

# ***Budget Message***

***St. Tammany Parish School Board***

***321. N. Theard***

***Covington, Louisiana 70433***

To the Board and Citizens of St. Tammany Parish, Louisiana:

The budgets of the St. Tammany Parish School Board for the fiscal year July 1, 2021 through June 30, 2022 are hereby submitted. The Superintendent and the Chief Financial Officer assume responsibility for data accuracy and completeness.

The development, review, and consideration of the FY 2022 Operating Budgets were completed with a detailed review of every revenue and expenditure item within the context of the School Board's mission, goals, and financial policies.

The administration is required by state law to submit a balanced budget. A balanced budget is defined as, "a budget with total expenditures not exceeding total revenues and monies available in the fund balance within an individual fund." We are proud to publish and present each individual fund as having met the definition of a balanced budget.

The St. Tammany Parish School Board recognizes the importance of sound fiscal planning. Policies and procedures relating to annual budget planning and preparation, periodic budget reconciliation, and budgetary item transfer authority have been formally adopted by the School Board.

The St. Tammany Parish School Board records and reports all financial transactions using standards set by the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP.)

The following highlights are the changes from last year's General Fund budget:

## **General Fund Revenue**

We are projecting an increase in ad valorem (property) tax collections of \$1.9 million based on the latest tax roll provided by the Assessor's office. The tax roll indicates increases in the number of properties and the overall value of all properties.

We continue to have increases in sales tax revenue throughout last fiscal year; however, due to uncertainty related to the COVID-19 pandemic and the prior year sales tax impact from stimulus payments to taxpayers, we have projected sales tax to decrease by \$9.1 million. The sales tax projected was calculated based on recommendations from the Parish Sales Tax Department. The recommendation was to use FY 2019 sales tax revenue plus a 10% increase. We will continue to monitor the sales taxes on a monthly basis and revise the budget if necessary.

MFP funds based on the initial MFP allocation increased \$1.9 million from last year's allocation. The increase in MFP relates to state pay raises and associated benefits included in the MFP. This amount was offset by reduction in MFP due to loss of students, increases in amounts paid to non-public schools, and reduction in funding due to increases in local taxes received by the District. We did not budget any increases or decreases for student enrollment due to uncertainty with the COVID-19 pandemic. Any student enrollment increases or decreases at Oct 1<sup>st</sup> and February 1<sup>st</sup> will cause the MFP allocation to be adjusted accordingly in March.

Medicaid revenues reflect a decrease of \$3 million. Medicaid revenues that reimbursed a portion of eligible salaries and benefits for fiscal years 2019 and 2020 were received in fiscal year 2021 due to state delays in reimbursement. The salary and benefit reimbursements from prior years have been under audit causing delays in payment. The current year Medicaid revenues only reflect projected Medicaid revenue for FY 2022.

Bond proceeds for the purchase of school buses decreased by \$1.7 million. The District will be purchasing school buses for FY 2022 with cash reserves and financing will not be necessary.

Recovery of Indirect Costs increased by \$2.3 million. This increase is projected due to the indirect cost reimbursement associated with the pandemic federal funds to be received.

### **General Fund Expenditures**

Salaries are projected to decrease by \$4 million in FY 2022. For FY 2022, employees were given two steps (Certificated employees \$1,000 and Support employees \$700). Also, the state provided pay raises to employees (Certificated employees \$800 and Support employees \$400). The approximate cost of these pay raises was \$13.6 million. This cost also includes the increase in salaries as outlined in the Superintendent's reorganization plan that was approved by the Board. For FY 2021, employees did not receive pay raises, however, the employees were awarded \$17.6 million in stipends for COVID-19 and step replacements from the General Fund. These were one-time stipends and did not increase the employee's base pay. The budget reflects a difference in salaries of the \$13.6 million for current year pay increases offset by the \$17.6 million in one-time stipends from last fiscal year.

The School Supplemental budgets reflect an increase of \$350,000. Central Office will be purchasing copy paper for the schools this fiscal year. The approximate annual cost of this purchase is \$350,000.

School band budgets reflect an increase of approximately \$210,000. The band budgets were increased to assist with travel costs and the per student band member amounts were increased.

For FY 2022, new budgets have been added for music and art programs at a total cost of \$194,000. Music/choral/art budgets have been added for all schools as well as budgets for elementary and middle school band.

Transfers to other funds will decrease by \$21.3 million for FY 2022. A transfer of \$14.3 million to the Community Disaster Loan fund was made in FY 2021 for COVID-19 pandemic preparedness for the next few years. An additional transfer of \$7 million to the Parishwide Construction Fund was made in FY 2021 for capital improvement projects for schools/sites that will be required in the next few years.

An increase in funding for property insurance and other insurance policies of \$2.8 million was budgeted for FY 2022. For FY 2021, insurance premiums for all policies were paid from reserves in the self-insured insurance fund and no additional funding for last fiscal year was required by General Fund. This funding will be required for this fiscal year.

For FY 2022, the purchase of 20 new school buses will be funded from the Community Disaster Loan Fund. This is a reduction of \$1.7 million to the General Fund Budget.

For FY 2021, the District received federal funds reimbursements for utilities and bus operational allowances in the amount of \$5.8 million and \$6.3 million, respectively. The District did not budget any federal funds reimbursements in General Fund for FY 2022.

For FY 2021, many budgets were not utilized fully due to restrictions related to the COVID-19 pandemic. These budgets were restored to the FY 2020 funding amounts for the current fiscal year.

### **Other Fund Revenues and Expenditures**

For FY 2021, COVID-19 pandemic stipends and costs were funded with Community Disaster Loan proceeds in the amount of \$8.5 million. For FY 2022, no COVID-19 stipends have been budgeted and all pandemic costs will be covered by federal grants.

For FY 2022, new playground equipment has been budgeted for all elementary, middle, and junior highs as needed at an approximate cost of \$350,000 in the Parishwide Construction Fund.

For FY 2022, the continuation of the construction projects to add artificial turf to seven high school athletic fields has been budgeted at an approximate cost of \$10.5 million. This construction project was budgeted in the Parishwide Construction Fund.

We will continue to monitor all revenues and expenditures on a monthly basis. The Louisiana Local Government Budget Act requires governmental entities to adopt a budget amendment when budgeted revenues or expenditures are different than actual revenues and expenditures by 5% or more. We will present budget updates to the Board in December and March. Budget revisions will be prepared if necessary during the year and a final budget will be presented after year end.

The preparation of this budget could not have been accomplished without the assistance of each Director, Supervisor, and Associate/Assistant Superintendents. We want to express our appreciation to them for their assistance.

We also thank the members of the Board for their input and support in planning and conducting the financial operations of the School Board in a responsible and progressive manner.

  
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Terri Prevost, CPA, Chief Financial Officer

  
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Frank Jabbia, Superintendent

September 9, 2021