

SIDNEY COMMUNITY SCHOOLS

“We hold tomorrow in our hands.”

Board of Directors

Heidi Lowthorp – President
Alisha Ettleman – Vice-President
Erika Graham
Michael Daly
Matthew McLaren
Janet Lemrick – Board Secretary
Jennifer Maher – Board Treasurer

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Dear Patrons, Parents, and Friends of Sidney Community School:

The following is information regarding the April 4 voter approved Physical Plant and Equipment Levy referendum. Board members and I welcome the opportunity to discuss the information with you. March 27 at 7 p.m. at the Sidney Elementary School Cowboy Cafe, a meeting for public input will be held in conjunction with a School Improvement Advisory Committee meeting.

Gregg Cruickshank
Superintendent

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**Voted Physical Plant and Equipment Levy
Voter Referendum – April 4, 2017
Considerations and Information for the Public**

At their regular monthly meeting on January 23, 2017, the Sidney Board of Directors passed a resolution to put forth a voter approved PPEL (Physical Plant and Equipment Levy) referendum for a vote by the public. The referendum requires a simple majority (50% + 1) for approval. The referendum would allow the Board to levy from \$.0 to \$1.34 annually over a 10 year period for revenue to support facility maintenance and improvements, transportation purchases and repairs, and all aspects of technology implementation and use. The Board currently utilizes a board approved PPEL (\$.33 maximum levy) and "State Penny" (State Sales and Service Tax/SAVE) revenue for facilities, transportation, and technology.

Attached to the cover page is the following information:

- Page 1 is an explanation of the funds that are supported with property taxes and their allowable uses, and an explanation of General Fund Unexpended Fund Balance and Unspent Authorized Budget .
- Page 2 is an 11 year history of rates, taxable valuation, total \$ property tax asking, and annual unexpended fund balance history/ unspent authorized budget history.
- Page 3 is an overview of the 2016 – 17 revenue projections, considerations for 2016/17 maintenance, transportation, and technology projects, and future considerations for annual projects.
- Page 4 are rough estimates for future revenues in board approved PPEL and State Penny considerations for obligations out of PPEL and State Penny the next 10 years, other possible projects that would require significant revenues.
- Page 5 describes the potential revenue that could be generated from a voter approved PPEL, the debt service schedule for the General Obligation (GO) bond payment on the JH/HS, and considerations. **The debt on the JH/HS will be retired June 1, 2017.**
- Page 6 is an accounting of revenues and expenditures in PPEL and State Penny for the last 11 years. The source is the Iowa Department of Education's Certified Annual Report. **The district has expensed 92.77% of all revenues over an 11 year period.**

Important considerations:

- The Board **annually** sets the rate for the voter approved PPEL when they certify the budget. The Board also **annually** determines the mix of locally generated property taxes (land, commercial, and residential) and locally generated income surtax (an additional tax on state income tax paid by district patrons) when setting the rate.
- **The JH/HS will be paid off June 1, 2017. The rate on that payment will drop off the tax rolls for the 2018 budget (next year's budget). The rate for the last payment is \$1.52. The MAXIMUM voter approved PPEL rate that may be set annually is \$1.34.**
- The district has been on a pay as you go budget (reference the last bullet in the first section) with regards to facilities, transportation, and technology. The voter approved PPEL may be viewed as a "rainy day fund" which will provide a means to save revenue for future significant purchases such as roof replacement, possible step by step projects at the football field/track, heating and air (HVAC) replacement, purchasing buses, and keeping cutting edge technology in the hands of students and teachers.
- If reserves are not built up in PPEL and/or SAVE, major projects may have to be paid for out of the General Fund, putting the district's unspent authorized budget authority at risk. **If a district overspends its budget authority it can face prescriptive action from the Iowa Department of Education, lose its financial accreditation, and risk forced dissolution for repeated overspending over a period of years.**

Sidney Community Schools
Property Tax History, Unexpended Fund Balance History
and Unspent Authorized Budget History
2007 - 2017

Property taxes (land, commercial, property) are levied to support four school funds at Sidney. The rate is based on \$1,000 of valuation.

- **The General Fund (GEN)** which is the fund which supports the day-to-day operations of the district such as salaries and benefits for staff, utilities and fuel, facility maintenance/repair, textbooks and other instructional supplies.
- **The Management Fund (MGT)** which is used to pay the premium on property/casualty insurance, workmen's compensation claims, and unemployment claims. There is no limit on the levy.
- **The Physical Plant and Equipment Levy (PPEL)** which is used for facilities improvements, technology, and the transportation fleet. The maximum levy is .33 cents for a board approved PPEL. A voter approved Physical Plant and Equipment Levy (VPPEL) can be approved for 10 years by a majority vote of the registered voters of the district. The maximum levy is an additional 1.34. It can be used for the same purposes as PPEL in addition to bonding against anticipated future revenue. Sidney does not have a VPPEL.
- **The Debt Service Fund (DEBT)** which is used to make the debt payment on the Junior/Senior High School.

