



## Public Hearing of the Kenosha Unified School District Proposed 2020-21 Budget

Presented by:

Tarik Hamdan  
Chief Financial Officer

September 15, 2020



### 2020-21 Proposed Budget General Fund (10) – Noticed in Knews 9/4/2020

#### GENERAL FUND (FUND 10)

Beginning Fund Balance }  
Ending Fund Balance }

**Audited  
2018-2019**

**Unaudited  
2019-2020**

**Proposed  
2020-2021**

55,315,858  
57,003,593

57,003,593  
61,669,391

61,669,391  
61,669,391

#### REVENUES AND OTHER FINANCING SOURCES

Operating Transfer-In (Source 100)  
Local Sources (Source 200)  
Inter-district Payments (Source 300 & 400)  
Intermediate Sources (Source 500)  
State Sources (Source 600)  
Federal Sources (Source 700)  
All Other Sources (Source 800 & 900)

160,013  
76,130,606  
924,205  
0  
171,685,296  
9,571,506  
868,701

216,302  
74,330,716  
1,203,993  
118,667  
170,663,505  
9,397,591  
611,393

0  
77,985,851  
1,200,000  
0  
166,151,266  
20,214,553  
463,000

#### TOTAL REVENUES & OTHER FINANCING SOURCES

259,340,327

256,542,167

266,014,670

#### EXPENDITURES & OTHER FINANCING USES

Instruction (Function 100000)  
Support Services (Function 200000)  
Non-Program Transactions (Function 400000)

129,844,387  
89,372,571  
38,435,633

122,732,710  
89,539,468  
39,604,191

132,138,524  
93,201,443  
40,674,703

#### TOTAL EXPENDITURES & OTHER FINANCING USES

257,652,592

251,876,369

266,014,670

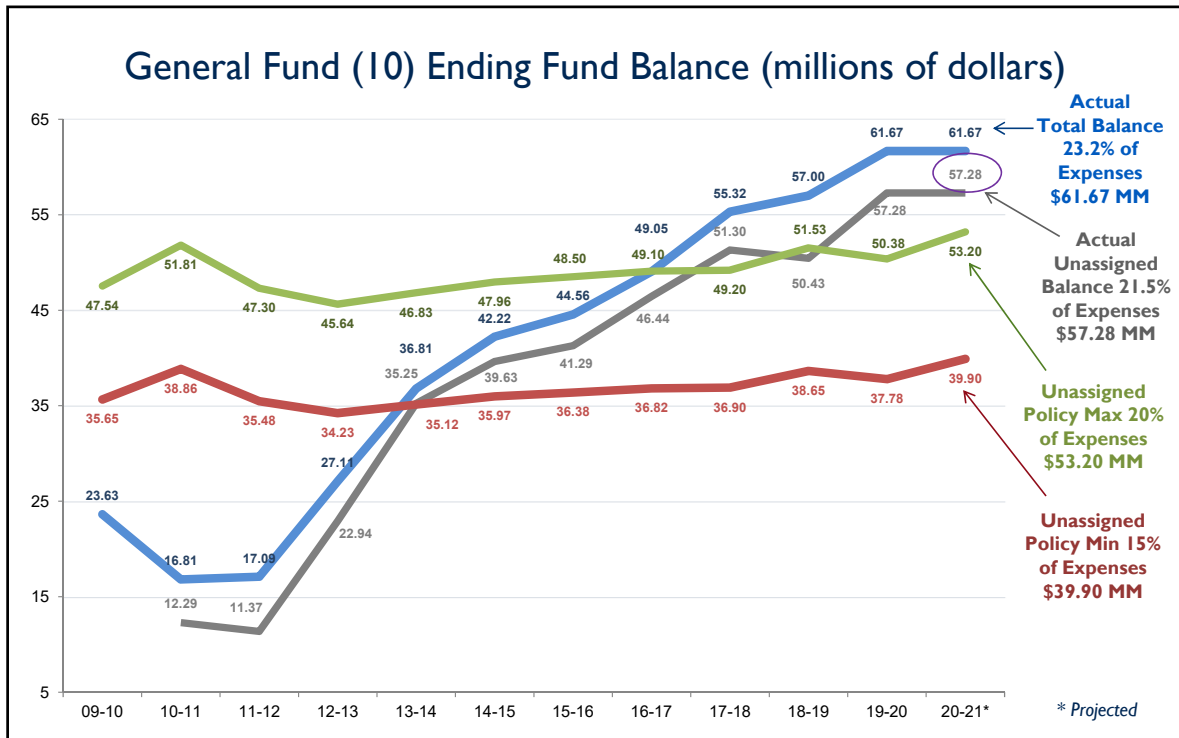
FY20 \$4.67 MM change in Fund Balance (98.18% of revenues spent despite COVID-19 closure)

