



ORIGINAL BUDGET

2020 - 2021

Proposed

October 26, 2020

Prepared by:

Patrick L. Miller

Chief Financial & Operations Officer

The preliminary budget is a technical document representing the financial plan for implementing programs and services required by federal and state law as well as those of the community. Interpretation of presentations made herein without a sound understanding of school finance regulations, general school law and the programs and services of the district could lead to erroneous conclusions. Readers are encouraged to contact the Superintendent with questions.

The budget uses conservative fiscal principles. Although every effort is made to be accurate in the estimate of revenues and expenditures, due to the nature of school funding, staff turnover, changing economic conditions and other factors outside the direct control of the District, when exactness of an estimate is not possible, revenues will be estimated on the low side and expenditures will be assumed otherwise. This is especially true at this time as the financial impact of COVID-19 is still unknown.

The preliminary budget is approved for the purpose of operating the district until the (original) budget is adopted in October. The preliminary budget establishes the intent of the Board of Education and sets fiscal priorities for the upcoming school year. In October, in conformance with state statutes, the district will modify the preliminary budget after actual enrollment, determined on the 3rd Friday in September, revenue limit and general state aids are known. Adjustments for the original budget may also include other changes, such as staffing costs, changes in program or support service levels, planned capital projects, or other economic factors.

New Berlin, like other school districts in Wisconsin, operates under a school finance system that limits the authority of the local Board of Education to levy property taxes. This limitation causes program and support service reductions because general state aid and property taxes do not increase at the same pace as expenditures. Further, the ability of the district to generate other revenues to cover the variance is not readily available. Representative actions taken in past years include:

- Multi-year planning, particularly for equipment and facilities, to identify near and long-term needs,
- Investment in energy and operational efficiency projects to reduce future costs for utilities.
- Continuous adjustment to staffing levels to align with needs and available financial resources,
- Exploration of and application for non-traditional funding sources,
- Engagement of the broader community, formally and informally,
- Evaluate and implement, when appropriate, strategies and technologies that allow us to work with greater efficiency.

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 students entrusted to the district and to demonstrate compliance with statutes and regulations. The preliminary budget presented herein complies with current federal and state school finance regulations. The budget will provide funding for programming provided by highly-qualified staff to ensure the district continues to be recognized in the state and nationally for both its educational excellence as well as effective management of resources.

Budget Summary

The budget summary provided in this preliminary budget looks at the budget through two lenses: the source of revenues and the object of expenses. Looking at the budget in this fashion allows the Board of Education and community to see where our funding comes from, and where we spend that revenue. This budget shows revenue source and expense object for the following funds:

1. Fund 10 – General Education Fund
2. Fund 27 – Special Education Fund
3. Fund 38 – Debt Service Fund
4. Fund 50 – Food Service Fund
5. Fund 80 – Community Service Fund

There are two additional funds not included in the preliminary budget, Fund 21 – Special Projects Fund and Fund 60 – Student Activity Fund. These funds do not contain any dollars from local, state or federal taxes. Rather, these are fiduciary funds held by the district from donations for specific purposes and fundraising activity by student groups. As such, these funds do not have budgets, per se, rather the funds held in these accounts are reported to the groups for whom these funds are held and available for expenses based on the balance in the various accounts. An example of such a group would be a sports team that holds various fund raising events throughout the year, or a donation from an individual for equipment in a school fabrication lab.

What follows is a summary of the five funds.

General Fund

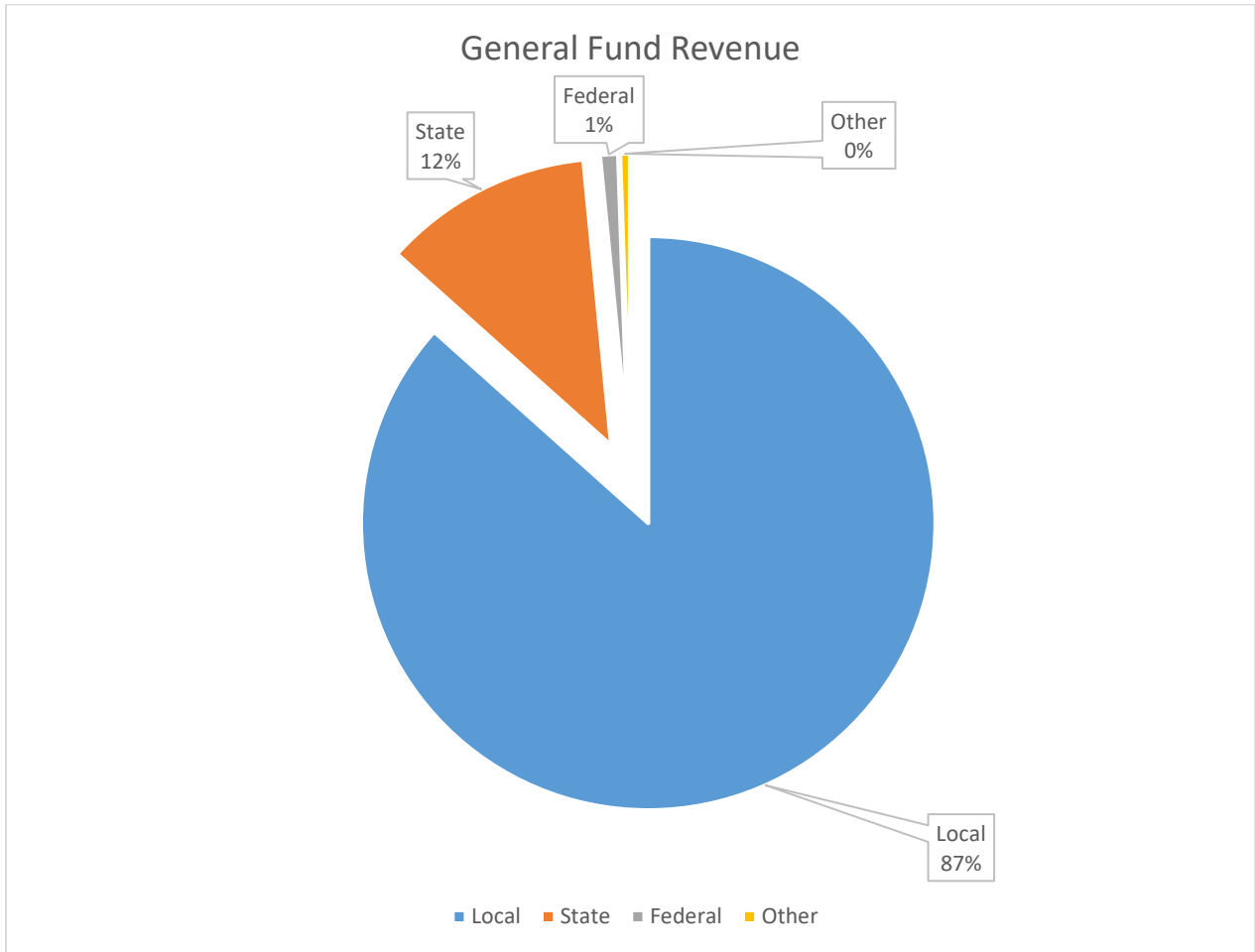
The general fund, the district's largest, accounts for all financial transactions not required to be recorded in a segregated fund. Most costs for educating students are recorded here.

