



ORIGINAL BUDGET

2017 - 2018

October 23, 2017

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. The budget is presented as a set of financial tables and charts, each of which represent underlying programs designed to meet the educational needs of the children entrusted to the district. 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. The district has been recognized in the state and nationally for both its educational excellence as well as effective management of resources.

New Berlin, like other school districts in Wisconsin, operates under a school finance system that limits revenues. This budget demonstrates that increases in available resources does not keep pace with increases in the cost to operate the district using current service delivery models, resulting in drawing down the fund balance by more than \$1.4 million. Projections for the next several years shows a continuing increase in the operating deficit.

During the course of the 2017-18 year the district will intentionally challenge current program delivery and staffing models and identify options to maintain a quality education at a reasonable cost. This is not only necessary, but a vital part of the process of proactively addressing the challenge to use our limited resources to maintain instructional excellence but will result in the need to secure additional resources or make major changes in the long-term traditions of this school district.

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 and revenue limit and general state aids, certified on October 15. Other adjustments are made at this time to account for changes in staffing, planned capital projects, debt issuance or other items.

Material changes from the preliminary budget include:

1. Fewer staff reductions due to a smaller than projected decrease in elementary pupil enrollment.
2. Deficit spending in the general fund increased from an estimated \$1 million to \$1.3 million due primarily to medical benefit cost increases and the lose of some one-time revenues in the 2016-17 year.
3. Recommended property tax levy is \$20,000 lower.
4. The growth in property values is 4.7% as compared to the estimated growth of 3%.

The budget presented herein complies with current federal and state school finance regulations and provides adequate resources, through the use of fund balance, to operate the district for the 2017-18 school year.

Budget Summary

The Wisconsin Department of Public Instruction requires the school district publish its budget the format 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, that can make comparison from one year to the next difficult. Conducting analysis without knowledge of district programming, school finance regulations and governmental accounting rules may lead to erroneous conclusions. The following overview is provided to identify extraordinary transactions between the actual results of 2016-17 and the budget for 2017-18. More detailed information is provided in individual fund statements later in this report.

Item	As Reported in Conformance with the Prescribed Format	Adjusted for Extraordinary Transactions
Revenues & other financing sources	Increase 6.9% that includes borrowing \$4 million for the final energy and operational efficiency project.	Removing the \$4 million borrowing results in a comparative increase of .6%.
Expenditures & other financing uses	The 2017-18 budget includes \$1 million to pre-pay long-term debt.	Removing the \$1 million for pre-payment of debt results in a comparative increase of .3%.

The most common manner of analyzing governmental budgets is to compare the proposed budget year to the most recent year’s final results. The 2017-18 budget reflects the following extraordinary items.

\$4.0 million Borrow funds to complete the final energy and operational efficiency project, impacting primarily New Berlin West with smaller projects at Eisenhower, Elmwood and Ronald Reagan.

\$1.0 million Pre-pay outstanding long-term debt that carries the highest interest rates.

In addition to the extraordinary items, the budget includes the following changes from current practices and strategies.

Eliminate funding for the district’s approved long-range facilities and maintenance plan and long-range furniture and equipment replacement plan.

Reduce expenditure budgets for schools and departments by 10%.

Add an expenditure for a revenue development initiative to help reduce reliance on property taxes in the future.

Statement of Revenues, Expenditures & Changes in Fund Balance				
ORIGINAL BUDGET				
	2014-15	2015-16	2016-17	2017-18
	ACTUAL	ACTUAL	ACTUAL	ORIGINAL
GENERAL & SPECIAL EDUCATION FUND				
Revenues & Other Financing Sources				
Local Sources	\$ 43,457,500	\$ 44,003,660	\$ 45,906,330	\$ 45,666,387
Intermediate Sources	477,906	311,192	318,533	110,400
State Sources	6,740,013	6,329,625	6,129,625	6,532,875
Federal Sources	1,525,616	1,557,012	1,658,635	1,681,800
Other Sources	150,058	110,974	629,357	296,146
Other financing sources	3,853	454,998	435,163	461,000
Total Sources	52,354,946	52,767,461	55,077,643	54,748,608
Expenditures & Other Uses				
Instruction	26,100,327	26,492,579	28,875,148	28,809,846
Support Services	25,911,374	29,243,033	25,232,527	24,792,163
Non-Program Transactions	2,040,821	2,341,072	2,613,593	2,448,088
Total Expenditures	54,052,522	58,076,684	56,721,268	56,050,097
<i>Excess (deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses</i>				
	(1,697,576)	(5,309,223)	(1,643,625)	(1,301,489)
Fund Balance Beginning of Year	16,417,615	14,720,039	9,410,816	7,767,191
Fund Balance End of Year	14,720,039	9,410,816	7,767,191	6,465,702
SPECIAL REVENUE TRUST FUND				
Beginning Fund Balance	0	572,861	586,688	629,570
Ending Fund Balance	572,861	586,688	629,570	571,521
Revenues & Other Financing Sources	572,861	86,628	212,456	196,408
Expenditures & Other Financing Uses	0	72,801	169,574	254,457
DEBT SERVICE FUNDS				
Beginning Fund Balance	1,109,448	1,039,188	1,130,228	1,096,345
Ending Fund Balance	1,039,188	1,130,228	1,096,345	782,013
Revenues & Other Financing Sources	5,466,708	10,939,560	5,779,402	6,874,623
Expenditures & Other Financing Uses	5,536,968	10,848,520	5,813,285	7,188,955
CAPITAL PROJECT FUNDS				
Beginning Fund Balance	2,884,078	2,601,012	3,391,624	(0)
Ending Fund Balance	2,601,012	3,391,624	(0)	(0)
Revenues & Other Financing Sources	3,274,471	6,601,264	516,274	4,000,000
Expenditures & Other Financing Uses	3,557,537	5,776,977	3,907,898	4,000,000
FOOD SERVICE FUND				
Beginning Fund Balance	930,826	1,171,423	1,044,578	1,035,867
Ending Fund Balance	1,171,423	1,044,578	1,035,867	991,407
Revenues & Other Financing Sources	1,655,711	1,558,386	1,544,427	1,487,382
Expenditures & Other Financing Uses	1,415,114	1,685,231	1,553,138	1,531,842
COMMUNITY SERVICE FUND				
Beginning Fund Balance	784,047	352,980	320,553	397,265
Ending Fund Balance	352,980	320,553	397,265	347,812
Revenues & Other Financing Sources	462,708	227,819	365,635	679,583
Expenditures & Other Financing Uses	(251,947)	260,246	288,923	729,035
Total Expenditures and Other Financing Uses - All Funds	\$ 64,310,194	\$ 76,720,460	\$ 68,454,086	\$ 69,754,386
Percent Change from Prior Year		19.30%	-10.77%	1.90%
PROPERTY TAX LEVY COMPARISON				
General Fund	\$ 42,382,443	\$ 42,709,167	\$ 44,659,454	\$ 44,404,278
Debt Service Funds	5,437,983	5,786,867	5,749,322	6,844,658
Capital Projects Fund	1,182,000	1,196,000	424,448	0
Community Services Fund	142,000	40,000	140,000	496,513
Total School Levy	\$ 49,144,426	\$ 49,732,034	\$ 50,973,224	\$ 51,745,449
%Change from Prior Year		1.20%	2.50%	1.51%

