

Welcome to the School District of Tigerton Operations Referendum Information Meeting



Election: April 5, 2022

Information to Share Tonight

- Discuss the sequence of events that have led us up to this point in time
 - Impact of Revenue Limits and Declining Enrollment
 - We have delayed the need for a referendum longer than most rural school districts in Wisconsin
- Review Forecast of School Budget
 - With Referendum
- Discuss what may happen in the future if the referendum doesn't pass

Revenue Limits and Declining Enrollment

Revenue Limits were implemented in Wisconsin in 1992.

Established as a tool to control property taxes. School districts can only exceed the revenue limit through referendum.

Basically, revenue limits are based on enrollment. Increasing enrollment = increased revenue limit. Decreasing enrollment = decreasing revenue limit.

Example: $246 \text{ students} \times \$10,251 = \$2,521,746$

Six students less = \$61,506 less in revenue limit

Equalization Aid

1. Based on Enrollment - Declining enrollment hurts the District
2. Property Values - Annual increases are a plus!
3. What the District Spends (Operations and Debt Payments) - Penalizes a District who is “frugal”
4. What OTHER Districts Spend - It helps us if other Districts do NOT spend money
5. State Biennial Budget Allocation - every two years - the amount and calculation changes with every budget and/or party in power

The Revenue Limit total calculation less the Equalization Aid amount equals the Property Tax Levy

History of Equalization Aid and 3-year Rolling Average

(Aid runs one year
behind)

| <u>YEAR</u> | <u>EQUAL.AID</u> | <u>Prior Yr FTE</u> |
|-------------|------------------|---------------------|
| 2009-10 | 2,157,877 | 327 |
| 2010-11 | 2,034,018 | 310 |
| 2011-12 | 1,830,999 | 296 |
| 2012-13 | 1,615,041 | 284 |
| 2013-14 | 1,439,936 | 269 |
| 2014-15 | 1,223,271 | 261 |
| 2015-16 | 1,384,079 | 255 |
| 2016-17 | 1,356,963 | 247 |
| 2017-18 | 1,155,365 | 242 |
| 2018-19 | 1,377,607 | 238 |
| 2019-20 | 1,441,061 | 243 |
| 2020-21 | 1,530,689 | 246 |
| 2021-22 | 1,812,572 | 253 |
| 2022-23 | ??? | 242 |

Current Snapshot of Our District's Budget



- We have operated with a budget deficit since 2019-20
- We have used money from our fund balance to offset the budget deficit
- We are reaching the point where we cannot rely on fund balance
- We need to maintain a fund balance to avoid short term borrowing – we do not receive revenue when bills are due.

We Have Operated Since 2019-20 Without an Operating Referendum Because...

- Since revenue limits were put in place, we have levied to the limit and spent wisely
- Over recent years, under the previous operations referendum, we were able to put some money into our fund balance and have used fund balance to maintain programs and staffing and address building needs

Major Projects Paid from Local/ Grant Dollars since 19-20



- Asphalt Elem Playgrnd - \$21,350
- Daycare Playground Equip - \$11,097
- HS Parking Lot - \$10,950
- Daycare A/C - \$6,314
- HS Gym Walls - \$27,000
- Elem Fence - \$4,875
- HS Roof - \$200,000
- Elementary Roof - \$123,000
- 3 Buses - \$ 110,664
- Technology - \$133,252 (USDA Grant & Local \$\$)
- Food Service Van - \$17,562 (partially grant funded)
- Server - \$29,000
- Firewall - \$15,000
- Bus Cameras - \$28,000

5-Year Budget Assumptions

1. Average of \$61,000/year for Building & Grounds projects
2. Replacement of school bus in 22-23, 24-25 & 26-27
 - Approximately \$80,000/bus
3. Maintain fund balance to avoid cash flow borrowing
4. Last debt levy in 21-22; Debt paid off in 23-24
5. Health Insurance cost increases
 - 5% increase per year
6. Average of \$ 59,000/year for technology upgrades/replacement
7. Assumption of annual salary increases
8. Maintain a stable mill rate over next 5 years
9. Pass a non-recurring 5-year referendum

