



GARFIELD SCHOOL DISTRICT NO. Re-2
Encourage, nurture and challenge every student, every day.

FISCAL YEAR 2021 BUDGET JULY 1, 2020 – JUNE 30, 2021

RE-ADOPTED ON JAN 25, 2021

WWW.GARFIELDRE2.NET

Date of Publication

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OUR COMMITMENTS:

VISION:

Our vision is to encourage, nurture and challenge every student, every day.

MISSION:

To provide engaging educational experiences in a safe environment to students and staff which results in exemplary learning & teaching.

VALUE STATEMENT:

Continuously improve climate and culture; improve student achievement; be prudent stewards of district finances; committed to servant leadership with our communities; recruit, retain and professionally develop qualified staff.

This document presents the Fiscal Year 2020-21 re-adopted budget for the Garfield School District No. Re-2 (the District). In accordance with state law, the District operates on a July 1 to June 30 fiscal year.

Per Board Policy DBG, the Board shall officially adopt the budget and an accompanying appropriations resolution prior to the end of the fiscal year. After adoption of the budget, the Board may review and change the budget with respect to both revenues and expenditures at any time prior to October 15 of the fiscal year for which it was adopted. After October 15 the Board shall not review or change the budget except as otherwise authorized by state law including declaration of a fiscal emergency. Per Colorado state statute, C.R.S. 22-44-110(5), the board may review and change the budget with respect to both revenues and expenditures at any time prior to January 31. The Board unanimously approved the District's Re-adopted Budget on January 25, 2021.

The District's total appropriation for FY 2020-2021 is \$82,831,301. Compared to the prior year appropriation of \$90,553,280, this is a decrease of \$7,721,979 or -8.53%.

The District's budget includes the following seven major funds:

- General
- Food Service
- Designated Purpose Grant
- Pupil Activities ed
- Bond Redemption
- Capital Projects
- Pupil Activity Agency

The General Fund is the largest and most significant fund. It is used to account for resources associated with the general operations of the District. The FY20-21 General Fund appropriation is \$54,410,003. Compared to the prior year's appropriation for General Fund expenditures of \$52,026,216, this is an increase of \$2,383,787 or 4.58%.

The District has operated at a deficit of approximately \$1 million per year in its General Fund from FY12 to FY17. The FY18 original budget reduced the budget deficit to (\$488,950) primarily due to \$500,000 in budget cuts at the District Office. The FY19 original budget further reduced the budget deficit to (\$221,753). The FY20 budget had a surplus of \$1,840,325. This was due to a combination of the following changes in the FY20 budget from the FY19 original budget: a \$4,732,333 revenue increase, primarily to the 2018 Mill Levy Override, a \$4,159,857 expenditure increase, primarily due to salary and benefit increases, and a (\$1,489,603) fund transfer decrease, primarily due to a reduction in capital projects spending and a reduction in the Food Service Fund transfer. In fiscal year 2020, the district received a total of \$3,322,458 in CARES Act Funding. \$2.83 million was designated CRF (Corona Relief Funds) with a "use it or lose it" date of 12/30/20. \$493,000 was designated

ESSER (Elementary Secondary School Emergency Relief) with a must use date of September 2021. For fiscal year 2020-21, the FY 21 budget is projected to have a revenue decrease of \$4,502,411, primarily due to an almost 15% reduction in state funding due to the Corona-virus pandemic. Fund transfers of \$510,489 remain relatively stable, with a slight reduction in funding of \$75,000.

BUDGET RESOLUTION
GARFIELD SCHOOL DISTRICT NO. RE-2
RIFLE, COLORADO

2020-2021 Re-Adopted BUDGET RESOLUTION
FISCAL YEAR ENDING JUNE 30, 2021

General Fund		
Beginning Fund Balance	\$	15,606,380
Budgeted Revenues		54,410,003
Allocations / Transfers to Other Funds		<u>(905,000)</u>
Appropriation by Fund:		
Total General Fund (includes \$3,278,862 of Unassigned Fund Balance)	\$	54,410,003
Food Service Fund		1,471,714
Designated Purpose Grant Fund		1,241,236
Pupil Activities Fund		880,605
Bond Redemption Funds		22,274,596
Capital Projects Fund		2,469,000
Agency Fund		84,147
TOTAL APPROPRIATION	\$	<u>82,831,301</u>

BE IT RESOLVED by the Board of Education of Garfield School District No. Re-2 that the amounts shown above be the re-adopted budget for the school district for the fiscal year beginning July 1, 2020 and ending June 30, 2021.

Adopted this 25th day of January 2021.

GARFIELD RE-2 SCHOOL DISTRICT

By:

____ Anne Guettler, President

Board of Education

PROFILE OF THE SCHOOL DISTRICT

The District is a corporate body, and a political subdivision of the State of Colorado. The District was formed in 1963 and encompasses 822 square miles in Garfield County, which is located on the Western Slope of the Rocky Mountains. It is one of three public school districts within Garfield County. The District includes the incorporated communities of Rifle, Silt, and New Castle. The majority of the students reside within these three communities.

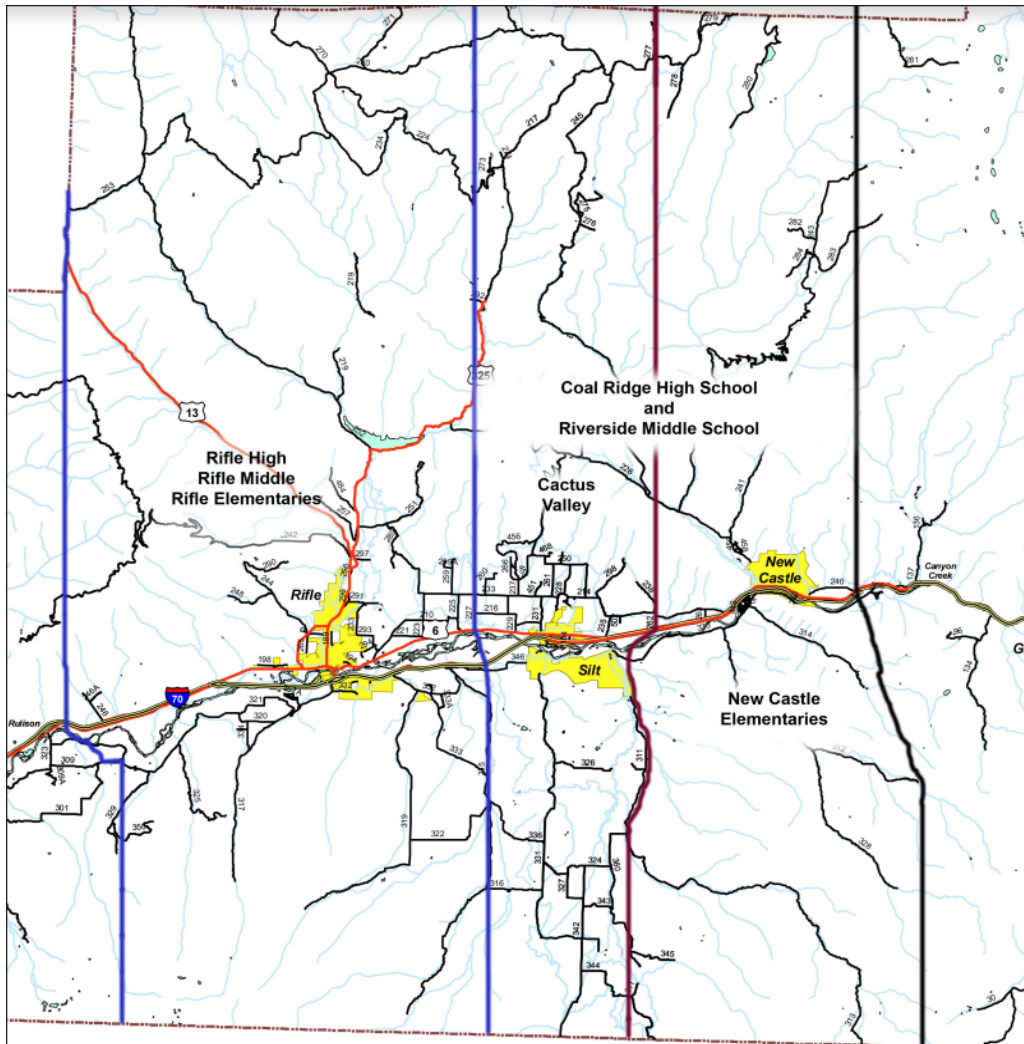
The District educates students from preschool through 12th grade. The District's estimated funded enrollment for FY21 is 4,535 students, which represents a 5.56% decrease compared to FY20 actual enrollment of 4802. This projected decrease is due to homeschooling and other on-line learning options imposed by the Corona-virus pandemic. The District operates ten schools, listed by educational level and community below.

Educational Level	School	Community	Projected Enrollment*
Elementary Schools	<i>Highland</i>	<i>Rifle</i>	<i>444</i>
	<i>Graham Mesa</i>	<i>Rifle</i>	<i>404</i>
	<i>Wamsley</i>	<i>Rifle</i>	<i>349</i>
	<i>Cactus Valley</i>	<i>Silt</i>	<i>401</i>
	<i>Kathryn Senor</i>	<i>New Castle</i>	<i>275</i>
	<i>Elk Creek</i>	<i>New Castle</i>	<i>242</i>
Middle Schools	<i>Rifle</i>	<i>Rifle</i>	<i>614</i>
	<i>Riverside</i>	<i>Silt / New Castle</i>	<i>479</i>
High Schools	<i>Rifle</i>	<i>Rifle</i>	<i>774</i>
	<i>Coal Ridge</i>	<i>Silt /New Castle</i>	<i>553</i>

*as of 10/23/20

The District's focus is to bring together all communities and schools, and operate as a unified district. A map of the District is on the following page.

DISTRICT MAP



DESCRIPTION OF THE GOVERNANCE STRUCTURE

The District governance structure consists of a Board of Education with five members, a Superintendent, Assistant Superintendent, and multiple directors and school principals, who report directly to the Superintendent.

