INTERNAL MONITORING REPORT
June 5, 2024

POLICY:	**2.3 Financial Planning and Budgeting**
POLICY CATEGORY:	**Operating Limitations**
PERIOD MONITORED:	**Projected Revenues/Expenditures for Fiscal Years 2024-2025, 2025-2026, and 2026-2027**

This is my monitoring report on the Board of Education's Operating Limitations Policy "Financial Planning and Budgeting." I certify that the information contained in this report is true and complete and presented in accordance with the routine monitoring report schedule. This report will monitor the policy starting at its more detailed provisions and end with the global provision.

Chris Gdowski, Superintendent
May 31, 2024

1. **POLICY PROHIBITION WORDING:** *Shall not fail to include credible projections of revenues, carryover funds and expenses, separation of capital and operational items, and disclosure of planning assumptions for the organization as a whole, for each school and operating unit, and for each fund.*

INTERPRETATION:

1a. I interpret "*Shall not fail to include credible projections of revenues, carryover funds and expenses*" to mean:

Revenues: Revenue estimates are based on the Colorado Department of Education's (CDE) and other state agencies' projections, the District Planning Department's student count projections, current legislation impacting the School Finance Act, and historical trends for specific ownership taxes. Student count projections are also based upon detailed analyses of anticipated enrollment at each school in the district for the upcoming school year and future school years.

Expenditures: Projected district expenditures include anticipated adjustments for compensation; benefits (including PERA); inflation for goods and services, staffing and program changes, and budget realignment.

Carryover: Carryover projections are estimated by compiling year-end projections for both current year revenues and expenditures.

DATA REPORTED: On May 23, 2024, Governor Polis signed into law House Bill 24-1448, New Public School Finance Formula. Based on information currently available, the new law appears to be more favorable to the District. Because the political and economic landscape is uncertain, the forecast *does not* incorporate the new law.

The table shows three-year projections using the criteria in the interpretation above.

Assumption with change and percentage change	FY 2024-25 Proposed	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast
Governing law [1]	SB24-188			
Inflation [2]	5.2%	2.6%	3.3%	2.3%
Base per-pupil funding (foundation funding)	\$8,496.38 *\$419.97*	\$8,717.29 *\$220.91*	\$9,004.96 *\$287.67*	\$9,212.07 *\$207.11*
October FTE count *decreases from prior year*	33,078.0 *-648.5, -1.9%*	32,808.0 *-270.0, -0.8%*	32,449.0 *-359.0, -1.1%*	32,449.0 *0.0, 0.0%*
Funded pupil count [3] *decreases from prior year*	34,569.5 *-957.7, -2.7%*	33,980.8 *-588.7, -1.7%*	33,402.9 *-577.9, -1.7%*	32,912.3 *-490.6, -1.5%*
Budget stabilization factor [4]	Zero	Zero	Zero	Zero
Per-pupil funding before at-risk, ELL, and extended high school	\$10,538.10 *\$520.89, 5.2%*	\$10,812.09 *\$274.00, 2.6%*	\$11,168.89 *\$356.80, 3.3%*	\$11,425.77 *\$256.88, 2.3%*
Per-pupil total program funding	\$11,259.21 *\$726.48, 6.9%*	\$11,562.98 *\$303.77, 2.7%*	\$11,956.36 *\$393.38, 3.4%*	\$12,241.85 *\$285.50, 2.4%*

Funding for multi-district on-line and extended high school programs grows by inflation only.

Increases in expenditures assume effective salary adjustments equal to inflation, health insurance premium adjustments of 5% for each projected year, and PERA contribution to remain constant at 21.4% [5]. Identified one-time budget additions in FY2024-25 totaling \$19.5 million have not been reduced in subsequent forecast years. Any changes in staffing due to forecasted declining enrollment are not predetermined in the forecast. As enrollment, revenue, economic forecasts, etc., become clearer by December, the necessary adjustments required to meet the Board of Education's unassigned fund balance will inform the FY2025-26 District leadership discussions. The approximate amount of reductions required in the budget would be \$16.4 million in FY2026-27 and an additional \$27.5 million in FY2027-28.

