



ORIGINAL BUDGET

2015 - 2016

**ADOPTED
October 26, 2015**

Prepared by:

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Chief Finance & Operations Officer

EXECUTIVE SUMMARY

The annual budget is a financial plan to implement educational programs for the year. Programming is provided by highly qualified staff and managed by careful allocation of resources determined by thoughtful analysis of current and long-term needs and trends. New Berlin, like other school districts in Wisconsin, has operated under a school finance system that limits property taxes.

The original budget is an adjustment to the previously approved preliminary budget that established the intent of the School Board and set fiscal priorities for the upcoming school year. This adjustment, in conformance with state statutes, will modify the preliminary budget for actual enrollment, determined on the 3rd Friday in September, revenue limit and general state aids. Other adjustments are made at this time to account for changes in staffing, planned capital projects, debt issuance or other items.

The budget presented herein complies with current federal and state school finance regulations and provides adequate resources to operate the district for the 2015-16 school year. The budget also includes recommendations for a number of capital projects to update facilities.

Budget Summary

The Wisconsin Department of Public Instruction requires the school district publish its budget following a prescribed format, as shown on the following page. This format does not segregate non-annual capital projects and other extraordinary financial transactions, such as refinancing outstanding debt or accounting rule changes. Analysis without knowledge of school finance regulations and governmental accounting rules will lead to erroneous conclusions. The following overview can be used to identify the extraordinary transactions reported. Refer to individual fund statements below for more detailed information.

Item	As Reported on Required Summary Statement	Adjusted for Extraordinary Transactions
Revenues & other financing sources	Increase is 11.9% for all funds and includes an estimated \$10 million borrowing for energy and operational efficiency projects and refinancing of outstanding debt.	Overall the increase is less than 1/5% after removing the impact of estimated borrowing in 2015-16 and one time revenues in 2014-15 for sales of surplus property.
Expenditures & other financing uses	The reported increase of 20.7% includes nearly \$5 million of capital projects reported in both the capital projects and general funds and the cost to refinance about \$5 million of debt in the debt service funds.	Removing the impact of the capital projects results in an overall decrease of 4%

Statement of Revenues, Expenditures & Changes in Fund Balance				
ORIGINAL BUDGET				
	2012-13	2013-14	2014-15	2015-16
	ACTUAL	ACTUAL	ACTUAL	ORIGINAL
GENERAL & SPECIAL EDUCATION FUND				
Revenues & Other Financing Sources				
Local Sources	\$ 42,067,581	\$ 41,918,211	\$ 43,457,500	\$ 43,973,498
Intermediate Sources	795,081	545,215	477,906	510,939
State Sources	7,896,626	6,923,772	6,740,013	5,937,780
Federal Sources	1,260,850	1,646,358	1,525,616	1,598,905
Other Sources	427,984	219,458	150,058	121,463
Other financing sources	10,300	3,070	3,853	455,448
Total Sources	52,458,422	51,256,084	52,354,946	52,598,033
Expenditures & Other Uses				
Instruction	25,673,782	26,443,641	26,111,273	27,170,601
Support Services	23,043,467	22,105,842	25,911,738	28,583,036
Non-Program Transactions	1,200,480	1,351,296	2,029,511	1,685,999
Total Expenditures	49,917,729	49,900,779	54,052,522	57,439,637
<i>Excess (deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses</i>				
	2,540,693	1,355,305	(1,697,576)	(4,841,604)
Fund Balance Beginning of Year	12,572,619	15,113,312	16,468,617	14,771,041
Fund Balance End of Year	15,113,312	16,468,617	14,771,041	9,929,437
SPECIAL REVENUE TRUST FUND				
Beginning Fund Balance	0	0	0	572,861
Ending Fund Balance	0	0	572,861	474,266
Revenues & Other Financing Sources	0	0	572,861	0
Expenditures & Other Financing Uses	0	0	0	98,595
DEBT SERVICE FUNDS				
Beginning Fund Balance	1,110,771	1,081,988	1,109,448	1,039,187
Ending Fund Balance	1,081,988	1,109,448	1,039,187	1,179,495
Revenues & Other Financing Sources	5,199,960	15,826,580	5,466,707	10,619,989
Expenditures & Other Financing Uses	5,228,743	15,799,120	5,536,968	10,479,681
CAPITAL PROJECT FUNDS				
Beginning Fund Balance	0	0	2,884,078	2,601,012
Ending Fund Balance	0	2,884,078	2,601,012	11,116
Revenues & Other Financing Sources	0	9,392,818	3,274,471	6,367,500
Expenditures & Other Financing Uses	0	6,508,740	3,557,537	8,957,396
FOOD SERVICE FUND				
Beginning Fund Balance	683,104	688,307	930,826	1,171,423
Ending Fund Balance	688,307	930,826	1,171,423	976,692
Revenues & Other Financing Sources	1,735,027	1,615,979	1,655,711	1,552,074
Expenditures & Other Financing Uses	1,729,824	1,373,460	1,415,114	1,746,805
COMMUNITY SERVICE FUND				
Beginning Fund Balance	610,876	715,912	784,047	352,980
Ending Fund Balance	715,912	784,047	352,980	292,249
Revenues & Other Financing Sources	406,158	466,126	462,708	241,551
Expenditures & Other Financing Uses	301,122	397,991	893,775	302,282
Total Expenditures and Other Financing Sources - All Funds	\$ 57,177,418	\$ 73,980,090	\$ 65,455,916	\$ 79,024,396
Percent Change from Prior Year		29.39%	-11.52%	20.73%
PROPERTY TAX LEVY COMPARISON				
General Fund	\$ 41,025,414	\$ 40,843,709	\$ 42,382,443	\$ 42,936,267
Debt Service Funds	5,188,616	5,357,732	5,437,983	5,691,124
Capital Projects Fund	0	1,152,000	1,182,000	1,196,000
Community Services Fund	142,000	142,000	142,000	40,000
Total School Levy	\$ 46,356,030	\$ 47,495,441	\$ 49,144,426	\$ 49,863,391
%Change from Prior Year		2.46%	3.47%	1.46%

Property Tax Information

Property taxes are the primary funding source for the School District of New Berlin, accounting for 75% of revenues. The recommended property tax levy of \$49,730,914 is 1.2% greater than the prior year. The increase is caused by continued loss of general state aid and a proposed increase for borrowing for energy and operational efficiency projects (see capital budgets below for more information).





















The district's equalized property value will increase 2.3% resulting in a property tax rate decrease of \$.12 per \$1,000 of equalized value for a total tax rate of \$11.23, from the current tax rate of \$11.35, resulting in an estimated gross school tax levy on a home valued at \$250,000 of \$2,808, a decrease of \$30.00 from the 2014-15 school tax of \$2,838.

