



ARROWHEAD UNION HIGH SCHOOL DISTRICT

2023-24
BUDGET HEARING
7:00 p.m.

(Annual Meeting begins at 7:30 p.m.)

August 16, 2023



2023-24 BUDGET HEARING OUTLINE

- Budget Development Timeline
- Wisconsin's School Funding Formula
- Enrollment & *Membership*
- Revenue Budget
- Expenditure Budget
- Fund Balance
- Tax Levy and Mill (Tax) Rate
- Next Steps



2023-24 BUDGET DEVELOPMENT TIMELINE

December, 2022 through April, 2023 - Preliminary Budget Development Work

April 26, 2023 - Finance Committee meeting to review preliminary budget development

May 10, 2023 - School Board Action on preliminary 2023-24 budget

May, 2023 through October, 2023 - Monitor budget and determine any necessary adjustments

August 16, 2023 – Annual Meeting

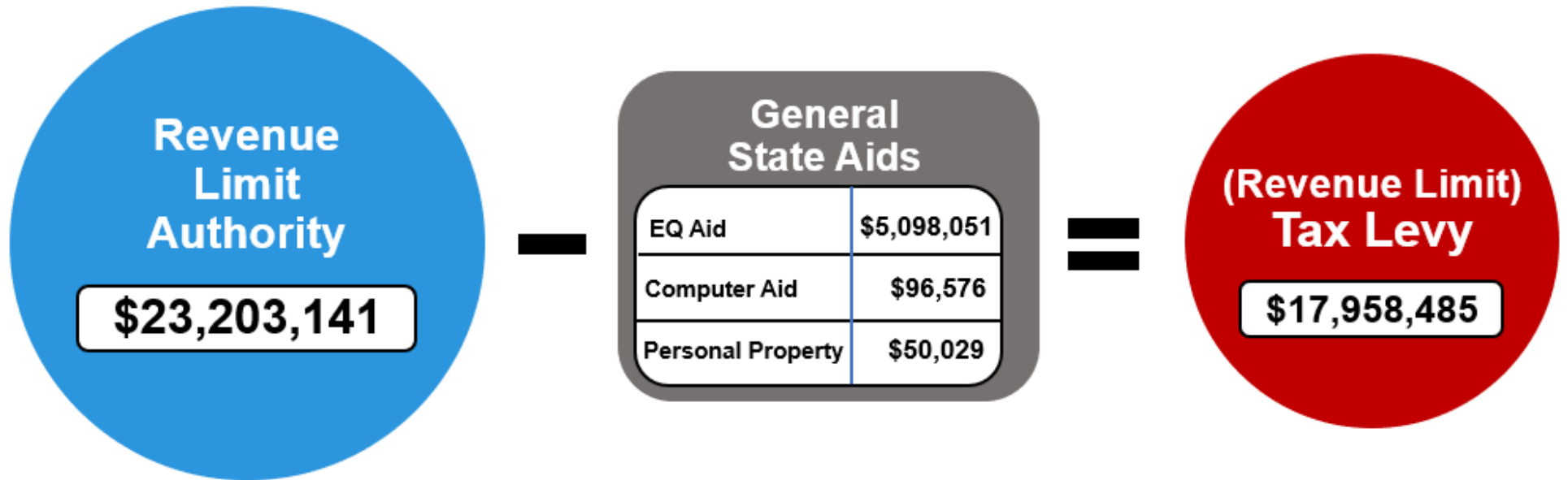
Late October / Early November, 2023 - Final Certification of Tax Levy



■ Wisconsin's School Funding Formula

WISCONSIN'S BASIC SCHOOL FUNDING FORMULA

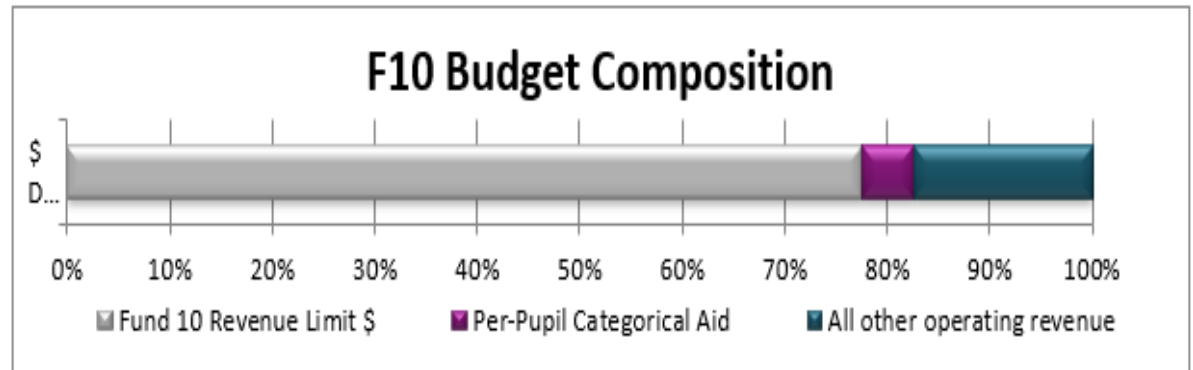
(Using Arrowhead's 2023-2024 Budget Figures)



REVENUE LIMIT... and why it is important?

The revenue limit + per-pupil categorical aid comprises approximately 83% of the school district's 2023 - 2024 general fund operating revenue.

2023 - 2024 Fund 10 Budget	<u>\$ Dollars</u>	<u>% Percent</u>
Fund 10 Revenue Limit \$	\$22,786,051	77.6%
Per-Pupil Categorical Aid	\$1,465,613	5.0%
All other operating revenue	\$5,101,646	17.4%
Total	\$29,353,310	100.0%