Revenue Limit Exemption

In accordance with Wisc. Stats. 121.94 (4) (0) 1 the district provides the following disclosure.

Revenue limit exemption for energy conservation (Wisc. Stats. 121.91(4)(0)1.				
The School District of New Berlin exercised its taxing authority to exceed the revenue limit on a non-recurring basis by \$581963 on energy efficiency measures and renewable energy products for the 2017-18 school year. The district will expend this full amount on debt service payments for approved projects. As a result of these expenditures, the district has met the following performance indicators:				
Project	Cost (includes financing)	Payback Years	Utility Cost Savings	Non-Utility Cost Savings
HVAC upgrades Eisenhower	\$10,724,783	7.8	\$253,268	\$1,163,051
HVAC upgrades Orchard Lane	\$2,841,575	8.3	\$1,165	\$338,891
HVAC upgrades Poplar Creek	\$3,249,805	8.3	\$1,077	\$387,161

Property Tax Information

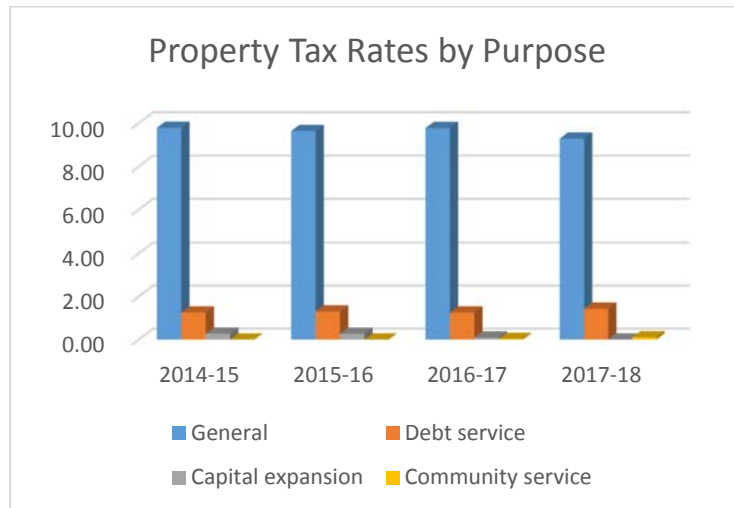
Property taxes are the primary funding source for the District, accounting for 82% of revenues. The recommended property tax levy of \$51,745,449 is less 1.5% greater than the prior year. The increase is caused by continued loss of general state aid and pre-payment of outstanding long-term debt. The percentage increase for the levy has been less than the rate of inflation in 5 of the prior 10 years.

Equalized property values increased 4.7% resulting in a property tax rate decrease of \$.34 per \$1,000 of equalized value. The estimated tax rate for 2017-18 is \$10.83 as compared to the current tax rate of \$11.16; the first time the tax rate has been below \$11.00 in 6 years. The projected tax rate will result in four straight years with a reduction. The estimated gross school tax levy on a home valued at \$250,000 is \$2,706, a decrease of \$84.02 from the current school tax of \$2,791.

10 YEAR TAX LEVY HISTORY

SCHOOL YEAR	EQUALIZED VALUE (Tid out)	CHANGE	TAX LEVY	CHANGE	TAX RATE per \$1000 EQUALIZED	CHANGE
2007-08	4,332,086,860		43,388,958		\$10.02	
2008-09	4,460,062,936	2.95%	43,452,788	0.15%	\$9.74	(2.73%)
2009-10	4,478,311,693	0.41%	44,230,997	1.79%	\$9.88	1.38%
2010-11	4,387,266,137	-2.03%	45,957,743	3.90%	\$10.48	6.06%
2011-12	4,360,177,398	-0.62%	45,278,754	-1.48%	\$10.38	(0.87%)
2012-13	4,212,589,405	-3.38%	46,356,030	2.38%	\$11.00	5.97%
2013-14	4,159,800,176	-1.25%	47,490,440	2.45%	\$11.42	3.75%
2014-15	4,328,411,397	4.05%	49,142,016	3.48%	\$11.35	(0.55%)
2015-16	4,428,088,120	2.30%	49,692,034	1.12%	\$11.22	(1.16%)
2016-17	4,566,665,526	3.13%	50,973,224	2.58%	\$11.16	(0.53%)
2017-18	4,779,770,578	4.67%	51,745,449	1.51%	\$10.83	(3.01%)

As shown in the following chart, the levy is used primarily for general operations. Other uses include repayment of debt, capital projects (in prior years) and community services. The proposed levy is the maximum amount allowed under current school finance law.