General Fund Revenue assumptions

1. 14% reduction in state revenue due to anticipated reductions in state general aid
2. 2% increase in property taxes as a result in lost state aid
3. The District anticipates a 5% reduction in Federal Aid
4. Preliminary budget assumes a 1% reduction in general fund revenue

		Fund 10 Revenue	
		2019-20	2020-21
210	Taxes	\$43,313,004	\$44,292,922
240	Payments for Services	\$3,000	\$3,000
260	Non-Capital Sales	\$117,057	\$117,000
270	School Activity Income	\$119,005	\$119,000
280	Investment Earnings	\$192,140	\$159,476
290	Other Local Revenue	\$990,572	\$1,000,478
Total		\$44,734,778	\$45,691,876
310	Transit of Aids	\$0	
340	Payment for Services	\$176,003	\$140,802
390	Other Payments from WI Schools	\$15,000	\$15,000
Total		\$191,003	\$155,802
510	Transit of Aids	\$6,464	\$6,500
Total		\$6,464	\$6,500
610	State Categorical Aid	\$336,934	\$320,087
620	State General Aid	\$2,230,432	\$1,263,526
630	State Special Project Grants	\$16,000	\$15,200
690	Other State Revenue	\$4,420,340	\$4,454,126
Total		\$7,003,706	\$6,052,940
710	Federal Categorical Aid	\$14,487	\$13,763
730	Federal Special Projects Aid	\$242,989	\$230,840
750	ESEA	\$152,630	\$144,999
780	Medicaid	\$132,000	\$125,400
790	Other Federal Revenue	\$0	\$0
Total		\$542,106	\$515,001
860	Compensation for Sale/Lease	\$5,800	
870	Long Term Debt Proceeds	\$470,000	
Total		\$475,800	\$0
960	Adjustments	\$5,000	\$5,000
970	Refunds of Disbursements	\$161,473	\$160,000
990	Other Misc. Revenue	\$80,000	\$80,000
Total		\$246,473	\$245,000
Grand Total		\$53,228,569	\$52,692,119

