




SCHOOL DISTRICT REORGANIZATION FEASIBILITY STUDY




Why Reorganize or Consolidate Districts?

- Research shows: Typically, a school district will consolidate only when its "back is against the wall."
 - Typically, curriculum has been devastated, programs have been eliminated, severe financial problems have developed, and as a result no negotiating power is left to the district for consolidation over annexation.
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Reorganization Types

- A. CONSOLIDATION: The joining of 2 or more existing districts.
1. Petition by voters or boards,
 2. Public Hearing by Regional Supt.,
 3. State Superintendent Approval,
 4. Referendum Passed by voters.
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Reorganization Types

- B. ANNEXATION: A district is added to another district.
1. Petition by voters or boards,
 2. Public Hearing-Board of Trustees,
 3. Reg. Board. of Trustees Approval,
 4. Referendum Passed by Voters
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Illinois School District Reorganizations 1983-2007

- 52 Consolidations
 - 64 Annexations
 - 10 Deactivations
 - 4 Annexation/Conversions
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State Financial Incentives-Consolidation/Annexation

1. State Aid Difference-4 Years
 2. Teacher Salary Difference-4 Years.
 3. *Deficit Fund Balance-1 Year.*
 4. \$4,000 per Certified Employee.
-Orion and Sherrard qualify for #1, #2, and #4.
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Bonded Debt


- Orion = \$5,910,028 through 2021
- Sherrard = \$6,669,781 through 2019
- Bonded Debt stays with each district after a merger.
- Consolidated: Orion and Sherrard would have a \$10 million plus \$12.5 million debt margin to build a school.



Tax Rates 2004-2006

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Orion =	4.8025,	4.7996,	4.7445
Sherrard =	4.8079,	4.7894,	4.778685


Difference = $\frac{1}{2}$ cent, 1 cent, 3 cents



Equalized Assessed Valuation (EAV)

<u>YEAR</u>	<u>District</u>	<u>Total Tax Extended</u>
2006	Orion	\$4,788,808
2007	Sherrard	\$5,847,683
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Orion	EAV =	\$113,961,316
Sherrard	EAV =	\$122,370,000


Sherrard about 7% higher



Corporate Personal Property Replacement Tax (CPPRT)

2006	Orion	\$253,303
2007	Sherrard	\$178,856


Orion about 40% higher.



Revenue Sources

	<u>Orion</u>	<u>Sherrard</u>
Local	\$21,315,605	\$22,818,931
State	\$15,710,641	\$25,415,607
Federal	<u>\$1,134,303</u>	<u>\$2,270,921</u>
Total =	\$38,160,549	\$50,505,459

More state and federal \$ for Sherrard




Fund Balances- Education*

<u>District</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Orion	1,412,899	1,491,502	1,554,083
Sherrard	3,484,510	3,775,796	3,273,589

Orion Ed. Fund balance has increased over last 3 years, but Sherrard has double the Ed. Fund balance.

* Includes advanced taxes



Fund Balances-O. & M.*

District	2004	2005	2006
Orion	676,105	567,033	450,144
Sherrard	2,555,855	1,982,240	1,227,697

Orion O&M Fund balance down 16% and 20%
 Sherrard " " " down 22% and 38%
 Sherrard has triple the balance.

* Includes advanced taxes



Fund Balances-Transportation*

District	2004	2005	2006
Orion	503,252	286,592	319,600
Sherrard	1,221,006	898,138	772,320

Transportation balances have declined by 36% for both districts in the last 2 years.
 Sherrard has double the balance.

* Includes advanced taxes



Fund Balances-Education*

District	2004	2005	2006
Orion	-138,441	-49,801	-80,402
Sherrard	3,192,157	3,437,532	2,933,775

*Does NOT include advanced taxes



Fund Balances-O. & M.*

District	2004	2005	2006
Orion	407,205	306,242	169,641
Sherrard	2,689,003	1,926,620	1,171,510

*Does NOT include advanced taxes



Fund Balances-Transportation*

District	2004	2005	2006
Orion	404,119	189,677	216,716
Sherrard	1,017,359	875,890	749,824

*Does NOT include advanced taxes



2007 Projected Balances

District	Fund	Amount	Change
Orion	Education	1,279,931	Down 17%
Sherrard	Education	2,745,361	Down 16%
Orion	O. & M.	287,069	Down 36%
Sherrard	O. & M.	563,526	Down 54%
Orion	Trans.	266,990	Down 17%
Sherrard	Trans.	773,841	0% Change



Operating Expense Per Pupil

Orion	\$7,979
Sherrard	\$7,874



State Incentives Total for 4 Years

1. GSA Difference	\$107,512
2. Salary Difference	\$5,486,256
3. \$4,000/cert. staff	<u>\$1,808,000</u>
TOTAL for 4 Years	\$7,401,768



5 Yr. Balances w. No Changes in New District-Education Fund

2008	\$3,899,193
2009	\$2,494,420
2010	\$933,853
2011	\$7,168,881
2012	\$16,793,034 <i>1st Year with No State Incentives</i>

Unlikely to have change and have things remain the same.



5 Yr. Balances-Education Fund w. Adm./Office Reductions

2008	\$5,138,145
2009	\$5,651,911
2010	\$4,772,639
2011	\$1,391,438
2012	\$5,264,736 <i>No State Incentives</i>

Allows 5 Years to plan.



5 Yr. Balances O. & M. Fund

2008	\$145,387
2009	\$662,281
2010	\$1,509,900
2011	\$2,398,919
2012	\$3,330,837



5 Yr. Balances-Transportation Fund

2008	\$1,000,406
2009	\$ 929,964
2010	\$ 832,517
2011	\$ 707,039
2012	\$ 552,466



5 Yr. Balances Working Cash Fund

2008	\$1,565,536
2009	\$1,693,959
2010	\$1,827,840
2011	\$1,967,411
2012	\$2,112,914



Suggested 2007 Tax Rates

	Orion 2006	Sherrard 2006	New District 2007
Education	2.9000	2.5900	2.7400
O. & M.	0.5000	0.5000	0.5000
Transportation	0.2000	0.2000	0.2000
Tort	0.2281	0.326878	0.2770
Lease	0.0500	0.0500	0.0500
Sp. Ed.	0.0400	0.0400	0.0400
Life Safety	0.0500	0.0050	0.0050
Working Cash	<u>0.0500</u>	<u>0.0050</u>	<u>0.0050</u>
TOTAL	4.0181	3.806878	3.9070
Rounded	4.0	3.8	3.9



ISAT / PSAE Results

Both districts surpassed the state in overall achievement on the Illinois State Achievement Test and the Prairie State Achievement Exam.



RECOMMENDATIONS Option #1.

Do Nothing: Both Orion & Sherrard provide superior buildings and grounds, curriculum, and staff.

Problem with Option 1: Declining enrollment and its adverse effect on curriculum; budget deficits becoming fund deficits = not an option.



RECOMMENDATIONS Option #2.

Conduct an Attitudinal Study: Boards could survey residents to determine what is important to them - i.e. mascot, curriculum, athletics, taxes, local control, etc. *Depending upon the result, move to Option 1 or 3.*



RECOMMENDATIONS Option #3.

Move to Consolidation/Annexation: Select Committee of Ten to: Develop curriculum, set tax levy, decide staffing, determine efficient use of facilities, place students, reduce expenses and make wise use of state incentives. EXAMPLES & Back to Slide 3.

