

**State Education Convention  
January 19, 2023**

# **A Deep Dive Into Wisconsin School Finance**

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**Public Instruction**  
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# Agenda

- **Education Framework**
- **Revenue Limits**
- **Equalization Aid**
- **Fund Balance**

**Why these topics?**

**Key to Wisconsin School Finance**

# Learning Targets

- ***Recall*** how school finance is structured in Wisconsin and ***identify*** why
- ***Explain*** the difference between revenue limits and state equalization aid and ***describe*** the impact on school finance
- ***Recognize*** the difference between cash and fund balance

# U.S. Constitution on Education – Education is a State Function

## 10th Amendment

**“...powers not granted to the federal government by the Constitution, nor prohibited to the States, are reserved to the States or the people...”**

**1791**

# Wisconsin Constitution on Education

## Article X, Section 2

**“The legislature shall provide by law for the establishment of district schools, which shall be as nearly uniform as practicable; and such schools shall be free and without charge for tuition to all children between the ages of 4 and 20.”**

**1848**

# Wisconsin Constitution on Education

## Article X, Section 4

**“Each town and city shall be required to raise by tax, annually, for the support of common schools therein.....”**

**1848**

# Basic Framework - What We Know So Far

- **State Responsibility**
- **District Schools**
- **As Nearly Uniform as Practicable**
- **Free**
- **Funded by Local Property Tax**

# Modern-Day Wisconsin

- In Wisconsin, the primary funding source for public schools is the property tax, but we know that property values across the state are not uniform.
- The challenge is defining “uniform as practicable.”



# Wisconsin Constitution on Education

## Article X, Section 2

**“The legislature shall provide by law for the establishment of district schools, which shall be as nearly uniform as practicable; and such schools shall be free and without charge for tuition to all children between the ages of 4 and 20.”**

**A child should not be unfairly disadvantaged merely by where they live.**

# Constitutional Underpinnings

The State provides financial assistance in the form of Equalization/General Aid to school districts in order to:

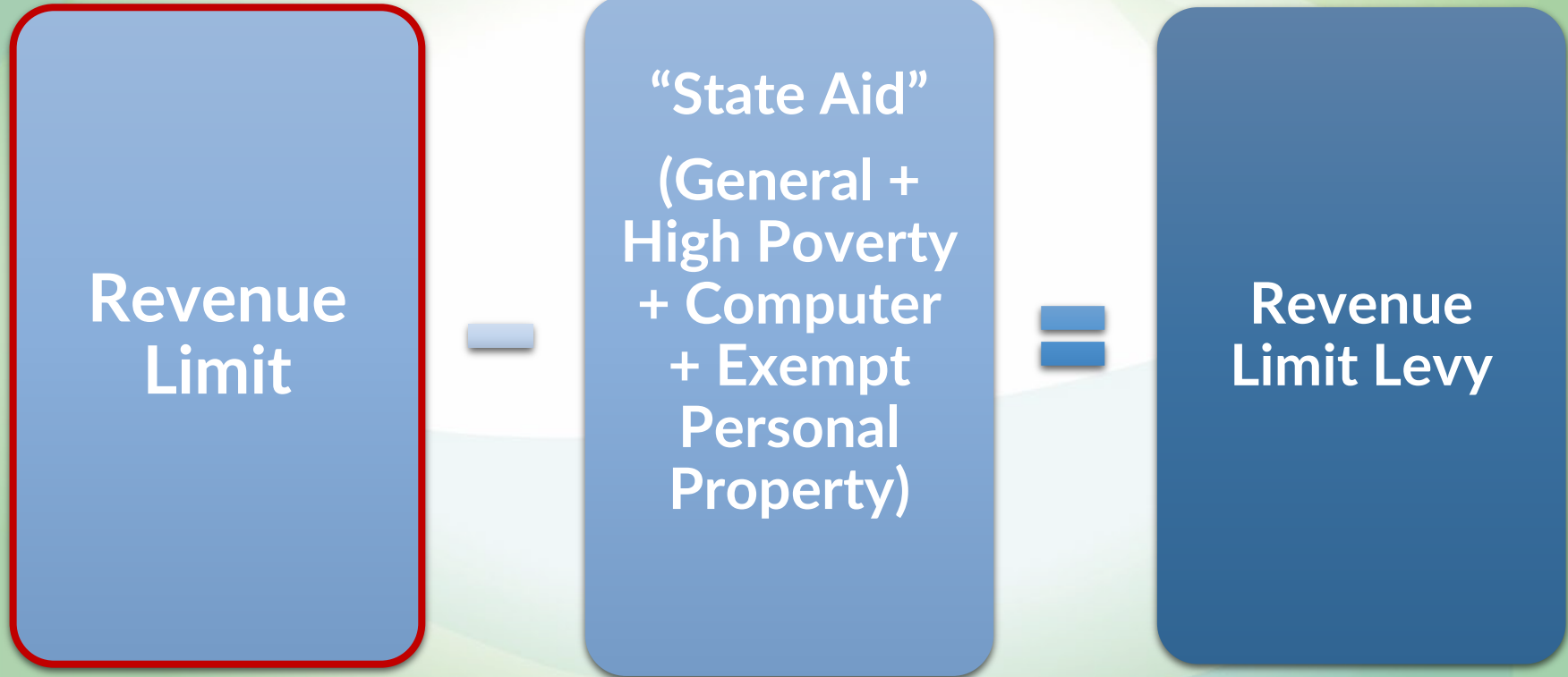
- Reduce the reliance upon the local property tax as the sole source of revenue for educational programs.
- Guarantee that a basic educational opportunity is available to all pupils regardless of the local fiscal capacity of the district in which they reside.

# Revenue Limits

- **Diving in....**

**...to districts' primary revenue calculation**

# Revenue Limits, State Aids, and Controlled Property Tax Levies



# What is Important to School Board Members

- **What is the “Revenue Limit” and why is it important?**
- **What causes it to increase and/or decrease?**
- **How is the formula impacted by one-time or permanent increases – including operational referendums**
- **Why districts must plan both short and long-term**

# Revenue Limit History

Established in 1993

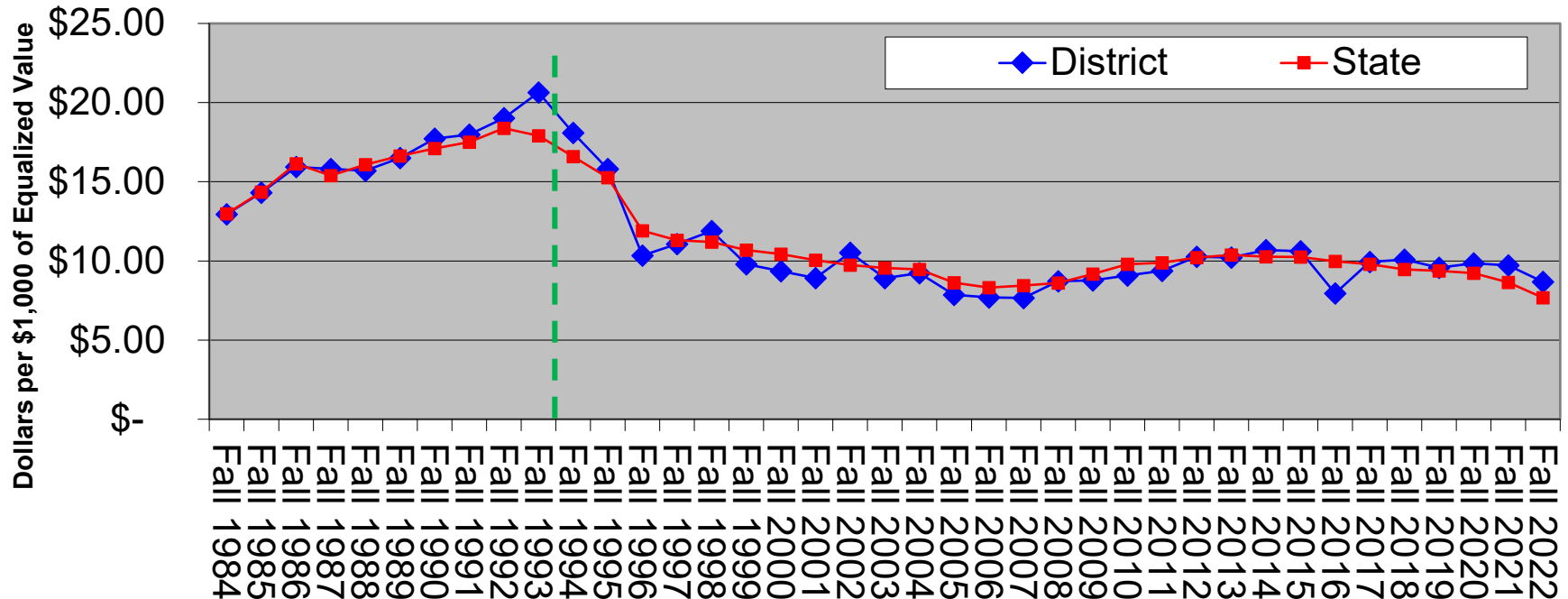
Goal was to create levy controls for WI school districts

Created a calculation to determine the amount of revenue a district could generate through the sources of *state general aid* and *the local tax levy*

Provided operational referendums if calculation provided insufficient funds

# Revenue Limit Levy Controls

## Survey of Equalized Tax Rates

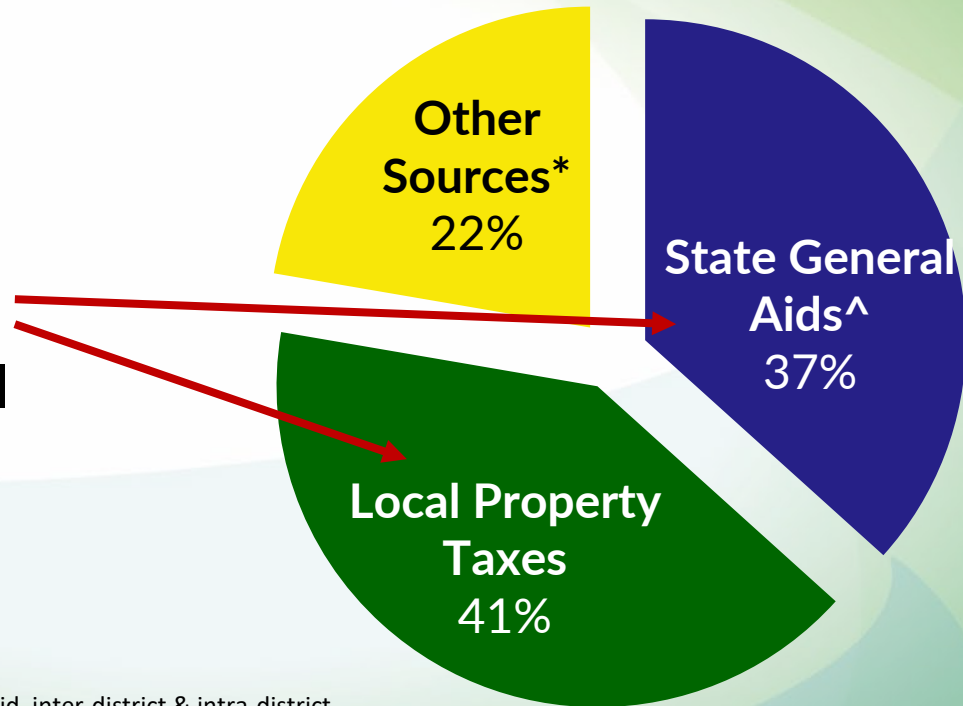


Source: Department of Public Instruction; sample school district shown

# Importance of Revenue Limit Revenue

## CONTROLLED

Although the mix of aid and taxes is different across districts, the Revenue Limit can control 70-90% of the General Fund revenue budget!



<sup>^</sup> State General Aids includes: equalization aid, special adjustment aid, inter-district & intra-district aids, and high poverty aid (i.e., state aids received under the districts' revenue limit caps).

\* Other Sources include: state categorical aids, federal aid, and non-property tax local revenue (i.e., revenue received outside of the districts' revenue limit caps).



# Sample Worksheet

Note: Fiscal Year begins July 1<sup>st</sup>; RLWS final figures received October 15<sup>th</sup>

DISTRICT:	Portage Community	4501	
<b>DATA AS OF 12/14/2022 8:30 AM</b>			
<b>Line 1 Amount May Not Exceed (Line 11 - (Line 7B+Line 10)) of Final 21-22 Revenue Limit</b>			
2021-22 General Aid Certification (21-22 Line 12A, Src 621)	+	13,453,235	
2021-22 Hi Pov Aid (21-22 Line 12B, Src 628)	+	0	
2021-22 Computer Aid Received (21-22 Line 12C, Src 691)	+	18,895	
2021-22 Aid for Exempt Personal Property (21-22 Line 12D, Src 691)	+	78,393	
2021-22 Fnd 10 Levy Cert (21-22 Line 14A, Levy 10 Src 211)	+	12,337,038	
2021-22 Fnd 38 Levy Cert (21-22 Line 14B, Levy 38 Src 211)	+	0	
2021-22 Fnd 41 Levy Cert (21-22 Line 14C, Levy 41 Src 211)	+	0	
2021-22 Aid Penalty for Over Levy (21-22 FINAL Rev Lim, June 2022)	-	0	
2021-22 Total Levy for All Levied Non-Recurring Exemptions*	-	4,307,561	
<b>NET 2022-23 Base Revenue Built from 2021-22 Data (Line 1)</b>	=	<b>21,580,000</b>	
*For the Non-Recurring Exemptions Levy Amount, enter actual amount for which district levied; (7B Hold Harmless, Non-Recurring Referenda, Declining Enrollment, Energy Efficiency Exemption, Refunded/Rescinded Taxes, Prior Year Open Enrollment Pupils, Reduction for Ineligible Fund 80 Expendts, Other Adjustments, Private School Voucher Aid Deduction, Private School Special Needs Voucher Aid Deduction)			
<b>September &amp; Summer FTE Membership Averages</b>			
Count Ch. 220 Inter-District Resident Transfer Pupils @ 75%.			
<b>Line 2: Base Avg: ((19+.4ss)+(20+.4ss)+(21+.4ss)) / 3 =</b>			
	2019	2020	2021
Summer FTE:	26	8	42
% (40,40,40)	10	3	17
Sept FTE:	2,220	2,107	2,118
New ICS - Independent Charter Schools FTE	0.00	0.00	0.00
Total FTE	2,230	2,110	2,135
<b>Line 6: Curr Avg: ((20+.4ss)+(21+.4ss)+(22+.4ss)) / 3 =</b>			
	2020	2021	2022
Summer FTE:	8	42	27
% (40,40,40)	3	17	11
Sept FTE:	2,107	2,118	2,066
New ICS - Independent Charter Schools FTE	0.00	0.00	0.00
Total FTE	2,110	2,135	2,077
<b>Line 10B: Declining Enrollment Exemption =</b>			
Average FTE Loss (Line 2 - Line 6, if > 0)		51	
	X	1.00	=
<b>X (Line 5, Maximum 2022-2023 Revenue per Memb) =</b>		10,000.00	
<b>Non-Recurring Exemption Amount:</b>		510,000	
<b>Fall 2022 Property Values</b>			
2022 TIF-Out Tax Apportionment Equalized Valuation		1,758,868,062	

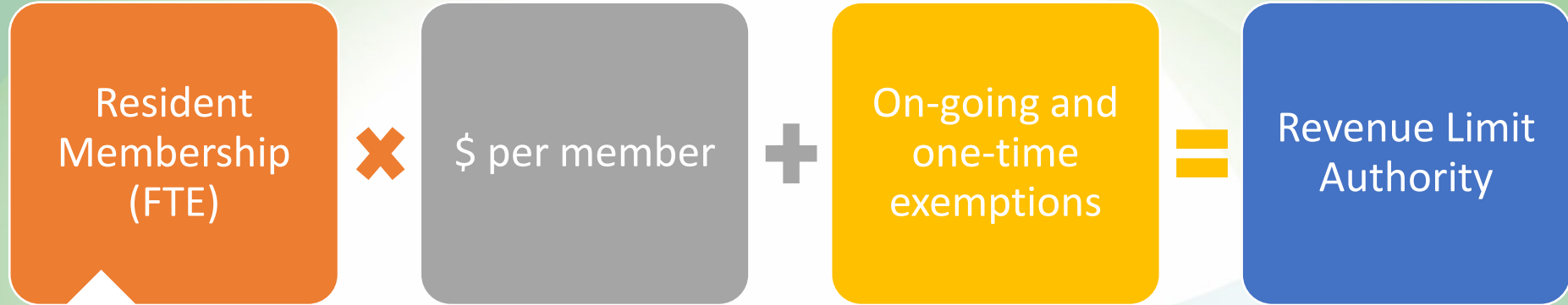
## Key Information

## Calculation

1. 2022-23 Base Revenue (Funds 10, 38, 41)	(from left)	21,580,000
2. Base Sept Membership Avg (2019+.4ss, 2020+.4ss, 2021+.4ss)/3	(from left)	2,158
3. 2022-23 Base Revenue Per Member (Ln 1 / Ln 2)	(with cents)	10,000.00
4. 2022-23 Per Member Change (A+B)		0.00
2022-23 Low Revenue Ceiling per s. 121.905(1):		
A. Allowed Per-Member Change for 22-23	10,000.00	
B. Low Rev Incr (Low Rev Ceiling-(3+4A))-4C) NOT <0	0.00	
C. Value of the CCDEB (22-23 DPI Computed-CCDEB Distts only)	0.00	
5. 2022-23 Maximum Revenue / Member (Ln 3 + Ln 4)		10,000.00
6. Current Membership Avg (2020+.4ss, 2021+.4ss, 2022+.4ss)/3	(from left)	2,107
7. 2022-23 Rev Limit, No Exemptions (Ln 7A + Ln 7B)	(rounded)	21,580,000
A. Max Rev/Memb x Cur Memb Avg (Ln 5 x Ln 6)		21,070,000
B. Hold Harmless Non-Recurring Exemption		510,000
8. Total 2022-23 Recurring Exemptions (A+B+C+D+E)	(rounded)	0
A. Prior Year Carryover	0	
B. Transfer of Service	0	
C. Transfer of Territory/Other Reorg (if negative, include sign)	0	
D. Federal Impact Aid Loss (2020-21 to 2021-22)	0	
E. Recurring Referenda to Exceed (If 2022-23 is first year)	0	
9. 2022-23 Limit with Recurring Exemptions (Ln 7 + Ln 8)		21,580,000
10. Total 2022-23 Non-Recurring Exemptions (A+B+C+D+E+F+G+H+I)		4,695,033
A. Non-Recurring Referenda to Exceed 2022-23 Limit	3,700,000	
B. Declining Enrollment Exemption for 2022-23 (from left)	510,000	
C. Energy Efficiency Net Exemption for 2022-23 (see pg 4 for details)	0	
D. Adjustment for Refunded or Rescinded Taxes, 2022-23	1,980	
E. Prior Year Open Enrollment (uncounted pupil[s])	40,466	
F. Reduction for Ineligible Fund 80 Expenditures (enter as negative)	0	
G. Other Adjustments (Fund 39 Bal Transfer)	0	
H. WPCP and RPCP Private School Voucher Aid Deduction	429,511	
I. SNSP Private School Voucher Aid Deduction	13,076	
11. 2022-23 Revenue Limit With All Exemptions (Ln 9 + Ln 10)		26,275,033
12. Total Aid to Be Used in Computation (12A + 12B + 12C + 12D)		14,140,324
A. 2022-23 <b>OCT 15 CERT OF GENERAL AID</b>	14,043,036	
B. State Aid to High Poverty Districts (not all districts)	0	
C. State Aid for Exempt Computers (Source 691)	18,895	
D. State Aid for Exempt Personal Property (Source 691)	78,393	
<b>DISTRICTS MUST USE THE OCT 15 AID CERT WHEN SETTING THE DISTRICT LEVY.</b>		
13. <b>Allowable Limited Revenue: (Line 11 - Line 12)</b>		<b>12,134,709</b>
(10, 38, 41 Levies)		
14. <b>Total Limited Revenue To Be Used (A+B+C)</b>	<b>Not &gt; line 13</b>	<b>12,090,613</b>
<b>Entries Required Below: Enter amnts needed by purpose and fund:</b>		
A. Gen Operations: Fnd 10 Src 211	12,090,613	(Proposed Fund 10)
B. Non-Referendum Debt (inside limit) Fund 38 Src 211	0	(to Budget Rpt)
C. Capital Exp. Annual Meeting Approved: Fund 41 Src 211	0	(to Budget Rpt)
15. <b>Total Revenue from Other Levies (A+B+C+D)</b>		<b>1,980</b>
A. Referendum Apprvd Debt (Fund 39 Debt-Src 211)	0	
B. Community Services (Fund 80 Src 211)	0	(to Budget Rpt)
C. Prior Year Levy Chargeback for Uncollectible Taxes (Src 212)	1,980	(to Budget Rpt)
D. Other Levy Revenue - Milwaukee & Kenosha Only	0	(to Budget Rpt)
16. <b>Total Fall, 2022 REPORTED All Fund Tax Levy (14A + 14B + 14C + 15)</b>		<b>12,092,593</b>
Line 16 is the total levy to be apportioned in the PI-401.	Levy Rate =	0.00687521

Districts are responsible for the integrity of their revenue limit data & computation. Data appearing here reflects information submitted to DPI and is unaudited.

