

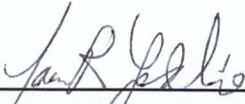
**Budget for Board Adoption May 23,2024**  
**500 E. Kelley's Road, Woodland Park, CO 80863**

**Merit Academy  
Adopted Budget  
Fiscal Year 2025**

**Specific Budget Resolution #2**

In accordance with CRS 22-44-105 the Board of Directors of Merit Academy in Teller County hereby authorizes the expenditures of fund balances for fiscal year 2024-2025 according to the following schedule:

<b>FUND</b>	<b>AMOUNT</b>
<b>General Fund, in the amount to spend down beginning fund balance.</b>	\$ <u>          -</u>
<b>General Fund Total</b>	\$ <u><u>          -</u></u>

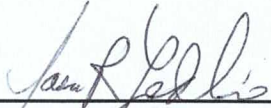
  
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Jason Ledlie, Board President, In Accordance with CRS 22-44-105

23 May 2024  
Date Adopted

**Merit Academy  
Adopted Budget  
Fiscal Year 2025**

Be it Resolved, by the Board of Directors of Merit Academy in Teller County, that the amounts shown in the following schedule be appropriated to each fund as specified in the Adopted Budget for the ensuing fiscal year beginning July 1, 2024 and ending June 30, 2025.

<b>FUND</b>	<b>AMOUNT</b>
General Fund	<u>\$ 7,428,456</u>
<b>Total Appropriations</b>	<u><u>\$ 7,428,456</u></u>

  
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Jason Ledlie, Board President, In Accordance with CRS 22-44-110(4)

