

Lake Mills Area School District

School Finance 101

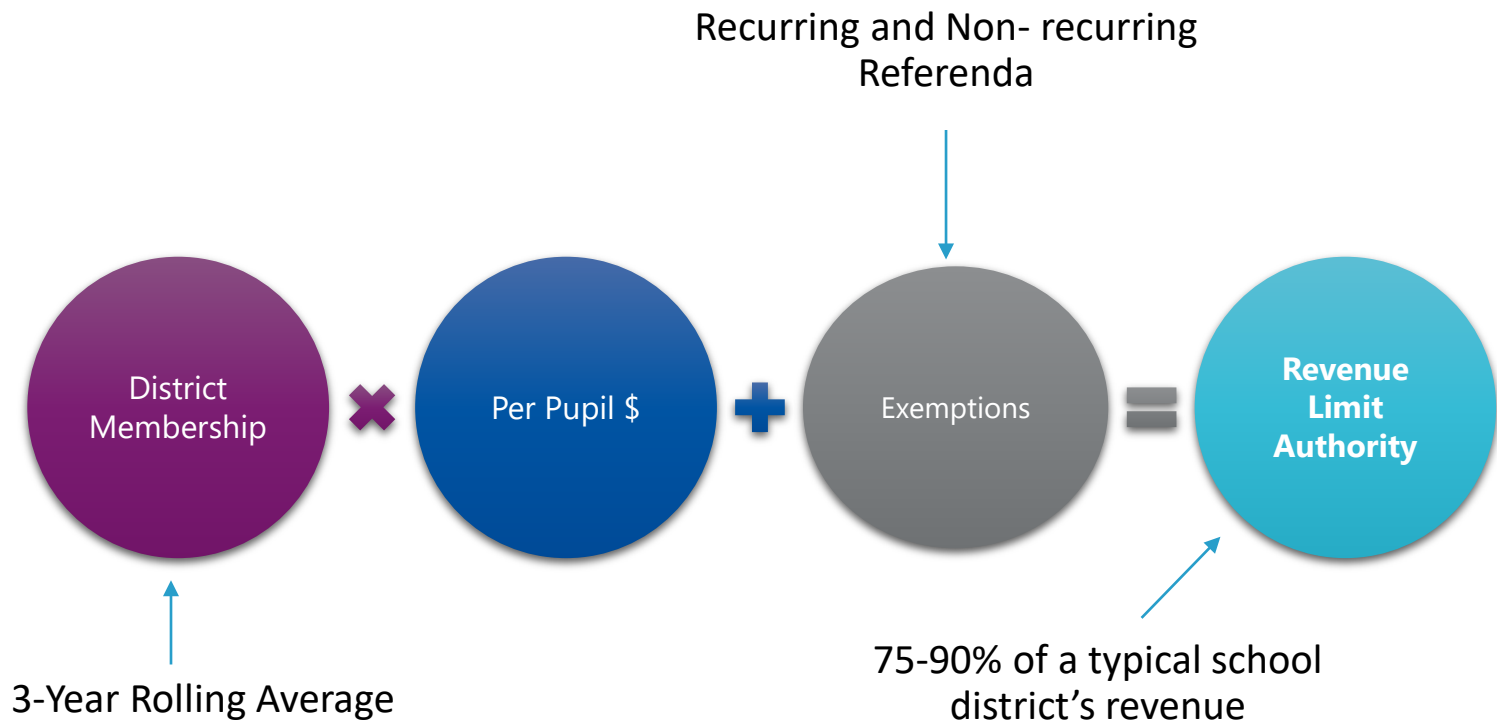
October 11, 2023

Baird Public Finance

Brian Brewer
Managing Director
414.298.7030

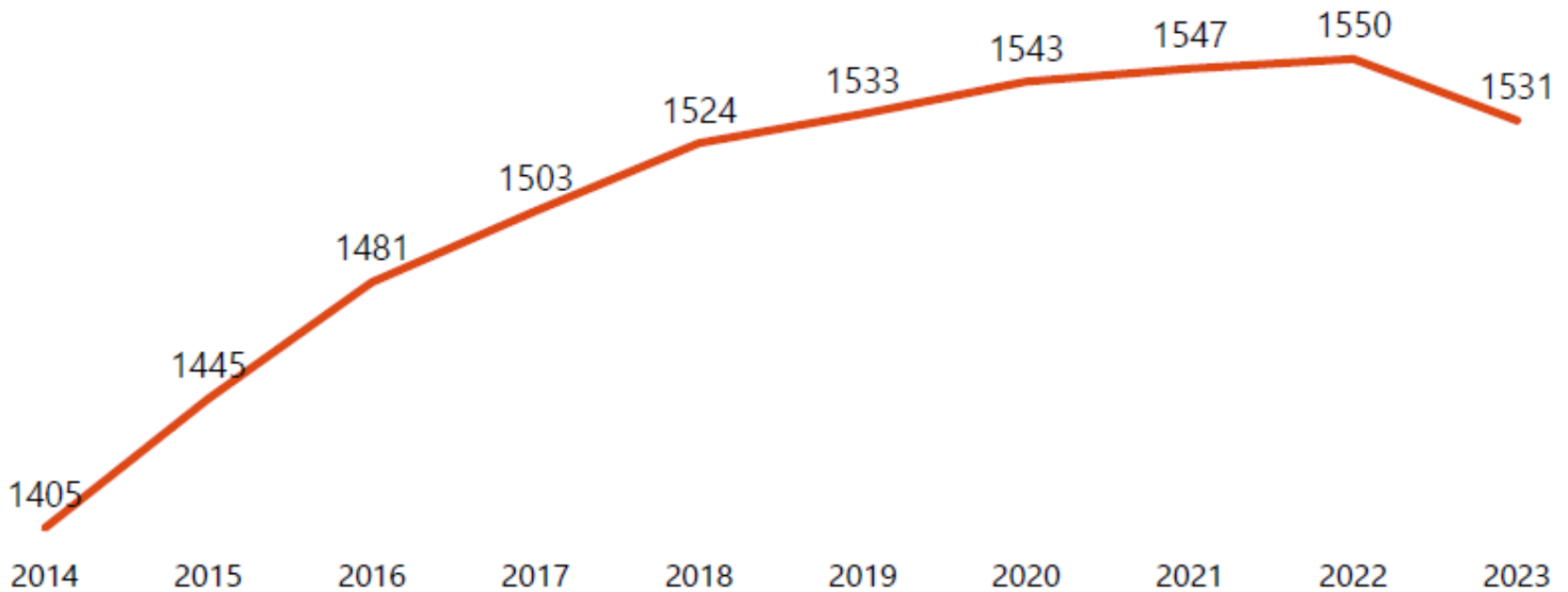
School Finance Basics

A district's **Revenue Limit Authority** is the maximum amount of revenue that may be raised through **state general aid** and **property tax**.