The table below compares the average change in equalized property value, property tax levy and property tax rate to the average change for the Consumer Price Index (CPI-U) for a 5 and 10 year period. The School Board continues to keep tax levy increases below CPI and has been able to achieve that result, on average, for the last 10 years.

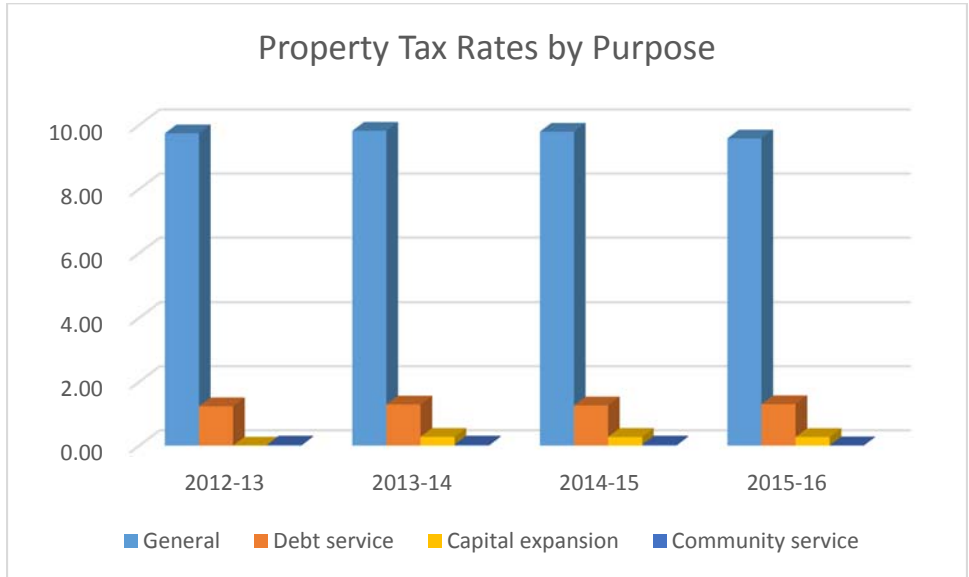
	Change in Value	Change in Levy	Change in Tax Rate
10 year average	1.37%	1.65%	0.39%
5 year average	0.22%	1.61%	1.43%
10 year average change in CPI 	2.13%	2.13%	2.13%
5 year average change in CPI 	2.10%	2.10%	2.10%

The school board works hard to manage the impact of property taxes keeping increases as at or below the rate of inflation whenever possible. The Board has been able achieve this goal in 6 of the last ten years.

10 YEAR TAX LEVY HISTORY

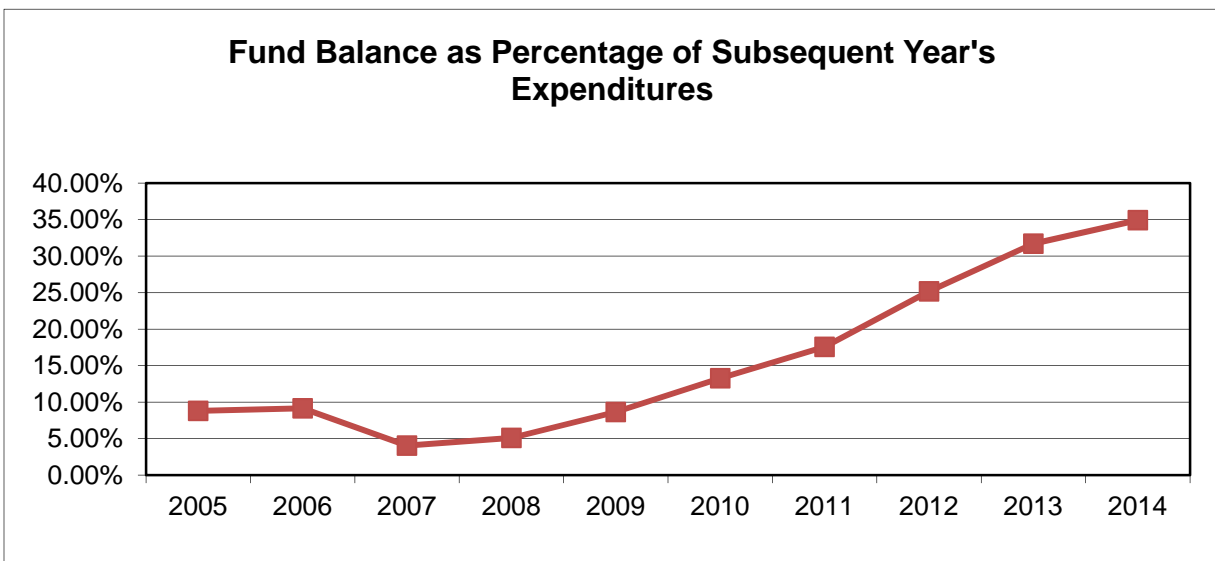
SCHOOL YEAR	EQUALIZED VALUE (Tid out)	CHANGE	TAX LEVY	CHANGE	TAX RATE per \$1000 EQUALIZED	CHANGE	CPI
2005-06	3,884,790,738		42,289,462		\$10.89		
2006-07	4,162,484,804	7.15% 	41,829,268	-1.09% 	\$10.05	(7.69%)	3.20%
2007-08	4,332,086,860	4.07% 	43,388,958	3.73% 	\$10.02	(0.33%)	2.80%
2008-09	4,460,062,936	2.95% 	43,452,788	0.15% 	\$9.74	(2.73%)	3.80%
2009-10	4,478,311,693	0.41% 	44,230,997	1.79% 	\$9.88	1.41%	(1.30%)
2010-11	4,387,266,137	-2.03% 	45,957,743	3.90% 	\$10.48	6.07%	2.25%
2011-12	4,360,177,398	-0.62% 	45,278,754	-1.48% 	\$10.38	(0.95%)	1.80%
2012-13	4,212,589,405	-3.38% 	46,356,030	2.38% 	\$11.00	5.97%	3.20%
2013-14	4,159,800,176	-1.25% 	47,490,440	2.45% 	\$11.42	3.82%	2.16%
2014-15	4,328,411,397	4.05% 	49,142,016	3.48% 	\$11.35	(0.61%)	1.74%
2015-16	4,428,088,120	2.30% 	49,730,914	1.20% 	\$11.23	(1.06%)	1.62%

The levy is used for general operations, repayment of debt, capital projects and. Community services. The approved levy is \$11,761 less than the maximum amount allowed under current school finance law.



