



# FRANCIS HOWELL R-III SCHOOL DISTRICT

## 2022-2023 Budget Amendment Recommendation - April 20, 2023

### Introduction

The preliminary budget was adopted by the Board of Education (BOE) June 16, 2022 and revised by approval January 19, 2023. Approvals for transfers between funds in subsequent months have been experienced February and March, and an additional transfer is posted for the April agenda. The recommendation presented provides changes in revenues and expenditures identified following the last approval.

Estimated changes for revenues are based on actual revenues received or adjustments to calculation formulas. An analysis of primary expenditure types has been performed using a percentage change method, examining prior year to current year. The total budget revision recommendation provides a \$3,997,265 revenue increase for all funds and a \$6,313,250 expenditure increase for all funds. The impact by fund is provided in the following charts and includes the category and fund recommendations. Supporting narratives for revenues and expenditures will provide specific formula calculation data or summaries of the categories analyzed. The recommendation concludes with charts demonstrating the impact by fund and overall budget, the necessary transfers, and the operating fund balance percentage.

### Revenue Recommendations

Obj	Description	General (Includes Sub-Funds)	Teacher Fund	Debt Service Fund	Capital Projects (Includes Bond Sub-Fund)	April 2023 Revision Recommendation
5111	Current Property Tax	91,704	82,529	31,389	2,946	208,568
5112	Delinquent Property Tax	(258,169)	(232,341)	(88,369)	(8,293)	(587,172)
5113	Proposition C Tax		401,591	0		401,591
5114	Intangible Tax (FIT)		0	556,785	1,142,785	1,699,570
5141	Earnings from Deposits	1,584,496	475,291	219,850	2,675,697	4,955,334
5311	State-Basic Formula		(14,855)	0		(14,855)
5312	Transportation	(41,161)	0	0		(41,161)
5319	Classroom Trust Fund		14,855	0		14,855
5412	Medicaid	716,800	0	0		716,800
5422	CRRSA - ESSER III	(4,498,340)	240,790	0		(4,257,550)
5423	CRRSA - ESSER II	5,499	241,951	0		247,450
5424	CARES - ESSER Fund	1,107	111,993	0		113,100
5439	ARP IDEA 611		529,064	0		529,064
5443	ARP IDEA 619		11,672	0		11,672
	Total	(2,398,064)	1,862,539	719,655	3,813,135	3,997,265



# FRANCIS HOWELL R-III SCHOOL DISTRICT

## 2022-2023 Budget Amendment Recommendation - April 20, 2023

### Expenditure Recommendations

Obj	Description	General (Includes Sub-Funds)	Teacher Fund	Debt Service Fund	Capital Projects (Includes Bond Sub-Fund)	April 2023 Revision Recommendation
61/62	ESSER I Teacher Retention Grant, ESSER II-III	8,266	589,734			598,000
61xx	ESSER II Grow Your Own		5,000			5,000
6211	Public School Retirement System	370,000	2,000,000			2,370,000
63xx	Purchased Services	(3,000,000)				(3,000,000)
6411	Supplies	(625,000)				(625,000)
6xxx	ESSER III	(34,750)				(34,750)
65xx	Capital Projects				7,000,000	7,000,000
	Total	(3,281,484)	2,594,734	0	7,000,000	6,313,250

### REVENUES

#### Current and Delinquent Property Tax - All Funds

The tax levy calculated using the State Auditor Office calculation forms was approved by the Board of Education following the tax rate hearing, September 13, 2022. The calculated levy remained relatively unchanged during this non-reassessment year, increasing \$.0024 for a total rate of \$4.4605, of which \$3.7892 is operating, and \$.6713 is Debt Service. The January 2023 budget amendment indicated the District's property tax revenue increased due to assessed valuation growth from \$3,125,043,442 to \$3,251,853,030 and the primary increase in assessed valuation was relative to personal property values associated with vehicles. The updated assessed valuation December 31, 2022 provided by St. Charles county is \$3,276,499,453. Assuming a collection rate of 98.44% based on the FY22 experience, the estimated revenue for current and delinquent tax is \$143,868,345. A revenue adjustment is included to increase the budget estimates for current tax \$208,568 and decrease the budget estimates for delinquent tax \$587,172. These adjustments impact both the operating and debt service funds. The net reduction of \$378,604 is distributed as follows: General Fund (\$166,465), Teacher Fund (\$149,812), Debt Service Fund (\$56,980), and the Capital Fund (\$5,347).

