

Tamalpais Union High School District

Proposed Budget

2016-17 Fiscal Year

June 7, 2016

Board of Trustees:
Michael Futterman, President
Laura Anderson, Clerk
Chuck Ford
Leslie Lundgren
Barbara Owens



Presentation Highlights

- Budget Hearing and Adoption Requirements
- Highlights of State Budget
- Local Control Funding Formula (LCFF) as a Community Funded District
- Budget Assumptions
- 2016-17 Budget and Projections
- Conclusions



Budget Adoption Process

- Public hearings on the LCAP and the budget shall be held “well before” the budget adoption
- School districts shall adopt a budget by July 1
- The governing board shall file the budget with the County Superintendent
- By August 15 the County Superintendent shall approve or disapprove the adopted budget

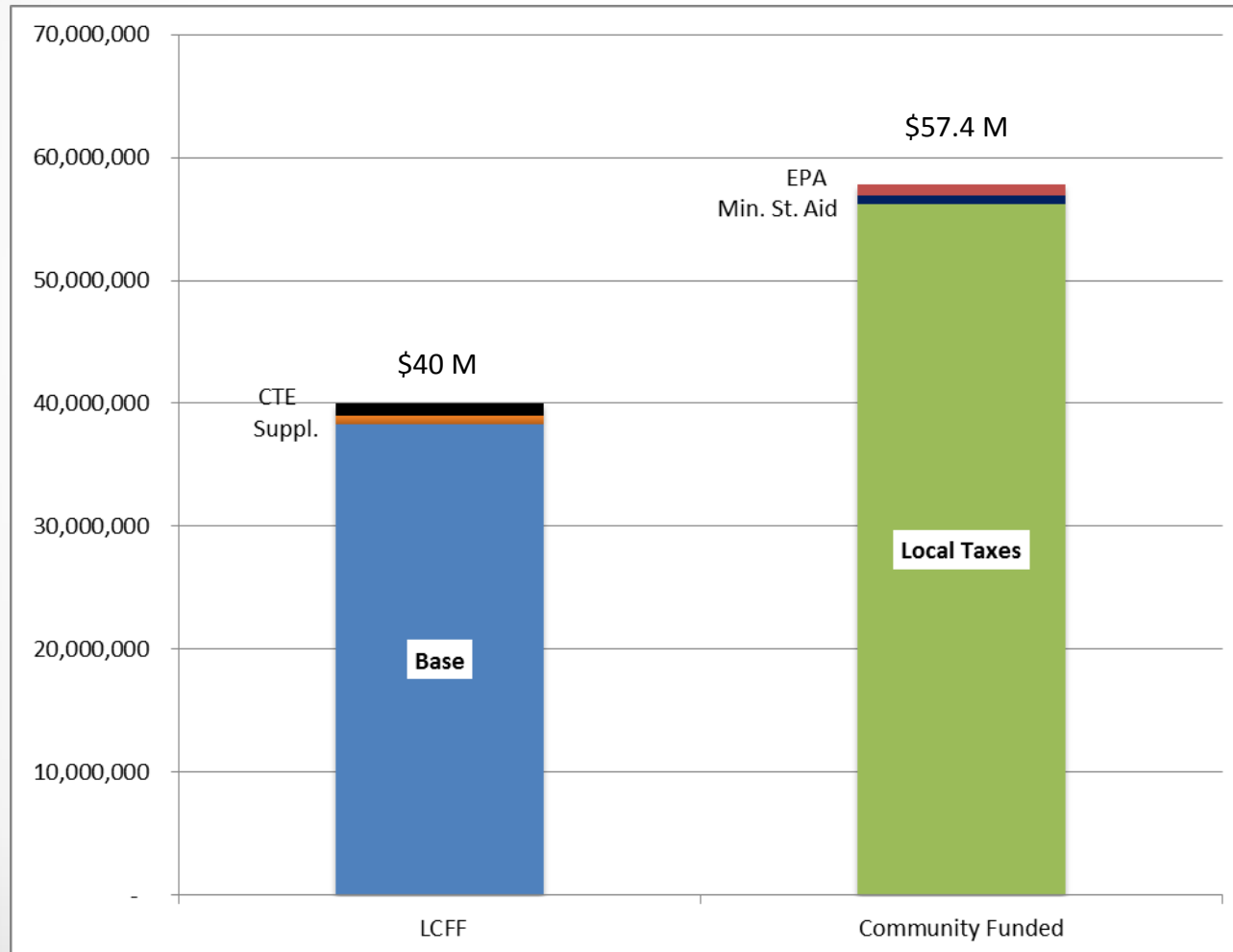


State Budget Highlights

- The State is making rapid progress to full LCFF implementation.
- \$2.98 Billion increase for LCFF – funding 55% of remaining implementation gap.
- Under LCFF, a “basic aid district is defined as a district that does not receive state aid to fund the entitlement for transition to the LCFF”.
- No COLA for K-12 education programs.
- Provides one-time discretionary funding of \$237 per ADA.
- No statement on the statewide school bond, but does propose a \$100 m revolving loan program for emergency repair.