Revenue Limit Calculation





Enrollment

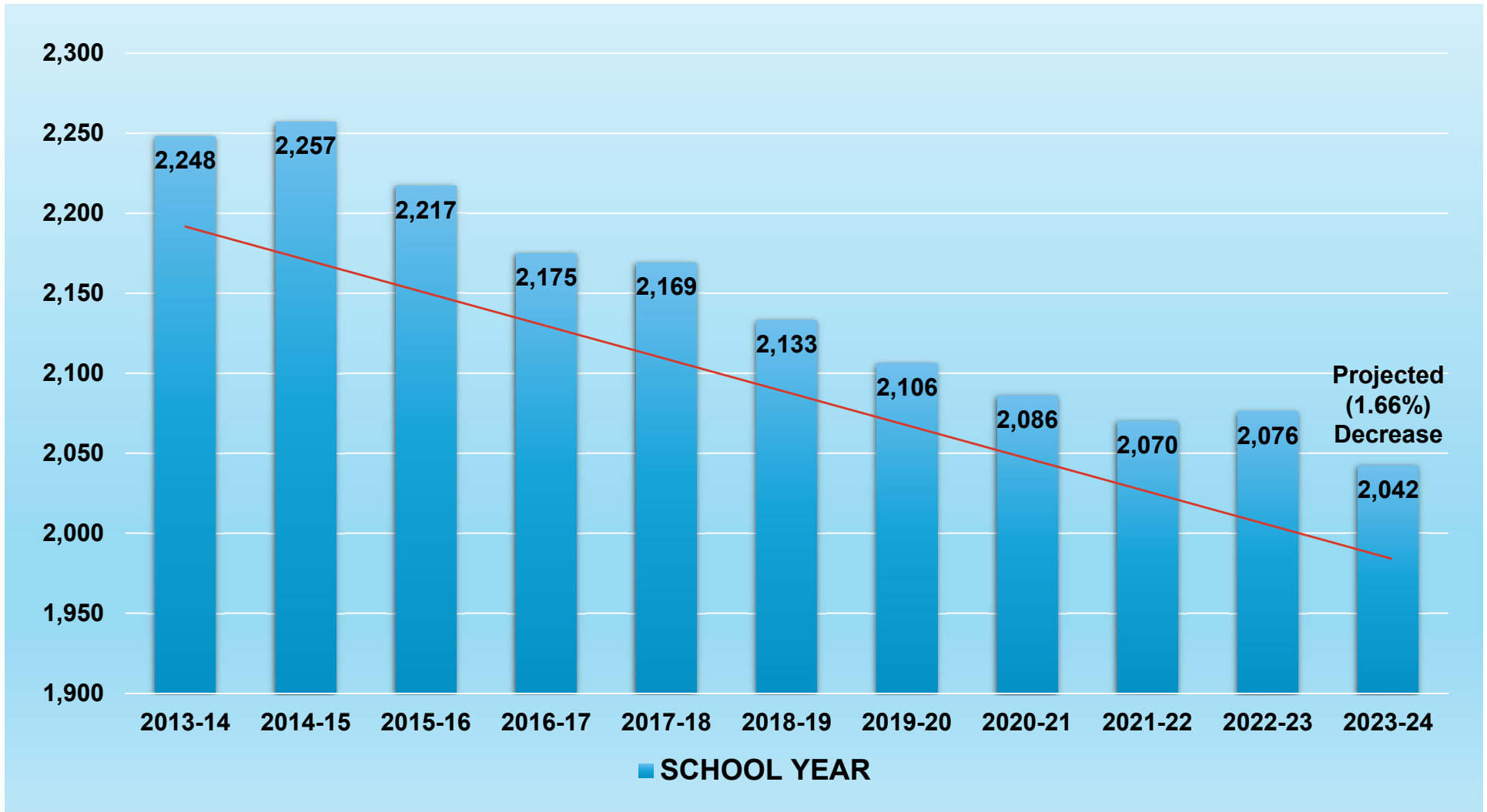


ENROLLMENT HISTORY & PROJECTION

ACTUAL	9TH	10TH	11TH	12TH	AHS TOTAL	Previous Year's	Total	Variance
2013-14	547	582	559	560	2,248	PROJECTION History	2,274	1.16%
2014-15	560	546	581	570	2,257		2,250	-0.31%
2015-16	519	559	542	597	2,217		2,215	-0.09%
2016-17	564	514	550	547	2,175		2,168	-0.32%
2017-18	525	565	516	563	2,169		2,160	-0.41%
2018-19	535	530	550	518	2,133		2,143	0.47%
2019-20	492	534	525	555	2,106		2,089	-0.81%
2020-21	534	489	530	533	2,086		2,076	-0.48%
2021-22	513	532	491	534	2,070		2,044	-1.26%
2022-23	535	498	543	500	2,076		2,042	-1.64%
						10-year Average Projection Variance		-0.37%
PROJECTED	9TH	10TH	11TH	12TH	AHS TOTAL	Previous Year's	Projection	Variance
2023-24	462	532	496	551	2,042	PROJECTION History	2,005	1.83%
2024-25	464	457	532	501	1,954		1,959	-0.23%
2025-26	430	457	454	536	1,877		1,861	0.86%
2026-27	435	423	457	457	1,772		1,782	-0.56%
2027-28	469	427	422	457	1,776		1,672	6.20%
2028-29	490	457	430	424	1,800		1,671	7.75%
2029-30	500	471	459	430	1,860		1,675	11.01%
2030-31	498	475	477	454	1,904		NA	NA
						7-year Average Projection Variance		3.84%

