

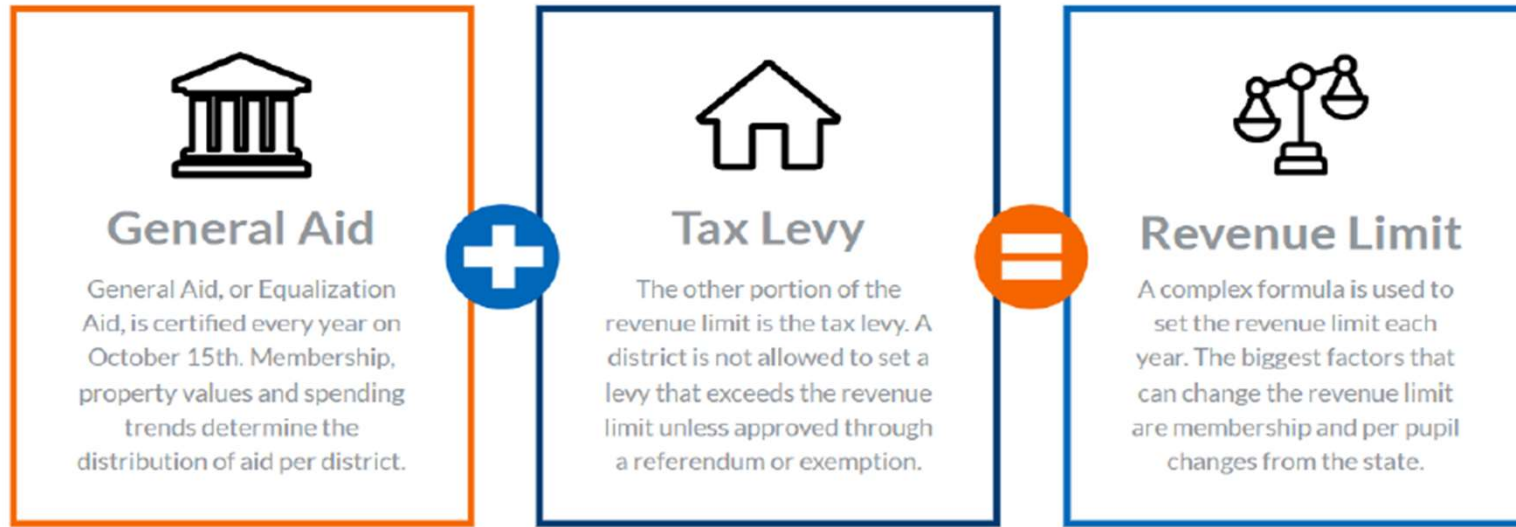
# VII. FINANCIAL COMPONENTS



# Revenue Limit

What is it and how does it impact the budget?

State General Aid: \$5,299,722 + Tax Levy within Limit: \$16,453,100 = Revenue Limit with all Exemptions: \$21,752,822



2024-25 Revenue Limit with all exemptions: \$21,752,822  
80% of Fund 10 & 27 Budget (excludes Fd 27 transfer)

## FACTORS THAT COULD INCREASE A REVENUE

### LIMIT:

- Enrollment (It's declining statewide)
- Increases from State (Not keeping pace with inflation)
- Referenda (non-recurring or recurring operational referendums)

## REVENUE LIMIT CHANGES PER YEAR

| Selected years | Class of 2023 Grade | Combined resource change per pupil (revenue limits + per pupil aid) | Amount behind inflation (Cumulative, per pupil) | National spending ranking (Census) | Context Notes   |
|----------------|---------------------|---|---|------------------------------------|---|
| 2009-10        | 4K                  | \$200   | \$75  | 17th                               | <b>1<sup>st</sup> year revenue limits were decoupled from inflation</b>             |
| 2010-11        | 5K                  | \$200   | \$156   | 17th                               | State raised proficiency cut scores, Act 10   |
| 2011-12        | 1st                 | -\$554  | \$998   | 21st                               | <b>Revenue limits cut/state aid cut in 2011-13 budget; Act 10</b>                   |
| 2013-14        | 3rd                 | \$100   | \$1,395   | 21st                               | Statewide voucher program established   |
| 2015-16        | 5 <sup>th</sup>     | \$0   | \$1,856   | 23rd                               | Sharp rise in referendum questions and dollars                                      |
| 2019-20        | 9th                 | \$263   | \$2,365   | 25th                               | COVID-19 global pandemic hits   |
| 2020-21        | 10th                | \$179   | \$2,520   | 25th                               | Inflation soars   |
| 2021-22        | 11th                | \$0   | \$2,863   | 25th                               | <b>Revenue limits are frozen, no increases for two years</b>                        |
| 2022-23        | 12th                | \$0   | <b>\$3,235</b>                                  | NA                                 | Graduation! 2 <sup>nd</sup> year of frozen revenue limits, amid continued inflation |

East Troy 2024-25 Revenue Limit per member: 11,530.41     \$325 increase = 3.7% increase

# **\$325 is not a game changer**

(beware of  
mental math)

· Not a windfall compared to inflation: Even recent relatively lower CPI readings (4.12% for 2024)

· Still below LFB estimated inflationary per pupil adjustment (\$393 in 2023-24: \$403 in 2024-25)

· Represents between 1.3% and 3.3% increase in 2023-24 school district base revenue limits

· Impacts will vary by school district - affected by enrollment trends, share of eq. aid, impact on property tax

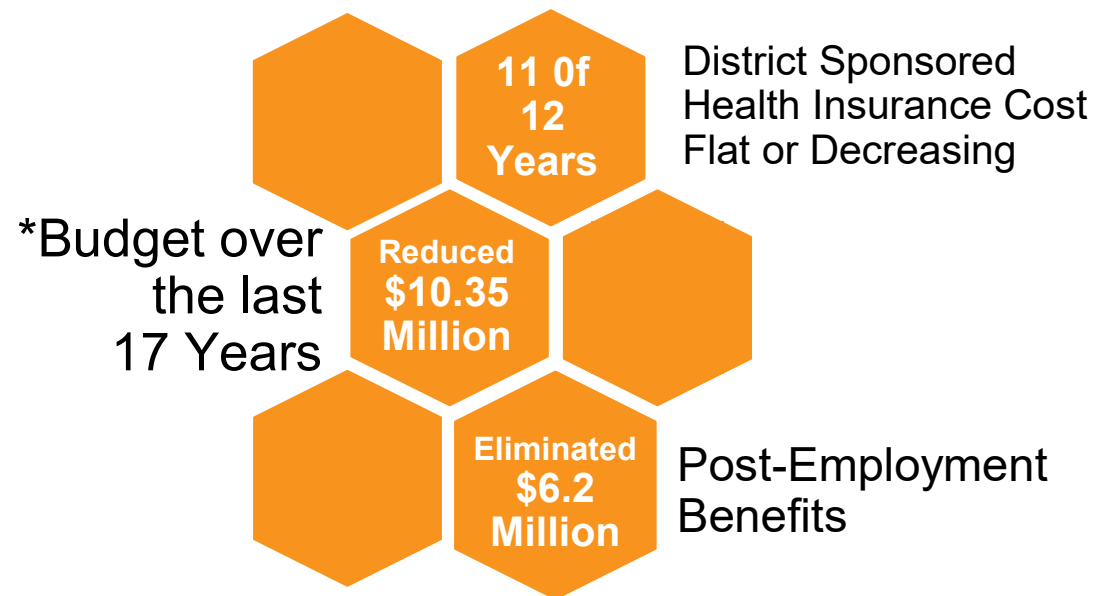
· School districts already \$3,380 per pupil behind where inflationary adjustments would have put them