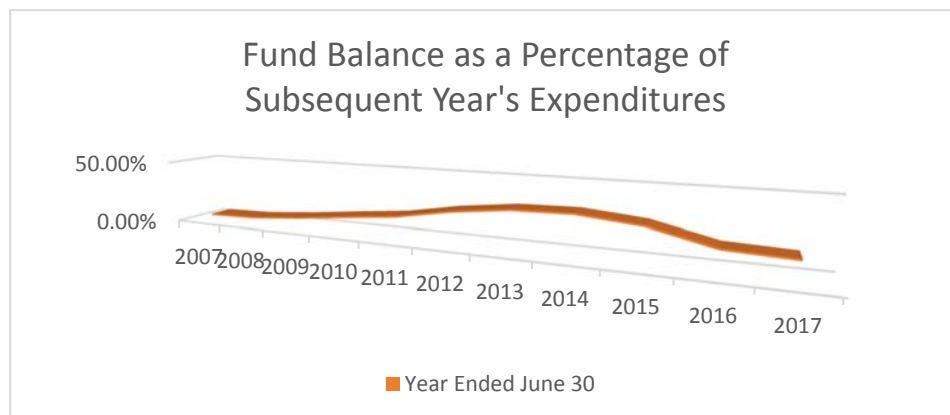


Fund Balance

One measure of a school district’s financial condition is fund balance. New Berlin’s credit rating, by Moody’s Investor Services, is Aa2, a slight decrease from the most recent prior rating.

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 agencies consider a fund balance of less than 10% as a negative and any amount over 20% as positive. Through conservative budgeting practices and careful management of expenditures, the district has steadily increased the fund balance for several years to enhance credit ratings and build reserves for identified facility needs.

The School Board approved a series of capital project to be completed over the course of the 2015-16 and 2016-17 school years drawing down the projected fund balance to just over 15%. The projected deficit for 2017-18 will reduce the fund balance to a projected 11.5%.



OPERATING BUDGET

Budget Assumptions

Budget assumptions establish the basis for decisions regarding availability of funding for program and support service priorities. Assumptions take into consideration known and well as anticipated changes, both within the control of the School Board and factors outside the District's direct control, based on short and long-term projections. The following general assumptions were used in preparation of the preliminary budget.

Enrollment & staffing

- Overall enrollment decreased 25 students.
- Teaching staff will be reduced 1.25 FTE to align staffing with current and prior year enrollment decreases and available resources.
- Educational assistants for special education programs will increase 2 FTE.
- The district will increase psychologists by 1 to 1.5 FTE.

Revenues

- The stated approve an increase in per pupil categorical aid of \$200, bringing the total aid amount to \$450.
- General aid will decrease 17.7%.
- Tuition payments for students that open enroll into the district will decrease over \$200,000.

Expenditures

- A reduction of \$425,000 is proposed in the long-range facility maintenance and remodeling plan leaving the amount funded at \$0.
- Funding for the long-range equipment replacement plan is not proposed in this budget.
- The district will increase the number of digital devices by 1,200 as part of the previously approved digital initiative.
- Health benefit costs, after several years of reductions, will increase 16.7%.

Fund Financial Statements

Governments prepare financial statements based on a concept of funds. A fund is an accounting entity that provides information about sources, uses and restrictions on available resources. Fund financial statements are presented in the pages below accompanied with an explanation of major changes from the current to the budget year.

General Fund

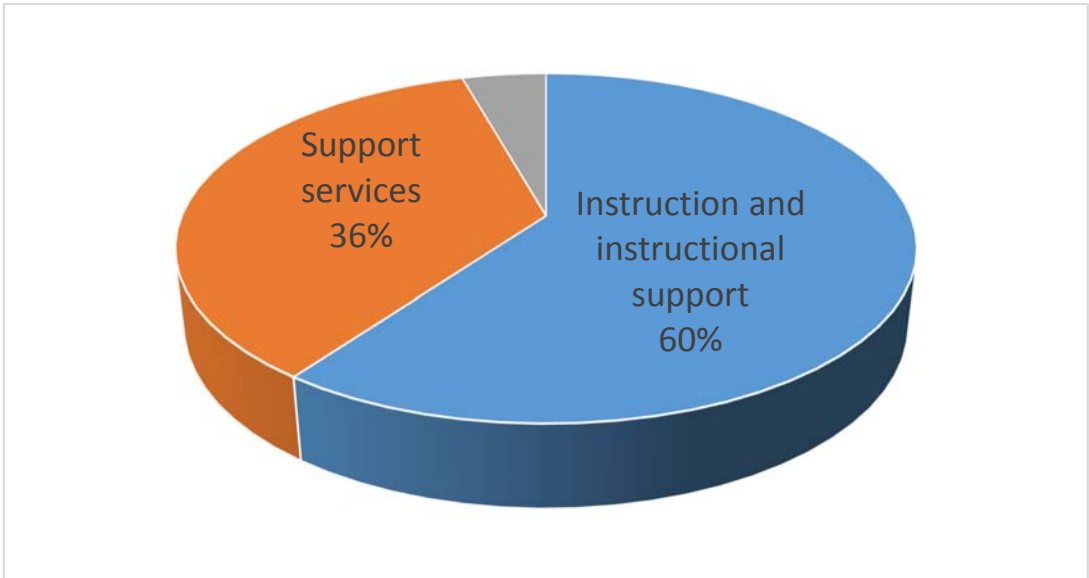
The general fund, the district's largest fund, is used to account for all financial transactions not required to be recorded in a segregated fund. (In compliance with governmental accounting standards, New Berlin reports the Special Education Fund as part of the General Fund.)

