

# VII. FINANCIAL COMPONENTS



# WI SCHOOL FUNDING FORMULA

In Wisconsin, the majority of the amount of money a school district receives (approx 85%) is restricted by a state-imposed revenue limit, also known as a revenue cap. Every district has its own revenue limit.

PROPERTY  
TAXES  
STATE AID +

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**REVENUE LIMITS**

*In general, as state aid goes down,  
property taxes go up.*



# Headcount Definition (Actual Enrollment)

Head Count is the number of students attending ETCSD (students in desks), regardless of their resident district. Revenue Limit is not calculated on Headcount, but rather residents. However, headcount is still an important piece of the equation.

## Includes Students Who Are

ETCSD Residents

Open-enrolled IN

Non-residents enrolled at ETCSD

## Excludes Students Who Are

Enrolled in alternative/off-site placements

Open-enrolled out

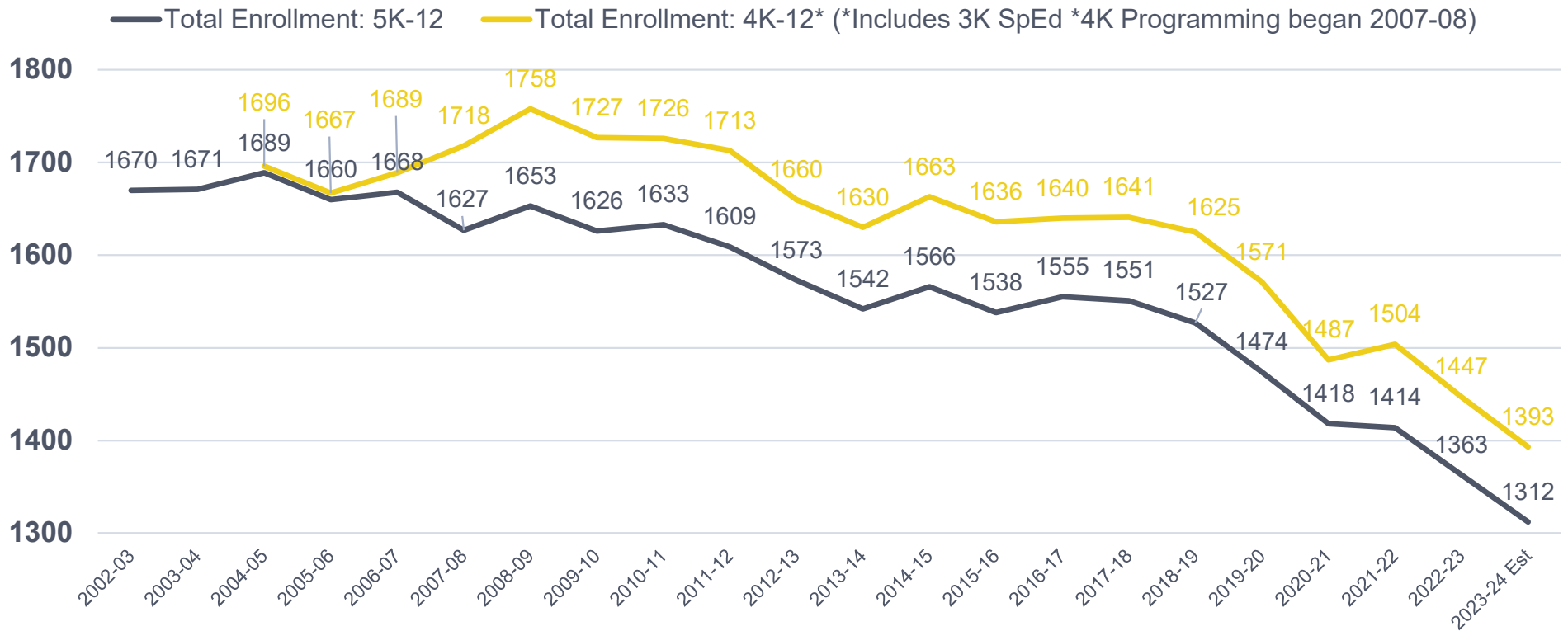
Residents enrolled outside the district

The enrollment numbers in the following charts are as of September of each year, except for the estimate for the current year (roll-forward method)



# Impact of 4K Enrollment & Gradual Declining Enrollment

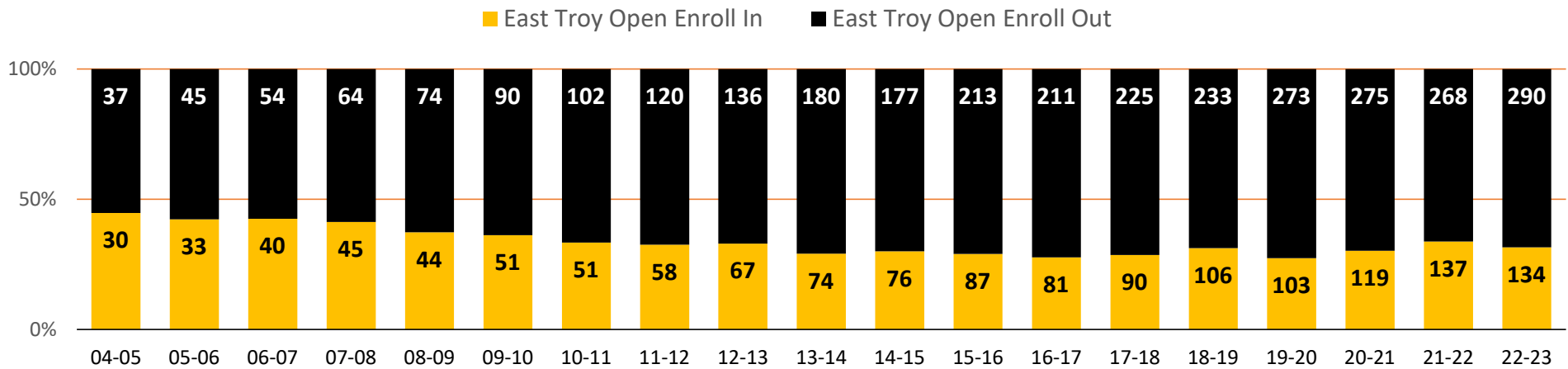
East Troy Enrollment and Resident Count Based Upon September Count