Revenue Limit Enrollment Trend

Revenue Limit Average FTE



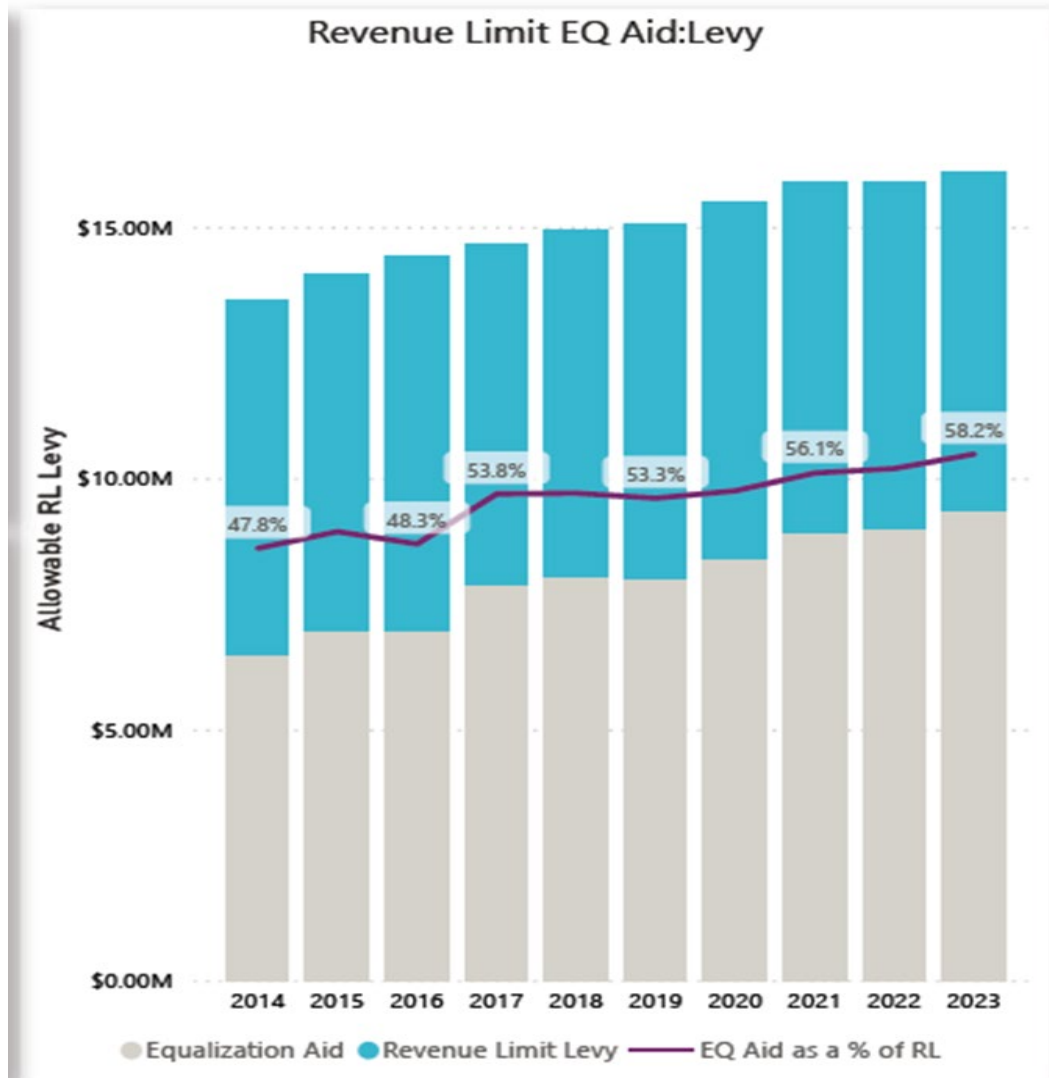
Historical Revenue Limit Per Pupil (Biennial Budget)