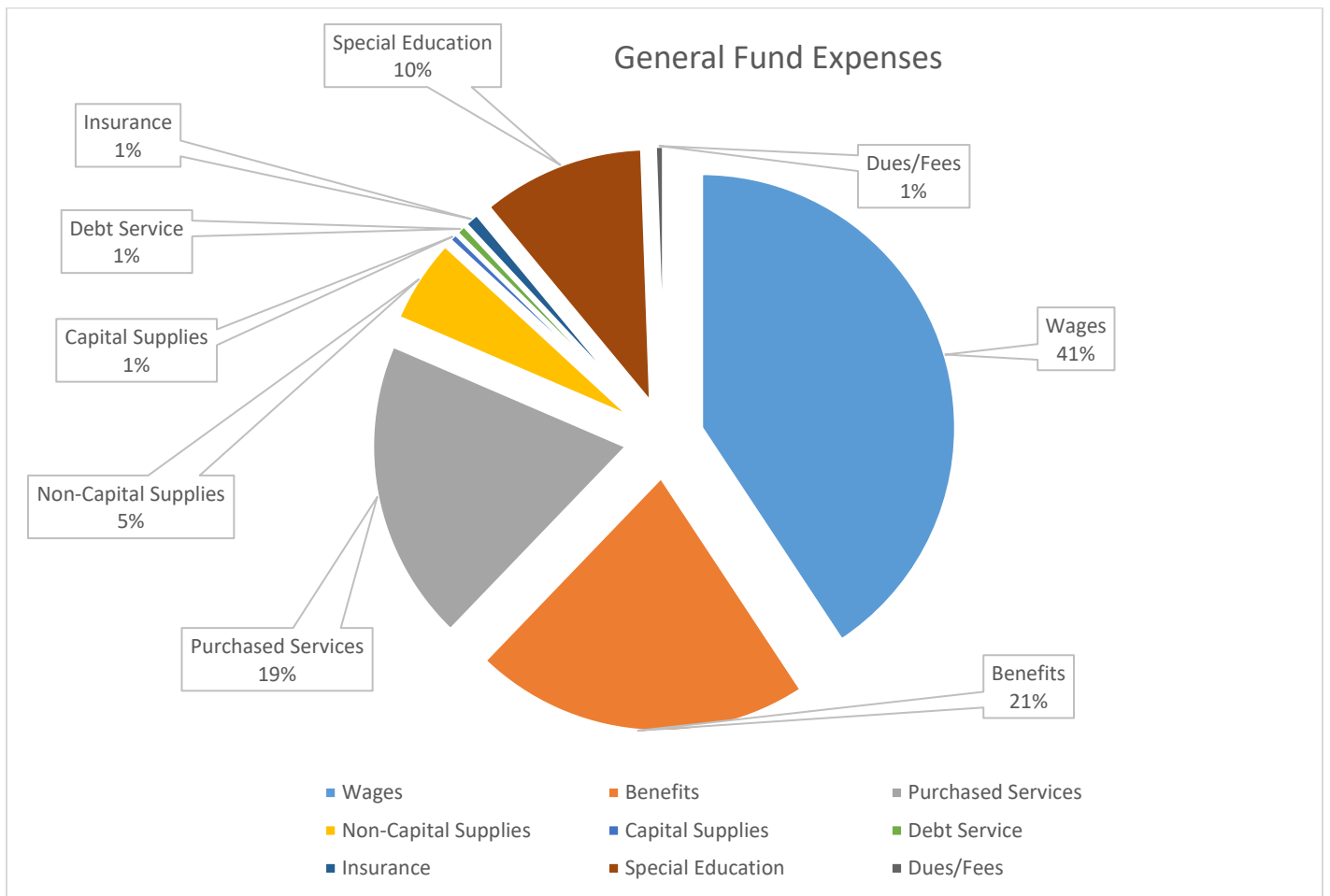
The following is a graphical representation of the anticipated revenues by source. The School District of New Berlin is considered a high property value district, thus 87% of the anticipated general purpose revenue comes from local property taxes as well as dues and fees for specific activities in the district, such as sports fees or parking permits.



Fund 10 Expenses

		2019-20	2020-21
110	Regular Wages	\$19,832,173	\$20,003,073
112	Extra/Overtime	\$1,284,491	\$1,027,593
120	Strategic Comp	\$75,000	\$300,000
130	Substitute Pay	\$91,100	\$92,011
140	Temporary Pay	\$0	\$0
	Total	\$21,282,764	\$21,422,676
210	Retirement	\$1,524,931	\$1,479,668.35
220	Social Security	\$1,477,089	\$1,431,027.39
230	Life Insurance	\$142,429	\$144,808
240	Health Insurance	\$7,159,044	\$7,018,815
250	Other Insurance	\$105,166	\$106,922
290	Other Benefits	\$1,099,945	\$1,118,314
	Total	\$11,508,604	\$11,299,555
310	Personal Services	\$630,843	\$571,843
320	Property Services	\$2,262,386	\$1,804,909
330	Utilities	\$1,102,320	\$1,135,390
340	Travel	\$2,632,227	\$2,894,417
350	Communications	\$429,716	\$429,716
360	Tech/Software	\$890,614	\$845,614
370	Payment to Non-Government	\$750,735	\$750,735
380	Intergovernmental Payments	\$1,716,550	\$1,716,550
	Total	\$10,415,391	\$10,149,173
410	Supplies	\$851,772	\$851,772
420	Apparel	\$44,200	\$33,150
430	Instructional Media	\$0	\$0
440	Non-Capital Equipment	\$241,899	\$241,899
450	Resale Items	\$111,265	\$111,265
460	Equipment Components	\$82,500	\$82,500
470	Textbook/Workbooks	\$434,435	\$304,105
480	Non-Capital Technology	\$1,242,200	\$1,202,200
490	Other Non-Capital Items	\$6,550	\$6,550
	Total	\$3,014,821	\$2,833,441
520	Site Components	\$0	\$0
550	Equip/Vehicle Initial Purchase	\$13,768	\$13,768
560	Equip/Vehicle Replacement	\$170,000	\$170,000
580	Technology	\$100,800	\$100,800
	Total	\$284,568	\$284,568

678	Principal - Capital Lease	\$290,745	\$290,745
682	Interest - Short Term Cash flow	\$31,000	\$31,000
688	Interest - Capital Lease	\$20,400	\$20,400
Total		\$342,145	\$342,145
712	Property Insurance	\$87,542	\$89,426
713	Workers Comp Insurance	\$312,380	\$310,334
715	Liability Insurance	\$95,682	\$62,621
720	Judgements/Settlements	\$0	
730	Unemployment Compensation	\$11,761	\$35,283
Total		\$507,365	\$497,664
820	Special Education Transfer	\$5,445,111	\$5,499,566
Total		\$5,445,111	\$5,499,566
940	Dues/Fees	\$261,175	\$269,010
960	Adjustments	\$16,988	\$17,498
920	Refund of Revenue	\$7,690	\$7,921
990	Miscellaneous	\$0	\$0
Total		\$285,853	\$294,429
Expense Grand Total		\$53,086,622	\$52,623,216



