


REQUEST FOR BOARD ACTION

To: ESD Board of Education, Superintendent Bissonette
From: ESD Finance Director, Ron Patera 
Date: May 13, 2021
Business Date: May 17, 2021
Subject: Preliminary Budget

RECOMMENDATION:

Accept the Elizabeth School District preliminary budget as presented.

BACKGROUND AND FINDINGS:

Pursuant to CRS 22-44-108(1)(c), “the proposed budget shall be submitted to the board at least thirty days prior to the beginning of the next fiscal year”. The School Board has previously reviewed the budget and has been apprised of the basic assumptions that were made to create the budget.

The district still remains financially sound based on appropriately-funded reserves and as long as tax collections remain stable the district will continue to receive steady revenue from local and state resources. However, if there are unexpected problems either locally or nationally it could adversely impact the district’s funding levels.

As of the date of this memo, the school finance act had just been introduced yesterday. Fortunately, the funding level in the school finance bill is consistent with the revenue assumption staff used to determine the size of compensation levels for FY21-22.

Entering the 2021-2022 budget process, there were many questions about how the economy was going to respond to the reopening of businesses and if it would rebound to previous levels. Now six months later the economy has proven to be resilient, which has been reflected in the most recent economic report. The concern now is the effect of the stimulus overheating the economy and inflation depressing future consumer and commercial spending.

Some of the significant observations noted in the recent economic forecast include the following:

Ongoing risks

- Pandemic’s trajectory
- Extent of economic damage and its lasting effects (“scarring”)
- The full impacts of the pandemic recession and policy changes on income taxes still yet to be seen
- Additional federal stimulus: How much of a boost to consumer and business activity? What happens when the stimulus wears off?

Overall risks skewed to the upside

- Collections continue to surprise to the upside, additional stimulus, resiliency and innovation
- If upside risk materializes, revenue will be constrained by the Referendum C cap

The preliminary budget for the General Fund assumes that staffing levels will remain relatively static, step increases for all classifications, with increases to the base in the salary schedules, capital expenditures address the most pressing needs of the district, while supplies and purchased services spending remain relatively the same. To balance the budget and meet our spending needs, the district is utilizing the additional revenues while also spending down reserves.

FISCAL IMPACT:

With the current budget as presented, it is anticipated that the District will end the current fiscal year with a fund balance, including reserves of \$3,267,009 in the General Fund. For Fiscal Year 2021-2022 it is anticipated that the General Fund will end the year with a \$2,267,153 fund balance, which also includes reserves. This is a reduction of \$1,006,856 and it will leave the General Fund with a 10.3% ending fund balance as a percentage of expenditures.

A copy of the proposed capital list is attached for your review. The General Fund, along with the balance of the District's funds and their respective appropriations are as follows:

• General Fund	\$21,979,777
• Food Service Fund	\$647,368
• Grants Fund	\$323,000
• Pupil Activity Fund	\$730,000
• Self-Insurance Fund	\$1,830,000
• Student Activity Fund	<u>\$600,000</u>
o Total	\$26,110,145

General Fund
2021-22 Budget
Summary of Revenues, Expenditures & Fund Balance

	2019-2020 Activity	2020-2021 Adopted Budget	2020-2021 Activity to 3/31/2021	2020-2021 Estimated Actual	2021-2022 Proposed Budget
BFB	4,090,614	4,559,380	4,559,380	4,559,380	3,274,009
Revenues:					
Finance Act	19,599,218	17,851,044	12,860,039	17,851,044	19,436,012
Local Sources	2,361,730	2,603,500	1,662,588	2,883,500	2,831,500
State/Federal Sources	2,894,331	2,176,452	1,421,737	2,301,132	2,405,409
Total Revenues	24,855,279	22,630,996	15,944,364	23,035,676	24,672,921
Revenue Allocations	(3,864,674)	(3,550,000)	(2,360,851)	(3,550,000)	(3,700,000)
Revenues after Allocation	20,990,605	19,080,996	13,583,513	19,485,676	20,972,921
Total Available Funds	25,081,219	23,640,376	18,142,893	24,045,056	24,246,930
Expenditures and Transfers:					
Instructional Programs	13,635,403	13,692,640	9,747,297	13,213,198	14,149,243
Support Services	6,226,955	7,251,279	5,109,653	6,877,849	7,130,534
Other Expenditures & Transfers	576,000	680,000	485,000	680,000	700,000
Total Expenditures	20,438,358	21,623,919	15,341,950	20,771,047	21,979,777
Total Expenditures & Transfers	20,438,358	21,623,919	15,341,950	20,771,047	21,979,777
TABOR Reserve (9321)	-	576,234	-	-	634,933
Contingency (SPED)	-	124,000	-	-	124,000
Reserve for SHE Roof Replacement (9327)	-	180,000	-	-	225,000
Reserve for EHS roof replacement(9327)	-	160,000	-	-	213,333
Reserve for Supt contract (9322)	-	-	-	-	-
Reserve per District Policy (9315)	-	432,478	-	-	439,596
Assigned Reserves	-	1,472,712	-	-	1,636,861
Non-Assigned Reserves (9900)	-	543,745	-	-	630,292
Ending Fund Balance (Reserves Included)	4,642,861	2,016,457	2,800,943	3,274,009	2,267,153