23 May 2024  
Date Adopted



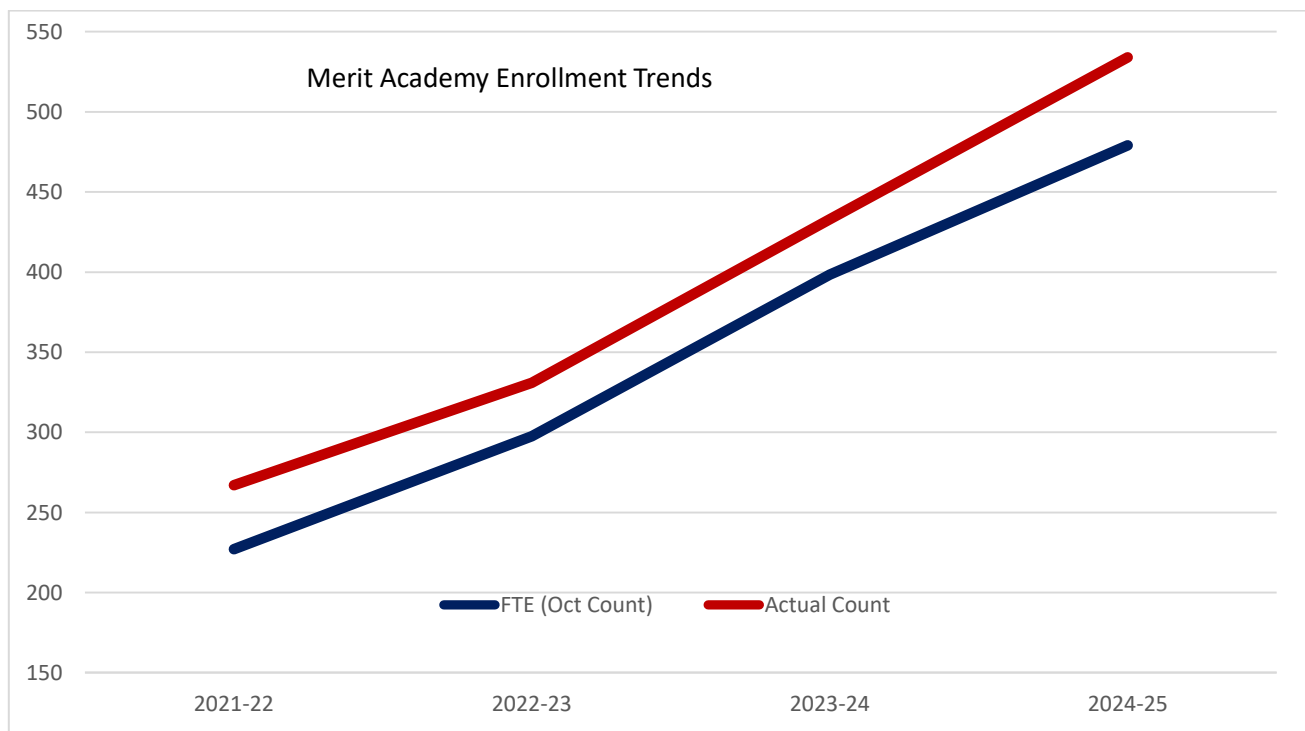
## Historical Knowledge

### Enrollment

Enrollment is the core measure by which Colorado provides school funding. Students are either full-time students, online students (partial funding), or part-time students (half-funding). Part-time students, for purposes of October count, count as .5 FTE (full-time student) and receive half of the per-pupil revenue (an amount decided each year through the State’s legislative process). The combination of the full-time students and half-students is called the FTE count.

There is also an actual count, wherein part-time students actually count in whole. This is often used when looking at facility capacity or similar reviews.

- In Merit Academy’s first year, Merit Academy served 267 students, of whom 187 were full-time K-8<sup>th</sup> grade students, with a funded count (Oct FTE count) of 227 students.
- In the second year (22-23), Merit Academy served 331 students, of whom 264 were full-time K-9<sup>th</sup> grade students, with a funded count (Oct FTE count) of 297.5 students.
- In this third year (23-24), Merit Academy served 433 students, of whom 364 were full-time K-10<sup>th</sup> grade students, with a funded count (Oct FTE count) of 398.5 students.
- The fourth year (24-25) Merit Academy is adding PreK, which is not included in the funded pupil count. Merit Academy forecasts serving 534 PK-11<sup>th</sup> grade students, of whom 452 are full-time K-11<sup>th</sup> grade students, with a funded count (Oct FTE count) of 479 students.

