

I. BUDGET MESSAGE 2018-2019

(Contact the District Office for a copy of the line item budget)

A. Introduction

The Lathrop R-II Board of Education, in conjunction with the Lathrop school community, staff and parents, continues to strive to improve educational outcomes for students. Lathrop R-II District's goals for our graduates are that they will be college or career ready, problem solvers, lifelong learners and caring, productive members of our society. We will achieve this by focusing on improving academic instruction, funding extra curricular activities, improving facilities and maintenance services, updating the our technology and ensuring competitive salaries for all staff members.

The 2017-2018 year ending District balance in all funds and all accounts is approximately \$3,855,166. This number is up almost \$100,000 from 2016-2107. The percentage of fund 1 and 2 in reserve is approximately 28.47% with a Fund 1 ending balance of approximately \$2,795,743. So the carryover as a function of percentage of expenditures is about .5% lower, and the actual dollar balance is about \$25,000 less than the end of last year. The district has worked hard to ensure that it remains financially sound. The continued support of the taxpayers is appreciated. The reserves for the district have been maintained due to conservative budgeting, and the fact that our enrollment although down the last couple of years, has remained steady. Although the economy seems to be rebounding at this time, our assessed valuation is slower to recover and therefore local funds are still not increasing. We will know more about that in the next month or so as the new assessment figures come out.

B. Instructional Service Plan

We expect our enrollment to be right around 905 students for the 2018-2019 school year. This is a decrease from the last several years as you can see from the table.

	Membership		End of Year Enrollment
	September	January	
2011-2012	872	890	899
2012-2013	942	916	921
2013-2014	899	890	891
2014-2015	919	919	919
2015-2016	932	939	930
2016-2017	938	920	919
2017-2018	915	904	906

In addressing student needs for 2018-2019, the district will maintain the current programs as well as adding the Northland CAPS program.

In order to meet student needs for the 2018-2019 school year, the following staff positions have been budgeted:

STAFF (FTE-Full Time Equivalency)

6	Administrators
1	Technology Director
1	Technology Integration Coach
83	Certified Staff (decrease of 2 FTE)
10	Para-Professionals
2	Building level aides
8.8	Secretaries
3	Food Service Employees
10.5	Custodians
2	PAT Coordinator (3 people)
1	Building and Grounds Supervisor
2	Maintenance Employees
2	School Nurses

C. Revenue Projections

As with all school districts in the state of Missouri, Lathrop R-II receives the majority of revenue from four sources. These are local, county, state and federal monies. The rules and regulations involved in allocation of these funds are set forth by the Missouri legislature, approved by the governor's office and enacted through rules and regulations by the Missouri Department of Elementary and Secondary Education. The revenue projections in this budget document are based on data available at the time of its preparation and are subject to change throughout the year as state, federal and local rules and regulations change.

C-1 Local Revenue

Local revenues are driven by the District's tax levy and assessed valuation. Information provided by the Clinton and Caldwell County Clerks indicate that the total assessed valuation for the Lathrop R-II School District as of August 2018 was \$63,662,481. There has not been much growth locally, which has been reflective of the state economy. As of now we're going to assume a 1% growth in assessed valuation but final numbers will not be available until August. The anticipated tax levy for the 2018-2019 school year is provided below with comparisons to prior years.

Yearly Tax Levy Comparisons

	2015-2016 Actual		2016-2017 Actual		2017-2018 Actual		2018-2019 Proposed	
	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted
Incidental	4.35	4.35	4.36	4.36	4.39	4.39	4.39	4.39
Capital Projects	-	-						
Total Operating	4.35	4.35	4.36	4.36	4.39	4.39	4.39	4.39
Debt Service	.9725	.9725	.9725	.9725	.9725	.9725	.9725	.9725
Total Levy	5.3225	5.3225	5.3325	5.3325	5.3625	5.3625	5.3625	5.3625

From 2012-2015 we steadily increased our debt service levy to keep up with increasing bond payments. Now that we are at .9725, we think that should be high enough to service our debt unless our assessed valuation would happen to decline again. The debt service levy is used to repay bonds and will be finalized at the tax rate hearing in August. Our incidental tax rate is at the voter approved amount of \$4.39. This rate gets adjusted annually by the state to keep us at the legal amount of funding.

As in the past, the district continues to invest surplus funds in certificates of deposits in Clinton County banks and with the Missouri Securities Investment Program. The district's day-to-day business operation financials are handled through the Goppert Financial Bank and the Hamilton Bank. The district's fund allocation strategy has served it well and continues to be reviewed to ensure the district is gaining maximum benefit from invested monies.

The district continues to support extracurricular activities, and the student activities budget is monitored on a monthly basis. Accepted practice for the school activities budget is to allow for budget revenues to equal expenditures so the student activities portion of the budget does not negatively impact the total budget proposal. The majority of the Activities budget is self-supporting and only expends monies that have been brought in through fundraising activities. A few activities require support from the district and are proposed by the building administrator and/or activities director so that the board can make informed decisions in that regard.

The revenue generated by school sponsored clubs and teams is placed in local revenue. The revenue generated in 2017-2018 was \$360,000. These revenues cannot be included in the budget as they are reserved to be spent by said clubs and teams.

C-2 County Revenues

The county revenues to this district are generated from two primary sources; the first is the district's portion of the fines and forfeitures collected by the county. The second source is the district's portion of revenue produced by taxes on state assessed railroads and utilities property in the county. Projections for the 2018-2019 school year are based on actual receipts from prior school years and information provided by DESE. The total projected county revenue for the 2018-2019 school year is \$622,000.

