



Budget Hearing

September 25th, 2023
Village of Hales Corners,
Cities of Franklin, and Greenfield

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Executive Summary

Dear Parents, Guardians, and Community Members,

In this document you will find the current trends, information and budget recommendations of the Whitnall School District Administrative Team and Board of Education for the 2023-24 school and fiscal year. It includes projections for revenues and expenditures, which will be sufficient to carry out the educational objectives for the upcoming school year. These recommendations have been formulated through the efforts of many to meet the unique needs of our students, the community, and the State of Wisconsin.

The Whitnall School District proposed budget for 2023-24 has been prepared in accordance with District policy and State of Wisconsin requirements as set forth in Wisconsin statute and the Department of Public Instruction (DPI).

Budgeting in a school district is always a challenging process. We adopt an initial budget in June each year before the start of the July 1st fiscal year. **We approve the published budget at our August board meeting, present it at the Budget Hearing in September, before adopting a final budget at the end of October once all of the state factors and student counts are known. Because we are waiting on this information, the final budget will change. The Budget Hearing budget information is our best projections right now based on historical data/trends. It is developed to be as accurate as possible based on the information available at the time.**

Our District remains a fiscally conservative, high performing district that provides excellent value to our students, families, community, taxpayers, and business stakeholders.

Whitnall School District

| <u>School Board Members</u> | <u>Position</u> | <u>Term Expires</u> |
|-----------------------------|-----------------|---------------------|
| Jason Craig | President | 2025 |
| Cassie Rainer | Vice President | 2026 |
| Rachel Scherrer | Clerk | 2026 |
| Karen Mikolainis | Treasurer | 2025 |
| Quin Brunette | Member | 2024 |
| Jesse Stachowiak | Member | 2026 |
| Kevin Stachowiak | Member | 2024 |

Budget Hearing Terms

Revenue Limit

State imposed amount of money a district can receive to operate each year. It is calculated and released by DPI on October 15th each year. The revenue limit is made up of two main funding areas:

State Aid

Property Taxes (part of the total Tax Levy-see below)

The revenue limit is based on a district's 3-year average student enrollment and their prior year's revenue limit amount.

State Aid (Equalization Aid)

The amount of a school's funding (Revenue Limit) that the state contributes. It is a very in-depth funding formula that consists of three tiers of computations. It is based on prior year spending and student membership(enrollment). This too is calculated and shared by DPI on October 15th as part of the Revenue Limit Worksheet.

Tax Levy

The total amount of tax revenue (property taxes) that the district receives from the local municipality for authorized district expenditures. The school district's share is only a portion of the total property taxes that community members pay each year.

Some of the taxes received by the district are inside of the Revenue Limit (Fund 10 – general operating costs, non-referendum debt repayment, and Fund 41-Capital Expansion for building/property maintenance and improvement projects). These funds are the remaining portion of the Revenue Limit that is not covered by State (Equalization) Aid. If the Revenue Limit stays constant but State Aid increases, then the Revenue Limit Tax Levy would decrease as the state is covering more of a district's revenue. The reverse is also true, if State Aid decreases, then property taxes inside the Revenue Limit would go up to make up the difference.

The remaining amount is outside of the Revenue Limit. This is for Fund 39-Referendum Debt repayment.

The total local property tax amount collected is the Tax Levy.

Mill Rate

This is a tax rate used as one way of measuring annual property taxes collected by a district. It is the amount of taxes paid per dollar of assessed value of a person's property. It is calculated by dividing the total Tax Levy by the total assessed value of all property within the entire district's boundaries.

1 Mill is equal to \$1.00 in property tax levied per \$1,000 of a property's assessed value. A Mill Rate of \$7.00 means that a taxpayer will pay \$7.00 for every \$1,000 of their property value. A \$200,000 home value and a \$7.00 Mill Rate would equal \$1,400 of taxes for the school's portion. **This is just one part of the total tax rate for the homeowner.** The state also assesses property taxes for other entities such as technical colleges, municipalities (police, fire, streets, sanitation, and health departments to name a few), and counties.

Equalized Value

How the Dept of Revenue adjusts each municipalities' assessed value to ensure all school districts property values are comparable regardless of local assessment practices.

DEFINITIONS OF FUNDS IN USE

Fund 10 General Fund

The general fund is used to account for all financial transactions relating to the district's current operations, except for those required to be accounted for in other funds.

Fund 21 Special Revenue Trust Fund (District controlled activity accounts – Co-Curriculars)

This fund is used to account for all co-curricular activity funds with District oversight. The source of such funds is gifts and donations (fundraising).

Fund 27 Special Education Fund

The fund is used to account for the excess cost of providing special education and related services for students with disabilities during the regular school year or extended school year. The ending fund deficit must be eliminated by an operating transfer from the General Fund.

Fund 38 Non-Referendum Debt Service Fund

This fund is used to account for transactions for the repayment of debt issues that were incurred without referendum approval after that date. Only the expenses of debt repayment (principal and interest) are recorded in this Fund. The proceeds are "shifted" to Fund 49 if used for capital improvements.

Fund 39 Referendum Approved Debt Service Funds

This fund is used to account for transactions for the repayment of debt issues that were approved by referendum.

Fund 41 Capital Expansion Fund

Projects financed with tax levy per statute 120.10. State statute restricts the use of this fund for capital expenditures related to school district buildings and sites. Equipment cannot be purchased with this Fund.

Fund 46 Long Term Capital Improvement Trust Fund

A school board with an approved long-term capital improvement plan may establish a "trust" that is funded with a transfer from the general fund. A school board is prohibited from removing money deposited into Fund 46 for a period of five years after the fund is created. (WSD 5 year waiting period ends on September 29, 2021). Funds may only be used for the purposes identified in the board approved long-term capital improvement plan.

Fund 49 Other Capital Project Funds

Used to report capital project fund activities. This fund is used to "house" Fund 38 (non-referendum debt) proceeds until they are used on capital projects. The expenses for these proceeds are also recorded in this Fund.

