



The Potential Financial Impact of a North Crawford and Boscobel Consolidation



Financial Planning Program

Presented by:

PMA Financial Network, Inc.

July 26, 2010



Back ground

- The FY2007-09 State Budget allocated \$250,000 to study the fiscal impact of school district consolidations
- Districts were allotted \$10,000 per study
- FY2008-09 and FY2009-10 – North Crawford School District and Boscobel Area Schools prepared 5-year financial forecasts utilizing PMA Financial Network's FPP (Financial Planning Program) services
- PMA created a consolidated district, based on the FY2009-10 base year forecast for both districts



Process

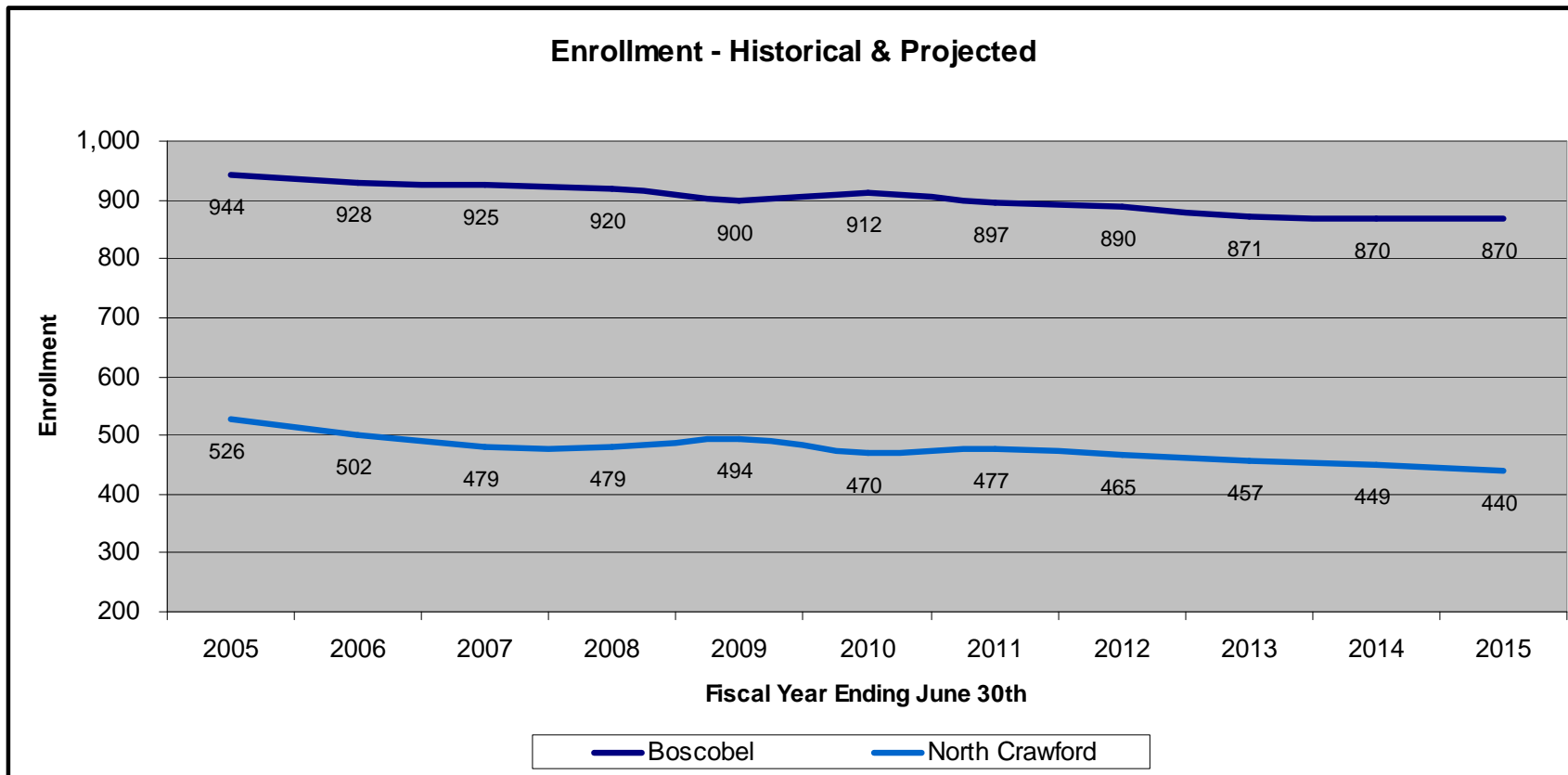
- Both districts completed 5-year financial forecasts
- PMA combined both districts by linking the new consolidated district forecasts to the original forecasts
- Revenue and expenditure assumptions were established
- Open Enrollment students between both districts were eliminated and added back as resident students attending the district
- A beginning forecast was established
- Efficiencies were identified and added to the new forecast
- State incentives were added to the new forecast

