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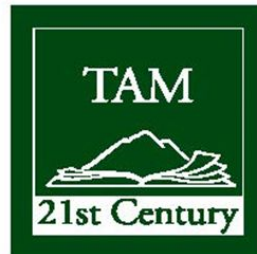
Tamalpais Union High School District

# 2019-20 Budget Proposal

June 11, 2019

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# So... what is included in the budget adoption process?

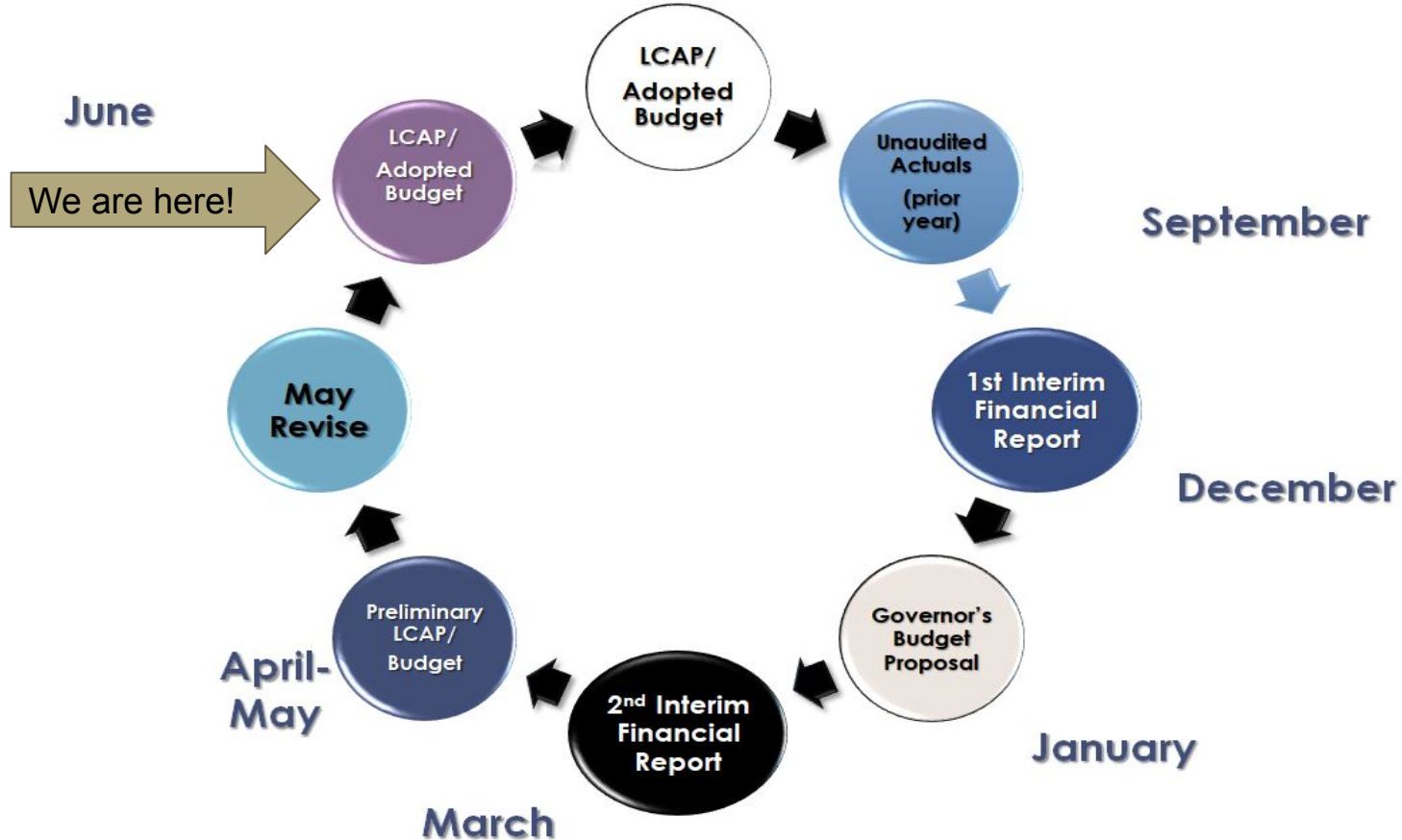
- The 2018-19 'Estimated Actuals' reports:
  - Actual financial activity through April & projects financial activity through June 30th
  - Estimated Actuals will be compared to the Unaudited Actuals in September when the 'books are closed'
  - Similar to a '3rd Interim' Budget report for 2018-19
- 2019-20 Proposed Budget aligns resources to the LCAP goals & action steps
  - Inclusive of stakeholder feedback: Public Hearing, Fiscal Advisory recommendations, Community Forums, Site Budget Updates, LCAP Survey, Budget Update feedback, LCAP Committee, etc.
- Provides an opportunity to:
  - Adopt a budget based on any significant changes since 2nd Interim in March
  - Recalculate Multi Year Projections
  - Discuss any needed changes or actions
- Board must approve certification of financial condition
  - Positive – “will be able”
  - Qualified – “may not be able”
  - Negative – “unable”

# Agenda

- Budget Reporting Cycle
- Key Assumptions - Enrollment & Property Taxes
- Budget: Revenue & Expenditures - What has changed since 2nd Interim?
- STRS and PERS increases
- Other Funds
- Multi-Year Projection - Where are we going?
- Uncertainties, Prudence & Next Steps
- Questions



# Budget Reporting Cycle



# Start with the End... Summary of Multi-Year Projections

	2018-19	2019-20	2020-21	2021-22
<b>Operating Deficits</b> (June 2018)	<b>\$(7.8M)</b>	<b>\$(8.7M)</b>	<b>\$(9.7M)</b>	-
<b>Ending Fund Balance/Reserve</b> (June 2018)	<b>\$8.6M (6.5%)</b>	<b>\$1M (1.1%)</b>	<b>Insolvent by Oct.</b>	-
<b>Operating Deficits/Surplus</b> (March 2019)	<b>\$(4.1M)</b>	<b>\$421k</b>	<b>\$(160k)</b>	-
<b>Ending Fund Balance/Reserve</b> (March 2019)	<b>\$13.6M (13.6%)</b>	<b>\$14.0M (14.4%)</b>	<b>\$13.8M (13.7%)</b>	-
<b>Operating Deficits/Surplus</b> (June 2019)	<b>\$(3.4M)</b>	<b>\$201k</b>	<b>\$(1.3M)</b>	<b>\$(529k)</b>
<b>Ending Fund Balance/Reserve</b> (June 2019)	<b>\$14.0M (14.6%)</b>	<b>\$14.2M (15.4%)</b>	<b>\$12.9M (13.4%)</b>	<b>\$12.4M (12.5%)</b>

**2018-19 Estimated Actuals**

# Comparison of 2nd Interim vs. Estimated Actuals

<i>Description</i>	<i>Unrestricted Projected Operating Deficit</i>
<b>2018-19 2nd Interim Projection</b> (March)	<b>\$ (4,144,585)</b>
<b>Changes</b> (See Next Slide)	<b>\$ 753,738</b>
<b>2018-19 Estimated Actuals Projection</b> (June)	<b>\$ (3,390,847)</b>

Operating Deficit occurs when the current year expenditures exceed current year revenues, which results in depleting reserves.

