



**MERIT ACADEMY**

**FY 24 BUDGET  
SCHOOL YEAR 2023-24**

**JUNE 28, 2023**

**MERIT ACADEMY**

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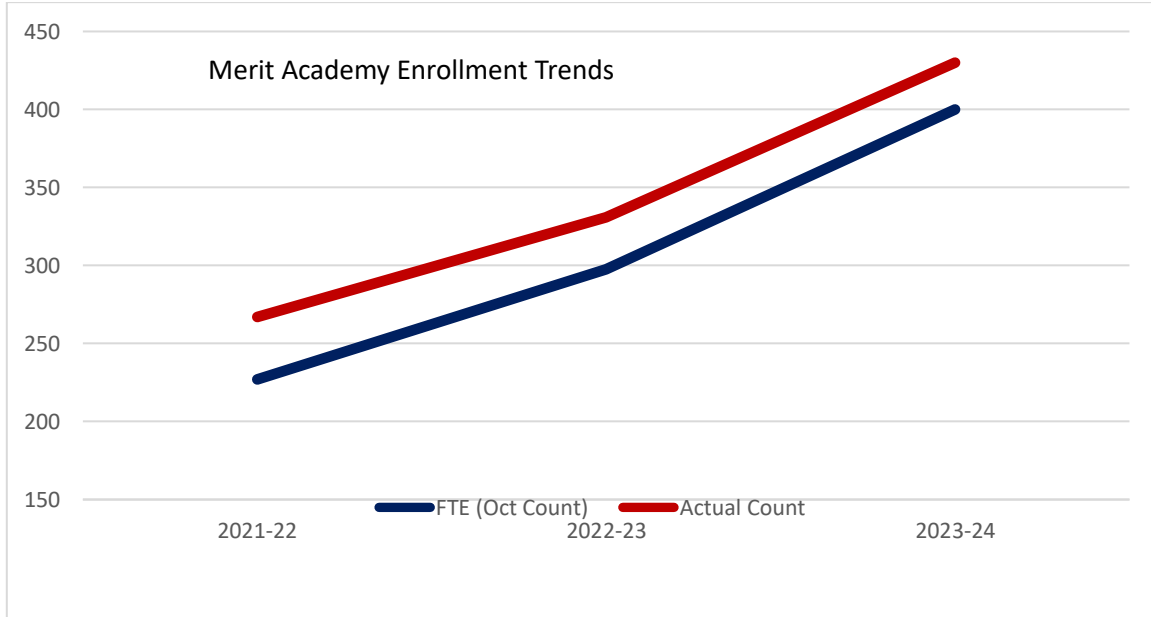
## Historical Knowledge

### 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 187 full-time students and 80 part-time students, totaling 267 actual count, or 227 October count FTE.
- In the second year (22-23), Merit Academy had 264 full-time students and 67 part-time students, totaling 331 actual count, or 297.5 funded students (October count FTE).
- In this third year (23-24), it is forecasted that 370 full time students and 60 part-time students will attend Merit Academy. This is 430 actual count in students served, and a funded count (Oct FTE count) of 400 students.

