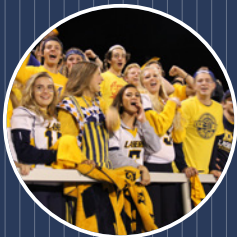




# *FINANCIAL REPORT*

## *2017-2018*



NATIONALLY RECOGNIZED FOR EXCELLENCE



## Financial Report

The financial summary presented contains audited actual results for the 2015-16 and the 2016-17 school years along with the School Board approved budgeted amounts for the 2017-18 school year and the budgeted amounts for the 2018-19 school year. A final budget for the 2018-19 school year will be adopted in October, 2018.

We are pleased to present a summary version of the 2018-19 School District of Kettle Moraine (KMSD) Budget Report. The report is based upon the audited financial results for the 2015-16 and 2016-17 school years and the budget adopted by the School Board in October, 2017 for the 2017-18 school year along with the 2018-19 projected budget for approval.

In September, 2017, Governor Scott Walker released the State of Wisconsin Budget for the 2017-19 biennium.

Some items of financial impact on school district revenues included in the Governor's budget are as follows:

- Maintains a \$0 per member adjustment in the revenue limit in both 2017-18 and 2018-19. The prior biennial budget also included a \$0 per member adjustment in each year.
- Provides a \$200 per member increase in "Per Pupil Categorical Aid" (\$450/member) in 2017-18 and a \$204 per member increase (\$654/member) in 2018-19. The prior biennial budget included a "Per Pupil Categorical Aid" payment of \$150 per member in 2015-16 and \$250 per member in 2016-17.
- Provides an increase in general state aid of \$72.8 million over the biennium, all in the second year. Even with this increase, the District is, again, anticipating a reduction in general state aid for 2018-19. School districts in the state receiving a *reduction* in state aid results in shifting the tax burden to the local property tax.

The Budget Repair Bill for the 2011-13 biennial budget included a number of reforms and suggestions designed to assist in reducing the district's expenses to offset the reduction of revenue. Some of the items included are as follows:

- Requires Wisconsin Retirement System (WRS) employees to contribute 50% of their monthly pension contributions. For 2018, this amount is 6.7% of salary.
- Limits collective bargaining salary increases, not to exceed the Consumer Price Index (CPI) unless approved by referendum. The percentage for 2018-19 is 2.13%.
- Eliminates negotiating health insurance as a mandatory subject of bargaining.

The Budget Repair Bill change took effect upon the expiration of the contracts in existence at the time. The teacher's and paraprofessional contracts expired on June 30, 2011. The district immediately implemented all of the "tools" that Governor Walker enacted and/or recommended. Overall the immediate implementation of the changes to health insurance and Wisconsin Retirement contributions amounted to an approximate (\$2.4 million) reduction in expenditures.

The Service Employees International Union (Nutritional Services) contract expired on June 30, 2012, and the reforms were implemented for the 2012-13 year. The Service Employees International Union did not recertify in 2013. As a result the administration no longer bargains the base wage with this union.

The contract for the Teamsters Union (Custodians) expired on June 30, 2013. The district implemented the reforms for the 2013-14 and the 2014-15 budgets. This budget also reflects the implementation of the reforms. Although the district continues to experience savings, the impact is not as significant as the first year of implementation.

Despite the challenge of declining revenues and increasing expenditures, the budget presented conforms to the state “revenue limit” and incorporates the additional “Per Pupil Categorical Aid” funding provided in the 2017-19 State Biennial Budget. With this and the district’s continual decline in resident enrollment, the overall financial impact of the current State budget parameters on KMSD for the 2018-19 school year necessitates approximately (\$2,780,000) in budget reductions to balance. The district has accomplished the majority of this reduction by realigning staffing and operating resources to meet student needs. The district will continue to look at insurance coverages, staffing, and operational efficiencies moving forward.

The district has employed a strategy to increase student enrollment, both resident and open enrollment, in order to moderate the fiscal impact of declining enrollment. The district offers programs such as four-year-old Kindergarten, KM Global Charter School for global leadership and innovation, KM Perform Charter School for arts and performance, and KM Explore Charter School, which is a multi-age, community based (in function) and integrated curriculum design, for grades 5K-5. The most recent addition to the charters was a High School of Health Sciences (HS<sup>2</sup>) implemented in 2014-15. HS<sup>2</sup>, through collaboration with Aurora Health Care, Pro-Health Care, and the Medical College of Wisconsin, Inc., offers students a healthcare curriculum in an interdisciplinary and engaging environment.