# Revenue Limit Formula



Three-Year Average

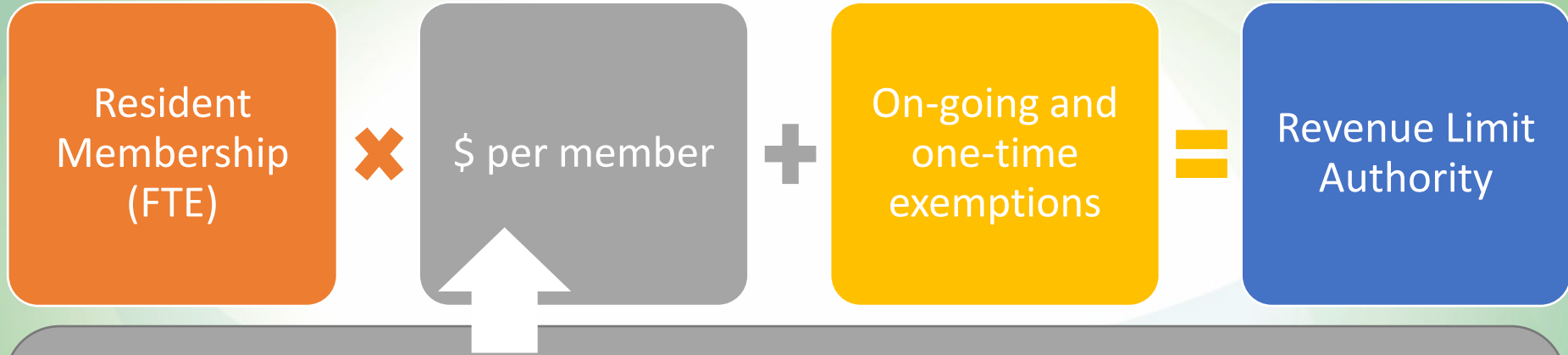
September Full Time Equivalency (FTE)

40% Summer School

New Independent Charter School



# Revenue Limit Formula



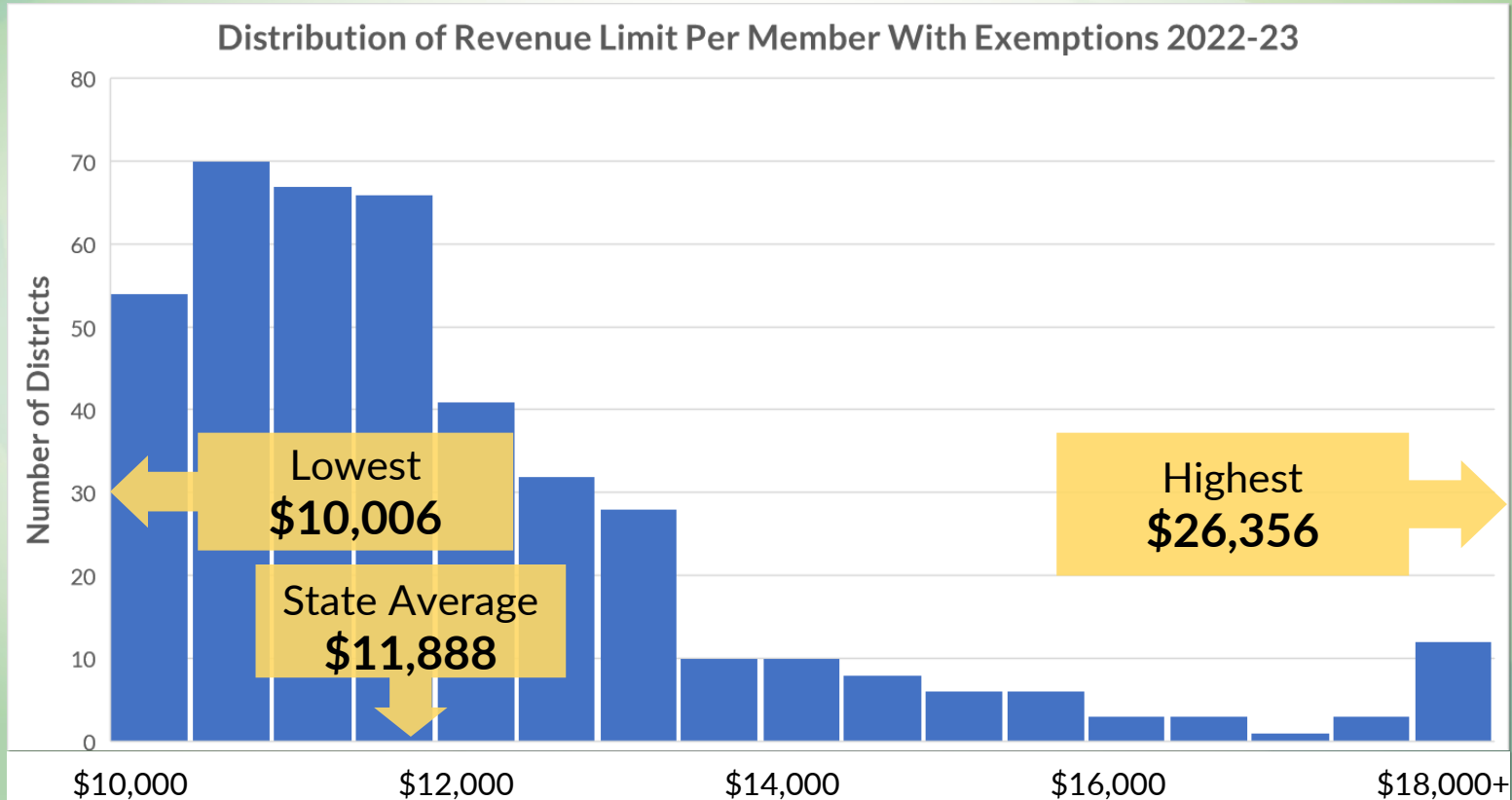
Amounts differ between school districts

“Low Revenue Ceiling” creates minimum

Legislature determines state-wide per-member annual adjustments

“Recurring” (On-going) exemptions create district-specific increases

# Revenue Limit Per Member with Exemptions

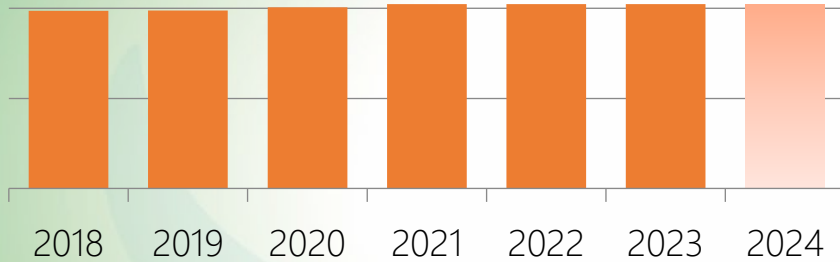


# Per Member Change

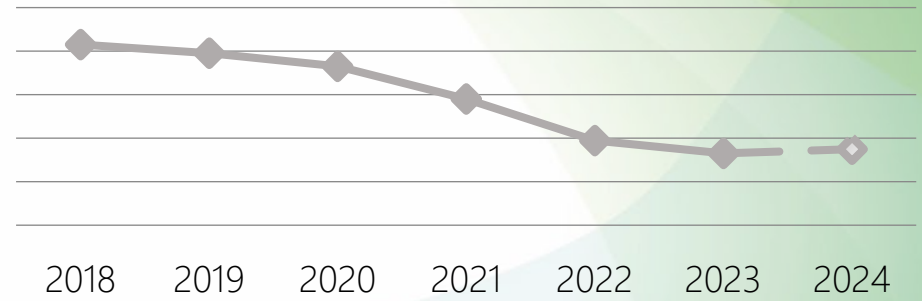
Fiscal Year	Revenue Limit Per Pupil Increase (Cumulative)
2011-12	-5.5%*
2012-13	\$50
2013-14	\$75
2014-15	\$75
2015-16	\$0
2016-17	\$0
2017-18	\$0
2018-19	\$0
2019-20	\$175
2020-21	\$179
2021-22	\$0
2022-23	\$0
2023-24	TBD
2024-25	TBD

# Test For Understanding

Maximum Revenue/Member No  
Exemptions



Current Year Average FTE



Resident  
Membership  
(FTE)

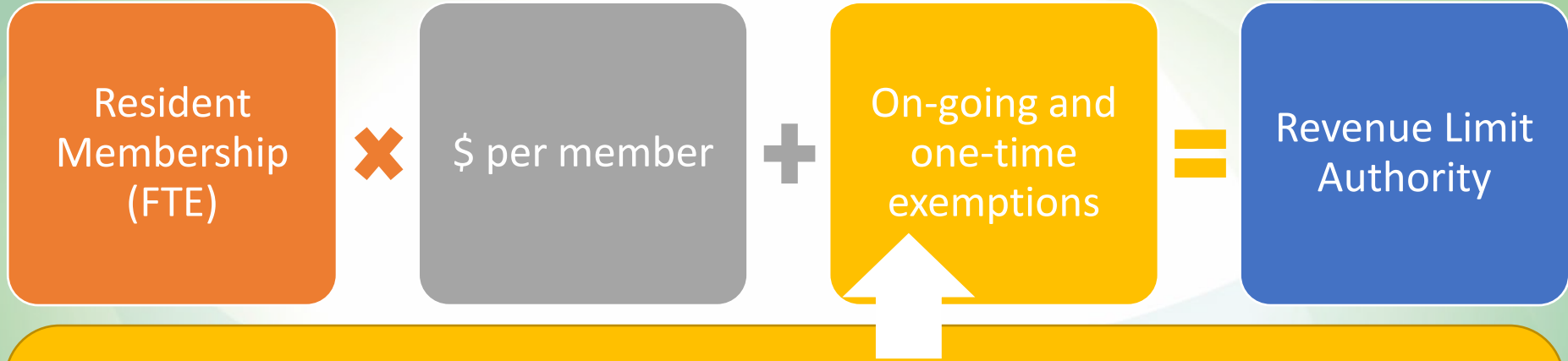


\$ per pupil

What is this sample district's "Base"  
Revenue Limit Trend?

What if a district, instead, had increasing FTE?

# Exemptions



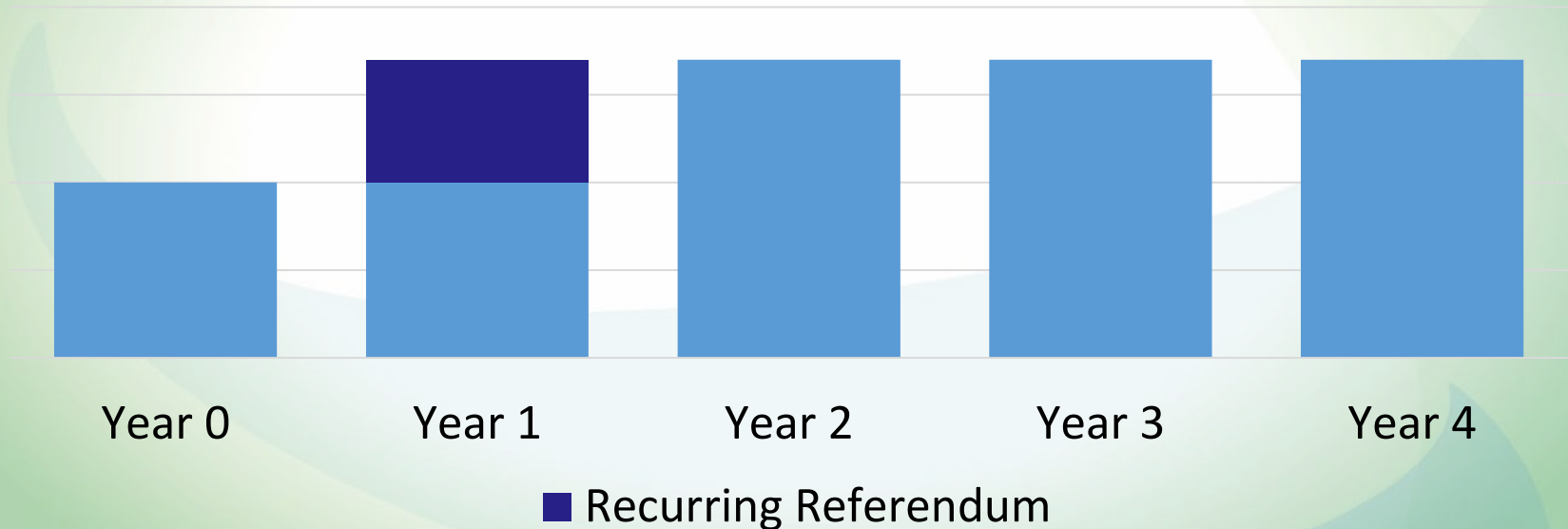
District – specific “exemptions”

Some auto-calculate; others based on district reports or data

Recurring and Non-Recurring have differing long-term impacts

# Recurring Exemptions

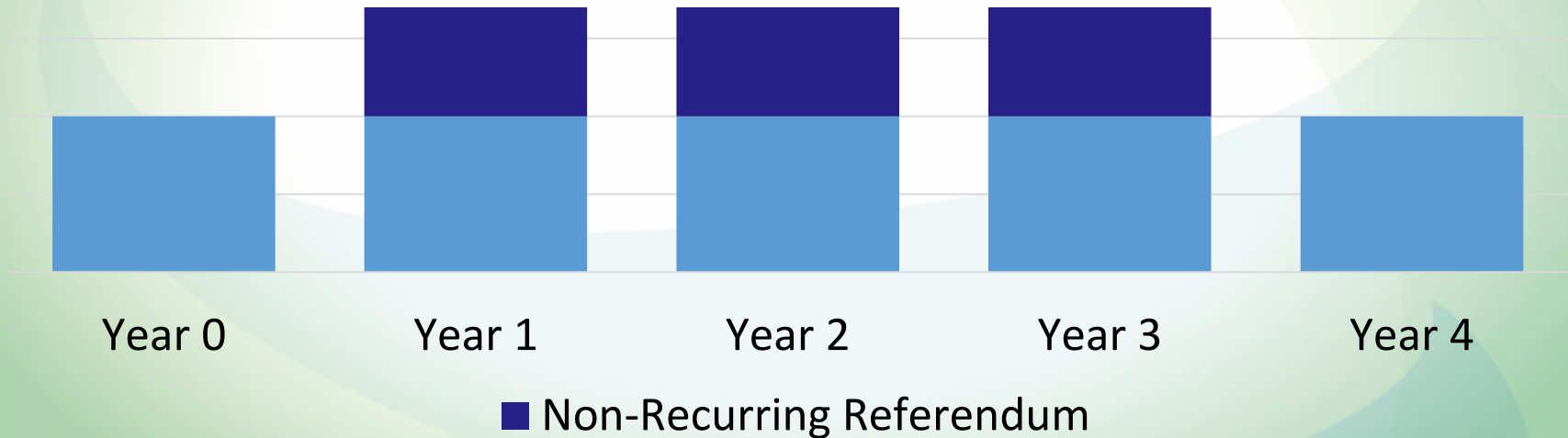
- Once a district levies for a Recurring Exemption, that amount stays permanently in the base going forward.





# Non-Recurring Exemptions

- The exemption is only valid for a limited period of time – usually one Revenue Limit cycle.



