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Fiscal Consolidation Study:
Wauzeka-Steuben and Prairie du Chien School Districts

December 1, 2009

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Executive Summary

In April 2009, the Wauzeka-Steuben Joint School District and Prairie du Chien Area School District ("Wauzeka-Steuben" and "Prairie du Chien" respectively) boards of education approved a study to be done that would analyze the potential fiscal impacts of creating a newly Consolidated School District ("CSD").

Analysis, Data and Assumptions

This report was prepared by Robert W. Baird & Co. Incorporated. A school finance computer model was used which was originally developed by Baird in 1998. The model was appropriately modified to estimate the fiscal impacts of a consolidation of the two districts.

Data for the analysis was secured primarily from Wauzeka-Steuben and Prairie du Chien administration, school boards, and the State Departments of Public Instruction ("DPI") and of Revenue ("DOR").

Assumptions were made regarding enrollments, property values, revenues and expenditures under revenue caps and state law. The assumptions were developed, tested and revised to ensure reasonableness based on: (1) likely district comparables and statewide trends; and (2) comments solicited from Wauzeka-Steuben and Prairie du Chien administration, boards of education, and DPI staff.

Important Insights

Critical insights were gained from this modeling process and similar projects conducted for other school districts. First, state laws governing school aids, revenue limits and consolidation incentive aid are paramount in the resulting tax and financial impacts. All formula assumptions related to State law used in the models are based on current legislation. When districts are similar in size and fiscal landscape, a consolidation will typically show a very similar structure.

State law in this area is complex. Reorganized districts receive special funding outside the revenue limit for five years. Thus, the true impact of the

> ***"...State law in this area is complex. Reorganized districts receive special funding outside the revenue limit. ..."***

Executive Summary

consolidation is not fully realized for at least five years after implementation begins. Additionally, the legal process to consolidate takes one to two years. For purposes of this study we have used 2010-11 as the first year of the consolidation.

Key Findings

Summarized in Exhibit A are key financial data points for each district. In each case, the "new" consolidated district is compared to the existing districts. The findings are based on a consolidated district that does not see a decline of 89 students. Appendix 2 shows a forecast with 89 students leaving the district through Open Enrollment. The payment to other districts for this purpose would increase by an estimated $6,781 per student or $603,509.

The tax rates are based upon projected levy and equalized valuation (TID-Out) for the Districts. It is appropriate to assume that Wauzeka-Steuben, the community with the higher rate, would see a tax rate reduction with the consolidation.

The recent condition of the economy lends itself to a complete review of each districts' tax base. While growth in this area of the State has historically been substantial for most Wisconsin schools, it has slowed tremendously for many in recent years. This trend is presumed to continue, so we assumed tax base growth as follows:

	2009 (Actual)	2010 & 2011	Future
Wauzeka-Steuben	7.00%	0.00%	0.00%
Prairie du Chien	3.33%	(1.00%)	2.00%
Consolidated		0.00%	0.00%

State aid in this study has two components:

- *State Equalization Aid* is general financial assistance to public school districts for use in funding a broad range of school district operational expenditures. It is allocated based on district spending, equalized valuation and membership (enrollment). This aid is counted within the Revenue Limit.
- *Consolidation Incentive Aid* is strictly meant for districts who have

Exhibit A

First Year of Consolidation

Summary of Key Findings

District	2009-10	2010-11	(Year 5) 2014-15	(Year 6) 2015-16
Tax Rate (per $1,000 of Equalized Value)				
Wauzeka-Steuben	$11.80	$7.91	$12.49	$12.44
Prairie du Chien	9.88	9.88	11.19	11.35
CSD	---	8.43	11.72	11.83
Taxes ($100,000 Home)				
Wauzeka-Steuben	$1,180	$791	$1,249	$1,244
Prairie du Chien	988	988	1,119	1,135
CSD	---	843	1,172	1,186
Surplus/(Deficit)				*($ in thousands)*
Wauzeka-Steuben	($402)	$145	$79	$28
Prairie du Chien	(1,503)	212	(39)	(181)
CSD	---	830	202	(44)
Fund Balance				*($ in thousands)*
Wauzeka-Steuben	$445	$590	$1,130	$1,158
Prairie du Chien	699	911	1,447	1,267
CSD	---	1,975	3,976	3,931
State Equalization Aid				*($ in thousands)*
Wauzeka-Steuben	$2,572	$2,998	$2,811	$2,841
Prairie du Chien	8,946	9,379	9,165	9,284
CSD	---			
Consolidation Incentive Aid				*($ in thousands)*
Wauzeka-Steuben	---	---	---	---
Prairie du Chien	---	---	---	---
CSD	---	$1,482	$1,342	$0

consolidated and is based upon a complex formula written in Wisconsin State Statutes 121.07(6)(e) and 121.07(7)(e). This aid would be received for five years beginning in the first year of consolidation and would be counted as revenue outside of the Revenue Limit. It is typically not meant to be used for on-going operational expenditures. Act 28, adopted on June 29, 2009, provided for increased fiscal incentive for schools to consolidate.