1. The property tax levy for the general fund only will decrease \$255,176 (the general fund decrease is offset by increases in other funds for a net tax levy increase of \$772,225) as a result of:
 - a. \$ (950,576) reduction in revenue limit authority, offset with,
 - b. \$ 419,086 reduction in general state aid,
 - c. \$ 112,754 additional energy efficiency levy,
 - d. \$1,000,000 pre-payment of high interest long-term debt, and
 - e. \$ 190,961 Other taxes.
2. Receipts from other school districts will decrease as the district continues to decrease the number of students accepted under the state's open enrollment program.
3. The budget projects a maximum decrease in the amount of general state aid. Because general state aid is a property tax relief program, decreases in general state aid may be replaced with increases in local property taxes.
4. The state budget increases the amount of per pupil categorical aid. Categorical aid is generally targeted to specific purposes and are therefore not available to support general education programs.
5. The Board approved a general increase in wages of 2% plus additional funding for strategic compensation.
6. Wage increases are offset by continued efforts to improve staffing efficiency and staffing reductions aligned with reductions in student enrollment.
7. Costs for vocational instruction increase as additional students enroll in these classes and more federal and state funding is available to support such programs.
8. The district increased the number of psychologists and added a social worker.
9. Instructional staff services costs will decrease because of elimination of one-time expenses needed in 2016-17 for transition, reduction in staff and a general 10% operating budget reduction.
10. General administration cost decreases represent an accounting change.
11. Fiscal services purchased new computer software in each of the last two year, such costs not continuing in the budget year.
12. Cutback in the buildings & ground budget are as planned and include lower utility costs because of various energy efficiency projects and reduction in contracted cleaning costs. Further reduction is a result of not funding the long-range facilities and maintenance & remodeling plan.
13. A general increase of 3% plus additional transportation for career education programs.
14. Other business services includes higher costs for traveling teachers.
15. Costs for worker's compensation, liability and property insurance will all increase in the budget year.
16. The district will enter its 3rd and final rotating equipment lease to complete the digital learning implementation for 4, 5 and 6th grades.
17. Other support services are primarily costs for retiree health benefits, which increase at a faster rate than the general medical benefit increase.
18. The district is projecting lower costs to service resident students in non-resident districts.
19. The district's long-term digital learning initiative anticipates a continuously rolling equipment lease.

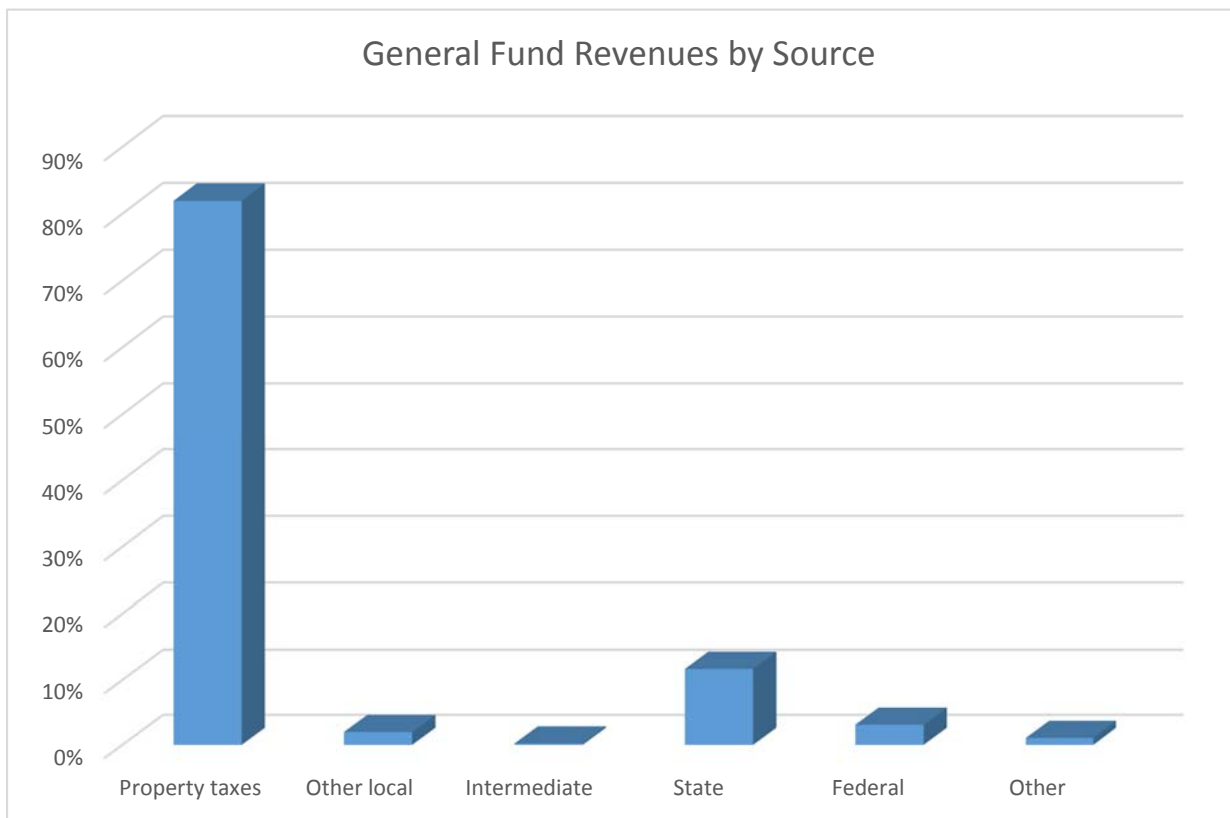
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND (includes SPECIAL EDUCATION)

