

**Public Hearing of the
Kenosha Unified School District
Proposed 2015-16 Budget
September 14, 2015**

**Presented By
Tarik Hamdan
Chief Financial Officer**




2015-16 Proposed Budget General Fund (10)

GENERAL FUND (FUND 10)

	Audited 2013-2014		Unaudited 2014-2015		Proposed 2015-2016
Beginning Fund Balance A	27,109,475	➔	36,805,631	➔	42,222,192
Ending Fund Balance B	36,805,631		42,222,192		42,222,192

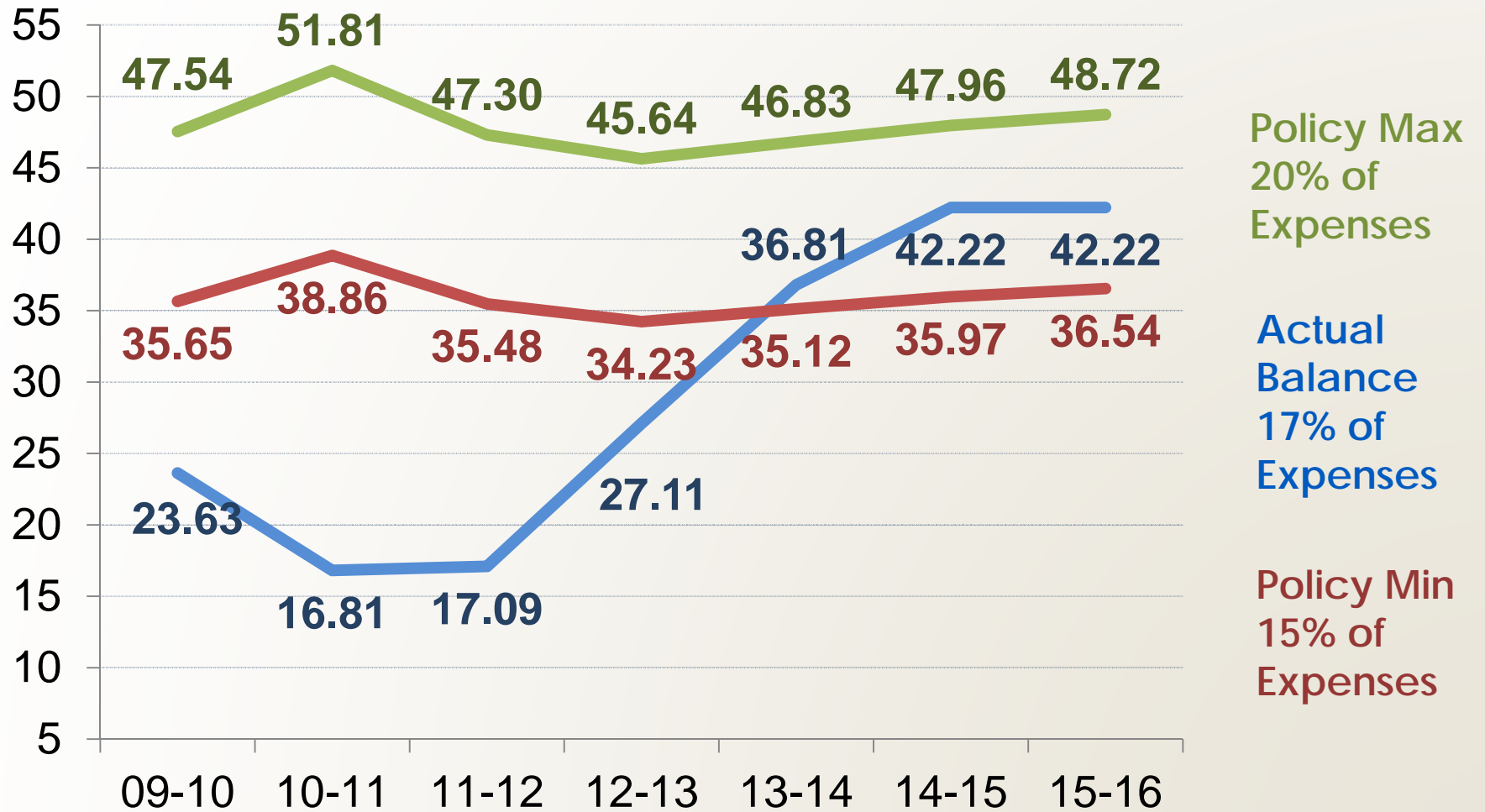
REVENUES AND OTHER FINANCING SOURCES

Operating Transfer-In (Source 100)	0		0		0
Local Sources (Source 200)	77,962,264		75,074,875		72,258,457
Inter-district Payments (Source 300 & 400)	341,003		487,120		400,000
Intermediate Sources (Source 500)	17,117		21,478		0
State Sources (Source 600)	151,689,893		157,625,534		159,311,742
Federal Sources (Source 700)	12,856,960		11,151,377		11,373,827
All Other Sources (Source 800 & 900)	966,515		869,211		277,500
TOTAL REVENUES & OTHER FINANCING SOURCES	243,833,752		245,229,596		243,621,526

