

WEBSTER GROVES SCHOOL DISTRICT
FINANCE ADVISORY COMMITTEE MEETING
Central Office Board Room

Tuesday, September 20, 2016

7:00 a.m.

- I. Call to Order
 - a. Introductions
 - b. Election of Committee Chair
- II. 2015-16 Final and 2016-17 Budget Review (documents included)
- III. 2016-2017 Budget
 - a. Student Enrollment
 - b. Full Day Kindergarten (documents included)
 - c. Tax Levy and Assessment (documents included)
 - d. District Surplus
- IV. 2015-16 Audit Status
- V. FAC Monthly Meeting Topics
 - a. October Audit Review and Bond Indebtedness
 - b. November Budget Development Approach
 - c. December No Meeting
 - d. January Student Enrollment Projections
 - e. February Contract Reviews; (Audit, Depository, Transportation)
 - f. March No Meeting
 - g. April Staffing, Salary and Benefits
 - h. May Comprehensive Facility Plan
 - i. June 2017-18 Budget
- VI. Other Business
- VII. Adjourn

**BUDGET HISTORY 2010-11 - 2015-16
PROPOSED 2016-2017
DRAFT BUDGET**

Line#	Description	2010-2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Current	2016-2017 Proposed	Comments
LOCAL RECEIPTS									
1	current property tax	36,184,184	36,958,293	37,331,775	37,541,810	37,864,619	37,917,500	38,107,088	1 Assumes 0.5% growth
2	delinquent property tax	976,460	962,273	879,634	1,036,397	602,744	295,269	350,000	
3	financial institution tax	6,155	113,485	23,200	70,694	12,136	33,675	15,000	
4	sales tax (prop C)	2,827,271	3,085,882	3,144,814	3,369,362	3,572,411	3,682,644	3,600,000	4. based upon current 15/16 collections
5	sales tax for rollback								
6	tuition	764,794	618,022	703,515	750,933	678,811	717,743	700,000	6 Includes FDK, nonresident tuition
7	earnings on investments	17,316	32,244	12,553	8,520	11,336	38,608	25,000	
8	community education	121,819	62,531	106,449	66,969	50,900	86,426	75,000	
9	student activities	1,777,164	1,788,601	1,645,502	1,577,438	1,748,300	1,790,087	1,700,000	9 self-support except \$130,000 athletics
10	food service	667,352	752,711	721,273	740,082	818,161	751,964	750,000	
11	other local	1,229,926	1,321,561	1,285,623	1,325,483	1,412,118	577,942	300,000	11 Gate receipts & athletic fees, bus passes, facilities rental
11a	Transfer Student tuition	1,675,689	1,158,608	1,114,894	1,117,554	1,112,102	845,042	775,000	11a \$7,000 cap per student and reduction of students
11b	Preshool Tuition						1,060,943	1,082,000	Preschool tuition increase of 2%
12	adventure club	800,023	930,575	1,035,809	975,463	1,157,311	1,097,713	1,100,000	No increase in Adventure Club fees
	audit adjustment	-							
	Bond Premium	1,078,423	644,878	0	0	0			
	sub-total local	48,126,575	48,429,664	48,005,041	48,580,705	49,040,950	48,895,556	48,579,088	
		-							
		-							
COUNTY RECEIPTS									
		-							
13	finances and forfeitures	51,953	55,423	53,481	86,271	48,171	44,112	40,000	
14	state assessed utilities	348,507	599,065	513,604	563,175	597,600	629,111	600,000	
15	stock insurance tax	-							
	audit adjustment								
	sub-total county	400,460	654,488	567,085	649,446	645,771	673,223	640,000	