General Fund Expenses Assumptions

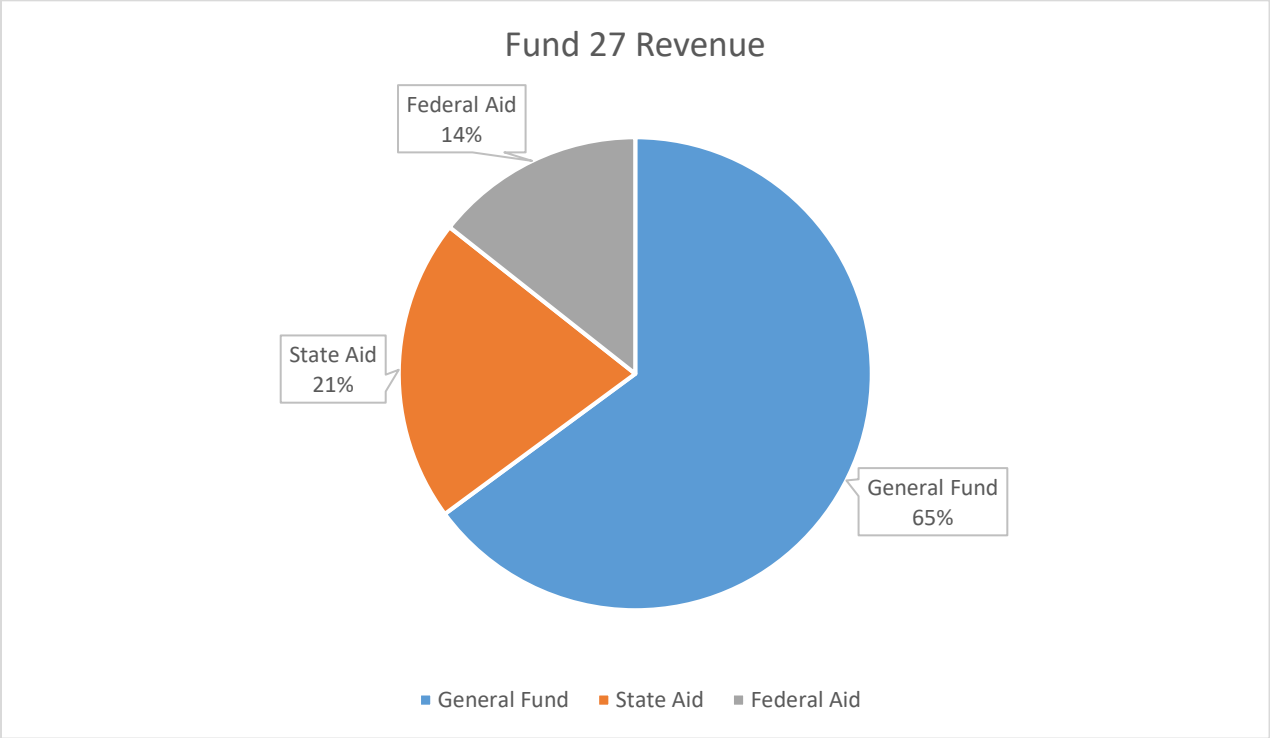
1. Increases in wages are offset by a reduction in the amount of budgeted overtime
2. At this point, we are reflecting reductions in Health Insurance with savings through changes in our Health Insurance third party administrator.
3. Purchased services reflects budget reductions in consulting, property services, and business office software
4. Purchased services reflects budget increases in utilities (3%) and transportation (13%).
5. Overall reduction in Property, Casualty, and Workers Compensation insurance due to bid results

Special Education Fund

Revenues and expenses for the purpose of providing special education services to students are recorded in a separate account since 35% of the funding for these services come from state and federal grants. Keep in mind, the dollars accounted for in Fund 27 provide required additional supports for students with disabilities. Students with disabilities also receive educational funding from the general fund as well.

You will notice that 65% of the funding for special services comes from the general fund. A common misconception regarding the funding of special education services is these services are funded 100% with state and federal funding. While the state is making strides to increase their support of special education funding, the overall support continues to be borne by the general education fund. Additionally, general education fund support of special education is also monitored by DPI through a process called maintenance of effort. Essentially, districts must maintain the level of support from the general education fund from year to year, unless reductions are a result of a loss of students or staff reductions through attrition. Currently, we are modeling a slight increase in general fund revenue, however, every effort will be made through the budgeting process to reduce this amount. The business office works closely with teaching and learning department to provide the highest quality services to students with special needs while being conscience of budget restrictions and the requirement to provide services regardless of the cost.

