

# **Lake Country School District**



**Finance Committee Meeting**

**Friday, March 17<sup>th</sup> 2023**

# Agenda Items

- . Historical Budget Information for LCS
- . YTD Budget – Comparison to Annual Budget Approved in September of 2022
- . Budget Projections for 2023-24 School Year
- . Current Short Term Borrowing and Interest Rates
- . Health Insurance Update
- . Referendum Update – SiteLogiQ
- . State Representative Cindi Duchow Visit to Lake Country on 4/14/2023

# Budget Background Information



# Wisconsin School Funding

2002 – Wisconsin Rank in per pupil spending was #11 in the nation. 11% above the National Average.

2020 – Wisconsin Rank in per pupil spending is #25 in the nation. 5.6% below the National Average

This is the largest drop in rankings of any state – and this was before the 2021-23 funding freeze.

Data taken from US Census Bureau Ed Stats

# Fund Balance Explanation

Fund balance should not be considered to be a “savings account” whereby money stays in an account and used only if a withdrawal is made to pay a bill. Fund balance is a working account that is used daily to pay school district operating expenses when other revenues, like property taxes, state and federal aid, grants, etc. have not yet been received. Fund balance is the school district’s internal line of credit.

It is not uncommon for fund balance to be completely depleted during some months, or for operating expenses to be greater than the amount of fund balance available to pay them. In those instances, a school district must secure short-term borrowing (cash flow borrowing) to pay operating expenses. Short-term borrowing is repaid, with interest, when the school district receives its revenues. The interest paid on the borrowing is an operating expense of the district. The greater the amount of fund balance, the lesser the amount of cash flow borrowing needed and vice versa.

# **Fund Balance Explanation**

Fund Balance is an important part of a school district's financial analysis that influences bond rating.

Bond Rating – School's Credit Rating and determines interest rates on borrowing money – LCS currently borrows between \$1.5 and \$1.6 million/year at 3% interest.

**The use of Fund Balance to pay recurring operating expenses is viewed negatively in the Bond Rating Analysis**

# Short Term Borrowing at LCS

Year	2014-2015
Amount Borrowed	\$1,100,000
Interest Rate	0.72%
Total Interest	\$6,376
Year	2015-2016
Amount Borrowed	\$1,100,000
Interest Rate	0.68%
Total Interest	\$7,501
Year	2016-2017
Amount Borrowed	\$1,400,000
Interest Rate	0.83%
Total Interest	\$11,403
Year	2017-2018
Amount Borrowed	\$1,500,000
Interest Rate	1.04%
Total Interest	\$29,833
Year	2018-2019
Amount Borrowed	\$1,600,000
Interest Rate	3.00%
Total Interest	\$35,285

Year	2019-2020
Amount Borrowed	\$1,600,000
Interest Rate	2.00%
Total Interest	\$22,981
Year	2020-2021
Amount Borrowed	\$1,500,000
Interest Rate	0.95%
Total Interest	\$19,147
Year	2021-2022
Amount Borrowed	\$1,500,000
Interest Rate	1.50%
Total Interest	\$7,451
Year	2022-2023
Amount Borrowed	\$1,500,000
Interest Rate	3.60%
Total Interest	\$12,879



# Historical Approved Fund Balance use at Lake Country

Fund 10 Approved VS Actual Fund Balance Use		
<b>2014-2015</b>		
Approved Budgeted Fund Balance Use	\$0.00	
Actual Fund Balance Use/Addition	(\$58,474.00)	Used
<b>2015-2016</b>		
Approved Budgeted Fund Balance Use	(\$38,053.00)	
Actual Fund Balance Use/Addition	(\$122,445.00)	Used
<b>2016-2017</b>		
Approved Budgeted Fund Balance Use	(\$12,523.00)	
Actual Fund Balance Use/Addition	(\$60,494.00)	Used
<b>2017-2018</b>		
Approved Budgeted Fund Balance Use	(\$10,613.00)	
Actual Fund Balance Use/Addition	(\$78,027.00)	Used