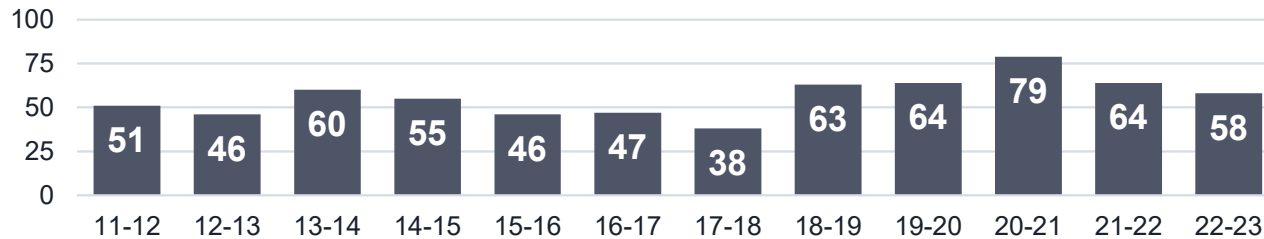
Est based on roll forward / may not be the same projection for budgeting

# Additional Data (Open Enrollment and Home School)

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



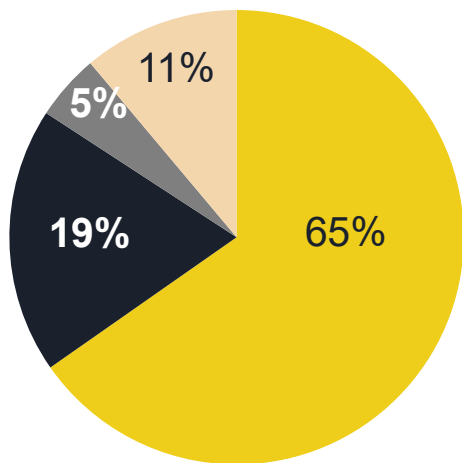
## ETCSD Number of Home School Students By Year



# General Fund Components

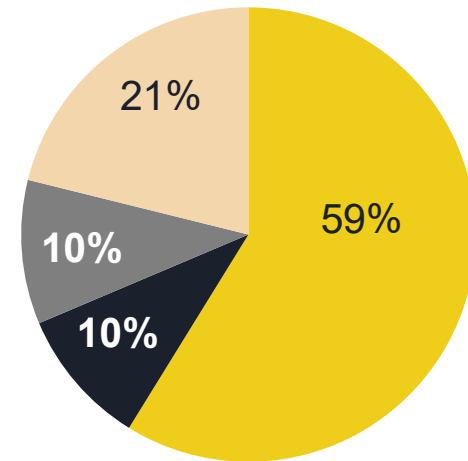
## 2023-24 Revenues

- Property Taxes (LOCAL)
- Equalization Aid (STATE)
- Per Pupil Aid
- Other



## 2023-24 Expenditures

- Salaries & Benefits
- Fund 27 Transfer
- Open Enrollment Out
- Other

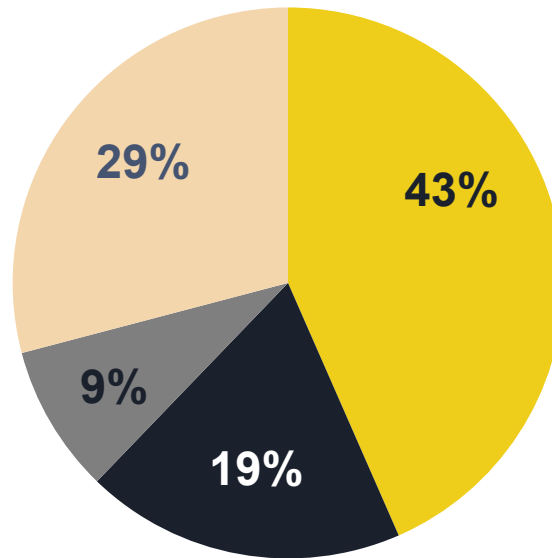


- Open Enrolment Out costs are salaries and benefit costs for staffing out of district.
- The Fund 27 transfer is for salaries and benefits costs for staffing in district.