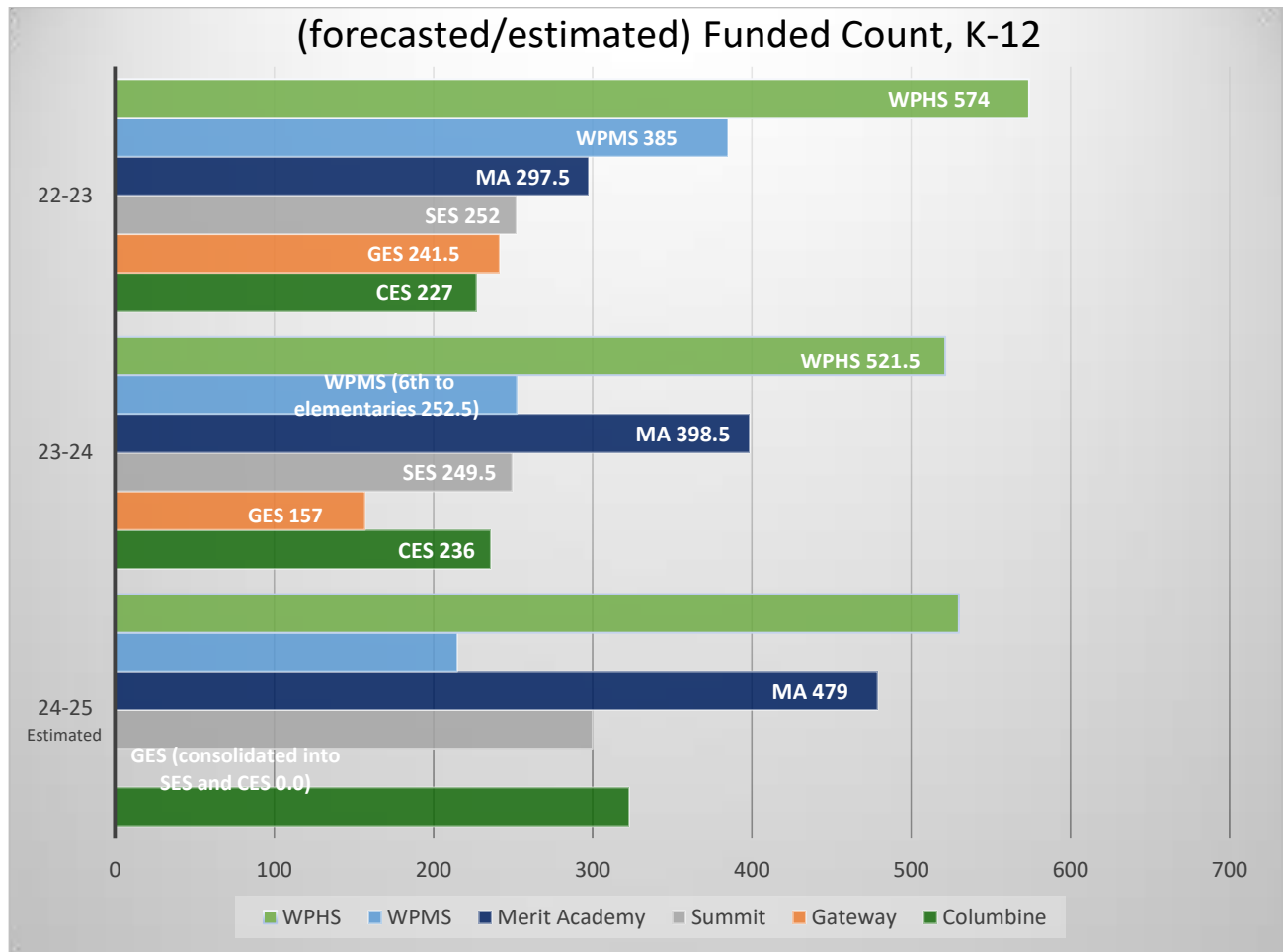




### District Percentage

Parts of the budget are based on a percentage of students who attend Merit Academy to the number of students attending WPSD. In particular, local revenue shares are based on this percentage measurement. The student count below are funded pupil count, wherein part-time students account for .5 funded student count. Actual student count is higher; however, because this relates to funding, funded October count is used.

- The 22-23 school year was Merit Academy’s second year in operation, but the first year as a WPSD charter school. WPSD’s district FTE Oct count, including Merit Academy, was 1,977. Merit Academy accounted for 297.5 of those students, or 15% of district enrollment.
- The 23-24 school year was Merit Academy’s third year in operation. WPSD also reconfigured their elementary schools to PK-6<sup>th</sup> grade, leaving WPMS to serve 7<sup>th</sup> and 8<sup>th</sup> grades. Woodland Park School District had a funded Oct. pupil count of 1,815, of which, 398.5 are Merit Academy students. This equates to approximately 21.96% of WPSD enrollment.
- The 24-25 school year was the first year that Gateway was consolidated to Summit and Columbine Elementary Schools. It is forecasted that WPSD’s funded Oct. pupil count will be 1,847 students, of which 479 are Merit Academy students, or 25.93%.





### **Charter/Authorizer True-Ups**

It is customary, even statutorily required, for charter schools and their districts to work together. One such area of collaboration is the State's required fiscal partnership. Per CRS 22-30.5-11, 12, fees, purchases, and revenues between the charter school and the authorizing district require "true-up". If there is a discrepancy between the fees paid and the actual cost incurred or between revenues received and pupil count, the charter school and district work together to address the overage of fees or revenues, typically with reimbursement to the owed party.

True-ups typically occur around audit or budget milestones, in:

- January (mid-year) following CDE's October count confirmation
- June, in preparation for the annual financial audit
- Within 90 days of close of the fiscal year

### **Sales Tax & Mill Levy Override**

#### Mill Levy Override

In 2003, voters approved a mill levy override for \$1.1 Million to support local education through WPSD. Per C.R.S. 22-32-108.5 (b) and (c):

*"(b) The general assembly further finds that section 2 of article IX of the state constitution requires the general assembly to provide for the maintenance of a thorough and uniform system of free public schools throughout the state. Requiring each school district board of education to equitably use and distribute its resources to meet the needs of all students enrolled in all of the schools of the school district supports greater uniformity in providing public education services within each school district and throughout the state.*

*(c) The general assembly finds, therefore, that each school district board of education has the duty to ensure that the school district uses and allocates its resources in a manner that results in the equitable treatment of all students enrolled in the school district, according to their individual needs, regardless of the type of school of the school district in which each student is enrolled."*

#### Sales Tax

In April, 2016, the voters of Woodland Park approved a 1.09% sales tax to provide financial support to the Woodland Park School District for educational purposes such as:

- Post-secondary preparation courses,
- Innovative school programs,
- Technology,
- Staff Salaries, AND
- Facility maintenance and improvements

Why a sales tax and not a real estate tax?

