

2019-20 Preliminary Budget

May 28, 2019

Agenda

- Estimated tax levy / tax impact
- Estimated per pupil spending
- Past actions
- 2019-20 budget assumptions
- Structural deficit
- Fund balance
- Schedule of outstanding debt
- Key points from “other” funds

Estimated Tax Levy / Impact

Estimated Tax Levy / Impact

- Estimated 2019-20 property tax levy = \$49,827,579
- 1.9% less than 2018-19
- Nearly 4% below rate of inflation
- Decrease caused by reduction in long-term debt (Elmwood referendum), elimination of funding for certain community service programs and anticipated modest additional funding from state

Estimated Tax Levy / Impact

- Projected increase in equalized property values of 3%
- Result: decrease of \$0.49 per \$1,000 of equalized value
 - Tax rate decrease to \$9.72 compared to current rate of \$10.21
 - Estimated decrease of \$120 gross school tax levy on home valued at \$250,000 (\$2,551 current to \$2,430 estimated)

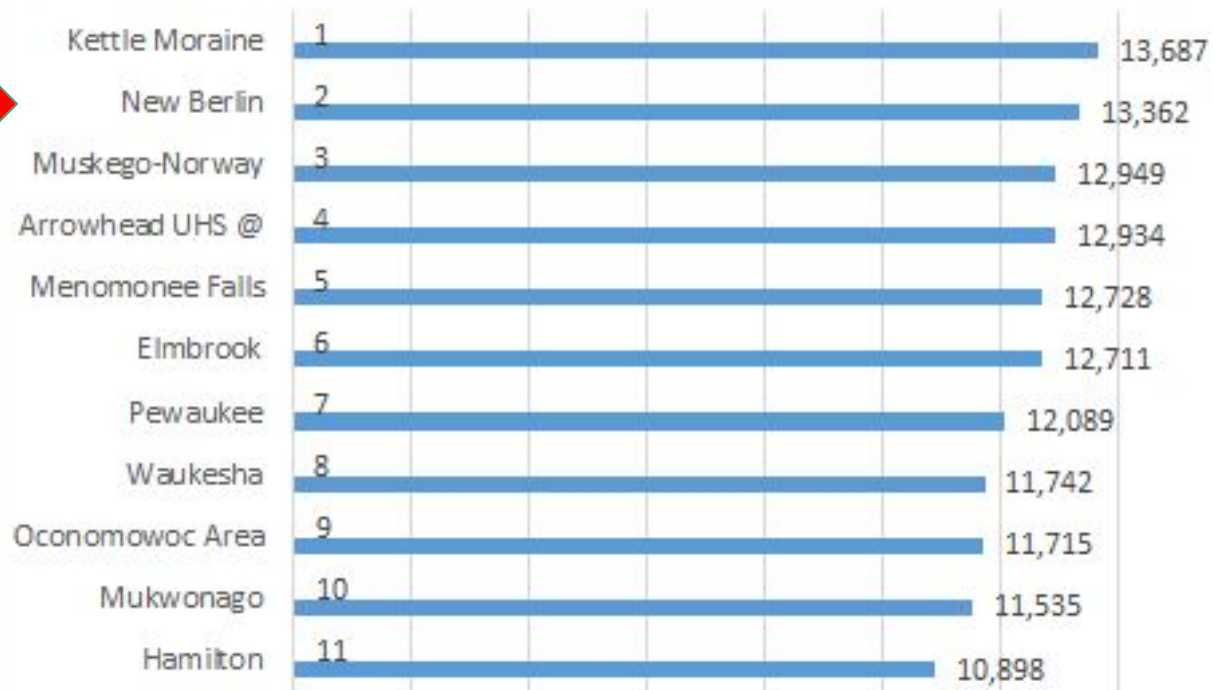
Estimated Tax Levy / Impact

10 YEAR TAX LEVY HISTORY

SCHOOL YEAR	EQUALIZED VALUE (Tid out)	CHANGE	TAX LEVY	CHANGE	TAX RATE per \$1000 EQUALIZED	CHANGE
2009-10	4,478,311,693		44,230,997		\$9.88	
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%)
2019-20	5,126,364,681	3.00%	49,827,579	-1.90%	\$9.72	(4.76%)

