



**TAMALPAIS UNION HIGH  
SCHOOL DISTRICT**

# **2022-23 Unaudited Actuals**

September 5, 2023

# Why do Unaudited Actuals?



- Unaudited actuals are the last major 'look back' at the previous fiscal year
- Looking at actual revenues & expenditures for 2022-23
  - Not budget
- Comparison: Estimated Actuals (June 2023) vs. Unaudited Actuals (Sept 2023)
  - Goal: provides feedback on accuracy of District's budgeting process
    - Accuracy = as small as possible (relative to a total budget of \$115M)
  - Difference between the two only impacts the 2022-23 Beginning Fund Balance (Reserve)
  - Difference does not impact our 2022-23 budget & multi-year projection
- Required by Ed Code

# Agenda



1. Revenues & Expenditures
2. Contributions & Transfers from General Fund
3. Fund Balance & Reserves (all Funds)
4. Reconciliation of Estimated Actuals to Unaudited Actuals
5. Uncertainties & Prudence
6. Next Steps & Questions

# Revenue Drivers & Factors



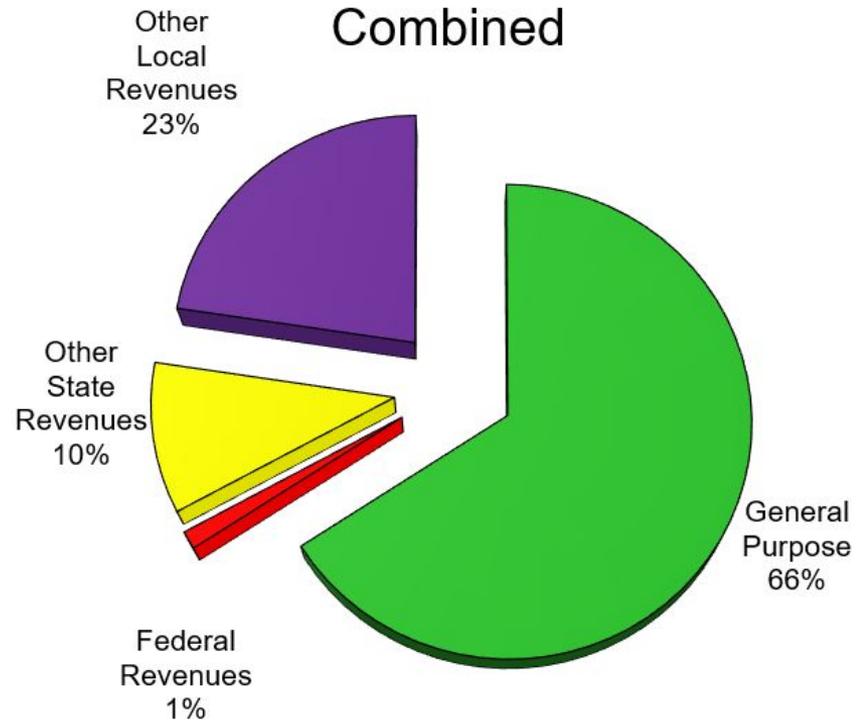
- 2022-23 Average Daily Attendance (ADA)
  - Actual ADA was 4,513, which is a decrease of 262 students from 2021-22
  - Reminder: ADA is different than enrollment (4,831 students)
- Due to the fact that TUHSD is 'basic aid', the increase in ADA from 2021-22 does not significantly impact operating revenues
- Property taxes received during the fiscal year were \$77.3M, which was an increase of approximately \$5.0M from 2021-22 and represents a 6.9% increase

# Sources of 2022-23 General Revenue (combined)

- General Purpose \$ 76,362,548
  - Property taxes, EPA, minimum State Aid
- State Funding \$ 11,931,836
  - Block grants, Lottery, Special Education, etc.
- Federal Funding \$ 1,420,133
  - Title I, Title II, Special Education, etc.
- Local Revenue \$ 26,236,684
  - Parcel taxes, Foundations, facilities fees, interest

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**TOTAL: \$ 115,951,201**



# Education Protection Account (EPA)

- Approved by CA voters in 2012 (Prop 30) after 'Great Recession'
- Funding must be used for instructional purposes