The community knew of the financial needs of this district, from facilities to personnel to curriculum and everything else needed to support students in their learning. There were many meetings to





figure out how to support a budget that needed to close the competitive gap and provide a livable wage to educators as well as address needed facility improvements, including replacing the WPMS roof. However, passing another bond for facilities and increasing the mill levy override for operational expenses not only was a challenge in this fiscally conservative community, it caused an inequitable burden on home owners and businesses.

After several weeks of research and seeking a solution that answers “how can this be done” rather than “can this be done”, Dr. Pekron formulated an extensive idea and submitted it to her fellow WPSD Board members and the Business Manager. The idea was to initiate a sales tax for the District, using a portion of it to then pay off the bond (an additional real estate tax) that residences and businesses were already paying, thus reducing property tax. After they furthered their research on logistics, it was confirmed that, yes, this is a viable alternative to a mill levy override and bond. Working with City Council, this plan was submitted to voters and was approved in April, 2016.

#### Sales Tax vs. Additional Property Tax

- Sales tax is a consumer tax, whereas property tax is not. Consider this:
  - With the property tax, an elderly couple on a fixed income living in a home they’ve owned for 40 years would have to pay the same amount of property tax and insurance as would a family of six with double income living in a similar home.
  - Conversely, perhaps that elderly couple spends \$700/month locally on items that are sales-taxable, contributing approximately \$7.63/mo of sales tax to the WPSD educational revenue, whereas the family of six might spend \$2,400/month on local sales-taxable items, providing approximately \$26/mo of sales tax to the WPSD educational revenue.
  - Payments with EBT cards or similar government assistance programs usually waive sales tax. Impoverished families would not be burdened as they might with a property tax.
  - Tourists also bring in approximately 33% of that sales tax revenue, but that contribution would not exist with a property tax.
  - Businesses are heavily burdened with a property tax, but the sales tax is passed on to the consumer without raising costs of the product or services.
  - Finally, local non-profits that own properties do not pay property tax, but their employees, students, or clients/consumers would pay sales tax for items they purchased locally.

In October, 2021 WPSD’s Board of Education hired a facilities consulting firm. They conducted a facility study and reported over \$34 Million in needed repairs and updates to the district facilities over the next 10 years. Facility improvements continue to be scheduled and allocated without additionally burdening local property owners (businesses and residential) with a hefty \$34 Million bond (property tax).



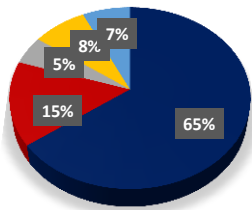
This is possible, in part, because of the contribution of the sales tax revenues to the district budget. Furthermore, the district continues to pay off the prior bond (property tax) out of sales tax revenues through a Certificate of Participation (COP). Final payout is estimated to occur by/in FY36.

As CDE (in alignment with CO Statue Statutes) and the CO General Assembly requires a District Board of Education to equitably use and distribute funding and resources for all students in the district, including charter schools, and given that Merit Academy is a WPSD charter school, and given that the sales tax is a voter-approved alternative to an increased mill levy override property tax, Merit Academy receives sales tax revenues in alignment with the intent of the law.

Merit Academy follows the same parameters that voters agreed to in 2016 (including staff salaries and benefits and future facility improvements) to support MA students and staff. The COP payment from the facilities’ bond buy-out of 2016 is the first committed payment from the sales tax revenues, and remaining funds are then proportionally distributed between WPSD and Merit Academy.

