



# Public Hearing of the Kenosha Unified School District Proposed 2016-17 Budget



Presented by:

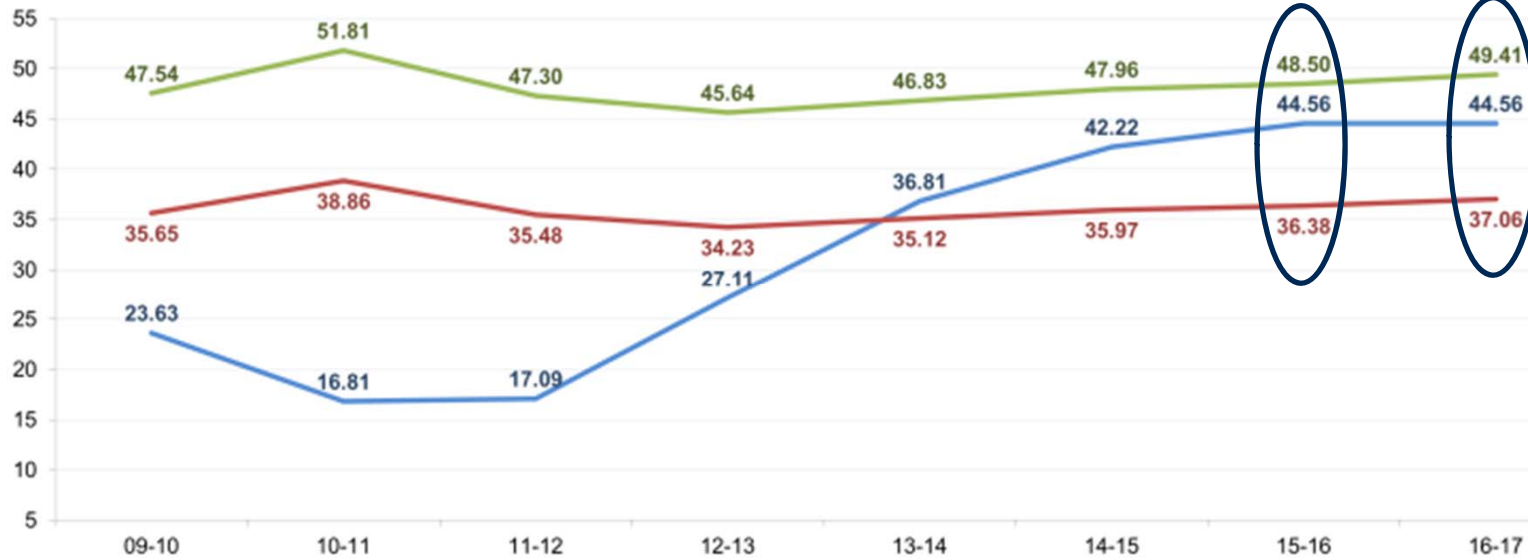
**Tarik Hamdan**  
Chief Financial Officer

September 19, 2016

## 2016-17 Proposed Budget General Fund (10)

<b>GENERAL FUND (FUND 10)</b>	<b>Audited 2014-2015</b>	<b>Unaudited 2015-2016</b>	<b>Proposed 2016-2017</b>
Beginning Fund Balance	36,805,631	42,222,192	44,557,313
Ending Fund Balance	42,222,192	44,557,313	44,557,313
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Operating Transfer-In (Source 100)	0	131,231	0
Local Sources (Source 200)	75,074,875	73,394,151	70,636,795
Inter-district Payments (Source 300 & 400)	487,120	487,716	485,000
Intermediate Sources (Source 500)	21,478	15,000	0
State Sources (Source 600)	157,625,534	159,775,352	164,079,072
Federal Sources (Source 700)	11,151,377	10,360,482	11,415,763
All Other Sources (Source 800 & 900)	869,211	684,181	432,225
<b>TOTAL REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>245,229,596</b>	<b>244,848,113</b>	<b>247,048,855</b>
<b>EXPENDITURES &amp; OTHER FINANCING USES</b>			
Instruction (Function 100000)	123,083,165	125,357,212	128,867,539
Support Services (Function 200000)	81,823,657	81,453,518	83,562,702
Non-Program Transactions (Function 400000)	34,906,213	35,702,263	34,618,613
<b>TOTAL EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>239,813,035</b>	<b>242,512,992</b>	<b>247,048,855</b>

