



COMMUNITY REFERENDUM PRESENTATION

February 15, 2023

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2023 OPERATIONAL REFERENDUM

Dave Karrels, Superintendent

Josh McDaniel, Director of Business Services



MEETING GOALS

- **Build Understanding:**
 - Wisconsin public school funding - ***the fundamentals***
 - Northern Ozaukee School District budget - ***the facts***
 - Northern Ozaukee School District budget projections - ***the future***
- **Discuss Operational Referendum** and outline our vision for the future
- **Open Opportunity for Questions**

NORTHERN OZAUKEE SCHOOL DISTRICT

MISSION | Our Purpose

To educate young men and women to develop strong character and to prepare them for the future.

CORE VALUES | Our Words & Actions

Respect. Responsibility. Integrity. Citizenship. Honesty. Teamwork.

STRATEGIC GOALS | Our Direction

#2: Efficient and effective use of resources.

VISION | Our Future...

To pursue excellence at all levels in our district.





SCHOOL FUNDING

THE FUNDAMENTALS

WISCONSIN PUBLIC SCHOOL FUNDING - OUR HISTORY

1993 | REVENUE LIMIT ESTABLISHED to control rise in local property taxes.



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REVENUE LIMIT | FORMULA

**STUDENT
MEMBERSHIP**

[3-YEAR AVERAGE]

750 Students



**PER PUPIL
REVENUE**

[STATE SETS LIMIT]

\$10,000/Student

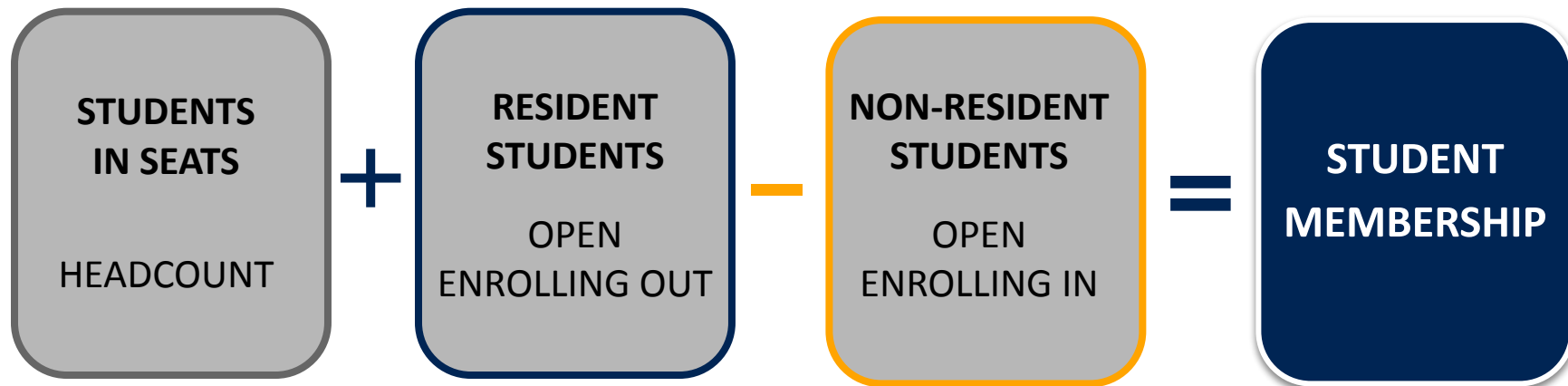


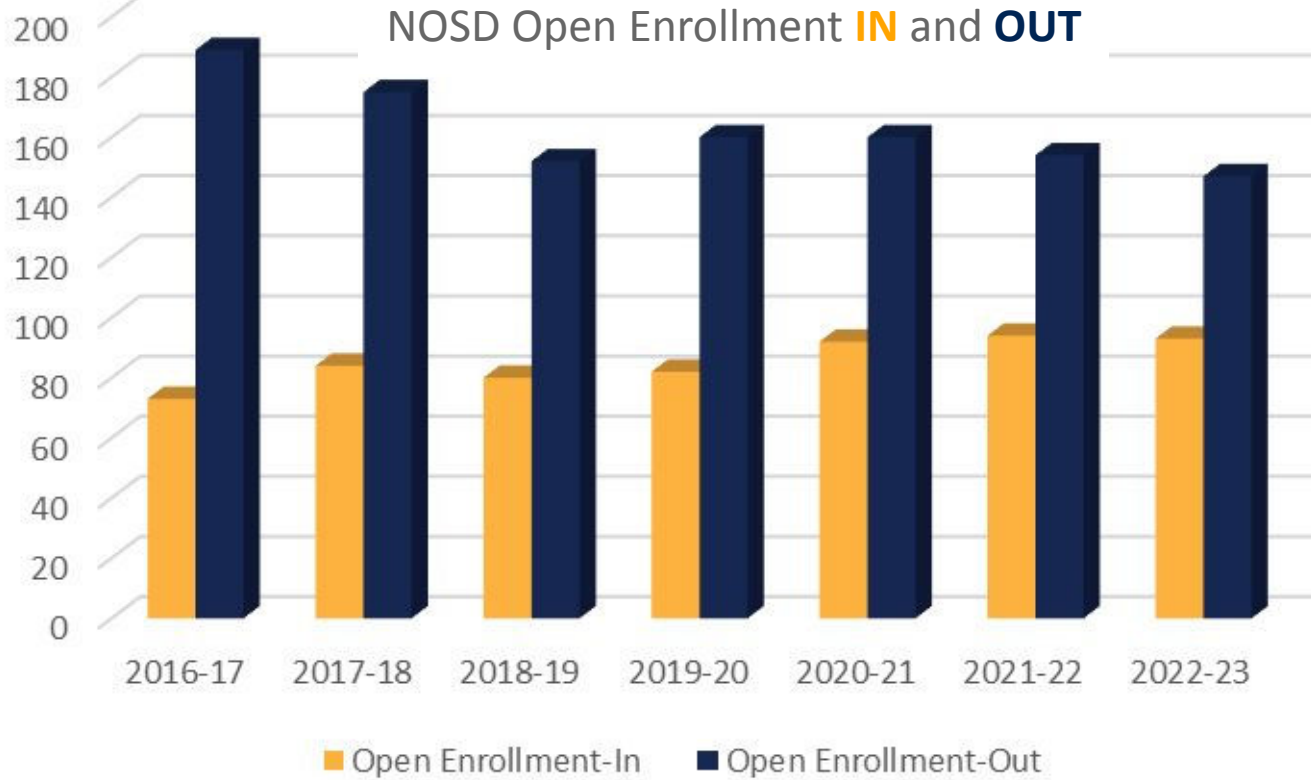
**REVENUE
LIMIT**

\$7,500,000

REVENUE LIMIT | **STUDENT MEMBERSHIP**

REVENUE LIMIT is based on the per pupil revenue limit (established by the state) multiplied by **STUDENT MEMBERSHIP**.



