



## *The Arrowhead Union High School District*

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**TO:** Arrowhead Union High School District Electorate  
**FROM:** Board of Education and School Officials  
**DATE:** August 1, 2011

The 2011-12 Preliminary Budget information you are reviewing represents the recommendations of the Arrowhead Union High School District staff and administration. The staff and administration realize the importance of developing a fiscally sound budget that reflects a commitment to quality education. Therefore, a great deal of time and effort has gone into the creation of this budget.

Fiscal year 2011-12 will mark the first year of the State of Wisconsin's 2011-12 biennial budget. The district is projecting a 10% loss in state equalization aid in 2011-12 (maximum amount allowed as proposed in 2011-13 state biennial budget). **The budget assumptions associated with the revenue limit formula and state equalization aid are based on the 2011-12 state biennial budget and 2011 Wisconsin Act 10.** With this in mind, the budget presented reflects the most up-to-date fiscal information received from the State of Wisconsin and the best estimates available to the district.

This budget is again being developed within the state imposed revenue limit. The revenue limit reflects a 2011-12 maximum allowable tax levy which uses the 2010-11 tax levy and the 2010-11 state general aids received as a base and adjusts it based on a three-year average enrollment increase, a **5.5%** per student decrease (**-\$565**), and on the 2011-12 state equalization aid projection. The student body head count is projected to increase in 2011-12 to **2,311 students** (from 2,278 students in 2010-11). This number (which is a very significant variable in the revenue limit formula) will not be certified until the third Friday in September of 2011. The negotiated agreements with the support staff union (AFSCME Local 3833) and the teachers' union (AUTO) ended on June 30, 2011.

The budget proposal put forth will provide every student with a strong academic program, a wide variety of co-curricular opportunities, and support services to assist each student in making a successful transition into continued education or work after high school.

Listed below are major components of the proposed budget.

### **DISTRICT EXPENSES**

2011-12 General Fund and Capital Expansion Fund expenses are projected to **decrease 5.29%**. 2011-12 budget adjustments include: reductions/additions to teaching staff and support staff, retirements and other personnel budget adjustments resulting in a reduction of approximately **\$471,500** in personnel expenses; projected 5.8% employee contributions to the Wisconsin Retirement System premiums resulting in an additional reduction of approximately **\$690,000** in personnel expenses; health insurance plan design change and carrier change resulting in an additional reduction of approximately **\$457,000** in personnel expenses; a reduction of approximately **\$32,400** in departmental supplemental expenses; a reduction of approximately **\$18,286** in Special Education net cost; a reduction of approximately **\$168,500** in Buildings and Grounds and Capital Expansion projects and equipment.

1. Personnel

The Personnel budget is projected to **decrease 7.53%**. This figure includes a net decrease of **6.25 full time equivalent (FTE)** teaching positions and a net increase of **.60 FTE** support staff positions. This budget includes the addition of lunch room supervisors which will allow the district to restructure the teacher tutoring program.

This budget includes the projected **5.8%** employee contributions to the Wisconsin Retirement System premiums. Additional reductions to the personnel budget include the health insurance plan design change and carrier change resulting in decreased premium cost.

2. Continuing

This budget consists of contracted services, transportation, liability and property insurance, supplies, dues, fees, and utilities. This portion of the budget is projected to **increase .14%**. Budgeted casualty insurance expenses are projected to increase **\$51,000**. This is the result of higher projected workers' compensation premiums and higher unemployment costs in 2011-12. General Fund Open enrollment expenses are projected to increase **\$11,145** (to a total of **\$221,821**, which is offset by **\$942,741** in open enrollment revenues, resulting in a general fund net open enrollment gain of **\$720,920**). The regular education transportation budget is projected to decrease **\$4,780**. It is projected that one bus route will be eliminated in 2011-12 (from 22 routes to 21 routes). This decrease in daily route costs has been partially offset by projected increased fuel costs.

3. Special Education

The 2011-12 net cost of the district's special education program is decreasing **1.14 % or \$18,286**. This includes the reduction of **.65 FTE** teaching staff, the addition of **1.6 FTE** support staff, and the addition of **1.0 FTE** school psychologist position (offset by reduction of one school counselor) at Arrowhead. The state categorical aid reimbursement rate is projected to remain the same at **26.3%** in 2011-12. **Eighty-eight percent (88%)** of the ADSEC expenditure budget is personnel related.

4. Supplemental

This budget is projected to increase 20.74% and is comprised of textbooks, equipment additions and replacements, and new programs. The proposed supplemental budget includes **\$58,469** for textbook purchases and **\$315,196** for the technology purchases. The district is projecting to use **\$110,716** in general fund balance to fund a portion of the upgrade to the district's wireless network infrastructure.

5. Capital Expansion Fund Budget and Buildings and Grounds Projects Budget

The Capital Expansion Fund Budget was created to account for expenditures associated with acquiring and remodeling buildings and sites, for maintenance or repair expenditures that extend or enhance the service life of buildings and building components, sites and site components. These expenditures are accounted for in a segregated fund (Fund 41). The levy for Fund 41 must fall within the parameters of the state imposed revenue limit. Expenditures for equipment and furnishings are not a permitted Capital Fund Expansion use. The Capital Expansion Fund levy requires voter approval at the Annual Meeting.

