



# Harwood Unified Union School District

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Brigid Nease, Superintendent

Michelle Baker, Director of Finance/Operations

Sheila Soule, Director of Curriculum

Donarae Dawson, Director of Student Support Services

To: The Harwood Unified Union School Board  
Brigid Nease, Superintendent  
From: Michelle Baker, Director of Finance/Operations  
Date: October 19, 2017  
RE: October 2018 Report

## Update on Warren Insurance Claims

We are receiving the contractor invoices associated with the claims for the roof leak, mold and the water heater leak. The total amount of invoices received to date is \$252,317.21, with Stewart Construction's invoice for repair associated with the roof leak accounting to the majority of the expenses at \$161,405.00. Our insurer, VSBIT is evaluating the expenses and providing the applicable reimbursements under our policy. To date we have received reimbursement of \$54,947.33. The attorney for VSBIT is reviewing the invoice from Stewart Construction and will provide instruction on what the school district should pay. At this time, the total cost to the school district associated with the claim(s) is still unknown and I will continue to provide updated information.

Vendor/Service Provider:	Roof Leak Claim, including gym floor	Mold Claim(s)	Water Heater Leak Claim	
Mansfield Environmental Abatement Group	44,452.00		10,936.50	
Insurance (VSBIT Reimbursement)	(41,952.00)			
GW Savage	18,503.23	11,495.97	1,499.86	
Insurance (VSBIT Reimbursement)		(11,495.47)	(1,499.86)	
Stewart Construction	161,405.00			
Pring Plumbing & Heating	3,083.56			
Sherwin Electric Co., Inc.			941.09	
Total Expenses	227,443.79	11,495.97	13,377.45	252,317.21
Less VSBIT Reimbursement Received	(41,952.00)	(11,495.47)	(1,499.86)	(54,947.33)
Net Cost To Date				197,369.88

### FY2018 General Fund Financial Projections

Attached to this memo are the first financial projections for the current fiscal year for the general fund.

General fund revenues were budgeted at \$35,760,354 and are projected at \$36,043,335.42. The Education spending grant is reduced by \$190,861, year one of "recapture". The Small School Grant received is \$16,711 over budget and special education revenues are over budget based on special education expenditures being over budget, as the special education revenue is a reimbursement formula.

General Fund Expenditures were budgeted at \$36,294,313 and are projected at \$36,537,849. The estimated contribution to general fund balance at this time is \$39,446.

### FY2019 Budget

The administration is regularly meeting and working on development of the FY19 budget proposal. The board will receive the first draft of the FY19 budget on the November 15<sup>th</sup> meeting. There has been much discussion in the media regarding the state's Education Fund. I have attached an update on the FY18 Education Fund budget from the received from the AOE CFO, Emily Byrne, at a recent meeting. The gap is projected at 47.3+ million, depending on the increases included in FY19 school budgets.

### FY2017 Audited Financial Statements and Final Local Board meetings

Draft FY2017 audits for the SU and all member school districts are completed, except Harwood Union due any day, and final reports and are in the process of being issued by audit firm, RHR Smith and Co. When the final audit reports are received final meetings will be scheduled with all local school boards to accept the audit and conduct any necessary final business. We anticipate that all board will have their final meeting prior to Thanksgiving.