# Types of Exemptions

## Recurring

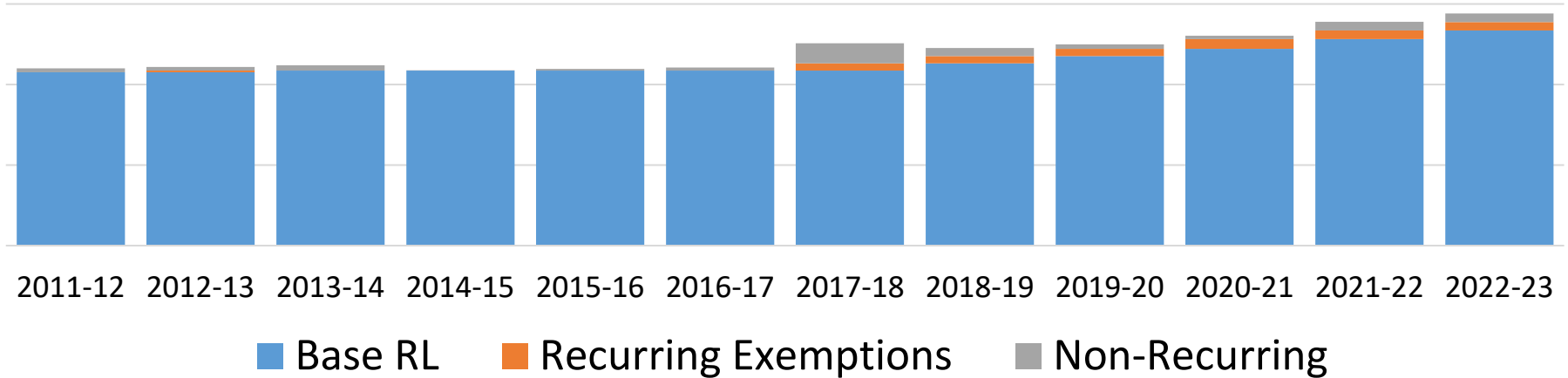
- Prior Year Carryover
- Transfer of Service
- Recurring Referenda to Exceed
- Transfer of Territory/Other Reorg and Federal Impact Aid Loss

## Non-Recurring

- Hold Harmless
- Declining Enrollment Exemption
- Non-Recurring Referenda to Exceed
- Energy Efficiency Net Exemption
- Prior Year Open Enrollment
- WPCP, RPCP Private School Voucher and Special Needs Scholarship Program Deductions
- Adjustment for Refunded or Rescinded Taxes, Fund 39 residual balance transfer, and Ineligible Fund 80 expenditures

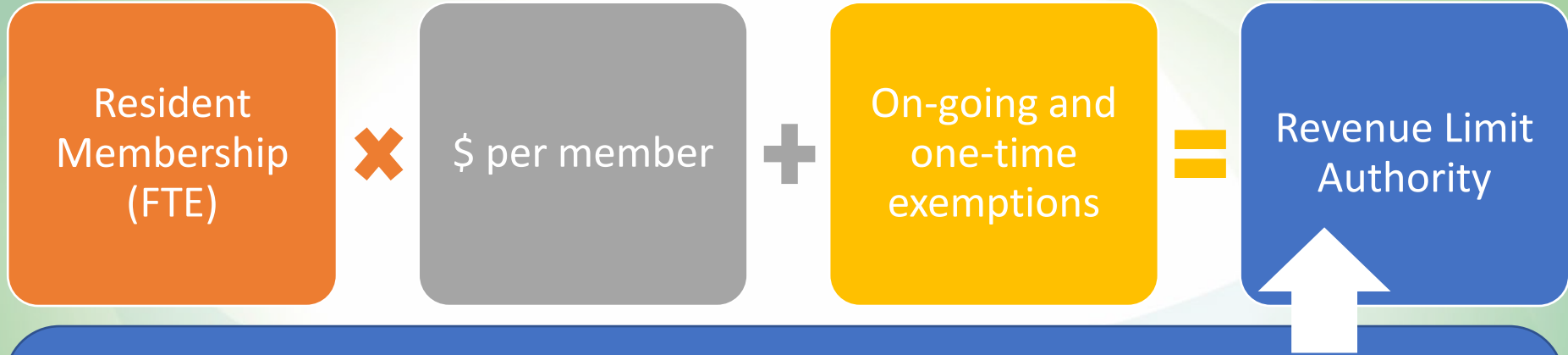
# “Base Revenue Limit” and Exemptions

Sample RL Base + Exemptions



- Ave FTE \* Max. Rev. / Member = majority of districts' RL authority
- Recurring exemptions, once levied, increase districts' base
- Non-recurring exemptions are received in the current year

# Total Revenue Limit Authority

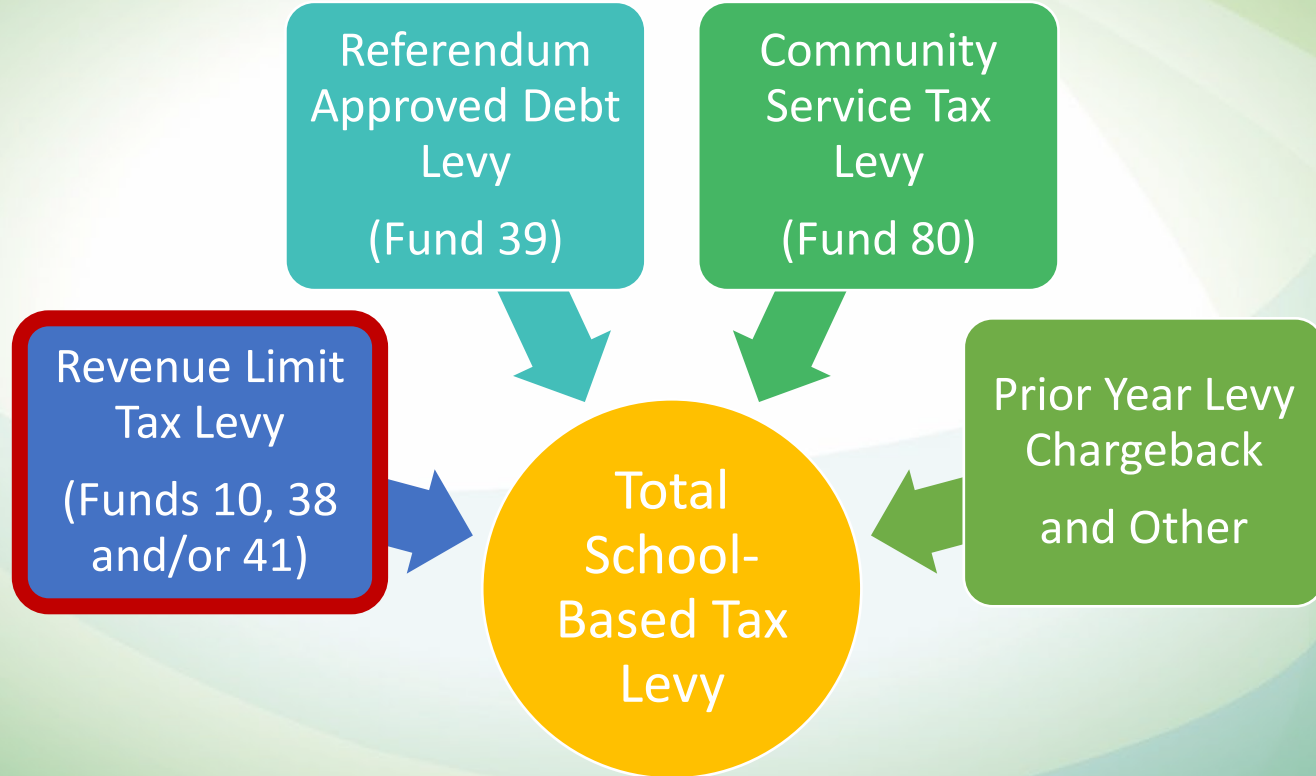


The “How Much” revenue a district can receive through the sources of General Aid and the Local Tax Levy

# Revenue Limit, Equalization Aid, and Controlled Property Tax Levy



# School Tax Levy Composition



# Basic Revenue Limit Concepts

1. The Revenue Limit controls revenues from general state aids and local property taxes.
2. Revenue Limit can control 70-90% of the General Fund revenue budget.
3. Revenue Limits are calculated by multiplying the Average Membership \* a Per Member dollar amount and adding any exemptions.
4. It is very important to know the difference between recurring and non-recurring exemptions. This is especially true when planning a referendum.
5. Calculating the property tax levy is a direct result of completing the Revenue Limit worksheet.

# District Specific Revenue Limit Data

- Prepopulated and Executable Revenue Limit worksheets

<https://dpi.wi.gov/sfs/limits/worksheets/revenue>

- Longitudinal data related to Revenue Limits

<https://dpi.wi.gov/sfs/statistical/longitudinal-data/revenue-limit>



# Revenue Limit

**Questions?**

# Equalization Aid

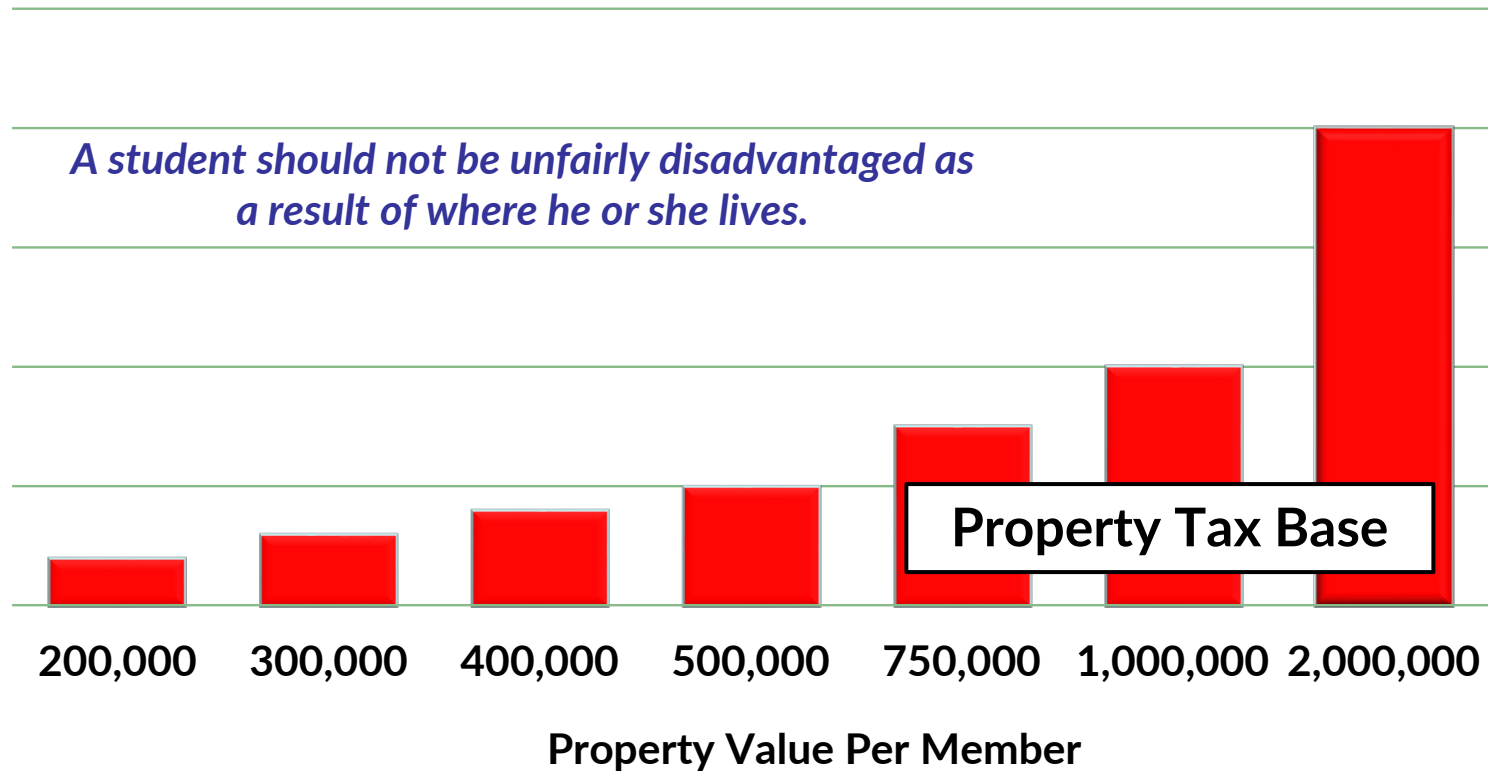
- Diving in....

...to the general aid portion of Revenue Limits



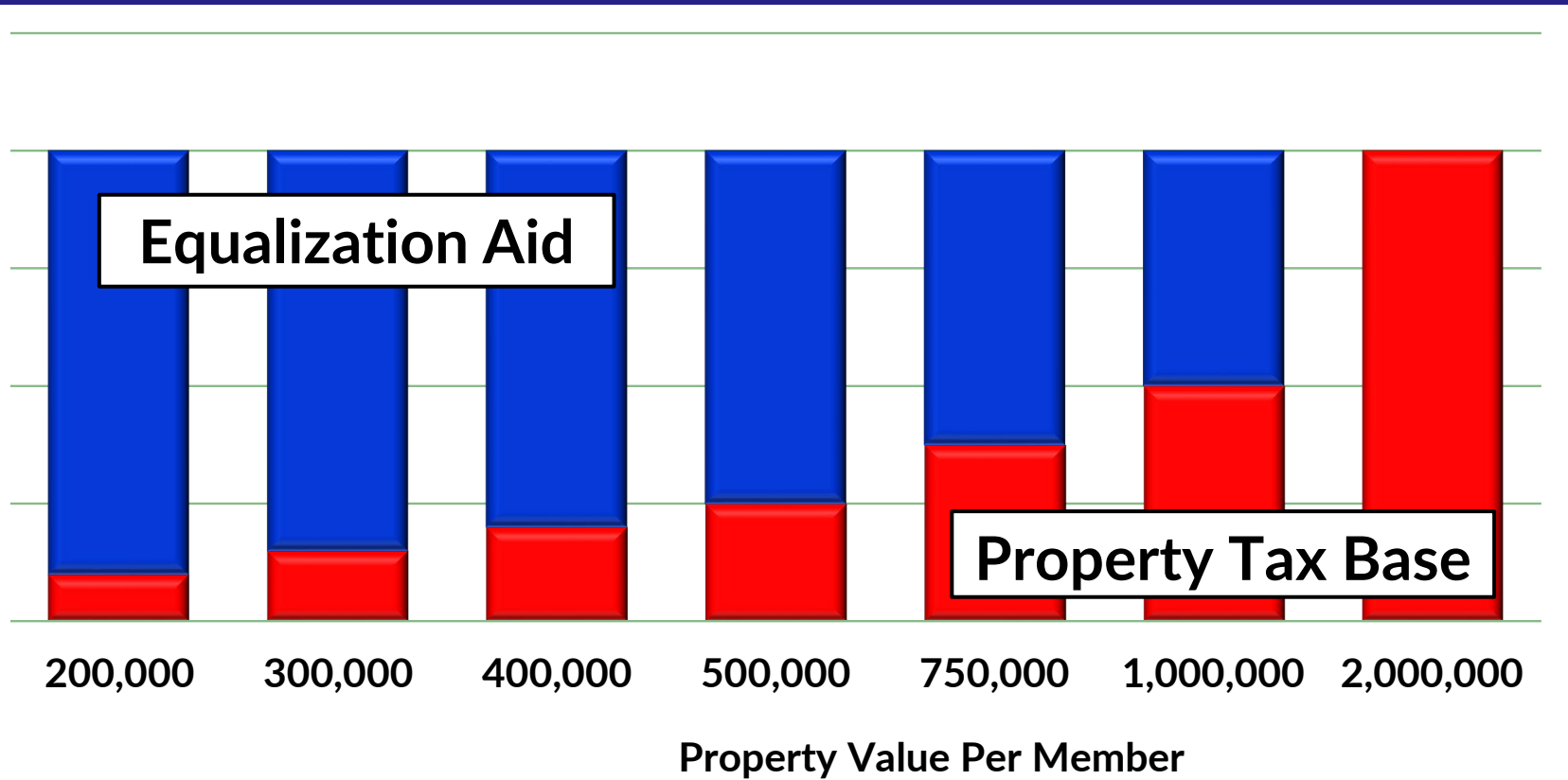
# Property Value and Fiscal Capacity

*A student should not be unfairly disadvantaged as a result of where he or she lives.*



This example is for hypothetical purposes only

# Formula Equalizes Revenue to Mitigate Differences



This example is for hypothetical purposes only

# Incorporating the Number of Children to Educate

\$1,000,000



10

\$100,000

\$2,000,000



10

\$200,000

\$3,000,000



10

\$300,000

\$4,000,000



10

\$400,000

\$5,000,000



10

\$500,000

The tax base, as a measure of fiscal capacity (wealth), changes after incorporating the number of children to educate.

# Incorporating the Number of Children to Educate

\$1,000,000



10

\$100,000

\$2,000,000



5

\$400,000

\$3,000,000



6

\$500,000

\$4,000,000



10

\$400,000

\$5,000,000

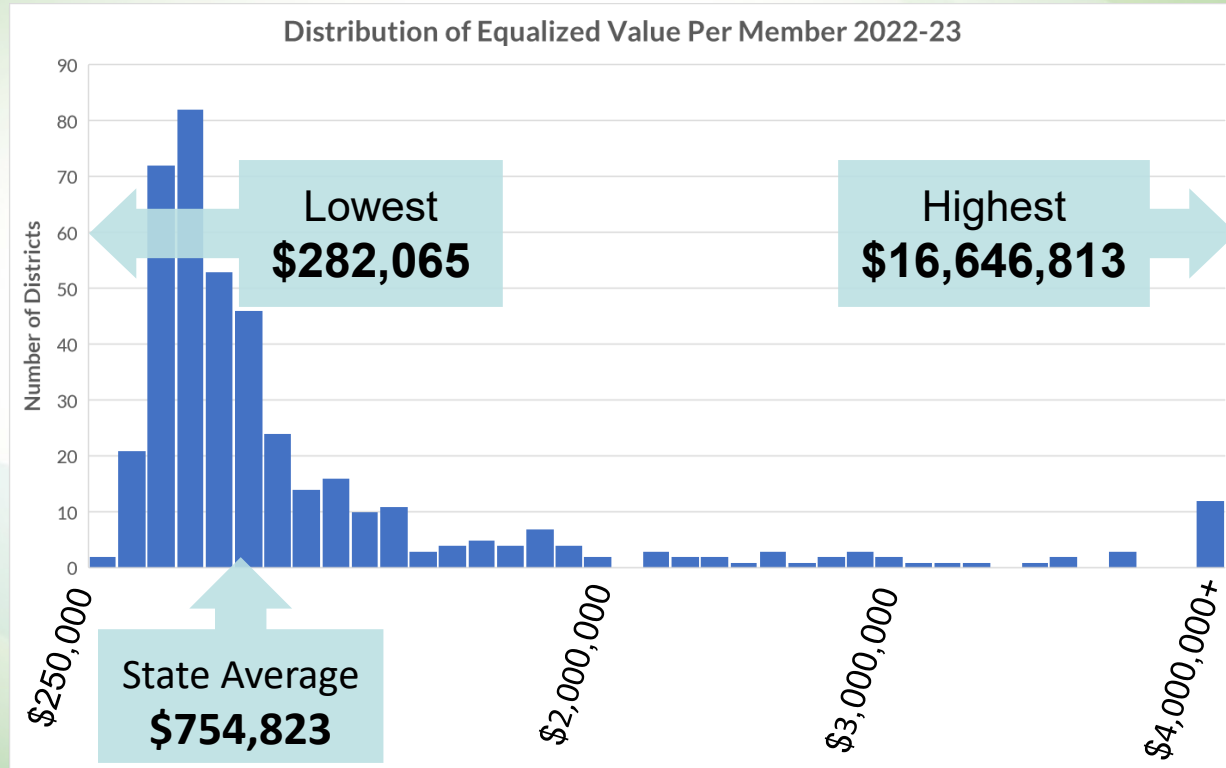


20

\$250,000

Notice how the tax base, as a measure of fiscal capacity (wealth), changes after incorporating the number of children to educate.

# Property Value Per Member




# Key Local Factors

**Equalized  
Property  
Value**



**Membership  
(Student FTE)**



  
**Spending  
(Shared Costs)**

Membership  
converts  
variables to  
per-pupil \$s.



# Factor: Equalized Property Value

Property tax base is used to determine district wealth and ability to support district expenditures.

Uses Equalized Valuation or Fair Market Value.  
(NOT Assessed Value)

Property values for each district are certified in May each year by the WI Department of Revenue and used in the subsequent year's aid calculations.



# Factor: Membership

## Who is counted for aid membership?

Generally, residents for which you are financially responsible - i.e. you are paying for the student's education. Is a "process" to help districts determine who qualifies. Start with who is in your seats on the count date.

Revenue Limit membership is not the same as General Aid membership. State law defines.