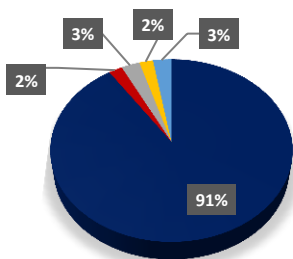
### Merit Academy’s Sales Tax Expenditures by Year:

#### Fiscal Year 23 (2022-2023)



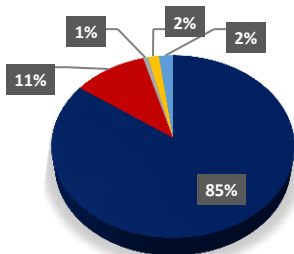
Educator Salaries & Benefits	\$249,757
Facilities & Maintenance	\$57,636
Safety & Security	\$19,213
Technology	\$30,739
Innovative Programming	\$26,897
<b>Total Sales Tax Revenues</b>	<b>\$384,242</b>

#### Fiscal Year 24 (2023-2024) \*Unaudited



Educator Salaries & Benefits	\$488,628
Facilities & Maintenance	\$8,400
Safety & Security	\$16,500
Technology	\$10,000
Innovative Programming	\$13,426
<b>Total Sales Tax Revenues</b>	<b>\$536,954</b>

#### Fiscal Year 25 (2024-2025) \*\*Estimated



Educator Salaries & Benefits	\$553,743
Facilities & Maintenance	\$70,000
Safety & Security	\$5,000
Technology	\$10,000
Innovative Programming	\$13,450
<b>Total Sales Tax Revenues</b>	<b>\$652,193</b>



**Facility Expansion**

Effective July 1, 2024, Merit Academy will expand to occupy 100% of the existing Woodland Park Middle School campus. Accordingly, \$70,000 is budgeted for painting, necessary repairs, and small facility adjustments or reconfigurations. In the event that additional sources of funding become available, Merit Academy proposes to increase the scope of the aforementioned improvements. Furthermore, Merit Academy will now be responsible for 100% of building operating costs compared to an approximate 50% share in the prior fiscal year.

**Salary & Benefits**

Improving staff salaries, expanding grade levels and course offerings, and increasing insurance rates all contribute to the total rising cost of salaries and benefits. Merit Academy is planning to increase its full time equivalent staffing by 22% in fiscal year 2025, from 65.5 FTE to 80 FTE.

**Debt**

In fiscal year 2024, as a result of purposeful cash management, Merit Academy was able to pay off all long term bank debt which was originally secured to fund start-up costs including construction and general curriculum and supplies.

To facilitate future short term operating cash needs and anticipated building maintenance and upgrades, a line of credit was secured.

Merit Academy is still indebted to its initial authorizer, ER BOCES. The balance of this debt at the conclusion of FY 24 (06/30/2024) is anticipated to be \$77,000. The full balance of this debt is expected to be settled in FY 28.

**Five-year Forecast**

Merit Academy has developed a five-year budget forecast. Included are estimates of enrollment, revenues, and expenditures. Said expenses include facility improvements, increase employees' salaries and benefits, and bolstered fund balance and reserves. Merit Academy's preschool/prekindergarten, planned to open in August, 2024, is included in revenue and expenditure forecasts. Revenues associated with this program are private pay and therefore not included in revenues flowed through from WPSD.

Merit Academy Initial Budget FY 25 May 1, 2024	FY 22 FINAL 21-22	FY23 FINAL 22-23	FY24 JUNE 2023, 23-24 ADOPTED BUDGET	FY 24 JAN 2024, 23-24 REVISED, UNAUDITED	FY 25 MAY 2024, 24-25 INITIAL BUDGET
<b>Funded Count</b>	<b>223</b>	<b>297.5</b>	<b>400</b>	<b>398.5</b>	<b>479</b>
<b>BEGINNING FUND BALANCE</b>					<b>206,149</b>
Restricted - TABOR					163,419
All Other Fund Balance					42,730
<b>REVENUE</b>					
<b><u>Revenue from Local Sources</u></b>	<b><u>515,664</u></b>	<b><u>1,141,081</u></b>	<b><u>870,238</u></b>	<b><u>898,468</u></b>	<b><u>1,428,377</u></b>
Sales Tax		384,284	498,168	536,953	652,193
MLO		165,529	224,070	241,515	290,134
Donations/Grants	511,154	404,604	140,000	110,000	303,800
Preschool / PreKindergarten					166,050
Other	4,510	186,664	8,000	10,000	16,200
<b><u>State Revenue</u></b>	<b><u>2,058,018</u></b>	<b><u>2,916,355</u></b>	<b><u>4,214,600</u></b>	<b><u>4,483,214</u></b>	<b><u>5,748,583</u></b>
Per Pupil Funding	8,663	9,156	10,168	10,277	11,243
Per Pupil Revenue	1,931,849	2,723,791	4,067,200	4,095,381	5,385,454
English Language Proficiency Act		1,251	1,400	6,587	5,296
State ECEA (SPED)	36,328	17,583		3,293	5,187
READ	6,361	5,199	7,000	5,199	5,200
CO Charter Maintenance/Construction		59,355	81,000	59,640	80,000
Audit Adjustment	47,289				
Rural Funding			58,000	67,807	90,570
HB22-1186 At-Rsk Mitigation	36,191				
Mentor Grant				78,153	
Gifted and Talented				10,863	11,876
PERA State of Behalf		109,175		156,291	165,000
<b><u>Federal Revenue</u></b>	<b><u>161,125</u></b>	<b><u>301,423</u></b>	<b><u>19,426</u></b>	<b><u>65,611</u></b>	<b><u>45,347</u></b>
ESSA IIA / Title II	6,000	14,920	19,426	15,111	16,820
IDEA	155,125	16,348		44,900	28,527
ESSER II				5,600	
ESSER III		270,155			
<b>TOTAL REVENUE</b>	<b>2,734,807</b>	<b>4,358,858</b>	<b>5,104,264</b>	<b>5,447,293</b>	<b>7,222,307</b>
<b>TOTAL RESOURCES AVAILABLE</b>					<b>7,428,456</b>

