



Kettle Moraine SD

2022-23

Preliminary Budget

May 3, 2022

John Stellmacher, Chief Financial Officer
Jeremy Struss, Finance Manager
Stephen Plum, Superintendent



Budget Adoption Process

- May 3, 2022 Preliminary Budget Presented
- June 21, 2022 Annual Meeting
- September 16, 2022 Third Friday Count
- October 14, 2022 Aid Certification
- October 25, 2022 - Finalize Budget and Levy



FY23 Budget Development Calendar

- October, 2021 - Finalize FY22 Budget
- November, 2021 - Update Baird Forecast
- February, 2022- Updated 5 Year Forecast
- May 3, 2022 - Preliminary Budget Presented
- June 21, 2022 - Annual Meeting
- July 1, 2022 - Fiscal Year Begins
- July 1, 2022 - State Aid Estimate
- September 16, 2022 - Third Friday Count
- October 14, 2022 - State Aid Certification
- October, 25 2022 - Finalize Budget and Levy



Key Factors in Budget Development

- 2021-23 State Budget (Second Year)
 - Per Pupil Revenue Limit
 - Per Pupil Categorical Aid
 - Special Education Categorical Aid
 - State Equalization Aid
 - Open Enrollment Transfer/Student

- Student Enrollment
 - Resident Student FTE
 - Open Enrollment Net FTE
 - Summer School FTE



Current State Law FY21-23

- \$0 Per Pupil Revenue Limit Increase for FY 22-23
- \$0 Per Pupil Cat Aid Increase for FY 22-23
- 31.52% Special Education Aid for FY 22-23
- Increased State Equalization Aid FY 22-23
 - \$7.9 Million to \$ 10.7 Million
- \$63 Increase in Open Enrollment/Pupil FY 22-23



10 Year History of School Funding

New Revenue (Per Pupil)		Consumer Price Index (CPI)
➤	2013-14 + \$ 100	+ 2.07%
➤	2014-15 + \$ 150	+ 1.46%
➤	2015-16 + 0	+ 1.62%
➤	2016-17 + \$ 100	+ 0.12%
➤	2017-18 + \$ 200	+ 1.26%
➤	2018-19 + \$ 204	+ 2.13%
➤	2019-20 + \$ 263	+ 2.44%
➤	2020-21 + \$ 179	+ 1.81%
➤	2021-22 + \$ 0	+ 1.23%
➤	2022-23 + \$ 0	+ 4.70%

\$1,196 (10.9%) Increase over 10 yrs vs 20.5% CPI
Base includes Revenue Limit, Per Pupil Categorical Aid (\$10,946)



4/7/20 Voter Approved Referendum

- \$2,500,000 revenue limit increase in FY21
- \$1,500,000 revenue limit increase in FY22
- \$1,500,000 revenue limit increase in FY23
- \$1,500,000 revenue limit increase in FY24

- **\$7,000,000 recurring revenue limit authority**

- Important to note that this is not a \$7 million phased-in (annual) increase in revenue. Rather, this is a \$7 million more (annual) increase above the budget cuts that the state funding formula would otherwise be making due to declining enrollment.



2022-23 Enrollment Projections

- Total enrollment projected at 3,461 students in FY 2022-23 (decrease from 3,568 in FY 2021-22)
- Summer Academy enrollment projected at 150 student FTE in FY 2022-23 (increase from 130 FTE in FY 2021-22)
- Three-year average Revenue Limit Membership expected at 3,367 FTE in FY 2022-23 (decrease from 3,410 FTE in FY 2021-22)
- Open Enrollment (In) projected at 507 students in and Open Enrollment (Out) projected at 251 students for FY 2022-23 (net gain of 256). OE (In) was 539 students and OE (Out) was 242 students in FY 2021-22 (net of 297)



2022-23 Enrollment Analysis

- - 340 Seniors in FY 2021-22
- + 195 Kindergarten Students in FY 2022-23
 - 5 Year Rolling Average 2017-2022 (204 avg)
 - Range of 183 (low) to 218 (high) within the past five years
- - 49 Student (net loss) in Open Enrollment
- + 87 Students to Move In/Be Newly Served by District
 - 5 Year Rolling Average 2017-2022 (54 avg)
- Net decrease of 107 students
 - Departing Seniors/New Kindergarten
 - Open Enrollment/New Residents