# General Fund Ending Fund Balance (millions of dollars)



**Policy Max**  
20% of  
Expenses

**Actual  
Balance**  
18% of  
Expenses

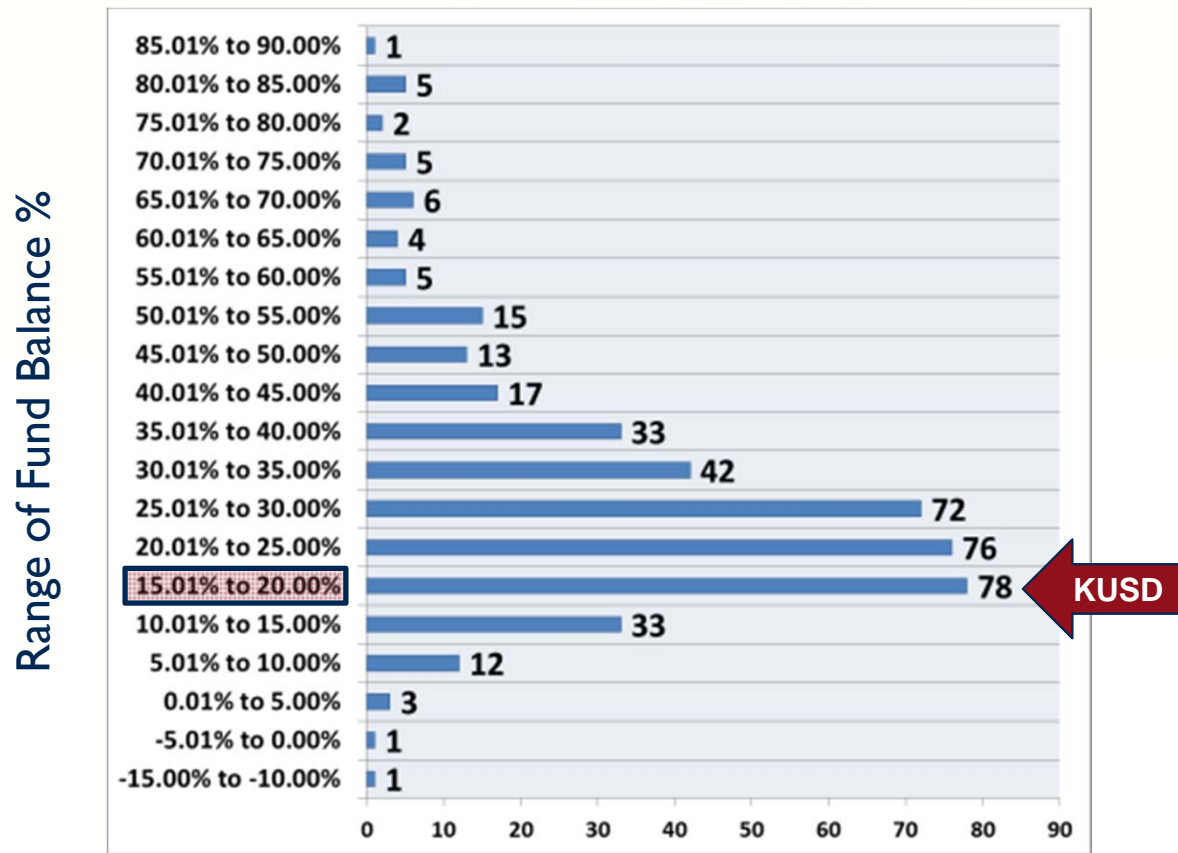
**Policy Min**  
15% of  
Expenses

## Fund Balance Analysis (DPI data as of 6/30/15)

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- There are 424 Districts in the State of Wisconsin
  - The average fund balance was 28.77% of general fund expenses
  - KUSD fund balance was 17.61% of expenses
  - KUSD was ranked 339 out of the 424 Districts
- Comparable Districts based on enrollment
  - Racine ranked 355 with 16.60%
  - Green Bay ranked 317 with 18.92%
  - Madison ranked 404 with 10.45%
- **KUSD projected 2016-17 general fund beginning balance of \$44.6 MM is approximately 18% of the budgeted expenses**

# Fund Balance Analysis (DPI data as of 6/30/15)



School District Count (424 Total)

# Financial Status Update (Moody's Ratings)



Global Long-Term Rating Scale	
<b>Aaa</b>	Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.
<b>Aa</b>	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
<b>A</b>	Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.
<b>Baa</b>	Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
<b>Ba</b>	Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.
<b>B</b>	Obligations rated B are considered speculative and are subject to high credit risk.
<b>Caa</b>	Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.
<b>Ca</b>	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
<b>C</b>	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	
<b>MIG 1</b>	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.
<b>MIG 2</b>	This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.
<b>MIG 3</b>	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.
<b>SG</b>	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](https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004) , June 2015