# Factor: Membership

PART A: 2021-22 AUDITED MEMBERSHIP				FTE
A1	3RD FRI SEPT 2021 MEMBERSHIP* (include Challenge Academy)			2,119.00
A2	2ND FRI JAN 2022 MEMBERSHIP* (include Challenge Academy)			2,089.00
A3	TOTAL (A1 + A2)			4,208.00
A4	AVERAGE (A3/2) (ROUNDED)			2,104.00
A5	SUMMER 2021 FTE EQUIVALENT* (ROUNDED)			42.00
A6A	FOSTER GROUP + PARTTIME RESIDENT FTE EQUIVALENT (AVE SEPT+JAN)			0.64
A6B	PARTTIME NON-RESIDENT FTE EQUIVALENT (AVE SEPT+JAN)			0.00
A6C	STATEWIDE CHOICE & RACINE PUPILS STARTING IN FALL 15 & AFTER			34.00
A6D	STATEWIDE SPECIAL NEEDS SCHOLARSHIP PROGRAM PUPILS			1.00
A6E	INDEPENDENT CHARTER SCHOOLS (ICS) NEW AUTHORIZERS STUDENTS			0.00
A7	AID MEMBERSHIP (A4+A5+A6A+A6B+A6C+A6D+A6E) (ROUNDED)			2,182.00
* Ch 220 Resident Inter FTE counts only 75%.				

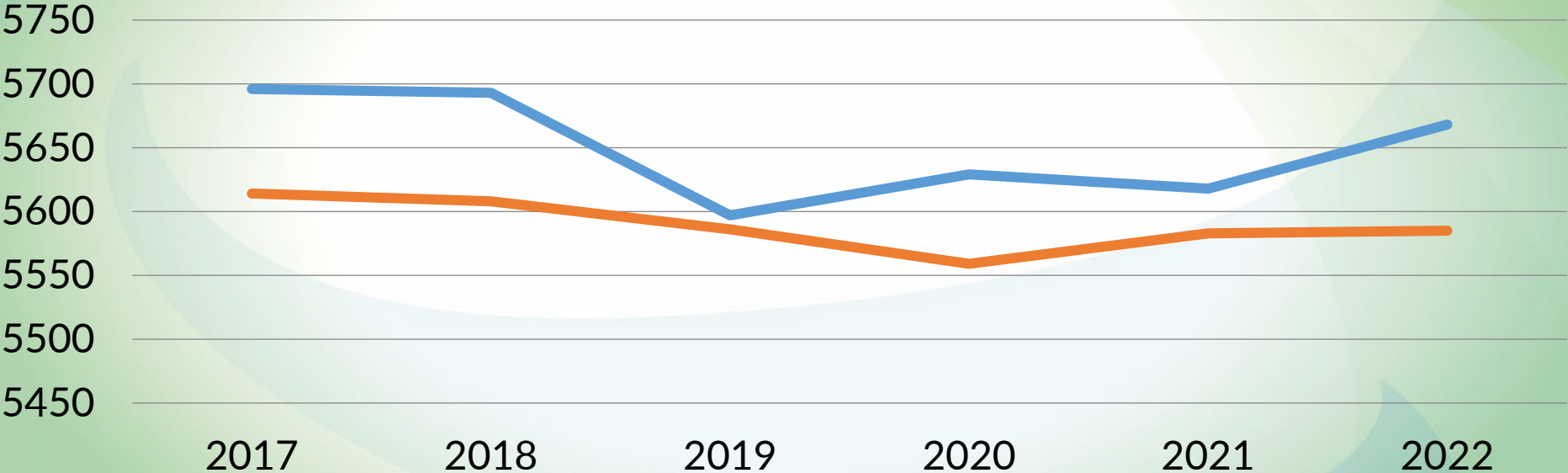
This example is for hypothetical purposes only

September and Summer Membership Included in Revenue Limit 3-Year Average Calculations



# Factor: Membership

## Sample Membership Comparison



Equalization Aid Membership Revenue Limit 3-Year Average Membership

This example is for hypothetical purposes only

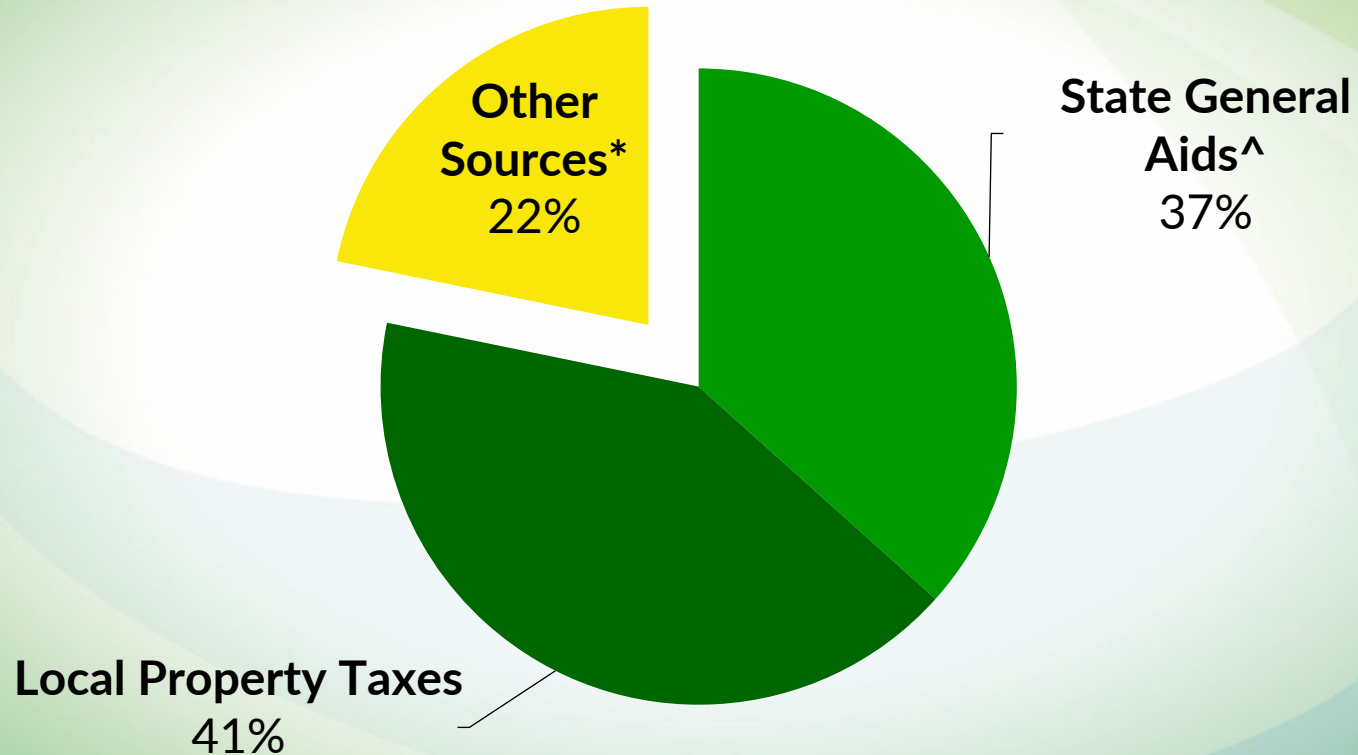
# Factor: Spending (Shared Cost)

A district gets all types of revenue to fund their educational programs:

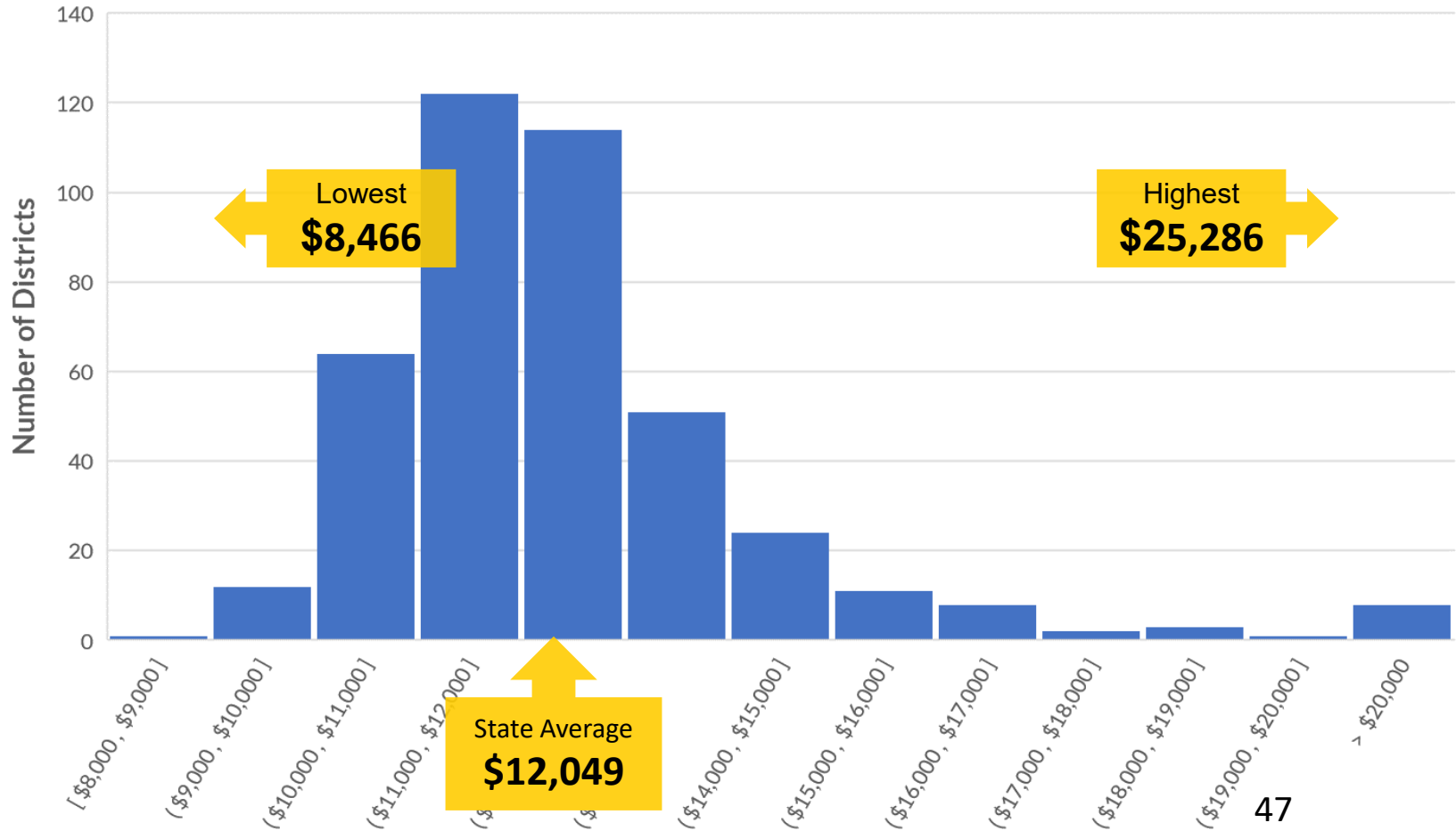
- **Local Property Tax**
- **State Equalization Aid**
- State Categorical Aid (transportation, library, bilingual aids)
- Federal Aid (Title Programs, IDEA)
- State Grants
- Fees (be careful with what fees you charge)



# General Fund Shared Cost



# Distribution of Shared Cost Per Member 2022-23



# Equalization Aid

- State “shares” in district costs funded by state aid and local levy.
- \$1 in debt service costs is treated the same as \$1 in teacher salaries.
- Aid is based on a district’s ability to fund expenditures, as measured by its property wealth per member.

**IMPORTANT**

## Basic premise:

The more property wealth per member a district has, the less equalization aid it will receive.....and vice versa.



# Equalization Aid

What determines how much aid a district receives?

## District Factors (prior-year data)

- equalized property value
- membership
- spending (shared cost)

## State Factors

- cost ceilings
- guaranteed valuations per member
- total state dollars

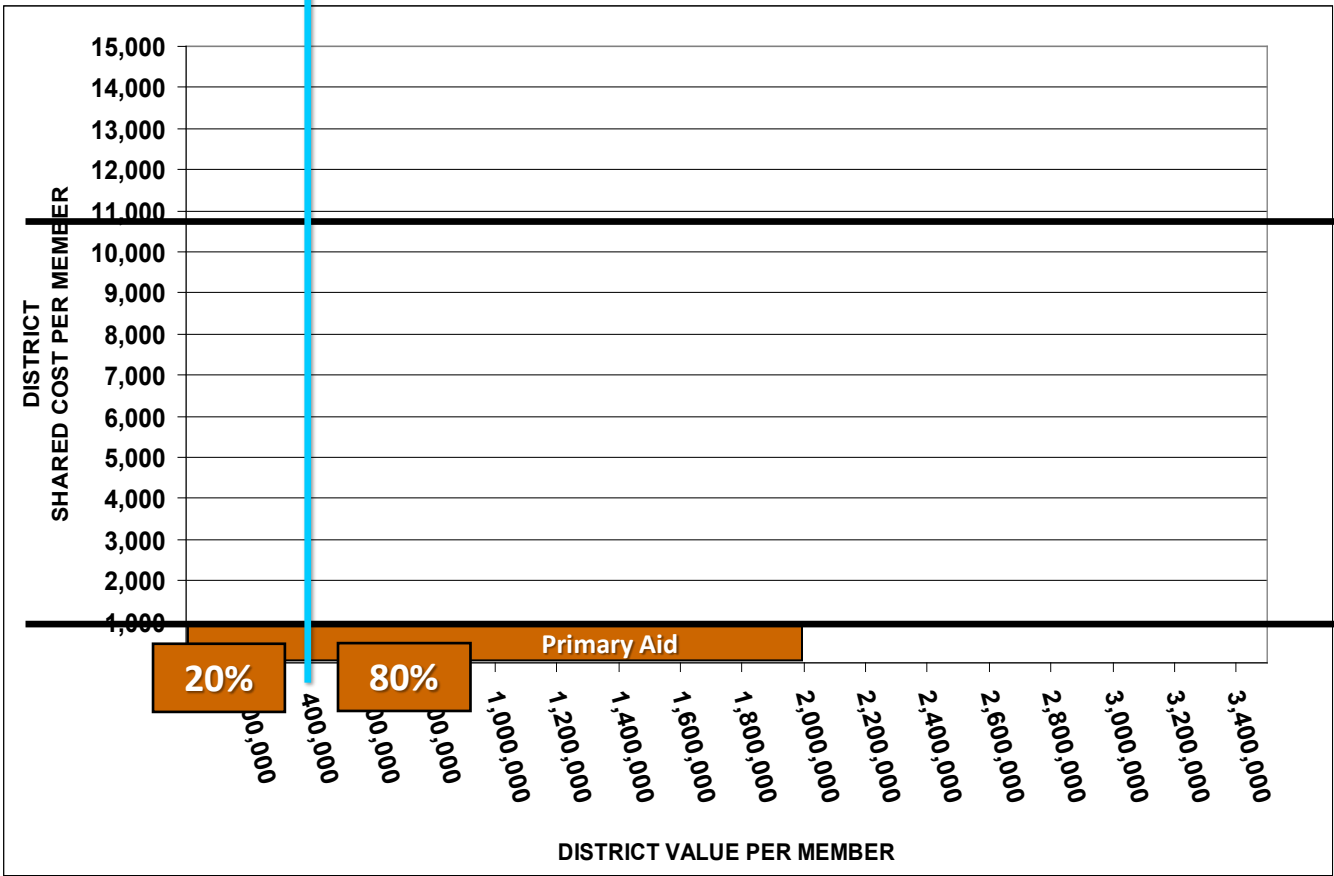
# Equalization Aid

**The Equalization Aid computation is actually three individual computations.....**

**The results of all three (primary, secondary and tertiary) are summed to get the district's total Equalization Aid.**

# Equalization Aid - District #1

Property Value per Member



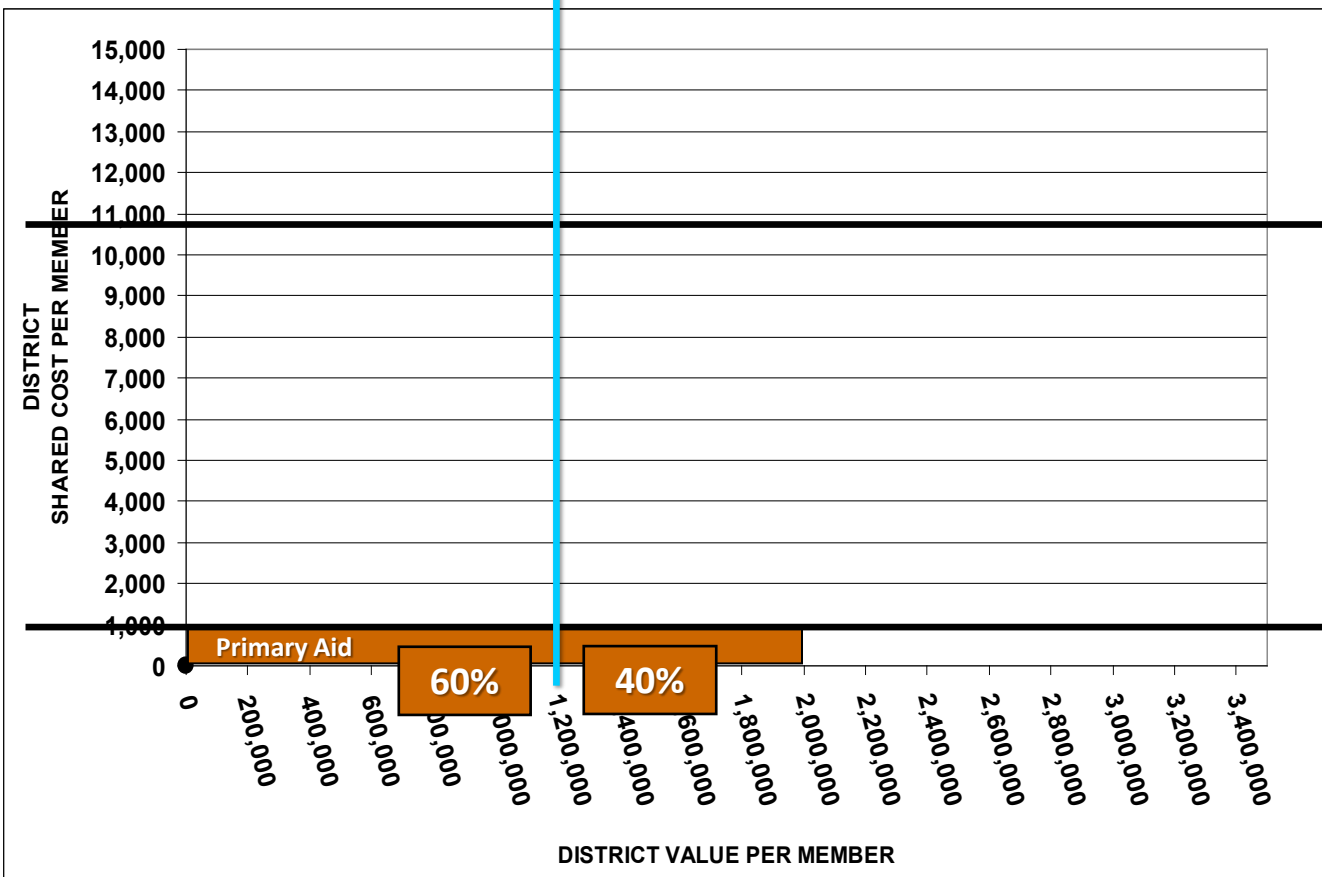
# Sample District #1 (per-member)

