



2026-2027 Preliminary Budget (06-09-2026)

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 preliminary budget and reflect changes compared to the 25-26 original budget:

Revenue Assumptions

The following assumptions impact the District's largest revenue sources:

- \$325 increase per member increase in the revenue limit
- Decrease in equalization aid in alignment with forecasted assumptions for District and statewide property values and costs
- Decrease in projected payment for services based on projected enrollment changes
- No change to the per pupil rate
- State categorical aid reimbursement rate of 38% of eligible special education costs
- Increase in budgeted interest income in alignment with current and prior year actuals and an increase to the interest-earning fund balance

The table below details the budget amounts for Fiscal Year 2025-26 (FY26) and 2026-27 (FY27) in the District's largest individual revenue sources:

Revenue Source	2025-26	2026-27	Change
General Fund property tax levy	\$19,552,133	\$20,783,687	\$1,231,554
General state aid (equalization)	\$6,688,660	\$5,900,000	(\$788,660)
Open enrollment / inter-district	\$2,292,072	\$2,111,318	(\$180,754)
Per pupil aid	\$1,236,172	\$1,239,140	\$2,968
State categorical aid (special education)	\$1,403,390	\$1,412,784	\$9,394
Investment earnings	\$315,000	\$445,000	\$130,000

Across operating funds (F10/F27), revenue is expected to increase by \$647,643, or 1.8%.

Expense Assumptions

The following assumptions impact the District's largest expense items:

Salaries — +2.63% average wage increase

- Net salary investment of \$464,991, reflecting both salary and wage increases and staffing changes.

Benefits — +2.8% aggregate (\$196,273)

- Medical insurance: +4.17%
- Dental insurance premiums: +5%
- Retiree payouts: −\$123,935 (informed by FY25 audit retirement projections)
- Payroll taxes and WRS contributions: increased proportionally with salaries

Purchased Services — +3.4% aggregate

Categories with changes greater than \$25,000:

- Inter-district service payments: +\$44,240 (higher reimbursement rate)
- Repairs and maintenance: +\$44,240 (rising costs)
- Technology and software: +\$30,081 (rising costs)
- Private vendor contracts: −\$77,477 (largest reductions in instructional training tied to new curriculum implementation)

Materials and Equipment — −15% aggregate (−\$157,508)

Driven primarily by equipment (−\$153,089); the FY26 equipment budget was temporarily elevated to fund replacement of certain large items.

Capital Maintenance — \$1,576,820

Per the long-term capital improvement plan presented on 4/14/2026, the FY27 budget includes:

Item	Cost
Lake Bluff Elementary roof (partial replacement)	\$954,820
VHE pool boiler replacement	\$150,000
Tuckpointing (select areas, District-wide)	\$75,000
Lighting improvements, VHE pool	\$70,000
SHS tennis court resurfacing	\$77,000
Window repairs (select windows, SHS)	\$50,000
Camera server replacement and licensing	\$50,000
Miscellaneous high-need items	\$50,000
Concrete repairs (select areas, District-	\$35,000

wide)	
UPS battery backup (main server) replacement	\$25,000
Firewall hardware replacement	\$25,000
Athletic field maintenance	\$15,000
SHS track re-striping	\$11,000
Total	\$1,576,820

Also included in the budget is an allowance of \$202,400 for the replacement of two student vans and a set aside for future anticipated vehicle replacements.

The District's top five highest projected operating expenditures (Funds 10/27), excluding salaries and benefits, inter-fund transfers, and items that are exempt from the revenue limit are:

- Substitute teachers and aides (\$525,000)
- Electricity (\$434,000)
- Property insurance (\$308,046)
- Open enrollment tuition payments for students enrolled in other districts (\$264,571)
- Vehicle acquisition (\$202,400)

Inter-fund transfers increased by \$360,880 to account for increases in special education expenses and to build Fund 46 (Long Term Capital Improvement Fund). In line with the District's strategic priorities, the District is working to build a fund that covers 100% of 10-year essential infrastructure and quality maintenance needs.

Altogether, District expenses are expected to increase by \$715,697, which reflects an increase of 2.4%.

II. General Operations, Fund Balance

The District maintains a fund balance to support financial stability and long-term planning. This balance serves multiple purposes: it provides working capital to manage cash flow during the first seven months of the fiscal year, serves as a reserve for contingencies and emergencies, and includes set-asides for anticipated future needs. In 2022, strengthening the fund balance was established as a District goal as part of the operational referendum. The FY27 budget projects a year-end unassigned fund balance of \$15,062,425. An additional \$815,000 is assigned for specific future expenses, including health care and retirement.

III. Property Tax Levy

The budget anticipates a property tax increase of \$1,732,084 (6.7%) over the total current year levy, for a total of \$27,777,727. The increase is driven by the assumption that state aid will decrease compared to the FY26 amount, while the total revenue limit is increasing. The decrease in state aid combined with an increase in the revenue limit is responsible for approximately 70% of the increase. The remainder is primarily due to an increase in the debt service levy, which was temporarily decreased in FY26.