The two most important financial trends in the GENERAL FUND:

- **Unexpended Fund Balance (UFB)** is, from an accounting standpoint, the **CASH balance** in the General Fund at the end of the fiscal year. A school's fiscal year is July 1 - June 30.
- **Unspent Authorized Budget (UAB)** is the difference between the expenditures in the General Fund and the **maximum LEGAL** allowable expenditures in a fiscal year. It is the district's **authorized CREDIT CARD limit**. The authorization comes from the **Iowa Department of Education**. If a district overspends its budget authority then it can face prescriptive action from the Iowa Department of Education and lose its financial accreditation. **This is the only way a district can lose its financial accreditation.**

Below is a table which lists the levy rates for the various funds, the total rate, taxable valuation, total dollar tax asking, unexpended fund balance, and unspent authorized budget authority from 2007 - 2017.

YEAR	GEN	MGT	PPEL	DEBT	TOTAL RATE	TAXABLE VALUATION	TOTAL \$ ASKING	UFB	UAB
2007	13.43	.92	.33	2.67	17.34	81,169,864	\$1,409,837	\$587,619	\$432,345
2008	13.11	.91	.33	2.65	17.00	82,405,221	\$1,402,510	\$799,985	\$504,974
2009	11.68	.93	.33	3.11	16.05	86,412,437	\$1,389,839	\$826,557	\$602,202
2010	9.73	.67	.33	3.02	13.75	89,339,973	\$1,231,772	\$566,550	\$869,970
2011	9.74	.00	.33	2.34	12.41	98,881,052	\$1,229,789	\$398,934	\$1,109,533
2012	10.20	.49	.00	1.22	11.91	103,008,438	\$1,227,886	\$281,373	\$1,104,968
2013	9.13	.86	.00	2.25	12.25	116,235,480	\$1,426,781	\$9,010	\$1,119,948
2014	15.38	1.07	.13	2.22	18.79	117,051,715	\$2,202,845	\$295,950	\$1,226,313
2015	12.24	1.17	.33	2.04	15.78	127,850,091	\$2,022,275	\$407,617	\$1,229,701
2016	12.14	.77	.33	1.66	14.89	132,452,503	\$1,948,241	\$238,544	\$1,298,210
2017	11.30	.59	.33	1.52	13.74	171,441,582	\$2,332,675	Oct. 1, 2017	Oct. 1, 2017
Average	11.64				14.90	111% Inc.			

Total \$ asking was at the time of publishing and submitting budget. Debt service will be retired June 1, 2017. The district has 1 payment left.

**2016 PPEL/STATE PENNY Revenues and Transportation, Transoprtation,
and Technology Project Considerations as of February 15, 2016**

Est. PPEL/State Penny revenues through July 31, 2016
 Nov. 30, 2016 State Penny revenue balance \$219,703.17
 Est. State Penny revenues through July 31, 2016 \$282,085.00
 Total State Penny through July 31, 2016 \$501,788
 November 30, 2016 PPEL balance \$73,154
 Est. PPEL resources through July 31, 2016 \$30,000
 Total PPEL resources through July 31, 2016 \$103,154

EST. PENNY/PPEL AVAILABLE THROUGH JULY 31, 2016 \$604,942

*Per follow up with Raymond and bleacher repairman - repair the first row and motorize the bleachers will add 20 years to the life of those bleachers.

**It may be consideration to take the \$95,000 not used for a laptop payment to accomplish a bigger project.

2016 Summer Projects/Obligations - Proposed
 Loan payment on buses/portable classroom \$42,000 (1st of 4)
 Resurface Elementary gym floor \$22,000
***Repair and motorize JH/HS gym bleachers** \$32,000
 Remodel Elementary and Elem Gym Restrooms \$25,000
 Update Electrical at the Elementary \$12,500
 New Scoreboards for baseball/softball fields \$20,000
 Misc. expenses rest of fiscal year (15K per month) \$90,000
 New transmission Bus 04-3 \$7,500
****AC and heat Elementary Gym** \$100,000
 New Windows server \$13,000
 Paint Elem. exterior doors/JH/HS beige lockers \$4,000
EST. OBLIGATIONS THROUGH JULY 31, 2016 \$368,000.00
BALANCE \$236,942.00

Other yearly projects identified by Board, Maintenance Dir., and Adm.

- *AC/Heat only for weightroom/fitness center \$10,000
- *Mudjack uneven cement Elem parking and walks
- *Replace windows at JH/HS soft sills/panes
- *Install mini blinds on Elementary windows
- *Repair chain link fence at Elementary \$15,000 - \$20,000
- *Digital info sign at JH/HS
- *Grass infield BB and sprinklers BB/SB
- *Paint parking lots every 3rd year \$5,000
- *Maintenance JH/HS parking every 3rd year \$10,000 - \$12,000
- *Heat pump replacements at JH/HS \$8,000 - \$10,000
- *Retrofit high efficiency lights JH/HS
- *Periodic replacement of carpet

Ten Year Projection PPEL/STATE PENNY Revenue and Transportation/Technology/Facilities Considerations