# Projected Revenue Collection Calendar 2016-17

Revenue Collection Calendar 2016-17 (Monthly %)

	Budgeted	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Total
Tax Levy *	\$86,610,022					39.82%	24.34%		1.26%	12.48%			22.10%	100.00%
Equalization Aid *	\$154,881,101	14.52%			24.78%			24.56%			34.39%	1.75%		100.00%
Tax Exempt Computer Aid	\$414,949											100.00%		100.00%
<b>Categorical Aids</b>														
Special Ed	\$10,700,000			15.00%	15.00%	15.00%	15.00%	15.00%			25.00%			100.00%
Trans Aid	\$260,000					100.00%								100.00%
High Poverty Aid	\$1,488,832							100.00%						100.00%
Per Pupil Aid	\$5,502,500							100.00%						100.00%
Common School Library Aid	\$925,736								100.00%					100.00%
State Tuition Payment	\$200,000										100.00%			100.00%
High Cost SPED Aid	\$160,000										100.00%			100.00%

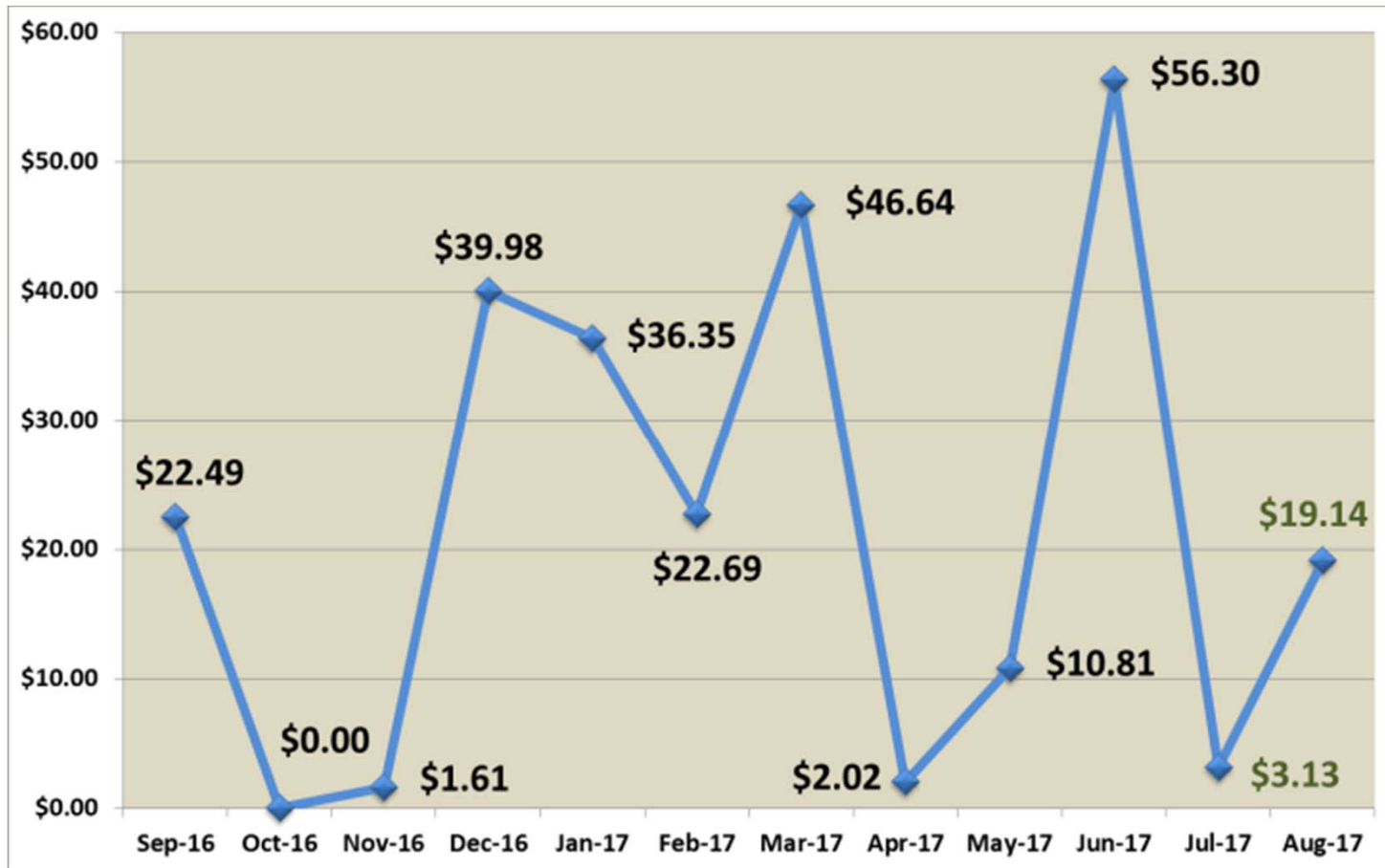
\* Tax Levy (\$86.6 MM) and Equalization Aid (\$154.8 MM) account for 97.7% of the KUSD General Fund Revenues (\$247.05M) for 2016-17