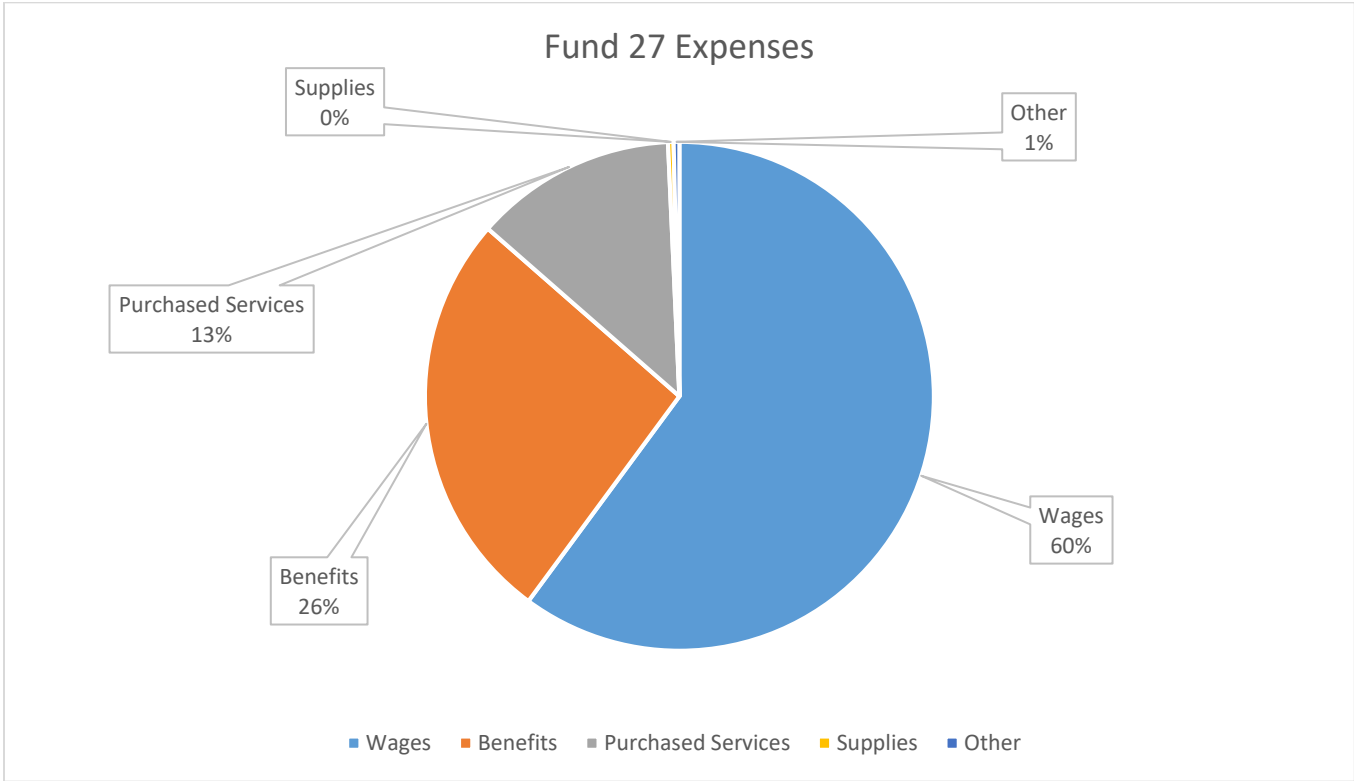
		Fund 27 Revenue	
		2019-20	2020-21
110	General Fund	\$5,445,111	\$5,499,566
610	State Categorical Aid	\$1,757,285	\$1,757,285
690	Other State Revenue	\$0	\$0
	Total	\$1,757,285	\$1,757,285
730	Federal Flow Through	\$1,064,234	\$1,064,234
780	Federal Medicare	\$153,050	\$153,050
	Total	\$1,217,284	\$1,217,284
970	Refund of Disbursements	\$0	\$0
	Total Revenue	\$8,419,680	\$8,474,135



1. At this time, the District has not been notified of any reduction in Federal or State support for special education
2. For this reason, we are assuming no reductions in government support, but are not assuming any increases.
3. Any decrease in Federal or State revenues could result in increases of support from the general fund and force the district to adjust the general education fund.

Fund 27 Expenses

	2019-20	2020-21
110 Regular Wages	\$5,010,121	\$5,093,790
Total	\$5,010,121	\$5,093,790
210 Retirement	\$352,711	\$358,601
220 Social Security	\$538,367	\$547,358
230 Life Insurance	\$38,191	\$38,829
240 Health Insurance	\$1,260,673	\$1,260,673
250 Other Employee Insurance	\$25,998	\$25,998
Total	\$2,215,940	\$2,231,459
310 Personal Services	\$56,961	\$34,624
320 Property Services	\$58,510	\$36,173
330 Utilities	\$1,600	\$1,600
340 Travel	\$330,027	\$330,027
350 Communications	\$6,650	\$6,650
360 Tech/Software Services	\$18,970	\$18,970
370 Payment to Non-Government	\$489,330	\$489,278
380 Intergovernmental Payments	\$170,992	\$170,992
Total	\$1,133,040	\$1,088,314
410 Supplies	\$10,300	\$10,300
430 Instructional Media	\$3,250	\$3,250
440 Non-Capital Equipment	\$15,249	\$15,246
490 Other Non-Capital Items	\$1,000	\$1,000
Total	\$29,799	\$29,796
810 Transfer to General Fund	\$28,211	\$28,211
Total	\$28,211	\$28,211
940 Dues/Fees	\$2,569	\$2,569
Total	\$2,569	\$2,569
Total Expenses	\$8,419,680	\$8,474,139



1. Increases in Special Education are all based on increases in wages and corresponding benefits
2. Decreases in Federal and/or State revenues will result in adjustments to Fund 27 expenses provided the district can maintain its maintenance of effort

Non-Referendum Debt Service Fund

The School District of New Berlin is currently paying debt for projects undertaken by the district for capital projects, the refunding of our retirement system prior service obligation, and for performance contract services that are partially funded by utility savings (ESCOs). Some districts fund these type of projects through a referendum question, which if approved, allows the district to fund the principal and interest payments by exceeding the state mandated revenue limit. Other districts, like the School District of New Berlin, funded these projects without the referendum process, which means that the principal and interest payments are not outside of the state mandated revenue limits, and result in a lower property taxes to fund debt. This does place a strain on the general education fund, as it reduces the dollars available for the support of education programming. Districts must weigh the pros and cons of each type of debt.

The district will be examining future opportunities to refinance debt if savings can be realized through that process. The district works closely with its bond consultants to weigh any benefits to refinancing existing debt. The district did explore these options in March of 2020. At that time, there was no financial benefit to the district. The next window for this consideration will be in the spring of 2021. The district has been responsible regarding its debt, utilizing less than 10% of its debt authority, and choosing to issue debt that does not increase the property taxes of the residents of New Berlin.

Since the details of this part of the budget are fairly simple, there is no graph included for Fund 38.