EXPENDITURES & OTHER FINANCING USES

Instruction (Function 100000)	119,361,262		123,083,165		125,741,288
Support Services (Function 200000)	80,737,477		81,823,657		81,762,007
Non-Program Transactions (Function 400000)	34,038,857		34,906,213		36,118,230
TOTAL EXPENDITURES & OTHER FINANCING USES	234,137,596		239,813,035		243,621,526

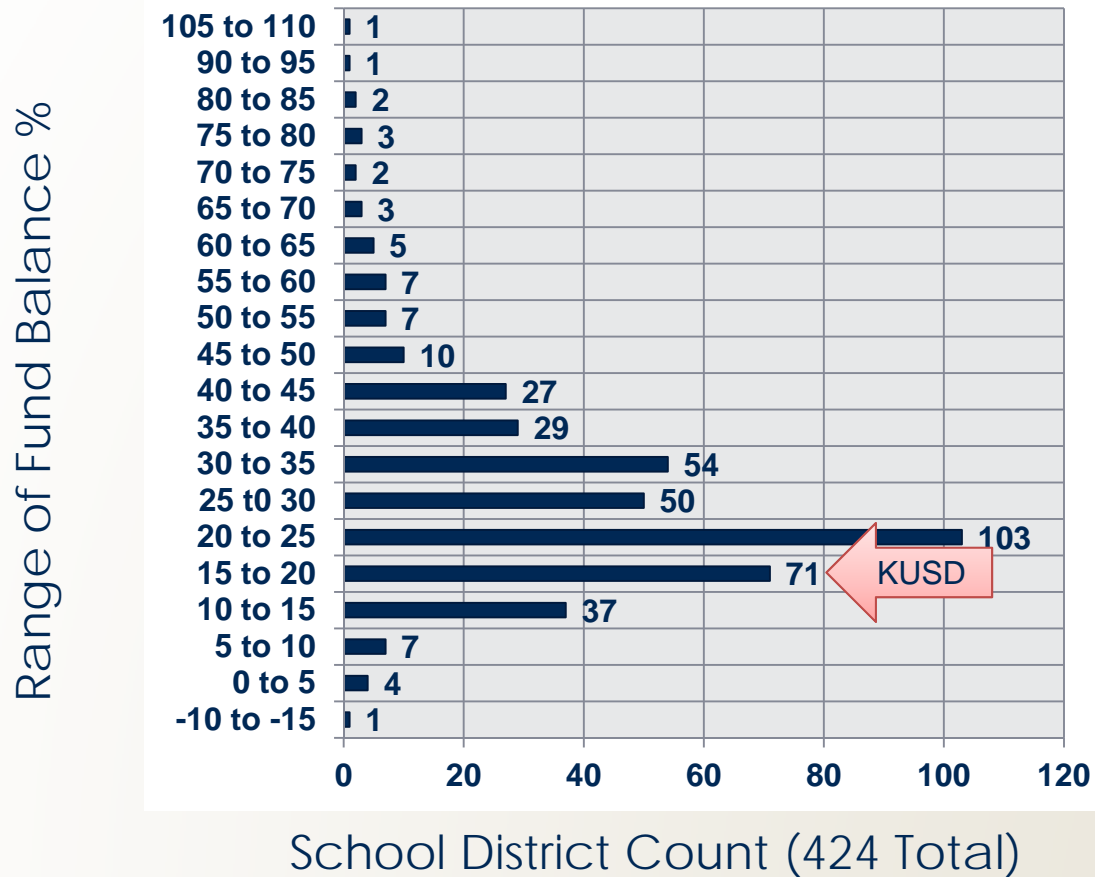
General Fund Ending Fund Balance (millions of dollars)



Fund Balance Analysis (DPI data as of 6/30/13)

