

# School Business Essentials

**New Superintendents Workshop I**

**August 7, 2014**

**11:00AM – 12:00PM**

# Presenters

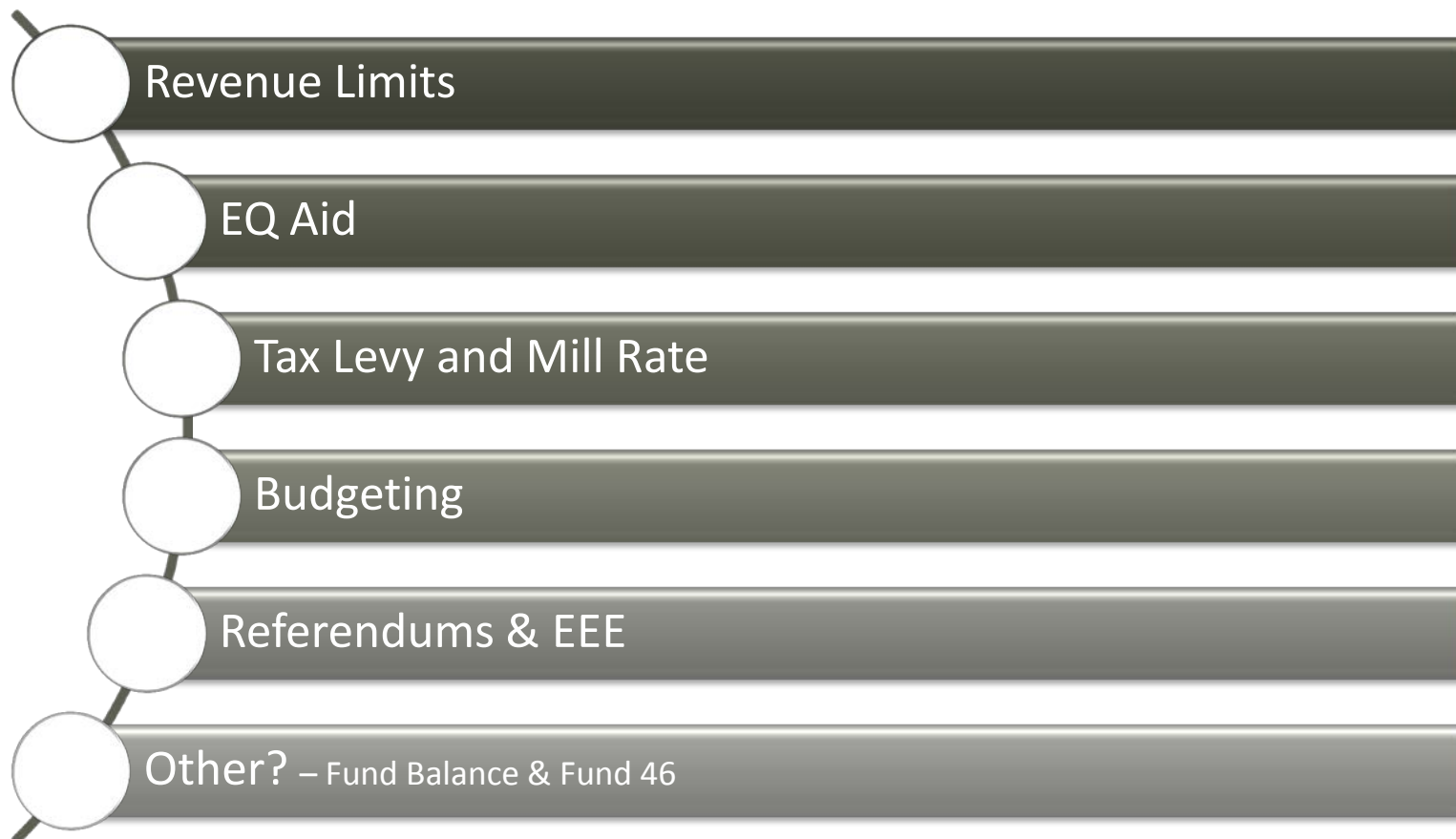
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# Financial Essentials



