Lebanon R-III School District

2023-2024 School Budget

This budget was approved by action of the Lebanon R-III School District Board of Education on June 13, 2023

Board of Education

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Adam Dameron	Executive Director of Business & Operations

August 15, 2023

TO: Board of Education Members

FROM: Dr. David Schmitz, Superintendent of Schools
Mr. Adam Dameron, Executive Director of Business & Operations

SUBJECT: Budget Message, Lebanon R-3 School
District Budget for Year 2023-24

The FY 2023-24 budget was a collaborative process beginning in January 2023. The process engaged all levels of District staff including teachers, principals, departmental leaders, central office staff, and members of the Board of Education. Directed by the Board goal to operate in an efficient and effective manner with District resources, the FY 2023-24 budget was developed using key priorities as a guide. The following priorities guided budget development:

- Support high quality instructional programming PK-12
- Promote salary growth in all pay categories, seeking to recruit and retain high quality staff
- Pursue a sustainable maintenance program targeting critical needs with a proactive and preventative maintenance approach
- Reduce the average age of the District bus fleet through annual purchases
- Stabilize the District's fund balances with the intent to strengthen fund balances, maintaining 20% through 2024.

District leaders engaged in critical analysis of needs within academic services, human resources, and operations to maximize the efficient and effective use of District resources.

Local funding levels have improved significantly due to the passage of Proposition Lebanon Schools, a $.90 operating levy issue on the August 7, 2018 ballot. The levy increase was phased in over three years ($.30 in 2018, $.30 in 2019, and $.30 in 2020). This has generated approximately $2.7 million in annual additional funding for operational expenses.

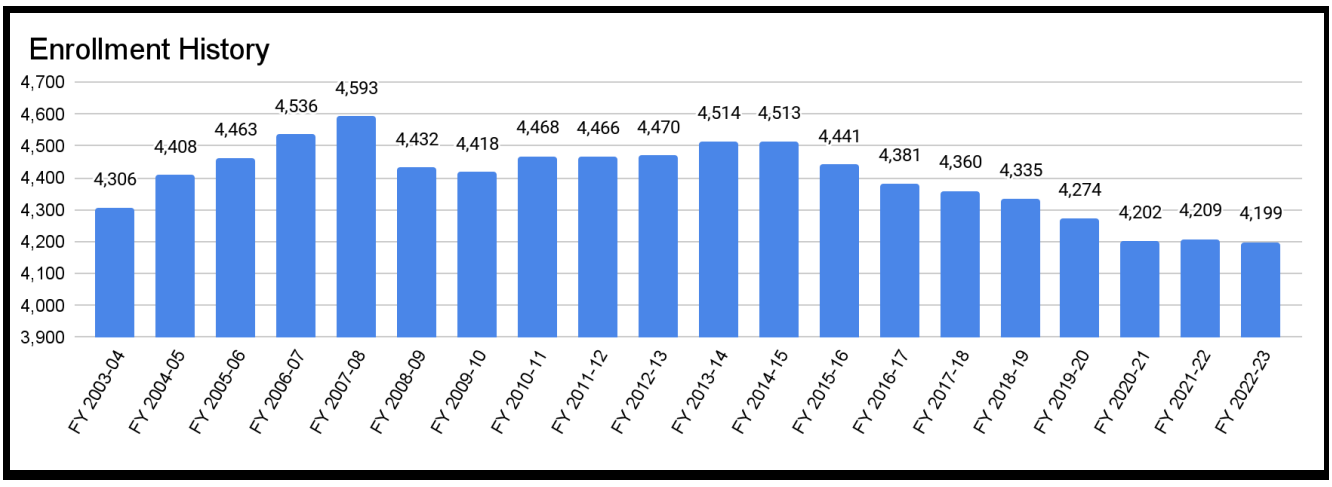
There are four goals of Proposition Lebanon Schools:

- All kids will graduate with a clear plan for their future
- All staff pay will be competitive with area schools and industry within the next five years
- The average age of all buses will be 10 years or less in the next 10 years
- A sustainable, ongoing maintenance cycle will be established to address critical facility needs such as aging roofs, HVAC systems, and parking lots