- There are 424 Districts in the State of Wisconsin
 - The average fund balance was 28% of general fund expenses
 - KUSD fund balance was 12% of expenses
 - KUSD was ranked 407 out of the 424 Districts
- Comparable Districts based on enrollment
 - Racine ranked 267 with 22%
 - Green Bay ranked 309 with 19%
 - Madison ranked 382 with 14%
- **KUSD projected 2015-16 general fund beginning balance of \$42.2 MM is approximately 17% of the budgeted expenses**
 - **At 17% KUSD would now rank around 338 out of the 424 Districts**

Fund Balance Analysis (DPI data as of 6/30/13)



Financial Status Update (Moody's Rating Upgrades)



Global Long-Term Rating Scale	
Aaa	Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.
Baa	Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
Ba	Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.
B	Obligations rated B are considered speculative and are subject to high credit risk.
Caa	Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.
Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C	Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms.



US Municipal Short-Term Debt and Demand Obligation Ratings	
MIG 1	This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.
MIG 2	This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.
MIG 3	This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.
SG	This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

Source : Moody's Investors Service, https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004 , June 2015

Revenue Collection Calendar 2014-15

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Tax Levy *		21.90%					40.00%	24.30%		1.50%	12.30%		100.00%
Equalization Aid *	1.79%		14.50%			24.90%			24.60%			34.21%	100.00%
Tax Exempt Computer Aid	100.00%												100.00%
Categorical Aids													
Special Ed					15.00%	15.00%	15.00%	15.00%	15.00%			25.00%	100.00%
Trans Aid							100.00%						100.00%
High Poverty Aid									100.00%				100.00%
Per Pupil Aid									100.00%				100.00%
Common School Library Aid										100.00%			100.00%
State Tuition Payment												100.00%	
High Cost SPED Aid												100.00%	

* Tax Levy (\$73 MM) and Equalization Aid (\$152 MM) accounted for 92% (\$225 MM) of the KUSD General Fund Revenues (\$245 MM) for 2014-15