# Key Budget Variables

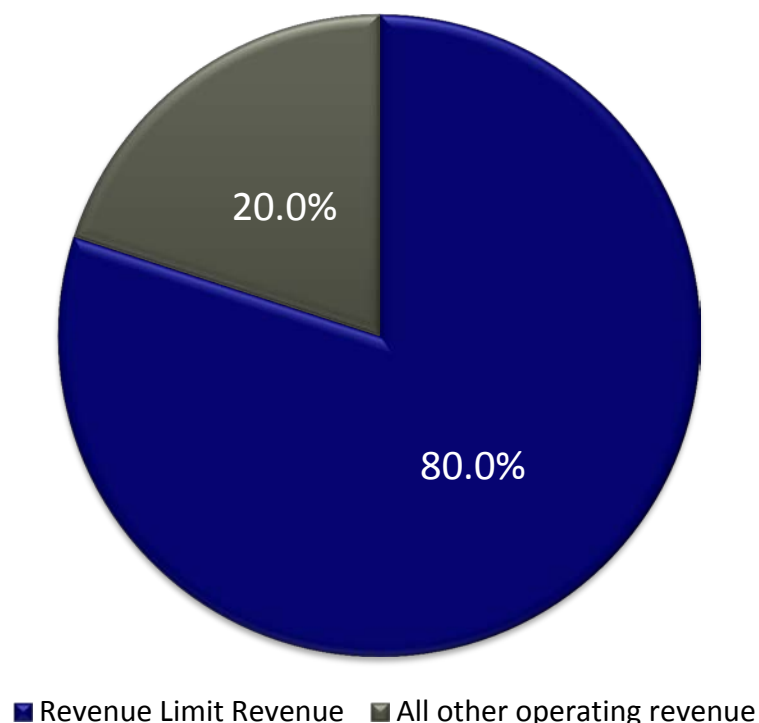
		2012-13	2013-14	2014-15
Revenue Limit		\$5,922,694	\$5,889,653	\$5,866,824
	\$ Change		-33,041	-22,829
	% Change		-0.6%	-0.4%
State Equalization Aid		\$2,962,620	\$2,850,847	\$2,819,631
	\$ Change		-111,773	-31,216
	% Change		-3.8%	-1.1%
Fund 10 Levy		\$2,850,487	\$2,927,911	\$2,928,516
	\$ Change		77,424	605
	% Change		2.7%	0.0%
All Funds Tax Levy		\$3,591,392	\$3,661,174	\$3,684,418
	\$ Change		69,782	23,244
	% Change		1.9%	0.6%
Equalized Property Value		\$351,415,220	\$343,515,730	\$335,726,469
	\$ Change		-7,899,490	-7,789,261
	% Change		-2.2%	-2.3%
Levy Rate per \$1000 Value		\$10.22	\$10.66	\$10.97
	\$ Change		0.44	0.31
	% Change		4.3%	2.9%
Sept. Pupil Count FTE		609	612	630
	Change		3	18

# REVENUE LIMITS

# Revenue Limits

- Established in 1993
- Limits the amount of revenue a school district can generate through the sources of **state equalization aid** and the **local tax levy**
- Driven by resident student enrollment (FTE)
- The revenue limit generally comprises 70% - 95% of a school district's operating revenue

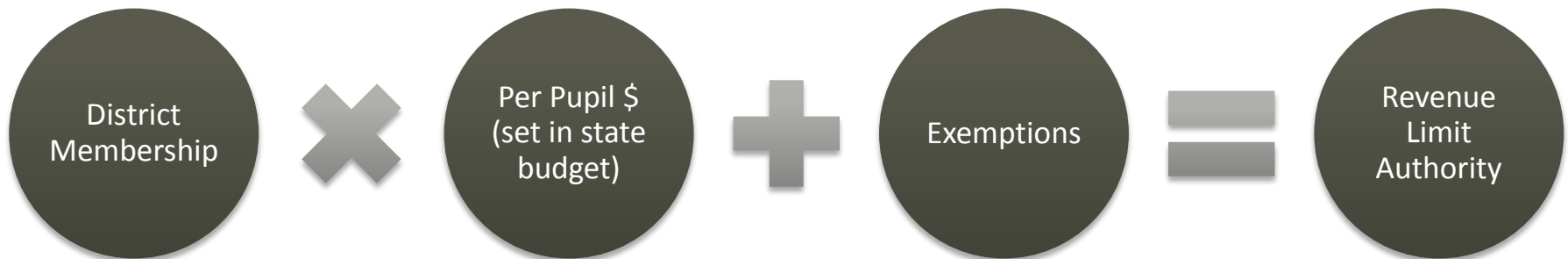
**Revenue Limit Composition  
(Sample Illustration)**