The district taxpayers voted in favor of a capital referendum of \$49.6 million on April 1, 2014. This referendum approved funding remedied approximately half of the capital maintenance needs identified, which leaves additional capital needs to be addressed. The work began during the summer of 2014 with the installation of the fiber optic wide-area network and achieved substantial project completion in December, 2016. As a result of project completion, the district is realizing cost savings from a district owned fiber network and energy cost avoidance as building improvements reduce energy use. The tax impact of the referendum shared with taxpayers in the planning process was an increase to the debt levy rate of forty-four cents per thousand. While the 2015-16 budget reflected the increase to the debt levy, the overall increase to the levy rate was reduced to twelve cents per thousand. The overall tax levy and levy rate decreased again in 2016-17 and 2017-18, and it is anticipated to decrease again in 2018-19 due to continued reductions in the district’s revenue limit. The district’s revenue limit has been reduced by over (\$1,400,000) in 2016-17, (\$426,000) in 2017-18 and is anticipated to be reduced by another (\$874,000) in 2018-19. Reductions in revenue limit result in reduced taxing authority, along with reduced funding with which to operate.

A detailed financial summary is included in this report. The budget supports the mission of the Kettle Moraine School District, uses resources carefully, and manages the tax levy, in the best manner possible, while navigating a difficult financial environment.

**Financial Condition**

KMSD continues to maintain solid bond ratings, with the most recent bond issue (\$10 million on January 4, 2016) being assigned a AA+ rating by Standard & Poor’s Rating Services. Currently, the District’s fund balance sits at 29.4% of expenditures as of June 30, 2017. The fund balance is expected to end the current fiscal year at 24.3% of expenditures on June 30, 2018. Included in the fund balance is \$2.2 million that has been committed by the School Board specifically for the payment of Post-Employment Benefits. The district had sufficient funding to avoid the need to short term borrow, for cash flow purposes, for the third consecutive year (after seventeen years of short term borrowing to meet cash flow needs).

**Enrollment Trend**

Enrollment for Revenue Limit purposes has decreased by (357) students from 3,984 (resident) students in 2013-14 to 3,627 (resident) students in 2017-18 or (9.0%). The current enrollment projection anticipates a further decline of (45) students in 2018-19.

**Enrollment for Revenue Limit**

<b>School Year</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>Projected 2018-19</b>
Rev.Lmt. Membership	3,984	3,878	3,767	3,694	3,627	3,582
Percent Change	-2.81%	-2.66%	-2.86%	-1.94%	-1.81%	-1.24%
Membership Change	-115	-106	-111	-73	-67	-45

*Wisconsin Act 16 implemented revenue limits with the 1993-94 school year. A district’s revenue limit is the maximum amount of revenue the district may raise through state general aid and property tax for the General, Non-Referendum Debt and Capital Expansion Funds.*

The maximum revenue limit is based upon enrollment changes and the per member adjustment allowed by the state legislature. The adjustment had historically been aligned with the Consumer Price Index increases until the 2008-10 state biennial budget, at which time, it was reduced from \$275 to \$200 per member. The 2011-13 biennial budget had a reduction in the per member adjustment of (\$559) or (5%) in year one of the budget cycle and an increase of \$50 per member in (2012-13) year two of the budget cycle. The 2013-15 biennial budget included a \$75 per member increase in each year of the budget. The governor’s 2015-17 and 2017-19 biennial budgets include a \$0 per member change in each year. As a result, the district’s revenue limit capacity continues to fall short of the 2013-14 budget by approximately (\$3.3) million (8%).

As stated previously, the current budget is based on a per member increase of \$0 per member plus the district’s prior year controlled revenue. The district determines the maximum amount of levy allowable by subtracting the October 15 General Aid certification from the district’s maximum revenue limit.

The number of open enrollment students attending Kettle Moraine continues to grow and currently is at a 3-1 ratio of open enrollment students requesting to attend Kettle Moraine in comparison to Kettle Moraine students requesting to open enroll outside of the district. The state provides additional revenue to school districts to support the open enrollment students. The current (estimated) payment is \$7,055 per student.

