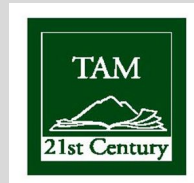




TAMALPAIS UNION HIGH SCHOOL DISTRICT

2022-23 1st Interim Budget Report

December 13, 2022



Why do a 1st Interim budget report?



- The 1st Interim reports:
 - Actual financial activity from July 1st through October 31st
 - Projects financial activity through June 30th
- Comparison: Adopted Budget (June) vs. 1st Interim Budget (December)
- Provides an opportunity to:
 - Revise the budget based on any significant changes since the budget adoption in June
 - 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”

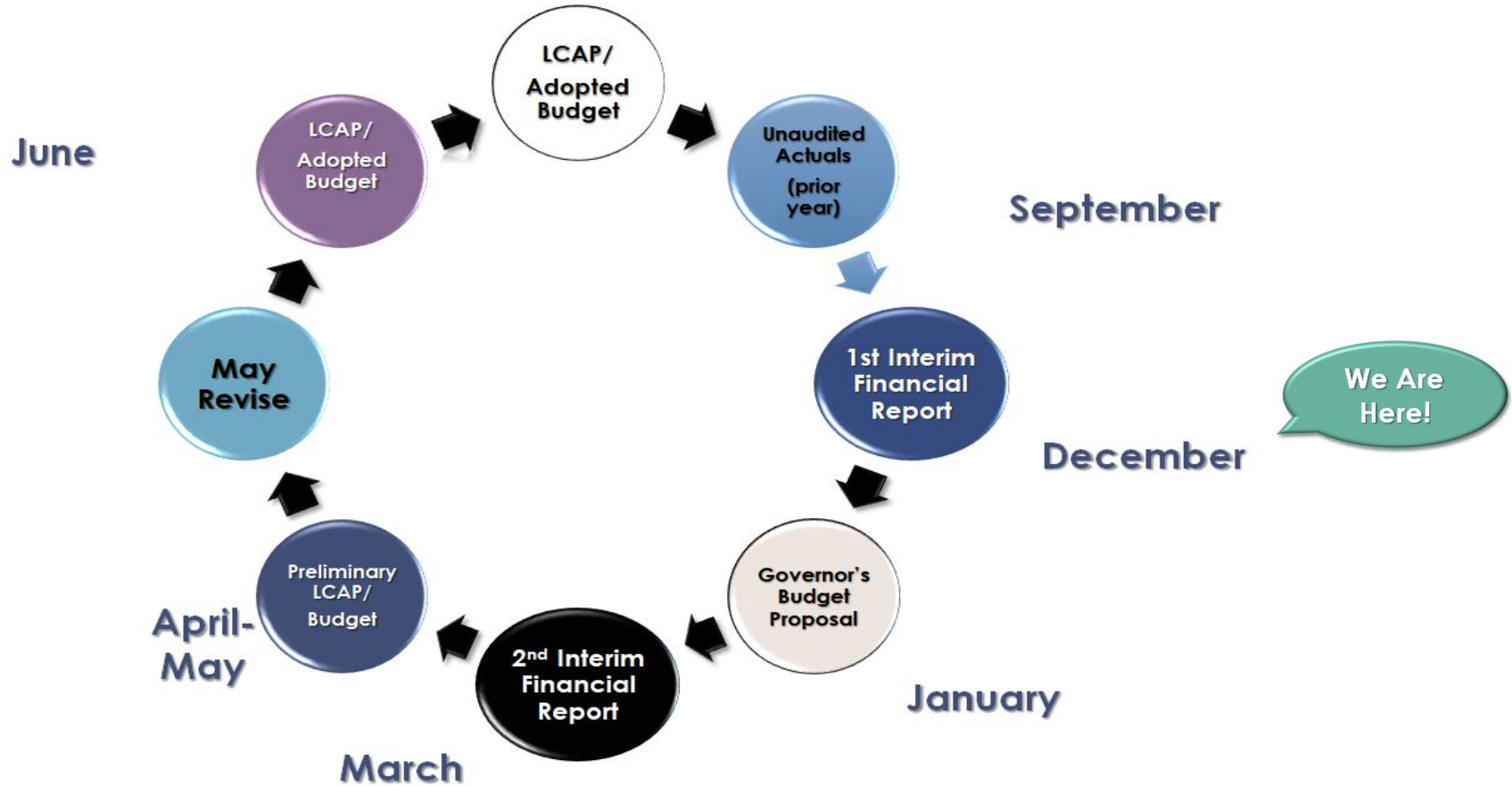
Agenda

- Budget Reporting Cycle
- Start with the End: *Where were we in June and now in December?*
- 2022-23 Budget: Revenue, Expenditures & Reserves - *What has changed since June?*
- Multi-Year Projection - *Where are we going?*
- Uncertainties and Next Steps
- Questions & Comments