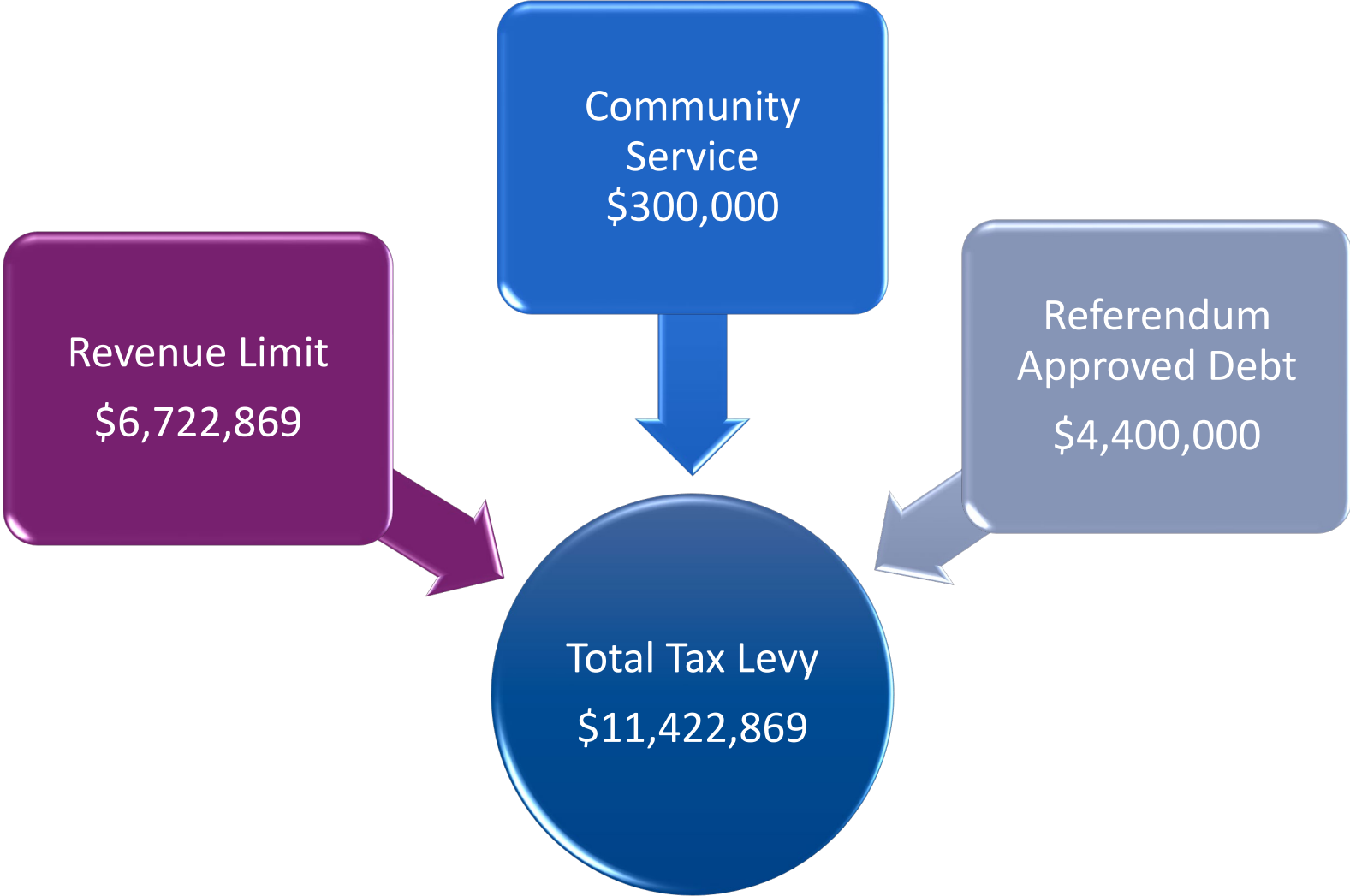
Fiscal Year	Revenue Limit Per Pupil Increase (Cumulative)	Per Pupil Categorical Aid (One-Time)
2009-10	\$200.00	
2010-11	\$200.00	
2011-12	-5.5%*	
2012-13	\$50.00	\$50.00 (Prorated)
2013-14	\$75.00	\$75.00
2014-15	\$75.00	\$150.00
2015-16	\$0	\$150.00
2016-17	\$0	\$250.00
2017-18	\$0	\$450.00
2018-19	\$0	\$654.00
2019-20	\$175	\$742.00
2020-21	\$179	\$742.00
2021-22	\$0	\$742.00
2022-23	\$0	\$742.00
2023-24	\$325	\$742.00
2024-25	\$325	\$742.00