Tamalpais Unified remains a Community Funded Basic Aid District

Reliant mostly on local tax revenues for school programs



As a Community Funded Basic Aid District

Tamalpais does not receive state aid to fund LCFF

2016-17 funding levels at target

LCFF formula:

	Base at Target			8.00% Supplemental @ 20%			Additional	
	2015-16	Projected	base	2015-16	20%	Supp.	10.40%	2.60%
	<u>base</u>	<u>ADA</u>	<u>funding</u>	<u>Undupe.</u>	<u>base</u>	<u>funding</u>	<u>CSR</u>	<u>CTE</u>
K-3	7,083	0	-	-	1,417	-	-	
4-6	7,189	0	-	-	1,438	-		
7-8	7,403	0	-	-	1,481	-		
9-12	8,578	4,469	38,335,082	369	1,716	633,056		996,712
		4,469	<u>38,335,082</u>	<u>369</u>		<u>633,056</u>		<u>996,712</u>

LCFF Target:

Base	38,335,082
CTE	996,712
Suppl.	633,056
Total Revenues	<u>39,964,851</u>

Basic Aid:

Local Tax Revenues	56,176,284
EPA	893,760
Minimum State Aid	704,071
Subtotal LCFF Rev.	57,774,115
Def. Maint. Transf.	<u>(357,000)</u>
Net LCFF Revenues	<u>57,417,115</u>

Key Assumptions 2016-17 - ADA and Revenue

- ADA grows 5.4% to total 4,469
 - 17-18 5.2% = 4,701
 - 18-19 5.6% = 4,963
- Property taxes grow 6.6% to total \$56,176,284
 - 17-18 4.9% = \$58,916,868
 - 18-19 4.9% = \$61,794,482
- Parcel taxes increase 2% to total \$9,609,335
- State one-time discretionary \$237 / ADA = \$1,005,313
- Education Protection Account \$200 / ADA = \$893,760

Key Assumptions 2016-17 - Expenditures

- \$34.3 million certificated salaries = 4.4% increase
 - Includes increase of 15.80 FTE
- \$10.0 million classified salaries = 1.7% increase
 - Includes increase of 3.45 FTE Paraeducators
- \$18.1 million benefits costs = 11.5% increase
 - STRS employer cost 12.58% (budget increased 15.9%)
 - PERS employer cost 13.888% (budget increased 13.2%)

General Fund 2016-17

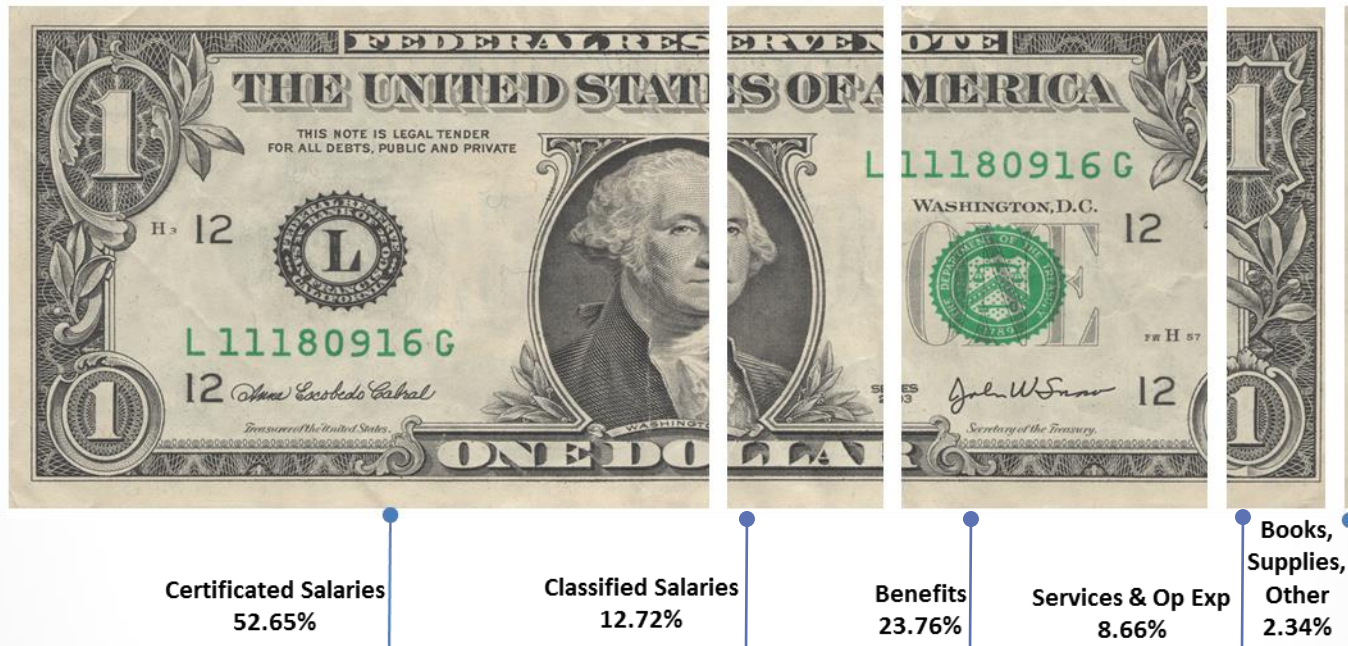
Revenues	\$74,842,323
Expenditures	(76,382,001)
Transfers In From Res. Non-Caplt. Outlay	100,000
Transfers out Community Ed	(111,720)
Transfers out Reserve for Capital Outlay	(270,000)
Transfers out Nutrition Services	(362,682)
Decrease in fund balance	(2,184,080)
Beginning fund balance	25,228,312
Ending fund balance	23,044,232

Components of ending balance:

Revolving cash	12,000
Restricted	201,132
Assigned: Enrollment Growth	20,517,306
Reserve for Econ. Uncertainties	2,313,793