Budget Variables

Student
Membership

Revenue
Limit

Equalization
Aid

Open
Enrollments

Equalized
Property
Values

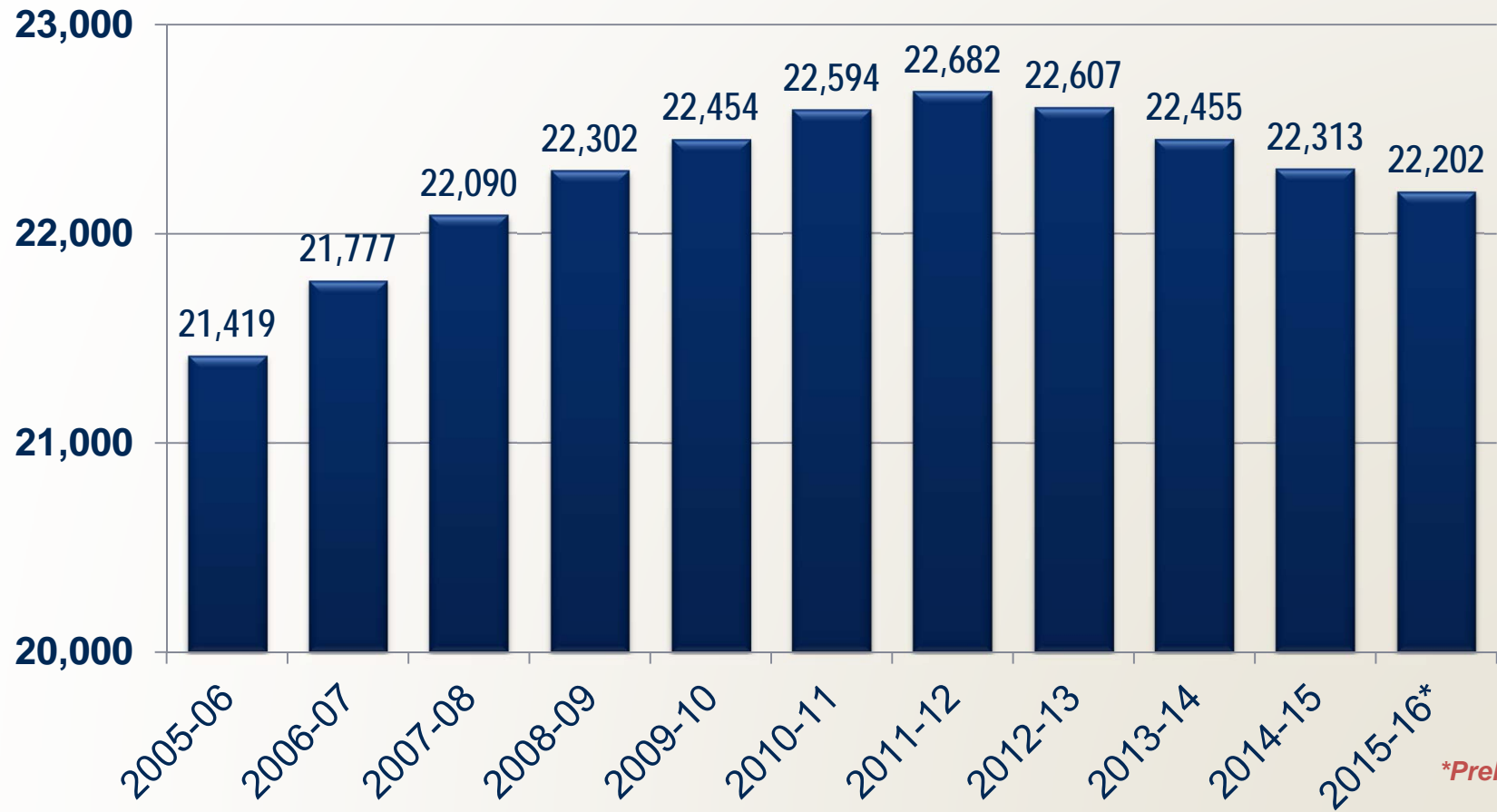
Mill Rate

Debt
Expense

Tax Levy