2016-17 to 2021-22 Historical Enrollment

Grade	2017-18	2018-19	2019-20	2020-21	2021-22
<i>Pre School</i>	10	10	16	11	17
<i>4K - .5</i>	0	0	0	0	0
<i>4K - .6</i>	206	192	206	172	192
<i>5K - 1.0</i>	183	218	211	208	201
<i>1</i>	258	195	217	218	214
<i>2</i>	222	263	203	207	222
<i>3</i>	268	231	268	200	207
<i>4</i>	273	277	236	256	202
<i>5</i>	280	268	278	226	254
<i>6</i>	266	284	278	276	239
<i>7</i>	273	273	283	275	275
<i>8</i>	282	276	269	274	268
<i>9</i>	343	337	306	314	301
<i>10</i>	339	347	335	309	318
<i>11</i>	358	337	342	337	318
<i>12</i>	330	351	326	337	340
	3891	3859	3774	3620	3568
4K	206	192	206	172	192
K-5	1484	1452	1413	1315	1300
6-8	821	833	830	825	782
9-12	1370	1372	1309	1297	1277



2022-23 to 2026-27 Enrollment Projection

Grade	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
<i>Pre School</i>	17	13	13	14	14	14
4K - .5	0	0	0	0	0	0
4K - .6	192	194	191	191	188	191
5K - 1.0	201	195	208	207	206	205
1	214	208	202	215	214	213
2	222	216	210	205	217	216
3	207	224	219	213	207	220
4	202	211	228	222	216	211
5	254	202	211	228	222	216
6	239	260	208	217	234	228
7	275	239	260	208	217	234
8	268	271	235	256	204	213
9	301	295	308	272	293	241
10	318	303	296	309	273	295
11	318	318	302	296	309	273
12	340	312	312	297	290	303
	3568	3461	3404	3349	3305	3274
4K	192	194	191	191	188	191
K-5	1300	1257	1278	1289	1282	1281
6-8	782	770	704	681	655	676
9-12	1277	1227	1218	1174	1166	1112



2022-23 General Fund

- \$49,514,525 Projected Budget FY 2022-23
- \$48,553,637 Approved Budget FY 2021-22
- **\$ 960,888 Projected Increase (1.98%)**

Includes:

- FY 2022-23 Referendum Phase-In (\$1.5M)
- Impact of Declining Enrollment (one-year \$959k (exemptions from FY 2021-22 are removed)
- \$1.1 million in anticipated federal ESSER funds



2022-23 Staffing Assumptions

	2017/18	2018/19	2019/20	2020/21	2021/22	<i>Projected</i> 2022/23
KMSD Staffing Summary						
Instruction						
Certified Classroom Teachers	257.84	246.51	242.85	247.37	250.07	247.17
Certified Librarians	6.80	7.30	3.80	4.80	5.00	5.00
Certified Pupil Services	14.50	11.41	13.50	13.80	13.58	15.98
Nursing and AODA	5.75	5.96	6.20	8.40	7.00	7.00
Instruction Assistants	64.38	58.50	59.27	59.05	59.12	57.12
Administration						
Secretarial & Clerical	23.23	22.23	20.73	18.48	18.65	18.65
Administrative Assistants	6.40	6.40	6.40	6.40	6.40	6.40
Administrators	16.00	15.50	15.37	15.37	15.50	15.00
Supervisory & Support	6.50	4.50	5.44	5.00	5.00	5.00
Operations & Maintenance	27.75	27.38	26.38	27.06	26.13	26.13
Support Services- Technical	6.00	5.94	5.44	5.50	6.60	6.60
Nutrition Services	21.45	23.76	23.95	22.22	23.73	23.73
Totals	456.60	435.39	429.33	433.45	436.78	433.78



2022-23 Staffing Assumptions

2022-23 Reductions (existing positions)

- Reduction of 5.0 FTE teaching positions
- Reduction of 0.5 FTE administrative positions
- Reduction of 2.0 FTE paraprofessional positions

2022-23 Additions (new positions)

- Addition of 2.6 FTE SWD teaching positions
- Addition of 2.4 FTE certified pupil services (counselors/psychologists/social workers)



2022-23 Major Budget Assumptions

- 4.00% Health Insurance Renewal (1/1/23)
 - Long Term Target of 4% annually

- 3.00% Dental Insurance Renewal (1/1/23)
 - Long Term Target of 3% annually

- 6.50% Contribution Rate to WRS (1/1/22)
 - Reduced from 6.75% in 2021

- Increases in KMSD compensation
 - 3.1% in average adjustments
 - In-progress micro-credentials
 - Waukesha County Market Analysis



Budget Assumptions Continued

- 2.5% Increase for Pupil Transportation
 - 4 Year Contract Rates through FY 2024-25