Research Process and Assumptions

Estimating the financial impact of consolidating two school districts is complex and time consuming. Baird staff began the process by discussing with each districts' administrative team the study procedures, district data and assumptions. The data on enrollments, tax base growth and spending for prior years would be used for the forecast model projections.

When initial assumptions and financial estimates were completed, a second discussion was held with district administration. The objective was to review assumptions and preliminary findings.

The primary analytical tool used to estimate school aid entitlements, state revenue limits, and tax levies and rates was a school financial computer model originally developed and updated annually by Baird. Baird staff made appropriate changes to the model so that it accurately reflected state law regarding district consolidation. A six-year projection is analyzed each of the individual districts and the Consolidated District.

The model requires information on school district budgets, enrollments, equalized values and state aid. Some of this information was gathered from the Districts, some from the DPI and some from the DOR.

One of the more challenging aspects of the research was state law pertaining to the calculation of state aid and revenue limits in a newly consolidated school district. The legislature enacted a major school district reorganization law in 1998 (updated in 2009); however, statutes remain somewhat silent on details of revenue limit calculation, especially for a new district.

Early in the research process, considerable time was spent developing and testing assumptions. The key assumptions are reviewed in the next section.

Enrollment

Student enrollment is a key factor in determining a school district's revenue limit. Enrollment in both districts is projected based upon the administration's

This study estimates the fiscal impacts of a district consolidation. It does not make assumptions or attempt to determine the operational savings resulting from shared costs and services.

best estimates. Once these assumptions were established, they were held constant. Both Districts saw an increase in enrollment in 2009. Wauzeka-Steuben projected a five student decline in enrollment each year while Prairie du Chien held their 2009 enrollment flat into the future (Exhibit B).

Open enrollment was also a consideration. It is important to note that currently there are 15 students open enrolling in to Wauzeka-Steuben from Prairie du Chien. There are two that are open enrolling from Wauzeka-Steuben to Prairie du Chien. These numbers were netted out when considering the open enrollment status of the Consolidated District. The model assumptions used current year estimates for open enrollment students.

Estimated Open Enrollment

	2009-10 (and after)
Wauzeka-Steuben	
In	20
Out	8
Prairie du Chien	
In	17
Out	42
Consolidated	
In	20
Out	33

For projection purposes for the Consolidated District, the open enrollment numbers were held constant at 20 in and 33 out.

Equalized Valuation

The equalized valuation of a school district is defined as the full value of all taxable general property as determined by the DOR. This value is determined independently of the locally assessed value and is meant to reflect the actual market value of the property in the district. This value is a key component of the forecast model as a determinate of tax rate and state aid. For purposes of this study, equalized values are projected to remain flat. The CSD's tax base will be comprised of approximately 15% as Wauzeka-Steuben and 85% as Prairie du Chien (see Exhibit C).

State Equalization Aid

State Equalization Aid is general financial assistance to public school districts for funding a broad range of school district operational expenditures. It is allocated based on spending, equalized valuation

Exhibit B

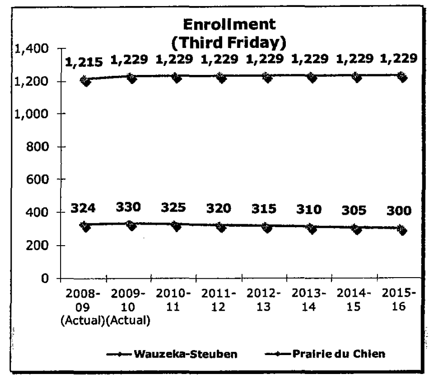
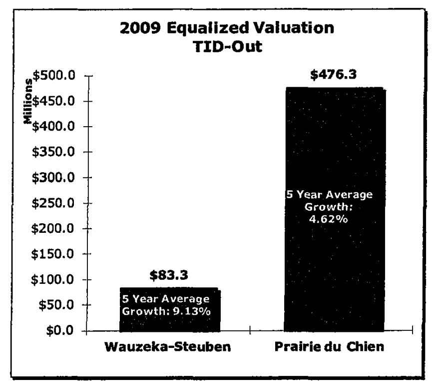


Exhibit C



and membership. To calculate state aid, assumptions also had to be made about parameters in state law. All guarantees remained flat with the exception of the secondary cost ceiling. This factor is a function of school spending; therefore a 2% growth figure was applied. Current state budget issues were also a key consideration in forecasting the guarantees. A conservative approach was suggested by all parties.