Boscobel & North Crawford Consolidation Study





Enrollment Analysis



Boscobel & North Crawford Consolidation Study





Enrollment Analysis

	Fiscal Year Ending June 30th										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual					Current	Projected				
Boscobel	944	928	925	920	900	912	897	890	871	870	870
North Crawford	526	502	479	479	494	470	477	465	457	449	440
Sub Total						1,382	1,374	1,355	1,328	1,319	1,310
Eliminate Inter-District Open Enrollment						(11)	(11)	(11)	(11)	(11)	(11)
Grand Total						1,371	1,363	1,344	1,317	1,308	1,299

- Boscobel’s enrollment is projected to decline by 42 students over the next 5 years
- North Crawford’s enrollment is projected to decline by 30 students over the next 5 years
- Consolidated enrollment is projected to decline by 72 students over the next 5 years
- Impact on enrollment, relative to consolidation, was not taken into consideration

Boscobel & North Crawford Consolidation Study





Equalized Assessed Valuation

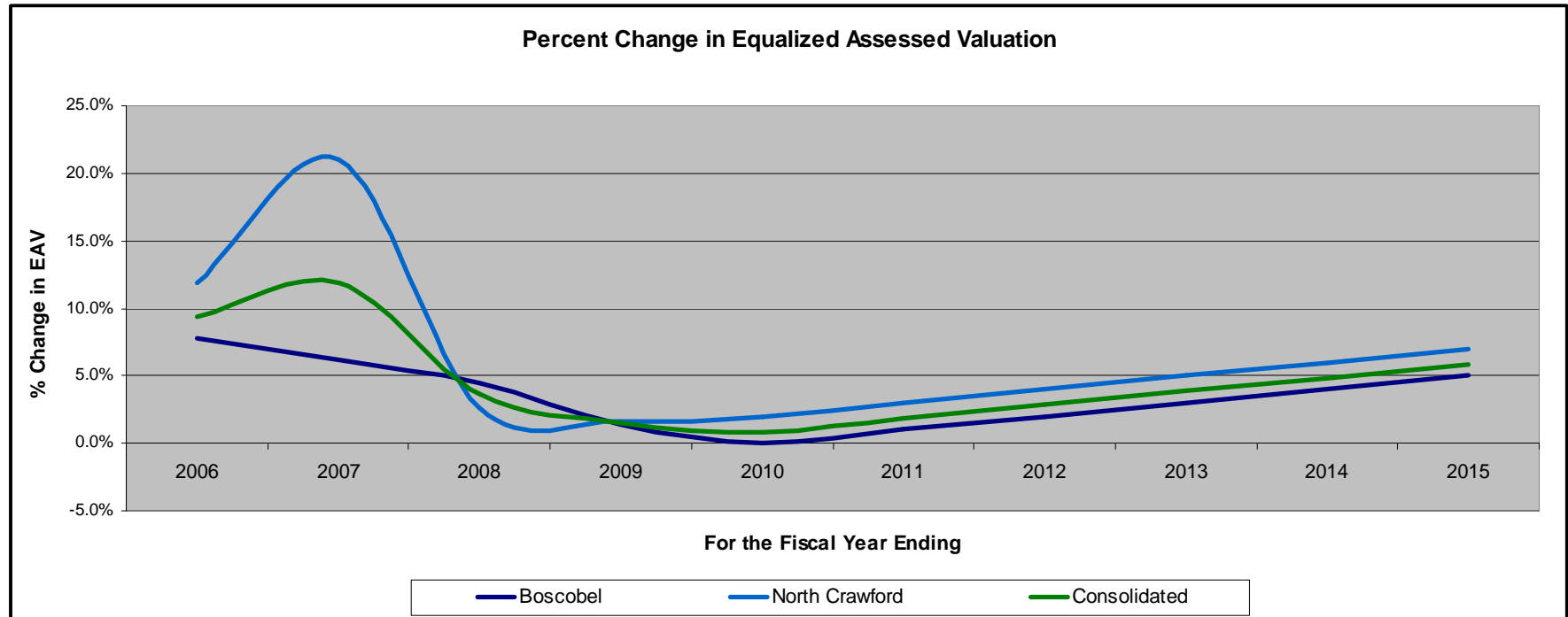
	Fiscal Year Ending June 30th										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual					Current	Projected				
Boscobel	\$227,089,075	\$244,753,565	\$259,791,760	\$271,357,293	\$275,189,759	\$275,189,759	\$277,933,490	\$283,475,825	\$291,955,599	\$303,601,155	\$318,740,378
% Change		7.8%	6.1%	4.5%	1.4%	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%
North Crawford	\$139,331,330	\$155,901,416	\$188,609,659	\$193,565,910	\$196,715,396	\$200,649,234	\$206,668,006	\$214,933,786	\$225,679,300	\$239,218,649	\$255,962,309
% Change		11.9%	21.0%	2.6%	1.6%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%
Consolidated	\$366,420,405	\$400,654,981	\$448,401,419	\$464,923,203	\$471,905,155	\$475,814,994	\$484,554,530	\$498,340,389	\$517,543,896	\$542,655,696	\$574,460,265
% Change		9.3%	11.9%	3.7%	1.5%	0.8%	1.8%	2.8%	3.9%	4.9%	5.9%