# General Fund & Fund 27 (Salaries/Benefits)

## 2023-24 General Fund & Fund 27 Salaries and Benefits

■ Salaries ■ Benefits ■ Open Enrollment ■ Other



\*\*\*Based off of preliminary budget

## School property taxes have been kept in check.

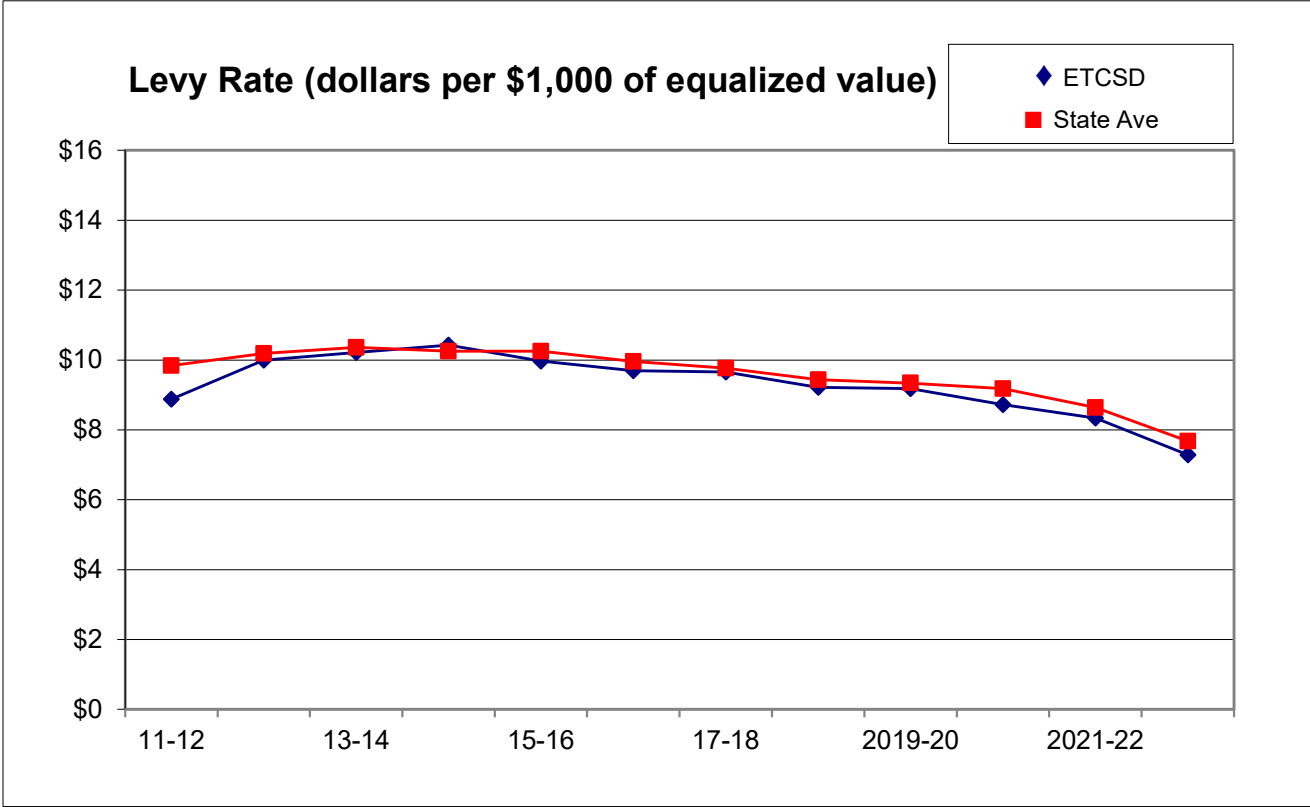
- Over the last nine years, ETCSD increased the tax levy an average of 1.03% annually (not including 2023-24 estimate).

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
All-Fund Tax Levy	\$14,901,612.00	\$14,599,734.00	\$14,599,627.00	\$14,818,621.00	\$14,818,621.00	\$15,244,680.00	\$15,473,350.00	\$15,693,870.00	\$15,693,870.00	AVERAGE INCREASE
Levy increase	3.97%	-2.03%	0.00%	1.50%	0.00%	2.88%	1.50%	1.43%	0.00%	1.03%

- In 23-24, the estimated East Troy mill rate, the tax rate per \$1,000 of home value, is \$7.17.



# ETCSD MILL RATE VERSUS STATE AVERAGE



## 1540 - East Troy Community



2022 Equalized Valuation (TID-Out) \$2,153,755,425

		<u>2022 Municipality Equalized Valuation</u>	<u>2022 District Equalized Valuation</u>	<u>Percent Applicable to District</u>	<u>2023 Municipality Equalized Valuation</u>	<u>% Increase / Decrease over Previous Year</u>	<u>Estimated 2023 District Equalized Valuation</u>
64 008	T. East Troy	\$1,034,175,000	\$1,029,388,086	99.5%	\$1,279,995,000	23.8%	\$1,274,070,252
64 012	T. La Fayette	\$380,472,200	\$101,051,084	26.6%	\$430,104,700	13.0%	\$114,233,172
64 014	T. La Grange	\$1,059,317,400	\$35,690,168	3.4%	\$1,269,826,600	19.9%	\$42,782,574
64 024	T. Spring Prairie	\$352,310,700	\$89,907,271	25.5%	\$419,119,500	19.0%	\$106,956,418
64 028	T. Troy	\$396,472,000	\$371,095,698	93.6%	\$455,332,900	14.8%	\$426,189,190
64 121	V. East Troy	\$481,309,100	\$481,309,100	100.0%	\$576,100,600	19.7%	\$576,100,600
64 153	V. Mukwonago	\$30,726,000	\$29,564,091	96.2%	\$32,440,300	5.6%	\$31,213,564
67 006	T. Eagle	\$691,624,100	\$15,749,927	2.3%	\$803,590,500	16.2%	\$18,299,668

TRUE

\$2,153,755,425

2023 Valuation: \$2,589,845,438

20.2%  
(Increase)

Counties included: 64 - Walworth  
67 - Waukesha

Source: Department of Revenue website August 2023

Please note: This information is provided as an estimate only based on municipal valuation changes for 2023. If a municipality is in multiple school districts, there could be large variations between this estimate and the final school district equalized values released on October 1st by the Wisconsin Department of Revenue.

The referendum estimated a tax mill rate impact of \$1.40 per year per \$1,000 of property value. This was expected to increase the 2022-23 mill rate of \$7.29 to \$8.69 for 2023-24. However, current estimates show the mill rate to be lower at \$7.17 per \$1,000 of property value.