#### Pandemic Provision Impacting Certain Revenues

Understanding the special provisions impacting revenues for the current year and how the provisions will be modified for FY24 and FY25 is critical for short- and long-term planning for financial sustainability. An excerpt from Missouri Statute 163.021 (4) regarding the impact of the pandemic states: *whereby the school attendance is substantially reduced for an extended period in any school year, the apportionment of school funds and all other distribution of school moneys shall be made on the basis of the school year next preceding the year in which such condition*



# FRANCIS HOWELL R-III SCHOOL DISTRICT

## 2022-2023 Budget Amendment Recommendation - April 20, 2023

*existed.* Basically, this provision allows districts to rely upon higher student attendance data incurred in the 2019-2020 school year for revenue calculation purposes impacting the following revenues: Proposition C, Basic Formula State Monies, and Classroom Trust Fund. Information is provided for each of these revenues to understand the impact on Francis Howell in the current year and in the future. The pandemic provision protected the district from losing \$3,337,979 in the current year. Beginning in 2024-2025, the district will experience a loss of \$2.5 million when the FY20 attendance data may no longer be used, if all other calculation factors remain the same.

### Proposition C Sales Tax

Proposition C Sales Tax is a one-cent statewide sales tax for education approved by voters in 1982. The Governor's recommendation for budget consideration is \$1,255 per prior year (PY) weighted average daily attendance (WADA). The per WADA budget recommendation is published in the Department of Elementary and Secondary (DESE) School Finance memorandum provided monthly. Based on increased statewide revenue, the per WADA distribution is estimated to reach \$1,286 and the FY23 budget amendment includes an increase of \$401,590 due to that increase.

On a statewide level, student enrollment has declined since the pandemic. Many districts, including Francis Howell, have experienced a decline in enrollment, and the decline negatively impacts revenue based on attendance. In calculating revenue for FY23, the pandemic provision allows for the use of the higher FY20 WADA, 15,857.7787, instead of the current calculated PY FY22 WADA of 15,382.0587, an additional 475.72 WADA. Without the pandemic provision allowed by Missouri statute, the district would experience a loss in the current year of approximately \$611,776 as demonstrated in the chart below:

Calculation Factors	Without Pandemic Provision use FY22 WADA for Prior Year	With Pandemic Provision use FY20 WADA for Prior Year	Change
Regular Year ADA	15,085.1814	15,623.6473	(538.4659)
Free and Reduced Lunch	0.0000	0.0000	0.0000
Individualized Educational Plan	0.0000	0.0000	0.0000
Limited English Proficiency	127.9745	51.0912	76.8833
Pre Kindergarten	2.4335	12.7692	(10.3357)
Summer School same year	166.4693	170.2710	(3.8017)
Formula WADA	15,382.0587	15,857.7787	(475.7200)

Estimated final payment per PY WADA \$ 1,286.00

Revenue loss current year FY23 without the pandemic provision \$ (611,776)



# FRANCIS HOWELL R-III SCHOOL DISTRICT

## 2022-2023 Budget Amendment Recommendation - April 20, 2023

The pandemic provision will **not** be allowed next year for Proposition C calculations. And, since statewide all districts will revert to using the current prior year WADA, the divisor of the statewide allocation is reduced and this results in an anticipated increase in the per WADA allocation. Current estimates indicate budgets should be set using \$1,360 per the Governor's budget recommendation. The result for Francis Howell, assuming a PY WADA of 15,471.2830 is an increase next year of \$647,842.

### Basic Formula - State Monies

The updated estimate assumes a reduction in regular year average daily attendance (ADA) over FY22 based on the September and January student membership average, multiplied by the prior year attendance percentage.