For purposes of the forecast, the charter school enrollment remains constant and per pupil revenue allocations for total program and mill levy overrides increase as those revenues increased. The remaining funds are assumed to Adjustments to Transfers Out assume enrollment in district approved charter schools remains constant and per pupil revenue allocations adjust with increase in base and reduction in the budget stabilization factor. All fund transfers are assumed to remain constant. The assumption is these funds will absorb salary and stipend increases within the transfer and revenue generated in the respect funds.

The TABOR Reserve increase is calculated on revenue received from both Total Program and all voter approved mill levy overrides. The increases are in line with inflation increases associated with the 2018 approved mill levy override (5C) and consumer price index adjustments to base per pupil funding.

The Multiyear Commitments, retirement stipends for certified and classified staff remains constant throughout the forecast period. The restricted fund balance will, in fact, adjust each year as the five-year outlook of payments is determined.

The reduction in the Designated Override Reserve in projected fiscal years is due to the anticipated spending of projects for which the overrides were originally established. Additionally, keeping the other designated reserves at zero means the assumption is the budgeted expenditures will be spent each year. This is not the case which would necessitate the carryover of some of the unspent funds.

Data for both projection years is determined by analyzing activity in the prior three fiscal years and adjusting for major anomalies. Historical performance is not a guarantee of future results, and the district's largest funding source, Total Program, is driven by legislative decisions of the Colorado General Assembly.

General funds	2024-25 Proposed	2025-26 Forecast	2026-27 Forecast
Beginning fund balance	**$ 107,261,122**	**$ 77,053,967**	**$ 48,851,011**
Revenue	501,613,804	504,900,799	513,425,204
Expenditures	526,065,187	527,464,402	537,493,709
Total transfers out	5,755,772	5,639,353	5,277,506
Revenue over/under expenditures and transfers	(30,207,155)	(28,202,956)	(29,346,011)
Ending fund balance	**$ 77,053,967**	**$ 48,851,011**	**$ 19,505,000**
TABOR & multi-year	26,713,622	26,812,232	27,067,964
Other reserves	30,275,793	11,288,534	7,853,574
Unassigned fund balance	$ 20,064,552	$ 10,750,245	$ (15,416,538)
as a percentage of revenue	*4.0%*	*2.1%*	*-3.0%*

The deficits in unassigned fund balance are likely to be eliminated as annual decisions regarding compensation and expenses, coupled with updated revenue assumptions are determined.

COMPLIANCE: I report compliance.

INTERPRETATION:

1b. The phrase "*Shall not fail to include…separation of capital and operational items…*" to mean:

Capital items, including land, buildings, improvements to buildings, and equipment having a unit value of greater than $5,000 [6], are maintained in accounts separate from operational items. This is reasonable as the district utilizes the Colorado Department of Education standard chart of accounts, which clearly identify the proper accounts for expenditures of capital and operational items.

DATA REPORTED: Separation of capital and operational items is maintained in accordance with Colorado Department of Education reporting requirements, using appropriate account codes in the Food Service Fund, Capital Reserve, Information Technology, and Building Fund, etc., for capital items. Account validation rules assist in ensuring capital items are not charged to operating accounts.

Separation of these items is verified through the external independent audit and approved electronic submission of accounts and expenditures to the Colorado Department of Education.

COMPLIANCE: I report compliance.

INTERPRETATION:

1c. The phrase "*Shall not fail to include… disclosure of planning assumptions for the organization as a whole…*" does not require further interpretation.

