Lebanon R-III School District

2022-2023 School Budget

This budget approved by action of the Lebanon R-III School District Board of Education on June 30, 2022

Board of Education

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David Schmitz	Superintendent
Adam Dameron	Chief Financial Officer

August 9, 2022

TO: Board of Education Members

FROM: Dr. David Schmitz, Superintendent of Schools
Mr. Adam Dameron, Chief Financial Officer

SUBJECT: Budget Message, Lebanon R-3 School
District Budget for Year 2022-23

The FY 2022-23 budget was a collaborative process beginning in January 2022. 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 2022-23 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 2023.

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.

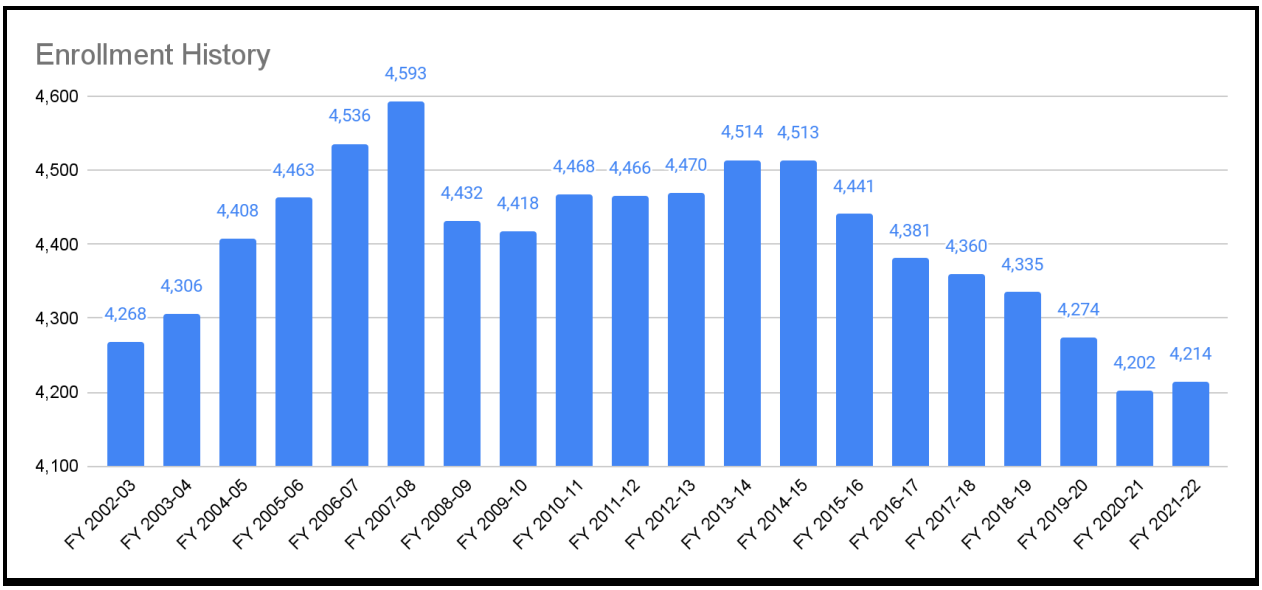
There are four goals of Proposition Lebanon Schools:

- 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 2022-23 expenditure budget has been created with these four goals in mind. Adjustments to staff pay include a 5% 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 six buses in FY 2022-23. Facility improvement projects include asphalt projects at the Lebanon High School, new windows at the Fieldhouse, and restroom upgrades at Maplecrest Elementary. Capital improvement projects that will be in progress 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 during the past three years have been negatively impacted by the pandemic. A one year accommodation has been made by the Department of Elementary and Secondary Education (DESE), permitting the use of ADA from the highest of the current or ***three*** prior years for funding calculations. Conservative projections for revenues have been utilized in response to the current enrollment and ADA trends.