#### Regular Year ADA Estimate

September membership	16,360.0300
January membership	16,215.6000
Average membership	16,287.8150
PY Attendance Percentage	0.9310
Estimated Regular Year ADA	15,163.9558

Districts are allowed to include additional weightings for ADA based on counts for students qualifying for free and reduced lunch (FRL), students with an Individualized Educational Plan (IEP), and students qualifying as having Limited English Proficiency (LEP). The weightings included within the estimate are as follows:

Calculation Factors	Without Pandemic Provision	With Pandemic Provision	Change
Regular Year ADA	15,163.9558	15,623.6473	(459.6915)
Free and Reduced Lunch	0.0000	0.0000	0.0000
Individualized Educational Plan	22.8651	0.0000	22.8651
Limited English Proficiency	140.7064	51.0912	89.6152
Pre Kindergarten	2.5000	12.7692	(10.2692)
Resulting WADA for calculation	15,330.0273	15,687.5077	(357.4804)
Current Summer School	141.2604	141.2604	0.0000
Formula WADA	15,471.2877	15,828.7681	(357.4804)

State Adequacy Target \$ 6,375.00

Dollar Value Modifier 1.093

Revenue loss current year FY23 without the pandemic provision \$ (2,490,879)



# FRANCIS HOWELL R-III SCHOOL DISTRICT

## 2022-2023 Budget Amendment Recommendation - April 20, 2023

As noted above, without the pandemic provision allowed by Missouri statute, the district would experience a loss in the current year of nearly \$2.5 million. The pandemic provision will protect the district again next year, 2023-2024, and is limited to formula calculations. **However, the provision will not be continued in 2024-2025 and the Basic Formula calculation will be reduced by \$2.5 million if all other calculation factors remain the same.** The Elementary and Secondary School Emergency Relief (ESSER) funds will provide steadying relief to the loss of state funding. Caution should be exercised in adding recurring costs that may not be sustainable in the future due to this revenue loss. A comprehensive analysis of the operating fund trajectory will be developed to better understand the long-term impact of recurring expenditures.

### Basic Formula - Classroom Trust Fund

The formula calculation for the Classroom Trust Fund portion of the formula is also impacted by the pandemic provision allowed by Missouri statute. The CTF calculation relies upon an amount per Average Daily Attendance (ADA) utilizing the prior year data. Without the pandemic provision, the district would experience a loss in the current year of an estimated \$235,324 as noted in the chart below. An important understanding regarding CTF revenue is that it is not funding in addition to the Basic Formula calculation, and instead is a carve out of that total calculation. When Basic Formula revenue is calculated, a portion is funded by state monies and a portion is funded by the CTF or gaming revenues statewide. As a result, when the CTF funded amount of the calculated formula increases, the state monies funded portion decreases, or when CTF funding decreases, the state monies portion increases.

The budget amendment includes a reduction to Basic Formula State Monies in the amount of \$14,855 and an offsetting increase in the Basic Formula Classroom Trust Fund source to align to the DESE formula projection calculation tool. The change is due to a modification to the CTF per ADA amount.

Calculation Factors	Without Pandemic Provision FY21 as PY ADA	With Pandemic Provision FY20 as PY ADA	Change
Prior Year Regular ADA	15,085.1814	15,623.6473	(538.4659)
Prior Year Summer ADA	166.4693	170.2710	(3.8017)
Pre Kindergarten ADA	2.4335	12.7692	(10.3357)
Formula WADA	15,254.0842	15,806.6875	(552.6033)

Actual payment per ADA March 2023 \$425.8457

Revenue loss current year FY23 without the pandemic provision \$ (235,324)





# FRANCIS HOWELL R-III SCHOOL DISTRICT

## 2022-2023 Budget Amendment Recommendation - April 20, 2023

### Transportation

For the first time since 1991, a \$214 million budget allocation statewide fully funds the transportation formula at the 75% State Board Authorized reimbursement level. For many years, a proration reduction was applied and districts were paid at a significantly reduced level as compared to the amount qualified. In FY22, the district received 41.1% of the revenue calculation. In FY21, the district received 30.6% of the revenue calculation. Full funding of the transportation formula has been prioritized by the Governor for the second year and support by legislators is anticipated. As with all revenues, attention must be paid to potential legislation that could place districts at risk for significant changes in funding.