# EAST TROY REVENUE CAP GAP SHORTFALLS OVER THE YEARS....

|         | Revenue Cap Gap            | Impact Needs | Post Sept Count<br>Addtl Shortfall | Referendum | Fund<br>Balance<br>Deficit |
|---------|----------------------------|--------------|------------------------------------|------------|----------------------------|
| 2024-25 | -281,314                   | 680,085      |                                    | 3,000,000  |                            |
| 2023-24 | 2,271,060<br>prior to ref. | 92,451       |                                    | 3,000,000  |                            |
| 2022-23 | \$1,169,000                | \$460,000    |                                    |            |                            |
| 2021-22 | \$780,000                  | \$35,000     |                                    |            |                            |
| 2020-21 | \$479,000                  | \$180,000    |                                    |            |                            |
| 2019-20 | \$405,000                  | \$56,000     | \$286,000                          |            |                            |
| 2018-19 | \$182,000                  | \$325,000    |                                    |            |                            |
| 2017-18 | \$453,000                  | \$392,000    |                                    |            |                            |
| 2016-17 | \$388,000                  | \$166,000    |                                    |            |                            |
| 2015-16 | \$497,000                  | \$70,000     |                                    |            |                            |
| 2014-15 | \$308,000                  | \$269,000    |                                    |            |                            |
| 2013-14 | \$455,000                  | \$150,000    | \$100,000                          |            |                            |
| 2012-13 | \$410,000                  | \$120,000    |                                    |            |                            |
| 2011-12 | \$2,000,000                | \$0          |                                    |            |                            |
| 2010-11 | \$525,000                  | \$770,000    |                                    |            |                            |
| 2009-10 | \$500,000                  | \$183,000    |                                    |            |                            |
| 2008-09 | \$380,000                  | \$150,000    |                                    |            |                            |
| 2007-08 | \$200,000                  |              |                                    |            | \$680,000                  |
| TOTALS  | 11,120,746                 | 3,326,000    | 386,000                            |            | 680,000                    |

## ET Has Already Cut Expenses

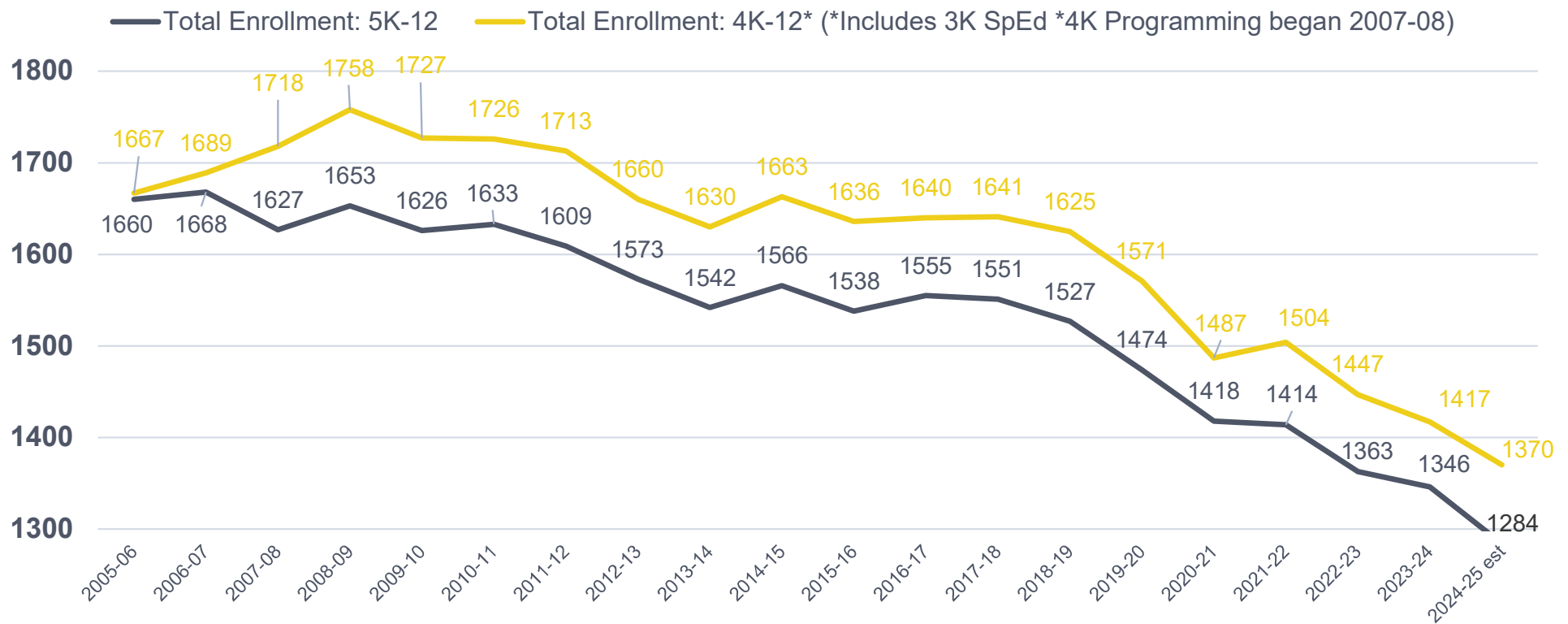
Prior to 2011 WI Act 10, ET was taking steps to reduce expenses. Act 10 provided additional tools the district has used to continue the savings. The majority of budget balancing efforts have been to employee salaries and benefits, ET's largest expense. ET continues to explore ways to cut costs as funding continues to decline.



\*Prior to the passing of the operational referendum in April 2023.

# Impact of 4K Enrollment & Gradual Declining Enrollment

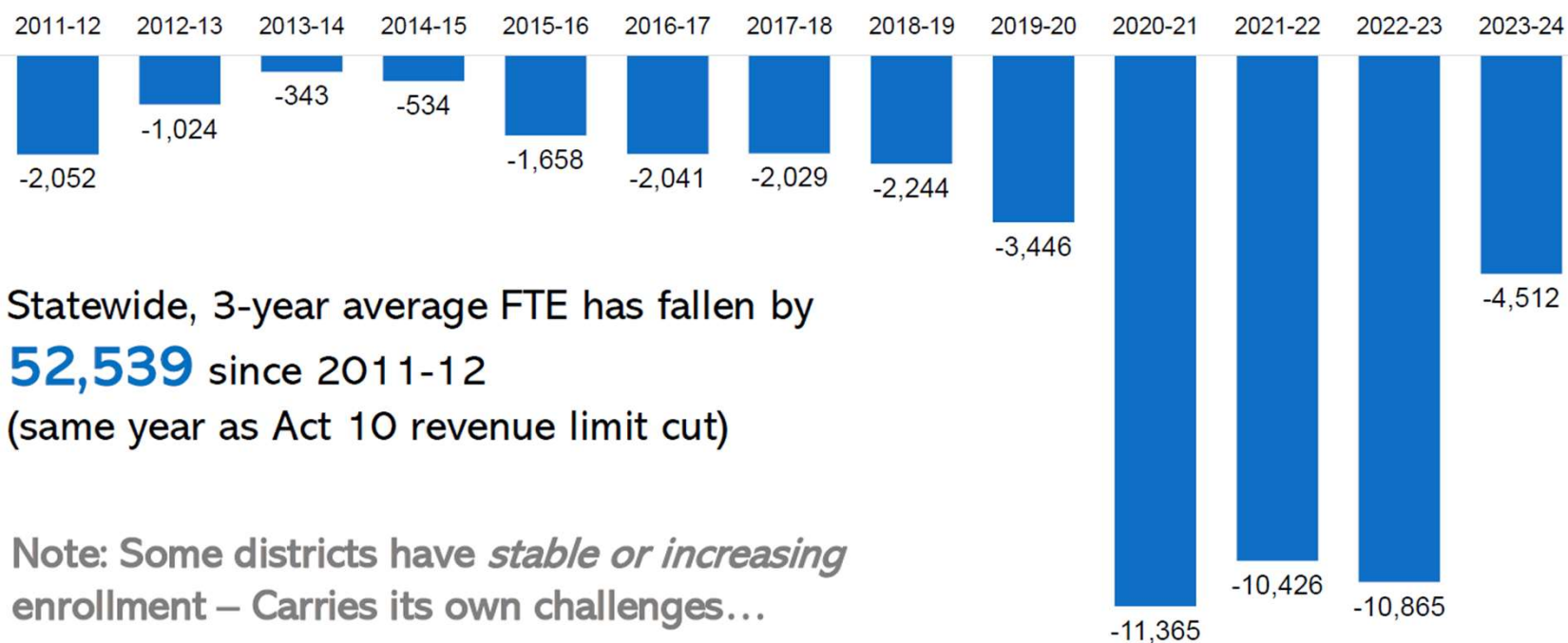
East Troy Enrollment and Resident Count Based Upon September Count