The 2011-12 Capital Expansion Fund budget is projected to be **\$150,000**. These potential 2011-12 and beyond projects include: roofing and/or building envelope repairs. The 2010-11 Capital Expansion Fund totaled **\$0**.

The 2011-12 Buildings and Grounds Projects budget is projected to be **\$317,760**. The 2010-11 Buildings and Grounds Projects budget totaled **\$467,760**. Potential expenditures included in this budget are: NC East gym bleacher improvements, transportation department radio system compliance upgrade, classroom desk replacement, classroom dry erase board replacement, purchase of snow removal/site maintenance equipment, classroom carpet replacement and roofing and/or building envelope repairs.

#### 6. Athletics

The athletic expenditure budget is projected to decrease **2.12%**. The athletic revenue budget is projected to increase **20.33%**. The 2011-12 athletic fee revenue is projected to increase **\$28,443**. This is the result of increasing the athletic fee from **\$125** in 10-11 to **\$150** in 2011-12. Athletic gate receipts are projected to increase **\$17,052**. The net athletic budget is projected to decrease **10.19%**.

#### 7. Other Post Employment Benefits

The district offers post employment healthcare to teachers and administrators who have been employed with the district a minimum of 20 years and who have reached a minimum age of 55. A majority of these benefits are funded on a pay-as-you-go basis. Beginning in the 2008-09 fiscal year, the district had to recognize the cost of the post employment healthcare costs in periods when related services are received by the employer. The district also has to provide information about the actuarial accrued post employment liabilities in the annual audit statement. The Fund 73 Employee Benefit Trust Fund has been established for reporting resources set aside and held in a trust arrangement for post employment benefits. The current OPEB Trust Fund 73 fund balance is **\$1,141,060**. The 2010-11 OPEB Trust Fund 73 contribution was **\$146,500**. The 2011-12 OPEB Trust Fund 73 contribution is projected at **\$146,500**. The **\$146,500** contribution is in addition to the pay-as-you-go amount built into the 2011-12 Personnel budget.

### DISTRICT REVENUES

Non-property tax revenues are projected to decrease **\$587,049**, or **8.29%**, in 2011-12. The district is projecting state equalization aid to decrease **\$482,683**, or **10%**. The maximum 2011-12 aid loss possible under the 2011-13 state biennium budget proposal is **10%**. Two significant variables in calculating state equalization aid are student enrollment and equalized value. The 2011-12 state equalization aid formula shows Arrowhead's equalized value decreasing **2.95%** and student membership increasing **.39%**. This results in an equalized value per student decrease of **3.33%** in the 2011-12 state equalization aid formula. State equalization aid estimates are based on district assumptions at this time. The DPI will provide the final state equalization aid certification on or before October 15, 2011. The total amount of 2011-12 state equalization aid to be distributed statewide through the equalization aid formula is projected to be reduced by approximately 8.4%. Interest income is projected to decrease **\$7,700**, to **\$22,000** in 2011-12. Open enrollment revenue is projected to increase **\$11,689**, to **\$942,741** in 2011-12. Athletic revenue is projected to increase **\$54,240**, to **\$321,061** in 2011-12. Student book fees are projected to decrease **\$24,200** in 2011-12. There will be no driver education revenue in 2011-12 as a result of the driver education program being eliminated. The 2011-12 Federal revenue will be reduced by **\$113,500** because the 2010-11 Federal Ed Jobs grant is completed as of June 30, 2011.

### LONG-TERM DEBT SERVICE

The 2011-12 long-term debt service payments on existing referendum approved debt are projected to be **\$1,970,705**. This is a decrease of **\$47,809** from the 2010-11 level. The debt service payment will be offset by the use of **\$15,000** in debt service fund balance. The **\$15,000** represents approximately **26%** of the debt service fund balance.

**COMMUNITY SERVICE**

This fund is used to account for activities that have the primary function of serving the community. These are activities associated with the pool, theatre, gymnasiums, playing fields, etc. The tax levy within this fund is outside of the revenue limit. In 2011-12, the Community Service tax levy is projected to remain at **\$15,000**.

**THE MAXIMUM ALLOWABLE TAX LEVY (Revenue Limit)**

The budget being presented is **\$891** under the maximum allowable tax levy. The actual maximum allowable tax levy will not be known until the September of 2011 enrollment count is completed. The district is using a 2011-12 enrollment (net of open enrollment students) of **2,193 (increase of 35 students from the previous year)** students for preliminary calculations of the maximum allowable tax levy.

**PROPERTY TAXES**

The Arrowhead Union High School District property tax levy is projected to decrease **\$879,033**, to **\$18,777,366**. This represents a decrease of **4.47%**. The 2011-12 tax levy increase is broken down as follows:

Tax Levy % Decrease associated with <b>5.74%</b> Expenditure Decrease	<b>-7.22%</b>
Tax Levy % Increase associated with State Equalization Aid Loss of <b>\$482,683</b> and other Revenue Loss	<b>2.99%</b>
Tax Levy % Decrease associated with the Debt Service Fund	<b><u>-.24%</u></b>
Total 2011-12 Projected Tax Levy Percent Decrease	<b>-4.47%</b>

The 2011-12 tax levy is very tentative at the present time. Based on a **0%** increase in the equalized value of the school district, the total school district mill rate is projected to be **\$3.40** per \$1,000 of equalized value. This represents a decrease of **4.47%** from the 2010-11 rate.