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Line#	Description	2010-2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-16 Current	2016-17 Proposed	Comments
STATE RECEIPTS									
16	state foundation formula	3,788,927	4,544,571	5,096,108	5,151,397	5,857,512	5,888,747	5,836,083	16 Anticipates funding at15/16 level
17	cigarette tax (fair share)								
18	transportation	6,986	8,445	5,936	7,041	4,545	5,791	5,000	
19	exceptional pupils (reading)	-							
20	gifted education	-							
21	nonMO ins co tax (textbook)	-							
22	transfer students	-							
23	food service	5,827	6,160	8,194	7,854	8,673	8,741	8,500	
24	other state	529,709	726,802	898,926	974,259	985,700	982,426	975,000	24 Residential Care Placement funding and MPP Grant
Other									
	sub-total state	4,331,449	5,285,978	6,009,164	6,140,551	6,856,430	6,885,705	6,824,583	
FEDERAL RECEIPTS									
25	food service	364,117	392,765	385,105	443,274	422,578	423,203	425,000	
26	title 1	480,795	516,307	468,593	313,085	375,480	625,268	380,000	
27	title VI	-							27 Title VI no longer exist
28	other federal	673,258	269,478	217,142	160,382	143,572	131,835	250,000	
29	even start								
other						0			
	sub-total federal	1,518,170	1,178,550	1,070,840	916,741	941,630	1,180,306	1,055,000	
	OPERATING REVENUE	54,376,654	55,548,680	55,652,130	56,287,443	57,484,780	57,634,790	57,098,671	

BUDGET HISTORY 2010-11 - 2015-16

PROPOSED 2016-2017

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Line#	Description	2010-2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Current	2016-2017 Proposed	Comments
DEBT SERVICE RECEIPTS									
30	Stock Insurance	-							
31	property taxes	3,956,049	3,964,242	3,994,004	3,971,527	3,994,049	4,150,162	4,170,913	31 Assumes a 0.5% increase
32	delinquent taxes	111,895	105,277	103,370	117,815	63,841	31,552	40,000	
33	financial institution tax	378	12,454	2,487	7,628	0	225	0	
34	interest earned	17,426	93,633	10,323	903	58,980	1,000	1,000	
28b	other federal	-	294,678	589,354	561,530	0	820,972	589,355	
35	state assessed utilities	62,539	108,283	91,298	99,628	100,882	103,201	100,000	
	sub-total debt service	4,148,287	4,578,567	4,790,836	4,759,031	4,217,752	5,107,112	4,901,268	
	total revenue	58,524,941	60,127,247	60,442,966	61,046,474	61,702,532	62,741,902	61,999,938	
INCIDENTAL FUND EXPENSES									
36	support staff (auxiliary)	1,653,959	1,793,463	1,847,986	1,920,530	2,171,756	1,895,020	1,932,920	36 Staff increase 2%
37	teacher aides	1,255,278	1,364,872	1,369,828	1,396,905	1,411,426	1,157,117	1,180,259	37 Staff increase 2%
38	library aides								
39	secretarial staff	1,009,247	1,009,881	1,017,486	1,055,878	1,077,511	1,062,233	1,083,478	39 Staff increase 2%
40	custodial staff	1,507,511	1,535,975	1,560,210	1,624,196	1,658,544	1,641,160	1,691,122	40 Staff increase 2%
41	federal programs	466,481	396,933	281,690	246,378	280,659	374,607	116,000	Reduction in Federal funding
42	retirement benefits	898,874	1,093,025	1,169,612	1,053,107	1,087,710	987,859	1,007,616	42 Staff increase 2%
43	health insurance	841,574	918,632	774,109	789,370	1,044,270	1,001,264	1,083,868	43 8.5% increase
44	unemployment benefits	26,324	13,150	40,000	14,186	20,196	14,475	25,000	
45	new employee hiring	10,031	17,384	13,404	8,108	5,829	19,127	25,000	
46	audit by CPA firm	22,613	22,500	18,138	13,000	13,000	13,000	15,000	
47	payroll services	76,148	82,630	81,353	114,006	117,327	123,028	92,838	47 ADP reduction in contract cost
48	legal counsel	76,548	104,215	72,470	42,665	83,688	56,324	60,000	