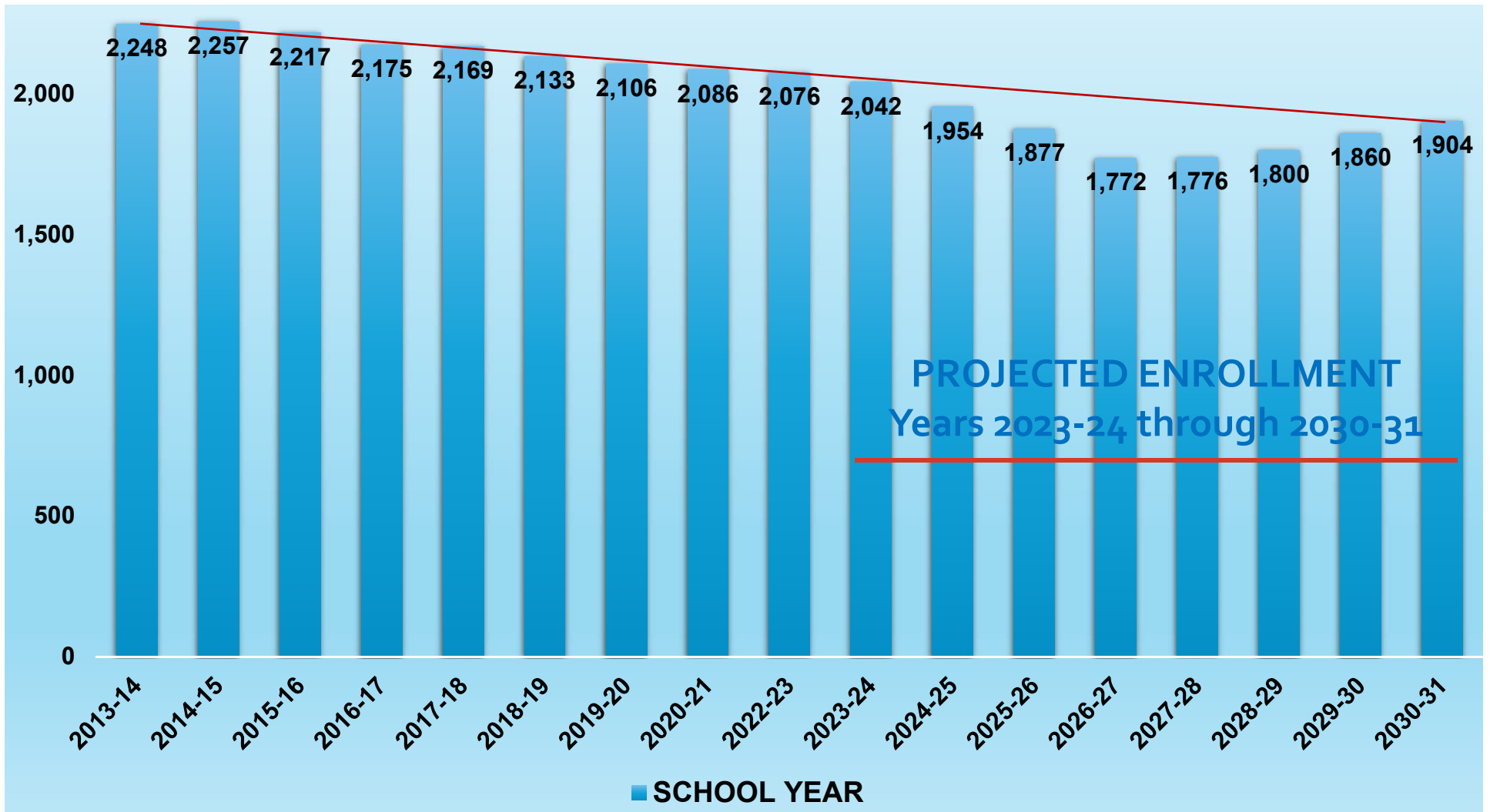


SEPTEMBER (HEAD COUNT) ENROLLMENT





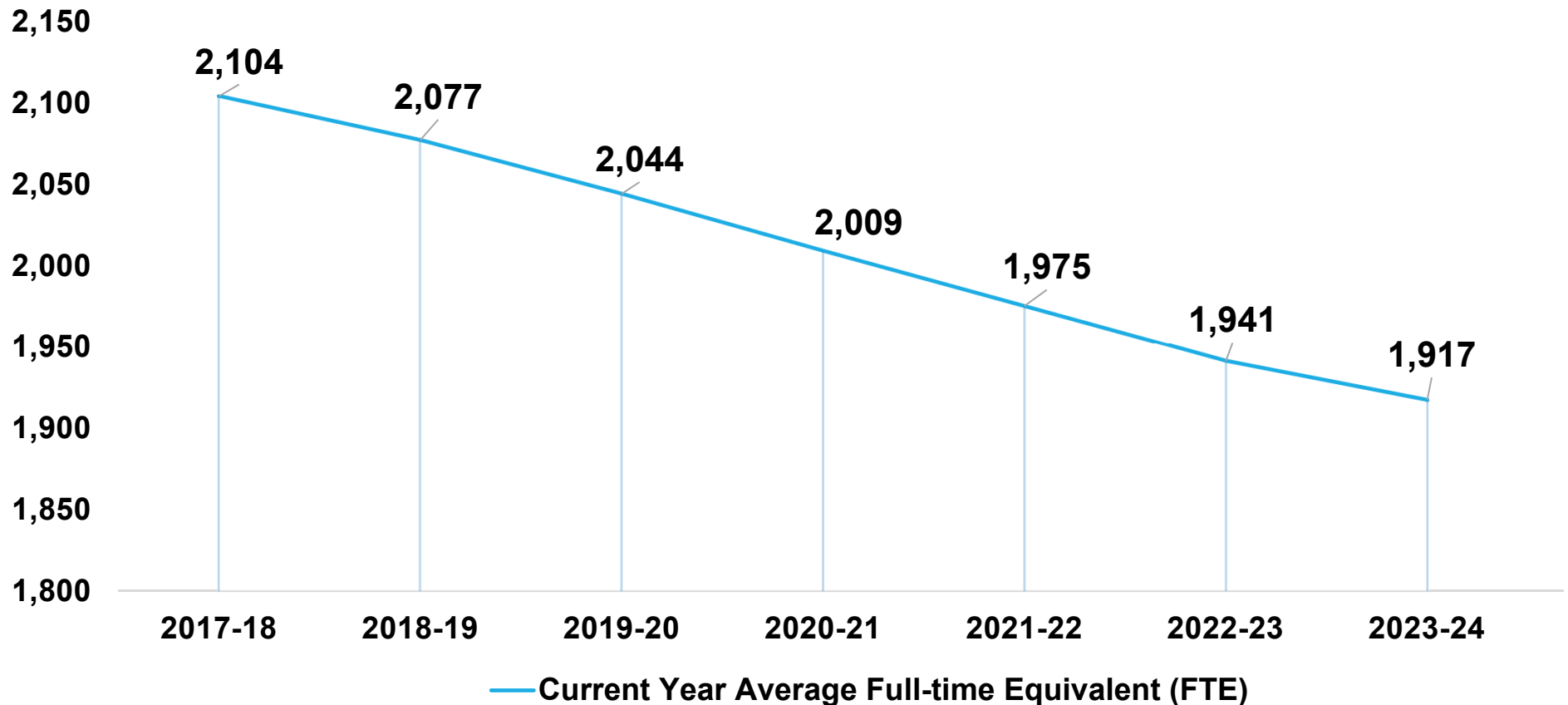
SEPTEMBER (HEAD COUNT) PAST, CURRENT, AND PROJECTED ENROLLMENT





REVENUE LIMIT MEMBERSHIP

Full-time Equivalent (FTE) Resident Students

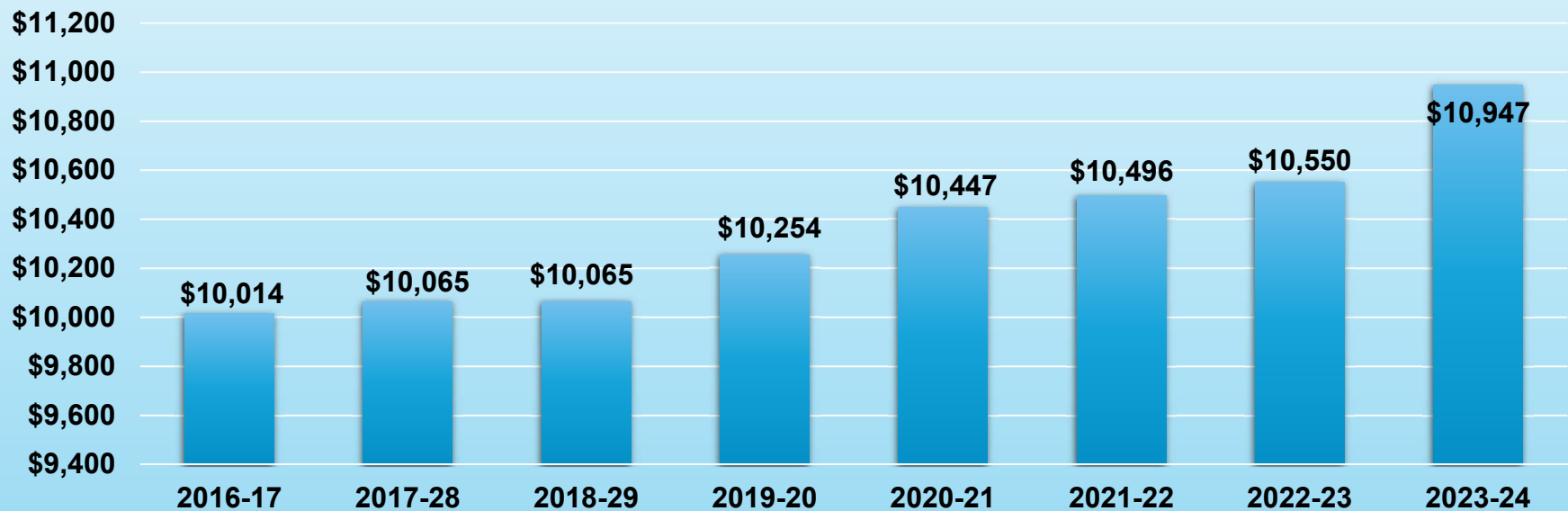




- Revenue Budget



MAXIMUM REVENUE PER MEMBER



Revenue Limit Calculation





History of WI State Revenue Limit Adjustments to Base Revenue

<u>Year</u>	<u>Per Pupil Revenue Limit Adjustment</u>
1993-94	\$190.00 or CPI, whichever was greater
1994-95	\$194.37 or CPI, whichever was greater
1995-96	\$200.00
1996-97	\$206.00
1997-98	\$206.00
1998-99	\$208.88
1999-00	\$212.43
2000-01	\$220.29
2001-02	\$226.68
2002-03	\$230.08
2003-04	\$236.98
2004-05	\$241.01
2005-06	\$248.48
2006-07	\$256.93

<u>Year</u>	<u>Per Pupil Revenue Limit Adjustment</u>
2007-08	\$264.12
2008-09	\$274.68
2009-10	\$200.00
2010-11	\$200.00
2011-12*	-\$528.81
2012-13	\$50.00
2013-14	\$75.00
2014-15	\$75.00
2015-16	\$0.00
2016-17	\$0.00
2017-18	\$0.00
2018-19	\$0.00
2019-20	\$175.00
2020-21	\$179.00
2021-22	\$0.00
2022-23	\$0.00

MAXIMUM REVENUE *(taxing authority)* COMPARISON

Waukesha County School Districts (2022-23)

District	Max. Revenue per Student per year	Max. Revenue per Student times(x) 2,000 (Arrowhead) Students	ANNUAL Difference	Five-year Difference
Elmbrook	\$12,027	\$24,054,000	\$2,954,000	\$14,770,000
Kettle Moraine	\$11,723	\$23,446,000	\$2,346,000	\$11,730,000
New Berlin	\$11,659	\$23,318,000	\$2,218,000	\$11,090,000
Menomonee Falls	\$11,431	\$22,862,000	\$1,762,000	\$8,810,000
Hamilton	\$11,078	\$22,156,000	\$1,056,000	\$5,280,000
Pewaukee	\$10,805	\$21,610,000	\$510,000	\$2,550,000
Oconomowoc	\$10,665	\$21,330,000	\$230,000	\$1,150,000
Arrowhead UHS	\$10,550	\$21,100,000	\$0	\$0
Muskego	\$10,440	\$20,880,000	(\$220,000)	(\$1,100,000)
Waukesha	\$10,207	\$20,414,000	(\$686,000)	(\$3,430,000)
Mukwonago	\$10,016	\$20,032,000	(\$1,068,000)	(\$5,340,000)

Data source: WI Department of Instruction

MAXIMUM REVENUE *(taxing authority)* COMPARISON

Union High School Districts *(2022-23)*

Maximum Revenue Per Student & Mill Rate

(Taxing authority) Union High School Districts (2022-23)

Nicolet	\$15,811	\$5.20	Wilmot	\$12,150	\$4.79
Lakeland	\$14,769	\$1.55	Union Grove	\$11,832	\$3.08
Lake Geneva	\$13,255	\$3.12	Hartford	\$11,528	\$2.25
Big Foot	\$13,255	\$2.60	Cntrl/Wstsha	\$11,461	\$2.88
Waterford	\$13,131	\$4.15	Arrowhead	\$10,550	\$2.10

Mill Rate Averages (2022-23)

Arrowhead = \$2.10
UHS Average = \$3.17

WI Average = \$7.68
AHS & Avg. K-8 (\$3.68) = \$5.78

Data source: WI Department of Instruction

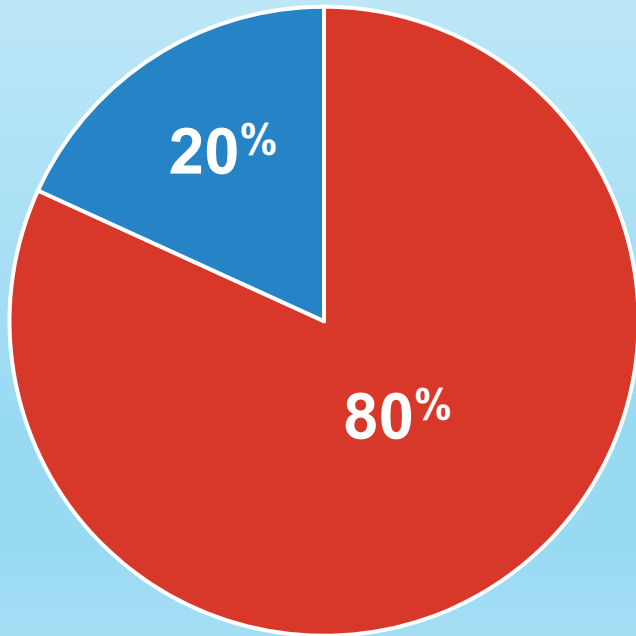
REVENUE LIMIT vs. STATE AID

What school districts can spend (**REVENUE LIMIT “the pie’s diameter”**) and how much school districts receive in general school aids (**STATE AID “the filling”**) are two different things.

- General school aids are purposeful tax relief
(*The main general school aid program is Equalization Aid*)

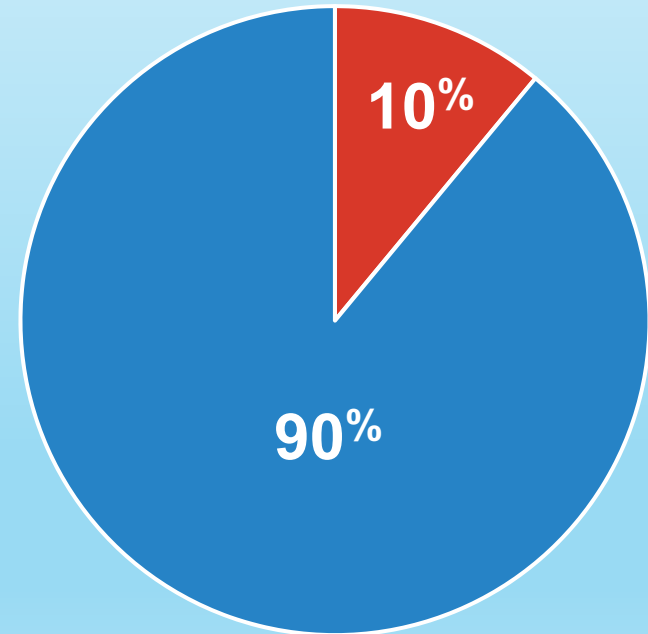
Same (“pie diameter”) Revenue Limit, yet Different STATE AID amounts (“pie filling”) for Different School Districts

Property Wealthy District
(District “A”)