# Emergency Funding 2020-21

- **Coronavirus Aid, Relief, and Economic Security (CARES) Act**
  - Elementary and Secondary School Emergency Relief (ESSER) Grant
    - KUSD allocation \$5.1 MM
  - Governor's Education Emergency Relief Grant
    - KUSD allocation \$3.0 MM
- KUSD is a Local Educational Agency (LEA) responsible for providing equitable services to the private schools in our district.
  - There will be a proportionate amount of these allocations set-aside for private schools.
  - The exact amount of that set-aside funding is currently being worked out pending additional guidance on private school student counts.
- KUSD is in the process of developing the required spending plans for these grants

# Components of Fund Balance

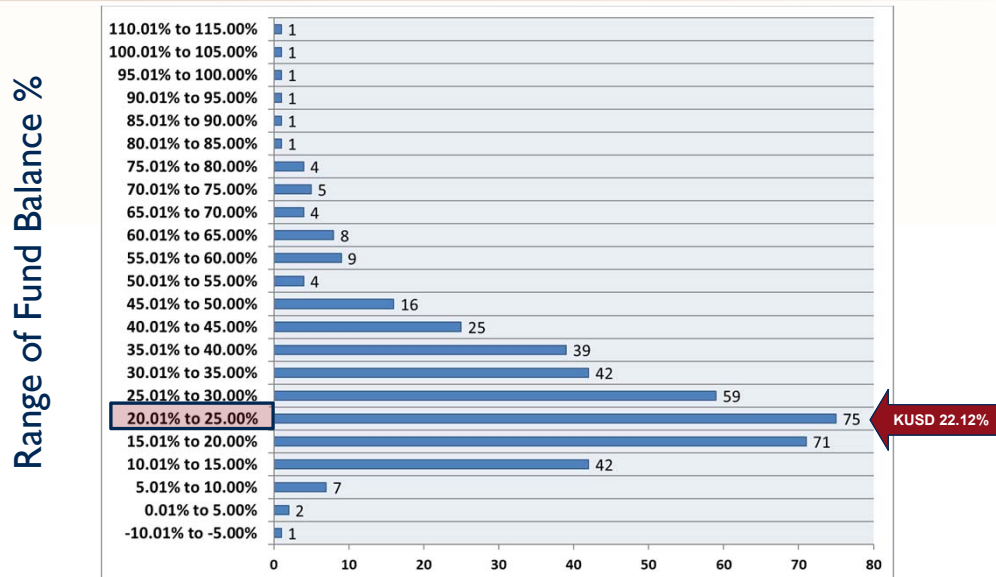
- **Non-spendable Fund Balance** includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or for a contractually imposed purpose by external parties.
  - **\$240,839 as of 6/30/2020 for prepaid items**
- **Restricted Fund Balance** includes amounts constrained for a specific purpose by external parties.
  - **\$461,736 as of 6/30/2020 for Common School Library Funds and CTE Incentives**
- **Committed Fund Balance** includes amounts constrained for a specific purpose by a government using its highest level of decision making authority (the Board of Education).
  - **\$153,356 as of 6/30/2020 for contracts**
- **Assigned Fund Balance** includes general fund amounts constrained for a specific purpose by a governing board or by an official that has been delegated authority to assign amounts (the Chief Financial Officer).
  - **\$3,529,256 as of 6/30/2020 for Charter School Reserves and other Carry Over balances**
- **Unassigned Fund Balance** is the residual classification for the general fund.
  - **\$57,284,204 as of 6/30/2020**



### Total Fund Balance Analysis (DPI public data as of 6/30/19)

- There were **419** districts in the State of Wisconsin at the time
  - The average fund balance was **29.95%** of general fund expenses
  - KUSD fund balance was **22.12%** of expenses (**7.83%** below average)
  - KUSD was ranked **#263** out of the **419** districts
- Comparable peer districts based on enrollment
  - Racine ranked **#344** with **17.40%**
  - Green Bay ranked **#334** with **18.15%**
  - Madison ranked **#357** with **16.10%**

## Fund Balance Analysis of the 419 WI School Districts (DPI public data as of 6/30/19)



## Financial Status Update (KUSD Moody's Ratings)

**Aa 2**

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.