A key factor in determining equalization aid is a district's property value per student. Typically, the more "property rich" a district is, the less state equalization aid received.

Currently Wauzeka-Steuben has a property value per student of $237,461 and is aided at 79% of shared costs. Prairie du Chien has a property value per student of $371,765 and is aided at 65% of shared costs (see Exhibit D). The aid formula is very complex. There are three "tiers" of aid: primary, secondary, and tertiary. Both districts have low property value per student, and are aided positively at the tertiary aid level. This trend will continue with a consolidated district.

2010-11 Estimated Equalization Aid

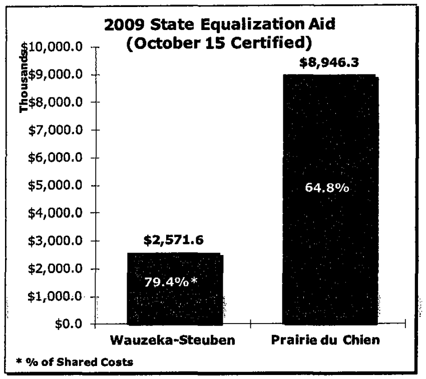
	Wauzeka-Steuben	Prairie du Chien	CSD
Property Value per Student	$245,826	$379,044	$353,947
Primary	87%	80%	82%
Secondary	80%	70%	72%
Tertiary	58%	35%	39%

Revenue Limits

Wisconsin Act 16 implemented revenue limits beginning with the 1993-94 school year. A district's revenue limit is the maximum amount of revenue it may raise through state general aid and property taxes. The maximum limit is based upon enrollment changes, the Consumer Price Index ("CPI") and each district's prior year controlled revenue. Revenues from the revenue limit make up approximately 95% of any district's operating budget.

For purposes of this study, and in accordance with Act 28 passed on June 29, 2009, per student increases in state revenue caps were assumed to be $200 for two years and $275 thereafter.

Exhibit D



Research Process and Assumptions

Districts with declining enrollments tend to have more difficulty staying within the limits because expenses generally do not fall in line with enrollment declines. This has become a theme that permeates throughout this report. The "structural deficit" in the state funding formula affects all districts, including the three districts analyzed in this study.

District Expenses

Total expenses for both districts were assumed to increase by 3.5% to 4% per year. Additionally, expenses were adjusted for $500,000 shared operational cost savings for the CSD. Presumably, these cost savings would be made up of staffing and operational reductions.

General Obligation Debt

The long term debt of each district varies and is detailed in Appendix 3. Wauzeka-Steuben has less debt outstanding, its final year of payment is 2019. Prairie du Chien will have all of its debt paid in full in 2018.

As a consolidated district, the overall debt burden would not be compromised. A district is allowed to borrow up to 10% of their equalized valuation. Historically Prairie du Chien has adjusted the debt levy to target a mill rate of $9.88. Ultimately, the debt payment is the aided expenditure. For the CSD, the levy matched the payment.

Debt Limit and Debt Outstanding (12/31/2009)

	Wauzeka-Steuben	Prairie du Chien
Debt Limit	$ 8,499,116	$54,965,124
Fund 39	$ 100,000	$ 9,454,087
Fund 38	$ 370,615	$ 0
Total	$ 470,615	$ 9,454,087
% Debt Limit Used	5.54%	17.20%
Final Payment Year	2019	2018

Fund Balance

Fund balance is a critical factor for financial planning and budgeting processes. It is typically used to "bridge the gap" between receipt of revenues (quarterly) and payment of expenditures (semi-monthly). It can also be used to fund certain expenditures. A district with an appropriate fund balance can avoid excessive short-term borrowing and make designated purchases or cover unforeseen

...expenses were adjusted for $500,000 shared operational cost savings for the CSD. Presumably, these cost savings would be made up of staffing and operational reductions.