Budget Reporting Cycle

Budget Reporting Cycle

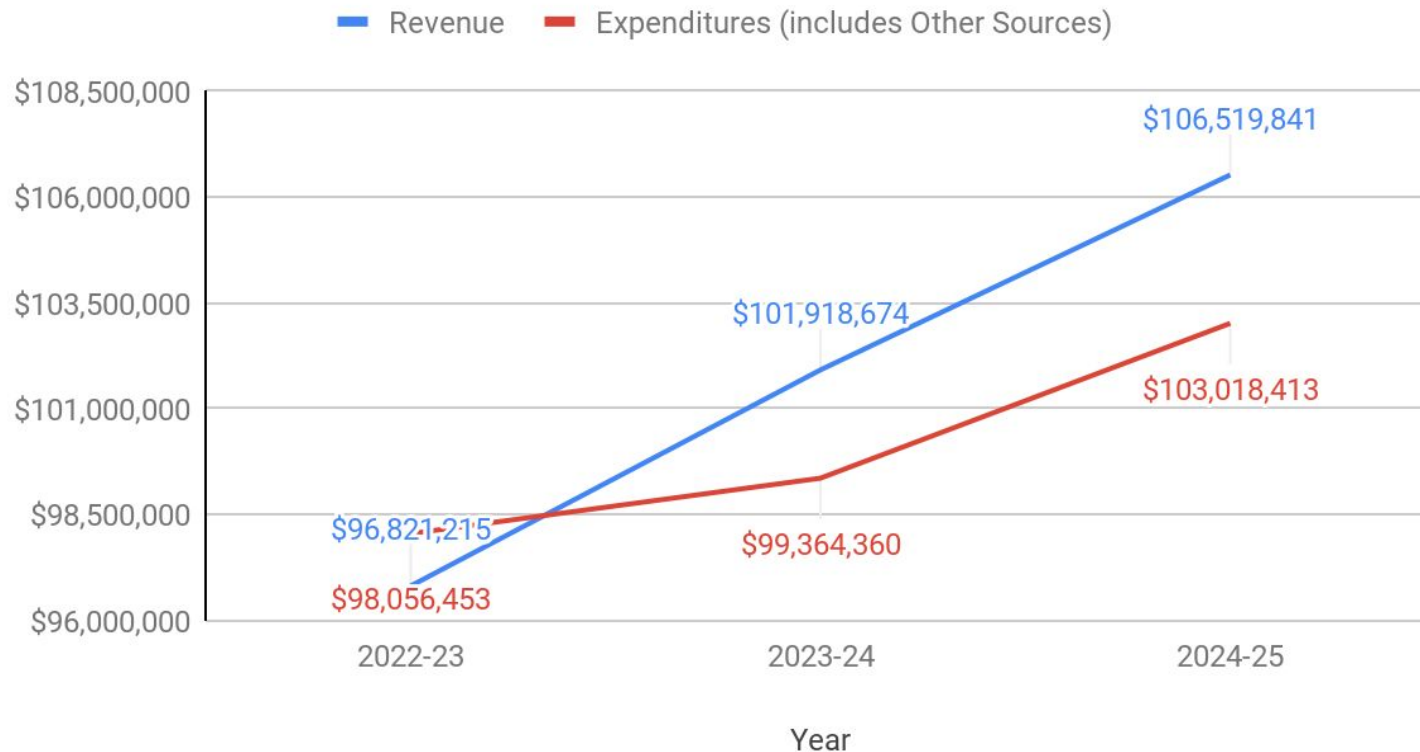


Start with the End...

Where were we in June and now in December?

Summary of Multi-Year Projections

TUHSD Revenue and Expenditures (Unrestricted)



Summary of Multi-Year Projections

	2022-23	2023-24*	2024-25*
Operating Surplus (Deficit) (June 2022)	\$(714k)	\$2.5M*	\$3.5M*
Ending Fund Balance/Reserve (June 2022)	\$21.9M (20.0%)	\$24.4M (22.3%)	\$27.9M (24.8%)
Operating Surplus (Deficit) (Dec 2022)	\$(1.2M)	\$2.6M*	\$3.5M*
Ending Fund Balance/Reserve (Dec 2022)	\$22.1M (19.2%)	\$24.7M (22.3%)	\$28.2M (24.7%)

Key Assumptions: * Figures do not include any potential increase in staff compensation (cost of 1% raise = \$623k)

Revenue

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 \$22M over the LCFF entitlement

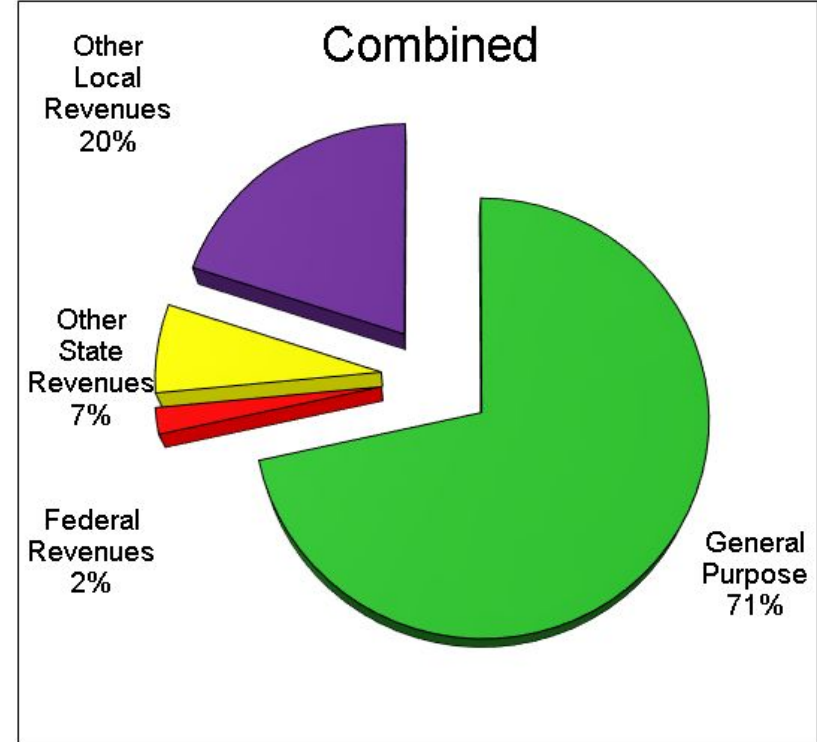
- Formerly referred to as 'Revenue Limit'
- District is entitled to a calculated revenue entitlement
- Comprised of both local property taxes and state aid
- When property taxes do not meet the calculated revenue entitlement, then the State makes up the shortfall with additional funding up to the calculated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