Est based on roll forward / may not be the same projection for budgeting

# Declining enrollment (2011-12 to 2023-24)

Statewide revenue limit 3-year average FTE decline



Statewide, 3-year average FTE has fallen by

**52,539** since 2011-12

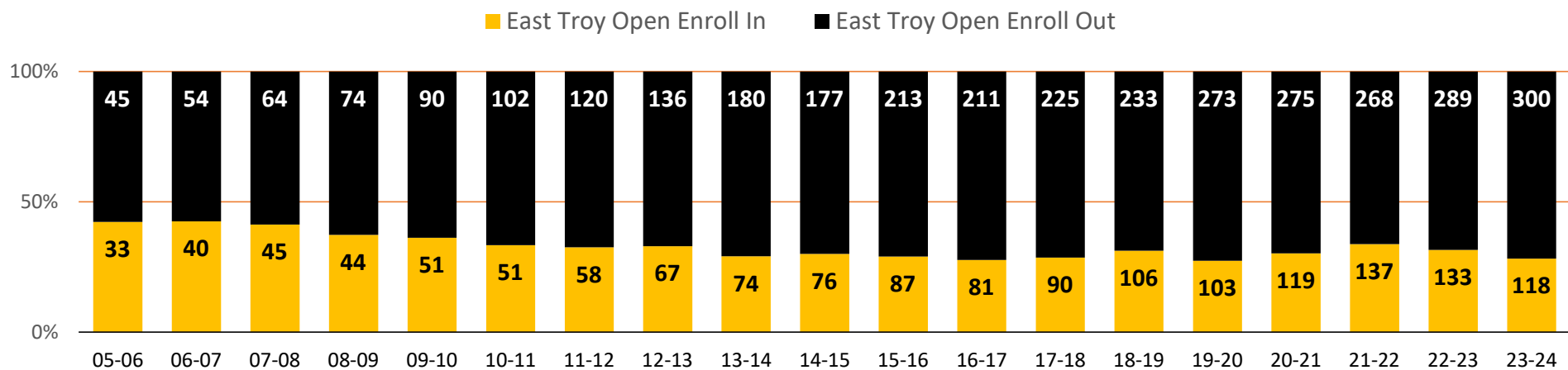
(same year as Act 10 revenue limit cut)

Note: Some districts have *stable or increasing* enrollment – Carries its own challenges...



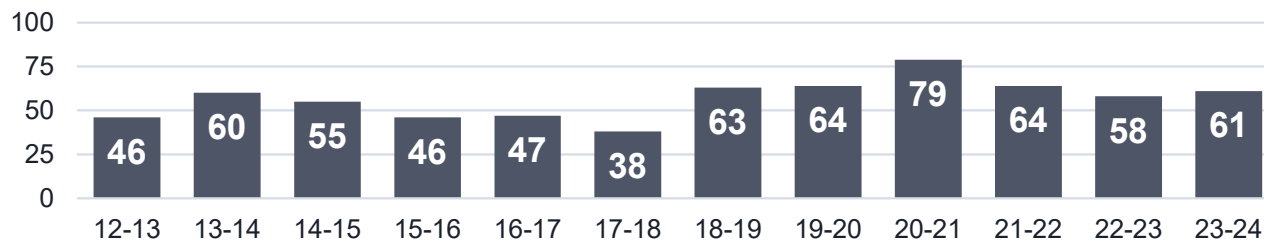
# Additional Data (Open Enrollment and Home School)


## East Troy Open Enroll In and East Troy Open Enroll Out



\*\*Based on third Friday counts

## ETCSD Number of Home School Students By Year

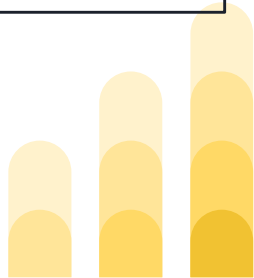




**OPERATIONAL REFENDUM** – A referendum that allows a district to increase its revenue limit authority so the budget for operating expenses can be larger than the standard restriction of the revenue limit. An operating referendum pays for things such as utilities, routine maintenance, salaries and benefits, insurance, supplies, etc.

\*\*\*Most districts in the state have used operating referendums to meet their budget challenges. The majority – 82% of Wisconsin school districts have proposed operating referendums.

ETCSD 3 million, three-year non-reoccurring operation referendum passed in April 2023. This referendum allows the district to increase the revenue limit for school years, 2023-24, 2024-25 and 2025-26.



**CAPITAL REFERENDUM** – A capital referendum provides the authority to issue a certain amount of bonds/notes to pay for capital projects. The funds are typically of construction or other large capital projects.

\*\*\*Even though the total funding is typically larger than an operating referendum, the tax impact is typically less due to the bond issue being over many years.

\*\*\*Based on feedback from a community advisory group, and a community-wide survey, the Board approved a 19.4 million Capital Referendum Resolution for the election of November 5, 2024. The three primary areas of focus are safety and security updates, large-scale maintenance projects, and improvements to academic learning spaces—middle school science classrooms. The projected tax impact is \$0.21 per \$1,000 in property value.