### HUHS Rwanda Field Trip

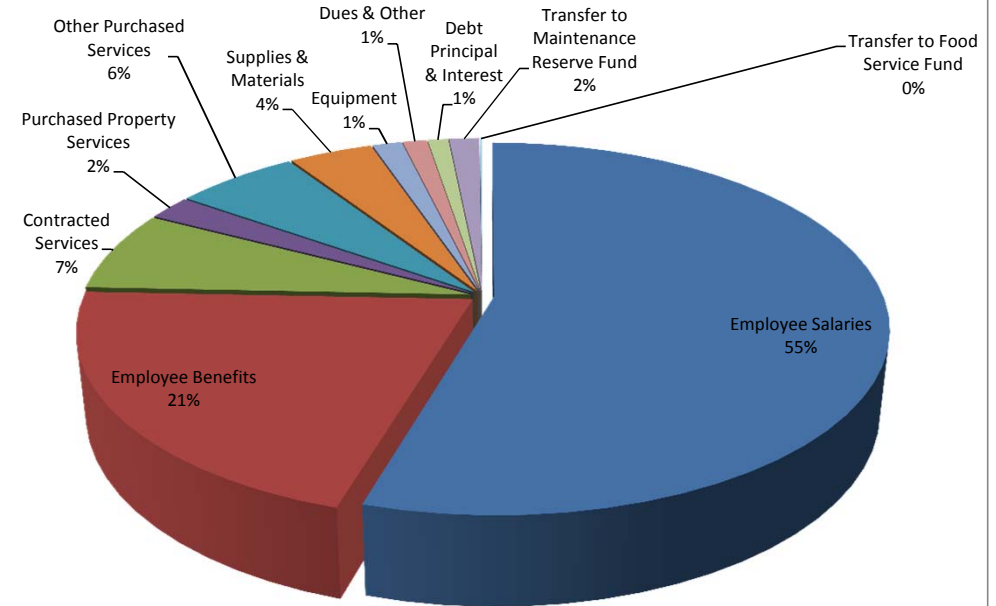
Per the established procedures for foreign field trips at Harwood Union, the trip to Rwanda has been approved for February 2018. It is anticipated a total of 18 students and 3 staff will be traveling along with staff from the VT Folklife Center. The district has purchased the usual foreign liability insurance policy and funds have been raised to pay the required deposit on airline tickets.

Please feel free to contact me with questions at any time.

## Harwood Unified Union School District- Financial Status at a Glance October 4, 2017

### Summary Of FY2018 General Fund

	2018 Budget	2018 Projections	
Total General Fund Revenue	\$ 35,760,354	\$ 36,043,335	
FY2015 Fund Balance to use in FY2017	\$ 533,959	\$ 533,959	
Total General Fund Revenue & Fund Balance	\$ 36,294,313	\$ 36,577,294	0.8%
Employee Salaries	\$ 19,827,925	\$ 20,132,585	
Employee Benefits	\$ 7,628,411	\$ 7,165,884	
Contracted Services	\$ 2,533,144	\$ 2,449,889	
Purchased Property Services - Services to operate/maintain building and grounds	\$ 770,613	\$ 801,720	
Other Purchased Services - Bus Transportation, Insurance, Advertising, etc.	\$ 2,168,997	\$ 2,733,129	
Supplies & Materials	\$ 1,469,858	\$ 1,387,164	
Equipment	\$ 522,909	\$ 550,039	
Dues & Other	\$ 433,450	\$ 378,434	
Debt Principal & Interest	\$ 363,947	\$ 363,947	
Transfer to Maintenance Reserve Fund	\$ 533,959	\$ 533,959	
Transfer to Food Service Fund	\$ 41,100	\$ 41,100	
Total General Fund Expenditures	\$ 36,294,313	\$ 36,537,849	0.7%
FY2018 Projected Contribution to General Fund Balance		\$ 39,446	



**FY2018 General Fund Expenditures**

### Long Term Maintenance Reserve Fund

Beginning Fund Balance, July 1, 2017	\$ -
Additions to the Maintenance Reserve Pending Interest Income	\$ 533,959
Maintenance Reserve Expense	\$ -
Maintenance Reserve Fund Balance October 2017	\$ 533,959