Sources of 2022-23 General Revenue (combined)

- General Purpose \$ 78,131,002
 - Property taxes, EPA, Minimum State Aid
- State Funding \$ 7,171,336
 - Lottery, Special Education, etc
- Federal Funding \$ 2,131,742
 - Title funding, IDEA, etc.
- Local Revenue \$ 21,793,753
 - Parcel tax, Foundations, facilities fees, etc.

TOTAL: \$ 109,227,833



Key Budget Assumptions - Unrestricted Revenues

Property Tax Revenue growth rates:

Year	2022-23	2023-24	2024-25
Growth Rate Projection (%)	6.15%	6.15%	5.15%

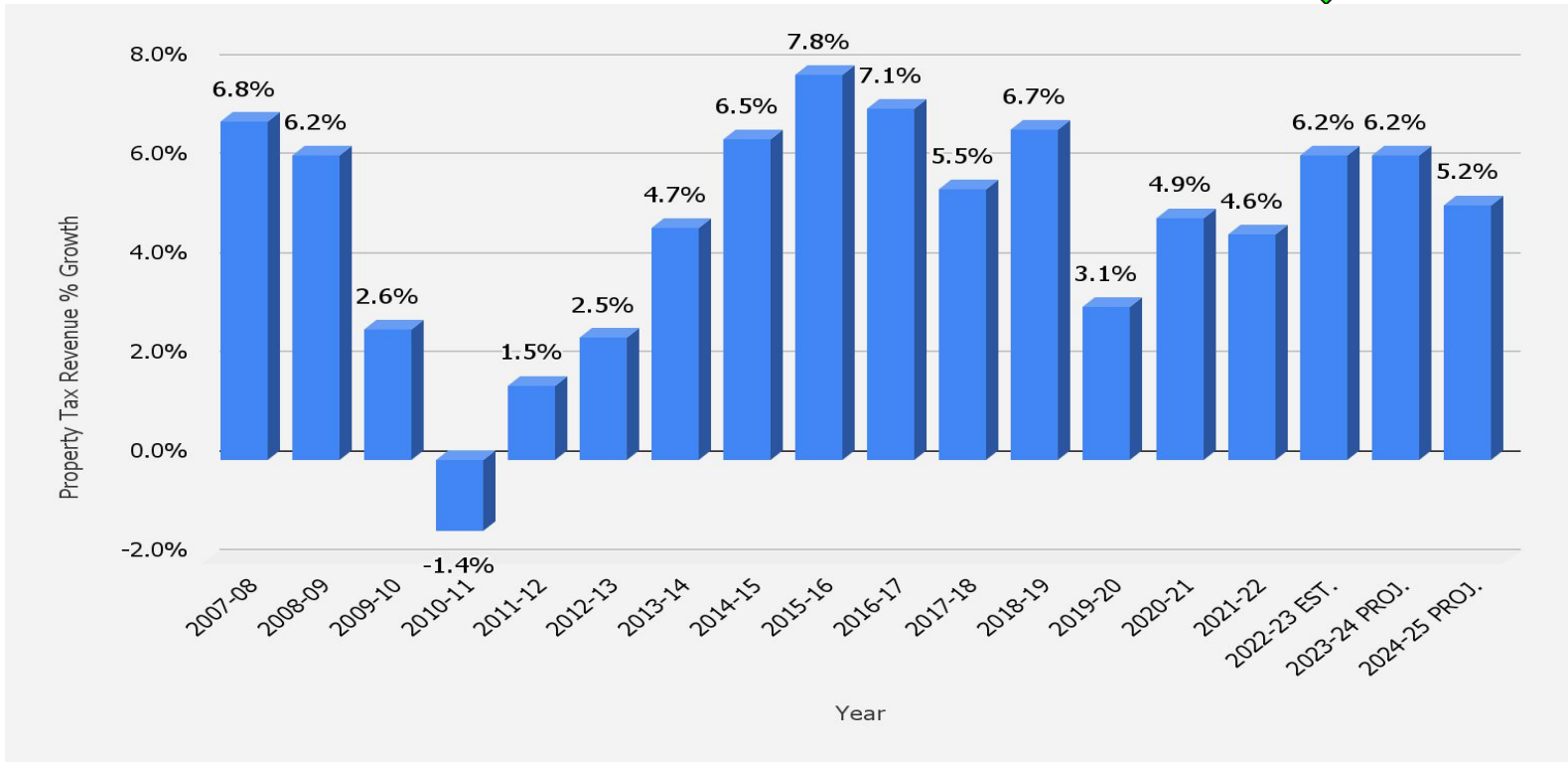
Note: 1% of property tax revenue = \$768k

