



OCONOMOWOC AREA SCHOOL DISTRICT

EMPOWERING A COMMUNITY OF LEARNERS AND LEADERS

2020-21 Budget Proposal School Board Executive Report June 9, 2020



Empowering a community of learners and leaders.

District Profile: Oconomowoc Area School District (OASD) serves approximately 5,300 students in pre-kindergarten through grade twelve. OASD covers 135 square miles in Waukesha, Dodge and Jefferson counties. The District operates five elementary schools, two intermediate schools and one high school.

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Introduction

We are pleased to present the 2020-21 Oconomowoc Area School District (OASD) Budget Proposal. The Budget Proposal will be presented to the School Board on Tuesday, June 9, 2020. The budget is developed to support the District's near-term initiatives and goals, while also keeping a focus on the District's long-term financial strength. During the budget development process, every program and staffing position was carefully reviewed to ensure that scarce financial resources are used wisely and in accordance with the District's mission, initiatives, and financial policies.

The 2020-21 budget proposal was built to support and advance the District's tactical plans in each of the Board's five Strategic Plan Focus Areas:

1. Educational Quality and Culture
2. Equity and Diversity
3. Personnel Excellence
4. Business and Financial Performance
5. Customer Care / Return on Investment

This budget was developed using a collaborative process aided by input from numerous sources with employee engagement throughout. Contributions to budget development came from the following groups:

- ❑ School Board
- ❑ Benefits Task Force
- ❑ Employee Handbook Committees (for each employee group)
- ❑ Administrative Team
- ❑ Principals & Department Administrators
- ❑ Cabinet
- ❑ Various work teams (eg. curriculum adoption, technology teams)

In addition to being a collaborative effort, the budget development process was also transparent. The Board, administration, and staff were provided with both State and local level budget updates throughout the five month process. Transparency in the budget process creates greater awareness and accountability. For internal stakeholders, transparency enables central office departments and schools to take greater ownership of their goals, priorities, and continuous improvement plans. For external stakeholders, our community, it results in a more readable and informative budget document.

This proposal is built as a 'working document' plan for the 2020-21 school year. Our lives and our school operations are full of uncertainty as we manage through this global pandemic. This budget contains assumptions which will likely need adjustment as we progress through the summer months. The final budget, adopted by the Board in October, will account for any adjustments needed to comply with new regulations and requirements, to support student learning needs, and to promote the safety and well-being of our students, staff, and community.

The budget proposal is available on the District website at www.oasd.org.

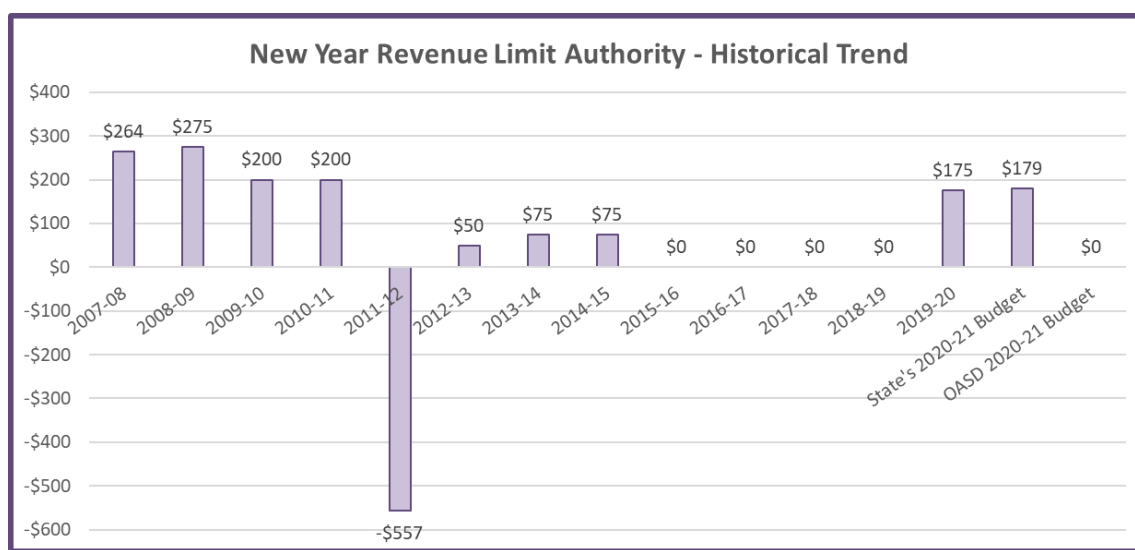
Budget Overview for 2020-21

The State Perspective:

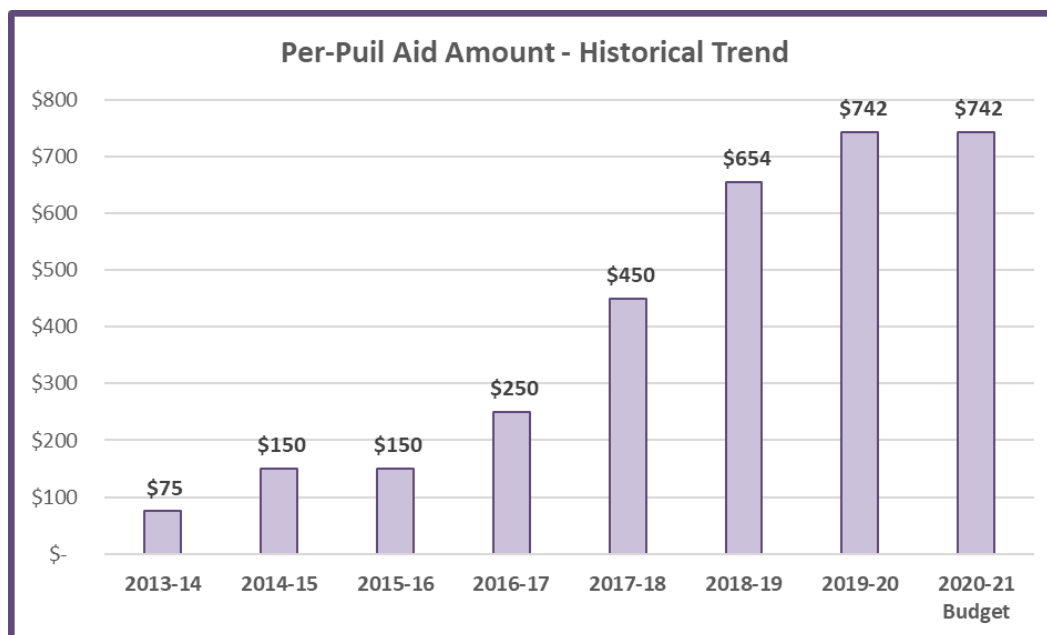
The District's budgetary financial framework is determined primarily by the State of Wisconsin's budget. This is the second year of the State's budget and many key variables should be solidified. Until recently, what appeared to be a stable and predictable budget building environment for 2020-21 is now neither stable nor predictable. The rapid deceleration of the state economy has caused a sharp downturn in state revenues. This trend is anticipated to continue. At the same time, there has also been increased demand on State resources. There is much conversation at the State level of a future Budget Repair Bill. Until a clearer state financial picture emerges, district budget planners have been advised to exercise awareness and caution in developing their 2020-21 budgets.

Considering this advisory, the 2020-21 budget proposal has been built using different assumptions for revenue limit authority and special education categorical aid than what is currently provided for with the State's biennial budget. In addition, there are a number of considerations that must be estimated, including enrollment, equalized property values, and State aid. OASD's budget is based upon the best estimates of likely financial conditions, including the following:

- The "Revenue Limit Formula" by which the State indirectly controls K-12 spending is **budgeted to remain flat (a 'zero increase') next year**. While the State's current budget provides for an increase of \$179 per member, this component is most frequently cited to be adjusted in any State Budget Repair Bill. Per student revenue limit authority has varied over the years (see chart below). Additional revenue authority helps a district to balance the inflationary and operational escalation of its expenditures. A 'zero increase' State budget scenario holds down statewide property taxes, but obviously creates challenging financial conditions for school districts.



- Per Pupil Categorical Aid was first provided to districts in 2013-14. The 2015-17 State budget continued the aid for 2015-16 and 2016-17. The State's 2017-19 biennial budget maintained the existing law of \$250 per pupil in both years and provided additional aid, bringing the per student amounts to \$450 and \$654, generating aid of \$2.5M and \$3.6M, respectively. For 2019-20 and 2020-21, the State's budget provides Per Pupil Categorical Aid at \$742 per pupil. Using the \$742 rate, Per Pupil Aid is estimated to provide funding of \$4M in 2020-21.



- State Equalization Aid, which is OASD's largest funding source other than local property taxes, is expected to decrease by 15%. A decrease in State aid shifts the funding burden to the local property tax levy from the state-level. OASD can be viewed as a State-local funding partnership. The actions of one funding partner greatly impacts the other funding partner.
- Open enrollment revenue is estimated to increase 5.56% over the 2019-20 budget level. This increase is the result of a predicted increase in the per-pupil rate keeping the number of students enrolling into OASD consistent with the current year. The open enrollment out expenditure is estimated to increase by 6.17% which reflects consistency in the number of students and a projected increase in the per-pupil rate. The change in revenue and expenditure net with one another to create an additional \$180,000 expenditure. Both revenue and expenditure amounts reflect the combined changes in both open enrollment and the State's voucher program.

The Local Perspective:

The District expects limited General Fund revenue growth next year. While current school finance law provides \$179/member in additional revenue limit authority, the recent economic downturn has generated predictions of a State budget repair bill that would eliminate this additional revenue limit authority, at a minimum. There are also discussions of a reduction (a negative adjustment) in revenue limit authority.

This budget proposal includes a \$0 increase in the revenue limit per pupil (see State Perspective above), which is a constraint on revenue. The three primary sources generating additional revenue for OASD are (1) various exemptions within the Revenue Limit calculation, (2) open enrollment revenue, Common School Library funds, and a capital lease gross-up entry (all of which are offset by corresponding increasing expenditures) and (3) the State-level school social worker grant. We expect General Fund revenue to increase by .63% next year based primarily on tight controls by the State and OASD's predicted declining enrollment.














OASD's was fortunate for many years to experience a long-term trend of growing enrollment. This trend is a positive revenue factor. Under the State revenue limit formula, districts with growing enrollment have more financial flexibility than districts with declining enrollment. However, in recent years this trend has leveled and OASD's enrollment has begun to decline. With new-home starts and residential development apparent throughout the District, we are hopeful that enrollment growth will resume once again. Being conservative, this budget includes a 59 student decrease in the "3 year rolling average" membership.

General Fund expenditures must conform to available revenues to produce a balanced operating budget. The proposed budget is balanced, while incorporating key initiatives, through careful control of costs and strategic allocation of limited resources. This budget supports the instructional mission of OASD as demonstrated by sustaining these key initiatives:

- Pupil-to-teacher ratios which are appropriate for each grade level and which support a positive environment for learning.
- A Response to Intervention system that meets the needs of all learners and decreases the need for referral to special education.
- A commitment to Universal Design for Learning to support student learning styles and meet the needs of diverse learners.
- Consistent annual funding for curriculum materials, instructional technology, and staff development, all of which place OASD among the leading school districts in Wisconsin.
- A technology plan that continues to support a 1:1 student-to-device ratio in grades 3 through 12, 2:1 student-to-classroom device ratio in grades 1 through 2, and 5 iPads per classroom in grades 4K and 5K. The technology plan also provides reliable student access and use of mobile technology supported by OASD's high-speed fiber network and wireless infrastructure.
- Coaching and mentoring services to support OASD's Universal Design for Learning curriculum delivery approach and instructional technology plan.
- Students' social-emotional well-being is supported through continued community partnerships with GALS Institute and Family Services of Waukesha, a Student and Family Assistance Program (SFAP), and increased social worker presence at the intermediate levels.
- Expanded support for Achievement Via Individual Determination (AVID) at OHS.

- A Dean of Students role at the intermediate schools to work collaboratively with building leaders to ensure all students have opportunities to achieve at high levels academically, socially, and emotionally. The Dean of Students will (1) assist with the daily operation of the school with an emphasis on Restorative Justice and Positive Behavioral Interventions and Supports (PBIS); (2) provide leadership and be a resource for the Student Services Team in providing a data driven Multi-Level System of Support (MLSS); and (3) promote an inclusive learning community that supports social interaction, active engagement in learning and self-motivation.
 - A commitment to facility preventative maintenance, renovation, infrastructure improvements, and long-term capital project funding.
 - A sustainable educators' salary model that provides competitive compensation and attracts and retains OASD's high-quality certified staff.
 - Competitive salaries and wages for all employee groups.
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2020-21 Budget Proposal Snapshot

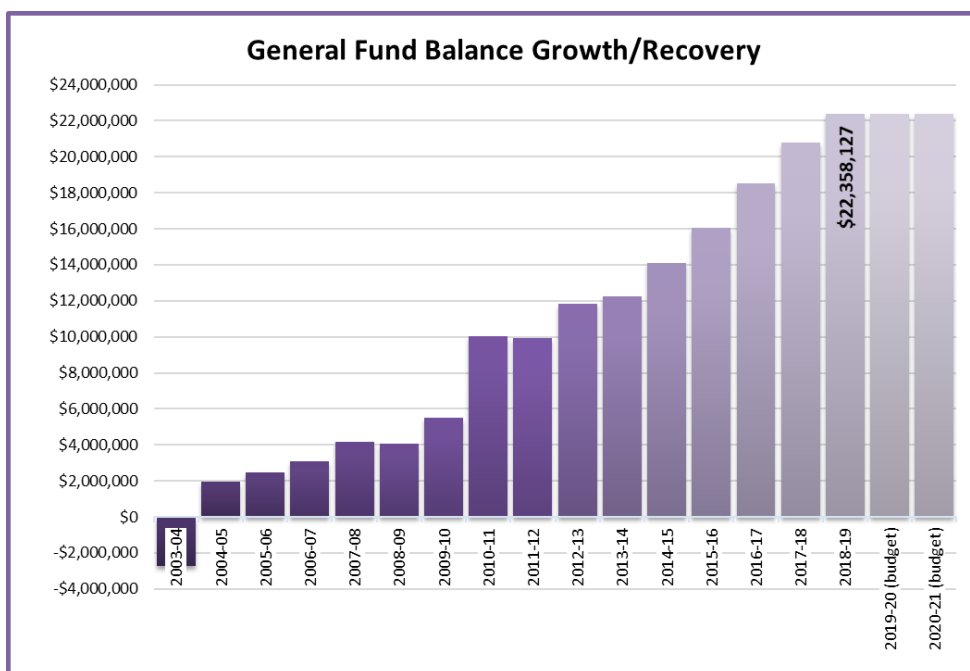
Trend	Factor	Budget Impact
	Student Enrollment	Decreasing FTE count .5%. This is a <u>conservative</u> enrollment estimate that assumes a decrease of 29 students (5,393 to 5,364). The 'three-year-rolling-average' membership decreases by 59 students to 5,440. Enrollment has been flat to moderately declining over the past several years.
	Mill Rate	Decreasing .47%. An increase of 3% was used to estimate OASD's equalized tax base. OASD's tax base increased 7.8% last year and has grown each of the past six years, averaging 4.78% growth. Tax base growth helps to offset the increased tax levy.
	Open Enrollment	Net expense increase. The open enrollment estimate assumes an increase for net open enrollment out of an additional \$183,000. The overall open enrollment net <u>out</u> expense is \$2.97M.
	Student Fees	No Change. The Board approved student fees consistent with 2019-20. See detailed scheduled in Addendum. Note: Course and consumable fees may be adjusted based on actual product costs.
	Bond Rating	Holding at Aa2 as of March 2018. This is a favorable rating.
	Fund Balance	No Change. The budget proposal is balanced with expenditures equal to revenues.
	General Fund Revenues	Increasing .63%. Revenues will increase primarily as a result of Revenue Limit exemptions, the school social worker grant, and funding offset by increasing expenditures.
	State Equalization Aid	Decreasing 15%. A 'worst case' yet realistic scenario is a 15% loss in Aid. This change is anticipated due to the impact of higher debt service costs related to the 2016 referendum. Decreasing aid puts greater pressure on the local property tax in the State-Local funding partnership.
	Property Tax Levy	Increasing 2.51%. Four factors contribute to this change: (1) Revenue Limit exemptions, (2) modest expenditure increases, (3) \$0 increase in revenue limit authority, and (4) the State aid assumption.
	General Fund Expenditures	Increasing .63%. A majority of the District's expenditures increase annually. Compensation, benefits, utilities, insurance, and transportation are driven by changing enrollment and inflation. Resources were reallocated and budget reserves were eliminated to fund OASD's current year operational needs.
	Staffing Level (Overall)	Decreasing 9.05 FTE for all staffing categories. Staffing levels are driven by class size guidelines, enrollment changes, program selection at OHS, and contingency planning. Various staffing shifts and natural attrition are used to match OASD's staffing plan with enrollment needs. Custodian and paraprofessional FTE were reduced as part of a plan to balance the budget.
	Wages & Salaries	2.42% compensation pool. A 'pool' of funds equal to 2.42% of base wages for each employee group (except paraprofessionals) was created to provide salary increases, including steps, lanes, and stipends for staff. A 2.53% compensation pool was used for paraprofessional wage increases.
	Health, Dental, Vision Insurance	Varied by benefit. With a change in carriers and creation of a dual network plan design, the health insurance renewal decreased by 1.99% for the HMO network and increased 6.73% for the POS network. OASD's renewals continue to be impacted by high HRA plan utilization, an unfavorable loss-claim ratio and high cost claims. Dental, vision, and LTD insurance renewals were 0%, 14.9%, and 0%, respectively.

While financial conditions for K-12 school districts are challenging, there are also opportunities to create new and innovative solutions.

This proposal presents a **balanced** operating budget for 2020-21 which supports and advances OASD's mission. There is little margin for error in this budget. Careful administration of the budget plan is essential to achieving the established financial targets. We look forward to an exciting and successful school year in 2020-21.

Financial Position

OASD's financial position has improved substantially over the last decade. The General Fund balance has recovered from a \$ -2.7 million deficit at year-end 2004. As of June 30, 2019, the General Fund Balance improved to a positive \$22.4 million. The 2017-18 fiscal year was the first time that OASD did not require a short-term cash-flow borrowing to fund its operations. As the 2019-20 school year nears its completion, the General Fund budget continues to perform well. It is likely that the current year budget will out-perform expectations and allow for fund balance growth and a transfer into Fund 46 to save for long-term maintenance projects. The Fund Balance chart below is reflective of actual results and budget amounts and does not consider this forecast.