DATA REPORTED:

The 2024-25 federal and state grants budget decreased dramatically as the remainder of COVID-related is fully expended. Many of the programs originally funded with one time grants dollars have been converted to either ongoing or one time expenditures in another fund. The ability of the general fund to absorb some of these costs is due to declining enrollment causing decreased school-based budgets. Given the nature of the substantial changes in these assumptions, the Board has been informed frequently regarding cliff-funded decisions. These decisions represent the largest expenditure assumptions besides compensation. As compensation discussions are finalizing, the Board is updated regularly, including at its last meeting on May 22, 2024. Federal awards are estimated to remain constant if not decline over the forecast period. As CDE releases the allocations for federal formula grants and for state grants and categoricals, the budget is updated as part of the amended budgets sent to the board for approval in January.

The compensation increases also take into account the forecasted annual health insurance increases of 5% and the increased required for the employer-paid portions of PERA and Medicare. Inflation increases as shown above create a baseline for forecasted growth in expenditures. The growth in expenditures other than compensation includes inflationary growth in utilities, fuel, and parts for buses and other district vehicles. The FY 2024-25 compensation increase of 3.2% recurring and 2.0% one-time is included in the forecast. The recurring portion impacts the remaining years of the forecast. Additional increases to staff compensation beyond inflation in the forecast period are not included in the assumption.

COMPLIANCE: I report compliance.

INTERPRETATION:

1d. I interpret "Shall not fail to include…disclosure of planning assumptions… for each school and operating unit…" to mean:

All school budgets, and all department budgets, are based on attaining the organizational goals as follows:

- At the conclusion of the 2024-25 school year, Adams 12 Five Star Schools will be the highest performing school district among its comparable peer school districts.
- Increase the graduation rate.

- Increase median growth percentiles to the 50th percentile or above.
- Meet or exceed the state of proficiency data in reading, writing, math, and science.

DATA REPORTED: School and department budgets for the 2024-25 school year maintain the prior-year allocations deemed effective in attaining the student achievement outcomes as well as new allocations predicted to improve those outcomes. Schools may have been impacted by declining enrollment that impacted available FTE. Title I school allocations remained relatively constant over prior year even as the district identified additional schools as eligible for Title funding. The allocation methodology for schools and the Title I, Part A, school allocations are included as attachments to the monitoring report. Generally, departments maintain a zero growth budget except compensation increases. Due to the success of identifiable projects from prior years, some budgets in Learning Services increased. The increases were partially self-funded as the department identified offsets and reallocations of resources.

COMPLIANCE: I report compliance.

1e. I interpret "*Shall not fail to include…disclosure of planning assumptions… for each fund*" to mean: the Bond Redemption-Debt Service, Special Revenue, Capital Projects, Building, Insurance Reserve, and Information Technology Funds. The interpretations for the planning assumptions for each fund are listed below, followed by supporting data and compliance statements.

INTERPRETATION:

I interpret *Bond Redemption-Debt Service Fund planning assumptions* to mean the use of assessed valuation and the debt payment schedule to calculate needed revenue, which is received through the debt service mill levy. This is reasonable because the assessed valuation from the assessor's offices and the debt payment schedule provided by district investment bankers have historically been reliable to generate revenue adequate to make annual debt payments.

I interpret *Special Revenue Funds planning assumptions* to mean revenue information from CDE for federal and state grants, revenue projections based on student fees in alignment with Board approved student fees, and expenditures based on historical actuals and current estimates based on expected enrollment and programmatic costs. The Special Revenue Funds include the Government Designated-Purpose Grant Fund, Interscholastic Athletics Fund, Pupil Activity Special Revenue Fund, Other Special Revenue Fund, Food Services Fund, and the Before, After and Summer Enrichment (BASE) Program Fund.

I interpret the *Capital Projects* and *Building planning assumptions* to mean the alignment of available Capital Reserve Fund and Building Fund allocations with projected needs provided by long-range enrollment projections, with priority given to protection of life/health/safety of building occupants, items that affect the immediate operational use of the facility if not repaired, and meeting the objectives outlined in the voter approved bond election in November, 2016.

