



# **ORIGINAL BUDGET**

**2018 - 2019**

**Adopted  
October 22, 2018**

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. In order to match expenditures with available revenue, this budget includes program reductions and adjustments, staffing cuts and continued elimination of funding for long-term facility maintenance and remodeling, equipment replacement, safety initiatives and identified technology updates.

As part of the budget development process, the district has and continues to intentionally challenged current program delivery and staffing models to 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. This multi-year endeavor to define process improvements and implement changes can be disruptive and, in some cases, result in short-term declines in productivity to achieve long-term goals. The business office has determined that maintaining instructional excellence will be difficult without additional financial resources or major changes in the 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 3<sup>rd</sup> 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 teacher staff reductions due to a smaller-than-projected decrease in elementary pupil enrollment, offset by increased reductions in instructional coaches, facilities project manager, central office support staff and one director.
2. Elimination of the projected deficit in the general fund by taking advantage of one-time revenues, reduction and adjustments in programs and positions and continued management of expenditures.

3. Recommended property tax levy is \$1,077,510 less than projected in the spring.
4. The growth in property values is 4.2% compared to an estimated growth of 3%.
5. Projected fund balance, at the end of the year, will be 16.8% of expenditures, versus the preliminary budget projection of 9.2%, alleviating the need for a policy modification.

The budget presented herein complies with current federal and state school finance regulations and provides adequate resources to operate the district for the 2018-19 school year.

### **Budget Summary**

The Wisconsin Department of Public Instruction requires the school district to publish its budget in 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 2017-18 and the budget for 2018-19. More detailed information is provided in individual fund statements that follows the required published budget.

<b>Item</b>	<b>As Reported in Conformance with the Prescribed Format</b>	<b>Adjusted for Extraordinary Transactions</b>
Revenues & other financing sources	Decrease of 5.4% including \$4 million borrowed for the final energy and operational efficiency (ESCO) project in 2017-18.	Removing the \$4 million borrowing results in a comparative increase of .5%.
Expenditures & other financing uses	Increase of 3.8% that includes \$1.9 million for the final ESCO project.	The ESCO project will be finalized in 2018-19 with a similar expenditure, so the comparative increase is also 3.8%

The most common manner of analyzing governmental budgets is to compare the proposed budget year to the most recent year's final results. These extraordinary items were included in the prior year, 2017-18, and are not repeated in the budget year, 2018-19.

- \$4.0 million      Borrow funds to complete the final ESCO 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.

<b>Statement of Revenues, Expenditures &amp; Changes in Fund Balance</b>				
<b>ORIGINAL BUDGET</b>				
	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ORIGINAL</b>
<b>GENERAL &amp; SPECIAL EDUCATION FUND</b>				
<b>Revenues &amp; Other Financing Sources</b>				
Local Sources	\$ 44,003,660	\$ 45,906,324	\$ 45,748,466	\$ 45,180,044
Intermediate Sources	311,192	318,534	273,426	170,072
State Sources	6,329,625	6,129,625	6,681,767	8,019,091
Federal Sources	1,557,012	1,657,835	1,551,773	1,873,117
Other Sources	110,974	635,531	393,474	62,753
Other financing sources	454,998	435,163	434,467	642,435
Total Sources	<u>52,767,461</u>	<u>55,083,012</u>	<u>55,083,373</u>	<u>55,947,512</u>
<b>Expenditures &amp; Other Uses</b>				
Instruction	26,492,579	28,875,091	27,650,751	29,624,423
Support Services	29,243,033	25,233,106	23,130,700	23,226,743
Non-Program Transactions	2,341,072	2,613,076	2,651,279	3,096,346
Total Expenditures	<u>58,076,684</u>	<u>56,721,273</u>	<u>53,432,730</u>	<u>55,947,512</u>
<i>Excess (deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures &amp; Other Uses</i>				
	(5,309,223)	(1,638,261)	1,650,643	0
Fund Balance Beginning of Year	14,720,039	9,410,816	7,772,555	9,423,198
Fund Balance End of Year	<u>9,410,816</u>	<u>7,772,555</u>	<u>9,423,198</u>	<u>9,423,198</u>
<b>SPECIAL REVENUE TRUST FUND</b>				
Beginning Fund Balance	572,861	586,688	629,570	808,222
Ending Fund Balance	<u>586,688</u>	<u>629,570</u>	<u>808,222</u>	<u>795,819</u>
Revenues & Other Financing Sources	86,628	212,456	388,188	208,898
Expenditures & Other Financing Uses	<u>72,801</u>	<u>169,574</u>	<u>209,536</u>	<u>221,301</u>
<b>DEBT SERVICE FUNDS</b>				
Beginning Fund Balance	1,039,188	1,130,228	1,096,346	876,743
Ending Fund Balance	<u>1,130,228</u>	<u>1,096,346</u>	<u>876,743</u>	<u>580,696</u>
Revenues & Other Financing Sources	10,939,560	5,779,403	6,985,870	6,253,456
Expenditures & Other Financing Uses	<u>10,848,520</u>	<u>5,813,285</u>	<u>7,205,473</u>	<u>6,549,503</u>
<b>CAPITAL PROJECT FUNDS</b>				
Beginning Fund Balance	2,567,337	3,391,624	(0)	2,125,759
Ending Fund Balance	<u>3,391,624</u>	<u>(0)</u>	<u>2,125,759</u>	<u>(0)</u>
Revenues & Other Financing Sources	6,601,264	516,274	4,050,230	12,000
Expenditures & Other Financing Uses	<u>5,776,977</u>	<u>3,907,898</u>	<u>1,924,471</u>	<u>2,137,759</u>
<b>FOOD SERVICE FUND</b>				
Beginning Fund Balance	1,171,423	1,044,578	1,035,867	1,043,936
Ending Fund Balance	<u>1,044,578</u>	<u>1,035,867</u>	<u>1,043,936</u>	<u>1,043,936</u>
Revenues & Other Financing Sources	1,558,386	1,544,427	1,452,025	1,531,677
Expenditures & Other Financing Uses	<u>1,685,231</u>	<u>1,553,138</u>	<u>1,443,956</u>	<u>1,531,677</u>
<b>COMMUNITY SERVICE FUND</b>				
Beginning Fund Balance	352,980	320,552	397,264	392,828
Ending Fund Balance	<u>320,552</u>	<u>397,264</u>	<u>392,828</u>	<u>392,828</u>
Revenues & Other Financing Sources	227,819	365,635	703,750	1,024,776
Expenditures & Other Financing Uses	<u>260,247</u>	<u>288,923</u>	<u>708,186</u>	<u>1,024,776</u>
<b>Total Expenditures and Other Financing Uses - All Funds</b>	<b>\$ 76,720,461</b>	<b>\$ 68,454,091</b>	<b>\$ 64,924,352</b>	<b>\$ 67,412,528</b>
<b>Percent Change from Prior Year</b>		<b>-10.77%</b>	<b>-5.16%</b>	<b>3.83%</b>
<b>PROPERTY TAX LEVY COMPARISON</b>				
General Fund	\$ 42,709,167	\$ 44,659,454	\$ 44,404,278	\$ 43,712,509
Debt Service Funds	5,786,867	5,749,322	6,844,658	6,219,739
Capital Projects Fund	1,196,000	424,448	0	0
Community Services Fund	40,000	140,000	496,513	859,276
<b>Total School Levy</b>	<b>\$ 49,732,034</b>	<b>\$ 50,973,224</b>	<b>\$ 51,745,449</b>	<b>\$ 50,791,524</b>
<b>% Change from Prior Year</b>		<b>2.50%</b>	<b>1.51%</b>	<b>-1.84%</b>