Exhibit F

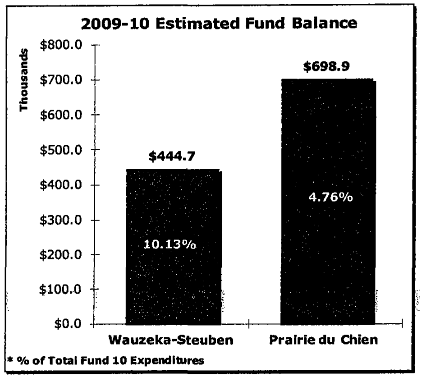
Referendum Debt Levy and Rate (2009-10)

	Wauzeka-Steuben	Prairie du Chien
Debt Levy	$67,938	$1,507,766*
Tax Rate	$0.82	$3.17

* Actual Debt Payment: $1,481,388.

expenditure needs. Fund balance is a key factor in the bond rating process. While fund balances across the state vary greatly, a typical fund balance, as a percent of expenditures, would range from 10% to 20%. Under criteria reviewed by Moody's Investors Service, it is inadvisable for a fund balance to be below 5%, and they view any fund balance in excess of 15% as very favorable (see Exhibit G).

Exhibit G



A Consolidated District

Summary

There are two crucial questions to be answered concerning the fiscal impact of a potential consolidation. The first involves the tax impact. The obvious question is: *Will my taxes rise or fall?* The second and equally important question is: *Is the new district fiscally viable?*

There are several ways to answer the first question. One approach is to compare future tax rates to current ones. The problem with this is that even without a consolidation, tax rates and burdens will rise or fall due to changes in enrollment, property values and the state's complex school-finance system.

To mitigate such complications, the study used a different approach. It first made assumptions about such factors as state law, enrollment and equalized valuations over the next five years. It then used those assumptions to model the future of each of the current districts. These base assumptions are then used to build internally consistent assumptions about the CSD.

The second question relates to fiscal health of a consolidated district. It is clear that the consolidation incentive aid is a key component of the fiscal stability of the newly created district. It is estimated that CSD could earn over $6.1 million in additional aid (outside of the revenue limit) over five years.

Overall, the projected deficits for both districts and the consolidated district must be examined. One can see that while all districts are subject to the current "structural deficit" in the school funding formula, the newly consolidated district could have more fiscal stability for a longer period of time. Key to this finding is the fact that we have considered $500,000 in operational savings that could be achieved by implementing shared services between the two districts. Appendix 1 provides detailed financial forecasts for Wauzeka-Steuben and Prairie du Chien as well as the consolidated district.

It is estimated that CSD could earn over $6.1 million in additional aid (outside of the revenue limit) over five years.

A Consolidated District

Taxpayer Effects

The tax rates for each district tell an interesting story. Taxpayers in Prairie du Chien have seen a flat tax rate at $9.88 since 2006-07. This is simply due to fluctuations in the District's ability to levy for debt, or use fund balance for debt payments. In the CSD scenario with 0% growth in tax base, Prairie du Chien will likely experience a property tax decrease, while taxpayers in Wauzeka-Steuben will see an initial increase (Exhibit H).

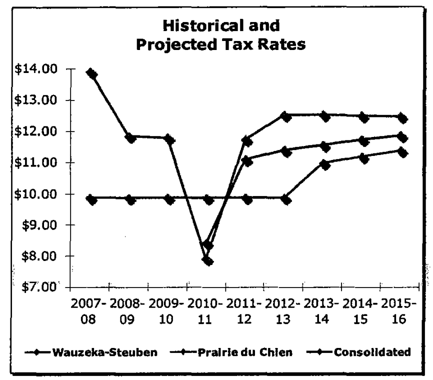
A low mill rate is projected for Wauzeka-Steuben in 2010-11. This is due to a large inflow of state aid on 2009-10 expenditures. Wauzeka-Steuben paid off a significant amount of debt using fund balance. This expenditure will be aided in 2010-11, resulting in a lower than usual mill rate. This corrects itself in the following year.

Likewise the CSD shows a relatively low mill rate for 2010-11. Expenditures from both districts have increased significantly in the 2009-10 school year, again resulting in more aid in 2010-11.

Finally, it is important to note that historically Wauzeka-Steuben has used a practice which shows the district under levying for taxes. All assumptions used in this study do not continue this trend.

The tax bills for two "typical" property owners are reported. It is important to note that these tax bills are based upon equalized valuations, or fair market value, and will not be the rate that a particular taxpayer will see on their statement, if their assessed property value is not at fair market.