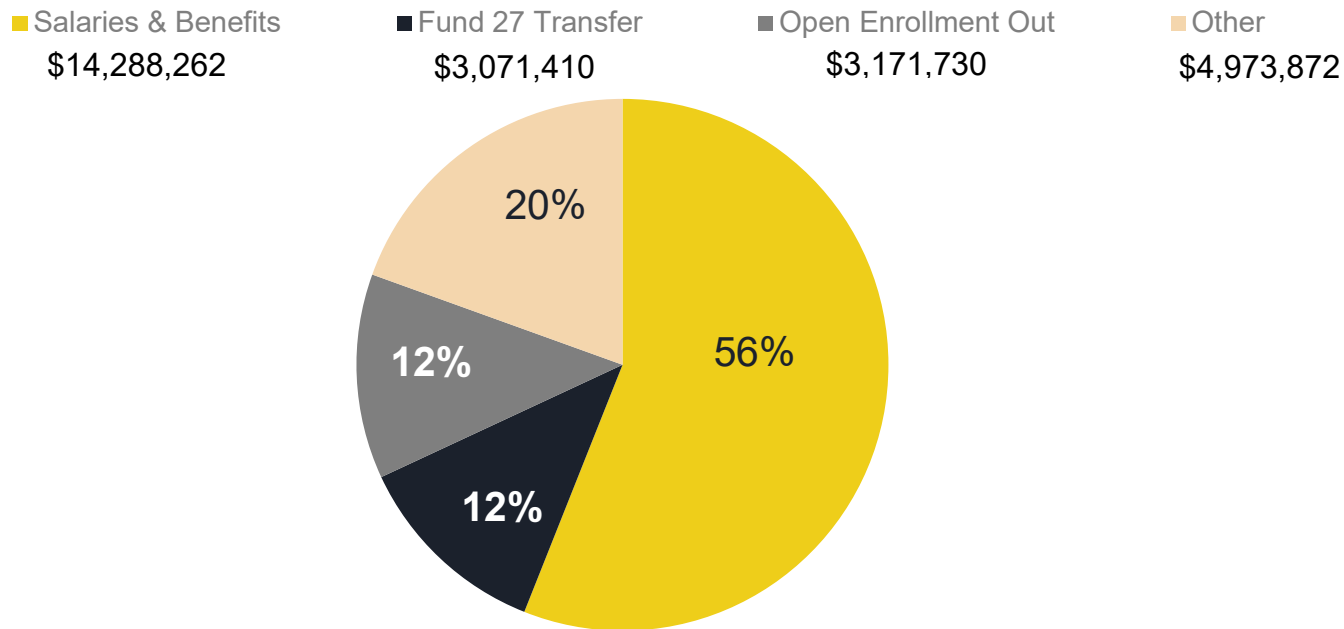


# ● Budgets and Actuals Funds 10 & 27

|                                      | Finalized<br>Budget | Actuals           | Finalized<br>Budget | Actuals<br>Unaudited | Preliminary<br>Budget |
|--------------------------------------|---------------------|-------------------|---------------------|----------------------|-----------------------|
|                                      | 2022-2023           | 2022-2023         | 2023-2024           | 2023-2024            | 2024-2025             |
| <b>TOTAL RECEIPTS</b>                | <b>27,587,435</b>   | <b>28,031,805</b> | <b>29,352,718</b>   | <b>29,198,742</b>    | <b>30,102,199</b>     |
| Budget Variance                      |                     | 1.61%             |                     | -0.52%               |                       |
|                                      |                     |                   |                     |                      |                       |
| <b>TOTAL EXPENDITURES</b>            | <b>27,587,435</b>   | <b>25,940,752</b> | <b>28,673,160</b>   | <b>28,499,685</b>    | <b>30,102,199</b>     |
| Budget Variance                      |                     | -5.97%            |                     | -0.61%               |                       |
|                                      |                     |                   |                     |                      |                       |
| <b>NET - REVENUES MINUS EXPENSES</b> | <b>0</b>            | <b>2,091,053</b>  | <b>679,558</b>      | <b>699,057</b>       | <b>0</b>              |
|                                      | Balanced Budget     | Surplus           | Surplus Budget      | Surplus              | Balanced Budget       |

# ● General Fund Expenditures

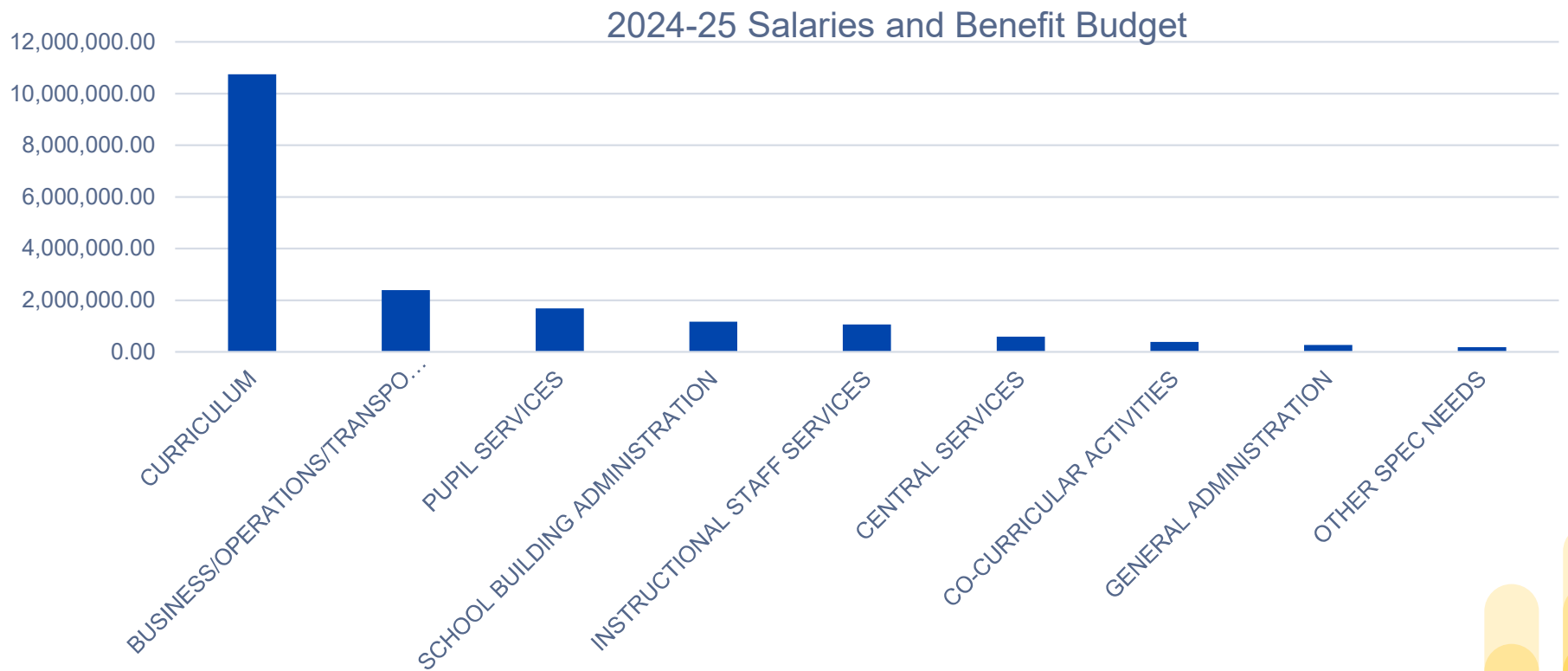
## 2024-25 Expenditures



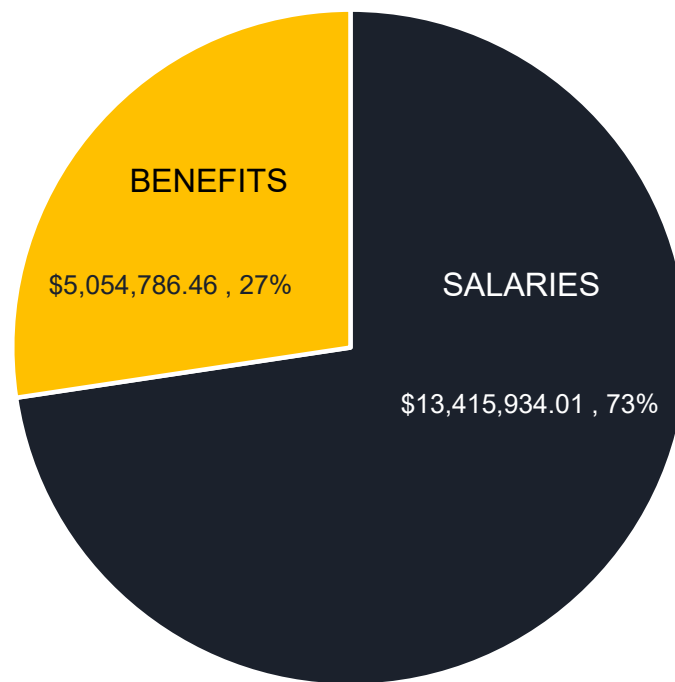
- Open Enrolment Out costs are salaries and benefit costs for staffing out of district.
- The Fund 27 transfer is for salaries and benefits costs for staffing in district.