## Revenue Limit Exemption

Wisc. Stats. 121.94 (4) (0) 1 requires the district provide the following information related to use of a revenue limit exemption for energy and operational purposes.

<b>Revenue limit exemption for energy conservation (Wisc. Stats. 121.91(4)(0)1).</b>				
The School District of New Berlin exercised its taxing authority to exceed the revenue limit on a non-recurring basis by \$817,850 on energy efficiency measures and renewable energy products for the 2018-19 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 West	\$4,852,422	10.0	\$30,082	\$506,354
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

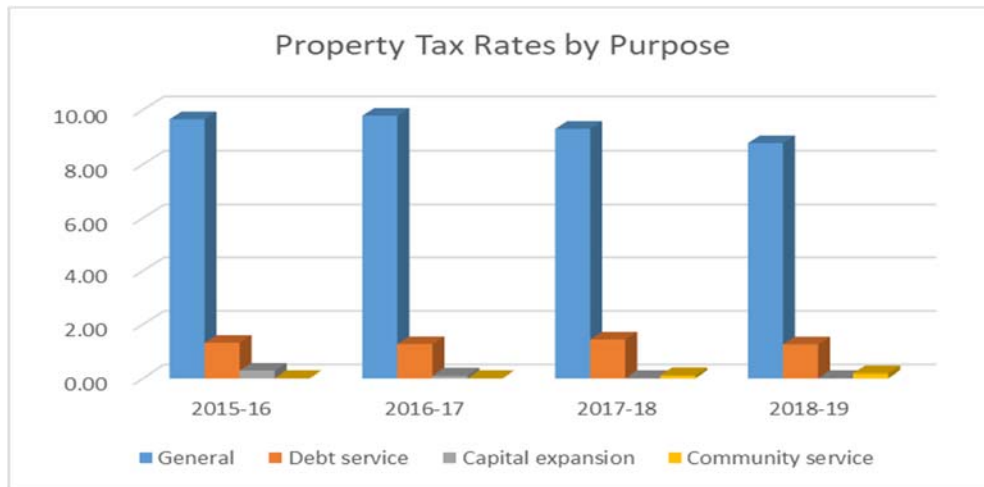
## Property Tax Information

Property taxes are the primary funding source for the District, accounting for 79% of revenues. The property tax levy of \$50,791,524 is 1.8% less than the prior year. The decrease is caused by reduced revenue limit due to declining enrollment and elimination of additional taxes to refinance debt. Equalized property values increased 4.1% resulting in a property tax rate decrease of \$.62 per \$1,000 of equalized value. The tax rate for 2018-19 is \$10.21, compared to the current tax rate of \$10.83; the second straight year the tax rate has been below \$11.00. The projected tax rate will result in five years with a reduction. The estimated gross school tax levy on a home valued at \$250,000 is \$2,551, a decrease of \$155.20 from the current school tax of \$2,706.

### 10 YEAR TAX LEVY HISTORY

SCHOOL YEAR	EQUALIZED VALUE (Tid out)	CHANGE	TAX LEVY	CHANGE	TAX RATE per \$1000 EQUALIZED	CHANGE
2008-09	4,460,062,936		43,452,788		\$9.74	
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%)
2018-19	4,977,053,088	4.13%	50,791,524	-1.84%	\$10.21	(5.73%)

As shown in the chart below, 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.

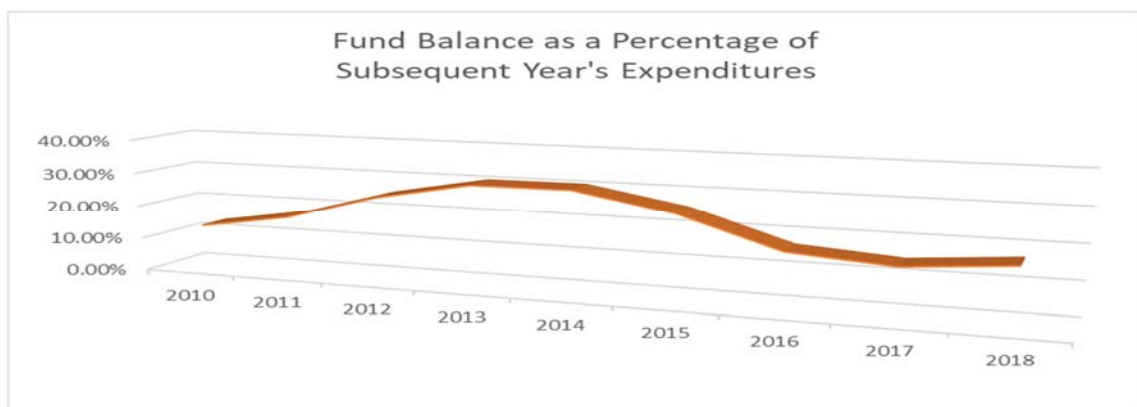


**Fund Balance**

One measure of a school district’s financial condition is fund balance. New Berlin’s credit rating, by Moody’s Investor Services, is Aa2.