Revenue Limit Levy Calculation

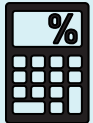


Equalization Aid Trend



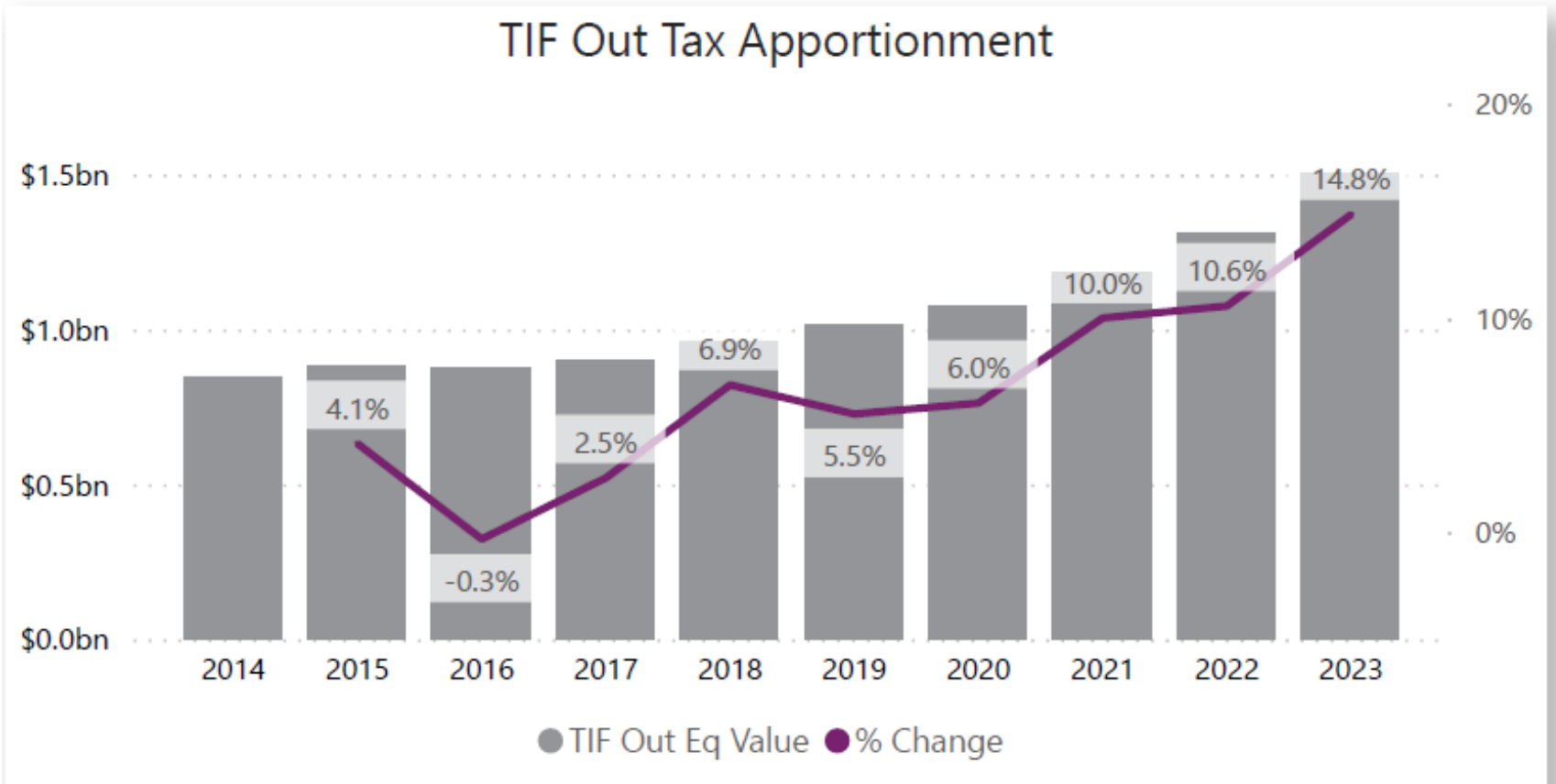


Levy vs. Mill Rate



Mill Rate = Levy per \$1,000 Equalized Value

Equalized Property Value Trend



2022-23 Mill Rate

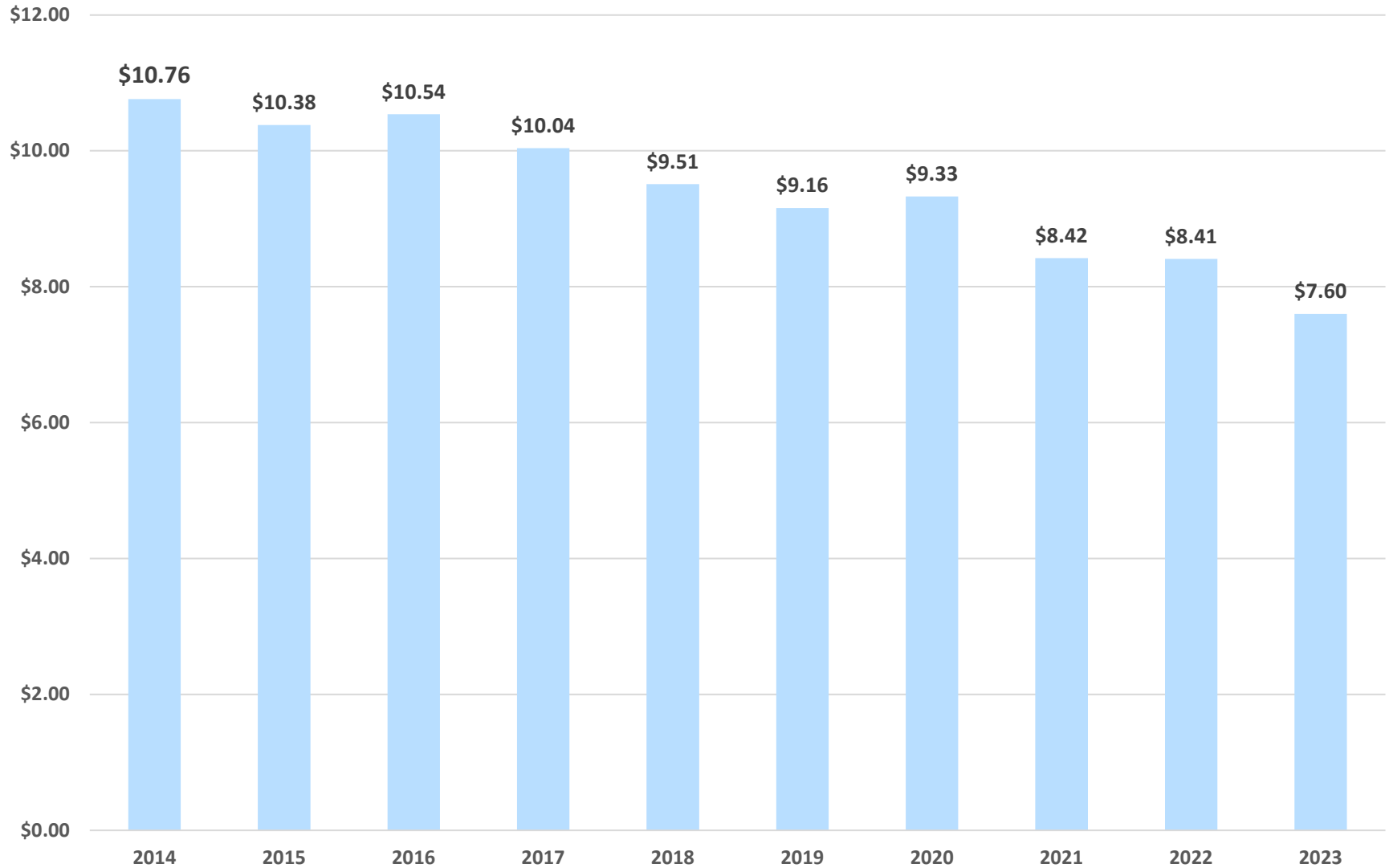
Total Levy / Total Property Value per Thousand = **Mill Rate**

2022-23 Mill Rate Calculation:

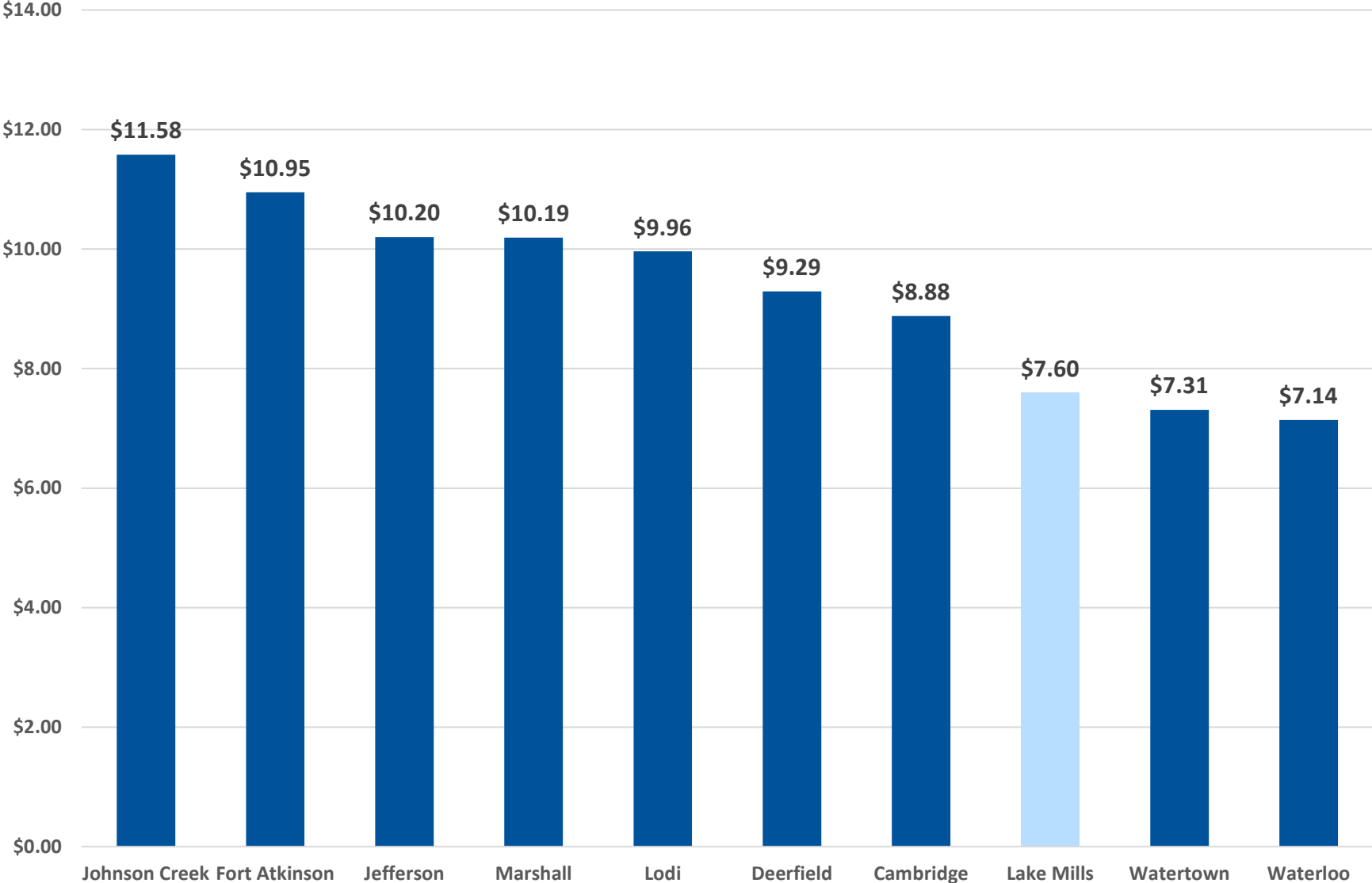
- **\$11,422,869** / \$1,503,747,744 * 1,000
- \$7.60 Mill Rate
 - \$760 on \$100,000 property (school portion only!)



Historical Mill Rate – Lake Mills ASD



2022-23 Mill Rate Comparison



Source: Department of Public Instruction

Long-Range Planning

Effective budget planning should include a 5-year budget projection

- Revenue projection
- Expenditure projection
- Enrollment projection
- Project state formula variables
 - State equalization aid
 - Revenue limit

Budget forecasting models

Operating Budget

- Competes for revenue limit dollars

Non-Referendum Debt

- Competes for revenue limit dollars

Referendum – Operational/Debt

- New source of funds

What Type of Project(s) Are We Considering?



Maintenance Projects



Major Capital Projects



Operational Funds

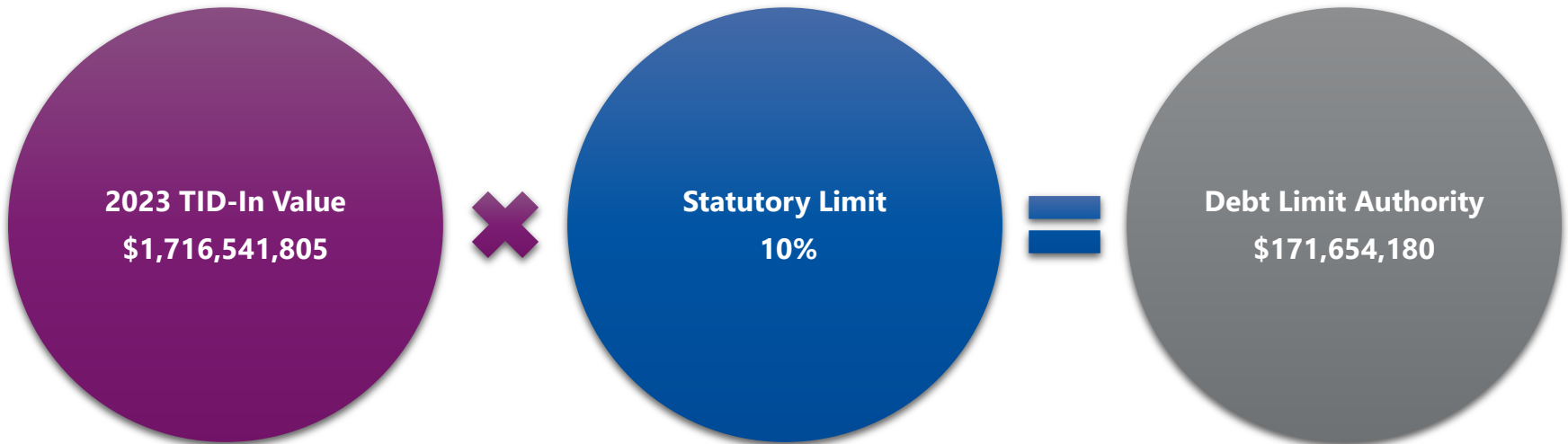
Limited by the Revenue Limit Formula

- Annual budget (Fund 10)
- Fund balance (Fund 10)
- Levy for projects (Fund 41)
- Facility “savings account” (Fund 46)
 - 10-year capital plan, 5-year wait