The FY 2023-24 expenditure budget has been created with these four goals in mind. Adjustments to staff pay include a 4% cost of living allowance, step advancement for all eligible

employees, and column adjustments to the teachers' salary schedule to make it competitive with comparable school districts. The average age of the bus fleet will be lower with the purchase of four buses in FY 2023-24. Facility improvement projects include roof replacement at Maplecrest Elementary, new windows at Hillcrest Education Center, and HVAC control system replacement at Lebanon Middle School. Capital improvement projects that will be finished during the year include a FEMA shelter and new entrance at Boswell Elementary, and the renovation of the Robert W. Plaster Center for Student Success into an Early Childhood Center which is scheduled to be open in August 2023.

State funding is closely linked to enrollment and attendance rates. Student enrollment is a factor that continues to require careful monitoring. The District's enrollment peaked at just under 4,600 students in 2008, prior to falling by approximately 200 students during the recession in that year. It rebounded moderately through 2015, but declined over the next six years before increasing slightly in 2022. The District's population is impacted significantly by local manufacturing, which is strong and showing growth. The administration anticipates enrollment numbers will grow in alignment with the growth of local industry. Enrollment will have a significant impact on state revenue projections and could jeopardize key priorities if the District sees any further decline. Additionally, student attendance rates (ADA) impact funding via the state funding formula, using the highest ADA of the current or two prior years for funding calculations. Attendance rates were negatively impacted by the pandemic and have not yet returned to pre-pandemic levels. The Department of Elementary and Secondary Education (DESE) has made an accommodation permitting the use of ADA from the highest of the current or ***four*** prior years for funding calculations. Conservative projections for revenues have been utilized in response to the current enrollment and ADA trends.



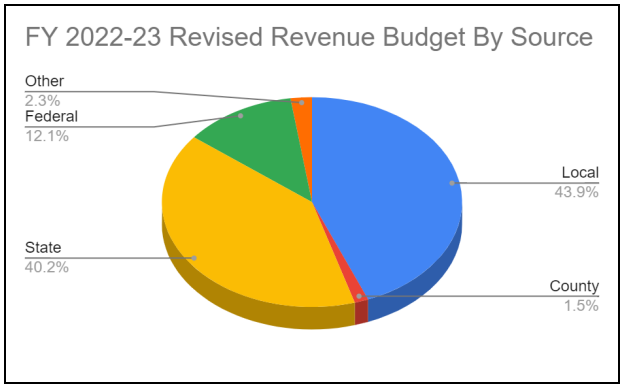
The current budget scenario has been impacted by unprecedented resource allocations over the past four years via the CARES Act and three iterations of the Elementary and Secondary Schools Education Relief (ESSER) acts. State funding allocations have been strengthened by additional pandemic related federal funding in the state's general operating budget that permitted the state budget to fully fund transportation for the first time in FY 2022-23 and to

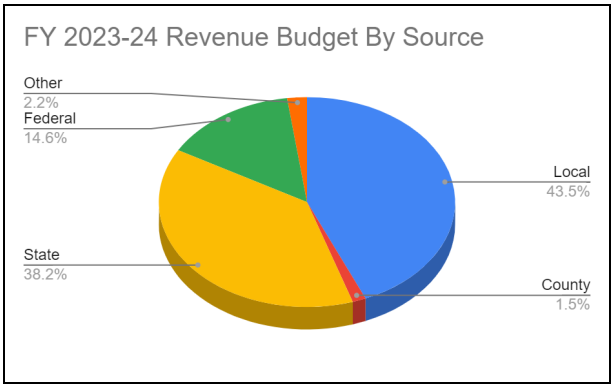
reinstate funding for the career ladder program. The state will again fully fund transportation and the career ladder program in FY 2023-24. Growth in local revenues have been slowed by lower than anticipated growth of assessed values. Assessed values reported for 2023 indicated a very modest 1% growth in during a reassessment year. Cautious optimism is tempered by state funding levels via the state adequacy target (SAT) remaining flat for the 5th consecutive year, despite significant inflation over the past two years. A balanced approach to aggressive improvements to staff pay coupled with conservative budgeting practices have been applied in anticipation of a fiscal correction in the economy over the next five years.