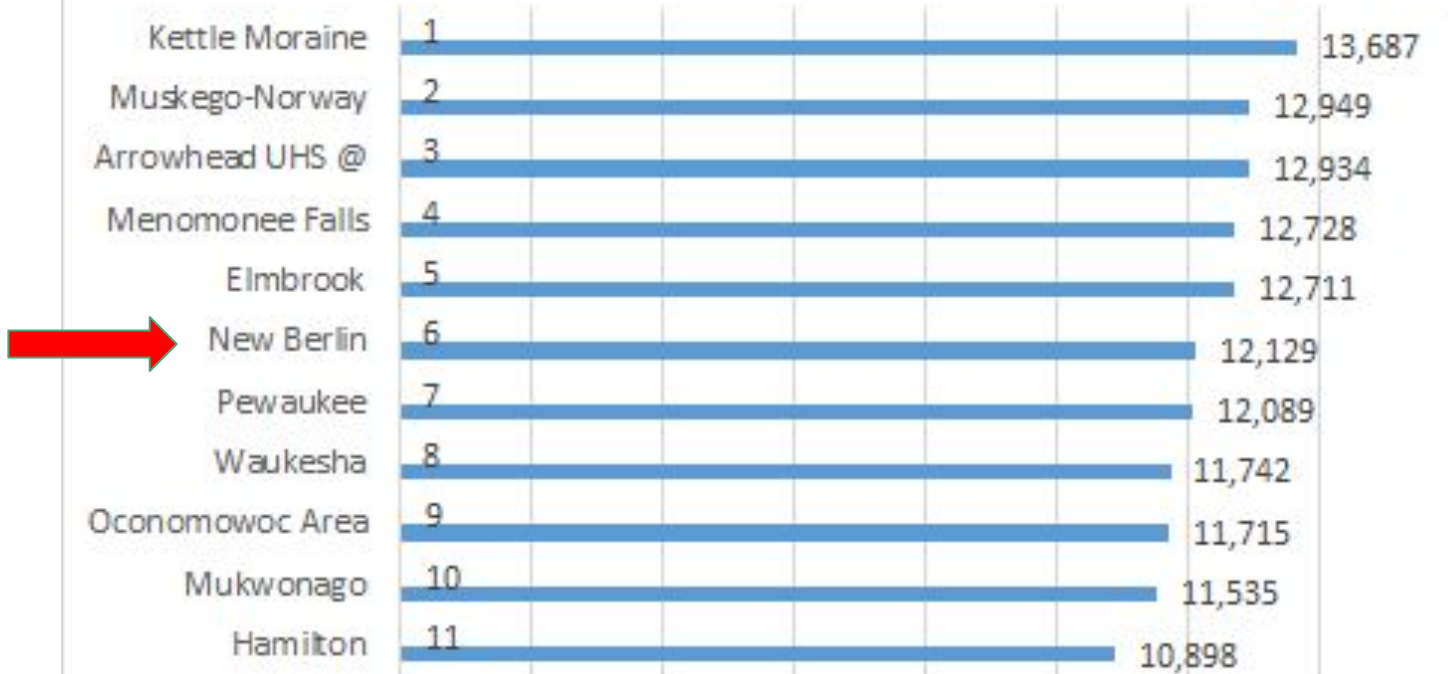
Per Pupil Spending

Comparative Cost w/Debt



Per Pupil Spending

Comparative Cost w/o Debt



Per Pupil Spending

Looking Back to Plan Forward

Past Actions

- Completed sale of all surplus real estate to reduce costs of maintenance and create funding source for capital projects
- Continual refinance of long-term obligations to lower overall costs to taxpayer
- Multi-year planning, particularly for equipment and facilities, to identify near- and long-term needs
- Investment in energy and operational efficiency (ESCO) projects to reduce costs for utilities and to update heating, ventilation and air conditioning systems