Kettle Moraine’s equalized property value has increased by (2.3%) since 2007-08 and state aid has been reduced by (62.1%) or over \$9.5 million since 2007-08. Kettle Moraine continues to experience a reduction in state equalization aid to support the district’s schools, thus shifting the burden to the local taxpayers.

## Enrollment for State Aid

School Year	2013-14	2014-15	2015-16	2016-17	2017-18	Projected 2018-19
Aid Membership	4,123	4,007	3,888	3,792	3,781	3,701
Percent Change	-2.23%	-2.81%	-2.97%	-2.47%	-0.29%	-2.12%
Membership Change	-94	-116	-119	-96	-11	-80

*Wisconsin State Equalization Aid is general financial assistance given to public school districts for use in funding a broad range of school district operational expenditures. There is an inverse relationship between equalization aid and property valuations; those districts with low per pupil property valuations receive a larger share of their costs through the equalization formula than districts with high per pupil property valuations.*

### Staffing Summary

The budget is based upon a detailed staffing plan for the 2018-19 school year. The staffing plan incorporates class sizes and staffing levels using student enrollment, courses offered and student course selections. The district continues to realign resources to meet the educational demands of all students.

In 2012-13 the district incorporated Director of Learning teacher/coach positions to support staff training and effectiveness. Paraeducator staffing is based on individual educational plans as required to support students with special needs and often fluctuates from one year to the next.

Staffing for 2018-19 will be aligned with the overall needs of the students.

Staff Summary	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Teachers	279.1	282.1	282.1	275.2	279.1	265.3
Administrators	15.7	15.8	15.8	16.0	16.0	15.0
Paraeducators	58.2	61.6	61.0	66.0	64.4	58.4
Admin.Assts./Gen. Support Staff	45.8	47.1	47.6	47.8	47.9	46.9
Custodians	25.8	25.7	26.2	25.5	24.7	24.7
Food Service	16.9	17.2	17.0	21.4	21.4	21.4
<b>Total</b>	<b>441.5</b>	<b>449.5</b>	<b>449.7</b>	<b>451.9</b>	<b>453.5</b>	<b>431.7</b>
Percent Change	-0.44%	1.80%	0.05%	0.49%	0.35%	-4.81%

### Financial Summary

Financial results for the years ending June 30, 2016 and 2017 were favorable, with actual results outperforming the budget. The 2017-18 school board approved budget is also anticipated to end within budget on June 30, 2018.

	Actual 2015-16	Actual 2016-17	Budget 2017-18	Budget 2018-19
<b>GENERAL FUND (FUND 10)</b>				
Beginning Fund Balance	14,304,804	14,446,217	13,333,885	11,239,632
Ending Fund Balance, Nonspendable	555,915	555,915	555,915	555,915
Ending Fund Balance, Committed	5,200,000	3,200,000	2,253,692	1,660,076
Ending Fund Balance, Unassigned	8,690,302	9,577,970	8,430,025	9,023,641
<b>TOTAL ENDING FUND BALANCE</b>	<b>14,446,217</b>	<b>13,333,885</b>	<b>11,239,632</b>	<b>11,239,632</b>