<u>TAX BASE</u>	<u>STATE AID</u>
$20\% \times \$1,000 = \$200$	$80\% \times \$1,000 = \$800$

<b>Primary Tier</b>							
	Value Per Member	Percent of Guarantee	Primary Shared Cost Per Member	Equal Aid Per Member	District Aid Membership	Primary Tier Aid	
District Portion	400,000	20.00%	\$1,000	\$200.00	500	\$100,000	
State Portion	1,600,000	80.00%	\$1,000	\$800.00	500	\$400,000	
Primary Guarantee	2,000,000	100.00%	\$1,000	\$1,000.00	500	\$500,000	

# Equalization Aid - District #2

Property Value per Member



# Sample District #2 (Higher Property Value)

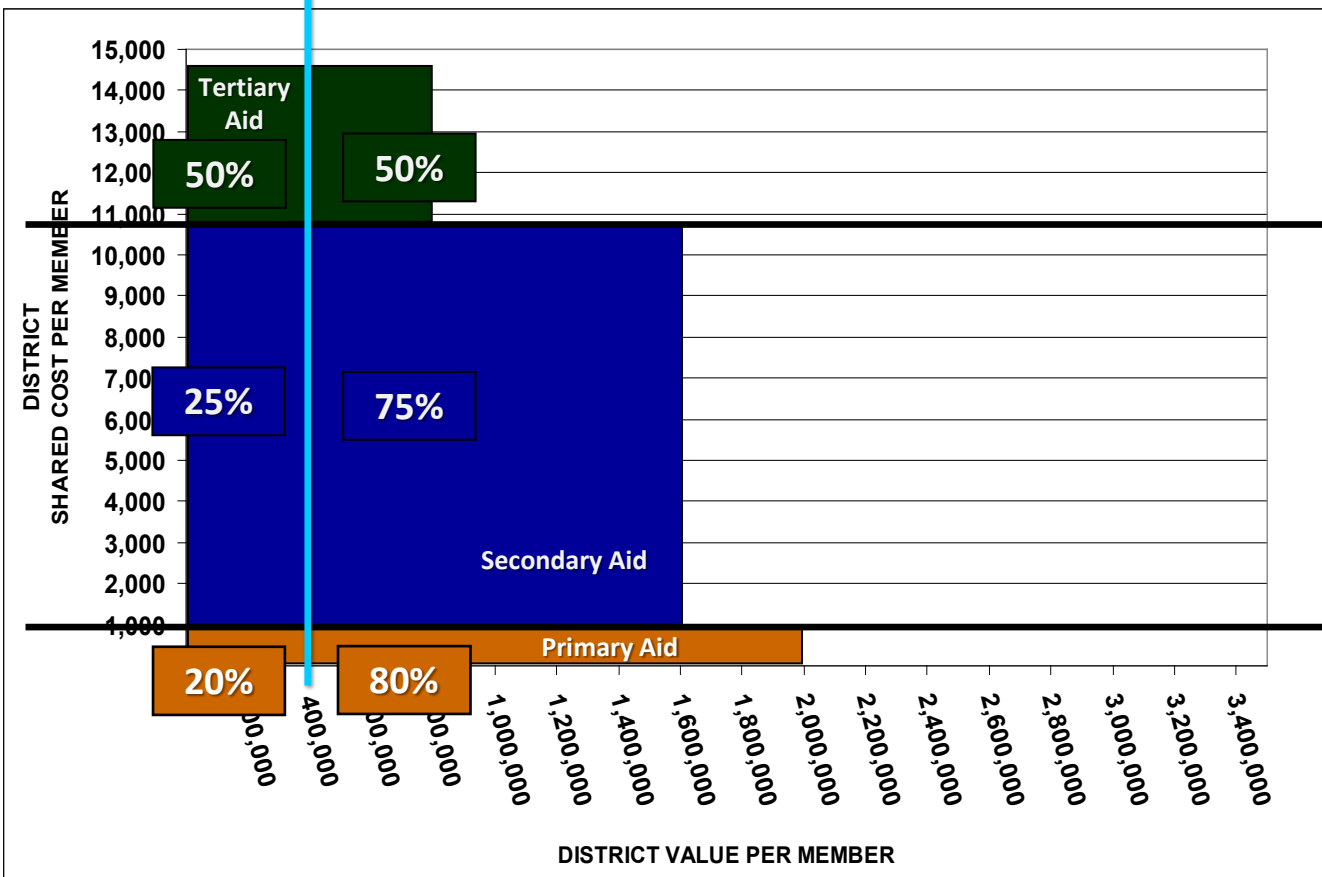
<u>TAX BASE</u>		
60% x \$1,000	=	\$600

<u>STATE AID</u>		
40% x \$1,000	=	\$400

<b>Primary Tier</b>							
	Value Per Member	Percent of Guarantee	Primary Shared Cost Per Member	Equal Aid Per Member	District Aid Membership	Primary Tier Aid	
District Portion	1,200,000 =	60.00% x	\$1,000 =	\$600.00 x	500 =	\$300,000	
State Portion	800,000 =	40.00% x	\$1,000 =	\$400.00 x	500 =	\$200,000	
Primary Guarantee	2,000,000 =	100.00% x	\$1,000 =	\$1,000.00 x	500 =	\$500,000	

# Equalization Aid – District #1

Property Value per Member



# Sample District #1 (per-member)

<u>TAX BASE</u>			<u>STATE AID</u>		
20% × \$1,000	=	\$200	80% × \$1,000	=	\$800
25% × \$9,800	=	\$2,450	75% × \$9,800	=	\$7,350
50% × \$3,700	=	<u>\$1,850</u>	50% × \$3,700	=	<u>\$1,850</u>
		\$4,500			\$10,000

**Total Shared Cost = \$7,250,000 (500 members × \$14,500)**

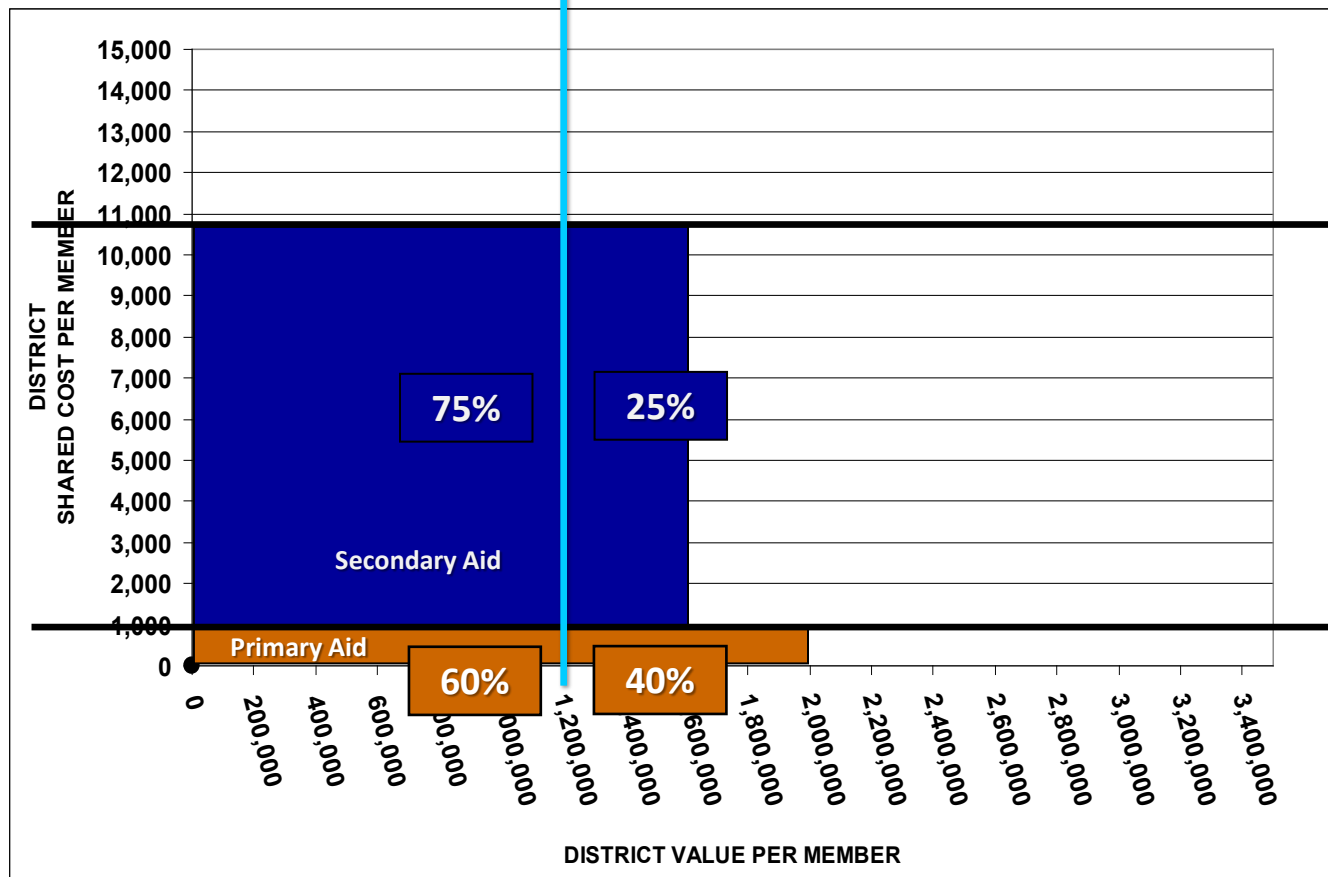
**Tax Base = \$4,500    State Aid = \$10,000  
× 500 membership**

**Tax Base = \$2,250,000    State Aid = \$5,000,000  
State Aid / Total Shared Cost = **69% aided****



# Equalization Aid - District #2

Property  
Value per  
Member



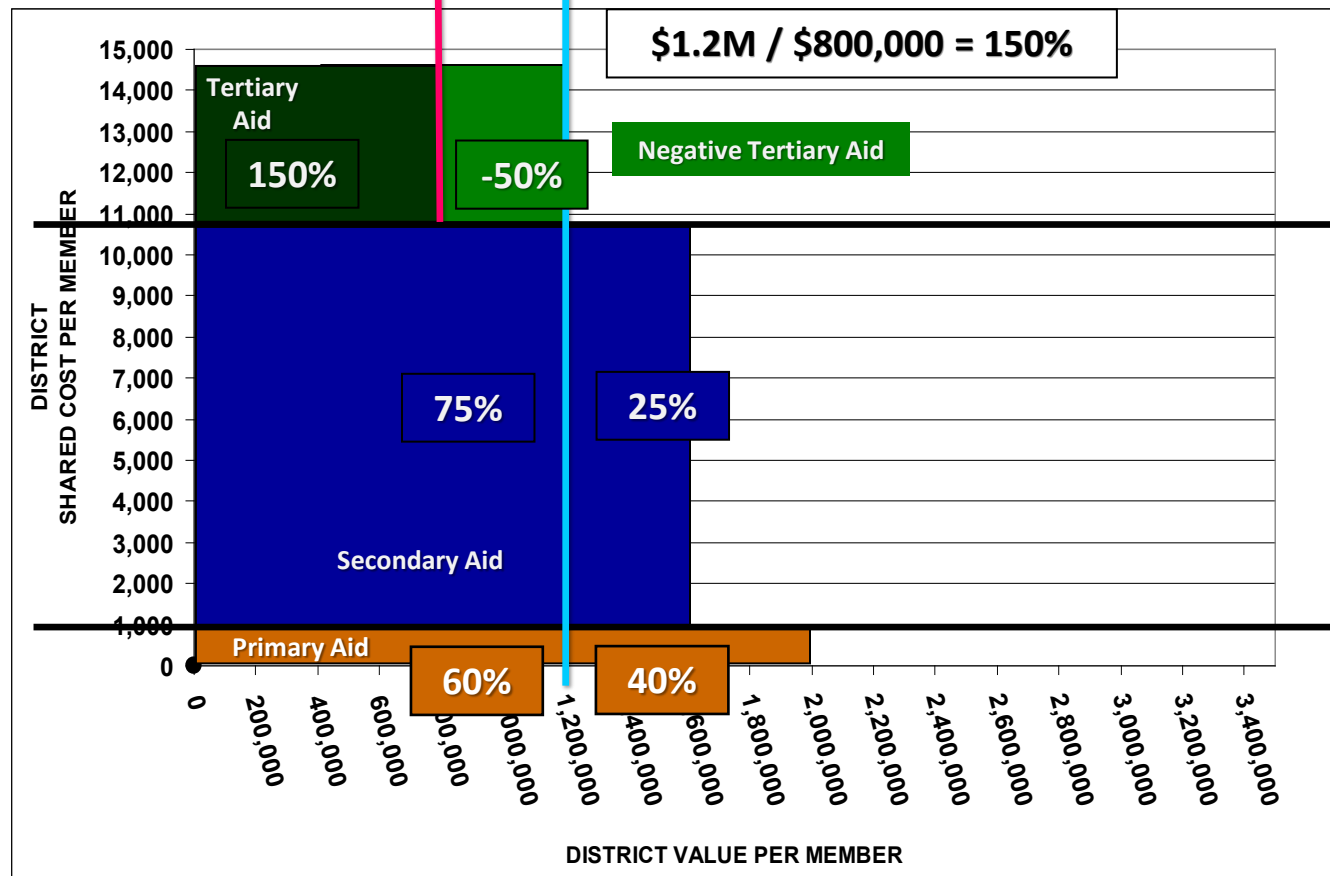
# Sample District #2 (Higher Property Value, per-member)

<u>TAX BASE</u>			<u>STATE AID</u>		
$60\% \times \$1,000$	=	$\$600$	$40\% \times \$1,000$	=	$\$400$
$75\% \times \$9,800$	=	$\$7,350$	$25\% \times \$9,800$	=	$\$2,450$

<b>Secondary Tier</b>	Value Per Member	Percent of Guarantee	Secondary Shared Cost Per Member	Equal Aid Per Member	District Aid Membership	Secondary Tier Aid
District Portion	$1,200,000 =$	$75.00\% \times$	$\$9,800 =$	$\$7,350.00 \times$	$500 =$	$\$3,675,000$
State Portion	$400,000 =$	$25.00\% \times$	$\$9,800 =$	$\$2,450.00 \times$	$500 =$	$\$1,225,000$
Secondary Guarantee	$1,600,000 =$	$100.00\% \times$	$\$9,800 =$	$\$9,800.00 \times$	$500 =$	$\$4,900,000$

# Equalization Aid – District #2

Property  
Value per  
Member



# Sample District #2 (Higher Property Value)

<u>TAX BASE</u>		<u>STATE AID</u>	
60% × \$1,000	=	\$600	40% × \$1,000 = \$400
75% × \$9,800	=	\$7,350	25% × \$9,800 = \$2,450
150% × \$3,700	=	<u>\$5,550</u>	-50% × \$3,700 = <u>-\$1,850</u>
		\$13,500	\$1,000

Total Shared Cost = \$7,250,000 (500 members × \$14,500)

Tax Base = \$13,500    State Aid = \$1,000  
× 500 membership

Tax Base = \$6,750,000    State Aid = \$500,000  
State Aid / Total Shared Cost = **6.9% aided**

# Sample Districts

## Per-Member Aid Comparison

#1 STATE AID
\$600
\$7,350
<u>\$1,850</u>
\$10,000

1°  
2°  
3°  
Total

#2 STATE AID
\$400
\$2,450
<u>-\$1,850</u>
\$1,000

× 500 = \$5,000,000

× 500 =  
\$500,000

**WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION  
OCTOBER 15 CERTIFICATION OF 2022-23 GENERAL AID**  
USING 2021-22 PI-1506-AC REPORT DATA, 2021-22 AUDITED MEMBERSHIP  
2021 TIFOUT SCHOOL AID VALUE (CERT MAY 2022) & 2016 COMPUTER VALUE (CERT MAY 2017)

PRIMARY (G1)	3,930,000	5,790,000	2,895,000
SECONDARY (G6)	1,722,650	5,167,950	2,583,975
TERTIARY (G11)	754,823	2,264,469	1,132,234