Parcel Tax Revenue:

- Increase of 3% with annual inflation adjustment
 - Actual amount depends on volume of Senior Exemptions
- 2022-23 Parcel Tax revenue projected to be \$17.0M

TUHSD Historical Secured Property Tax Revenue Growth

Source: County of Marin Dept of Finance



Key Budget Assumptions - Other Revenues



State revenue: (as mentioned at 45-day budget revision report in August 2022)

- One-time funding of \$1.2M in Learning Recovery Emergency Block Grant
- One-time funding in Arts, Music, & Instructional Materials Discretionary Block Grant
 - Amount estimated to be \$3.2M

* Note: Above to be accounted for at 2nd Interim in March 2023

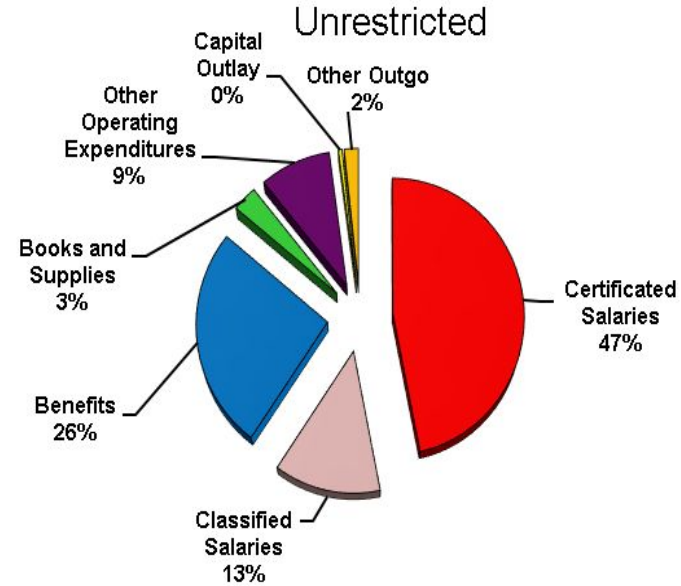
Federal revenue: No significant changes

Local revenue: No significant changes

Expenditures

General Fund Expenditures

Description	Unrestricted	Combined
Certificated Salaries	\$35,420,192	\$42,744,885
Classified Salaries	\$9,727,421	\$14,140,211
Benefits (Payroll Taxes and Health & Welfare Contributions)	\$19,772,939	\$30,176,163
Books and Supplies	\$2,334,386	\$7,066,573
Other Operating Expenditures	\$6,756,069	\$16,593,558
Capital Outlay	\$339,916	\$545,247
Other Outgo	\$1,342,229	\$2,779,835
TOTAL	\$75,693,152	\$114,046,472



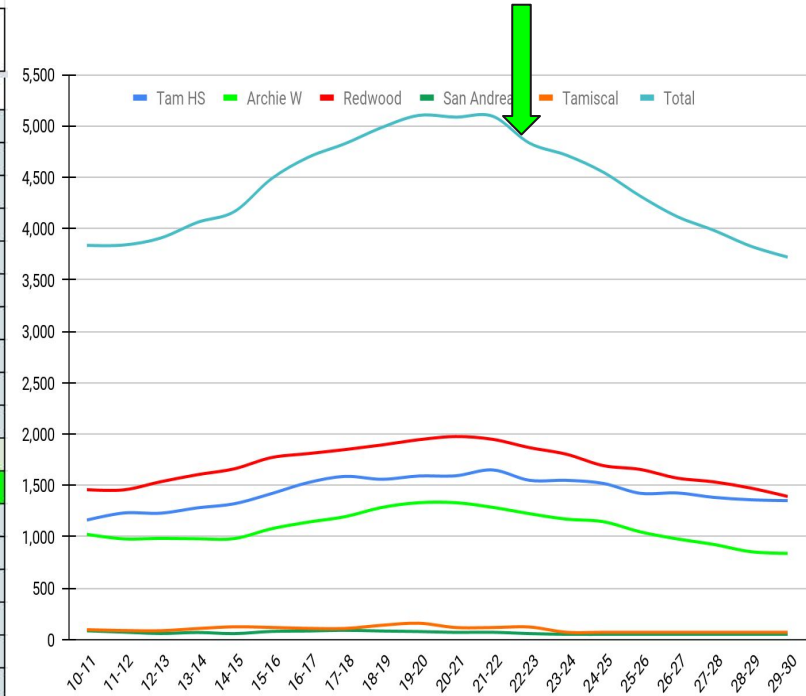
Salaries and benefits comprise approximately 86% of the District's unrestricted expenditures, and approximately 76% of the combined General Fund expenditures.