I interpret *Insurance Reserve Fund planning assumptions* to mean use of information provided by recognized insurance brokers and professional actuaries to project future costs. This is reasonable as these external experts utilize industry trends, loss history, and actuarial studies.

I interpret *Information Technology Fund planning assumptions* to mean the management of ongoing technology needs, including student devices, hardware, software, infrastructure, maintenance and district support.

I interpret *Instructional Revenue Fund planning assumptions* to mean the alignment of mill levy funds associated with the purchased of instructional material. Activity for these expenditures include the elimination of student fees for classroom consumables and well as textbooks for new curriculum.

DATA REPORTED

2024-25 Key Budget Assumptions for Each Fund

Fund	Fund balance and Revenue	Expenditures and Transfers
General Fund	The beginning fund balance is estimated at $89.6M. Per pupil funding increased by $723.48 to $11,159.21 due to the $6.6M elimination of the Budget Stabilization Factor, an inflation rate of 5.2%, and a small increase in multi-district online pupils. The district funded pupils, including district approved charters and not including preschool students, for FY 24-25 is 34,569.5. The district will also see a $2.0M increase to special education funding. Due to historically high interest rates, the investment earnings generates $4.8M. The 2018 mill levy override grows by inflation, $1.7M. The initial budget increases state categorical revenue by inflation. The ECEA categorical revenue is expected to increase categoricals higher than inflation.	Salaries and benefits make up 83.1% of operating expenditures. The starting certified educator salary is $58,870 and a maximum salary of $107,239. Salary increases are budgeted at 5.2% total increase that also impacts PERA and Medicare expenditures. Health insurance premiums are projected to increase 5.0%. Other significant increases to the budget includes $4.2M in purchased services that includes significant contracts for special education and substitutes due to licensed vacancies. Additional department operating expenditures are budgeted to increase by inflation. Indirect cost recoveries from federal grants decrease as ESSA related federal funds are fully depleted.
Instructional Revenue Fund	The beginning fund balance is estimated at $7.2M. The Instructional Revenue Fund is funded through a transfer from the General Fund for curriculum and textbooks.	Expenditures included in this fund are those used to support textbook and curriculum purchases, implementation of curriculum, and consumable supplies & materials at schools to eliminate student fees.
Information Technology Fund	The beginning fund balance is estimated to be $5.5M. Funding is provided from a transfer of $20.4M from the General Fund for expected operating and capital project needs. The transfer will need to increase in the future as salaries and benefits of IT staff increase. Additionally, a transfer increase is necessary, as an offset to school and department budgets, because IT is paying for all Chromebooks and staff devices.	The FY23-24 Information Technology Fund budget includes operating expenditures for the district print shop, instructional materials center, records management, academic and administrative data services, and strategic technology initiatives. Aside from salaries and benefits, the largest expense in IT is purchased services which include annual software license maintenance, consulting support, and copier leases. The internal reimbursements in this fund is for school and department click charges, as each location is responsible for its own usage. IT will continue to purchase Chromebooks and staff devices to support the district's one to one device initiative and to ensure a consistent refresh cycle of staff devices.
Insurance Reserve Fund	The beginning fund balance is estimated to be $5.0M for insurance reserves. The fund's expenditures are covered by a transfer from the General Fund that is equal to the total expenditures that ensures an ending fund balance of $5.0M.	The primary expenses are insurance premiums and department staff. The District partners with the Colorado School Districts Self Insurance Pool (CSDSIP) for property and liability coverage, Pinnacol Assurance for workers' compensation, and Arthur Gallagher for cyber security coverage. Insurance premiums and other purchased services are budgeted to increase by 6.0%, which exceeds budgeted inflation.
Bond Redemption Fund	The beginning fund balance is estimated to be $110.6M. Revenues are generated from mill levies passed by the voters for the sole purpose of repaying bonds.	Interest and principal on payments are due in December and June of each year, as well as fees for the paying agent and annual arbitrage calculations.
Building Fund	The beginning fund balance is estimated to be $13.8M representing minimal unspent bond proceeds and other revenues captured in the building fund. In prior years, external	The expenditures will be spent on remaining bond –related projects