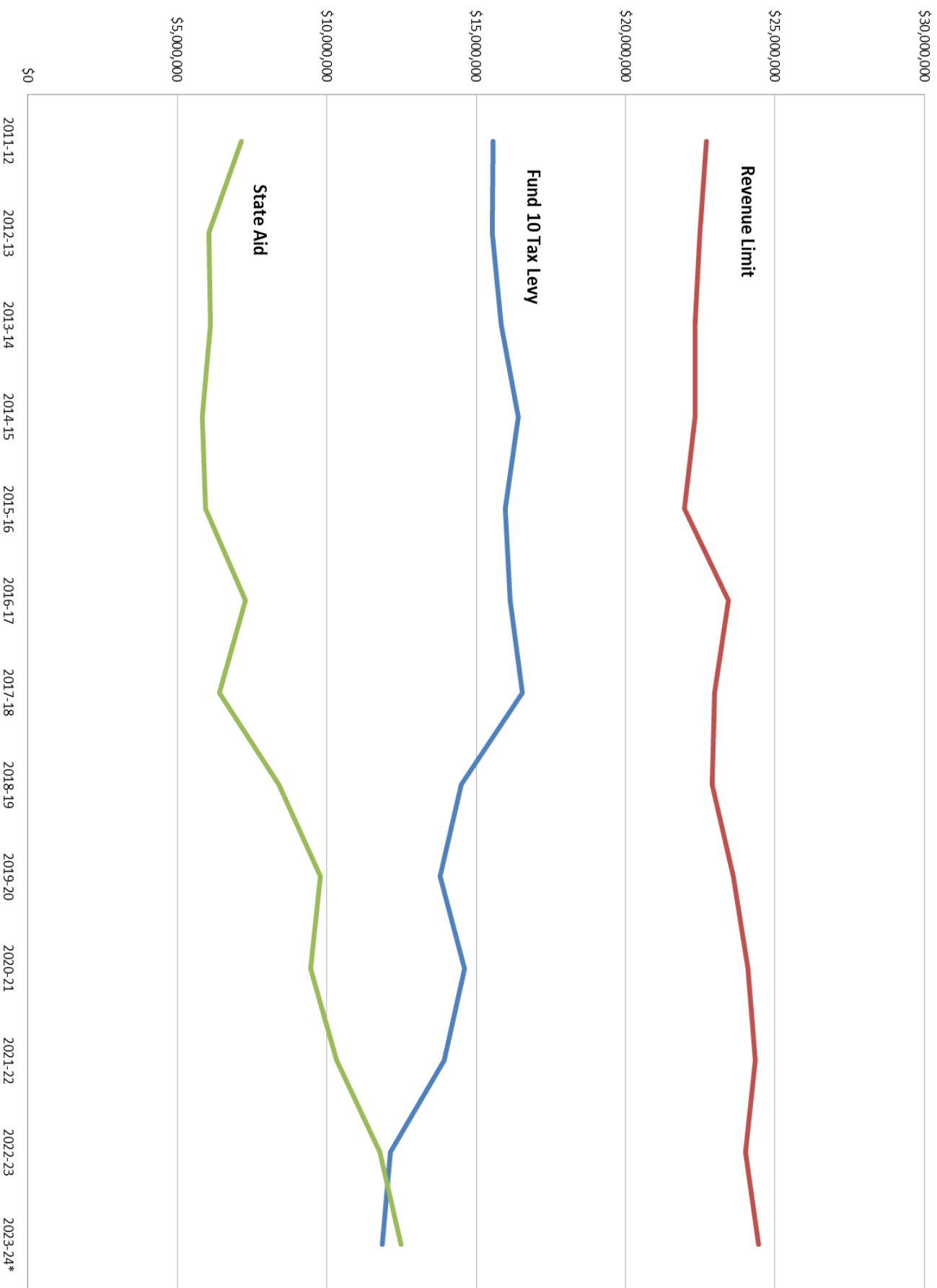
Fund 50 Food Service Fund

All revenues and expenditures related to pupil food service activities are recorded in this fund. A fund balance in the Food Service Fund is permitted. There may be no deficit in the district's Food Service Fund. Any food service fund deficit, resulting from student food services, must be eliminated by an operating transfer from the General Fund.

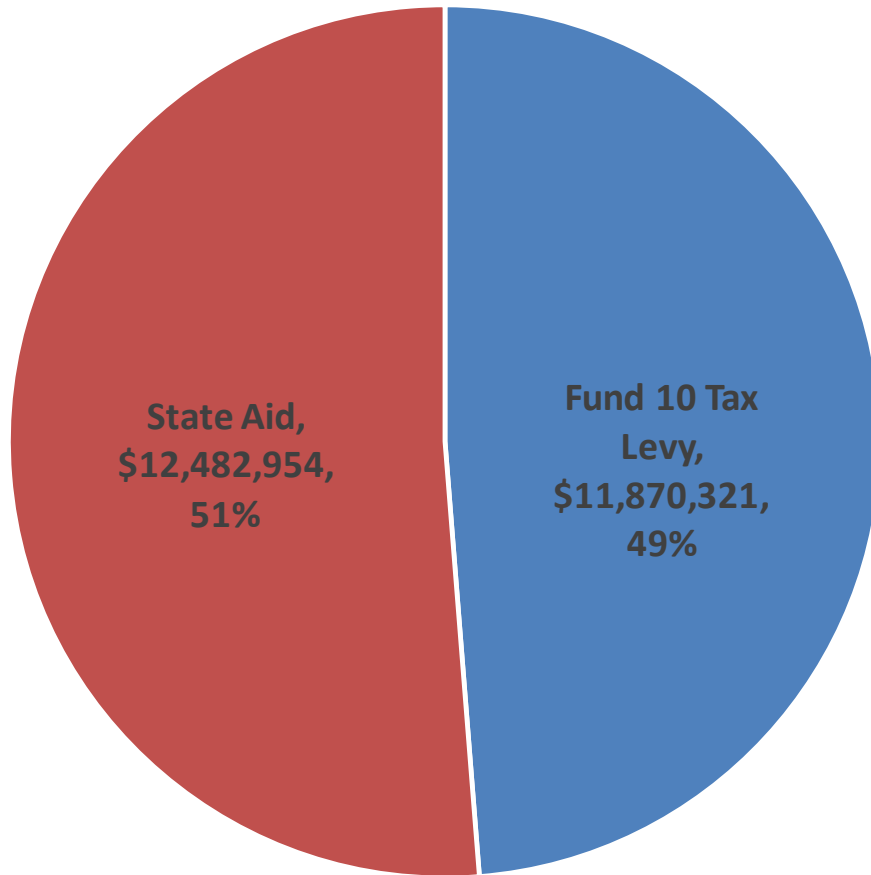
Fund 99 Other Package and Cooperative Program Funds