2016-17 How we spend our funding

89% of the unrestricted budget is allocated to staff salaries and benefit costs



UNRESTRICTED COSTS

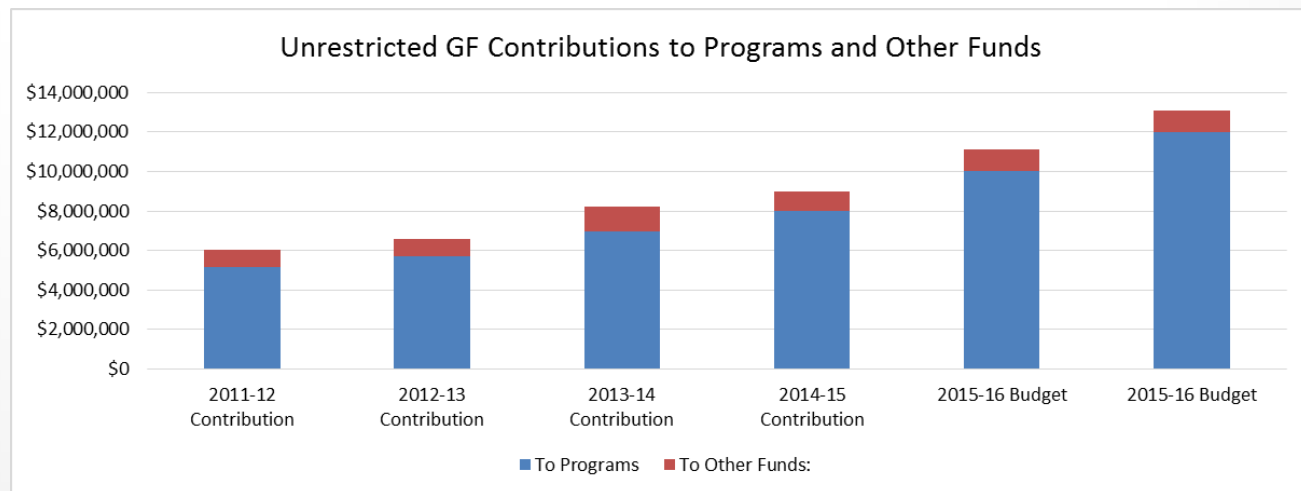
Certificated Salaries	30,972,151
Classified Salaries	7,483,199
Benefits	13,980,915
Services & Op Exp	5,091,993
Books, Supplies, Other	1,301,718
	<u>58,829,976</u>

TOTAL COSTS

Certificated Salaries	34,269,441
Classified Salaries	10,007,409
Benefits	18,098,168
Services & Op Exp	9,955,592
Books and Supplies	2,336,064
Other	1,715,327
	<u>76,382,001</u>

Rising costs drive contributions to restricted programs

	2011-12 Contribution	2012-13 Contribution	2013-14 Contribution	2014-15 Contribution	2015-16 Budget	2016-17 Budget
To Programs:						
Special Ed - Program	\$2,783,940	\$3,333,106	\$4,863,821	\$5,778,476	\$7,216,833	\$8,953,040
Ongoing & Major Maint	\$2,027,113	\$2,060,793	\$1,765,547	\$1,924,727	\$2,063,655	\$2,137,270
Special Ed - Transp	\$347,471	\$293,641	\$333,463	\$308,163	\$701,395	\$737,535
Other (Voc Ed, EIA, Title I, Title II)		\$0	\$0	\$1,694	\$55,727	\$159,503
	\$5,158,524	\$5,687,540	\$6,962,831	\$8,013,060	\$10,037,611	\$11,987,349
To Other Funds:						
Community Ed	\$79,760	\$99,044	\$59,718	\$120,952	\$97,782	\$111,720
Cafeteria	\$321,947	\$322,505	\$368,848	\$405,053	\$363,549	\$362,682
Deferred Maintenance	\$200,000	\$200,000	\$357,000	\$357,000	\$357,000	\$357,000
Sp. Reserve/Field Repl.	\$270,000	\$270,000	\$445,000	\$95,000	\$270,000	\$270,000
	\$871,707	\$891,549	\$1,230,566	\$978,005	\$1,088,331	\$1,101,402





Multi-Year Projection Assumptions

Revenues

1. Local Property Tax Revenues increase 6.6%, 4.9%, 4.9%
2. 2017-18 Reduction of \$1.0 M one-time State revenues
3. Parcel tax revenues increase 2.0%, 3.0%, 3.0%

Expenditures

1. Certificated step and column movement is 1.72%
2. Classified step movement is 1.77%
3. Savings from the 2015-16 retirements of 7.0 certificated and 4.9 classified staff is included in the projections
4. Enrollment increases by 244 in 2017-18 and 276 in 2018-19

