



Public Hearing of the Kenosha Unified School District Proposed 2021-22 Budget



Presented by:

Tarik Hamdan
Chief Financial Officer

September 21, 2021

2021-22 Proposed Budget

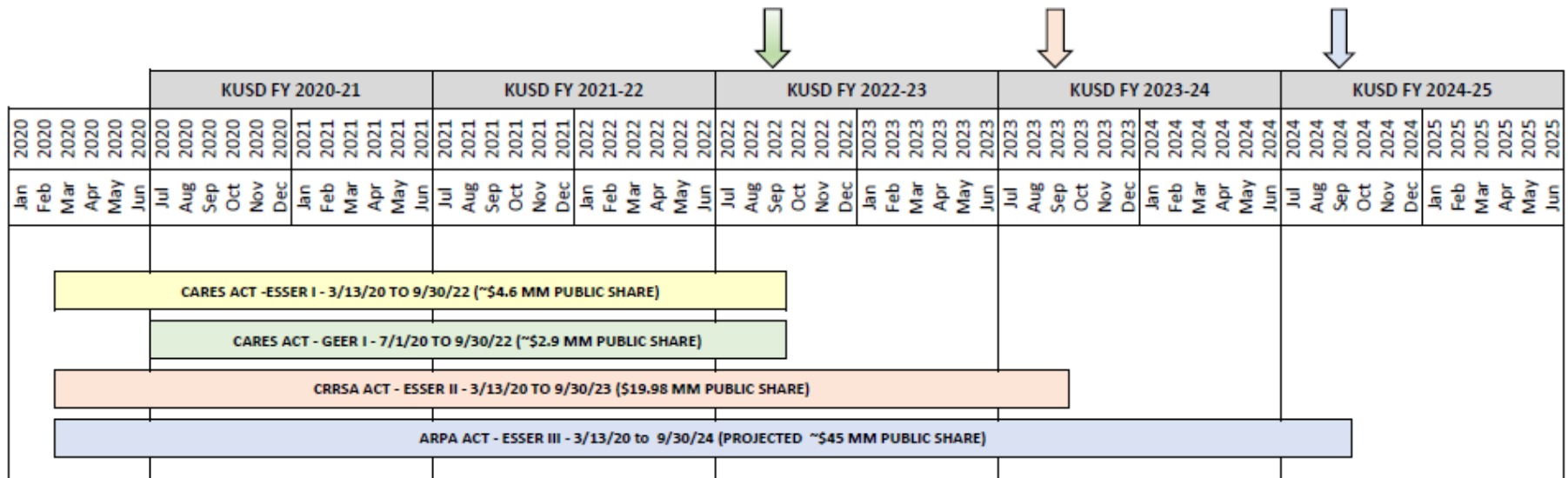
General Fund (10) – Noticed in Kenosha News 9/10/2021

GENERAL FUND (FUND 10)	Audited 2019-2020	Unaudited 2020-2021	Proposed 2021-2022
Beginning Fund Balance	57,003,593	61,669,391	66,216,513
Ending Fund Balance	61,669,391	66,216,513	59,909,517
REVENUES AND OTHER FINANCING SOURCES			
Operating Transfer-In (Source 100)	216,302	363,912	258,495
Local Sources (Source 200)	74,330,716	81,869,908	76,377,861
Inter-district Payments (Source 300 & 400)	1,203,993	1,435,450	1,442,000
Intermediate Sources (Source 500)	118,667	0	0
State Sources (Source 600)	170,663,505	165,968,921	168,139,082
Federal Sources (Source 700)	9,397,591	13,801,256	35,390,738
All Other Sources (Source 800 & 900)	611,393	2,258,913	410,000
TOTAL REVENUES & OTHER FINANCING SOURCES	256,542,167	265,698,361	282,018,175
EXPENDITURES & OTHER FINANCING USES			
Instruction (Function 100000)	122,732,710	127,000,892	137,789,607
Support Services (Function 200000)	89,539,468	94,953,836	107,326,745
Non-Program Transactions (Function 400000)	39,604,191	39,196,511	43,208,819
TOTAL EXPENDITURES & OTHER FINANCING USES	251,876,369	261,151,239	288,325,172

FY21 \$4.55 MM change in Fund Balance (98.3% of revenues spent)

Federal Stimulus Funding

KUSD Federal Stimulus Funding Timeline



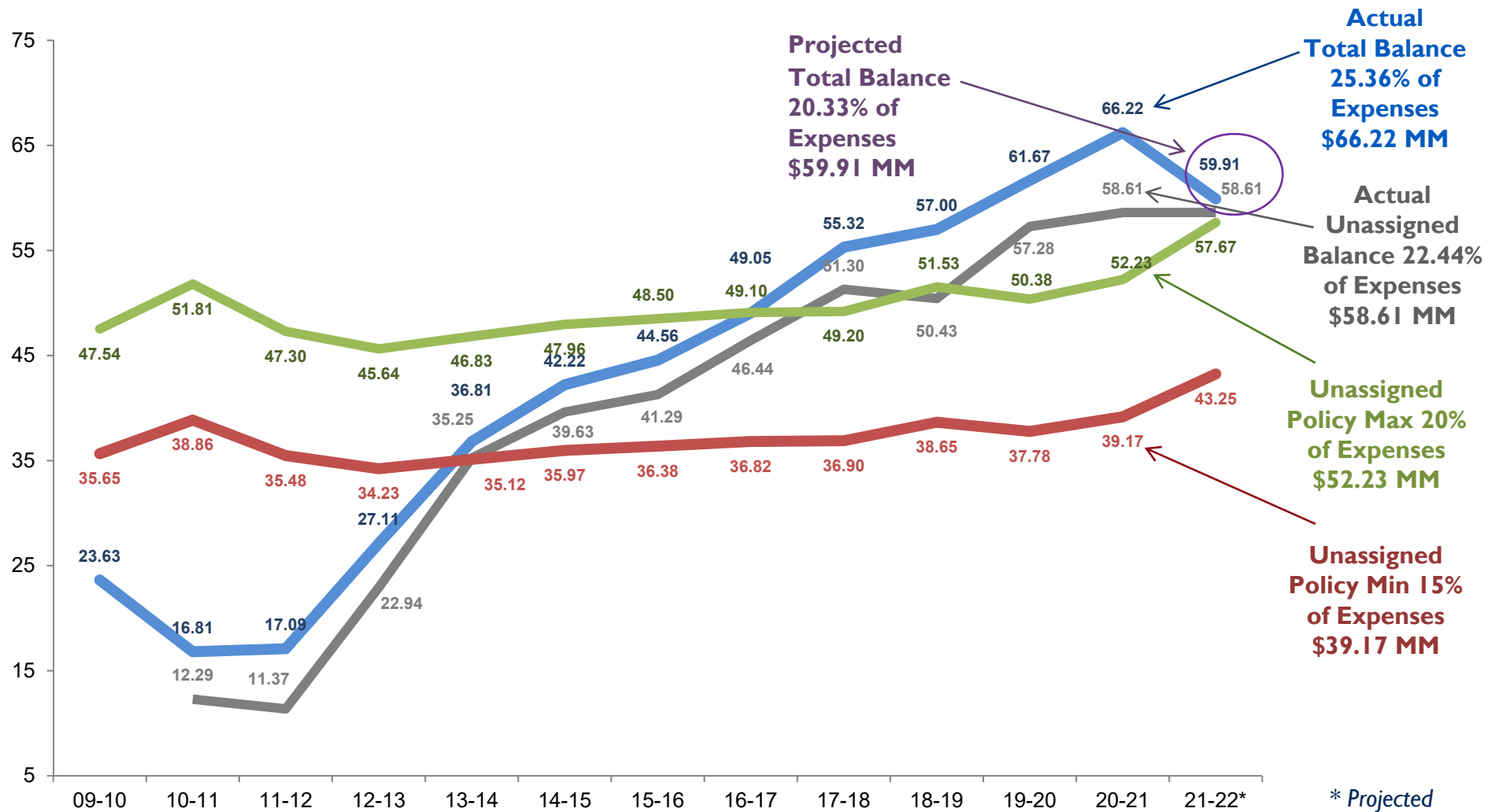
Notes:

- 1) Coronavirus Aid, Relief, and Economic Security (CARES) - enacted 3/27/20
- 2) Elementary and Secondary School Emergency Relief (ESSER) Grant- enacted 3/27/20
- 3) Governor's Emergency Education Relief Fund (GEERF)- enacted 3/27/20
- 4) Coronavirus Response and Relief Supplemental Appropriations (CRRSA) - enacted 12/27/20
- 5) American Rescue Plan Act (ARPA) - enacted 3/11/21

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.
 - \$875,422 as of 6/30/2021 for prepaid items
- **Restricted Fund Balance** includes amounts constrained for a specific purpose by external parties.
 - \$260,870 as of 6/30/2021 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).
 - \$3,122,705 as of 6/30/2021 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).
 - \$3,345,417 as of 6/30/2021 for Charter School Reserves and other Carry Over balances
- **Unassigned Fund Balance** is the residual classification for the general fund.
 - \$58,612,099 as of 6/30/2021

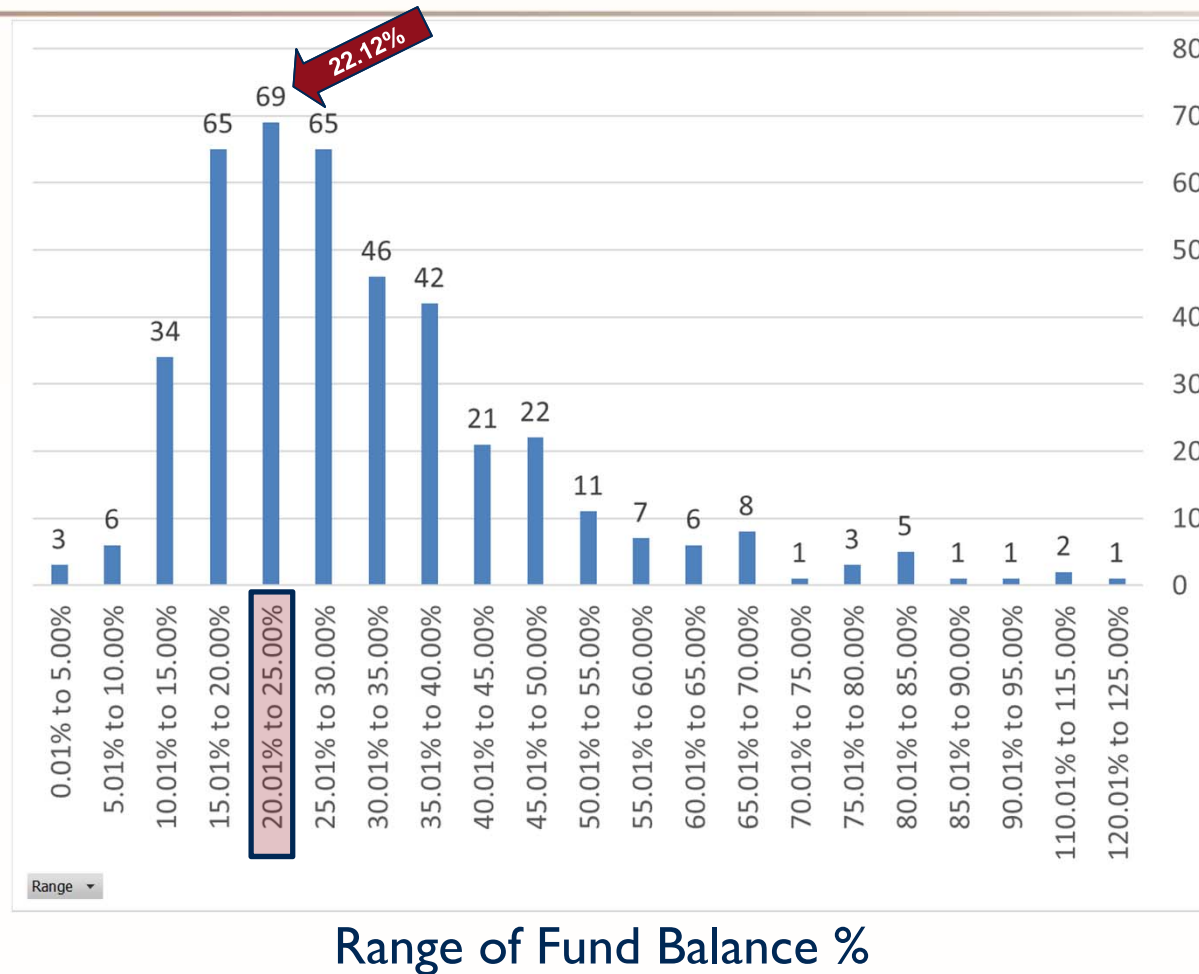
General Fund (10) Ending Fund Balance (millions of dollars)



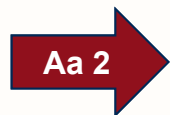
General Fund Balance Analysis (DPI public data as of 6/30/20)

- There were **419** districts with data in the State of Wisconsin at the time
 - The average fund balance was **31.28%** of general fund expenses
 - KUSD fund balance was **24.48%** of expenses (**6.8%** below average)
 - KUSD was ranked **#249** out of the **419** districts
- Comparable peer districts based on enrollment
 - Green Bay ranked **#274** with **22.68%**
 - Madison ranked **#347** with **17.87%**
 - Racine ranked **#358** with **16.99%**

Fund Balance Analysis of the 419 WI School Districts (DPI public data as of 6/30/20)