**MIG 1**

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's.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_79004) , June 2015

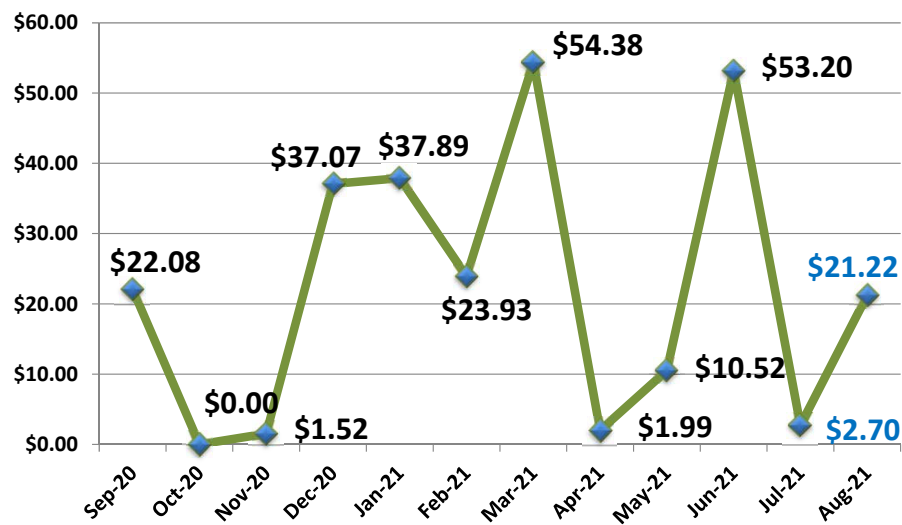
## Projected Revenue Collection Calendar 2020-21

Major Revenue Collection Calendar 2020-21 (Monthly %)														
	Budgeted	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Total
Tax Levy *	\$91,459,863					39.50%	24.50%		1.30%	11.50%			23.20%	100.00%
Equalization Aid *	\$146,410,545	15.08%			24.28%			24.61%			34.45%	1.58%		100.00%
Tax Exempt Computer Aid	\$389,423											100.00%		100.00%
Tax Exempt Personal Property Aid	\$0								100.00%					100.00%
Categorical Aids														
Special Ed	\$10,132,264			15.00%	15.00%	15.00%	15.00%	15.00%			25.00%			100.00%
Transportation Aid	\$244,000					100.00%								100.00%
High Poverty Aid *	\$1,425,636							100.00%						100.00%
Per Pupil Aid *	\$15,329,720							100.00%						100.00%
Supplemental Per Pupil Aid	\$69,418							100.00%						100.00%
Common School Library Aid	\$800,000								100.00%					100.00%
State Tuition Payment	\$143,000										100.00%			100.00%
High Cost SPED Aid	\$81,000										100.00%			100.00%

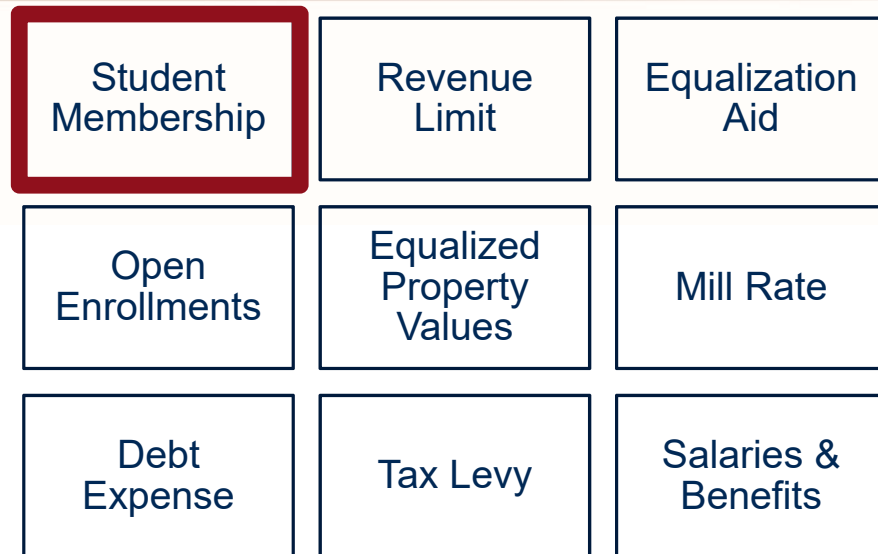
Major Revenue Collection Calendar 2020-21 (Monthly \$)														
	Budgeted	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Total
Tax Levy *	\$91,459,863	\$0	\$0	\$0	\$0	\$36,126,646	\$22,407,666	\$0	\$1,188,978	\$10,517,884	\$0	\$0	\$21,218,688	\$91,459,863
Equalization Aid *	\$146,410,545	\$22,078,710	\$0	\$0	\$35,548,480	\$0	\$0	\$36,031,635	\$0	\$0	\$50,438,433	\$2,313,287	\$0	\$146,410,545
Tax Exempt Computer Aid	\$389,423	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$389,423	\$0	\$389,423
Tax Exempt Personal Property Aid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Categorical Aids														
Special Ed	\$10,132,264	\$0	\$0	\$1,519,840	\$1,519,840	\$1,519,840	\$1,519,840	\$1,519,840	\$0	\$0	\$2,533,066	\$0	\$0	\$10,132,264
Transportation Aid	\$244,000	\$0	\$0	\$0	\$0	\$244,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$244,000
High Poverty Aid *	\$1,425,636	\$0	\$0	\$0	\$0	\$0	\$0	\$1,425,636	\$0	\$0	\$0	\$0	\$0	\$1,425,636
Per Pupil Aid *	\$15,329,720	\$0	\$0	\$0	\$0	\$0	\$0	\$15,329,720	\$0	\$0	\$0	\$0	\$0	\$15,329,720
Supplemental Per Pupil Aid	\$69,418	\$0	\$0	\$0	\$0	\$0	\$0	\$69,418	\$0	\$0	\$0	\$0	\$0	\$69,418
Common School Library Aid	\$800,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$800,000	\$0	\$0	\$0	\$0	\$800,000
State Tuition Payment	\$143,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$143,000	\$0	\$0	\$143,000
High Cost SPED Aid	\$81,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$81,000	\$0	\$0	\$81,000