Fund Balance

One measure of a school district’s financial condition is fund balance. Credit rating agencies consider the overall fund balance, but give greatest weight to the fund balance for the general fund as a percentage of subsequent year expenditures. Credit reporting agencies consider a fund balance of less than 10% as a negative and any amount over 15% as positive. Through conservative budgeting practices and careful management of expenditures, the district has steadily increased the fund balance to enhance credit ratings and build reserves for identified facility needs.



The district used about \$1.7 million of fund balance during the 2014-15 school year and anticipated using an additional \$5.5 million in 2015-16 for facility renovation projects. This reduction will leave the fund balance about 15% of subsequent year's expenditures.

OPERATING BUDGET

Budget Assumptions

Budget assumptions establish the basis for decisions regarding availability of funding for program and support service priorities. The following general assumptions were used in preparation of the preliminary budget.

Enrollment & staffing	
	Overall enrollment decreased 68 students.
	Membership for purposes of revenue limits will decrease 26, resulting in a one year revenue limit hold harmless of nearly \$300,000.
	Licensed educators will be reduced 5 FTE to adjust for enrollment decline and improved efficiency, offset by 2 additional teachers for students with disabilities.
	Educational assistants for special education programs will increase 2 FTE.
	Administrators will be reduced by 2 FTE.
Revenues	
	Per pupil revenues will be permitted to increase \$150.
	General aid will decrease 17.7%.

Fund Financial Statements

Governments prepare financial statements based on a concept of funds. A fund is an accounting entity that provides information to readers of financial statements about restrictions on the use of available resources. Fund financial statements with additional explanations of change from the current to the budget year are shown below.

General Fund

The general fund, the district's largest fund, is used to account for all financial transactions not required to be recorded in a segregated fund. (In compliance with governmental accounting standards, New Berlin reports the Special Education Fund as part of the General Fund.)

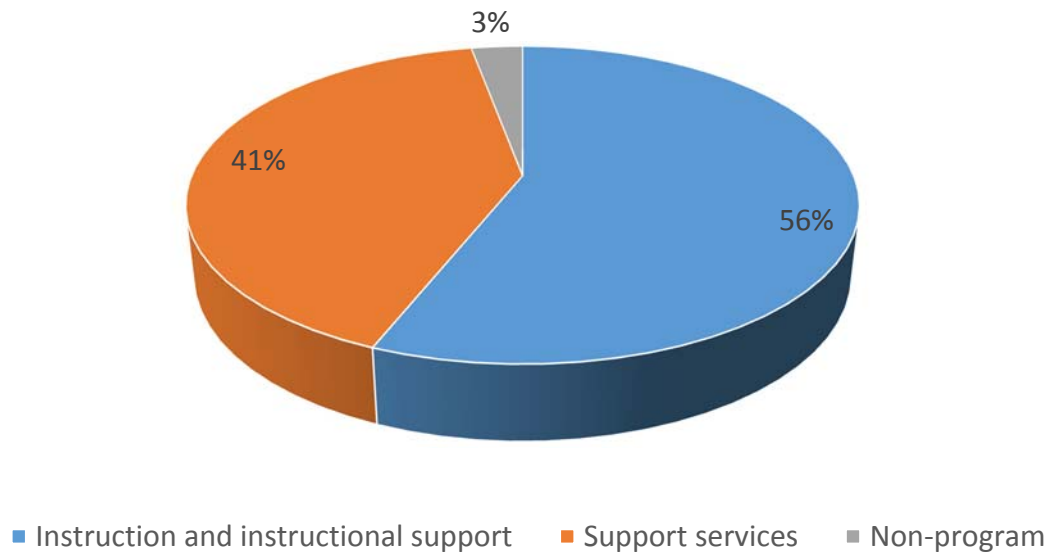
1. The property tax levy for the general fund only will increase \$325,604, .8%, as a result of:
 - a. \$ 582,177 reduction in general state aid, offset with
 - b. \$ (256,573) general decrease
2. Facility rental fees, recorded in the community service fund in prior years, will be recorded in the general fund in 2015-16 and forward (see changes in community service fund below), offset by reductions in anticipated other receipts.
3. Receipts from other school districts will increase slightly as the district as a result of increased aids under the state's open enrollment program.
4. New Berlin has reduced reliance on CESA programs as it continues to seek more cost effective means of delivering programs for special and alternative education.
5. General state aid continues to decrease 15% or more per year. Because general state aid is a property tax relief program, decreases in general state aid are often replaced with increases in local property taxes (see #1 above).

6. State categorical aids are budgeted to decrease as the state's support of education is reduced.
7. New Berlin has requested and been approved for additional federal aid to support the growth of career education programming.
8. Other sources constitutes refunds of prior year expenditures, such as Medicaid and dividends on worker's compensation insurance. Both of these sources are estimated to decrease.
9. The Board approved a general increase in wages of 1.5% plus additional funding for merit pay. The cost of medical benefits will increase 2.5%
10. Additional funding is provided for career education (offset by additional federal funding, (see #7 above).
11. Special education staffing continues to be adjusted as students previously served in other school districts are returned to district programs.
12. The decrease in the budget for pupil services is based on a new delivery model for the student and family assistance program. The change was made in 2014-15 and resulted in additional costs due to the transition in that year.
13. General administration costs are reduced reflecting less staff, reduction in estimated legal fees, reduced consulting and other cost efficiencies.
14. Reductions in school administration are due to an accounting change where the cost of lunch and recess aids are being reported as part of buildings & grounds as required.
15. The extraordinary increase in buildings and grounds is due to:
 - a. a number of capital projects that will be started and / or finished during the year (refer to capital budget information below),
 - b. an accounting change related to reporting of lunch and recess aids (see #14 above) and
 - c. an accounting change to record costs for staff related to community use of facilities (these costs are offset with increased revenue, see #2 above).
16. Contracted pupil transportation costs will increase 3% offset by a projected decrease in costs for vehicle fuel.
17. Central services includes costs for technology that will increase to acquire devices for the digital learning initiative.
18. Insurance costs will decrease as a result of placing the district's property insurance with a different agency and reductions in worker's compensation premiums.
19. The district's last payment on capital leases was made in 2014-15.
20. Other support services includes costs for postemployment benefits which continue to decrease as a result of past decision by the school district.
21. Tuition payments are estimated to increase as the open enrollment tuition is adjusted upward and the number of students that attend programs in other school districts under the state's expanded alternative enrollment programs.
22. These offsetting amounts are a nuance of school accounting regulations where the district transfers money between the general and special education funds.
23. The reduction in fund balance is purposeful and planned, related to the district's long-term strategic facility maintenance and remodeling plan (for additional information refer to the capital budgets below).
24. The reduction in the 2014-15 school year was also planned, as described above.