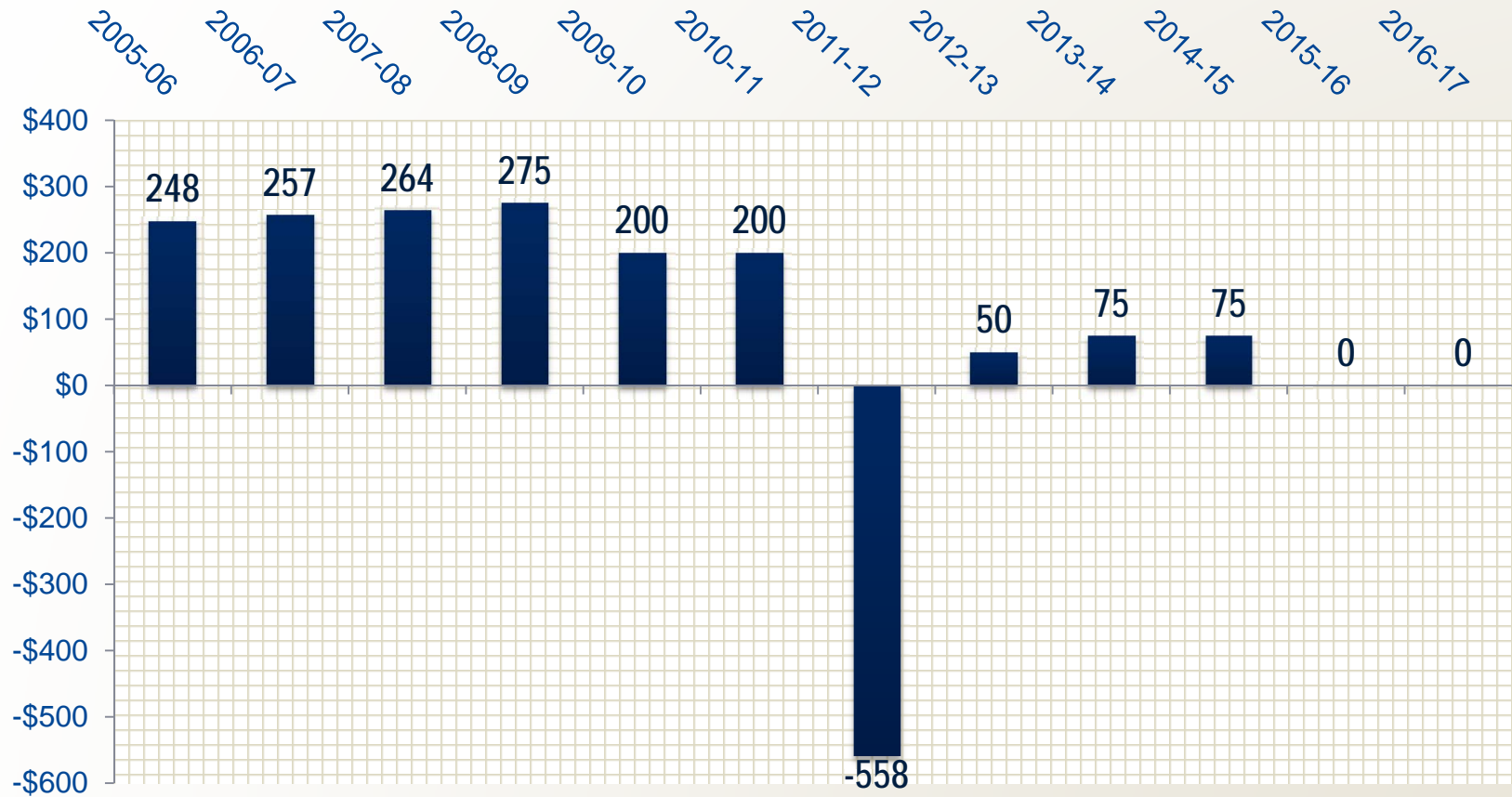
Salaries &
Benefits

KUSD Enrollment Trend (Current 3 Year Average Membership)



**Preliminary*

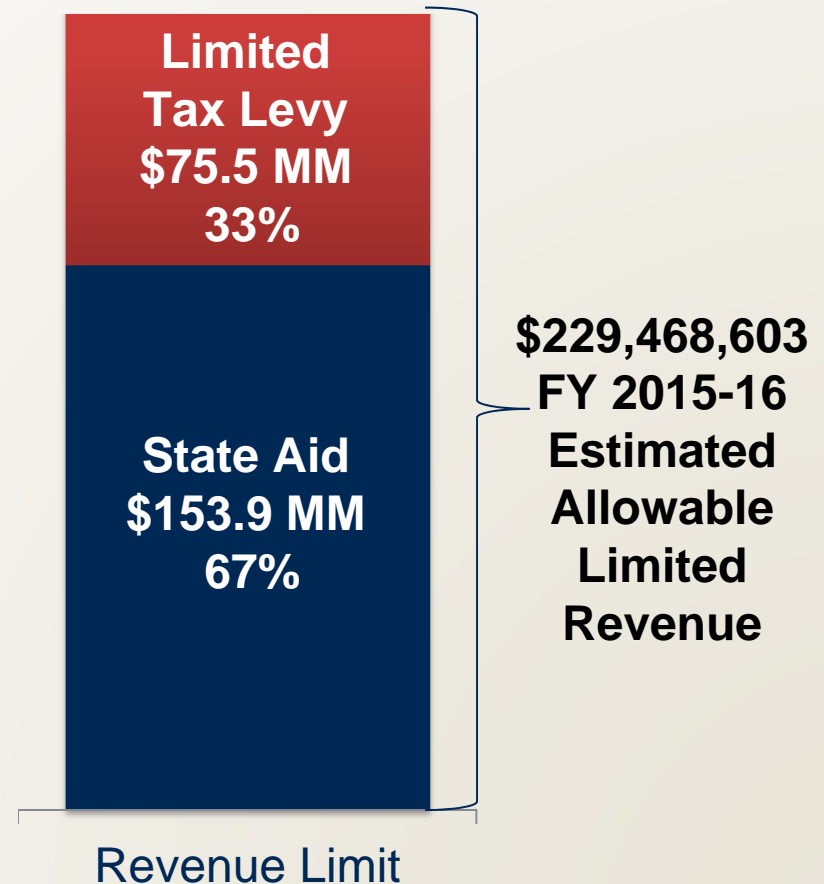
Allowable Per Member Revenue Increase/Decrease