Revenue Collection Calendar 2016-17 (Monthly \$)

	Budgeted	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Total
Tax Levy *	\$86,610,022	\$0	\$0	\$0	\$0	\$34,488,111	\$21,080,879	\$0	\$1,091,286	\$10,808,931	\$0	\$0	\$19,140,815	\$86,610,022
Equalization Aid *	\$154,881,101	\$22,488,736	\$0	\$0	\$38,379,537	\$0	\$0	\$38,038,798	\$0	\$0	\$53,263,611	\$2,710,419	\$0	\$154,881,101
Tax Exempt Computer Aid	\$414,949	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$414,949	\$0	\$414,949
<b>Categorical Aids</b>														
Special Ed	\$10,700,000	\$0	\$0	\$1,605,000	\$1,605,000	\$1,605,000	\$1,605,000	\$1,605,000	\$0	\$0	\$2,675,000	\$0	\$0	\$10,700,000
Trans Aid	\$260,000	\$0	\$0	\$0	\$0	\$260,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$260,000
High Poverty Aid	\$1,488,832	\$0	\$0	\$0	\$0	\$0	\$0	\$1,488,832	\$0	\$0	\$0	\$0	\$0	\$1,488,832
Per Pupil Aid	\$5,502,500	\$0	\$0	\$0	\$0	\$0	\$0	\$5,502,500	\$0	\$0	\$0	\$0	\$0	\$5,502,500
Common School Library Aid	\$925,736	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$925,736	\$0	\$0	\$0	\$0	\$925,736
State Tuition Payment	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	\$0	\$0	\$200,000
High Cost SPED Aid	\$160,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$160,000	\$0	\$0	\$160,000

\* Tax Levy (\$86.6 MM) and Equalization Aid (\$154.8 MM) account for 97.7% of the KUSD General Fund Revenues (\$247.05M) for 2016-17