Merit Academy Initial Budget FY 25 May 1, 2024	FY 22 FINAL 21-22	FY23 FINAL 22-23	FY24 JUNE 2023, 23-24 ADOPTED BUDGET	FY 24 JAN 2024, 23-24 REVISED, UNAUDITED	FY 25 MAY 2024, 24-25 INITIAL BUDGET
Funded Count	223	297.5	400	398.5	479

**EXPENDITURES**

**Instructional Expenditures**

100 Salaries	822,250	1,411,198	2,104,272	2,241,602	2,901,667
200 Employee Benefits	174,112	564,210	783,551	882,970	1,193,465
300 Purchased Professional & Technical Service:	26,800	14,538	36,550	14,500	17,000
400 Purchased Property Services	-	-	-	-	-
500 Other Purchased Services	174,000	104,344	148,000	178,600	162,000
600 Supplies	217,650	223,204	267,000	223,000	280,000
700 Property	70,000	11,073	41,000	12,500	3,500
800 Other Objects	10,500		24,200		
900 Other Uses of Funds					
<b>Total Instructional Expenditures</b>	<b>1,495,312</b>	<b>2,328,567</b>	<b>3,404,573</b>	<b>3,553,172</b>	<b>4,557,632</b>

**Support Expenditures**

100 Salaries	288,600	654,210	627,846	729,175	1,173,785
200 Employee Benefits	43,060	235,943	232,448	285,252	440,028
300 Purchased Professional & Technical Service:	134,818	104,145	121,400	150,924	98,800
400 Purchased Property Services	118,700	47,365	202,290	26,350	128,650
500 Other Purchased Services	239,600	379,364	118,960	262,810	398,401
600 Supplies	92,000	57,265	71,300	98,000	148,250
700 Property	509,478	67,113	10,050	51,500	41,000
800 Other Objects	3,000	72,753	53,180	49,680	35,100
900 Other Uses of Funds	494,400	285,502	78,000	81,100	74,000
<b>Total Support Expenditures</b>	<b>1,923,656</b>	<b>1,903,660</b>	<b>1,515,474</b>	<b>1,734,791</b>	<b>2,538,014</b>

<b>TOTAL EXPENDITURES</b>	<b>3,418,968</b>	<b>4,232,227</b>	<b>4,920,047</b>	<b>5,287,963</b>	<b>7,095,646</b>
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**SURPLUS/DEFICIT**

<b>FUND BALANCE</b>					<b>126,661</b>
					<b>206,149</b>

**TOTAL EXPENDITURES AND FUND BALANCE**

**7,428,456**

**TOTAL APPROPRIATION**

**7,428,456**

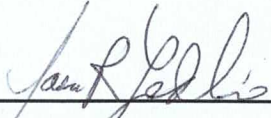
(total count/forecast PK-12)