This fund is to be used for all other types of cooperative (multi-district) instructional funds. No fund balance or deficit can exist in this fund.

Revenue Limit, Tax Levy & State Aid



**2023-24 Projected Revenue Limit
\$24,467,207**



Other State Revenue Sources Outside of the Revenue Limit (projected)

| | |
|--------------------------------|---------------|
| Open Enrollment | \$3.6 million |
| Per Pupil Aid | \$1.6 Million |
| Special Education* | \$2.1 million |
| ESSER III | \$934,000 |
| Various Grants/Aid* | \$378,000 |
| Title Funding* | \$289,000 |
| Medicaid Reimbursement | \$150,000 |
| Common School Funds (Library)* | \$138,000 |

*funding must be spent on specific expenditures

TREND DATA

| | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24*</u> |
|---------------|----------------|----------------|----------------|----------------|-----------------|
| Revenue Limit | \$23,614,522 | \$24,094,701 | \$24,358,879 | \$24,015,347 | \$24,467,207 |
| % change | 3.06% | 2.03% | 1.10% | -1.41% | 1.88% |

*Projected

| | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24*</u> |
|-----------|----------------|----------------|----------------|----------------|-----------------|
| State Aid | \$9,805,429 | \$9,472,751 | \$10,345,927 | \$11,790,514 | \$12,482,954 |
| % change | 16.53% | -3.39% | 9.22% | 13.96% | 5.89% |

*Projected

| | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24*</u> |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Equalized Value | \$1,819,325,980 | \$1,893,952,289 | \$1,924,616,881 | \$2,119,071,151 | \$2,373,489,866 |
| % change | 8.10% | 4.10% | 1.62% | 10.10% | 19.35% |

*Projected

| | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24*</u> |
|----------|----------------|----------------|----------------|----------------|-----------------|
| Tax Levy | \$16,594,094 | \$16,500,000 | \$16,420,018 | \$17,532,989 | \$15,640,321 |
| % change | -0.04% | -0.57% | -0.48% | 6.78% | -10.79% |