**Portage Community 4501**

Portage Community

2022-2023 OCTOBER 15 CERTIFICATION GENERAL AID

PART A: 2021-22 AUDITED MEMBERSHIP		FTE	PART E: 2021-22 SHARED COST - CONTINUED	
A1 3RD FRI SEPT 2021 MEMBERSHIP* (include Challenge Academy)		2,119.00	E6 PRIMARY COST CEILING PER MEMBER	E4 = 25,258,254.17
A2 2ND FRI JAN 2022 MEMBERSHIP* (include Challenge Academy)		2,089.00	E7 PRIMARY CEILING (A7 * E6)	1,000
A3 TOTAL (A1 + A2)		4,208.00	E8 PRIMARY SHARED COST (LESSER OF E5 OR E7)	2,182,000.00
A4 AVERAGE (A3/2) (ROUNDED)		2,104.00	E9 SECONDARY COST CEILING PER MEMBER	2,182,000.00
A5 SUMMER 2021 FTE EQUIVALENT* (ROUNDED)		42.00	E10 SECONDARY CEILING (A7 * E9)	10,832
A6A FOSTER GROUP + PARTTIME RESIDENT FTE EQUIVALENT (AVE SEPT+JAN)		0.64	E11 SECONDARY SHARED COST	23,635,424.00
A6B PARTTIME NON-RESIDENT FTE EQUIVALENT (AVE SEPT+JAN)		0.00	(LESSER OF E5 OR E10) - E8)	21,453,424.00
A6C STATEWIDE CHOICE & RACINE PUPILS STARTING IN FALL 15 & AFTER		34.00	E12 TERTIARY SHARED COST	1,622,830.17
A6D STATEWIDE SPECIAL NEEDS SCHOLARSHIP PROGRAM PUPILS		1.00	(GREATER OF (E5 - E8 - E11) OR 0)	
A6E INDEPENDENT CHARTER SCHOOLS (ICS) NEW AUTHORIZERS STUDENTS		0.00	SHARED COST PER MEMBER =	\$11.576
A7 AID MEMBERSHIP (A4+A5+A6A+A6B+A6C+A6D+A6E) (ROUNDED)		2,182.00		
* Ch 220 Resident Inter FTE counts only 75%.				
PART B: 2021-22 GENERAL FUND DEDUCTIBLE RECEIPTS (PI-1506-AC)			PART F: EQUALIZED PROPERTY VALUE	
B1 TOTAL REVENUE & TRNSF IN	10R 000000 000	+ 31,852,407.64	F1 2021 TIFOUT VALUE (CERT MAY 22) + EXEMPT COMPUTER VALUE (CERT MAY 17)	1,556,817,513
B2 PROP TAX + EXEMPT AIDS FROM DOR	10R 210 + 691	- 12,457,093.43	VALUE PER MEMBER =	713.482
B3 GENERAL STATE AID	10R 000000 620	- 13,453,235.00		
B4 IMPACT AID DIST: NON-DED IMPACT AID	(DPI AMOUNT)	- 0.00	PART G: 2022-23 EQUAL AID BY TIER - OCTOBER 15 CERTIFICATION	
B5 REORG SETTLEMENT	10R 000000 850	- 0.00	G1 PRIMARY GUARANTEED VALUE PER MEMBER	1,930,000
B6 LONG TERM OP BORR. NOTE	10R 000000 873	- 0.00	G2 PRIMARY GUARANTEED VALUATION (A7 * G1)	4,211,260,000
B7 LONG TERM OP BORR. STF	10R 000000 874	- 0.00	G3 PRIMARY REQUIRED RATE (E8 / G2)	0.00051813
B8 PROPERTY TAX/EQUAL AID REFUND	10R 000000 972	- 0.00	G4 PRIMARY NET GUARANTEED VALUE (G2 - F1)	2,654,442,487
B9 DEDUCTIBLE RECEIPTS	(TO LINE C6)	= 5,942,079.21	G5 PRIMARY EQUALIZATION AID (G3 * G4) (NOT LESS THAN 0)	1,375,346.29
			G6 SECONDARY GUARANTEED VALUE PER MEMB	1,722,650
			G7 SECONDARY GUARANTEED VALUATION (A7 * G6)	3,758,822,300
			G8 SECONDARY REQUIRED RATE (E11 / G7)	0.00570749
			G9 SECONDARY NET GUARANTEED VALUE (G7 - F1)	2,202,004,787
			G10 SECONDARY EQUALIZATION AID (G8 * G9)	12,567,920.30
			G11 TERTIARY GUARANTEED VALUE PER MEMB	754,823
			G12 TERTIARY GUARANTEED VALUATION (A7 * G11)	1,647,023,786
			G13 TERTIARY REQUIRED RATE (E12 / G12)	0.00098531
			G14 TERTIARY NET GUARANTEED VALUE (G12 - F1)	90,206,273
			G15 TERTIARY EQUALIZATION AID (G13 * G14)	88,881.14
			PART H: 2022-23 EQUALIZATION AID - OCTOBER 15 CERTIFICATION	
			H1 2022-23 EQUALIZATION AID - OCT 15 CERT (G5+G10+G15) NOT< 0	14,032,147.73
			H2 PARENTAL CHOICE DEDUCT, EQUALIZATION AID (MPS only)	0.00
			H2A PAYMENT TO MILWAUKEE SCHOOL DISTRICT FROM CITY OF MILWAUKEE	0.00
			H3 MILWAUKEE CHARTER PGM DEDUCT, EQUALIZATION AID (Revised to 0 by JFC, 6/2021)	0.00
			H4A 2021-22 OCT-TO-FINAL ADJUSTMENT, EQUALIZATION AID	10,888.00
			H4B 2021-22 OCT-TO-FINAL ADJ, CHOICE/CHARTER DEDUCTION (previously Line H4)	
			H5 PRIOR YEAR (2021-22) DATA ERROR ADJ/OR FEE PENALTY	
			H6 2022-23 EQUALIZATION AID - OCT 15 CERT (ROUND) (H1+H2+H2A+H3+H4A+H4B+H5)	14,043,036
			*** PART I: 2022-23 SPECIAL ADJUSTMENT, INTER, AND INTRA AID SUMMARY - OCT 15 CERT ***	
			I1 2022-23 SPECIAL ADJUSTMENT AID and/or CHAPTER 220 - OCT 15 CERT	0.00
			I2A PARENTAL CHOICE DEDUCT, SPEC ADJ AID and/or CHAPTER 220 AID (MPS only)	0.00
			I2B MILW CHARTER DEDUCT, SPEC ADJ AID and/or CHAP. 220 AID (Removed by JFC, 8/2021)	0.00
			I2C 2021-22 OCT-TO-FINAL ADJUSTMENT, SPEC ADJ AID and/or CHAPTER 220 AID	0.00
			I3 2022-23 SPEC ADJ AID and/or CHAP 220 - OCT 15 CERT (ROUND) (I1+I2A+I2B+I2C)	0.00

Sample  
Worksheet

Student FTE / Shared Cost Data

*15 2022-23 OCT 15 CERTIFICATION OF GENERAL AID (H6+I3)	14,043,036
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# Aid Worksheet

All data is from prior year:

Membership is computed from submitted  
PI-1563 (membership) reports.

	<b>PART A: 2021-22 AUDITED MEMBERSHIP</b>			<b>FTE</b>
A1	3RD FRI SEPT 2021 MEMBERSHIP* (include Challenge Academy)			2,119.00
A2	2ND FRI JAN 2022 MEMBERSHIP* (include Challenge Academy)			2,089.00
A3	TOTAL (A1 + A2)			4,208.00
A4	AVERAGE (A3/2) (ROUNDED)			2,104.00
A5	SUMMER 2021 FTE EQUIVALENT* (ROUNDED)			42.00
A6A	FOSTER GROUP + PARTTIME RESIDENT FTE EQUIVALENT (AVE SEPT+JAN)			0.64
A6B	PARTTIME NON-RESIDENT FTE EQUIVALENT (AVE SEPT+JAN)			0.00
A6C	STATEWIDE CHOICE & RACINE PUPILS STARTING IN FALL 15 & AFTER			34.00
A6D	STATEWIDE SPECIAL NEEDS SCHOLARSHIP PROGRAM PUPILS			1.00
A6E	INDEPENDENT CHARTER SCHOOLS (ICS) NEW AUTHORIZERS STUDENTS			0.00
A7	AID MEMBERSHIP (A4+A5+A6A+A6B+A6C+A6D+A6E) (ROUNDED)			2,182.00
	* Ch 220 Resident Inter FTE counts only 75%.			

# Aid Worksheet

Dollar amounts are from your financial ledger, as verified by your auditor.

<b>PART B: 2021-22 GENERAL FUND DEDUCTIBLE RECEIPTS (PI-1506-AC)</b>				
B1	TOTAL REVENUE & TRNSF IN	10R 000000 000	+	31,852,407.64
B2	PROP TAX + EXEMPT AIDS FROM DOR	10R 210 + 691	-	12,457,093.43
B3	GENERAL STATE AID	10R 000000 620	-	13,453,235.00
B4	IMPACT AID DIST: NON-DED IMPACT AID	(DPI AMOUNT)	-	0.00
B5	REORG SETTLEMENT	10R 000000 850	-	0.00
B6	LONG TERM OP BORR, NOTE	10R 000000 873	-	0.00
B7	LONG TERM OP BORR, STF	10R 000000 874	-	0.00
B8	PROPERTY TAX/EQUAL AID REFUND	10R 000000 972	-	0.00
B9	DEDUCTIBLE RECEIPTS	(TO LINE C6)	=	5,942,079.21
<b>PART C: 2021-22 NET COST OF GENERAL FUND (PI-1506-AC)</b>				
C1	TOTAL GF EXPENDITURES	10E 000000 000	+	31,202,443.79
C2	DEBT SRVC TRANSFER	10E 411000 838+839	-	0.00
C3	REORG SETTLEMENT	10E 491000 950	-	0.00
C4	REFUND PRIOR YEAR REV	10E 492000 972	-	2,110.41
C5	GROSS COST GEN FUND	(C1 - C2 - C3 - C4)	+	31,200,333.38
C6	DEDUCTIBLE RECEIPTS	(FROM LINE B9)	-	5,942,079.21
C7	OPERATIONAL DEBT, INTEREST	38E+39E 283000 680	+	0.00
C8	NET COST GENERAL FUND	(NOT LESS THAN 0)	=	25,258,254.17
<b>PART D: 2021-22 NET COST OF DEBT SERVICE FUNDS (PI-1506-AC)</b>				
D1	TOTAL REVENUE & TRNSF IN	38R + 39R 000	+	0.00
D2	TRNSF FROM GEN FUND	10E 411000 838 + 839	-	0.00
D3	PROPERTY TAXES	38R + 39R 210	-	0.00
D4	PAYMENT IN LIEU OF TAX	38R + 39R 220	-	0.00
D5	NON-REV RECEIPTS	38R + 39R 800	-	0.00
D6	DEDUCTIBLE RECEIPTS	(D1-D2-D3-D4-D5)	-	0.00
D7	TOTAL EXPENDITURES	38E + 39E 000	+	0.00
D8	AIDABLE FUND 41 EXP	(DPI AMOUNT)	+	0.00
D9	REFINANCING	38E + 39E 282000	-	0.00
D10	OPERATIONAL DEBT PAYMENT	38E + 39E 283000	-	0.00
D11	NET COST DEBT SERVICE FUNDS	(CAN BE NEGATIVE)	=	0.00
<b>PART E: 2021-22 SHARED COST (PI-1506-AC)</b>				
E1	NET COSTS: GEN + DEBT SERV FUNDS	(C8 + D11)	+	25,258,254.17
E2	TRANSP OF INDIGENT PUPILS, REG 3K PGMS, AND/OR OTHER		-	0.00
E3	IMPACT AID DIST: IMPACT AID NON-DEDUCTIBLE REMOVED		-	0.00
E4	TOTAL SHARED COST FOR EQUALIZATION AID		=	25,258,254.17



# Aid Worksheet

All data is from the prior year (2021-22 data is used to calculate 2022-23 aids):

Property value is certified to the DPI by the Department of Revenue.

<b>PART E: 2021-22 SHARED COST - CONTINUED</b>		E4 =	25,258,254.17
E6	PRIMARY COST CEILING PER MEMBER		1,000
E7	PRIMARY CEILING (A7 * E6)		2,182,000.00
E8	PRIMARY SHARED COST (LESSER OF E5 OR E7)		2,182,000.00
E9	SECONDARY COST CEILING PER MEMBER		10,832
E10	SECONDARY CEILING (A7 * E9)		23,635,424.00
E11	SECONDARY SHARED COST (LESSER OF E5 OR E10) - E8)		21,453,424.00
E12	TERTIARY SHARED COST (GREATER OF (E5 - E8 - E11) OR 0)		1,622,830.17
SHARED COST PER MEMBER =		\$11,576	
<b>PART F: EQUALIZED PROPERTY VALUE</b>			
F1	2021 TIFOUT VALUE (CERT MAY 22) + EXEMPT COMPUTER VALUE (CERT MAY 17)		1,556,817,513
VALUE PER MEMBER =		713,482	
<b>PART G: 2022-23 EQUAL AID BY TIER - OCTOBER 15 CERTIFICATION</b>			
G1	PRIMARY GUARANTEED VALUE PER MEMBER		1,930,000
G2	PRIMARY GUARANTEED VALUATION (A7 * G1)		4,211,260,000
G3	PRIMARY REQUIRED RATE (E8 / G2)		0.00051813
G4	PRIMARY NET GUARANTEED VALUE (G2 - F1)		2,654,442,487
G5	PRIMARY EQUALIZATION AID (G3 * G4) (NOT LESS THAN 0)		1,375,346.29
G6	SECONDARY GUARANTEED VALUE PER MEMB		1,722,650
G7	SECONDARY GUARANTEED VALUATION (A7 * G6)		3,758,822,300
G8	SECONDARY REQUIRED RATE (E11 / G7)		0.00570749
G9	SECONDARY NET GUARANTEED VALUE (G7 - F1)		2,202,004,787
G10	SECONDARY EQUALIZATION AID (G8 * G9)		12,567,920.30
G11	TERTIARY GUARANTEED VALUE PER MEMB		794,823
G12	TERTIARY GUARANTEED VALUATION (A7 * G11)		1,647,023,786
G13	TERTIARY REQUIRED RATE (E12 / G12)		0.00098531
G14	TERTIARY NET GUARANTEED VALUE (G12 - F1)		90,206,273
G15	TERTIARY EQUALIZATION AID (G13 * G14)		88,881.14
<b>PART H: 2022-23 EQUALIZATION AID - OCTOBER 15 CERTIFICATION</b>			
H1	2022-23 EQUALIZATION AID - OCT 15 CERT (G5+G10+G15) NOT< 0		14,032,147.73
H2	PARENTAL CHOICE DEDUCT, EQUALIZATION AID (MPS only)		0.00
H2A	PAYMENT TO MILWAUKEE SCHOOL DISTRICT FROM CITY OF MILWAUKEE		0.00
H3	MILWAUKEE CHARTER PGM DEDUCT, EQUALIZATION AID (Revised to 0 by JFC, 6/2021)		0.00
H4A	2021-22 OCT-TO-FINAL ADJUSTMENT, EQUALIZATION AID		10,888.00
H4B	2021-22 OCT-TO-FINAL ADJ, CHOICE/CHARTER DEDUCTION (previously Line 14)		0.00
H5	PRIOR YEAR (2021-22) DATA ERROR ADJ/OR FEE PENALTY		0.00
H6	2022-23 EQUALIZATION AID - OCT 15 CERT (ROUND) (H1+H2+H2A+H3+H4A+H4B+H5)		14,043,036
<b>*** PART I: 2022-23 SPECIAL ADJUSTMENT, INTER, AND INTRA AID SUMMARY - OCT 15 CERT ***</b>			
I1	2022-23 SPECIAL ADJUSTMENT AID and/or CHAPTER 220 - OCT 15 CERT		0.00
I2A	PARENTAL CHOICE DEDUCT, SPEC ADJ AID and/or CHAPTER 220 AID (MPS only)		0.00
I2B	MILW CHARTER DEDUCT, SPEC ADJ AID and/or CHAP. 220 AID (Removed by JFC, 6/2021)		0.00
I2C	2021-22 OCT-TO-FINAL ADJUSTMENT, SPEC ADJ AID and/or CHAPTER 220 AID		0.00
I3	2022-23 SPEC ADJ AID and/or CHAP 220 - OCT 15 CERT (ROUND) (I1+I2A+I2B+I2C)		0.00
<b>*15 2022-23 OCT 15 CERTIFICATION OF GENERAL AID (H6+I3)</b>			<b>14,043,036</b>

# Equalization Aid Resources on the School Financial Services Website

<https://dpi.wi.gov/sfs/aid/general/equalization/overview>

**“October 15, 2022 Equalization Aid Computation - Percentage Method - Algebraic Format”**

**“October 15, 2022 Equalization Aid Computation - Percentage Method - Bar Graphs”**

*SFS Homepage > State and Federal Aid > General Aid > Equalization Aid*

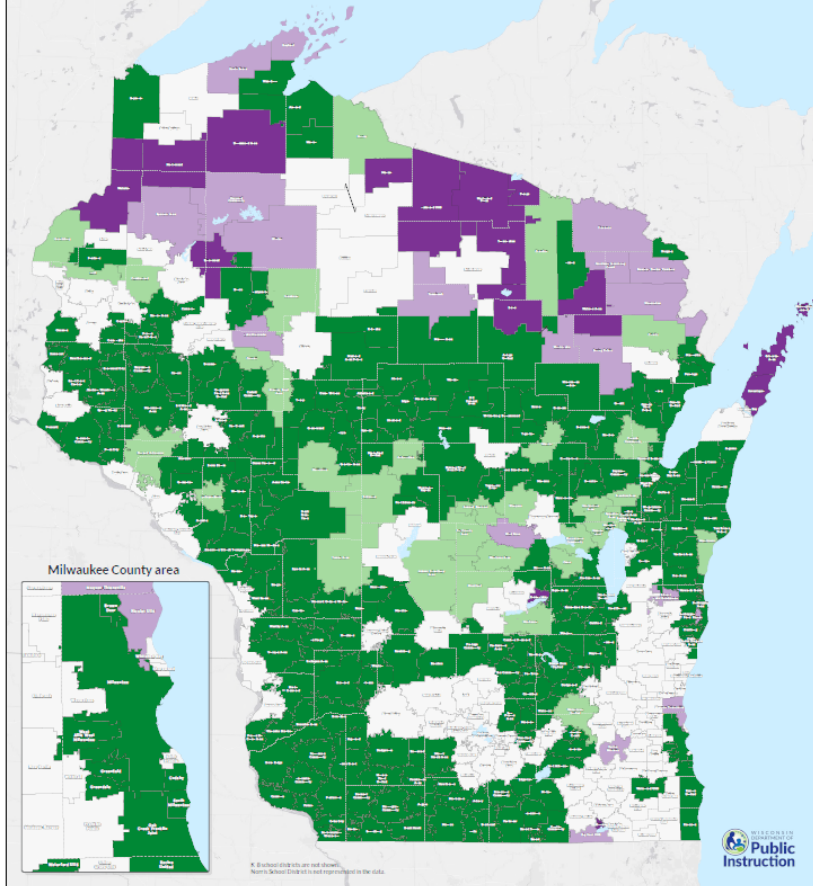
<http://dpi.wi.gov/sfs/aid/general/equalization/worksheets-general-aid>

**“20212-2023 October 15 Certification General Aid Worksheet”**

*SFS Homepage > State and Federal Aid > General Aid > Equalization Aid > General Aid Worksheets*

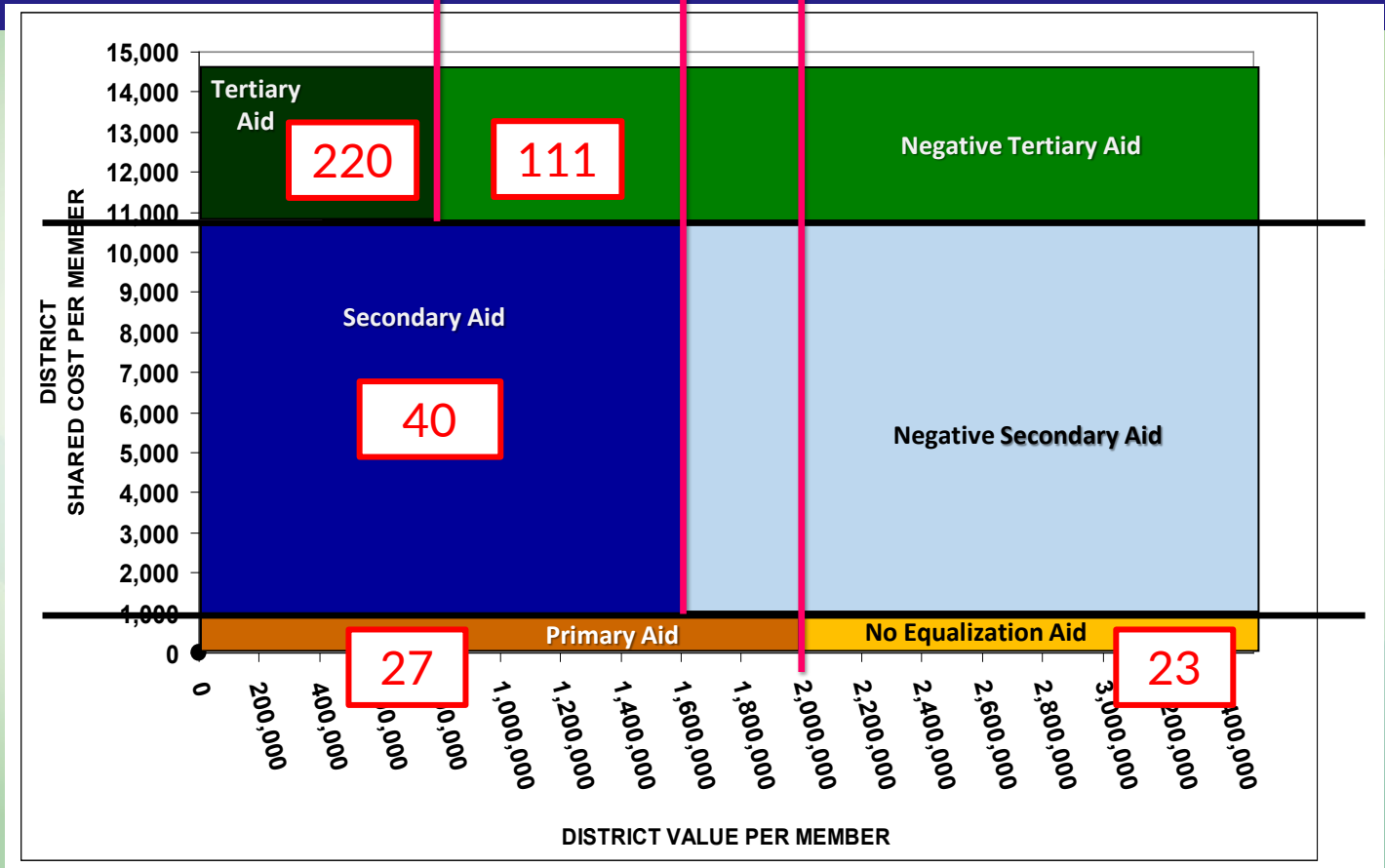
## School Districts by Category of State Equalization Aid in 2021-2022