<b>2018-2019</b>		
Approved Budgeted Fund Balance Use	(\$39,279.00)	
Actual Fund Balance Use/Addition	\$12,357.00	Added In
<b>2019-2020</b>		
Approved Budgeted Fund Balance Use	(\$40,691.00)	
Actual Fund Balance Use/Addition	\$45,479.00	Added In COVID Year
<b>2020-2021</b>		
Approved Budgeted Fund Balance Use	(\$41,350.00)	
Actual Fund Balance Use/Addition	(\$35,971.00)	Used
<b>2021-2022</b>		
Approved Budgeted Fund Balance Use	(\$44,206.00)	
Actual Fund Balance Use/Addition	(\$66,680.00)	Used



# Comparisons of Arrowhead Area School Districts Fund Balances

	Arrowhead		Hartland-Lakeside		Lake Country		Merton	
	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars
Committed	0.0%	0		\$536,588.51	0%		1.70%	\$62,461.25
Restricted	0.0%	0		\$36,681.93	0%		0.54%	\$19,798.99
Assigned	37.2%	4,099,429		\$0.00	0%			
Unassigned	62.8%	6,911,576		\$3,758,665.86	0%		97.77%	\$3,600,122.18
Total	100.0%	11,011,005		\$4,331,936.30	100%	794,765	100.00%	\$3,682,382.42
Percent of Annual (F10 Expenditure) Budget	35.9%		28.8%		10.57%		36.18%	

North Lake		Richmond		Stone Bank		Swallow	
Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars
0.00%	\$0	9.58%	\$262,000.00	0.00%	0	0.00%	\$0
3.15%	\$41,774			0.00%	0	0.28%	\$15,640
0.36%	\$4,745			0.00%	0	0.00%	\$0
96.49%	\$1,280,126	90.42%	\$2,473,064.00	0.00%	0	99.72%	\$5,476,909
	\$1,326,645	100.00%	\$2,735,064.00	100.00%	\$1,374,482	100%	\$5,492,549
28.70%		46.90%		29.00%		89%	

# Revenue Sources

Revenues	Budget Year 2022-2023
Property Tax	\$4,074,655
Open Enrollment	\$1,176,032
General (a.k.a. EQ) Aid	\$23,283
High Poverty Aid	\$0
State "SAGE"/ "AGR" Aid	\$0
Comp. and Pers. Property Aid	\$97,534
Per Pupil Categorical Aid (SCE 695)	\$265,636
Other State Categorical Aids	\$25,983
Federal Revenue (ESSER)	\$495,240
Other Revenue	\$118,350
Fund 10 Revenues	\$6,276,713

# ESSER Funding at Lake Country

Not an unlimited funding resource from the Federal Government

ESSER 1 was used for: We received \$40,000 in ESSER 1. We had to share \$26,573 with Private Schools. The rest was spent on cleaning, supplies, masks, sanitizing and other building needs for COVID safety.

ESSER 2 was used for: We have a total of \$213,393. \$20,224 was used towards 1:1 devices for the lower grade classrooms, \$19,776 was used for Clorox sprayers, touchless faucets, sanitizing stations and other COVID preparation items. \$38,500 was used to increase the Guidance Counselor to full time. The remaining \$134,893 is being allocated to the new boiler.

ESSER 3 was used for ... Boiler, AVMR Training, Clevertouch Boards and to fill as many budget gaps as possible for the 2022-2023 Budget year.

For the 2023-24 budget cycle we anticipate having approximately 25% of our Federal ESSER monies being carried forward. This equates to about \$114,000 and these monies are already allocated for trainings and staff.

# Special Education Budgetary Impact

Alternative Placement for students - can have significant costs

High Cost Claim students - You are able to recoup some of the money, however it is 2 years behind.

Federal Flow Through Monies are shared with 4 private schools for Speech and Language - **\$52,000** which accounts for approximately  $\frac{1}{3}$  of our Federal Funding

Additionally, State law requires that Fund 27 have a zero balance. We have to transfer aprox. **\$500,000** from Fund 10 to cover cost of Special Education.