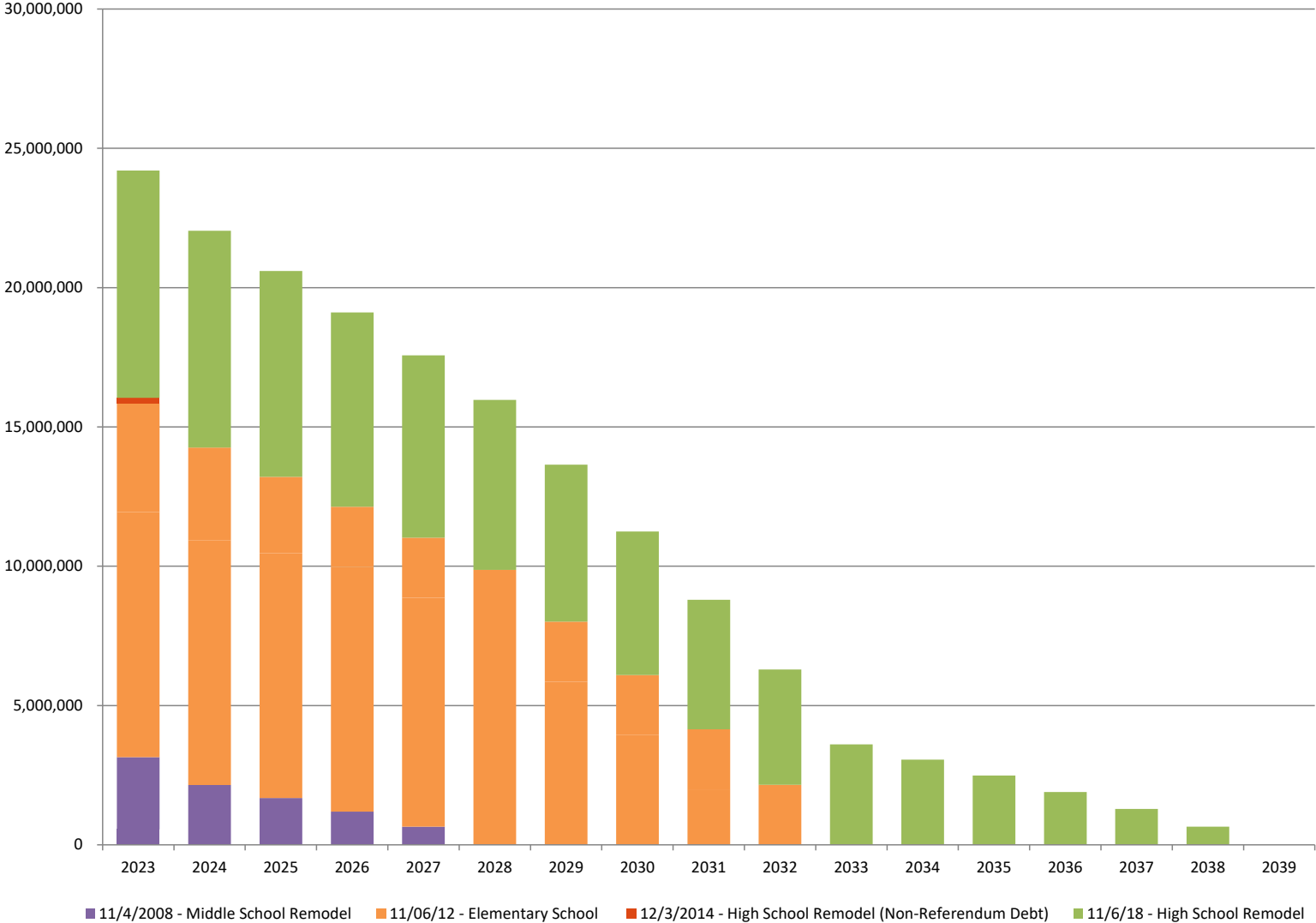
Borrowed Funds

- Non-Referendum borrowing (Fund 38)
 - “Inside the Revenue Limit” Budget impact (not levy impact)
 - \$1 million exemption w/out petition process
- Referendum borrowing (Fund 39)
 - “Outside the Revenue Limit” Levy impact (not budget impact)

- A K-12 school district's total debt limit is based on **10%** of the equalized valuation (TID IN)