In January the amount anticipated was reported at approximately \$6.33 million, a \$3.88 million increase over the prior year. An updated estimate provided by DESE March 2023 indicates a slight reduction of \$30,783. Once allocation of funds is distributed throughout the state to all qualifying districts, and as districts submit changes to data including eligible miles, student ridership, and eligible expenditures, the calculated allocation will change for all districts.

### Elementary and Secondary School Emergency Relief (ESSER)

The 2022-2023 budget contains a revenue allocation for ESSER III funds in the amount of \$8,756,127. The budget allocation was included to reference the intention of claiming the funds and to balance the operational budget. The purpose of the ESSER funds was to help safely reopen and sustain the operation of schools, and address the impact of the coronavirus pandemic on the nation's students. The budget application closes April 30, 2024. Given the pending Basic Formula revenue decline in the amount of \$2.5 million in 2023-2024 and each year following, a portion of the ESSER III funds will be drawn during the upcoming fiscal year. A reduction in the amount of \$4.5 million is included in the recommendation and will be allocated within the 2023-2024 Budget recommendation.

### Other Revenue Change Recommendations

- A budget amendment recommendation to increase Intangible Tax based on actual receipts is included in the amount of \$1,699,570. Intangible Tax, also referred to as Financial Institution Tax represents taxes levied on intangible assets of banks or savings and loan associations.
- A budget amendment totaling \$4,955,334 is recommended for Earnings from Deposits based on actual revenue received. The distribution by fund is: General Fund \$1,584,496, Teacher Fund \$475,291, Debt Service Fund 219,850, Capital Projects Fund \$2,675,697.
- A budget amendment increase for Medicaid revenues is recommended in the amount of \$716,800 in response to billing for direct services to eligible children and allowable administrative claiming costs. Reimbursement levels can vary from year to year relative to services performed for eligible children.



# FRANCIS HOWELL R-III SCHOOL DISTRICT

## 2022-2023 Budget Amendment Recommendation - April 20, 2023

- Budget amendment increases totaling \$603,000 for additional specific grants associated with ESSER I, ESSER III and ESSER II are included.
- Budget amendment increases totaling \$540,735.15 for American Rescue Plan Individuals with Disabilities Education Act funds (ARP IDEA) are included.

### EXPENDITURES

#### Salaries - Object Codes 6100-6199

Throughout the 2022-2023 year, approximately 65 positions have remained unfilled with most position types representing non-certificated positions including paraprofessionals, bus drivers, bus mechanics, custodians, and maintenance staff. Additionally, through the normal course of business, many positions are routinely vacated and filled.

The calculation method identified the mode, or most common number of pays remaining by fund type, multiplied by the April 10 payroll to estimate the additional costs through the end of the year. In general, position types receive their first pay distribution at a variety of points in the year, and each employee receives 24 pay distributions by the end of June, within the same fiscal year. This results in balance-of-contract distributions for teaching staff. Anomaly time card obligations may present as the year is closed and a subsequent analysis following the end of the fiscal year will be performed. Currently, data shows that the following will likely remain unspent:

Fund		Anticipated Unused Budget Salaries 6100
10	GENERAL	2,351,620.52
20	TEACHER	1,829,039.12
		4,180,659.64

*At this time, a budget amendment change is not recommended due to complexities of re-establishing the allocation coding in anticipation of filling the positions in the future. However, the General Budget Summary depicting the impact the reduction would have on the operating fund balance percentage is included at the end of the report.*

#### Retirement - Object code 6211 and 6221

A final retirement amount payable to the Public School Retirement System (PSRS) and the Public Education Employee Retirement System (PEERS) representing withholdings and district match for a June 2022 payroll crossed the fiscal year. Due to the change to cash basis, the



# FRANCIS HOWELL R-III SCHOOL DISTRICT

## 2022-2023 Budget Amendment Recommendation - April 20, 2023

expense is reflected in FY23. A recommendation is included to increase retirement in the amount of \$2,370,000.