\* Fund 10 Tax Levy (\$76.4 MM), Equalization Aid (\$146.4 MM), High Poverty Aid (\$1.4 MM), Tax Exempt Aid (\$389K) and Per Pupil Aid (\$15.3 MM) account for approximately 90% of the KUSD General Fund Revenues (\$266 MM) for 2020-21

## Projected Revenue Collection Calendar 2020-21 (millions of dollars)



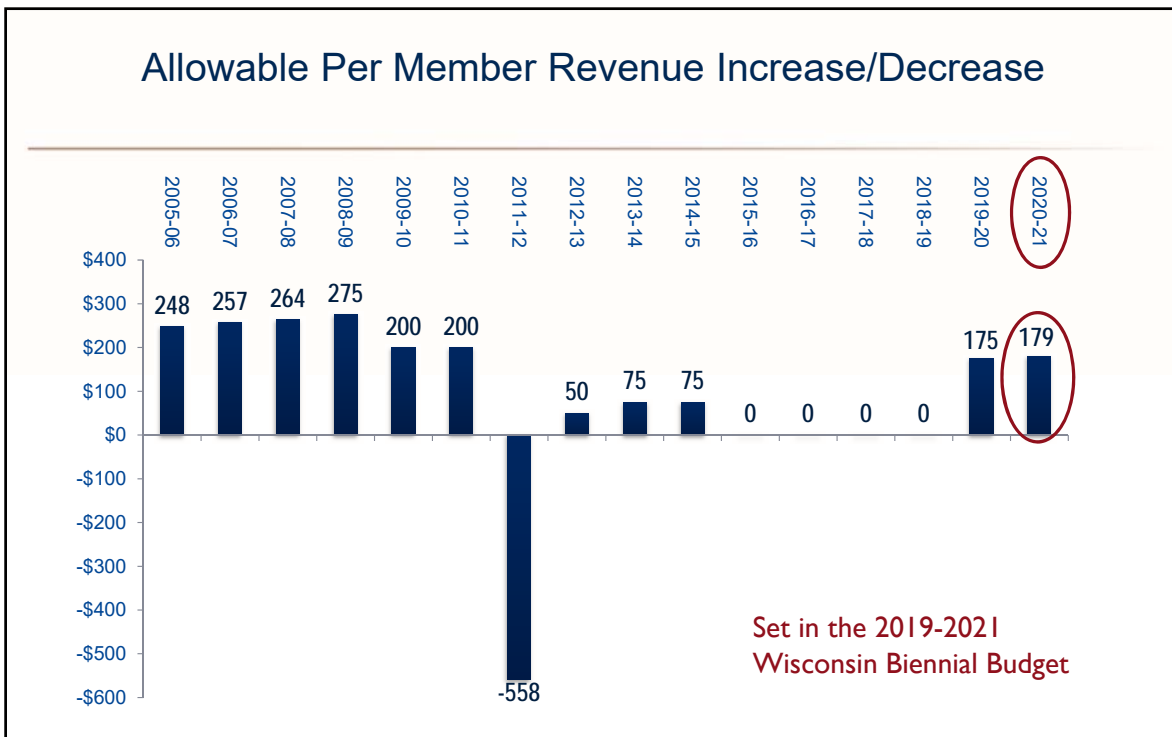
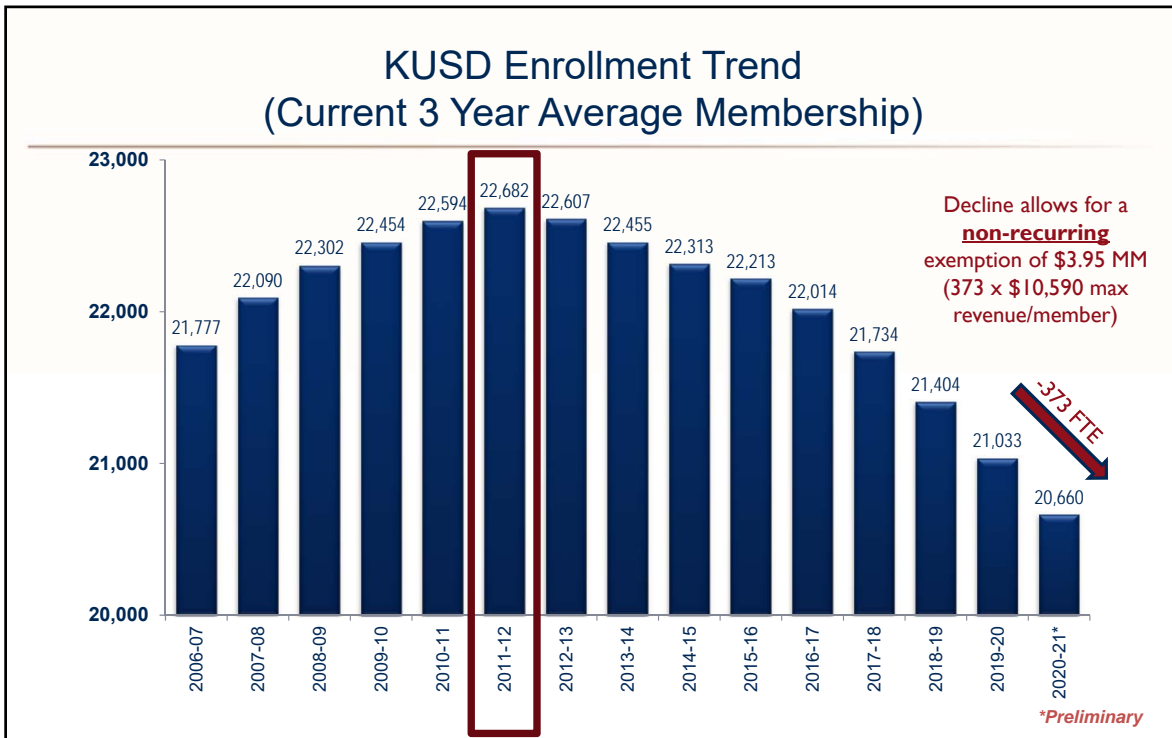
## School Finance Variables