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.

The School Board approved a series of capital projects completed during the 2015-16 and 2016-17 school years, drawing down the projected fund balance to just over 15%. In the just completed year, 2017-18, the fund balance was increased \$1.7 million. The budget does not anticipate any further decline in fund balance for 2018-19.



The 2018-19 budget assumes revenue and expenditures will be equal. A healthy fund balance is maintained to reduce reliance on cash flow borrowing and in the event of an unplanned event, such as repair or replacement of a facility or building component.

## 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 as 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 factors were used in preparation of the budget.

#### **Enrollment & staffing**

- Overall enrollment increased 29 students, reversing a number of years with decreases.
- Licensed educators reduced 6.5 FTE to align staffing with available resources.
- Educational assistants for special education programs increased 2 FTE.
- Facility project manager and central office administrative assistant positions eliminated.
- One director position at the district office was eliminated.

#### **Revenue**

- The state approved an increase in per pupil categorical aid of \$204, bringing the total aid amount to \$654, for an increase of over \$900,000
- General aid will decrease 16.87%.
- Tuition payments for students that open enroll into the district will decrease over \$110,000.
- New or increased federal and state grants.
- Sale of surplus land – one time revenue of \$186,000.

#### **Expenditures**

- Medical benefit changes to save \$250,000 in budget year, expected slowing of rate of increase in subsequent years.
- All medical benefit plans now have an employee premium share.
- The long-range facility maintenance and remodeling plan continues to be unfunded.
- The long-range equipment replacement plan continues to be unfunded.
- Employees, other than administrators, will be given a 1% general increase.
- New regulation to record an expenditure for New Berlin students attending a private school with a voucher, in the amount of \$470,000.

### 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 accounts 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.)

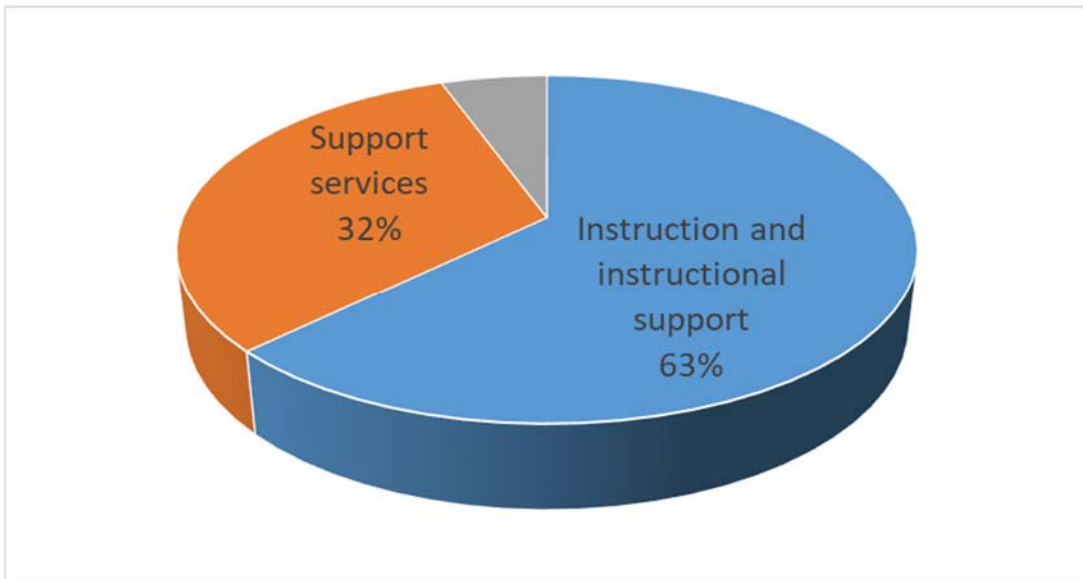
1. The property tax levy for the general fund only will decrease \$691,769. The general fund decrease is part of the overall tax levy, which will decrease a total \$953,925 because of:
  - a. \$ (692,356) reduction in revenue limit authority, offset with,
  - b. \$ 344,779 reduction in general state aid,
  - c. \$ (706,376) increase in other offsetting state aids
  - d. \$ 123,133 additional energy efficiency levies,
  - e. \$ (234,946) reduction in taxes for payment of long-term debt, and
  - f. \$ 236,964 costs paid to private schools through the state
  - g. \$ (25,123) other taxes.
2. Expected increase in revenue associated with investment of temporarily idle cash.
3. Reduction in the number of students from other school district that will be enrolled in a New Berlin school.
4. Certified general state aid is reduced the maximum amount permitted by law because New Berlin is considered a property rich community.
5. Categorical aid includes \$900,000 additional per pupil aid as well as aid for computing devices and aid to offset the costs of a social worker.
6. Federal revenue will increase because of additional aid programs.
7. Other sources include several one-time payments that are not guaranteed from one year to the next. Based on conservative budgeting principles, expected payments in 2018-19 will be less than the prior years.
8. Wages and benefits:
  - a. The district approved a 1% general compensation increase for teachers and support staff
  - b. The district approve no increase for administrators
  - c. Medical benefit costs are expected to increase by \$1 million.
9. The district hired additional staff at the elementary level because of increased enrollment.
10. Vocational and career educational opportunities are expected to continue to experience enrollment growth. Further, the district has received a grant from the Department of Workforce Development to enhance vocational training through the purchase of equipment and software.
11. To provide services for students with severe needs, staffing is increased.
12. Wisconsin mandated several changes in the way technology purchases are to be reported to comply with requirements of the United States Census Bureau. The accounting changes results in the cost of devices being recorded across multiple functions instead of only in Central Services.
13. Reduction of independent consultants and reduced cost for replacement equipment and furniture.
14. Reduction of technology license fees for certain cloud-based programs.
15. Contracted increase of 3% plus an expected increase in the cost of vehicle fuel.
16. Costs for worker's compensation, liability and property insurance will all increase in the budget year.
17. Due to increasing interest rates, the district's cost to borrow funds for temporary cash flow deficits will increase.
18. Other support services are primarily costs for retiree health benefits, which increase at a faster rate than the general medical benefit increase.
19. The district is projecting cost increases to send New Berlin students to private schools through statewide voucher programs. The requirement to record an expense for students attending a voucher eligible school is new this year.
20. The budget anticipates no change in fund balance, after two years of using fund balance for planned capital projects.