### Federal Insurance Contributions Act (FICA)/Medicare - Object codes 6231 and 6232

Costs were calculated through the remainder of the year based on the likely number of payruns by fund for the Federal Insurance Contributions Act (FICA) and the Medicare budgets. The FICA account total shows a favorable budget balance estimate of \$145,310 at June 30, 2023, or 5.9% of the overall budget of \$2,462,615.87. The Medicare account total shows a favorable balance estimate of \$46,791 at June 30, 2023, or 2.4% of the overall budget of \$1,930,015. Contributions accrue based on employee withholdings from paychecks and district match. The FICA rate is 6.2% of the qualifying employee's taxable wage, and Medicare is 1.45% of the employee's taxable wage. Employees contributing to PSRS retirement do not contribute to FICA, only Medicare. Employees contributing to PEERS retirement also contribute to both FICA and Medicare. No budget adjustment is recommended at this time.

### Health Insurance - Object 6241

An analysis continues on the Medical Self-Insurance Fund and the impact on the current year budget. A recommendation will likely be provided to amend the budget this year due to increased claims. A review of premiums, cost-sharing, and plan design is in process to determine the best strategy to address increased costs. Based on higher claims experience, a 12% increase in premiums was recommended by the district's third party consultant, Marsh McLennan Agency (MMA). With the availability of updated data through March 2023, the October 1 renewal projection now indicates a 9.8% increase is necessary. Several plan design options have been provided for consideration that would reduce the increase from 9.8% to 8.0%, 6.0%, 3.0% and 0.0%. MMA has also provided benchmark datasets to be used for comparison purposes when considering the plan options.

### Purchased Service - Object 63xx

Purchased service accounts will be further analyzed to identify budget needs. At this time, a budget amendment reduction to Fund 10 General in the amount of \$3,000,000 is recommended relative to the deferral of the associated ESSER revenue.

### Supplies - Object 641x

Fund	Object	FY23 Revised Budget	% Change FY23 compared to FY22	FY23 Expense Estimate	Encumbrance	FY23 Budget Demand including Encumbrances	FY23 Revised Budget to FY23 Budget Demand Excess/(Shortage)
10 GENERAL	6400	12,356,771.00	12.19%	10,870,211.40	1,115,650.30	11,985,861.70	370,909.30
50 FOOD SERVICES	6400	255,611.00	-48.60%	84,350.33	218.90	84,569.23	171,041.77
60 STUDENT ACTIVITY	6400	1,674,100.00	16.67%	1,457,560.40	86,167.63	1,543,728.03	130,371.97
		14,286,482.00		12,412,122.14	1,202,036.83	13,614,158.97	672,323.03

A recommendation is included to reduce Funds 10 General by \$350,000, Fund 50 Food Service by \$150,000, and Fund 60 Student Activity by \$125,000 for a total reduction of \$625,000.





# FRANCIS HOWELL R-III SCHOOL DISTRICT

## 2022-2023 Budget Amendment Recommendation - April 20, 2023

### Capital Outlay - Object 65xx

In the normal course of operations, estimating capital expenditures for major projects utilizing Fund 42 Regular Capital or Fund 41 Bond Capital is difficult. Circumstances including the availability of materials, weather conditions, sequencing challenges, and access to space affect the drawdown schedule. At this time, a recommendation to increase Fund 41 Bond Capital in the amount of \$8,500,000 is provided.

Prioritized capital projects often cross the fiscal year, and the budget to support the project may need to be reassigned to a subsequent year. Both the Regular Capital Projects Fund and the Bond Fund will be monitored each month to determine the final budget required, and if a subsequent amendment and/or transfer is warranted. Included within this budget recommendation is a reduction to Fund 42 Regular Capital in the amount of \$1,500,000.

The Capital Fund impacts the Operating Fund balance due to necessary transfers allowed by DESE for the purpose of providing a fund source to meet capital coding requirements and cash flow needs on a monthly basis. The General Budget Summary included at the end of this budget amendment recommendation provides an understanding of the impact of the transfer to the Capital Fund. Additionally, Fund 50 Food Services and Fund 60 Student Activity are sub-funds of the General Fund and require end-of-year transfers to Fund 42 Regular Capital Fund as part of the financial reporting guidelines of the Department of Elementary and Secondary Education (DESE).

