

RECORD OF PROCEEDINGS

REGULAR MEETING
TOWN OF GRAND LAKE BOARD OF TRUSTEES
MONDAY, OCTOBER 24, 2011 7:30 P.M.

CALL TO ORDER: The regular meeting of the Board of Trustees was called to order by Mayor Judy Burke at 7:31 p.m. at the Town Hall, 1026 Park Avenue.

ROLL CALL
PRESENT: Mayor Burke; Trustees Lanzi, Lewis, Peterson, and Weydert; Town Clerk/Interim Town Manager Kolinske and Town Planner Wittman.

ABSENT: Mayor Burke announced that Trustees Johnson and Ludwig were absent because of vacation. Trustee Peterson moved to excuse Trustee Johnson and Ludwig's absence. Trustee Weydert seconded the motion and all Trustees voted aye.

APPROVAL OF MINUTES

September 12, 2011: Trustee Weydert moved to approve the minutes of the September 12, 2011 regular meeting as written. Trustee Peterson seconded the motion and all Trustees voted aye.

September 26, 2011: Trustee Lewis moved to approve the minutes of the September 26, 2011 regular meeting as written. Trustee Peterson seconded the motion and all Trustees voted aye.

ANNOUNCEMENTS: Mayor Burke announced that it would be appreciated if cell phones were turned off during the meeting.

Mayor Burke announced that a fundraising event for Peter Esmonde will be held Saturday, November 5, 2011 from 5 – 9 p.m. in the Community House. There will be food, music and an auction.

Mayor Burke then announced that Melodrama tryouts will be held November 6 & 7 in the Community House beginning at 6:00 p.m.

CONFLICTS OF INTEREST:

Mayor Burke stated that if there are any Trustees wishing to announce a conflict of interest with any items on this evening's agenda, they should do so at this time.

Trustee Peterson announced that he had a conflict with the first Old Business item involving the Rocky Mountain Repertory Theatre because his wife is a Board Member.

PRESENTATIONS: Mayor Burke noted that the East Grand School District Board was present but before they made their presentation, Mayor Burke read the following:

“The purpose of this meeting is to try to clear the air about some of the actions that have taken place since the closing of our Grand Lake Elementary School. We realize that in order to move forward to the future, we all have to work together.

Before our school was closed, our school was one of the top performing schools in the County. It had high expectations with students who were happy to be at school, who were happy to be learning, and were a very vital part of our community. It was always fun to go over and see the students, to make presentations to them and to work with them. Also, our school was paid for.

The citizens of this part of the District pay for over 28% of the financial resources for the District and in reality support not only Grand Lake Elementary but Granby Elementary, the Middle School and a portion of the High School. We pay for our children’s education regardless of the student count.

Our letter of September 1, 2011 that was presented to the East Grand School District Board has not even had the courtesy of an answer, even though it was discussed in written form by the East Grand School District Board at their meeting of October 4th. This is the high road that people talk about taking when it comes to accountability and communication.

We discussed at many meetings of your Board the question of Conflicts of Interest of two of your District’s employees. This matter was addressed as well by the partners from all over the District to no avail. A case in point is that at the first Board meeting that I attended in September of last year, I discussed with one of your employee/Board members, our representative, whose comment was “they closed our school, they can close yours”, and that attitude never changed nor did that person abstain from any discussions over more than a year – and as a matter of fact made the motion to close our school, which was seconded by the other employee/Board member.

As the Grand Lake Board of Trustees we have had the sustainability and support of Grand Lake Elementary School as one of the number one topics on our Board Retreat agenda from the very first retreat we had, which was many years ago. To that end we continue to meet and consult with our Congressional representatives, Senator Udall, Senator Bennett, Representative Polis, State Senators Jean White and Jeannie Nicholson and with representatives from the Colorado Charter School Institute, the Colorado League of Charter Schools, and legal firms specializing in education and school finance.

It is our hope that with some new board members this Board will have new life and accountability and a greater degree of transparency. It is also our hope that whoever gets the Board position from the Hot Sulphur Springs area is reminded that their District also includes that portion of the Grand Lake District up to County Road 41.

In closing our school there was evidently no attempt to account for our children. In the beginning they were dropped off at the Post Office unsupervised and unaccounted for. They were brought back and dropped off at the Post Office with no accountability for those students. I understand and hope that this has changed.

From the people that I have talked to, our students and our parents are not happy with the situation at Granby Elementary School. We must be getting different stories from the parents and students because the School Administrator seems to think that our children are perfectly happy and doing well in the school situation as it appears. I have taken this time to present just a few of the questions that I believe that the people of this community have a right to have an answer to.”

Mayor Burke then turned the floor over to the East Grand School District Board.

The first person to be recognized was Tom Sifers. He introduced himself as President of the East Grand Board of Education. He then introduced the others that were present; Mike Thompson, Board Member, Joan Evans, Board Member, Missy Quinn, Board Member and Nancy Karas, Superintendent. Sifers began by saying that the School Board sent a letter dated October 4, 2011, to the Town of Grand Lake, to the attention of Mayor Burke and Grand Lake Board of Directors at P. O. Box 99, Grand Lake, CO 80447. The letter was intended to answer questions and address concerns that were raised.