BOARD OF EDUCATION:

Role	Representative
<i>President</i>	<i>Anne Guettler</i>
<i>Vice-President</i>	<i>Katie Mackley</i>
<i>Secretary</i>	<i>Meryia Stickler</i>
<i>Treasurer</i>	<i>Thomas Slappey</i>
<i>Board Member</i>	<i>Jason Shoup</i>

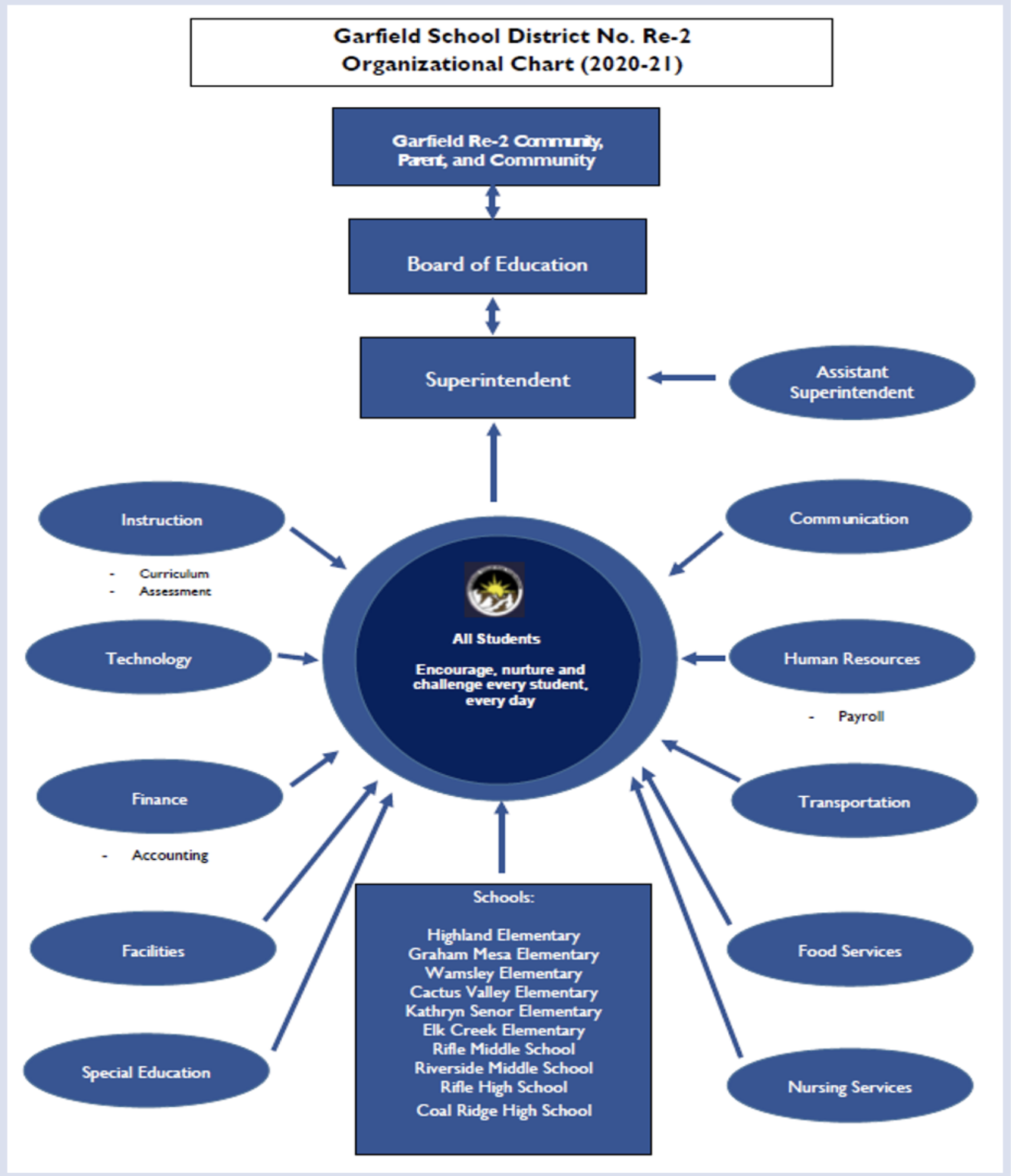
ADMINISTRATION & OPERATIONS:

Role	Representative
<i>Superintendent</i>	<i>Heather Grumley</i>
<i>Assistant Superintendent</i>	<i>Lisa Pierce</i>
<i>Director of Curriculum & Assessment</i>	<i>Julie Knowles</i>
<i>Director of Technology</i>	<i>Roger Gose</i>
<i>Director of Special Education</i>	<i>Denise Rahe</i>
<i>Director of Communications</i>	<i>Theresa Hamilton</i>
<i>Director of Nursing</i>	<i>Sarah Bell</i>
<i>Director of Facilities</i>	<i>John Oldham</i>
<i>Director of Transportation</i>	<i>Penny Kuper</i>
<i>Director of Nutrition Services</i>	<i>Mary McPhee</i>
<i>Director of Human Resources</i>	<i>Kayla Reece</i>
<i>Chief Financial Officer (Acting)</i>	<i>Dr. David Trautenberg</i>

BUILDING PRINCIPALS:

School	Principal
<i>Highland Elementary</i>	<i>Rich Hills</i>
<i>Graham Mesa Elementary</i>	<i>Brian Sprenger</i>
<i>Wamsley Elementary</i>	<i>Kathi Senor</i>
<i>Cactus Valley Elementary</i>	<i>Kelly Detlefsen</i>
<i>Kathryn Senor Elementary</i>	<i>Jana Price</i>
<i>Elk Creek Elementary</i>	<i>Ryan Fideldy</i>
<i>Rifle Middle School</i>	<i>Jennifer Nipper</i>
<i>Riverside Middle School</i>	<i>Karen Satter</i>
<i>Rifle High School</i>	<i>John Arledge</i>
<i>Coal Ridge High School</i>	<i>Jackie Davis</i>

ORGANIZATIONAL
CHART



This budget was created with the input of the Board of Education, the District Accountability Committee, and the Collaborative Solutions Team, as well as the District staff, constituents, and community. The budget aligns the finances to support the District's and Schools' Improvement Plans, with an emphasis on improving educational achievement and outcomes for all students.

To ensure that the District's educational goals drive the budget process, the Board and Superintendent presently identify 5 goals for the District:

1. Improve positive culture and climate
2. Increase student achievement and improve career trajectories
3. Be effective and transparent stewards of District finances
4. Lead our communities
5. Recruit, retain and professionally develop highly qualified staff

These five goals work as guideposts for creation of the District Road Map. The Road Map outlines a more detailed direction over four years, to plan how the District will achieve the five goals. Items included in the District Road Map include the following:

1. Continue to improve positive culture and climate
2. Promote and refine a new District organization structure
3. Develop an achievement plan and progress monitor achievement
4. Develop and implement a professional development plan, including progress monitoring
5. Develop and implement a graduation pathways plan for high schools
6. Support and sustain a rigorous agricultural program across the District
7. Envision and plan for a 21st-century career and technical center
8. Mine new revenue sources, including the strategic use of grants, to increase student enrollment
9. Develop a district-wide cohesive plan to increase teamwork that supports our students, parents and community
10. Recruit and retain highly qualified staff, by offering competitive opportunities and benefits for employees, including salary schedules that provide an attractive living wage.

Within the District's five goals, the main budgetary and financial focus will be on educating the District's Board, community, and other stakeholders regarding the district's finances. The district is committed to financial transparency and integrity as evidenced on the finance department's webpage. A financial calendar and process flow map have been created so that the Board has a good understanding of the budget process.

The District intends to initiate a community engagement process to distill and develop a new 2025 Strategic Plan during the 2021-22 school year.

BUDGET PROCESS

In a normal planning year, the district's Chief Financial Officer (CFO) starts the financial portion of the budget process in mid-November by estimating revenue, expenditures, and fund balances for the next school year, and discusses the district's financial picture with District leadership and the Board of Education throughout the process. The Board of Education determines the level of fund balance to budget each year. However, due to the Covid-19 Pandemic, the district was unable to confirm its per pupil revenue forecast until the Governor signed the LONG Bill in June 2020, which included the district's allocations under the School Finance Act or SFA. Consequently, and similar to other school districts throughout the state of Colorado, Garfield RE-2 presented its budget for adoption on June 23, 2020 to meet the state's statutory deadline of June 30th.

The Superintendent and Board of Education then review the budget recommendations and prioritize budget needs based on the district's Strategic Plan. The district plans to commence a community engagement process to distill a new 2025 Strategic Plan. The Plan will be student-centric and focus on increasing educational choices and pathways to steadily increase student achievement and enhance educational choices.

Based upon the district's strategic and tactical priorities, salary, staffing, and non-salary allocations are distributed to each school and administrative unit in March. Staffing allocations are determined via a collaborative process with school leaders and then allocated to each location based upon the district's goals, recommended budget changes, class sizes, and school's size.

To determine staffing allocations, district administration and school site leaders scrutinize class sizes and equity in the district. As a result, staff are moved between buildings as warranted by each school's population, so all schools district-wide are equitably staffed. The District's target student/teacher ratios, excluding special teachers, are between 20:1 and 25:1 at the elementary level, 23:1 at the middle school level, and 23:1 at the high school level. The ratio to use as a guideline for Kindergarten class is between 21:1 and 25:1 with an additional para, and kindergarten class sizes over 26:1 at a school with an additional teacher to reduce class sizes at that school.