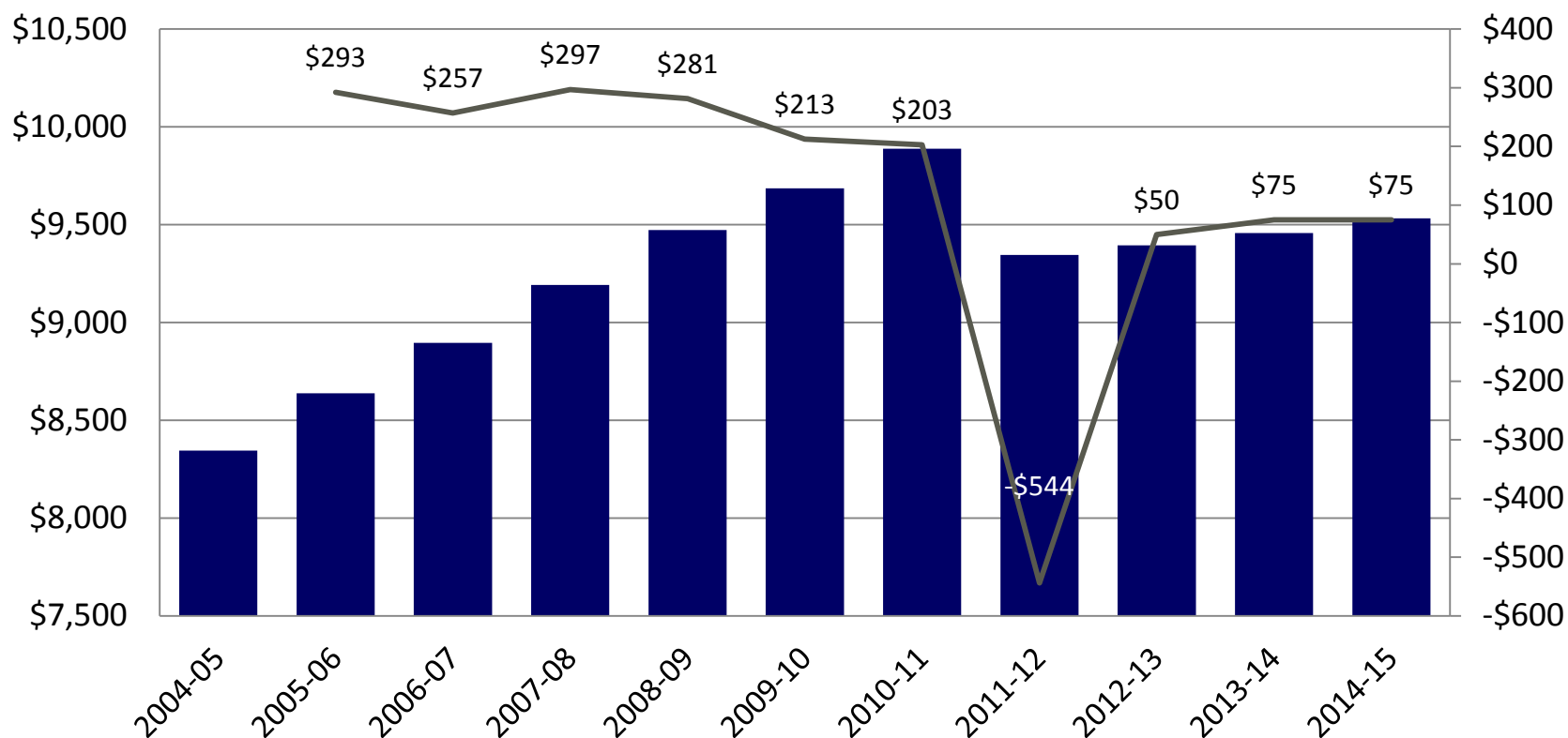
# Revenue Limit Calculation

## What is the Revenue Limit and how is it calculated?

A district's revenue limit is the maximum amount of revenue that may be raised through **state general aid** and **property tax** for the General, Non-Referendum Debt, and Capital Expansion Funds, also referred to as Funds 10, 38, and 41 respectively.