Past Actions

- 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 more typically found in the private sector

2019-20 Budget Assumptions

Budget Assumptions - Enrollment and Staffing

- Revenue limit membership projected to increase 6 students
- Licensed educator staff to support classroom teachers reduced by 4 FTE
- Classroom teachers will be reduced by 2 FTE to align staffing with enrollment and available resources
- General support staff in business office will be reduced by 3 FTE

Budget Assumptions - Revenues

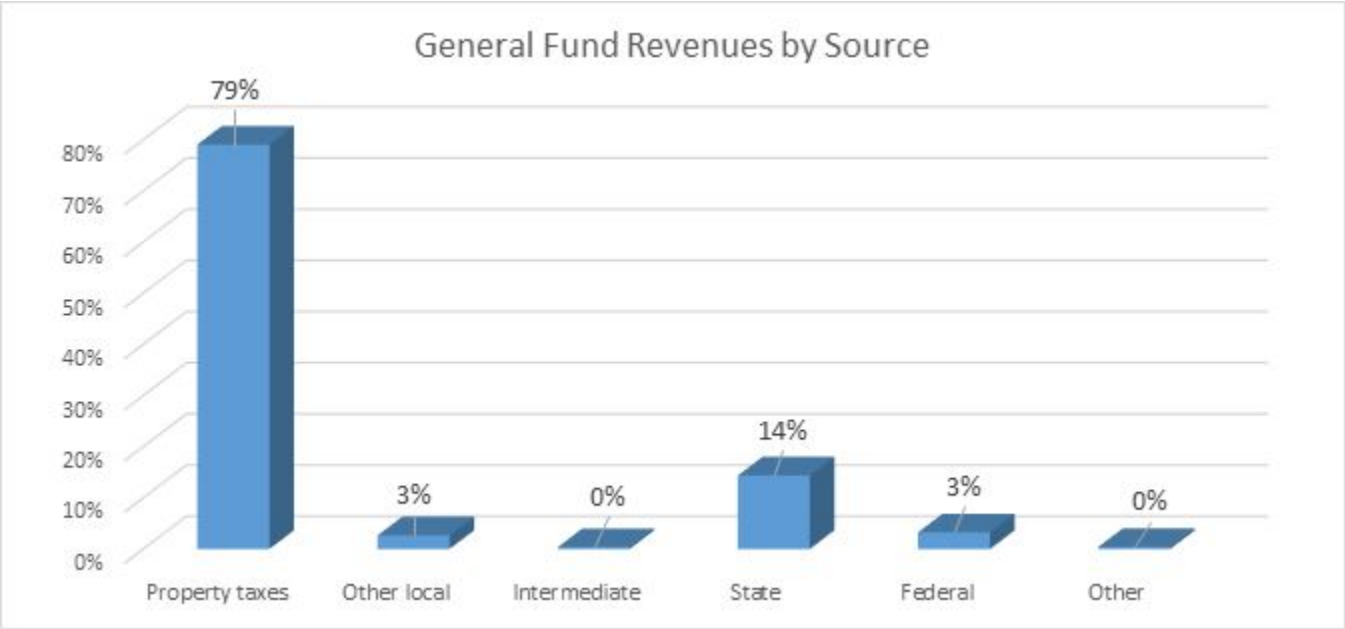
- State to reduce per pupil categorical aid by \$24 from \$654 to \$630, resulting in a loss of \$90,000+
- State will allow for an increase in per pupil revenue limit authority of \$150
- General aid projected to remain stable, with a modest increase of \$63,500, reversing several years of decreases of 15% or greater

Budget Assumptions - Revenues

- General interest rates will increase resulting in \$50,000+ of increased revenue on temporarily idle cash
- Board of Education will approve a series of increases in student fees for parking and co-curricular participation and raise per family maximum for a total estimated net income of
- State special education aid will be funded at about 25% of eligible aidable costs for an estimated increase of \$50,000