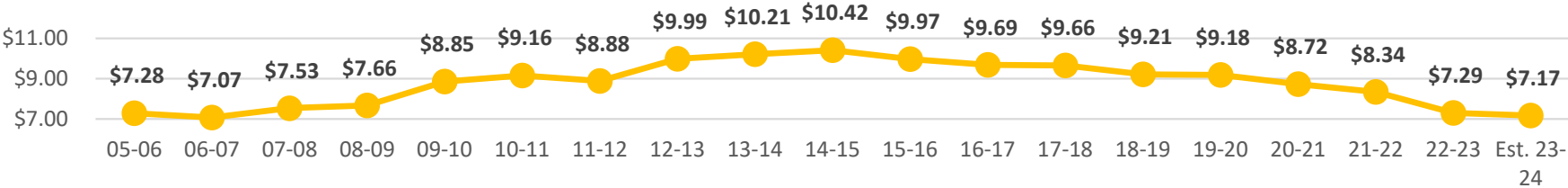
Property Values have increased so mill rates have decreased

	2021-22	2022-23	2023-24 Est	
House Value	300,000.00	343,320.00	412,842.30	Property Values Increase
Property Value Increase		14.44%	20.25%	
Mill Rate	0.00833	0.00729	0.00717	Mill Rate Decreases
Taxes	2,499.00	2,502.80	2,960.08	Taxes Increase

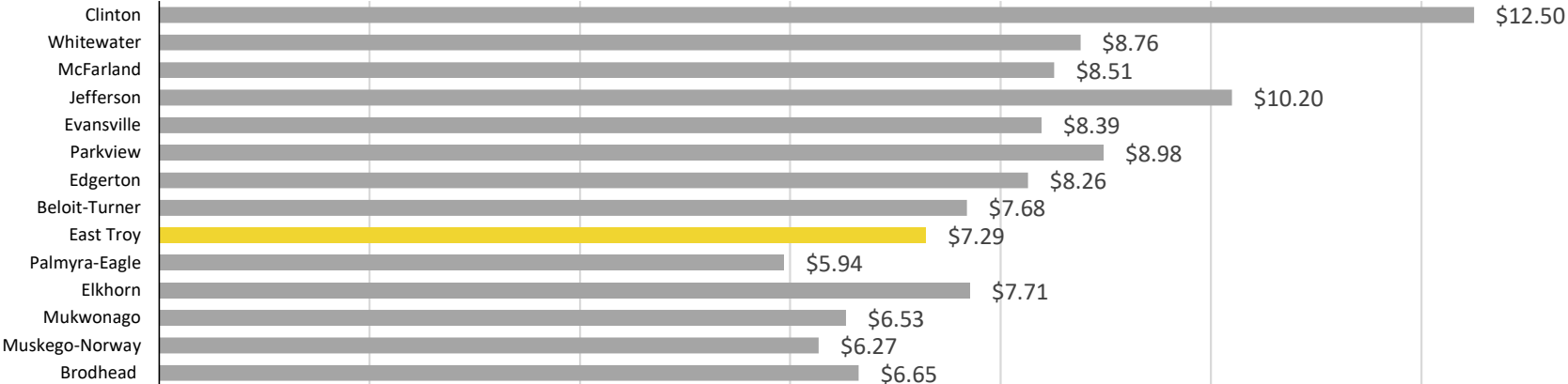
	2021-22	2022-23	2023-24 Est	
House Value	300,000.00	343,320.00	343,320.00	If house value stayed the same
Property Value Increase		14.44%	0.00%	
Mill Rate	0.00833	0.00729	0.00869	Mill rate increases \$1.40 due to referendum
Taxes	2,499.00	2,502.80	2,983.45	Overall taxes would be more than current prediction

# Mill Rate

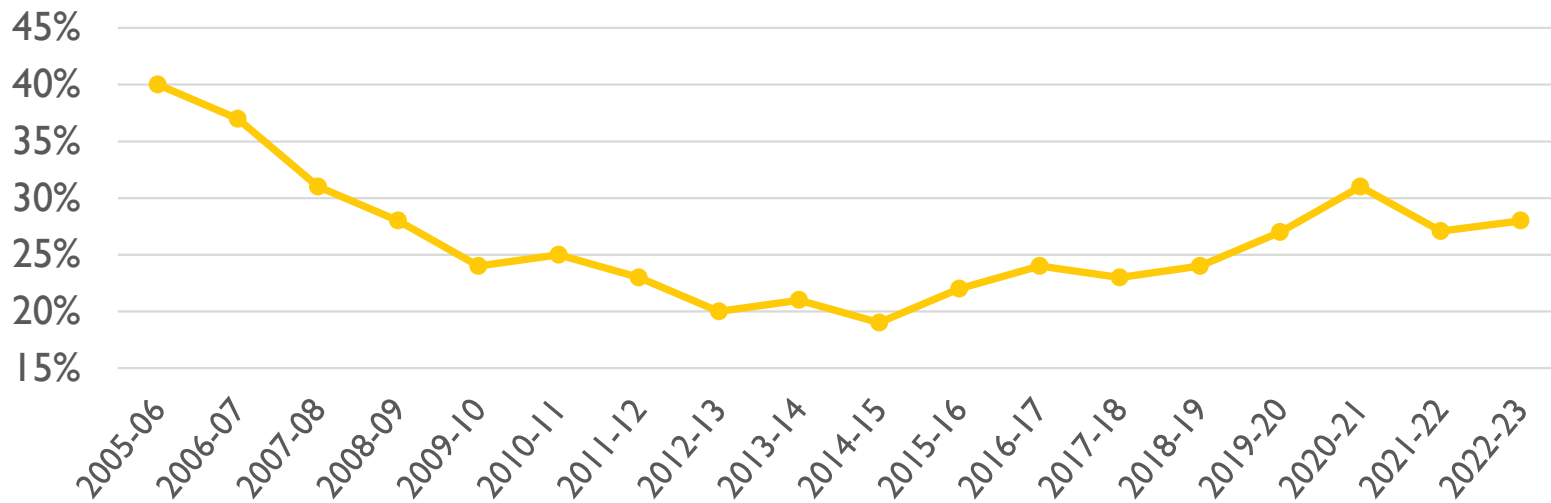
## East Troy Community School District Mill Rate