# ●Salaries and Benefits Fd 10 & 27



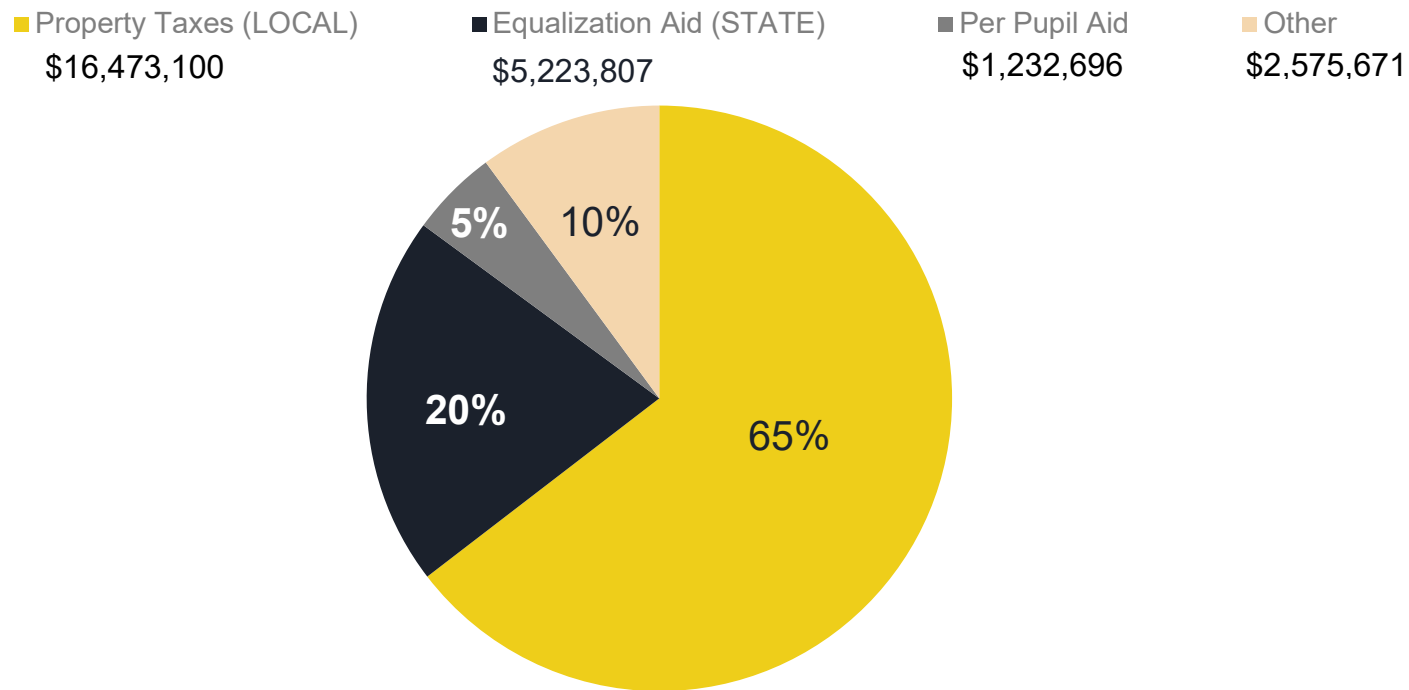
# ● Fund 10 and 27 Salaries and Benefits



■ Total Salaries ■ Total Benefits

# General Fund Components

## 2024-25 Revenues








## ●Total Tax Levy

| TOTAL TAX LEVY               |  |                         |
|------------------------------|--|-------------------------|
|                              |  |                         |
| ●Fund 10 – General Fund      |  | \$ 16,498,337.00        |
| ●Fund 39 – Debt              |  | \$ 1,741,925.00         |
| ●Fund 80 – Community Service |  | \$ 303,312.00           |
|                              |  | <b>\$ 18,543,574.00</b> |





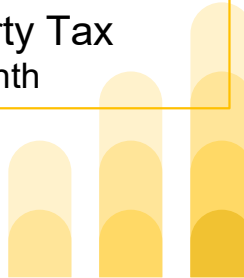
## 2024-25 Projected Tax Rate

$\$18,498,337 \text{ total tax levy} / \text{Property Valuation of } \$2,690,839,438 = 0.00687$

### •TAX IMPACT OF 6.87 Mill Rate/\$1,000 Property Value

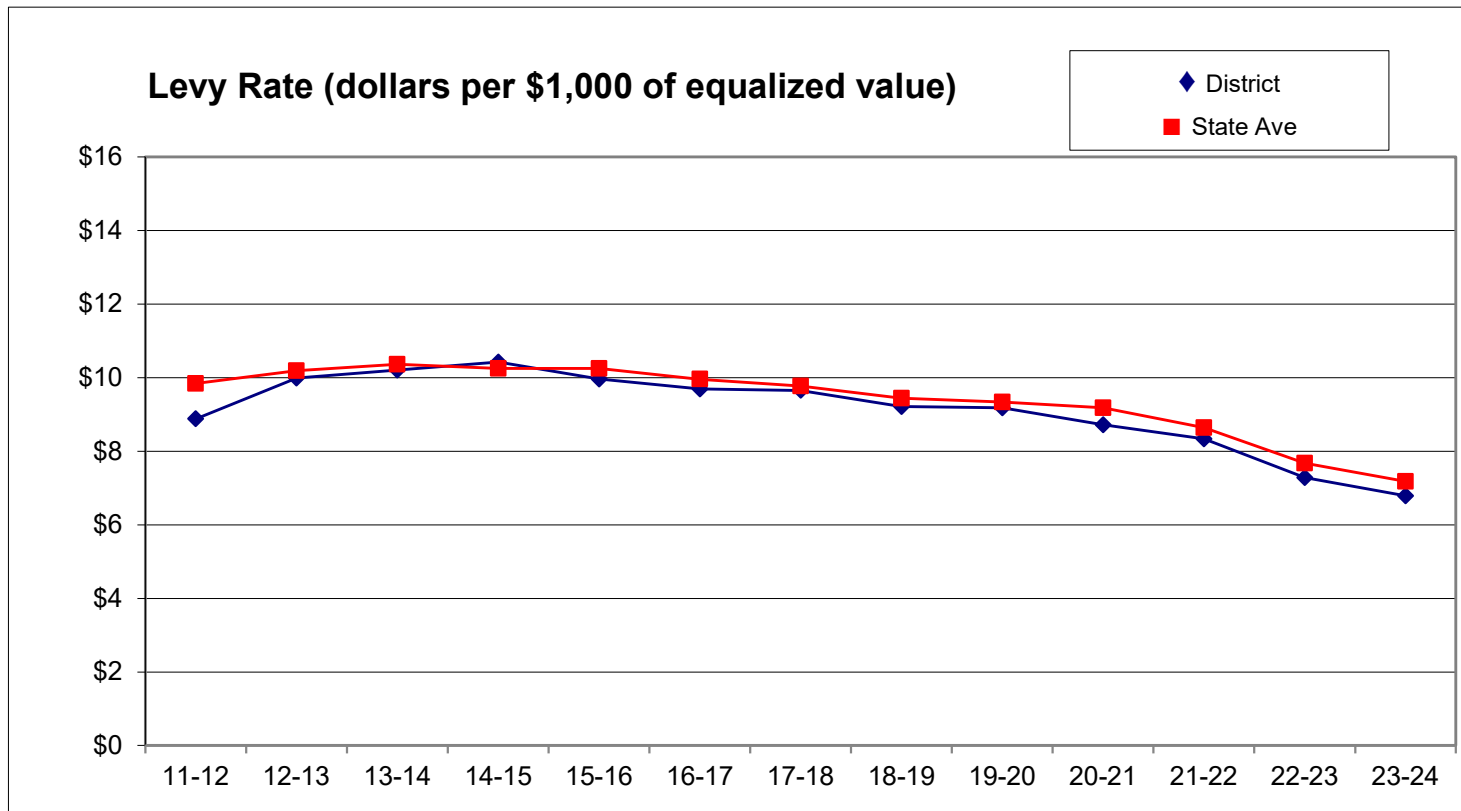


| \$100,000<br>TAXABLE PROPERTY VALUE                | \$200,000<br>TAXABLE PROPERTY VALUE                   | \$300,000<br>TAXABLE PROPERTY VALUE                   |
|--|---|---|
| \$687/year<br>School Property Tax<br>\$57.25/month | \$1,374/year<br>School Property Tax<br>\$114.50/month | \$2,061/year<br>School Property Tax<br>\$171.75/month |