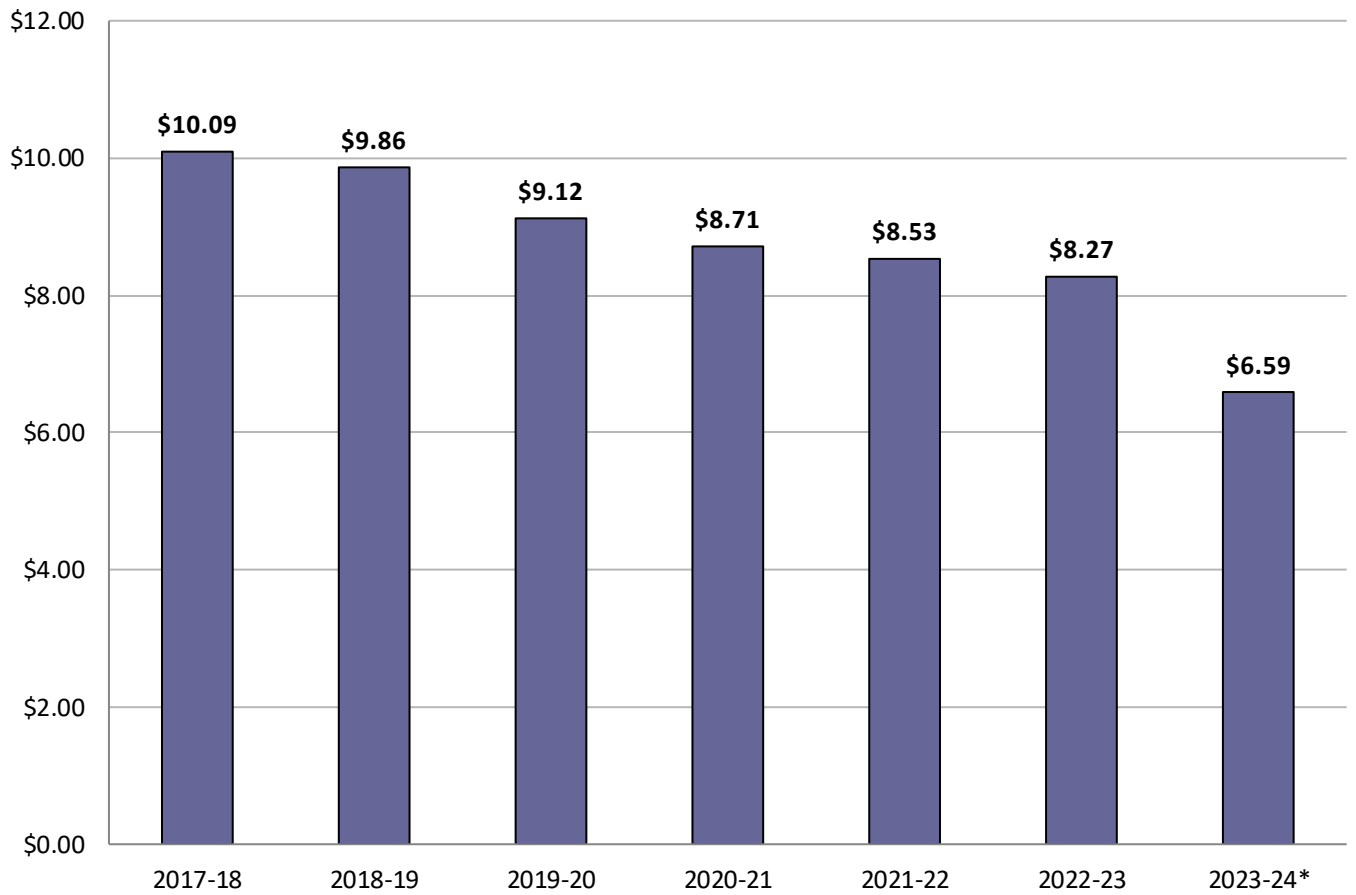
*Projected

| | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24*</u> |
|-----------|----------------|----------------|----------------|----------------|-----------------|
| Mill Rate | \$9.12 | \$8.71 | \$8.53 | \$8.27 | \$6.61 |
| % change | -7.53% | -4.49% | -2.09% | -3.05% | -20.07% |

*Projected

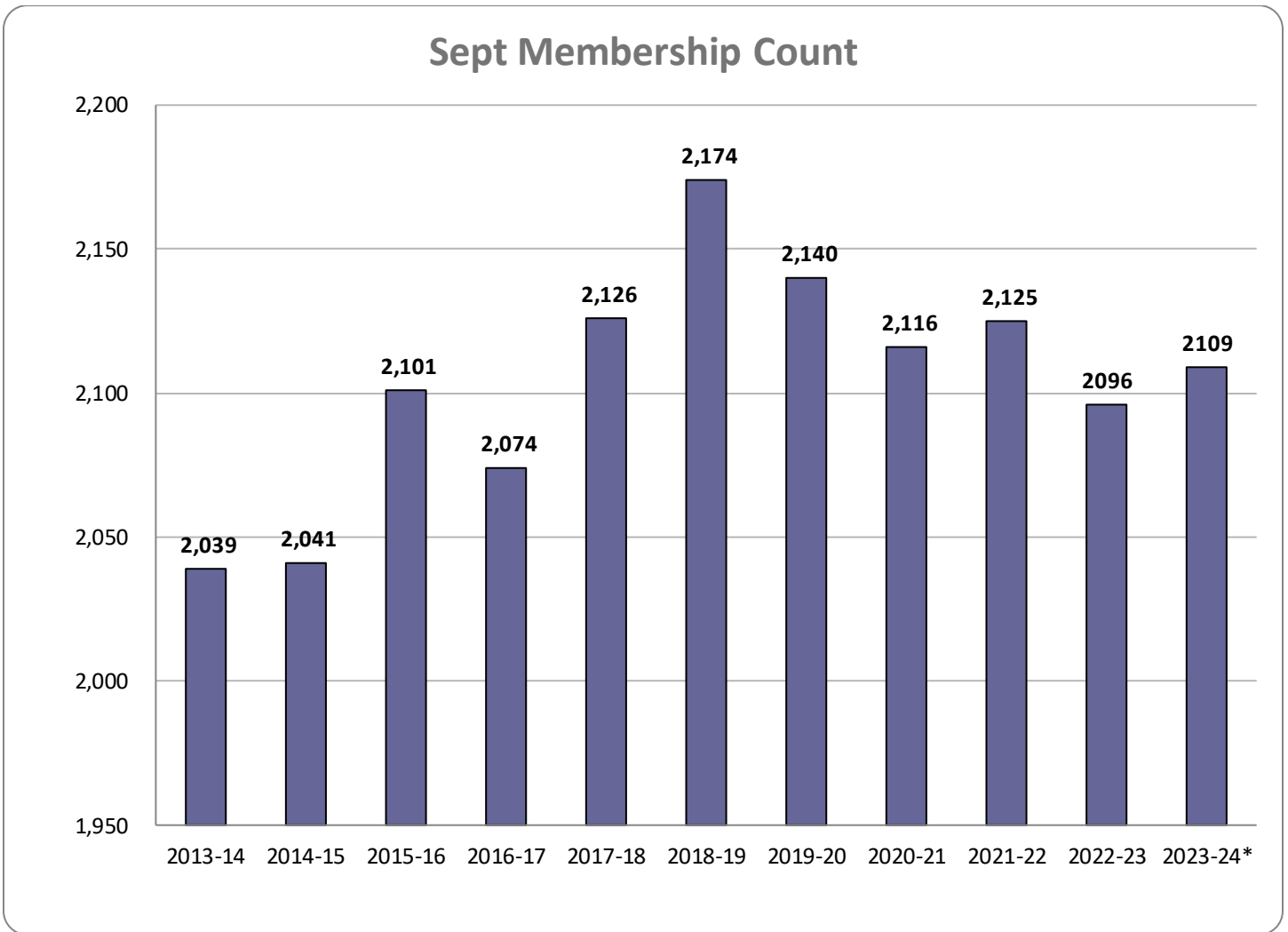
- Revenue Limit is increasing by less than 2% but costs have been increasing at 3 times that amount
- Property values continue to increase drastically but Whitnall has been striving to decrease the school's share of property taxes
- The mill rate has continued to decrease for the sixth year in a row