Financial Status Update (KUSD Moody's Ratings)



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.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004 , June 2015

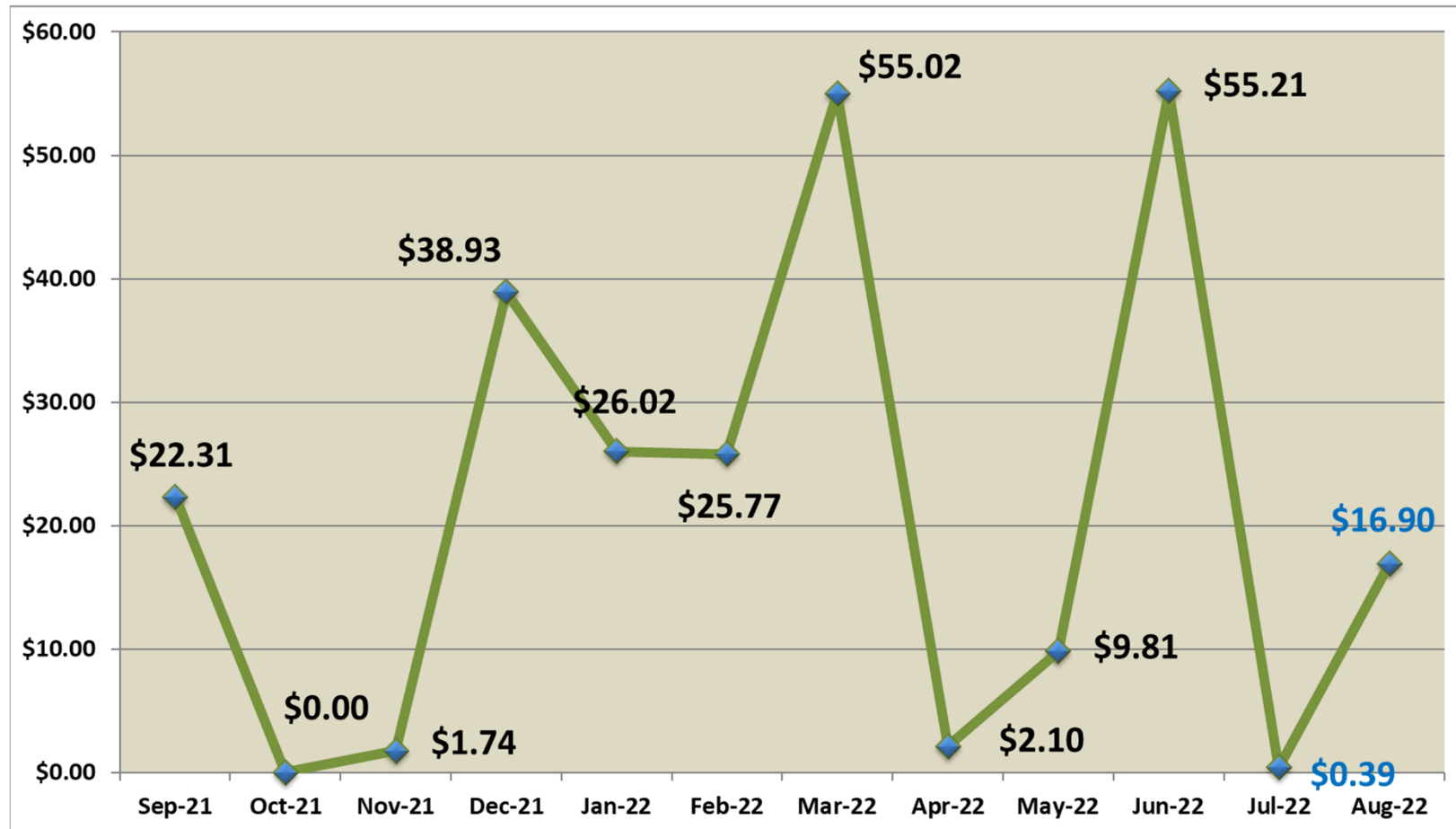
Projected Revenue Collection Calendar 2021-22

Major Revenue Collection Calendar 2021-22 (Monthly %)														
	Budgeted	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Total
Tax Levy *	\$75,102,420					32.00%	32.00%		1.50%	12.00%			22.50%	100.00%
Equalization Aid *	\$148,761,330	15.00%			25.00%			25.00%			35.00%			100.00%
Tax Exempt Computer Aid	\$389,423											100.00%		100.00%
Tax Exempt Personal Property Aid	\$795,328									100.00%				100.00%
Categorical Aids														
Special Ed	\$11,604,775			15.00%	15.00%	15.00%	15.00%	15.00%			25.00%			100.00%
Transportation Aid	\$245,000					100.00%								100.00%
High Poverty Aid *	\$1,425,636							100.00%						100.00%
Per Pupil Aid *	\$14,659,694							100.00%						100.00%
Supplemental Per Pupil Aid	\$0							100.00%						100.00%
Common School Library Aid	\$975,287								100.00%					100.00%
State Tuition Payment	\$150,500										100.00%			100.00%
High Cost SPED Aid	\$90,000										100.00%			100.00%

Major Revenue Collection Calendar 2021-22 (Monthly \$)														
	Budgeted	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Total
Tax Levy *	\$75,102,420	\$0	\$0	\$0	\$0	\$24,032,774	\$24,032,774	\$0	\$1,126,536	\$9,012,290	\$0	\$0	\$16,898,045	\$75,102,420
Equalization Aid *	\$148,761,330	\$22,314,200	\$0	\$0	\$37,190,333	\$0	\$0	\$37,190,333	\$0	\$0	\$52,066,466	\$0	\$0	\$148,761,330
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	\$795,328	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$795,328	\$0	\$0	\$0	\$795,328
Categorical Aids														
Special Ed	\$11,604,775	\$0	\$0	\$1,740,716	\$1,740,716	\$1,740,716	\$1,740,716	\$1,740,716	\$0	\$0	\$2,901,194	\$0	\$0	\$11,604,775
Transportation Aid	\$245,000	\$0	\$0	\$0	\$0	\$245,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$245,000
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 *	\$14,659,694	\$0	\$0	\$0	\$0	\$0	\$0	\$14,659,694	\$0	\$0	\$0	\$0	\$0	\$14,659,694
Supplemental Per Pupil Aid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Common School Library Aid	\$975,287	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$975,287	\$0	\$0	\$0	\$0	\$975,287
State Tuition Payment	\$150,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$150,500	\$0	\$0	\$150,500
High Cost SPED Aid	\$90,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$90,000	\$0	\$0	\$90,000

* Fund 10 Tax Levy (\$75.1 MM), Equalization Aid (\$148.8 MM), High Poverty Aid (\$1.4 MM), Tax Exempt Aid (\$1.2 MM) and Per Pupil Aid (\$14.7 MM) account for approximately 85.50% of the KUSD General Fund Revenues (\$282 MM) for 2021-22