■ Local Taxes ■ State Aid

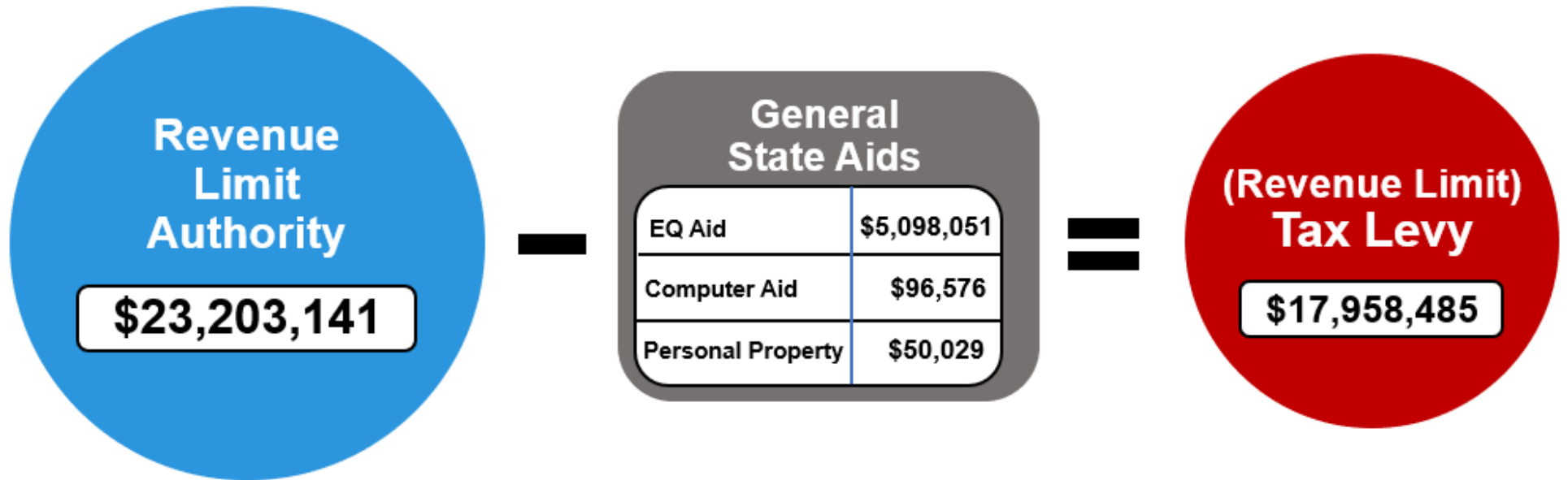
Property Poor District
(District “B”)



■ Local Taxes ■ State Aid

WISCONSIN'S BASIC SCHOOL FUNDING FORMULA

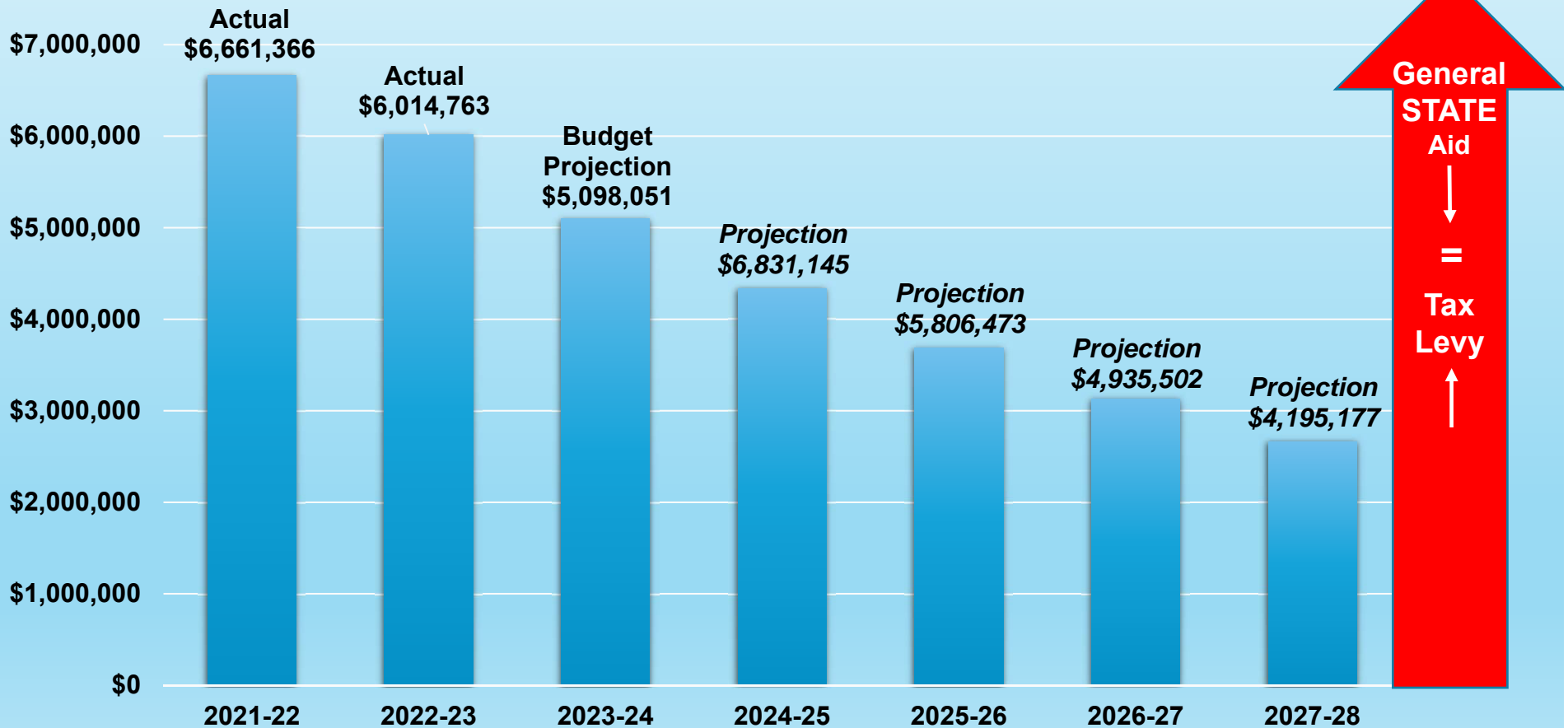
(Using Arrowhead's 2023-2024 Budget Figures)