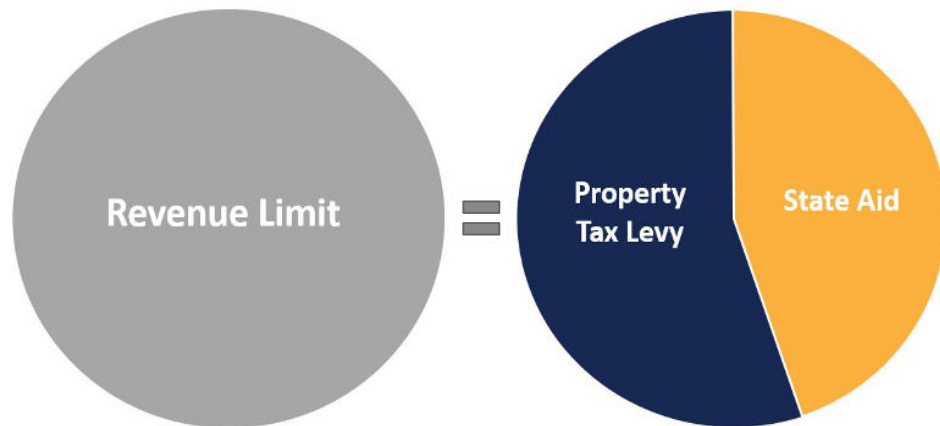


REVENUE SOURCES | **LOCAL PROPERTY TAX + STATE AID**

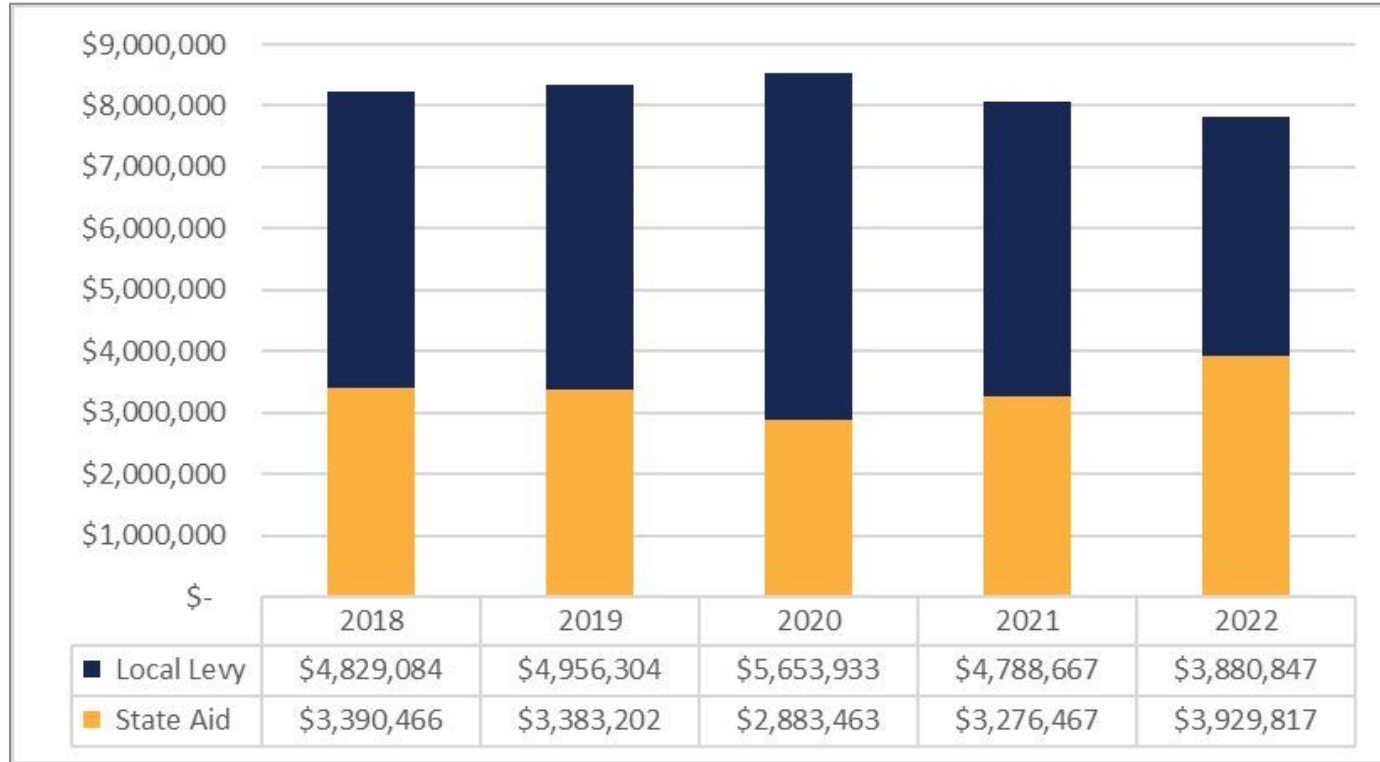
The **REVENUE LIMIT** sets the maximum funds a District may collect from state aid and local property tax combined.

In general...

- When NOSD's state aid goes up, local property taxes go down
- When NOSD's state aid goes down, local property taxes go up



NOSD REVENUE LIMIT = LOCAL PROPERTY TAX + STATE AID




NOSD PRIMARY FUNDING (**Source**) - **NOSD%**

Primary Funding

- Revenue Limit Per Pupil (**State + Local**) - **73%**
- Categorical Aid Per Pupil (**State**) - **5%**
- Open Enrollment-In (**Student's Resident District**) - **7%**
- Categorical Aids by Type (**State**) - **1%**
- Federal Aid | IDEA-ESSA Grants (**Federal**) - **7%**
- Student/User Fees (**Local**) - **2%**
- Other (**Local**) - **5%**

NOSD PRIMARY FUNDING | **PER PUPIL FUNDING**

Primary Funding

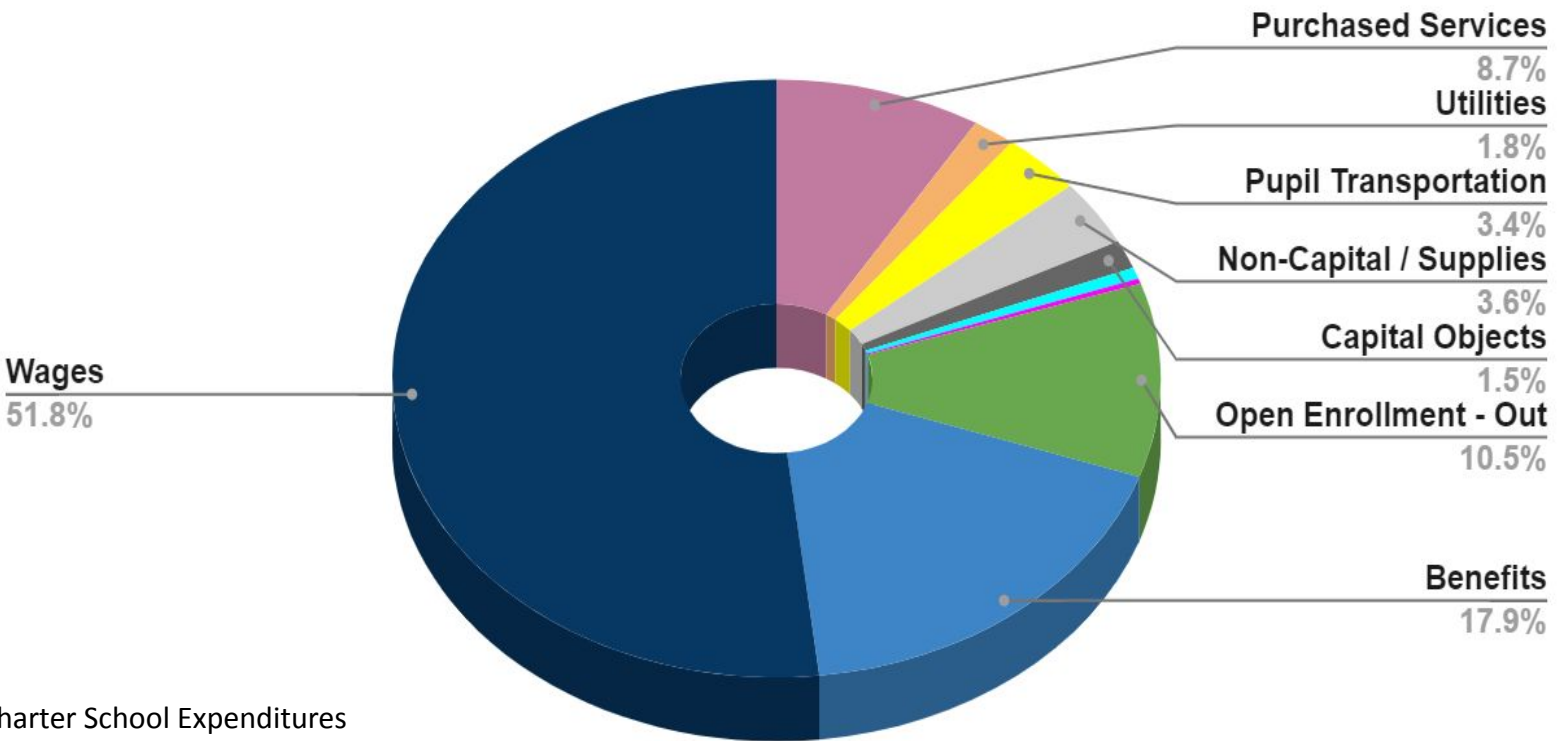
- **Revenue Limit Per Pupil (State + Local) - 73%**
 - **Categorical Aid Per Pupil (State) - 5%**
 - **Open Enrollment-In (Student's Resident District) - 7%**
 - Categorical Aids by Type (State) - 1%
 - Federal Aid | IDEA-ESSA Grants (Federal) - 7%
 - Student/User Fees (Local) - 2%
 - Other (Local) - 5%
- 
- 85%**

FEDERAL AID

Elementary & Secondary School Emergency Relief Fund (ESSER)

- One time federal relief program provides funding with stipulations on how grant monies can be utilized
- **Total of NOSD's ESSER I, II, and III funding = \$1,294,111**
 - ESSER funds claimed as of June 30, 2022: **\$ 575,579**
 - ESSER claims included in 2022-23 budget: **\$ 498,447**
 - Estimated remaining funds for 2023-24 budget: **\$ 220,085**

NOSD EXPENSE SUMMARY



* Net of Charter School Expenditures

NOSD 2022-23 BUDGET WORKSHEET

GENERAL FUND	Audited 2020-21	Unaudited 2021-22	Budget 2022-23
Beginning Fund Balance	1,731,349.29	2,783,957.47	3,816,315.70
Ending Fund Balance	2,783,957.47	3,816,315.70	3,521,924.70
REVENUES & OTHER FINANCING SOURCES			
Transfers-In (Source 100)	5,800.00	16,497.73	0.00
Local Sources (Source 200)	5,794,328.43	5,088,254.48	4,151,215.00
Inter-district Payments (Source 300 + 400)	4,861,781.00	4,872,441.00	4,554,692.00
Intermediate Sources (Source 500)	4,392.32	6,705.57	6,318.00
State Sources (Source 600)	3,525,592.90	3,950,552.63	4,613,123.00
Federal Sources (Source 700)	352,189.89	757,403.53	825,748.00
All Other Sources (Source 800 + 900)	598,648.76	1,324,032.99	588,702.00
TOTAL REVENUES & OTHER FINANCING SOURCES	15,142,733.30	16,015,887.93	14,717,798.00
EXPENDITURES & OTHER FINANCING USES			
Instruction (Function 100 000)	4,079,307.83	4,283,574.10	4,469,543.00
Support Services (Function 200 000)	3,151,204.82	3,605,107.71	3,917,153.00
Non-Program Transactions (Function 400 000)	6,859,612.47	7,094,847.89	6,825,493.00
TOTAL EXPENDITURES & OTHER FINANCING USES	14,090,125.12	14,983,529.70	15,012,189.00

NOSD's 2022-23 Budget was approved with a **\$300,000 deficit**

BALANCING BUDGETS

PAST, PRESENT & FUTURE

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HOW HAS NOSD BALANCED BUDGETS?