	2014-15 <u>Actual</u>	2015-16 <u>Actual</u>	2016-17 <u>Actual</u>	2017-18 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
Revenues							
Property taxes	\$ 42,382,443	\$ 42,709,167	\$ 44,659,454	\$ 44,404,278	\$ (255,176)	-0.57%	1
Other local sources	1,075,057	1,294,493	1,246,876	1,262,109	15,233	1.21%	
Other school district sources	477,906	311,192	318,533	110,400	(208,133)	-188.53%	2
CESA and other intermediate sources	-	-	-	-	-		
State sources							
General aid	3,884,879	3,299,702	2,811,843	2,388,126	(423,717)	-17.74%	3
Categorical aid	2,855,134	3,029,923	3,317,782	4,144,749	826,967	19.95%	4
Federal sources	1,525,616	1,557,012	1,658,635	1,681,800	23,165	1.38%	
Other sources	150,058	110,974	629,357	296,146	(333,211)	-112.52%	11
Total revenues	52,351,093	52,312,463	54,642,480	54,287,608	(354,872)	-0.65%	
Expenditures							
Instruction							
Regular instruction	18,293,278	18,360,050	20,412,465	20,396,118	(16,347)	-0.08%	5, 6
Vocational instruction	724,887	896,890	808,232	906,586	98,354	10.85%	5, 7
Special instruction	4,920,984	4,935,532	5,379,816	5,469,238	89,422	1.64%	5
Other instruction	2,161,178	2,300,107	2,274,635	2,037,904	(236,731)	-11.62%	5, 6
Total instruction	26,100,327	26,492,579	28,875,148	28,809,846	(65,302)	-0.23%	
Support services							
Pupil services	1,730,943	1,625,915	1,649,657	1,763,917	114,260	6.48%	5, 8
Instructional staff services	3,103,335	3,594,636	3,150,697	3,064,451	(86,246)	-2.81%	5, 9
General administration	758,344	733,259	794,997	736,477	(58,520)	-7.95%	5, 10
School administration	2,450,725	2,564,014	2,808,224	2,841,608	33,384	1.17%	
Fiscal services	794,461	812,047	832,156	763,519	(68,637)	-8.99%	5, 11
Buildings and grounds	8,947,014	10,825,172	7,420,147	6,375,825	(1,044,322)	-16.38%	5, 12
Pupil transportation	2,634,758	2,638,361	2,719,874	2,841,735	121,861	4.29%	13
Other business services	450,789	149,270	134,936	152,954	18,018	11.78%	14
Central services	3,382,301	4,197,178	3,696,886	3,662,851	(34,035)	-0.93%	
Insurance	407,530	389,265	465,499	497,091	31,592	6.36%	15
Principal and interest	291,206	152,414	302,022	454,349	152,327	33.53%	16
Other support services	959,968	1,561,502	1,257,432	1,637,385	379,953	23.20%	17
Total support services	25,911,374	29,243,033	25,232,527	24,792,163	(440,364)	-1.78%	
Non-program							
Tuition payments	2,029,653	2,326,979	2,590,253	2,448,088	(142,165)	-5.81%	18
Other non-program	11,168	14,093	23,340	-	(23,340)		
Total non-program	2,040,821	2,341,072	2,613,593	2,448,088	(165,505)	-6.76%	
Total expenditures	54,052,522	58,076,684	56,721,268	56,050,097	(671,171)	-1.20%	
Excess revenues over expenditures	(1,701,429)	(5,764,221)	(2,078,788)	(1,762,489)	316,299	-17.95%	
Other financing sources (uses)							
Transfers from other funds	-	-	-	5,081,861	5,081,861	100.00%	
Transfers to other funds	-	-	-	(5,081,861)	(5,081,861)	100.00%	
Proceeds from sale of capital assets	3,853	1,000	11,000	11,000	-	0.00%	
Borrowed amounts	-	453,998	424,163	450,000	25,837	5.74%	19
Total other financing sources (uses)	3,853	454,998	435,163	461,000	25,837	5.60%	
Net Change in Fund Balance	(1,697,576)	(5,309,223)	(1,643,625)	(1,301,489)	342,136		
Fund balance, beginning of year	16,417,615	14,720,039	9,410,816	7,767,191	(1,643,625)	-21.16%	
Fund balance, end of year	\$ 14,720,039	\$ 9,410,816	\$ 7,767,191	\$ 6,465,702	\$ (1,301,489)	-20.13%	
Fund balance as percentage of expenditures	27.2%	16.2%	13.7%	11.5%		0.00%	
Supplemental information							
Expenditures by fund							
General fund	47,007,761	50,955,014	48,902,433	48,262,819	(639,615)	-1.33%	
Special education fund	7,044,761	7,121,670	7,818,835	7,787,278	(31,557)	-0.41%	
Total expenditures by fund	54,052,522	58,076,684	56,721,268	56,050,097	(671,172)	-1.20%	

The district spends 60% of its budget on direct instruction and instructional support with 37% on support services (transportation, buildings & grounds, administration, insurance, principal and interest on leases, costs for post-employment benefits). The balance is primarily tuition payments to other school districts under the state open enrollment law.



The district receives 82% of its revenues from property taxes and 12% from the state.



Debt Service Fund

The district has two debt services funds used to record financial transactions related to repayment of principal and interest long-term general obligation debt.

1. Property taxes for repayment of debt are established at the time debt is issued through the adoption of an irrevocable property tax levy. The amounts reported here comply with the various debt adoption resolutions.
2. The budget anticipates approval by the Board to pre-pay outstanding debt carrying high interest rates.
3. Unlike other funds that are based on the fiscal year, debt service revenues are set, in accordance with law, for principal and interest payments for the ensuing calendar year.
4. The budget adjusts fund balance to the minimum amount needed for the subsequent September's interest payments. This helps to reduce the property tax impact of the planned pre-payment of outstanding debt.

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 \$456,666,553 (10% of equalized value). Outstanding debt as a percentage of debt authority is under 11%, representing responsible debt authority.