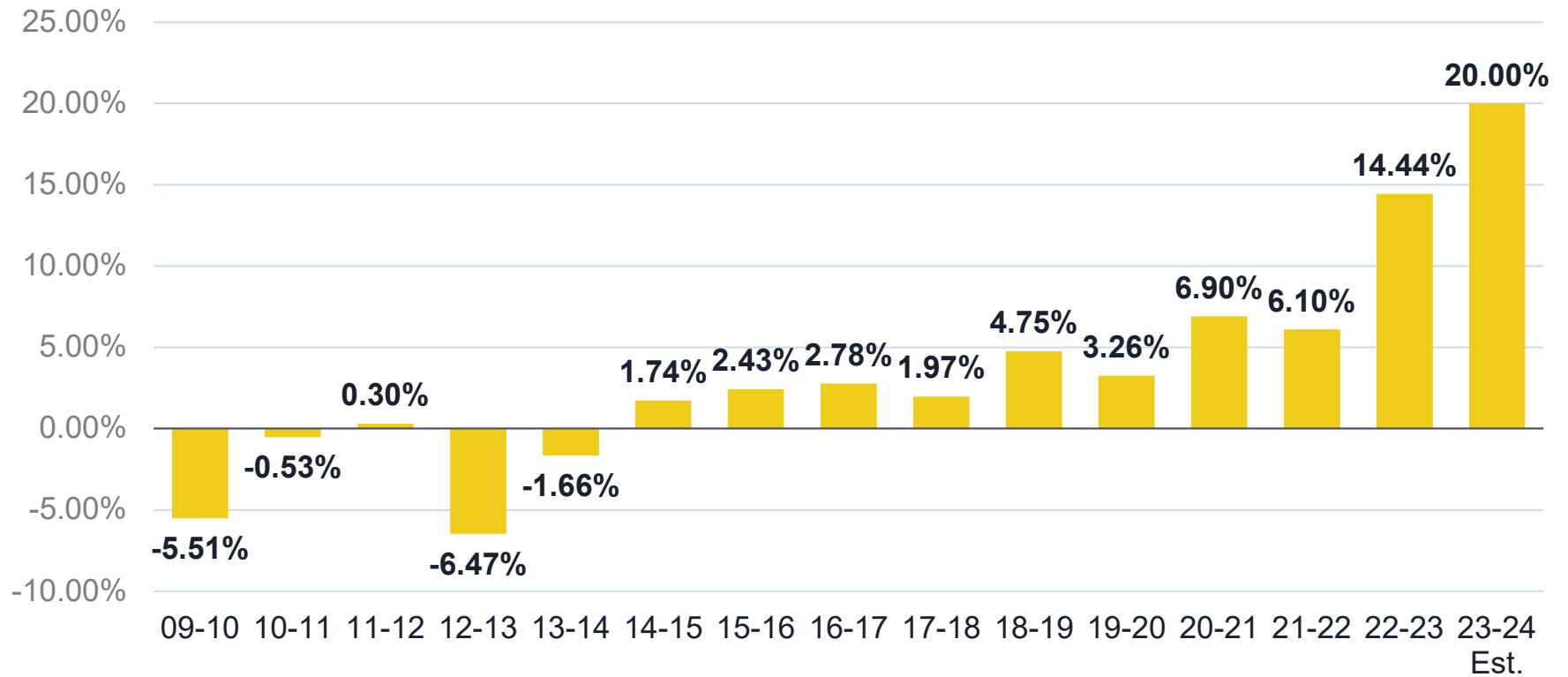
## 2022-23 Rock Valley Athletic Conference and Local Mill Rate



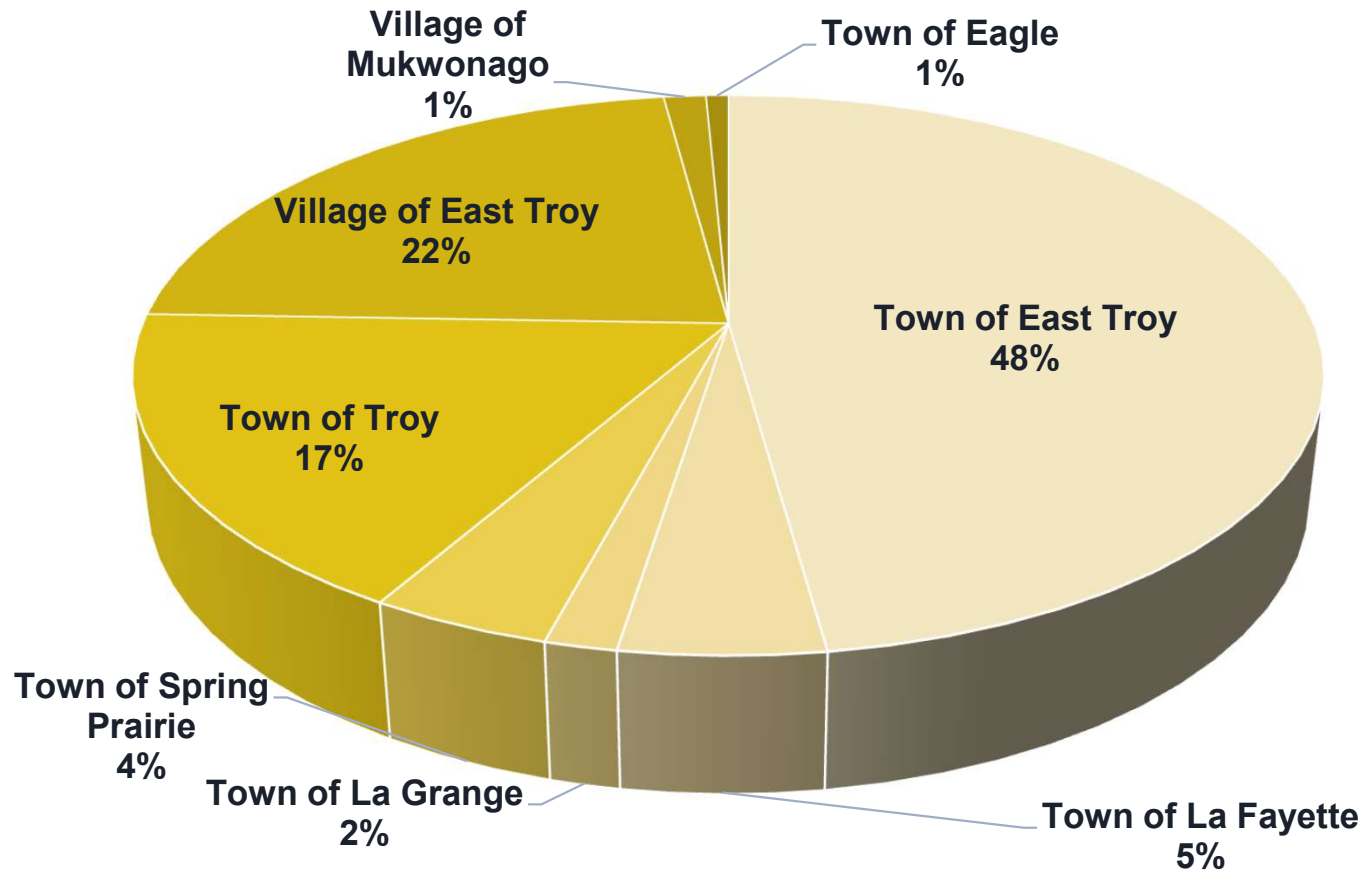
# A Factor Driving Taxes: Percent of Revenue Limit Made Up of State Aid