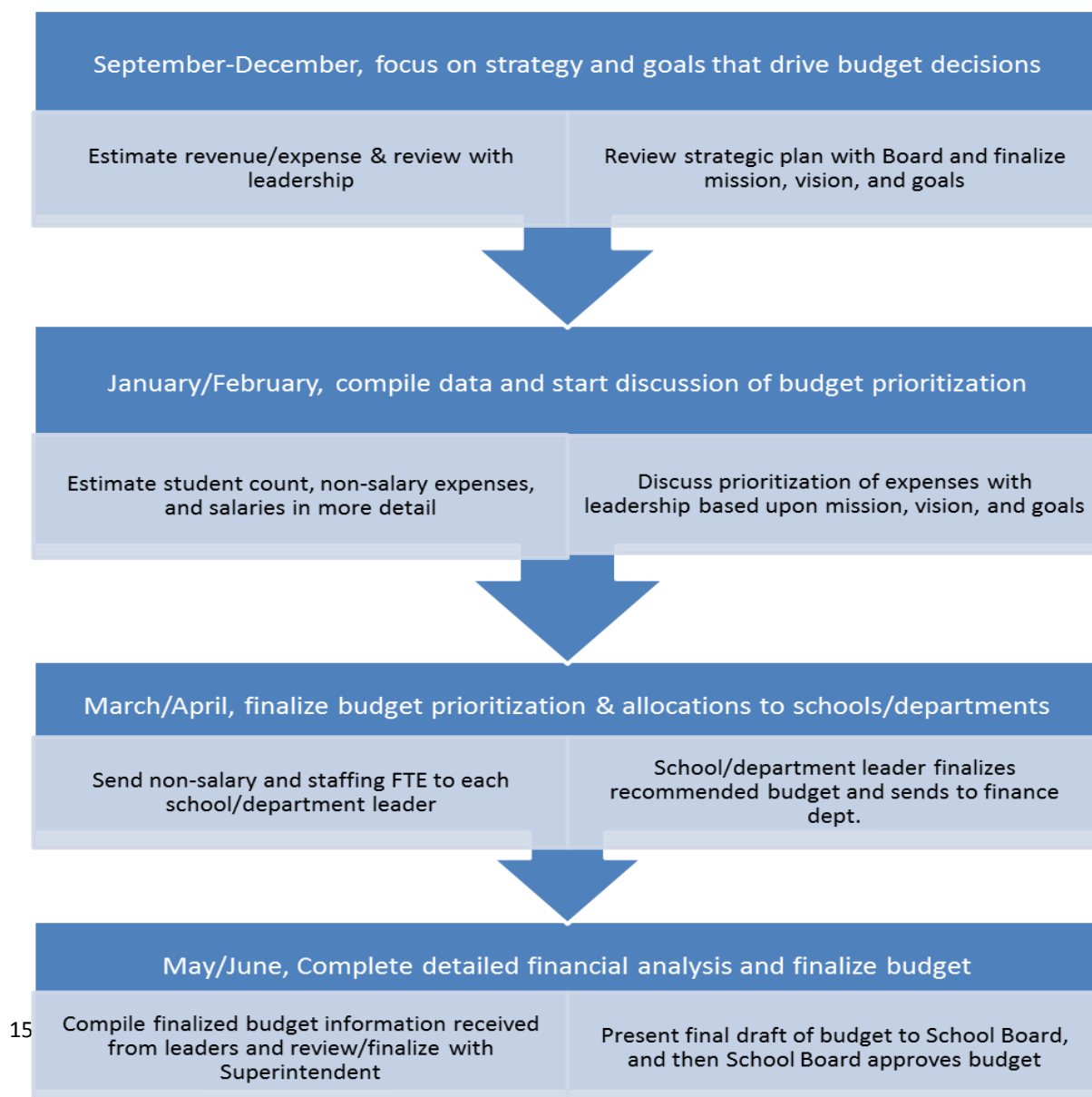
Collaborative Solutions makes recommendations for salary and benefit changes, and also suggests policy revisions to address working conditions and improve staff morale. Collaborative Solutions meets from November through early May.

For the past two years, the capital requirements portion of the budget process leveraged building assessments from the Colorado Department of Education (CDE) performed in the fall as well as a Facility Master Plan (FMP) created in the spring. In addition, the Director of Facilities worked with each building and administrative department to determine their short- and long-term capital needs. Those needs were then prioritized based upon whether it is a safety issue, how the project will impact future operating costs, and which capital projects have the most impact on buildings and the community. The

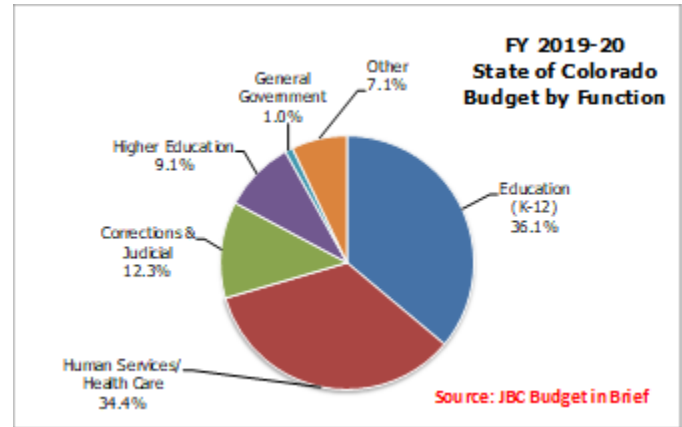
District Facility Needs Committee and the administration prioritized the needs for Capital Projects to be recommended to the Board. The Board reviewed the recommended list, and approved the list once all questions or changes had been made by the Board.

Lastly, the global Corona-virus pandemic impacted this year's budget timeline. The State of Colorado did not address the School Finance Act and a LONG Bill for the Governor's approval until late May 2020. Fortunately, the district developed a 5-year forecasting model in April 2020 that greatly assisted the Finance Department, Superintendent and Board of Education in financial planning. Although the district's finances were significantly reduced by over \$4 million dollars, prudent financial reserves and CARES funding of approximately \$3.4 million mitigated the impact, allowing the district to retain all staff as well as to provide for a steps and lanes increase.

Budget Process Flow Chart



Every homeowner and business owner in Colorado pay property taxes for schools, along with sales taxes for police, fire, and other local public services. The Colorado state government is responsible for funding other public services such as prisons and transportation, in addition to determining the funding for schools. Each year, the budget crafted by the legislature and approved by the governor determines how much of the total state budget is allocated to education. The portion earmarked for K-12 education is then divided among 178 school districts throughout the state using formulas in the Colorado School Finance Act (SFA). These formulas determine how much money each district will receive per pupil as well as how much of that funding is paid by the state and how much is paid through local taxes. The chart shown here provides an example of how the state budget is allocated by function.



In 2000, Colorado voters passed Amendment 23 to help safeguard Colorado K-12 funding. The amendment guarantees that state per pupil funding must increase annually by no less than the rate of inflation as determined by state government.

When the “Great Recession” hit Colorado government in 2007, the state initially met its requirements under Amendment 23. As the recession lengthened, Colorado legislators were faced with increasingly hard choices in funding state obligations and funding reductions that occurred in all public sectors. As a result of the Great Recession, the “negative factor”, now known as the Budget Stabilization Factor, was implemented. The legislature determined that Amendment 23 only applied to “base” per pupil funding.

Under law, Colorado per pupil funding made up of a base amount per student that is the same throughout the state. Added to this base are “factors” allocating additional per pupil funds by use of a state formula applied on a district-by-district basis. The factors include: poverty, cost of living, and size, and make up a large portion of Colorado’s per pupil funding.

Fiscal Year	Total Program Funding			
	Total Program Funding	Negative Factor	(after Negative Factor)	Per Pupil Revenue
2020-21				
Est. Governor's Budget	\$276,138,547	(\$17,421,751)	\$258,716,796	\$8,649
2019-20	274,566,209	(\$19,286,156)	\$255,280,053	8,421
2018-19	263,061,533	(\$22,897,544)	\$240,163,989	8,058
2017-18	254,158,879	(\$28,061,865)	\$226,097,014	7,578
2016-17	246,518,892	(\$28,390,853)	\$218,128,039	7,348
2015-16	243,705,017	(\$28,830,177)	\$214,874,840	7,232
2014-15	234,494,200	(\$30,407,094)	\$204,087,106	6,940
2013-14	224,570,307	(\$34,630,570)	\$189,939,737	6,556
2012-13	216,944,133	(\$34,912,306)	\$182,031,827	6,376
2011-12	207,466,753	(\$26,835,213)	\$180,631,540	6,377
2010-11	202,435,712	(\$13,352,337)	\$189,083,375	6,715
2009-10	197,694,395	(\$4,562,150)	\$193,132,245	6,979
TOTAL NEGATIVE FACTOR		(\$289,588,015)		

is

Each year the legislature determines the amount of increased funding required under Amendment 23 and the School Finance Act. The Budget Stabilization Factor is then applied against this total dollar amount, reducing overall funding. Back in 2009, Colorado per pupil funding fell by more than \$1 billion statewide on an annual basis. Over the last several years, legislators have approved incremental buy-downs of the statewide deficit. As of the prior fiscal year (2019-20), this amount had been reduced overall to \$572.4M. FY21 Garfield RE-2’s budget stabilization factor was \$6,128,951.48.

Who Determines How Much Funding Each School District Receives?

Equity in School Funding

While tax dollars are collected locally for education, the state legislature determines how much funding each school district will receive. The SFA is aimed at ensuring that all children in the state receive an equitable educational experience and has devised a formula that evaluates various factors and determines the funding needed to provide said experience in each school district. For the 2020-21 school year, it is estimated Garfield RE-2 will receive \$7790 for each student full-time equivalent (FTE). The information provided in the charts on this page refer to fiscal year 2019-20 as the 2020-21 data from CDE was not available as of the date of this publication.

State Equalization

Schools are funded from three sources: local property tax, state funds, and vehicle registration fees, known as Specific Ownership Tax (SOT). Although the state determines individual school district funding levels, the amount contributed from the three different sources varies according to local assessed property valuation. As evidenced in the charts shown on this page, because Garfield RE-2 is considered a rural district and local property tax revenue is highly susceptible to oil & gas price fluctuations, the district receives a larger portion of its funding revenue from state appropriations rather than from local property taxes..

Local Referenda

Colorado law allows local school districts to ask voters to approve override funding for their district through an additional mill levy. In 2018 Garfield RE-2 voters generously approved a Mill Levy Override (MLO) of \$4.9 million in November of 2018. This additional funding is capped by state law at 25 percent of total program funding. All override revenues come from increased property taxes; no additional state funding occurs. A district's authorization to raise and expend override revenues does not affect the amount of SFA funding the district receives. In 2004 and 2006, the district's taxpayers passed MLOs of \$2.7 million and \$1.60 million respectively.

Mill Levies

In 1994, the Colorado SFA was revised to create Title 11, Article 50 of the Colorado Revised Statutes, which determines the base revenue of the General Operating Fund for each school district. This 1994 revision set the standard mill levy at 40 mills for all districts. Then in 2007, due to dramatic increases in property values (assessed valuation) in some areas of Colorado (since 1994), the Act of 1994 was amended during the legislative session. This amendment froze the existing General Operating Fund mill levy for most districts in the state in order to reduce the pressure on state funding for local school districts.

For Garfield RE-2, the total 2020-21 mill levy is estimated at 57.114 mills, which is an 8.54 percent increase from the prior year. The mill levy is applied to assessed valuation which is estimated to be flat in 2020-21, after accounting for the severe decrease in the price of oil & gas. General Fund mills have increased to 17.080 in 2021. The district's 2004, 2006 and 2018 budget override (referendum) elections result in a levy of 9.20 mills. The mill levy for abatements, refunds, and omitted property is .041. The Bond Redemption Fund at 12.29 mills, the transportation mill levy at 0 mills, and the operations and technology mill levy at 0, bringing the collective total mills for Garfield RE-2 to 29.370 mills.