Budget Assumptions - Revenues

Total Revenues in General & Special Education Fund:
\$56,196,247



Budget Assumptions - Expenditures

- Zero funding for long-range facility maintenance and remodeling plan (third straight year)
- Zero funding for long-range equipment replacement plan (third straight year)
- Funding for digital learning equipment to continue as planned
- Employees will receive a 2% general wage increase plus additional compensation for merit and market

Budget Assumptions - Expenditures

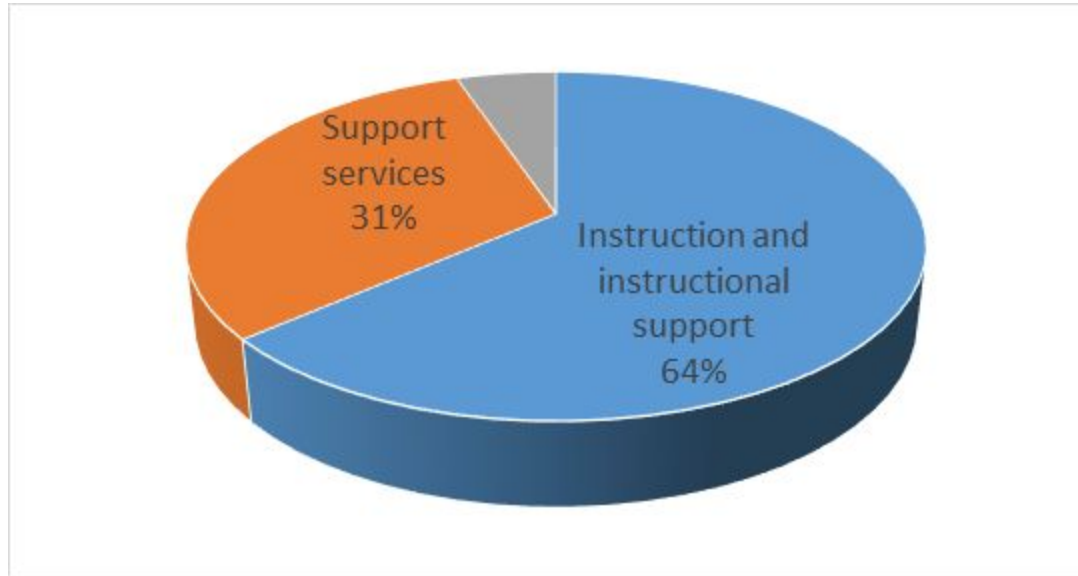
- Costs for medical coverage will remain unchanged
- District will provide a donation to the New Berlin Education Foundation (does not affect structural deficit)
- Cost for temporary cash flow borrowing will increase as a result of higher, short-term interest rates and an increase in borrowed amount due to use of fund balance
- Curriculum and instructional support will be reduced a further \$60,000 deferring opportunities for updates

Budget Assumptions - Expenditures

- Buildings and grounds will contract larger portion of staff
- District will invest in an upgrade the the Enterprise Resource Program to allow for future staffing efficiencies
 - Funds for this upgrade are provided from a segregated source and are not part of structural deficit
- Costs for business and community engagement programs will be reduced

Budget Assumptions - Expenditures

Total Expenditures in General & Special Education Fund:
\$56,893,825



2019-20 Structural Deficit

\$697,578

As a result of staffing cuts, fee increases, and other budget adjustments, we've reduced this amount substantially over the last 12 months.