Mayor Burke stated that the letter was never received.

Nancy Karas said that she sent an email to Town Manager Shane Hale and to Mayor Burke saying that a letter with 17 pages of attachments was mailed and if it wasn't received to let her know.

Mayor Burke said that she received an email on September 7, 2011 from Nancy Karas saying that we would receive a letter within a week and it was never received.

To move the meeting forward, Sifers explained that it wasn't an easy decision to close Grand Lake. He said that they spent a lot of time conducting meetings listening to the Grand Lake, Granby, Hot Sulphur and the Fraser Valley communities before reaching a democratic

decision about how they were going to move the school district forward during this recession/depression. He said that he voted for what he thought was in the best interest of the entire School District. Sifers added that due to the current economics, the School District is far from seeing the end of cuts. He said that they need to establish a committee to set parameters to see what it will take to bring an elementary school back to the Grand Lake area. In the mean time they need to decide how to make use of the school building that would be desirable to the District, the Town and the Grand Lake Metropolitan Recreation District. He apologized for the Town not receiving their letter and turned the floor over to Nancy Karas.

Nancy Karas addressed the Town's concerns regarding the \$800,000.00 increase to the general fund reserve and the school's budget process. What she said was basically the same as what she had explained in her letter to the Town dated October 4, 2011. A four page letter with four pages of attachments was emailed to Mayor Burke that evening (see attached Exhibit A). She, too, apologized for the Town not receiving their letter but told the Board that she hopes that they will take the time to read it and try to understand why their budget is more of a moving target and why they are in a constant state of monitor and adjust to protect the financial stability of the district.

Trustee Weydert said that one of the problems that the school had here in Grand Lake was that enrollment boundaries were never enforced.

Sifers responded by saying that there was more of an attempt to enforce the enrollment boundaries in the past four to five years than ever.

Trustee Lewis asked what is the largest class size in the elementary school in Granby and what is the smallest. Nancy Karas responded by saying that the 4th grade is the largest with 24 – 25 students and the kindergarten is the smallest with 14.

A lengthy discussion continued amongst the school district representatives, the Board of Trustees and the audience.

Nancy Karas concluded by saying that the Town Board and the School Board are not seeing things through the same lens but she feels that every decision the School Board made was in the best interest of the kids. She said that she is hopeful that that the two boards can find a way to mend the fence. They will monitor the school building, they will heat it and maintain it so that it can become a viable facility that the community can use. She said that the building will stay healthy by use. If the school was to ever reopen, it is important that the building remain a viable building.

Mayor Burke said that she contacted the Sheriff's Office regarding security of the school building and asked them if it would be possible to check on the building and conduct door checks following an event and they said that they would be happy to work something out with the School District. She also said that she spoke with the Town's Public Works Director and asked him if there was ever a situation where the snow needed to be removed from the parking lot for a community event would he be able to if he had the man power and equipment to do it and the Public Works Director said that he would be willing to help out as long as there isn't obstructions such as boats in the parking lot.

Mayor Burke then thanked everyone representing the School District and everyone in the audience for coming and said that it is important for the people of this community and of this County to know what is going on with their school.

REPORTS: SALES TAX
CASH FLOW REPORT
FOR OCTOBER 2011:

Mayor Burke asked Town Clerk Kolinske to present the sales tax cash flow report. Kolinske reported that the amount of revenue received in October 2011 for the month of August is \$154,829. This amount is over 11% above what was received through October 2010.

REPORTS: FINANCIAL
REPORT FOR
SEPTEMBER 2011:

Mayor Burke asked Financial Trustee Peterson to present the Financial Report for September 2011. Peterson reported that General Fund expenditures through the end of September totaled \$864,465.16 or 58.9% of budget. He said the Water Fund expenditures for the same period totaled \$271,769.65 or 55.3% of budget, the Marina Fund expenditures totaled \$147,951.10 or 44.4% of budget and the PAYT Fund expenditures totaled \$6,761.14 or 105.3% of budget.

LIQUOR LICENSING AUTHORITY: CONSIDERATION OF RENEWAL OF THE HOTEL AND RESTAURANT LIQUOR LICENSE FOR COLORADO NEW FRONTIER CORP., D/B/A WACONDA RESTAURANT/BAR -

Mayor Burke asked Town Clerk/Interim Town Manager Kolinske to present this matter to the Board. Kolinske reported that the fees have been paid; the renewal documents are in order and indicate no changes from the previous renewal. The water, business license, and sales tax accounts are all current. She noted that the Grand County Sheriff's Department found no adverse information that would affect the status of the license. She concluded by saying that Egon Braun, President, and Doris Braun, Secretary, were present.

Trustee Peterson moved to approve the renewal of the Hotel and Restaurant Liquor License for Colorado New Frontier Corp., d/b/a

Waconda Restaurant/Bar. Trustee Lewis seconded the motion and all Trustees voted aye.