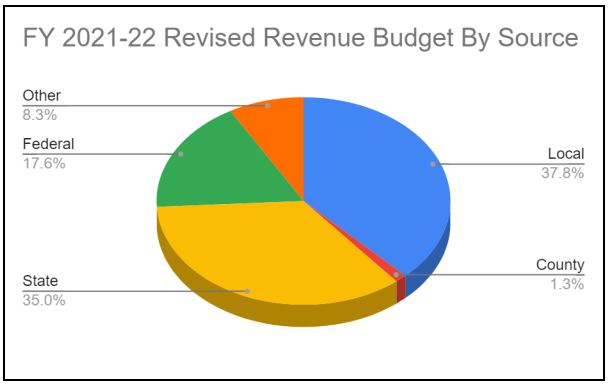
The current budget scenario has been impacted by unprecedented resource allocations over the past three years via the CARES Act and three iterations of the Elementary and Secondary

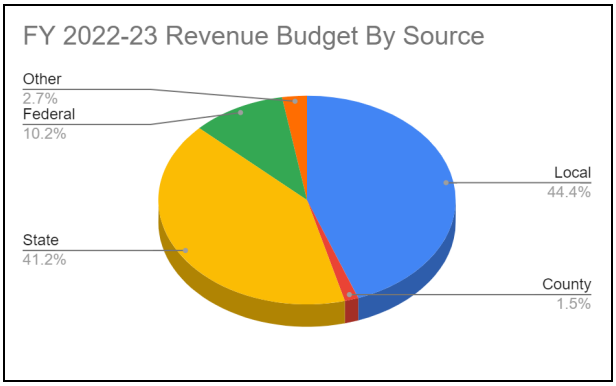
Schools Education Relief (ESSER) acts. State funding allocations have been strengthened by additional pandemic related federal funding in the state's general operating budget that has permitted the state budget to fully fund transportation for the first time and to reinstate funding for the career ladder program. Local revenues have been strengthened by continued growth of assessed values. Cautious optimism is tempered by state funding levels via the state adequacy target (SAT) remaining flat for the 4th consecutive year, despite significant inflation in the past year. 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 year.

The proposed budget reflects conservative estimations of revenue and expenditures that align with the required operations and goals of the District for FY 2022-23. 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 2022-2023 school budget:

Estimated Revenue





Local Revenue

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

1. The assessed valuation increased from $355,450,146 in FY 21-22 to $380,343,920 as of June 30 for the 2022-23 fiscal year. That is an increase of 7.00%. 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 22-23. 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 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 5111 Total	Current Taxes	$11,398,768	$12,452,022	$13,795,611	$14,512,784	$15,175,494
Object 5112 Total	Delinquent Taxes	$1,120,155	$1,355,938	$1,314,006	$1,343,756	$1,412,238
	Grand Total	$12,518,923	$13,807,960	$15,109,617	$15,856,540	$16,587,732
	Assessed Valuation	$330,131,326	$331,860,023	$335,654,158	$355,450,146	$380,343,920
	Tax Rate	$3.89	$4.19	$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 2022-23 reflect an operating levy of $3.6358 and a debt service levy of $0.8542, 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 0.5% over FY 21-22 budgeted revenue. This is based on the most current information from DESE.

Account Code	Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 5113 Total	Prop C (Sales Tax)	$4,415,145	$4,449,794	$4,786,515	$5,557,729	$5,588,051

4. The M & M surtax revenue is projected to increase by 1.7% over FY 21-22.

Account Code	Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 5115 Total	M&M Surtax	$619,406	$626,338	$653,888	$700,925	$713,086

5. Earnings on investments (code 5141) are budgeted at $235,161 for FY 22-23. For several years the District earned interest on bond funds approved for the construction of the Lebanon Middle School and other facility projects throughout the District. The District has exhausted its bond authorization, and the remaining revenue from prior bonds issues was spent during the 2020-21 fiscal year. Investment earnings include interest from the District's checking account and K-Mart funds that are invested in various CD's ranging from one to five years.

Account Code	Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 5141 Total	Investment Earnings	$263,789	$1,074,444	$396,073	$265,628	$235,161

6. Other local revenue (code 5190's) is budgeted at $72,567 for FY 22-23. Prior years included pledges for the High School Stadium improvement project. Local revenue includes funds received for building rental and donations.