Multi-Year Projection Assumptions - *continued*

Expenditures - *continued*

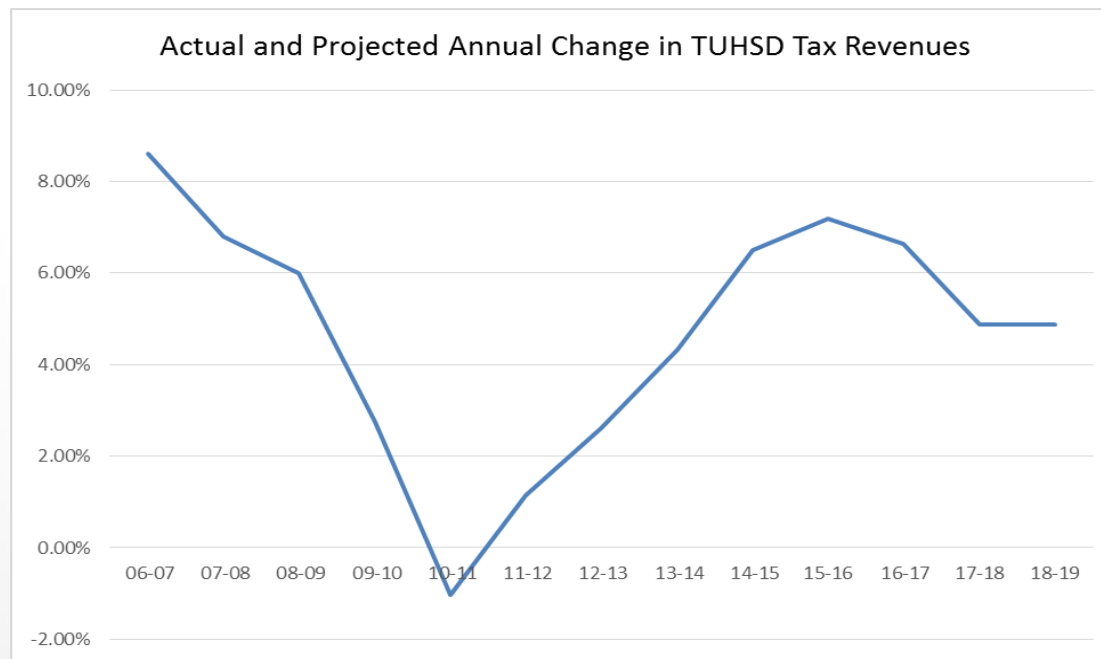
5. Certificated staff increases by 5.8 in 2017-18 and 12.2 in 2018-19
6. Wellness Centers grow by one 0.8 Outreach Specialist in 2017-18
7. Additional Classified staffing to be determined
8. CalSTRS and CalPERS employer rate increases annually
9. Health benefit costs increase 5% annually
10. Contributions to restricted programs increase as result of salary and benefit costs

Property Tax Revenues

Projection includes 7.2% increase in current year, 6.6% in budget year, 5.0% subsequent years