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49	medical	3,582	8,455	3,235	4,631	10,103	3,174	7,500	
50	elections	11,779	0	11,017	15,076	19,623	8,201	15,000	
51	gas/electric/water	936,720	943,719	1,109,668	1,115,827	1,285,057	1,014,760	1,065,498	5% increase
52	curriculum/staff developmnt	147,470	172,057	168,940	199,226	225,845	148,279	157,950	52 10% withholding
53	tuition for staff	27,778	46,814	54,890	52,352	59,100	0	60,000	Reinstate tuition reimbursement
54	commencement/accredit	(201)	3,795	5,716	7,611	7,065	8,225	15,000	
55	contract transportation	275,704	267,059	208,701	242,002	264,816	220,813	223,021	55 1% increase
56	A+ schools grant	-	0	0	0	0	0	0	Eliminate A+ Schools Funding
57	district travel	25,259	25,190	18,275	37,689	25,678	18,685	28,000	57 reimburse at .40 per mile
58	pro conf., memshps, subsc	33,346	41,065	46,527	47,117	45,518	26,470	41,375	Eliminate 50% Admin. P.D.
59	insurance	470,329	511,722	560,307	596,101	706,801	767,064	805,417	59 Assumes a 5% increase
60	telephone and postage	212,491	201,170	246,976	178,969	228,851	285,421	276,000	Purchased new postage meter in 2015-16
61	printing	25,982	29,159	21,007	29,367	14,365	13,770	25,000	
	postage (moved to line 60)								
62	safety and security	58,982	59,821	60,106	109,246	80,916	46,379	80,000	
63	instructional supplies	851,242	847,423	794,568	1,015,559	828,273	703,033	434,084	63 Reduce Bldg Budgets an additional 5%
64	sixth grade camp	23,533	21,413	19,905	257	19,612	14,777	25,000	
65	guidance/testing supplies	44,339	41,710	37,859	26,658	39,685	21,703	49,410	65 5% withholding
66	administrative supplies	140,343	125,788	183,306	150,419	63,555	94,788	233,000	66 5% withholding includes CFO contract
67	custodial supplies	169,676	194,952	235,172	162,783	164,762	190,437	175,000	Increased based upon current YTD expenditures
68	music supplies	16,397	14,946	13,638	16,174	20,287	11,845	23,750	68 5% withholding
69	student activities	1,302,290	1,900,364	1,786,635	1,537,715	1,666,371	1,580,497	1,700,000	
70	tech development fund	492,388	537,639	506,016	273,301	276,719	273,452	275,000	
71	textbooks	171,057	176,940	179,099	137,473	159,160	173,898	185,000	
72	coop schl dist. av materials	47,506	47,334	45,489	44,165	39,526	41,002	55,000	
73	library materials	57,192	56,675	52,149	52,742	63,386	48,923	67,275	
74	computer equipment/repair/dup	163,912	156,840	109,831	168,835	229,370	147,284	152,736	5% withholding
75	food service	1,011,144	1,052,339	1,080,274	851,473	1,123,235	983,993	1,013,513	75 3% increase
76	public relations	126,735	132,694	135,130	128,958	129,780	141,668	144,501	5% withholding - 2% increase
77	community education	68,753	58,064	51,223	47,901	49,249	49,623	53,000	