TUHSD Enrollment Projections (by site)

Updated: Dec 2022

Cohort Survival Method

School Year	Tam HS	Archie W	Redwood	San Andreas	Tamiscal	NPS	Total	Change in students	Percent Change
10-11	1,162	1,023	1,458	84	95	14	3,836		
11-12	1,231	979	1,456	71	87	15	3,839	3	0.1%
12-13	1,229	984	1,535	58	85	16	3,907	68	1.7%
13-14	1,281	980	1,604	68	106	21	4,060	153	3.8%
14-15	1,321	982	1,661	57	123	21	4,165	105	2.5%
15-16	1,419	1,077	1,770	78	117	22	4,483	318	7.6%
16-17	1,527	1,142	1,809	82	108	25	4,693	210	4.7%
17-18	1,587	1,195	1,848	89	107	21	4,826	133	3.2%
18-19	1,559	1,285	1,893	82	138	27	4,984	158	3.3%
19-20	1,591	1,331	1,944	77	158	26	5,101	117	2.3%
20-21	1,593	1,331	1,975	69	116	29	5,084	-17	-0.3%
21-22	1,650	1,286	1,948	70	116	23	5,093	9	0.2%
22-23	1,549	1,224	1,867	57	121	21	4,831	-262	-5.1%
23-24	1,549	1,171	1,803	50	70	21	4,714	-117	-2.4%
24-25	1,519	1,146	1,692	50	70	21	4,548	-166	-3.5%
25-26	1,423	1,048	1,655	50	70	21	4,316	-232	-5.1%
26-27	1,426	979	1,571	50	70	21	4,117	-200	-4.6%
27-28	1,383	925	1,534	50	70	21	3,982	-135	-3.3%
28-29	1,360	854	1,473	50	70	21	3,828	-154	-3.9%
29-30	1,351	838	1,392	50	70	21	3,722	-106	-2.8%



Key Budget Assumptions - Expenditures

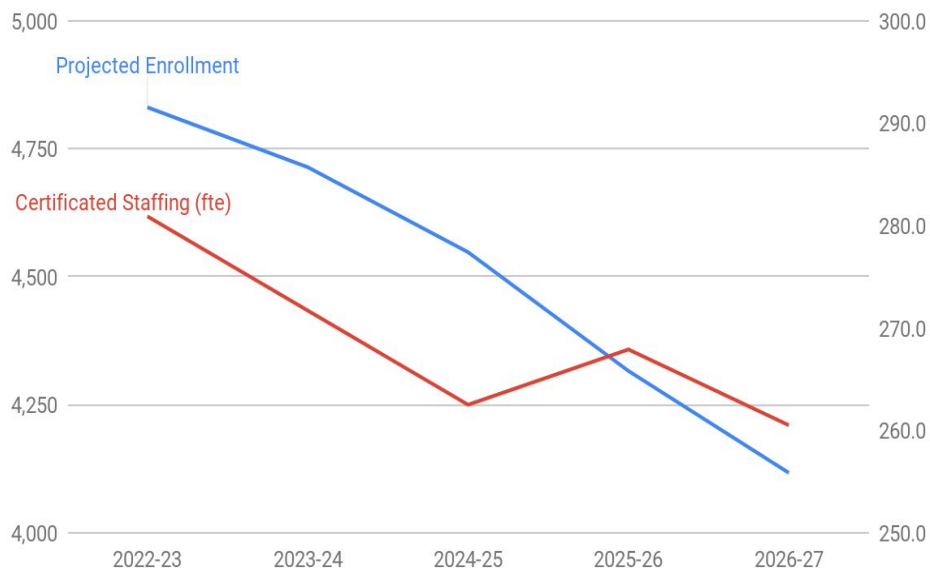
Enrollment & Certificated Staffing projections:

School Year	Projected Enrollment	Difference from Prior Year	Certificated Staffing (fte)	Difference from Prior Year
2022-23	4,831	-	280.9	
2023-24	4,714	-117	271.7	-9.2
2024-25	4,548	-166	262.5	-9.2
2025-26	4,316	-232	267.9 *	+ 5.4 *
2026-27	4,117	-199	260.5	-7.4

Notes:

* - Expiration of extended 'Class Size increase' MOU (assumes return to lower class size ratios)

TUHSD Projected Enrollment & Certificated Staffing



Key Budget Assumptions - Expenditures (cont'd)



- TFT- & CSEA-represented employee groups have settled on compensation through 2022-23, but not in 2023-24 & beyond
 - Future cost of a 1% raise in 2023-24 estimated to be approximately \$623k
- Step & Column increases are 1.77% for Certificated and 2.76% for Classified from 2021-22
- State STRS/PERS Pension employer one-time relief ended in 2021-22 (*later slide*)
- Health & Welfare employee benefit increases up 7.9% in 2022-23 and assumed 5% annually thereafter
- Insurance rates changes: property: +20%, liability: +9%, cyber: +9%, workers' compensation: -6%
- Utilities expenses projected to increase 4% annually (i.e. MMWD, PG&E, etc)
- Continued historic trend of Special Education costs average annual increase of \$1.1M (*later slide*)

2022-23 Reinvestment in 'Teaching & Learning' and Sustainability



- Return of site Learning Leadership Team (LLT - formerly Teacher Leader) model
 - MTSS Intervention Coordinators (temp), Instructional Coach release periods (temp), increased AVID stipends, professional development
- Additional Wellness Interns at comprehensive site and Wellness Coordinator at alternative sites
- Addition of three Deans of Student Success (temp) at comprehensive high schools
- HR department reorganization (i.e. Director of HR, Confidential Administrative Assistant)
- Return of a Groundsperson & additional Nutrition worker
- Investment in Athletics (i.e. athletic directors, clerks, coaches stipends, more assistant coaches, site budgets)
- 4th Campus Supervisor at Tam High (temp for 2022-23 only using Foundation/grant funds)
- Return of Assistant Superintendent of Educational Services (in 2023-24)

