

School District of Hartford Jt1  
2018-19 Annual Meeting  
Budget Hearing



# 2018-19 Budgeted Revenues

	<u>2017-18</u>	<u>2018-19</u>
• Fund 10	\$ 22,600,466	\$ 22,778,525
• Fund 27	\$ 3,375,248	\$ 3,614,622
• Fund 38	\$ 1,086,553	\$ 1,460,219
• Fund 39	\$ 303,175	\$ 242,973
• Fund 50	\$ 881,959	\$ 827,958
• Fund 80	\$ 111,025	\$ 310,094
All Funds**	\$ 26,320,029	\$ 26,952,270

\*\* Adjusted for Fund 10-27 Transfer

# 2018-19 Budget Calendar

- Budget development process began in October, 2017 following the adoption of the final 2017-18 budget/tax levy. Five year long range financial model updated and enrollment projections for 2018-23 were created.
- June, 2018- Board of Education adopted 2018-19 preliminary budget.
- September 21, 2018- Third Friday count to establish 2018-19 revenue limit.
- September 18, 2018- Annual Meeting
- October 15, 2018- Final state equalization aid certified.
- October 30, 2018- Board of Education adopts final budget/tax levy.

# 2018-19 Major General Fund Revenue Sources

- State Equalization Aid	\$ 11,558,402	51%
- Local Property Taxes	\$ 8,081,962	35%
- SAGE/AGR Funding	\$ 600,000	3%
- State Categorical Aid	\$ 1,315,194	6%
- Federal Funds	\$ 224,675	1%
- Open Enrollment (IN)	\$ 408,883	2%
- Student Fees	\$ 104,000	1%
- Common School Fund	\$ 76,688	1%
- Shared Services Revenue	\$ 139,042	1%
- Other	\$ 73,708	1%
<b>Totals</b>	<b>\$ 22,778,525</b>	

# 2018-19 Major Changes in Revenue

- **Wisconsin State Legislature (Joint Finance Committee) has approved a \$204 increase per pupil in state categorical aid**
- Student FTE (for revenue purposes) increasing from 2,012 to 2,016 based on the 3 year average of third Friday count
- Increase in open enrollment revenue (amount per pupil has increased by approximately \$317/student)
- School Safety Grant of \$65,087
- Investment Income increasing due to higher interest rates
- Wisconsin Parental Choice Program Levy increased to \$112,710 (in/out transfer with no impact on Hartford Jt1 operational budget)

# District Shared Services

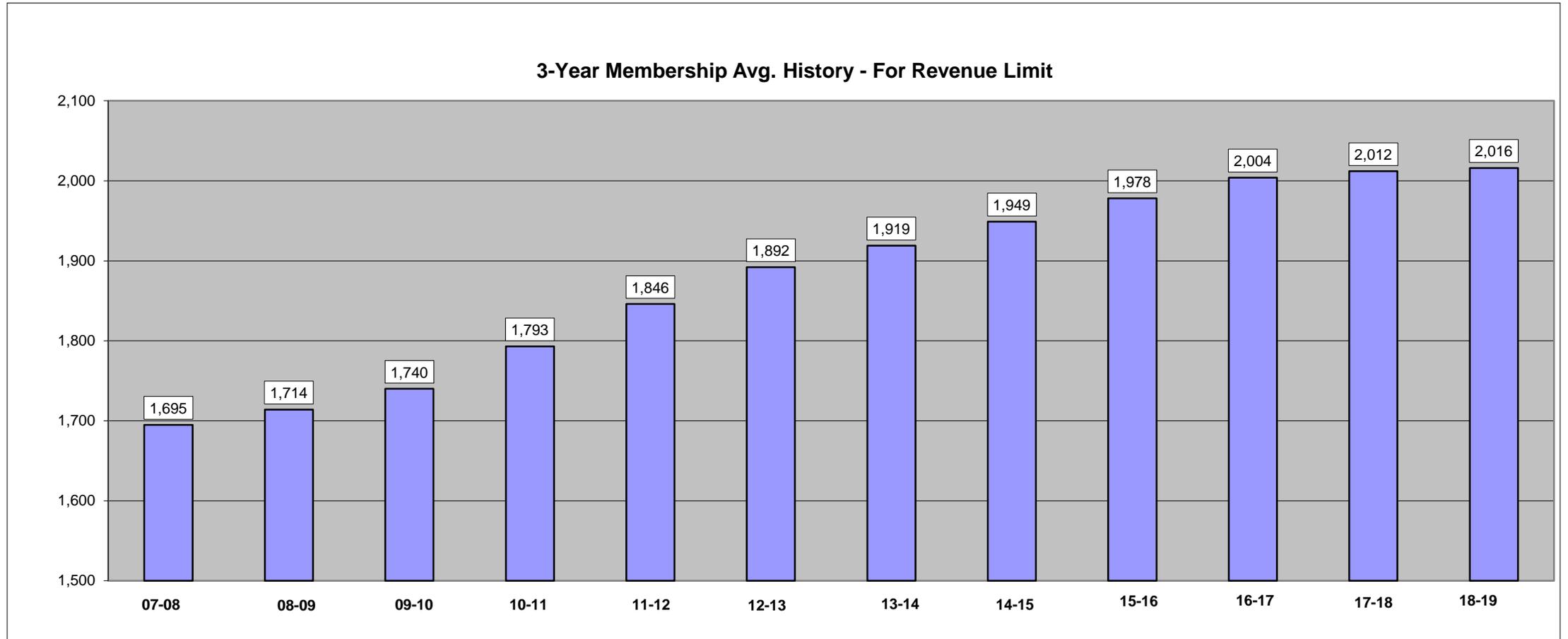
- The District generates over **\$120,000 in shared services revenue** by partnering with regional school districts, private schools, and local units of government to share technology, food service, and transportation.
- We have agreements with the Holy Hill School District, Erin School District, Herman-Rubicon-Honor School District, Peace Lutheran, St. Kilian Catholic School, St. Frances Cabrini Catholic School, and the City of Hartford.
- The District also partners with with 9 regional school districts in the Waukesha Area Schools Health Cooperative which give us the buying power of an 11,500 student school district which would be within the top 10 biggest in the State of Wisconsin.