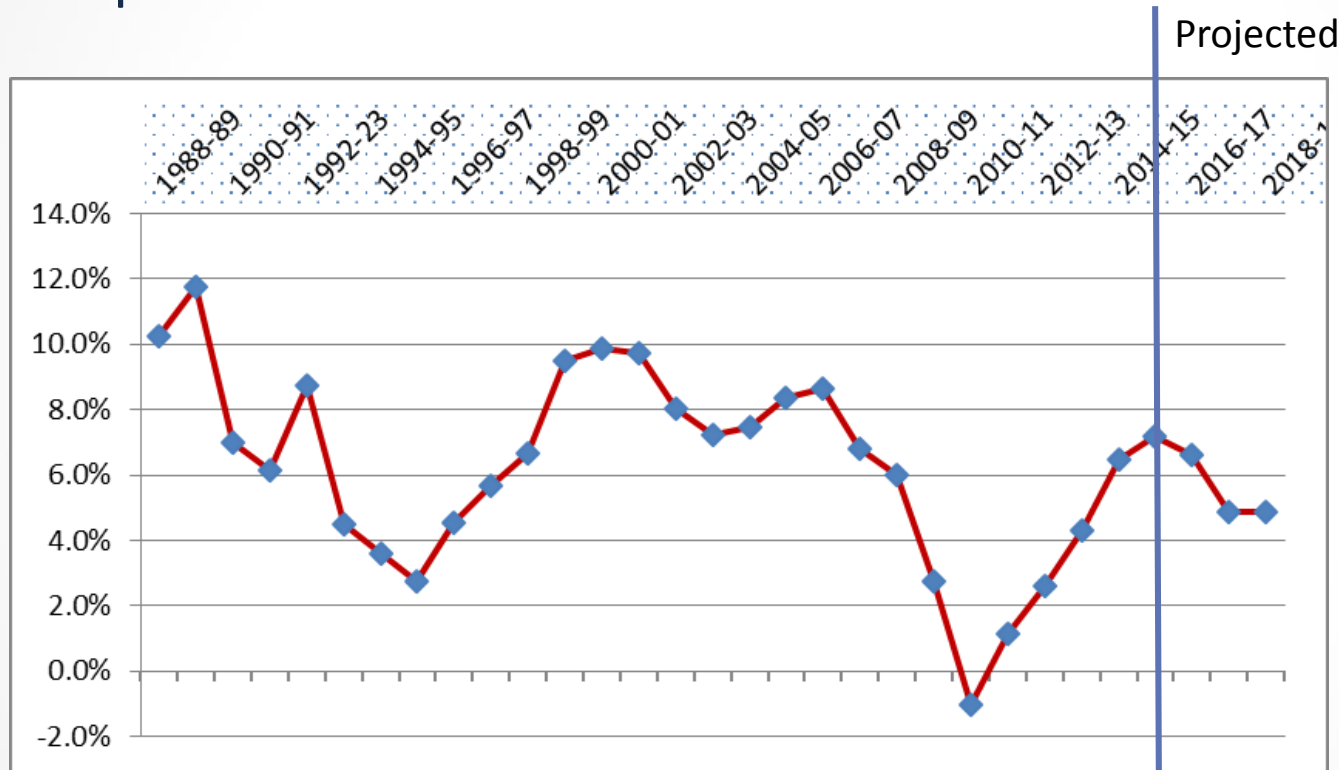


										Budget		Projection	
	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>
Homeowners' Exemptions	293,666	295,769	296,499	298,133	295,860	297,661	295,791	293,142	291,207	288,967	288,967	288,967	288,967
Other/In Lieu	7,493	3,867	-	-	-	-	-	-	-	-	-	-	-
Secured Roll Taxes	35,921,840	38,347,746	40,730,323	41,799,608	41,207,968	41,831,637	42,858,605	44,870,025	47,771,789	51,319,457	54,811,684	57,552,268	60,429,882
Unsecured Roll Taxes	780,097	836,204	864,919	926,715	927,198	940,924	941,403	957,844	1,013,776	1,075,633	1,075,633	1,075,633	1,075,633
Prior Yr./Supplemental	42,670	52,133	41,486	59,331	204,571	55,025	42,810	38,116	75,505	-	-	-	-
Community Development	-	25,513	-	-	-	-	108,055	-	3,713	-	-	-	-
	37,045,766	39,561,232	41,933,227	43,083,787	42,635,597	43,125,247	44,246,664	46,159,127	49,155,990	52,684,057	56,176,284	58,916,868	61,794,482
Change to Total Tax	8.60%	6.79%	6.00%	2.74%	-1.04%	1.15%	2.60%	4.32%	6.49%	7.18%	6.63%	4.88%	4.88%
Change to Secured Roll	9.30%	6.75%	6.21%	2.63%	-1.42%	1.51%	2.46%	4.69%	6.47%	7.43%	6.80%	5.00%	5.00%



Tax Revenues are volatile

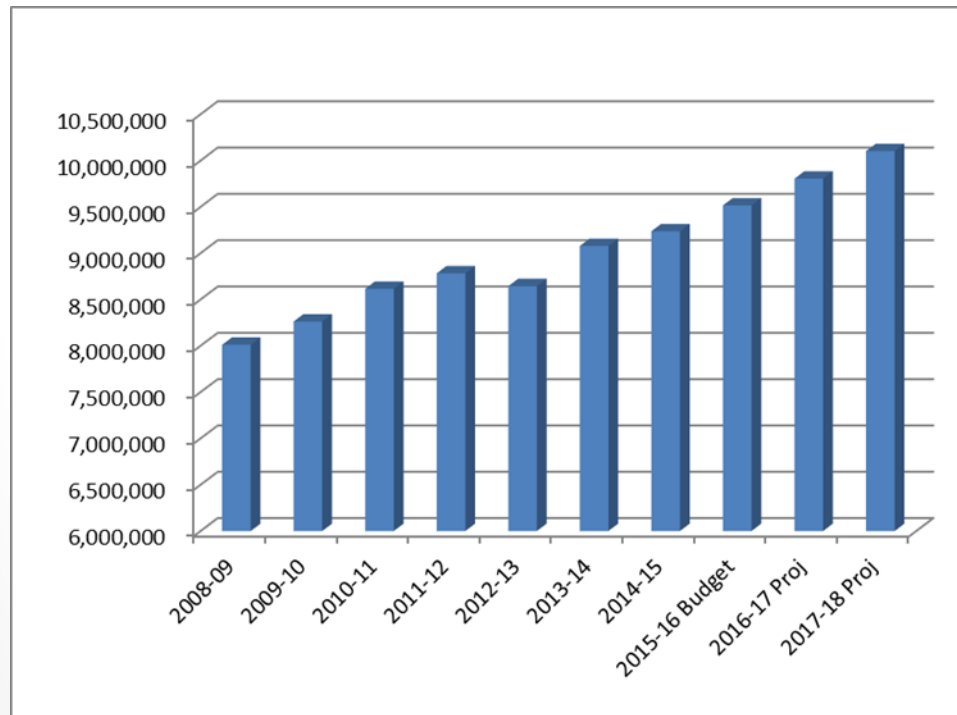
- Making it important to project carefully and maintain adequate reserves



Actual and projected annual change in TUHSD tax revenues

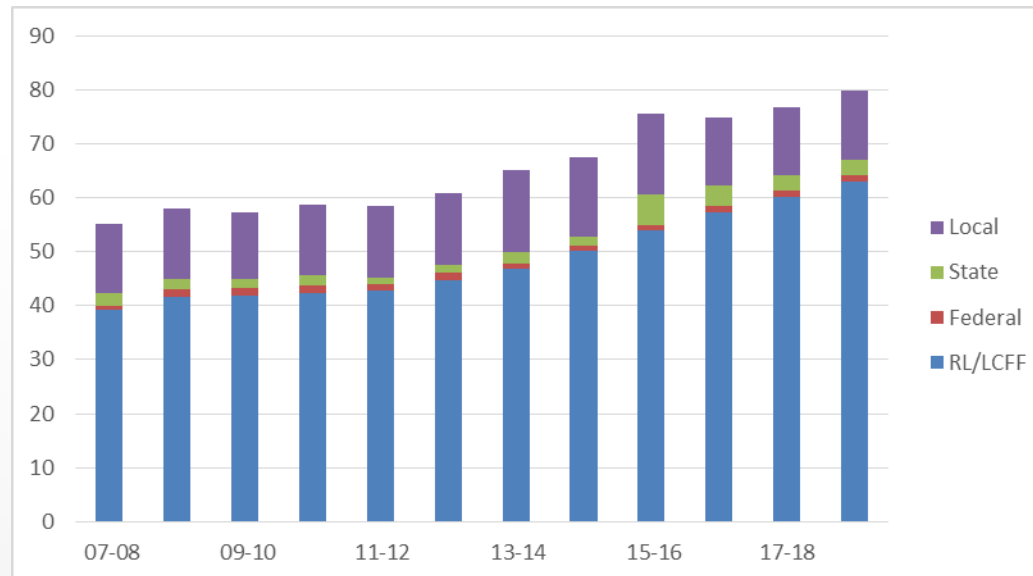
Parcel Tax Revenues- Projection includes 2% increase for 2016-17 and a 3% increase in subsequent years