# Changes from 2nd Interim vs. Estimated Actuals

<i>Description of Changes (Unrestricted)</i>	<i>Amount</i>
Increase in property tax revenue	\$335k
Increase in Special Education revenue due to increase number of Special Education students	\$38k
Increase in classified expenditures due to ongoing 1.5% salary increase for 2018-19 and ongoing prorated 1.36% salary increase (initiated 2/1 given 'Budget Coordinator duties' MOU) ***	(\$201k)
Increase in management expenditures due to ongoing 1.5% salary increase for 2018-19 ***	(\$73k)
Decrease in budgeted expenditures for IT, Educational Services, M&O, Special Ed (Low Incidence reimbursement), various site/department Supplies & Contracted services	\$789k
Increase in Special Education 1:1 MCOE paraeducator expenditures	(\$288k)
Other	\$154k
<div>*** Pending Board Approval</div> <div>Total Changes</div>	<div>\$754k</div> <div>8</div>



# Comparison of 2nd Interim vs. Estimated Actuals

<i>Description</i>	<i>Unrestricted Projected Operating Deficit</i>	<i>Ending Fund Balance (Reserve)</i>
2018-19 2nd Interim Projection	<b>\$ (4,144,585)</b>	<b>\$13,269,298</b>
Changes	<b>\$ 753,738</b>	<b>\$ 754,688</b>
2018-19 Estimated Actuals Projection	<b>\$ (3,390,847)</b>	<b>\$14,023,666</b>

# 2019-20 Budget Proposal

# Start with the End... Summary of Multi-Year Projections

	2018-19	2019-20	2020-21	2021-22
<b>Operating Deficits</b> <i>(June 2018)</i>	<b>\$(7.8M)</b>	<b>\$(8.7M)</b>	<b>\$(9.7M)</b>	-
<b>Ending Fund Balance/Reserve</b> <i>(June 2018)</i>	<b>\$8.6M (6.5%)</b>	<b>\$1M (1.1%)</b>	<b>Insolvent by Oct.</b>	-
<b>Operating Deficits/Surplus</b> <i>(March 2019)</i>	<b>\$(4.1M)</b>	<b>\$421k</b>	<b>\$(160k)</b>	-
<b>Ending Fund Balance/Reserve</b> <i>(March 2019)</i>	<b>\$13.6M (13.6%)</b>	<b>\$14.0M (14.4%)</b>	<b>\$13.8M (13.7%)</b>	-
<b>Operating Deficits/Surplus</b> <i>(June 2019)</i>	<b>\$(3.4M)</b>	<b>\$201k</b>	<b>\$(1.3M)</b>	<b>\$(529k)</b>
<b>Ending Fund Balance/Reserve</b> <i>(June 2019)</i>	<b>\$14.0M (14.6%)</b>	<b>\$14.2M (15.4%)</b>	<b>\$12.9M (13.4%)</b>	<b>\$12.4M (12.5%)</b>

# 2019-20 Budget Proposal Summary

- The proposed budget is only an initial blueprint for revenues and expenditures
  - Budget preparation occurs before the State's Budget is finalized by the Legislature
  - Actual revenues and expenditures are not known yet for the 2018-19 year
  - Enrollment and staffing are always significant variables until Fall
- The District receives great support from its community (i.e. parcel taxes, Foundations), however, the cost to maintain the excellent programs is increasing faster than the supporting revenues due to enrollment growth & pension reform.
- Based on approved budget reductions over the past two years (\$5.8M ongoing), our budget is sound. But, we all have a shared responsibility to implement these difficult decisions to keep it that way.
- *Compared to 2018-19, TUHSD's financial position has dramatically improved, but is still projecting ongoing operating deficits in the Multi-Year Projection and on a 5-year horizon*

# 2019-20 Key Budget Assumptions

## Enrollment & Average Daily Attendance

- Official enrollment reported to the state is estimated to be 5,132 students
  - Note: This figure is 100 ninth graders greater than projections predicted
- Estimate Actual Average Daily Attendance (ADA) of 4,784
  - An increase of 96 ADA from 2018-19
  - Estimated ADA to enrollment ratio of approximately 94% (excluding NPS & County students)
  - Unduplicated pupil percentage of 11% for supplemental & concentration funding
- Given the District receives the majority of its general purpose revenues in the form of property taxes (i.e. basic aid funding), the increase in ADA from 2018-19 does not significantly impact operating revenues. It does, however, increase operating expenditures.

# 2019-20 Key Budget Assumptions (continued)

<i>Description</i>	<i>Fiscal Year</i>			
<i>Planning Factor</i>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
<b>COLA – Minimal Effect</b>	2.71% (3.70% LCFF Only)	3.26%	3.00%	2.80%
<b>Estimated Property Tax Increase</b>	5.21%	4.14%	4.08%	4.08%
<b>STRS Employer Rates (Governor’s Proposed Rates)</b>	16.28%	16.70%	18.10%	17.80%
<b>PERS Employer Rates (PERS Board / Actuary)</b>	18.062%	20.733%	23.60%	24.90%
<b>Lottery – Unrestricted per ADA</b>	\$151	\$151	\$151	\$151
<b>Lottery – Prop. 20 per ADA</b>	\$53	\$53	\$53	\$53
<b>Mandated Cost per ADA / One Time Allocation</b>	\$184	\$0	\$0	\$0
<b>Mandate Block Grant for Districts: 9-12 per ADA</b>	\$59.83	\$61.94	\$63.80	\$65.59
<b>Routine Restricted Maintenance Account</b> * Percentage of total General Fund expenditures and financing uses	Greater of: Lesser of 3%* / 2014-15 Amount Or 2%*	Equal to or greater than 3% of total <u>actual</u> General Fund expenditures & financing uses	Equal to or greater than 3% of total <u>actual</u> General Fund expenditures & financing uses	Equal to or greater than 3% of total <u>actual</u> General Fund expenditures & financing uses

# 2019-20 Key Budget Assumptions (continued)

## Revenue Assumptions:

- Local property tax revenue growth is still projected to decrease to 4.14% in '19-20 to 4.08% in '21-22
- Federal revenue is expected to remain relatively constant
- State revenue will likely decrease
  - Given new Governor's budget, the past practice of 'one time state revenues' is expected to end
  - Addition of one-time revenue of:
    - \$196k for Low Performing Student Block Grant
    - \$224k for Career Technical Education Innovation Grant (CTEIG) & Strong Workforce Program
- Local revenue increased by the Nov 2018 supplemental parcel tax measure revenue
  - Full annual revenue in 2019-20 continuing for the term (\$5.1M)
  - Additional increase with the 3% annual inflation adjustment in both parcel taxes
  - Combined Foundations donations is 'one-time' in 2019-20 for Athletic Trainers, Instructional Coaching & graduation ceremonies cost offset

# Basic Aid

vs.

