



5-Year Financial Projection

FY2024 - FY2028

December 15, 2022

Referendum Supplement



Jason P. Demerath, SFO, CSRM
Director of Business Services



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MEMORANDUM

To: Board of Education & Dr. Robert Abbott, Superintendent

From: Jason P. Demerath, SFO, CSRM, Director of Business Services

Date: December 15, 2022

Re: 5-Year Financial Projection (FY2024 - FY2028) - Referendum Supplement

This referendum supplement is meant to accompany the Financial Projection Memorandum dated December 15, 2022. The purpose of this supplement is to provide the Board of Education with additional information as it pertains to a possible April 2023 operational referendum.

Background

As the Board is aware, the current operational referendum of \$3 million per year for three years will expire as of June 30, 2023. On November 8, 2022 two referendum questions were posed to the community - one operational and one capital. The capital question was successful while the operational question was not. As a result the District is facing large operational deficits starting with the 2023-24 fiscal year that must be addressed through a referendum in April 2023. As is illustrated in the table below, this will be the District's last chance to secure operational funds through a referendum until February 2024. The following are upcoming election dates on which any possible referendum could take place:

Future Regular Election Dates:

	2023	2024	2025	2026	2027	2028
Spring						
Adopt and file resolution(s) by*:	12/13/2022	12/12/2023	12/10/2024	12/09/2025	12/08/2026	12/07/2027
Primary	02/21/2023	02/20/2024	02/18/2025	02/17/2026	02/16/2027	02/15/2028
Adopt and file resolution(s) by*:	01/24/2023	01/23/2024	01/21/2025	01/27/2026	01/26/2027	01/25/2028
General	04/04/2023	04/02/2024	04/01/2025	04/07/2026	04/06/2027	04/04/2028
Fall						
Adopt and file resolution(s) by*:		06/04/2024		06/02/2026		05/30/2028
Primary		08/13/2024		08/11/2026		08/08/2028
Adopt and file resolution(s) by*:		08/27/2024		08/25/2026		08/29/2028
General		11/05/2024		11/03/2026		11/07/2028

*The governing board is required to file adopted referendum ballot resolutions with their municipal clerks at least 70 days prior to the election date indicating the amount and purpose.



One Team, One District, One Community

Fort Atkinson High School | Fort Atkinson Middle School
Barrie Elementary | Luther Elementary | Purdy Elementary | Rockwell Elementary



The School District of Fort Atkinson Board does not discriminate on the basis of race, color, religion, national origin, ancestry, creed, pregnancy, marital status, parental status, sexual orientation, sex (including transgender status, change of sex or gender identity), or physical, mental, emotional, or learning disability ("Protected Classes") in any of its student programs and activities.

Referendum Options

The following are the options for a school referendum in the State of Wisconsin:

- Operational Referendum
 - Recurring - No Sunset
 - Non-Recurring - Sunset
 - Mixed: Recurring & Non-Recurring
- Capital Referendum

On a single ballot there can be both operational and capital questions, or just one or the other. However, it is important to note that a school district can only ask two referendum questions per calendar year regardless of the type. As has been previously done in Fort Atkinson, we have asked one question for operational purposes with both a recurring and non-recurring component. The remainder of this supplemental memo will discuss some of these options as well as provide a sampling of possible impacts should an operational referendum take place in April 2023 utilizing the base financial projection outlined in the memo dated December 15, 2022.

Operational - Recurring, Non-Recurring, or a Combination

In both 2016 and 2020 the Board of Education put forward, and the community approved, a referendum that was a combination of a recurring and non-recurring amount within one ballot question. Prior to these two referenda, all operating referenda in the District were non-recurring for three or five years each.

The main benefit of a recurring referendum is that the District has the approved funds in perpetuity moving forward and can therefore better plan future educational programming and budgets. It also provides for a smaller amount to be asked for in future referenda, as the recurring funds remain available to the District in the future. One of the main arguments against a recurring referendum is that it provides a “blank check” without future accountability through another referendum where the District needs to share with the voters how the money was used. The Board of Education that approved the combination question in 2016 believed that the \$1.75 million that would be recurring had been proved to be needed by the District through the referendums held in 2006, 2011, 2014. The Board of Education that approved the combination question in 2020 believed that the \$2.25 million that would be recurring had been proved to be needed by the District over the course of the prior three years as that was the non-recurring amount contained in the 2016 referendum.