Changes in Debt

As of December 1, 2020, the district will report general obligation bond indebtedness of \$66,780,000. In October 2020, the district successfully refinanced its outstanding Series 2010 Bonds, now Series 2020 Bonds, in the aggregate principal amount of \$13,030,000. The district issued \$11,570,000 of refunding bonds at favorable interest rates, with an expected tangible savings of approximately \$1.4 million.

How Does Supporting Education Impact Your Taxes?

Local tax money goes to the county treasurer who in turn distributes it to each governmental entity in the county.

Constitutional amendments that affect school funding:

Article X, Section 20 (TABOR Amendment)

Sets taxing and spending limits on all levels of government in the state, from special districts, such as fire protection and schools to county and state governments. This amendment's primary objective is to "restrain the growth of government" as stated in the Colorado Constitution. The most significant limitations from this amendment that impact school funding from the state are that it:

- Requires voter approval of tax increases.
- Limits revenue collections.
- Limits spending.

The law also impacts district spending as it requires that a school district hold 3 percent of expenditures in reserve. This reserve can **only** be spent in an emergency, which excludes economic conditions, revenue shortfalls, or salary and fringe benefit increases. A statute change in 2009-10 now allows a district to hold a letter of credit or utilize real asset value (buildings) as this 3 percent reserve, rather than cash. BVSD continues to hold a 3 percent cash reserve for this requirement.



Amendment 23

In November of 2000, Colorado taxpayers approved Amendment 23 to the Colorado Constitution. This amendment identifies increases in funding to public elementary and secondary schools at a rate of inflation plus 1 percent for a total of 10 years, through the 2010-11 fiscal year, and then at the rate of inflation thereafter. The amendment's stated goal was to restore public education funding back to 1988 levels.

Referendum C

In November 2005, Colorado voters passed Referendum C, which temporarily overrides the current TABOR revenue formula that limits annual growth in state revenues to the rate of change of inflation plus population. With no increase to current tax rates, Referendum C allows the state to keep and spend the revenue it collects under current rates for five years. The revenue retained by this change will be used to fund healthcare, K-12 and higher education, pension plans for firefighters and police officers, and specifically identified Department of Transportation projects. The referendum's stated goal was to restore state budget cuts since 2001 and reset the base funding level.

Gallagher Amendment

In November 1982, Colorado voters passed the Gallagher Amendment, which divides the state's total property tax burden between residential and nonresidential (commercial) property. According to the Amendment, 45% of the total amount of state property tax collected must come from residential property, and 55% must come from commercial property. Further, the Amendment mandates that the assessment rate for commercial property, which is responsible for 55% of the total state property tax burden, be fixed at 29%. To maintain the 45/55 split, the current residential property rate is set at 7.15%.

Doing the Math:

State law sets the property tax assessment rate. In the 2020 collection year, homeowners will pay an estimated assessment rate of 7.15 percent of the actual assessed value of their home, while businesses will pay a 29 percent assessment rate.

Here's how the math works for each \$100,000 in home value:

- The 7.15 percent of assessed value is calculated to be \$7,150. That's the amount on which taxes are based.
- One tax mill is equal to 1 cent on \$10. So, \$7,150 in value multiplied by 0.001 equals \$7.15 per mill.

- In 2020, the Garfield RE-2 tax rate is estimated at 27.384 mills or \$195.80 in taxes per year for each \$100,000 of assessed home value.

ECONOMIC CONDITIONS AND OUTLOOK

Analysis of 2019-20

The Colorado economic recovery continued to accelerate in 2018-19. After the supplemental state appropriation in January 2020, the 2019-20 statewide average per pupil funding for K-12 public education was \$8,477. The final per pupil revenue for Garfield RE-2 was \$8189. The 2019-20 General Operating Fund mid-year analysis for Garfield RE-2 completed in June 2020, indicated the 2019-20 General Operating Fund budgeted ending fund balance of approximately \$5.4 M in excess of reserves is on target to grow to \$9.9M. These projected resources are available for use in 2020-21 for one-time expenditures, reserves or can remain as budgeted ending fund balance.

Analysis of 2020 Economic Forecast

Colorado

For more than 50 years, the Colorado Business Economic Outlook has been compiled by industry leaders in the state, and presented by the Business Research Division of the Leeds School of Business at the University of Colorado Boulder. The information below was selected directly from the Colorado Economic Forecast for 2020, presented on December 9, 2019. The entire report can be found at:

https://www.colorado.edu/business/sites/default/files/attached-files/2020_colo_business_econ_outlook.pdf

The economic outlook for Colorado has changed dramatically from the forecast presented in December. On May 12, 2020, the Legislative Council Staff presented a revised economic forecast to the Joint Budget Committee of the Colorado Legislature. This forecast can be found here:

<https://leg.colorado.gov/publications/forecast-update-may-2020>

While “growing but slowing” has been the economic mantra of 2019 and 2020, the following summary from this new forecast paints a bleak outlook for the State of Colorado as compared to just a few months ago.

- Economic activity came to a standstill in March and April, and is now stirring back to life but from low levels.
- Business activity and consumer spending will rise with phased reopening, but remain constrained by ongoing restrictions, health concerns, uncertainty, and some permanent closures.
- Labor markets will improve relative to April but remain weak in 2020 and 2021, as businesses adjust to a new and evolving landscape.
- A material and prolonged outbreak within the State, but particularly in the towns of Aspen and Vail, will have a significant impact on the “bedroom” working communities of New Castle, Silt and Rifle.
- Inflationary pressures will remain subdued as low energy prices, low global demand offset global supply constraints.

- Recent January and March 2021 forecasts show a rapidly improving economic landscape that is now more of a “V” shaped recovery.
- Realized revenue collections suggest an economic rebound of -1.3% from prior initial forecast of -11.6%.
- Economic recovery is highly dependent on the US population getting Covid-19 vaccinations that approach herd immunity levels of 80% or higher.

Gross General Fund Revenue

Billions of Dollars

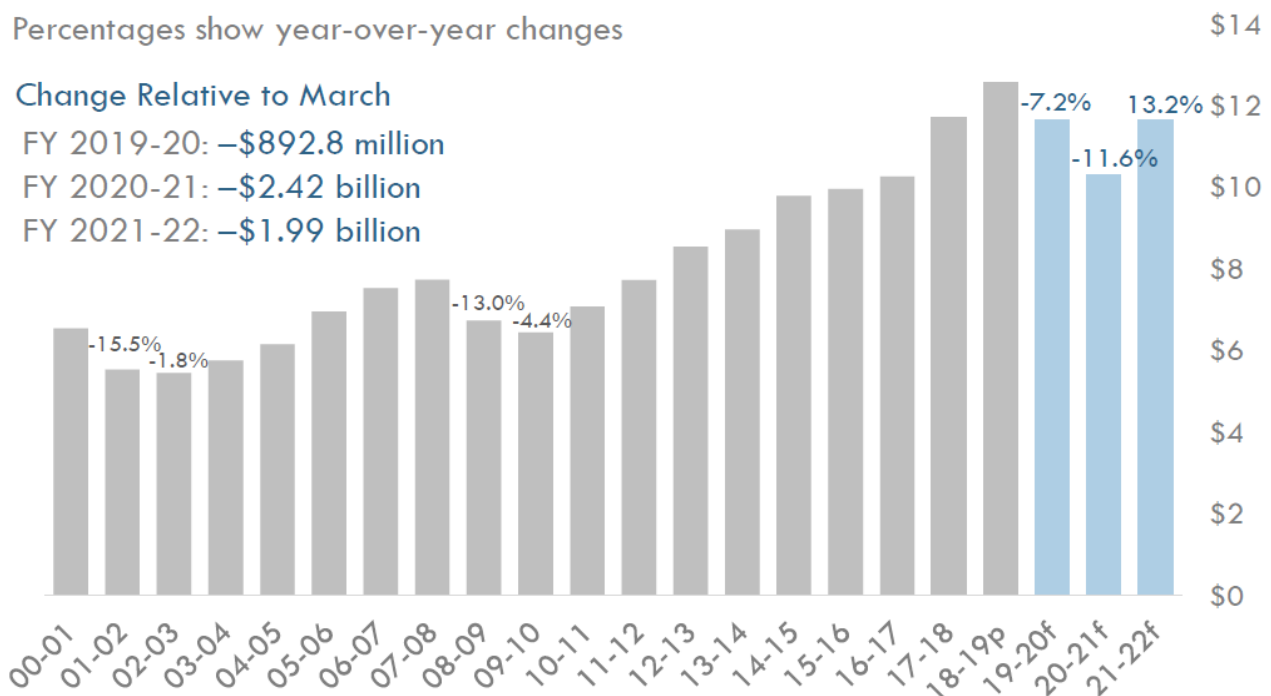
Percentages show year-over-year changes

Change Relative to March

FY 2019-20: -\$892.8 million

FY 2020-21: -\$2.42 billion

FY 2021-22: -\$1.99 billion



Source: Colorado Office of the State Controller and Legislative Council Staff May 2020 forecast update.

This graph from the May 12 forecast shows the General Fund collections will decline with the contraction in business and household income, and reduced consumer activity in 2019-20 as well as 2020-21 and 2021-22.

growth, inflation at 1.7 percent, and reduced the Budget Stabilization Factor by \$40M. With the economic crash, funding for K-12 education will be reduced by hundreds of millions of dollars. The final result will not be known for months as projections and estimates may or may not come to fruition.

On May 18, 2020, Governor Polis released \$500M of CARES Act funding to K-12 education with the following stipulation:

For Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, including payments to stimulate the economy by supporting Colorado's workforce with school-aged children, \$500 million transferred to local school districts and proportionally by student population to the Charter School Institute and the Colorado School for the Deaf and the Blind and \$25,000 to each Board of Cooperative Education Services (BOCES) in the state for a total of \$510 million above the Constitutionally required state share of

public school finance to increase free instructional hours for our kindergarten through 12th grade education system while complying with COVID-19 public health orders including facilitating distance learning and social distancing for in-person contact hours, and mitigating lost learning, and \$450 million transferred to public institutions of higher education to increase student retention and completions, given Colorado's critical shortage of skilled workforce.

While the Budget Stabilization Factor is expected to increase significantly as a result of a projected decline in state revenue, this allocation of federal funds in the form of CARES ACT funding will support districts across Colorado in fiscal year 2020-21.

After the state sets the total funding for K-12 public education, each local district determines how to fund its specific system and allocate resources to every school within its district.

