

## Northern Ozaukee tax rate drops 3.5%

Written by MARK JAEGER

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### Virtual school moves create new budget picture; some residents say reductions didn't go far enough

Residents of the Northern Ozaukee School District will see their school taxes drop an average of 3.5%, based on the 2011-12 budget adopted by the School Board Monday.

The equalized tax rate needed for the \$6,462,241 levy is \$10.47 per \$1,000 of property value, a decrease of 37 cents per \$1,000. Last year's tax levy was \$170,665 higher.

Despite the drop, the handful of residents who attended the annual budget meeting contended the tax reduction didn't go far enough.

"After seeing our school taxes go up 18% last year, a 3% drop is not quite making it," said one Town of Belgium resident.

Town of Fredonia resident Sandi Tretow echoed those sentiments.

"The decrease is welcome, but I hoped it would have been more after what we got hit with last year," Tretow said.

"I don't think taxing people to death is the answer."

District Business Manager Walter Clarke found his attention split in two directions as he gave the budget presentation — outlining the unusual circumstances that led to last year's soaring tax rate and detailing the steps officials took to ensure spending is held in check in the 2011-12 budget.

When enrollment in the district's online charter school, Wisconsin Virtual Learning, lagged markedly below projections last year, district revenues were off target by \$260,000.

To protect against that situation repeating, the district set up WVL as an independent charter operation this year. WVL Inc. assumed all assets and liabilities for the virtual program, paying the district rent for facilities and a 5% oversight fee.

"The district is now buffered from all financial impact of the virtual school," Clarke said.

He said the restructuring of the WVL debt allowed the district to show a net fund balance of \$418,657. Before the reorganization, the Fund 10 balance showed a deficit of \$165,000.

The balance is about 5% of the district's operating budget. The state Department of Public Instruction recommends district's maintain a fund balance of between 10% and 15%.

However, changes in various revenue sources put the district in a less favorable position.

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According to the district, open enrollment expenses for local children attending school outside the district will cost about \$244,000 more than last year, while the district takes in \$69,000 less for outside students attending local schools.

When the virtual school is removed from the equation, officials said open enrollment will cost the district about \$800,000.

“The board sees this as a serious issue,” said School Board President Paul Krause. “Some of this loss is based purely on demographics, with families tending to work (in communities) south.”

Interim Supt. Joe Gassert also addressed the open-enrollment dilemma.

“The district has to do a better job on its public image. That is the elephant in the room. There are a lot of good things happening here,” Gassert said.

He said three factors prevented the budget picture from looking brighter — the reduction of state aid, the open enrollment deficit and last year’s use of job stimulus money to artificially inflate revenues.

Combined, those elements added more than \$800,000 to the budget.

“If all of those factors would have remained the same, we would have been able to reduce the tax rate by 13.5%,” Gassert said.

Clarke noted that legislation limiting collective bargaining rights gave officials considerable leeway in setting pay rates and benefit levels.

Wages have been frozen, employees pay 5.8% of their retirement benefit and 15% of their insurance, and a high-deductible health plan is now offered by the district.

Krause said the board kept a close eye on expenditures.

“The part of the budget we control is spending and that is down about 10%,” he said.

“I am not saying we are all the way back, but it is a far better budget than we were facing last year. We are heading in the right direction.”

The board voted 7 to 1 to adopt the budget as presented, with Rick Hamm casting the lone vote against the plan.