### Other Expenditure Change Recommendations

- Budget amendment increases totaling \$598,000 for ESSER I, ESSER III and ESSER II are recommended for salaries and benefits to align to the district allocation. The cost will be offset by a revenue increase.
- An **ESSER II Grow Your Own** increase of \$5,000 in salary expenditures is recommended to align to the district allocation. A revenue offset is included.
- An **ESSER III** reduction of \$34,750 is recommended to align the district budget to the federal allocation for ESSER III planning.

### 2021-2022 Annual Secretary of the Board Report (ASBR)

The ending fund balance June 30, 2022 became the beginning fund balance July 1, 2022. This chart provides an excerpt of the ASBR submitted to the Department of Elementary and Secondary Education. A financial audit of the data was conducted by an independent auditor. Included within the report by fund is beginning balance, revenues, expenditures, transfers between funds, and the ending fund balance. The operating fund balance is the sum of the General and Teacher funds ending fund balance, less any restricted funds, divided by the sum of the expenditures of the General and Teacher funds.



# FRANCIS HOWELL R-III SCHOOL DISTRICT

## 2022-2023 Budget Amendment Recommendation - April 20, 2023

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Total All Funds
2021-2022 Levy Unadjusted	1.9588	1.7650	0.6713	0.0630	4.4581
2021-2022 Levy Adjusted	1.9588	1.7650	0.6713	0.0630	4.4581
3111 Beginning Fund Balances	36,933,739.97	97,909.32	18,505,705.78	98,904,630.16	154,441,985.23
5899 Total Revenue (See Part II)	101,429,397.12	137,329,638.88	24,999,846.74	174,164,859.72	437,923,742.46
5999 Total Revenue And Balances	138,363,137.09	137,427,548.20	43,505,552.52	273,069,489.88	592,365,727.69
5510 Transfer To	0.00	0.00	0.00	6,815,731.19	6,815,731.19
6710 Transfer From	6,815,731.19	0.00	0.00	0.00	6,815,731.19
9999 Expenditures (See Part III)	87,880,969.47	125,568,643.80	19,605,129.51	55,475,139.48	288,529,882.26
<b>3112 Ending Fund Balances</b>	<b>43,666,436.43</b>	<b>11,858,904.40</b>	<b>23,900,423.01</b>	<b>224,410,081.59</b>	<b>303,835,845.43</b>
3412 Restr Fund Balances	10,157,142.01	0.00	0.00	220,990,391.66	231,147,533.67
Unrestricted Ending Fund Balance (Incidental + Teachers Funds)	21.25%				

### Impact to Fund Balance of the Revenue and Expenditure Recommendations

The following chart summarizes the revised budget approved by the BOE January 19, 2023 and the changes recommended by fund, including the transfers approved by the BOE during the February and March meetings, plus the transfer presented April 20.

2022-2023 Recommended Revenue Budget Amendments April 2023	General Fund Sub-Funds Funds 10, 50, 60, 71, 72, 73, 74, 75, 78, 79	Teacher Fund 20	Debt Service Fund 30	Capital Projects Fund Sub-Fund 42	Total All Governmental Funds
FY23 Estimated Revenue Budget January 19, 2023	105,245,908	130,909,909	22,190,593	4,936,604	263,283,014
Property Tax-Current	91,704	82,529	31,389	2,946	208,568
Property Tax-Delinquent	(258,169)	(232,341)	(88,369)	(8,293)	(587,172)
Proposition C Sales Tax	-	401,591	-	-	401,591
Intangible Tax - Financial Institutions	-	-	556,785	1,142,785	1,699,570
Earnings on Deposits	1,584,496	475,291	219,850	2,675,697	4,955,334
Basic Formula - State Monies	-	(14,855)	-	-	(14,855)
Basic Formula - Classroom Trust Fund	-	14,855	-	-	14,855
Transportation	(41,161)	-	-	-	(41,161)
Medicaid	716,800	-	-	-	716,800
ESSER Related	(4,491,734)	594,734	-	-	(3,897,000)
ARP Related	-	540,735	-	-	540,735
Transfers February - April 2023	-	-	-	-	-
Subtotal Recommended Changes	(2,398,064)	1,862,539	719,655	3,813,135	3,997,265
FY23 Revised Budget Proposed Revenue Changes	102,847,844	132,772,448	22,910,248	8,749,739	267,280,279