Any increases in Beginning Fund Balance should be saved to "cushion" the funding shocks expected in the post-Pandemic out-years of 2021, 2022 and 2023. Use of Unassigned Fund balances should be prioritized to ensure sufficient reserves to manage through a multi-years of economic distortion and unpredictable K-12 funding at both the state and federal levels.

STATEMENT: COVID-19 (CORONAVIRUS) PANDEMIC

BRIEF TIMELINE

The coronavirus (COVID-19) outbreak dramatically impacted the global community. The virus has spread to over 175 countries, killing hundreds of thousands of people and sickening millions.

On March 10, 2020, Governor Polis declared a state of emergency in response to COVID-19. Since March 13, in person learning at Garfield RE-2's schools were suspended and schools remained closed for the remainder of the 2019-20 school year. Effective March 17, the district announced that all district sites, including administration buildings, were closed through the end of March, and then extended through April 26 to coincide with Governor Polis' Stay at Home executive order. Year-round staff who were able to do so worked remotely during this period of time. Due to some critical district functions, staff in the following departments were identified as essential and continued to work from their respective sites daily: security, custodial, select nutrition services, health services, finance and technology. In March 2020, the Board of Education made the decision to pay all employees until the end of the school year, May 28th/29th. Throughout the summer, the district began the transition to onsite working for year-round district staff. The district and individual divisions and supervisors developed plans to systematically bring staff back in accordance with guidance from a plethora of Health Services agencies. In August, the district announced that it would begin the 2020-21 school year with all physical sites open, including a virtual learning option for those students and staff.

The Proposed Budget incorporates economic information available to date and incorporates the potential impact of the economic recession on the district. The economic outlook is extremely uncertain and is continually changing.

The Division of Finance will provide regular updates to the district leadership team regarding the latest economic developments, state level forecasts, and estimates on school funding.

Key dates

- 6/4/2020. House Bill 20-1418, Public School Finance, introduced in the House and assigned to the Education and Appropriations Committees. House voted final passage on 6/9/2020 and the bill was introduced in the Senate. The Senate Finance Committee voted to refer the bill Senate Appropriations on 6/10/2020.
- Mid-June. Quarterly economic forecast from Legislative Council Staff and the Governor's Office of State Planning and Budget.
- 6/23/2020. District leadership must prepare and submit a proposed budget to the Board of Education no later than 6/23/2020.
- 6/25/2020. No later than 6/25/2020, the district shall publish a public notice.
- 6/30/2020. The Board of Education shall adopt a budget and an appropriation resolution prior to the beginning of the fiscal year and, if necessary, a use of a portion of beginning fund balance resolution.
- 10/05/2020. Preliminary assessed valuation reports received from Garfield County assessors to inform mill levy override projections in the budget.

CARES ACT

Education Stabilization Fund

On March 27, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) became law providing \$13.5 billion for an *Education Stabilization Fund* administered by the U.S. Department of Education. The grant programs applicable to Elementary & Secondary Education, including (a) Governor's Emergency Education Relief (GEER) Fund and (b) Elementary and Secondary School Emergency Relief (ESSER) Fund.

The Colorado governor's office received approximately \$44 million from the \$3.2 billion GEER Fund via a formula grant to provide emergency supports to "schools (including charter schools and non-public schools), postsecondary institutions, and other education-related organizations" most significantly impacted by the coronavirus. The funds awarded to school districts within the state are available "to support the school district's ability to continue to provide educational services to students and to support the on-going functionality of the school districts."

The state will receive approximately \$121 million from the \$13.2 billion ESSER Fund via a formula grant. The use of these funds is limited by the CARES Act. The state must

distribute not less than 90% of the grant funds to school districts. The amount of funds distributed to districts will be in proportion to the amount of funds a school district received under Part A of Title I of the ESEA in the most recent year.

Any district receiving funds from the Education Stabilization Fund, “shall to the greatest extent practicable, continue to pay its employees and contractors during the period of any disruptions or closures related to coronavirus.”

CORONAVIRUS RELIEF FUND (CRF)

Another portion of the CARES Act is the \$150 billion Coronavirus Relief (CRF) Fund administered by the U.S. Department of the Treasury. The Governor issued Executive Order D 2020 070 on May 18, 2020, detailing the intended distribution of the state’s \$1.674 billion CR fund allocation. The Governor directed \$510 million to school districts.

EMERGENCY FEEDING – USDA

The USDA administers additional funds from the CARES Act to provide additional school district supports for COVID–19 emergency feeding. Additionally, the Families First Coronavirus Response Act (FFCRA) provided waivers from regulations to facilitate the emergency feeding.

Emergency Feeding (under the guidelines of the USDA’s Summer Feeding Program) has been extended thru the 2020-21 School Year.

ESSER I, II AND III

During the 2020-21 fiscal year, the federal government provided funds directly for K12 Education to address and manage the increased complexity related to providing viable educational ecosystems that provide in-person, virtual and hybrid learning. In 2021, Garfield Re-2 received or is scheduled to receive approximately \$9.85 million in ESSER-related funding. As these funds are utilized, the District will realize the benefits of these additional funds throughout 2021, 2022 and 2023.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY:

The District operates under the laws of the State of Colorado and operates under the 5-member elected Board of Education. In accordance with Generally Accepted Accounting Principles (GAAP), the financial statements and budget of the District include those of the District, plus any “component units” for which the District is financially accountable. The District is legally financially accountable for a separate organization if the District can impose its will on the organization, is able to appoint a voting majority of the organization’s governing body, or if there is the potential for the organization to provide financial benefits or burdens to the District. Based on these criteria, there are no component units that the District includes in its financial statements.

FUND FINANCIAL REPORTING:

The District reports its financial operations using fund accounting. Funds are a self-balancing set of accounts that include each fund’s assets, liabilities, reserves, fund equity, revenues, and expenses. There are three categories of funds used in governmental accounting: Governmental, Proprietary, and Fiduciary.

GOVERNMENTAL FUNDS:

General Fund: The general fund is used to account for revenues and expenditures related to the general operations of the District, and includes activities that are not required to be accounted for in another fund due to legal requirements or sound financial practice.

Food Service Fund: The Food Service Fund accounts for transactions relating to the District’s food service program.

Designated Purpose Grant Fund: The Designated Purpose Grant Fund accounts for some federal, state, and local grants restricted for a specific purpose by the grantor.

Pupil Activities Fund: The Pupil Activities Fund is used to record financial transactions related to school-sponsored pupil interscholastic and interscholastic athletic and related events.

Bond Redemption Fund: The Bond Redemption Fund is used to account for transactions related to the District’s general obligation bonds and interest.

Capital Projects Fund: The Capital Projects Fund is used to account for acquisitions of capital items, including buses, construction of new facilities, renovations or improvements to existing facilities, large furniture orders and other capital equipment.

PROPRIETARY FUND:

There are no Proprietary funds.

FIDUCIARY FUND:

Pupil Activity Agency Fund: The Pupil Activity Agency Fund accounts for transactions and assets held by the District acting as an agent for student and parent clubs and other organizations. This fund is self-supporting, and does not receive any direct or indirect District support.

BASIS OF ACCOUNTING AND BUDGETARY REQUIREMENTS

All budgets use the modified accrual basis of accounting. All fund budgets are adopted on a basis that is consistent with Generally Accepted Accounting Principles, so there are no significant differences between the budgetary basis of accounting and the accounting method used for the final audit report.

All budgets are adopted in accordance with Colorado School District law and appropriations lapse at the end of each fiscal year. Expenditures cannot legally exceed appropriations for each individual fund. Appropriations include all funds expected to be available and spent during the budget year, including beginning fund balances and reserves established by the Board of Education.

After the original budget is adopted, any expenses above the current budgeted expense by fund must be approved by the Board of Education through a Supplemental Budget request. The District is legally allowed to increase the use of beginning fund balance prior to January 31. After January 31, all additional expenses must have a corresponding revenue offset. The district believes that the supplemental use of Unassigned Fund Balance is permitted revenue for the offset of supplemental expenditures.

The Superintendent has the authority to approve budget transfers during the year within the same program fund that the budget was adopted. There can be no transfer of monies between different governmental funds without approval by the Board of Education. The CFO reviews budget transfer requests by school and administrative department when required and at least three times per year. This requirement gives all departments an opportunity to review their budget three times per year and make adjustments based upon changing goals and situations, while allowing the Superintendent to be informed of those changes.

The District uses an encumbrance system to account for its expenses. Encumbrances are used to assure that an authorized purchaser of the District is approving the purchase prior to ordering the goods or services. The encumbrance is then recorded to reserve a portion of the applicable appropriation. Encumbrances create more accurate reporting to allow for better financial management

of funds by school and administrative department.

REGULATIONS AND POLICIES THAT GOVERN THE BUDGET PROCESS

The State of Colorado requires a budget to be adopted by the Board of Education of each school district prior to the start of the fiscal year. Colorado Revised Statutes govern most of the legal budgetary requirements, and those statutes are maintained by the Colorado Legislature. The Budget is required to be adopted by June 30. A public notice is required to be posted 10 days prior to the Board adopting the budget.

If expenses plus inter-fund transfers budgeted for the year exceed revenues for any fund, and a portion of beginning fund balance is used to cover the excess, a “specific resolution” must be adopted by the local board of education authorizing the use of that portion of the beginning fund balance in the school district’s budget. The State of Colorado requires the resolution to assure that the Board of Education is informed of any potential use of fund balance, and that there is a plan in place to assure that the deficit will not lead to a recurring deficit.

As a part of the budget process, each district is required to set aside the “TABOR Emergency Reserve”, in a reserve that totals 3% or more of its fiscal year spending for each fund except for the Bond Redemption Fund. The reason for the set-aside is to assure that adequate funds are available in case of an unforeseeable event or financial change.

In addition to state regulations, the District has a Board Policy Manual that is formally adopted by the Board of Education of the District. This Board Policy Manual includes budget policies and processes that guide the budget. The most important Board Policy relating to budget is the Policy DB, Annual Budget. This policy sets the minimum fund balance requirement at \$8 million for the General Fund. Additionally, this policy sets out the basic requirements for the internal budget process, assigns the responsibility for the budget to the superintendent, and sets funding parameters for the Capital Projects Fund. Additional Board Policies are found online at www.garfieldre2.org, under the Board, then Board Policy section of the District’s website.

The major Budget Policies that govern the District’s budget process also include:

DA - Fiscal Management Goals – governs basic compliance requirements for the budget.