# Harwood Unified Union School District

## General Ledger - General Fund Reveue

Fiscal Year: 2017-2018 From Date: 7/1/2017 To Date: 10/4/2017

FUND / REVENUE CODE	FY18 Budget	FY18 Adj Budget	Year To Date	Budget Balance
<b>0010 - GENERAL FUND</b>				
1310 - TUITION	(\$28,000.00)	(\$28,000.00)	\$0.00	(\$28,000.00)
1311 - PRESCHOOL TUITION	(\$30,920.00)	(\$30,920.00)	\$0.00	(\$30,920.00)
1312 - TUITION	(\$252,000.00)	(\$252,000.00)	\$0.00	(\$252,000.00)
1510 - Investment Income	(\$99,500.00)	(\$99,500.00)	(\$6,239.57)	(\$93,260.43)
1900 - SU ASSESSMENT	\$0.00	(\$463.92)	(\$860.56)	\$396.64
1910 - RENTAL	(\$22,328.00)	(\$22,328.00)	(\$5,795.70)	(\$16,532.30)
1920 - BUILDING USE	\$0.00	(\$484.50)	(\$1,596.00)	\$1,111.50
1951 - CO-CURRICULAR REIMBURSEMENT	(\$14,000.00)	(\$14,000.00)	\$0.00	(\$14,000.00)
1980 - E-RATE	(\$11,000.00)	(\$11,000.00)	(\$33.00)	(\$10,967.00)
3110 - SOV EDUCATION SPENDING GRANT	(\$30,570,336.00)	(\$30,379,475.00)	(\$6,468,684.00)	(\$23,910,791.00)
3114 - SOV PYMT TO TECH CENTER	(\$122,544.00)	(\$122,544.00)	\$0.00	(\$122,544.00)
3145 - SOV SMALL SCHOOLS GRANT	(\$89,196.00)	(\$105,907.00)	(\$35,303.00)	(\$70,604.00)
3150 - SOV TRANSPORTATION AID	(\$460,846.00)	(\$460,846.00)	(\$154,183.00)	(\$306,663.00)
3160 - SOV HOLD HARMLESS DEBT	(\$5,000.00)	\$0.00	\$0.00	\$0.00
3201 - SOV MAINSTREAM BLOCK GRANT	(\$688,255.00)	(\$688,255.00)	(\$344,127.50)	(\$344,127.50)
3202 - SOV SPED REIMBURSEMENT	(\$2,374,081.00)	(\$3,124,081.00)	(\$428,280.00)	(\$2,695,801.00)
3203 - SOV SPED EXTRAORDINARY	(\$450,000.00)	(\$450,000.00)	\$0.00	(\$450,000.00)
3204 - SOV EEE GRANT	(\$144,348.00)	(\$144,348.00)	(\$72,173.50)	(\$72,174.50)
3282 - SOV DRIVERS ED	(\$5,000.00)	(\$5,000.00)	(\$1,615.57)	(\$3,384.43)
3308 - SOV VOCATIONAL TRANSPORT	(\$40,000.00)	(\$40,000.00)	\$0.00	(\$40,000.00)
3370 - SOV FLEXIBLE PATHWAYS	\$0.00	(\$1,183.00)	(\$1,183.00)	\$0.00
4810 - FEDERAL FOREST REVENUE	(\$10,000.00)	(\$10,000.00)	\$0.00	(\$10,000.00)
5001 - MISCELLANEOUS	(\$290,000.00)	\$0.00	\$0.00	\$0.00
5481 - MEDICAID GRANT	(\$53,000.00)	(\$53,000.00)	\$0.00	(\$53,000.00)
<b>0010 - GENERAL FUND Total:</b>	<b>(\$35,760,354.00)</b>	<b>(\$36,043,335.42)</b>	<b>(\$7,520,074.40)</b>	<b>(\$28,523,261.02)</b>
<b>Grand Total:</b>	<b>(\$35,760,354.00)</b>	<b>(\$36,043,335.42)</b>	<b>(\$7,520,074.40)</b>	<b>(\$28,523,261.02)</b>

End of Report



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## **Summary of the Education Fund**

August 30, 2017

### **Box 1 – As Passed Education Fund Status**

This box represents a summary of the sources and uses of the Education fund, appropriated and approved by the Legislature and signed by the Governor at the end of June 2017. The box demonstrates that the net of the base sources and uses of the education fund result in a \$35.2M operating deficit.

### **Box 2 – Use of One time Funds in FY 2018**

The Legislature passed, and the Governor signed a balanced budget. The operating deficit was mitigated through the use of \$35.2M in one-time funds, including, an assumed reversion from FY 2017, transfers from the stabilization reserve, and the use of unreserved/unallocated funds. The net of the sources, uses, and the use of one time money result in a balanced FY 2018 Education Fund. However, the use of one-time funds will create a challenge in FY 2019 (discussed below).

### **Box 3 – Revenue Changes Adopted by the Emergency Board**

On July 21, 2017 the Emergency Board adopted an updated revenue forecast for the Sales and Use Tax, the Purchase and Use, and the Lottery transfer. The net change in revenue for the education fund adopted by the Emergency Board was reduced \$2.8M; the adjusted operating deficit is \$37.9M.