C-3 State Revenues

State funding of public school districts changed beginning with the 2006-2007 school year with the implementation of a new state funding formula. The formula was supposed to be fully implemented for the 2012-2013 school year. Last year our legislators passed a bill lowering the target amount for "fully funded". It looks like public education will get a few more dollars this year and be fully funded, at least at the new target level. Although, the state has increased the budget for public education, they still have not included enough for us to receive any new funds. Because we are a "hold harmless" district, our state revenue amount per student will remain steady, as it has been for the last 7 years. The student count is based on a school's highest count of either of the previous two years or the current year. We are going to be down about 20 students because our enrollment has decreased a few over the last two years. We receive payments in the following areas: regular formula, classroom trust fund, transportation, vocational education, early childhood development/PAT, early childhood special education and Prop C.

C-4 FEDERAL REVENUE

Revenues from federal sources flow directly to local school districts through the State Department of Education. These revenues include support for school lunch programs, special education programs, entitlement programs, as well as other various federal programs. The funding in some areas has been decreased, while others remain constant. Federal reimbursement for special education and some Title programs have not increased despite the increased costs of educating the identified students. So, while these are federally mandated programs, the funding of them becomes increasingly the responsibility of the local school district.

D. EXPENDITURE PLAN

D – 1 STAFF COMPENSATION

This budget proposes allowing movement on all schedules and an increase to certified staff salary schedules of \$500 to the base and \$5 steps. This will keep us at third in the conference. This will make the average teacher raise about 3.1%. Administrators will receive a 3.1% increase as well. This is possible even with decreasing state funds due to a reduction in staff, really "right-sizing" of the staff at the elementary. Class sizes will still be less than 22 students per teacher in all grades.

We will allow movement on the support staff salary schedule and add 10 cents to the base of our cooks, para's and secretaries and 20 cents for custodians. This will mean an average raise of 4.2% for support staff with some getting 5.6 percent.

We are budgeting for our health insurance premiums to increase by 9% in January of 2018. We will only experience half of that increase in this fiscal year. The district plans

to pay 100% of the insurance premiums for our full-time employees, including health, dental, and life.

Copies of the certified, classified and extra duty salary schedules are included in this budget.

D – 2 OPERATION, SUPPLIES, INSTRUCTIONAL EQUIPMENT

The district continues to provide the necessary supplies and equipment to ensure a positive learning environment. Technology is added and updated on a yearly basis as its integration with instruction continues to grow. Over the last couple of years we have increased the number of computers and devices significantly. We now have enough for each student in grades 3-12 to have a device. Improving our students' reading abilities, opportunities in STEM, and decreasing the number of drop-outs continue to be our major goals. The district has been very supportive in providing the resources necessary to provide an outstanding educational opportunity for the students of the Lathrop School District.

D – 3 DEBT SERVICE

The district retired the Series 2002 General Obligation bonds in 2010-2011 and our current total indebtedness is \$7,050,000 for Series 2006 bonds that will mature in 2026. The district does carry a healthy reserve in debt service. To continue to be financially sound, our debt service levy should be around 97 cents. We gradually increased the levy over the last few years and we now will maintain it at \$.9725. We refinanced some of our lease purchase loans in 2012-2013 and some last year to take advantage of significantly lower interest rates and we did the same with the general obligation bonds in 2013-2014. These moves will save the district approximately \$700,000 over a ten year time period.

D – 4 CAPITAL EXPENDITURES

The district continues to review the needs of the facilities and works to maintain a positive educational climate for the students. Thanks to the taxpayers of our district we were able to pass a bond issue of \$2.7 Million three years ago to build a sports complex consisting of a baseball field, a softball field, a track and a football field at the North site. We will add another \$40,000 to this fund for the future replacement of the synthetic turf at the high school. We still have about \$40,000 budgeted for the finishing touches at the complex. We are planning for a new walk in Freezer and an elevator/lift of some kind at the middle school.

D – 5 EXPENDITURE SUMMARY

The proposed 2018-2019 budget for the Lathrop R-II School District projects a beginning balance of approximately \$3,858,235 in all funds. Projected ending balance

for 2018-2019 with the proposed budget is \$2,156,486 in funds 1 and 2, leaving a fund 1 and 2 carryover balance of 21.46%.

It has been, and will continue to be, the goal of the Board of Education to expend the funds necessary to provide the best educational opportunities for students in the Lathrop R-II School District. The Board of Education, in conjunction with the Superintendent and Administration, have carefully analyzed all programs and positions in the school district, with input from parents, to aid in developing the budget for the 2018-2019 school year. All expenditure lines have been reviewed and have been projected as close as possible, given available information. The district continues to maintain high standards and expectations for the staff and students.

FINAL BUDGET COMMENT

The Lathrop R-II School District has worked diligently over the past few years to maintain our budget despite difficult economic times. The school board and the administration are deeply appreciative for the support that the local community has shown to the school district. The sound financial decisions of the district have allowed us to increase the certified and non-certified staff salaries and provide an outstanding educational environment and program for the students of the Lathrop School District.

This budget does propose deficit spending about \$650,000 and less than half is one time spending. Considering the state of our economy, this is not something to be taken lightly. Due to decreased staffing and reductions in other spending, we are planning to spend about \$50,000 less than last year. It will still leave us with an ending operating fund balance percentage of about 21.86%. We have to plan for those to be our final numbers, however, there have been several years in the past when we have actually increased our reserve percentage despite a plan to deficit spend.

The good news is that over the last five years, in slower economic times, we have increased students, added teachers, and added programs and made major facility improvements using about \$300,000 of reserve funding. It should be noted that this has been made possible because of the support the community has shown for our plan to steadily increase the debt service levy up to its current level.