Since the 2019-20 School Year, NOSD has ...

- Reduced administrators, teachers, and support staff
 - 3 Early Elementary Teachers (3 FTE)
 - 1 Science Teacher (1 FTE)
 - 1 Special Education Teacher (1 FTE)
 - High School Principal (1.0 → 0.5 FTE)
 - Middle School Principal + Director of Pupil Services Combined (1.8 → 1.0 FTE)
 - Library Media Specialist (1.0 → 0.5 FTE)
- Reduced administrative costs through consolidation of functions and responsibilities
- Redesigned employee health plans with increased employee costs for premium, co-insurance, and deductible.
- Increased class size at the elementary levels
- Reduced bus routes by 38%

\$1,750,000 of REDUCTIONS
[CUMULATIVE STAFF & OPERATIONAL]

ADDITIONAL EFFORTS TO BALANCE BUDGETS

Pursue additional funding sources:

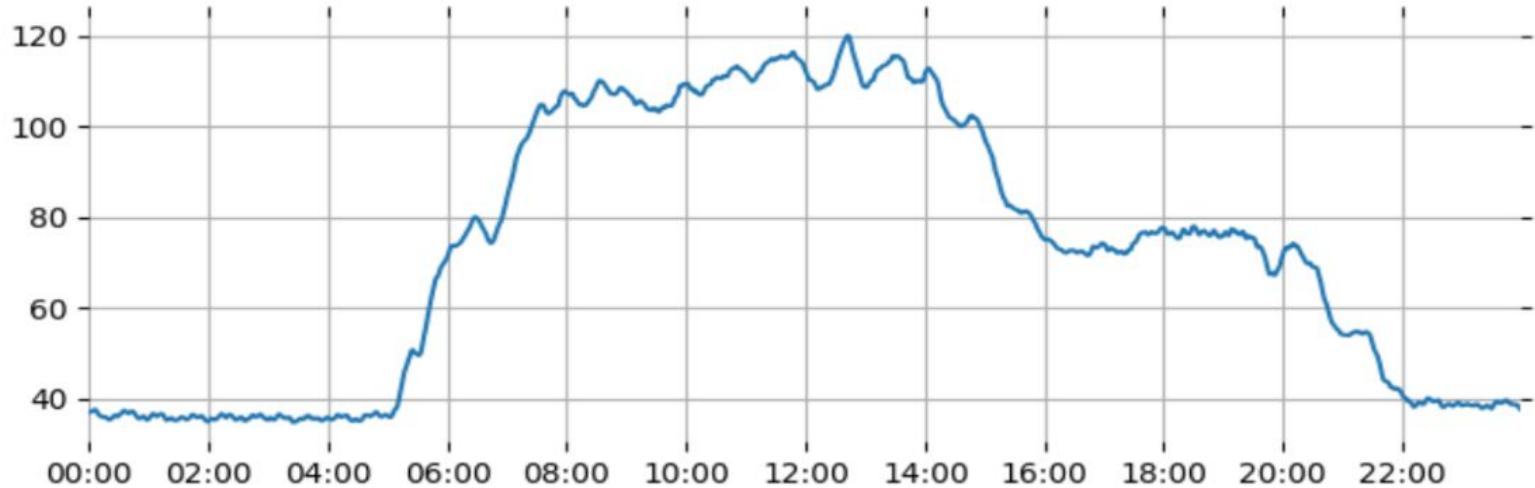
- Bruce Krier Foundation - \$870,720 over 6-years
- Dept. of Workforce Development Grants - \$49,350 over 3-years
- Combined project with Booster Club \$50,000
- Local businesses and technical education partnerships
- Maximizing state funding formulas

Proactive cost saving measures:

- CLOCworks - electrical charges
- Reduced water bills by over 75% since prior to capital referendum
- Brought lawn cutting in house
- Brought cleaning in house