LIQUOR LICENSING AUTHORITY: CONSIDERATION OF A MODIFICATION OF PREMISES APPLICATION FROM GRAND LAKE VENTURES, LLC, D/B/A GRAND LAKE LODGE - Mayor Burke asked Town Clerk/Interim Town Manager Kolinske to present this matter to the Board. Kolinske reported that on June 27, 2011 the Board of Trustees acting as the Local Liquor Licensing Authority approved three specific areas where alcohol will be served besides the Main Lodge. These areas are the Pool, the Deer Deck and the Mountain Side Terrace which will serve from portable bars. Even though it was processed exactly as the State directed which was to approve the designation of related facilities, the State did not approve it and is now asking me to reprocess it as a Modification of Premises. Coincidentally the Lodge needs to modify the premises to construct some new employee housing cabins. The Lodge has demolished 11 employee housing cabins and an additional 10 have been permitted for demolition. The Lodge has submitted building permits for three four-plexes, twelve new units, and a laundry facility to be built northeast of cabins 23 and 24 as shown on the diagram. Previously this area was included as part of their premises and must be excluded. The consideration before the Board is to approve the overall premises as modified, and to approve the portable bars at the Pool, the Deer Deck, the Mountain Side Terrace and now the Moose Lodge. Kolinske noted that Jeff Larson, Manager, was present.

Trustee Weydert moved to approve the overall premises as modified, and to approve the portable bars at the Pool, the Deer Deck, the Mountain Side Terrace and now the Moose Lodge. Trustee Peterson seconded the motion and all Trustees voted aye.

LIQUOR LICENSING AUTHORITY: CONSIDERATION OF APPROVAL FOR A SPECIAL EVENTS LIQUOR PERMIT FOR THE GRAND ARTS COUNCIL'S FUNDRAISING EVENT FOR PETER ESMONDE - Mayor Burke asked Town Clerk/Interim Town Manager Kolinske to present this matter to the Board. Kolinske explained that an application for a Special Events Liquor Permit has been received, with the appropriate state fee, proof of possession, certificate of good corporate standing, and floor diagram, from the Grand Arts Council. The request is to sell malt, vinous and spirituous liquor by the drink for consumption on the premises only. The requested date is Saturday, November 5, 2011 from 4:00 to 11:00 p.m. for a fundraising event for Peter Esmonde. The proposed location is the Grand Lake Community House. Public notice was posted on the premises on October 12, 2011 and attested to by Grand County Sheriff Deputy Stilen. The Grand County Sheriff's Department reviewed the application and found no adverse information

which would affect this permit. She then noted that Jim Cervenka, Treasurer, was present on behalf of the Arts Council.

Trustee Lewis moved to approve the Special Events Liquor Permit for the Grand Arts Council's fundraising event for Peter Esmonde. Trustee Weydert seconded the motion, and all Trustees voted aye.

LIQUOR LICENSING AUTHORITY: CONSIDERATION OF A SPECIAL EVENTS LIQUOR PERMIT APPLICATION FROM THE GRAND LAKE AREA HISTORICAL SOCIETY FOR THEIR "HISTORICAL HOLIDAY CELEBRATION" - Mayor Burke asked Town Clerk/Interim Town Manager Kolinske to present this matter to the Board. Kolinske explained that an application for a Special Events Liquor Permit has been received, with the appropriate state fee, proof of possession, certificate of good corporate standing, and floor diagram, from the Grand Lake Area Historical Society. The request is to sell malt, vinous and spirituous liquor by the drink for consumption on the premises only. The requested date is Monday, December 26, 2011 from 6:00 to 9:00 p.m. for their "Historical Holiday Celebration" fundraising event. The proposed location is the Kauffman House. It has been the most recent procedure of this Board to receive the application and then schedule consideration of approval of the permit as a regular item of business at the following meeting. Although a Public Hearing is not required by statute, the Board may choose to set one. The premises are required by statute to be posted for at least 10 days prior to approval of the permit. Approval of the requested permit may be scheduled for the November 14th regular Board meeting, as either a Public Hearing or regular item of business. Kolinske noted that Jim Cervenka, was present representing the Historical Society.

Following brief discussion, Trustee Peterson moved to act on this request as a regular item of business at the November 14, 2011 Board meeting. Trustee Lewis seconded the motion, and all Trustees voted aye.

At 9:13 p.m. Trustee Peterson excused himself and left the room.

OLD BUSINESS:

CONSIDERATION OF RESOLUTION NO. X-2011, A RESOLUTION WAIVING THE REQUIREMENTS OF MUNICIPAL CODE SECTION 12-10-1, AFFORDABLE HOUSING FEES, FOR ROCKY MOUNTAIN REPERTORY THEATRE'S NEW EMPLOYEE RESIDENCE TO BE LOCATED AT LOT 9, BLOCK 19, TOWN OF GRAND LAKE - Mayor Burke asked Town Planner Wittman to present this matter to the Board. Wittman explained that in August of this year the Town Board received a request from Rocky Mountain Repertory Theatre (RMRT) for the Board's consideration of a waiver of Affordable Housing Fees that are

owed to the Town in association with the construction of a new employee residence at the Off-Broadway Cabins site, Lots 9-12, Block 19, Town of Grand Lake. At that time the Board seemed favorable to entering into an agreement of this nature. Staff has drafted a resolution based on Town of Grand Lake Resolution No. 9-2010, which waived the same fees for the construction of RMRT's theater. The Board should discuss this matter and, if favorable, the Board should move to adopt Resolution No. 29-2011 and to authorize the Mayor to enter into the fee-waiver Agreement with RMRT attached to the resolution as Exhibit A. Wittman noted that Dot Weber, representative, was present.