Projected Revenue Collection Calendar 2021-22 (millions of dollars)



School Finance Variables

Student
Membership

Revenue
Limit

Equalization
Aid

Open
Enrollments

Equalized
Property
Values

Mill Rate

Debt
Expense

Tax Levy

Salaries &
Benefits

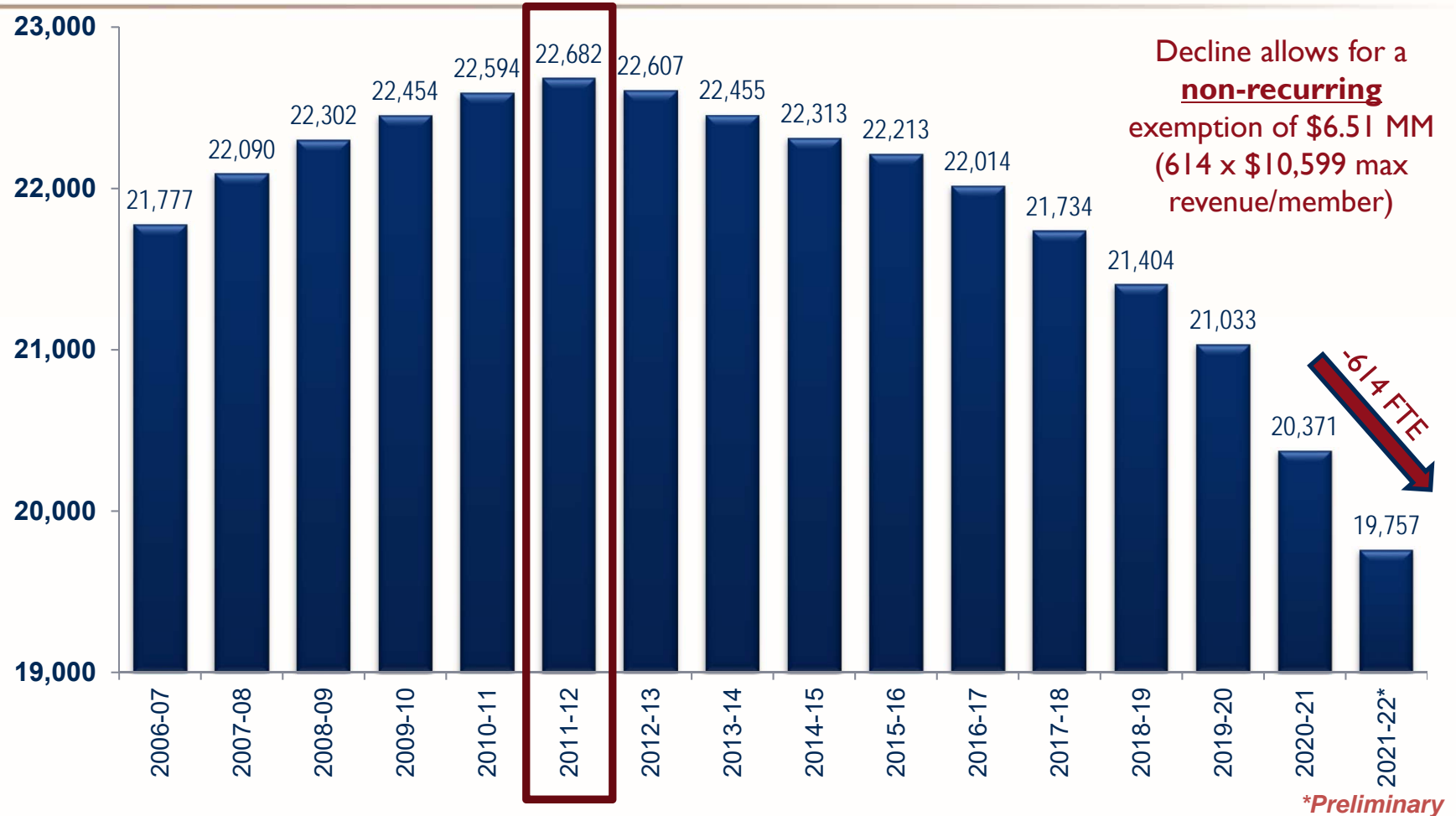
Revenue Limit Enrollment Averaging

September & Summer FTE Membership Averages				
Count Ch. 220 Inter-District Resident Transfer Pupils @ 75%.				
Line 2:	Base Avg:((18+.4ss)+(19+.4ss)+(20+.4ss)) / 3 =			20,371
	2018	2019	2020	
Summer FTE:	475	444	298	
% (40,40,40)	190	178	119	
Sept FTE:	20,928	20,403	19,296	
New ICS - Independent	0.0	0	0	
Charter Schools FTE				
Total FTE	21,118	20,581	19,415	
Line 6:	Curr Avg:((19+.4ss)+(20+.4ss)+(21+.4ss)) / 3 =			19,757
	2019	2020	2021	
Summer FTE:	444	298	298	
% (40,40,40)	178	119	119	
Sept FTE:	20,403	19,296	19,156	
New ICS - Independent	0	0	0	
Charter Schools FTE				
Total FTE	20,581	19,415	19,275	
				19,757
Line 10B: Declining Enrollment Exemption =				6,507,786
Average FTE Loss (Line 2 - Line 6, if > 0)				614
	X	1.00	=	614
X (Line 5, Maximum 2020-2021 Revenue per Memb) =				10,599.00
Non-Recurring Exemption Amount:				6,507,786