EXAMPLE - MONITORING ELECTRIC

Monthly Demand Peak Day - Profile

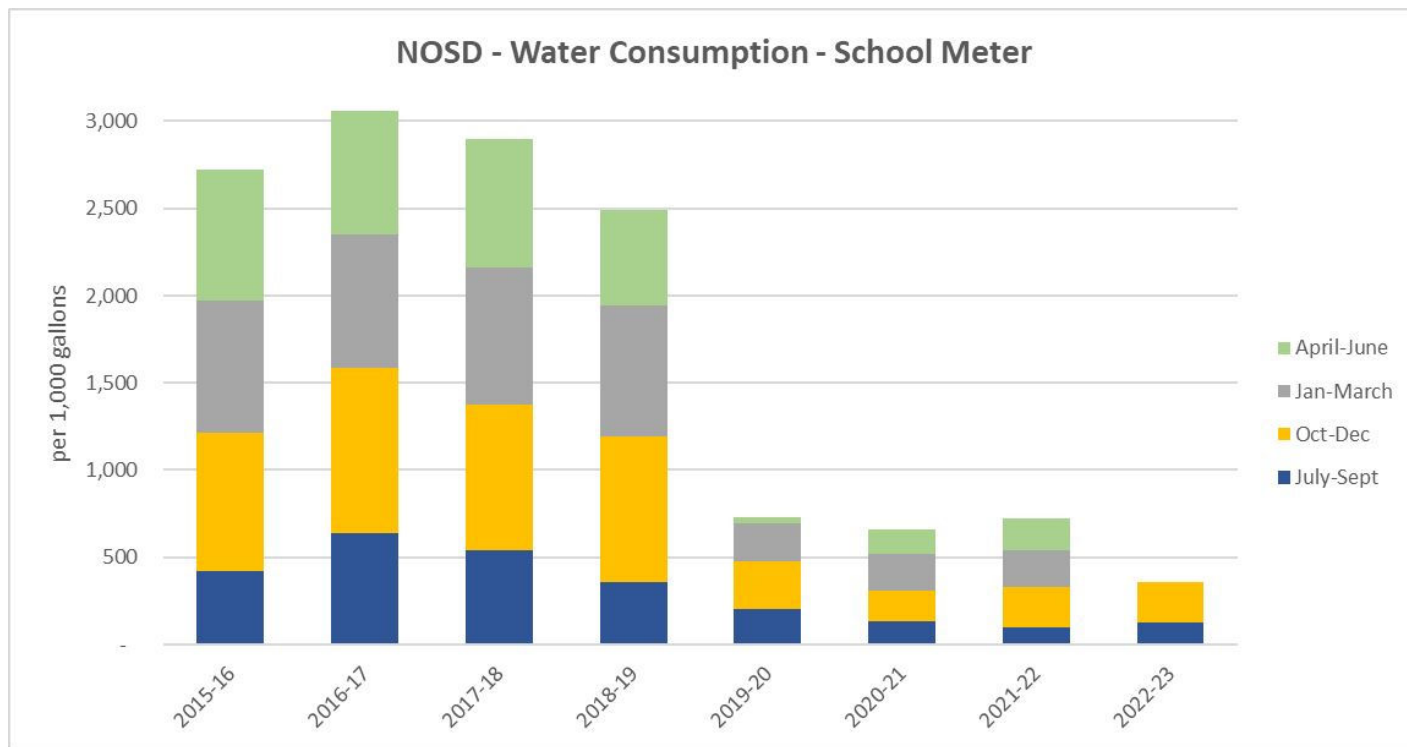


Monthly Demand Peak

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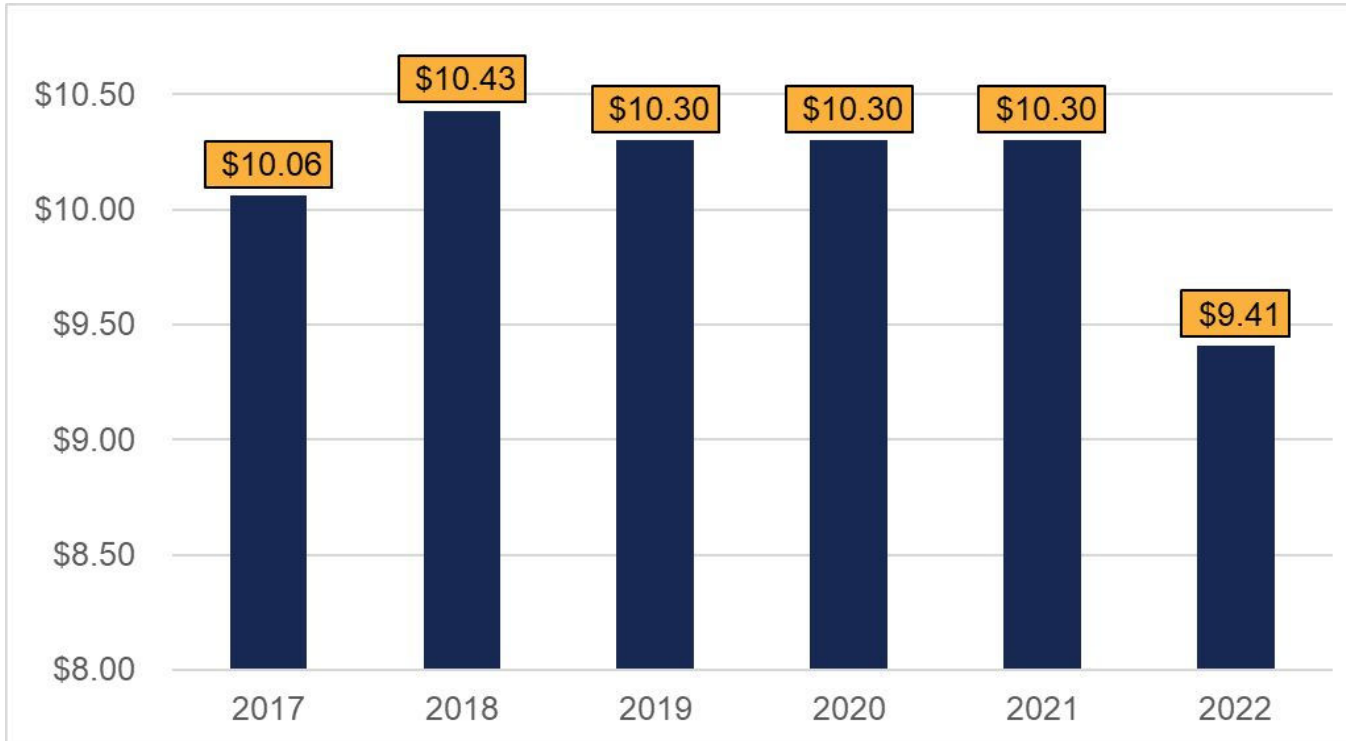
EXAMPLE - WATER CONSUMPTION



WHAT ARE NOSD'S FINANCIAL GOALS?

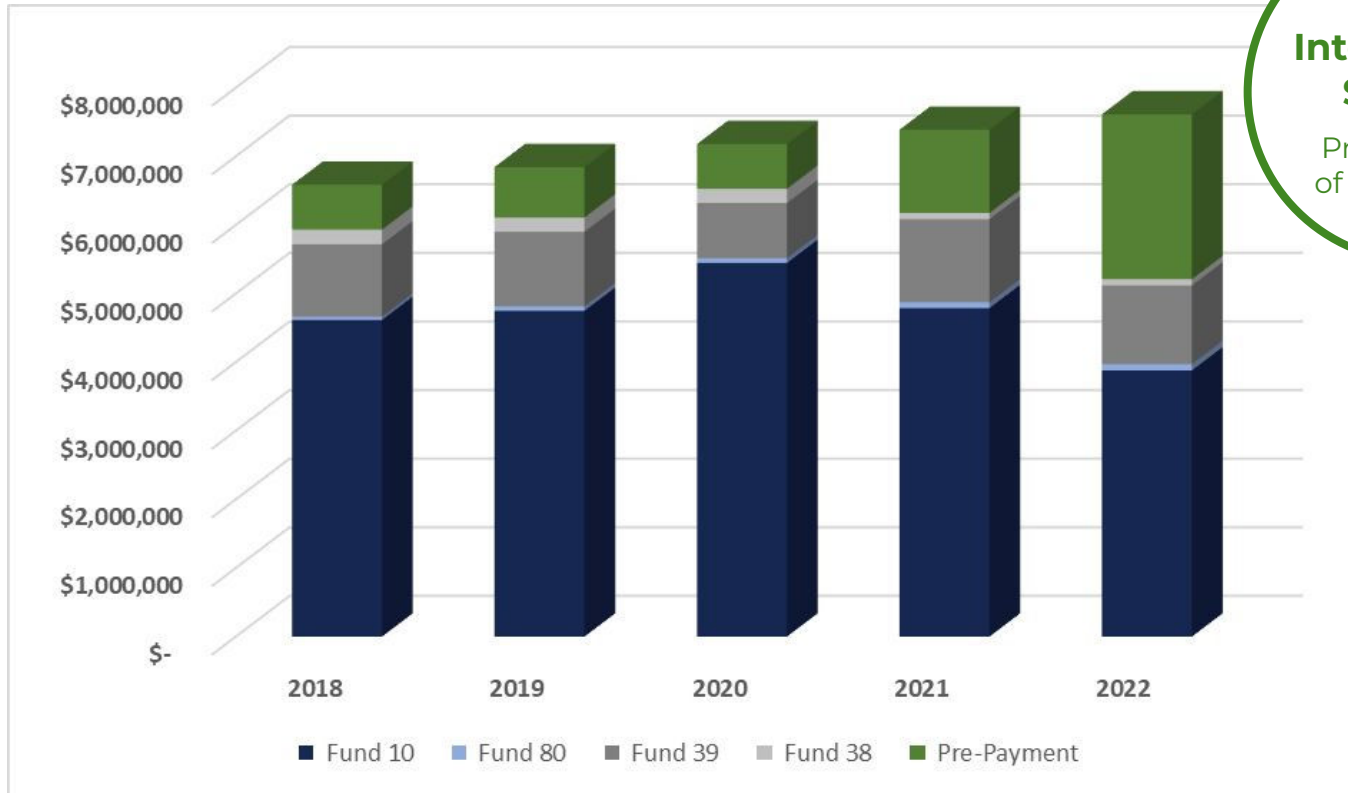
- Maintain consistent mill rate for taxpayers
- Reduce interest costs on long-term debt (pre-payment of debt)
- Attract and retain quality educators for every classroom and all staffing groups; provide salaries/wages and benefits that can and compete with local school districts
- Retain mental-health services/programs and important positions established with one-time grant funding (e.g., Guidance Counselor)
- Maintain strict building maintenance schedule to extend - or exceed - building systems' life span
- Prepare for urgent needs and future improvement projects
- Collaborate with neighboring districts, financial planners, and state officials to build relationships and understanding of critical budget concerns
- Promote community awareness and knowledge of key budget challenges; collect community feedback

NOSD MILL RATE*



*Rate determined for school tax purposes based upon total levy amount in combination with equalized property valuations

NOSD TAX LEVY & DEBT REPAYMENT



\$2.5M
Interest Cost
Savings

Pre-Payment
of NOSD Debt

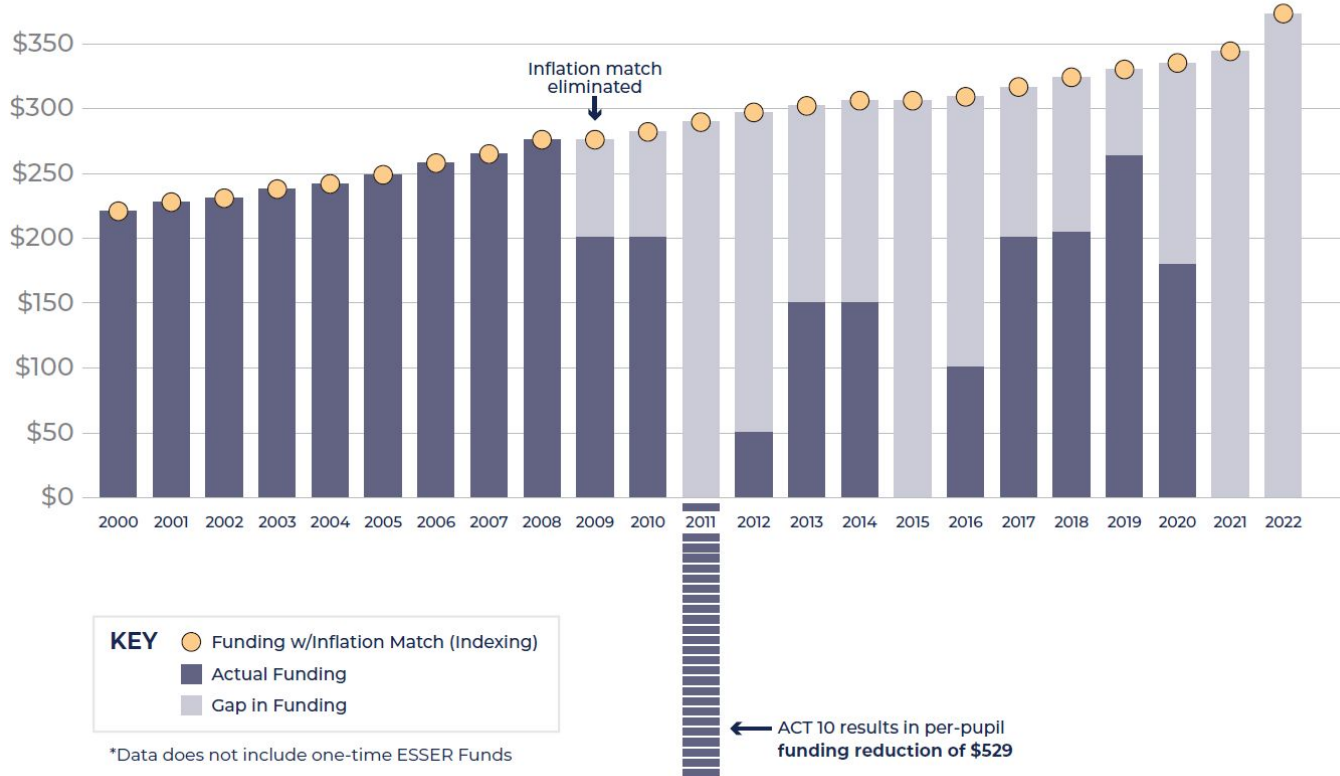
NOSD | KEY BUDGET CHALLENGES

NOSD BUDGET CHALLENGES:

1. Insufficient and unpredictable “per pupil” funding from the State
2. Declining district enrollment (= declining revenues)
3. Increasing costs and escalating inflation
4. Declining fund balance

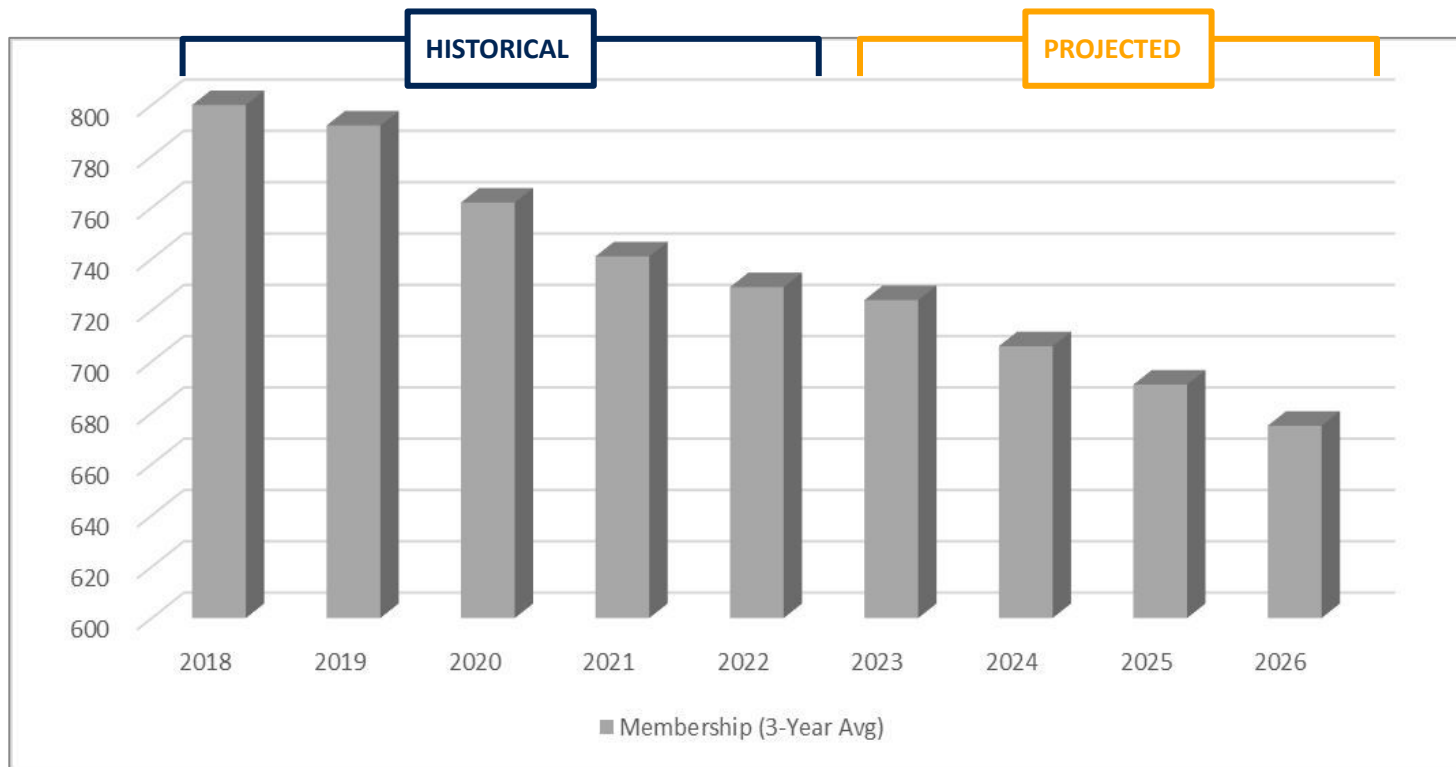


ANNUAL CHANGE OF PER PUPIL FUNDING





NOSD DECLINING ENROLLMENT





NOSD DECLINING ENROLLMENT



REVENUE LIMIT | FORMULA

**STUDENT
MEMBERSHIP**

[3-YEAR AVERAGE]

750 Students



**PER PUPIL
REVENUE**

[STATE SETS LIMIT]

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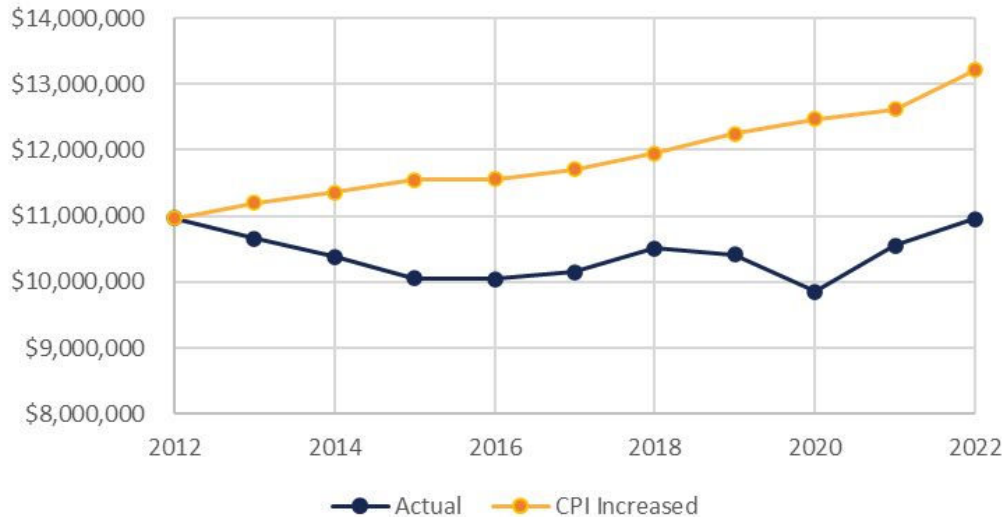
**REVENUE
LIMIT**

\$7,500,000



NOSD ESCALATING COSTS & INFLATION

NOSD General Fund Expenditures vs Inflation

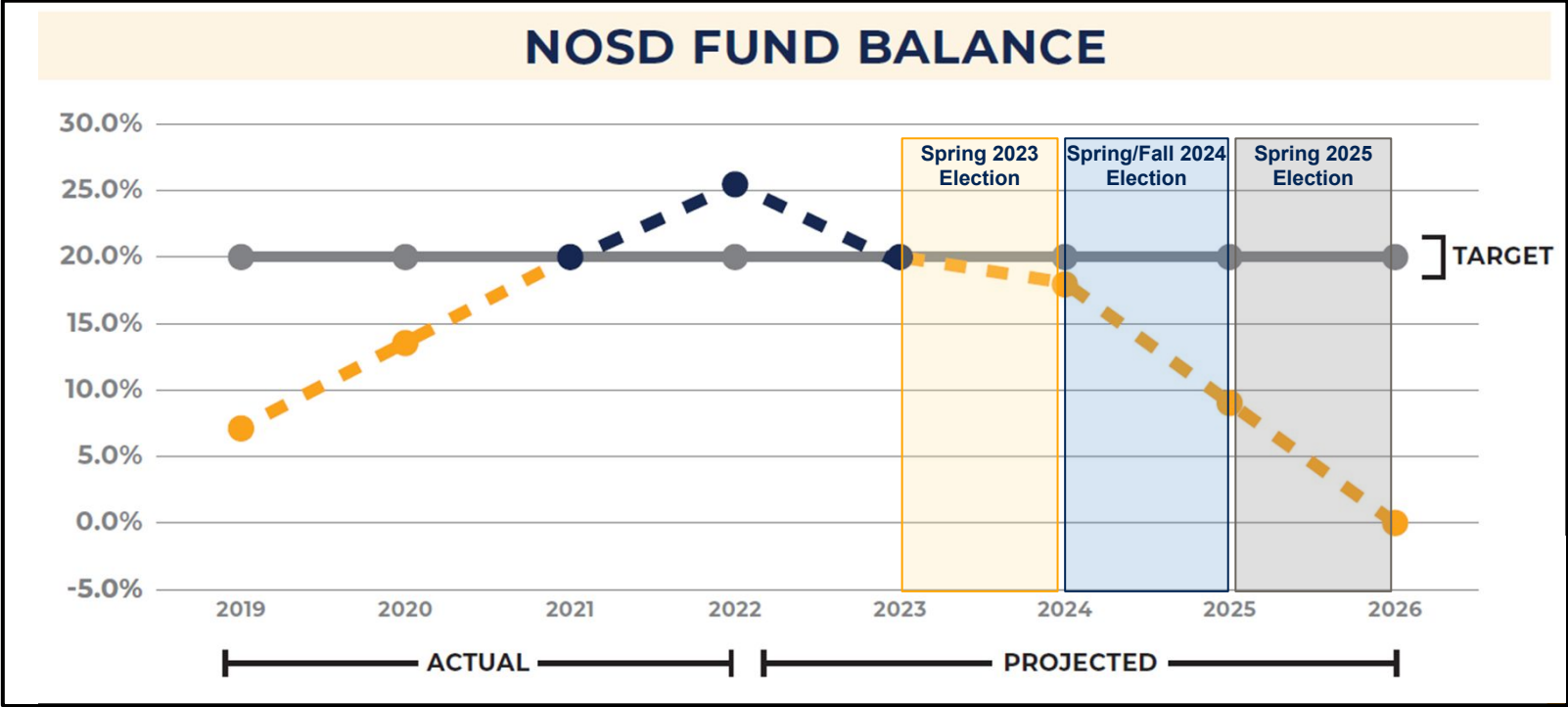


NOSD 2022-23 Expense Summary

- Inflation (+ 8%)
- Salary/Wage (+3.9%)
- Health Premiums (+9%)
- Electricity Rates (+9%)
- Departmental Budgets (static)