# Historical Changes in Per Pupil Funding since 2012

- 2012-13 School Year + \$50 Revenue Limit + \$50 Categorical = \$100 total
- 2013-14 School Year + \$75 Revenue Limit + \$25 Categorical = \$100 total
- 2014-15 School Year + \$75 Revenue Limit + \$75 Categorical = \$150 total
- 2015-16 School Year + \$ 0 Revenue Limit + \$ 0 Categorical = \$ 0 total
- 2016-17 School Year + \$ 0 Revenue Limit + \$100 Categorical = \$100 total
- 2017-18 School Year + \$ 0 Revenue Limit + \$200 Categorical = \$200 total
- **2018-19 School Year + \$ 0 Revenue Limit + \$204 Categorical = \$204 total**
- **2019-20 and 2020-21 School Years (Projected at \$100/student/year for long range budgeting purposes)**

2017-18 and 2018-19 as approved by the Joint Finance Committee (9/13/2017) and Governor.

# District Enrollment Growth from 2,012 FTE to 2,018 FTE



# Revenue Limit Authority by Student

• Hartford Union High School	\$11,167
• State Average	\$10,200
• Germantown	\$10,139
• Herman-Neosho-Rubicon	\$9,914
• Holy Hill	\$9,897
• Erin	\$9,748
• <b>Hartford Jt1</b>	<b>\$9,717</b>
• Kewaskum	\$9,438
• Slinger	\$9,400
• West Bend	\$9,400

# 2018-19 Budgeted Expenses

	<u>2017-18</u>	<u>2018-19</u>
• Fund 10	\$ 22,409,149	\$ 22,778,525
• Fund 27	\$ 3,375,248	\$ 3,614,622
• Fund 38	\$ 1,093,595	\$ 1,024,480
• Fund 39	\$ 663,998	\$ 662,873
• Fund 50	\$ 875,760	\$ 827,958
• Fund 80	\$ 31,203	\$ 310,094
All Funds**	\$ 26,410,556	\$ 26,936,431

- \*\* Adjusted for Fund 10-27 Transfer

# 2018-19 Expenses by Type

	<u>2017-18</u>	<u>2018-19</u>
• Salaries	\$ 10,196,915	\$ 10,755,163
• Benefits	\$ 5,592,490	\$ 5,022,169
• Fund 73	\$ 230,264	\$ 0
• Purchased Services	\$ 5,772,435	\$ 6,117,968
• Supplies/Materials	\$ 931,989	\$ 1,007,630
• Equipment	\$ 133,808	\$ 112,500
• Insurance	\$ 153,471	\$ 206,240
• Fund Transfers	\$ 2,991,083	\$ 3,177,002

