

Supt Matt Handelman of the Coeur d'Alene School District sent this email to teachers and staff midmorning today, further explaining \$1.8M funding gap for Winton School remodel project:

From: Matthew Handelman
Sent: Wednesday, January 07, 2015 10:55 AM
To: SD271 Email
Subject: Winton in the news

Good morning, welcome back, and Happy New Year!

On December 18, I sent you all a holiday message which included acknowledgement of the approximately \$1.8M “funding gap” for the new Winton construction. At Monday night’s Board meeting, I presented much more detailed information about the events that led to this gap, and more specific numbers behind it. You might have read about it in the paper, so I wanted to be sure to clarify answers to a few questions you may still have after having read about it:

1. How did the gap occur?

- a. We did not realize nearly the savings on the other bond projects as was predicted by our COO last May. (We ‘saved’ \$1.3M less than predicted.)
- b. When the Board approved the contract for approximately \$7.3M (including the ‘extra’ wing of classrooms to expand Winton’s capacity), the COO did not inform the board or me that outside of this \$7.3M contract, there was a separate contract for architecture and engineering for the project for well over \$500,000.

These two items, added together, combine for the \$1.8M+ funding gap.

2. When was this gap (financial error) was “discovered”? After I took over the oversight of our finances (mid-October), I started examining the bond budget with the help of other district staff. In early November, this financial discrepancy became clear. I informed the Board about this issue in mid- to late-November, presenting it publicly at a school board meeting in December, with additional details shared earlier this week.

3. How we will bridge this gap? Several options were outlined for the Board on Monday night. We do have a fund balance. As I’ve shared with you in the past about this “savings account,” there are two tiers of this – one that is limited to emergencies by Policy (“Restricted” fund balance) and one that we can use to fund other needs (“Unrestricted” fund balance). We also have some real estate assets that we may consider selling. The Board decided to use the

unrestricted fund balance first, and possibly refill it at a later date by selling some of the real estate assets, once we have assessed how much we could possibly get in such property sales.

The bottom line: We do have a challenge, but we do have ways to fix this one-time expense. There may be some short-term budget challenges, but long-term, we will be fine.

Matt