PROJECTED FUND BALANCE





TIMING OF DISTRICT REVENUES | REVENUE LIMIT

Aid Source	Equalization Aid		Tax Levy		Totals
	Percent	Amount	Percent	Amount	
July	0.0%	\$ -	0.0%	\$ -	\$ -
August	0.0%	-	0.0%	-	-
September	12.7%	416,111	0.0%	-	416,111
October	0.0%	-	0.0%	-	-
November	0.0%	-	0.0%	-	-
December	27.3%	894,475	0.0%	-	894,475
January	0.0%	-	47.8%	2,288,983	2,288,983
February	0.0%	-	24.2%	1,158,857	1,158,857
March	25.0%	819,117	0.0%	-	819,117
April	0.0%	-	2.8%	134,083	134,083
May	0.0%	-	0.0%	-	-
June	33.3%	1,091,064	0.0%	-	1,091,064
July	1.7%	54,062	0.0%	-	54,062
August	0.0%	-	25.2%	1,206,744	1,206,744
		\$ 3,274,829		\$ 4,788,667	\$ 8,063,496



Info from
2021-22
Fiscal Year

OPERATIONAL REFERENDUM

Our Vision For The Future

ADDRESSING BUDGET DEFICITS

NOSD has explored:

- Cost to retain *current* programs, staff, and student services
- Cost to fund adequate/competitive cost of living increases and benefits
- Cost to address planned maintenance and capital improvement projects
- Further reductions to operating expenses
- Opportunity to increase revenues (via grants and/or operating referenda)



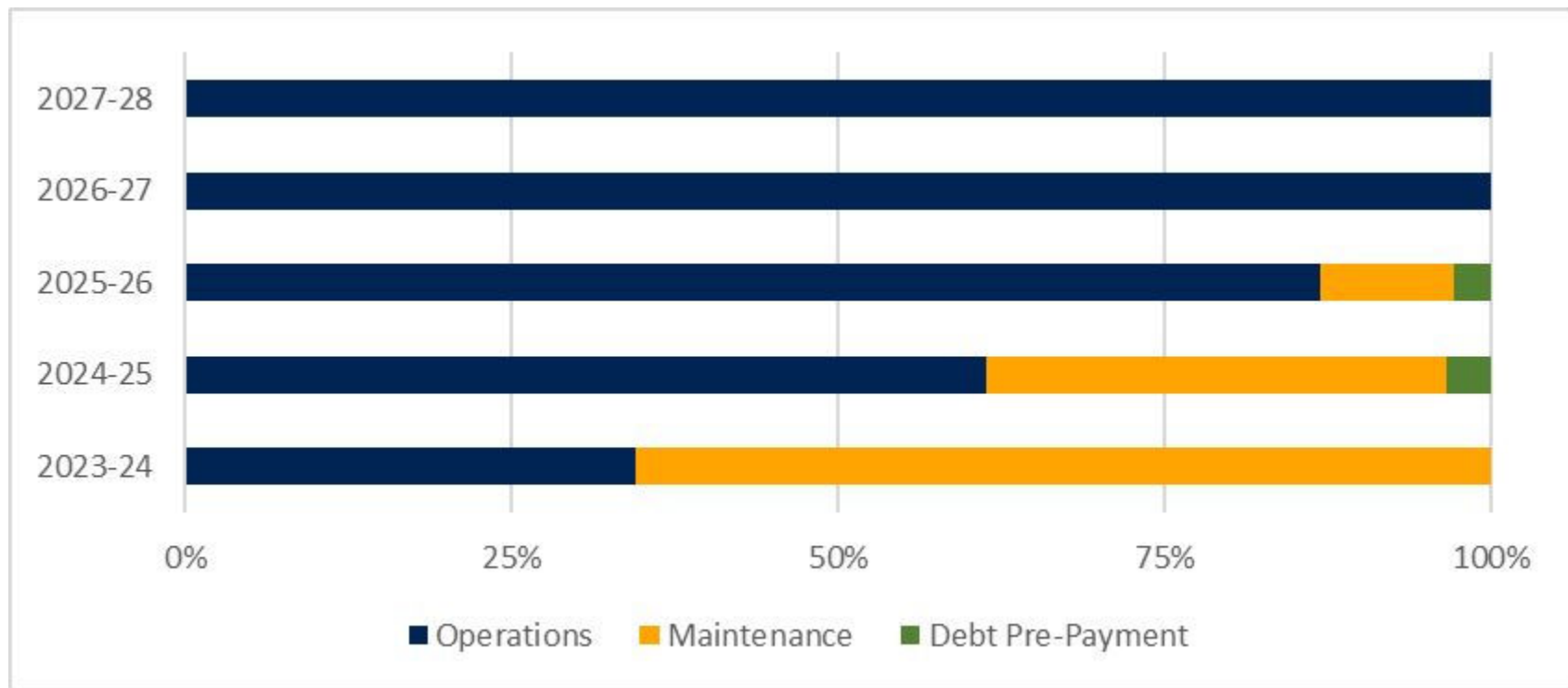
INCREASE REVENUE

- Utilize referenda tools provided by State Legislature:
 - Capital Referendum: used for building projects, major remodeling or new construction. Typically incurs 20-year debt. **NOSD's voters supported this type of referendum in 2018 to update facilities.**
 - Operational Referendum: used to add (levy) revenue over the the state-imposed Revenue Limit for district operations such as increased staff, staff compensation, programs, materials, or maintenance costs. **NOSD has never secured funding for this type of referendum funding.**

BALLOT QUESTION

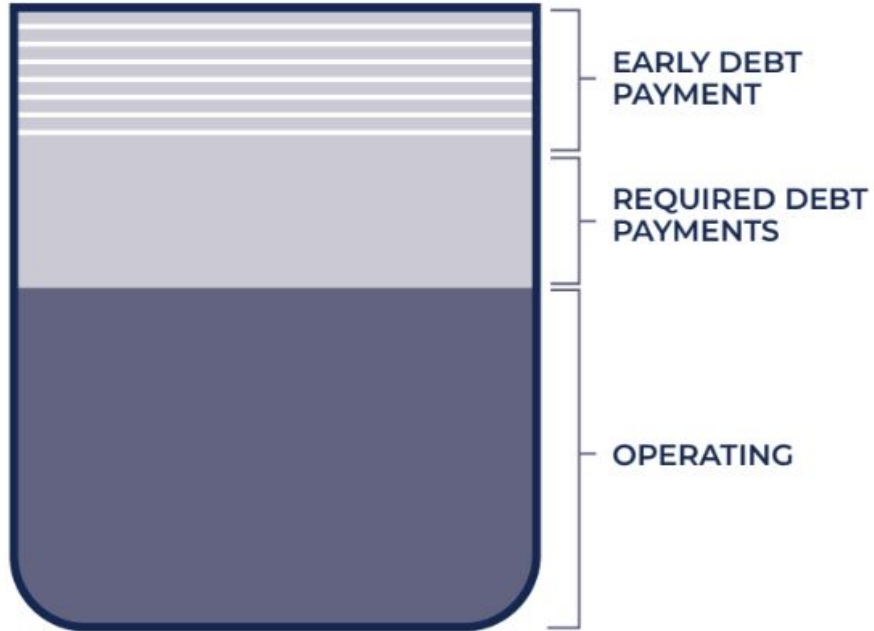
Shall the Northern Ozaukee School District, Ozaukee County, Wisconsin be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by \$1,700,000 per year for five years, beginning with the 2023-2024 school year and ending with the 2027-2028 school year, for non-recurring purposes consisting of operational and maintenance expenses, including to maintain current educational programs, services, and facilities?

