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To: The Waitsfield School Board  
Brigid Nease, Superintendent  
Kaiya Korb, Principal  
From: Michelle Baker, WWSU Director of Finance  
Date: June 27, 2016  
RE: Tax Anticipation Notes and Fuel Bids for FY2017

#### Tax Anticipation Borrowing (TAN) – FY2017

Based on Waitsfield's estimated cash flow for fiscal year 2017, a Tax Anticipation Note of \$630,000 is recommended to provide the cash flow necessary to pay expenditures prior to the receipt of property tax payments.

Bids for FY2017 tax anticipation lending were received from Community National Bank, Merchant's Bank and People's United Bank. Based on an analysis of the bids, the recommendation is for a Tax Anticipation Note in the amount of \$630,000, with no prepayment penalty, for the period July 1, 2016 to June 30, 2017 with the People's United Bank at an annual interest rate of 1.35%. Available cash can be invested with the People's United Bank, up to the borrowed amount, at an interest rate of 1.55%. The guaranteed interest rate earnings over the loan amount is 0.40% for the fiscal year.

Estimated interest earnings and interest expense for the TAN and arbitrage investment compared to the FY2017 budget is below:

	FY2017 Budget	FY2017 Estimate
Interest Earnings	\$ 3,500	\$ 5,482
Interest Expense TAN	\$ 8,200	\$ 8,481
Net Interest	-\$ 4,700	-\$ 2,999

#### Heating Fuel Bids for FY2017

Heating fuel bids were received on May 26, 2016 from five companies. It has been the practice over the past years to pre-purchase fuel in the June-July time frame for the upcoming year. Purchasing heating oil this way guarantees the price for the upcoming year, avoiding potential significant fluctuations in price. The past experience has been that the price per gallon in June-July is generally at a lower point than in the heating season.

*The recommendation for FY2017 is to pre-buy 6,000 gallons for the 2016-2017 school year from Gillespie at a fixed, prepaid price of \$1.98/gallon+/-, there might be some price fluctuation which is estimated to be slight, due to changes in market conditions from today's price to tomorrow when the price is locked in. Any gallons not used will be refunded by June 30, 2017.*

The Waitsfield School District- Information on Heating Fuel Costs and Usage						
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Gallons Pre-purchased	7,000	6,000	6,000	6,000	6,000	6,000
\$/Gallon Pre-buy	\$ 3.30	\$ 3.09	\$ 3.07	\$ 3.30	\$ 2.47	\$ 1.98
Provider	SB Collins	Gillespie	SB Collins	Gillespie	Gillespie	<i>Recommend Gillespie</i>
<b>Actual Gallons Used</b>	<b>4,702</b>	<b>5,204</b>	<b>6,347</b>	<b>6,010</b>	<b>5,582</b>	
Actual Total Heating Oil Cost	\$ 15,505	\$ 16,079	\$ 19,455	\$ 19,832	\$ 13,787	11,880
Original Budget	\$ 32,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 22,500	\$ 22,500