<b>Financial Summary GENERAL FUND (FUND 10)</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Taxes	31,012,213	30,835,463	31,416,092	31,413,396
Payments for Services (Tuition)	1,423	0	0	0
Non-Capital Sales	650	238	34,500	34,500
School Activity Income	83,576	89,192	90,000	90,000
Interest on Investments	8,143	26,700	15,000	30,000
Other Revenue, Local Sources	770,934	725,663	655,000	672,431
<b>Subtotal Local Sources</b>	<b>31,876,939</b>	<b>31,677,256</b>	<b>32,210,592</b>	<b>32,240,327</b>
Payments for Services (Open Enrollment Revenue)	3,187,723	3,652,084	3,730,000	3,855,556
<b>Subtotal Other School Districts within Wisconsin</b>	<b>3,187,723</b>	<b>3,652,084</b>	<b>3,730,000</b>	<b>3,855,556</b>
State Aid - Categorical	841,930	242,192	240,000	240,000
State Aid -- General	8,041,456	6,845,915	5,814,303	4,942,158
DPI Special Project Grants	48,702	72,848	74,631	74,631
Other State Revenue Through Local Units (Aid in lieu of taxes)	83,175	82,159	80,000	80,000
Other Revenue (Per Pupil Aid & Exempt Computer Aid)	97,851	1,004,526	1,714,367	2,426,078
<b>Subtotal State Sources</b>	<b>9,113,114</b>	<b>8,247,639</b>	<b>7,923,301</b>	<b>7,762,867</b>
Transit of Aids	5,800	15,289	14,515	14,515
DPI Special Project Grants	144,234	71,583	82,459	82,459
ESSA Grants - (Every Student Succeeds Act)	183,032	183,738	130,832	130,832
Other Federal Revenue Through State	110,785	32,935	0	0
<b>Subtotal Federal Sources</b>	<b>443,851</b>	<b>303,545</b>	<b>227,806</b>	<b>227,806</b>
Compensation, Fixed Assets	188,050	2,500	0	0
Long-Term Debt Proceeds	0	207,464	0	0
<b>Subtotal Other Financing Sources</b>	<b>188,050</b>	<b>209,964</b>	<b>0</b>	<b>0</b>
Refund of Disbursement (Worker's Comp Dividends etc.)	52,265	93,923	149,750	45,750
Miscellaneous	219,430	80,725	0	0
<b>Subtotal Other Revenues</b>	<b>271,694</b>	<b>174,648</b>	<b>149,750</b>	<b>45,750</b>
<b>TOTAL REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>45,081,372</b>	<b>44,265,136</b>	<b>44,241,449</b>	<b>44,132,306</b>
	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Undifferentiated Curriculum (K-6 Instruction)	6,693,100	6,681,468	6,808,042	6,585,848
Regular Curriculum (English, Math, Science, Etc.)	11,984,116	11,900,969	11,905,673	11,617,773
Vocational Curriculum	975,532	943,779	929,977	898,173
Physical Curriculum (Health, Physical Ed)	893,205	916,483	862,208	833,598
Co-Curricular Activities	674,626	722,299	511,478	463,326
Gifted & Talented and Alternative Education Programs	89,511	111,114	118,371	114,357
<b>Subtotal Instruction</b>	<b>21,310,090</b>	<b>21,276,112</b>	<b>21,135,749</b>	<b>20,513,074</b>
Pupil Services (Guidance etc.)	1,160,425	1,373,286	1,476,291	1,399,037
Instructional Staff Services (Curriculum, Libraries)	1,731,129	1,954,229	2,527,949	2,322,863
General Administration (District-wide)	466,559	462,105	551,608	483,965
School Building Administration (Principal's Office)	2,286,782	2,089,399	1,910,300	1,842,306
Business Administration (Accting, Transportation, Facilities)	7,895,264	8,357,998	8,167,885	7,902,591
Central Services (Telephone, Technology)	2,428,596	2,434,861	2,254,420	1,731,150
Insurance & Judgments (Property, Liability)	366,844	328,669	350,000	435,000
Debt Services (Interest Expense)	0	54,940	54,641	54,641
Other Support Services (Retirement Expenditures)	1,479,608	890,969	946,308	593,616
<b>Subtotal Support Sources</b>	<b>17,815,208</b>	<b>17,946,455</b>	<b>18,239,402</b>	<b>16,765,170</b>
Inter-fund transfer to Special Education Fund	4,594,248	4,774,779	5,034,483	4,928,955
Instructional Service Payments (Open Enrollment Payments)	1,195,300	1,373,669	1,916,068	1,915,106
Other Non-Program Transactions	25,113	6,452	10,000	10,000
<b>Subtotal Non-Program Transactions</b>	<b>5,814,661</b>	<b>6,154,901</b>	<b>6,960,551</b>	<b>6,854,061</b>
<b>TOTAL EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>44,939,958</b>	<b>45,377,468</b>	<b>46,335,702</b>	<b>44,132,306</b>

<b>Financial Summary</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>SPECIAL EDUCATION/SPECIAL REVENUE FUNDS 21</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Beginning Fund Balance	398,063	394,784	401,763	401,763
Ending Fund Balance	394,784	401,763	401,763	401,763
<b>TOTAL REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>7,232,191</b>	<b>7,555,853</b>	<b>8,186,047</b>	<b>8,046,431</b>
Instruction	5,050,237	5,215,504	5,390,344	5,315,624
Support Services	1,748,581	1,772,071	1,983,203	1,918,307
Non-Program Transactions	436,651	561,299	812,500	812,500
<b>TOTAL EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>7,235,469</b>	<b>7,548,874</b>	<b>8,186,047</b>	<b>8,046,431</b>