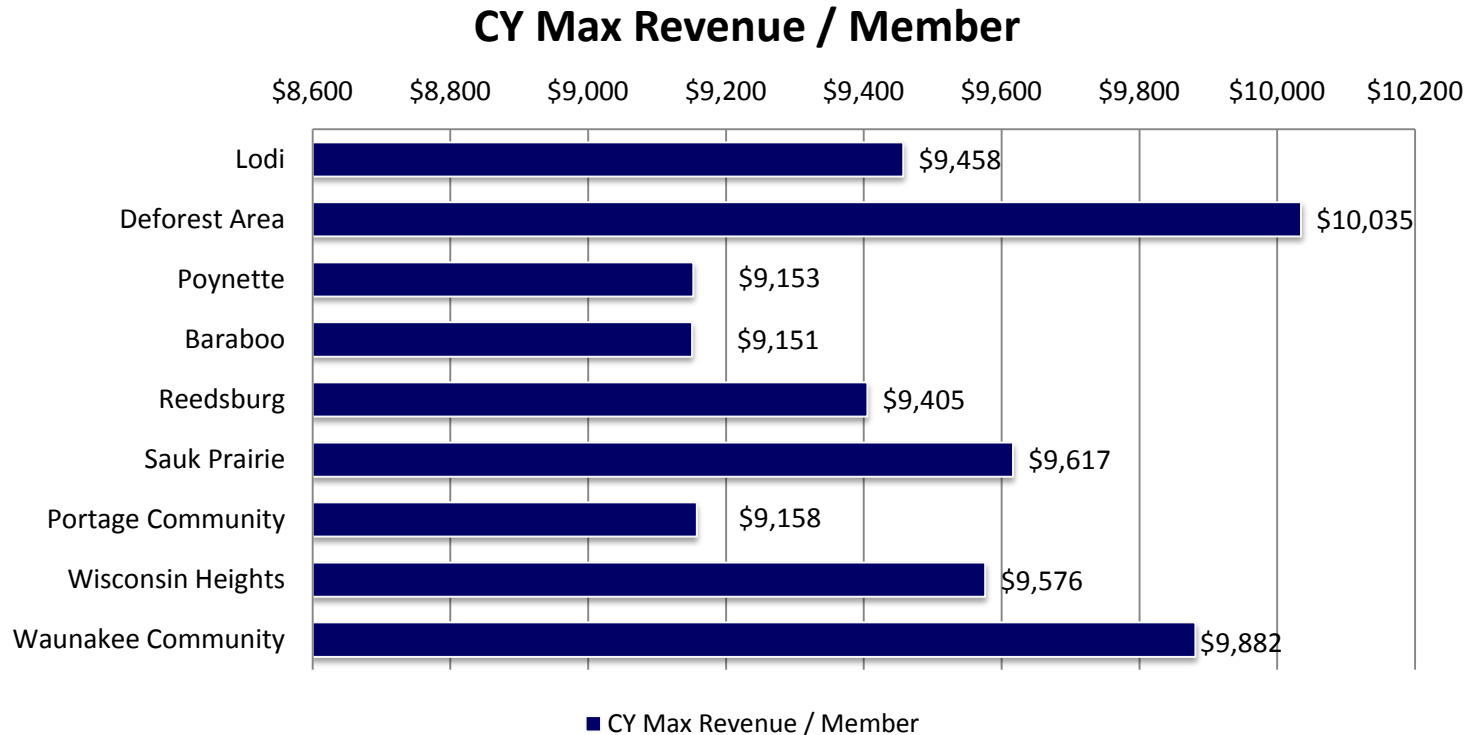


# Revenue Limit Per Member





# 2013-14 Revenue Limit Max Revenue / Member

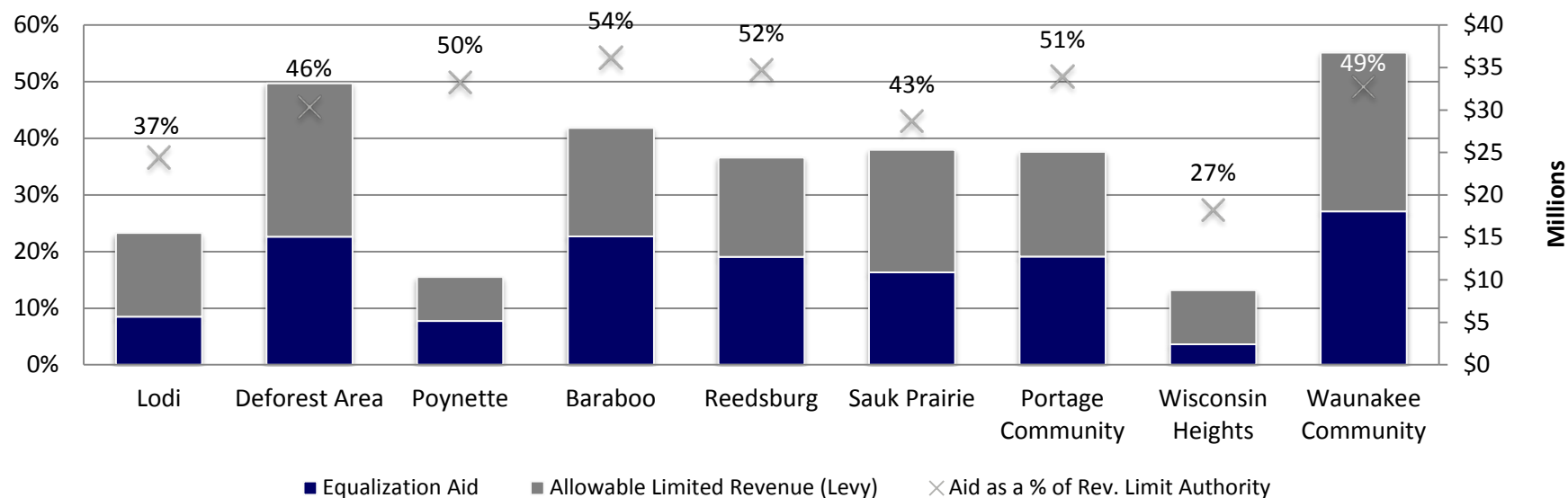


Operational referendum authority-Non-Recurring and Recurring, will each have a different impact on the maximum revenue/member figure.

# EQUALIZATION AID

# Equalization Aid

- **Why is State General Aid important?**
- The revenue limit calculates **how much** the district can raise through state general aid and the local tax levy. State general aid identifies **who pays**. The Revenue Limit less state general aid equals the revenue limit property tax levy.