DBD - Determination of Budget Priorities – Sets requirements for instructional spending and requires budgetary reporting by school, grade, and program.

DBG - Budget Adoption Process

DBG-E - Deadlines in Budgeting Process Set by Statute

KEY FACTORS THAT AFFECTED THE DEVELOPMENT OF THE FY21 BUDGET

The largest impact to the development of the FY20 budget are the five District goals and the District Road Map. The five goals drove the priorities for the budget this year and were the focus of our budget work. The approval of the Road Map focused the direction of the District's resources towards the Road Map initiatives.

A second large impact to the General Fund budget for FY20 Budget was the State revenue. Approximately 90% of the District's funding comes from the Public School Finance Act and Amendment 23 funding formulas. These formulas are funded by property tax, specific ownership tax, and state equalization funding. An ancillary impact was the implementation of a new salary schedule with salary increases of 1.8% for certified staff and non-certified staff and 1.5% for admin, and a 0.5% increase to the PERA employer contribution rate.

A third large impact was the "black swan" event of the Corona Virus Pandemic. In the third calendar year quarter the State of Colorado experienced a sharp retraction in tax collections due to state-wide shutdowns. These shut downs resulted in a revenue shortfall of over \$1 Billion in state funding revenue. The direct effect of the shortfall resulted in an approximately 17% reduction in K-12 funding to the district, approximately \$4.2 million. After analyzing funding recovery trends due to the 2008 Great Recession, the district assumed a budget conservation approach to manage funding volatility and disruptions over the next three to four years.

BUDGET NARRATIVE

GENERAL FUND:

REVENUES

	2016-17	2017-18	2018-19	2019-20	2019-20	2019-20	2020-21	2020-21 Re-	% Change
	Actual	Actual	Actual	Original Budget	Revised Budget	Actual	Original Budget	Adopted Budget	Rev. 2020-21 Bud vs. 2019-20 Rev. Bud
Beginning Fund Balance	11,248,359	11,353,619	10,875,897	12,690,868	14,943,732	15,606,380	15,537,898	20,081,651	28.7%
Revenue:									
Local Property Taxes	7,741,962	7,088,076	13,644,835	12,880,271	13,106,674	12,696,324	8,998,877	12,822,478	1.0%
Specific Ownership Taxes	986,337	1,202,451	1,422,960	1,150,000	1,150,000	1,517,352	1,291,648	1,291,648	-14.9%
State Sources:									
Equalization				34,042,577	33,974,952	34,716,822	32,479,408	32,479,408	-6.4%
Other State Sources	32,395,386	34,164,599	36,500,146	2,741,065	3,004,990	2,968,840	2,664,074	2,981,020	0.4%
Federal Sources	1,331,468	1,171,970	726,888	1,055,928	1,055,928	1,772,340	698,287	4,576,071	158.2%
Interest Income	82,084	175,112	296,605	200,000	200,000	306,092	287,015	287,015	-6.2%
Intermediate sources				128,000	128,000	182,448	182,274	182,274	-0.1%
Other:									
Contributions & Donation				5,000	5,000	2,320	2,000	2,000	-13.8%
Facility Rental Fee				5,000	5,000	3,450	3,450	3,450	0.0%
Student Tuition and Fees				109,000	109,000	72,546	18,777	18,777	-74.1%
Lease Proceeds						-	498,456	498,456	n/a
Other	1,239,309	749,971	1,360,331	116,865	116,865	337,010	296,541	1,150,554	241.4%
Total Revenue	43,776,546	44,552,179	53,951,765	52,433,706	52,856,409	54,575,544	47,420,807	56,293,151	3.1%
Total Available	55,024,905	55,905,798	64,827,662	65,124,574	67,800,141	70,181,924	62,958,705	76,374,802	12.6%

Revenue is now projected to increase from \$52,856,409 in the FY21 Readopted Budget to \$56,293,151 in the FY21 Budget, representing an increase of \$3,436,742 or 6.50%. This unexpected increase resulted from a “V” shaped economic recovery in the second half of 2021. Significant changes include:

Amendment 23 requires that the State of Colorado increase the Total Program Funding by inflation plus student growth each year. However, the State implemented an additional “Budget Stabilization”, or “Negative Factor”, to the funding formula a few years ago that reduces the required funding. For FY21, Total Program Funding to the District decreased by 3.8% for inflation, state-wide reduction in the Budget Stabilization Factor, and other formula factors including at-risk count changes.

Additionally, the State is continuing in state-wide at-risk per pupil funding, which the District received \$2.16 million for FY21. Also, the State continues to pay more of District’s Total Program Funding because property tax rates are required to reduce according to the State Constitution.

Assessed Valuation has increased over the past few years, and the State Constitution does not allow the mill levy rate to increase without a vote of the people. Therefore, the amount of property tax collected declines as assessed valuation declines, which requires the State to pick up more of the Total Program Funding. The property tax decline has occurred because of the slowdown of oil and gas production and reduction in gas price over the past few years. This slowdown continued in 2019-2020 and then was exacerbated by the Corona-virus Pandemic which curtailed aggregate oil consumption. Total Program Funding is also impacted by the number of budgeted students, which is anticipated to decrease 5% to 4,711, for FY21 compared to FY20 actual student count. The number of budgeted students is affected by a declining enrollment calculation, because District’s student count has decreased starting in FY18. The district expects the Covid-19 Pandemic to further impact student count as families shift to virtual learning and home-schooling options. The declining enrollment calculation allows for District to average the number of students up to five years in order to diminish the financial impact in any given year.

EXPENDITURES

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Original Budget	2019-20 Revised Budget	2019-20 Actual	2020-21 Original Budget	2020-21 Re- Adopted Budget	% Change Rev. 2020-21 Bud vs. 2019- 20 Rev. Bud
Expenditures:									
Direct Instruction	25,321,366	25,826,173	28,480,606	30,270,509	32,048,338	29,575,329	28,473,351	31,150,955	-2.8%
Indirect Instruction	3,871,872	3,679,071	4,299,291	4,450,038	4,468,215	4,335,155	4,346,424	4,904,722	9.8%
Transportation	1,648,284	1,624,146	1,676,931	1,866,497	1,863,997	1,603,410	1,741,337	2,587,700	38.8%
Custodial and Maintenance	5,267,423	5,212,821	5,349,925	5,819,740	5,819,740	5,565,392	5,608,398	6,227,208	7.0%
Support Services	2,723,731	3,009,911	2,091,272	3,177,335	3,364,786	2,543,944	3,569,640	3,937,228	17.0%
General Administration	3,786,274	3,601,312	5,144,038	4,408,772	4,446,140	5,586,009	4,363,877	5,577,260	25.4%
Other, including leasing/debt costs	5,000	5,000	10,318	15,000	15,000	305,545	-	-	-100.0%
Total expenditures	42,623,950	42,958,434	47,052,380	50,007,891	52,026,216	49,514,784	48,103,027	54,385,074	4.5%
Excess (Deficiency) of Revenues over Expenditures	1,152,596	1,593,745	6,899,386	2,425,815	830,193	5,060,760	(682,220)	1,908,078	129.8%
Other Financing Sources/Uses: Operating transfers in (out)	(1,047,336)	(2,071,469)	(2,168,903)	(585,489)	(585,489)	(585,489)	(510,489)	(1,415,489)	141.8%
Total other financing sources/uses	(1,047,336)	(2,071,469)	(2,168,903)	(585,489)	(585,489)	(585,489)	(510,489)	(1,415,489)	141.8%
Net Change in Fund Balances	105,260	(477,724)	4,730,483	1,840,326	244,704	4,475,271	(1,192,709)	492,588	101.3%
Ending Fund Balance	11,353,619	10,875,895	15,606,380	14,531,194	15,188,436	20,081,651	14,345,189	20,574,239	35.5%
Appropriation	55,024,905	55,905,798	64,827,662	65,124,574	67,800,141	70,181,924	62,958,705	76,374,802	12.6%

Excluding transfers, original expenditures decreased from \$52,026,216 in the FY20 Revised Budget to \$48,103,027 in the FY21 Original Budget representing a decrease of approximately \$4 million or 7.5%. This decrease may be broken down as follows:

- Salary and benefits increased by approximately \$1,100,000
- Non-salary expenditures were cut by 10% in anticipation of reduced state and local funding due to the expected economic impacts of Covid-19

The FY21 budget for salaries and benefits totals \$41,360,650. Significant changes included:

- Implementation of new salary schedules in February 2019
- 1.8% increase to certified and non-certified salaries and 1.5% to admin salaries for existing staff in FY20
- 0.5% increase in PERA employer contribution beginning July 1, 2020

FUND BALANCE

The fund balance is a good measure of the financial health of an organization. The general fund balance is the most important fund balance measurement. District's budgeted ending fund balance (unaudited) of \$14,531,194 represents 30.20% of the District's budgeted expenditures and fund transfers for FY21. This fund balance allows the District to provide for one-time emergency expenditures as they arise, and allows the District to receive the interest earnings in the general operating budget that can be used for salaries and other expenditures.

The District has been deficit spending since 2010-11 due to state legislated budget cuts. The fund balance had been reduced from \$14.2 million to an ending fund balance of \$10.9 million as of June 30, 2018. The Board set a minimum fund balance of \$8 million through Board policy when the District started to deficit spend. Upon Board approval, the district anticipates increasing the Board's mandated fund balance reserve to \$12 million, a 50% increase. The Governmental Financial Officers Association (GFOA) targets a reserve balance of 20% of expenditures as most conservative. This minimum fund balance takes into consideration the District's financial rating, the District's State accreditation guidelines, and prudent financial practice.

GENERAL FUND BUDGET FORECAST

Additional discussion points for the General Fund budget FY21 are:

- This forecast represents the Board of Education's goal to promote "budget conservatism" to best manage funding volatilities caused by the Covid-19 Pandemic, stop deficit spending that would jeopardize maintaining a minimum of \$8 million in the mandated Board Reserve and balance the budget by realigning budgeted funding within Funds and when necessary utilize the district's Unassigned Fund Balance through a supplemental budgeting process that requires Board approval
- One of the District's five goals is to recruit and retain highly qualified staff. The District implemented new salary schedules in February 2019 to be competitive with surrounding districts and equitable within District
- In October 2020, to address the needs of recruiting more permanent, long-term and daily substitute teachers necessary to keep schools physically opened during the Covid-19 Pandemic, the district significantly increased substitute pay rates for ***FY21 only*** to \$205 (for long term and perm) and \$185 (for daily substitutes) from \$130 and \$105 to become a more competitive in the Covid-19 impacted marketplace. The majority of this anticipated expenditure increase of approximately \$850,000 for the academic year will be offset through the use of CARES Act funds.
- There is an increase from the FY20 original budget to the FY21 budget in the cost of staff salary

and benefits totaling approximately \$1 million or 1.8%, due to the granting of a “steps and lanes” salary increases” by the Board in June 2020.