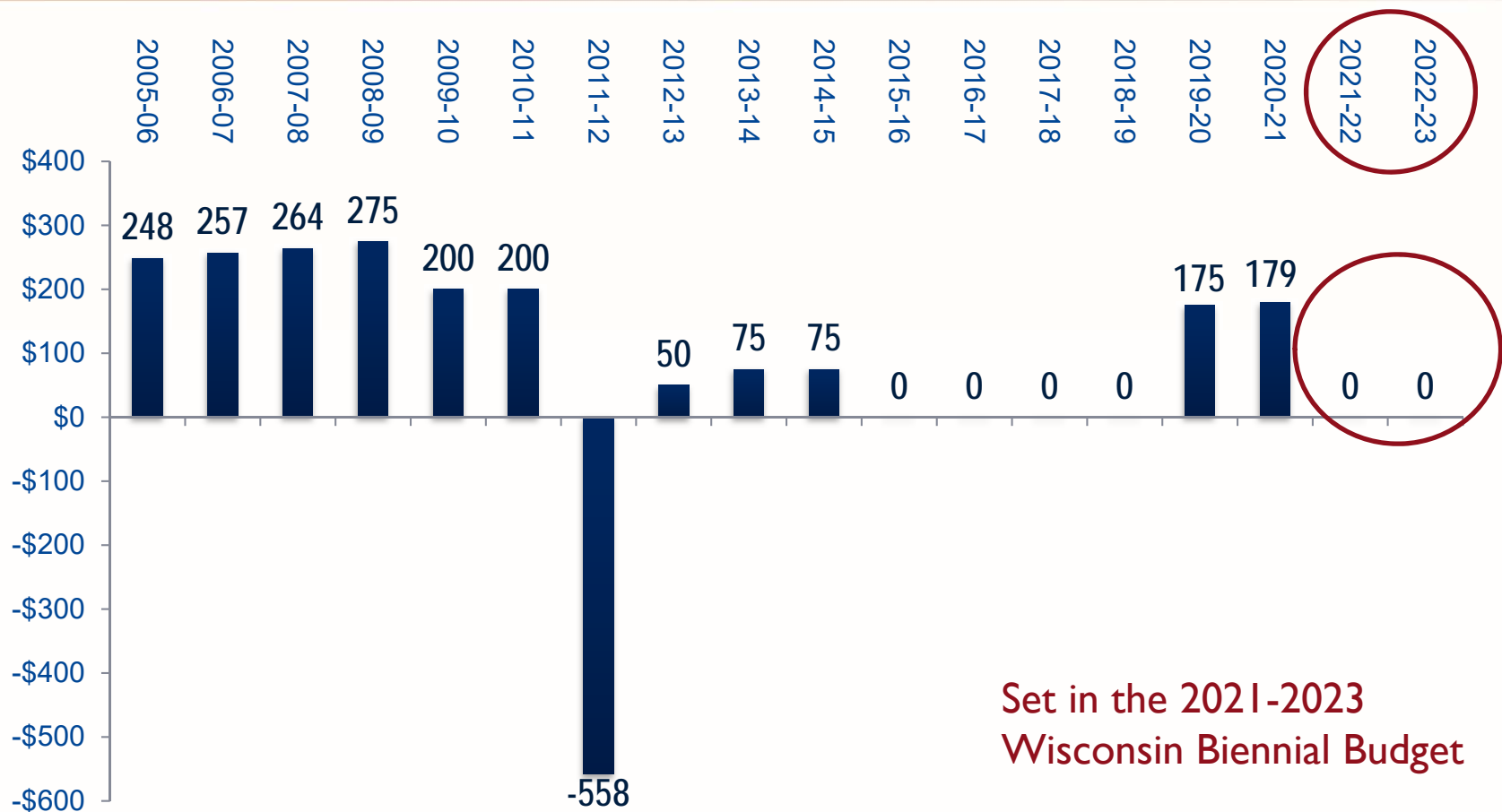
The Line 6 "Current Average" shown above is used for Revenue Limits. The average used for Per Pupil Aid does not include New ICS - Independent Charter Schools FTE." The PPA average appears below after data is entered for 2021:

Loss of
614
Student
FTE

KUSD Enrollment Trend (Current 3 Year Average Membership)



Allowable Per Member Revenue Increase/Decrease



2021-2023 WI Biennial Budget Highlights

- Allowable Per Member (Student) Change
 - 2021-22 = \$0 ↔
 - 2022-23 = \$0 ↔
- Per Pupil Categorical Aid (PPCA) \$742 per member
 - 2021-22 = \$0 ↔ (loss of \$455,588 if 3 year average enrollment drops by 614)
 - 2022-23 = \$0 ↔ (loss if 3 year average enrollment drops)
- Supplemental Per Pupil Aid
 - 2021-22 = -\$3.36 ↓ (loss of approximately \$70 K)
- Special Education Categorical Aid
 - 2021-22 = 30% but sum certain projected at 28.97% rate (4.17% ↑) (estimated \$1.5 MM)
 - 2022-23 = 30% but sum certain ↔

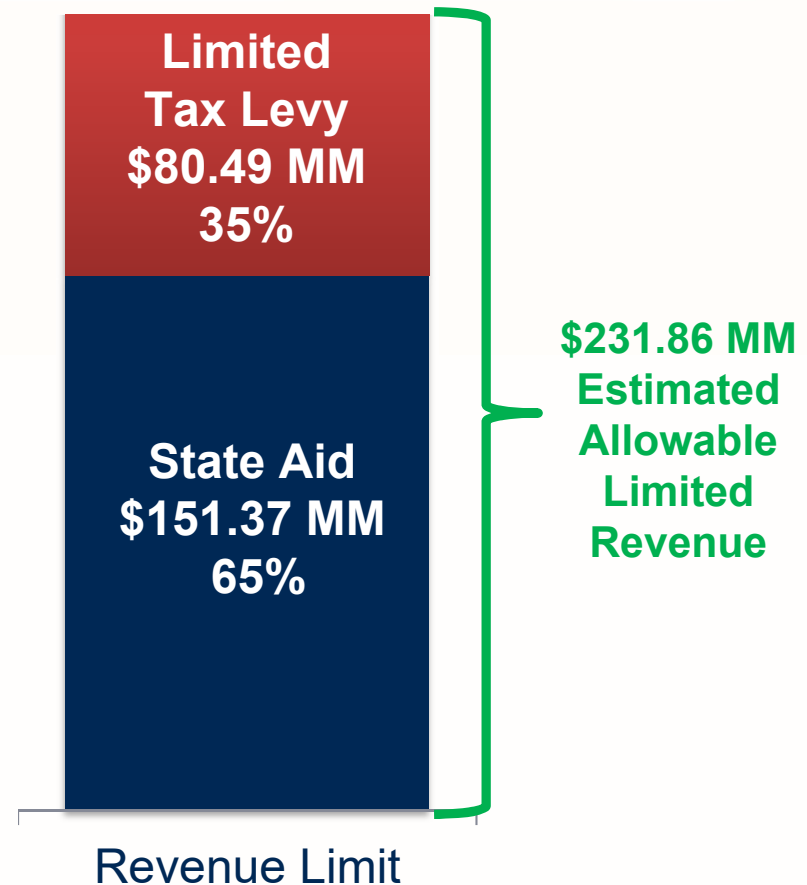
**Funding for
normal
inflationary
increases??**



