

November 29, 2017 FY2019 Budget Information and Updates

Update on Warren Insurance Claim and Renovation Project

The total expenses incurred to date for the insurance claims at the Warren School, including the roof leak, mold claim(s) and hot water tank leak are \$280,086. Reimbursement received to date from VSBIT on these claims is \$269,613. There is approximately \$40,000 in additional invoice for repairs anticipated. The estimated cost to the school district, after insurance reimbursements, is estimated at approximately \$9,000. Given the uncertainty of the amount of liability to the school district when the roof flooding and mold claims were initially incurred, this is very good news for the district.

The Warren renovation project is not yet complete. There are several small punch list items and the HVAC commissioning is yet to be completed; it is scheduled for the Christmas break. At this time it is estimated there are approximately \$30,000 contingency costs remaining from the bond which can be spent on additional building renovations. Also \$9,650 was received from Efficiency Vermont today. The estimate for the school's share of the gym flooring replacement, also tentatively scheduled over Christmas break \$6,858, (Total cost \$15,108, Insurance coverage for like replacement is \$8,250). After the gym floor and the school's share of the leak and mold repairs after insurance, there is still approximately \$24,000 available from the bond. There are still ongoing roof issues with the roof drains which have been determined to be capped. Ray recommends coordinating the repair of the roof with the storm water work scheduled for 2018.

November 29th Budget Presentation – Information/Agenda

- [VSBA Video Making Sense of Vermont's Education Funding System](#)
- HUUSD Current Homestead and Non-Residential Tax Rates
- Audited FY2017 Fund Balances/Surplus
- Long Term Debt Overview
- Revenues, Equalized pupils and detailed budgets available mid-December
- Continued Budget Discussions

HUUSD Current Homestead and Non-Residential Tax Rates

Calculation of 2017 Tax Rates					
	FY2018	FY2019			
Expenditures	\$ 36,294,313	\$ 37,597,585	Preliminary 11/15	3.6%	
Offsetting Federal, State and Local Revenues including available surplus	\$ 5,596,433	TBD			
Education Spending (Expenditures less Revenues)	\$ 30,697,880				
Equalized Pupils	1,828.33	TBD			
Education Spending per Equalized Pupil	\$ 16,790				
Yield (determined by legislature)	\$ 10,160	↓	Dec 1 Tax Commissioner Recommendation		
Equalized Homestead Tax Rate (ES per EP /yeild)	\$ 1.65				
Year #1 Incentive	\$ (0.10)	\$ (0.08)			
Equalized Homestead Tax Rate after incentive	\$ 1.5526				
		2017 Homestead Tax Rate	2017 Non- Residential Tax Rate - \$1.535/CLA		
Duxbury	99.71%	1.5571	1.5395		
Fayston	103.51%	1.5000	1.4829		
Moretown	98.52%	1.5759	1.5581		
Waitsfield	100.44%	1.5458	1.5283		
Warren	98.66%	1.5737	1.5558		
Waterbury	100.34%	1.5473	1.5298		

The statewide average spending per equalized pupil in FY2018 is 15,368.43. The excess spending threshold (32 VSA, Section 5401 (12)(B)) is \$17,816 for FY2019 based on a base year of FY2015 for both NEEP CPI and the figure for statement spending per equalized pupil.

Audited FY2017 Fund Balances

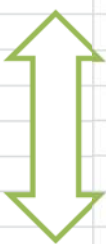
Title 16,

§ 567. Surplus

If an audit reveals that a school district has surplus funds, the school board shall carry the funds into the next year as revenue unless authorized by the voters, at an annual or special meeting warned for the purpose, to:

(1) deposit the funds into a reserve fund established pursuant to 24 V.S.A. § 2804; or

(2) use the funds for a specific purpose. (Added 2003, No. 107 (Adj. Sess.), § 4; amended 2013, No. 92 (Adj. Sess.), § 71, eff. Feb. 14, 2014.)