FOOD SERVICE FUND:

The change in the Food Service Fund balance is budgeted at (\$120,654) for FY21.

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Revised Budget	2019-20 Actual	2020-21 Original Budget	2020-21 Re- Adopted Budget	% Change Rev. 2020-21 Bud vs. 2019-20 Rev. Bud
Beginning Fund Balance	593,257	528,113	359,648	316,841	316,841	1,224,864	124,314	-60.8%
Revenue:								
Food Sales	257,401	284,838	280,582	303,698	251,530	366,261	387,031	27.4%
Federal school program	794,938	758,306	736,132	774,698	730,380	700,431	700,431	-9.6%
Donated commodities	94,036	81,791	73,321	76,129	71,165	77,250	77,250	1.5%
State revenues	27,228	26,844	15,378	28,782	21,422	29,518	29,518	2.6%
Donations and Grants	2,290	100	7,915		20,698	8,400	7,800	n/a
Investment earnings	520	1,020	1,661	900	1,139	1,200	1,200	33.3%
Catering					445	18,000	18,000	n/a
General Fund transfer			213,811	75,000	75,000	75,000	285,000	280.0%
Total Revenue	1,176,413	1,152,899	1,328,800	1,259,207	1,171,780	1,276,060	1,506,230	19.6%
Total Funds Available	1,769,670	1,681,012	1,688,448	1,576,048	1,488,621	2,500,924	1,630,544	3%
Expenditures:								
Purchased food and milk	354,905	409,575	388,275	428,019	335,292	383,000	383,000	-10.5%
Donated commodities	94,036	81,791	73,321	76,129	71,165	77,250	77,250	1.5%
Salaries	775,476	803,968	873,894	584,886	669,175	641,880	653,434	11.7%
Benefits				232,072	244,194	257,884	260,656	12.3%
Non-food supplies/services	23,510	36,390	34,895	39,380	54,480	36,700	96,874	146.0%
Internal catering	(6,370)	(10,360)	1,222	(2,687)	(9,999)	-	500	-118.6%
Total expenditures	1,241,557	1,321,364	1,371,607	1,357,799	1,364,307	1,396,714	1,471,714	8.4%
Fund Balance	528,113	359,648	316,841	218,249	124,314	1,104,210	158,830	-27.2%
Appropriation	1,769,670	1,681,012	1,688,448	1,576,048	1,488,621	2,500,924	1,630,544	3%
Excess of Revenues over Expenditures	(65,144)	(168,465)	(42,807)	(98,592)	(192,527)	(120,654)	34,516	

DESIGNATED PURPOSE GRANT FUND:

								% Change Rev. 2020-21 Bud vs. 2019-20 Rev.
	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Revised Budget	2019-20 Actual	2020-21 Original Budget	2020-21 Re- Adopted Budget	
Beginning Fund Balance	-	-	-	-	-	-	-	
Revenue & Expense: (Revenues are equal to Expenses by Grant)								
Title I	600,870	555,446	555,654	590,503	575,595	599,855	639,855	8.4%
Title II (Teacher Quality)	116,297	142,040	144,364	120,597	124,390	184,982	184,982	53.4%
Title III (ELL), Including Immigrant S	27,549	87,015	80,686	80,038	96,630	80,038	80,038	0.0%
Title IV			31,507	44,472	20,256	44,472	44,472	0.0%
Special Ed, ARRA						21,627	21,627	n/a
Title IIB-Math and Science Grant	92,456							n/a
Vocational Education (Carl Perkins)	30,206	19,821	22,242	25,700	29,830	25,700	25,700	0.0%
Garfield County, Roof Projects	235,214							n/a
Garfield County, Parking Lot	28,359							n/a
Aspen Foundation	167,598	227,335	201,816			17,409	17,409	n/a
GOCO Inspire			3,304	11,500	8,948	11,500	11,500	0.0%
Cradle to Career	39,600	74,557	73,682	47,600	63,752	66,077	66,078	38.8%
COSI Grant			34,545	71,400	57,703	52,139	52,139	-27.0%
Donations			27,296		-		-	n/a
Grand River Hospital	1,110	1,330	1,930		-		-	n/a
EASI			7,748		32,007	17,425	17,425	n/a
LiveWell		150			-		-	n/a
CDE Creative Curriculum		6,740			-		-	n/a
Parent Involvement	6,372	10,361			-		-	n/a
Recruit/Retention Grant						6,200	6,200	n/a
Other Grants	5,796	4,109	5,158	54,307		54,687	73,812	35.9%
	-	-	-	-	-	-	-	
Total Revenues	1,351,427	1,128,904	1,189,932	1,046,117	1,009,112	1,182,111	1,241,236	23.0%
	-	-	-	-	-	-	-	
Total Funds Available & Appropriations	1,351,427	1,128,904	1,189,932	1,046,117	1,009,112	1,182,111	1,241,236	

The District does not budget for grants until the grant is approved and the award letter is received.

PUPIL ACTIVITIES AND PUPIL ACTIVITY AGENCY FUNDS:

These funds track the internal and external fundraising that the District performs, along with the corresponding expenses. The Pupil Activities Fund revenue decreased from \$750,045 for the FY19 original budget to \$679,570 for FY20, based upon the schools' current planning.

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Revised Budget	2019-20 Actual	2020-21 Original Budget	2020-21 Re-Adopted Budget	% Change Rev. 2020-21 Bud vs. 2019-20 Rev. Bud
Beginning Fund Balance	390,030	373,596	415,397	385,730	385,730	385,730	419,569	25%
Revenue:								
Student Activities/Support	673,958	702,528	718,800	679,570	547,078	758,492	812,160	30.2%
Total Revenue	673,958	702,528	718,800	679,570	547,078	758,492	812,160	30%
Total Funds Available	1,063,988	1,076,124	1,134,197	1,065,300	932,808	1,144,222	1,231,729	28%
Expenditures:								
Student activities	689,132	659,006	747,098	679,570	511,712	760,969	796,458	30.6%
Support	1,260	1,721	1,369		1,527			n/a
Total expenditures	690,392	660,727	748,467	679,570	513,239	760,969	796,458	31%
Fund Balance	373,596	415,397	385,730	385,730	419,569	383,253	435,271	25%
Appropriation	1,063,988	1,076,124	1,134,197	1,065,300	932,808	1,144,222	1,231,729	28%

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Revised Budget	2019-20 Actual	2020-21 Original Budget	2020-21 Re-Adopted Budget	% Change Rev. 2020-21 Bud vs. 2019-20 Rev. Bud
Beginning Fund Balance	39,340	43,533	36,405	43,712	43,712	43,712	63,896	0.0%
Revenue:								
Student Activities	103,238	88,265	91,960	90,030	94,084	72,430	72,430	-19.5%
Total Revenue	103,238	88,265	91,960	90,030	94,084	72,430	72,430	-19.5%
Total Funds Available	142,578	131,798	128,365	133,742	137,796	116,142	136,326	-13.2%
Expenditures:								
Student activities	99,045	95,393	84,653	90,030	73,900	84,147	90,897	-6.5%
Support								
Total expenditures	99,045	95,393	84,653	90,030	73,900	84,147	90,897	-6.5%
Fund Balance	43,533	36,405	43,712	43,712	63,896	31,995	45,429	-26.8%
Appropriation	142,578	131,798	128,365	133,742	137,796	116,142	136,326	-13.2%

BOND REDEMPTION FUND:

The total expenditures for the Bond Redemption fund budget increased from \$8,741,170 in the FY20 original budget to \$8,864,356 in FY21 due to an increase in principal payments and a reduction in interest payments. The District successfully refunded bonds issued in 2010. This refinancing resulted in a realized savings for taxpayers of approximately \$300,000 per year more than \$1,400,000 over the life of the bonds.

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Revised Budget	2019-20 Actual	2020-21 Original Budget	2020-21 Re- Adopted Budget	% Change Rev. 2020-21 Bud vs. 2019-20 Rev. Bud
Beginning Fund Balance	12,247,434	10,257,281	9,950,862	10,255,936	10,255,936	10,157,692	10,158,756	-1%
Revenue:								
Property Tax	6,847,843	8,260,930	8,931,887	8,968,656	8,692,646	8,796,741	8,796,741	-2%
Earnings on Investments	11,824	39,694	96,135	45,000	52,511	40,000	40,000	-11%
Other Revenue		71,891			-			n/a
Total Revenue	6,859,667	8,372,515	9,028,022	9,013,656	8,745,157	8,836,741	8,836,741	-2%
Total Funds Available	19,107,101	18,629,796	18,978,884	19,269,592	19,001,093	18,994,433	18,995,497	+1%
Expenditures:								
Principal	5,805,000	5,825,000	6,000,000	6,400,000	6,275,000	7,639,421	7,639,421	19%
Interest	3,022,807	2,845,449	2,711,167	2,478,843	2,551,401	1,117,320	1,117,320	-55%
Other Expenditures	22,013	8,485	76,357	30,000	15,936	80,000	232,388	675%
Total expenditures	8,849,820	8,678,934	8,787,524	8,908,843	8,842,337	8,836,741	8,989,129	1%

CAPITAL PROJECTS FUND:

The total expenditures for the Capital Projects Fund budget decreased from \$1,195,092 in the FY19 original budget to \$738,421 in FY20. For FY21, there is \$510,489 in revenue from the secure rural schools funding passing through from the General Fund to the Capital Projects Fund. Due to major renovations needing to be completed at multiple locations, FY21 Capital Projects Fund has increased by 43% over FY20 to total projected FY21 expenditures of \$1,369,000.