Trustee Weydert moved to adopt Resolution No. 29-2011, a Resolution Waiving the Requirements of Municipal Code Section 12-10-1, Affordable Housing Fees, for Rocky Mountain Repertory Theatre's New Employee Residence Project to be Located at Lot 9, Block 19, Town of Grand Lake and to authorize the Mayor to enter into the fee-waiver Agreement with RMRT attached to the resolution as Exhibit A. Trustee Lanzi seconded the motion and all Trustees voted aye.

At 9:16 p.m. Trustee Peterson resumed his seat.

OLD BUSINESS:

CONSIDERATION OF RESOLUTION NO. X-2011, A RESOLUTION WAIVING THE REQUIREMENTS OF MUNICIPAL CODE SECTION 12-10-1, AFFORDABLE HOUSING FEES, FOR TRINITY CHURCH OF THE PINES, THE PRESBYTERY OF DENVER, THE PRESBYTERIAN CHURCH, (USA) EMPLOYEE RESIDENCE PROJECT TO BE LOCATED AT LOTS 15-16, BLOCK 20, TOWN OF GRAND LAKE - Mayor Burke asked Town Planner Wittman to present this matter to the Board. Wittman explained that earlier this year the Town Board received a request from Trinity Church of the Pines for the Board's consideration of a waiver of Affordable Housing Fees that are owed to the Town in association with the construction of an addition to Trinity's Manse, employee/Pastor's residence, located at Lots 15-16, Block 20, Town of Grand Lake. At that time the Board seemed favorable to entering into an Agreement of this nature. Staff has drafted a resolution based on Town of Grand Lake Resolution No. 9-2010, which waived the same fees for the construction of RMRT's theater. The Board should discuss this matter and if favorable, the Board should move to adopt Resolution No. 30-2011 and to authorize the Mayor to enter into the attached fee-waiver Agreement with Trinity attached to the resolution as Exhibit A. Wittman noted that Geoff Elliott, Trinity Elder, was present.

Trustee Weydert moved to adopt Resolution No. 30-2011, a Resolution Waiving the Requirements of Municipal Code Section 12-10-1, Affordable Housing Fees, for Trinity Church of the Pines, the Presbytery of Denver, the Presbyterian Church (USA) Employee Residence Project

to be Located at Lot 15-16, Block 20, Town of Grand Lake and to authorize the Mayor to enter into the fee-waiver Agreement with Trinity attached to the resolution as Exhibit A. Trustee Peterson seconded the motion and all Trustees voted aye.

NEW BUSINESS:

CONSIDERATION TO AUTHORIZE THE TOWN PLANNER TO SIGN AN AGREEMENT FOR SERVICES BETWEEN THE TOWN OF GRAND LAKE AND ATH SPECIALTIES FOR A CLEANUP/SITE RESTORATION PROJECT ON THE GRAND CAMP SITE - Mayor Burke asked Town Planner Wittman to present this matter to the Board. Wittman explained that staff conducted a competitive request for bids for a cleanup/site restoration project on the Grand Camp site. Published in the Middle Park Times on September 29 and October 6, placed on the Town's website, as well as distributed to three (3) local excavation companies, the Town did not receive a bid. Given this, staff inquired with ATH Specialties, the contractor who has worked on this development project site, for an estimate to complete the work outlined on the Grand Camp Grading/Erosion Control Plan. An estimate for services was submitted to the Town on October 19, 2011. The estimate includes: removal of all existing silt fencing and replace with new; grade the silt and slopes; place and grade top soil; place bale checks and waddles; and seed and mulch all disturbed areas. The estimated cost is not to exceed \$32,700. Staff has drafted an Agreement for Services based on the Grand Camp Grading/Erosion Control Plan. The Board should discuss their willingness to enter into this agreement with ATH Specialties. Given the Town has followed a competitive bidding process and no bids were submitted coupled with the fact ATH Specialties is familiar with the site and anticipates having all work completed by the end of October, 2011, weather pending, it is staff's recommendation the Board move to authorize the Town Planner to sign the agreement.

Trustee Peterson moved to authorize the Town Planner to sign an Agreement for Services between the Town of Grand Lake and ATH Specialties for a cleanup/site restoration project on the Grand Camp site for an amount not to exceed \$32,700. Trustee Lewis seconded the motion and all Trustees voted aye.

NEW BUSINESS:

CONSIDERATION OF ORDINANCE NO. X-2011, AN ORDINANCE EXTENDING THE DUMPSTER SCREENING SUNSET PROVISION OF ORDINANCE NO. 34-2009 - Mayor Burke asked Town Planner Wittman to present this matter to the Board. Wittman explained that at the Board's last regularly-scheduled workshop the Town Board discussed the dumpster screening provisions outlined in the Municipal Code as adopted through Ordinance No. 34-2009. At that time of the adoption of the aforementioned ordinance, the Board elected to sunset the dumpster screening provisions for a period of one year; the

Board then elected, in 2010, to extend the provisions for one more year. Based on most recent discussions, the Board elected to extend the sunset to September 30, 2011 giving noncompliant property owners sufficient time to come into compliance. Staff has drafted an ordinance for the Board's consideration. Staff recommends the Board move to adopt Ordinance No. 21-2011. Staff has started to work with non-compliant property owners to ensure compliancy by September, 2012.