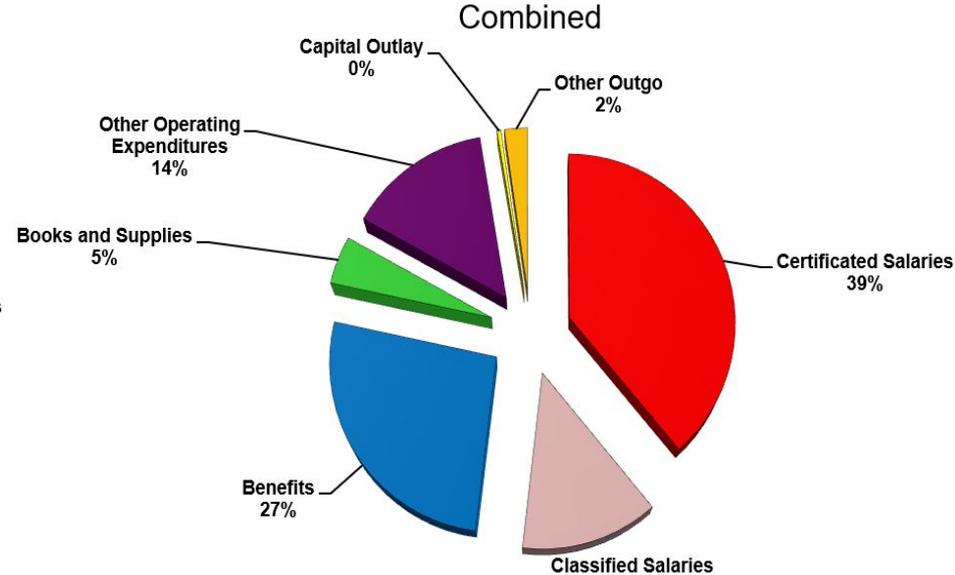
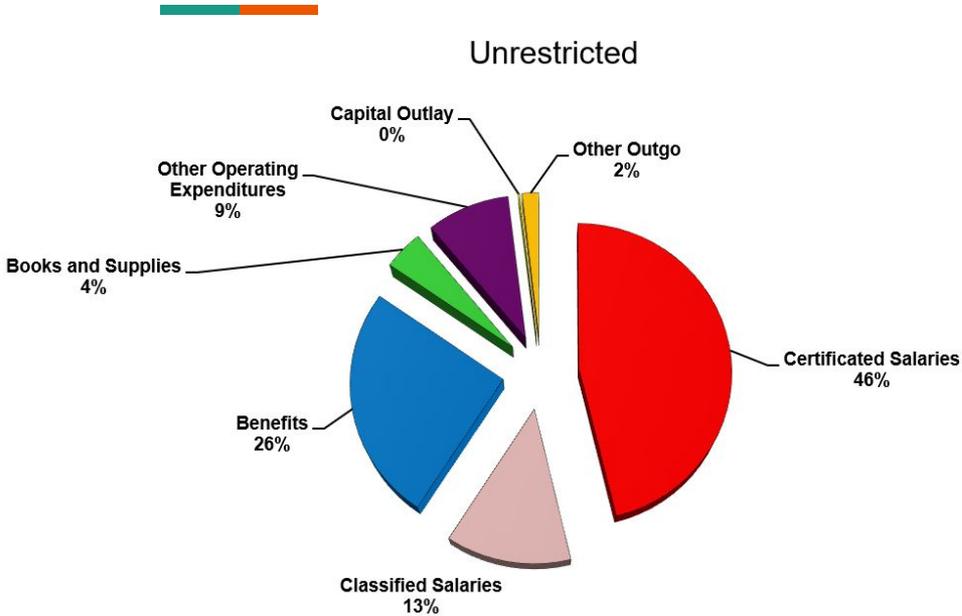
<b>Education Protection Account (EPA) Budget</b> <i>2022-23 Fiscal Year</i>	
Description	Amount
<b>BEGINNING BALANCE</b>	\$0
<b>EPA REVENUES:</b>	
<i>EPA Funds</i>	\$982,234
<b>EPA EXPENDITURES:</b>	
<i>Certificated Instructional Salaries</i>	\$706,746
<i>Certificated Instructional Benefits</i>	\$275,488
<b>TOTAL</b>	\$982,234
<b>ENDING BALANCE</b>	\$0

# General Fund Expenditures

Description	Unrestricted	Combined
Certificated Salaries	\$34,747,488	\$42,021,470
Classified Salaries	\$9,665,947	\$14,032,183
Benefits (Payroll Taxes and Health & Welfare Contributions)	\$19,136,394	\$28,554,805
Books and Supplies	\$3,264,752	\$5,000,269
Other Operating Expenditures	\$6,818,804	\$15,496,998
Capital Outlay	\$119,301	\$427,756
Other Outgo	\$1,353,388	\$2,495,087
<b>TOTAL</b>	<b>\$75,106,074</b>	<b>\$108,028,568</b>