				2019-20 Revised		2020-21 Original	2020-21 Re-	% Change Rev. 2020-21 Bud vs. 2019-20 Rev.
	2016-17 Actual	2017-18 Actual	2018-19 Actual	Budget	2019-20 Actual	Budget	Adopted Budget	Bud
Beginning Fund Balance	346,081	385,492	1,512,151	1,917,783	1,917,783	1,954,324	1,954,324	1.9%
Revenue:								
Capital Projects Transfer	1,047,336	2,071,469	1,955,092	510,489	510,489	-	1,100,000	115%
Capital Projects Transfer - Rural Funding								n/a
Lease Proceeds/Grants/Other	228,193	248,820	50,001		114,892		-	n/a
Total Revenue	1,275,529	2,320,289	2,005,093	510,489	625,381	-	1,100,000	115.5%
- hide row check					-		-	
Total Funds Available	1,621,610	2,705,781	3,517,244	2,428,272	2,543,164	1,954,324	3,054,324	26%
Expenditures:								
Vehicles	144,440	134,708	289,317	245,000	-	400,000	400,000	n/a
Land and building								n/a
Major renovations	900,368	940,527	1,190,561	389,921	508,692	260,000	1,010,000	159.0%
Equipment and other	191,310	118,395	119,583	64,500	30,754	670,000	1,020,000	1481.4%
Principal Payments				39,000	49,395	39,000	39,000	0.0%
Total expenditures	1,236,118	1,193,630	1,599,461	738,421	588,840	1,369,000	2,469,000	234.4%
-hide row check							-	
Fund Balance	385,492	1,512,151	1,917,783	1,689,851	1,954,324	585,324	585,324	-65.4%
Total Appropriation	1,621,610	2,705,781	3,517,244	2,428,272	2,543,164	1,954,324	3,054,324	26%

BREAKDOWN OF BUDGET: DATA DOWNLOADED ON 07/07/2021

	<u>FY21 ADJUSTED BUDGET</u>
10 GENERAL FUND	
81 REVENUE	
000 GENERAL LEDGER	
000 GENERAL LEDGER	52,443,976.47
720 TRANSPORTATION XCENTER	
720 TRANSPORTATION CENTER	15,000.00
81 REVENUE	52,458,976.47
91 EXPENDITURES	
100 ELEM SCHOOLS	
100 ELEM SCHOOLS	200,462.26
141 HIGHLAND ELEMENTARY	
141 HIGHLAND ELEMENTARY	3,551,882.18
145 GRAHAM MESA ELEM SCHOOL	
145 GRAHAM MESA ELEM SCHOOL	3,059,516.56
151 WAMSLEY ELEMENTARY	
151 WAMSLEY ELEMENTARY	2,687,342.36
171 CACTUS VALLEY ELEMENTARY	
171 CACTUS VALLEY ELEMENTARY	3,279,013.81
181 KATHRYN SENOR ELEMENTARY	
181 KATHRYN SENOR ELEMENTARY	2,437,018.71
182 ELK CREEK ELEMENTARY	
182 ELK CREEK ELEMENTARY	2,526,500.52
200 MIDDLE/JR HI SCHOOLS	
200 MIDDLE/JR HI SCHOOLS	137,287.01
262 RIFLE MIDDLE SCHOOL	
262 RIFLE MIDDLE SCHOOL	4,890,773.27
282 RIVERSIDE MIDDLE SCHOOL	
282 RIVERSIDE MIDDLE SCHOOL	3,826,149.38
300 HIGH SCHOOLS	
300 HIGH SCHOOLS	83,619.99
363 RIFLE HIGH SCHOOL	
363 RIFLE HIGH SCHOOL	5,592,609.34
375 COAL RIDGE HIGH SCHOOL	
375 COAL RIDGE HIGH SCHOOL	4,213,549.75
691 ADMINISTRATION	
691 ADMINISTRATION	8,299,967.91
710 MAINTENANCE/CUSTODIAL	
710 MAINTENANCE/CUSTODIAL	5,012,150.27
720 TRANSPORTATION CENTER	
720 TRANSPORTATION CENTER	1,725,893.79
800 DISTRICT-WIDE COSTS	
800 DISTRICT-WIDE COSTS	796,704.00
91 EXPENDITURES	52,320,441.11

This Glossary of Terms is available to improve understanding of common terms used within the District.

Abatement: A cancellation of all or a part of a tax levy imposed by a government. This cancellation is then replenished by an “abatement mill levy”, which is assessed to all taxpayers equally.

Accrual Basis: This is a basis of accounting that records revenue and expenses when earned or incurred, regardless of when the cash is received or the payment is made.

Actual/Market Value of Property: The value of property as determined by the Garfield County Assessor.

Amendment 23: Amendment 23 was a constitutional change passed by Colorado voters in 2000. Amendment 23 requires K-12 education spending to increase at inflation plus 1% from 2001-2011, and then by inflation starting in 2012. The intent of the amendment was to get schools back to inflation-adjusted funding as of 1989, and to reverse a decade of budget cuts during the 1990s.

Appropriation: Funds authorized by the Board of Education for the purchase of goods or services. An appropriation for the District lapses at the end of the fiscal year.

Assessed Valuation (AV): A percentage set by state law for each type of property, residential, commercial, etc. multiplied by the actual value of the property set by Garfield County Assessors.

Benefits: Expenses paid for employees, including PERA, Health, Dental, Medicare, and unemployment.

Board of Education: An elected body of 5 individuals, created according to state law, which represent different geographical areas within the District’s boundaries.

BOCES: Abbreviation for Board of Cooperative Education Services. This is the type of entity that small to mid-sized school districts use for certain low incidence special education services. Thirteen school districts participate in the Mountain BOCES, which is the BOCES that includes Re-2.

Bonded Debt: An obligation of the District that resulted from issuing General Obligation Bonds, either for construction projects or other General Obligation Bond Refunding.

Budget Stabilization Factor: A factor, also known as the “Negative Factor”, that the state legislature added into the state education funding formula that significantly reduces the amount of funding for K-12 public schools.

Capital Outlay: An outlay for equipment or other assets with a life of more than one year. The District capitalizes, depreciates, and maintains financial records for those assets with an initial cost of over \$5,000 per asset.

Categorical Program Funding: Funding sources that are from the State of Colorado that are part of the School Finance Act funding approved by the legislature. Examples of this type of funding include ELPA, Transportation, and Read Act funding, amongst other sources.

Collaborative Solutions (CS): Re-2’s negotiation group that includes administrators, teachers, and classified staff who make recommendations for salary, benefit, and working conditions to the Superintendent and the Board of Education.

Colorado Measure of Academic Success (CMAS): The current state assessment for students. CMAS was first implemented in the fall of 2015.

Component Unit: A legally separate organization for which the elected officials of the primary government are financially accountable. (SOURCE: GASB Definition)

DAC, District Accountability Committee: This is a committee that meets regularly during the school year, which consists of administration, parents, board members, and other community members.

ELPA (English Language Proficiency Act): A Colorado state revenue source that is categorical program funding used specifically for students who are English Language Learners (ELL).

Fiduciary Fund: This is a type of fund that the District is holding in trust for another entity. An example of this type of fund is the Pupil Agency Fund, which represents fundraisers ran through our internal parent organizations.

Fund: A self-balancing set of accounts that include assets, liabilities, fund equity, revenues, and expenditures.

Fund Balance: This is the amount of monies that is remaining after all liabilities are accounted for. The fund balance must be available for cash flow fluctuations during the year and emergencies. The percentage of fund balance compared to expenses for a fund is one important measure of the current financial health of the fund. Each fund has its own fund balance.

GAAP: Abbreviation for Generally Accepted Accounting Principles. These are a conglomerate of the uniform minimum requirements for financial reporting and accounting, and define accepted accounting practice.

Government Accounting Standards Board (GASB): An organization funded by the Financial Accounting Foundation, whose purpose is to update accounting standards for state and local governments for Generally Accepted Accounting Principles (GAAP). These standards have the purpose of improving the readability of state and local government financial statements to users.

Governmental Fund: A fund within the school District that applies to the general operations of the District, and is not based upon earning a profit. The three fund types used by State and Local Governments are: Governmental, Proprietary, and Fiduciary.

IDEA: Abbreviation for Individuals with Disabilities Education Act. Federal funding for special education.

IB (International Baccalaureate) Program: A program that is run at Rifle High School, which holds an international standard of curriculum that helps the students who participate in the program to prepare for college rigor.

Measurement Basis: Defines the nature of accounting methodology used, whether it is cash basis, accrual basis, or modified accrual basis.

Mill Levy Rate: The measurement of property tax due that reflects 1/1000th of a dollar. The mill X assessed valuation = Property tax owed from taxpayers. The school District sets its mill each year in December.

Modified Accrual Basis: A measurement basis of accounting used by government agencies that combines accrual-basis accounting with cash-basis accounting. Modified accrual accounting recognizes revenues when they become available and measurable and mostly recognizes expenditures when liabilities are incurred.

Negative Factor: A factor, also known as the “Budget Stabilization Factor”, that the state legislature added in to the state education funding formula that significantly reduces the amount of funding for K-12 public schools.

PERA: Abbreviation for Public Employee Retirement Association of Colorado. This is the public pension fund for most state and school employees of Colorado. The District pays a percentage of salaries to PERA.

Property Tax: Taxes received by Garfield County that are distributed to public entities based upon the legally set mill levy rate for each public entity.

Proprietary Fund: A fund whose purpose is to make a profit or break-even. There are no proprietary funds operated by Garfield Re-2.

Public School Finance Act of 1994: A formula passed in 1994 and currently used to determine state and local funding amounts for the state's 178 school districts and the Charter School Institute. Total Program is a term used to describe the total amount of money each school district receives under the School Finance Act.

Purchased Services: Payment for services provided by businesses or individuals that are not employees of the District, including restaurants, consultants, and travel.

Read Act: State of Colorado Categorical Program Funding that is used for students who have low reading scores.

Recurring: Refers to a revenue, expense, or deficit that is expected to continue year after year.

Restricted Fund Balance: A fund balance that is required by state law, board policy, or board action to be used for a specific purpose.

School Finance Act: An act passed by the State of Colorado in 1994 that created a school district funding formula state-wide to help equalize funding at that time. This funding formula is still used to date.

Supplemental Budget: A budget approved by the Board of Education after the original budget has been passed for that year.

SB191: Colorado Senate Bill 191 passed by the Colorado Legislature. This bill has created a specific framework for evaluations of teachers in Colorado.

Total Program Funding: A term to describe the total funding received by a school district under the School Finance Act.

Unassigned Fund Balance: A fund balance that is not assigned for any purpose, and therefore could be appropriated for use that meets the requirements of the fund.

Wellspring Program: A program that used to be run by the BOCES that will be run by Garfield Re-2 starting in the 2016-17 school year. This program services middle school students who are at-risk due to behavioral issues.

WGEA: Abbreviation for Western Garfield Education Association. This is the staff negotiation association.

Yampah Mountain High School: This is a high school located in Glenwood Springs, Colorado, that is run by the BOCES. This high school assists students who may need a different education structure than a regular high school for various reasons.