2024-25 Key Budget Assumptions for Each Fund

Fund	Fund balance and Revenue	Expenditures and Transfers
	reimbursements such as federal E-Rate reimbursements, as well as use tax refunds and cash-in-lieu payments from local governments have supplemented fund revenue, however no external reimbursements are budgeted for FY24-25.	
Capital Reserve Fund	The beginning fund balance is estimated to be $28.4M in FY24-25. Revenues for this fund are from tenant leases at the Educational Support Center, cash in lieu payments from local building developments, and royalties received for oil and gas rights on district properties, and investment earnings. A relatively small transfer of $2.9M from the General Fund relates to the debt service payments Energy Performance Contract (EPC) and Certificates of Participation (COP).	The FY24-25 Capital Reserve Fund budget includes expenditures of $8.6M, major expenses include deferred maintenance, and major facilities repairs and improvements throughout the district. Fund balance after all expenditures remains in the fund.
Governmental Designated-Purpose Grants Fund	Federal Grants totaling $34.9M decreased by 35% of the prior year's amended budget. This is due to the end of ESSER related funding. Federal grant totals are based on federal allocations provided by CDE or estimated allocations based on the most current information available at the time. The district will continue to pursue grant funding that will support and enhance the learning experience of our students. Most federal grants require the district to expend funds and then request reimbursement.	2 CFR Part 200 of Uniform Grant Guidance establishes uniform administrative requirements, cost principles and audit requirements that each grantee must adhere to. All expenditures must be used in conformity with the grant guidelines and original funding purpose established by the grantor. Benefit costs include a $16M PERA "on-behalf payment." This "payment" represents the district's share the state's required supplemental PERA payment. The district does not actually receive these funds. 80% of grant expenditures relate to federal support. Three grant programs: ESEA (Title), IDEA, and Medicaid represent nearly 60% of all expenditures. Grant expenses cannot exceed the funding balance of the individual grant and must be reported on a yearly basis to the grantor to ensure that all spending is appropriate.
Food Service Fund	The beginning fund balance is estimated to be $12.4M in FY24-25. Total revenues are expected at $16.1M, with a significantly higher portion coming from state support due to the Healthy School Meals for All (HSMA) act which started in FY24. This act provides state funded reimbursements in combination with existing federal reimbursements to provide no-cost meals to all students in the district. The anticipated result is a significant reduction to cash revenues (only cash paid for a la carte items), and lower federal reimbursement, but is offset by the increase to state reimbursements.	Total budget for FY24-25 expenditures is $16.4M, and assumptions include increases to salary and benefits, inflation of food, delivery, and supply costs as major drivers of non-salary operating costs in this fund. The fund balance ensures funds are available to replace old and failing equipment. Food Service funds can only be spent on allowable expenses related to the NSLP,
Before, After and Summer Enrichment Program Fund	The beginning fund balance is estimated to be $4.6M in FY24-25. Revenues are generated from participant tuition in before school, after school, and summer programs, with additional funding from the Colorado Child Care Assistance Program. Combined, the total expected revenue is $7.4M. Adjustments to the tuition rates may be made with board approval.	Fund expenditures are planned at $7.8M to cover salaries, benefits and program costs to include supplies, snacks, field trip admissions, and transportation. Staffing schedules have also been adjusted to support the new calendar. Ending fund balance is forecasted at $4.2M.