Boscobel & North Crawford Consolidation Study





Equalized Assessed Valuation



Boscobel & North Crawford Consolidation Study



Expenditure Assumptions

- Salaries for all groups and employee types - 1.5% increase
 - Included 6, 7, 6, 3, and 0 teacher retirements for the next 5 years respectively.
- Benefits
 - Health Insurance - 8% per year increase
 - Dental Insurance – 2% per year increase
 - WRS – Increased rates by .8% for years 1 and 2, 1% for years 3 and 4 and .2% for year 5
 - Post Employment Benefits – Includes liabilities for both districts’ current retirees plus benefits for projected retirees.
- Discretionary Expenditures – Projected to remain at current spending levels
- Non-Discretionary Expenditures
 - Utilities – 7.5% per year increase
 - Transportation – 5% per year increase
 - District Insurance – 5% per year increase



Revenue Assumptions (Base Forecast)

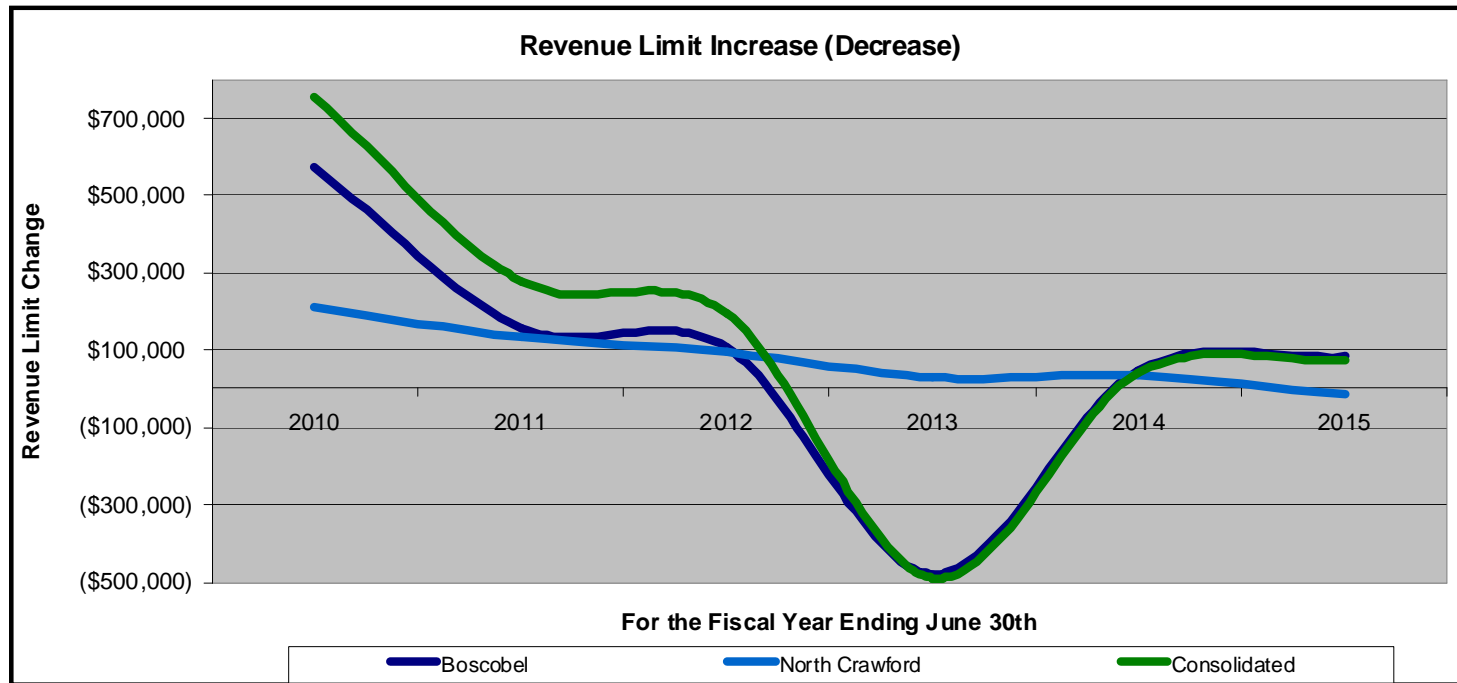
- Per Member Revenue Limit Increase - \$200 for all 5 years
- Boscobel's \$550,000 and \$600,000 non-recurring referenda to exceed revenue limits included for FY2010-11 and FY2011-12 respectively.
- EAV – Net effective increases of 1.8%, 2.8%, 3.9%, 4.9% and 5.9% over the next five years respectively.
- Fund 39 Levy (Referendum approved debt) - \$0 for all years. Consolidated district is debt free
- Fund 80 (Community Service Fund) - \$6,200 for all years