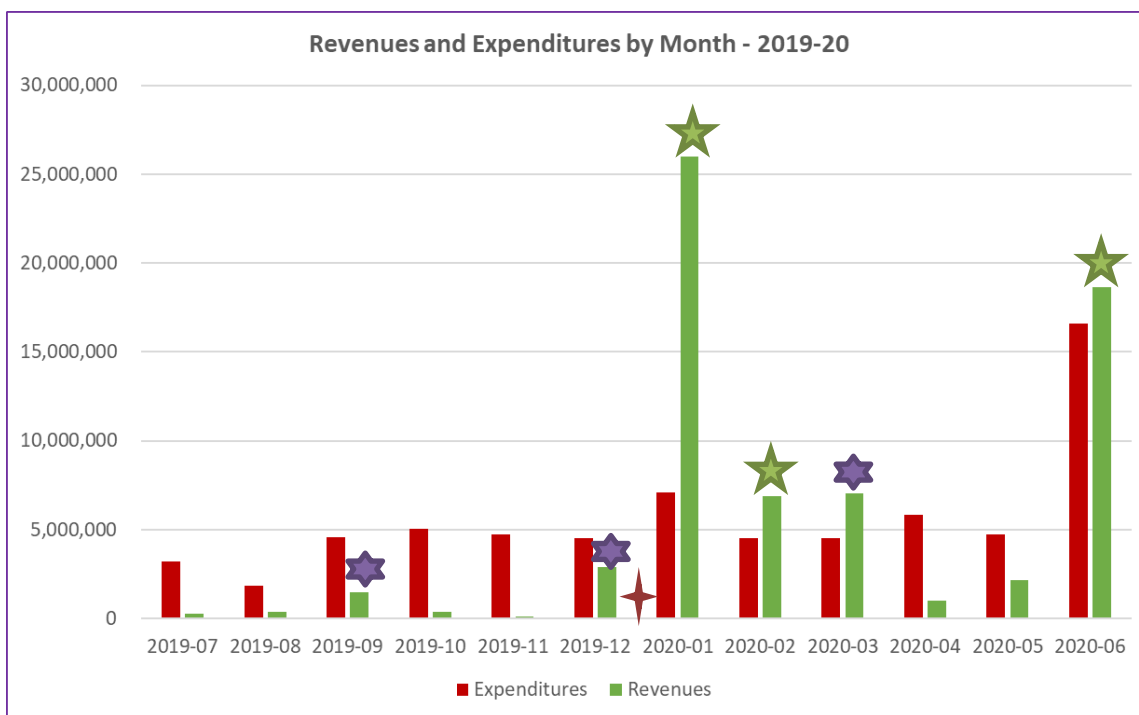
State statutes do not require that a set amount or percent of a district's overall budget be maintained as a fund balance; this is a local decision. OASD's Board policy regarding fund balance states: "The District shall strive to maintain an unassigned year-end fund balance in the General Fund that is equivalent to at least 15% of the anticipated General Fund expenditure budget for the subsequent fiscal year with a goal of reaching a level where the short-term borrowing for operations is not necessary. This fund balance is intended to be used for purposes including: cash flow management, reducing or

eliminating the need for short-term borrowing, safeguarding against unexpected expenses or unrealized revenues, and maintaining a high credit rating for the District.”

Throughout the course of a year, the fund balance has peaks and valleys in correlation with receipt of a district's major funding sources: property taxes and Equalization Aid. If a district does not have an adequate fund balance, it must borrow money on a short-term basis to pay its bills and its employees. There are issuance and interest costs associated with borrowing these funds. For OASD, these costs have ranged from \$36,000 to \$485,000. The fund balance is intended for a number of purposes, most importantly, reducing the need for short-term borrowing.

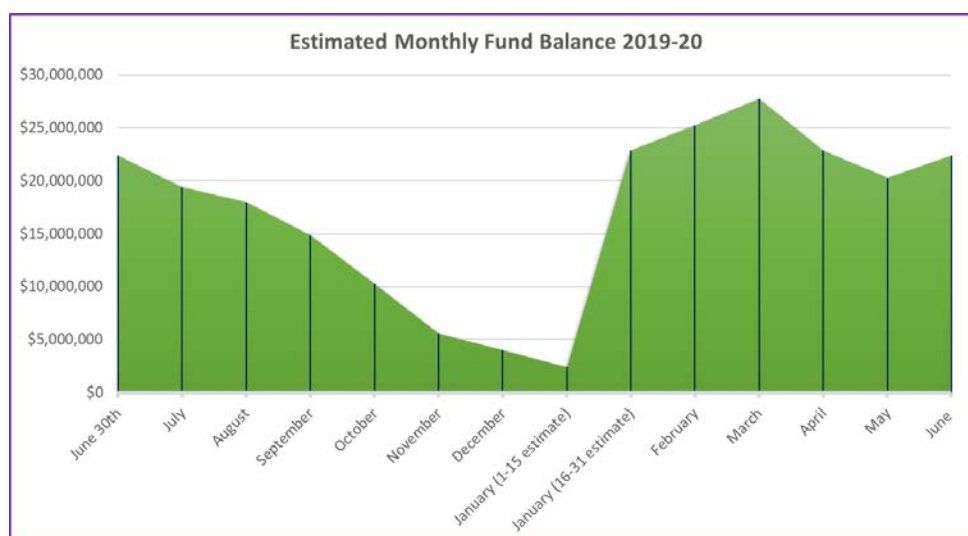
The chart below illustrates the need for fund balance by showing the differences between when OASD receives funding compared to how it incurs expenditures.

87% of OASD's revenue is from  property taxes (73%) and State Equalization Aid  (14%). Fund balance is used in the beginning of the year due to the misalignment of revenues and expenditures. The fund balance **low point**  is typically just before the January 15th payroll. Revenues (property taxes and Equalization Aid) and summer payroll expenditures are accrued in June.



OASD's fund balance meets the Board's minimum requirement of 15%. The district's short-term borrowing has decreased since 2009 from \$12M to \$1.5M in 2016-17. A borrowing was not needed for the past three years – successfully achieving a long-standing financial goal.

The General Fund Balance is equivalent to the balance sheet 'equity' account of a private enterprise. The fund balance is a financial strength *snapshot* at a given moment in time. The following chart illustrates OASD's estimated month-end balances and highlights the importance of fund balance to account for the timing differences between revenues and expenditures.



The General Fund Balance ratio (or ‘solvency’ ratio) is a commonly accepted measure of a school district’s financial condition. The District’s solvency ratio calculation and history is shown below.

Year	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Fund Balance Total	12,254,170	14,075,889	16,033,544	18,499,923	20,777,698	22,358,127	22,358,127	22,358,127
Fund Balance (Unreserved, Undesignated)	10,950,551	14,075,889	15,618,544	18,499,923	20,295,505	22,013,154	22,013,154	22,013,154
General Fund Expenditures	55,167,510	55,253,968	57,242,746	58,605,585	61,315,308	64,007,153	67,207,000	67,630,000
Solvency Ratio	19.8%	25.5%	27.3%	31.6%	33.1%	34.4%	32.8%	32.5%
Board Policy Required Minimum: 15%								

The District’s bond rating was reaffirmed as ‘**Aa2**’ in March 2018, reflecting consistently positive budget results and improving financial strength.

Moody’s Credit Overview [March 13, 2018] –

Summary

[Oconomowoc Area School District](#) (Aa2) is supported by a large tax base with a favorable location in commuting distance to Milwaukee and a strong demographic profile. The district also has a solid financial position with growing fund balances and manageable pension burden. Recent increases to the district’s debt burden, as a result of voter approved capital borrowing, is the district’s largest credit challenge.

Credit strengths

- » Sizeable tax base realizing growth in valuation
- » Above average resident income levels

Economy and tax base: moderately sized tax base west of Milwaukee

The district’s sizeable and affluent tax base is expected to remain stable given its location within commuting distance to Milwaukee.

Financial operations and reserves: solid reserve position; stable enrollment trend

We expect the district's financial profile to remain sound given healthy reserves and stable operations. Across core major operating funds (inclusive of general and debt service funds) the district ended with an available operating fund balance of \$18.5 million or 27.0% of operating revenues, which is an increase from fiscal 2012 when operating fund balance stood at \$11.3 million or 18.9% of operating revenue. Steady operating surpluses were the primary driver of the improved financial position, which management attributes to strong budgetary controls. The fiscal 2018 general fund budget is balanced and management reports that revenues and expenses are tracking close to the budget.

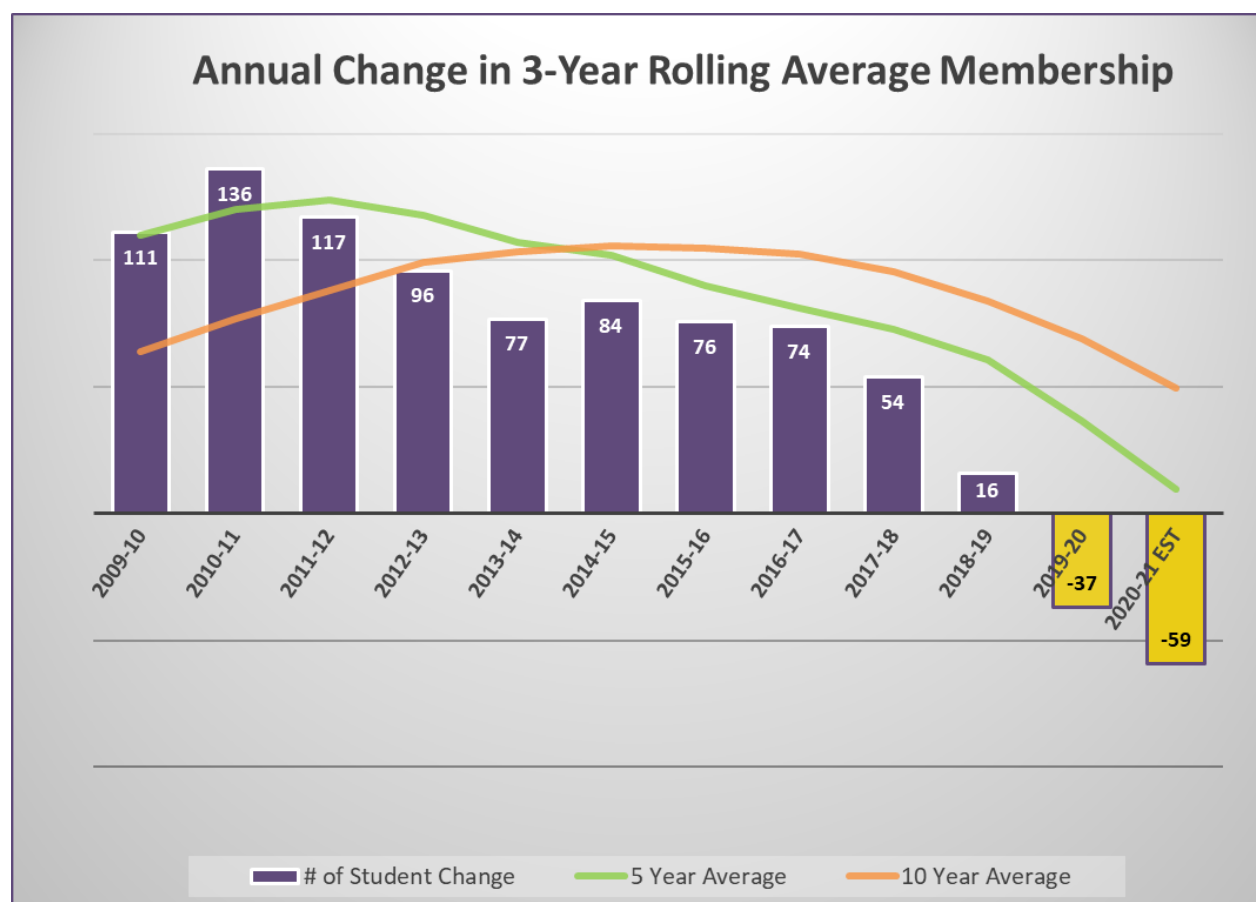
According to Moody's, only 14 school districts with bond ratings have a higher rating than OASD.

Wisconsin School Districts Rating Distribution as of 27 September 2018

Aaa	5
Aa1	9
Aa2	52
Aa3	43
A1	41
A2	9
A3	0
Baa1 and Below	1
Total WI School Dist Ratings	160
Median WI School Dist Rating	Aa3

Enrollment Summary

School district revenues are based on a '3-year rolling average of resident enrollment'. Most school districts (55%) in Wisconsin have either flat or declining enrollment. For many years, OASD was fortunate to be excluded from this category. Until 2019-20, OASD recorded fifteen consecutive years of enrollment growth as defined by the '3-year rolling average' calculation. This trend reversed in 2019-20 and is projected to continue for at least the next several years. OASD's projected enrollment for 2020-21 is conservative based upon the recent enrollment trends and actual student registrations.



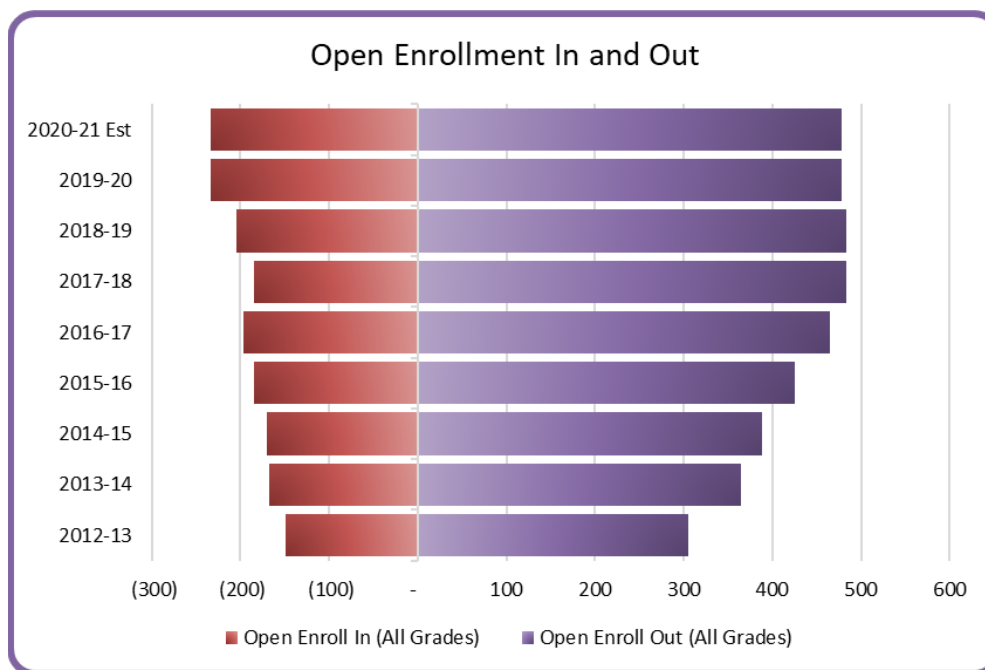
The table above illustrates the tremendous enrollment growth in OASD since 2009-10. Enrollment increased by over eight hundred (800) students. However, OASD's rate of enrollment growth slowed and then declined in the most recent years. This trend is highlighted as the enrollment change columns fall below the 5 and 10 year rolling average growth lines.

Open Enrollment:

In 2010-11 the District had a net open enrollment loss of 184 students, or **3.53%** of total resident enrollment (184 / 5,211).

In 2019-20, District had a net open enrollment loss of 245 students, or **4.43%** of total resident enrollment (245 / 5,531).

Open enrollment-out has out-paced open enrollment-in for many years as shown in the following chart. This trend appears to be slowing. For budgeting, open enrollment has been held consistent with 2019-20 levels.



Data shows that most of OASD's students who opt for 'open enrollment out' reside along the eastern border of the District and many are students who never attended OASD. The District recognizes the financial burden open enrollment imparts on the budget, not to mention the impact on the public perception of its schools. The District has taken steps to address this challenge, including improving marketing efforts, expanding high school programming, lowering/maintaining appropriate class sizes, and renovating and/or replacing existing aged facilities. The changing trend in net open enrollment suggests that these efforts are having a positive impact.

Total Enrollment and Open Enrollment:

2011-12 to Present:

OASD Enrollment Summary	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Resident Head Count:										
PreK-4 thru Grade 12	5,073	5,114	5,211	5,258	5,257	5,366	5,307	5,268	5,286	5,279
Open Enroll In (All Grades)	(129)	(149)	(168)	(170)	(185)	(196)	(184)	(204)	(233)	(233)
Open Enroll Out (All Grades)	291	305	365	388	426	465	484	483	478	478
Adjusted Resident Enrollment	5,235	5,270	5,408	5,476	5,498	5,635	5,607	5,547	5,531	5,524
% Increase over Prior Yr.	0.46%	0.67%	2.62%	1.26%	0.40%	2.49%	-0.50%	-1.07%	-1.39%	-0.41%
PreK-4 thru Grade 12 enrollment is strictly 3rd Friday head count and does not factor in percentages for part-time students (4k).										
Open Enrollment - includes tuition waivers.										
NET	162	156	197	218	241	269	300	279	245	245

Adjusted Resident Enrollment = Basic Head Count minus Open Enroll In plus Open Enroll Out.

Financial Summary

General Fund Revenues, Expenditures, and Change in Fund Balance

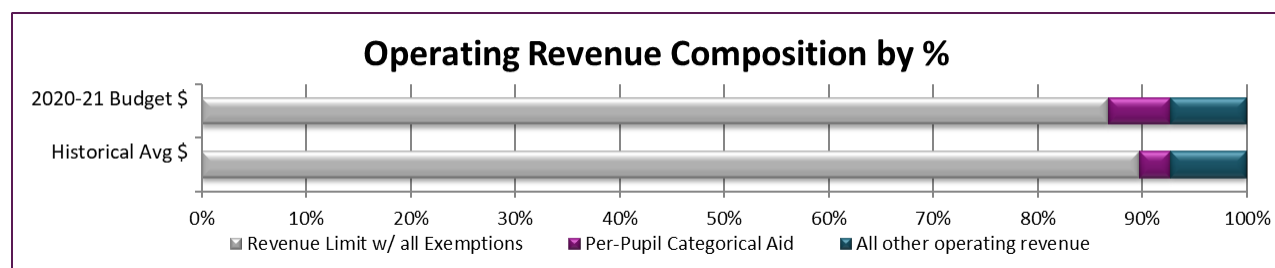
General Fund Summary	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Budget	2020-21 Budget	\$ Change Budget	Percent Budget
Beginning Fund Balance	16,033,544	18,499,923	20,777,698	22,358,126	22,358,126	-	0.00%
Revenues:							
Local	45,853,058	45,288,671	45,562,652	48,857,058	50,719,528	1,862,470	3.81%
State & Interdistrict	13,612,822	16,563,312	18,538,313	17,222,362	15,692,745	(1,529,617)	-8.88%
Federal & Other	1,606,084	1,741,100	1,272,532	1,127,580	1,217,727	90,147	7.99%
Land Sales	-						
Total Revenues	61,071,964	63,593,083	65,373,497	67,207,000	67,630,000	423,000	0.63%
Expenditures:							
Instruction	27,005,538	28,061,488	28,789,629	31,585,679	32,189,464	603,785	1.91%
Support Services	21,411,830	21,664,554	22,555,540	23,301,598	22,900,731	(400,867)	-1.72%
Other Non-program Transactions	10,188,217	11,589,266	12,447,900	12,319,723	12,539,805	220,082	1.79%
Total Expenditures	58,605,585	61,315,308	63,793,069	67,207,000	67,630,000	423,000	0.63%
Ending Fund Balance	18,499,923	20,777,698	22,358,126	22,358,126	22,358,126	-	0.00%

A detailed Statement of Revenues and Expenditures is located in the Addendum.

General Fund Revenue – Summary Comments:

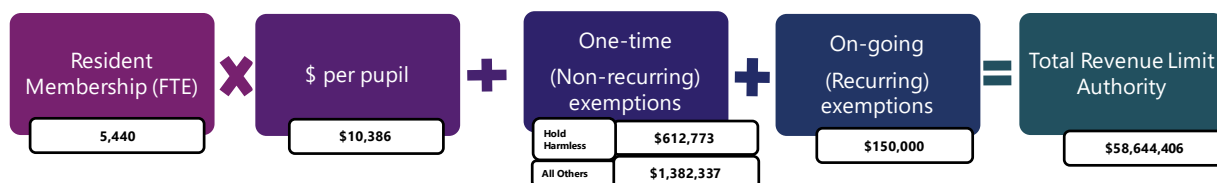
Wisconsin school districts operate under financial parameters established at the State level. Since 2011, state lawmakers have imposed restrictive limits on school district revenue growth. **The Revenue Limit Formula is the critical first step in the OASD budget development process.** The Revenue Limit functions as a control on the combined amount of property taxes and general State Aid available to operate the district.

Sometimes referred to as revenue caps, revenue limits are state-imposed controls on the amount of money a district can receive through a combination of state aid and local property taxes: the two largest sources of revenue for OASD. *Approximately 87% of OASD's revenues are derived from these two sources.* Revenue limits were implemented in 1993-94 by state policymakers, as a means of controlling increases in school property tax levies.