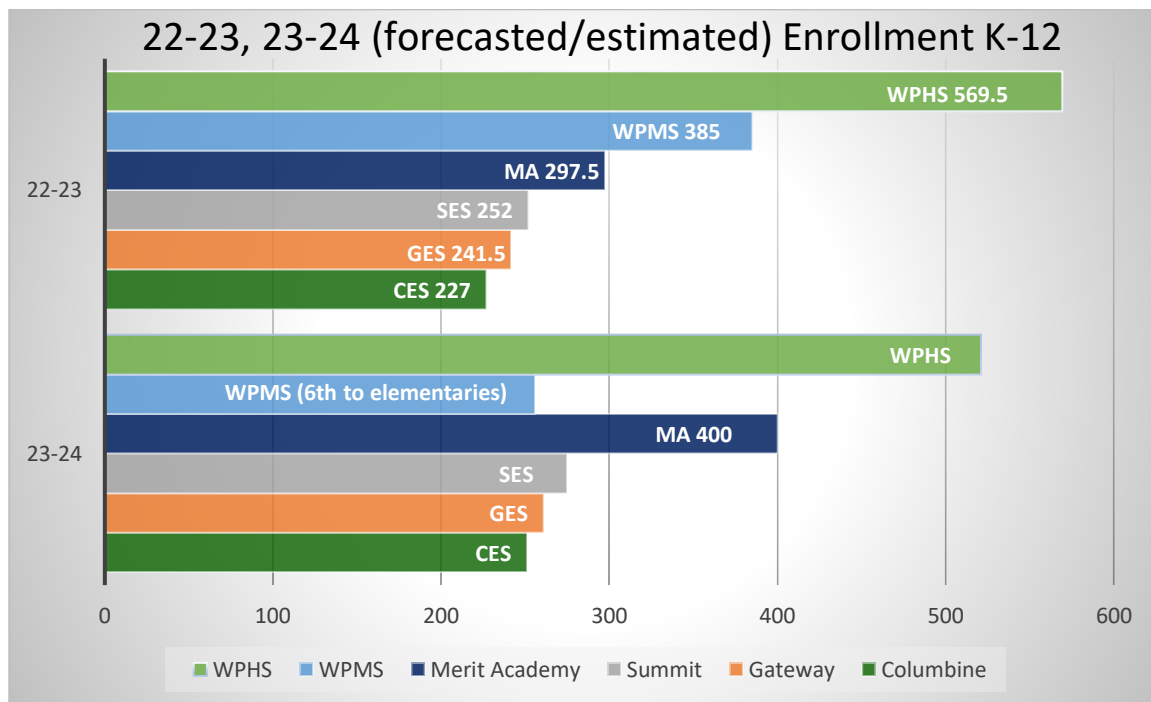




### **District Percentage**

Parts of the budget are based on a percentage of students who attend Merit Academy to the number of students attending WPSD. The calculation of certain fees, purchased district services, or local revenues are based on this percentage measurement.

- 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.
- This upcoming 23-24 school year, Woodland Park School District is forecasting a total of 1,964 students (FTE Oct count), of which, 400 are Merit Academy students. This equates to approximately 20.37% of WPSD enrollment.



### **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 budget or audit 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.



### **American Rescue Plan (ARP) Elementary & Secondary School Emergency Relief (ESSER) Fund**

In order to combat the learning loss and other impacts on students due to the COVID-19 shut-downs, ESSER funds were provided to the State to distribute to school districts and other educational authorizing entities (LEA's). Guidance from Colorado Department of Education is that, while charter schools (that are not an LEA) *"did not receive a direct allocation, the LEA may choose to serve the school; CDE encourages LEAs to treat all public schools, including charter schools, on equal footing."* <https://www.cde.state.co.us/caresact/crf-allowableexpenditures>

Furthermore, CDE notes, *"The ARP Act does not directly address allocation of district ESSER III funds to charter schools that are not standalone LEAs. The clear legislative intent, however, is to benefit all public schools and students regardless of school type. CDE asks the districts include their charter schools on equal footing with traditional schools, when determining the most important education needs as a result of COVID-19, consistent with the intent of the ARP Act and the intent of Colorado law, see C.R.S. 22-30.5-112(3). LEAs must meaningfully engage all school leaders, including charter school leaders, in determining their plans for using ARP ESSER III funds."* (This is also the language regarding ESSER II funds) <https://www.cde.state.co.us/caresact/essser3>  
<https://www.cde.state.co.us/caresact/essser2>

Along these same lines, WPSD notes the following in the district ESSER plan:

"Post-award revisions are expected to be submitted as the District wishes to remain agile in its use of funds and response to the COVID-19 pandemic."

#### WPSD's Primary Priorities for ESSER funding:

- Addressing student learning loss
- Remote learning supports
- Indoor air quality
- Pandemic preparedness and response
- Mental health services & supports
- Educational technology

Given this, Merit Academy's ESSER expenditures align with the district's prioritization list, which also follows CDE and ARP ESSER guidelines. These one-time Federal funds (\$270,155) were submitted during FY23 for reimbursement in the following areas to address students' learning loss and minimize the negative impact of COVID-19:

#### Addressing Learning Loss:

- Academic Intervention
- Special Education



## **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 (Dr. Dawdy Pekron) came up with 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).

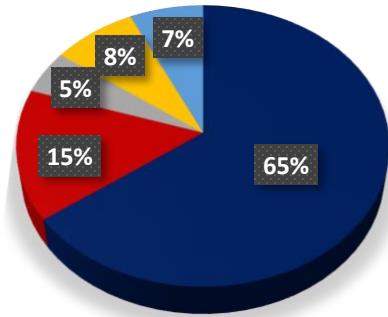
This is possible, in part, because of the contribution of the sales tax revenues to the district budget. Furthermore, the district continues to pay off the prior bond (property tax) out of sales tax revenues through a Certificate of Participation (COP). Final payout is estimated to occur by/in FY36.