		Fund 38	
		2019-20	2020-21
211	Revenue	\$5,198,517	\$5,204,504
675	Long Term Bond Principal	\$4,946,275	\$4,951,971
685	Long Term Bond Interest	\$252,242	\$252,533
	Total	\$5,198,517	\$5,204,504

1. Fund 38 revenues are a direct levy from local property tax revenue and reduce the levy allowed for general educational levy dollars.
2. The Fund 38 budget is based on the actual principal and interest payments due for debt in the 2020-2021 fiscal year.

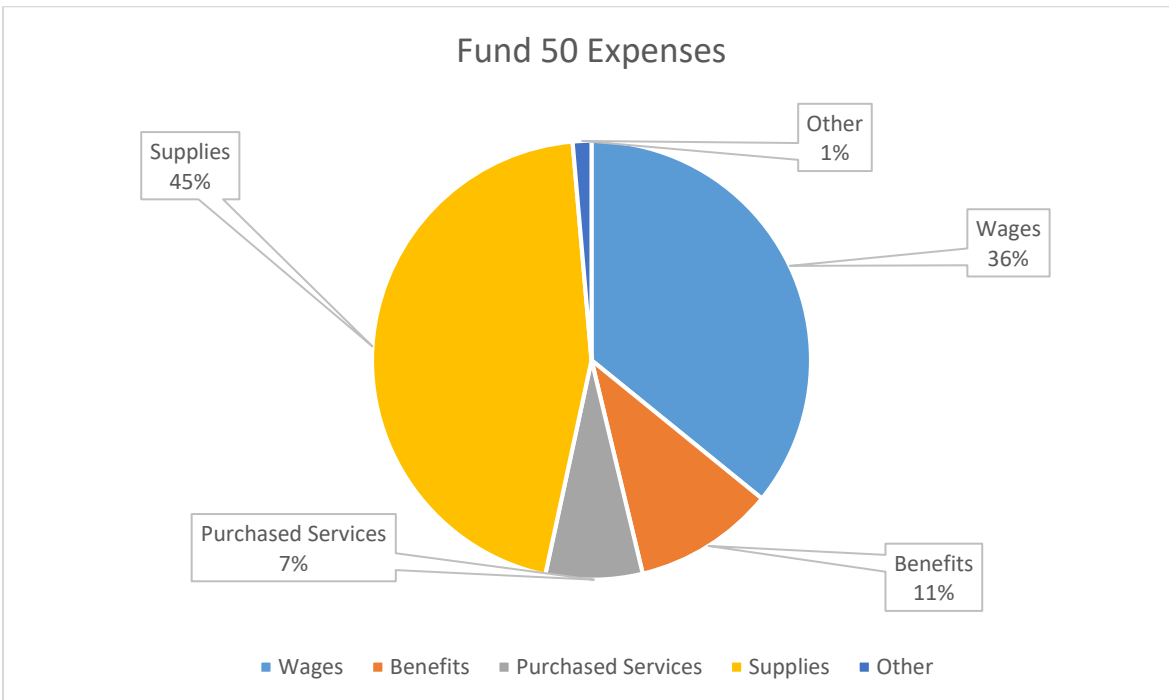
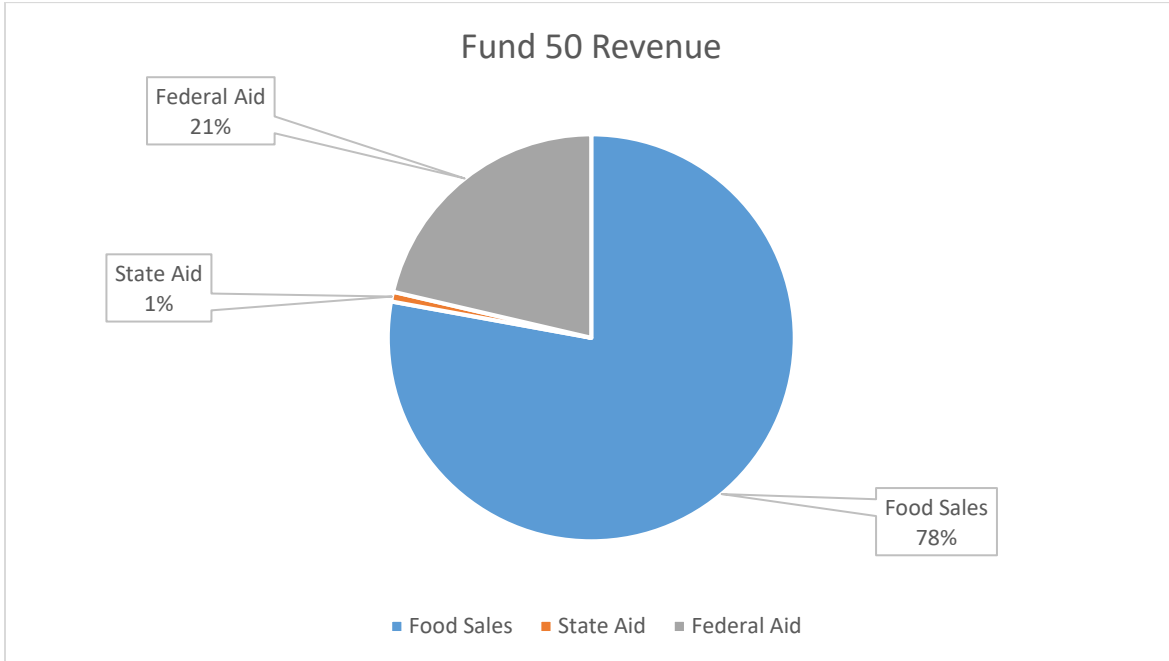
Food Service Fund

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. Financial transactions in support of the food service fund do not affect, positively or negatively, the structural deficit. Further, fund balance accrued in this fund cannot be used to help defray the structural deficit of other funds.