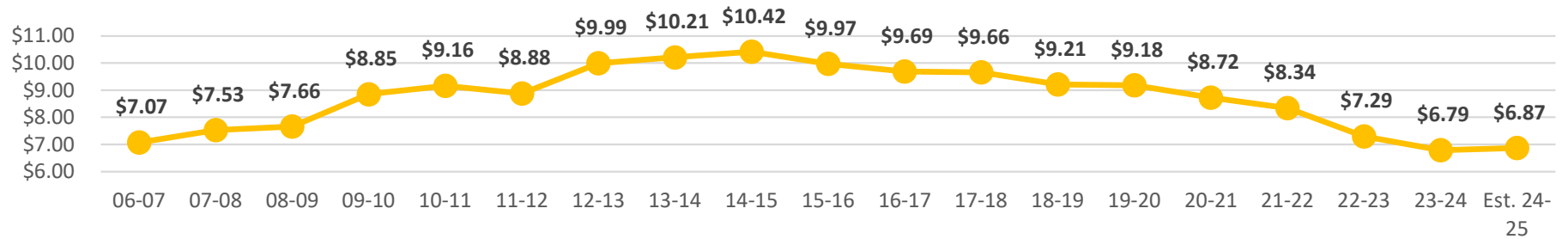
# ETCSD MILL RATE VERSUS STATE AVERAGE

2023-24 State Average = 7.18 District = 6.79

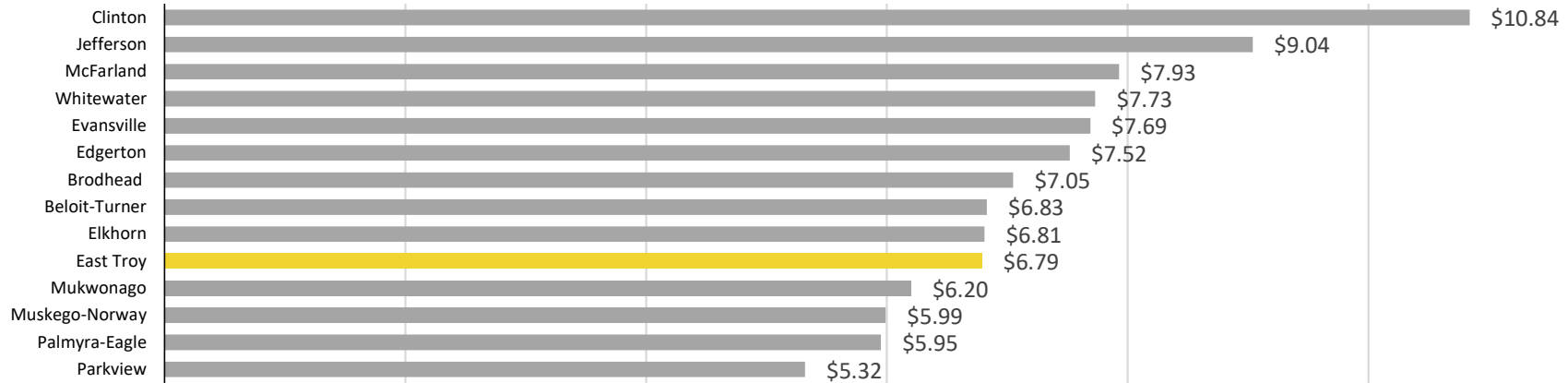


# Mill Rate

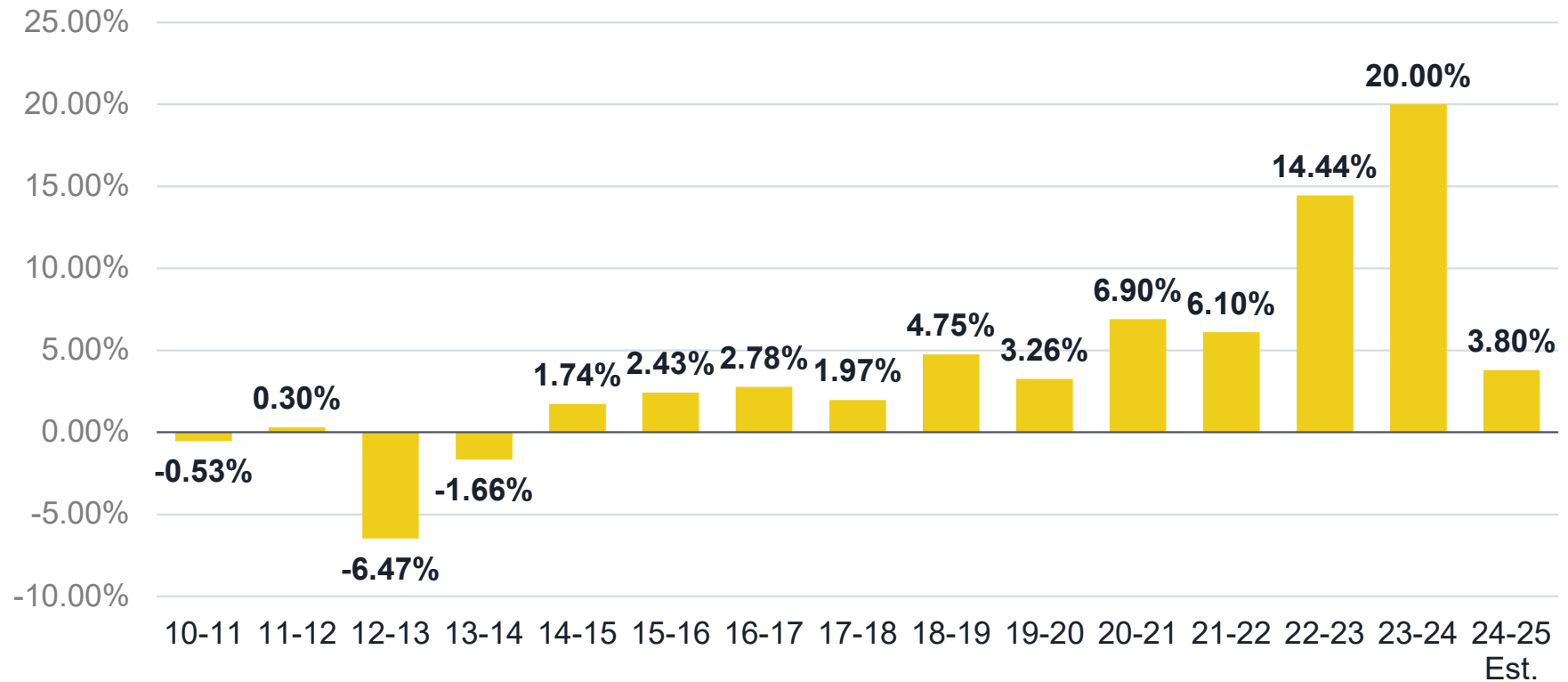
## East Troy Community School District Mill Rate



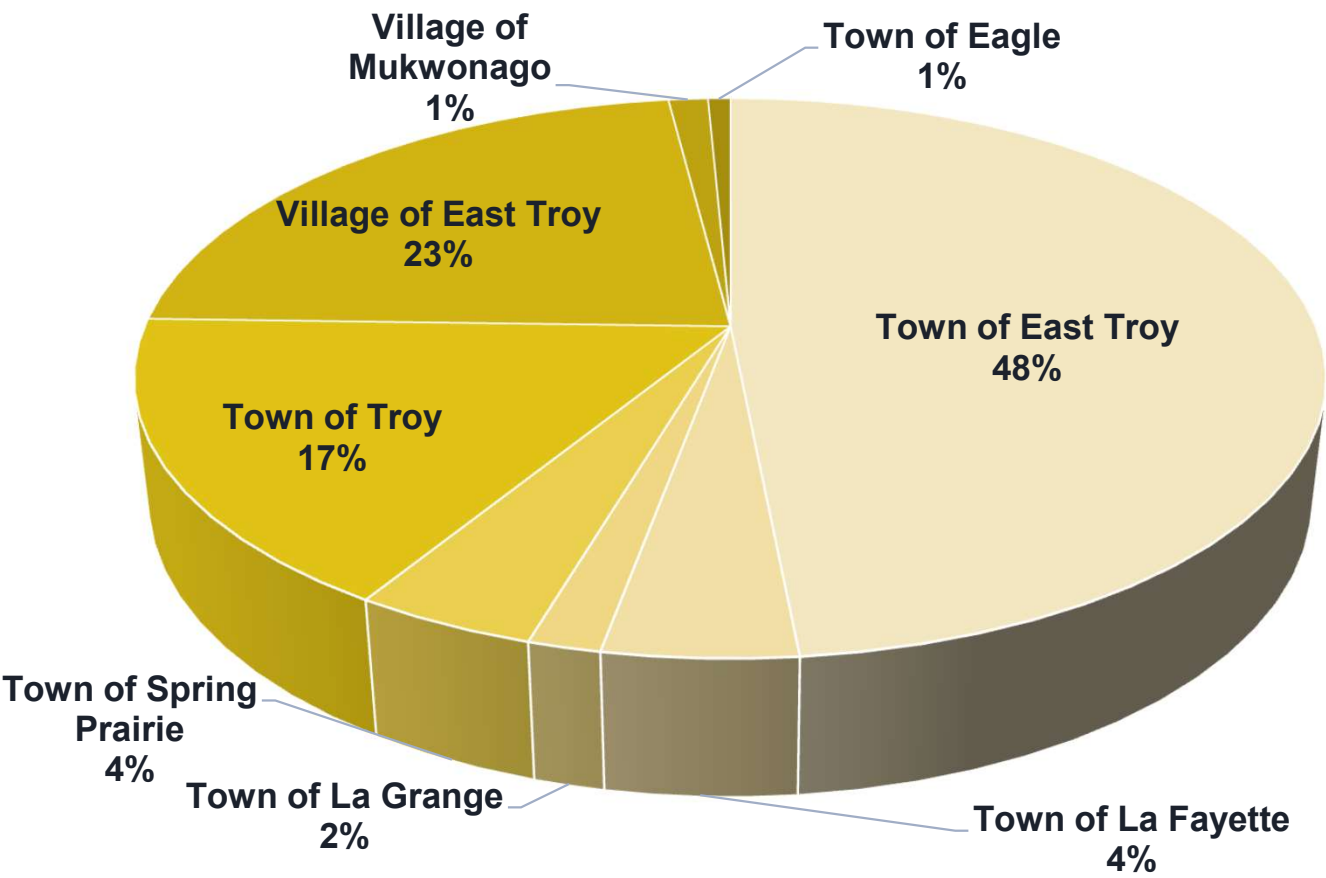
## 2023-24 Rock Valley Athletic Conference and Local Mill Rate



