



ST. JOSEPH
SCHOOL DISTRICT

BUDGET MESSAGE

October 5, 2020

The 2020-2021 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 budget document is an exceptional source of information that provides a better understanding of the financial plan. 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 Saint Joseph 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 nation was affected by the novel COVID-19 virus that shut down Missouri schools from March 23 through May 22, 2020. This shut down had an immediate negative impact on both revenues and expenditures. The Board of Education and district staff stayed informed throughout the budgeting process having meetings with the Governor of Missouri and the Department of Elementary and Secondary Education (DESE) as the impact of the shutdowns caused revenue budget reductions at the state level, along with an increase in expenditures to prepare for distance learning and cleaning supplies to ensure our students and staff returned to a safe environment.

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 with reductions in income and sales tax. Prior to the COVID shutdowns, economic conditions had improved both locally and at the state level, positively impacting revenue for the Saint Joseph School District.



ST. JOSEPH
SCHOOL DISTRICT

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.



Revenue. The district’s 2020-2021 revenues are anticipated to be negatively impacted by the shortfalls in state revenue sources due to the unforeseen economic conditions caused by COVID. The district has built revenues with these expected reductions.

The taxes derived from local assessed valuation 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 2019 district aggregate assessed valuation was at \$1.111 billion and was set at \$1.116 billion for 2020, a .046% increase.

Per state law, the District officially held a tax rate hearing on August 24, 2020. The Board of Education approved to set the operating tax rate at \$3.8322, which includes the 61-cent levy increase that voters approved in April of 2019. However, due to the uncertainty of the economy at the time the budget was being developed, SJSD took a conservative approach by preparing the local tax revenue with the tax rate from 2019 of \$4.2404 (includes operating and debt service tax rates), calculated per \$100 of assessed valuation, with no increase in assessed valuation.

A key variable to the basic formula money is student enrollment and attendance. The SJSD has seen enrollment drop since 2016 by a total of 605 students. Due to revenue shortfalls at the state level, the District budgeted state revenue with extreme caution as guided by DESE.

The 2020-2021 revenue budget has been built with a forecast of \$134.5 million in total revenue and \$128.7 million in operating revenue (operating revenues exclude revenues derived from the debt service levy or sale/refinancing of general obligation bonds).

Expenditures. The 2020-2021 budget includes \$142.4 million in total expenditures and \$130.3 million in operating expenditures. Expenditures are budgeted in the following areas:

Expenditure Object	2020-2021 Total Expenditure Budget	% of Total Expenditures
6100-Salaries	73,663,064.47	51.71%
6200-Employee Benefits	24,308,677.84	17.07%
6300-Purchase Services	18,077,295.87	12.69%
6400-Supplies and Materials	14,218,568.63	9.98%
6500-Capital Outlay	7,242,628.83	5.09%
6600-Long and Short Term Debt	4,933,960.36	3.46%
Grand Total	142,444,196.00	

The District’s expenditures have fluctuated over the last few years as the Board of Education voted to close two elementary schools and balance the budget. The 20-21 budgeted expenditures have increased by \$6,889,180.84



from the 19-20 expenditure, but as unforeseen expenses related to COVID arise, the District expects to amend the budget as needed.

Through a collaborative process with staff and board members, the district has agreed to fund salary schedules that reflect a 1% average increase. Staffing ratios will remain consistent for 2020-2021, which will result in a number of additional staff positions as promised to citizens when the levy passed.

Capital improvements to existing schools and facilities are included in the 20-21 budget. These planned expenditures are related to security upgrades, repair of facilities roofs, and replacement of heating, ventilation and air conditioning systems (HVAC) as needed. In addition, upgrades to parking lots, playgrounds, plumbing, electrical systems and the cycling out of antiquated nutrition service equipment are planned.

Fund Balances. The projected gap between operating revenue (\$128.7 million) and expenditures (\$130.3 million) will result in a projected fund balance decrease for the SJSD. The decrease is due primarily to the additional costs brought on by COVID, such as cleaning supplies, virtual course construction and facility improvements.

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 2019-2020 year were \$119.7 million. The Board of Education has established that the target fund balance at the beginning of the 2020-2021 fiscal year should be roughly \$23.9 million.

Fund balance is a key metric that the district uses to measure the financial condition of the District, 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 opening operating fund balance for the 2020-2021 budget is expected to be 20.45%. It should be noted that the fund balance is based on a 12-month average and will fluctuate throughout the year.

Debt. The district's current debt service tax levy is the lowest in Buchanan County. The Board of Education set the debt service tax levy at \$0.5076 in August 2017 and it is not budgeted to increase.

At the end of the 2020-2021 school year, the district's debt stands at \$6.9 million. This is well below the legal debt limit in the state of Missouri (15% of Assessed Valuation) of \$167.5 million.



ST. JOSEPH
SCHOOL DISTRICT

BUDGET MESSAGE

Conclusion

This budget is developed with the best and most recent information available to school district officials at the time. Anticipated expenditures and revenue are estimated projections based on this information. Budget revisions are anticipated now more than ever as the economic effects of COVID are still impacting revenue sources and expenditures.

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 as well as its goals and objectives and how they relate to our education programs and services for the 2020-2021 fiscal year and beyond.

Respectfully submitted,

Dr. Doug Van Zyl
Superintendent of Schools

Dr. Gabe Edgar
Assistant Superintendent of Business & Operations