# State-Funded (LCFF)

- District is entitled to a calculated revenue entitlement
- Comprised of both local property taxes revenue and state aid
- If property taxes exceed the calculated revenue entitlement, then the district keeps the overflow revenue and receives only basic (minimal) state aid
- Does not receive significant additional revenue for each new student in enrollment growth
- TUHSD is about \$18M over the LCFF entitlement

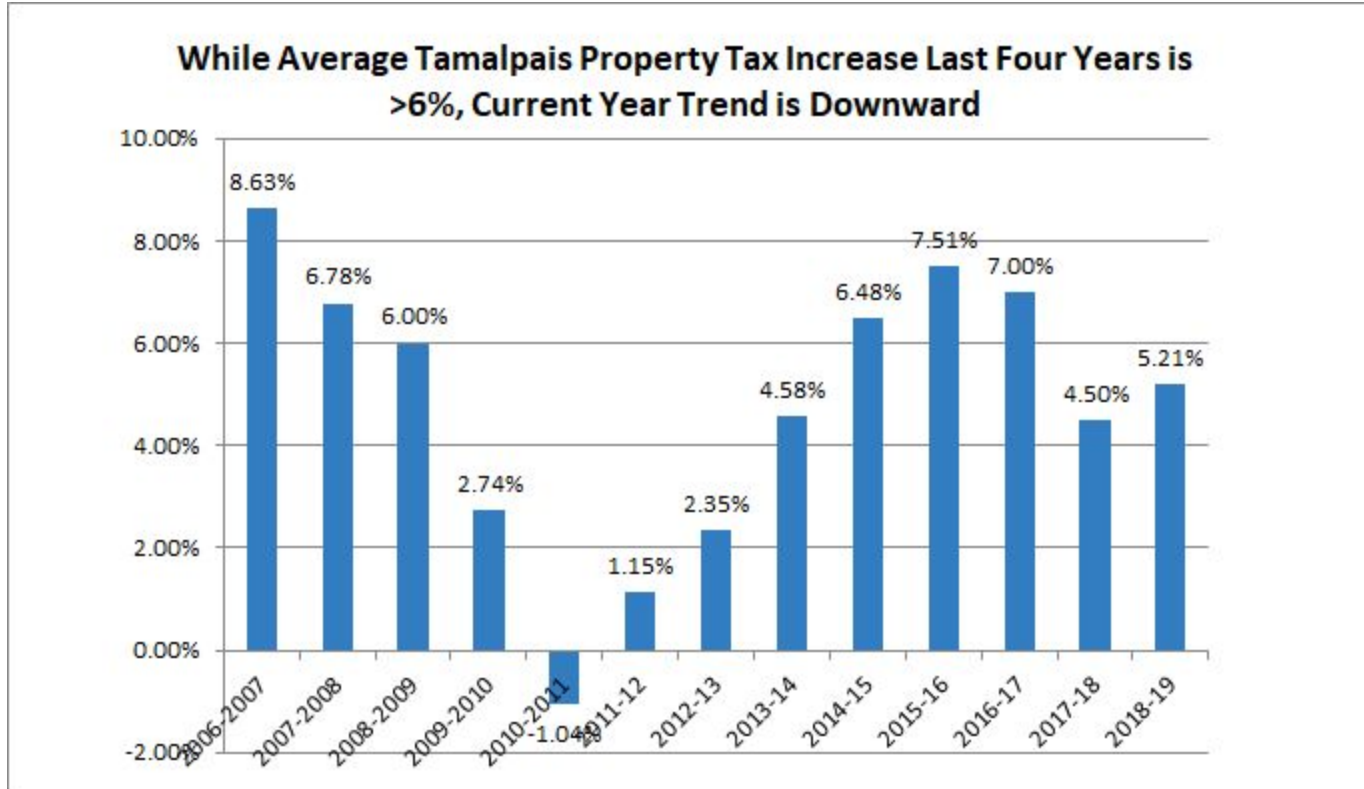
- Formerly referred to as 'Revenue Limit'
- District is entitled to a calculated revenue entitlement
- Comprised of both local property taxes and state aid
- When property taxes do not meet the calculated revenue entitlement, then the State makes up the shortfall with additional funding up to the calculated revenue entitlement



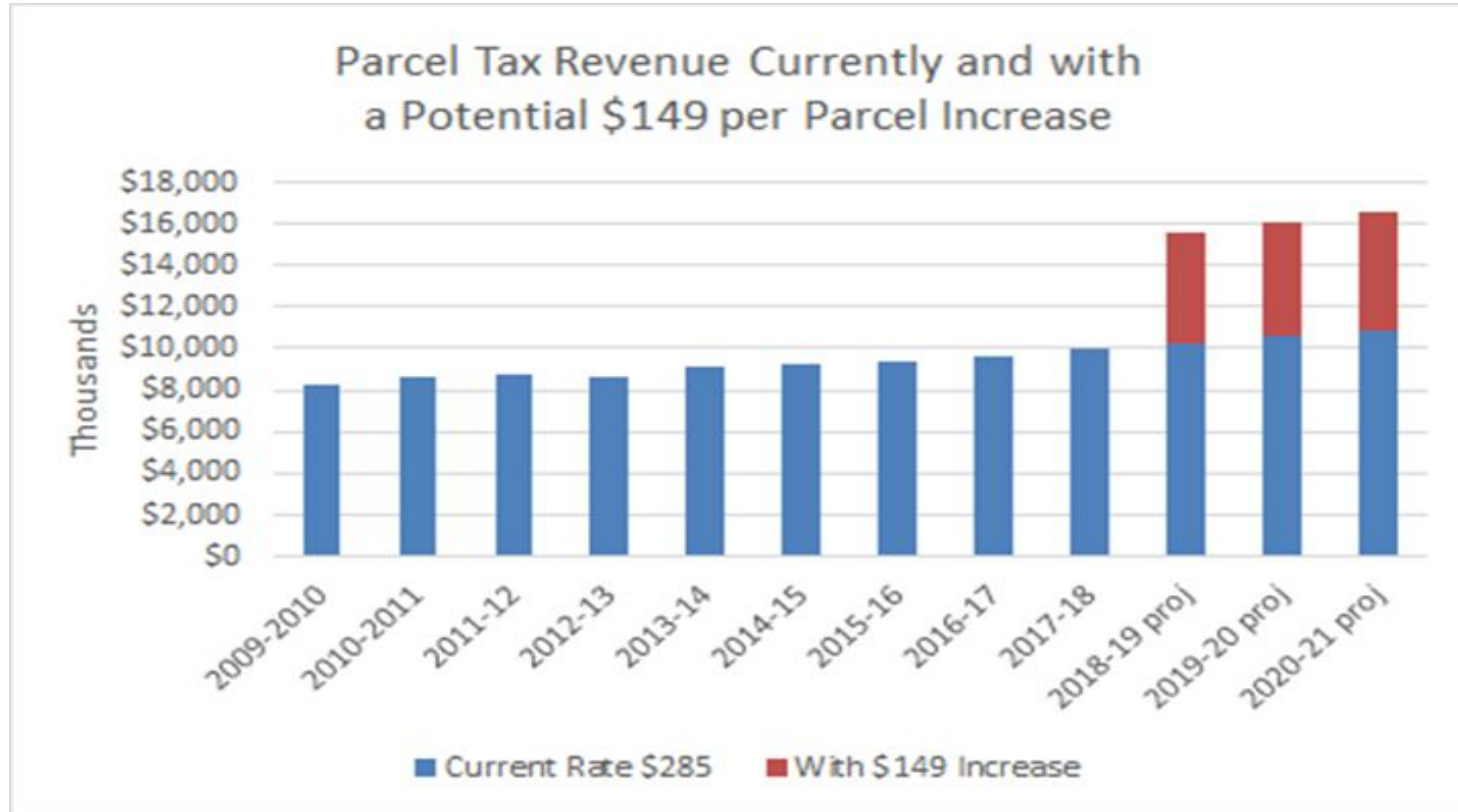


# Property Tax Revenues

While still increasing, property tax revenue growth has slowed.