Mill Rate



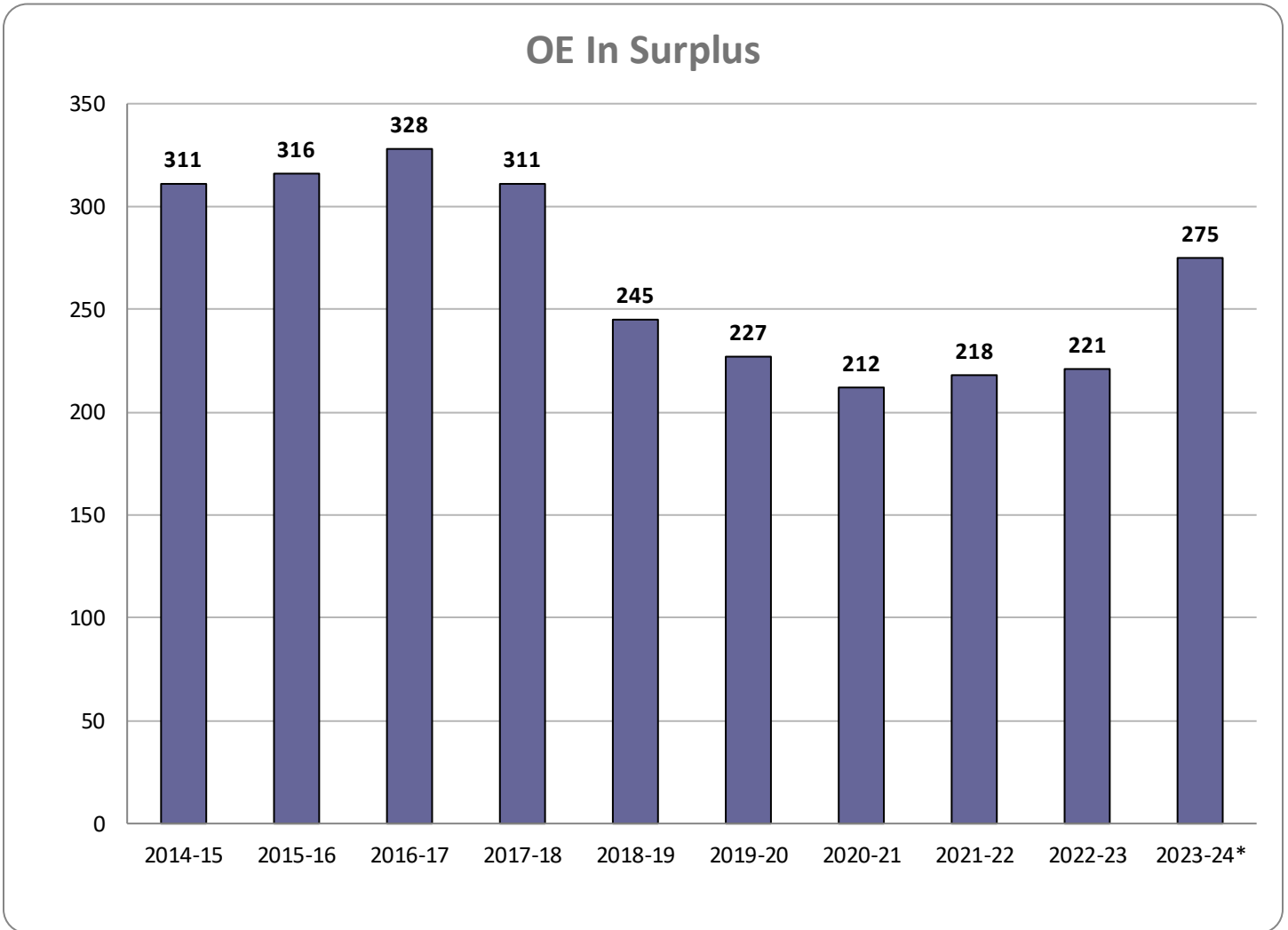
- 2023-24 projection will change when we get final DPI numbers
- Expect an increase but will still remain lower than last year
- The lower mill rate and increased school tax credit will help minimize the tax implications of increased assessments (Whitnall SD portions ONLY)
- Concerted effort to reduce the tax burden on our community when possible
- Even with the 2018 Referendum debt payments and the continued maintenance/facility upkeep (10-year Capital Improvement Plan), we have continued to decrease the mill rate
- Intentional planning done to pay off the current referendum debt early
- Provides opportunities to look at current facility needs outside of our annual budget

Student Membership Trend



- This is resident student FTE's and not actual head count/enrollment
- This number is used as part of a 3-year average to calculate the Revenue Limit and State Aid
- Includes September FTE only
 - Includes PK through 12th grade
- This year's projection was based on initial projections using the Baird Model, but with the large graduating class (2023) and an uncertain resident Core4 and Kindergarten enrollment this may be on the high side
- It was a conservative projection as declining enrollment will actually help with our revenue limit (declining enrollment exemption)
- Final numbers will be determined in the next few weeks and certified by DPI in October