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

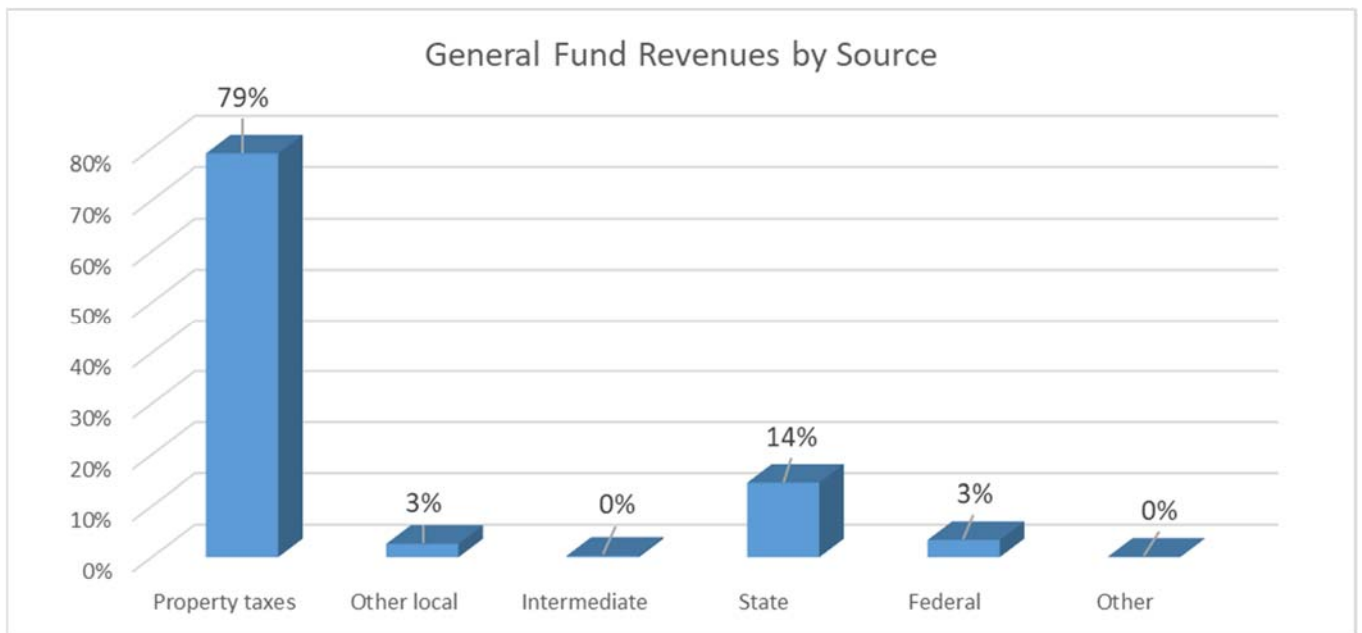
	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>Increase</b>	<b>%</b>	<b>Notes</b>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Original</u>	<u>Decrease</u>	<u>Change</u>	
<b>Revenues</b>							
Property taxes	\$ 42,709,167	\$ 44,659,454	\$ 44,404,278	\$ 43,712,509	\$ (691,769)	-1.58%	1
Other local sources	1,294,493	1,246,870	1,344,188	1,467,535	123,347	8.41%	2
Other school district sources	311,192	318,534	273,426	163,608	(109,818)	-67.12%	3
CESA and other intermediate sources	-	-	-	6,464	6,464	100.00%	
State sources							
General aid	3,299,702	2,811,843	2,388,126	2,043,347	(344,779)	-16.87%	4
Categorical aid	3,029,923	3,317,782	4,293,641	5,975,744	1,682,103	28.15%	5
Federal sources	1,557,012	1,657,835	1,551,773	1,873,117	321,344	17.16%	6
Other sources	110,974	635,531	393,474	62,753	(330,721)	-527.02%	7
<b>Total revenues</b>	<b>52,312,463</b>	<b>54,647,849</b>	<b>54,648,906</b>	<b>55,305,077</b>	<b>656,171</b>	<b>1.19%</b>	
<b>Expenditures</b>							
<b>Instruction</b>							
Regular instruction	18,360,050	20,412,432	19,440,173	20,562,049	1,121,876	5.46%	8, 9
Vocational instruction	896,890	808,227	861,808	1,086,888	225,080	20.71%	8, 10
Special instruction	4,935,532	5,379,816	5,150,848	5,808,044	657,196	11.32%	8, 11
Other instruction	2,300,107	2,274,616	2,197,922	2,167,443	(30,479)	-1.41%	
<b>Total instruction</b>	<b>26,492,579</b>	<b>28,875,091</b>	<b>27,650,751</b>	<b>29,624,423</b>	<b>1,973,672</b>	<b>6.66%</b>	
<b>Support services</b>							
Pupil services	1,625,915	1,649,657	1,753,337	1,818,176	64,839	3.57%	8
Instructional staff services	3,594,636	3,151,297	2,889,007	3,648,578	759,571	20.82%	8, 12
General administration	733,259	794,997	812,445	608,994	(203,451)	-33.41%	13
School administration	2,564,014	2,808,224	2,771,254	2,579,711	(191,543)	-7.42%	13
Fiscal services	812,047	832,156	957,224	852,063	(105,161)	-12.34%	14
Buildings and grounds	10,825,172	7,420,134	6,132,878	6,221,502	88,624	1.42%	8
Pupil transportation	2,638,361	2,719,870	2,787,247	2,881,290	94,043	3.26%	15
Other business services	149,270	134,936	156,975	195,957	38,982	19.89%	12, 13
Central services	4,197,178	3,696,881	3,135,631	1,152,758	(1,982,873)	-172.01%	12
Insurance	389,265	465,499	451,708	530,235	78,527	14.81%	16
Principal and interest	152,414	302,022	467,016	488,370	21,354	4.37%	17
Other support services	1,561,502	1,257,433	815,978	2,249,109	1,433,131	63.72%	12, 18
<b>Total support services</b>	<b>29,243,033</b>	<b>25,233,106</b>	<b>23,130,700</b>	<b>23,226,743</b>	<b>96,043</b>	<b>0.41%</b>	
<b>Non-program</b>							
Contracted instructional services	2,326,979	2,589,651	2,625,284	3,096,346	471,062	15.21%	19
Other non-program	14,093	23,425	25,995	-	(25,995)		
<b>Total non-program</b>	<b>2,341,072</b>	<b>2,613,076</b>	<b>2,651,279</b>	<b>3,096,346</b>	<b>445,067</b>	<b>14.37%</b>	
<b>Total expenditures</b>	<b>58,076,684</b>	<b>56,721,273</b>	<b>53,432,730</b>	<b>55,947,512</b>	<b>2,514,782</b>	<b>4.49%</b>	
Excess revenues over expenditures	(5,764,221)	(2,073,424)	1,216,176	(642,435)	(1,858,611)	289.31%	20
<b>Other financing sources (uses)</b>							
Transfers from other funds	-	-	-	-	-		
Transfers to other funds	-	-	-	-	-		
Proceeds from sale of capital assets	1,000	11,000	-	192,435	192,435	100.00%	21
Borrowed amounts	453,998	424,163	434,467	450,000	15,533	3.45%	
<b>Total other financing sources (uses)</b>	<b>454,998</b>	<b>435,163</b>	<b>434,467</b>	<b>642,435</b>	<b>207,968</b>	<b>32.37%</b>	
<b>Net Change in Fund Balance</b>	<b>(5,309,223)</b>	<b>(1,638,261)</b>	<b>1,650,643</b>	<b>0</b>	<b>(1,650,643)</b>		
<b>Fund balance, beginning of year</b>	<b>14,720,039</b>	<b>9,410,816</b>	<b>7,772,555</b>	<b>9,423,198</b>	<b>1,650,643</b>	<b>17.52%</b>	20
<b>Fund balance, end of year</b>	<b>\$ 9,410,816</b>	<b>\$ 7,772,555</b>	<b>\$ 9,423,198</b>	<b>\$ 9,423,198</b>	<b>\$ 0</b>	<b>0.00%</b>	