# FRANCIS HOWELL R-III SCHOOL DISTRICT

## 2022-2023 Budget Amendment Recommendation - April 20, 2023

2022-2023 Recommended Expenditure Budget Amendments April 2023	General Fund Sub-Funds Funds 10, 50, 60, 71, 72, 73, 74, 75, 78, 79	Teacher Fund 20	Debt Service Fund 30	Capital Projects Fund Sub-Fund 42	Total All Governmental Funds
FY23 Estimate Expenditure Budget January 19, 2023	96,303,730	133,176,390	22,952,790.00	71,412,146.02	323,845,056
ESSER I Teacher Retention Grant, ESSER II-III	8,266	589,734	-	-	598,000
ESSER II Grow Your Own	-	5,000	-	-	5,000
Public School Retirement - PSRS/PEERS	370,000	2,000,000	-	-	2,370,000
Purchased Services	(3,000,000)	-	-	-	(3,000,000)
Supplies	(625,000)	-	-	-	(625,000)
ESSER III	(34,750)	-	-	-	(34,750)
Capital Projects	-	-	-	7,000,000.00	7,000,000
Transfers February - April 2023	19,117	(29,864)	-	10,747.00	(0)
Subtotal Recommended Changes	(3,262,367)	2,564,870	-	7,010,747.00	6,313,250
FY23 Revised Budget Proposed Expense Changes	93,041,363	135,741,260	22,952,790.00	78,422,893.02	330,158,306

### BOE Motion to Reopen Negotiations Pending Outcome of April Budget Revision

During the February 9, 2023 BOE meeting, the following motion was approved:

*Motion to approve the 2023-2024 FHEA closure document and salary schedules with a requirement that if the projected operating fund's ending balance on April's revised budget is increased by 1% or more, from what is indicated on January's approved 2022-2023 revised budget, that the district would offer to reopen negotiations for this agreement. If this requirement is triggered, negotiations would be limited to discussions around monetary compensation of the newly realized monies.*

This chart provides the summary included within the January 19, 2023 budget amendment, Chart C, page 8 indicating an estimated ending operating fund balance estimate of 20.06%.

Projected 2022-2023 Revised Budget as of January 19, 2023	General Fund Sub-Funds Funds 10, 50, 60, 71, 72, 73, 74, 75, 78, 79	Teacher Fund 20	Debt Service Fund 30	Capital Projects Fund Sub-Fund 42	Total All Governmental Funds
Estimated Beginning Fund Balance	43,666,436	11,858,904	23,900,423	224,410,082	303,835,845
Proposed Revenues by Fund	105,245,908	130,909,909	22,190,593	4,936,604	263,283,014
Proposed Expenditures by Fund	96,303,730	133,176,390	22,952,790	71,412,146	323,845,056
Proposed Transfers	(6,600,000)	-	-	6,600,000	-
Estimated Ending Fund Balance	46,008,614	9,592,423	23,138,226	164,534,540	243,273,803
Estimated Restricted Fund Balances	9,570,252	-	-	158,318,458	167,888,710
Operating Funds					
	Fund Balance %	20.06%			
	Operating Revenues	236,155,817			
	Operating Expenditures	229,480,120			
	Operating Fund Balance Less Restricted	46,030,785			

Section 165.011, RSMo, provides for several interfund transfers that a school district may make, most of which are calculated when the ASBR is generated. Noted above is the Guaranteed Tax Base transfer from the General Fund to the Capital Fund for capital planning.

# FRANCIS HOWELL R-III SCHOOL DISTRICT

## 2022-2023 Budget Amendment Recommendation - April 20, 2023

The operating fund balance percentage based on the January 19, 2023 budget amendment was 20.06% and included a transfer from the General Fund to the Regular Capital Fund of \$6.6 million. This next chart provides the impact of the April budget recommendation, not including the salary reduction, and maintains the same \$6.6 million transfer from the General Fund to the Regular Capital Fund.