Can be "returned to the taxpayers" as revenue which lowers education spending and the tax rate

Can be contributed to maintenance reserve or other type of fund for a specific purpose, such as an operating reserve, per budget or separate

Some Combination of the above

Note - In FY2017 \$.01 on the tax rate, after the incentive, is approximately \$200,000

HUUSD Local, State & Federal Revenue

	<u>FY2018</u>	<u>FY2019</u>
<u>Local</u>		
PK Tuition Income	\$ 30,920	\$ 22,946 7 students
K-12 Tuition Income	\$ 280,000	\$ 280,000 20 students
Interest Income	\$ 99,500	
Bus Barn Rental & Facility Use Fees	\$ 22,328	
Town Rental Income	\$ -	
Co-Curricular and Admission Fees-HUHS	\$ 14,000	
Local Grants	\$ 64,000	
<u>State</u>		
Special Education Reimbursement	\$ 2,374,081	
Extra Ordinary Reimbursement	\$ 450,000	
Special Education Main Stream Block Grant	\$ 688,255	
Essential Early Education Grant	\$ 144,347	
Transportation Reimbursement	\$ 460,846	
Vocational Education Transportation Reimbursement	\$ 40,000	
Drivers Education	\$ 5,000	
Small Schools Grant	\$ 89,196	
<u>Federal</u>		
CFG/Schoolwide/School Improvement	\$ 290,000	
Federal Forrest Revenue	\$ 10,000	
Use of Prior Year Fund Balance/Surplus	\$ 533,959	Last year used towards Maint Reserve
Total Local State and Federal Revenue	\$ 5,596,433	

Ending General Fund Balances June 30, 2017 - All HUUSD Schools - Fund based per audited financial statements

	Fayston	Duxbury	Moretown	HUHS	Waitsfield	Warren	Watebury	WDSD	WWSU	FY2017 Total
Total General Fund Reveue	\$ 1,797,308	\$ 22,776	\$ 2,300,150	\$ 14,710,349	\$ 2,411,991	\$ 2,812,005	\$ -	\$ 12,566,326	\$ 1,767,110	\$ 38,388,015
Total General Fund Expense & Transfers	\$ (1,796,507)	\$ (22,172)	\$ (2,282,559)	\$ (14,250,236)	\$ (2,389,111)	\$ (2,706,608)	\$ -	\$ (12,543,065)	\$ (1,725,376)	\$ (37,715,634)
Contribution to General Fund in FY2017	\$ 801	\$ 604	\$ 17,591	\$ 460,113	\$ 22,880	\$ 105,397	\$ -	\$ 23,261	\$ 41,734	\$ 672,381
Fund Balance % Total Expense	0.0%	2.7%	0.8%	3.2%	1.0%	3.9%		0.2%	2.4%	1.8%

GENERAL FUND										
Per Audited Financial Statements June 30, 2016	\$ 99,928	\$ 4,503	\$ (20,667)	\$ 249,270	\$ 55,704	\$ (172,491)	\$ 4,165	\$ 611,492	\$ 46,245	\$ 878,149
Contribution to General Fund in FY2017	\$ 801	\$ 604	\$ 17,591	\$ 460,113	\$ 22,880	\$ 105,694	\$ -	\$ 23,261	\$ 41,734	\$ 672,678
Ending General Fund Balance June 2017	\$ 100,729	\$ 5,107	\$ (3,076)	\$ 709,383	\$ 78,584	\$ (66,797)	\$ 4,165	\$ 634,753	\$ 87,979	\$ 1,550,827
Nonspendable	\$ -	\$ -	\$ -	\$ (7,038)	\$ (1,989)		\$ -	\$ (5,513)	\$ (5,068)	\$ (19,608)
Committed to HUUSD Maintenance Reserve	\$ (43,364)	\$ -	\$ 68,459	\$ (249,270)	\$ (55,704)	\$ 172,491	\$ -	\$ (391,204)	\$ (35,367)	\$ (533,959)
General Fund Balance Uncommitted at June 30, 2017	\$ 57,365	\$ 5,107	\$ 65,383	\$ 453,075	\$ 20,891	\$ 105,694	\$ 4,165	\$ 238,036	\$ 47,544	\$ 997,260

