

## Annual Meeting Fiscal Facts 2024-2025

On October 21, 2024, the McFarland School District held its 63rd Annual Meeting. The Meeting is the culmination of a year-long budget process resulting in a tax levy (amount of money the school district receives from property tax) that was approved by a majority of the 10 taxpayers in attendance. Here are a few key highlights about our budget and the results of the meeting:

**The School District budget consists of the 6 major funds that combine for over \$80 Million in expenditures.**

### **1. General Fund:**

- The general fund for regular education accounts for \$69 million, with \$32.4 million being expenses for the Wisconsin Virtual Academies (WVA). The district retains \$1.4 million of revenues from WVA over those expenditures, thus lowering the district's reliance on local taxpayers.
- This is the first approved budget in over 21 years that has a deficit (\$2.4 million). Should the November 5, 2024 operational referendum pass, this deficit will be reduced from \$1,750,000 with the remaining \$650,000 being covered by district reserves ("fund balance").
- The general fund was met with several issues as it was being developed. These included:
  - Initial deficit of \$3.7 Million (largely due to the loss of \$3 Million in Federal ESSER Funds)
  - Continued chasing of inflationary impacts
  - April operational referendum failure
  - Budget reductions of \$1.2+ Million
  - Enrollment decreases From May to August, largely due to low birth rates
- Despite these challenges the budget was able to provide planned wages and current benefit levels for both the teachers and support staff.
- Budget issues that will continue into next year (2026) include:
  - Responding to the results from the November 5, 2024 referendum
  - Balancing future budgets with fund balance
  - Projected declining enrollment possibly offset by increased open enrollment
  - Chasing our labor competition

### **2. Special Education Fund**

- The special education fund is \$7.8 Million and is funded as follows: 53% local, 28% state, and 19% federal.

### **3. Debt Service Fund**

- The debt service fund is similar to the district's annual mortgage payments for the previous referendum construction that was approved by the majority of voters in 2016. Relevant facts include:
  - \$4.5 Million annual in payments
  - Refinancing opportunities do not exist at this time due to our already low interest rates
  - Current debt repayment to be completed by 2038
  - Debt can't exceed 10% of equalized value and the district is at 2.4%

### **4. Capital Projects Fund**

- The capital projects fund is part of the Revenue Cap, but is diverted from the general fund. The district has diverted \$249,000 annually to this fund for improvements (i.e. replace parking lots, HVAC systems and roofs).
- Future projects include high school roof replacements as over 70% of the current roofing dates back to 1997.

### **5. School Nutrition (Food Service) Fund**

- The school nutrition fund provides breakfast and lunch as part of the National School Lunch Program.
- The \$1.3 million annual budget includes user fees, state contributions and federal reimbursements.
- For the first time since 2015 the cost of daily meals was increased (\$0.20).

## 6. Community Service Fund

- The community service fund includes 60% taxpayer funds and 40% fee based programming that includes recreation programs, the aquatic center, and performing arts programs,
- The fund also contributes to the McFarland Youth Center and the School Resource Officer Services that are a joint collaborative effort between the district and village.

### Tax Levy

The following resolutions regarding the tax levies were approved by a majority vote:

- If the referendum passes: "Be it resolved that the School Board be authorized to levy a tax of up to **\$20,111,874** for the 2024-25 school year if a majority votes in favor of the referendum to exceed the revenue limit in the November 5, 2024 election."
- If the referendum fails: "Be it resolved that the School Board be authorized to levy a tax of up to **\$18,361,874** for the 2024-25 school year if a majority votes against the referendum to exceed the revenue limit in the November 5, 2024 election."

<b>Tax Levy by Fund</b>	<b>2024-25</b>	<b>2024-25+Ref</b>	<b>2024-25</b>	<b>2024-25+Ref</b>
General Fund	13,070,703	14,820,703	71%	74%
Debt Service Fund	4,509,769	4,509,769	25%	22%
Capital Fund	249,000	249,000	1%	1%
Community Services Fund	532,402	532,402	3%	3%
<b>Total Property Tax Levy</b>	<b>18,361,874</b>	<b>20,111,874</b>		

### Operational Referendum

While not specifically discussed at the Annual Meeting, below is information regarding the November referendum

- The referendum:
  - provides a recurring revenue limit increase of up to \$5.25 million, phased in over three years.
  - maintains the \$1.2 million in cuts that were made in the spring of 2024.
  - includes using \$1.3 million in fund balance (reserves).
  - will be used to keep teachers and pay their salaries and benefits. The starting pay will remain below the area average, but will help us stay competitive without having to cut more teachers.
  - increase is permanent (recurring) to catch up to current costs, which are not going down. This will lead to stable funding for long-term financial planning for the district, community, and staff. It prevents a large deficit or cliff and the need for another referendum in 3 years.
- As our district has done in the past, the district we will not levy all of the \$5.25 million if it is not needed.
- Tax impact is 39% of April referendum amount
  - Chart below is for an estimated property tax increase on a home with an equalized value of \$400,000 with an estimated 7% increase in value each year
  - The estimated increase is about \$300 more each year for 3 years until it reaches \$897
  - The amount stays at an increase of up to \$897 each year and does not increase again

	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Updated Nov. 2024</b>	<b>\$310</b>	<b>\$604</b>	<b>\$897</b>	<b>\$897</b>	<b>\$897</b>
Original Nov. 2024	\$404	\$832	\$1,247	\$1,247	\$1,247
Failed April 2024	\$744	\$1,128	\$1,532	\$1,971	\$2,281

- Without a referendum
  - 2024-25 \$2.5 million deficit (\$3.7 million deficit- \$1.2 million in cuts)
  - Amount increases each year for salary and benefit inflationary costs
  - Staffing= 80%+ of budget, 20% fixed costs (e.g. 4k contracts, transportation, substitutes, etc.)
  - \$2.5 million= equivalent of 36 positions (17% of professional staff)
  - 1 time reserves used to pay 2024-25 salaries/benefits, cuts for 2025-26

### Final Notes

- The district will begin budget development for fiscal year 2026 in December when it releases its expected enrollment projections for the 2025-2026 school year.
- Please continue to follow our website for updated fiscal facts throughout the school year.