		Fund 50	
Revenue		2019-2020	2020-2021
250	Food Sales	\$1,204,961	\$1,210,000
610	State Aid	\$11,335	\$12,000
710	Federal Aid	\$330,852	\$332,000
Total Revenue		\$1,547,148	\$1,554,000
Expenses		2019-2020	2020-2021
110	Regular Wages	\$548,670	\$549,670
120	Strategic Comp	\$0	\$7,500
130	Sub Pay	\$0	
		\$548,670	\$557,170
210	Retirement	\$24,681	\$25,063
220	Social Security	\$43,842	\$44,521
230	Life Insurance	\$3,524	\$3,578
240	Health Insurance	\$84,704	\$86,016
250	Other Employee Insurance	\$2,338	\$2,374
		\$159,089	\$161,552
310	Personal Services	\$3,500	\$3,500
320	Property Services	\$24,800	\$24,800
330	Utilities	\$63,201	\$65,413
340	Travel	\$11,235	\$11,235
350	Communications	\$1,400	\$1,400
360	Tech/Software Services	\$4,500	\$4,500
380	Intergovernmental Payments	\$0	\$0
		\$108,636	\$110,848
410	Supplies	\$660,150	\$675,000
420	Apparel	\$2,000	\$2,000
440	Non-Capital Equipment	\$10,000	\$10,000
460	Equipment Components	\$6,000	\$6,000
480	Non-Capital Technology	\$10,000	\$10,000
		\$688,150	\$703,000
540	Building Components	\$0	\$0
550	Equipment/Vehicle Initial	\$45,000	\$9,215
560	Equipment/Vehicle Replace	\$60,000	\$9,215
		\$105,000	\$18,430

940	Dues/Fees	\$3,000	\$3,000
960	Adjustments	\$0	\$0
970	Refund of Revenue	\$0	\$0
		\$3,000	\$3,000

Total Expenses \$1,612,545 \$1,554,000



1. The District is assuming that meal prices will remain the same for the 2020-21 school year
2. The last two fiscal years, significant equipment upgrades have been paid from the Fund 50 fund balance. It has not yet been determined if any significant equipment upgrades will be completed in the 2020-21 fiscal year.

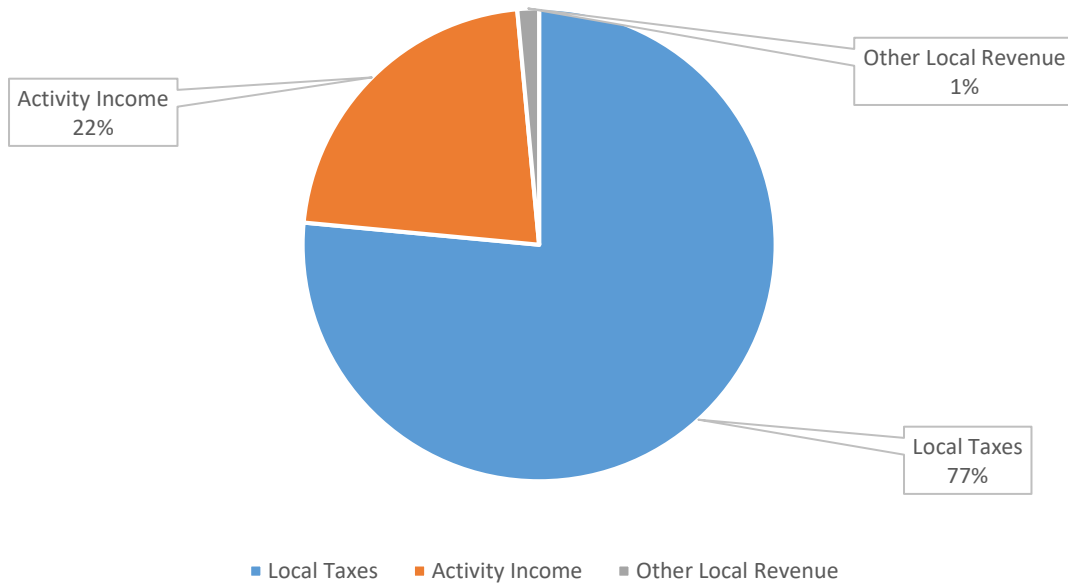
Community Service Fund

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 schools, such as adult education and community recreation. Financial transactions in support of the community service fund do not affect, positively or negatively, the structural deficit. Further, fund balance accrued in this fund cannot be used to help defray the structural deficit of other funds.