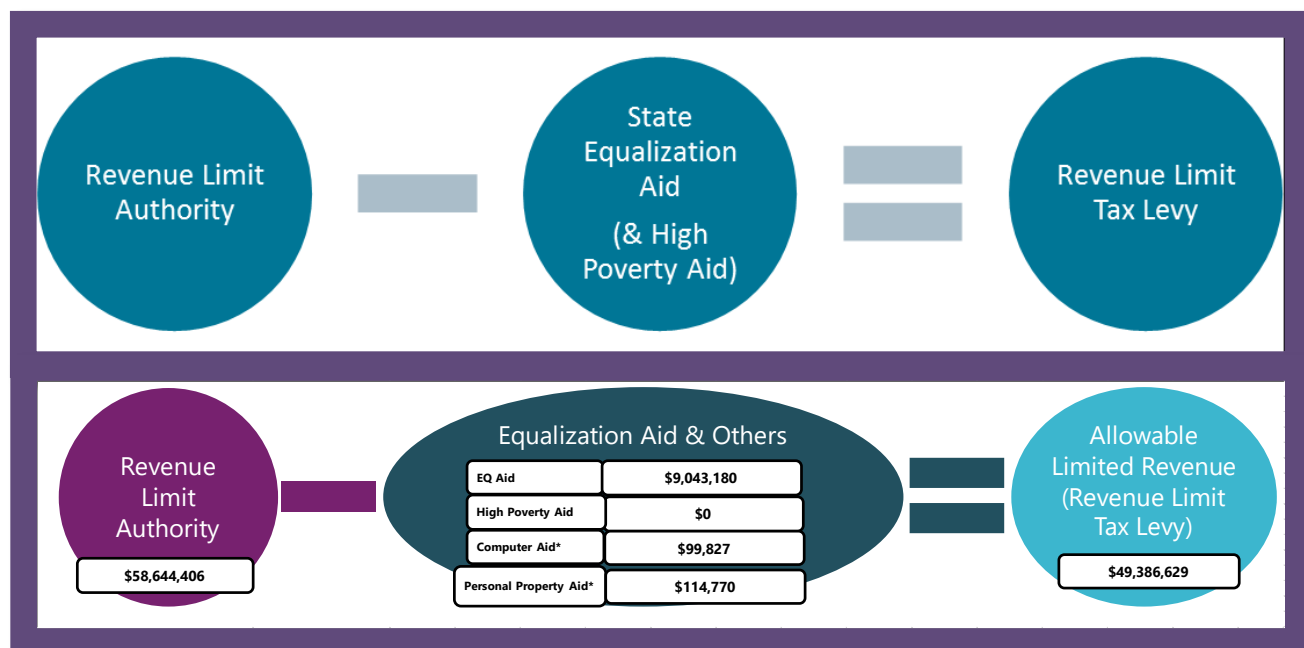


Note: Historical average represents the most recent past 5 years.

The Department of Public Instruction (DPI) generates a Revenue Limit worksheet template for districts to compute their revenue limit authority. A summary of the calculation is provided below. OASD's 2020-21 Revenue Limit worksheet is included in the Addendum.



The difference between the District's revenue limit and its general aid amount determines the maximum amount of tax levy revenue OASD is allowed to raise. For example, if additional general aid is provided, then the property tax must be reduced by the corresponding amount. If general state aid is reduced, then the Board has the authority to "backfill" the aid reduction by increasing the property tax levy.



2020-21 Property Tax Levy limit calculation.

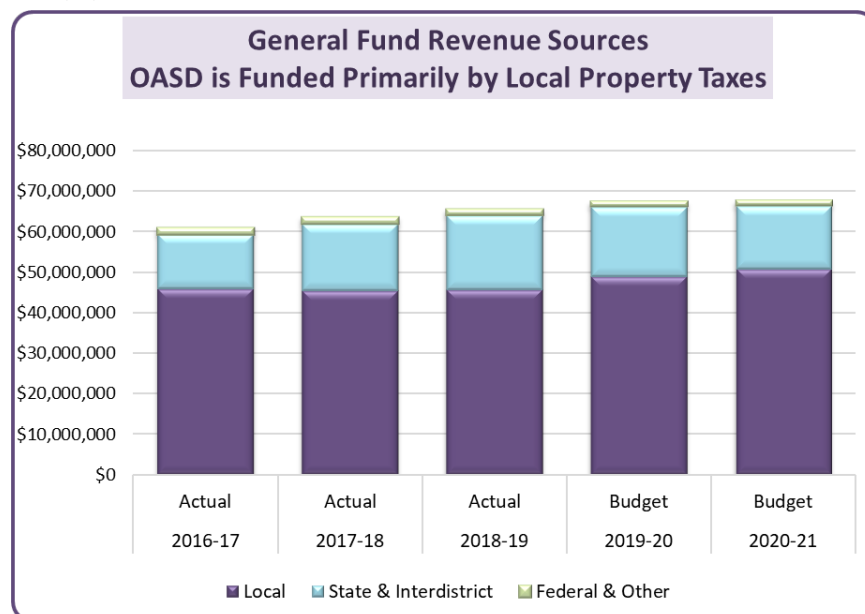
Revenue Strategy:

As noted in the **Financial Summary table** (page 14), 2020-21 General Fund revenues are expected to increase by \$423,000 or .63% as compared to the 2019-20 budget adopted by the Board in November 2019. This modest increase is the result of the following factors:

- 1) The State 'revenue limit formula' is predicted to provide \$0 per pupil for additional revenue authority. While the State's current budget provides for an increase of \$179 per member, this component is most frequently cited to be adjusted in any State Budget Repair Bill. To be conservative, this budget proposal is built using a more restrictive factor.
- 2) The State's 2019-21 biennial budget changed the Per Pupil Categorical Aid amount from \$654 to \$742 in each budget year, 2019-20 and 2020-21.

- 3) Student enrollment is expected to decline. A decrease of 29 students in membership FTE enrollment is factored into the revenue limit formula. This estimate appears reasonable based on OASD's enrollment changes experienced in recent years and actual student registrations through May 2020. This is the second consecutive year that the 'three-year rolling average' membership will also decline as a smaller count replaces a larger count in the average calculation.
- a) This scenario results in OASD qualifying for the Declining Enrollment Exemption, which helps alleviate the financial impact caused by declining enrollment.
 - b) This scenario also results in OASD being provided with the Hold Harmless Exemption, which allows OASD to maintain a Revenue Limit Base equal to the previous year's Base Revenue.
- Both of these exemptions are non-recurring, meaning that the revenue authority is available for a limited time. These exemptions are available for one year.
- 4) According to Board policy, the Board has the authority to assess registration and participation fees at reasonable levels to partially offset (but not fund the majority of) program costs. The Board approved administration's recommendation for no changes in these fees. Revenues from registration and participation fees are predicted to be similar to the prior year. In addition, course and consumables fees are reviewed and updated annually based upon actual cost. *A detailed Student Fee Schedule for 2020-21 is included in the Addendum.*
- 5) Interest income, which tracked well during the first half of 2019-20, began stagnating with the economic downturn and market volatility caused by the COVID-19 pandemic. For budgeting purposes, interest income is projected to decrease 16% over 2019-20's budget.
- 6) Federal and State grant funding is projected to be relatively consistent with 2019-20 budget levels, considering only budget allocations and not prior year carryover. OASD qualifies for a State-level social worker grant (estimated at \$31,500) as a result of increased spending in this area.

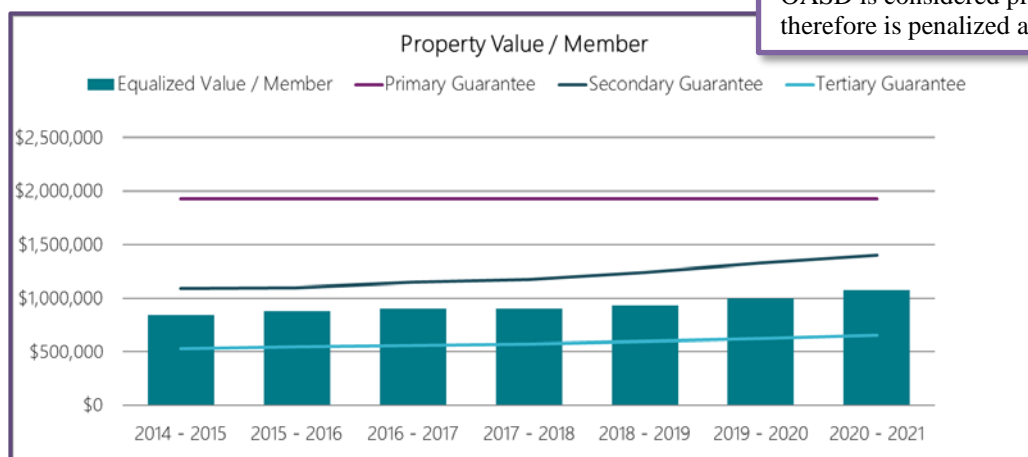
The following graph details the composition of General Fund revenue sources.



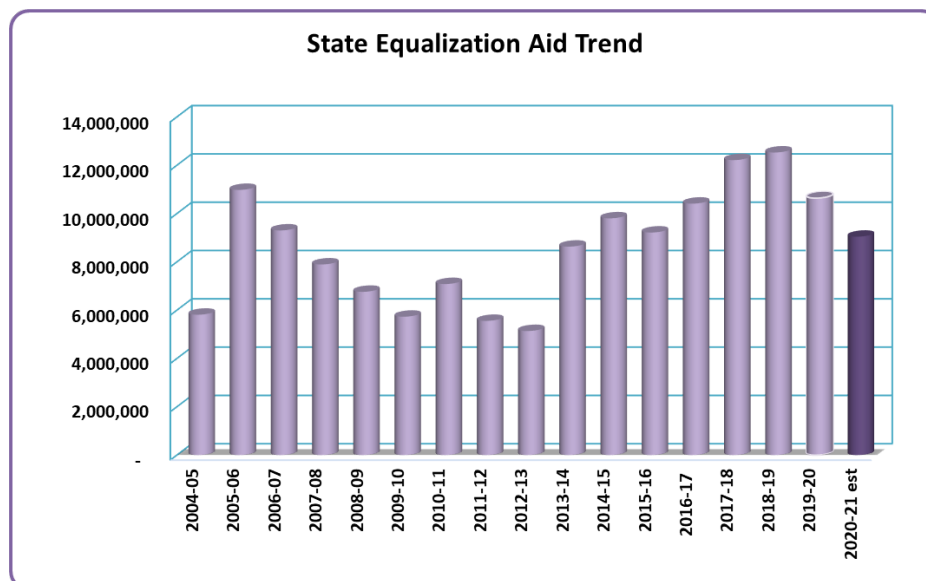
State Equalization Aid, the largest source of revenue other than local property taxes, is expected to decrease by 15%. This is a reasonable estimate given the variables impacting Equalization Aid. This budget estimates an approximate \$1,596,000 loss of State Equalization Aid, from \$10.6 million to \$9.1 million dollars. In recent years, OASD benefited from the aid formula as growing enrollment out-paced expenditure and equalized property value growth. This trend has kept OASD's valuation per member and shared cost per member near the formula's ceilings and State averages. OASD has been penalized less at the tertiary aid level. As a result of OASD's declining enrollment and increased debt service, OASD is predicted to have reduced State Aid next year.

The variables impacting the Equalization Aid funding formula, including enrollment changes, property values, financial performance, ceiling/guarantee adjustments, and State-wide spending changes, will be closely monitored to help predict OASD's anticipated Aid.

OASD is considered property 'rich' and therefore is penalized at the tertiary aid level.

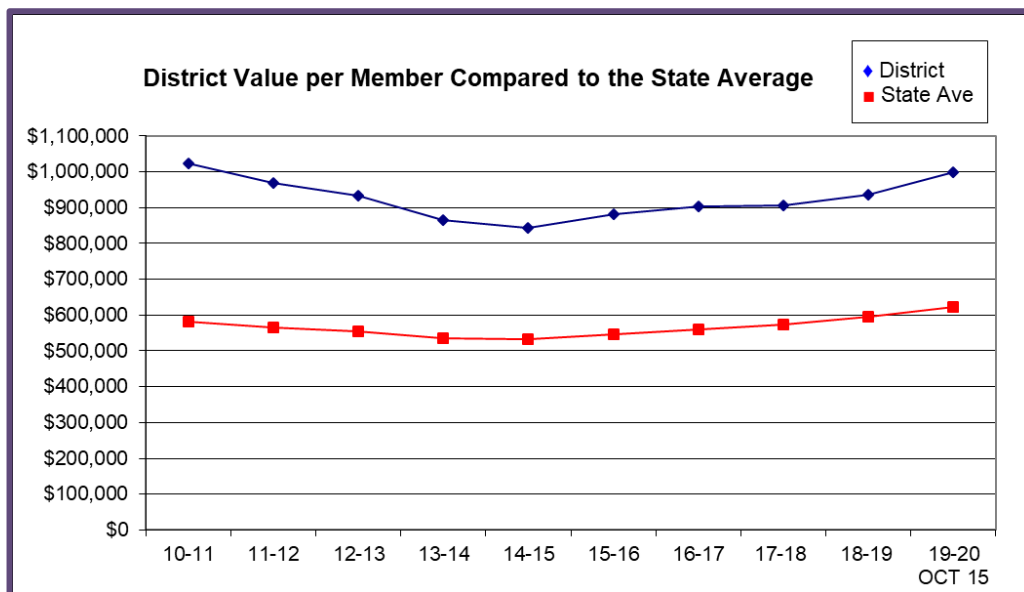


Equalization aid has historically been a 'roller-coaster' ride for OASD. However, OASD is predicted to once again face aid loss as a result of significantly increasing debt service for the 2016 referendum, modestly increasing operational costs, and declining enrollment. The debt service and operational spending increase the District's shared costs, while lower enrollment reduces the number of students to which these costs are attributed.

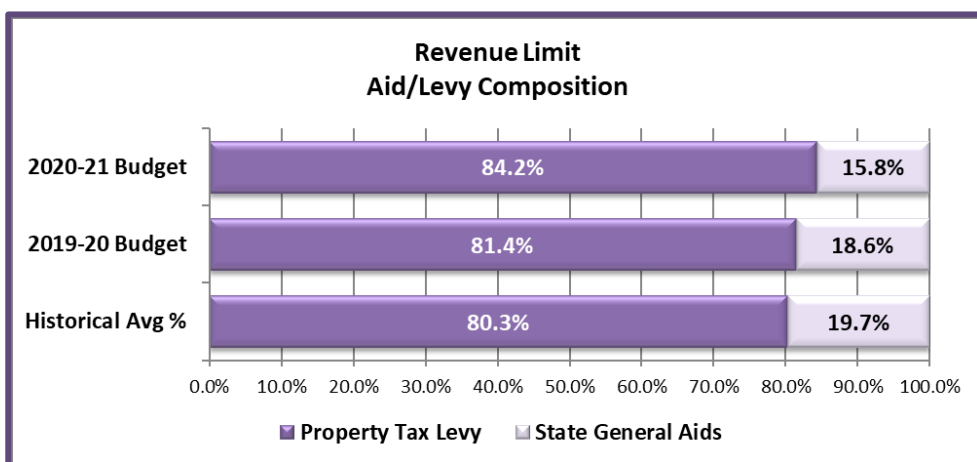


The state 'shares' in funding the OASD annual budget through State Aid. As previously described, the amount of State Aid received by a district is important because the less State Aid that is received, the more funding that has to be raised through local property taxes.

Wisconsin provides the majority of state aid to school districts based on a formula that attempts to provide each district with a guaranteed tax base per pupil. This aid is referred to as Equalization Aid and is meant to assure that a basic educational opportunity is available to all pupils regardless of the local fiscal capacity (ability to pay) of the district in which they reside.



Property values vary widely across the state, and hence, districts differ in their ability to raise property tax revenue to support educational programs. Since OASD's property value per member (\$997,944) is well-above the state average (\$621,416), the majority of funding to support the District's operations come from local property taxes.

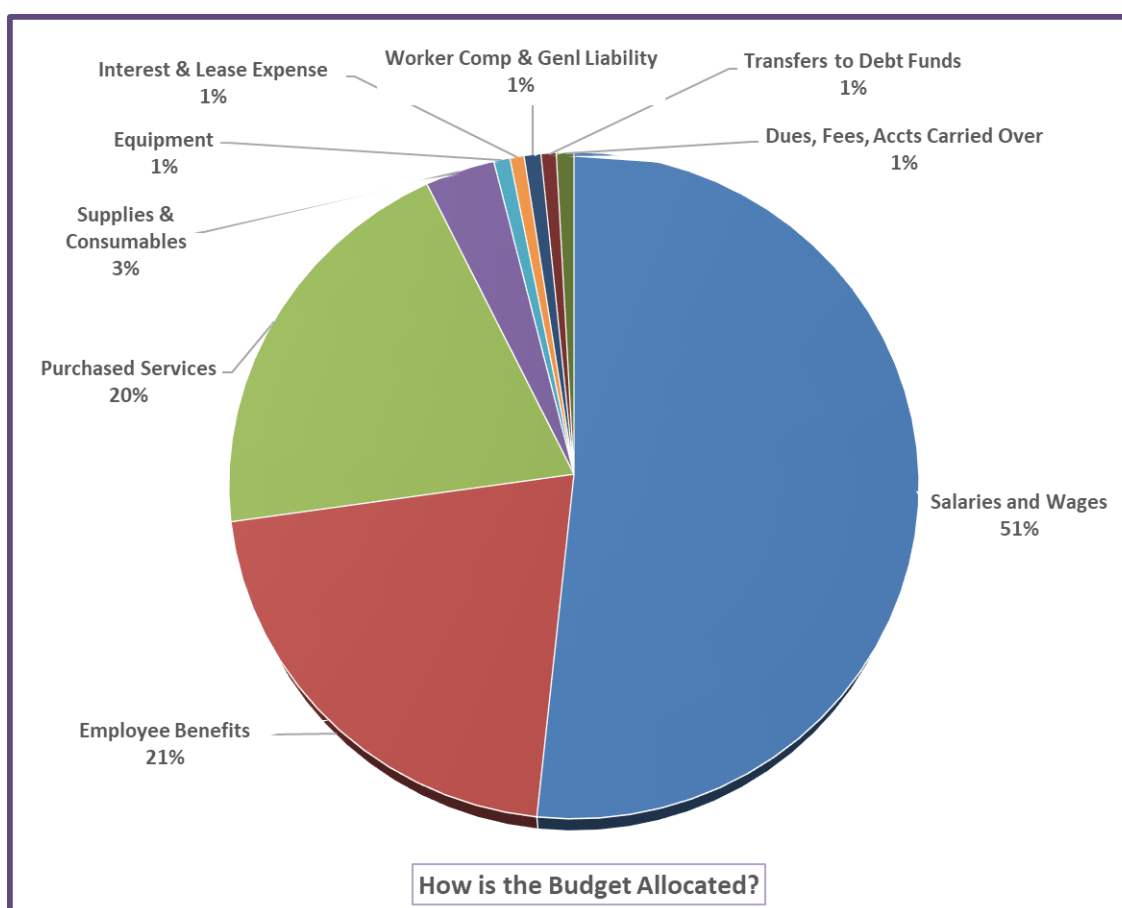


Note: Historical average represents the most recent past 5 years.

General Fund Expenditures – Summary Comments:

In a budgetary environment characterized by restricted, and often minimal, revenue growth, OASD must remain focused and exercise careful restraint over expenditures, ensuring that every dollar is allocated to its optimal use. Budgeted 2020-21 General Fund expenditures total \$67.6 million. This is an increase of **.63%** from current year budgeted expenditures. Staffing levels, compensation, and benefits were aligned to projected enrollment needs, strategic initiatives, and Board directives. Principals and administrators scrutinized non-personnel budgets to identify resource reallocation opportunities.

The following chart shows expenditure categories as a percentage of the overall budget. It highlights the importance of managing compensation and benefits given their overall budget composition: 73% including the General and Special Education Funds. This composition is typical of Wisconsin school districts.