## Projected Revenue Collection Calendar 2016-17 (millions of dollars)





# Budget Variables

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Student  
Membership

Revenue  
Limit

Equalization  
Aid

Open  
Enrollments

Equalized  
Property  
Values

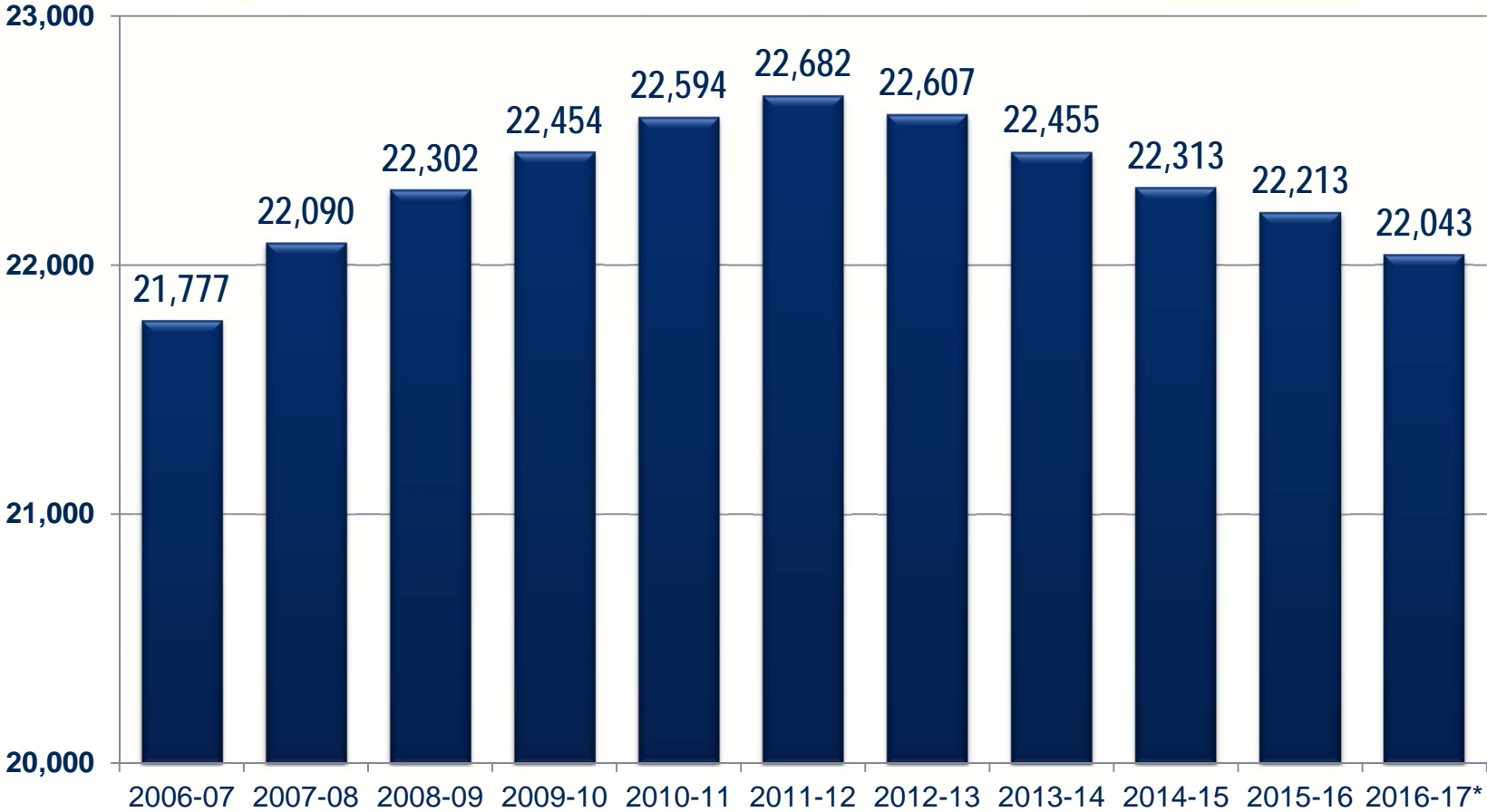