# Another Factor Driving Taxes: Percent Change in Equalized Value



# 2022-23 ETCSD Tax Levy



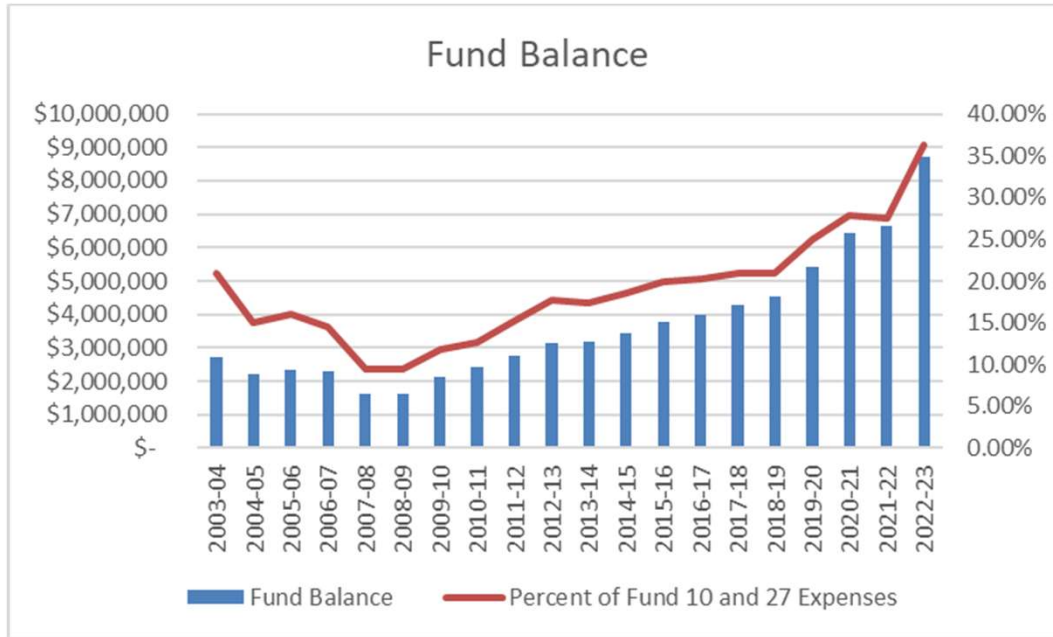
# The East Troy Community School District has been fiscally responsible in handling the funds community members have invested in their local schools.

- 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.

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



# ● 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	\$ 8,726,716	36.23%
2023-24	\$ -	\$ 8,346,716	31.78%
			Estimate

# VIII: 2022-23 Treasurer's Report

## General Fund

## Special Education Fund

### Expenditures

### Revenues

### Expenditures

### Revenues

24,312,424

24,312,424

Budgeted

3,275,011

3,275,011

22,684,856

24,775,912

Unaudited

3,257,175

3,257,175

+2,091,056 final revenues less  
expenditures

Variance

**Total fund balance increase of \$2,091,056; This will allow the district to eliminate short-term borrowing for 2023-24.**

\*\*Largest revenue differences between budget and actuals were Interest and HRA Forfeitures.

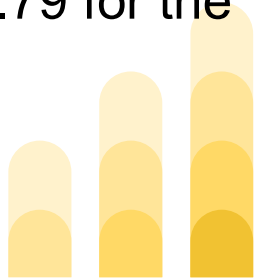
\*\*Many line items contribute to the expense budget vs actuals with some of the larger savings being contract pay, open enrollment out, and lower spending on supplies and technology