General Fund
2021-22 Budget
Summary of Revenues

	2019-2020 Activity	2020-2021 Adopted Budget	2020-2021 Activity to 3/31/2021	2020-2021 Estimated Actual	2021-2022 Proposed Budget
Finance Act					
Property Taxes	6,521,044	6,697,931	2,934,833	6,697,931	7,389,972
State Equalization	11,666,700	9,916,536	8,816,738	9,916,536	10,811,612
Specific Ownership Taxes	1,411,474	1,236,577	1,108,468	1,236,577	1,234,428
	19,599,218	17,851,044	12,860,039	17,851,044	19,436,012
Other Local Sources					
Improvement fees	349,875	320,000	248,336	600,000	500,000
Cell Phone Tower Lease	79,126	40,000	40,654	40,000	58,000
Investment	68,156	30,000	60,746	30,000	50,000
Tuition/Fees/Other	554,000	590,000	538,606	590,000	600,000
Technology fee	34,972	33,500	34,728	33,500	33,500
MLO	1,275,601	1,590,000	739,518	1,590,000	1,590,000
	2,361,730	2,603,500	1,662,588	2,883,500	2,831,500
State/Federal Sources					
Vocational		20,000	9,777	20,000	20,000
ECEA	674,341	518,000	518,196	718,000	518,000
Transportation	206,496	220,000	210,033	220,000	220,000
IDEA	416,659	429,910	257,535	429,910	429,910
IDEA Preschool	18,276	18,320	-	18,000	18,320
READ Act	28,764	50,000	28,764	50,000	50,000
Other Federal Sources/Misc. Rev	188,825	100,000	151,448	100,000	100,000
Rural Schools	203,328	325,000	245,984	325,000	379,179
Safety Grant		75,000			75,000
COVID-19 funds(CRF & ESSER)	836,919				
ESSER v.1		97,276		97,276	
SSRG		53,196		53,196	
ESSER II					395,000
ESSER III					200,000
HTI		141,500		141,500	
RISE Grant		128,250		128,250	
Insurance Proceeds	41,000				
State On Behalf Payment(PERA)	279,723				
	2,894,331	2,176,452	1,421,737	2,301,132	2,405,409
Total Revenues before Allocations	24,855,279	22,630,996	15,944,364	23,035,676	24,672,921
Revenue Allocations:					
Total Revenue Allocations	(3,864,674)	(3,550,000)	(2,360,851)	(3,550,000)	(3,700,000)
	(3,864,674)	(3,550,000)	(2,360,851)	(3,550,000)	(3,700,000)
Total Revenues after Allocations	20,990,605	19,080,996	13,583,513	19,485,676	20,972,921

General Fund 2021-22 Budget Summary of Expenditures					
	2019-2020 Activity	2020-2021 Adopted Budget	2020-2021 Activity to 3/31/2021	2020-2021 Estimated Actual	2021-2022 Proposed Budget
Instructional Programs:					
Running Creek Elementary	2,414,119	2,581,941	1,854,396	2,491,573	2,686,790
Singing Hills Elementary	2,797,449	2,745,942	1,978,451	2,649,834	2,870,511
Elizabeth Middle School	2,998,469	3,245,155	2,257,111	3,131,575	3,352,197
Elizabeth High School	4,758,633	5,079,602	3,571,844	4,901,816	5,239,745
Frontier High School	666,733	40,000	85,495	38,400	-
	13,635,403	13,692,640	9,747,297	13,213,198	14,149,243
Support Services:					
Special Services	1,464,609	1,458,133	1,120,078	1,399,378	1,486,540
Board of Education	96,615	99,000	68,887	95,535	119,000
Office of the Superintendent	438,671	325,444	180,143	314,053	338,127
Fiscal Services and Human Resources	549,577	556,206	388,493	536,739	570,777
Technology Services	605,426	633,328	422,404	611,162	647,462
Facility Services	334,871	390,701	307,201	377,026	424,220
Transportation Services	1,331,031	1,343,577	955,302	1,296,552	1,351,005
District-Wide Support	577,986	1,531,766	1,013,343	1,366,239	1,254,179
Early Childcare	828,169	913,124	653,802	881,165	939,223
	6,226,955	7,251,279	5,109,653	6,877,849	7,130,534
Other Expenditures & Transfers:	576,000	680,000	485,000	680,000	700,000
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Total Expenditures	20,438,358	21,623,919	15,341,950	20,771,047	21,979,777