The proposed budget reflects conservative estimations of revenue and expenditures that align with the required operations and goals of the District for FY 2023-24. The budget serves as a guide to manage and direct the District's financial resources in light of the intended goals. Close adherence by District staff coupled with ongoing review and amendment by the Board of Education will be essential as financial expectations and/or goals change during the course of the fiscal year.

The following is a summary of the highlights of the 2023-2024 school budget:

Estimated Revenue





Local Revenue

In local revenue, the following significant changes are reflected in this budget:

1. The assessed valuation (AV) increased from $381,086,764 in FY 22-23 to $385,280,607 as of June 30 for the 2023-24 fiscal year. That is an increase of 1.10%. The District budgeted local taxes and delinquent taxes based on the AV and expected collections. These revenues may be amended next spring based on actual collections at that time. The following chart illustrates the Assessed Valuation's trend through FY 23-24. The

adopted budget reflects the April 2014 voter approved increase to the debt service levy and the voter approved increase to the operating levy in August 2018.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 5111 Total	Current Taxes	$12,452,022	$13,795,611	$14,512,784	$15,608,438	$15,743,533
Object 5112 Total	Delinquent Taxes	$1,355,938	$1,314,006	$1,343,756	$1,509,249	$1,430,874
	Grand Total	$13,807,960	$15,109,617	$15,856,540	$17,117,687	$17,174,407
	Assessed Valuation	$331,860,023	$335,654,158	$355,450,146	$381,086,764	$385,280,607
	Tax Rate	$4.19	$4.49	$4.49	$4.49	$4.49

2. In 2014 voters approved a debt service levy increase of $0.37 to fund the construction of the Lebanon Middle School. In 2018 voters approved an operating levy increase of $0.90 to be phased in over three years ($.30 in 2018, $.30 in 2019, and $.30 in 2020). In this budget, the estimated taxes in FY 2023-24 reflect an operating levy of $3.6437 and a debt service levy of $0.8463, for a total levy of $4.49. The final decisions on the District's levy amounts will be made at the levy hearing in August in accordance with the District's needs.

3. Proposition C sales tax budget (code 5113) is estimated to decrease by 3% over FY 22-23 budgeted revenue. This is based on the most current information from DESE.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 5113 Total	Prop C (Sales Tax)	$4,449,794	$4,786,515	$5,557,729	$5,887,336	$6,064,998

4. The M & M surtax revenue is projected to increase by 2.9% over FY 22-23.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 5115 Total	M&M Surtax	$626,338	$653,888	$700,925	$732,896	$753,857

5. Earnings on investments (code 5141) are budgeted at $435,697 for FY 23-24. In FY 22-23 the District began investing a portion of its reserve funds with the Missouri Capital Asset Advantage Treasury (MOCAAT). The decision to invest with MOCAAT along with

higher than normal reserve amounts due to ESSER funds produced approximately $200,000 in additional investment interest over FY 21-22. The District plans to continue investing with MOCAAT as long as interest rates are favorable, but reserve amounts will decrease in FY 23-24 as construction projects at Boswell and the Early Childhood Center are completed.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 5141 Total	Investment Earnings	$341,259	$395,239	$468,609	$670,269	$435,697

6. Other local revenue (code 5190's) is budgeted at $206,181 for FY 23-24. The increase in FY 22-23 was due to advertising revenue for the District's scoreboard project and lease/purchase financing of six buses. The FY 23-24 budget includes continued advertising revenue for the scoreboards. Local revenue includes funds received for building rental, advertising, and donations.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 519X Total	Other Local Revenue	$50,167	$84,904	$80,708	$702,247	$206,181

County Revenue

County revenue is expected to increase by approximately 2.6% for FY 23-24. County revenue includes funds received for fines and forfeitures along with state assessed railroad and utility taxes.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 5211 Total	Fines & Forfeitures	$166,843	$153,310	$176,962	$216,668	$222,864
Object 5221 Total	RR & Utilities	$567,100	$617,297	$628,619	$708,457	$726,442

State Revenue

The following state revenue changes are reflected in this budget:

1. Basic Formula funding (code 5311) reflects relatively flat growth compared to FY 22-23. State revenues are based on a weighted average daily attendance (WADA) calculation.

