528.81 for every district in the state (Act 10).
- While there have been smaller increases to the per pupil adjustment since 2011, the amount was frozen for 2015, 2016, 2017, and 2018 (i.e. \$0 increase).
- The State Legislature is currently discussing increasing the revenue limit by \$175 in 19-20 and \$179 in 20-21 but this has not been included in the budget.

| Year | Revenue Limit | Yearly Change |
|-------|---------------|---------------|
| 14-15 | \$25,810,081 | 2.55% |
| 15-16 | \$26,823,471 | 3.93% |
| 16-17 | \$27,315,224 | 1.83% |
| 17-18 | \$27,160,569 | -0.57% |
| 18-19 | \$27,238,847 | 0.29% |
| 19-20 | \$29,042,622 | 6.62% |

2019-2020 STATE EQUALIZATION AID

- Determining state general aid each year involves many different factors, a complex calculation, and the actions of all other public school districts
- This formula is designed to “equalize” district resources by providing more aid to relatively “property poor” districts.
- The District is projected to receive a 4.17% decrease in Equalization Aid which will increase our reliance on the tax levy.
- State general aid for the Delavan-Darien School District has decreased recently due to higher property values and declining enrollment.
- This estimate varies from our original publication and is based upon additional equalization aid proposed in the State’s Biennial Budget being approved. It is possible that this amount could increase but I believe it is unlikely to decrease.

| Year | State General Aid | Yearly Change |
|-------|-------------------|---------------|
| 14-15 | \$11,977,911 | 10.70% |
| 15-16 | \$12,395,871 | 3.49% |
| 16-17 | \$12,632,913 | 1.91% |
| 17-18 | \$11,868,186 | -6.05% |
| 18-19 | \$11,472,154 | -3.34% |
| 19-20 | \$10,994,125 | -4.17% |

2019-2020 LOCAL PROPERTY TAX

- The 2019-2020 local property tax levy will be finalized after the District receives its October 15th state aid certification
- The increase to the 2019-2020 tax levy is due to a decrease in the amount of state aid provided to the District and the District's successful operational referendum.
- This levy currently includes an additional \$264,928 which is required to support the states private school voucher program.
- This voucher program levy is likely to increase this year but we will not know the final amount until enrollment is finalized.
- This estimate varies from our original publication and is based upon additional equalization aid proposed in the State's Biennial Budget being approved. It is possible that this amount could increase but I believe it is unlikely to decrease.

| Year | Tax Levy | Yearly Change |
|-------|--------------|---------------|
| 14-15 | \$15,098,023 | -4.41% |
| 15-16 | \$15,571,133 | 3.13% |
| 16-17 | \$15,781,507 | 1.35% |
| 17-18 | \$15,026,393 | -4.78% |
| 18-19 | \$15,421,095 | 2.63% |
| 19-20 | \$17,655,047 | 14.49% |

2019-2020 MILL RATE

- The mill rate is a number used to equate the amount of taxes that will be assessed on a property that has a certain valuation.
- An increase or decrease in the mill rate could vary due to changes in property values.
- It is important to remember that the mill rate is an average for multiple municipalities and an individual's actual mill rate could vary.
- A resident's taxes could still go up if the value of their property increases by more than the decrease for their municipality.
- At present, it appears that there will be a 73 cent increase over the 2017-2018 fiscal year versus the 75 cents projected in the referendum material.

| Year | State Avg. Mill Rate | Dist. Avg. Mill Rate | Yearly Change |
|-------|----------------------|----------------------|---------------|
| 14-15 | \$10.26 | \$9.46 | -1.90% |
| 15-16 | \$10.24 | \$9.65 | 2.01% |
| 16-17 | \$9.97 | \$9.46 | 1.97% |
| 17-18 | \$9.79 | \$8.66 | -8.46% |
| 18-19 | \$9.44 | \$8.53 | -1.50% |
| 19-20 | n/a | \$9.39 | 10.08% |