# Are you Positively or Negatively Aided?

- Prior year data elements (2014-15 aid will be based on 2013-14 figures):

- Membership (FTE)
- EQ Property Value
- Shared Costs

- Property Value / Student = % aided at each level

- Shared Costs / Student = \$ aided at each level

- Sample:

GUARANTEES FOR JULY 1 ESTIMATE:		K-12
PRIMARY (G1)		1,930,000
SECONDARY (G6)		1,071,201
TERTIARY (G11)		531,888

PART F: EQUALIZED PROPERTY VALUE			
F1	2013 EQUALIZED VALUE (CERT MAY 14) + EXEMPT COMPUTER VALUE		2,009,842,725
	VALUE PER MEMBER =	507,152	

# July 1 estimate to Oct 1 Certification – what might change?



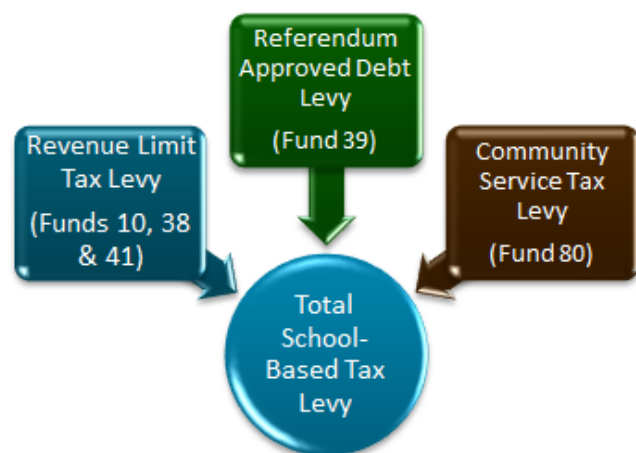
- Prior year data elements (2014-15 aid will be based on 2013-14 figures):
  - Membership (FTE) – final with January student count pending no adjustments
  - EQ Property Value – released in May
  - Shared Costs – **finalized in August**
- Local and State-wide actual-to-budget spending will affect final Oct 1 Certification calculation
  - **Change in aid will not affect district revenue; it will only affect the portion of the revenue limit assessed to the local taxpayer**
  - Rerun estimate with better local shared cost figure
    - Positive vs. Negatively aided
  - Consider state-wide under/over-spending and the impact it may have on your district

# TAX LEVY

# Tax Levy and Mill Rate

## Total School Based Tax Levy and Mill Rate

School district property taxes include the Revenue Limit Levy (General, Non-referendum Debt and Capital Expansion Funds), Referendum-approved Debt Levy (Fund 39) and the Community Services Levy (Fund 80).



### Sample District

#### 2014-2015 Levy

Revenue Limit Levy	\$4,439,215
Referendum-Approved Debt Levy	\$516,355
Community Services Levy	\$23,869
<b>Total school-based Levy</b>	<b>\$4,955,570</b>

**Equalized Property Value**

**\$859,450,100**

**Mill Rate**

**\$5.79**



# Levy and Mill Rate: What's Important

## Levy vs. Mill Rate

- What is your district's focus?

## If your levy/mill rate is projected to go up or down

- Identify the source of the change
- Determine if it is a one-time fluctuation or a trend
- Strategize to help minimize peaks and valleys

## October 1 Certification of Property Values used for Mill Rate Calculation

- Contact us after Aug 15<sup>th</sup> if interested in an earlier estimate



# Reassessment Ramifications

**Average Increase in Assessed Value = 40%**

*Total \$ Levy Remains Constant . . .*

*Therefore . . . Tax Mill Rate is Reduced*

## BEFORE REASSESSMENT

## AFTER REASSESSMENT



LOWER  
Relative  
Re-Assessment

20% ↑ Value



AVERAGE  
Relative  
Re-Assessment

40% ↑ Value



HIGHER  
Relative  
Re-Assessment

60% ↑ Value



# BUDGETING AND PLANNING

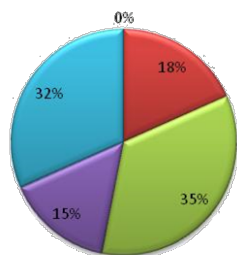
# Budgeting and Planning

- Currently closing 2013-14 actuals, finalizing 2014-15 budget and planning for 2015-16
- Budget forecasting is important
  - Rating agencies like multi-year planning
  - Ability to react and analyze changes impacting school finance
  - Continued changes resulting from act 10 and understanding short and long term impacts
  - Increased communication with community and staff – premade outputs and visuals
  - Identify opportunities
  - Maximizes resources
  - “What ifs” at your fingertips