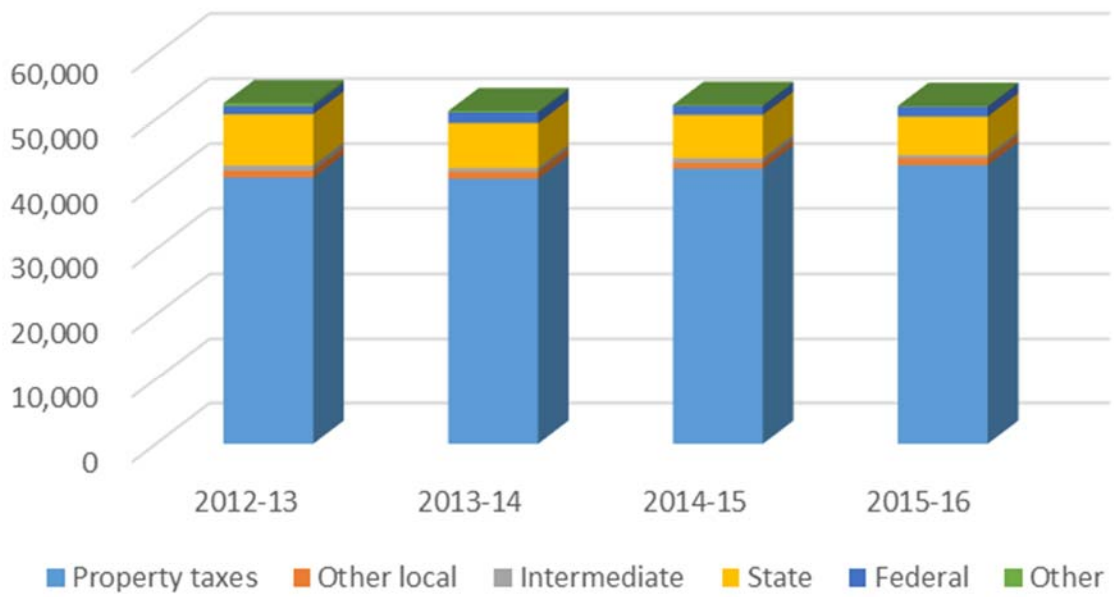
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND (includes SPECIAL EDUCATION)

	2012-13 <u>Actual</u>	2013-14 <u>Actual</u>	2014-15 <u>Actual</u>	2015-16 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
Revenues							
Property taxes	\$ 41,025,414	\$ 40,843,709	\$ 42,382,443	\$ 42,708,047	\$ 325,604	0.76%	1
Other local sources	1,042,167	1,074,502	1,075,057	1,037,231	(37,826)	-3.65%	2
Other school district sources	795,081	494,188	477,906	510,939	33,033	6.47%	3
CESA and other intermediate sources	-	51,027	-	-	-		4
State sources							
General aid	5,779,210	4,573,624	3,884,879	3,299,702	(585,177)	-17.73%	5
Categorical aid	2,117,416	2,350,148	2,855,134	2,638,078	(217,056)	-8.23%	6
Federal sources	1,260,850	1,646,358	1,525,616	1,598,905	73,289	4.58%	7
Other sources	427,984	219,458	150,058	121,463	(28,595)	-23.54%	8
Total revenues	52,448,122	51,253,014	52,351,093	51,914,365	(436,728)	-0.84%	
Expenditures							
Instruction							
Regular instruction	18,675,156	18,941,868	18,293,278	19,085,689	792,411	4.15%	9
Vocational instruction	520,579	688,193	724,887	901,303	176,416	19.57%	9, 10
Special instruction	4,623,718	4,976,957	4,931,930	5,167,341	235,411	4.56%	9, 11
Other instruction	1,854,329	1,836,623	2,161,178	2,016,268	(144,910)	-7.19%	9
Total instruction	25,673,782	26,443,641	26,111,273	27,170,601	1,059,328	3.90%	
Support services							
Pupil services	1,355,220	1,354,597	1,730,943	1,601,524	(129,419)	-8.08%	9, 12
Instructional staff services	2,306,680	2,827,398	3,103,699	3,462,467	358,768	10.36%	9
General administration	693,889	797,383	758,344	502,263	(256,081)	-50.99%	9, 13
School administration	2,369,079	2,393,034	2,450,725	2,630,986	180,261	6.85%	9, 14
Fiscal services	771,229	754,268	794,461	777,536	(16,925)	-2.18%	9
Buildings and grounds	6,522,217	6,161,049	8,947,014	10,777,188	1,830,174	16.98%	9, 15
Pupil transportation	2,460,257	2,412,365	2,634,758	2,943,940	309,182	10.50%	16
Other business services	280,352	257,211	450,789	182,534	(268,255)	-146.96%	
Central services	3,255,599	3,314,673	3,382,301	3,950,763	568,462	14.39%	17
Insurance	500,859	412,021	407,530	395,436	(12,094)	-3.06%	18
Principal and interest	742,225	343,701	291,206	156,332	(134,874)	-86.27%	19
Other support services	1,785,861	1,078,142	959,968	1,202,067	242,099	20.14%	20
Total support services	23,043,467	22,105,842	25,911,738	28,583,036	2,671,298	9.35%	
Non-program							
Tuition payments	1,187,206	1,347,444	2,018,343	1,685,999	(332,344)	-19.71%	21
Other non-program	13,274	3,852	11,168	-	(11,168)		
Total non-program	1,200,480	1,351,296	2,029,511	1,685,999	(343,512)	-20.37%	
Total expenditures	49,917,729	49,900,779	54,052,522	57,439,637	3,387,115	5.90%	
Excess revenues over expenditures	2,530,393	1,352,235	(1,701,429)	(5,525,272)	(3,823,843)	69.21%	
Other financing sources (uses)							
Transfers from other funds	-	-	-	4,747,285	4,747,285	100.00%	22
Transfers to other funds	-	-	-	(4,747,285)	(4,747,285)	100.00%	22
Proceeds from sale of capital assets	10,300	3,070	3,853	-	(3,853)		
Borrowed amounts	-	-	-	455,448	455,448	100.00%	
Total other financing sources (uses)	10,300	3,070	3,853	455,448	451,595	99.15%	
Net Change in Fund Balance	2,540,693	1,355,305	(1,697,576)	(5,069,824)	(3,372,248)	66.52%	23
Fund balance, beginning of year	12,572,619	15,113,312	16,468,617	14,771,041	(1,697,576)	-11.49%	24
Fund balance, end of year	\$ 15,113,312	\$ 16,468,617	\$ 14,771,041	\$ 9,701,217	\$ (5,069,824)	-52.26%	
Supplemental information							
Expenditures by fund							
General fund	43,658,600	43,250,286	51,525,677	50,179,944	(1,345,733)	-2.68%	
Special education fund	0	0	(4,517,916)	7,259,692	11,777,608	162.23%	
Total expenditures by fund	43,658,600	43,250,286	47,007,761	57,439,637	10,431,876	18.16%	

General Fund Expenditures by Major Function



General Fund Revenues by Source



Debt Service Fund

The district has two debt services funds used to record financial transactions related to repayment of long-term debt and the corresponding interest thereon.