Revenue Limit Growth (Decrease)

	For the Fiscal Year Ending June 30th					
	2010	2011	2012	2013	2014	2015
	Current	Projected				
Boscobel	\$575,600	\$158,200	\$106,868	(\$479,661)	\$47,868	\$83,509
North Crawford	\$209,807	\$134,951	\$94,200	\$29,472	\$34,165	(\$15,985)
Consolidated	\$757,370	\$279,036	\$195,959	(\$489,665)	\$41,885	\$75,251



Assuming \$200 per member revenue limit increase in all fiscal years

Boscobel & North Crawford Consolidation Study



Summary Projections

- Reports
 - North Crawford School District
 - Boscobel Area Schools
 - Consolidated District BEFORE efficiencies
 - Consolidated District AFTER efficiencies
 - Summary Excess (Deficit) with State Incentives (Consolidation Aid) included
 - Mill Rate Analysis



5-Year Summary Projections

North Crawford School District

General Fund - Projection Summary

	BUDGET 2010	PROJECTIONS									
		FY - 2011	% Change	FY - 2012	% Change	FY - 2013	% Change	FY - 2014	% Change	FY - 2015	% Change
REVENUE											
Local Sources	\$1,672,200	\$1,847,485	10.5%	\$1,864,968	0.9%	\$2,020,703	8.4%	\$2,099,197	3.88%	\$2,199,597	4.8%
State Sources	\$3,364,806	\$3,295,333	-2.1%	\$3,372,485	2.3%	\$3,247,030	-3.7%	\$3,203,510	-1.3%	\$3,112,062	-2.9%
Federal Sources	\$324,832	\$324,832	0.0%	\$324,832	0.0%	\$324,832	0.0%	\$324,832	0.0%	\$324,832	0.0%
Other	\$184,497	\$192,280	4.2%	\$197,652	2.8%	\$203,199	2.8%	\$208,924	2.8%	\$214,835	2.8%
TOTAL REVENUE	\$5,558,835	\$5,672,429	2.0%	\$5,772,437	1.8%	\$5,808,263	0.6%	\$5,848,963	0.7%	\$5,863,825	0.3%
EXPENDITURES											
Salary and Benefits	\$3,807,015	\$3,919,550	3.0%	\$4,061,190	3.6%	\$4,215,206	3.8%	\$4,353,063	3.3%	\$4,460,600	2.5%
Other Objects	\$1,751,820	\$1,753,265	0.1%	\$1,790,650	2.1%	\$1,841,970	2.9%	\$1,894,044	2.8%	\$1,949,638	2.9%
TOTAL EXPENDITURES	\$5,558,835	\$5,672,815	2.1%	\$5,851,840	3.2%	\$6,057,176	3.5%	\$6,247,107	3.1%	\$6,410,238	2.6%
EXCESS (DEFICIT)											
REVENUE OVER EXP.	\$0	(\$385)		(\$79,404)		(\$248,913)		(\$398,144)		(\$546,413)	
Excess (Deficit) Over Previous Fiscal Year		(\$385)		(\$79,018)		(\$169,509)		(\$149,232)		(\$148,269)	
BEGINNING FUND BALANCE	\$2,551,019	\$2,551,019	0.0%	\$2,550,634	0%	\$2,471,231	-3%	\$2,222,318	-10%	\$1,824,174	-17.9%
ENDING FUND BALANCE	\$2,551,019	\$2,550,634	0%	\$2,471,231	-3%	\$2,222,318	-10%	\$1,824,174	-18%	\$1,277,761	-30%
FUND BALANCE AS % OF EXPENDITURES	45.89%	44.96%		42.23%		36.69%		29.20%		19.93%	