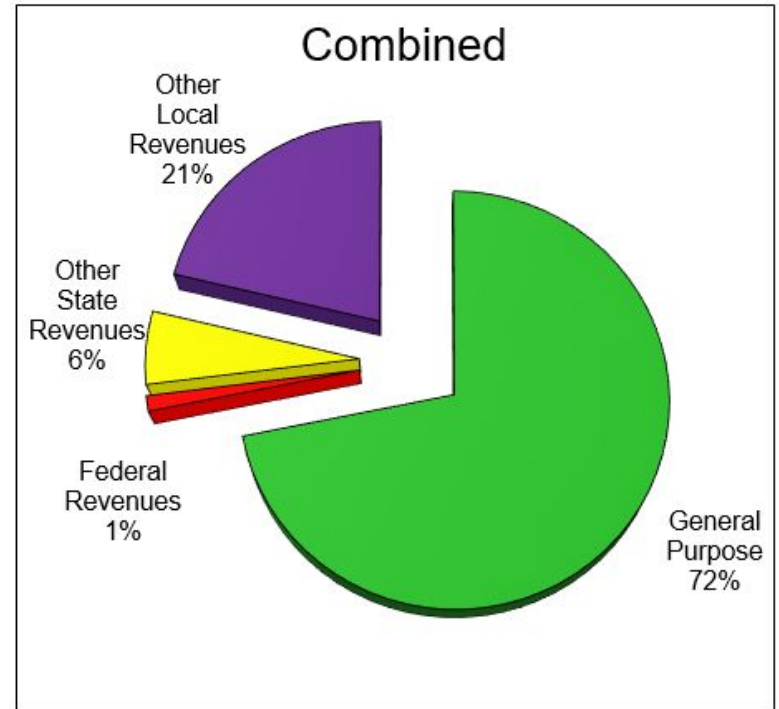
# Combined Parcel Tax Revenue



# Sources of 2019-2019 General Revenue (combined)

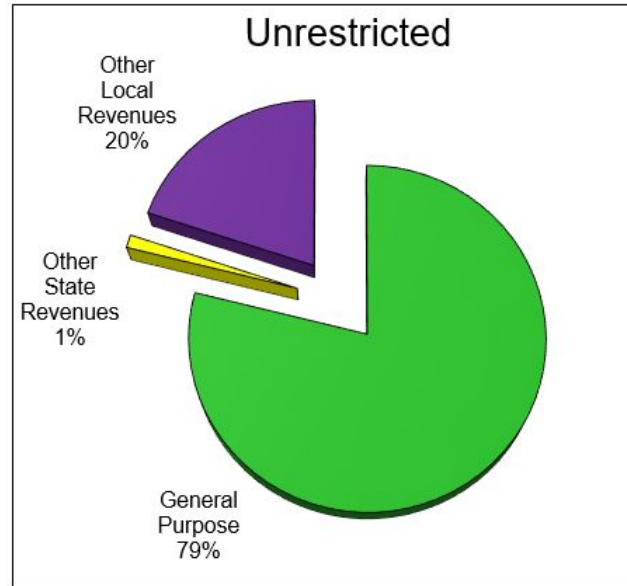
- General Purpose                      \$    66,635,016
  - Property taxes, Education Protection Account, minimum State Aid
- State Funding                        \$    5,275,735
  - CTEIG, ROP, Low-Perf. BG, Lottery, Special Education, etc.
- Federal Funding                     \$    1,102,724
  - Title I, Title II, IDEA, etc.
- Local Revenue                        \$    19,742,526
  - Parcel tax, Foundations, facilities fees, interest

**TOTAL:    \$ 92,756,001**



# General Fund Revenue Sources (Unrestricted)

Description	Unrestricted	Combined
General Purpose Revenue	\$66,635,016	\$66,635,016
Federal Revenues	\$0	\$1,102,724
Other State Revenues	\$1,022,900	\$5,275,735
Other Local Revenues	\$16,824,204	\$19,742,526
<b>TOTAL</b>	<b>\$84,482,120</b>	<b>\$92,756,001</b>



# 2019-20 Key Budget Assumptions (continued)

## Expenditure Assumptions:

- Reduction of staffing:
  - Certificated: 19.2 fte less
  - Classified: 15.2 fte less
  - Management: 2.3 fte less (not including 1.5fte Assistant Principals not hired for enrollment growth)
- All employee groups & TUHSD have settled on compensation through '19-20, but not '20-21 nor '21-22
- Step & Column increases are 2.0% for Certificated and 2.0% for Classified
- All new employees hired for 2019-20 have a cap on District-paid health benefits (i.e. Healthcap)
- Despite Governor's STRS pension rate 'one-time' relief, both STRS & PERS rates still increase overall
- Fiscal Advisory expenditure reductions of \$2.84M included and assumed ongoing (see next slides)

# Budget Reduction Recommendation

22

Item	Cost Savings
Net reduction in certificated staffing by staffing up to contractual ratios	\$823,000***
Reduction in technology (hardware and software)	\$100,000
Reduction custodial and grounds staffing (approximately 8 FTE)	\$510,250
Elimination of community education evening classes ( <i>maintain pool and facilities access</i> )	\$350,000
Reduce certificated librarians from 3.0 FTE to .2 FTE and maintain library aides	\$384,000
Reduce Tamiscal staffing by 0.8 FTE	\$109,600
Reduce BACR cost by 22% ( <i>with offset by TUPE grant</i> )	\$117,180
Share of Wellness Director position 75/25% between TUHSD and MCOE	\$44,000
Reduce Nutritional Services menu offerings & reduce kitchen staffing by 2.5 FTE	\$160,000
Reduce athletic budgets ( <i>keep all teams &amp; 10% reduction, athletic trainers to be financially supported by school foundations and athletic boosters</i> )	\$242,000
*** <i>An estimate pending department staffing</i>	<b>Total</b> <b>\$2,839,780</b>

Reductions Made to Date	Amount
Closure of the Print Shop-2016	\$187,000
Suspension of the Instructional Leadership Team, Teacher Leaders- <i>Spring 2018</i>	\$945,000
Reduction in Instructional Coaching FTE- <i>Spring 2018</i>	\$92,000
Reduction in Anticipated Hiring- <i>Spring 2018</i>	\$463,000
Reduction of all but essential travel, conferences and consultant services- <i>Spring 2018</i>	\$300,000
Reduction of 1.0 FTE Administration: Combine Senior Director of Curriculum and Instruction and Tamiscal Principalship	\$151,000
Reduction of 1.0 FTE Administration: Assistant Superintendent of Educational Services	\$256,000
Reduction in Administration Hours: reduction of work calendar for Director of Nutritional Services	\$5,600
10% reduction in District Department budgets (ed services, maintenance, nutrition, etc)	\$300,000
25% reduction in school site budgets	\$300,000
23	Total \$2,999,600