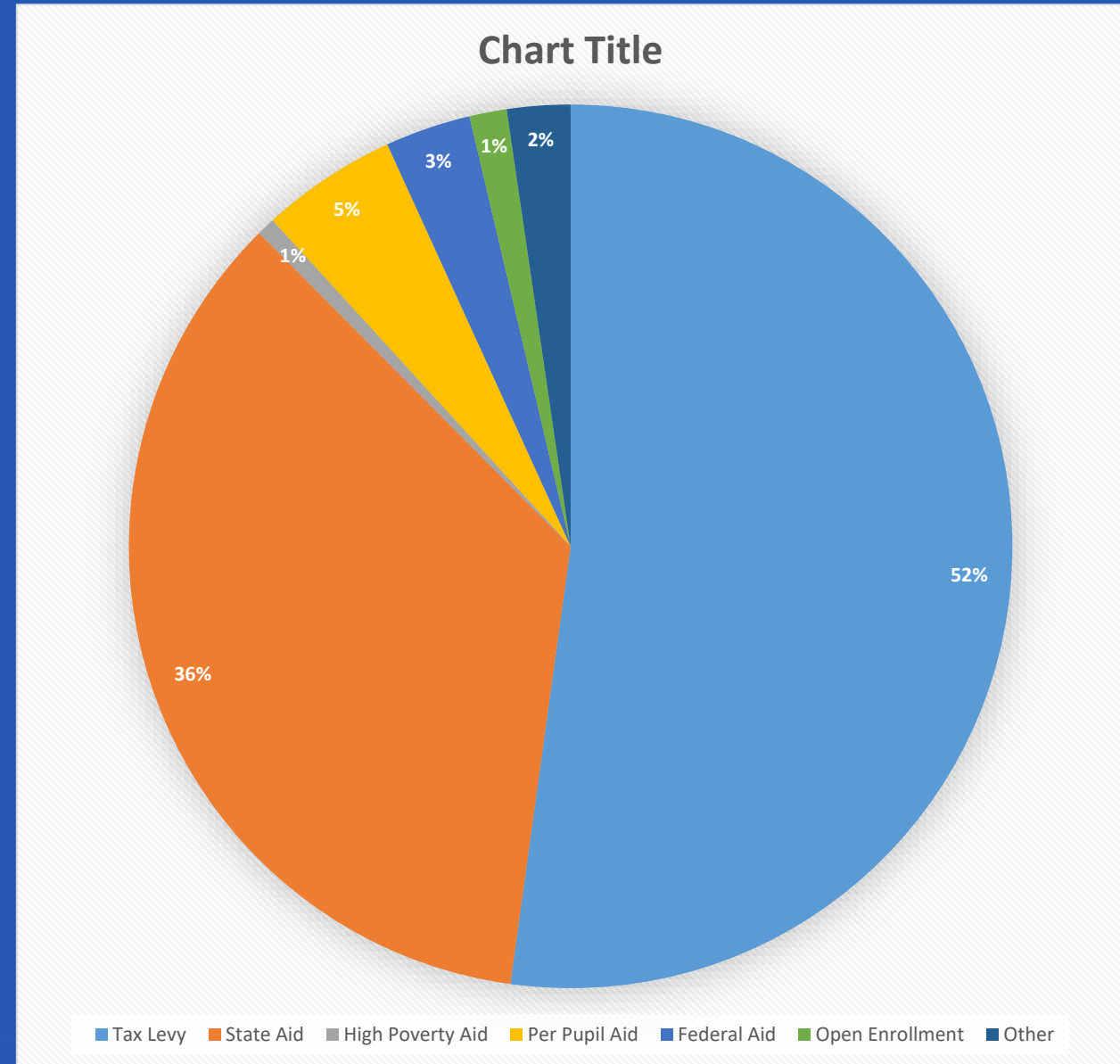
2019-2020 ENROLLMENT FTE

- Enrollment FTE (Full-Time Equivalency) is not a head count, but a calculation based on the September counts, summer school enrollment and resident additions and subtractions.
- The Delavan-Darien School District is currently experiencing declining enrollment, which has had an adverse affect on the revenue limit.
- While we are currently projecting a 40 student decline in our student headcount, this decline translates to a 61 FTE membership decline due to the three year rolling average used by the state.

| Year | Enrollment FTE | Yearly Change |
|-------|----------------|---------------|
| 14-15 | 2733 | 0.84% |
| 15-16 | 2718 | -0.55% |
| 16-17 | 2675 | -1.58% |
| 17-18 | 2648 | -1.01% |
| 18-19 | 2581 | -2.53% |
| 19-20 | 2520 | -2.36% |

