

Questions and information for Odebolt-Arthur and Battle Creek-Ida Grove district patrons:

1. Please explain the difference in whole grade sharing compared to consolidation/reorganization...which is the better option and why?

Whole grade sharing allows two or more school districts to combine resources to provide educational programming for their students such as the current format for OA-BCIG with a sharing of grades 6-8 at the Middle School and the sharing of grades 9-12 at the High School. Schools with declining enrollments are typically the type of school districts that opt for whole grade sharing so that they can provide better educational opportunities for their students by sharing resources.

The reasons to choose to whole grade share include declining enrollment, declining fiscal resources and the inability to acquire the needed staff to meet accreditation requirements of the state or all three which is rather common. In addition school districts whole grade share in an effort to stabilize finances and protect or enhance academic programs when enrollments are stable.

The whole grade sharing agreement between the schools determines how costs will be shared by the districts. The districts pay each other for the costs to run the high school program for its students, the cost to run the middle school program for its students, the cost for special education instruction for its students, the cost for activity programs and the cost for transportation.

In a whole grade sharing arrangement the districts maintain separate school boards, typically they still maintain separate elementary schools and the districts will hold combined board meetings to discuss and make decisions related to whole grade sharing issues.

There are incentives from the state to help fund a whole grade sharing arrangement. The incentive is a weighting in the school foundation aid formula of one-tenth of the percentage of a pupil's school day during which the pupil attends classes in another district, attends classes taught by a teacher who is jointly employed under a 28E agreement, or attends classes taught by a teacher who is employed by another district.

Those incentives are available for three fiscal years if the school districts involved in the whole grade sharing agreement pass board resolutions to explore and pursue reorganization and provide updated progress reports on the sharing process and the steps undertaken to pursue reorganization to the state each year. The OA-BCIG whole grade sharing agreement utilized and exhausted these incentives several years ago.

Consolidation/Reorganization is the formal merger of two or more school districts that is approved by the patrons of each district through a special election. A majority vote in favor of the reorganization must be the result in the special election in each individual district.

With consolidation the original school districts that form the merged school district will officially cease to exist and one school board will be created to govern the newly created school district that will comprise the territory of the former school districts. All resources, property and land are combined to provide the staff, materials, equipment and facilities needed for the educational programs that will be offered by the new district.

School districts typically consider a reorganization when enrollment and resources, including budget authority have made it difficult to provide programming for students in a fiscally prudent manner on their own, it has become too difficult to meet the accreditation standards for school districts established by the state or when two or more districts choose to reorganize in an effort to ensure long term stability financially and academically for the good of the students, parents, families and patrons of their communities in an effort to maintain viable schools in their communities for the long term.

Typically whole grade sharing is utilized to stabilize the ability of neighboring school districts to provide programs for its students due to declining enrollment and declining resources and is the initial step taken towards a possible reorganization. Whole grade sharing was not intended to be a permanent fix but there are a few districts who have utilized whole grade sharing for many years. Those districts are the exception to the norm.

Reorganization typically follows whole grade sharing to help move two or more districts into a more fiscally stable situation that with a combined enrollment typically allows the new district to better meet accreditation standards and offer better educational programs.

2. What is the financial status of each school district today and what do you project the district's financial status to look like in the future as whole grade shared districts, as a consolidated district and as independent districts?

At this time both school districts are in excellent financial shape. For the purpose of estimating comparison budgets I will use estimated authorized budget authority, the estimated expenditures for each fiscal year and the estimated unspent authorized budget authority for each fiscal year. The initial estimates are based on the current status as whole grade sharing partners, the final estimate is based on estimates as if the districts were reorganized as a single district. Also included are calculated additional estimates based on what the districts might look like as stand alone districts.



**Projected Odebolt-Arthur-Battle Creek-Ida Grove as a Reorganized District:**

2014-2015 Budget Estimates:

Maximum Authorized Budget:	\$14,274,591
<u>Estimated Expenditures:</u>	<u>\$12,062,683</u>
Unspent Authorized Budget:	\$ 2,211,908

**2015-2016 Budget Estimates:**

Maximum Authorized Budget:	\$14,461,597
<u>Estimated Expenditures:</u>	<u>\$12,249,689</u>
Unspent Authorized Budget:	\$ 2,211,908

**2016-2017 Budget Estimates:**

Maximum Authorized Budget:	\$14,949,603
<u>Estimated Expenditures:</u>	<u>\$12,737,695</u>
Unspent Authorized Budget:	\$ 2,211,908

3. What would the district's property tax rates probably look like as independent districts and as a consolidated district?