Boscobel & North Crawford Consolidation Study



5-Year Summary Projections

Boscobel Area Schools

General Fund - Projection Summary

	BUDGET	PROJECTIONS									
	2010	FY - 2011	% Change	FY - 2012	% Change	FY - 2013	% Change	FY - 2014	% Change	FY - 2015	% Change
REVENUE											
Local Sources	\$2,507,434	\$2,424,998	-3.3%	\$2,446,468	0.9%	\$1,778,535	-27.3%	\$1,773,428	-0.29%	\$1,706,186	-3.8%
State Sources	\$7,003,290	\$7,342,656	4.8%	\$7,427,681	1.2%	\$7,614,937	2.5%	\$7,667,858	0.7%	\$7,818,609	2.0%
Federal Sources	\$289,833	\$289,833	0.0%	\$289,833	0.0%	\$289,833	0.0%	\$289,833	0.0%	\$289,833	0.0%
Other	\$139,783	\$139,872	0.1%	\$143,956	2.9%	\$148,171	2.9%	\$152,522	2.9%	\$157,014	2.9%
TOTAL REVENUE	\$9,940,340	\$10,197,360	2.6%	\$10,307,937	1.1%	\$9,831,476	-4.6%	\$9,883,642	0.5%	\$9,971,643	0.9%
EXPENDITURES											
Salary and Benefits	\$7,102,076	\$7,211,878	1.5%	\$7,495,316	3.9%	\$7,729,319	3.1%	\$7,989,808	3.4%	\$8,274,355	3.6%
Other Objects	\$3,053,539	\$3,089,676	1.2%	\$3,180,726	2.9%	\$3,252,931	2.3%	\$3,349,519	3.0%	\$3,455,749	3.2%
TOTAL EXPENDITURES	\$10,155,615	\$10,301,554	1.4%	\$10,676,042	3.6%	\$10,982,250	2.9%	\$11,339,327	3.3%	\$11,730,104	3.4%
EXCESS (DEFICIT)											
REVENUE OVER EXP.	(\$215,275)	(\$104,194)		(\$368,105)		(\$1,150,774)		(\$1,455,685)		(\$1,758,461)	
Excess (Deficit) Over Previous Fiscal Year		\$111,081		(\$263,911)		(\$782,669)		(\$304,911)		(\$302,776)	
BEGINNING FUND BALANCE	\$2,039,732	\$1,824,457	-10.6%	\$1,720,263	-6%	\$1,352,158	-21%	\$201,384	-85%	(\$1,254,301)	-723%
ENDING FUND BALANCE	\$1,824,457	\$1,720,263	-6%	\$1,352,158	-21%	\$201,384	-85%	(\$1,254,301)	-723%	(\$3,012,762)	140%
FUND BALANCE AS % OF EXPENDITURES	17.97%	16.70%		12.67%		1.83%		-11.06%		-25.68%	

Boscobel & North Crawford Consolidation Study



5-Year Summary Projections

Consolidated School District - BEFORE Consolidation Efficiencies and Consolidation Aid