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Estimated 2015-16	Budget 2016-17	Projection	
									2017-18	2018-19
Parcel Tax Revenue	8,262,252	8,615,349	8,782,054	8,644,033	9,078,386	9,236,194	9,420,917	9,609,335	9,801,521	10,095,567
\$ Increase	251,155	353,097	166,705	(138,021)	434,353	157,808	184,723	188,418	192,186	294,046
% Increase	3.1%	4.3%	1.9%	-1.6%	5.0%	1.7%	2.0%	2.0%	3.0%	3.0%



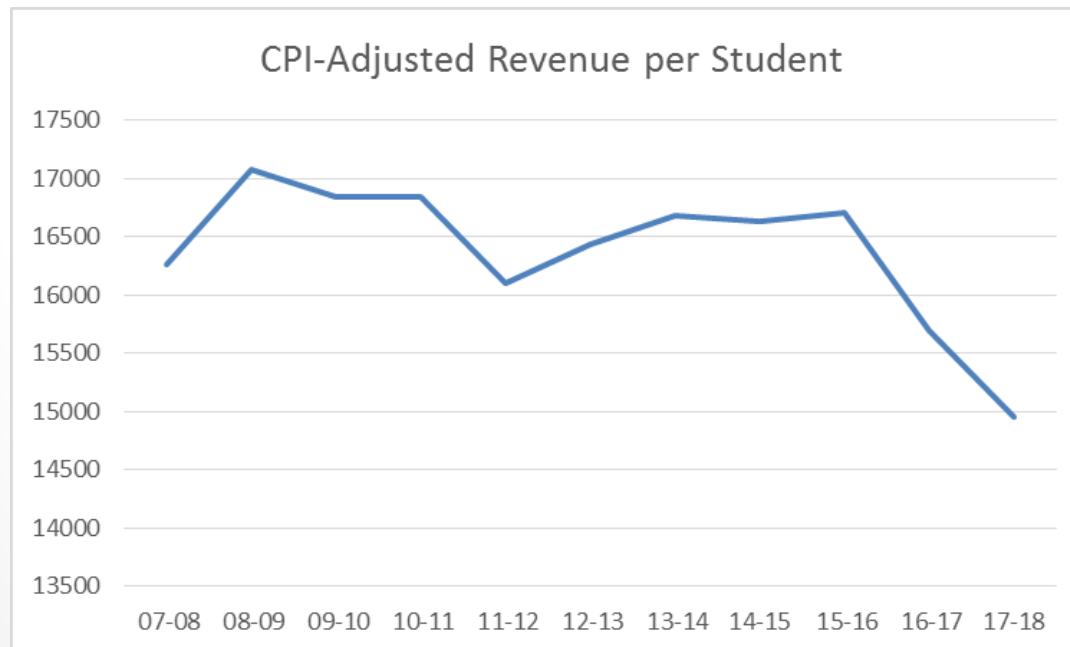
Total Revenues – 15-16 trend is altered due to GASB 60 (+\$1.5 million) and one-time funds (+\$2.5 million)

(\$000)	Actuals								Est. Actuals	Budget	Projection	
	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>
LCFF/Taxes	39,133	41,627	41,934	42,385	42,866	44,775	46,835	50,092	53,882	57,410	60,197	63,128
Federal	752	1,371	1,327	1,426	1,178	1,327	965	1,075	1,142	1,052	1,052	1,052
State	2,450	1,973	1,621	1,913	1,234	1,500	2,183	1,617	5,614	3,910	2,905	2,905
Local	12,787	12,950	12,361	12,999	13,122	13,259	15,060	14,764	14,899	12,470	12,619	12,913
Total	55,121	57,921	57,244	58,723	58,399	60,861	65,043	67,548	75,537	74,842	76,774	79,998
Change		5.1%	-1.2%	2.6%	-0.6%	4.2%	6.9%	3.9%	11.8%	-0.9%	1.6%	6.9%



