

# ***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, 2019 through June 30, 2020 are hereby submitted. The Superintendent and the Director of Business Affairs assume responsibility for data accuracy and completeness.

The development, review, and consideration of the FY 2019-20 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 \$3.6 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 each month; we have projected an increase of \$2.2 million. We will continue to monitor the sales taxes on a monthly basis and revise the budget if necessary.

MFP funds are expected to increase by \$8.1 million from last year's allocation. The increase in MFP relates to state funding increase for teacher and support personnel raises of \$5.7 million and a 1.375% increase in MFP of \$2.4 million.

Medicaid revenues reflect a large decrease of \$3.2 million. Medicaid revenues that reimbursed a portion of eligible salaries and benefits for fiscal years 2015, 2016, 2017, and 2018 totaling \$5.8 million were received in fiscal year 2018. The salary and benefit reimbursements from prior years have been under audit causing delays in payment.

### **General Fund Expenditures**

Salaries are projected to increase by \$12.5 million in FY 2019-2020. For FY 2019-2020, salaries include employee pay raises, employee reclassifications, and new employee positions.

An increase of approximately \$4.6 million in retirement contributions is projected due to an increase in employer contribution rates for the School Employees Retirement System and as a result of the increase in employee salaries. A reduction in the Teachers Retirement System contribution rate of .7% offset some of the increase in retirement cost.

Increases in workers compensation of \$192,615 and Medicare taxes of \$394,785 are projected due to increase in employee salaries.

Decrease in funding for property insurance of \$600,000 as a result of a decrease in insurance premiums and claims over the past few years.

Decrease in professional services of \$3.9 million in FY 2019-2020. For FY 2018-2019, the General Fund reimbursed the BP Oil Spill fund for the cost of School Resource Officers in the amount of \$4 million. Surplus funds were available to reimburse this cost due to the prior year payments for Medicaid.

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

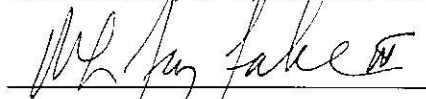
No projected increases or decreases for other fund budgets are noted.

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.

The preparation of this budget could not have been accomplished without the assistance of each Director and Supervisor. 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.

  
Terri Prevost, CPA, Director of Business Affairs

  
W. L. "Trey" Folse, III, Superintendent

September 12, 2019