GENERAL STATE AID HISTORY

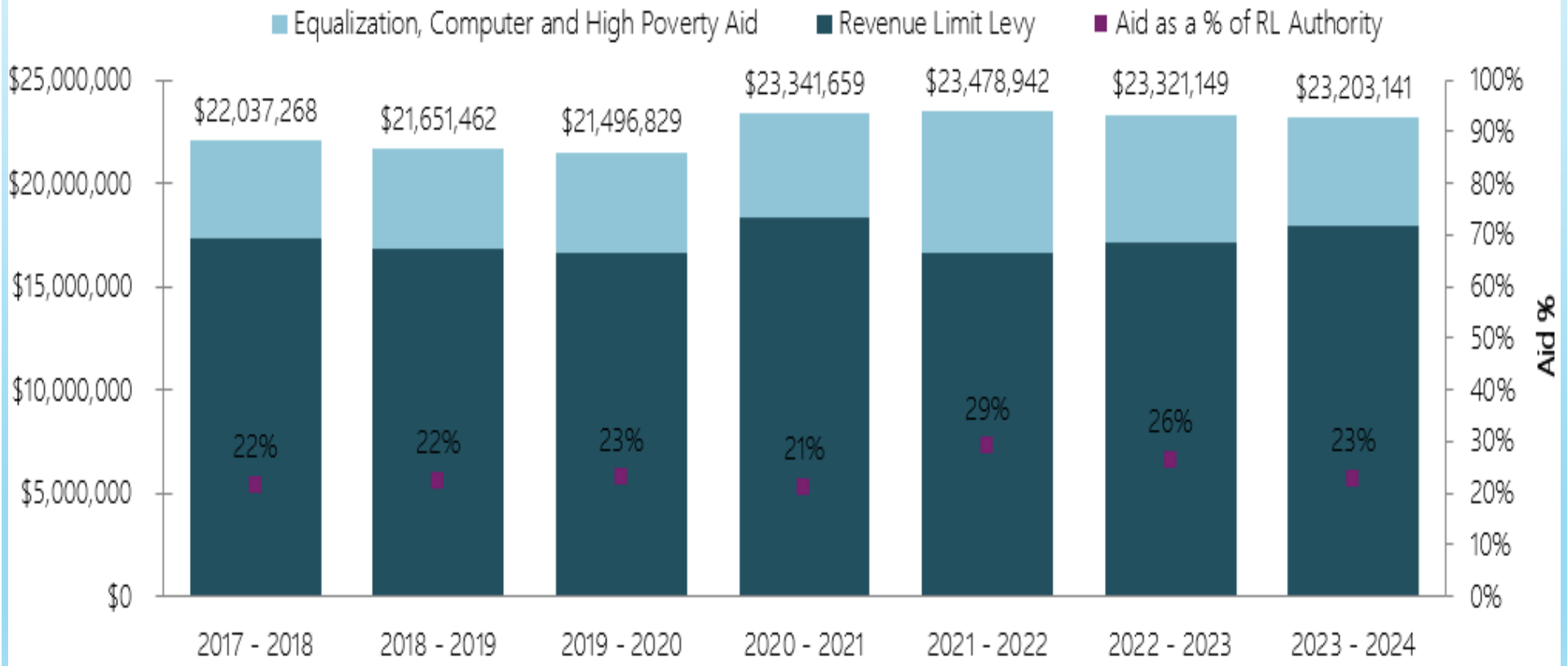
October 15 – Certification of State Aid





ARROWHEAD'S REVENUE LIMIT HISTORY

Revenue Limit Aid/Levy Distribution





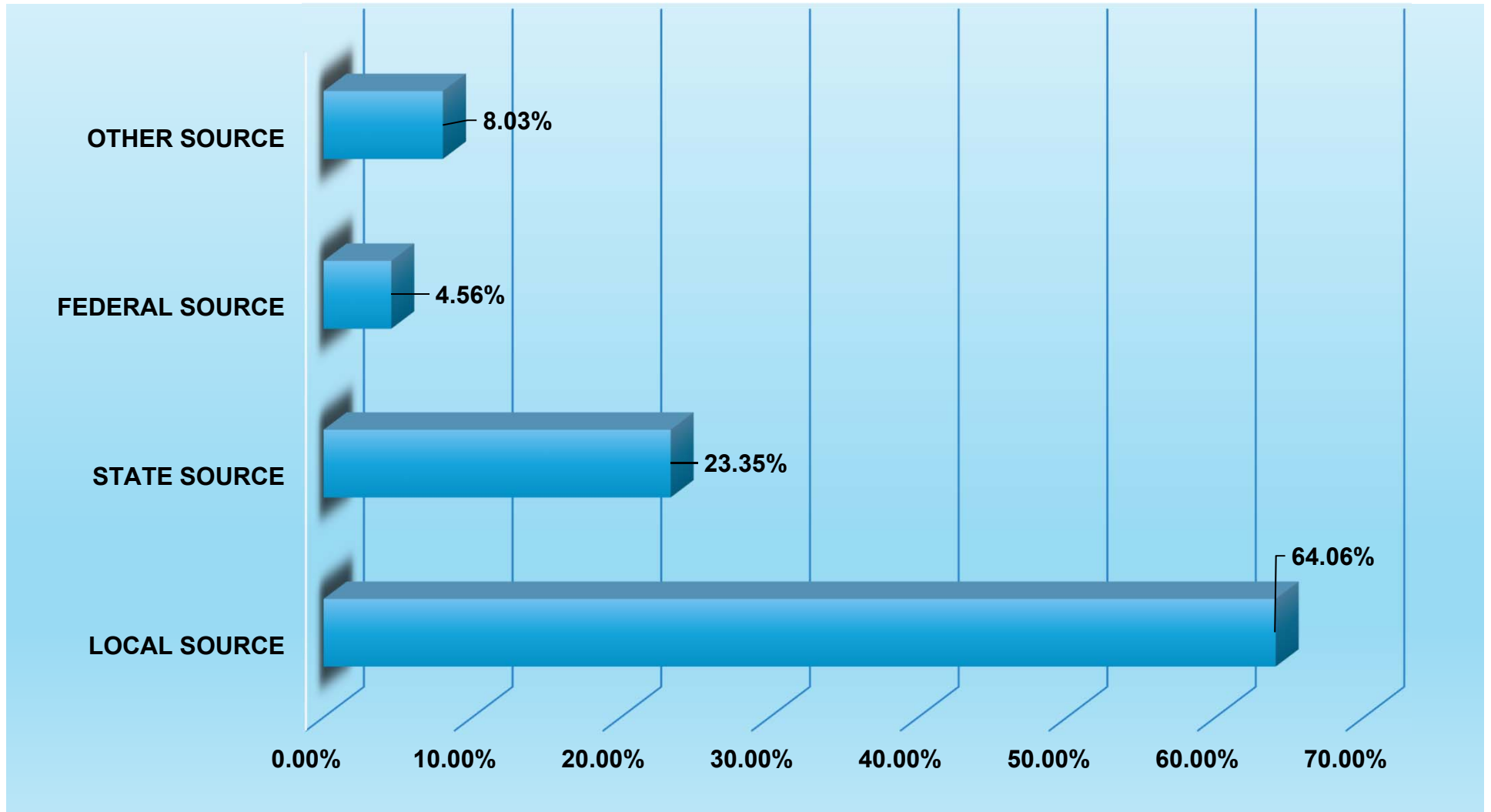
FUND 10 (General Fund) REVENUE SUMMARY

REVENUES	2021-22 Actual	2022-23 Budget	2023-24 BUDGET
Property Tax	\$16,253,881	\$16,742,691	\$17,541,395
Open Enrollment	\$1,939,872	\$2,216,500	\$2,204,032
State General (Equalization) Aid	\$6,661,366	\$6,014,763	\$5,098,051
State Computer/Personal Property Aid	\$146,605	\$146,605	\$146,605
State Per Pupil Categorical Aid	\$1,464,708	\$1,438,491	\$1,465,613
Other State Revenues (Categorical Aids)	\$200,067	\$182,200	\$182,200
Federal Revenue	\$639,530	\$2,796,028	\$2,360,389
Other Revenue	\$3,665,145	\$137,206	\$355,025
FUND 10 REVENUES	\$30,971,174	\$29,674,483	\$29,353,310



2023-24 OPERATING REVENUES

General Fund (10) and Capital Expansion Fund (41)





- Expenditure Budget



ARROWHEAD'S FUND 10 (General Fund) EXPENDITURE SUMMARY

	2021-22 Actual	2022-23 Budget	2023-24 BUDGET
Salaries	\$13,690,250	\$14,469,996	\$15,045,492
WI Retirement System	\$865,057	\$953,056	\$990,960
Social Security (FICA/Medicare)	\$1,036,925	\$1,119,455	\$1,163,977
Insurance Benefits (Health, Dental, etc.)	\$2,163,745	\$2,405,980	\$2,413,989
Other Benefits	\$492,711	\$386,145	\$386,145
Total Salary and Benefits	\$18,248,688	\$19,334,631	\$20,000,563
Open Enrollment	\$592,478	\$595,500	\$567,456
Voucher Payments	\$205,666	\$255,325	\$255,325
Non-Capital and Capital Objects	\$1,979,607	\$1,940,684	\$1,855,684
Transfer to Special Ed (Fund 27)	\$1,682,161	\$2,130,505	\$1,232,465
Transfer to LT-Capital Improvement (Fund 46)	\$2,075,000	\$0	\$0
All Other Expenditures	\$5,894,328	\$5,417,838	\$5,541,816
FUND 10 EXPENDITURES	\$30,677,927	\$29,674,483	\$29,453,310