## **Declining Enrollment Exemption**

Due to declining enrollment of our resident student population based on the 3rd Friday count. We received approximately \$80,000 from the State of Wisconsin.

If we would experience growth in our resident student population based on the 3rd Friday count we would have to “pay it back”. This is achieved through a decrease in the base tax levy for the next year.

# **Current Enrollment with Open Enrollment Students**







# Open Enrollment vs. Residency

Per pupil funding for resident student = \$11,293

Per pupil funding for Open Enrolled Student = \$8,224 (5K-8)

\$4,112 (4K)

Open Enrolled Student who qualifies for Special Education = \$13,076 (5K-8)

Currently Lake Country does not accept open enrollment of students with a documented IEP.

**A caution with open enrollment is to not have to hire staff to cover increased student population due to open enrollment.**

Resident Student - \$11,293

Revenue is tied to the tax Levy

Revenues Cover Expenses such as

Salaries  
Benefits  
Utilities  
Transportation

Open Enrolled Student - \$8,225

Revenue is based on a state formula

Revenues help cover the same expenses as a resident student.

The revenue does not follow individual students, it is applied to the same expenses as a resident students revenue.

## AAS Comparison of Open Enrollment and Class Sizes

School	Number of Sections/ Grade Level	Class Sizes	Percentage of Open Enrollment
Richmond	2	17-22 Max 25	11%
Swallow	2	19-22	19%
Stone Bank	2	13-22	20%
North Lake	2	14-22	33%
Merton	5	19-25	14.75%
Hartland Lakeside	Did Not Respond	Did Not Respond	Did Not respond
Lake Country	3	13-21	30%

## Historical Open Enrollment Trends at Lake Country

<b>Application Historical Trend</b>		
<b>Year</b>	<b>Applications Received IN</b>	<b>Applications Received OUT</b>
2017-2018	73	12
2018-2019	60	9
2019-2020	72	19
2020-2021	67	25
2021-2022	98	13
2022-2023	64	14

Applications received is not the number of seats. It does not take into account continuing open enrollment.

Average – 72 applications with with 2021 as the outlier.

Average – 67 applications with 2021 removed (5 years)

# Lake Country Expenses 2022-2023



# Lake Country Expenses 2022-2023

<b>Expenditures</b>	
Salaries	\$3,393,086
WRS	\$203,117
FICA	\$249,622
Health Insurance (obj 240s)	\$589,289
Other Benefits	\$137,603
<b><i>Total Salary and Benefits</i></b>	<b>\$4,572,717</b>
Open Enrollment	\$217,936
Voucher	\$0
Non-Capital and Capital Objects	\$401,916
Transfer to Fund 27	\$497,184
Transfer to Fund 50	\$0
Transfer to Fund 46	\$0
All Other Transfers	\$40,000
All Other Expenditures	\$642,712
<b>Fund 10 Expenditures</b>	<b>\$6,372,465</b>
Surplus (Deficit)	<b>(\$95,752)</b>

# Budget Projections 2023 and Beyond

- The projections are based on current information
- Assumes a flat rate for revenues 1% increase in tax levy only
- Removed the \$343,917 in ESSER Revenue
- Removed the \$159,000 boiler expense