With severely limited revenue growth, the change in expenditures must be carefully examined to avoid drawing inaccurate conclusions. OASD is committed to continuous improvement and fulfilling its strategic directions despite limited 'new' money available to fund operations. The Board, Cabinet, and Administrative Team collaborated throughout the budget development process to provide input on assumptions, identify strategic initiatives, and complete the staffing plan. The following section summarizes the initiatives prioritized in OASD's budget supported by new resources, along with reallocation of existing budget funds.

Prioritized Budget Investments (Expenditures)

The 2020-21 budget proposal was built to support and advance the District's tactical plans in each of the Board's five Strategic Plan Focus Areas:

1. Educational Quality and Culture
 - a. Maintaining low class sizes at the primary grade levels and math and language arts at the high school
 - b. Staffing core-content and elective courses at the intermediate and high-school levels at appropriate student-to-teacher ratios
 - c. Expanding Achievement Via Individual Determination (AVID) academic mentor time at OHS
 - d. Continuing intervention services (expanded in 2019-20) at the intermediate schools
 - e. Funding the Student Family Assistance Program (SFAP) which provides access to mental health services and support for district families
 - f. Adding student services support by increasing school social worker staffing at the intermediate level
 - g. Creating a Maker's Space at Greenland Elementary
 - h. Adding a Dean of Students role at the intermediate level to promote an inclusive learning community that supports positive social interaction and active engagement in learning
 - i. Providing technology on a 1:1 device-to-student ratios at Grades 3 through 12
 - j. Funding for capital projects, the technology plan, and the curriculum adoption cycle
2. Equity and Diversity
 - a. Updating district bathrooms to provide enhanced privacy
 - b. Expanding culturally diverse classroom libraries
 - c. Continuing to support professional development around diversity, culturally responsive practices, and social-emotional wellness
3. Personnel Excellence
 - a. Ensuring competitive compensation and benefit packages
 - b. Reducing traveling assignments
 - c. Supporting the voluntary reduction of OHS overload assignments
 - d. Maintaining AVID leadership conference opportunities
 - e. Providing Chromebooks to all paraprofessional staff working 4 or more hours per day
 - f. Offering professional development to support technology implementation, curriculum adoption, diversity and social-emotional training, and the UDL delivery approach
4. Business and Financial Performance
 - a. Reallocating existing resources to support district tactical plans
 - b. Negotiating competitive service contracts and insurance renewals to optimize resources
5. Customer Care / Return on Investment
 - a. Continuing graphic design contracts to support district communication
 - b. Utilizing various software tools to provide District-to-Student level data analytics, benchmarks, and dashboards

Looking at the General Fund budget, the top 15 expenditures by object type (grouping all salaries and wages together) are as follows:

2020-21 Budget	
Salaries	\$30,421,008
Health Insurance	\$6,968,626
Transfer to Special Ed	\$6,820,990
Open Enrollment/Vouchers	\$4,846,829
Fuel/Transportation	\$2,494,432
WRS/Private Pension	\$2,456,481
FICA/Medicare	\$2,348,629
Technology	\$2,076,824
Supplies/Consumables	\$1,342,524
Purchased Services	\$1,189,718
Utilities	\$947,183
Professional Services	\$902,950
Equipment	\$529,680
Transfer to Debt Service	\$495,840
Leases	\$464,263
Grand Total	\$64,305,977
% of Budget (\$67.6M)	95%

The fifteen largest budget expenditures consume 95% of OASD's resources. Salaries and wages are the largest expenditure for OASD, with a several employee benefits also ranking in the top 15.

The sections that follow focus on OASD's major recurring expenditures. **This balanced budget proposal for 2020-21 is based on an efficient staffing plan, realistic wage and salary assumptions, favorable employee benefit rates, inclusion of identified strategic initiatives, and careful attention to other major cost areas.**

2020-21 Staffing Summary

The budget proposal is based upon a detailed staffing plan for the 2020-21 school year. The plan is centered upon student enrollment, appropriate class sizes, course offerings, student course selections and efficient use of resources.

Personnel costs represent approximately 73% of General Fund expenditures. Personnel costs are driven by (1) the staffing plan; (2) wage and salary assumptions; and (3) employee benefit costs. Each of these personnel cost factors is discussed in detail in the sections that follow.

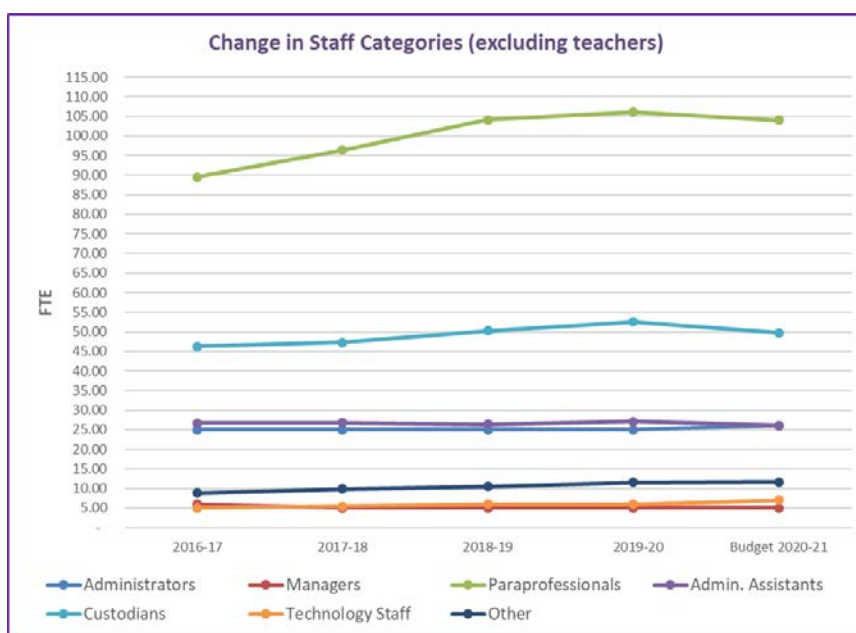
The 2020-21 staffing plan includes a **1.45% decrease** in total staffing. The staffing plan is the result of an in-depth review of every OASD program and staffing assignment. A detailed staffing plan is included in the Addendum to this report.

Staff Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Budget 2020-21	20-21 to 19-20	
								# Change	% Change
Teachers	358.08	360.31	368.88	374.25	378.40	392.27	387.07	(5.20)	-1.33%
Administrators	21.00	25.00	25.00	25.00	25.00	25.00	26.00	1.00	4.00%
Sub-Total	379.08	385.31	393.88	399.25	403.40	417.27	413.07	(4.20)	-1.01%
Managers	7.00	5.00	6.00	5.00	5.00	5.00	5.00	-	0.00%
Paraprofessionals	87.30	88.15	89.48	96.47	104.17	106.15	104.09	(2.06)	-1.94%
Admin. Assistants	27.95	29.33	26.68	26.77	26.38	27.03	26.03	(1.00)	-3.70%
Custodians	46.24	46.24	46.21	47.29	50.27	52.55	49.74	(2.81)	-5.35%
Technology Staff	4.00	4.00	5.00	5.44	6.00	6.00	7.00	1.00	16.67%
Other	8.63	9.27	8.88	9.83	10.51	11.57	11.59	0.02	0.22%
Support Sub-Total	181.12	181.99	182.25	190.80	202.33	208.30	203.45	(4.85)	-2.33%
Grand Total	560.20	567.30	576.13	590.05	605.73	625.57	616.52	(9.05)	-1.45%

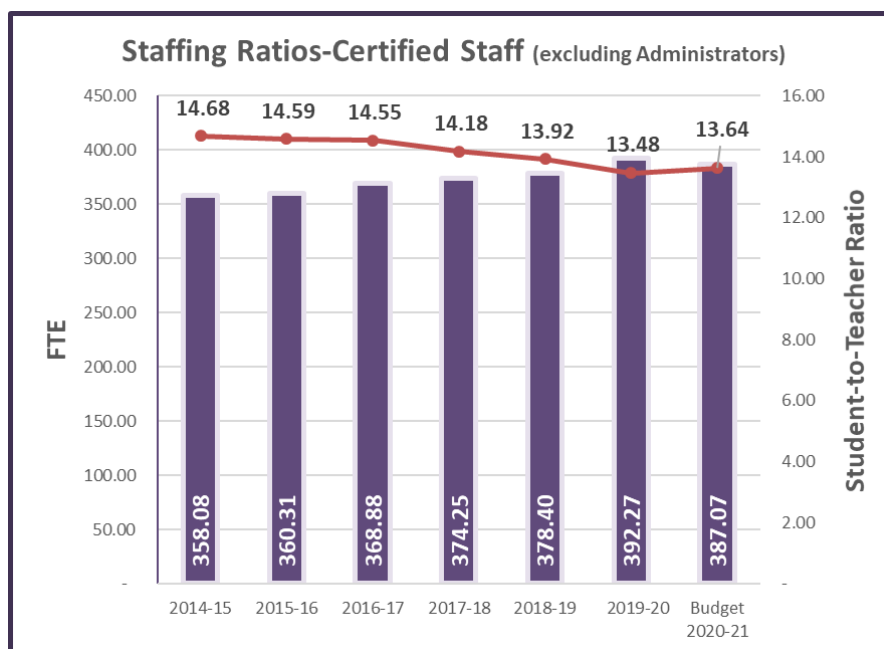
The staffing plan summarized above continues to transition away from the OHS transformation plan, which began in 2012-13, by reducing overload assignments for those staff that elected to do so. It supports increased student services staffing with additional social worker time and the creation of a Dean of Students role at the intermediate schools. The plan continues to provide the expanded reading and math intervention services at the intermediate level, reduces traveling assignments, maintains low classes sizes at the primary grade levels, increases OHS AVID staffing, and responds to student course selections at OHS and the intermediate schools. Paraprofessional and part-time custodian staffing reductions (20 hours per day for each staff category) were made to create an efficient staffing plan within a balanced budget.

The net full-time equivalent, FTE, decreases shown above align with the approved certified and support staffing requests included in the Addendum. Two certified staff contingent FTE's are included in the plan to be used if needed based upon actual enrollment next September.

The chart that follows shows that non-teacher FTE has remained relatively consistent over recent years, with the exception of paraprofessional staffing. Paraprofessionals support our students in a number of ways beyond simple supervision. They are used to assist with literacy instruction at the early grade levels, individual 'breakout' learning district-wide, and in various means to assist students with special needs. Paraprofessional staffing is balanced with declining enrollment, low elementary class sizes, student needs, and service delivery methods.



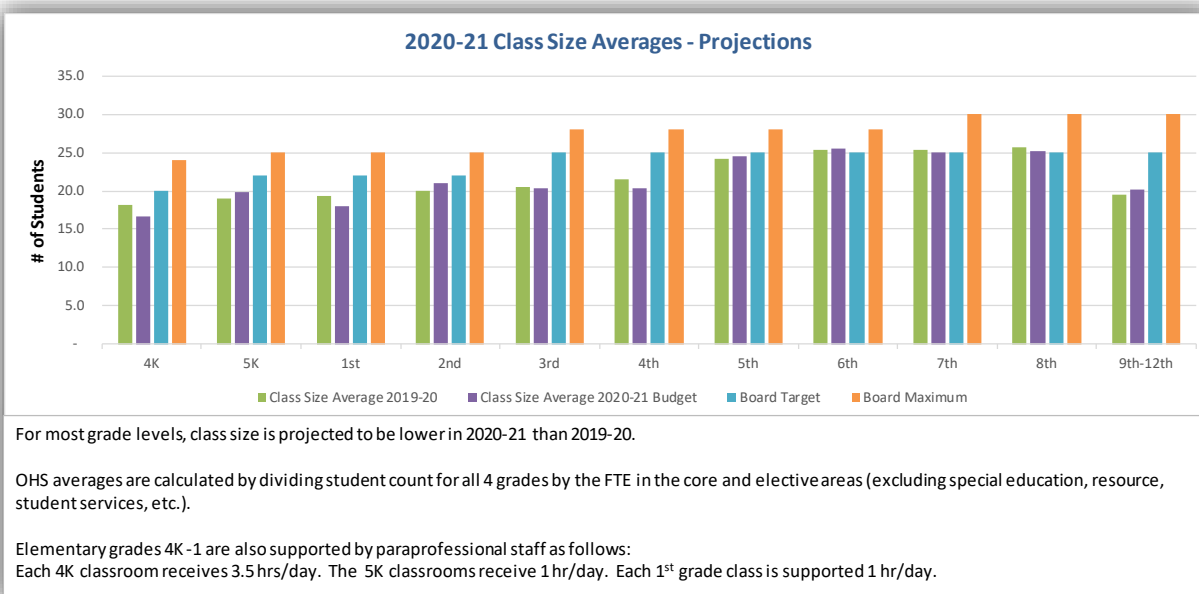
Another measurement tool reviewed by administration is the student-to-educator ratio. To balance the budget and use resources wisely, it is critically important that OASD align the educator FTE changes to enrollment changes. This also helps to achieve appropriate class sizes, which is a key consideration of parents when evaluating a school district. The district has prioritized lowering class sizes as part of its strategic initiatives. The District has successfully reduced this ratio over recent years.



Class Size Averages

A key factor considered in making staffing decisions and developing the staffing plan is adherence to OASD's class size guidelines. Student enrollment is monitored weekly for changes that impact staffing decisions. Watch spots are identified for areas that are nearing or exceeding class size guidelines. Staffing decisions and watch-spot changes

are finalized in August when the school registration window closes. The chart that follows shows the most recent 'snapshot' of enrollment projections and the impact on class size averages. Only classroom teachers are considered in the class-size averages shown in the chart below.



Wages, Salaries, and Employee Benefits

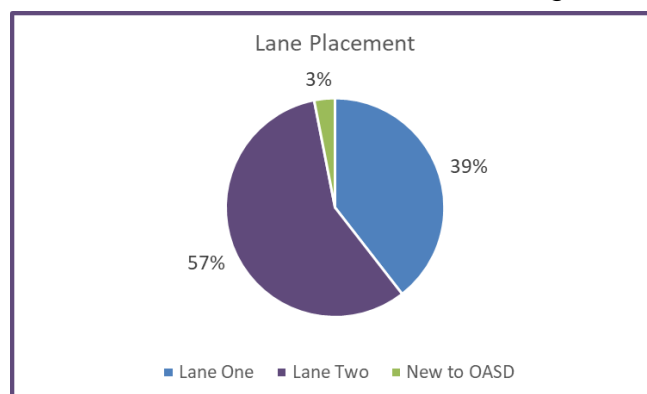
The budget proposal includes a 2.42% wage/salary reserve for the 2020-21 school year. Administration annually reviews, and shares with the Board, compensation benchmarking analyses for each employee group. The comparative data is gathered from the Human Resources Directors' salary survey and Forecast Five analytics. The goal is to position OASD salaries between the median and the 75th percentile. The Business and Human Resources departments continue to seek efficient means to gather comparative data that is consistent, accurate, and timely.

The budget supports the Board approved compensation model for certified staff. The new model being implemented in 2020-21 represents a collaborative effort of administrators and teachers to capture the Board's vision, along with staff input and feedback. The model is intended to:

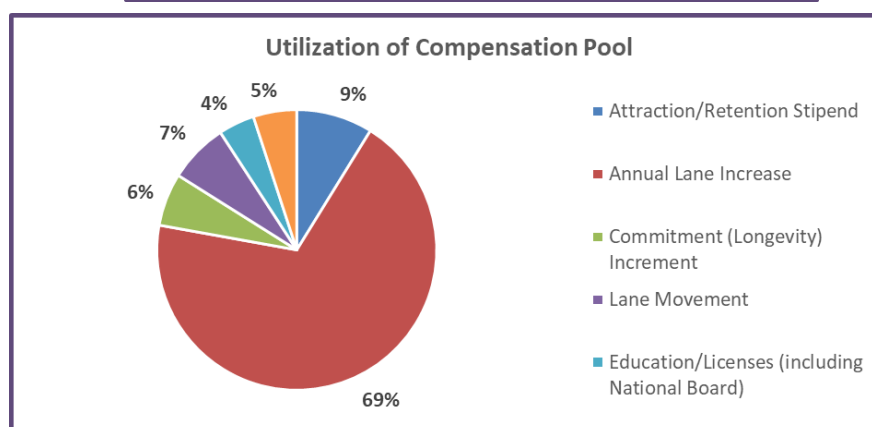
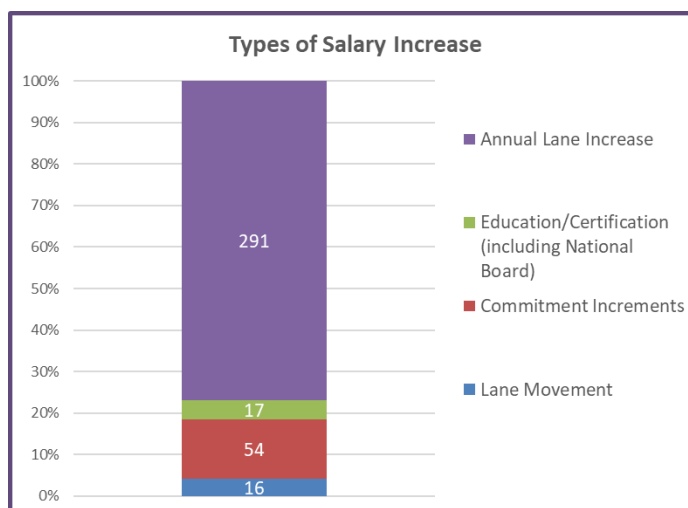
- ☑ attract and retain high-quality staff;
- ☑ provide clear, equal and predictable salary increases;
- ☑ create differentiated pathways for salary change through lane movement and education increases;
- ☑ recognize longevity through commitment increments; and,
- ☑ promote the elevation of the teaching profession through a Learners and Leaders Research stipend.

The new educator's compensation model provides salary increases through multiple components: an annual lane increase (\$800 or \$1200), commitment (longevity) increments, education/certification increases, and a Learners and Leaders Research bonus. For 2020-21, there are 390 educators equating to 377.26 FTE (not including any

overloads). The compensation model includes a lane for educators with a bachelor's degree and another lane for educators with a master's degree.



All educators receive an \$800 or \$1200 annual increase (adjusted for FTE). Additional increases can be received through lane movement, commitment increment, or education/certification increase. The Learners and Leaders Bonus stipend also provides additional compensation.

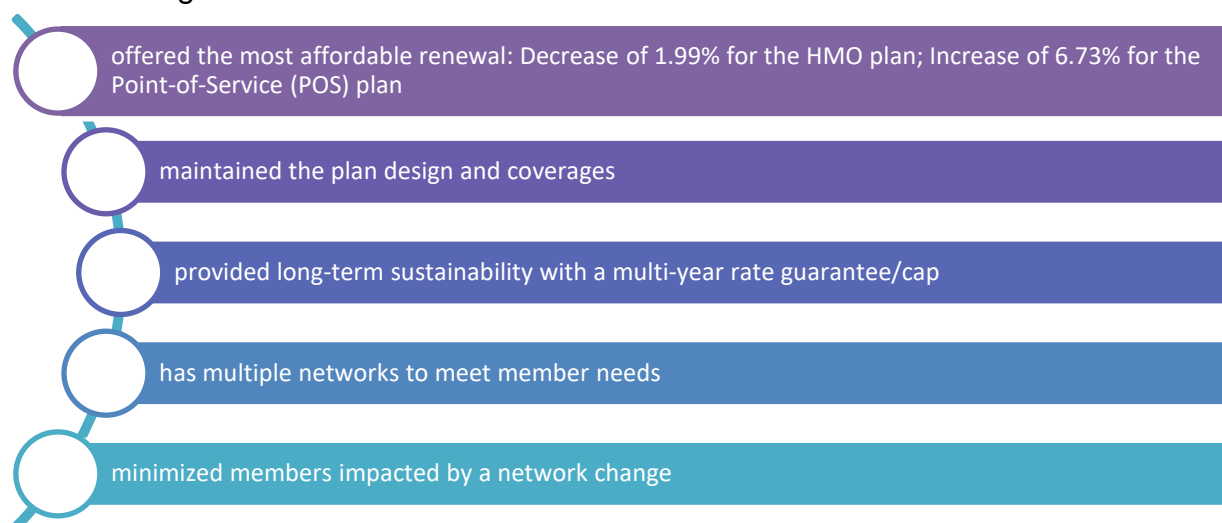


In addition, the budget proposal supports compensation adjustments for administrators, administrative assistants, technology staff, specialists, custodians, paraprofessionals, and managers to align OASD pay levels with comparable benchmark districts. These changes reflect the Board's commitment to staff aligned with the Strategic Plan Focus

Area of Personnel Excellence. Specific compensation actions were recommended to and approved by the Board as part of the budget development process.