# Staffing Analysis

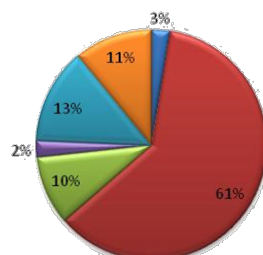
Row Labels	# FTE	Salary	Health	Dental	WRSER	FICA	LTD	LIFE	TTL COMP
Admin	5.00	\$461,275	\$75,394	\$2,688	\$34,787	\$35,364	\$2,665	\$1,567	\$613,741
Non-Grouped	14.00	\$171,648	\$61,918	\$2,688	\$10,213	\$13,131	\$1,013	\$239	\$260,851
Other	-	\$355,634	\$0	\$0	\$12,275	\$27,206	\$0	\$0	\$395,116
Teacher	78.40	\$2,797,311	\$711,567	\$28,814	\$162,870	\$209,404	\$0	\$5,691	\$3,915,658
Education Assistants	48.00	\$264,741	\$176,236	\$6,451	\$16,017	\$20,253	\$0	\$534	\$484,231
Cooks	15.00	\$70,781	\$19,937	\$840	\$4,282	\$5,415	\$0	\$222	\$101,478
Custodians	19.00	\$226,200	\$78,433	\$3,763	\$13,685	\$17,304	\$0	\$931	\$340,317
Secretary 2	9.00	\$26,742	\$0	\$0	\$1,618	\$2,046	\$0	\$54	\$30,460
Secretary 1	13.00	\$42,167	\$32,437	\$538	\$2,551	\$3,226	\$0	\$0	\$80,918
Professional	2.50	\$113,166	\$16,218	\$1,075	\$6,733	\$8,657	\$0	\$512	\$146,363
Manager	19.00	\$183,400	\$33,721	\$2,150	\$10,912	\$14,030	\$1,082	\$360	\$245,656
<b>Grand Total</b>	<b>222.90</b>	<b>\$4,713,066</b>	<b>\$1,205,862</b>	<b>\$49,007</b>	<b>\$275,944</b>	<b>\$356,036</b>	<b>\$4,760</b>	<b>\$10,111</b>	<b>\$6,614,786</b>

Total by Location



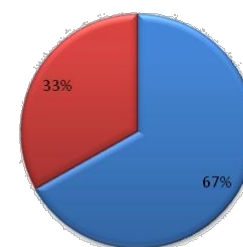
0  
400  
800  
300  
100

Elementary FTE



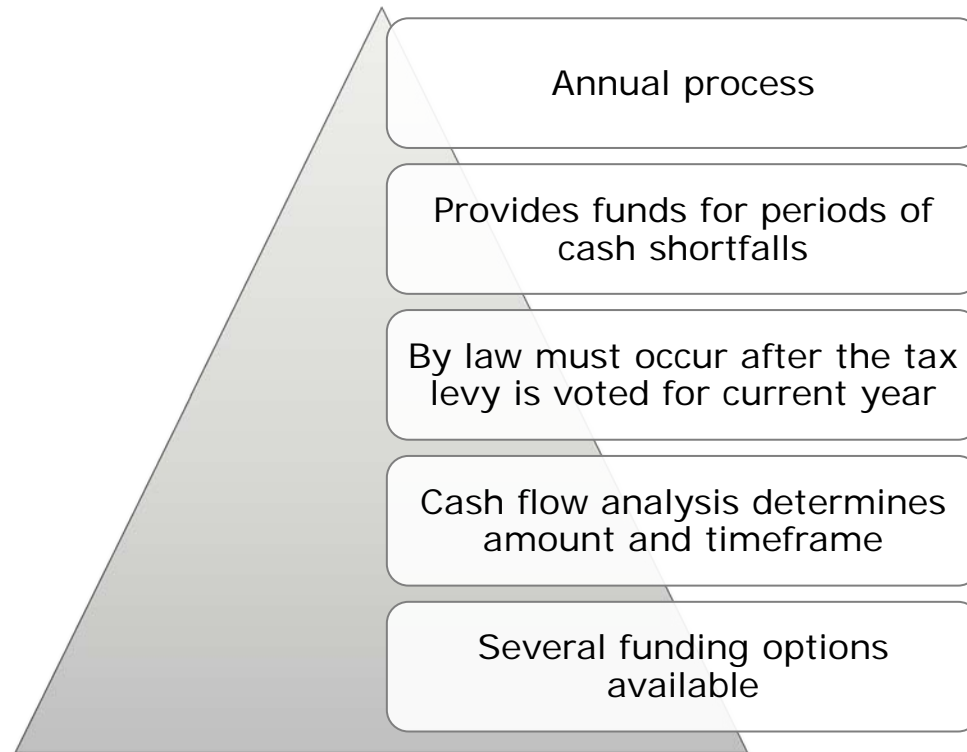
Admin  
Teacher  
Other  
Clerk II  
Certified Aides  
Non-Certified Aides

