



2023-2024 Preliminary Budget (06-13-2023)

I. Assumptions for the Preliminary Budget

The preliminary budget establishes the intent of the district regarding programs and services for the ensuing year and is used as the basis for receiving public comment at the Budget Hearing and for approval of an initial estimated tax levy at the Annual Meeting.

To develop the preliminary budget several estimates must be made, some of which will materially change between the time of the estimate and when the original budget is adopted in October, such as general state aid, property tax levy, impact of actual enrollment, staffing changes, and others. The following assumptions were used for the proposed preliminary budget and reflect changes compared to the 22-23 revised budget:

- General state aid will decrease by \$300,000 with an estimated total amount of \$6,071,003.
- The property tax levy increased by \$3,064,097. This reflects the net of an increase to the general operating and capital project levies and a decrease to the debt service and community service levies. Decreases to the debt service and community service levies were anticipated, as they had been increased temporarily based on specific needs for debt refunding and capital projects.
- Revenue for open enrollment is projected at \$1,887,408. This represents 90%

of the District's open enrollment goal as a conservative estimate to account for the possibility that all non-returning open enrollment seats will not be filled.

- Wages were increased by 3.0%, inclusive of all changes to salary schedules.
- Realignment of workforce to reflect current enrollment and needs resulted in a net reduction of total salary expense, after increases, of \$294,349.
- Monthly medical premiums remained static; however, District contributions to the employee deductibles are projected to raise the total anticipated benefit expense for a total increase across health care premiums of \$489,065.
- Retirement benefit contributions are projected at \$541,597.
- School and department budgets were restored to their pre-2022 reduction levels and budgets for athletics and technology were increased to account for inflationary expense increases and replacement needs for classroom technology. After adjusting for the one time investment in student chromebooks made in 2022, and reductions made to certain contracts and other expenses that are no longer needed, the total general operating budgets for purchased services and supplies decreased by \$121,151 (3%).
- \$690,388 in ESSER funds will be leveraged for:
 - \$72,744 for summer school;
 - \$175,00 for substitute teachers;
 - \$88,800 to support the implementation of new phonics and math curriculum;
 - \$73,041 to support delivery of mental health services;
 - \$280,803 to support continuity of instruction by offsetting salary and benefit expense; and,
- Capital maintenance expenditures, as outlined in the 10-year capital maintenance plan, including \$350,000 in improvements to recreational facilities and \$650,408 in repairs and maintenance of other District properties.

The District's top five highest projected expenditures, excluding salaries and benefits, special education transfer, and items that are exempt from the revenue limit are:

- Open enrollment tuition payments for students enrolled in other Districts (\$320,736)
- Substitute teachers and aides (\$401,203)
- Property insurance (\$157,320)
- Repairs and maintenance (\$155,793)
- Worker's compensation insurance (\$152,244)

Within the general fund and across expense types, benefit expense increased the most by \$404,645, due to medical benefit increases, followed by purchased services which increased by a net of \$258,571, due primarily to increases in athletics, technology, and utilities.

II. General Operations, Fund Balance

The District maintains a fund balance as a safety net for unexpected events and has set a goal of increasing its fund balance over the next five years. The FY24 budget projects a year-end fund balance of \$7,211,048. This represents a much stronger financial position at 23% of the projected 2023-24 expenses for funds 10 and 27 than the District has experienced in previous years. With passage of the \$5.5M annual operating referendum, the District anticipated significant growth in fund balance in the first year (2023-24), followed by decreasing gains in the subsequent four years. The District anticipates careful management of the fund balance to ensure that it is maintained and used for non-recurring expenses, to reduce the need for operational debt, and to fuel program choices that help maintain a strong financial position.

III. Property Tax Levy

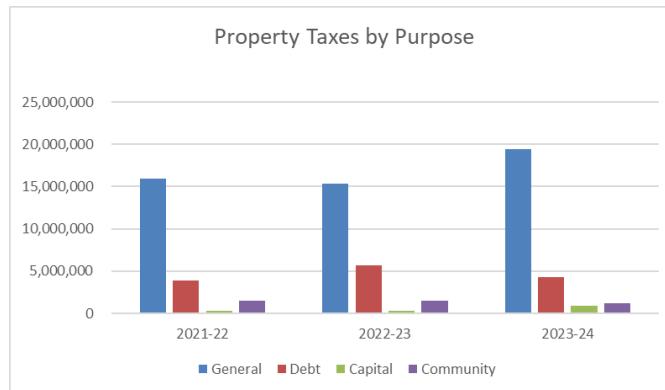
The budget anticipates a property tax increase of \$3,064,097 (13.4%) over the total current year levy. The increase is driven by the voter-approved operational referendum which provided for an increase to the revenue limit for purposes of operations and maintenance.