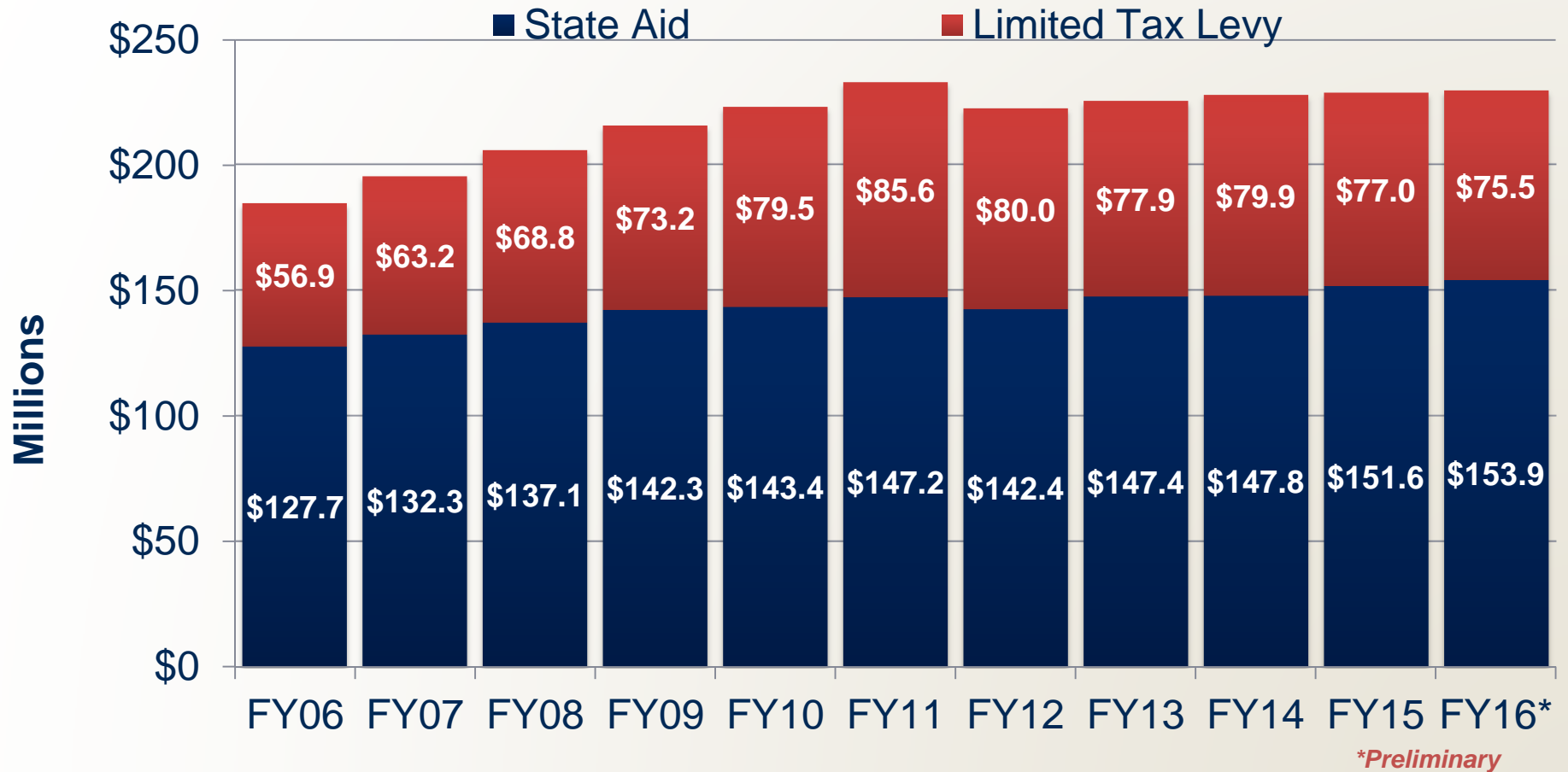
2015-16 Revenue Limit Calculation

The District's main revenue sources are restricted by the Revenue Limit formula:

- State Aid primarily based on prior year's expenses and equalized property values (includes High Poverty Aid \$1.48 million)
- Limited Tax Levy is the difference between the Revenue Limit and the projected State Aid



Revenue Limit History



KUSD Fund Structure

General Fund

- Operations (majority of salaries, benefits and other expenses)

Debt Service

- Transactions for repayment of bonds, notes and loans

Community Service

- Activities supporting all Kenosha, Pleasant Prairie and Somers community members

Special Projects

- Special Revenue
- Special Education
- Head Start

Capital Projects

- Expenditures for expansion and remodeling

Food Service

- Activities related to student food services

Trust Funds

- Other Post-Employment Benefits (OPEB)
- Scholarships

Trust Funds (Fund 70)

OPEB

- Other Post Employment Benefits
 - Retiree Health
 - Retiree Dental

Scholarships

- Outside Sources
 - Student Groups
 - Memorials
 - Alumni

OPEB Trust Fund (Fund 73) 2015 Annual Update on Trust Activity

Trust Cash & Investments	\$14,416,445
<i>Return on Investments (earned)</i>	<i>\$19,064</i>

Trust Disbursements:

Insurance Premiums	\$5,032,653
Administrative Costs & Fees	\$23,937
Implicit Rate Subsidy	\$3,661,995
Total Trust Disbursements:	<hr/> \$8,718,585 <hr/>

Note: PMA Securities acts as Financial Advisor to the District and the Trust, however no investment authority has been delegated.