STRS & PERS Pension Employer Rates & Costs

- In 2013, pension rates were re-calculated based on the Public Employee Pension Reform Act that restructured retirement age and benefits
- Compared to 2013-14, increased pension employer rates & costs have more than doubled
- State Budget provided pension relief in 'one-time' savings of \$1,068,000 for 2020-21 & 2021-22 has now expired

CalPERS Rate Comparison

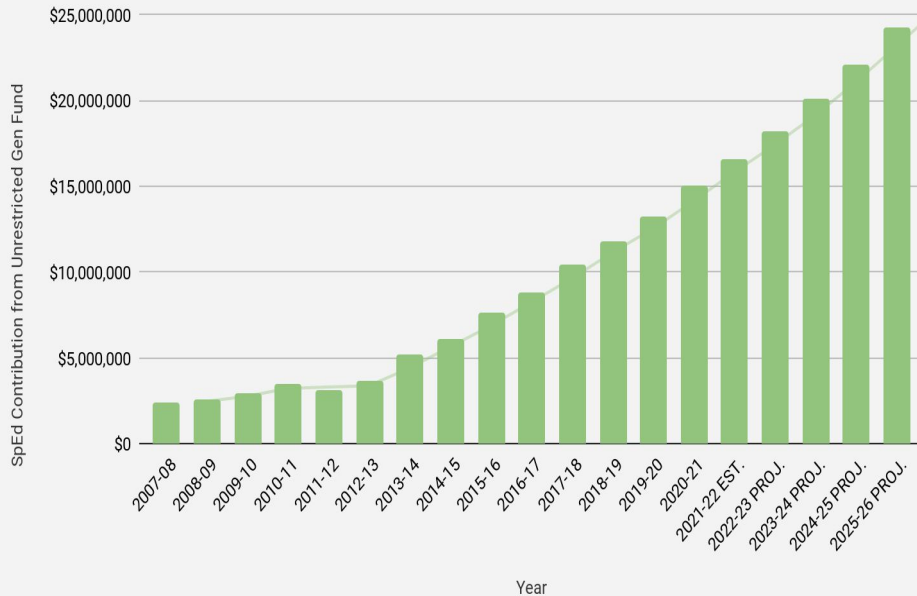
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Employer Rates	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%	25.37%	25.20%	25.20%	24.60%	24.60%
Change		2.04%	1.64%	2.53%	1.66%	0.98%	2.21%	2.46%	-0.17%	0%	-0.60%	0%

CalSTRS Rate Comparison

Employer Rates	10.73%	12.58%	14.43%	16.28%	17.10%	16.15%	16.92%	19.10%	19.10%	19.10%	19.10%	19.10%
Change		1.85%	1.85%	1.85%	0.82%	-0.95%	0.77%	2.18%	0%	0%	0%	0%

Special Education Costs

Historic Contribution to Special Education from Unrestricted General Fund



- In 2012, CA law changed increasing district responsibility for funding special education (NPS, mental health)
- TUHSD SpEd contributions have increased from \$2.4M to \$18.3M in 14 years
 - Avg. of \$1.3M increase annually
- TUHSD currently has five Counseling Enriched Classrooms (CEC) and opened 5th at San Andreas in the Fall
 - Estimated savings is \$560k annually per CEC
 - Total savings of about \$2.8M annually

Reconciliation of Adopted vs. 1st Interim Budgets



<i>Description</i>	<i>Amount</i>
2022-23 Budget Adoption Projected Deficit	\$ (713,616)
Add: Variance Components (See Next Slide)	\$ (521,622)
2022-23 First Interim Projected Deficit	\$ (1,235,238)

Reconciliation of Variance Components

<i>Description of Variance Components</i>	<i>Amount</i>
Increase in general purpose revenue due to increase Education Protection Account funding	\$20k
Increase in State and local revenue given increase in Lottery, parcel tax and facilities rentals revenue	\$146k
Increase in certificated salaries due to increase substitute teacher pay rates and miscellaneous staffing adjustments	\$(553k)
Increase in classified salaries due to miscellaneous staffing adjustments	\$(20k)
Increase in supplies expenditures due to school-related expenses	\$(138k)
Increase in Other Services & Operating Costs due to increase Summer 2022 learning services	\$(49k)
Increase in Capital Outlay expenditures due to RHS facilities projects (room remodel, container replacement, football A/V)	\$(67k)
Reduction in contributions to Restricted Funds (SpEd adjustments, federal monitoring adjustments, M&O, foundations)	\$21k
Total Variance	\$(522k)

Reconciliation of Adopted vs. 1st Interim Budgets

<i>Description</i>	<i>Amount</i>	<i>Ending Fund Balance (Reserve)</i>
2022-23 Budget Adoption Projected Deficit	\$ (713,616)	\$21,930,215 (20.0%)
Add: Variance Components (See Next Slide)	\$ (521,622)	\$195,862 (net change adjusted by 2021-22 Unaudited Actuals of \$ 717k & variance of \$(521k))
2022-23 First Interim Projected Deficit	\$ (1,235,238)	\$22,126,077 (19.2%)

Reminder: TUHSD Board Policy (BP 3100) establishes a targeted minimum reserve level at 17% of annual expenditures.