## Revenue Limit Enrollment Averaging

September & Summer FTE Membership Averages				
Count Ch. 220 Inter-District Resident Transfer Pupils @ 75%.				
Line 2: Base Avg:((17+.4ss)+(18+.4ss)+(19+.4ss)) / 3 =				21,033
	2017	2018	2019	
Summer FTE:	468	475	444	
% (40,40,40)	187	190	178	
Sept FTE:	21,212	20,928	20,403	
New ICS - Independent	0	0	0	
Charter Schools FTE				
Total FTE	21,399	21,118	20,581	
Line 6: Curr Avg:((18+.4ss)+(19+.4ss)+(20+.4ss)) / 3 =				20,660
	2018	2019	2020	
Summer FTE:	475	444	444	
% (40,40,40)	190	178	178	
Sept FTE:	20,928	20,403	20,103	
New ICS - Independent	0	0	0	
Charter Schools FTE				
Total FTE	21,118	20,581	20,281	
Sept FTE Δ	-284	-525	-300	
All FTE Δ	-281	-537	-300	
Line 10B: Declining Enrollment Exemption =				3,950,096
Average FTE Loss (Line 2 - Line 6, if > 0)				373
X 1.00 =				373
X (Line 5, Maximum 2020-2021 Revenue per Memb) =				10,590.07
Non-Recurring Exemption Amount:				3,950,096

Loss of 373 Student FTE



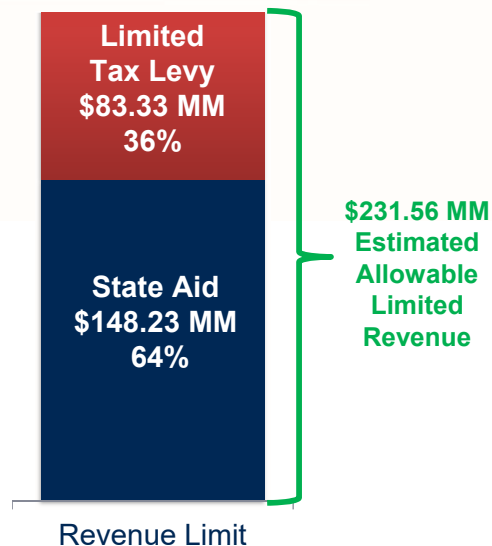
## 2019-2021 WI Biennial Budget Highlights

- Allowable Per Member (Student) Change
  - 2019-20 = \$175 ↑
  - 2020-21 = \$179 ↑
  - These variables are worked into the Revenue Limit Formula and may impact other items (e.g. Hold Harmless Exemption)
- Per Pupil Categorical Aid (PPCA) \$742 per member
  - 2019-20 = \$88 ↑ (approximately \$1.65 MM)
  - 2020-21 = \$0 ↔ (we will feel a loss of \$276,766 with average enrollment drop of 373)
- Supplemental Per Pupil Aid
  - 2019-20 = \$3.33 ↑ (approximately \$70 K)
  - 2020-21 = \$0 ↔ (we will feel a loss of \$1,242 with average enrollment drop of 373)
- Special Education Categorical Aid
  - 2019-20 = 26% rate (0.27% ↑) (estimated \$263 K)
  - 2020-21 = TBD (30% ?)

