



BUDGET MESSAGE

June 13th, 2023

The 2023-2024 budget for the Saint Joseph School District (SJSD) represents sound financial management and long-range planning by the Board of Education and district staff. The primary function of the budget document is to ensure SJSD has the resources necessary to continue to serve our more than 10,000 students. The document has been prepared and presented to the Board of Education as a basis for the high-quality educational services the patrons of the school district have come to expect.

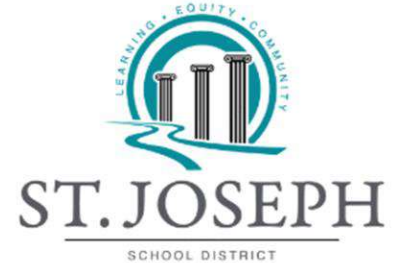
This budget document aids the district in providing the foundation for public transparency, and it also serves as the focal point for communication of district financial processes to the community.

Developing the district budget is the work of many dedicated individuals, including board members, district administrators, school principals, directors, teachers, and support staff. The budget development process is an ongoing cycle taking place throughout the school year, requiring school leaders to simultaneously monitor and evaluate one budget while planning and developing future budgets.

Local, state, and national economic conditions play a significant role in the budget development process. The district staff has done a tremendous job navigating the changing impacts of COVID-19 on school funding over the last several years. The State of Missouri has budgeted for full funding of the foundation formula for the upcoming school year, along with fully funding the Transportation State Aid Payment for the second consecutive year. Saint Joseph School District continues to take advantage of the grants made available, including the Elementary and Secondary School Emergency Relief (ESSER) COVID-19 relief funds in the FY24 budget.

Economic conditions have influenced both residential and commercial growth over the years. In short, the nationwide economic crisis earlier in this decade significantly slowed assessed valuation growth, reduced the valuation of existing property, and negatively impacted state budget factors resulting in reductions in income and sales tax.

Revenue. The district's 2023-2024 revenues are budgeted at \$138.5 million in total revenue and \$131.3 million in operating revenue (operating revenues exclude revenues derived from the debt service levy or sale/refinancing of general obligation bonds). The total



SJSD VISION

Creating a climate of achievement in partnership with an engaged community

SJSD MISSION

Preparing students for success in a complex and changing world

SJSD CORE VALUES

Our values are central to our daily actions and propel us towards the accomplishment of our vision. They are the heart of our work in the St. Joseph community.

LEARNING—We believe that students should be engaged in rigorous learning every day, in every classroom, where curiosity is encouraged and critical thinking is cultivated in innovative schools.

COMMUNITY—We believe that a culture of collaboration and community is key to the success of the St. Joseph School District and that community is built in the classroom, in each school, in the district, and through meaningful partnerships and respectful relationships across our city.

EQUITY—We believe that all people matter and that our district should invest in resources that maximize the potential of all students, regardless of gender, race, ethnicity, language, or income.



BUDGET MESSAGE

revenue budget decreased from 2022-2023 by \$22,702,547.40. The largest part of this decrease is attributed to the one time grants the district received for COVID related expenditures in the 2022-2023 school year.

The taxes derived from local assessed valuation (AV) of property are the primary source of revenue in SJSD. The Buchanan County Assessor assesses the real and personal property in the school district every odd year. During the even years, the only things that can cause a change in the assessed valuation of real property are new construction or demolition. The 2022-23 district end of year assessed valuation was at \$1.192 billion, and the district is assuming a 1% increase. The district has an average tax collection rate of 98%, this collection rate was used to arrive at a total estimated tax collection of \$51,305,269.85. The estimated AV that was used was \$1.204 billion to build the budget. This includes approximately \$900,000 of revenue from the expiration of tax increment financing (TIF) for the North Shoppes and Triumph Foods.

Per state law, the district's tax rate will be officially set at a tax rate hearing on August 28th, 2023. The 2023-2024 budget has been prepared with no change in the total tax rate of \$4.3451 (includes operating and debt service tax rates) per \$100 of assessed valuation. There may be changes to the tax rate ceiling (made by the Missouri State Auditor) or the actual tax rate based upon the certified aggregate assessed valuation figures provided by the Buchanan County Assessor prior to the tax rate hearing. Using the most recent 2023 data from the State of Missouri of all districts in Buchanan County, the Saint Joseph School District has the lowest total levy and operating levy. When the district sets their 23-24 tax levy rate and updated AV figures are reported from Buchanan County, a final budget will be presented to the Board of Education in September 2023.