2024-25 Key Budget Assumptions for Each Fund

Fund	Fund balance and Revenue	Expenditures and Transfers
Pupil Activity Special Revenue Fund	This fund is expected to have a beginning fund balance of $4.7M. Sources of revenue are generated from student fees that have been approved by the Board of Education. A full Fee Schedule is available for review on the district website and contain fees either mandatory, course related or optional. Examples of student fees would be field trips, workbooks, yearbooks, athletic programs, pottery, etc.	All revenue collected for student fees will be used for the designated purpose and shall not be expended for any other purpose. Any funds remaining at the end of the year are retained in the fund.
Interscholastic Athletic Fund	The beginning fund balance is estimated at $2.0M. Athletic Fund assumptions project revenue from Board approved fees using historical data and input from school athletic coordinators, and a transfer in from the General Fund of $2.6M, which is expected to cover the salaries and benefits of athletic coaching staff as well as on-going support for middle school sports.	Expenditures, using historical trend and actual data, are aligned with available revenue sources and are used to support the athletic activities of the district.
Other Special Revenue Fund	The estimated beginning fund balance is $3.0M, with sources of revenue generated from community use rentals of school facilities, vendor rebates, local donations, band uniform replacement, and school based parent/teacher/student fundraising groups. Revenues from all sources total $2.9M expected in FY24-25.	Expenditures include salary and benefits for district staff who oversee community, including necessary operating expenditures. School based expenditures will align to the original funding purpose. Local donations and fundraising sources will be expended in accordance with guidelines submitted when the donation was received or fundraising activities were approved.

COMPLIANCE: I report compliance.

2. **POLICY PROHIBITION WORDING**: *Shall not provide less for Board prerogatives during the year than is set forth in the Cost of Governance policy*.

INTERPRETATION:

I interpret this to mean the District budget includes requested funding in accordance with Board of Education Policy 4.7. This is reasonable, as the Board of Education requires budgeted funds to perform its duties.

DATA REPORTED: The Recommended Budget for Fiscal Year 2024-25 provides funding in the amount requested by the Board of Education. The Board discussed, and there was general consensus regarding, its department budget at the April 10, 2024, meeting. This is expected to be adopted as part of the Adopted 2024-2025 District Budget at the June 5, 2024, Board of Education meeting.

COMPLIANCE: I report compliance.

3. **POLICY PROHIBITION WORDING:** *Shall not budget in a manner that risks incurring those conditions prohibited in our policy on Financial Condition and Activities Policy.*

INTERPRETATION:

I interpret this policy language to mean that planning provides for consistent compliance with Board Policy 2.4, which assures that money is only expended towards the achievement of Ends; that reserves are maintained with no less than the sum of the required TABOR Reserve, career longevity stipend reserve, encumbered funds reserve, and any multiple year financial commitment reserves; that the unassigned fund balance is maintained per Board of Education policy between 4% and 8%; and that compliance does not require the absence of projected deficits in future fiscal years, as annual decisions regarding compensation and expenses, coupled with updated revenue assumptions are likely to eliminate such deficits. Compliance with this "prudent planning policy" requires compliance with the foregoing criteria in the proposed budget for the next fiscal year and reasonable estimates of revenues and expenses in the next two fiscal years.

DATA REPORTED: Budget planning has been prepared to meet the requirements of Board Policy 2.4 for fiscal years ending 2025 through 2028. TABOR reserves increase throughout the forecast period due to the annual increase in revenue. All fiscal years included in this report include mill levy override funding when calculating the TABOR and Contingency reserves. Future fiscal years include the use of one time funds to balance the budget and this could be offset in whole or in part, by variations in actual revenue compared to current assumptions, including annual changes to total program funding, specific ownership tax and earnings on investments in each year's budget.

COMPLIANCE: I report compliance.

4. **GLOBAL POLICY PROHIBITION:** *Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from Board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a multi-year plan.*

I submit that the Board's policy is comprehensively interpreted in the preceding provisions. This is reasonable because my interpretations, data reported and compliance statements are presented with those provisions above.

COMPLIANCE: I report compliance.