The main benefit of a non-recurring referendum addresses the main argument against a recurring referendum - it is viewed as providing accountability to the voters by having to come back in the future and ask again for the funds. It also provides the District and community a chance to observe the surrounding environment and determine if more, less, or the same funding is needed based on changes that may have occurred since the last referendum. One of the main arguments against a non-recurring referendum is that it does not provide funding beyond the length of the referendum and therefore, provides uncertainty in the educational programming and budget planning process. The Board of Education that approved the combination question in 2016 believed that the environment surrounding the District could change given the elections occurring on the same day and that the additional \$2.25 million was “new funding” that hadn’t been asked for before, similar to the \$3 million asked for in 2020. Therefore, it was decided to make these amounts non-recurring for three years.

Length of Non-Recurring (if selected)

If a non-recurring option is selected in some format by the Board of Education, the next decision point will be to determine the length of the non-recurring amount. Based on the financial projection, the volatility of the financial environment, and any possible future capital referendum, this decision on length may be dictated by the amount needed to carry on current operations and the tax impact of that amount. The length would also impact how soon the District may need to come back to the voters to consider any successor referendum.

Amount & Structure of Amount

The type of operational referendum (recurring, non-recurring, combination) and the length of any non-recurring portion will have a direct impact on the amount of the referendum. The structure of this amount will then have implications on the tax impact of the referendum. For example, the non-recurring amount will be less if it is for two or three years than if it is for four or five years. However, the amount does not necessarily need to be the same each year either and could increase (or decrease) in each year.

Attached Projections

Attached to this referendum supplement are projections that outline the possible impact of an operational referendum in April 2023. Given all of the possible structures of an operational referendum, there are nearly limitless options in how any referendum could be structured. The intention of the attached projections is to illustrate what one possible option could look like and the impact of such, it is **not** to make a suggestion that these numbers are what should be used or held as binding in any way - they are merely illustrations for the purpose of learning and to be thought starters for any discussions.

It should be noted that in each of the attached scenarios a base assumption of an additional \$200 per pupil increase on the revenue limit in both 2023-24 and 2024-24 is built into the projection. It seems to be general consensus across the state that this amount may be the minimum we will receive through the 2023-25 state biennial budget. All of the scenarios below can be compared to the Base Scenario shared as the Financial Projection Memorandum dated December 15, 2022.

The scenarios attached are as follows:

1. **\$200 Per Pupil (pp) Revenue Limit (RL) Increase in FY24 & FY25**
2. **\$200pp RL Increase + \$7M NR 3 Years** - This includes the \$200 per pupil increase as well as a \$7 million Non-Recurring referendum for 3 years.
3. **\$200pp RL Increase + \$8M NR 4 Years** - This includes the \$200 per pupil increase as well as a \$8 million Non-Recurring referendum for 4 years.
4. **\$200pp RL Increase + \$3M RR + \$5M NR 3 Years** - This includes the \$200 per pupil increase as well as a \$3 million Recurring referendum in 2023-24 and a \$5 million Non-Recurring referendum for 3 years.

Summary

As outlined through this Referendum Supplement to the FY2024 - FY2028 financial projection, there are various ways to structure any referenda that might be considered for April 2023. The main questions to be considered and have discussion around would be:

1. Structure - Should the operational referendum be recurring, non-recurring, or a combination of the two?
2. Structure - Should the amounts be the same or different for each of the years?
3. Length - How long should any non-recurring portion be? One consideration here might be a possible capital referendum for a new Middle School in November 2026. Should the successor referendum to this operational referendum be before, at the same time, or after that possible capital referendum?

As stressed throughout the financial projection and this supplement, the information contained within these two documents is based on assumptions at one point in time when these documents are written. Future economic conditions and myriad other factors influencing the District's financial position can have a dramatic impact, as we saw over the past couple of years as well as during the recession about a decade ago.

Please feel free to contact me regarding this supplement, the accompanying projection, and any questions you may have as we work together to determine an operational referendum question for the April 4, 2023 ballot.