Mill Rate

Debt  
Expense

Tax Levy

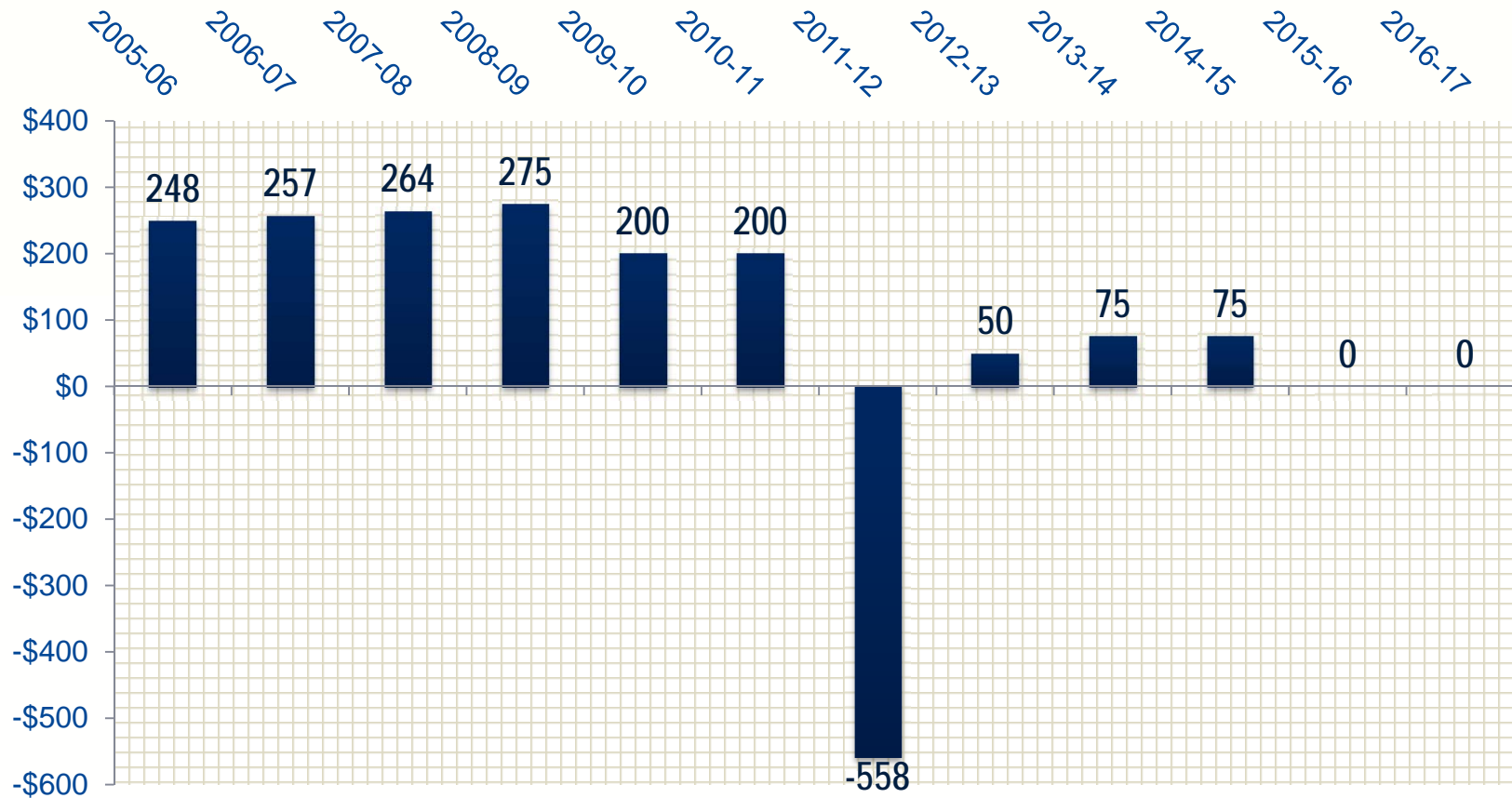
Salaries &  
Benefits

# KUSD Enrollment Trend (Current 3 Year Average Membership)



*\*Preliminary*

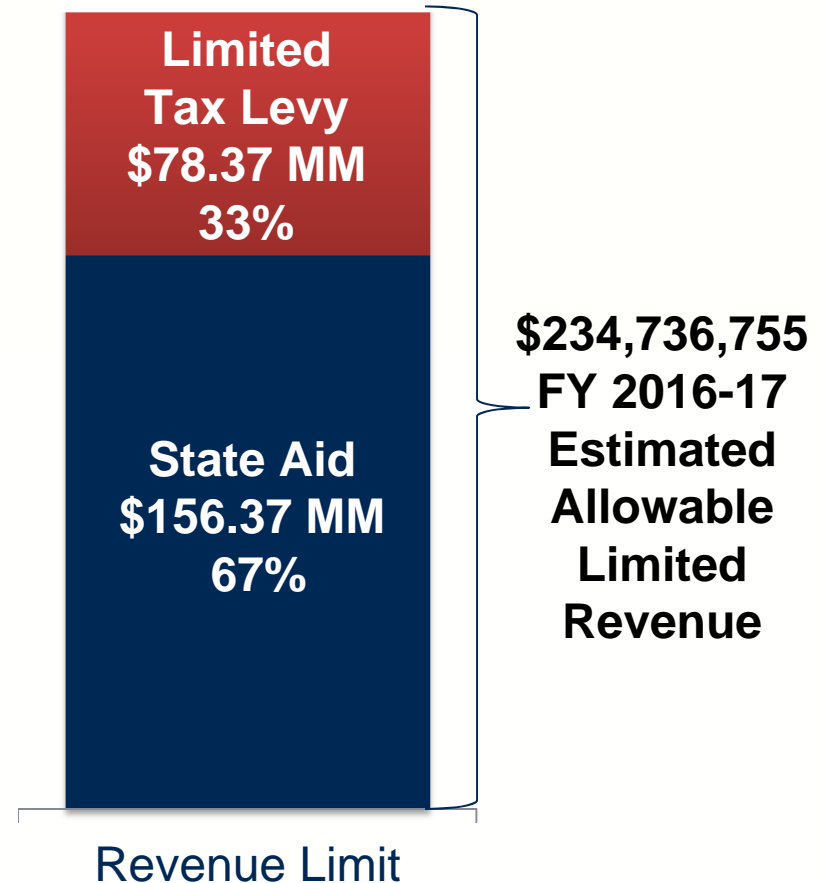
# Allowable Per Member Revenue Increase/Decrease