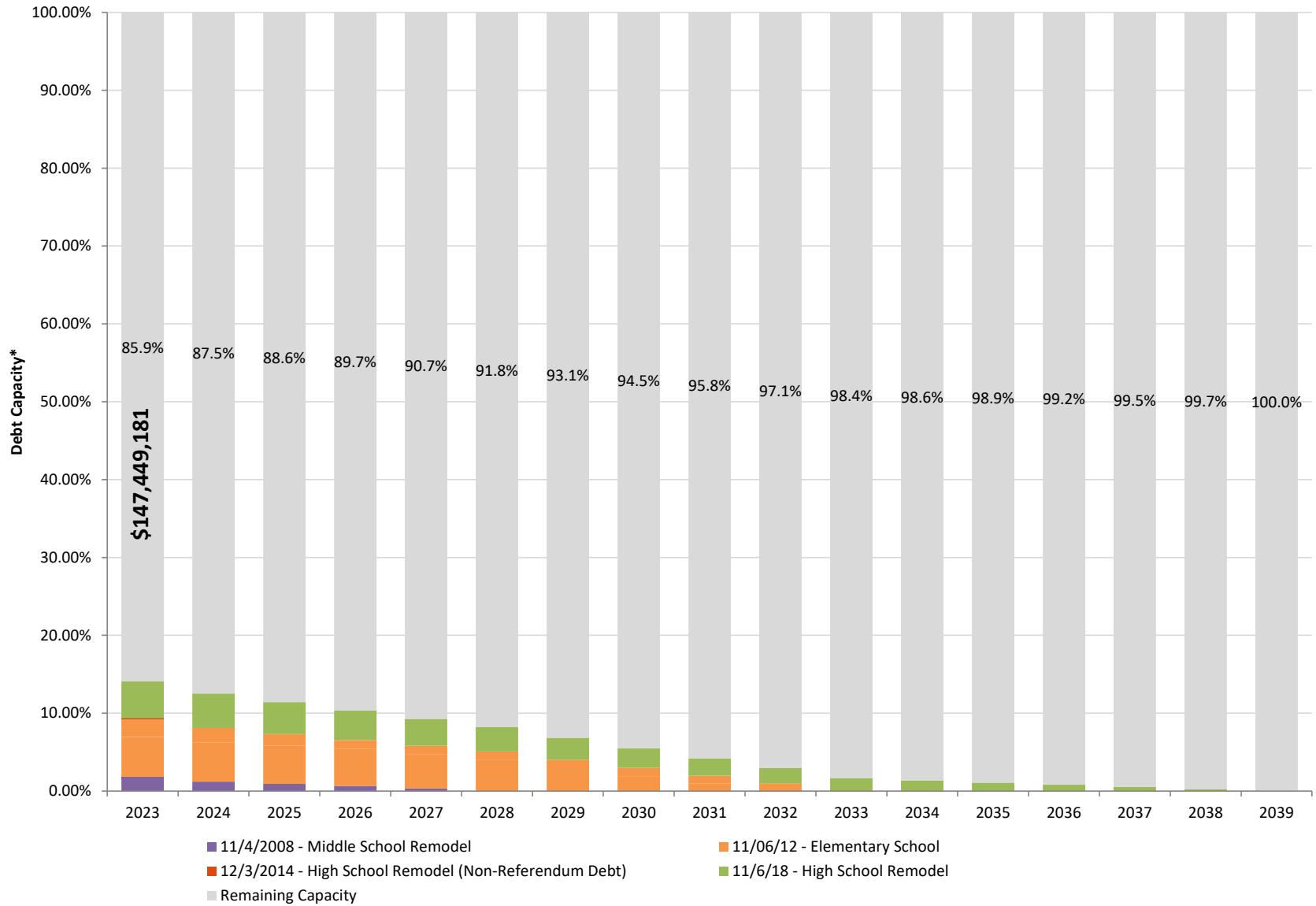


Outstanding Debt – Principal Balance by Referendum Authority



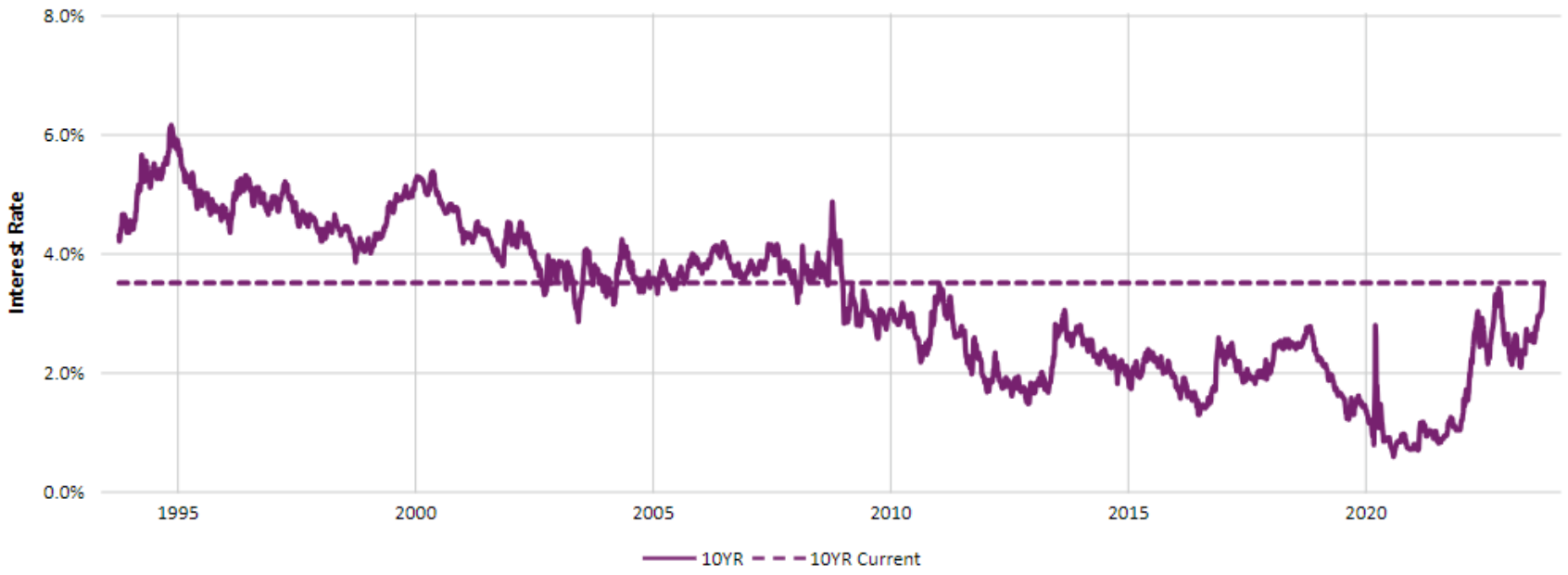
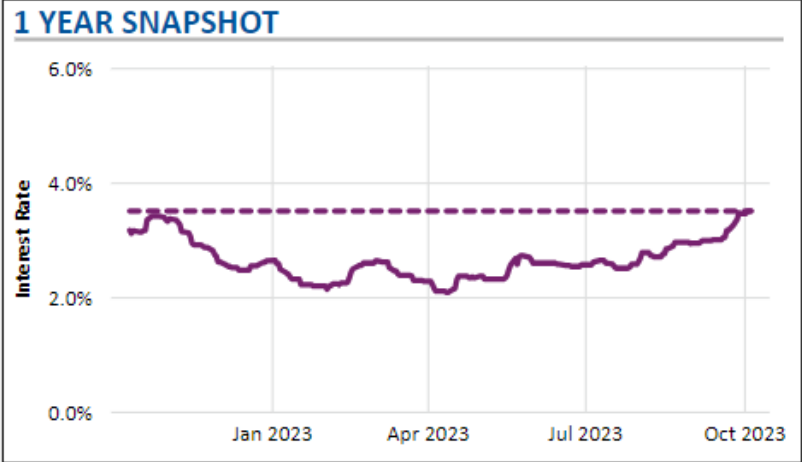
Source: Department of Public Instruction / District Records / Baird
 Note: Numbers represented above are for illustration purposes only.

Outstanding Debt – Debt Capacity Available



Source: Department of Public Instruction/ District Records / Baird
 Note: Numbers represented above are for illustration purposes only.

Municipal Interest Rates (Aaa Rated Index, Past 30 Years)

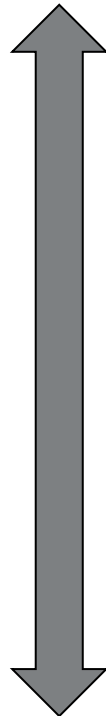


Source: Refinitiv as of October 5, 2023

Credit Rating Scales

Lake Mills Area SD Credit Rating

Strongest



Weakest

Moody's Long-term	S&P Long-term	Fitch Long-term	Rating Description
Aaa	AAA	AAA	Prime
Aa1	AA+	AA+	High grade
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Upper medium grade
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	Lower medium grade
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	Non-investment grade speculative
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	Highly speculative
B2	B	B	
B3	B-	B-	