<b>Financial Summary</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>DEBT SERVICE FUND (FUNDS 38, 39)</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Beginning Fund Balances	1,043,314	911,310	1,910,343	827,642
Ending Fund Balances	911,310	1,910,343	827,642	811,591
<b>TOTAL REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>4,206,045</b>	<b>4,266,889</b>	<b>4,274,631</b>	<b>4,261,881</b>
Long-Term Capital Debt	4,338,048	3,267,856	5,357,332	4,277,932
<b>TOTAL EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>4,338,048</b>	<b>3,267,856</b>	<b>5,357,332</b>	<b>4,277,932</b>
<b>INDEBTEDNESS, END OF YEAR</b>	<b>46,540,000</b>	<b>44,675,000</b>	<b>40,710,000</b>	<b>38,770,000</b>

<b>Financial Summary</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>CAPITAL PROJECTS FUND (FUNDS 41, 49)</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Beginning Fund Balances	18,335,112	5,520,509	1,365,865	200,220
Ending Fund Balances	5,520,509	1,365,865	200,220	200,220
<b>TOTAL REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>10,384,187</b>	<b>243,863</b>	<b>228,000</b>	<b>226,000</b>
Support Services	23,198,790	4,398,507	1,393,645	226,000
<b>TOTAL EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>23,198,790</b>	<b>4,398,507</b>	<b>1,393,645</b>	<b>226,000</b>

<b>Financial Summary</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>FOOD SERVICE FUND (FUND 50)</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Beginning Fund Balance	228,693	184,718	184,579	184,579
Ending Fund Balance	184,718	184,579	184,579	167,465
<b>TOTAL REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>1,441,775</b>	<b>1,492,924</b>	<b>1,509,500</b>	<b>1,509,500</b>
Support Services	1,485,751	1,493,063	1,509,500	1,526,614
<b>TOTAL EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>1,485,751</b>	<b>1,493,063</b>	<b>1,509,500</b>	<b>1,526,614</b>

<b>Financial Summary</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>COMMUNITY SERVICE FUND (FUND 80)</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Beginning Fund Balance	99,914	177,374	254,231	254,231
Ending Fund Balance	177,374	254,231	254,231	250,626
<b>TOTAL REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>294,125</b>	<b>312,848</b>	<b>284,055</b>	<b>284,055</b>
Support Services	2,959	105	0	0
Community Services	213,706	235,886	284,055	287,660
<b>TOTAL EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>216,665</b>	<b>235,991</b>	<b>284,055</b>	<b>287,660</b>

## Looking ahead to 2018-19

*General Fund* revenues are expected to decrease by almost (\$110,000) or (0.25%) compared with the 2017-18 budget. The decrease in revenue reflects the \$0 per member revenue limit adjustment, the impact of declining enrollment, and the \$204 increase in “Per Pupil Categorical Aid” included in the Governor’s 2017-19 biennial budget. *General Fund* expenditures have been reduced to balance with the declining revenues. The district has realigned resources and continues to control expenditures carefully to maintain financial stability.

In the *Special Education Fund*, the cost of supporting the needs of students continues to increase. The budget reflects a reduction in state funding, which negatively impacts the general fund. It is required to provide the financial support necessary to balance the Special Education Fund through a revenue transfer from the General Fund.

The *Debt Service Fund* balance is reduced by (\$16,051) due to the timing of the receipt of the tax revenue and the payment of the related debt expense. The budget reflects the receipt of all referendum approved (\$49.6 million) borrowing, which includes debt issues of \$10 million in 2013-14, \$29.6 million in 2014-15, and the final \$10 million in 2015-16. In addition, the budget reflects a debt prepayment (defeasance) of \$1.0 million to reduce future interest costs. Indebtedness at 2018-19 year-end is anticipated to be reduced to \$38.8 million.