# Health Insurance Engagement

- School District of Hartford Jt1 joined the Waukesha Area Schools Health Cooperative in 2011.
- Since Act 10, the cooperative has consistently bid our insurance contract to maintain benefits and reduce/maintain costs. We switched carriers in 2011, 2016 and again in 2018.
- After initial savings of 16.7%, the **District has averaged a 1.61% renewal since 2012.**
- **The District's health insurance premium cost** (district contribution per family plan) **is 21.5% lower in 2018-19 than 2010-11.**
- **89.1% of District employees who take health insurance program are engaged with Vitality consumerism/wellness initiative.**
- **Base premium contribution of 21% is comparable to private sector.**

# General Fund Spending 2006-07 to 2018-19

- Spending per student in 2006-07 was \$9,836.80
- Spending per student for 2018-19 is \$11,298.87
- This represents an increase of 14.9% over the past 12 years (1.17% per year)
- Inflation from 2006 to 2018 is 29.5%
- **Spending per student has been ½ the rate of inflation for the past 12 years.**
- Student growth has been 16.9% during that 12 year time period

## Washington Cty Spending Per Student 2017-18 (DPI Shared Costs)

• Herman-Neosho-Rubicon	\$ 13,134
• Richfield	\$ 13,123
• Friess Lake	\$ 12,865
• Germantown	\$ 11,379
• State Average	\$ 10,979
• Hartford Union High School	\$ 10,854
• Kewaskum	\$ 10,579
• <b>Hartford Jt1</b>	<b>\$ 10,423</b>
• West Bend	\$ 10,062
• Slinger	\$ 9,941
• Erin	\$ 9,932

# 2018-19 Property Taxes



**Based on a 2.32% increase in fair market value (FMV), we project the mill rate will decrease from \$5.99 per \$1,000 to \$5.98 per \$1,000.**

# Hartford Jt1- A legacy of tax relief

- 2018-19 is projected to be the **8<sup>th</sup> consecutive year** that Hartford Jt1 reduces property taxes for local residents.

• 2012-13 Levy	\$9,534,879	\$6.93 Mill Rate
• 2013-14 Levy	\$9,509,879	\$6.78 Mill Rate
• 2014-15 Levy	\$9,508,676	\$6.52 Mill Rate
• 2015-16 Levy	\$9,459,953	\$6.52 Mill Rate
• 2016-17 Levy	\$9,730,801	\$6.27 Mill Rate
• 2017-18 Levy	\$9,788,739	\$5.99 Mill Rate
• <b>2018-19 Levy</b>	<b>\$9,997,988</b>	<b>\$5.98 Mill Rate</b>

\*16-17, 17-18, and 18-19 levy increases were offset by significant new construction within the District. As our property value growth outpaces the state growth, the state funding formula reduces state aid and shifts additional costs to the local tax base. We have carefully monitored/budgeted this to avoid any increase in property taxes for local taxpayers. The 2018-19 levy also includes an increase in the 2018-19 expenses for the Wisconsin Parental Choice Program (WPCP) that could generate additional state aid in 2019-10

# Overall District Financial Health 6/30/2018

- Current liability for OPEB Benefits as of 6/30/2018 has been completely eliminated. Any new liability is now paid for in year incurred.
- **District has saved \$2,921,097** in the Fund 46 Capital Improvement Trust (can be utilized after 6/30/2021). A deposit is budgeted for 2018-19.
- **Fund Balance of \$5,057,393** which is 22.2% of projected 2018-19 General Fund (10) spending
- District **decreased** annual cash flow **borrowing** from **\$4.4 million** in 2010-11 to **\$2.1 million** in 2017-18 and will be using a line of credit in 2018-19.
- District Fund Balance would need to reach approximately \$5.5 million dollars (25%) of the operating budget to avoid cash flow borrowing.

# District Long Term Debt

- Total General Obligation Debt on 6/30/2018 of \$7,335,000
- Maximum School District Debt Capacity is \$83.6 million dollars
- **District maintains a Moody's Bond Rating of AA3**
- **All current debt is projected to be retired by 6/30/2026**
- **The District continues to pre-pay debt when the budget allows and as a means of keeping property taxes stable and decreasing.**
- District maintains a long term facilities management plan to address critical needs and use the resources and current tax levy available to address needs to mitigate against future need to raise taxes.