The equalized value amount for the Village of Shorewood is, for projection purposes, assumed at \$1.975 million. This represents an increase of 2.2%, or the average annual increase from 2017 through 2021. 2022 was omitted from the average calculation as a TID closure created a larger than typical increase in value. The chart below depicts the tax levy and the impact on the mill rate over time.

10 Year Tax Levy and Mill Rate History					
Fiscal Year		Tax Levy	Increase (Decrease)	Change	Equalized Mill Rate
2014-15	Actual	19,022,886			
2015-16	Actual	19,679,974	657,088	3.5%	13.88
2016-17	Actual	20,105,480	425,506	2.2%	13.88
2017-18	Actual	20,816,294	710,814	3.5%	13.88
2018-19	Actual	21,659,543	843,249	4.1%	13.88
2019-20	Actual	22,405,811	746,268	3.4%	14.07
2020-21	Actual	22,284,348	(121,463)	-0.5%	14.13
2021-22	Actual	21,665,147	(619,201)	-2.8%	13.40
2022-23	Actual	22,869,257	1,204,110	5.6%	11.84
2023-24	Proposed	25,933,354	3,064,097	13.4%	13.13

The tax levy supports educational and support programs (general operations), repayment of debt, capital projects and community services. Taxes for other than general operations are restricted to the specific purpose for which they are levied. As shown in the chart below, the levy is primarily for general operations.

2023-2024 represents a significant increase in general operating funds, which continues to represent the largest portion of the tax levy.



IV. State Aid

The State of Wisconsin shares in the costs of education based on three methods of revenue distribution. General Aid is direct property tax relief distributed to school districts in accordance with multiple formulae. Per Pupil Adjustment Aid is classified as a general-purpose aid and is used for operation and maintenance of school programs. Categorical Aid is based on performance of specific tasks or providing specific programs and is restricted to the specific purpose for which it is intended.

State Aid by Category					
Fiscal Year	General Aid	Per Pupil Aid	Categorical Aid	Total State Aid	Increase (Decrease)
2011-12	3,633,592	0	808,602	4,442,194	
2012-13	4,870,290	82,800	818,009	5,771,099	1,328,905
2013-14	5,143,964	126,225	815,378	6,085,567	314,468
2014-15	5,039,363	256,200	919,545	6,215,108	129,541
2015-16	5,367,323	268,650	951,145	6,587,118	372,010
2016-17	5,641,758	458,250	963,561	7,063,569	476,451
2017-18	6,131,376	840,150	1,041,050	8,012,576	949,007
2018-19	5,824,659	1,226,250	1,403,679	8,454,588	442,012
2019-20	5,390,317	1,386,056	1,129,249	7,905,622	(548,966)
2020-21	6,396,264	1,348,956	1,136,122	8,881,342	975,720
2021-22	6,340,962	1,314,824	1,169,809	8,825,595	(55,747)
2022-23	6,654,148	1,271,945	1,227,677	9,153,770	328,175
2023-24	6,364,812	1,275,498	1,133,814	8,774,124	(379,646)

The table above shows the amount of aid received in each of the three classifications since the 2011-12 school year. State aid increased every year until 2019-20 and has been less predictable since then. Per pupil aid is projected to remain relatively stable for next year, while general and categorical aid are projected to decrease slightly.

V. Other Budget Information

Revenue Limits

The State of Wisconsin limits the amount of revenue public schools generate through the combination of state general aid and the property tax levy. This limitation is referred to as “Revenue Limits”. The proposed budget includes \$5.5M in additional allowed revenue limit. The per student revenue amount is not projected to increase. While the state legislature may approve an increase, the District currently has a “hold harmless” allowance in the projected revenue limit formula which would decrease if the per pupil amount increases. These are anticipated to largely offset with no significant benefit to the District of an increase in 2023-24.

Student Membership and Enrollment

Student membership refers to the number of students that the District counts for the purpose of calculating the revenue limit, which includes all full time, resident students who attend Shorewood schools as well as Shorewood residents who attend other public-school districts in Wisconsin through the open enrollment option. The District also counts part time students, such as K4 and summer school, although they do not each count as a full-time student.

Membership used in the revenue limit formula for 2023-24 is 1,694, a decline from the prior year of 25 students. The formula uses a rolling 3-year average to smooth out the financial impact of a material change, such as experienced here. The table at the end of this section reports the 3-year average.