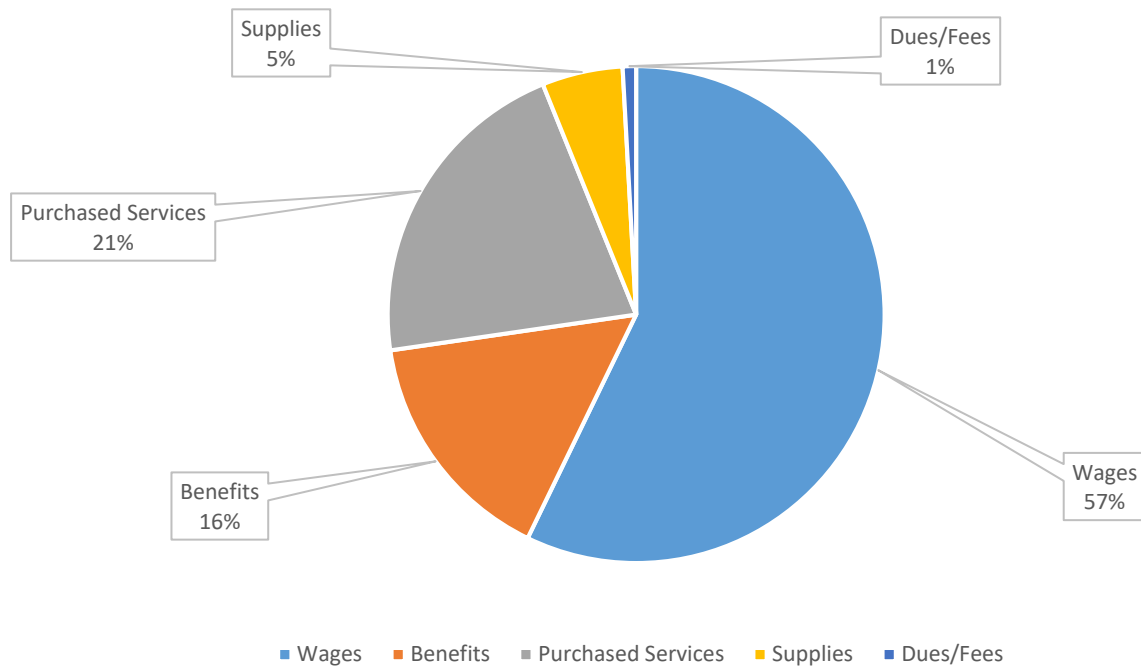
1. The tax levy for this fund supports management of the West Performing Arts Center, the early learning program and community outreach and education activities.
2. The change in wages and benefits reflects the Board approved increase in compensation as well as expected additional staffing costs for the growth of the early learning program.
- 3.

		Fund 80	
Revenue		2019-2020	2020-2021
	210 Local Taxes	\$597,664	\$439,374
	270 Activity Income	\$126,500	\$126,500
	280 Other Local Revenue	\$85,000	\$8,500
	Total Revenue	\$809,164	\$574,374
Expense			
	110 Regular Wages	\$328,485	\$328,485
	120 Strategic Comp	\$0	\$0
	130 Sub Pay	\$0	\$0
	140 Temp Pay	\$0	\$0
	210 Retirement	\$14,565	\$14,565
	220 Social Security	\$17,614	\$17,614
	230 Life Insurance	\$2,569	\$2,569
	240 Health Insurance	\$53,201	\$53,201
	250 Other Employee Insurance	\$1,120	\$1,120
	310 Personal Services	\$175,600	\$55,600
	230 Property Services	\$0	\$0
	340 Travel	\$4,120	\$4,120
	350 Communications	\$52,900	\$52,900
	360 Tech/Software Services	\$9,000	\$9,000
	380 Intergovernmental Payments	\$0	\$0
	410 Supplies	\$21,200	\$21,200
	420 Apparel	\$4,000	\$4,000
	440 Non-Capital Equipment	\$5,000	\$5,000
	480 Non-Capital Technology	\$0	\$0
	490 Other Non-Capital Items	\$0	\$0
	550 Equipment/Vehicle Initial	\$0	\$0
	940 Dues/Fees	\$5,000	\$5,000
	Total Expense	\$694,374	\$574,374

Fund 80 Revenue



Fund 80 Expenses



1. Reductions of planned purchased services in Fund 80 allow for a reduction in the levy for community services
2. The reduction in other local revenue is due to the DPI requirement that revenue from rentals of district facilities be recorded in the general fund.

Property Tax Information

Property taxes are the primary funding source for the District, accounting for 80% of operating revenue. The estimated property tax levy of \$49,984,662 is 1.78% more than the prior year, yet still below the Midwest rate of inflation of 2.1%. The increase in the levy is due to an anticipated reduction in funding from the state general aid resulting in an increase in the taxpayers' portion of the revenue limit.

The district projects an increase in equalized property values of 3%, resulting in a property tax rate decrease of \$0.11 per \$1,000 of equalized value for an estimated tax rate for the budget year of \$9.25 compared to the current tax rate of \$9.36. The estimated gross school tax levy on a home valued at \$250,000 is \$2,312, a decrease of \$28 from the current school tax of \$2,340.

The following tables shows the levy history for the prior 10 years as well as the projected levy for the budget year. The percentage increase for the levy has been less than the rate of inflation in eight of the last 10 years. The projected tax rate will result in seven straight years with a tax rate reduction.

10 YEAR TAX LEVY HISTORY

SCHOOL YEAR	EQUALIZED VALUE (Tid out)	CHANGE	TAX LEVY	CHANGE	TAX RATE per \$1000 EQUALIZED	CHANGE
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%)
2019-20	5,247,647,190	5.44%	49,109,185	-3.31%	\$9.36	(8.30%)
2020-21 Estimate	5,405,076,606	3.00%	49,984,662	1.78%	\$9.25	(1.18%)

Fund Balance

One measure of a school district's financial condition applied by potential debtors is the credit rating. New Berlin's rating, by Moody's Investor Services, is Aa2. Lower credit ratings are typically associated with higher interest costs.

One of the measures used to determine a governmental body's credit rating is the fund balance among other factors. 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. In past years, the district has used conservative budgeting practices coupled with strategic management of expenditures to increase the fund balance. This increase allowed New Berlin to enhance its credit rating, improve cash flow minimizing the need to cash flow borrow, and to accumulate resources to fund identified facility needs.

The District fund balance increased to 19.11% at the close of the 2019 fiscal year. We anticipate that we will close the 2020 fiscal year at 19.15%, a slight increase. The following chart shows the historical variance of School District of New Berlin's fund balance since 2010.