# Another Factor Driving Taxes: Percent Change in Equalized Value



# 2023-24 ETCSD Tax Levy



## **The East Troy Community School District has been fiscally responsible in handling the funds community members have invested in their local schools.**


|   |
|---|
| Moody's Credit Rating Schools<br>from highest to lowest credit<br>quality |
| Aaa   |
| Aa1, Aa2, Aa3   |
| A1, A2, A3  |
| Baa1, Baa2, Baa3  |
| Ba1, Ba2, Ba3   |
| B1, B2, B3  |
| Caa1, Caa2, Caa3<br>(speculative)   |
| Ca (highly speculative)   |
| C (lowest rated, indicating<br>default is likely)                         |

- The district has a solid credit rating. Moody's Corporation rates the creditworthiness of companies and governments. The district's credit rating of Aa2 is near the top of the scale.



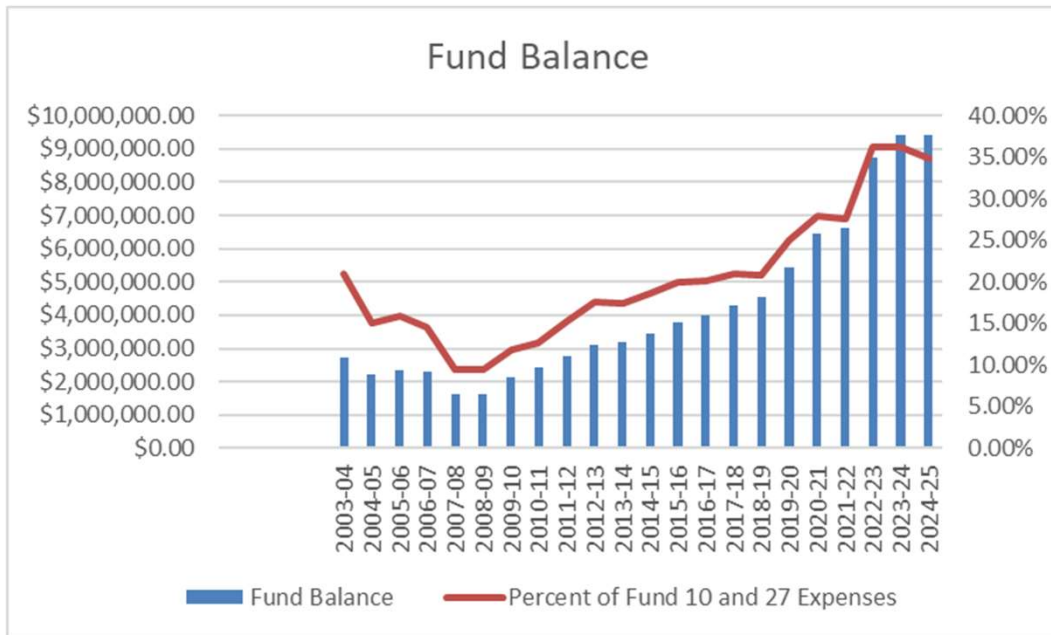
## Long Term Debt (As of June 30, 2024)

|                | <u>Remaining<br/>Principal</u> | <u>Debt Expiration<br/>Date</u> |
|----------------|--------------------------------|---------------------------------|
| <u>Fund 39</u> | \$16,360,000                   | March 1, 2036                   |





# ●Adequate Fund Balance



| Ending June 30th | Short Term Borrowing | Fund Balance | Percent of Fund 10 and 27 Expenses |
|------------------|----------------------|--------------|------------------------------------|
| 2003-04          | \$3,000,000          | \$ 2,705,371 | 20.98%                             |
| 2004-05          | \$3,000,000          | \$ 2,232,349 | 15.04%                             |
| 2005-06          | \$3,000,000          | \$ 2,354,361 | 15.98%                             |
| 2006-07          | \$2,300,000          | \$ 2,296,498 | 14.57%                             |
| 2007-08          | \$2,650,000          | \$ 1,612,035 | 9.49%                              |
| 2008-09          | \$3,300,000          | \$ 1,626,781 | 9.42%                              |
| 2009-10          | \$4,600,000          | \$ 2,129,614 | 11.88%                             |
| 2010-11          | \$4,800,000          | \$ 2,416,786 | 12.68%                             |
| 2011-12          | \$4,400,000          | \$ 2,758,148 | 15.25%                             |
| 2012-13          | \$4,000,000          | \$ 3,127,578 | 17.64%                             |
| 2013-14          | \$4,000,000          | \$ 3,179,969 | 17.40%                             |
| 2014-15          | \$4,100,000          | \$ 3,436,730 | 18.62%                             |
| 2015-16          | \$3,500,000          | \$ 3,778,595 | 19.94%                             |
| 2016-17          | \$3,100,000          | \$ 3,994,251 | 20.21%                             |
| 2017-18          | \$2,900,000          | \$ 4,290,602 | 20.98%                             |
| 2018-19          | \$2,900,000          | \$ 4,545,737 | 20.86%                             |
| 2019-20          | \$2,900,000          | \$ 5,420,755 | 24.96%                             |
| 2020-21          | \$2,600,000          | \$ 6,434,354 | 27.89%                             |
| 2021-22          | \$1,500,000          | \$ 6,635,660 | 27.59%                             |
| 2022-23          | \$1,000,000          | \$ 8,726,713 | 36.23%                             |
| 2023-24          | \$ -                 | \$ 9,425,770 | 36.21%                             |
| 2024-25          | \$ -                 | \$ 9,425,770 | 34.87%                             |

Estimate

## VIII: 2023-24 Treasurer's Report

|                    | GENERAL FUND (FD 10 ) |                           |
|--------------------|-----------------------|---------------------------|
|                    | <u>REVENUES FD 10</u> | <u>EXPENDITURES FD 10</u> |
| BUDGET             | 25,347,082.45         | 24,667,524.69             |
| ACTUAL - Unaudited | 25,301,611.24         | 24,602,553.80             |
| ACTUAL vs. BUDGET  | (45,471.21)           | (64,970.89)               |
| Under Budget       | -0.18%                | -0.26%                    |

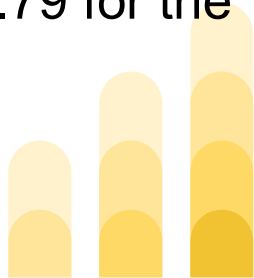
|                    | SPECIAL EDUCATION FUND (FD 27) |                           |
|--------------------|--------------------------------|---------------------------|
|                    | <u>REVENUES FD 27</u>          | <u>EXPENDITURES FD 27</u> |
| BUDGET             | 4,005,635.65                   | 4,005,635.65              |
| ACTUAL - Unaudited | 3,897,130.80                   | 3,897,130.80              |
| ACTUAL vs. BUDGET  | (108,504.85)                   | (108,504.85)              |
| Under Budget       | -2.71%                         | -2.71%                    |



## IX: Presentation of 2024-25 Budget

|               |                          |
|---------------|--------------------------|
| Revenue Limit | \$325 per pupil increase |
| Per Pupil Aid | \$0 increase             |

Per the LFB (Legislative Fiscal Bureau), to keep pace with CPI (Consumer Price Index), the per pupil adjustment under prior inflation indexing would need to be \$392.79 for the 2023-2025 school years.