The District's budget for health insurance is approximately \$6,000,000 annually, plus HRA and HSA contributions. The District covers 94% of the total health insurance cost, while employees cover 6%. Every 1% increase in next year's renewal is about \$60,000. Because the current carrier wasn't sufficiently profitable with the actual health care costs and last year's renewal rate was high, OASD anticipated a significant renewal rate increase for 2020-21. To get the best rate from the current carrier, OASD used a Request for Proposal (RFP) process and asked all insurance carriers serving our geographic area to submit bids.

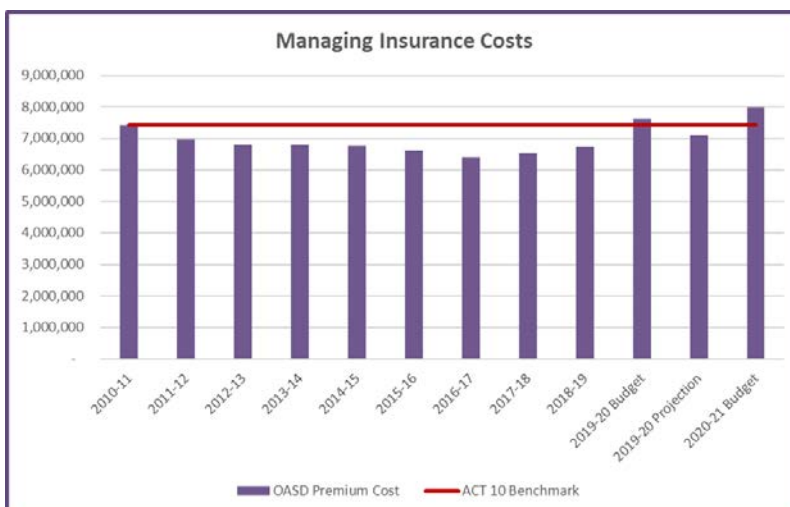
The current carrier's bid provided a 19% increase. While negotiations could have brought this rate down slightly, the budget impact of remaining with the same carrier was too significant. Using a collaborative process and a thorough analysis of the bids and options, a new carrier, Quartz, was selected. There is a high likelihood of staying with Quartz long-term because they've provided a rate cap and have a market history of low percentage increases with other school districts. Quartz was selected because of the following:



OASD's dental and vision insurance renewals were initially slated to be at 5% and 14%, respectively. The dental insurance renewal was negotiated to 0% with the existing carrier. While the vision insurance renewal remained at 14.9%, the rates were locked for four years and the budget impact is minimal (less than \$3000). In addition, the alternative benefit (cash payment in lieu of taking insurance) provided employees was reduced from \$3000 to \$2000. This benefit will be eliminated in 2021-22.

OASD has utilized various means to manage the rising cost of health (dental, vision, ltd) insurance. In addition to four carrier changes, OASD has had plans utilizing a narrow network and plans with broad networks. OASD has increased employee premium share; implemented an HRA (health reimbursement arrangement), included wellness requirements and co-insurance; modified the prescription drug and dental plans; created a dual choice health program including a high-deductible health plan with a Health Savings Account (HSA), and provided multiple carrier networks (HMO and Point-of-Service) options.

Over the 2017 summer, Associated Benefits & Risk Consulting, ABRC, led a team of Board members, administrators, and staff through a strategic planning process for the District's employee benefits. This process established short and long term goals, created a formalized vision for employee benefits, and developed a long-term employee benefits plan for OASD.



The chart above illustrates OASD's health insurance costs since 2010-11. Benchmarking the District's health plan against other districts, OASD continues to compare favorably with low overall premium costs, low employee premium contributions and deductibles, and competitive employer HRA and HSA contributions.

WRS pension contributions, which are shared evenly by the employer and employee, changed as of January 1, 2020. The employer share increased from 6.55% of wages to 6.75% of wages. Rates for 2021 are unknown; however, the budget assumes a 3.7% increase to 7.0%. This change is reasonable given the historical trend of rate changes, current economic conditions, and market performance.

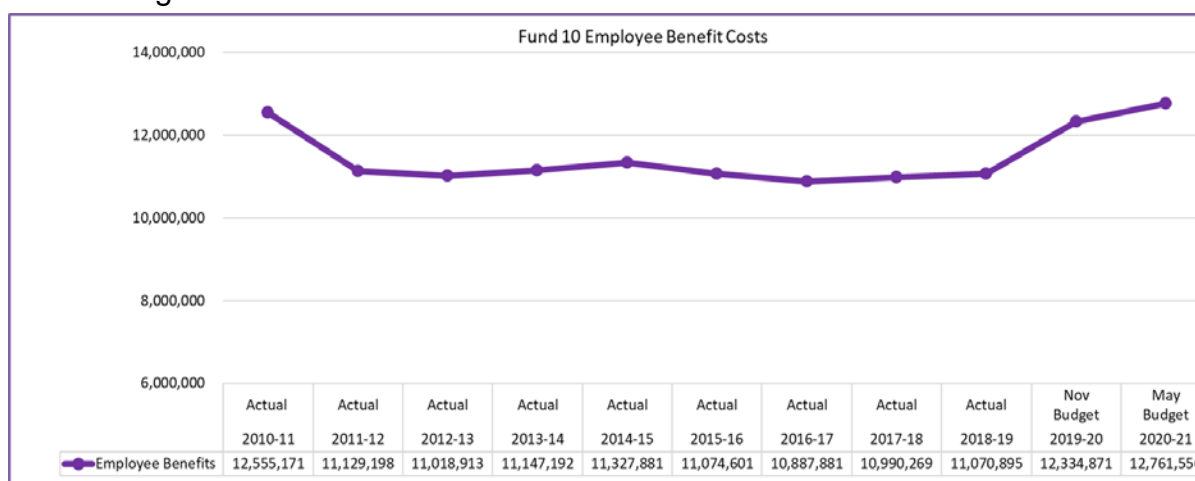
In 2018-19, the Board approved, and the District implemented, a significant budget investment to include support staff in the Wisconsin Retirement System (WRS). Unlike most other school districts, OASD did not include support staff in WRS. Full-time support staff were provided a retirement benefit through a private pension plan, until a 'soft freeze' was implemented in 2012. The lack of retirement benefit caused issues with both part-time and full-time support staff. There was disparity between staff within the same employee group, disparity between part-time and full-time employees within the support staff groups, employee retention concerns, and employment attraction issues. Implementation has been viewed positively by support staff signifying that they are valued by the District, and that the District is responsive to their concerns. It has also assisted in recruitment efforts by expanding the number of applicants from other districts who may apply for open positions.

Implementation of WRS for support staff occurred on January 1, 2019, so a full school year of this benefit (with support staff) has not yet occurred. The WRS expenditure budget reflects a 5% increase, which is the result of additional staff eligibility, higher salaries, and a projected rate increase.

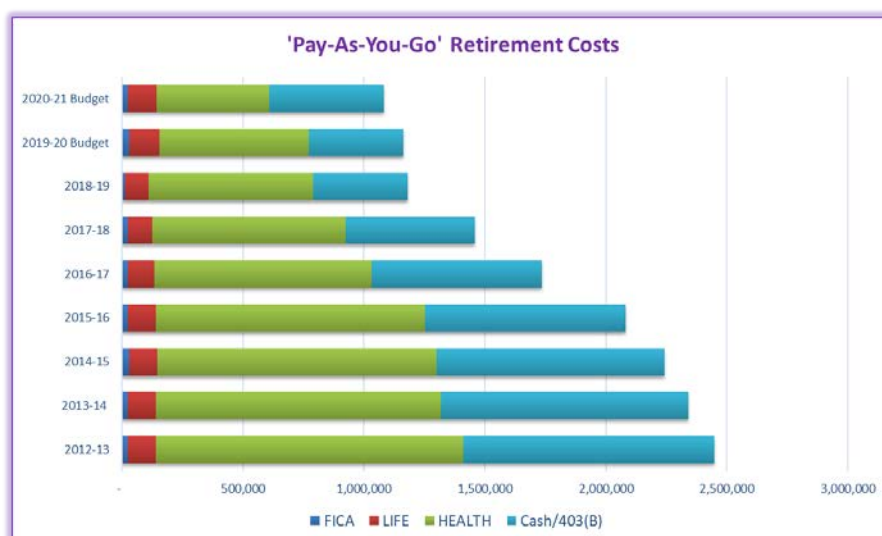
The aforementioned private pension plan for non-certified staff requires annual funding for both active and retired staff. The funding cost of this plan varies from year to year

depending on investment performance and employee demographics. Contributions in excess of the required annual contribution help to reduce the plan's unfunded actuarial liability. The budget maintains the current funding level, approximately \$556,000. The actuarial valuation and contribution recommendation are not available at this time.

The table below shows that OASD employee benefit costs remain below 2010-11 levels through the 2019-20 budget, despite changes in staffing levels, increased eligibility, and higher wages for benefit eligible employees. Actual results for 2019-20 are expected to out-perform the budget and the November 2020-21 budget will include actual employee benefit elections. Sharing of the WRS cost between employer and employee (per State law), changing post-employment benefits, and significant health and dental savings have led to this result.



Unfunded post-employment benefits for qualifying retirees are a significant financial liability for OASD and many other local governmental units. A revised benefit program was introduced for retirements initiated after the 2011-12 school year. The OPEB design changes significantly reduced the District's \$36 million unfunded liability. Per the most recent actuarial valuation report, the unfunded liability is currently \$7.7 million. The design changes continue to reduce annual operating expenditures, as shown in the chart below.

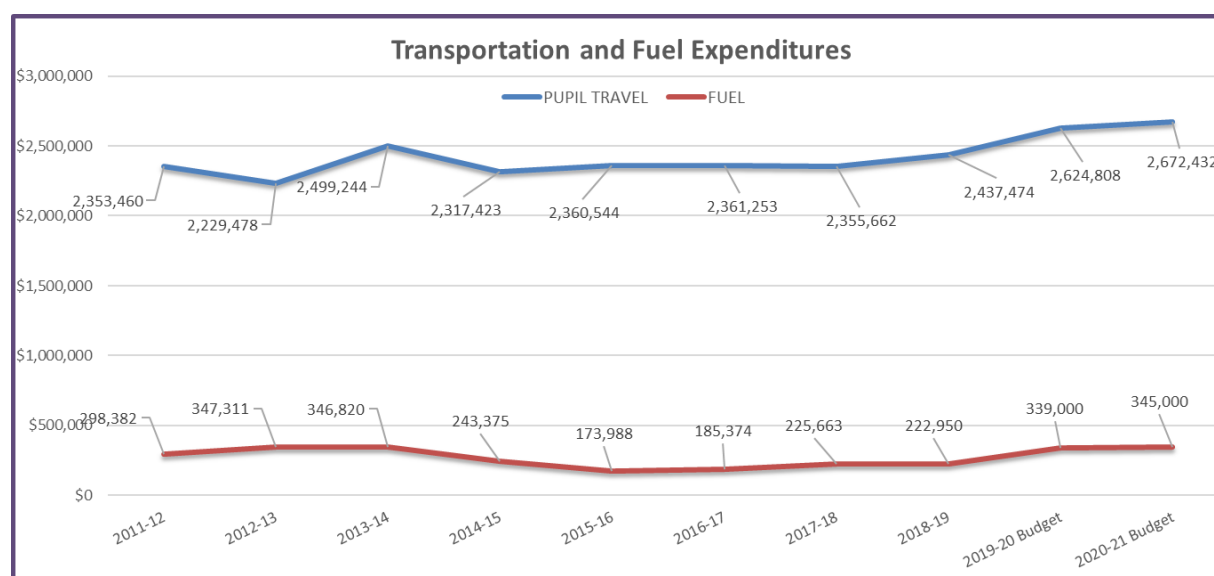


Non-Personnel – Major Expenditure Areas

Student Transportation

The District expects to spend \$2,672,000 for all student transportation next year plus \$345,000 for fuel. While recent budgets have benefited from lower than anticipated gas prices, rising fuel prices are always a budget risk.

OASD negotiated a two-year rate agreement for 2020-21 and 2021-22 with its contractor, Oconomowoc Transport, Inc. (OTC). A 1.88% rate increase on routes, which is lower than many other comparable renewals, has been included in the 2020-21 budget as provided in the contract. **Despite inflation and rising operational costs, OASD's transportation expenditures have remained relatively flat over the past decade.**



OTC has maintained a positive service and safety record. Every few years, an audit is performed to confirm the accuracy of billings and payments under the contract. The most recent audit was completed in December 2016. The audit found no material errors, inconsistencies, or concerns.

Research, Evaluation, & Accountability

The District is committed to offering innovative instructional programs, continuously improving academic performance, and providing high quality facilities with 21st century learning environments. A significant investment in assessment and technology is necessary to achieve success with these commitments.

The research and evaluation budget for 2020-21 supports the administration of various student assessments, including MAPS, STAR, ACT, ACT pre-test, ACT Tessaera (social-emotional learning assessment), and FASTbridge.

Technology

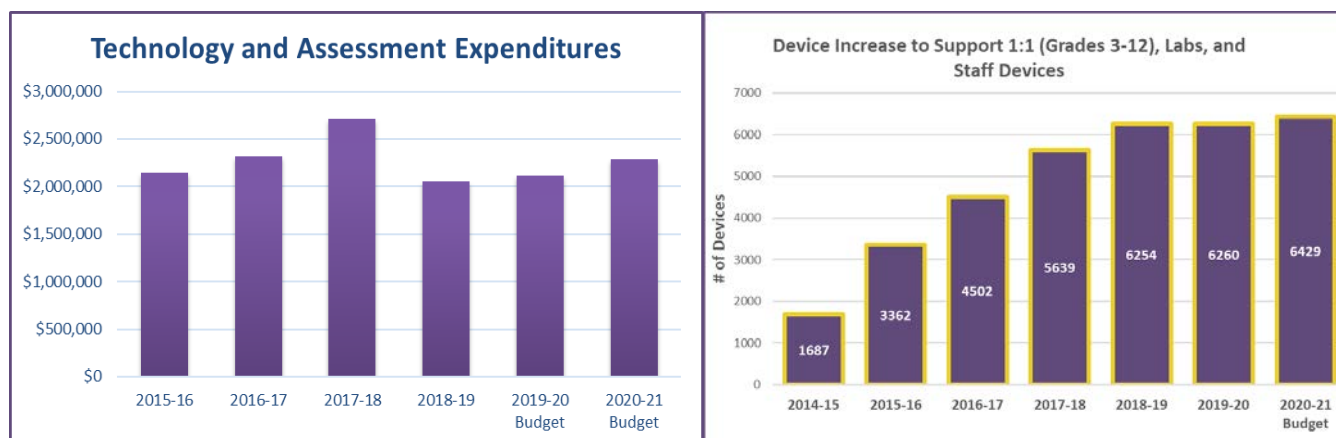
The 2020-21 technology budget supports:

- Ongoing maintenance of a robust infrastructure to support usage, reliability, privacy, and safety
 - Network firewall replacement

- Improved antivirus software
- Upgraded internet service
- Telephone server replacement
- Development of a teacher leadership program to provide peer support in meaningful technology integration
- Creation of a phased classroom technology replacement plan to upgrade and standardize classroom audio visual systems
- Access and equity for students and staff to technology devices (Chromebooks, iPads, laptops, etc.) and learning systems (Classlink, Canvas, etc.)
- Increased focus on creating innovative and professional learning opportunities for staff and students

The technology budget continues to support various initiatives implemented in 2018-19. These initiatives have allowed OASD to remove barriers for students (Classlink), developed analytics with measurable goals related to how technology is used to enhance teaching and learning (Brightbytes), and increased equity and access with more devices (1:1 Chromebooks in Grades 3 through 12).

The chart below combines the Assessment and Technology departments' spend. The significant change is the result of the Department of Public Instruction's (DPI's) required account code changes for District software applications.



Non-Benefit Insurances

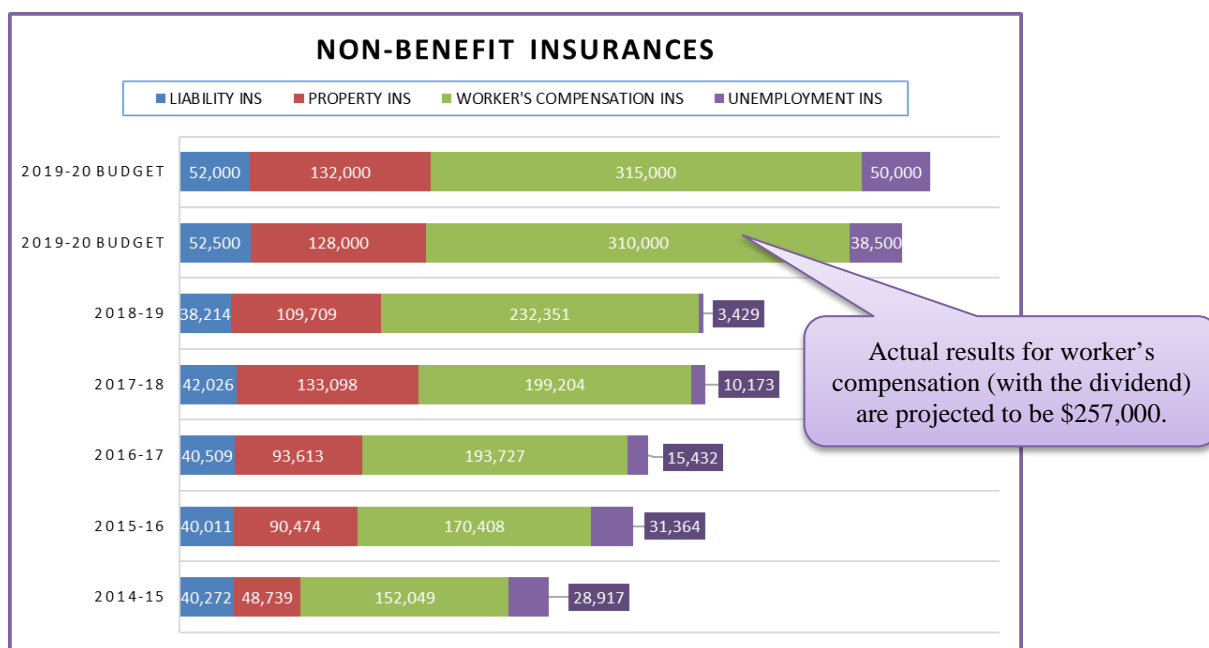
The District maintains various lines of insurance coverage including liability, property, worker's compensation and unemployment. These lines of insurance are bid out-to-market every few years to ensure the District is receiving competitive rates and comprehensive coverage.

The 2019-20 *property* insurance budget includes modest increases in covered property values, elimination of builder's risk insurance, renewal rates changes, and the new Meadow View Elementary School. The increase in 2020-21 is due to renewal rate changes and increases to the insured values for various OASD buildings to more closely reflect replacement costs and industry standard requirements.