# Long Term Financial Outlook

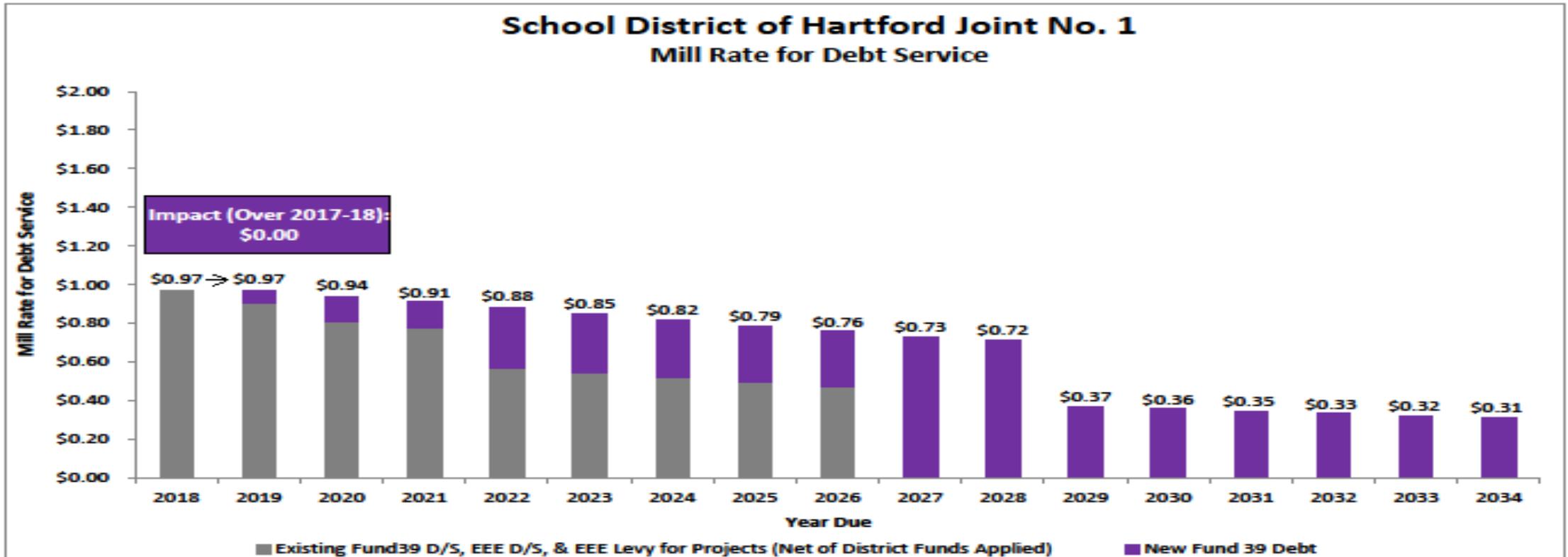
- District is conservatively positioned for 2018-19. The District has \$894,881 deposits to Fund 46 budgeted and is working to prepay some Fund 38 debt.. These funds reduce future liabilities for benefits and for capital projects/facility needs and also preserve a funding source for critical district instructional programs in the event of a financial downturn.
- The proposed November, 2018 referendum would not increase taxes. If adopted by Hartford Jt1 voters, tax rates would remain stable and the District would add operational capacity.
- District continues to pre-pay debt and eliminate financial liabilities to present or future employees by paying for any new spending when it is authorized versus taking on unsustainable debt for the future.
- District maintains the resources necessary to be competitive in retaining and attracting high quality professional and support staff.



# Referendum Facts

- Since the 2002-03 School Year, district enrollment has grown from 1,508 students to 2,012 students. This is an average of 33.6 students/year.
- The District is projecting a significant reduction in debt service making this the ideal time to address capacity needs for future enrollment.
- The District projects facility needs in the future and this project will allow us to keep property taxes stable and avoid future increases while also reducing the cost of future needs by adding capacity in 2019.
- The District has reduced property taxes for eight consecutive years and would project to continue that trend even with the passage of the referendum.

# Referendum Property Tax Impact



**Assumptions:**

- Existing debt is net of QECB subsidy and 2017-18 measured utility savings of \$9,302. Subsidy reduced by 6.6% in 2018 & 6.2% in 2019. Assumes 6.2% subsidy reduction 2019-2025 (Sequestration). Assumes annual measured utility savings of \$9,302.
- Mill rate for debt service represents projected levy for debt service. District may levy additional in certain years to be used for payment of future debt service.
- Mill rate based on 2017 Equalized Valuation (TID-OUT) of \$1,634,180,144 with annual growth of 1.00% for one year and 0.00%.
- The impact represents the change in Fund 39 mill rate over the 2017-18 mill rate for Fund 39 debt service, EEE debt service (net of estimated utility savings), & EEE levy for projects of \$0.97. If the referendum were to pass, the 2018-19 mill rate for Fund 39 debt service & EEE debt service (net of estimated utility savings) is projected to remain at \$0.97.