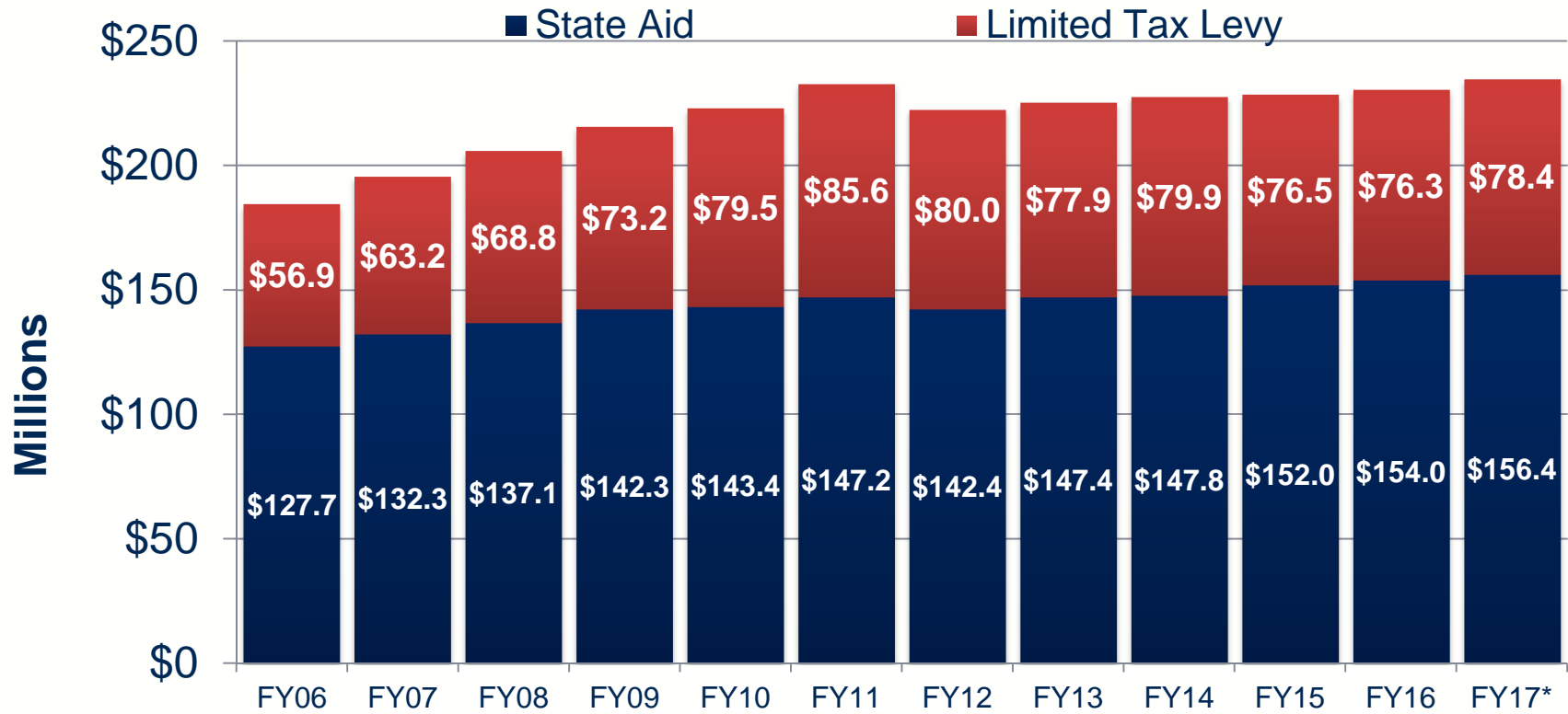
# 2016-17 Preliminary Revenue Limit Calculation

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



*\*Preliminary*

# KUSD Fund Structure

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## 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 (donations)
- 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)

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## OPEB

- Other Post Employment Benefits
  - Retiree Health
  - Retiree Dental

## Scholarships

- Outside Sources
  - Student Groups
  - Memorials
  - Alumni

## OPEB Trust Fund (Fund 73) 2016 Annual Update on Trust Activity

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<b>Trust Cash &amp; Investments</b>	<b>\$17,346,553</b>
<i>Return on Investments (earned)</i>	<i>\$20,625</i>

### **Trust Disbursements:**

Insurance Premiums	\$5,348,801
Administrative Costs & Fees	\$510
Implicit Rate Subsidy	\$4,252,370
<b>Total Trust Disbursements:</b>	<u>\$9,601,681</u>

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)

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## 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
- Kenosha Youth Performing Arts Company (KYPAC)
- Marching Bands
  - Black Watch
  - Rambler