Exhibit H



A Consolidated District

Estimated Tax Bill (School Portion)

	Wauzeka-Steuben	Prairie du Chien	CSD
$100,000 Home			
2007-08	$1,390	$988	---
2008-09	1,184	988	---
2009-10	1,180	988	---
2010-11	791	988	$843
2011-12	1,172	988	1,110
2012-13	1,252	988	1,139
2013-14	1,252	1,097	1,155
2014-15	1,249	1,119	1,172
2015-16	1,244	1,135	1,186
$300,000 Home			
2007-08	$4,170	$2,964	---
2008-09	3,552	2,964	---
2009-10	3,540	2,964	---
2010-11	2,373	2,964	2,529
2011-12	3,516	2,964	3,330
2012-13	3,756	2,964	3,417
2013-14	3,756	3,291	3,465
2014-15	3,747	3,357	3,516
2015-16	3,732	3,405	3,558

A Consolidated District

Consolidation Incentive Aid

According to Wisconsin State Statutes 121.07(6)(e) and 121.07(7)(e): For each year, and for each subsequent year for four years the guaranteed valuation per member, and cost ceilings per member shall be multiplied by 1.15 and rounded to the next lowest dollar. Additionally, Wisconsin State Statutes 121.105(3) states that for each year, and for each subsequent year for four years the consolidated aid shall be an amount that is not less than the aggregate state aid received by the consolidating school district in the school year prior to the school year in which the consolidation takes effect. The difference between the consolidated aid calculation (without the 1.15) and the greater of a) the combination of prior year's aid for each consolidating district or b) the consolidated aid payment with the 1.15 is the amount of additional aid the District would receive to spend outside the revenue cap. The additional aid will only be received for five years and will fluctuate annually.

Certain assumptions were made with respect to expected growth of the state aid guarantees and cost ceilings each year. These assumptions were significant, as a slight change in the guarantees could have an impact on the aid picture for the CSD. The table below shows the projected revenue for consolidated incentive aid for the five years it is statutorily allowed.

Estimated Consolidation Incentive Aid

	Consolidated Aid*	Equalization Aid	Total Aid
2010-11	1,482,198	12,280,151	$13,762,349
2011-12	988,572	11,222,814	$12,211,386
2012-13	1,093,974	11,489,149	$12,583,123
2013-14	1,214,692	11,772,361	$12,987,053
2014-15	1,342,443	12,063,314	$13,405,757
2015-16	0	12,361,997	$12,361,997

* Received for five years.

The first year of incentive aid, while accurate, might be somewhat misleading. As mentioned previously, large expenditures were made by each district in 2009-10. Those expenses have a direct impact on the amount of aid the district will receive in the following year.

"Per state statute, the consolidated district will not receive less than $11,517,881 in total aid (estimated combined state aid for both districts in the year prior to consolidation) for the first five years of consolidation."

A Consolidated District

The aid received is to be used outside of the revenue limit, and because it is not ongoing revenue, it is typically earmarked for one-time expenses. It is important to note that after 5 years, CSD would see a significant drop in aid. The District would no longer receive the consolidation incentive aid.

An additional scenario was run near the end of the study process showing the mill rate if all of the incentive aid was applied to reduce the CSD's tax levy. The mill rate is reduced significantly, however, in year six, the district would have the full impact of the levy, as the consolidation incentive aid falls off. (See Appendix 2).

Projected Revenues and Expenses

Finally, and equally as important is the fiscal viability of each district on its own and consolidated. It is clear that a consolidated district will give both districts fiscal stability further into the future. This is undoubtedly a result of the consolidation incentive aid the districts would receive for five years. Without that aid, a very different district would emerge. Nonetheless, it is important to note that as a consolidated district, shared staff and services would result in reduced expenses. It is recommended that administration review the operational savings a consolidated district might achieve if this, in fact, becomes a viable option.

Unresolved Issues

Given the statutory timeline for consolidation and the complexity of the financial issues associated with it, this study has to be viewed as an enlightened exercise rather than a sure answer. There are outstanding issues that this report either does not address, or addresses only in part.

Another concern is the CSD's use of surplus. The model does not assume the incentive aid is deposited to fund balance each year. Thus, after 5 years the fund balance could grow by $6.2 million. It would be prudent to establish a clear plan to use surplus each year; whether it be for one-time building modification projects or to pay down debt. There are certainly many options for use of surplus that should be considered.