The district spends 63% of its budget on direct instruction and instructional support with 32% on support services (transportation, buildings & grounds, administration, insurance, principal and

interest on leases, costs for post-employment benefits). The balance is primarily payments to other schools for education of New Berlin students and costs of substitute teachers and aides.



Property taxes account for 79% of general fund revenues, followed by state revenue at 14%.



In order get to a balanced budget, the district had to reduce a number of positions, delay implementation of curriculum updates and suspend funding for equipment replacement and facility maintenance and remodeling. These actions were taken to allow for a balanced budget, but are generally not sustainable and only meant for the short-term. Continuing to budget with this strategy could have a potential impact on student programming and achievement, staff turnover, ability to provide adequate resources for teachers and deferred maintenance. Further, the district will be unable to providing adequate funding to address projected safety and technology needs.

## 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 reduction reported here is due to advanced repayment of debt completed in the prior year.
2. The reduction here recognizes that the repayment of debt results in fewer dollars kept on hand and invested until needed for debt repayment; therefore, reducing investment earnings.
3. The district refinanced certain debt in the prior year resulting in earned premium, an event not anticipated to take place in the budget year.
4. The significant reduction in principal is a direct result of the advance refinancing approved in the prior year.
5. 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. Therefore, changes in fund balance are typical. The amount shown for fund balance is the minimum amount needed for the subsequent September's debt service payments.

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 \$477,977,058 (10% of equalized value). Outstanding debt as a percentage of debt authority is under 10.2%, representing responsible debt authority.

### **Schedule of Outstanding Debt Beginning of Fiscal Year**

<b>Description</b>	<b>Original Issue Amount</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Balance 06/30/2018</b>
Elmwood Elementary G.O. Refunding Bonds	\$5,330,000	22-Mar-2010	1-Mar-2019	885,000
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	11,870,000
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	7,555,000
ESCO 2013 Bonds	\$8,200,000	15-Oct-2013	1-Mar-2028	7,460,000
Refunding bonds	\$9,995,000	24-Feb-2014	1-Mar-2025	6,960,000
2015 ESCO & Refunding Bonds	\$9,995,000	16-Nov-2015	1-Mar-2029	8,130,000
2017 ESCO Bonds	\$4,000,000	10-Aug-2017	1-Mar-2032	3,715,000
<b>Total outstanding general obligation debt</b>				<b><u>48,580,000</u></b>

The three listed ESCO projects were approved by the Board of Education using provisions of Act 28 and 32. Therefore, the principal and interest payments on these loans do not contribute to the structural deficit.