Projected Revenue State Penny next 10 years

Year	Cert.Enroll.	Per Pupil\$	Total
2017-18	409	\$988	\$404,092
2018-19	390	\$1,007	\$392,370
2019-20	382	\$1,027	\$392,314
2020-21	374	\$1,048	\$391,952
2021-22	366	\$1,069	\$391,254
2022-23	358	\$1,090	\$390,220
2023-24	350	\$1,112	\$389,200
2024-25	342	\$1,134	\$387,828
2025-26	334	\$1,157	\$386,438
2026-27	326	\$1,180	\$384,680
Ave.	363.1	Total \$	\$3,910,348

*It is hard to project enrollment trends. In 2006 - 07 certified enrollment was 385.7. In 2014/15 it was 301.6. The number is known for 2017 - 18. Projecting close to a 20 student drop for 2018-19. Then guessed a 2% drop through 2026-27. I think this is a close to worse case scenario.

Projected Revenue Board PPEL

.33 already in place next 10 years
Using Piper Jaffray's static figure of \$57,141 per year over 10 years

Considerations for obligations next 10 years

	Total
Loan repayment Farragut buses/portable(3yrs)	\$126,000
Purchase 2 buses	\$170,000
Commitment to Technology	\$2,225,000
Roof replacement JH/HS	\$250,000
Yearly transportation/facilities/technology	\$1,250,000

ROUGH ESTIMATE TOTAL OBLIGATIONS \$4,021,000

Other Facility Considerations

*Lights for current FB field/track	\$24,000 - \$32,000 a pole
*New bleachers (1000 capacity) and press box current FB field/track	\$275,000
*All weather running track current facility	\$50,000 - \$75,000 per lane
*Pave east parking lot JH/HS	\$50,000 - \$60,000
*New bleachers JH/HS gym	\$85,000 - \$90,000
*New Career Tech/Ag/Auto at JH/HS	Architect
*FB field/track at JH/HS	Architect
*Remodel elem gym into gym/aud.	Architect
*Fine Arts auditorium at JH/HS	Architect

\$571,410 TOTAL \$4,481,758

10 YEARS

2016 - 17 \$236,942

CARRYOVER

ROUGH ESTIMATE

TOTAL AVAILABLE

RESOURCES

\$4,718,700

**Projected Revenue Generated and Considerations for
Sharing Information on a Voted PPEL**

Maximum Revenue Generated from a Voter Approved PPEL 2017 - 18 to 2026 - 27

*Assuming valuations stay flat at 2017 - 18 value of 176,354,740. Obviously valuations could go up or down

*The maximum revenue that can be raised, no matter the mix of property tax and income surtax, is the amount generated by a 1.34 cent **maximum** property tax levy.

176,354,740 valuation X \$1.34 = \$236,315.35 per year
\$2,363,153.50 over 10 years

Rates and Annual Debt Service After The Last JH/HS Bond Refinance. The debt will be retired June 1, 2017

Year	Rate	Valuation	Annual Debt Service
2012	\$ 2.50	\$ 103,008,438.00	\$ 257,180.00
2013	\$ 2.26	\$ 116,235,480.00	\$ 265,301.00
2014	\$ 2.22	\$ 117,051,715.00	\$ 262,727.50
2015	\$ 2.04	\$ 127,850,091.00	\$ 264,420.00
2016	\$ 1.66	\$ 130,519,338.00	\$ 220,170.00
2017	\$ 1.52	\$ 171,441,582.00	\$ 260,865.00
Voted PPEL			
2018 - 27	1.34 max	\$ 176,354,740.00	\$ 236,315.35

PPEL/STATE PENNY Expenditures and Revenues
 Certified Annual Report/Department of Education
 Generally Accepted Accounting Principles (GAAP)
 2006 - 2016

Total EXPENDITURES and other financing uses
 and downward prior period adjustments

Year	PPEL	State Penny
2016	18,257.12	542,678.40
2015	19,318.09	237,631.96
2014	6,556.34	295,926.38
2013	0	530,876.06
2012	24,313.33	276,667.77
2011	21,665.17	321,823.25
2010	27,232.69	556,617.55
2009	49,926.45	166,201.58
2008	15,088.01	182,347.24
2007	34,960.02	195,068.08
2006	89,646.17	269,662.26
TOTAL	306,963.39	3,575,500.53
		3,882,463.92

Total REVENUES and other financing sources
 and upward adjustments

Year	PPEL	State Penny
2016	44,019.57	570,820.81
2015	43,030.67	309,060.05
2014	15,060.65	287,401.81
2013	0	683,903.33
2012	25.59	280,224.85
2011	35,137.44	252,883.64
2010	35,951.14	487,291.25
2009	28,942.02	225,869.87
2008	28,185.39	231,593.29
2007	27,521.07	255,342.60
2006	96,671.74	246,149.50
TOTAL	354,545.28	3,830,541.00
		4,185,086.28

Difference between Revenues and Expenditures

302,622.36

Percent of Revenue Expensed Over 11 years

92.77%