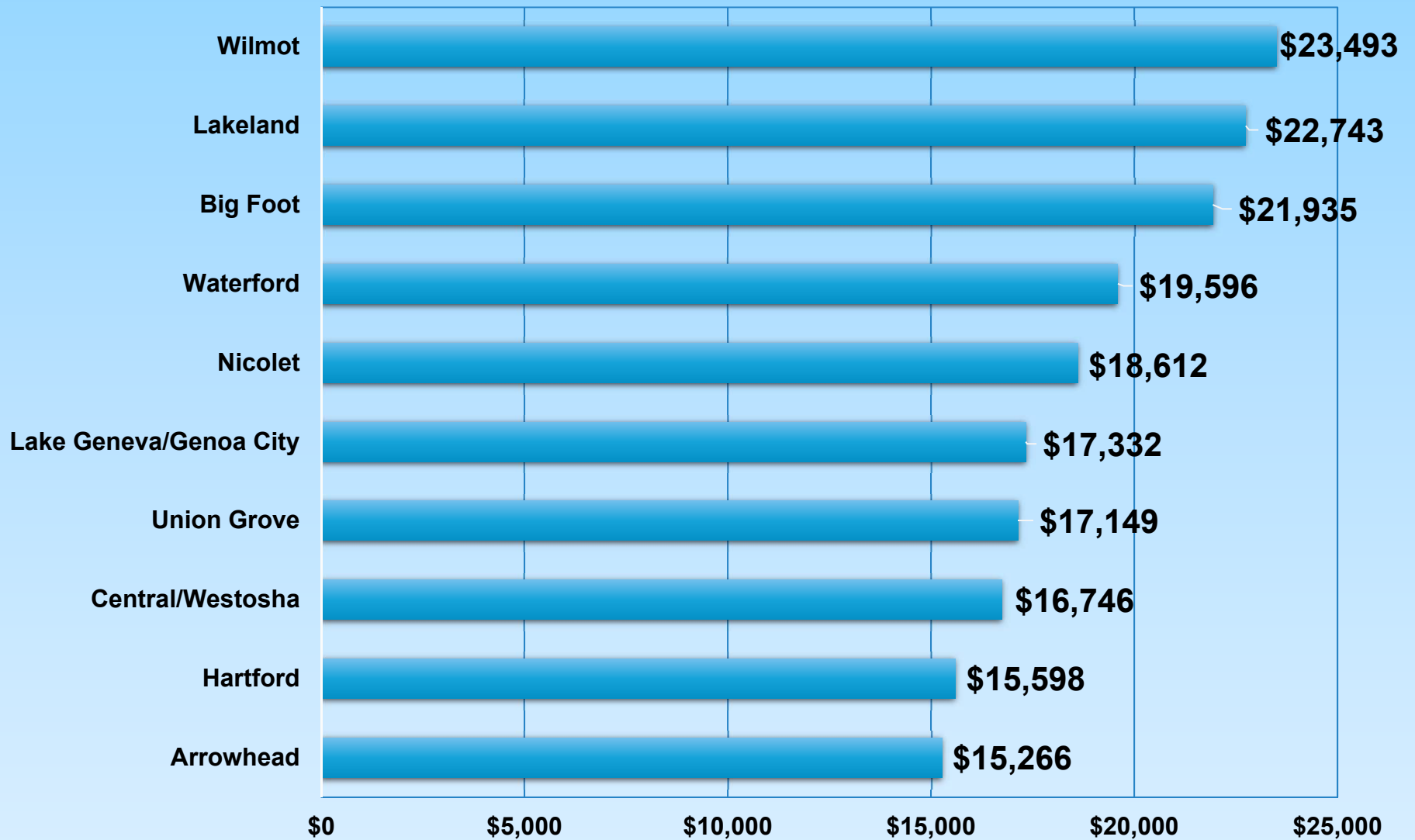


COST SAVINGS with BENEFIT CHANGES

Over the Last Ten (10) Years

YEAR	DESCRIPTION OF CHANGE	ANNUAL COST SAVINGS
2011-12	Health Insurance Carrier Change, Deductible Increase	\$457,000
2011-12	Employee Contribution to Wisconsin Retirement System	\$739,408
2012-13	Health Insurance Plan Design Change	\$187,570
2012-13	3% / 5% Increased Health Premium Contribution	\$41,961
2012-13	Dental Insurance Carrier Change and Plan Design Change	\$6,910
2012-13	Life Insurance Carrier Change	\$26,308
2012-13	Long Term Disability Insurance Carrier Change	\$6,983
2013-14	7.5% / 9.5% Increased Health Premium Contribution	\$138,078
2013-14	Terminate Long Term Card Insurance on 8/1/2013	\$205,778
2014-15	Health Insurance Plan Design Change	\$114,952
2014-15	Family Dental Contribution to 7.5%	\$17,965
2015-16	No Plan Design, Carrier or Premium Contribution Change	\$0
2016-17	Health Insurance Carrier Change	\$210,000
2017-18	Premium Contribution from 7.5% to 12%	\$119,010
2017-18	Dental Insurance Plan Design Change	\$5,270
2018-19	Health Insurance Plan Design Change, increased deductible, Co-pays	
2018-19	Implementation of HRA to Reimburse Deductible Increase	
2019-20	Dental Insurance Plan Design Change	\$13,992
2019-20	2nd Yr. of Implementation of HRA to Remiburse Deductible Increase	\$171,501
2020-21	Heath Insurance Plan Design Change	\$176,685
2023-24	Self-funded Plan w/two plan options High Deductible w/HSA and Lower Deductible w/HRA	\$443,909

2021-22 Union High School District Total Education Cost per Member



Source: Wisconsin Department of Public Instruction



Fund Balance

DISTRICT FUND BALANCE

- **General Fund Balance** is appropriately used...
 - **to avoid** excessive short term borrowing thereby avoiding associated interested expense
 - **to fund** “one-time” emergency expenditures
 - **to demonstrate** financial stability
- **General Fund Balance** on June 30, 2022 was **\$11,011,005**... The district budgeted to use \$0 in general fund balance in 2022-23
 - The district has been able to avoid short term (cash flow) borrowing since 2019-20
- **General Fund Balance** demonstrates financial stability and therefore preserves or enhances the district’s bond rating of Aa1... **saving on long term borrowing interest costs**
 - **Aa1 Rating** (next highest rating is Aaa, which only nine districts in the state have (2019)
 - Only 14 (2019) districts in the state have Aa1 or better (Aaa) Moody’s bond rating
 - Factors contributing to the Aa1 Moody’s rating include: **solid reserve levels**, large tax base, and low debt burden
- A prudent business practice would be to **retain three (3) months of expenditures as working cash**... Three (3) months of 2023-24 general fund expenditures at AHS amounts to approximately \$7,363,328.

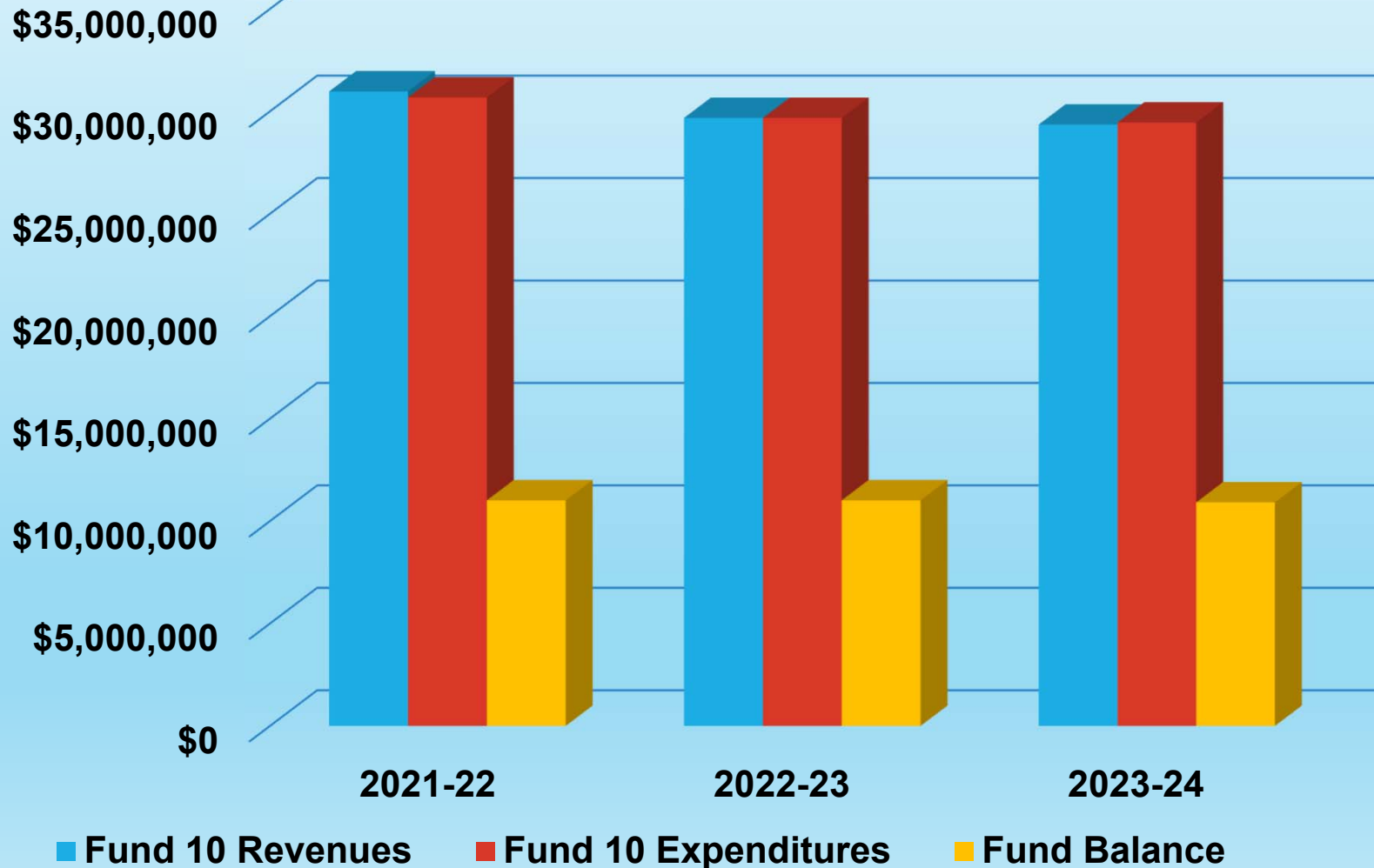


FUND 10 (General Fund) REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY

	2021-22 Actual	2022-23 Budget	2023-24 BUDGET
REVENUES			
Fund 10 Revenues	\$30,971,174	\$29,674,483	\$29,353,310
EXPENDITURES			
Fund 10 Expenditures	\$30,677,927	\$29,674,483	\$29,453,310
Surplus (Deficit)	\$293,247	\$0	(\$100,000)
Fund Balance	\$11,011,005	\$11,011,005	\$10,911,005
Fund Balance as % of Expenditures	35.89%	37.11%	37.05%

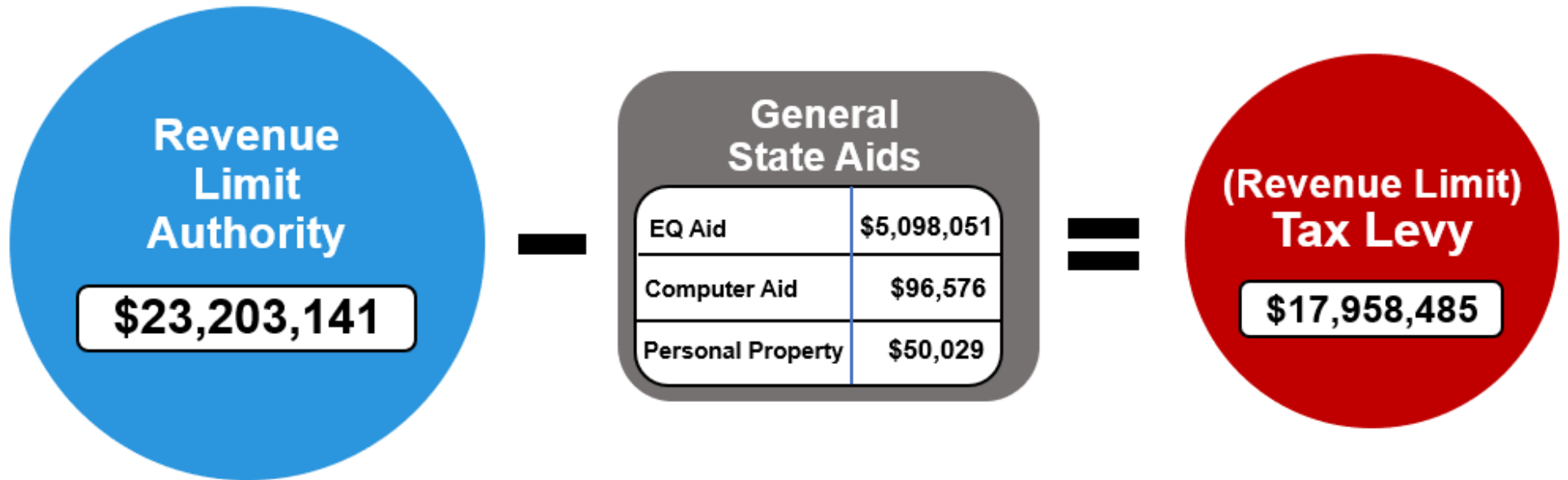


FUND 10 (General Fund) REVENUE, EXPENDITURE COMPARISON and FUND BALANCE SUMMARY



WISCONSIN'S BASIC SCHOOL FUNDING FORMULA

(Using Arrowhead's 2023-2024 Budget Figures)