USE OF OPERATIONAL REFERENDUM FUNDS

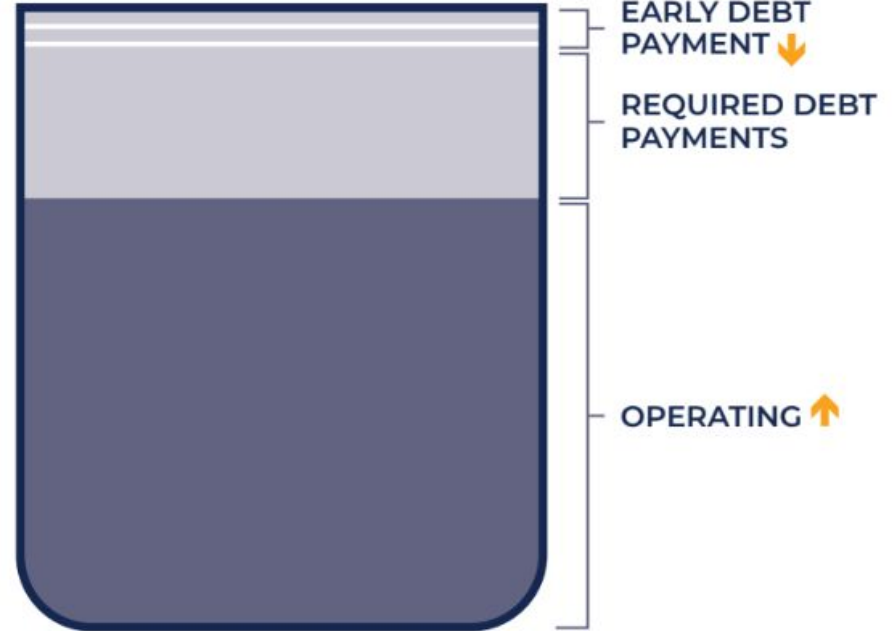


EFFECT OF OPERATIONAL REFERENDUM

CURRENT MILL RATE = \$9.41

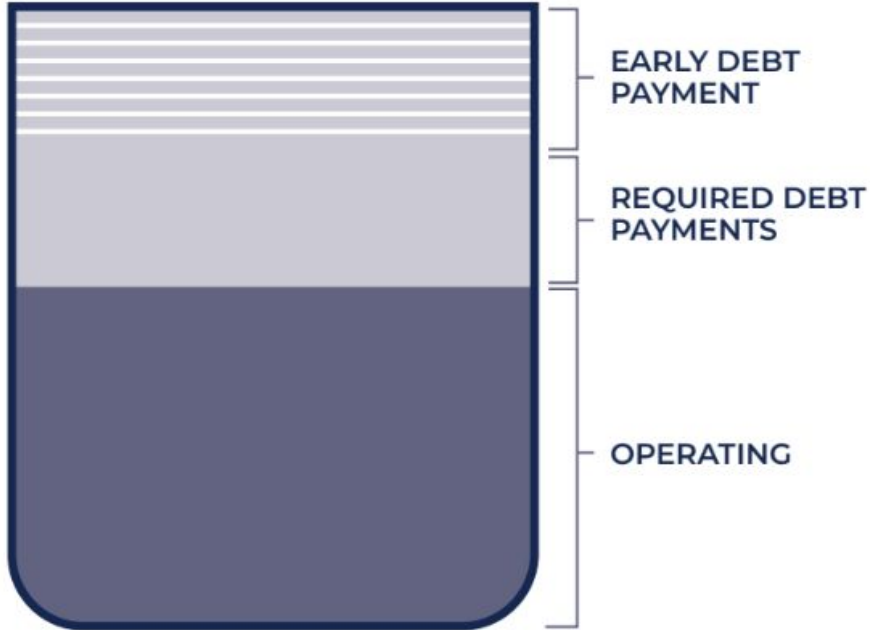


PROPOSED MILL RATE = \$8.99

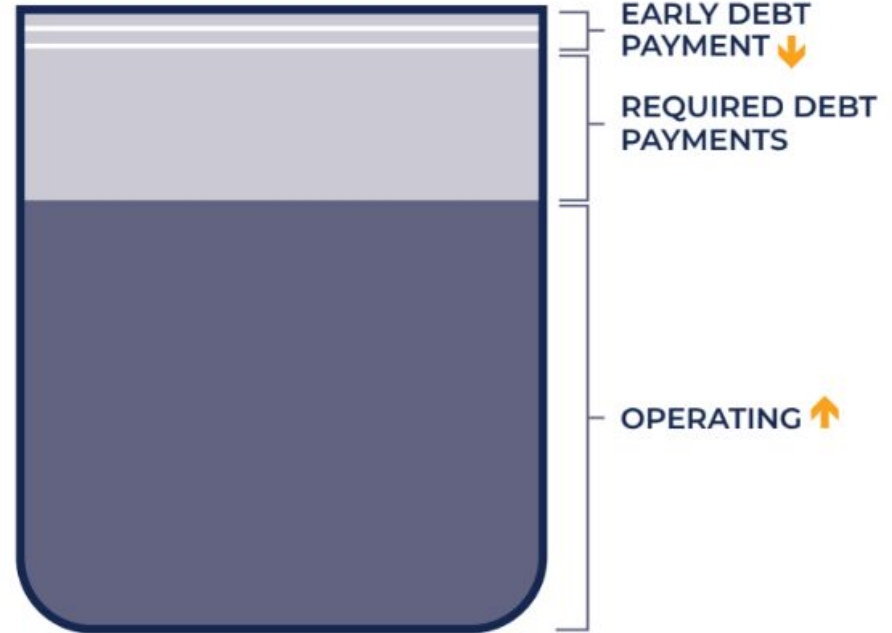


Approval of an operational referendum **is required** to reallocate funds perviously used for prepaying debt - to operating funds that could be used to maintain current programs and services