2021-22 is the LAST year the District needs to levy for debt

| | | | |
|--------------|-----------------------|-----------------|-------------|
| Debt Service | Fund Balance 6/30/21: | 263,907 | |
| | <u>Principal</u> | <u>Interest</u> | <u>Levy</u> |
| 2021-22 | 205,000 | 18,750 | 398,893 |
| 2022-23 | 205,000 | 12,600 | 0 |
| 2023-24 | <u>215,000</u> | <u>6,450</u> | <u>0</u> |
| | 625,000 | 37,800 | = 662,800 |

Most School Districts levy for debt.

After 2021-22, Tigerton will no longer need to levy for debt. TSD debt will be paid off in 2024!

| | |
|------------------|-------------|
| Tigerton | \$625,000 |
| Tomorrow River | \$3,580,820 |
| Almond Bancroft | \$0 |
| Florence | \$2,536,229 |
| Gillett | \$1,370,000 |
| Iola-Scandinavia | \$1,370,000 |
| Laona | \$1,130,939 |
| Lena | \$1,301,718 |
| Niagara | \$1,130,039 |
| Phelps | \$0 |
| Wabeno | \$3,925,955 |
| Edgar | \$3,670,669 |
| Rosholt | \$0 |

What Is Fund Balance?

Fund balance is an accounting term which means assets minus liabilities.

$$\text{Assets} - \text{Liabilities} = \text{Fund Balance}$$

This is NOT a cash balance. It is partial cash and partial money owed the District.

DPI recommends a Fund Balance of 13-15%; District Auditors recommend a Fund Balance of 20-25%. Tigerton's projected June 30, 2022 is estimated to be 31%.

Advantages of an adequate fund balance include: no short term borrowing, better credit rating, use for large projects/purchases that cannot be budgeted, portrays good stewardship of taxpayer dollars.

Fund 10 Fund Balance

| | |
|---------|-----------------|
| 2014-15 | \$1,616,906 |
| 2015-16 | 1,791,736 |
| 2016-17 | 1,966,788 |
| 2017-18 | 2,002,215 |
| 2018-19 | 2,338,079 |
| 2019-20 | 2,277,711 (57%) |
| 2020-21 | 1,602,631 (38%) |
| 2021-22 | 1,202,631 (31%) |

Summary Budget the Last 5 Years

*includes \$\$\$ last operating referendum

| | 2017-2018* | 2018-2019* | 2019-2020* | 2020-2021 | 2021-2022 |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Local Revenue | \$2,948,144 | \$3,160,491 | \$3,173,393 | \$2,754,774 | \$2,791,154 |
| Surplus/Deficit | \$35,427 | \$335,864 | \$(60,368) | \$(675,080) | \$(400,000) |
| Ending Fund Balance | \$2,002,215 | \$2,338,079 | \$2,277,711 | \$1,602,631 | \$1,202,631 |
| Mill Rate | \$12.82 | \$12.20 | \$10.20 | \$9.99 | \$8.04 |

Besides dollars for operations, there are other needs in the District - 5 Year Forecast

Technology Replacement:

22-23: Chromebooks, Switches, Classroom Presentation Technology

23-24: Classroom Presentation, Wireless Network

24-25: Chromebooks, phones, cameras

25-26: Chromebooks, phones, cameras

26-27: Chromebooks, Server

Bus Replacement:

22-23, 24-25, & 26-27

Maintenance Projects:

MS Bathroom Tile

MS/HS Lockers

MS/HS/ Elementary Flooring - several areas

Replace Elementary Clock System

Replace Elementary Fire Alarm System

Cafeteria Bathrooms; Kitchen Lift, Tables

Walkie Talkie System

Toilets/Urinals/Flushers - Elementary Bathrooms

Hyer Estate



1948 Tigerton Yearbook Photo

The District
needs your
Financial
Support

| | |
|----------------|------------------------|
| 2022-23 | Up to \$450,000 |
| 2023-24 | Up to \$500,000 |
| 2024-25 | Up to \$550,000 |
| 2025-26 | Up to \$600,000 |
| 2026-27 | Up to \$650,000 |