Open Enrollment

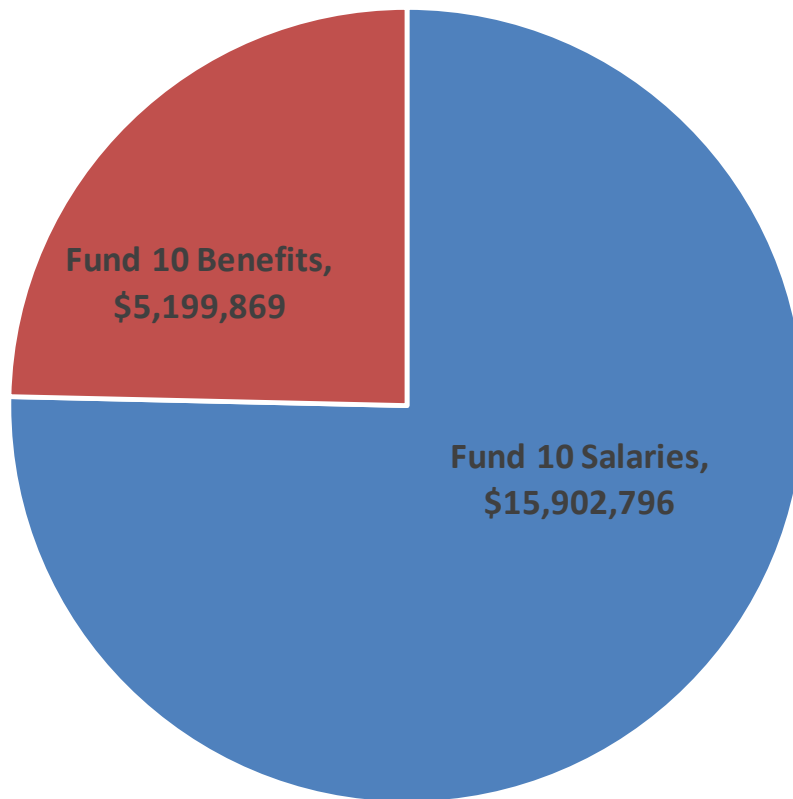


| | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24*</u> |
|-------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Total Surplus | \$2,035,562 | \$2,071,067 | \$1,947,238 | \$1,830,245 | \$2,039,869 | \$2,440,498 |
| Payments Out | \$901,872 | \$916,256 | \$1,255,406 | \$1,206,311 | \$1,313,411 | \$1,174,220 |
| Payments In | \$2,937,434 | \$2,987,323 | \$3,202,644 | \$3,036,556 | \$3,353,280 | \$3,614,718 |
| # of Students Out | 112 | 113 | 153 | 139 | 160 | 134 |
| # of Students In | 357 | 340 | 365 | 357 | 381 | 409 |

- Open Enrollment surplus continues to grow and provide additional revenue
- OE students make up for our flat/declining number of resident membership students

Salaries & Benefits

2023-24 Projected Salaries & Benefits



- Salary & Benefits make up approximately 66% of our total expenditures
- Revenue limits are not keeping up with employee salary and benefit increases
 - Projected 2023-24 salaries increased over \$1.2 million from last year
 - Post COVID health insurance usage continues to remain very high
 - Health insurance rates will continue to increase far surpassing any expected revenue increases
- ESSER funding has been utilized to offset some salary and benefit costs

2023-2024 Budget Summary Report

Jon Duhr, Director of Financial Services

The following information is a PROJECTED summary of the 2023-2024 Budget for the Whitnall School District for presentation at the September 25, 2023 Budget Hearing.

1. PROJECTED Fund Balance:

Fund 10 Fund Balance as of July 1, 2023: \$10,921,172

Estimated Fund 10 Fund Balance as of June 30, 2024: \$10,921,172

Proposed Fund 10 Fund Balance change for 2023-2024: \$0.00

The projected balanced budget is the result of several factors. Continued open enrollment surplus. The expected expenditures of the self-funded health/dental insurance plan. The projected self-sustaining Food Service program. Maintaining the cost of the Special Education program with the 3% increase in reimbursement. The use of ESSER funds for approved expenditures.

- 2. PROJECTED State Equalization Aid:** \$12,482,954 based on the July 1, 2023 General Aid Estimation. This reflects an increase in state aid from 2022-2023 of \$692,440 or 5.9% increase in state aid over last year. With additional information from Baird, it was discovered that DPI did not include the reported defeasance in this Aid Estimation. That will cause nearly a million dollars in reduced state aid when the final numbers come out on the October 15, 2022 Final Aid Certification.
- 3. PROJECTED Property Valuation:** \$2,373,489,866; a \$254,418,715 value increase (12% increase) in property valuation. Nearly all of this is due to inflation and not new building/growth.
- 4. PROJECTED Pupil Membership Count:** 2109. The Student Count FTE (Full Time Equivalent) is the number of students actually attending WSD adjusted due to open enrolled students and decreased based on attendance times (4K). This number is part of the three-year average that is used in the Revenue Limit calculation. The projection of 2109 is a 13 FTE student increase from last year's membership number. The graduating class of 2022 was one of the largest classes. Due to our ½ day 4K program and COVID, it has very difficult to project incoming CORE4 and Kindergarten numbers. With more trend data, this will become more accurate. Summer school numbers remained consistent at 31 FTE. Based on these factors, our estimated 3-year membership average remained relatively constant. September third Friday counts will be finalized in the coming weeks.
- 5. PROJECTED Total 2023-24 All Funds Tax Levy:** \$15,680,321; down nearly 11% from 2022-23 due to the increase in state aid and reduced debt repayment from prior years. With the defeasance amount included in the final state aid calculations, this is expected to increase some but will still be a very significant drop from last year.
- 6. PROJECTED Total 2023-24 Tax Levy Rate:** \$6.61; down 20% from \$8.27 in 2022-23 (again, will more than likely increase some but not near last year's number).

2023-24 PROPOSED BUDGET

WHITNALL SCHOOL DISTRICT BUDGET PUBLICATION - 2023-24 Required Published Budget Summary Format

A budget summary, notice of the place where the budget in detail may be examined, the time and place for a public hearing on the budget must be published or distributed under s. 65.90. The required minimum detail for the published summary is as follows:

| GENERAL FUND (Fund 10) | Audited 2021-22 | Unaudited 2022-23 | Budget 2023-24 |
|--|----------------------------|------------------------------|---------------------------|
| Beginning Fund Balance | 10,166,132.36 | 10,704,337.85 | 10,921,172.77 |
| Ending Fund Balance | 10,704,337.85 | 10,921,172.77 | 10,921,172.77 |
| REVENUES & OTHER FINANCING SOURCES | | | |
| Transfers-In (Source 100) | 22,234.02 | 79,767.10 | 0.00 |
| Local Sources (Source 200) | 13,691,648.08 | 12,190,141.32 | 12,167,752.00 |
| Inter-district Payments (Source 300 + 400) | 3,037,751.77 | 3,357,950.41 | 3,603,500.00 |
| Intermediate Sources (Source 500) | 0.00 | 15,480.97 | 0.00 |
| State Sources (Source 600) | 12,258,771.16 | 13,753,036.24 | 14,428,386.00 |
| Federal Sources (Source 700) | 1,188,681.74 | 1,976,397.77 | 1,546,060.40 |
| All Other Sources (Source 800 + 900) | 129,339.26 | 360,793.94 | 58,050.00 |
| TOTAL REVENUES & OTHER FINANCING SOURCES | 30,328,426.03 | 31,733,567.75 | 31,803,748.40 |
| EXPENDITURES & OTHER FINANCING USES | | | |
| Instruction (Function 100 000) | 12,754,399.40 | 13,925,965.92 | 14,385,208.84 |
| Support Services (Function 200 000) | 11,256,933.21 | 10,993,133.03 | 11,733,011.56 |
| Non-Program Transactions (Function 400 000) | 5,778,887.93 | 6,597,633.88 | 5,685,528.00 |
| TOTAL EXPENDITURES & OTHER FINANCING USES | 29,790,220.54 | 31,516,732.83 | 31,803,748.40 |