Finally, it is important to note that the DPI takes a firm stand on projecting mill rates for consolidated districts; "It is not possible to calculate a mill rate or a school tax rate for a new district after consolidation until it is known what the levy will be for the new district. The levy cannot be determined until many other questions are answered, particularly specifics about the new district's budget…" It is without a doubt that assumptions discussed in this report will impact the results of the study; all projections are based on current legislation and best estimates.

Appendix 1

Detailed Financial Forecasts

Forecast Model Scenario	Base Case								Wauzeka-Steuben
	'07-'08	'08-'09	'09-'10	'10-'11	'11-'12	'12-'13	'13-'14	'14-'15	'15-'16
Enrollment	319	324	330	325	320	315	310	305	300
Equalized Valuation Growth:		1.35%	7.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fund 10 Revenues	$3,987,131	$3,719,223	$3,986,731	$4,133,500	$4,235,565	$4,326,520	$4,370,161	$4,411,507	$4,450,582
Fund 10 Expenditures	$3,525,148	$3,400,223	$4,388,735	$3,988,105	$4,071,444	$4,156,560	$4,243,494	$4,332,288	$4,422,983
Surplus (Deficit)	$461,983	$319,000	($402,004)	$145,394	$164,121	$169,960	$126,666	$79,220	$27,599
Fund Balance	$530,065	$846,734	$444,730	$590,124	$754,245	$924,205	$1,050,871	$1,130,091	$1,157,690
Under Levy Amount	$0	$350,100	$278,668	$0	$0	$0	$0	$0	$0
Fund Balance as % of Expenditures	15.04%	24.90%	10.13%	14.80%	18.53%	22.23%	24.76%	26.09%	26.17%
Total Tax Rate per $1,000 Equalized Valuation	$13.90	$11.84	$11.80	$7.91	$11.72	$12.52	$12.52	$12.49	$12.44

Forecast Model Scenario	Base Case								Prairie du Chien
	'07-'08	'08-'09	'09-'10	'10-'11	'11-'12	'12-'13	'13-'14	'14-'15	'15-'16
Enrollment:	1,202	1,215	1,229	1,229	1,229	1,229	1,229	1,229	1,229
Equalized Valuation Growth:		-1.09%	3.33%	-1.00%	-1.00%	2.00%	2.00%	2.00%	2.00%
Fund 10 Revenues	$13,261,888	$13,553,713	$13,168,580	$12,947,069	$13,451,895	$13,795,072	$14,138,291	$14,481,553	$14,824,858
Fund 10 Expenditures	$11,945,196	$13,833,014	$14,671,945	$12,734,728	$13,159,427	$13,598,370	$14,052,043	$14,520,945	$15,005,594
Surplus (Deficit)	$1,316,692	($279,301)	($1,503,365)	$212,341	$292,468	$196,702	$86,249	($39,392)	($180,737)
Fund Balance	$2,481,590	$2,202,289	$698,924	$911,265	$1,203,733	$1,400,435	$1,486,683	$1,447,291	$1,266,555
Fund Balance as % of Expenditures	20.77%	15.92%	4.76%	7.16%	9.15%	10.30%	10.58%	9.97%	8.44%
Additional Fund 39 Levy to keep mill rate at $9.88			$0	$731,049	($496,808)	$72,246	$0	$0	$0
Total Tax Rate per $1,000 Equalized Valuation	$9.88	$9.88	$9.88	$9.88	$9.88	$9.88	$10.97	$11.19	$11.35

Forecast Model Scenario	Base Case					Consolidated District
	'10-'11	'11-'12	'12-'13	'13-'14	'14-'15	'15-'16
Enrollment	1,554	1,549	1,544	1,539	1,534	1,529
Equalized Valuation Growth:	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fund 10 Revenues	$16,990,487	$17,473,761	$17,928,241	$18,330,269	$18,730,125	$19,127,833
Fund 10 Expenditures	$16,159,534	$16,722,353	$17,304,343	$17,906,169	$18,528,518	$19,172,104
Surplus (Deficit)	$830,952	$751,408	$623,898	$424,100	$201,607	($44,271)
Fund Balance	$1,974,606	$2,726,014	$3,349,912	$3,774,013	$3,975,619	$3,931,348
Fund Balance as % of Expenditures	12.22%	16.30%	19.36%	21.08%	21.46%	20.51%
Under Levy Amount	$0	$0	$0	$0	$0	$0
Additional Fund 39 Levy	$0	$0	$0	$0	$0	$0
Total Tax Rate per $1,000 Equalized Valuation	$8.43	$11.10	$11.39	$11.55	$11.72	$11.86
State Equalization Aid	$12,280,151	$11,222,814	$11,489,149	$11,772,361	$12,063,314	$12,361,997
Consolidation Incentive Aid	$1,482,198	$988,572	$1,093,974	$1,214,692	$1,342,443	$0
Total	$13,762,349	$12,211,386	$12,583,123	$12,987,053	$13,405,757	$12,361,997
Aid for Both Districts 1 Year Prior to Consolidation	$11,517,881					