Schedule of Outstanding Debt Beginning of Fiscal Year

Description	Original Issue Amount	Issue Date	Maturity Date	Balance 06/30/2017
Reagan / West Phase II G.O. Refunding Bonds	\$22,530,000	6-Feb-2006	1-Mar-2025	370,000
Elmwood Elementary G.O. Refunding Bonds	\$5,330,000	22-Mar-2010	1-Mar-2021	2,465,000
West Sewer QSCB Bonds	\$715,000	16-Aug-2010	1-Mar-2020	715,000
WRS Prior Service Obligation G.O. Refunding Bonds	\$11,995,000	16-Feb-2011	1-Mar-2029	11,995,000
Eisenhower Boiler / West Sewer G.O. Refunding Bond	\$1,290,000	21-Feb-2011	1-Mar-2025	1,290,000
West & Ronald Reagan / 2nd refunding bonds	\$9,720,000	19-Jun-2012	1-Mar-2025	9,025,000
ESCO 2013 Bonds	\$8,200,000	15-Oct-2013	1-Mar-2028	7,660,000
Refunding bonds	\$9,995,000	24-Feb-2014	1-Mar-2025	7,125,000
2015 ESCO & Refunding Bonds	\$9,995,000	16-Nov-2015	1-Mar-2029	9,405,000
Total outstanding general obligation debt				<u>50,050,000</u>

The school board approved borrowing \$4,000,000 subsequent to the beginning of the year, for the final energy and operational efficiency project. This new debt will be reflected in subsequent year's financial statements.

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

	<u>2014-15</u> <u>Actual</u>	<u>2015-16</u> <u>Actual</u>	<u>2016-17</u> <u>Actual</u>	<u>2017-18</u> <u>Original</u>	<u>Increase</u> <u>Decrease</u>	<u>%</u> <u>Change</u>	<u>Notes</u>
Revenues							
Property taxes	\$ 5,437,983	\$ 5,786,867	\$ 5,749,322	\$ 6,844,658	\$ 1,095,336	16.00%	1, 2, 4
Other local sources	858	1,646	2,094	2,100	6	0.29%	
Other sources	27,867	32,299	27,986	27,865	(121)	-0.43%	
Total revenues	5,466,708	5,820,812	5,779,402	6,874,623	1,095,221	15.93%	
Expenditures							
Support services							
Principal	3,555,002	8,580,000	5,084,582	5,480,000	395,418	7.22%	3
Interest	1,981,966	2,126,471	728,703	1,708,955	980,253	57.36%	2, 3
Debt issuance costs	-	142,049	-	-	-		
Total support services	5,536,968	10,848,520	5,813,285	7,188,955	1,375,670	19.14%	
Non-program							
Other non-program	-	-	-	-	-		
Total non-program	-	-	-	-	-		
Total expenditures	5,536,968	10,848,520	5,813,285	7,188,955	1,375,670	19.14%	
Excess revenues over expenditures	(70,260)	(5,027,708)	(33,883)	(314,332)	(280,449)	89.22%	
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-		
Transfers to other funds	-	-	-	-	-		
Borrowed amounts	-	4,895,000	-	-	-		
Premium from debt financing	-	223,748	-	-	-		
Total other financing sources (uses)	-	5,118,748	-	-	-		
Net Change in Fund Balance	(70,260)	91,040	(33,883)	(314,332)	(280,449)	89.22%	4
Fund balance, beginning of year	1,109,448	1,039,188	1,130,228	1,096,345	(33,883)	-3.09%	
Fund balance, end of year	\$ 1,039,188	\$ 1,130,228	\$ 1,096,345	\$ 782,013	\$ (314,332)	-40.20%	
Supplemental information							
Expenditures by fund							
Non-referendum debt	4,868,630	10,181,283	5,143,760	5,523,930	380,170	6.88%	
Referendum debt	668,338	667,237	669,525	1,665,025	995,500	59.79%	
Total expenditures by fund	5,536,968	10,848,520	5,813,285	7,188,955	1,375,670	19.14%	

Food Service Fund

All revenue and expenditures related to the school food service operation are recorded in this fund. The district operates the food service program to be self-sufficient, meaning charges and direct aid should pay all costs.

1. Revenue from food sales is expected to decrease because of open campus programs at the secondary schools and declining enrollment.
2. Federal aids are expected to increase due to improved identification of students that will be eligible for free and reduced price lunches.
3. The budget includes a general increase in wages of 2.5% offset by savings achieved by improved staffing or retirement of experienced staff.
4. Property services includes costs for remodeling and facility maintenance. The decrease is due to completion of several projects in the current year.
5. The district will begin charging the food service fund for direct utilities again in 2017-18.
6. Costs for supplies and food will decline because of lower participation in the program.
7. The budget anticipates additional replacement of equipment.
8. The fund balance in the food service fund exceeds federal guidelines; as such, efforts will be made to reduce the balance through replacement of equipment and modernizing operations.