2.7%
Pre-Audit Est
\$ 987,311

Long Term Debt (Over 1 year)

Bonds

Moretown Elementary School \$690,000, Merchants Bank Qualified School Construction Bond due in one principal installment of \$690,000 in March 2027 with interest at 1% per annum payable annually through March 2027. Deposits of \$39,000 remitted annually into a sinking fund through March 2027. Interest of 1%, applied to the sinking fund balance, also remitted annually into the sinking fund through March 2027. The sinking fund balance is irrevocably pledged to secure the principal payment at maturity. On June 30, 2017 the debt service fund/sinking fund has a fair market value of \$286,453.

2017 Principal & Interest	July 1, 2017 Outstanding Principal Balance	2018 Principal	2018 Interest	2019 Principal	2019 Interest	2020	2021	2022	2023
Principal & Interest									

\$ 45,900 \$ 690,000 \$ 39,000 \$ 6,900 \$ 39,000 \$ 6,900 \$ 45,900 \$ 45,900 \$ 45,900 \$ 45,900

Harwood Union MS/HS \$199,000, Merchant's Bank Qualified School Construction Bond due in one principal installment of \$199,000 in March 2027 with interest at 1.00% per annum through March of 2027. Deposits of \$11,000 remitted annually into a sinking fund through March 2027. Interest of 1.00% , applied to the sinking fund balance, also remitted annually into the sinking fund through March of 2027. The sinking fund balance is irrevocably pledged to secure the principal payment of the bond at maturity. On June 30, 2017 the debt service fund/sinking fund has a fair market value of \$80,378.

\$ 12,978 \$ 199,000 \$ 11,000 \$ 1,990 \$ 11,000 \$ 1,990 \$ 12,990 \$ 12,990 \$ 12,990 \$ 12,990

Warren Elementary School \$2,550,000, Vermont Municipal Bond Bank capital improvement bond of which \$2,320,390 has been drawn down. Principal payments of \$127,500 due annually and varying interest rates of 1.55% to 3.82% due semi-annually. Matures in November 2037.

\$ - \$ 303,705 \$ - \$ 92,820 \$ 127,500 \$ 75,652 \$ 201,068 \$ 198,754 \$ 196,197 \$ 193,388

Thatcher Brook Primary School \$3,605,000. Vermont Municipal Bond Bank 2015 Series 1 Refunding Bond due in annual principal installments of \$280,000 for the first six years and \$275,000 thereafter through November 2027. Interest ranging from 4.285% to 4.715% payable semiannually through November of 2027, with savings allocations ranging from \$637 to \$22,997 rebated from November of 2015 through November of 2027.

\$ 418,772 \$ 3,045,000 \$ 280,000 \$ 127,078 \$ 280,000 \$ 98,861 \$ 367,596 \$ 355,668 \$ 337,575 \$ 324,909

Long Term Debt (Over 1 year)