General Fund - Projection Summary

	BUDGET 2010	PROJECTIONS									
		FY - 2011	% Change	FY - 2012	% Change	FY - 2013	% Change	FY - 2014	% Change	FY - 2015	% Change
REVENUE											
Local Sources	\$4,179,634	\$4,275,752	2.3%	\$4,473,272	4.6%	\$3,884,390	-13.2%	\$3,956,542	1.86%	\$4,009,164	1.3%
State Sources	\$10,368,096	\$10,592,691	2.2%	\$10,591,381	0.0%	\$10,690,301	0.9%	\$10,660,974	-0.3%	\$10,708,764	0.4%
Federal Sources	\$614,665	\$614,665	0.0%	\$614,665	0.0%	\$614,665	0.0%	\$614,665	0.0%	\$614,665	0.0%
Other	\$324,280	\$284,444	-12.3%	\$293,277	3.1%	\$302,430	3.1%	\$311,912	3.1%	\$321,736	3.1%
TOTAL REVENUE	\$15,499,175	\$15,780,052	1.8%	\$15,985,096	1.3%	\$15,504,286	-3.0%	\$15,556,593	0.3%	\$15,666,829	0.7%
EXPENDITURES											
Salary and Benefits	\$10,909,091	\$11,202,380	2.7%	\$11,526,063	2.9%	\$11,840,804	2.7%	\$12,204,886	3.1%	\$12,524,263	2.6%
Other Objects	\$4,805,359	\$4,801,024	-0.1%	\$4,916,973	2.4%	\$5,048,312	2.7%	\$5,197,920	3.0%	\$5,355,312	3.0%
TOTAL EXPENDITURES	\$15,714,450	\$16,003,403	1.8%	\$16,443,036	2.7%	\$16,889,116	2.7%	\$17,402,806	3.0%	\$17,879,575	2.7%
EXCESS (DEFICIT)											
REVENUE OVER EXP.	(\$215,275)	(\$223,352)		(\$457,940)		(\$1,384,830)		(\$1,846,213)		(\$2,212,746)	
Excess (Deficit) Over Previous Fiscal Year		(\$8,077)		(\$234,589)		(\$926,889)		(\$461,383)		(\$366,533)	
BEGINNING FUND BALANCE	\$4,590,752	\$4,375,477	-4.7%	\$4,152,125	-5%	\$3,694,185	-11%	\$2,309,355	-37%	\$463,142	-79.9%
ENDING FUND BALANCE	\$4,375,477	\$4,152,125	-5%	\$3,694,185	-11%	\$2,309,355	-37%	\$463,142	-80%	(\$1,749,604)	-478%
FUND BALANCE AS % OF EXPENDITURES	27.84%	25.95%		22.47%		13.67%		2.66%		-9.79%	



Consolidation Efficiencies

- Consolidation Efficiencies factored into the forecast include:
 - Staffing Considerations
 - Teaching
 - Support
 - Administrative

- Consolidation Efficiencies not factored into the forecast include:
 - Transportation
 - Facilities
 - Other



5-Year Summary Projections

Consolidated School District with Consolidation Efficiencies and BEFORE Consolidation Aid General Fund - Projection Summary

