

## Despite aid cut, school budget comes close to flat tax levy

Written by BILL SCHANEN IV  
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### **PW-S spending plan for 2012-13 includes funding for energy-cost saving initiative**

The Port Washington-Saukville School Board on Monday approved a revised 1012-13 budget that, despite being thrown a last-minute curve by a decrease in state aid, comes close to the district's goal of a flat tax levy.

The spending plan, which includes funding for a roughly \$2 million energy efficiency capital improvement initiative, results in a \$14.2 million property tax levy — a .35% increase of \$49,378 — that was also approved by the board.

The resulting tax rate of \$9.71 per \$1,000 of property value is a 34-cent (3.6%) increase from last school year, one that is due in part to an average 3.2% decrease in equalized property values in the school district.

On average, the owner of a \$175,000 property would pay an additional \$5.74 in school taxes, but how the rate affects taxpayers depends on how much property values decreased in their city, town or village.

While all five taxing entities in the school district lost property value, some lost more than others. Residents of communities that suffered the largest decreases in value are expected to see their school taxes decrease, while those who live in areas that had less of a decrease should see a tax hike.

For instance, equalized property values in the City of Port Washington decreased by about the average, so the owner of a \$175,000 property can expect to pay \$6.11 more in school taxes this year, according to school district figures.

The Village of Saukville had the smallest property value decrease, so village residents who live in the Port Washington-Saukville School District can expect to see the largest increase on their tax bills — \$22.47 for a \$175,000 property, according to district calculations.

Portions of the towns of Grafton, Saukville and Port Washington all experienced larger than average decreases in property value, which means school tax bills will decrease slightly in these areas.

In June, the School Board approved a budget that school officials thought anticipated key variables such as state aid and changes in property values. But last month, administrators were surprised by state aid calculations that showed the district, like the majority of school systems in Wisconsin, will receive less funding this year.

“We thought there could be a slight adjustment, but a decrease of this amount was definitely not anticipated,” Supt. Michael Weber said. “The loss of \$180,000 is not as significant as what some other districts experienced, but it's still quite significant.”

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“And we still do not have a sound explanation for why two-thirds of the districts in the state are receiving less aid.”

The decrease in state aid continues a recent trend in which local property taxes, as opposed to state aid, fund a greater share of education costs in the district. Until last school year, it was the state that bore that burden. This school year, local property taxes constitute 48% of the district operating revenue while state sources account for 44.7%. A number of other smaller funding sources make up the difference.

The loss of state aid could have been a larger problem had the school district financial outlook not been so positive.

For the first time in many years, the district began this year’s budget process without a proposed deficit. In addition, it retired its referendum debt last school year, taking the burden of a \$473,429 annual payment off the tax levy.

The district also ended last school year with a budget surplus of \$795,000, which was invested in fund equity. Fund equity is essentially the district’s savings account.

That set the stage for what administrators said was a unique opportunity — a capital improvement initiative designed to improve energy efficiency in buildings throughout the district.

Normally, school districts must win voter approval in a referendum to borrow more than \$1 million, but the Port Washington-Saukville School Board used an exemption that allows boards to authorize borrowing in excess of \$1 million for projects that improve energy efficiency.

The board on Monday approved a resolution that allows the district to increase its revenue limit to pay for the projects. It has authorized the borrowing of no more than \$2.27 million.

To soften the impact of the debt on the levy, the board decided to apply \$400,000 — half of last year’s budget surplus — from fund equity to the project.

This year’s payment on the 10-year loan is expected to be less than \$200,000, which administrators point out is less than half of what the annual payment on the referendum debt was.

The energy-efficiency projects include replacing existing lighting with LED fixtures and bulbs, weatherizing buildings, installing water conservation devices and vending machine energy controls, upgrading air-handling controls and recommissioning ventilation systems throughout the district. The project also includes the replacement of heating systems at Dunwiddie and Saukville elementary schools.

The district’s performance contractor, McKinstry, estimates a \$214,000 savings in energy and operational costs and potential incentives worth \$41,548, for about a 10-year payback on the project.

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“We’re very pleased that this budget allowed us a unique opportunity to address energy efficiency in our buildings,” Weber said. “The whole dynamic of the events surrounding this budget were very unusual, but we were able to take advantage of them to benefit our district.”