Worker's compensation insurance is dependent upon industry coverage rates, number of covered employees, and the experience mod (driven by the number and severity of workplace injuries). OASD's experience mod increased for several years, and fortunately

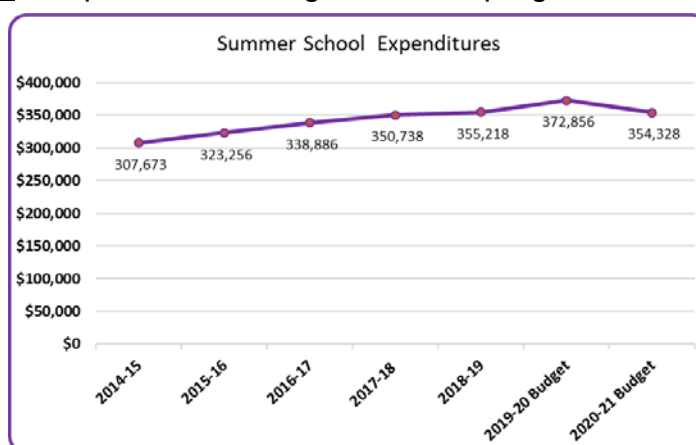
is now beginning to decrease. From 2019-20 to 2020-21, the mod rate is decreasing from 1.12 to 1.04, as a result of a decrease in both the number and severity of injuries. The number of covered lives and wages increase next year. As a result, the District's 2020-21 worker's compensation insurance expenditure is expected to continue to increase. An annual dividend is incorporated into the policy but is not included for budgeting. If eligible for the dividend, actual results will be better than budget.

Unemployment insurance expenditures are impacted by claims from former OASD employees. Work-force reductions, position eliminations, lay-offs, etc. impact this budget line.



Summer School

The OASD Summer Program serves over 1,500 students at three locations. The District budgeted \$354,000 for the summer program. Summer school enrollment generates approximately \$570,000 of revenue opportunity under the 'revenue limit formula' and therefore does not compete with the regular school program for budget resources.



Both revenues and expenditures related to summer school will be impacted by COVID-19 pandemic planning. The financial impact of how OASD might operate a summer school program is not included herein due to the many uncertainties involved.

The Oconomowoc Arts Center

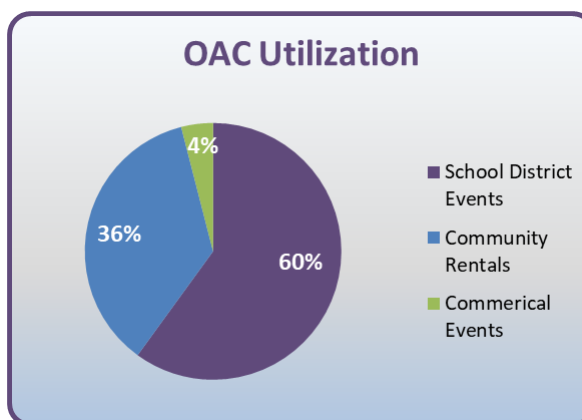
As a valued asset for the District and the community, the Oconomowoc Arts Center (OAC) has been celebrating the arts since 2008. It features a variety of shows for all ages, offering music and dance concerts, theatrical performances, comedy, special events, visual arts, community forums, and more. The OAC features comfortable seating for over 750 patrons, state of the art acoustics, a convenient location, and free parking. The annual operating budget in the General Fund is \$348,000 plus \$166,000 in the Community Service Fund.

OAC Total Expenditure History:

	2015-16	2016-17	2017-18	2018-19	2019-20 Budget	2020-21 Budget
Salaries & Benefits	209,271	217,726	238,575	260,677	248,648	283,909
Purchased Services	173,925	114,739	199,390	119,482	157,019	174,170
Supplies Total	10,149	8,274	10,008	17,644	42,876	16,117
Equipment Total	8,323	46,751	4,365	5,458	7,400	4,480
Dues & Fees Total	25,939	26,943	35,139	29,770	8,631	35,384
Grand Total	427,608	414,432	487,477	433,031	464,574	514,060

For financial purposes, OAC events are classified as (1) school district use, (2) community rental events, or (3) OAC produced commercial events. The OAC budget is designed with the following budget parameters:

- Most school related events do not earn revenue and all costs are charged to the General Fund.
- OAC produced commercial events are expected to earn revenue sufficient to cover the direct and indirect costs of the event. A successful 2020-21 season will achieve this goal.
- Community rentals are expected to generate revenue per the established rental rates.



Almost two-thirds of the OAC utilization is by the District for school purposes. Non-OASD activity includes community rentals, which are supported by a combination of rental charges and the Community Service Fund. The OAC also hosts a limited number of professional/commercial events. These events are expected to be paid for entirely by ticket income and sponsorships.

The OAC program and budget have been created for 2020-21 based on experience gained during its years of operation. The Finance, Operations, & Advancement Committee of the Board reviews OAC financial results each quarter. *A preliminary 2020-21 budget for the OAC is included in the Addendum.*



Buildings and Grounds

The Buildings and Grounds Department includes custodial operations, utilities, and building maintenance. The first responsibility of the department is the health, safety, and welfare of the approximate 5,600 persons attending OASD schools each day. The department has a total budget of \$4.6 million (on target at approximately 7% of General Fund expenditures) which includes building cleaning, utilities, supplies, maintenance, grounds care, capital projects and operational support of the schools.

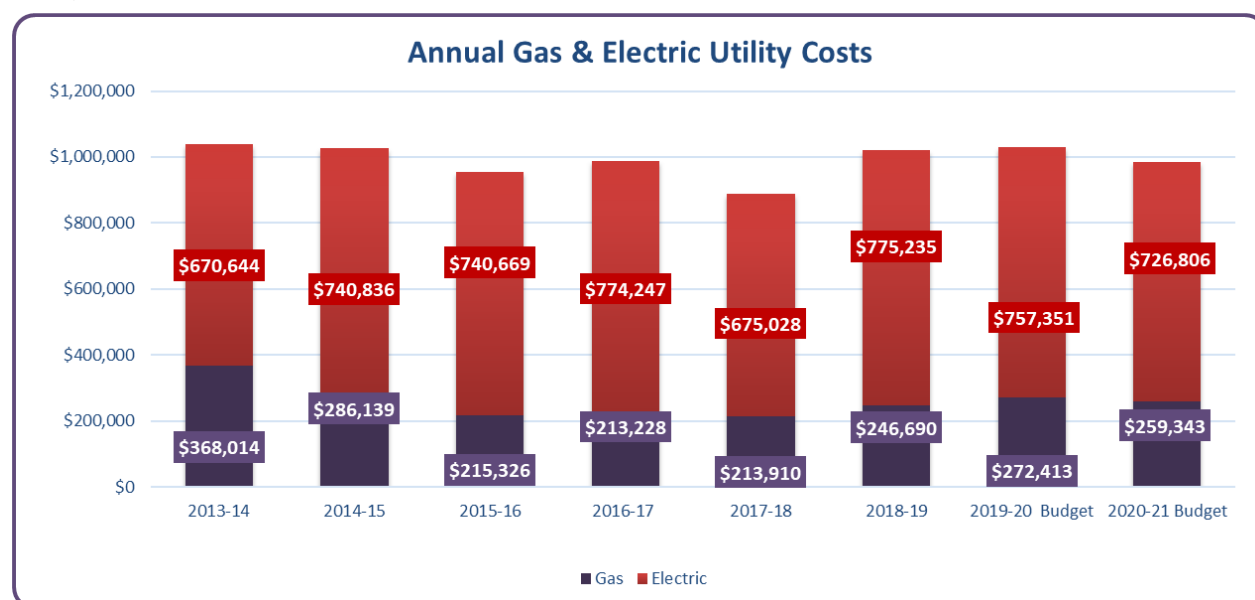
The department manages approximately one million square feet of facilities, including eight school sites, a maintenance facility, and OHS East Campus. A successful energy management program has improved energy efficiency. Savings generated by the energy management program fund building preventative maintenance and capital projects.

	2015-16	2016-17	2017-18	2018-19	2019-20 Budget	2020-21 Budget
Salaries & Benefits	\$1,126,794	\$1,318,663	\$1,378,872	\$1,554,774	\$1,615,889	\$1,567,662
Purchased Services	\$2,056,767	\$2,335,953	\$2,008,816	\$3,245,346	\$2,736,808	\$2,303,987
Supplies	\$386,008	\$407,362	\$418,658	\$557,391	\$485,907	\$460,699
Equipment	\$168,992	\$325,618	\$188,050	\$302,579	\$291,000	\$255,500
Dues & Fees	\$805	\$580	\$565	\$1,395	\$1,200	\$1,200
Grand Total	\$3,739,366	\$4,388,176	\$3,994,961	\$5,661,485	\$5,130,805	\$4,589,048

Note: The 2018-19 budget includes prior year capital expenditure accruals of \$186,000.

The benchmark for capital improvements is fifty cents per square foot or approximately \$545,000 per year. Typical examples are roof replacements, asphalt parking lot projects, floor refinishes, bathroom updates, and HVAC upgrades. *A multi-year Capital Improvement Plan is included in the Addendum.*

The benchmark for utility costs is $\leq \$1.00$ per sq. ft. The District's costs for gas and electric are budgeted at \$.94 per square foot, down from \$.99 in 2019-20. Despite increased utility rates, increased building utilization, a larger Ixonia School, added new facilities (OHS East Campus and new Meadow View Elementary), and maintenance of the old Meadow View school building, OASD's utilities costs have remained, and are budgeted to remain, relatively consist year to year.



Long-Term Facilities Planning

Various OASD facility needs were resolved in 2008 with the construction of two intermediate schools and improvements to Oconomowoc High School. However, with eight schools to maintain, and aging facilities, capital maintenance is an on-going challenge.

In the fall of 2014, the Board revived its long-range facilities planning efforts creating a vision statement:

We will provide flexible, safe, healthy spaces where students, teachers, and technology work together in modern, energy-efficient facilities benefiting the entire community.

In January 2015, the Building Our Future - Facilities Advisory Committee (FAC) was formed. The advisory committee, a community-based group, focused on long-range facilities planning related to district-wide enrollment growth, capital maintenance and energy efficiency needs, and modernizing learning spaces. The FAC prioritized the District's facility needs which were tested through a community-wide survey that informed the Board's decisions and actions regarding the District's future facility plans.

The efforts of the FAC and School Board culminated in a successful \$54.9M referendum passed in November 2016. The referendum projects include building a new Meadow

View Elementary, an addition to and renovation of Ixonia Elementary, security improvements and renovations at OHS, renovations for instructional spaces and District offices at OHS East Campus, and capital replacements and improvements at Greenland Elementary and Park Lawn Elementary. Design and development work began on these projects in 2016-17. Infrastructure improvements at Greenland and Park Lawn Elementary schools were completed in 2017-18. The Ixonia, OHS East Campus, and OHS Main campus renovation and construction projects were completed in 2018-19. Last, but not least, the new Meadow View Elementary school opened its doors for the 2019-20 school year.

Meadow View Elementary School



In 2019-20, with various new members, the Board renewed its long-range facilities planning efforts. With the completion of the new Meadow View Elementary school, the Board began to evaluate options regarding the utilization or disposition of the former Meadow View Elementary School building and property. Planning for future enrollment, addressing deferred maintenance, and creating modern learning environments remain top district priorities.

2020-21 Strategic Initiatives

Annual budget planning is guided by a continuous improvement process, which identifies the strategic direction for the District. The process supports OASD's commitment to (1) provide quality and innovative programming; (2) grow and manage resources; and (3) strengthen, maintain, and promote a healthy organization. The 2020-21 budget supports initiatives consistent with these commitments. These initiatives include the following:

Curriculum and Instruction

The Curriculum and Instruction department's efforts support tactical plans addressing the Educational Quality & Culture and Equity & Diversity focus areas of the District's Strategic Plan.

- ❑ Continue to support the professional learning of staff, as outlined in the OASD Curriculum Review Cycle.
- ❑ Support the soft-launch of literacy instructional materials K-12th grade, including the purchase of 4K-2nd grade Units of Study Phonics kits, updated 3rd-12th grade English Language Arts core curriculum resources, and updated classroom library books/materials.
- ❑ Support the initial implementation of NewsELA as a core resource for 6th-9th grade social studies courses. NewsELA provides teachers with rich primary and secondary sources (articles, political cartoons, images, and historical documents) to aid the teaching of social studies standard and adjusted reading levels so all students can access the same core content.
- ❑ Develop the professional learning of 5th-12th grade World Language teachers through a partnership with consultants who helped write the new Wisconsin Model Standards for World Language.
- ❑ Provide supplemental digital mathematics resources for the elementary and intermediate schools. Dreambox, the supplemental resource, became a key component to the continuity of learning plan grades K-5 during emergency remote instruction.
- ❑ Purchase activity monitors for Physical Education teachers to utilize within the revised curriculum plan, which focuses on meeting personal fitness goals.
- ❑ Initiate the study of District outdoor spaces as part of the Agriculture and Natural Resources Curriculum Research and Plan Phase.

Research, Evaluation, and Accountability

The Research, Evaluation, and Accountability department's efforts support tactical plans addressing the Educational Quality & Culture focus area of the District's Strategic Plan and monitor the District's progress in achieving established goals.

- ❑ Implement the Wisconsin Student Assessment System and District Assessment Schedule including Forward, ACT, ACT Aspire, ACCESS, DLM, MAP, SEL, Early Literacy, and other assessments.

- ❑ Implement the OASD Data Systems including Educlimber, 5LAB, DRC, MAP, Pearson, and DPI WISE systems for Federal and state reporting.
- ❑ Execute the OASD Research and Evaluation Agenda aligned to the District's strategic plan goals and objectives.
- ❑ Implement the OASD Accountability Plan aligned to the District's strategic plan goals, performance objectives, and peer benchmarks.

Student Services

The Student Services department's efforts support tactical plans addressing the Educational Quality & Culture and Equity & Diversity focus areas of the District's Strategic Plan.

- ❑ Continue Positive Behavioral Interventions and Supports (PBIS) that support school-wide behavior goals in the intermediate schools, layering in behavioral management strategies that support mental health and trauma needs. Improve utilization of EduClimber to monitor data regarding student behavior. Support OHS staff in Tier III implementation practices.
- ❑ Support intermediate school staff implementation of Restorative Practices and Collaborative Problem Solving (Dr. Ross Greene work) to address behavior and mental health needs of students, through the leadership provided by the new Dean of Students role.
- ❑ Continue commitment to mental health services for the growing needs of students as part of a comprehensive prevention and intervention plan. Continue partnership with Aurora Health Care to provide free and confidential assistance to all District families through a Student and Family Assistance Program. Continue implementation of a school-based mental health services program by providing clinic space for Gals Institute, LLC and Family Services of Waukesha.
- ❑ Support trauma, compassion resilience, and Social Emotional Learning (SEL) needs through professional development and student services teams.
- ❑ Consult with Dr. Rainey Briggs to refresh District leadership in best practices in equity and culturally sustaining practices. Facilitate conversations with families who have students of color in the district, as part of a continued analysis around race, culture, identity, and other issues surrounding diversity for students of color.
- ❑ Continue to implement the requirements of ACP, a student-driven, adult-supported, process of career exploration and management, where students create and cultivate a unique vision for post-secondary success.
- ❑ Continue to utilize inclusive practices and specially designed instruction to close the achievement gap for students with disabilities and English Language Learners (ELL).

Communications, Marketing, and Advancement

The Communications and Marketing department's efforts support tactical plans addressing the Customer Care/Return on Investment focus area of the District's Strategic Plan.

- ❑ Lead the communications strategy for the District's COVID-19 pandemic resilience (phase I), return (phase II), and reinvent (phase III) planning.

- ❑ Professionally manage crisis communication needs, supporting District and School Administration with staff, student, and media emergency communications.
- ❑ Implement a comprehensive marketing communications program that promotes the features and benefits of the District, including the OASD's strategic plan and graduate profile plan of work, open enrollment initiatives, accomplishments and success stories.
- ❑ Effectively and proactively seek positive media relations opportunities.
- ❑ Facilitate a professional, responsive, and strategic Communications Department to provide high levels of two-way communication with both internal and external stakeholders.
- ❑ Support community engagement by nurturing positive community relationships between the District and businesses, organizations, and community members.

Buildings and Grounds

The Buildings and Grounds department's efforts support tactical plans addressing the Educational Quality & Culture and Equity & Diversity focus areas of the District's Strategic Plan, along with the daily operations of keeping District facilities and grounds clean, safe, and well-maintained.

- ❑ Continue to support transforming classrooms into modern learning environments with flexible furniture.
- ❑ Continue to assess school safety and implement safety and security measures in collaboration with law enforcement.
- ❑ Continue reducing energy usage and operating costs by:
 - Expanding and updating building automation systems;
 - Analyzing operations and maintenance practices for efficiency;
 - Incorporating energy efficient products and materials into renovated and new building designs;
 - Continuing to update lighting and plumbing fixtures; and,
 - Utilizing an effective utility monitoring system.
- ❑ Prioritize and manage the District's capital projects for the upcoming year, including replacement of flooring and lighting, remodeling bathrooms and showers to provide additional privacy, and completing preventative maintenance on roofs, masonry, and asphalt surfaces.
- ❑ Assist in supporting site safety needs and additional cleaning resources for any COVID-19 related changes required by local health departments.

Capital Planning for Facilities & Infrastructure Needs

- ❑ Continue budget commitment for the long-range capital project plan, prioritizing the District's annual maintenance and capital project needs.
- ❑ Fund as the annual operational results permit, the District's Fund 46, Long-term Capital Improvement Trust Fund, to assist with larger-scale future maintenance needs and capital projects.

- ❑ Work with the School Board to evaluate options and come to a decision regarding the utilization or disposition of the former Meadow View Elementary School property.

Human Resources

The Human Resources department's efforts support tactical plans addressing the Personnel Excellence focus area of the District's Strategic Plan.

- ❑ Implement the Board approved compensation model for certified staff.
- ❑ Continue employee wellness programs and requirements to help lower health insurance costs and promote healthy, balanced living.
- ❑ Continue to promote employee engagement around salaries, benefits, work environment, and organizational culture through the Handbook Committees (a team for each employee group) and the Benefits Task Force.
- ❑ Maintain professional development for paraprofessionals that allow for both mandatory and self-selected learning opportunities.
- ❑ Enhance the mentoring program for certified staff.
- ❑ Develop teacher growth and impact potential through implementation of paid action research opportunities aligned to the District's Strategic Plan.
- ❑ Implement a bonus structure for substitute teachers to encourage working more hours with the District.

Business Services

The Business Services department's efforts support daily business operations (payroll, accounts payable, accounting, etc.), along with budgeting and financial planning for the various tactical plans addressing each Strategic Plan focus area, while also addressing tactical plans specifically for the Business and Financial Performance focus area.

- ❑ Investigate new ways to utilize the online payment systems to reduce cash-handling transactions throughout the District improving internal controls and staff efficiency while providing a convenient process for parents and community members.
- ❑ Support recycling efforts and further OASD's green initiatives aimed at reducing waste and lessening its environmental impact.
- ❑ Maintain focus on identifying and implementing efficiencies and cost savings for business operations including technology utilization and integration, bulk purchasing, contract negotiations, and formalized RFP efforts.
- ❑ Implement electronic workflow and document storage processes to reduce paper utilization and improve process efficiency.
- ❑ Improve online benefits enrollment for employee coverage elections and staff Total Compensation statements.
- ❑ Implement GASB No. 84 requiring transition of all student activity accounts out of Fund 60.
- ❑ Analyze the financial impact related to changes in the education model in response to health and safety concerns in a pandemic. Explore new and creative ways to

fund the needs and initiatives required by the District's COVID-19 pandemic response plan.

- ❑ Develop and expand opportunities to facilitate working remotely and meeting virtually.