■ No Aid ■ Primary Aid Only ■ Negative Tertiary Aid ■ Positive Primary & Secondary Aid ■ Positive Primary, Secondary, & Tertiary Aid



<https://dpi.wi.gov/sfs/statistical/finance-maps/overview>

# Equalization Aid – Where is Your District?



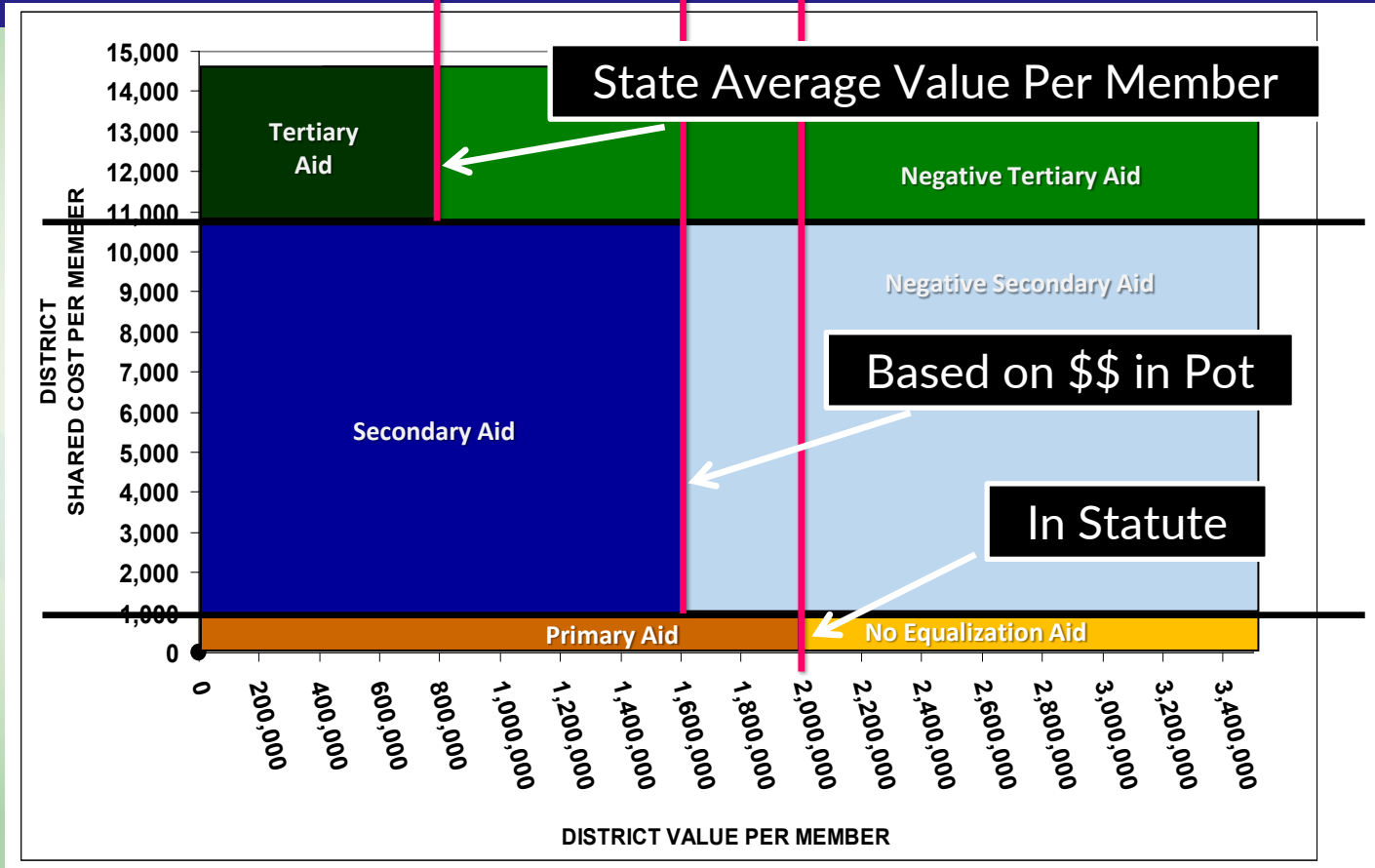
# Equalization Aid Resources on the School Financial Services Website

<https://dpi.wi.gov/sfs/aid/general/equalization/overview>

**“October 15, 2022 District Formula Position Worksheets”**

***SFS Homepage > State and Federal Aid > General Aid > Equalization Aid***

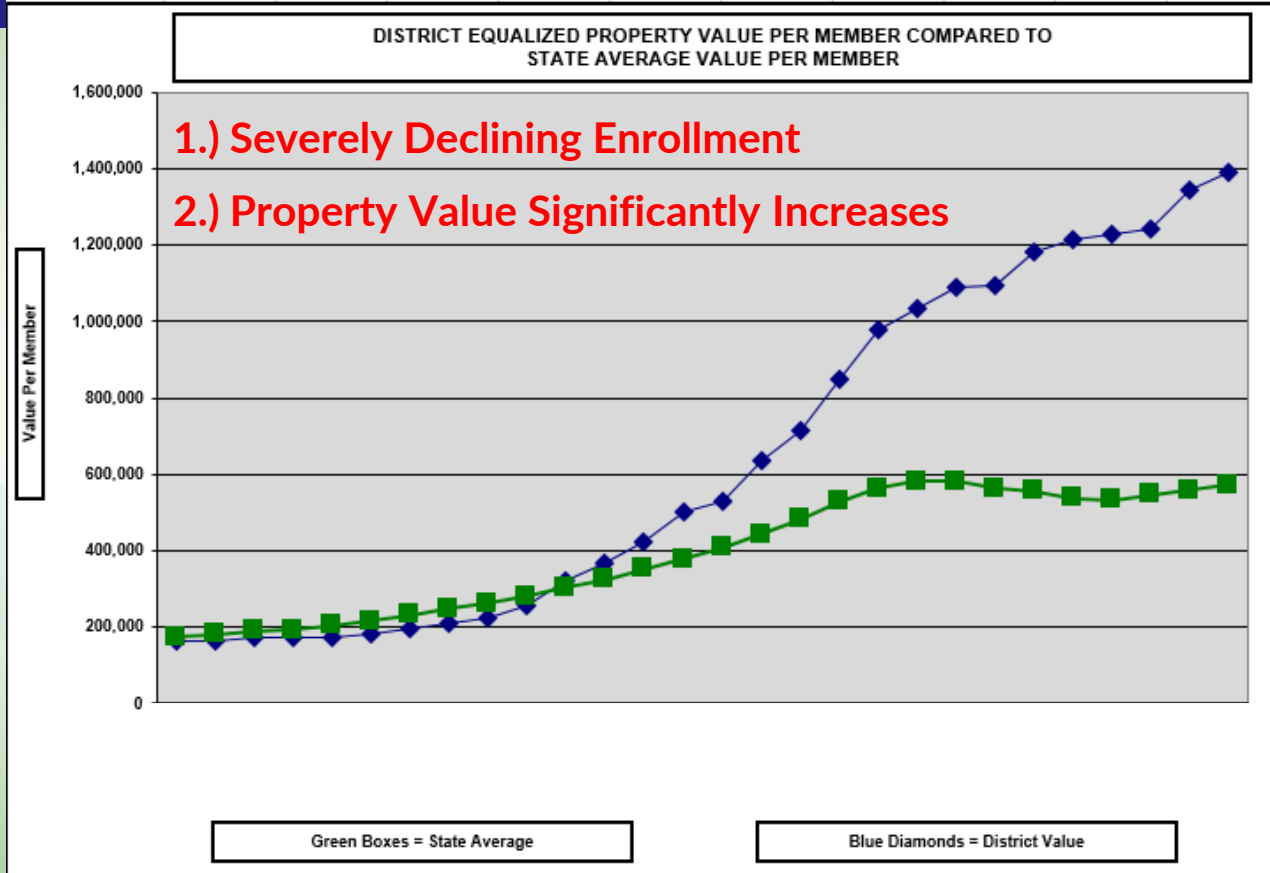
# Equalization Aid – What is Happening Over Time?



# Revenue Limits, State Aids, and Controlled Property Tax Levies



# Watch Value Per Member Over Time





# Equalization Aid Resources on the School Financial Services Website

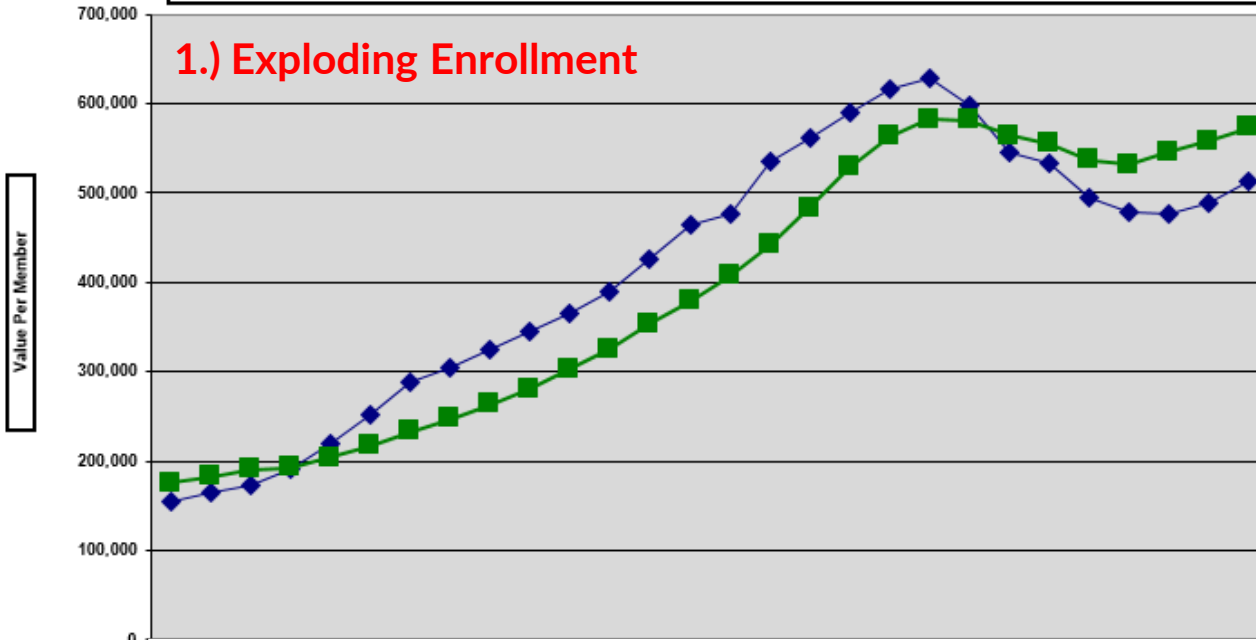
<http://dpi.wi.gov/sfs/statistical/longitudinal-data/property-valuation>

**“Longitudinal Equalization Aid Value-Per-Member History”**

*SFS Homepage > Statistical > Longitudinal Data > Property Valuation*

DISTRICT EQUALIZED PROPERTY VALUE PER MEMBER COMPARED TO STATE AVERAGE VALUE PER MEMBER

1.) Exploding Enrollment



Green Boxes = State Average

Blue Diamonds = District Value

# Equalization Aid Resources on the School Financial Services Website

**How can I explain changes in my district's aid?**

**Multi-Year History on the Website  
Longitudinal Excel Spreadsheet**

**<https://dpi.wi.gov/sfs/statistical/longitudinal-data/equalization-aid>**

**A listing of the pertinent Equalization Aid factors that explain what is happening in your district.**

# Basic Equalization Aid Concepts

1. Equalization Aid is property tax relief under revenue limits.
2. Aid is inversely related to district property value per member.
3. One pot of money is split over 421 school districts based on district values, membership, and shared costs.
4. Depending on district value-per-member, some districts' aid is increased by increasing expenses, while others' aid is decreased by increasing expenses.
5. Know where your district is in the formula and understand why your equalization aid changes.

# Equalization Aids

**Questions?**

# Fund Accounting / Fund Balance

- **Diving in....**

**...to Wisconsin school district accounting**

# Fund Accounting

1. Governments, such as school districts, usually organize their accounting systems on a "fund" basis
2. A fund is
  - a) a separate set of accounting records, segregated for purpose of carrying on an activity
  - b) established for accountability purposes to demonstrate that financial resources are being used only for permitted purposes

# Fund Accounting

**Think of a fund as a self-contained box  
into which is put everything pertaining to that fund.**





# Fund Accounting

- A fund will have "balance sheet" accounts consisting of
  - Assets,
  - Liabilities, and
  - Fund balance,
- and a series of
  - Revenue and
  - Expenditure accounts

*General Fund*



# Fund Accounting

## WUFAR

Wisconsin's account coding structure is the

Wisconsin Uniform Financial Accounting Requirements

# WUFAR Expenditure Account Example

A WUFAR account is a sequence of *dimensions*:

**10 E 120 111 122150 141**

Fund – Type – Location – Object/Source – Function - Project

# WUFAR Expenditure Account Example

What does this account mean?

10	E	120	111	122150	141
----	---	-----	-----	--------	-----

Salary expenditures for a regular education Title I reading specialist at Shady Meadow Elementary School

# Fund Accounting

## WUFAR FUNDS ARE

10 GENERAL FUND

20 SPECIAL PROJECT FUND

21 SPECIAL REVENUE TRUST

27 SPECIAL EDUCATION

30 DEBT SERVICE FUND

38 NON-REFERENDUM

39 REFERENDUM

40 CAPITAL PROJECTS FUND

50 FOOD SERVICE FUND

60 CUSTODIAL FUND

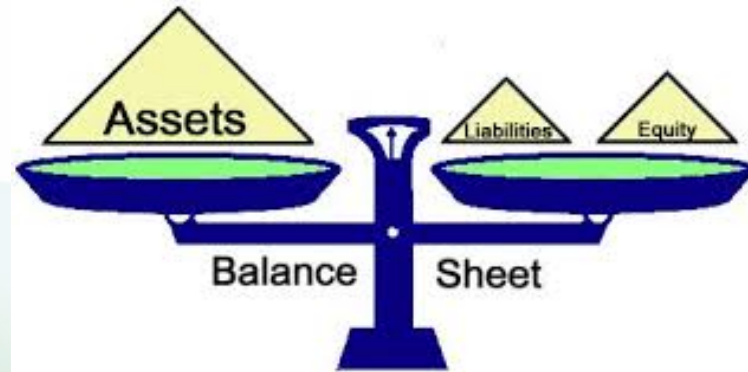
70 TRUST FUNDS

80 COMMUNITY SERVICE FUND

90 PACKAGE & COOPERATIVE  
PROGRAM FUND

# What is Fund Balance?

- The difference between assets and liabilities (equity).



# Examples of Assets and Liabilities

## Assets

- Cash
- Investments
- Prepays
- Receivables
- Tax Levy
- Equalization Aid
- \$ from other School Districts

## Liabilities

- Payroll Payables
- Payroll liabilities (FICA, WRS, etc.)
- Cash flow borrowing

Note: physical assets and liabilities, such as buildings, land and furniture, etc. are not included in fund balance calculation

# Fund Balance Classifications

		<u>DPI Code</u>
Reserved: 1-4	1. <b>Nonspendable Fund Balance</b>	935 000
	• Prepaid Expenses & Inventory	
	2. <b>Restricted Fund Balance</b>	936
	• Self-insurance, contracts, debt, legal restrictions	
Classify in one of five ways:	3. <b>Committed Fund Balance</b>	937 900
	• Formal Board action, part of budget, restricted donations.	
Unreserved: 5	4. <b>Assigned Fund Balance</b>	938 900
	• Board assigned, capital projects, budgeted	
	5. <b>Unassigned Fund Balance</b>	939 900



# DPI Coded the Unassigned (Unreserved) Fund Balance into these Sub-Classifications:

None meet  
Committed  
or Assigned  
standards.

## **939 100 Revenue Stabilization**

“Rainy Day Funds”

## **939 200 Working Capital (Cash Flow)**

Used to reduce or eliminate temporary borrowing

## **939 300 Contingencies**

Circumstances or situations that could result in loss

## **939 400 Emergencies**

Unplanned, unexpected loss or ‘Acts of God’

## **939 900 Other**

Basically, not identified for any use

# Fund Balance – Reported as of June 30th

Fund Balance often changes daily.

1. When revenue comes in, a fund balance increases.
2. When expenditures are made, a fund balance decreases.

In WI, a public school district's fiscal year runs from July 1 to June 30. Fund Balance is reported and compared to other years as of June 30<sup>th</sup>.

Assets

—

Liabilities

=

Fund Balance  
(Equity)

# How does a June 30 fund balance grow or shrink?

Prior Year  
Ending Fund  
Balance  
(Equity)



Current Year  
Difference  
Between  
Revenue  
and Expense



Ending Fund  
Balance  
(Equity)

# How Large A Fund Balance?

Determination of an appropriate fund balance is strictly a local matter.