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78	parents as teachers (FACE)	108,457	124,978	123,024	120,981	111,896	162,566	146,906	78 State budget reductions to PAT - 2% salary increase
79	interest	28,284	10,731	5,118	3,000	10,025	0	0	
80	maintenance salaries	955,158	952,343	1,014,278	1,024,947	1,014,938	955,560	974,671	80 2% salary increase
81	adventure club	842,039	921,878	947,042	923,871	929,313	946,208	1,100,000	
82	head start/EEG grant	81,978	93,455	91,732	59,868	75,199	75,950	75,000	
83	children defense fund								
84	preschool program	956,994	1,011,756	1,091,796	1,126,655	1,149,113	1,179,923	1,187,372	
85	main sup hvac, elec, plb	203,896	227,241	212,645	220,780	293,224	272,380	166,250	5% withholding
86	bldg upkeep	247,706	140,519	169,350	247,037	242,667	216,168	246,500	
87	care of grounds	147,001	149,308	167,750	202,173	159,221	179,890	200,000	Removed \$60,000 for track costs moved to Bond Issue
88	care of vehicles	45,591	46,965	39,661	48,215	28,632	21,685	30,000	
	transfer from other funds	(640,887)			1,740,052				
	sub-total incidental	17,736,533	19,706,981	19,854,341	21,245,535	20,832,852	19,393,708	19,825,832	
TEACHERS FUND EXPENSES									
89	teacher salaries	20,040,278	20,699,296	21,491,742	23,362,486	21,932,098	21,756,091	22,232,980	90 Incr. 5.5 FTE, savings for retirement incentive, 2% salary incr.
89a	Tuition to other districts					590,447	1,293,386	1,260,000	89a Excess Cost to Epworth/Edgewood
90	teacher sal.-spec. prog.	1,781,529	1,675,373	1,813,126	1,756,159	1,829,012	1,833,908	1,810,586	90 2% salary increase
91	substitute teachers	405,438	371,428	404,550	412,107	453,790	411,730	450,000	91 sub pay = \$100.00 a day
	subs for sch bus & prof leave								
92	administrator salaries	2,151,474	2,217,017	2,460,195	2,565,077	2,673,962	2,430,014	2,279,693	92 1% salary increase includes all admin. changes
93	health insurance	2,386,315	2,091,691	2,214,218	2,225,874	2,311,818	2,151,943	2,307,959	93 7.25% increase
93a	retirement benefits	3,763,667	3,933,667	4,131,893	4,338,296	4,387,638	4,468,712	4,558,086	93a 2% increase
94	federal programs	393,197	305,329	382,903	235,658	265,638	376,791	284,000	94 Decrease in Federal Funding
	transfer from other funds		(617,853)	(622,342)	(1,984,239)				
	sub-total teachers	30,921,897	30,675,948	32,276,285	32,911,418	34,444,403	34,722,575	35,183,304	

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BUILDING FUND									
95	instructional/office equip.	318,549	300,358	456,386	531,508	913,648	657,094	740,000	95 includes \$216,000 tech replacement plan
96	building improvement	215,808	341,148	328,738	355,819	400,795	174,455	370,000	96 10% withholding - increased to cover foundation work C.O.
97	maintenance equipment	25,515	30,982	29,888	71,928	51,377	54,542	49,500	97 10% withholding
98	furniture	18,740	45,228	30,361	20,742	25,725	145,405	60,750	98 10% withholding
100	energy lease expenses	6,941	80,108	435					
	market value (bond issue)	407,914							
	transfer from other funds	640,887	617,853	622,342	244,187				
	sub-total building	1,634,354	1,415,677	1,468,150	1,224,184	1,391,544	1,031,496	1,220,250	
	OPERATING EXPENSE	50,292,784	51,798,606	53,598,776	55,381,137	56,668,799	55,147,779	56,229,386	
DEBT SERVICE EXPENSES									
101	principal	2,160,000	2,225,000	2,280,000	2,585,000	2,635,720	22,969,812	2,660,000	
102	interest and fees	2,459,838	2,915,953	3,089,341	3,239,684	3,468,159	3,222,980	2,197,400	
	Refund Payment Adjustment								
	sub-total debt service	4,619,838	5,140,953	5,369,341	5,824,684	6,103,879	26,192,792	4,857,400	
103	Total Expenses	54,912,622	56,939,559	58,968,117	61,205,821	62,772,679	81,340,571	61,086,786	
104	Total Revenue	58,524,941	60,127,247	60,442,966	61,046,474	61,702,532	62,741,902	61,999,938	
SUMMARY									
105	Operating Revenue	54,376,654	55,548,680	55,652,130	56,287,443	57,484,780	57,634,790	57,098,671	
106	Operating Expenses	50,292,784	51,798,606	53,598,776	55,381,137	56,668,799	55,147,779	56,229,386	
107	Surplus (Deficit)	4,083,870	3,750,074	2,053,354	906,306	815,980	2,487,010	869,284	
108	Balance June 30	10,116,166	13,671,258	15,870,305	16,484,161	17,156,345	19,643,355	20,512,140	
99	bond issue expenditures	2,949,183	19,809,710	5,901,107	3,638,775	1,052,257	471,477		99 expenditures tracked separate from operating budget
	Grand Total Audited Expenses	57,861,805	76,749,269	64,869,224	64,844,596	63,824,936	81,812,049		