Hypothetical Referendum Debt Tax Impact

PRELIMINARY

FACILITIES REFERENDUM AMOUNT	\$40,000,000	\$50,000,000	\$60,000,000
ESTIMATED MAX MILL RATE IMPACT (Over Projected 2024-25) * (Per \$1,000 valuation)	\$0.00	\$0.19	\$0.51
TAX IMPACT ON PROPERTY WITH FAIR MARKET VALUE OF:			
\$100,000 Property			
Maximum Impact	\$0.00	\$19.00	\$51.00
Monthly Impact	\$0.00	\$1.58	\$4.25
\$200,000 Property			
Maximum Impact	\$0.00	\$38.00	\$102.00
Monthly Impact	\$0.00	\$3.17	\$8.50
\$300,000 Property			
Maximum Impact	\$0.00	\$57.00	\$153.00
Monthly Impact	\$0.00	\$4.75	\$12.75

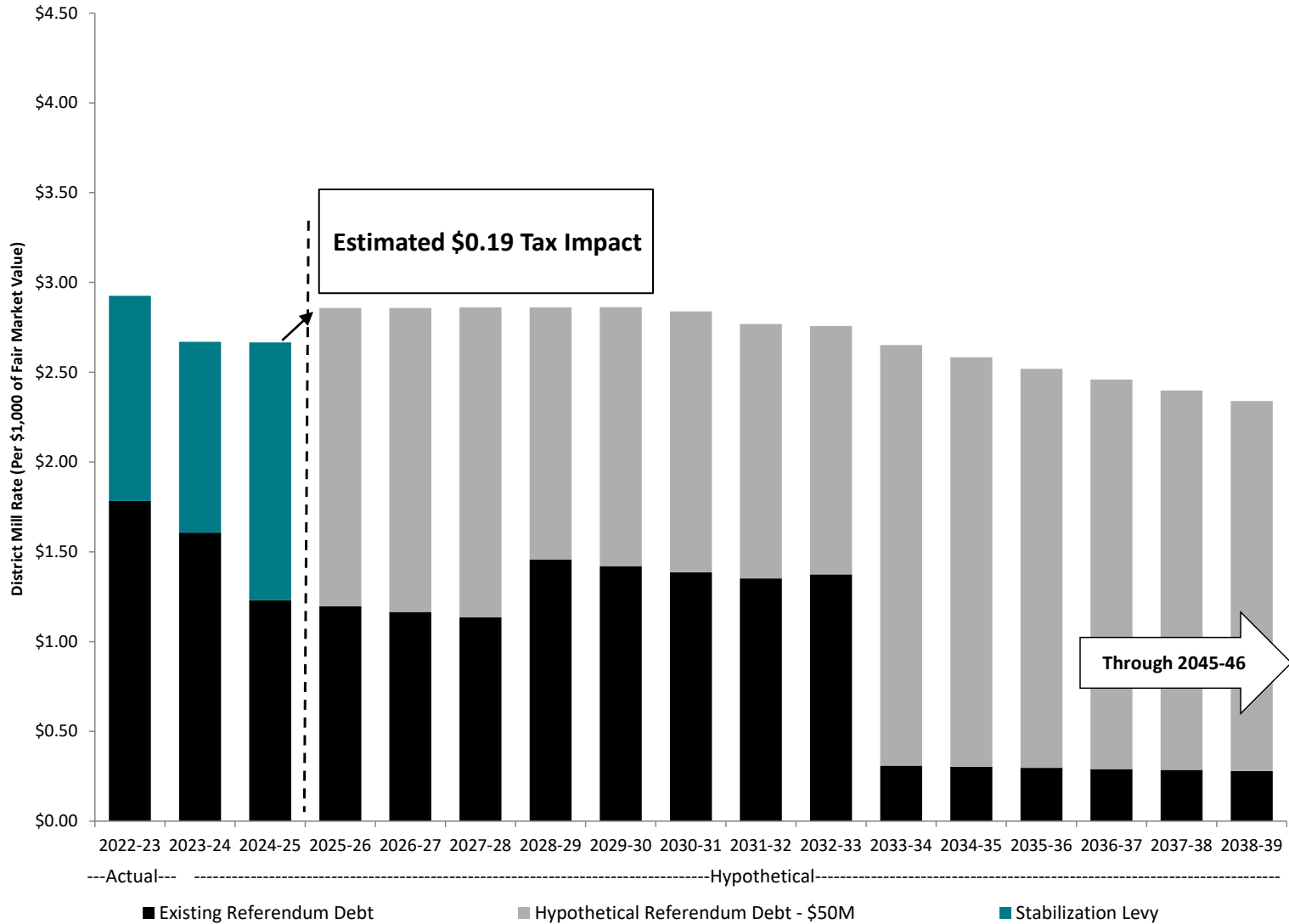


Assumptions:

Hypothetical facilities referendum debt assumes multi-phased 20 year borrowings at planning interest rates ranging from 5.50%-5.75%.
 Mill rate based on the 2023 Equalized Valuation (TID-OUT) of \$1,648,453,605 with annual growth of 2.50% thereafter.
 Tertiary Aid (2023-24 July 1 Aid Est.): -10.93%.

* Impact represents the hypothetical increase in mill rate for referendum approved debt service over the projected 2024-25 mill rate for debt service of \$2.67. Without a successful referendum, the mill rate for referendum approved debt service could remain flat or drop.

Hypothetical \$50M Referendum Debt Repayment Chart



Hypothetical referendum debt assumes multi-phased 20 year borrowings at planning interest rates ranging from 5.50%-5.75%.
 Hypothetical referendum debt accounts for the estimated impact on state aid. The District currently receives aid at the tertiary rate of -10.93% (2023-24 July 1 Aid Est.)
 Future mill rates based on 2023 Equalized Valuation (TID-OUT) of \$1,648,453,605 with annual growth of 2.50% thereafter.
 Note: Planning estimates only. Significant changes in market conditions will require adjustments to current financing plan. Rates subject to change.

Future Election Dates

	2024	2025	2026	2027
Spring Primary	02/20/2024	02/18/2025	02/17/2026	02/16/2027
Adopt and file resolution(s):	12/12/2023	12/10/2024	12/09/2025	12/08/2026
Spring General	04/02/2024	04/01/2025	04/07/2026	04/06/2027
Adopt and file resolution(s):	01/23/2024	01/21/2025	01/27/2026	01/26/2027
Fall Primary	08/13/2024		08/11/2026	
Adopt and file resolution(s):	06/04/2024		06/02/2026	
Fall General	11/05/2024		11/03/2026	
Adopt and file resolution(s):	08/27/2024		08/25/2026	

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

Questions?

Baird Public Finance

Brian Brewer
Managing Director
414.298.7030
bbrewer@rwbaird.com

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