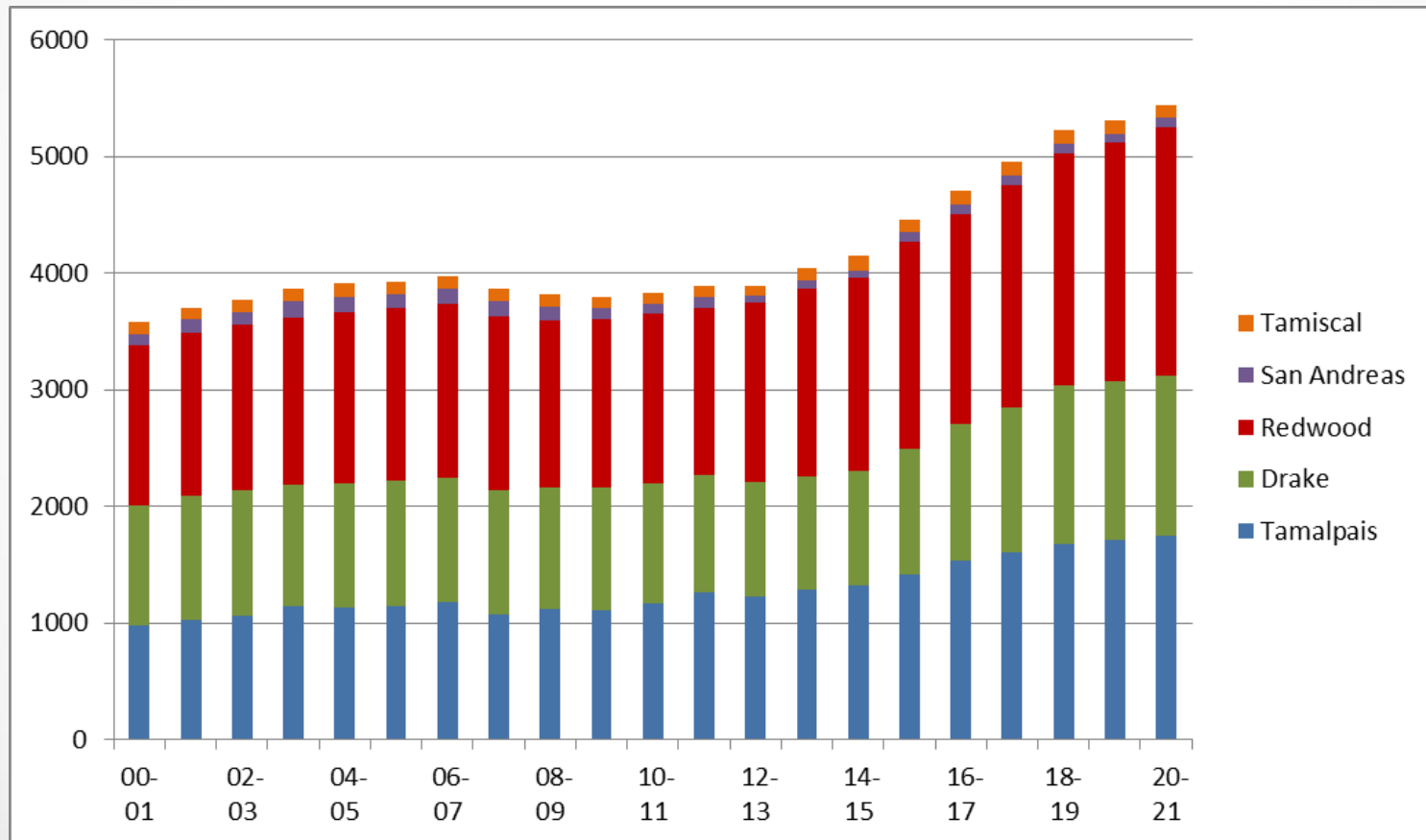
Total Revenue per student is projected to decline (adjusted by CPI)

Total Revenues (\$000)	Actuals							Est. Actuals		Projection		
	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>
	55,121	57,921	57,244	58,723	58,399	60,861	65,043	67,548	75,537	74,842	76,774	79,998
Enrollment	3,867	3,819	3,798	3,831	3,893	3,892	4,039	4,144	4,462	4,704	4,948	5,224
Adjusted \$ Revenue per Student to 15-16	\$ 16,100	\$ 16,908	\$ 16,678	\$ 16,673	\$ 15,935	\$ 16,270	\$ 16,520	\$ 16,466	\$ 16,929	\$ 15,575	\$ 14,829	\$ 14,255



Enrollment is projected to increase

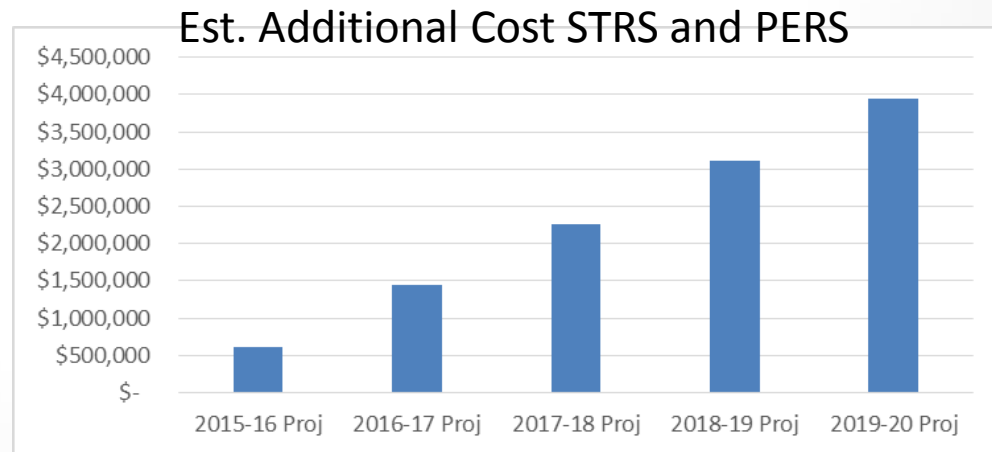
...from 4,462 in 2015-16 to 5,224 in 2018-19



Rising retirement benefit costs cause budget pressure

	2014-15 Actual	2015-16 Actual	2016-17 Projected	2017-18 Projected	2018-19 Projected	2019-20 Projected
CalSTRS Rates	8.880%	10.73%	12.58%	14.43%	16.28%	18.13%
CalPERS Rates	11.771%	11.85%	13.89%	15.50%	17.10%	18.60%

