

**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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**Voter Approved Physical Plant and Equipment Levy (VPPEL)**

March 30, 2017

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

There was a productive and constructive exchange of information and ideas at the March 27 community meeting. Thank you to the community members that attended.

**Tuesday, April 4 is the date for the Voter Approved PPEL referendum. The polling place is the Fremont County Courthouse. The polls will be open from noon to 8 p.m. Absentee ballots are available from the Fremont County Auditor. The phone number is 374-2031. Please vote!**

The Board and Administration would like to summarize important considerations that are described in the packet.

- The last 11 years the district has spent 93 cents of every \$1 of Board PPEL revenue and State Penny revenue for facilities, transportation, and technology.
- Therefore, there are not significant reserves for future building projects, replacement of buses, and keeping cutting edge technology in the hands of students and staff.
- If there are not sufficient resources in PPEL and State Penny, the General Fund may have to be used, which may put the district's financial accreditation at risk.
- The general obligation bond on the JH/HS will be retired June 1, 2017. The levy rate on the last payment is \$1.52. The **maximum** levy rate on a VPPEL is \$ 1.34. The \$1.52 bond payment is all property tax. The \$1.34 levy rate on a VPPEL is a mix of property tax and income surtax. The **rate is set yearly by the Board** when they certify the budget, and may range from \$0.00 to \$1.34.
- The published property tax rate for 2017-18 is \$12.95. The 2016–17 rate is \$13.74. The Board will adopt the 2017-18 rate at the budget hearing on April 12 at 6 p.m. at the Boardroom located at JH/HS. **The adopted rate may not exceed \$12.95 even if the VPPEL is approved.**

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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 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 for Board Approved PPEL and State Penny, 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 Board Approved PPEL and State Penny the next 10 years, and 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 Board Approved 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 debt 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 projects 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 State Penny, 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, and Transportration,  
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
<b>Total State Penny through July 31, 2016</b>	<b>\$501,788</b>
November 30, 2016 PPEL balance	\$73,154
Est. PPEL resources through July 31, 2016	\$30,000
<b>Total PPEL resources through July 31, 2016</b>	<b>\$103,154</b>

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

**2016 Summer Projects/Obligations - Proposed**

Loan payment on buses/portable classroom	\$42,000 (1st of 4)
Resurface Elem gym floor/paint gym/new padding	\$26,000
<b>*Repair and motorize JH/HS gym bleachers</b>	<b>\$30,900</b>
Remodel Elementary and Elem Gym Restrooms	\$26,994
Update Electrical at the Elementary	\$2,865
New Scoreboards for baseball/softball fields	\$26,937
Misc. expenses rest of fiscal year (15K per month)	\$90,000
New transmission Bus 04-3	\$7,500
Weightroom AC and Heat	\$10,000
New Windows server	\$13,000
Paint Elem. exterior doors/JH/HS beige lockers	\$4,000
<b>EST. OBLIGATIONS THROUGH JULY 31, 2016</b>	<b>\$280,196</b>
<b>BALANCE</b>	<b>\$324,746</b>

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

*AC and Heat for the Elementary Gym	\$100,000
*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	
*Digital info sign at JH/HS	\$15,000 - \$20,000
*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\$	
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
<b>Ave.</b>	<b>363.1</b>	<b>Total \$</b>	<b>\$3,910,348</b>

\*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**

	<b>Total</b>
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 paking 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 CARRYOVER \$324,746**

**ROUGH ESTIMATE**

**TOTAL AVAILABLE**

**RESOURCES \$4,806,504**

**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** tax levy.

$$176,354,740 \text{ valuation} \times \$1.34 = \$236,315.35 \text{ per year}$$

**\$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	<b>1.34 max</b>	\$ 176,354,740.00	\$ 236,315.35
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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
<b>TOTAL</b>	<b>306,963.39</b>	<b>3,575,500.53</b>
		<b>3,882,463.92</b>

**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
<b>TOTAL</b>	<b>354,545.28</b>	<b>3,830,541.00</b>
		<b>4,185,086.28</b>

Difference between Revenues and Expenditures

302,622.36

Percent of Revenue Expended Over 11 years

92.77%