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

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>Increase</b>	<b>%</b>	<b>Notes</b>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Original</u>	<u>Decrease</u>	<u>Change</u>	
<b>Revenues</b>							
Property taxes	\$ 5,786,867	\$ 5,749,322	\$ 6,844,658	\$ 6,219,739	\$ (624,919)	-10.05%	1
Other local sources	1,646	2,095	33,217	5,700	(27,517)	-482.75%	2
Other sources	32,299	27,986	107,995	28,017	(79,978)	-285.46%	3
<b>Total revenues</b>	<b>5,820,812</b>	<b>5,779,403</b>	<b>6,985,870</b>	<b>6,253,456</b>	<b>(732,414)</b>	-11.71%	
<b>Expenditures</b>							
<b>Support services</b>							
Principal	8,580,000	5,084,582	5,470,000	4,437,068	(1,032,932)	-23.28%	4
Interest	2,126,471	728,703	1,679,202	2,112,435	433,233	20.51%	4
Debt issuance costs	142,049	-	56,151	-	(56,151)		
<b>Total support services</b>	<b>10,848,520</b>	<b>5,813,285</b>	<b>7,205,353</b>	<b>6,549,503</b>	<b>(655,850)</b>	-10.01%	
<b>Non-program</b>							
Other non-program	-	-	120	-	(120)		
<b>Total non-program</b>	<b>-</b>	<b>-</b>	<b>120</b>	<b>-</b>	<b>(120)</b>		
<b>Total expenditures</b>	<b>10,848,520</b>	<b>5,813,285</b>	<b>7,205,473</b>	<b>6,549,503</b>	<b>(655,970)</b>	-10.02%	
Excess revenues over expenditures	(5,027,708)	(33,882)	(219,603)	(296,047)	(76,444)	25.82%	
<b>Other financing sources (uses)</b>							
Transfers from other funds	-	-	-	-	-		
Transfers to other funds	-	-	-	-	-		
Borrowed amounts	4,895,000	-	-	-	-		
Premium from debt financing	223,748	-	-	-	-		
<b>Total other financing sources (uses)</b>	<b>5,118,748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Net Change in Fund Balance</b>	91,040	(33,882)	(219,603)	(296,047)	(76,444)	25.82%	
<b>Fund balance, beginning of year</b>	1,039,188	1,130,228	1,096,346	876,743	(219,603)	-25.05%	5
<b>Fund balance, end of year</b>	<b>\$ 1,130,228</b>	<b>\$ 1,096,346</b>	<b>\$ 876,743</b>	<b>\$ 580,696</b>	<b>\$ (296,047)</b>	-50.98%	
<b>Supplemental information</b>							
Expenditures by fund							
Non-referendum debt	10,181,283	5,143,760	5,523,547	5,642,410	118,863	2.11%	
Referendum debt	667,237	669,525	1,681,926	907,093	(774,833)	-85.42%	4
<b>Total expenditures by fund</b>	<b>10,848,520</b>	<b>5,813,285</b>	<b>7,205,473</b>	<b>6,549,503</b>	<b>(655,970)</b>	-10.02%	

## 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 will pay all costs, therefore, revenue and expenses do not affect the structural deficit.

1. Revenue from food sales is expected to increase as the department adjusts to the impact of open campus programs at the secondary schools and a small increase in enrollment at the elementary schools.
2. Federal and state aids are expected to decrease because of fewer families being able to establish eligibility for free and reduced-price lunches.
3. The budget includes a general increase in wages of 1% and a medical benefit increase, offset by savings achieved in Wisconsin Retirement System charges.
4. Subject to final approval by the Department of Public Instruction, the budget anticipates adding another satellite kitchen to West Middle / High School.
5. The district charges the food service fund for direct utilities, starting in winter last year.
6. 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, modernizing operations and adding a satellite serving area.

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

	2015-16 <u>Actual</u>	2016-17 <u>Actual</u>	2017-18 <u>Actual</u>	2018-19 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
<b>Revenues</b>							
Food sales	\$ 1,186,736	\$ 1,172,512	\$ 1,103,593	\$ 1,189,490	\$ 85,897	7.22%	1
Other local sources	-	-	-	0	-		
State sources	14,887	13,339	13,117	11,335	(1,782)	-15.72%	2
Federal sources	356,763	358,576	335,315	330,852	(4,463)	-1.35%	2
Other sources	-	-	-	0	-		
<b>Total revenues</b>	<b>1,558,386</b>	<b>1,544,427</b>	<b>1,452,025</b>	<b>1,531,677</b>	<b>79,652</b>	5.20%	
<b>Expenditures</b>							
<b>Support services</b>							
Wages & benefits	585,787	630,709	664,184	681,756	17,572	2.58%	3
Purchased services	15,430	13,523	6,652	29,770	23,118	77.66%	4
Property services	53,192	124,811	19,742	24,800	5,058	20.40%	4
Utilities	-	-	20,761	39,201	18,440	47.04%	5
Supplies and food	644,983	759,773	644,704	630,150	(14,554)	-2.31%	
Non-capital items	25,788	19,630	10,796	18,000	7,204	40.02%	4
Capital equipment	358,586	-	50,111	105,000	54,889	52.28%	4
Other	1,466	4,692	27,006	3,000	(24,006)	-800.20%	
<b>Total expenditures</b>	<b>1,685,231</b>	<b>1,553,138</b>	<b>1,443,956</b>	<b>1,531,677</b>	<b>87,721</b>	5.73%	
Excess revenues over (under) expenditures	(126,845)	(8,711)	8,069	-	(8,069)		
<b>Other financing sources (uses)</b>							
Transfers from other funds	-	-	-	-	-		
Transfers to other funds	-	-	-	-	-		
Borrowed amounts	-	-	-	-	-		
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Net Change in Fund Balance</b>	(126,845)	(8,711)	8,069	-	(8,069)		
<b>Fund balance, beginning of year</b>	1,171,423	1,044,578	1,035,867	1,043,936	8,069	0.77%	6
<b>Fund balance, end of year</b>	<b>\$ 1,044,578</b>	<b>\$ 1,035,867</b>	<b>\$ 1,043,936</b>	<b>\$ 1,043,936</b>	<b>\$ -</b>	0.00%	

## 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, including adult education, Community Theater, community and business engagement, a targeted early learning program and alumni relations.