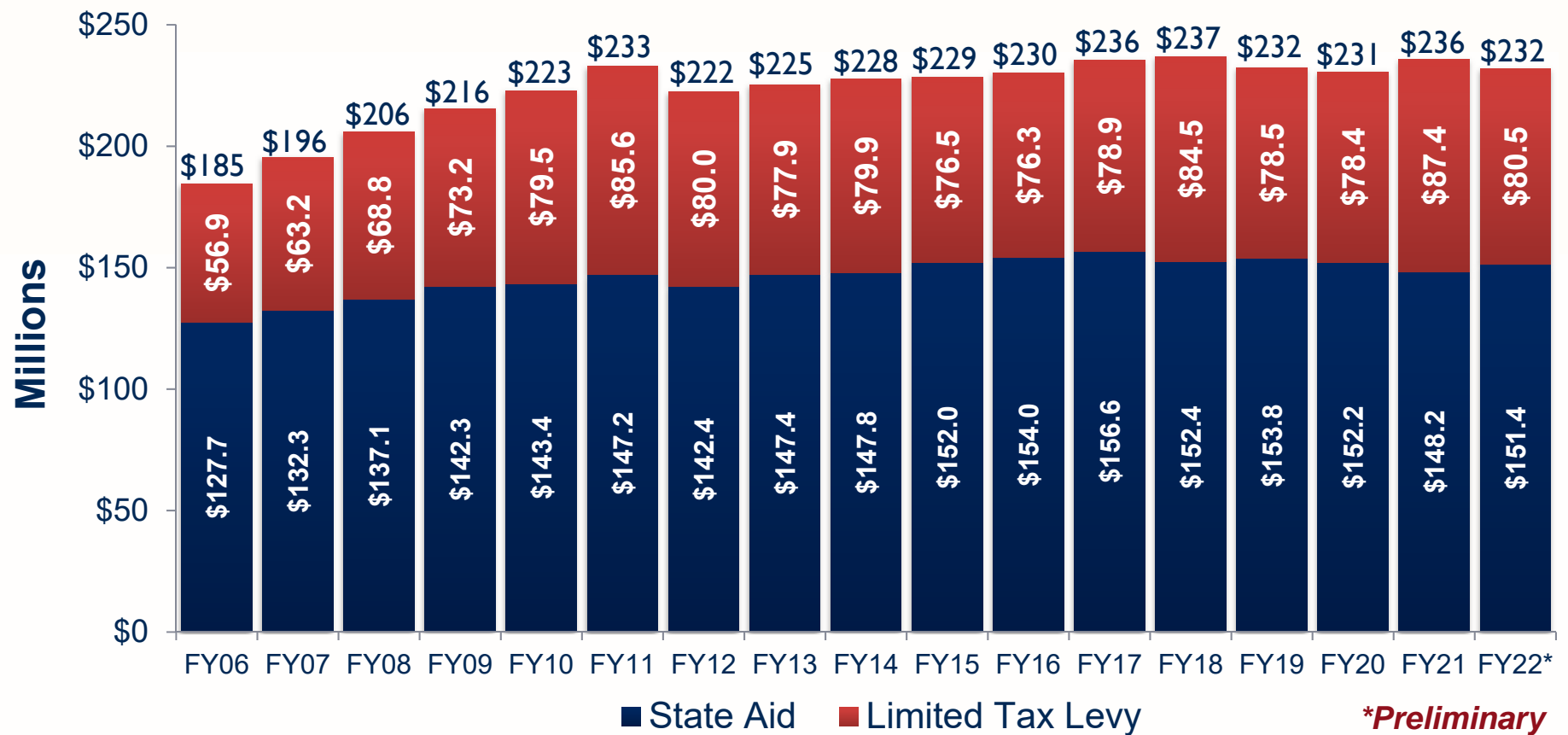
2021-22 Preliminary Revenue Limit Calculation

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

General Fund (10)

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

Debt Service (30)

- Transactions for repayment of bonds, notes and loans

Community Service (80)

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

Special Projects (20)

- Special Revenue (donations)
- Special Education
- Head Start

Capital Projects (40)

- Expenditures for expansion and remodeling

Food Service (50)

- Activities related to student food services

Trust Funds (70)

- 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) 2021 Annual Update on Trust Activity

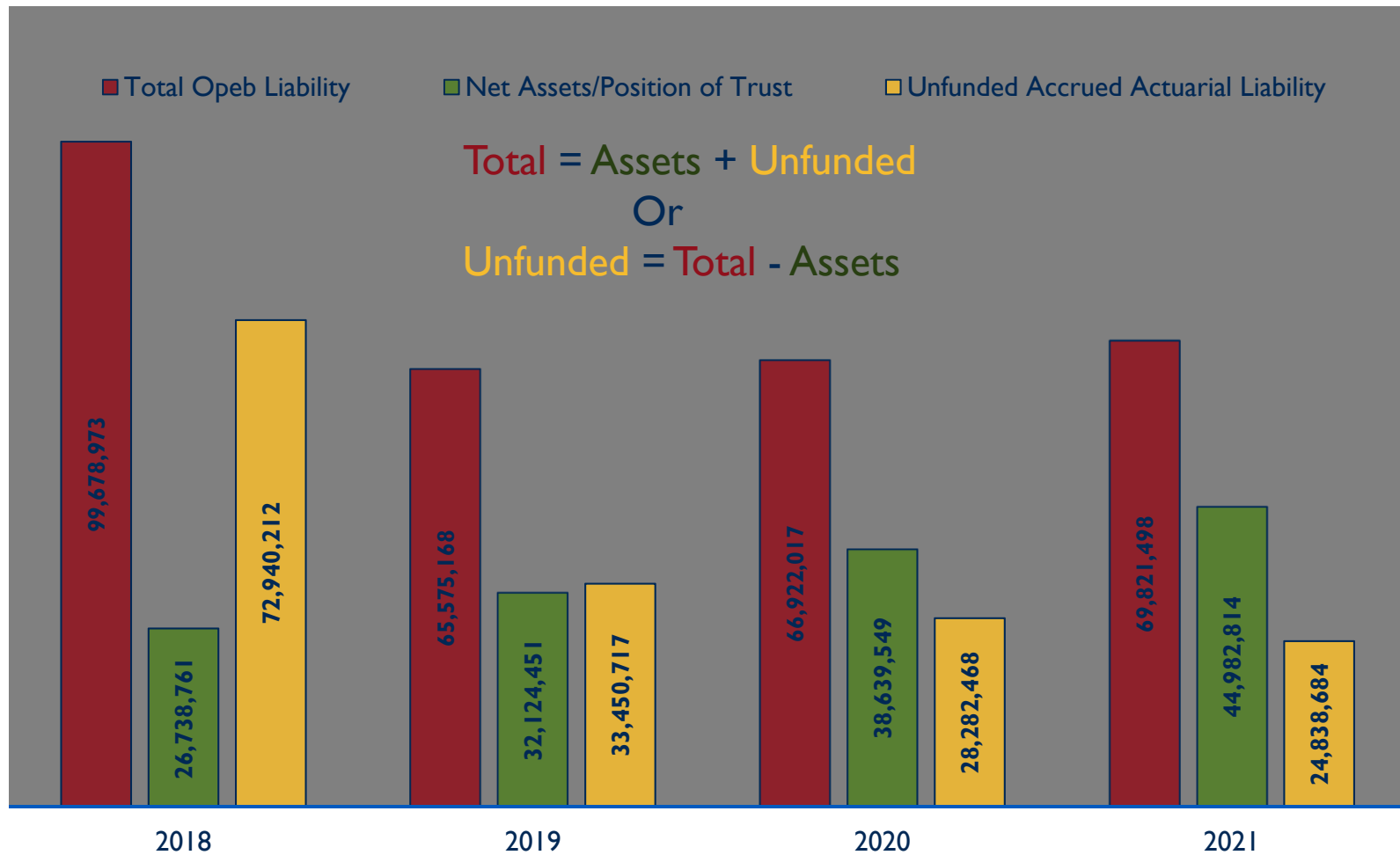
Trust Cash & Investments	\$40,130,659
<i>Return on Investments (earned)</i>	<i>\$170,330</i>