Enrollment is the number of students that are educated in a District school and may include students from other school districts. Enrollment is important in determining the resources needed, such as space, instructional materials, and number of staff. Whereas membership determines revenue, enrollment determines costs.

School funding formulae reallocate funds from one district to another for the number of non-resident students in each school district. Therefore, for budget purposes, the District must monitor both membership and enrollment. The table below shows the 3-year rolling average membership has been declining since 2018-2019. Total enrollment has been buffered by open enrollment.

10 Year Membership and Enrollment History					
Year	Revenue Limit Members *	Member Change	Enroll	Enroll Change	Enroll Over (Under) Members
2014-15	1,728		2,011		283
2015-16	1,771	43	2,026	15	255
2016-17	1,832	61	2,042	16	210
2017-18	1,867	35	2,020	(22)	153
2018-19	1,878	11	1,930	(90)	52
2019-20	1,868	(10)	1,942	12	74
2020-21	1,818	(50)	1,889	(53)	71
2021-22	1,774	(44)	1,915	26	141
2022-23	1,719	(55)	1,933	18	214
2023-24	1,694	(25)	1,911	(22)	217

* Rolling 3-year average membership

Energy Efficiency Exemption

The Board of Education approved upgrades to electrical, heating, ventilating, air conditioning and lighting systems under a provision of state law that allows the repayment of the debt for these upgrades to be exempt from the revenue limit. The following report provides information on utility cost savings because of this project, through the last reporting date of November 30, 2022.

ENERGY EFFICIENCY EXEMPTION			
§ 121.91 (4) (o) Revenue Limit Exemption for Energy Efficiencies-Evaluation of the Energy Performance Indicator			
Name of Qualified Contractor	Honeywell ESG		
Performance Contract Length (years)			15
Total Project Cost (including financing)			\$6,014,876
Total Project Payback Period			40
Years of Debt Payments			15
Remaining Useful Life of the Facility			50
Prior Year Resolution Expense Amount	Fiscal Year	2021-2022	\$552,423
Prior Year Related Expense Amount or CY debt levy	Fiscal Year	2021-2022	\$599,848
Utility Savings applied in Prior Year to Debt	Fiscal Year	2021-2022	\$159,474
Sum of reported Utility Savings to be applied to Debt			\$ 249,203
		Savings Reported for 2020	
Specific Energy Efficiency Measure or Products	Project Cost Including Financing	Utility Cost Savings	Non-Utility Cost Savings
Annual KWh electric savings		\$ 156,135	
Annual MMBtu gas savings		\$ 77,116	
Annual CCF water savings		\$ 15,952	

Outstanding Long-term Debt

The amount of long-term debt that a school district is permitted to issue is limited to 10% of equalized value. The following tables report debts for which there is a balance outstanding and the calculation of the margin of indebtedness. Credit rating firms consider the margin as one of the factors in assigning a credit rating to the District. Shorewood outstanding debt is 3%, well

below the allowable amount.

Outstanding Long-term Debt					
Type	Original Amount	Issue Date	Interest Rates	Date of Maturity	Balance as of 6/30/23
Taxable G. O. Refunding Bonds	5,055,000	4/1/2015		4/1/2035	\$ 3,090,000
G. O. School Improvement Bonds	40,000,000	7/1/2019		4/1/2039	\$ 31,200,000
G. O. School Improvement Bonds	3,875,000	7/6/21		10/01/2028	\$ 3,330,000
Bond Anticipation Notes	25,000,000	7/6/2021		6/12/2023	\$ -
General Obligation Refunding Bond	22,110,000	5/30/2023			\$ 22,110,000
					\$ 59,730,000

Debt Margin 6/30/2023	
Equalized value	1,932,192,151
Allowable debt marging	10%
Allowable debt	193,219,215
Outstanding long-term debt	59,730,000
Margin of indebttness	133,489,215
	3%

VI. Budget Publication

The DPI has established standard formatting for the publication of budgets and a recommended format for approval by the Board of Education. The required publication standard will be followed when the original budget is published in the local newspaper. The recommended budget adoption format is displayed below.

Budgets are estimates based on information available at the time of development and will change as additional facts and circumstances necessitate. Interpretation of budgets without an understanding of the programs and activities operated by the District and the federal and state rules and regulations can lead to erroneous conclusions.

For more information about this budget or the school district in general please refer to our web site, <https://www.shorewood.k12.wi.us/>.