2020-21 Summary Budgets for All Other Funds

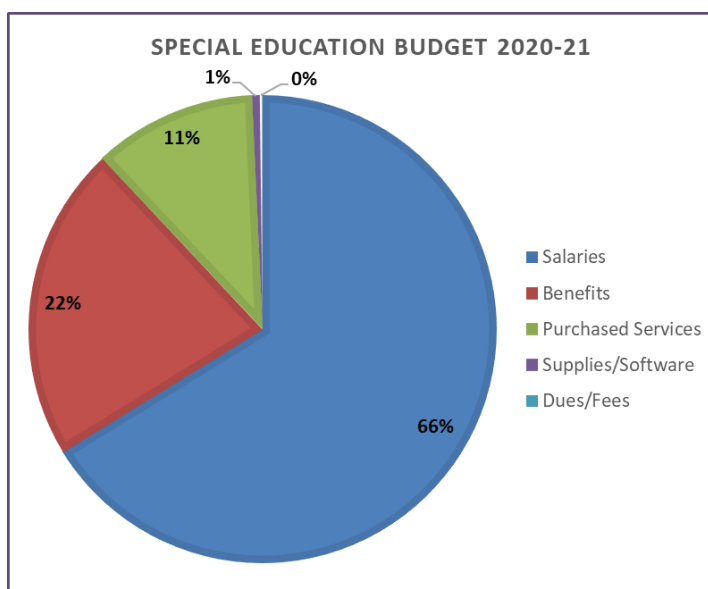
Special Education Programs – Fund 27

Total expenditures for special education programs are expected to be \$10.3 million, consistent with the 2019-20 budget. An efficient staffing plan and resource reallocation was required to maintain the budget. The special education budget provides staffing to meet the needs of students and supports an evolving service delivery approach (including implementation of the Integrated Comprehensive Services model) with a strong emphasis on Response to Intervention and Positive Behavior Intervention Response and Supports programs.

Most financial support for the Special Education program comes from local sources through a transfer from the General Fund. For the 2020-21 budget, state and federal assistance contributes approximately 33% of Special Education funding.

With a budget of \$10.3 million, the ratio of Special Education expenditures to Regular Education expenditures is 15%, which is typical for OASD and for Wisconsin school districts.

Special Education expenditures are predominantly for salaries and benefits. The chart below illustrates the various categories of Special Education expenditures:



The Special Education department manages a number of different programs to assist students with diverse developmental, mental, physical, social-emotional, and academic needs.

Debt Service – Fund 38 Non-Referendum Debt

The District refinanced its \$5.8 million 'Wisconsin Retirement System Unfunded Prior Service Liability' in 2006. This action prevented the liability from growing larger over the next twenty years. The refinancing 'froze' the liability at \$5.8 million dollars and saved the District \$11 million in future debt payments. To take advantage of the low interest rate environment, OASD refinanced this obligation in September 2014. **The present value savings as a result of the refinancing was \$465,000.** The annual payment for 2020-21 is \$501,153. This amount is transferred in from the General Fund.

In August 2010, OASD refinanced a \$2.0 million note to acquire the Silver Lake school site (April 2007) and a \$1.0 million State Trust Fund loan to purchase farmland for the high school agricultural program (January 2008). An additional component of the borrowing was \$700,000 of new funds to update the high school heating, cooling and ventilation systems. In February 2020, the Board approved the payoff of callable maturities on this debt (total principal of \$1,370,000). This action resulted in **avoiding \$184,700 in future interest costs** and **eliminated** all future transfers from the General Fund. These 'savings' in the General Fund provided much needed resources for reallocation to support balancing the 2020-21 budget.

The total outstanding principal balance in Fund 38 for June 30, 2020 and 2021 is \$2,725,000 and \$2,300,000, respectively. *A detailed debt amortization schedule is presented in the Addendum.*

School Year	Principal	Interest	Total
2020-21	\$ 425,000	\$ 76,153	\$ 501,153
2021-22	\$ 435,000	\$ 65,528	\$ 500,528
2022-23	\$ 445,000	\$ 54,653	\$ 499,653
2023-24	\$ 460,000	\$ 42,638	\$ 502,638
2024-25	\$ 475,000	\$ 29,528	\$ 504,528
2025-26	\$ 485,000	\$ 15,278	\$ 500,278
	\$ 2,725,000	\$ 283,775	\$ 3,008,775

Debt Service – Fund 39 Referendum Approved Debt

This Fund accounts for the annual cost of servicing the District's referendum approved long-term debt obligations. Both principal and interest are paid from this fund. Taking advantage of the interest rate market, OASD refinanced portions of Fund 39 debt in September 2014, April 2015, and May 2017. Callable maturities of \$10 million were refinanced using bank-qualified debt. **The present value of savings realized for OASD taxpayers was \$818,000 over the next twelve years.** Additional callable maturities (\$25.57M) were refinanced in April 2015. **The present value of savings for taxpayers achieved on this refinancing was \$1.8 million, again over the next twelve years.** A smaller amount (\$2.35M) of callable maturities was refinanced in May 2017 generating **present value savings of \$159,000 over the next four years.**

The community supported the district by approving a \$54.9M referendum in November 2016. Fund 39 debt obligations have increased as a result. The debt borrowing to fund construction was planned to occur in 3 or 4 phases depending on the interest rate market. In December 2016, the district issued \$8.885M of bank qualified debt as phase one of the referendum construction funding plan. Phase two added \$28.285M of general obligation

debt in May 2017. As a result of the rising interest rate market, the District completed the third and final phase of borrowing in April 2018 of \$19.99M.

The annual debt service for principal and interest increased from \$4.9 million up to a maximum amount of \$8.9 million as a result the new referendum debt. Fund 39 reserves could be utilized to partially offset the increasing payment requirements in future years. A detailed debt amortization schedule is presented in the Addendum.

The annual outstanding liability for referendum debt (2007 and 2016) is as follows:

\$88,135,000			2016 Referendum Debt				Outstanding	
	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total	Debt
2018-19	\$ 3,000,000	\$ 1,020,154	\$ 1,715,000	\$ 1,816,415	\$ 4,715,000	\$ 2,836,569	\$ 7,551,569	\$ 83,420,000
2019-20	\$ 3,090,000	\$ 902,354	\$ 1,495,000	\$ 1,819,481	\$ 4,585,000	\$ 2,721,835	\$ 7,306,835	\$ 78,835,000
2020-21	\$ 3,185,000	\$ 840,554	\$ 1,845,000	\$ 1,774,631	\$ 5,030,000	\$ 2,615,185	\$ 7,645,185	\$ 73,805,000
2021-22	\$ 3,940,000	\$ 684,754	\$ 975,000	\$ 1,719,281	\$ 4,915,000	\$ 2,404,035	\$ 7,319,035	\$ 68,890,000
2022-23	\$ 4,025,000	\$ 596,391	\$ 1,025,000	\$ 1,680,281	\$ 5,050,000	\$ 2,276,672	\$ 7,326,672	\$ 63,840,000
2023-24	\$ 4,115,000	\$ 501,188	\$ 1,080,000	\$ 1,639,281	\$ 5,195,000	\$ 2,140,469	\$ 7,335,469	\$ 58,645,000
2024-25	\$ 4,225,000	\$ 388,625	\$ 1,135,000	\$ 1,596,081	\$ 5,360,000	\$ 1,984,706	\$ 7,344,706	\$ 53,285,000
2025-26	\$ 4,225,000	\$ 262,500	\$ 1,315,000	\$ 1,550,681	\$ 5,540,000	\$ 1,813,181	\$ 7,353,181	\$ 47,745,000
2026-27	\$ 4,525,000	\$ 135,750	\$ 1,210,000	\$ 1,484,931	\$ 5,735,000	\$ 1,620,681	\$ 7,355,681	\$ 42,010,000
2027-28	\$ -	\$ -	\$ 3,675,000	\$ 1,424,431	\$ 3,675,000	\$ 1,424,431	\$ 5,099,431	\$ 38,335,000
2028-29	\$ -	\$ -	\$ 3,825,000	\$ 1,281,581	\$ 3,825,000	\$ 1,281,581	\$ 5,106,581	\$ 34,510,000
2029-30	\$ -	\$ -	\$ 3,955,000	\$ 1,132,531	\$ 3,955,000	\$ 1,132,531	\$ 5,087,531	\$ 30,555,000
2030-31	\$ -	\$ -	\$ 4,080,000	\$ 1,013,881	\$ 4,080,000	\$ 1,013,881	\$ 5,093,881	\$ 26,475,000
2031-32	\$ -	\$ -	\$ 4,205,000	\$ 889,641	\$ 4,205,000	\$ 889,641	\$ 5,094,641	\$ 22,270,000
2032-33	\$ -	\$ -	\$ 4,345,000	\$ 754,873	\$ 4,345,000	\$ 754,873	\$ 5,099,873	\$ 17,925,000
2033-34	\$ -	\$ -	\$ 4,500,000	\$ 613,563	\$ 4,500,000	\$ 613,563	\$ 5,113,563	\$ 13,425,000
2034-35	\$ -	\$ -	\$ 4,645,000	\$ 460,463	\$ 4,645,000	\$ 460,463	\$ 5,105,463	\$ 8,780,000
2035-36	\$ -	\$ -	\$ 4,820,000	\$ 301,528	\$ 4,820,000	\$ 301,528	\$ 5,121,528	\$ 3,960,000
2036-37	\$ -	\$ -	\$ 1,945,000	\$ 135,648	\$ 1,945,000	\$ 135,648	\$ 2,080,648	\$ 2,015,000
2037-38	\$ -	\$ -	\$ 2,015,000	\$ 69,518	\$ 2,015,000	\$ 69,518	\$ 2,084,518	\$ -
	\$ 34,330,000	\$ 5,332,269	\$ 53,805,000	\$ 23,158,718	\$ 88,135,000	\$ 28,490,987	\$ 116,625,987	

Wisconsin statute restricts school district indebtedness to no more than 10% of its prior year's equalized value. Equalized property values for 2019-20 were approximately \$6.1 billion. OASD's current debt level of \$78.8 million is 1.3% of the prior year's equalized values, well below State statute.

Long Term Capital Improvement Trust Fund – Fund 46

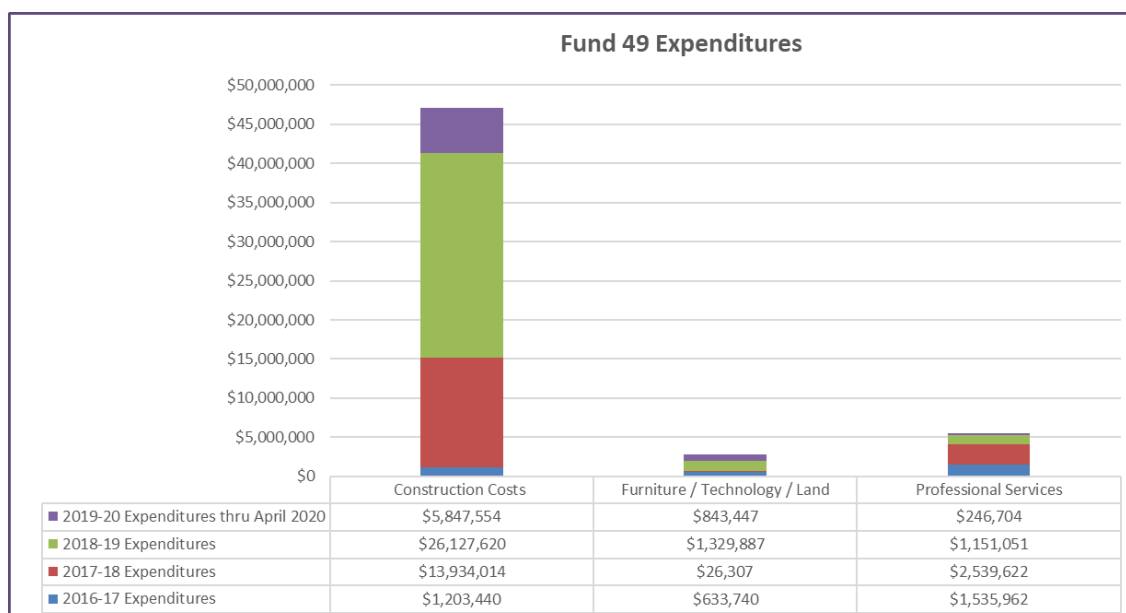
Fund 46 is a flexible saving tool that allows a school district to transfer money into a segregated account at the end of its fiscal year to provide for future long-term capital projects and deferred maintenance needs.

Operating margins over the past several years have provided increments to the General Fund fund balance, along with contributions to the Long-Term Capital Improvement Trust Fund (Fund 46). With the uncertainties of operating during the COVID-19 pandemic, estimating a potential transfer for 2019-20 is challenging. Even with the acceleration of payments and projects, there is a strong likelihood of managing a transfer into Fund 46.

Description	2019-20					
	2014-15	2015-16	2016-17	2017-18	2018-19	Activity thru April 2020
Operating Transfer	\$500,000	\$600,000	\$600,000	\$1,250,000	\$1,500,000	\$0
Interest Income	\$0	\$1,503	\$11,440	\$20,875	\$74,824	\$64,200
Total	\$500,000	\$601,503	\$611,440	\$1,270,875	\$1,574,824	\$64,200
Fund Balance	\$500,000	\$1,101,503	\$1,712,943	\$2,983,818	\$4,558,642	

Capital Projects – Referendum Projects - Fund 49

The District accounts for expenditures associated with the 2016 referendum in Fund 49. Separate, segregated bank accounts are required for each debt borrowing. Bond proceeds were deposited into the appropriate bank accounts and payments are made from a separate bank account, ie. receipts and payments are not co-mingled with the District's normal operating accounts. Expenditures aligned with the construction timeline throughout the various projects. Fund 49 expenditures may not exceed the approved referendum amount (\$54.9M) plus interest income and rebates. Through April 2020, approximately \$1M of interest income and rebates were recorded. Actual expenditures to date are shown in the charts that follow.

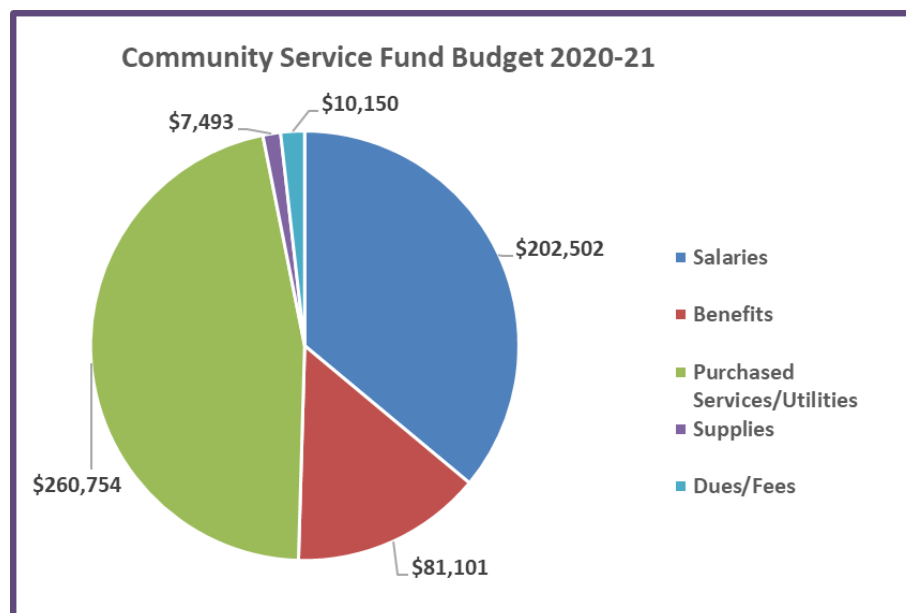


	2016-17	2017-18	2018-19	2019-20	
	Expenditures	Expenditures	Expenditures	Expenditures	Total Site / Project
				thru April 2020	
District Offices	\$44,822	\$67,753	\$72,592	\$0	\$185,166
District-wide	\$13,907	\$39,365	\$11,489	\$814	\$65,575
Greenland	\$827,021	\$2,220,186	\$4,419	\$0	\$3,051,627
Ixonia	\$657,245	\$4,887,476	\$2,896,580	\$73,238	\$8,514,540
Meadow View	\$929,637	\$2,487,444	\$19,303,122	\$6,057,692	\$28,777,895
OHS	\$38,123	\$362,672	\$1,627,941	\$78,043	\$2,106,779
OHS East Campus	\$132,476	\$4,338,343	\$4,688,015	\$727,918	\$9,886,752
Park Lawn	\$729,912	\$2,096,704	\$4,400	\$0	\$2,831,016
Grand Total	\$3,373,142	\$16,499,942	\$28,608,558	\$6,937,706	\$55,419,349

Community Service – Fund 80

This Fund accounts for community use of school facilities. The Community Service fund budget proposal for 2020-21 is \$562,000. School facilities are made available for a wide variety of community functions after school, during evening hours, on weekends, and throughout the summer months. A building operations analysis indicates that over 32% of overall building utilization is from community use of school facilities in the evenings and

on weekends. Under State law, school boards are permitted to levy for these costs so that they do not compete with instructional programs for limited budget resources.



Food Service - Fund 50

OASD is changing food service management companies (FSMC) on July 1. Previously with Sodexo, Inc., the transition to Aramark, Inc., headquartered in Philadelphia, Pennsylvania, began in May 2020.

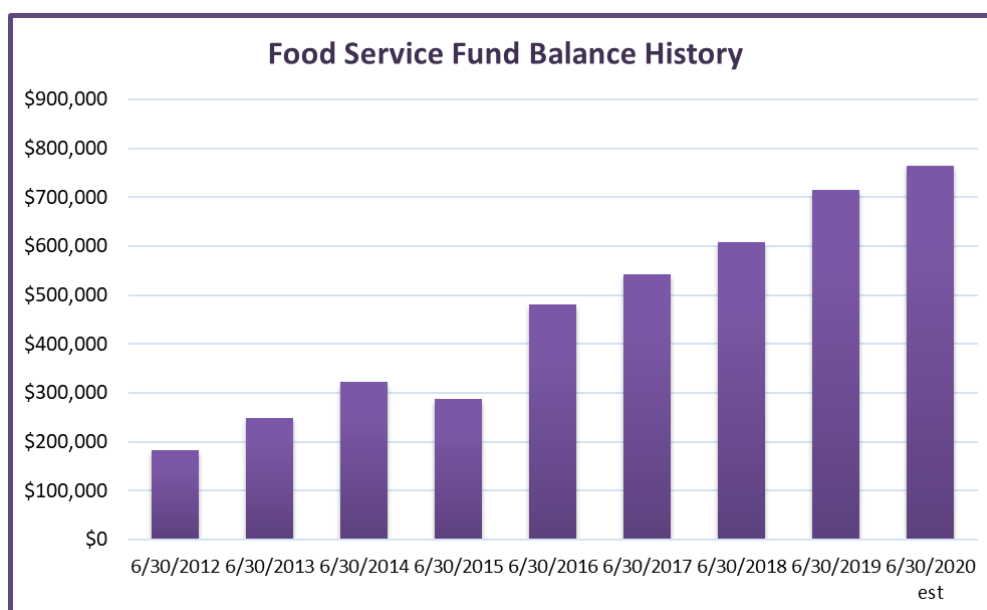
The food service program is self-supporting. It does not draw upon General Fund resources to balance its annual budget. The program is supported by sales revenue, along with state and federal subsidies.

The Food Service program is committed to higher participation, quicker service, healthy food options, awareness and accommodation of food allergies, solid financial performance, and improved long-range planning.

OASD serves an average of 2,400 meals per day (or 427,200 per school year) and has an annual operating budget of \$1.8 million dollars.

The Board approved the 2020-21 food service budget and guaranteed return for the program at its April 2020 meeting. Although the District will have a new FSMC, the proposed operating budget, the food service program, and the guaranteed return are similar to the current year. The elementary and intermediate schools participate in the National School Lunch Program (NSLP). OHS migrated off this program for food service in 2015-16. The change allowed greater flexibility in offering food before and after the school day, larger portion sizes, and expanded food variety. The District explored a similar program for the intermediate schools in 2019-20, but student and family feedback supported continuance on the NSLP.