The *Capital Expansion Fund* maintains the tax levy increase (from \$192,000) to \$225,000 that was implemented with the 2015-16 budget in response to taxpayers concern over the lack of district funding to support the district’s operational needs. This Fund supports costs associated with capital improvements to both facilities and sites. The *Capital Projects Fund* includes the final referendum related revenue (borrowing) done in 2015-16. Referendum related expenditures will end in 2017-18, as the referendum work will be complete. This referendum approved funding remedied approximately half of the capital maintenance needs identified, which leaves additional capital needs to be addressed in the immediate future.

The *Food Service Fund* balance is reduced by (\$17,114) due to costs associated with anticipated wage increases to remain market competitive. The non-personnel expenditure budget reflects the decline in student enrollment. The revenue is projected to remain constant due to the district’s contract to support the lunch program at St. Bruno’s, which started in 2015-16. The district continues looking to support other school lunch programs to bring in additional revenue.

The *Community Service Fund* is projected to have a decrease in fund balance. The Community Service Fund levy remains at \$215,255; this is after an increase of \$11,200 in 2016-17. Prior to the increase in 2016-17, the Community Service Fund levy remained unchanged since 2006-07. The Community Education department offers a number of both academic and athletic programs to all Kettle Moraine residents. All programs take place outside the instructional day. Programs are supported through user fees. The budget supports staffing, marketing and communications, along with specific facility related expenses.

## Property Tax Estimate

The KMSD property tax levy (see table on next page) is based on the following factors:

- Declining enrollment both for state aid and revenue limit purposes
- 2.5% increase in equalized base
- Decrease in state aid (15.0%)



<b>Property Tax Levy Summary</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
<b>All Funds</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>Change</b>	<b>Percent</b>
General Fund	\$ 31,012,213	\$ 30,810,350	\$ 31,416,092	\$ 31,406,944	\$ (9,148)	-0.03%
Referendum Debt Service Fund	4,073,586	4,234,094	4,236,631	4,223,881	(12,750)	-0.30%
Non-Referendum Debt Service Fund	30,000	30,000	35,000	35,000	-	0.00%
Capital Expansion Fund	225,000	225,000	225,000	225,000	-	0.00%
Community Service Fund	204,055	215,255	215,255	215,255	-	0.00%
<b>Total Levy</b>	<b>\$ 35,544,854</b>	<b>\$ 35,514,699</b>	<b>\$ 36,127,978</b>	<b>\$ 36,106,080</b>	<b>\$ (21,898)</b>	<b>-0.06%</b>
Equalized Tax Base	\$3,418,461,206	\$3,447,777,975	\$3,584,468,052	\$3,674,079,753	\$89,611,701	2.50%
<b>Equalized Tax Rate Per \$1,000</b>	<b>\$ 10.40</b>	<b>\$ 10.30</b>	<b>\$ 10.08</b>	<b>\$ 9.83</b>	<b>\$ (0.25)</b>	<b>-2.44%</b>

There are 10 Waukesha County school districts operating grades kindergarten through 12. KMSD along with many districts across the state have been negatively impacted by the state funding. The reduction of state aid along with minimal increase in the per-member adjustment for revenue limit purposes and declining enrollment create significant challenges for the district. One challenge is the shift of the funding to the local property tax payer. There has been a consistent shift between state support through equalized aid and the local tax levy. The district's projected 2018-19 revenue limit is the lowest it has been since 2003-04. The district's projected 2018-19 state support through equalized aid has been reduced by approximately \$9.5 million (66%) during this same time period. This shifts the burden of support to the local taxpayer.

<b>District</b>	<b>2017-18 Tax Rate</b>
Menomonee Falls	11.25
New Berlin	10.83
<b>Kettle Moraine</b>	<b>10.08</b>
Pewaukee	10.01
Elmbrook	9.99
<b>Wauk. County Avg.</b>	<b>9.64</b>
Oconomowoc	9.62
Muskego	9.49
<b>State Average</b>	<b>9.29</b>
Hamilton	8.55
Mukwonago	8.32
Waukesha	8.21

The Wisconsin Taxpayers Alliance SchoolFacts17 lists the KMSD per pupil operational spending at \$9,903 as compared to the state average at \$10,758. This conservative funding, coupled with high community expectations, contribute to a growing tension.

For additional information visit the district's website [www.kmsd.edu](http://www.kmsd.edu). For budget questions, please contact Jeffrey J. Gross, Chief Finance Officer at 262-968-6300 or [grossj@kmsd.edu](mailto:grossj@kmsd.edu).