## 2020-21 Preliminary Revenue Limit Calculation

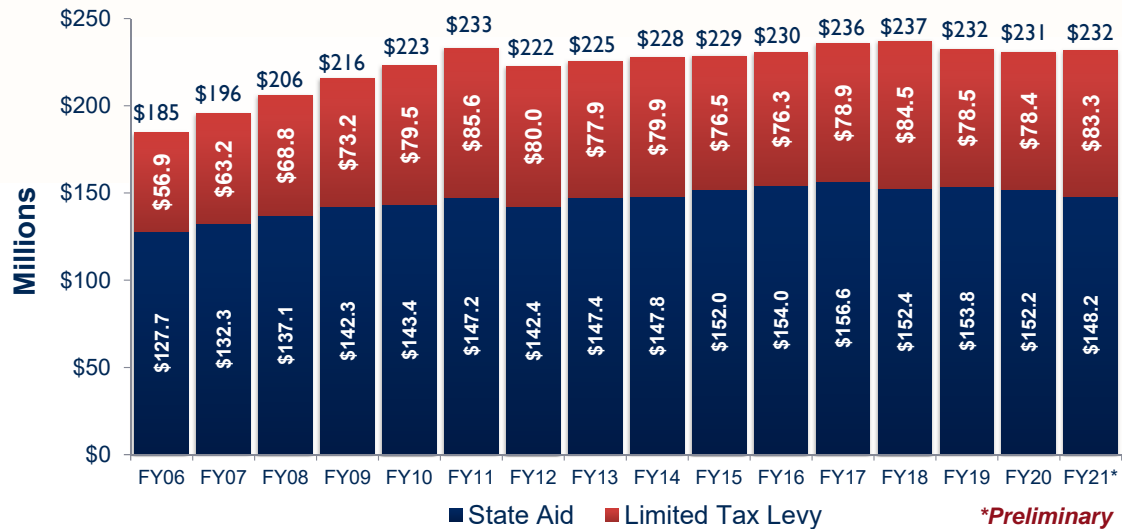
The district's main revenue sources are restricted by the Revenue Limit formula:

- State Aid is primarily based on prior year's expenses and equalized property value per member (includes High Poverty Aid \$1.43 million)
- Limited Tax Levy is the difference between the Revenue Limit and the projected State Aid

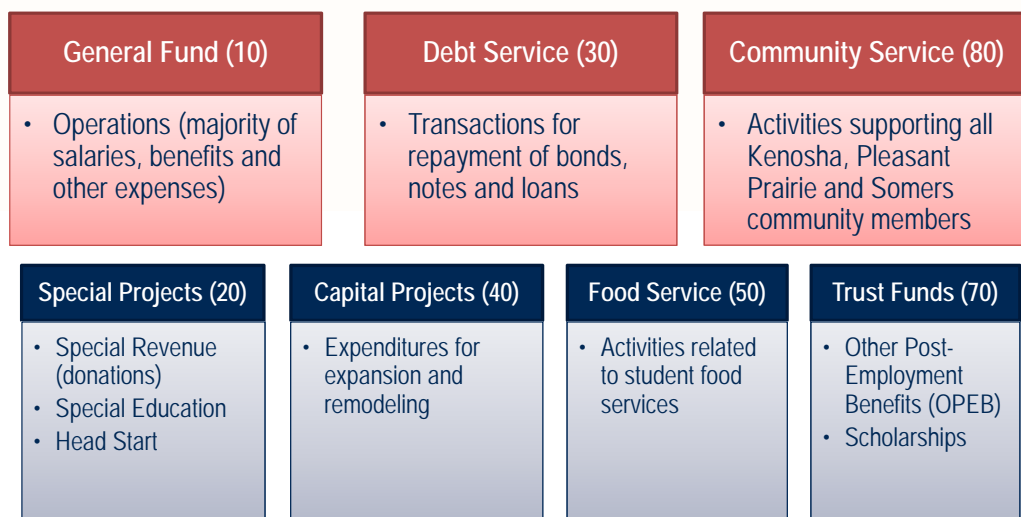




## Revenue Limit History



## KUSD Fund Structure



## 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) 2020 Annual Update on Trust Activity

<b>Trust Cash &amp; Investments</b>	<b>\$33,804,242</b>
<i>Return on Investments (earned)</i>	<i>\$413,227</i>