Trustee Peterson moved to adopt Ordinance No. 21-2011, an Ordinance Extending the Dumpster Screening Provision of Ordinance No. 34-2009. Trustee Weydert seconded the motion and all Trustees voted aye.

NEW BUSINESS:

CONSIDERATION OF RESOLUTION NO. X-2011, A RESOLUTION REPEALING AND REPLACING RESOLUTION NO. 28-2011, A RESOLUTION AUTHORIZING A THREE-YEAR, ANNUALLY-REOCCURRING SPECIAL USE PERMIT FOR THE TEMPORARY PLACEMENT OF A SNOWMOBILE RENTAL FACILITY TO BE LOCATED AT LOTS 9-10, BLOCK 28, TOWN OF GRAND LAKE - Mayor Burke asked Town Planner Wittman to present this matter to the Board. Wittman explained that at your last regularly-scheduled meeting, the Board adopted Resolution No. 28-2011, a Resolution Authorizing a Three-Year, Annually-Reoccurring Special Use Permit for the Temporary Placement of a Snowmobile Rental Facility to be Located at Lots 9-10, Block 28, Town of Grand Lake. At the time, however, staff had forgotten to mention two items that were discussed by the Planning Commission:

1. Written complaints shall be reviewed by the Planning Commission and Town Board of Trustees upon the Town's receipt; and
2. Fuel storage, filling, and spills shall follow Best Management Practices. In the event a fuel spill occurs, Grand Adventures, LLC must provide written notice of the occurrence, outlining contamination and cleanup procedures conducted, to the Town within 24 hours of the occurrence; and

These were items the Commission felt necessary for the Town to not only monitor the three-year permit but, too, to help protect the private and public spaces in this location. Staff has drafted a new resolution to repeal and replace Resolution No. 28-2011 which adds the two items, noted by the Commission, as conditions to the permit. Staff has also drafted a new permit, SUP 2-2011. Staff recommends the Board move to adopt Resolution No. 31-2011, a Resolution Repealing and Replacing Resolution No. 28-2011. For clarification to the Board, SUP 1-2011 has been issued, the adoption of this resolution will merely authorize the same provisions of Board's approval but, too, add the conditions suggested by the Commission.

RECORD OF PROCEEDINGS

Trustee Lewis moved to adopt Resolution No. 31-2011, a Resolution Repealing and Replacing Resolution No. 28-2011, a Resolution Authorizing a Three-Year, Annually-Reoccurring Special Use Permit for the Temporary Placement of a Snowmobile Rental Facility to be Located at Lots 9-10, Block 28, Town of Grand Lake. Trustee Lanzi seconded the motion and all Trustees voted aye.

NEW BUSINESS:

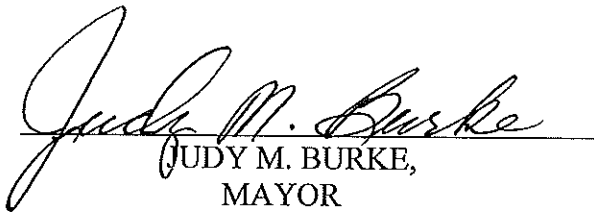
CONSIDERATION TO AUTHORIZE THE MAYOR TO SIGN A LETTER ADDRESSED TO MS. BONIE PATE, COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT - Mayor Burke asked Town Clerk/Interim Town Manager Kolinske to present this matter to the Board. Kolinske referred to a draft letter from Mayor Burke to Ms. Bonie Pate, Colorado Department of Public Health and Environment. This letter will satisfy a requirement of becoming a certified CLEAN MARINA. Staff recommends that the Board authorize the Mayor to sign the letter addressed to Ms. Bonie Pate.

Trustee Weydert moved to authorize the Mayor to sign a letter addressed to Ms. Bonie Pate, Colorado Department of Public Health and Environment. Trustee Lewis seconded the motion and all Trustees voted aye.

CITIZEN PARTICIPATION: None.

ADJOURNMENT:

Trustee Peterson moved to adjourn, seconded by Trustee Lewis. All Trustees voted aye, and the meeting was adjourned at 9:24 p.m., October 24, 2011.


JUDY M. BURKE,
MAYOR

ATTEST: 
RONDA KOLINSKE, CMC,
TOWN CLERK

East Grand Schools

P.O. Box 125 • 299 County Road 611 • Granby, Colorado 80446
Telephone (970) 887-2581 • FAX (970) 887-2635
Nancy L. Karas, Superintendent



October 4, 2011

Town of Grand Lake
Attn: Mayor Burke and Grand Lake Board of Directors
P.O. Box 99
Grand Lake, CO 80447-0099

Dear Mayor Burke and Grand Lake Board of Directors,

This letter is written in response to your letter dated September 1, 2011, and is intended to answer questions and address concerns that were raised. Excuse the length of the letter, but the subject of school finance has multiple layers of information that need to be taken into consideration in order to help create a stronger understanding of its complexities and the use of the Governmental Accounting Standards required.

