

Loss of state aid wreaks budget havoc

Written by Mark Jaeger
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Northern Ozaukee budget hearing to address anticipated 10.5% increase in school tax levy

The Northern Ozaukee School Board anticipates trimming more than \$60,000 from this year's general fund budget, but officials are calling for a 10.5% tax levy hike in the 2010-11 budget.

The culprit, according to Business Manager Walter Clarke, is a dramatic drop in state revenue.

The district learned last week that it would receive \$2,850,059 in state equalization aid next year, a decrease of \$500,145, or 17.5%.

"It all comes down to the state not having the money, and after we've made all the cuts we can, it's falling back on the shoulders of the local taxpayers," Clarke said.

According to the budget that will be presented at a Monday, Oct. 25, public hearing, the proposed tax levy is \$6,471,799.

The property tax levy for 2009-10 was \$5,959,936, a 1.7% decrease from the previous year.

Another factor working against the school district in the budget cycle is the pattern of declining property values.

According to the state, district property values fell 5.58% in the past year.

Clarke said the increased share of educational costs and the decreased value of the local tax base means the tax rate needed to support the proposed school budget would be \$10.85 per \$1,000 of equalized value.

Last year's equalized tax rate for school purposes was \$9.04 per \$1,000.

"Had property values had remained the same, the tax rate would be \$10.24 (per \$1,000 of equalized value)," Clarke said.

Unlike some districts, Northern Ozaukee does not have the luxury of tapping into its cash on hand to cover part or all of the decline in state aids.

The district had a general fund balance of just less than \$712,000 at the end of the 2008-09 school year. That number is expected to plummet to \$68,600 by the end of the current school year.

That balance gives the district the ability to cover ongoing operating expenses when tax payments or other revenue sources have not yet come in.

The staggering drop came when revenue from the state's open enrollment process came up

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well short of projections. Most of that shortfall occurred when fewer-than-expected students enrolled the district's on-line school, Wisconsin Virtual Learning.

Those enrollment drops were not known until after the district hired staff for the current school year.

Total expenditures for the proposed budget are just over \$17 million, compared to 2009-10 expenditures of \$19.1 million — a decrease of 12.7%.

The public hearing on the 2010-11 budget will be held at 7 p.m. Monday in the Professional Development Room of Ozaukee High School, Room 424.