| SPECIAL PROJECTS FUND (Funds 21 & 27) | Audited 2021-22 | Unaudited 2022-23 | Budget 2023-24 |
|--|----------------------------|------------------------------|---------------------------|
| Beginning Fund Balance | 281,166.93 | 313,434.00 | 239,290.10 |
| Ending Fund Balance | 313,434.00 | 239,290.10 | 190,188.96 |
| REVENUES & OTHER FINANCING SOURCES | 6,598,236.15 | 6,494,847.95 | 6,708,075.51 |
| EXPENDITURES & OTHER FINANCING USES | 6,565,969.08 | 6,568,991.85 | 6,757,176.65 |

| DEBT SERVICE FUND (Funds 38 & 39) | Audited 2021-22 | Unaudited 2022-23 | Budget 2023-24 |
|--|----------------------------|------------------------------|---------------------------|
| Beginning Fund Balance | 2,292,827.88 | 3,456,605.83 | 231,116.67 |
| Ending Fund Balance | 3,456,605.83 | 231,116.67 | 344,741.67 |
| REVENUES & OTHER FINANCING SOURCES | 2,624,482.20 | 6,298,990.59 | 3,957,494.00 |
| EXPENDITURES & OTHER FINANCING USES | 1,460,704.25 | 9,524,479.75 | 3,843,869.00 |

| CAPITAL PROJECTS FUND (Funds 41 & 46) | Audited 2021-22 | Unaudited 2022-23 | Budget 2023-24 |
|--|----------------------------|------------------------------|---------------------------|
| Beginning Fund Balance | 2,626,081.62 | 2,406,682.57 | 2,965,142.49 |
| Ending Fund Balance | 2,406,682.57 | 2,965,142.49 | 2,675,642.49 |
| REVENUES & OTHER FINANCING SOURCES | 1,103,621.39 | 1,348,810.72 | 510,000.00 |
| EXPENDITURES & OTHER FINANCING USES | 1,323,020.44 | 790,350.80 | 799,500.00 |

| FOOD SERVICE FUND (Fund 50) | Audited 2021-22 | Unaudited 2022-23 | Budget 2023-24 |
|--|----------------------------|------------------------------|---------------------------|
| Beginning Fund Balance | 25,483.76 | 534,228.14 | 732,504.18 |
| Ending Fund Balance | 534,228.14 | 732,504.18 | 753,023.12 |
| REVENUES & OTHER FINANCING SOURCES | 1,680,270.27 | 1,478,508.05 | 1,469,300.00 |
| EXPENDITURES & OTHER FINANCING USES | 1,171,525.89 | 1,280,232.01 | 1,448,781.06 |

| COMMUNITY SERVICE FUND | Audited 2021-22 | Unaudited 2022-23 | Budget 2023-24 |
|--|----------------------------|------------------------------|---------------------------|
| Beginning Fund Balance | 0.00 | 0.00 | 0.00 |
| Ending Fund Balance | 0.00 | 0.00 | 0.00 |
| REVENUES & OTHER FINANCING SOURCES | 0.00 | 0.00 | 0.00 |
| EXPENDITURES & OTHER FINANCING USES | 0.00 | 0.00 | 0.00 |

| PACKAGE & COOPERATIVE PROGRAM FUND (Fund 99) | Audited 2021-22 | Unaudited 2022-23 | Budget 2023-24 |
|---|----------------------------|------------------------------|---------------------------|
| Beginning Fund Balance | 0.00 | 0.00 | 0.00 |
| Ending Fund Balance | (0.00) | 0.00 | 0.00 |
| REVENUES & OTHER FINANCING SOURCES | 212,074.02 | 263,865.09 | 236,291.00 |
| EXPENDITURES & OTHER FINANCING USES | 212,074.02 | 263,865.09 | 236,291.00 |

Total Expenditures and Other Financing Uses

| ALL FUNDS | Audited 2021-22 | Unaudited 2022-23 | Budget 2023-24 |
|--|----------------------------|------------------------------|---------------------------|
| GROSS TOTAL EXPENDITURES -- ALL FUNDS | 40,523,514.22 | 49,944,652.33 | 44,889,366.11 |
| Interfund Transfers (Source 100) - ALL FUNDS | 4,020,471.31 | 4,489,960.35 | 3,425,338.51 |
| Refinancing Expenditures (FUND 30) | 0.00 | 0.00 | 0.00 |
| NET TOTAL EXPENDITURES -- ALL FUNDS | 36,503,042.91 | 45,454,691.98 | 41,464,027.60 |
| PERCENTAGE INCREASE – NET TOTAL FUND EXPENDITURES FROM PRIOR YEAR | | 24.52% | -8.78% |