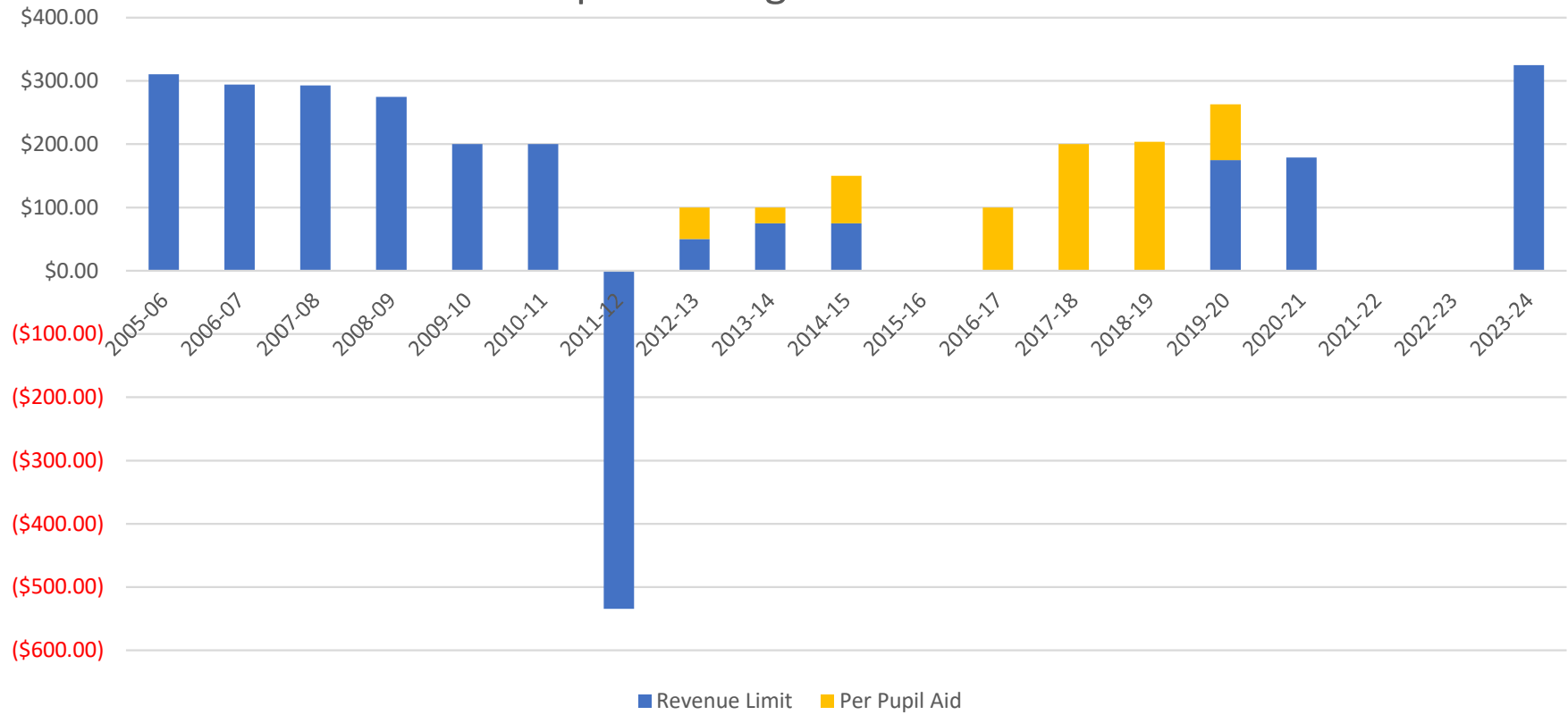
## IX: Presentation of 2023-24 Budget

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 2023-2024 school year .



## Per Pupil Funding Annual Increases



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

	Revenue Cap Gap	Impact Needs	Post Sept Count Addtl Shortfall	Fund Balance Deficit
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	\$286,00	
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	\$100,000		
2008-09	\$380,000	\$150,000		
2007-08	\$200,000			\$680,000
<b>TOTALS</b>	9,131,000	3,243,000	386,000	680,000


## **What factors can increase a revenue limit?**

- . Enrollment
  - . Increases from the State
  - . Referenda
- 



# Impacts

Each and every year, the school board has taken action to balance the budget.

- Why? Since 1993, revenue limits have limited the amount of money schools receive from a combination of property taxes and state aid.
  - The funding hasn't kept pace with the increasing cost of expenditures.
  - This results each and every year with a portion of the budget that must be reduced in order to balance the budget.
  - Efforts include reorganizing current resources, reducing wants, striving for economic growth, assessing property tax impacts, and providing appropriate funding per referenda.
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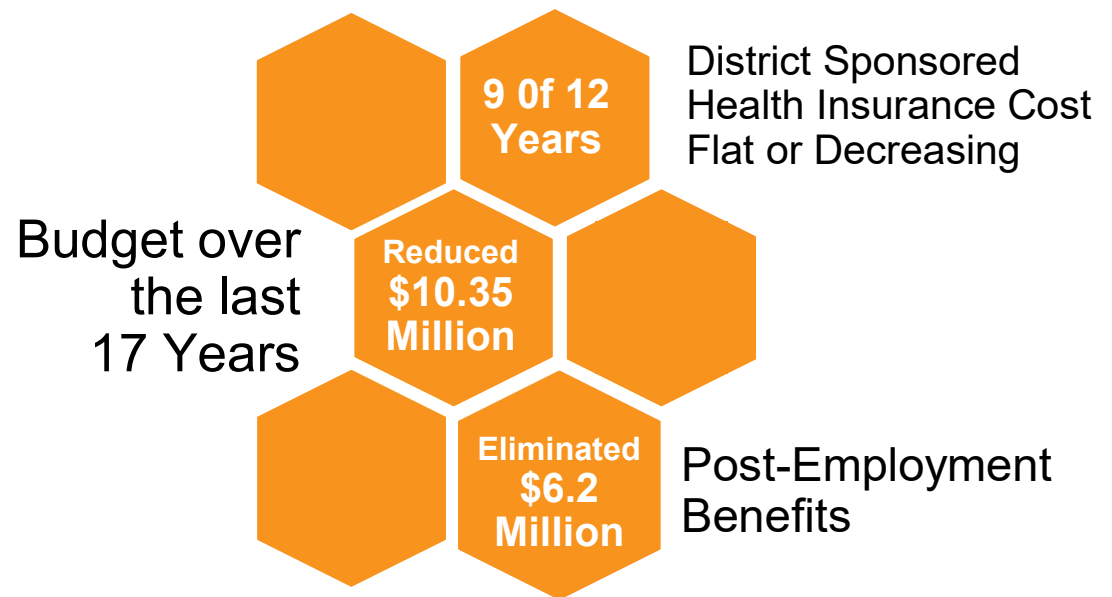
## **Each and every year, the school board has taken action to balance the budget.**