Trust Disbursements:

Insurance Premiums	\$2,716,845
Administrative Costs & Fees	\$13,905
Implicit Rate Subsidy	\$1,849,950
Total Trust Disbursements:	<hr/> \$4,731,797 <hr/>

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

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

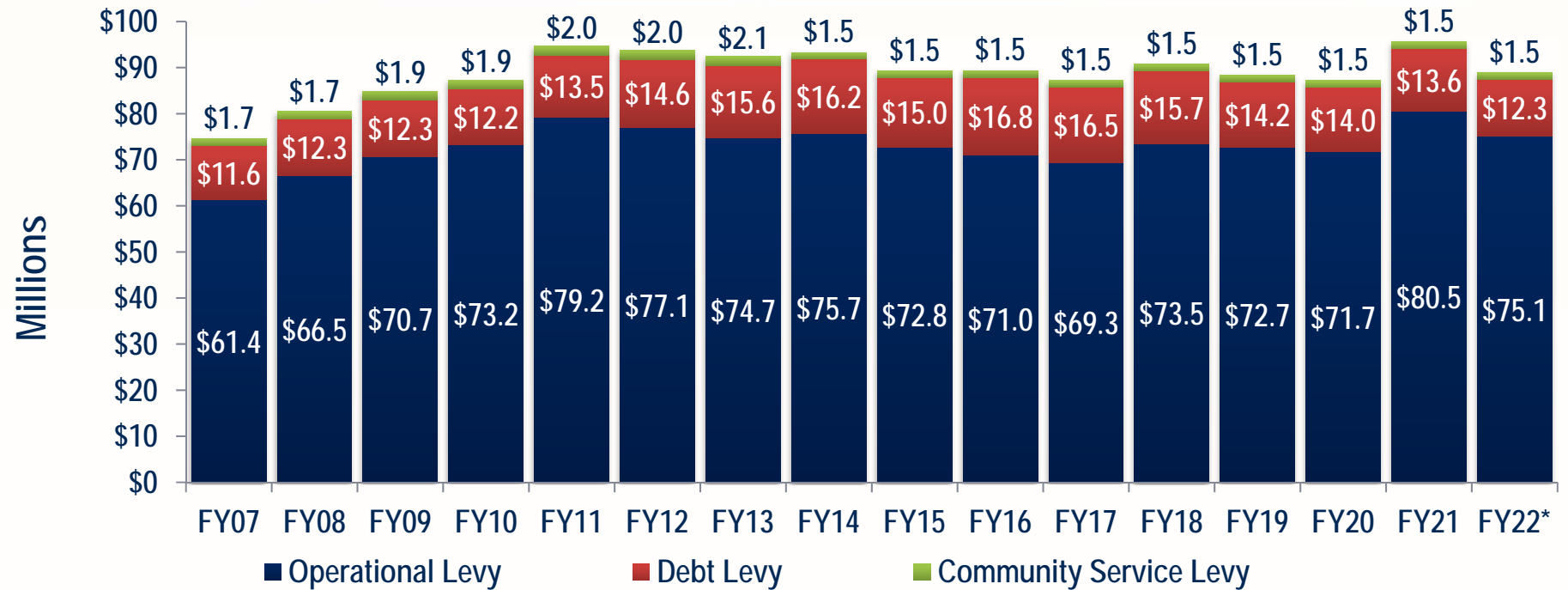
Kenosha Senior Center

- 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 2019-20	FY 2020-21	FY 2021-22*
Total Tax Levy	\$87.2 MM 1.36% Decrease	\$95.6 MM 9.63% Increase	\$88.9 MM 6.98% Decrease
Property Values	\$10.1 B 7.94% Increase	\$10.7 B 5.39% Increase	\$11.5 B 7.91% Increase
Mill Rate	\$8.59 (per \$1,000)	\$8.94 (per \$1,000)	\$7.70 (per \$1,000)
Property Tax on \$200,000 House	\$1,718	\$1,787	\$1,540

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

\$247 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	10,696,369,572	5.39%
2021/22 *	11,542,707,140	7.91%

\$846 MM growth projected

**Preliminary*

Tax District Property Analysis

Tax District	Equalized Value (TID-Out) 2019-20	2019-20 % of Total	Equalized Value (TID-Out) 2020-21	2020-21 % of Total	Property \$ Change	Property % Change	% of Total Change
City of Kenosha	\$6,158,701,889	60.68%	\$6,459,338,449	60.39%	\$300,636,560	4.88%	-0.29%
Village of Pleasant Prairie	\$3,109,322,479	30.64%	\$3,304,669,423	30.90%	\$195,346,944	6.28%	0.26%
Village of Somers	\$789,062,700	7.77%	\$839,520,400	7.85%	\$50,457,700	6.39%	0.07%
Town of Somers	\$92,155,600	0.91%	\$92,841,300	0.87%	\$685,700	0.74%	-0.04%
Total	\$10,149,242,668	100.00%	\$10,696,369,572	100.00%	\$547,126,904	5.39%	0.00%
Tax District	Equalized Value (TID-Out) 2020-21	2020-21 % of Total	Equalized Value (TID-Out) 2021-22*	2021-22 % of Total	Property \$ Change	Property % Change	% of Total Change
City of Kenosha	\$6,459,338,449	60.39%	\$6,915,016,401	59.91%	\$455,677,952	7.05%	-0.48%
Village of Pleasant Prairie	\$3,304,669,423	30.90%	\$3,690,670,739	31.97%	\$386,001,316	11.68%	1.08%
Village of Somers	\$839,520,400	7.85%	\$840,812,400	7.28%	\$1,292,000	0.15%	-0.56%
Town of Somers	\$92,841,300	0.87%	\$96,207,600	0.83%	\$3,366,300	3.63%	-0.03%
Total	\$10,696,369,572	100.00%	\$11,542,707,140	100.00%	\$846,337,568	7.91%	0.00%