Community Service Funds (Fund 80)

Community and Parent Programs

- Family Education
- Safety Trainings
- Parenting Skills Development
- Alcohol and Other Drug Awareness (AODA)
- Community Outreach
- Adult Education
 - GED Programs
 - ESL
 - Even Start Literacy

Recreation Department

- Adult Sports
 - Softball
 - Volleyball
 - Basketball
- Youth Summer Programs
- Swimming

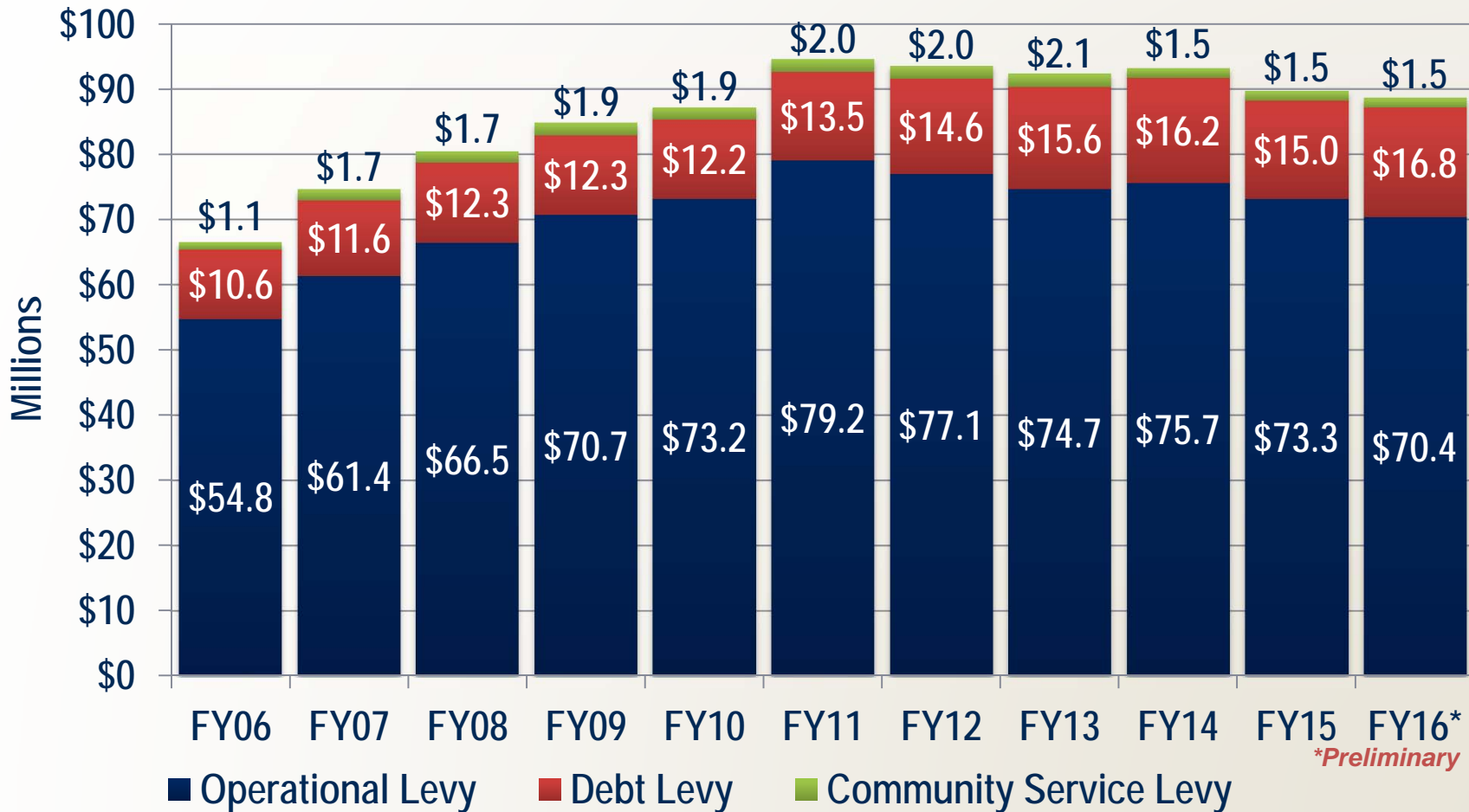
Senior Citizens Center

- Wide variety of popular recreational, educational and social activities
- Open to all seniors in our community age 55 and up
- Founded in 1970
- 1,300 members plus volunteers

Community Service Funds (Fund 80)

Our Community Service Programs are open to all residents in our stakeholder communities and usually take place outside of the regular instructional time periods with additional costs being incurred by operating the programs.