# 2019-20 Key Budget Assumptions (continued)

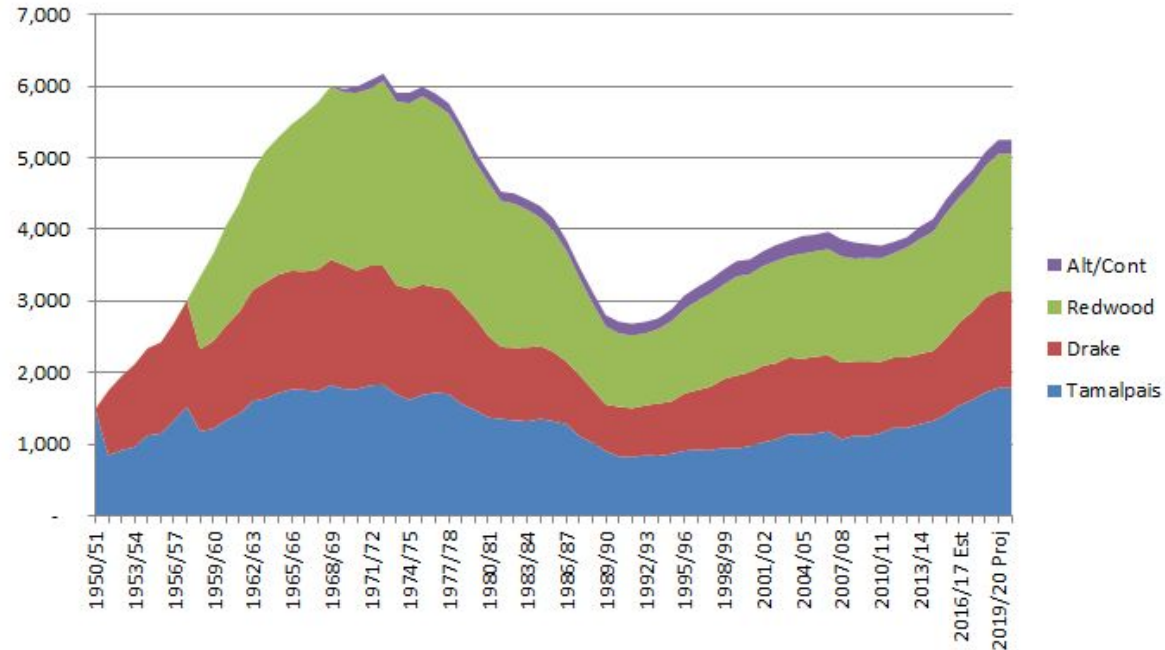
## Expenditure Assumptions: (cont'd)

- Include five annual payments to PARS given retirement incentive for both classified & certificated staff
- Continued historic trend of Special Education costs increasing approximately 10% annually



# Enrollment Growth

- Additional 1,220 students over 10 years
  - 3,823 students in 2008-09 to 5,043 students in 2018-19
- 32% increase over ten year time period



# Enrollment Growth - Moderate 5 yr Projection

While the rate of increase of property taxes slows, enrollment continues to grow.  
The combination puts a squeeze on funding per student.

2019-20



Grade	2018	2019	2020	2021	2022	2023
9	1306	1226	1284	1226	1187	1124
10	1225	1299	1220	1277	1220	1185
11	1191	1226	1300	1223	1279	1221
12	1196	1183	1216	1289	1212	1273
Subtotals:	4918	4934	5020	5015	4898	4803
Pct Chg:	4.3%	0.3%	1.7%	-0.1%	-2.3%	-1.9%

**Source:** DecisionInsite Enrollment Projection report to Board on 5/14/19

# Enrollment Growth - Moderate 10 yr Projection

2019-20



Grade	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
9	1216	1204	1230	1306	1226	1284	1226	1187	1124	1062	1039	1052	1053	1085
10	1120	1207	1190	1225	1299	1220	1277	1220	1185	1122	1061	1037	1051	1051
11	1058	1099	1208	1191	1226	1300	1223	1279	1221	1187	1123	1062	1039	1051
12	989	1058	1086	1196	1183	1216	1289	1212	1273	1215	1182	1119	1057	1034
Subtotals:	4383	4568	4714	4918	4934	5020	5015	4898	4803	4586	4405	4270	4200	4221
Pct Chg:	0%	4.2%	3.2%	4.3%	0.3%	1.7%	-0.1%	-2.3%	-1.9%	-4.5%	-3.9%	-3.1%	-1.6%	0.5%
SDC:	80	90	99	99	98	98	96	94	92	88	85	82	80	80
Totals:	4463	4658	4813	5017	5032	5118	5111	4992	4895	4674	4490	4352	4280	4301

**Source:** DecisionInsite Enrollment Projection report to Board on 5/14/19

# Enrollment Projections - by High School

School	5-Yr Pct Change	10-Yr Pct Change
Sir Francis Drake HS	-12%	-27%
Tamalpais HS	-9%	-21%
Redwood HS	2%	-12%

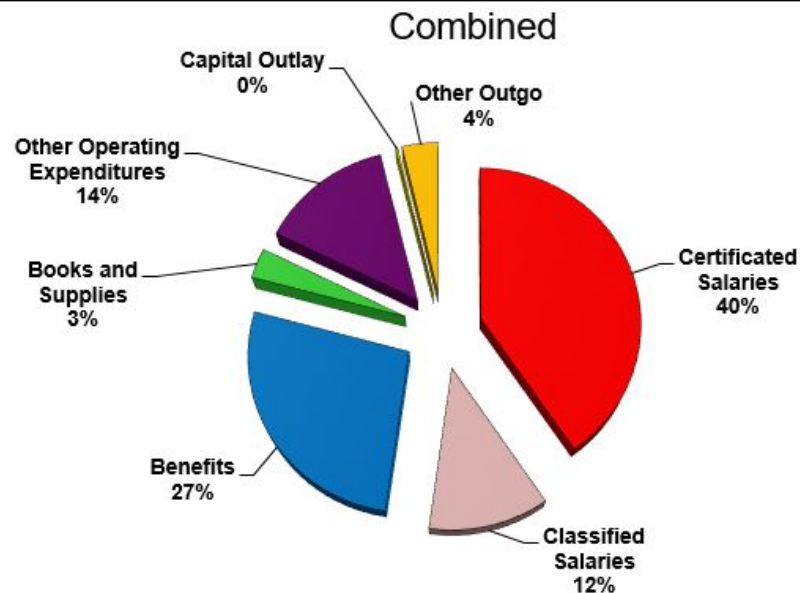
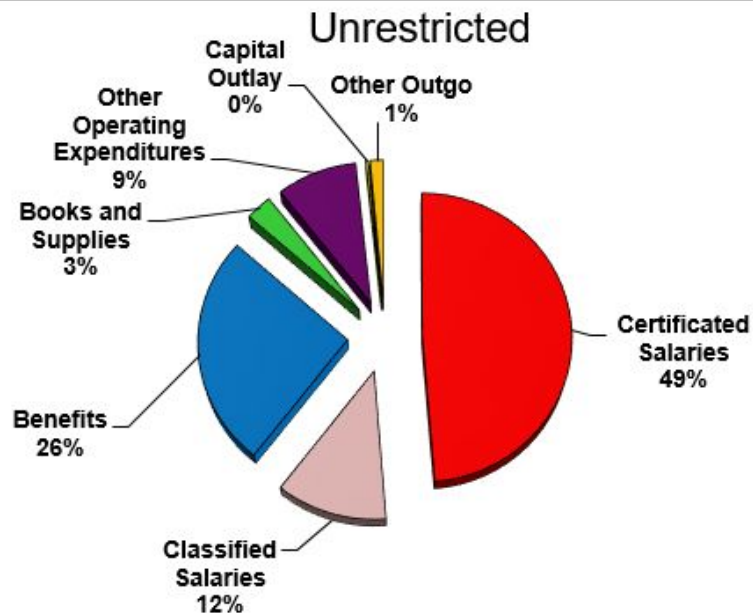
**Source:** DecisionInsite Enrollment Projection report to Board on 5/14/19

# General Fund Expenditures

Description	Unrestricted	Combined
Certificated Salaries	\$32,205,223	\$36,752,574
Classified Salaries	\$7,781,647	\$10,712,417
Benefits (Payroll Taxes and Health & Welfare Contributions)	\$17,160,135	\$24,450,760
Books and Supplies	\$1,937,019	\$2,835,249
Other Operating Expenditures	\$5,869,472	\$12,575,552
Capital Outlay	\$168,200	\$168,200
Other Outgo ( <i>Excludes Indirect Cost Recaptures</i> )	\$951,191	\$3,388,279
<b>TOTAL</b>	<b>\$66,072,887</b>	<b>\$90,883,031</b>

Salaries and benefits comprise approximately 87% of the District's unrestricted expenditures, and approximately 79% of the combined General Fund expenditures.

