**Alternative Assignment: Robert W. Baird Financial Report – Waterford Union High School District**

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The financial data compiled by Robert W. Baird & Co. for Waterford Union High School District (WUHS) offers a comprehensive portrait of the district's fiscal and long-term financial health. Drawing from the Wisconsin Department of Public Instruction's (DPI) ten-year data trends, the report situates Waterford's performance within a group of Southern Lakes area comparables—districts such as Burlington Area, Elkhorn Area, Union Grove, and Wilmot UHS.

The purpose of this report, as Baird emphasizes, is not to provide investment advice or predict future bond issuance, but rather to help district leaders understand the financial dynamics that shape their operating capacity, tax position, and budgetary flexibility.

From a broad perspective, the Baird analysis paints a picture of a financially stable and well-managed district, one that maintains moderate tax rates, strong reserves, and balanced expenditures relative to revenue growth. Yet beneath that stability lies a story of tightening margins—driven by enrollment declines, limited state-aid growth, and the structural constraints of Wisconsin's revenue-limit system.

Over the last decade, Waterford's student enrollment has gradually declined, moving from roughly 1,099 full-time-equivalent (FTE) students in 2016 to a projected 989 in 2025. Despite this decline, the district's maximum revenue limit per member has steadily increased—from $11,135 in 2016 to $14,120 in 2025. This growth reflects state policy adjustments and inflationary limit increases, rather than expanding enrollment or new recurring revenue sources. When total enrollment decreases, state formulas provide temporary relief through "declining enrollment" and "hold harmless" exemptions. Waterford has relied on these exemptions in several years—most notably between 2018 and 2021—when such adjustments reached more than one million dollars. While these exemptions help cushion revenue loss in the short term, they do not permanently expand the district's revenue base. Consequently, total revenue has plateaued from $13 to $14 million in recent years.

This dynamic reveals a core challenge: Waterford's fiscal stability depends on balancing rising per-student costs with slowly shrinking enrollment. As the district continues to experience small enrollment contractions, the state formula's protective features will gradually phase out, creating the need for either local revenue action (such as referenda) or operational efficiencies. In other words, the district's long-term fiscal equilibrium will increasingly rely on proactive leadership decisions rather than formulaic adjustments.

A key element of Waterford's financial structure is the mix of state equalization aid and local property tax levy. Throughout the reporting period, equalization aid has covered about 40–45 percent of the district's revenue limit, with local taxpayers supporting the remaining 55–60 percent through the levy. This proportion has remained stable, meaning that changes in total revenue are more closely tied to the revenue limit and property values than to any significant shifts in state funding. From a governance standpoint, this reflects a consistent and predictable funding model, one that offers stability but limited elasticity.

In terms of taxpayer impact, Waterford's levy and mill rate history convey a picture of fiscal restraint. The Fund 10 levy—which finances general operations—increased gradually from $6.9 million in 2016 to about $8.5 million in 2025. Minor fluctuations in Fund 38 and Fund 41 levies suggest careful management of debt and capital projects. Importantly, the district has consistently stayed within its statutory revenue-limit constraints, rarely running a significant "over-levy" or "under-levy" position. Deviations were minimal, such as a modest under-levy in 2019 and a small positive variance in 2022, showing alignment between budgeted and actual fiscal activity.

The most striking indicator of Waterford's fiscal prudence is its mill rate trajectory. Between 2016 and 2025, the district's overall mill rate decreased slightly—from $4.23 to $3.99—even as property values grew. This pattern demonstrates that local tax increases have not outpaced community property growth. In comparative terms, Waterford's current mill rate sits well below regional and state averages. The 2024–25 Baird data show that the average mill rate across all Wisconsin districts is about $7.05, with union high school districts averaging $2.35. Waterford's $3.99 is one of the lowest in the Southern Lakes region—lower than many peer districts such as Burlington, Elkhorn, and Salem. This advantageous tax position provides political and financial capacity for future referenda or capital projects without triggering significant taxpayer pushback.