1. Unlike the property tax levy for other funds, which is based on the fiscal year, taxes for debt service are set, in accordance with law, for principal and interest payments for the ensuing calendar year.
2. Other local sources are made up of two items:
 - a. Investment earnings on temporarily idle cash set aside for repayment of debt. Amounts taxed for debt repayment are required to be put in segregated bank accounts and interest earned on such amount may be used to reduce subsequent year's property taxes.
 - b. Payments from an outside group to help defray interest costs related to a previously approved project. The final payment on this arrangement was made in the 2013-14 school year.
3. Other sources is federal aid for interest payments on the New Berlin West sewer project. Payments from the federal government are less than the full interest payment as a result of sequestration.
4. The extra ordinary increase in principal payments is as result of the district refinancing a portion of outstanding debt with an interest rate of 3.5 to 4% at a lower interest rate and interest cost. The proceeds for the finance are reported as "borrowed amounts" on the financial statement.
5. Net change in fund balance represents the change in interest payments that will be made the subsequent September.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE DEBT SERVICE FUNDS

	2012-13 <u>Actual</u>	2013-14 <u>Actual</u>	2014-15 <u>Actual</u>	2015-16 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
Revenues							
Property taxes	\$ 5,188,616	\$ 5,357,732	\$ 5,437,983	\$ 5,786,867	\$ 348,884	6.03%	1
Other local sources	11,344	10,710	857	1,000	143	14.30%	2
Other sources	-	13,941	27,867	27,865	(2)	-0.01%	3
Total revenues	5,199,960	5,382,383	5,466,707	5,815,732	349,025	6.00%	
Expenditures							
Support services							
Principal	3,095,000	12,525,000	3,555,002	7,210,000	3,654,998	50.69%	4
Interest	2,133,743	2,395,978	1,981,966	2,949,681	967,715	32.81%	
Debt issuance costs	-	876,835	-	320,000	320,000	100.00%	
Total support services	5,228,743	15,797,813	5,536,968	10,479,681	4,942,713	47.16%	
Non-program							
Other non-program	-	1,307	-	-	-		
Total non-program	-	1,307	-	-	-		
Total expenditures	5,228,743	15,799,120	5,536,968	10,479,681	4,942,713	47.16%	
Excess revenues over expenditures	(28,783)	(10,416,737)	(70,261)	(4,663,949)	(4,593,688)	98.49%	
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-		
Transfers to other funds	-	-	-	-	-		
Borrowed amounts	-	9,995,000	-	4,900,000	4,900,000	100.00%	4
Premium from debt financing	-	449,197	-	-	-		
Total other financing sources (uses)	-	10,444,197	-	4,900,000	4,900,000	100.00%	
Net Change in Fund Balance	(28,783)	27,460	(70,261)	236,051	306,312	129.77%	5
Fund balance, beginning of year	1,110,771	1,081,988	1,109,448	1,039,187	(70,261)	-6.76%	
Fund balance, end of year	\$ 1,081,988	\$ 1,109,448	\$ 1,039,187	\$ 1,275,238	\$ 236,051	18.51%	
Supplemental information							
Expenditures by fund							
Non-referendum debt	4,558,806	15,129,883	4,868,630	9,812,443	4,943,813	50.38%	
Referendum debt	669,937	669,237	668,338	667,238	(1,100)	-0.16%	
Total expenditures by fund	5,228,743	15,799,120	5,536,968	10,479,681	4,942,713	47.16%	

Schedule of Outstanding Debt				
Description	Original Issue Amount	Issue Date	Maturity Date	Balance 06/30/2015
Reagan / West Phase II G.O. Refunding Bo	\$10,000,000	1-Apr-2005	1-Mar-2025	\$1,130,000
Reagan / West Phase II G.O. Refunding Bo	\$22,530,000	6-Feb-2006	1-Mar-2025	7,515,000
Elmwood Elementary G.O. Refunding Bonds	\$5,330,000	22-Mar-2010	1-Mar-2021	3,610,000
West Sewer QSCB Bonds	\$715,000	16-Aug-2010	1-Mar-2020	715,000
WRS Prior Service Obligation G.O. Refundin	\$11,995,000	16-Feb-2011	1-Mar-2029	11,995,000
Eisenhower Boiler / West Sewer G.O. Refur	\$1,290,000	21-Feb-2011	1-Mar-2025	1,290,000
West & Ronald Reagan / 2nd refunding bon	\$9,720,000	19-Jun-2012	1-Mar-2025	9,385,000
ESCO Bonds	\$8,200,000	15-Oct-2013	1-Mar-2028	8,025,000
Refunding bonds	\$9,995,000	24-Feb-2014	1-Mar-2025	9,055,000
Total outstanding general obligation debt				\$52,720,000

In addition to currently scheduled debt, the budget assumes borrowing \$5.1 million for HVAC upgrades, including air conditioning of Orchard Lane and Poplar Creek elementary schools. The district will also refinance nearly \$5 million of outstanding debt to take advantage of lower interest rates.

One measure of a school district's financial position is the amount of outstanding debt compared to the district's legal debt authority, called margin of debt. New Berlin has debt authority of \$442,808,812 (10% of equalized value). Outstanding debt as a percentage of debt authority is 13%.

Food Service Fund

All revenue and expenditures related to pupil food service are recorded in this fund. The district operates the food service program to be self-sufficient, meaning charges and direct aid pay all costs leaving the full taxing authority of the school board for other purposes.