A key variable to the basic funding formula is student enrollment and attendance. Based on 2023 enrollment numbers, SJSD has seen enrollment drop since 2019 by a total of 658 students. The budget for the state formula was budgeted using the weighted average daily attendance (WADA) reported in FY20 as allowed by the Department of Elementary and Secondary Education (DESE) due to the impact of COVID-19 on attendance. This has allowed the district to avoid an approximate \$5.4 million decrease in state funding.

Expenditures. The 2023-2024 budget includes \$156.3 million in total expenditures, with \$138.7 million in operating expenditures. Expenditures are budgeted in the following areas:

Expenditure Object	2023-2024	
	Total Expenditure Budget	% of Total Expenditures
6100-Salaries	\$80,882,150.94	51.73%
6200-Employee Benefits	\$26,253,061.94	16.79%
6300-Purchase Services	\$20,771,848.19	13.28%
6400-Supplies and Materials	\$10,879,045.15	6.96%
6500-Capital Outlay	\$7,006,068.72	4.48%
6600-Long and Short Term Debt	\$10,567,118.70	6.76%
Grand Total	\$156,359,293.64	



BUDGET MESSAGE

The district's expenditures have fluctuated over the last few years as the Board of Education and district has worked to balance the budget. The 23-24 budgeted expenditures have decreased by \$11,062,897.13 from the 22-23 expenditure budget. This large decrease is attributed to the expenses related to COVID that were reimbursed by ESSER III one time grant.

Through a collaborative process with staff and board members, the district has agreed to fund salary schedules that reflect a 2.65% average increase. This was made possible with the passage of the 61-cent levy in August of 2022.

Capital improvements to existing schools and facilities are included in the 23-24 budget. These planned expenditures are related to security upgrades, repair of facilities' roofs, upgrades to parking lots, playgrounds, plumbing, electrical systems, and the cycling out of antiquated nutrition service equipment. In FY23 the district received Elementary and Secondary School Emergency Relief (ESSER) funding that will help with the continued updating heating, ventilation, and air conditioning (HVAC) in several buildings for FY24.

Fund Balances. The projected gap between operating revenue (\$131.3 million) and expenditures (\$138.7 million) will result in a projected fund balance decrease for the SJSD from FY2023. The decrease can be attributed to the large increase to the salary schedules and the State no longer allowing districts to use the average daily attendance from years beyond the normal highest of the two preceding years as we have been allowed in the past for some of the state monies.

The Saint Joseph School District board policy DIAA, states the unrestricted operating fund balance on June 30 should not be less than 20 percent of the expenditures for these funds for the prior fiscal year. The desirable level for unrestricted operating fund balances at fiscal year-end is a range of 20 percent of annual operating expenditures for the most recent year.

For example, the operating expenditures (less capital) during the 2022-2023 year are expected to total \$130.2 million. The Board of Education has established that the target fund balance at the beginning of the 2022-2023 fiscal year should be roughly \$26 million.

Fund balance is a key metric that the district uses to measure the financial condition of the district, it allows the district to meet cash flow demands throughout the school year. The fund balance also helps the district balance fiscal year surpluses and deficits and as well as provide monies for contingencies. The fund balance also contributes to the bond rating given to the district for the 2014 bonds of A+ (Standards and Poor's). In short, fund balances allow for economic stability and sustainability of the district. The projected operating fund balance for the 2023-2024 budget is expected to be 23.46%. It should be noted that the fund balance is based on a 12-month average and will fluctuate throughout the year.

Debt. SJSD's current debt service tax levy is the lowest in Buchanan County of all the districts with a debt service levy. The Board of Education will set the debt service tax levy on the 28th of August. It currently sits at \$0.5300, this is the first time it has changed since August 2017.



BUDGET MESSAGE

At the end of the 2023-2024 school year, the district's debt stands at \$23.9 million. This is well below the legal debt limit in the state of Missouri (15% of Assessed Valuation) of \$178.8 million.

Conclusion

This budget is developed with the best and most recent information available to SJSD officials at the time. Anticipated expenditures and revenue are estimated projections based on this information.

The preparation of this report could not have been accomplished without the diligent and dedicated services of the Business Office and the many district administrative assistants involved in the budgeting processes. We would also like to express our appreciation to the administrators for striving to maintain a tradition of educational excellence in a fiscally responsible manner. Our sincere appreciation also goes to the Saint Joseph School District Board of Education and our community for providing fiscal support needed to develop, implement, and maintain the high quality of educational programs that has allowed the Saint Joseph School District to focus on *Preparing students for success in a complex and changing world.*

We are truly hopeful that this document will provide information that will allow the reader to understand the district's financial operations, its goals and objectives, and how they relate to our education programs and services for the 2023-2024 fiscal year and beyond.

Respectfully submitted,

Dr. Gabe Edgar

Superintendent of Schools

Dr. Robert Sigrist

Assistant Superintendent of Business & Operations