	BUDGET	PROJECTIONS									
	2010	FY - 2011	Change	FY - 2012	Change	FY - 2013	Change	FY - 2014	Change	FY - 2015	Change
REVENUE											
Local Sources	\$4,179,634	\$4,275,752	2.3%	\$4,967,645	16.2%	\$4,350,451	-12.4%	\$4,384,001	0.77%	\$4,417,081	0.8%
State Sources	\$10,368,096	\$10,592,691	2.2%	\$10,097,008	-4.7%	\$10,224,240	1.3%	\$10,233,515	0.1%	\$10,300,847	0.7%
Federal Sources	\$614,665	\$614,665	0.0%	\$614,665	0.0%	\$614,665	0.0%	\$614,665	0.0%	\$614,665	0.0%
Other	\$324,280	\$284,444	-12.3%	\$293,277	3.1%	\$302,430	3.1%	\$311,912	3.1%	\$321,736	3.1%
TOTAL REVENUE	\$15,499,175	\$15,780,052	1.8%	\$15,985,096	1.3%	\$15,504,286	-3.0%	\$15,556,593	0.3%	\$15,666,829	0.7%
EXPENDITURES											
Salary and Benefits	\$10,909,091	\$10,186,052	-6.6%	\$10,463,644	2.7%	\$10,728,528	2.5%	\$11,039,926	2.9%	\$11,308,316	2.4%
Other Objects	\$4,805,359	\$4,656,948	-3.1%	\$4,765,923	2.3%	\$4,889,726	2.6%	\$5,031,360	2.9%	\$5,180,941	3.0%
TOTAL EXPENDITURES	\$15,714,450	\$14,843,000	-5.5%	\$15,229,566	2.6%	\$15,618,254	2.6%	\$16,071,286	2.9%	\$16,489,257	2.6%
EXCESS (DEFICIT)											
REVENUE OVER EXP.	(\$215,275)	\$937,052		\$755,530		(\$113,968)		(\$514,694)		(\$822,428)	
Excess (Deficit) Over Previous Fiscal Year		\$1,152,327		(\$181,522)		(\$869,498)		(\$400,726)		(\$307,735)	
BEGINNING FUND BALANCE	\$4,590,752	\$4,375,477	-4.7%	\$5,312,528	21%	\$6,068,058	14%	\$5,954,090	-2%	\$5,439,397	-8.6%
ENDING FUND BALANCE	\$4,375,477	\$5,312,528	21%	\$6,068,058	14%	\$5,954,090	-2%	\$5,439,397	-9%	\$4,616,969	-15%
FUND BALANCE AS % OF EXPENDITURES	27.84%	35.79%		39.84%		38.12%		33.85%		28.00%	

Boscobel & North Crawford Consolidation Study



Consolidation Aid

- Wisconsin Stats 117.08 and 117.09 provide for additional funding, not counted in the consolidated district's Revenue Limit computation.
- Wisconsin Stats 121.07 (6)(e) and 121.07(7)(e) provide for 15% increases Aid Guarantees and Cost Ceilings for five years, beginning with the year the consolidation takes effect.

General State Aid *

	For the Fiscal Year Ending June 30th						
	2009	2010	2011	2012	2013	2014	2015
	Actual	Current	Projected				
Boscobel	\$6,261,722	\$6,502,189	\$6,853,488	\$6,947,295	\$7,148,110	\$7,211,382	\$7,375,366
North Crawford	\$3,160,317	\$3,180,664	\$3,114,726	\$3,197,158	\$3,074,329	\$3,034,742	\$2,946,753
Total	\$9,422,039	\$9,682,853	\$9,968,214	\$10,144,454	\$10,222,438	\$10,246,124	\$10,322,119
Consolidated			\$9,925,798	\$9,434,456	\$9,577,655	\$9,600,605	\$9,683,988
Consolidation Aid			\$904,350	\$454,035	\$510,304	\$611,383	\$674,430

* Line H1 - Equalized Aid BEFORE Adjustments, including Milwaukee Charter Program

Boscobel & North Crawford Consolidation Study



5-Year Summary Projections

Consolidated School District - Excess (Deficit) Analysis

Projected Deficit Comparison

	2010	FY - 2011	FY - 2012	FY - 2013	FY - 2014	FY - 2015
North Crawford	\$0	(\$385)	(\$79,404)	(\$248,913)	(\$398,144)	(\$546,413)
Boscobel	(\$215,275)	(\$104,194)	(\$368,105)	(\$1,150,774)	(\$1,455,685)	(\$1,758,461)
Combined (Total)	(\$215,275)	(\$104,580)	(\$447,509)	(\$1,399,687)	(\$1,853,829)	(\$2,304,874)
Consolidation Differences		(\$118,772)	(\$10,432)	\$14,857	\$7,616	\$92,128
Sub Total	(\$215,275)	(\$223,352)	(\$457,940)	(\$1,384,830)	(\$1,846,213)	(\$2,212,746)
Efficiencies		\$1,160,403	\$1,213,470	\$1,270,862	\$1,331,519	\$1,390,318
Sub Total	(\$215,275)	\$937,052	\$755,530	(\$113,968)	(\$514,694)	(\$822,428)
Projected Consolidation Aid		\$904,350	\$454,035	\$510,304	\$611,383	\$674,430
Excess (Deficit) with Consol./ Aid	(\$215,275)	\$1,841,402	\$1,209,565	\$396,336	\$96,689	(\$147,998)
Efficiencies & Consolidation Aid		\$2,064,753	\$1,667,505	\$1,781,166	\$1,942,902	\$2,064,748
					5-Year Total	\$9,521,075
					5-Year Total Consolidation Aid Total	\$3,154,502