The State Adequacy Target (SAT) for FY 23-24 will remain at $6,375 for the fifth straight year, and the formula is expected to be fully funded.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 5311 Total	Basic Formula	$15,916,724	$18,041,789	$17,520,0427	$17,464,807	$17,465,022

2. Classroom Trust Fund (code 5319) is projected to be funded at $450 per WADA.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 5319 Total	Classroom Trust Fund	$1,311,078	$1,705,484	$1,769,445	$1,751,122	$1,840,766

3. The state fully funded its portion of transportation revenue for the first time in FY 22-23 and will continue to fully fund its portion in FY 23-24. It is currently unknown whether this will continue beyond FY 23-24.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 5312 Total	Transportation (State)	$398,026	$401,803	$544,553	$1,490,464	$1,490,237

4. The ECSE (Early Childhood Special Education) program, (code 5314 and federal code 5442), expenditures will match revenues since this program is reimbursed at 100% of the total costs. Reimbursements are made based on the prior year's expenditures. Recent legislative changes and the full funding of the state formula have made it possible to claim ADA for qualifying students in our early childhood program.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 5314 Total	ECSE	$1,314,408	$1,408,612	$1,383,502	$1,472,029	$1,527,245

5. The Vocational/Technical enhancement revenue (code 5332 & 5359) budget reflects a slight increase over the prior fiscal year. This is a program wherein the state matches the cost of vocational equipment at 75 percent their share and 25 percent our share. Any changes will be reflected in later budget amendments.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 5332 Total	Vocational/Technical	$386,334	$431,940	$419,591	$483,050	$440,787

Barring any withholding or release of new monies during the 2023-24 school year, we believe this gives you an accurate picture of state funding as we know it.

Federal Revenue

The following federal revenue changes are reflected in this budget:

1. Medicaid revenue (code 5412) reflects a 1.8% increase from the FY 22-23. A conservative estimate of $463,211 was used for FY 23-24.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 5412 Total	Medicaid	$212,865	$232,613	$238,350	$454,673	$463,211

2. The Title Programs are budgeted on a neutral basis. Title I funds are estimated to be comparable to FY 22-23. Other Title programs will be amended upon final determination of funding for FY 23-24.

Other Revenue

Tuition (code 58xx) fluctuates depending on the number of students who come to Lebanon and is subject to change during the course of the year. This will be reviewed and amended after the September core data cycle.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 58xx Total	Tuition	$1,142,957	$1,044,971	$1,320,344	$1,360,911	$1,351,225

Total Revenue

Account Description	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24

	Actual	Actual	Actual	Revised Budget	Budget
Grand Total Revenues	$56,892,021	$57,791,982	$70,377,637	$62,713,754	$63,208,682

Revenue By Fund

Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
General Fund (010)	$21,107,409	$28,853,566	$29,161,165	$30,656,941	$34,512,023
Teachers Fund (020)	$24,177,557	$24,814,488	$25,830,507	$26,732,747	$24,621,417
Debt Service Fund (030)	$7,312,872	$2,933,289	$13,370,864	$3,454,591	$3,348,751
Capital Projects/Bond Fund (040-041)	$4,294,183	$1,190,639	$2,015,102	$1,869,474	$726,491
Grand Total Revenues	$56,892,021	57,791,982	$70,377,638	$62,713,753	$63,208,682

Estimated Expenditures

The proposed budget expenditures for the 2023-24 school year are highlighted and explained as follows:

1. District salary schedules were adjusted in the final year of a five year plan to make all staff pay competitive with area industry and school districts. A cost of living increase was applied to all salary schedules, and all eligible employees advanced a step on the salary schedule. All employees received at least a 4% increase over 2022-23 amounts. Beyond FY 23-24, salary increases will be given to keep staff pay competitive among comparable school districts.