Budget Forecast With Referendum

| | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Local Revenue | \$3,717,474 | \$3,815,961 | \$3,864,177 | \$3,922,593 | \$3,981,131 |
| Surplus/Deficit | \$(9,496) | \$112 | \$(7,404) | \$63,344 | \$(82,810) |
| Ending Fund Balance | \$1,193,135 | \$1,193,247 | \$1,185,843 | \$1,249,187 | \$1,166,377 |
| Mill Rate | \$9.58 | \$10.43 | \$11.17 | \$12.41 | \$13.40 |

Mill Rate/Tax Impact on a \$100,000 Home

| | | | | | | | | | | |
|---------|-------|--------|--|---------|------|-------|--|---------|-------|--------|
| 2017-18 | 12.82 | \$1282 | | 2020-21 | 9.99 | \$999 | | 2022-23 | 9.58 | \$958 |
| 2018-19 | 12.20 | \$1220 | | 2021-22 | 8.04 | \$804 | | 2023-24 | 10.43 | \$1043 |
| 2019-20 | 10.20 | \$1020 | | | | | | 2024-25 | 11.17 | \$1117 |
| | | | | | | | | 2025-26 | 12.41 | \$1241 |
| | | | | | | | | 2026-27 | 13.40 | \$1340 |

School District of Tigerton

HISTORICAL AND PROJECTED MILL RATE



*Estimates are based on current information available to the District

Tigerton Is Not Alone! Recently Passed Operating Referenda

| | | | |
|-----------------|------|--------|--------------------|
| Tomorrow River | 2020 | 3 year | \$1,200,000 |
| Almond Bancroft | 2018 | Recur. | \$525,000 per year |
| Florence | 2021 | 4 Year | \$1,362,500 |
| Gillett | 2018 | 3 Year | \$1,800,000 |
| Iola | 2020 | 5 Year | \$6,800,000 |
| Laona | 2019 | 4 Year | \$2,236,000 |
| Lena | 2021 | 5 Year | \$4,250,000 |
| Niagara | 2020 | 3 Year | \$1,750,000 |
| Phelps | 2021 | 6 Year | \$7,092,000 |
| Wabeno | 2021 | 5 Year | \$12,500,000 |

If Not a Referendum, What Are The Current Options?

- ❖ Use Fund Balance until depleted (2-4 yrs)
- ❖ Cut/Reduce Staff
- ❖ Larger/combined classes
- ❖ Cut Student Activities/Sports
- ❖ Freeze Salaries
- ❖ Reduce Benefits
- ❖ Cut Programs - Ag, Tech Ed, Music, Art

What Happens if a Referendum Does Not Pass (or Never Passes)?

- Try again one more time in November 2022
- Rely on Fund Balance for 2-3 years
- Gut programs and staffing
- File bankruptcy where district is parceled among neighboring districts
- Consolidate with another school district
- Please remember, a 5-year referendum is a “5-year fix” with a non-recurring referendum

What Might This Do to My Property Taxes?

After 2021-22, Tigerton School District will no longer need to levy for debt. This creates a window of opportunity to pass an operations referendum, maintain staffing and programs with very limited effect on the mill rate. However, should you build, remodel or be reassessed those things could impact your taxes.

Please remember - There are several variables - enrollment, property values and the state aid allocation (biennial budget).

The School Board pledges to
maintain a quality education and
to maintain school buildings and
grounds.

How Will the Referendum Appear on the Ballot?

Shall the School District of Tigerton, Shawano County, Wisconsin for five years, beginning with the 2022-23 school year and through the 2026-27 school year, be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes up to \$450,000 in 2023, up to \$500,000 in 2024, up to \$550,000 in 2025, up to \$600,000 in 2026, and up to \$650,000 in 2027 for non-recurring purposes consisting of ongoing operational and maintenance expenses?

YES

NO



THANK YOU FOR
ATTENDING TONIGHT!