In your letter, you request a more thorough explanation of how the district found itself in the position of a possible \$800,000+ increase to the general fund reserve at the end of the 2010-2011 fiscal year, ending June 30, 2011. The anticipated increase to FY 2011 general fund reserve is being generated by a number of factors that impact school funding over the course of several months:

School districts in Colorado operate under a fiscal calendar that runs from July 1 to June 30, and a funding level that is restricted by the School Finance Act. The School Finance Act, which is made up of many factors, determines the amount of annual funding the district receives vs. a set number of mills that most taxing entities receive, making their budgets more predictable. The district certifies the mill levy in conjunction with the Colorado Department of Education as part of the process for budget development in June; and accounts for a percentage of uncollectible taxes. The district then adjusts the budget mid-year once the state per pupil funding level is set as determined by the School Finance Act, the final county assessed value is known, state funding adjustments are determined based on the state's ability to fund the Finance Act, and the number of students are counted on October 1; all factors that determine the amount of property tax to be collected for a budget already in its sixth month. If our fiscal year ran January 1 to December 31, and funding for the October Pupil Count occurred in arrears, the district, like the town, would be able to budget "to the penny."

One important component of school finance is the revised budget process that occurs in December each year. After the BOE monitors revenue and expenditure patterns on a monthly basis, and the final per pupil funding level is set by the state, the budget is

adjusted to be more in line with what is not only being reflected in these patterns, but also aligned to what is *anticipated* to occur over the next six months based on day-to-day and long-term operations of the school district.

As to the year in question...FY 2010-2011 (FY 2011)

In the FY 2011 Mid-Year Budget Adjustment, note that even after the receipt of \$105,732 in ARRA Funds and \$261,707 in Federal Education Jobs funds (which were awarded after the June 2010 budget adoption process), the district's share of state funding fell short (\$147,275) of meeting projected state generated revenue levels. The other revenue adjustments were generated by reducing transfers to EGMS and MPHS in the amount of \$26,653, and adjusting for other revenue streams that were new or adjusted by the provider since June 2011, all contributing to a total anticipated increase of \$63,338 in revenue as compared to the June 15, 2010 adopted budget.

This same document reflects the anticipated decrease in expenditures in the amount of \$41,931. The revised decrease in spending is adjusted to best reflect the anticipated expenditures by mid-year, helping the district understand its overall financial health at that point in the year. This is evidenced in the expense adjustments that were made for Heat, Electricity, Consultants, etc. Due to the timing of the school year, and the projected future impact of these line items as it pertained to the budget, it was determined that these remaining funds were no longer needed to be set aside in the 2011 budget, and were now available to move to reserve or be used for unanticipated expenses.

Based on the information made available to the district through state and local sources as of December 2010, the budget was adjusted to reflect an anticipated end of FY 2011 balance of \$105,319 as of June 2011.

Anticipated to Reality...

Following the BOE adoption of the Mid-Year Adjusted Budget in December, district financial records, including spending trends, continued to be reviewed and approved by the BOE on a monthly basis in public meetings and posted in minutes that are available to the community.

If you review the June 30, 2011 Preliminary End-of-Year Budget Overview, it is evident that the anticipated \$300,000+ savings from expenditures was generated across the budget, not within one area. Some categories indicate over-expenditure, some a savings. Grant funds, such as ARRA funds, Federal Forest Reserve, and other local and state grants, are often one-time revenue sources, while others fluctuate from year-to-year. As part of the budgeting process, the district must take into account that these funds created savings in some budgeted areas in FY 2011 that may not be realized again in FY 2012. This is important to understand in looking at decisions that were made regarding the FY 2012 adopted budget.

With approximately \$300,000 of the anticipated \$800,000+ increase in general fund reserve by the end of fiscal year 2011 being accounted for through decreased expenditures; the majority of the excess funds in question have been generated by the

timing of late tax collections from the 2010 AND 2011 tax years. Each year, as part of the budgeting process, the district budgets for an uncollectible tax rate based on historical tax collection data. As indicated on the GF Property Tax Collection Comparison included with this letter, you will note the rate of uncollected taxes by August of each year that directly impacts the school district's budget. These funds will most likely be collected, but "when" is the big question. "When" the delinquent taxes for 2010 and 2011 were collected has contributed to the inflated increase in general fund reserve for FY 2011.

An example of the budget impact from late tax collection is how the delinquent taxes from 2010 were collected and posted as revenue in the district's FY 2011 budget. In total, \$433,260 was collected against 2010 delinquent taxes, and again—posted to the 2011 district budget. The delinquent funds were received in the following months: \$137,372 in October, \$66,419 in November, and \$229,412 in December.

Also, as Governmental Accounting Standards require, any taxes "earned" during the current fiscal year need to be booked to that same fiscal year if collected within 60 days following the district's June 30 year-end. This year, upon the due date of property tax collections of June 15 and the closure of the district budget on June 30, the county continued to collect delinquent property taxes and make payments to the district in the amount of \$80,000 in July, \$344,000 in August, and \$316,000 in September, exceeding the late property tax collection trend that was used in developing the FY 2011 district budget. This year in particular, has created a scenario of multi-year tax collections from individual property owners and developers. This is evidenced in county level delinquent property tax notices and foreclosure statistics. Grand County reported a 30% increase in delinquent property tax notices from October 2009 to October 2010; and a 17.45% decrease to this same statistic in October 2011. Foreclosures in the county were reported as being down from 254 in 2009, to 200 in 2010, and down another 33% in 2011. These factors impact the property tax collection cycle and the projected funds available to the school district to operate an annual, zero-based, balanced budget.