Appendix 2

Detailed Financial Forecasts (Decreased 89 Students)

Forecast Model Scenario: Base Case - Less 89 Students Open Enroll out	'10-'11	'11-'12	'12-'13	'13-'14	'14-'15	'15-'16
Enrollment	1,554	1,549	1,544	1,539	1,534	1,529
Equalized Valuation Growth:	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fund 10 Revenues	$16,990,487	$17,473,761	$17,928,241	$18,330,269	$18,730,125	$19,127,833
Fund 10 Expenditures	$16,763,031	$17,357,496	$17,972,792	$18,609,671	$19,268,911	$19,951,323
Surplus (Deficit)	$227,455	$116,265	($44,552)	($279,402)	($538,786)	($823,490)
Fund Balance	$1,371,109	$1,487,374	$1,442,822	$1,163,420	$624,634	($198,856)
Fund Balance as % of Expenditures	8.18%	8.57%	8.03%	6.25%	3.24%	-1.00%
Under Levy Amount	$0	$0	$0	$0	$0	$0
Additional Fund 39 Levy	$0	$0	$0	$0	$0	$0
Total Tax Rate per $1,000 Equalized Valuation	$8.43	$10.67	$10.94	$11.09	$11.23	$11.35
State Equalization Aid	$12,280,151	$11,459,069	$11,736,590	$12,031,503	$12,334,696	$12,646,180
Consolidation Incentive Aid	$1,482,198	$988,572	$1,093,974	$1,214,692	$1,342,443	$0
Total	$13,762,349	$12,447,641	$12,830,564	$13,246,195	$13,677,139	$12,646,180
Aid for Both Districts 1 Year Prior to Consolidation	$11,517,881					

Forecast Model Scenario: Base Case - Less 89 Students Open Enroll out - Using All Incentive Aid to Reduce Levy	'10-'11	'11-'12	'12-'13	'13-'14	'14-'15	'15-'16
Enrollment	1,554	1,549	1,544	1,539	1,534	1,529
Equalized Valuation Growth:	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fund 10 Revenues	$18,472,685	$18,462,333	$19,022,215	$19,544,961	$20,072,568	$19,127,833
Fund 10 Expenditures	$18,245,229	$18,346,068	$19,066,766	$19,824,363	$20,611,354	$19,951,323
Surplus (Deficit)	$227,455	$116,265	($44,552)	($279,402)	($538,786)	($823,490)
Fund Balance	$1,371,109	$1,487,374	$1,442,822	$1,163,420	$624,634	($198,856)
Fund Balance as % of Expenditures	7.51%	8.11%	7.57%	5.87%	3.03%	-1.00%
Under Levy Amount	$0	$0	$0	$0	$0	$0
Additional Fund 39 Levy	$0	$0	$0	$0	$0	$0
Total Tax Rate per $1,000 Equalized Valuation	$5.75	$8.89	$8.97	$8.90	$8.81	$11.35
State Equalization Aid	$12,280,151	$11,459,069	$11,736,590	$12,031,503	$12,334,696	$12,646,180
Consolidation Incentive Aid	$1,482,198	$988,572	$1,093,974	$1,214,692	$1,342,443	$0
Total	$13,762,349	$12,447,641	$12,830,564	$13,246,195	$13,677,139	$12,646,180
Aid for Both Districts 1 Year Prior to Consolidation	$11,517,881					

Appendix 3

District Existing Debt

School District of Waukzeka-Steuben Existing Debt

	FUND 39			
	Issue: 1			
	Amount: $820,000			
	Type: G.O. Refunding Bonds			
	Dated: December 15, 1998			
	Callable: '09-'11 Callable 3/1/08 @ Par			
Calendar Year	PRINCIPAL (3/1)	RATE	INTEREST (3/1 & 9/1)	TOTAL
2010	$65,000	4.30%	$2,938	$67,938
2011	$35,000	4.40%	$770	$35,770
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
	$100,000		$3,708	$103,708