Account Code	Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 519X Total	Other Local Revenue	$57,017	$50,167	$84,904	$81,678	$72,567

County Revenue

County revenue is expected to increase by approximately 2% for FY 22-23. County revenue includes funds received for fines and forfeitures along with state assessed railroad and utility taxes.

Account Code	Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 5211 Total	Fines & Forfeitures	$199,705	$166,843	$153,310	$176,962	$180,855
Object 5221 Total	RR & Utilities	$533,342	$567,100	$617,297	$630,344	$642,953

State Revenue

The following state revenue changes are reflected in this budget:

1. Basic Formula funding (code 5311) reflects a slight growth in revenue compared to the prior school year. State revenues are based on a weighted average daily attendance (WADA) calculation. The State Adequacy Target (SAT) for FY 22-23 will remain at $6,375 for the fourth straight year, and the formula is expected to be fully funded.

Account Code	Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 5311 Total	Basic Formula	$16,606,646	$15,916,724	$18,041,789	$17,257,807	$17,775,161

2. Classroom Trust Fund (code 5319) is projected to be funded at $425 per WADA.

Account Code	Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 5319 Total	Classroom Trust Fund	$1,664,700	$1,311,078	$1,705,484	$1,769,445	$1,736,989

3. The state will be fully funding its portion of transportation revenue for the first time in many years. This represents a $641,475 increase to transportation revenue for FY

22-23. It is currently unknown whether the state will continue to fully fund its portion after the 22-23 fiscal year.

Account Code	Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 5312 Total	Transportation (State)	$441,685	$398,026	$401,803	$544,553	$1,186,028

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 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 5314 Total	ECSE	$1,009,523	$1,314,408	$1,408,612	$1,383,502	$1,481,324

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 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 5332 Total	Vocational/Technical	$472,786	$386,334	$431,940	$419,591	$443,771

Barring any withholding or release of new monies during the 2022-23 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 7% increase from the FY 21-22. A conservative estimate of $255,384 was used for FY 22-23.

Account Code	Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 5412 Total	Medicaid	$187,894	$212,865	$232,613	$238,350	$255,384

2. The Title Programs are budgeted on a neutral basis. Title I funds are estimated to be comparable to FY 21-22. Other Title programs will be amended upon final determination of funding for FY 22-23.

Other Revenue

Tuition (code 5810) 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 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 5810 Total	Tuition - Other Schools	$1,086,189	$1,188,317	$1,165,558	$1,461,823	$1,419,418

Total Revenue

Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Grand Total Revenues	$47,259,486	$57,434,207	$58,025,209	$64,035,358	$55,972,279

Revenue By Fund

Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
General Fund (010)	$21,205,381	$20,009,737	$27,614,686	$33,070,630	$25,261,466
Teachers Fund (020)	$22,749,944	$24,177,557	$24,814,488	$23,636,956	$27,691,950
Debt Service Fund (030)	$3,117,691	$7,641,653	$2,933,289	$3,437,548	$3,018,863
Capital Projects/Bond Fund (040-041)	$186,470	$5,605,261	$2,662,746	$3,890,223	$0
Grand Total Revenues	$47,259,486	$57,434,208	$58,025,209	$64,035,357	$55,972,279

Estimated Expenditures

The proposed budget expenditures for the 2022-23 school year are highlighted and explained as follows:

1. District salary schedules were adjusted in the fourth 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 5% increase over 2021-22. A competitive increase will also be applied during the next budget cycle to move District pay levels toward the median of comparable schools and industry.

Account Code	Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Object 61XX Total	Salaries	$25,234,409	$26,660,788	$27,407,553	$29,097,691	$31,908,464
Object 62XX Total	Benefits	$8,208,077	$8,499,056	$8,710,336	$8,981,378	$9,274,501
	Grand Total	$33,442,486	$35,159,844	$36,117,889	$38,079,069	$41,182,965

2. The state stopped funding its portion of the Career Ladder Program during the 2011-12 fiscal year. The District has continued to fund its local match each year since then. For FY 2022-23, the state has reinstated its matching portion. The District is waiting for clarification on the exact funding details, but the District's budget includes $475,790 dedicated to the local match portion of Career Ladder. A budget amendment will be made once the state's funding level and processes are known.