1. The tax levy for this fund is increased in anticipation of increasing programming for community and business 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. The amount represented in the budget is costs paid direct by the district and a conservative estimate of costs paid by community program users.
4. Certain costs for fund development were reported in "Other" in the prior year; these costs are now reported as a purchased service.

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

	2015-16 <u>Actual</u>	2016-17 <u>Actual</u>	2017-18 <u>Actual</u>	2018-19 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
<b>Revenues</b>							
Property taxes	\$ 40,000	\$ 140,000	\$ 496,513	\$ 859,276	\$ 362,763	42.22%	1
Other local sources	187,819	225,635	207,237	165,500	(41,737)	-25.22%	2
Other sources	-	-	-	-	-	-	
<b>Total revenues</b>	<b>227,819</b>	<b>365,635</b>	<b>703,750</b>	<b>1,024,776</b>	<b>321,026</b>	31.33%	
<b>Expenditures</b>							
<b>Support services</b>							
Wages & benefits	207,500	221,061	482,357	378,866	(103,491)	-27.32%	3
Purchased services	14,730	12,840	73,447	610,310	536,863	87.97%	4
Non-capital items	31,396	42,242	22,012	32,000	9,988	31.21%	
Capital equipment	2,855	7,183	49,614	-	(49,614)		
Other	3,767	5,597	80,756	3,600	(77,156)	-2143.22%	4
<b>Total expenditures</b>	<b>260,247</b>	<b>288,923</b>	<b>708,186</b>	<b>1,024,776</b>	<b>316,590</b>	30.89%	
Excess revenues over expenditures	(32,428)	76,712	(4,436)	-	4,436		
<b>Net Change in Fund Balance</b>	<b>(32,428)</b>	<b>76,712</b>	<b>(4,436)</b>	<b>-</b>	<b>4,436</b>		
<b>Fund balance, beginning of year</b>	<b>352,980</b>	<b>320,552</b>	<b>397,264</b>	<b>392,828</b>	<b>(4,436)</b>	<b>-1.13%</b>	
<b>Fund balance, end of year</b>	<b>\$ 320,552</b>	<b>\$ 397,264</b>	<b>\$ 392,828</b>	<b>\$ 392,828</b>	<b>\$ -</b>	<b>0.00%</b>	

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 - early learning program	141,664
Community & alumni engagement	695,811
Business engagement	120,000
Community theater	63,400
Community programs	3,900
<b>Total</b>	<b>1,024,776</b>

## Special Revenue Trust Fund

The special revenue trust fund is 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 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.

1. Anticipated program revenue for the budget year is anticipated to return to the level of 2 years ago.
2. Wage and benefit costs are offset with program revenues.
3. The district spent funds in the prior two years to provide improved concession stands in the two secondary schools.
4. The budget anticipates additional equipment acquisitions because of successful sport camps.

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

	2015-16 <u>Actual</u>	2016-17 <u>Actual</u>	2017-18 <u>Actual</u>	2018-19 <u>Original</u>	Increase <u>Decrease</u>	% <u>Change</u>	<u>Notes</u>
<b>Revenues</b>							
Fees and charges for programs	\$ -	\$ -	\$ -	\$ -	\$ -		
Other local sources	86,628	212,456	388,188	208,898	(179,290)	-85.83%	1
Other sources	-	-	-	-	-		
<b>Total revenues</b>	<b>86,628</b>	<b>212,456</b>	<b>388,188</b>	<b>208,898</b>	<b>(179,290)</b>	<b>-85.83%</b>	
<b>Expenditures</b>							
<b>Support services</b>							
Wages & benefits	-	6,746	14,684	11,303	(3,381)	-29.91%	2
Purchased services	20,477	54,887	93,445	40,880	(52,565)	-128.58%	3
Non-capital items	49,924	99,857	94,396	158,538	64,142	40.46%	4
Capital equipment	-	-	6,261	-	(6,261)		
Other	2,400	8,084	750	10,580	9,830	92.91%	4
<b>Total expenditures</b>	<b>72,801</b>	<b>169,574</b>	<b>209,536</b>	<b>221,301</b>	<b>11,765</b>	<b>5.32%</b>	
Excess revenues over expenditures	13,827	42,882	178,652	(12,403)	(191,055)	1540.36%	
<b>Other financing sources (uses)</b>							
Transfers from other funds	-	-	-	-	-		
Transfers to other funds	-	-	-	-	-		
Borrowed amounts	-	-	-	-	-		
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Net Change in Fund Balance</b>	<b>13,827</b>	<b>42,882</b>	<b>178,652</b>	<b>(12,403)</b>	<b>(191,055)</b>		
<b>Fund balance, beginning of year</b>	<b>572,861</b>	<b>586,688</b>	<b>629,570</b>	<b>808,222</b>	<b>178,652</b>		
<b>Fund balance, end of year</b>	<b>\$ 586,688</b>	<b>\$ 629,570</b>	<b>\$ 808,222</b>	<b>\$ 795,819</b>	<b>\$ (12,403)</b>	<b>-1.56%</b>	



## 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, the ESCO project at New Berlin West, begun last year that will be completed during the budget year. Comparison data is shown for prior years in conformance with statutory reporting requirements.

1. Property taxes had been assessed in the years for capital projects. The budget eliminates the funding source due to the need to preserve levy authority for direct education.
2. A reduction in investment earnings is expected as fund reserves and spent.
3. The final costs to complete the energy and operational efficiency project are expected in the budget year.
4. Upon completing of the project, all funds will be exhausted.