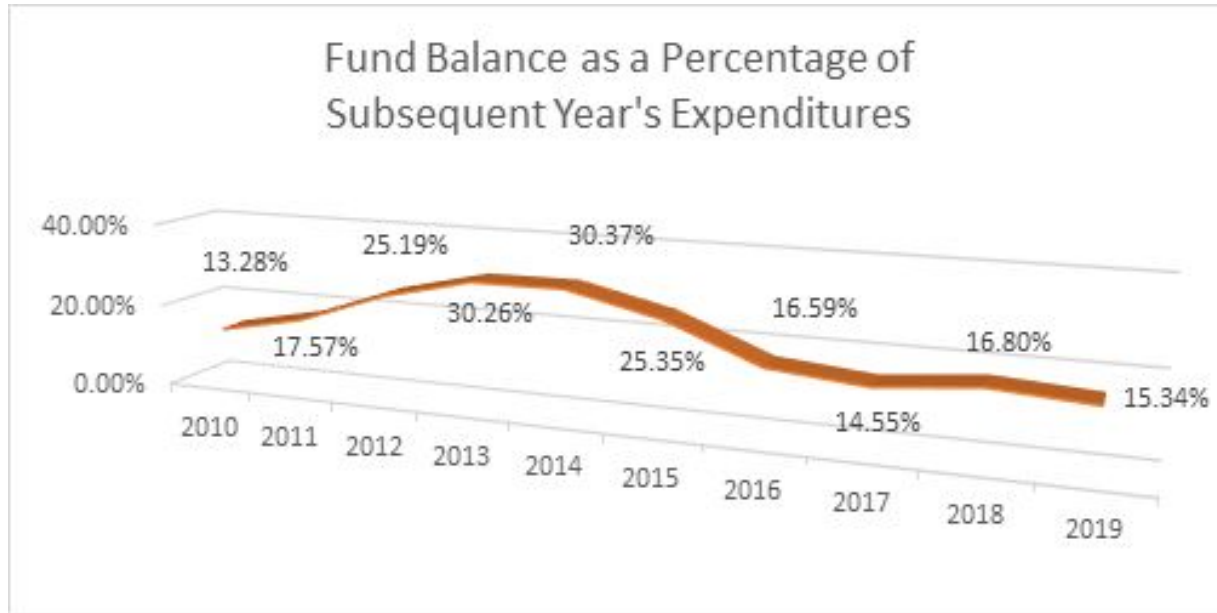
The budget assumes the Board will use fund balance to cover the deficit.

Fund Balance

Fund Balance

- Start of 2019-20 - \$9,423,198 (estimate)
- Required to cover deficit - \$697,578
- End of 2019-20 - \$8,725,621
 - Healthy fund balance is maintained for unexpected uses

Fund Balance



Schedule of Outstanding Debt

Description	Original Issue Amt.	Issue Date	Maturity Date	Balance 6/30/19
West Sewer	\$715,000	Aug. 2010	March 2020	\$365,000
WRS Prior Service	\$11,995,000	Feb. 2011	March 2029	\$140,000
Ike Boiler / West Sewer	\$1,290,000	Feb. 2011	March 2025	\$1,290,000
West / Reagan	\$9,720,000	June 2012	March 2025	\$6,180,000
ESCO	\$8,200,000	Oct. 2013	March 2028	\$7,255,000
West / Reagan	\$9,995,000	Feb. 2014	March 2025	\$6,905,000
West / Reagan	\$4,895,000	Nov. 2015	March 2021	\$2,240,000
ESCO	\$5,100,000	Nov. 2015	March 2029	\$4,185,000
ESCO	\$4,000,000	Aug. 2017	March 2032	\$3,500,000
WRS Refunding	\$12,680,000	Oct. 2018	March 2029	\$12,680,000
Total Debt Impacting Structural Deficit				\$29,800,000
Total Debt				\$44,740,000

Schedule of Outstanding Debt

Funds Outside Structural Deficit

Key Points

Food Service Fund

- Plans to build / outfit satellite kitchen / serving area at West to lower fund balance
- Fund balance cannot be directly used to address structural deficit in general fund

Community Service Fund

- Planned reduction of business and community engagement programs

Special Revenue Trust Fund

- Planned purchase of Enterprise Resource Program (Skyward).

Capital Projects Fund

- No additional projects anticipated for 2019-20

Note: None of the above impact the structural deficit.

Questions?