Reserves & Assignments

Reserves & Assignments



2022-23 Estimated Ending Fund Balance (Unrestricted) - \$22,126,077 (19.2% reserve level)

Non-Spendable - \$12,000

Restricted - \$3,030,125

Assigned - \$17,587,800

- Textbook Adoption Purchases (Next Gen Science Standards) - \$500,000
- Property Tax Uncertainty (1% of prop tax revenues) - \$750,000
- Special Education Uncertainty - \$1,000,000
- Additional 17% Reserve (less REU), per Board Policy - \$15,337,800

Unassigned - 3% minimum reserve for economic uncertainty (REU) - \$3,453,500

Unassigned (Other) - \$1,072,777

Reminder: TUHSD Board Policy (BP 3100) establishes a targeted minimum reserve level at 17% of annual expenditures.

Other Funds

Summary of Other Funds

In addition to the general fund, other funds collect and track specific funds for restricted purposes.

FUND	2021-22	Est. Net Change	2022-23
GENERAL (COMBINED)	\$30,881,670	(\$4,999,639)	\$25,882,031
ASSOCIATED STUDENT BODY FUND	\$847,514	\$0	\$847,514
ADULT EDUCATION FUND	\$885,319	(\$61,831)	\$823,488
CAFETERIA FUND	\$679,900	(\$473,795)	\$206,105
DEFERRED MAINTENANCE FUND	\$2,907,142	(\$583,000)	\$2,324,142
FOUNDATION SPECIAL RESERVE FUND	\$53,815	\$300	\$54,115
CAPITAL FACILITIES FUND	\$626,501	(\$100,993)	\$525,508
CAPITAL OUTLAY FUND	\$12,112,354	(\$6,074,891)	\$6,037,463
BOND INTEREST & REDEMPTION	\$11,920,658	(\$171,290)	\$11,749,368
TOTAL	\$60,914,873	(\$12,465,139)	\$48,449,734

Back to the End

Where were we in June and now in December?

Summary of Multi-Year Projections

	2022-23	2023-24*	2024-25*
Operating Surplus (Deficit) (June 2022)	\$(714k)	\$2.5M*	\$3.5M*
Ending Fund Balance/Reserve (June 2022)	\$21.9M (20.0%)	\$24.4M (22.3%)	\$27.9M (24.8%)
Operating Surplus (Deficit) (Dec 2022)	\$(1.2M)	\$2.6M*	\$3.5M*
Ending Fund Balance/Reserve (Dec 2022)	\$22.1M (19.2%)	\$24.7M (22.3%)	\$28.2M (24.7%)

Key Assumptions: * Figures do not include any potential increase in staff compensation (cost of 1% raise = \$623k)

Description	2022-23 First Interim Budget			2023-24 Projected Budget			2024-25 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
REVENUES									
General Purpose Revenue (A)	78,131,002	-	78,131,002	82,718,667	-	82,718,667	86,794,746	-	86,794,746
Federal Revenue (B)	-	2,131,742	2,131,742	-	2,059,202	2,059,202	-	2,059,202	2,059,202
State Revenue (B)	1,165,900	6,005,436	7,171,336	1,165,900	6,013,828	7,179,728	1,165,900	6,013,828	7,179,728
Local Revenue (C)	17,524,313	4,269,440	21,793,753	18,034,107	2,955,984	20,990,091	18,559,195	2,955,984	21,515,179
TOTAL REVENUES	96,821,215	12,406,618	109,227,833	101,918,674	11,029,014	112,947,688	106,519,841	11,029,014	117,548,855
EXPENDITURES									
Certificated Salaries (D)	35,420,192	7,324,693	42,744,885	34,124,044	6,309,411	40,433,455	33,748,618	6,412,885	40,161,503
Classified Salaries (D)	9,727,421	4,412,790	14,140,211	9,917,533	4,261,448	14,178,981	10,158,529	4,365,001	14,523,530
Benefits (E)	19,772,939	10,403,224	30,176,163	19,716,620	10,154,172	29,870,792	19,879,910	10,397,545	30,277,455
Books and Supplies (F)	2,334,386	4,732,187	7,066,573	2,334,386	2,238,356	4,572,742	2,334,386	2,238,356	4,572,742
Other Services & Oper. Exp (G)	6,756,069	9,837,489	16,593,558	6,641,569	10,287,713	16,929,282	6,740,569	11,009,567	17,750,136
Capital Outlay (H)	339,916	205,331	545,247	339,916	(11,014)	328,902	339,916	(11,014)	328,902
Other Outgo (I)	1,419,471	1,392,251	2,811,722	1,429,002	1,531,251	2,960,253	1,436,795	1,684,251	3,121,046
Transfer of Indirect Costs	(77,242)	45,355	(31,887)	(72,534)	40,647	(31,887)	(72,534)	40,647	(31,887)
TOTAL EXPENDITURES	75,693,152	38,353,320	114,046,472	74,430,536	34,811,984	109,242,520	74,566,189	36,137,238	110,703,427
EXCESS / (DEFICIENCY)	21,128,063	(25,946,702)	(4,818,639)	27,488,138	(23,782,970)	3,705,168	31,953,652	(25,108,224)	6,845,428
OTHER SOURCES/USES									
Transfers In	888,000	-	888,000	-	-	-	-	-	-
Transfers Out (J)	(1,069,000)	-	(1,069,000)	(1,344,000)	-	(1,344,000)	(3,344,000)	-	(3,344,000)
Net Other Sources (Uses)	-	-	-	-	-	-	-	-	-
Contributions to Restricted (K)	(22,182,301)	22,182,301	-	(23,607,043)	23,607,043	-	(25,108,224)	25,108,224	-
TOTAL OTHER SOURCES / USES	(22,363,301)	22,182,301	(181,000)	(24,951,043)	23,607,043	(1,344,000)	(28,452,224)	25,108,224	(3,344,000)
Net Increase (Decrease)	(1,235,238)	(3,764,401)	(4,999,639)	2,537,095	(175,927)	2,361,168	3,501,428	-	3,501,428
FUND BALANCE, RESERVES									
Estimated Beginning Balance	23,361,315	7,520,354	30,881,669	22,126,077	3,755,953	25,882,030	24,663,172	3,580,026	28,243,198
Estimated Ending Balance	22,126,077	3,755,953	25,882,030	24,663,172	3,580,026	28,243,198	28,164,600	3,580,026	31,744,626
Nonspendable	12,000	-	12,000	12,000	-	12,000	12,000	-	12,000
Restricted	-	3,755,953	3,755,953	-	3,580,026	3,580,026	-	3,580,026	3,580,026
Assigned	17,587,800	-	17,587,800	17,557,600	-	17,557,600	18,033,800	-	18,033,800
Unassigned - REU @ 3%	3,453,500	-	3,453,500	3,317,600	-	3,317,600	3,421,500	-	3,421,500
Unassigned - Other	1,072,777	-	1,072,777	3,775,972	-	3,775,972	6,697,300	-	6,697,300
Total - Est. Fund Balance	22,126,077	3,755,953	25,882,030	24,663,172	3,580,026	28,243,198	28,164,600	3,580,026	31,744,626
Fund Balance Reserve Percentage (Combined Assigned & Unassigned)			19.21%			22.29%			24.68%