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.

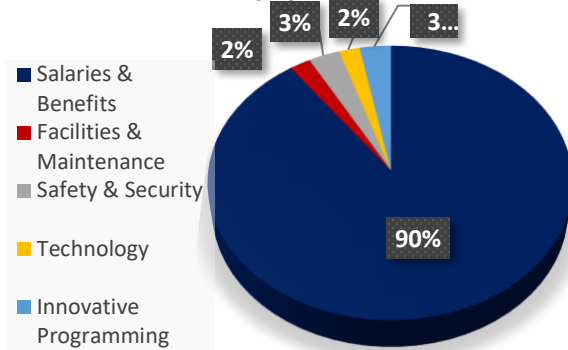
Merit Academy follows the same parameters that voters agreed to in 2016 (including staff salaries and benefits and future facility improvements) to support MA students and staff. The COP payment from the facilities' bond buy-out of 2016 is the first committed payment from the sales tax revenues, and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



**22-23 Sales Tax Expenditures,  
after COP payment**



**23-24 Sales Tax Expenditures, after  
COP payment \*Estimated**



**2022-23 Sales Tax Expenditures  
(after COP payment)**

**2023-24 Sales Tax Expenditures  
(after COP payment) \*Estimated**

\$249,757	Salaries & Benefits	\$451,340
\$ 57,636	Facilities & Maintenance	\$ 9,964
\$ 19,213	Safety & Security	\$ 13,450
\$ 30,739	Technology	\$ 9964
\$ 26,897	Innovative Programming	\$ 13,450
<b>\$384,242</b>	<b>Total Sales Tax Revenues</b>	<b>\$498,168</b>

**Salary & Benefits**

Improving staff salaries, expanding multiple grade levels and hiring additional teachers and staff, and increasing insurance rates all contribute to the total rising cost of salaries and benefits.

**Debt**

Start-up costs for Merit Academy included construction and general curriculum and supplies. While the curriculum, furniture, and other supplies needed for education will continue to be expansion expenses until Merit Academy reaches maturation, it appears that 2023-24 will be the first year when significant construction costs are not projected. However, future funds are allocated for facility improvements throughout the five-year forecast.

To finance those start-up and initial construction costs, Merit Academy holds a loan, secured with properties owned by two of Merit Academy’s board members, as well as a loan from the initial authorizer, ER BOCES. Together, this debt-to-revenue ratio remains below what may be typical of other schools or districts. Full balance is expected to be settled by the end of FY27.

**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, loan payoffs, increase employees’ salaries and benefits, and bolstered fund balance and reserves. Not included in the forecast is Merit Academy’s preschool, planned to open in August, 2024.



**Merit Academy, June 2023  
FY 24 PPR Funded Count 400**

**FY22  
FINAL 21-22**

**FY23  
APRIL 2022, 22-23  
ADOPTED BUDGET**

**FY23  
JUNE 2023  
REVISED, NON-AUDITED**

**FY 24  
JUNE 2023, 23-24  
Adopted BUDGET**

<b>Funded Count</b>	<b>223</b>	<b>314</b>	<b>297.5</b>	<b>400</b>
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**REVENUE**

**1000**

<b><u>Revenue from Local Sources</u></b>	<b><u>515,664</u></b>	<b><u>892,160</u></b>	<b><u>996,011</u></b>	<b><u>870,238</u></b>
Sales Tax	-	325,000	384,282	498,168
MLO	-	165,000	165,529	224,070
Pupil Activities/Fees	4,510	7,160	6,000	8,000
Student Fundraisers	20,000	25,000	26,200	25,000
Buy-A-Brick/Start-Up Donations	41,154	25,000	-	15,000
Daniels Fund	100,000	-	-	-
PPRHEA Donation	350,000	300,000	300,000	-
Leggit Foundation	-	10,000	10,000	-
Kerakin Foundation	-	10,000	15,000	-
Kickapoo Springs Foundation	-	15,000	10,000	-
XTR Services, Physical Ed. Donation	-	--	5,000	-
Other School Donations/Grants	-	10,000	74,000	100,000
Misc. Donations/Grants	-	--	---	-