Account Code	Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Object 61XX Total	Salaries	$26,990,901	$27,820,644	$29,507,164	$32,940,703	$34,996,885
Object 62XX Total	Benefits	$8,461,895	$8,679,057	$8,949,408	$9,304,870	$9,296,462
	Grand Total	$35,452,796	$36,499,701	$38,456,572	$42,245,573	$44,293,347

2. In FY 22-23, the state began funding its portion of the Career Ladder Program for the first time since FY 10-11 by paying for 60% of the salary amounts only. Participating districts were required to pay for the remaining 40% of salary and 100% of retirement

and medicare contributions. For FY 22-23, the state will pay 60% of all Career Ladder Program to include retirement and medicare.

3. In FY 22-23, the District switched health insurance consortiums from Missouri Educator's Trust (MET) to Show-Me Benefit Consortium. This move resulted in approximately $500,000 savings to the District. For FY 23-24 Show-Me Benefit Consortium's rates for the employee base plan option will remain unchanged.

4. The retirement systems for both certified and non-certified staff will see NO increase in their respective contribution rates for the 2023-24 school year. The member and employer matching contribution rates are 14.5% of compensation for PSRS members and 6.63% of compensation for PEERS members.

5. Workers Compensation, Property and Liability premiums are budgeted to increase by 2.5% over the FY 22-23 expenditures.

6. The transportation budget reflects salary and benefit improvements. One of the goals of Proposition Lebanon Schools is to reduce the average age of our bus fleet to 10 years or less in 10 years. The District purchased six buses in FY 22-23 and will purchase an additional four buses in FY 23-24.

Transportation Budget	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Salaries	$1,968,245	$1,978,385	$2,151,564	$2,517,764	$2,431,635
Benefits	$600,722	$635,987	$628,278	$658,297	$619,657
Purchased Services	$162,380	$128,996	$196,780	$233,118	$210,003
Supplies	$301,991	$269,102	$461,292	$577,265	$567,323
Capital Outlay	$320,400	$212,984	$386,890	$819,797	$454,619
Grand Total	$3,353,738	$3,225,454	$3,824,804	$4,806,241	$4,283,237

7. Capital Outlay:
    - One time capital expenditures budgeted for FY 2022-23 included a FEMA storm shelter at Boswell Elementary and construction at the Robert W. Plaster Center for Student Success. Those projects will be completed in FY 23-24, along with continued facility improvements at Hillcrest, Maplecrest, and Lebanon Middle School.
    - Ongoing capital expenditures include continuing the one-to-one chromebook replacement cycle.

- Several buildings and departments made capital outlay requests that are left unfunded at this time. In the event funds become available throughout the year, those projects will be reconsidered.

Loans and Leases Payable

Fiscal Year	Print Shop Copier	District Copiers	DNR Energy Loan	Chromebooks	Buses	Capital Lease - Facility Improvements	Total Payments
2023-24	$14,411	$74,484	$3,201	$542,232	$297,458	$292,209	$1,223,995
2024-25	14,411	37,242	1,403	469,378	297,458	597,209	1,417,101
2025-26	14,411	0	0	218,627	297,458	596,719	1,127,215
2026-27	6,005	0	0	68,630	132,554	597,906	805,095
2027-28	0	0	0	0	34,978	593,794	628,772
2028-29	0	0	0	0	0	594,499	594,499
2029-30	0	0	0	0	0	594,614	594,614
2030-31	0	0	0	0	0	594,418	594,418
2031-32	0	0	0	0	0	593,933	593,933
2032-33	0	0	0	0	0	597,703	597,703
2033-34	0	0	0	0	0	596,005	596,005
2034-35	0	0	0	0	0	594,008	594,008
2035-36	0	0	0	0	0	596,693	596,693
2036-37	0	0	0	0	0	598,910	598,910
2037-38	0	0	0	0	0	595,660	595,660
2038-39	0	0	0	0	0	596,960	596,960
2039-40	0	0	0	0	0	597,785	597,785
2040-41	0	0	0	0	0	598,135	598,135
2041-42	0	0	0	0	0	596,160	596,160
2042-43	0	0	0	0	0	598,660	598,660
2043-44	0	0	0	0	0	594,940	594,940
2044-45	0	0	0	0	0	595,680	595,680
2045-46	0	0	0	0	0	595,700	595,700
2046-47	0	0	0	0	0	0	0