In summary, the district received late taxes in excess of the projected uncollectible tax rate, increasing the end of year balance and therefore the general fund reserve. As you can see, late tax collections are unpredictable, and arrive after the close of the district's fiscal year.

In short, school finance does not operate like other taxing entities due to the impact of delinquent and property foreclosure tax collections, state equalization formulas driven by the School Finance Act, ongoing adjustments to the overall state budget as the needs in the state change, a funding system that is solely based on the number of students in chairs on October 1, and driven by what the state can afford to fund for every child in Colorado, not just Grand County.

Rest assured, as a taxing entity the district is required to participate in an annual independent audit, provide all financial records to the Department of Education, and demonstrate transparency by posting financial documents for public review.

As you stated in your letter, "A large surplus would normally be cause for celebration in any organization..." Although we do not feel a sense of celebration on the heels of closing our

valued community school, increasing student fees, eliminating programs, or again freezing staff salaries and reducing benefits, the district is in a better position to weather a few more years of uncertain economic times, while continuing to provide a high quality, well rounded education for all students.

Closing Grand Lake Elementary was one of the hardest decisions this Board has ever had to face. But in doing so, perhaps the district has positioned itself to meet the financial challenges that are still predicted to come its way. Please know, the decision to close Grand Lake Elementary was not exclusively made on budget constraints; the decision was also based on the continuing decline in enrollment.

The Board has preliminarily discussed establishing a committee to set parameters on what needs to occur to re-open the school in Grand Lake. The organization of this committee will defer to after the November election and allow the new Board to decide how they will move forward.

In closing, we understand the impact this has had on your town, and the feelings associated, and we look forward to our visit at your Town Council meeting on Monday, October 24th, where we hope to answer any questions you may still have and begin the healing process that is essential to the health of our ongoing working relationship.

Sincerely,

EGSD Board of Education
Nancy Karas, Superintendent

Enclosures: EGSD Mid-Year Budget Adjustments 2010-2011
Preliminary Summary of Revenue and Expenses 06/30/2011
General Fund Property Tax Collection Comparison
Summary of Property Tax Difference FY 2011
Property Tax Collection-Rolling Impact

EGSD Mid-Year Budget Adjustments 10-11

Current Year Revised
Budget Budget Net Change

GENERAL FUND

School Finance Formula Changes

State Equalization	307,179	0	(307,179)
Current Property Tax	10,123,642	10,009,130	(114,512)
Specific Ownership	596,547	509,358	(87,189)
Allocation To Charter School	(323,715)	(384,548)	(60,833)
Delinquent Taxes	0	10,000	10,000
Admin/Trans Charges Overhead to IPC	0	15,000	15,000
Interest On Delinquent Tax	25,000	55,000	30,000
ARRA Funds	0	105,732	105,732
Federal Education Jobs	<u>0</u>	<u>261,707</u>	<u>261,707</u>
	10,728,653	10,581,378	(147,275)

Transfer Changes

Transfer to Insurance	0	(373,348)	(373,348)
Transfer to Capital	0	(138,000)	(138,000)
Direct Allocation-c/r DO NOT USE	(523,000)	0	523,000
Egms Transfer/Allocation	(94,671)	(90,550)	4,121
Mphs Transfer/Allocation	<u>(256,215)</u>	<u>(245,335)</u>	<u>10,880</u>
	(873,886)	(847,233)	26,653

Other Changes

Instructional Material Fees	63,000	53,000	(10,000)
Earnings On Investments	15,000	10,000	(5,000)
Rental Income	9,000	8,000	(1,000)
Transportation Reimbursement	4,000	5,000	1,000
Vocational Education	8,450	10,500	2,050
Grand County Mineral Lease	1,500	8,100	6,600
Tuition From Individuals	0	15,000	15,000
IDEA Funding - BOCES	0	22,000	22,000
Other Local Revenue	10,000	50,000	40,000
Federal Forest Reserve Funds	<u>225,000</u>	<u>338,360</u>	<u>113,360</u>
	335,950	519,960	184,010

Total General Fund Revenue Increase

63,388

Textbooks	68,747	65,624	(3,123)
Gas Bldg Oper Teach Sup	1,300	8,500	7,200
Cash Sick Days Benefit	41,633	31,633	(10,000)
Tuition For Stud (excess Cost)	30,000	15,000	(15,000)
Curriculum Consultants	5,500	0	(5,500)
Boe Election Expense	0	14,500	14,500
Maintenance Agreements	123,879	138,874	14,999
Heat	165,530	140,528	(25,002)
Electricity	265,174	245,169	(20,005)

Total General Fund Expense Savings

(41,931)

	Budgeted	Adjust	Revised
Fund Balance Changes:			
Beginning Fund Balance	1,934,000	328,763	2,262,763
Revenue Increase		63,388	63,388
Expense Savings		41,931	41,931
Ending Fund Balance	1,934,000	434,082	2,368,082
Net Current Year Fund Balance Increase			105,319

General Fund Property Tax Collection Comparison

Assessed 2010 Collected 2011

		Assessed	Collected	Uncollected	%
May	6/10	10,510,097	7,636,530	2,873,567	27.3%
June	6/20		9,474,131	1,035,966	9.9%
June	7/10		9,528,399	981,698	9.3%
July	8/10		9,832,368	677,729	6.4%
August	9/10		10,121,875	388,222	3.7%

donette:
 August '10 to August '11
 1.3% more collected in FY
 11 = \$136,000 miss
 due to timing of pymts.