PRELIMINARY BUDGET 2023-24 *			
GENERAL FUND (FUND 10)	Audited 2021-22	Budget 2022-23	Budget 2023-24
Beginning Fund Balance (Account 930 000)	2,680,051	3,418,636	3,898,045
Ending Fund Balance, Unassigned (Acct. 939 000)	2,680,051	3,898,045	7,211,408
TOTAL ENDING FUND BALANCE (ACCT. 930 000)	3,418,636	3,898,045	7,211,408
REVENUES & OTHER FINANCING SOURCES			
<i>Local Sources</i>			
210 Taxes	16,665,979	15,353,032	19,228,056
260 Non-Capital Sales	23,733	3,940	7,650
270 School Activity Income	104,590	0	25,000
280 Interest on Investments	15,924	150,000	84,409
290 Other Revenue, Local Sources	455,736	460,299	425,035
Subtotal Local Sources	17,265,962	15,967,271	19,770,151
<i>Other School Districts Within Wisconsin</i>			
340 Payments for Services	1,493,031	1,819,390	1,887,408
Subtotal Other School Districts within Wisconsin	1,493,031	1,819,390	1,887,408
<i>State Sources</i>			
610 State Aid -- Categorical	456,092	354,359	340,307
620 State Aid -- General	5,959,758	6,356,951	6,071,003
630 DPI Special Project Grants	13,680	13,680	13,680
690 Other Revenue	1,319,016	1,304,316	1,298,533
Subtotal State Sources	7,748,546	8,029,306	7,723,523
<i>Federal Sources</i>			
730 DPI Special Project Grants	521,280	1,103,479	824,393
750 IASA Grants	248,256	198,123	205,983
780 Other Federal Revenue Through State	282,839	161,700	0
Subtotal Federal Sources	1,052,376	1,463,302	1,030,376
<i>Other Revenues</i>			
960 Adjustments	32,098	15,000	0
970 Refund of Disbursement	63,093	0	0
990 Miscellaneous	2,607	0	0
Subtotal Other Revenues	97,798	15,000	0
TOTAL REVENUES & OTHER FINANCING SOURCES	27,657,713	27,294,269	30,411,457

EXPENDITURES & OTHER FINANCING USES			
Instruction			
110 000 Undifferentiated Curriculum	5,234,012	5,060,535	5,012,285
120 000 Regular Curriculum	7,356,357	7,193,812	7,592,403
130 000 Vocational Curriculum	170,769	174,832	187,858
140 000 Physical Curriculum	748,070	658,053	566,033
160 000 Co-Curricular Activities	439,870	478,569	522,845
170 000 Other Special Needs	144,618	50,172	144,386
Subtotal Instruction	14,093,696	13,615,973	14,025,810
Support Sources			
210 000 Pupil Services	1,240,508	1,230,133	1,357,820
220 000 Instructional Staff Services	1,266,321	1,151,558	1,219,169
230 000 General Administration	659,035	812,911	723,607
240 000 School Building Administration	1,386,109	1,541,122	1,441,776
250 000 Business Administration	3,754,851	3,901,972	3,983,574
260 000 Central Services	281,651	320,158	392,805
270 000 Insurance & Judgments	312,324	403,989	370,644
280 000 Debt Services	62,933	80,000	65,000
290 000 Other Support Services	262,495	245,273	119,140
Subtotal Support Sources	9,226,225	9,687,116	9,673,534
Non-Program Transactions			
410 000 Inter-fund Transfers	2,478,360	2,768,529	2,472,660
430 000 Instructional Service Payments	824,367	743,242	926,090
490 000 Other Non-Program Transactions	279,274	0	0
Subtotal Non-Program Transactions	3,582,001	3,511,771	3,398,750
TOTAL EXPENDITURES & OTHER FINANCING USES	26,901,921	26,814,860	27,098,095

SPECIAL PROJECT FUNDS (FUNDS 21, 23, 29)	Audited 2021-22	Budget 2022-23	Budget 2023-24
900 000 Beginning Fund Balance	47,018	601,014	497,464
900 000 Ending Fund Balance	335,557	497,464	647,204
REVENUES & OTHER FINANCING SOURCES	569,065	0	150,700
100 000 Instruction	217,995	153,646	960
200 000 Support Services	34,627	75,596	0
400 000 Non-Program Transactions	27,903	181,600	0
TOTAL EXPENDITURES & OTHER FINANCING USES	280,526	410,842	960