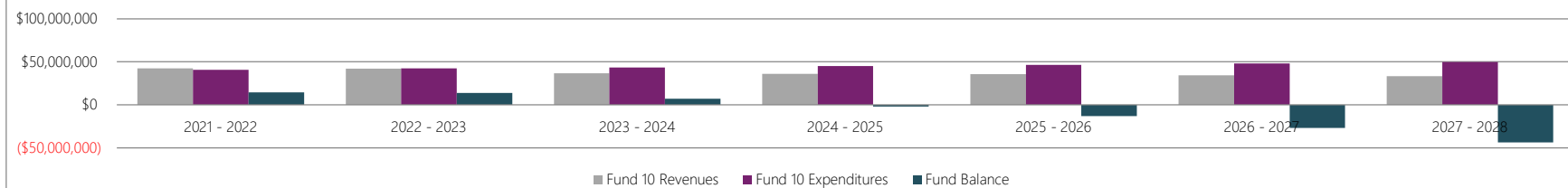
1883 - Fort Atkinson

\$200pp RL Increase in FY24 & FY25

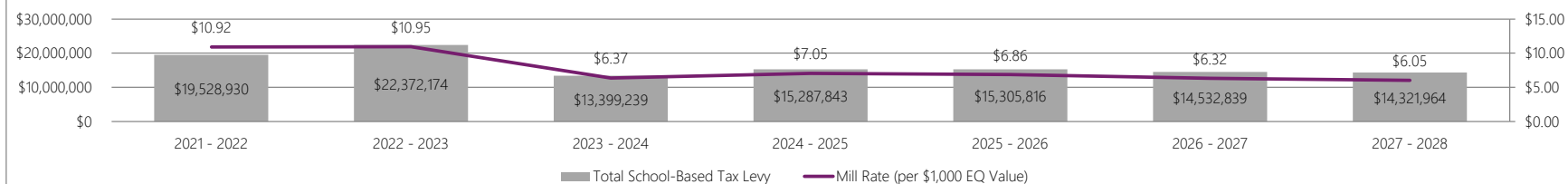
Current Model Scenario

	Historical	Current Year	Budget Year	Forecast			
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028
Sept Membership (FTE)	2,504	2,421	2,314	2,247	2,159	2,089	2,056
Per Pupil Increase	\$0	\$0	\$200	\$200	\$0	\$0	\$0
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	6.98%	14.18%	3.00%	3.00%	3.00%	3.00%	3.00%
Fund 10 Revenues	\$42,189,961	\$41,846,223	\$36,476,482	\$35,955,690	\$35,445,784	\$34,277,859	\$33,135,869
Fund 10 Expenditures	\$40,573,211	\$42,427,274	\$43,288,556	\$44,951,946	\$46,498,018	\$48,083,416	\$49,826,691
Surplus (Deficit)	\$1,616,750	(\$581,051)	(\$6,812,074)	(\$8,996,255)	(\$11,052,234)	(\$13,805,557)	(\$16,690,822)
Fund Balance	\$14,273,423	\$13,692,372	\$6,880,298	(\$2,115,957)	(\$13,168,191)	(\$26,973,748)	(\$43,664,570)
Fund Balance as % of Expenditures	35.18%	32.27%	15.89%	-4.71%	-28.32%	-56.10%	-87.63%
Total School-Based Tax Levy	\$19,528,930	\$22,372,174	\$13,399,239	\$15,287,843	\$15,305,816	\$14,532,839	\$14,321,964
% change		14.56%	-40.11%	14.09%	0.12%	-5.05%	-1.45%
Mill Rate (per \$1,000 EQ Value)	\$10.92	\$10.95	\$6.37	\$7.05	\$6.86	\$6.32	\$6.05
% change		0.33%	-41.85%	10.77%	-2.80%	-7.82%	-4.32%
Non-Recurring Referendum \$	\$3,000,000	\$3,000,000	\$0	\$0	\$0	\$0	\$0
Recurring Referendum \$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Referendum Debt Levy	\$1,445,000	\$5,750,000	\$1,227,646	\$1,722,459	\$1,810,859	\$1,255,596	\$1,252,184
Energy Efficiency Exemption	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average tax impact: \$100,000 home	\$1,092	\$1,095	\$637	\$705	\$686	\$632	\$605