**2000**

<b><u>State Revenue</u></b>	<b><u>2,058,018</u></b>	<b><u>3,074,501</u></b>	<b><u>2,789,596</u></b>	<b><u>4,214,600</u></b>
Per Pupil Funding	8,663	9,250	9,156	10,168
Per Pupil Revenue	1,931,849	2,904,500	2,723,791	4,067,200
English Language Proficiency Act	-	3,111	1,251	1,400
State ECEA (SPED)	36,328	40,000	-	-
READ	6,361	7,500	5,199	7,000
CO Charter Maintenance/Const	-	60,000	59,355	81,000
Audit Adjustment	47,289	-	-	-
Rural Funding	-	25,390	-	58,000
HB22-1186 At-Risk Mitigation	36,191	-	-	-
PERA State on Behalf	-	34,000	-	-





Merit Academy, June 2023  
FY 24 PPR Funded Count 400

	FY22 FINAL 21-22	FY23 APRIL 2022, 22-23 ADOPTED BUDGET	FY23 JUNE 2023 REVISED, NON-AUDITED	FY 24 JUNE 2023, 23-24 Adopted BUDGET
<b>Funded Count</b>	<b>223</b>	<b>314</b>	<b>297.5</b>	<b>400</b>

**REVENUES, CONT.**

<b>3000</b>	<b><u>Federal Revenue</u></b>	<b><u>161,125</u></b>	<b><u>67,780</u></b>	<b><u>285,075</u></b>	<b><u>19,426</u></b>
	ESSA I		12,580	-	-
	ESSA IIA	6,000	10,200	14,920	19,426
	IDEA Part B (BOCES)	155,125	45,000	-	-
	ESSER III	-	-	270,155	-
<b>TOTAL REVENUE</b>		<b>2,734,807</b>	<b>4,034,441</b>	<b>4,070,682</b>	<b>5,104,264</b>

**EXPENSES**

**Instructional Expenses**

100 Salaries	822,250	1,330,286	1,723,768	2,104,272
200 Employee Benefits	174,112	409,930	559,768	783,551
300 Purchased Professional & Technica	26,800	15,200	25,000	36,550
400 Purchased Property Services	--	-		--
500 Other Purchased Services	174,000	175,000	99,383	148,000
600 Supplies	217,650	187,000	251,000	267,000
700 Property	70,000	32,000	29,000	41,000
800 Other Objects	10,500	14,000	14,000	24,200
900 Other Uses of Funds	--	-	--	--
<b>Total Instructional Expenses</b>	<b>1,495,312</b>	<b>2,163,416</b>	<b>2,701,919</b>	<b>3,404,573</b>



**Merit Academy, June 2023  
FY 24 PPR Funded Count 400**

	<b>FY22 FINAL 21-22</b>	<b>FY23 April, 2023, 22-23 ADOPTED BUDGET</b>	<b>FY23 JUNE 2023 REVISED</b>	<b>FY 24 JUNE 2023, 23-24 Adopted BUDGET</b>
<b>Support Expenses</b>				
100 Salaries	288,600	545,076	390,460	627,876
200 Employee Benefits	43,060	156,458	135,958	232,448
300 Purchased Professional & Technical	134,818	114,250	91,842	121,441
400 Purchased Property Services	118,700	113,500	284,922	202,290
500 Other Purchased Services	239,600	354,250	86,002	118,960
600 Supplies	92,000	73,000	61,500	71,300
700 Property	509,478	206,000	35,000	10,050
800 Other Objects	3,000	24,485	46,000	53,180
900 Other Use of Fund	494,400	86,798	78,000	78,000
<b>Total Support Expenses</b>	<b>1,923,656</b>	<b>1,673,817</b>	<b>1,209,684</b>	<b>1,515,544</b>
<b>TOTAL EXPENSES</b>	<b>3,418,968</b>	<b>3,837,233</b>	<b>3,911,603</b>	<b>4,920,117</b>
<b>NET INCOME/(LOSS)</b>	(684,161)	115,040	159,079	184,147
<b>Fund Balance Beginning</b>	<b>43,426</b>	<b>384,265</b>	<b>384,265</b>	<b>393,381</b>
Long Term Debt	1,025,000			-
Capital Improvements			(150,000)	
Tabor			(122,084)	153,128
<b>Unrestricted Fund Balance</b>	<b>384,265</b>	<b>375,591</b>	<b>271,261</b>	<b>424,400</b>
<b>Reserves</b>				
Tabor	63,000	119,714	122,120	153,128
<b>TOTAL OF RESERVES + FUND BALANCE</b>	<b>384,265</b>	<b>420,230</b>	<b>393,381</b>	<b>577,528</b>

