

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, 2024 through June 30, 2025 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 2025 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 a 7 percent increase of \$8.9 million in ad valorem (property) tax collections based on the Assessor's best projection of increases for FY 2025. The official tax roll was not available for any projections. The 2024 tax roll is a reassessment year so this accounts for the increase in property taxes.

FY 2024 sales tax collections were \$75,961 or .05 percent lower than FY 2023. To be conservative, we have projected a \$783,000 decrease in sales tax for FY 2025. We will continue to monitor the sales taxes on a monthly basis and revise the budget if necessary.

Minimum Foundation Program (MFP) funds are projected to increase by \$3.4 million from last year's allocation. The local revenue portion of the MFP was lower than the prior year resulting in a higher MFP amount for the District. We did not budget any increases or decreases for student enrollment as enrollment numbers were not available for the projection. Any student enrollment increases or decreases at October 1st and February 1st will cause the MFP allocation to be adjusted accordingly in April.

Tuition decreased by \$1.6 million as a result of moving before and after care tuition and Pre-K tuition to local grant funds offset by an increase in summer school tuition. Summer school was previously covered by COVID federal funding and students were not charged for summer school.

Contributions and donations are projected to decrease by \$3.5 million in FY 2025. Substantial donations in the form of services were received in FY 2024 from the CLECO Commercial HVAC Tune-Up Energy Efficient Program and the Louisiana Public Service Commission Statewide Energy Efficiency Program valued at \$3.5 million.

Medicaid funding decreased by \$4.8 million as the District received two years of funding in FY 2024 totaling \$10.1 million. For FY 2025 only \$5.3 million is projected to be received.

Funding to the School Lunch Fund from the MFP is reduced by \$1.9 million for FY 2025 as a result of budget cuts and the District will utilize School Lunch Fund's fund balance for FY 2025.

Recovery of Indirect Costs from federal grants is projected to decrease by \$1.8 million with the COVID federal grants ending September 30th.

General Fund Expenditures

Salaries and benefits are projected to increase by \$5.9 million in FY 2025. For FY 2025, employees were given one pay level (Certificated employees \$500 and Support employees \$350). Salaries were also increased for 24 nurses that had previously been paid for with COVID federal funding at a cost of \$1.3 million including pay raises for all nurses. Summer school salaries were also added back to budget from COVID federal funding in the amount of \$1.7 million.

The increases in salaries is partially offset by a decrease in the Teachers Retirement System contribution rate (\$3.6 million in projected savings) and a decrease in worker's compensation rates (\$744,000 in projected savings).

Cost of textbooks will increase for FY 2025 in the amount of \$2.0 million. The School Board purchased fewer new textbooks in FY 2024 and textbook related software previously recorded in other budget lines was added to the textbook budget for FY 2025.

The school supplemental budgets reflect an increase of \$1.3 million. This increase is a result of school carryovers and unspent balances from FY 2024.

Professional development costs will increase by approximately \$640,000 in FY 2025 as a result of additional trainings being provided to our teachers and staff.

Material and supply budgets are projected to increase \$1.3 million as a result of increase in number of employees receiving teacher supply fee and materials needed for summer school and other professional development that were previously paid for with COVID federal funds.

The projected cost of utilities and telephone expense for FY 2025 has been decreased by \$8.1 million. These costs have been recorded in the Community Disaster Loan Fund to balance the budget as a result of a budget shortfall projected at \$8.1 million.

Transfers to other funds will decrease by \$1.3 million for FY 2025. The decreases are a result of projected funding decreases to Construction Roofing Fund (\$1.8 million) and Employee Salary Reserve Fund (\$1.5 million) offset by increases to School Security Fund (\$825,000) and the new fund Supplemental Course Allocation Fund (\$1.2 million).

Other Fund Revenues and Expenditures

School Lunch Fund budget had a projected deficit of approximately \$2.2 million for FY 2025. The School Lunch Fund's fund balance will be utilized to cover the projected deficit.

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 Assistant Superintendent. 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

Terri Prevost, CPA, Chief Financial Officer

Frank Jabbia

Frank Jabbia, Superintendent

September 12, 2024