Assessed 2009 Collected 2010

		Assessed	Collected	Uncollected	%
May	6/10	10,343,776	7,657,265	2,686,511	26.0%
June	6/20		9,173,212	1,170,564	11.3%
June	7/10		9,230,452	1,113,324	10.8%
July	8/10		9,560,826	782,950	7.6%
August	9/10		9,822,804	520,972	5.0%
Sept -Dec			10,256,064	87,712	0.8%
Sept -Dec			433,260		

donette:
 \$433,260 2010 tax pymts
 made after FY10 and
 posted to FY11

Assessed 2008 Collected 2009

		Assessed	Collected	Uncollected	%
May	6/10	9,934,732	7,371,826	2,562,906	25.8%
June	6/20		8,902,796	1,031,936	10.4%
June	7/10		8,965,192	969,540	9.8%
July	8/10		9,254,832	679,900	6.8%
August	9/10		9,442,697	492,035	5.0%
Sept -Dec			9,819,327	115,405	1.2%
Sept -Dec			376,630		

Assessed 2007 Collected 2008

		Assessed	Collected	Uncollected	%
May	6/10	9,599,365	7,127,921	2,471,444	25.7%
June	6/20		8,800,312	799,053	8.3%
June	7/10		8,864,902	734,463	7.7%
July	8/10		9,148,101	451,264	4.7%
August	9/10		9,272,907	326,458	3.4%
Sept -Dec			9,495,697	103,668	1.1%
Sept -Dec			222,790		

**Summary of Property Tax Difference
 Reconcile Budget to Actual
 FY 2011 - Assessed Year 2010 - Collected 2011**

Actual General Fund Property Tax Collected	10,555,000	
Averaged FY 2009 and 2010 Uncollectable Rate of 2.4%	(242,000)	
Jobs and Stabilization Offset - originally was to be paid back by property tax collection	(95,000)	
YTD August '10 to August '11 1.3% more collected in FY 11	(136,000)	
Collection Excess over Uncollectible Rate by 0.4%	(42,000)	
Unreconciled Difference	(31,000)	-0.3%
Budgeted General Fund Property Tax	<u>10,009,000</u>	
Net Change from Actual to Budgeted	546,000	

Property Tax Collection
Rolling Impact of October - December Collections

	assessed 2003 collected 2004 budget year 03-04	assessed 2004 collected 2005 budget year 04-05	assessed 2005 collected 2006 budget year 05-06	assessed 2006 collected 2007 budget year 06-07	assessed 2007 collected 2008 budget year 07-08	assessed 2008 collected 2009 budget year 08-09	assessed 2009 collected 2010 budget year 09-10	assessed 2010 collected 9/2011 budget year 10-11
Assessed Value	423,656,170	428,200,420	500,000,730	514,977,760	634,710,730	662,193,040	696,503,680	709,770,120
MHI Levy	19.219	19.118	16.218	15.913	15.124	15.003	14.857	14.809
Property Tax Levied	8,142,248	8,186,336	8,109,012	8,194,762	9,599,365	9,994,732	10,343,776	10,510,097
Property Tax Collected Calendar Basis	8,067,817	8,146,356	8,023,815	8,121,048	9,495,698	9,819,327	10,256,222	10,122,007
Difference (uncollectable)	(74,431)	(39,980)	(85,197)	(73,714)	(103,667)	(115,405)	(87,554)	(388,096)
% Uncollectable	0.91%	0.49%	1.05%	0.90%	1.08%	1.16%	0.85%	3.69%
Property Tax Levied	8,142,248	8,186,336	8,109,012	8,194,762	9,599,365	9,994,732	10,343,776	10,510,097
Property Tax Collected Fiscal Yr Basis	8,148,472	8,238,254	8,018,428	8,136,326	9,391,459	9,665,488	10,198,965	10,555,260
Difference (revenue posted vs. revenue b	6,224	51,918	(90,584)	(56,435)	(207,906)	(269,244)	(144,812)	45,163
% Revenue posted vs. levied	0.1%	0.6%	-1.1%	-0.7%	-2.2%	-2.7%	-1.4%	0.4%
Amount of CY Levied Prax Collected in nex Oct - Dec collected	122,342	128,443	133,831	118,552	222,790	376,630	433,260	

don't take:
 Used 2.4% uncollectable
 for FY11 based on average
 (2.2% and 2.7%).

don't take:
 Actual rate collected (FY
 basis) shows an over
 collection of what was
 assessed.