### **Box 4 – Closeout Adjustments**

In addition to changes adopted by the Emergency Board, some estimates from FY 2017 were finalized. This adjusted the amount of unreserved/unallocated available by \$0.3M, increased the amount transferred from the stabilization reserve by \$1M and increased available prior year reversions by \$1.4M. The adjusted one-time sources match the operating need of \$37.9M.

### **Box 5 – Estimated FY 2018 Fund Positions**

At the end of FY 2018 the stabilization reserve is projected to be funded at 3.6%, with a balance of \$24.7M. Statute dictates that the fund must be between 3.5 and 5% (16 V.S.A. §4026). It is projected that the unreserved/unallocated balance the end of FY2018 will be zero.

### **Box 6 – FY 2019 Estimated Budget Gap Drivers**

In FY 2019 the Governor will have to propose a plan, and the Legislature will have to adopt laws, that reconcile the potential financial challenges. First, they will have to manage replacing one-time funds. Second, they will have to determine what level to fund the stabilization reserve. If increased to the statutory maximum of 5%, it require additional resources. These two issue will need to be reconciled with cost pressures as well as the rate of revenue growth.

*Note: numbers may not add to do rounding*

10/13 KASBO

## Update on the FY 2018 Education Fund Budget - August 30, 2017

Note: Numbers may not add due to rounding

**Box 1 - As Passed Education Fund**

<i>outlook reference</i> Sources		
1	Net Homestead Education Tax	416.2
2	Non-Homestead Education Tax	641.3
3	Sales & Use	139.4
4	Purchase & Use	35.6
5	General Fund Transfer	314.7
	One-time FY 18 GF transfer	3.3
6	Lottery Transfer	24.8
7	Medicaid Transfer	8.6
8	Other	1.6
9	Total Sources	1,585.5
Uses		
10	Education Payment	1,352.2
	VEHI Health Care Savings	(8.5)
11,16	Special Education Payment & EEE	187.1
12,13	State Placed Students & Transportation	35.4
14,19,20	Tech. Ed, Adult Ed, & Flexible Pathways	23.5
15	Small Schools	7.6
21	Community High Schools	3.2
22,23	Renter Rebate & Reappraisal & Listing	10.9
24	Teacher Pension - Normal Cost	7.9
25	Other	1.1
26	Total Uses	1,620.7
27	Operating Surplus/(Deficit)	(35.2)

(a)

**Box 2 - Use of One-time Funds in FY 2018**

Prior Year Reversions	1.3
Transfer from the Stabilization Reserve	7.8
Transfer from Unreserved/Unallocated	26.1
Total Use of One time Funds	35.2

(b)

(a) + (b) = 0

**Box 3 - Revenue Changes Adopted by the Emergency Board**

	As Passed	E-Board	Change
Sales & Use Tax Change	139.4	136.8	(2.6)
Purchase & Use Tax Change	35.6	35.4	(0.2)
Lottery Change	24.8	25.3	0.5
Other Sources	1.6	1.1	(0.5)
Total Revenue Changes			(2.8)
As Passed Operating Deficit			(35.2)
Adjusted Operating Deficit			(37.9)

(c)

**Box 4 - One-time Closeout Adjustments**

	As Passed	E-Board	Change
Prior Year Reversions	1.3	2.7	1.4
Transfer from the Stabilization Reserve	7.8	8.8	1.0
Transfer from unreserved/unallocated	26.1	26.4	0.3
Subtotal Closeout Adjustments			2.8
Total Adjusted Onetime Funds		37.9	

(d)

(c) + (d) = 0

**Box 5 - Estimated FY 2018 Fund Position**

Stabilization Reserve	
FY17 Closeout - 5%	33.5
Transfer out of stabilization reserve	(8.8)
FY 2018 Projected Reserve - 3.6%	24.7
Unreserved Unallocated	
FY 2017 Closeout	26.4
Use of Unreserved/Unallocated	(26.4)
FY 2018 projected unreserved/unallocated	-

**Box 6 - 2019 Estimated Budget Gap Drivers**

One time Money	37.9
Refilling the Reserve	8.8
Bring to reserve to 5%	0.6
Expenditure Pressures	????
Total	47.3