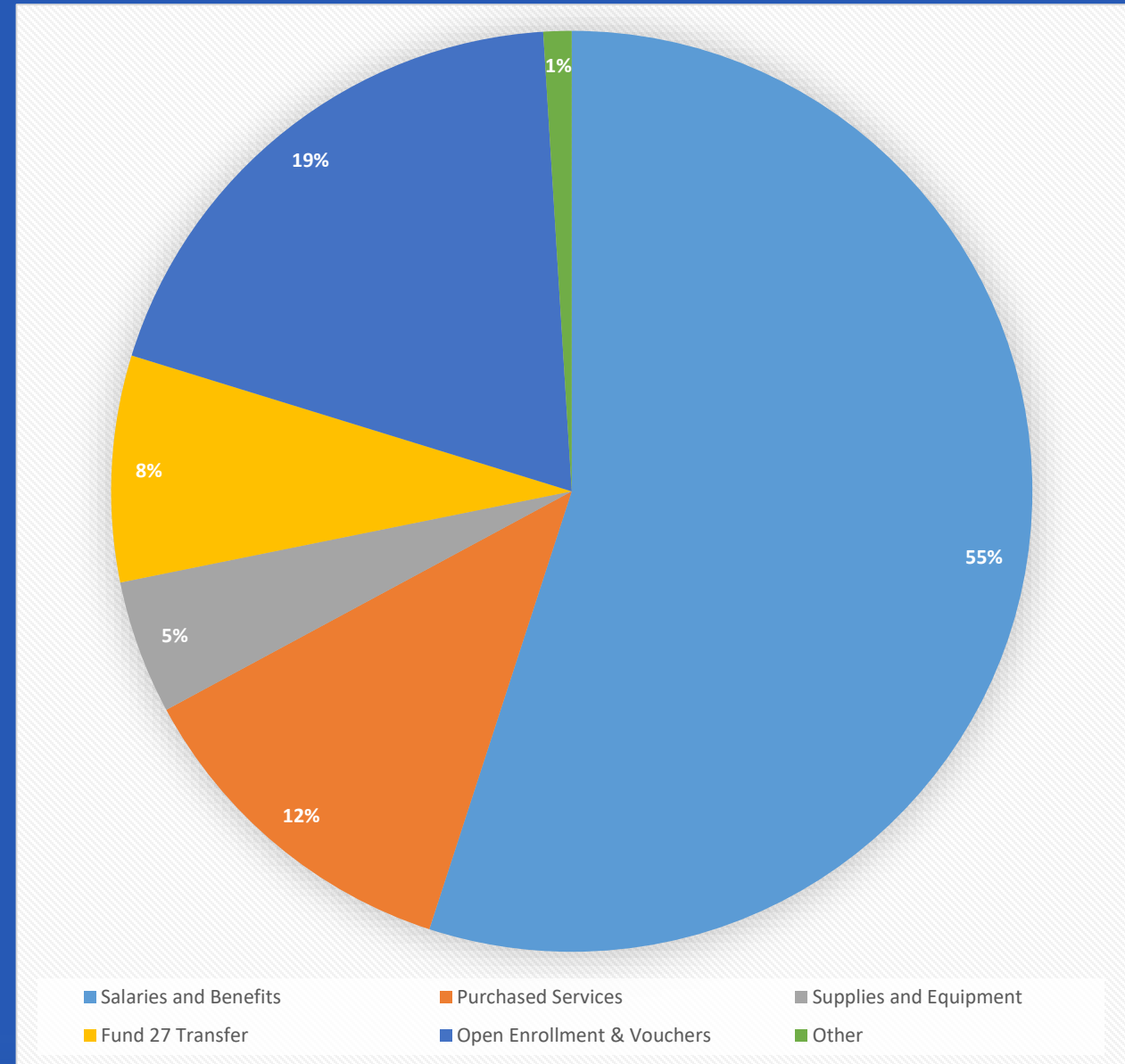
2019-2020 GENERAL FUND REVENUE

- It is projected that 94% of General Fund (Fund 10) revenue will come from state aid (Includes Equalization Aid, High Poverty Aid, Per Pupil Aid, and Open Enrollment) (42%) and local property taxes (52%).
- The other sources of revenue includes district fees, and miscellaneous revenues.
- Only the tax levy for the General Fund is represented on this chart. The revenue for debt repayment is credited to Fund 38.