	534	605	647	664	675
	FY25	FY26	FY27	FY28	FY29
	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
		FORECAST	FORECAST	FORECAST	FORECAST
<b>Forecasted Oct. Funded Pupil Count</b>	479	543	590	605	613
<b>Beginning Fund Balance</b>	206,149	332,810	590,215	986,606	1,408,095
<b>Revenue</b>					
1000 Revenue from Local Sources	1,428,377	1,334,629	1,240,050	1,260,550	1,290,550
3000 State Revenue	5,748,583	6,906,700	7,804,350	8,303,100	8,730,241
4000 Federal Revenue	45,347	48,691	65,000	75,000	80,000
<b>Total Revenue</b>	<b>7,222,307</b>	<b>8,290,020</b>	<b>9,109,400</b>	<b>9,638,650</b>	<b>10,100,791</b>
Fund Balance	206,149	332,810	590,215	986,606	1,408,095
<b>Total Resources Available</b>	<b>7,428,456</b>	<b>8,622,830</b>	<b>9,699,615</b>	<b>10,625,256</b>	<b>11,508,886</b>
<b>Instructional Expenses</b>					
100 Salaries	2,901,667	3,418,780	3,678,087	3,894,222	4,077,961
200 Employee Benefits	1,193,465	1,369,814	1,470,309	1,557,479	1,632,918
300 Purchased Professional & Technical Services	17,000	20,000	20,000	22,000	22,000
400 Purchased Property Services	-	-	-	-	-
500 Other Purchased Services	162,000	160,000	185,000	190,000	195,000
600 Supplies	280,000	290,000	300,000	310,000	250,000
700 Property	3,500	4,000	5,000	7,000	9,000
800 Other Objects	-	-	-	-	-
900 Other Uses of Funds	-	-	-	-	-
<b>Total Instructional Expenses</b>	<b>4,557,632</b>	<b>5,262,595</b>	<b>5,658,396</b>	<b>5,980,701</b>	<b>6,186,880</b>
<b>Support Expenses</b>					
100 Salaries	1,173,785	1,297,614	1,388,447	1,471,753	1,545,341
200 Employee Benefits	440,028	517,054	553,248	586,443	615,765
300 Purchased Professional & Technical Services	98,800	109,003	190,000	212,000	215,000
400 Purchased Property Services	128,650	119,900	125,895	132,190	138,799
500 Other Purchased Services	398,401	433,450	455,123	477,879	501,773
600 Supplies	148,250	158,000	165,900	174,195	182,905
700 Property	41,000	39,000	62,000	65,000	65,000
800 Other Objects	35,100	32,000	19,000	12,000	6,000
900 Other Use of Funds	74,000	64,000	95,000	105,000	115,000
<b>Total Support Expenses</b>	<b>2,538,013</b>	<b>2,770,021</b>	<b>3,054,612</b>	<b>3,236,460</b>	<b>3,385,583</b>
<b>Total Expenses</b>	<b>7,095,646</b>	<b>8,032,615</b>	<b>8,713,008</b>	<b>9,217,161</b>	<b>9,572,463</b>
<b>Surplus/Deficit</b>	<b>126,661</b>	<b>257,405</b>	<b>396,392</b>	<b>421,489</b>	<b>528,328</b>
<b>Fund Balance Beginning</b>	<b>206,149</b>	<b>332,810</b>	<b>590,215</b>	<b>986,606</b>	<b>1,408,095</b>
<b>Fund Balance Ending</b>	<b>332,810</b>	<b>590,215</b>	<b>986,606</b>	<b>1,408,095</b>	<b>1,936,424</b>
<b>Total Expenditures and Fund Balance</b>	<b>7,428,456</b>	<b>8,622,830</b>	<b>9,699,615</b>	<b>10,625,256</b>	<b>11,508,886</b>

**Merit Academy  
Adopted Budget  
Fiscal Year 2025**

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General Fund	<u>\$ 7,428,456</u>
<b>Total Appropriations</b>	<u><u>\$ 7,428,456</u></u>

  
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Jason Ledlie, Board President, In Accordance with CRS 22-44-110(4)

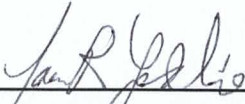
23 May 2024  
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FUND	AMOUNT
General Fund, in the amount to spend down beginning fund balance.	\$ -
General Fund Total	\$ -

  
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Jason Ledlie, Board President, In Accordance with CRS 22-44-105

23 May 2024  
Date Adopted