### S+A126:J171TATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE CAPITAL PROJECTS FUNDS

	<u>2015-16</u> <u>Actual</u>	<u>2016-17</u> <u>Actual</u>	<u>2017-18</u> <u>Actual</u>	<u>2018-19</u> <u>Original</u>	<u>Increase</u> <u>Decrease</u>	<u>%</u> <u>Change</u>	<u>Notes</u>
<b>Revenues</b>							
Property taxes	\$ 1,196,000	\$ 424,448	\$ -	\$ -	-		1
Other local sources	10,278	11,664	50,230	12,000	(38,230)	-318.58%	2
Other sources	671	80,162	-	-	-		
<b>Total revenues</b>	<b>1,206,949</b>	<b>516,274</b>	<b>50,230</b>	<b>12,000</b>	<b>(38,230)</b>	-318.58%	
<b>Expenditures</b>							
Wages & benefits	-	-	-	-	-		
Personal services	42,681	-	-	-	-		
Property services	4,677,601	3,907,898	-	2,137,759	2,137,759	100.00%	3
Payments to other governments	400	-	1,301,630	-	(1,301,630)		
Supplies and materials	6,307	-	-	-	-		
Non-capital equipment	16,063	-	-	-	-		
Building improvements	1,026,077	-	164,264	-	(164,264)		
Capital equipment	7,848	-	458,577	-	(458,577)		
Insurance	-	-	-	-	-		
<b>Total support services</b>	<b>5,776,977</b>	<b>3,907,898</b>	<b>1,924,471</b>	<b>2,137,759</b>	<b>213,288</b>	9.98%	
<b>Total expenditures</b>	<b>5,776,977</b>	<b>3,907,898</b>	<b>1,924,471</b>	<b>2,137,759</b>	<b>213,288</b>		
Excess revenues over expenditures	(4,570,028)	(3,391,624)	(1,874,241)	(2,125,759)	(251,518)	11.83%	
<b>Other financing sources (uses)</b>							
Transfers to other funds	-	-	-	-	-		
Sales of real estate	294,315	-	-	-	-		
Borrowed amounts	5,100,000	-	4,000,000	-	(4,000,000)		
<b>Total other financing sources (uses)</b>	<b>5,394,315</b>	<b>-</b>	<b>4,000,000</b>	<b>-</b>	<b>(4,000,000)</b>		
<b>Net Change in Fund Balance</b>	824,287	(3,391,624)	2,125,759	(2,125,759)	(4,251,518)	200.00%	
<b>Fund balance, beginning of year</b>	2,567,337	3,391,624	(0)	2,125,759	2,125,759	100.00%	
<b>Fund balance, end of year</b>	<b>\$ 3,391,624</b>	<b>\$ (0)</b>	<b>\$ 2,125,759</b>	<b>\$ (0)</b>	<b>\$ (2,125,759)</b>		4

When a capital project will extend over more than one year or when financing comes from multiple sources, 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 future years, if any.

**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	2018-19 Budget	Total Transactions through Budget Year	Positive (Negative) Variance to Authorization
<b>Revenues and other financing sources</b>					
Borrowed amounts	4,000,000	4,000,000		4,000,000	0
Interest on investments	5,000	50,230	12,000	62,230	57,230
Donated funds	0			0	0
Paid by general fund	0			0	0
Other	28,000			0	(28,000)
<b>Total revenues</b>	<b>4,033,000</b>	<b>4,050,230</b>	<b>12,000</b>	<b>4,062,230</b>	<b>29,230</b>
<b>Expenditures and other uses</b>					
Fees and charges	21,422			0	21,422
Construction costs	3,333,901	1,264,233	2,175,157	3,439,390	(105,489)
Owner direct purchases	677,677	622,840		622,840	54,837
Other (taxes and rebates)	0			0	0
Transfer to debt service fund	0			0	0
<b>Total buildings &amp; grounds</b>	<b>4,033,000</b>	<b>1,887,073</b>	<b>2,175,157</b>	<b>4,062,230</b>	<b>(29,230)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and financing uses.	0	2,163,157	(2,163,157)	0	

## ADDITIONAL DISCLOSURES

The District has used taxing authority to complete two energy efficiency and operational efficiency (ESCO) projects that require annual reporting showing actual versus guaranteed results for energy savings. A 3<sup>rd</sup> energy savings project, approved to commence with the 2017-18 budget, will be reported in future years. The chart below reports only on energy savings and does not include the value of operational savings.

<b>ESCO #1 - \$8,200,000; Completed 3/2015 Payback years 7.8</b>	<b>Annual Debt Payment (Rev Limit Exemption)</b>	<b>Guaranteed Energy Savings</b>	<b>Actual Energy Savings</b>	<b>Actual Over (Under) Guarantee</b>	<b>Cumm Actual Over (Under) Guarantee</b>
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	264,458	45,313	134,194
2017-18	424,550	219,145			134,194
2018-19	423,475	219,145			134,194
2019-20	417,325	219,145			134,194
2020-21	432,000	219,145			134,194
2021-22	1,081,400	219,145			134,194
2022-23	1,079,325	219,145			134,194
2023-24	1,081,425	219,145			134,194
2024-25	1,082,625				134,194
2025-26	1,078,000				134,194
2026-27	1,082,475				134,194
2027-28	1,080,975				134,194
	10,724,783	2,191,450	791,629	134,194	

<b>ESCO #2 - \$5,100,000; Completed 10/2016 Payback years 8.3</b>	<b>Annual Debt Payment (Rev Limit Exemption)</b>	<b>Guaranteed Energy Savings</b>	<b>Actual Energy Savings</b>	<b>Actual Over (Under) Guarantee</b>	<b>Cumm Actual Over (Under) Guarantee</b>
2015-16	242,530	2,242	Incl above		
2016-17	388,025	2,242	2,706	464	464
2017-18	357,775	2,242			464
2018-19	352,775	2,242			464
2019-20	352,775	2,242			464
2020-21	352,775	2,242			464
2021-22	505,775	2,242			464
2022-23	507,275	2,242			464
2023-24	508,575	2,242			464
2024-25	508,550	2,242			464
2025-26	507,175	2,242			464
2026-27	510,488	2,242			464
2027-28	507,275	2,242			464
2028-29	507,500	2,242			464
	6,109,268	29,146	2,706	464	