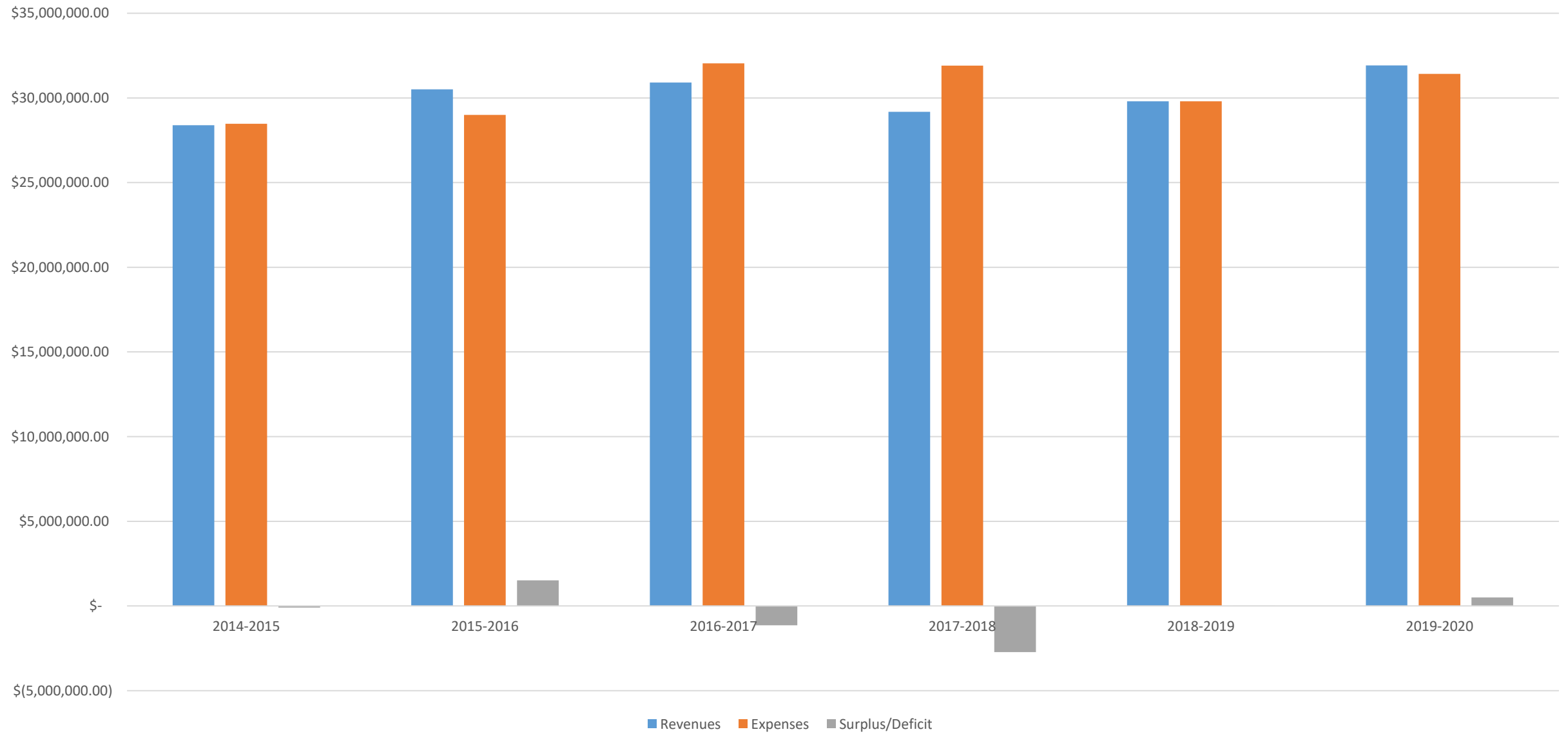


2019-2020 GENERAL FUND EXPENSES

- It is projected that 55% of general fund expenses will be from salaries and benefits for the General Fund (Fund 10).
- Purchased services include expenses for services to the including cleaning services and transportation
- Other expenses include insurance costs and District and employee dues and fees.