Revenue and Expenditure Projection



Levy and Mill Rate Projection



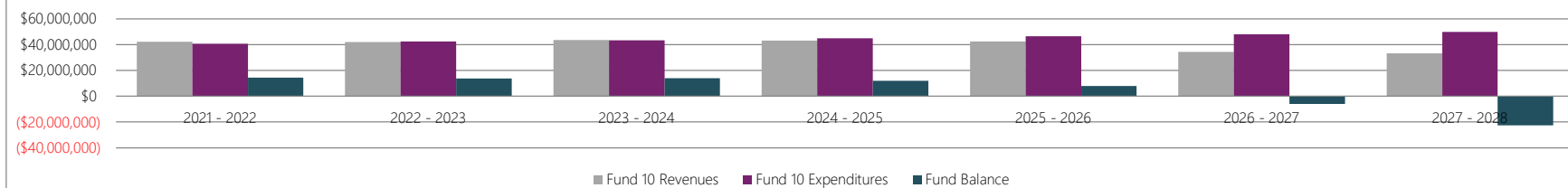
1883 - Fort Atkinson

\$200pp RL Increase + \$7M NR 3 Years - 2022.11.29

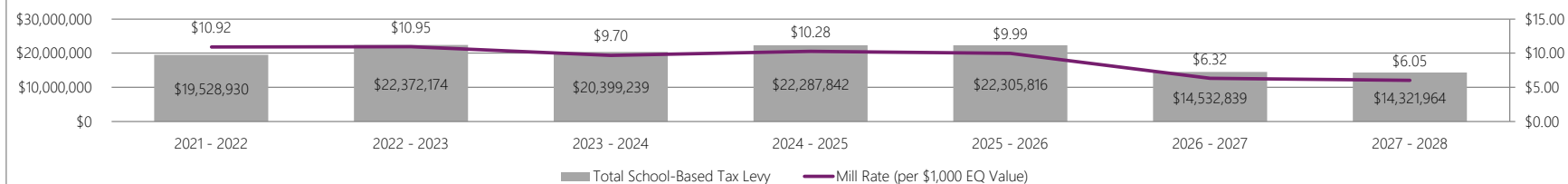
Current Model Scenario

	Historical	Current Year	Budget Year	Forecast			
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Sept Membership (FTE)	2,504	2,421	2,314	2,247	2,159	2,089	2,056
Per Pupil Increase	\$0	\$0	\$200	\$200	\$0	\$0	\$0
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	6.98%	14.18%	3.00%	3.00%	3.00%	3.00%	3.00%
Fund 10 Revenues	\$42,189,961	\$41,846,223	\$43,476,482	\$42,955,690	\$42,445,784	\$34,277,859	\$33,135,869
Fund 10 Expenditures	\$40,573,211	\$42,427,274	\$43,288,556	\$44,951,946	\$46,498,018	\$48,083,416	\$49,826,691
Surplus (Deficit)	\$1,616,750	(\$581,051)	\$187,926	(\$1,996,255)	(\$4,052,234)	(\$13,805,557)	(\$16,690,822)
Fund Balance	\$14,273,423	\$13,692,372	\$13,880,298	\$11,884,043	\$7,831,809	(\$5,973,748)	(\$22,664,570)
Fund Balance as % of Expenditures	35.18%	32.27%	32.06%	26.44%	16.84%	-12.42%	-45.49%
Total School-Based Tax Levy	\$19,528,930	\$22,372,174	\$20,399,239	\$22,287,842	\$22,305,816	\$14,532,839	\$14,321,964
% change		14.56%	-8.82%	9.26%	0.08%	-34.85%	-1.45%
Mill Rate (per \$1,000 EQ Value)	\$10.92	\$10.95	\$9.70	\$10.28	\$9.99	\$6.32	\$6.05
% change		0.33%	-11.47%	6.08%	-2.83%	-36.74%	-4.32%
Non-Recurring Referendum \$	\$3,000,000	\$3,000,000	\$7,000,000	\$7,000,000	\$7,000,000	\$0	\$0
Recurring Referendum \$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Referendum Debt Levy	\$1,445,000	\$5,750,000	\$1,227,646	\$1,722,459	\$1,810,859	\$1,255,596	\$1,252,184
Energy Efficiency Exemption	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average tax impact: \$100,000 home	\$1,092	\$1,095	\$970	\$1,028	\$999	\$632	\$605