**Property Tax and Levy Estimates if Reorganized during the 2015-2016 Fiscal Year:**

**Current Battle Creek-Ida Grove:**

General Fund and Cash Reserve Levy:	\$2,122,945	8.85224
<u>Instructional Support Fund Levy:</u>	<u>\$ 286,377</u>	<u>1.17987</u>
Subtotal General Fund Levy:	\$2,409,322	10.03211

Management Fund Levy:	\$ 168,718	0.70352
Voted PPEL Fund Levy:	\$ 325,243	1.34000
<u>Regular PPEL Fund Levy:</u>	<u>\$ 80,097</u>	<u>0.33000</u>
Total Property Taxes and Levy:	\$2,983,380	12.40563

**Current Odebolt-Arthur:**

General Fund and Cash Reserve Levy:	\$1,185,879	8.23610
<u>Instructional Support Fund Levy:</u>	<u>\$ 153,862</u>	<u>1.00274</u>
Subtotal General Fund Levy:	\$1,339,741	9.23884

Management Fund Levy:	\$ 226,103	1.57032
Voted PPEL Fund Levy:	\$ 186,648	1.21641
<u>Regular PPEL Fund Levy:</u>	<u>\$ 50,636</u>	<u>0.33000</u>
Total Property Taxes and Levy:	\$1,803,128	12.35557

**Estimated OA-BCIG:** (if funds were combined in the same amounts)

General Fund and Cash Reserves Levy:	\$3,308,824	8.62109
<u>Instructional Support Fund Levy:</u>	<u>\$ 440,239</u>	<u>1.11126</u>
Subtotal General Fund Levy:	\$3,749,063	9.73235
Management Fund Levy:	\$ 394,821	1.02870
Voted PPEL Fund Levy:	\$ 511,891	1.29213
<u>Regular PPEL Fund Levy:</u>	<u>\$ 130,733</u>	<u>0.33000</u>
Total Property Taxes and Levy:	\$4,786,508	12.38318

**FY16 Battle Creek-Ida Grove Property Values:**

Taxable Valuation (with gas and electric):	\$247,328,866 (w/o G/E)	\$239,820,105
<u>Tax Increment Valuation (with G/E):</u>	<u>\$ 2,898,604 (w/o G/E)</u>	<u>\$ 2,898,604</u>
Debt Service, PPEL, ISL Total (with G/E):	\$250,227,470 (w/o G/E)	\$242,718,709

**FY16 Odebolt-Arthur Property Values:**

Taxable Valuation (with gas and electric):	\$148,377,786 (w/o G/E)	\$143,985,502
<u>Tax Increment Valuation (with G/E):</u>	<u>\$ 9,456,313 (w/o G/E)</u>	<u>\$ 9,456,313</u>
Debt Service, PPEL, ISL Total (with G/E):	\$157,834,099 (w/o G/E)	\$153,441,815

**FY16 Estimated OA-BCIG Property Values:**

Taxable Valuation (with gas and electric):	\$395,706,652 (w/o G/E)	\$383,805,607
<u>Tax Increment Valuation (with G/E):</u>	<u>\$ 12,354,917 (w/o G/E)</u>	<u>\$ 12,354,917</u>
Debt Service, PPEL, ISL Total (with G/E):	\$408,061,569 (w/o G/E)	\$396,160,524

4. How much cash does each school district currently have and how much debt does each district currently have? What happens to both if the districts consolidate?

The current account balances for the two school districts as of November 30, 2015:

	Battle Creek-Ida Grove	Odebolt-Arthur
General Fund:	\$2,353,918.32	\$1,447,632.83
Management Fund:	\$ 643,473.11	\$ 625,311.65
Sales Tax (SAVE):	\$ 58,357.32	\$ -23,800.85
PPEL Fund:	\$ 369,493.05	\$ 93,759.96
Debt Service Fund:	\$ 197,313.53	\$ 0.00
Preschool Fund:	\$ 18,189.24	TAG: \$ -2,467.24
Activity Fund:	\$ 160,813.39	\$ 63,258.78
Nutrition Fund:	\$ 92,075.69	\$ 116,164.73
Donation Fund:	\$ 14,411.05	Trust: \$ 101,674.64
Revenue Bonds:	\$3,825,967.92	
Total All Funds:	\$7,734,012.62	\$2,421,534.50

Currently neither school district has long term debt funded through voted General Obligation Bonds so neither district has a bond fund levy. At this time the Battle Creek-Ida Grove School District has Revenue Bonds outstanding for the elementary building additions and renovations in 2013 and in 2015. The Revenue Bonds are issued against the Sales Tax (SAVE) Fund proceeds which is sales tax revenues the school district receives from the State of Iowa. Those sales tax revenues would continue to pay the principal and interest on those bonds

All account balances that exist at the time two or more school districts reorganize are combined together and become the assets or liabilities of the new district.