Teacher TTL Comp Comparison

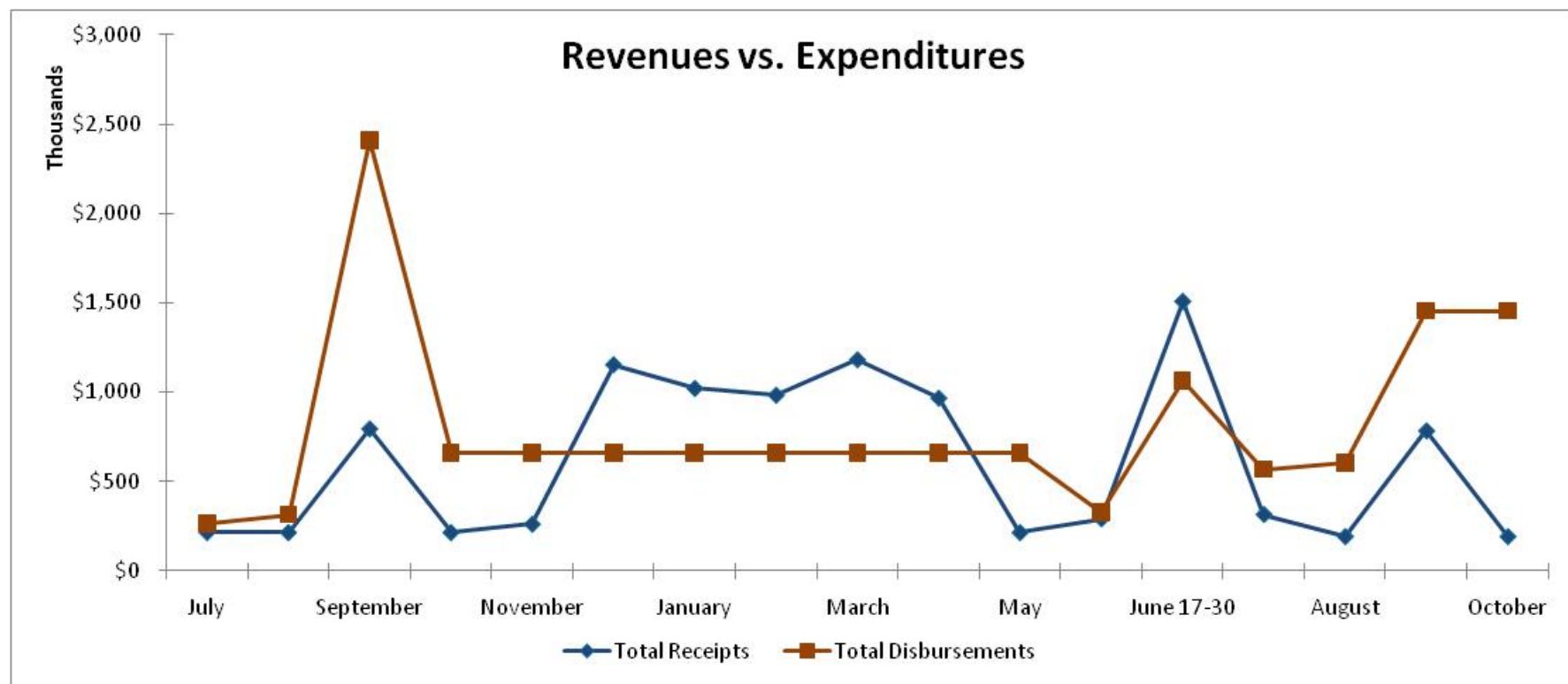


Salary  
Benefits

# What is Cash Flow Borrowing?



# Cash Flow Borrowing



Baird Budget Model Output  
The hypothetical example is for illustrative purposes only.

# REFERENDUM AND EEE PLANNING

# What is a referendum?

- The school district asks for voter approval to increase the tax levy:
  - Issue debt (F39)
  - Operations
    - Recurring (ongoing)
    - Non-Recurring (has a sunset)
- Energy Efficiency Exemption – non-referendum authority to increase levy and mill rate



# Referendum Planning

## Future Regular Election Dates:

### Spring

#### Primary

Adopt and file resolution(s) by\*:

#### General

Adopt and file resolution(s) by\*:

### Fall

#### Primary

Adopt and file resolution(s) by\*:

#### General

Adopt and file resolution(s) by\*:

	2014	2015	2016	2017	2018
<b>Primary</b>	<b>02/18/2014</b>	<b>02/17/2015</b>	<b>02/16/2016</b>	<b>02/21/2017</b>	<b>02/20/2018</b>
Adopt and file resolution(s) by*:	12/10/2013	12/09/2014	12/08/2015	12/13/2016	12/12/2017
<b>General</b>	<b>04/01/2014</b>	<b>04/07/2015</b>	<b>04/05/2016</b>	<b>04/04/2017</b>	<b>04/03/2018</b>
Adopt and file resolution(s) by*:	01/21/2014	01/27/2015	01/26/2016	01/24/2017	01/23/2018
<b>Primary</b>	<b>08/12/2014</b>		<b>08/09/2016</b>		<b>08/14/2018</b>
Adopt and file resolution(s) by*:	06/03/2014		05/31/2016		06/05/2018
<b>General</b>	<b>11/04/2014</b>		<b>11/01/2016</b>		<b>11/06/2018</b>
Adopt and file resolution(s) by*:	08/26/2014		08/23/2016		08/28/2018

Updated April 14, 2014

\*The governing board is required to file adopted referendum ballot resolutions with their municipal clerks **at least 70 days prior** to the election date indicating the amount and purpose.