**Preliminary*

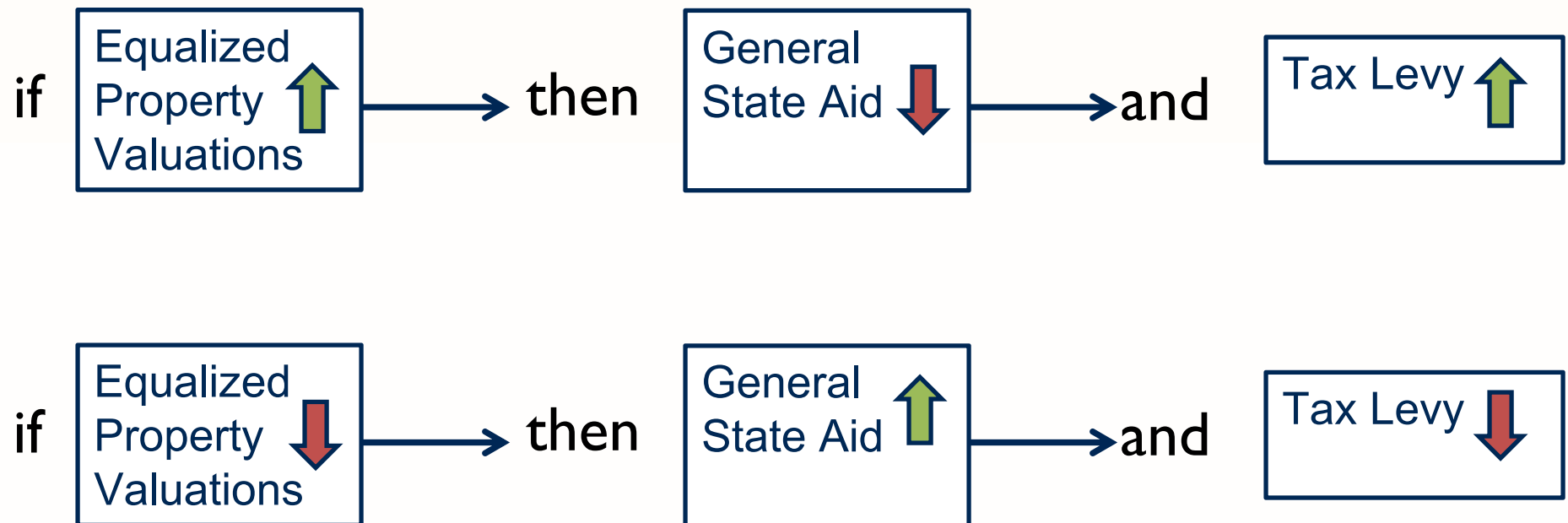
Mill Rate

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

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

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

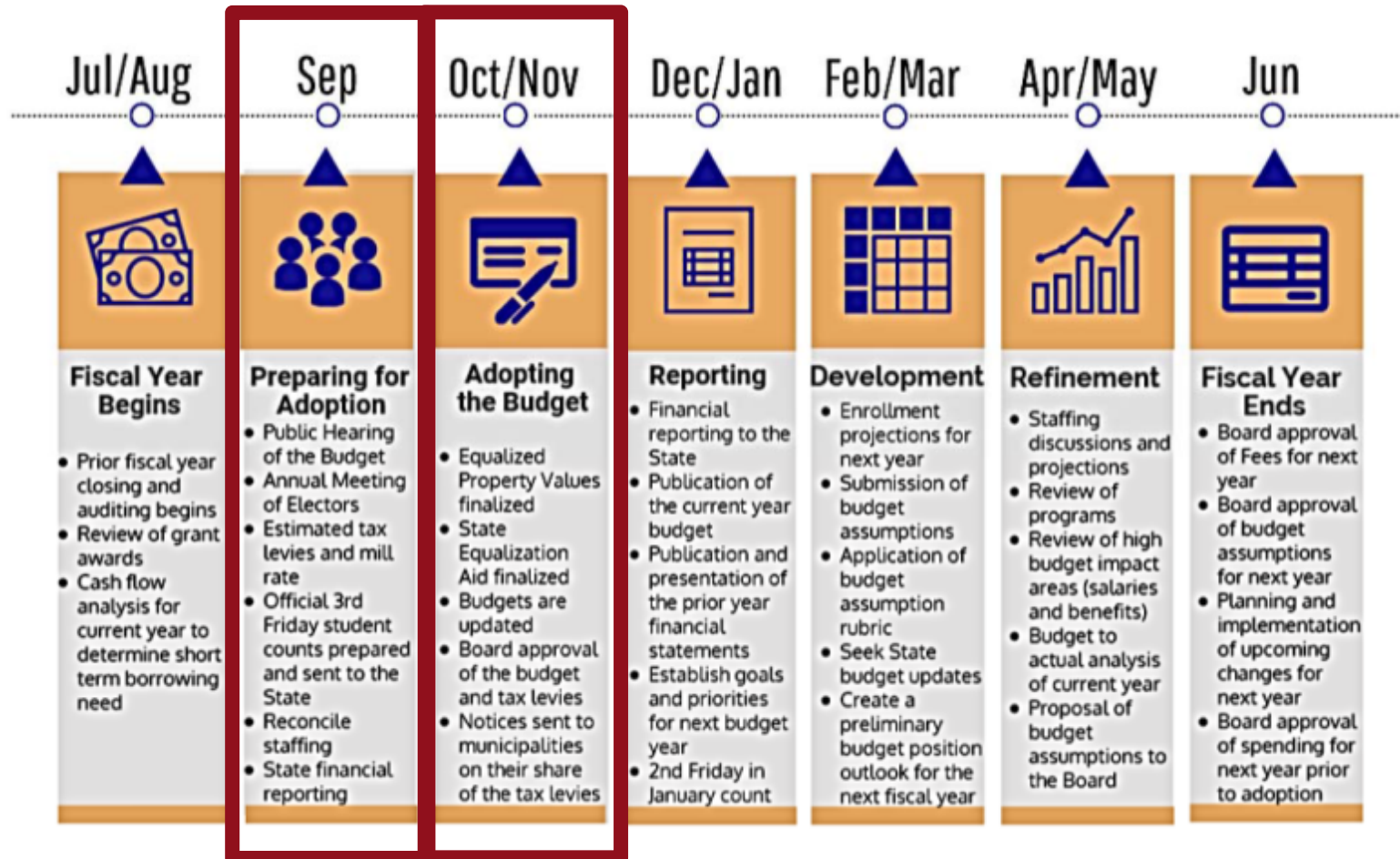
Property Values, State Aid and Tax Levy



2021-22 Budget Next Steps

What	When
Finalize Enrollment	3rd Friday of September (17th)
Update Property Values	October 1
Finalize Revenue Limit	October 15
Update State General Aid	October 15
Finalize Tax Levy	October 15
Update/Rebalance Budget	October 18-22
Board Adoption	October 26
Notify Municipalities of Tax	November 10

KUSD Annual Budget Calendar



Thank You!



KENOSHA UNIFIED
SCHOOL DISTRICT
