



# Milton Town School District

42 Herrick Avenue, Milton, VT 05468-3097 (802) 893-3210 Fax: (802) 893-3213

Amy Rex, Superintendent [www.mtsd-vt.org](http://www.mtsd-vt.org) Donald P. Johnson, Business Manager

Date: January 4, 2019  
To: Board of School Trustees  
From: Don Johnson  
Re: Draft Fiscal Year 2018 Ending General Fund Balance Analysis

Fiscal Year 2018 Draft Financial Information is in the final stages of review and will bring a positive impact to the current Draft Fiscal Year 2020 Education Spending projection.

Education Spending, by definition, is the amount of funding required to be generated by the State of Vermont through property taxes and the General Education Fund to support a proposed local budget. Education Spending filters out all outside revenue sources and focuses on the sole components that require a levy of taxation at a local level.

The following information is in Draft Form but suitable for use in analysis and discussion.

## Draft FY2018 Fund Balance Analysis

### Nonspendable Fund Balance

- Cafeteria Fund Deficit & PPD Expenses \$759,500

### Committed Fund Balance

- Capital Repair & Replacement Reserve Fund \$1,205,225

### Assigned Fund Balance

- Fiscal Year 2019 Tax Levy Offset \$894,557

### Undesignated Fund Balance

- The Amount of Funding Available For Use \$1,008,529

Total FY2018 Fund Balance \$3,867,811

Now – Factor in \$292,000 of Improvements Funded Via Committed Fund Balance:

### Nonspendable Fund Balance

- Cafeteria Fund Deficit & PPD Expenses \$759,500

### Committed Fund Balance

- Capital Repair & Replacement Reserve Fund \$913,225 (Adjusted)

### Assigned Fund Balance

- Fiscal Year 2019 Tax Levy Offset \$894,557

### Undesignated Fund Balance

- The Amount of Funding Available For Use \$1,008,529

Total FY2018 Fund Balance \$3,575,811

Total Fund Balance Changes But Undesignated Remains Constant (Unchanged).

*Great Schools, Strong Community, Successful People*

Deferred Revenue is money that was owed to the District for Fiscal Year 2018 but the District didn't receive the money within 60 days after the fiscal year close of June 30, 2018. We have the money now but have to reflect it as Deferred Revenue in our financial statements.

Impact:

Undesignated Fund Balance

- The Amount of Funding Available For Use \$1,008,529

Deferred Revenue

- Money Owed for FY2018 Received After 60 Days \$852,489

Total FY2018 Undesignated Fund Balance & Deferred Revenue \$1,861,018

\$1,861,018 is the amount we have available to use towards offsetting the FY2020 Tax Levy. Initial analysis communicated \$1,569,018 before revision of Committed Fund Balance expenditures.

Impact to Fiscal Year 2020 (FY20) Education Spending

The Vermont Agency of Education has provided estimated FY20 revenue projections which immediately helped reduce our preliminary draft FY20 budget's education spending. If you recall our conservative estimated increase prior to revenue projections back on our December 10<sup>th</sup> meeting was 7.49%

With the release of FY20 revenue projections, primarily the Special Education and EEE revenues, our updated education spending increase has dropped to an estimated 5.64%

In order to achieve a FY20 education spending increase of 2.8%, a target similar to what we've utilized in the past, we would need to reduce education spending by an additional \$670,735

There are two (2) ways to reduce education spending:

- Reduce Unfunded Expenditures
- Increase Outside Revenue (Reducing Amount Required from the State of Vermont)

The current estimated 5.64% education spending increase already incorporates utilization \$1M of General Fund Balance as an offset to the tax levy. By having \$1.86M of Undesignated General Fund Balance plus Deferred Revenue available we have the ability of increasing that "Outside Revenue" source to achieve an estimated 2.8% Fiscal Year 2020 Education Spending Increase and still retain \$190,483 as a minimum operating fund balance – not really far off from what we've normally retained (\$300k).

Since we are now in theory at a 2.8% Estimated Education Spending Increase – the amount that impacts Property Tax – we can focus on the areas listed below to perhaps fund additional positions that administration deems necessary for the successful operation of Fiscal Year 2020.