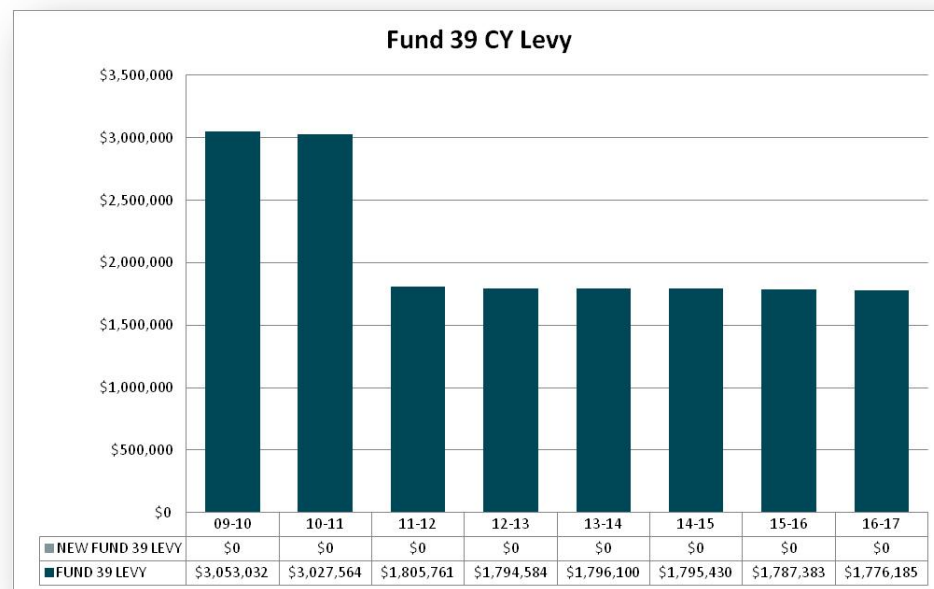
Note: A special referendum election date can be held on any other date than those listed above.

# Plan Ahead

- When You Should Start Planning-NOW
  - Capital Project Plan
  - Technology Plan
  - Enrollment Projections
  - Program Needs
- When Should You Go to Referendum
  - Size of Project
  - Election Schedule
  - Existing Debt
- What Should You Be Doing Leading Up To a Referendum
  - Look at Refinancing/Restructuring Opportunities
  - Defeasance Opportunities
  - Low Cost Financing Opportunities
- CALL WITH QUESTIONS

# Communicating Debt Service

- Included in Equalization Aid shared cost calculation
- Fund 38 and 39 impact the total district tax levy differently
- Provide opportunities to manage the levy
- Energy efficiency exemption



Baird Budget Model Graph

# Identifying Opportunities



OTHER

# Fund Balance $\neq$ Cash

## Fund 10 General Fund - Balance Sheet Accounts

Account	Description	Beginning of Year	End of Year
<b>700000 Assets</b>			
10B-711000	Cash	1,687,971.40	518,985.84
10B-713100	Taxes Receivable	886,044.41	871,968.73
10B-713200	Accounts Receivable	1,754.38	502,229.54
10B-714000	Due From Other Funds	66,536.25	15,037.37
10B-715000	Due From Other Governments	184,960.66	154,994.34
	<b>Total Assets (700000)</b>	<b>2,827,267.10</b>	<b>2,063,215.82</b>
<b>800000 Liabilities</b>			
10B-811100	Temporary Notes Payable	1,600,000.00	0.00
10B-811200	Accounts Payable	150,000.00	553,923.28
10B-811600	Payroll Withholdings and Benefits Payable	0.00	407,066.21
10B-811700	Accrued Temporary Note Interest Payable	11,709.76	0.00
10B-813000	Due to Other Governments	0.00	6,867.00
	<b>Total Liabilities (800000)</b>	<b>1,761,709.76</b>	<b>967,856.49</b>
<b>900000 Fund Equity</b>			
10B-939900	Unassigned Fund Balance	1,065,557.34	1,095,359.33
	<b>Total Fund Equity (900000)</b>	<b>1,065,557.34</b>	<b>1,095,359.33</b>

# Act 46

## Long Term Capital Improvement Trust Fund

Board actions required by June 30<sup>th</sup> of fiscal year in which Fund 46 is established:

1. Approve the long-term capital improvement plan (minimum of 10 years).
2. Pass the resolution creating the Long-term Capital Improvement Trust Fund.

To utilize DPI accounts to record the Fund 10 transfer, provide copies of the following documents:

1. Official Board minutes approving the long-term capital improvement plan.
2. Signed resolution creating the Long-term Capital Improvement Trust Fund.
3. Documentation that confirms the existence of a segregated bank/investment account.

Limitations regarding Fund 46 activities and access to funds:

1. Funds may only be accessed five years after the establishment of the “trust” fund.
2. Fund balance may not be used for general fund cash flow purposes.
3. Funds may not be transferred to another fund or liquidated.
4. Loaning of money for other purposes or to other funds is not allowed.
5. Funds must be physically deposited and held in segregated bank/investment (separate and distinct from other district accounts) until they are expended for capital improvement projects per the district’s plan.
6. Funds invested as per sec. 66.0603, Wis. Stats.

QUESTIONS?



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