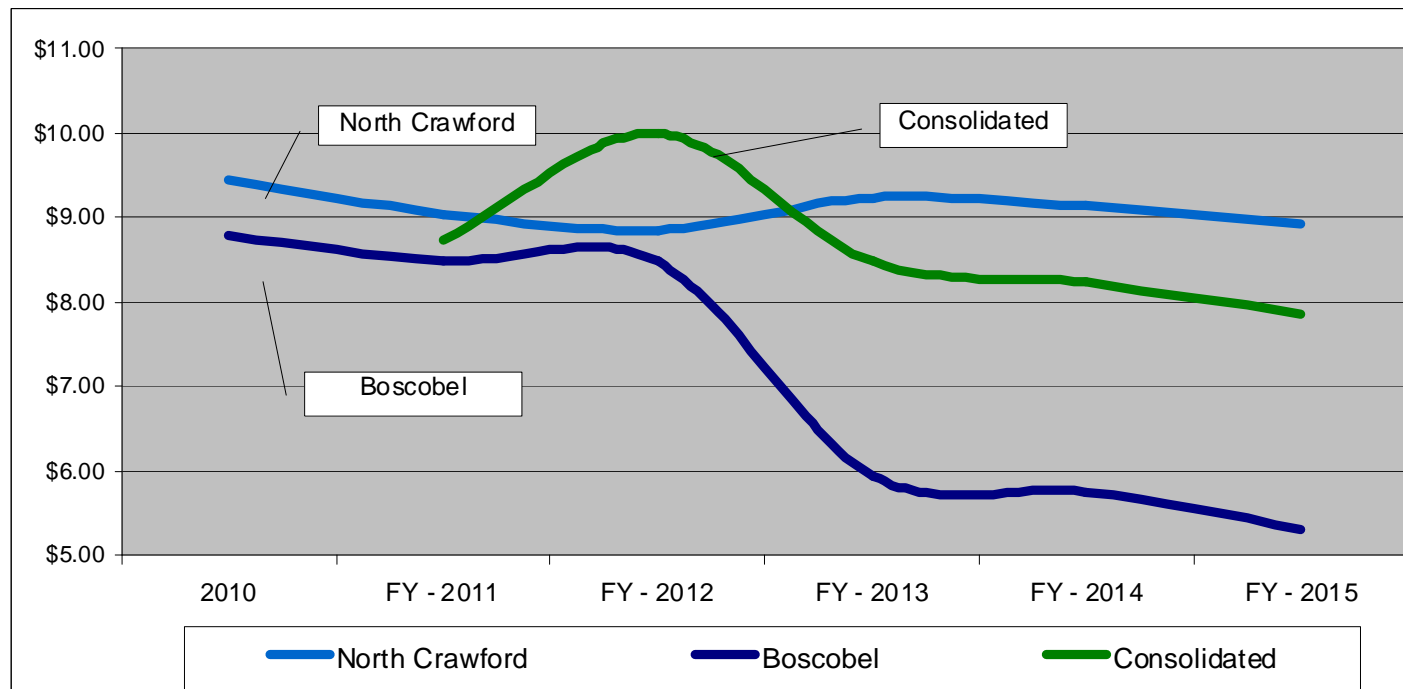
Boscobel & North Crawford Consolidation Study





Projected Mill Rate Comparison

	2010	FY - 2011	FY - 2012	FY - 2013	FY - 2014	FY - 2015
North Crawford	\$9.45	\$9.05	\$8.86	\$9.24	\$9.14	\$8.94
Boscobel	\$8.79	\$8.49	\$8.48	\$5.95	\$5.76	\$5.32
Consolidated		\$8.73	\$10.00	\$8.48	\$8.23	\$7.86



Consolidated mill rate assumes new district levies full authority in all years

Boscobel & North Crawford Consolidation Study



Summary

- State Consolidation Aid can provide immediate financial incentive (approximately \$3 million over 5 years)
- Incentive (Consolidation Aid) is outside the revenue limit
- Consolidation may result in staffing efficiencies in excess of \$1 million per year.
- Revenue limit caps will continue to be an issue for the foreseeable future.
- State Consolidation Aid is discontinued after five years. The consolidated district is projected to receive \$675,000 in it's fifth year of consolidation