The following chart shows the steady improvement of the Food Service fund balance since 2011-12. The growth in the fund balance is part of a designed strategy for funding capital equipment needs and infrastructure upgrades.



A portion of the fund balance was used in 2014-15 to remodel the OHS cafeteria, upgrade the servery, and purchase new, flexible lunchroom furniture.

In 2016-17, the fund balance helped to cover a portion of the costs to renovate the OHS north cafeteria, replace a cooler and freezer at OHS, and update a cooler and freezer unit at Greenland Elementary.

In 2017-18 and in 2018-19, the food service fund helped to supplement referendum funding for the cafeteria and kitchen components of the Ixonia Elementary and OHS East campus projects.

The food service fund balance was used in 2019-20 to supplement referendum funding for the new Meadow View Elementary cafeteria.

A portion of the food service fund balance is earmarked to replace cafeteria tables at the intermediate schools to improve seating and reduce potential lifting/bending workers' compensation claims.

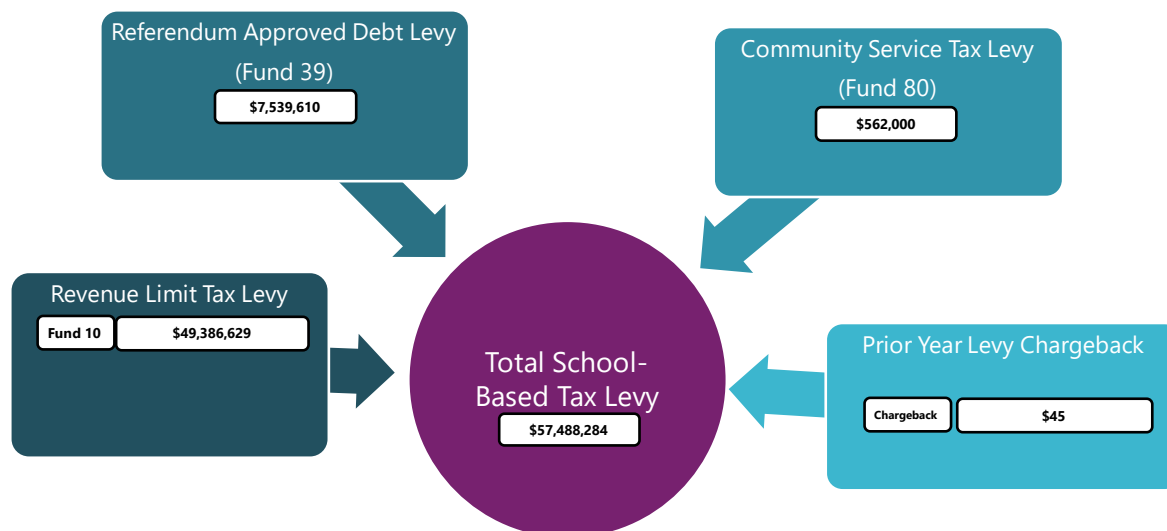
Working in collaboration with the new FSMC, the fund balance may also be used to purchase equipment or make infrastructure changes to improve the line speed and delivery method of offering food at the high school and intermediate schools.

Property Tax Forecast

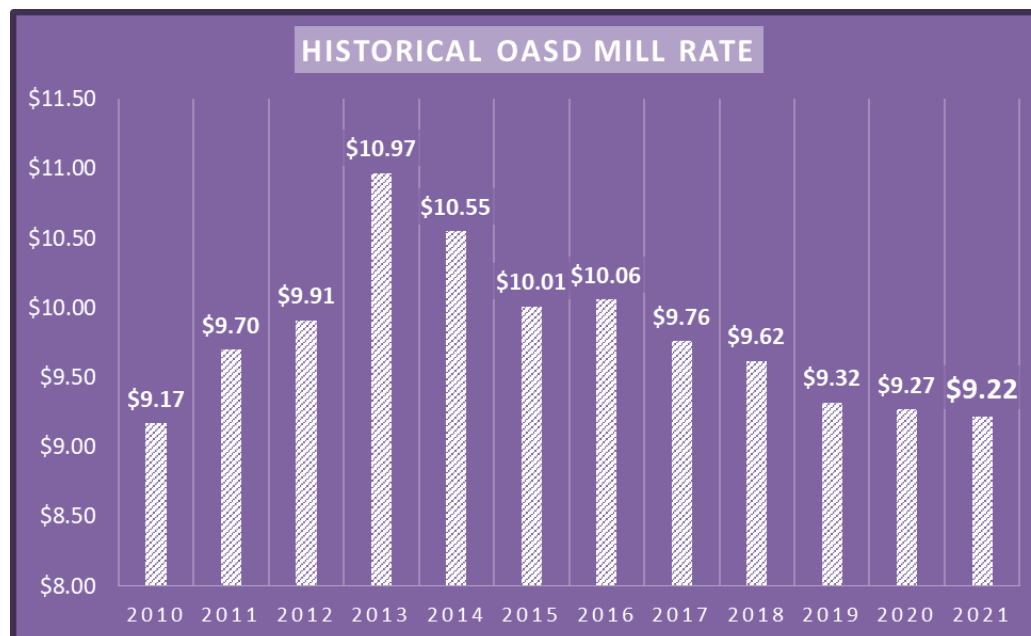
The OASD property tax forecast is based upon the following factors:

- ✓ modestly declining 'three-year rolling average' student enrollment;
- ✓ \$0 per student increase in Revenue Limit Authority;
- ✓ decreasing State Aid;
- ✓ growing tax base (3%) reflective of community economic development; and
- ✓ consistent debt service payments comprised primarily of the community approved 2016 referendum.

There are several levy components to the District's overall property tax levy: (1) revenue limit; (2) referendum approved debt; (3) community service; and (4) prior year chargeback.



The total property tax levy is expected to increase by 2.51% due to the factors described above. The tax base is expected to increase modestly, and the tax rate (mill rate) is expected to decrease by .47%, from \$9.269 per \$1,000 to \$9.225 per \$1,000.



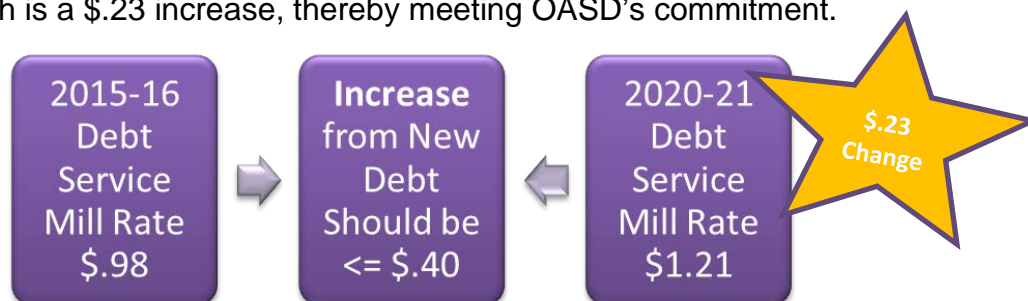
OASD's mill rate continues to remain below the 2011-12 level (over a decade ago).

The property tax forecast is an estimate based upon information available as of May 2020. This budget proposal and the resulting tax levy reflect the District's efforts to successfully advance the District's mission and support its strategic directions, while being fiscally responsible to taxpayers. The tax levy estimate will be updated at the Annual Meeting in September 2020. A final levy will be certified in November 2020.

The mill rate is the tax rate applied to a homeowner's property value to generate the school district property tax amount. This rate is calculated as shown below:




As part of the referendum information shared with the community, OASD communicated that the impact of new debt would not exceed a \$.40 increase to the debt service mill rate (the 2015-16 mill rate of \$.98). This budget proposal includes a debt service mill rate of \$1.21, which is a \$.23 increase, thereby meeting OASD's commitment.



Impact on Property Tax Bills

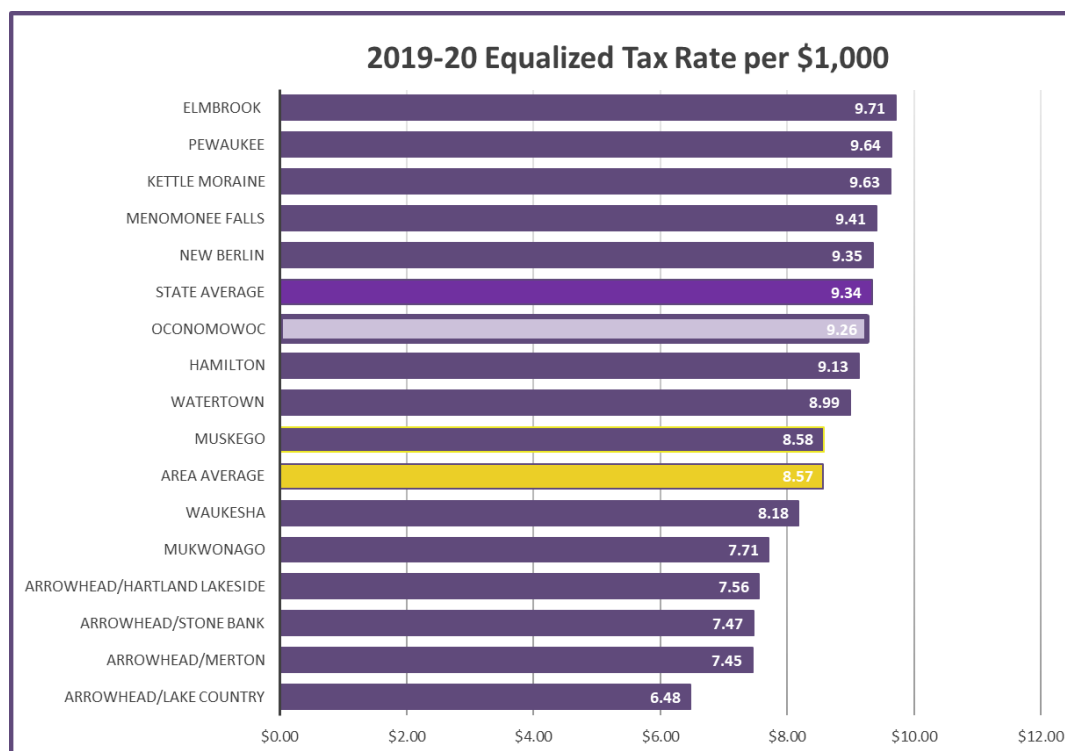
The impact of the proposed tax levy on various home values is shown below.

	Home Value	Equalized Tax Rate per \$1000		
		Actual 2019-20 9.269	May Budget 9.225	Change from 2019-20
	\$250,000 - average home value	\$ 2,317.17	\$ 2,306.20	\$ (10.97)
	\$350,000	\$ 3,244.04	\$ 3,228.67	\$ (15.36)
	\$600,000	\$ 5,561.21	\$ 5,534.87	\$ (26.34)
	\$1,000,000	\$ 9,268.68	\$ 9,224.78	\$ (43.90)

Comparison of Oconomowoc's Mill Rate to Other Local Municipalities

The demographics of different municipalities coupled with differences in the State/local funding partnership of districts, does not always provide an 'apples-to-apples' comparison of tax rates. However, taxpayers often wish to know how their tax rate compares to others.

For 2019-20, OASD's tax rate was below the State average and just above Area average. It is difficult to predict how OASD's .47% tax rate decrease will compare with other regional districts.



Tax Levy by Community

OASD covers a wide geographic area with municipalities located in three counties. The District's tax levy is assessed to the municipalities based upon their proportionate share of OASD's equalized property values. The chart bellows details the 2019-20 tax levy apportionment to various municipalities based upon their equalized property values and the estimated apportionment for 2020-21 based upon an overall 3% value increase.

County	Municipality	Equalized Property Values	% of District	Amount of Tax Levy	Equalized Property Values	% of District	Amount of Tax Levy	Change in Levy \$
Dodge	T Ashippun	207,328,469	3.43%	\$ 1,921,661.06	213,548,323	3.43%	\$ 1,969,935.69	\$ 48,274.63
Dodge	T Lebanon	4,511,111	0.07%	\$ 41,812.04	4,646,444	0.07%	\$ 42,862.41	\$ 1,050.37
Jefferson	T Concord	62,522,078	1.03%	\$ 579,497.08	64,397,740	1.03%	\$ 594,054.80	\$ 14,557.72
Jefferson	T Ixonia	430,337,189	7.11%	\$ 3,988,657.34	443,247,305	7.11%	\$ 4,088,857.62	\$ 100,200.28
Jefferson	T Sullivan	25,709,279	0.42%	\$ 238,291.06	26,480,557	0.42%	\$ 244,277.24	\$ 5,986.18
Jefferson	V Lac La Belle	415,000	0.01%	\$ 3,846.50	427,450	0.01%	\$ 3,943.13	\$ 96.63
Waukesha	C Delafield	49,713,853	0.82%	\$ 460,781.75	51,205,269	0.82%	\$ 472,357.20	\$ 11,575.44
Waukesha	C Oconomowoc	2,383,150,300	39.39%	\$ 22,088,655.56	2,454,644,809	39.39%	\$ 22,643,551.38	\$ 554,895.83
Waukesha	T Merton	51,463,774	0.85%	\$ 477,001.21	53,007,687	0.85%	\$ 488,984.10	\$ 11,982.89
Waukesha	T Oconomowoc	1,576,622,566	26.06%	\$ 14,613,208.75	1,623,921,243	26.06%	\$ 14,980,311.60	\$ 367,102.86
Waukesha	T Ottawa	242,920	0.00%	\$ 2,251.55	250,208	0.00%	\$ 2,308.11	\$ 56.57
Waukesha	V Dousman	617,945	0.01%	\$ 5,727.53	636,483	0.01%	\$ 5,871.41	\$ 143.88
Waukesha	V Lac La Belle	119,541,900	1.98%	\$ 1,107,995.52	123,128,157	1.98%	\$ 1,135,829.81	\$ 27,834.29
Waukesha	V Oconomowoc Lake	366,396,100	6.06%	\$ 3,396,007.90	377,387,983	6.06%	\$ 3,481,320.05	\$ 85,312.15
Waukesha	V Summit	771,857,457	12.76%	\$ 7,154,099.14	795,013,181	12.76%	\$ 7,333,819.44	\$ 179,720.30
		6,050,429,941	100%	56,079,494	6,231,942,839	100%	57,488,284	1,408,790

Oconomowoc Area School District – Future Trends

Student Enrollment

Student enrollment growth has leveled-off in recent years and OASD is predicting declining enrollment for 2020-21. Commercial construction activity and new residential subdivisions indicate that there may be positive momentum for growth throughout the district. Construction activity in fall 2019 and early spring 2020 appeared to be an indication that new housing starts were picking up in the community.

This momentum was consistent with the most recent demographic study, which suggested that enrollment growth was likely in the future. While the study assumed a minor recession might occur in the early 2020's, it did not anticipate a major recession or housing market crisis. The economic effects of the COVID-19 pandemic have been severe, and it remains to be seen whether the impact will be extended or significantly affect the housing market. Residential construction and student enrollment will continue to be closely monitored.

Wisconsin Economic Forecast – May 2020

The COVID-19 pandemic has severely disrupted the world, U.S., and Wisconsin economics. The Wisconsin economy ended 2019 showing healthy economic growth; however, that came to an end by the end of the first quarter of 2020. The State revenue shortfall is estimated in the range of \$2 and \$3 billion. Federal stimulus money and the State's 'rainy day' fund are anticipated to cover some, but not all of the revenue shortfall. Wisconsin school district leaders have been alerted to the likelihood of a Budget Repair Bill and warned to exercise caution concerning development of their 2020-21 budgets.

At the same time, District spending is likely to increase in response to health and safety concerns and new regulations stemming from the COVID-19 pandemic. There are many unknown costs related to helping students who may have struggled in the emergency remote learning environment, providing professional development around best-practices for virtual learning, implementing software to support virtual learning, transporting and feeding students in a social-distancing environment, efficiently and effectively using staff in an in-person and virtual learning structure, meeting any new requirements for maintaining clean, safe facilities, providing personal health and wellness gear/structures, etc.

In consideration of the warning of reduced State funding, the budget proposal herein has been built using a \$0 change (rather than \$179 change per State law) in revenue limit authority. Interest income was reduced due to recent economic conditions; however, most other revenues were held consistent with 2019-20 levels. Revenues from local sources, such as student fees, parking permits, and event gate receipts, may also be impacted should typical school year operations, not resume in September 2020.

Three scenarios were run for changes in revenue limit authority. Due to the anticipated declining enrollment, there is minimal impact on OASD's revenue limit authority and resulting mill rate. The Declining Enrollment Exemption within the revenue limit formula helps minimize the effect. If changes are made to funding Equalization Aid, the impact could be more significant.

\$0/member change in Revenue Limit Authority			
	Historical	Current Year	Budget Year
	2018 - 2019	2019 - 2020	2020 - 2021
September Membership (FTE):	5,425	5,395	5,364
Equalized Valuation Growth:	4.56%	7.85%	3.00%
Fund 10 Revenues	\$65,373,496	\$67,207,000	\$67,630,000
Fund 10 Expenditures	\$63,793,068	\$67,207,000	\$67,630,000
Surplus (Deficit)	\$1,580,428	\$0	(\$0)
Referendum Debt Levy	\$7,729,509	\$8,003,510	\$7,539,610
Total School-Based Tax Levy	\$52,295,553	\$56,079,494	\$57,488,284
Mill Rate (per \$1,000 EQ Value)	\$9.32	\$9.27	\$9.22

-\$50/member change in Revenue Limit Authority			
	Historical	Current Year	Budget Year
	2018 - 2019	2019 - 2020	2020 - 2021
September Membership (FTE):	5,425	5,395	5,364
Equalized Valuation Growth:	4.56%	7.85%	3.00%
Fund 10 Revenues	\$65,373,496	\$67,207,000	\$67,627,050
Fund 10 Expenditures	\$63,793,068	\$67,207,000	\$67,630,000
Surplus (Deficit)	\$1,580,428	\$0	(\$2,950)
Referendum Debt Levy	\$7,729,509	\$8,003,510	\$7,539,610
Total School-Based Tax Levy	\$52,295,553	\$56,079,494	\$57,485,334
Mill Rate (per \$1,000 EQ Value)	\$9.32	\$9.27	\$9.22

\$179/member change in Revenue Limit Authority			
	Historical	Current Year	Budget Year
	2018 - 2019	2019 - 2020	2020 - 2021
September Membership (FTE):	5,425	5,395	5,364
Equalized Valuation Growth:	4.56%	7.85%	3.00%
Fund 10 Revenues	\$65,373,496	\$67,207,000	\$68,001,548
Fund 10 Expenditures	\$63,793,068	\$67,207,000	\$67,630,000
Surplus (Deficit)	\$1,580,428	\$0	\$371,548
Referendum Debt Levy	\$7,729,509	\$8,003,510	\$7,539,610
Total School-Based Tax Levy	\$52,295,553	\$56,079,494	\$57,859,832
Mill Rate (per \$1,000 EQ Value)	\$9.32	\$9.27	\$9.28

Given the financial and operational uncertainties of 2020-21, this budget proposal has been carefully developed to provide flexibility to adapt to change. Staffing levels were carefully evaluated at all grade-levels for core classes, elective courses, and specials (such as art, music, and physical education). Administration and support staff roles were analyzed and reduced where practicable. Utilities and other significant non-personnel budgets were analyzed and reduced based upon historical utilization and consumption trend. In addition, the District is taking advantage of 2019-20 cost savings to accelerate capital projects, cleaning services, and material purchases; thereby providing potential opportunities for resource reallocation within the 2020-21 budget.

Summary Comments

We sincerely appreciate the effort extended by the School Board and our community to support the Oconomowoc Area School District. We demonstrate our appreciation each day by working diligently to develop great schools and great students while using resources wisely.

We thank you for your interest in this report. Questions regarding this document may be directed to Dr. Roger Rindo, Superintendent (560-2111) or Beth Sheridan, Director of Business Services (560-2119).