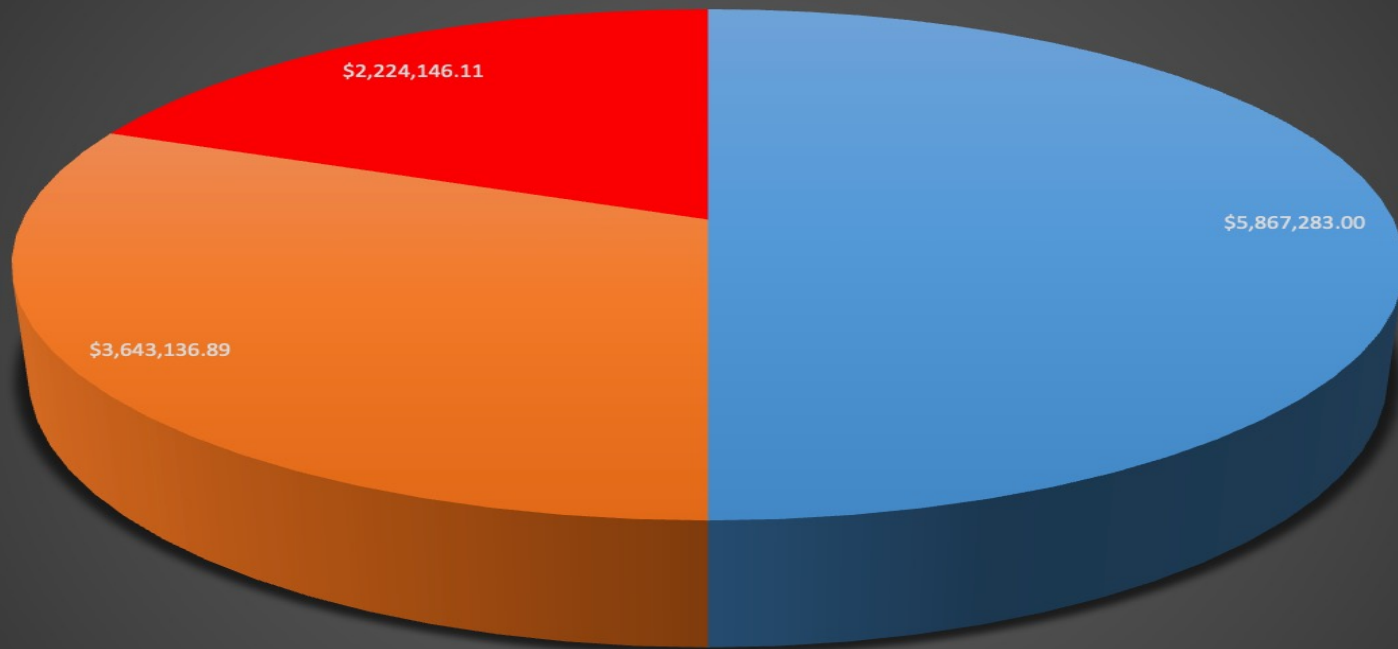
## Budgetary Factors

- Biennial Budget and State Legislature (Joint Finance Committee)
- Insurance Rates – 9% - 15% Increase
- Salary Increases – What is the CPI number?
- Operational Expenses ( Utilities, bussing, maintenance, etc...) possible 4%
- Resident Student population – Declining