# This Year

Original budget assumptions without additional State Aid or Referendum dollars showed a 2.2 million deficit for 2023-24 and an even larger deficit for 2024-25. Fortunately, taxpayers voted for the referendum and the State budget yielded a Revenue Limit Increase. As future years still show significant deficits, the Board of Education weighs the needs of the students and budget decisions carefully. The 2024-25 budget encompasses both some savings due to Health Insurance Restructuring as well as several impact needs due to increasing student needs and state mandates:

## IMPACT NEEDS

- Restructuring of retiree health insurance option providing retirees with similar health plan options and resulting in a negative 1% health insurance renewal for the district.
- CPI index of 4.012% salary increase for staff members.
- Increase of 18 special education paraprofessional positions from part-time to 36.25 hours/week as necessitated by increased student needs and a competitive labor market.
- Other additions and restructuring to meet student needs, increasing special education requirements and legislative requirements such as Act 20 and Title IX.

## DISTRICT FUNDS

| #  | Fund Name                                       | Notes   |
|----|---|---|
| 10 | <b>General</b>                                  | Used to record district financial activities for current operations, except those activities required to be accounted for in separate funds.  |
| 21 | <b>Special Revenue Trust</b>                    | Gift / Donations Fund – prudent when project directed by donation will cross fiscal years   |
| 27 | <b>Special Education</b>                        | Exceptional Educational Needs/Federal Handicapped/Other   |
| 39 | <b>Referendum Approved Debt Service</b>         | Voter approved, outside of the revenue limit  |
| 46 | <b>Long Term Capital Improvement Trust Fund</b> | Fund can be used for capital projects per the approved long- term capital improvement plan. Initial five year waiting period from first deposit. Established in January 2023 at East Troy   |
| 50 | <b>Food Service</b>                             | Federal regulations require separate accounting for Food Service. Fund deficit must be eliminated through transfer from the General Fund. Fund balance must be retained for use in Food Service.  |
| 72 | <b>Trust</b>                                    | These funds are used to account for assets held by the district in a trustee capacity for individuals, private organizations, or other governments. East Troy utilizes this fund for its scholarship donations.   |
| 80 | <b>Community Service</b>                        | Fund established through S. 120.13 and 120.61, Wis. Stats. Allows a school board to permit use of district property for civic purposes. Examples of activities could include adult education, community recreation programs, and/or day care services. Act 20 created new requirements for this Fund for the 2013-14 school year, however starting with the 15-16 school year, the levy freeze and reporting requirements have been discontinued. |

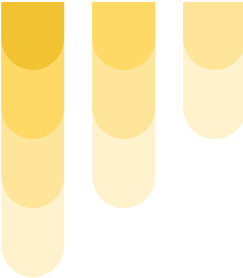


# ● UNFINALIZED BUDGET VARIABLES

Some variables that change estimates throughout the year & between the annual meeting and October:

- Final allocation and distribution of State Aid (Equalization Aid) - October 15<sup>th</sup>
- Final 3rd Friday count in September
- Membership (FTE) affects Rev Limit
- Property Value - October 1<sup>st</sup>
- Shared Costs (both state-wide and locally) – October
- Budget changes through October
- Transfer of Service - Final end of September
- Private School Vouchers - October






\*\*Fund 10 and 27 account for 90% of the district's expenses and have a balanced budget

\*\*Fund 39 is budgeted on a fiscal year but levied on a calendar year so this fund may not balance each year.

\*\*Fund 50 currently has an adequate fund balance to cover increased food and labor costs.

| 2024-2025                      | Budget            |
|--------------------------------|-------------------|
| <b>RECEIPTS</b>                |                   |
| 10 Fund - General Fund         | 25,505,274        |
| 21 Fund – Gift                 | 545,000           |
| 27 Fund – Special Ed           | 4,596,925         |
| 39 Fund - Ref Debt Service     | 1,741,925         |
| 46 Fund - Capital Improvements | 5                 |
| 50 Fund – Food Service         | 606,800           |
| 80 Fund - Community Service    | 311,812           |
|                                | <b>33,307,741</b> |
| <b>EXPENDITURES</b>            |                   |
| 10 Fund - General Fund         | 25,505,274        |
| 21 Fund – Gift                 | 545,857           |
| 27 Fund – Special Ed.          | 4,596,925         |
| 39 Fund - Ref Debt Service     | 1,770,675         |
| 46 Fund - Capital Improvements | 0                 |
| 50 Fund – Food Service         | 652,934           |
| 80 Fund - Community Service    | 312,520           |
|                                | <b>33,384,185</b> |



# RECAP THE 24-25 BUDGET

BUDGET MODEL STILL SHOWS A DEFICIT STARTING IN 2025-2026

DECLINING ENROLLMENT

INFLATION

NO ESSER DOLLARS

WE MUST CONTINUE: MAINTAINING COMPETITIVE STATUS and BALANCING THE  
BUDGET





# **X: Budget Hearing**

**By S. 65.90 Wis. Stats, common school districts must hold the public budget hearing at the time and place of the annual meeting.**

**The proposed is in summary and recommended format in the annual meeting packets.**

**Residents have an opportunity to comment on the proposed budget.**






## **XI: Resolution A (Adoption of Tax Levy)**

**Sample Resolution for Citizen to make motion:**

*Please state your name to the clerk prior to making a motion to adopt a resolution*

“Mr. Chairperson, be it resolved that there be levied a school tax against all taxable property within the District in the sum of \$18,498,337 necessary to operate and maintain the school system, and to finance the capital outlay and debt service of said system for the 2024-25 school year which budget is approved.”





## **XII: Resolution B** (Salaries for Board of Education Members)

Sample Resolution for Citizen to make motion:

*Please state your name to the clerk prior to making a motion to adopt a resolution*

“Mr. Chairperson, may it it resolved that the Board of  
Education Salaries be set at \$(dollar amount - suggestion \$2,500)  
for the 2024-25 school term.”





## **XIII: Resolution C** (Set Date & Time for 2025-26 Meeting)

**Sample Resolution for Citizen to make motion:**

*Please state your name to the clerk prior to making a motion to adopt a resolution*

“Mr. Chairperson, may it be resolved that the  
2025-26 Annual Meeting be set for  
September 22, 2025 at 6:00 p.m.”






## **XIV: Resolution D (Acquisition of Real Property)**

**Sample Resolution for Citizen to make motion:**

*Please state your name to the clerk prior to making a motion to adopt a resolution*

“Mr. Chairperson, may it be resolved that  
the East Troy Community School District may  
purchase real property (land and/or buildings).”






## **XV: Resolution E (Leasing of Property)**

**Sample Resolution for Citizen to make motion:**

*Please state your name to the clerk prior to making a motion to adopt a resolution*

“Mr. Chairperson, may it be resolved that the East Troy  
Community School District may Lease school sites,  
buildings, and equipment not needed for school purposes  
to any person for any lawful use at a reasonable rental.”





## **XVI: New Business**

## **XVII: Adjourn**

**After a short break, the  
Regular Meeting of the Board of Education  
of September 23, 2024 will be held.**