Total Tax Levy History



Tax Levy Changes

	FY 2013-14	FY 2014-15	FY 2015-16*
Total Tax Levy	0.96% increase	4.3% decrease	0.68% decrease
Property Values	3.63% decrease	3.42% increase	0.0%
Mill Rate	\$12.13 (per \$1,000)	\$11.22 (per \$1,000)	\$11.15 (per \$1,000)
Property Tax on \$200,000 House	\$2,426	\$2,244	\$2,230

**Preliminary*

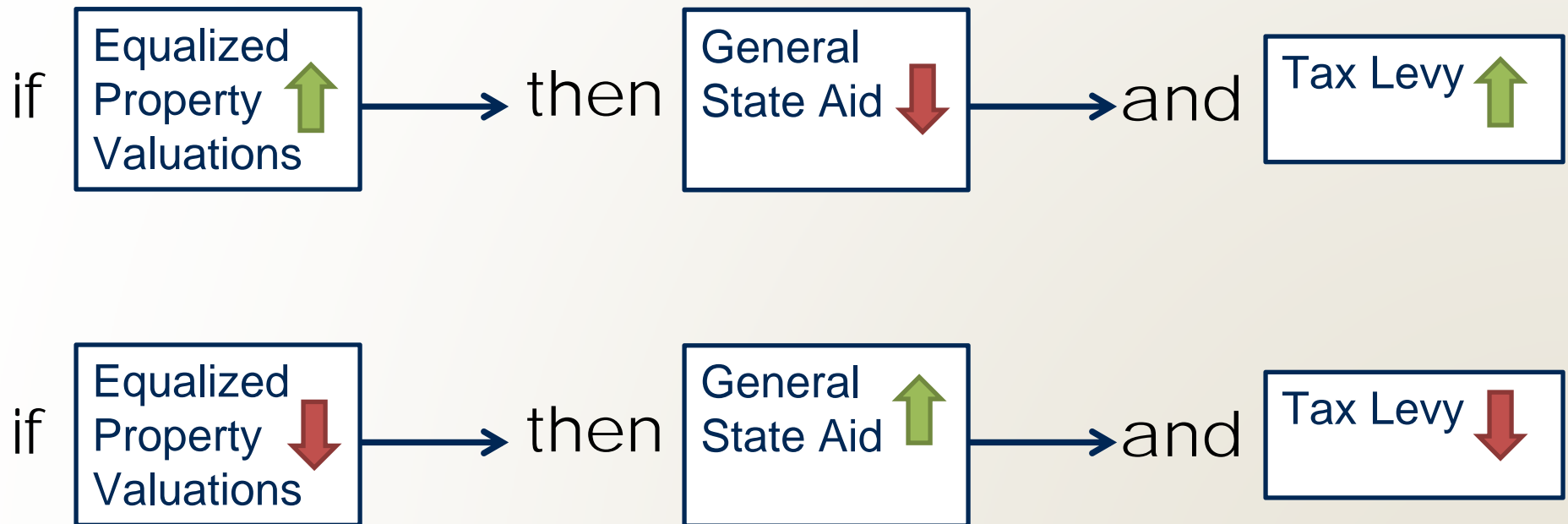
Mill Rate

Mill Rate = the rate of tax for every \$1,000 of property value

$$\frac{\text{Total Tax Levy} \uparrow}{\text{Equalized Property Valuations}} \times 1,000 = \text{Mill Rate} \uparrow$$

$$\frac{\text{Total Tax Levy}}{\text{Equalized Property Valuations} \downarrow} \times 1,000 = \text{Mil Rate} \uparrow$$

Relationship Between Property Values, State Aid, and Tax Levy



2015-16 Budget Next Steps

What	When
Finalize Enrollment	3rd Friday of September (18th)
Update Revenue Limit	October 1st
Finalize State General Aid	October 15th
Finalize Tax Levy	October 15th
Finalize Revenue Limit	October 15th
Rebalance Budget	October 20th
Board Adoption	October 27th
Notify Municipalities of Tax	November 10th

Thank You!