GENERAL FUND EXPENSE HISTORY

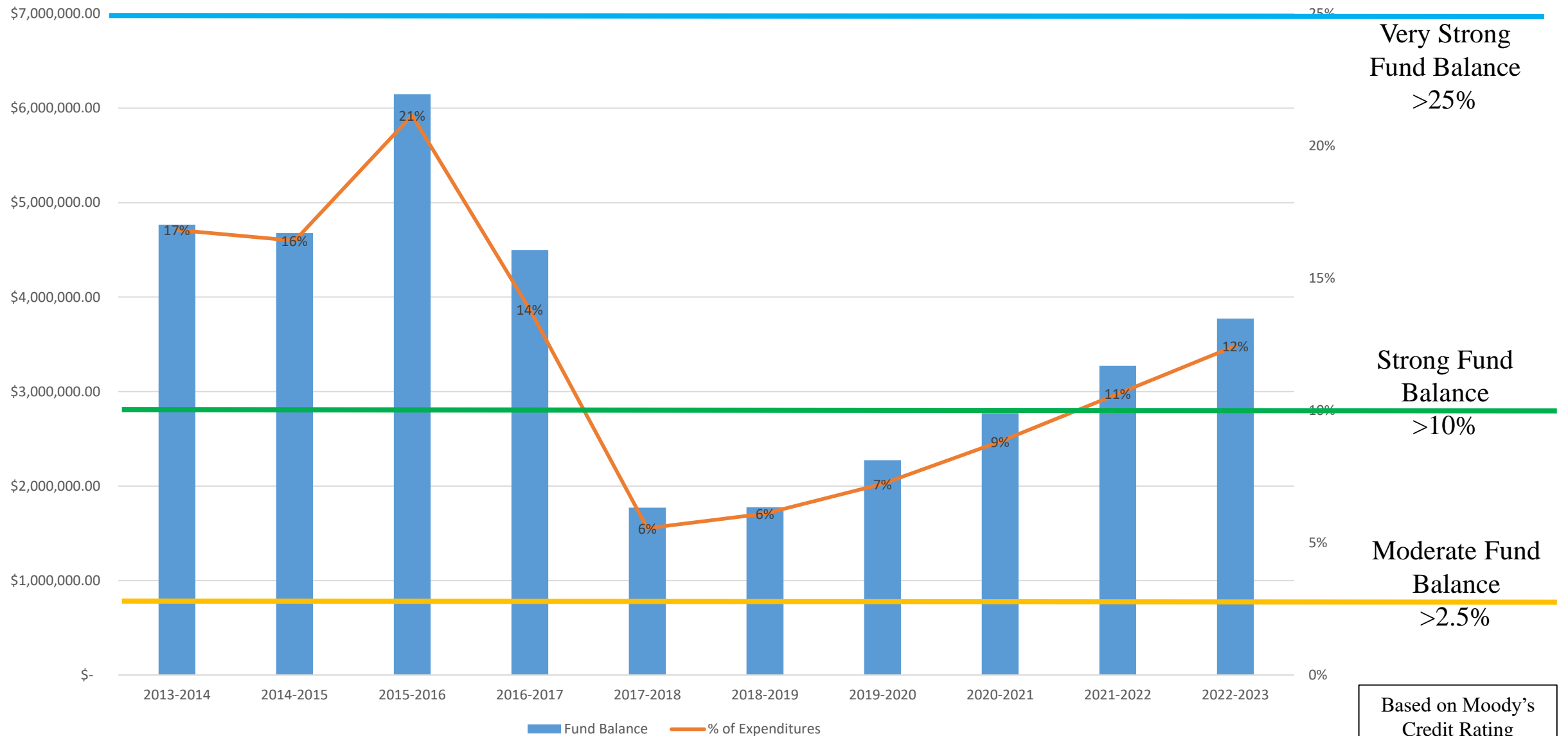


2019-2020 FUND BALANCE

- A fund balance is not the same as a cash account, it is instead a combination of assets and liabilities.
- The actual cash in the bank can be lower or higher throughout the year depending on aid payments received.
- The fund balance % is the fund balance amount divided by expenses.
- The district currently relies on a business line of credit to meet its cash flow needs throughout the year.

| Year | Ending Balance | Fund Balance % |
|-------|----------------|----------------|
| 14-15 | \$4,676,274.09 | 16.42% |
| 15-16 | \$6,145,388.08 | 21.16% |
| 16-17 | \$4,498,225.08 | 13.82% |
| 17-18 | \$1,771,644.09 | 5.55% |
| 18-19 | \$1,774,737.54 | 6.10% |
| 19-20 | \$2,272,765.92 | 7.23% |

FUND BALANCE RESTORATION



2019-2020 COMMUNITY SERVICE FUND 80

The Community Service Fund (Fund 80) is used to account for activities that have a primary function of serving the community. Below is a summary of the community programs and their expenses.