Uncertainties & Prudence

Uncertainties & Prudence

- Uncertainty of global, national, state & local economy & impact on local property tax revenues
- TUHSD is now past 'peak enrollment' with ongoing projected declines through current Kindergarten class
 - *Will impending Marin residential property development translate into increase in future students?*
- New 'Class Size Increase' MOU expires in 2025-2026 school year
- Concerns about future increases to STRS & PERS pension rates given statewide loss of enrollment & staff paying into pension systems
- All COVID relief funding is now exhausted, but two new one-time State block grants now available
- Statewide trend of Special Education costs increases continue ('unfunded mandate')
- TFT and CSEA employee groups have settled on compensation with TUHSD through 2022-23, but not beyond
 - Future cost of a 1% raise in 2023-24 estimated to be \$623k
- TUHSD is projecting balanced budgets in the official 3-year MYP = Sustainable

1st Interim Certification



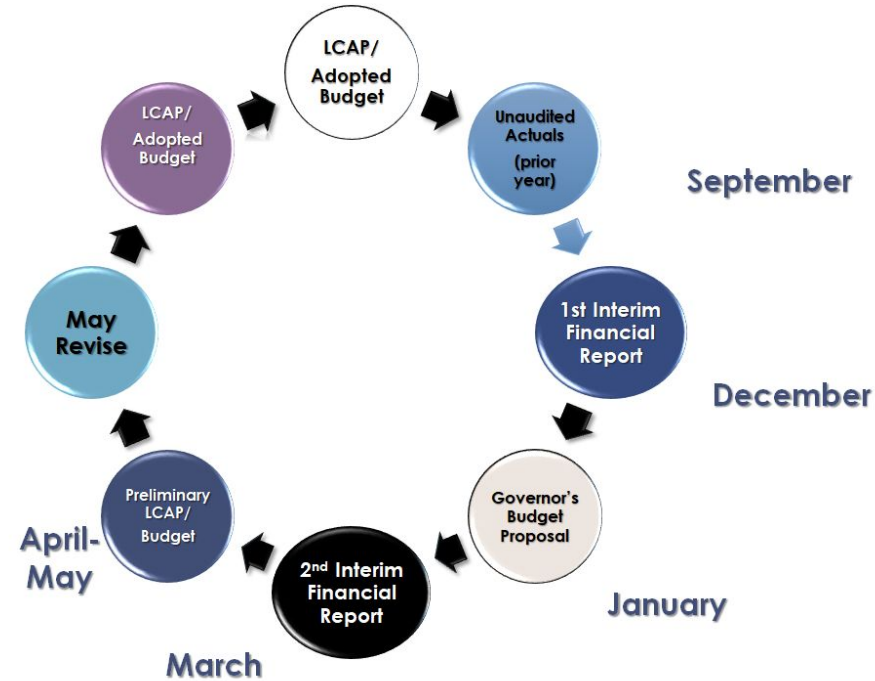
- Per AB 1200
- *The First Interim projection indicates that, as defined in AB 1200, “the district **will** be able to meet its financial obligations for the current fiscal year and subsequent two years.”*

The District is self-certifying as “Positive”

Budget Calendar & Key Dates

Budget Calendar & Key Dates

January 2023	Governor's proposal for State budget
March 2023	2nd Interim Budget Report for 2022-23
May 2023	Governor's May Revise budget proposal
June 2023	Board adopts 2023-24 LCAP & Budget Enacted State Budget Act



Questions? Comments?



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