



File copy

VADER SCHOOL DISTRICT #18

P.O. Box 190
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March 20, 2007

Calvin W. Brodie
Director School Apportionment and Financial Services
Old Capitol Building
P.O. Box 47200
Olympia, WA 98504 - 7200

Mr. Brodie:

Vader School District is responding to your letter dated August 31, 2006, which imposed binding conditions on the district.

In response to those conditions, the district board considered options which may possibly lead to the resolution of the current financial crisis including passage of a levy and consolidation of the school district.

We recently failed both a 3-year levy and a capital bond. Much time and effort was invested in educating the community about the importance of this election. This election was communicated as an election which determined whether or not to continue operating the Vader School District. We believe the community has spoken and a second election attempt would neither result in a different outcome, nor be resolved in time for notification of staff prior to May 15th.

Wishing the best for the children of our community and lacking the resources to provide them the quality education they deserve, we intend to begin the process of dissolving the Vader School District. A resolution to that effect is attached.

Present Financial Condition:

Vader School District is presently anticipating, before the adjustments discussed below, an ending fund balance in the range of a minus \$1500 to a positive \$4,000 at the conclusion of the 2006-07 school year. A deficit fund balance was projected for much of this year due to the double levy failure for 2007 collection and the lack of adequate fund balance to sustain the district through this period. Having failed a maintenance and operation levy for 2008, the district will not have sufficient funds to operate school in the 2007-08 school year.

The following conditions may have an additional impact on district finances.

- Six days of school were missed this year. One snow day was made up February 16th. Application will be made to OSPI to waive the other days.
- For the remainder of 2006-07 school will be held in the St. Mary's Academy facility located at 107 Spencer Road, Toledo WA. The move is anticipated to take place during spring break

(April 2 – 6.) Related costs include those of relocating supplies, increased transportation, rent, and utilities in the second facility.

Financial Plan - Dissolution of the District

The following plan was developed to allow the district to dissolve at the end of the 2006-07 school year without any debt remaining.

- First priority will be given to meeting contractual obligations to employees.
 - All staff will receive a notice of contract nonrenewal by April 15.
 - Retirement buy back obligations for vacation and sick leave will be determined immediately.
 - The district will reduce current staffing where allowable to avoid exceeding available resources.
 - The Superintendent's contract will not be extended beyond June 30, 2009. The district is currently obligated to an annual salary through that date.
- The district will reduce expenditures where possible to avoid exceeding available resources. This will most certainly include nonpayment of the May 2007 nonhigh payments to Toledo, Winlock, and Castle Rock. Other debts may also be held until it is determined whether sufficient cash is available.
- Possible sale of the current facilities and acreage (about 10 acres) will be investigated. The title appears to be clear of any conditions or restrictions. We anticipate encapsulating the building at the same time we move out in April. We also believe the building must be removed at an estimated cost of \$150,000.
- Liquidation value of the land and four buses will be examined for the purpose of meeting any remaining unpaid obligations.
- The State Auditor's Office will be asked to carry out a final audit review of district records.
- Negotiations will soon be underway between Vader and surrounding school districts pursuant to RCW 28A.315.015 (2) and - 315.025 (1). We seek to dissolve Vader School District territory and assets / liabilities into 1 or more of the surrounding districts prior to the beginning of the new school year. We hope to leave no debt or other obligation behind.
- Should negotiations fail the matter will be referred for resolution to ESD 113 or the Regional Committee on School Organization.

If there are additional questions or information needed, please do not hesitate to contact us.

Sincerely,



Dave Kandoll, Board Chair

Cc: John Molohon, ESD 113
Gordon Beck, OSPI School Facilities
Anne Shaw, AGO



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VADER SCHOOL DISTRICT 21-018

RESOLUTION NO. 06-07: 9

**A RESOLUTION AUTHORIZING DISSOLUTION OR CONSOLIDATION
OF THE VADER SCHOOL DISTRICT**

WHEREAS, RCW 28A.315.015 (2) provides that decisions on proposed changes in school district organization should be made, whenever possible, by negotiated agreement between the affected school districts. If the districts cannot agree, the decision shall be made by the regional committees on school district organization, based on the committees' best judgment.

WHEREAS, the state funding formula allocations for non-employee related costs is insufficient to provide textbooks, paper, copy machines and other non-employee related costs for the school district, and

WHEREAS, the state funding formula provides funding for less than half of our special needs students, and

WHEREAS, the district is required by RCW 28A.545 to make payments to high school districts serving Vader high school students "for educating and transporting nonhigh district students", and no state money is allocated for this purpose, and

WHEREAS, the supermajority requirement of 60% approval for passage of a levy or bond has made it difficult for the district to pass levies and bonds in the past, and

WHEREAS, the state funding formulas do not provide sufficient funds to operate the Vader School District without a local maintenance and operations levy as evidenced by the 2006-07 district budget.

WHEREAS, the district has failed the March 13, 2007 maintenance and operations levy and does not anticipate having sufficient funds to operate the Vader School District for 2007-08 or future years.

NOW, THEREFORE, BE IT RESOLVED that the board of directors of Vader School District 18, is being forced by these circumstances to cease operation as Vader School District 18 effective August 31, 2007, and through adoption of this resolution authorizes the superintendent and ESD 113 to begin the process of dissolution or consolidation with one or more of the surrounding school districts.

ADOPTED by the board of directors of Vader School District 18, Vader, Washington, at a regular meeting held March 20, 2007, notice of which was given as required by law, the following directors being present and voting therefore.

VADER SCHOOL DISTRICT 18 BOARD OF DIRECTORS

By *Steve Kandoll*
Board Chair
Michelle Lease
Board Vice Chair
Kari Riepke
Director

Carl Hart
Director
Al Halliford
Director
Johann Anshutz
Secretary