- Tax Levy and Mill (Tax) Rate



TAX LEVY ANALYSIS

All Funds

		Historical 2021-22	Current Year 2022-23	Budget Year 2023-24
General Fund	Fund 10	\$16,253,881	\$16,742,691	\$17,541,395
Non-Referendum Debt Service	Fund 38	\$117,090	\$117,090	\$117,090
Capital Expansion	Fund 41	\$300,000	\$300,000	\$300,000
Total Revenue Limit Levy		\$16,670,971	\$17,159,781	\$17,958,485
Referendum Approved Debt Service	Fund 39	\$0	\$0	\$0
Community Service	Fund 80	\$0	\$0	\$0
Property Tax Chargeback/Other	Fund 10	\$60	\$0	\$0
Total School-Based Tax Levy		\$16,671,031	\$17,159,781	\$17,958,485
% Change		-9.30%	2.93%	4.65%



MILL (Tax) RATE ANALYSIS

All Funds

EQUALIZED VALUE ANALYSIS		2021-22	2022-23	2023-24
Equalized Value (TIF Out)		\$7,114,546,808	\$8,185,791,872	\$8,758,797,303
% Change		5.60%	15.06%	7.00%

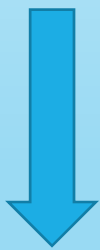
MILL RATE ANALYSIS		2021-22	2022-23	2023-24
General Fund	Fund 10	\$2.28	\$2.05	\$2.00
Non-Referndum Debt Service	Fund 38	\$0.02	\$0.01	\$0.01
Capital Expansion	Fund 41	\$0.04	\$0.04	\$0.03
Total Revenue Limit Mill Rate		\$2.34	\$2.10	\$2.05
Referendum Approved Debt Service	Fund 39	\$0.00	\$0.00	\$0.00
Community Service	Fund 80	\$0.00	\$0.00	\$0.00
Property Tax Chargeback/Other	Fund 10	\$0.00	\$0.00	\$0.00
Total School-Based Mill Rate		\$2.34	\$2.10	\$2.05
% Change		-14.11%	-10.54%	-2.19%



MILL (Tax) RATE CALCULATION

2023-24 Budget

$$\begin{array}{ccccccc} \text{Total} & & \text{Total} & & & & \\ \text{Tax Levy} & \div & \text{Equalized} & \times & \$1,000 & = & \text{Mill Rate} \\ & & \text{Property} & & & & \\ & & \text{Value} & & & & \end{array}$$

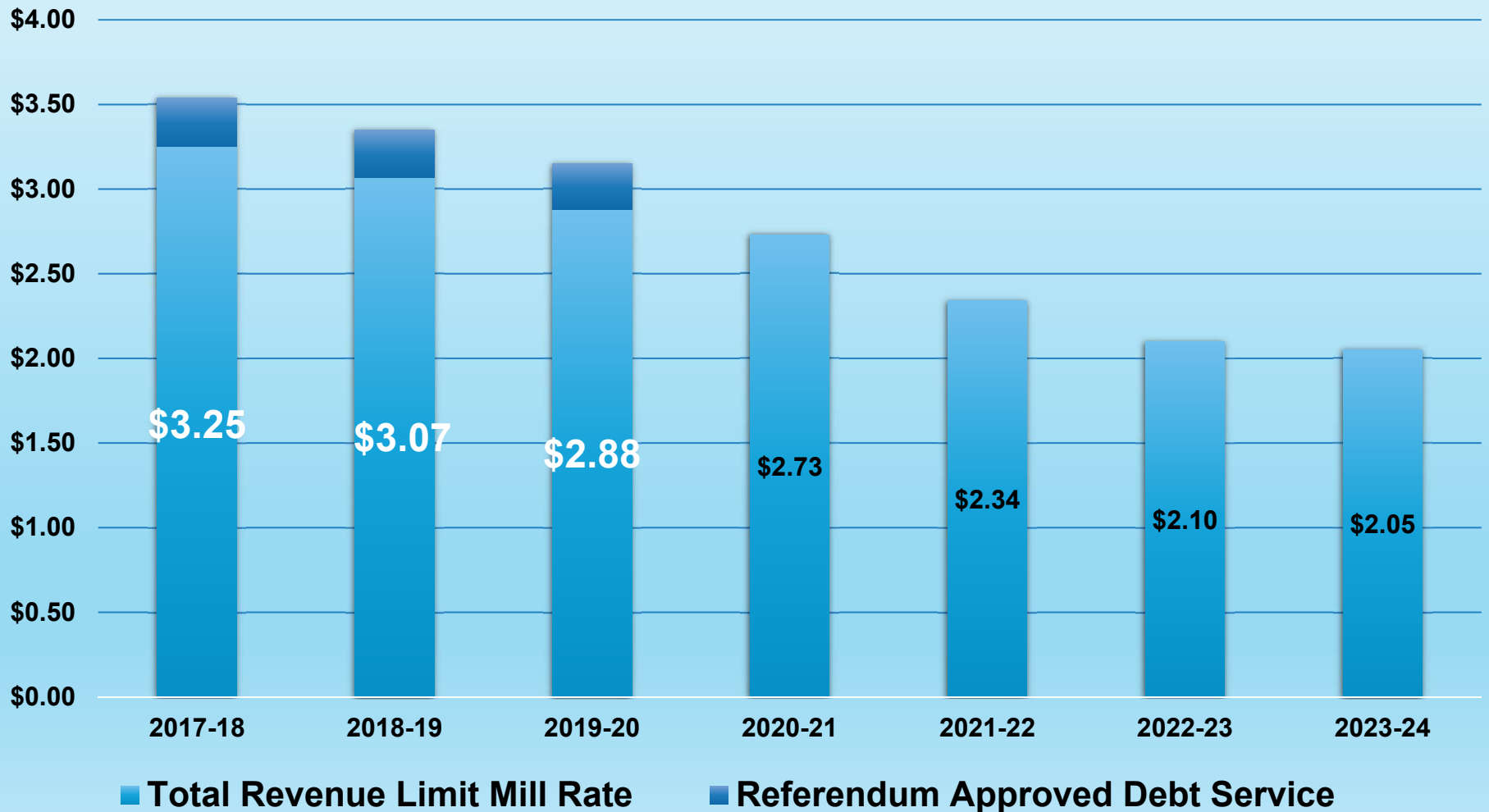


$$\begin{array}{ccccccc} \$17,958,485 & \div & \$8,758,797,303 & \times & \$1,000 & = & \$2.05 \end{array}$$