- 31.5% Increase for Building Utilities
 - Costs increased substantially in FY 2021-22
 - Annual growth of 3.2% in FY 2023-24 to FY 2026-27

- Return to a normalized Summer Academy Budget
 - Student Count (150 FTE) at 75% of pre Covid-19 levels (199 FTE)



FY 2022-23 Infrastructure Improvements

- \$6.0 million available in Fund 41 (Capital Improvement Fund) as of 6/30/2022
- Anticipated Levy of \$2.425 million in FY 2022-23
- Anticipated expenditures of \$7.0 million
 - \$1.5 Million for Summer 2022 Tennis Project
 - \$4.7 Million for 2022-23 Stadium Project
 - \$800k for technology infrastructure
- A \$1.8 million levy is anticipated in FY 2023-24
- No debt is anticipated to be used for these projects



Infrastructure Improvements Cont'd

Summer/Fall 2022

- New Tennis Courts will be constructed Southwest of the Kettle Moraine High School Building

Winter 2022/Spring 2023/Summer 2023

- Multi-Purpose Stadium Project
 - Replacement of bathrooms
 - New 2,500 seating for spectators
 - Replacement of concession building
 - Multi-purpose rooms in the structure
 - Replacement of track/field events



Total District Revenue

<u>Revenues By Fund</u>	<u>2021-22</u>	<u>2022-23</u>
General Fund (10)	\$ 48,553,637	\$ 49,514,525
Special Education (27)	\$ 7,965,495	\$ 8,178,440
Referendum Debt (39)	\$ 5,831,245	\$ 7,401,530
Capital Projects (41)	\$ 4,184,795	\$ 2,425,000
Food Service (50)	\$ 1,714,897	\$ 1,552,417
Community Service (80)	\$ 665,000	\$ 691,500
Intrafund Transfers	\$ - 5,145,898	\$ - 5,634,184
Totals	\$ 63,769,171	\$ 64,128,228
<i>Percentage Change</i>		<i>0.56%</i>



Total District Expenses

<u>Expenses By Fund</u>	<u>2021-22</u>	<u>2022-23</u>
General Fund (10)	\$ 48,553,637	\$ 49,514,525
Special Education (27)	\$ 7,965,495	\$ 8,178,440
Referendum Debt (39)	\$ 0	\$ 6,130,188
Capital Improvement (41)	\$ 0	\$ 7,000,000
Food Service (50)	\$ 1,714,897	\$ 1,671,901
Community Service (80)	\$ 665,000	\$ 691,500
Intrafund Transfers	\$ - 5,145,898	\$ - 5,634,184
Totals	\$ 53,753,131	\$ 66,042,370
<i>Totals (w/o debt / CIP)</i>	<i>\$ 53,753,131</i>	<i>\$ 52,912,182</i>
<i>Percent Change</i>		<i>- 1.56%</i>



2022-23 Property Tax Projection

2021-22 Total Levy

\$ 39,362,557

2022-23 Total Levy

\$ 39,000,000

2021-22 Mill Rate

\$ 8.98 Per \$1,000

2022-23 Mill Rate

\$ 8.56 Per \$1,000

Kettle Moraine Property Tax Projection 2022-2027

<u>Tax Levy Fund</u>	<u>Actual 2021-22</u>	<u>Projected 2022-23</u>	<u>Projected 2023-24</u>	<u>Projected 2024-25</u>	<u>Projected 2025-26</u>	<u>Projected 2026-27</u>
General Fund (10)	\$ 28,796,517	\$ 28,606,970	\$ 30,988,413	\$ 32,148,574	\$ 34,393,647	\$ 34,713,927
Debt Service (39)	\$ 5,831,245	\$ 7,401,530	\$ 4,927,292	\$ 4,255,216	\$ 3,504,174	\$ 3,933,939
Capital Expansion (41)	\$ 4,184,795	\$ 2,425,000	\$ 3,000,000	\$ 3,000,000	\$ 2,000,000	\$ 1,750,000
Community Service (80)	\$ 550,000	\$ 566,500	\$ 583,495	\$ 601,000	\$ 619,030	\$ 637,601
Totals	\$ 39,362,557	\$ 39,000,000	\$ 39,499,200	\$ 40,004,790	\$ 40,516,851	\$ 41,035,467
Percent Change		-0.92%	1.28%	1.28%	1.28%	1.28%
Property Tax Base	\$ 4,383,358,366	\$ 4,558,692,701	\$ 4,695,453,482	\$ 4,789,362,551	\$ 4,885,149,802	\$ 4,982,952,798
Projected Mill Rate	\$ 8.98	\$ 8.56	\$ 8.41	\$ 8.35	\$ 8.29	\$ 8.24