Revenue and Expenditure Projection



Levy and Mill Rate Projection



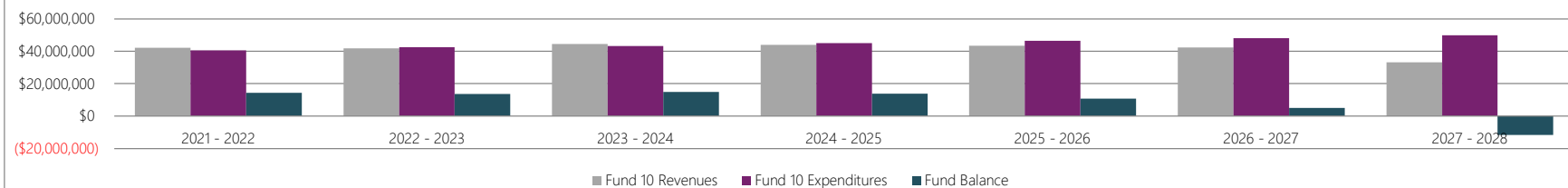
1883 - Fort Atkinson

\$200pp RL Increase + \$8M NR 4 Years - 2022.11.28

Current Model Scenario

	Historical	Current Year	Budget Year	Forecast			
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028
Sept Membership (FTE)	2,504	2,421	2,314	2,247	2,159	2,089	2,056
Per Pupil Increase	\$0	\$0	\$200	\$200	\$0	\$0	\$0
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	6.98%	14.18%	3.00%	3.00%	3.00%	3.00%	3.00%
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Surplus (Deficit)	\$1,616,750	(\$581,051)	\$1,187,926	(\$996,255)	(\$3,052,234)	(\$5,805,557)	(\$16,690,822)
Fund Balance	\$14,273,423	\$13,692,372	\$14,880,298	\$13,884,043	\$10,831,809	\$5,026,252	(\$11,664,570)
Fund Balance as % of Expenditures	35.18%	32.27%	34.37%	30.89%	23.30%	10.45%	-23.41%
Total School-Based Tax Levy	\$19,528,930	\$22,372,174	\$21,399,239	\$23,287,842	\$23,305,816	\$22,532,839	\$14,321,964
% change		14.56%	-4.35%	8.83%	0.08%	-3.32%	-36.44%
Mill Rate (per \$1,000 EQ Value)	\$10.92	\$10.95	\$10.17	\$10.75	\$10.44	\$9.80	\$6.05
% change		0.33%	-7.13%	5.66%	-2.84%	-6.13%	-38.29%
Non-Recurring Referendum \$	\$3,000,000	\$3,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$0
Recurring Referendum \$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Referendum Debt Levy	\$1,445,000	\$5,750,000	\$1,227,646	\$1,722,459	\$1,810,859	\$1,255,596	\$1,252,184
Energy Efficiency Exemption	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average tax impact: \$100,000 home	\$1,092	\$1,095	\$1,017	\$1,075	\$1,044	\$980	\$605

Revenue and Expenditure Projection



Levy and Mill Rate Projection



1883 - Fort Atkinson

\$200pp RL Increase + \$3M RR + \$5M NR 3 Years

Current Model Scenario

	Historical	Current Year	Budget Year	Forecast			
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Sept Membership (FTE)	2,504	2,421	2,314	2,247	2,159	2,089	2,056
Per Pupil Increase	\$0	\$0	\$200	\$200	\$0	\$0	\$0
Per-Pupil Categorical Aid \$	\$742	\$742	\$742	\$742	\$742	\$742	\$742
TIF Out Equalized Valuation Growth	6.98%	14.18%	3.00%	3.00%	3.00%	3.00%	3.00%
Fund 10 Revenues	\$42,189,961	\$41,846,223	\$44,476,482	\$44,056,992	\$43,450,654	\$37,161,900	\$35,914,948
Fund 10 Expenditures	\$40,573,211	\$42,427,274	\$43,288,556	\$44,951,946	\$46,498,018	\$48,083,416	\$49,826,691
Surplus (Deficit)	\$1,616,750	(\$581,051)	\$1,187,926	(\$894,953)	(\$3,047,364)	(\$10,921,516)	(\$13,911,743)
Fund Balance	\$14,273,423	\$13,692,372	\$14,880,298	\$13,985,345	\$10,937,981	\$16,465	(\$13,895,278)
Fund Balance as % of Expenditures	35.18%	32.27%	34.37%	31.11%	23.52%	0.03%	-27.89%
Total School-Based Tax Levy	\$19,528,930	\$22,372,174	\$21,399,239	\$23,389,144	\$23,310,686	\$17,416,880	\$17,101,043
% change		14.56%	-4.35%	9.30%	-0.34%	-25.28%	-1.81%
Mill Rate (per \$1,000 EQ Value)	\$10.92	\$10.95	\$10.17	\$10.79	\$10.44	\$7.58	\$7.22
% change		0.33%	-7.13%	6.12%	-3.24%	-27.46%	-4.67%
Non-Recurring Referendum \$	\$3,000,000	\$3,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$0	\$0
Recurring Referendum \$	\$0	\$0	\$3,000,000	\$0	\$0	\$0	\$0
Referendum Debt Levy	\$1,445,000	\$5,750,000	\$1,227,646	\$1,722,459	\$1,810,859	\$1,255,596	\$1,252,184
Energy Efficiency Exemption	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average tax impact: \$100,000 home	\$1,092	\$1,095	\$1,017	\$1,079	\$1,044	\$758	\$722