3. The District's health insurance will be provided by the Show-Me Benefit Consortium beginning in FY 2022-23. The health insurance consortium currently consists of 10 schools. A switch was made from Missouri Educators' Trust (MET) to Show-Me Benefits to help control rising health insurance costs for the District and its employees.

4. The retirement systems for both certified and non-certified staff will see NO increase in their respective contribution rates for the 2022-23 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 3.1% over the FY 21-22 actual 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 21-22 and will purchase an additional six buses in FY 22-23.

Transportation Budget	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Salaries	$1,641,355	$1,968,245	$1,978,385	$2,151,564	$2,173,162
Benefits	$504,603	$600,722	$635,987	$628,278	$615,899
Purchased Services	$169,016	$162,380	$128,996	$196,780	$130,004
Supplies	$417,308	$301,991	$269,102	$461,292	$508,074
Capital Outlay	$297,321	$254,550	$212,984	$386,890	$352,733
Grand Total	$3,029,603	$3,287,888	$3,225,454	$3,824,804	$3,779,872

7. Capital Outlay:
    - One time capital expenditures budgeted for FY 2022-23 include a FEMA storm shelter at Boswell Elementary, construction at the Robert W. Plaster Center for Student Success, and improvements to District facilities.
    - 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
2022-23	$5,910	$74,484	$3,201	$432,930	$375,448	$332,364	$1,224,337
2023-24	0	37,242	3,201	373,952	320,334	292,209	1,026,938
2024-25	0	0	1,403	296,952	262,479	597,209	1,158,043
2025-26	0	0	0	70,352	262,479	596,719	929,550
2026-27	0	0	0	0	97,575	597,906	695,481

Bonded Debt Service

Fiscal Year	September Interest Payment	March Interest Payment	March Principal Payment	Total Payments
2022-23	$481,045	$462,825	$2,070,000	**$3,013,870**
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 $55,681,722 of which $52,665,402 are operating funds.

Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
Grand Total Expenditures	$48,455,648	$55,302,838	$51,994,350	$57,162,398	$55,681,722

Expenditures By Fund

Account Description	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Revised Budget	FY 22-23 Budget
General Fund (010)	$18,857,239	$19,018,395	$20,203,939	$22,597,760	$22,986,264
Teachers Fund (020)	$23,321,733	$24,177,557	$24,814,488	$25,830,507	$27,691,950
Debt Service Fund (030)	$3,091,897	$7,850,672	$3,126,405	$3,039,539	$3,016,320
Capital Projects/Bond Fund (040-041)	$3,184,779	$4,256,214	$3,849,518	$5,694,592	$1,987,188
Grand Total Expenditures	$48,455,648	$55,302,838	$51,994,350	$57,162,398	$55,681,722

Fund Balances

Total fund balance for the District on June 30, 2022 is $32,399,712 as compared to the ending fund balance of $25,526,753 on June 30, 2021. The operating fund balance increased by $6,850,530 from June 2021 to June 2022.

General Budget Summary

FY 2022-23	Fund 010 General	Fund 020 Teachers	Fund 030 Debt Service	Fund 040 Capital Outlay	Fund 041 Bonds	Total All Funds
Assessed Valuation	$380,343,920	$380,343,920	$380,343,920	$380,343,920	$380,343,920	$380,343,920
Tax Levy	$2.8358	$0.8000	$0.8542	$0.0000	$0.0000	$4.4900
Est Beginning Fund Balances	$16,379,004	$0	$10,899,246	$5,121,461	$0	$32,399,712
Est Revenues By Fund	25,261,466	27,691,950	3,018,863	0	0	55,972,279
Est Expenditures By Fund	(22,986,264)	(27,691,950)	(3,016,320)	(1,987,188)	0	(56,243,072)
Est Fund To Fund Transfers	(1,987,188)	0	0	1,987,188	0	0
Est Ending Fund Balances	$16,667,018	$0	$10,901,789	5,121,461	0	$32,690,269
Est Unrestricted Fund Balance %	32.89%					

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
Chief Financial Officer