1. The district does not propose an increase in food prices for 2014-15, following several prior years of increases mandated by the federal government. Food sales are expected to decline as a result of the two secondary schools adopting an open campus.
2. Other local sources is earnings on investments, which are expected to increase this next year.
3. The budget includes a general increase in wages of 1.5% and an increase in health benefit costs. The budget assumes additional staffing needed as the program transitions to changes in serving strategies.
4. Property services includes costs for remodeling and facility maintenance. These costs will be reduced in 2015-16 from 2014-15.
5. As utility costs for the district in general are reduced, these saving will accrue to the food service operation.
6. The district will purchase new equipment for satellite serving stations and will continue to invest in updating appliances for energy efficiency and improved productivity.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOOD SERVICE FUND

	2012-13 <u>Actual</u>	2013-14 <u>Actual</u>	2014-15 <u>Actual</u>	2015-16 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
Revenues							
Food sales	\$ 1,315,363	\$ 1,203,587	\$ 1,245,387	\$ 1,191,739	\$ (53,648)	-4.50%	1
Other local sources	-	-	-	1,000	1,000	100.00%	2
State sources	16,811	15,407	14,504	13,253	(1,251)	-9.44%	
Federal sources	402,853	396,985	395,820	345,582	(50,238)	-14.54%	
Other sources	-	-	-	500	500	100.00%	
Total revenues	1,735,027	1,615,979	1,655,711	1,552,074	(103,637)	-6.68%	
Expenditures							
Support services							
Wages & benefits	570,438	604,002	606,889	659,116	52,227	7.92%	3
Purchased services	41,528	33,202	18,246	23,600	5,354	22.69%	
Property services	241,400	10,663	19,136	17,427	(1,709)	-9.81%	4
Utilities	39,882	-	61,243	48,128	(13,115)	-27.25%	5
Supplies and food	703,516	713,365	659,322	637,327	(21,995)	-3.45%	
Non-capital items	11,891	2,681	24,339	20,207	(4,132)	-20.45%	4
Capital equipment	120,256	8,922	25,290	340,000	314,710	92.56%	6
Other	913	625	649	1,000	351	35.10%	
Total expenditures	1,729,824	1,373,460	1,415,114	1,746,805	331,691	18.99%	
Excess revenues over expenditures	5,203	242,519	240,597	(194,731)	(435,328)	223.55%	
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-		
Transfers to other funds	-	-	-	-	-		
Borrowed amounts	-	-	-	-	-		
Total other financing sources (uses)	-	-	-	-	-		
Net Change in Fund Balance	5,203	242,519	240,597	(194,731)	(435,328)	223.55%	
Fund balance, beginning of year	683,104	688,307	930,826	1,171,423	240,597	20.54%	
Fund balance, end of year	\$ 688,307	\$ 930,826	\$ 1,171,423	\$ 976,692	\$ (194,731)	-19.94%	

Community Service Fund

The community service fund is used to account for financial transactions related to programs offered to the entire community, such as adult education and community recreation, without regard to enrollment in one of the district's schools.

1. The tax levy for this fund is reduced due to a reduction in the number of community service programs requiring such subsidy. The tax levy is used to cover deficits in operation of community theater or summer camps.
2. The fees and charges for activities that will continue to be reported in this fund are not proposed to change.
3. Facility rental fees previously recorded in this fund will be recorded in the general fund beginning in 2015-16.
4. Wages will increase 2% plus additional staff for community theater programs.
5. As part of the revised regulations concerning this fund, the state allowed a one-time transfer of funds to the special revenue trust fund in 2014-15.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMMUNITY SERVICE FUND

	2012-13	2013-14	2014-15	2015-16	Increase	%	Notes
	Actual	Actual	Actual	Original	Decrease	Change	
Revenues							
Property taxes	\$ 142,000	\$ 142,000	\$ 142,000	\$ 40,000	\$ (102,000)	-255.00%	1
Fees and charges for programs	88,646	134,941	157,174	139,051	(18,123)	-13.03%	2
Other local sources	173,922	189,185	163,534	62,500	(101,034)	-161.65%	3
Other sources	1,590	-	-	-	-		
Total revenues	406,158	466,126	462,708	241,551	(221,157)	-91.56%	
Expenditures							
Support services							
Wages & benefits	152,571	175,408	226,017	268,339	42,322	15.77%	4
Purchased services	119,980	147,713	29,642	1,350	(28,292)		3
Non-capital items	16,021	38,699	48,088	27,093	(20,995)	-77.49%	4
Capital equipment	8,813	25,310	2,748	-	(2,748)		4
Other	3,737	10,861	14,419	5,500	(8,919)	-162.16%	4
Total expenditures	301,122	397,991	320,914	302,282	(18,632)	-6.16%	
Excess revenues over expenditures	105,036	68,135	141,794	(60,731)	(202,525)	333.48%	
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-		
Transfers to other funds	-	-	(572,861)	-	572,861		5
Borrowed amounts	-	-	-	-	-		
Total other financing sources (uses)	-	-	(572,861)	-	572,861		
Net Change in Fund Balance	105,036	68,135	(431,067)	(60,731)	370,336		
Fund balance, beginning of year	610,876	715,912	784,047	352,980	(431,067)	-122.12%	
Fund balance, end of year	\$ 715,912	\$ 784,047	\$ 352,980	\$ 292,249	\$ (60,731)	-20.78%	

The district operates the following community education, recreational, cultural and athletic programs, which are open to all community members regardless of enrollment in one of

the district's regular school programs.

Community education (such as technology academy)	14,905
Community recreation (such as summer sport camps)	63,032
Community theater program	151,045
Community pre-school program	73,300
Total	302,282

Special Revenue Trust Fund

As a result of a one-time opportunity, under state regulations, the district created a special revenue trust fund at the end of the 2014-15 school year with a transfer of approximately \$715,000 from the community service fund.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE SPECIAL REVENUE TRUST FUND

	2012-13 <u>Actual</u>	2013-14 <u>Actual</u>	2014-15 <u>Actual</u>	2015-16 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
Revenues							
Fees and charges for programs	-	-	-	0	-		
Other local sources	-	-	-	0	-		
Other sources	-	-	-	-	-		
Total revenues	-	-	-	-	-		
Expenditures							
Support services							
Wages & benefits	-	-	-	93,595	93,595	100.00%	
Purchased services	-	-	-	5,000	5,000		
Non-capital items	-	-	-	-	-		
Capital equipment	-	-	-	-	-		
Other	-	-	-	-	-		
Total expenditures	-	-	-	98,595	98,595	100.00%	
Excess revenues over expenditures	-	-	-	(98,595)	(98,595)	100.00%	
Other financing sources (uses)							
Transfers from other funds	-	-	572,861	-	(572,861)		
Transfers to other funds	-	-	-	-	-		
Borrowed amounts	-	-	-	-	-		
Total other financing sources (uses)	-	-	572,861	-	(572,861)		
Net Change in Fund Balance	-	-	572,861	(98,595)	(671,456)		
Fund balance, beginning of year	-	-	-	572,861	572,861	100.00%	
Fund balance, end of year	\$ -	\$ -	\$ 572,861	\$ 474,266	\$ (98,595)	-20.79%	

Uses of these monies will be to:

1. Develop meaningful and timely instructional modules to be used on a subscription basis, based on new teaching methodologies and digital learning concepts.
2. Conduct periodic education conferences at New Berlin and other parts of the state to bring together leaders and learners to increase educational capacity of all attendees.
3. Create a permanent funding source for School District of New Berlin professional learning needs.