	2017 Principal & Interest	July 1, 2017 Outstanding Principal Balance	2018 Principal	2018 Interest	2019 Principal	2019 Interest	2020	2021	2022	2023
Duxbury School District \$165,000, Vermont Municipal Bond Bank 2007 Series 2 Refunding Bond payable with annual principal installments of \$15,000 through December 2017. Interest ranging from 4.85% through 5.40% payable semi-annually through December 2017. Savings allocations ranging from \$12 to \$803 rebated through December 2028, with the exception of fiscal years 2015 through 2018.	\$ 22,172	\$ 15,000	\$ 15,000	\$ 286	\$ -	\$ (331)	\$ (634)	\$ (643)	\$ (678)	\$ (533)
Notes										
Moretown Elementary School \$35,030, Vermont Environmental Protection Agency Water Construction loan due in annual principal, interest and administrative fee installments of \$674 through December 2030. In February 2012, \$25,000 of the loan balance was forgiven.	\$ 674	\$ 7,615	\$ 446	\$ 228	\$ 459	\$ 215	\$ 674	\$ 674	\$ 674	\$ 674
Harwood Union MS/HS \$62,028, Vermont Environmental Protection Agency Drinking Water State Revolving Fund capital improvement note due in annual principal, interest and administrative fee installments of \$4,169 through September 2031. Interest of 1.00% and administrative fees of 2.00% payable annually through September 2031. Originally authorized to borrow \$144,250. On December 1, 2009, executed the loan for \$101,029. On February 1, 2011 an amendment was issued, increasing the loan balance by \$43,221 to \$144,250. On September 4, 2012, \$82,223 was forgiven through an ARRA subsidy, decreasing the loan balance to \$62,028.	\$ 4,169	\$ 49,772	\$ 2,676	\$ 1,493	\$ 2,756	\$ 1,413	\$ 4,169	\$ 4,169	\$ 4,169	\$ 4,169
Harwood Union MS/HS \$48,450, Vermont Environmental Protection Agency Drinking Water State Revolving Fund water construction loan due in annual principal, interest and administrative fee installments of \$3,257 through November of 2031. Interest of 1.00% and administrative fees of 2.00% payable annually through November 2031. Originally authorized to borrow \$80,750. On February 18, 2015 an amendment was issued, decreasing the loan balance by \$7,300 to \$73,450. On February 2, 2015, \$25,000 was forgiven, decreasing the loan balance to \$48,450.	\$ 3,257	\$ 38,877	\$ 2,090	\$ 1,166	\$ 5,153	\$ 1,104	\$ 3,257	\$ 3,257	\$ 3,257	\$ 3,257

Long Term Debt (Over 1 year)

	2017 Principal & Interest	July 1, 2017 Outstanding Principal Balance	2018 Principal	2018 Interest	2019 Principal	2019 Interest	2020	2021	2022	2023
Harwood Union MS/HS \$25,000, Vermont Environmental Protection Agency Drinking Water State Revolving Fund water construction loan due in annual principal, interest and administrative fee installments of \$1,680 through September of 2032. Interest of 1.00% and administrative fees of 2.00% payable annually through September 2032. Originally authorized to borrow \$50,000. On February 2, 2015, \$25,000 was forgiven, decreasing the loan balance to \$25,000.	\$ 1,680	\$ 21,107	\$ 1,047	\$ 633	\$ 1,079	\$ 602	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680
Harwood Union MS/HS \$323,469, Vermont Environmental Protection Agency Drinking Water State Revolving Fund water construction loan due in annual principal, interest and administrative fee installments of \$21,742 through September of 2034 with the last payment of \$21,742 on September of 2035. Interest of 1.00% and administrative fees of 2.00% payable annually through September 2035. Originally authorized to borrow \$323,469.	\$ 21,742	\$ 311,431	\$ 12,399	\$ 9,343	\$ 12,771	\$ 8,971	\$ 21,742	\$ 21,742	\$ 21,742	\$ 21,742
Warren Elementary School \$127,000 Community National Bank capital improvement note due in five annual principal and interest installments of \$27,101 at 2.20% interest. Matured in July 2017	\$ 27,101	\$ 26,517	\$ 26,517	\$ 584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Bonds Expired in 2017</u>										
Moretown Elementary School 1996 Addition	\$ 56,676									
Crossett Brook Middle School Construction 1997	\$ 181,803									
Thatcher Brook Renovations 1997	\$ 22,951									
Harwood Union High School Addition/Renovations 1997	\$ 263,986									
		Principal Debt Assumed by HUUSD								
	\$ 1,083,861	\$ 4,708,024		\$ 632,697		\$ 675,094	\$ 658,442	\$ 644,191	\$ 623,506	\$ 608,176