The expenditure side of the equation also reveals disciplined fiscal management. Waterford's shared cost per member—a key measure of how much the district spends relative to enrollment—rose from about $11,300 in 2016 to nearly $16,000 by 2025. While this represents approximately 40 percent growth, the district has remained under the state's secondary cost ceiling for most of that time, indicating that expenditures are increasing in line with inflation and not outpacing reasonable thresholds. The district's operational accounts, represented through Fund 10, have grown steadily as well. Revenues increased from $13.7 million in 2016 to about $18.1 million in 2024, with expenditures moving nearly in parallel. In several years, Waterford generated small surpluses, while in others, expenditures slightly exceeded revenues. Overall, the pattern demonstrates a consistent capacity to balance the budget without resorting to short-term borrowing or deficit spending.

The district's fund balance—a critical indicator of fiscal health—strengthened notably during the early part of the decade. From 2016 to 2020, Waterford increased its fund balance from $7.5 million to $10.1 million, then stabilized around $7–7.2 million by 2024. In proportional terms, this represents a fund-balance-to-expenditure ratio ranging from 37 to 66 percent, far exceeding the state-recommended benchmark of 25–30 percent. This cushion provides liquidity, flexibility, and a safeguard against delayed state aid payments or unexpected expenditure spikes. For the district administration and board, this level of fiscal reserve indicates not only responsible management but also strategic foresight in maintaining community trust and financial independence.

When compared to nearby districts, Waterford's fiscal profile sits comfortably in the middle of the Southern Lakes region. With a fund balance near 42 percent of expenditures, it is neither among the most cash-rich nor among those with minimal reserves. Its revenue per member—around $14,120—places it above some regional peers but below high-revenue outliers. Its equalization-aid ratio of about 45 percent reflects a balanced but locally weighted funding mix, typical for suburban-rural high school districts. Importantly, Waterford's open-enrollment activity shows only modest net outflows, indicating strong student retention and program competitiveness relative to neighboring systems.

Baird's data also highlights the district's limited reliance on referenda compared to nearby districts. Several Southern Lakes districts, such as Burlington, Elkhorn, and Central/Westosha UHS, have used both recurring and non-recurring referenda to sustain operations or expand facilities. Waterford, by contrast, has exercised more caution, authorizing smaller-scale non-recurring measures without permanent base increases. Given Waterford's low tax rate and healthy fund balance, the district is well-positioned to pursue a targeted referendum in the future should strategic needs arise—particularly to protect instructional quality amid stagnant state aid or to fund capital improvements and technology modernization.

Taken together, the financial indicators in the Baird report suggest that Waterford Union High School District is in a position of fiscal strength, but with limited growth capacity under current state funding structures. The district's consistent mill rate reductions, healthy reserves, and balanced budgets are evidence of conservative management and effective stewardship of taxpayer resources. At the same time, demographic shifts and revenue-limit constraints will continue to compress future flexibility. For district leaders, this means that long-term sustainability will depend on proactive planning rather than reactive adjustments.

From a leadership perspective, several strategic themes emerge. First, Waterford's strong fund balance provides a valuable buffer for innovation—allowing the district to pilot programs, invest in student support systems, or enhance college and career readiness pathways without jeopardizing fiscal stability. Second, the low mill rate offers an opportunity to engage the community in transparent financial conversations about reinvestment, particularly as the district seeks to align its financial resources with its strategic mission. Third, maintaining vigilance around enrollment trends is essential; declining enrollment remains the single greatest risk factor to sustaining current service levels. Finally, continued transparency—using dashboards like Baird's Power BI visuals—can strengthen stakeholder confidence and reinforce the district's reputation for financial integrity.

In conclusion, the Robert W. Baird financial report portrays Waterford Union High School District as a financially sound, well-governed organization with a clear record of fiscal responsibility. Its balance sheets tell a story of prudence and stability rather than crisis or overextension. The district's challenge moving forward will be to convert that stability into strategic growth—leveraging its strong reserves, low tax rate, and community trust to sustain excellence in teaching and learning even as traditional revenue streams tighten. Waterford UHS stands as a model of fiscal health among its peers, poised to translate sound management into sustainable progress for its students and community.