CAPITAL BUDGET

Where the operating budget, explained above, is the basis for appropriations for a single year, the capital budget establishes long-term intent and commitments. New Berlin documents its long-term capital planning in a long range facilities maintenance and remodeling plan that is updated annually. The plan identifies specific projects, anticipated year of completion and funding source and is published on-line or can be obtained by contacting the district office.

The primary funding sources used for capital projects are:

- Property taxes are used to complete projects approved by the School Board in the long range facilities maintenance and remodeling plan. The Board has appropriated approximately \$1.2 million per year for the plan.
- Sales of surplus real estate. The district sold 3 of its 5 unneeded properties for a total of \$1,990,830. These resources have been designated to be used to replace the outdated swimming pool at Eisenhower Middle & High School. A future School Board will determine how the proceeds from the sale of the remaining two properties will be used.
- Use of fund balance. The district, following conservative budget principles, has, over the last 5 years, been able to outperform each year's budget and increase its fund balance for the express purpose of completing several projects identified in the long-range facilities maintenance and remodeling plan. Costs paid from fund balance are reported in the general fund.
- Borrowed funds. The district borrowed \$8.2 million in the 2013-14 school year to invest in several energy and operational efficiency projects that will reduce the need for expenditures in future years. The cost savings achieved are sufficient to service the debt incurred on these projects.

The table on the following page combines sources and uses for all capital projects. Additional detail for specific funding sources or projects is provided in the tables on subsequent pages.

1. Property taxes for capital project are established each year from the approved long-range plan approved by the School Board.
2. The budget includes energy efficiency rebates for proposed new energy efficiency projects.
3. Expenditures include:
 - a. \$1,196,000 for annual capital projects (see project list below).
 - b. \$2,100,000 for the Eisenhower pool project.
 - c. \$5,170,500 for proposed projects:
 - Air conditioning at Poplar Creek and Orchard Lane \$2,700,000
 - HVAC updates at Poplar Creek and Orchard Lane \$2,770,000

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS**

	2012-13 <u>Actual</u>	2013-14 <u>Actual</u>	2014-15 <u>Actual</u>	2015-16 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
Revenues							
Property taxes	\$ -	\$ 1,152,000	\$ 1,182,000	\$ 1,196,000	\$ 14,000	1.17%	1
Other local sources	-	3,169	5,150	1,000	(4,150)	-415.00%	
Other sources	-	1,268	132,872	70,500	(62,372)	-88.47%	2
Total revenues	-	1,156,437	1,320,022	1,267,500	(52,522)	-4.14%	
Expenditures							
Support services							
Wages & benefits	-	-	-	-	-		
Personal services	-	113,377	-	-	-		
Property services	-	4,961,002	3,557,537	8,957,396	5,399,859	60.28%	3
Supplies and materials	-	5,167	-	-	-		
Non-capital equipment	-	14,988	-	-	-		
Building improvements	-	1,400,362	-	-	-		
Capital equipment	-	3,097	-	-	-		
Insurance	-	10,747	-	-	-		
Total expenditures	-	6,508,740	3,557,537	8,957,396	5,399,859	60.28%	
Excess revenues over expenditures	-	(5,352,303)	(2,237,515)	(7,689,896)	(5,452,381)	70.90%	
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-		
Transfers to other funds	-	-	-	-	-		
Sales of real estate	-	36,381	1,954,449	-	(1,954,449)		4
Borrowed amounts	-	8,200,000	-	5,100,000	5,100,000	100.00%	5
Total other financing sources (uses)	-	8,236,381	1,954,449	5,100,000	3,145,551	61.68%	
Net Change in Fund Balance	-	2,884,078	(283,066)	(2,589,896)	(2,306,830)	89.07%	
Fund balance, beginning of year	-	-	2,884,078	2,601,012	(283,066)	-10.88%	
Fund balance, end of year	\$ -	\$ 2,884,078	\$ 2,601,012	\$ 11,116	\$ (2,589,896)		

When a capital project will extend over more than one year or when financing comes from more than one source the district creates a supplemental schedule of revenues, expenditures and changes in fund balance to help readers understand the total scope of expenditures made in prior years, the current year and subsequent years. These supplemental schedules are provided on the next two pages.

The two energy and operational efficiency projects are financed with borrowed money. The energy and operational efficiency project for 2013 was previously approved by the Board and completed in early 2015. The energy and operational efficiency project for 2015 has been approved by the Board subject to satisfactory debt terms.

Supplemental Schedule of Revenues, Expenditures and Changes in Fund Balance					
From Inception and for the Budget Year					
Energy & Operational Efficiency 2013					
	Project Authorization	Transactions in Prior Years	2015-16 Budget	Total Transactions through Budget Year	Positive (Negative) Variance to Authorization
Revenues and other financing sources					
Borrowed amounts	8,200,000	8,200,000		8,200,000	0
Interest on investments	0			0	0
Donated funds	0			0	0
Paid by general fund	0			0	0
Other	0			0	0
Total revenues	8,200,000	8,200,000	0	8,200,000	0
Expenditures and other uses					
Fees and charges	0			0	0
Construction costs	6,993,900	6,788,254		6,788,254	205,646
Owner direct purchases	1,206,100	1,411,746		1,411,746	(205,646)
Other (taxes and rebates)	0				0
Transfer to debt service fund	0			0	0
Total buildings & grounds	8,200,000	8,200,000	0	8,200,000	0
Excess (deficiency) of revenues and other financing sources over expenditures and financing uses.	0	0	0	0	

Project Description	Cost (includes financing)	Payback Year	Utility Cost Savings	Non-utility Cost Savings	One Time Savings
HVAC upgrades – all schools	\$10,724,783	7.8	253,268	\$1,163,051	

**Supplemental Schedule of Revenues, Expenditures and Changes in Fund Balance
From Inception and for the Budget Year
Energy & Operational Efficiency 2015**