79% of combined General Fund expenditures are salary and benefits

# General Fund Expenditures



85% of Unrestricted General Fund expenditures are salary & benefits

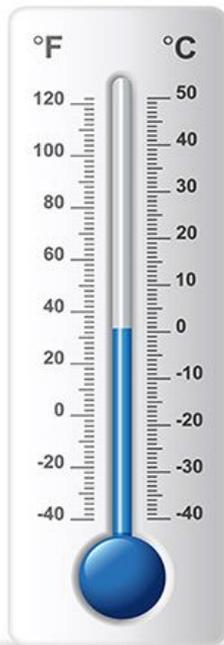
# General Fund Contributions & Transfers

The following transfers of unrestricted resources to restricted programs are necessary to cover restricted program expenditures in excess of revenue:

Description	Unaudited Actuals
Special Education - Instruction	\$15,319,805
Restricted Maintenance Account	\$3,797,046
Career Technical Education	\$124,418
Federal Program Monitoring	\$23,889
Restricted Reclassifications	(\$65,854)
Contributions from Foundations	(\$10,000)
<b>TOTAL CONTRIBUTIONS</b>	<b>\$19,189,304</b>

In addition to the above contributions, the District made no transfer to the Cafeteria Special Revenue Fund, \$2.7M to Deferred Maintenance Fund and \$4.1M to the Capital Outlay Reserve Fund.

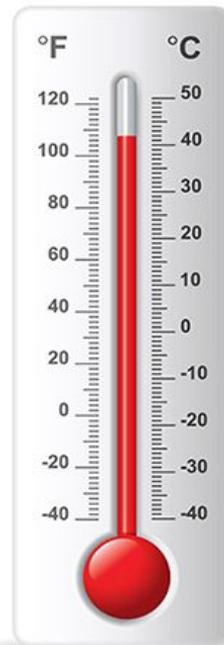
# Unaudited Actuals 'Success Criteria'



**+/-1% = Great**  
(about \$1.1M)



**+/-2% = Good**  
(about \$2.2M)



**+/-3% = OK**  
(about \$3.3M)

Note: Percentage is difference relative to total expenditures & other sources/uses

# Looking back at 2022-23... June and tonight

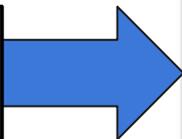


Again, we are looking back at 2022-23 and are comparing our Estimated Actuals (June 2023) to our Unaudited Actuals (September 2023)

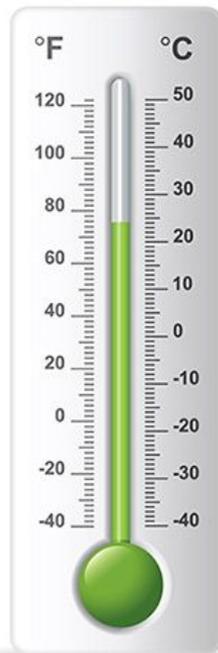
- Overall changes between Estimated Actuals and Unaudited Actuals provide savings
- The variance between Estimated Actuals and Unaudited Actuals was about \$818k, or 0.7% of the Unrestricted budget

# Unaudited Actuals 'Success Criteria'

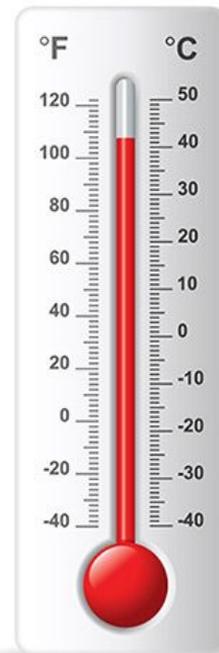
TUHSD is at  
+\$818k (0.7%)



+/-1% = Great  
(about \$1.1M)



+/-2% = Good  
(about \$2.2M)



+/-3% = OK  
(about \$3.3M)

Note: Percentage is difference relative to total expenditures & other sources/uses

# Comparison of Estimated Actuals vs. Unaudited Actuals



<i>Description</i>	<i>Unrestricted Projected Operating Surplus/(Deficit)</i>	<i>Ending Fund Balance (Reserve)</i>
<b>2022-23 Estimated Actuals Projection (June)</b>	<b>\$ (664,152)</b>	<b>\$ 22,697,162</b>
<i>Changes</i>	<i>\$ 817,678</i>	<i>\$ 817,678</i>
<b>2022-23 Unaudited Actuals Projection (September)</b>	<b>\$ 153,525</b>	<b>\$ 23,514,840</b>