# General Fund Expenditures



# General Fund Contributions to Restricted Programs

The below contributions of unrestricted resources to restricted programs are necessary to cover restricted program expenditures in excess of revenue.

Description	Amount
Special Education - Instruction	\$14,252,464
Restricted Maintenance Account	\$2,804,000
Contribution from Foundations	(\$305,000)
<b>TOTAL CONTRIBUTIONS</b>	<b>\$16,751,464</b>



# Education Protection Account (EPA)

As specified in Proposition 30, EPA K-14 general purpose funds must be utilized for instructional purposes.

<b>Education Protection Account (EPA) Budget</b> <i>2019-20 Fiscal Year</i>	
Description	Amount
<b>BEGINNING BALANCE</b>	\$0
<b>BUDGETED EPA REVENUES:</b>	
<i>Estimated EPA Funds</i>	\$968,934
<b>BUDGETED EPA EXPENDITURES:</b>	
<i>Certificated Instructional Salaries</i>	\$704,923
<i>Certificated Instructional Benefits</i>	\$264,011
<b>TOTAL</b>	\$968,934
<b>ENDING BALANCE</b>	\$0

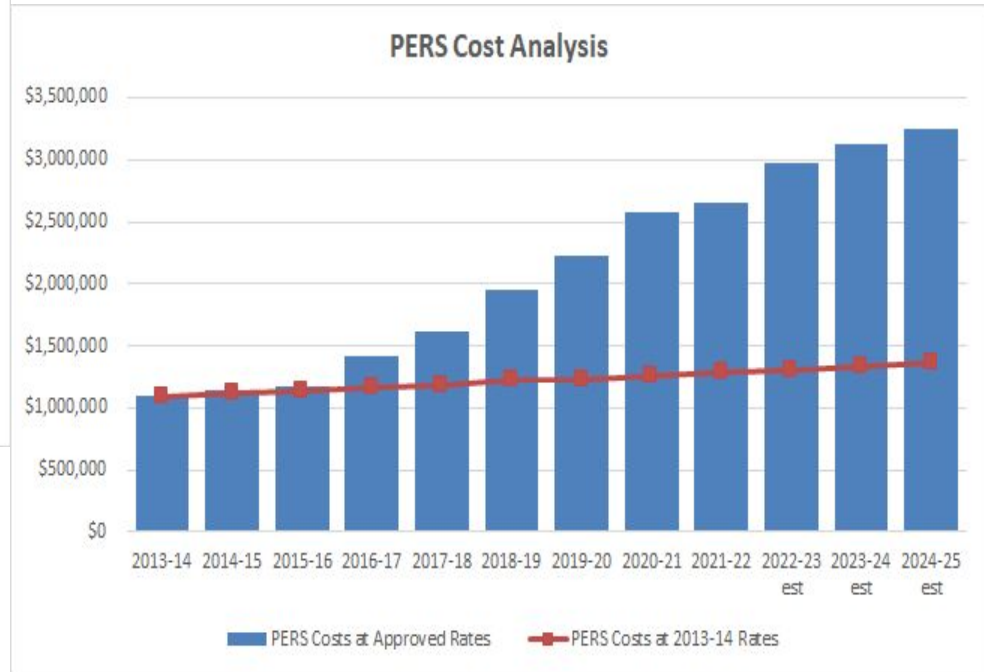
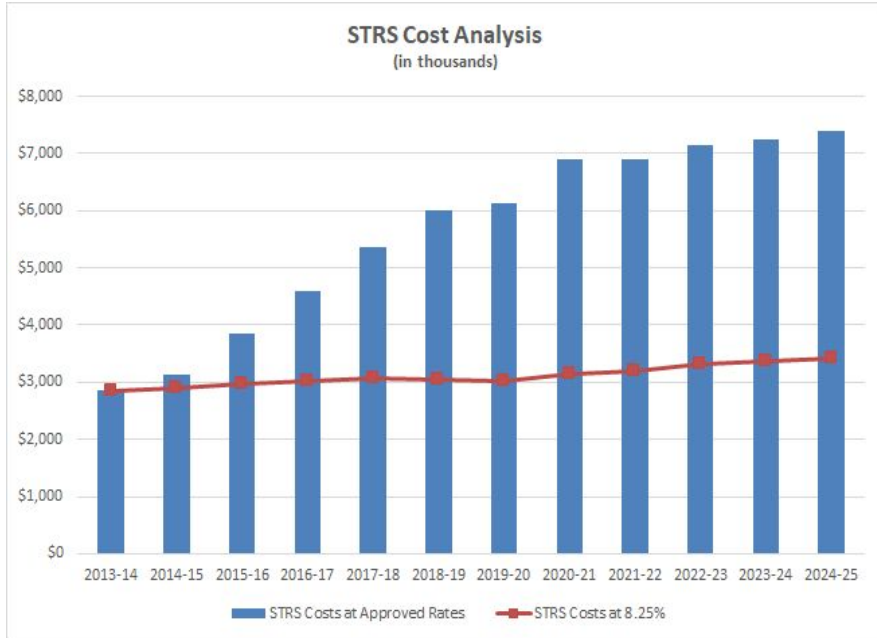


# STRS & PERS Rates grow significantly

- In 2013, both STRS and PERS rates were re-calculated based on the Public Employee Pension Reform Act that restructured retirement age and benefits
- Governor's May Revise Budget proposes 'one-time' reductions for the STRS rate increases by 1.4% and 1% in 2019-20 and 2020-21, respectively
- Compared to 2013-14, increased rates cost TUHSD **additional \$4.1M annually in 2019-20**
- From 2013-14 to 2022-23, **the cumulative impact is \$5.8M annually**
  - This increase is a reduction of \$900k annually given reduced staffing and one-time rate reductions

	CalPERS Rate Comparison								
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 est	2023-24 est
Employer Rates	11.85%	13.89%	15.53%	18.06%	20.73%	23.60%	24.90%	25.70%	24.60%
Change		2.04%	1.64%	2.53%	2.67%	2.87%	1.30%	0.80%	-1.10%
	CalSTRS Rate Comparison								
Employer Rates	10.73%	12.58%	14.43%	16.28%	16.70%	18.10%	17.80%	17.80%	17.80%
Change		1.85%	1.85%	1.85%	0.42%	1.40%	-0.30%	0.00%	0.00%

# STRS & PERS Costs increase over next few years



# Summary of All Funds

Below is a summary of each Fund's fund balance (or reserve) and estimated changes.