	Project Authorization	Transactions in Prior Years	2015-16 Budget	Total Transactions through Budget Year	Positive (Negative) Variance to Authorization
Revenues and other financing sources					
Borrowed amounts	5,100,000		5,100,000	5,100,000	0
Interest on investments	0			0	0
Donated funds	0			0	0
Paid by general fund	0			0	0
Other	70,500			0	(70,500)
Total revenues	5,170,500	0	5,100,000	5,100,000	(70,500)
Expenditures and other uses					
Fees and charges	0			0	0
Construction costs	5,170,000		3,950,000	3,950,000	1,220,000
Owner direct purchases	0		850,000	850,000	(850,000)
Other (taxes and rebates)	0				0
Transfer to debt service fund	0			0	0
Total buildings & grounds	5,170,000	0	4,800,000	4,800,000	370,000
Excess (deficiency) of revenues and other financing sources over expenditures and financing uses.					
	500	0	300,000	300,000	

Project Description	Cost (includes financing)	Payback Year	Utility Cost Savings	Non-utility Cost Savings	One Time Savings
HVAC upgrades – Orchard Lane	\$2,841,575	8.3	\$1,165	\$338,891	\$17,500
HVAC upgrades – Poplar Creek	\$3,249,805	8.3	\$1,077	\$387,161	\$20,500

The energy and operational efficiency projects, 2015, will complete HVAC projects at Orchard Lane and Poplar Creek, helping to achieve maximum energy savings and reduce annual maintenance costs for both labor and parts. Planned projects are:

- ✓ \$1,800,000 Air conditioning Orchard Lane school
- ✓ \$1,900,000 Air condition Poplar Creek school
- ✓ \$1,470,500 HVAC and other upgrades at Orchard Lane and Poplar Creek

The cost for these projects will be financed through general obligation borrowing under the revenue limit exemption authority recently granted by the legislature. The selection of projects for inclusion in the proposed budget is consistent with the findings of the Community Survey on Facilities conducted in 2014 where over 83% of respondents favored completing HVAC upgrades and 76% favored adding air conditioning to Poplar Creek and Orchard Lane. Over 50% (62% and 54% respectively) of taxpayers also indicated they would favor a tax increase, of up to \$62.50 per year, for a home valued at \$250,000, for these projects.

The debt issue needed for this project will be structured of the borrowing to minimize the tax impact by blending the new debt with current outstanding debt and adding one year to the overall debt schedule. The tax impact to complete all projects would average \$20.00 per year for 14 years on a \$250,000 home. The budget assumes an impact of \$15.00 for the 2015-16 budget with a future increase to \$20.00 occurring in years when tax levies will stabilize due to no more decreases in state general aid.

Over 60% of taxpayers favored renovation of the Eisenhower pool, but only 44% favored additional property taxes for that purpose. The budget proposes fixing the pool with proceeds from the sale of surplus property and by using fund balance.

Supplemental Schedule of Revenues, Expenditures and Changes in Fund Balance						
From Inception and for the Budget Year						
Eisenhower Pool						
	Project Authorization	Transactions in Prior Years	2015-16 Budget	Total Transactions through Budget Year	Positive (Negative) Variance to Authorization	
Revenues and other financing sources						
Borrowed amounts	0			0	0	
Interest on investments	0			0	0	
Donated funds	0			0	0	
Paid by general fund	1,100,000		1,100,000	1,100,000	0	
Other	2,100,000		2,100,000	2,100,000	0	
Total revenues	3,200,000	0	3,200,000	3,200,000	0	
Expenditures and other uses						
Fees and charges	0			0	0	
Construction costs	2,700,000		2,700,000	2,700,000	0	
Owner direct purchases	500,000		500,000	500,000	0	
Other (taxes and rebates)	0				0	
Transfer to debt service fund	0			0	0	
Total buildings & grounds	3,200,000	0	3,200,000	3,200,000	0	

Capital projects that will be started in the 2015-16 school year that are funded by segregated property taxes in the capital expansion fund are shown on the next page.

Project Number	Project Description	Building Code	Up Dated Estimate
1013	Toilet room remodeling for accessibility	NBE	50,000
1015	Install textured knobs in hazardous areas	NBE	8,000
1068	Push button on deep 'vestibule' entrance to toilet room	NBW	7,000
1069	Push button at library doors	NBW	3,000
1070	Add H.C. lift for pool	NBW	20,000
1078	Roof Replacement	NBW	75,000
1079	Paint canopy	NBW	5,000
1110	Remodel Main Office to Improve Security (Better control visitor access)	PC	10,000
1129	Seal joints where sidewalk, parking lot, or landscaped area abuts building	PC	30,000
1131	Miscellaneous improvements (Plumbing)	PC	20,000
1148	Remodel Main Office to Improve Security (Better control visitor access)	RR	20,000
1157	Seal joints where asphalt abuts concrete in parking lot when necessary per visual inspection	RR	30,000
1161	Clean transformers	RR	5,000
1162	Clean Switchgear	RR	10,000
1168	Remodel Main Office to Improve Security (Better control visitor access)	OL	20,000
1175	Miscellaneous ADA accessibility upgrades	OL	10,000
1178	Install ADA signage throughout	OL	6,000
1182	Replace exterior doors	OL	28,000
1185	Seal joints where sidewalk, parking lot, or landscaped area abuts building	OL	40,000
1186	Seal around all windows, curtain wall, and exterior doors	OL	60,000
1204	Remodel Main Office to Improve Security (Better control visitor access)	ELM	20,000
1213	Landscape property with focus on entrance, other doors and sloped grades	ELM	40,000
1215	Seal joints where asphalt abuts concrete in parking lot	ELM	35,000
1229	Replace Bleachers in MS Gym	NBW	80,000
1279	Up grade / replace back up generator	OL	40,000
1294	New sound and light system for Little Theater	NBW	50,000
1297	Replace existing concrete sidewalk around the building	NBE	50,000
1299	Upgrade lockers (LT: \$210,000) - (phased in over several years)	NBE	50,000
1300	Upgrades to certain areas of carpeting, tile, and painting (phased in over several years)	NBE	75,000
1309	Assumes roof repairs phased over time	PC	20,000
1310	Replace outdated or damaged restroom floor tile	PC	10,000
1311	Upkeep and necessary replacement of all interior finishes	PC	40,000
1318	Replace outdated or damaged restroom floor tile	OL	10,000
1329	Remodel Auditorium Dressing Rooms (Boy's & Girl's)	NBE	84,000
1360	Upgrade bathroom fixtures	NBE	60,000
1364	Replace exterior doors	OL	75,000