Key Property Tax Variables

- Property Valuation Projection for Fall 2022 Levy
 - 2.62% Appreciation on Existing Property
 - 1.38% Net New Construction

- Potential for additional decreases with higher valuations

- KMSD has reduced tax rate (mill rate) every year since 2015

- KMSD using debt service strategy to keep taxes stable while generating savings on interest cost and additional State Equalization Aid

- KMSD anticipates retiring FY 2014-15 debt well ahead of the original FY 2034-35 maturity date



KMSD Mill Rate (Tax Rate) History

KMSD's Tax Rate (Mill Rate) History

2012-13	\$10.22
2013-14	\$10.87
2014-15	\$10.28
2015-16	\$10.40
2016-17	\$10.31
2017-18	\$10.08
2018-19	\$ 9.97
2019-20	\$ 9.63
2020-21	\$ 9.44
2021-22	\$ 8.98

KMSD Tax Rate (Mill Rate) Projection

2022-23	\$ 8.56
2023-24	\$ 8.41
2024-25	\$ 8.35
2025-26	\$ 8.29
2026-27	\$ 8.24



KMSD State Equalization Aid History

KMSD State Equalization Aid History

2013-14	\$ 9,305,429	2018-19	\$ 4,997,463	
2014-15	\$ 9,641,916	2019-20	\$ 6,972,025	
2015-16	\$ 8,194,465	2020-21	\$ 9,257,978	
2016-17	\$ 6,940,128	2021-22	\$ 7,883,964	
2017-18	\$ 5,899,108	2022-23	\$ 10,667,127	(Projected)



Updated 5 Year Financial Projection

	Kettle Moraine School District		Preliminary Budget 5/3/2022			
	Current Year	Budget Year	Forecast			
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027
Sept Membership (FTE)	3,206	3,137	3,091	3,033	2,988	2,940
Per Pupil Increase	\$0	\$0	\$200	\$200	\$200	\$200
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	4.48%	4.00%	3.00%	2.00%	2.00%	2.00%
Fund 10 Revenues	\$48,553,637	\$49,514,525	\$49,877,882	\$50,173,371	\$51,362,340	\$51,884,220
Fund 10 Expenditures	\$48,553,636	\$49,514,525	\$49,877,882	\$50,173,370	\$51,362,341	\$51,884,220
Surplus (Deficit)	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance	\$18,663,350	\$18,663,349	\$18,663,350	\$18,663,350	\$18,663,350	\$18,663,350
Fund Balance as % of Expenditures	38.44%	37.69%	37.42%	37.20%	36.34%	35.97%
Total School-Based Tax Levy	\$39,362,557	\$39,000,000	\$39,499,200	\$40,004,790	\$40,516,851	\$41,035,467
% change	-0.56%	-0.92%	1.28%	1.28%	1.28%	1.28%
Mill Rate (per \$1,000 EQ Value)	\$8.98	\$8.56	\$8.41	\$8.35	\$8.29	\$8.24
% change	-4.82%	-4.73%	-1.67%	-0.71%	-0.71%	-0.71%
Non-Recurring Referendum \$	\$0	\$0	\$0	\$0	\$0	\$0
Recurring Referendum \$	\$1,500,000	\$1,500,000	\$1,500,000	\$0	\$0	\$0
Referendum Debt Levy	\$5,831,245	\$7,401,530	\$4,927,292	\$4,255,216	\$3,504,174	\$3,933,939
Energy Efficiency Exemption	\$0	\$0	\$0	\$0	\$0	\$0
Average Tax Impact Home Valuation	\$400,000	\$410,480	\$417,130	\$419,716	\$422,318	\$424,937
Average tax impact: \$400,000 home	\$3,592	\$3,513	\$3,509	\$3,506	\$3,502	\$3,498



5 Year Projection Assumptions

Budget Area	22-23	23-24	24-25	25-26	26-27
Salary (CPI)	3.1%	4%	2.5%	2.5%	2.5%
Health Insurance	4%	4%	4%	4%	4%
Dental Insurance	3%	3%	3%	3%	3%
Transportation	2.5%	2.5%	2.5%	2.5%	2.5%
Utilities	31.5%	3%	3%	3%	3%
Revenue Change	22-23	23-24	24-25	25-26	26-27
Per Pupil Increases	\$0	\$200	\$200	\$200	\$200