FUND	2018-19	Est. Net Change	2019-20
GENERAL (UNRESTRICTED & RESTRICTED)	\$14,248,664	\$366,362	\$14,615,026
ADULT EDUCATION	\$80,022	\$17,982	\$98,004
CAFETERIA FUND	\$26,296	\$122,731	\$149,027
DEFERRED MAINTENANCE	\$1,813,974	\$0	\$1,813,974
SPECIAL RESERVE FUND	\$10,933	\$100	\$11,033
FOUNDATION SPECIAL RESERVE	\$51,516	\$0	\$51,516
BUILDING FUND	\$0	\$0	\$0
CAPITAL FACILITIES FUND	\$229,031	\$0	\$229,031
CAPITAL OUTLAY FUND	\$1,394,056	(\$619,201)	\$774,855
BOND INTEREST & REDEMPTION	\$8,754,430	\$0	\$8,754,430
SELF-INSURANCE	\$59,751	\$0	\$59,751
<b>TOTAL</b>	<b>\$26,668,673</b>	<b>(\$112,026)</b>	<b>\$26,556,647</b>

# **Multi-Year Projection (MYP)**

**2020-21 & 2021-22**

# Multi-Year Projection Assumptions

## Revenue Assumptions:

- Local property tax revenue growth is still projected to decrease from 4.14% in '19-20 to 4.08% in '20-21 & '21-22
- Federal & State revenue is expected to remain relatively constant
- Local revenue increased by the Nov 2018 supplemental parcel tax measure revenue
  - Full annual revenue in 2019-20 continuing for the term (\$5.1M)
  - Additional increase with the 3% annual inflation adjustment in both parcel taxes
  - **Both** parcel taxes expire in June 2022
  - Combined Foundations donations is 'one-time' in 2019-20 for Athletic Trainers, Instructional Coaching & graduation ceremonies cost offset

# Multi-Year Projection Assumptions (cont'd)

## Expenditure Assumptions:

- Enrollment to continue to increase over the next two years by an estimated cumulative total of 79 students compared to 2019-20
- Planned additional hiring of 0.6 fte certificated positions to accommodate enrollment growth in '20-21 and reduction of 1.2 fte in '20-21 given new 'class size' MOU & English department ratio phase-in
  - '20-21: Net 0.6 fte increase = + 3.7 fte (growth) - 0.6 fte (end of NGSS releases) - 2.5 fte (English per class size MOU)
  - '21-22: Net 1.2 fte decrease = 0 fte (no growth) - 1.2 fte (English per class size MOU)
- Fiscal Advisory expenditure reductions of \$2.84M included and assumed ongoing
- Reinstatement of full-time Senior Director of C&I and a teacher leader model in 2020-21
- All employee groups & TUHSD have settled on compensation through '19-20, but not '20-21 nor '21-22
  - Note: Total cost of 1% for all staff is predicted to be \$581k in 2020-21

# Multi-Year Projection Assumptions (cont'd)

## Expenditure Assumptions: (cont'd)

- Step & Column increases are 2.0% for Certificated and 2.0% for Classified
- All new employees hired for 2019-20 have a cap on District-paid health benefits (i.e. Healthcap)
- Despite Governor's STRS pension rate 'one-time' relief, both STRS & PERS rates still increase overall
- Include five annual payments to PARS given retirement incentive for both classified & certificated staff
- Continued historic trend of Special Education costs increasing approximately 10% annually
- Utilities expenses projected to increase 4% annually (i.e. MMWD, other)



Description	2019-20 Proposed Budget			2020-21 Projected Budget			2021-22 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
<b>REVENUES</b>									
General Purpose Revenue (A)	66,635,016	-	66,635,016	69,309,617	-	69,309,617	72,083,336	-	72,083,336
Federal Revenue (B)	-	1,102,724	1,102,724	-	1,102,724	1,102,724	-	1,102,724	1,102,724
State Revenue (B)	1,022,900	4,252,835	5,275,735	1,022,900	4,252,835	5,275,735	1,022,900	4,252,835	5,275,735
Local Revenue (C)	16,824,204	2,918,322	19,742,526	17,306,426	2,547,489	19,853,915	17,803,115	2,547,489	20,350,604
<b>TOTAL REVENUES</b>	<b>84,482,120</b>	<b>8,273,881</b>	<b>92,756,001</b>	<b>87,638,943</b>	<b>7,903,048</b>	<b>95,541,991</b>	<b>90,909,351</b>	<b>7,903,048</b>	<b>98,812,399</b>
<b>EXPENDITURES</b>									
Certificated Salaries (D)	32,205,223	4,547,351	36,752,574	33,533,087	4,638,298	38,171,385	34,100,549	4,661,859	38,762,408
Classified Salaries (D)	7,781,647	2,930,770	10,712,417	7,984,080	2,989,385	10,973,465	8,143,762	3,049,173	11,192,935
Benefits (E)	17,160,135	7,290,625	24,450,760	18,504,404	7,578,503	26,082,907	19,070,797	7,732,646	26,803,443
Books and Supplies (F)	1,937,019	898,230	2,835,249	1,937,019	885,129	2,822,148	1,937,019	885,129	2,822,148
Other Services & Oper. Exp (G)	5,869,472	6,706,080	12,575,552	6,095,972	7,297,080	13,393,052	5,966,472	7,945,371	13,911,843
Capital Outlay (F)	168,200	-	168,200	168,200	-	168,200	168,200	-	168,200
Other Outgo (H)	951,191	2,437,088	3,388,279	959,979	2,681,088	3,641,067	1,184,991	2,949,088	4,134,079
Transfer of Indirect Costs	(77,985)	49,593	(28,392)	(77,045)	48,653	(28,392)	(70,963)	42,571	(28,392)
<b>TOTAL EXPENDITURES</b>	<b>65,994,902</b>	<b>24,859,737</b>	<b>90,854,639</b>	<b>69,105,696</b>	<b>26,118,136</b>	<b>95,223,832</b>	<b>70,500,827</b>	<b>27,265,837</b>	<b>97,766,664</b>
<b>EXCESS / (DEFICIENCY)</b>	<b>18,487,218</b>	<b>(16,585,856)</b>	<b>1,901,362</b>	<b>18,533,247</b>	<b>(18,215,088)</b>	<b>318,159</b>	<b>20,408,524</b>	<b>(19,362,789)</b>	<b>1,045,735</b>
<b>OTHER SOURCES/USES</b>									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out (I)	(1,535,000)	-	(1,535,000)	(1,255,000)	-	(1,255,000)	(1,255,000)	-	(1,255,000)
Net Other Sources (Uses)	-	-	-	-	-	-	-	-	-
Contributions to Restricted (J)	(16,751,464)	16,751,464	-	(18,544,737)	18,544,737	-	(19,683,229)	19,683,229	-
<b>TOTAL OTHER SOURCES / USES</b>	<b>(18,286,464)</b>	<b>16,751,464</b>	<b>(1,535,000)</b>	<b>(19,799,737)</b>	<b>18,544,737</b>	<b>(1,255,000)</b>	<b>(20,938,229)</b>	<b>19,683,229</b>	<b>(1,255,000)</b>
<b>Net Increase (Decrease)</b>	<b>200,754</b>	<b>165,608</b>	<b>366,362</b>	<b>(1,266,490)</b>	<b>329,649</b>	<b>(936,841)</b>	<b>(529,705)</b>	<b>320,440</b>	<b>(209,265)</b>
<b>FUND BALANCE, RESERVES</b>									
Estimated Beginning Balance	14,023,666	224,998	14,248,664	14,224,420	390,606	14,615,026	12,957,930	720,255	13,678,185
<b>Estimated Ending Balance</b>	<b>14,224,420</b>	<b>390,606</b>	<b>14,615,026</b>	<b>12,957,930</b>	<b>720,255</b>	<b>13,678,185</b>	<b>12,428,225</b>	<b>1,040,695</b>	<b>13,468,920</b>
Nonspendable	23,768	-	23,768	23,768	-	23,768	23,768	-	23,768
Restricted	-	390,606	390,606	-	720,255	720,255	-	1,040,695	1,040,695
Assigned	9,046,195	-	9,046,195	7,779,705	-	7,779,705	7,250,000	-	7,250,000
Unassigned - REU @ 3%	2,771,700	-	2,771,700	2,894,400	-	2,894,400	2,970,700	-	2,970,700
Unassigned - Other	2,382,757	-	2,382,757	2,260,057	-	2,260,057	2,183,757	-	2,183,757
<b>Total - Est. Fund Balance</b>	<b>14,224,420</b>	<b>390,606</b>	<b>14,615,026</b>	<b>12,957,930</b>	<b>720,255</b>	<b>13,678,185</b>	<b>12,428,225</b>	<b>1,040,695</b>	<b>13,468,920</b>
<b>Fund Balance Reserve Percentage</b> (combined Assigned & Unassigned)			<b>15.37%</b>			<b>13.41%</b>			<b>12.53%</b>