Bonded Debt Service

Fiscal Year	September Interest Payment	March Interest Payment	March Principal Payment	Total Payments
2023-24	421,925	421,925	2,220,000	**3,063,850**
2024-25	294,800	294,800	1,570,000	**2,159,600**
2025-26	271,250	271,250	1,600,000	**2,142,500**
2026-27	247,250	247,250	1,715,000	**2,209,500**
2027-28	221,525	221,525	1,830,000	**2,273,050**
2028-29	194,075	194,075	1,945,000	**2,333,150**
2029-30	164,900	164,900	1,310,000	**1,639,800**
2030-31	145,250	145,250	1,385,000	**1,675,500**
2031-32	124,475	124,475	1,445,000	**1,693,950**
2032-33	102,800	102,800	1,525,000	**1,730,600**
2033-34	79,925	79,925	1,585,000	**1,744,850**
2034-35	56,150	56,150	1,660,000	**1,772,300**
2035-36	31,250	31,250	1,250,000	**1,312,500**
2036-37	0	0	0	**0**

Total Expenditures

The total expenditures in this budget are $62,740,067 of which $59,673,217 are operating funds.

Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
Grand Total Expenditures	$54,241,480	$51,770,963	$63,562,197	$65,695,961	$62,740,067

Expenditures By Fund

Account Description	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Revised Budget	FY 23-24 Budget
General Fund (010)	$18,288,151	$19,980,552	$22,368,067	$24,504,761	$24,648,811
Teachers Fund (020)	$24,176,566	$24,814,488	$25,830,507	$28,711,086	$30,314,441
Debt Service Fund (030)	$7,521,893	$3,126,405	$13,294,446	$3,015,866	$3,066,850
Capital Projects/Bond Fund (040-041)	$4,254,871	$3,849,518	$2,069,177	$9,464,247	$4,709,965
Grand Total Expenditures	$54,241,481	$51,770,963	$63,562,197	$65,695,960	$62,740,067

Fund Balances

Total fund balance for the District on June 30, 2023 is $29,361,004 as compared to the ending fund balance of $32,340,356 on June 30, 2022. The operating fund balance increased by $2,414,132 from June 2022 to June 2023.

General Budget Summary

FY 2023-24	Fund 010 General	Fund 020 Teachers	Fund 030 Debt Service	Fund 040 Capital Outlay	Fund 041 Bonds	Total All Funds
Assessed Valuation	$385,280,607	$385,280,607	$385,280,607	$385,280,607	$385,280,607	$385,280,607
Tax Levy	$2.8437	$0.8000	$0.8463	$0.0000	$0.0000	$4.4900
Est Beginning Fund Balances	$16,844,624	$0	$11,016,379	$1,500,000	$0	$29,361,003
Est Revenues By Fund	34,512,023	24,621,417	3,348,751	726,491	0	63,208,682
Est Expenditures By Fund	(24,648,811)	(30,314,441)	(3,066,850)	(4,709,965)	0	(62,740,067)
Est Fund To Fund Transfers	(10,176,498)	5,693,024	0	4,483,474	0	0
Est Ending Fund Balances	$16,531,338	$0	$11,298,280	$2,000,000	0	$29,829,618
Est Unrestricted Fund Balance %	30.08%					

If any state revenue withholdings occur, the District has sufficient fund balances to handle nominal middle-of-the-year budget cuts successfully. Significant budget reductions will require measures to be taken and would have a negative impact on the future ability to provide a quality educational program for our students.

David Schmitz, Ed.D
Superintendent of Schools

Adam Dameron
Executive Director of Business & Operations