5. How will the two school districts facilities be utilized in the future? Will any buildings be closed?

At this time the Odebolt-Arthur School Building in Odebolt will continue to be utilized as an elementary school building and a middle school building. The two Battle Creek-Ida Grove School Buildings would continue to serve as the high school building and as an elementary school building.

This building grade level configuration and utilization plan would continue until sometime when financial efficiencies would make it necessary to change the grade level configurations and building utilization plan.

6. Is there a plan to upgrade the elementary/middle school building in Odebolt and the high school building in Ida Grove?

The school districts have a Combined Facilities Study Committee working at this time in an attempt to develop a master facility plan for the elementary/middle school building in Odebolt and the high school building in Ida Grove. It is our hope that this committee will assist the district in developing plans to appropriately address the district's academic and activity program needs, program and facility equity needs, program and facility handicapped accessibility needs and other needs that may be identified during this process.

By the end of the 2015-2016 school year or sooner the Combined Facilities Study Committee and the two school districts should have a plan developed for each of the facilities in question.

7. What would it cost the district's patrons to upgrade those existing facilities?

Until we have a finalized master facility plan the district will not be able to develop cost projections to address the issues that may end up as part of the final plan. Once costs have been developed they will be made available to the patrons of the district for review.

8. If the districts were to consolidate would any current teaching positions be eliminated?

Based on the current staffing plan and enrollment trends, the adjustments that have been made over the years of whole grade sharing to maximize the effectiveness and the efficiency of the two districts and the enrollment projections for the future there are no teaching positions that would be recommended to be eliminated as a result of reorganization at this time.

9. If the districts were to consolidate is the plan to move to grade alike buildings?

This building grade level configuration and utilization plan would continue until sometime when financial efficiencies would make it necessary to change the grade level configurations and building utilization plan.

10. If the school districts were to reorganize what would the school board look like? How many members, what areas or territory would they represent, how would they be selected, etc.?

The two school boards have been discussing the options that exist regarding what the school board would look like for a newly reorganized school district. The members of the board are working on the size of the board, five versus seven board members, how they would be selected, by director district or at large, or a combination of director districts and at large positions.

By statute the makeup of the board would have to represent the population of the two districts at the time of the reorganization using the most recent census numbers. The board members and the two districts legal counsel will have the proposed makeup of the new board developed and ready for review by the patrons of our districts in the near future.

11. How do school districts in a whole grade sharing agreement issue general obligation bonds through a general obligation bond referendum or vote of the patrons to address facility upgrades and additions?

It is possible in the State of Iowa for two or more local government entities to enter into an agreement to combine their resources to help pay for general obligation bonds. In this scenario the patrons of each district would vote separately on the general obligation bonds and if the voters approved the issuance of the bonds for facility improvements then each district would institute a debt service fund property tax levy to help pay for the annual principal and interest on the general obligation bonds.

I am not aware of two school districts running a shared general obligation bond referendum that was successful. It would be extremely complicated.

12. Is the process to issue general obligation bonds through a general obligation bond referendum or vote of the patrons different if the two school districts were reorganized?

A reorganized school district may submit a general obligation bond referendum before the patrons of the new school district. The process would be the same as for any other independent public school district in the state and if successful a property tax levy would be instituted to pay the annual principal and interest on those bonds that would apply to all property owners in the reorganized district.

13. How are general obligation bonds approved by the voters paid for by a school district involved in a whole grade sharing agreement?

If two school districts involved in a whole grade sharing agreement agreed to run a general obligation bond referendum and the patrons of each district voted to approve the general obligation bonds a debt service levy would be instituted by each district to raise the funds necessary to pay the annual principal and interest on the shared general obligation bonds.

14. How are general obligation bonds approved by the voters paid for by school districts who become reorganized/consolidated?

General obligation bonds approved by the voters of the newly reorganized school district are paid for through a debt service levy instituted by the school district to raise the funds to pay the annual principal and interest on the bonds. If one of the schools in a reorganized district had general obligation bonds from an earlier referendum than the patrons of that former district would be responsible to continue paying the annual principal and interest payments through a debt service property tax levy unless the newly reorganized district agreed as part of the reorganization referendum ballot language to take on that debt.