Estimated Projected Costs of CalSTRS and CalPERS Rate Changes (2019-20 salaries set to 2018-19 level)						
Certificated Salaries		\$32,824,934	\$34,269,441	\$35,201,241	\$36,497,441	\$36,497,441
Additional STRS		\$ 607,261	\$ 633,985	\$ 651,223	\$ 675,203	\$ 675,203
Classified Salaries		9,839,459	10,007,409	10,180,309	10,278,509	10,278,509
Additional PERS		\$ 7,478	\$ 204,251	\$ 164,107	\$ 164,456	\$ 154,178
Additional STRS + PERS		\$ 614,739	\$ 838,236	\$ 815,330	\$ 839,659	\$ 829,380
Increase over 2014-15 level		\$ 614,739	\$ 1,452,975	\$ 2,268,305	\$ 3,107,963	\$ 3,937,344
Cumulative Est. Cost Additional STRS & PERS			\$ 2,067,714	\$ 4,336,019	\$ 7,443,983	\$11,381,326



Multi-Year Projection

The Fund Balance declines due to projected deficit spending

In thousands (\$000)	Budget		
	Y1	Y2	Y3
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Revenues	\$74,842	\$76,774	\$79,998
Expenditures	(76,382)	(79,151)	(82,452)
Transfers in from Sp Res non Cap.	100	100	100
Transfers out Community Ed	(112)	(112)	(112)
Transfers out Cafeteria	(363)	(399)	(435)
Transfers out Sp Res Capital	(270)	(270)	(270)
Increase / (Decrease) in fund bal.	(2,184)	(3,057)	(3,170)
Beginning fund balance	25,228	23,044	19,987
Ending fund balance	23,044	19,987	16,817
<i>Components of ending bal:</i>			
Revolving cash	12	12	12
Restricted	201	-	-
Reserve for Econ. Uncertainty	2,314	2,398	2,498
Remaining Fund Balance	20,517	17,577	14,307
End Fund Balance %	27.1%	22.4%	17.5%

Remaining Funds

Tamalpais Union High School District				
Other Funds of the District				
Budget Adoption 2016-17				
Fund Number and Description		Beg. Fund Balance July 1, 2016	2016-17 Change	Est. Ending Fund Balance June 30, 2017
11	Adult Ed and Community Ed Fund	\$105,444	(\$36,946)	\$68,498
13	Cafeteria Fund	\$14,755	\$0	\$14,755
14	Deferred Maintenance Fund *	\$1,527,614	\$0	\$1,527,614
17	Special Reserve for Other Than Capital Outlay	\$991,090	(\$99,000)	\$892,090
19	Foundation Special Revenue Fund	\$50,583	\$0	\$50,583
21	Building Funds	\$0	\$0	\$0
40	Special Reserve for Capital Outlay	\$2,043,447	\$77,251	\$2,120,698
67	Self Insurance Fund	\$60,478	\$0	\$60,478
* District continues funding Deferred Maintenance at the level of \$357,000 per year.				

Key Budget Risks

- **Deficit spending is not sustainable**

The projections reflect continued and increasing deficit spending. If future revenues do not increase, changes in program would be required.

- **Enrollment continues to increase**

Requiring staffing, facilities and supplies.

- **Retirement pension costs will escalate**

District costs for STRS and PERS are projected to be approximately \$4 million higher in 2019-20.

- **Tax revenues are variable**

Each 1% in secured roll taxes represents \$548,000.



Reserve Disclosure

2016-17 Budget Adoption Reserves				
Substantiation of need for reserves greater than the state required minimum reserve for economic uncertainty				
District: Tamalpais Union High School District				
The governing board of a school district that proposes to adopt a budget that includes a combined assigned and unassigned ending fund balance in excess of the minimum recommended reserve for economic uncertainties, shall, at the Budget Adoption public				
The minimum recommended reserve for economic uncertainties;				
The combined assigned and unassigned ending fund balances that are in excess of the minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget; and				
A statement of reasons to substantiate the need for reserves that are higher than the minimum recommended reserve.				
		2016-17	2017-18	2018-19
Total General Fund Expenditures & Other		\$ 77,126,403	\$ 79,830,903	\$ 83,168,203
Minimum Reserve requirement	3%	\$ 2,313,792	\$ 2,394,927	\$ 2,495,046
General Fund Combined Ending Fund		\$ 23,044,232	\$ 19,987,023	\$ 16,817,128
Special Reserve Fund Ending Fund Balance		\$ 892,090	\$ 792,090	\$ 692,090
Components of ending balance:				
Nonspendable (revolving, prepaid, etc.)		\$ 12,000	\$ 12,000	\$ 12,000
Restricted		\$ 201,132	\$ 0	\$ 0
Committed		\$ -	\$ -	\$ -
Assigned		\$ 21,409,396	\$ 18,369,113	\$ 14,999,117
Reserve for economic uncertainties		\$ 2,313,793	\$ 2,398,000	\$ 2,498,100
Unassigned and Unappropriated		\$ -	\$ -	\$ -
Subtotal Assigned, Unassigned & Unappropriated		\$ 23,723,189	\$ 20,767,113	\$ 17,497,217
Total Components of ending balance		\$ 23,936,322	\$ 20,779,113	\$ 17,509,218
		TRUE	TRUE	TRUE
Assigned & Unassigned balances above the minimum reserve requirement		\$ 21,409,397	\$ 18,372,186	\$ 15,002,171
Statement of Reasons				
The District's Fund Balance includes assigned, unassigned and unappropriated components, that in total are greater than the Minimum Recommended Reserve for Economic Uncertainties because:				
Projected deficit spending due to enrollment growth.				

Conclusions

- Projections confirm the District will be able to meet financial obligations in the three year projection.
- The District is projected to deficit spend, and if revenues do not increase, the District will work with stakeholders to plan program changes.
- The Budget is filed with a positive certification.



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