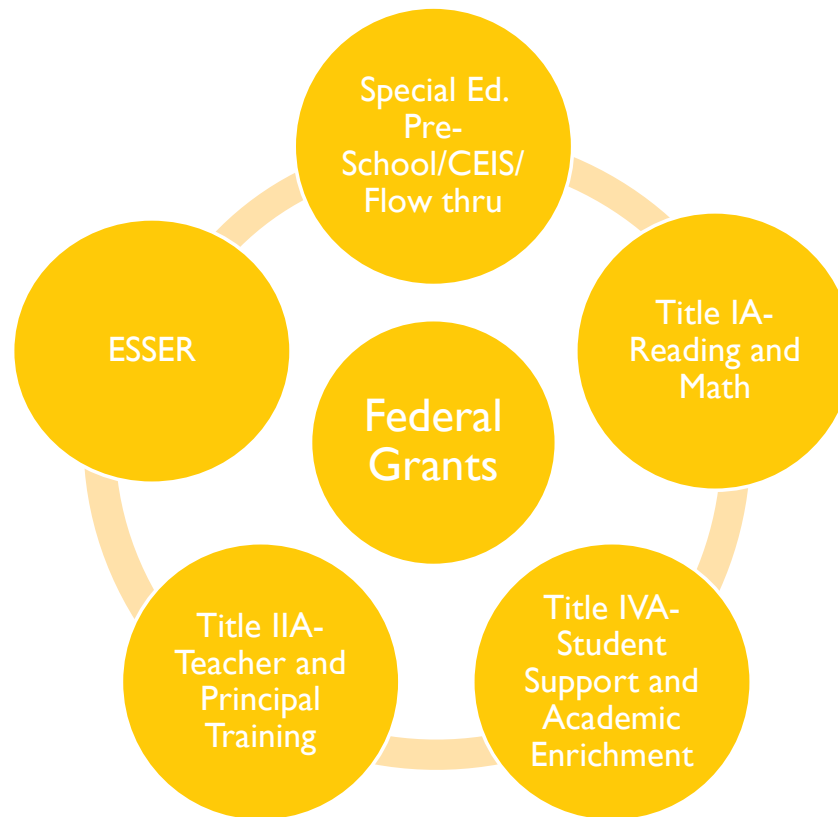
- This budget balancing process has included changes and reductions in all benefits packages including health, retirement, dental, and life insurances; moderating wage rate increases such that we are now at or below comparable school districts; making energy efficiency gains; eliminating positions; restructuring positions to part-time for benefit avoidance; competitively pricing purchases; applying for grants and gifts; refinancing debt, and pre-paying debt to minimize interest costs.
- In the course of 17 years, we have implemented \$10.35 million in budget balancing efforts, not including impact needs, from the rev cap not meeting expense increases.



## 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.





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ET TAKES ADVANTAGE OF GRANTS AND GIFTS AS MUCH AS POSSIBLE...



# Other Grants and Gifts....

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Safety	Food Service Grants	Special Education Transition Readiness	ESL	Carl Perkins
Assessment Grant	Mental Health Grant	CTE Incentive Grant	Education Effectiveness	Fab Lab Grant
Youth Apprenticeship	PTO	Education Foundation	Music and Sports Boosters	Individual Donations

# This Year

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Original budget assumptions with not additional State Aid or Referendum dollars showed a 2.2 million deficit for 2023-24. Fortunately, tax payers 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 and some reductions were written into the 2023-24 budget:

- Health Insurance limited to 3.9% increase by eliminating buy up option of \$500/\$1000 deductible
- \$156,022 in Staff Reductions included:
  - 1 Full-time Sub
  - 1 MS ELA
  - 0.52 Spanish

# RECAP THE 23-24 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

## **What factors can increase a revenue limit?**

- . Enrollment
  - . Increases from the State
  - . Referenda
- 



# **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.**



# District Funds

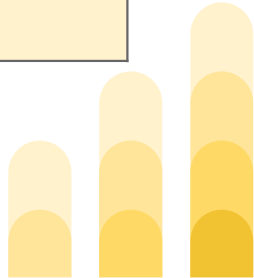
#	Fund Name	Notes
10	<b>General</b>	Used to record district financial activities for current operations, except those activities required to be accounted for in separate funds.
21	<b>Special Revenue Trust</b>	Gift / Donations Fund – prudent when project directed by donation will cross fiscal years
27	<b>Special Education</b>	Exceptional Educational Needs/Federal Handicapped/Other
30	<b>Debt Services</b>	Irrepealable debt tax levy and related revenues. Principal, interest, and related long-term
38	<b>Non-referendum Approved Debt Service</b>	Within the revenue limit
39	<b>Referendum Approved Debt Service</b>	Voter approved, outside of the revenue limit
49	<b>Capital Projects Fund</b>	Used for transactions financed with bonds, promissory notes issued per statute.





# District Funds


#	Fund Name	Notes
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.
70	<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.





## Long Term Debt (As of June 30, 2022)

	<u>Remaining Principal</u>	<u>Debt Expiration Date</u>
<u>Fund 39</u>	\$17,360,000	March 1, 2036






## 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 \$18,574,390 necessary to operate and maintain the school system, and to finance the capital outlay and debt service of said system for the 2023-24 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 2023-24 school term.”





## **XIII: Resolution C** (Set Date & Time for 2023-24 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  
2024-25 Annual Meeting be set for  
September 23, 2024 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).”



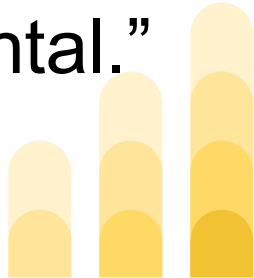


## **XV: Resolution E (Leasing of Property)**

**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 25, 2023 will be held.**