School Name		MERIT ACADEMY				
<b>Budget Summary</b>		FY24	FY25, 2024-25	FY26, 2025-26	FY27, 2026-27	FY28, 2027-28
		2023-24	FORECAST	FORECAST	FORECAST	FORECAST
<b>Forecasted Oct. Funded Pupil Count</b>		400	485	570	585	605
<b>Revenue</b>						
1000	Revenue from Local Sources	870,238	841,270	830,179	837,000	845,000
3000	State Revenue	4,214,600	5,298,425	6,393,200	6,684,000	6,896,250
4000	Federal Revenue	19,426	24,037	28,691	30,000	35,000
<b>Total Revenue</b>		<b>5,104,264</b>	<b>6,163,732</b>	<b>7,252,070</b>	<b>7,551,000</b>	<b>7,776,250</b>
<b>Instructional Expenses</b>						
100	Salaries	2,104,272	2,368,327	2,779,903	2,925,000	3,050,000
200	Employee Benefits	783,551	888,388	1,046,150	1,055,050	1,080,000
300	Purchased Professional and T	36,550	30,550	30,550	40,000	42,000
400	Purchased Property Services	-	-	-	-	-
500	Other Purchased Services	148,000	153,000	154,000	155,000	158,000
600	Supplies	267,000	287,000	289,500	295,000	300,000
700	Property	41,000	40,000	40,000	40,000	40,000
800	Other Objects	24,200	4,500	5,000	7,000	8,000
900	Other Uses of Funds					
<b>Total Instructional Expenses</b>		<b>3,404,573</b>	<b>3,771,765</b>	<b>4,345,103</b>	<b>4,517,050</b>	<b>4,678,000</b>
<b>Support Expenses</b>						
100	Salaries	627,876	831,127	929,754	1,020,000	1,100,000
200	Employee Benefits	232,448	308,473	340,824	353,000	375,000
300	Purchased Professional and T	121,441	99,664	102,809	105,000	108,000
400	Purchased Property Services	202,290	314,700	336,500	345,000	350,000
500	Other Purchased Services	118,960	143,826	164,111	165,000	170,000
600	Supplies	71,300	81,900	90,000	95,000	100,000
700	Property	10,050	267,500	468,000	488,000	495,000
800	Other Objects	53,180	65,000	62,000	70,000	75,000
900	Other Use of Funds: TBK, BOC	78,000	81,000	170,000	170,000	
<b>Total Support Expenses</b>		<b>1,515,544</b>	<b>2,193,190</b>	<b>2,663,997</b>	<b>2,811,000</b>	<b>2,773,000</b>
<b>Total Expenses</b>		<b>4,920,117</b>	<b>5,964,955</b>	<b>7,009,100</b>	<b>7,328,050</b>	<b>7,451,000</b>
<b>Net Income/(Loss)</b>		<b>184,147</b>	<b>198,777</b>	<b>242,970</b>	<b>222,950</b>	<b>325,250</b>
<b>Fund Balance</b>						
Beginning Fund Balance		393,381	577,528	777,235	1,028,048	1,250,998
Net Income/(Loss)		184,147	198,777	242,970	222,950	325,250
Capital Improvement Projects						
Long Term Debt Proceeds						
Tabor		(153,128)	(183,982)	(209,720)	(226,530)	(233,288)
<b>Ending Unrestricted Fund Balance</b>		<b>424,400</b>	<b>592,323</b>	<b>810,486</b>	<b>1,024,468</b>	<b>1,342,960</b>
% of Revenue		8%	10%	11%	14%	17.27%
<b>Reserves (In addition to Ending Fund Balance)</b>						
3% Tabor		153,128	184,912	217,562	226,530	233,288
<b>Total Reserves</b>		<b>153,128</b>	<b>184,912</b>	<b>217,562</b>	<b>226,530</b>	<b>233,250</b>
% of Revenue		3%	3%	3%	3%	3.00%
<b>Total of Reserves + Fund Balance</b>		<b>577,528</b>	<b>777,235</b>	<b>1,028,048</b>	<b>1,250,998</b>	<b>1,576,248</b>