CURRENT MILL RATE = \$9.41

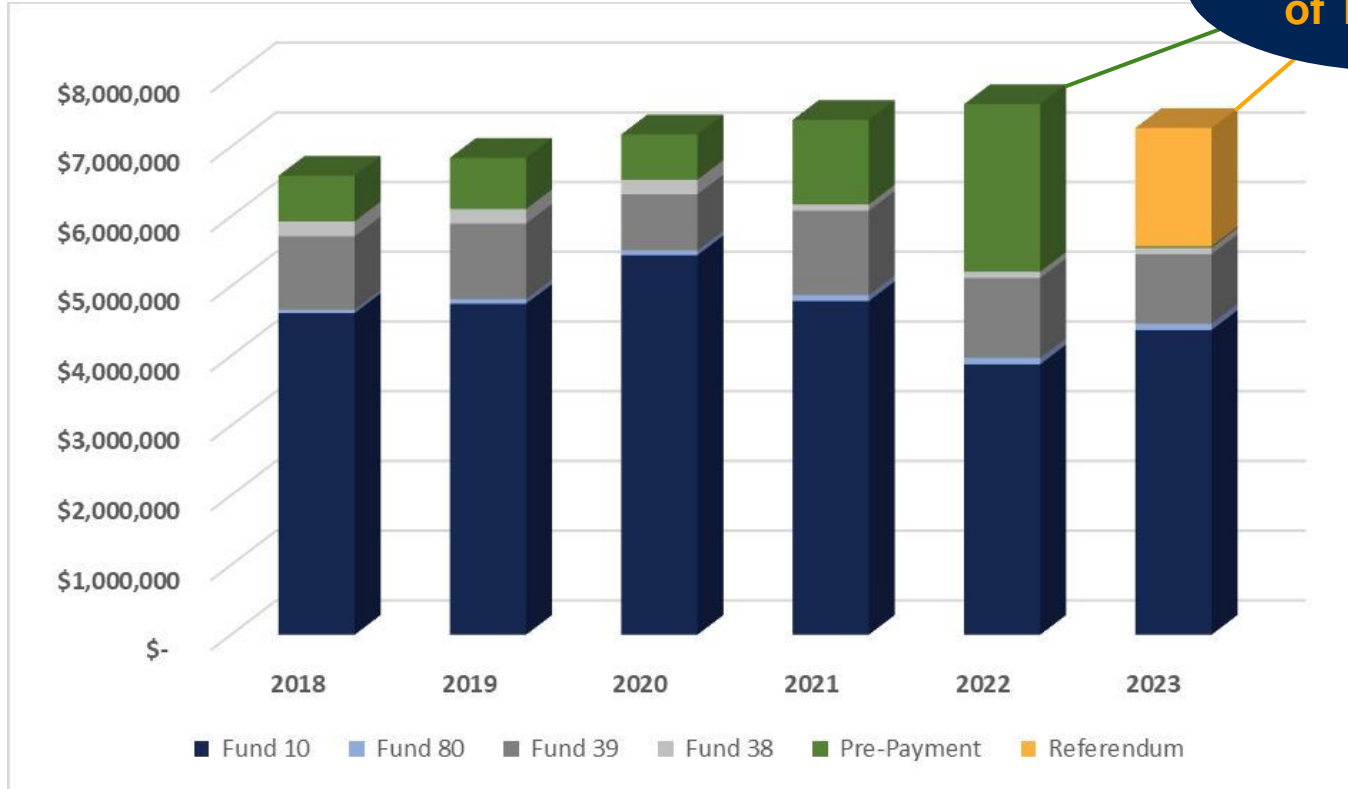


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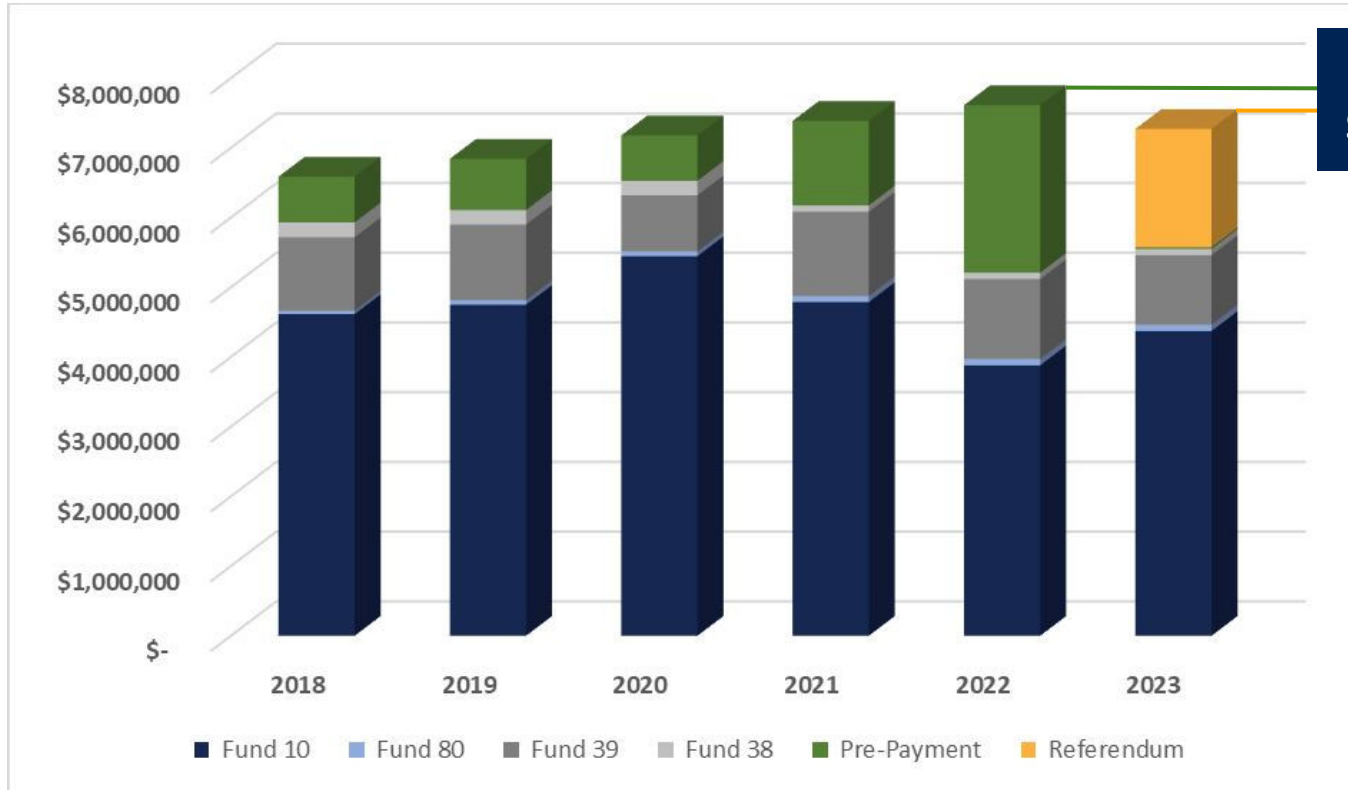


NOSD TAX LEVY - DEBT REPAYMENT/REFERENDUM

Reallocation
of Tax Levy

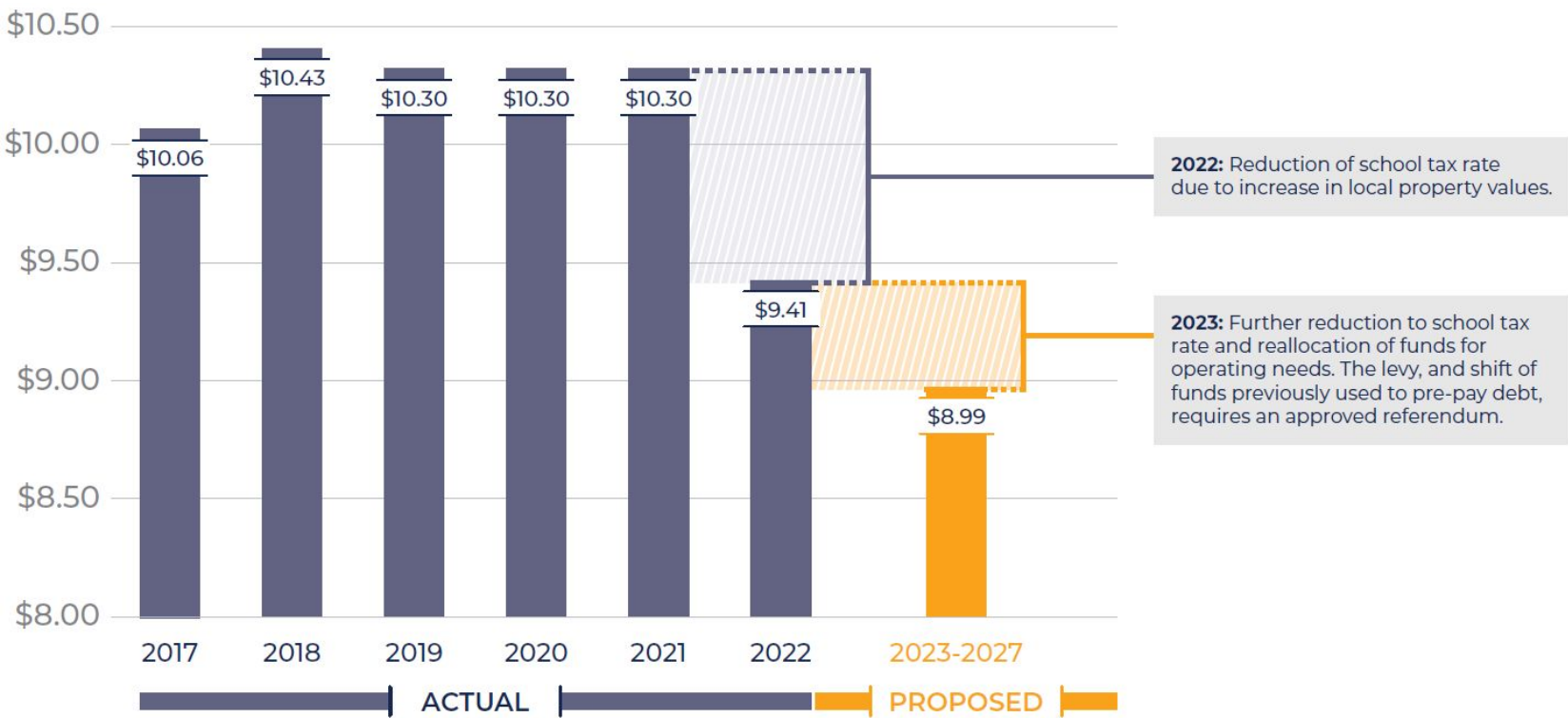


NOSD TAX LEVY - DEBT REPAYMENT/REFERENDUM



Mill Rate:
\$9.41 → \$8.99

NOSD MILL RATE (SCHOOL TAX RATE)



LOOKING TO THE FUTURE

NOSD and Local Communities:

- After 5-year Operational Referendum expires, a new operational referendum will be considered based on an updated needs analysis
- Continued assessments of cost savings measures available to the district
- Proactive and wise use of taxpayer funding
- Smart Growth
 - Increased Enrollment/Students
 - Expand community housing opportunities
 - Changes in tax base for both School and Communities

KEY TAKEAWAYS

1. District has taken significant steps to right size and control budget spending
2. District has explored and actively maximized additional funding sources
3. District has saved significant funds related to long-term debt payments
4. In order to reallocate funds from additional debt payment to operations, an approval of an operational referendum is required
5. Mill rate will decrease as a result of an approved referendum (\$9.41 → \$8.99)

LEARN MORE



Special Referendum Newsletter

– Mailing in February!



Community Information Meetings

– You are invited!

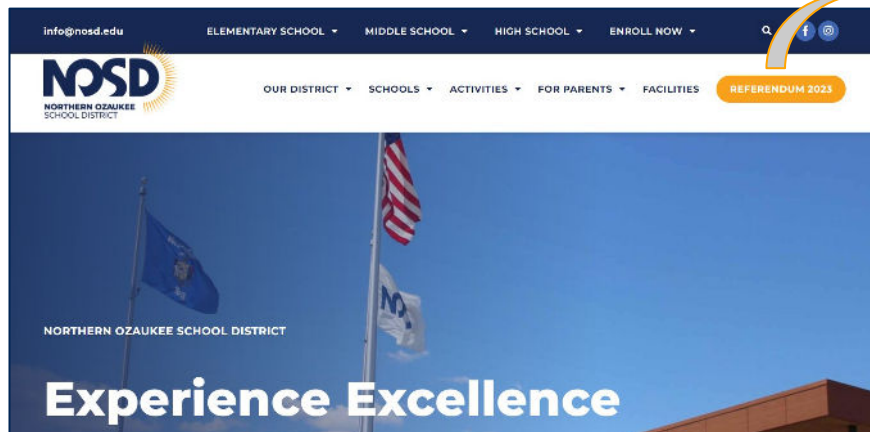
- February 15, 2023, 7PM,
Fine Arts Center
- March 13, 2023, 7PM,
Fine Arts Center



Join Superintendent, Dave Karrels & Director of Business Services, Josh McDaniel

– No appointment needed!

- Wednesdays, 7:30-8:30AM,
February 15 - March 29,
HS Innovation Room



Quick Links

- Community Mailings & Presentations
- Community Events
- ✓ Voter Information
- Resources & Reports
- FAQs
- Videos

Invite Others to Learn More!

Be an Informed Voter

OPPORTUNITIES TO VOTE

Information on Voting:

- All eligible voters can go to regular polling locations - April 4
- Early voting available at local municipalities
- Learn more at myvote.wi.gov

Register for Voting:

- Learn more at myvote.wi.gov/en-us/Voter-Deadlines
- Register at the polls - April 4



THANK YOU!
COMMUNITY MEMBERS