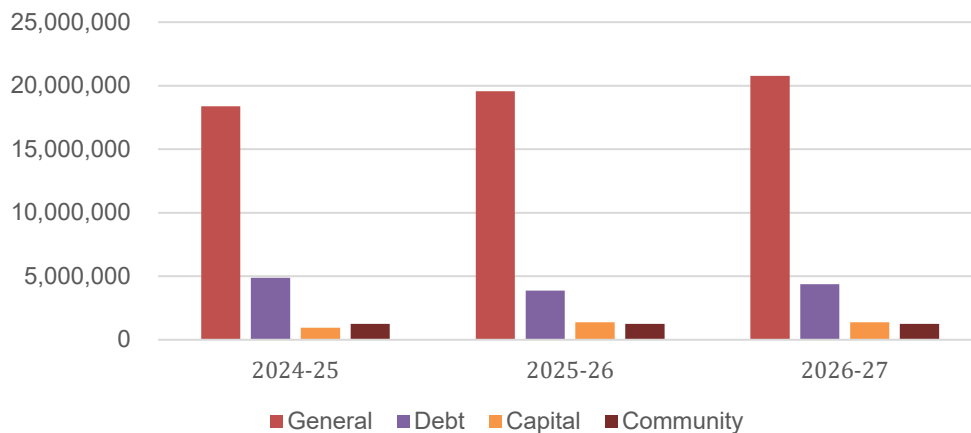
The equalized value amount for the Village of Shorewood is, for projection purposes, assumed to increase to \$2.683 million based on past trends. Once the new valuation is released, along with estimated and final state aid numbers, the District will update its proposed property tax

assessment and the chart below.

10 Year Tax Levy and Mill Rate History					
Fiscal Year		Tax Levy	Increase (Decrease)	Change	Equalized Mill Rate
2017-18	Actual	20,816,294			
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	Actual	26,224,272	3,355,015	14.7%	12.35
2024-25	Actual	25,445,521	(778,751)	-3.0%	11.26
2025-26	Actual	26,045,643	600,122	2.4%	11.00
2026-27	Actual	27,777,727	1,732,084	6.7%	10.35

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.

Property Taxes by Purpose



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 formulas. 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	6,657,039	1,276,240	1,220,491	9,153,770	328,175
2023-24	5,684,048	1,262,884	1,327,955	8,274,887	(878,883)
2024-25	8,059,913	1,248,044	1,483,208	10,791,165	2,516,278
2025-26	6,733,085	1,236,172	1,724,809	9,694,066	(1,097,099)
2026-27	5,912,371	1,239,140	1,665,514	8,817,025	(877,041)

The table above shows the amount of aid received in each of the three classifications since the 2011-12 school year. Per pupil and categorical aid are projected to remain relatively stable for next year, while general aid is projected to decrease.

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 preliminary budget includes a \$325 per student increase, which was included in the biennial state budget. Altogether, after adjusting for other revenue limit changes, the FY27 revenue limit is expected to increase by \$410,090 compared to FY26.

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 2026-27 is 1,666, a 4-student decline from the prior year. 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 formulas 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
2017-18	1,867		2,020		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	1,702	(17)	1,927	(6)	225
2024-25	1,684	(18)	1,917	(10)	233
2025-26	1,674	(10)	1,903	(14)	229
2026-27	1,670	(4)	1,896	(7)	226

* 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 resulting from this project, through the last reporting date of November 30, 2025.

ENERGY EFFICIENCY EXEMPTION			
§ 121.91 (4) (o) Revenue Limit Exemption for Energy Efficiencies-Evaluation of the Energy Performance Indicators			
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	2024-2025	\$595,625
Prior Year Related Expense Amount or CY debt levy	Fiscal Year	2023-2024	\$604,100
Utility Savings applied in Prior Year to Debt	Fiscal Year	2023-2024	\$159,474
Sum of reported Utility Savings to be applied to Debt			\$ 282,726
Savings Reported for 2025			
Specific Energy Efficiency Measure or Products	Project Cost Including Financing	Utility Cost Savings	Non-Utility Cost Savings
Annual KWh electric savings		\$ 190,018	
Annual MMBtu gas savings		\$ 74,790	
Annual CCF water savings		\$ 17,918	
Stipulated and Operational Savings			\$ 282,350
Entire Energy Efficiency Project Totals	\$ 6,014,879	\$ 282,726	\$ 282,350

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's outstanding debt is 2.2%, well below the allowable amount.

Outstanding Long-term Debt					
Type	Original Amount	Issue Date	Interest Rates	Date of Maturity	Balance as of 6/30/27
Taxable G. O. Refunding Bonds	5,055,000	4/1/2015		4/1/2035	\$ 2,350,000
G. O. School Improvement Bonds	40,000,000	7/1/2019		4/1/2039	\$ 26,690,000
G. O. School Improvement Bonds	3,875,000	7/6/21		10/01/2028	\$ 1,630,000
General Obligation Refunding Bond	22,110,000	5/30/2023		4/1/2043	\$ 22,110,000
					\$ 52,780,000

Debt Margin 6/30/2027	
Equalized value (2026 actual)	2,367,112,296
Allowable debt maring	10%
Allowable debt	236,711,230
Outstanding long-term debt	52,780,000
Margin of indebtness	183,931,230
	2.2%

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 budget is published in the local newspaper. The recommended budget adoption format is attached as "FY27 Preliminary Budget."

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 the District's website, <https://www.shorewood.k12.wi.us/>.

Attachment: FY27 Preliminary Budget