SPECIAL EDUCATION FUND (FUND 27)	Audited 2021-22	Budget 2022-23	Budget 2023-24
900 000 Beginning Fund Balance	0	0	0
900 000 Ending Fund Balance	0	0	0
REVENUES & OTHER FINANCING SOURCES			
100 Transfers-in	2,478,360	2,798,828	2,472,660
<i>State Sources</i>			
610 State Aid -- Categorical	1,099,185	1,052,190	997,101
690 Other Revenue	8,608	35,000	0
Subtotal State Sources	1,107,793	1,087,190	997,101
<i>Federal Sources</i>			
710 Federal Aid - Categorical	0	0	0
730 DPI Special Project Grants	468,930	443,865	366,375
780 Other Federal Revenue Through State	125,231	25,000	0
Subtotal Federal Sources	594,162	468,865	366,375
<i>Other Revenues</i>			
960 Adjustments	0	50,000	0
Subtotal Other Revenues	0	50,000	0
TOTAL REVENUES & OTHER FINANCING SOURCES	4,180,315	4,404,883	3,836,136

EXPENDITURES & OTHER FINANCING USES			
150 000 Special Education Curriculum	2,940,701	3,206,206	2,737,138
Subtotal Instruction	2,940,701	3,206,206	2,737,138
<i>Support Sources</i>			
210 000 Pupil Services	501,023	456,287	550,054
220 000 Instructional Staff Services	372,904	363,454	381,139
230 000 General Administration	63,768	45,874	35,601
250 000 Business Administration	42,841	25,000	3,000
290 000 Other Support Services	4,079	0	0
Subtotal Support Sources	985,990	890,615	969,795
430 000 Instructional Service Payments	253,624	308,061	129,203
Subtotal Non-Program Transactions	253,624	308,061	129,203
TOTAL EXPENDITURES & OTHER FINANCING USES	4,180,315	4,404,882	3,836,136

DEBT SERVICE FUND (FUNDS 38, 39)	Audited 2021-22	Budget 2022-23	Budget 2023-24
900 000 Beginning Fund Balance	2,653,197	3,447,956	4,853,941
900 000 ENDING FUND BALANCES	2,728,666	4,853,941	4,853,941
TOTAL REVENUES & OTHER FINANCING SOURCES	7,950,278	5,691,225	4,335,298
281 000 Long-Term Capital Debt	3,564,945	4,285,240	3,994,063
282 000 Refinancing	3,966,378	0	0
283 000 Operational Debt	0	0	0
285 000 Post Employment Benefit Debt	343,486	0	341,235
289 000 Other Long-Term General Obligation Debt	0	0	0
400 000 Non-Program Transactions	0	0	0
TOTAL EXPENDITURES & OTHER FINANCING USES	7,874,809	4,285,240	4,335,298
842 000 INDEBTEDNESS, END OF YEAR	65,530,000	59,730,000	57,575,000

CAPITAL PROJECTS FUND (FUNDS 41, 46, 48, 49)	Audited 2021-22	Budget 2022-23	Budget 2023-24
900 000 Beginning Fund Balance	35,789,409	9,791,175	2,071,216
900 000 Ending Fund Balance	5,136,089	2,071,216	2,045,808
TOTAL REVENUES & OTHER FINANCING SOURCES	25,643,072	275,200	875,000
100 000 Instructional Services	0	0	0
200 000 Support Services	21,699,667	7,995,159	900,408
300 000 Community Services	0	0	0
400 000 Non-Program Transactions	0	0	0
TOTAL EXPENDITURES & OTHER FINANCING USES	21,699,667	7,995,159	900,408

FOOD SERVICE FUND (FUND 50)	Audited 2021-22	Budget 2022-23	Budget 2023-24
900 000 Beginning Fund Balance	0	485,063	400,992
900 000 ENDING FUND BALANCE	409,652	400,992	300,432
TOTAL REVENUES & OTHER FINANCING SOURCES	944,278	393,905	518,000
200 000 Support Services	527,823	477,976	618,560
400 000 Non-Program Transactions	6,803	0	0
TOTAL EXPENDITURES & OTHER FINANCING USES	534,626	477,976	618,560

COMMUNITY SERVICE FUND (FUND 80)	Audited 2021-22	Budget 2022-23	Budget 2023-24
900 000 Beginning Fund Balance	481,026	1,034,150	1,023,144
900 000 ENDING FUND BALANCE	1,011,080	1,023,144	772,998
TOTAL REVENUES & OTHER FINANCING SOURCES	2,419,661	2,320,000	2,174,775
200 000 Support Services	543,153	671,070	981,252
300 000 Community Services	1,346,453	1,509,936	1,443,669
400 000 Non-Program Transactions	0	150,000	0
TOTAL EXPENDITURES & OTHER FINANCING USES	1,889,606	2,331,006	2,424,921