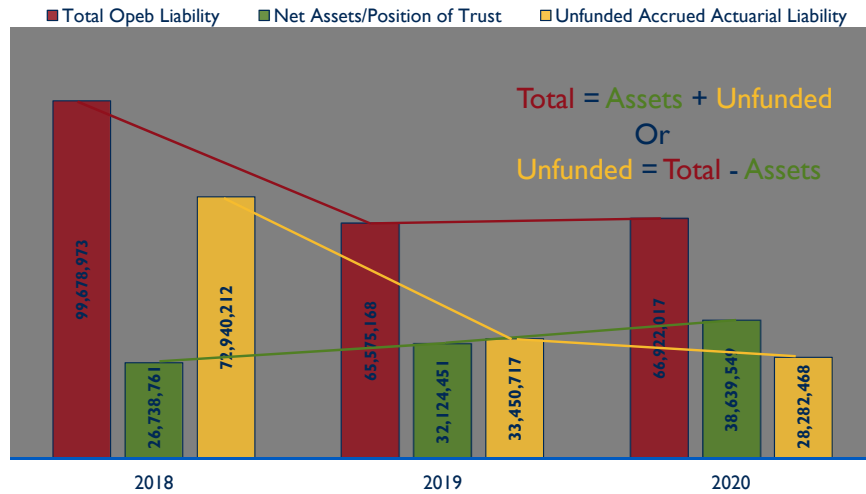
### Trust Disbursements:

Insurance Premiums	\$2,645,914
Administrative Costs & Fees	\$13,505
Implicit Rate Subsidy	\$2,072,378
<b>Total Trust Disbursements:</b>	<b><u>\$4,731,797</u></b>

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

## Other Post Employment Benefits (OPEB)

### Changes in OPEB Liability



## Community Service Funds (Fund 80)

### Community and Parent Programs

- Family Education
- Safety Trainings
- Parenting Skills Development
- Alcohol and Other Drug Awareness (AODA)
- Community Outreach
- Boys & Girls Club Programs
  - Gang Prevention
- Adult Education
  - GED Programs
  - ESL
  - Even Start Literacy
- Building Our Future

### Recreation Department

- Adult Sports
  - Softball
  - Volleyball
  - Basketball
- Youth Summer Programs
- Swimming
- Kenosha Youth Performing Arts Company (KYPAC)
- Fine Arts Recreation Programs
  - Summer Classics
- Marching Bands
  - Black Watch
  - Rambler

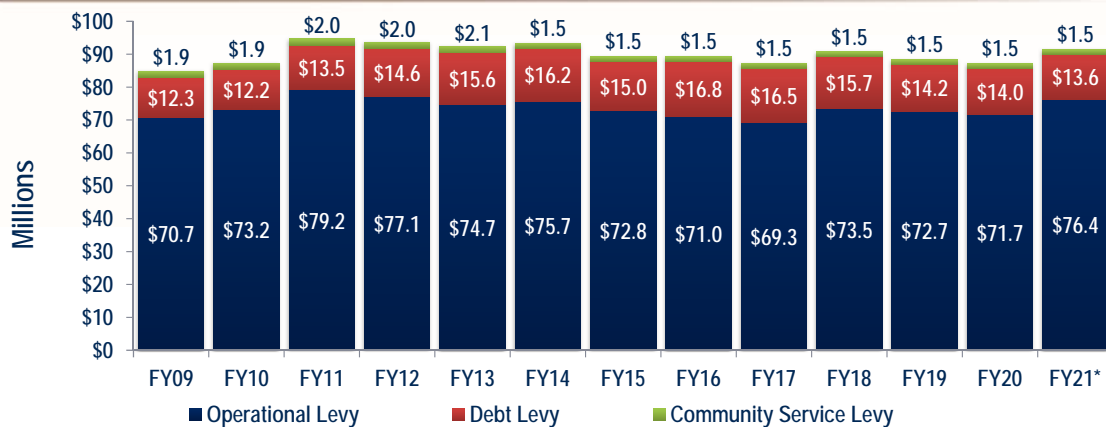
### Kenosha Senior Center

- 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 KUSD Community Service Programs are open to all residents in the City of Kenosha, Village of Pleasant Prairie, and Village and Town of Somers. Programs usually take place outside of the regular instructional day with additional costs being incurred to operate the programs.