# Components for Change in Unrestricted General Fund Reserve

Description of Significant Variance Components	Amount
Net revenues higher than estimated in June (Prop Tax, EPA, Fund 14 transfer) <ul style="list-style-type: none"> <li>In June, notified of \$1.57M of federal Emergency Connectivity Funding reimbursement for Chromebooks</li> </ul>	\$1.6M
Net expenditures higher than anticipated in most categories (certificated & classified salaries, benefits, books and supplies, \$1.6M Chromebook expenditure reclassification, services)	(\$235k)
Increased transfers out to other facilities funds (Deferred Maintenance and Capital Outlay Reserve funds - Phase 2 of Red Hill Park ADA project, RHS pool resurfacing and deck replacement)	(\$2.2M)
Contributions to Special Education were less than estimated (combo of increased SELPA/State revenue & decreased expenditures - primarily NPS/NPA & unfilled positions.)	\$2.5M
Net other (capital outlay, interest, indirect costs, transfers in, other outgo, etc.)	(\$847k)
<b>Total Variance</b>	<b>\$818k</b>

# Components of 2022-23 Ending General Fund Balance (Reserve)



For 2022-23, the General Fund unrestricted ending fund balance is \$23.5M and restricted portion is \$11.2M, for a combined total of \$34.7M.

The components of the District's unrestricted fund balance are as follows:

- Revolving cash & other nonspendable items - \$12k
- Assignments (i.e. 23-24 deficit spending, Prop Tax & SpEd Uncertainty, etc.) - \$18.6M
- Economic Uncertainty (3%) - \$3.4M
- Unassigned /Unappropriated - \$1.6M

The unrestricted reserve represents a **19.8%** reserve level, which is above the targeted minimum reserve level of 17%, per Board Policy 3100.

# 2022-23 Ending Fund Balances (all funds)

As illustrated below, all Funds have a positive ending fund balance at June 30, 2023.

FUND	2021-22	Net Change	2022-23
GENERAL (UNRESTRICTED & RESTRICTED)	\$30,881,670	\$3,844,182	\$34,725,851
STUDENT ACTIVITY SPECIAL RESERVE	\$847,514	(\$182,921)	\$664,594
ADULT EDUCATION	\$885,319	\$100,248	\$985,568
CAFETERIA	\$679,900	\$81,407	\$761,307
DEFERRED MAINTENANCE	\$2,907,142	\$1,912,183	\$4,819,326
FOUNDATION	\$53,815	\$640	\$54,456
BUILDING	\$0	\$0	\$0
CAPITAL FACILITIES	\$626,502	\$70,867	\$697,369
CAPITAL OUTLAY	\$12,112,354	\$1,608,575	\$13,720,929
BOND INTEREST & REDEMPTION	\$11,920,658	\$554,053	\$12,474,711
<b>TOTAL</b>	<b>\$60,914,875</b>	<b>\$7,989,234</b>	<b>\$68,904,110</b>

# Uncertainties & Prudence: *Moving forward...*

- Inflation, Federal Reserve, Interest Rates & Economic Uncertainty
  - Reduced property tax revenue in 2024-25 anticipated due to local real estate market downturn
- Ongoing enrollment decline for at least the next 8 years
  - Major 'lesson learned' from past financial challenges: Need to adjust annual staffing to enrollment accordingly
- Extended 'Class Size Increase' MOU expires after 2024-25 school year
- Concerns about future increases to STRS & PERS pension rates given statewide loss of enrollment & staff paying into pension systems
- No additional one-time State or federal funding anticipated moving forward
- Statewide trend of Special Education costs increases continue ('unfunded mandate')
- TFT and CSEA employee groups have settled on compensation with TUHSD through 2024-25, but not beyond
  - Future cost of a 1% raise in 2025-26 estimated to be \$687k
- With the uncertainty noted above, TUHSD is projecting balanced budgets in the official 3-year MYP & minimum 17% reserve = Sustainable... BUT
  - Future budget expenditure reductions for 2024-25 may be necessary to maintain to ongoing fiscal sustainability

# Next Steps



- Business staff has finished closing the books - **BIG shout-out to the Business Office staff!**
- The auditors express an opinion:
  - *“In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023...”*
    - This is the opinion we want and expect to see!
    - District’s external auditors will conduct fieldwork in November and will render an opinion by December 15th
    - Audit report will be shared with the Board in January

# Questions? Comments?