MILL (Tax) RATE ANALYSIS

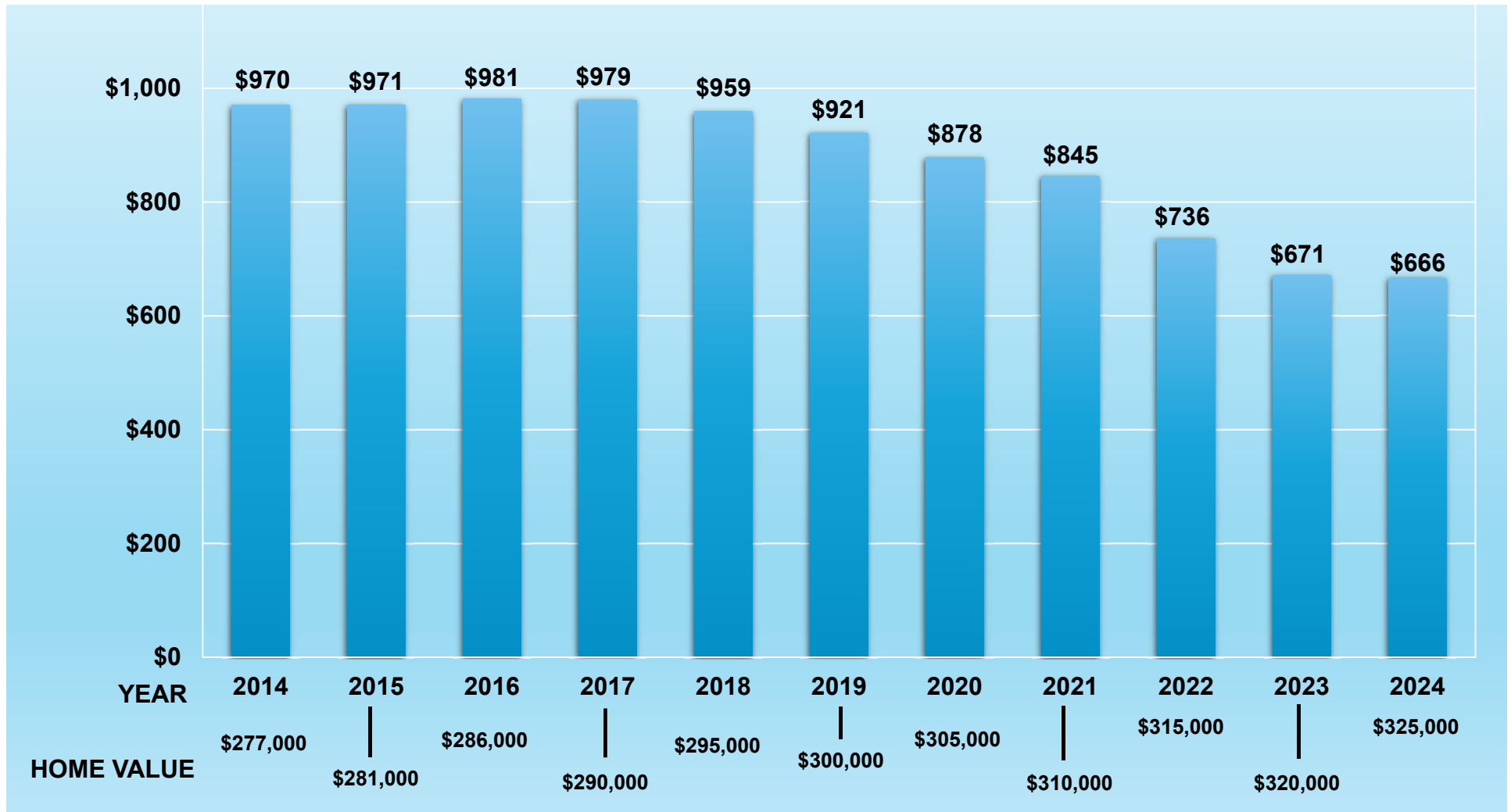
All Funds





PROPERTY TAX HISTORY

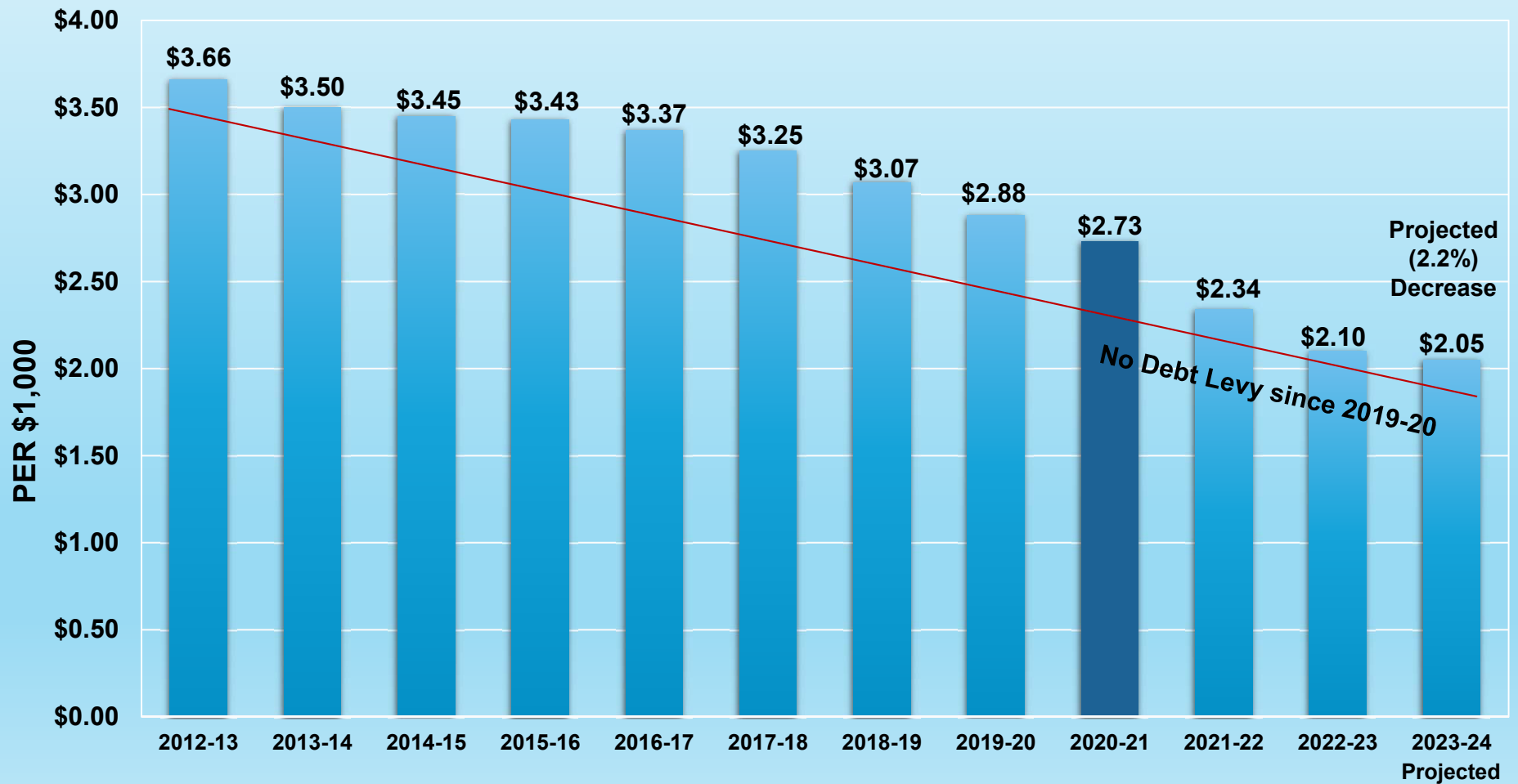
Home valued at \$277,000 and adjusted by an inflationary factor of 1.16% each year through 2024 is \$325,000 (1.16% is the 10-year average)





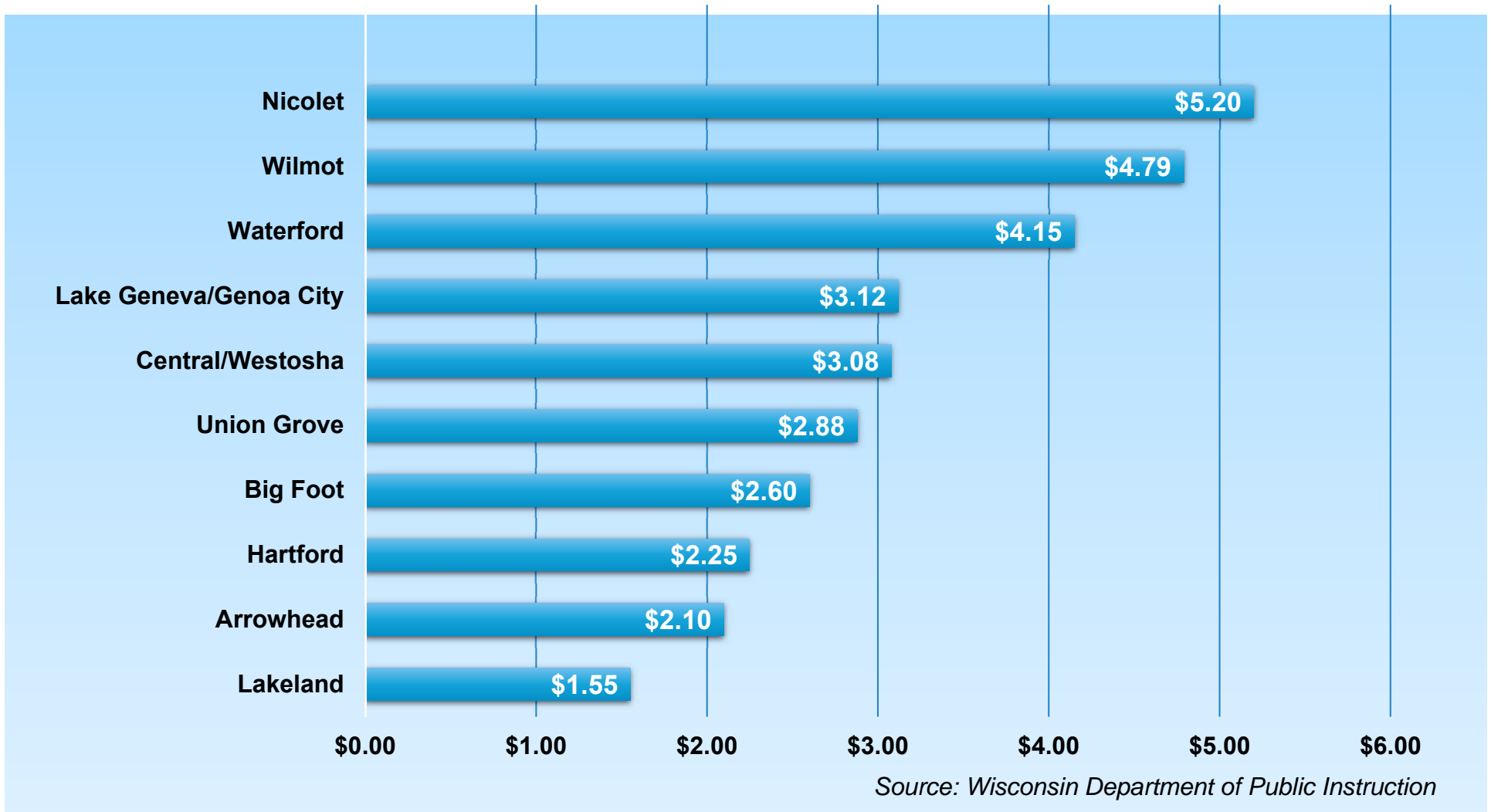
MILL (Tax) RATE HISTORY

(Based on equalized value)





2023-24 UNION HIGH SCHOOL DISTRICT MILL (Tax) RATE





- Next Steps



2023-24 BUDGET VARIABLES and Next Steps

The 2023-25 State Biennial Budget – was signed into law on July 5, 2023

Budget variables yet to be certified...

- Actual **September membership** count
- Actual **State Aid** (certified by October 15)
- Actual **Equalized Property Values** (certified by October 15)

***Board adopts the Final 2023-24 Budget and Tax Levy
on or before November 1, 2023***



**ARROWHEAD UNION
HIGH SCHOOL DISTRICT**

**2023-24
BUDGET HEARING**
7:00 p.m.

(Annual Meeting begins at 7:30 p.m.)

**Thank you for
attending!**