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

	2014-15 <u>Actual</u>	2015-16 <u>Actual</u>	2016-17 <u>Actual</u>	2017-18 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
Revenues							
Food sales	\$ 1,245,387	\$ 1,186,736	\$ 1,172,511	\$ 1,107,836	\$ (64,676)	-5.84%	1
Other local sources	-	-	-	0	-	-	
State sources	14,504	14,887	13,339	14,000	661	4.72%	
Federal sources	395,820	356,763	358,576	365,547	6,971	1.91%	2
Other sources	-	-	-	0	-	-	
Total revenues	1,655,711	1,558,386	1,544,427	1,487,382	(57,044)	-3.84%	
Expenditures							
Support services							
Wages & benefits	606,889	585,787	630,709	617,287	(13,422)	-2.17%	3
Purchased services	18,246	15,430	13,523	18,670	5,147	27.57%	
Property services	19,136	53,192	124,811	52,300	(72,511)	-138.64%	4
Utilities	61,243	-	-	39,201	39,201	100.00%	5
Supplies and food	659,322	644,983	759,773	648,600	(111,173)	-17.14%	6
Non-capital items	24,339	25,788	19,630	28,500	8,870	31.12%	7
Capital equipment	25,290	358,586	-	125,784	125,784	100.00%	7
Other	649	1,466	4,692	1,500	(3,192)	-212.81%	
Total expenditures	1,415,114	1,685,231	1,553,138	1,531,842	(21,296)	-1.39%	
Excess revenues over (under) expenditures	240,597	(126,845)	(8,711)	(44,460)	(35,748)		
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-		
Transfers to other funds	-	-	-	-	-		
Borrowed amounts	-	-	-	-	-		
Total other financing sources (uses)	-	-	-	-	-		
Net Change in Fund Balance	240,597	(126,845)	(8,711)	(44,460)	(35,748)		8
Fund balance, beginning of year	930,826	1,171,423	1,044,578	1,035,867	(8,711)	-0.84%	
Fund balance, end of year	\$ 1,171,423	\$ 1,044,578	\$ 1,035,867	\$ 991,407	\$ (44,460)	-4.48%	

Community Service Fund

The community service fund is used to account for financial transactions related to programs offered to the entire community, without regard to enrollment in one of the district's school. Programs include adult education, adult theater, community relations and pre-school / childcare.

1. The tax levy for this fund is increased in anticipation of increasing programming for community relations and engagement, including an allocation for fund development.
2. The reduction in fees and charges is to bring the district into conformance with new interpretations of the proper accounting for summer sport camps.
3. The district reports personnel costs for various community programs staff here.
4. Costs for fund development.

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

	2014-15 <u>Actual</u>	2015-16 <u>Actual</u>	2016-17 <u>Actual</u>	2017-18 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
Revenues							
Property taxes	\$ 142,000	\$ 40,000	\$ 140,000	\$ 496,513	\$ 356,513	71.80%	1
Fees and charges for programs	157,174	135,546	157,971	129,570	(28,401)	-21.92%	2
Other local sources	163,534	52,273	67,664	53,500	(14,164)	-26.48%	2
Other sources	-	-	-	-	-	-	
Total revenues	462,708	227,819	365,635	679,583	313,948	46.20%	
Expenditures							
Support services							
Wages & benefits	226,017	207,499	221,061	549,757	328,696	59.79%	3
Purchased services	29,642	14,730	12,840	119,100	106,260		4
Non-capital items	48,088	31,396	42,242	19,746	(22,496)	-113.93%	
Capital equipment	2,748	2,855	7,183	-	(7,183)		
Other	14,419	3,767	5,597	4,055	(1,542)	-38.04%	
Total expenditures	320,914	260,246	288,923	692,658	403,735	58.29%	
Excess revenues over expenditures	141,794	(32,427)	76,712	(13,075)	(89,787)	686.69%	
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-		
Transfers to other funds	(572,861)	-	-	-	-		
Borrowed amounts	-	-	-	-	-		
Total other financing sources (uses)	(572,861)	-	-	-	-		
Net Change in Fund Balance	(431,067)	(32,427)	76,712	(13,075)	(89,787)		
Fund balance, beginning of year	784,047	352,980	320,553	397,265	76,712	19.31%	
Fund balance, end of year	\$ 352,980	\$ 320,553	\$ 397,265	\$ 384,189	\$ (13,075)	-3.40%	

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 - technology academy	9,570						
Community outreach & engagement	217,357						3, 4
Community child care	38,920						
Community services - revenue development	80,000						
Community education - Pre-K Academy	113,159						3
Community theater program	146,473						3
Pre-school / day care program	87,180						3
Total	692,658						

Special Revenue Trust Fund

The special revenue trust fund will be used to record financial transactions related to donated amounts or special programs designed and operated by the district that are created with the intent to have excess revenues for the purpose of supporting primary purpose programs in the future. The district will operate concession stands, fund raising, summer sport camps and other extra-ordinary programs through this fund.

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

	2014-15 <u>Actual</u>	2015-16 <u>Actual</u>	2016-17 <u>Actual</u>	2017-18 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
Revenues							
Fees and charges for programs	\$ -	\$ -	\$ -	\$ -	\$ -		
Other local sources	-	86,628	212,456	196,408	(16,048)	-8.17%	
Other sources	-	-	-	-	-		
Total revenues	-	86,628	212,456	196,408	(16,048)	-8.17%	
Expenditures							
Support services							
Wages & benefits	-	-	6,746	11,303	4,558	40.32%	
Purchased services	-	20,477	54,887	33,047	(21,841)	-66.09%	
Non-capital items	-	49,924	99,857	202,053	102,196	50.58%	
Capital equipment	-	-	-	-	-		
Other	-	2,400	8,084	8,054	(30)	-0.37%	
Total expenditures	-	72,801	169,574	254,457	84,883	33.36%	
Excess revenues over expenditures	-	13,827	42,882	(58,049)	(100,931)	173.87%	
Other financing sources (uses)							
Transfers from other funds	572,861	-	-	-	-		
Transfers to other funds	-	-	-	-	-		
Borrowed amounts	-	-	-	-	-		
Total other financing sources (uses)	572,861	-	-	-	-		
Net Change in Fund Balance	572,861	13,827	42,882	(58,049)	(100,931)		
Fund balance, beginning of year	-	572,861	586,688	629,570	42,882	6.81%	
Fund balance, end of year	\$ 572,861	\$ 586,688	\$ 629,570	\$ 571,521	\$ (58,049)	-10.16%	

CAPITAL BUDGET

The operating budget, explained above, is the basis for appropriations for a single year. Capital budgets on the other hand, are intended to record financial transactions for long-term projects and commitments. The budget includes only a single capital project. However, for comparison purposes, the capital projects for prior years are also report here.