August 5, 2016

To: Dr. John Simpson, Superintendent

From: Bruce Ellerman, CFO

Re: Analysis of Full Day Kindergarten

Executive Summary

A financial analysis based on current information indicates conversion from a tuition based to a tuition-free Full Day Kindergarten (FDK) in the Webster Groves School District (WGSD) would result in a net benefit of approximately \$600,000 per year. In fact, because attendance and school calendar reporting is still open for the 2015/16 school year, it may still be possible to implement such a change retroactively to include last year and capture this additional state funding for both the past 2015/16 school year as well as the upcoming 2016/17 school year.

Background

For the past several years, it has been a formal goal of the Webster Groves School District Board of Education and district leadership to move toward a district-wide tuition-free FDK program. While past analyses have indicated conversion to such a program was not financially feasible, an analysis based on current state funding, enrollment and staffing levels indicates a tuition-free FDK program would actually result in a significant net financial benefit to the district.

Because state law only requires school districts to offer a half day kindergarten program, the Missouri Department of Elementary and Secondary Education (DESE) allows districts that choose to offer FDK the option to either charge tuition to parents for the extra half day OR to claim the extra half day attendance for state aid purposes. In past years, WGSD was viewed by the state funding formula as a locally wealthy district (i.e. having a high local property tax base). As a result, WGSD was classified as a "Hold Harmless" school district--meaning its level of state funding was essentially frozen. Consequently, relatively little state aid could be generated by claiming additional student attendance. This funding collar changed, however, when WGSD exited "Hold Harmless" standing. In fact, it resulted in a situation where claiming student attendance would generate roughly \$1.1 million in additional state aid compared to annual tuition collections of \$425-450,000....a net financial benefit of around \$650,000 annually based on 2015/16 kindergarten enrollments of 337 (305 of which were in the FDK program anyway) and current state funding levels*.

Furthermore, while many program expansions are accompanied by cost increases due to additional staffing, space and other considerations, no such increases will be necessary to implement FDK. This is because WGSD's staffing model already comingled FDK students and half-day kindergarten students in existing classrooms.

This financial dynamic was also present last year (2015/16), although to a somewhat lesser extent due to the simple timing of the Prop C aspect of state funding, which lags one year behind attendance. However, the more significant Foundation Formula aspect of state funding for FDK is still available for 2015/16 (roughly \$930,000) provided that the district revises its official district calendar filed with DESE for kindergarten to reflect FDK AND provided that the district refund to parents all tuition monies received for 2015/16 (approx. \$426,000). This would result in a net financial impact of roughly \$500,000 for 2015/16, which would actually be paid by DESE to WGSD during 2016/17 as a routine "prior year correction".

Recommendation

We would therefore recommend Board approval of:

- 1) Immediate implementation of a tuition-free FDK program for the upcoming 2016-17 school year;
- 2) Retroactively amend the 2015/16 official WGSD calendar to reflect a tuition-free FDK program;
- 3) Refunding 2015/16 FDK tuition payments (as well as 2016-17 FDK deposits received to date) to parents, provided that additional state funding is received by the district for the 2015/16 school year.