Revenue

*Revenue generated to help fund the Community Service Fund.

| Description | Amount | WUFAR Account Code |
|---------------------------|--------|-------------------------|
| Fund 80 property tax levy | \$0.00 | 80 R 800 211 500000 000 |

Community Fitness Center

*Salary for employees to supervise the Community Fitness Center.

| Description | Amount | WUFAR Account Code |
|----------------------|-------------|-------------------------|
| Salary for employees | \$18,403.00 | 80 E 800 121 164910 000 |
| WRS for employees | \$1,219.20 | 80 E 800 212 164910 000 |
| FICA for employees | \$1,407.80 | 80 E 800 222 164910 000 |

2018-2019 ENERGY EFFICIENCY REPORTING

| ENERGY EFFICIENCY EXEMPTION | | | |
|--|----------------------------------|----------------------------------|--------------------------|
| § 121.91 (4) (o) Revenue Limit Exemption for Energy Efficiencies-Evaluation of the Energy Performance Indicators | | | |
| Name of Qualified Contractor | McKinstry | | |
| Performance Contract Length (years) | | | 20 |
| Total Project Cost (including financing) | | | \$20,075,205 |
| Total Project Payback Period | | | 24.7 |
| Years of Debt Payments | | | 20 |
| Remaining Useful Life of the Facility | | | 45 |
| Prior Year Resolution Expense Amount | Fiscal Year | 2018 | \$1,293,453 |
| Prior Year Related Expense Amount or CY debt levy | Fiscal Year | 2018 | \$1,293,453 |
| Utility Savings applied in Prior Year to Debt | Fiscal Year | 2018 | \$132,210 |
| Sum of reported Utility Savings to be applied to Debt | | | \$ 84,448 |
| | | Savings Reported for 2018 | |
| Specific Energy Efficiency Measure or Products | Project Cost Including Financing | Utility Cost Savings | Non-Utility Cost Savings |
| Building Envelop/Tuckpointing/Masonry | \$ 941,564 | \$ 3,551 | \$ - |
| Domestic Hot Water Heater | \$ 34,984 | \$ 317 | \$ - |
| Exterior Lighting | \$ 150,761 | \$ 11,317 | \$ - |
| HVAC Controls/Electrical Panels/Fire Alarm Upgrades | \$ 9,816,147 | \$ 41,506 | \$ - |
| Roofing Replacements/Upgrades | \$ 4,241,431 | \$ 3,754 | \$ - |
| Sewage Grinders/Lift Pumps | \$ 29,982 | \$ - | \$ - |
| Lighting/Technology Upgrades | \$ 3,086,059 | \$ - | \$ - |
| Water Conservation | \$ 94,693 | \$ 16,985 | \$ - |
| Windows/Exterior Door Upgrades | \$ 1,272,862 | \$ 6,135 | \$ - |
| Boiler Replacement/Control Monitoring | \$ 406,722 | \$ 883 | \$ - |
| Operation and Maintenance Savings | \$ - | \$ - | \$ 326,856 |
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| Entire Energy Efficiency Project Totals | \$ 20,075,205 | \$ 84,448 | \$ 326,856 |

2019-2020 FUND 73 EMPLOYEE TRUST FUND

Delavan-Darien School District 2018-2019 Fund 73 Employee Trust Fund

| | |
|---------------------------------------|----------------|
| Fund Balance (May 31, 2019) | \$3,566,915.21 |
| Return on Investments since July 2018 | 2.21% |
| Disbursements 2018-19 | \$ 29,583.41 |

Contact Information

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Office located in School Administration Center

A copy of this PowerPoint and other budget information will be placed on the District's website after the upcoming site redesign.