# MYP Notes

## Notes:

- (A) The changes to general purpose revenues are primarily due to estimated increases in secured property tax revenue of 4.18% each year.
- (B) Federal and state revenue are expected to remain constant.
- (C) Unrestricted local revenue is projected to increase due to parcel tax growth of 3% each year. Restricted local revenue is estimated to decrease for 20/21 due to removing one-time foundation funding (Athletic Trainers, Instructional Coaching, graduation ceremonies) and remain constant thereafter.
- (D) Salary changes are due to certificated step & column increases of approximately 2%, and classified step increases of approximately 2%. In addition, certificated salary costs are estimated to increase in 20/21 due to additional teaching staff to accommodate projected increased enrollment; reinstating the Senior Director of C & I position and the teacher leader program; and removing one-time salary payments relating to the property tax share agreement. Lastly, both certificated and classified salaries were increased to due budgeting funds for projected early retirement costs. Salary changes for 21-22 encompass step and column percentage changes illustrated above, and certificated staffing adjustments.
- (E) Benefits are adjusted accordingly based on salary changes noted above, as well as to account for expected increased pension costs.
  - \* STRS contains a rate increase of 1.4 percentage points for 20-21 in order to bring the rate to 18.10%.
  - The STRS rate for 21-22 contains a 0.3 percentage point **decrease** that results in a rate of 17.80%
  - \* Based on the latest estimates, PERS is projected to increase by 2.87 percentage points in 20-21, and by 1.3 percentage points in 21-22.
  - Health & Welfare benefits are estimated to increase by approximately 5% each year.
- (F) Supplies and capital outlay are expected to remain constant.
- (G) The unrestricted change in services is due to projected increases to utilities of 4% each year and budgeting for Board election costs every other year. Restricted services are projected to increase due to expected rises in Special Education costs of 10% each year.
- (H) Unrestricted other outgo is projected to increase due to expected rises in solar lease payments. Restricted other outgo is projected to increase due to expected rises in Special Education costs of 10% each year.
- (I) Transfers-out are estimated to decrease relating to a reduction of transfers to the Capital Outlay Fund (Fund 40).
- (J) Increase of contributions to restricted programs is due to projected step and pension changes relating to the restricted portion of the general fund; increased Special Education costs noted above; expiration of foundation-funded activities; and increased transfers to Restricted Routine Maintenance.

# Reserves & Assignments

## **Estimated Ending Fund Balance - \$14,615,026**

Non-Spendable - \$23,768

Restricted - \$390,606

Assigned - \$9,046,195

- 2020-21 Operating Deficit (Unrestricted) - \$1,266,490
- 2021-22 Operating Deficit (Unrestricted) - \$529,705
- Textbook Adoption Purchases (Next Gen Science Standards) - \$500,000
- Temporary Student Housing Units due to peak enrollment growth - \$1,000,000
- Fund 40 (Capital Outlay) operating deficits due to large facilities projects - \$2,000,000
- Information Technology infrastructure maintenance and modernization projects - \$750,000
- Additional Reserves above minimum REU requirement, per Board Policy - \$5,393,790

Unassigned - 3% minimum reserve for economic uncertainty (REU) - \$2,771,700

Unassigned (Other) - \$2,382,757

# Start with the End... Summary of Multi-Year Projections

	2018-19	2019-20	2020-21	2021-22
<b>Operating Deficits</b> (June 2018)	<b>\$(7.8M)</b>	<b>\$(8.7M)</b>	<b>\$(9.7M)</b>	-
<b>Ending Fund Balance/Reserve</b> (June 2018)	\$8.6M (6.5%)	\$1M (1.1%)	<i>Insolvent by Oct.</i>	-
<b>Operating Deficits/Surplus</b> (March 2019)	<b>\$(4.1M)</b>	\$421k	<b>\$(160k)</b>	-
<b>Ending Fund Balance/Reserve</b> (March 2019)	\$13.6M (13.6%)	\$14.0M (14.4%)	\$13.8M (13.7%)	-
<b>Operating Deficits/Surplus</b> (June 2019)	<b>\$(3.4M)</b>	\$201k	<b>\$(1.3M)</b>	<b>\$(529k)</b>
<b>Ending Fund Balance/Reserve</b> (June 2019)	\$14.0M (14.6%)	\$14.2M (15.4%)	\$12.9M (13.4%)	\$12.4M (12.5%)

# Uncertainties & Prudence

- 2019-20 enrollment growth is currently 100 ninth graders larger than projected in January 2019
- Increasing enrollment for two more years
- Eventual downturn in the economy (every 8-10 years) & impact of property tax revenues
- With new Governor, the trend of regular 'one-time' revenues is expected to end
- STRS and PERS annual increases larger than revenue increases
- Statewide trend of Special Education costs increases (unfunded mandate)
- Given all \$5.8M expenditure reductions are assumed ongoing, staff need to monitor to ensure practice continues align with this policy
- Class size MOU & both parcel taxes expire in June 2022

***While the current MYP shows a balanced budget in '19-20, there is still 'downward budgetary pressure'. Given the above, a return to deficit spending is currently projected for '20-21 & '21-22 and 5-year horizon.***

# Budget Calendar & Key Dates

June 2019	TUHSD must adopt a budget by June 30th State of CA enacts budget by June 30th
August 2019	Once State budget is enacted, any significant budget revisions will be brought to Board
September 2019	Unaudited Actuals Budget Report for 2018-19
December 2019	1st Interim Budget Report for 2019-20

# Proposed Budget Certification

- Per AB 1200
- *The proposed 2019-20 Budget projection indicates that, as defined in AB 1200, “the district **will** be able to meet its financial obligations for the current fiscal year and subsequent two years.”*

***The District is self-certifying as “Positive”***

# Potential Parcel Tax Renewal Timeline

## **March 3rd, 2020 - Potential Parcel Tax Election**

November 19th - Last TUHSD Board Meeting to pass Parcel Tax Resolution to file before 12/6 deadline to get on March 3rd ballot

October 29th - Targeted TUHSD Board Meeting to pass Parcel Tax Resolution

October 8th, 2019 - First draft of TUHSD Parcel Tax Resolution discussed in open session

September 10th & 24th - Discussion of polling results and potential ballot measure

August 27th - Godbe Research to present poll results

August - Community information mailer on work of the District

July 8th-July 26th - Polling conducted

June 25th - LCAP & Budget Adoption

June 11th-June 28th - develop polling questions

June 11th - Public Hearing & Discussion on LCAP/Budget Proposal - discussion around Parcel Tax (direction to staff for polling/Godbe)

May 28th - Potential Parcel Tax agenda item on timelines & information

# Questions? Comments?



*Special thanks to our Business Office Team for their work to help prepare this report!*