Callable Maturities

	FUND 38			FUND 38			TOTAL FUND 38 EXISTING DEBT		
	Issue: 1			Issue: 2					
	Amount: $316,000			Amount: $132,000					
	Type: QZAB			Type: QZAB					
	Dated: December 17, 2007			Dated: 2009					
	Callable:			Callable:					
Calendar Year	PRINCIPAL (12/15)	INTEREST (12/15)	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2010	$31,600		$31,600	$11,781		$11,781	$43,381		$43,381
2011	$31,600		$31,600	$11,781		$11,781	$43,381		$43,381
2012	$31,600		$31,600	$11,781		$11,781	$43,381		$43,381
2013	$31,600		$31,600	$11,781		$11,781	$43,381		$43,381
2014	$31,600		$31,600	$11,781		$11,781	$43,381		$43,381
2015	$31,600		$31,600	$11,781		$11,781	$43,381		$43,381
2016	$31,600		$31,600	$11,781		$11,781	$43,381		$43,381
2017	$31,600		$31,600	$11,781		$11,781	$43,381		$43,381
2018				$11,781		$11,781	$11,781		$11,781
2019				$11,781		$11,781	$11,781		$11,781
	$252,800	$0	$252,800	$117,815	$0	$117,815	$370,615	$0	$370,615
	Per DPI			Per DPI					

School District of Prairie du Chien Existing Debt

	FUND 39				FUND 39			
	Issue: 1				Issue: 2			
	Amount: $7,425,000				Amount: $2,135,000			
	Type: G.O. Refunding Bonds (AR)				Type: Taxable G.O. Refunding Bonds (CR)			
	Dated: August 1, 2002				Dated: March 3, 2008			
	Callable: '13-'16 Callable 3/1/12 @ Par				*Callable: Noncallable*			
Calendar Year	PRINCIPAL *(3/1)*	RATE	INTEREST *(3/1 & 9/1)*	TOTAL	PRINCIPAL *(3/1)*	RATE	INTEREST *(3/1 & 9/1)*	TOTAL
2010	$875,000	4.125%	$277,796	$1,152,796	$85,000	3.55%	$97,919	$182,919
2011	$915,000	4.125%	$240,877	$1,155,877	$115,000	3.75%	$94,254	$209,254
2012	$960,000	4.000%	$202,805	$1,162,805	$120,000	4.05%	$89,668	$209,668
2013	*$1,010,000*	4.100%	$162,900	$1,172,900	$115,000	4.20%	$84,823	$199,823
2014	*$1,060,000*	4.200%	$119,935	$1,179,935	$110,000	4.35%	$80,015	$190,015
2015	*$1,105,000*	4.300%	$73,918	$1,178,918	$115,000	4.65%	$74,949	$189,949
2016	*$1,140,000*	4.400%	$25,080	$1,165,080	$135,000	4.90%	$68,968	$203,968
2017					$1,340,000	4.90%	$32,830	$1,372,830
2018								
	$7,065,000		$1,103,310	$8,168,310	$2,135,000		$623,424	$2,758,424

Credit: NR/ Insured
Paying Agent: Associated Trust Company, NA, Green Bay

Credit: Nonrated/FSA Insured
Paying Agent: Associated Trust Company, NA, Green Bay

	FUND 39				FUND 39					
	Issue: 3				Issue: 4					
	Amount: $252,686				Amount: $144,000					
	Type: G.O. Refunding Bonds				Type: G.O. Prom Notes					
	Dated: April 16, 2008				Dated: January 14, 2008			***TOTAL EXISTING DEBT***		
	Callable: Noncallible				*Callable:*					
Calendar Year	PRINCIPAL	RATE	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2010	$128,087	5.600%	$3,586	$131,674	$14,000		$14,000	$1,102,087	$379,301	$1,481,388
2011					$14,000		$14,000	$1,044,000	$335,131	$1,379,131
2012					$14,000		$14,000	$1,094,000	$292,473	$1,386,473
2013					$14,000		$14,000	$1,139,000	$247,723	$1,386,723
2014					$14,000		$14,000	$1,184,000	$199,950	$1,383,950
2015					$14,000		$14,000	$1,234,000	$148,866	$1,382,866
2016					$14,000		$14,000	$1,289,000	$94,048	$1,383,048
2017					$14,000		$14,000	$1,354,000	$32,830	$1,386,830
2018					$14,000		$14,000	$14,000	$0	$14,000
	$128,087		$3,586	$131,674	$98,000	$0	$112,000	$9,454,087	$1,730,320	$11,184,408

QZAB Loan-PSB

Refunded All Fund 38 Debt