1. Property taxes have been assessed in the past few years for capital projects. The budget eliminates the funding source due to the need to preserve levy authority for direct education.
2. The School Board approved an energy and operational efficiency project to be commenced in 2017-18.

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

	2014-15 <u>Actual</u>	2015-16 <u>Actual</u>	2016-17 <u>Actual</u>	2017-18 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
Revenues							
Property taxes	\$ 1,182,000	\$ 1,196,000	\$ 424,448	\$ -	\$ (424,448)		1
Other local sources	5,150	10,278	11,664	-	(11,664)		
Other sources	132,872	671	80,162	-	(80,162)		
Total revenues	1,320,022	1,206,949	516,274	-	(516,274)		
Expenditures							
Support services							
Wages & benefits	-	-	-	-	-		
Personal services	-	42,681	-	-	-		
Property services	3,557,537	4,677,601	3,907,898	4,000,000	92,102	2.30%	2
Payments to other governments	-	400	-	-	-		
Supplies and materials	-	6,307	-	-	-		
Non-capital equipment	-	16,063	-	-	-		
Building improvements	-	1,026,077	-	-	-		
Capital equipment	-	7,848	-	-	-		
Insurance	-	-	-	-	-		
Total support services	3,557,537	5,776,977	3,907,898	4,000,000	92,102	2.30%	
Non-program	-	33,675	-	-			
Total expenditures	3,557,537	5,810,652	3,907,898	4,000,000	92,102		
Excess revenues over expenditures	(2,237,515)	(4,603,703)	(3,391,624)	(4,000,000)	(608,376)	15.21%	
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-		
Transfers to other funds	-	-	-	-	-		
Sales of real estate	1,954,449	294,315	-	-	-		
Borrowed amounts	-	5,100,000	-	4,000,000	4,000,000	100.00%	2
Total other financing sources (uses)	1,954,449	5,394,315	-	4,000,000	4,000,000	100.00%	
Net Change in Fund Balance	(283,066)	790,612	(3,391,624)	-	3,391,624		
Fund balance, beginning of year	2,884,078	2,601,012	3,391,624	(0)	(3,391,624)	#####	
Fund balance, end of year	\$ 2,601,012	\$ 3,391,624	\$ (0)	\$ (0)	\$ -		
Supplemental information							
Expenditures by fund							
Capital expansion fund	575,138	881,042	1,354,182	0	0		
Capital projects fund	2,982,399	4,929,610	2,553,715	4,000,000	1,446,285	36.16%	
Total expenditures by fund	3,557,537	5,810,652	3,907,897	4,000,000	1,446,285	36.16%	

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.

**Supplemental Schedule of Revenues, Expenditures and Changes in Fund Balance
From Inception and for the Budget Year
ESCO 2017**

	Project Authorization	Transactions in Prior Years	2017-18 Budget	Total Transactions through Budget Year	Positive (Negative) Variance to Authorization
Revenues and other financing sources					
Borrowed amounts	4,000,000		4,000,000	4,000,000	0
Interest on investments	5,000		5,000	5,000	0
Donated funds	0			0	0
Paid by general fund	0			0	0
Other	28,000		28,000	28,000	0
Total revenues	4,033,000	0	4,033,000	4,033,000	0
Expenditures and other uses					
Fees and charges	21,422		21,422	21,422	0
Construction costs	3,333,901		3,333,901	3,333,901	0
Owner direct purchases	677,677		677,677	677,677	0
Other (taxes and rebates)	0				0
Transfer to debt service fund	0			0	0
Total buildings & grounds	4,033,000	0	4,033,000	4,033,000	0
Excess (deficiency) of revenues and other financing sources over expenditures and financing uses.	0	0	0	0	0

ADDITIONAL DISCLOSURES

The District has used taxing authority to complete two energy efficiency and operational efficiency projects that require annual reporting showing actual versus guaranteed results for energy savings. The 3rd energy savings project, approved to commence with the 2017-18 budget, will be reported in future years.

ESCO #1 - \$8,200,000; Completed 3/2015 Annual operational savings = \$1,163,051 Payback years 7.8	Annual Debt Payment (Rev Limit Exemption)	Guaranteed Energy Savings	Actual Energy Savings	Actual Over (Under) Guarantee	Cumm Actual Over (Under) Guarantee
2013-14	213,958				
2014-15	416,125	219,145	253,268	34,123	34,123
2015-16	415,800	219,145	273,903	54,758	88,881
2016-17	415,325	219,145			88,881
2017-18	424,550	219,145			88,881
2018-19	423,475	219,145			88,881
2019-20	417,325	219,145			88,881
2020-21	432,000	219,145			88,881
2021-22	1,081,400	219,145			88,881
2022-23	1,079,325	219,145			88,881
2023-24	1,081,425	219,145			88,881
2024-25	1,082,625				88,881
2025-26	1,078,000				88,881
2026-27	1,082,475				88,881
2027-28	1,080,975				88,881
	10,724,783	2,191,450	527,171	88,881	

ESCO #2 - \$5,100,000; Completed 10/2016 Annual operational savings = \$726,052 Payback years 8.3	Annual Debt Payment (Rev Limit Exemption)	Guaranteed Energy Savings	Actual Energy Savings	Actual Over (Under) Guarantee	Cumm Actual Over (Under) Guarantee
2015-16	242,530	2,242			
2016-17	388,025	2,242			0
2017-18	357,775	2,242			0
2018-19	352,775	2,242			0
2019-20	352,775	2,242			0
2020-21	352,775	2,242			0
2021-22	505,775	2,242			0
2022-23	507,275	2,242			0
2023-24	508,575	2,242			0
2024-25	508,550	2,242			0
2025-26	507,175	2,242			0
2026-27	510,488	2,242			0
2027-28	507,275	2,242			0
2028-29	507,500	2,242			0
	6,109,268	29,146	0	0	