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1. Senate Bill 24-188, Public School Finance, and House Bill 24-1448, New Public School Finance Formula. Both bills signed into law on May 23, 2024. Beginning in FY 2025-26, the HB24-1448 creates a new school finance formula to be phased in over six years.
2. Colorado Legislative Council Staff March 2024 CPI Forecast, March 15, 2024. A consumer price index (CPI-U) is not calculated for the state of Colorado. The CPI-U for the Denver-Aurora-Lakewood core based statistical area is often used as a proxy for the inflation rate of Colorado. A bimonthly index is published for the Denver-Aurora-Lakewood core based statistical area.
3. The current School Finance Act formula makes enrollment allowances for districts that lose pupils from one year to the next, recognizing that these districts may have difficulty budgeting for fewer pupils. The pupil count for declining enrollment districts is the greater of a two-year, three-year, four-year, or five-year average of the October counts. HB24-1448 eliminates the fifth year of averaging, so that the funded pupil count is the greatest of the current year student count or the average count over two, three, or four years.

Impact on total program funding due to the declining enrollment formula change (*excludes multi-district online and extended high students who are funded differently*)			
Law	**FY 2024-25 Proposed**	**FY 2025-26 Forecast**	**FY 2026-27 Forecast**
SB24-188	34,055.0	33,437.3	32,864.4
HB24-1448	34,055.0	33,102.9	32,489.6
Reduction in averaged funded pupil count	–	-344.4	-374.8
Per-pupil funding	$10,538.10	$10,812.09	$11,168.89
Reduced revenue	–	-$3,615,564	-$4,186,101

Reduction shown prior to the adjustments for other factors expecting to make up the initial variance

4. SB24-188. "**In recent years***, the stabilization of the state budget has required a reduction in the amount of the annual appropriation to fund the state's share of total program funding for all school districts … This reduction is commonly referred to as the "budget stabilization factor". The school districts' [local] share of total program funding is primarily derived from nonresidential and residential property tax revenue. **Colorado's current economic conditions are mixed**. There are *significant increases* in property values, generally increasing the school districts' share of total program funding and consequently decreasing the state's share of total program funding. The current economic conditions have also increased the amount of revenue available to the state for the 2024-25 budget year, allowing the state to significantly increase the amount of appropriation for the state's share of total program funding for school districts …, thereby eliminating the budget stabilization factor. **There is, however, a great deal of uncertainty concerning the continuity and longevity of these current economic conditions and whether high property values and increased revenue will continue**. Therefore, the general assembly declares its commitment to eliminating the budget stabilization factor in this year ***and subsequent years to the degree possible***, subject to the continuing high levels of property values and changing economic conditions." (emphasis added).
   * "In recent years" is an interesting turn of phrase. In reality, the budget stabilization factor has been in place since FY 2010-2011. HB10-1369.
5. PERA announces the progress toward its funding goal each June, along with any automatic adjustments to contributions or annual increases, which take effect the following July. Adjustments are triggered when the blended total contribution amount is less than 98 percent of the blended total actuarially required contribution. When the blended total contribution amount is less than 98 percent of the blended total actuarially required contribution, the District's and employee's contribution rate can each increase up to 0.5 percentage points. The District's expenses would increase at least $1.4 million based on the total contribution rate moving from 21.4% to 21.9%. District contributions to PERA account for approximately 13.66 percent of the overall General Fund expenditures in Fiscal Year 2024-25. Additionally, employees will contribute up to 11.00 percent of their salary to PERA.
6. On April 22, 2024, the Office of Management and Budget issued final guidance effective October 1, 2024. The new Uniform Guidance changes the capitalization amount from $5,000 to $10,000. The Uniform Guidance requires the district to follow capitalization rules at the lower of the district's capitalization threshold or $10,000. Therefore, by October 1, 2024, I will communicate an amendment to policy that increases the district's capitalization threshold to $10,000.

The Board acknowledged receipt of a monitoring report as of June 5, 2024 for Fiscal Years 2024-2025, 2025-2026, and 2026-2027 of the Superintendent concerning Board Policy 2.3 Financial Planning and Budgeting, and found the superintendent's interpretations were reasonable and supported by data that was relevant, justified and complete.