Footnotes

*Current state funding levels are:

Foundation Formula: State Adequacy Target of \$6110 per student, a Dollar Value Multiplier of 1.092. These two factors are then multiplied by the district Weighted Average Daily Attendance (WADA) to derive the overall state funding amount. Therefore, each WADA generates about \$6700 in additional Foundation Formula funding.

Prop C: Funding of \$940-\$950 per Average Daily Attendance (ADA)

**MEMO TO: BOARD MEMBERS
DR. JOHN SIMPSON**

FROM: BRUCE ELLERMAN

DATE: SEPTEMBER 2, 2016

RE: 2016-17 PROPERTY TAX RATES

In preparation for the Tax Rate Hearing scheduled for 6:30 PM on September 12, 2016, the Business Office has completed its initial calculation of the 2016 tax rates (one for each of 4 separate property classes) based on preliminary assessed valuation data from the County Assessor's Office. A copy of the Tax Rate Hearing Notice that will be published in the Webster Kirkwood Times and posted in various places throughout the district is attached for your reference.

Please note that these calculations can and most likely will change in the next few weeks—i.e. after the Tax Rate Hearing on 9/12 but before the Board actually sets the tax rates on 9/26—as the assessor routinely updates information. So just be aware that the tax rates you will ultimately be asked to approve on 9/26 may differ slightly from these preliminary 9/12 rates. This is a normal part of the timing of the rate setting process since tax rates are being computed by school districts at the same time as the Assessor is still finalizing assessed valuations. It's a moving target by its very nature. However, any impact should be relatively minor...perhaps a few pennies at the most.

In the meantime, based on the current data, overall assessed valuation increased by 1.62% compared to last year. Because 2016 is not a reassessment year, the only source of growth was new construction and new personal property. Specifically, residential property increased .4%, commercial property decreased .34% (due to protest settlements) and personal property increased 12.23%. The large increase in personal property has been questioned but the Assessor's Office so far has indicated the number is correct. Furthermore, several other St Louis County districts had similar percentage increases in personal property this year.

I have provided a preview of the tax levy by category (residential, commercial, personal property) and some talking points for you to review. This should provide you adequate information to consider before we conduct our public hearing and ask the Board to approve the tax levy rates at our September 26 meeting.

Operating Levy Comparison

	Residential rate	Commercial rate	Personal Property rate
2014-2015	\$5.2885	\$5.6617	\$5.9100
2015-2016	\$5.0937	\$5.2206	\$5.9100
2016-2017	\$5.0830	\$5.2916	\$5.9100

- These rates are computed using standard forms provided by the State Auditor's Office that already have all calculation formulas and prior year tax rate information pre-populated. All the district does is plug in current year assessed valuations and any new voter-approved tax rate increase. However, since the assessed valuations aren't yet final, the calculations have not yet been submitted to the State Auditor's Office for review. Instead, we will do that after receiving updated assessed valuation data in a few weeks but prior to the 9/26/2016 Board meeting.
- Because commercial assessed valuation declined, the district is able to roll up the commercial property class tax rate by \$0.071 to compensate for that loss.
- The debt service tax rate calculations are based upon the property tax revenue needed to pay the current year's debt and an additional year's reserve as required by the State Auditor's Office. The district has calculated this tax rate at \$1.3188. The district is able to voluntarily reduce this rate by \$0.7489 to hold the debt service rate at the \$0.5699 level as previously committed. However, please be aware this will only allow a minimal debt service fund balance that is just sufficient to make required interest and principal payments to be maintained.

We can provide you with the preliminary calculation forms from the State Auditor's Office to support these rates if you would like to review them. Please do not hesitate to contact me if you have additional questions.

Recommended motion....report only, no action necessary.