# Current Fund 10 Budget – 2022/23

2022-2023 Current Fund 10 Usage



■ Original Budget ■ FYTD ■ Unexpended Bal

# 2023-2024 Budget Projections



# 3862 - Lake Country

## Fund 10 Summary

	Historical	Current Year	Budget Year	Forecast			
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028
<b>Revenues</b>							
Property Tax	\$3,974,475	\$4,074,655	\$4,074,655	\$3,923,012	\$3,925,535	\$3,927,680	\$3,929,509
Open Enrollment	\$1,252,813	\$1,176,032	\$1,176,032	\$1,176,032	\$1,176,032	\$1,176,032	\$1,176,032
General (a.k.a. EQ) Aid	\$27,392	\$23,283	\$23,283	\$16,822	\$14,299	\$12,154	\$10,331
High Poverty Aid	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State "SAGE"/"AGR" Aid	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Comp. and Pers. Property Aid	\$97,534	\$97,534	\$97,534	\$97,534	\$97,534	\$97,534	\$97,534
Per Pupil Categorical Aid (SCE 695)*	\$266,378	\$265,636	\$265,636	\$260,442	\$260,442	\$260,442	\$260,442
Other State Categorical Aids	\$38,334	\$25,983	\$25,983	\$25,983	\$25,983	\$25,983	\$25,983
Federal Revenue	\$166,568	\$495,240	\$151,802	\$151,802	\$151,802	\$151,802	\$151,802
Other Revenue	\$166,354	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350
<b>Fund 10 Revenues</b>	<b>\$5,989,847</b>	<b>\$6,276,713</b>	<b>\$5,933,275</b>	<b>\$5,769,977</b>	<b>\$5,769,977</b>	<b>\$5,769,977</b>	<b>\$5,769,983</b>
<b>Expenditures</b>							
Salaries	\$3,303,366	\$3,331,859	\$3,159,984	\$3,297,987	\$3,297,987	\$3,297,987	\$3,297,987
WRS	\$208,307	\$201,152	\$199,326	\$208,031	\$208,031	\$208,031	\$208,031
FICA	\$239,891	\$240,949	\$253,274	\$264,335	\$264,335	\$264,335	\$264,335
Health Insurance (obj 240s)	\$536,289	\$683,851	\$695,148	\$695,148	\$695,148	\$695,148	\$695,148
Other Benefits	\$148,429	\$144,108	\$283,785	\$283,785	\$283,785	\$283,785	\$283,785
<b>Total Salary and Benefits</b>	<b>\$4,436,281</b>	<b>\$4,601,919</b>	<b>\$4,591,517</b>	<b>\$4,749,286</b>	<b>\$4,749,286</b>	<b>\$4,749,286</b>	<b>\$4,749,286</b>
Open Enrollment	\$207,065	\$217,936	\$222,048	\$222,048	\$222,048	\$222,048	\$222,048
Voucher	\$33,853	\$0	\$0	\$50,872	\$50,872	\$50,872	\$50,872
Non-Capital and Capital Objects	\$273,802	\$401,916	\$222,321	\$222,321	\$222,321	\$222,321	\$222,321
Transfer to Fund 27	\$404,661	\$497,184	\$502,153	\$430,056	\$430,056	\$430,056	\$430,056
Transfer to Fund 50	\$0	\$0	\$0	\$0	\$0	\$0	\$14,200
Transfer to Fund 46	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Other Transfers	\$4,886	\$0	\$0	\$0	\$0	\$0	\$0
All Other Expenditures	\$706,981	\$645,512	\$658,490	\$677,018	\$677,018	\$677,018	\$677,018
<b>Fund 10 Expenditures</b>	<b>\$6,067,529</b>	<b>\$6,364,467</b>	<b>\$6,196,529</b>	<b>\$6,351,601</b>	<b>\$6,351,601</b>	<b>\$6,351,601</b>	<b>\$6,365,801</b>
Surplus (Deficit)	(\$77,682)	(\$95,752)	(\$263,254)	(\$581,624)	(\$581,624)	(\$581,624)	(\$595,818)
% Change		23.26%	174.93%	120.94%	0.00%	0.00%	2.44%
Salary and Benefits as % of Expenditures	73.1%	72.3%	74.1%	74.8%	74.8%	74.8%	74.6%
Salary and Benefits as % of Revenue	74.1%	73.3%	77.4%	82.3%	82.3%	82.3%	82.3%
<b>Fund Balance</b>	<b>\$794,765</b>	<b>\$699,113</b>	<b>\$435,859</b>	<b>(\$145,765)</b>	<b>(\$727,389)</b>	<b>(\$1,309,013)</b>	<b>(\$1,904,831)</b>
Fund Balance as % of Expenditures	13.10%	10.98%	7.03%	-2.29%	-11.45%	-20.61%	-29.92%

# Health Insurance Update

- 10 School Co-Op: Arrowhead, Pewaukee, Hartford J1, and AHS Feeder Schools
- Arrowhead, Pewaukee, and Hartford are Leaving Co-Op = Significant effect on renewal rates
- Current Plan Designs are increasing Co-Insurance to 20%.
- Out of Pocket Exposures increase significantly for single and family plans
- Lake Country is looking for other benefits options outside of the remaining Co-Op member

# Referendum Update

Community Engagement meeting with SiteLogiQ took place Thursday.

SiteLogiQ Building assessment team will be on site shortly after spring break.

# **State Representative Visit**

Cindi Duchow will be at Lake Country on Friday, April 14<sup>th</sup> to tour our school.