PROPOSED PROPERTY TAX LEVY

| Levy Summary | Audited 2021-22 | Unaudited 2022-23 | Budget 2023-24 |
|--|----------------------------|------------------------------|---------------------------|
| General Fund | \$13,202,314 | \$11,395,479 | \$11,382,902 |
| Referendum Debt Service Fund | \$2,480,285 | \$5,400,000 | \$3,770,000 |
| Non-Referendum Debt Service Fund | \$137,419 | \$137,419 | \$137,419 |
| Capital Expansion Fund | \$600,000 | \$600,000 | \$400,000 |
| Community Service Fund | \$0 | \$0 | \$0 |
| Prior Year Levy Chargeback | \$0 | \$0 | \$0 |
| Other Levy | \$0 | \$0 | \$0 |
| TOTAL SCHOOL LEVY | \$16,420,018 | \$17,532,898 | \$15,690,321 |
| PERCENTAGE INCREASE -- TOTAL LEVY FROM PRIOR YEAR | | 6.78% | -10.51% |
| MILL RATE | \$8.53 | \$8.27 | \$6.61 |

ADDITIONAL FINANCIAL INFORMATION

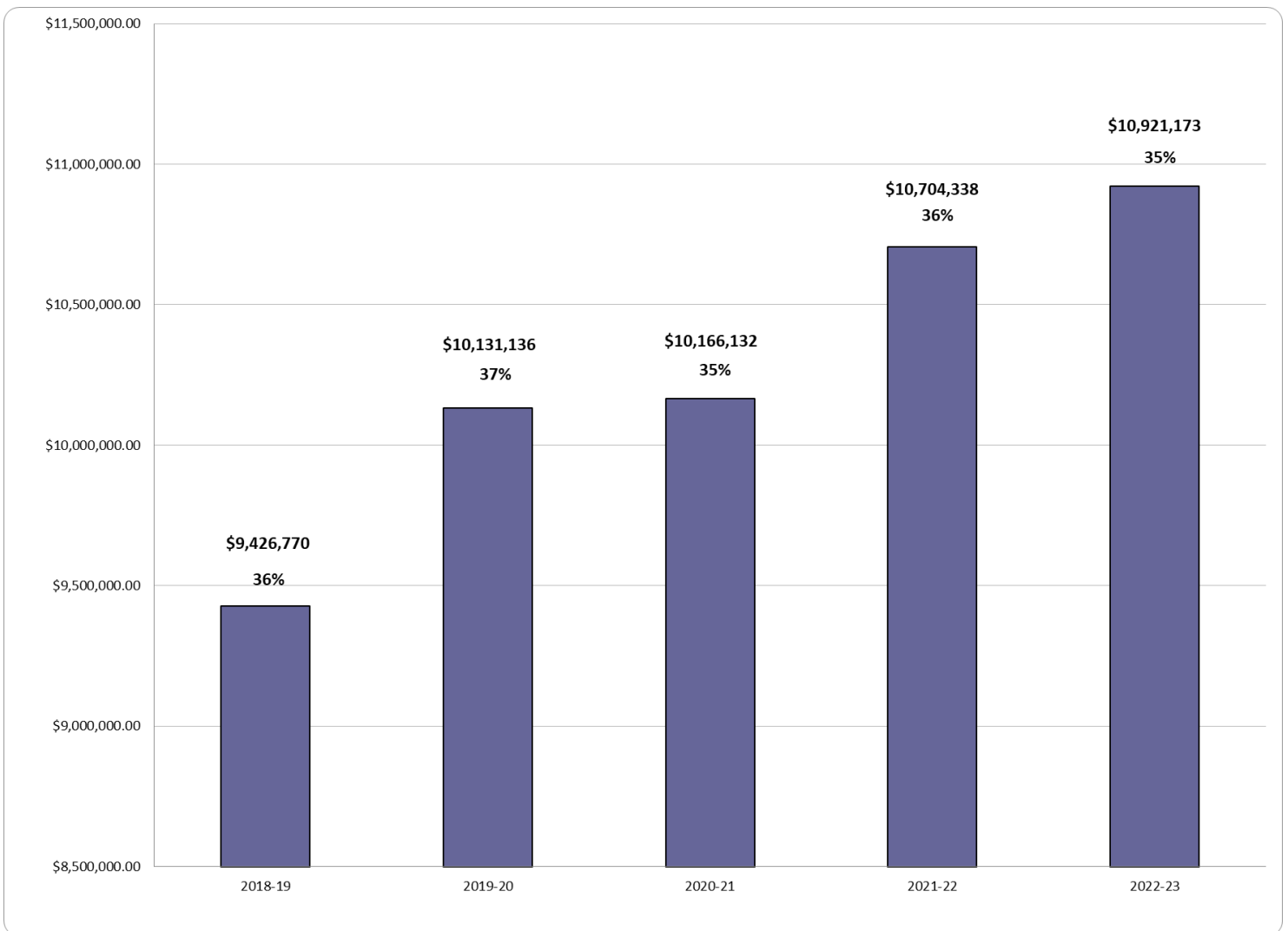
ESSER Funding:

- ESSER II dollars have all been expended by the September 30, 2023 deadline
- ESSER III balance is \$934,653 and must be expended by September 30, 2024
 - 2023-24 Planned Expenditures
 - Literacy Implementation Specialists and Psychologist salaries and benefits
 - \$353,000
 - Staff Stipends
 - \$348,000

Defeasance Information:

- The District was able to defease (pre-pay) a large part of the 2018 referendum debt.
- We worked with Baird to retire nearly \$7.4 million of our \$11 million Fund 39 debt
- This will save the District nearly \$2.4 million dollars in interest costs
- We will work with Baird again this year to defease the remaining Fund 39 debt balance
- Approximately \$2.6 million defeasance saving an additional \$260,000 in interest costs
- After the second defeasance, the District will have paid off all of the 2018 referendum debt with original maturities of both 10 and 20 years in less than 6 years
- This was done while continuing to decrease the overall tax levy and mill rate

District Historical Fund Balance



- The Fund 10 Fund Balance increased by about \$216,000
 - Funding for board approved piano purchase in 23-24
 - Self-Insured Health required IBNR (incurred but not reported) accounting adjustment