**The Department of Public Instruction (DPI)** makes no recommendation, except that it encourages districts to seek legal counsel should they contemplate budgeting for and/or operating with a negative general fund balance. **!** This means on an ongoing basis

# According to DPI, a district with an appropriate fund balance can:

1. **Avoid interest cost and time lost associated with borrowing**
2. **Make special purchases or cover unforeseen expenditure needs**
3. **Lower debt issuance cost and preserve or enhance its bond rating by demonstrating financial stability**

# What is a Sufficient Fund Balance?

Perhaps the best answer is:

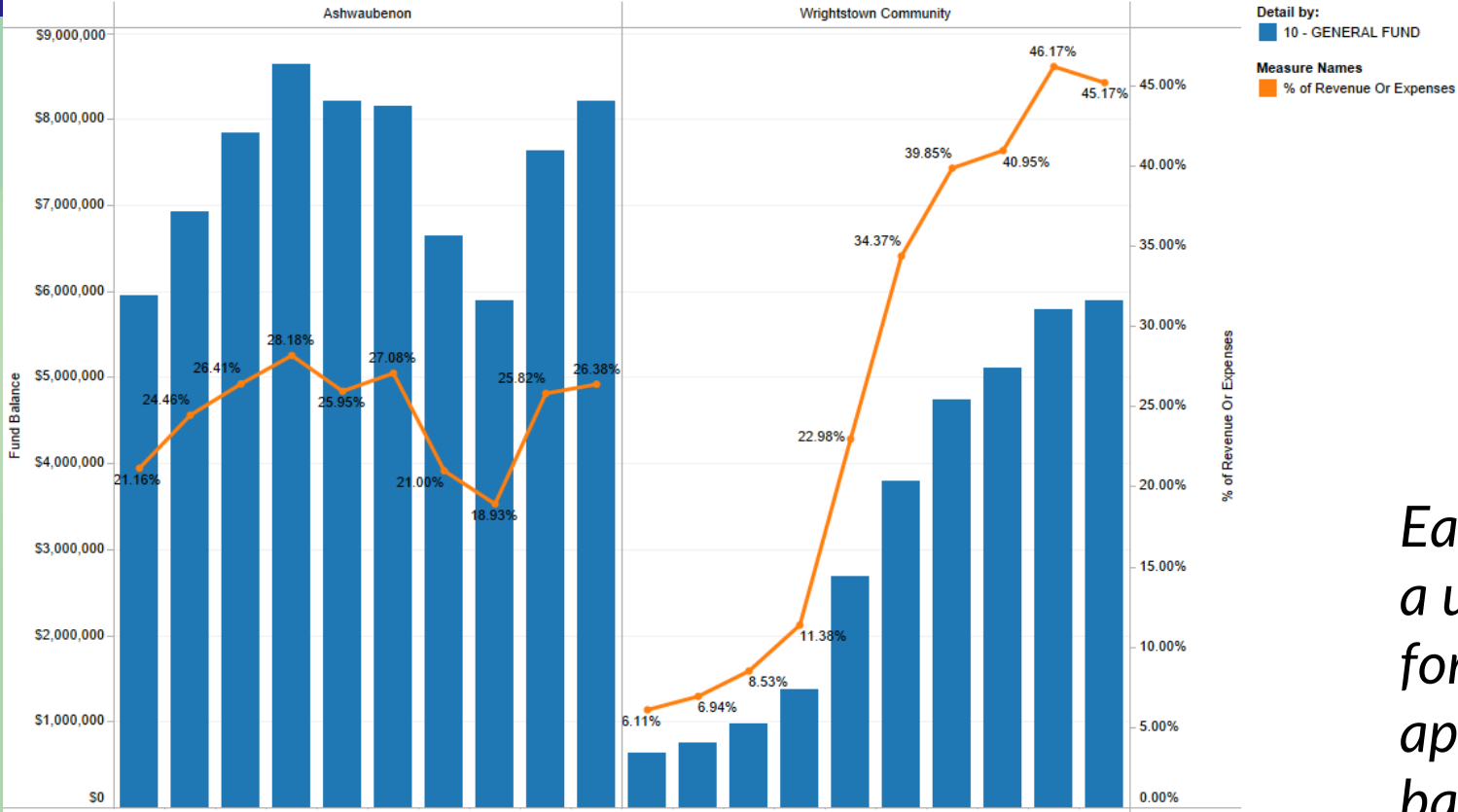
***“An amount sufficient to avoid short-term borrowing and to realize long-range goals.”***

*Once a cash reserve is spent, it is very difficult to rebuild. We have a responsibility to sustain the academic programs. When it's gone, it's **gone!!** ☹️*

Fund Balance by Fund and Percentage  
Shown as a % of Expense  
District(s) - Ashwaubenon & Wrightstown Community

Source: AFR

NOTE: If all Fund Balance Types in a particular Fund are de-selected in the filter box, the Revenue/Expenses from that fund will be excluded from the % calculation.



Each district has a unique answer for, “what is an appropriate fund balance.”

# Have A Fund Balance Policy!

- School districts should have a fund balance policy.
  - What is your policy?
  - Are you following it?



# A Fund Balance Policy Should

1. Identify and define fund balance classifications
2. Identify and define accounting definitions for fund balances
3. State the General Fund balance level and rationale
  - Addresses those issues identified earlier in Determining Sufficient Fund Balance
4. Address restoration of General Fund Balance
5. Establish the order of spending when various fund balance funding sources exist (Restricted, Committed, Assigned, and Unassigned)

# Very Important!

Cash is an asset and therefore is part of the Fund Balance Equation.

However, fund balance does not equal cash.



Let's talk a little about the cash portion of fund balance...

# Very Important!



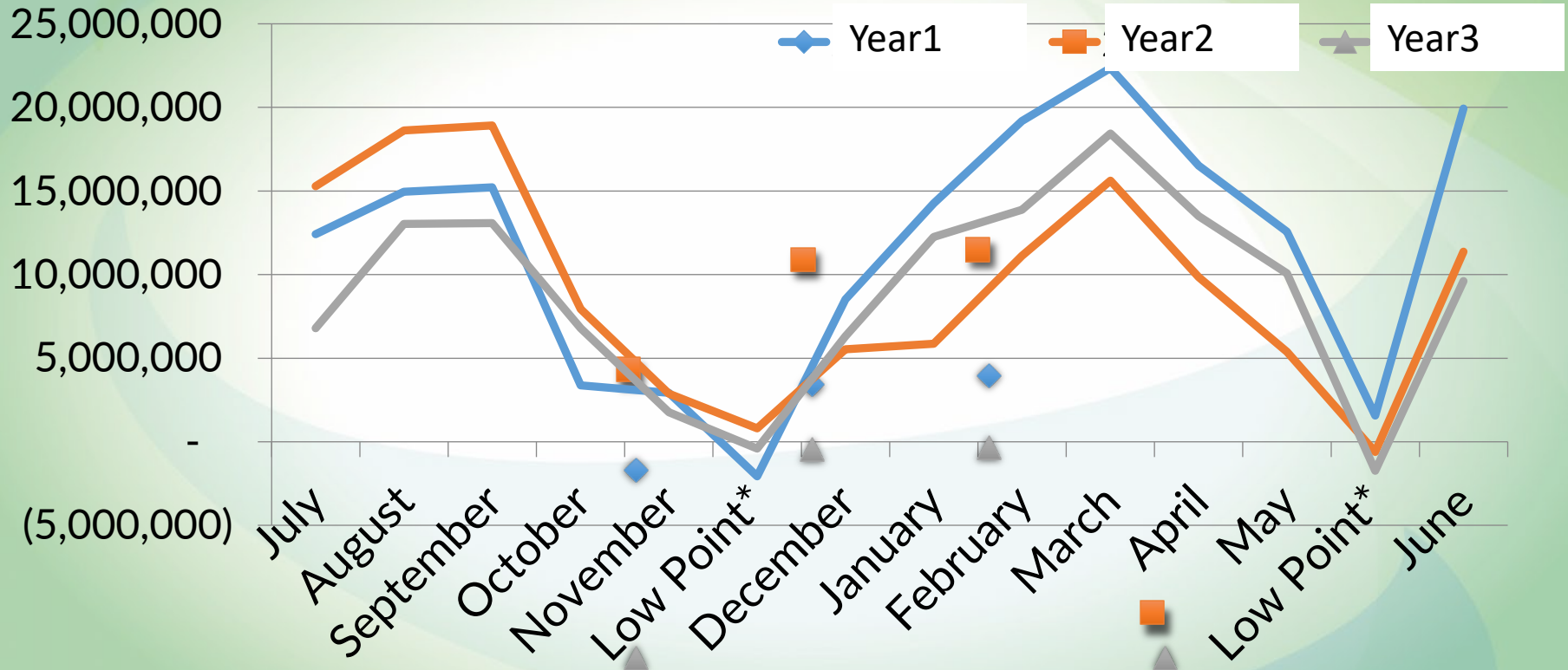
## Fund 10 General Fund - Balance Sheet Accounts

Account	Description	Beginning of Year	End of Year
<b>700000 Assets</b>			
10B-711000	Cash	1,997,908.63	1,735,470.04
10B-712000	Investments	231,294.40	232,333.42
10B-713100	Taxes Receivable	3,146,164.11	3,135,282.44
10B-713200	Accounts Receivable	4,354.02	32,229.07
10B-714000	Due From Other Funds	228,328.08	1,307,710.53
10B-715000	Due From Other Governments	916,201.67	619,176.50
10B-716100	Inventory	282.21	307.78
10B-717000	Prepaid Expenses	0.00	122,938.45
	<b>Total Assets (700000)</b>	<b>6,524,533.12</b>	<b>7,185,448.23</b>
<b>800000 Liabilities</b>			
10B-811200	Accounts Payable	111,347.97	101,175.34
10B-811600	Payroll Withholdings and Benefits Payable	1,577,138.72	1,296,332.37
10B-811800	Accrued Payroll Payable	540,808.69	341,093.38
10B-812000	Due to Other Funds	0.00	1,115,602.39
10B-815900	Other Deposits Payable	0.00	3,619.65
	<b>Total Liabilities (800000)</b>	<b>2,229,295.38</b>	<b>2,857,823.13</b>
<b>900000 Fund Equity</b>			
10B-936900	Restricted Fund Balance	231,029.24	232,067.88
10B-939900	Unassigned Fund Balance	4,064,208.50	4,095,557.22
	<b>Total Fund Equity (900000)</b>	<b>4,295,237.74</b>	<b>4,327,625.10</b>

# How do Districts use the cash portion of fund balance?

**To pay the bills!**

# Typical Change in Monthly Cash Balance



*This is a hypothetical example and for illustrative purposes only.*

# Cash Flow Fluctuations

Expenditures are fairly constant throughout year

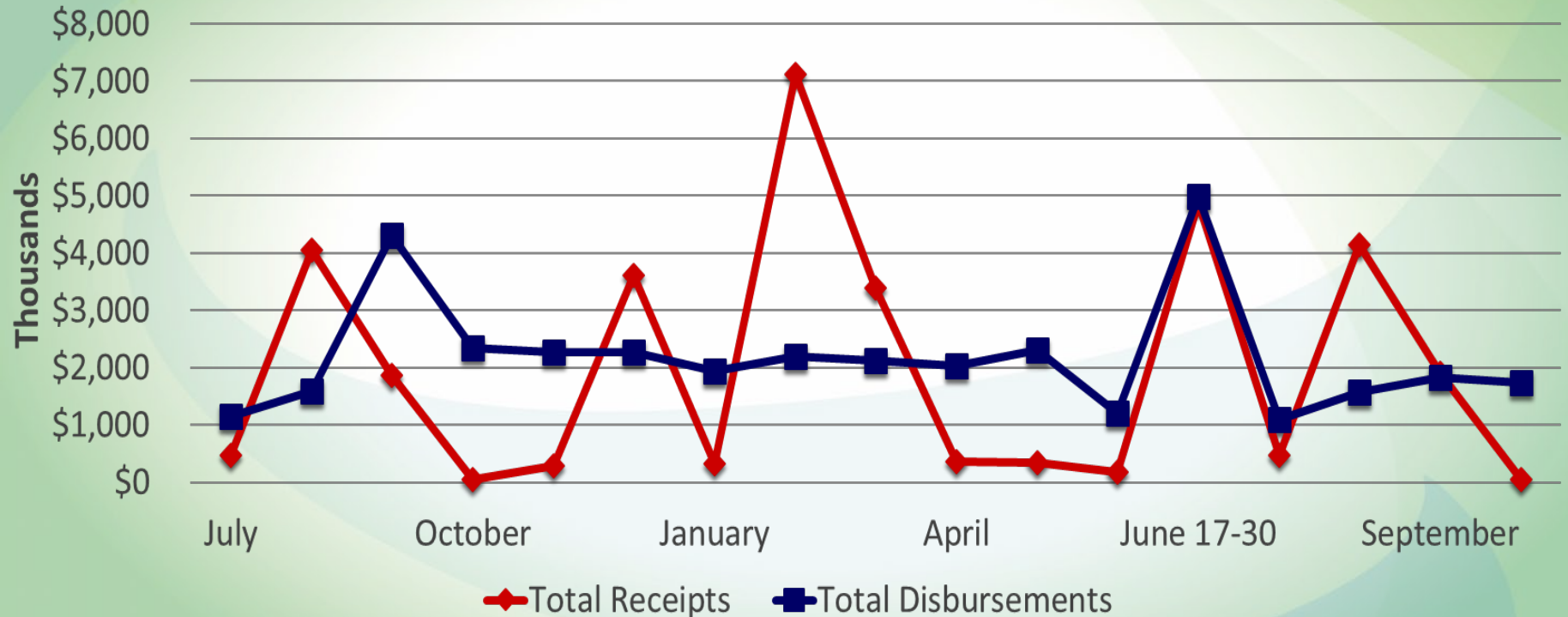
- Salaries / Fringe are typically 60%-65% of budget
- Payroll is typically spread over 21, 24 or 26 pay periods
- End-of-year pay adjustments are sometimes needed

Revenues received sporadically throughout the year

- Tax Levy is received in the last 6 months of the school year, with the final payment made in August of the next school year.
- 60% of Equalization Aid is paid over the last 6 months

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Tax Levy		X					X	X		X		
Equalization Aid			15%			25%			25%			35%
Special Ed Aid					15%	15%	15%	15%	15%			25%
Per Pupil Aid									100%			

# Receipts vs. Disbursements



*The hypothetical example is for illustrative purposes only.*

# In Summary

**Fund balance = assets - liabilities**

**Districts' fund balance levels change daily**

**Fund balance is reported as a June 30 snapshot**

**Cash is an asset but fund balance  $\neq$  cash**

**The cash portion of fund balance fluctuates greatly throughout the year**

**Each district has a fund balance level appropriate to them  
(there is no one-size-fits-all answer)**

**The district should have and should be following their fund balance policy**



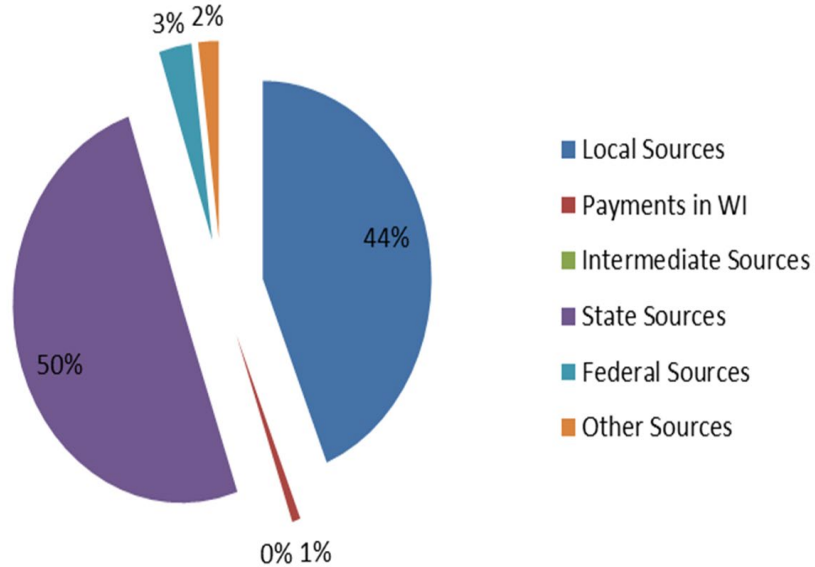
# The School Budget

**Understanding important  
concepts in school budgeting!**

# What is a school budget?

- 1. A school budget is the financial outline for addressing how a school district will deliver its educational plan to students in a fiscal year.**
- 2. The school budget is an estimate and every part that makes up the whole of the budget is subject to known and unknown outside and inside forces.**

# The General Fund – From where does the money come?

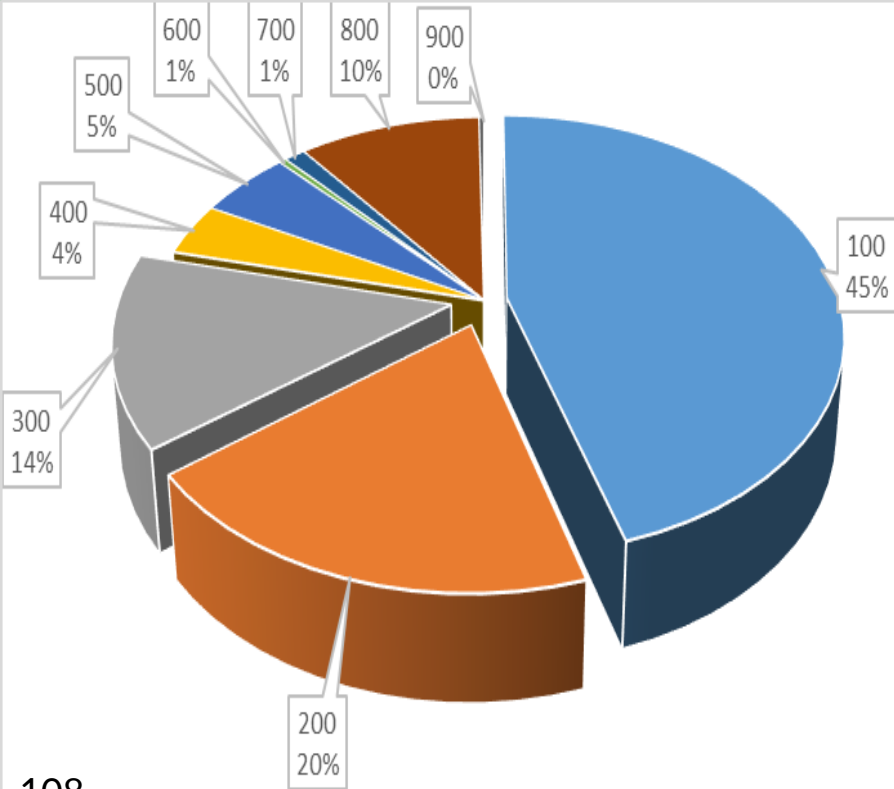


This is a graphic example of Revenue

Revenue			
200	Local Sources	32,675,767	44%
300	Payments in WI	600,000	1%
500	Intermediate Sources	5,875	0%
600	State Sources	37,493,988	50%
700	Federal Sources	2,338,605	3%
800/900	Other Sources	1,460,908	2%
		<b>74,575,143</b>	<b>100%</b>

# The General Fund – On What Do We Spend Our Money?

This is a graphic example of Expenditures:



Object	Description	General Fund
100	Salaries	35,352,131
200	Benefits	15,086,445
300	Purchased Services	11,019,547
400	Non-Capital Objects	3,060,422
500	Capital Objects	4,044,657
600	Debt Retirement	315,753
700	Insurance/Judgments	919,534
800	Transfers Out	7,997,799
900	Other Objects	216,799
		<b>78,013,087</b>

# Can Wisconsin School Boards Tax Whatever They Want?

- **No!**
- **The State of Wisconsin imposes strict control over what school boards can levy through revenue limits.**
- **There is an absolute dollar amount determined via a formula that annually generates a limit on a school district's property tax. Failure to levy at that amount will cause some school districts to lose levy authority. Such a loss creates greater budget challenges in delivering the educational plan.**

# School District Finance

**Questions?**

# Thank You!

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