## Total Tax Levy History



\*Preliminary

## Preliminary Tax Levy Changes

	FY 2018-19	FY 2019-20	FY 2020-21*
Total Tax Levy	\$88.4 MM 2.60% Decrease	\$87.2 MM 1.36% Decrease	\$91.5 MM 4.91% Increase
Property Values	\$9.4 B 6.02% Increase	\$10.1 B 7.94% Increase	\$10.7 B 5.6% Increase
Mill Rate	\$9.40 (per \$1,000)	\$8.59 (per \$1,000)	\$8.53 (per \$1,000)
Property Tax on \$200,000 House	\$1,880	\$1,718	\$1,706

Recalculated  
equalization  
aid and final  
property  
values in  
October will  
have an  
impact on  
these tax levy  
changes

\$12 less

\*Preliminary

## Equalized Property Value (TID-Out)

School Year	Equalized Valuation	% Change
2008/09	9,628,413,923	1.35%
2009/10	9,510,858,704	-1.22%
2010/11	8,931,500,985	-6.09%
2011/12	8,503,804,152	-4.79%
2012/13	7,982,932,601	-6.13%
2013/14	7,693,298,078	-3.63%
2014/15	7,956,343,824	3.42%
2015/16	8,212,853,321	3.22%
2016/17	8,580,130,959	4.47%
2017/18	8,868,543,467	3.36%
2018/19	9,402,602,402	6.02%
2019/20	10,149,242,668	7.94%
2020/21*	10,717,600,257	5.60%

\$568 million  
growth projected

\*Preliminary

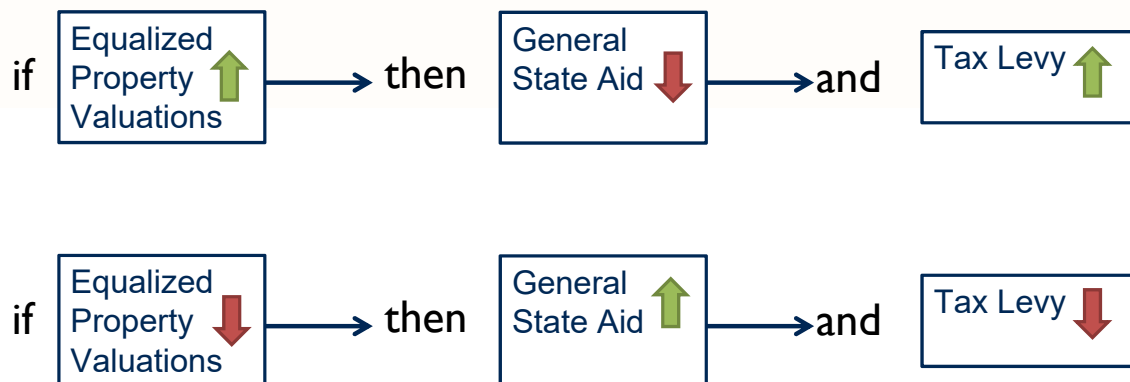
# Mill Rate

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

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

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

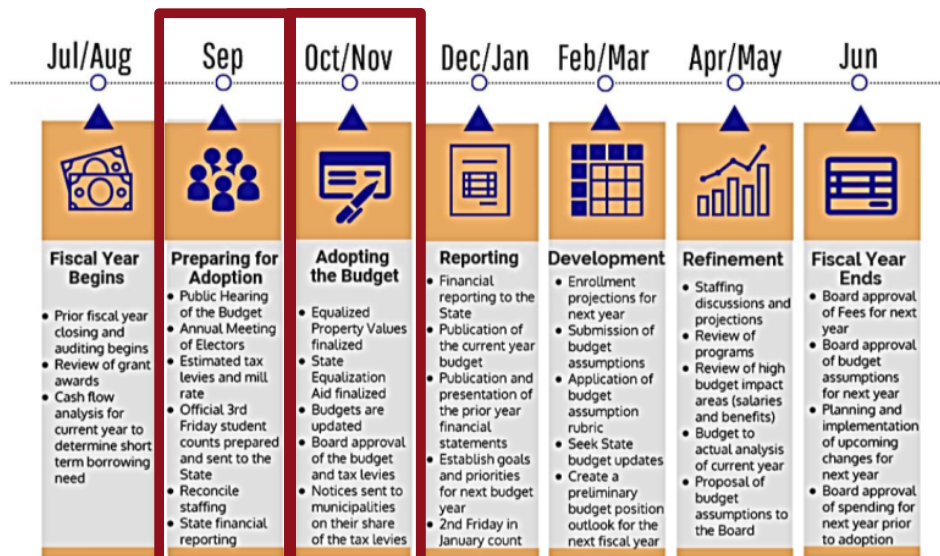
## Property Values, State Aid and Tax Levy



# 2020-21 Budget Next Steps

What	When
Finalize Enrollment	3rd Friday of September (18th)
Update Property Values	October 1
Finalize Revenue Limit	October 15
Update State General Aid	October 15
Finalize Tax Levy	October 15
Rebalance Budget	October 19
<b>Board Adoption</b>	<b>October 27</b>
Notify Municipalities of Tax	November 10

## KUSD Annual Budget Calendar



# Thank You!



**KENOSHA UNIFIED**  
SCHOOL DISTRICT