## Senior Citizens Center

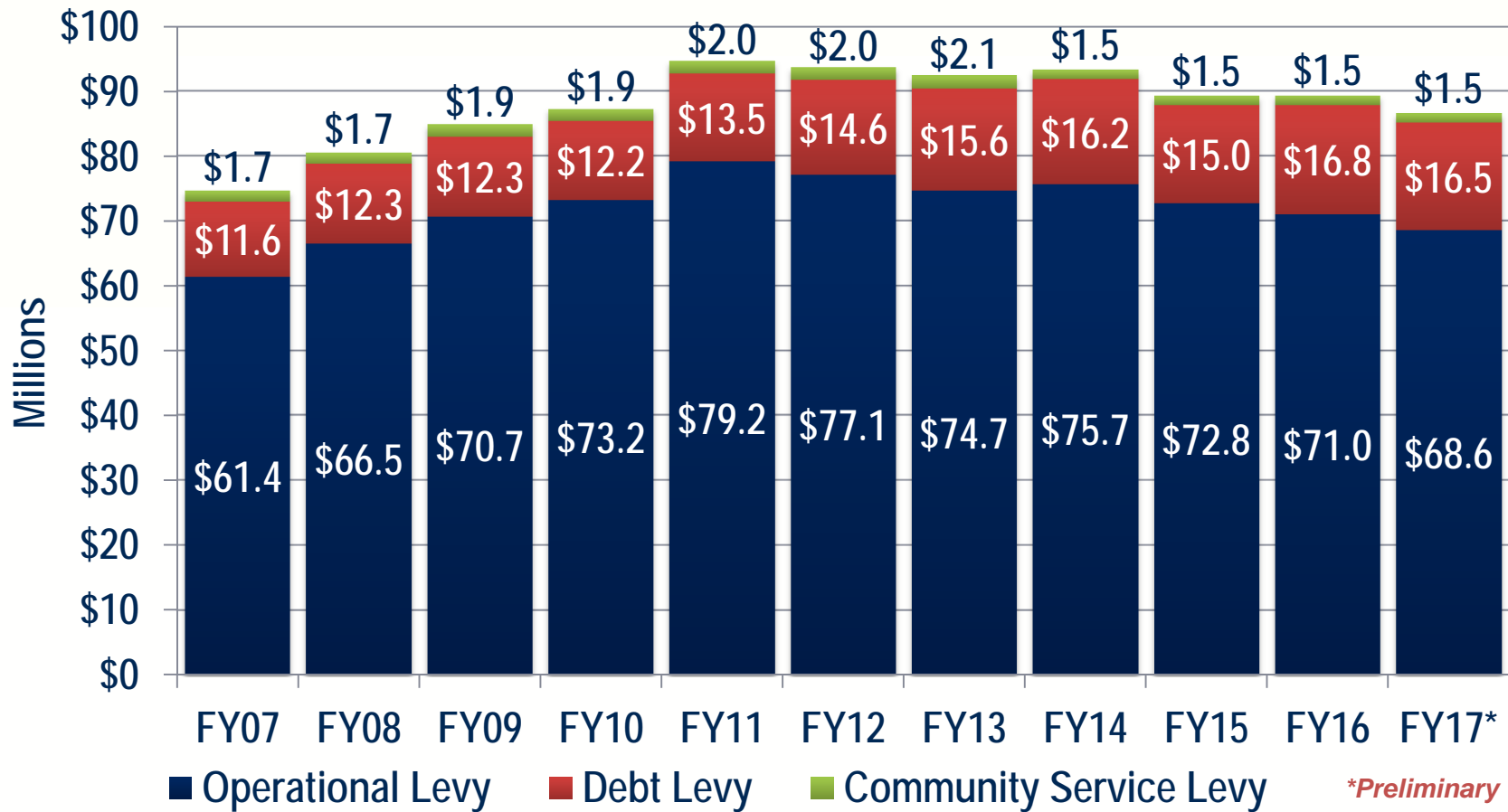
- Wide variety of popular recreational, educational and social activities
- Open to all seniors in our community age 55 and up
- Founded in 1970
- 1,300 members plus volunteers

# Community Service Funds (Fund 80)

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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 2014-15	FY 2015-16	FY 2016-17*
Total Tax Levy	4.3% decrease	0.06% increase	3.08% decrease
Property Values	3.42% increase	3.22% increase	4.83% increase
Mill Rate	\$11.22 (per \$1,000)	\$10.88 (per \$1,000)	\$10.06 (per \$1,000)
Property Tax on \$200,000 House	\$2,244	\$2,176	\$2,012

*\*Preliminary*

# Mill Rate

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

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

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

# Property Values, State Aid, and Tax Levy

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# 2016-17 Budget Next Steps

<b>What</b>	<b>When</b>
<b>Finalize Enrollment</b>	<b>3rd Friday of September (16th)</b>
<b>Update Revenue Limit</b>	<b>October 1st</b>
<b>Finalize State General Aid</b>	<b>October 15th</b>
<b>Finalize Tax Levy</b>	<b>October 15th</b>
<b>Finalize Revenue Limit</b>	<b>October 15th</b>
<b>Rebalance Budget</b>	<b>October 20th</b>
<b>Board Adoption</b>	<b>October 25th</b>
<b>Notify Municipalities of Tax</b>	<b>November 10th</b>

# Thank You!



**KENOSHA UNIFIED**  
SCHOOL DISTRICT