Projected 2022-2023 Revised Budget Impacted by April 2023 Budget Amendment Recommendation <i>without payroll reduction</i>	General Fund Sub-Funds Funds 10, 50, 60, 71, 72, 73, 74, 75, 78, 79	Teacher Fund 20	Debt Service Fund 30	Capital Projects Fund Sub-Fund 42	Total All Governmental Funds
Estimated Beginning Fund Balance	43,666,436	11,858,904	23,900,423	224,410,082	303,835,845
Proposed Revenues by Fund	102,847,844	132,772,448	22,910,248	8,749,739	267,280,279
Proposed Expenditures by Fund	93,041,363	135,741,260	22,952,790	78,422,893	330,158,306
Proposed Transfers	(6,600,000)	-	-	6,600,000	-
Estimated Ending Fund Balance	46,872,917	8,890,093	23,857,881	161,336,928	240,957,818
Estimated Restricted Fund Balances	10,539,292	-	-	152,387,814	162,927,106
<b>Operating Funds</b>					
Fund Balance % 19.77%					
Operating Revenues 235,620,292					
Operating Expenditures 228,782,623					
Operating Fund Balance Less Restricted 45,223,718					
Section 165.011, RSMo, provides for several interfund transfers that a school district may make, most of which are calculated when the ASBR is generated. Noted above is the Guaranteed Tax Base transfer from the General Fund to the Capital Fund for capital planning.					

The impact of the April budget amendment recommendation, absent the inclusion of a salary expense reduction of \$4,180,660, changes the estimated operating fund balance percentage from 20.06% to 19.77%, a reduction of .29%. The next chart shows the updated data to include a reduction of \$4,180,659.64 salary budget, resulting in an operating fund balance percentage estimated at 22.00%, an increase of 1.94%.

Projected 2022-2023 Revised Budget Impacted by April 2023 Budget Amendment Recommendation <i>with payroll reduction</i>	General Fund Sub-Funds Funds 10, 50, 60, 71, 72, 73, 74, 75, 78, 79	Teacher Fund 20	Debt Service Fund 30	Capital Projects Fund Sub-Fund 42	Total All Governmental Funds
Estimated Beginning Fund Balance	43,666,436	11,858,904	23,900,423	224,410,082	303,835,845
Proposed Revenues by Fund	102,847,844	132,772,448	22,910,248	8,749,739	267,280,279
Proposed Expenditures by Fund	90,689,743	133,912,221	22,952,790	78,422,893	325,977,646
Proposed Transfers	(6,600,000)	-	-	6,600,000	-
Estimated Ending Fund Balance	49,224,538	10,719,132	23,857,881	161,336,928	245,138,478
Estimated Restricted Fund Balances	10,539,292	-	-	152,387,814	162,927,106
<b>Operating Funds</b>					
Fund Balance % 22.00%					
Operating Revenues 235,620,292					
Operating Expenditures 224,601,963					
Operating Fund Balance Less Restricted 49,404,377					
Section 165.011, RSMo, provides for several interfund transfers that a school district may make, most of which are calculated when the ASBR is generated. Noted above is the Guaranteed Tax Base transfer from the General Fund to the Capital Fund for capital planning.					



## FRANCIS HOWELL R-III SCHOOL DISTRICT

### 2022-2023 Budget Amendment Recommendation - April 20, 2023

#### Next Actions

Administration commits to continually apprise the Board of Education of significant changes as new information is obtained. The following identifies primary next actions:

- Unless redirected by the BOE, offer to reopen negotiations with the Francis Howell Education Association (FHEA) limited to discussions around monetary compensation.
- Continue with the development of the 2023-2024 Budget recommendation incorporating known changes in revenue and expenditures.
- Continue to monitor budgets to actuals as the year progresses, providing necessary budget amendments.
- Develop an Operating Funds Trajectory to ascertain the financial sustainability of assumptions for revenues and expenditures.